

Turning Business Processes into Business Assets

How to leverage process modelling
as a lasting investment

by David Winders, Senior Consultant, iGrafx

The way a company does things is often called its business processes, and capturing these business processes is a common procedure for many companies. The recorded processes are useful to better understand the way a company operates; these processes can also be stress-tested and modeled for further optimisation or experimentation. Along with a company's products, people, IT systems, customers, and suppliers, its recorded business processes form an important part of the company's total value bundle, and so should be treated as a real asset. Drawing diagrams of business processes is a well-known and common activity in many commercial and non-commercial organisations. It's rare to find enterprises that do not have some process maps somewhere in the organisation, except perhaps in micro-businesses where individuals operate on their own, or in small teams interacting very closely. Identifying and thoroughly defining the current state of your processes is one of the first steps in understanding how things are done in an organisation, and sets the foundation for process improvement. It has become a hygiene requirement for any company embarking on a journey to develop its processes into business assets.

The journey of maturing business processes is a long one, and like all journeys it is helpful if you know where you are going before you start, otherwise a few wrong turns are going to be taken, and then wasted time, energy, and frustration will surely follow.

Typical pitfalls

Many organisations start process mapping in a piecemeal fashion without really planning how this technique will develop over time, and what the longer term benefits may be if the activity is thought through in advance. In financial services, mapping is often carried out reluctantly, and then often as a result of regulatory requirements or compulsion, i.e., the requirement to demonstrate financial control. There may be existing sets of maps that have come out of IT projects, where business analysts have tried to define business requirements by mapping the process. In both these examples the maps will have been drawn to illustrate a theme, and therefore will not necessarily be fit for repurpose to address another requirement. They may have been drawn in different formats, using different process modelling software with an alternative language, with definitions that don't adjust well for reuse, and without the ability to leverage benefits beyond the project at hand.

It is not uncommon to see departments which have, over a few years, had their processes mapped several times in various disparate initiatives, where a little thought in advance would have saved considerable and expensive duplicated work.

There can be a tick-box mentality over process maps where people throw them to one side, and just get on with the job. The danger with this is that people think by having carried out a mapping project of some sort, they have their processes managed and have "got this process management thing licked". When you have a meeting with a supervisor or team leader and ask to see their process maps, and twenty minutes later they appear with a moth-eaten folder, then you know that process mapping has not been leveraged to its full potential. Mapping tasks in a department is only the very beginning.

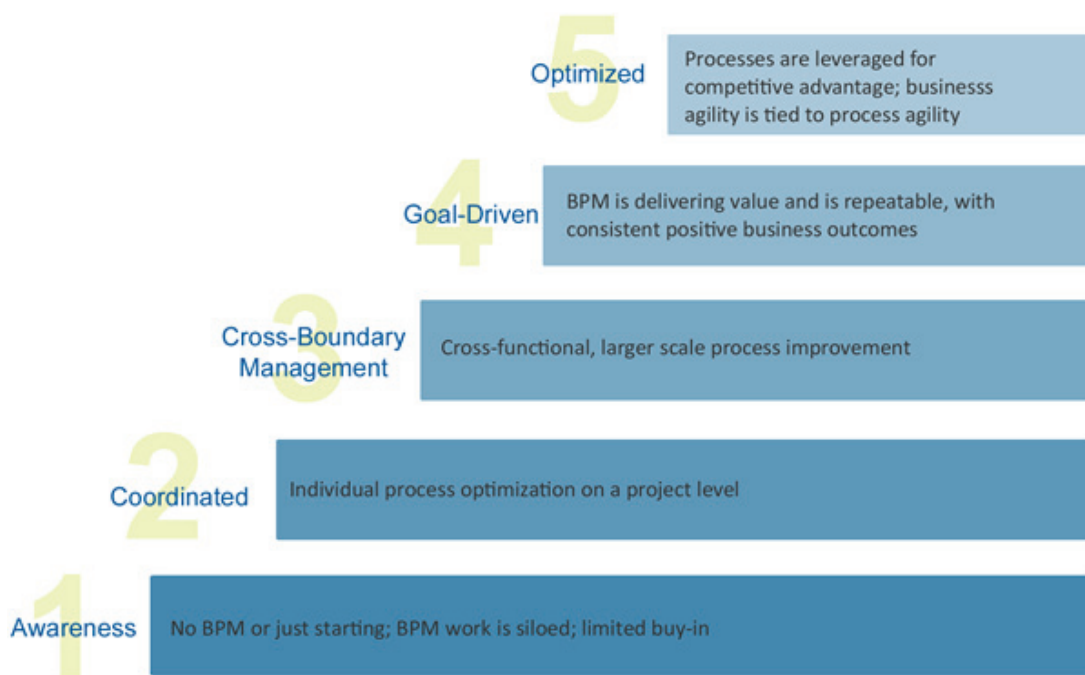
Such organisations manage by function, not by process, and the presence of a set of maps does not always suggest evidence of the beginnings of a basic level of process management maturity. This sort of approach to business process management is a “precursor state” which is a polite way of saying that the business does not really manage its processes as business assets at all.

Have vision, will travel

Business process knowledge can be an asset to the business, particularly if information captured is carried out according to a plan with the end destination in mind, within the constraints of a target operating model. This longer term view needs a cultural acceptance of business process documentation as a component part of a business process management journey, with the ability to sit back and reflect on where the business stands today, position where it wants to get to, and then plan a pathway forward in an appropriate manner using process modelling as an enabling tool.

A sound approach to getting started on your journey is to measure the business against a maturity model to understand what different levels of maturity entail, and then decide what level of business process management is suitable for your business. A maturity model is a graded set of evaluation criteria that can be used to benchmark the business.

Use a maturity model like this to see where you are today, and decide where you want to get to

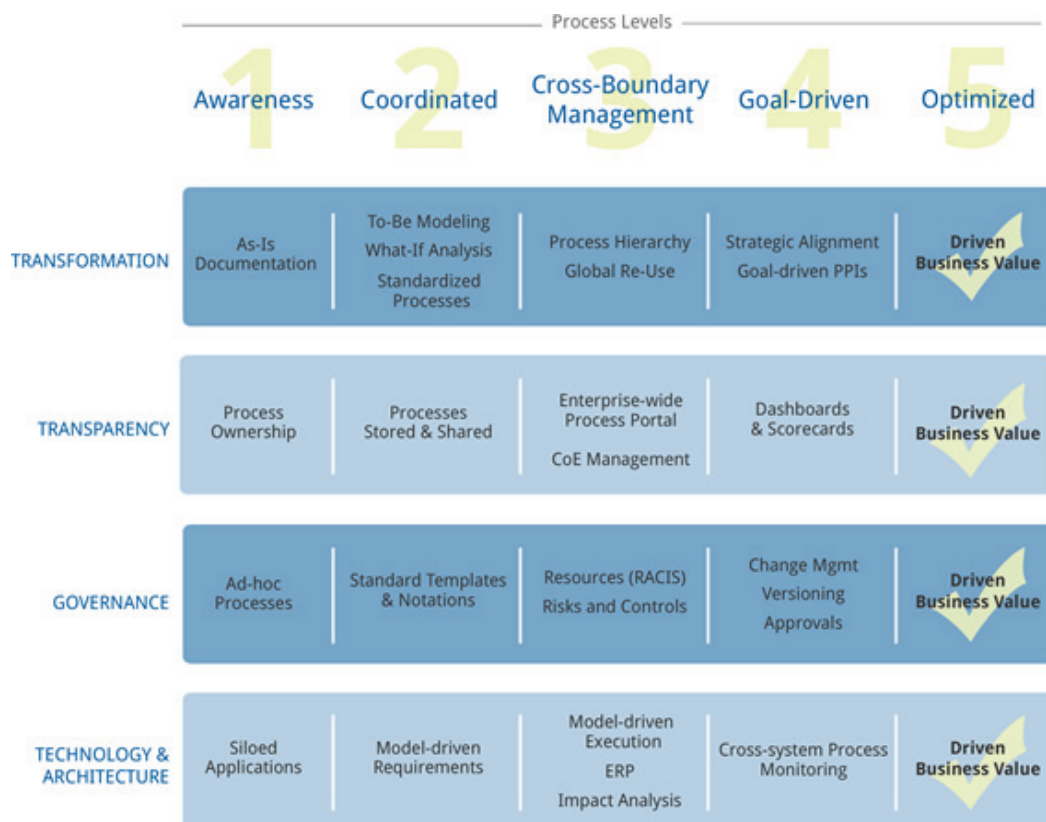


Source: Gartner BPM Maturity Model / USA

It is best to use one that has criteria based on observational data rather than a subjective one based on opinions, as senior managers often have an over-confident view of how good their operations are. It is much more valuable to confirm the presence of a particular artefact by seeing it in action, rather than relying on a manager saying, “Yes we have that in place”, when perhaps in reality what he or she thinks you mean is something quite different.

One of the things we have to be careful with the maturity model approach is that organisations think their aim should be achieving the highest level. In real life, the level to achieve will be different for each organisation. Support is often needed to assist organisations to understand what achieving various levels of maturity means; when people are at an early stage this can be difficult for them to visualise and put into context with their operations. Organisations can also be at varying levels of maturity where it relates to different applications – you might be ahead of the curve on process transparency but you still might be just getting started in the area of governance. Even though Gartner and the SEI’s CMMI models will advocate that level 5 is the panacea, they will also readily admit that very few organisations are functioning at this level today, nor is it a realistic expectation for the short term.

Your process management activities may be at different levels in different areas – set your goals accordingly



Source: iGrafx / USA

Appropriateness is the key word here. High levels of process management maturity are not for every business; the sophistication, the management of costs, volumes and repeatability of transactions are all factors in making these choices. Organisations with high volumes of repeatable processes with reliance on thin margins will require higher levels of maturity. On the other hand, professional offerings, where each and every interaction is potentially different, will be best served by a more moderate approach. The only thing that is abundantly clear is that some level of process management adds value to all organisations.

Once the final destination or maturity level of process management development has been decided upon, then it is necessary to make some foundational decisions to make sure that each step in a process development plan is taken into account. This involves the choice of standards, the right technology, and having a process governance strategy in place to make the journey effective and less costly.

Invest in a foundation to grow

Whatever your end goal, making the decision early on to ensure your process management capabilities are positioned to grow with you is a good policy. If you are going to go to the trouble of capturing process knowledge, making sure that you are using consistent modelling standards, notations and hierarchy structures will provide a good foundation for growth. An approach that breaks down the processes into self-contained sub-processes provides the ability to drill down and expand on detail while always keeping the bigger picture in view. Planning for the ability to create process relationships to data and business factors provides the opportunity for process simulation and more advanced analysis later on as things mature. Thinking ahead today will maximise outcomes later as the efforts invested in those early months of process capture bear fruit.

Differences between maps and models

Process maps, or diagrams, are pictorial representations that depict an interpretation of a process flow from point A to point B. Process maps are frequently used to capture the sequence of activities that represents the most common scenarios. They can be useful for quick visual analysis of a process but often need narrative alongside them to make sure the interpretation of the scenario is understood correctly. Maps can be quite stilted in that they are not bound by logical rules and are often a little “flat”, showing limited information from one particular viewpoint or another. Since they are created to depict a certain scenario, they don’t lend themselves to be re-used in other contexts. Because of this, multiple variations must be created which can lead to confusion over which map is the correct one to reference.

Process models on the other hand, add multiple layers beyond a flat picture, and contain additional information that can’t be understood from a simple diagram. A model, with its multi-dimensional abilities to include all kinds of data as related to the activities in a process, becomes a more realistic, reusable asset. In building the model, you can start simple and add information as it becomes relevant to analysing different or more complex scenarios. The exercise of adding information to a process model, such as rules and controls, helps

the process discovery team expose more complex situations and deepens their understanding of the process. Including cycle-time, cost and resource utilisations gives the ability to use simulation to test if the process model is accurate as a current state representation. This information is also a foundation for What-If analysis to test improvement options. You can add relationships of activities to other factors in the business like systems applications, data and RACI (responsible, accountable, consulted and informed) roles. These relationships are dynamic if you are using an object-oriented modelling solution – they update as the related factors change, and lend themselves to basic or sophisticated impact and gap analysis. Basic drawings can't test the logic of a process; you can draw anything you like but it might not work or indeed make sense. So approaching process documentation as diagrams only causes our pursuit of business maturity to falter once we want to move beyond the basic drawing phase into modelling.

Process Map	Process Model
Picture of sequence flow	Data model of relationships between parts
Superficial	Deep, multi-dimensional
Describes the Happy Path sequence flow	Delves into more complex situations
Static	Dynamically updates
Lends to visual interpretation	Adds ability for impact, gap and “what-if” analysis
Single-instance	Reusable
Multiple variations	Single source
May not be logically possible	Conforms to logical rules

Those that have already begun discovering and capturing the current state of their processes know that even starting with a set of simple process models requires significant time and effort. Make the most of this investment: Once you move beyond modelling the “As-Is” and start coming up with potential “To-Be” options, it would be handy if the models you have built could be reused in simulations to experiment with different ideas in a safe environment without exposing your customers to risk. Different scenarios and events with varying volumes or staffing models can be tested with the benefit of being able to reuse the modelling work carried out earlier. If and when your organisation adopts continuous improvement methodologies like Lean Six Sigma, your models could even interface with a statistical analysis package to explore variations and flow in the modeled process, and how this impacts the experience of the customer; again developing upon earlier work.

Since a model is a living thing, a central repository is necessary to overcome the all-too-common situation of maps hidden on drives and in drawers all over the business. I know of companies where suites of existing maps have only been identified months into a project, much to the annoyance of a team of business analysts who have spent a vast amount of time re-doing work that was already done!

Additional capabilities for version control allow being able to know that the process model you are looking at is the most up-to-date version, who produced it, and when it was modified. Regulatory compliance will often require document control and an auditing capability at a minimum, sometimes also requiring process ownership and governance. Setting up your process models to be used with the layered approach described here links nicely with the process management maturity model technique for developing processes as real assets to your business.

Getting started

Most organisations, who express an interest in developing their business processes as assets, and as a consequence improve the experience for their customers, need some external help. The cynic might say, “Well, I would expect a consultant to say that,” but when you work within an organisation for years, as many managers do, it is difficult for you to see how things might be done differently. There is a tendency for staff to become introspective in proportion to their length of service.

The need for outside help is even more valid in situations where people have no exposure to different ways of doing things; there is an old saying, “If you always approach the same problem in the same way, don’t be too surprised if the same results occur time after time.”

The advantage of getting some advice up front, and being mentored through the journey, is that each step you take will benefit the next, giving you the benefit of saving money by avoiding blind alleys and work that gets thrown away because it is not fit for a higher purpose later on. External help need not be onerous if you address it stage by stage, getting help when you need, ensuring value is obtained at each and every step. It is recommended that, as a minimum, you start with a brief business process management assessment based on a maturity model. Once this initial benchmarking exercise is in place, explore with your mentor what benefits may well be achieved by investing in moving up the maturity model, and what level of business process management is appropriate for your business.

One lesson I have seen learned many times over is that the wrong choice in process modelling techniques and technology costs money in the long run. It’s necessary to choose the right solution that can mature with you as your own sophistication grows.

It is so easy to use a cheap drawing tool early on in process development, when a basic visual explanation of processes is required, but then you find out that you have to start all over again when you need to progress into modelling and simulation. Conversely, choosing a system that is overly complex and hinders user adoption from the outset doesn’t make sense either.

The best modelling software choice is one that can grow with you and provides the foundation for later work, with targeted capabilities that you can leverage along the way. Avoid going with different packages that are necessary for different tasks, some of which demand repeating the data entry, making the cost of labor substantially higher than the investment in buying the right software solution in the first place. It’s important to

ensure proper footing right from the start, which should include having standardised and centralised storage, the capability for analysis and improvement, and business architecture modelling and transformation.

Processes are assets of your business and require investment like all business assets. If they are treated as ad-hoc, project-focused artefacts with no long term value, this is a sign that some external help is needed to develop a change in thinking and approach. If processes are treated as a foundation for building process maturity in your organisation, you can realise substantial benefits and transform your business into one that your customers will appreciate and recommend to others.

About the author

A seasoned Financial Services sector expert and consultant of iGrafx, David Winders mentors clients on the development of business architecture, incorporating an enterprise-wide view into all levels of the organisation to communicate a vision and baseline for business change. David specialises in training, customer experience development and process improvement through the application of agile and Lean business change in both the IT and business sides of business transformation.

About iGrafx

iGrafx process management and analysis solutions empower organisations to achieve maximum performance. iGrafx captures and communicates the alignment of strategy, people, processes and technology, and unites the entire organisation around delivering business value. iGrafx delivers strategic and operational decision support to enable our customers to become and remain world class competitors. For over 20 years, iGrafx products and services have been helping companies of all sizes across the globe manage their processes and optimise their business. www.igrafx.com.

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