

The Third Wave

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*Business Process
Management: The Third Wave
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IT Doesn't Matter --
Business Processes Do.*

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Spreadsheet programs such as VisiCalc in the 80s and today's Microsoft Excel have given everyone the ability to manipulate familiar rows and columns of data using schoolyard formulae. With spreadsheets, everyone could build "what-if analyses" aimed at optimizing results. No programming was needed – simply design and calculate! It was a genuine innovation – simple, convenient, irresistible. It took 20 hours of work per week and turned it out in 15 minutes or less ... and let everyone become much more creative. Spreadsheets took numerical computation off the critical path and launched the PC revolution in business.

Last week something interesting happened. We were showing BPM to a skeptical, hard-nosed solution manager. He and his team looked after the IT solutions to support a service organization consisting of 2500 staff. He challenged us to create an executable process to support him. He expected this to take some weeks. The work was done in 45 minutes, of which 15 minutes were spent discussing requirements. Developed "from scratch," the *operationally ready* process resulted in a *useful IT application* to support organizational alignment. The scenario involved an account manager asking a service-delivery manager to do work; the service-delivery manager needed to check with a resource manager who needed to interact with a desktop support team. The application consisted of four actors, three negotiation and commitment cycles, two decision points, and a counter offer mechanism. Not to overstate it, but everyone involved was more than a little surprised. The solution manager said, "Surely this won't work." We showed him a company using the same approach on their intranet, supporting 20,000 seats.

What the skeptical IT solution manager had not yet recognized are the new rules of the Third Wave of business process management. There's even more to the new rules of BPM than just business process change, for software and application development processes are business processes, too. Let's recount the new rules of BPM.

1. *Old rule:* Process-based clerical work and practice-based skilled work are different.

Disruption: Process desktop.

New rule: All forms of work can be described and managed using a single system.

2. *Old rule:* Processes are rigid scripts, focused mainly on the inputs and outputs of discrete steps. *D*

isruption: Process calculus.

New rule: Processes are fluid, dynamic, amoebic, and adaptable.

3. *Old rule:* Executing a process means locating it in one place under centralized control.

Disruption: Distributed process execution and end-to-end processes.

New rule: Processes can be as easily managed in a federated environment as in a centralized one.

4. *Old rule:* Collaboration requires standard processes.



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Disruption: Business process modeling languages.

New rule: Firms are free to innovate because collaboration rests on a standard representation for processes, not a standard process.

5. *Old rule:* Companies have to start over.

Disruption: Process discovery, introspection, and projection combined with application componentization.

New rule: Companies build on and transform what exists.

6. *Old rule:* Process must be kept simple in order to be manageable.

Disruption: Process participants.

New rule: Processes can be as complex as they need to be, yet still be manageable.

7. *Old rule:* Processes have to be changed in order to reduce the manual checking required of accountants, auditors, and supervisors.

Disruption: Process metrics and process lifecycle.

New rule: Processes can monitor themselves.

8. *Old rule:* A choice must be made between incremental process improvement, and radical reengineering.

Disruption: Lifetime process lifecycle management.

New rule: There are no discontinuities.

9. *Old rule:* Incremental process improvements produce minor gain.

Disruption: Process analysis and transformation.

New rule: Processes evolve in fits and starts, sometimes incrementally and sometimes radically, but always non-disruptively.

10. *Old rule:* Radical change is painful and disruptive.

Disruption: Computer-Aided Process Engineering.

New rule: Replacement of organizational change with technological implementation.

11. *Old rule:* Companies need a large, dedicated, long-standing, reengineering team.

Disruption: Process portal.

New rule: Process management vanishes, becoming a part of everybody's job.

12. *Old rule:* Process innovation is an art form, with uncertainties and ambiguities.

Disruption: Process calculus.

New rule: Process management is a precise science.

13. *Old rule:* Radical change takes a long time to implement.

Disruption: Process deployment and execution.

New rule: Not all radical changes require radical changes to IT systems or organization.

14. *Old rule:* No team can reengineer more than one process at once.



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Disruption: Process management system.

New rule: Continuous process improvement across many processes.

15. *Old rule:* Radical change is top-down, and continuous change is bottom-up.

Disruption: Integrated process model.

New rule: There is no distinction – circumstances govern the approach you take. Process models developed quite independently can be easily combined.

16. *Old rule:* Reengineering never happens from the bottom up.

Disruption: Process intranet.

New rule: Insights for process streamlining and process re-design arise naturally in the business, and are readily accepted by those affected.

17. *Old rule:* Managers make all process design changes.

Disruption: Collaborative process design and closed-loop process optimization.

New rule: Change-making is part of everyone's job.

18. *Old rule:* There must be a single process owner.

Disruption: Collaborative process analysis.

New rule: Everyone that needs to be involved in process improvement can be involved.

19. *Old rule:* Processes can be designed only by the process team.

Disruption: Shared process repository.

New rule: As many designers as required can be involved, deep within the business.

20. *Old rule:* It takes work to have to find out where you are in a given process.

Disruption: Process metrics.

New rule: Processes measure themselves and tell you where you are.

21. *Old rule:* Every process team needs a human coach.

Disruption: Process training built into process designs.

New rule: Processes as coaches.

22. *Old rule:* Plans get revised only periodically.

Disruption: Process modeling language.

New rule: Plans are processes, guiding the enterprise in real time.

23. *Old rule:* The only feasible processes are those supported by the existing IT systems.

Disruption: Process virtual machine.

New rule: Any process can be modeled and executed; it may have nothing to do with IT.

¹ Not necessarily a limitation in the BPEL language itself

24. *Old rule:* As few people as possible should be involved in the execution of a process.



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Disruption: End-to-end processes, process data correlation, distributed process execution.

New rule: Everyone and every system needed can be involved, without degradation of automation or efficiency, through manual hand-offs.

25. *Old rule:* Don't bury reengineering in the middle of the corporate agenda.

Disruption: Process modeling methodology.

New rule: Value analysis, process analysis, quality management, and costing are combined into one analysis.

26. *Old rule:* Tradition counts for nothing.

Disruption: Process discovery.

New rule: Tradition is everything, and must be built upon. Those who fail to learn from the past are condemned to repeat it.

27. *Old rule:* Design processes so that only a small number of variants are needed.

Disruption: Process customization and process patterns.

New rule: Any process can be reused to construct or constrain the design of hundreds, even thousands, of variants.

28. *Old rule:* A company has no more than ten to twenty processes of interest to process engineers.

Disruption: Process discovery.

New rule: Organizations are more complex than they think.

29. *Old rule:* The processes to be improved must be carefully selected and prioritized.

Disruption: Process optimization, analysis, and transformation.

New rule: Process improvement is built into the methodology; pain points emerge naturally.

30. *Old rule:* Processes must be designed to eliminate excessive information exchange and data redundancy.

Disruption: Process data.

New rule: Strong processes are those that include all required participants who can freely and efficiently exchange and re-process all required information.

31. *Old rule:* Work must be structured so that suppliers and customers can plan and schedule their respective activities independently.

Disruption: Collaborative processes.

New rule: Coordination of independent activities is built in.

32. *Old rule:* Divide overly complex processes into a smaller number of simpler processes.

Disruption: Enterprise process model.

New rule: Manage processes as intellectual property and derive what is required for execution automatically.

33. *Old rule:* Technology only participates in the process (as cogs in the



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engine).

Disruption: Third wave.

New rule: Technology implements the process (drives the pistons, orchestrates the cogs).

34. *Old rule:* Processes change only when people change them.

Disruption: Capability passing, external process participants, business rules.

New rule: Processes can change themselves within limits set by process design.

35. *Old rule:* Processes take a long time to design.

Disruption: Real-time process manufacturing.

New rule: Just-in-time, single-purpose, throwaway processes are both possible and useful and reflect the way business is really done – experimentally *and* systematically.

36. *Old rule:* Changing processes across organizational boundaries is virtually impossible.

Disruption: Process interface definition language and end-to-end processes.

New rule: Process management knows no organizational boundaries.

Indeed, there's something new going on in business, as BPM methodologist Martyn Ould elaborates in his new book, *Business Process Management: A Rigorous Approach* (Meghan-Kiffer Press, 2005), "Do your toes curl when someone uses the phrase 'paradigm shift?' Did they curl just then? Terms like that get debased so quickly, we just as quickly learn to treat them as noise. So, when a real paradigm shift comes along, it needs a lot of volume to say 'THIS REALLY IS A BIG CHANGE, GUYS.'" The Third Wave of business process management is one such paradigm shift.

