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BPMS and Organizational Process Sophistication

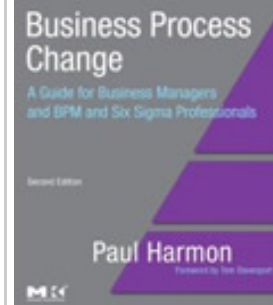
Process work is a perennial problem: Companies need to improve how they create value. At the same time, change is unrelenting. And, every change in law or technology requires other changes in processes. Process work is not a fad. It will always be a major organizational concern.

Specific techniques, however, are fads. Some imagined that TQM would solve organizational problems. Others imagined that Business Process Reengineering (BPR), or Enterprise Resource Planning (ERP) software, or, most recently, Business Process Management Systems (BPMS) would lead to a vast revolution in how companies were managed. Today, there are those that imagine that Innovation (whatever that means) or Service Oriented Architectures (SOA) will achieve breakthrough results.

It doesn't work that way and it never will. Each of these technologies, each of these sets of tools, has uses and has a role in the process work being done within an organization. But each is limited; each sees only one part of *the elephant*. Meanwhile, *the elephant* remains. In this analogy *the elephant* is the organization's culture – the way the people in the organization imagine things should be done. You can change a culture, but it takes time, a very steady push, and the constant commitment of senior executives. It's something that's very hard to do in a time of unrelenting change. And, it is something that requires an ongoing effort.

At the moment, I find myself talking to salespeople from BPMS companies who are trying to figure out why more companies haven't committed more effort to BPMS projects. They typically tell me that they have sold a few of their BPMS tools and are waiting for follow-on orders, which have yet to arrive. I'm not surprised. I would be surprised if it were otherwise.

BPMS is a sophisticated approach to automating the management of processes. Moreover, you don't get a real bang using BPMS on small-scale processes – it's a technology that provides a payoff when you use it to manage your company-wide supply chain, or all of your customer relationships. Most companies aren't ready for enterprise-wide process management, just as they were not ready for large-scale radical reengineering in the mid-Nineties. Most of the groups that have acquired BPMS products have been IT groups that wanted to explore the technology. They bought a few tools, picked out a problem and solved it using the BPMS approach. Generally speaking, IT is not the group responsible for the business process work, and having explored their new BPMS tool, they are ready to move on to the next neat technology.





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The best way of thinking about the readiness of organizations for process work is represented by CMM's stair step model. Companies climb the stairs, one step at a time. They work at improving medium-sized departmental processes before they acquire the skills to attempt enterprise wide process redesign. They do several enterprise-wide process redesign projects before they acquire the skills and understand the need for enterprise-wide process measurement and management systems.

Figure 1 shows where several studies suggest companies are on their process journey. As you can see, most are at level 2.

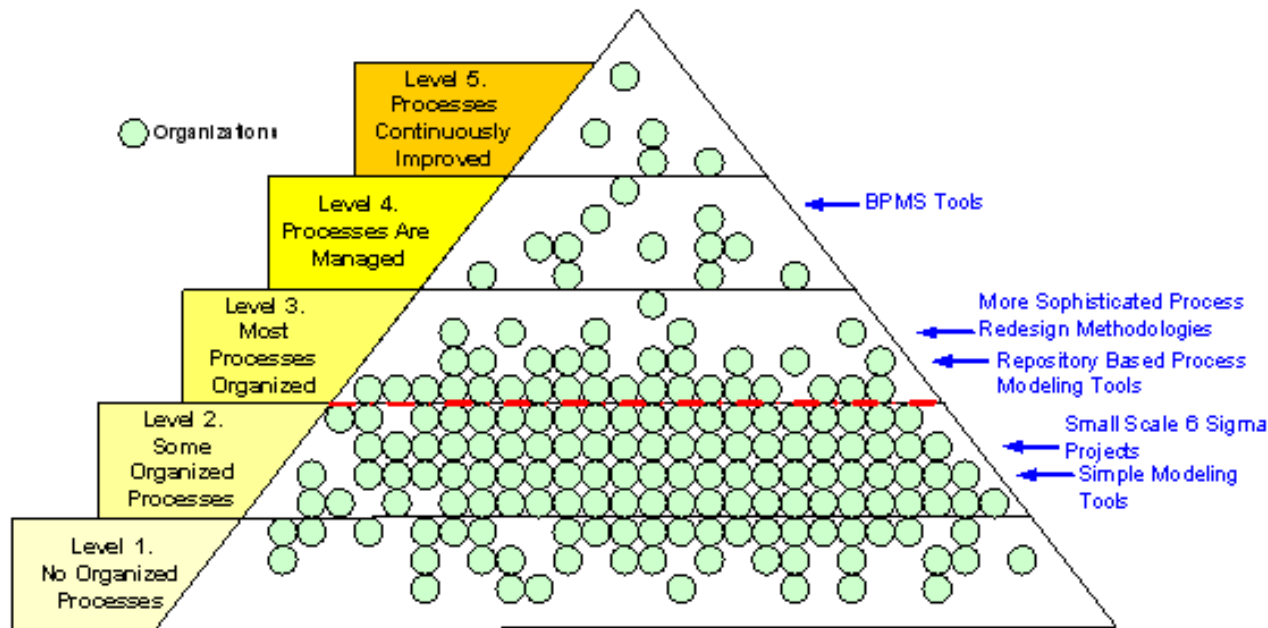


Figure 1. Process sophistication and company readiness for various technologies.

BPMS vendors, and BPR advocates in the Nineties, sought to introduce technologies that could only be used by more sophisticated organizations. Then, they were surprised to find that they only achieved limited sales. In fact, they achieved good market results, but the markets for the more sophisticated tools are limited.

In this particular round of technology introduction, the BPMS vendors made another miscalculation. They acquired many of the leading repository-based process modeling tools and incorporated them into their sophisticated BPMS platforms. This provided a better modeling capability for the BPMS platforms, but it reduced the options available to the many companies that don't need or want the more sophisticated BPMS tools. In time, new modeling vendors will emerge because Level 2 and Level 3 companies need such tools. Simple modeling tools, like Visio, are sufficient for companies just beginning to model departmental processes. However, as the companies move on to enterprise work, they need tools that can store process information in repositories that create databases of everything

the organization is learning about their processes. They do not, at this stage, need tools to automate the management of their processes – they don't understand them well enough to need to automate their management..

Perhaps it is in the nature of the industry that software vendors rush to offer sophisticated solutions that the market isn't ready to acquire. In essence, they rush up Geoffrey Moore's technology adoption curve, selling to those who want to experiment with the latest new thing, and then fall into the chasm, having failed to create a sufficiently large market for their offerings.

Hopefully, things will turn out a bit differently with BPMS. Large vendors have become involved in this market – companies like SAP, IBM, Oracle and Software AG. They are quite capable of investing for the long haul. They know processes and they offer a wide variety of products that all depend on the growing process sophistication of their potential customers.

Having tried to sell the more sophisticated products and found limited acceptance, hopefully they will now reconsider and launch campaigns to help companies become more sophisticated. IBM, for example, offers a stand alone version of its process modeling product, independent of its more sophisticated BPMS platform. Moreover, they often offer the product for little or no cost to help companies get started on process projects. If they combine this with training and marketing and are willing to work with clients over the course of several years, they can truly grow the market for BPMS by moving companies from Level 2 to Level 4.

Similarly, process models and frameworks like the Supply Chain Council's SCOR framework, the TeleManagement forum's eTOM, and the Value Chain Group's VRM framework, offer ways to quickly move companies from Level 2 through Level 3 to Level 4. In effect, they package knowledge that other companies have learned over the course of several years and make it available to newer companies who can then make the transition in months rather than years.

The market for BPMS isn't growing as fast as many predicted. It would grow a lot faster if the leading BPMS vendors invested in moving companies from Level 2 to Level 4 - to prepare them to use BPMS technologies. It isn't something a small entrepreneurial BPMS vendor can afford to do, but it is something the larger vendors are quite capable of managing, although it will require that they invest in training, management development, and providing more support for simpler process projects.

Till next time,

Paul Harmon

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