

The value of business process management

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Much management thinking and writing is about entities – things – that are unmoving, unchanging and separate. The reality is that most of what you see around you, whether you can touch it or not, is part of some process or other. It is on its way to being something else.

The processes deployed in all organisations define the culture of that entity; they are what differentiate it from other seemingly similar entities; they define the corporate backbone and are, quite simply, the way things get done around here. Needless to say then, they are pretty important and need to be managed and exploited just like any other corporate asset.

One of the most effective ways of exploiting these vital assets is to explore ways of managing them and this is where business process management (BPM) comes into its own. But what exactly is BPM and is the technology hype or reality?

A good deal of the technology that underpins process management concepts has its roots in the late 1980s and early 1990s and stems from the

early efforts of the workflow community. So BPM is not new. Business software has long supported major business processes. What has changed is the realisation that business managers need to understand and improve those processes. Getting a handle on the myriad processes that exists in all organisations is the easiest way to be more competitive, adaptable, responsive and manage costs. Using process-based software is the key to achieving that.

This software does five main jobs

- Puts existing and new application software under the direct control of business managers;
- Makes it easier to improve existing business processes and create new ones;
- Enables the automation of processes across the entire organisation, and beyond it;
- Gives managers 'real-time' information on the performance of processes;
- Allows organisations to take full

advantage of new computing services.

The result is an improved ability to respond to or anticipate changing business demands. Also, the organisation saves money whenever it changes computerised working methods, usually an expensive and protracted rigmarole. As a bonus, the organisation becomes better fitted to exploit future business and computing opportunities, including business process outsourcing (BPO) and web services.

The success of all this depends on how managers introduce and use this new kind of software. Business process management is as much about organisational design, human communication, peoples' viewpoints and mutual consideration as it is about technology. It is not just a matter of optimising computer programs.

Problem solving

So we are not trying to solve any new problems – just to solve them differently. The old way was to create isolated 'stove pipe' solutions. These were rigid, difficult to maintain, costly to set up and, worst of all, obsolete by the time they arrived. We want to solve problems cheaply, quickly and effectively. How? By seeing those problems as a set of well defined and integrated processes.

In May 2003, Nicholas Carr wrote a paper for the Harvard Business Review in which he argued that it is a mistake to assume that as IT's potency and ubiquity have increased, so too has its strategic value. What makes a resource truly strategic, what gives it the capacity to be the basis for a sustained competitive advantage, is not ubiquity but scarcity. You only gain an edge over rivals by having or doing something that they can't have or do. By now, the core functions of IT, data storage, data processing and data transport, have become available and affordable to all.

Carr's article spawned a 'may-bug' industry of counter argument and rebuke – books were written, behemoths were angered. So this article is not going to enter the fray except to say that what if Carr is right, that buying more IT simply keeps you

in that game? Meaning that if an organisation is only going to get to a 'me too' position by spending vast sums on IT infrastructure, then they need to look at what it is that will give them the edge and apply technology to that aspect to gain the competitive advantage. The obvious candidate is process, ie, the way you do things and the backbone of your organisation.

Applying IT to process technology is going to give you that competitive advantage. It will show a return on the investment, keeping you in front and that is where the value will come from. And that is what I believe the 'process revolution' is all about.

BPM technology is becoming mainstream and one effect of this widespread adoption is that there will be less differentiation of large scale BPM engines. They will all:

- Be very scalable
- Support key standards
- Have good integration capabilities
- Be infrastructure products

Feedback

Analytics give business managers and executives the ability to track and measure performance based on real time feedback of their processes, which gives them real insight into how

the organisation is operating. Once good and accurate analytics are in place, end users can make informed decisions because they are presented with issues that need to be addressed, as well as with the context so they can take the right action. They have the ability to 'drill down' into an anomaly and to look at the information from different dimensions, giving them greater understanding of the 'information behind the information'. Forecasting is made possible through ongoing statistical data capture, and reporting functions ensure real-time and predictive information is available.

Now users can:

- Adjust processes to changing business dynamics;
- Move from managing business processes to managing business process lifecycles;
- Tie together business objectives, strategic planning, process modeling, workflow, application/content management and analytics so that they interact;
- Develop feedback loops for change management and incremental optimisation of business processes;
- Eliminate gaps between strategy and business objectives;

- Ensure workflow and processes support key business objectives;
- Gain the control of operations to manage process lifecycles from end-to-end.

By implementing BPM, the business community will be able to build and execute processes that are designed with customers in mind, deliver better quality, faster and at lower costs, and retain competitive advantage by being able to execute processes that deliver the business strategy.



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