The power of business process management

Former US President Bill Clinton, in a recent interview on US television, was asked about the most important lesson he learned from his eight years in office. In response, he commented that it was not until after he left the Oval Office that he fully appreciated the "importance and power of process." His comment was made in the context of developing public policy, managing the operations of government, and measuring results.

When we review the development of productivity improvement initiatives over the past century, breakthroughs or leapfrog process improvements occur as a result of either internal innovation or external threat. Internal improvements occur in organizations where corporate management and culture encourage, reward, and recognize improvement suggestions by employees. Sony Corporation is a shining example. Investment in R&D is also a key driver in achieving breakthroughs.

External threats can also lead to higher productivity when circumstances or events necessitate new initiatives for improvement. For example, the book *The Machine that Changed the World*, which is about the Toyota manufacturing process, forced US motor manufacturers either to adjust and adapt or be left out of the industry. The "Toyota standard," which they shared with the industry, is now the benchmark for vehicle manufacturing worldwide.

But the greatest catalyst for change in all of these circumstances has been and still is the continuous rise in customer expectations for better products and quality service. If organizations are to meet the changing needs of the market (customers), what do they have to do? One key answer is to improve continuously in their business process management (BPM), an ongoing undertaking for assessing, analyzing, and improving the performance of key business processes based on customer needs. Occasionally BPM has been described as end-to-end business management. A concise definition of a process is "a series of definable, repeatable, and measurable tasks leading to a useful result for an internal or external customer."

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Although BPM is being promoted as a "new wave" management tool in Australia, it is not a new approach. When we examine the key concepts and the accompanying attributes of BPM, we will see that it embraces elements of total quality management, Six Sigma, ISO 9000/2000, business excellence frameworks, continuous improvement, benchmarking, reengineering, and customer relationship management.

BPM is successful in both private- and public-sector organizations because it engages top management in the improvement process from the outset. Because the approach is simple and market driven, and as it will deliver end-to-end bottom-line results, top management can quickly see the business benefits of leading the implementation of BPM. According to Gartner, a foremost worldwide IT research and consulting organization, "By 2005, at least 90% of large enterprises will have business process management...enterprises that continue to maintain hard-core flow control, or insist on manual process steps and do not incorporate the benefits of BPM will lose out to competitors who adopt BPM."

One of the great discoveries of the power of BPM was during the contingency planning for the supposed Y2K phenomenon. Organizations and businesses needed to ensure that end-to-end operations would continue to function after 1 January 2000. Smooth business processes became the key drivers to ensure the "interlocks" with functions were tested and operational. Many process improvement opportunities were discovered during this Y2K period.

A recent BearingPoint (formerly KPMG Consulting) report revealed that most successful acquisitions and mergers use "a robust and well-managed process" from the outset. The reason top management realizes the importance of BPM as a productivity improvement method is because it delivers positive business outcomes.

There are three key phases in a market-driven approach to BPM:

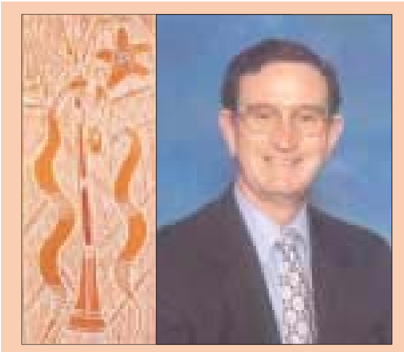
1. Process assessment involves determining customer requirements, mapping the processes, collecting process performance data, and rating the processes based on these data.

2. Process analysis uses the data collected under process assessment to evaluate and develop plans to improve the processes.

3. Process improvement involves implementing the process improvement plan, obtaining customer feedback on the results, revising the plan as appropriate, and rolling out the solution across the organization.

What does the top management team have to do? It must understand that improvement is required and provide the leadership to appoint and support an executive process improvement team and ensure that the measurement of results shifts from traditional financial outcomes to include process measurements found in balanced scorecards or "nonfinancial indicators." These process measurements must become part of the management measurement system.

••••••by Richard Barton



Process management yields a variety of results for the enterprise. Here are some examples:

- Positive customer and employee climate surveys;
- Cycle time reduction in planning and reporting;
- Faster turnaround of products and services;
- Reduced error rates;
- Reduced shipping and transit times;
- On-time schedules;
- Improved service availability and responsiveness; and
- Competent employees attracted and retained.

However, the top management team must be:

- Patient, because process improvement results are not short term; and
- Prepared to modify the management system (structure and organization) to adapt to process changes.

There is no doubt that BPM forces a focus on the quality of management as well as the management of quality in an organization. Because it is market driven, customer focused, and it works, positive productivity and business outcomes are the reward.

***Richard Barton was the Process Improvement and Quality Management Executive for IBM in Australia and New Zealand. Among previous distinguished positions he held was General Manager in the Australian Quality Council. In this capacity, he had a long and close association with the APO. Mr. Barton writes this column regularly for the* APO News.**