

IMPLEMENTING BUSINESS PROCESS MANAGEMENT

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Abstract

Business Process Management (BPM) is considered to be the third wave in business process theory. Appearing as a response to the critique formulated regarding Business Process Reengineering, BPM tries to be a more holistic and integrated approach to management and processes. In a time where complex solutions are needed solution that incorporates elements from various concepts, Business Process Management can be, in my opinion, a link between these ideas. After a short introduction presenting general background information pertinent to the subject, the second chapter focuses on the theoretical concept of Business Process Management, its origins, definitions and key characteristics. Finally, the third chapter present a Business Process Management implementation methodology alongside with a list of key elements that should be taken into consideration when implementing BPM and a strategy oriented strategy and model in general.

Keywords: Process, Business process management (BPM), Strategy.

1. INTRODUCTION

In the past couple of decades the changes in the economic environment have come at a much faster pace. As a response to this, solutions had to be devised in order to adapt quickly to this rhythm of change. The same has been true for business process theory which has gone through a number of changes, at a much more accelerated rate than ever before. For medium and especially for large corporations, business processes have presented a very attractive field of study as ways and means by which to increase overall organizational performance. Business Process Management is just the latest concept created to improve this area of study. Being a new concept, there is still a lot of debate, among researchers and practitioners alike, as to what Business Process Management actually means, both as a theory and as a practical option for organizations. The definition, the characteristics, the key elements are still quite controversial. It is considered to be the third wave in business process theory and it will, by no means, be the last. However the contributions put forth in the development of this concept may form the basis for whatever comes next.

Being somewhat of an unknown, companies have hesitated to use Business Process Management as a strategic option meant to optimize processes and increase performance. The risks with implementing BPM are much lower than with reengineering but they exist. In this paper I attempt to present an implementation methodology that views BPM as part of company strategy and tries to limit the risks of the implementation.

2. BPM BACKGROUND AND DEFINITIONS

Before discussing Business Process Management I believe it is important to establish some basic facts concerning business processes in general. Business processes represent a structured, measured set of activities designed to produce a specific output for a particular customer or market. It implies a strong emphasis on how work is done within an organization, in contrast to a product focus's emphasis on what. A process is thus a specific ordering of work activities across time and space, with a beginning and an end, and clearly defined inputs and outputs: a structure for action. ... Taking a process approach implies adopting the customer's point of view. Processes are the structure by which an organization does what is necessary to produce value for its customers (Davenport, 1992).

A business process is a series of steps designed to produce a product or service (Rummler and Brache, 1990). Most processes are cross-functional, spanning the 'white space' between the boxes on the organization chart. Some processes result in a product or service that is received by an organization's external customer. We call these primary processes. Other processes produce products that are invisible to the external customer but essential to the effective management of the business. We call these support processes (or secondary processes) (Rummler and Brache, 1990).

Business processes can be defined as an activity or a series of activities that contribute to the realization of a final product or service either by adding value to the organizational input either or by contributing to the optimal development of organizational activities (Bălănescu and Soare, 2013).

These definitions outline the general aspects that concern business processes. They form the basis for complex concepts regarding this field of study. The first important step forward in business process theory in the late '90s was Business Process Reengineering (BPR). The creators of this concept defined it as "the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service and speed" (Hammer and Champy, 1993). This definition, along with Thomas Davenport's view that organizations implementing BPR should seek multiplicative "5 times rather than 5%" give a clear picture

of what classic reengineering wanted to do. BPR did not want to improve on a current situation, in wanted to change the processes of on organization in the hopes of achieving spectacular results.

This approach can be compared to shock therapy hoping to kick start a system. Reengineering was and is a risky proposition for those implementing it as it proposes completely changing the status quo of processes with a new one. It means literally going into the unknown to find solutions to current problems. This degree of risk could only be justified by potential for significant growth, multiplicative growth, which was what made BPR so appealing.

However, the results that BPR produced were mixed and a lot of criticism followed. The radical approach, the disregard for other aspects of the organization like the human dimension, the lack of a well established methodology, were the main issues put forth. Also, reengineering was sometimes used as a reason for massive employee cutbacks. This does not mean that BPR did not have successes (like HALLMARK), but they were shadowed by many failures. Maybe the decisive moment was the study published by one of the inventors of the concept, Michael Hammer. He states that approximately 65 to 70% of all reengineering efforts do not produce the expected results for the organizations using it. The causes for these figures are diverse, from the lack of understanding of BPR to unrealistic objectives and the lack of correlation with the overall strategy of the organization. Despite all criticism one thing is certain: BPR was a step forward in business process theory drawing attention to the importance of business processes and to the potential that they have

This critique was implemented in some works that mark the evolution from reengineering to Business Process Management, like the articles published by Timothy Furley and D. Underdown. But the approach to business processes needed a change and that was introduced in Business Process Management. BPM is considered to be the third wave in business process theory. It views processes as the means by which an organization accomplishes its mission and reaches its strategic objectives. Processes are literally the means to assure the end result, the sum total of activities.

Business Process Management represents a holistic approach to management (Brocke and Roseman, 2003), with the aim of aligning the business processes of the organization with the needs and the demands of the customers. Business Process Management has the objective to improve the performances of business processes and, to that end, should consider four performance indicators: efficiency, effectiveness, quality and the elimination of activities or processes that do not provide value.

It is easy to remark that Business Process Management is made out of two components: a technological one and a managerial one. The technological component allows for the use of modern technologies to improve, automate (partially or completely as the case may be) and generally raise

performance of business processes. This side of BPM is well known and used, the problem being that sometimes the other one is ignored. The managerial component, a much more complex one, prepares, implements, monitors and evaluates the changes needed to optimize business processes. Seeing as BPM is created to be a holistic approach to management, the management component is that much important as it assures the correlation between the changes to processes and the changes to the organization. Also, from a management stand point, it will be determined if Business Process Management is a viable solution and if so, what role it should play in the overall strategy.

There are some differences between reengineering and BPM that are clear. First of all, the radical approach is not present. Business Process Management is not a tool to necessarily replace business processes but to improve them. Replacement is only viewed as a last resort, and by this the risk of implementation is greatly diminished. Business Process Management is more than a short term solution like in the case of reengineering.

Second of all, BPM seeks continuous improvement and the understanding of this fact can greatly help organizations in the correct implementation of this concept. BPM can be used to solve the current problems of a company, but by including a phase of continuous monitoring and evaluation it is transformed into a dynamic concept (Bălănescu and Soare, 2012).

Third of all, Business Process Management represents a holistic approach to management which promotes an integrated view of the organization. BPM appeared as a result of reengineering failures but it has been influenced not just by BPR but also by Total Quality Management, Six Sigma, strategic management and others (figure 1). This means that, when implementing Business Process Management, all these other factors have to be taken into account. In our opinion, at this stage of development, BPM represents a solution mainly for medium and large companies, the investment in time and financial resources being, in general, too much for small enterprises.

The two main influences in developing Business Process Management were reengineering and Total Quality Management. This made way for two main approaches to BPM. The first one based on reengineering is the Inside-Out approach which is a technical approach to BPM the focuses on internal efficiency. It is specific for organizations that target a competitive edge based on low costs and it is used mainly in industrial organizations. The second approach is based mainly of TQM and is called the Outside-In approach in which quality and consumer needs and requirements are the most important factors and represent the building blocks for BPM implementation and objectives. Considering the fact that most large organizations mention the wants and need of the customers as part of the mission statement this second approach is preferable. It is characteristic for organizations that target a

competitive edge based on differentiation where a relationship and a good communication with the client in paramount. It is also preferable if an integrated approach to Business Process Management is implemented.



FIGURE 1. MAIN INFLUENCES AND ASSOCIATED CONCEPTS FOR BUSINESS PROCESS MANAGEMENT
Source: Bălănescu, Voicu, Beliciu, Dobrin, 2014

3. IMPLEMENTING METHODOLOGY FOR BUSINESS PROCESS MANAGEMENT

Implementing Business Process Management, although not as risky as reengineering does present challenges. Influencing processes will affect the entire organization and will require a significant change in business practices as well as in tasks and responsibilities down to the individual level. This level of change demands an overall view of the organization.

The implementation methodology that I propose has three main stages as can be seen in figure 2. Each of these stages has specific steps designed to assure an understanding of what BPM can, how it can help the organization and how it should be used and implemented in order to help achieve strategic objectives.

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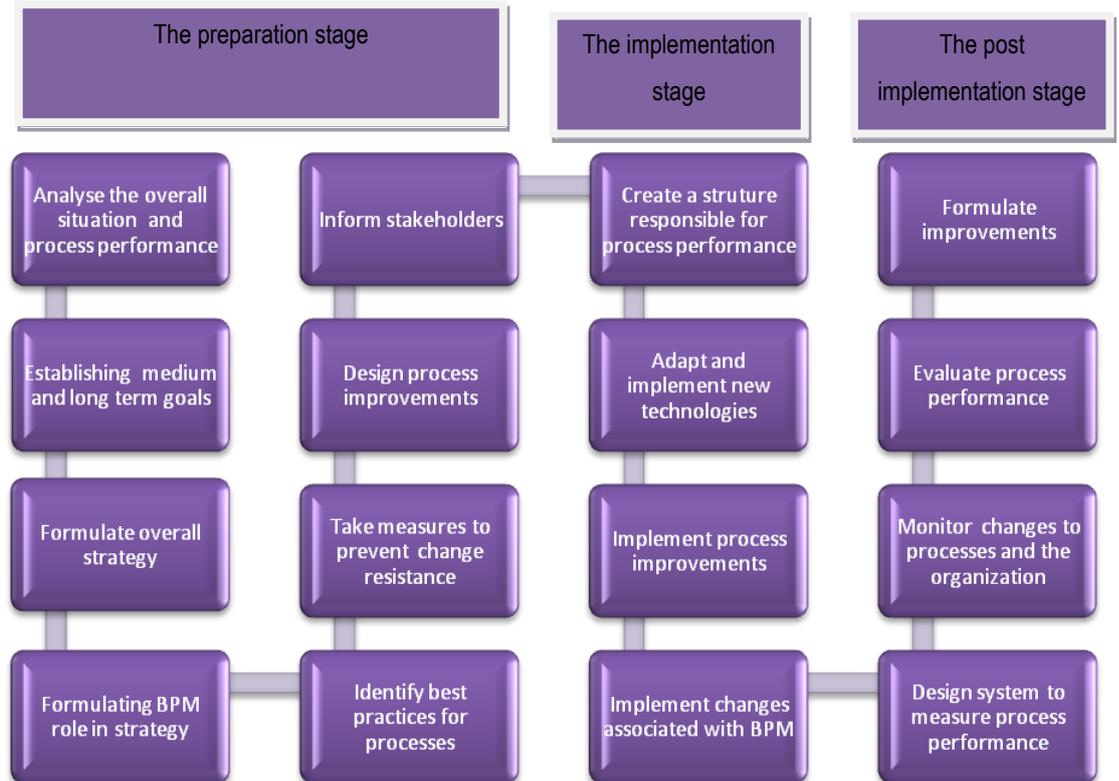


FIGURE 2. BPM IMPLEMENTATION METHODOLOGY

A. The preparation stage is, as can be seen, the longest part of the implementation process as it prepares all the elements necessary elements for the following steps. This stage should focus on the following elements:

- Deciding if Business Process Management is a solution for the organization: this determination should be made by taking into account several factors. The first one is the current situation of the organization. In order to determine this I propose the use of diagnostic analysis for the financial aspect and SWOT analysis for the managerial aspect. After an overall situation is presented, the specific state of business processes must be taken into account. This will require a determination of what role processes have played in the organization thus far and what results have they produced. Business Process Management requires important resources and a long term commitment, it is not a short and easy fix and should not be treated as such. This implementation methodology is aimed at medium and big organizations as they are the most equipped to implement fully and profit from Business Process Management.

- Decide what approach to Business Process Management is to be implemented: this will vary depending on the size of the organization, the medium to long term goals, the specific characteristics of the company and the specific activities it is involved in. I would advise for the use of the Outside-In approach as it is the more modern of the two and is applicable by most organizations.
- Establish the place and role of BPM in organizational strategy: this is a crucial aspect, sometimes ignored. Business Process Management is not a strategy in and by itself. It is a strategic component, a strategic option like any other, but a much more complex one. A strategy can be based on the premise of raising process performance, but usually this is just a means to an end. Strategy targets all aspects of the organization, processes being one of these aspects. This step can be handled in two ways based on the specifics of the implementation. If a new strategy is devised in which BPM plays an important part than the changes to the organization will be massive in scope. In this case, the strategy will need to follow an implementation plan of its own. If, on the other hand, BPM is implemented as part of the current strategy, the changes will be much less extensive. In this case it should be noted that BPM is a complex strategic option that impacts other strategic elements like long term objectives, it requires the implementation of other strategic options (like refurbishing, modernization and training), it impacts on the competitive edge.
- Design improvements for business processes: although BPM is a holistic approach its main focus is business processes. As I have mentioned before, unlike reengineering, BPM does not ignore the current practices of the organization, it aims to improve upon them and only requires drastic measure in isolated cases. So, based on the analysis of process performance, improvements will be devised. To this end, there will be two areas that need to be taken into consideration: the technological aspect – where new technologies that can help increase the efficiency of processes will either be identified or created in house and the logistical aspect – where best practices concerning processes will be identified by using both internal and external benchmarking. Both the technology and best practices need to be adapted to the specifics of the organization and not implemented as is. This stage will end with the creation of a new business process map that outlines all organizational processes, the role that each stakeholder will play in them and the importance of each process to the organization.
- Prevent resistance to change: both on a individual level and on a organizational level. BPM is not as radical as reengineering but it still causes important changes in business practices,

even organizational structure and the structure of the human resource department. Each of these changes will affect stakeholders. In order to deal with this problem, change management principles and models can be applied in correlation to BPM implementation, like to Moorhead Griffin model for change. In order to complete this step all internal stakeholders should be informed of all changes that will occur when Business Process Management is implemented as well as their role in this implementation. Strategic partners and important clients should also be consulted.

B. The implementation phase is where all changes are to be applied. It is the most risky part of the entire process where resources are allocated and measures are implemented to reach the state that is desired by the organization. This stage will consist of four main steps:

- Creating a process oriented structure: this step can be omitted by organizations that had a focus on processes before the implementation but it is key for the others. Implementing BPM will require process oriented teams that supervise the modifications being implemented in terms of logistics and technology. Also, Business Process Management can be linked with the use of certain managerial system like management by objectives or management by exceptions that allow a clear monitoring of process performance. These systems do not need to replace others if the organizations utilize, they can come as a new element.
- Adapt and implement new technologies: automation is a part of Business Process Management and to that end, technology is a key component of the implementation process. Modernization is required to ensure that the technology used by the organization is up to date and can help improve process performance. Introducing new technology will also require new training for the human resource department on how to best utilize it.
- Implement process improvements: this is a change in logistic and it means implementing the modification specified in the new process map. Alongside the technological improvements, they will represent the main changes that BPM will require. Taking into account the performance criteria for processes there are three situations: changes that impact on process efficiency and effectiveness, the elimination of processes that do not create value, the replacement of obsolete processes. Each one of these situations will have a different impact. The elimination and replacement of processes will cause important changes, while simple modifications will be much easier to implement.
- Implement changes associated to Business Process Management: as I have mentioned before, BPM should not be implemented as a standalone concept but as part of a whole. With

this in mind, implementing BPM will require modifications to organizational structure, responsibilities and task of internal stakeholders, long term objectives and goals and the general approach the organization takes regarding its activities.

C. The post implementation stage: refers to monitoring, evaluating and the continuous improvement of business processes. Unlike reengineering, BPM is not designed to be a shock therapy for a company. It aims to improve gradually and so monitoring and evaluating are both needed. A system must be put in place in order to evaluate process performance, system that must contain a set of indicators like: process cost, process time, contribution to final product or service. Responsible for this system will be the process oriented teams created previously. All internal stakeholders will contribute to the monitoring stage as process automation must be used in relation with a greater responsibility placed on human observation.

Aside from these specific implementation steps, there are some key aspects that every organization should consider when implementing Business Process Management (Figure 3).



FIGURE 3. BEST PRACTICES FOR BPM IMPLEMENTATION
Source: made by author

4. CONCLUSIONS

In conclusion, it is clear that business process theory has evolved in the past few years and Business Process Management represents a potential new solution for organizations. BPM is a very complex and difficult complex to implements as the process is determined by the specifics of each organization. This

article tried to establish main steps that should not be omitted in Business Process Management implementation.

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