

Just What is BPM?

Recently, I participated in several debates in the BPTrends LinkedIn forum about how business process management derives its intrinsic value. I use the word "intrinsic" here because all too often, people confuse the business outcomes associated with an improvement initiative that has been driven by BPM with the approach to getting there.

An Example

A company has been suffering from a series of expensive customer complaints. These complaints are traced back to shipping errors. The decision is made to evaluate and subsequently remediate the shipping process.

As a result of this initiative, the root cause is discovered. It seems the products on the shelves were not always positioned directly over their associated product shelf tag. The fix was to discontinue the practice of putting smaller items on the shelf without being in a clearly labeled bin.

After the fix was implemented, shipping errors dropped by over 80%. This saved the company over \$70,000 per year. Furthermore, the process was now well documented, so new warehouse personnel could more easily be trained to consistently execute the process as designed.

What's the Value?

In the aforementioned forum debates, the answer to this question broke along two lines of thinking:

1. The value of BPM is the value to the business in the outcomes associated with the improvement initiatives (e.g. 80% reduction in shipping errors and savings of over \$70K per annum)
2. The value of BPM is the proper identification and effective remediation of the highest priority process (e.g. shipping)

The debate raged on for almost a month in one discussion and several weeks in another. Clearly, there is disagreement amongst the experts on this point. What became clear is that the components that comprise BPM are similarly not agreed upon by various practitioners. In the remainder of this Column, I will lobby for a definition that supports value proposition #2 above. Further, I will attempt to make

a case that those who believe BPM's value is #1 are operating from an incomplete definition of BPM.

Two Things

I suspect that much of the confusion about BPM comes from a characteristic that it shares with Lean: it is both a philosophy and a toolkit. I am reminded of a few clients that I've visited who "tried Lean" and reported that "it didn't work for us." Every time I dove into the details behind these statements, I discovered the same thing -- they had used the tools, but neglected the management philosophy.

Most everyone agrees on the tools associated with BPM. These include, but are not limited to: process mapping, process analysis, and process automation. The BPM cause has not been helped by the BPMS vendors who (whether unwittingly or otherwise) have led many to believe that business process management systems ARE business process management. This furthers the tool-centric view of BPM.

The philosophical aspect of BPM has proven much more challenging. As with any new management discipline (or philosophy, methodology, approach, etc.), BPM stands on the shoulders of the ideas that came before it. Furthermore, as with other disciplines, BPM's management discipline relies on a collection of disciplines in order to be fully effective.

Putting the Pieces Together

Before discussing the management discipline components of BPM, I should pause to define my own philosophy about management disciplines in general. I believe the ultimate goal of all management disciplines is continuous improvement. It could be argued that many firms use these disciplines to respond to market and other environmental changes which are not necessarily improvements, but rather adaptations necessary to maintain current operating levels. This seems a bit of a false argument to me. It is sort of like arguing that someone running on a treadmill is not getting exercise because they're not moving forward. Maintaining the status quo when the ground underneath you is moving is indeed improvement. Just ask the companies that don't -- if they're still around.

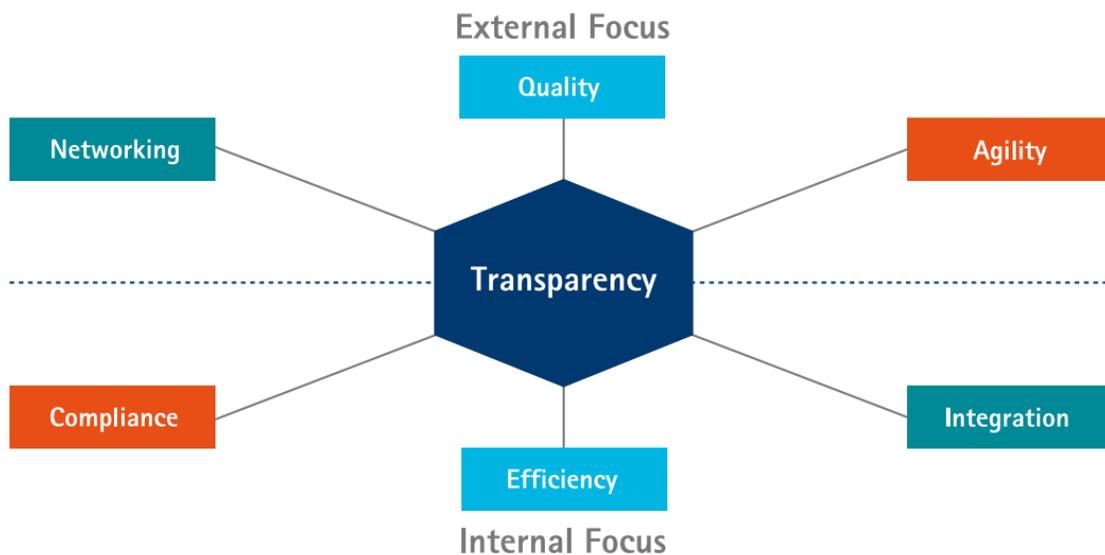
Assuming we can all agree that management disciplines all focus on continuous improvement, then nobody should argue that BPM is not focused on the same. What makes BPM unique is the central tenet that all activities are part of a process and that each process has defined boundaries in which outputs are handed off as inputs to another process.

In our forum discussions, some argued that other management disciplines center on processes too. This collapsed into a debate about other elements of any BPM initiative such as change management, project management, performance management and variants of the customer perspective. It's true. BPM borrows these "disciplines" just as every other continuous improvement discipline does. That does not invalidate any of them -- including BPM.

The Core Philosophy of BPM

One of the expectations of any management discipline is that it will be a useful tool for management (including senior management). All too often, business analysts use the BPM toolkit to perform their job functions with little or no management buy-in for the philosophical aspects of BPM. The toolkit is beneficial for this purpose, but it is inappropriate for management to use this scenario to conclude that BPM has no strategic value (a situation that is all too common).

The strategic value of BPM begins when senior management sees process improvement as the key to prioritizing organization level initiatives. This simple recognition can be the catalyst for the creation of capability maps and process maps that form the foundation of BPM. When an organization achieves a critical mass of process documentation, they are able to create transparency across the enterprise. I was very excited to discover that this idea received some additional traction when Accenture and Queensland University of Technology published a [paper](#) that presented this diagram:



In this article and a subsequently (2013) published [book](#), the authors provide a complete approach to utilizing the BPM toolkit for strategic benefit. The authors expanded on some ideas that I have been sharing with clients for quite some time. They also introduced me to the notion that there are three improvement goal pairs that fall along a continuum (Networking/Integration, Quality/Efficiency, and Compliance/Agility). The logic seems mostly sound. The idea being that (for example) if you optimize a process to be more compliant, you will likely have many checks and balances to ensure it, and thereby sacrifice at least some agility. Each of these pairs requires similar trade-offs.

Why Transparency is So Important

Connecting strategy to operations has always been the biggest management challenge. My experience working with C Level executives has been that there is no

shortage of great ideas. The bigger the organization, the more ideas are available. Unfortunately, experience also shows that bigger organizations have greater difficulty translating those ideas into operational change.

One could argue forever about the cause of this phenomenon. The truth is that there are many factors. However, some factors are bigger and more pervasive than others. One such factor is the disconnect between the perspectives and thought processes of top execs and operational personnel. The belief amongst operational folks that management doesn't understand the full picture is almost ubiquitous. Of course, the corollary is also true.

Detailed process documentation provides a common language for creating shared understanding of all processes. This means that executives and operational staff can begin any improvement initiative from the same place. This transparency creates a stable bridge between strategy and operations.

This bridge of transparency works in both directions. Because process details are gathered at the operational level by the actual process stakeholders, strategy-makers can see what is really going on in any given process. In this respect, communication flows up through the organization. Armed with better understanding of process performance issues, senior managers can do a better job of prioritizing and framing change initiatives. Here, communication flows back to the operational stakeholders in the form of actionable projects and initiatives.

Working on the Right Things

In their book, Value-Driven Business Process Management, Franz and Kirchmer outline a series of tools that can be used to identify the greatest return on investment for process change initiatives. Your organization might use some or all of these tools to assess process opportunities, but the main point here is that only through gathering detailed process documentation can you be armed with the appropriate data to make informed decisions.

What these tools attempt to do is to quantify:

- The economic value (or strategic benefit) of the process to the organization
- The gap between optimal performance and current performance
- The probable financial and organizational cost of achieving significant performance gains
- The likelihood that the stakeholders will embrace the desired change

Armed with quantitative data (even though it is somewhat based on qualitative interpretations in some cases), senior leadership can frame the importance of certain changes within the context of real operational consequences. This greatly reduces the translational cost of strategic initiatives into actionable changes for operational stakeholders.

BPM is Not an Island

Will you need to deal with typical issues surrounding organizational change? Yes!
You will likely need to utilize some change management techniques. Will you need

to develop comprehensive performance management around these initiatives? Certainly! BPM is not an island. Many tools and methods from various other continuous improvement disciplines may be valuable assets in achieving successful outcomes.

However, this does not negate the power of both the BPM toolkit and the clarity that the BPM discipline brings to any continuous improvement initiative. As I've already stated, BPM like all other continuous improvement approaches, stands on the shoulders of disciplines that have come before it. Further, it has evolved into a more complete philosophy with commensurate tools to support that philosophy. If some of these tools have been borrowed from other disciplines, that does not diminish the power or maturity of BPM as a discipline in and of itself.

How do you know when you're practicing BPM? This gets at the most difficult underlying question. In the forums, lots of people contended that if you are practicing something else such as lean, you therefore cannot be practicing BPM. I disagree. BPM is not incompatible with lean or Six Sigma. If you are using process mapping to document processes and you are using the data collected from those maps to make strategic decisions about which processes you will remediate and how you will change them, you are practicing BPM.

No other management discipline offers such great potential to unite an organization around change. While any discipline poorly implemented will go awry, when properly implemented, BPM promises to create transparency across the organization from top to bottom by removing the secrets of how work gets done. With the doors wide open, anyone involved in making improvements; whether at a strategic, tactical, or operational level; can utilize this knowledge to inform their choices about what to change next and what the goal(s) of that change should be.

From where I'm sitting, that should be reason enough for executives everywhere to sit up and take notice...if they haven't already.

Author

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