

# Business Process Management

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## Background

- BA Economics
- MSc MIS
- PhD CIM



Smartlink

Mission

- **Development of new knowledge in the field of Business Process Management**

<b>Manufacturing</b>	<b>Finance</b>	<b>Utilities</b>	<b>Computing</b>	<b>Public services</b>
BAe Systems	<u>Lloyds TSB</u>	CAL-ISO	<u>IBM</u>	Met Police
Messier Dowty	JP Morgan	Sprint PCS	Sema	Hospitals
<u>Smiths</u>	NAB	<u>Vodafone</u>	Compaq	<u>MoD</u>
GKN	Prudential	Scottish	Fujitsu	Met Office
	Scot Amicable	Power		UKHRO
	NSI	TNT Express	<i>Corel</i>	
	Nationwide		<i>Microsoft</i>	
	Building Soc		<i>Casewise</i>	
	BBS			

All since 1999

What do you want to get from this session?

## Structure

Three parts

1. Is managing processes important?
2. How do YOU manage process?
3. Applying process management and measurement

## Section 1

### Importance of process

## What BPM is



A business process is an 'end to end' set of activities that adds value to a customer



Business Process Management involves the active management of all your processes

Invisible in services

**BPM is not:**

- Limited to Operations
- All about technology
- BPR

**BPM is:**

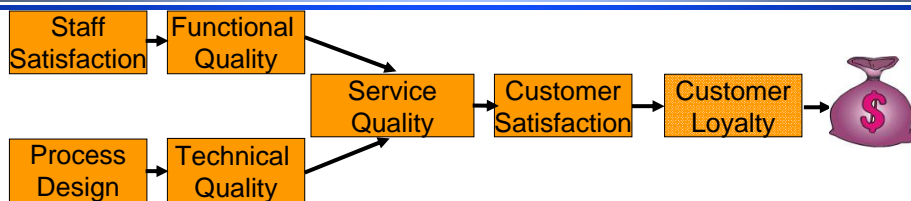
- A management philosophy
- Customer Focused
- Intervention led & improvement oriented

## Process and People



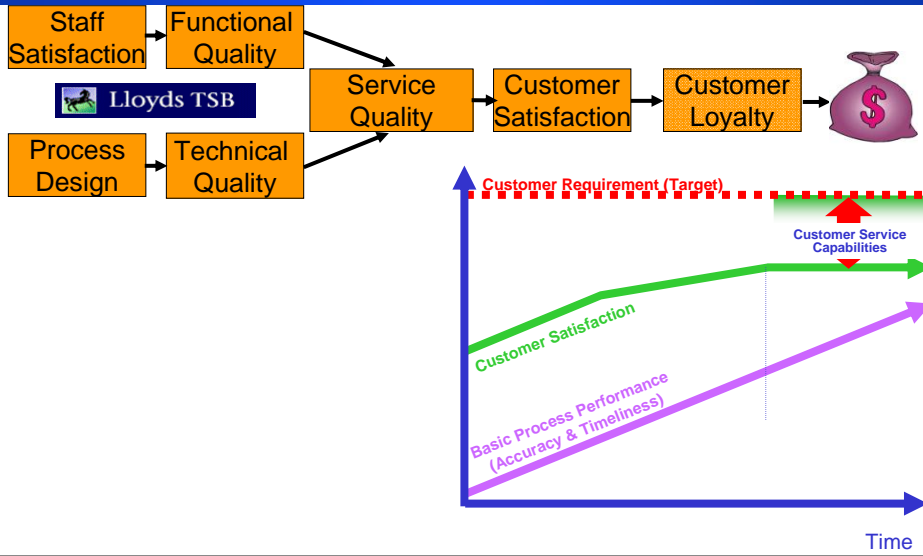
Well Motivated <b>People</b>	Excellent Companies Award winners	Organisation works But stressful workplace
	Poorly Motivated	Poor levels of Customer service
Well designed & managed		<b>Processes</b> Poorly designed & managed

## Process and Profit

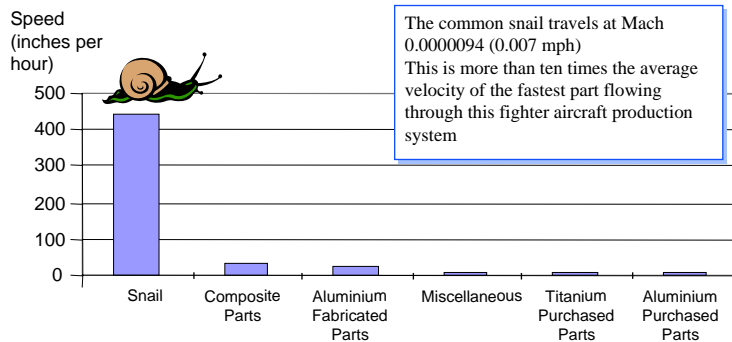


1. Reliability – on time, RFT,
2. Assurance - knowledge and courtesy of employees conveying trust and confidence
3. Tangibles – appearance of people, equipment, communications material
4. Empathy – giving customers personal attention
5. Responsiveness – willingness to help and providing prompt service

# Our Results



# AEROSPACE PRODUCTION VELOCITY - EXAMPLE



## All sectors



- Government targets on 4hr wait in A&E – patient flow,
- IBM recognition that after-sales is key part of business
- Msoft, can't sell just office
- Telco's moving from a growth to consolidation phase
- MoD moving from provider to decider



## Section 2

Do YOU manage your processes

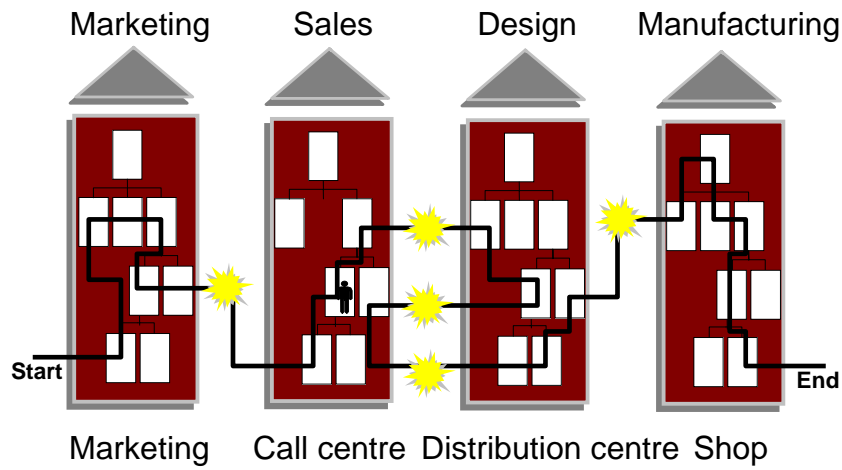
## DESIGN

1. Process Strategy
2. Process Architecture (framework)
  - ← People, Process & Technology
3. Process Measurement
4. Process Ownership
5. Process Improvement

1. Process Strategy
  - ← Turning strategy into action
    - Processes are the way in which strategy is delivered
  - ← Conscious management of process
  - ← Reporting on process performance
2. BP Architecture
  - ↗ Compelling picture
  - ↗ Process architecture has “the people in it”
  - ↗ Provides an overall structure
  - ↗ Ensures we analyse process NOT a function



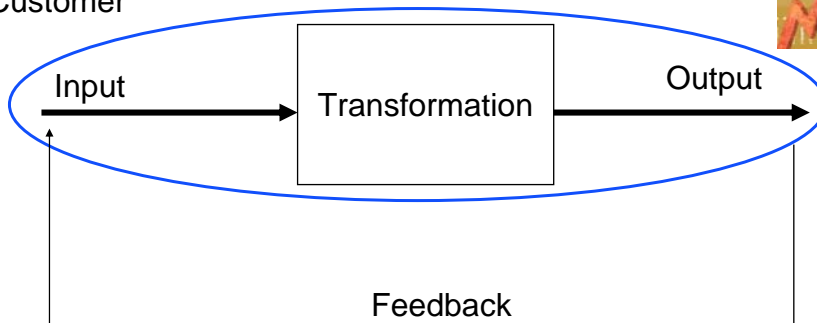
### Processes in Functional Organisations



### Transformation



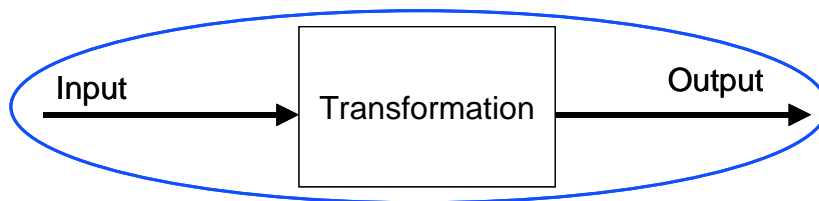
Customer



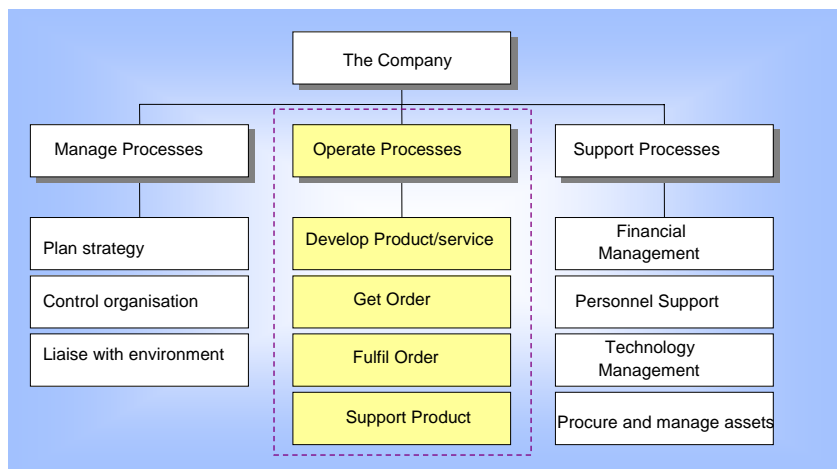
## Analyse Your Organisations



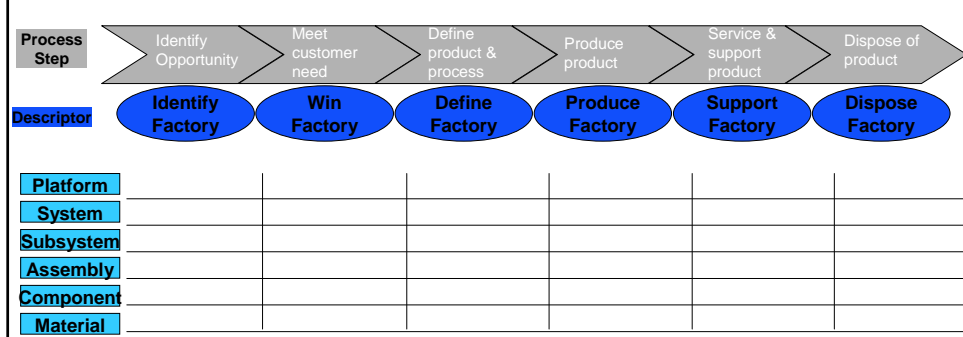
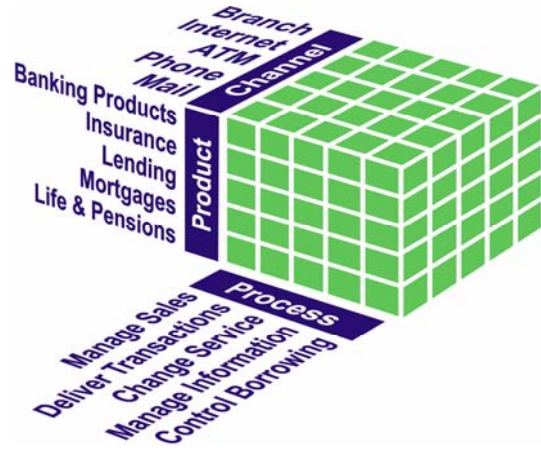
- Using the I-T-O framework analyse your organisation, (you may want to think of measures and feedback if you have the time)
- Be prepared to share

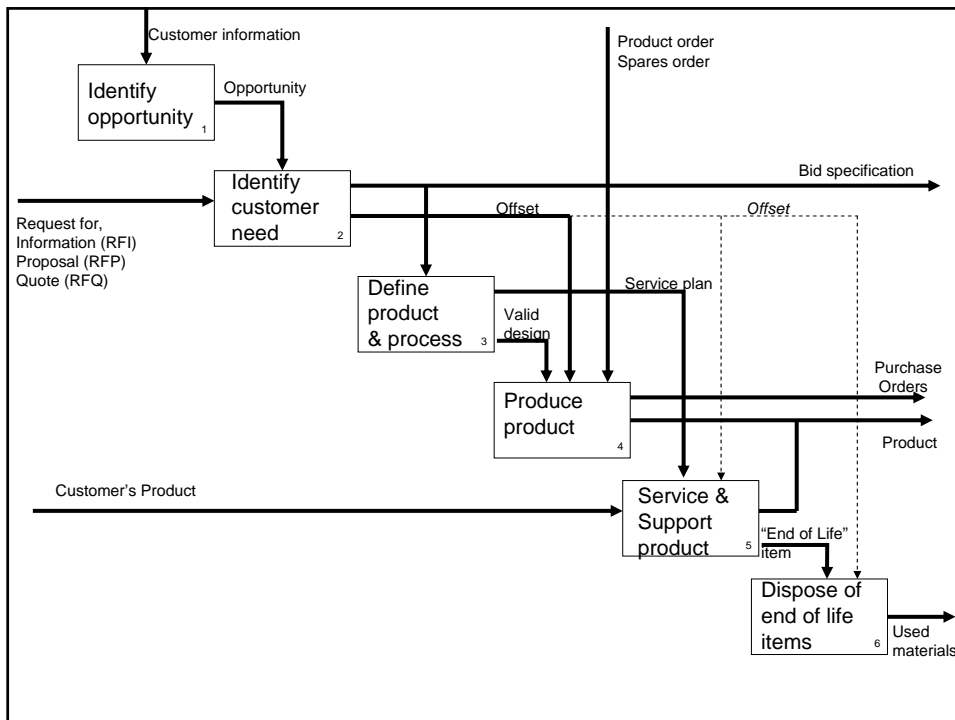


## Standard Process Models



# Deliver Sales and Service





**SMART LINK**

## Features

3. **Measurement**
  - ← Gather the data on cost and service
  - ← Measure the interactions
4. **Ownership**
  - ← Accountable process owners
  - ← Integrating process ownership into overall business management
  - ← Using process ownership to identify and drive improvement
  - ← Introducing effective HRM practices to support ongoing process ownership
5. **Improvement**
  - ← Model and analyse, recognise the cost/service balance
  - ← Test the improvement
  - ← Role for IT

Measuring process performance  
why its important to take a customer view

### SMARTIES

## Laws

- Can theory help us to explain why some organisations with same number of people and same types of machines do it cheaper, better, quicker, than others?

1. Law of variability
  - ← Greater the variability demanded of the process the less productive the process is
    - Variability in times, nature or the steps
2. Law of bottlenecks
  - ← Improve productivity by better managing bottlenecks
  - ← *the greater the difference in the rate of flow through stages in a process, the less productive the process is* (Jones & Johnston)

3. Law of scientific method
  - ← Labour productivity can be improved through applying techniques of scientific management, division of labour, codify knowledge etc – LEAN?
4. Law of Quality
  - ← Productivity can be improved as quality is improved and as waste declines (not always true & most evidence is anecdotal)
5. Law of limited tasks
  - ← Those organisations that focus on a limited set of tasks are more productive than those who do a broad array of tasks

## Theory of Swift Even Flow



- *More swift and even the flow of materials through a process the more productive the process is*
- Productivity
  - ← rises with the speed by which materials flow through a process
  - ← falls with increases in variability
    - Demand
    - Process's operations

## Variability



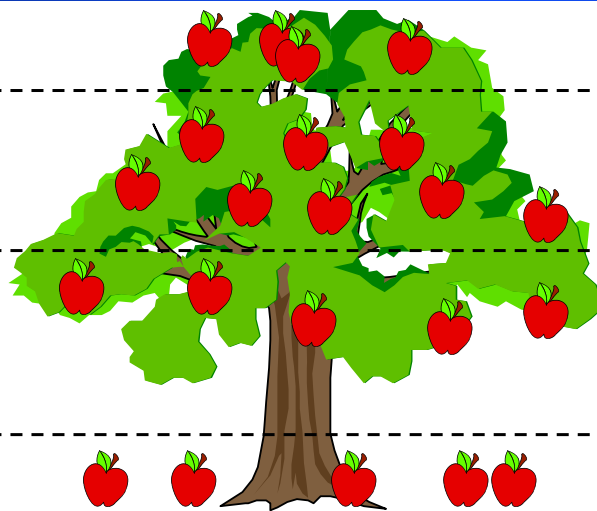
- Imagine you are managing the processes of a casualty department
- What is the process?
- Where is the variability?
- Demand for the service  
Time taken for the activities

## Brainstorm



- What is the solution?
  1. Limit variety in treatment times, repeatable procedures, RFT
  2. Focused the factory
- Bottlenecks – whole process?

## Fruit of Improvement



Sweet Fruit  
*Advanced tools*

Heavy with Fruit  
*Dynamics of Process (bottlenecks)*

Low Hanging Fruit  
*Simple analysis*

Ground Fruit & Spoiling  
*Logic & Intuition*

## Your Issues + some tips



- Customer focus – if label then include customer
- IT is an ENABLER (Solow)
- Make measurement end-to-end
- Don't get hung up on the models and tools
- Stop piecemeal process improvement, get an architecture
- Cannot just re-design have to instigate process management
- Don't use consultants to do it for you– DIY (education)



## Summary



- BPM more than just change
- BPM will always be an issue = widespread interest
- Need to know top level processes and their interaction – flows & constraints
- 5 features of BPM
- Apply the laws



**H**ere is Edward Bear, coming downstairs now, bump, bump, bump, on the back of his head, behind Christopher Robin. It is, as far as he knows, the only way of coming downstairs, but sometimes he feels that there really is another way, if only he could stop bumping for a moment and think of it.