Recommended practices for business transformation using Smarter Process

How to successfully solution and deliver business process management (BPM) programs

IBM

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Business Process Management (BPM) is a business management paradigm that partners with IT to provide the tools, techniques and procedures to achieve enhanced business performance by improving efficiency, reducing costs or eliminating process redundancies.

BPM programs, were established when service-orientation set the foundation for a new union between business and IT. As more services were identified, standardized and governed in a service portfolio, organizations needed to offer higher levels of business capability. Business processes were enabled by services, but the management of the business processes remained a challenge. The orchestration of these services and integration with manual and human tasks were also daunting.

On one hand, BPM programs need to generate meaningful business outcomes and help ensure that they align with the key business objectives of the organization; on the other, these programs need to deliver complex IT capabilities including service orchestration, heterogeneous system integration, rules integration, user interface development and integration with analytics.

With a strong partnership between business and IT key to BPM, many considerations both on the business side and the IT side come into play as enterprises establish the capability and define and execute against a maturity model to deliver successful outcomes on these programs.

This white paper discusses the best practices for delivering successful BPM programs as enterprises establish their BPM adoption journey – from initial projects and programs, to the development of BPM center of excellence (COE) and the achievement of desired enterprise-wide outcomes.

BPM and business agility

BPM includes the discovery, modeling and implementation of business processes. In addition, BPM measures the effectiveness of business process execution and monitoring in order to sustain business growth through agility and respond to events, as well as gradually optimize those processes to become more efficient and differentiating.

Organizations have insight into what it takes to succeed in their industry. They know what it takes to change and adapt, to respond to opportunities and threats in the marketplace. They want to be agile. But the underlying IT capabilities are often not able to adapt fast enough. This business agility requirement is fulfilled to a large degree through adoption of a successful, scalable BPM roadmap, technologies, methods and tools – in other words a "Smarter Process paradigm."

This paradigm focuses on standardization of smarter, more repeatable and scalable approaches. These approaches to process management result in more predictable, consistently sustainable success in achieving the goals of automation, efficiency increase, effectiveness and optimizations in the context of BPM programs.

Moving toward Smarter Process: Foundational elements of BPM

There are several foundational elements that need to be established as organizations aim to help gain higher levels of business capability through BPM and embark upon the journey of building Smarter processes. These are:

- Process ownership
  - Ownership is assigned, clearly defined and effectively enforced through proper governance and management
  - The owner is consistently trained in their responsibilities
- Process is defined, modeled and managed
  - Stakeholders are trained on the process
  - Process is consistently documented (includes, inputs and outputs, roles and responsibilities, flows, and so on)
  - Standards for competency are defined and refreshed where needed
- Process or service is measured and monitored
  - Measurements are in place (effectiveness and efficiency measurements are the goal)
  - Business goals and objectives are established
  - Measurements are reviewed, and corrective action is taken both preemptively for next cycle and corrective action is taken for the current one
- Continuous Improvement (CI) through process optimization is established
  - A plan is developed with action items, owners and target dates
  - Action items are prioritized based on business requirements and monitored during the implementation of the business processes providing visibility
  - The plan and changes to it are actively managed to address the action items, and take remedial actions, make necessary adjustments and course corrections

The paradigm of a Smarter Process focuses on the alignment of these foundational elements of BPM with insights of industry trends.

Industry trends in BPM call for a Smarter Process

We are seeing a significant contrast in the scale of BPM adoption and the number of processes that organizations want to implement on BPM today. In the past, there were a few processes implemented and trust was gained between IT and the business, we now see more of the need for modeling, automation and consolidation of hundreds of business processes. This is depicted in Figure 1.

Managing challenges to scaling for very large projects calls for a more systematic approach to BPM design and implementation using newer elements that will accommodate the new spectrum of evolving factors depicted in Figure 1. Such an approach provides a repeatable, predictable and standardized BPM project delivery or rather, a *Smarter Process Method*.

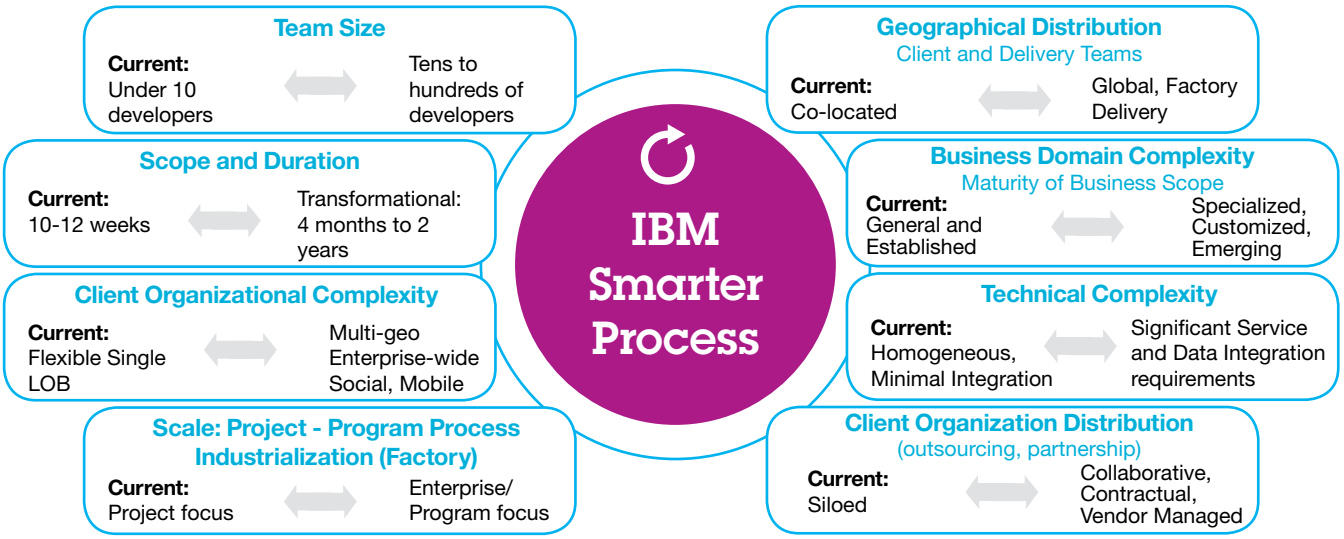

Figure 1: **Evolving factors of industry trends calls for a smarter process solution.**

Domains and elements of Smarter Process

The domains covered by Smarter Process encompass:

- BPM
- Business rules or operational decision management (ODM)
- Advanced case management (ACM)
- Service-oriented architecture (SOA)
- Smarter Analytics capabilities
- The focus is on implementing innovation quickly, delivering tangible business value as well as enabling business transformations.

The key elements of Smarter Process consist of an intelligent, monitored and managed ability to design predictable solutions, using a time-tested methodology, across not just pilot projects but projects, programs, lines of business and enterprise-wide transformational initiatives. The capability supports a scalable model of a BPM Factory for reduced cost, multi-site design and development of large numbers of processes, customized for a given client or provided as a turnkey solution. This requires authoritative governance capabilities that use reference architecture, maturity models and best practices, which are depicted in Figure 2.

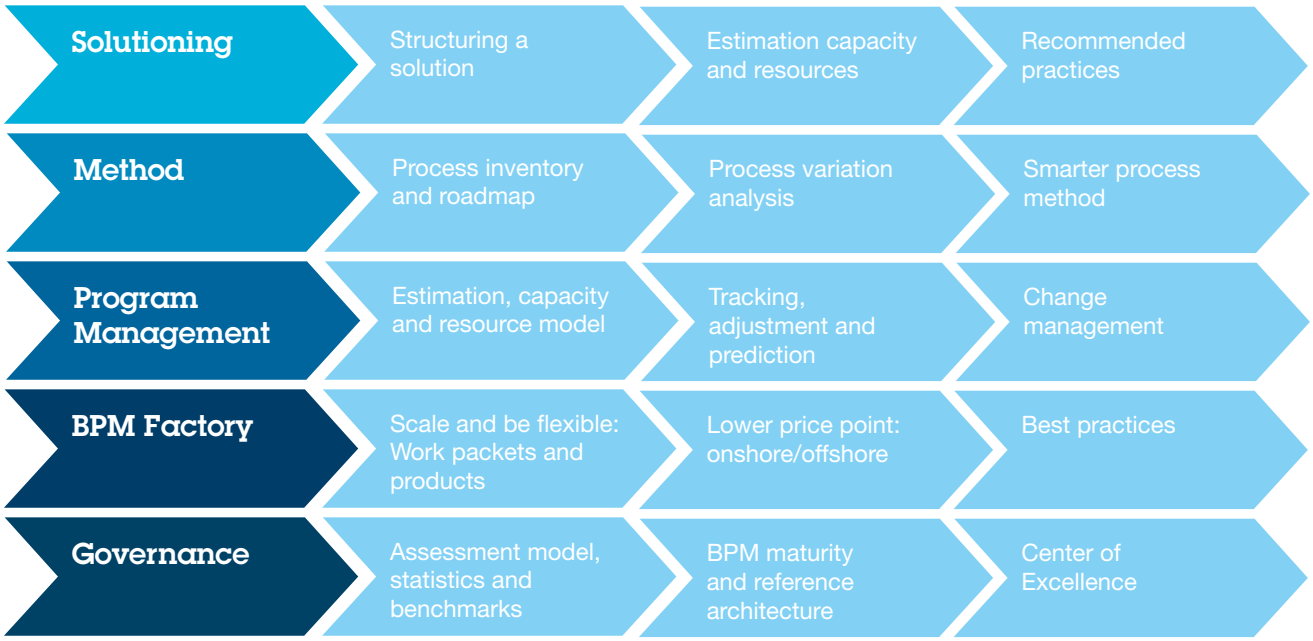

Figure 2: **Elements of smarter process.**

Solutioning – Best practices and lessons learned from hundreds of BPM projects around the world help craft and structure consistent and standardized solutions that can be estimated with greater precision. Solutioning also involves proactively benchmarking, effectively estimating capacities, resources and skills required to rise to the scale and complexity of the required solution.

Methodology – A hybrid, spiral agile model is employed to manage risk while supporting holistic architecture and predictable management of requirements, which uses agile development across releases that engage in iterations and sprints yielding business value in smaller chunks.

Program Management – Gain the ability to reliably estimate with a higher degree of probability, gain visibility into current projects and adjust development velocity to meet changing needs.

BPM Factory – The need to scale can use the cloud metaphor where capacity is provided on-demand with a combination of on-premise and off-premise activities and resources designed to meet geographically distributed organizational needs and price points.

Governance – Centers of excellence (CoE) can be established that support BPM Governance of projects using standard and consistent best practices, methods and tools. There are several BPM CoE styles that can calibrate the appropriate level of needed process governance based on an organization's culture, size and BPM maturity. For some organizations, it might be more appropriate to adopt a federated governance model, whereas for others, a centralized model might be more effective. Each organization is different and its governance needs are certainly different, so "one size does not fit all" when it comes to selecting the CoE style and the appropriate level of governance to help ensure successful BPM Programs (see Figure 3). You can find more information on governance in IBM Redbooks *Creating a BPM Center of Excellence (CoE)*.

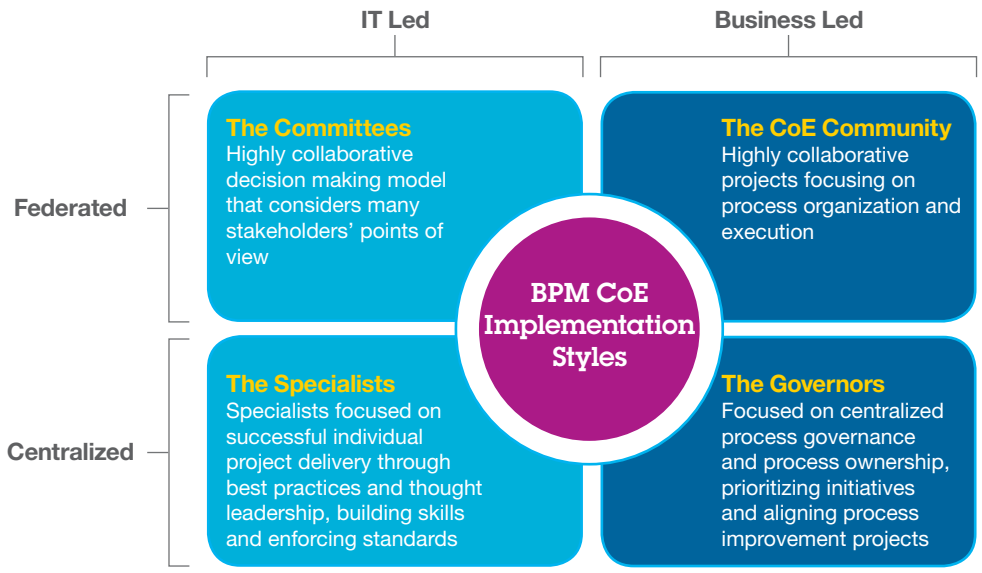

Figure 3: BPM CoE implementation styles.

Change management – One of the most important success factors of BPM programs that is most often overlooked or postponed by many organizations in a BPM program is Change Management. Establishing Change Management leadership early in the program through structured approaches and tools builds and sustains support among change sponsors and leaders and provides the guidance and value realization mechanisms to measure and promote program success.

BPM business value

Although process automation provides the much needed productivity improvement, efficiency enhancement and cycle time reduction, the business value of BPM goes beyond process automation. The true value of BPM lies in achieving transformational objectives, making incremental or more far-reaching and strategic changes to the manner of performing your business processes and activities by applying process insights, eliminating redundancies, standardization, simulation and modeling techniques provided by BPM. Finally the business value needs to be compounded by the usage of tools and techniques like analytics, business activity monitoring, and mobility to generate more long-lasting benefits.

Best practices: How to deliver a BPM transformation program

BPM can be started from a small project pilot (bottom-up approach) and increased in scope and scale to a full-blown BPM program. Alternatively, BPM can start from a larger program (top-down approach) and transformation perspective and plan a series of activities and projects within that transformational program. The best practices below are not necessarily meant to be in order as each of the bottom-up and top-down approaches may require a slightly different sequencing of operations.

BPM planning

Establish a BPM transformation program

Most of the technology or business transformation projects being undertaken today by the enterprises have processes at the core of the transformation efforts, and invariably BPM is a strong ingredient of such transformation objectives. Consistent with these transformational objectives, the C-level executives have aligned BPM to their strategic priorities; therefore, it becomes increasingly important for enterprises to define a robust plan that can address BPM capability within the organization. At the heart of the approach, is the BPM roll-out methodology that needs to be established for helping accomplish first-time success as well as adoption that continues to thrive. This can be started as an initial pilot project growing into a program or commence from an enterprise-wide transformational view at the beginning.

Create an adoption roadmap

An important initial step is to form a steering committee that governs the adoption approach and aligns the adoption journey with the transformational priorities. Typically, this steering committee will be comprised of executives from business and IT developers who will decide the first BPM project that should be tasked to accomplish business benefits and foster wider adoption in the enterprise.

It is very important to have business representation on this committee so that there is adequate sponsorship for the initial project as well as support for the impending organizational change. One of the pitfalls that we have observed in failed BPM implementations is the lack of business buy-in towards the BPM endeavor. Lack of business commitment and ownership to foster BPM objectives across the enterprise almost definitely leads to a failed implementation. At the end of the day, BPM's main purpose is about delivering process performance that helps achieve the key business objectives of the organization.

Use a hybrid methodology–spiral and agile

Agile methods are strong candidates when business subject matter experts (SMEs) and developers are collocated and you have an experienced project manager or scrum master. Agile methods can start losing efficiency and effectiveness as geographic distribution and business involvement tapers off. You should establish a strong holistic architectural foundation at the onset, with a clear path and scope of requirements for planned releases and iterations. This is often described as a combination of Spiral – for initial holistic architecture, requirements scope and risk management and Agile – for accelerated development.

Choose the first process

The next best practice is identifying the right process for the initial project. Careful planning and analysis is required to select the right candidate for the pilot project–which should typically be accomplished in 4-6 months to help ensure that the interest levels are maintained as well as accomplishing a quick "win" in the system to aid subsequent adoption. We advise our business partners to select processes that reside within a department or line of business to potentially overcome cross department complexities and political hurdles. Further, we recommend careful evaluation of process complexity and business impact to ascertain the right fit candidate. See Chapter 3 (Process Discovery) in IBM Redbooks, *Scaling BPM Adoption: From Project to Program with IBM Business Process Manager* for more detail.

Choose the tools and technology

In parallel to prioritizing the candidates for the pilot project, organizations should short list their choice of BPM technology suite based on their requirements. This step requires careful evaluation of technology suites available in the market against the business requirements that could range from process modeling and process implementation coupled with rules management, integration with content management systems, dash-boarding, analytics and user-interface development.

Although the project team is delivering the initial project and in the process demonstrating technology feasibility, business outcome achievement and business user commitment and comfort, the steering committee should focus on establishing the governing principles, and standards and guidelines that can help repeatable successful BPM programs delivery.

Define a project team

The project team composition is another critical success factor for BPM project success. The project team needs to comprise experienced and qualified individuals who have been part of process improvement projects. It is very important to form cross functional teams using individuals from business and IT who partner with each other to generate project outcomes. The process owners and the SMEs from the business area should effectively align the business objectives of the organization with the project objectives and provide deep knowledge on the current mechanism of implementing the projects. The process architects should be the conduit between the business teams and the IT developers and should have a strong understanding of business change enabled by technology. The development team should be qualified on using Agile principles and the project manager should have expertise in managing Agile transformational projects. Although organizations have had success using a hybrid model of spiral for risk management and Agile for development, it is also possible to conduct more traditional software development if the organizational change to Agile development is not warranted.

Establish lightweight governance

Start with a smaller footprint for governance and center of excellence activities to help standardize process, methods and tools. Grow the governance to meet the BPM maturity level and scope within the organization.

Establish BPM and tracking

Conduct this activity such that it provides you with reliable estimations of your BPM projects, the resources required and the capacity you realistically require to achieve your business process goals.

Use or create a BPM delivery engine

There are several best practices that we recommend to our customers during this stage to help set up a BPM delivery engine that provides the capability to expand and extend the BPM initiative beyond the first pilot project. This engine may form the basis for an IBM BPM Factory that allows scaling to larger projects done in parallel.

Drive the solutioning using project types

Various project types will lead to different solutions. There is a spectrum of projects based on scale and complexity start with Quick Win Pilots, line of business projects, projects that cross multiple business lines, programs and enterprise transformation efforts. Each project type requires its own combination of BPM elements for success. As the project types scale and complexity increases, a BPM Factory approach becomes more appropriate.

Secure executive level sponsorship

Many organizations are embarking on strategic process improvement and optimization initiatives in order to cut cost, meet their business outcomes and improve their customer experience. A key success factor to these initiatives is anchoring the appropriate level of executive support, sponsorship and commitment. Without solid buy-in from business and IT executives, more than likely, organizations are unable to evolve their small BPM projects into large-scale BPM programs and realize the desired business value.

The sponsorship and commitment of a business executive from the initial start of a BPM program is a must and not an option. Such an executive sponsor needs to be a senior level line of business owner or a chief operating officer (COO) sponsoring the program and making the appropriate level of commitment and investment.

Maintain central project statistics and benchmarks

Accumulate, analyze and benchmark project data that can be used to verify and realistically influence deal estimations and conduct a sweep of existing projects. Actively track BPM project statistics and regularly report on improvement value costs as they relate to return on investment (ROI).

BPM execution

SOA is foundational to BPM: use SOA design methods and maintain a service catalog

Many projects attempt to dive straight into BPM without regard for the integrations that have to be accounted for in the back end. BPM integrates services into a process flow; not just screens (coaches). Some cases involve modernizing and extracting functionality from packaged applications (such as Siebel or SAP) and back end systems as a service to be used for BPM.

Start managing and designing and implementing services for the Service Catalog and Portfolio early on, alongside the maintenance of a process and rules catalog.

Conduct a BPM process inventory and roadmap

The first and foremost step here-in is to create a roadmap of implementing the BPM Programs such that the ROI is delivered in accordance with the business priorities and in harmonization with process simplification efforts. Typically, the clients will like to inventory the processes and glean out process commonalities and align the roadmap to the business needs.

Define and schedule parallel project streams and domains

Not everything in the project is about implementation of processes with a UI. There are typically multiple streams of activities within a project such as BPM, SOA, rules, integration, infrastructure, information, security, and so on.

Do not count on "big bang" integrations

Even with the most careful planning, integration needs to be carried out gradually and piecemeal to allow for course corrections and adjustments of design, technologies and standards. Invoking web services or integrating with back end data integrations from a process flow need to be incorporated into the iteration schedule as early as possible – avoiding the scenario of "digging two tunnels and hoping they will connect."

Define release cadence

The second most important aspect associated with the roadmap exercise is to define a release cadence, for example, of every 3-4 months, which aligns with the organization's business and IT policies. Establishing a release cadence that delivers frequent business value and provides adaptive changes that the business can operate on is a technique for realizing business performance with agility.

Actively manage change

Change management should "begin at the beginning" of BPM initiatives and not after a BPM solution is implemented. Thus, establishing a transformation strategy and change management framework is critical to the successful deployment and value realization of BPM Programs. Such a framework helps to achieve the transformational benefits of a change program by setting strategy and managing the implementation, maintaining the alignment of the organization towards the overall BPM Program and process improvement objectives, covering all relevant stakeholders and contributing initiatives, and managing all dependencies and conflicting interests across the organization.

Stakeholder and Communications Management is key in establishing awareness and setting expectations amongst various levels in the organization to prepare for cultural and organizational change resulting from BPM implementations. Thus, a successful BPM program must have established a stakeholder management framework that helps ensure stakeholder expectations are understood and managed effectively using a controlled and consistent approach to build support and commitment to the change. Such a framework also helps ensure that the sought after business value is realized and business outcomes are achieved.

Ensuring that the business leadership is fully engaged, committed to the proposed process change, and accepting the responsibility for success is a critical success factor. Business leaders should be responsible for driving the case for change and providing a clear view of the BPM program by adequately planning and preparing their areas for the coming changes in areas such as roles, responsibility and accountability.

Conclusion

Through the proper set of best practices BPM can create a tremendous amount of incrementally delivered business value, while increasingly enabling the business with greater agility in effectively responding and progressively gaining the capability of proactively anticipating opportunities and managing threats. IBM Smarter Process methods, tools, BPM Factory, estimation, program management, center of excellence and governance offerings and capabilities can help you facilitate the process and enable scalable large scale delivery of BPM at competitive price points.

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For more information

To learn more about the Smarter Process paradigm and how IBM can help you successfully solution and deliver BPM programs, contact your IBM sales representative at: **ibm.com**/services/bpmconsulting

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