Business Process Architecture

The Eye of the Hurricane

IRMAC – Toronto: December 7 2005

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Business Process Management:

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Reference Materials

www.amazon.com
www.amazon.co.uk
www.amazon.ca
Business Process Architecture Agenda

☑ 1. Introduction
☑ 2. Process Management
☑ 3. Stakeholder Perspective
☑ 4. Process Architecture
☑ 5. Process Architecture Alignment
☑ 6. Program Management
☑ 7. Process Projects
☑ 8. Example
☑ 9. Conclusion
Introduction
**Business Driver: Speed of Change**

**Versatility** = Being able to many things with your capabilities
**Adaptability** = Being able to renew your capabilities quickly

**What we provide**
- Dynamic: Mass Customization, Invention
- Stable: Mass Production, Continuous Improvement

**How we do it**

*New Age Invention => Develop environments that assume & enable variation and change*
As business product cycles are changing more and more rapidly and each organization is required to form an individual and unique relationship with each of its customers and other stakeholders, only flexible processes and maneuverable technologies can enable knowledgeable staff to make the commitments required to continuously adapt.
Alignment Method: The Basis for Traceability

Alignment

Traceability

Business Drivers

Current Results

Business Stakeholder Strategy

Org/HR Strategy

Information Architecture

Business Process Architecture

Technology Architecture

Other Strategies

Business Architecture

Migration Strategy

Program Management

Project Portfolio

Program Management

Migration Strategy

Technology Architecture

Business Process Architecture

Information Architecture

Org/HR Strategy

Business Stakeholder Strategy

Current Results

Business Strategy

Business Drivers

Alignment

Traceability
You already have all your Processes – But you may not know *WHAT* they are

The complex *Stakeholder Relationships* and the *Knowledge* required to satisfy them can only be managed through *Business Processes* working at optimum performance.
Perspectives of a Real Business Process

A process is a complete set of activities conducted to achieve a specific business result for one or more stakeholders.

- **Scoping (Event) View:**
  - Is activity **initiated and terminated** by one or more **business events** of importance to the **stakeholders** of the ‘Organization-in-Focus’.

- **Relationship View:**
  - Is completed only when all of the **business outcomes** of importance to all relevant **stakeholders** of the process have been provided.

- **Processing View:**
  - **Transforms** inputs of all types into outputs, according to guidance (policies, standards, procedures, rules etc.), employing reusable resources of all types.

- **Performance View:**
  - Has **performance indicators** for which **measurable objectives** can be set and actual performance evaluated.

- **Functional / Organizational View:**
  - Contains logical steps requiring a set of **functional capabilities** often found in disparate **organizational units**.

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**Strict Naming Convention:**

A Process is described by an active **verb-noun**. The name should unambiguously communicate the intent of the process.
BPM: the discipline that improves measurable business performance for stakeholders, through ongoing optimization and synchronization of enterprise-wide process capabilities.

- whole processes for stakeholders
- their guiding factors
- their enablers

What is Business Process Management?
What is a Business Process Management System?

A BPMS automatically manages the navigation of the execution of ALL instances of work from the initial triggering event through to the attainment of its last closing status of the defined process.

- **Invokes the rules and navigation for each role in the entire process**
- **Roles can be:**
  - **technological** (through any technology enabler in any location)
  - **human** (through links to work portals)
  - **organizational** (through any defined internal or external entity)
- **Each process instance can have its own unique path**
- **Can monitor, measure and report status and performance**

BPMS is NOT BPM but enables it.
PRG’s Business Process Management Framework

**BP Governance**
- Program and Project Management
- Opportunity Cost
- Resource Commitment
- Gating Checkpoints
- Quality Assurance
- Risk / Reward

**Human Change Management**
- Awareness
- Perceptions
- Understanding
- Motivation
- Communications
- Commitments

**Process Renewal**
- Understand the Enterprise
- Architect & Align
- Define Process Project
- Understand the Process
- Renew the Process
- Develop Capabilities
- Roll-out & Nurture
- Continuously Improve

**Continuously Improve**

**PROCESS RENEWAL GROUP**
Stakeholder Perspective
Validate Strategic Intent Concepts

Drivers *

Opportunity

Enterprise *

Process Performance Observations

Mission

Strategic Intent *

Goal

Scorecard for Organization in Focus

Goal

Objectives

KPI

Strength

Business Stakeholder Relationship Criteria

Weaknesses

Company

Strategy

Stakeholder Relationship CSFs

Business Stakeholder Relationship KPIs & Targets

Expectation

Stakeholder Relationship Expectations

KPI

Capabilities *

Raison D'Etat *

Principle

Principles and Values

Products and Services of the Relationship

STAKEHOLDER GROUP

Stakeholder Relationship Groups

Business Stakeholder Relationship Expectations
Stakeholder Segmentation and Types: Examples *

* Note: Partial Set Only

Join the dots

be aware

analyze

Process Renewal Group

All GSI Stakeholders

All Customers

Government and Regulatory Stakeholders

Small Direct Customers

Channel Partners

Channel Partner’s Customers

Stockholders

Humongous Inc.

Minority Shareholders

All Suppliers

Facility Support

Outsourced Professional Services

Large Direct Customers

Banking

Telecom

Others
Framework Concepts in The Architect and Align Phase

- Organization in Focus
- Business Stakeholder Relationship Criteria
- Process Architecture
- Change Program Projects
- Program Management Guidance
- Aligned Enterprise Asset Architectures
- Business Stakeholder Groups
- Guiding Factor: Knowledge Requirements
- Technology Architecture
- Facility Plans
- Human Capabilities
- Prioritized and Selected Processes
- Program Business Case
- Business Case
- Program Initiation
- Program Strategy
- Strategy
- Renewal Strategy
- Roles & Organization Structure
- representative roles: Bill Finance, Jim Eagle, Mark MakeIt, Joe BigShot, Costco Program, Procurement Program, VP Finance, VP Sales, VP MFG, Chairman

PRG-BPF 1-22

PROCESS RENEWAL GROUP
Stakeholder Relationships Define Business Processes

The complex *Stakeholder Relationships* can only be managed through *Business Processes* working at optimum performance across your ‘Organization-in-Focus’.

*Everything which flows must link to at least one process*
Classification will help Define the Right Processes

- **CORE** business processes are linked directly to external customers.
- **GUIDING** business processes provide direction, rules and practices.
- **ENABLING** business processes provide reusable resources to be used by other processes.

**Objects of Process Transformation:**
- Physical Materials
- Data / Information
- Commitments
- Knowledge

**Process Architecture Map**
Some Process Architecture Principles

• Every Architecture is built with a clear “Organization in Focus”

• Every interaction with an external stakeholder triggers the start of a process or some activity in it

• Every incoming exchange-item from the business context diagram must come from an external stakeholder and be received by at least one process

• Every outgoing exchange-item from the business context diagram must be produced by at least one process and go to an external stakeholder

• Every external stakeholder relationship proceeds through a lifecycle enacted by relevant processes – from unawareness through termination
Some More Process Architecture Principles

• Every asset of the enterprise proceeds through a lifecycle enacted by relevant processes—from conception through retirement.

• Always start with the ‘Raison d’etre’ of the enterprise—the customer, supply chain and product cycles. These will reveal the core processes.

• After the core, move to the processes that plan and direct the business and ensure appropriate governance against the plans. These are the guiding processes.

• Finish with the processes that provide the reusable capabilities and enabling physical assets that are used to run the business. These are the enabling processes.
Types of Stakeholder Interactions (Exchanges)

The interactions between each stakeholder type and the “Organization in Focus” is documented or modeled showing all current and future interactions or exchanges including:

- Products delivered or received
- Services provided or received
- Information exchanged
- Knowledge shared
- Commitments (formal and informal) made
- State changes

Look for and expect in and out pairings
Outside-In: External Stakeholder flows connect to Internal Processes
Sample 1 Process Architecture Map Diagram

Level 1

Develop Global SW business strategy
- Develop marketing strategy
  - Identify prospects
  - Provide human resources
  - Annual Sales Volume
  - KPI:

Plan, assess and mitigate risk
- Determine product direction
  - Qualify prospects
  - Provide IT infrastructure
  - KPI:

Control financial assets
- Develop core products
  - Sell products and services
  - Provide tools
  - KPI:

Report results
- Establish project management guidelines
  - Deliver client business solution
  - Arrange facilities
  - KPI:

- Monitor and assure quality
  - Provide services
  - KPI:

- Develop Partnerships
  - Terminate client contract
  - KPI:

Note:
Lines represent major dependencies only!
Sample 1 Process Architecture Diagram
Level 2

Deliver client business solution

Supports all Processes

Manage Projects

Gather Business Requirements

Install base software

Design client solution

Build client solution

Test Solution

Install modified software

Provide training

Evaluate solution delivery

Migrate data

Note
### Some Frameworks (Operations Reference Models) as an Architecture Productivity Aid

<table>
<thead>
<tr>
<th>Sponsoring Body</th>
<th>Framework</th>
<th>Focus</th>
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</thead>
<tbody>
<tr>
<td>Supply Chain Council</td>
<td>SCOR (Supply Chain Operations Reference Framework)</td>
<td>Inter-company Supply Chain Management</td>
</tr>
<tr>
<td>Value Chain Group</td>
<td>VCOR (Value Chain Operations Reference Framework)</td>
<td>Internal and Inter-company Value Chains</td>
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<td>American Productivity Quality Center (APQC)</td>
<td>PCF (Process Classification Framework)</td>
<td>Cross-Industry processes</td>
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<td>Telemanagement Forum</td>
<td>eTOM (enhanced Telecom Operations Map)</td>
<td>Telecommunications Industry</td>
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<td>UK Office of Government Commerce &amp; ITSMF</td>
<td>ITIL (IT Infrastructure Library)</td>
<td>IT Service Management (IT service support and delivery)</td>
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<td>IT Governance Institute</td>
<td>COBIT (Control Objectives for Information and related Technology)</td>
<td>Audit of IT processes</td>
</tr>
<tr>
<td>Treasury Board Secretariat (Government of Canada)</td>
<td>GSRM (Governments Strategic Reference Model)</td>
<td>Government Services Patterns and Lifecycles</td>
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</tbody>
</table>

For a comprehensive treatment of Reference Models and Frameworks visit www.BPTrends.com and search for “frameworks”
Supply Chain Council: SCOR Framework

SCOR is a management tool. It is a process reference model for supply-chain management, spanning from the supplier's supplier to the customer's customer.
Sample from the APQC PCF (Process Classification Framework)

2.0 Design and Develop Products and Services

2.1 Design products and services

2.1.1 Develop strategy and concepts for new products and services

2.1.1.1 Research customer and market needs
2.1.1.2 Plan and develop cost and quality targets
2.1.1.3 Develop product life cycle and development timing targets
2.1.1.4 Research leading technology components and development requirements
2.1.1.5 Integrate leading technology into product/service concept and components

Interpreting the PCF

Category: The highest level within the PCF indicated by whole numbers (e.g., 8.0).
Process Groups: All PCF items with one decimal numbering (e.g., 8.1) are considered a process area.
Process: All PCF items with two decimal numbering (e.g., 8.1.1) are considered processes.
Activity: Items with three decimals (e.g., 8.3.1.1) are considered activities within a process.
Governments of Canada Strategic Reference Model (GSRM)

GSRM Approach:
- Each service type is associated with a pattern of processes (called its service process pattern) to produce and deliver its corresponding service output type, and a pattern of metrics (called its service metrics pattern) that describe the performance of its service output type. These two patterns together are called a service pattern.

Planning processes:
  - establishing how the service will respond to demands

Provisioning processes:
  - preparing the service to respond to demands in accordance with plans

Service delivery processes:
  - operate repeatedly according to the service’s “value chain” when each request for a service output is received.

Deregister/decommission processes:
  - recognize the closing of the lifecycles of resources, suppliers, service outputs, or service recipients
Some Process Architecture Principles: Core Processes

CORE = Customer + Product/Services Lifecycles

Owners

Regulatory

Community

Knowledge Sources

Distributors

Raw Material Suppliers

Customers & Consumers

Human Resources

Facility & Equipment Suppliers

IT Providers
Some Generic Core Processes with boring but well-formed names

Customer Lifecycle
- Make Customers Aware
- Qualify Prospective Customers
- Sell to Prospects
- Fulfill Orders
- Evaluate and Enhance Customer Relationship
- Terminate Customer Relationship

Core Supplier Lifecycle
- Select Suppliers
- Supply Raw Materials
- Optimize Inventory
- Terminate Supplier Relationship

Product / Service Lifecycle
- Research Ideas
- Develop Products and Services
- Rollout Products and Services
- Optimize Products and Services
- Retire / Replace Products and Services
Some Process Architecture Principles: Guiding

CORE = Customer + Product/Services Lifecycles

Guiding = Plan / Policy + Governance Lifecycles
Some Generic Guiding Processes with boring but well-formed names

Planning Lifecycle
- Monitor Business Performance
- Understand Markets
- Develop Strategic Plan
- Develop Market Strategy
- Budget Resources
- Improve Process Performance

Governance Lifecycle
- Understand Governance Requirements
- Assess Compliance
- Mitigate Risk
- Develop Policies and Procedures
- Control Finances
- Provide Legal Advice
- Report to External Stakeholders
Some Process Architecture Principles: Enabling

Guiding = Plan / Policy + Governance Lifecycles

CORE = Customer + Product/Services Lifecycles

Enabling = Core Enabling + Infrastructure Lifecycles
Some Generic Enabling Processes with boring but well-formed names

IT Asset Lifecycle: Provide Information Technology Capability
- Determine Solution requirements
- Develop IT Solution
- Develop Infrastructure
- Maintain Infrastructure
- Support Users

HR Lifecycle: Provide Capable Staff
- Recruit & employ
- Provide work environment
- Evaluate employee
- Develop employee
- Reward & motivate employee
- Provide HR service for employees
- Terminate Employment
Some More Generic Enabling Processes with boring but well-formed names

Facility Lifecycle: Provide Working Facilities
- Determine Facility and Equipment Requirements
- Design Facilities
- Build / Acquire facilities and equipment
- Provide Working Physical Assets
- Retire Physical Assets

Goods and Service Lifecycle: Purchase Goods and Services
- Find Prospective Suppliers
- Create Contracts
- Order Goods and Services
- Pay Accounts
Inputs are processed into Outputs according to Guides using Enablers when Events occur.
### The Zachman Framework for IS Architecture

<table>
<thead>
<tr>
<th>DATA</th>
<th>What</th>
<th>FUNCTION</th>
<th>How</th>
<th>NETWORK</th>
<th>Where</th>
<th>PEOPLE</th>
<th>Who</th>
<th>TIME</th>
<th>When</th>
<th>MOTIVATION</th>
<th>Why</th>
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</thead>
<tbody>
<tr>
<td>SCOPE (CONTEXTUAL)</td>
<td>Things Important to the Business</td>
<td>List of Processes the Business Performs</td>
<td>List of Locations in which the Business Operates</td>
<td>List of Organizations Important to the Business</td>
<td>List of Events Significant to the Business</td>
<td>List of Business Goals/Strats</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Owner**
- **ENTITY** = Class of Business Thing
- **Function** = Class of Business Process
- **Node** = Location
- **Mode** = Location
- **Proc.** = Business Process
- **I/O** = Business Resources
- **Link** = Business Linkage
- **Node** = Business Location
- **El.** = Organization Unit
- **Work** = Work Product
- **Time** = Event Cycle
- **End** = Event Objective
- **Means** = Business Strategy

**Designer**
- **ENTITY** = Logical Element
- **Function** = Logical Function
- **Node** = Logical System
- **Mode** = Logical Structure
- **Proc.** = Logical Design
- **I/O** = Physical Resources
- **Link** = Logical Linkage
- **Node** = Logical Location
- **El.** = Logical Unit
- **Work** = Logical Product
- **Time** = Event Cycle
- **End** = Structural Assertion
- **Means** = Action Assertion

**Builder**
- **ENTITY** = Physical Element
- **Function** = Physical Function
- **Node** = Physical System
- **Mode** = Physical Structure
- **Proc.** = Physical Design
- **I/O** = Hardware/System Software
- **Link** = Physical Linkage
- **Node** = Physical Location
- **El.** = Physical Unit
- **Work** = Physical Product
- **Time** = Event Cycle
- **End** = Condition
- **Means** = Action

**Detailed Representations (Out-of-Context)**
- **ENTITY** = Data Definition
- **Function** = Program
- **Node** = Network Architecture
- **Mode** = Security Architecture
- **Proc.** = Language Statement
- **I/O** = Line Specifications
- **Link** = Line Specifications
- **Node** = Adherence
- **El.** = Security Object
- **Work** = Screen Format
- **Time** = Execute Cycle
- **End** = Sub-condition
- **Means** = Action

**Functioning Enterprise**
- **ENTITY** = Data
- **Function** = Business Function
- **Node** = Business Resource
- **Mode** = Business Linkage
- **Proc.** = Business Process
- **I/O** = Business Resources
- **Link** = Business Linkage
- **Node** = Business Location
- **El.** = Business Unit
- **Work** = Business Product
- **Time** = Event Cycle
- **End** = Sub-condition
- **Means** = Action

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**Range of Process Management: Design**

**Range of Process Management: Performance**

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John A. Zachman, Zachman International (810) 231-0531
The Three Dimensional Zachman Framework (3-D-Z™)

- In a Row, there are interactions among ‘Primitives’ that define the integrated requirements of the row perspective (Integrity)

- Cells are windows on the business

- Depth of design to ‘Excruciating Levels of Detail’ exists in all cells. (Specification)

- A Bill of Materials is not helpful without Assembly Instructions and Configuration Knowledge

For a download of the rotatable hex go to www.adaptive.com
Adaptive Enterprise Model: A Model Shows a Thousand Pictures

‘Zachman Inside’

Critical Success Factor = Robust Scalable Repository not just a Modeling Tool

www.adaptive.com
Inputs are processed into Outputs according to Guides using Enablers when Events occur.
Policies and Core Rules are Types of Process Guides

Inputs are processed into Outputs according to Guides using Enablers when Events occur.
Enterprise Capabilities as Types of Enablers

Inputs are processed into Outputs according to Guides using Enablers when Events occur.
Define Technology Principles First: Examples

- “Our Technology Strategy must be consistent with our Business Strategy and Culture: We will design for adaptability.”

- “Data will be captured once and only once at the point of entry into the company and shared as broadly as possible”

- “All published information will be provided in .PDF”

- “All core customer and risk management data must conform to the company’s enterprise data model”

“Without Big Rules it is impossible to coordinate the IT platform”

Peter Keen
Sample Technology Principles for Process Adaptability

- “Interface Channels will be linked to processing capability through a common interface standard”
- “All functional components will be designed as reusable software components linkable to BPMS orchestration and a Service Oriented Architecture”
- “All models will be compliant with industry standards”

* www.mid-office.com
Many Roles: How many organizations are needed?
• Overall results responsibility rests with the **process manager** for all instances of the process in their domain
  
  **Process steward** assures health of the process in all domains
  
  • Specific instance responsibility rests with **process lead**
  
  • **Function manager** is also the **resource manager** and the source of expertise and resources
  
  • Functional resources are allocated to process instances and report to the **process lead**
Full Process-managed with Function as a Sub-process Service Provider: “Outsourced Resources”

- **Process lead** provides cross-functional coordination that links sub processes across functions at the instance level.
- **Function manager’s** role is to ensure performance of sub processes within terms and conditions of their SLA and to act as **resource manager** for the sub process.
- Functional Resources report to the **function manager**

- Overall results responsibility still rests with the **process manager** for all instances of the process in their domain.
- **Process steward** assures health of the process.

---

**Product Management:**
- Defining Potential Customer problem,
- Business Case for new product,
- Product Specifications,
- Pricing,
- User Manual,
- Product Profitability.

**Software Engineering:**
- Software Design,
- Software Build,
- Software Test,
- Software Documentation.

**Marketing:**
- Market Research,
- Market Segmentation,
- Marketing Materials,
- Marketing Mechanisms.

**Customer Support:**
- Product Knowledge,
- Define and Develop Offerings,
- Strategy,
- Company Strategy,
- Market Segmentation,
- Product Roadmap.

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Define and Develop Offerings

Create Awareness and Promote Business
Derive the Process Measurement and Governance Model

**Alignment**

- 5% market share growth
- Customer Satisfaction from 7.3 to 8.9
- Staff Retention from 81% to 91%
- G Regulatory Violations
- Supplier perfect orders from 35% to 84%
- 2 new Int'l acquisitions

**Traceability**

- Sales increase by 23%
- Fulfillment Cycle time reduction by 1.2 days
- Returned orders reduced to 1% of orders
- New Product Mix from 15 to 22%
- Referral Orders from from 5% to 9%

Measure and manage the contribution of the component activities all the way down (different KPIs)

- NE Sales increase by 1.7%
- NW Sales increase by 28%
- Central Sales increase by 20%
- South Sales increase by 17%
- Int'l Sales increase by 45%
- Joe Sales increase by 20%
- Suzie Sales increase by 8%
- Lindsay Sales increase by 15%
- Bert Sales increase by 10%
- Jeff Sales increase by 5%

Measure and manage the distribution in all domains where this activity applies (same KPI)

- # 1 in the industry
- EBIT to 9.7%
- Share prices up 28%

**Sales activity-steps KPIs**

- Response time to queries
- % of queries into proposals
- % of proposals closed
- Delivery time
- % of invoices with errors
- ……

PROCESS RENEWAL GROUP
Program Management
Sample 2 Process Architecture Map Diagram

ABC WIdget Company Top Level Process Architecture

9. Develop Strategic Plan
10. Interpret Regulations
11. Monitor and Ensure Compliance
6. Communicate with Stakeholders

14. Develop Products
16. Purchase Supplies
4. Manufacture Products

13. Acquire Customers
3. Make Customers Aware
1. Fulfill Orders
8. Provide Post-Sales Service

2. Deliver Process Change
7. Supply Human Resources
5. Develop and Maintain Facilities
12. Provide IT Capability
11. Provide Financial Services

Legend:

- Enables All Others
- Guides All Others

Note:
Lines represent major dependencies only!
# Process / Stakeholder Value-Delivery Matrix

<table>
<thead>
<tr>
<th>Stakeholder Criteria *</th>
<th>Weight</th>
<th>Proc 1</th>
<th>Proc 2</th>
<th>Proc 3</th>
<th>Proc 4</th>
<th>Proc 5</th>
<th>Proc 6</th>
<th>Proc 7</th>
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</table>

|             | +11    | +8    | +10   | +11   | +7    | +6    | +9    | +10   |        |     |

| Summary      | 21     | 13    | 17    | 19    | 16    | 13    | 16    | 17    | ...    |     |
| Ranking      | 1      | 9     | 3     | 2     | 6     | 9     | 6     | 3     |        |     |

## Version 1: Degree of Potential Process Leverage / Value Contribution

Low (1)  Medium (2)  High (3)  Blank=Marginal or No Relationship (0)

### Conduct for all Stakeholder types

at the chosen level of decomposition
**Process / Stakeholder Performance-Gap Matrix**

* Health of Current Process for the Stakeholder

**How well does the current process meet the future stakeholder performance criteria?**

<table>
<thead>
<tr>
<th>Process Performance</th>
<th>Weight</th>
<th>Proc 1</th>
<th>Proc 2</th>
<th>Proc 3</th>
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**Version 2: Health of Existing Process / Opportunity**

Small Gap (1) Moderate Gap (2) Significant Gap (3)

**Conduct for all Stakeholder types at the chosen level of decomposition**
Process Migration Strategy (Boston Grid)

Greatest Value Potential to Business Strategy and Performance

Plus other considerations such as: Cost, dependency, politics, culture, ...
Create Program for Change

- determine constraints in any policy, capability, or organization that will hinder changes in the priority processes
- find problems with the connection among processes and alignment with required capabilities
- discover unexploited knowledge, skills, capabilities or capacity within the organization
- produce funding criteria for continuation or freezing of existing projects and initiation of new ones
- recommend approval or freezing of current and planned projects
- produce a proposed program of change
Enterprise BPM Alignment: Real Repository Technologies

Features:

• Meta-model based
• Model Integration from many data sources
  • Modeling tools, Visio, Excel, etc
• Generation of diagrams and views
• Multiple Perspectives
• Impact analysis
• Change Notification and Collaboration
• Registered Interest and Discussion Groups

• Web accessible and updatable (thin client)
• Views and Security (Role-based)
• Link to BPMS
• Link to operational systems performance feedback (BAM)
• OO engine on top of scaleable platform (real DBMS)
• Standards-based / open
Process Projects
Formulate Process Vision and Stakeholder Goals

Process Stakeholder Value Expectations

- Develop Stakeholder Relationship Criteria for an ‘Organization-in-Focus’ (eg “They always meet my needs”)

- Derive contributing Stakeholder Relationship Criteria for the ‘Process-in-Focus’ (eg “They always deliver the right product in the right quantity to the right place on time”)
Identify Process and Project Performance Improvements

**Process Performance Objectives**

- Start with Stakeholder Relationship KPI’s for the ‘Organization-in-Focus’ (eg *Customer Satisfaction*)

- Derive Contributing Process KPI’s for the ‘Process-in-Focus’ (eg *Percentage of orders delivered on time*)

- Determine required target results to be delivered by process transformation project (eg *80% in one year and 99% in two years*)
Decomposing an IGOE Diagram

Inputs are processed into Outputs according to Guiding Factors using Enablers when Events occur.
Sample 1 Lower Process Model Diagrams
Level 3 Decomposition

provide human resources

Review Request
Analyze Priorities
Analyze Availability
Determine Match Gap
Assign Resources

Assign Human Resources
Documenting Each Architectural Process

*Model Attributes (each Process and IGOE flow)*

**Process Characteristics**
- Process Number/Name(s)
- Description (Component Steps/Sub Processes)
- Triggering and Closing Events
- Possible Outcomes
- Stakeholders Involved & Affected
- Organization Unit Performing

**Process Value-Added**
- Business / Stakeholder Value Contribution
- Objectives / CSF's supported
- Key Performance Indicators
- Current and Target Measurements

**IGOE Information**
- Flow Number / Name(s)
- Description
- Source / Destination Processes
- Interface Method / Media Type
- Frequency / Distribution
- Constraints / Problems
- Data Attributes (optional)

**Process Assessment**
- What Works Well
- What Doesn’t Work Well
- Issues / Constraints / Concerns
- Root Causes
- Opportunities
- Quick Wins
- Solution Requirements

Note: Some but not all attributes can be graphically depicted in a notation.
No notation can graphically depict all attributes.
Think about the purpose of your communication.
Business Rules As Process Guides and IT Requirements

- Along with process models, event triggers, data definitions and performance specs, Business Rules (guides to a process) should be documented as part of IT Requirements.
  - Define events with possible input conditions for processes and then ask what must and must not happen when that occurs.
- Processes deliver results or status depending on the invoked rule’s action.
  - This is often a new event to trigger another process
- Processes invoke a series of rules (constraints or guidelines) for business decisions and process navigation

This means that the exact path of a process instance may not be predictable
Business Process Scenario Analysis

- A path through the **process model**

- From the **perspective** of the stakeholders external and then internal to the process

- Each stakeholder type has available a set of **events** to trigger the process

- Each event may bring varying **conditions** that trigger the affected rules to produce differing results

- Each set of events, rules and conditions may initiate actions in different process **paths** until completed by the accomplishment of the appropriate outcome associated with each path.

- Often conveyed as a **story** with role play.

- Can be used as **test cases** in user acceptance testing and other enabler validation

---

*Describe main scenarios (most likely) and then alternatives or exceptions (most risky or troublesome)*
Example
ABC (Banking Services) Drivers and Intent

Fictitious banking operations group (ABC) within a large bank (XYZ) that is growing quickly largely through acquisition.

Deals with banking customers directly and serves the banking group’s businesses.

Essentially a wholly owned subsidiary

Planning horizon is 2009

By 2009 Strategic Performance Objectives:
- Reduce the cost of servicing a customer account by 30%
- Improve Customer Satisfaction by 30% over the current 70%
ABC (Banking Services) Stakeholder Map: Core

Fee-paying Account Holders
   Retail Consumers
   Small Business Customers
   Commercial Customers
   Government Customers
   Correspondent Banks

Account Holder Payees

XYZ Business Lines
   XYZ Credit Card Co
   Phone Banking
   XYZ Trust
   XYZ Branches
   In-store Branches
   e-bank
   Commercial Bank
   Consumer Finance
   Treasury
   XYZ Mortgage Co
   Government Bank
ABC (Banking Services) Stakeholder Map:

Support to Core

Owners
- XYZ
- Minority Shareholders

Governance Stakeholders
- XYZ Corporate
  - Audit
  - Finance
  - HR
- Standards Organizations
- Professional Associations
- Regulatory
  - Financial Compliance
  - Operational Risk
- Community

Staff
- Employees
- Contractors/Consultants

Suppliers
- External XYZ Suppliers
  - Consumables Vendors
  - Courier
  - Telecommunications Services
  - External HR
  - Hardware Vendors
  - Software Vendors
  - Outsourced Services
  - Correspondent Banks
  - Federal Reserve

Internal XYZ Suppliers
- XYZ HR
- XYZ Professional Services
- XYZ Realty Management

Other XYZ corporate services
- XYZ Finance
- XYZ Marketing
- XYZ Legal
ABC Banking Services: An XYZ Group Member

- **Plan the ABC Business**
  - Understand XYZ Group & ABC Markets
  - Develop ABC Strategies & Initiatives
  - Establish Resource Requirements and Budget
  - Monitor ABC Business & Financial Performance
  - Establish ABC Methods and Standards

- **Govern the ABC Business**
  - Determine Governance Requirements
  - Develop ABC Policies and Guidelines
  - Develop Financial & Operational Risk Policies
  - Monitor ABC Compliance
  - Report to Stakeholders

- **Manage End-Customer Lifecycle**
  - Win Customers
  - Establish Customer Relationship
  - Update Account Information
  - Terminate Account
  - Provide Customer Information

- **Handle Transactions**
  - Process Financial Transactions
  - Prevent Losses
  - Process Claims
  - Calculate Fees, Interest, etc.

- **Support non-ABC Operations**
  - Maintain XYZ Branch and Business Lines Relationships
  - Develop non-ABC Policies and Procedures
  - Distribute – Communicate Policies and Procedures
  - Settle and Resolve Branches and Channels etc
  - Track Branch and Business Lines Performance

- **Manage Acquisition Conversion Lifecycle**
  - Plan for Acquisition Conversion
  - Communicate with Conversion Stakeholders
  - Develop Conversion Capability
  - Convert Customers
  - Assess Conversion

- **Manage Product / Solution Lifecycle**
  - Identify Need for Product
  - Determine Product Business Requirements
  - Design Product Solution
  - Deliver Capabilities
  - Provide Product Support to Users

- **Provide Banking Infrastructure**
  - Develop – Implement Technology Infrastructure
  - Establish & Maintain Contingency Capability
  - Maintain & Support Technology
  - Establish & Maintain Distribution & Supply Capability

- **Provide Enabling Capability for ABC**
  - Allocate Capable Human Resources
  - Provide Facilities for ABC
  - Provide ABC Tools
  - Procure ABC Goods and Services
An ABC Process for the Staff Lifecycle

Higher level relevant Process

Allocate Capable Human Resources

Establish Resource Requirements and Budget

Develop ABC Policies & Guidelines

Recruit and Hire Staff

Compensate Staff

Terminate Staff

Orient Staff

Evaluate and Set Staff Objectives

Train Staff

Assign Staff
ABC Banking Services: An XYZ Group Member

Process Pain – Gain Grid
Conclusion
Implicit Challenges in BPM: *In Search of Elegance*

Appropriate levels and communication: get the basics right

"A designer knows he has achieved perfection not when there is nothing left to add, but when there is nothing left to take away."

Antoine de Saint-Exup'ery

"A model should be as simple as it can be, BUT no simpler"

Albert Einstein

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* Burlton elegance model
Principles of Process Management

1. Business change must be performance driven.
2. Business change must be stakeholder based.
3. Business change decisions must be traceable to the stakeholder criteria.
4. The business must be segmented along business process lines to synchronize change.
5. Business processes must be managed holistically.
7. Process renewal initiatives must be conducted from the outside in.
8. Process renewal initiatives must be conducted in an iterative, time-boxed approach.
9. Business change is all about people.
10. Business change is a journey, not a destination.