Business Process Management: Loosening Controls to Enable Innovation and Rapid Change

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"Process" = All Work
= Activities & Decisions
= Daily Operations
Process Can Help Loosen up the Application Strategy
A View of Systems in a Pace-Layered Application Strategy

"I know what I want, but it needs to be different from my competitors."

Systems of Innovation

"I don't know exactly what I want. I need to experiment."

Systems of Differentiation

"I know what I want, and it doesn't have to be unique."

Systems of Record

A Pace-Layered Application Strategy focuses on managing and governing application change
Govern Applications Based on the Pace at Which They Change

Systems of Record | Systems of Differentiation | Systems of Innovation

Built-In Process Integrity & Efficiency

Flexibility and Speed

Challenge

How do you harmonize process and application governance at different pace layers?

Packaged Applications
- Example: Financial Accounting
- Example: Regulatory Compliance

Applications Built on BPM Platforms

Example: Change in Supply Chain
- Managing Talent Market

Example: Product Innovation
- Unique Selling Model

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BPM Technologies

• **Modeling**
  - Show all stakeholders the common view
  - Develop requirements visually
  - Dialog with stakeholders on steps, rules, flow, data, resources
  - Determine metrics for those steps but also for the business outcome at the end of the process

• **Execution (iBPMSs)**
  - Automate BP models
  - Simple workflow to complex rules and loose case management
  - Easier to change
  - Measurement built in
  - Flow between systems
  - Extending systems of record (ERP)
Different Types of BPM Platforms

**BPM Platform (BPMS)**
- **Purpose:** Accelerate Time to Development Business Outcome
- **Process Lifecycle:** Design, Develop, Execute
- **Features:** Graphical Modeling, Metadata repository, workflow

**BPM Suite (BPMS)**
- **Purpose:** Improve business & process agility
- **Process Lifecycle:** business & IT collaborate across all phases
- **Features:** routine & some non-routine work, continuous intelligence into process performance

**Intelligent BPM Suite (iBPMS)**
- **Purpose:** Compress the cycle of observations to action for process reinvention
- **Process Lifecycle:** business & IT collaborate across all phases
- **Features:** dynamic and ad hoc types of non-routine work, analyze in-process performance & external data

**Executable Models**
Collaborative Workbench for Business & IT across entire Process Lifecycle

Advanced analytics & process intelligence to compress insight to action in dynamic and ad hoc processes
Case: Defense Acquisition University

- **Micro-Purchase Management System**
  - Managing purchase and training requests with SSO to AD, spend tracking by accounting, business rule enforcement, cloud-based, web UI, integrated into back end systems
  - Routes requests to appropriate approvers, visibility to status

- **DAU**
  - Provides a full range of basic, intermediate, and advanced certification training, assignment-specific training, performance support, job-relevant applied research, and continuous learning opportunities.
  - 126,000+ US Department of Army, Navy, Air Force and Defense agency professionals serving in 13 acquisition, technology, and logistics career fields

http://www.appian.com/bpm-customers/story/dau.jsp
Case: Florida Community College Jacksonville (FCCJ)

- **Automated work schedule and leave processes**
  - Resulted in major time and cost savings and also extended the value of core systems built on Adabas and Natural
  - Productivity gains: more than $1.39 million over five years
  - Staff leave requests now approved in < one day
  - Work schedules guaranteed accurate and auditable
  - New business processes delivered rapidly – less than two weeks

- **New transfer advocacy process**
  - Helps community college students with transfers to universities
  - Developed in less than two weeks

- **Florida Community College Jacksonville (FCCJ)**
  - 73,000+ students, workforce development, etc.

More Cases

- **Penn State:**
  - Web-enable 75 processes that had been built using Natural using BPMS and SOA
  - [https://www.softwareag.com/corporate/images/PennState_Loyalty_Feb08_tcm16-58558.pdf](https://www.softwareag.com/corporate/images/PennState_Loyalty_Feb08_tcm16-58558.pdf)

- **Fresno State:**
  - Applying for special grants
  - Proposals for new curriculum or changes to curriculum
  - Requests for serving alcohol on campus

- **The University of Texas El Paso (UTEP):**
  - General workflow tooling for business use (not IT)

- **Leicester College (UK):**
  - 26,900 learners and 1,500 staff
  - Contract authorisation, parking permits, mobile requests

- **Luther College (Australia):**
  - Course selection for 1,000+ students
  - [http://www.k2.com/customers](http://www.k2.com/customers)
Process Itself Can Loosen up
People in Nonroutine Jobs
(Formerly Known as Knowledge Workers)

The next great frontier for IT and business investment: The growing 60% instead of (only) the shrinking 40%
Increasing the Effectiveness of Non Routine Work Is the Big Opportunity Now

- Routine work: 20%
- Non routine work: 80%
The Nature of Work Has Fundamentally Changed

Mass Production of **Goods**

Mass Personalization of **Services**
The Nature of Work Has Fundamentally Changed

Mass Production of Goods

Mass Personalization of Services
Home Loan Example: Routine or Non Routine?

Goals: Grow the business, fast approvals
Even Routine Processes Have Exceptions

Submit Application

- Didn't fill out app correctly, send back
- Changing jobs, start again with new data

Confirm Data

- Didn't fill out app correctly AGAIN, send back
- Supporting documentation not provided, send back

Get Approval

Get Approval

- House choice changed, new loan amount, resubmit

Fund Loan
And More Exceptions …

- **Rejected**: Not enough principal down
- **Rejected**: Can't resell loan
- **Rejected**: House failed inspection
- **Rejected**: Can't go above our capital ratios
- **Rejected**: Don't want exposure to this risk

**Steps:**
1. Submit Application
2. Confirm Data
3. Get Approval
4. Fund Loan

And More Exceptions …
And Different Exceptions!
More Exceptions Than "Happy Paths"!
(Is the Routine the Exception?)

Submit Application ➔ Confirm Data ➔ Get Approval ➔ Fund Loan
Today

Transaction Settlement vs. Exception Handling
Rebalance

Few Options

Handle as a Transaction

Exceptions Are the Norm

Case Handling
The Primary Goal of Process Design in Software Has Been to Eliminate Variation.
"Plans Get You Into Things but You Must Work Your Way Out" — Will Rogers
Non-routine work is unpredictable.

Unpredictability has been a hard problem to solve.
Adjust Work-in-flight to Improve Outcomes

Data Intelligence:
No. of Leads Per Channel

Process Intelligence:
Lead Progression

Source for graphic, Leelo, 2013
Looking at Business by Case Style

- **Investigative Cases.**
  Who Done It? ➔ Find the Criminal.

- **Incident Management.**
  Stop the Bleeding! ➔ Stop Approving the Charges.

- **Process to Decision.**
  Reduce Future Risks. ➔ Prevent This From Happening Again.

- **Service Request.**
  Fulfill Entitlement. ➔ Tighten Rules for Credit Approval.

**Example:** Credit Card Fraud.

**ACTION:** Determine What Kinds of Cases Your Business Has.
On the Spectrum of Process Styles, Many Types of Work Are Now Seen as "Case-like"

<table>
<thead>
<tr>
<th>Structured Process</th>
<th>Unstructured Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Concern: Standard Outcomes</td>
<td>Primary Concern: Unique Outcomes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Form-driven Workflow</th>
<th>Straight-through Processing</th>
<th>Guided Navigation</th>
<th>Case Management</th>
<th>Content Collaboration</th>
<th>Resource Optimization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permit requests</td>
<td>Bank acct. opening</td>
<td>Self-service check-out</td>
<td><strong>Insurance claims</strong></td>
<td><strong>New product ideation</strong></td>
<td><strong>Logistics routing</strong></td>
</tr>
<tr>
<td><strong>Mortgage origination</strong></td>
<td>Hospital admission</td>
<td><strong>Service request handling</strong></td>
<td><strong>Social services benefits</strong></td>
<td>Contract creation</td>
<td><strong>Telco network routing</strong></td>
</tr>
<tr>
<td><strong>University admissions</strong></td>
<td></td>
<td></td>
<td><strong>Fraud detection</strong></td>
<td></td>
<td><strong>Workforce allocation</strong></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Criminal investigations</strong></td>
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</tbody>
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Blue Italics indicate work now seen as case-like work

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Select BPM Technologies Based on Type of Work the Solution Will Support

Structured Process Routine Work
“Build to Last Focused”

BPM Embedded in Packaged Applications

Collection of Best-in-Breed Technologies

Unstructured Process Non-Routine Work
“Build to Change Focused”

BPM Suites

Intelligent BPM Suites
Today

BI/Reporting: Reactive Management

KPIs: Proactive Management
Rebalance

Static Reports & Lagging Indicators

Dynamic Adjustment via Leading Indicators
"Process" is a matter of perspective. But whose?
Everyone Must Drive the Truck!
What About the Customer's Perspective?
So what is the right perspective for you?
Inside-in thinking defines success

Outside-in thinking influences success
Rebalance

Inside-in thinking influences success

Outside-in thinking defines success
# Rethinking "Process"

<table>
<thead>
<tr>
<th>Process is not just about …</th>
<th>Process is also about …</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine, repetitive activities</td>
<td>Non routine and routine activities</td>
</tr>
<tr>
<td>Automating activities</td>
<td>Coordinating work efforts, both people and machines</td>
</tr>
<tr>
<td>Sequential flow of work</td>
<td>Recursive flows</td>
</tr>
<tr>
<td>One best practice (do by design)</td>
<td>Handling the unpredictable (design by doing)</td>
</tr>
<tr>
<td>A software application</td>
<td>The work performed by ALL resources — machine AND human — towards an outcome</td>
</tr>
<tr>
<td>A continuous flow of work</td>
<td>Event-driven flows</td>
</tr>
<tr>
<td>To achieve management's goals</td>
<td>Balance multiple, often competing, goals across multiple stakeholders</td>
</tr>
<tr>
<td>Measured by efficiency and productivity</td>
<td>Value experienced by external stakeholders (customers, partners)</td>
</tr>
</tbody>
</table>
"Process" = All Work
= Activities & Decisions
= Daily Operations
Increasing the Effectiveness of Non-routine Work Is the Big Opportunity

- Scale, Efficiency, Cost
- Process Control and Standardization
- Optimized Business Outcomes
- Process Innovation and Personalization
- Grow Revenue

Customers

Social
Mobile
Cloud
Globalization
Regulation
Recommendations

✓ Expose the exceptions to uncover the "dark" processes.

✓ Shift your mindset from "build to last" to "build for change."

✓ Work with business leaders to identify what information would be actionable. Create and implement leading indicators.

✓ Focus less on "requirements gathering" and devote more time to "experiencing the work."

Maybe even teach BPM (see QUT’s Masters of BPM)
Action Plan for "Process" Change Agents

Monday Morning

- Create a stalking horse of what you think the business strategy is, based on directly and indirectly stated strategic intent.
- Set up a lunch with the COO (or other executive leaders) to refine your understanding of the strategy, goals, and plans, and identify the operational domain that represents the highest growth opportunity.

Next 90 Days

- For this high-value opportunity, evaluate the "as is" process for strategic alignment. Does it reflect an appropriate balance between control and flexibility/innovation?
- Direct your process experts to experience the work and discover the real (dark) process.
- Demonstrate (sell) a future state vision that highlights existing controls to be relaxed and where workers need to be empowered.

Next 12 Months

- Leverage newer technologies in the process context.
Recommended Gartner Research

- **Four Best Practices to Decipher Your Organization's Business Strategy**
  Samantha Searle (G00252183)

- **Master Social BPM to Build a Social Organization**
  Nicholas Gall and Anthony J. Bradley (G00235905)

- **Extreme Collaboration: A Nexus-Enabled Operating Model to Enable Performance Breakthroughs**
  Janelle B. Hill and Daryl C. Plummer (G00238383)

- **To Assess the Impact of Change, Connect Process Models With Business Capability Models**
  Bruce Robertson (G00236479)

- **Use Intelligent Business Operations to Create Business Advantage**
  Jim Sinur and W. Roy Schulte (G00238883)