

## Business Process Management: Survival Mechanism in Competitive Landscape



**Dr. Malayendu Saha**

*(The author is Reader, Department of Commerce, University of Calcutta. He can be reached at m\_saha2@rediffmail.com)*

**Business Process Management (BPM) recognises that change is as fundamental as the law of gravity is to physics, and that agility is the fundamental requirement of the contemporary corporate architecture. The system streamlines internal and external business processes, eliminates redundancies and increases automation, providing end-to-end process visibility, control and accountability. Corporate entities adopting third-wave BPM architecture are already claiming that their newfound agility is a significant new source to competitive advantage. Despite the complexity and messiness of the real world of business processes, BPM is no longer optional – it is obligatory.**

**D**ynamism has become a new business mantra in modern times. Any company, in order to survive in the cutthroat competition of present times has got to learn to be pliable with the changing environment. Any company, slow to change or to cope up with this environment, becomes uncompetitive, aside from the losses in its revenue and credibility, its morale,

corporate culture and staff motivation. Reducing costs, achieving faster return on investment, suggesting solutions for changes and turning process innovation into profits are the major agenda points in the wish list of the companies today. An entity unable to do so has got to face even the dangers of sinking into oblivion.

Discovering innovative way to improve business process is now recognised as one of the most challenging paths to business ability and companies are thriving desperately in framing strategies to achieve the competitive edge and also to survive in the current business and competitive landscape. Companies are looking for continuous improvement in their operational efficiency and end-to-end processes by better practices that can easily be described in a model, implemented, operated and analysed thereafter. Process management is a key factor to control end-to-end process across systems and organisations. Business process management (BPM) helps in enabling technology, methodology and process innovation capability to add flexibility to business strategy. The concept addresses the interplay of people and organisation on one hand and 'process aware software' on the other and allows companies to continuously adapt to their business set-up and course of action to new business strategies and congregate the demands of today's business environment.

### Roadmap of Business Process Management

BPM is a business discipline or function that uses business practices, techniques and methods to create and improve business processes. The major aspiration is to help out people, both employees and customers, by providing the fresh breed of BPM systems needed to act on that information to do their work more efficiently and effectively. These BPM systems provide zero-la-

tency, actionable information by synchronizing processes and data contained in disparate computer applications across the value chain. However, to demonstrate the relevance of BPM systems, it is motivating to put them in its historical perception. The first wave of BPM, outlined in Fredrick Taylor's theory of management in the 1920's, suggested that processes were implicit in work practices and tucked away in policy manuals. Although the term business process has been in use for the past decade or so, the concept of business process and business process management can be traced back in the 1920's, under the term "methods and procedures analysis".

In the 1950's, during the second wave, the advent of computer-aided design and computer-assisted manufacturing (CAD/CAM) brought radical new efficiencies and efficacies to industrial engineering, starting with the aerospace and automotive industries and later spreading to all industries. BPM seeks to transfer similar principles and techniques to the IT industries, to create business process discovery, design, deployment, execution, interaction, operations, optimisation, analysis and simulation to support work at all levels, from personal productivity tools to end-to-end business processes across the value chain. Over the years, business processes have been shrouded with management theories and technologies, reengineering, process innovation, total quality management, six sigma, activity based costing, value-chain analysis, cycle-time reduction, supply chain management, excellence, customer-driven strategy and management by objective.

The third wave of BPM is a fundamentally new approach to business process innovation and management. Companies, in the recent battleground for economic growth, sustainability and innovation, are arming themselves with explicitly defined business processes that can be persuaded on a scale previously unimaginable. The strategy they are chasing is not the piecemeal replacement of old processes with new, but a single programme, the establishment of a capability for implementing and managing a continuous stream of business process innovations.

In today's world, globalised business operates 24 hours a day, three hundred sixty-five days a year; it talks to customers and partners over a host of channels ranging from point-of-sale to Web portal to call centre; and it is audited and monitored in support of new compliance regula-

tions. In this new environment the demands upon a company's computing ecosystem are immense, and they are growing, seemingly exponentially. Success in this hyper-competitive world requires responding to changing market conditions in real time, with as little friction and cost as possible. A business manager of an online retailer, with a well-automated process, would like to reach his customer by: taking orders from the web site, validating and debiting the customer's credit card, and pass the aggregated information to the fulfillment group, which then ships products, and all this may involve the harmonious inter-operation of a half-dozen to a dozen separate business applications: e-commerce website, credit authorisation, master inventory database, fulfillment, to name a few (Fig: 1).

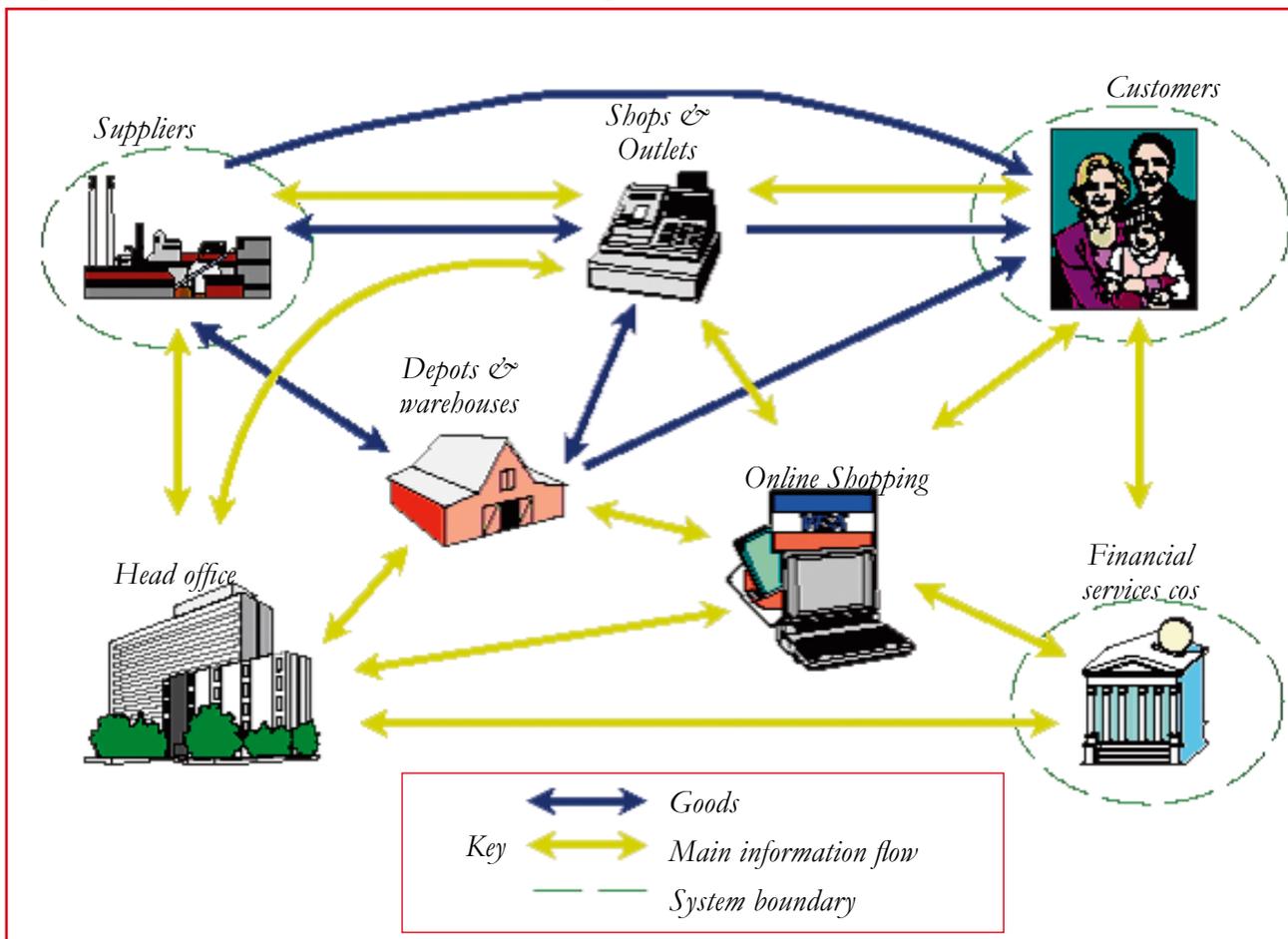
## The Trends

To understand the trends of BPM it is relevant to know some of the ongoing trends in information systems. Figure 2 shows that today's information systems consist of a number of layers. The centre is formed by the operating system, i.e., the software that makes the hardware work. The second layer consists of generic applications and can be used in a wide range of enterprises or within multiple departments within the same enterprise. The third layer applications are used within specific types of enterprises and departments. The fourth layer is developed for specific organisations.

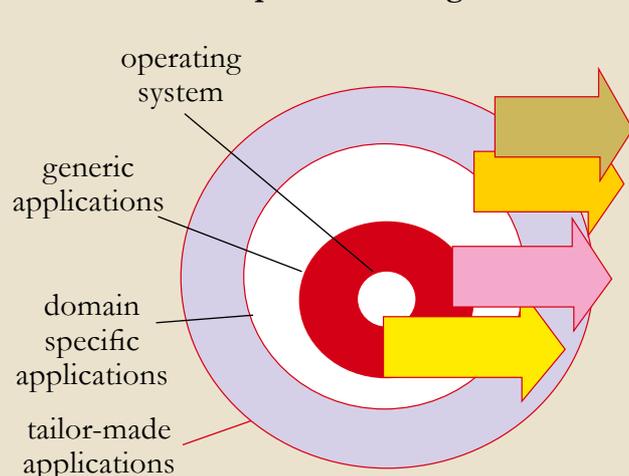
Initially, information systems were restricted to small operating system with limited functionality comprising tailor-made applications. Since then, there have been incessant advancement and the on-going trend is that the four circles are growing in size, i.e., they are moving to the outside while engrossing new functionality. The emphasis is shifted from programming to assembling of complex software systems. The modelling of business processes is to familiarise oneself to information technology with management trends like business process reengineering. Lately, the trend has shifted from carefully planned designs to redesigning and organic growth. With the advent of Internet information systems, the goal is well-directed now and that the software development has become more dynamic and obvious.

It is opined that BPM to be the "next step" after the workflow wave of the nineties. The Workflow Management System is referred to as:

**Fig: 1 The present on-line flows in retailing**



**Fig. 2. Trends relevant for business process management**



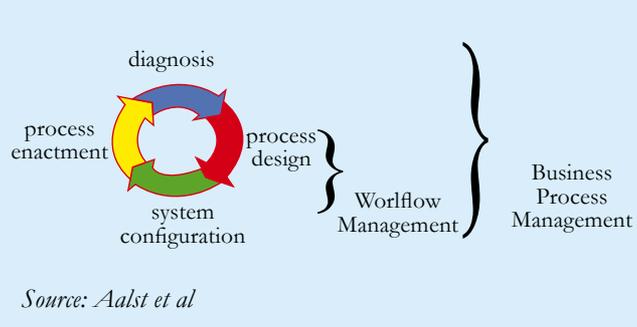
1. From programming to assembling
2. From data orientation to process orientation
3. From design to redesign and organic growth

Source: Aalst et al

“A system that defines, creates and manages the execution of workflows through the use of software, running on one or more workflow engines, which is able to interpret the process definition, interact with workflow participants and, where required, invoke the use of IT tools and applications.” BPM, on the other, is supporting business processes using methods, techniques, and software to design, enact, control, and analyse operational processes involving humans, organisations, applications, documents and other sources of information (Aalst et al, 2001).

The BPM lifecycle (Fig: 3) portrays the various phases in support of operational business processes. In the design phase, the processes are re-designed and in the configuration phase, designs are implemented by configuring a process aware information system. In the enactment phase, the operational business processes are executed using the system configured. Lastly, in the diagnosis phase, the operational processes are analysed to identify problems and to find things that can be improved. As such, BPM extends the traditional

**Fig. 3. The BPM lifecycle to compare Workflow Management and Business Process Management**



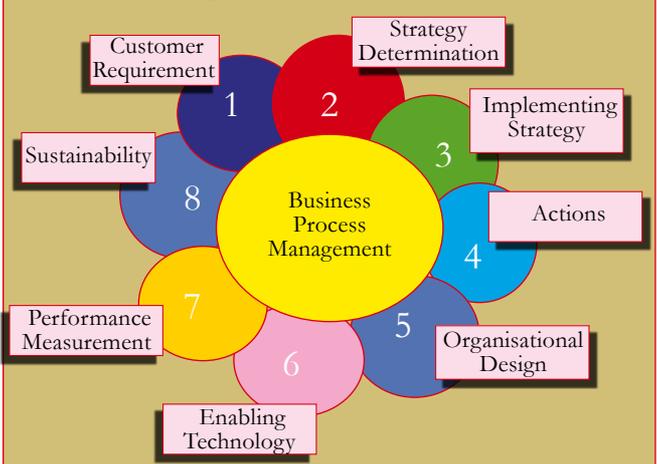
workflow management approach for the diagnosis phase and allows new ways to support operational processes. The system administers and orchestrates the flow of processes, driving the underlying integration middleware, and handle human and application participation interchangeably. At present, many workflow vendors are restructuring their systems as BPM systems. Gartner expects that BPM market to grow and also identifies Business Process Analysis as an important aspect to evaluate processes in terms of what needs to be done, by whom and when. (Gartner, 2002).

### Simple Rules for Business Process Management

Business Process Management views the organisation as a rapidly responding network of resources and this network extends beyond the company's legal boundaries to suppliers, trading partners and customers. These participants can be anywhere in the world at any moment, using both fixed and mobile electronic communication systems to connect to one another. Of course that would require a shift in the mental model of how the business needs to be improved and managed and not just the application of enabling technology. Yet, this essential shift in mindset is precisely what is needed to optimise the returns from the application of business process thinking. And that actually stands in the way of executives understanding and improving the flow of cross-functional activities to create true value for customers and shareholders. Companies wish to search out the most out of process thinking and the application of related BPM technology need to apply the following simple rules:

The first simple rule is to look at the business from the outside-in i.e., from the customer's perspective, as well as the inside-out'. Companies must explicitly understand and measure what is

**Fig 4: The Rules of BPM**



the requirement of the customers and the extent to which current business process performance meets both customer and company requirements. This involves understanding customer, typically in terms of value, quality and timeliness and the high-level enterprise business process model.

The second simple rule is to determine the company's strategy to integrate with business process management and to facilitate both implementation and communication. Most organizations find that business process thinking facilitates in articulating strategic initiatives with measurable results.

The third simple rule is to communicate the firm's strategy to encourage all from the boardroom to the lunchroom. Implementing strategy requires that people be crystal clear in terms of what needs to be done to relate their individual efforts in making strategy come about.

The fourth simple rule provides the action needs to be considered to assure that the organization's core business processes are designed to deliver on its strategic goals. This requires a broad understanding of common process improvement and management methodology to derive desired results.

The fifth simple rule says that the design and structure of the organization should be such that it enables the entity to execute business processes and to take measures in improving performance. This simple rule advocates that 'form follows function' and it is the set of needed improvement that should guide changes of structure, measures and rewards.

The sixth simple rule addresses the need to assess and deploy enabling technology based on

value added through enhanced business process performance. Through BPM, the leadership team develops an explicit understanding of the performance and the key gaps in the execution of key business processes, and acquires a very clear sense of where technology will enable performance.

The seventh simple rule states that it is essential to articulate the enterprise-wide performance measurement system to budgets and operating reviews. The potential for BPM systems to automatically “build-in” business process measures is essential in this regard.

**At present, many workflow vendors are restructuring their systems as BPM systems. BPM market is expected to grow while ‘Business Process Analysis’ is emerging as an important aspect to evaluate processes in terms of what needs to done, by whom and when.**

The eighth and final simple rule is to sustain focus and alignment. This calls for constant communication of successes, a dedication to process education and training, and the discipline to stick to the first seven simple rules. This is truly where leadership resolution is tested.

## Steps for Business Process Management Initiatives

Initiatives through business process management (BPM) can yield huge benefits— but only if they are well executed. BPM helps in understanding the ongoing organisational mechanism to oversee processes end-to-end and provides a structured way to achieve time and cost savings, improved customer service, and compliance with government regulations. Here are five steps one should take into account while moving with one’s BPM strategy.

**1. Prioritize potential BPM projects:** BPM focus on “process efficiency” should be explicitly tied to strategic goals for providing more effective customer service. Management should agree on priorities, decide on opportunities that will not only provide direct benefits to single departments

but also to multiple departments or the organisation as a whole.

**2. Identify a pilot BPM project:** Out of the prioritised BPM projects, a specific project for a single department should be selected. A successful pilot project will demonstrate the success of BPM and will help justify expanding the strategy throughout the enterprise. Thus, the pilot area selected should directly support the most immediate strategic goal of the organization— whether that is to enhance customer service, to introduce new products more rapidly or to reduce process time to gain competitive advantage. Choosing such a business process forces management to participate and experience with organisational and operational change, while providing the opportunities to learn the value of BPM in a reasonable time. In many cases, relatively simple business process changes can yield huge dividends.

**3. Set up affinity groups:** Organisations need a well-designed, phased deployment plan that takes into account the prioritised BPM projects as well as natural affinity groups— departments that share processes, documents/files and data. These departments or operational units may be able to reuse the same process components, thereby realising cross-departmental process efficiencies and reducing the costs of implementation, support and training.

**4. Make required organizational change:** An enterprise may require changes in reporting relationships and responsibilities and frame strategies accordingly. The strategies can impact multiple systems and applications, including enterprise resource planning (ERP) systems, financial applications, management systems and integration services.

**5. Develop a communication strategy:** A communication strategy is an important part of any technology strategy project, but it is even more critical for BPM, which has a major impact on systems, processes and multiple levels of management. Once it has been reviewed and agreed upon, the full deployment plan must be communicated to the executive management team, the department/operational unit heads, IT management and all participants in the “current state” assessment.

## The Benefits of Business Process Management

BPM is a business discipline or function that uses business practices, techniques and methods to create and improve business processes, in-

cluding reengineering, TQM or Six Sigma quality methods, outsourcing and lean manufacturing. Whether manual or automated, companies have realised that the piecemeal process improvement methods and techniques are unable to produce breakout results. So, if in an organisation, the manufacturing division uses Six Sigma, and the marketing department uses voice-of-the-customer techniques, without talking to one another, that does not mean that the company be referred to as a process-managed enterprise, the kind of enterprise that produces outstanding and sustained business results. BPM in its contemporary context is a holistic vs. piecemeal approach to the use of appropriate process-related business disciplines that are used to drive business performance improvements, not just across the departments in a single company, but also across multi-company value delivery systems. This approach has only now become practical as a result of the new category of BPM software systems.

The main goal of BPM is to enable efficiency while maintaining effectiveness and complying with regulations. If the processes are aligned with the organisation's strategic direction, then there is greater potential to achieve objectives and increase efficiency. The most significant benefits of BPM are: time savings, cost reductions, customer service improvements and regulatory compliance.

Business process management provides the overarching philosophy, the guiding principles for managing such value-delivery systems—the capability to discover, design, deploy, execute, interact with, operate, optimise and analyse complex, long-lived, multi-company, business processes, and to do it at the level of business design.

BPM takes change off the critical path of innovation by creating a new contract between business and IT. Instead of asking IT to implement specific processes, the business contracts with IT to provide a BPM service, extending process design, deployment, execution, monitoring and optimisation tools directly to business users. As companies, once digitised critical business data using database management systems, are now digitising critical processes using business process management systems.

Finally, the benefit of BPM is to have control and visibility over any type of business process (whether long-running or short-running, system-centric or people-centric). This is a critical foundation for business processes to be measured. The

effort usually involves separating the process logic from the underlying applications – the idea being to allow enterprises to change business processes without affecting the underlying applications.

## Conclusion

Coordinating business processes, in today's global, horizontally integrated companies, is neither simple nor linear as portrayed in the traditional management approaches of the past decade. Today, work management is about coordination, collaboration, negotiation and commitment. Business is constantly changing, unordered and chaotic, and both manual and automated work activities are to progress in parallel. Work, as such, is conducted, and coordinated, at all levels,

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through choreography and orchestration.

The ability of systems-of-process or promise to real-time transactions is the need of the hour and enables organisations to respond to proceedings. Automated techniques are the real-time systems-of-process. In this environment, companies are linking familiar process mapping tools to powerful process execution systems to create a new form of organisational knowledge—an automated learning process translated directly to operational innovation. In fact, the learning process is, in and of itself, the ultimate business process. Embarking on a business process management (BPM) project is simultaneously full of promise and challenge. Successful BPM adoption, including implementation of the technology, requires that attention be given to the impact of BPM on the business, its organisation, and its practices. Once reasonable goals are identified, it becomes possible to select and prioritise those key business processes which, when subjected to BPM implementation, will contribute most significantly to achieving those goals. ■