
Key Roles That Enable a Process-Managed Organization

Enterprise Integration Summit

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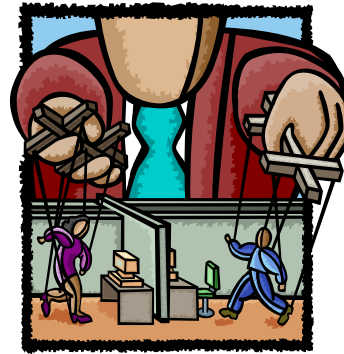
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Business Process Management, Done Well, Changes Everything!

- Complementing hierarchical **organizational structures** with a process perspective requires building teams
- BPM requires functional **performance metrics** to be subordinate to enterprise performance measures for operational excellence and agility.
- End-to-end process visibility introduces new peer **social dynamics**, changing the way managers manage and employees work.
- BPM increases the **rate of operational change**.
- Process change can be; 1) improvements, 2) redesign of functionality and 3) re-engineering/transformational.
- IT and Business must transition their **skills** and methods for BPM to improve process performance.

Coordinating Across Boundaries



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Although there is a growing list of technology solutions that promise to deliver greater business agility, a significant obstacle remains — outdated management practices that drag out the cycle time for line management to act quickly. Gartner now uses "BPM" to refer to the latest advancements in process management disciplines. BPM disciplines treat people, computer systems and information as equally important resources and advocate a more formal management of the organization's business processes. A BPM-driven organization implements governance and structured methods, policies, metrics, practices and tools that ensure that it defines, manages and continually optimizes its business processes in a holistic, unified way. This approach is in direct contrast with the predominant approach of breaking processes up into constituent parts defined by functions and geographies and the resources aligned within these. BPM enables business agility in three important ways; it allows faster and better-informed decisions, reduces the process revision cycle time and promotes consensus for rapid adoption of changes. The new BPM disciplines are still emerging; we have yet to find a good, academic treatise or curriculum on requisite managerial skills.

Key Issues

1. Why do roles need to change?
2. What new roles are emerging?
3. What are the best practices for transforming to a process-driven organization?

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Today's Business Markets Require Increased Enterprise Process Agility

- Today's business markets change more rapidly and in less predictable ways.
- With rapid change, the predilection of human beings is to "go tactical."
- Going tactical when the situation is one of strategic sea change increases risk.



Operational:
Paddle the Board



Tactical:
**Catch the
Current Wave**

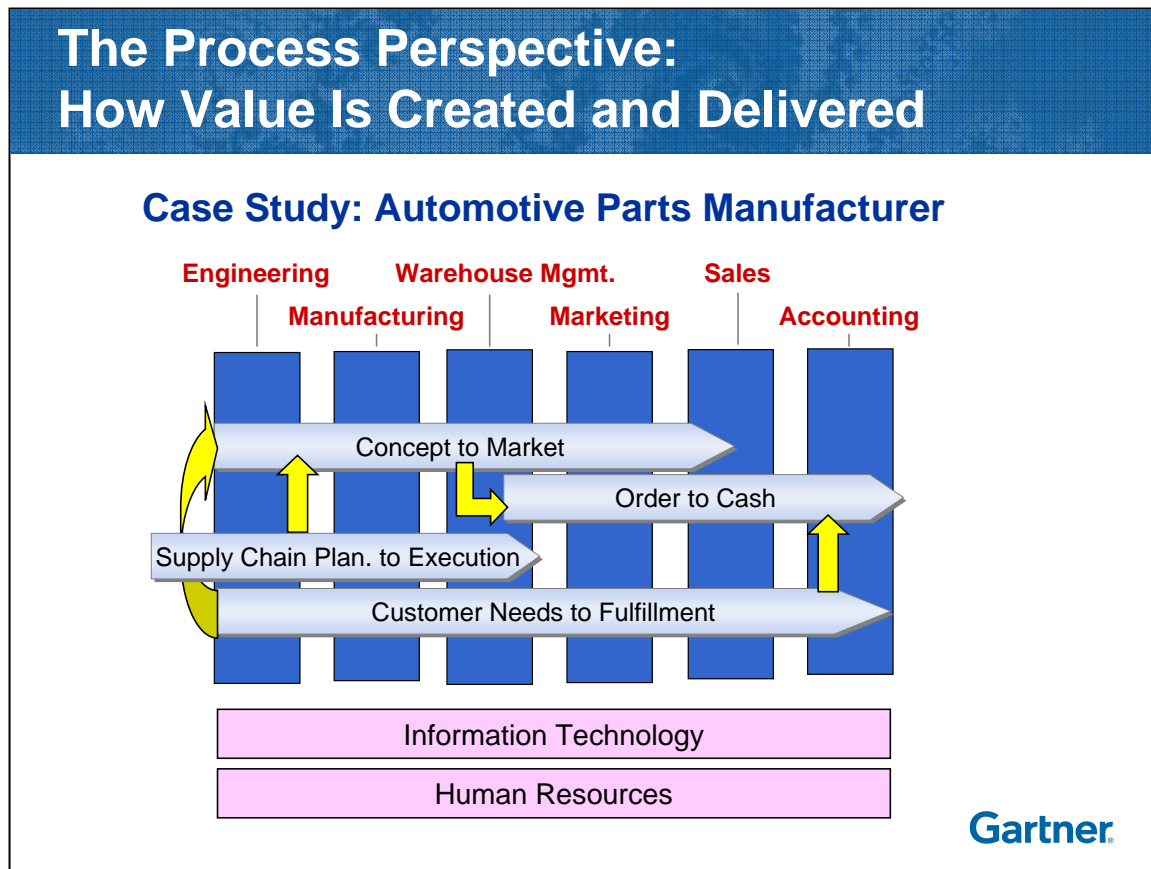


Strategic:
Out- maneuver the Sharks!
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Key Issue: Why do roles need to change?

Market dynamics in today's globally connected economy are much different from what they were 10 years ago. The sudden rise of the Internet for global market access, its exploitation during the dot-com bubble and the ultimate bubble burst gave businesses a taste for how business operations need to adapt to this new reality. Historically, whenever the economy turned downward, companies adopted process thinking and began to look internally for opportunities to optimize what they do, either reducing waste (cutting costs) or increasing productivity. Yet, nearly seven years after the dot-com bubble burst, the focus on operational excellence (or at least operational accountability) continues and is accelerating. These fundamental changes in business markets contribute to the growing interest in process orientation as an alternative management approach to help increase operational performance. "Process," as an organizing principle for work, has always had value in aligning strategy with execution and outcomes and for facilitating work handoffs across functions. The unpredictability of today's global playing field only fuels greater interest in process orientation as a coping mechanism. For these reasons, Gartner predicts that process management disciplines will persist and not be just a passing fad this time, even as the economy improves and stabilizes.

Action Item: Process management skills will be in high demand through 2012; users should apply formal techniques to increase process understanding and competencies.



Key Issue: Why do roles need to change?

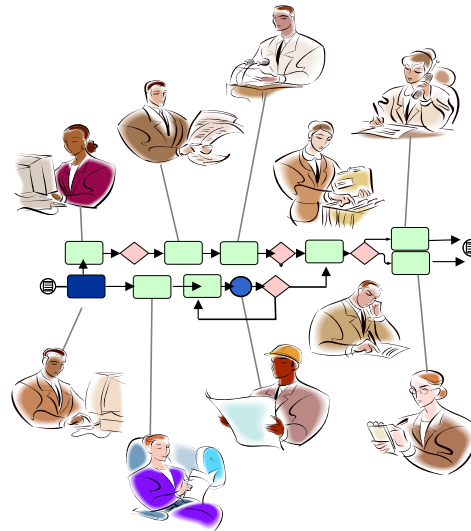
Most enterprises organize around three dimensions: 1) products or services, 2) geography and 3) functions. However, process is an important fourth dimension often neglected. Product/service lines define value in the customer's terms, relative to competition, and according to industry trends. Geography is where value is delivered, considering culture, regulations and locale. Functions reflect the skill competency areas that contribute to superior performance through specialization and focus. Processes are largely how value is actually created and delivered in customer terms, considering the geographies and product/service lines. Overlaying the process view on the functional view helps to identify optimization opportunities, hand-offs, roles and accountabilities. The process perspective lets all participating organizations share in accountability for end results. Organizationally, this means matrix managed resources. It requires functional performance metrics to be subordinate to process performance metrics. Despite its simplicity, this explicit process graphic highlights: 1) work hand-offs and interdependencies, 2) required coordination, integration and collaboration, 3) where decision criteria and business rules are required, 4) how accountability for the process and the functions should be assigned and 5) exposes dysfunctional organizational boundaries that may need to be changed or converted to a matrix.

Action Item: Create matrix-managed teams for early project-oriented process improvement. Create competency centers to transition to more consulting-oriented process redesign efforts and use permanent, multidisciplinary teams when continuous process improvement is desired.

Explicit Processes: Seeing the Big Picture

- Managers can better manage things they can see — resources, activities, information flows.
- Workload balancing can be more dynamic.
- New approaches can be replicated faster.
- Visibility stimulates peer pressure for higher performance.
- Visibility increases collaboration, coordination and cooperation among participants.
- People use explicit models to advance and monitor the progress of work items.
- BPMS technology makes interaction patterns more dynamic, not just sequential.

Explicit Operational Processes



Explicit process management is the new imperative for market responsiveness.

Key Issue: Why do roles need to change?

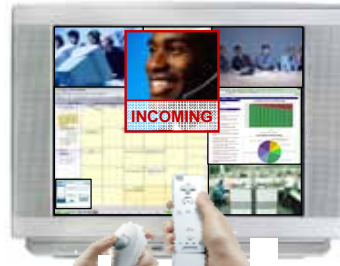
Pressures for information transparency, operational accountability and compliance now make it critical for managers to stay on top of daily transactions more closely. Accelerating business cycles mean that managers need to manage operations in real time to identify changes in market demand and supply faster and respond appropriately. Managing work activities by using after-the-fact reports is no longer good enough. BPM disciplines rely on explicit processes. Explicit processes are visible, usually via graphical models, and they are independent of their implementation. Modern BPM technologies enable explicit process models to be visible to process participants and loosely coupled to the physical resources used in their execution. This keeps the model (the process as designed) synchronized with how the work is being executed in real time. However, process visibility for all participants can become detrimental if a culture of trust and empowerment isn't fostered. Peer group pressure, when managed correctly, can produce results more quickly than the dynamic created by issuing orders to subordinates. When shared performance goals exist and everyone can see everyone else's performance, participants rise to the challenge of managing their own performance level to the goal.

Action Item: Identify the 5% of your operational processes that need to be more adaptive and re-engineer them using explicit process management technology (most likely using BPMS technology).

Agility Requires New Business Management Skills

Real-time management

- Monitoring events, not just transactions
- Simulation and Optimization
- High-end analytical techniques



Collaboration, team building

- Knowledge sharing
- Prototyping/modeling
- Coaching versus Control



Empowerment

- Fact-based decisions
- Team performance measures

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Key Issue: Why do roles need to change?

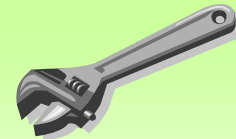
With the more holistic approach of BPM, three key outcomes emerge that directly support business agility: 1) The availability of real-time information delivered in context, which increases the business manager's level of confidence to make accurate and faster decisions; 2) shortening the time to revise a business process using explicit process models shared across business and IT professionals and loosely coupled to the execution environment; and 3) fast adoption of process changes by process participants as a result of visibility, collaboration and consensus building. Empowering business leaders with the confidence to make decisions about process adjustments in real time using data, simulation and optimization techniques will transform the organization's culture. Giving employees a stake (in other words, a reward) in the process performance generates consensus and ownership of the end-to-end process as well as their individual contribution. Explicit understanding of the steps of the process revision cycle will, over time, enable greater flexibility for an organization to react to changing market conditions and competitive threats.

Action Item: Look to engineering disciplines for people with the real-time, scientific-oriented management skills that are now being applied to business processes, not just manufacturing processes.

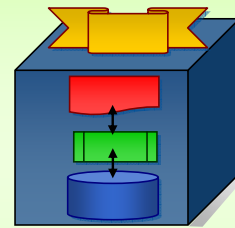
IT Needs New Skills and Approaches Too!

- SOA design skills
- A culture of reuse
- Agile methods
- Architecture skills
- Modeling skills
- Composition rather than development
- Iterations rather than maintenance

**Build it
Ourselves**



**Customize
Packaged
Applications**



**Compose
Solutions
From Component
Libraries**



Key Issue: Why do roles need to change?

As business applies new methodologies that drive continuous improvement approaches to work, IT professionals will need new skills, disciplines and performance measures to handle changes more easily and, more responsively. SOA design principles are just one element. The new, still-emerging approach to the automation of work is solution composition, in which solutions are created out of established, reusable, software components. Besides being a new approach, most user organizations do not yet have a repository of shared, reusable software components. Traditional performance approaches for developers will have to change too, moving from productivity-oriented measures (lines of code) to effectiveness measures (number of reuse patterns). IT professionals will also have to learn to collaborate more closely with business analysts, process architects and business users, gradually transitioning skills and responsibilities to these users.

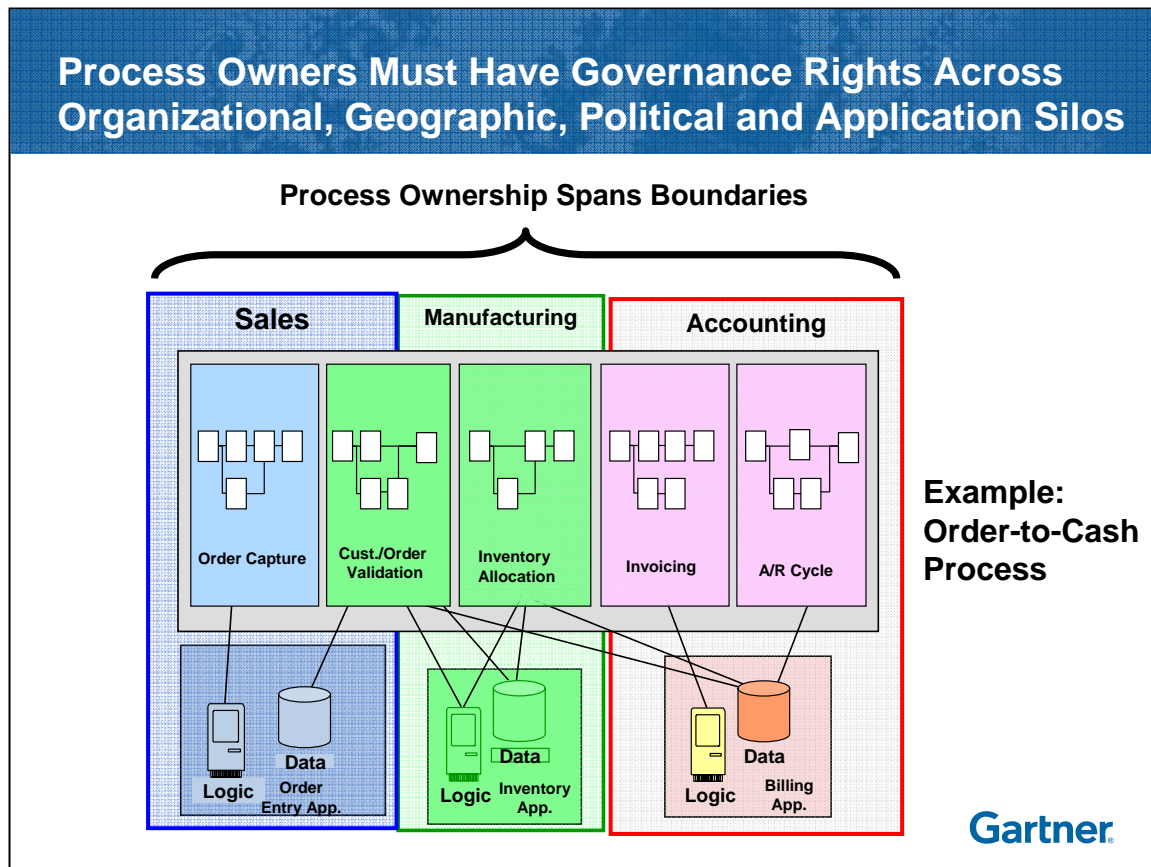
Action Item: Begin to transition programmer's personal performance plans toward metrics that foster sharing and collaboration rather than unique, innovative code development.



Key Issue: What new roles are emerging?

The growing focus on improving business process is driving IT and business leaders to rethink their organizational structure and craft more-proactive process-enabling roles. Business process improvement (BPI) roles exist in business areas as well as IT. Together, BPI leaders are key to raising organizational awareness and buy-in for process as a key construct for how a business thinks about its operations. BPI leaders, especially the champion role, promote initiatives that narrow the gap between business strategy and execution by using technology to improve the coordination of work as it progresses across the enterprise or across multiple enterprises. The champion is an evangelist for process thinking and has been recruited specifically to evangelize process thinking to the CEO's direct reports. The champion works with the process owner, who seeks to optimize business performance for a cross-functional process. Still, no two organizations approach process improvement in the same way. The champion typically reports to the CEO. He or she may have the title of CEO or COO, chief process officer, chief process information officer and even CIO. The process owner is typically a functional unit leader to whom process governance has been delegated for a specific initiative. This individual must make decisions that affect employees outside his or her span of control, creating substantial organizational discomfort.

Action Item: Ensure you have process governance in place before initiating any cross-functional process improvement projects.



Key Issue: What new roles are emerging?

Every organization has an established management and power structure, which is usually based on functions and territories. Business processes run across functions and territories, and can only be effective if functional and territorial managers align some of their power with the decisions of process owners. The process owner is designated to make process optimization decisions, not functional optimization decisions. Process optimization decisions often require changes and compromises in the functional areas that participate in the process. Often, process owners induce decisions that affect the jobs of individuals who do not report to the process owner. The process owner must, therefore, have the authority to make decisions over areas that are beyond his or her span of authority, or must convince functional leadership to make and implement these difficult decisions. Ideally, an organization wants all process participants to feel as if they "own" the process, and some leading organizations are pursuing this ideal. However, the majority of organizations are just beginning to recognize the power of a process orientation. In the early stages, organizations seek a more-palatable solution to jump-start the remodeling of a process culture in their organizations. The palatable solution identifies someone to steward the goals of the end-to-end process before turning to all process participants on a broader scale. The assignment of the process owner role is largely impacted by the scope of the process definition; the size of the organization, small (more hands-on) or large (more oversight); the culture of the organization (command and control or consensus based); and the objectives of process orientation (continuous improvement or opportunity-based improvement).

Action Item: Identify Process "stewards" rather than "owners" in the early stages of process maturity.



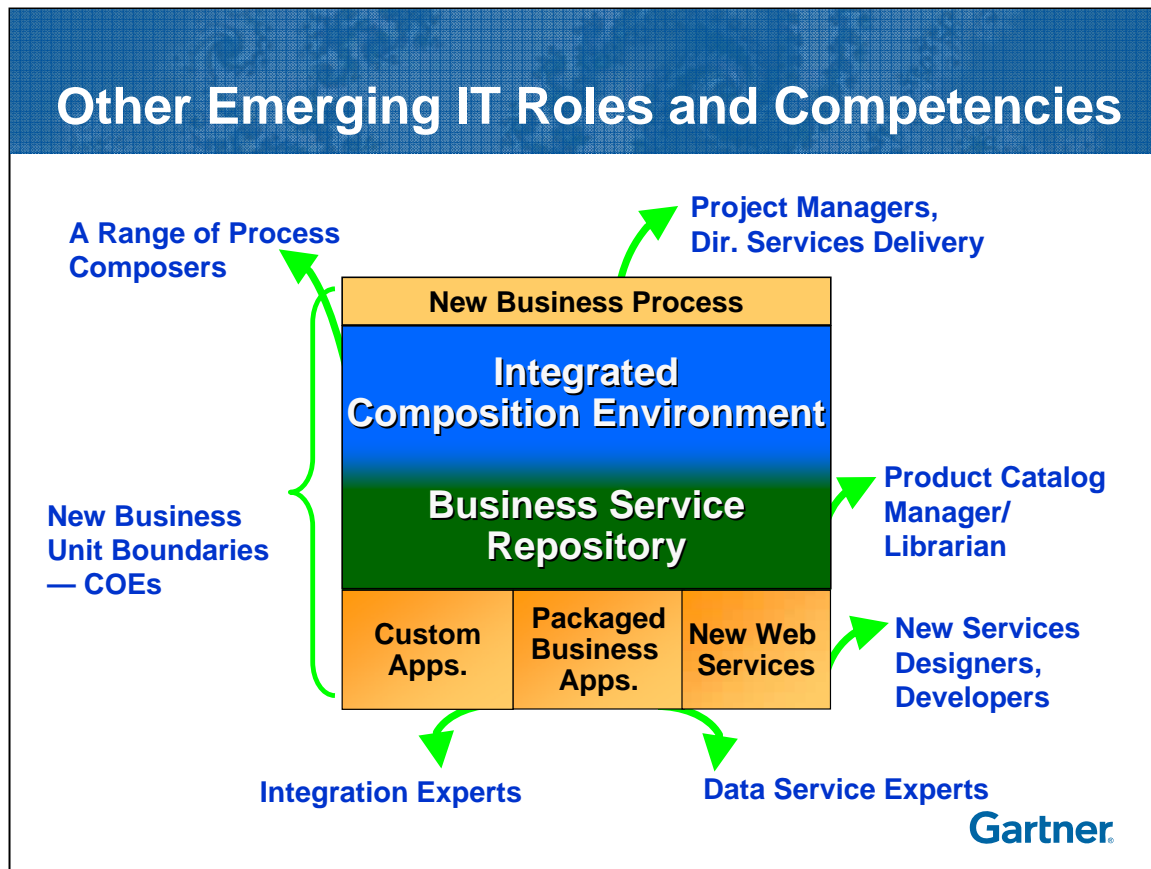
Key Issue: What new roles are emerging?

BPI role leaders need a solid understanding of cross-boundary processes to become trusted advisors/consultants to process owners and process participants. A background in IT or one functional area of the business is insufficient to gain this perspective since the individual has limited exposure (if any) to other areas of the business that also contribute to cross functionally defined processes. This kind of experience is difficult to attain in a functionally aligned organization (unless there is rotational assignment). Ideally, BPI leaders should understand how specific processes work in multiple companies within an industry so they can compare and contrast process designs. However, this cross-boundary process expertise is primarily gained by working on such an initiative through observation, research and analysis, by working as a management consultant or by working for a BPM technology vendor. Enterprises that have rotational management development programs may be able to internally source the business process director with someone who has transitioned through at least three operational areas. Demand for process skills will outpace supply through 2012. Thus, users must be creative in sourcing these roles. Users that continue to treat BPM education and training as grassroots efforts, taking a haphazard approach by learning as they go, may experience some early success. However, they will not be able to sustain continuous improvement nor scale up their efforts to broader, more-impactful processes.

Action Item: Roles are not the same as jobs; one individual may wear more than one hat.

Key Roles That Enable a Process-Managed Organization

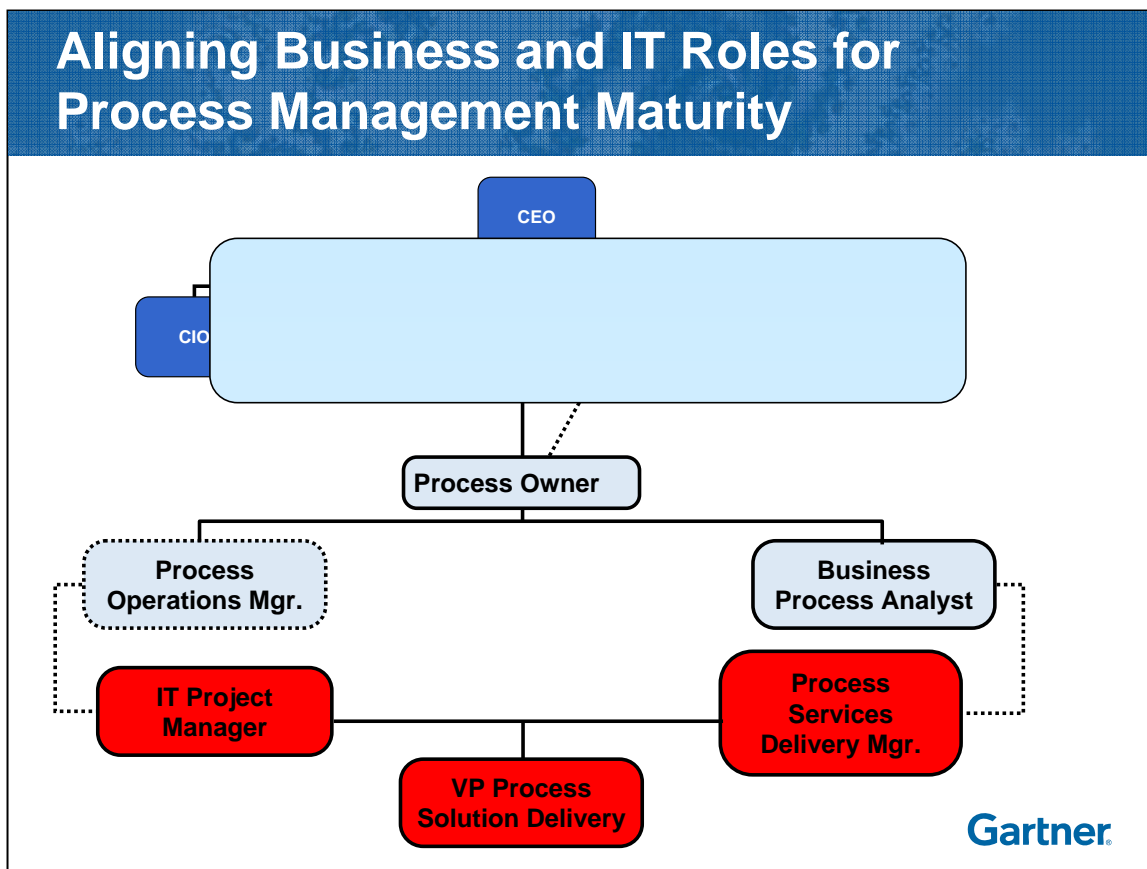
Strategic Planning Assumption: Through 2010, more than 60% of services will be composites of new and "old" data and logic.



Key Issue: What new roles are emerging?

A business process platform is a conceptual model reflecting automated processes. Delivering this model requires significant changes within the application organization. New roles are needed at the detailed logical-to-physical design of software and data services in support of business services/processes/workflows. These are highly technical roles that must consider the requirements of the new business service in the context of all the other business services and uses of data and application code to determine the design of program/modules/software services in support of the multiple BP service uses. The role of software service designer takes the business service requirements and decides how many (and what type) of software services must exist to support that business service. If the software services are not designed in an agile and reusable manner, BPM will struggle. Another new role is the data services designer. This role designs the databases and data services to access them in an agile and reusable manner in support of BPM (and, of course, normal legacy IT-supported applications). "Developers" will include workflow and rule developers. Application testing and integration will need new methods, practices, scripting and engagement processes. Application components will include business process models and functional components, business rules, and new forms of metadata. Most significant is that applications may be assembled and integrated at both design time and runtime. Developers will assemble a "primary" flow for the application at design time, but this workflow may or may not accommodate all the final requirements of all events that may occur. Thus, the final application may be assembled as a result of event management, integration and orchestration processes at runtime.

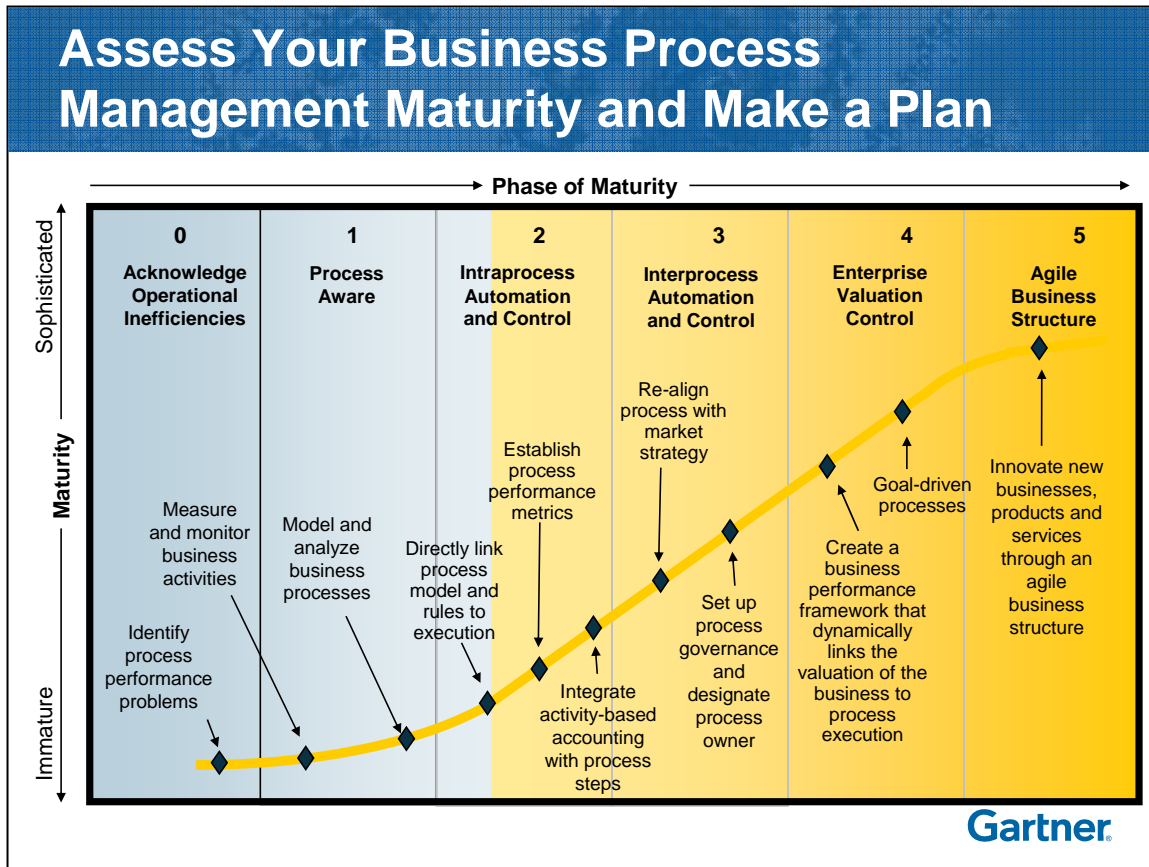
Action Item: Prepare IT professionals for changes in their roles and responsibilities in order to keep up with the changes that their business partners will be making.



Key Issue: What new roles are emerging?

Establishing a process office puts in place governance that is needed across the process driven organization. Having a CEO (or a CEO appointed champion) with a genuine understanding and passion for process management to oversee the transformation of the leadership board is key to accelerating the process maturity of the enterprise. The process office brings all the functional executives together to jointly make decisions about process initiatives. This group determines whether an initiative requires an improvement, a redesign or a major transformation. The CIO should participate in these meetings as an advisory, not a stakeholder. This group also assigns capable and high ranking executives to lead process initiatives as process owners. Setting clear process performance targets and aligning incentives for all the stakeholders and participants, not just the process owner, is recommended for accelerating behavioral changes. However, the majority of operational change needs to take place at lower levels. Whenever pushing change from the top down, behavioral change of the rank-and-file becomes a challenge. The process owner is assisted in this regard by a business process analyst and a process operations manager. The organizational relationships of IT counterparts (in red) to these roles mirrors the business. This organizational structure supports the "business and IT as one team" objective. Having in place an IT and business counterpart increases collaboration and communication. The structure also allows the IT department to focus on what it does best and not get distracted by the plethora of other organizational challenges.

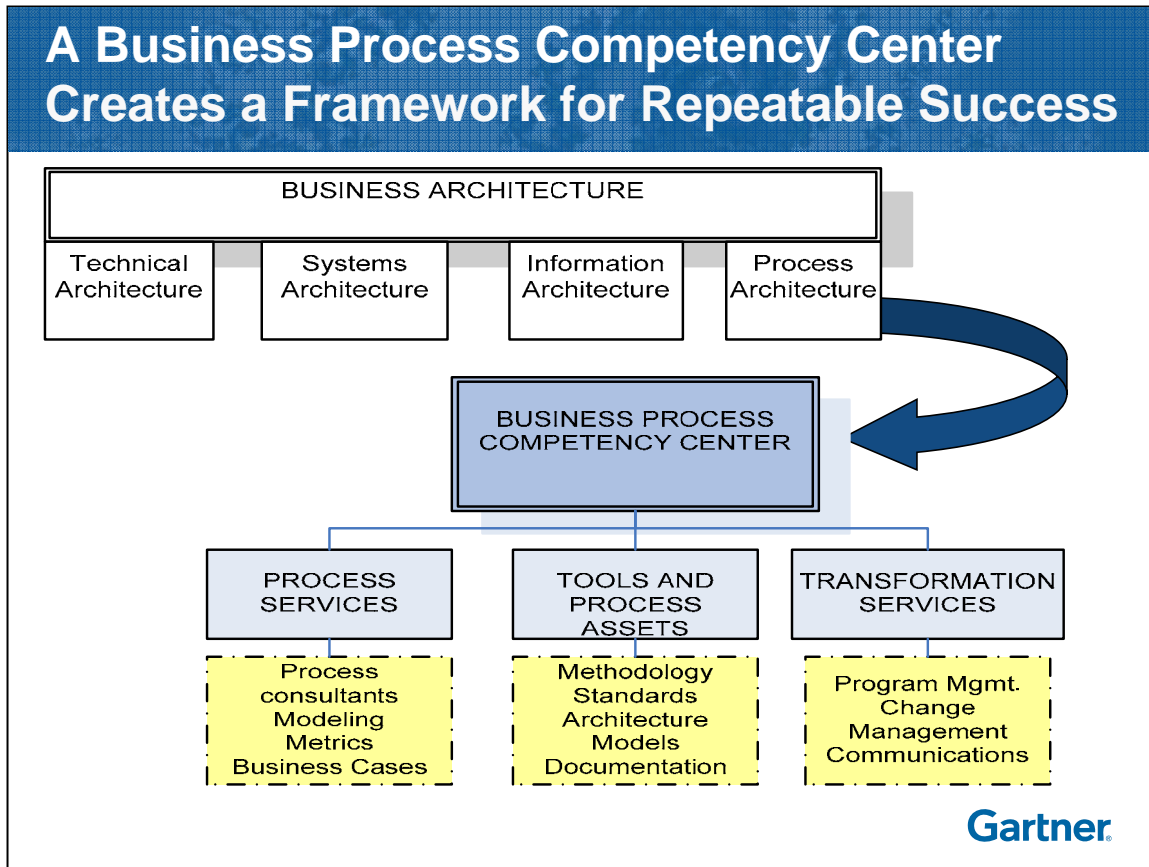
Action item: Establish a process office and formalize reporting relationships to accelerate process management maturity.



Key Issue: What are the best practices for transforming to a process-managed organization?

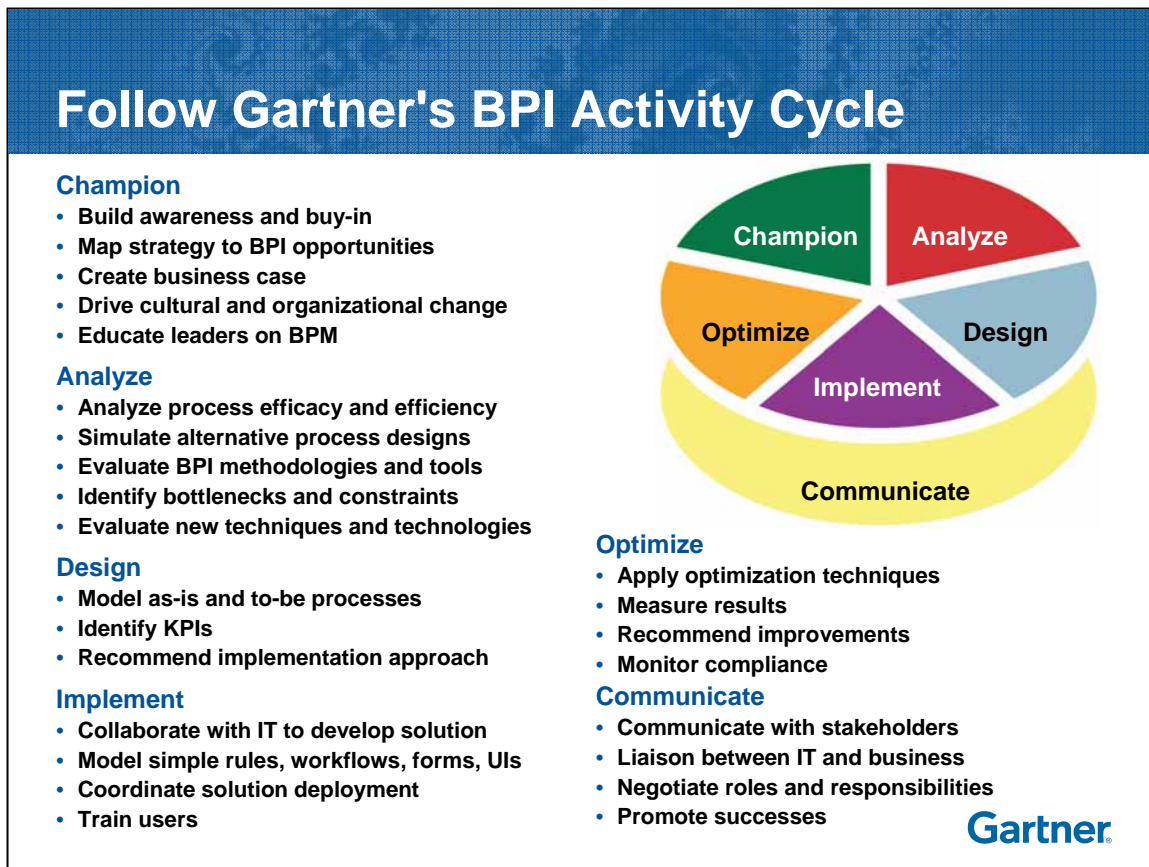
Gartner's model for business process management maturity can be used for initial assessment and future planning. Most organizations are at Level 0 through Level 2. The model can be applied at the organizational level as well as the initiative level. Different initiatives may be at different stages of maturity. A plan for BPM maturity should identify quantified goals and objectives for process performance improvement, formalize the various BPI roles necessary, assign individuals to those roles, and lay out specific actions to be taken to progress toward the goal. A best practice for establishing roles is to consider multiple dimensions, not just reporting lines. For example, consider personal skills, proximity to the workflow in focus, leadership potential, and the incremental workload burden of the role, especially as you strive for continuous improvement. Remember that BPM is a journey, not a project.

Action Item: Our model indicates some key milestones; add your own as visual reminders of goals to participants.



Key Issue: What are the best practices for transforming to a process-managed organization?

BPM success requires a formal approach. Here we present Gartner's BPCC framework for repeatable success. Rigor and investment in these areas directly influences success rates at transforming the organization and its management practices. Organizations that continue to approach BPM haphazardly — relying on "learn as they go" — may experience some narrow project success, but they will not be able to sustain continuous improvement nor scale up their efforts to broader, more impactful processes. In contrast, organizations that aggressively adopt BPM disciplines during 2007 and invest in formal programs to advance their process maturity — including finding skilled BPI leaders; aligning roles and responsibilities appropriately across business, IT, architecture teams; formalizing process governance; and driving cultural and organizational change — will widen the distance between themselves and competition, increasing their chances of becoming industry leaders by 2010. A Business Process Competency Center plays a consultative role to accelerate process maturity. Action Item: Enterprises should require each BPI project to contribute 2% per functional area participating (with a minimum of 10%) of its time, staffing/skills, process assets and funding toward the establishment of a BPCC. Contributions can be physical assets (policies, procedures and process models), consultant time allotments, rotational personnel and a percentage of benefits derived from their initiative.



Key Issue: What are the best practices for transforming to a process-managed organization?

BPI leaders focus on how work is best accomplished, using technology as appropriate, to fulfill the organization's mission statement and achieve its performance goals. The activities in these phases represent the core responsibilities for BPI leaders. Excellence in the activities within these phases is key to driving the organization to superior enterprise performance by taking an end-to-end process view and applying the most-effective process design concepts. Process designs should reflect innovation and agility, in addition to efficiency and effectiveness, thereby driving organizational maturity with process orientation. BPI leaders must constantly communicate with process stakeholders. This communication underlies all other aspects of the activity cycle.

Action Item: BPI leaders should use Gartner's BPI Activity Cycle and the research supporting its action bullets as a guide to advancing their own skills and the process maturity of their organization.

Learn Via a Proof of Concept

- Start with the right initiative:
 - Customer-facing process
 - Not highly automated today
 - Crosses a people, paper and system boundary
 - Performance measure is effectiveness, not just efficiency
- Have an aggressive "PR" campaign around this effort.
- Define "success" upfront.



***Tremendous learning comes from failure;
Use one to ignite the "burning platform" for BPM!***

Gartner

Key Issue: What are the best practices for transforming to a process-managed organization?

The pressure for competing rates of return and mind share on a worldwide basis will drive the need for process improvement at a pace greater than most companies can effectively manage. Functional orientation and performance measures, including executive bonus compensation tied to function unit metrics, seem to produce parochial behavior and, consequently, non-optimal enterprise performance. Overcoming these old views (or not) will be a major inhibitor. BPM requires a culture change and skill development for continuous change that has not occurred since computing in commercial business began. Thus, initiatives should be designed to demonstrate performance gains and build critical competencies. To date, success rates have been very high, in the 90th percentile. BPM technologies will not impede success, but culture, organization, skills and people will create "drag" effects. To be better prepared for global business pressures, organizations need to mature quickly and effectively in their practice of BPM disciplines. The year 2007 will be the turning point when BPM initiatives prioritize the investment in human capital and organizational change initiatives. Sometimes, the "failure" of a high-profile initiative can provide the fuel to light a fire under senior executives, whose commitment is necessary for transforming the business.

Strategic Imperative: Enterprises that aggressively begin their organizational and cultural transformation for BPM in 2007 will double their chances of becoming industry leaders by 2010.

Conclusions and Recommendations

- ✓ Process orientation affects the roles and responsibilities in lines of business and IT.
 - Formal role definition accelerates process maturity.
 - BPI role leaders are change agents.
- ✓ Roles are not the same as jobs or titles. Individuals in business process improvement roles can wear more than one hat!
- ✓ Now is the time to aggressively hire business process analysts and architects with formal process skills and experience.

Gartner

Key Issue: What are best practices for transforming to a process-managed organization?

Organizations under pressure to improve their processes must learn on their own until the proper supports and partners are available. Not making progress is not a viable option. Building the kind of organization that can embrace the kind of culture of change implied in BPM disciplines will take time; therefore, we encourage organizations to start soon. The investment will be large during the long term to leverage incremental investments and results, but the transformation is the price for organizations caught in global and near-real-time competition. It will be important to identify milestone growth points to determine progress; we recommend adopting our BPM maturity model as soon as possible.