Practical Process

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What is the Process Modeling ROI?

At the recent ProcessDays Conference (Sydney, Australia, July 2011) we had a fascinating session probing the practical realities of business process modeling. We wanted to know what a group of commentators, and our delegates, thought were the elements of the return on the sometimes massive investment in process modeling. How many models? How few? How much detail? Should they be maintained? How much investment should there be in controlling changes? How much training is needed to produce useful models? If technology is taking us towards the direct execution of process models, is near enough, good enough?

Think about this, "If you deleted all the models, would the organization suffer?" That's a sobering question for some, an important question for all.

No organization has a problem called "we don't have enough process models". There is an increasingly important role for process models, but always on the basis that they make a demonstrable contribution to better performance.

At ProcessDays we used a fictive case study to highlight the issues and provide a framework for discussion. A panel of commentators had been given the case study a few weeks earlier so they could prepare a response. Commentators and delegates joined in a robust discussion.

The case study is reproduced below. As at the conference, I invite you to read the case study and consider what advice you will have for Harriet when she calls you.

Managing Modeling – Where's the ROI?
A Leonardo Education BPM Case Study

Peter McIntyre is having second thoughts about the purpose and benefits of BPM. As the CEO of Tanglewood Corporation, Peter has supported the concept of process-based management. He likes the idea of understanding, improving and managing the exchange of value with customers and other stakeholders. This is why TCorp exists, so it makes sense to focus on the processes that are the conduits for value exchange.

> **The Business Process Creed**
>
> **We believe in ...**
> - unimpeded flow of measurable value between our organization and its customers and other stakeholders
> - uncovering and eliminating wasteful activities
> - a workplace that enables our staff to deliver value
> - eliminating frustration caused by broken processes
> - having more certain control over things that really matter
> - technology supporting business processes, not the reverse
> - continuous improvement and discontinuous innovation
>
> **This is Business Process Management**

Peter has no doubts about the aspirations and intent of BPM. This declaration of his *Process Creed* hangs prominently on his office wall and is a frequent and enthusiastic talking point with both staff and visitors.

With the zeal that only a convert can show, Peter hung his *Process Creed* where another, perhaps more pragmatic if not skeptical, message once resided. Peter remains attracted to the subversive simplicity of Russell Ackoff's insights into management and its flaws, and certainly does not want to get anywhere near mindless modeling becoming a substitute for thinking.

Peter and his management team believe in BPM. In the six months they have been actively pursuing this approach, they have seen some encouraging improvements. However, after the initial euphoria of

> *"Most corporate planning is like a ritual rain dance; it has no effect on the weather that follows, but it makes those who engage in it feel that they are in control. Most discussions on the role of models in planning are directed at improving the dance, not the weather."*
>
> R.L. Ackoff (1981)

learning about BPM, building process architectures, assigning process owners, purchasing a modeling tool, and generally getting the whole BPM show on the road, Peter is starting to wonder if he has created a monster – and a rapacious one at that. He still has the Ackoff sign; it could be reinstated.

He is particularly concerned about the time and effort going into process modeling. The growing divergence of opinion within his management team about the purpose and extent of modeling their business processes also worries him. If they can't agree, how can he expect the rest of the organization to buy in?

Something needs to be done. The problems may not be too large yet, but Peter can see that unless he can get his team to have a shared understanding of the scope and purpose of process modeling, the whole BPM initiative will fail.

As well, he needs to clarify his own thoughts about the costs and benefits of business process modeling. A picture might be worth a thousand words, but what if it also costs a thousand dollars? Are they building a business or a gallery?

A phrase he heard at the last ProcessDays conference remains an important insight for him. The speaker said: *"The 'M' in BPM is for management, not Modeling."* There has to be Modeling, but how much? How can he control the Modeling Return On Investment (ROI) and still get the benefits of better management? There must be control. Peter is certain that the 'M' in BPM doesn't stand for mayhem either!

Harriet Munro has recently started at TCorp as the Manager of the Strategic Planning Unit. She has a background as a business analyst and operational manager in a number of industry sectors, and has moved into strategic planning, with considerable success, over the last few years. It was a real coup to have her join TCorp, and Peter has great expectations of her ability to influence the company's thinking about the future and how to get there. As someone new to the organization, Harriet has already given Peter and his team valuable insights into its operations and environment.

Casting around for someone to advise him on the process Modeling questions, Peter realises that Harriet is just the person to help. Although she has no particular experience in BPM, she is an accomplished manager and excellent business analyst. As she hasn't been closely involved in the TCorp process activities to date, she remains usefully neutral. It will also be a great opportunity for her to learn more about TCorp and its people and processes. "A little baptism of fire won't hurt either," Peter muses.

So, to her surprise, Harriet has the job of reviewing the process Modeling issues, talking to the key players, understanding their views, and bringing all that together as recommendations for Peter and the management team. "OMG!" she thinks, as she leaves Peter's office with the news

of her first major assignment in TCorp. "What have I got myself into? I'm now the referee in a fight between the senior managers!"

Back in her office, Harriet reviews the list of protagonists supplied by Peter:

- Chris Rosemann – Chief Financial Officer
- Mervin Nguyen – Chief Information Officer
- Martin Brooke – Chief Operations Officer
- Michael Carmen – Chief Marketing Officer.

"Well, I may as well get started," thinks Harriet, picking up the phone with more than a little anxiety. "If nothing else, I'll be well known after all this!"

Two weeks later, Harriet has completed interviews with all four managers and had a session with them as a group. It certainly has been an interesting experience. "It's been a great way to learn about the business, its processes and the key people in a hurry," she explains to her partner on Sunday evening after dinner. "I'm concerned, though, about what to recommend to Peter." Harriet can see that there is a wide gap between the C-level executives in their thinking about the ROI on process Modeling, and even on the approach to Modeling. "I've got 24 hours to decide the best course of action. On Tuesday, I meet with Peter to report my findings and recommendations."

The next morning, Harriet reviews her notes to get to the nub of the various arguments. There is common ground between them, as they all see lots of benefits in the bigger picture of BPM and the way it can help them improve customer service, reduce costs, and increase sales. On that basis, BPM is a no-brainer for them. The arguments are about how to get there; about how to shape the process of process. As one of them said, and all agreed, "The question is how little can we get away with and still get the benefits. We don't have a problem called 'not enough process models'. We are here to *do* business, not just *model* it."

Harriet worked on her notes from each manager meeting and Peter's original briefing. A few hours later she had this concise summary of the issues of concern and the general position taken by each executive:

"Now, all I have to do is turn this into useful recommendations for Peter," Harriet reflected ruefully. "I need to talk this over with someone outside of TCorp – preferably someone with experience with BPM and process Modeling".

       --ooOoo--

Chris Rosemann
Chief Financial Officer
- concerned about the cost (of course!)
- where is the benefit?
- *"What problem are we trying to solve?"*

Mervin Nguyen
Chief Information Officer
- owns the modeling tools
- users <u>must</u> have lots of training
- too many poor models are being created
- *"Business people create models that we use to build applications"*

Martin Brooke
Chief Operations Officer
- wants process models to exactly match practice
- no changes to anything without Process Owner permission
- *"There's only one right way!"*

Michael Carmen
Chief Marketing Officer
- can't see the point in maintaining the models - use them and throw them out
- no need for all this fuss about accuracy and consistency
- *"Near enough is good enough"*

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What is your advice?

When Harriet calls you to ask your advice about what she should be telling Peter, what will you say? What should Peter do to reconcile his desire for process-centric management with the differences of opinion about process modeling amongst his executive team?

Let's use the BPTrends Discussion LinkedIn group to continue this debate. I've set up a new discussion in the group and I'd love to hear your views.

BPTrends Linkedin Discussion Group
We recently created a BPTrends Discussion Group on Linkedin to allow our members, readers and friends to freely exchange ideas on a wide variety of BPM related topics. We encourage you to initiate a new discussion on this publication or on other BPM related topics of interest to you, or to contribute to existing discussions. Go to Linkedin and join the **BPTrends Discussion Group.**

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