BPM Works

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In this brief, Howard Smith, co-author of "Business Process Management: The Third Wave," and co-founder of the BPMI.org, introduces a substantial new white paper on BPM he authored for Computer Sciences Corporation. The report includes numerous illustrations of how companies are using BPM today to improve operations, reduce process-design-to-production time and costs, and deliver integrated change, as well as setting BPM within its historical context.

There is an old anecdote about a reengineering success: A consultant proudly claimed, "We reduced order fulfillment cycle time from 180 days to 60 days, and half of that improvement came from the new process design." So where did the other half come from? Process is all there is. Only by re-defining, re-designing, and re-organizing work and its associated organizational structures can business performance be improved.

Companies use processes – descriptions of the work required to generate value to customers – first to understand, then to measure and subsequently to change, old practices for new. Objectives vary from process to process and from firm to firm. Companies seek increased efficiency, higher productivity, greater reliability, reduced resource utilization, lower costs, economies of scale, innovation, compliance, eradication of waste, shorter cycle times, quality enhancements, fewer errors, employee satisfaction, increased discipline, tighter coordination, tracking of important events, eradication of duplicate or manual tasks, the flexibility to respond to unexpected events, transparency in operations, and an ability to cope with customization, diversity, complexity, and rising workload.

A financial services company used a process to reduce the workforce in one business unit by half and to simultaneously double the productivity of remaining staff. The project was initiated during a period of sharp increases in workload – when business was growing insufficiently to sustain the original size of the unit – in order to handle complex enquiries from newly educated customers in an evolving market. One thousand five hundred workers could have become redundant as a result of the process automation and its ongoing, business-led optimization, but, in fact, the skilled client relationship managers and administrative assistants released from the old unit were re-allocated to an under-resourced, but growing, area of the business.

A municipal government department serving fifty agencies used processes to replace legacy mainframe and paper-based system for procurement, HR, budgeting and planning, performance management, payroll, and a host of other city functions. Using processes to glue together off-the-shelf software components, the city initially revamped its antiquated procurement systems (which handle more than $1 billion in transactions), reducing transaction approval cycle time from weeks and months, to one or two days. As a result, the city now gets a time-stamped audit trail of every single transaction and every point where a person touches a transaction, allowing administrators to implement improvements where it is observed that the current process does not take account of unexpected exceptions, third-party errors, or delays. The city department reports that if there is executive support for process change, employees will adopt new workflows and bring up new ideas, gravitating towards anything that helps them to do their job better.

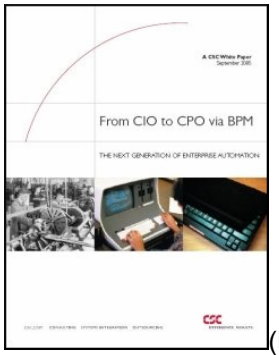
A truck manufacturer used a process to stay competitive, cutting the cycle time needed to develop and continuously improve new products, with the objective of getting new models to market faster. The improvements were driven by globalization trends in the markets the company served. While trends continued in major overcapacity, many competitors coming from emerging economies, falling revenues, and reduced demand, customers continued to expect the most advanced product features. As always, with every process improvement project, the company faced the challenge of knowing where to start? The answer was found

in the change management process. Engineers reported that they were spending inordinate time and resource simply searching for information and waiting for approvals, rarely knowing precisely who had committed to deliver a specific element of a product change, who was working on what, and when it was scheduled for delivery. The company recognized that more than workflow and document management were required – that the hundreds of engineers involved needed to be accountable for their collaborative, knowledge-intensive work. They would need the ability to track action items at every step, and to have advance warning of issues. The new process coordinated the negotiations and commitments made among employees at all levels and across all departments, including engineering, marketing, finance, procurement, and manufacturing. In short, the new process touched everyone involved with new product development and delivery, providing proactive management of change and its future downstream implications. As a result, the company measured productivity increases of 30 percent, cycle time reductions of 70 percent, reduction in development costs of 50 percent, and reductions in training costs of 50 percent. The company tells a story of how the decision to tackle this specific process first, was partly motivated by a desire to create an internal "tipping point" for process improvement. The change management process touched every key manager in all involved departments on day one. It worked. The observed impact of the new process led executives at the firm to support the extension of the solution to many other mission-critical processes.

In these and many other cases, business practices and the supporting IT systems were concurrently reengineered using a BPM technical solution. Those that doubt the benefits of using appropriate technology in a BPM project should reflect on the past history of productivity in business. It was not until the invention of the *technology* of Carl Barth's machining slide rules that Frederick Winslow Taylor could scale and execute his scientific management methods. Similarly, it was not until W. Edwards Deming found a way to allow mathematically unsophisticated clerical and factory workers to use statistical methods that the technique had value and could be widely applied. He kept down the cost of making the calculations by introducing a new *technology,* a moveable cart that could be shared by those involved in quality control. A pre-electronics calculator, the cart held voluminous statistics tables and charts and showed simple branching instructions that anyone could follow to navigate to the right quality metrics. Today, those who set out to reengineer business are finding that their work is greatly facilitated by using BPM solutions. New processes are adopted more readily.

Users report that the graphical view of process offered by BPM tools gives business managers a broader view into, and more direct control over, automated business logic, thereby fostering efficiency, innovation, flexibility, and smoother compliance with shifting regulations. With the advent of the BPMS, which can bring swimlane diagrams to life as executable systems, process modeling is back in vogue and reengineering has a new and immediate path to implementation. The next generation of office automation is upon us.

These and many other stories are featured in CSC's new report on the state of BPM "From CIO to CPO via BPM: The Next Generation of Enterprise Automation."



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