



A BPTrends Report

# **Business Process Centers of Excellence Survey**

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## Introduction

In Q4 of 2012, BPTrends completed a survey regarding organizations and their Process Centers of Excellence (CoE). Several hundred individuals accessed the survey however only 57 individuals responded and of those respondents, 36 indicated that they had a process center of excellence.

As with our other surveys, we sent out a mailing inviting our members to respond to the survey and we posted an invitation to respond on our BPTrends Homepage

Perhaps our description of a CoE at the beginning of the survey (See Question #1) was too limiting and discouraged many who might have proceeded to respond to the survey. Still, we have difficulty understanding the limited response to the survey.

The limited number of responses makes it hard to draw any valid conclusions, however one conclusion is clear - the number of organizations with Process CoEs is far fewer than we expected..

We have argued, in the past, that too many process market surveys make broad claims based on very limited data sets. We are providing readers with the results of this survey, as promised, but we warn readers not to rely too heavily on the results.

We will continue to research the market in an effort to gain a better understanding of process CoEs and report our findings in the future.

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## How Organizations Use Business Process Centers of Excellence

### Definition of a Business Process Center of Excellence (CoE)(Q 1)

A Process Center of Excellence (CoE), as we use the term in this survey, refers to a formal group within an organization that, at a minimum, serves to provide support for others doing process work. It may do more -- it may coordinate all process work within the organization, monitor process performance, or undertake projects -- but at a minimum, it provides support for process change efforts. A Process CoE can use any of several methodologies, such as BPM, Lean, BPMS or Six Sigma, or a combination of approaches.

For the purposes of this survey, an informal group that gets together occasionally to discuss process problems is NOT a Process CoE.

Does your organization have a Process Center of Excellence that supports your organization's process work? (Choose yes or no)

If your organization does NOT have a formal Process Center of Excellence please jump to question #20 to complete the survey.

Does your organization have a Process Center of Excellence that supports your organization's process work? (Choose yes or no)		
Answer Options	Response Percent	Response Count
Yes	63.2%	36
No	36.8%	21
<i>answered question</i>		<b>57</b>

**Figure 1**

In our biennial BPM Market Survey of the overall trends in business process management, we have consistently asked about process CoEs. Figure 2 shows the responses for the years 2005 – 2011. In 2011, thirty-six percent of the respondents said that their organization do not have a formal BPM group. Inversely, we assumed that 64% of our respondents do have a BPM group of some kind. Notice that we had similar responses over the course of all four surveys. We cannot explain the discrepancy between the responses to our general market survey and this survey but we will continue to research the market and report on our findings.

Does your organization have a group (or center of excellence) responsible for Business Process Management and, if so, where is it located within your organization? (Choose one)								
	2005		2007		2009		2011	
We do not have a formal BPM Group	110	34%	96	36%	86	33%	135	36%
Our BPM Group is at the Executive level	59	18%	36	13%	33	13%	67	18%
Our BPM Group is at the Divisional or Departmental level	63	20%	48	18%	46	18%	59	16%
Our BPM Group is located within IT	46	14%	44	16%	42	16%	56	15%
Our BPM Group is located within HR or Training	1	0%	3	1%	4	2%	3	1%
Our BPM Group is located within Finance	4	1%	7	3%	4	2%	13	4%
Our BPM Group is located within Quality Control	21	7%	16	6%	16	6%	17	5%
Other, Please Specify	26	8%	19	7%	29	11%	21	6%
<b>Total</b>	<b>330</b>	<b>102%</b>	<b>269</b>	<b>100%</b>	<b>260</b>	<b>100%</b>	<b>371</b>	<b>100%</b>

**Figure 2. Where the BPM Group is located within the organization**  
(From BPTrends Trends Survey, 2011.)

### Number of Process Groups (Q 2)

We asked respondents who said their organization had a Process Center of Excellence to tell us how many groups they had. We wanted to determine if the organization had a central CoE, or a CoE, plus a process group in IT and, perhaps a Lean or Six Sigma group. As you can see, about one third of the organizations that have groups have a single group while nearly two-thirds have more than one.

Does your organization have more than one Process Group responsible for some aspect of process work? (Choose one)		
Answer Options	Response Percent	Response Count
We have only one Process Group - a process CoE	35.9%	14
We have more than one Process Group, including a process CoE	59.0%	23
Other, please specify	5.1%	2

**Figure 3.**

### Length of Existence of CoE (Q3)

We asked respondents to tell us how long they have had a CoE. Most said they have had a group from between one and two years, although 8 responded that they have had such a group for from 3-5 years and 5 said that their organizations have had a CoE for more than 5 years.

How long have you had a Process CoE? (Choose one)		
Answer Options	Response Percent	Response Count
Less than a year	19.4%	7
1-2 Years	44.4%	16
3-5 Years	22.2%	8
5+ Years	13.9%	5

Figure 4.

### Gaining Management Support (Q4)

We asked respondents with process CoEs about the problems involved in getting management support for the establishment of the CoE. As you can see, 33% said it was very difficult while another 33% said it was easy because management had requested the formation of the group.

How difficult was it to gain management support for establishing a Process CoE? (Choose one)		
Answer Options	Response Percent	Response Count
Very difficult - We had to build a comprehensive business case and demonstrate a significant ROI.	33.3%	12
Not difficult - We presented the concept for discussion and approval and it was readily accepted.	19.4%	7
Easy - Management requested it.	33.3%	12
Other, Please Specify	13.9%	5

Figure 5.

### Drivers for Creating CoE (Q 5)

We asked respondents from organizations with CoEs about the drivers that led their organizations to create process CoEs in the first place. If one looks at responses over 50%, one sees a need for better alignment, a need for operational efficiency, a need for standardization and a need for process visibility.

<b>What were the main drivers that led your organization to create a Process CoE? (Choose more than one)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Need for better alignment or coordination	55.6%	20
Need for better flexibility or agility	41.7%	15
Need for more operational efficiency	63.9%	23
Need for standardization and control	63.9%	23
Need to save money by eliminating overlapping or duplicate processes	41.7%	15
Need for process visibility	55.6%	20
Need for performance measurement	33.3%	12
Other, please specify	16.7%	6

**Figure 6.**

What we think is significant here is that the need to save money is not one of the leading drivers. This makes sense: it takes time and costs money to establish a process Center of Excellence. It might lead to cost savings, in the long run, but initially it requires spending more money. Organizations' looking for cost savings are more likely to focus on cutting unnecessary activities rather than embarking on a new initiative.

We have often explained a process CoE as being similar to creating a table of accounts. Every new company needs someone to establish an accounting system. The new organization doesn't set up its table of accounts to save money, as such, but creates the table of account as a management tool that will allow better cost control in the long run. Similar, one shouldn't think of a process CoE as a way of saving money, but rather think of it as a way of creating tools that managers can use to track and control business processes. Apparently most companies with CoEs agree

### Methodologies & Techniques Supported by CoE (Q 6)

We asked respondents with process CoEs about the methodologies, techniques and approaches their CoEs supported. If you consider the results, its clear that process CoEs are associated with BPM in its broadest sense – and are created to help manage and coordinate process efforts. Process CoEs are not strongly associated with Lean or Six Sigma, ERP or even corporate transformation or innovation programs.

<b>What your are the primary methodologies, techniques or approaches supported by your organization's Process CoE (You can choose more than one)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
BPM (Manage and coordinate process efforts)	78.4%	29
ERP	16.2%	6
Lean-Six Sigma	27.0%	10
Lean	18.9%	7
Quality Management System (QMS)	18.9%	7
Transformation or Innovation	27.0%	10
Corporate Performance Improvement	16.2%	6
Process Optimization/Management	48.6%	18
BPMS (Software tools to help manage execution of processes)	32.4%	12
IT (Automation of specific processes or activities)	48.6%	18
Other, please specify	2.7%	1

**Figure 7.**

As one reviews the process literature, it’s often unclear what process methodologies there are. Everyone recognizes Lean and Six Sigma, but it’s harder to be sure that BPM exists as a well-understood methodology. In answering this question, respondents seem to support the idea that BPM is associated with the management and coordination of process efforts, and with process Centers of Excellence.

### Primary Mission of CoE (Q 7)

We asked respondents with Process CoEs to tell us about the primary mission of their CoE. As you can see, 62% said the primary mission with to provide or build BPM capabilities. 42% said it was to provide consulting services or to support continuous process innovation.

<b>What is the primary mission of your Process CoE? (Choose one or two)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Govern, oversee process work	31.4%	11
Provide, build BPM capabilities	62.9%	22
Provide, build BPMS capabilities	22.9%	8
Provide consulting services	42.9%	15
Monitor and improve business performance in organization	31.4%	11
Support continuous process innovation	42.9%	15
Support ongoing process automation	22.9%	8
Other, please specify	2.9%	1

**Figure 8.**

Our impression has always been that organizations set up process CoEs for a variety of reasons, but supporting process work throughout their organizations has always been high on everyone’s list of goals and all the high responses underline the support role of a BPM group.

### How is Process CoE Measured & Reported? (Q 8)

We asked if the work of the process CoE was measured and reported. Given the sample size, it’s probably fair to say that about 40% said they had results and they were measured and about the same number said they have goals, but aren’t measured and reported.

<b>Is the work of your organization's Process CoE measured and reported? (Please choose one.)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Our CoE has formal objectives, and the results are measured and reported.	38.9%	14
Our CoE has formal financial goals, and the results are measured and reported.	8.3%	3
Our CoE has formal goals, but they aren't measured and reported	47.2%	17
Other, please specify	5.6%	2

**Figure 9.**

### How Large is Your Process CoE? (Q 9)

We asked how large the process CoE was and over half the respondents said the group was 10 or less. The majority said it was less than 5.

<b>How big is your Process CoE? (Choose one)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Less than 5 people	36.1%	13
Between 5 and 10 people	25.0%	9
Between 11-25 people	16.7%	6
More than 25 people	16.7%	6
Other, please specify	5.6%	2

**Figure 10.**

One of the process CoEs we studied a few years ago was engaged in standardizing processes throughout a worldwide organization. That group had over 100 people assigned to it as it proceeded to move from one major process to the next, bringing in people from all over the world to work on teams to standardize processes. We say this only to say that with 5 to 10 people a process group can provide support and consulting, but it probably doesn’t have enough people to undertake a major project. On the other hand, we note that 6 people told us that their organization had more than 25 members in their CoE group.

We did a quick check and found that the groups that had been established longer (5+ years) had more people in their groups. But note that there are only 5 organizations that have had CoEs longer than 5 years in the survey, so this conclusion isn’t very strong.

### How is Your Process CoE Staffed? (Q10)

Expanding on the question of staff, we asked the respondents if the members of their process CoEs were permanent staff, or people on assignment. (Obviously the group that we spoke of with over 100 people had most of those people on temporary assignment for the specific project. As you can see below, most to the respondents said their groups were permanent, although 10 reported that their group consisted of a mix on internal and outside consultants.

How is your organization's Process CoE staffed? (Choose one)		
Answer Options	Response Percent	Response Count
Internal Permanent	58.3%	21
Internal part time assignment based on specific projects	8.3%	3
Outside contractors	2.8%	1
A mix of internal permanent, internal part time and outside contractors	27.8%	10
Other, please specify	2.8%	1

**Figure 11.**

We've always recommended that new process redesign teams use consultants. It's a good way to assure that important decisions that occur early in most projects – estimated cost of effort or which problem to focus on first -- are based on experience. Process Groups are a little different. If the company is more mature when they establish a group, then they are more likely to have experienced internal consultants to populate the group. On the other hand, they are facing some new problems – like how to report process results throughout the organization, or how to monitor all processes – then consultants can provide good ideas during the early stages to accelerate the development of the process CoE.

### Where is Your Process CoE Located in Organization? (Q 11)

Respondents indicated that most process CoEs are located at the corporate level, although it is just as common to have the CoE located at either the division or IT levels.

Where is your Process CoE located in the organization? (Choose one)		
Answer Options	Response Percent	Response Count
At the corporate level	42.9%	15
At the division or business unit level	22.9%	8
In IT	20.0%	7
Decentralized - reporting to multiple units	11.4%	4
Other, please specify	2.9%	1

**Figure 12.**

### What Can Your Process Do? (Q 13)

We asked respondents at organizations that have CoEs to tell us what types of roles the CoE staff perform. As you can see, in Figure 13, the most prevalent roles are Business Process Architect, Process modeler/Designer, Business Analyst, and a distant fourth, BPM Methodology Expert. This pattern fits with the focus of the CoE on helping with redesign and with consulting on projects. It also fits with the idea that the CoE is the keeper of the organization's business architecture. (And it may reflect the fact that the largest group of people responding to this survey indicated that their job title was Business Architect.)

<b>What functional roles are your Process CoE staff capable of performing? (Choose as many as appropriate)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Enterprise Architect	25.0%	9
Business Process Architect	83.3%	30
Software Developer & Programmer	27.8%	10
Process Modeler/Designer	77.8%	28
Business Analyst	75.0%	27
Business Process Manager	55.6%	20
Business Process Program Manager	36.1%	13
Lean-Six Sigma Black Belt	30.6%	11
Process Project Manager	44.4%	16
Quality Specialist	11.1%	4
QMS/ISO Specialist	5.6%	2
Change Management Specialist	36.1%	13
BPM Trainer	36.1%	13
BPMS or other Software Tools Specialist	27.8%	10
BPM Repository Specialist	33.3%	12
BPM Methodology Expert	55.6%	20
Standards Expert	27.8%	10
Business Rules/Decision Making Expert	33.3%	12
Business Analytics Expert	36.1%	13
Other, please specify	5.6%	2

**Figure 13.**

### What Services Does Your Process CoE Provide? (Q 14)

We also asked respondents to tell us what services their CoE provided to the organization. As you can see in Figure 14, the top choices were Process architecture design & management, Process modeling, and offering a Process repository.

What are the primary services provided by your Process CoE? (You can choose more than one)		
Answer Options	Response Percent	Response Count
Project portfolio management	11.4%	4
Process governance	48.6%	17
Process architecture design & management	65.7%	23
Education & training	48.6%	17
BPMS, BRE, BAM support	25.7%	9
Process modeling	68.6%	24
Process repository & artifacts management	62.9%	22
BPM knowledge transfer & online collaboration	45.7%	16
Standards support	28.6%	10
BPM resource sourcing	51.4%	18
Coaching	40.0%	14
Project and program management	28.6%	10
Transformation program management	8.6%	3
Process discovery	45.7%	16
Process modeling	62.9%	22
Business requirements definition & documentation	40.0%	14
Process optimization & redesign	51.4%	18
Q/A	11.4%	4
KPI, benchmarking, balance scorecard, performance measurement	37.1%	13
Facilitation	51.4%	18
Continuous improvement - Lean/Six Sigma	37.1%	13
Other, please specify	0.0%	0

Figure 14

### Nature of Services Provided by Process CoE (Q 12)

We also asked if the services provided by the process CoE were optional or mandatory. Most said that some were optional and some mandatory, while 33% said the services were optional.

Are the services of your organization's Process CoE ... (Choose one)		
Answer Options	Response Percent	Response Count
Optional	33.3%	12
Mandatory	22.2%	8
Some optional, some mandatory	41.7%	15
Other, please specify	2.8%	1

Figure 15.

### Does Your Process CoE Undertake Projects? (Q 15)

Some groups only offer advice. Some provide people to manage or undertake projects. We asked respondents to tell us about their CoE group projects. As you can see about one third only provide support. The rest undertake projects and the largest number undertake from 6 to 25 projects per year.

Does your Process CoE undertake projects, and if so, how many projects does it undertake in a year? (Choose one)		
Answer Options	Response Percent	Response Count
Process CoE does not do projects - only provides support	34.3%	12
Less than 5 projects per year?	17.1%	6
From 6 to 25 projects per year?	25.7%	9
From 26 to 100 projects per year?	8.6%	3
More than 100 projects per year?	2.9%	1
Other, please specify	11.4%	4

Figure 16.

### Software Technology Used by CoE (Q16)

We asked respondents what types of software technologies their CoEs used. As you can see, most used either simple modeling tools, or repository-based business modeling package, or both. Only 8 respondents indicated that their organizations BPM group was using a BPMS software tool.

What software technologies does your Process CoE use? (Choose more than one)		
Answer Options	Response Percent	Response Count
A Simple Business Modeling Software Tool (e.g. Visio)	48.6%	17
A Repository-Based Business Modeling Software Package	45.7%	16
BPMS Platform or Workflow Tool	22.9%	8
Business Rule Management Systems Tool (Business Rule Engine)	11.4%	4
Business Activity Monitoring Tool (BAM)	17.1%	6
ERP/CRM Software	22.9%	8
An Enterprise/Strategy Modeling Software Package	14.3%	5
Other, please specify	8.6%	3

Figure 17.

### Capability Gaps in Your Process CoE (Q17)

Just as we asked about features the group had, we asked about things they should have had and didn't. As you can see, most respondents suggested their process CoE either lacked a good data/information management system, a proper performance management system, or broad cultural support.

<b>What would you say are the most critical capability gaps in your Process CoE? (Choose as many as apply)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Process CoE lacks clear strategy or direction	34.3%	12
Process CoE lacks clear business rules or supporting policies	22.9%	8
Process CoE lacks IT enabling tools	31.4%	11
Process CoE lacks appropriate infrastructure or facilities	11.4%	4
Process CoE has misaligned organizational design (e.g. roles, responsibilities, structure, etc.)	25.7%	9
Process CoE lacks an adequate data/information management system	40.0%	14
Process CoE lacks a proper performance measurement system	51.4%	18
Process CoE lacks sufficient senior management support	31.4%	11
Process CoE lacks broad cultural support	45.7%	16
Other, Please Specify	25.7%	9

**Figure 18.**

### Executive View of Process CoE (Q 18)

We asked respondents about how they thought their executives viewed the Process CoE and got a mixed response. About 30% said the executives were indifferent while 44% said that the executives regard the group as critical.

<b>How do your executives view your Process CoE? (You can choose more than one)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Largely indifferent	29.4%	10
Question the value	11.8%	4
Regard it as a critical strategic lever	44.1%	15
Don't know what senior management thinks of Process CoE	17.6%	6
Other, please specify	23.5%	8

**Figure 19.**

If we look at how organizations that are more mature in their process practices, then only 1 said their executives were indifferent and 4 said they regarded it as a strategic lever.

### Value of Process CoE (Q 19)

We asked respondents to tell us how they felt about the overall value delivered by their organization's process CoE. Most said it was beginning to exert some influence. Almost as many said the group was critical to promoting and to the success of process within their organizations.

How do you feel about the overall value and role of your organization's Process CoE? (Choose one)		
Answer Options	Response Percent	Response Count
Does not have much value or impact	2.9%	1
Is beginning to exert some influence	52.9%	18
Is critical to the promotion of process in our organization	23.5%	8
Is critical to the overall success of our organization	20.6%	7
Other, please specify	0.0%	0

**Figure 20.**

### The Overall Process Maturity of Respondent's Organizations (Q 20)

We asked respondents with process CoE's to estimate the overall maturity of their organizations. As you can see, 22% said they were just beginning process work while 48% said they were Level 2 organizations, just beginning to document and analyze the major processes of their organization. 29% (16 respondents) said their organizations were at Level 3-5. This is a slightly higher response rate from Level 3-5 organizations.

How would you rate the overall process maturity of your organization?		
Answer Options	Response Percent	Response Count
<b>Level 1</b> -- Hardly Begun -- We have few process initiatives, and do not understand our basic processes very well.	22.2%	12
<b>Level 2</b> -- Focused on Major Processes -- We have worked to improve our major processes, mostly within specific departments, and can perform some of them consistently and predictably. We have a lot of work to do to understand our other processes.	48.1%	26
<b>Level 3</b> -- Focused on all Organization Processes -- We have worked to develop an overview of all of the processes within our organization. We have begun to gather data on process performance throughout the organization.	22.2%	12
<b>Level 4</b> -- We Measure and Manage Our Processes -- We systematically measure the results of nearly all processes in our organization and have process managers appointed who are responsible for achieving well defined process goals	1.9%	1
<b>Level 5</b> -- We Are a Process-Focused Organization -- All our managers and employees are aware of our process goals and are working to constantly improve our processes.	5.6%	3

**Figure 21**

The results from this survey are confusing in several ways and this is one of them. Normally, one associates process Centers of Excellence with more mature organizations. One does NOT expect an organization that is said to be at Level 1 in process maturity – an organization that has hardly begun its process work – to have a BPM group. One might assume that a Level 1 organization lacked the expertise to even staff a BPM CoE.

We usually think of organizations as creating CoE groups as they begin Level 3 or 4 – when they start to have lots of processes analyzed and shift to architectural concerns and with the measurement of process performance and with process management. Obviously our respondents have different ideas and have, in many cases, created CoE groups just as they are beginning to do process work, or as support for Level 2 process work.

Even though we are dealing with very small numbers of responses, we filtered the results to see if there were obvious differences between CoE experiences at Level 1 and 2 organizations and those at organizations that report they are at Level 3-5. These observations are obviously tentative. Broadly speaking there are few differences. Level 1-2 organizations are as likely to have 1 or more than 1 BPM groups and are just as likely to have had a group for 1-2 years.

One difference is that CoEs at more mature organizations report less difficulty in getting management to approve establishing a group. More mature organizations were also slightly more likely to have a stronger interest in methodologies other than BPM. And they are more likely to have formal goals and to report the group’s results.

### Job Title or Function (Q 21)

Each respondent was asked to describe his or her job or function within his or her organization. The largest job function among respondents was that of process architect (20%) followed by Business or Line of Business Manager (15%) and BPM Consultant (15%). This makes sense when you think what sort of position, within an organization, might know about the organization's CoE group.

<b>Which of the following best describes your job function? (Choose one)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Executive (CEO,COO,CFO)	5.6%	3
Business or Line of Business Manager	14.8%	8
Process Practitioner	9.3%	5
Lean/Six Sigma Practitioner	3.7%	2
Business Analyst	13.0%	7
Process Architect	20.4%	11
IT Manager/IT Developer	5.6%	3
HR Manager or Human Performance Practitioner	0.0%	0
BPM Instructor/Student	1.9%	1
BPM Consultant	14.8%	8
Vendor Representative	0.0%	0
Other, please specify	11.1%	6

Figure 22

### Size of the Respondent's Organization (Q 22)

We asked each respondent to indicate the overall size of the organization he or she would be describing. Most respondents from companies with CoEs said there companies were either large or of medium size

<b>Which of the following best describes your organization's size? (Choose one)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Large	44.4%	24
Medium	38.9%	21
Small	16.7%	9

Figure 23

### Industries Represented in the Survey (Q 23)

The survey provides the perspective of individuals from a wide range of industries, but most of the respondents – 30% -- came from the Financial Services/Insurance industry. This is true on all surveys we run, but slightly more so in this survey.

Which of the following best describes your industry? (Choose one)		
Answer Options	Response Percent	Response Count
Aerospace/Defense	0.0%	0
Heavy manufacturing	0.0%	0
Light manufacturing	3.6%	2
Chemicals/Energy	10.9%	6
Computers/Consumer Electronics/Software (as a User)	1.8%	1
Computers/Software Vendor (Selling BPM product/service)	5.5%	3
Education	10.9%	6
Financial Services/Insurance	29.1%	16
Food/Beverage	1.8%	1
Government/Military	7.3%	4
Healthcare/Medical Equipment	0.0%	0
Leisure/Entertainment/Travel	0.0%	0
Professional/Business Services/Consulting	10.9%	6
Retail and Wholesale	1.8%	1
Telecommunications	5.5%	3
Utilities	5.5%	3

**Figure 24**

### The Geographical Locations of the Respondents Organizations (Q 24)

We also asked respondents to tell us where their organizations were located. Most came from North America (38%), and the next largest groups came from Europe and then Australia/New Zealand. Again, this is typical of the responses we get from most surveys – although in our last survey we had a high response from South America, which is absent this time.

Where is your organization located? (Choose one)		
Answer Options	Response Percent	Response Count
North America	38.2%	21
Europe	27.3%	15
South America	1.8%	1
Australia/New Zealand	18.2%	10
India or SE Asia	5.5%	3
NE Asia (Japan, Korea, China)	1.8%	1
Africa/Middle East	7.3%	4

**Figure 25**

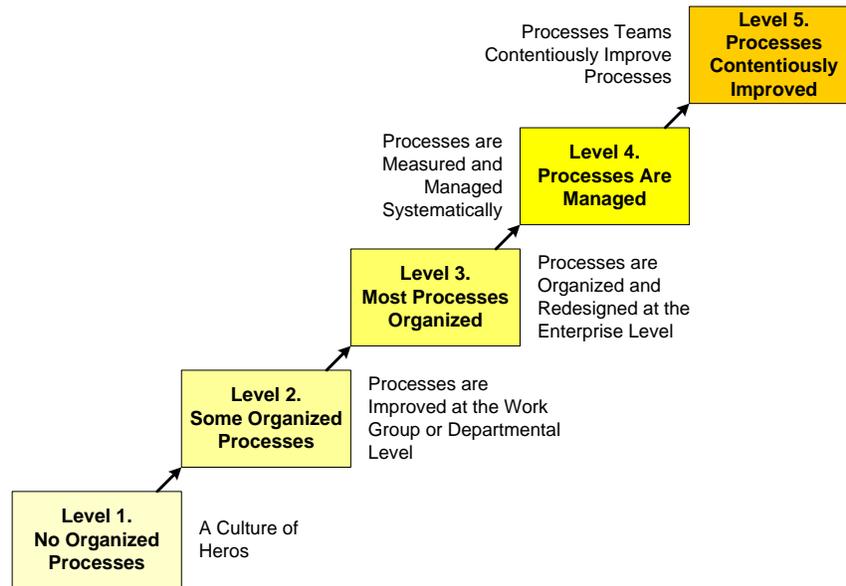
## Appendix I Concepts Used in the Report

In this report we refer to the CMMI or Process Maturity Model. CMMI defines five levels of process maturity. Organizations at level 1 do not support processes in any significant way and are immature. Level 5 organizations are completely mature and have mastered the use of processes. We provide the following description of the CMMI Model to allow readers to understand how the terms are used in this report.

### CMMI Maturity Levels

The concept of Process Maturity Levels was developed at the Software Engineering Institute (SEI) at Carnegie Mellon University in the Nineties, based on quality work originally undertaken by Watts Humphrey. Originally developed to support the analysis of software process maturity (CMM), the latest version, the Capability Maturity Model Integrated (CMMI) has been generalized so that it can be applied to any of a wide variety of processes in diverse organizations.

Software organizations often pay SEI certified evaluators to do a formal evaluation to determine where their organizations are on the CMM scale. Many other companies do informal evaluations, based on the broad concepts inherent in the CMM “stair step diagram” reproduced in Figure 34. What follows is an informal description of the CMM process maturity model.



**Figure 26. An Overview of the basic CMMI maturity levels.**

#### Level 1. No Organized Processes

Level 1 organizations don't rely on processes. Things get done according to plans made on the fly. CMM folks often refer to them as organizations based on heroes. Things get done because someone makes a heroic effort and gets the report out at the last minute. If someone asks how long something will take, or what resources will be needed, those answering the question are just making a guess – they don't have a systematic procedure or the data needed to provide accurate answer these questions.

### **Level 2. Some Organized Processes**

When organizations first began to embrace processes, they begin by trying to define their core or most commonly used processes. At this stage they don't conceptualize the entire company as a set of processes, all interrelated, but focus only on a specific process as it functions within some more or less arbitrary set of boundaries. Level 2 Organizations have several of their major processes defined.

### **Level 3. Most Processes Organized**

Level 3 organizations have most of their processes defined. They not only have models of their core business processes, but understand how management and support processes work to support those processes. Most Level 3 organizations have a process architecture that shows how all of the organizations in the company function. Thus, if there is a problem, it's easy to quickly identify the processes that could be causing the problem and the implications for any suggested change.

### **Level 4. Processes Are Managed**

Level 4 organizations have gone well beyond simply defining all their processes. These organizations have process managers who gather data on process performance and customer satisfaction and use this data to make decisions about how to optimize the processes they manage.

### **Level 5. Processes Are Continuously Improved**

Level 5 organizations have built processes right into the essence of the organization. They know their processes and manage their processes. Moreover, they have systems in place to constantly improve their processes whenever possible.

Most organizations are not, of course, right at one level or another. Studies have suggested that most organizations in the US are somewhere between Level 2 and Level 3, trying to expand the processes they have modeled and understand into a complete process architecture. Similarly, a smaller group of companies are between Level 3 and 4. They are working to establish process management and measurement systems throughout the company.