



A Strategist's Perspective

Jim Sinur

Chief Strategy Officer
Global 360

Jim.sinur@global360.com

Competing with Process Innovation

While most organizations are discovering the monetary and time saving rewards of BPM, there are a growing number of organizations that are using BPM to innovate with processes. While process innovation delivers the “hard” benefits of saving time and money, it can also bring about some surprising “cool” softer benefits as well. In this column, I will present examples of soft benefits that have come about in organizations that have embraced leveraging processes for innovation. Since these examples are inspiring, I like to call them “the seven symbols of success” in process innovation.

Social Nets Deliver an Edge with BPM

As BPM evolves, it will inevitably lead towards more collaborative processes that will result in improved human interactions. The first of our seven symbols involves incorporating social networks into developing the human capital processes. As we all know, attracting the best employees possible to our organizations is crucial for long term success. One organization that I am aware of is creating a social network that will surround a number of targeted college campuses and surrounding gathering spots where creative students hang. While there are no measurable results right now, the organization believes that their efforts will give them an inside track to recruiting talented new employees by extending the on-board process outside the four walls of the organization.

Similarly, the same organization has created another social network—this one for retired and soon to retire employees. In this case, they hope to make use of acknowledged performers by extending their social experience with the company after retirement. This program will enable the organization to continue to benefit from the retirees’ experience by leveraging their knowledge and will also benefit the retirees by enabling them to earn extra money without the red tape of full time employment. Another future benefit that will likely develop is a mentoring program..

Both of these creative applications of social networking make sense for a “win-win” situation in personnel management. A good experience with human capital may very well have implications for customer and investment relations down the road, but, at this point, that is just a possible outcome that would enhance the value of two excellent process innovations.

Subcontractors Leverage Mobile BPM

Quite often I hear the comment. “Yes this BPM stuff works for companies, but I don’t think it applies to government processes”. Most government bodies have websites, ostensibly to provide access to information, but few processes actually reach the public. Web based auto license renewal processes are the exception to that rule, but I think there is significant potential for the government sector at all levels—federal, provincial, state, county, local, etc—to do much more than the merely routine by applying BPM principles creatively. One such example involved a

county where hurricanes were a frequent occurrence. After a devastating hurricane, county officials were faced with the overwhelming problem of rebuilding in an accelerated time frame with a limited number of building inspectors and legacy systems that were inadequate to the enormous task before them. Because of the human suffering involved, the time to build and inspect new homes had to be reduced from over five months to 12 weeks.

This county government initiated a solution by providing inspectors with mobile devices that fed directly to specific web features available to contractors, subcontractors, and potential home owners. Inspectors' schedules were posted on the web based on input from contractors. The inspectors would immediately post the results and remedies to any detected problems online. The contractors and the next subcontractor in the building sequence could thus have immediate access to the inspector's report and begin the necessary work post-haste. This process eliminated significant portions of time from the normal sequence of events.

To accomplish this successful result, the Information Technology department repurposed the existing application transactions to allow for the combination of mobile and web access by wrapping them and putting them into new sequences through the use of BPM technologies and SOA. New processes were created for all parties, including the property owners who could watch progress on their home through the inspection process.

Subjugating the Fire with BPM

One of the biggest dangers in rail transportation is derailment and/or fires in remote and inaccessible areas. These incidents not only have devastating ripple effects on the environment, but clean up combined with delays in other passenger and freight movement can be extremely costly. Those readers who are railroaders will know that that majority of derailments and fires occur because of overheating bearings on rail cars. In railroad vernacular, these conditions are referred to as "hot boxes" caused by "burnt journals". Boxes stand for box cars and journals are the axles on rail cars that are capable of generating lots of sparks and eventually give out and drag a portion of a train off the rails. These events can be tragic and are avoidable with proper precautions.

Until recently, conductors and engineers had to manually test for heat after trains arrived at checkpoints, before they could continue. Enter intelligent BPM, and a new process was developed to greatly reduce the incidence of these devastating accidents. Railroad cars were fitted with heat sensing RFID technologies, and sensors were deployed along the tracks. These sensors along with BPM technology could detect abnormal heat in a journal, then notify the engineer of the likely cars as well as the next siding where the cars could be stored for an already deployed team of inspectors. Several railroads have put just such a process into effect with great success. This is certainly an outstanding example of "out of the box" thinking and process innovation.

Scenarios Deliver Superiority through BPM

I am aware of one company that has created scenarios based on likely opportunities/threats. The scenarios were then linked to specific rules within specific processes. When these scenarios are sensed, they have an automatic plan of action that will be enabled by process and rule changes. This particular company is adept at underwriting risks and staying on top of market conditions. They had sensors and tolerances set to trip management to recognize a potentially problematic scenario's presence in process activity.

At one critical point recently, they were able to sense a change in the credit markets and to react quickly to adapt their underwriting process and avoid unnecessary risk. While measurement of the consequences of not making the change were not precise, there was a consensus among management that they had "dodged a bullet." One can imagine the kinds of scenarios that could

occur in the context of the running process to optimize the process's contribution to a moving set of changing goals. These context issues involving finances, markets and real time activity plotted over market trends would enable organizations to be prepared for any and all circumstances. One could call it "war games" for peaceful processes.

Surgical Precision Guided by BPM Optimization

Getting the best utilization of an expensive and elaborate surgical theater is the next challenge for BPM. One of the more expensive resources in any hospital is the surgical theater. There are complications involved in setting up a theater specifically for each unique procedure, each unique doctor and support team, and each unique patient, based on a set of surgical assumptions that it is hoped will enable a successful procedure. The disassembling and cleaning up part of the process can be complex as well, given the risk of infection that looms in the hospital environment.

One savvy hospital decided to apply simulation, a major differentiator in BPM products to this complex problem to optimize the use of its surgical theaters, while simultaneously reducing movement of dynamic equipment/tools and keeping a record of safe long term outcomes using best practice cleaning processes. The initial simulations give the plan for the day, and variables are changed as the day progresses when actual times and equipment utilized become known for iterative simulation runs with live results. This kind of dynamic and iterative optimization combines the intense planning needed in advance with the insights of real-time activity to deliver a balanced utilization with minimum impact on all the people involved.

Suspending Suspense with BPM

One not familiar with the medical claims world cannot imagine the kind of back ups that occur with claim processing. In a country that practices universal health care, claims processing is delegated to a group of companies that resolve the claims and collect funds allocated for healthcare from the government. Having a large family myself, we have lived through "claims hell" more than once a year for as long as I can remember, even when a government is not involved.

One of the companies that intercedes on behalf of the caregivers and medical recipients was experiencing month long back logs in the claims resolution process, costing all the participants significant time, money and grief. (I would guess more than a few heart attacks were initiated by this sickly process.) Consequently, funds were put into suspense accounts for months

These claims were getting hung up in multiple iterations because of the changing rules and interpretations of the conditions around medical procedures. Curiously, there were a few claims that flowed through the system nicely and paid quickly. Through a process discovery activity, this organization was able to come up with serious improvements by creating best process practices, then identifying the right set of policies and rules that were being applied by the best claims processors. By creating processes that incorporated the best practices that eliminated rework cycles and the most successful standard rules, this organization was able to reduce its average claim processing time from weeks to days and minutes. This allowed the organization to collect more money earlier from the government funds and reduce the amount of labor and complaints. The results were ROI ratios in the triple digits. This was yet another example of the successful financial BPM efforts I witnessed in the past. The innovative discovery of best practices through automated process discovery was impressive, and I would predict that it will become increasingly common place as we try to enable collaborative knowledge workers going forward.

Sensing Secret Activity with Smarter Processes

I have another example of excellent process innovation in the government domain that is worth telling in this column. It involves sniffing out illegal and/or suspicious activity in the money exchange system. Before September 11th, the rule of thumb for suspicious transactions involved those in excess of \$10,000.00 U.S. dollars, so it was a relatively easy process to break larger

transactions into packets close to the 10K limit and to reconstitute the transaction on the other end. Any transactions over 10K were routed to people who analyzed the nature of these larger transactions. These knowledge workers never had a chance to study the smaller transactions

After studying how perpetrators leveraged this simple rule, our government came up with a new set of rules that sent more suspicious transactions to the knowledge workers. The original set of rules created many more "false positives" that ended up as non-threatening financial transactions. Realizing the problem, the government fine tuned the rules to be more accurate. To this day, the rules are being continuously refined to keep potential criminals from accomplishing their goals by moving money around through the electronic financial system.

Bottom Line: BPM Delivers Innovative Results in Competitive Times

Innovation is a slippery concept that only seems to be understood in the context of a real world example. What I have tried to do by citing the above examples is paint a picture of the kind of innovation that has and is occurring within the BPM movement. As we move into extreme competition with other organizations, countries and environmental conditions, BPM will be leveraged more for innovation. The agility factors built into the processes and the BPM infrastructure will grow in value moving forward. I can't wait to hear more stories of the innovation made possible by BPM going forward.