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Aligning Six Sigma and BPM

Six Sigma evolved in the Eighties, initially at Motorola, and then spread to GE, Texas Instruments, and a few other manufacturing companies. In the past decade it has grown steadily and is currently being used in a wide variety of organizations throughout the world. The roots of Six Sigma are in quality control and Six Sigma practitioners have always placed a strong emphasis on measurement and statistical techniques to identify and eliminate defects in existing processes. Throughout its life, Six Sigma has continued to evolve and there are now versions of Six Sigma designed to help companies redesign existing processes and to design new processes. And, Six Sigma is increasingly combined with Lean, a methodology that aims at analyzing activities and eliminating those activities that don't add value.

Interest in Business Process Redesign also began in the Eighties. It manifested itself in the Business Process Reengineering movement in the mid-Nineties, was promoted by workflow and software packaged application vendors in the late Nineties, and has recently reappeared as Business Process Management. Some use the term BPM to suggest a broad general interest in improving business processes while others use the term more narrowly to refer to the use of software products (BPM Suites) to automate the management of specific business processes. BPM is being driven by a mix of business managers interested in methodologies for redesigning and managing processes better and IT practitioners concerned with using automation to make processes more efficient. However you define BPM, the fact is that there is a lot of interest in business process change and in using new software tools to help manage business processes.

Most organizations support several business process change groups. Some are associated with strategy and report to executive committees, some are associated with business process architecture and design and report to LOB or division managers and still others are located within IT organizations and report to the CIO. Stepping back a bit, and admitting up front that we are dealing with generalizations to which there are significant exceptions, most managers view Six Sigma as very detail focused. Six Sigma is widely viewed as a methodology for fixing very specific and narrowly defined processes. BPM, on the other hand, is viewed as a broader based approach. A BPM team using the Supply Chain Council's SCOR methodology, for

example, is usually focused on organizing the entire supply chain of a division or a company or, in some cases, on redesigning a supply chain that stretches across multiple companies. Even BPM automation projects are generally larger in scope than the typical Six Sigma project.

One view of the world might be to say that BPM is best for creating new business processes and for redesigning major corporate processes, while Six Sigma is best used to improve existing sub-processes or sub-sub-processes. In some companies, however, Six Sigma teams are working on large-scale projects and some IT process projects are focused on projects to automate sub-sub-process.

The real issue is how a company coordinates its various business process initiatives. There's nothing wrong with having different groups using different techniques and working on different kinds of problems. There is something wrong with uncoordinated efforts and duplication of effort. We know of at least one organization that had a group of Supply Chain managers using SCOR to modify its corporate supply chain process while, simultaneously, an IT BP team was developing software to automate a specific supply chain process and a Six Sigma team was working on improving human performance for a sub-process that was to be automated.

Company executives are beginning to get serious about organizing their companies to emphasize value chains and large scale business processes. They are doing this in order to obtain better measures of corporate performance. At the same time these executives hope to develop an understanding of their organizations that will make it easer to identify the processes that need to be improved and the resources required to support those processes.

As executives grow more committed to a process-centric view of the corporation and place greater emphasis on analyzing the performance of major corporate business processes, they are going to demand that business process change and improvement initiatives be focused on processes that achieve the greatest ROI. Put differently, they are going to insist that teams prioritize their efforts and focus on the processes that are not performing rather than on optimizing sub-processes that are already performing adequately or are likely to be replaced.

Everyone concerned with process change and improvement owes it to themselves and to their organizations to figure out how to better coordinate business change and improvement efforts. This doesn't necessarily require a business process Czar, though some organizations will use that approach. It does require much better communication and some overall coordination of an organization's various process change initiatives.

We have been very impressed with the movement toward improved coordination and better communication among the Six Sigma and BPM practitioners and vendors. In 2004 we participated in BPM conferences that had sessions and panels on how Six Sigma and BPM can be coordinated. Similarly, we attended Six Sigma conferences that had sessions and panels on BPM. There were special workshops convened by both Six Sigma and SCOR practitioners to discuss how Six Sigma, Lean and SCOR can be coordinated. More important, we have talked with several leaders in both the Six Sigma and BPM communities and all are planning initiatives that will increase the interaction between the two groups. We are convinced that this will contribute directly to better corporate processes in 2005.

'Til next time,

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