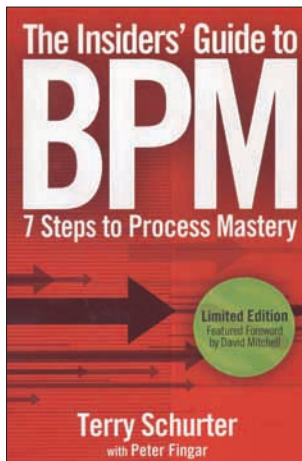




## BPM Holds Promise for Governments

By Shayne C. Kavanagh



The Insiders' Guide to  
BPM: 7 Steps to Process  
Mastery

By Terry Schurter  
with Peter Fingar

Meghan-Kiffer Press

2009, 218 pages

**B**usiness process management (BPM) is the latest step in the evolution of business process improvement techniques that began with the work of W. Edwards Deming and total quality management (TQM) and continued through business process re-engineering (BPR) in the 1980s and 1990s. There are three distinguishing features of BPM:

1. It focuses on sustained, incremental improvements (in contrast to BPR's rip-and-replace approach)
2. It emphasizes the perspectives of the people who participate in a business process
3. It takes advantage of modern technologies such as automated workflow and key performance indicator dashboards and scorecards, but is not dependent on them.

As such, BPM may hold particular promise for government because it accommodates many of the characteristics that complicate change in government, such as strong aversion to radical change, the need to take into account the interests of a variety of stakeholders when making change, and lack of funds for investing heavily in technology.

### GETTING STARTED

*The Insiders Guide to BPM* presents seven steps that cover the essential tenets of BPM. However, before describing the seven steps, Schurter makes the keen observation that process

management is like the story of the blind monks examining the elephant: One monk feels the trunk and believes it is a snake, one feels the leg and thinks it is a tree, one feels a tusk and thinks it is a spear, and so on. Applied to process management, this means that everyone has a different perspective on what a process is, based on their limited viewpoint. BPM helps bring the “elephant” into view. Therefore, before embarking on the seven steps, it is important to identify the process stakeholders who, together, can correctly describe the elephant.

The book refers to three types of “affinity groups” (groups of stakeholders with similar characteristics). First are the managers, who provide oversight, leadership, and direction to the BPM initiative, decide how BPM meshes with larger strategic considerations, and make sure that BPM takes account of the customer experience. Second are the builders, who are concerned with the technicalities of creating a process. It is the job of the managers to make sure the builders are able to address the organization's critical processes, not just those that may be convenient to address. Lastly, there are participants. BPM must personalize the process to optimize the roles of participants and provide them with the ability to collaborate as required. BPM must also prevent the process from becoming too rigid and unable to adapt to the changing requirements of the participants.

With these three groups identified for each major process to be managed, the organization can embark on the seven steps.

## THE SEVEN STEPS

1. **Understand Your Goal.** The first step is to understand your goal for BPM. What needs to change in the organization, and what goals does that translate into? Schurter recommends finding a goal that is widely appreciated in the organization and where application of BPM could result in a large pay-off. Because BPM is no small commitment, having such a goal will help gain the support needed to be successful. *The Insiders' Guide* also advocates using metrics to manage processes. These metrics (called key performance indicators, or KPIs) can represent what is undesirable about the current process that the organization wants to change (such as error rates) or something desirable (such as efficiency). Baseline KPIs establish current performance, which then can be compared with future performance to see if process changes are having their intended effect.
2. **Build an Elegant Design.** Start by creating a very simple model of the current process (the “as-is”) and challenging that process against the goals established for it — how can we do our work differently to better achieve our goals? Schurter points out that this fundamental challenging of the as-is process is an important difference between BPM and some of its cousins, such as Six-Sigma or Lean, that tend to take the current process as a given

and focus on how to make small adjustments to perform that process more efficiently. After the simple process model has been optimized to the process goals, a high-level new (“to-be”) process model can then be created.

From there, more detailed, executable processes are designed to put the high-level model into practice. “Simplicity” is the watchword when developing detailed processes because complex systems have more points of failure. One major source of complexity and failure is what Deming referred to as “white space” — the interface points or hand-offs of a piece of work from one participant in the process to the next. Hence, a BPM initiative should seek to eliminate or streamline hand-offs as much as possible, particularly when there are hand-offs between different functional units. Technology automation can help eliminate white space by routing documents, for example. Technology can also be used to simplify and personalize the experience of the process participants. However, Schurter cautions us not to try to do too much with technology. Some tasks are better suited to be performed by people.

3. **Improve Personal Productivity.** Here, the dictum of simplicity and personalization continues. The simpler a process is, the less potential for error. Hence, process builders should maximize their efforts to simplify the process design. *The Insiders' Guide* also emphasizes that the quality of any product or service is ultimately defined by the user. Hence, process builders must

do their work in the context of what participants need and expect from a process, while still providing flexibility to adapt to unforeseen needs.

4. **Orchestrate Processes for Real-Time Demand.** The key lesson here is that even the most well-designed process will experience exceptions to the rules. Hence, a process must not be built just for the 80 percent of transactions that largely adhere to the rules; they must also have sufficient flexibility to allow managers to deal with the other 20 percent of transactions that don't adhere to the rules, the ones that cause most of the headaches.
5. **Keep Processes in Tune.** Business process “management” implies that a BPM initiative is not just a one-time project, but rather is an ongoing way of doing business. As such, Schurter's fifth step is to “keep your processes in tune.” This is done by establishing and monitoring three types of performance measures:
  - Reactive measures are backward looking and find problems that have already occurred. Examples might include backlogs of work or increases in processing time.
  - Active measures audit results for the original KPIs established in Step 1.
  - Adaptive measures detect subtle changes in work patterns, which allow proactive resolution of issues. Examples might include the number of mistakes that get corrected, the number of data fields information is being entered into, or the number of files uploaded. Any of these might reveal a change in work

patterns that may have negative impacts on KPIs later.

6. **Create Transparency.** Schurter points out that transparency “is not just about data or information, it is also about the right information presented in the right way for each role in the organization.” Hence, Schurter advocates for marrying two concepts in this step. First, “rapid cognition” is about enabling managers to make quick, accurate decisions by giving them the smallest possible data set that provides highly valuable information, and providing that data set in an intuitive way. Second, KPIs can be broken down into sub-goals for different levels of hierarchy: functional areas, processes, and tasks within those processes. Different partici-

pants in the process may need KPIs and data sets at different levels of the hierarchy to trigger rapid cognition and thereby optimize decision turn-around time and quality.

7. **Design, Manage, and Deliver the Customer Experience.** Schurter’s point is that the customer perspective is often neglected in process improvement initiatives. Therefore, the BPM project should take care to identify the points in the process that have the greatest impact on the customer’s perceptions and take steps to shape the customer’s experience within the process.

## CONCLUSIONS

*The Insiders’ Guide to BPM* provides a great overview of BPM and an eminently sensible framework for grasping

what can otherwise be a challenging topic. The book contains a number of insights and observations about making processes work better that should be helpful to any manager, regardless of whether he or she aspires to a full-fledged BPM initiative. However, potential readers should be aware that, at just 218 pages, *The Insiders’ Guide* does not get into much how-to detail. Rather, finance officers should value it as very readable resource to help them develop a strategy for improving the efficiency and outcomes of government business processes. ■

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