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BUSINESS PROCESS TRENDS

Six Sigma and BPM

A colleague sent me a recent Dilbert cartoon in which the Manager proposes a Six Sigma program and Dilbert responds by saying, "Why don't we jump on a fad that hasn't already been widely discredited?" He then goes on to cite a Fortune magazine story that says that companies using Six Sigma have trailed the S&P 500. My colleague's comment was, "Stop beating that old dead horse." I cite this simply to illustrate the negative attitude many people in the BPM community have toward Six Sigma. In a similar vein, of course, I have attended Six Sigma conferences during this past year where attendees told me that Six Sigma practitioners hardly need BPM, as they already have all the process management concepts they need in Six Sigma. Both points of view are unfortunate and, from my perspective, short sighted. The discussion might be a little easier if we could all understand and agree on the scope and value that each community provides to the world of process. In fact, each tradition is diverse and, unfortunately, there is no simple definition of either approach.

Several leading Six Sigma books describe Six Sigma as including three streams: one that focuses on process improvement, another that focuses on process redesign, and a third that focuses on business process management. Most Six Sigma practitioners are focused on process improvement projects, but that doesn't constitute the entire scope of Six Sigma, and never has. More important, there is a very large and well established Six Sigma community. Since Six Sigma began in the mid-Eighties, it has spread from manufacturing to service companies, and from a few well-

known Six Sigma companies, like Motorola, GE, and Texas Instruments, to hundreds of companies in the US and a rapidly growing number of companies abroad. There are dozens of Six Sigma conferences each year. Three, including ASQ's Six Sigma Conference, ISSSP's Annual Leadership Conference, and IQPC's annual European Six Sigma Summit, are all much larger than any BPM conference held during the past year. Dilbert and my colleague may think Six Sigma is a "dead horse", but the numbers indicate otherwise.
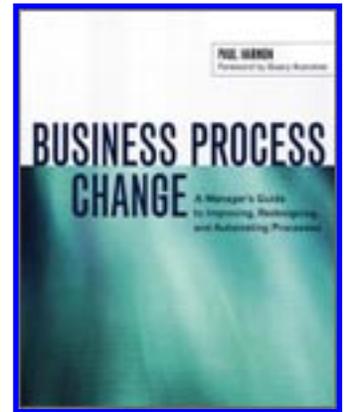
What's even more relevant is that Six Sigma is not only established and growing, but the best and brightest of the Six Sigma people are looking in all directions for new ideas. Six Sigma embraced TRIZ years ago. One group of Six Sigma practitioners has worked hard to create a framework for new product development that assures that new products will be easy to support with effective processes - usually referred to as Design for Six Sigma (DFSS). Most mainstream Six Sigma groups have recently expanded their technology base to incorporate Lean, and there is an established committee at the Supply Chain Council that focuses on how Six Sigma and the Supply Chain Council's SCOR methodology can be used to support each other. In a nutshell, Six Sigma is established in a significant proportion of the Fortune 500, and, where it is established, it has created a broad awareness of the importance of processes and a climate that is receptive to new ideas on process improvement.

Now consider BPM. I would argue that, relatively speaking, BPM is newer and more ill defined than Six Sigma. Many BPM advocates are primarily IT practitioners and, for them, BPM usually means BPMS. They want to use IT tools to automate the management of business processes. They have read Smith and Fingar's book and believe that BPM is surfing a Third Wave which somehow renders earlier waves obsolete.

In contrast to those who think BPM is BPMS,

many others within the BPM community have spent years working to improve the corporate management of business processes or have participated in the transformation of large processes. Many of them regard BPMS as a fad that is new and unproven. They are at least as dubious of this new automation technology as Dilbert is of Six Sigma. Some of these practitioners, like the business managers involved in the Supply Chain Council, are interested in high-level process improvement and measurement and find discussions of automation irrelevant to their concerns. At best, they think BPMS is just another spin on ERP and CRM.

As most of our readers know, BPTrends has consistently advocated for the broadest possible definition of process and has tried to support everyone working in the process area. Some approaches work better for some companies while different approaches work better for others. Most senior executives, as I argued in my last BPTrends Advisor, don't care very much about processes, no matter what approach you advocate. They see process work as an operations concern that lies well below the radar of most corporate executives. In too many companies, executives treat Six Sigma, Balanced Scorecard, CMMI, process redesign projects, BPMS and ERP as competing groups that cost money, and that rarely make a difference in corporate performance. In essence, they give a little money to each, in hopes it will do some good, but they don't let themselves get too excited about any one of these approaches.

Everyone working to improve business processes and everyone who thinks that the Process approach constitutes a management philosophy, should form a common party. We all believe that companies that adopt a Process-Centric approach will do significantly better than those who focus on functional or departmental units. Our numbers are relatively few. And, we share a common insight into the nature of business that those who don't care about processes, don't share. The idea that BPM advocates should try to

supersede Six Sigma, or that Six Sigma folks should resist the establishment of BPM teams or undermine BPMS projects, is not only wasted effort, it denies everyone the value, insight and experience of others who are trying to make process more central in their organizations.

My own background inclines me to focus on large-scale processes, like value chains, supply chains, and sales and marketing processes. From that perspective, far too many Six Sigma and IT automation projects are too functionally oriented. They are focused on improving small-scale processes confined within the bowels of the organization and are under-optimizing the effectiveness of the value chains they are supposed to support. At the same time, however, I realize that consultants of my persuasion are usually employed on large scale transformation projects, and then, too often, once we complete a project and leave, things settle down and revert to their previous state. Six Sigma practitioners may focus on smaller scale projects, but organizations that have Six Sigma have made a commitment to train significant numbers of people and they create enduring process cultures that continue to drive their organizations towards better processes.

Similarly, I have observed a few BPMS applications that demonstrate the value that BPMS software tools can deliver. It will be a few years before BPMS projects are scaled up to make it possible to coordinate and automate really large scale business processes, but I'm confident it will happen and that it will be a major step forward in focusing IT efforts on process concerns.

I can't imagine consulting with an organization that has a Six Sigma or BPMS group and not reaching out to coordinate my efforts with their efforts.

Everyone concerned with process change within today's organizations needs all the help

they can get. We need to learn from each other and we need to employ each others tools and strategies where they are most effective. We need to reach out to each other and develop a more comprehensive, integrated approach for improving organizational processes. We need to build coordinating groups within our organizations that speak for everyone interested in process change and speak to management with a single voice. I've attended lots of conferences in the past few years, and I can happily report that there are, within all of the diverse process communities, bright, creative, flexible individuals who are looking for ways to improve how their companies operate. They are looking for new tools to use in their own practices. Hopefully, in the course of 2007, we can build more bridges and create a more comprehensive vision of how processes can be used to improve the performance of our organizations.

Till next time,
Paul Harmon