A BPTrends Spotlight on Creating a Business Case for BPM

BPTrends has published several articles on creating a business case for BPM. Our primary focus has been on helping BPM managers think about the issues involved in making a business case for BPM.

Before you can create a business case for BPM, you have to decide what you mean by "BPM." If your organization is a CMMI Level 2 organization and is focused on redesigning or improving specific business processes, you are likely to be able to develop a fairly simple and convincing business case. On the other hand, if your organization is a Level 3 or 4 organization and is focused on making major changes at the enterprise level, you will have a much more difficult and complex sell on your hands. Let's begin with the simpler case.

The Case for a Business Process Redesign or Improvement Project.

If you are a Level 2 organization, you will probably be concerned with creating a business case for a specific redesign or improvement project. Figure 1 pictures the "Gap Model" that BPTrends often uses to describe this type of process change project.
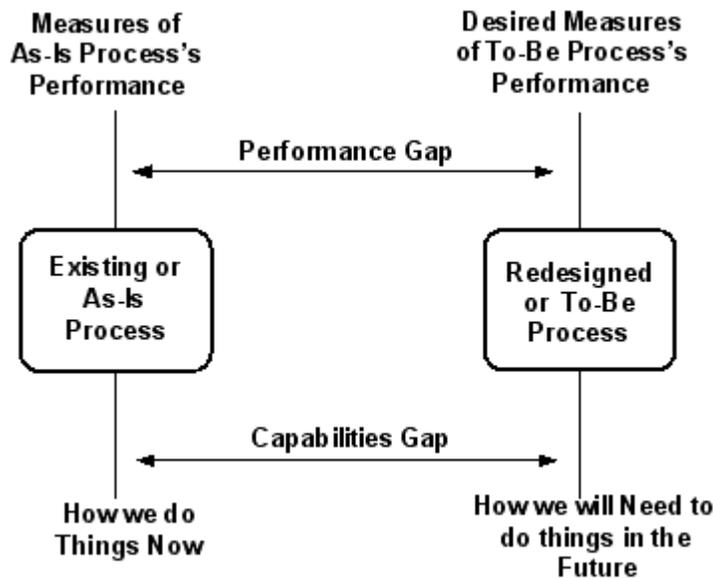

Figure 1. The BPTrends Gap Model

In this case, there is an existing process, and there is a desire for change. The change request may focus on performance or on capabilities. If the change request focuses on performance, then it will sound something like, "We need to reduce the time process X takes to produce widgets by 50%" or "We have to reduce the number of rejects by 70%," or "We need to double the per hour output." A performance gap defines the difference between an existing (or "as-is") process and some desired "to be" process.
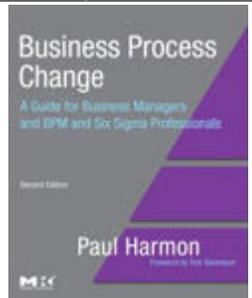
A capabilities gap refers to existing activities that are not working optimally or new activities that management would like to implement. A concern might sound like this: "Too many widgets are being rejected by quality control. We need to improve the quality on the widget line," or "We need to reconfigure the line to accommodate the new Widget punching machine that is scheduled for delivery in April ," or, "I noticed lots of people standing around today with nothing to do. We need to organize that process better."

Whatever form it takes, the essence of a business case for a process change project can be conceptualized as a gap between what is occurring now, and what you want to occur in the future. The question is whether the effort required to make the change is worth the time and effort (cost) required to achieve the change. The basic considerations for making the case are:

- We do A now and achieve B results.
- We want to change M, to obtain N results.
- It will cost us $ to achieve this change.
- The risks of transitioning will be minimal.
- We will earn or achieve $$$ as a result of the change.

Therefore, the results of the change will deliver a significant ROI and the change is worth making.

We've published a number of insightful articles on building a case for a business process change project. Some good ones include:

Business Rule Solutions: The Value of Decision
Ron Ross - November 06, 2007
If you have had problems convincing management of the value of business rules initiatives, Ron Ross' Column is a must read. He provides powerful tools for convincing management that a business rules approach is a sound investment for improving ROI.

Improving Performance
Guy Wallace - December 05, 2006
In this month's Column, Guy Wallace provides a detailed description of the tools and techniques needed in targeting Stage 1 of Enterprise Process Performance Improvement. Read "Targeting EPPI--Tools and Techniques" for helpful suggestions on avoiding loss of ROI and economic value projections along the way.

Business Processes Lifecycles and ROI
Paul Harmon - July 27, 2004
This BPTrends Advisor presents a brief discussion of the basics of process lifecycles, process phases, and ROI, and what it implies for those working to facilitate process change.

BPM as Enterprise Change

As companies seek to evolve into CMMI Level 3 and 4 organizations, they face issues at the Enterprise Level that are different problems from those faced at the Process Level. In these cases, one begins to see requests to create a business process architecture or to establish a Business Process Center of Excellence. It is always harder to justify this type of change. One doesn't create an architecture, for example, to achieve an immediate benefit. One creates an architecture to provide information to facilitate management decisions. In other words, one creates a BP architecture for the same reason that one creates an Accounting system. Everyone understands the need for an accounting system, so no one objects. A BP architecture, or a BP

Center of Excellence, however, requires that one convinces management that these efforts will result in a better managed company with better products, improved ROI and happier customers. The benefits and risks associated with this are much more difficult to quantify and, therefore, these efforts are a much harder sell, especially if your executives are skeptical to begin with.

Here are three articles we've published that might help you think about the issues involved in making these more complex business cases.

The Emerging Era of BPM and its Imperatives for an IT Leadeer
Vinaykumar Mummigatti - June 06, 2006
Vinaykumar Mummigatti, the General Manager of the BPM practice at Satyam Computer Services, offers an overview of the factors that are driving BPM and explores the Business Case for pursuing BPM at your company.

BPM: Driving Business Performance
Derek Miers - July 05, 2005
This White Paper by Derek Miers, Consultant, lead author of the BPTrends BPM Suites Report, and Co-Chair of BPMI, provides an overview of the issues that are driving businesses to embrace Business Process Management.

Making the case for BPM: A Benefits Checklist
Jim Rudden - January 02, 2007
In this Article, Jim Rudden argues convincingly that an investment in BPM software, along with new approaches to project implementation, will enable companies to institutionalize a sustainable business process improvement program.

If you are already convinced of the need for change, building a business case can seem like an unnecessary hassle. However, for those who are not convinced, or for those who must decide which of several projects are to be funded, it will likely be the key factor in deciding that your business process project is worthwhile.

Till next time,

Paul Harmon