Neil Ward-Dutton

The value of a modern approach to BPM

August 2016

MWD Advisors is a specialist IT advisory firm which provides practical, independent industry insights that show how leaders create tangible business improvements from IT investments. We use our significant industry experience, acknowledged expertise, and a flexible approach to advise businesses on IT architecture, integration, management, organisation and culture.

www.mwdadvisors.com

© MWD Advisors 2016

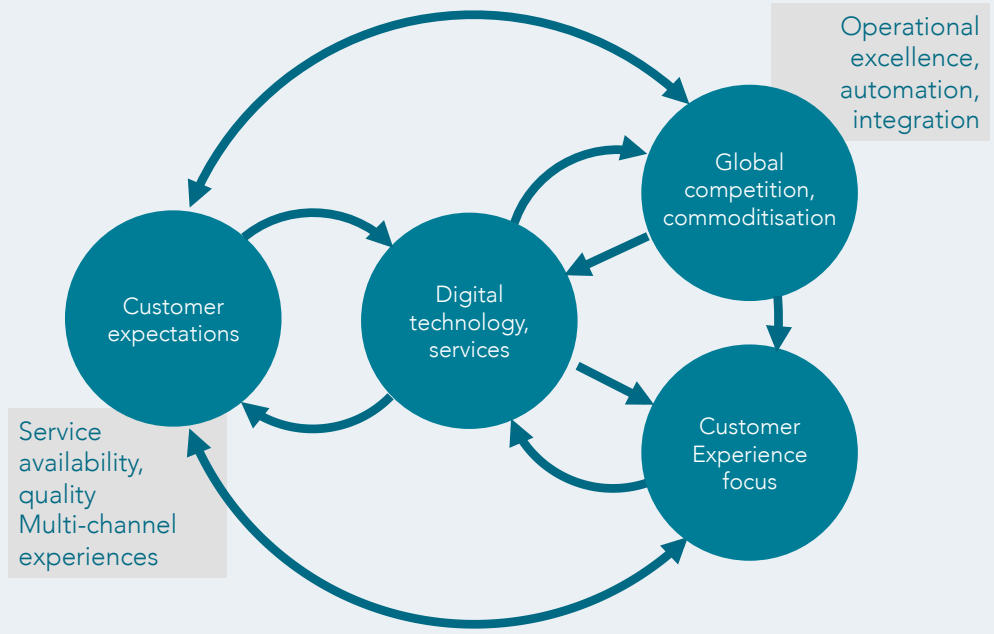
This paper has been sponsored by Signavio

Today's digital world creates a new change imperative

We live in a world – in our lives as individuals outside work, as well as our lives at work inside organisations – where digital technology is the most potent force driving transformation. Global use of digital technologies is fuelling globalisation of competition, and raising customers' expectations. It's forcing organisations in developed economies in particular to focus on trying to differentiate themselves through customer experience excellence, rather than just focusing on product or price; while at the same time continuing to minimise their costs by sourcing capabilities to third parties and through increased automation.

This 'digital shift' is creating a completely new business context for change than the one that most organisations are used to, or configured to deal with (see figure 1). The result of this new business context is that change programmes need to have broader scopes, and they need to deliver results in new ways.

Figure 1 The new business context – driven by digital technology



Source: MWD Advisors

Digital priorities create a new scope for change

In the 1990s and 2000s, organisations using process improvement approaches like Six Sigma, TQM and Lean focused them principally on their large-scale or high-volume industrial operations; and importantly, these operations were mostly kept as 'stand-alone' things that acted in isolation from other domains of organisational work (for example, work done by support functions or in managing customer interactions).

The increasing sophistication and commerce-enablement of corporate websites in the early 2000s started to erode the boundaries between the technology silos serving administrative, operations and customer-facing processes, but this erosion has accelerated quickly over the past five years – and this has changed the scope of concern for transformation initiatives.

© MWD Advisors 2016

Now, your customers have increasingly stringent expectations of (increasingly digitally-enabled) service availability and quality. To respond to today's customer experience expectations, you have to integrate and personalise those experiences, at the same time as delivering them consistently across multiple online and offline channels.

Here's the critical thing to remember:

If you're serious about delivering great customer experiences, you have to be prepared to look at end-to-end processes that span customer interaction, administration and operations domains. You need to understand the linkages between these domains and work to get different groups of stakeholders involved in driving improvement and change.

Digital priorities require a new approach to change

When we look at organisations that are aggressively embracing digital technologies and platforms, we find that they have a very specific attitude to change that's fundamentally different from how most organisations approach change today.

Those aggressively and successfully adopting digital technologies and platforms see change as needing to be continuous; part of 'business as usual'. Change is not seen as something that's conducted on a periodic basis, by specialised teams; these organisations see change as being incremental and part of everyone's responsibility. And change is not seen as something to be conducted in isolation from operations; change is driven by experimentation in real-world situations.

Early embracers of digital business models operate their businesses on platforms that enable a virtuous cycle of instrumentation and optimisation. Digital-enabled products and services are instrumented and measured, revealing patterns of use and opportunities for improvement; customer interactions and operations are integrated, enabling seamless customer experiences; and the whole environment is managed so that changes can be made at scale, and quickly.

In other words: 'digital native' organisations build their business capabilities on digital platforms that enable them to do three core things in parallel, in an integrated way:

- Build new capabilities quickly.
- Measure what works and doesn't work.
- Make changes quickly, based on measurement and feedback.

Three ways that BPM needs to change to reflect the digital world

In our research, we come across many well-established BPM programs that are struggling to stay relevant. They've been built over multiple years with professional core teams of process specialists – highly-trained people with certifications in using sophisticated modelling, simulation and analysis tools, and years of experience in working with industry-standard notations and building and maintaining process architectures.

The trouble is, increasingly we find that while many of these teams continue to work uninhibited, they're at risk of being ignored or sidelined by new business and technology change initiatives that will impact business processes. This is because the decision-makers and sponsors in these new change initiatives don't see 'traditional' approaches to BPM as adding enough value in the new business context we outlined above.

In the sections below we highlight three main characteristics that your BPM practice needs to take on if it is going to be maximally useful in the context of digital technology-driven change. Firstly, your BPM practice needs to be collaborative and inclusive. Secondly, your BPM practice needs to go beyond modelling, to also embrace the operationalisation of business processes in modern digital workplaces. And thirdly, your BPM practice needs to be agile and iterative.

Collaborative and inclusive BPM: driving involvement and adoption

A modern, fit-for-purpose approach to BPM today has to be both collaborative and inclusive. It can't be the exclusive domain of highly-trained professionals, working in isolation. Instead, it has to embrace opinions and contributions from broad communities of stakeholders – not at a single point in time, but on an ongoing basis.

The new scope for change explained above – a scope that extends to encompass customer interaction and administration domains as well as operations – means that:

- Any BPM exercise working at this scope will have correspondingly more stakeholders than a BPM exercise focused purely on operations.
- A great deal of the work that your BPM intiative will need to explore and improve is going to be 'knowledge work'. That is, the value of the work is created primarily through the application of knowledge to addressing customer needs and issues, rather than through the use of physical tools and materials.

This second implication is particularly important because particularly in the context of knowledge work, process adoption trumps process design perfection every time. If your initiative doesn't succeed in getting the right people to buy into the changes designed, your initiative has delivered nothing – it doesn't matter how 'perfect' a process design is. It's only through effective adoption by individuals driving day-to-day operations that BPM work today has any business value at all.

If you want people to adopt a new way of working, the best way is to involve them in the solution determination. If you are not totally convinced of the value of having your people tell you want they want the solution to be like, ask yourself: can you resist changes you suggest yourself? No! The same will be true for anyone – people can't resist the changes and solutions they suggest themselves.

BPM beyond modelling: making real change in a digital world

A modern, fit-for-purpose approach to BPM today has to embrace the implementation of business process automation and workflow in business software applications. It can't be exclusively focused on process modelling and simulation, although these activities remain very important. Implementation of business processes in modern business workplaces can't be considered to be "someone else's problem".

If we can express the fundamentals of efficiency and quality as 'doing things right' – those priorities that are at the heart of every classical process improvement initiative – then there's also the question of 'doing the right things'. In a classical process improvement initiative, the desired objectives and outputs of processes are very often determinable ahead of time, through a scientific analysis method, and change only slowly. But in a world where customer experience considerations are becoming so strategic, 'doing the right things' means doing the things that naturally flow from new digitally-driven customer experience priorities – personalised, flexible experiences of products and services that are consistent across product and service lines, territories and delivery channels. In this new business context, desired objectives and outcomes aren't things that can be 'locked down' in a physical system design. We need to take a different approach.

Because customers' expectations increasingly revolve around technology-enabled experiences, and because administrative processes are becoming increasingly digitised, modern BPM teams have to embrace the opportunities associated with the use of digital technologies in the workplace. BPM teams have to take active responsibility for working to create flexible, digital 'systems of coordination' that help both administrative and operational staff coordinate their work and share knowledge at scale, in support of customers' needs.

In summary: modern BPM initiatives have to go beyond process modelling and simulation, and link these activities as seamlessly as possible to projects that implement these process models directly in workplace software systems.

Agile and iterative BPM: reflecting the new reality

A modern, fit-for-purpose approach to BPM today has to be agile, delivering results quickly and enabling quick change. It can't only consider process models as assets to be protected from change, once created. This characteristic of modern BPM initiatives partly springs from the other two characteristics we've already mentions (collaboration/inclusivity and the embrace of automation), but there's more to it than that.

Classical process improvement settings, where the scope of improvement is principally focused on physical operations, typically share a number of features. First, the physical operational environment shapes and helps control the nature of process outcomes and outputs. And at the same time, in most cases physical operational environments are expensive and risky to reconfigure or change. As a result of these things, classical process improvement approaches tend to lead to change-averse attitudes – even when continuous improvement is at the heart of the initiative. Where change is absolutely necessary as part of these initiatives, it needs to be carefully planned and designed and tightly controlled outside the operational environment itself.

When we look at the new business context for change, though, we see that the four main technology enablers – cloud computing and software-as-a-service, mobile computing, social software and big data analytics – all work together to increase the need for a fast pace of change and an experimental attitude to operational improvement:

- **Cloud-based services** represent the transformation of technology access, procurement and ownership, with services delivered through open interfaces. Cloud-based services enable companies to build new capabilities more quickly, change capabilities more easily, and co-ordinate geographically dispersed resources (people, information, services, and even products and infrastructure) much more easily.

- **Mobile computing** represents the transformation and integration of a number of related consumer/personal technologies (phones, PDAs, personal computers, still and video cameras, GPSs and so on), and their open connection to remote information and communication services. Mobile computing also enables companies to co-ordinate geographically dispersed resources (people, information, services, and even products and infrastructure) much more easily.
- **Social software** expresses the transformation of interpersonal communication systems using open, inclusive paradigms focused on many-to-many connections and sharing – and integrates those with other software systems. Social software enables companies to make the most of the knowledge resources they have, wherever they are located (geographically and hierarchically) and marshal that knowledge more quickly and effectively to respond to events.
- **Big data analytics** technologies represent the ability to capture real-world events on a large scale, and cost-effectively explore that data to track the 'digital footprints' that people and things leave as they use technology opened up through cloud, mobile and social patterns. Big data technologies enable companies to learn more about the ways that their resources are performing and interacting with each other and with customers, partners and suppliers – and act on that knowledge more effectively.

What's more, when we look at the organisations most passionately embracing new digital technologies and digitally-enabled business models, we see that they work to erase as many boundaries as possible that exist between their 'design environment' and their 'operating environment'. They actively seek to create environments with very fast, open feedback loops between operating processes and the systems and people that participate in those processes, and the design and development activities that facilitate change.

Is your BPM initiative fit for the digital age?

As you consider your current BPM capability, how well does it reflect the characteristics that will ensure its relevance and value? Use the table in figure 2 below to understand where you might have opportunities to improve.

Figure 2 Gauging your BPM initiative's readiness for new digital transformation priorities

Collaborative and inclusive	Operational automation and co-ordination	Agile and iterative
When running process discovery workshops and design sessions, do you invite front-line staff to drive conversations?	Do you make it easy for process models to be used to directly drive process automation projects?	When working to discover or improve business processes, do you follow an approach that seeks to deliver a degree of improvement quickly, rather than seeking the best possible outcome regardless of effort?
Do you have a system for making process models and documentation available interactively online, to all stakeholders (some of whom might be outside your organisation)?	How much do your process analysis and modelling experts influence process automation and workflow application implementation projects in your organisation?	Do you release process / workflow software into an operational environment that you know is imperfect, with the aim of gathering measurements and feedback to drive further improvement?
Do you go further than simply publishing models, and enable change stakeholders to comment on / suggest changes to models directly?	Is your BPM practice able to work as part of automation projects, to identify process and application component patterns that can be reused or standardised?	If you have a process in place to manage and prioritise business process changes, is it flexible in the ways you secure appropriate levels of approval, to enable change to be as fast as possible?
Where operational staff participate in creating their own workflow applications, is it easy for you to pull the underlying models into your process design repository?	Can operational staff contribute to creating their own simple workflow applications?	

Source: MWD Advisors

As you consider how you might make your BPM initiative more relevant, you'll need to think about not only the skills and structures you have in place and the approaches you take; you'll also need to think about the BPM software tools and platforms you use. Do your tools and platforms have the kinds of capabilities that will really support you, or will they hold you back?

© MWD Advisors 2016