

April Sponsor

## Human Capital Management and BPM

I track the keyword search sources that link visitors to our website and recently I noticed that a lot of queries are coming from searches on "Human Capital Management." It led me to think about how BPM relates to Human Capital Management. The relationship is more complex than you might think, so bear with me as I try to sort through it.

### Departments and Processes

Let's begin with an overview of the difference between the departmental structure of an organization and its major business processes. Figure 1 pictures three departments in an insurance company. It also pictures one of the organization's major processes—Sell Auto Insurance. We have limited the example to three departments and a single major process in order to keep the example simple. As you can see in Figure 1, the Human Resources Department does not play a direct role in the Sell Auto Insurance process, however some HR processes play management and support roles in the process.

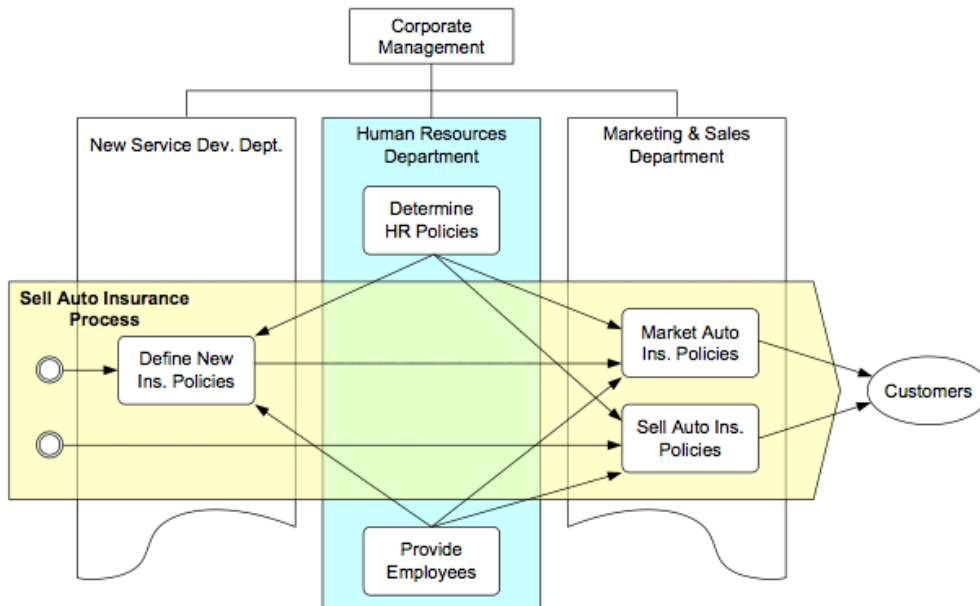


Figure 1. Human Resources department and processes

There are processes within the HR Department that are wholly under the management of that department. Thus, there is a Provide Employees process and a Determine HR Policies process. The Provide Employees process is a support process that examines a request from another process—the Sell Auto Insurance Policies process, which in this case we would call the "customer"—and submits potential employee resumes to Sell Auto Insurance Policies process for consideration.

In the case of the Determine HR Policies process, HR works with senior managers to define policies which are provided to other processes and managers. Examples of such policies might be a vacation policy or a policy governing compensation and pay scales. If an organization were to outsource its HR operations, or if it bought an ERP package designed to help manage HR, it would probably get software models to support the processes pictured in the blue areas of Figure 1.

Figure 2 suggests how a sub-process of the Provide Employees process—the Hire Employees process—might interact with a sub-process of the Sell Auto Insurance process—the Acquire New Employees process. In essence, the Sell Auto Insurance process is a "customer" and initiates the Hire Employees process when it requests that HR assist in the hiring of a new sales employee. (Note that the Acquire New Employees process is a management sub-process that is included in the Manage Process process of the Sell Auto Insurance process.)



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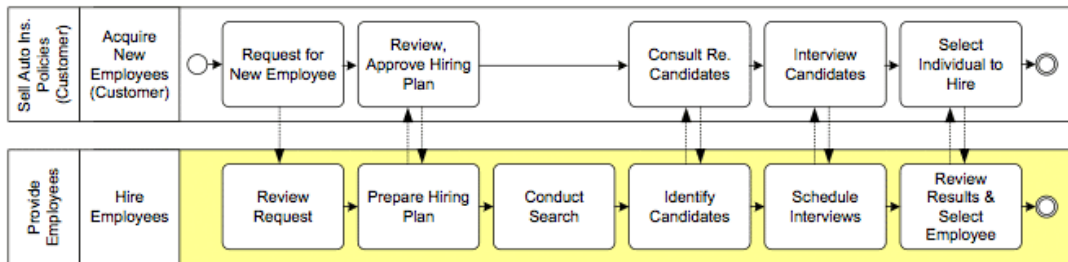
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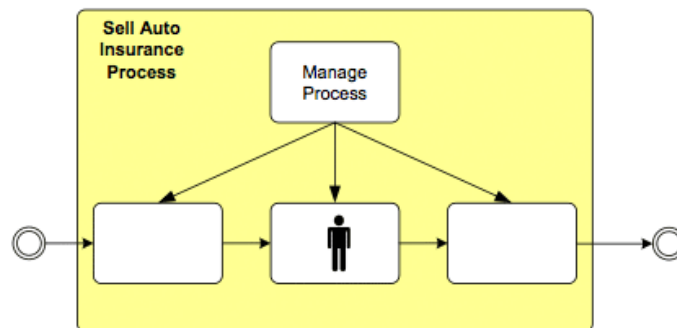
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**Figure 2. Flow diagram showing interaction between a "Customer" process and HR's Hire Employees sub-process.**

Separate from the HR processes that are managed by the HR department, there are core processes—like Define..., Market... and Sell..., where employees are working to provide value to external customers. The Sell Auto Insurance process, for example, is one of the customers for hiring and for HR policy outputs. The work of the Sell Auto Insurance process, however, is under the direct control of those who manage the core processes and sub-processes.

In Figure 3, we picture the Sell Auto Insurance process, show three of the many sub-processes, and focus on the fact that one has an employee involved in the performance of that sub-process. We also show a Manage Process process that is responsible for managing the Sell Auto Insurance Process and for dealing directly with the employee on a day-by-day basis. One could imagine that all of the processes that are wholly within the Marketing and Sales Department are managed by the head of that department. But, there is also a manager or supervisor within that department who is directly responsible for selling auto insurance policies, and thus, formally or informally, is the manager of the Sell Auto Insurance process.



**Figure 3. Every set of activities has someone who is responsible for managing those activities.**

Even if an organization outsources the HR department or acquires an HR ERP package, the organization probably continues to maintain direct management control over the core processes and the employees who perform the work that creates value for customers.

### So What is Human Capital Management?

When we use the term "Human Capital Management" (HCM), we are speaking about one or the other of two rather different things. We are speaking of (1) those HR processes that the HR department manages, more or less independent of the organization's core processes. Or, we are speaking of (2) those management processes that deal with employees who actually execute the core processes that create value for customers.

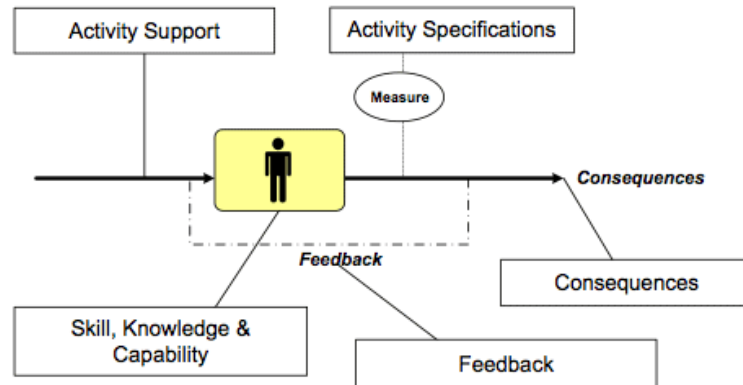
It is the concerns of (1) that people usually go to HR conventions to discuss. There are books written about how to manage personnel departments, how to develop HR policies, how to establish bonus systems, and how to organize the hiring and firing of employees. It isn't that BPM has nothing to do with these issues—they are processes after all, and can be done more or less efficiently or effectively—but these issues are primarily the concern of HR professionals.

Business Process Management professionals are primarily concerned with (2) and they take a broad view of process change across the entire organization. BPM is concerned with many different issues, including making processes consistent, eliminating wasteful activities, defining decisions that need to be made, and considering when and how to automate activities. In addition, this broad BPM approach focuses on day-to-day employee performance, and on the way managers manage employees to assure high quality performance. There are, of course, different ways to think about analyzing, improving, and managing employee performance. Some focus on why individuals perform and how one might improve individual performance. Others focus on how groups perform and consider how one might improve the performance of employee teams. In this Advisor I will focus primarily on individual performance.

### The Human Performance Technology Approach

The group within the overall process movement that has contributed the most to understanding the problems associated with the performance of individuals is the International Society for Performance Improvement (ISPI). This is the group that Geary Rummler was active in at the beginning of his career and his influence is still reflected in the work of ISPI. Today, ISPI has, of course, gone beyond Rummler in many ways and today terms its broad approach Human Performance Technology (HPT) [1].

Figure 4 pictures a version of Rummler's HPT model. In essence, the model suggests five sets of questions an analyst should ask if he or she is trying to determine why an employee is performing in a suboptimal manner. Table 1 lists some of the specific questions one might ask. Although not as widely known among most process practitioners as Lean's concern with waste or Six Sigma's concern with the quality and consistency of outputs, the HPT approach is at least as important. HPT focuses on how one gets consistent, high performance behaviors out of an organization's employees—which in this case includes managers as well as production line workers or sales people.



**Figure 4. A Human Performance Technology overview**

Table 1 provides a summary of some of the questions HPT practitioners ask themselves as they examine each of the different human performance system attributes. There are different versions of both the set of attributes and the questions. The list we present here is derived from the work of Geary Rummler. Another version is available from the International Society for Performance Improvement (ISPI).

**Table 1. Human Performance Technology Questions**

Activity Support	<ul style="list-style-type: none"> <li>• Can the performer easily recognize the input requiring action?</li> <li>• Can the activity be done without interference from other activities?</li> <li>• Are adequate resources available for performance (Time, Tools, Staff, Information)?</li> </ul>
Activity Specifications	<ul style="list-style-type: none"> <li>• Do activity standards exist?</li> <li>• Does the performer know the desired output and standards?</li> <li>• Do performers consider the standards to be achievable?</li> </ul>
Skill, Knowledge & Capability	<ul style="list-style-type: none"> <li>• Do the performers have the necessary skills and knowledge to perform?</li> <li>• Do the performers know why desired performance is important?</li> <li>• Are the performers physically, mentally and emotionally able to perform?</li> <li>• Knowledge problems are usually problems with models or rules—and remembering them when appropriate</li> <li>• Skill problems are usually problems with knowing procedures—and remembering them when appropriate</li> </ul>
Feedback	<ul style="list-style-type: none"> <li>• Do performers receive information about their performance?</li> <li>• Is the information they receive relevant, accurate, timely, specific, and easy to understand?</li> <li>• Do they receive information when they do it right as well as when they make mistakes?</li> </ul>
Consequences	<ul style="list-style-type: none"> <li>• What happens if the activity isn't done or is done poorly?</li> <li>• Are consequences aligned to support the desired performance?</li> <li>• Are consequences meaningful from the performer's perspective?</li> <li>• Are consequences timely?</li> </ul>

If one faces a specific problem with an employee, and one asks the questions in Table 1, one usually ends up with an idea of what one might change to improve the individual's performance.

### The Management of Employees

Looking at our specific activity and employee from a different perspective, we focus on the process management process. (Managers are employees too, but more important, they are the organization's interface with specific performers. They are the ones who either make the right hiring decisions, or don't; who either provide feedback and a word of encouragement, or don't.) In essence, we look at the activities undertaken by the individual responsible for managing the specific activity. In most cases, this individual will wear two hats and be both a departmental manager and the process manager for one or more specific activities.

Broadly speaking, managers plan, organize, communicate, coordinate, monitor and control work. Figure 5 pictures some of the activities and shows how the Manage Process process relates to the specific activity, and ultimately to the employee. Most of the concerns that we described in Figure 4 and Table 1, when we considered Human Performance Technology, are under the control of the manager. It is the manager who defines the job, who provides the equipment to be used, who hires the employee, who sets goals for the employee, who monitors the work of the employee, and who provides the employee with various kinds of feedback and consequences on a daily basis.

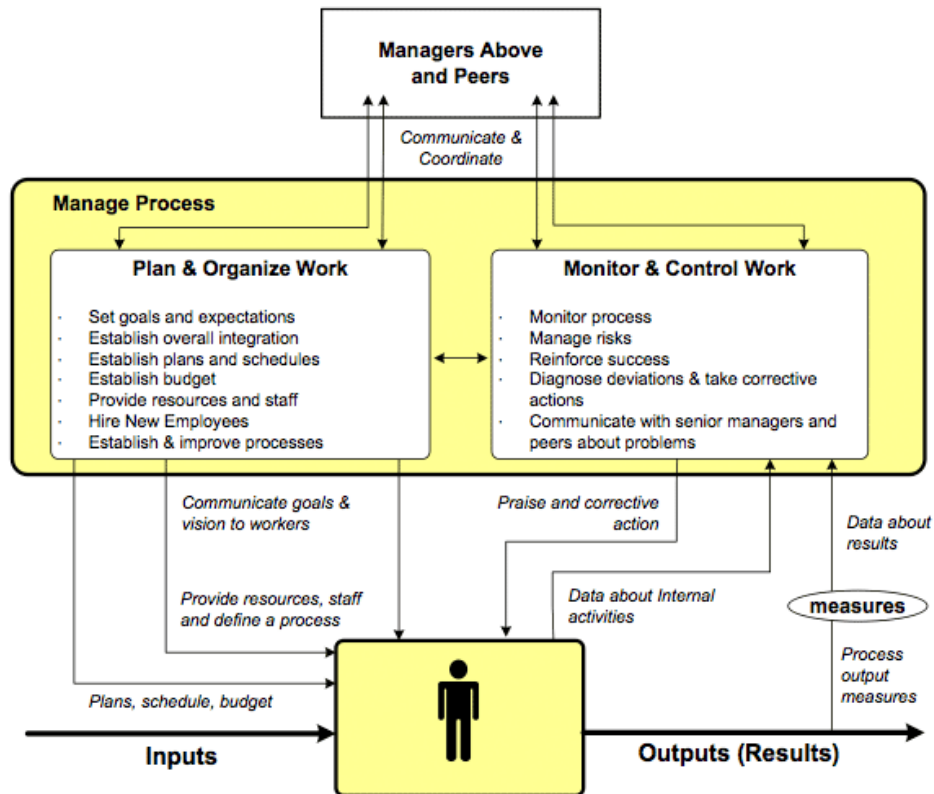


Figure 5. A process management process and its interactions with a specific activity or employee

It is always possible that a particular employee will perform in incorrect ways for his or her own reasons, but it is just as likely that an employee will perform incorrectly because of circumstances that are under the control of the manager. An employee with the wrong skills is ultimately a hiring or a job description failure. An employee who continues to make mistakes because no one informs him that he is making a mistake, represents a feedback failure. As one works one's way through the HPT Table, one is constantly considering whether the employee has created the problem or whether the manager responsible for the employee has created the problem.

### Human Capital Management, HR and Process Management

Human Capital Management is a critical component of every organization. Some aspects of the topic are Human Resource department issues and are best addressed in the context of HR theory and policy. While BPM practitioners may be asked to work with HR to improve the processes within HR, there are other aspects of Human Capital Management that involve the day-to-day management of the employees who constitute the human capital of the organization. BPM has a responsibility to assure that all the managers in the organization are applying good practices that maintain the performance of all employees in all processes being executed throughout the organization, encouraging the application of HPT wherever possible.

It is the managers and supervisors who create the environment the employees have to work in as

they execute the processes—it is the manager's responsibility to assure that the processes are executed efficiently and effectively. Human Capital Management is a vital ongoing concern of those involved in analyzing and designing business processes. And, it's even more important to those charged with managing the organization's business processes.

Till next time,  
Paul Harmon

Notes:

[1] For more information in ISPI, please check [www.ispi.org](http://www.ispi.org). See also the BPTrends Columns of leading ISPI practitioners, Guy Wallace, Roger Addison and Carol Haig at [www.bptrends.com](http://www.bptrends.com).

For information on Geary Rummler's ideas on HPT, see *Improving Human Performance* by Geary Rummler and Alan Brache. (2nd ed 2005. Jossey-Bass)

Rummler was also active in the American Society for Training and Development (ASTD) and they also have a systematic approach to human performance which they term Human Performance Improvement (HPI). For more information, see [www.astd.org/Education/Cerfiticate-Programs/Analyzing-Human-Performance-Certificate](http://www.astd.org/Education/Cerfiticate-Programs/Analyzing-Human-Performance-Certificate)

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