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Achieving business process management success

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Abstract

Business process improvement is a top priority for companies because it is seen as the primary way to reduce costs, enhance business performance and achieve higher levels of customer satisfaction. Business process management (BPM) is seen as being the key to delivering process improvement. This paper explores the six enablers of BPM success as presented in a model by Thompson, Seymour, & O'Donovan (2009), namely: strategy, culture, people and resources, governance, information technology and methodology. Factors important to the success of any BPM initiative include good alignment between organisational strategy and core processes, a comprehensive and well-communicated BPM strategy, strong top management support, a culture that supports continuous improvement, sound BPM governance and a holistic BPM methodology. A successful BPM initiative ensures processes that are efficient, generate high quality output, and are agile and able to adapt. This in turn leads to reduced costs, an improved client experience, and a business that is more agile and can quickly implement change.

Contents

1. Introduction

"Business process improvement" has been consistently listed as a top business priority in the annual Gartner Executive Programs CIO Agenda Survey (Gartner Group, 2009; Gartner Group, 2011). Today's extremely competitive and fast-changing economic environment has led to an increased focus on improving business processes so as to enhance business performance and achieve higher levels of customer satisfaction (Kumar, Smart, Maddern, & Maull, 2008; Lee & Dale, 1998).

Business process management (BPM) is seen as being the key to process improvement. BPM is the "orchestration of the interactions between the people, applications, technologies, and the related process activities that – taken together – create customer value (Puccinelli, 2003). Though it is often seen as "an IT-focused extension of business process automation" (Thompson et al., 2009), it is really "a management approach supported by technology components" (Thompson et al., 2009). In other words, it is more than just technology and techniques to be used for once-off improvements; it is a "'holistic' approach to the way in which organisations are managed" (Pritchard & Armistead, 1999).

The BPTrends State of Business Process Management 2010 report (Wolf & Harmon, 2010) shows that despite the economic downturn that has affected the world over the last few years, few companies have drastically cut back their BPM spending, showing that BPM remains a priority.

BPM is intended to align processes with the organisation's strategic objectives and customers' needs, but it requires that the organisation's emphasis be on process, rather than functional, orientation (Lee & Dale, 1998). This presents a challenge because business processes are typically cross-functional – they "lie outside the usual vertical, hierarchical company structure" (Lee & Dale, 1998), and often no one person has responsibility for an entire process.

Given that BPM affects the organisation as a whole, companies face a wide range of challenges when working on BPM projects, making BPM success challenging and frequently elusive. This paper will examine the enablers of BPM success that were presented by (Thompson et al., 2009) in a refined version of the BPM maturity model developed by (Rosemann, de Bruin, & Power, 2006). These enablers – strategy, culture, people and resources, governance, information technology and methodology (see figure 1) – will be studied in the next six sections that follow. The paper concludes with a summary of the enablers and how they lead to process success, which in turn invariably presages business success.

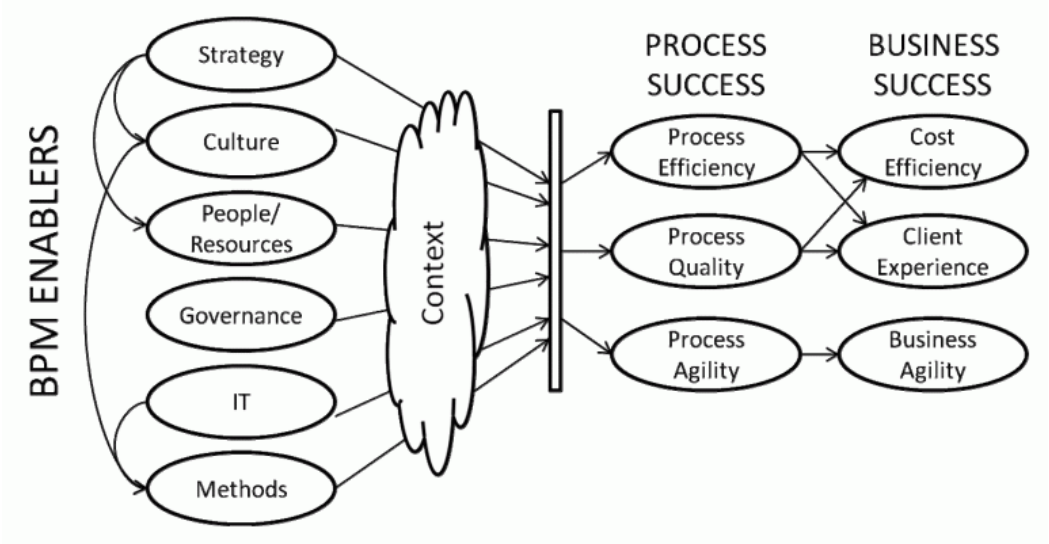

Figure 1: Thompson, Seymour and O'Donovan's BPM success model

2. Strategy

Crucial for BPM success is the alignment of the organisation's strategy and core processes, and whenever the firm's strategy is modified the required process changes must be reviewed (Thompson et al., 2009). BPM should be used to "translate [the] firm's strategy into specific needs and enable the execution of the strategy" (Trkman, 2010). Key performance indicators (KPIs) play an important role in this, as they allow the company to evaluate the performance of its processes and thus better translate its strategic goals into effective processes (Rosemann et al., 2006).

The organisation needs to have a comprehensive BPM strategy that addresses both the process improvement methodology and the technological implementation of BPM (Thompson et al., 2009). If this strategy is well communicated it will help to promote a culture of continuous improvement and alleviate fears of downsizing (culture enablers), as well as address the issues of training and the creation of IT capacity (people and resource enablers).

Top management support is widely cited as being critical to BPM success (Lee & Dale, 1998; Lees, 2008; Rosemann et al., 2006; Schiff, 2007). It is necessary because senior management is responsible for the "vision, determining strategies, designing processes, lowering barriers and enabling employees to contribute" (Lee & Dale, 1998). Their support will encourage buy-in from the rest of the organisation (Bandara, Indulska, Chong, & Sadiq, 2007). However, the personal and organisational priorities of other stakeholders, such as middle management, key customers and governing bodies, also need to be assessed (Lee & Dale, 1998; Rosemann et al., 2006).

A core advantage of BPM is that it can be implemented incrementally (Palmer & Mooney, 2009). A frequently suggested method of obtaining support for BPM is to apply it to a small project that is likely to be successful and prove that it is a credible approach (Lees, 2008; Palmer & Mooney,

2009; Sinur, 2007). A good initial target is a strategic business problem of a senior executive (Lees, 2008); proving to them that BPM works is likely to earn invaluable top-level support and maybe even someone to champion BPM. The project should preferably not be too high profile (and thus risky), but not too small so as to not allow a credible business case to be built (Lees, 2008). Processes that are overly complex, politically-charged or highly distributed and require a high degree of buy-in from external parties should be avoided (Palmer & Mooney, 2009).

Miers (2006) suggests the idea of the firm creating a BPM centre of excellence or process management office to manage and grow the BPM team and co-ordinate all BPM activities. While it is not a necessity in the early stages of the company's BPM initiative, it becomes useful when the BPM program starts to grow and there is an increasing need for BPM projects to be co-ordinated and integrated. The centre of excellence will provide a "central repository for knowledge and best practices development around BPM projects" (Miers, 2006). Linked to the idea of a central management office is one of having central funding for BPM projects (Thompson et al., 2009).

3. Culture

BPM changes are incremental and continuous, and continuous improvement requires a culture of understanding, support and encouragement for the process (Thompson et al., 2009). Incremental improvement is preferable to large improvement, which would be disruptive at the very least (business process re-engineering follows this approach).

Employees need to be encouraged to think differently, because BPM is different (Lees, 2008). Those involved with a process, in particular, should see their place in the context of the process as a whole, and should feel empowered to fully participate and be encouraged to take ownership for the improvement of the process (Sinur, 2007). Process design and re-engineering decisions should be made by workers in conjunction with, rather than exclusively by, managers (Doebeli, Fisher, Gapp, & Sanzogni, 2011). There are several benefits to this: there are fewer process delays, overheads and fixed costs are reduced, the response to customers is quicker, and workers are empowered to create value for the customer.

In order to encourage people to come forward with ideas, there needs to be a culture of collaboration and respect for the opinions of others (Lees, 2008; Thompson et al., 2009) – teams and departments need to think beyond their own procedures and approaches and start thinking about the process as whole (Lee & Dale, 1998). However, this sort of cross-functional team work is often difficult and it is frequently a challenge to find a good modus operandi to manage processes (Thompson et al., 2009). Incentives will also encourage participation (Lees, 2008), but the firm needs to be careful that it doesn't create a system that rewards people only for their work within their business unit (Thompson et al., 2009), nor an environment that is so competitive that there is no

collaboration across business units and the culture of quality is lost (Lee & Dale, 1998). The organisation's attitude towards risk and failure will also have an impact on employee: management should realise that mistakes are inevitable in a new initiative, especially one that is changing business processes participation, and that these mistakes are learning experiences (Aggarwal, 2004; Lees, 2008).

Process improvement should not be used as an excuse to reduce headcount; instead, the goal should be to make employees work "smarter, faster, more consistently and with more focus on value creation" (Lees, 2008). Employees are the key to making processes work – they deliver customer satisfaction and create value for the company – and as such it should be a clearly-stated goal to retain them even if the process improvements lead to their jobs being redundant (Lees, 2008). Fear of job loss leads to resistance to change, which can lead to the failure of any project that introduces major change.

4. People and resources

There needs to be a general understanding of the BPM initiative. It may not be necessary for everyone in the organisation to understand BPM itself, but the majority of employees need to understand the concepts of process and continuous improvement (Thompson et al., 2009). A lack of understanding of BPM can lead to employees not buying into it, and because BPM has different definitions (for example, one person may view it from a technical perspective, another from a business perspective), there may a lack of common understanding, which can lead to disagreement as to its benefits, expectations and deliverables (Bandara et al., 2007). There is also the concern that BPM may be seen as a management fad; being selective as to how much "holistic" knowledge on BPM is conveyed to employees may aid in this (Thompson et al., 2009).

Training is important in any new initiative, and in the case of BPM it needs to be viewed broadly. The firm will need to look at "methodology training both for business and IT stakeholders, tools training for development teams, and worker training to ensure they can take advantage of the new processes and applications that are being developed" (Lees, 2008). This may include training employees who are ignorant of concepts that determine corporate and customer value, such as finance and operational excellence (Aggarwal, 2004). Training can also lead to workers being empowered to make decisions independently, which will result in smoother operations and lower throughput times (Trkman, 2010).

According to Kemsley (2006), there is a popular misconception that business users should be allowed to design their own BPM solutions. The problem with this is twofold: firstly, they have no training in analysis and design; secondly, while they are subject matter experts on the current processes, they are not experts on process improvement or BPM. Those involved in process

improvement should be skilled in modelling, analysis and design (Thompson et al., 2009). If there is a lack of skills or experience, the organisation should look to vendors or outside consultants for assistance (Lees, 2008; Schiff, 2006).

The limited availability of IT resources can impact the capacity to implement process improvements (Thompson et al., 2009). There is the danger that an organisation can become good at identifying opportunities for process improvement but not efficient enough to implement the required changes. BPM technology can help with the changes, but sufficient IT resources are still needed to perform the implementation. The provision of IT capacity comes at a cost, one which the IT department will most likely be unwilling to bear unless it is in response to a stated and championed corporate strategy (Thompson et al., 2009). Providing funding through a centre of excellence may also help alleviate the problem.

5. Governance

BPM governance refers to “the establishment of relevant and transparent accountability, decision-making and reward processes to guide desirable process actions” (Rosemann et al., 2006). The first steps in BPM governance are to identify key process and assign process owners (Doebeli et al., 2011). Their chief responsibility will be to manage relationships with department managers in order to make the process work as well as possible. While ownership tends to be straight-forward when considering departmental processes, often it is problematic for processes spanning multiple departments (Bandara et al., 2007; Thompson et al., 2009).

The definition of all BPM-related roles and responsibilities, with duties and responsibilities clearly specified, together with the associated reporting channels also falls under BPM governance (Rosemann et al., 2006), as does the specification of process performance metrics, reward and remuneration for process performance, management standards and management controls (such as process reviews to ensure quality and standards conformance) (Rosemann et al., 2006). It is recommended that the organisation establish a centre of excellence (as mentioned in section 2) that is responsible for the management and improvement of processes (Lees, 2008).

Governance can include both formal and informal means (Doebeli et al., 2011; Thompson et al., 2009). Often organisations begin by establishing formal process and develop informal ones over time.

Another part of BPM governance is the governance of process improvement initiatives (Thompson et al., 2009). Section 7 (Governance) covers this topic in more detail.

6. Information technology

Information technology can be used to enable and support the tasks that form the lifecycle of a BPM project, namely design and modelling, implementation and execution, control and measurement, improvement and innovation, and project management (Rosemann et al., 2006). A good business process management system (BPMS) will offer many of these functions and should be carefully selected. Examples of selection criteria are successful implementation of the system at other organisations, the cost of the system and the support offered by the vendor (Thompson et al., 2009). The more expensive the system is the more benefits it will have to offer to justify the investment (Hedge III, 2007).

(Hedge III, 2007) suggests a number of capability areas to look at when selecting a system:

- Human-to-human communication – The ability to route work items from one person to another.
- Human-to-system communication – The ability to interact with back-end systems, and provide information and transactions to the user within the context of the process.
- System-to-system communication – The ability to use automated technologies to provide communications between systems. Support for SOA and Web Services is important, especially when integration with legacy systems is required (Thompson et al., 2009).
- Repeatable process – The ability to support and manage a process that could have hundreds if not thousands of active instances of a process operating at once.
- Ad-hoc process flow – The ability to adapt to changes in flow based upon decisions that users make in real-time.
- Creation of documents – Built-in support for the management of the document authoring, creation and approval process.
- Content retrieval and publishing – Integration with electronic content management repositories.

The system's development architecture should also be taken into account (Hedge III, 2005). For instance, if the organisation works in a Microsoft .NET environment and a particular system has been developed in Java, using it will add an additional layer of complexity – for instance, for in-house support. The skill sets of the employees in the organisation need to be considered and the organisation should opt for a system that has been developed in an environment it is comfortable with, particularly if there is the possibility that there may be complex integration with other systems or that the system may be customised sometime in the future.

It is also important to look at the standards the system supports (Hedge III, 2005; Thompson et al., 2009). In particular, it should support Business Process Execution Language for Web Services (BPEL), the industry standard process modelling language. Support for business activity monitoring (BAM), which provides real-time information on processes, is also desirable. The difficulty with BPM standards is three-fold (Bandara et al., 2007). Firstly, they are still under development and evolving. Secondly, they are often domain-specific and are being developed by bodies and groups with their own vested interests. Lastly, it can be difficult to decide when to use a standard and when to deviate from it.

7. Methodology

BPM methodological enablers cover the approaches used to support and enable consistent process actions. A typical BPM project has the following lifecycle (Miers, 2006; Rosemann et al., 2006):

- Design and modelling. The process is identified, understood and mapped. Mapping should be done in a consistent manner across the organisation, and the data stored in a central repository (Thompson et al., 2009). When modelling the process, the focus should be to capture the core functionality rather than every detail; trying to detail all possible paths through a process can lead to “analysis paralysis”. The resulting high-level model will allow stakeholders to step outside of the process and see it differently. It will also form the underlying structure for the gathering of baseline metrics, which will be used to measure future performance improvements. A difficulty with process modelling is the possible trade-off between what “could and should be usefully modelled and what modelling languages can actually support” (Bandara et al., 2007).
- Implementation and execution. The BPM system will be used to transform process models into executable business process specifications. This may require that the model developed in the first phase of the project be re-built in the system. The focus must be on the core functionality of the process (which will deliver the most value); less important functionality can be dealt with in a later iteration. In addition, issues such as integration with third-party systems, the system’s user interface, metrics (which ones and how they are presented) and process control (for instance, for throttling the performance of a process or influencing the way in which business apply) need to be dealt with. It is important to keep in mind the fact that the use and understanding of data will evolve over time, as this affects the design of the process and integration mechanisms.

- Control and measurement. The BPM team should work with line of business managers to determine how they react to peaks and troughs in demand and work out whether it is possible to provide them with mechanisms to control the process under these circumstances. Metrics should be appropriately presented (through dashboards, for instance) to people at different levels of the organisation.
- Improvement and innovation. Most BPM systems provide tools for simulating processes, allowing variables to be adjusted, which means that scenarios can be created and compared. However, simulation models are difficult to construct and require rigorous testing. Many BPM systems take simulation a step further and have optimisation mechanisms that help identify areas for improvement.
- Project management. The company should develop a pro-active approach to managing and growing the knowledge of the BPM team. A centre of excellence will help with this.

On-going performance measurement is also important, and successful measurement appears to be directly related to the extent to which the organisation has implemented its processes on its BPM platform (Thompson et al., 2009). Some BPM systems have the ability to simulate the process using variables in order to find the optimum solution.

BPM lacks a holistic methodology, meaning that the organisation will have to develop its own (Bandara et al., 2007). This methodology will depend on the organisation's culture and the amount of technology it has implemented. The first thing to do is review what methodologies the firm is using (Lees, 2008), as they may provide a good foundation for a BPM methodology. Elements of new methodologies may have to be adopted in addition to the ones already being used. The resulting methodology must cover the whole process improvement lifecycle, fit the company's culture, and should evolve over time as the BPM initiative matures (Lees, 2008; Thompson et al., 2009).

8. Conclusion

Business process improvement has been seen as a top priority for companies for years and despite the economic turmoil the world has experienced over the last few years, it remains so.

Key to the success of BPM is the alignment of the organisation's strategy and core processes. The company needs to have a comprehensive BPM strategy which has to be efficiently and effectively communicated in order to promote a culture that supports continuous improvement. Top management support is crucial in order to encourage buy-in from the rest of the organisation.

Ideally BPM should be implemented incrementally in order to demonstrate its worth. The ideals of collaboration and respect for the opinions also needs to be engendered in order to encourage participation in the improvement of processes – employees should see their place in the

process as a whole and should feel empowered to improve it. It is also important that process improvement is not used an excuse to downsize; the key aim is to help employees create more value for the firm and its customers, and this aim needs to be well communicated.

There needs to be a good understanding of the BPM initiative – a lack of understanding can lead to employees not buying into BPM or them seeing it as a management fad. Training is important and needs to be viewed broadly. It includes not only training in BPM skills and knowledge, but also in the understanding of the concepts of process and continuous improvement. If there is a lack of skills or experience, the expertise of vendors and outside consultants should be utilised. The organisation also needs to ensure that it has the IT capacity to implement process improvements.

BPM governance is an important factor. The first step in implementing a governance policy is to identify key process and assign process owners who will be responsible for ensuring that the processes work as well as possible. BPM-related roles and responsibilities need to be defined and policies regarding metrics, standards and controls need to be specified.

A good BPM system needs to be carefully chosen and used to assist the BPM team with the various tasks that form the lifecycle of a BPM project. (Hedge III, 2007) suggests a number of capability areas to look at when selecting a system. In addition, the system's support for BPM standards needs to be considered.

Given that BPM lacks a holistic methodology, the organisation will have to develop its own based on those already in use, to which elements from new ones may be added. The resulting methodology must cover the entire process improvement lifecycle, fit the company's culture, and should evolve over time.

A successful BPM initiative will lead to processes that are efficient, generate high quality output, and are agile and flexible. This in turn leads to reduced costs, an improved client experience, and a business that is more agile and can quickly implement change. Thus BPM success leads to business success.

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