

***Effective Business Change Through Process Management:
Strategies and Architectures for Integrated Change
By Roger T. Burlton: Founder Process Renewal Group***

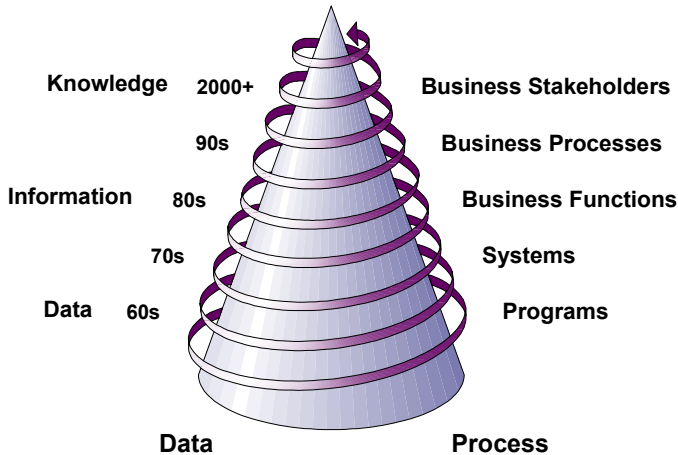
Foreword

The issues and interests surrounding process-based business change have become significant for information professionals and business stakeholders alike. Because of this, I have decided to provide a broad review of and introduction to the topic. I will cover the reasons why a business process perspective is almost unavoidable and look at a framework for managing business / process change and how it fits with information management practices.

The Case for a Business Process Perspective:

The history of information systems and business management is full of discussions and debates on the optimal ways to understand the present, analyze directions and plan for the future.

The figure shows that from an Information Management point of view the pendulum has frequently swung between process and data extremes. At the beginning the predominant



approach was “process” oriented. It seemed that better and more natural computer languages would solve the problems of becoming more effective and efficient in the development of transformative computer programs. Little emphasis was placed on the issues of data storage and retrieval or integrity. Over time the ‘real’ secret seemed to be to focus on our databases so that programs could be developed and maintained more easily. The

availability of Database Management Systems promised to provide integrity and to speed the way to the end of the maintenance nightmares of the past.

Not far behind these advances, was a similar unfolding of analytical formalisms for application systems. Structured Analysis techniques such as Data Flow Diagramming and Structured English Mini-specs spawned by Ed Yourdon and his followers were developed to support the inherent limitations of technical languages. Subsequently, Data Modeling techniques such as Entity-Relationship Diagramming from Peter Chen paralleled and accelerated the move to Network and Relational DBMS. Each of these represented an advancement in professional approaches to ensure that the right technical and analytical solution was being addressed. This was especially important, given that complexity was

increasing and computer applications were becoming more fundamental to the operations of our businesses.

Continuing on the evolutionary scale, techniques for managing information as a corporate resource were introduced. These methods also provided capabilities to link data and process models at the systems level. These Information Engineering approaches provided integration or at least traceability throughout a set of both data and process models. They added a perspective at one higher level of abstraction than before: that of the overall corporation. Their perspective, although excellent for assuring data integrity, was still not sufficient, since their primary organizing paradigm was organizational function. As a result, fragmentation of business process still existed because IE by itself did not support, well enough, the integration that businesses required. It became clear that businesses do not only deliver results through their functions and their technologies despite the fact that traditionally they have often organized along these lines.

What is happening now is the latest step and the next higher level of abstraction. This new level is consistent with the maturing of analysis of process and data. That is, the perspective of the integrated business: cross-functional, cross-organizational business processes optimized to deliver top performance for our stakeholders by leveraging knowledge. Its approach is process oriented but ensures that data requirements are aligned. This perspective is the one that links the strategic and tactical worlds of both business and systems as well as other professional areas of the business. It provides complete traceability from top to bottom.

Tracing from Business to Processes to People

The purpose of any business entity is to act as a transformation object. When appropriate events and conditions trigger action, customer requirements and consumable resources, such as raw materials, money and information are transformed into goods, services and business outcomes for the customer's benefit. The business' performance is measured in terms of key performance indicators (KPIs) and evaluated against the requirements of the business owners. This is done recognizing the various outside pressures and regulatory standards.

The business applies a number of reusable resources to enable this transformation. These include:

- the cross-functional processes of the business (despite the fact that they may not be apparent nor understood),
- the physical facilities, such as offices, factories, equipment and tools,
- the computing and communications technology to enable information flow, knowledge sharing and human communications,
- the human resources of the organization.

The traditional challenge of any business is to find the balance that optimizes results given performance objectives and scarcity of some of these resources.

The Fundamental Role of Business Processes

Of all of the business enablers described previously, only business processes can be described in exactly the same terms as the overall business. Business Processes transform requirements and consumable resources into business outcomes in response to business events or triggers. Their performance can be measured in exactly the same way as the business overall. Consequently, business performance is directly attributable to process performance and a business may be viewed as the collection of all of its cross-functional processes. Historically, our Technical, Applications, and Data Architectures and our Information Strategy Plans often missed this element of traceability. This frequently led to disconnects or breakdowns in many of our attempts to do the right things and do them in the right way.

Given the general acceptance of the importance of business processes, it makes sense to define the term.

Table 1: What is a Business Process ?

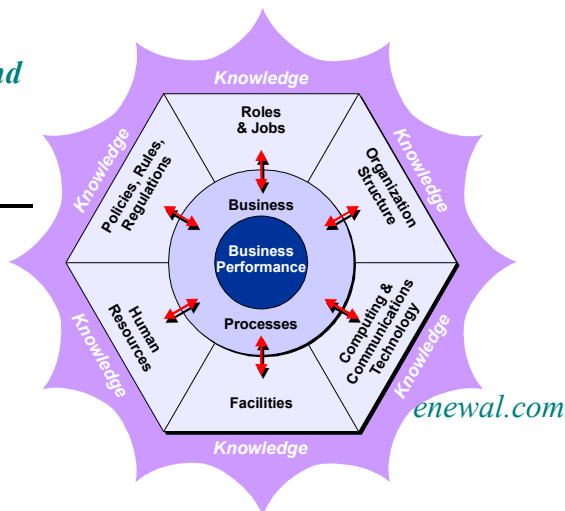
- ❖ Is **triggered** by an **external event** involving a **stakeholder**
- ❖ Comprises all the actions necessary to provide the appropriate **business outcomes** in response to the triggering business events.
- ❖ **Transforms** inputs of all types into outputs, according to guidance(policies, standards, procedures, rules etc.), employing reusable resources of all types.
- ❖ Contains logical steps which usually **cross functions** and often organizational units.
- ❖ Has **performance indicators** for which **measurable** objectives can be set and actual performance evaluated.
- ❖ Delivers a **product or service** to an external stakeholder or another internal process

One result of the awakening to the significance of managing our processes cross-functionally is the development of techniques to make cross-functional changes happen.

A Framework for Managing Process Change

Business Process Management is the discipline that improves business performance through parallel changes in capability made possible by the transformation of existing cross-functional business processes.

BPM incorporates the removal of existing constraints and is enabled by the facilities and equipment, modern communications and computing technology and the committed human resources of the organization.



The major components of the multiple aspect of concurrent change made possible by

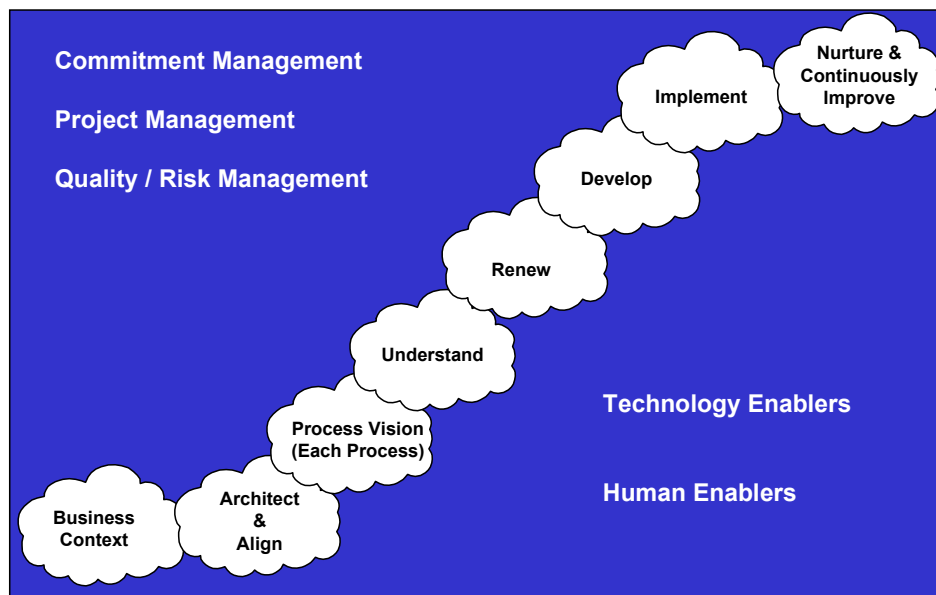
Process-based Management and Renewal are depicted in the graphic below. Despite the fact that all aspects of change are required and will be introduced simultaneously, the business process becomes the baseline and rallying point for integration delivering:

- Improved business performance
- Customer satisfaction
- An integrated business solution
- New processes
- New measurement systems
- A managed process environment
- New mechanisms and enablers (including technology)
- New skills
- New HR supports and incentives
- New staff attitudes and behaviors

A Process Management Framework

To accomplish fundamental renewal, new methods are required. These combine the best of Strategic Planning, Industrial Engineering, Information Engineering, Systems Analysis and

Modeling, Organizational Development and Human Change Management all integrated through people based Project Management. This is no small feat and it is harder than it appears. Once the senior management of the organization understands and commits to the concepts and challenges of process-based change, a proven comprehensive method for accomplishing this can take us through seven phases of transformation which transform several assets of the business. These are shown below:



In the **‘Business Context and Architecture and Alignment’** Phases, the initial business connections are traced and analyzed for degree of alignment. These progress logically as follows:

- business vision and mission,
- to business performance,
- to customer and stakeholder identification,
- to events and outcomes of value,
- to core and support processes,
- to process performance,
- to technology and information architectures
- to required facilities
- to organizational design and human requirements, capabilities and capacities.

Customer and staff input is solicited to identify major areas or recurrent breakdown and the macro opportunity for improvement in processes is determined. The results are documented as a set of business strategy and architectural models viewed from the perspective of and cross-referenced to Business Processes. Due to the pressures of ongoing change, and short business cycles, this is a continuous assessment, synchronized with the planning cycle of the overall business.

In the **‘Process Vision’** Phase, high potential processes are selected for the required change program. Key stakeholders and process success criteria are established. Critical points of breakdown in the process are documented and the process and project are scoped using high-level process models describing interface conditions. A business vision is created and specific objectives established for performance improvement and incorporation into the initial business case. A set of ‘Project Principles to Live By’ is developed and mutual commitments are made to it by all stakeholders and team members. The project plan is detailed, business case approved, cross-functional team confirmed and the human communications strategy developed and initiated.

In the **‘Understand and Renew’** phases the “AS-IS” and “TO-BE” views of the process are developed and examined.

“AS-IS” models are built of the actual process as it really functions today. The workflow is analyzed with particular attention paid to sources and causes of breakdown. Measures of performance covering effectiveness, efficiency and adaptability are taken and recorded against the process models. Questions of complete accountability and the effectiveness of the human commitment management process are examined. Wherever possible, interim or early wins are implemented to gain support from staff and management. This phase uses models as tools to show the process problems and opportunities for better customer-supplier work flow and process performance. However, it must not become solely an exercise in modeling for its own sake.

In determining the “TO-BE”, the enabling effects of technologies and other process benchmark ideas are examined. Opportunities to apply some of the process and

organizational trends learned from research are also examined. These are combined into a short list of alternative approaches, which are evaluated in an updated business case review. The new business process is then modeled. At this point conceptual data models may be also be developed. The design is reviewed for full business event-to-outcome accountability. Event-through-outcome business scenarios are developed. Management and staff use these to walk through the design using mocked-up or prototyped technology models of the potential user interfaces. This assures human understanding, buy in and gradual transformation.

In the **‘Develop’** Stage, the necessary supports for transformation are built. These include drilling down all undecomposed aspects of the “TO-BE” process and data models to the elementary level. It continues with the procedural details of the process definition and associated policies. The systems will be built to ensure that information of relevance to the steps in the customer-supplier process flow is available at all points in the process. It will also ensure that the work and workers are connected and that the process itself is monitored and measured automatically. The physical facilities will be designed to better support a customer-supplier relationship of the appropriate type in the appropriate locations.

Based on the completed “TO-BE” models, this stage will also develop the mechanisms by which people will change. These include:

- the role and job descriptions,
- the education and training programs,
- the organizational structure,
- the reward and recognition programs,
- the human resource policy changes,
- how teams will work together,
- how business and individual performance and incentives will be aligned

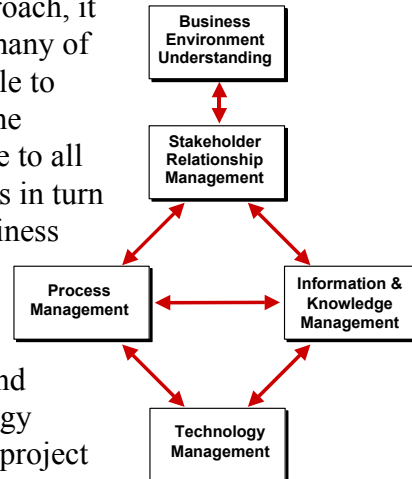
In the **‘Implement’** Phase, preparations are made for the rollout of the solution. Facilities and systems are installed in pilot sites. Staff is trained. Organization responsibilities are made clear. Pilot projects are run to validate and fine tune integrated solutions and to prove to the resisters or doubters that this is not a high-risk effort. Adjustments are made. The stage will ensure that the appropriate human supports will be in place. In addition, the solution is rolled out to become operational in a phased manner. Facilities and systems are installed. Staff is trained. Organization responsibilities are made operational. Post Implementation reviews are held and final adjustments made. It will be hard work but rewarding if the previous stages were done properly with the human issues at the top of the list. It will be impossible if they were not.

In the **‘Nurture and Continuously Improve’** Phase. Ongoing process management will be in full swing utilizing measurements against agreed KPIs. Refinements will be continuously delivered and perceptions followed and managed. Feedback for input, as consideration to ‘Business Context and Architecture and Align’ will close the loop. Once the initiative has been completed, a new working environment will have been delivered

which allows the ongoing evolution of cross-functional improvement and organizational learning

Summary

By following a proven disciplined business change approach, it is possible to deliver business results that synchronize many of the key challenges facing business today. We will be able to deliver process and technology solutions that increase the sharing of our knowledge and together deliver real value to all stakeholders involved in or affected by what we do. This in turn will lead to enhanced, measurable improvements in business performance. If the above guidelines are honored in a worthwhile investment of time and resources, each individual change initiative will have a chance of being achievable without all of the standard problems and delays we normally associate with process and technology change. This will be because we will be doing the right project for the right reasons and will be able to show it. We will be faced with incredible opportunity to succeed.



About The Author

Roger Burlton is the founder and Chair of the Process Renewal Group, a management consulting and training consortium committed to helping organizations manage change and improve performance through the renewal of business processes and the innovative application of technology. He has worked as a practitioner in Industrial Engineering, Information Technology, and Strategic Planning. He has authored papers and methodologies in Prototyping and Rapid Applications Development, Project Management, BPR and Process Modeling. He can usually be found somewhere in the world, teaching, coaching or leading business and change programs. Currently, he is involved with the automation of the Process Renewal Group's offerings. His book entitled "Business Process Management: Profiting from Process" was released in May 2001.

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