BPM Discipline @ QUT

Teaching
- Master’s of BPM
- BPM specializations

Service
- Professional training
- Consultancy

Research
- Business oriented
- Technology oriented
Applied BPM Research

- Process standardization and reuse (Suncorp/NICTA)
- Retail innovation (Woolworths)
- Airports innovation (Brisbane Airports)
- Value-based Process Management (Accenture)
- Business Transformation Management (SAP)
- Cost-aware Process Management
- Risk-aware Process Management
- BPM Systems – The YAWL Initiative
- Effective Use of Process Modeling
BPM Roundtable: 800+ Participants
Objectives: “Process Thinking”

1. To inspire you to think about your processes as a way of improving your business operations

2. To understand how BPM initiatives work and reflect on which processes you should improve first

3. To become aware of the main causes for BPM programs to fail
The Hidden Processes

Processes exist from the moment we create an organization

However, we often lack awareness for

• how our processes look like
• how they currently perform
• how they can be improved

The root causes are

• functional focus
• lack of urgency
• lack of process management skills
Business Process Management (BPM)

Body of principles, methods and tools to design, analyze, execute and monitor business processes, with the ultimate goal of improving them.
What’s a Process?

“If it does not make at least three people mad, it’s not a process.”

Hammer and Stanton (1995)
Business Process, at the core of BPM

Chain of events, activities and decisions that involve a number of actors and objects, and that collectively lead to an outcome that is of value to an organization or its customers.

Examples:
• Order-to-Cash
• Quote-to-Order
• Procure-to-Pay
• Application-to-Approval
• Fault-to-Resolution
• Claim-to-Settlement

Dumas, La Rosa, Mendling, Reijers, 2013
The Process Environment

Business Environment
- Economy
- Regulatory
- Culture

Organisation System
- Performance Planning
- Performance Management

Suppliers & Partners
- Financial
- Human Resources
- Technology
- Material

Function A
Function B
Function C

Business Processes

Stakeholders

Customers

Competition

After Rummler
Process Models – The Understanding of Processes

1. What needs be done and when? - *Control flow*
2. What do we need to work on? – *Objects (physical & electronic)*
3. Who’s doing the work? - *Resources (human & systems)*

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### Invoice Process Diagram

- **Invoice received**
  - Enter Invoice Details
  - Check Invoice Mismatches
  - Post Invoice
  - Invoice posted

- **Invoice mismatch exists**
  - Block Invoice
  - Invoice blocked

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**Finance Department**

**ERP**

- Invoice
- Invoice DB
- Report
- Invoice

**Senior Finance Officer**

- Invoice
- Invoice mismatch exists
- Block Invoice
- Invoice blocked
"The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency.

The second is that automation applied to an inefficient operation will magnify the inefficiency."

Bill Gates
What’s the value of BPM?
Foundational Value: Transparency Over The Business

“Turning a lot of light bulbs on in the minds of managers”

Alistair Brooke,
Defense Housing Authority,
Canberra, Australia
t.BPM (tangible BPM)

t-bpm.de (Alexander Luebbe, 2011)
Why BPM? The Management Perspective

"Value-Driven BPM: Which Values Matter?" - Study with 15 USA/AU organizations
BPM: The New Way to an Old Target

BPM is about managing and improving processes. Whatever tool it takes to do so is most welcome.
The BPM Lifecycle

- **Process identification**
- **Process discovery**
- **Process monitoring and controlling**
- **Process implementation**
- **Process analysis**
- **Process redesign**
1. Designation step
   - Enumerate main processes
   - Determine process scope

2. Evaluation step
   Evaluate processes based on:
   - Importance
   - Health
   - Feasibility

After Davenport (1993)
Process Portfolio Management Example

An Australian Retailer

Primary Focus

Process Health

High

Importance (priority)

Low

Poor

Good

0

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The BPM Lifecycle

- Process identification
  - Process architecture
  - Conformance and performance insights
- Process discovery
  - As-is process model
- Process monitoring and controlling
  - Executable process model
- Process implementation
  - To-be process model
- Process analysis
  - Insights on weaknesses and their impact
- Process redesign
Process Redesign

Identify possibilities for improving the design of a process

AS-IS: Descriptive modelling of the real world

TO-BE: Prescriptive modelling of the real world

- No silver-bullet: requires creativity
- Redesign heuristics can be used to generate ideas
Redesign Drivers: Ambidextrous BPM

- **Explorative BPM**
  - innovation-

- **Exploitative BPM**
  - commodity-

Expectations not fulfilled vs. Expectations exceeded

Dissatisfaction vs. Delight

- **Explorative BPM**
- **Exploitative BPM**
Process Redesign Approaches

Exploitative Redesign (transactional)
• Doesn’t put into question the current process structure
• Seeks to identify problems and resolve them incrementally, one step at a time

Explorative Redesign (transformational)
• Puts into question the fundamental assumptions and principles of the existing process structure: “process vision”
• Aims to achieve breakthrough innovation
Incremental Process Redesign

1. Select problems to address, set improvement goals
2. Map goals to process performance measures and set targets
3. Apply re-design heuristics on the “as is” process model and analyze the tradeoffs
4. Select promising “change options”, justify and prioritize their implementation
Redesign via Heuristics

1. Task elimination
2. Task composition
3. Triage
4. Resequencing
5. Parallelism
6. Process specialization and standardization
7. Resource optimization
8. Communication optimization
9. Automation
10. Outsourcing
Process Redesign Tradeoffs

Each heuristic improves one side of the devil’s quadrangle, generally to the detriment of other sides.
Process Standardization via Positive Deviants
The well-known gap...
Executable Process Model

1. Control flow  >  specify exception handlers
2. Data flow    >  specify data types and data mappings
3. Resources    >  specify participants assignment rules, service details...
Business Process Management System
Example process modeling tools

Bonita Soft Bonita Open Solution
Example worklist handlers

Bonita Soft Bonita Open Solution
Example monitoring & administration tools

IBM BPM Process Portal
BPMS Landscape: How To Choose?

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<th>Big vendors</th>
<th>Other closed-source</th>
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<th>Community open-source</th>
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<td>• IBM BPM</td>
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<td>• Bonita Open Solution</td>
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Students Admission @ Charles Sturt University

• Phase 1: Consolidation of business requirements
• Phase 2: Tender & Shortlisting
• Phase 3: Evaluation & Recommendation
• Phase 4: Analysis & Improvement
• Phase 5: Automation & Change Management
• Phase 6: Rollout
Advantages and Challenges of BPMS Adoption

Advantages
1. Workload reduction
3. Execution transparency
4. Rule enforcement

Challenges
1. Technical challenges
2. Organizational challenges
Embrace change…

“I am 63, I will retire in 2 years, and as long as I am here we will NOT change any process.”
How do you know that in one year you’ve been successful with BPM?
BPM Leader:
“I believe we now have the core BPM methods, tools, techniques and training under control.”

Executive:
“To derive corporate value from BPM, we need different capabilities.”

BPM Leader:
“This is not me anymore...”
Typical Failure Reasons

• Focus on activities, methods & tools, not values
• Lack of value-specific capabilities
• No change management plan
• Believing BPM is the single source for values
• Governance structures inexistent or not matching values
In the Process-Centric Organization...

“We know we will have succeeded when:

• every employee understands their process work and can see their role in the process map,

• every employee understands the relevant metrics for success within their process area,

• every employee comes to work every day thinking of ways to improve the process.”

John Wheeler, former CIO
Nova Chemicals, USA
Associate Professor
Marcello La Rosa

Academic Director (Corporate engagements)
BPM Discipline, IS School
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Fundamentals of
Business Process Management

Marlon Dumas
Marcello La Rosa
Jan Mendling
Hajo A. Reijers

Springer