BPM COE

*Increasing your velocity to manage change*
A few definitions up front…

BPM – Business Process Management
COE – Center of Excellence
Cultural Change – Goodness
Service Excellence – More Goodness
Customer Satisfaction – Even More Goodness
Business Agility & Adaptability – “can’t say it!”
BPM Center of Excellence

WHAT DOES IT LOOK LIKE?
First, let's discuss what BPM is…

- **A philosophy**
  - About collaboration amongst resources (human, machine):
    - The way they *integrate* using processes and services
    - The way they *align* to execute corporate strategy
    - The way the *perform* to meet expectations (SLAs)
  - About driving innovation using a process-centric view

- **About leveraging technology**
  - By guiding investments to optimize service delivery
  - By aligning business processes with service automation
  - By driving technology iteration using requirements engineering

- **A way of running the business**
  - To drive continuous improvement
  - To align processes and services with customer outcomes
  - To eliminate political, organizational and communication barriers
Next, the purpose of a BPM COE is to…

- Position business processes at the center for managing business change.
- Encompass the discovery, design and management of business process change, as well as the controls to ensure that they align with business strategy and remain compliant.

*BPM is the “glue” that binds strategy to execution.*
A BPM COE is all about managing change

- Using Formalized Requirements Management
- Using Federated Governance
- Using Risk Management
- Using Best Practices
- Using Collaborative Communications

- Establishing Standards & Guidelines
- Modeling (the business, the processes & the data)
- Alignment of Corporate Strategy w/ Tactical (projects)
- Coordinating Change through a single PMO
- Aligning Short Term Needs with Strategic Plans
- Encouraging Innovation
- Providing Education & Training
How does this fit into Business Architecture?

Think of a BPM COE as the “hub” of the business architecture:

- Oversees Change Management for the business
- Provides consistent Requirements Engineering
  - Business Models, Process Models, Feature Models
- Ensures Technology Change is “linked” to Process Change
- Consolidates Metrics & Reporting for Execution Mgmt
- Encourages “lateral communications” to ensure SBUs and departments are aligned with the corporate strategy
  - Eliminates the silos of thought & execution
- Drives compliance into the execution framework
  - Compliance is not an “afterthought”. It’s a requirement.
So, what's the big picture?
A BPM COE provides many services

Some of the Key Activities include:

- Training (Online courses, Seminars, Website)
- Define Hospira’s BP Maturity Model (progress)
- Maintain Business Model
- Maintain all core Process Models
- Provide Process Analysis Techniques
  - Six sigma, Function Pt Analysis, …
- Define Standards (BPEL, XPDL)
- Map Projects to BP Modifications
- Align BPM metrics & KPIs with corporate strategy
- Maintain Organizational Context
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WHY DO WE NEED IT?
AND
WHAT WILL IT DO FOR US?
Some of the challenges we face...

- **Current infrastructure**
  - Scalability of current network
  - Legacy system integration
  - Needs to leverage existing IT Assets

- **Multiple overlapping products & features**
  - Conflicting terminology
  - Marketplace confusion

- **Relating real requirements to potential solutions**
  - You can do anything with this product
  - Similar offerings

- **Standards conformance**
  - But do you really understand the implications of standards?
  - Becoming more fluid…getting tougher to keep up

- **IT change and business change are co-dependent**
  - Requires close coordination
  - Support for Process Lifecycle
Additional challenges we face...

- Change takes too long to implement
- Lack of Integration
- Inability to execute consistently
- Not customer focused
- Communications (yes...to all questions)
- Distribution of Decision Making (empowerment?)
- Inability to get timely information
- Inability to make timely decisions
- Collaboration is a word not a core competency

Because the pace of business change is going to increase and we need to be ready to embrace it.
Some of the benefits we can achieve...

- Address the above mentioned challenges...PLUS

- Automating non-value adding activities
  - repetitive steps in back office
  - Abstracting business staff from technology to focus on the business

- Enhancing Customer Service
  - Increase face time of sale staff with customers
  - Focus on higher value activities
  - Service excellence becomes a core competency (at all levels)

- Improved integration
  - Across multiple channels
  - Across people, processes and technology
  - Across data & documents

- Improved collaboration
  - Between people, people & technology and w/in technology services

- Focus on reuse
  - Processes, Resources, Technology Assets
A COE moves us beyond just BPM

A center of excellence provides the business with the governance and control to oversee the complete business performance management lifecycle:

- Planning and budgeting
- Consolidation
- Reporting and analysis
- Score carding and performance management
- Knowledge and process management
- Process Automation (technology)

To provide a single, comprehensive picture of the company’s performance.
BPM Center of Excellence

WHAT CAN WE ACHIEVE?
Goal: Driving Strategic Alignment

**Strategic Objectives:**
- Return on Capital Employed (ROCE)
- Net Income
- Total Shareholder Return

**Executives will:**
- Set strategy
- Allocate resources
- Portfolio analysis
- Establish Performance Targets

**Management uses BPM metrics** to track progress and ensure staff execution is linked to strategy at all levels.

**Alignment Requires:**
- A Performance-Driven Culture
- Mgmt & Staff Focused on Priorities
- Clarify & Link Strategic goals to Tactical Plans
- Create & Deliver Value

**Behavioral Enablers**
- Compensation + Communication + Service Level Management

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A BPM COE needs to be properly funded, staffed and authorized to:

- Drive behavior and action from task oriented to service oriented.
- Link service delivery at all levels back to customer satisfaction.
- Eliminate performance bottlenecks in service delivery
  - Regardless of the reasons…
- Optimize the efficient use of resources
  - Human and Technology
- Drive agility, flexibility and adaptability
  - The ability to change quickly will become a core competency
Goal: Executing with Success

- Information delivered to **right** decision makers
  - With Speed
  - With Accuracy
  - In the **right** format (scorecard, KPIs, Reports, Alerts)
  - In the **right** amount (just enough NOT just in case)

- Consistent communication to achieve alignment for:
  - Strategies, Plans, Assumptions/Constraints, and Objectives

- Key value driving measures are tied directly to internal agreements (SLAs) up and down the organization
  - Compensation & advancement are linked to SLAs

- Collaborative and inclusive planning process
  - Clear understanding of how performance & metrics impact the “bigger picture”
### Goal: Achieving Alignment with IT

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<td>Provide Automation of Methodologies</td>
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<td>Build Semantic Models</td>
<td>Enable Semantic Mapping</td>
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<td>Understand Business “big picture”</td>
<td>Align technology investments with LRP</td>
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<td>Align Business Change to LRP</td>
<td>Align technology &amp; business roadmaps</td>
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<td>Link Business &amp; IT Change</td>
<td>Ensure IT Services Compliment BPM</td>
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<td>Develop Business Models</td>
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<td>Develop Process Models</td>
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<td>Outline Global vs. Local Needs</td>
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<td>Train &amp; Develop Core Skills in BPM</td>
<td>IT Staff to become Service Oriented</td>
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<td>Rationalize Metrics</td>
<td>Align IT Services with Business Metrics</td>
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Goal: Achieving Alignment with Business

- Gain executive sponsorship
- Ensure Business Commitment
- Create multi-year roadmap
- Identify Opportunities for Process Optimization
- Identify Opportunities for Innovation
- Develop Change Management Framework
- Develop Governance Framework for Change
- Align Business Metrics with Business Strategy
- Ensure Short-Term solutions align with LRP
- Provide Lateral Communications (break-down those silos!)
Goal: Enabling Agility

- **Complex Content Development**
  - Involves managing the lifecycle of critical documents where the routing, participants and results are not predictable a priori, independent security model

- **Ad Hoc Collaboration**
  - Threaded discussion groups, shared white boards, content management capabilities, independent security model

- **Project Collaboration**
  - One off projects, collaborate toward a common goal, ad hoc processes; repeatable elements
  - reuse, yet requiring subtle adaptation; independent security model also required

- **Customer Contact Center**
  - Unpredictable customer interactions drive the process; 80% of calls are WISMO

- **Case Handling**
  - General blend of the two ends of the process spectrum; incorporates many aspects of the categories above
Goal: Consistent Models & Semantics

- **Shared vocabulary for process modeling concepts**
  - “universal syntax” of process
  - Translation to-from other notations & execution

- **BPMN Serialization**
  - Supporting the future development of BP-Notation

- **Orchestration & Choreography**
  - Process & Interaction - Common Behavior Model
  - Abstractions – Course Model, Composition Model
  - Composition and Decomposition or Interaction & Process

- **Facilitating a separation of concerns**
  - Interaction Patterns without committing to Implementation
  - “What” versus “How” - Roles, Responsibilities & SLAs
  - Business level encapsulation (service orientation)

- **Facilitates evolving, permeable organizational boundary**
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HOW DO WE GET THERE?
BPM Maturity Model

The SEI Capability Maturity Model

- Initial
  - Basic Management Control
  - Low Probability & Higher Costs + Longer Timelines to Implement
- Repeatabile
  - Process Definition
- Defined
  - Process Measurement
- Managed
  - Process Optimization
- Optimized
  - High Probability of Success & Lower Costs + Very short timelines to Implement change

Local Measures Are More Appropriate

We are here
Well, we’ve got a long way to go…

- We will starting out with the basics so we can establish (for the first time) a single business vision & voice.
- Next, we will establish the right level of support and funding for a BPM COE.
- We will staff the COE and establish a corporate charter to ensure it receives the necessary support (initially and into the future).
- We will slowly build the big picture (hub & spoke model) as we formalize processes and begin capturing metrics.
Well, we’ve got a long way to go…

- We will gradually reel in and begin to govern change using a federated model.
- We will engage IT to assist with capturing metrics and providing reports so the COE can establish visibility for overall performance on managing change.
- And we will need help along the way to ensure we stay on track and establish a solid footing.
  - Support from our strategic vendors
  - Support from senior management
  - Support from our staff
A few metrics to consider...

- Business Risk
- Customer satisfaction
- Execution Performance
- Compliance & Quality
- Measuring Innovation
- Measuring Right Sourcing
- Optimized Integration
- Velocity of Change (Agility, Adaptability, Flexibility)
- Resource Utilization (people & technology)
There are a lot of standards to consider

These industry standards need to be a common part of our business architecture going forward. They not only align us with our vendors, but they also align us with the upstream & downstream members of our value chain. Alignment equates to reduced costs for integration (on a business & technical level).

- BMM – BA-Motivation
- SBVR Part I – BAVocabulary
- SBVR Part II – BAGovernance
- BPMM – BP-Maturity Model
- BPMN – BP-Notation
- BPDM – BP Semantics
- BPRI – BP-Performance
- OSM – BA-OrgStructure
- PRR – BA-Rules

- WfMC
- Wf-XML 2.0 (ASAP)
- XPDL
- OASiS
- BPEL (SPEL)
- ebXMLBPSS, CPA,
- CPP
- W3C
- WS-CDL
Some new roles…

- Business Process Owners
- Business Architects
- Process Architects
- Process Designers
- Business Analysts
- Requirements Engineers
Some new skills...

- BPM requires individuals that have skills in BOTH the business and technical domains.
  - **Business skills**
    - Business Architects and Analysts
    - Object Oriented Modeling, RUP
    - Business Process Modeling, BPML
  - **Technical skills**
    - Technical Architects and Analysts
    - J2EE or MS .Net/BizTalk
    - WebServices, XML, BPML, etc.
    - Working with leading edge BPM Technology
A new approach…

- We need to rethink our approach for business process automation. Our ultimate goal in engaging human resources should be from a minimalist’s viewpoint.

- If we agree that Human Resources are:
  - our most valuable asset
  - are the only source for innovation
- Then we should only engage Human Resources when automation is not a viable option (practicality, costs, time).

- Remember: One of the Strategic Goals is ROCE
  Key Ratio ➔ Revenue/Employee