

Project Governance The Role Of The Business Process Owner



Applies to:

The Role of the Business Process Owner in Project Governance. For more information, visit the [Organizational Change Management homepage](#).

Summary

More and more SAP projects are seeing the need for customers to create the role of Business Process Owners in their organization. This paper focuses on the role of the business process owner in both the governance of the SAP implementation project and the on-going decision role after go-live.

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Author Bio

Bob Badzinski brings over 25 years of experience in the areas of business process improvement, change management, business transformation, organization design, and organizational development. He brings over 12 years of change management consulting experience primarily around the implementation of SAP systems in a wide range of industries including manufacturing, financial services, call centers, insurance, utilities and technology.

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- Driving large scale change in organizations
- Organizational design
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- Creating performance management systems to achieve business results
- Coaching leaders on improving performance through effective leadership skills

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Introduction

More and more SAP projects are seeing the need for customers to create the role of Business Process Owners in their organization. This paper focuses on the role of the business process owner in both the governance of the SAP implementation project and the on-going decision role after go-live.

Overview

SAP transforms businesses. Over the past few years SAP has moved beyond being just a business software provider to a company that offers a wide range of products and services to transform how business is done. Customers have also begun to realize that implementing SAP means changing how you run and manage your business. With the push to move to standard SAP functionality to lower the overall total cost of ownership of SAP, customers have recognized that they need to redesign and standardize the processes that they use to run their business. Customers have come to recognize that the integrated nature of processes and technology and that change in one can have an impact on the other.

The problem that most current organizations have is that they are generally functional managed and not process managed. By that I mean that organizational structure and reporting relationships generally fall along a business function – anything to do with Finance is owned by finance. Organizations may have some variation on that design (regional grouping, product grouping, decentralized activities in some areas and centralized in others, but for the most part the reporting relationships are aligned to a business function.

The problem is that SAP moves across functions as it looks at the entire business scenario or end to end process. SAP thinks of procure to pay as a process where the securing of goods and services moves from sourcing to buying to receiving to accounts payable and finally bank reconciliation. There are also touch points with accounting and possibly other parts of the organization. On top of this end to end process could be several different functional areas that may or may not have common executive leadership. And what happens in one area may impact these other parts of the organization. Because of their highly integrated nature with the technology, processes now need to be thought of as connected systems rather than discrete parts. Someone must have the complete view in sight to effectively decide if a change anywhere along the process is of benefit to the enterprise as a whole rather than the optimization of a part at the expense of others.

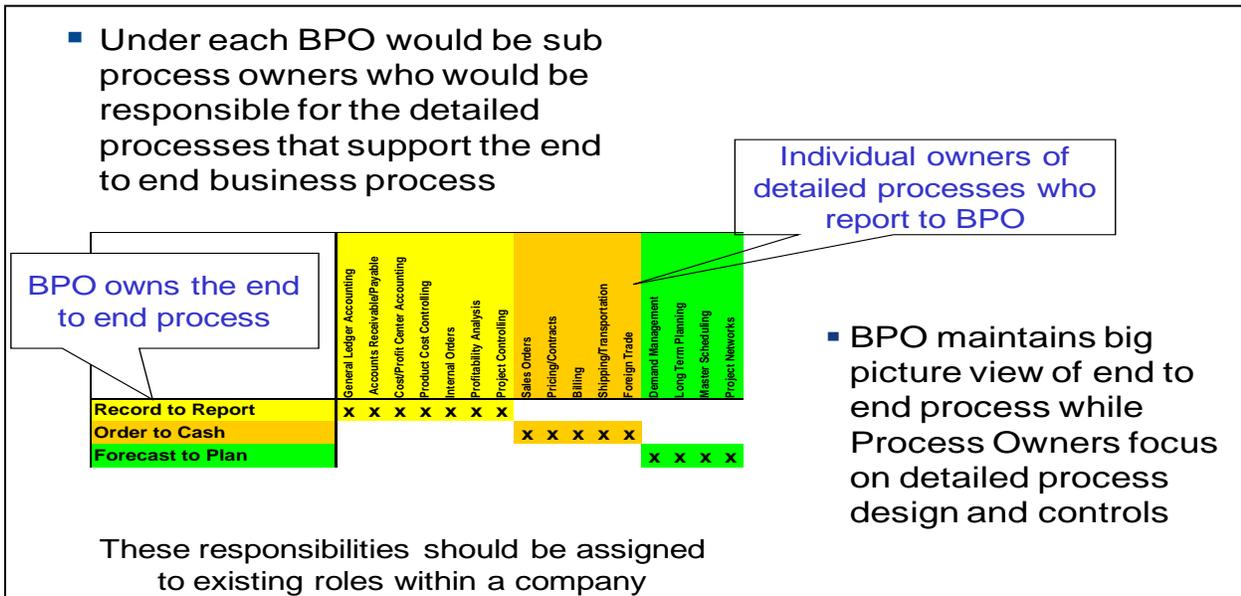
Setting Up the Business Process Owner Role

To address this need, SAP best practice is to introduce to customers the role of business process owner. The BPO is the single point for decisions across the entire business scenario. The typical decision authority for a BPO includes:

- Accountable for final process design and key performance indicators
- Accountable for successful implementation of the common processes across the enterprise
- Accountable for achieving process business benefits
- Final decisions point on when local processes are appropriate

To be successful in this role it is also expected that the BPO must have sufficient business knowledge about the process to create and measure efficient processes and have sufficient organizational influence within organization to ensure these processes are implemented.

Clearly by this general description the BPO is an individual in the organization with deep knowledge about the business, what it needs, and the organizational clout to make it happen. Generally this means an executive at some level in the organization. However for very large organizations the person in the best position to have this type of organizational clout is sufficiently removed by both structure and time from the day to day operations of the business to have the level of knowledge to determine what the process should look like and how each part should be measured. To address this deficiency, larger organizations may determine that there is one executive who owns the business scenario and that executive can marshal the



functional resources within those functional areas who are experts in how things should work at a system level. I want to be very careful here in describing this secondary decision role. These experts must be decision makers with broad responsibilities for the processes they control. As an example, if the BPO is a Vice President level the team that supports the BPO should most likely be no more than one or two levels down the management ranks. This is important to understand because we are talking about control of the business process – not the sequence of task or activities that need to be performed at the user level to execute the processes.

Decision Making Authority of Business Process Owner

The BPO is accountable to ensure that:

- The business process under their direction meets the goals of the business transformation project and the needs of the business, and
- The end to end processes are fully implemented as designed across the company.

It is not expected that the BPO is responsible for creating the process design and identification of appropriate metrics to measure the effectiveness of the process. Typically the SAP implementation team is charged with the responsibility for the design of the “to-be” processes that will be supported by the SAP solution and the metrics for to measure effectiveness. The project team should be engaging subject matter experts (hopefully the same people who will ultimately be working at the direction of the BPO to implement the “to-be” processes in their areas) who can help ensure that the “to-be” design is complete and workable.

The BPO can play two important parts in the design process. The first part is at the initiation of the design effort. At the start of the Blueprint process, the BPO should set the expectations around what business value is being sought from the particular business scenario. Essentially that entails having the BPO describe what it is they want to fix, or improve or their vision of an end state that is aligned to the overall business strategy. This should be the guidepost to the project team to understand what it is that the “to-be” design needs to do. The second area is in the area of defining success measures. The BPO should articulate with as much specificity as possible what that future state looks like. As an example, it is insufficient to tell the team that we need to get better at doing something. Instead the BPO needs to articulate what does better mean. If the BPO wants to drive to a more efficient process – what tells them that they are more efficient? They may not have all of the answers at this stage but the more they can put substance around what “better” is the greater the chances that the project team will deliver a design that gets them there.

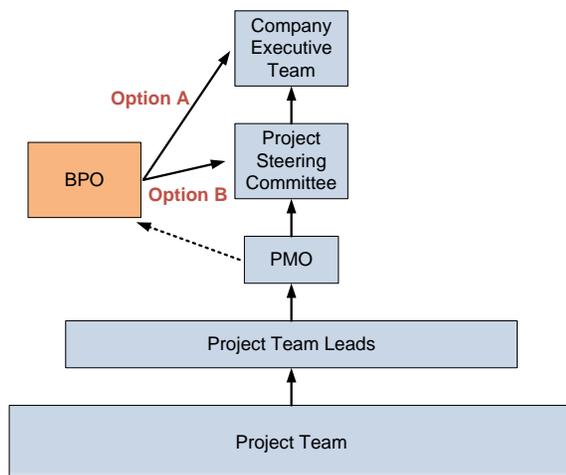
Once the process designs are completed the BPO, though the formal Blueprint document sign-offs, must approve the final design that will be implemented. However, it is important to note that at this point the BPOs work is just beginning. The process must now move from design to implementation and that means aligning the organization's pieces that work any part of the process to the design and goals of the new business scenario. It is usually at this stage that the BPO shifts their project focus from the business functional team to the organizational change management (OCM) team. These two areas need to effectively partner to ensure that the business understands the changes and is actively working on the path to making those changes happen. The SAP OCM business readiness process is designed to engage the business on these changes and prepare their organizations for the changes that will happen.

Business Process Decision Conflicts/Resolution

Designating the BPO as the final decision maker for a business scenario that cross over business functions can be an organizational disaster if it is not managed correctly. To address this there needs to be clear agreement within the executive leadership team on the decision authority of these roles and who is performing this function for the company. The easiest decision from a conflict minimization is to assign the BPO functions to the executive team members. Except for small organizations this option may not be a realistic solution. Instead the organization needs to make this decision based on the business needs and benefits as to who the BPO is and what their decision authority is around the business process decisions. In some cases this may become a shared responsibility between the designated BPO and the functional executives. While there are many examples of organizations that have devised a matrix organizational structure to manage this level of complexity, it requires a collaborative leadership style amongst all players for this model to work effectively. Whatever the ultimate decision turns out to be it must be clearly stated and agreed to before the BPO role is initiated. If there is no clear decision and commitment, the BPO function should not be implemented.

The second point of conflict can occur within the project itself. Generally the project steering committee (usually comprised of senior executives within the organization) is charged with the decision making authority for the project. From a steering committee viewpoint that includes the processes that are designed by the project. The process design can be a significant decision especially if the approved design increases scope, resources, timeline and/or budget. These are clearly the decision making responsibilities (and accountabilities) of the Project Steering Committee.

Typical Project Governance Structure



Again this final decision authority becomes more of a shared responsibility between the BPO and the Project Steering Committee. The decision authority for each group needs to be spelled out as well as how these issues get escalated if there are irreconcilable differences. The executive team must decide between Options **A** – The BPO is an independent decision group accountable to the executive team or **B** – the BPO is accountable to the Project Steering Committee with escalation process to the executive team if the issues cannot be resolved at the first level.

One other potential area of conflict resides in the reporting relationship of the PMO. If the company is operating under Option **A** – then the PMO must view both the BPO and the Project Steering Committee as their primary stakeholders and keep both abreast of pertinent developments and decisions that impact their area. If Option **B** is the model that the project must operate under, the PMO must seek clarity with the steering committee and the BPO on the reporting relationship. These decisions must be finalized in the project preparation phase.

Process Implementation and the BPO

While the process design decisions are significant, they are but the first part of the process of transforming the business. The more difficult task ahead is the implementation of these processes across the enterprise. To do this the BPO must manage this activity the same as the project team – with a clearly articulated plan, with tasks, deliverables, timelines and resources. In addition they must have a monitoring system to assess progress and identify and mitigate risk. The project OCM team is positioned to support this effort since one of the major work streams within the SAP OCM methodology is the business readiness activities. The business readiness aligns and focuses the leadership team on all of the actions that need to occur to ensure that their people are ready to perform in these new processes as quickly as possible.

I have deliberately chose this description of readiness rather than at go-live because it is often the case that there are processes or at least parts of processes that can be implemented as soon as they are designed and approved because they are either technology agnostic or not technology driven. As an example, in procure to pay the new process may require purchase orders for all purchases. The company may have this capability today (either in a purchasing system or on paper) but for whatever reason are not fully utilizing that capability. Instead of waiting for go-live to implement this change in the process, the BPO may decide that this is the first step in driving the change to the future state.

The BPO will also need to leverage those SME decision makers to drive the adoption of the new processes across functional areas. Again the BPO must have the authority to direct those resources and they need to understand that they are accountable to the BPO for the implementation of the process as designed. This is another area where the project OCM team can assist the BPO in aligning these resources to achieving the desired end state.

BPO – The Never Ending Role

One final point to make is that once created the BPO role does not end with the project. There are several areas of focus for the BPO after go-live. One area is to evaluate that the new process is working and achieving its desired outcomes. The second is to look for continuous improvements in the process that continue to leverage the capabilities of SAP to drive efficiencies. Finally the BPOs will need to evaluate any system changes, upgrades or new functionality to determine the impacts on their business scenario and if necessary to prepare their organizations once again for any changes. It is an ongoing role even though it may not be a full time commitment after go-live.

Conclusion

To truly transform a business the Business Process Owner is a critical component to making this change happen. However it is essential that a number of key decisions are made as early as possible – hopefully before the SAP implementation project starts up.

These key decisions that executives need to make as early as possible include:

- The definition of the role and clarity around the decision authority of the BPO role
- The reporting relationships of the BPO to the project and the organization
- The selection of the right people to take on these rolls
- The goals and objectives of the future state around the BPO's business scenario
- The authority to engage key decision resources across business functions that interact within the business scenario

In addition the issue of post go-live governance of the SAP solution should be addressed as early as practical so that BPOs understand their role and decision authority going forward from the project.

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