BPTrends ARTICLE

Process Portfolio Analysis Based On Maturity Survey
04/07/2015
Arun Kumar Asokan

Abstract:
This Article proposes to introduce a structured approach to conduct Process Portfolio Analysis in enterprises. Concepts of a) Portfolio Analysis borrowed from the financial world and b) Maturity Assessment from the Quality domain have been itransformed as Process Portfolio Management by Rosemann (2006) and Process maturity model by Hammer (2007) in their respective works. These 2 articles are the inception of this idea and also act as critical building blocks for refining this idea into a practical concept.

Introduction:
Processes are one of the most important assets contributing to innovation and providing a competitive advantage to any organization but unfortunately very few have expended the effort necessary to maintain their Process portfolios. Stringent regulatory compliance, Economic turbulence and Technology disruptions such as social, analytics, cloud and big data are changing the way business operates, so firms have started to revisit their process landscape to adopt these emerging technologies into their business model and to maintain their competitive edge.

This Article outlines a concept to build and maintain process portfolios to outplay these challenges. Once maintained the process portfolios will provide a high level strategic view for management. Management can then use this view to make informed decisions on such things as investments in high valued process areas, outsourcing repetitive processes and decommissioning the non-value adding once etc.

What is Business Process Portfolio Management (BPPM)?
BPPM is an approach used for Continuous Process Improvement prioritization
BPMM provides an approach that is essential in directing limited resources in terms of funds, people, etc., into the processes with the highest demand for an increased process orientation. It is basically an attempt to construct a process portfolio analysis dashboard (based on Business value and Business process health), which then can be used for process improvement recommendations and to build implementation road maps.

The 2 main Inputs: *Business value & Process health*
Business value: All forms of value that determines the health and well-being of the firm in the long-run. Business value of a process is qualitative in nature and in order to quantify, it is measured as an average of the below parameters i.e. (A+B+C)/3

    A) Stakeholder Needs: Is this process meeting the needs of all the stakeholders?

B) Adequacy: To what extent is the process in-line with business strategy and has it improved the competitive advantage of the business?

C) Efficiency: Is this process enabling innovation and improving the efficiency of the deliverables?

Process Health:

Again, it is a qualitative measurement of the current process capability to deliver its desired outcome. In order to quantify, it is measured as the average of the below parameters i.e. $(X+Y)/2$

X) Process maturity: A model that allows executives to review the capability of a current state of a process to meet its objectives. [Enterprise BPM capability maturity is not in this category as it is just limited to processes].

Y) Performance indicator score: This variable is an average of KPI compliance score of the process. e.g. If process is performing at or above 100% target levels (KPI) the score is 5 and at 80% the score is 4 and so on.

The following sections of this article will elaborate on how to calculate process maturity (X) [the main ingredient in this approach] and the analysis in detail.

What is Process Maturity?

Most businesses survive on a limited understanding of their end-to-end Business Processes or, the understanding that does exist is buried within teams and tools across the business. All companies are working to link and exploit this scattered work into a comprehensive strategy. The success of this strategy is dependent on your Process Maturity.

Process Maturity Model:

Several practitioners and academics have developed business process maturity model (BPMM) to help organizations gradually adopt business process management for specific processes and/or for the whole process portfolio. Some of the well-known BPMMs are detailed in CMMI (2009), OMG (2008), Harmon (2009) and Hammer (2007). Any of the process maturity models can be used to assess the existing process maturity and feed the values into the Process Portfolio management matrix.

A simplified version of Hammer's process maturity model [The Process and Enterprise Maturity Model (PEMM™)] is used here to measure process maturity. In this model, Hammer elaborates five process enablers and four enterprise capabilities but for this approach, the four enterprise capabilities have been overlooked and the focus is just on the five process enablers

Design:	The comprehensiveness of the specification of how the process is to be executed.
Performers:	The people who execute the process, particularly in terms of their skills and knowledge.
Owner:	A senior executive who has responsibility for the process and its results.
Infrastructure:	Information and management systems that support the process.
Metrics:	The measures the company uses to track the process's performance.

Five process enablers [Source: Process Audit by Hammer (2007)]

Customized Version:

The 5 five process enablers from the model are maintained as-is but the 13 categories used in the original version are consolidated into 9 categories as shown in the below figure.
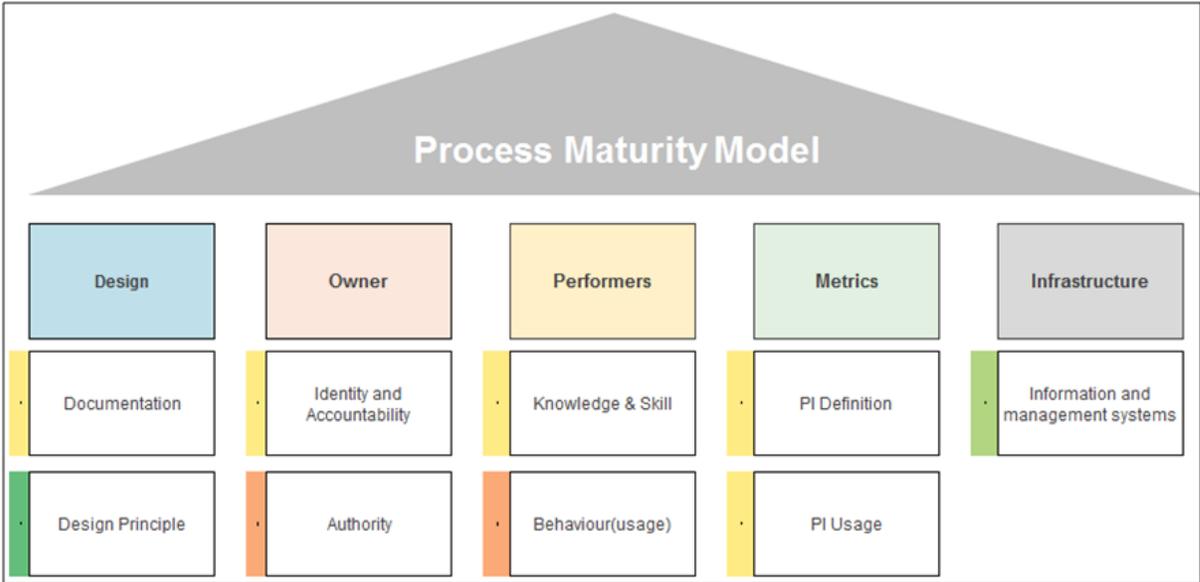
Categories	Definitions	Questions to be answered
1. Design	*The comprehensiveness of the specification of how the process is to be executed*	
	a) Documentation	Is the process well documented?
	b) Design Principles	How good is the process design ?
2. Ownership	*A executive who has responsibility for the process and its results*	
	a) Identity & Authority	Does the process have a assigned process owner ?
	b) Accountability	Does the process owner have full authority to implement change?
3. Performers	*The people who execute the process, particularly in terms of their skills and Knowledge*	
	a) Knowledge & Skill	What is the current level of Knowledge and skill of the performers?
	b) Behavior	How are the process performers using the processes in day to day life?
4. Metrics	*The measures the company uses to track the process's performance*	
	a) Performance Indicator definition	Are all the Performance indicators defined for the processes?
	b) Performance Indicator usage	Are the performance indicators tracked and measured?
5. Infrastructure	*Information and management systems that support the process.*	
	a) Information systems	Are the processes supported by efficient Information systems ?

Online Survey:

Online surveys are the preferred option to collect the various scores introduced in the Article, such as business value and process health and its related parameters on **individual processes in scope**. Survey questionnaires can be designed based on the above parameters A, B, C, X & Y.

Approach for Process Portfolio Analysis
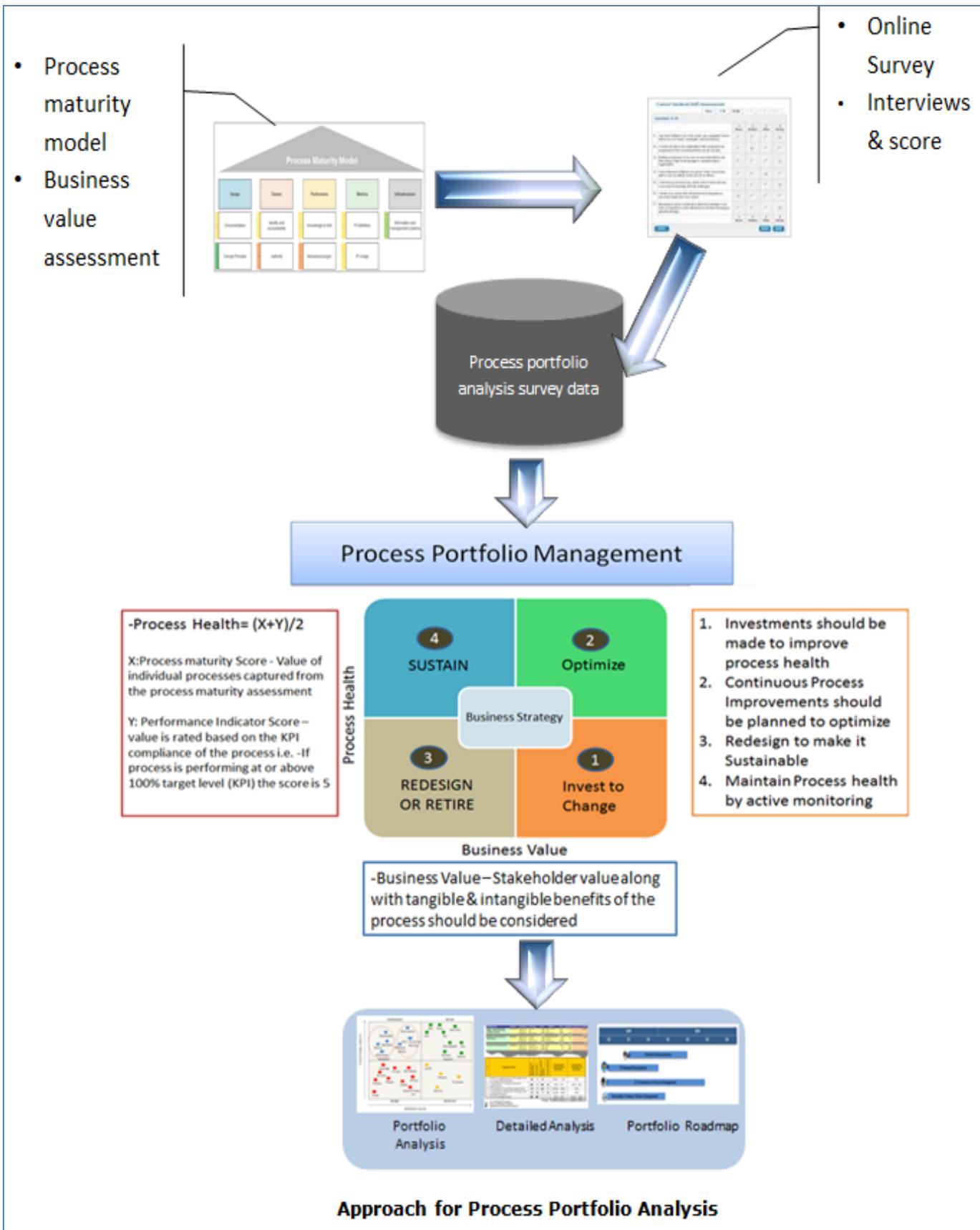
Process Portfolio Analysis & Recommendation:

The output from the Process portfolio matrix needs to be analyzed based on the recommendations below:

1) **Invest to change:** Processes with high business value and low process health falls in this quadrant. Highest priority should be assigned to these process investments. The objective will be to improve maturity levels and move the process to Optimize quadrant.

2) **Optimize:** Process with both high business value and process health falls in this quadrant. Continuous process improvement initiatives should be planned in order to sustain the process excellence levels.

3) **Redesign**: Process with low business value and low process health falls in this quadrant. Medium priority should be assigned to these process redesign investments. The objective will be to improve maturity levels and move the process to sustain quadrant

4) **Sustain:** Process with both low business value and high process health falls in this quadrant. Process performance must be tracked in-order to sustain the same level of process maturity.

Portfolio Roadmap

Based on the recommendations, detailed analysis needs to be performed to choose processes to invest in and build a road map for process maturity journey.

Once the process maturity priority is approved by the process excellence investment committee, detailed survey must be developed to investigate the maturity gaps in a particular process. For instance if a Change Management process is chosen to work on first, then a deep dive into the 9 categories is required to fill in the process maturity gaps and proceed with continuous process improvements.

The Process portfolio analysis may give rise to different scenarios of process maturity improvement in particular categories. In the case of the change management process if the *documentation* score is low then the next level of survey may contain some sample questioners mentioned below, to identify the pain point and correct them

- *Why do you think the documentation is incomplete?*
- *How do you usually access process and procedural documentation?*
- *How useful do you find the process and procedural documentation?*
- *How easy is it to get the information you need from the process and procedural documentation?*

Conclusion:

Process Portfolio Analysis will benefit organizations in planning their annual budget and financial cycles .It provides templates and management tools that enable organizations to classify, document and scorecard their business processes as a portfolio of strategic assets. It educates management teams on how to structure a continuous process improvement program to manage performance and outcomes, increase quality and increase profit margins. Investment and transformation can be focused on processes that create customer and shareholder value, and consolidate or decommission those that do not.

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Author

 Arun Kumar Asokan is a BPM Consultant with Infosys Ltd, pioneer in Building Tomorrow's Enterprise. He holds an MBA degree from Queensland University of Technology (QUT), Australia and B.Tech in Computer Science & Engineering from Pondicherry Engineering College (PEC), India. Arun specializes in providing BPM consultancy on process modeling, process reference architecture and frameworks & process performance and governance topics. The author can be reached at arunkumar_asokan01@infosys.com or arunkumar.asokan@yahoo.com.au or LinkedIn