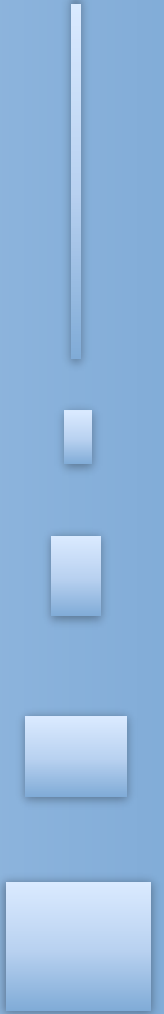


# Process Transformation

{ Business Process Management

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## ↳ **Process Transformation:**

- ↳ **Planned evolution** of BP using a clearly defined methodology and disciplined approach
  - ↳ to ensure that the business process meets business objectives

What is process transformation?

Process transformation <sup>Enabled by</sup> → BPM principles

# Improvement Methodology

{ Six Sigma, Lean, TQM, ABC, PIM

- ⌘ Originator : Motorola (mid-80's)
- ⌘ Popularized by GE (mid-90's)
- ⌘ Six Sigma → **disciplined, data-driven** approach and **methodology** for eliminating defects based on statistical data

# Six Sigma

- ⌘ Six Sigma → any process from **manufacturing** to **transactional** and from **product** to **service**.
- ⌘ It drives towards **six standard deviations** between the mean and the nearest specification limit.
- ⌘ A process **must not** produce **more than 3.4 defects** per million opportunities
- ⌘ Six Sigma **does not represent** a means of realigning enterprise processes

## Six Sigma (2)

- ⌘ Originator : Toyota
- ⌘ Synonymous with Toyota Production System
- ⌘ Focus on → reduction of **seven wastes** (Over-production, Waiting time, Transportation, Processing, Inventory, Motion and Scrap)
- ⌘ Lean is an operations **process improvement instrument**

# Lean

# 6

↳ Lean principles :

- ↳ Perfect first-time quality
- ↳ Waste minimization
- ↳ Continuous improvement
- ↳ Pull processing
- ↳ Flexibility
- ↳ Building and maintaining a long term relationship

## Lean (2)



the **right things**,  
to the **right place**,  
at the **right time**,  
in the **right quantity**  
while minimizing waste and  
being flexible and open to change

Lean (3)

a set of **management practices** throughout the organization to ensure the organization **consistently** meets or exceeds **customer requirements**

# Total Quality Management (TQM)

- ⌘ ABC measures the cost and performance of **cost objects**, **activities** and **resources**
- ⌘ ABM is a discipline focusing on the **management of activities** within business processes
  - ⌘ to continuously improve both the **value** received by customers and the **profit** earned in providing that value.

# Activity based costing and activity based management

- ⌘ This method aligns processes at three distinct levels: organization, process and job/performer
- ⌘ Process Improvement Model's concern:

	Goals and measures	Design and implementation	Management
Organizational Level	Organizational goals and measures of organizational success	Organizational design and implementation	Organizational management
Process Level	Process goals and measures of process success	Process design and implementation	Process management
Activity or Performance Level	Activity goals and measures of activity success	Activity design and implementation	Activity management

# Performance improvement model

Redesign  
{

Redesign != Improvement  
Redesign != Reengineering

- ↳ Redesign → **end-to-end rethinking** of what the process is currently doing
- ↳ Redesign → takes a **holistic approach** to the process **rather than** identifying and implementing incremental changes
- ↳ Redesign → based on the **fundamental concepts** of the existing process.
- ↳ Reengineering begins with a “blank slate” and is based on radical change

Reengineering  
{

- ⌘ Reengineering → the **fundamental rethinking** and **radical redesign** of business processes
- ⌘ Objective → to **achieve dramatic improvements** in critical, contemporary measures of performance
- ⌘ Seven Principles of Reengineering:

Organize  
around  
outcomes

Merge  
information

Link parallel  
activities

Geographically  
resources  
as though  
centralized

Have output  
user

Put the decision  
point  
where the work is  
performed

Capture  
information  
once - at the  
source



# Implementation

{ Implementation Phase,  
Implementation Activities,  
Evaluation,  
Quality Control

↳ A realization of an approved business process design into documented, tested, and operational procedures and workflows.

# Implementation

⌘ The scope of implementation activities addresses :

⌘ **executable** primary and support processes

⌘ oversight **management processes**

⌘ **business rules** related to all three types of processes

⌘ **relevant and controllable** BPM components in the organization's internal environment

# Implementation



- business processes,
- business rules, and
- process management

- Entire enterprise business processes
- BPM governance

⌘ Procedural end:

⌘ minimal bureaucracy is involved

⌘ Transformational end:

⌘ require senior management or Process Council **approval** and a **formal program**

& The success of the implementation effort is **dependent significantly** by senior management sponsors, process owners, process champions, and process performers

# Implementation Phase

- ⌘ Deliverables of Business Process Implementations may include: (not limited to)
  - ⌘ manual and automated new or revised executable BP
  - ⌘ BPM metrics and tools to evaluate BP
  - ⌘ A new or revised Process Management organization and set of processes
  - ⌘ installed and tested BPM software
  - ⌘ Etc.

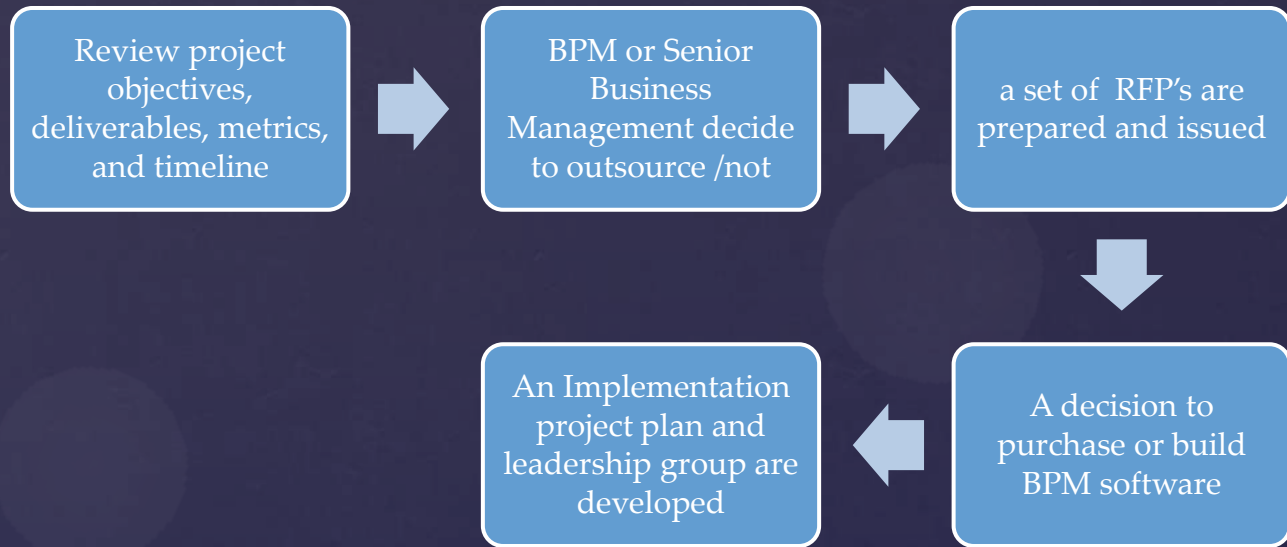
# Implementation Phase (2)

## Implementation Activities :

- ⌘ Implementation planning
- ⌘ Risk and issue management
- ⌘ Implementation “construction”
- ⌘ Installation
- ⌘ Training
- ⌘ Orchestrating change



Example:



# Implementation Activities

# Risk and issue management

<b>Risk Factor</b>	<b>Problem</b>	<b>BP Relevance</b>
Unwilling user	No commitment to change	Obtain successful BP performer and owner buy-in
Multiple users	Creating a common appeal to create buy-in	Need strong leadership to overcome individual differences, especially cross-functional
Unclear objective(s)	Over promising expected results to users	Create a clear statement of BP project objectives and benefits
Unclear link between task change and benefits	Less commitment to adopt change	Communicate an explicit link between BP change, benefits, and rewards
Loss of budget support	Adoption fails; benefits unrealized	Deliver early benefits to sustain BPM project support
Unfamiliarity with proposed changes	Unrealized expected benefits; loss of support	Obtain consultative help to assure BP success

Table 7.2 BPM Risk Prevention Guidelines

# Orchestrating change

- ⌘ **Change Management** of BPM participants' behavior is **one of the most critical and difficult challenges** for achieving **BPM project success**.
- ⌘ i.e. Recent survey by Evergreen Systems (Casson, 2006) revealed these business drivers for change management

- Improve service quality (67%)
- Cost reduction (40%)
- Process efficiency (34%)
- Risk reduction (32%)
- IT-Business alignment (30%)
- Regulatory compliance (28%)

# How to make a successful change management?

↳ The seven targets for change are:  
(McKinsey's 7-S):

↻ Strategy

↻ Structure

↻ Systems (formal processes and procedures)

↻ Leadership style

↻ Staffing

↻ Personnel skills

↻ shared values

& The financial and operational  
performance of the Business  
Process Implementation phase is  
evaluated as is the entire **Business**  
**Process development** or **improvement**  
project.

# Evaluation

- ⌘ BPM and IT Quality Control **test plans for new and revised** business process components
- ⌘ Quality Control evaluates:
  - ⌘ completeness,
  - ⌘ correctness,
  - ⌘ consistency,
  - ⌘ robustness, and
  - ⌘ usability of both manual and automated tasks.

Do the outputs satisfy the requirements?

Is expected cycle-time achieved?

# Quality control

# Implementation roles

{

- ⌘ Business Process (possibly IT) Test Specialists
  - ⌘ design, execute, etc.
- ⌘ BPM Trainers
- ⌘ Application Maintenance, Database, Data Center, and Networking management (automated component)
- ⌘ Organization Development (internal) consultants
  - ⌘ continue and accelerate Change Management tasks
- ⌘ Business Process Repository Manager
- ⌘ Technical writers



- ⌘ Business Process project manager should re-confirm the commitments from the project sponsors and process owners
- ⌘ Project manager should:
  - ⌘ review with the BPM Implementation team leaders the previous progress,
  - ⌘ updated plans, and
  - ⌘ prepare or review the Implementation Schedule, and required resources.

# Implementation planning

- ⌘ After preparing the scheduled activities and securing required resources, the construction phase may include both external-oriented and internal activities.

Implementation “construction”