

RE-POSITIONING BUSINESS PROCESS MANAGEMENT: EXPLORING KEY CAPABILITIES FOR SUCCESSFUL BUSINESS TRANSFORMATION

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Abstract

In this work we explore the future of BPM as management discipline and identify the key capabilities for process support units to remain meaningful in a world of business transformation. As BPM gets increasingly commoditized, we raise a call for researchers and practitioners in our discipline, to shape a future-proof BPM that is relevant for a business environment that is characterized by exploration, fast-paced change, and digitization. Therefore we propose 5 key capabilities which will help to redefine our current understanding of BPM.

1. Business Transformation, for sure! But How?

We are being bombarded with warning signals that the business environment today is significantly different from the past, and tomorrow will be even more different. There seems to be only one constant these days, and that is change itself. This means that we should prepare our businesses for turbulence and fast change. And yet, there does not seem to be a straightforward image of what tomorrow will bring exactly, and how managers should react to this change. This Article is our attempt to make sense of the future for our organizations and how they can prepare for expected as well as unexpected future developments.

Specifically, this publication states our position as to how the discipline of Business Process Management (BPM), and its projection within organizations as a support function, needs to reinvent itself to cope with the above-mentioned turbulence, and the ensuing need for business transformation capabilities. For over a decade now, we have been observing how BPM helps organizations build maturity through the process perspective, continuously improving business process performance and dealing with the inefficiencies of the functional hierarchical organization. Yet, it is time for a change, as we will argue in this Article, because BPM seems to have reached a saturation point on the traditional playing field of business.

The Centre for Excellence in BPM at Vlerick Business School stands for the drive to explore and understand how organizations can successfully transform their way of working under turbulent conditions to safeguard their future. Therefore, we have been developing a body of knowledge around the notion of business transformation

capabilities and the process perspective. It encompasses strategies, structures, routines and behaviors that allow organizations to become professional transforming systems. This Article serves as a guide to inspire our academic peers, practitioners, and, not least, ourselves.

2. Making sense of Business Transformation

The reasons for the current business turbulence are plenty: globalization, de-/re-regulation, digitalization, technological innovation, customer mobility, the experience economy, etc. What does this mean for business transformation capabilities? It is one thing to understand that the world around our organizations is transforming. It's an entirely different thing to cope with it effectively. In Peter Drucker's words: "The greatest danger facing business managers in times of turbulence is not the turbulence. Instead, it is the propensity amongst managers to act with yesterday's logic." In other words, we need to look for a new logical framework to master business transformation.

First, once we have accepted that stability is the exception and turbulence the rule, we can start to think in terms of "transient advantages" rather than sustainable competitive advantages (McGrath, 2013). This means that we should be constantly aware of our next strategic option for mid-term success, even if we have only just launched our latest strategy. Sustainability then, does not rest on a single competitive advantage pillar but on the ability to find out what the next pillars could be.

Gary Hamel (1996), an authority on strategic management, stated that companies need to imagine a 'plausible future' and start working from there to create their own future. In doing so, they would have to transform themselves on a continuous basis. In 2014, Hamel emphasized this point in an article entitled 'Bureaucracy must die' (Hamel, 2014). The observation is that bureaucracy and the command & control decision making that it entails, is still far too present in our organizational architectures and managerial ideology. Despite its virtues, bureaucracy does not fit our business environment, which requires outliers, experimentation, and decentralized decision-making authority to get truly interesting and innovative.

Similarly, Kotter argued that we have reached the limits of conventional change management and hierarchical thinking, and instead, we should apply the following five principles to speedily manage our business transformations; cultural change ("a head and heart appeal, a spirit of volunteerism"), stronger leadership ("vision creation and inspiration"), broad involvement ("not just the usual few appointees"), and a dual structure ("hierarchy and network under one roof") (Kotter, 2012).

To sum up: business transformation requires a different approach from the approaches of the past, going beyond the current understanding. We need to challenge our traditional thinking about management, including BPM, and how we institutionalize it. Organizations will need to develop a different set of organizational capabilities to deal with contemporary transformation requirements.

Our research and collaboration with practitioners has led us to the notion of business transformation capabilities, which can be defined as organizational capabilities that allow an organization to engage in systematic transformation, making the act of transformation itself a repeatable and considerably less cumbersome effort. These ready-to-use routines for fast-paced transformation encompass the following:

- Strong internal and external connectedness.

- Sensing mechanisms for disruptive trends and opportunities.
- Flexible structures and fast decision lines for strategic projects.
- Customer orientation as second nature.
- Exemplary and committed leaders.

Strong internal and external connectedness.

There are two dimensions to this capability that we propose organizations should consider. Businesses, and their agents, can be internally and externally connected, and we assume both will be needed for a successful transformation.

Internally, 'connectedness' relates to the ability of an organization to tap into competencies and ideas at any level of the organization when needed. As an antecedent of market orientation, internal connectedness refers to the degree of formal and informal direct contact between employees across departments and has been proven to positively correlate with a spirit of enthusiasm and devotion to a common cause among group members, or esprit de corps (Jaworski and Kohli, 1993).

In practice, some companies promote internal connectedness by investing in internal customer orientation, which implies that all employees are both a supplier and a customer to other employees within the organization. In this respect, providing excellent value at each step of the value chain, by getting internal suppliers to satisfy the needs of internal customers, is indispensable in providing excellent value to external customers as well. Another factor that could influence the level of internal connectedness is social capital or social resources (e.g. information, influence, and emotional support) embedded in either internal or external social network structures (Han et al., 2014).

External connectedness means the ability to call upon a network of partners and contacts outside the organization to source new services and ideas, to form strategic partnerships, and to be embedded in business ecosystem networks. This is a capability that allows organizations to give direction to business transformation, add strategic options, and easily tap into external resources and capabilities to execute the transformation effort.

Sensing mechanisms for disruptive trends and opportunities.

Productive connectedness requires strong sensing mechanisms. For example, do you know what your customers are saying about you? What they think or feel? Can you tell what the atmosphere is like within the organization? Are you aware of possible industry disrupters? Is your organization in touch with society?

With the turbulence of our business environment, these and other questions need permanent attention. Answering them needs to go beyond gut feeling and has to rely on data and evidence. This is where the 'sensing mechanisms for disruptive trends and opportunities' capability comes into play. Organizations need to build radars to pick up signals, especially the weak or early-stage ones, pertaining to opportunities and threats from the inside and the outside.

To a certain extent this function can be performed by connected individuals. But that won't be enough. We need institutionalized processes, supported by tools and technologies. Think of social media listening tools, trend watching, business analytics, big data architecture, etc.

Flexible structures and fast decision lines for strategic projects.

Any strategic business transformation needs a supportive structure that is unhampered by traditional long decision lines and hierarchical burden. Furthermore it should be managed by means of a good follow-up instrument that keeps the transformation on track and monitors progress.

Decision lines need to be nimble and fast, so as not to slow down the pace of the initiative or kill it in the political process of traditional hierarchical decision-making. Often this leads to a separate structure, reporting directly to the top management, sourced with a multi-functional team that receives a mandate and is equipped with lean governance allowing it to swiftly tap into the necessary resources when needed.

Customer orientation as second nature.

Every business transformation should be deeply rooted in a profound desire to continuously create better products, services and experiences for existing and potential customers. This not only implies an organizational culture of outside-in thinking, but also the capability to design relevant and appealing customer propositions on a continuous basis. The digital economy is currently redefining what that means. Digital start-ups, embracing the mind-set and processes of the lean start-up and of design thinking, are seriously challenging mature organizations in this area

On the one hand, an outside-in culture and customer-driven design provide the organization with a constant source of ideas and inspiration for new business models and possible strategic options. On the other hand, they help create a sense of purpose that eases the pain of transformation for employees, who will undoubtedly be impacted by the transformation.

Exemplary and committed leaders.

Finally, and probably most obviously, we need to address the top-of-the-list critical success factor for any transformation: top management commitment. Business transformation, especially if it involves cultural change, will simply not happen if it is not exemplified by leaders. The organization needs to be able to put a face on the intended transformation and offer referential behaviour to relate to. Effective boundary spanning leadership creates direction, alignment, and commitment across boundaries in service of a higher vision or goal (Ernst and Chrobot-Mason, 2010). But to us it also means informal leadership at all levels of the organization, by connected individuals.

3. The discipline of BPM needs to change

The environment around BPM practitioners is changing, hence our conclusion is that BPM as a management discipline has to evolve in order to stay relevant in this new world. The question is then, how? Are we looking for a new paradigm to follow on from BPM, an enhancement of the current body of knowledge, or a new acronym, and possibly, a new hype?

Let's get started with a view on what BPM stands for today. To date, management theories have depicted multiple perspectives on organizations so far, yet two schools of thought have largely dominated the literature: the functional perspective and the process perspective. Although they are sometimes represented as alternatives or

opposites, they are in truth two complementary perspectives. Proponents of the process perspective have existed for a long time, but came into a prominence on the management stage in the 1990s when Business Process Reengineering (BPR) was at its peak, implying a complete remake of organizations. Since then, BPR has morphed into BPM, emphasizing the role of both incremental and radical process change. At present the BPM field can claim the status of being the practical reference discipline for model-based development and improvement of an enterprise's business processes. The evolution and popularity of process thinking and management has always been strongly connected to the evolution in the field of information and communication technologies. BPM is still very much identified as a technology-enabled business change approach (Van den Bergh et al., 2014).

Recently Forrester, a prominent technology research company, has started promoting the next step change for BPM, induced by the evolving digital landscape. In its 2015 BPM market predictions report, Forrester cites a number of compelling reasons for the BPM technology landscape to change (Richardson and Le Clair, 2014). While their market predictions are confined to the area of BPM technologies, we believe the technological evolution will have a more profound impact on the BPM discipline as a whole. Forrester's research identifies "the age of the customer" as the prevalent force for change enabled by modern digital technological capabilities. According to their predictions, we should expect customer-centric business challenges to prevail over purely operations-centric challenges. Furthermore, the influence of recent customer-facing technologies such as enterprise mobile platforms forces architects and process professionals to consider new integration challenges, cloud models and 'lighter' software (Richardson and Le Clair, 2014).

Michael Rosemann, a reputed authority on BPM, has repeatedly pointed out that BPM as we know it today has become a hygiene factor, a commodity that is widely regarded as a necessity but no longer capable of exciting organizational leaders, and less effective for innovation and customer experience design. It falls short in terms of opportunity-driven thinking, its value frames with regard to the output of BPM, and sincere customer focus (Rosemann, 2014).

These observations are in line with our own observations and experience. Indeed, in practice BPM has largely been orientated towards internal process optimization and standardization. Business cases were not specifically geared towards achieving customer benefits, and most often focused on achieving more efficient operations. It is fair to say, over the years, BPM has established a sound reputation as an internally-focused problem-solving approach and integration mechanism. Yet today, in the age of the customer, that pitch is no longer enough. BPM is expected to make a case for itself by showing its contribution to relevant and appealing customer experiences. Unfortunately, this is an alien world to common BPM practice.

We propose that BPM professionals look at other domains to make up for these shortcomings in the traditional BPM toolkit, and familiarize themselves with the new world.

One such potentially helpful domain is Service Design Thinking (SDT). Whereas BPM has been characterized with epithets such as problem-based, analytical, engineering, etc., service design thinking presents itself as quite the opposite: opportunity-based, emotional, creative, etc. The enormous wave of digitalization we are currently experiencing has reinvigorated the attention to service design thinking principles.

There is a growing interest today in using these principles to design new service processes (Kolko, 2015).

Instead of juxtaposing the two approaches, we advocate the inclusion of SDT techniques and principles in the BPM body of knowledge. We envision a fusion of traditional BPM project lifecycles - where project teams work their way through the different stages from analyzing the as-is process to implementing a desirable to-be process - with the creative techniques and opportunity discovery mechanisms of the SDT world. We strongly believe that this will be key in repositioning BPM as a first-class citizen in the age of the customer.

4. The process support function must change accordingly

Even if BPM as a discipline succeeds in accepting and adopting the necessary tools and principles to stay relevant in a turbulent world, the question of how it should be supported within the organization still remains unanswered. Many businesses have created business process support functions, but are they up to the task?

In their typical lifespan, support units will usually undergo a transformation over time in terms of focus, size, and perception by the line organization. Research has shown that support units will encounter several pivotal moments during their lifecycle and will eventually come under scrutiny by the rest of the organization (Kunisch et al., 2014). For instance, research on the reorientation of the Information Systems (IS) function has shown that pressure on the structures, required skills, management processes, and supporting technology typically forces the corporate IS function to reposition itself (Queiroz and Coltman, 2014). All the more reason for Business Process Offices (BPOs), and other similar support offices, to consider how to stay lean and relevant at the same time.

We have been studying several BPOs for over a decade. While they struggled to establish themselves at first, over time they have matured to the point where they become a true engine for process improvement and process awareness. Along the way, BPOs have encountered other support functions that are doing similar work; such as enterprise architects, strategy offices, and project management offices. Increasingly today, BPOs are transforming into Business Transformation groups, merging with these other support units, thus rationalizing several overhead functions.

With new business environments come new expectations by top management for the process support organizations. To be valuable, they will need to be more than a facilitator of process exploitation. They will need to become a powerhouse for fast change and exploration of opportunities in the age of the customer as well. This will require a total readjustment of their function.

The reorientation of the process support function will have to respond to the following challenges at the least, in the light of above-mentioned shortcomings and in the context of business transformation:

- Ambidexterity: balancing exploration and exploitation
- Connectedness: creating the internally and externally connected enterprise
- Light-speed decision-making: fast, reliable, informed decision-making mechanisms
- Customer-obsessed: going for customer experience and value first
- Building business transformation capabilities: as defined in the section above

- Open to more flexible and opportunity-driven approaches such as Agile, Lean Start-Up, Service Design Thinking.
- Keeping up with facilitation of traditional BPM tasks

Therefore we propose to introduce structures that answer the need for 'bimodal BPM'. In other words, a structure capable of dealing with the enhanced BPM function and corresponding services, focused on exploration and transformation, and at the same time maintaining its professional standards on process exploitation services towards the organization. We suggest different people should be involved in different 'BPM modes'.

We believe in the logic of a dual operating system for the process support organization, where it needs to be clear is whether a project is to be approached as a traditional BPM effort, or as an explorative initiative. Some organizations have already organized accordingly with a division between the business process exploitation group and a group that is oriented to support business transformation. These units still need to interact closely as they will most likely be connected by content (pursuing strategic objectives through a process perspective on change) and form (corporate function). Our current research focuses on how exactly BPOs can reinvent themselves to respond to new expectations in the context of business transformation.

Conclusion

We deeply believe that BPM as a management discipline has arrived at a crossroads in its existence. From this point onward, it can either become a commodity discipline that is the playground of specialists in process optimization and tool vendors, or it could develop into a discipline that adds value in a world of business transformation, where exploration is valued, where capabilities to make transformation a professional routine are promoted and where the process perspective continues to put customer experience first when it comes to management thinking and innovation.

It will be up to us academics, and, more importantly, the numerous practitioners who are currently working in process support units to define which future BPM will see. If we succeed in fusing 'traditional BPM' concepts with capabilities to support business transformation and as such deal with the challenges we listed in this Article, BPM and its community of practitioners will continue to be a powerful and relevant lens for doing business. Otherwise BPM will most likely fade out to become one of the management acronyms of the past.

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