

IBPM...The new ERM tool is here!

For the past few years, I've been watching the new standard of integration that is coming in enterprise solutions that take them from the realm of ERP information systems into the realm of Enterprise Resource Management (ERM) enablers. This methodology of implementation and integration of technology is likely to become competitive weapons for solution developers, providers, users and technologists with the potential to change how business does business. In fact, a number of ERP solution providers are already there.

It's called: Business Process Management (BPM)...but with a twist.

What is BPM?

It's a graphical representation of business processes within the organization that are typically created in an Integrated Design Environment (IDE). The representations include the processes that are performed by employees and encompass all of the actions, interactions and decisions that they make in executing their jobs. All data elements required and their sources are also detailed in the processes. A process may be initiated by a person performing a routine such as planning inventory or an event such as the receipt of a sales order. All actions are linked in a logical order that the user must complete in order to finish the processes successfully.

You're likely thinking that this is just another ERP or workflow product enhancement...right? No. Think in terms of a fundamental paradigm shift, or workflow on steroids.

BPM software allows the user to pass the process along to the next user in the process chain. I will use the Accounts Payable Invoice Matching process as an example. An accounts payable (AP) clerk would receive an invoice from a supplier. The invoice is either going to match the purchase order and receipt or not. There would be two paths created, matched and unmatched, and the correct one would be activated based on the result of the matching activity. The matched path has the invoice ready for payment...end of process. On the unmatched path, the AP clerk enters the amounts on the invoice and the ERP system rejects the matching. The next step would be to have the AP Supervisor reconcile the invoice so that it can be readied for payment. If the AP Supervisor does not have the prerequisite authority (e.g. the amount is too high) then the invoice information shows up at the person in the authority chain with the authority to reconcile.

Of course, the BPM solution knows the rules for each process and the roles and authority levels that each user has in the process. The Process Engine that controls all the variables and interrelationships invokes these rules, roles and authorities to ensure that the process itself is not violated and, therefore, creates a non-conforming result.

The differences between BPM solutions

The basic BPM solutions create the processes and rules for managing the business processes being driven by strategic requirements but have little integration to business solutions other than email and task managers. I've seen numerous situations where all of the processes are mapped, documented and then put in very nice binders that collect dust on shelves until the auditors are scheduled to show up.

The next level of BPM solution primarily comes from the old workflow solution providers. There is some integration to ERP functions but no loop back to the impact on the business drivers at the strategic level. The new ERM tool (what I would call Integrated Business Process Management or IBPM) is going to be the one that creates the tidal wave that changes how business does business. Before I explain this, let me note some technology developments and announcements that I think are going to facilitate IBPM.

Technology enablers

First, there is the stabilization of IDE mentioned earlier. Then we have Bill Gates announcing that Microsoft is going to Model Driven Architecture (MDA). As we all know, where Bill goes technology (for the most part) will also go. The non-technical explanation of MDA is that it is based on a group of technical standards that facilitate the seamless interoperability of groups of applications, databases and tools. Intranet, and Internet, technology and standards (HTML, XML, etc.) are also utilized for the visualization of the information required to support business processes.

IBPM – Integrated BPM

Earlier, I said that BPM was like workflow on steroids or 3D/ERP. Where organizations and solution providers take the current BPM concepts and completely enable the Supply Chain through the available technologies, you may also start to think of rapid Six Sigma methodology deployment and ISO/QS standards embedded in the day-to-day, moment-to-moment activities of every employee in the organization and link in the Supply Chain. Also, management can begin to think of rapid-response methodologies being developed to variant trends in Key Performance Indicators (KPI).

The product that I recently saw is the first that I have seen that shows the promise of fulfilling the vision of IBPM. The fundamental difference that this solution provides is the ability to have the user follow the process but also open applications in multiple enterprise solutions as well as use the abilities of MS-Office (Word, Excel) and MS-Outlook (Calendars, Task Lists, email) and, where necessary, create and integrate its own database into the process solution as necessary. Additionally, this solution utilizes the Internet and Intranet technologies to link the processes to other Supply Chain partners. This would allow a person working for Company A to begin a transaction that creates a task for a person in Company B to complete.

In Control

What has frustrated organizations attempts to implement Six Sigma and ISO standards is the need to be able to control and measure effectively. Moreover, the time required to actually implement changes to the process has been too long. With IBPM that timeline will be shortened to hours, if not minutes. The new solutions are going to have execution capabilities that will allow the organization to implement the changes with the push of an icon. Effectively, the change is executed in IBPM and the next person to execute the process is now working in a new way. If the user needs work instructions



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for the new way, that's also available at the push of a button (or viewing in HTML format on the Intranet).

The feedback to the process change will be instantaneous because IBPM solutions will have embedded KPI accumulators that will begin to track the process change immediately.

Can it fail?

Of course! Think of all the reasons that ERP implementations fail. Same applies here. There is one additional failure point as well. The organization must pick and accept business driven methodologies as the standards by which they will run their business. If all you do is to embed your current methods into rules, the gains will not be realized.

However, what I have recently seen is (in my opinion) the next great competitive weapon for businesses of all types. If you follow the logic of building quality capability into any process, (create a process that delivers a quality result and then make that process repeatable) then what IBPM does is enforces that that quality business process in every transaction that your organization is engaged in will be followed.

About the author

Ken Cowman has over 11 years experience working in operations management and over 26 years of management and enterprise solutions consulting experience. With over 25 years of executive management experience and 6,500 hours of education and seminar leadership experience, he has the experience to be able to view the organization from all levels and ability to provide the appropriate level of teaching and/or consulting to effectively assist organizations in their quest for continuous improvement.