What Can Enterprise Process Work Accomplish?

Paul Harmon
Executive Editor
BPTrends
www.bptrends.com

If you believe that the Software Engineering Institute's Capability Maturity Model (CMMI) describes reality, then you believe that organizations go through five basic stages as they become increasingly adept at understanding and managing their business processes.   At level 2, most organizations are focused on trying to define and improve departmental processes. At level 3, organizations become concerned with developing an integrated view of all the processes in the organization, and at level 4, organizations focus on measuring and managing their processes in a systematic way.

If you have read the market survey data from either SEI or BPTrends, you know that most organizations are at CMMI Level 2. In our BPTrends surveys, a significant number of organizations express an interest in building a process architecture and managing processes with performance data, but most report they are only beginning to explore the possibilities.

There are, of course, some organizations, like the Division of Boeing that produces C-17 aircraft, that are CMMI Level 5 organizations and provide us with an insight into what a Level 5 organization is capable of achieving. The Boeing C17 group has a process architecture and every activity in the Division is described within the context of a comprehensive process hierarchy. Each process has a manager and each manager has specific goals. Each manager reports on his or her performance each month, and if he or she is off target, he or she presents a plan for getting the process back on target. If a return to the agreed upon goal does not occur within a specified period of time, the BPM group that monitors the performance of all processes in the Division, intervenes to help. Using this approach, Boeing's C17 Division moved from level 2 and an unacceptable level of performance, to being a world class performer Level 5 organization over the course of four years. And, they won the US Commerce Department's Baldrige Award to prove it. The thing that impresses any observer who studies the Boeing C17 operation is how integrated and comprehensive it is.

One manager, for example, manages a large process that is broken down into four subprocesses. Each of the subprocesses is managed by someone who reports to the manager of the larger process. The manager of the larger process has a scorecard that specifies just what her process is expected to achieve, and each of her subordinates has a scorecard that shows just which goals on their manager's scorecard they are responsible for. It's tightly integrated from top to bottom.

At the same time, measures are derived from the final process – an acceptable delivery - and then tied back through all the upstream processes to integrate things horizontally. The manager of the final process agrees he or she can meet his or her goals, if certain inputs are provided by upstream and support processes, and service agreements are executed to define the deliverables. All of the upstream processes, in turn, have service agreements with their upstream and support processes, and so forth.

And finally, monitoring is comprehensive and leads directly to corrections. Each manager enters data into a software system each month that feeds directly onto a dashboard monitored by both the division managers and the BPM Center of Excellence. Whenever a manager/process misses a goal or an agreement, an improvement process is automatically initiated.

It should be clear by now that we are not talking about a Business Process Architecture that is simply used to organize software applications and database resources. Most companies have some kind of IT-based Enterprise Architecture. A typical Enterprise Architecture includes a sub-architecture that describes the business processes in the organization. In theory, the Business Process Architecture contained within the Enterprise Architecture is the key to aligning everything else. In too many cases, however, the Business Process Architecture contained within an IT-developed Enterprise Architecture was developed with little or no input from the business people in the organization. These light weight Business Process Architectures could not possibly serve the purposes that the Boeing C17 group's process architecture serves.

There is no reason why the IT group and the business managers cannot work together to develop a solid Business Process Architecture that serves the interests of both. It's simply a fact, however, that most of today's Enterprise Architectures only include simple Business Process Architectures that are designed to serve as a structural framework for organizing IT resources. To serve the kinds of functions we are describing here, a much more comprehensive and independent Business Process Architecture will be required.

We are occasionally asked about the benefits of developing a Business Process Architecture. There is no direct return on an architectural development effort. You don't create a Business Process Architecture to make money. A Business Process Architecture is a tool. It is a list of processes and relationships, documents that describe measurements, and managerial charts and policies. I usually compare a Business Process Architecture to a table of accounts. The table of accounts has no value in and of itself – it's simply a tool that allows managers to organize information about the finances of the organization. A well-designed table of accounts is important, however, because it presents financial information in a manner that provides an accurate idea of the current financial situation of the organization. A Business Process Architecture is a set of tools that helps managers understand critical causal relationships in how work gets done in the organization. A good architecture lets the managers monitor the ongoing operational performance of the organization in a way that facilitates quick and precise interventions when something goes off target.

To develop a Business Process Architecture for a mid-to-large sized organization is no mean feat. There are those who always resist change and they will find many reasons to avoid building a Business Process Architecture. At best, that resistance will be fierce. Organizations that attempt architecture without prior experience with process work often find the resistance to be overwhelming. For most organizations, investing a few years in the analysis and redesign of major core processes, and arguing about the value of the process perspective, along the way, will make an architectural effort much easier.

In spite of the problems we have suggested, those who do attempt Business Process Architecture development today will find it easier than those who attempted it in the past. Just as ERP software has made it possible to implement activity-level process designs without the problems associated with designing and developing software from scratch, the business process frameworks that have been developed in the course of the last decade have gone a long way towards revolutionizing process architecture work. On the one hand, a framework like the Supply Chain Council's SCOR, can make it possible for a team to quickly assemble a first approximation of a supply chain architecture in a matter of days and a complete and detailed architecture in a matter of months. Similar advantages are associated with the TeleManagement Forum's eTOM framework and with the VRM enterprise framework of the Value Chain Group.

In last month's Advisor on Business Analysts, we described the work of the BPM Center of Excellence at Cosmote, an Eastern European phone company that has grown rapidly through acquisitions. As each new company is acquired, Cosmote faces the challenge of classifying the new company's processes, identifying overlaps, and consolidating their activities. The group decided to adopt the TeleManagement Forum's eTOM architecture and modeled Cosmote itself. eTOM provided the organization with a comprehensive process architecture which the BPM team extended and supported with detailed metrics. As each new company is acquired, the BPM group quickly models the new company's processes in the same way. They then map them to Cosmote's existing processes and recommend how consolidation should proceed. This is exactly the kind of work that a BPM CoE should be performing.

Today's business process practitioner can use a business process framework to structure the architectural development effort. And even if they do not use a specific framework, study of the existing, popular frameworks will provide the BPM group with lots of good ideas about how to organize and represent a process architecture.

Most companies begin a Business Process Architecture effort by defining all of their high level business processes – usually starting with value chains and going down to a depth of about three process levels. Given how rapidly the number of processes increases as you decompose the levels, it usually isn't practical or useful to drive down to 5 or 6 levels during an initial effort. If you get the high-level relationships right, you are positioned to identify where your big problems lie, and you can always drill down in a specific process area when you need to.

Obviously, Business Process Architecture work is not something you want to attempt with Visio or a piece of paper and a pencil. Assuming a large organization with four or five divisions and four or five value chains, you can easily define a hundred processes just getting to level three. (At the moment, I am only focusing on core processes and am not even going to mention the complex network that develops when you start defining the relationships between the core processes and various support or management processes.) And the next thing you are going to want to do is to define measures for each of those processes, and then organize

your measures into a hierarchy. Many also start tracking business rules, jobs associated with each process, and managers responsible for each process. All this information can be overwhelming if you are trying to do it by hand. You need a good business process modeling tool with a good process repository to manage this type of effort. So, you need process modeling software, and any one of the many process modeling tools will serve.

Once a company has a map of its high level processes it can begin to refine it. Depending on the priorities of the organization, it might choose to focus on the problems of managing processes or, instead, focus on rules used for decisions, or on defining measures that can be used to track company-wide process performance. Getting the overall structure of the value chains and core processes in place first, however, is the key. It is this structure that convinces the business managers in the organization that the effort really is about the practical operational flows they are concerned with. Everyone's subsequent process redesign and improvement efforts can be hung on and prioritized from that core structure. The architecture makes you a level 3 organization and once you start using it to further improve your mastery of process, you begin to move toward creating a level 4 organization.

I downplayed the benefits associated with a process architecture, earlier, when I suggested it was only a tool. While that's true enough, and important to stress when you are dealing with people who want to know exactly how much money the architecture development effort is going to contribute to the bottom line next quarter, it's also a bit unfair. The broad trend in the world, and in organizations, is toward complexity and rapid change. It's particularly true of large organizations. Ultimately, Business Process Architecture efforts are about understanding how organizations work. They provide pictures or models that let us trace and track flows and find the causes of problems. In other words, a Business Process Architecture is all about flexibility, identifying the causes of problems, and making quick effective changes. The architecture doesn't do it by itself, of course, but it's the best tool we have, today, to help management do it.

If you believe, as I do, that the survival of large organizations depends, increasingly, on their ability to understand themselves and to execute effective changes in response to a rapidly changing environment, then you also believe that every organization needs an effective Business Process Architecture.

Till next time,

Paul Harmon

ABOUT PAUL HARMON

Paul is a Co-Founder, Executive Editor and Market Analyst at BPTrends, (Business Process Trends), the most trusted source of information and analysis on trends, directions and best practices in business process management, (www.bptrends.com). He is also a Co-Founder, Chief Methodologist and Principal Consultant of BPTrends Associates, a professional services company providing executive education, training and consulting services for organizations interested in understanding and implementing business process management. He has worked on major process improvement programs at Bank of America, Wells Fargo, Prudential and Citibank, to name a few.

Paul is the Co-Author and Editor of the *BPTrends Product Reports*, the most widely read reports available on BPM software products and the author of the best selling book, *Business Process Change*: *A Manager's Guide to Improving, Redesigning and Automating Processes.* He is an acknowledged BPM thought leader and noted consultant, educator, author and market analyst concerned with applying new technologies and methodologies to real-world business problems. He is a widely respected keynote speaker and has developed and delivered executive seminars, workshops, briefings and keynote addresses on all aspects of BPM to conferences and major organizations throughout the world. BPTrends Associates is partnered with Boston University to develop and deliver the BUCEC BPM Curriculum and Certification Program.