

## [How BPM Can Drive Corporate Strategy: Andrew Spanyi Explains](#)

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**Schooff:** Hello, this is Peter Schooff, Managing Editor at BPM.com. And today, I have the great pleasure of speaking with Andrew Spanyi who is an author, speaker, and is the Founder of Spanyi International, a BPM Consulting and training company. In this podcast, we're going to discuss some of the latest developments in BPM and Andrew is also going to provide some real world examples of some BPM success stories. So first of all Andrew, thank you so much for joining me today.

**Spanyi:** Thank you Peter; it's a pleasure to be here.

**Schooff:** So to kick it off, how can companies use BPM to execute their corporate strategy?

**Spanyi:** Well, that's a great question, Peter, thanks for asking it. BPM can be used to execute strategy. Very few companies are actually doing it. In fact, I estimate that fewer than ten percent of the companies that use BPM deploy it to execute strategy. And the reason for that is that too many firms deploy BPM as just a set of tools and not as a management practice. Now those firms that do deploy BPM as a management practice, the question that they ask is which of our end-to-end business processes need to be improved, by how much, and by when for us to achieve our strategic objectives. And when they ask that question, that creates some very thought provoking discussion and so they understand that for them to answer that question. They need to define their 6 to 12 enterprise level processes, take action to estimate the size of the gap between current and desired performance, and then use BPM to take action on the top two to three most critical areas. As I said, there's not a lot of companies who do that but the ones who do benefit from it significantly.

**Schooff:** Great. So now, a lot has been said about how BPM can help customer experience management; what are your thoughts on this?

**Spanyi:** Well clearly, customer experience management has become a Board of Directors level issue in a lot of organizations whereas BPM has not. BPM is seen as providing a needed toolset to improve performance for customers, so there is an actual fit between business process management and customer experience management. And the glue that binds the two together is actually performance measurement and the analytics that BPM suites has. However, it's a problem when companies emphasize cost reduction at the expense of creating value for customers in their BPM deployments. So organizations need to be clear on the importance of using analytics and the BPM toolset to monitor the critical few measures of performance that really matter to customers. And these are metrics like perfect order delivery, on time complete, no defects, first time right responses to customer inquiries and complaints. So when organizations do that, there's a really good marriage between business process management and customer experience management.

**Schooff:** Very interesting. Now, I know one of your specialties is financial services. Do you have any real world examples of BPM succeeding with financial services firms?

**Spanyi:** Well, as I'm sure you can imagine, Peter, that a lot of financial services firms have been using BPM since the big downturn six years ago. In the banking sector, I think the most common process in which BPM has been instrumental in performance improvement is the mortgage process. I've worked with a couple of banks that have used the workflow engine, and the rules engines, and the BPMS as well as the document management capability to significantly improve the mortgage process. But my sense is that most banks don't push the envelope enough in improving the mortgage process. For example, relatively few of them seem to really address the pre-approval process for mortgages. While they do cut the overall cycle time for pre-approval, I think they could've done more.

Now, in the insurance sector, due to the high degree of regulation and the variance of regulation on a state-by-state basis, I've seen BPM can be very useful in helping a couple of insurance companies improve their new product introduction process and their product enhancement process. So those are just a couple of examples.

**Schooff:** Now, governance. Everybody talks about it but how important is governance to BPM and when should a company think of introducing BPM governance?

**Spanyi:** Well, I think the right form of governance is always critical. Whether BPM is being implemented as simply a toolset for small process within the functional area or whether we're looking at larger cross-functional business processes, governance is critical. It's less difficult to implement on smaller projects but when you're looking at a project that spans various functional areas or departments, the right form of governance meaning the right structures, metrics, roles and responsibilities to improve and manage the performance of a major process is critical to success. When there's a lack of attention to process-based governance for these larger projects, it will be challenging to overcome implementation obstacles. And also, it will be very challenging to install the necessary infrastructure needed for continuous improvement and ongoing process management.

**Schooff:** Excellent. You've been in BPM for a while. Now what are some of the most persistent mistakes that you routinely see companies make with BPM?

**Spanyi:** Well, there's a pretty long list Peter. I've been doing some writing on that. And of course, the ones that people often mention are lack of executive engagement and deploying BPM in silos. But I think the three of the other ones that are worthwhile mentioning is first of all, emphasizing cost reduction over customer value creation is probably a pretty big mistake. As I said earlier, customer experience management has become the Board of Directors level issue while, frankly, BPM has not quite achieved that yet. So focusing on customer value creation is critical.

The second mistake I think is when organizations focus on BPM as the method instead of the desired outcome. And this occurs whenever a selected method of improving business processes takes on an identity of its own. This could happen with BPM, or with Lean Six Sigma, or even with reengineering.

The third item I'd like to mention, the third mistake is lack of attention to pacing. The right pacing is essential and project success can be compromised when BPM teams dive into too much detail too soon in the early stages of a BPM project. And you know the pacing is too slow when the project becomes bogged down in analysis, modeling, or measurement and that opens the door for other priorities to take precedence. So those are three of the mistakes that I've seen.

**Schooff:** I like that customer value creation. Now, we're in early 2014, what do you see with BPM going forward this year and even further?

**Spanyi:** Well, that's a great question too. And you know, every year there's some new phrases and that creates some buzz. The ones I've heard recently in the last month or so are smarter processes, or intelligent processes, even ambidextrous processes, living the processes. And of course, creating buzz around BPM is important, but the fact of the matter is, is that using BPM to improve transactional business processes by eliminating waste bottlenecks has become a commodity; it's just table stakes. Organizations need to involve to use BPM for transformational change and to fuel process innovation. And this is quite different than what's happened in the past.

However, for companies to take best advantage of BPM in this new context, they will need to make more progress in a number of areas. First, it will be important for organizations to look at the business from the outside in, the customer's perspective, as well as the inside out. I emphasize that in my book ten years ago, *BPM Is A Team Sport: Play It To Win*, because only by so doing is it possible to integrate BPM efforts with initiatives on customer experience management and ensure that the day-to-day processes that deliver value to customers are performing at or above customer expectations. Then, in order to properly focus BPM efforts on high gain processes, organizations need to define and redesign the enterprise business processes that create strategic opportunities.

And as I said earlier, this requires that a company needs to ask and answer the question which business processes need to be improved by how much and by when in order to deliver on the organization's strategic objectives. Finally, BPM needs to be deployed to hardwire the enterprise performance measurement system to budgets and operating reviews. If we're going to focus opportunistically on strategic opportunities, this hardwiring of the right performance metrics is critical. So those are three things I think companies need to do to deploy BPM in this new strategic context.

**Schooff:** Excellent overview Andrew. This is BPM.com's Peter Schooff speaking with Andrew Spanyi of Spanyi International. So thanks a lot Andrew.

**Spanyi:** My pleasure.