

Question 7

What's The Return on Process?

October 4, 2016

Paul Harmon and Roger Tregear

Earlier this year 33 leading BPM thought leaders responded to a call from Roger Tregear and Paul Harmon to offer their thoughts about 15 questions about Business Process Management. This article, like others we have published, provides an overview about how some of the authors responded to one of the questions.

What's the Return on Process

Taking an organization-wide BPM approach, however that is defined, requires a significant expenditure and considerable effort over a long period of time. Process analysis and improvement projects, BPMS implementations, change management, culture change, education programs—all of these things are a cost and distraction to 'business as usual'.

What do you see as the primary components of the ROI of BPM? What might be the compelling reasons for investment in BPM? What are the key variables that impact an organization's ROI on BPM?

OVERVIEW

Managers have been trained to always try to determine the return on investment (ROI) of their efforts. Unfortunately, while some aspects of process work are easy to analyze—where changes in processes save money—the more valuable, strategic aspects of process change are not. Consider developing a table of financial accounts. Every business needs it, but how do you cost the ROI? Or consider developing a new and improved software network to support your IT operations. It will improve the speed and efficiency of all your applications, but it's hard to say exactly what the ROI is.

Creating a business architecture is in the same category. If your organization is mature enough to use an architecture, then developing one will support a wide range of other valuable initiatives that will be hard to justify if only considered as a specific project. The problem, our authors suggest, is that so much depends on efficient process, one way or another, that traditional ROI can be difficult. Moreover, what you measure depends on things like how mature your organization is, and how critical specific changes are to support broader missions. In spite of all these challenges, and many qualifications, our respondents provide some rather good suggestions about how one might go about justifying process projects.

JIM BOOTS

Owner, Global Process Innovation

In reality, there have been very few organizations with top leaders who have a clear vision of what they want to achieve with strategic BPM *and* the fortitude and positional longevity to see the vision realized. By clearly explaining what is meant by strategic BPM, we can only hope that more leaders will make the necessary commitment.

PETER MATTHIJSEN

Managing Consultant, BiZZdesign

But what is the ROI for a process diagram? Or for process ownership, or thinking in processes? I think many of us feel that it is important, but for many BPM practices it is hard to build a good business case. But do we really need this business case?

MATTHEW J. MORGAN

Head of Process & Metrics Excellence, Bridgewater Assoc.

We can broadly think of a business case on a spectrum from the more tangible and measurable (cost savings and operational improvements) to the more intangible and qualitative (revenue and culture).

The categorization or decomposition of these benefits is helpful for the development of business cases. However, the different types of benefits are not causally independent or mutually exclusive; they often have inter-relationships and reinforce one another.

GILLES MORIN

Founder, BPMPlus Inc.

This is to say that ROI will depend on getting the right mix of BPM capability to fit your organization's BPM and process culture maturity.

PROFESSOR JAN VOM BROCKE

Hilti Chair of Business Process Management, University of Liechtenstein

For rough assessment based on expert opinion, the ROPT [Return on Process Transformation] can be assessed in three simple steps:

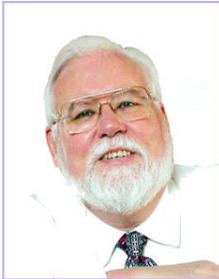
- The top five benefits decision-makers would expect from a process (re-)design are named.
- The five most important efforts decision-makers would expect from a process (re-)design are named.

- Values as decision makers would estimate them are planned for annual payments related to both benefits and efforts.

Based on this data, the series of payments related to the process (re-)design can be computed, and financial measures can be calculated according to standards from financial accounting (vom Brocke, Sonnenberg, 2015).

Figure 27:

Authors



Paul Harmon is the executive editor of BPTrends website and the Chief Methodologist of BPTrends Associates and the author of Business Process Change, 3rd edition. He can be reached at npharmon@gmail.com



Roger Tregear

As a Consulting Director with Leonardo Consulting, **Roger Tregear** delivers BPM courses and consulting assignments around the world. Based in Canberra (Australia) Roger spends his working life talking, consulting, thinking and writing about analysis, improvement and management of business processes. His work with clients is on short and long term assignments, in organizational improvement and problem solving based on BPM capability development, and business process, analysis, improvement, and management. He is available to help small and large organizations understand the potential, and realize the practical benefits, of process-centric thinking and management. Contact Roger at r.tregear@leonardo.com.au.