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## Attack of the killer Bs

*By Simon Sharwood | Tuesday, July 08 2008*

***Business process management could be your saviour - if anyone could agree on what it is.***

If your first attempt at guessing the function of a central processing unit involves imagining it at the heart of a Stalinist bureaucracy, or if you think biometrics is a new exercise fad, then brace yourself for business process management (BPM), a practice (and acronym) for which a universally agreed definition is elusive.

"Is it work flow?" asks Hydrasight analyst Michael Warrilow. "Or is it business rules integration? Or business process definition?"

Warrilow can rattle off another dozen acronyms and buzzwords that he has heard described as being part of BPM, with the myriad descriptions leading him to say that the field is plagued by an "attack of the killer Bs", such is the proliferation of descriptions attached to the concept.

Whatever BPM is, Warrilow says it is in vogue because business does not understand its processes well. "We always credit IT with being immature," he says. "But business is also quite siloed." It struggles to describe in a coherent manner the way it operates, he says, and as a result also struggles to finetune the way it operates.

He says BPM therefore starts with an effort to codify a business' processes. "If it's done right, it's about leveraging tech for business advantage," he says.

How do you go about BPM? Warrilow says the place to start is with a couple of business analysts who are also system analysts. "These are people who have done programming and learned to speak English," he says.

"Mix in a dose of expensive software, add a lot of money and consultants and spend one or two million dollars defining your processes in business process modelling software. Many do it in Visio; others use Oracle, IBM or TIBCO."

### **Banking on BPM**

The Commonwealth Bank of Australia (CBA) has done BPM using a tool called ARIS, and its executive manager of group business process management Bryan Frew knows exactly what BPM is and what he wants it to achieve. "I see BPM as a management discipline," he says. "It's a set of principles and practices to manage the business from a process-centric point of view.

"It's about understanding the business as a complex adaptive system because we want to understand and manage differently to the way we've done in the past.

"It comes back to what I describe as managing on purpose." This is, he says, as opposed to managing without a desired outcome or without being informed by data that describes a business' performance.

Frew says he believes BPM has evolved from business process re-engineering and process improvement, and represents a closed-loop style of management that aims to discover the metrics that drive performance and what we need to monitor to ensure that those metrics are achieved.

The bank is, he adds, about to implement BPM for one of its business units.

"If everything works, it should improve the business' ability to drive performance in a reliable way," he says. "We'll have a lot more control because we'll have a finer understanding of the business.

"To start at the beginning, if the strategy and objectives are generally not aligned to anything, [then] it will fail. So, first, we'll align the business and its processes. Instead of developing objectives and hoping for the best, we'll identify the processes that will deliver the strategy."

To do so, Frew says CBA will consider its whole business from a process perspective, and will then deploy those processes through work flow, orchestration or a standard operating procedure. These processes will be constantly measured using performance management tools to ensure that the work being carried out is actually achieving the metrics outlined in the strategy.

Measurement will be made possible by software deployed to the desktop of certain staff, each of whom will see the key performance indicators most relevant to their roles. "We can crystallise the processes and bring them to life through a dashboard," Frew says. The result, he hopes, is that the bank gains a new way to watch itself work and to understand how processes operate.

Eventually, he hopes to provide a common experience for everyone inside the bank. "One of the principles of BPM is to look from the outside in," he says, with the outcome being an ability to design processes to archive objectives in relation to customers. "We'll only realise that through a commitment to operational excellence," he says, but hopes to emerge with knowledge that will help it to "know where to apply the IT capability or resources so we can do it deliberately and manage value".

### **Fuzzier definitions**

CBA is using dedicated software to help it model its processes and is even creating a business process repository to assist its efforts. Not every organisation, however, has the bank's tight grasp of BPM, what it means and what it is intended to deliver.

The executive general manager of home lender RAMS, Geoffrey Kinghorn, for example, constantly used the word "outsourcing" to describe an engagement with Unisys that the service provider initially described as business process outsourcing but later tried to redefine as BPM.

Unisys' Rafe Kruger, the company's general manager of BPO for Asia-Pacific, sees business process outsourcing as a further re-evolvement of outsourcing. When pressed to say whether Unisys practises BPO or BPM, he volunteers that "we are literally managing their (RAMS') business process", as the difference that tips the engagement over from BPO into BPM.

The "managing" in the relationship consists of structures in the outsourcing arrangement that ensure Unisys has the incentive to innovate in its delivery of tasks RAMS has outsourced, as well as achieving key performance indicators (KPIs).

"I call it outsourcing and we outsourced everything to do with customer management," says RAMS' Kinghorn, explaining that the company's intention was that "once a loan settles, Unisys would take care of it for the life of the loan".

That arrangement means Unisys provides the contact centre that RAMS customers use to make inquiries about their loans and works to finetune the processes involved in its operation.

"We do not ask them to make a credit judgement call," Kinghorn says, as that is RAMS' core business. Almost everything else is handled by Unisys.

"We set the credit policy, the turnaround times and the service levels," he says.

"Unisys applies that policy and they would adhere to those service levels. If we wanted the phone

answered faster, we could arrange that.

"To get continuous improvement we have a joint steering committee because it is in their [Unisys'] commercial interest to do so. They're good at coming up with new ideas."

He also feels that because Unisys is operating the process, the company has the best understanding of how to improve it.

That mutual commitment to refining the business processes makes the deal more than conventional outsourcing, he says.

"This is a level above because they are a customer advocate the same as we are," Kinghorn says. "We build in incentives so that if we improve, they improve."

But RAMS retains control over which process improvements are implemented and which are not. "We have a steering group and a phone hook-up every two weeks to look at cost efficiencies and customer-service efficiencies," he says.

"We literally prioritise them. Sometimes we say that improvement requires too much investment." Unisys' Kruger also initially hesitated to describe the arrangement as BPM.

"When somebody talks to me about BPO ... it's not about taking someone's back office and doing it cheaper," he says. "It's more a collaboration model. We have to understand the client's needs.

"Unisys' pain was not cost. Their pain was how do they grow in the market and focus their attention on core activities: sales and marketing and growing the channel."

What turns that goal, which sound suspiciously like classic outsourcing, into BPM might just be the feedback loops built into the relationship.

"We have service-level agreement meetings, KPIs, metrics," he says. "We drive cost and give enhanced deliverability."

These services are all performed as part of what both parties recognise as an outsourcing arrangement that has been designed to offer many opportunities for change over the life of the agreement, instead of adhering to older, more static, outsourcing models that offer a lower level of interactivity.

### **What are the skills?**

Unisys has not, however, applied dedicated BPM experts to the task. The company's business consultants are involved and the Six Sigma process used to assist the job of refining RAMS' processes. But the organisation lacks someone with Frew's focus on BPM.

Smaller businesses are having similar experiences from their service providers.

Mal Sharp, a director of phone card business Card Charge Services, also dealt with a BPO

company, in this case choosing to work with PipeVines, whose BPO credentials see it provide on-demand contact centres as well as other services.

For Sharp, BPM means a managed service. "We supply prepaid phone cards and internet cards prepaid to newsagents and other outlets," he says. Fraud and loss meant the company required new stock management and card activation processes.

"They manage the operational part and we manage the business side," he says. It's an arrangement that adds up to BPM because Card Charge Services now consumes the process as a service, rather than operating any aspect of the process itself.

The absence of BPM consultants makes Sharp's experience typical, but BPM tools are becoming more available.

Telephony and unified communications reseller TeleWare, for example, offers a tool called an "Intelligent Application Builder", that the company's general manager for Australia, Richard Adams, says delivers his version of BPM, namely database integration and process automation.

"Something becomes a process when you are trying to knit together more than one piece of technology or business requirement," he says. "We usually get called and asked to make two or three pieces of technology work together." The result, he says, is BPM because business processes are re-shaped as technology is integrated.

BPM is also attracting some bandwagoners. Sydney vendor Happen Business says its "Jim 2" software's workflow and process orchestration functions tip it over into BPM territory, despite touting it as ERP on its website. But the fluidity of the term is demonstrated by the fact that Dean Calvert, managing director of system integrator Calvert Technologies and a Jim 2 user, is happy to apply the BPM label to the results of his implementation.

"We had a number of internal issues just because of growth," he says. "We had one tool for job management, one for accounts and all these other silos of information."

Visibility of who was participating in a business process and the status of that process was not possible. With Jim 2 installed, Calvert says his business now operates a little like a hospital, where staff can see a patient's chart and keep caring for the them, as they are provided with all the information they need to continue a process.

He says the same kind of handover is now possible at his business, making it more efficient. "As long as the staff are following the processes and doing what's expected in terms of recording their time, I don't have to talk to that person to find out the status of a job," he says.

That means less time micro-managing, as the processes his staff undertake are now visible in the company's software.

Results are encouraging, too. "We've improved revenue," he says.

And in the end, who cares what you call the tools which achieve that outcome?

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