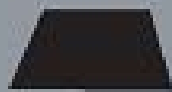


7 DEADLY SINS OF BUSINESS PROCESS MANAGEMENT



INTRODUCTION

Wikipedia states that BPM is: “Business process management (BPM) has been referred to as a "holistic management" approach to aligning an organization's business processes with the wants and needs of clients. BPM uses a systematic approach in an attempt to continuously improve business effectiveness and efficiency while striving for innovation, flexibility, and integration with technology. It can therefore be described as a ‘process optimization process.’ It is argued that BPM enables organizations to be more efficient, more effective and more capable of change than a functionally focused, traditional hierarchical management approach.”

But to achieve the above BPM objectives, organizations need to do things differently. Here are seven deadly sins that stifle a successful BPM implementation:

1. Ad hoc BPM is the deployment plan.
2. Automation as the goal.
3. Performance measured as variance to plan.
4. Strategic planning by committee.
5. Intuitive decision-making without data.
6. Stretch goals drive performance.
7. Improvement efforts are in silos.



DEADLY SIN #1:
AD HOC BPM IS THE DEPLOYMENT PLAN

BPM should promote consistency; however, there is not a consistent approach for the deployment and implementation of BPM. Care needs to be exercised when implementing BPM; otherwise the deployment benefits can fall very short of expectations.

Many organizations will decide to roll out a BPM effort in an area where other businesses have employed the methodology or where they can find a manager that is okay with the techniques. Often the approach for undertaking BPM is to apply the methodology where implementation is easy. While these methods may lead to a more rapid deployment, in most cases the end result will not be a great success at the business level, where business success is defined as an improvement in the financials.

At the end of a BPM deployment, businesses should see financial improvement or they should not have invested the time and money to deploy BPM. An ad hoc deployment that does not give focus to improving financial performance will generally be later judged as a failure.



DEADLY SIN #2:
AUTOMATION IS THE GOAL

BPM can be considered as an evolution of previous programs such as Total Quality Management (TQM) and re-engineering, where automation was not considered a formal part of these undertakings. BPM's inclusion of automation as a methodology in its deployment is very beneficial since automation can provide more consistency, improve efficiencies, and reduce the utilization of resources.



However, automation as a goal for BPM does not provide a means for achieving BPM's objectives. If care is not exercised, BPM automation can result in the speeding up of bad processes and/or the sub-optimization of processes that do not benefit the enterprise as a whole.

DEADLY SIN #3: PERFORMANCE IS MEASURED AS VARIANCE TO PLAN

In business management, it is very popular to establish goals throughout the organization and track performance relative to these goals. These "variance to plan" objectives are usually created independently from the true business performance needs. After the business provides the goal to each function, a plan to achieve the goal is created. This does not seem to be a bad approach for business management; however, there can be significant, undesirable consequences from this policy.

In the book *Real Numbers*¹ by Cunningham and Fiume, the authors, who have been financial executive officers in well respected companies, made the following statements that highlight this point:

- "Information must . . . be easily understood and actionable. Over the years, however, managers have been forced to understand their own departments, not in terms of income and cost, but as variances and percentages that bear little relationship to reality."
- "Those same managers learned that variances could be nudged up or down to present a better picture of the operation--for instance, by using labor hours to make a million pieces of plastic that were not actually needed, even if that meant damaging the real business interests."
- "Complex accounting created a kind of funhouse mirror, where a skinny man could look fat by simply shifting his position."

DEADLY SIN #4: STRATEGIC PLANNING BY COMMITTEE

Strategic statements are often created by an executive team where directive organizational statements are developed and then are to be cascaded throughout the organization for action.



Strategic plans should not be created by a single person; however, bringing in a large committee to generate these plans can be wrought with problems. Strategic planning should not be simply a qualitative group process used to come up with new ideas for products or services. Using brainstorming and other selection tools will typically end up with a strategic plan that is a popularity contest, which may not be what the business needs.

DEADLY SIN #5: INTUITIVE DECISION-MAKING WITHOUT DATA

At both the strategic and operational level, decisions are often made using intuition. These decisions can be good; however, often what was thought to be true was not, and the resulting actions were not what was expected and could even be detrimental. A business is truly at risk when its market is changing and the business knowledge that let it succeed in the past cannot extrapolate to the new market changes. In these conditions, the intuitional decisions may be contrary to the new market conditions.

DEADLY SIN #6: STRETCH-GOALS DRIVE PERFORMANCE

Organizational goals are important; however, stretch-goals can lead to emphasis being given to do what it takes to meet the numbers. When focus is given to meeting a specific performance number at some future point in time, this objective can lead to unhealthy, if not destructive behaviors.

For example, a function in one portion of the business can be doing something that makes the numbers desirable but at the same time negatively impacts another portion of the business and/or the business as a whole.

The setting of a new performance goal without a plan to change a process or business system usually leads to problems. The stretch-goal concept was created with an assumption that if we ask more of our people, they will perform better. Think about that. It assumes that the workforce is currently underperforming, not that the current business processes are inadequate to reach the performance goals. Ask yourself: what are the constraints to create success? If it is not the people, then consider not using stretch-goals but set goals to make process improvements that change the overall business performance.



Dr. Lloyd S. Nelson² summarized this line of thinking when he stated: “If you can improve productivity, or sales, or quality, or anything else, by (e.g.,) five percent next year without a rational plan for improvement, then why were you not doing it last year?”

DEADLY SIN #7: IMPROVEMENT EFFORTS ARE IN SILOS

Everyone understands that organizational survival depends on making improvements. Organizations often encourage operations to continually make improvements. In addition, more major improvement efforts are often determined from a list that are thought could be beneficial; however, often these improvement efforts occur in silos and do not benefit the big picture.

A typical example of improvements in silos follows: each division manager is directed to make improvements of say 10%. Now every division is competing for the improvement resources in order to meet its personal goal and no-one is looking at the overall enterprise performance needs.

Improvement efforts require resources. The question is: Where should these resources be spent so that the enterprise as a whole benefits?

OVERCOMING THE 7 DEADLY SINS OF BPM

The described seven deadly sins of BPM can be overcome through execution of the Integrated Enterprise Excellence (IEE) system for implementing BPM. How this approach addresses the seven deadly sins of BPM is as follows.

OVERCOMING DEADLY SIN #1: AD HOC BPM IS THE DEPLOYMENT PLAN

Rather than using an ad hoc approach for implementing BPM, a consistent, proven approach is needed. The IEE roadmap for implementation addresses this need by providing a consistent and effective implementation of BPM. The details for implementing this approach are described in the book [The Business Process Management Guidebook: An Integrated Enterprise Excellence BPM System](#).³ The roadmap for this execution is shown in Figure 2.

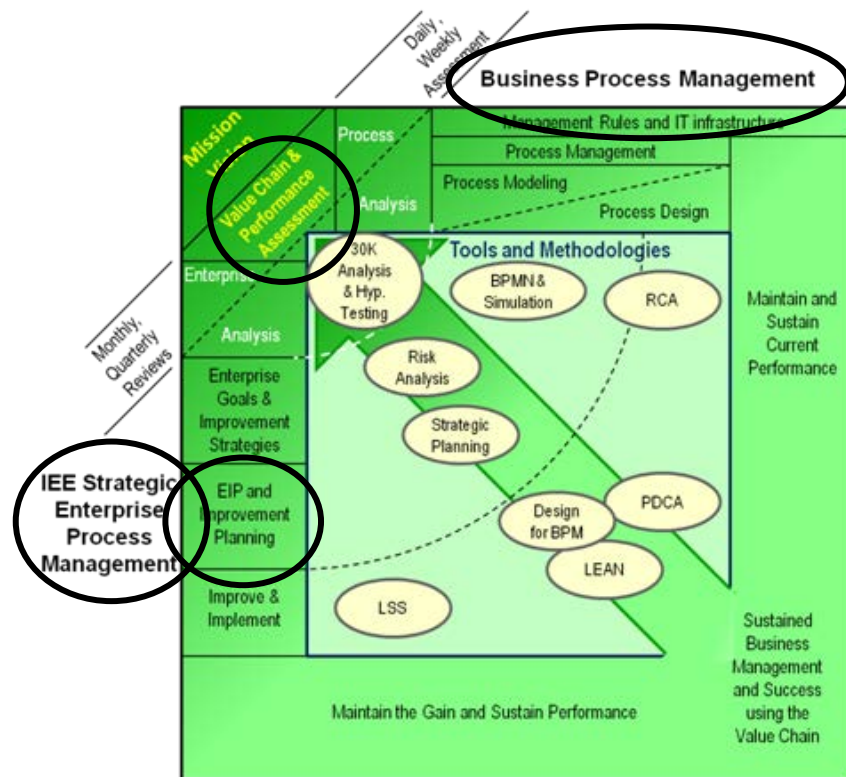


Figure 2: IEE BPM Implementation Roadmap with Implementation Highlights.

From *The Business Process Management Guidebook: An Integrated Enterprise Excellence BPM System*³

Highlights of the IEE roadmap for implementing BPM are:

- Describes a process for structurally integrating Enterprise Process Management (EPM) with BPM, which offers the inclusion of strategic decision-making with the methodologies of BPM.
- Includes an IEE value chain, which can provide, at a click of the mouse, what the organization does and how it measures performance using a predictive measurement reporting system.
- Incorporates an Enterprise Improvement Plan (EIP) methodology for indentifying, through the blending of analytics with innovation, where improve efforts, including process automation, should focus so that the enterprise as a whole benefits.

OVERCOMING DEADLY SIN #2: AUTOMATION IS THE GOAL

With an IEE implementation and its EPM view, organizations can determine where process improvement efforts should focus as part of its EIP so that automation improvement efforts positively impact the enterprise as a whole. This makes improvement the end goal with automation being a means to achieve the goal.

OVERCOMING DEADLY SIN #3: PERFORMANCE MEASURED AS VARIANCE TO PLAN

Performance reporting should use real business performance values reported over time. Never use variance to plan to monitor true performance. Reporting the variance to the plan is generally a measure of your ability to plan, not of the business performance.



One thing that is often not considered is the question of whether we are tracking the most important metrics. Often these metrics are not determined as part of an integral evaluation of what is done in the organization and how the functions are to be tracked relative to cost quality and time.

Variance-to-plan metrics can lead to firefighting and, as noted earlier, unhealthy behaviors. Variance-to-plan performance measurements typically do not make statements about what is expected in the future unless something was done differently. What is desired is an enhanced form of reporting that provides a predictive statement, where, if what is predicted is undesirable, then everyone understands that the process would need to be improved for a desirable performance to be obtained. An IEE implementation for BPM addresses these needs.

The advantage of predictive metrics reporting over stoplight scorecarding is described in the article, "[Stoplight Scorecards: Issues and Resolution](#)⁴."

OVERCOMING DEADLY SIN #4: STRATEGIC PLANNING BY COMMITTEE

Typically, strategic planning is step one in a business management system and can create strategic strategy statements such as "We are to be the best of the best." The IEE implementation for BPM addresses strategy creating as part of an "Enterprise Goals and Improvement Strategies" step in its roadmap for execution (See Figure 2). Strategy creation in this roadmap occurs after analysis of the enterprise as a whole.

Because of this approach for strategy creation, targeted strategies are created where process owners are asking for timely implementation of improvement efforts that positively impact their performance metrics, as describe in "[Strategic Planning and Execution: Issues and Resolution](#)⁵."

OVERCOMING DEADLY SIN #5: INTUITIVE DECISION-MAKING WITHOUT DATA

Data are not always available and intuitive decisions are needed to be made in businesses; however, organizations benefit when they use a system for making decisions that integrates intuition with data analyses. The addition of data analyses into the decision-



making process will benefit all organizations, especially when they always require a data-based assessment after all major business decisions to validate the response. If the business response is not as expected, then the organization must try a new decision, or at least reassess the issue. Too many intuitive decisions are accepted by the business leadership in this way; they are never tested to see if they are correct.

From the IEE roadmap for implementing BPM as shown in Figure 2, the analysis steps in both executing BPM and EPM in this system can provide valuable guidance for what should be done, using data analyses and business knowledge so that the business decisions support the enterprise as a whole.

OVERCOMING DEADLY SIN #6: STRETCH-GOALS DRIVE PERFORMANCE

With the described integration of EPM with BPM, organizations can determine what strategic goals for performance metrics can be created so that the enterprise as a whole benefits. This metric improvement need creates a pull for process improvement efforts that have enterprise-wide benefits. Identifying an enterprise performance goal will focus the business on finding fundamental improvements rather than expecting the workforce to figure such improvements out on their own.

OVERCOMING DEADLY SIN #7: IMPROVEMENT EFFORTS ARE IN SILOS

Not all parts of a business need to be improved equally. Many business leaders assign an overall improvement percentage to all areas of the business out of simplicity or possibly ineptitude. The leaders do not know what needs to improve so that they tell everyone to improve. The secret to avoiding improvements by silos is to analyze the enterprise to know where improvements will provide the greatest enterprise gains.

Integration of EPM with BPM in the IEE implementation of BPM provides a structured system for determining improvement efforts that benefits the enterprise as a whole. Enterprise improvement opportunities can be identified through an organizational EIP using this methodology.



LEARN MORE ABOUT SUCCESSFUL BPM DEPLOYMENTS

A successful BPM deployment should involve change not only to the execution of organizational processes but also to how the organization strategically and locally manages its business. However, when organizations undertake BPM, often only various techniques associated with BPM are examined and implemented. What is typically lacking is an operational business end state that addresses the creation and reporting of scorecards, strategies and improvement efforts so that the overall objectives for BPM are achieved.

The book, [The Business Process Management Guidebook: An Integrated Enterprise Excellence BPM System](#), (Figure 3) provides direction on how to create a deployment that delivers the above stated objectives for BPM and addresses how to avoid the listed seven deadly sins for a BPM deployment.

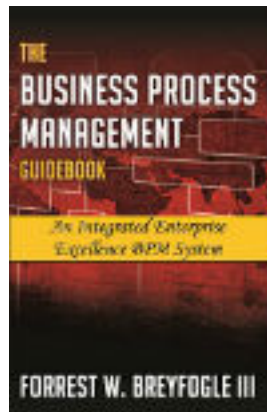


Figure 3: *The Business Process Management Guidebook: An Integrated Enterprise Excellence BPM System*³

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SUMMARY

An [IEE BPM deployment](#)⁶ provides a vehicle for achievement of both the goals for BPM and avoidance of the seven deadly sins of BPM. The IEE BPM system offers a holistic management approach for the alignment of business processes for the fulfillment of both customer and organizational wants and needs. In addition, the IEE BPM methodology provides a means for improving business effectiveness and efficiency with a blending of innovation, flexibility, and integration with technology.

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