

# Roadmapping Your Success with Business Process Management Skills

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# What is Business Process Management?

- ▶ Association of Business Process Management Professionals (ABPMP) defines it as "both a management discipline and a set of technologies that support managing by process."
- ▶ If you search on the internet, you could come to think it is all about the software and automation of workflows.



# Why Business Process Management?

- ▶ *“Company performance management through processes” A.W. Scheer*
- ▶ *Kohlbacher (2009) indicates that BPM helps organizations to gain higher customer satisfaction, product quality, delivery speed and time-to-market speed.*
- ▶ *Wikipedia “...BPM enables organizations to be more efficient, more effective and more capable of change than a functionally focused, traditional hierarchical management approach.”*



# Business Process Management Benefits

- BPM can provide great benefits:
  - Standardized management practices
  - Automated workflows
  - Improved customer experience
  - Greater business efficiencies
  - ...
- How could any business not want these benefits?



# There is Risk in any Change

## Personal Risk

- Supporting or driving a major change includes a personal risk.
  - Your reputation
  - Your continued employment
  - Your influence

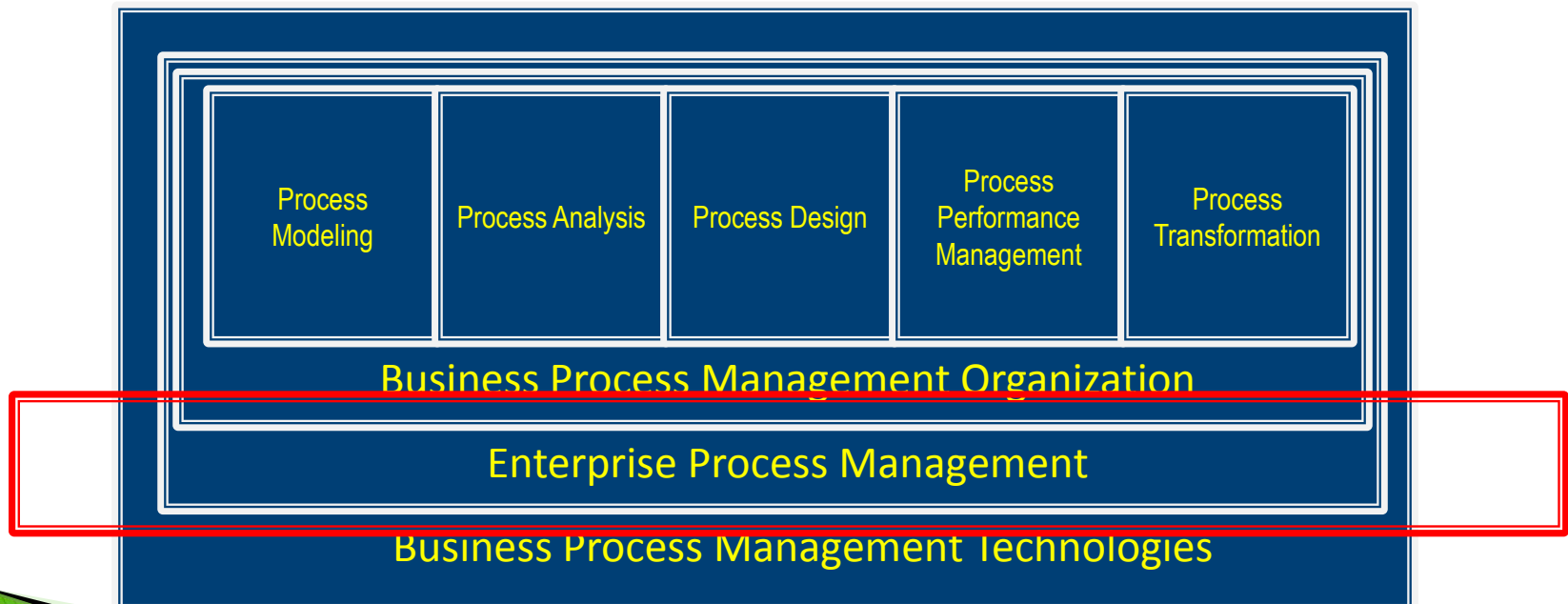


- But do it right and your career may jump!



# Where did this Enterprise Process Management come from?

- A BPM Common Body-Of-Knowledge (CBOK), from Association of Business Process Management Professionals (ABPMP), provides a framework for BPM deployments that is software independent.



BPM CBOK<sup>®</sup> Organization (from ABPMP)

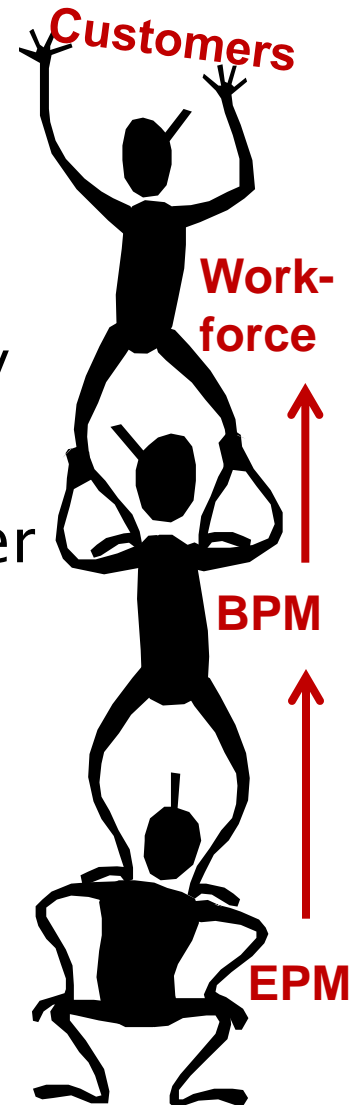




# Where did this Enterprise Process Management come from?

- Is this a surprise, that BPM alone is not enough?
  - It is the EPM system that allows you to properly apply the BPM methods.
  - It is the EPM that ensures that middle and upper management will act properly on process constraints and problems.
  - It is the EPM that ensures the BPM benefits are internalized and sustained.

Is your business system up to this task?



# BPM, without software

## BPM can provide:

- Methods to simplify and standardize the execution of business workflows (managed by people)
- Methods to manage the process and adjust the execution to keep it optimized
- Methods to monitor performance with data based methods
- Integration within an enterprise business system to communicate performance (with EPM system)





# BPM, without software

- ▶ Many believe it is the software that manages the entire BPM deployment.
  - It is not true!
- ▶ The analysis and definition of the workflow can use non–proprietary software
  - Use a BPMN 2.0 compliant flow charting tool
  - All good BPM software suites will import it.

*Even Visio can provide BPMN 2.0 with a simple add-in*



# BPM, without software

- ▶ With the new workflow designed
  - Simulate the workflow to check design
  - Pilot test the workflow manually
  
- ▶ Now you know;
  - Input requirements for the automated workflow
  - Process inputs for screen building
  - Data reporting requirements for data recording
  - Process management rule set is defined.
  
- ▶ Now go find a software that meets these needs.



# What is Business Process Management?

- ▶ Smarter Solutions believes that the key value of BPM is in the management system that manages your processes.
- ▶ Five simple steps will be described that support the process management system.



# 5 Simple Steps

Do not worry yourself!

These concepts are **software independent!**

These concepts will benefit a new or existing BPM effort.



# 5 Simple Steps

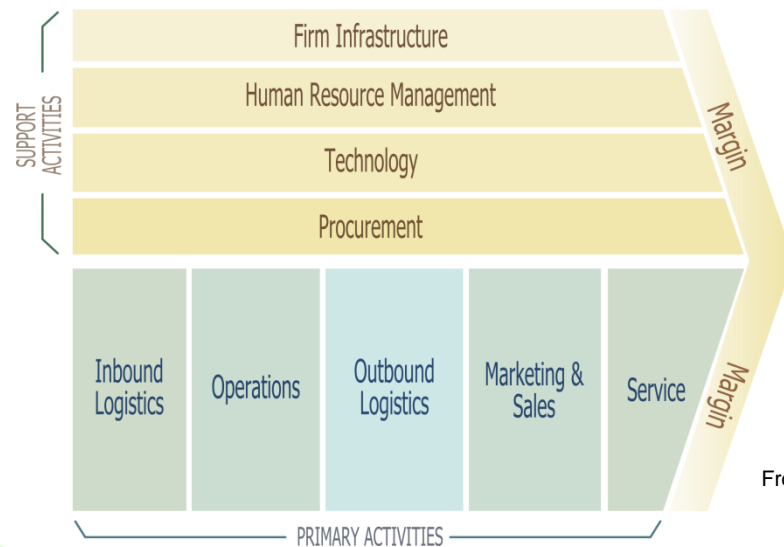
1. **Create a value chain.**
2. Identify key performance metrics.
3. Provide performance metric driven decision making.
4. Remove constraints.
5. Improve before automate.

5



# 1. Create a Value Chain

- ▶ What is a value chain?
  - It is a simple high level diagram of your business.
- ▶ First discussed in a book by Michael Porter “On Competition”, 1985
  - A value chain is a series of activities that add value to your customer.



From Wikipedia



# 1. Create a Value Chain

- ▶ The activities that a business performs are quite similar for businesses in similar segments.
- ▶ It is how you monitor and manage the activities that lead to a superior BPM implementation.

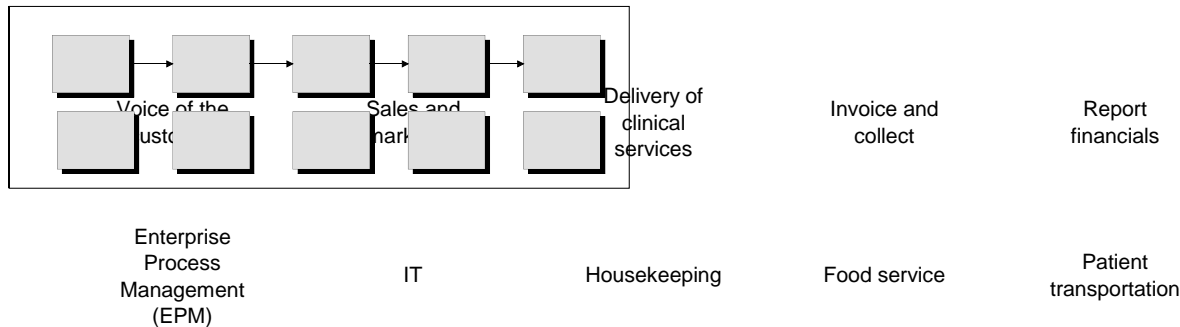
*Understanding your management practices is a key to successful BPM.*





# 1. Create a Value Chain

- ▶ A simple value chain lists the key activities or functions at a very high level.
  - We are using the Integrated Enterprise Excellence (IEE) variant to Porter's value chain.



*Notice it starts with the voice of the customer and ends with financial success.*

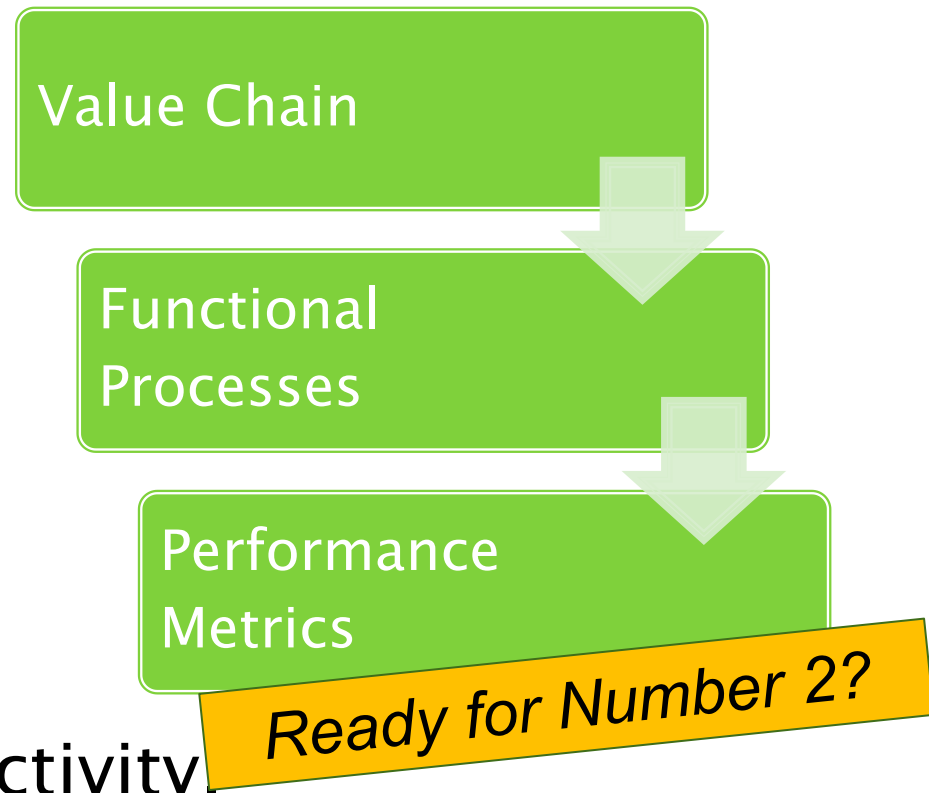


# 1. Create a Value Chain

- ▶ Diagramming your key activities is just the start.

Knowing what you do is the foundation of all BPM systems.

- ▶ The next step is to understand the 30,000-foot-level performance of each activity.



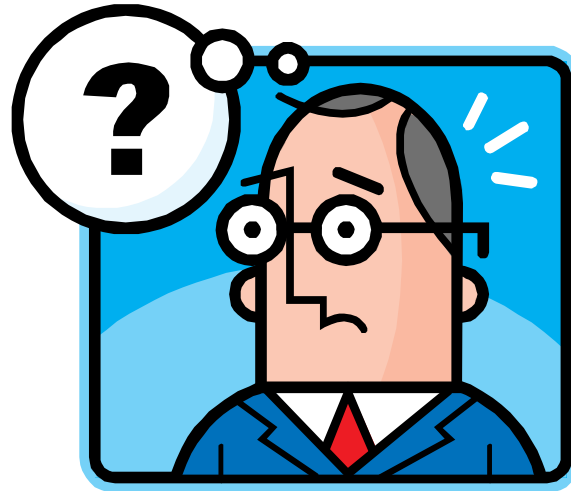
# 5 Simple Steps

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## 2. Identify Key Performance Metrics

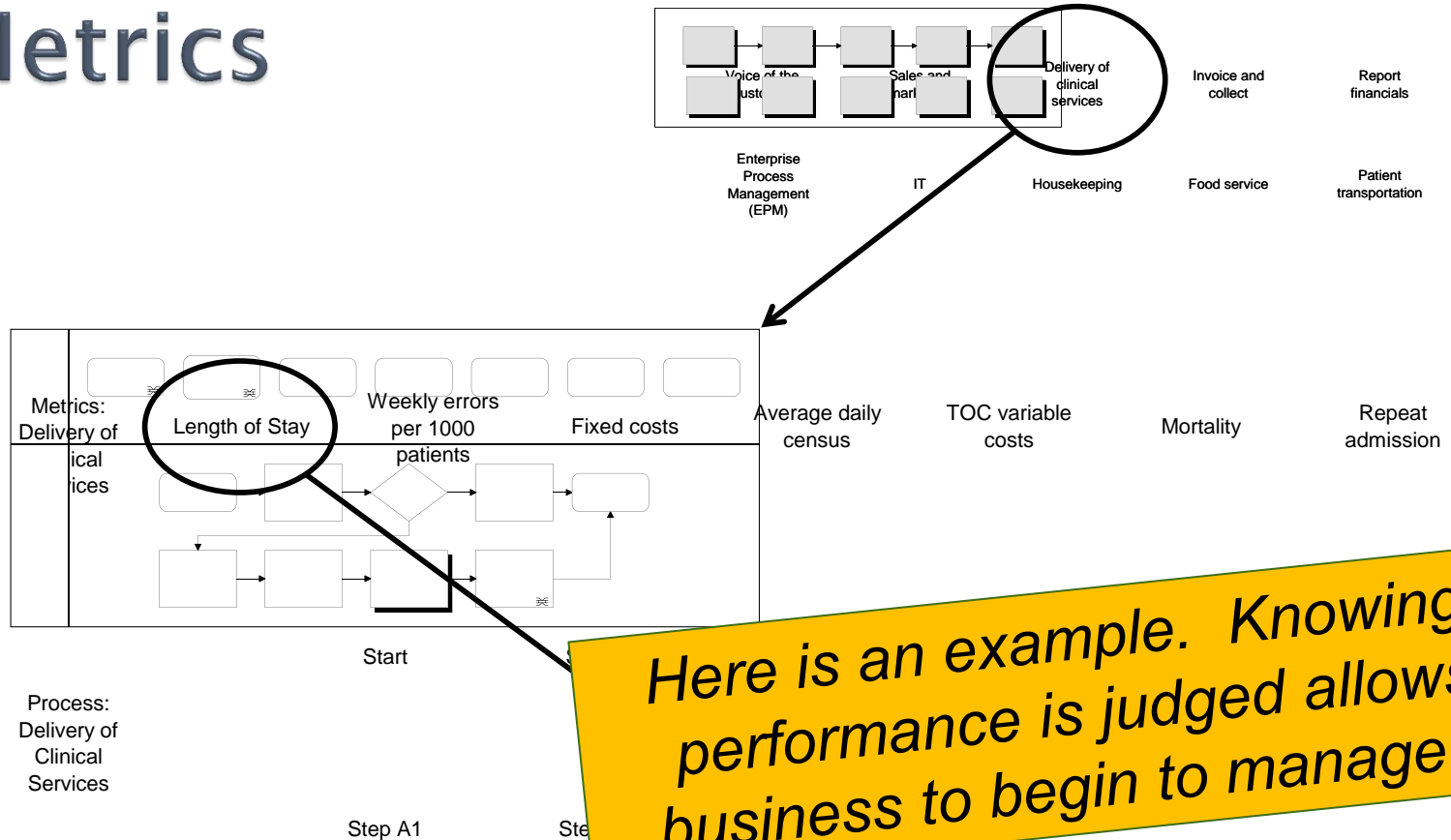
- ▶ Now that you know what you do to provide value, you need to figure out how to measure success.



*Do not be worried, it is really easy!*



# 2. Identify Key Performance Metrics



*Here is an example. Knowing how performance is judged allows the business to begin to manage itself.*

Statement of how the process is performing at a high level or 30,000-foot-level.

## 2. Identify Key Performance Metrics

- ▶ For every activity/function, there are many possible measures of performance.
- ▶ We suggest asking the question: What are good functional measures from a **quality**, **cost**, and **time** point of view?
  - The other activity metrics can be considered as inputs to the primary metrics or intra-process performance measures.

*Think of a hierarchy of metrics. Higher levels are the results of the lower level performance*



## 2. Identify Key Performance Metrics

- ▶ Other methods to identify the performance metrics are:
  - Examining the customer requirements
  - Asking subject matter experts
  - Brainstorming
  - Benchmarking
- ▶ Organizations benefit when these performance metrics are reported out in a 30,000-foot-level format.

*A mix of all methods is usually used*





## 2. Identify Key Performance Metrics

- ▶ Understanding hierarchy
  - Think of your business as a process

$$Y = f(x_1, x_2, \dots)$$

- Your management methods focus on achieving the best  $Y$ .
  - Through managing the  $X$ s.
  - Some  $X$ s are intermediate process measures, while others are inputs to the process.

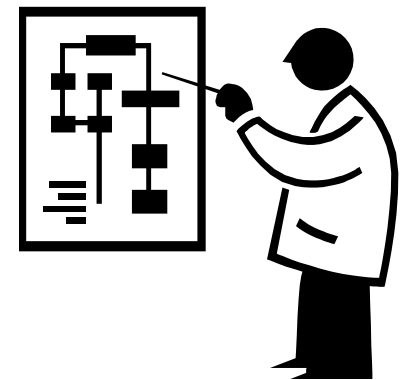
*When the  $Y$  is a problem, evaluate the  $X$ s.*



## 2. Identify Key Performance Metrics

- ▶ Business Process Management is about management of the process that produces the *Ys* or the processes that provide the *Xs* to the major business function.

*Managing the processes is the next principle.*



# 5 Simple Steps

1. Create a Value Chain.
2. Identify key performance metrics.
3. **Provide performance metric driven decision making.**
4. Remove constraints.
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# 3. Provide Performance Metric Driven Decision Making

- ▶ This step is about using the metrics from step 2.



Metric Driven Decisions  
vs.  
Intuition Driven Decisions



*Which type of decision is more apt to provide the best decision?*



# Q1 – How are decisions made in your business?

Please select your best choice.

- ☐ 10% data : 90% intuition
- ☐ 25% data : 75% intuition
- ☐ 50% data : 50% intuition
- ☐ 75% data : 25% intuition
- ☐ 90% data : 10% intuition



# 3. Provide Performance Metric Driven Decision Making

- ▶ Of course, data is better when you have it, but it is not always available.
- ▶ BPM notes:
  - If you do not have data right now it is **OK**.
  - Design the collection into your processes early.
  - It is difficult to add data collection post automation.



# 3. Provide Performance Metric Driven Decision Making

- ▶ Data based decisions are good
  - Knowing how to make the decisions is the starting point for a BPM system.
- ▶ **Business and Management Rules**
  - Ensure predictable performance.
  - Ensure change actions are executed properly.
  - Allow for delegation of basic process management to the workforce.

*This is a difficult step for cultures that reward heroes.*





# 3. Provide Performance Metric Driven Decision Making

- ▶ Metric and data based business decisions
  - *Does not mean “no decisions without data.”*
- ▶ What it means:
  - Include a metric data analysis when available
  - When the data does not match you intuition, find out why.
  - Verify the impact of business decisions using performance metric data.



# Quick Review

- ▶ Describe using a value chain the business functions that are needed for success.
- ▶ Identify how to measure your function's metrics.
- ▶ Use measurement information to make informed decisions.

*This seems simple, but this is a foundation that will make your BPM effort really perform.*



# 5 Simple steps

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# 4. Remove Constraints

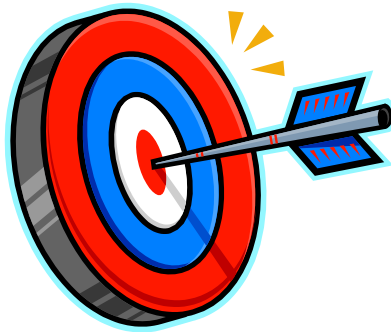
- ▶ What stops greater performance?

## Constraints – Bottlenecks



# 4. Remove Constraints

- ▶ Why worry about constraints?
- ▶ Targeting constraints with your BPM effort will ensure a rapid **realization of benefits** and **greater support** to expand the effort.



*In every organization there are only a few things that limit success, work on those first and be famous!*



# 4. Remove Constraints

- ▶ It is simple in concept, but more difficult in practice to execute.
- ▶ Many constraints are self-inflicted
  - Policies
  - It's always been that way
  - Cultural



# 4. Remove Constraints

## ► Examples

- Decisions take many approvals
- Chaotic workflow after growth period
- Move to automation without staff skills
- Rewarding heroes that don't follow processes
- Workforce takes breaks together
- Rewarding busy people
- Not selling enough





## Q2: What constraints hold back your business' success?

Please select all that apply

- ☐ Procurement policies
- ☐ HR Policies such as Promotion and award policies
- ☐ Excessive approvals for change
- ☐ Budgeting policies
- ☐ others we did not list



# 4. Remove Constraints

- ▶ How can constraints be identified?
  - Look for large work queues.
  - Look for high overtime levels.
  - Look for tasks that are always late.
- ▶ What are implications of unknown constraints?
  - Changes only occur as part of a crisis.
  - There is much improvement process work but no overall business improvement.



# 5 Simple Steps

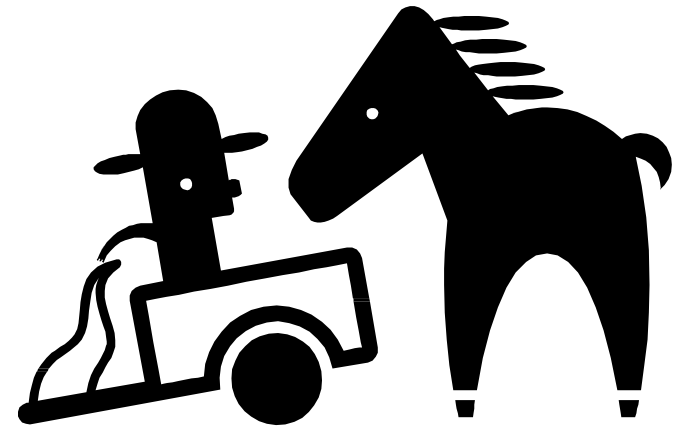
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# 5. Improve Before Automation

- This is obvious, right?

*It is time for Business  
Process Improvement (BPI).*



# 5. Improve Before Automation

- ▶ A lot of work goes into automating a process using a BPM Suite software.



- ▶ Process changes now require a software coding change along with all the other actions.



- ▶ Do it right the first time and avoid rework efforts.



# 5. Improve Before Automation

- ▶ As part of a BPM deployment:
  - Document business and process rules.
  - Diagram each process.
  - Setup metrics.
- ▶ With all of this, why not improve the process?
  - Standardize execution.
  - Remove or formalize rework.
  - simplifying the process (lean it out).
  - Improve quality, fix it!



# 5 Simple Steps

1. Create a Value Chain.
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# Why should you care?

- ▶ So many business initiatives start out with great fanfare, but die off. Why?
- ▶ It may be that the business practices were not coordinated or aligned with the initiative.
- ▶ The described 5 simple steps will ensure an alignment between your business system and your BPM. Ensuring success!





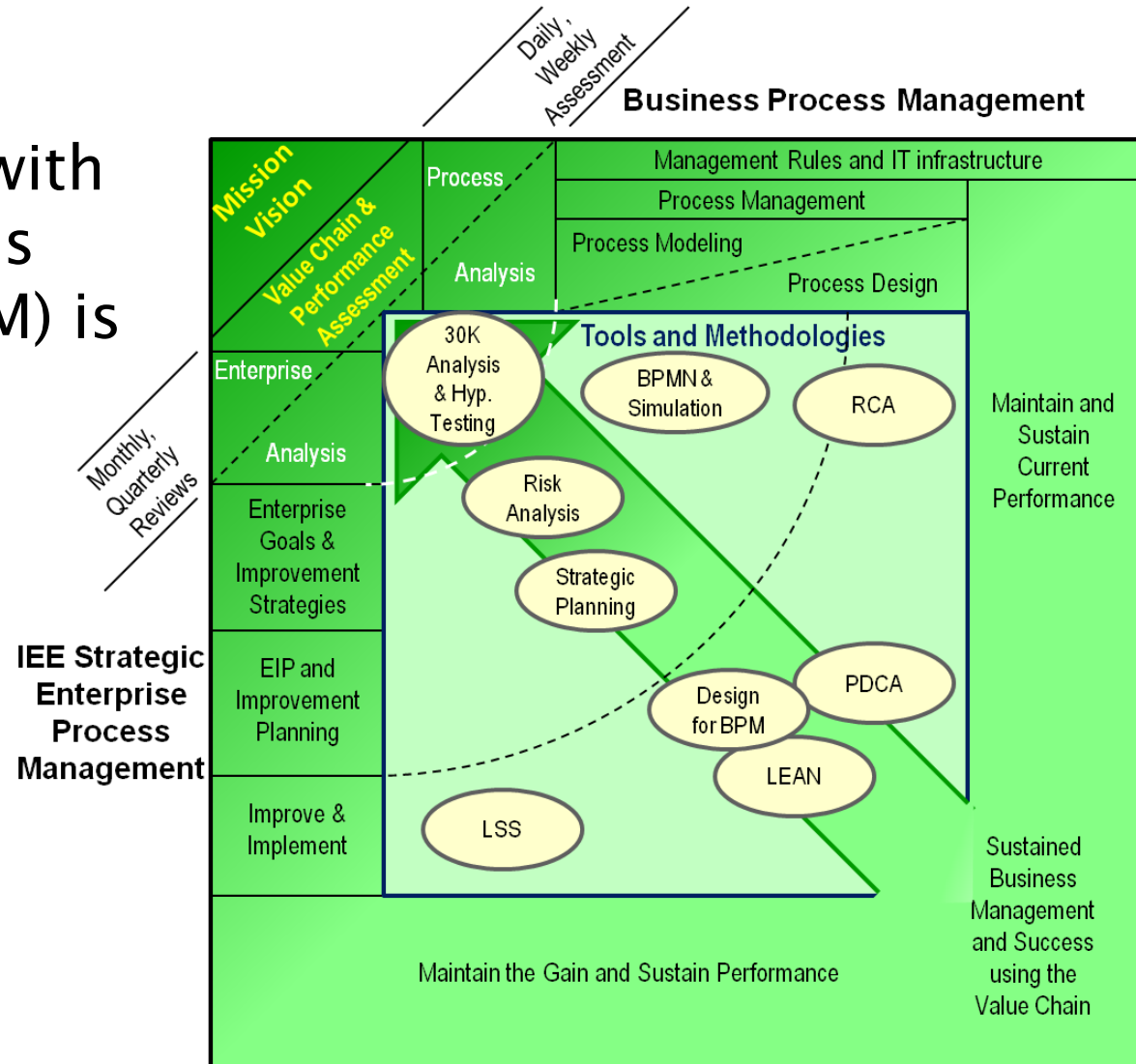
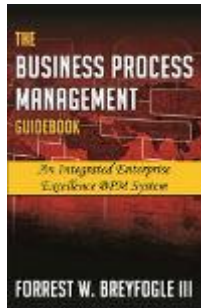
# Why Should You Care?

- ▶ Starting with process automation alone would be no different than adding a new machine or reorganizing your department.
  - It is exciting at first, but then nothing really changes.
- ▶ It reminds me of the book *The Goal* by Eli Goldratt, where the company added a very efficient robotic process but was unable to deliver their orders on time.



# More Information

- ▶ The roadmap for integrating BPM with Enterprise Process Management (EPM) is described in *The Business Process Management Guidebook*



# More Information

- ▶ If you put your contact information on the sheet that was passed around, I will send you information on how to download a free e-book copy of the publication.

- ▶ Book title:

*“The Business Process Management Guidebook: The Integrated Enterprise Excellence BPM system” by Forrest Breyfogle, Citius Publishing 2013.*



# Questions?

***BPM should not just be an IT automation effort***

*For more Information Contact Smarter  
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