Business Process Management
Practical Advice & Methodology - Climbing Your First Steps on the BPM Maturity Ladder

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- **Business Process Management**
  The strategic objectives and process services that delivers them

- **Process mapping and documentation**
  Communicating effectively and laying the foundation

- **Process analysis and improvement**
  Analysing and improving processes to make them more effective and efficient

- **Process performance measurement**
  Measuring performance against targeted levels

- **Process governance and continuous improvement**
  Aligning performance with strategic priorities and taking actions for improvement
Firstly - the purpose of BPM is to help you achieve your goals typically related to four main strategic areas – ”the four Cs”

Customer experience

Cost and effectiveness

Change

Compliance

Manage Critical Business Processes
Critical processes must be treated as assets in the organisation – they need to be managed in order to contribute to deliver strategic results.
The BPM services that the organisation must deliver are necessary to manage the critical processes in a structured way

<table>
<thead>
<tr>
<th>Element</th>
<th>Overview</th>
<th>Methodology</th>
<th>Goal</th>
</tr>
</thead>
</table>
| Governance and continuous improvement | - Aligning strategic goals and initiatives with operational performance improvement.  
- Making strategic targets parts of organisational processes | - Governance and maturity model  
- Balanced Scorecarding  
- Management system  
- BPM Center of Excellence | - Making BPM a part of Corporate Performance Management  
- Connect strategy target achievement and governance process with execution of process improvement initiatives |
| Performance measurement | - Setting up a proactive system of monitoring and analysing performance gaps and target results from processes | - Six Sigma statistical process control  
- KPI/PPI breakdown  
- Performance benchmarking  
- Systematic improvement regime | - Monitor and analyse performance results from processes – integrate this into an integrated system for performance management |
| Analysis and improvement | - Analyse existing performance problems  
- Redesign processes in order to close gaps in performance  
- Support implementation of redesigned processes | - LEAN design and business analysis  
- Industry reference models and best practises  
- Functional process change mgmt support | - Eliminate existing performance problems and "pains"  
- Redesigned processes to make them more effective and efficient  
- Implement process improvement |
| Mapping and documentation | - Facilitate process workshops and model process documentation  
- Identify quick-wins and improvement targets | - Facilitation techniques  
- Communication format  
- Modelling tools (ARIS/QLM/Visio/PPT)  
- Modelling notations (BPMN/IDEF0/EPC) | - From "Chaos-to-control"  
- Effective process communication and training  
- Foundation for doing further process improvement |
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## Business Process Modelling

- The documentation and modelling of business processes is essential in order to support the BPM lifecycle.

- Modelling is always done to achieve a goal – and has a specific purpose. It needs to be governed by business priorities.

- A typical problem is "forcing" the agenda for process modelling – that delivers little value.

- Process documentation should be SICC: Simple, Intuitive, & Communicate Clearly.

- Modelling with caution: One can always model too much, adjust the method to achieve your objective.

- Standard format: A process model is NOT ART – it needs to be understood equally by anyone in the organisation.

## Level | Type
---|---
Process description | Short description of the process
Required – needed for all processes-

Simple activity overview | Overview of activities & description
Can be used in order to provide an overview of activities

Activity flow and procedures | Detailed activity flow and descriptions
Used only where required to describe detailed execution and guidance for activities
The different types of processes and models are linked together in a hierarchy to make it easy to find process related information.

<table>
<thead>
<tr>
<th>Level 0</th>
<th>Modelltype</th>
<th>Type symboler og objekter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value chain diagram</td>
<td>Value chain, phases and streams</td>
<td>Delivery</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Modelltype</th>
<th>Type symboler og objekter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process landscape</td>
<td>Megaprocess (Manage, Core, Support)</td>
<td>Sales</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 2</th>
<th>Modelltype</th>
<th>Type symboler og objekter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process overview</td>
<td>Mega-process Main-process Sub-process</td>
<td>Conduct sales meeting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 3</th>
<th>Modelltype</th>
<th>Type symboler og objekter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process workflow</td>
<td>Goals Activities Resources Roles Risk</td>
<td>Create sales order</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 4</th>
<th>Modelltype</th>
<th>Type symboler og objekter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures</td>
<td>Activities and instructions</td>
<td></td>
</tr>
</tbody>
</table>
**Process modelling and tool support:**
It is important to find “the right tool for the right job”

<table>
<thead>
<tr>
<th>&quot;Drawing&quot; tools</th>
<th>Modelling tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Microsoft VISIO, Powerpoint</td>
<td>Example: ARIS, Mega, Metastorm</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td>▪ Purchase cost is low</td>
<td>▪ Information usage: Common modelling repository, process hierarchy, object relationships</td>
</tr>
<tr>
<td>▪ Existing user familiarity</td>
<td>▪ Supporting business analysis, model comparison, reporting based on process repository</td>
</tr>
<tr>
<td>▪ ”Freedoms” of drawing</td>
<td>▪ Maintenance: Easy to update information, approve and publish updates</td>
</tr>
<tr>
<td>Drawbacks</td>
<td>▪ Established modelling conventions, standards, filter and automatic templates</td>
</tr>
<tr>
<td>▪ Information usage: No common modelling conventions, industry references or standards</td>
<td>Drawbacks</td>
</tr>
<tr>
<td>▪ Maintenance: No common repository, process hierarchy, navigation structure, task relationships,</td>
<td>▪ License costs of tool</td>
</tr>
<tr>
<td>▪ No support for analysis, simulation, governance, monitoring, reporting</td>
<td>▪ Training to achieve familiarity by users</td>
</tr>
<tr>
<td>▪ No effective publishing solution,</td>
<td></td>
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</tbody>
</table>

*Dedicated modelling tools based on a common repository are best suited to support the organisations in long term/enterprise adoption of BPM practices.*
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Documenting and analysing processes lays the groundwork for further process improvement

Status, capability and maturity
- Determine need for process work and backgroun, root-cause, context, expectations, performance gaps, goals
- Collect and validate existing documentation
- Identify reference-models and best-practise
- Initial recommendations

Process mapping
- Understand and document As-Is processes
- Identify missing information, deficiency and improvement opportunities
- Identify roles and responsibilities across functions and units
- Map IT systems and applications

Process analysis and improvement
- Determine new performance requirements
- Design To-Be processes
- Analysis of processes and improvement (Lean, SixSigma etc.
- Define KPIs and metrics

Migration and deployment actions
- GAP analysis between As-Is and To-Be
- Design implementation plan, including training and communication
- Establish framework, responsibility and procedures for measurement, follow-up and continuous improvement
The methodology for process improvement will depend on the current performance and the degree of improvement required.

### Limited

**Incremental process improvement**
- Implement changes within the context of existing business processes
- Defined as part of a proactive program of continuous incremental improvement
- Often oriented towards solving performance issues or quality defects

**Business process redesign**
- Larger impact redesign of business processes
- Influences how business and management processes, new working procedures and governance/responsibility/roles
- Major improvement targets through changing existing practises and execution model

**Business process reengineering**
- Re-engineering is a radical restructuring of business processes from scratch – often involves a change in the entire operational business model
- Design typically breaches with current thinking and status
- Radical changes in process execution – often leads to organisational restructuring

Metaphor: Fixing a leaking roof

Metaphor: Putting down a new roof

Metaphor: Building a new house
Often missed during process analysis: to manage and execute processes on target they need to have governance and support in place.

Management processes provide governing elements in order to set targets and requirements for execution.

Support processes deliver critical enablers in order to execute processes.
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Performance measurement needs to be considered in an cross-functional context that drives enterprise performance.

Typically – each department will initiate improvement without considering the complete picture.

**Activity level**

**Sales director**
- **Problem:** Inaccurate & late order forms
- **Desired results:**
  - Zero incomplete order forms
  - 100% accurate order forms
  - Orders submitted daily
- **Current results**
  - Between 1-10 incomplete order forms
  - 83% accurate orders
  - Orders submitted weekly

**Head of Supply Chain**
- **Problem:** Drop in customer satisfactions
- **Desired results**
  - Order cycle time of 1 day
- **Current results**
  - Order cycle time of 9 days
  - Order fulfillment process

**Vice President of Marketing**
- **Problem:** Loss of market share
- **Desired results**
  - Market share of 80%+
- **Current results**
  - Market share of 66%

**Process level**

**Enterprise level**

Adopted from Gaery Rumler -
Performance gaps have to been in context with strategic importance

### Evaluation of process performance

- Performance data for processes must be seen in the context of delivering on strategic goals, KPIs and operational execution.
- The strategic impact rates how important the outcome of the process is in relation to strategic operationalisation.
- The process performance gap in delivering business outcome rates how effective the process is in delivering its product and services – its “hit-rate” for customer needs.
- Process efficiency relates to the amount of resources consumed to deliver this outcome.
- The strategic impact and outcome gap needs to be evaluated together in order to prioritise processes for business process improvement.
- The priority will determine which processes will receive support and allocated resources, time, and money.

### Process Performance Evaluation

![Process Performance Evaluation Diagram]

- **P1** Performance - Process 1
- **P2** Performance - Process 1
- **P3** Performance - Process 3
- **P4** Performance - Process 4
- **P5** Performance - Process 5

**Target quadrant**

- **P1**
- **P2**
- **P5**
- **P3**

**Low**

- **Low**
- **High**

**Business outcome gap**

- **High**

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Typical benefits with initial increase in process maturity:
Clear control, accountability and responsibility through process

- Describe key activities as processes and reduce the amount of written procedures
- Ensure compliance with laws, regulations and other goals and requirements through their relations with processes
- Clarify the employees responsibility, roles and activities through their relationship with the process
- Connect deliverables, risk, reliability, safety and targets to processes – enable further process improvement, standardization and follow-up
As BPM maturity increases in the organisation the processes are consistently managed and improved in order to drive business value.

**Source:** Modenhetsmodell - OCEB

**Level 1: Initial**
- Processes are executed inconsistently and sometimes ad-hoc
- The organisation does not offer stable support for the processes
- Services often function – but they often go beyond the planned time and budget
- Tendency to promise more that the organisation can deliver – and deviates from process during crisis

**Level 2: Managed**
- Processes are defined, understood and described in standards, procedures and tools
- Execution of processes have different controls across locations
- Process adherence is controlled on an ad-hoc basis and information rarely shared

**Level 3: Defined**
- Best-practises processes are actively used as sources of learning to standardise processes across locations
- Initial use of measurement and control to ensure that deliverable requirement are being met

**Level 4: Managed**
- Process performance is measured proactively - target achievement is analysed and controlled
- Standard processes are extensively used across locations and benchmarked with external sources

**Level 5: Optimised**
- Proactive and continuous improvement provides innovative solutions to achieve strategic targets
Effective business management and governance requires both a clear strategy, organization, processes and a management system.
BPM takes the strategic objectives and priorities and translates this to actual execution of the necessary business process improvement

### Linking CPM – BPM – BPI

- Corporate Performance Management (CPM) utilises BPM as a way of managing overall value-based organizational performance.

- The BPM discipline is a "tool box" and represents a wide set of methods and techniques. The goal is continuous process improvement of processes.

- BPM is a gradual continuous approach to improvement, where Business Process Reengineering was a drastic reorganization and one-time redesign.

- Six Sigma, ToC and Lean are focused techniques for Business Process Improvements (BPI) and can be used within the BPM process lifecycle to focus on improving specific processes.

### From strategy to operational execution

- In order to have an effective BPM focus and priority – the organisational strategy must be clearly defined and related to concrete business outcomes for customers.

- Linking CPM to BPM can be done by clarifying strategic goals – a good way is by using a Balanced Scorecard and linking strategic improvement initiatives to relevant processes.

- BPM will then coordinate and prioritise the process improvement initiatives that will target the strategic goals and make the strategy operational.

- BPI initiatives will be executed in order to target specific improvement goals. These must be prioritized, coordinated and seen in the context of end-to-end business processes.

- The BPM lifecycle of continuous improvement seeks to improve business value delivered towards strategic objectives.
Organizing enterprise BPM service delivery on an enterprise level
BPM Center of Excellence to support and deliver BPM services in the organisation

The CoE organisation can be virtual, fixed or a hybrid-mix, and will usually consist of a smaller set of core expert members, and a larger set of distributed members in the line organisations. The complete set of BPM services will then be split between the core team and distributed team. Management and support services will usually be handled by the core team, while BPI initiatives in the organisation is delivered by the distributed team members that work in the individual business units.