



ENTERPRISE INTEGRATION
I N C O R P O R A T E D

WHITE PAPER:

WHAT IS BPM AND WHAT ARE THE BENEFITS?

INTRODUCTION

These are questions that are often addressed to our consultants:

1. What are the benefits of business process management and improvement? Should I invest in a tool to support such an activity?
2. What are the specific benefits of using a tool in support of an enterprise system implementation project?

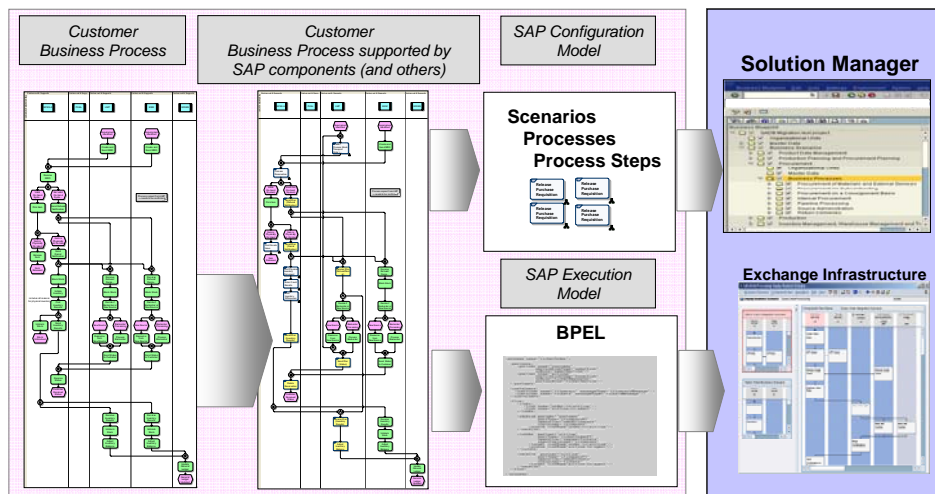
This technical note provides the context for answering the questions. To develop this context, background information, and a sequence of related questions are proposed and answered. This is followed by the Enterprise Integration, Inc. (EII) response to the two above primary questions.

BACKGROUND

Competitive organizations must decide if they want to document, manage, and improve their business processes over time, including ERP and non-ERP processes. This decision should not be made on the recommendation of incomplete and uninformed information about the benefits of business process management. Business process repository management requires a capability that is enterprise wide, and since senior management is responsible for initiatives that span the enterprise, it is the responsibility of senior management to ensure that the repository is maintained. It is unrealistic to expect the business process owners to carry this effort since their demands are in other areas. They must delegate to others and manage through a strict governance process because process complexity across the enterprise environment is too specific to be maintained by generalists.

For example, consider the following figure, which demonstrates the complexity of managing a single end-to-end process in the SAP NetWeaver environment.

E2E Processes in SAP NetWeaver



As can be seen, business process management is an enterprise responsibility. Note that this is not a technology issue, and business process repository management should not be delegated to the Chief

Information Officer. The CIO's Office has its appropriate role: documenting the technology architecture and maintaining configuration control over IT assets. The documenting and management of the organization's value adding business processes is clearly the responsibility of line management. Also, note that the processes that will be documented and managed will probably not agree with current processes, and they most likely will transcend current business process owner domains.

The background information is augmented with a sequence of sub-questions prior to addressing the two primary questions.

WHY DOCUMENT BUSINESS PROCESSES?

Answer: You cannot manage a process unless you understand it. Since modern business processes are cross-functional, multiple stove pipes are spanned. Hence, documentation and agreement among process managers are essential. The management literature is crystal clear on this point.

WHY HAVE A BUSINESS PROCESS REPOSITORY?

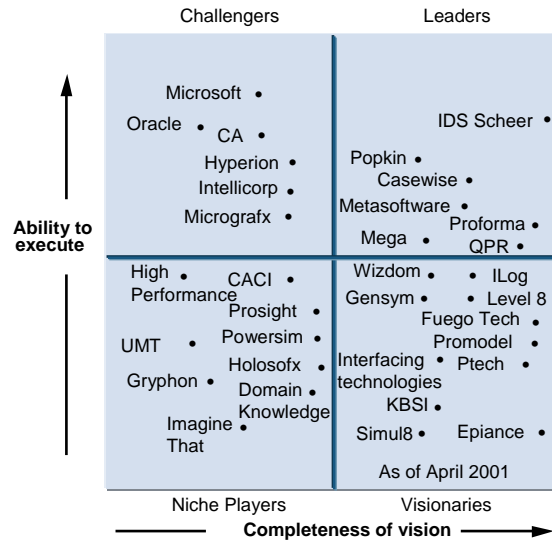
Answer: You cannot maintain business process configuration in a drawing tool. Business process objects are shared across business processes. A change in one object is often reflected in many places. Drawing tools are used when there is no requirement to manage over time; i.e., a one-shot quick use requirement. The engineering literature is crystal clear on this point.

IS A "COMPLEX" TOOL NEEDED?

Answer: Modern organizations are complex. Business processes are complex and cross-functional in nature. The systems that support the processes are complex. It is incredible that some organizations will spend hundreds of millions of dollars on an industry leading packaged software solution, but they want to manage the ongoing environment in a drawing tool, or a tool that every independent analysis considers to be inferior. There are analyst report that will help in the evaluation of tools, as indicated in the following figure1.

1 Source is <http://www.ids-scheer.com/international/english/profile/29970>.

Gartner Business Process Analysis/Modeling Market Evaluation



If you select the “best” enterprise solution, why would you consider inferior tools to aid in the implementation of that solution? If an organization decides to support business process management, then that organization should pay close attention to the independent studies and invest in the training that is necessary to leverage the tool for maximum benefit. The MIS literature is clear on this point.

Should the primary decision be tool-independent?

Answer: To reply, a follow-on question must be addressed. Is your organization willing to commit the resources (or reallocate existing resources) to document, manage, and improve its business processes over time? (This is the salient point that must be addressed in answering question #1) If the answer is yes, follow the independent recommendations and use the most highly recommended solution. Don’t make a suboptimal decision, based on information from people who don’t have a clear understanding of the problem or the offerings. If the answer is no, use VISIO to support the configuration process, and rely on ad hoc files for process documentation.

This is not a difficult decision for a senior executive, but it is not a decision that can be made at lower levels of the organization.

PRIMARY QUESTION #1

What are the Benefits of Business Process Documentation, Management, and Improvement?

These are some of the benefits of business process documentation, management, and improvement:

1. The organization's business processes (intra and inter) can be "optimized" for eBusiness and/or new software implementation, providing a greater return on investment.
2. Visibility provides the flexibility to respond to changing conditions. This allows the organization to manage its business processes over their lifecycles, extending the benefits received from IT investments.
3. As new technologies are considered, the organization will be able to predict with greater accuracy the expected return on technology investments – before implementation actually begins.
4. The organization will be able to establish ROI benchmarks and "to be" processes before technology implementations, reducing the risk that is inherent in such implementations.
5. An integrated business process repository (i.e., enterprise model) permits better organizational control, by providing an enterprise view of all business processes, including the data, systems, and organizational units that support the processes. This allows managers to identify and eliminate bottlenecks while continually improving processes.
6. Business process modeling (supported by simulation) allows more predictable results for change initiatives.
7. The business process repository (i.e., enterprise model) allows managers to focus on realizing business goals that are linked to processes – not just IT considerations of time, functionality, and cost.
8. Continuous knowledge transfer and documentation builds valuable assets with the organization.
9. These business process models will be absolutely essential as the organization makes the next step to eBusiness. Sooner or later the organization will have to enter the world of extended enterprise integration (i.e., supply chain, CRM, etc.). These business processes will be revisited over-and-over many times.
10. There are others, but the redundancy in benefits misses the crucial point, which is addressed below.

Business process management and improvement requires commitment and enthusiasm. There are always a few people in any organization who recognize the value and are enthusiastic, but throughout a typical organization, there are those who see business process management and improvement as an unnecessary burden with limited value. That attitude almost certainly guarantees failure. To be successful with business process management, it is best that the effort be managed internally. However, consultants could be hired to develop the documentation and manage a business process repository as an organizational resource and asset. The consulting company must be sponsored by commitment and enthusiasm from within, with a long-term view of organizational business process life-cycle management. "Tool politics" is not the issue, but it often becomes a distracting sideline issue. You can have the best models that are created in the best tools, but if managers are not willing to study and use the models, the effort is a waste of money. The management literature is full of many process management successes, from BPR to ISO 9000, but there are also many failures. The failures are never related to tools or methodologies. If there is no commitment to managing business processes, then the organization should just forget about the tool.

PRIMARY QUESTION #2

What are the specific benefits of using a tool in support of an enterprise system implementation project?

The answer is complex, and it involves trade-offs. Tools can be valuable in enabling an enterprise system project. However, large system integrators often select other approaches. System integrators prefer NOT to use a tool to support configuration (i.e., they want to use the experience of the configuration consultants to guide the process, because they assert that tool-based implementation methodologies lengthen the implementation cycle time). Their concern about cycle time is legitimate, and everyone agrees that quick integration successes should dominate the agenda. This is concern #1, and it should take priority over all other decisions. Of course, the key word here is success, which has to apply to the complete implementation project.

The real issues relate to management and control. It is the responsibility of the customer to manage and control the scope of any enterprise implementation project. The best way to manage and control the scope of a business process-oriented solution (e.g., from Oracle or SAP) is to use a business process-oriented tool that allows one to manage that implementation from a business-process point of view. This implies that the manager must have a business process architecture (a blueprint) to manage the implementation in much the same way that a general contractor manages the construction of a building. We have written much on this issue, and to avoid redundancy, only the benefits of using a tool-based implementation methodology are presented here.

1. Project complexity is reduced by understanding how all organizational, process, and data objects are related to the implementation plan.
2. The total cost of implementation is reduced, since specific implementation steps are executed correctly, avoiding costly re-work.
3. Rich project documentation is a by-product of a tool-based approach, leaving a clear path for upgrades and maintenance, while simultaneously reducing the dependency on a single system integrator.
4. The next generation of enterprise solutions that are based on service oriented architectures are going to require tool-based implementation methodologies, and in some cases the tools and the solutions will reside in the same product.

Of course, there are other benefits, but the bottom line is that tool-based implementation makes sense. If implementation complexity in business process oriented solutions can be reduced by using business process oriented tools, then the tools should be used.

² A good example of this merging is Unified Modeling under SAP NetWeaver BPM. The ARIS Toolset and the Network technology stack are completely merged for this planned release of the product.