



Down Under

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Practical Guidelines to Successful Implementations

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A quick-fix to beat the Global Financial Crisis through BPM

The Global Financial crisis is the burning platform that many organizations could use, if they chose, to justify a fundamental analysis and improvement of their business processes and management. It is an opportunity to become agile for the future when the market recovers. To be successful, it is important for us, as BPM practitioners, to adjust our message to this burning platform: Promoting BPM the same old way will certainly not move managers that previously did not buy into BPM.

This column will provide two pragmatic steps to provide quick results, namely:

- *Actively managing business processes; and*
- *Initiating self-funding programs.*

Conceptual Model

Kaplan and Norton stated in the Harvard Business Review of January 2008 that *various studies completed in the past 25 years indicate that 60 to 80% of the companies fall short of the success predicted from their new strategy.*

“Breakdowns in a company’s management system, not managers’ lack of ability or effort, are what cause a company’s underperformance,” continue Kaplan and Norton in the same article.

By **management system**, they are referring to the integrated set of business processes and tools that a company uses to develop its strategy, translate it into operational actions, and monitor and improve the effectiveness of both.

The following figure 1¹ provides a pragmatic framework to overcome these shortcomings, as specified by Kaplan and Norton.

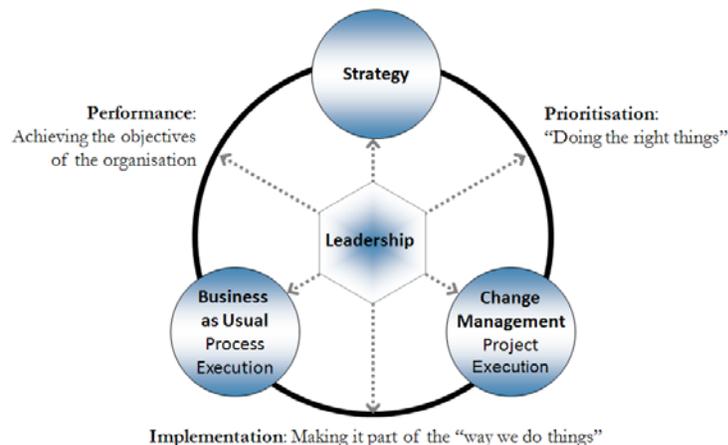


Figure 1

1) Actively managing the business processes – Process Execution

The Problem

Many managers have traditionally not paid much attention to optimizing the performance of their business processes, as growth “*automatically*” ensured that this year’s performance was better than last year’s. Many organizations now face the challenge of scaling back their operations and resources. This challenge is difficult to meet in a coherent manner if they have no clear understanding of their current processes.

Einstein rightfully pointed out: “*You can’t solve a problem using the same way of thinking as that used to create the problem in the first place.*”

Assess your situation

Please take a moment to tick which of the indicators below are applicable to your organization:

- Is ownership of key business processes assigned to individual managers?
- Are these managers of sufficient seniority?
- Can these process stewards (owners) actually influence the process outcomes?
- Are the performance bonuses of process stewards (owners) dependent on the process outcomes?
- Are the process outcomes explicitly aligned to strategic objectives?
- Are there individual KPIs of people contributing to these processes, and are they aligned with the process performance? In other words, if all of the staff meet their KPIs will the overall process KPIs be met?

Example

In reviewing the performance of a call-center we found that the sales performance was not satisfactory and that customer satisfaction was low. Staff had two KPIs, one for realized sales and one for the duration of a call. These KPIs encouraged staff to keep customers on the telephone even when it was clear that they did not wish to be speaking to the organization. Staff were achieving their targets and bonuses, but how useful were the outcomes to the organization?

Message: Aligning KPIs with the desired outcome is critical. Remember: You get the behavior that you reward.

If you have not ticked all the boxes, it means that your processes are not managed to an optimum level.

How to proceed?

1. Assess each of your “no” answers and determine why it is “no” and what the consequences are for the organization, using metrics as much as possible.
2. Determine a pragmatic and quick solution that forces managers to ensure that the processes are aligned and performed. Remember that in many cases the lack of involvement and commitment of managers has traditionally been a key hurdle to achieving more efficient processes.
3. Monitor and measure the ongoing performance to ensure that the changes you have made are sustainable.

2) Initiate a self-funding program

The Problem

There are basically two key problems in the funding of BPM initiatives.

The first and most obvious one is the reduced discretionary budget that is currently available for new projects.

The second and more fundamental problem is that in many cases the project funding and the realization of the business benefits associated with it are kept away from Operations (the business). In other words, many line managers who initiate projects are not responsible for the realization of the business benefits used to justify the project in the first place, and this is considered by many as a key reason for limited or no commitment by the managers.

The assessment

Please indicate if any of the following are true:

- There are some quick wins that can be achieved in the current business processes.
- These quick wins will provide significant financial benefits, well beyond the initial seed funding.
- The ability to use the financial benefits of any improvements will encourage managers to achieve more.
- Larger process improvements initiatives can be successful, provided they have the commitment of managers and initial funding.
- The staff will support any positive momentum to improve the effectiveness and efficiency of the organization to ensure the long-term viability of the organization.

If you have answered all questions with “yes,” there is potential for self-funding projects.

How to proceed

The following steps need to be completed:

1. Identify quick wins that can generate substantial benefits.
2. Arrange for additional benefits, above the initial seed-funding, to be used for further initiatives.
3. Obtain seed-funding (let's say \$50 to \$100k).
4. Mobilize staff - Ensure they are enthusiastic and made part of the solution.
5. GO DO IT.

Conclusion

The current global financial crisis requires us to work smarter, not necessarily harder. The executives and managers should be looking for ways to improve the performance of the organization, and BPM can provide them with this opportunity, as long as we sell it well and are delivery-focused and pragmatic in our approach.

ⁱ Jeston & Nelis, *Management by Process: A Roadmap to Sustainable Business Process Management* (Elsevier, 2008)