
BPM: Key Roles That Enable a Process-Managed Organization

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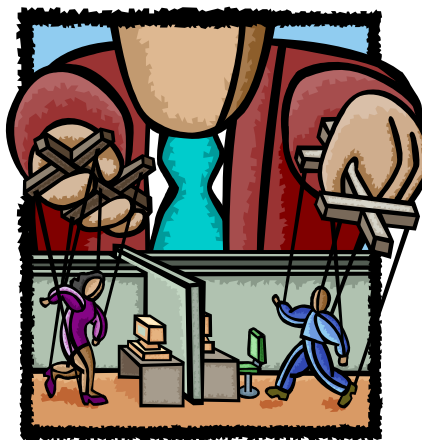
WTC Hotel

São Paulo, Brazil

BPM Changes Everything

- Should process orientation complement or replace our current approaches (function, geography, product, territory)?
- What does "efficiency" mean from a process perspective? How do we balance functional vs. enterprise excellence?
- How will end-to-end process visibility and control change how managers manage?
- How will the work environment be affected as the rate of change accelerates?
- Is incremental improvement, iterative design or massive re-engineering the right approach for this process?
- How will the IT organization make the transition from application development, maintenance and integration to SOA and agile development methods?

Coordinating Across Boundaries



Gartner

Key Issue: Why do roles need to change?

Although there is a growing list of technology solutions that promise to deliver greater business agility, a significant obstacle remains — outdated management practices that drag out the cycle time for line management to act quickly. Gartner now uses "BPM" to refer to the latest advancements in process management disciplines. BPM disciplines treat people, computer systems and information as equally important resources and advocate a more formal management of the organization's business processes. A BPM-driven organization implements governance and structured methods, policies, metrics, practices, and tools that ensure that it defines, manages and continually optimizes its business processes in a holistic, unified way. This approach is in direct contrast with the predominant approach of breaking processes up into constituent parts defined by functions and geographies and the resources aligned within these. BPM enables business agility in three important ways; it allows faster and better-informed decisions, reduces the process revision cycle time, and promotes consensus for rapid adoption of changes. The new BPM disciplines are still emerging; we have yet to find a good, academic treatise or curriculum on requisite managerial skills.

Key Issues

1. Why do roles need to change?
2. What new roles are emerging?
3. What are the best practices for transforming to a process-managed organization?

Gartner

Business Markets Require Increased Agility

- Today's business markets change more rapidly and in less predictable ways.
- With rapid change, the predilection of human beings is to "go tactical."
- Tactical solutions to strategic change are a characteristic of endangered or extinct species.



Operational:
Paddle the Board



Tactical:
Catch the Wave



Strategic:
Don't Surf With Sharks

Gartner

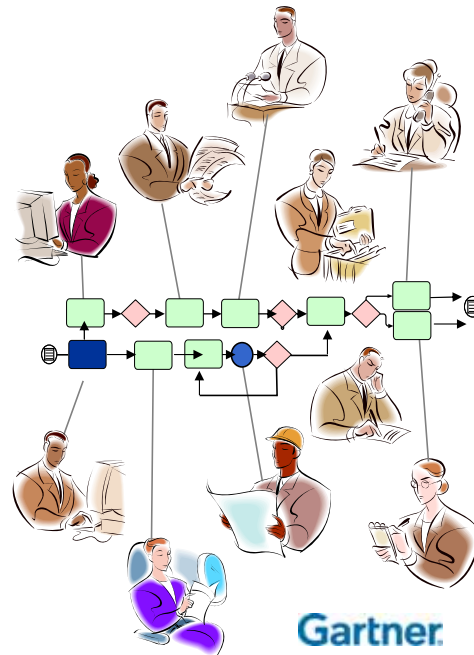
Key Issue: Why do roles need to change?

Market dynamics in today's globally connected economy are much different from what they were 10 years ago. The sudden rise of the Internet for global market access, its exploitation during the dot-com bubble and the ultimate bubble burst gave businesses a taste for how business operations need to adopt to this new reality. Historically, whenever the economy turned downward, companies adopted process thinking and began to look internally for opportunities to optimize what they do, either reducing waste (cutting costs) or increasing productivity. Yet, nearly seven years after the dot-com bubble burst, the focus on operational excellence (or at least operational accountability) continues and is accelerating. These fundamental changes in business markets contribute to the growing interest in process orientation as an alternative management approach to help increase operational performance. "Process," as an organizing principle for work, has always had value in aligning strategy with execution and outcomes and for facilitating work handoffs across functions. The unpredictability of today's global playing field only fuels greater interest in process orientation as a coping mechanism. For these reasons, Gartner predicts that process management disciplines will persist and not be just a passing fad this time, even as the economy improves and stabilizes.

Action Item: Process management skills will be in high demand through 2012; users should apply formal techniques to increase process understanding and competencies.

Explicit Process Changes How Work Is Accomplished

- Interaction patterns can be more dynamic, not just sequential.
- Workload balancing can be more dynamic.
- New approaches can be replicated faster.
- Presence awareness is helpful.
- Visibility increases collaboration, coordination and cooperation among participants.
- People use these models to drive (advance) and monitor business transaction progress.
- Managers can better manage things they can see — resources, activities, information flows.



Key Issue: Why do roles need to change?

Today's accelerating business cycles mean that managers need to manage operations more closely — in real time. Managing work activities by using after-the-fact reports is no longer good enough. Pressures for information transparency, operational accountability and compliance now make it critical for managers to stay on top of daily transactions. However, business processes are largely hidden in applications and in workers' heads. A process, as automated in our applications, is at best implied to the user. Programmers control the process flow via various techniques, such as screen flow (user navigation), internal flow control logic and even data values. Gartner refers to this style of process management as "implicit" process management.

In contrast, BPMS tools (and other integrated composition environments) make process explicit. Explicit processes are visible, usually via graphical models, and they are independent of their implementation. For years, explicit process management tools have been used as design aids, end-user training tools, and as part of operations manuals. (BPA tools are a good example.) However, ICEs take explicit process to the next level; they make the model executable. The graphical model is actually metadata that is interpreted and turned into the executed process.

Action Item: Those processes that need to be more adaptive must become explicit using some kind of ICE.

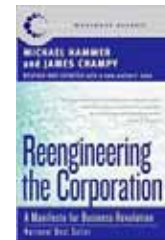
BPM Requires New Business Management Skills

- Real-time management
 - Monitoring events, not just transactions
 - Simulation of alternatives
 - High-end analytical techniques
- Collaboration, team building
 - Consensus building
 - Prototyping/modeling
- Empowerment
 - Coaching
 - Better (fact-based) decision making
 - Team performance measurement

BPR —

Six Sigma
Lean

Value Stream



BPM

Key Issue: Why do roles need to change?

Early into the BPM journey, a common understanding of what BPM means to the organization and a governance model for deciding the best "improvement" approach must be established. In fact, some business managers may need to unlearn process management concepts (such as those espoused by earlier process management thought leaders Michael Hammer and James Champy in "Reengineering the Corporation: A Manifesto for Business Revolution"). For some stakeholders, "improvements" mean incremental changes. For others, improvement may best be achieved through iterative design or massive re-engineering. Process governance addresses how to make this decision.

With the more holistic approach of BPM, three key outcomes emerge that directly support business agility: 1) The availability of real-time information delivered in context, which increases the business manager's level of confidence to make accurate and faster decisions; 2) shortening the time to revise a business process through an explicit understanding of shared responsibility across business and IT professionals; and 3) fast adoption of process changes by process participants due to visibility, collaboration and consensus building. Empowering business leaders with renewed confidence to make faster, better-informed decisions will transform the organization's culture. Allowing frontline employees a stake in the process changes generates consensus and ownership of the end-to-end process outcomes. Explicit understanding of the steps of the process revision cycle will, over time, enable greater flexibility for an organization to react to changing market conditions and competitive threats.

Action Item: Iterative approaches, common in engineering, are now being applied to business processes, not just manufacturing processes.

The Process Mentality Requires a Team Culture, Not Individual Stars



Gartner

Key Issue: Why do roles need to change?

In the process-centric enterprise, management style shifts from "command and control" to collaboration/goal-driven teamwork. Like a field sport and playbook, explicit process models deliver tremendous visibility to all participants. Everyone can see (literally) what everyone else is doing and where particular work items are relative to completion. Visibility into upstream activities on which one's work priorities depends can dramatically improve planning and workload balancing. With formal, shared goals and metrics, supported by visible processes, process participants see their activities in a broader context. Just as in sports, where on-field activity requires real-time adjustments, so too does work activity. Incoming requests for attention are seen from a new perspective; they are seen as activities dependent on one's contribution to a shared goal and objective. This perspective helps workers better prioritize their actions.

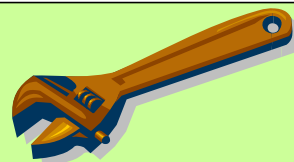
Of course, visibility exposes accountability and increases the potential for process participants to feel like "big brother is watching." To mitigate this risk, BPM must become a team sport, one in which everyone contributes to winning. The process-centric organization rewards teams more than individual stars. Measures such as stack rankings must go away. A culture of trust in which coworkers readily divulge their decision-making approach must be built. In such an environment, coworkers no longer waste time manually tracking their requests and waiting for responses; there are fewer "no value add" tasks.

Action Item: The best expression of culture is a statement of corporate values and beliefs that must clearly articulate how behavior and actions change with process orientation.

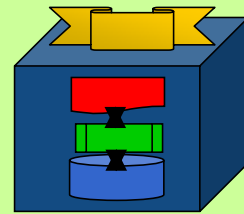
IT Needs New Skills and Approaches to Keep Up With Business

- SOA design skills
- A culture of reuse
- Agile methods
- Architecture skills
- Modeling skills
- Composition rather than developing
- Iteration rather than maintenance

**Build It
Ourselves**



**Customize
Packaged
Apps.**



**Compose Solutions
From Component
Libraries**

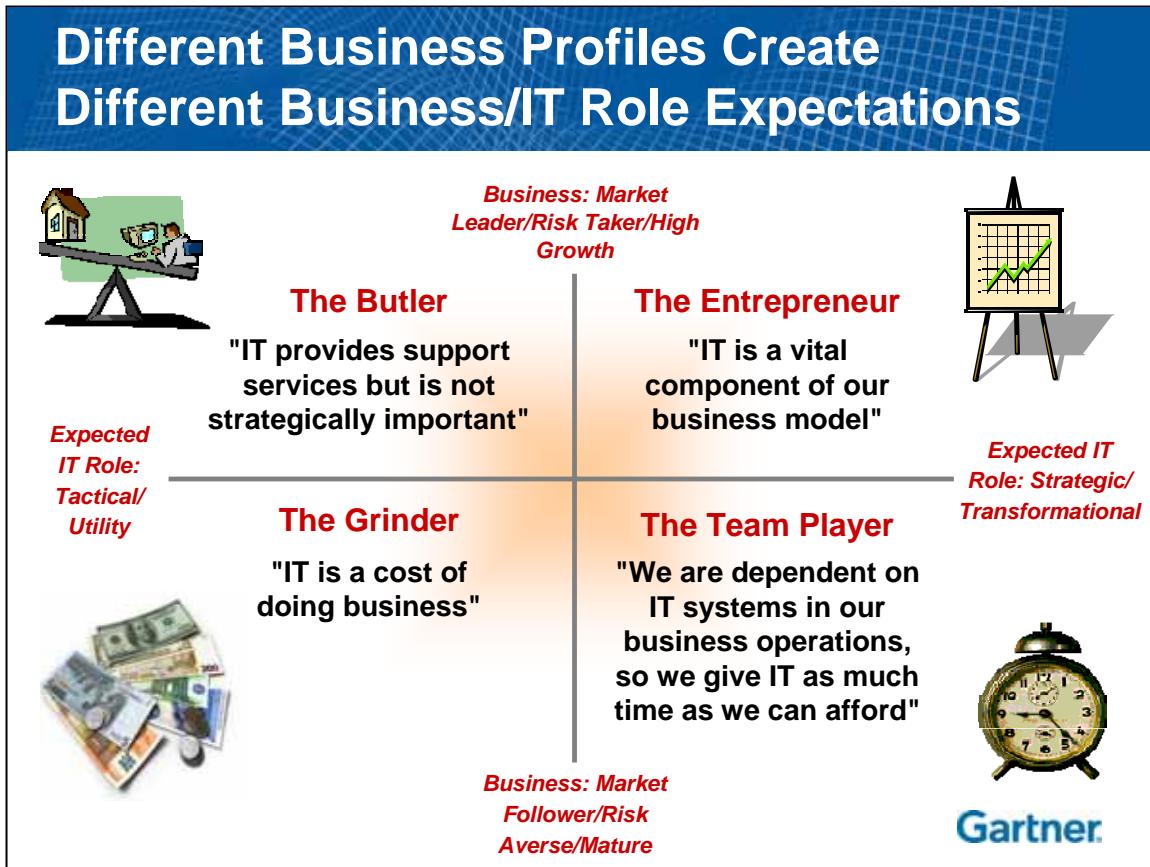


Key Issue: Why do roles need to change?

BPM best practice is to create a toolbox of methodologies that can be used together to meet the needs of the specific process style. As business applies new methodologies that drive continuous improvement approaches to work, IT professionals will need new skills, disciplines and performance measures to handle changes more easily, more responsively. SOA design principles are just one element. The new, still emerging approach to applying automation to work will be solution composition, in which solutions are created out of existing, reusable, software components. Not only is this a new approach, but most user organizations do not yet have a repository of shared, reusable software components. Traditional performance approaches for developers will have to change too, moving from productivity-oriented measures (i.e., lines of code) to effectiveness measures (i.e., number of reuse patterns). IT professionals will also have to learn to collaborate more closely with business analysts and users, gradually transitioning skills and responsibilities to these users.

Action Item: Enterprises should require each BPI project to contribute 2% per functional area participating (with a minimum of 10%) of its time, staffing/skills, process assets and funding toward the establishment of a COE. Contributions can be physical assets (such as policies, procedures and process models), consultant time allotments, rotational personnel and a percent of benefits derived from their initiative.

Decision Framework: Use the Business-IT Segmentation Model to determine the expectations of IT by each of your business customers.




Key Issue: Why do roles need to change?

The CIO needs to know what kind of organization IT is supposed to be. This influences on how roles are defined. We have used this combination of characteristics to place the business's expected role for IT in one of four quadrants. Examples shown in the graphic above are illustrative comments that characterize the view that enterprises in their respective quadrant should have toward IT. (For CIOs with more than one business customer, it is possible that each could be in a different quadrant, requiring IT to have the skills and competencies to behave and communicate differently with each.) The "entrepreneur" and the "team player" views of IT are most consistent with aggressive pursuit of BPM.

Action Item: Validate with each of your business colleagues that you have properly classified each line of business relative to its approach to process improvement.

Business Process Improvement Roles on the Business Side of the House



Process Champion

The Visionary — Key Responsibilities

- Champion process thinking.
- Lead the cultural transformation, guiding top functional executives on desired new behaviors.
- Promote initiatives that narrow the gap between business strategy and execution.
- Introduce process improvement methods.

Business Process Owner

A Functional Leader — Key Responsibilities

- Lead governance for initiative-specific process improvements.
- Act as primary process domain expert.
- Through leadership, transform process participant behavior.

Key Issue: What new roles are emerging?

The growing focus on improving business process is driving IT and business leaders to rethink their organizational structure and craft more-proactive process-enabling roles. Business process improvement (BPI) roles exist in business areas as well as IT. Together, BPI leaders are key to raising organizational awareness and buy-in for process as a key construct for how a business thinks about its operations. BPI leaders, especially the champion role, promote initiatives that narrow the gap between business strategy and execution by using technology to improve the coordination of work as it progresses across the enterprise or across multiple enterprises. The champion is an evangelist for process thinking and has been recruited specifically to evangelize process thinking to the CEO's direct reports. The champion works with the process owner, who seeks to optimize business performance for a cross-functional process. Still, no two organizations approach process improvement in the same way. The champion typically reports to the CEO. He or she may have the title of CEO or COO, chief process officer, chief process information officer and even CIO. The process owner is typically a functional unit leader to whom process governance has been delegated for a specific initiative. This individual must make decisions that affect employees outside his or her span of control, creating substantial organizational discomfort.

Action Item: Process governance must be established before initiating any specific projects.

Business Process Improvement Roles in the IT Organization (for Now!)

 Director BPI	 BP Architect	 BP Consultant	 BP Analyst
<ul style="list-style-type: none">• Manage the process center of excellence to drive continuous improvement.• Recommend alignment changes to remove obstacles.• Establish process-related policies, governance and methodologies.	<ul style="list-style-type: none">• Develop high-level models and principles for future state view of processes.• Participate in enterprise planning.• Develop process standards as needed.• Support other roles with expertise.	<ul style="list-style-type: none">• Recommend best process improvement approach to business.• Lend expertise in change, project, process mgmt., and other disciplines.• Perform gap and benchmark analysis for business case.• Facilitate workout sessions and provide methodology expertise.	<ul style="list-style-type: none">• Have hands-on support from discovery to implementation.• Model, analyze, simulate current- and future-state designs.• Implement arch. and consultant recommendations.• Train users.

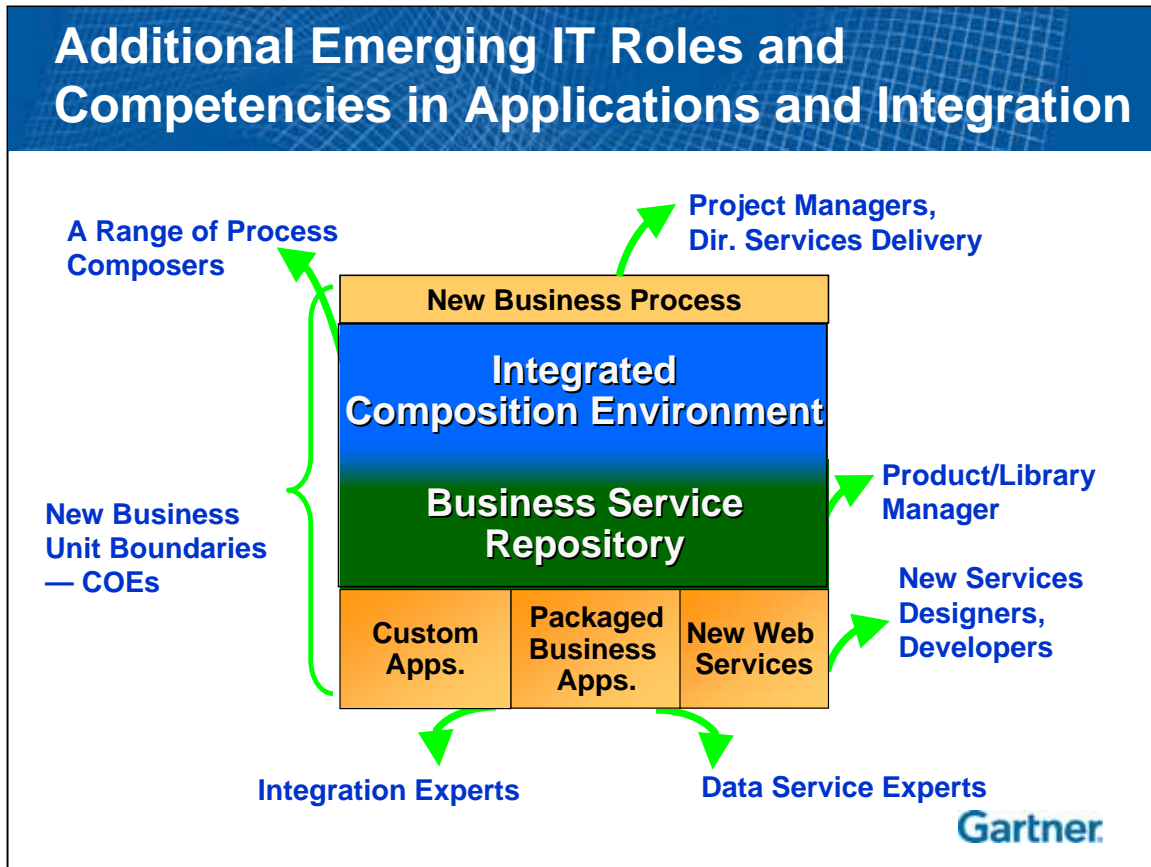
Gartner

Key Issue: What new roles are emerging?

BPI role leaders need a solid understanding of cross-boundary processes to become trusted advisors/consultants to process owners and process participants. A background in IT or one functional area of the business is insufficient to gain this perspective since the individual has limited exposure (if any) to other areas of the business that also contribute to cross functionally defined processes. This kind of experience is difficult to attain in a functionally aligned organization (unless there is rotational assignment). Ideally, BPI leaders should understand how specific processes work in multiple companies within an industry so they can compare and contrast process designs. However, this cross-boundary process expertise is primarily gained by working on such an initiative, through observation, research and analysis, by working as a management consultant or by working for a BPM technology vendor. Enterprises that have rotational management development programs may be able to internally source the business process director with someone who has transitioned through at least three operational areas. Demand for process skills will outpace supply through 2012. Thus, users must be creative in sourcing these roles. Users that continue to treat BPM education and training as grassroots efforts, taking a haphazard approach by learning as they go, may experience some early success. However, they will not be able to sustain continuous improvement nor scale up their efforts to broader, more-impactful processes.

Action Item: Roles are not the same as jobs; one individual may wear more than one hat.

Strategic Planning Assumption: Through 2010, more than 60% of services will be composites of new and "old" data and logic (0.8 probability).



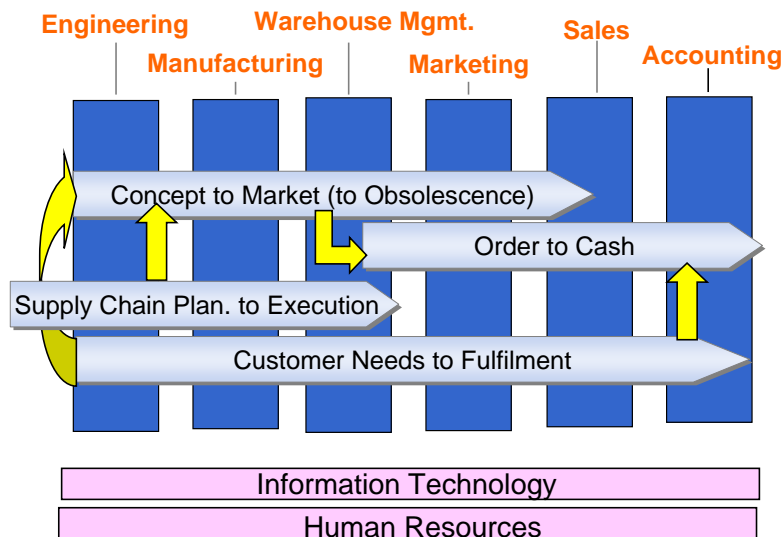
Key Issue: What new roles are emerging?

A business process platform is a conceptual model reflecting automated processes. Delivering and sustaining this model require significant changes within the application organization. New roles are needed at the detailed logical-to-physical design of software and data services in support of business services/processes/workflows. These are highly technical roles that will need to consider the requirements of the new business service in the context of all the other business services and uses of data and application code to determine the design of program/modules/software services in support of the multiple BP service uses. The role of software service designer takes the business service requirements and decides how many (and of what type) software services need to exist to support that business service. If the software services are not designed in an agile and reusable manner, BPM will struggle. Another new role is the data services designer. This role designs the databases and data services to access them in an agile and reusable manner in support of BPM (and, of course, normal legacy IT-supported applications). "Developers" will include workflow and rule developers. Application testing and integration will need new methods, practices, scripting and engagement processes. Application components will include business process models and functional components, business rules, and new forms of metadata. Most significant is that applications may be assembled and integrated at both design time and runtime. Developers will assemble a "primary" flow for the application at design time, but this workflow may or may not accommodate all the final requirements of all events that may occur. Thus, the final application may be assembled as a result of event management, integration and orchestration processes at runtime.

Action Item: Prepare IT professionals for changes in their roles and responsibilities in order to keep up with the changes that their business partners will be making.

The Importance of Process Architecture: How Value Is Created and Delivered

Case Study: Automotive Parts Manufacturer



Gartner

Key Issue: What new roles are emerging?

Most enterprises organize around three dimensions: 1) product/services lines; 2) geography; and 3) functions. However, process is an important fourth dimension often neglected. Product/service lines define value in the customer's terms, relative to competition, and according to industry trends. Geography is where value is delivered, considering culture, regulations and locale. Functions reflect the skill competency areas that contribute to the customer's experience of value. Processes are how value is actually created and delivered, considering the geographies and product/service lines. It is the business process architect's role (working with the enterprise architecture team if one exists) to define at the highest level the set of processes that the enterprise must perform well in order to fulfill its mission and the relationships between these processes. The minimum goal of a process architecture is to show where processes start and stop, what functions (and roles) contribute, and to show dependencies between the processes. The process architect role also helps with the development of an SOA, looking for opportunities to increase IT efficiency/reuse, and identify what investments IT may need to make.

Action Item: A primary responsibility of the business process architect is to create and socialize a process hierarchy model to guide follow-on improvement initiatives.

Desired Future State: The Process-Centric Organization

Functionally Driven

Roles and responsibilities are aligned by functional area.

Business leaders have little process visibility beyond their functional areas.

Business rule changes rely on IT department to schedule changes to application code.

Handoffs are implicit.

Costs for accounting are defined within the function.

Risk analysis is led by business leader experience, intuition and data analysis.

Culture of the individual hero.

Process Driven

Roles and responsibilities are aligned by business process.

Business leaders have broad visibility of the end-to-end business process.

Business rules and process steps are changed by business process owners.

Handoffs are explicit.

Costs for accounting are defined by activities in the process context.

Risk analysis is led by simulations based on current operational conditions.

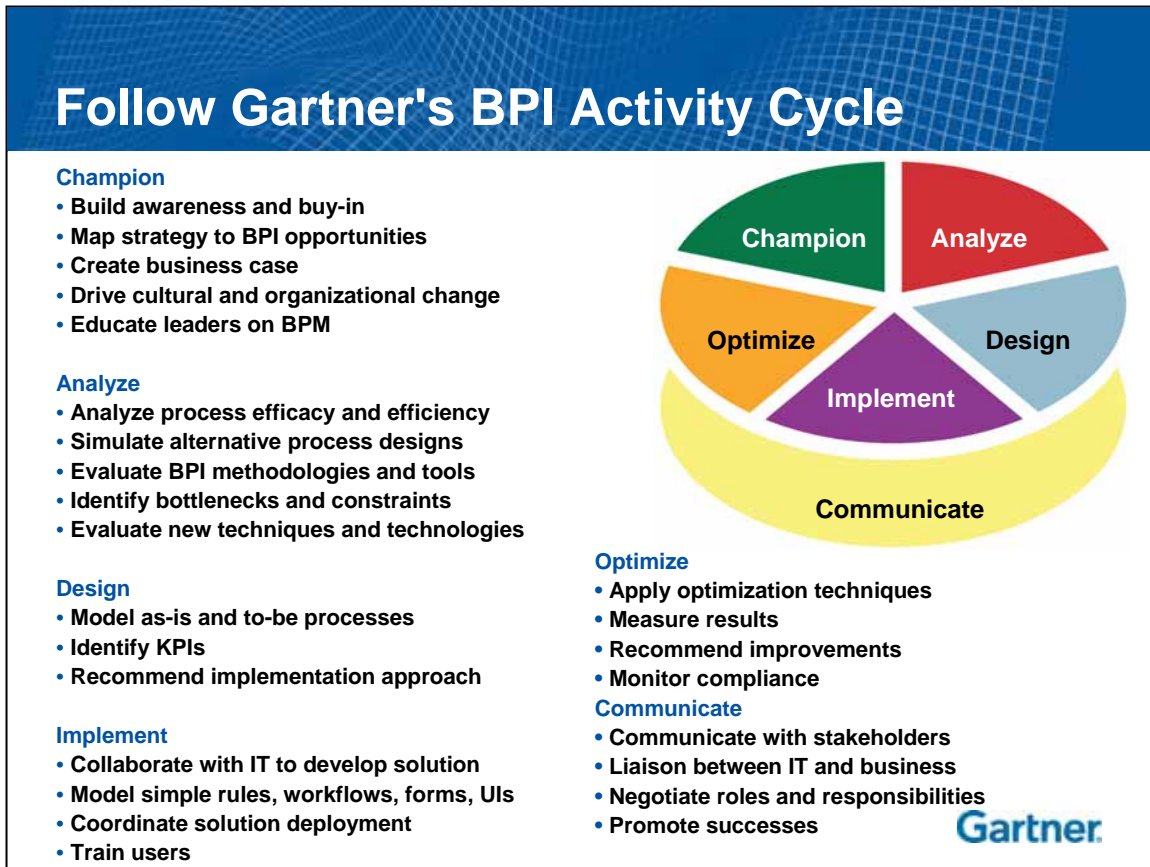
Team culture.



Key Issue: What are the best practices for transforming to a process-managed organization?

In a process-driven organization, organizational charts will reflect the roles and responsibilities that employees play in key business processes. The value of hierarchical reporting relationships becomes secondary. Employees will have visibility across the entire value chain of the process they participate within. Knowing explicitly the interdependencies and handoffs leads to more effective workflow. Greater business agility is realized with less IT department involvement when business must adapt to changing market conditions. Quality and speed are increased with more explicit handoffs between people, departments, trading partners and customers. Analysis of business process with respect to cost management means determining the true cost of an end-to-end process. This helps improve product costing, strategic pricing and profit planning. Risk analysis is supported through real-time data as a foundation for running scenarios that reflect the way the business actually operates and reacts to change. A process-driven organization optimizes through simulations and scenario planning and comparison.

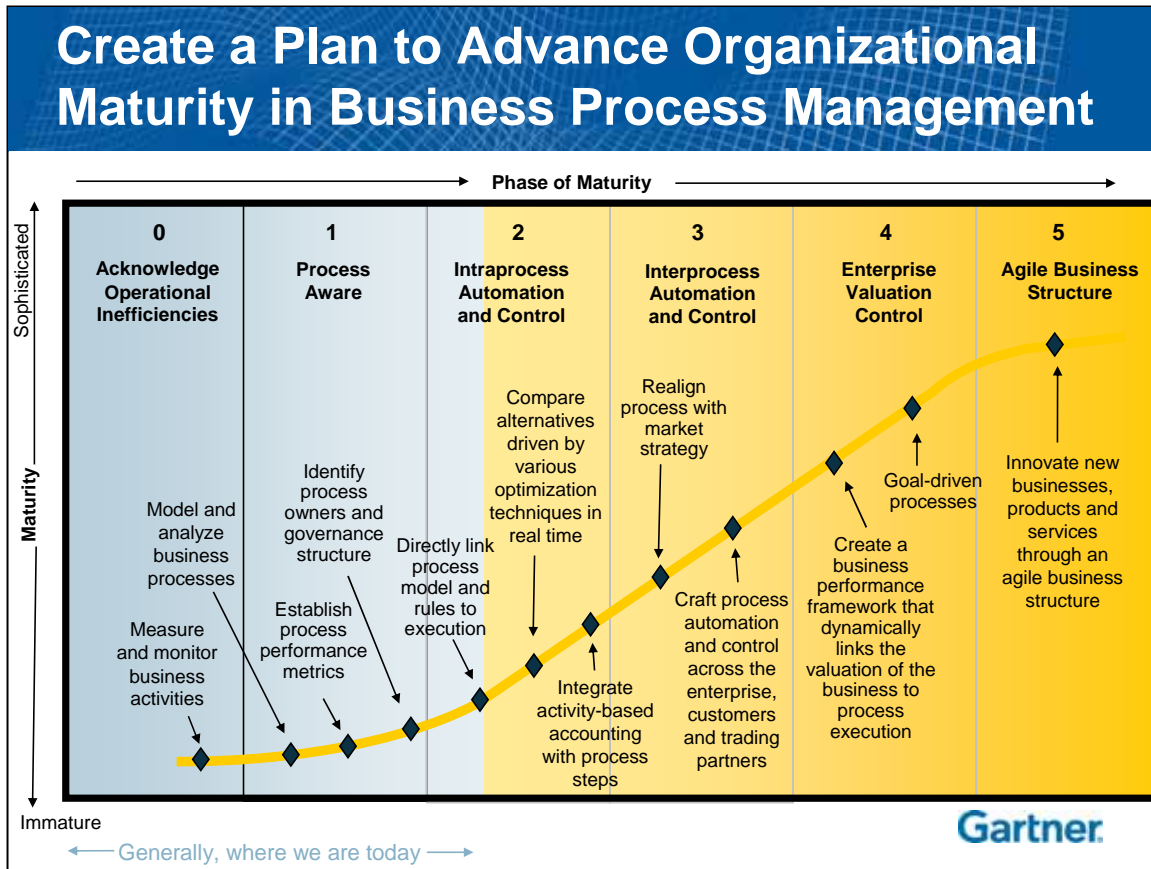
Strategic Imperative: Moving to a process-driven organization has broad cultural, organizational and operational challenges.



Key Issue: What are the best practices for transforming to a process-managed organization?

BPI leaders focus on how work is best accomplished, using technology as appropriate, to fulfill the organization's mission statement and achieve its performance goals. The activities in these phases represent the core responsibilities for BPI leaders. Excellence in the activities within these phases is key to driving the organization to superior enterprise performance by taking an end-to-end process view and applying the most-effective process design concepts. Process designs should reflect innovation and agility, in addition to efficiency and effectiveness, thereby driving organizational maturity with process orientation. BPI leaders must constantly communicate with process stakeholders. This communication underlies all other aspects of the activity cycle.

Action Item: BPI leaders should use Gartner's BPI Activity Cycle and the research supporting its action bullets as a guide to advancing their own skills and the process maturity of their organization.



Key Issue: What are the best practices for transforming to a process-managed organization?

Gartner's model for organizational maturity can be used for initial assessment and future planning. Most organizations are at Levels 0 through 2. The model can be applied at the organizational level and also at the initiative level. Different initiatives may be at different stages of maturity. A plan for BPM maturity should identify quantified goals and objectives for process performance improvement, formalize the various BPI roles necessary, assign individuals to those roles, and lay out specific actions to be taken to progress towards the goal. A best practice for establishing roles is to consider multiple dimensions, not just reporting lines. For example, consider personal skills, proximity to the workflow in focus, leadership potential, and the incremental workload burden of the role, especially as you strive for continuous improvement. Remember that BPM is a journey, not a project.


Action Item: Our model indicates some key milestones; add your own as visual reminders of goals to participants.

Definition: The objective of BPM is to increase employee and customer value through innovative, flexible and efficient orchestration of a business's process environment. However, a process-managed organization is more about business transformation than about technology.

Six Critical Success Factors

★ Strategic Alignment	The continual tight linkage of organizational priorities and enterprise processes, enabling achievement of business goals
★ Culture and Leadership	The collective values and beliefs that shape process-related attitudes and behaviors
★ People	The individuals and groups that continually enhance and apply their process-related expertise and knowledge
★ Governance	Establishes relevant and transparent accountability, decision making, and reward processes to guide actions
★ Methods	The approaches and techniques that support and enable consistent and repeatable process actions and outcomes
★ Information Technology	The software, hardware and information management systems that enable and support processes

Source: Babson Process Management Center, 2006



Key Issue: What are the best practices for transforming to a process-managed organization?

There are six critical success factors that an organization must master as it becomes process-centric. We find that leading organizations take a balanced approach to managing these critical success factors. The degree of focus on each critical success factor varies by initiative and also by the maturity phase. For example, for narrowly scoped process improvements, such as in Phase 2, governance though necessary still is easier when there are fewer employees impacted by changes. Managed together, they represent a holistic framework from which BPM competencies are built. Brief explanations of the six critical success factors are presented here by work completed at Babson College's Process Management Center.

Action Item: BPI leaders should review Gartner's full report, "BPM Maturity Model Identifies Six Phases for Successful BPM Adoption," by M. Melenovsky and J. Sinur, for more details on the critical success factors by maturity phase.

Success *May* Breed Success; Failure *Can* Drive Urgency

- Start with the right initiative:
 - Customer facing
 - Not highly automated today
 - Crosses at least three physical boundaries
 - Performance measure is effectiveness, not just efficiency
- Build a culture of iteration, empowerment, collaboration.
- Have an aggressive "PR" campaign around this effort.
- Define "success" upfront.



***Tremendous learning comes out of lack of success;
"failures" can ignite the "burning platform" for BPM!***

Gartner

Key Issue: What are the best practices for transforming to a process-managed organization?

The pressure for competing rates of return and mind share on a worldwide basis will drive the need for process improvement at a pace greater than most companies can effectively manage. Functional orientation and performance measures, including executive bonus compensation tied to function unit metrics, seem to produce parochial behaviour and, consequently, nonoptimal enterprise performance. Overcoming these old views (or not) will be a major inhibitor. BPM requires a culture change and skill development for continuous change that has not occurred since computing in commercial business began. Thus, initiatives should be designed to demonstrate performance gains and build critical competencies. To date, success rates have been very high, in the 90th percentile. BPM technologies will not impede success, but culture, organization, skills and people will create "drag" effects. To be better prepared for global business pressures, organizations need to mature quickly and effectively in their practice of BPM disciplines. The year 2007 will be the turning point when BPM initiatives prioritize the investment in human capital and organizational change initiatives. Sometimes, the "failure" of a high-profile initiative can provide the fuel to light a fire under senior executives, whose commitment is necessary for transforming the business.

Strategic Imperative: Enterprises that aggressively begin their organizational and cultural transformation for BPM in 2007 will double their chances of becoming industry leaders by 2010.

Conclusions and Recommendations

- Process orientation affects the roles and responsibilities in lines of business and IT.
 - Formal role definition accelerates process maturity.
- Roles are not the same as jobs or titles. Individuals in business process improvement roles can wear more than one hat!
- Now is the time to aggressively hire business process analysts and architects with formal process skills and experience.

Gartner

Key Issue: What are best practices for transforming to a process-managed organization

Organizations under pressure to improve their processes must learn on their own until the proper supports and partners are available. Not making progress is not a viable option. Building the kind of organization that can embrace the kind of culture of change implied in BPM disciplines will take time; therefore, we encourage organizations to start soon. The investment will be large over the long term to leverage incremental investments and results, but the transformation is the price for organizations caught in global and near-real-time competition. It will be important to identify milestone growth points to determine progress; we recommend adopting our BPM maturity model as soon as possible.