Three Companies, Three Projects

Every consultant who speaks at a conference runs into some variation on the same question: "So what would you advise us to do first…?" And, the consultant almost always answers, "Well, it depends…" and there is a laugh, since this is just what people expect consultants to say. But, the fact remains that in a complex domain like BPM, where the process maturity of organizations varies so greatly, appropriate action really does depend on a variety of conditions that a good consultant will need to understand before he or she can respond to the question appropriately.

The CMMI Maturity model pictured below in Figure 1 defines a simple model for understanding an organization's Process Maturity. Organizations at Level 1 have few, if any, processes defined, while organizations at Level 5 have most all their processes designed and are managing the organization from a process perspective.
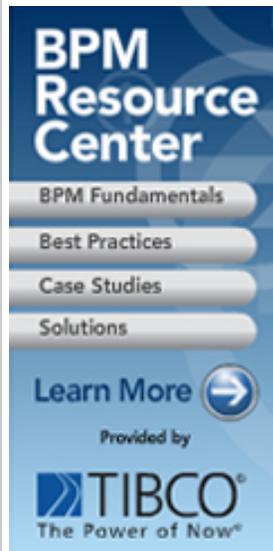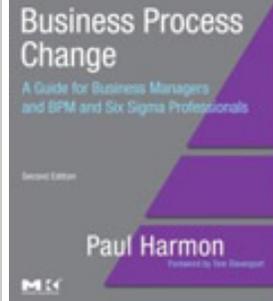

Organizations with a mature mastery of their processes

5. Optimizing — Ongoing Process Improvement

4. Managed — Management System Defined

Measurements Defined

3. Defined — Value Chains Defined

2. Repeatable — Some Processes Defined

1. Initial

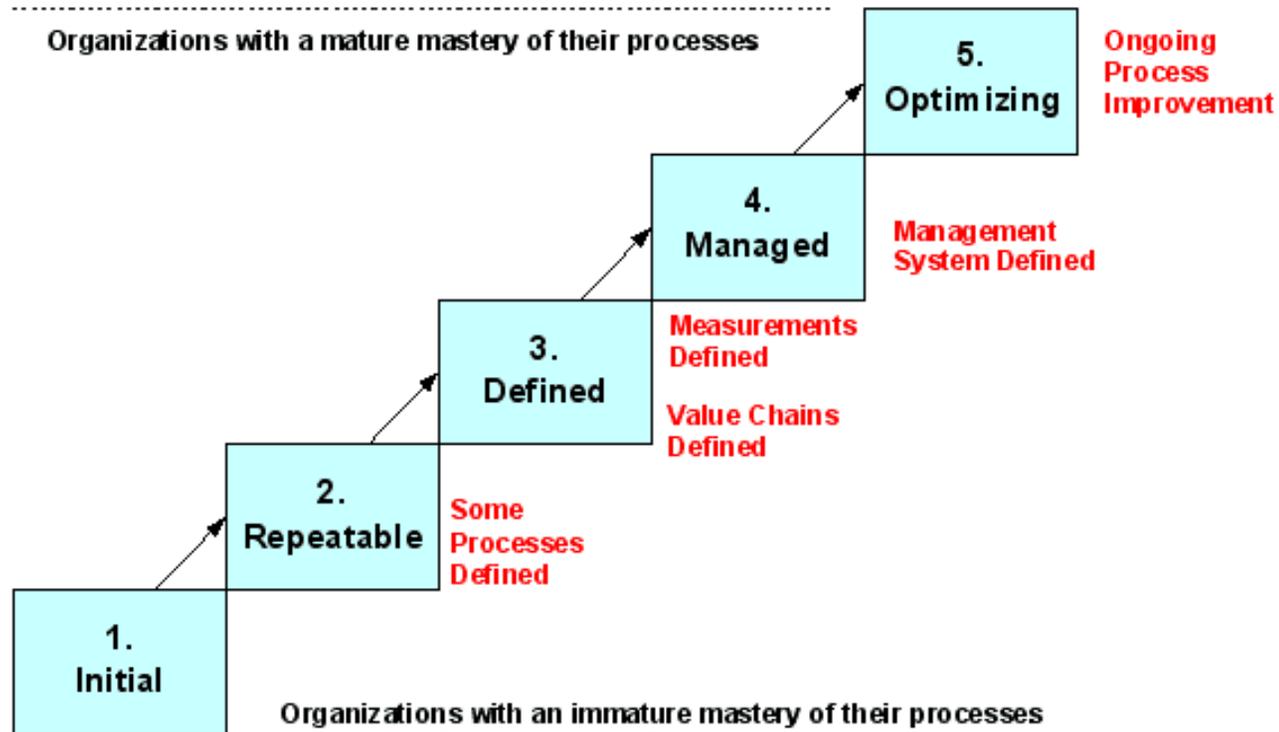Organizations with an immature mastery of their processes

Figure 1 - The CMMI Maturity Model

In this Advisor I want to consider three organizations, at different levels of maturity and with different goals, objectives and constraints, and discuss three rather different responses to the question: "What would you advise us to do first…?"

Company One

Company One is a mid-sized organization that has not done much with process over the last several years. They did some projects in the mid-Nineties, but the people who did them have long since left the company. The CIO has decided that it is time they learn more about BPM and two of the business managers have expressed concern that their order taking and order entry processes are inefficient. The CEO is busy worrying about the declining stock price and what changes the organization might need to stay in business and has little interest in processes.

The CIO, having talked with the two business managers, assigns Steve to look into "business process" and to propose something to help the two business managers. Steve begins with a web search and is overwhelmed. After one day of research he feels as though he has taken a step backward. There are so many different definitions and so many different solutions. Steve decides to go to a BPM conference, and somehow manages to get the conference fees and the travel approved. Unfortunately, the conference doesn't help too much, either. The speaker presentations are almost as diverse as the articles on the internet. Three of the speakers seem better, to Steve, than others, and he talks with each of them. One proposes that Steve pay him to visit and do a mini-audit. The other proposes that Steve send someone to attend a public course, or, if they really want to get started fast, hold a class at the company site and train a team of people in the basics of BPM. The third speaker tells Steve to read a book on Lean and then hire someone to introduce Lean into his organization.

Let's step back a moment. Company One is somewhere between a CMMI Level 1 and Level 2. They have minimal knowledge of processes. Their challenge is to begin the process journey, and they will undoubtedly start by working on a departmental process - something focused on order taking or order entry.

This situation doesn't require a comprehensive audit. With minimum qualification, any process consultant should be able to figure out that success or failure of their first process initiative will depend on producing a good outcome from an initial project. Company One doesn't have senior management support, although they do have some interest from the CIO, and Steve has a mandate to improve order taking and order entry. This is not a company that's ready to make a company-wide commitment to Lean, or to buy a BPMS tool. They don't have anyone who really knows what process change involves.

Steve should probably begin by seeking out a BPM methodology and training program that focuses on a practical approach to improving processes, At a minimum, Steve should enroll in the program with 2-3 other people at Company One to provide the company with the beginning of a process team. Given the specific situation, it would be best if the other people

were from the order taking and the order entry groups.

More important, however, Steve needs to hire a consultant who can mentor and guide the team through completion of the initial project. Starting from scratch, even after a week or two of good training, is difficult without the guidance and support of a seasoned practitioner. Weeks or months can be eaten up struggling with issues that an experienced consultant could guide the team through in a day.

Next, Steve's team and the consultant will want to meet with the people engaged in order taking and order entry. They will want to develop a quick overview of each process and come up with a general statement about the problems each poses and the basic approach and level of effort required to significantly improve each process. They will also want to assess the probability of success for each of the proposed process change initiatives, based on the level of commitment of the managers and employees and the level of effort required to complete the change successfully. Once that's done, Steve's team and the consultant should decide which project is most likely to lead to success and to encouraging the growth of process work at the organization. This assessment can probably be accomplished in one to two weeks. This, of course, is only the beginning.

Now, Steve is going to have to take his very generic project proposal and sell it to the organization - get a budget, a plan, a team and a broader commitment to the project. Once this is completed, Steve is ready to approach his initial project in a systematic way. Under the guidance of the consultant, a larger BPM team should be be trained in the same BPM methodology and should then move through the five phases of Business Process Redesign - (1) Understand the Project, (2) Analyze the Business Process, (3) Redesign the Process, (4) Implement the Redesigned Business Process and (5) Roll out the Redesigned Business Process.

This is one company and one project - an initial process improvement project conducted by a CMMI Level 1 company that is trying to gain an initial understanding of process.

Company Two

Company Two is also a mid-sized company, but they have been working on process projects for the last several years. There is a process team in place within IT and a group of Six Sigma people located in Quality Control. Most of the projects undertaken by IT have focused on automating specific activities within departments. A few IT people, however, have approached processes more broadly. They have worked with the different departments to define their processes and have taken part in several redesign projects to improve the performance of several departmental processes. Most of the Six Sigma projects have focused on saving money by improving the consistency of small-scale processes within departments. Broadly speaking, the core processes in most departments have been examined, nasty problems have been eliminated, and everyone is reasonably satisfied that the basic processes of the company are understood and efficient. Handoffs between processes in different departments leaves something to be desired, and no one is completely satisfied with the way the support processes work, but the senior managers of the company feel like Company Two has benefited from its process work. The COO has recently read several articles on process

management and feels his organization could be doing a lot more. After some discussions with the CIO and the head of Quality Control, the COO appoints Kay to head up a Business Process Office, reporting directly to him. Their mandate will be to coordinate and upgrade the importance of process efforts throughout Company Two.

Kay is excited about the appointment. Her background is in IT, but she has been working on process redesign and improvement projects for the past four years and feels that Company Two should be doing a lot more. She has attended several courses on process analysis and design, process automation and Six Sigma, and attended two different BPM conferences in the past 12 months. She has lots of ideas about what a BPM group can achieve in Company Two. However, when Kay sits down to explain it all to her husband at the dinner celebrating her new assignment, she expresses her concerns regarding the amount of work to be done and the fact that she is having difficulty deciding where to begin.

Let's step back again. Company Two is probably half way between CMMI Level 2 and Level 3. They have some experienced people, they are happy with most of their core processes, and they have management support for a move to the next level. But what will the move actually require? It requires an integration of departmental processes into cross-departmental value streams. It requires managers for those value streams and an integrated process measurement system. And, it requires a more integrated approach to process work throughout the company. It will probably require that the company standardize on a methodology and some tools to assure that everyone starts speaking the same language.

How about an audit? Company Two might very well benefit from one - just to identify all of the different process resources in the company. The audit would be especially useful if it were a pragmatic audit that led directly to a road map that suggested how Kay ought to proceed.

In a similar way, Company Two would definitely benefit from a facilitated workshop to begin creating a business process architecture. Working with the right consultant, Kay and a team of business process practitioners and managers could probably develop an architecture that identified Company Two's Value Chain(s) and its major cross-departmental processes in a week or two. At the same time, they could identify the stakeholders for each of the cross-departmental processes, the KPI's for each of the major processes, and they could start to promote the idea of assigning process managers to each of the major cross-departmental processes. They could probably also analyze the major cross-departmental processes and some of the subprocesses that make up each process and begin to prioritize the processes they want to work on over the course of the next 6 to 12 months.

Obviously, the creation of a business process architecture, a process metric system, and a process management structure is a very different kind of effort from simply undertaking a process redesign project. Company Two is trying to make a major change in its ability to manage its processes. It is undertaking a project to develop tools and insights, and to prioritize its future efforts. If the team is smart, they will identify at least a couple of projects with some significant short term return to assure that their effort doesn't seem too remote from the company's daily concerns. In the longer run, however, Company Two is moving toward becoming a process-focused company, which will probably require a sustained effort over the course of two or three years.

This is a second company and a second project: A business process architecture effort undertaken by a CMMI Level 2 company that is trying to lay the groundwork for becoming a real Level 3 company.

Company Three

Now, consider a third company - let's keep it simple and assume that Company Three is also a mid-sized company and that their experience, up to the present, is very similar to Company Two. Company Three has done lots of work on processes over the years, feels that its core processes, at least within departments, are reasonably efficient, and has senior managers who would like to make them even better. Company Three is a CMMI Level 2.5 company and is seeking ways to integrate processes across departmental boundaries.

In this third case, however, let's assume that the CIO is the senior manager that the other C-level execs expect to lead the charge for process improvement. The CIO has been reading business magazines and she is impressed with the new capabilities offered by the new BPMS software tools. The CIO and several of the process practitioners from IT have attended BPM conferences, looked at several product demos and talked with the various BPMS software vendors. They know that Company Three is heavily dependent on IT technology. Many of their core processes are over 75% automated and the company has a very strong IT group.

In this case, the CIO assigns Joe to head a team to explore the use of BPMS technology at Company Three. After a brief study, Joe and his team determine that the company would achieve a significant breakthrough in the way they work if they could combine the core processes currently managed by Sales, Consulting, and Support into a single process. Their interviews suggest that a major source of the problems Company Three faces result from ERP applications that are inflexible, and, moreover, that significant savings would be achieved if all three departments used the same ERP modules, and not the different instances of ERP that they currently rely upon.

Joe proposes a project to integrate and improve the current Sales, Consulting and Support processes. This effort involves two major phases. First, a process team needs to work with people from Sales, Consulting and Support to agree on a common process flow that integrates the work done by all three groups. This will not be simple and will require 2-3 months, at a minimum, to define the new integrated process and assure buy in from the three groups.

The second phase will begin with the new process and then implement that process in a BPMS software package that Joe's team proposes that Company Three acquire. This BPMS software package will accomplish three things. First, during process execution, the software package will actually manage passing data from one activity to the next. If employees are involved, it will route information, forms, or alerts to their desktop machines. If ERP or the older legacy software is involved it will send data and route responses to employees or other software packages.

Second, by building some processing activities into the BPMS package, the BPMS package will make the existing ERP software more flexible. In effect, the BPMS package will pre or post process data so that the ERP systems can operate in a more standard configuration. This will allow the BPMS application to better support the way Sales, Consulting and Support want to work, while simultaneously moving to a single, untailored, instance of ERP.

Third, the new BPMS application will provide managers with a dashboard that provides more or less real-time data on sales, consulting engagements and support activities. And, it will provide managers with a model of the process and the business rules being used by Sales, Consulting and Support personnel and systems, making it a lot easier to modify those activities in the future. The second phase will take at least six months, and probably require 12 months, but it will result in a highly integrated and flexible sales/consulting/service process that will give Company Three capabilities and response times that the competition will find difficult to match.

This is a third company and a third project: In this case, a CMMI Level 2.5 company elected to integrate three different departmental processes into a value stream, and then automate the management of that value stream with a BPMS software package. And, in the course of the project, the IT BPM team acquired the skills required to use the BPMS software for other applications.

The World of BPM

We have just skimmed the surface of the possible process projects. One of these companies might have elected to apply Lean to all their departmental processes to achieve more efficient value streams. One might have decided to grow their Six Sigma group to save money on lots of small projects while developing a more process aware workforce. Or, it might have decided to use the Supply Council's SCOR framework to analyze their supply chain and better integrate it with their upstream and downstream partners.

There is no single right approach. Company One wasn't in a position to do what Company Two or Three did - they needed to get some small-scale process successes and some experience before trying anything else. Company Two, however, could have invested in BPMS rather than a business process architecture, and Company Three might have elected to start with the development of an architecture to move to CMMI Level 3. In fact, as the two companies become more experienced, Company Two will probably begin to explore BPMS for certain projects and Company Three will want to develop a more comprehensive understanding of its value chains as it seeks to gain more control over its enterprise-wide process management and measurement efforts.

Organizations start in different places. They bring different objectives, capabilities and constraints to the table. There are lots of options, each of which would make the company more efficient. An individual assigned the job of moving process forward at an organization needs to weigh the factors and choose a path that recognizes the organization's maturity, that takes advantage of the organization's existing capabilities, that fits well with the organization's culture, and that can gather support from management. As the consultant is wont to say: "It all depends…!"

Till next time,

Paul Harmon

Business Process Trends · 88 Waban Park · Newton · MA · 02458