

Trends in Business Process Management

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Author, *Business Process Change*



■ Trends in Business Process Management

- **The BPM Market Today**
- Level 1: Enterprise Level Trends
- Level 2: Process Level Trends
- Level 3: Implementation Level Trends
- Where Do We Go Next?

- Case Study (If Time Allows)

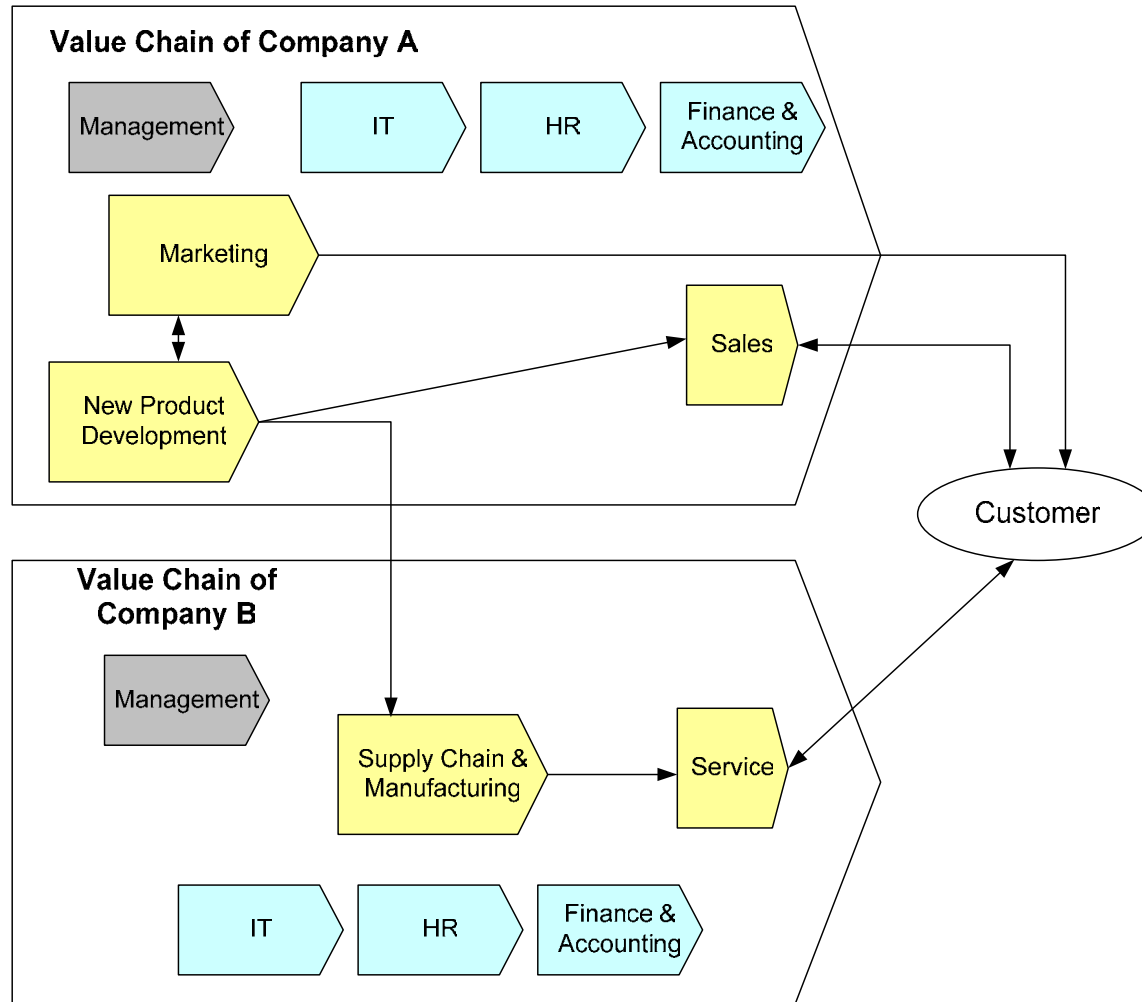


■ Why the Interest in Business Processes Today?

- Make the company more efficient and productive by improving existing processes
- Allow the company to shift goals or get into new businesses by providing the company with the ability to quickly and efficiently create new business processes
- A management philosophy that seeks to create and maintain competitive advantage by integrating all of the activities into highly efficient and effective value chains
- *IT: Take advantage of SOA, XML and BPM Systems technologies*
- *IT: New approach to facilitating business-IT communication*



■ Dell Computers and the Future of Corporations



■ What is Business Process Management?

- Michael E. Porter, *Competitive Strategy*, 1980
- Edwards W. Deming, *Out of the Crisis*, 1986
- Geary Rummler & Alan Brache, *Improving Performance*, 1990
- James Harrington, *Business Process Improvement*, 1991
- Michael Hammer & James Champy, *Reengineering the Corporation*, 1993
- August-Wilhelm Scheer, *Business Process Engineering*, 1994
- Carnegie Mellon/Software Eng. Inst. *The Capability Maturity Model*, 1995
- Kaplan, Robert S. and David P. Norton. *The Balanced Scorecard: Translating Strategy into Action*, 1996.
- Supply Chain Council. *SCOR Reference Manual 1.0*, 1997
- Thomas Davenport, *Mission Critical*, 1999; Working Knowledge, 2005
- Howard Smith & Peter Fingar, *Business Process Management: The Third Wave*, 2002
- Paul Harmon, *Business Process Change: A Manager's Guide*, 2003



■ Michael Porter and Process Management

- The father of the modern Business Process Management movement is **Michael E. Porter** of the Harvard Business School
- 1980 *Competitive Strategy*
- 1985 *Competitive Advantage*
- 1990 *The Competitive Advantage of Nations*
- 1996 “What is Strategy?” (HBR, Nov-Dec 1996)
- First and foremost, Business Process Management is a management philosophy and a methodology for increasing profits and obtaining competitive advantage



■ Michael Porter on Competitive Advantage

- **Competitive advantage** allows a company to dominate its industry for a sustained period of time
- “Ultimately, all differences between companies in cost or price derive from the hundreds of **activities** required to create, produce, sell, and deliver their products or services such as calling on customers, assembling final products, and training employees... “
- “**Activities**, then, are the basic units of competitive advantage.”



■ Operational Effectiveness and Strategy

- “**Operational effectiveness** means performing **similar activities** better than rival perform them.”
- “Few companies have competed successfully on the basis of operational effectiveness over an extended period, and staying ahead of rivals gets harder every day.”
- “**Strategic positioning** means performing **different activities** from rivals’ or performing similar activities in different ways.”
- “While operational effectiveness is about achieving excellence in individual activities, or functions, **strategy** is about combining activities.”



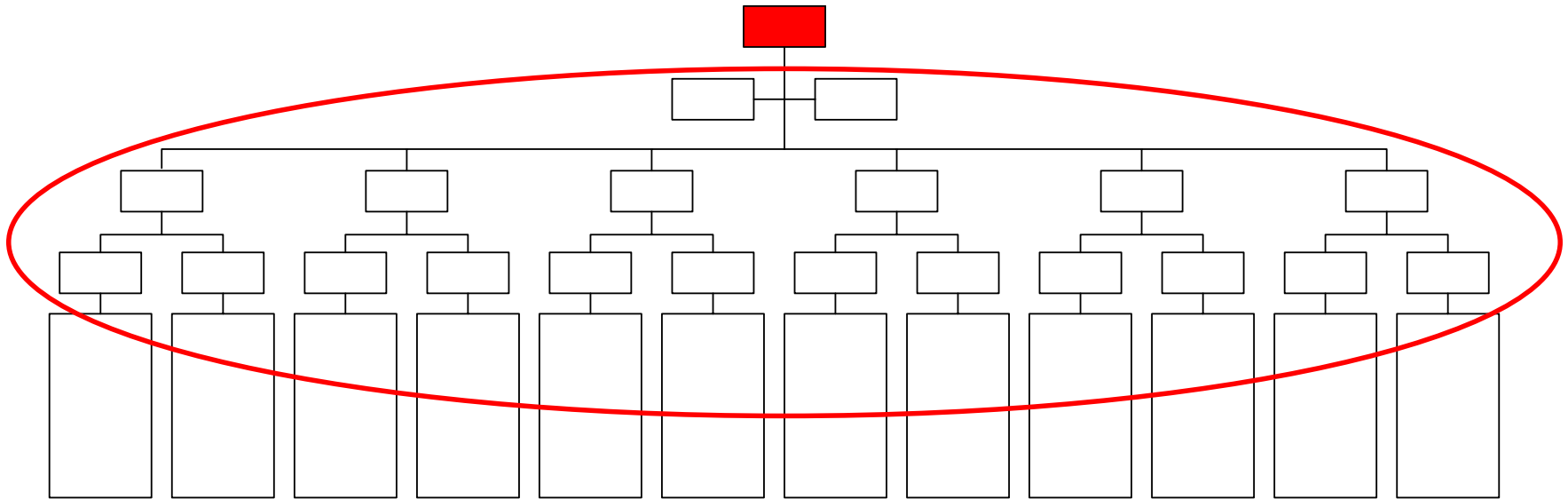
■ Fit and Competitive Advantage

- “**Competitive advantage** grows out of the entire system of activities. The **fit** among activities substantially reduces cost or increases differentiation.”
- “Achieving **fit** is difficult because it requires the integration of decisions and actions across many independent subunits.”
- “**Positions** build on **systems of activities** are far more sustainable than those build on individual activities.”

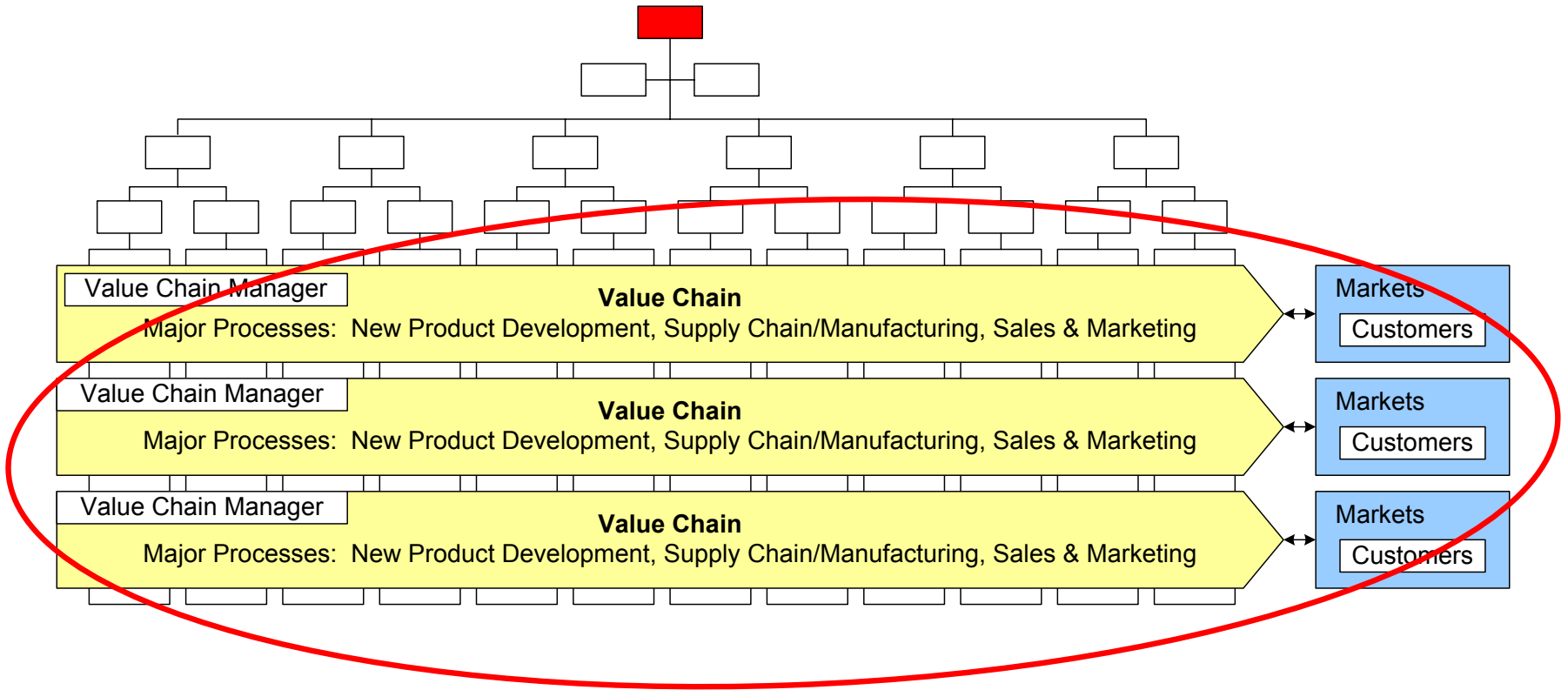
- Michael E. Porter. “What is Strategy?” **HBR**, Nov-Dec 1996.



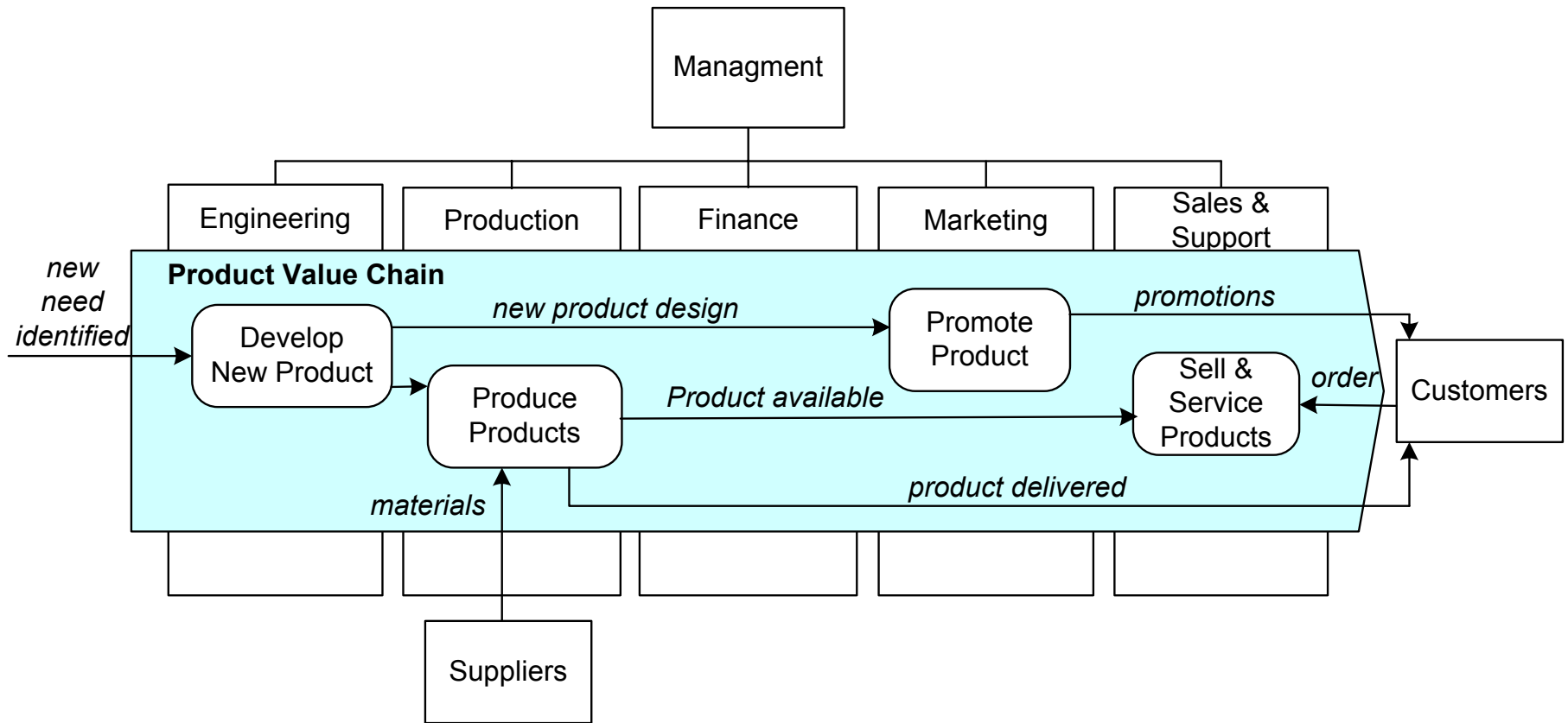
The Focus of Functionally-Oriented Executives



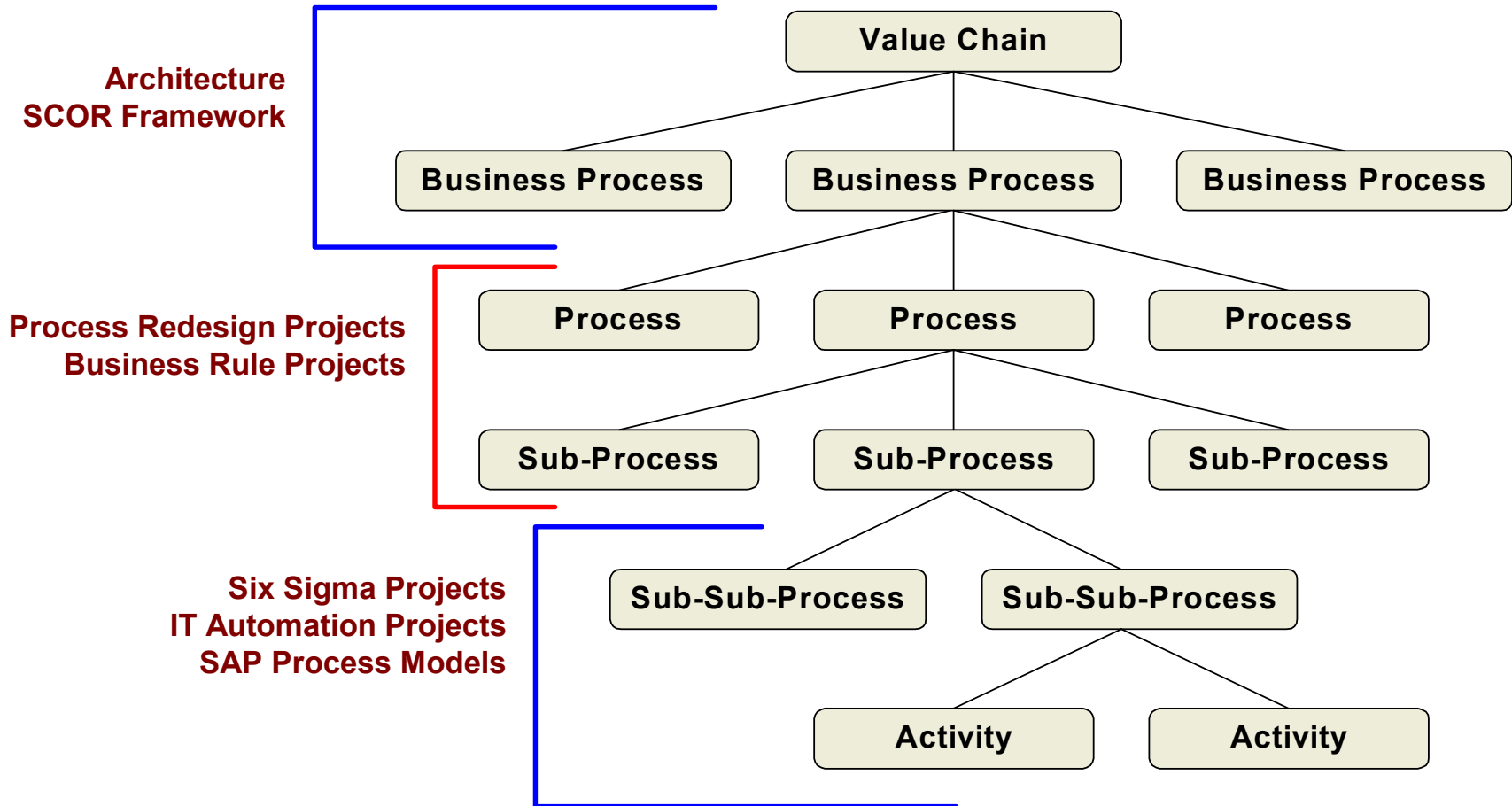
■ The Focus of Process-Oriented Executives



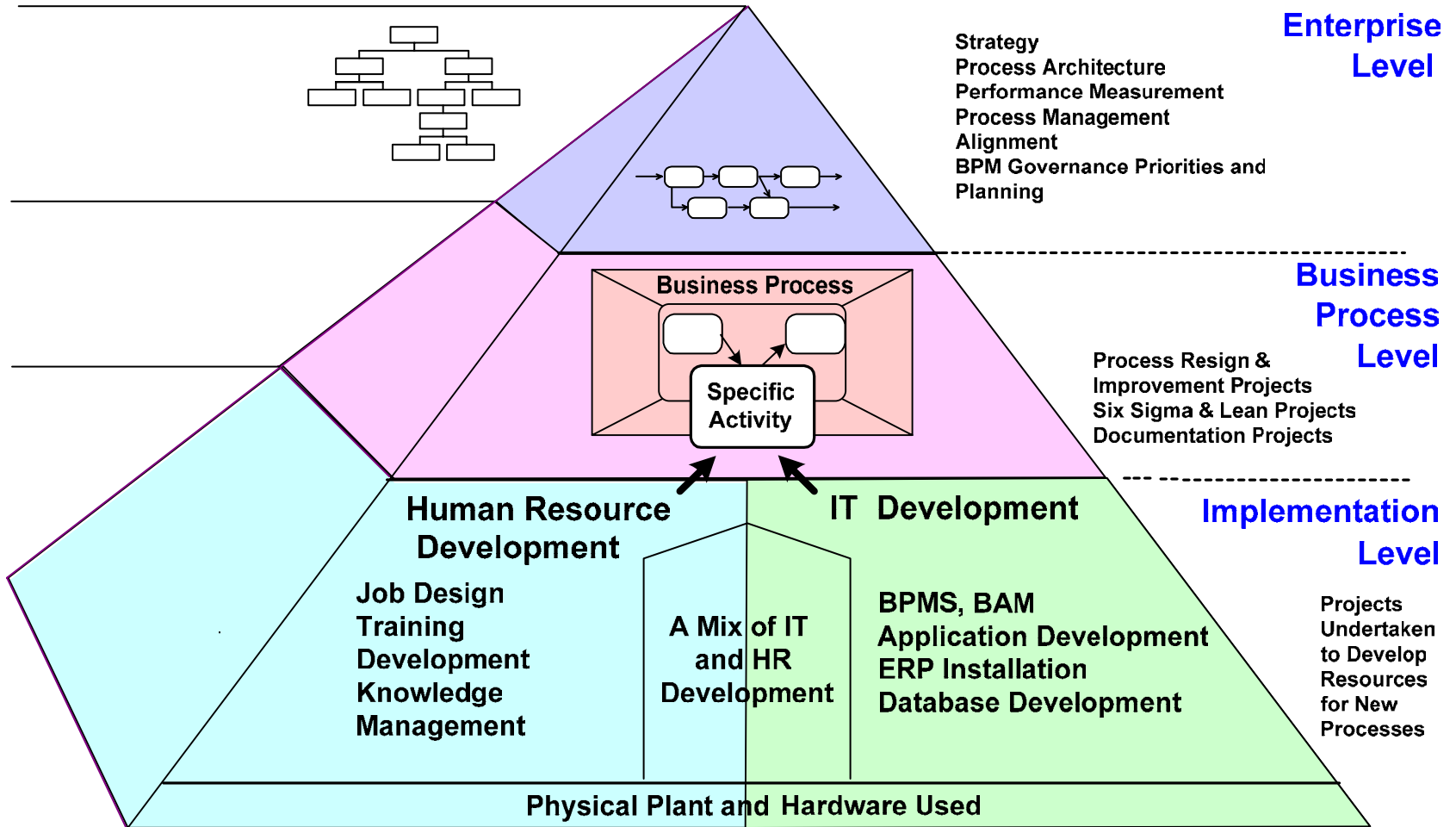
■ What a Process Perspective Shows



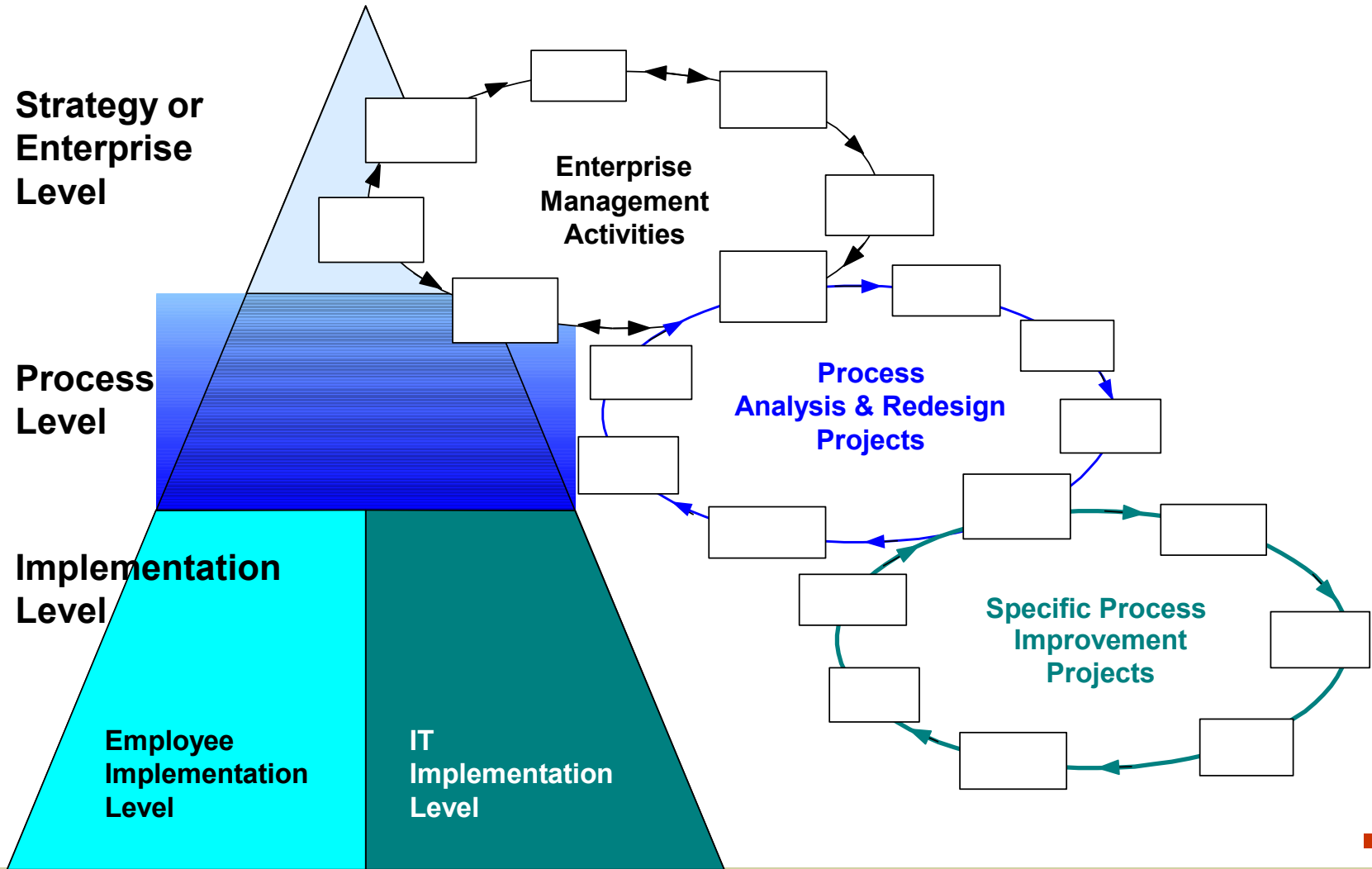
■ An Aside on the Meaning of *Process*



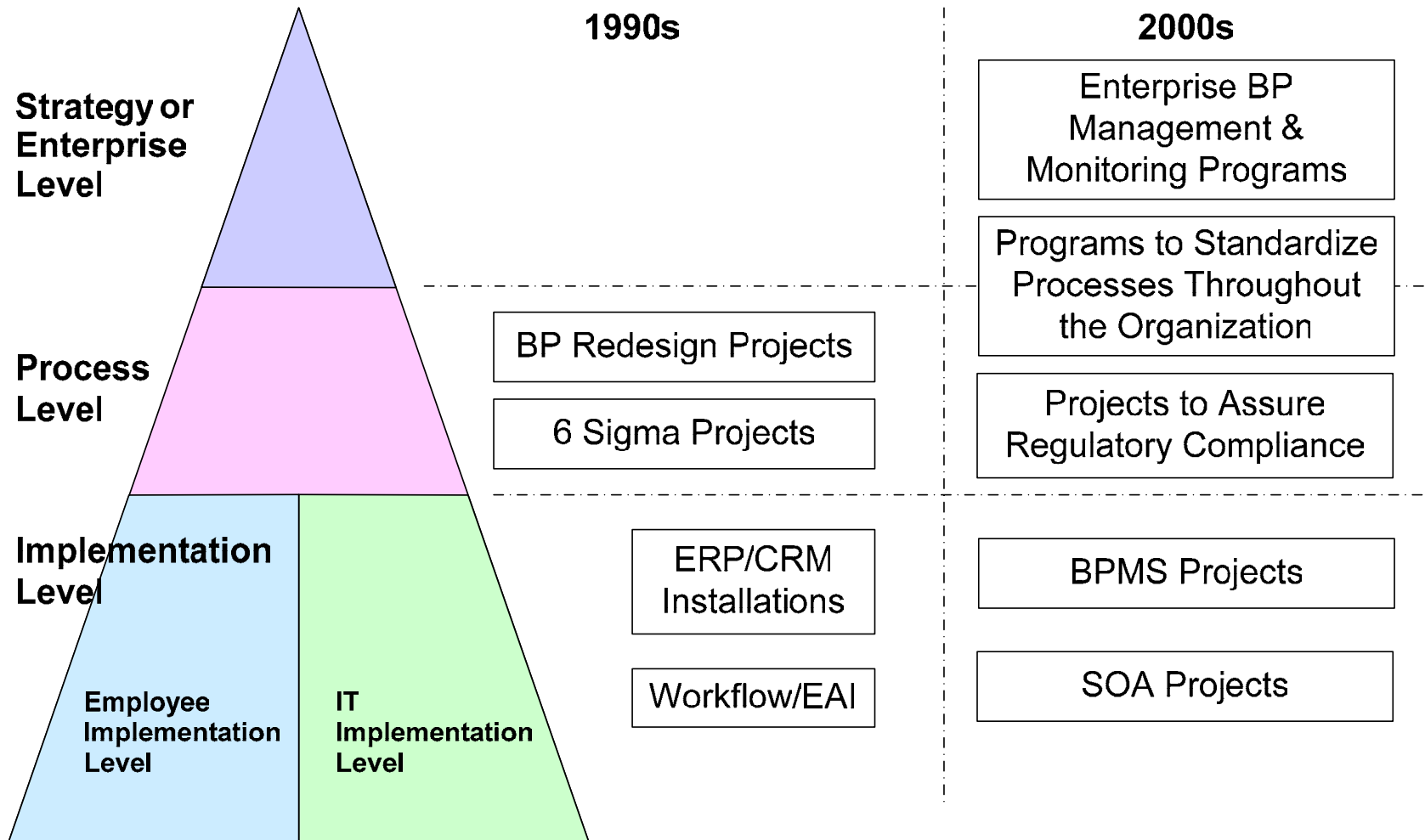
The BPTrends Associates Pyramid



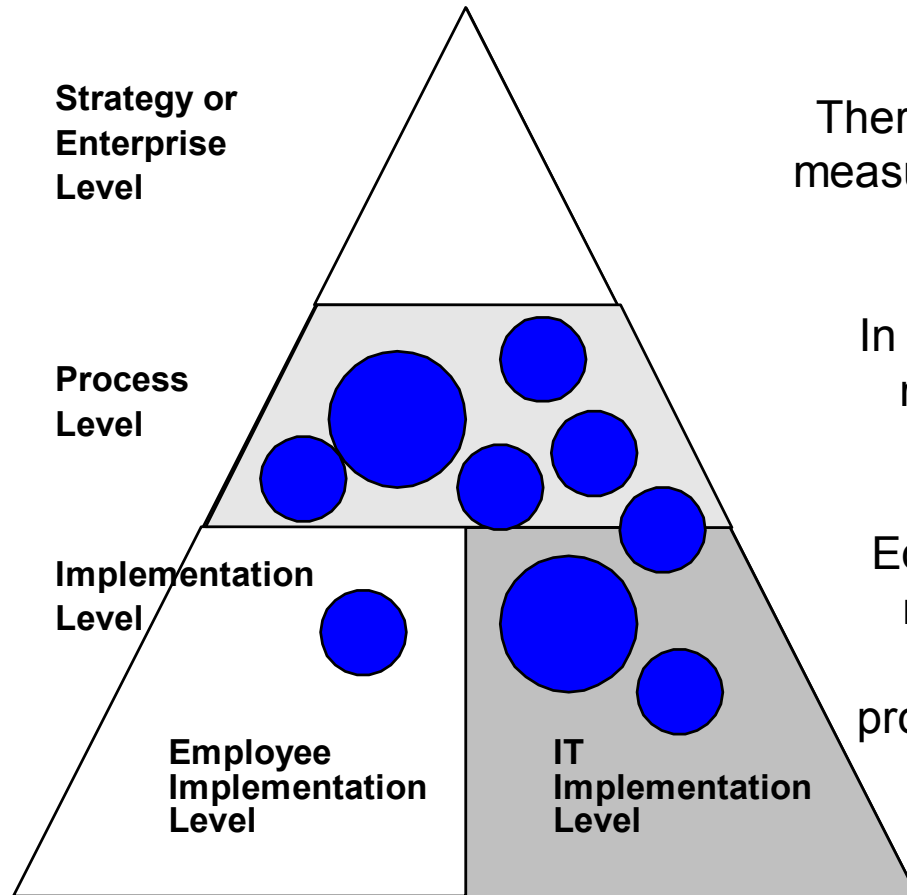
■ The Three Areas of Process Change



Where Organizations Are Moving



■ Most Companies Have a Variety of Efforts



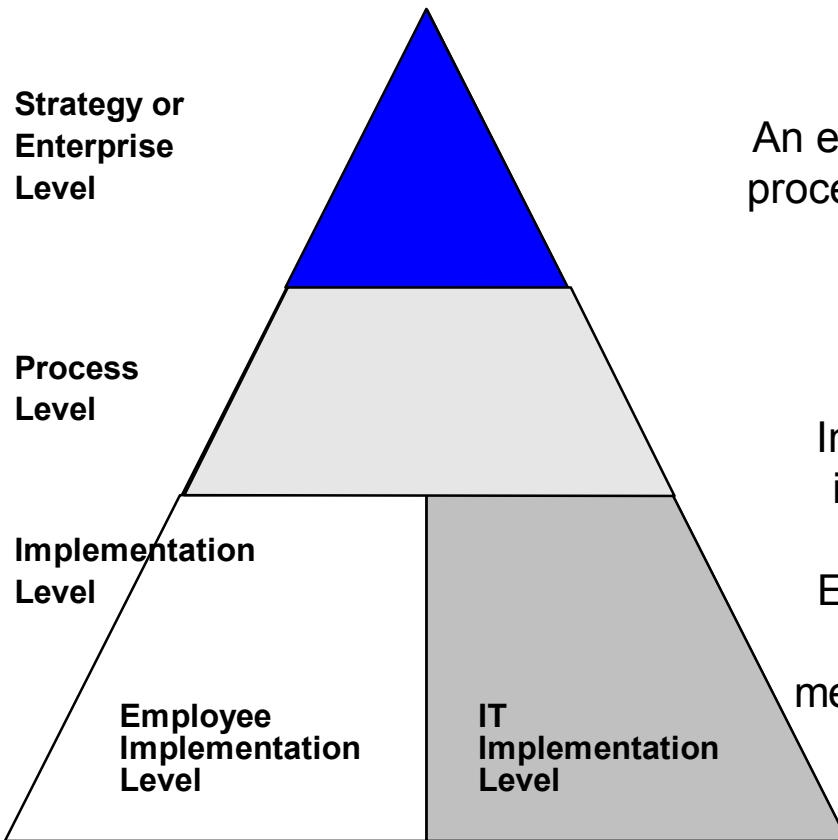
The Typical Situation

There is no enterprise process model, measurement and process management system in place.

In this case projects are undertaken in a more random way, often by different groups without tight coordination.

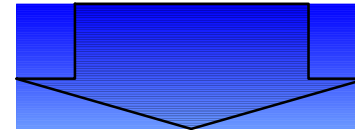
Equally important, changing processes not only require altering the specific processes but also require that a process management and measurement system be established.

■ We Advocate You Create Process-Centric Company



The Ideal Situation

An enterprise process model, measurement and process management system is already in place.



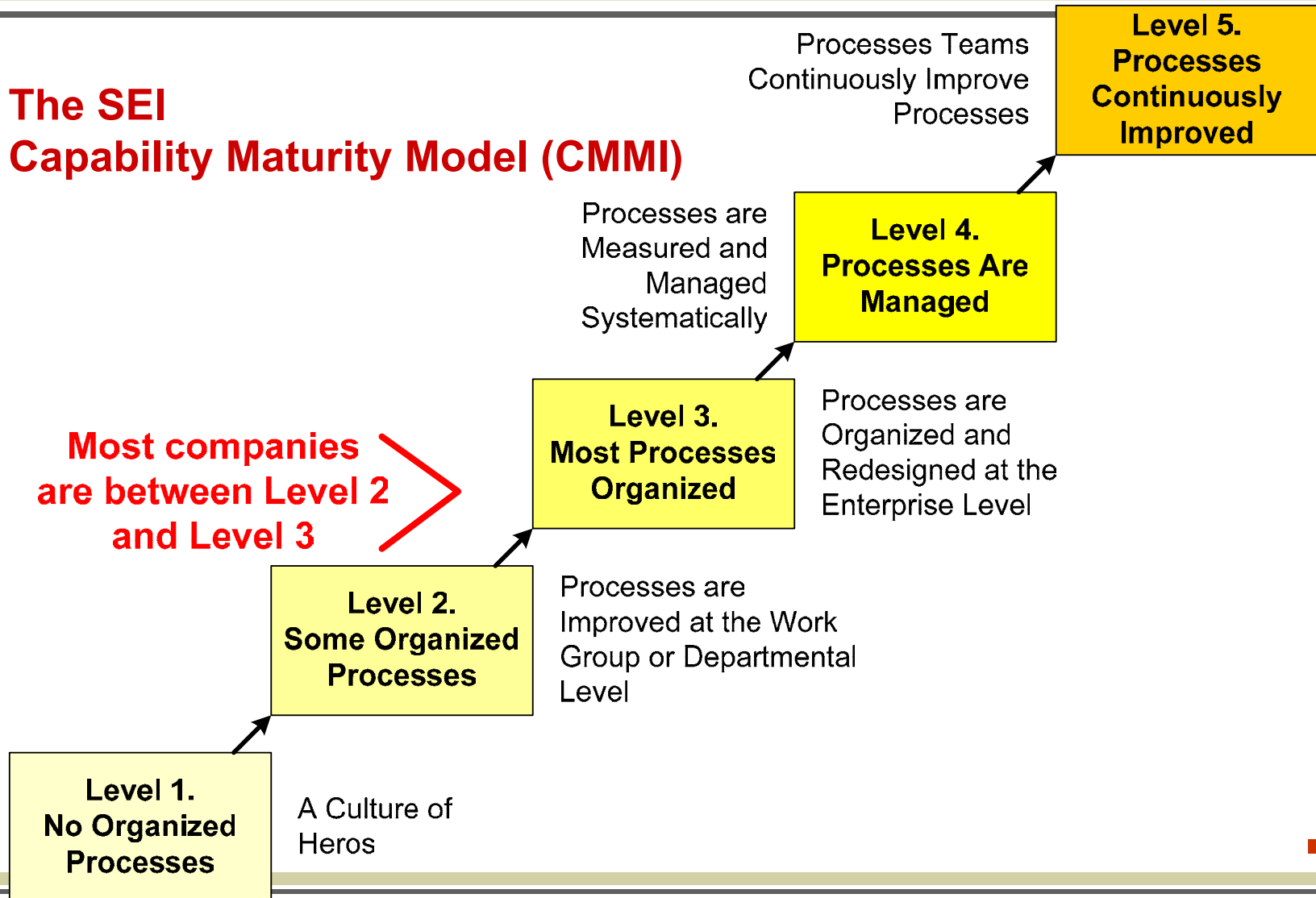
In this case the organization can consider all its options and choose processes to target.

Equally important, changing processes won't require the creation of a management or a measurement system, as they will already exist and base lines for change will already be established.

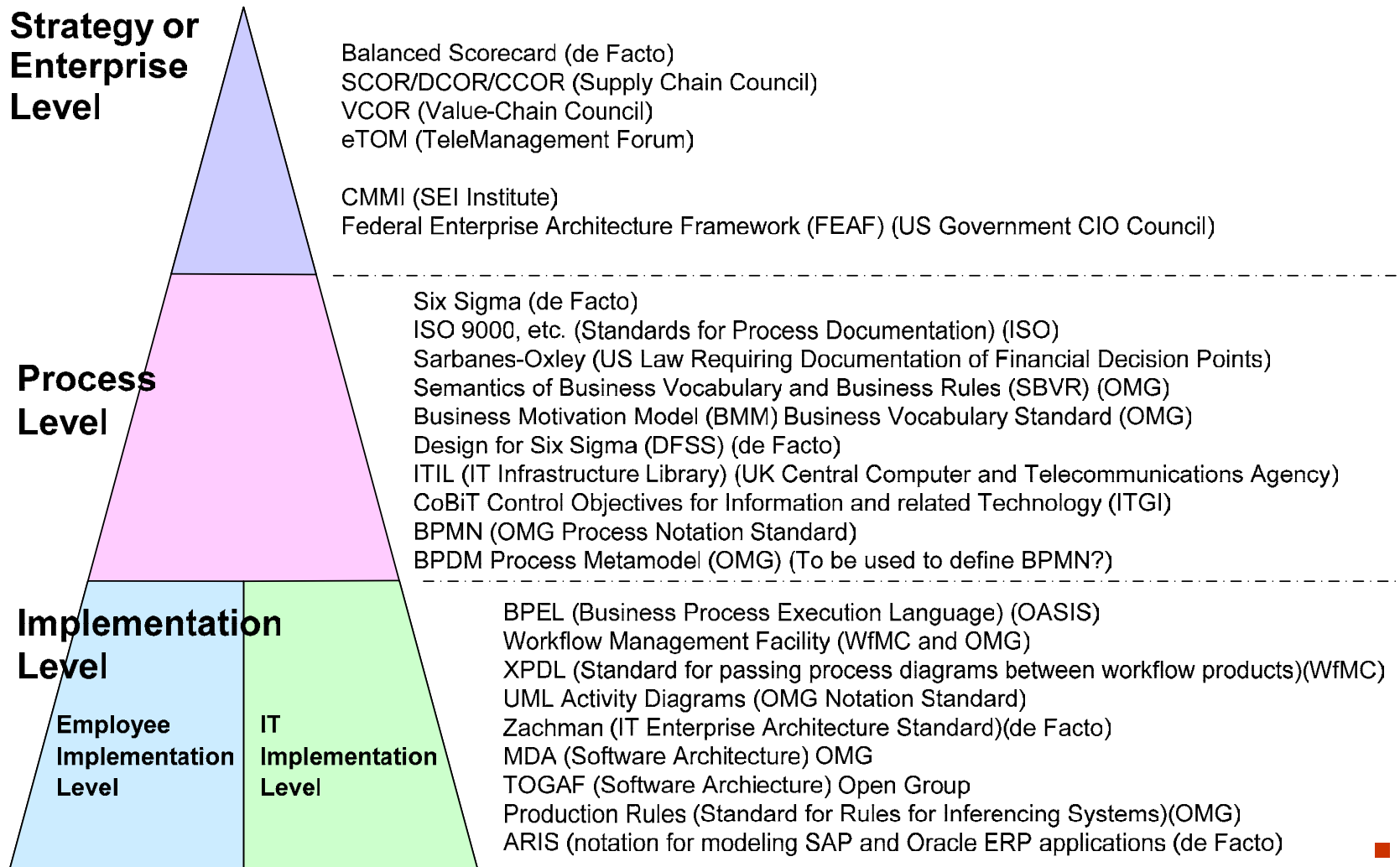


A Realistic Look at Process Change

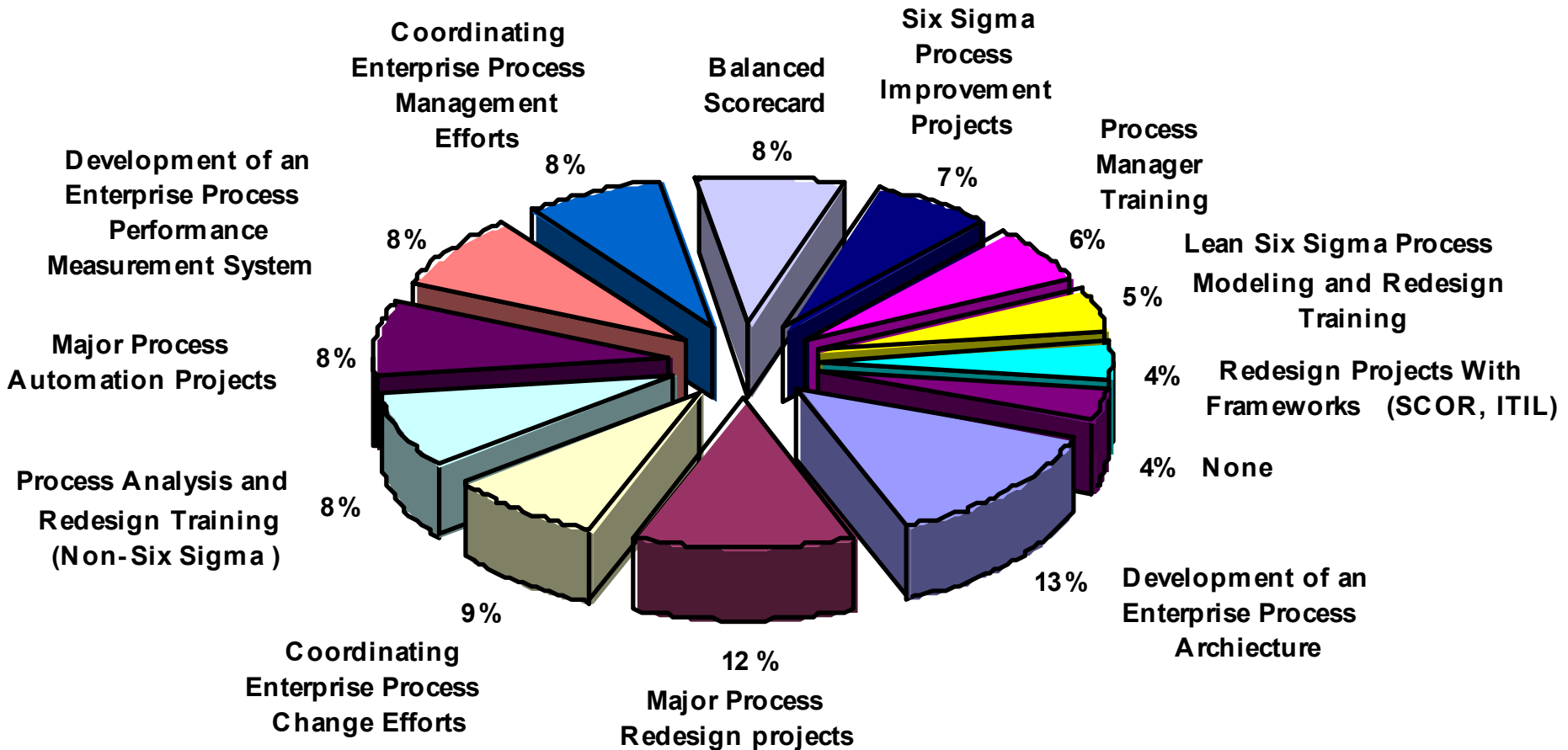
The SEI Capability Maturity Model (CMMI)



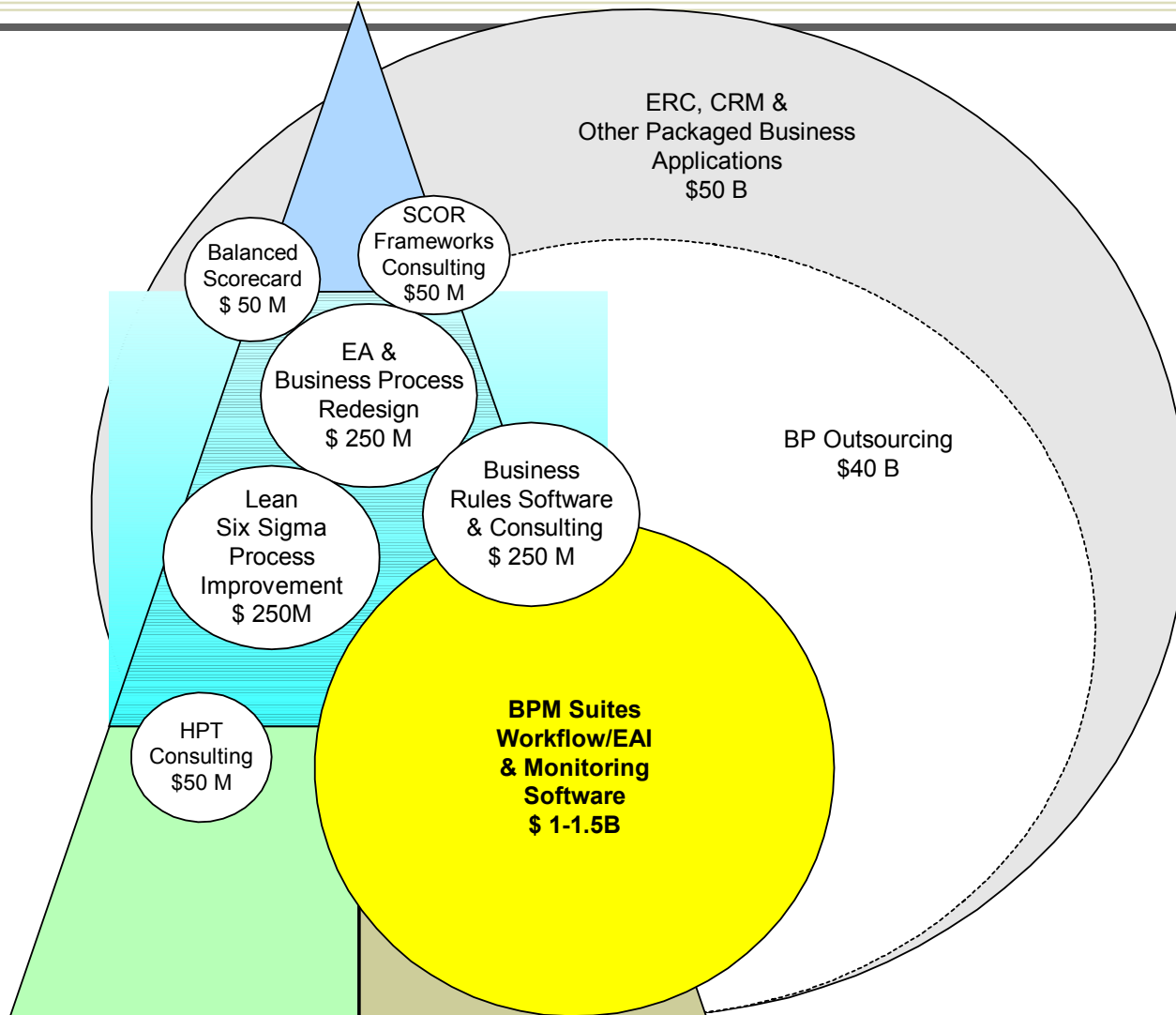
Some BPM Standards



BP Initiatives Underway in 2005



The Size and Shape of the Business Process Market



■ Trends in Business Process Management

- The BPM Market Today
- **Level 1: Enterprise Level Trends**
- Level 2: Process Level Trends
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■ Key Enterprise Level Considerations

1.1 Enterprise Level Activities

1.2 Business Process Strategy

Themes and Financial Measures

Organizational Mapping and Stakeholders

1.3 Business Process Architecture

SCOR

1.4 Process Performance Measures

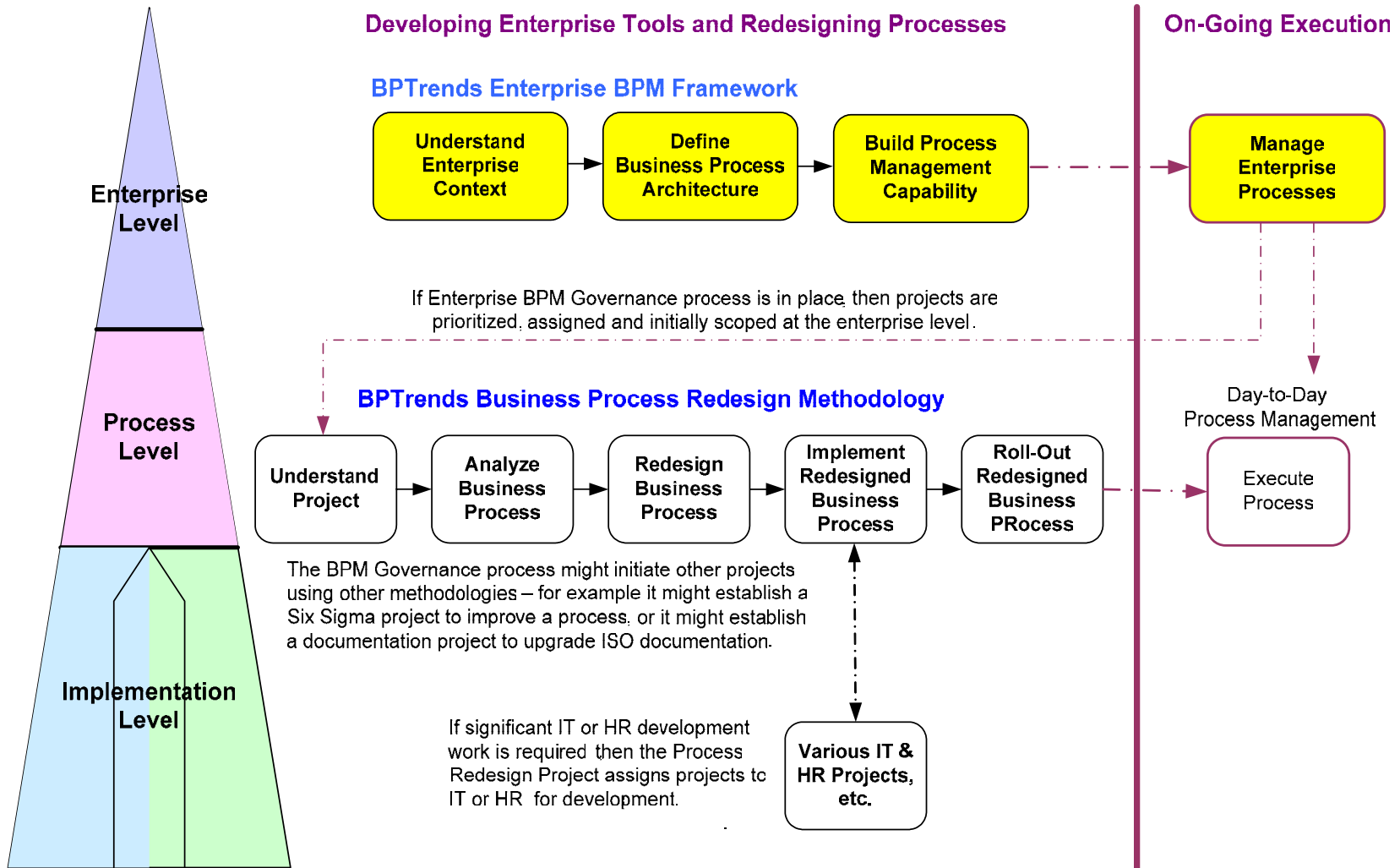
Balanced Scorecard

1.5 Business Process Managers

1.6 A BPM Group



The BPTrends Associates BPM Methodology

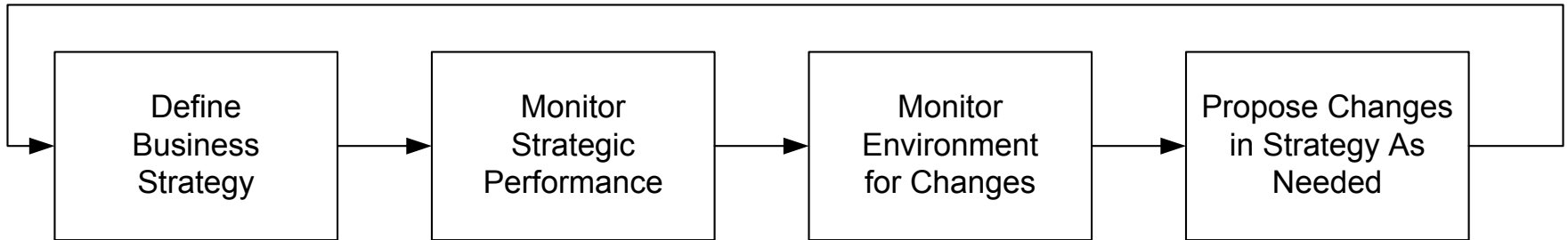


■ Enterprise Level Activities

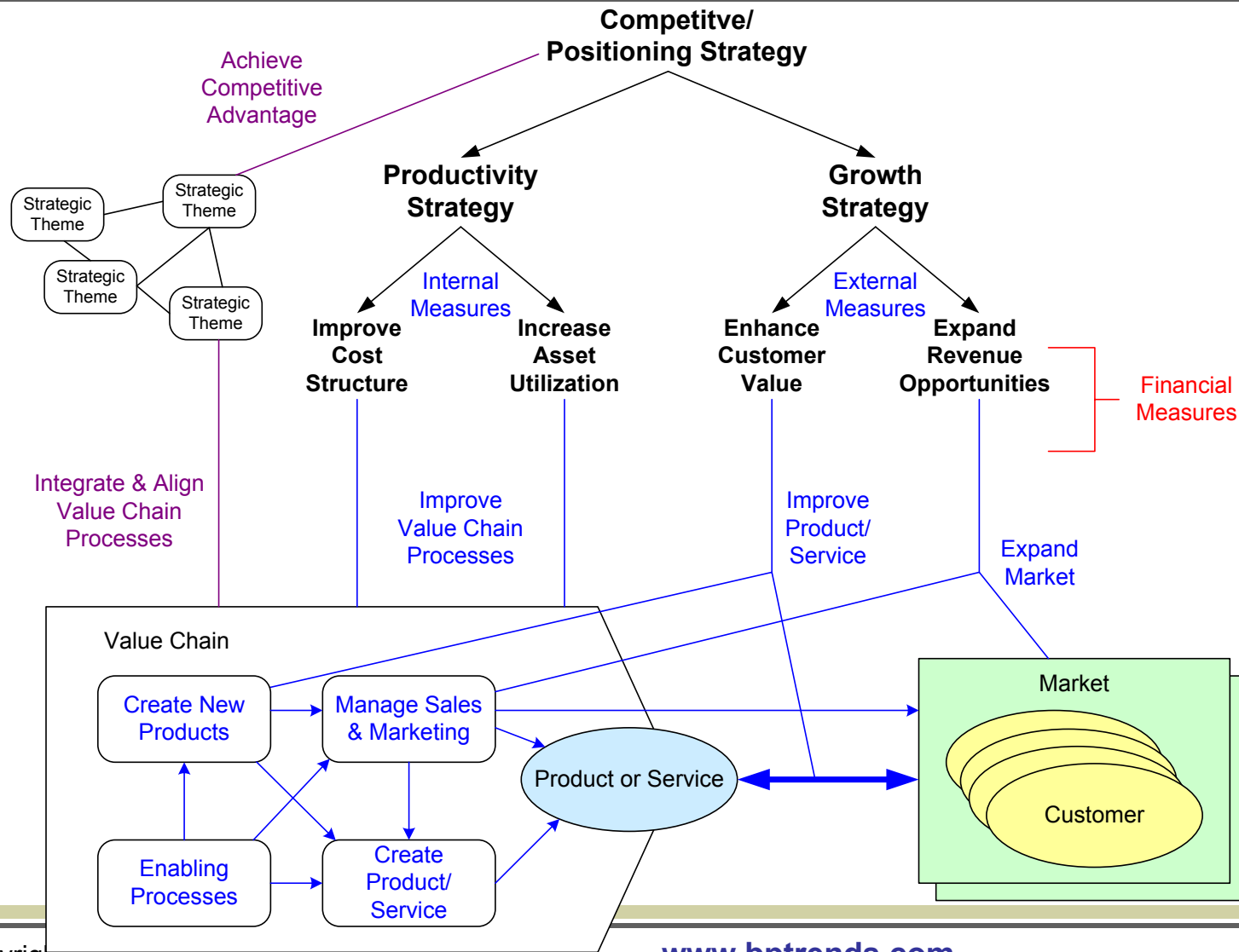
- Define **Strategy**
- **Model** Business Processes
- Define Process Performance **Measures**
- **Align Resources** to Processes
- Organize Process **Management**
- Create a **BPM Group** to Provide Support
- **Prioritize and Plan** Process Changes



■ The Work of the Strategy Committee



Strategy, Measures, and Processes



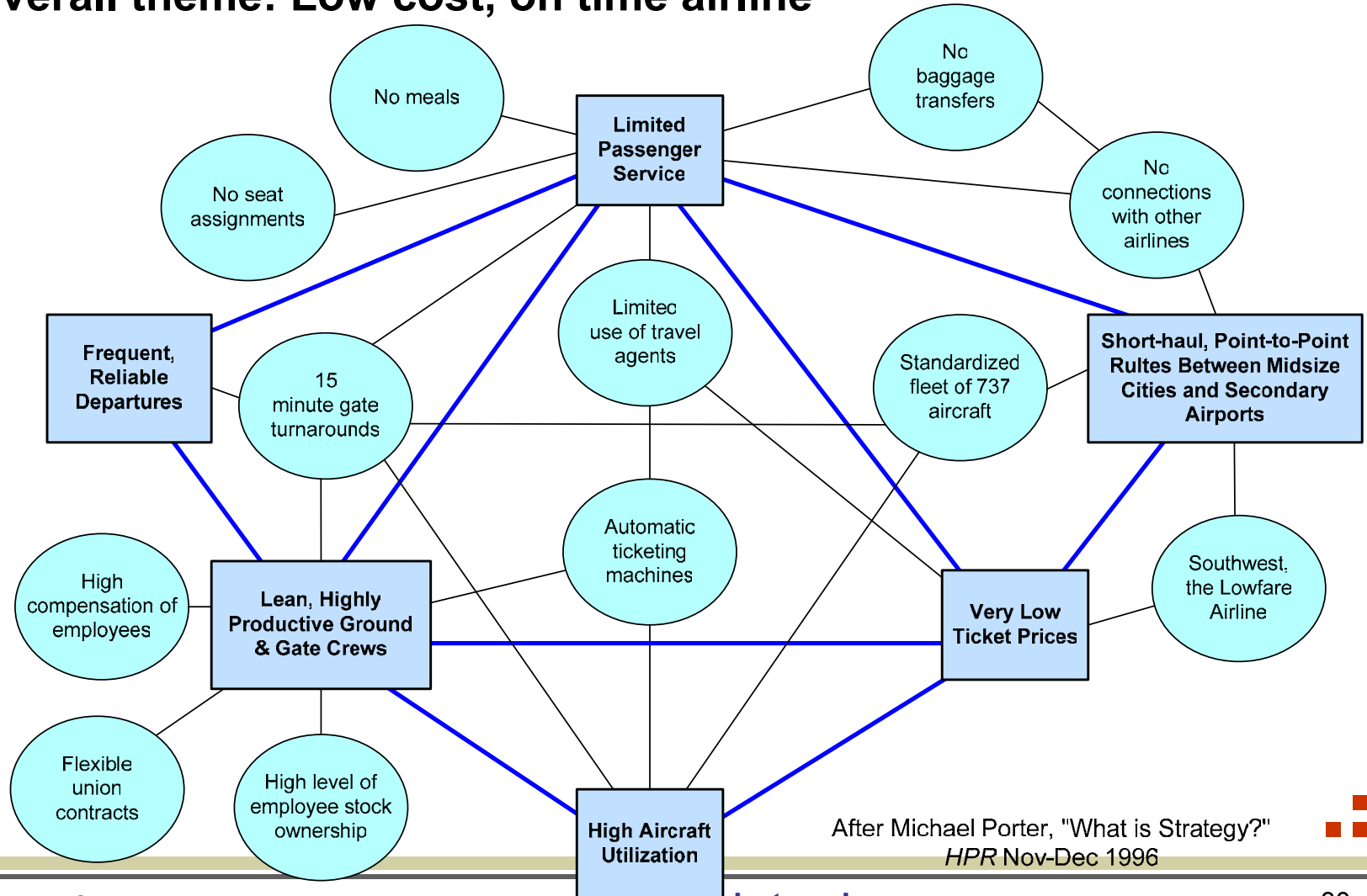
■ Strategic (Process) Themes

- An idea introduced by Porter and promoted recently by Kaplan & Norton (Balanced Scorecard)
- Porter argued that a value chain should be tightly integrated, and focused on producing a product or service that was well positioned
- Thus, when a positioning strategy is selected, the strategy group should proceed to define a set of themes and typical activities to show how the positioning strategy is to be implemented
- This isn't process design, but simply a way of suggesting how a process design would implement the strategic position the strategy group identified
- The actual process designers should then assure that ALL activities in the actual process reflect the themes



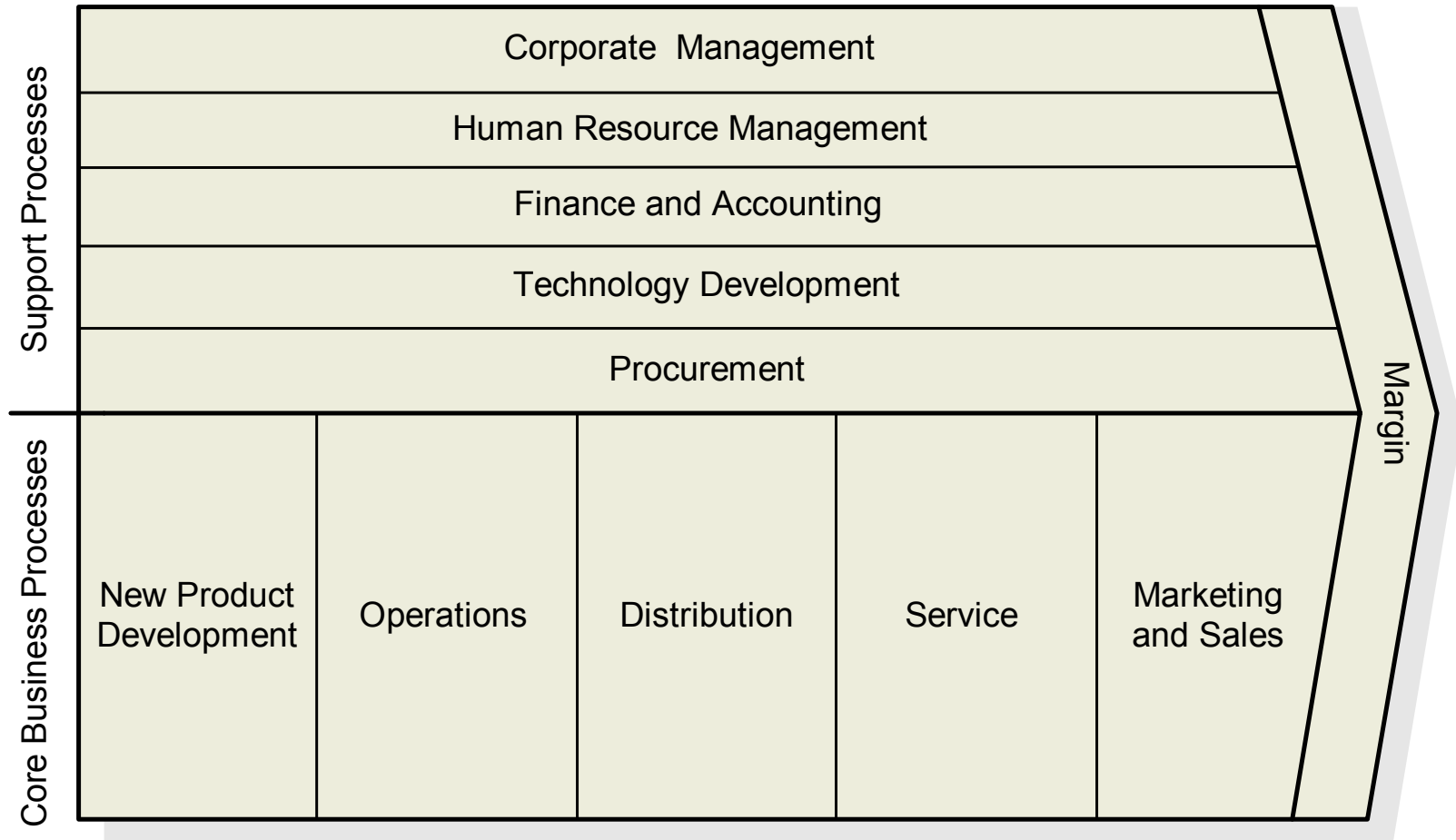
Strategic Themes for Southwest Airlines

Overall theme: Low cost, on time airline



After Michael Porter, "What is Strategy?"
HPR Nov-Dec 1996

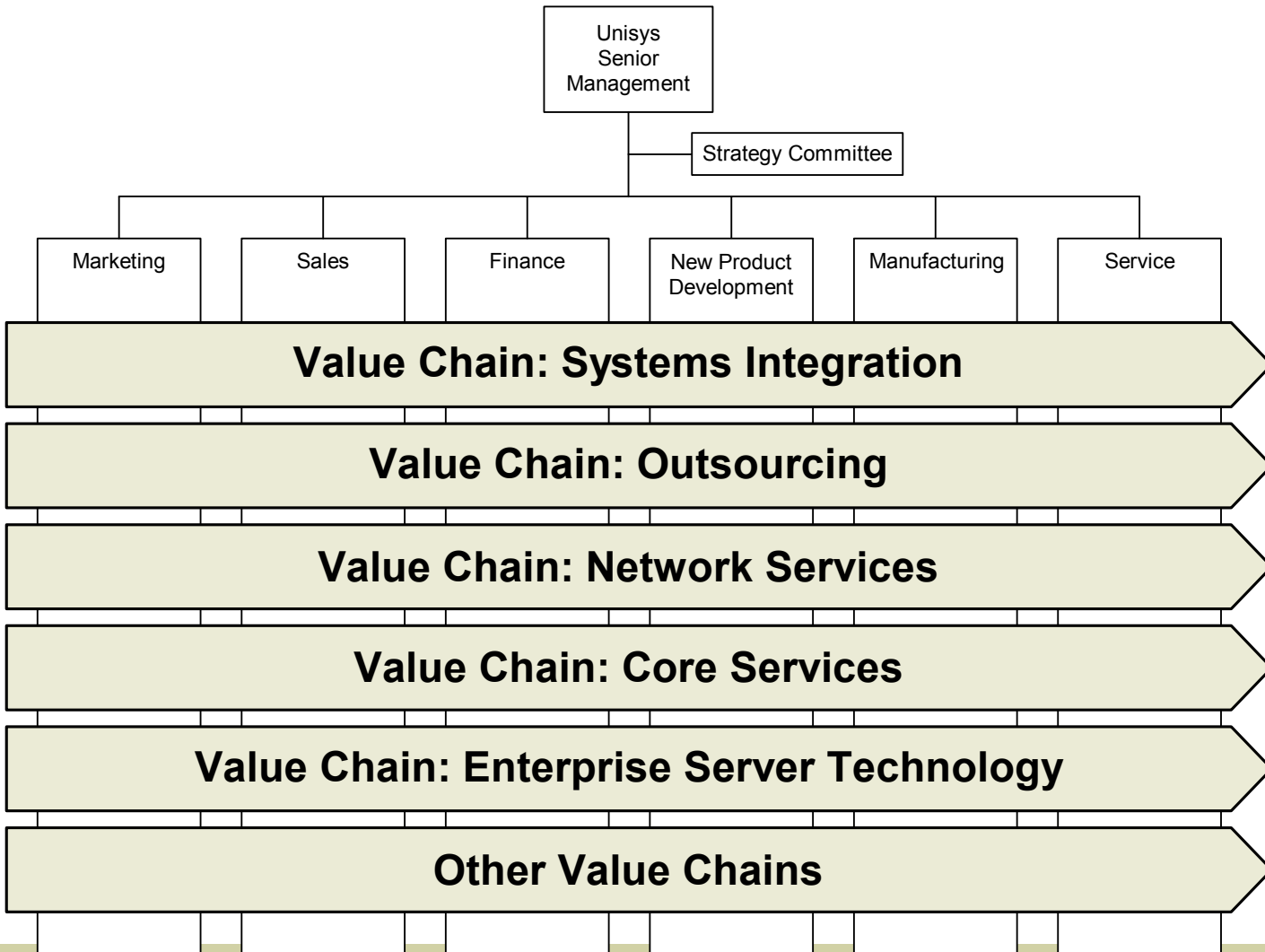
■ Michael Porter's Value Chain Model



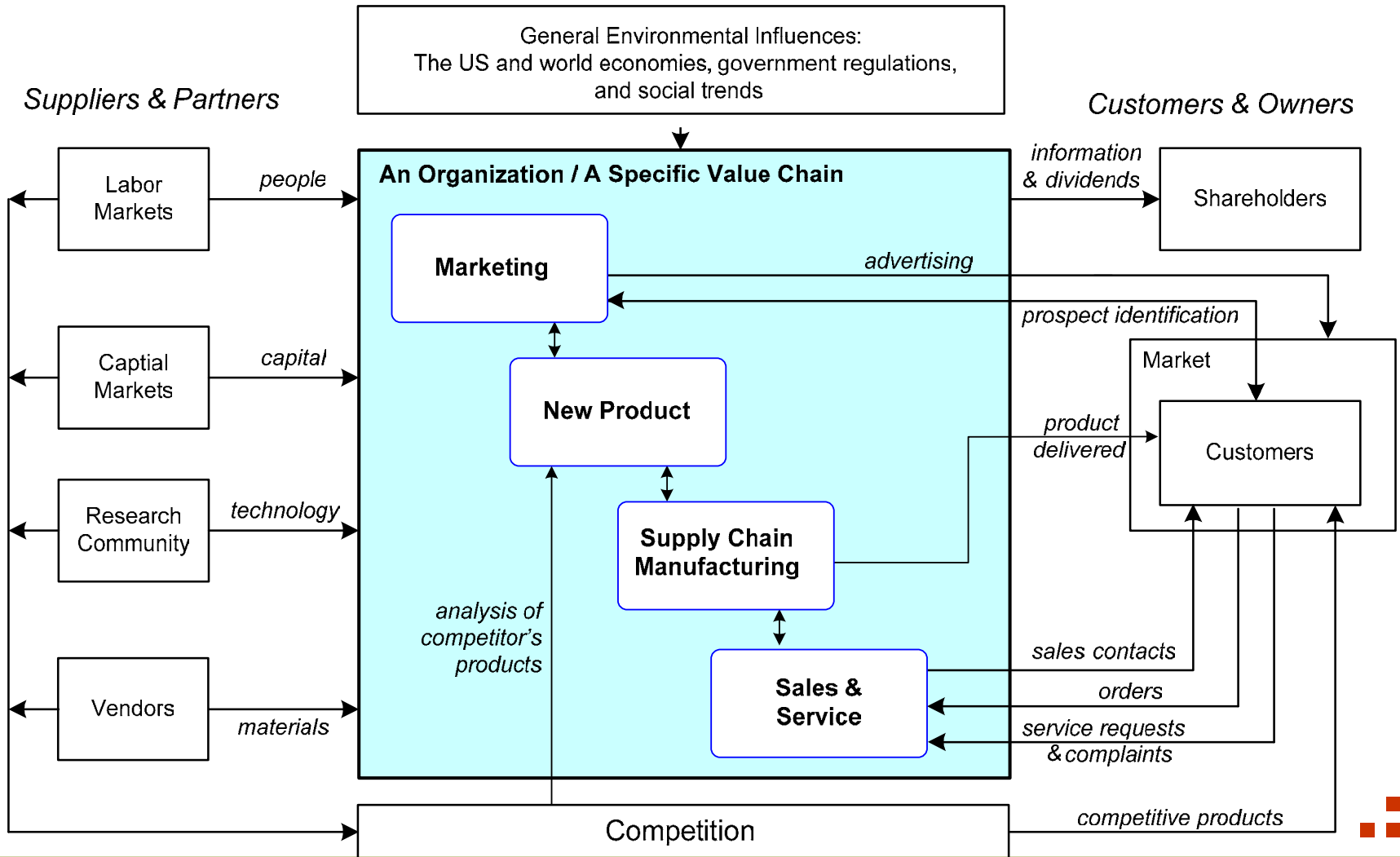
From Michael Porter, *Competitive Advantage*, Harvard, 1985



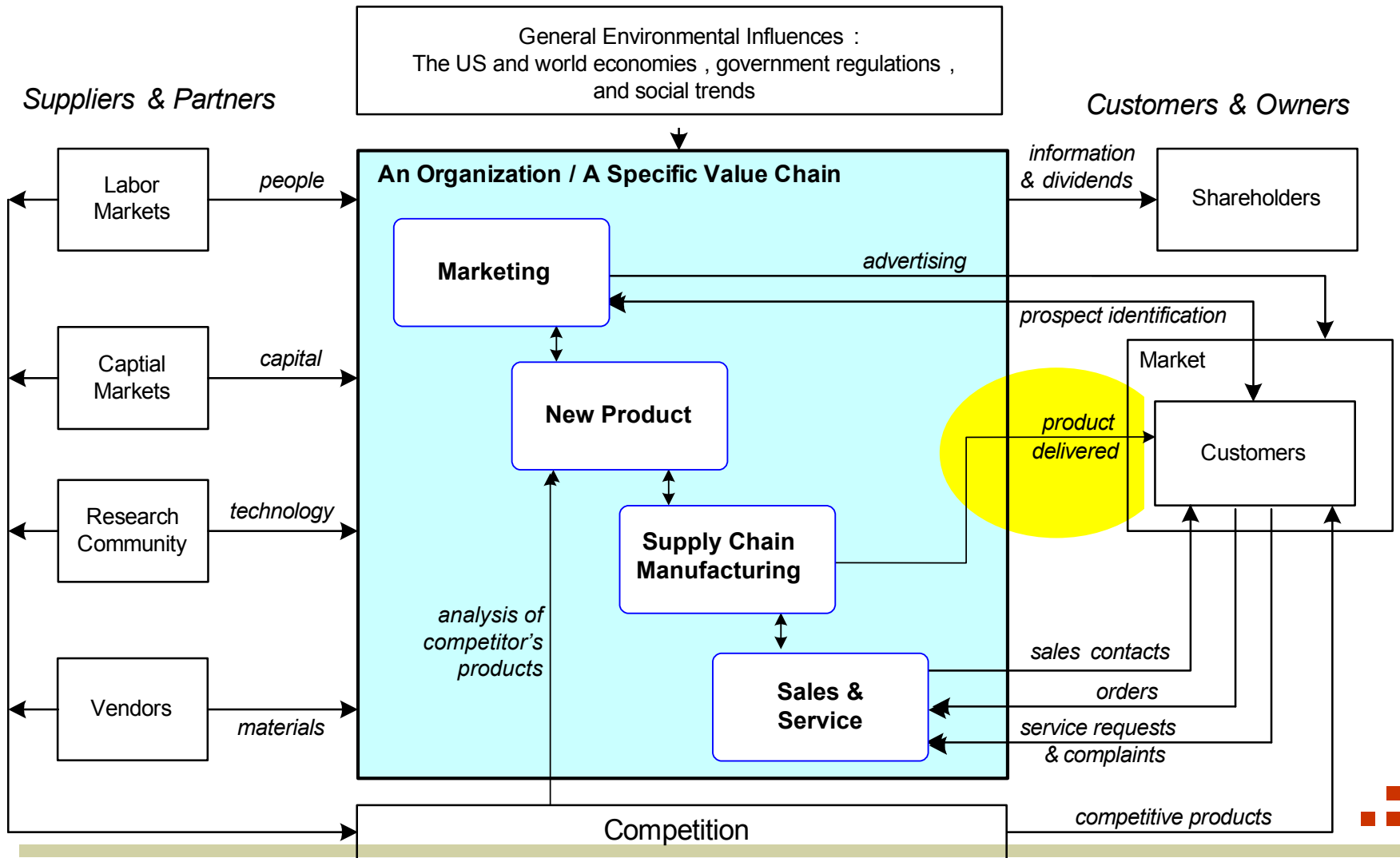
■ Unisys Corp. Functions and Value Chains



Mapping Organizations and Core Processes



Identifying What's Valuable to Stakeholders



■ Stakeholders

- People who care about and exert influence over the company, its processes, and its products
 - Owners (shareholders)
 - Customers (and markets)
 - Employees
 - Managers
 - Partners
 - Suppliers
 - Government (legal, regulatory)
 - Public
 - Competitors

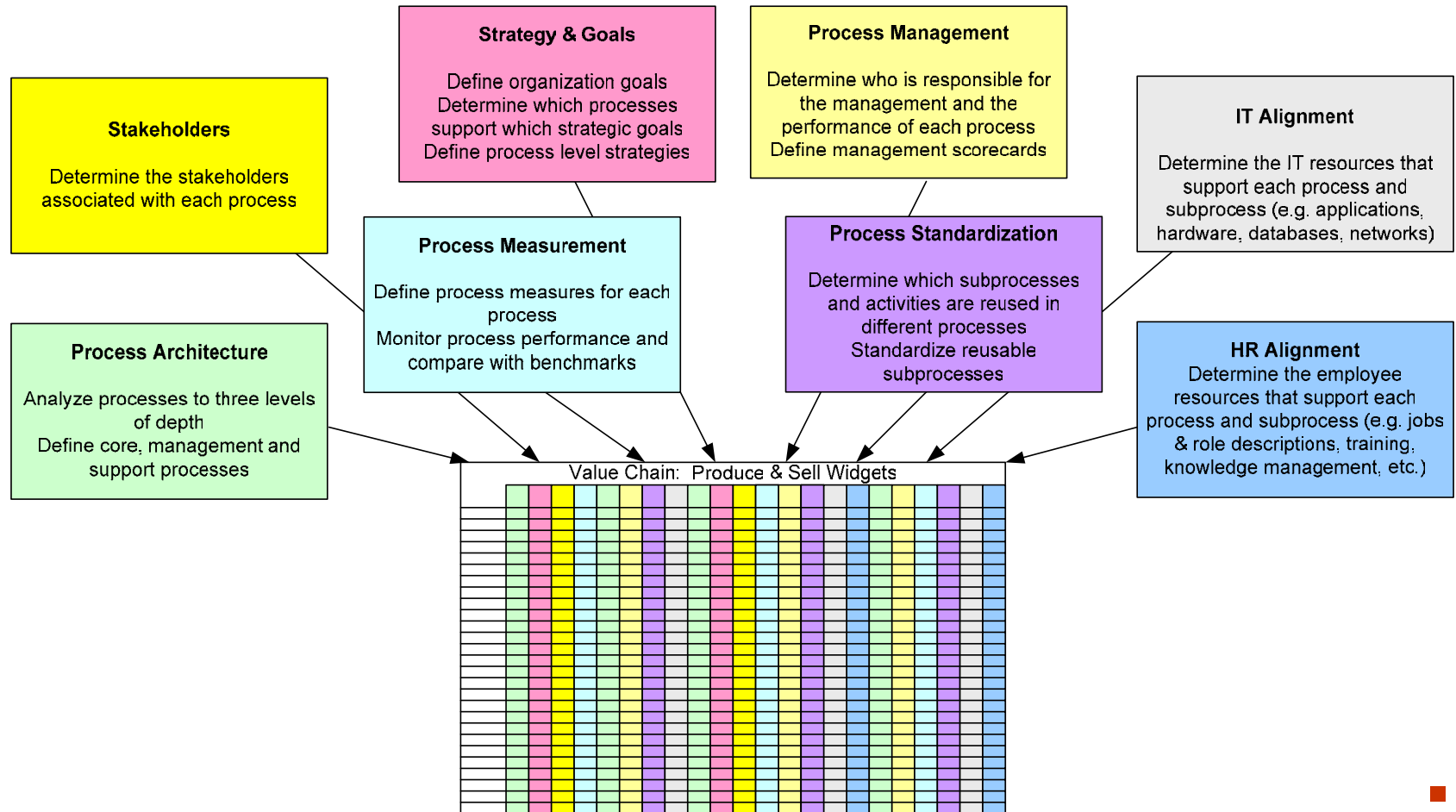


■ Representing a Business Process Architecture

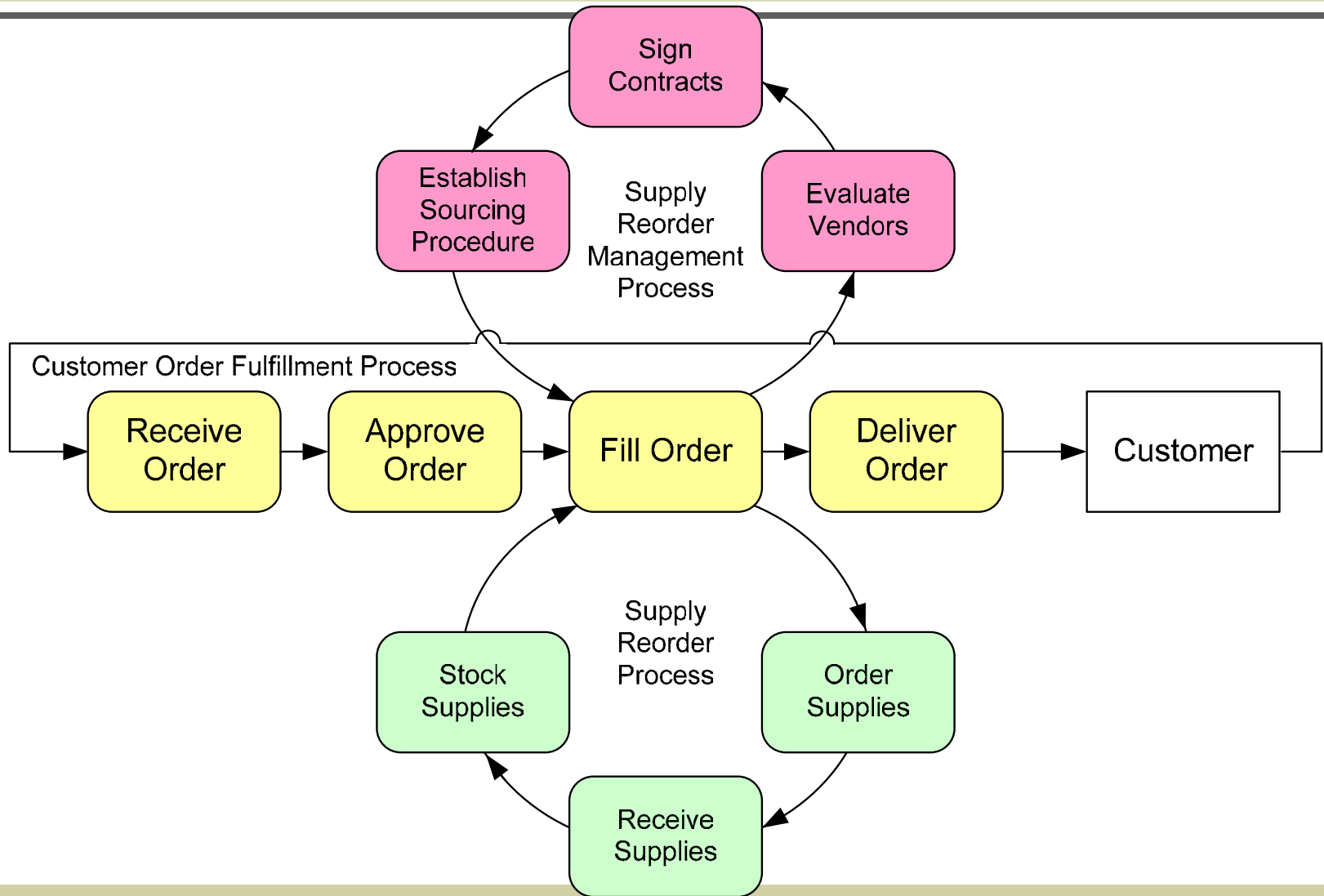
- A **diagram** that senior management can use to visualize the BP architecture
 - Useful, but keep it simple
- A **matrix** that pulls all the information together in one place
 - What we'll do in this class
- A **repository** that makes it easy to alter and add elements to the architecture as they become available
 - What you'll want to create at your company for the long haul



■ Creating a BP Architecture



Core, Managerial, and Supporting Processes

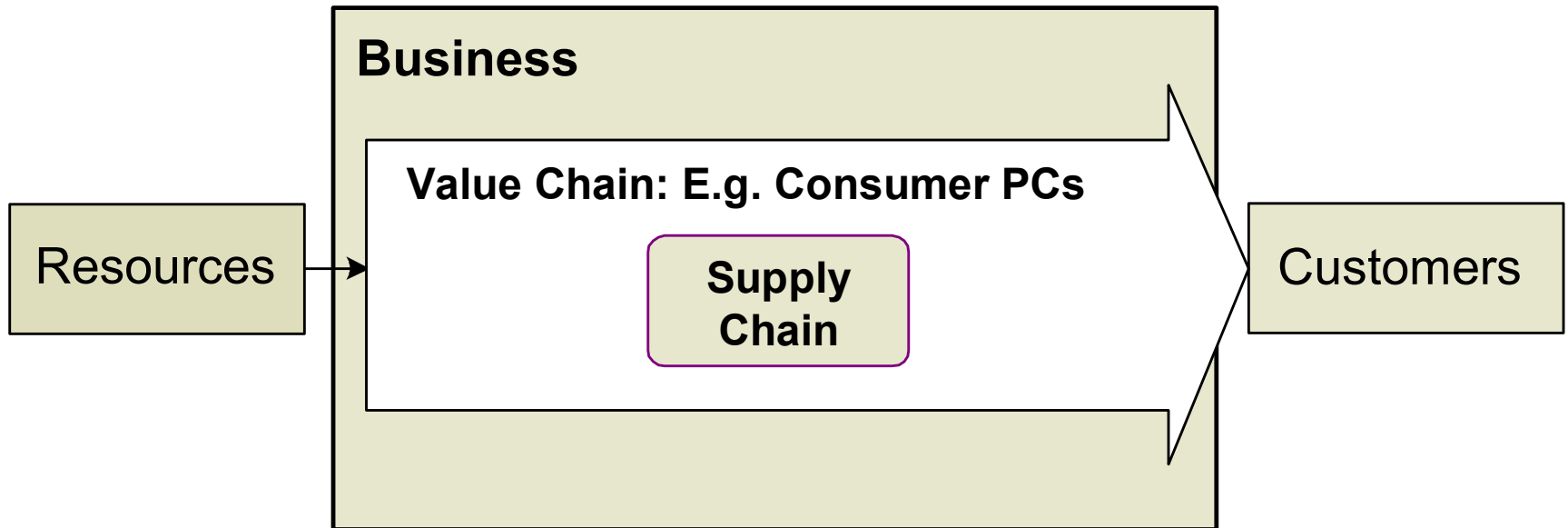


■ The Supply Chain Council's SCOR

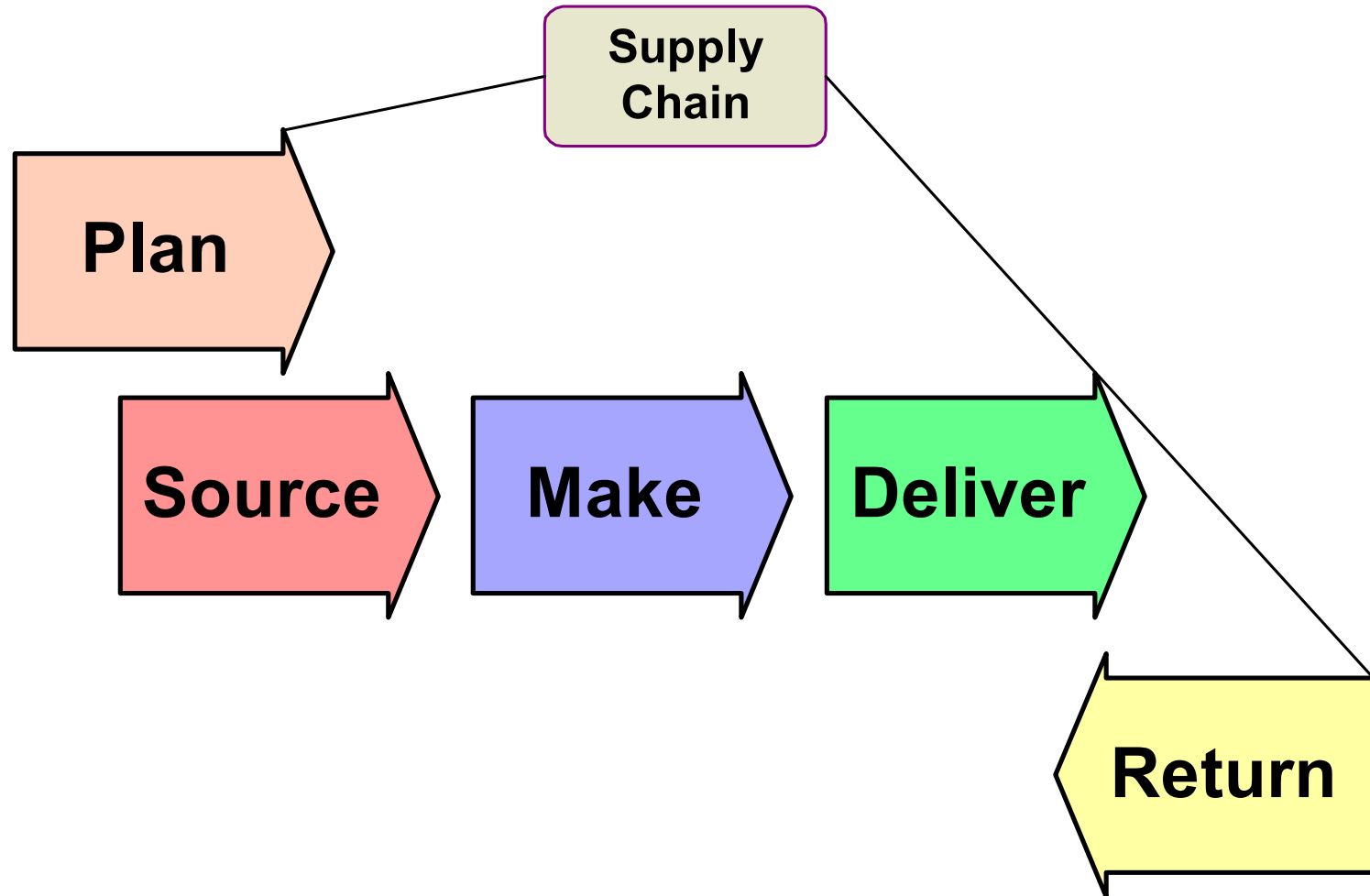
- The best example of a popular horizontal BP architecture is provided by the Supply Chain Council's SCOR framework
- Created in past 5 years by consortium of some 700 companies
- Defines a top-down approach to organizing the BP architecture of a corporate supply chain process
- www.supply-chain.com



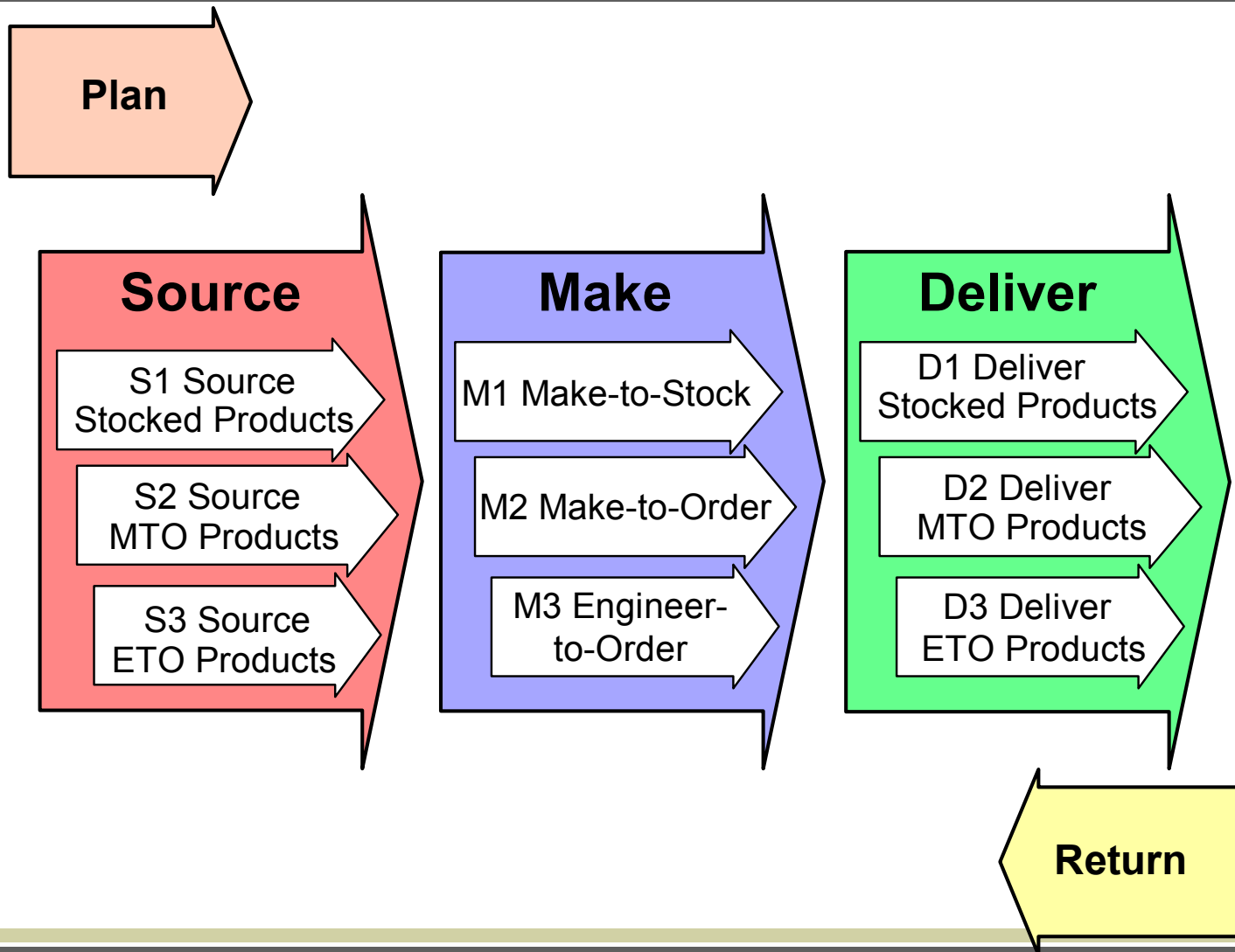
■ SCOR MODEL: Level 0



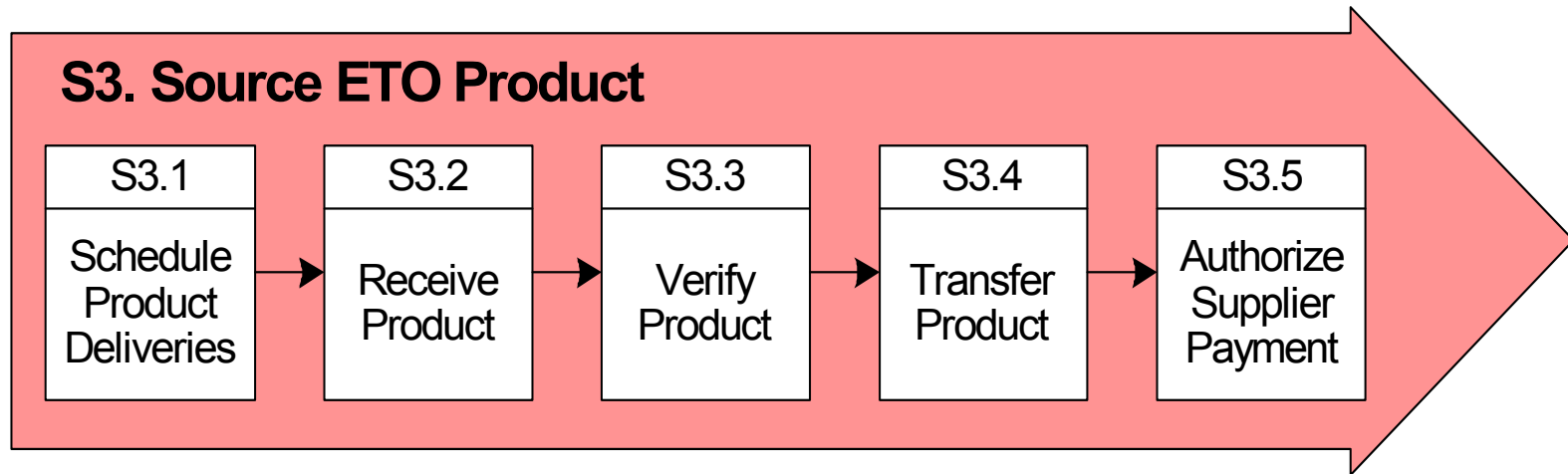
SCOR MODEL: Level 1



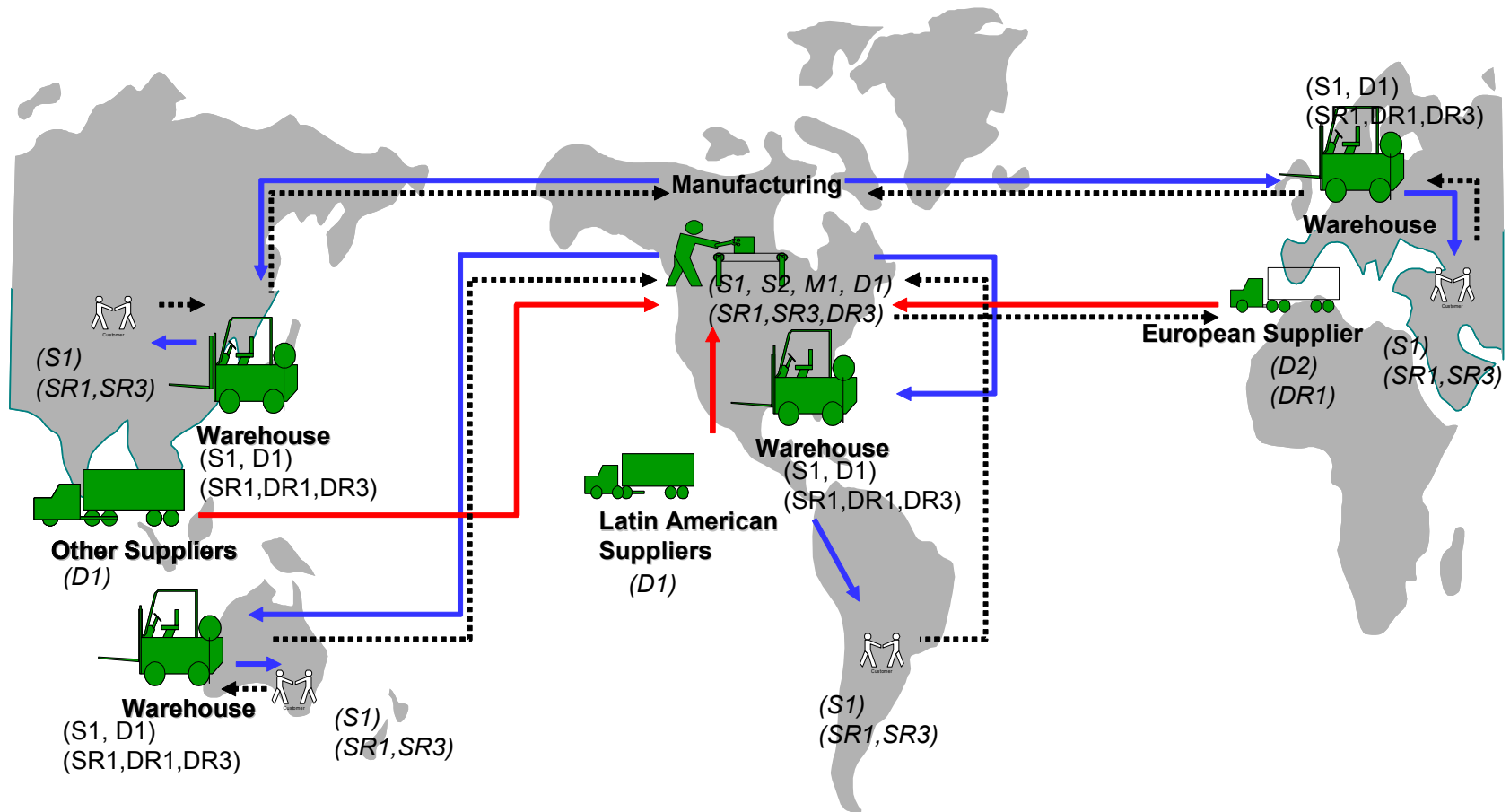
SCOR MODEL: Level 2



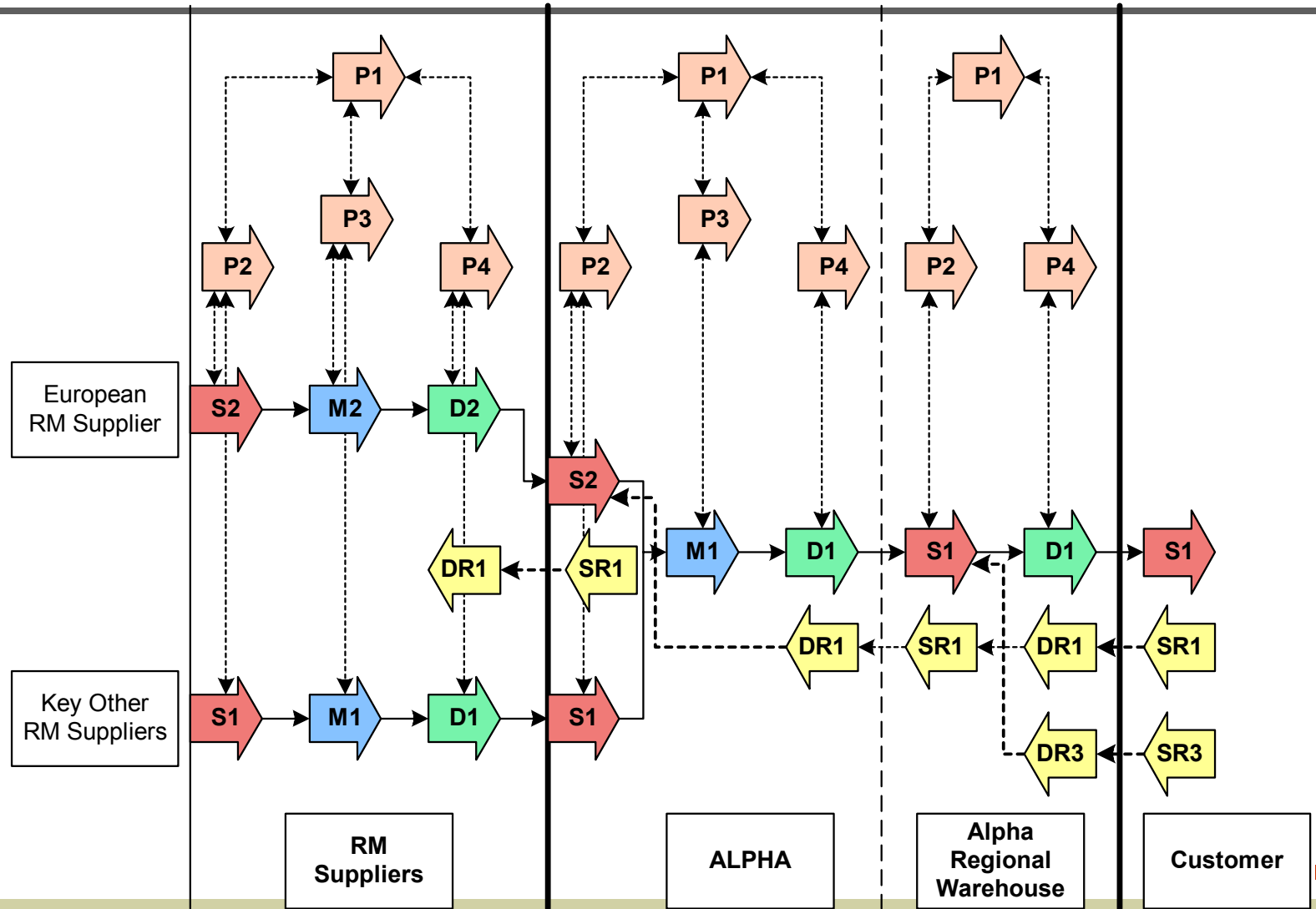
■ SCOR Model: Level 3



SCOR Material Flow Diagram



SCOR As Is Process Diagram



■ SCOR's Level 1 Measures

	Performance Attribute	Performance Attribute Definition	Level 1 Metric
Customer Facing Attributes	Supply Chain Delivery Reliability	The performance of the supply chain in delivering: the correct product, to the correct place, at the correct time, in the correct condition and packaging, in the correct quantity, with the correct documentation, to the correct customer.	Delivery Performance
			Fill Rates
			Perfect Order Fulfillment
	Supply Chain Responsiveness	The velocity at which a supply chain provides products to the customer.	Order Fulfillment Lead Times
	Supply Chain Flexibility	The agility of a supply chain in responding to marketplace changes to gain or maintain competitive advantage.	Supply Chain Response Time
Production Flexibility			
Internal Facing Attributes	Supply Chain Costs	The costs associated with operating the supply chain.	Cost of Goods Sold
			Total Supply Chain Management Costs
			Value-Added Productivity
			Warranty / Returns Processing Costs
	Supply Chain Asset Management Efficiency	The effectiveness of an organization in managing assets to support demand satisfaction. This includes the management of all assets: fixed and working capital.	Cash-to-Cash Cycle Time
			Inventory Days of Supply
			Asset Turns

■ SCOR Manual: M2.3 (1)

Process Element: Produce and Test		Process Element Number: M2.3
Process Element Definition		
The series of activities performed upon sourced/in-process product to convert it from the raw or semi-finished state to a state of completion and greater value. The processes associated with the validation of product performance to ensure conformance to defined specifications and requirements.		
Performance Attributes		Metric
Reliability	Ratio Of Actual To Theoretical Cycle Time Scrap expense In-process failure rates Yields	
Responsiveness	Produce and Test Cycle Time	
Flexibility	None Identified	
Cost	Warranty costs as % of (S+M+D) costs Total Production Employment Produce and Test costs / unit	
Assets	Capacity utilization Asset Turns	

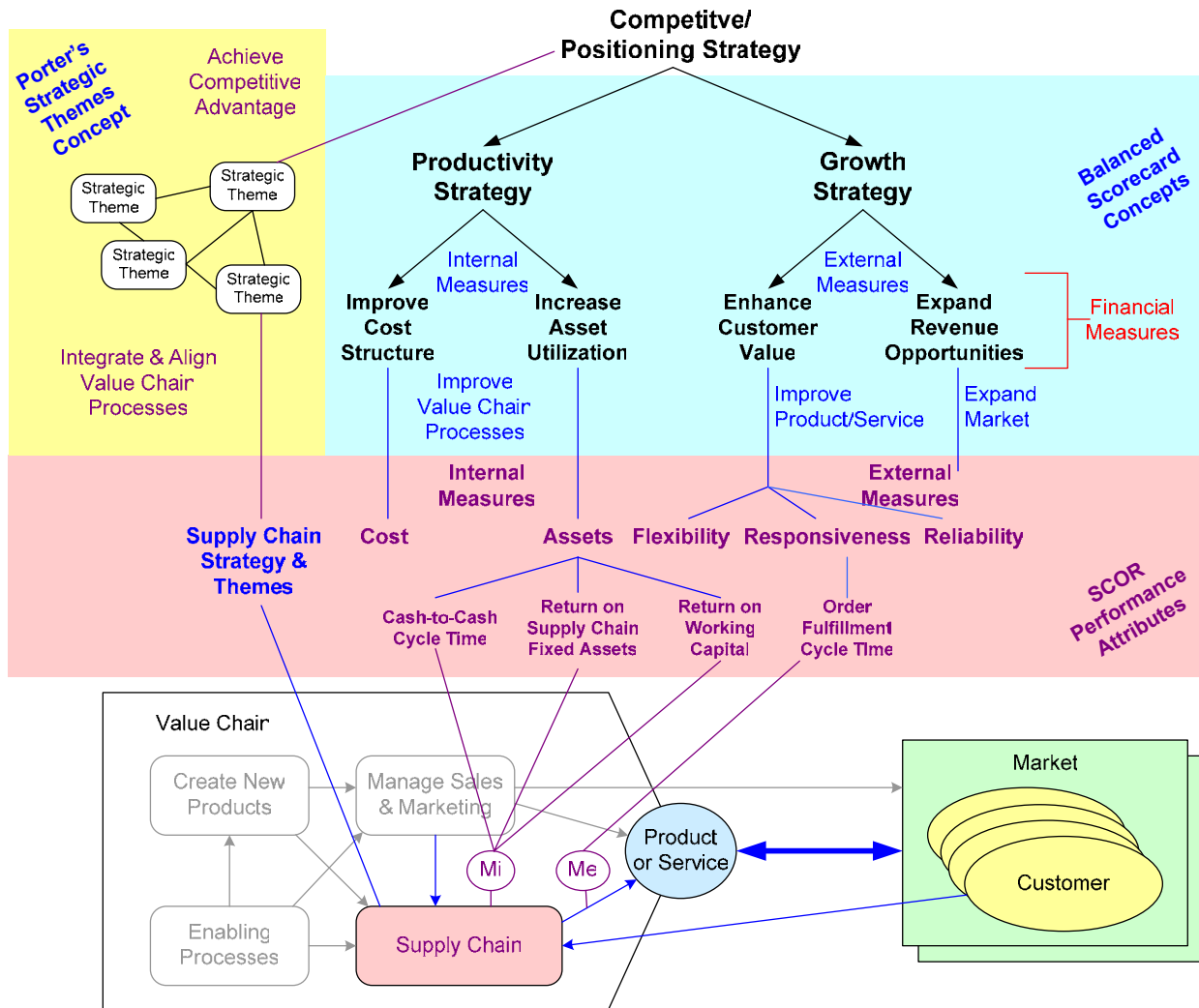


SCOR Benchmarks Provide Instant ROI

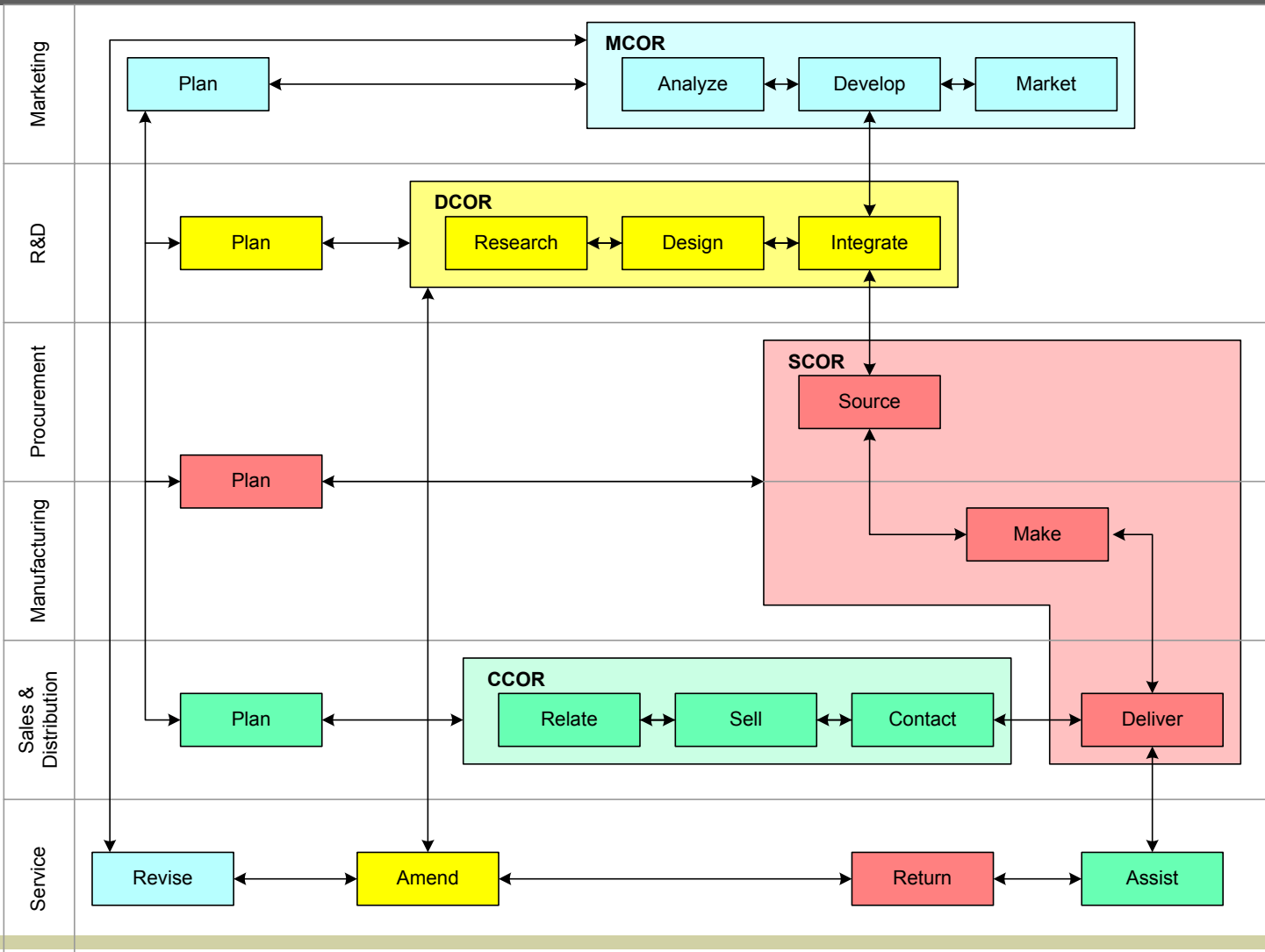
Supply Chain SCORcard

Supply Chain SCORcard				Industry Benchmarks			Value from Improvements
Overview Metrics	SCOR Level 1 Metrics	Actual	Parity	Advantage	Superior		
EXTERNAL	Supply Chain Reliability	Delivery Performance to Commit Date	50%	85%	90%	95%	
		Fill Rates	63%	94%	96%	98%	
		Perfect Order Fulfillment	0%	80%	85%	90%	\$30M Revenue
	Responsiveness	Order Fulfillment Lead Times	35 days	7 days	5 days	3 days	\$30M Revenue
	Flexibility	Supply Chain Response Time	97 days	82 days	55 days	13 days	Key enabler to cost and asset improvements
		Production Flexibility	45 days	30 days	25 days	20 days	
INTERNAL	Cost	Total SCM Management Cost	19%	13%	8%	3%	\$30M Indirect Cost
		Warranty Cost	NA	NA	NA	NA	NA
		Value Added Employee Productivity	NA	\$156K	\$306K	\$460K	NA
	Assets	Inventory Days of Supply	119 days	55 days	38 days	22 days	NA
		Cash-to-Cash Cycle Time	196 days	80 days	46 days	28 days	\$7 M Capital Charge
		Net Asset Turns (Working Capital)	2.2 turns	8 turns	12 turns	19 turns	NA

Balanced Scorecard and SCOR Measures



■ SCOR+ Towards a Complete Value Chain

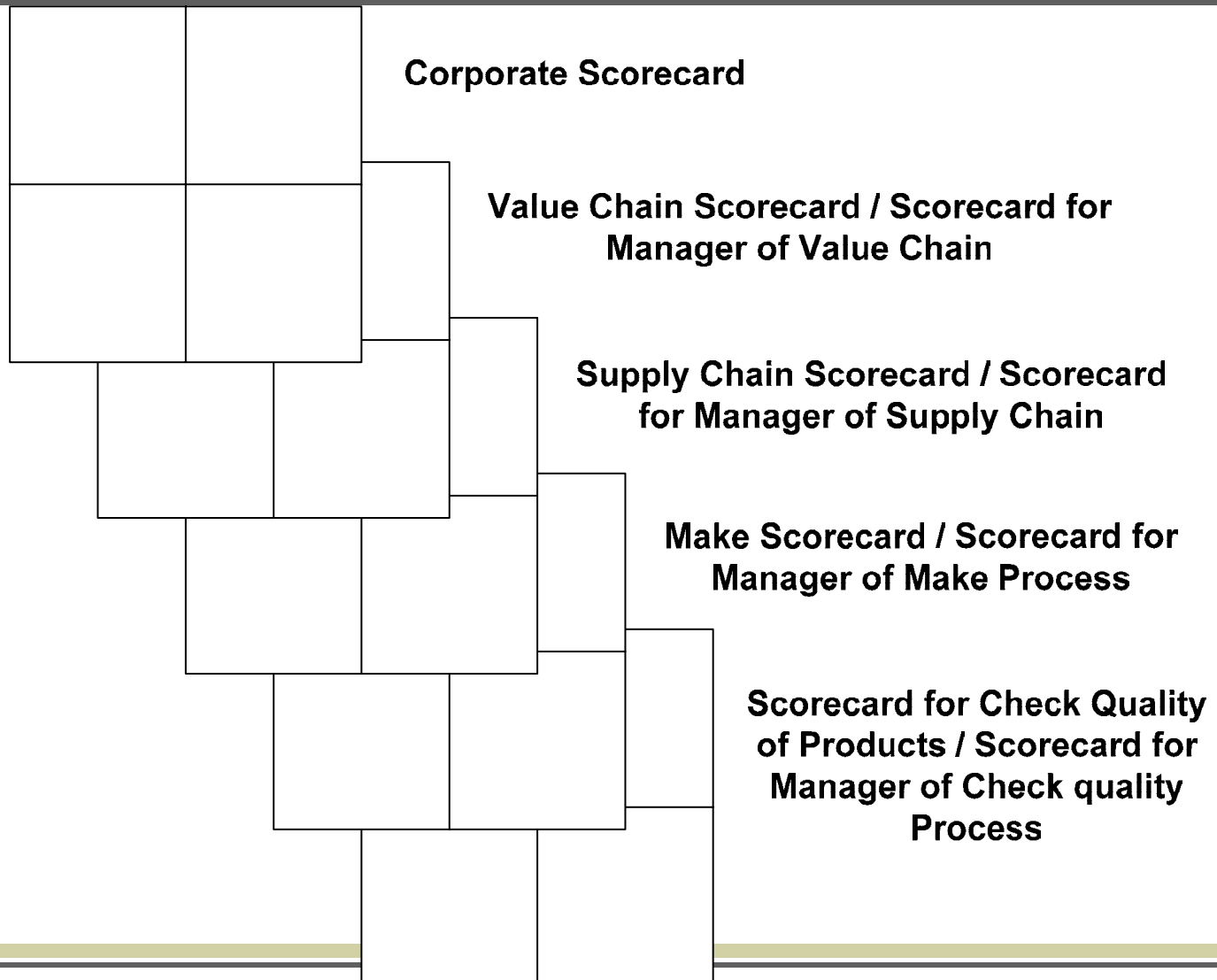


■ Kaplan and Norton's Balanced Scorecard

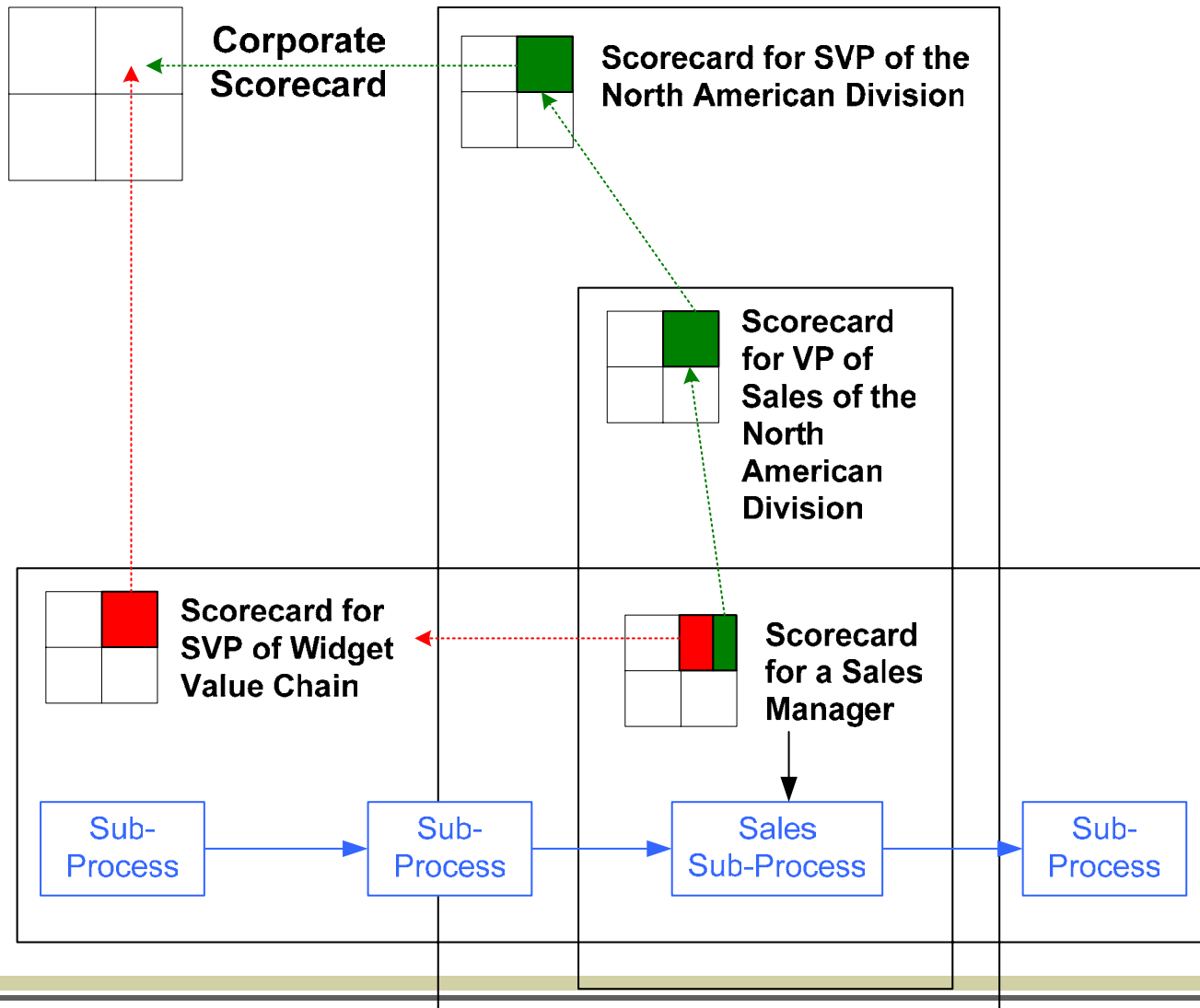
ECI's Balanced Business Scorecard			
Financial Perspective		Internal Business Perspective	
Goals	Measures	Goals	Measures
Survive	Cash flow	Technology capability	Manufacturing geometry vs. competition
Succeed	Quarterly sales growth & operating income by division	Manufacturing experience	Cycle time, Unit cost, Yield
Prosper	Increased market share and ROE	Design productivity	Silicon efficiency, Engineering efficiency
		New product introduction	Actual introduction schedule vs. plan
Innovation & Learning Perspective		Customer Perspective	
Goals	Measures	Goals	Measures
Technology leadership	Time to develop next generation	New products	Percent of sales from new products, Percent of sales from proprietary products
Manufacturing learning	Process time to maturity	Response supply	On-time delivery (defined by customer)
Product focus	Percent of products that equal 80% sales	Preferred supplier	Share of key accounts' purchases, Ranking by key accounts
Time to market	New product interdiction vs. competition	Customer partnership	Number of cooperative engineering efforts



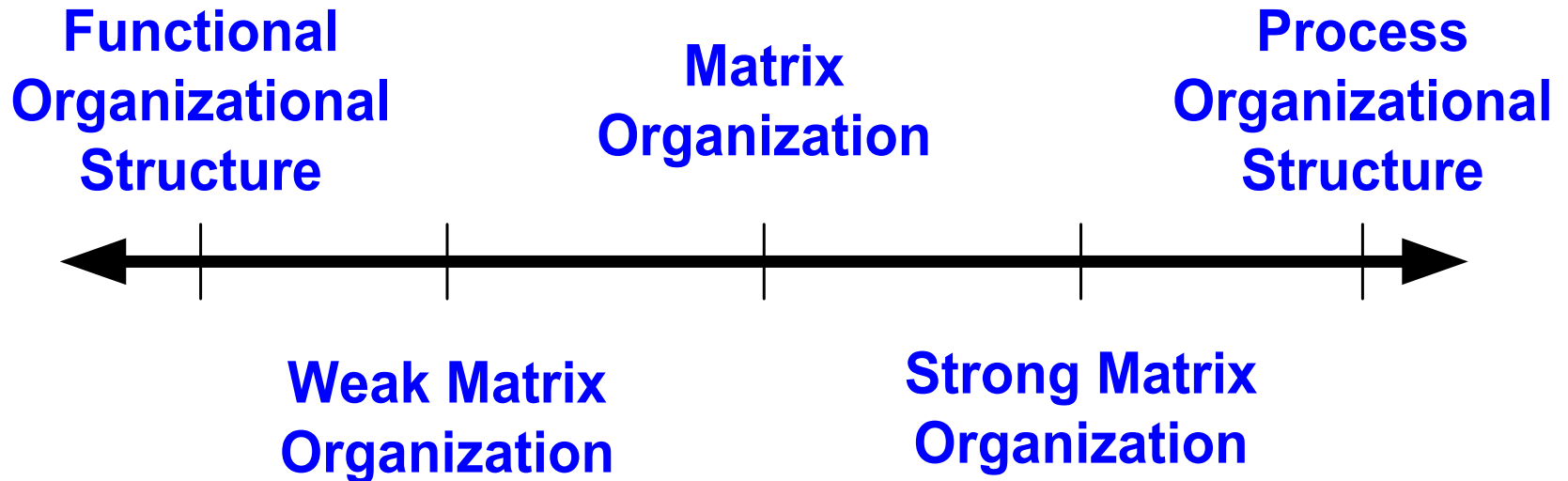
■ Scorecard, Processes, & Process Managers



Branching Scorecard Systems



■ What is the Organizational Structure?

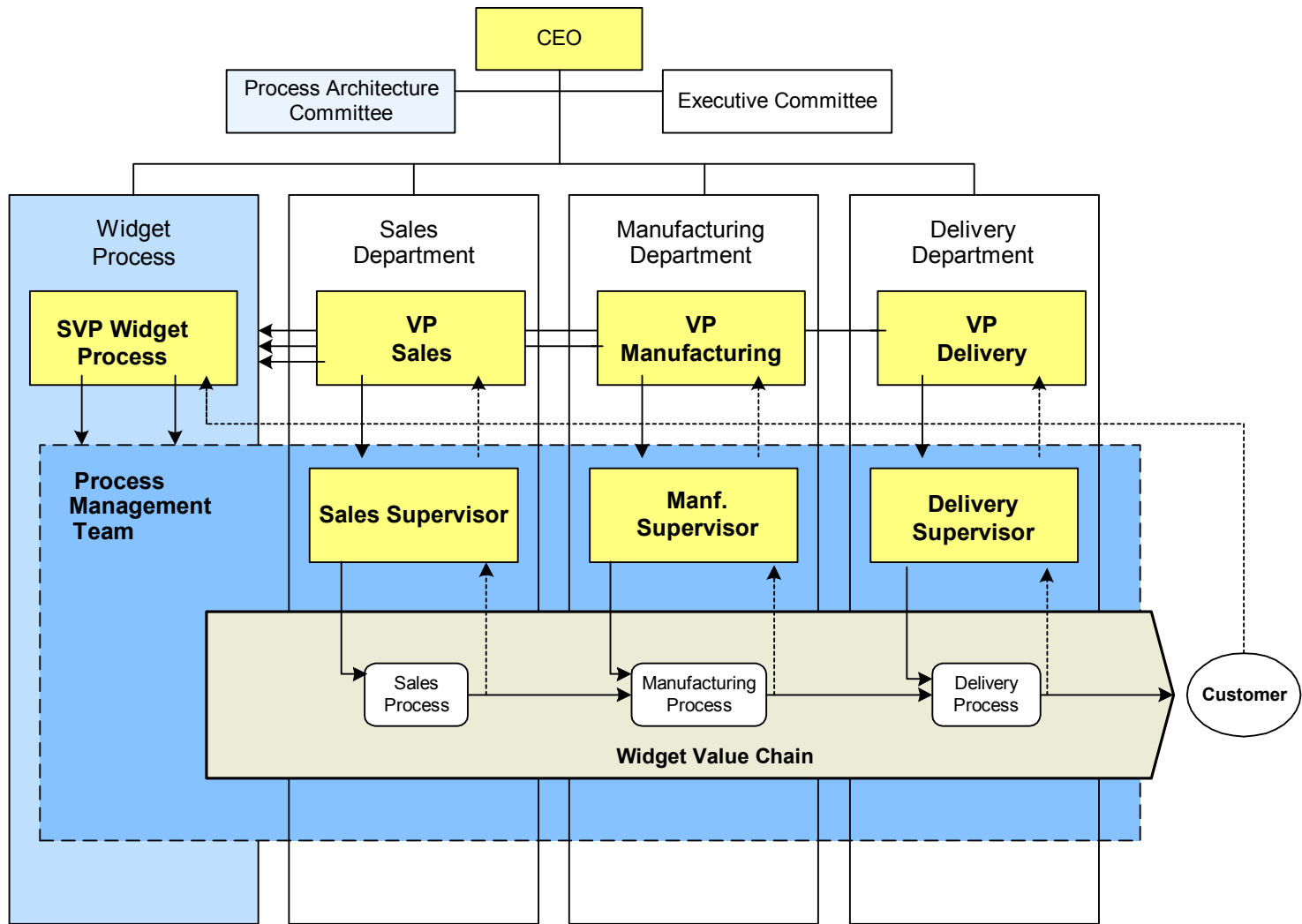


- Who owns the resources?
- Who owns the budget?
- Is there a dedicated group of project managers?

Project Management Institute's
Classification of the Five Organizational Types



■ Coordinating the Management of Processes

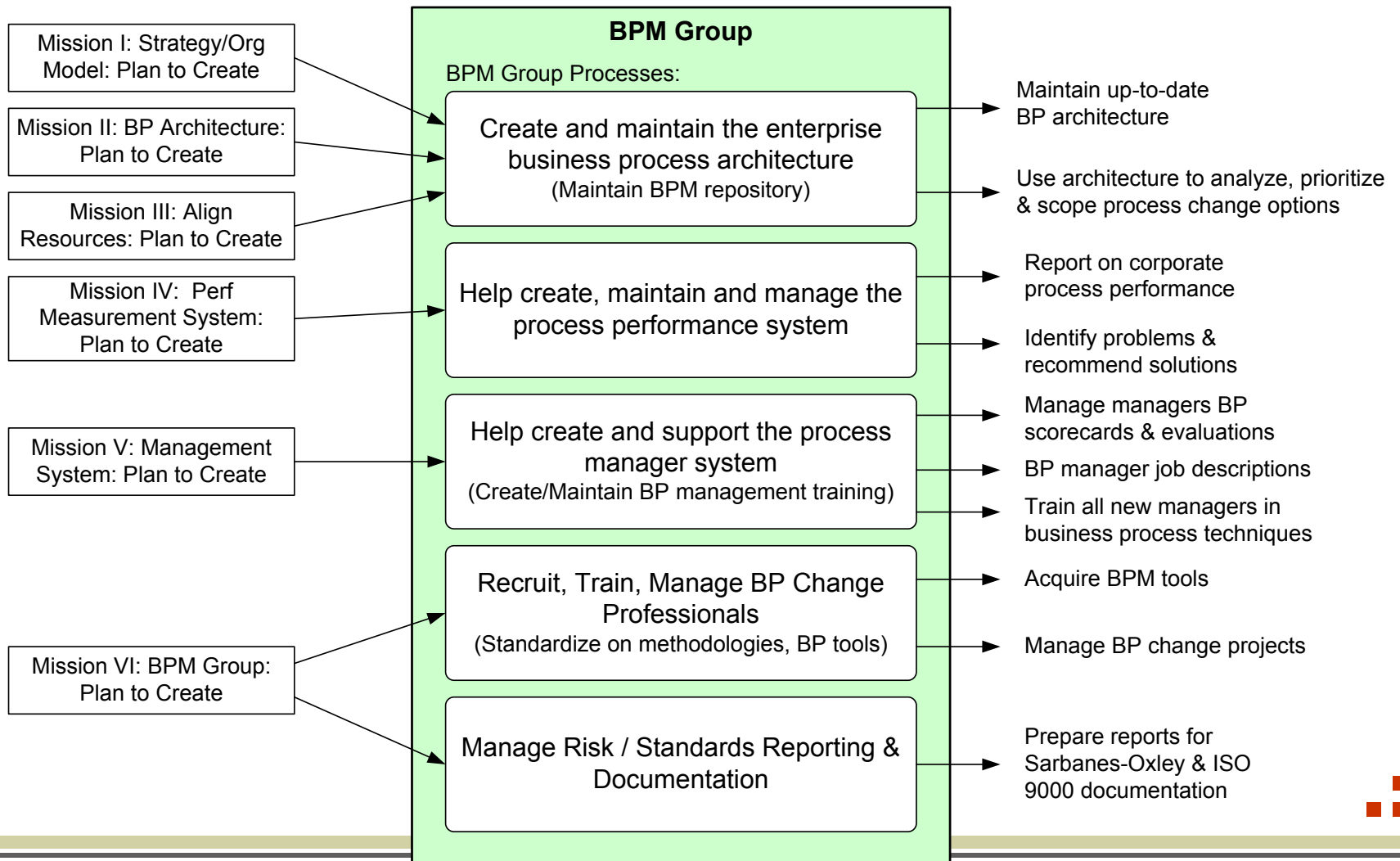


■ Your BPM Driver

- Any major Enterprise Level BPM effort requires the strong support of the CEO
- In most companies, a major BPM effort is organized around a “Driver” that gives impetus and focus to the effort
 - Winning the Baldrige Award
 - Establishing a More Efficient Performance Measurement System
 - Embracing Six Sigma Effort Companywide
 - Overtaking a Competitor
 - Installing a Single Instance of SAP

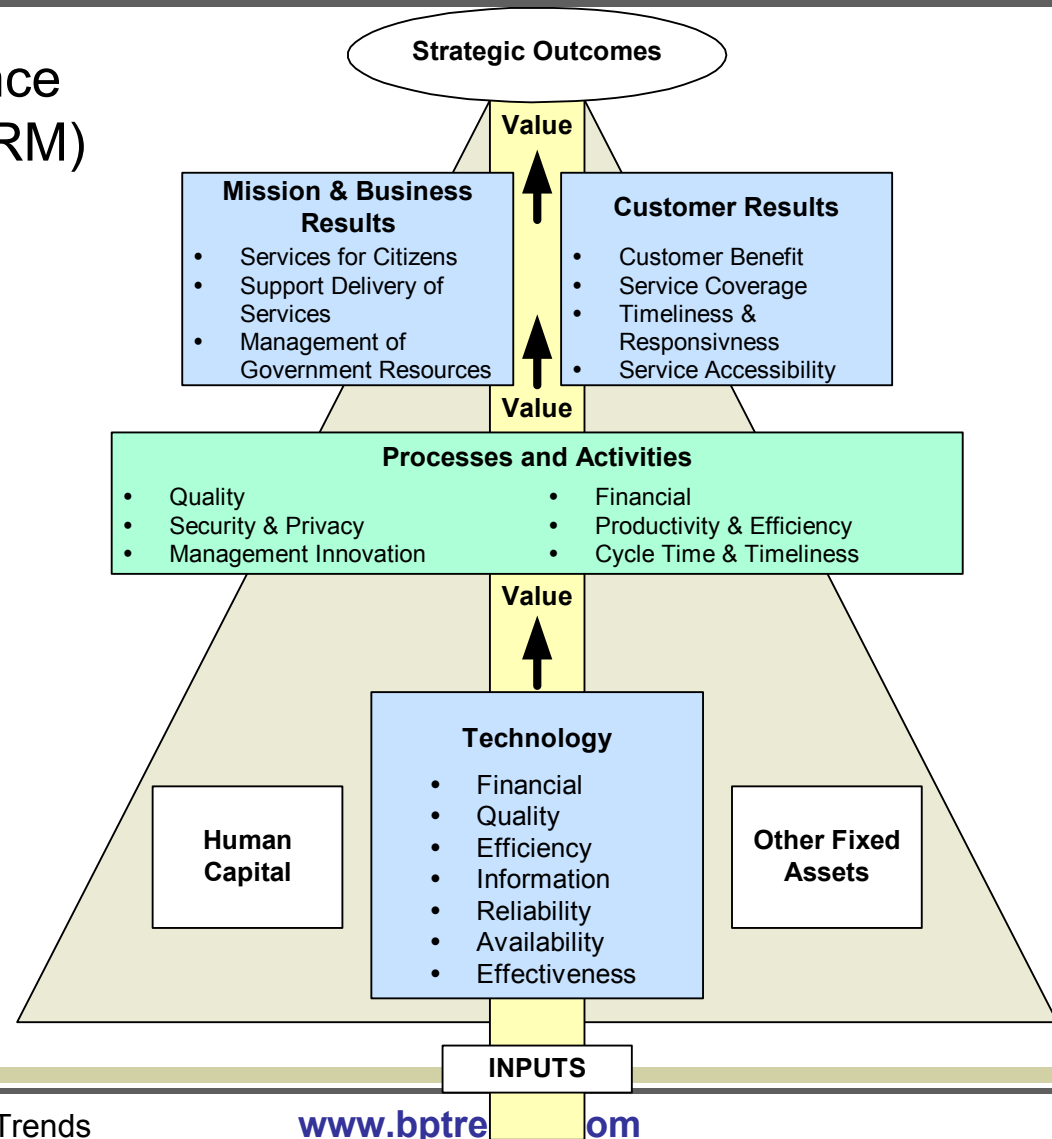


The BPM Group



US Federal Enterprise Architecture Framework (FEAF)

The FEAF Performance Reference Model (PRM)



■ Trends in Business Process Management

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- **Level 2: Process Level Trends**
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■ Key Process Level Considerations

2.1 The Process Level Focuses on Projects

2.2 Approaches to Process Change

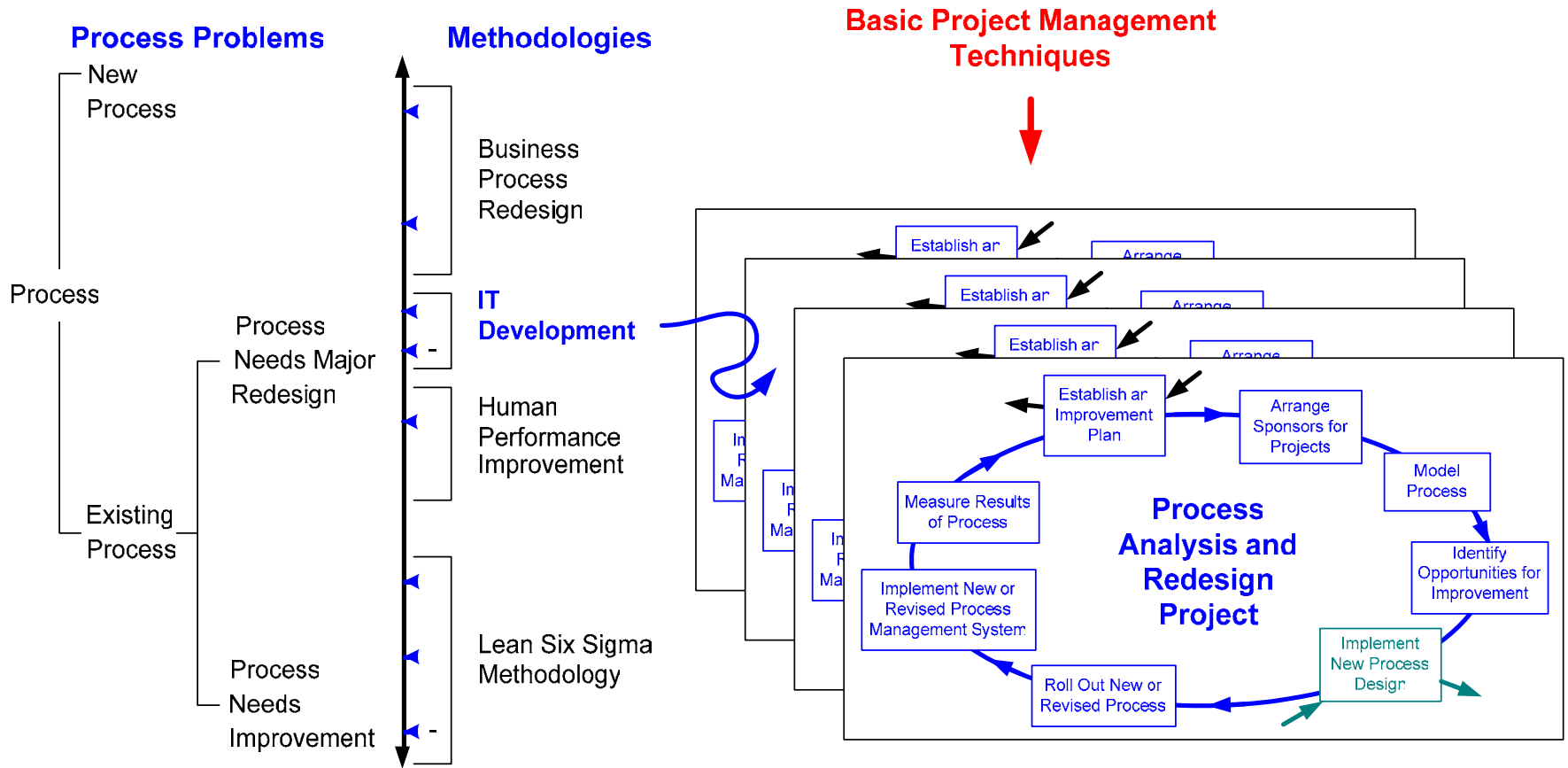
2.3 Process Change Gaps

2.4 Specific Problems and Analytic Techniques

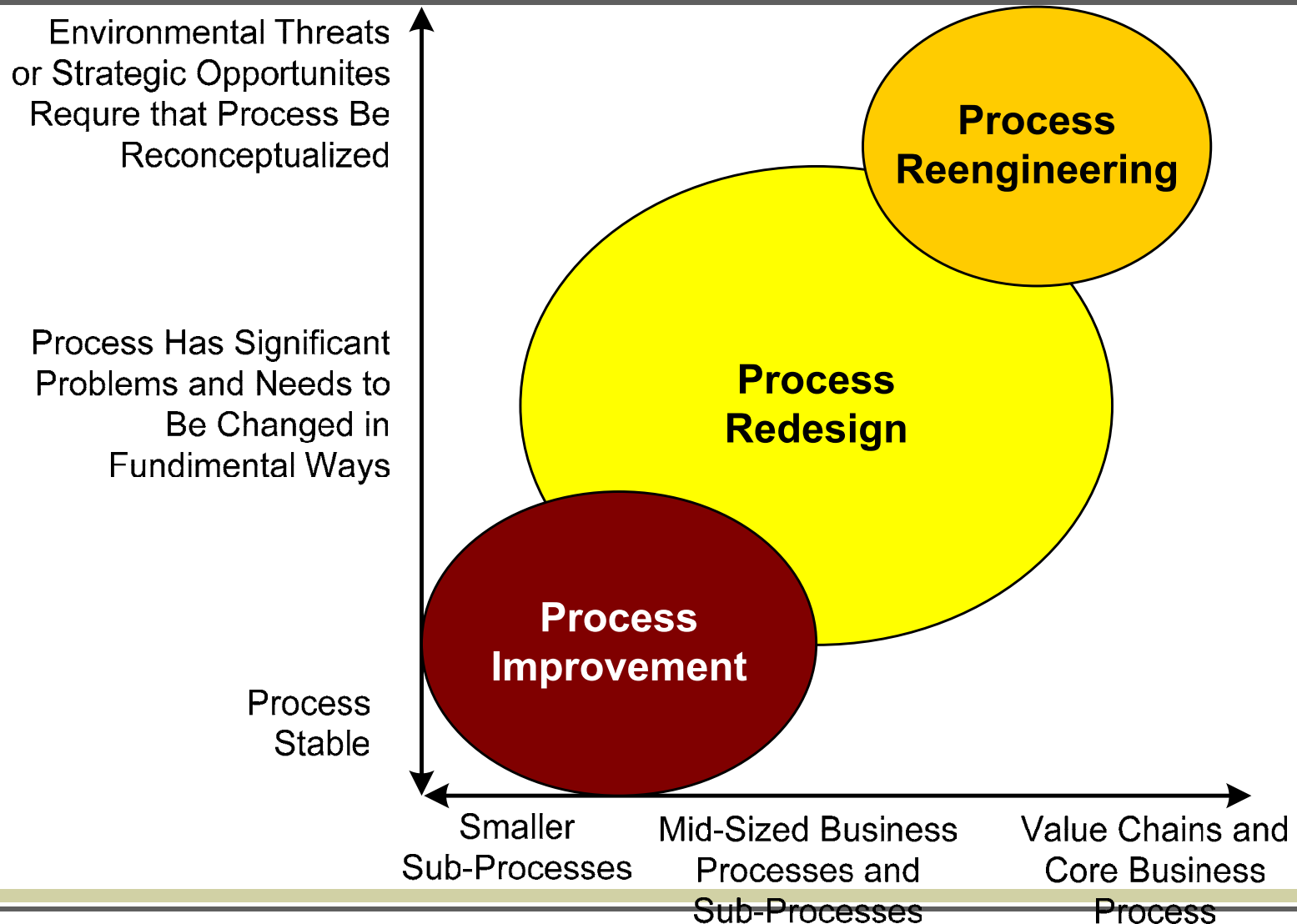
2.5 Lean Six Sigma



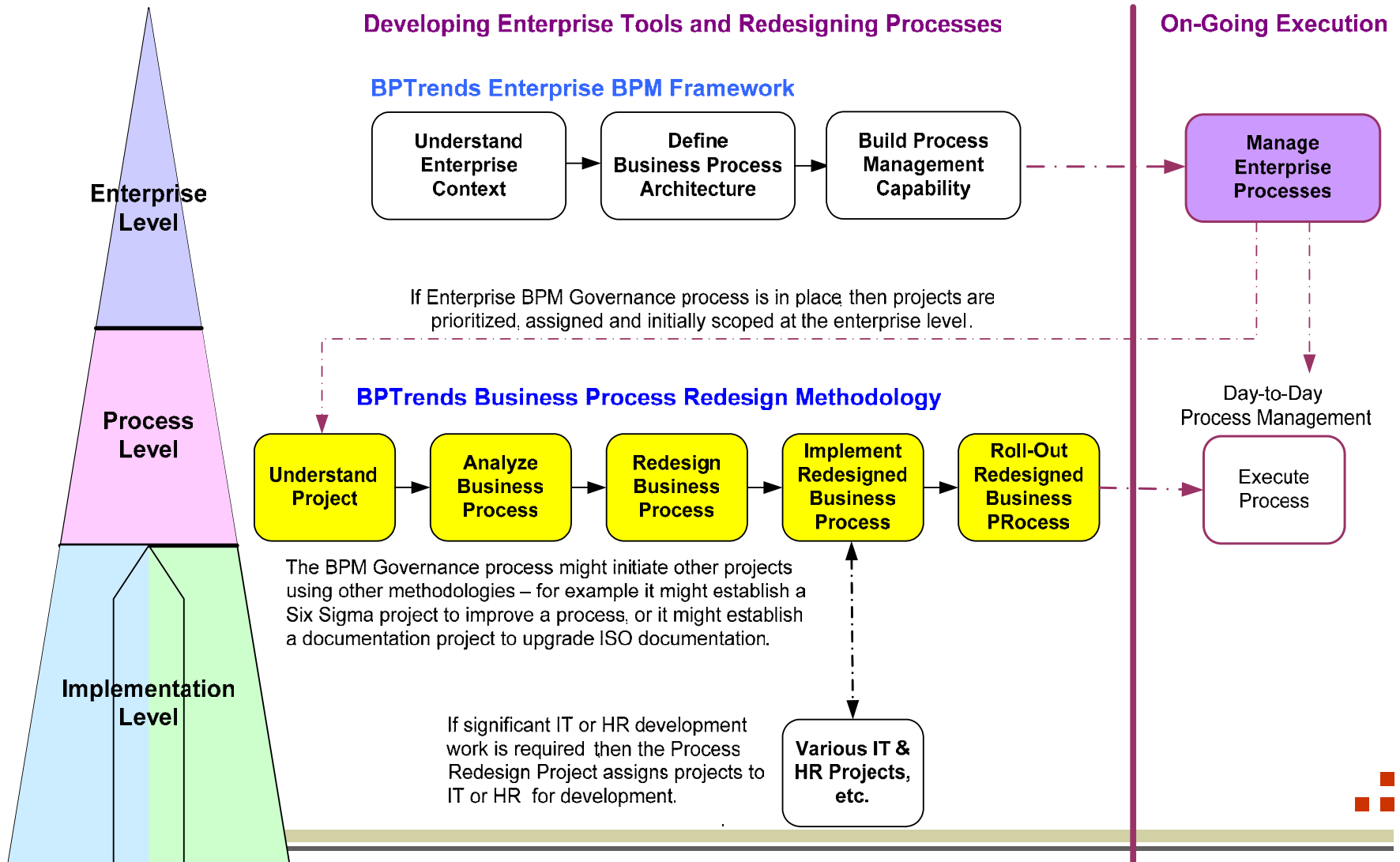
The Process Level Combines Projects and Methodologies



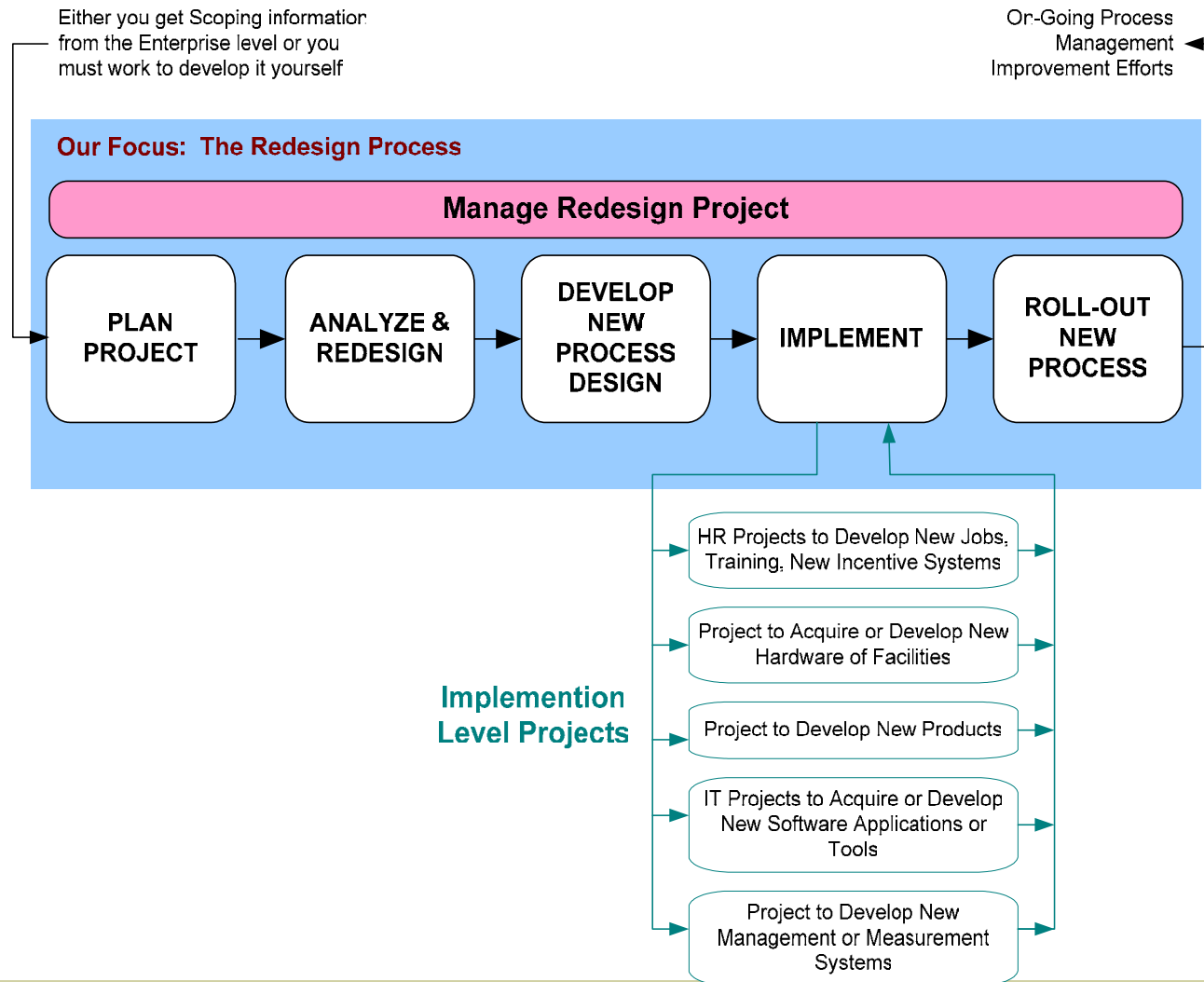
BPR Methodologies



The BPTrends Associates BPM Methodology



A Successful Project Needs to Be Managed

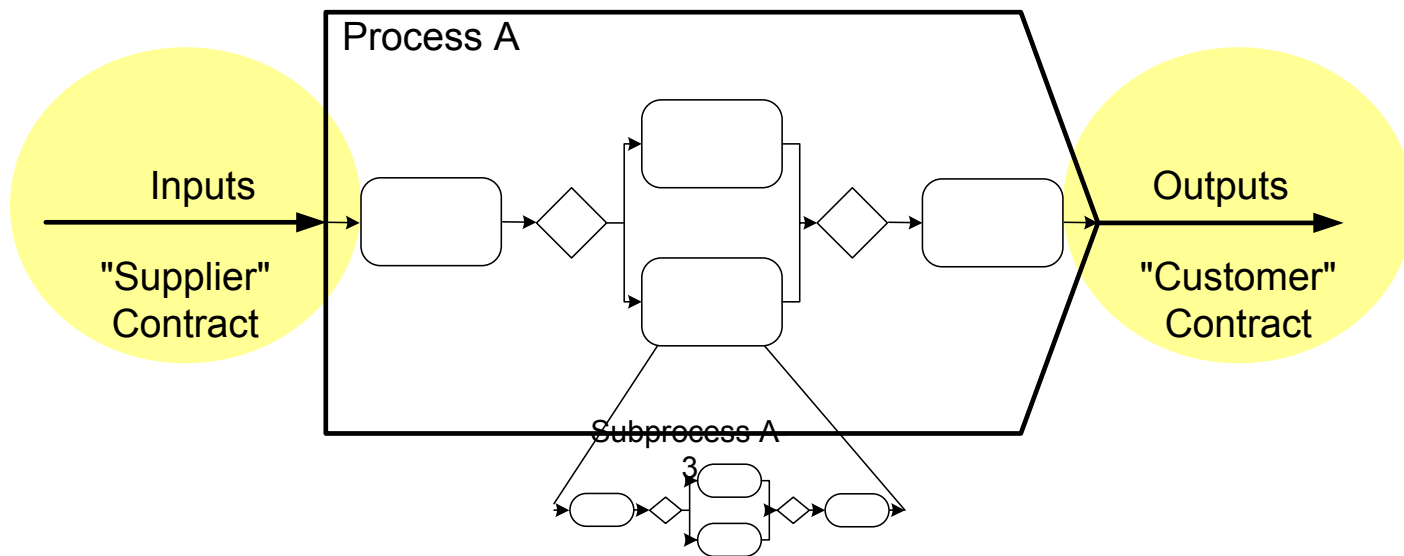


■ High-Level Process Problems

Process Measures:

External Measures: Quality and Timeliness

Internal Measures: Output-to-Cost and Cycle Time



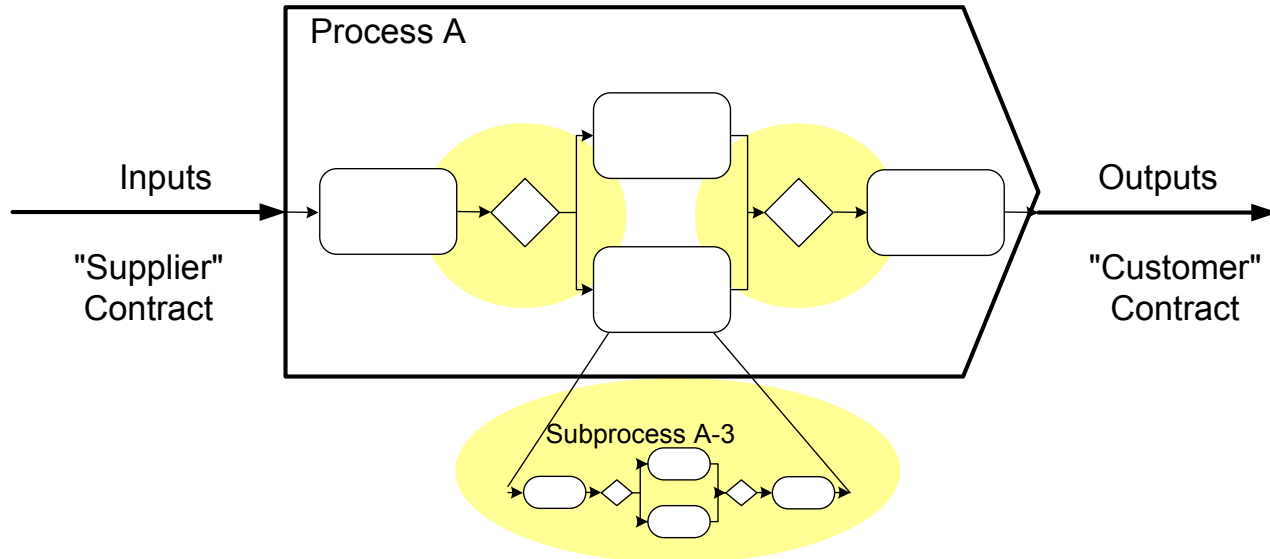
- 1. Boundary of Process (What's included and what isn't)**
- 2. Strategy of Process (What's it trying to accomplish)**
- 3. Input/Outputs Clearly Specified (Contracts)**
- 4. Are Customers Satisfied with Quality and Timeliness?**

■ Mid-Level Process Problems

Process Measures:

External Measures: Quality and Timeliness

Internal Measures: **Output-to-Cost and Cycle Time**



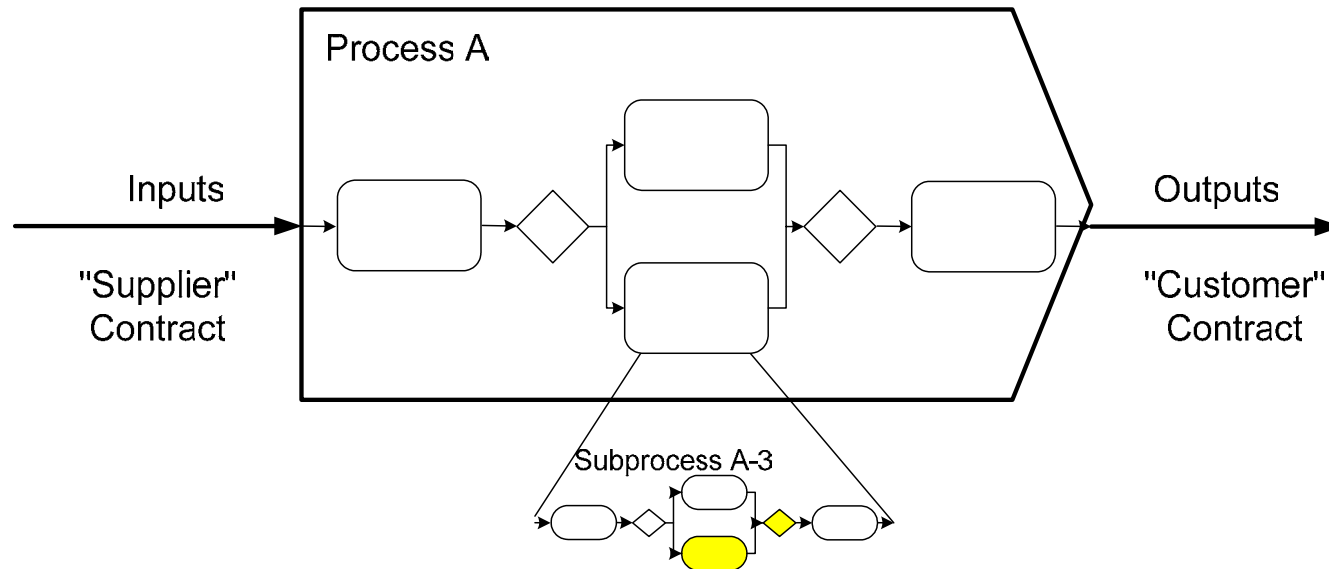
5. Smooth Flow Without Unnecessary Activities
6. Logical Decision Points and Clear Business Rules
7. Minimum Time for Activities and for Handoffs
8. All employees know and perform necessary activities
9. Automation used were helpful and responsive where used
- 10 Subprocess performance is well defined and acceptable

■ Activity and Task-Level Process Problems

Process Measures:

External Measures: Quality and Timeliness

Internal Measures: **Cost/Hour**



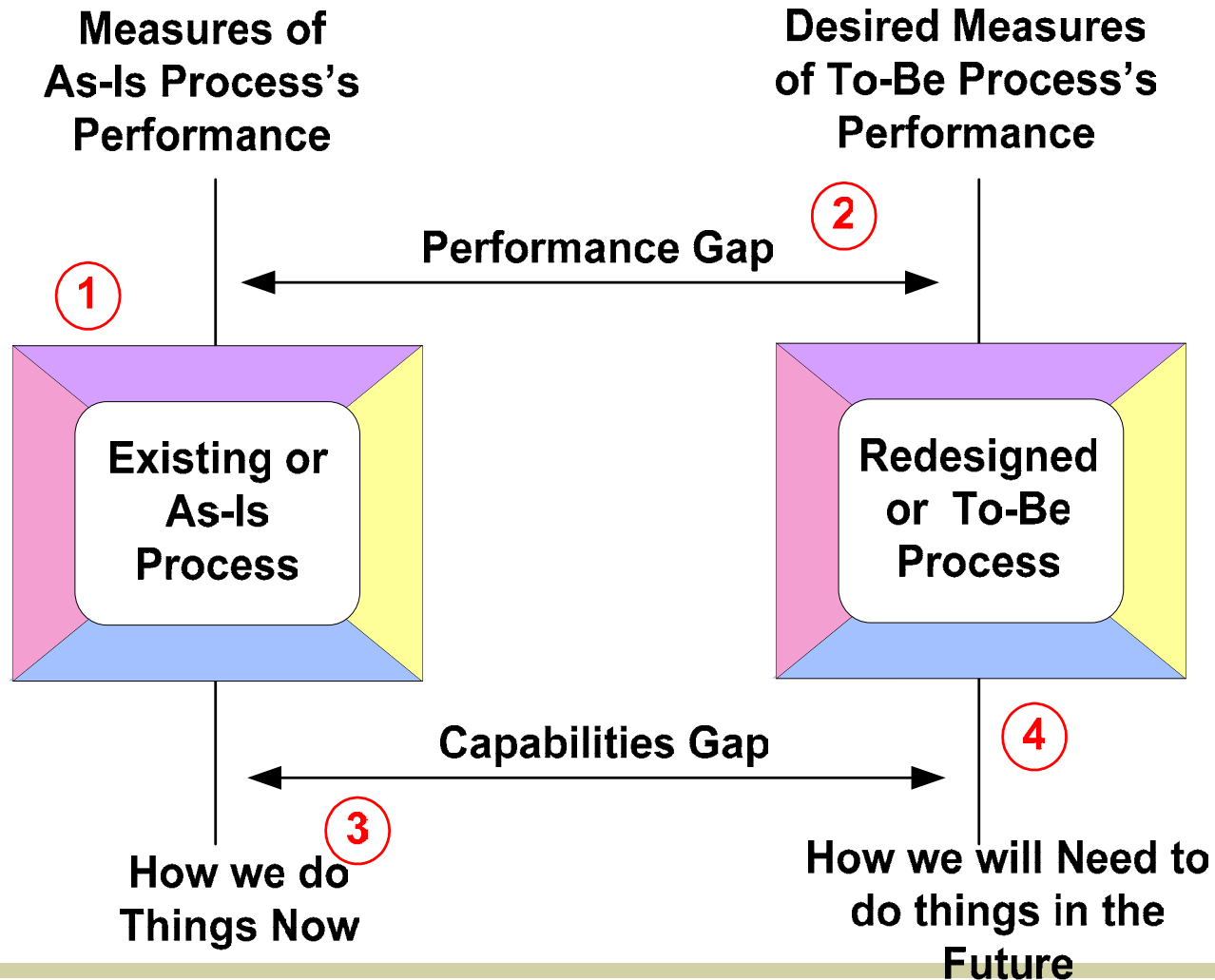
11. Improve efficiency and effectiveness of specific activities and specific decisions

12. Task Analysis, Procedure Analysis, Cognitive Task Analysis

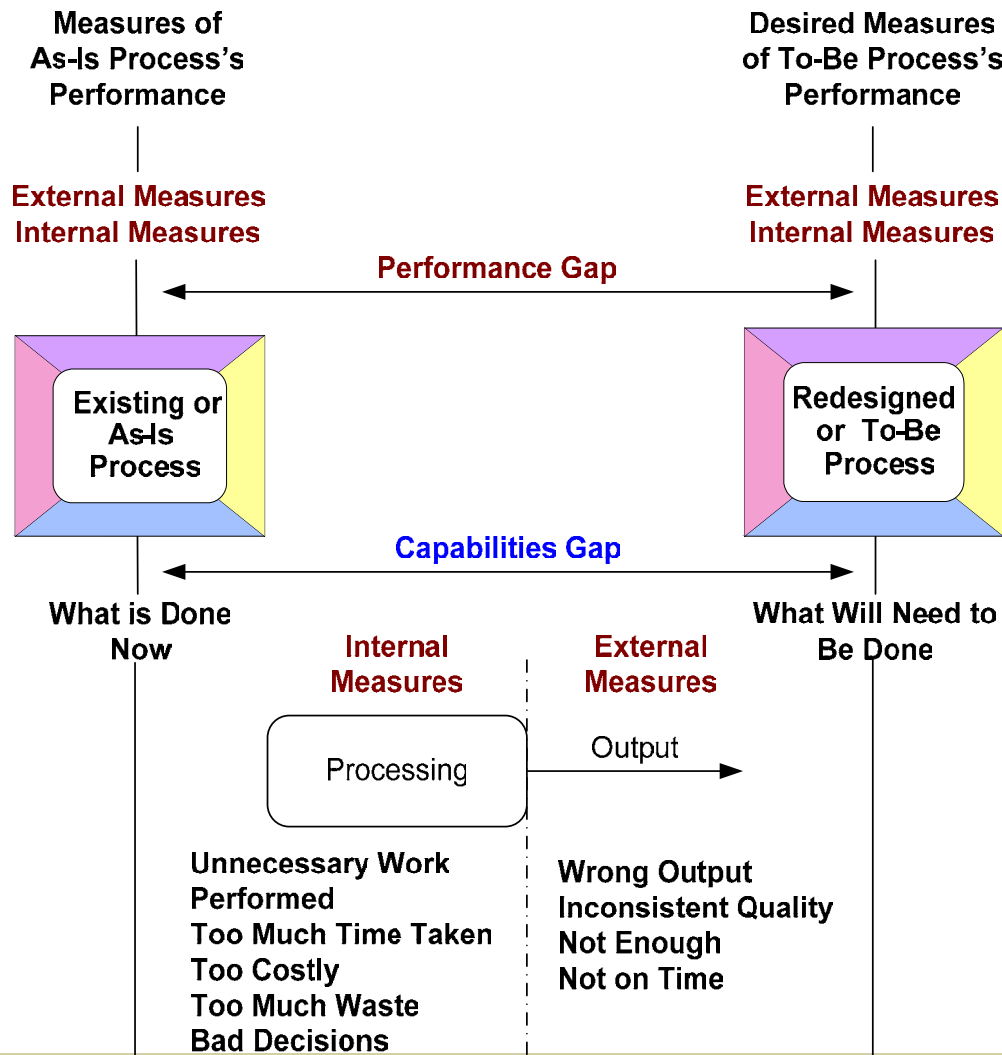
13. Studies of How Specific Performers Accomplish Tasks



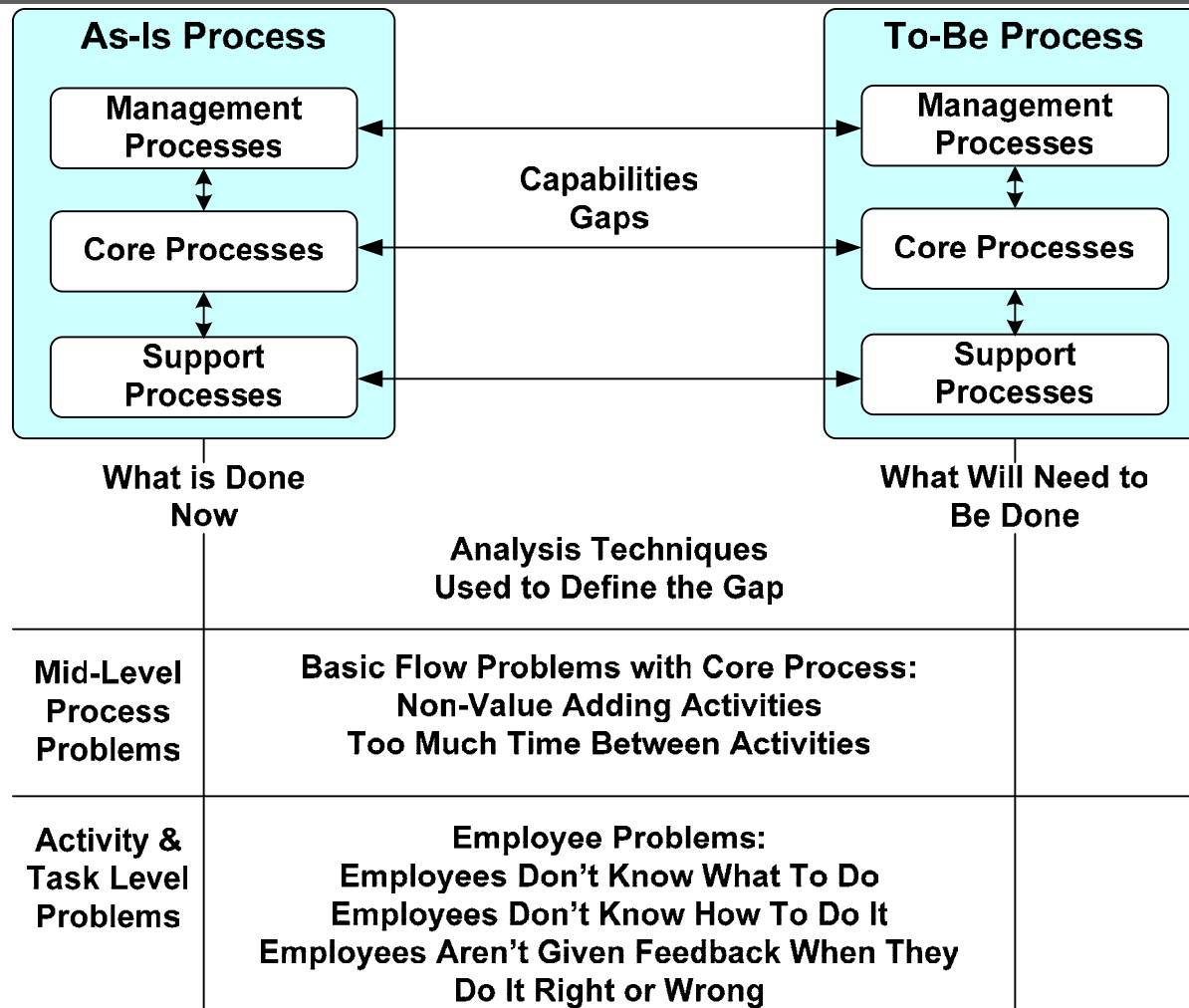
■ The Heart of Redesign: Finding and Eliminating Gaps



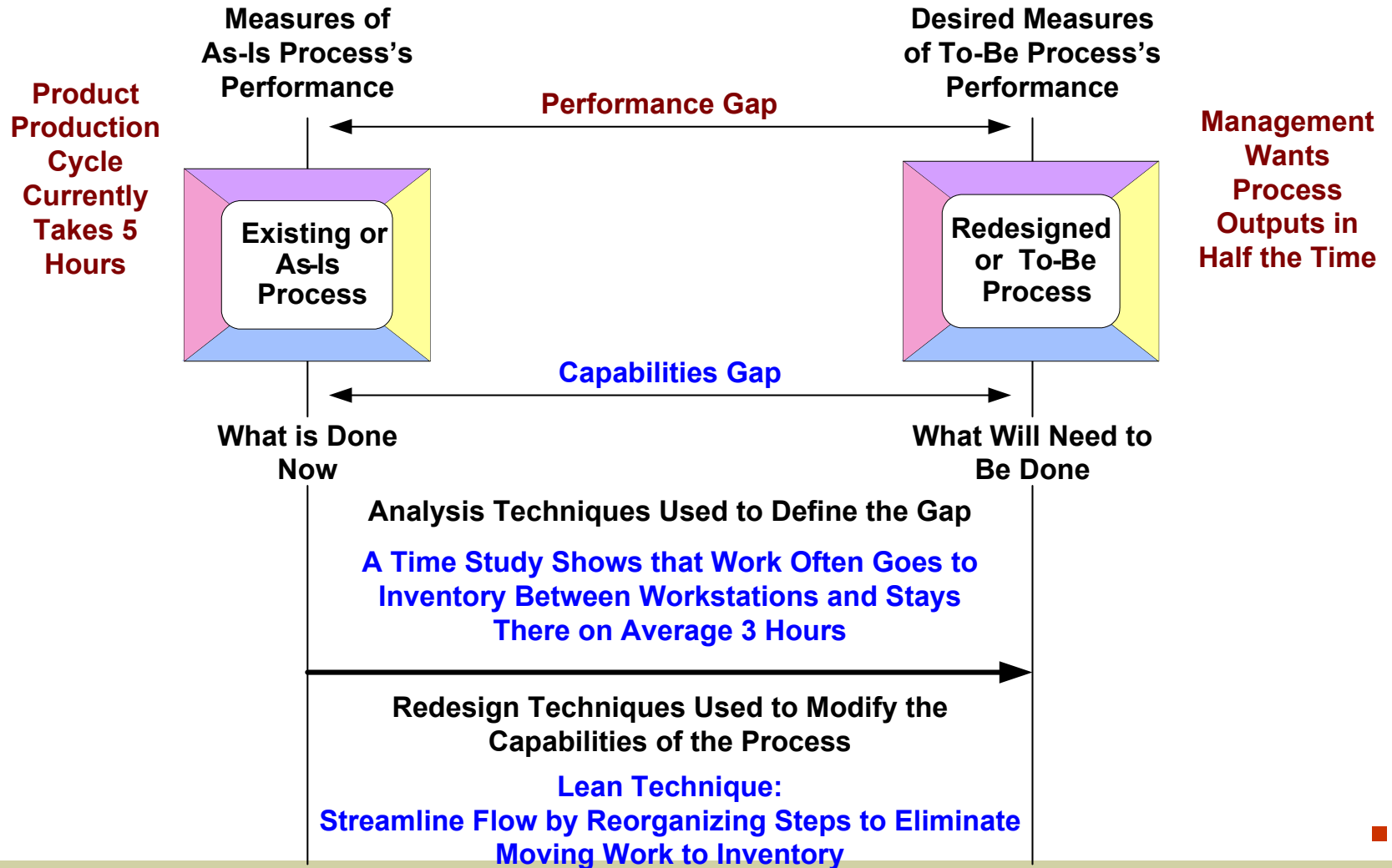
A Problem is a Difference Between What Is and What is Desired



Defining the Nature of the Gap

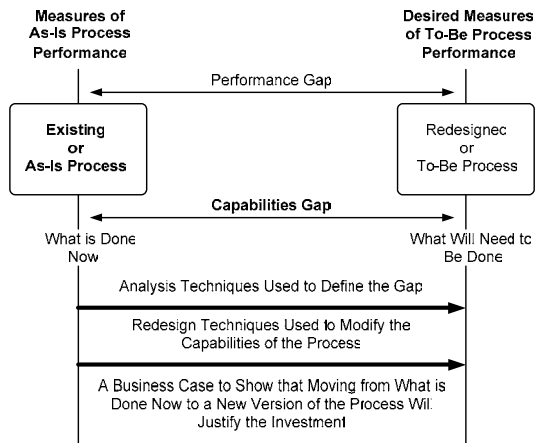


A Simple Example



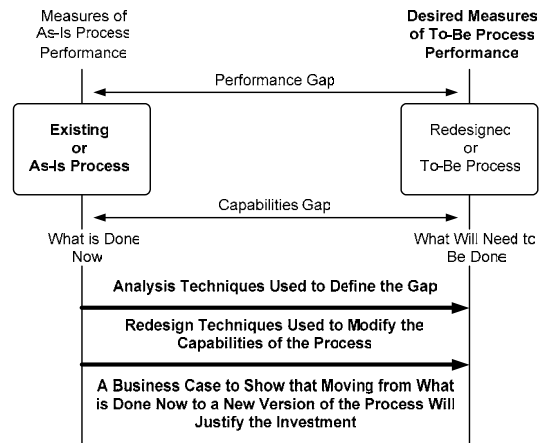
You Keep Working at Eliminating the Gap

Phase I: Plan Project



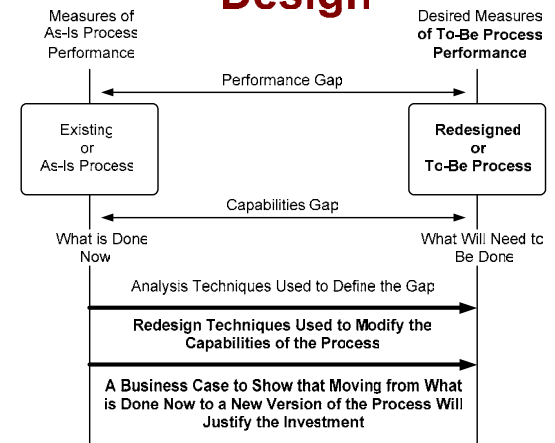
In Phase I you survey all elements in a general way to make an estimate about what is desired, whether its likely to be possible, and what it might likely cost. You seek to answer the question: Does it seem worthwhile to go further?

Phase II: Analyze & Redesign



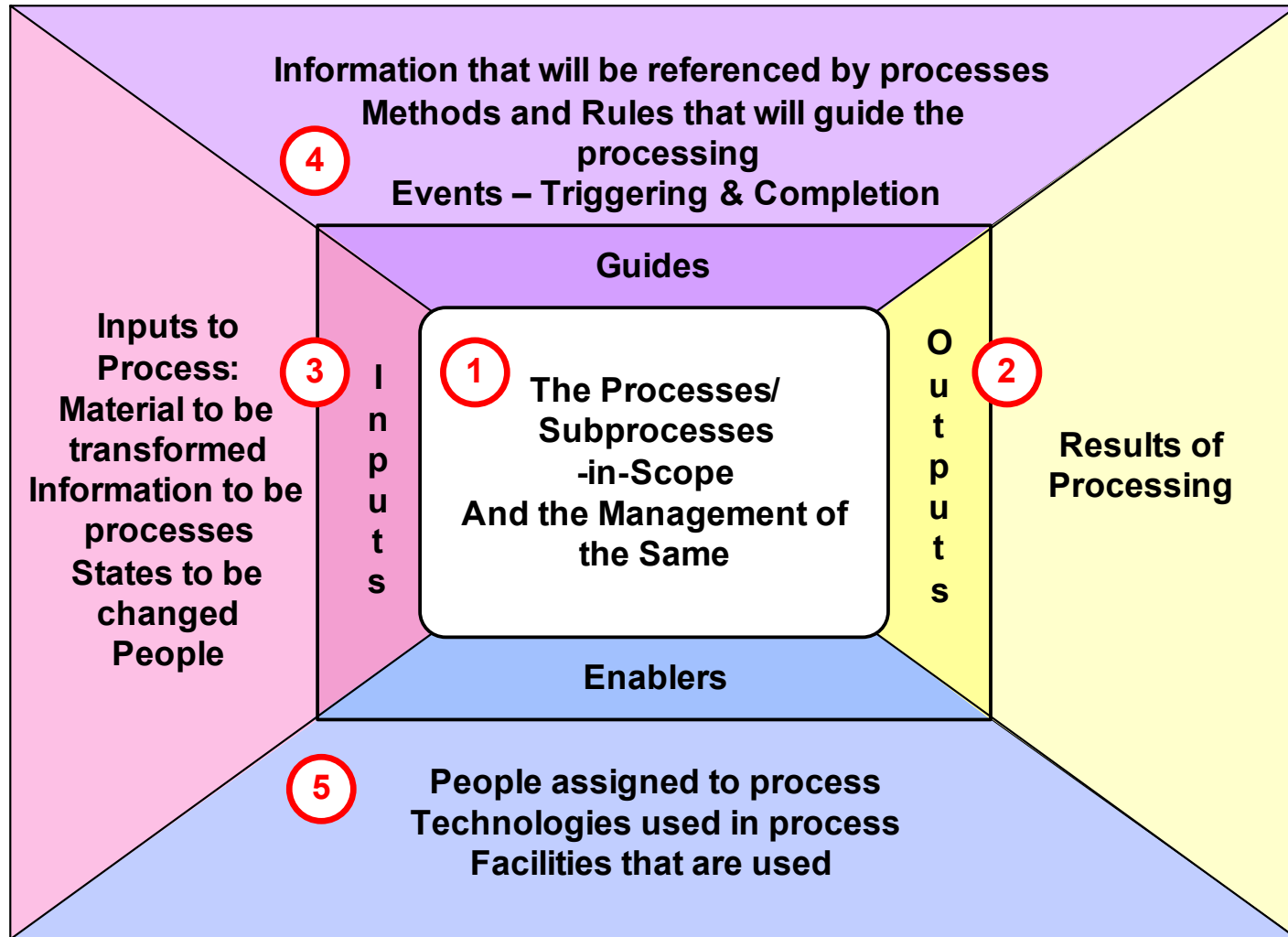
In Phase II you survey all elements in more detail. You analyze the gap in considerable detail, generate more specific solutions and get more specific about the business case. You seek to answer the question: What exactly would we try to do if we proceeded, what benefits would likely result and what would the redesign cost?

Phase III: Develop New Process Design

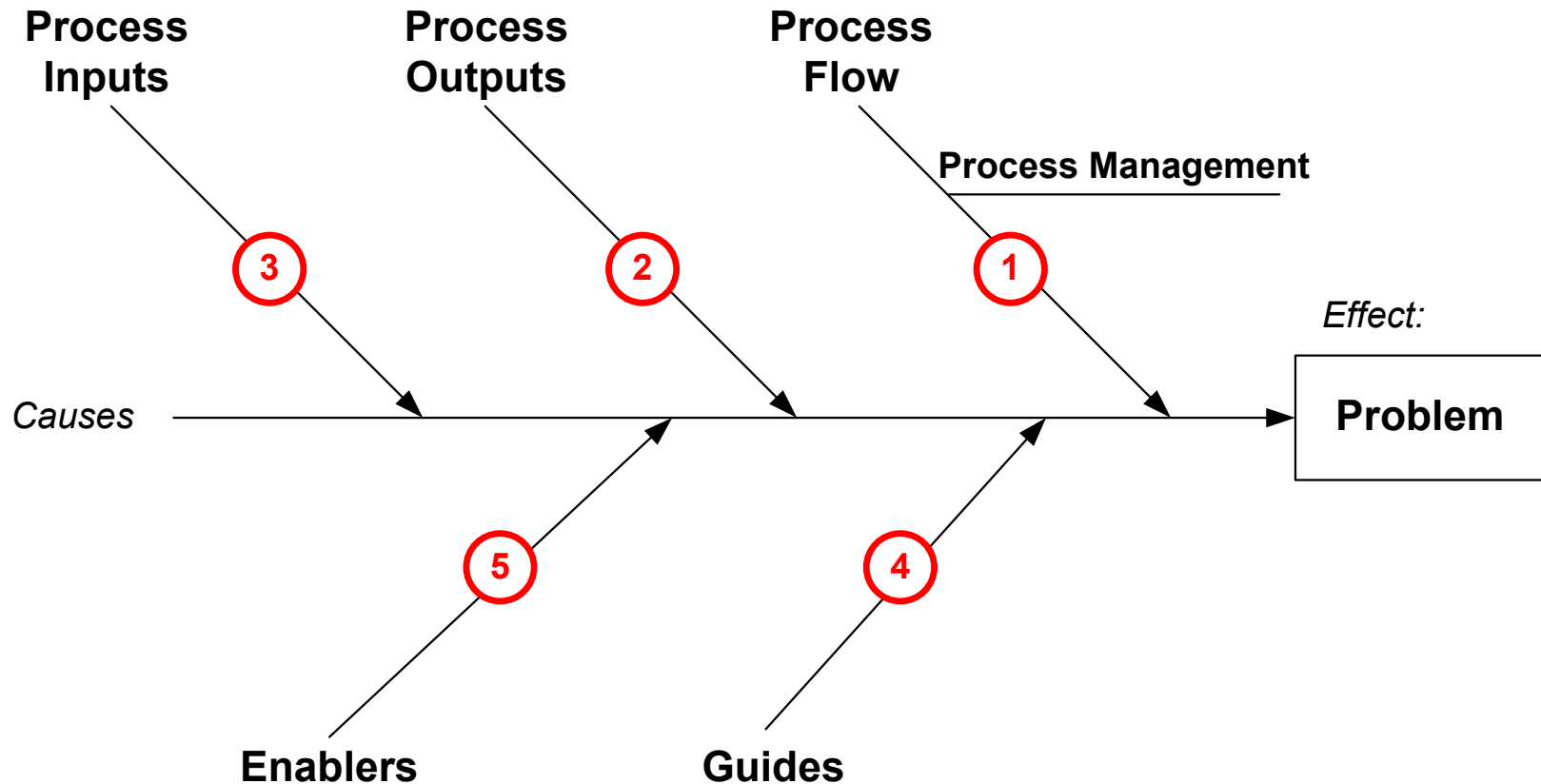


In Phase III you focus on defining exactly what changes you will make and how much each will cost. You plan any implementation efforts and estimate their costs so that you can make a very precise business case for doing the implementation.

■ The Five Areas of a Project Scoping Diagram

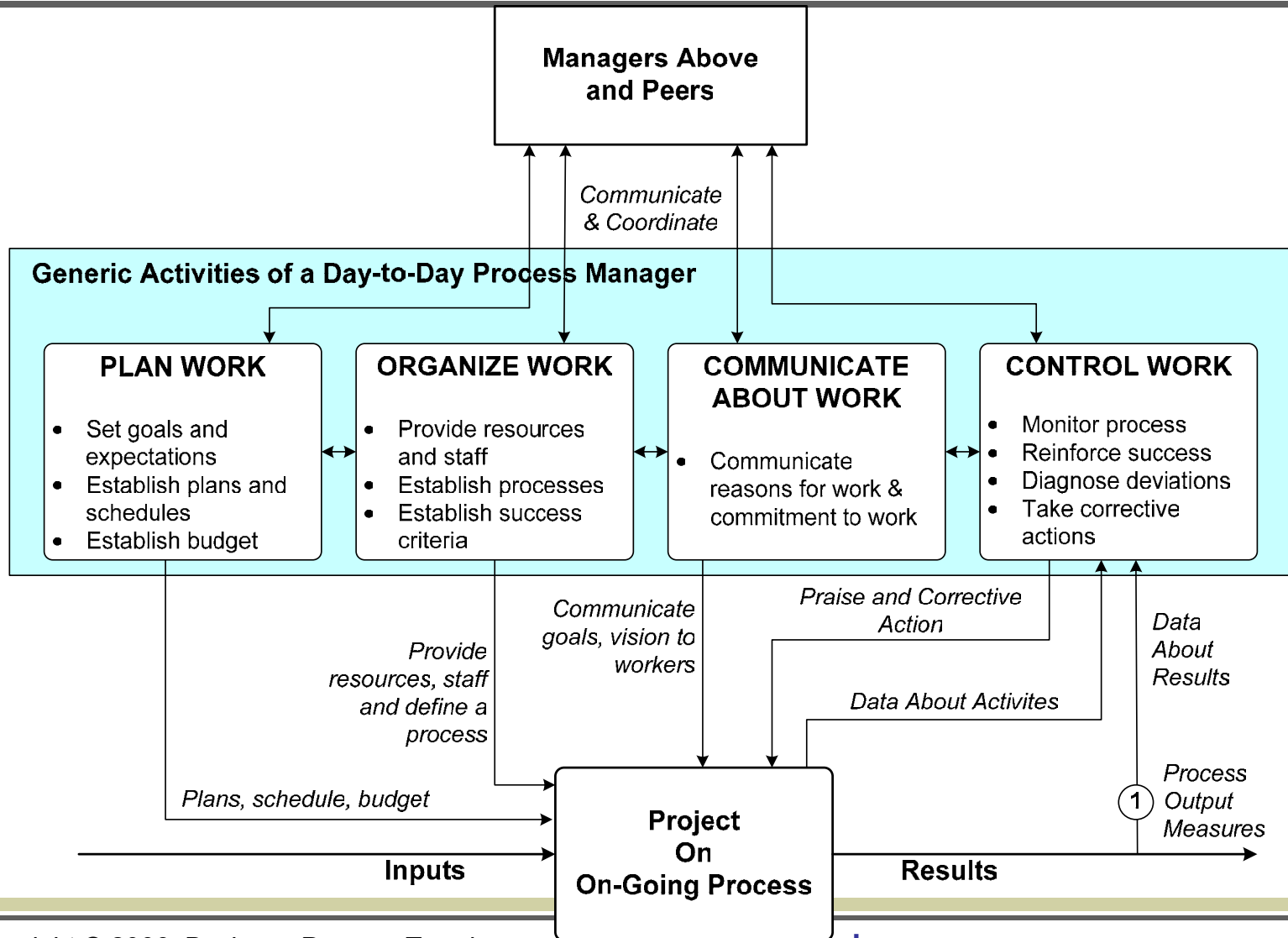


■ An IGOE is a Variation on a Cause-Effect Diagram

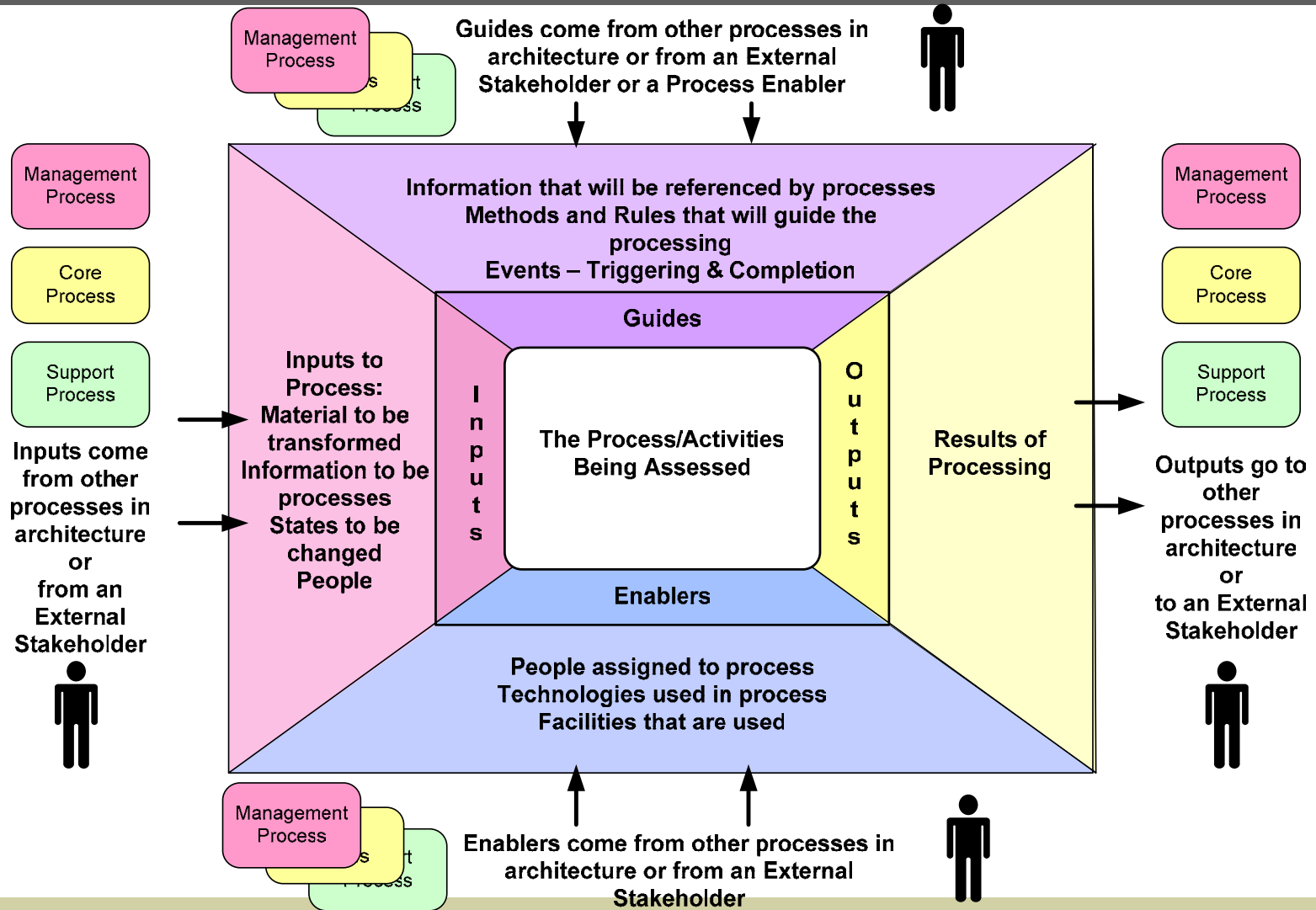


We simply find it easier to write in blacks than on fish bones and we can use the space in the center for simple flow diagrams

The Work of a Day-to-Day Process Manager

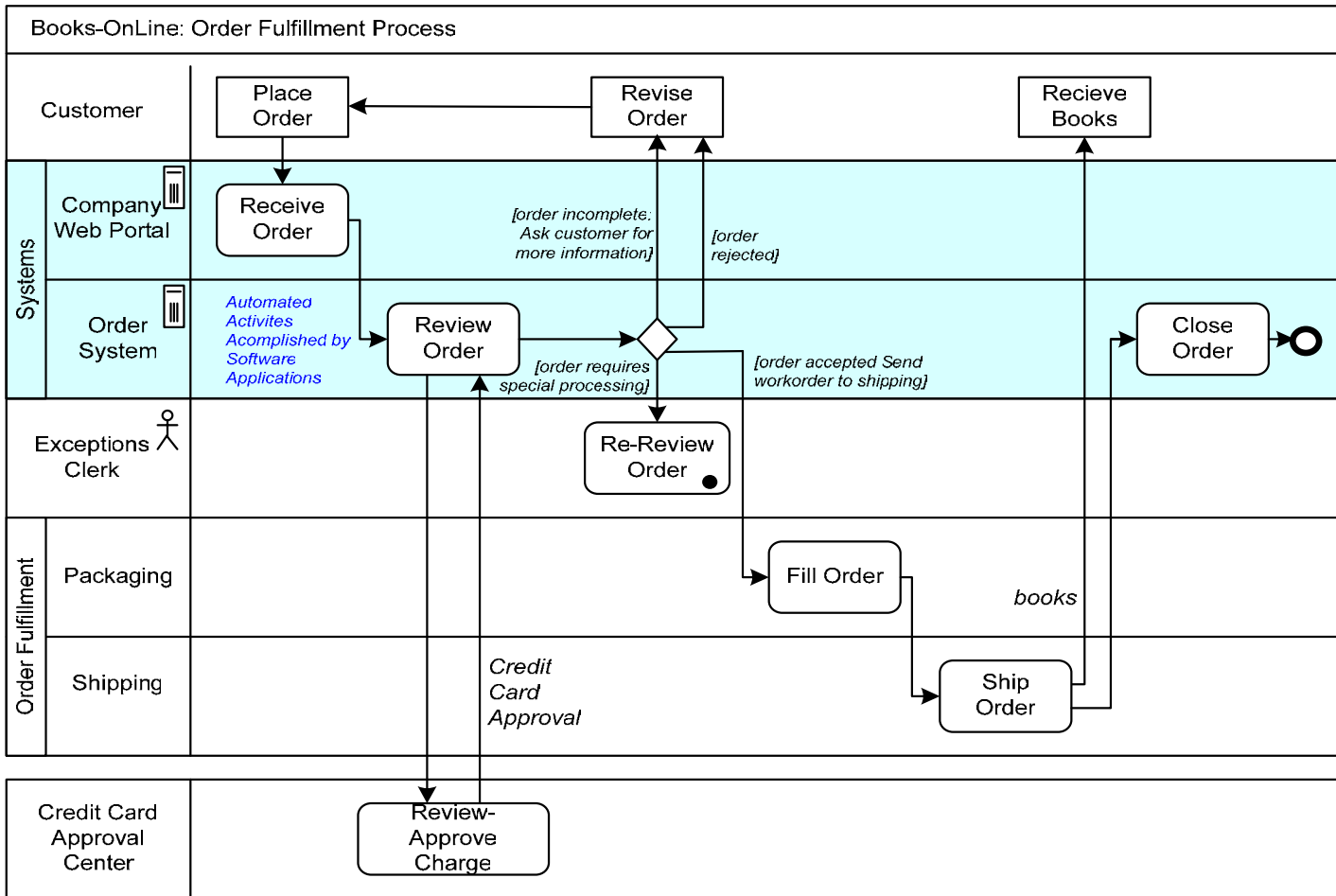


Processes Components & Interface Requirements

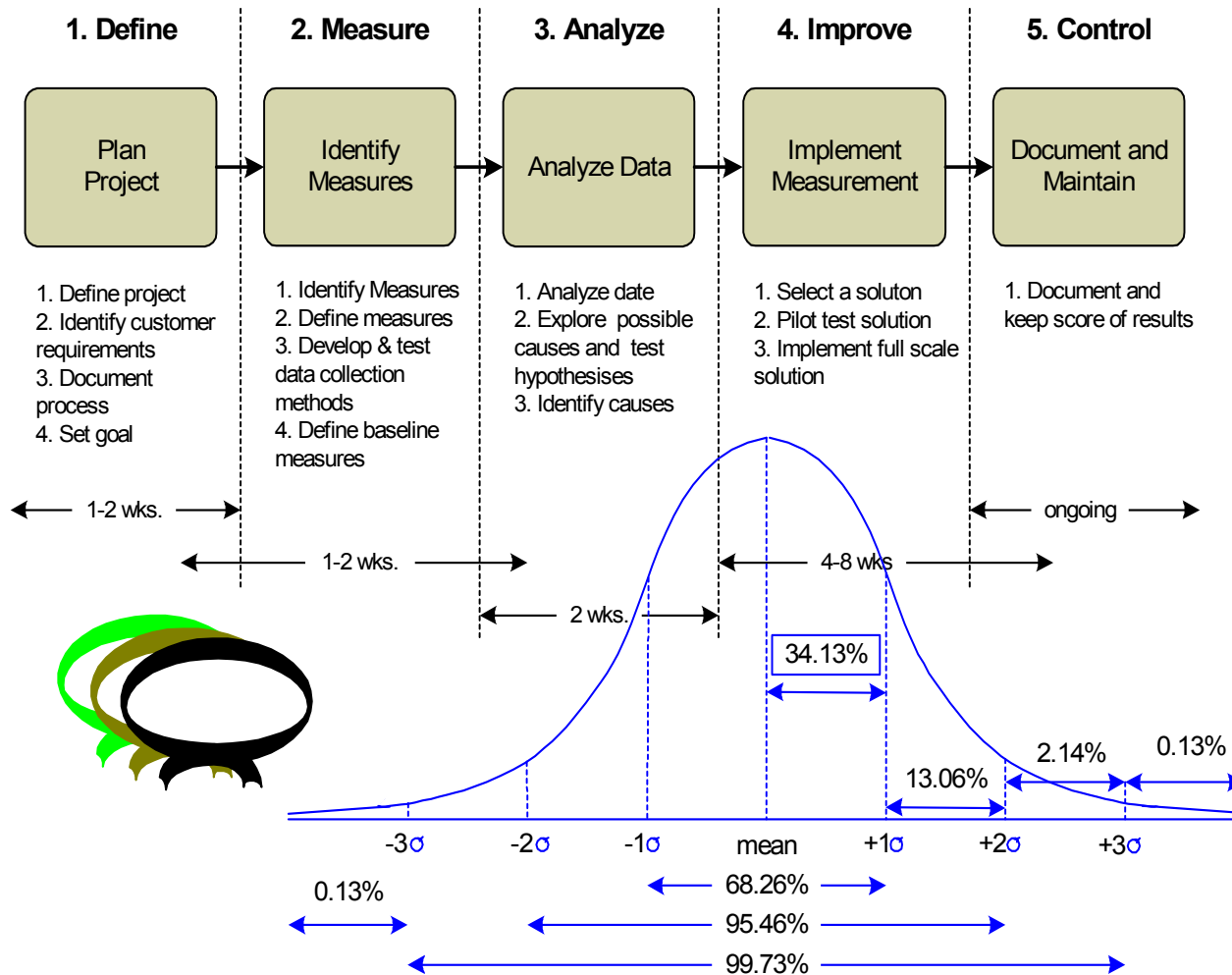


Business Process Notation

Rummler-Brache, UML Activity Diagrams, BPMN



■ Six Sigma at the Process Level: DMAIC



■ What's Impressive About Six Sigma

- The results it can achieve when it enters the organization with serious support from the CEO
 - Welch at GE tied each senior manager's bonus to Six Sigma results
- The rigor the program creates: Master Black Belts, Black Belts, Green Belts, etc.
- The techniques that have grown up around Six Sigma
- Its “sales” approach is based on calculations of money saved
 - A black belt costs \$50K to train and will generate \$250K of saving /year
- Despite the results there is no industry standards group

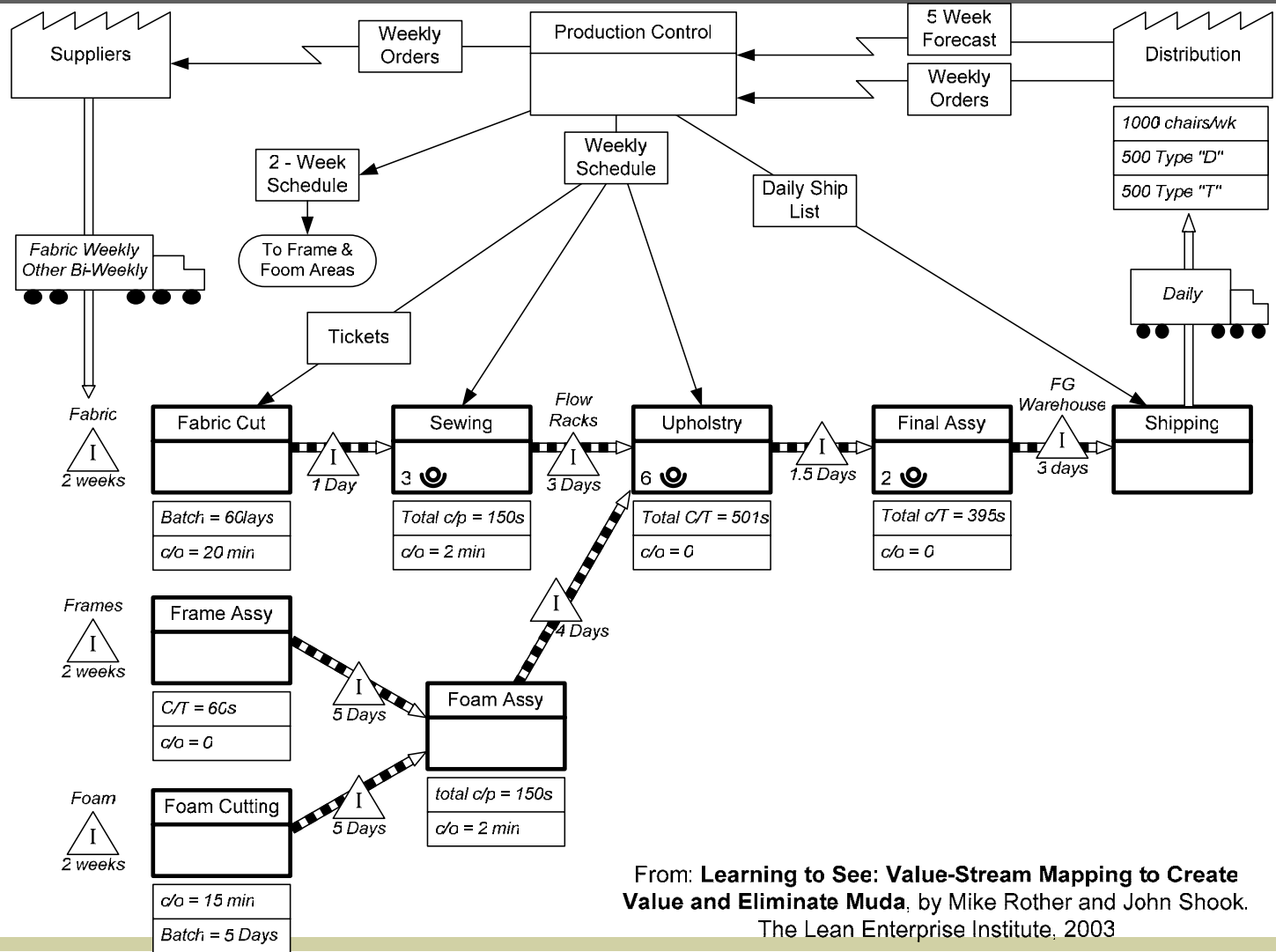


■ Lean and Six Sigma

- Six Sigma – Maximizing Process Quality & Consistency
 - Began at Motorola in mid-Eighties
 - DMAIC for Process Improvement
 - DMADV for New Process Design
 - Design For Six Sigma (DFSS)
 - TRIZ for Innovation
- Lean (Kaizen)– Smoothing Flow & Minimizing Waste
 - *The Machine That Changed The World* by James Womack, Daniel Jones & Daniel Roos (Harper, 1990)
 - Flow Kaizen – Focus on improving high level flow
 - Process Kaizen – Focus on the elimination of waste



Lean Flow Kaizen: Value-Stream Mapping



From: **Learning to See: Value-Stream Mapping to Create Value and Eliminate Muda**, by Mike Rother and John Shook. The Lean Enterprise Institute, 2003

■ Trends in Business Process Management

- The BPM Market Today
- Level 1: Enterprise Level Trends
- Level 2: Process Level Trends
- **Level 3: Implementation Level Trends**
- Where Do We Go Next?



■ Implementation Level Considerations

3.1 Implementation

3.2 A Very Robust BP Tools Market

3.3 BPMS Systems Development

3.4 Business Rules

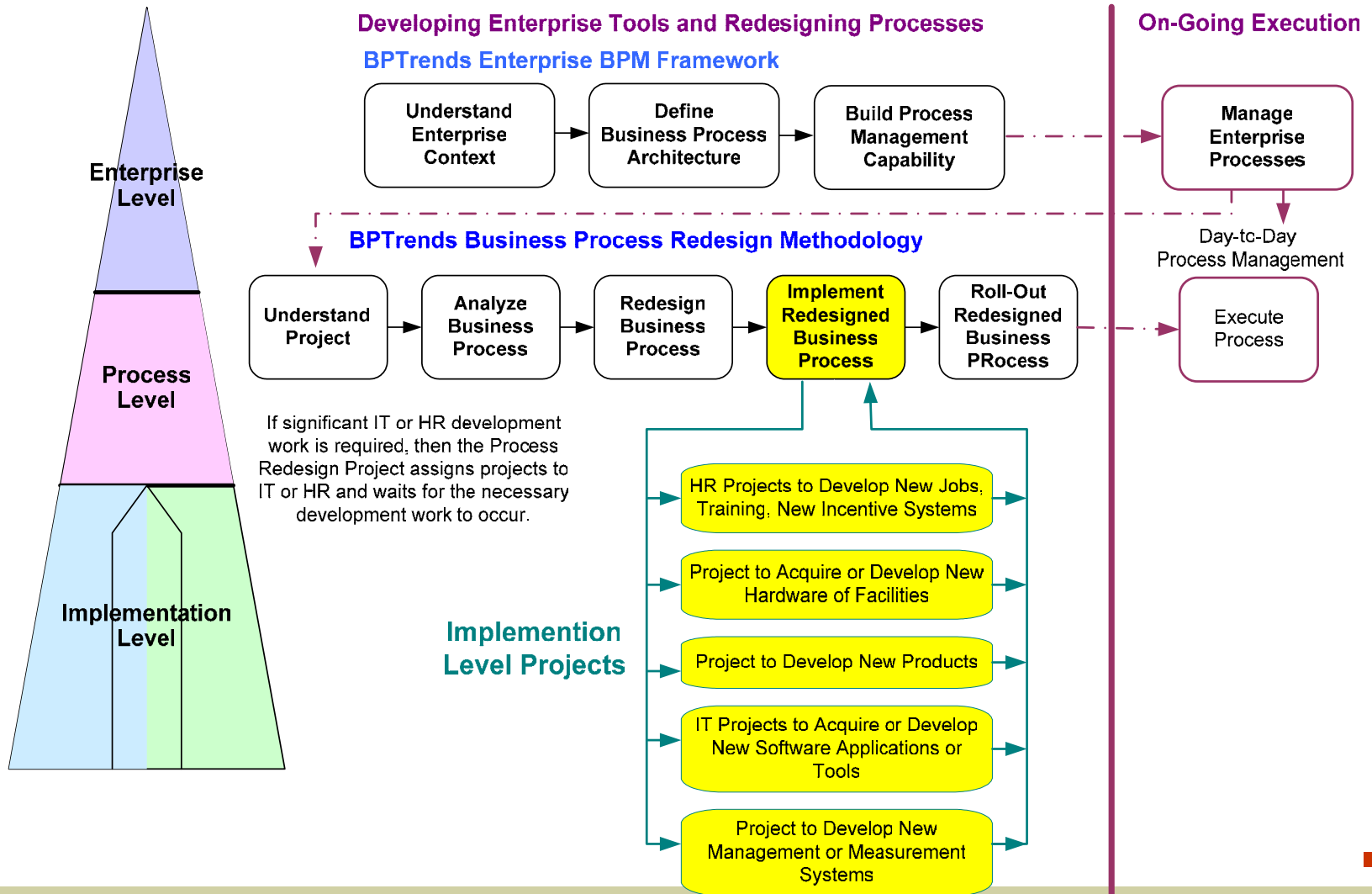
3.5 The Evolution on ERP Systems

3.6 Process Performance Monitoring Systems
Development

3.7 Implementation Level Standards



Implementation is Managing the Work of Others



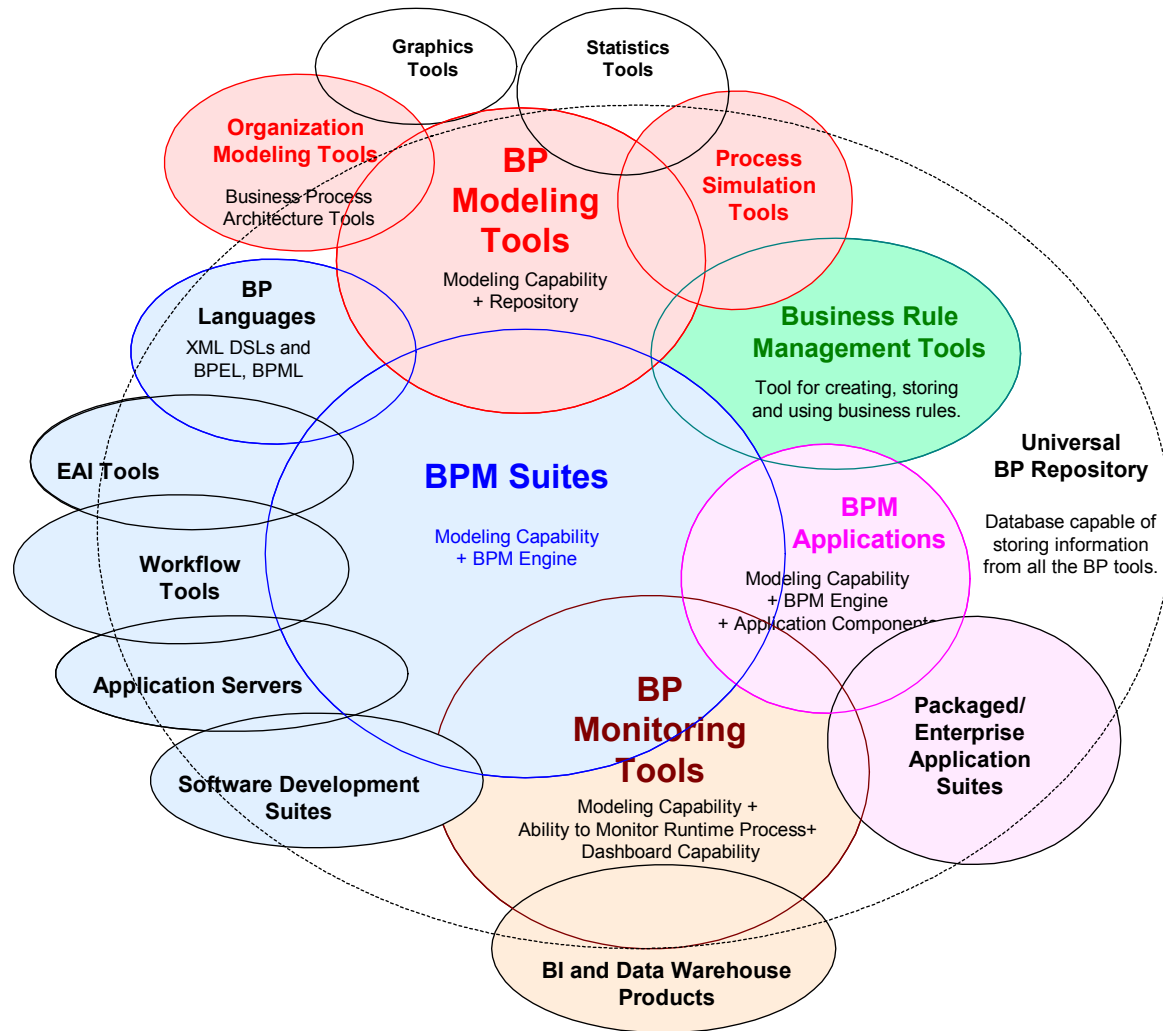
■ Types of Process Implementation

Depending on the project, there will be different needs for changes:

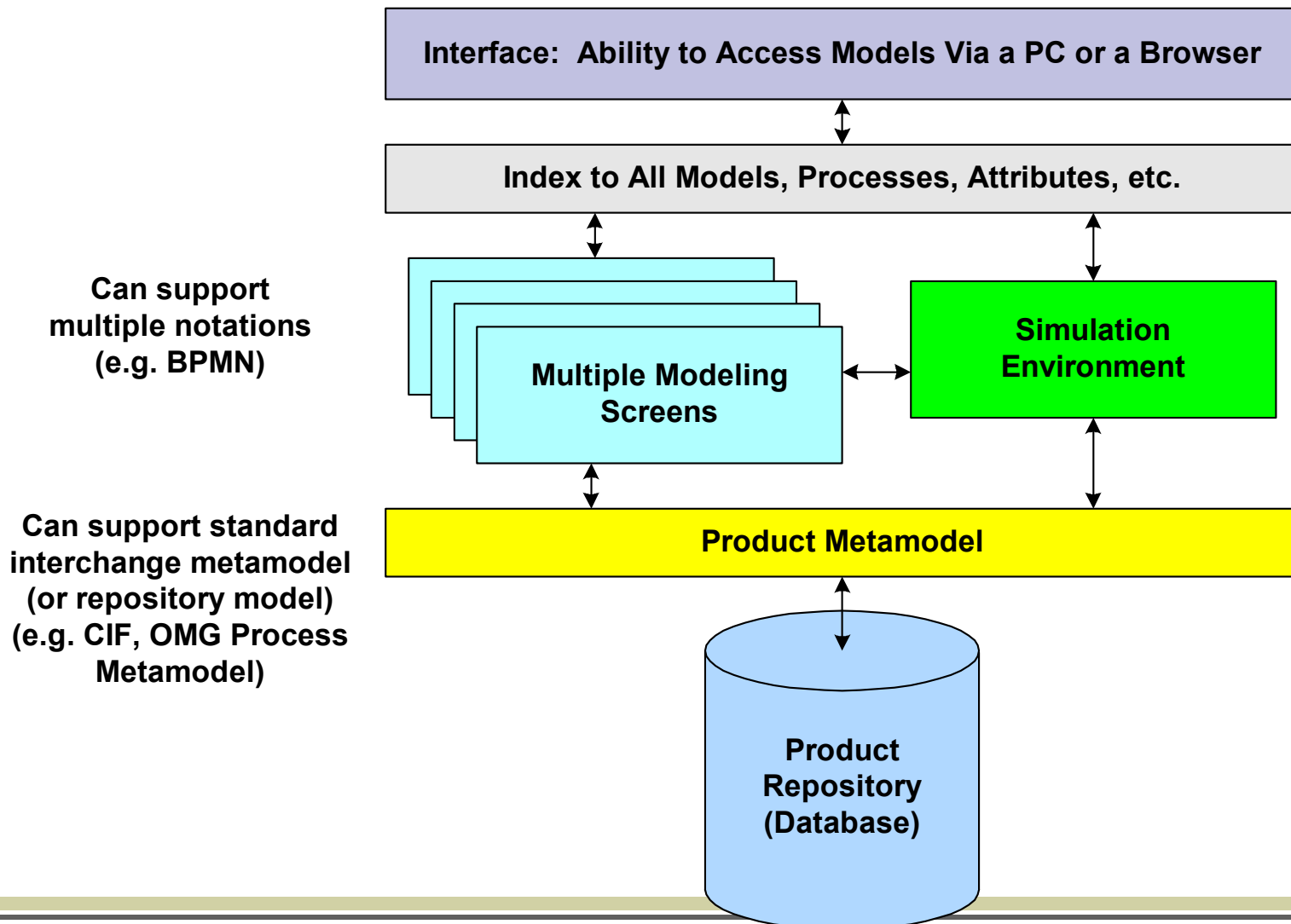
- Changes in **Product Design** or Facilities
- Implementing **Employee Systems** Changes
 - Job Definitions
 - Training Programs
 - Motivation/Incentive Systems, etc.
- **Implementing IT System Changes**
 - BPM Systems/Workflow/EAI
 - Rule-Based Management Systems
 - Applications Purchased (ERP-CRM)/Developed
- Implementing **Process Governance** Changes
 - Process Owner Training
 - Process Performance Monitoring Systems
 - Business Process Outsourcing



Business Process Software Products



The Architecture of a Serious Modeling Tool

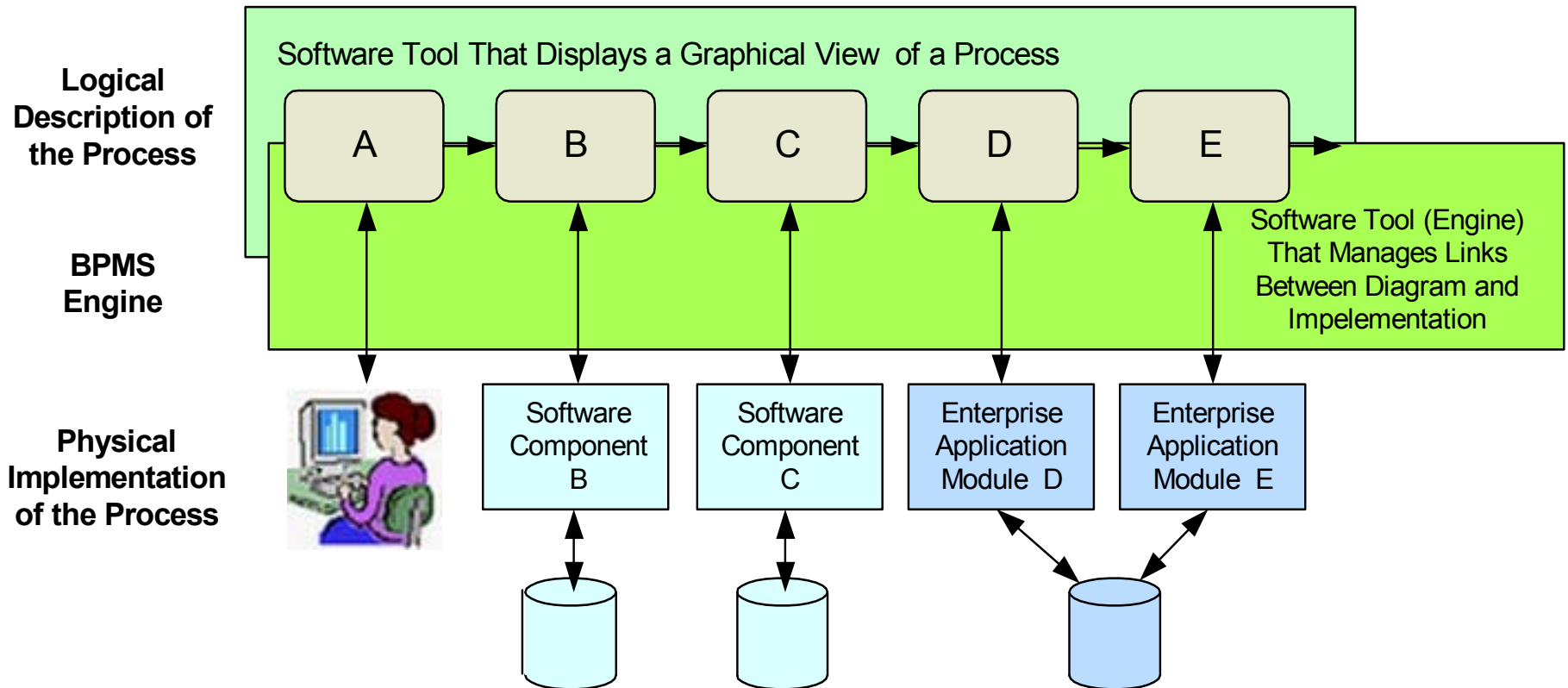


■ Business Process Management Systems

- **BPMS** (Not, BPM, please)
- Much confusion, spread in part by Smith & Fingar's *Business Process Management: The Third Wave* (Megan-Kiffer, 2003)
- In essence, we are talking about a successor to Workflow and EAI technologies that make it possible to automate the execution of business processes
- The underlying assumption is that IT resources ought to be organized to implement explicit business processes
- The good news is that it's now driving a lot of interest in BPM (used in its more generic sense).



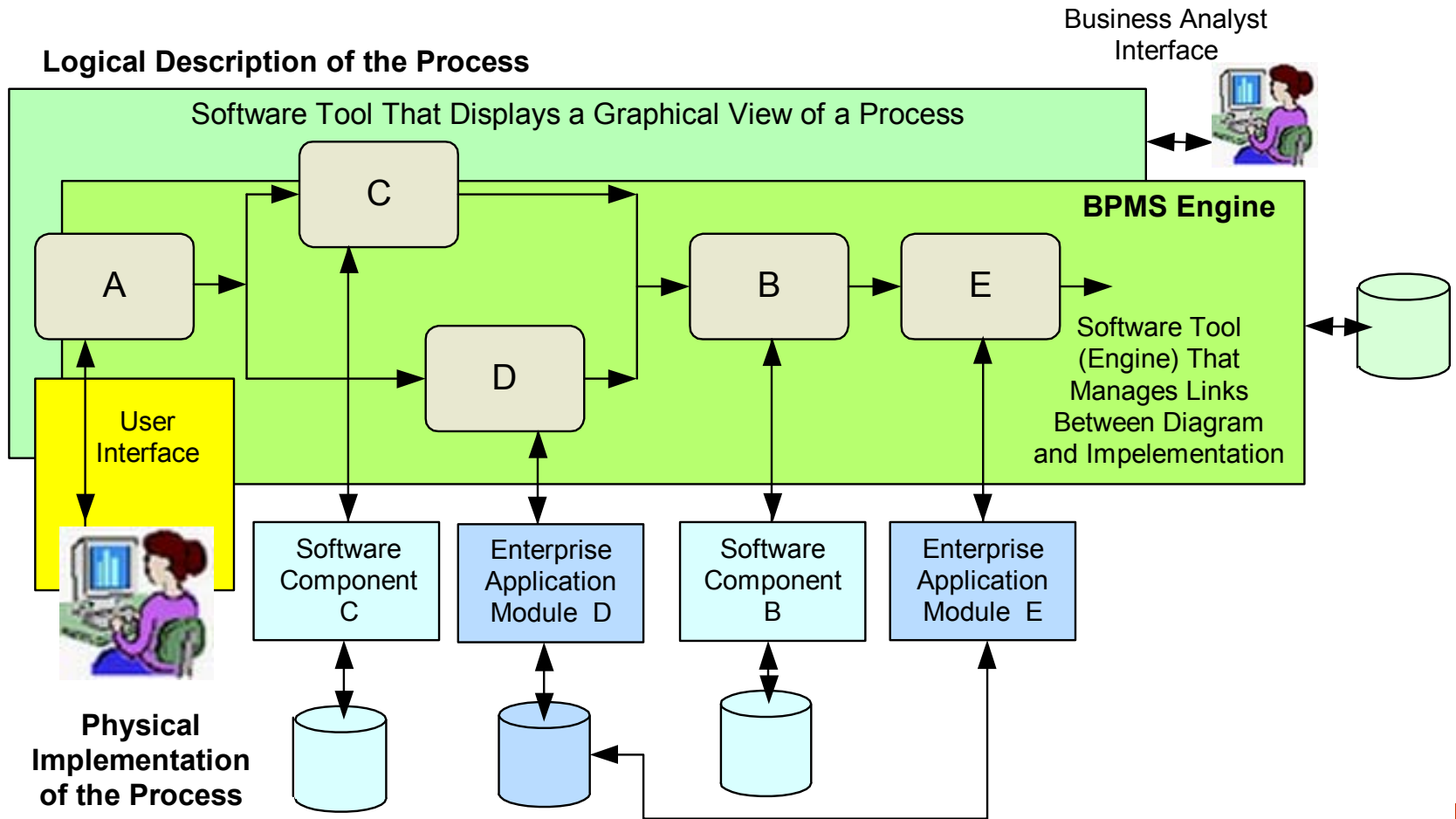
A BPM Suite



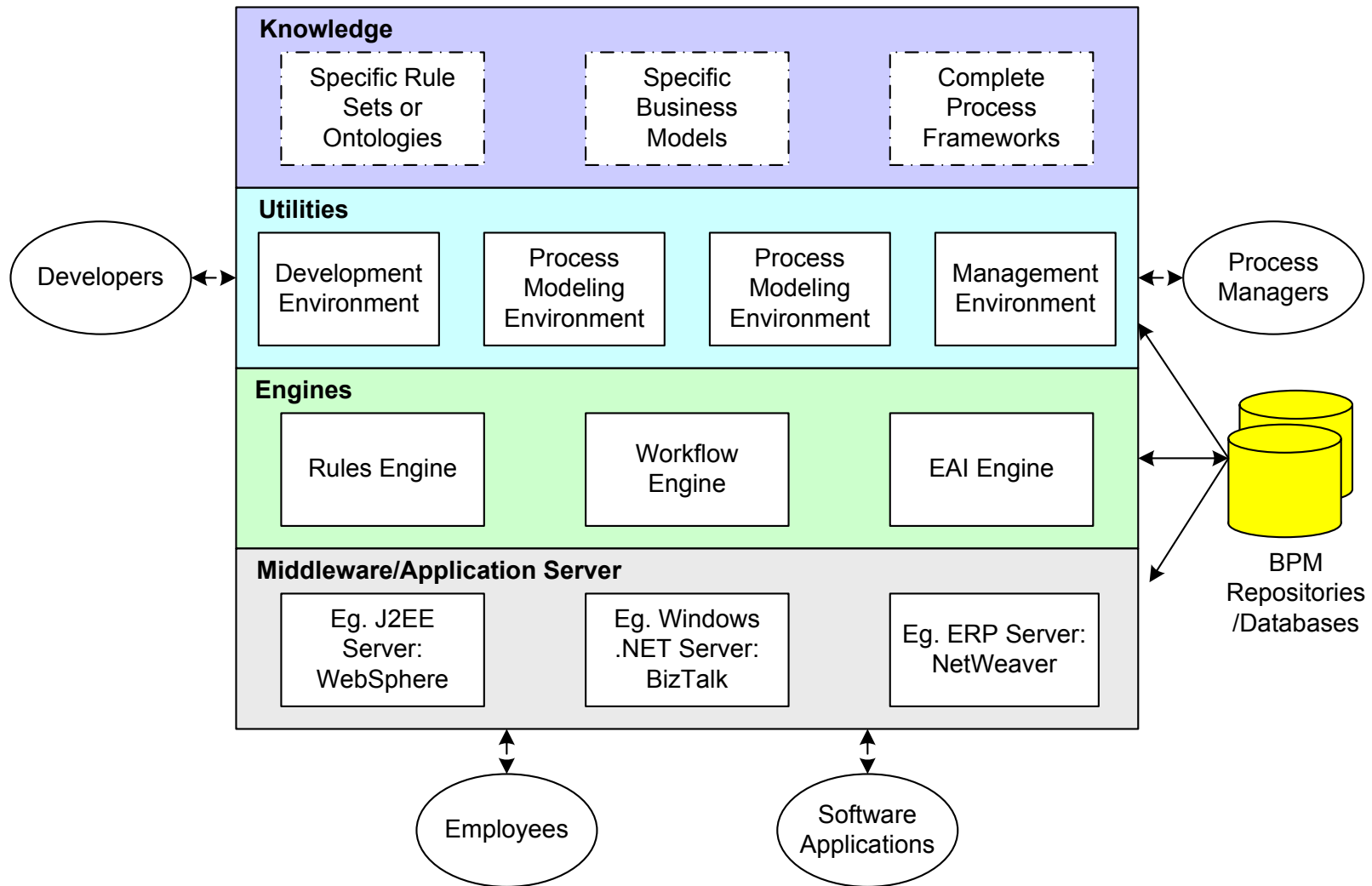
For more information, check the BPTrends BPM Suites Report – www.bptrends.com



The Key is Controlling the Business Process



Generic Model of a BPMS Product

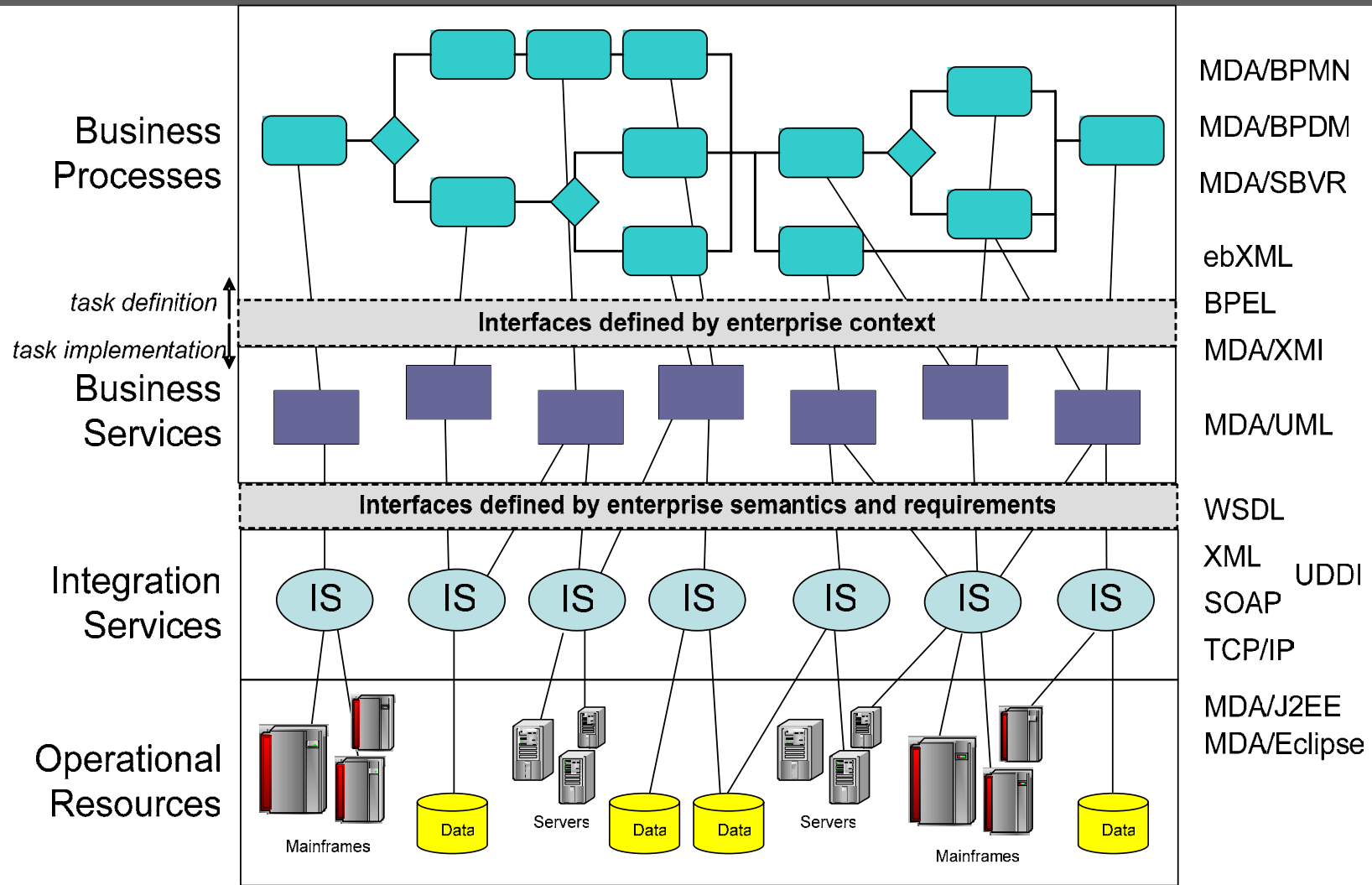


■ BPM Systems and SOA

- Service Oriented Architectures (SOA) refer to systems that use the Web and XML protocols to dynamically call software components as they are needed
- SOA is still building up momentum in the US and there are only a few large applications that truly implement this approach
- SOA will continue to evolve, however, and BPM systems will be key to developing applications
- We are approaching the point where companies will have to share business process descriptions to achieve their goals



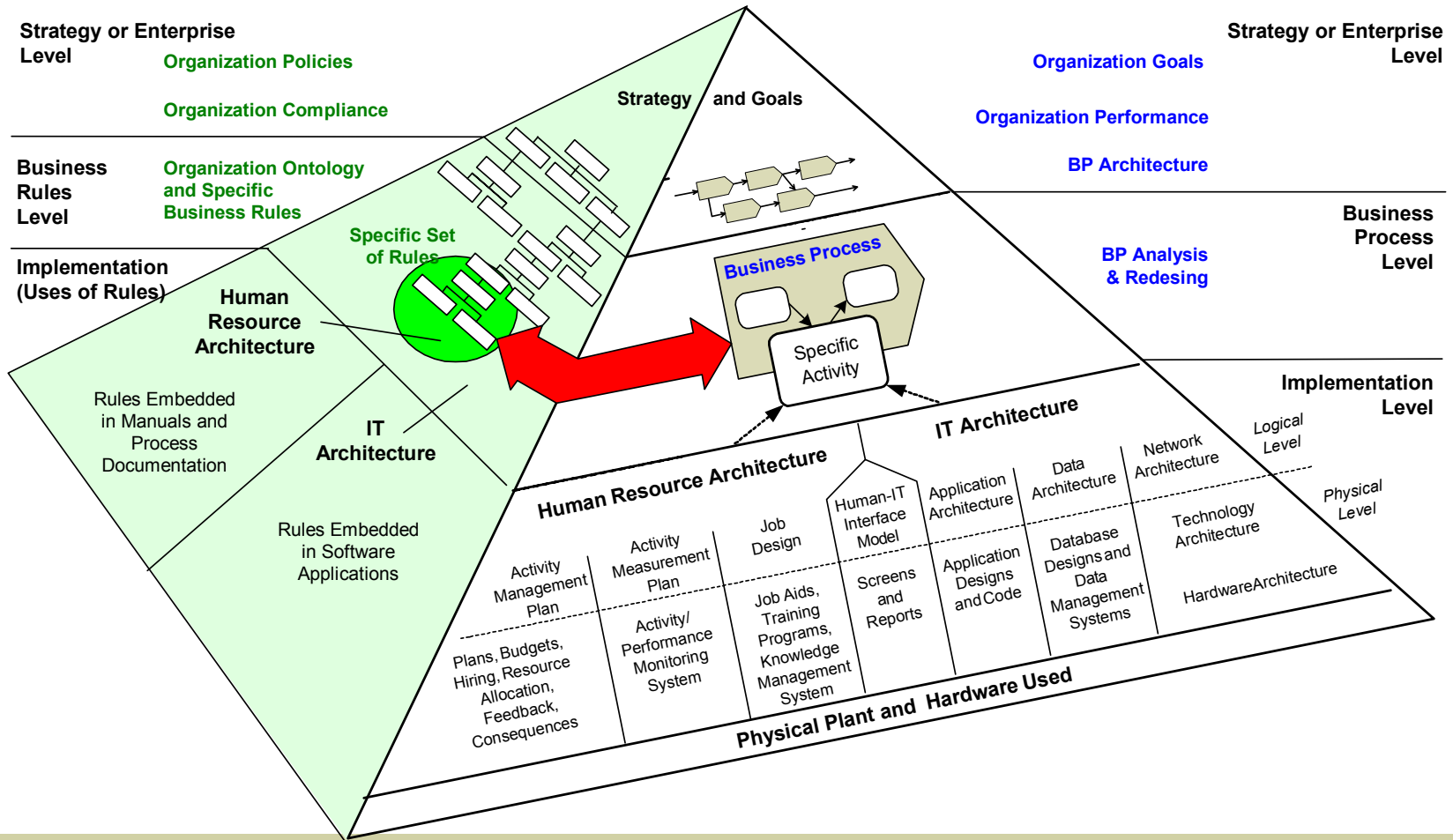
BPM and SOA: Necessary Conjunction



Aligning Processes and Business Rules

The Business Rules Management Perspective

The Business Process Management Perspective



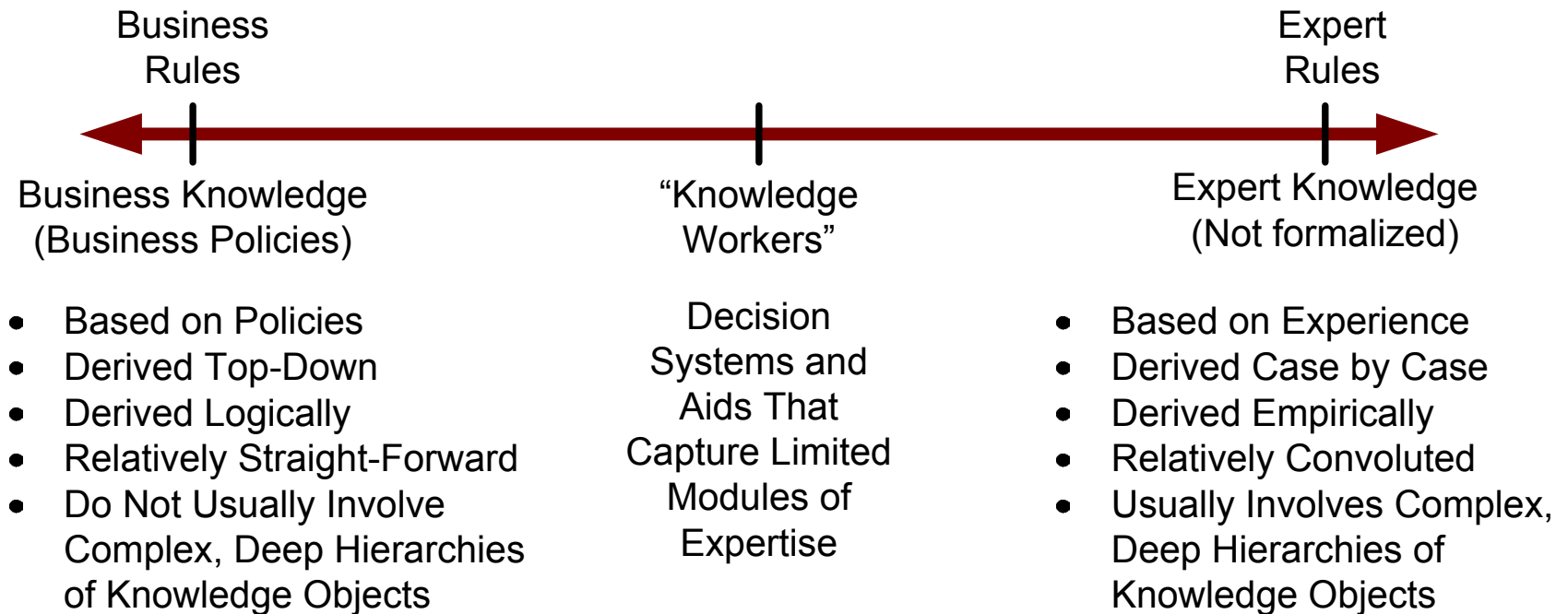
A Little History Review

	The Eighties		The Nineties		The Zeros
Expert Systems/ Knowledge Engineering	Rule-Based Expert System Building Tools	Case-Based Expert System Building Tools	"Expert Systems Market Collapses"	Business Intelligence & Data Mining	
	Frame-Based Expert System Building Tools	Knowledge Acquisition		Knowledge Management	
Business Rules		Conferences on Separating Rules From Software Programs	Databases for Business Rules	"Former Expert System Tools" Become Available for Business Rule Applications	Rule-Based Applications
		Rules in Training and Manuals			
Enterprise Frameworks	Zachman Framework for Info. Systems Arch.			Federal Enterprise Architecture Framework	Business Process Frameworks
Business Process Change	Structured IT Methodologies	CASE Tools	CASE Tools Market Collapses	ERP	Some Rule Tools Shift to BPMS Tools
		Six Sigma	Business Process Reengineering	Process Modeling Tools	BPMS Tools
		Rummler-Brache		EAI	Business Process Management
	1981: IBM PC		1995: The Internet		SOA



■ The Business-Expertise Continuum

Business Processes Often Include a Mix of Business and Expert Rules

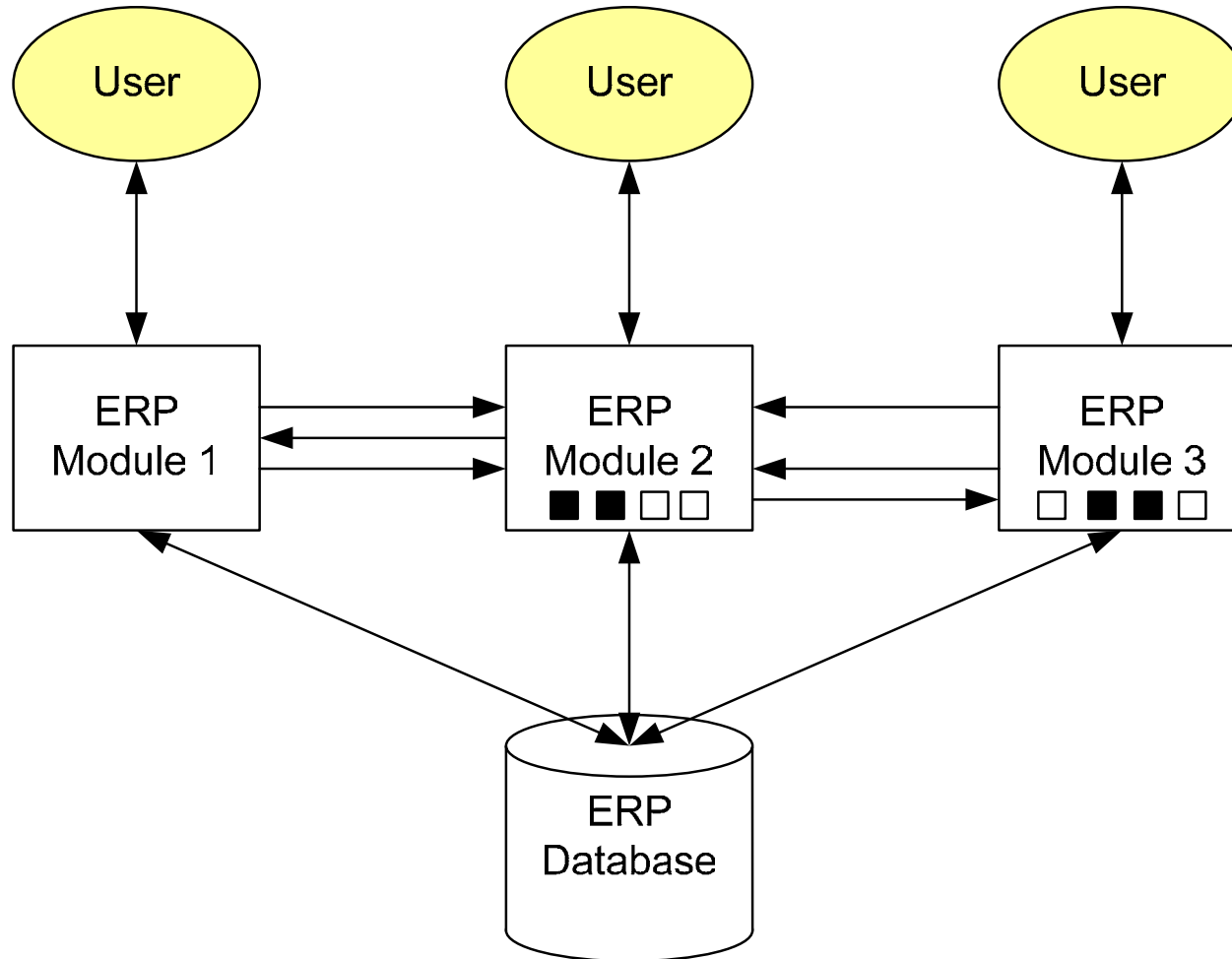


■ BPM, ERP and CRM

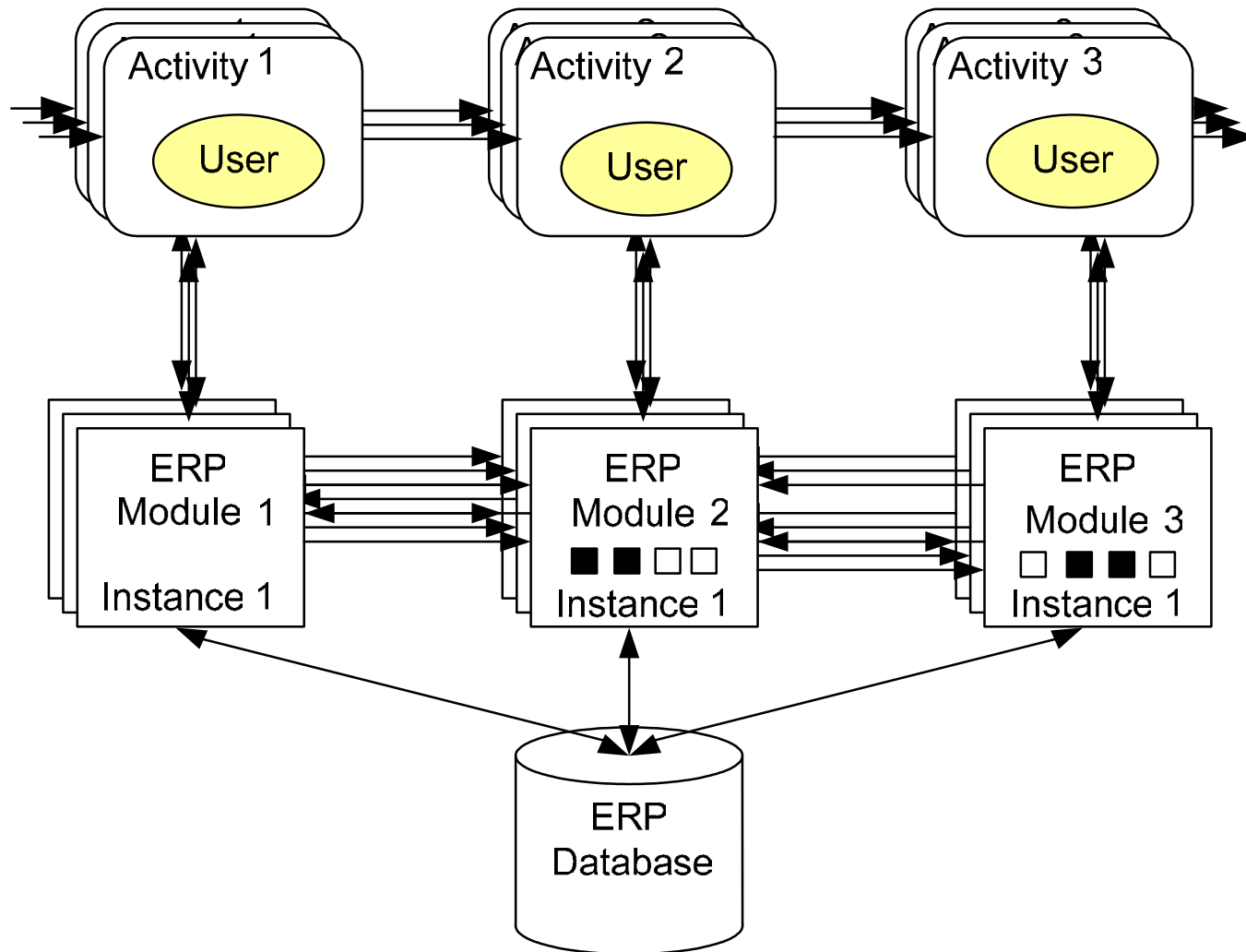
- Davenport's *Mission Critical* (HPR Press, 1999)
- Most major companies have installed at least some packaged applications (ERP, CRM)
- Many have spent 100s of millions and many are disappointed with the results
- Most BP consultants think the difference between likely success and likely failure lies with how well understood and modeled a company's business processes are before the ERP effort begins
- Letting IT undertake ERP – as a technology effort – without first getting the business processes organized is a recipe for failure



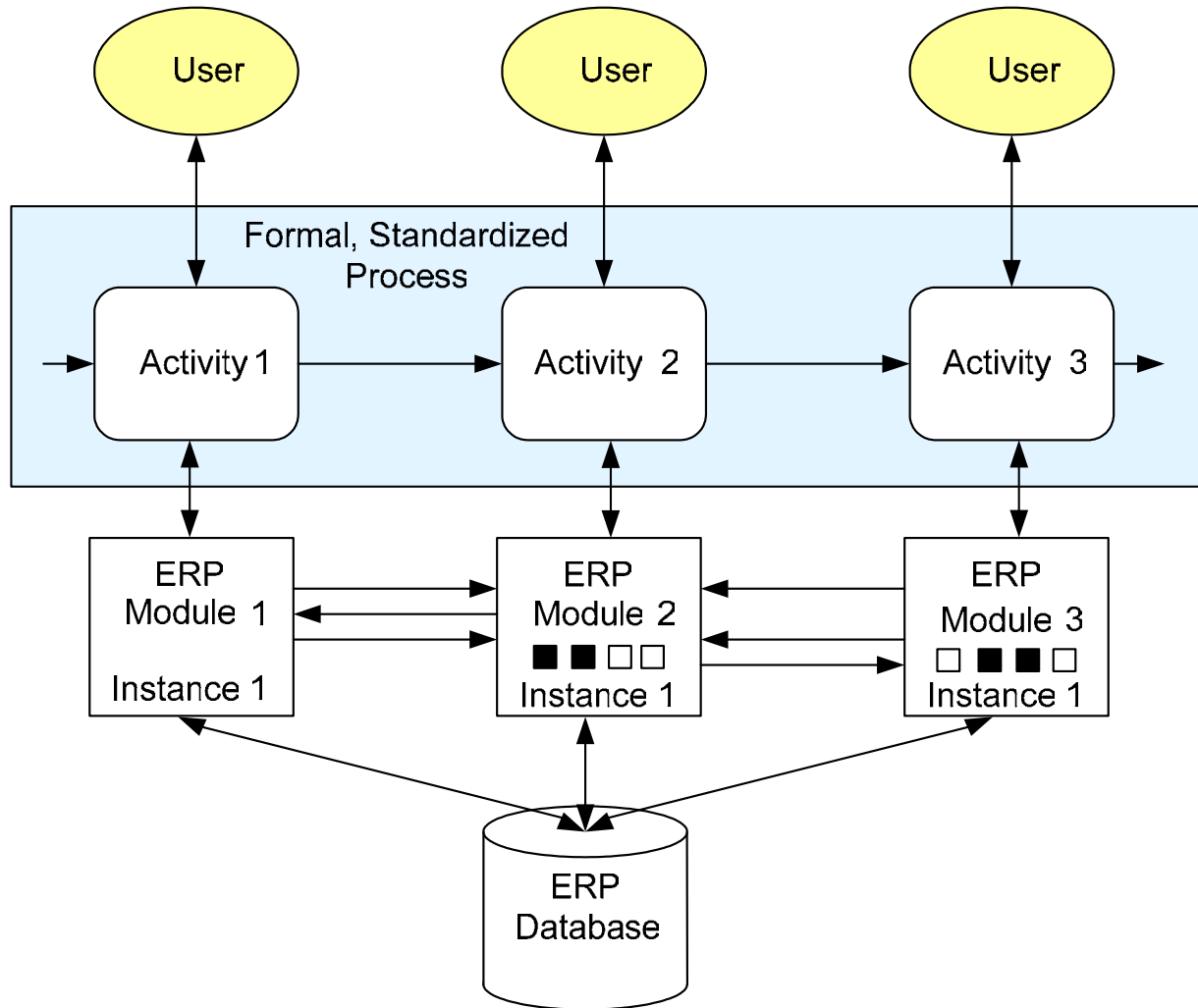
A Customized ERP Suite



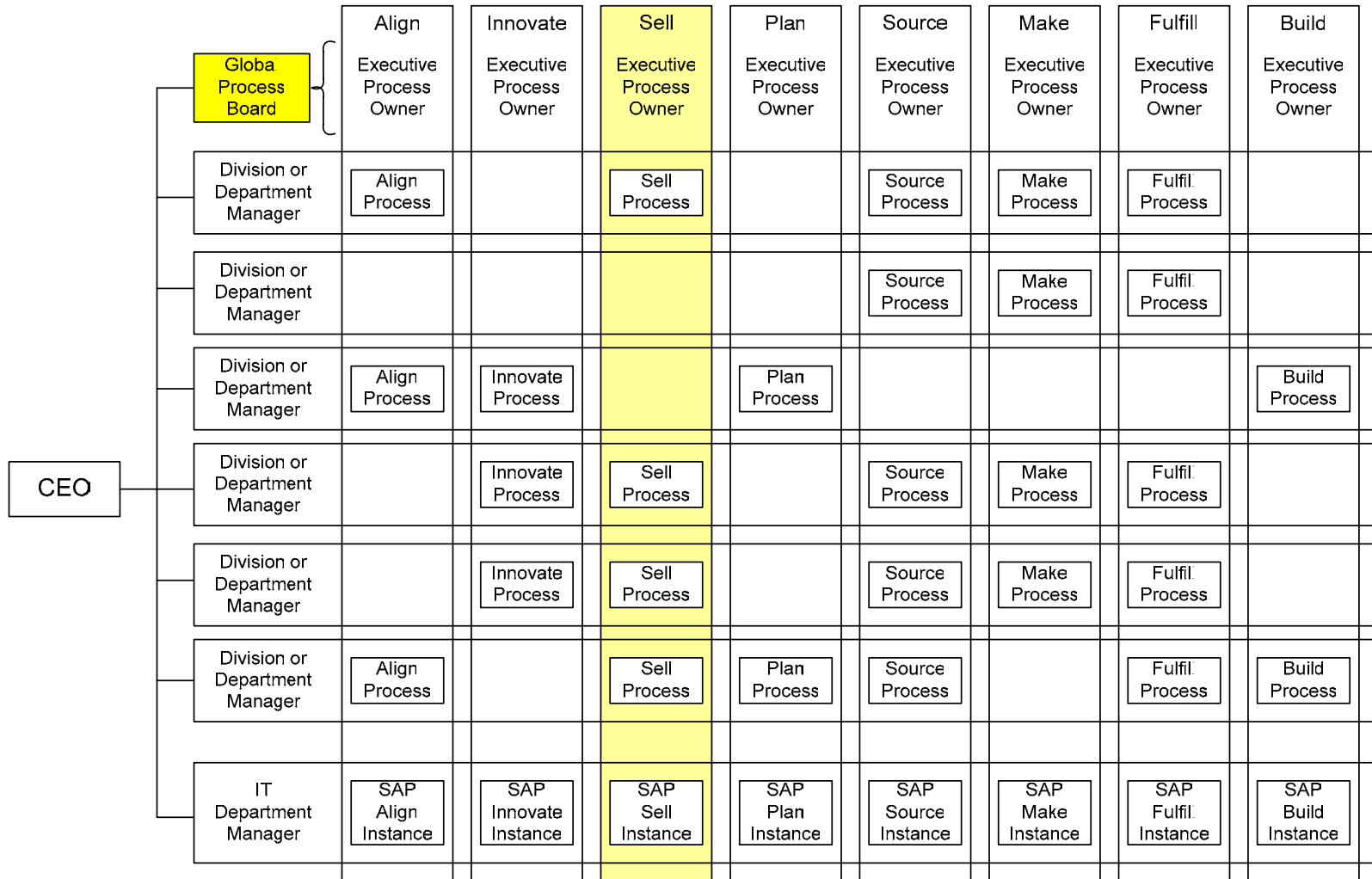
Reality: Multiple Processes and ERP Instances



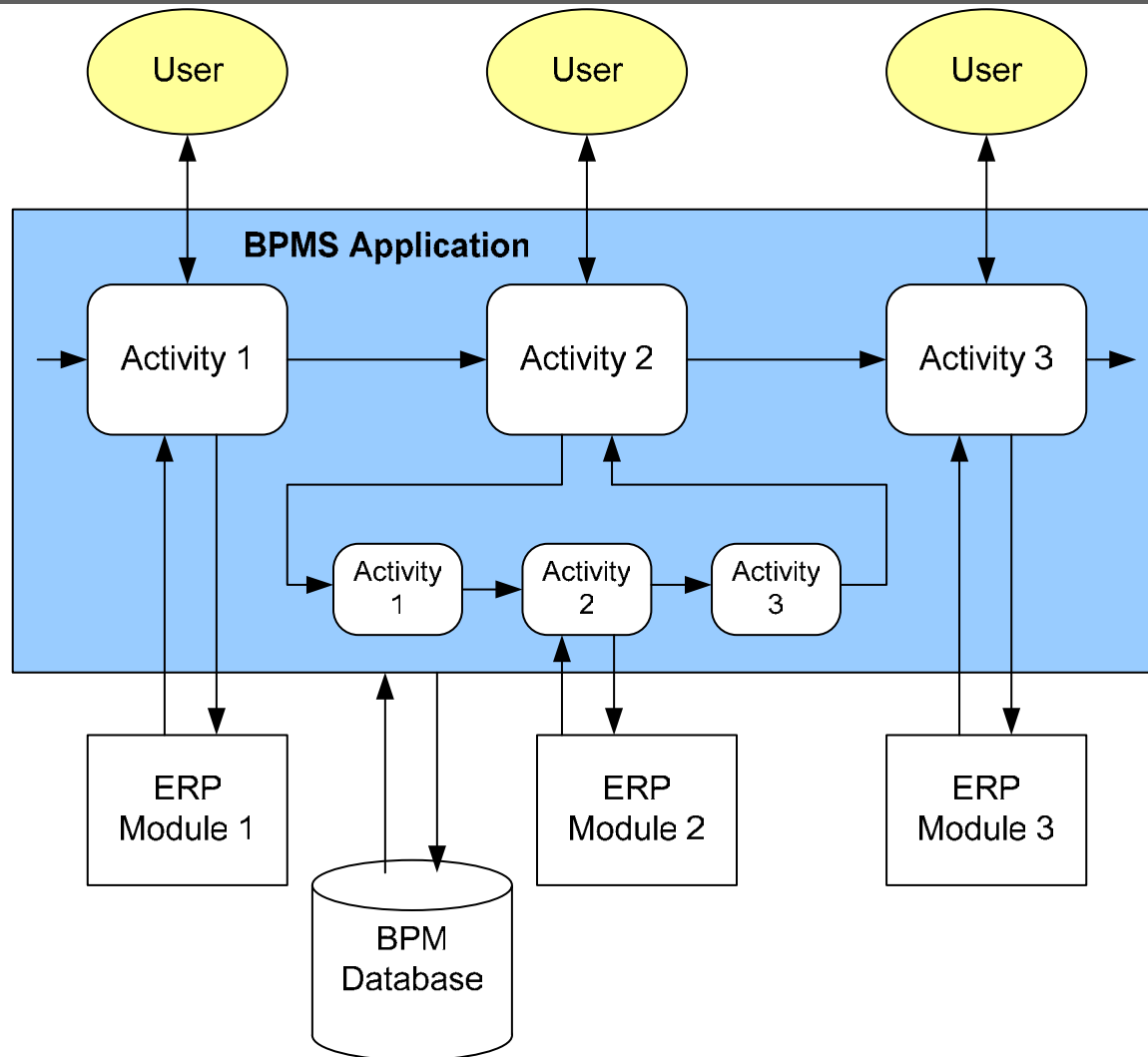
Standardizing Processes to Standardize Instances



AP is a Process-Focused Company



A Set of ERP Modules Managed by BPMS



■ BPM Suites vs. BPM Applications

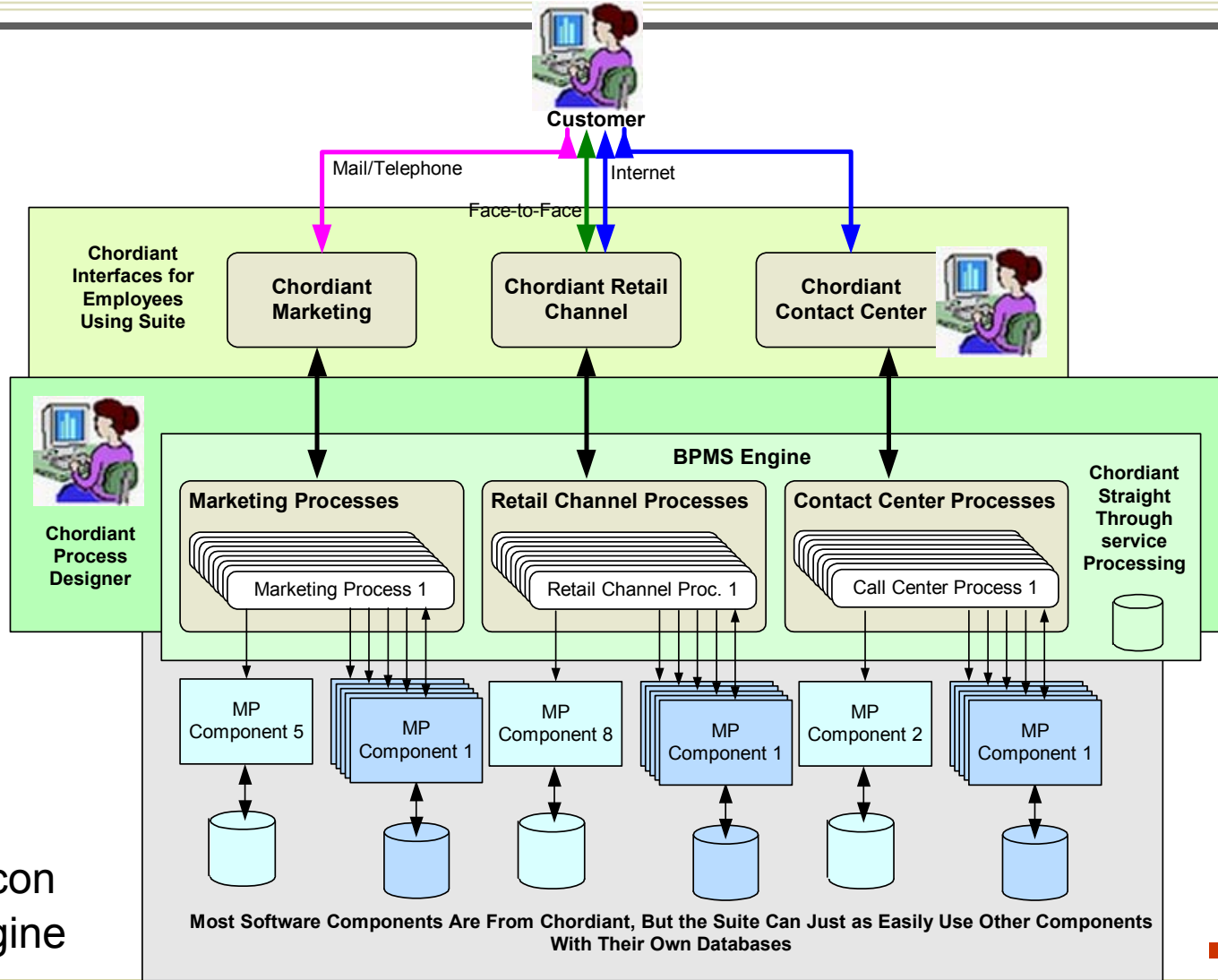
- Vendors will evolve from generic tools to applications
- Meantime ERP and CRM vendors are trying to incorporate BPM tools
 - SAP's NetWeaver
 - Microsoft's BizTalk Server
 - Oracle's BPM Suite
- One Way or Another We Are Going to Move Beyond the Rigidity of the Current Line of Enterprise Applications
- In the Process Managers Will Get a Lot More Flexibility and Control



SAP Architecture - I

SAP Telecommunications Business Architecture						
Enterprise Management	Strategic Enterprise Management	Business Analytics	Business Intelligence & Decision Support	Accounting	Workforce Planning & Alignment	
Customer Relationship Management	Marketing & Campaign Management	Sales Management	Dealer Management	Customer & Retention Management	Customer Care	
Sales & Order Management -- Standard Products	Product Selling	Contract Management		Order Management	Service Activation	
Sales & Order Management -- Customer Solutions	Sales Cycle Management	Site Survey & Solution Design	Contract Management	Project Management	Order Management & Fulfillment	Provisioning
Service Assurance	Service Agreements	Customer Trouble Reporting		Customer Trouble Management	Trouble Resolution	
Customer Financials Management	Credit Management	Pre-Billing	Convergent Invoicing	eBPP	Receivables & Collections Management	Dispute Management
Supply Chain Management	Supply Network Design	Demand & Supply Planning	eProcurement	Production Planning & Execution	Supply Chain Coordination	Warehouse Management
Network Lifecycle Management	Demand Planning	Requirements Planning	Investment Management	Network Design & BUild	Operation & Maintenance	
Value Added Services	Content & Intellectual Properites Management	Advertising Management		Mobile Business & Wireless ASP	eLearning	
Business Support	Human Resources Operations Sourcing & Deployment	Travel Management	Financial Supply Chain Management	Treasury/Corporate Finance Management	Real Estate	

The Chordiant BPMS Suite

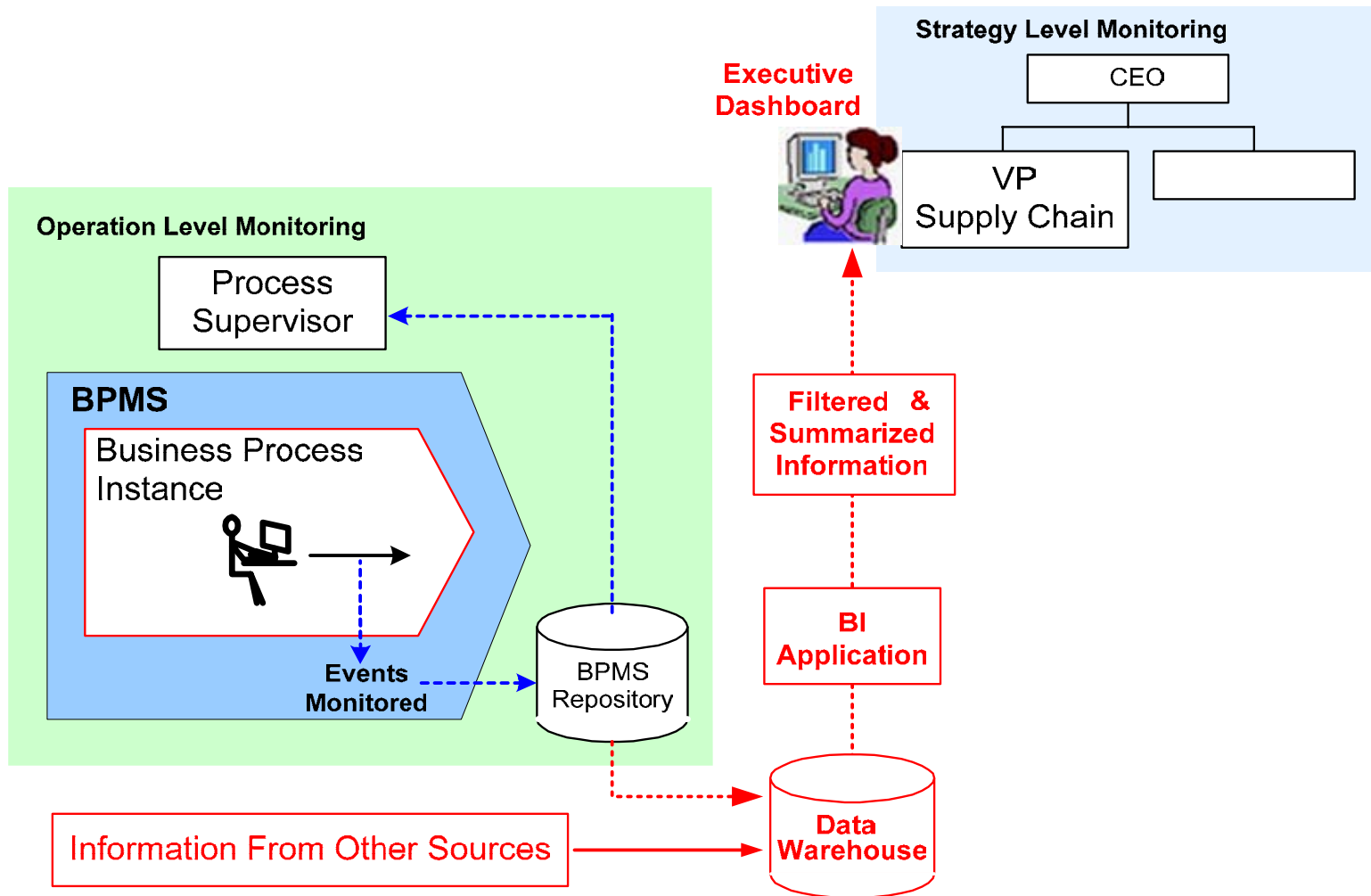


Uses Corticon Rules Engine

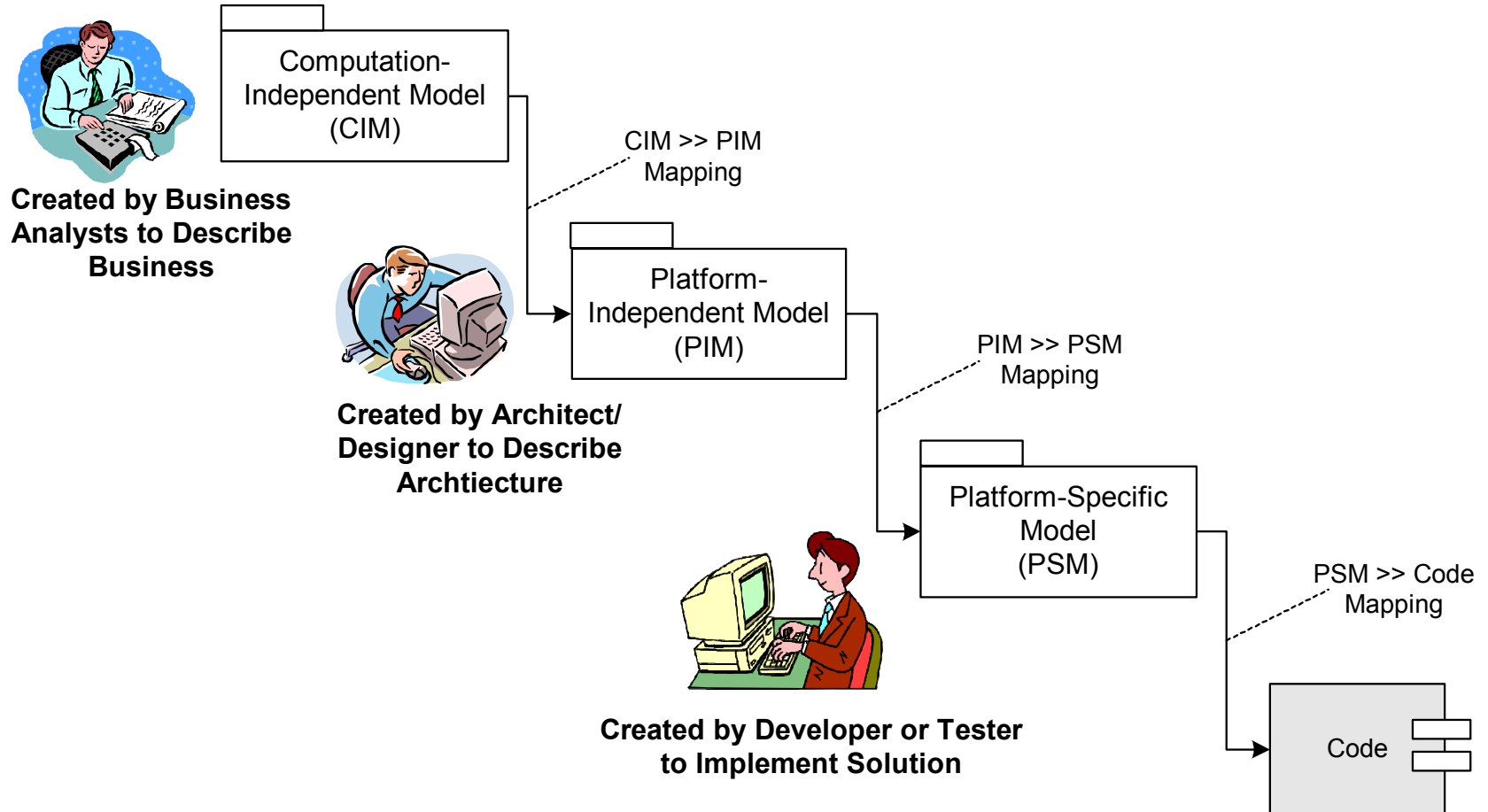
Most Software Components Are From Chordiant, But the Suite Can Just as Easily Use Other Components With Their Own Databases



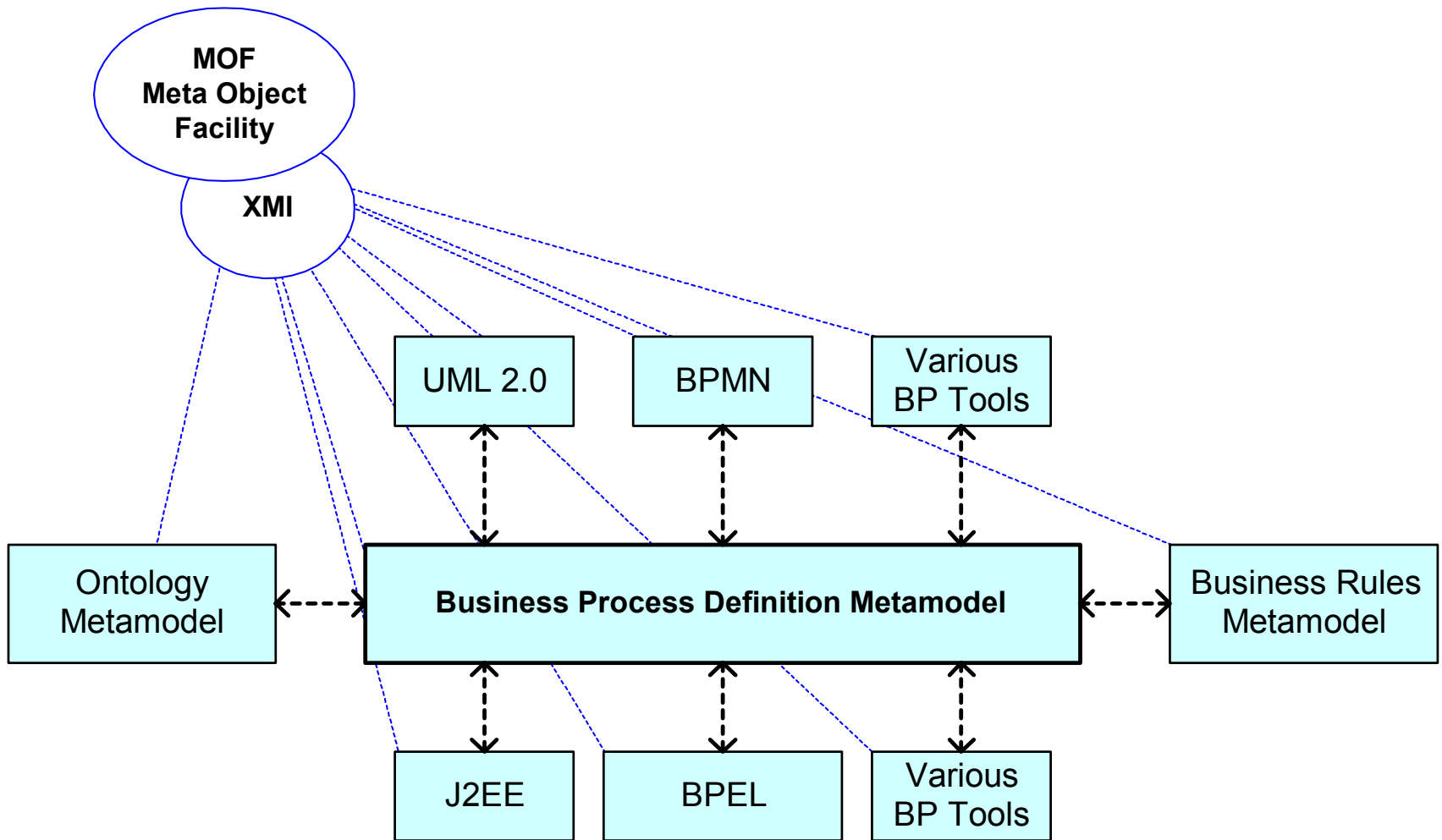
■ Process Monitoring (BAM) vs. Value Chain Monitoring



The OMG's Model Driven Architecture



The OMG's BP Metamodels



■ BPEL

- The Business Process Execution Language (BPEL) – a BPMS engine (for EAI)
- Initially proposed by BEA, IBM, and Microsoft, it is currently being formalized by OASIS.
- It provides the basis for managing/integrating software for BPMS products.
- It doesn't support integrating people into BPMS.
- It is supported by several BPMS vendors
- Open source versions are becoming available



■ Market Consolidation

- 3-06 BEA (Middleware) buys Fuego (BPM engine)
- 12-05 Intalio (BPM Engine) buys FiveSight (BPEL)
- 10-05 Metastorm (Workflow) merges with CommerceQuest (EAI)
- 9-05 Fair Issac (Rules) buys RulesPower (Rules)
- 7-05 Seagull Software (Middleware) buys Oak Grove Systems (BPM engine)
- 6-05 Sun (Middleware) buys SeeBeyond (EAI)
- 4-05 TeleLogic (Modeling) buys Popkin (BP modeling)
- 6-04 Oracle (Packaged applications) buys Collaxa (BPEL)
- 6-04 TIBCO (EAI) buys Staffware (Workflow)
- 4-04 Adobe (Documents) buys Q-Link (Workflow)
- 9-02 IBM (Middleware) buys Holosofx (BP Modeling)



■ Trends in Business Process Management

- The BPM Market Today
- Level 1: Enterprise Level Trends
- Level 2: Process Level Trends
- Level 3: Implementation Level Trends
- **Where Do We Go Next?**

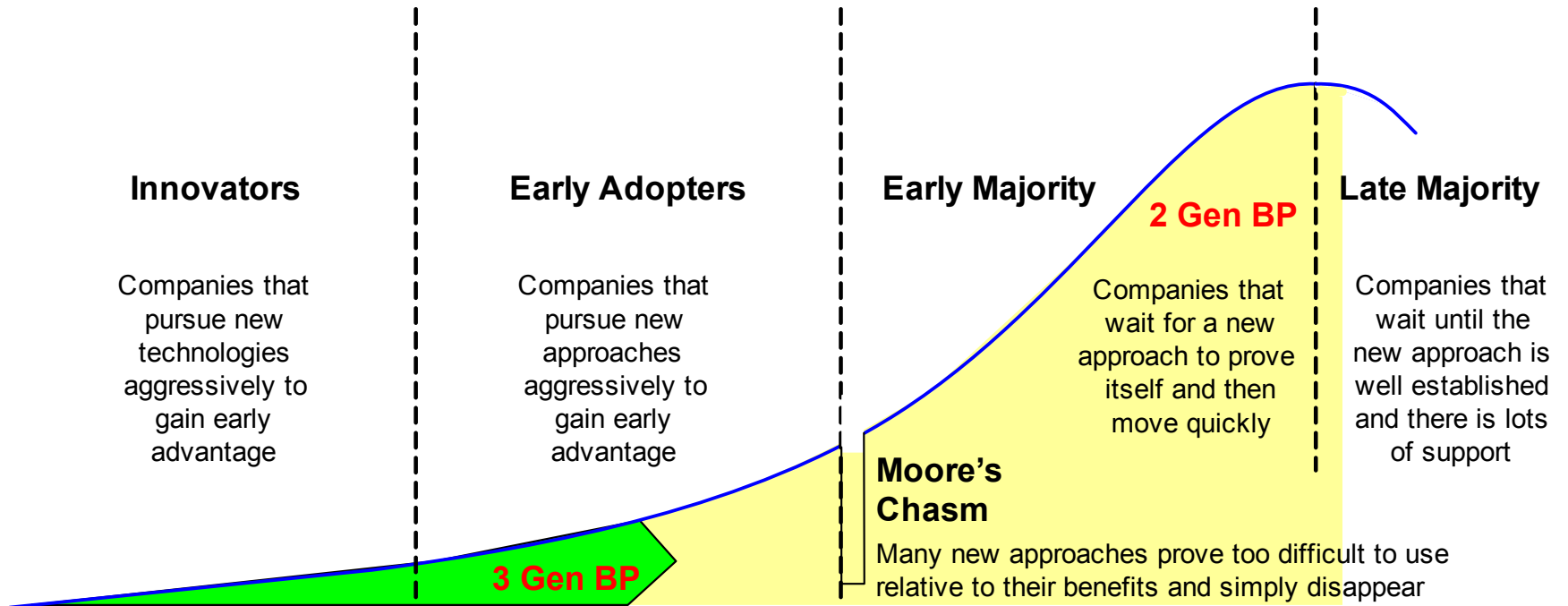


■ Why A Process-Centric Focus?

- Process is the cornerstone of an effective strategy
- Processes are the most practical and effective way of managing an organization
- Process Management is the best response to rapid change
- In many companies Process Change Initiatives are out of control
- New requirements and techniques make Business Process Management even more compelling



■ New Slide: Uptake of BP Technologies



After Geoffrey A. Moore. Crossing the Chasm(HarperBusiness 1991)



■ Where Do You Start?

- **There is no one right place to start**
- Some organizations have been working on process change for years. Others are new to process management.
- Some have Six Sigma. Others have IT groups that are active in process redesign.
- Some work on projects and others work on enterprise-wide process management systems.
- You start from where you are at.
- **You start at the point where your senior management is willing to begin.**



■ For More Information

- pharmon@bptrends.com
 - To contact me.
- www.bptrends.com
 - Monthly newsletter and a wide variety of white papers – more detail on everything I've discussed



■ Books to Read

- Michael Porter on Competitive Advantage & Strategy (*Competitive Strategy*, HBP, 1980; *Competitive Advantage*, HPR, 1985)
- Geary Rummler on Organization Mapping, the Organization as a System, and on Process Management & Measurement (*Improving Performance*, Jossey Bass, 1990; *Serious Performance Consulting*, ISPI, 2004)
- Roger Burlton on Stakeholder Analysis. (*Business Process Management*, SAMS, 2002)
- Peter Bolstorff on SCOR and the use of Frameworks (*Supply Chain Excellence*, AMACOM, 2003)
- Better, take a SCOR workshop (www.supply-chain.com)
- Anything Joe Francis has published on BPM Groups and the use of Frameworks (www.BPTrends.com column)
- APQC BPM Benchmarking Reports
- Paul Harmon on putting it all together (*Business Process Change*, Morgan Kaufmann, 2003 and BPTrends articles)



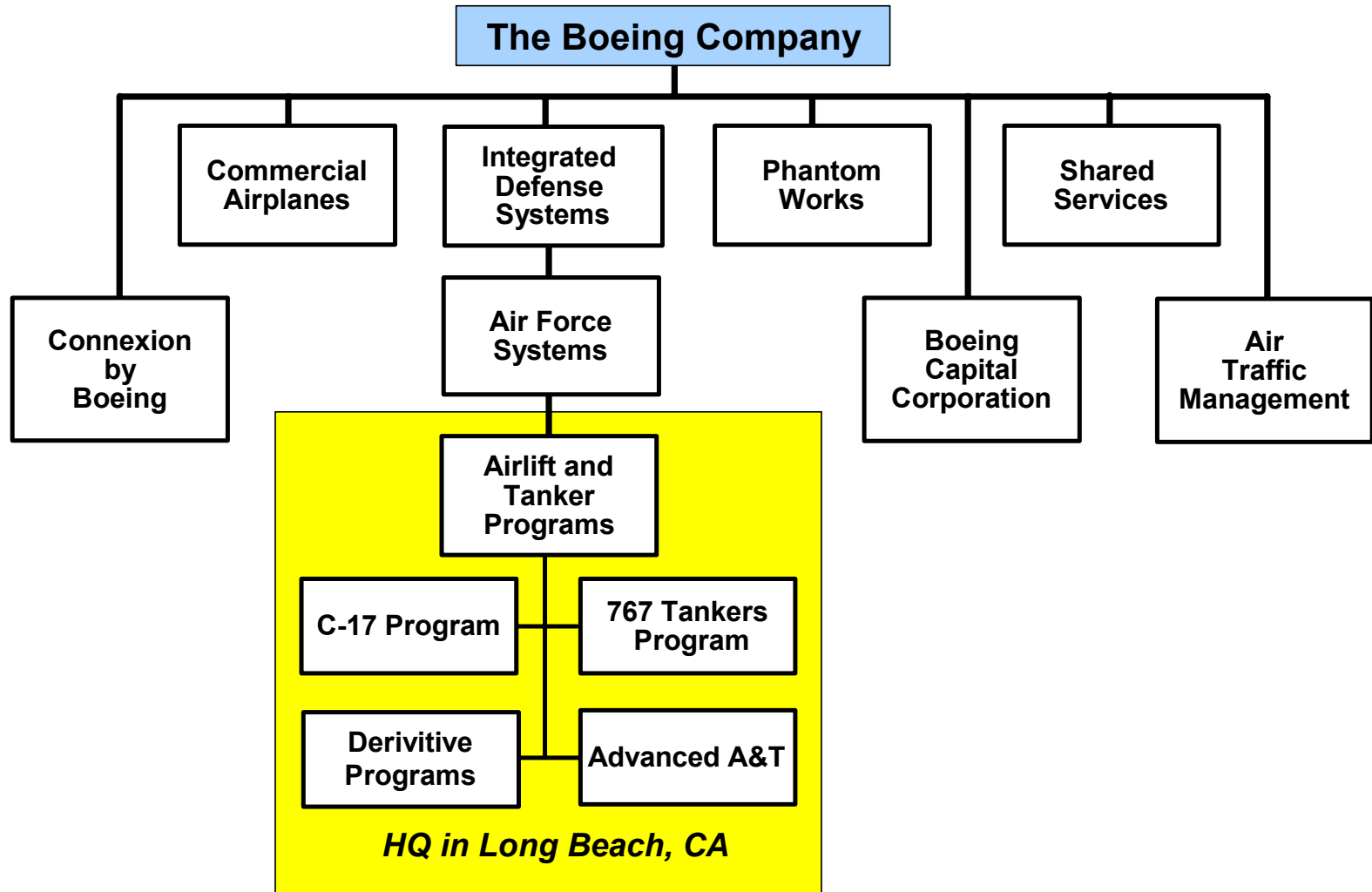


■ Case Study: Boeing Airlift & Transit

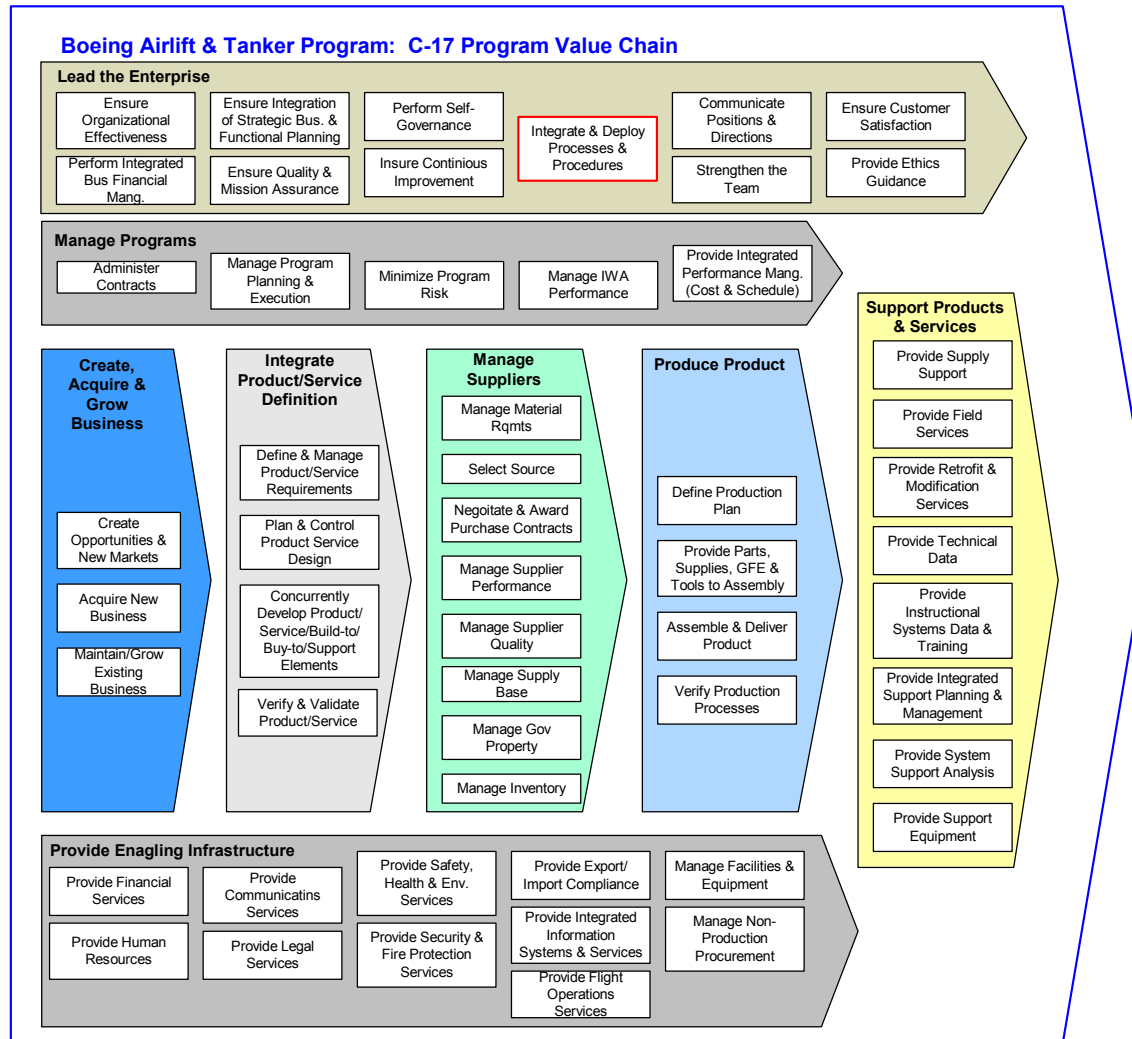
- Boeing A&T has one of the most sophisticated integrated business process management systems in existence
- They started creating it in in 1993 and it took four years
- In 1998 they won the US Government's Baldrige Award



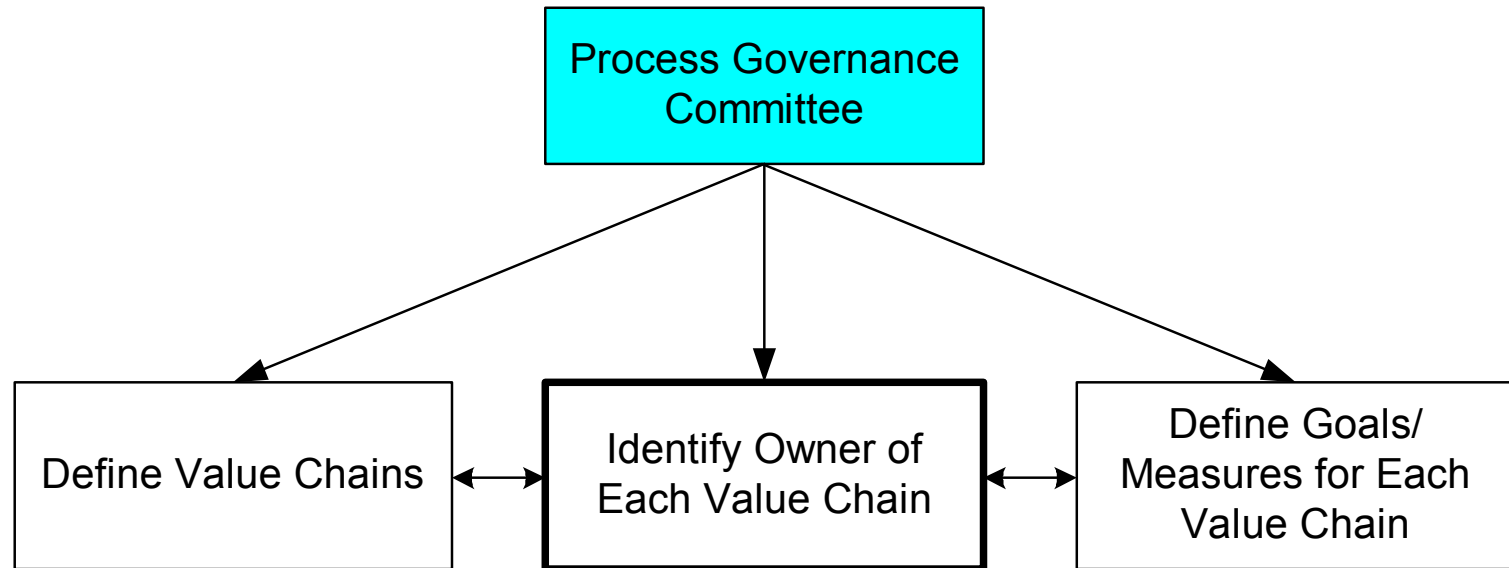
Process Governance at Boeing A&T Group



Boeing A&T Identified 300+ Processes



■ Creating A Process Governance System - 1

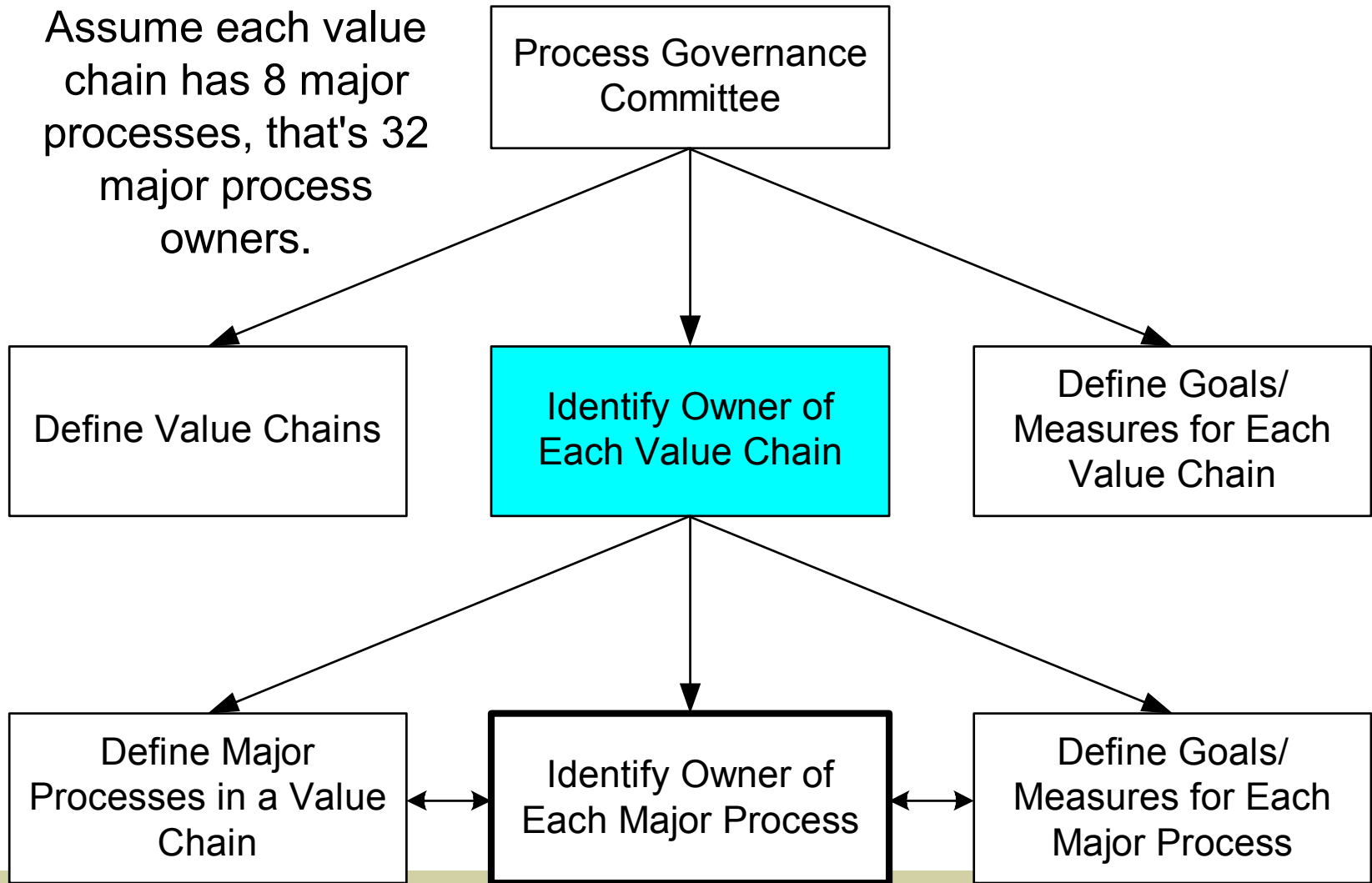


- Assume you have 4 value chains, that 4 value chain owners



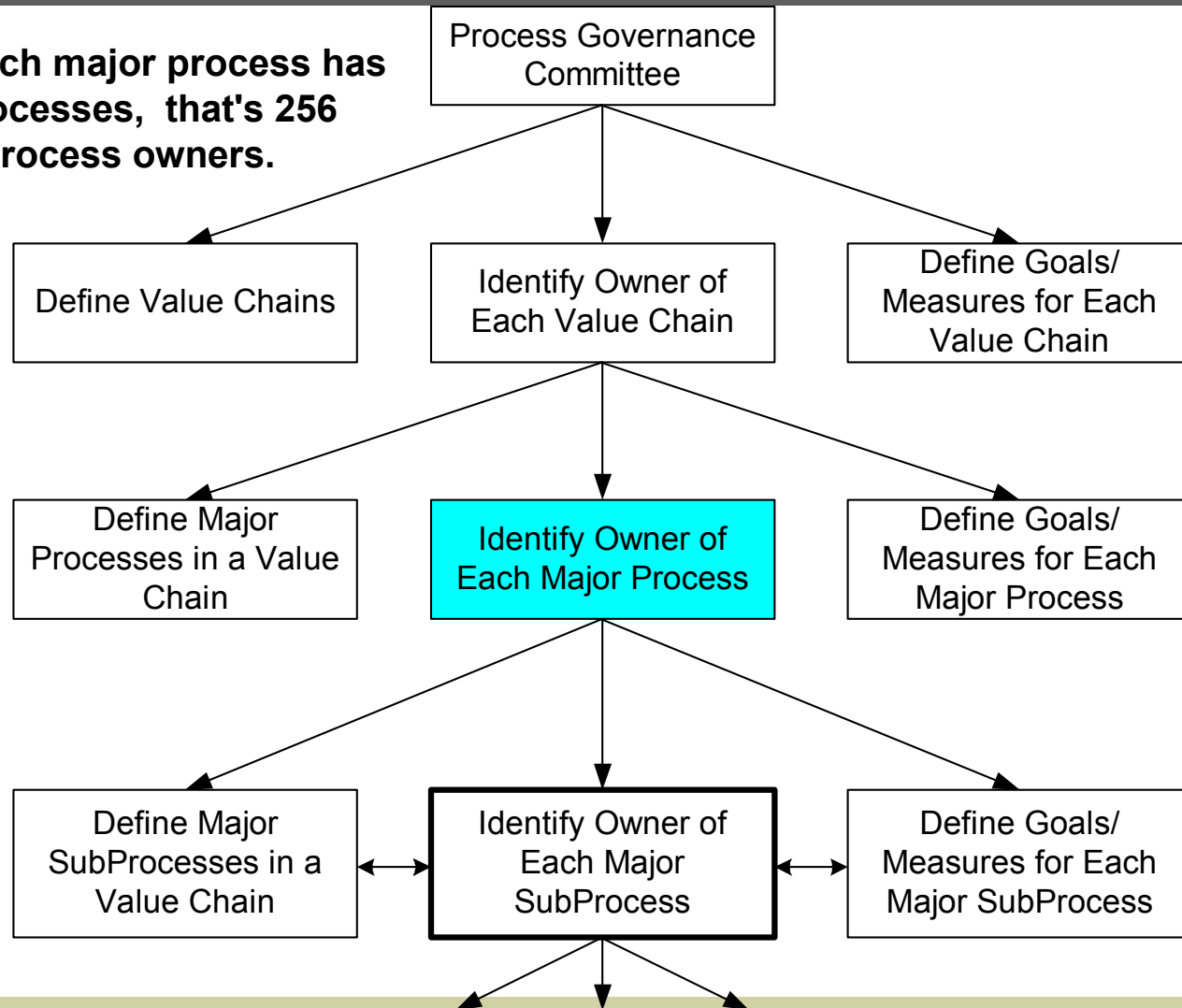
■ Creating A Process Governance System - 2

Assume each value chain has 8 major processes, that's 32 major process owners.



■ Creating A Process Governance System - 3

Assume each major process has 8 subprocesses, that's 256 subprocess owners.



Each Boeing A&T Process Owner Defines a Process

PROCESS FLOWCHART

Applies To: <Bus. Unit/Program Name Here>

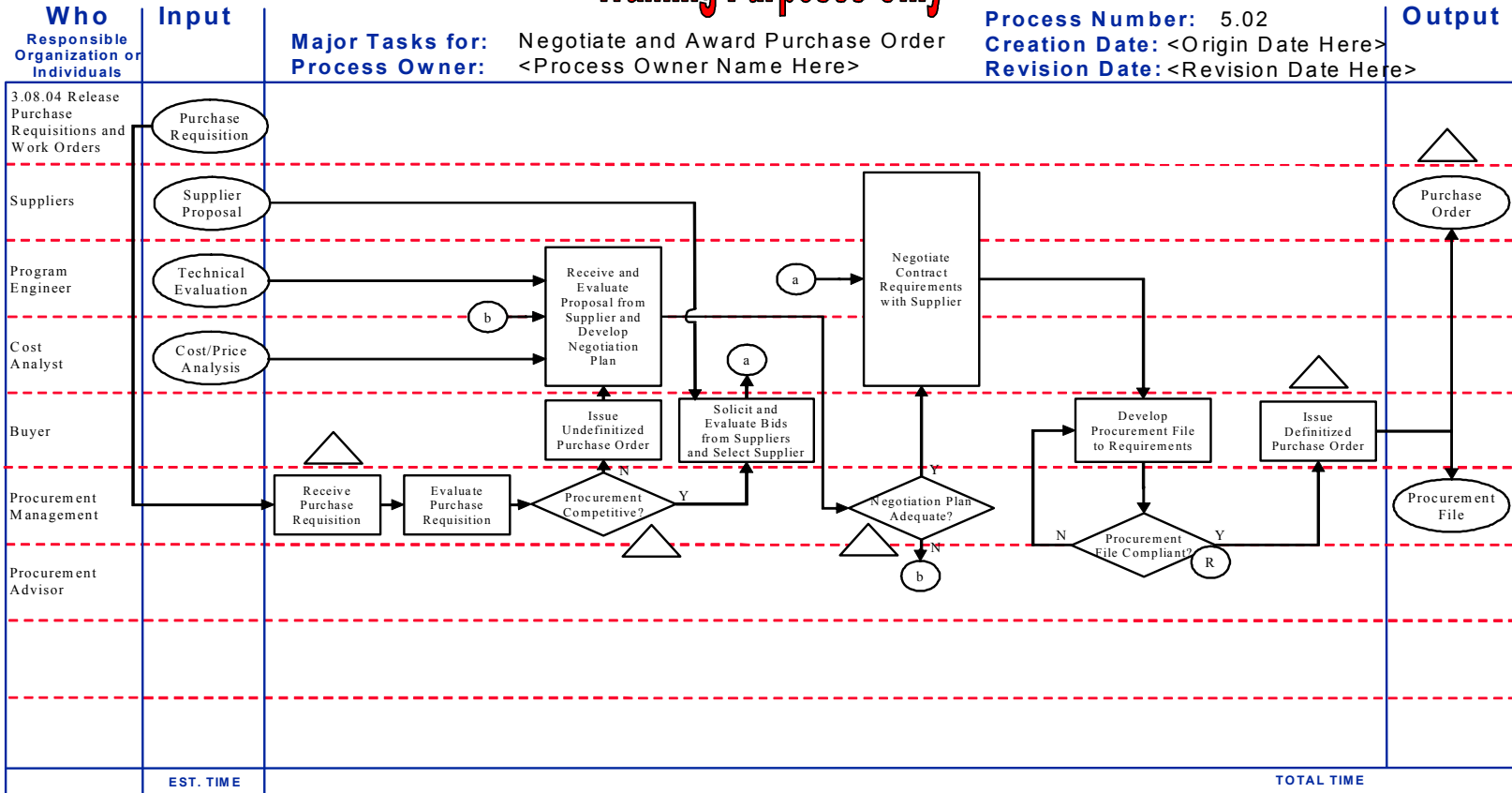
Training Purposes Only



Process Number: 5.02

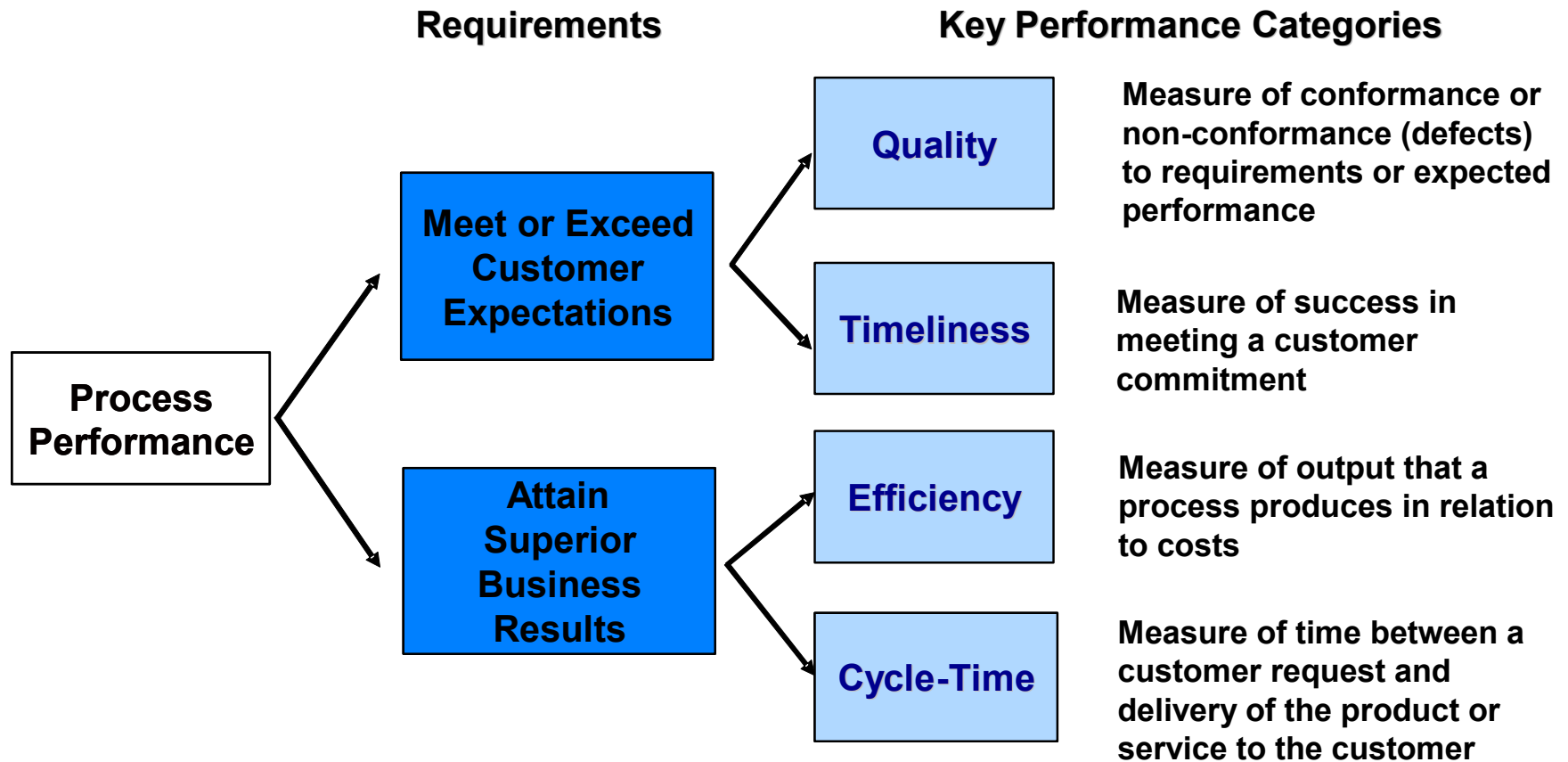
Creation Date: <Origin Date Here>

Revision Date: <Revision Date Here>

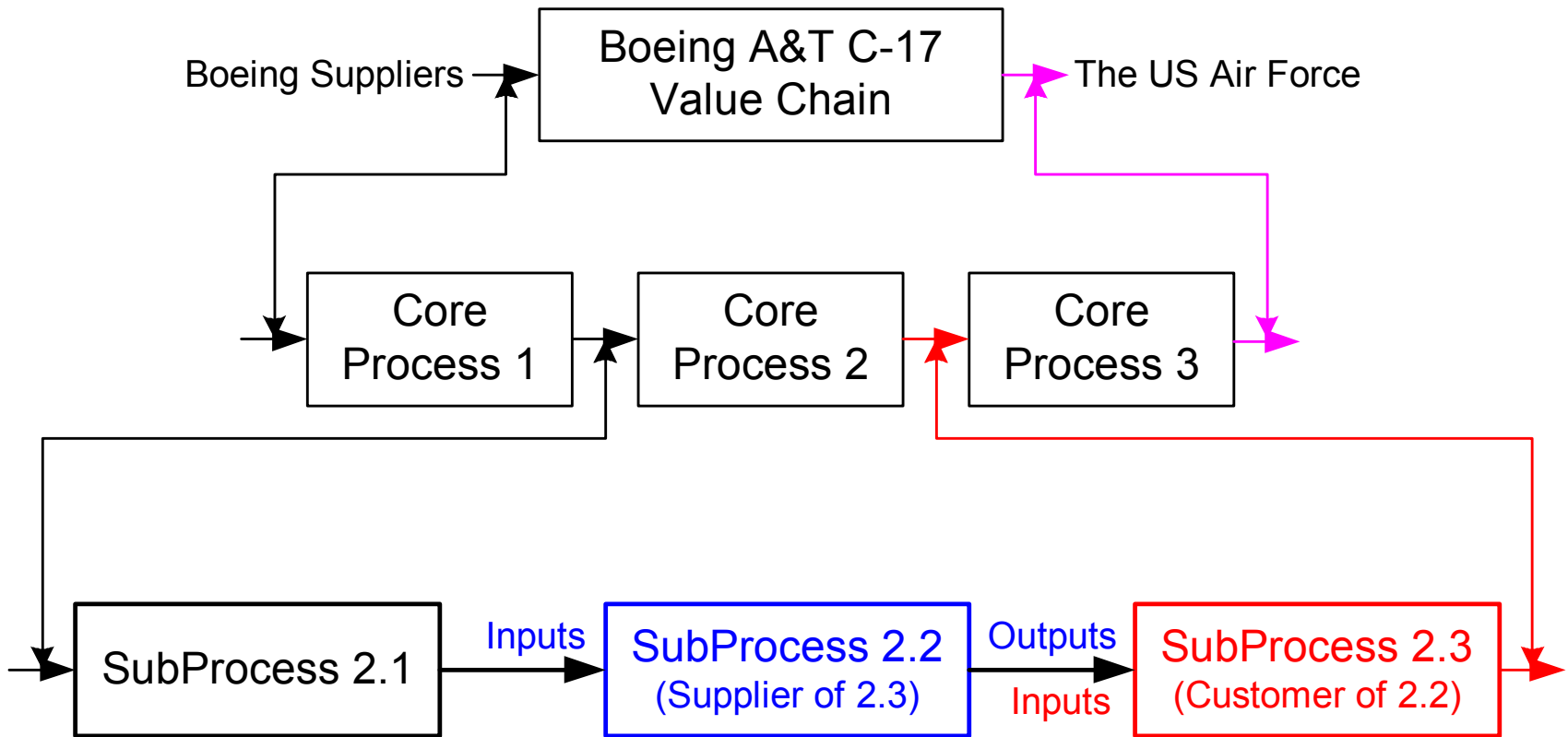


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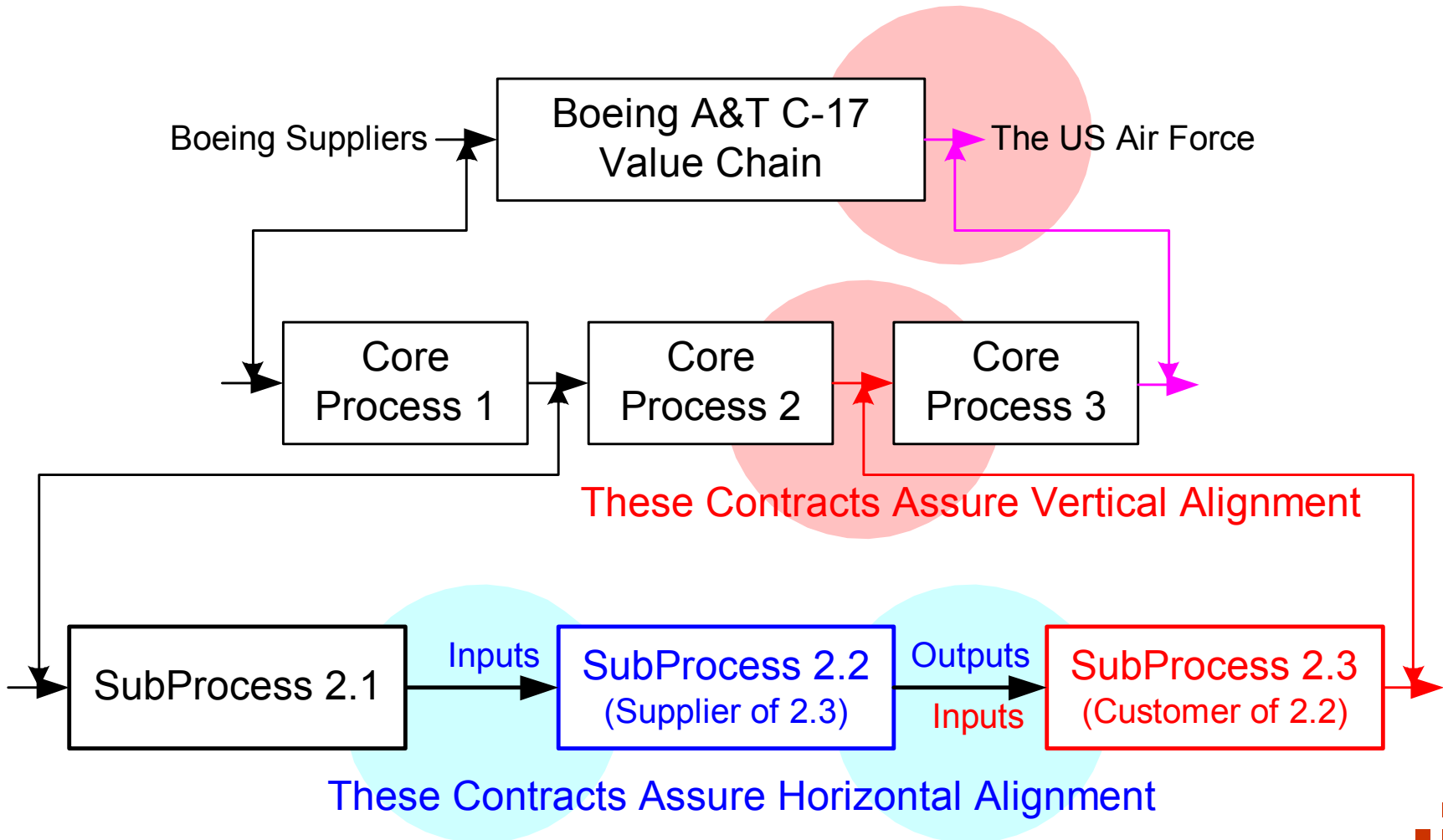
Boeing Airlift & Transport Measures



■ Aligning External, Output Measures



Aligning External Measures With Contracts

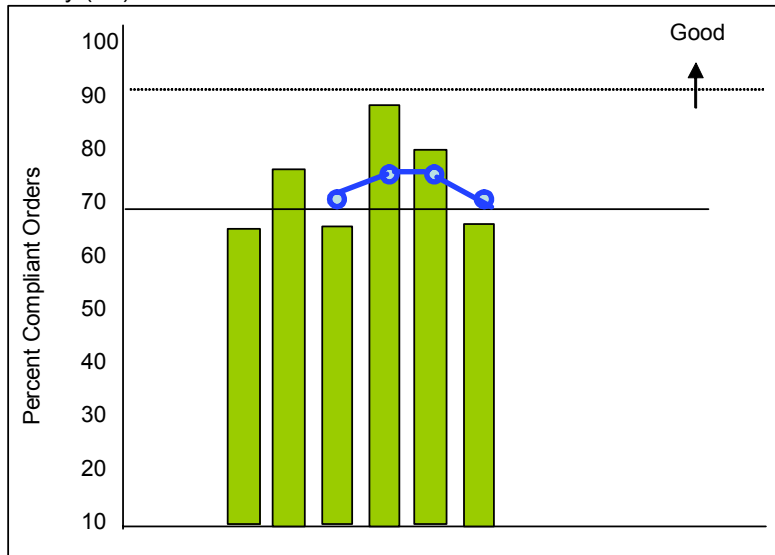


Boeing A&T Monthly Manager Feedback

Process Performance Assessment

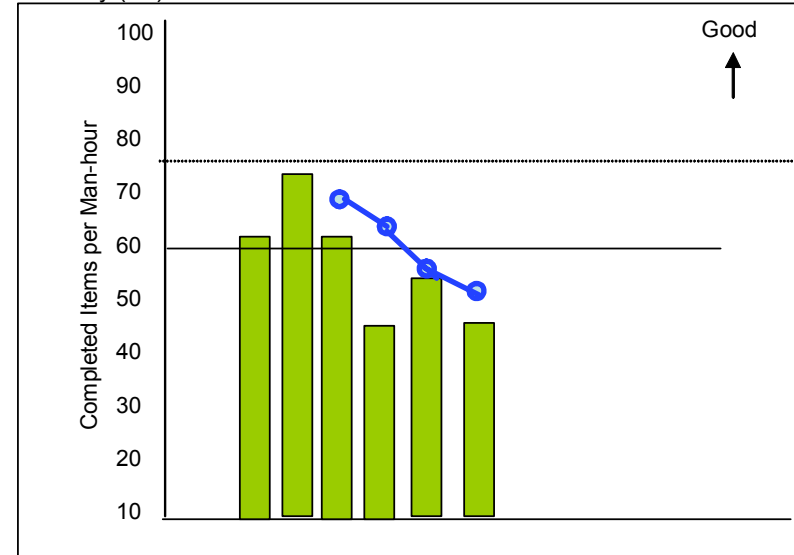
02	03	J	F	M	A	M	J	J	A	S	O	N	D
ND	ND	1.5	2.0	2.0	2.0	1.5	1.5						

Quality (1X)



02	03	J	F	M	A	M	J	J	A	S	O	N	D
Assessment	ND	ND	1	2	2	2	2						

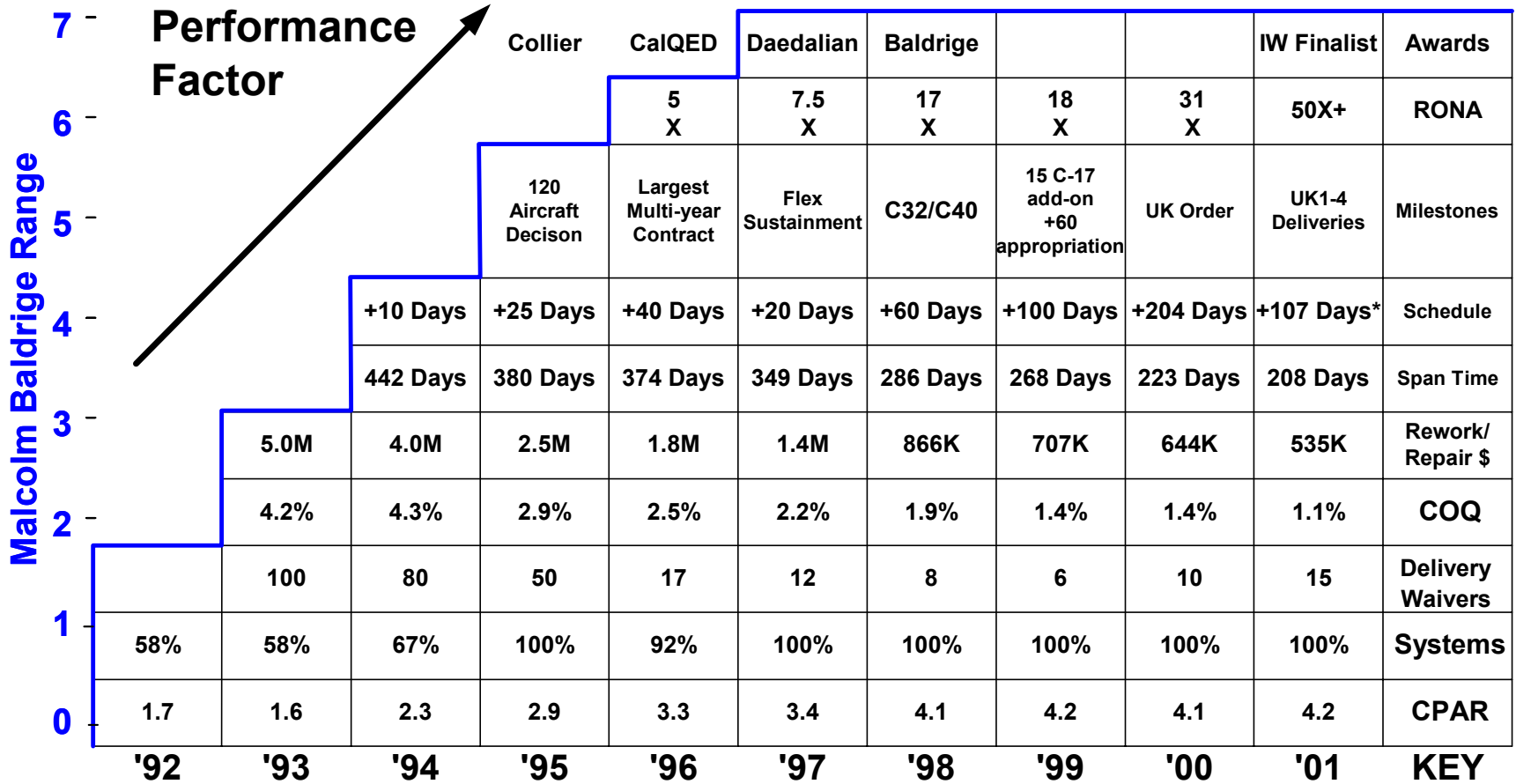
Efficiency (1X)



02	03	J	F	M	A	M	J	J	A	S	O	N	D
Assessment	ND	ND	2	2	2	2	1	1					



Results of Boeing A&T Governance Effort



*Days ahead of schedule to USAF decreased due to an insertion of four UK planes into the 2001 schedule

