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# **Business Process Management** A Visual Guide

Dr. Mathias Kirchmer's book on Business Process Management codifies an approach called Managing Process Excellence that brings together more than two decades of learning from practitioners and theorists about how to improve business performance through a holistic approach to value-driven BPM.

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# What is a business process?

## A customer-centric definition

For Business Process Management (BPM) to achieve business results, the value provided for the customer must be primary. The best definition of a business process is a set of functions in a certain sequence that, at the end, delivers value for an internal or external customer. Building on ideas from Professor August-Wilhelm Scheer, MPE recommends organizing the design of business processes using a business process factory to create a flow for design and implementation that includes a Governance Process, a Management Process, and an **Operational Process.** 





This depiction of the framework for Managing Process Excellence (MPE) illustrates the comprehensive perspective needed to leverage Business Process Management (BPM) to achieve superior business results. The MPE approach for value-driven BPM emphasizes that coordinated thinking about strategy, technology, people, governance, and operations must be in place to achieve innovation and agility.

## A business process is a set of functions in a sequence that adds value for the customer



## Process strategy and governance

## Alignment and coordination from top to bottom

BPM is a management discipline that provides governance for a processoriented organization with the goal of agility and operational performance. Process strategy operates at a meta level; it is the statement of the goals you are intending to achieve and the process of achieving those goals. Process governance provides the rules by which the BPM game is played—the plan for making sure that everything you do is complete, well-formed, and works together.

### **Business process governance**

- A high-level model of an organization's key process
- Clarity on the high-level goals as basis to define process KPIs
- Accountability for the improvement and management of processes
- A clear formal structure for the description of processes
- Aligned recognition and award system
- Set of priorities in improving key business processes

### Guidelines

### | Feedback

### **Business process management**

- Design processes
- Implement processes
- Execute processes
- Monitor and control processes
- Aligned recognition and award system

## Innovation and Agility The lasting victories of MPE

At the broadest level, Innovation and Agility are the end results of organizing your company around MPE principles. Two primary forms of innovation, Business Model Innovation and Technology Innovation, grow because there is a defined pathway from an idea to implementation that includes a full evaluation and complete codification in an enduring form. Agility results because execution is designed to be streamlined, but also because the actions of the entire company can be transformed in a coordinated way.



### Pervasive Innovation: The Key to Long-Term Survival

Innovation itself is a process that can be defined and continuously improved. To ensure long-term survival, an enterprise must make innovation part of day-to-day business. Only then can enterprises attain desired revenue and profit stability, growth, and high performance.

# **Information Technology**

Although Information Technology is a key enabler of value-driven MPE, excitement about capabilities must not lead to excessive focus on technology. Enterprise software helps implement best practices that are embedded in the traditional applications such as ERP, CRM, SCM, and so on. About 70 percent of a companies processes are standard, but service-oriented architecture (SOA) can be used to implement next practices and custom processes that provide differentiation. In the framework of appropriate governance mechanisms, the flexible collaboration of Web 2.0 and Enterprise 2.0 can further unlock the creativity of employees.



Service-oriented architecture (SOA) provides flexibility through creation of a library of services that combines standard and custom components. Open BPM, the application of business and technology standards to process automation, further enhances the ability to adjust the tools of implementation without disrupting process execution.

# People Change Management

## Information, communication, and training for process transformation

Without appropriate attention to preparing people for change, to guiding them through it, and to ensuring that changes are sustained, BPM will fail. People must be informed of the changes and invited to provide feedback. Business process models created in the MPE process design phase can be used as the common language of change. Business process training must address the background, basic training in enablers, business process training, and kick-off training. Business process training is most important because it explains how to apply the business process knowledge using new enablers in a business process to achieve the desired change.



Graphic: ARIS, Prof. A.-W. Scheer

# **Business Process Lifecycle And Governance**

The business process lifecycle consists of process design, implementation, execution, and monitoring and controlling, all performed under governance guidelines. The lifecycle generally begins by using a set of methods and repositories called a Business Process Factory, which includes Business Warehouse, a mechanism for knowledge capture, preservation, and reuse. A proper focus on the lifecycle keeps an MPE program alive and ensures BPM becomes a value-driven management mindset for continuous improvement rather than a fad.



Reference models provided by industry groups or experts like Accenture should be employed in the process design phase as much as possible because they provide representation of best practices, universal applicability, and reusability. That said, they should freely be edited and modified to adapt to the needs a particular business.



# Top 10 Tips for Success

- Focus on achieving quick creation of value in early pilot projects to establish credibility for BPM
- 2. Create a Business Process Factory with an appropriate repository of process knowledge to enable an efficient "process of process management"
- Keep process design methods and other standards simple—as much formal structure as necessary, as little as possible
- Pay attention to the degree of freedom appropriate to a process during design—some processes must be tightly structured; others may need to be flexibile and allow individual creativity
- 5. Design simple BPM governance processes, communicate them, and add detail as problems arise

- Start process design with reference models, and then adapt them to your business
- Build in flexiblity by adjusting business architecture and software infrastructure improvements to increase service levels
- Encourage suggestions from business (as opposed to IT) about process improvements and follow up to make sure everyone knows their ideas have been heard, e.g., using a repository-based approach
- 9. Set specific goals for innovation and the related processes, so people have a target for their initial efforts
- Use collaboration and social media technology, aka Enterprise
  0, to support process steps that have a large degree of freedom supporting the overall agility of an organization

## Top 10 Mistakes

- Local optimization of one process or function without regard for the end-result for the customer
- 2. Treating BPM as a technical exercise instead of the adoption of a new management approach
- Ignoring management and continuous improvement of the "process of process management"
- 4. Failing to plan for and assist the change management processes that help people prepare for their roles in a process-centric business
- Treating BPM as a project, not as an ongoing exercise in continuous improvement
- 6. Focusing on the aspects of BPM that are easiest for an organization to adapt to, instead of setting the priorities based on the delivered value

- Designing KPIs solely in operational terms instead of metrics that reflect value delivered to the customers
- 8. Failing to adapt the organization and incentives to new process designs
- 9. Punishing failure in early efforts instead of embracing creativity and innovation and making it safe to take risks and learn from mistakes
- Expecting that an organization can stay rigidly structured—successful process-oriented companies are collaborative, like a jazz band





## Dr. Mathias Kirchmer

Dr. Mathias Kirchmer is Executive Director for Business Process Management (BPM) at Accenture. He leads the global BPM-Lifecycle Practice, as well as the program for the development of Accenture's Business Process Reference Model Repository across industries and functional areas. His special field of expertise is to set up BPM capabilities that deliver both immediate benefits as well as durable competitive advantage. Before joining Accenture, Dr. Kirchmer had been for 18 years with IDS Scheer, a leading provider of business process excellence solutions, known for its BPM software, the ARIS Platform. He was a member of the Extended Executive Board, including roles as CEO Americas, Japan, and Chief Innovation and Marketing Officer.

During his career, Dr. Kirchmer has developed deep knowledge in approaches, methods, tools and software for the design, implementation, execution and controlling of business processes. He has applied this know-how in companies of various sizes and industries around the world.

Dr. Kirchmer is an affiliated faculty member of the Program for Organizational Dynamics of the University of Pennsylvania as well as a faculty member of the Business School of Widener University, Philadelphia. In 2004 he won a research fellowship from the Japan Society for the Promotion of Science. He is the author of numerous publications, including five books. The last one is entitled "High Performance through Process Excellence – From Strategy to Operations" and was published in November 2008.

Dr. Kirchmer holds a PhD in Information Systems from Saarbruecken University (Germany), a Masters in Business Administration and Computer Science ("Wirtschaftsingenieur") from Karlsruhe Technical University (Germany) and a Masters in Economics from Paris-IX-Dauphine University (France).

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