

What is Business Process Management? And How Can It Make a Difference to Your Business?

by Dermot McCauley

Forty per cent of chief financial officers plan to increase their investments in Business Process Management (BPM) software, according to a recent survey by Forrester Research. Executives in other roles are also increasingly recognising the potential of Business Process Management to improve business performance. The benefits these executives are gaining from BPM include:

- Better compliance to procedure and policy.
- Greater standardisation of business processes within and across organisations.
- Increased visibility and auditability of business and process performance.
- Flexibility for processes to evolve as market and regulatory needs change.

So what is Business Process Management? How does it bring these benefits? And how can you successfully adopt BPM in your enterprise? Let's answer a simpler question first.

WHAT IS PROCESS?

In any enterprise, public or private, business is conducted by executing business processes, such as sales order processing, customer billing and field engineer scheduling, which collectively constitute the organisation's day-to-day operation. These processes entail a number of steps or tasks which must be completed for the enterprise to operate efficiently and effectively - thus, in the customer

billing process, multiple tasks are performed so that an invoice is accurately generated, addressed, dispatched, crossreferenced, etc. Employees, customers or suppliers can perform the tasks that make up a process, or the tasks can be performed by automated systems, such as a financial accounting software package. In most cases a business process is executed through a combination of automated and non-automated tasks undertaken over a certain period of time. So, for example, the customer billing process will generate 'Invoice No. 3485' within three days of month-end after a collection of tasks have been executed, some by computer systems and some manually by staff and customers.

BPM provides the tools, techniques and technologies to effectively build, drive, monitor and optimise any business process

WHAT IS BUSINESS PROCESS MANAGEMENT?

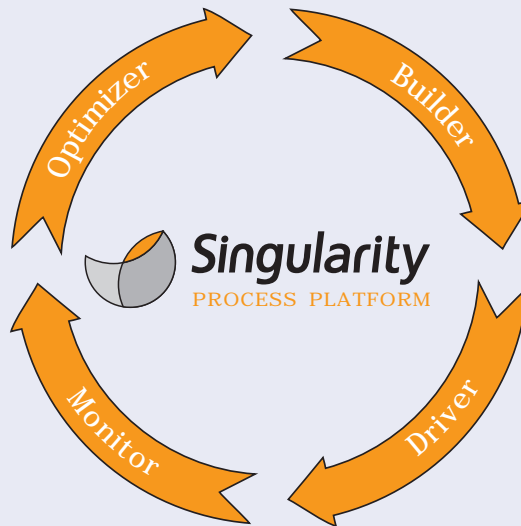
BPM is an approach to managing processes, such as customer billing or performance assessment, throughout their lifecycle, from their initial creation to their continuous improvement. The idea that a business process has a lifecycle might not be obvious at first and deserves a few more words, in part because it is central to the BPM concept. In simple terms a business process lifecycle can be thought of as having four phases and BPM provides business and IT staff at all levels with the tools, techniques and technologies that enable them to effectively manage each of these phases.

Optimizer

Enables execution-time process enhancement that improves efficiency, increases productivity and boosts performance

Monitor

Provides the visibility, reporting, and insight that enable intelligent assessment of process and business performance



Builder

Equips business and IT staff to collaboratively design, simulate, test, and deploy the best processes

Driver

Orchestrates and executes efficient processes that integrate people, systems and partners in real time

BUILD

In this initial phase of its lifecycle a process is created or streamlined, usually by a collaborative design effort involving both business and IT staff. This stage involves clear definition of the people who will be involved in the process, their skills, their costs, and of the tasks and the overall process. It also involves defining which automated systems are to be involved, where and to what end, whether they be in-house legacy systems, the systems of customers or partners, or some new technology being employed to improve the process. The BUILD phase also includes testing the designed process before it is put into day-to-day operation to ensure that it will operate as planned and achieve the business results intended.

DRIVE

This second phase of the lifecycle is when processes are being executed in day-to-day operation of the business. BPM ensures that during this phase of its lifecycle the process is consistently executed as defined in the BUILD phase. Where exceptions to normal operation occur, the DRIVE phase has the ability to deal effectively with those exceptions, initiating escalation

processes where necessary. A key aspect of a BPM approach is that not only is the compliance to design stipulations adhered to but, when exceptions occur, they are also dealt with in a disciplined fashion - a BPM-driven enterprise can handle unusual circumstances efficiently and intelligently.

MONITOR

The performance of a business process against targets and thresholds defined during the BUILD phase is continuously and intelligently assessed in a BPM driven enterprise. During the MONITOR phase BPM provides the tools and techniques that deliver insight into a process's performance and design. Historical monitoring gives managers and others the insight needed to fuel intelligent process improvement, while real-time monitoring allows anyone in the process to 'drill down' and instantly find out which task in a process is currently being executed, which person or computer system is involved, how much time and cost have been expended so far, etc. The powerful monitoring that BPM provides can ensure that service level agreements (SLAs) or regulatory stipulations are met because process exceptions, failures, and over-runs are all instantly

recognised in a BPM-driven enterprise and BPM provides the means to respond appropriately.

OPTIMIZE

Closing the loop on the lifecycle of a business process requires the continual improvement of that process. Processes can, of course, be improved by human intervention, where, in effect, the BUILD phase is

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revisited and the lifecycle begun anew. But the most visionary BPM practitioners provide their customers with the ability to automatically improve the performance of business processes at execution time, giving enterprises the agility to have their processes respond flexibly to circumstance. Let's illustrate this execution-

time self-optimisation aspect of BPM by example.

Assume that in your business customer orders come in a rate of 1000 per hour and your order-taking process is built to effectively utilise a group of skilled staff and a collection of automated systems to deal with this order volume efficiently. Suppose that one afternoon your order volume jumps for three hours above 2000 orders per hour. In most organisations the result would be a chaotic afternoon in which some orders are lost and many are taken under such pressure that essential information is not recorded or key activities are not performed.

Visionary BPM practitioners can enable your organisation to add staff and/or computing power automatically to the order-taking process when volume peaks require extra resource, and automatically reverse those resource changes when the period of peak volume has passed. Indeed these visionary practitioners can even alter the business process itself when circumstances make this appropriate. For example, a non-urgent step in the

order-taking process can be bypassed and its execution rescheduled for later while the execution of more critical order-taking tasks continues without delay. The result is that for the, say, 6,000 orders taken during this unusual afternoon, all the critical tasks are fully and well executed, keeping pace with the incoming flow of orders, while some less urgent tasks are completed when the afternoon's volume peaks have passed.

SUCCEEDING IN YOUR ORGANISATION WITH BPM

If BPM is new to you or your organisation you should consider an adoption path that best suits your business. For many organisations new to BPM a Proof-of-Concept implementation is the best way to dip the organisational toe into the water. What the Proof-of-Concept project achieves is a small-scale yet real change in how the organisation performs a chosen business process. The Proof of Concept demonstrates a measurable improvement in process performance, such as a lower cost per customer order taken and demonstrates that BPM can be deployed effectively.

For organisations already familiar with BPM, where there is no need to prove the concept but the challenge is to adopt its use more broadly in the organisation, the important considerations include ease and speed of deployment, ease of interoperability with legacy and other technologies that run the business today, scalability and fault tolerance, and, finally, support from a reputable BPM vendor who can demonstrate a track record of high quality service and trusted relationships with its customers.

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Singularity

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