

Passive versus Active BPM

Overview

Gartner defines Business Process Management (BPM) as "the discipline of managing processes (rather than tasks) as the means for improving business performance outcomes and operational agility. Processes span organizational boundaries, linking together people, information flows, systems and other assets to create and deliver value to customers and constituents". Note: in Lean-speak, we'd refer to constituents as stakeholders.

Given that becoming a Lean Enterprise depends upon having "The Right Person take the Appropriate Action at the Right Time with Timely and Accurate Information", it's appropriate to take a look at the ways that we look at the 'Appropriate Action at the Right Time' and how processes may be controlled through the use of BPM solutions.

There is a massive difference in how organizations determine:

- The appropriate action to take;
- Who should take the action;
- When inaction becomes a business risk (some don't quantify this at all);
- The cost of actions; and,
- How to control the actions.

In this article, I will discuss the differences between passive and active business process management (BPM) and the risks associated with: not documenting your processes; not actively reviewing your processes; and, not controlling your critical business processes.

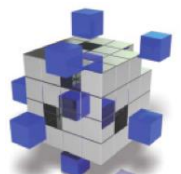
Business Processes Not Documented?

For many of you reading this article, it may be hard to believe that there are businesses out there that do not have their business processes documented. However, it's a fact and it's not a situation limited to small enterprises. For one organization of ~\$80 million in revenue, it came abundantly clear that this was a risk when one of their long term employees (34 years) who held a critical financial position in the organization died suddenly. This was a person that only took one week vacations so that they could 'stay on top' of the various situations that this growing organization had in process. The clerical part of the job could be dealt with by her direct reports on a short-term basis. However the critical functions became chaotic very quickly as nobody, including the organization's president, really understood in detail what that person really did or how they did it. The resulting chaos, the cost of professional service support and impact on stakeholder value was substantial.



Therefore, organizations should ask themselves the following questions:

- "What is your business risk and coverage cost if a key staff position becomes vacated without notice?"
- "What would be the impact on your organization's effectiveness if a key position becomes vacated due to death or disability?"



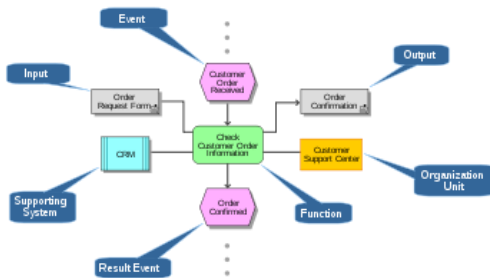
Passive BPM

Organizations may be forced to use process mapping software to document their operational and business processes for ISO or other certifications. Organizations that are embarking on Lean business management may also use this type of tool to create “Current State” and “Future State” documentation from which they will create their improvement projects. The cost of these packages is fairly low if all you want is a documentation tool (some people use Microsoft Office apps). However, there are some significant differences between the applications that are specific to business process modelling.

When you’re deciding to purchase process mapping software, ask the following questions:

- Is the software capable of mapping both business and operational processes?
- Does the software support the ability to utilize Value Stream Mapping (VSM) methodology and develop VSM-style reports for wasted time, effort and cost?
- Does the software have a risk management reporting capability?
- Does the software support remote document storage / linkage?
- Does the software support the ability to hyperlink to your enterprise solution?
- What report formats does the software provide (e.g. HTML, PDF, print docs)?

Why do I refer to this as Passive BPM? My top three reasons:



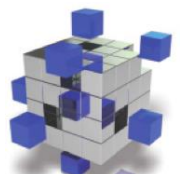
- **Lack of Control.** Even if you’ve done a remarkable job of mapping your future state with a substantial amount of waste identified and designed to be removed, you are still dependent upon your personnel to actually follow the new process. Audits and / or business issues highlight when they are not being followed.

- **No automatic escalation capability.** If you have a business process that is time sensitive (e.g. a customer quotation to deliver) and a piece of paper is sitting on a desk somewhere, there’s no method in the mapping software to notify management of the risk.

- **Paper is still in abundance.** Mapping software, unless augmented by other solutions, does not substantially reduce the use of paper in the business. Note: for more on the cost of paper, see “The True Cost of Paper” article on the Emercomm website

Automated BPM within ERP Solutions

Some enterprise solutions state that they have automated process management capabilities. Some do but most have various levels of internal workflow management which is substantially less functional than fully automated BPM solutions which can span organizational boundaries. To be of full value to the organization, the BPM solution needs to be able to integrate to multiple systems both internal and external to the business.



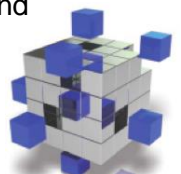
Active (Fully Integrated) BPM

The ability to automate your organization's approved process model, including decisions and management authorization levels, provides your organization with several key competitive abilities:

- The elapsed time of your processes that are critical to the daily management of your business and your Stakeholder Value Proposition will be significantly reduced
 - Cash turnover increases
 - Programs / methodologies designed to streamline your supply chain (supply, demand and planning) can be integrated with your supply chain partners
 - Producing and communicating information that is valuable to your stakeholders is much faster
- The human effort required to execute business processes will be reduced
 - There is a substantial reduction in the use of paper to move information within the business reducing employee movement at their desk and walking time between workstations
 - When a task is displayed to the person that needs to execute it, they have all of the information available to them even if the information comes from multiple sources (systems, internet, etc.)
- Your organization will reduce overhead costs / gain efficiencies
 - Reducing the need for paper and the wasted time of moving it is one significant cost reduction and human efficiency gain
 - The need to gather information from multiple sources in order to execute tasks, or to make management decisions, has the same effect as paper reduction
 - Communications between your customers, suppliers and other stakeholders will be more timely and less expensive to execute
- Business risks are controllable
 - The process of mapping your business processes allows management to pinpoint the processes and tasks within the processes that pose significant business risks
 - Automation of the business process ensures that the right person is taking the correct action in a timely manner to minimize the risk.
 - In the event of a regulatory or litigious situation occurring, the automation solution maintains activity logs of who took what action, when it occurred and the process result of the action. This is very helpful when a situation occurs that is outside of the organization's control and can prove that fact or, in some human resource situations, show that appropriate actions were taken upon becoming aware of a situation.

Summary

What defeats most BPM documentation exercises is that they are just that: documentation exercises. Your organization will do it once and then the documentation will sit on some shelves and not get updated because the exercise is very difficult and



time consuming...especially if you're using MS-Office types of documentation (e.g. Word, Excel, PowerPoint, etc.). Even some of the software developed specifically for *process mapping* is very difficult to update and will have limited abilities to embed VSM factors to deploy for management reporting and decision making. More advanced tools (we call them *business process modeling*) allow the organization to make changes rapidly and deploy them via technology such as an HTML.

Any organization that is going to engage in Lean initiatives should take a hard look at its business processes and where wasted time, effort, costs and risks likely exist. Investing in a Passive BPM technology that allows for the metrics to be captured and deployed will help quantify waste and risk factors...as long as you have a facilitator that knows how to use the tools properly. If you choose a process modeling solution that can be automated, it's going to make making changes to, and getting control of, those processes easier and faster.

Once you've quantified the opportunities to reduce waste and gain control, the decision can be taken regarding the extent to which your organization should automate those processes and gain the competitive advantage from doing so.

About the Author

Ken Cowman's career has spanned over 43 years with 11 of those in operations management followed by more than 30 years as an enterprise solutions and continuous improvement project manager, educator, seminar leader and management coach. He has had over 70 articles published in various magazines.

A founding executive of the APICS Peel Chapter, Ken was part of the OMERIC team that wrote the Fundamentals of Operations Management courses for APICS. He is also the past Chair of the Business Operations Management Program Advisory Committee at the School of Business at Centennial College.

Ken is also the author of Emercomm's Lean Enterprise Management methodology and leads the team that develops the LeanControl RTO© applications.

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