

The Third Wave

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Michael Hammer once said, "Abandon long established procedures ... toss aside old systems ... go back to the beginning ... throw away and dismantle the old ... guard against assumptions ... take nothing for granted ... reinvent anew ... abandon the familiar ... seek the outrageous ... turn the organization upside down ... accept radical change ... make waves ... shatter assumptions." No wonder people are petrified when you combine Hammer's proclamations with Power Tools called Third Wave BPM Systems that can provide the capability to actually act on Hammer's words and notions. Of course, many people find that idea threatening. Others find the idea of powerful technology-enabled reengineering unconvincing, or unappealing. Yet most of the off-putting comments come from people who have never touched a Third Wave BPM System, and never looked at real case studies in detail. If they had, they'd know that BPM is not about telling you how to run your business, and it's not about constraining the way in which you design your business processes, or even whether you design them at all. And, it's only partly about automation. And for those who think BPM-technologists try to turn everything into a machine metaphor, rest assured: BPM solutions providers are not trying to automate strategy and judgement.

In the 1960s, manufacturing and distribution were the dominant activities in many large firms. Marketing and management, product and business development, research and systems development, together accounted for just 30% of the firm's activities. Over the following three decades, the percentage of those knowledge-based activities increased. Today, the percentage is approximately 75% of what a firm does. Figure 1. That is to say, 75% of us work with processes or in processes, directly or indirectly, and knowledge worker costs are more than 50% of all corporate costs. Knowledge workers spend a sizable proportion of each working day using electronic tools, including email, word processing, spreadsheets, and databases. But the process tools available to most knowledge workers go lacking. It's obvious to even the casual observer that there is a glaring need for process tools if companies are to take the next step in productivity.

Customers ask companies to innovate, create, design, deliver, integrate, maintain, optimize and improve. Yet to do these things, the knowledge worker is required to coordinate, negotiate, collaborate, plan, delegate, monitor, approve and evaluate—all forms of process-related work. The customer asked for 25% of our work, and only expects to pay for 25% of it. That is, they want to pay for the innovative products or services, not the 75% who do the underlying process-related work. While BPM won't replace the realm of human creativity, case studies abound that show BPM can be of immediate assistance in eradicating the underlying non-value-adding tasks associated with customer-facing processes. Let's take a brief look at how one company gained value by embracing BPM.

A financial services firm used a BPM solution to increase the productivity of relationship managers serving high-net-worth individuals, while simultaneously reducing the number of staff in the unit, allowing them to be reassigned to other departments and to new products and services. A total of 1,720 staff were reassigned. Before BPM there were 1,800 relationship managers, 1,000 assistants and 350 mid-office experts. After BPM there were 1,150 relationship managers (doing twice as much work by maintaining relationships with twice the number of customers), zero assistants (most administrative tasks were automated) and



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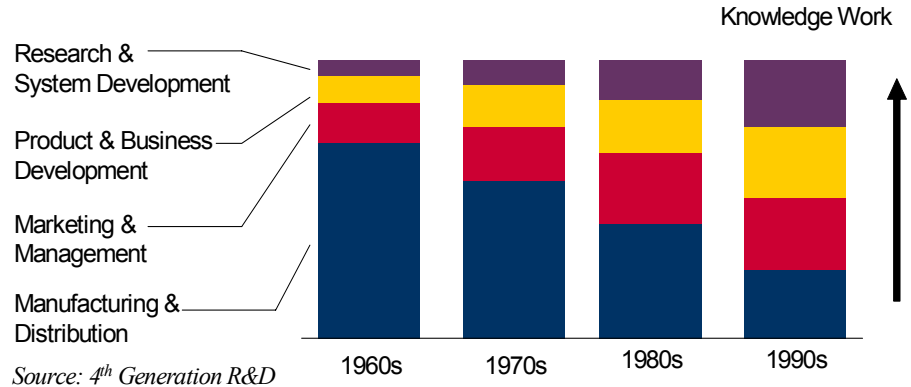


Figure 1 – The shift to knowledge work hence the need to eradicate non-value adding tasks

280 mid-office experts. This example demonstrates the impact of BPM on the non-value-adding work of knowledge workers. How were these results achieved?

BPM technology was introduced over a period of a few months. The reengineering was performed incrementally over a year or more. During this period, the staff involved felt what James Champy has referred to as “Experiencing the physicality of work change.” The unit simply had too many staff for the value it generated and the workload of the relationship managers was increasing. Not only were more high-net-worth individuals applying for services but, to make matters worse, the complexity of what they expected was increasing sharply. Something had to be done. That something was BPM. Rather than a big-bang project sold by smart consultants with promises of cake-tomorrow, the business unit used BPM to build out numerous processes that, over time, provided the dramatic improvements in productivity. BPM is not technology-push; rather, it’s a direct response to the pressing need to meet business objectives.

BPM projects come in all shapes and sizes. Here are some examples:

- Disaster/Insurance claim
- Life history/Health record
- Logistics/Lost parcel
- Support/Trouble ticket
- Goal/Project
- Emergency response/Incident
- Customer/Service request
- Procurement/Order
- Management/Initiative
- Farm animal certification/Tag
- Provisioning/Service
- On-boarding/Employee
- Publishing/Book
- Change Management/Change request



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- Public health/Campaign
- Criminal/Case file

Process tools provide business people with computer-assisted support for the processes they manage or fulfill. Process tools can automate, inform, accelerate, sequence, track, distribute, parallel up, analyze, integrate, capture, disseminate, instruct, compute, process, correlate, direct, sense, respond, monitor, predict, secure, delegate, record, expose, measure, agree, follow up, promote and illuminate. BPM tools are Swiss army knives for processes. While BPM efforts go under many names—industrial engineering, ISO certification, Six Sigma, Sarbanes Oxley, enterprise business architecture (EBA), business process improvement (BPI), business process re-engineering (BPR), Audit and Compliance, Rummler-Brache, Integrated Definition Function Modeling (IDFM) and Lean Thinking, to name a few—it's all process work underneath. Thus, multi-purpose process tools are both possible and desirable, for all process work is connected. We don't have separate email tools for engineers, sales people, and managers; we have a common email system that does not dictate the content flowing through it—ditto, BPM tools. Process tools make the process charts we still draw in spades, come to life as actionable knowledge. Process tools allow business people to break through the "If I were you, I'd raise a P24D – request for IT Project Prioritization Review" smug grin of the corporate IT officer. Wait nine months for IT and you won't get what you need today, and it won't look like what you asked for in the first place, if and when it's actually delivered by IT. BPM tools unleash the process management potential in everyone.

Taking the BPM conversation to the corner offices, what happens when you need to speak to senior management about BPM? Whatever you do, don't use three-letter acronyms. And remember, process isn't just the work piece abstracted out of IT architecture, it's the whole nine yards, including people, systems, plant, organizations, culture and other intangibles. Next month we'll describe how to speak to CxO teams about *processes as assets*; to VPs, line-of-business managers, and operations about *processes as capabilities*; and to Process Owners, Users and IT Solution architects about *processes as activities*. Three very different conversations are required. Together they cover high-level and detailed process portfolios, economic value add, value disciplines and process metrics, along with centering the discussion on different kinds of BPM efforts: major business initiatives, transformation plans and the redesign of specific processes. Indeed, structuring the BPM conversation for each audience is vital to becoming a process-managed enterprise.

