BPM – The soft science of change
"*Fat people hate scales. Stupid people don't like tests.*"

Executive Summary

The objective of a BPM exercise is to manage and improve a process and such an exercise is usually custom-made. The exercise typically begins by conducting an honest evaluation of how people use processes within the organization today. The more removed decision-makers are from the activities in such an initiative, the greater is the potential danger of the initiative collapsing from within.

However, if you look on the positive side, a BPM exercise could be viewed as the most readily available opportunity to bring in superior performance through a consistent means to improve operating efficiency. It is logically and technically possible, the benefits are real and the challenges can be overcome. This paper discusses the BPM discipline with a real-life case-study of a successful BPM implementation.

Introduction

Michael Hammer in his book published in 1996 said "If it doesn't make three people angry, it isn't a process"! A hard, tough look at the processes and workflows within your organization, *after* building internal consensus on the need for such processes, would, typically form the first steps to improving their efficiency.

The common first steps towards achieving process improvement in an enterprise are typically:
1. <u>Process Discovery</u>: Understanding the organizational processes, what works well? what doesn't? Constraints in realizing objectives etc. would be the beginning to an improvement exercise.
2. <u>Process Analysis</u>: Establishing process goals and the definition of clear boundaries forms aspects of Process Analysis. Types of information captured and the technique used to gather information are also to be considered.
3. <u>Process Simulation</u>: Being able to visualize the effects of potential process changes by the process owners helps to avoid bottlenecks and predict risks. Assessing the business flows forms an essential aspect of this phase.
4. <u>Process Improvement</u>: Getting the process right or fixing the process is the most critical step in any such exercise. The key aspect would be to ensure that the business and processes are aligned through an authenticated set of performance metrics to obtain maximum benefits through such an exercise.
5. <u>Process Automation</u>: An improvement exercise does not mandate the use of technology or automation. In fact, research shows that a majority of improvements can be achieved without automation in the short term. However, once such an improvement exercise is identified and starts, automation would aid in information sharing and control.

BPM can be defined as just about anything that contributes to process improvement, any process improvement discipline or activity that is consistent and produces superior business results on an on-going basis.

As with any initiative, "just-enough" governance is key to BPM success. A pragmatic business case implemented in iterations with continuous feedback and adaptation would be one approach to minimize risks. Any areas where the enterprise could out-perform its competitors and can show benefit through immediate improvement would logically form the strongest business case. This would of-course also have to tie-in with the long-term objectives set out for the organization.

This document starts with a more standard definition of BPM ('Definitions' section below) and goes on to explore the common myths about such a discipline, how BPM and SOA work well together and finally a case-study on a successful BPM implementation.

Definitions

BPM or Business Process Management is:

A holistic management discipline to enhance or improve the efficiency of business processes. BPM could leverage the benefits of technology to achieve innovation, flexibility & operational efficiency.

BPM attempts to continuously improve processes - the processes to define, measure and improve other processes. We could call it a 'process optimization' process.

Gartner's definition of BPM:

> "*BPM is a management discipline that treats business processes as assets toward the goal of improving agility and operational performance. BPM is a structured approach that employs methods, policies, metrics, management practices and software tools to manage and continuously optimize an organization's activities and processes.*"

BP or Business Process is:

A set of actions that help any enterprise achieve its stated goal towards running its business or serving its customers.

A Business Process typically includes technical & human resources. It forms a set of related structured activities that help in achieving a service or a product for a client of the enterprise. A typical example could be a travel reservation for a flight & hotel or a typical client request for add-on service provisioning.

Today, competition, regulations and volatility of marketplace demands greater agility & scalability. Enterprises worldwide strive for an effective discipline to address competitive challenges. The challenge is to overcome the initial inertia, as the saying goes "Things stay the same unless acted upon by an external force". Only agile responsive processes can deal with these challenges.

Following are three implication areas from BPM:

1) Business Strategy
2) Governance & Structure
3) Culture & Values
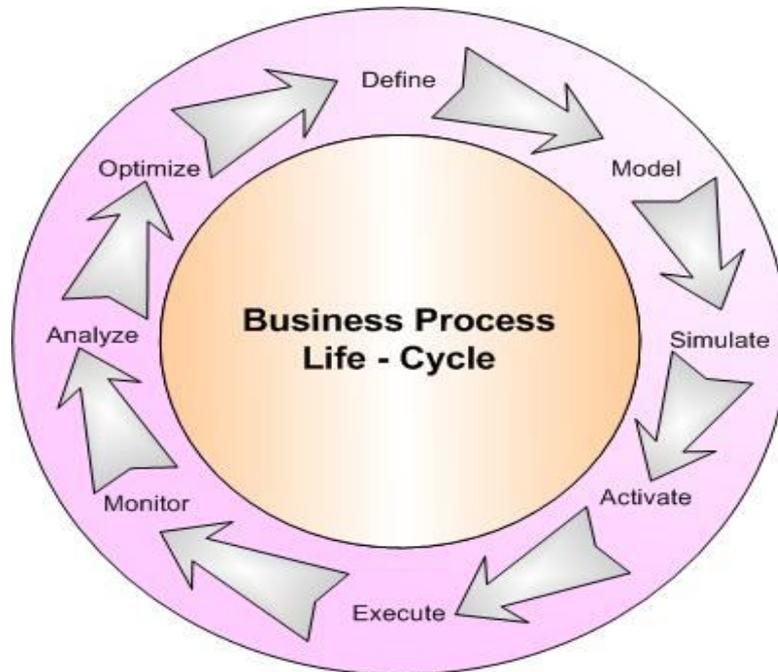
A Typical BPM Life-Cycle.

The phases in a BPM life-cycle depicted above are self-explanatory. Typically, organizations fall into a semi-cycle trap, where they follow the life-cycle until the "Execute" or "Monitor" phase, starting at the "Define" phase. It would be useful to carry the initiative through (full lifecycle) to realize maximum benefits. BPM demands that organizations transform their outlook and focus from a process-centric ideology to one of increasing operational efficiency & innovation.

Below are a few best practices of a BPM exercise:
- In the early stages of adoption, ensure business processes directly map to the organization's immediate goal/strategy. This helps the business team to realize, implement & control the overall discipline effectively.
- An end-to-end scrutiny of business processes, prior to embarking on an ambitious project is a recommended practice.
- An Iterative means of implementing the initiative not only helps enterprises improve processes but also helps in operational efficiency - allowing enterprises to keep up the pace of innovation & creativity.

Such an initiative typically follows no line of control; Infact it actually spreads across the organization into various lines of business and portfolios.

BPM Myths

Despite the fact that BPM has been around for sometime, there are quite a few popular myths surrounding it. The below list is an attempt to capture a few of these myths:

1) BPM is a process improvement project:
   BPM is not a process or a project but a discipline. BPM mandates that it be treated as a management discipline and demands commitment from the senior management within an enterprise. BPM delivers process improvements via a continuous, on-going management of the organizational business processes.

2) BPM is a technology:
   BPM is not a technology or a product but a discipline which might involve software products & a technical implementation as well. Considering a business process is usually a combination of people & software systems, the use of various products available in the market might aid and support a BPM implementation.

3) BPM is not BI:
   Truth is, BPM cannot be done without BI. BI is a technical bottom-up approach for business analysts and BPM involves a top-down management approach for chief executives. BPM inherently has a BI competency, as it involves an end-to-end consideration & evaluation.

4) BPM ROI cannot be measured:
   Usually this is up for debate. Some believe that BPM adoption cannot be the solution, as it is difficult to quantify benefits. In reality, BPM mandates that there be clear metrics that is collected and analyzed to realize benefits. There are other intangible benefits as well, like operational efficiency, productivity & innovation which might not be quantifiable.

5) BPM is not meant for smaller enterprises
   It may be irrelevant to map BPM with the size of the business. Large or small, the business overall needs transparency, elimination of duplicate processes, automation, authorization, information sharing & simplification of workflows for efficiency & revenue benefits. BPM contributes to the overall enterprise agility, productivity & innovation and hence can be adopted by any enterprise.

BPM & SOA – Friends or Foes?

One of the hot topics for debate is over BPM and SOA and whether one really betters the other. A minority of people believe that BPM and SOA are different disciplines and hence should be treated independently. A SOA approach is generally considered and looked upon from a technology / IT perspective, whereas a BPM is treated as the domain of the business users and processes and generally disowned by IT.

Most agree that BPM & SOA are natural allies. They are fairly distinct but complementary to each other. BPM addresses the processes to get work done more efficiently and SOA provides a more flexible IT architecture & increased re-use of assets. BPM's top-down approach can actually accelerate a SOA rollout by fostering better business-IT alignment. BPM also encourages an iterative approach to development & production implementation. SOA helps IT to define and construct software assets which can be reused by business; and BPM defines their effective consumption.

There is a natural synergy between BPM & SOA. Enterprise wide SOA and BPM attempts have failed and are failing due to factors ranging from insufficient business involvement to poor governance to improper technology selection. As per industry analysts, 1 out of every 7 SOA efforts fail and BPM initiatives have seldom lived up to their promise. A common factor is the gap between business and IT and the need for better alignment.

SOA as a design approach recommends building coarse-grained services that can be orchestrated and has an impact on business (instead of the traditional fine-grained software assets that exist). BPM can be viewed as an orchestration mechanism to represent a business process.

Following are a few benefits an organization tends to experience while a BPM initiative is underway:

1) BPM promotes a model-based workflow i.e. absolute fidelity in what business wants and what business gets. Such a model-based workflow helps IT to map and understand the actual business needs better. BPM helps SOA to not only map the business services but also refine them as required.

2) BPM encourages the adoption of Lean management i.e. prioritization of business processes with service mapping. BPM helps IT to understand the priority of services as per business needs. BPM recommendations also help IT to identify & eliminate unwanted services.

3) Common vocabulary – A common set of tools and communication helps any enterprise to achieve a unified protocol across business and IT for a better 'Velocity of Communication'.

4) A clear strategy & expected returns could be laid-out at the beginning of any implementation .This leads to better focus & direction without having to factor in budgetary constraints at a later stage and a buy-in from the management.

BPM behaves as a 'connect-through' catalyst to achieve the required business participation. In any SOA based initiative, defining business services and their life-cycle is the crux of project success.

BPM Case study

Client: A telecom service provider, one of the fastest growing companies worldwide. The company has operations in more than 103 countries globally.

Brief background: In order to stay ahead of competition and to accommodate rapid growth, the client had decided to use the SOA approach to better adapt to rapid changes in the future. While evaluating best practices, procedures and futuristic trends, the client decided to use BPM as one of the main drivers for all technical implementations. Earlier-on, the client had implemented a BPM-like initiative to some degree of success.

While reorganizing governance structures, forming new roles & teams, it was decided that the BPM competency should take on a larger role. Individual responsibilities and accountability helped the team to achieve a transparent communication culture.

Business case: 'Revenue Sharing' business process.

For a considerable period of time, the 'revenue sharing' portfolio team was known for its achievements. They had a very well defined process framework including weekly/daily meetings for tracking, reporting & escalations. For billing alone, there was an exclusive approval process via several hierarchies of people involved, to ensure correctness.
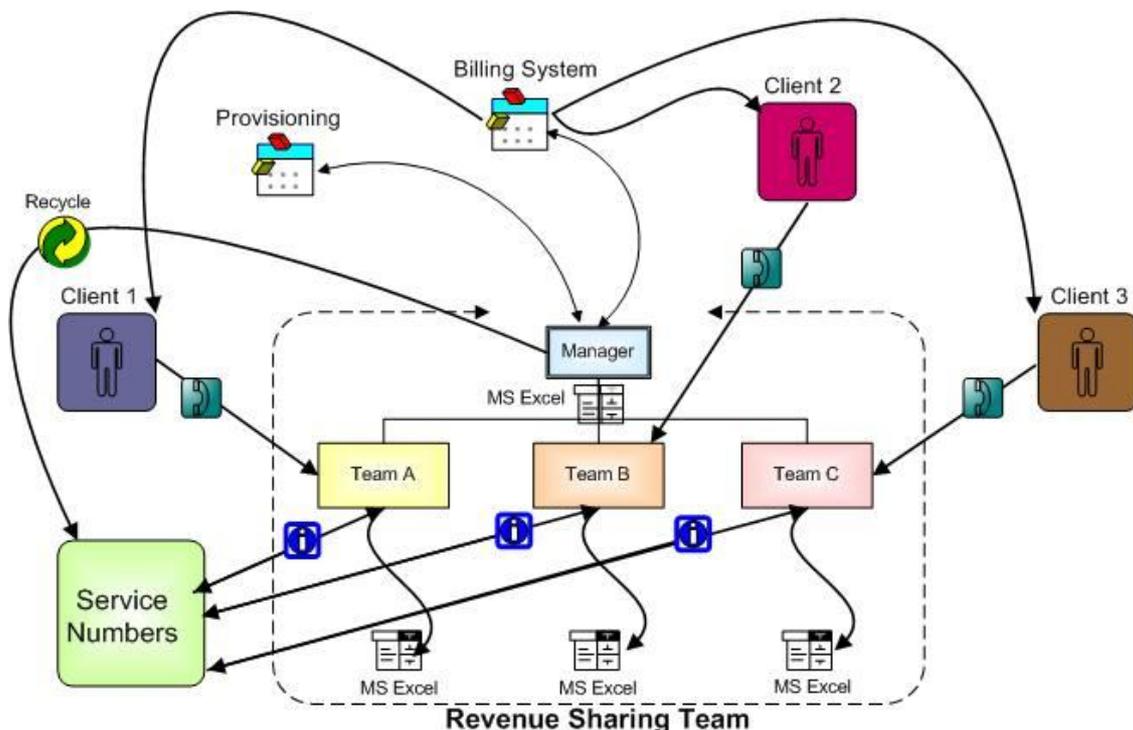
Typical Scenario:
1) Client calls up and places a request for a 'commercial use' service (could be voice, mms or any other as applicable).
2) In order to process the request further, the revenue team first cross-checks the number availability with an external application (Service Number mentioned above)
3) Once a service number is available, the team consolidates all information and sends it to the appropriate manager for approval.
4) On approval, the client request is sent to the provisioning department.
5) A similar process is seen to be followed for billing, once the service is provisioned and the client starts using it.

BPM pain areas:

1) Late response
2) Client dissatisfaction
3) Billing irregularities
4) Longer time for dispute resolution

BPM implementation & suggestion: A BPM initiative was considered, to reduce the customer response time, as it was a key area for success in the market. One of the recommendations was to have an automated system for status tracking, reporting, approvals & escalations.

A new web based application was deployed to manage end-to-end customer requests. A new application was developed to align with the EA's SOA roadmap. The application not only engineered customer requests but also facilitated clients to track their requests.

For billing, this was a major success. All manual interventions with tons of excel sheets were removed. There was an automated escalation & approval mechanism in place.
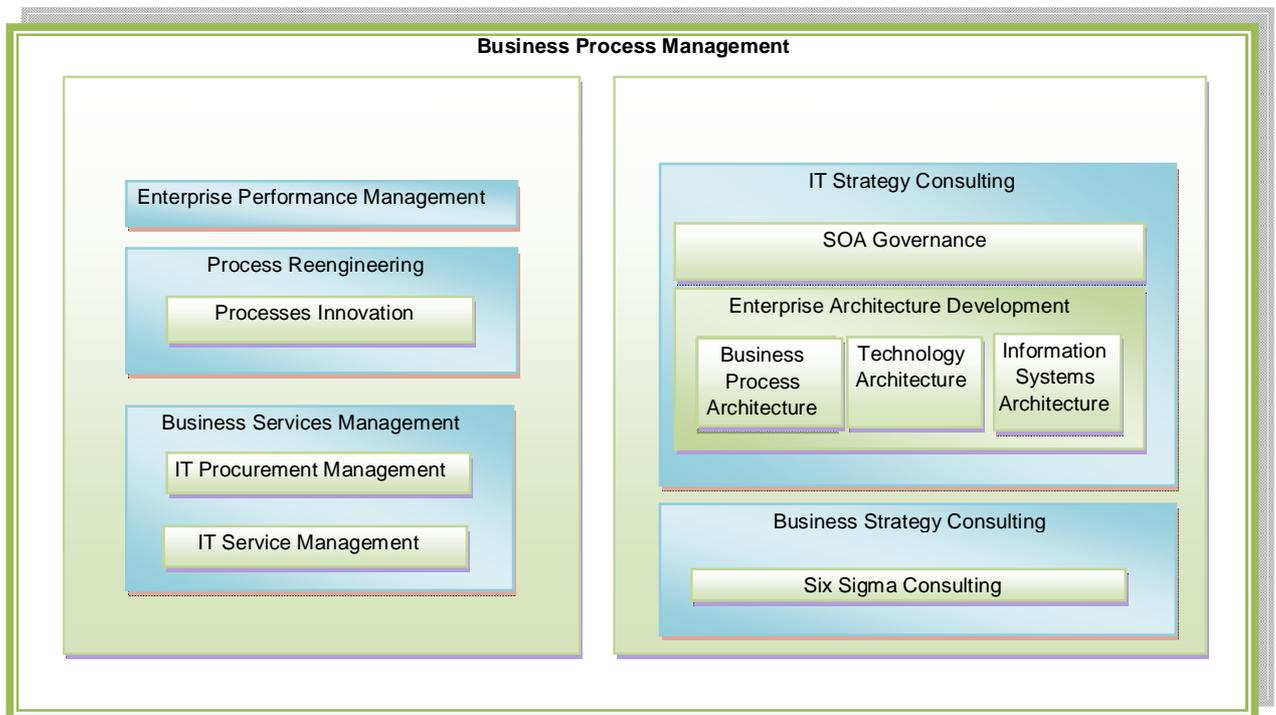
Results:
1) Accelerated response time. (From ~12 – 15 days to 2-3 days!)
2) Personalized request tracking mechanism for end user.
3) Better visibility & transparency.
4) No revenue leakage.
5) Less disputes.
6) Quicker reporting & metrics collection.
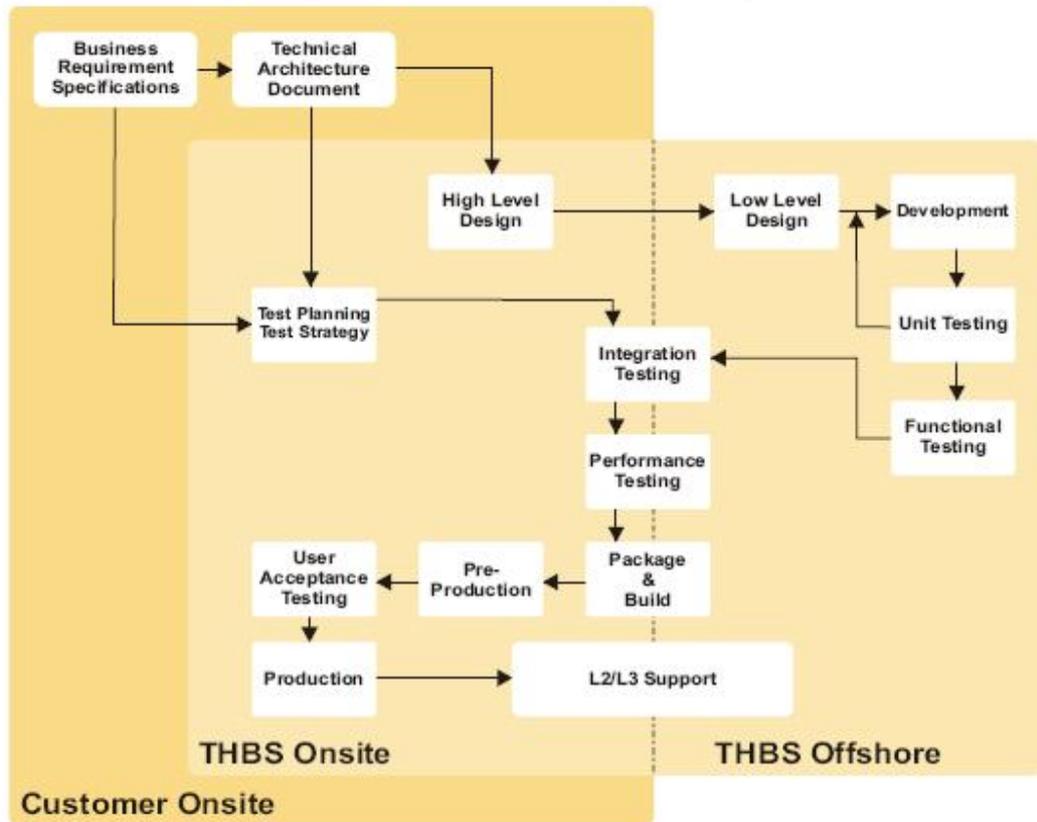7) Strict billing checks.

Note: In a specific incident, it was found that there was a revenue leak of ~£100,000 due to incorrect tracking and billing.

Torry Harris and BPM

Torry Harris Business Solutions' Business Process Management practice focuses on reducing the Total Cost of Ownership (TCO) for its clients by advising them on optimizing their business and IT performance through a defined approach. For more details, write to us at soa@thbs.com.

Torry Harris Offerings:

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Onsite Offshore Project Flow

Torry Harris Business Solutions (THBS) is a US based IT service provider with development facilities in India and China. The company, started in 1998, has for several years delivered a large variety of middleware services to enterprise clients around the world. Now, with a large pool of highly skilled technologists and rapidly growing, the company remains focused on the middleware and integration space, implementing large projects across the US, Europe, the Middle East and the Far East. The company is committed to Service-oriented Architecture(SOA), which it sees as the logical movement to follow the phenomenon of distributed computing in the late nineties, where THBS was clearly the market leader in implementing the offshore/onsite delivery model.

For more information, write to us at soa@thbs.com.