

## *Game Changer*

---

There is something going on in the business world that is gaining momentum with little or no fanfare. However it has the potential to become a game changer for the organizations that adapt it to change their game in terms of competitiveness in the marketplace, maintaining long term profitability and reducing the amount of employee frustration in the organization. Although the business processes and methodology behind this game changer has been around for decades, the ability to manage and control the results of the business processes and quickly adapt changes to improve them, or adapt them quickly to changes in the business, has been lacking to any organization outside of government or large corporations. The interesting part, as far as this author is concerned, is that even those that could afford this capability have not taken advantage of the advances in technology over the past 20 years that would support this change. So, what's he talking about?

Business Process Management (BPM) and Business Process Management Solutions (BPMS) are the two parts of this 'game changer' and they fit nicely into a larger continuous improvement concept called "Lean Enterprise Management" (LEM). The concept of LEM is that an organization identifies everything that does not add value to a customer and then seeks to eliminate all activities that increase the time, effort, cost or risk factors associated with doing business. This includes all operational, administrative, sales / marketing, research and development and supply chain areas of the business. LEM extends this elimination activity into viewing critical stakeholders' capabilities that may assist in the effort. Let me define a few areas of BPM/BPMS and LEM further.

### ***Business Process Management (BPM)***

BPM is not new. The actual process of mapping and documenting the activities of business processes has been around for decades. The first time that I was involved in this activity was in 1974 while implementing a new computer system and I was certainly not an 'early adapter'. The reason to undertake a formal BPM process is to understand the stages and tasks that are involved in executing a process from the point of requirement recognition to the completion of the process. This also involves understanding all of the decision-making points in each process and any condition upon which tasks or processes proceed, require higher authority to proceed or are ended.

The methodology of BPM hasn't changed but the technology that supports mapping and documentation has come a long way from the days of carbon copies of template drawings and typewritten instructions to the use of software that operates on personal computing platforms and integrates the maps with the supporting documentation.

### ***Business Process Management Solutions (BPMS)***

BPMS were, at one time, the domain of large organizations and some government departments. This was primarily due to the cost of acquisition and computing power that these systems required. Thankfully, times have changed. Since the 1990's a number of BPMS providers have developed solutions on mid-range and server-based computing systems. These solutions come in a couple of major sub-groups:

- ✚ Mapping & Documentation – The software solutions that only provide the ability to create process maps and integrated documentation. In some cases, these systems will allow the user to document the integration of the process tasks in terms of the use of the base business systems (e.g. accounting, design, operations) of the organization. These are great solutions for producing ISO documentation but do not provide the control and management feedback that the next level provides.
- ✚ Integration and Automation – The software solutions that can provide the ability to integrate the tasks with all relevant software that is used in the organization's business and controls the process from beginning to end. These solutions also provide management feedback on key performance indicators (KPI) on the execution of the processes. These KPI assist in the determination of opportunities to remove the Delay, Effort and Cost (DEC) factors in the processes as well as identifying any personnel related issues in execution of the various processes.

The critical factor in the differentiation of the two groups is control. When a process is integrated and automated the execution of the tasks in each stage of the process is controlled by the system. There are no short-cuts, side-steps or unauthorized systems allowed into the process thereby ensuring that the process that has been mapped and approved by the organization is the process that is executed...no more and no less.

The other feature of some of these advanced systems is that a process cannot stay in a queue for action very long. Automation provides the ability to put 'escalation factors' into the process tasks so that a task that sits too long in someone's task list is elevated (or escalated) to increasing levels of management. Going back to our KPI thinking, these systems can provide management with information regarding the tasks and / or personnel that have the highest number of escalations thereby pinpointing a potential problem and areas for process improvement.

### ***LEM and BPMS***

The implementation of "Lean" begins with understanding the value proposition that your organization has for your clients. In government situations, this might be how to provide more for less cost to the taxpayer...or at least providing what's needed in a timely manner. Once you have that proposition understood and documented, then it's time to look at all processes that add value to that proposition and map them. Then you must look at the processes that aren't directly related to adding value (e.g. transforming material and/or labour into what your customer wants) but are required to minimizing risk to your customer. For instance, if your financial statements are not prepared in an accurate and timely manner then your organization will fail to pay taxes on time and in the right amount which may result in the government becoming somewhat upset and penalizing your organization which will reduce cash flow which impacts you're ability to provide goods or services which then becomes a risk to the customer. Failure to plan your resources properly and in a timely manner would also be considered a risk to the customer and, therefore, subject to mapping and review.

LEM takes the already proven methodologies for Lean Operations and Lean Supply Chain and applies them to all business processes within the organization. One of the most effective techniques for identifying DEC factors is the use of Value Stream Mapping. From that exercise, a current process can be scrutinized for DEC issues and methods for reducing DEC can be investigated and documented. This results in a more streamlined process which can then be mapped and documented. An action plan to implement the changes can then be created and executed. Using BPM alone, an organization can accomplish this task without necessarily having the advantage of integrating the process map with the documentation. Using the first level of BPMS, an organization now adds that integration but does not have the control and feedback that an automated BPMS solution provides.

A risk that is often overlooked by organizations is the unexpected loss of a human resource. When it happens, a lack of structure and expediency in selecting and training a replacement can create havoc. LEM needs to include the human resources function in order to be completely effective. That process of replacing the human that has left unexpectedly needs to begin moments after the loss has been recognized. The same conditions apply in using BPM alone, BPMS without automation and BPMS with automation. The difference being that the organization is quick off the mark and fully in control of the replacement process when BPMS is automated. The other advantage to automation is that the replacement can be trained to do the tasks related to the position very quickly and they cannot make a mistake in execution of the job functions. They may make transactional errors, but they will not err in the timeliness or completeness of the tasks that are assigned to them.

#### ***Lean Enterprise Management for SMB (Small & Medium Businesses)***

As mentioned earlier, BPMS has now become affordable for SMB organizations. There are BPMS suppliers that still price themselves out of this market, but there are more and more that are pricing the software and related services for the SMB market. However, the old adage of "Caveat Emptor" must still be in mind when selecting the supplier.

Some questions to ask before launching LEM with BPMS:

- ✚ What are they really selling you? Mapping, mapping with documentation and fully automated BPMS are very different in their impact potential.
- ✚ Will their system work with your other software? Not all BPMS technologies are compatible with fundamental systems such as accounting, operating and design software. They may also not be web-enabled which would limit the organization's ability to integrate critical stake-holders into LEM.
- ✚ Do they have the knowledge capital in their professional services personnel to assist your organization in becoming 'lean'? Being able to create, document and automate a process map and show the functionality of the software is quite different than having the ability to understand business processes, their integration across departmental boundaries and perform value stream analysis.
- ✚ Who's going to be your champion? There are two prime people that will make LEM and BPMS work in the organization: The CEO; and, a Change Champion. The CEO must accept that change is going to happen, including some changes to how they do their jobs, and must 'walk the talk'. A person within the employee community would need to become the respected project manager and champion of change. The Change Champion would report to the CEO in this responsibility.

In our experience, the best method of ensuring success in any major undertaking such as the implementation of change (especially with computer systems being involved) is to do the following:

- ✚ Quantify the results that can be measured by the numbers to justify the cost and time put into this type of initiative. There will also be qualified results (those that cannot be measured directly in numbers immediately) which should be documented, but if the project can provide a return-on-investment in less than one year, then it's going to be easier to get management on board. The qualified (e.g. cause and effect) benefits will be seen somewhat later if anyone bothers to track them.
- ✚ Do not set an overly-aggressive timetable for completion. People take time to change and there will be unforeseen events that will impact the time to complete. Hit the 'Big 5' high ROI items first and then take time to reset and reschedule the project based on what's transpired.
- ✚ Make sure that the project's intentions are communicated to everyone. Whatever you do...don't try to mislead people. They really do know more than they let on.
- ✚ Continue to communicate the project's progress and ensure that everyone that has anything to do with a process has the chance to input to the change. The most interesting observations often come from the people closest to the action and from those who are impacted by the outcome of the process.
- ✚ Choose your outside resources wisely. This is not an information technology implementation! Your organization should have an outside business consultant assist in the review of your value stream maps and the software supplier needs to be the right one for you.

### **Summary**

BPM, BPMS and LEM are all tools to assist your organization in continuing to improve your competitive capabilities. Some of the improvements that have resulted have enabled game changing organizations to not only fend off overseas competition, but to thrive during a recession and quickly adjust to market opportunities when their competition has failed.

### **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.*