

Chapter 2: Business Processes and their management

Business Process Management explained – in one minute

Business Process Management is the use of a particular kind of process automation software, typically within the commercial and administrative operations of an organization. This software does five main jobs; it:

- 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 organization, and beyond it
- Gives managers ‘real-time’ information on the performance of processes
- Allows organizations to take full advantage of new computing services.

The result is an improved ability to respond to or anticipate changing business demands. Making processes run faster can be beneficial in areas such as customer service. Also, the organization saves money whenever it changes computerised working methods – usually an expensive and protracted rigmarole. It also is able to extract more value from its existing IT investments by putting them to broader and more intensive use. As a bonus, the organization 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 organizational design, human communication, people’s viewpoints and mutual consideration as it is about technology. It is not just a matter of optimizing computer programs.

We cover all these matters in the pages that follow.

Oh no, not another book about Business Process Re-engineering

You can relax – it’s not. Business Process Re-engineering (or Redesign) achieved some good but has had its day. To its credit, it popularized process-based thinking and the explicit ownership of processes. Against it are its association with job losses, skill depletion and factory-style thinking. A slash-and-burn approach, as some commentators styled it.

Its founders say that people expected unreasonably much from Business Process Re-engineering or did not do it right¹. Possibly that is true but too many unhelpful or downright harmful actions were taken in its name for it to be credible any longer. One widely quoted article criticized it as ‘The fad that forgot people’.² There was even a semi-humorous alternative expansion of the BPR initials – ‘bastards planning redundancies’.

Justified or not, these opinions were influential. Business Process Re-engineering’s central idea – ‘don’t automate, obliterate’ – is now damaged goods.³ Its ‘big bangs’ too often turned out to be damp – and damaging – squibs.

¹ See, for instance, the prologue to the revised edition of *Reengineering the Corporation: A Manifesto for Business Revolution*, by Michael Hammer and James Champy.

² This was also the title of the article, by Thomas H. Davenport, in *Fast Company* in 1995. It starts: ‘Reengineering didn’t start out as a code word for mindless bloodshed. It wasn’t supposed to be the last gasp of Industrial Age management.’ Strong words, especially as Davenport was one of the founders of the BPR movement.

³ See Michael Hammer’s 1980 article in *Harvard Business Review*, ‘Reengineering Work, Don’t Automate, Obliterate’.

Organizations no longer want risky, all-or-nothing approaches. They prefer something more sensitive to the needs of the whole business, that embraces continued change and that consequently has a greater chance of success. Business Process Management (BPM) offers all these.

So it's a book about TQM, then?

No, it is not about that either. Quality management schemes such as Total Quality Management (TQM) and Six Sigma deal mainly with continuous improvement, team working and interpersonal communication. They do not explicitly deal with computer-based process management. The table below sets out the major differences between BPM, TQM and Business Process Re-engineering. It was inspired by a table in Michael Youngblood's quirkily-titled book on process change, *Eating the Chocolate Elephant*.

Table 2.1: TQM, BPM and BPR compared

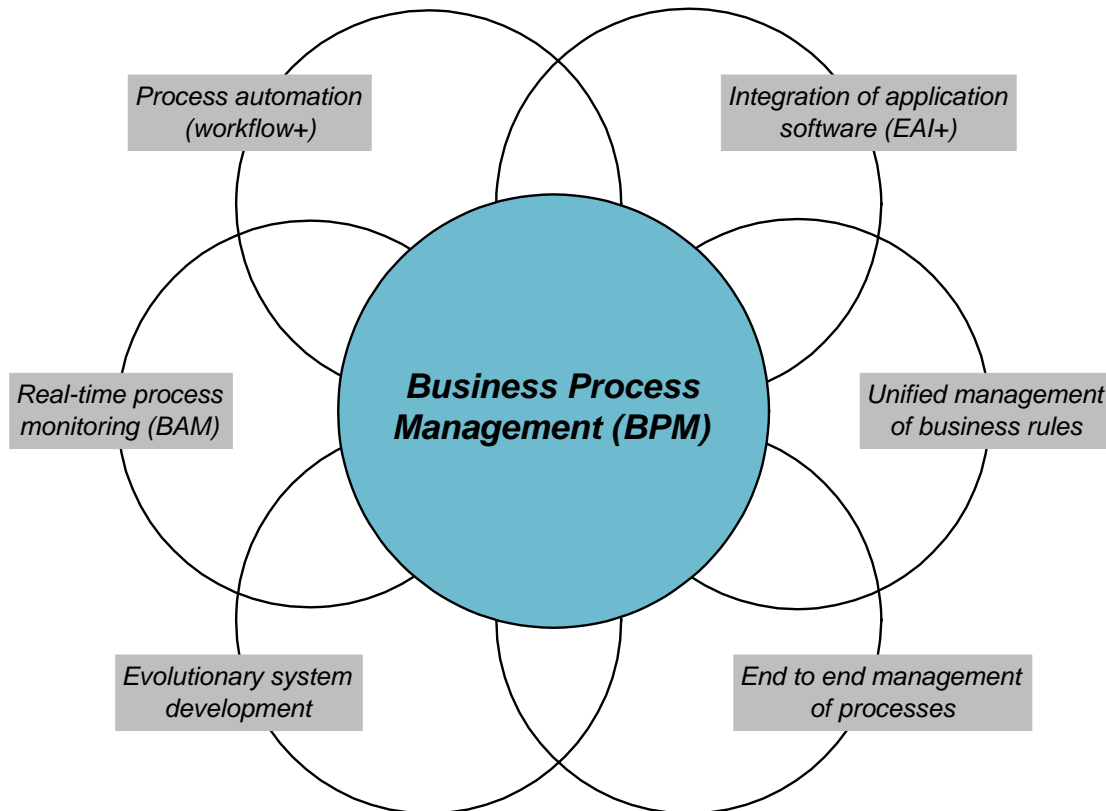
Aspect	TQM	BPM	BPR
Primary objective	Better products and services	Greater responsiveness	Streamlining
Focus	Problem solving	Opportunity seeking	Reinventing
Scope	Micro	All-embracing	Macro
Style	Analytical	Analytical and creative	Creative and destructive
Progress	Incremental	To choice	Dramatic
Duration	Perpetual	To choice	Usually short
Change agents	Whole workforce	Project teams plus rest of workforce	Project teams
Use of computers	Incidental	Fundamental	As an enabler
Control of processes	By managers	By managers	By managers and systems staff

Quality marks such as ISO9000, the EFQM Excellence Model and the Malcolm Baldrige National Quality Award in the USA all explicitly include process quality in their scope. Business Process Management software makes it possible to extend the human and technical reach of these ideas and schemes.

The main constituents of BPM

The diagram below shows what BPM consists of when applied fully.

Figure 2.1: The main constituents of BPM



Moving clockwise from the upper left circle, there are these elements:

- Process automation. This is, in effect, workflow automation. Some people feel that workflow automation is not adaptable or versatile enough because of its technical foundations. Such ‘religious’ disputes are not relevant here, so instead we have labelled this aspect ‘workflow +’.
- Making application software work together is a primary task in organizations. This is often referred to as *enterprise* application integration – EAI – to stress its importance (and, often, to help try to justify its expense). Business Process Management software should be able to integrate any other application software, however labelled.⁴ Also, it should be able to integrate software that runs in other organizations. We therefore call this element ‘EAI +’.
- Business rules govern the way an organization works. Where these have been written down, in words, diagrams or mathematical formulae, they are often incorporated in the application software that organization uses. Finding out later what those rules are and making them explicit is hard work. One of the jobs of BPM software is to make that easier, so they can be placed under the direct control of business managers. This is important because business rules change more frequently than the underlying software tasks do.

⁴ Unless we say otherwise, in this book we use ‘integration’ to denote the sharing of data between application programs. If we mean something else we say so, as in ‘business process integration’. So-called ‘seamless integration’ is usually just marketing-speak. We have never heard anyone own up to *seamfull* integration.

- We mentioned the need to be able to integrate software outside the organization's boundaries. This arises from the fourth requirement for BPM, which is managing processes across their whole length. This applies wherever those processes arise and wherever they end.
- An often overlooked aspect is how a business process management system is created and improved on. Traditional system design approaches are unsuited to this; adaptive and inclusive techniques are needed.
- Finally, but only because that is how we drew the diagram, comes real-time overseeing of processes. The fashionable term for this is business activity monitoring (BAM). This simply means that process managers see measures of performance and reports of errors or out-of-limit deviations in a very short time. How quickly the manager then responds is his affair but the software usually also allows the equally rapid sending of corrective information.

We discuss all these elements below or in later chapters.

The promise of Business Process Management

Business Process Management potentially offers benefits at every level and in every area of the organization outside manufacturing. It helps people meet these concerns and aims.

Senior business managers. Managing directors, CEOs, general manager and presidents tend not to care about systems integration or the intricacies of business processing. They do want to know how the organization is performing. They also want a complete view of the business and to be able to react to changes in market and other conditions.

An adaptable and rapidly reacting ('agile') organization boosts competitiveness. Changes can be made without adversely impacting the business. Post-merger integration is simplified. Inter-organizational working is eased or, indeed, becomes possible. Keeping computing costs in check is attractive, too.

IT directors, IS directors and CIOs. These topics all matter to them as well, or should do. Chief Information Officers must make sure the IT function meets the needs of the CEO and the business quickly, effectively and with minimal disruption.

Programming resources go further. Software maintenance costs fall or are stabilised. Existing 'line of business' and other central programs can be dynamically but loosely coupled. Their use can be extended into new areas of the business and their economic working life prolonged. This also eases pressure on budgets.

New systems show fast returns and bring them to the bottom line without having to discard what works. Rapid and modular development becomes possible. Systems and their impact can be simulated before introducing them, reducing the likelihood of rejection. New kinds of external service can be exploited, improving the IT function's business relevance.

Finance directors and CFOs. In addition, Chief Financial Officers want to see closer adherence to plans and budgets. Improved business processes bring this. They strip out waste and unwanted expense, while reducing costly service complaints and product returns. Detailed accounts information and records accrue automatically. The value, and working life, of existing IT investments are extended.

Marketing managers. Fast and reliable processes make products and services more attractive to potential buyers. They also improve relations with customers, as does supplying them with real-time process information. Processes can form the basis of new services and digital products.

Trustworthy delivery forecasts are possible. Incomplete deliveries, product returns and customer complaints diminish in volume. Common service levels can be agreed and adhered to. Customer self-service becomes possible, safely.

Process managers. Better control reduces unwanted variations in time, cost and throughput rate. Processes run faster (where that is desirable). Faster handling of exceptions and clear problem escalation paths improve service levels, and morale. Responsibilities can more easily be determined.

Being able to control processes directly and change them easily enables more purposeful planning and management. Gaining an overall view of the process improves individual and mutual understanding. It also provides a basis for collaboration on fixes and improvements. ‘Best practices’ can be shared, copied and put to universal use. Changes can be made from a single point.

Employees in general. Processes are no longer dogged with inefficiency, duplication and illogicality. Confusion and frustration decline as a result. People can concentrate on what they are there to do, not on demotivating and time-consuming distractions. Pride in work is again possible. Direct involvement in changing processes or creating new ones boosts self-esteem and commitment.

Nothing is guaranteed

None of these benefits arrives automatically. On its own, software achieves nothing. To gain these benefits, the organization needs to choose a suitable product, apply it where it will make a difference, introduce it well and manage its use wisely.

Before all that, the organization’s managers must decide if they really want to make changes. Although these are nowhere near as dramatic or sudden as those demanded by Business Process Reengineering, for example, successful BPM calls for vision, determination and doggedness. Imagination and sensitivity are vital, too. Business Process Management will arouse resistance if seen as a people-expulsion programme.

Also, BPM is not the answer to everything. As with any computing breakthrough, there is a danger of slipping into a frame of mind that says: ‘Business Process Management is the answer – what’s the problem?’ We are enthusiasts for BPM but not blindly so. We stay in the realm of the possible all through this book.

Business Process Management has to take its place among other systems, technologies and areas of management activity (see Chapter 4). Also, it applies mainly to the commercial or ‘white collar’ activities of an organization. Manufacturing, for example, has its own process management systems. BPM software will or should link to these but not necessarily control them.

The benefits of Business Process Management are not confined to any specific size or type of organization. As the case studies and examples throughout the book show, small, medium or large firms, in a wide range of industry sectors can use it with success. BPM is also not restricted to the type of processes to which it applies. These can vary in scope, tempo, duration and geographical spread.

OK, I’m ready for more detail

At this point, we need to make clear some of our terminology. Like many expressions in commerce and computing, Business Process Management means something more than the sum of its parts. Each of its three constituent words – ‘business’, ‘process’ and ‘management’ – has a separate set of meanings. When put together, the three words have a new meaning, that of supervising and controlling business activities. Thus, business process management includes such well-established tasks as purchasing control, sales supervision and managing a call centre.

By contrast, this book is about Business Process Management (note the capital letters), which is a particular kind of process automation software and its use. To distinguish it from the general term, therefore, we always show it as we have in the previous sentence. So, when you see ‘business process management’, you can take it we are referring to supervisory activities of some kind. When you see ‘Business Process Management’ or ‘BPM’, you can be sure we are talking only about that a particular kind of software and its use.

It’s the business. Another term we should clarify our use is ‘business’. Not every organization is *in* business. There are many other kinds of organization, such as charities, ‘non-profits’ and those in the public sector. Often, they make or do things of no direct or apparent financial value.

These organizations still employ processes to achieve their ends. Many of these are much the same as those in a profit-earning business. For example, a charity typically recruits people, keeps records about them and pays them. We refer to these activities as business processes, too.

This leads to the definition of a business we use in this book. It is any organization that makes or does things of value to people or other organizations. To create value, these organizations transform raw materials, manufactured goods, services, knowledge and human effort, or simply repackage them. The ways they do this are their business processes. The value arising from them need not, as we have said, be financial or even measurable.

And an organization is? It is two or more people or organizations working together in a mutually accepted relationship. The arrangement need be no more formal than that and can be permanent or temporary. Partnership agreements, contracts of employment and consortium contracts are merely a written record and formal definition of a relationship.

Organizations have no tangible external reality. You can see a company’s buildings, its lorries and even its letter-heading but these are just physical pointers to its existence. They are its spoor, not the organization itself.

What turns a collection of monetary and other resources into an organization is people and how they see themselves. It is defined, other than legally, by their and others’ shared perception that it exists. What holds it together are the bonds of duty, habit, economic need, ambition and enjoyment.

Defining ‘process’. Conventional practice seems to be to consult a dictionary for this. Bearing in mind that dictionaries describe but do not prescribe, we looked in the two main American and British dictionaries. Merriam-Webster’s online version of its *Collegiate Dictionary* offers this:

A series of actions or operations conducing to an end; especially: a continuous operation or treatment especially in manufacture.

The compilers of the *Oxford English Dictionary* give this as the chief current sense:

A continuous and regular action or succession of actions, taking place or carried on in a definite manner, and leading to the accomplishment of some result; a continuous operation or series of operations.

Adding the two together, we get the notion that a process:

- is an action or operation, or a series of them,
- is carried out in a particular way,
- takes place regularly and is often continuous,
- can be subdivided, and
- is done for a purpose.

That is not a bad start, although we would put the word ‘usually’ in front of ‘takes place regularly’. A business process is not necessarily repeated, whether at regular intervals or not. A company merger, for example, can be a once-in-a-lifetime event for the participants.

Another aspect of processes, not always mentioned in business writing, is that they often arise without the help of a single, overall designer. Indeed, some have never formally been defined; they just evolved. As people used to say about Business Process Re-engineering, forget the 're-'. Simply engineering our processes would be a start.

We therefore prefer this simpler definition:

A process is a sequence of actions and events that, consciously designed or not, aims to achieve a purpose.

A business process, by extension, is any kind of process that takes place within or with an organization or between organizations.

And, finally, 'system'. This is a much-overused and often misused word. If you are to believe their makers' advertisements, it can for instance mean a safety razor, a slimming drink and even a hair shampoo.

In this book, we use the word to mean any dynamic entity whose parts communicate with and depend on each other. (See Chapter 1 if you want more on this definition). An organization is a system, as is a human being or any living organism. A stock exchange is a system; so is a market. An active network of computers or telephones is also a system

Our definitions summarised

1. *Business Process Management* is a particular kind of process automation software and its use. (This contrasts with *business process management*, which is the supervision and control of business activities in general.)
2. A *business* is any organization that makes or does things of value to people or other organizations
3. An *organization* is two or more people or organizations working together in a mutually accepted relationship, permanent or temporary
4. A *process* is a sequence of actions and events that, consciously designed or not, aims to achieve a purpose
5. A *business process* is any kind of process that takes place within or with an organization or between organizations
6. A *system* is any dynamic, as opposed to static, entity whose parts communicate with and depend on one another.

By contrast, a static collection of parts is just that, a collection. A safety razor is just a handle, a head and a blade fastened together – inanimate and uncommunicative. Slimming drinks and shampoos are just substances dissolved or suspended in water.

Although it is normal practice to refer to a single computer as a system (we do so ourselves), until it is switched on it is just an assemblage of components.

Like organizations, systems have their main existence in people's minds. Their constituent parts can often be real enough but the perception that they form a system is entirely man-made. This is also true of definitions, methods, models, classifications, targets, hierarchies, taxonomies, labels and standards. They are not how the world is but how we choose to see it. Often we choose in an arbitrary way.

It is when people forget this artificiality that difficulties often arise. Problems can also stem from one person believing that his view of what makes a system is the same as everybody else's. Miscommunication is the inescapable result.

If that person further believes that his is the only right view, then discontent can soon arise. In large measure, successful Business Process Management depends on people finding out and respecting one another's perceptions. We discuss this further in Chapter 5.

The ideas behind Business Process Management

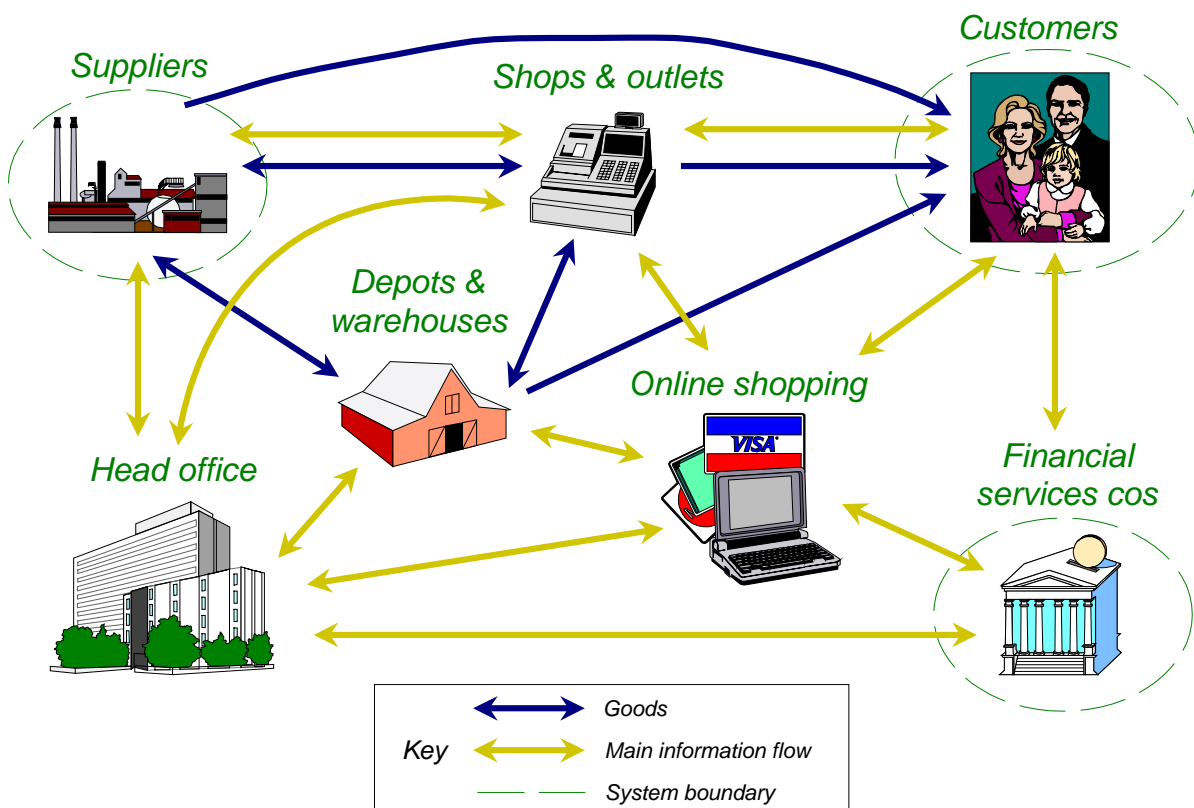
Business Process Management views the organization as a rapidly responding network of resources and actors. This network extends beyond the company's legal boundaries to suppliers, trading partners and customers. These participants can be anywhere in the world at any moment, using both fixed and mobile electronic communication systems to connect to one another. These days, those systems are reliable, efficient and pervasive. They are also cheaper than they used to be.

One of the fundamental aims of BPM is to allow the end-to-end management of processes. The old saying that a chain is only as strong as its weakest link is true of processes, too. The handicap most organizations work under is that they cannot manage, or even see, all the links.

Here is a simplified example. Marks, Lewis and Skinner ('ML&S') is an imaginary retail organization. It sells to its customers in three ways – from its own shops, from shops-within-shops in other premises, and electronically. Online shopping is by telephone, over the Internet, from interactive televisions and from electronic kiosks. Deliveries to customers are by courier if direct from its suppliers or, if from ML&S's distribution centres, by its own vans.

The dark arrows on the diagram stand for the flow of goods and services between the seven entities shown. Light arrows denote the main flows of information.

Figure 2.2: Typical flows in retailing



Imagine that you work in the ML&S head office and are responsible for timely and correct deliveries to customers. Now try to envisage your difficulties if you cannot control customer shipments from the depots. Also, you get only daily reports of deliveries made direct from your suppliers. To add to your problems, the financial services companies send you details of customers' online transactions only once a day, for the day before.

The results of this combination of delays and deficiencies are easy to foresee.

- The proportion of incomplete deliveries and returns will increase as more online business is transacted.
- If customers change their orders online or by telephone, the only way to act on this is after the (now wrong) order arrives.
- Dealing with queries about delays and wrong deliveries diverts staff time from new order taking.
- You must either trust that payment for online orders has been made or else hold over them over until the transaction statements arrive.

These problems feed on themselves, with unpleasant consequences. You spend all your day on the telephone, fire-fighting. Increasing numbers of customers become exasperated and go elsewhere. The potential for fraud and underpayments attracts the auditors' attention. Before long, the company's reputation suffers. You are called to account for all this, although it is outside your control.

It might seem that we are piling on the agony here. In fact, large retailers trying to fit online sales channels into old ways of selling have experienced every one of those problems and more. Eventually, the survivors contrived computer systems and data interchanges that allowed timely coordination around all seven entities. These systems are fragile and expensive to maintain. Changing them is not done lightly or quickly. Accommodating new supply chain methods and new channels to market is hard, if not impossible.

This is where Business Process Management makes its unique contribution. It restores elasticity to these now arthritic communications and control mechanisms. All that painstakingly created business logic is collected into one place. There, it can be refined, replicated and modified without the need for expensive and scarce programming staff. Detailed and minute-by-minute information flows around the entire system. This happens even where control by MS&L is not possible, such as of the suppliers' internal processes.

Where control is permitted, processes can be managed where needed, locally or centrally. You, the person responsible for customer fulfilment, can see the state of every order and every item. Where there are problems, you know within minutes. If necessary, you can take corrective action within seconds. All this is supported by detailed, regular management reports and a clear audit trail.

Does this all sound too good to be true? Are we trying to sell you BPM? Guilty on both counts but only to an extent. As you will see from the cases and conversations we show throughout the book, all these improvements are possible. Much depends on how Marks, Lewis and Skinner goes about its Business Process Management programme. We will pay return visits to it as we consider different facets of the subject.

BPM's technical pedigree

From a technical viewpoint, the main ancestry of Business Process Management software is in document image processing (DIP) and workflow automation products. These have been in widespread use for about two decades. (For more on the background to BPM, see the appendix, *A short history of process management*.)

From these, BPM has inherited process modelling, application integration, process monitoring, and rapid application development (RAD) tools. BPM also includes graphical simulation tools, of the kind industrial engineers have used for years.

Like its name, Business Process Management software is not just a sum of these parts. It brings together all these elements into a single, integrated set. These manage the whole life cycle of a

process. It gives unified control of every stage, from defining, modelling and simulating the process through to the issue and running of the operational software for it.

Managers also get business monitoring tools in BPM software. These graphical indicators give them immediate and up-to-date information on the progress of processes. They let managers identify variations from the expected, isolate bottlenecks and breakdowns and identify their repercussions on the business.

BPM software takes the control of computerised business processes away from existing ('legacy') application software and gives it to business managers. The existing software continues to do its job of carrying out the processes but more responsively and under the control of the business.

Making changes to a process and reissuing the working software for it are under the same control. Managers and other responsible people get easy-to-use graphical tools to allow them safely to design and change business processes. This no longer need involve expensive and scarce computer programmers.

All this gives a consistency and a thoroughness that were not previously possible.

Process-centric computing

Adopting Business Process Management also makes possible a fundamental change in the way we think about computer systems and how they work. It promotes a 'process centric' view, rather than the 'data-centric' view that has prevailed almost from the beginning of commercial computing.

Packaged application software, such as an Enterprise Resource Planning (ERP) product, represents a 'hard-wired' set of process elements. Although these can sometimes be adjusted and tweaked, this is not easy. Often, the result falls short of what the situation really demands. The organization ends up adjusting the process to fit the software.

These products have been likened to logical cement, able to be moulded until they set. After that, you are pretty well stuck with what you specified at the start.

The alternative to packaged application software is to develop your own. Admittedly, you can tailor this directly to your initial needs, but is even more expensive and usually takes much longer. (This is why packages are so popular.) Worse, it is no more adaptable once it is created.

Whether using a package or 'roll your own' software, the result rarely covers a complete process from end to end. An organization-wide process typically involves several application programs. To ease data transfers between them, modern packaged software usually comes supplied with integrated connectors. Unfortunately, these tend to further embed processes into the software and the computing infrastructure, increasing the rigidity of the overall system.

Business Process Management software takes a different approach. It separates the task of managing processes from the underlying application programs, their data and their connections. It also insulates the processes from the physical computing infrastructure, such as the type of network and the location of servers.

The independent process layer

This separating out of process management tasks is sometimes described as creating an independent process layer. This 'layer' is entirely metaphorical and does not actually exist within the computers or their software. It is just a useful way of describing what is going on.

This process layer contains a complete view of all the activities needed to carry out a particular business process. It can manage the flow of these activities across different application programs and different departments and groups of people. (Computers can seldom handle all the steps in a process; human intervention is usually needed.)

Using an independent process layer allows greater value to be extracted from existing investments in application programs, content repositories, data integration tools and, above all, people.

Process thinking everywhere, except...

... every modern management theory – reengineering, process innovation, total quality management, Six Sigma, activity-based costing, value-chain analysis, cycle-time reduction, supply chain management, excellence, customer-driven strategy and management by objectives – has stressed the significance of the business process and its management.

Howard Smith and Peter Fingar, 'BPM's Third Wave: Build To Adapt, Not Just To Last', *ebizQ*

To this list you could add lean manufacturing, Goldratt's theory of constraints, the Business Excellence Model, the Baldrige awards, ISO 9000 and straight-through processing. Business process thinking is everywhere, it seems. Even where it is absent, regulatory and legal pressures are obliging managers to think in these terms. The requirements of the Sarbanes-Oxley and Check 21 legislation in the USA and Basel II in Europe will concentrate minds everywhere on processes.

Everywhere except perhaps for one place. The computer department often seems to be the slowest function to take action on improving cross-functional and inter-organizational processes. This is strange, especially as computer analysts and programmers make constant use of process diagrams in their work. Perhaps it is a case of not seeing the wood for the trees.

This slowness is often not the fault of the people involved. Most computer departments we see are staffed by enlightened, alert and energetic people who sincerely want to improve the business. Something holds them back. Perhaps it is the way their work is managed or the function's internal structure.

A major part of the workload in any computer department is maintaining and tuning their existing resources. People are running hard to keep up with existing demands. This leaves them too little time or resources to take the 'helicopter view' of what is needed across the organization and to act on it. If nobody senior demands this or puts money into the budget for doing so, it gets left undone.

Without a cross-functional emphasis to their work, computer departments will continue doing what they have for decades. This is to produce and optimise vertically integrated systems for specific functions, so-called 'silos'.

It is only relatively recently that data aggregation across functions has been possible, under the drive to data mining and related activities.⁵ Previously, computer departments often had a reputation, not always unjustified, for building data islands rather information causeways.

Process integration is still absent in most organizations. Many banks have successfully instituted straight through processing and 'corporate actions' management. Even there, they typically applied it only to their major processes. There are no equivalent sector-wide drives elsewhere.

⁵ Data mining is the use of sophisticated software tools and techniques to uncover hidden facts contained in databases. It relies on statistical analysis to detect patterns and subtle relationships in the data. It can then often infer rules that allow the prediction of future results. Typical uses are detecting fraud, analysing customer buying behaviour and investigating credit risks.

The nature of off-the-shelf products also presents an obstacle, as we discussed above. This is made worse by the fact that the major software packages are often awkwardly different from one another. Their programming languages and conventions, internal structure, interfaces and support arrangements all vary widely. This is why job advertisements in the computing press often specify experience on particular products, such as Oracle, SAP or PeopleSoft. People versed in working across two or three such regimes are hard to find and expensive to employ.

BPM software reduces or sometimes eliminates the need to call on such deep expertise. Also, once a program's process logic is replicated within the independent process layer, there is no need to get tangled up in the application package's entrails again when introducing new or changed processes.

Another contributor to the IT function's isolation on business processes is its history. When commercial computing began, in the 1960s, the machines, their operators and their programmers typically resided in basement offices. This physical and social isolation from the rest of the organization continued through the 1980s. By then, it arose from the need for special air-conditioned accommodation for the computers. That is no longer demanded but, these days, security precautions keep visitors out instead.

The effect is the same. Most computer functions and their people still, sadly, seem set apart from their fellow employees. Computer specialists' habit of speaking to users in jargon does not help bring them closer.

Is Business Process Management right for my organization?

By now you might be saying to yourself that BPM sounds interesting but you are not sure if your organization could benefit from it. At this juncture, you might reasonably expect us to set out some pointers for you. These would list the kind of activity Business Process Management would be suitable for, the sort of results you could expect and so on.

It would be a tediously long list. Yes, we know we said earlier that BPM is not a cure-all but, frankly, it is easier to list the situations where it would not be useful.

Our advice is not to embark on Business Process Management if your organization has:

- Few computerised activities compared with its competition,
- Little or no experience of process automation,
- Few or no internal computer staff,
- One main application programme, or
- Business processes that hardly ever need changing.

We suggest that in any of these circumstances you instead start with something less far-reaching and ambitious. This reduces the risk of creating a white elephant. These, as you know, are expensive, noisy and embarrassing. A large-scale failure also inoculates people against trying again.

You would be safer setting up a carefully graduated series of small-scale successes. These would aid learning for everyone and create a positive atmosphere. You could then embark on Business Process Management later, if you thought the time and conditions were right. In the next chapter we look at some of the kinds of process software that you might consider using until then.

On the other hand, your organization is not working under any of the restraints just listed, then BPM is worth your while investigating.

A simple guide to whether your organization at least needs process automation comes in a 2004 survey of the insurance industry by the Exigen Group. It lists symptoms of what it calls 'corporate cholesterol', poor process flows that clog an organization's arteries. Most of these are applicable outside insurance, so we think you will find them useful whatever industry you are in.

Symptom 1: Every customer status enquiry leads to multiple internal telephone calls

Do staff who deal with customers rely on organization charts, company knowledge or simply luck to track down the status of a policy, claim, complaint or enquiry? If so, it is a sure sign the processes and systems do not support the organization's needs. This problem worsens when new products or channels are introduced through takeover or diversification.

Symptom 2: Training classes focus on three-letter acronyms and system codes

Do the organization's training courses deal more with data entry procedures and codes than corporate culture, customer service or up-selling techniques? If they are, it is likely that inefficient, green-screen-based processes are hampering growth and driving up costs.⁶

Symptom 3: Staff make heavy use of procedure manuals and compliance memos

Do employees need to refer to manuals and memoranda every day to do their work? This is a sign that business processes are not geared to comply with company policies or industry regulations. Over-compensating by adding extra stages to a process to check and recheck work only slows things down.

Symptom 4: Pens, post-its and notepads are the most prevalent data capture system

When systems are not integrated, employees have to re-key data from one system into another. Usually, they will note down information, such as a customer identity or account number, while they move to another display monitor or switch to a separate application program.

Symptom 5: On-the-job experience dictates the productivity of high-volume operations

When more experienced employees can follow a process much more quickly than newer recruits, it is likely that mental work-arounds have been developed to compensate for inadequate processes. (This applies only to routine work, of course. On-the-job knowledge is essential for managers, designers, researchers, system staff and many other employees.)

Symptom 6: Induction periods are longer than the average tenure

High staff churn is a clear sign of process inefficiency. Typically, the highest turnover rates occur where processes are more complex and cumbersome.

Symptom 7: Work is unevenly distributed

If some employees are overburdened with work while others are often idle, the process is not as efficient as it should be. Workers will be waiting for an earlier stage of a task to be completed before they can play their part. Without the dynamic distribution of work, it is harder to process claims, provide estimates or complete new policies at competitive speeds.

Symptom 8: Long queues (lines) at the copy room

Excessive use of the photocopying machine shows a reliance on paper-based processes. These are riddled with costs and are also slow and error-prone. Documents need to be duplicated at every stage, so that more than one person can work on a task at once.

Symptom 9: Folders, filing cabinets and paper trolleys are commonplace

This is another sure sign that an organization is reliant on paper-based processes.

⁶ 'Green screen' refers to older, text-only computer terminals that typically display green characters against a black background. Along with these goes the need to input commands by acronyms and function keys, rather than by mouse. This does not necessarily mean the underlying system will be hard to use but the chances are it will be.

Symptom 10: Small, remote offices process policies faster than flagship branches

As companies grow, a greater number of specialized departments become involved in each process. Handoffs, status inquiries and exception handling increase, impeding the ability to process quickly as people do not know one another or are located in different parts of a building, city or country.

Exigen's symptomology is a useful diagnostic aid to the need for workflow automation. This is an important part of Business Process Management but, as we saw early in the chapter, only a part.

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