BPM as a Management Discipline?
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Five years ago, I wrote an article emphasizing that the "M" is often missing in BPM. Frankly, not much has changed in the past five years. While there is no denying that BPM has made a significant contribution to improving the performance of business processes in many organizations, the "management" part of BPM is to this day far from realizing its full potential. Executives still have a huge appetite for short term gratification and focus predominantly on process improvement, paying (at best) lip service to process management.

Process improvement involves projects with a clearly defined beginning and an end. That's comfortable for most leadership teams. Process management involves changing what an organization measures, monitors and rewards. That's much harder and not nearly as comfortable – albeit with the promise of significant long term benefits.

In my experience over the past twenty seven years, fewer than 10% of leadership teams have had the appetite to embrace BPM as a management discipline. In part, this is due to the fact that process management as a management discipline is much less well codified than process improvement techniques.

Process management requires leaders to think systemically and act systematically. The cornerstone of the right approach involves paying close attention to strategic alignment, performance improvement, performance measurement, and governance (including recognition systems). Just as in construction – when the foundational structure is *weak* or misaligned – the superstructure cannot remain strong. So these four foundational elements need to be executed with precision and faultlessly. The core activities in process management have not been well codified. Outlined below is a high level overview of what's involved.

The four foundational elements of process based management need to be executed in order. Strategic alignment is first and foremost. This is not meant to be a full strategic plan. Instead, it involves a quick scan of strategic objectives, asking key questions about strategic direction and linking the answers to a process view of the enterprise. This high level scan of strategy involves asking questions such as: Where will we play? How will we win? Where are the big gaps in meeting strategic objectives? Answering such questions will set the stage for aligning a process focus with strategy by asking and answering these two questions:

1. Which one or two end-to-end business processes most need to be improved for the organization to achieve its strategic goals?

2. Which key processes need be continuously and incrementally improved for the organization to achieve its strategic goals?

The answer to the last two questions aligns process work with strategy. However, in order to answer these questions, it's essential for the management team to have a shared understanding of the definition and current performance of the company's major processes and the size of the gap between current performance and desired performance. Not a trivial task by any means. Yet, the major performance gaps are frequently found in processes such as revenue generation (lead to order), order fulfilment (order to delivery) procurement (request to receipt) and recruitment (requisition to onboard).

An effective set of process improvements cannot be planned and executed in the absence of knowing which processes need to be improved by how much, by when. Once this is understood, it is then possible to put in place the governance and improvement methods needed to achieve the desired results. Note that any process demanding attention, be it radical or incremental improvement, requires an executive sponsor or champion and a steering team, comprised of the department heads touched by the process. That's because each process in a systemic effort is cross functional – by definition. Further, each improvement effort needs to be executed by a project team where at least a couple of the team members are full time dedicated to the project – guided by a team of two process improvement facilitators. Anything less than this level of commitment compromises the chance of success.

The work of these process improvement project teams goes beyond capturing the targeted level of performance improvement and includes validating the performance metrics of the process in question. It is their contribution to performance measurement that will enable the organizations top team to have a set of performance metrics that balance what is important to the firm's customers with the traditional financial metrics that most companies have a tendency to monitor. This typically involves end of process metrics in terms of factors such as time, cost, and quality. The sophistication of this set of metrics depends on the accuracy of the algorithm that links the various components. For example, what cost reduction will the organization realize if process elapsed time is compressed by 10%? The overall contribution of a customer focused, process based, performance measurement system is designed to shift management attention to a balanced view of revenue, volume, cost, profit versus time and quality of what will be monitored and managed and facilitate fact based decision making.

Any ongoing process improvement and management effort relies on a supportive system of governance including a system of reinforcing recognition and rewards. Such a system is instrumental in sustaining a systemic view and systematic execution. It includes the following components:

- A process executive who is accountable for the performance of the process and continuously monitors its performance
- An agreed upon set of performance metrics to be used in monitoring process performance
- A standing, part time, cross-functional process team which acts on behalf of the process executive to continuously monitor and improve process performance
- Clear accountability for process/sub-process performance
- Visible and meaningful incentives to work cross-functionally
- Meaningful recognition for those individuals who make major contributions to performance improvement

Further, successfully addressing strategic alignment, performance improvement, performance measurement, and governance requires avoiding the following pitfalls.

Not enough leadership engagement. Management attention is needed to maintain focus and momentum. Process management is a top down initiative. The amount of management attention depends on the circumstances. While the drive to implement process management rarely begins with the CEO, it is unlikely that such an initiative can succeed without the visible and vocal support of the CEO and at least a couple of strong advocates.

Too much detail. Diving into too much detail too soon is one of the major pitfalls to avoid. Strategic alignment is a scan – not a full blown strategy exercise. Diving into too much detail in developing the high level process model can derail even the best efforts. A full blown process architecture effort – will slow down the effort. Too much detail in executing a major redesign project will result in a loss of momentum. This needs to be iterative – capturing low hanging fruit first – then tackling bigger opportunities.

Wrong scope. Process management is best deployed at the business unit level. Attempting to implement process management at the holding company level is complex and problematic – and potentially dangerous. Attempting to deploy process management within departmental boundaries is futile. The entire foundation of process ownership is based on collaboration – NOT control.

Not enough attention to people. Recalling what John Seely Brown wrote, "Processes don't do work – people do!" The contribution that people make on the Steering Team and Project Team will determine the success of process management. Steering Team meeting participation is not optional – it's compulsory. Project team participation is essential. Opting out of these teams will result in a loss of momentum and threaten program success. Leading with technology may often do likewise.

Not enough balance. Governance is the glue that holds process management together. Balance is needed in defining the role of process executives. The process executive role needs to be desirable and the responsibilities need to be achievable. The scope of responsibility of process executives must be broad enough to cross departmental boundaries – but not so broad as to threaten the chances of success. Mega processes such as order to cash, procure to pay, or hire to retire are examples of defining process scope too broadly. Similarly, a lack of balance in defining end of process performance measures can reduce the likelihood of ongoing success with process management and threaten the success of fact based decision making.

Avoiding these pitfalls will increase the likelihood of success with BPM as a management discipline where leaders think systemically and act systematically. This has been just a high level overview of what's involved. Readers who are interested in further details are invited to contact the author.

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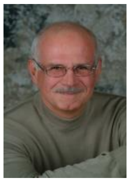

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