11 Habits for Highly Successful BPM Programs
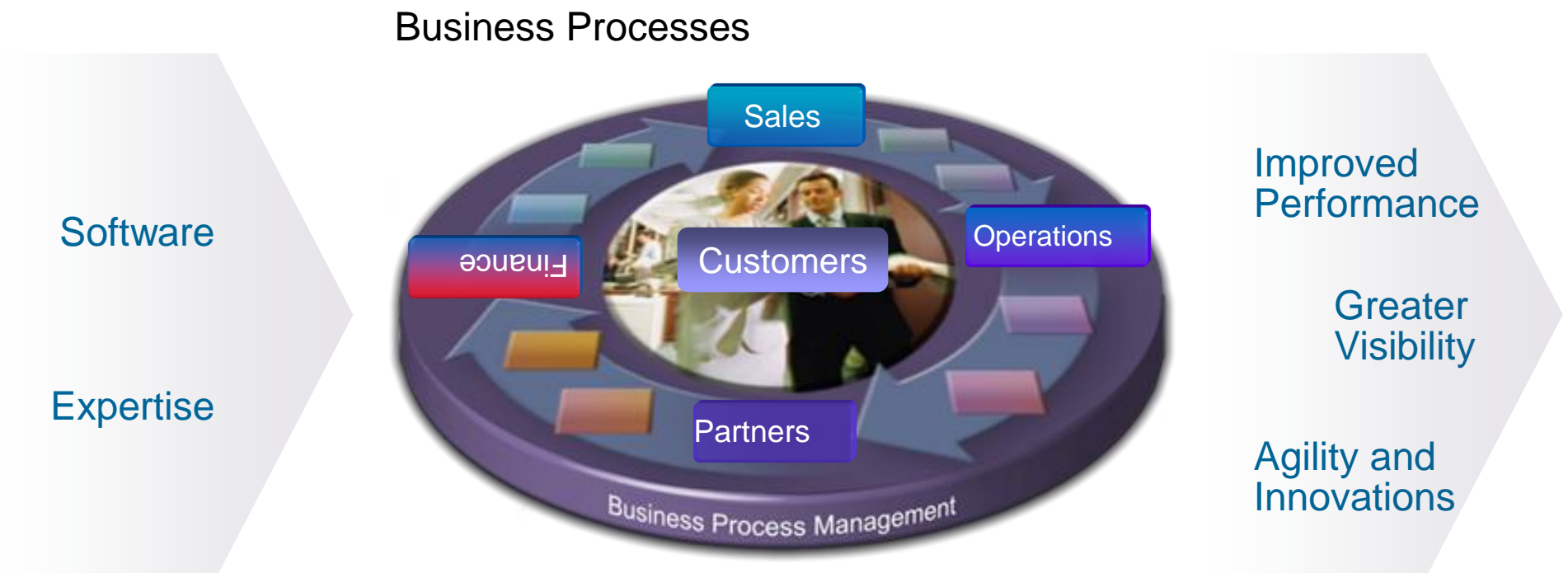
Eng Ching Kooi
IBM Asia Pacific

CIO's see process improvement as their top priority in supporting business agility and improving business performance

Business expectations for IT focus on improving current operations and performance

Business expectations			Ranking of business priorities CIOs selected as one of their top 5 priorities			
Ranking	2009		2008	2007	2006	2012
Improving business processes	1	↔	1	1	1	2
Reducing enterprise costs	2	↑	5	2	2	7
Improving enterprise workforce effectiveness	3	↑	6	4	*	6
Attracting and retaining new customers	4	⇩	2	3	3	3
Increasing the use of information/analytics	5	↑	8	7	6	8
Creating new products or services (innovation)	6	⇩	3	10	9	1
Targeting customers and markets more effectively	7	↑	9	*	*	9
Managing change initiatives	8	↑	12	*	*	12
Expanding current customer relationships	9	⇩	7	*	*	11
Expanding into new markets or geographies	10	⇩	4	9	*	4
Consolidating business operations	11	↑	13	14	*	15
Supporting regulation, reporting and compliance	12	↑	14	13	*	16
Creating new sources of competitive advantage	13	⇩	11	8	*	5

What is Business Process Management ?

BPM is a discipline consisting of software and expertise to improve the performance, visibility, and agility of business processes and facilitate business innovation

Business Processes

Software

Expertise

Sales

Customers

Finance

Operations

Partners

Business Process Management

Improved Performance

Greater Visibility

Agility and Innovations

BPM continuously improves processes and aligns functions that span business, IT systems, manual tasks, and information

BPM capabilities infuse business processes with "points of agility"
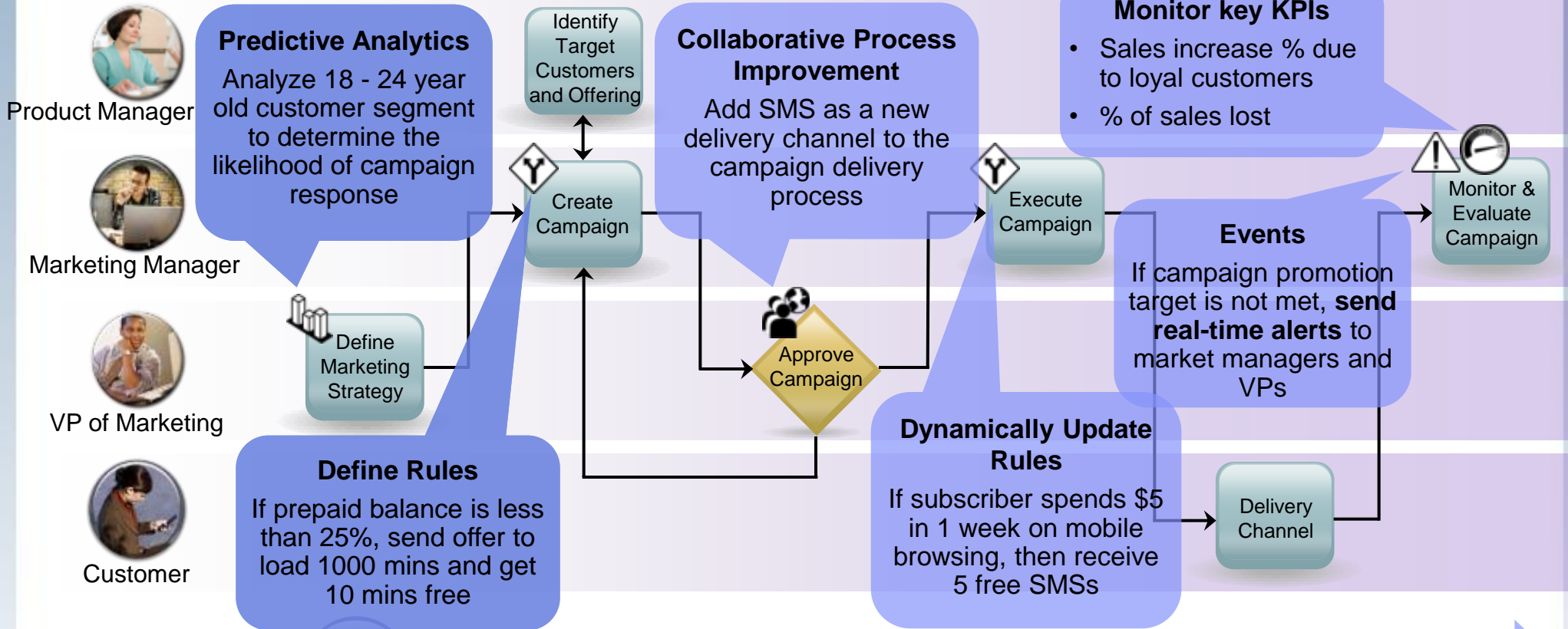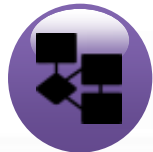
Events · **Analytics** · **Collaboration** · **Rules** · **Content** · **Monitoring**

Product Manager

Marketing Manager

VP of Marketing

Customer

Predictive Analytics
Analyze 18 - 24 year old customer segment to determine the likelihood of campaign response

Identify Target Customers and Offering

Define Marketing Strategy

Create Campaign

Collaborative Process Improvement
Add SMS as a new delivery channel to the campaign delivery process

Approve Campaign

Define Rules
If prepaid balance is less than 25%, send offer to load 1000 mins and get 10 mins free

Monitor key KPIs
- Sales increase % due to loyal customers
- % of sales lost

Execute Campaign

Monitor & Evaluate Campaign

Events
If campaign promotion target is not met, **send real-time alerts** to market managers and VPs

Dynamically Update Rules
If subscriber spends $5 in 1 week on mobile browsing, then receive 5 free SMSs

Delivery Channel

Modeling & Design

Workflow & Integration

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4

Where Are The Good Starting Points?

Typical Questions	Pattern	Outcomes Realized via Lombardi
• Is there an excess of manual work? • Are activity sequences performed differently?	**Workflow**	• Improved efficiency / effectiveness • Consistent and repeatable processes
• What are people doing? • Could people be doing it better?	**Business Activity Monitoring**	• Visibility into productivity • Identified opportunities for improvement
• Is excessive time spent in different applications / systems? • Are training / ramp-up costs high?	**Unified Front-end**	• Improved task efficiency / effectiveness • Lower training costs
• Is there unnecessary rework? • Do exceptions require disproportionate attention?	**Exception Handling**	• Reduced rework • Reduced effort with increased flexibility
• Do projects take too long to deliver? • Is there a backlog of projects?	**Application Development**	• Improved IT reactiveness • Reduced backlog

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How Our Clients Use Lombardi

QuickTime?and a
decompressor
are needed to see this picture.

"

BPM allows us to
focus on our most critical
business priorities first.

"

— Eric Keller, CIO, Sirva

Keynote Presentation, Driven Online 2009.

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Levels of BPM Success

- Leveraging BPM Across the Enterprise
- Growing BPM Team Competency
- Successful Projects/ Delivery
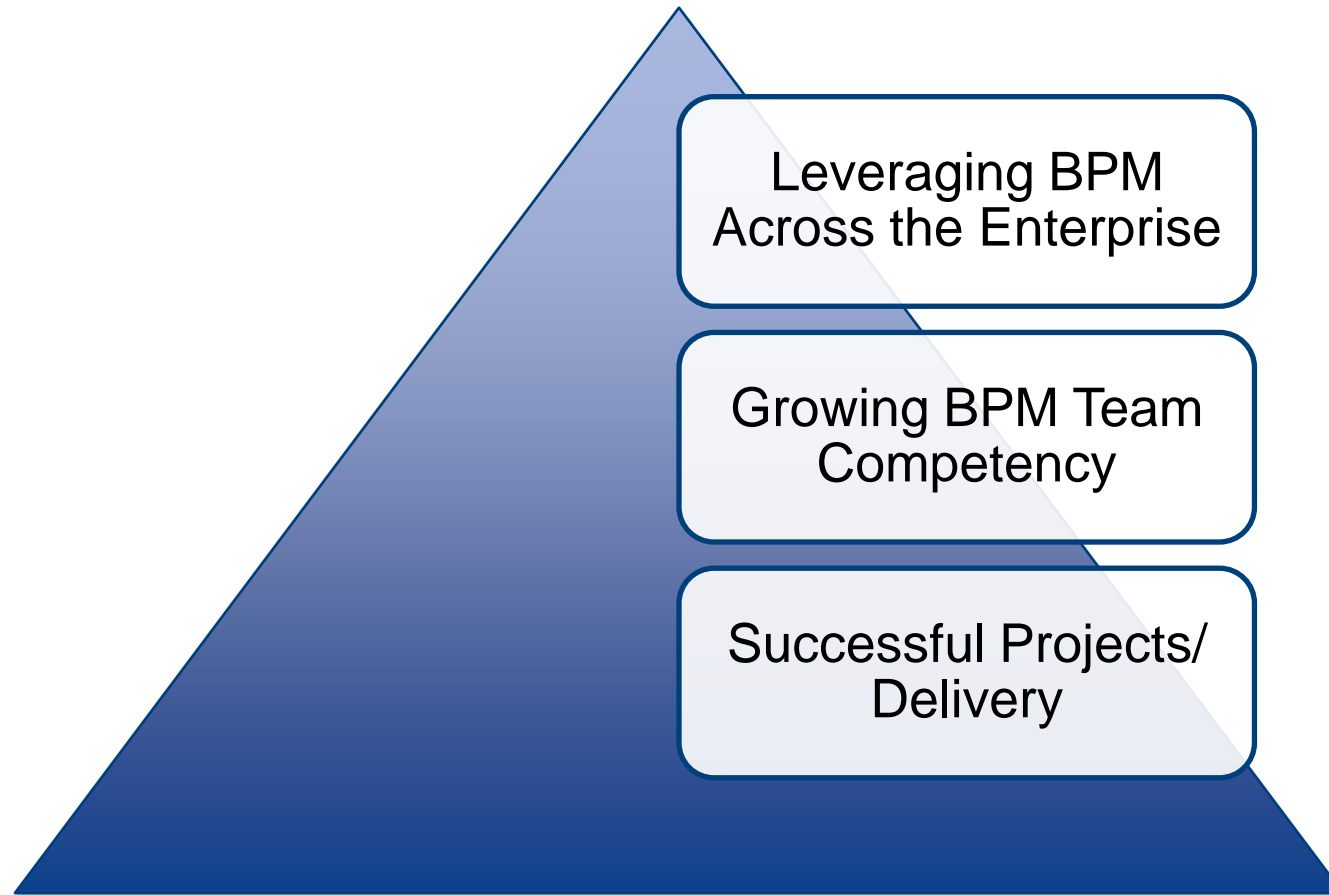
What Habits will help an organization move up these levels?

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Successful Projects/ Delivery

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Habit #1

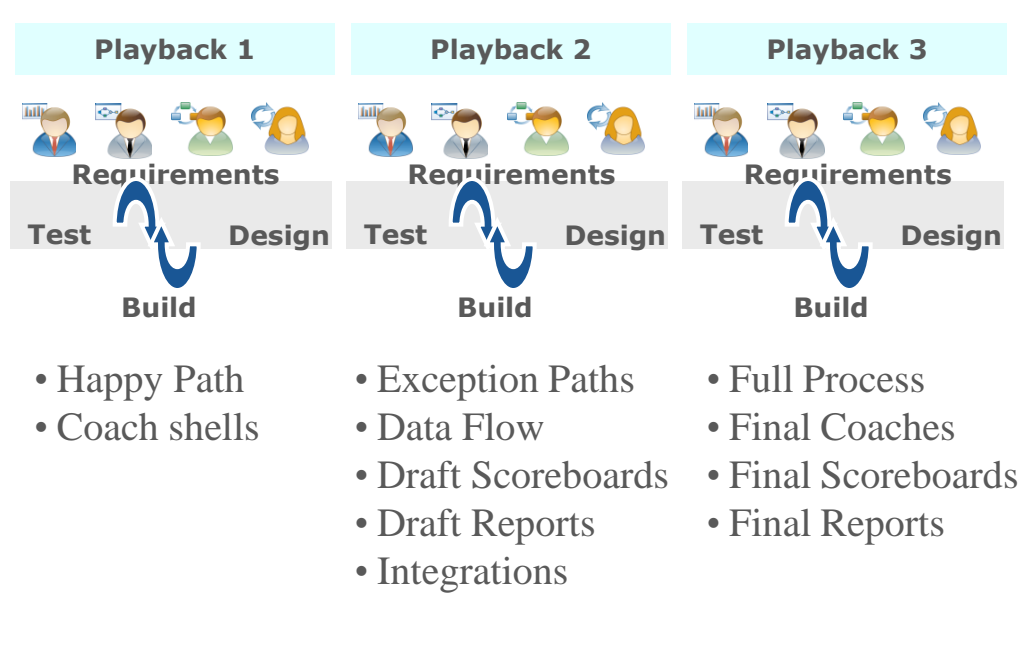## Prove out what needs to be proven out

- Don't forget the focus should be on business value

- Be willing to make a trade-off for the first release

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Iterative Implementation Methodology

Weeks 1 to 3	Weeks 4 to 10	Weeks 11 to 12	Week 13	Weeks 14 to 15

Project Initiation

- Install / Config
- Training
- Requirements
- Scoping

Playback 1	Playback 2	Playback 3

Requirements

Test   Design

Build

Test

Go Live

Support

Playback 1
- Happy Path
- Coach shells

Playback 2
- Exception Paths
- Data Flow
- Draft Scoreboards
- Draft Reports
- Integrations

Playback 3
- Full Process
- Final Coaches
- Final Scoreboards
- Final Reports

- **ITERATION PLANNING**
- **TEST PLANNING**
- **MENTORING**

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Habit #2

Make BPM about Productivity AND Visibility

- Metrics, KPI's and SLA's should be part of the DEFINE Phase

- Don't scope OUT metrics

- Remember visibility is critical to IMPROVEMENT

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How are our customers using Lombardi?

Tracking
Metrics
Alerts

VISIBILITY

Cross-functional

Event-based

Intra-organization

Referred to as BAM

AUTOMATION/ORCHESTRATION
Functionally-centric
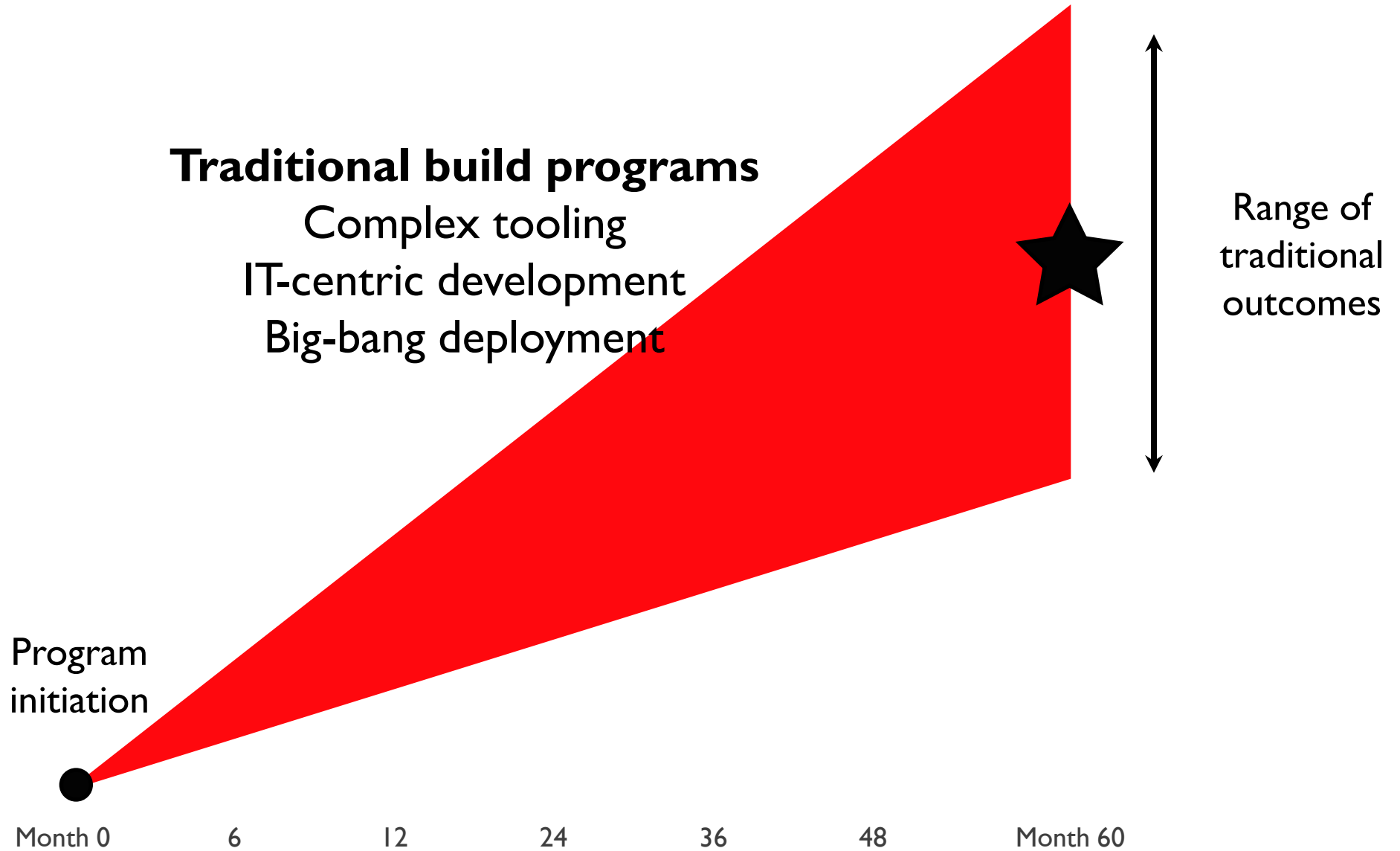Workflow/People-intensive
Inter-organization

Workflow/Routing

Coaches/UI

Escalations/Notifications

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Habit #3

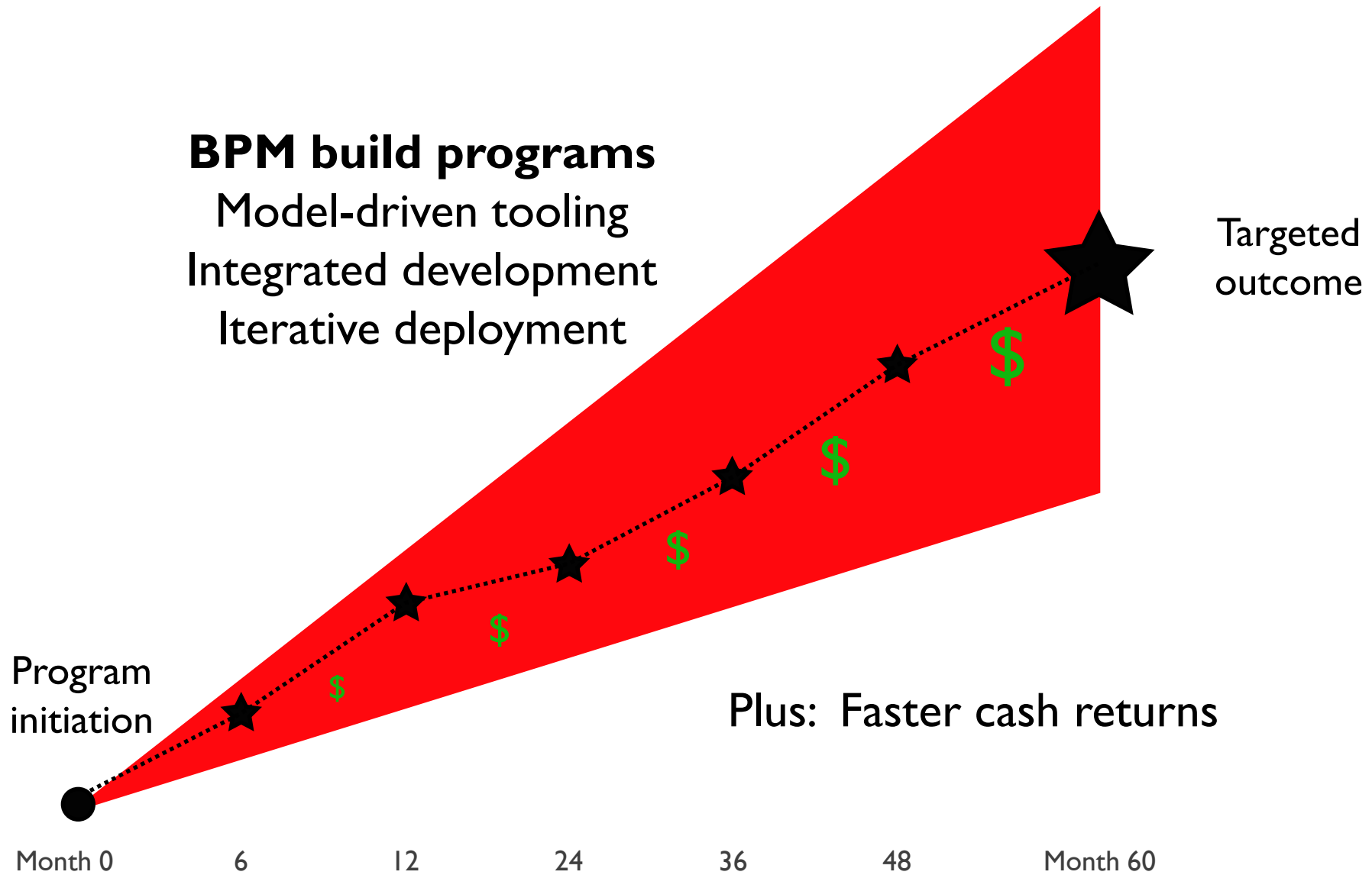# Never "One and Done"

- Iterative Approach….. Continuous Process Improvement

- Phases 2,3 or Versions 2, 3 always happen

- Trade-offs (but don't always trade-off the metrics!)

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BPM Accelerates Better Business Outcomes

Traditional build programs
Complex tooling
IT-centric development
Big-bang deployment

Range of traditional outcomes

Program initiation

Month 0   6   12   24   36   48   Month 60

BPM Accelerates Better Business Outcomes

BPM build programs
Model-driven tooling
Integrated development
Iterative deployment

Targeted outcome

Program initiation

Plus: Faster cash returns

Month 0   6   12   24   36   48   Month 60

Habit #4

Don't Skip Process Analysis

- Requirements documents are not process analysis

- Don't over-do the initial requirements (Define) phase

- Include Process Analysis skills on your team early

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Habit #5

Take the Time to Deliver Value

- A project longer than 90 days is not a failure

- Self-sufficiency can extend project time-lines

- Timelines can be dependent upon the sophistication of the process

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Habit #6

Build a complete team

- Java (.net) developers aren't all you need

- Have the right mix of resources on the team

- Identify good pools of talent for developers (BPMC's)

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Lombardi BPM Roles – Project Scale

Process Improvement Expert

Teamworks Expert

IT/Technical Expert

Executive Sponsor

BPM Program Manager

BPM Analyst

BPM Developer

Technical Consultant

Supporting Roles:

Database Admin (DBA)

Integration / Java Developer

Infrastructure Admin

Process Owner

Process Users

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Habit #7

Make self-sufficiency a priority

- Don't allocate partial human beings

- Make sure all of the right skills are represented

- Don't mix self-sufficiency with tight deadlines

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Education is a Key to Self Sufficiency

Missing or insufficient skills can lead to slow adoption, lost value … or complete failure

Technical Architects

BPM Program Manager(s)

Level 3

Level 2

BPM Analysts

BPM Developers

Level 1

BPM Administrator(s)
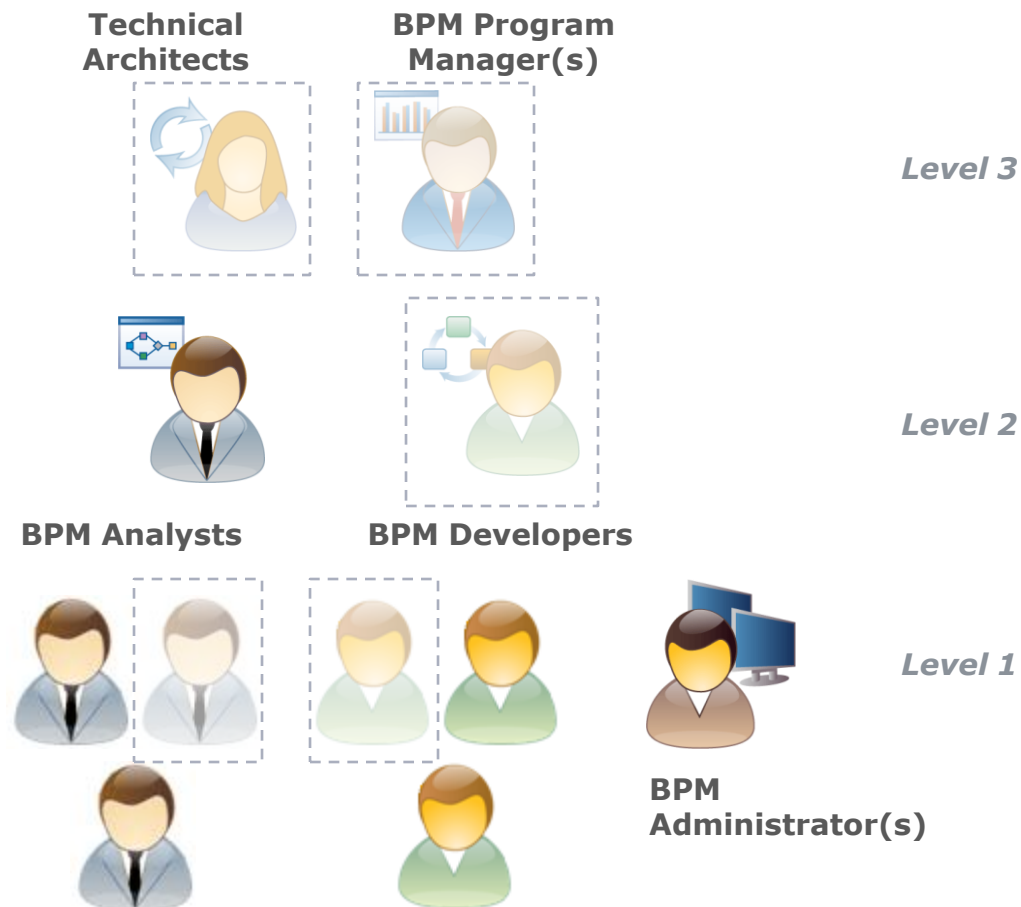
Recommendations:

▸ **Role-oriented training vs. "one size fits all"**

▸ **Ongoing training & testing at multiple maturity levels**

▸ **Mentoring to learn application of skills**

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Leveraging BPM Across the Enterprise
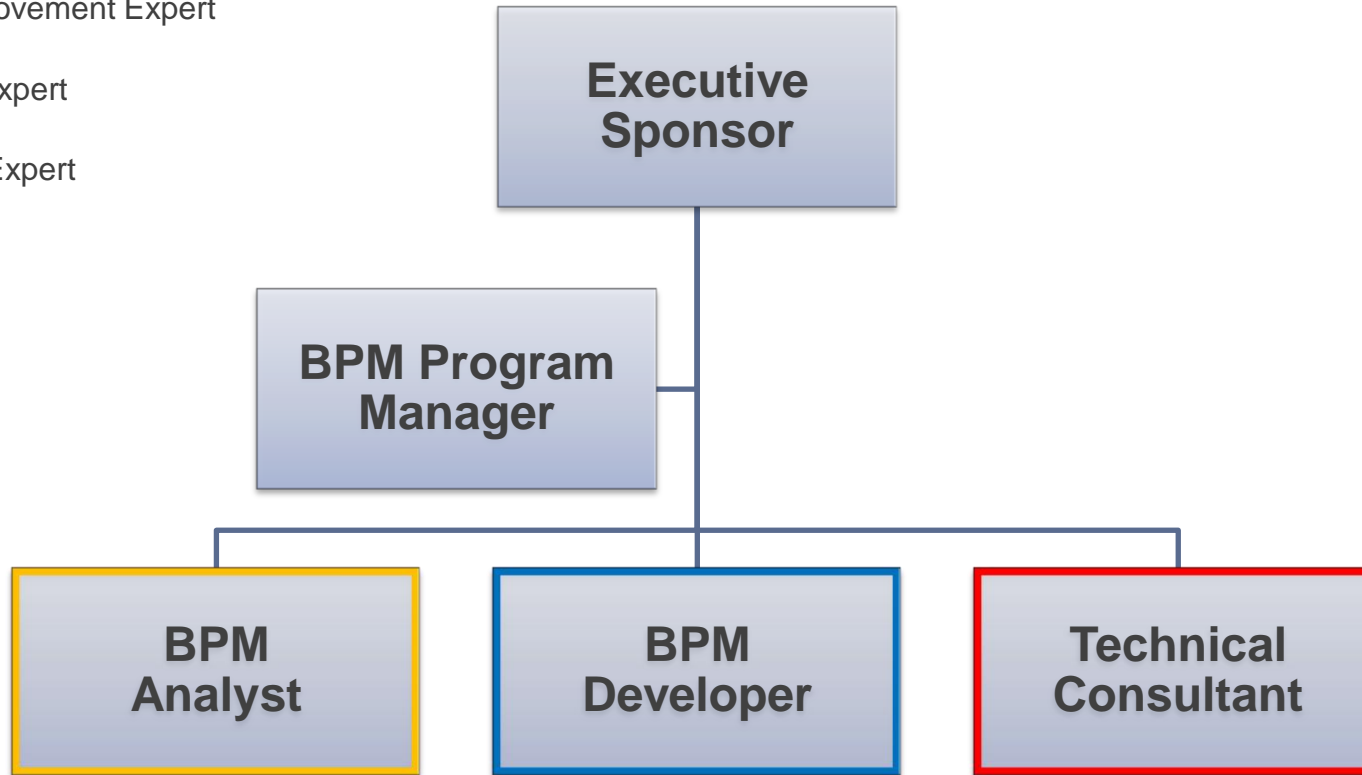
Growing BPM Team Competency

Successful Projects/ Delivery

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Habit #8

Fund to value … not first release

- BPM is about KPI

- BPM should be programmatic

- Funding model should contemplate Projects and the Program

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BPM Opportunity Landscape

Operational Processes   *Customer Facing Processes*

Service Efficiency
- Loan Due Diligence
- Compliance

Customer Value
- Product Sales
- Dispute Resolution

Operational Efficiency
- New Hire On-Boarding
- IT Services Catalog

Service Effectiveness
- Under-Writing
- Product Setup

Processes

Participants

External

Internal

Back Office   Front Office

Productivity Target

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Prioritization Matrix

Business Process Management

Project Name		Project 1	Project 2	Project 3
Project Qualification				
Project Benefits	30%	**3.85**	**0.00**	**0.00**
Compliance Requirements	35%	**2.50**	**0.00**	**0.00**
Process Management Maturity	20%	**4.75**	**2.75**	**0.00**
Project Size & Complexity	10%	**3.00**	**0.40**	**0.00**
Project Implementation Readiness	5%	**4.00**	**4.05**	**0.00**
Overall Project Score (weighted)	**100%**	**0.00**	**0.79**	**0.00**

Project Qualification			Qualification Scoring				
Project Benefits					**Weighted Score**	3.85	
Percentage Total	100%						**Comments**
Quantifiable cost savings per year (e.g. FTE reduction, external payments)	25%	0	< 500k	500k-1MM		1	.75 Adam time
Quantifiable revenue generation per year	25%	0	< 500k	500k-1MM		9	85k per day
Quantifiable cost avoidance per year (e.g. cost of re-work)	25%	0	< 500k	500k-1MM			
Target cycle time reduction	15%	0	1-25%	26-49%		9	going from 20+ days to 10
Target efficiency/productivity gains	5%	0	1-25%	26-49%			
Target (internal/external) customer satisfaction gains	5%	0	Low	High			

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Habit #9

Force collaboration

- Consider carefully for the first project

- Co-locate team members from business and IT

- Leverage the Playbacks

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Playbacks Drive Engagement

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Habit #10

Establish the owners

- Processes are business-owned

- BPM is the discipline/program

- BPMS is the enabling technology

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Habit #11

Market your work

- Create regular internal communication about progress

- Use videos, wikis, portals to "show off" new processes

- BPMS is the enabling technology

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11 Habits That Drive BPM Success

▸ **Make Projects/Delivery Successful**

- Prove out what needs to be proven out
- Make BPM about Productivity AND Visibility
- Never "One and Done"
- Don't Skip Process Analysis
- Take the Time to Deliver Value

▸ **Grow the BPM Team Competency**

- Build a complete team
- Make self-sufficiency a priority

▸ **Leveraging BPM Across the Enterprise**

- Fund to Value…. not first release
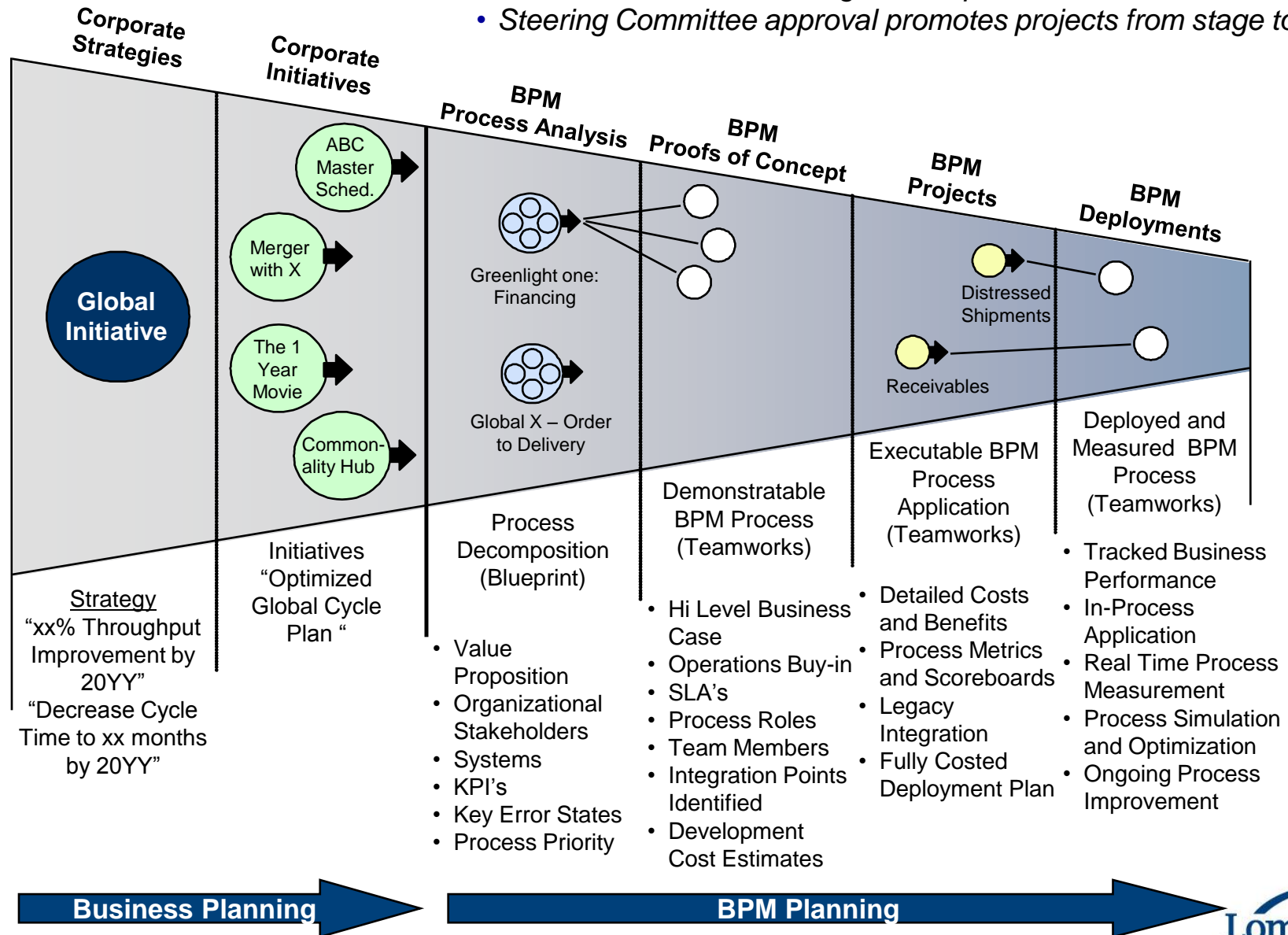- Force collaboration
- Establish the owners
- Market your work

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Thank You

Tying BPM to Corporate Strategy

BPM Pipeline (Executive Review)
- *Increasing level of process definition at each stage*
- *Steering Committee approval promotes projects from stage to stage*

Corporate Strategies

Corporate Initiatives

BPM Process Analysis

BPM Proofs of Concept

BPM Projects

BPM Deployments

Global Initiative

ABC Master Sched.

Merger with X

The 1 Year Movie

Common-ality Hub

Greenlight one: Financing

Global X – Order to Delivery

Distressed Shipments

Receivables

Strategy
"xx% Throughput Improvement by 20YY"
"Decrease Cycle Time to xx months by 20YY"

Initiatives "Optimized Global Cycle Plan "

Process Decomposition (Blueprint)

- Value Proposition
- Organizational Stakeholders
- Systems
- KPI's
- Key Error States
- Process Priority

Demonstratable BPM Process (Teamworks)

- Hi Level Business Case
- Operations Buy-in
- SLA's
- Process Roles
- Team Members
- Integration Points Identified
- Development Cost Estimates

Executable BPM Process Application (Teamworks)

- Detailed Costs and Benefits
- Process Metrics and Scoreboards
- Legacy Integration
- Fully Costed Deployment Plan

Deployed and Measured BPM Process (Teamworks)

- Tracked Business Performance
- In-Process Application
- Real Time Process Measurement
- Process Simulation and Optimization
- Ongoing Process Improvement

Business Planning ➤

BPM Planning ➤

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