

Business Process Management: Where to Start

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The best way to start a business process management initiative is to take stock of business processes as strategic assets and manage them using proven portfolio management techniques.

Portfolio management is a general technique used to control and optimize the efficiency of, and returns from, many diverse assets. Each asset is continuously evaluated. When necessary, structural adjustments are made to an asset that help increase its individual value and, consequently, to the portfolio of assets as a whole. It is a common technique practiced in finance. It manages the balance and returns of diversified stocks, bonds and other securities that collectively determine the overall value of a financial portfolio.

IT Portfolio Management

Portfolio management is also used by many industry leaders to manage a diverse range of IT assets. IT portfolio management creates an inventory of existing IT assets and uses it to:

- prioritize and balance diverse IT investments (including projects, architecture, infrastructure, systems, applications, resources, etc.);
- eliminate redundancies while maximizing reuse;
- optimally schedule personnel and other resources; and
- measure project plans, costs, schedules, risks, returns and benefits from development through post-implementation.

Business Process Portfolio Management

Business process portfolio management uses similar principles, but focuses on how to improve the returns from diverse business processes that comprise an organization's value chain such as those associated with:

- creating and sustaining customer and supplier relationships;
- developing and managing products and services;
- and controlling administrative functions such as finance, human resources and regulatory requirements.

Industry leaders elevate the status of processes from sequential activities to value-adding assets. They then use them to create competitive advantage. They engage a systematic approach, taking stock of business processes, continuously assessing them for strategic value and effect. Processes considered "Core" to operations must perform well. They demand commitment, ownership, investment in performance enhancement and optimization. "Non-core" processes require control, restraint, oversight and evaluation for necessity and purpose.

Business process portfolio management provides techniques and tools used to document and evaluate business processes as assets, and manage their ongoing performance improvement. It reveals business processes that yield the greatest strategic value and financial returns, and it exposes those that do not. It provides clarity of vision, helping organizations to pinpoint investments in ERP, Supply Chain Management, Customer Relationship Management, Software-as-a-Service (SaaS) subscriptions and BPM Suites – the IT portfolio. It assures early and substantial returns from Business Process Improvement Projects and lays the groundwork for highly effective Continuous Process Improvement Programs.

A Business Process Portfolio

The primary tool used in business process portfolio management is the Portfolio itself. A Business Process Portfolio is a classification system and common data repository used to inventory, document and manage detailed information about business processes. Information captured and managed within a portfolio includes activities, tasks, performance measures and resource requirements that comprise a process. It does not map or model workflow. Other tools and techniques are reserved for this purpose. Rather, the Portfolio assists management teams in evaluating process quality, effectiveness and efficiency, thus revealing processes that require improvement and exposing those that require consolidation or elimination.

A Business Process Portfolio can be:

- as simple as a well structured document shared among management team members, or throughout an organization, using content and document management technology;
- a dedicated database;
- an in-place Enterprise Resource Planning (ERP) system (if properly equipped); or
- a Business Process Management Suite (BPMS).

A Business Process Portfolio is a crucial tool required to properly initiate Business Process Management and structure a highly effective Continuous Improvement Program.

Author

Carl F. Lehmann is a business process management (BPM) specialist. He helps organizations improve execution, performance and outcomes through efficient process design. His career spans nearly three decades during which he developed and brought high-tech products and services to market, and helped organizations use high-tech products and services to run their businesses.

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