Business Process Management Reloaded

Eight levers to turn process management into a competitive advantage of high-performance enterprises

Porsche Consulting
Strategic Vision. Smart Implementation.

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Business Process Management (BPM) is back on the CEO agenda. After past attempts, often limited in their success, the discipline nowadays has become the method of choice for companies across different industries to address several major challenges. Current efforts to simplify and digitize processes have offered BPM the opportunity to leave its rather dusty image behind. Figure 1 highlights the major differences between yesterday's and tomorrow's BPM, with the latter serving as a valuable enabler of organizational high performance. In reality, however, many companies still struggle to successfully operate a BPM system. Based on recent project experience and numerous discussions among BPM practitioners, Porsche Consulting has summarized eight levers to redefine an existing BPM approach. But first, it is worthwhile to reassess typical pitfalls and why BPM is more important than ever before.

To meet future needs of digitization and agility, BPM needs to evolve

Yesterday's Business Process Management

Documentation of as-is processes and definition of to-be processes

Manual process documentation and assessment—resulting in a lot of work

Selection of processes to be optimized in a reactive mode based on occurring pain points

Isolated small-scale optimization projects, often within individual functional departments

Lack of management board's prioritization of and commitment to BPM

Tomorrow's Business Process Management

Mandatory enabler and backbone of large-scale digital transformation throughout the organization

Use of innovative technologies—e.g., process mining—to enhance efficiency in process management

Optimization of selected signature processes derived from value proposition to achieve a maximum added value

Large-scale performance enhancement along end-to-end processes and customer centricity

Actively placed on top management's agenda and sustained C-level sponsorship for key projects

Figure 1. Comparison of outdated and modern BPM approaches (source: Porsche Consulting)

BPM is often on shaky ground

BPM is not a new discipline. Companies began using BPM in the 1990s as a tool to standardize and optimize processes. Some success has been witnessed, for example, when BPM proved to be an important facilitator of emergent outsourcing activities. However, real breakthrough results often failed to materialize in the long term. A second wave of initiatives was triggered in the mid-2000s, focusing on the "end-to-end optimization" perspective of business process management. While these motives are to be appreciated, BPM still struggled to break up functional silos in practice. Figure 2 summarizes our experience on why, nowadays, BPM stands often on shaky ground in organizations.

⌂ Why BPM often stands on shaky ground in organizations?

⇧ Lack of C-Level commitment to and shared understanding of BPM	⇧ Scattered and unfocused process management efforts throughout the organization	⇧ Lack of end-to-end process organization mindset	⇧ IT support poor and not user-friendly
⇧ Unused and unstructured process documentations	**Key challenges for Business Process Management across industries**		⇧ Aversion towards partnerships with other management systems
⇧ Inappropriate organization and governance structure and unclear responsibilities	⇧ Unstructured communication concept	⇧ Lack of BPM vision and mission	⇧ Lack of acceptance within the workforce

Figure 2. Key challenges for BPM across industries (source: Porsche Consulting)

Many BPM implementation initiatives start with good intentions. However, the transformative power of this approach is not always formalized by top management, resulting in a lack of clear vision and mission. Confusion increases without a visible connection between BPM and neighboring disciplines, such as quality management, internal audit, risk management, or enterprise architecture management. This is the point at which BPM begins to lose its justification and acceptance within the workforce. In combination with inappropriate organization and governance structures and poor IT systems, once-promising BPM initiatives end up as toothless paper tigers. BPM practitioners may well have observed some of these challenges in their own organization. Nevertheless, past efforts will not have been in vain, as existing BPM elements often form the core of revitalization in a new initiative.

BPM makes its way back onto the CEO agenda

We have recently perceived a substantial increase in customer interest in BPM, which appears to be making its way back onto the CEO agenda. Consolidating the insights from discussions with top management across different industries, we have identified four major challenges to be addressed by initiatives to revitalize existing BPM approaches.

First, companies are struggling to achieve their ambitious digitization goals. Whether multimillion-euro projects to implement SAP or recent Robotic Process Automation (RPA) opportunities, both rely on the proper documentation of processes. Even BPM's greatest critics would agree that simply digitizing a bad analog process does not turn it into a good process. Therefore, before digitization can take place wide-scale, existing processes must be transparent, standardized, and optimized or eliminated—essential ideas of any BPM system.

Second, traditional efficiency projects with a functional focus have reached their limits. For instance, the product-development process that integrates R&D, procurement, finance, sales, production planning, and the like ties up enormous resources in its coordination of the various disciplines. In such settings, functionally oriented optimization projects will never manage to free up resources sufficiently. By applying an end-to-end (E2E) process perspective, however, BPM can detect and leverage dormant efficiency potentials, especially at departmental boundaries.

Third, many companies are dealing with an increasing amount of legal requirements and documentation. In this respect, BPM can be a powerful instrument for creating transparency in critical processes, such as supporting General Data Regulation Protection.

Finally, accelerated market dynamics force firms to rapidly adapt to environmental changes that compel product-oriented companies to move to service-based business models. Again, BPM provides a useful tool to shape these new services. Past project experience in the context of BPM is summarized as a proven, best-practice BPM framework. Its centerpiece is an exhaustive process model, the single source of truth for the processes of an entire company. The three BPM pillars—strategy and governance, people and organization, and methods and tools—encompass the key elements required to operate a sustainable and transforming BPM approach (see figure 3).

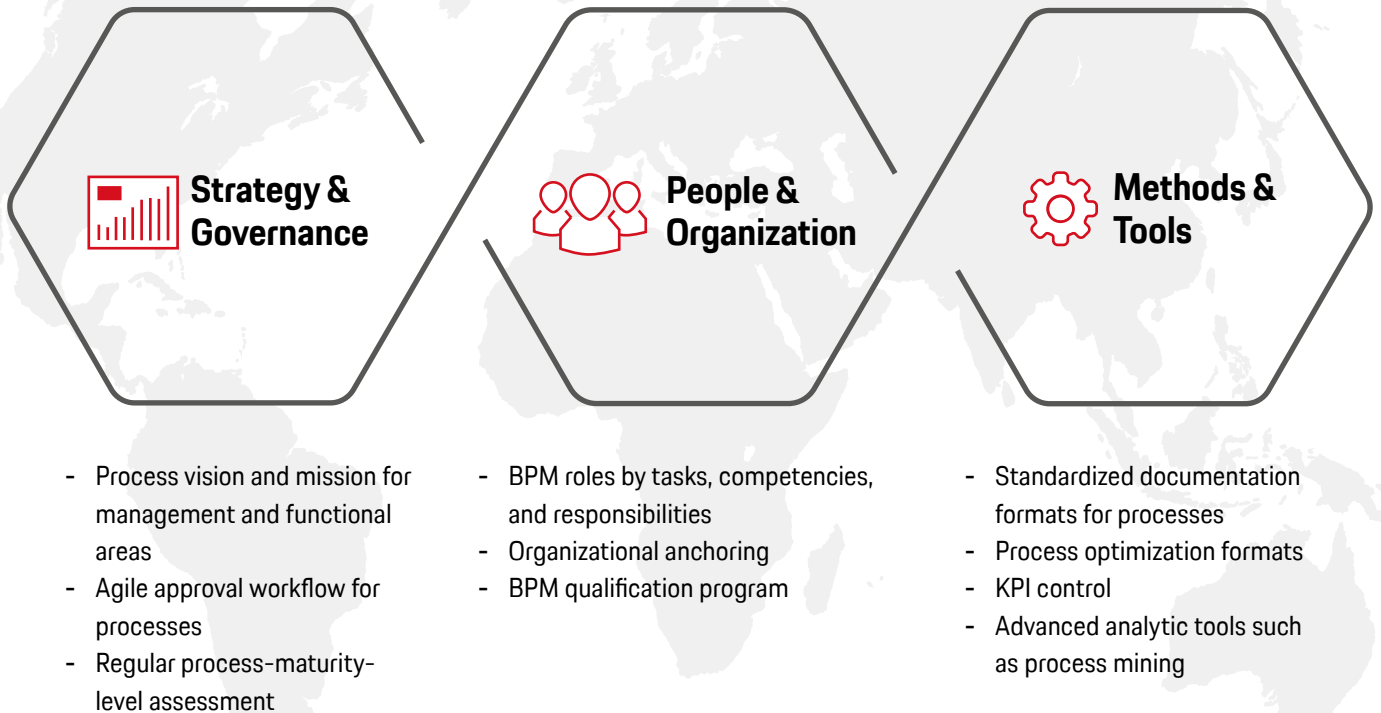**⚠ Three key elements to operate a sustainable and value-adding BPM**

Strategy & Governance	People & Organization	Methods & Tools

- Process vision and mission for management and functional areas
- Agile approval workflow for processes
- Regular process-maturity-level assessment

- BPM roles by tasks, competencies, and responsibilities
- Organizational anchoring
- BPM qualification program

- Standardized documentation formats for processes
- Process optimization formats
- KPI control
- Advanced analytic tools such as process mining

Figure 3. Required ingredients for a sustainable and value-adding BPM (source: Porsche Consulting)

Eight levers for a BPM success story

While the theory might appear intuitive and straightforward, its implementation is certainly not. There is a great number of practical challenges and potential pitfalls. The following eight pivotal levers outline how to overcome challenges and make the BPM revitalization a success.
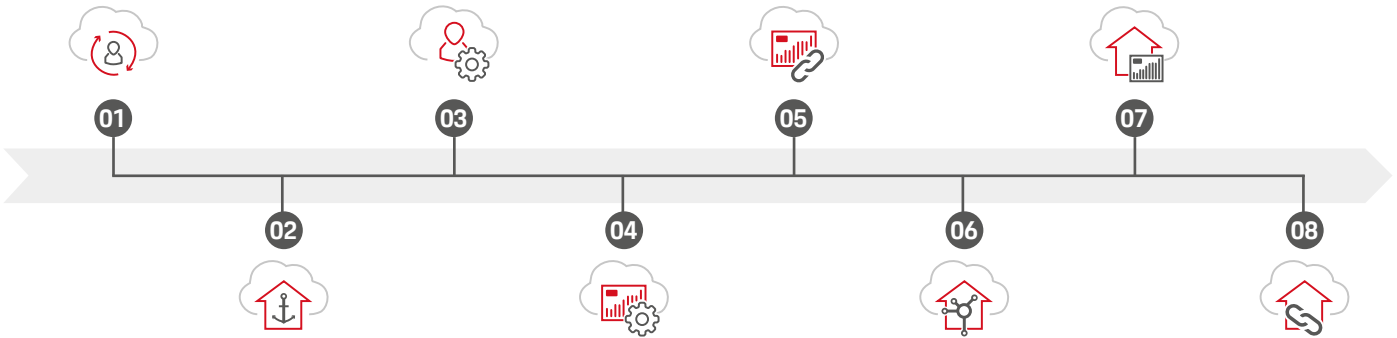
Eight BPM practices "How can BPM succeed?"

Figure 4. Eight levers for a BPM success story (source: Porsche Consulting)

Ensure top-management support

Revitalizing a past practice eventually calls for intervention by top management. Changing the operating model and even the people involved requires top-management support. Therefore, search for as many top-management allies as possible and convince them by addressing their individual pain points. During a BPM implementation initiative, companies typically face several situations in which a top-down decision is crucial to moving forward. Successful transformation projects thus need to make sure that at least one C-level member actively and sustainably supports the BPM initiative. At a leading global phar-

ma concern, for instance, the management board is the official sponsor and actively involved in BPM by participating in important process committees, among other activities. This ensures sufficient attention and hence acceptance for the management tool. Another global company officially nominated one of its top managers the Chief Process Officer (CPrO), thereby signaling the importance of a new BPM approach. When transferring the BPM implementation project to ordinary operations, ensure that the central BPM department builds on a strong mandate to properly execute its function of overseeing governance.

Visibly anchor BPM in the organization

BPM activities often remain in project mode and are not sustainably anchored in the organization. Address this issue by defining the required BPM roles and locating them wisely within the organization structure. This is the key to ensuring regular BPM operations in the long run. When conceptualizing BPM roles, keep an eye on the right balance between executing (e.g., process owner), supporting (e.g., creator/modeler), and overseeing roles (e.g., central process manager). The second step is to identify suitable people with high impact on the BPM system and train them properly. Finally, find a proper location of the roles within the organization's structure. Large corporations typically establish

a central BPM function close to the CEO, such as integrated into the strategy or corporate development function. Depending on the company's size, additional decentralized BPM units for different divisions/business units or functions can be initiated. An automotive OEM follows this approach and has installed both a central BPM team in close proximity to the CEO and smaller decentralized BPM hubs within functional departments closely interlinked with the organization for continuous improvement. This approach has proven successful, enabling significant annual productivity improvements.

Assign powerful process owners

In today's corporate culture, process ownership is nowhere near as important as functional leadership. In order to increase process orientation, install E2E-process owners and equip them with the mandate to fulfill their role in increasing process maturity and drive process optimization based on defined metrics. There are first signs that many companies have begun to realize the importance of process ownership, which becomes apparent in respective job offerings. Henkel, for example, was currently looking for a global process owner for travel and expenses, including responsibility for designing and governing the process on a global level. Ideally, the responsibility for process design/governance and process execution, including disciplinary leadership of the employees involved, is held by one and the same person.

Link process performance to compensation systems

Without extrinsic motivation and a clear quantitative guidance, the initial step toward process orientation can hardly be realized. Therefore, consider providing a compensation element based on process performance to speed up the cultural shift in the organization. Assuming a cultural fit to the general target-setting system, it may increase the commitment of process owners and hence strengthen the crucial concept of E2E responsibility. Note that the appropriate approach is subject to the maturity level of process-performance controlling at a company. Valid tracking of process KPIs is a prerequisite for connecting process performance with managers' remuneration models. Very often, reliable process KPIs are not established throughout the company. This limits the chance to implement process-performance-based compensation. An initial step into this direction could be the use of formalized process-maturity assessments, a first quantitative indicator of process orientation.

Establish the process model as the single source of truth

Numerous companies face the problem of multiple process documentation standards and tools causing waste in the form of redundant tasks, countless alignment efforts, and a lack of synchronization. A consistent and standardized process documentation is an essential ingredient of BPM and of high importance for quality management, risk management, internal audit, compliance management, enterprise architecture management, and the like. Thoughtfully invest in a solution that is able to integrate different management systems and harmonize the requirements. This kind of integrated approach exploits significant synergies. For instance, by including compliance checks and risk controls within the initial process design, you will significantly reduce the substantial efforts resulting from assessing and documenting processes repeatedly from different viewpoints. A European pharma giant performs its BPM activities within one centralized IT platform as a single source of truth for all process descriptions. The BPM system includes a standardized approval workflow for process publishing and has links to other IT systems, facilitating the digitization of processes.

Connect BPM to the digitization agenda

Even today, processual data is often handled manually. Intensify the usage of digital tool support to shift the BPM function to the next level. While BPM's digital impact is still frequently underestimated, a variety of today's BPM tools provide an unsuspected extent of technological capabilities. Process mining, for instance, automatically handles processual data and thus unlocks the secret of processual data. By linking operational IT solutions to BPM tool solutions, operational problems like tiedup capacities, excessive cycle times, and shortages within workflows become visible. The Copenhagen Airport, for example, has used process mining to analyze the baggage-check process from check-in to storage in the airplane based on the bag tag scan data, thereby gaining valuable insights to bottlenecks and root causes. Few firms have yet discovered what sort of value true process transparency can add. Therefore, address this veritable dimension of unlocked potential in innovative BPM tools in order to accelerate the firm's digitization agenda

Establish a clear link to corporate strategy

The tangible benefits of a proper BPM are not always sufficiently communicated within firms. To realign the BPM approach, it is crucial to provide a clear link to corporate strategy and outline BPM's contribution. Mapping corporate strategy goals to the process model helps define strategic priorities, such as selecting processes that are especially crucial for implementing the defined strategy. The next step is to derive specific process goals from the contents of the strategy, for example, by formulating a tangible and quantifiable process vision. These guardrails serve as the major reference points for the process owner when it comes to setting up process improvement initiatives. This approach can be applied on a functional or business unit level as well. By communicating its link to strategy, BPM's standing within the company can be significantly increased. For instance, a global life-sciences corporation has defined its BPM approach's vision, mission, and target system, which serve as guardrails and activity frame for the operational process management, thereby offering orientation and focus to all employees involved.

## Ensure skill requirements for process organization

Firms often discover that their employees neither understand BPM's implications in their everyday work nor are aware of its methods and tools. To tackle this issue, implement a dedicated blended learning concept for BPM—a modular training approach. In other words, different training modules are defined as either mandatory or optional depending on the employee's role within the process organization. Bear in mind that senior management members should also complete high-level training, at the very least, to understand the basic concepts. As a side effect, senior management's involvement will further increase the justification of BPM process management, thereby offering orientation and focus to all employees involved.
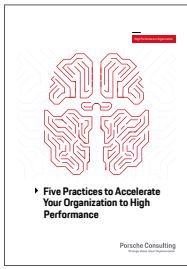
When considering the revitalization of an existing BPM approach, keep one thing in mind: the framework and its eight levers are general recommendations and should be used in an appropriate context. This means that the approach must be tailored respective to individual motivation to implement or redefine BPM.

Further reading

Porsche Consulting regularly publishes reports and articles on major trends, innovations, and ways to keep companies competitive.
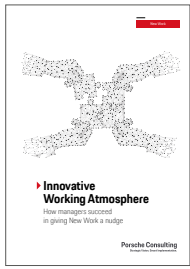
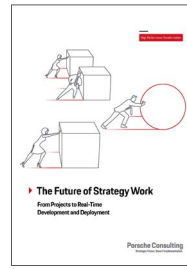|					
Strategy Paper **Innovative Working Atmosphere**	Strategy Paper **High Performance Organization: Speed up your organization**	Strategy Paper **High Performance Transformations**	Strategy Paper **Self-Driving Enterprise**	Strategy Paper **Next Level Strategy**	Strategy Paper **Digital MedTech Transformation**

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Headquartered in Bietigheim-Bissingen, Porsche Consulting GmbH is a subsidiary of the Stuttgart-based sports car manufacturer Dr. Ing. h.c. F. Porsche AG. Founded in 1994, the company currently employs more than 550 people and is among the top 10 management consultancies in Germany (Lünendonk analysis). Active around the globe, it has offices in Stuttgart, Hamburg, Munich and Berlin as well as in Milan, São Paulo, Atlanta, Belmont (Silicon Valley) and Shanghai. Following the principle of "Strategic Vision, Smart Implementation," its experts support companies worldwide primarily with their major transformations, the improvement of their performance, and enhancement of their innovative capacity. Their clients are large corporations and medium-sized companies in the automotive, aviation and aerospace industries, as well as industrial goods. Other clients originate from the financial services and healthcare, consumer goods retail, and construction sectors.

Strategic Vision. Smart Implementation.

As a leading consultancy for putting strategies into practice, we have a clear mission: we generate competitive advantage on the basis of measurable results. We think strategically and act pragmatically. We always focus on people—out of principle. This is because success comes from working together with our clients and their employees. We can only reach our aim if we trigger enthusiasm for necessary changes in everyone involved.

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