

Catalyst for Change:

How Business Process Management can help agencies improve operational performance and transparency.

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Government organizations can leverage lessons learned from the commercial sector to improve BPM goal achievement and mitigate project risk.

Executive Summary

BPM will enable government agencies to meet their challenges; and it will do so by leveraging “lessons learned” from the commercial sector.

While the “challenges are the same” the government sector still lags the commercial sector in BPM adoption.

The challenges faced by the government sector are very similar to those faced by their commercial counterparts. Many of the drivers (motivations) are the same, as are many of the measures of success. To put it into context, like their commercial counterparts government agencies must deal with existing technology (often legacy), change management, multiple stakeholders, shortened time lines, and more demanding expectations. Coupled with ever-changing mandates, agendas, and market conditions; improvements often seem to be unachievable. However, the commercial market is ahead of the curve on addressing these issues and has already learned – often through trial and error – what is needed to meet these challenges head-on with BPM software. Leveraging this experience represents an opportunity for government agencies to dramatically improve goal achievement and mitigate project risk.

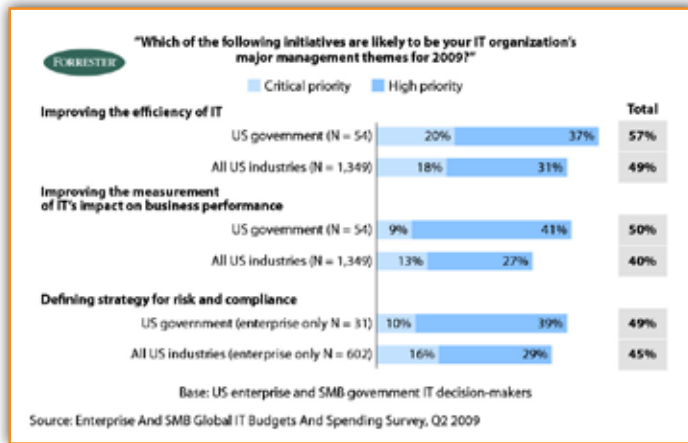
The Challenge

Government organizations are under severe Performance and Improvement Pressure

Federal agencies are under tremendous pressure to meet demands for transformation, to support legislative mandates, and to meet rising expectations on performance, adaptation, transparency and service levels. Research from Forrester shows that improving IT efficiency (57% versus 49%), Business Performance (50% versus 40%) and addressing risk (49% versus 45%) is even more important to US Government decision-makers than it is for all US Industries.¹

Yet while BPM is a core technology used in the commercial sector for meeting these challenges, the government sector uses of BPM remains hit or miss. If the challenges are the same (and they are), what’s stopping government decision-makers from latching on to BPM? Because the challenges are essentially the same, we know what works in the commercial sector will indeed work in the government sector. The real challenge is awareness of this success; and real clarity on how to leverage commercial “lessons learned” to meet government challenges head-on.

1) “US Government Spending Slows”; Forrester Research, Inc., August 2009.



Improving IT efficiency, Business Performance and addressing risk is important to US Government decision-makers.

The Conversation

Connecting the Dots between Commercial and Government Agendas and Challenges

To government decision-makers, the challenges they face often seem unique. Certainly government organizations are different from their commercial counterparts in many ways yet the pressures on both are typically the same. In fact, the biggest difference in government organizations is that there is more bureaucracy that must be navigated when meeting these pressures. This doesn't change the challenges but it does compound the severity of them. Because most challenges are indeed the same, what works in the commercial sector will work in the government sector as well. Listening in on the "conversation" helps to understand how BPM fits with both commercial and government agendas and challenges.

The Legacy Challenge...

Government Sector: Many agencies are saddled with systems and processes that have evolved over decades, now suddenly being pressed to meet challenges they were never designed to handle. The simple fact is - there isn't much help from the existing technology infrastructure already in place. Further complicating things is the need for process change (people, culture) and a limited tolerance for failure.

Commercial Sector: Welcome to our world! We have the same legacy challenges, the same change issues, the same hurdles to cross and the same crosses to bear. We are starting in the same place, and we are faced with the same dilemmas. The only real difference is that our key performance indicators include Revenue and Profitability. With BPM we are achieving dramatic improvements without ripping out our legacy systems or waiting on multi-year projects to see results. BPM technology provides that "fit-for-purpose" capability and flexibility we need to deliver improvements in ever shorter "cycles."

Both government and commercial initiatives are hampered by legacy applications and infrastructure.

The Transformation Imperative...

Government Sector: Transformational change is also big on the agenda, yet many agencies lack agreement how best to achieve that lofty goal. Often our contractors are the delivery mechanism for new technologies. While they may be aware of BPM as a potential mechanism for supporting change requirements, BPM technology is most often “brought in” to agencies through the back door by contractors who have already integrated BPM into their business transformation practices. Does BPM really help in achieving transformational goals? Is this something the commercial sector also faces?

BPM has become the tool of choice for addressing transformational change

Commercial Sector: Transformation? You bet! Business demands are forcing us to adapt to changing market conditions, competitive pressures, and new business models. In the commercial market, we have been wrestling with this challenge for some time now. Though our accountability models may differ, we are forced to adapt under intense market pressures. BPM has become our most powerful tool in doing that: with BPM we are able design and deploy the right processes in weeks and months, not years. That’s what we have to do. That’s what the new business climate demands. BPM is our essential technology for adaptation and transformation. Without BPM, the challenges are, quite simply, overwhelming.

The Performance Mandate...

Government Sector: We have to increase performance across a highly diverse group of people with a range of skills, motivations, experience and technology understanding, which ranges from very little to advanced. We are often held accountable even when we aren’t given the time or budget to implement a new system and properly train people to use it. And, most times we find that the training raises issues that require system changes we aren’t prepared to address. Can you imagine what this is like?

Commercial Sector: Sounds like a typical conversation at the corporate water cooler! One of the main reasons we are using BPM technologies is because we are now able to collapse deployment cycles such that we now have time and budget to make changes when needed. Sure, we miss things that come out in pilot tests (we do that a lot) and training; and it has gotten more challenging as many of us now have offshore teams that are part of our process worker mix! But with BPM, we are learning to focus on what people need to get their work done and to include that in our design. And if we miss something, it’s not a big deal, because we can handle small changes very quickly without extensive cost or overhead.

The Value

Connecting the Dots between Commercial and Government Targets and Results

While the number of examples of compelling BPM results for the commercial sector is much larger than that of the government sector, existing case studies clearly show the synergy between problems faced by both and the value that government organizations can derive from BPM. Even most of the key performance metrics are similar. The following examples clearly show the similarity in the challenges faced by commercial and government organizations, while highlighting the transformational aspects that BPM has to offer.

Commercial Sector: Revlon has an extremely high claims volume (over 1,000 per day). Before applying BPM software and practices to their claims process, Revlon struggled to keep up with the workload and financial impact was significant with chargebacks amounting to fully 20% of gross revenues. Claims processors were over-burdened and were often unable to review low-dollar claims or contest them if appropriate. Another interesting data point was that the document collection process by itself took 30 minutes on average per claim.

In implementing BPM, Revlon reduced processing time by two-thirds (66%), which gave the company the opportunity to process all claims at a net reduction of employee time of over 50%.

Government Sector: The Department of Homeland Security had a manual process to respond to 130,000+ FOIA requests per year. They are required to respond in 20 working days and were challenged to do so with costly paper-based process resulting in a large backlog of request submissions.

After implementing case-based BPM technology they were able to move to an automated Case Tracking System – FIPS that was able to handle an additional 500 cases per month with no additional staff, a 42.9% efficiency savings to electronically process more than 1 million cases, handling of 90% of FOIA cases within the automated BPM process, and a reduction of 24% of the average cost per case closed.

Commercial Sector: Nissan Motor Acceptance Corporation (NMAC) is the loan processing arm of Nissan Motors. Their core value creation process, loan processing, has a direct impact on both Nissan revenue and Nissan customer satisfaction.

*Revlon volume challenge:
1,000 claims per day • Reduced
cost by 50% with BPM*

*Department of Homeland
Security: 130,000 requests
per year • Reduced cost by
24% with BPM*

*Nissan processing challenge:
40,000 requests per
month • Efficiency increased
by 100% with BPM*

*Pinellas County processing
challenge: Serving 1 million
residents • Retrieval (efficiency)
from Days to Seconds
with BPM*

Prior to using a BPM system to improve their processing performance, NMAC documented a high volume period of 40,000 applications in a one month period that required in excess of 30,000 man-hours to process. The same work volume, once the process was optimized and automated where possible within their BPM system required just over 15,000 man hours to complete.

Government Sector: Pinellas County was unable to meet legislative public access and eFiling mandates; hampered by a manual labor intensive process for court dockets and case information. They had to contend with a manual document management system for nearly one million residents and a costly set of paper-based and manual court case process flows.

They moved to an automated case management BPM system that makes information available online, and improves customer service – making official records accessible via Internet (moving request fulfillment from days to seconds). The BPM system is integrated with system of record and delivers significant productivity gains for Judges, Clerk of Court and others. The BPM system reduced the cost of storing and managing court dockets and case information – further addressing problems associated with finding lost or misplaced documents.

The Lessons-Learned

How to Mitigate Risk and Drive Process Success

The most important revelations in BPM that poise it as the Next Big Technology for government come from lessons learned in the commercial market:

1 BPM software enables agile and flexible business application development.

BPM software is a paradigm shift in how processes can be supported. It is essentially configurable software that can produce customized enterprise applications very quickly (agile) without customizing the software itself. Complete processes are typically deployed in weeks and months, not years. Processes can be changed through configuration when that is needed (flexible), again without customizing the software itself. BPM software is designed to provide true customization through software configuration – not by customizing the BPM software itself.

The speed of deployment and ability to make changes easily without customizing the actual BPM software are critical differentiators for the government sector. With the diverse range of stakeholders and complex internal approval processes typically found in government agencies, the ability to quickly configure, deploy, and incorporate feedback into business processes fulfills a critical government sector need.

“BPM is a paradigm shift, providing the Flexibility of Customization through Configuration (no source code modification)”

2 The biggest challenge organizations face is in defining the appropriate design for a process and selecting the BPM system that best supports that process.

What is the right model for my process? This question has plagued many BPM projects. It has been very difficult to answer for many organizations, and the reason why is because there are different types of processes. Those different types of processes include flow-based processes, case-based processes and document-based processes. Each of these process types has unique characteristics that require specific BPM software capabilities.

Flow-based Processes: Flow-based processes have a logical order in which work gets done, like an assembly line where work moves from station to station in a specific order. It used to be thought that most processes were flow-based processes, but they are not.

Case-based Processes: Case-based processes require aggregating artifacts like documents, flow processes, notes, and history into a unit (often called a folder). Case processes can have work occurring: in parallel (unlike flow processes); across multiple departments; over long periods of time (even years); and as a mixture of both structured (flow-based) process and unstructured (do what is needed, when it is needed, in the order it is needed). Case-based processes are very common in services including core commercial processes and a majority of government processes.

Document-based Processes: Document-based processes usually have paper documents in them somewhere, are based on documents in general (paper or digital) and need to operate on, store and manage information as digital documents. In many cases a document-based process starts with an incoming paper document (or fax) that gets converted to a digital document. In addition, many of these document-centric processes include strict retention policies mandating how long the information must be stored and easily accessible.

“Government processes are more often than not a mixture of “case-based process” and “document-based process.”

3 BPM can be Lean; and Lean can improve performance while reducing training requirements.

One of the hot subjects evolving out of the BPM market is the inclusion of Lean techniques that seek to drive non value-added work out of processes and create user experiences that dramatically simplify work – and training requirements. BPM process designs can easily reflect Lean thinking and design – all we have to do is include Lean in our process design activities. Further, BPM technologies have begun applying lean thinking and user experience design into many of the components of their BPM products in order to offer additional performance and productivity benefits while reducing training requirements

4 Transparency into process performance at the organizational and individual level is a critical capability

Finally, the capability of BPM technology to surface process information in real-time at multiple levels is addressing an essential “need to know” requirement. From the balancing of current workloads against available resources, to the meeting of compliance and accountability mandates; BPM technology is being used to expose the inner workings of even the most complex processes in simple and understandable terms. Specifically, BPM technology has evolved to provide personal analytics for those working in process while aggregating, and simplifying, this information up the value chain to the organization as a whole. With these advancements; workers, supervisors, managers, decision-makers, and executives now have real-time visibility into the process information they need to ensure service levels are met and that process performance continually delivers against expectations.

The Top Five

Best Practice Guidelines from the Commercial Sector that can Drive Government Sector Success

BPM technology has evolved to offer “need to know” personal analytics addressing the critical need for transparency.

In contrasting commercial sector BPM projects that were very successful against those that were not so successful (or even failed completely) it becomes clear that BPM technology requires a certain discipline in order to achieve desired results. The fact is that BPM technology is not the complete answer, and in fact how the technology is used is critical to actually achieving goals. When we consider that BPM is configurable software with the power of customization (without the cost, risk or technical implications) then it becomes clear that best practices must govern BPM use to ensure success. The five most important factors that determine BPM success that have emerged from the commercial sector, and that have been validated in the government sector, are:

- 1 **Goals** – The issue or motivation for taking action must be identified and a baseline established. The baseline describes the current situation in terms of things that are measurable – such as cost, processing time, work volume, etc. From there, identifying those measures that describe success (reduced cost by 30%, improved processing time by 40%, etc) which then become the goal. The goal is then used to shape the rest of the activities taken to improve the process.

2 Process Design – Process design must tie directly to goals. Some change in the process is highly likely, but only change that helps achieve those goals is value-added. Process designs must be carefully scrutinized to ensure they are appropriate to achieving goals and that they do not impose non value-added work on the people who work with the process. This includes designing not only workarounds but also paper documents “out” of the process (where they exist) after the initial point of entry by converting them to a digital document format that can be easily managed by the BPM system. Most important, simply designing processes based on how they current work can lead to automating a ‘bad’ process. Good design must look at not only how the process works today, but how it should work to improve performance outcomes.

3 Productivity – Worker productivity is directly impacted by user interfaces. These must be simplified and appropriately designed for the people who use them. This is the most significant step that can be taken to reduce change management issues and training requirements while protecting the gains designed into the process. Put simply, if people can’t easily use their interfaces into the system to get their work done the BPM project will be placed in jeopardy. By taking into consideration the people that actually do the work and designing user applications that enable them to do their jobs better, dramatic performance and productivity gains can be realized.

4 Orchestration – Processes are not like assembly lines. The people doing the work have to deal with all kinds of challenging situation every day, just as do the supervisors and managers that provide oversight and direction. Processes must be able to adapt to these “real world demands” by giving people the flexibility (within reason) to get the job done. This adaptability needs to be built into the system at all levels enabling managers and workers to adjust to changing workload requirements.

5 Transparency – BPM technology can provide transparency around the real-time operations that occur in processes. In large commercial organizations and government agencies, work volumes can be very large. Process transparency is the only way to ensure that the people doing the work (or managing the work) have clear line of sight on what has been done, what needs to be done, and where problems may exist that require action before they cause service level or compliance failure.

Goal setting, process design, user experience, orchestration and transparency are the TOP 5 Best Practices in BPM.

Conclusion

BPM software is the Next Big Technology for the government sector. BPM offers government the flexibility, through configuration – not customization, to meet transformation and performance challenges head on. The implementation cycle is drastically reduced from other technology approaches, providing significantly shortened time-to-benefit with the flexibility to fine tune processes based on results from proof of concepts, managed trials and even full deployment.

While BPM is certainly the “Next Big Technology” for the government sector, discipline is still required to achieve success.

The commercial market has already served as the test bed for BPM, and with significant synergy between many critical commercial imperatives and government challenges, lessons learned are easily migrated over to the government sector thereby increasing the probability of success and reducing risk.

Commercial experience has also uncovered that BPM technology does require a degree of discipline to ensure project success. This discipline is an essential requirement for elevating the probability of success while limiting exposure to risk. Clarity on goals, developing appropriate process designs, creating productive system interfaces, addressing orchestration requirements and creating process transparency is the discipline that is needed.

The gains to be had can be extreme, as evidenced by the cases summarized in this paper, and can be propagated across most – if not all – of the work performed within government agencies. BPM technology represents a rare opportunity to achieve dramatic success in shorter periods of time than ever before.

It couldn't be timelier, as the pressure to transform practices and meet growing demands has never been more extreme.

About the Authors



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