



Avoiding Strategic and Personal Risk in BPM Deployments

Why organizations should not start with automation when initiating a BPM deployment.

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Introduction

Business Process Management (BPM) includes the word management for a good reason. It was not titled Business Process Automation for a reason; it is the management system around the BPM automation efforts that is the key driver of BPM success. There are a few simple management activities that need to be developed or utilized in every BPM deployment that will significantly reduce the risk of the BPM introduction failing to reach your expectations along with reducing the personal career risk for the BPM leadership.

An Enterprise Process Management (EPM) system is the foundation for successful BPM deployments. The deployment of a solid EPM system will significantly reduce the risk to a BPM deployment and may also provide benefits to your organization beyond just the automation of workflows.

What is Business Process Management?

Gartner provides this definition; “**Business process management (BPM)** is a management discipline that treats business processes as assets that directly contribute to enterprise performance by driving operational excellence and business agility.” These sound great, but are their risks to you and your organization to transition from your current process management system to a BPM system? Of course!

Gartner goes on to say the following about the key essential elements of BPM:

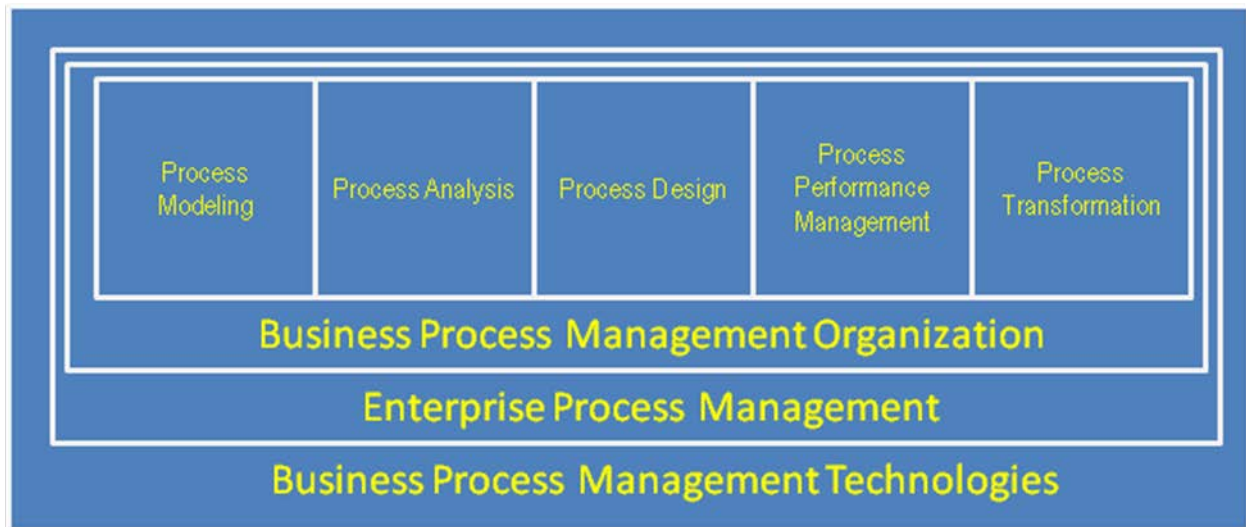
- Comprehending processes through business process modeling for visualization
- Evaluating process performance through attention to the right process metrics
- Generating options for performance improvements through process analysis
- Gaining the willingness to change the processes from the stakeholders involved

The more of these elements that are not currently embraced in your organization will develop higher levels of risk that you may embark on a BPM deployment and not succeed. That is a lot of change to drive into many organizations.

The Association of Business Process Management Professionals (ABPMP)^[1] identifies the components of a successful BPM program as shown in Figure 1.



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BPM CBOK[®] Organization (from ABPMP)

Figure 1

If we believe an association of BPM professionals, the introduction of BPM is a lot more involved than identifying a BPM software suite to buy, it will require a lot of changes throughout the organizational management too. Is there risk in proposing all of these changes? Of course there is.

The risks of a BPM implementation

If you initiate a business initiative to introduce BPM methods into your organization, there are risks to your business and to you as a leader or initiative participant. To illustrate this point, consider that a BPM deployment is not completed due to culture or other business issues and because of this disappears over time. This can result in:

- Risk1: Business loss of resources and money that will not be recovered.
- Risk2: Personal loss of influence and respect for the deployment's leaders. You, as a deployment leader, could lose your job, if the business financial loss is high enough.

How much risk are you willing to accept? Reduce your risk through a more thoughtful preparation and deployment of BPM concepts before committing to an expensive IT software solution, which seems so perfect in the marketing materials. Read on to find out how to be more thoughtful in your implementation.



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Benefits and Challenges of Implementing BPM

Why should an organization implement BPM?

- Management-through-processes can help to improve the company's performance in a more and more complex and ever-changing environment.^[2]
- Helps organizations gain higher customer satisfaction, product quality, delivery speed and time-to-market speed.^[3]
- Management of company performance through processes.^[4]

Organizations can use BPM as an initiative to move their business forward through the

- Standardization of management practices
- Workflow automation
- Customer experience improvement
- Improved efficiencies
- Reduced non-conformances

All businesses should want these benefits; however, with BPM, like other business change, there are risks. Common BPM company deployment business risks include wasted expense (software and IT), wasted labor and training, similar process efficiencies after two years, and another “program of the month” implementation. There are also personal risks for the person who is stimulating the change, which includes reputation, continued employment and future influence; however, if a BPM implementation is done right it can not only benefit the company but also the career of the person who initiates the change.

To illustrate how some improvement initiatives have not gone well consider:

- In 2007, CLO Magazine promoted the creation of an extraordinarily good employee on-boarding process at CompUSA; however, the promotions came out the same week as they filed for bankruptcy. Everyone lost their job; investors lost money. Many of the company's leadership probably struggled to get their next job. Was it a good decision for them to spend their improvement resources on on-boarding?
- A San Antonio, Texas bowling ball company was giving much focus on lean practices to accelerate and simplify their manufacturing processes, but their profitability was not satisfactory and they were acquired by a competitor because of their financial





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issues. Shouldn't their lean efforts have been more in alignment to improving their financials?

- JC Penney's had been struggling to compete, so they hired an outsider CEO, Apple's retail VP. Their new CEO immediately initiated major changes in the retailing philosophy and store design. He lasted just over one year and was fired in May of 2013. Penney's was then in a tougher financial position than when he started. Was the initiative to change JC Penney's retailing philosophy a big risk? Yes. Look how it turned out.



A major BPM deployment can be a major initiative in any organization. Do you, as a BPM deployment leader, want to follow the path of the Penney's CEO? Do you want your deployment to end up like the bowling ball company's implementation or CompUSA improvement efforts? Every major change has risk, but there are a few simple methods to manage the risk to you and your company's benefit. These actions are relatively simple and inexpensive compared to a BPM software suite deployment. Some business management risk considerations to reduce are:

- Preplan in order to reduce the likelihood of mistakes.
- Deploy with additional activities that quantify actual risk rather than just estimating risk.
- Include risk mitigation steps into the deployment plan.
- Validate the benefit before committing the company to the big expenses and irreversible changes.
- Implement a BPM infrastructure that provides a long-lasting solution.

BPM Deployment Considerations

When conducting a keynote at a major defense contractor's facility, the General Manager in his presentation emphasized how much they had been using Lean throughout their organization. I later took a tour of their facility and commented to the tour guide, a Lean Six Sigma Black Belt. I stated how I thought their company was doing a great job leaning out their manufacturing processes but noticed that they had a lot of idle equipment. I asked about what projects they were doing in sales and marketing, their obvious bottle-neck. He responded that they were not doing anything trying to improve the effectiveness of their sales and marketing processes. These processes are where focus should be given to generate the opportunity for addressing their excess-capacity situation and generate more revenue.



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The term Theory of Constraints (TOC) was coined by Elijah Goldratt in the early 1990's. The concept was documented in a popular book "The Goal."^[5] A TOC message is that improvements in any area other than the constraint to success would be ineffectual. Doesn't this make sense? This point is important in that organizations often create process improvement efforts in silos that do not benefit the enterprise as a whole.

To illustrate this point let consider our previous illustrations:

- Was CompUSA business success constrained by the on-boarding process?
- Was the bowling ball company sales constrained by the efficiency of the manufacturing operations?
- Was Penney's constraint in the sales philosophy and store design?

These corporate actions may have been popular and well thought out, but they did not change the business constraints to success.

Focus has been given to the deployment that did not work; however, there are also success stories. Starbucks introduced Lean concepts to their stores in 2009. This effort increased throughput and were able to reduce the shift staffing by one person. The result is that there was more same store revenue with less operating costs. Target was losing ground to competitors in sales. They tested new upscale products with a focus on colors rather than low cost. It worked so it was spread to all stores. Now they are a leader and sales are up. These companies attacked their constraint.

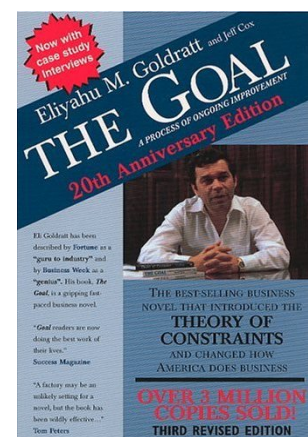


What is the message from TOC?

Example constraints that should be addressed through process improvement efforts are:

- An efficient factory that was short on customers had a sales constraint.
- When overtime work is still not delivering on-time there is a throughput constraint in quality and/or capacity.
- An inability to provide products or service satisfaction at the prices the market demands is a potential constraint in operating cost, labor, services, or debt.

The barrier to achieving success so that the enterprise as a whole benefits is the constraint. Constraints may be inside or outside the





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business. Businesses that execute process improvement efforts that are not in the constraint may have benefits but not necessarily big-picture benefits.

To avoid risk in a BPM deployment, one should first apply BPM to your constraint. With this approach, there will be avoidance of wasting resources on BPM. A top-down approach is needed for identification of the overall business constraint. To accomplish this, one needs to measure the enterprise, use analytics to understand performance constraints, apply performance data to identify constraints, and utilize BPM methods on the strategically aligned performance constraints.

Organizations should not start with BPM suite software. With this approach, one might even find that you can remove your constraints and manage your processes without an expensive software suite?

BPM can provide:

- Methods to simplify and standardize the execution of business workflows that are managed by people.
- Methods to manage the process and adjust the execution to keep it optimized
- Methods to monitor performance with data based methods.
- Works with within an enterprise business system to communicate performance in an Enterprise Performance Management (EPM) system.

Enterprise Process Management

The BPM Body-Of-Knowledge (BOK), from ASBPM provides a framework to provide enterprise alignment. This document describes the required business competencies including analysts, process developers, programmers, and improvement leaders. Described is how an Enterprise Process Management (EPM) system is needed to manage the BPM. A visualization of this integration is shown in Figure one.

One might be surprised that BPM alone is not enough. The EPM system that allows one to properly apply the BPM methods is that with this approach it is the EPM that ensures that middle and upper management that will act properly on process constraints and problems. Also, it is the EPM that ensures the BPM benefits are internalized and sustained.

However, the EPM, as documented in the BPM BOK, provides no real guidance in how to accomplish this integration. The document assumes that EPM is in your current enterprise



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business system. Assumed also is that your current enterprise business system will understand how to apply BPM; however, if your business system was performing great, you may not have needed to consider BPM!

BPM may seem to have so much benefit; hence, an organization may feel that they want to wait on EPM because they could have in a short time

- Automated workflows that reduce staffing
- Automated workflows that standardize process execution
- Automation that provides process execution metrics that help management makes better decisions.
- Business performance visible throughout the organization

But, one of our students shared a corporate mantra “lean before digitize” driven by the IT organization, which was a driver of their BPM organization. Could this BPM initiative approach provide results like CompUSA or the bowling ball manufacturer? Yes it could. Improving a process that is not a constraint will not provide a significant improvement on the financials! Would you like to tie your career to this effort?

How BPM can provide no enterprise benefits.

One situation is accelerating a process that is not a constraint will not provide any relief of your business limitations. Another situation is simplifying a process and cutting staff will reduce operating costs, but these gains will be on the periphery of your needs unless they are improving a constraint. It may delay problems, but not eliminate them.



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Is BPM an IT or Business Initiative?

Most BPM vendors will have an organization focus on your IT infrastructure and your operational ability to digitize or automate workflows. Why is that done? The reason is that this is their expertise and there is a lot of money for them if you adopt it. Evidence that supports this point of view is that most BPM job postings are for programmers tied to specific software packages.

The big players in the BPM world are the software vendors, who will help you create a business system that is highly dependent on their software usage. Software solutions provide great tools; they allow workflow automation/digitization without the use of pure programmers, but with process experts. The software vendors will provide guidance to your business system, but in a way that best supports their product.

You are your best advocate for BPM, not a vendor. Many of the true benefits of BPM can be identified and implemented without automation software. In Lean Six Sigma terms, the software companies are proposing a solution and then fit your needs into their solution. Why lead with the solution? Why not build a solid BPM system in your organization and then move forward with a solution using the best software vendor based on your needs.

Integrated Enterprise Excellence (IEE)

Integrated Enterprise Excellence (IEE)^[6] is our name for a business system that includes both an EPM and a BPM component, which provides a demonstrated method to identify:

- Business success constraints
- Identify strategies to remove constraints and improve performance
- Distribute analytics from the enterprise to the process allowing best practices in business management.

IEE BPM and EPM system can provide your business with all the management competencies to support BPM goals of business growth, improved financials, and no required capital expenses until you have evidence to support the benefits to your company. Organizations benefit when they identify what is needed to achieve better process management before automation is introduced.

With this approach, most companies end up automating a lot less since automation will be executed only where beneficial. The benefit of this approach is that there will be limited risk that BPM will be ineffectual for your business and limited risk that BPM will provide a



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negative impact on your career. This cost is that an IEE BPM & EPM start may delay the introduction of automation by half a year, but you will know you are targeting the processes that will drive success.

One might think that it might be too late for this approach since a BPM program is already in place that has automation focused. The IEE BPM & EPM system will still provide you an ability to ensure your resources are utilized in the best areas of the business. This approach will reduce future risk that BPM ends up another wasted opportunity. The IEE BPM & EPM can recover a BPM program that is not providing expected benefits.

The IEE BPM/EPM system is a structured methodology to evaluate the business from your mission and vision through a business function based point of view using a variant of Porter's Value Chain that:

- Ensures the key business performance metrics link to enterprise success and are identified and communicated throughout the business.
- Provides a simple enterprise management system for the key business metrics.
- Provides a method to identify the optimal improvement activities to initiate when performance is found to be unacceptable or a true constraint is identified.
- Implements a BPM system, when adequate performance is achieved to ensure it is sustained. This may or may not involve the automation of a workflow.

To some organizations, the IEE BPM/EPM system is just a logical extension to their existing business system. To other businesses the IEE BPM/EPM system may be a revolutionary improvement to their business practices. Either way, better performance results are achieved. IEE BPM/EPM Key Advantages

- Provides a structure to ensure the optimal application of automated workflows.
- Provides a management structure to support basic business decisions to ensure they fit the corporate mission vision and strategic needs.
- Removes the risk that you implement an expensive BPM IT solution that does not benefit the business but increases operating costs.
- Removes the risk that your career is hurt by a failed BPM deployment.

Potential next steps are that Smarter Solutions provides one successful method to apply BPM in an organization. Other methods can work for you, but do not ignore the Enterprise Process Management system. With this approach, target constraints will be made with your BPM efforts that provide easily visible strategic gains. Learn where to apply the automation to your benefit before committing to an expensive BPM software suite.



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More information is available on Smarter Solution's website (<http://www.smartersolutions.com>). Available from this site is not just marketing material, but articles, recorded webinars, and videos. The IEE blog provides a means for discussion about current topics. Our free e-book that is available from the site provides more information about the IEE business system.

Contact us at info@smartersolutions.com or 512-918-0280 if you have any questions or want to discuss how you can most effectively implement a successful BPM deployment for your particular situation.

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About the Author Forrest Breyfogle, III



In a professional career spanning over a quarter century, Forrest Breyfogle has established himself as a leading edge thinker, a prolific author, an innovative consultant, a world-class educator, and a successful business executive. His work is documented in eleven books and over ninety articles on the topic of quality improvement.

A professional engineer, Forrest is also a member of the board of advisors for the University of Texas Center for Performance Excellence. He is the founder and CEO of Smarter Solutions, Inc., an Austin, Texas based consulting firm offering business measurement and improvement consultation and education to a distinguished list of clients worldwide, including BAMA, CIGNA, Dell, HP, IBM, Oracle Packaging, Sherwin Williams, Cameron, TIMET, and TATA. He served his country on active

duty in the US Army for 2 years, and has played an active leadership role in professional and educational organizations. Forrest received the prestigious Crosby Medal from the American Society for Quality (ASQ) in 2004 for his book, *Implementing Six Sigma* (second edition). This award is presented annually by the American Society for Quality to the individual who has authored a distinguished book contributing significantly to the extension of the philosophy and application of the principles, methods, or techniques of quality management

He is a widely recognized authority in the field of management improvement and is a frequent speaker before professional associations and businesses. His earlier work in the field of management science has been widely acclaimed. A previous book, *Implementing Six Sigma*, sold over 40,000 copies and still ranks among the top Amazon books in Applied Mathematics/Engineering Statistics and Industrial Engineering /Quality Control.

He founded Smarter Solutions in 1992 after a 24-year career at IBM. The associates of Smarter Solutions specialize in helping companies throughout the world improve their bottom line and customer satisfaction through the implementation of techniques that are beyond traditional Lean Six Sigma and the balanced scorecard methodologies. His latest and most extensive work has been in the documentation of a new system of enterprise management, the Integrated Enterprise Excellence (IEE) system, in a series of five books. IEE provides a detailed roadmap that builds on and integrates the best practices of earlier disciplines like Six Sigma, Lean, TQM, PDCA, DOE, and TPS combined with innovative analytical tools to produce improvements at the highest level of an enterprise.

In addition to assisting hundreds of major clients in the wise implementation of improvement systems worldwide, Forrest has also developed over 300 hours of classroom instruction used to train executives, managers, and Black Belt practitioners to plan for, implement, and manage IEE systems. He also leads formal seminars and workshops worldwide.

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