

THE NEW FRONTIER OF BUSINESS PROCESS MANAGEMENT – Managing the Human Side

By: Jackie Messersmith

Over the last 8-10 years, many of us have read articles about the value of people and the knowledge they have, and what that means to an organization. This is also known as “knowledge assets” or “human capital.” There have even been studies commissioned to investigate how human capital and knowledge could be treated on an organization’s balance sheet by combining the dollar value of an individual’s education, years of experience, ongoing training and development, their relationships, and their knowledge about the organization and its customers. Thankfully, organizations are beginning to pay more attention to people in terms of identifying, developing, nurturing and retaining talent within an organization, managing the knowledge they have, and ensuring they are satisfied at work. After all, people represent around 82 percent of the cost of doing business.

Today, there is a new frontier being explored that not only directly affects workforce satisfaction and knowledge management, but also directly affects an organization’s bottom line performance, customer satisfaction, and its ability to sustain improvement. This new wave of thinking challenges the belief that reengineering, restructuring, downsizing, or installing workflow management, financial management, document management, or enterprise wide applications on their own will have a long and lasting effect. Instead it emphasizes the belief that business processes are an integral part of an organization’s intellectual capital, which is the sum of an organization’s intangible assets.

Business processes are what an organization does – its core competencies, its knowledge, and ultimately the product it offers to customers. It can be as simple as ordering office supplies or as complex as order processing. A business process is a combination of human interactions, information, communication, business rules, measures, and competencies necessary to achieve the organization’s strategy. They have little to do with computers, but a lot to do with an organization’s capacity to act and survive in this knowledge-intensive economy.

Business process management (*BPM*), as a discipline, is not new. It began in the 1920s with Frederick Taylor and his suggestion that work processes were tucked away in policy and procedure manuals. Business process management included such things as time and motion analyses. This spawned such innovations as assembly lines and mass production.

The next wave of BPM came in the form of the suggestion that through a one-time activity, such as reengineering, organizations could achieve a competitive advantage. Unfortunately, many of the solutions were then cast in stone with software applications – such as CRM (*customer relationship management*) or ERP (*enterprise resource planning*) – that were often difficult and expensive to implement and not always successful. In the quest for efficiency and improvement, the people’s attitudes, thoughts and opinions were neglected, and the full benefits were not realized.

So, what is the next frontier, what is new? Consider the fact that every modern management theory – Malcolm Baldrige, Six Sigma, total quality management, management by objectives, and so forth – emphasizes the importance of business process management. Since business processes are the main intellectual property and competitive differentiator for any organization, organizations need to identify, develop, nurture, and manage business processes as carefully as they do their people. There are three interdependent parts that need to be considered as a function of business process management: workflow (*what the company does*), workforce (*people and competencies*) and workplace (*culture and physical setting*). Successful organizations of the future will develop systems for managing business processes, and

actively seek to create environments that enlarge their capacity to learn from those systems and respond to what they have learned.

What if an organization could manage its business process “inventory” the same as any other asset in a predictable and structured way? Now, imagine combining these four objectives: (1) a systematic and organized method for gaining insight into the business from the human perspective in its financial world, its markets and among its competitors, (2) integrating several analyses into one – value analysis, process analysis, quality management, and costing, (3) a framework to design a new way of working, put changes into action and manage change, and (4) the ability to continually view, tweak, nudge, and prod business processes, in order to optimize efficiencies, sustain improvement, and continue to grow.

With radical changes in technology, we are not far from a time when two companies form a new business alliance today, and within a week integrate their systems to enable new offers in the marketplace, for example enabling a customer, vendor, and supplier “*customer care workflow*”. This technical agility will take time to be assimilated into businesses, but it is already happening, for instance, in the form of Web-based business process applications.

To capitalize on these advances in technology, it is critically important to actively manage business processes to project and make needed course corrections. And, for optimum success management needs to play an active role in assessing and managing the total organizational impact of business process improvement. In today’s business arena of sustained growth, process innovation and customer share, organizations must realize that business processes have a life of their own, as well as their own life cycle. You can not keep doing what you have always done and expect to survive.

As organizations continue to evolve toward a more collaborative environment with their customers, partners and suppliers, this new frontier of BPM thinking will become more critical to integrate into existing business strategies. It is not a new killer app or a new management theory that promises to produce instant profits. It is not an imprecise art with unpredictable outcomes. Instead, it is a disciplined approach for companies to predictably innovate and transform themselves, and manage an important asset with care.

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