



Organizational Learning Center Information Document

300 South 1st Street, Suite 300-B • (408) 288-8200 / 8291 Fax • San Jose, CA 95113

Business Process Management

Objective

This information document provides information on:

- 1) Business Process Management as a resource for achieving excellent performance.
- 2) The team-based approach to implementing business process management that has been shown as a result of extensive research by OLC.

What is Business Process Management?

A business process is a series of interrelated activities that a business organization uses to achieve a specific purpose. Business organizations use numerous business processes to develop, produce and deliver products and services. Each business process involves both human efforts and the use of technology, and it's often referred to as a socio-technical system.

Management is traditionally defined as a process of planning, organizing and controlling activities. Management does not involve actually performing the specific work tasks that produce products and services, but rather enables these tasks to be undertaken in an optimum fashion.

Business Process Management (BPM) can thus be viewed as planning, organizing and controlling the network of processes used by an organization. These processes cover management processes such as those needed for strategy development, financial management, human resources, capital investment, technology improvement, information management, and capability improvement. BPM also covers the management of the processes required to produce products and services.

Much of the emphasis of BPM has been upon the enterprise-level processes used by senior management to plan, organize and control the business. BPM, however, applies to the management of processes at all levels in the organization, which includes management (planning, organizing and controlling), the processes used by front-line workers.

W. Edwards Deming is respected worldwide for his contributions to the improvement of management methods. One factor he emphasized is that, often, front-line workers are criticized for poor performance, when, in fact, individuals are actually performing extremely well and the underlying cause of the poor performance is the process established by the organizational management that the workers are required to follow and not permitted to change.

An Historical Perspective

Process management has been used in many forms in the past. It was the basis of "Method Study" utilized by industrial engineers over fifty years ago to improve operational performance in industrial

plants. Traditional product planning methods such as Gantt charts and critical path analysis define the tasks needed to achieve a specific output and the relationship between the tasks.

More recently, continuous process improvement and process reengineering have been used as methodologies for improving organizational business processes. Today, many organizations are using outside consultants to map their business and work processes. In many cases, consultants guide the organization in the use of structured resources such as SAP and ERP to help design business processes and train the organizational members in using them.

Observations Based on OLC's Research into the Field of Process Management

- a. Many national and international bodies are advocating the utilization of Business Process Management as an effective strategy for achieving organizational excellence. These include:
 - ❑ ISO 9000/2000
 - ❑ The Malcolm Baldrige Award
 - ❑ The European Excellence Award
 - ❑ The Project Management Institute's Body of Knowledge
 - ❑ Carnegie-Mellon's Capabilities Maturity Model
 - ❑ Sarbanes-Oxley
 - ❑ Six Sigma
- b. Although broad recognition exists within business and industry of the importance of business process management, the majority of organizations still depend primarily on a functional-based organization and focus on the management of functional tasks rather than the business processes used to achieve the organization's objectives.
- c. In the functional-based management approach, layers of organizational management perform the role of integrating business process tasks, integrating the organization's business processes, and adapting them to respond to changing circumstances. This is an exhaustive and time-consuming activity drawing energy from other management activities.
- d. Many organizations have undertaken the effort, often with consultants' support, to document key business processes; however, in many cases, this documentation is window dressing, and work tasks continue to be managed using the traditional functional management approach.
- e. The effort required within an organization to successfully utilize the business process management approach is significant and requires learning and change, which takes time and resources away from daily work. The development of the organization's internal resources to manage change, while sustaining performance levels, is a major challenge for organizational leaders.

- f. Middle managers are traditionally assigned the primary responsibility for sustaining performance levels. Many middle managers often resist providing resources for and getting involved in organizational change as it is seen as negatively impacting their primary responsibility.
- g. OLC has supported and participated in research to understand middle management's resistance to change and to measure this resistance. Initial studies have shown an organization's success in developing capabilities that enable organizational excellence correlates with middle management's support of change.

Other Findings from OLC Research and Experience

- a. In the majority of cases, organizational processes are not documented and are not used in a consistent way by all organizational members. The two fundamental approaches organizations have used to influence Business Process Management are:
 - 1) A structured top-down approach, which draws on standardized process definitions and establishes these standardized approaches as internal practice. OLC refers to this as the structured approach.
 - 2) An internally managed methodology, which draws on internal experts familiar with the existing organization's processes as the resource to define them, standardize them, and improve them. OLC refers to this as the expert team approach.
- b. Organizations implementing the structured approach often experience a high-level of resistance from organizational members as, in many cases, the new process significantly changes the ways work has been done successfully in the past, and often requires changes in roles, responsibility, and organizational structure.
- c. The organizational culture within organizations utilizing the structured approach often creates a process management methodology that is applied too rigidly and lacks the flexibility to adapt to different situations.
- d. OLC's experience is that the expert team approach to implementing Business Process Management can be very effective and can be implemented in a sequential fashion that causes minimal disruption with ongoing work and often rapidly pays back the cost of the effort involved.
- e. The implementation of the expert team approach involves the documentation of specific existing business processes by the people who understand from personal experience the process being documented.
- f. Key success factors in implementing the expert team approach is the availability of a facilitator to help experts in developing process descriptions of their existing business processes and clarifying interfaces with other business processes.
- g. Business process description provides the framework for business process improvement.
- h. For natural work team members to analyze and improve process problems, they need to be provided with basic training in process improvement. In addition, it is highly desirable to develop an internal

coalition of people who are experts in BPM to support business process definition and improvement efforts.

- i. An important component of a business process is the information system that provides expert team members with current information on the status of ongoing process activities. This information system acts like the brain of the business process and provides information to help the team adapt to changing circumstances.
- j. The expert team approach for implementing process management can be applied at the management level in defining and improving business processes or at different working levels in the organization.
- k. OLC's research has shown that the expert team approach to implementing process management is an effective tool in helping organizations involved in internal reorganizations or corporate mergers. The documentation and associated dialogue between the members of expert teams who seek to establish BPM best practice in the new organizational situation, helps build understanding and positive relationships.
- l. OLC's research has indicated that an organizational assessment of existing organizational capabilities in areas that influence organizational excellence such as organizational culture, management style, and human effectiveness skills increase the awareness of the importance of these capabilities and understanding of the degree to which the expert team approach to process management is likely to be successfully implemented by the organization.

Leadership Challenge

Business process management, teamwork, and process improvement are management tools that are proving to be effective in 21st century organizations. Attachment A provides a relative comparison of the perceived value of various management methods over the past fifty years. This figure clearly indicates the trends for the 21st century. Organizational leaders are challenged to understand what these tools and methods are, and to develop the human and organizational capabilities necessary to take full advantage of them in achieving organizational excellence.

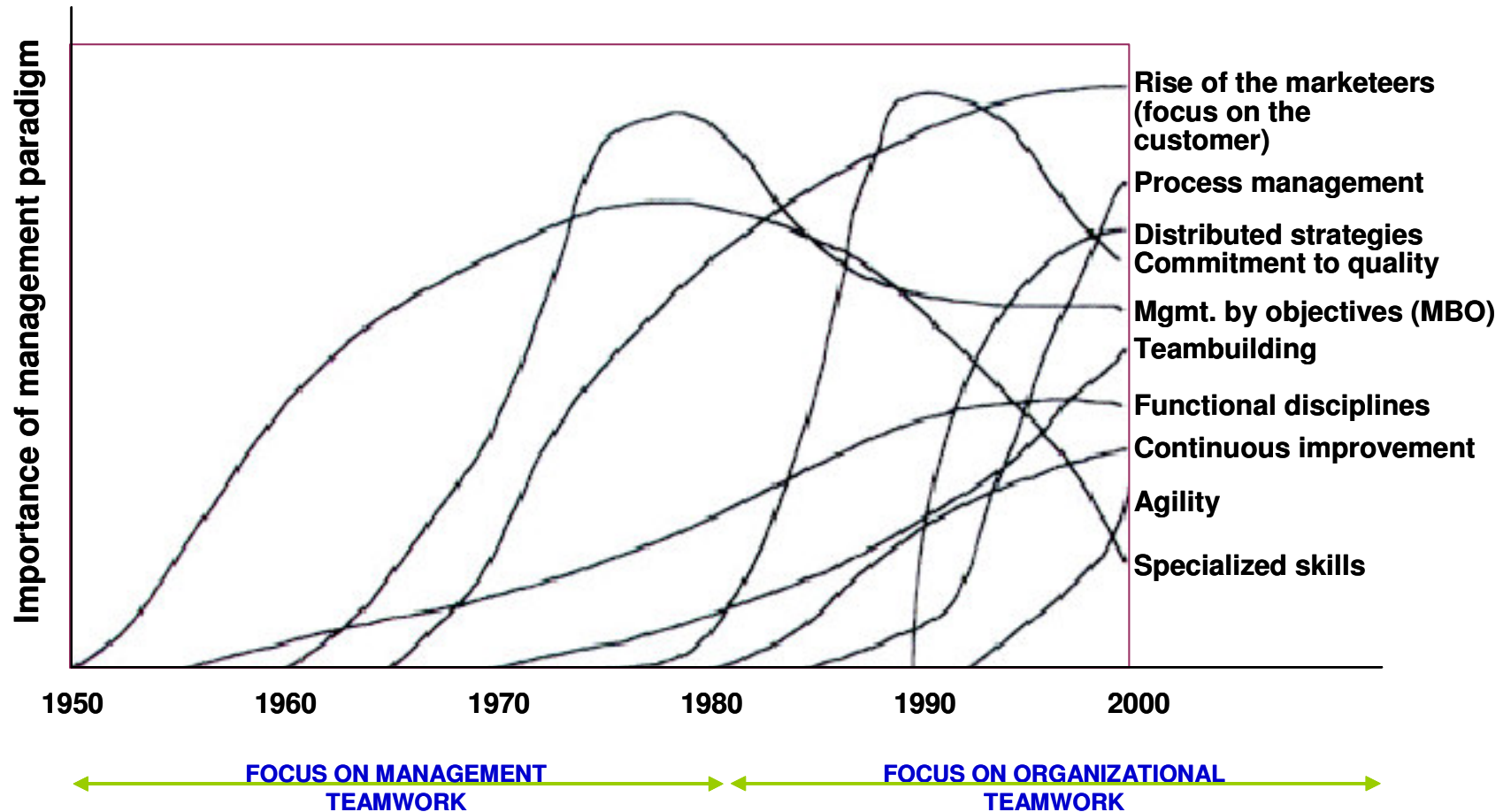


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Attachment A

The Ten Eras of Management



“Developing Agile Organizations: Skills for Managers and Team Leaders” by Mike Woodcock and Dave Francis, Gower Training Centre, www.gowertraining.co.uk.