

Business Process Architecture

Criteria for an effective BPA

Cherie Wilkins



PERFORMANCE DESIGN LAB

About PDL

Performance Design Lab (PDL)

- Research, consulting and training organization, founded by Dr. Geary Rummler
- Our theory base and methodologies have been adopted as the standard for
 - improvement initiatives within Fortune 100 companies,
 - the consulting industry, “the consultant’s consultant”
 - the curriculum of business schools.

Why “Lab”?

- Our fundamental belief is that performance can be designed, that *performance improvement is not magic, but science*.
 - *Improving Performance – How to Manage the White Space on the Organization Chart* (Rummler & Brache) (1990,1995)
- We continue to evolve and expand the theory base and methodologies to include new approaches to management systems, measurement, strategy, organization structure design and implementation, and IT-Business alignment.
 - *Serious Performance Consulting According to Rummler* (2004).

About PDL

Cherie Wilkins

- Joined Dr. Rummler 13 years ago as consultant and technology developer.
- Specialized in measurement and management systems
- Current work focused on organizations on a BPO journey - Led by Business leaders, IT and Process Excellence groups

A little about you

- Does your organization have a BPA? BA?
- Is your organization currently trying to develop a BPA?
- Who is leading/led the BPA effort? IT? Business? Process Excellence Group? Other?

Agenda

- Some definitions and context setting
- Examine three key criteria for an effective BPA
- Review several successful applications of the criteria

Typical Definition of “Process”

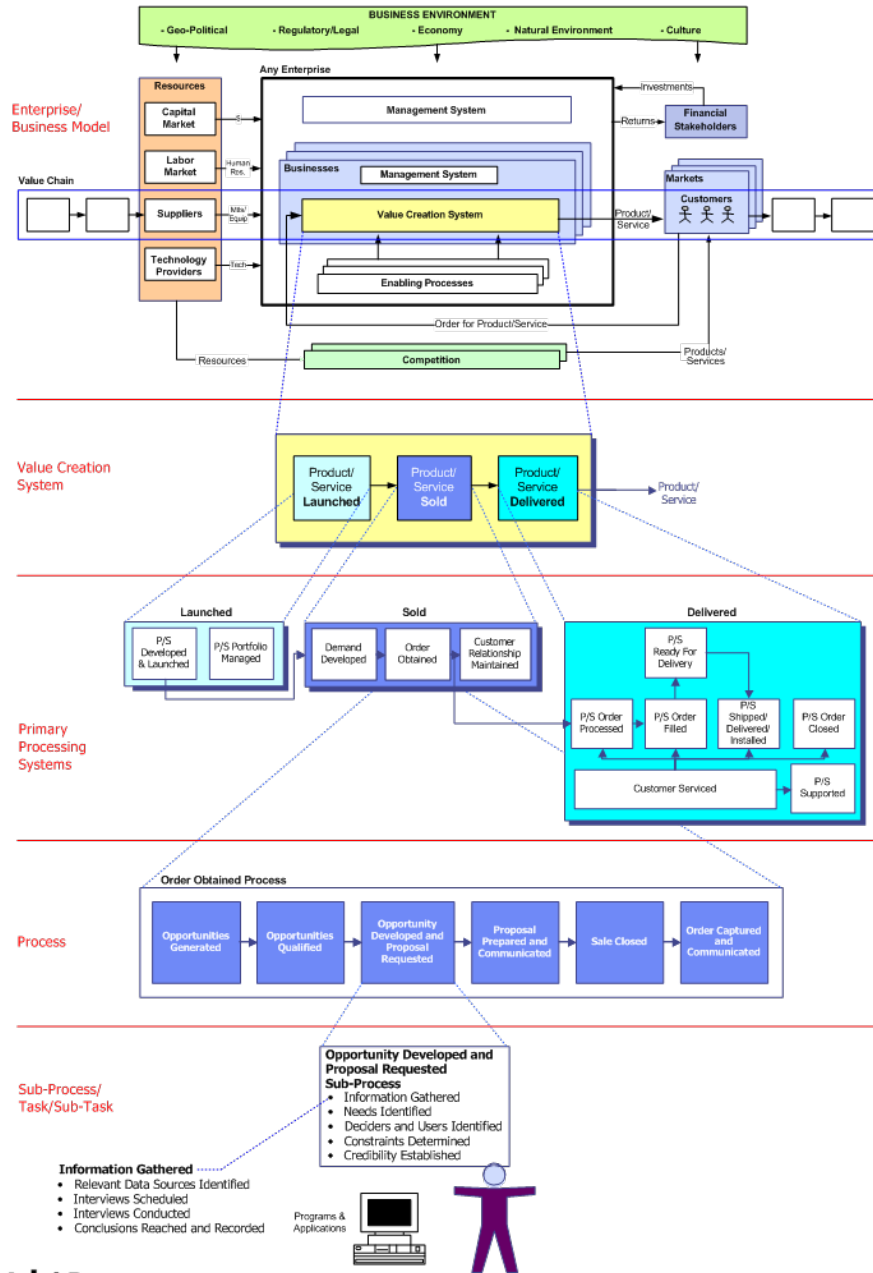
“A chain of activities that converts various inputs into valued outputs”

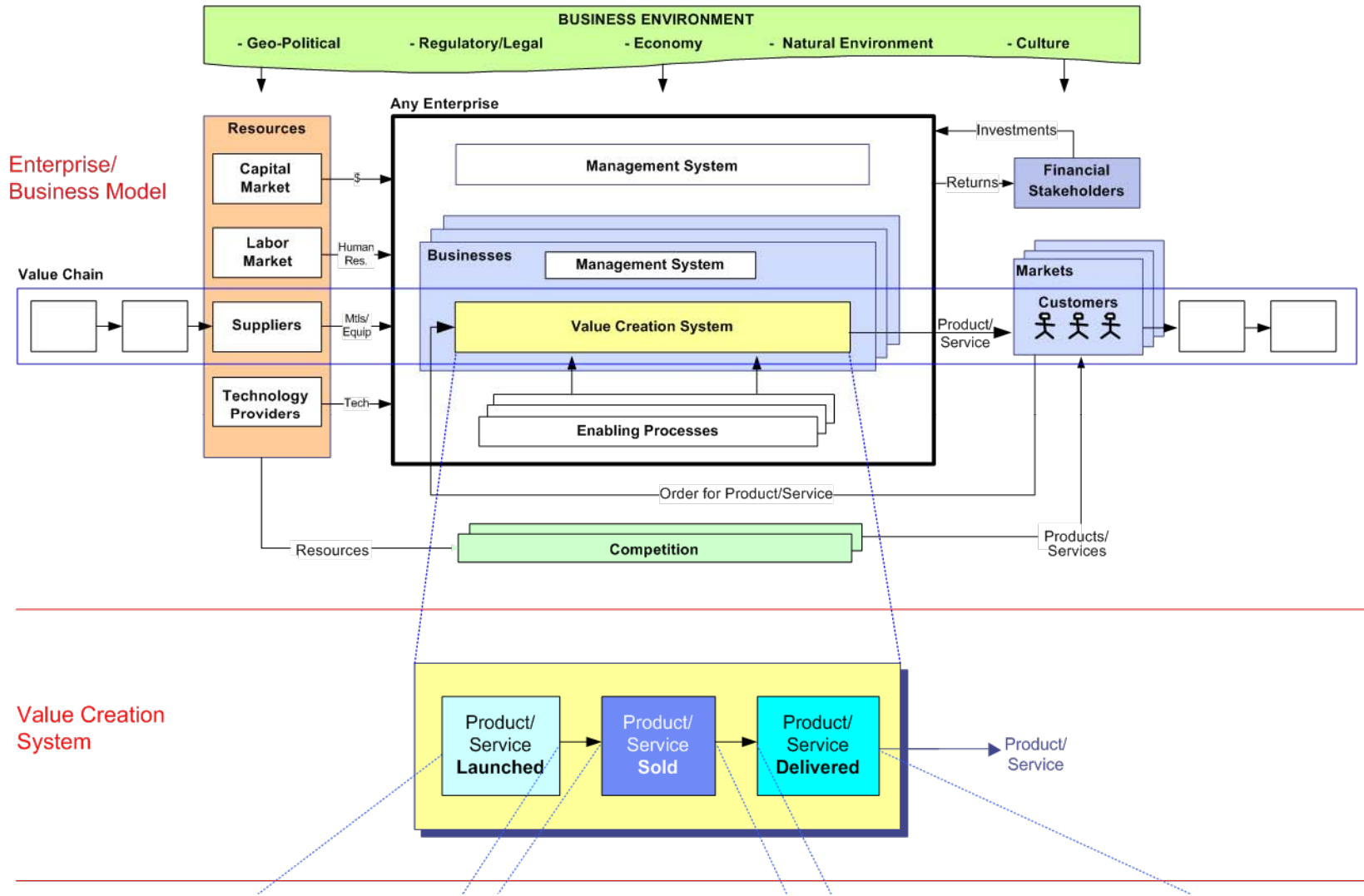
PDL Definition of Process

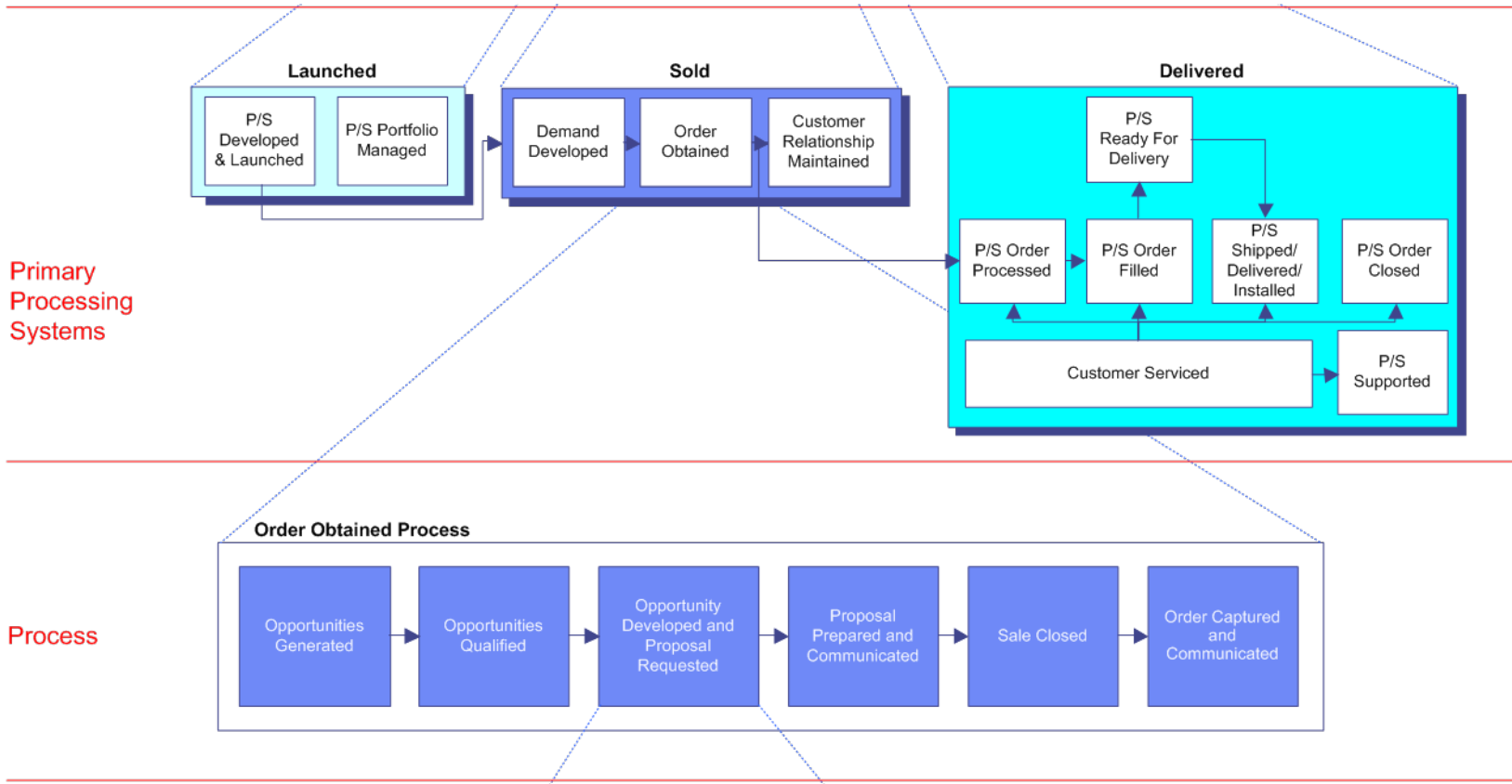
PROCESS is a construct or artifice for *organizing work* so it:

- Can be **Performed** effectively and efficiently
- Can be **Managed** effectively
- Offers the potential for a **competitive advantage**

The Processing System Hierarchy



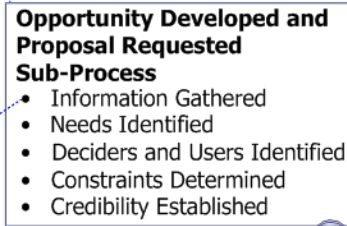




Process



Sub-Process/
Task/Sub-Task



Information Gathered

- Relevant Data Sources Identified
- Interviews Scheduled
- Interviews Conducted
- Conclusions Reached and Recorded

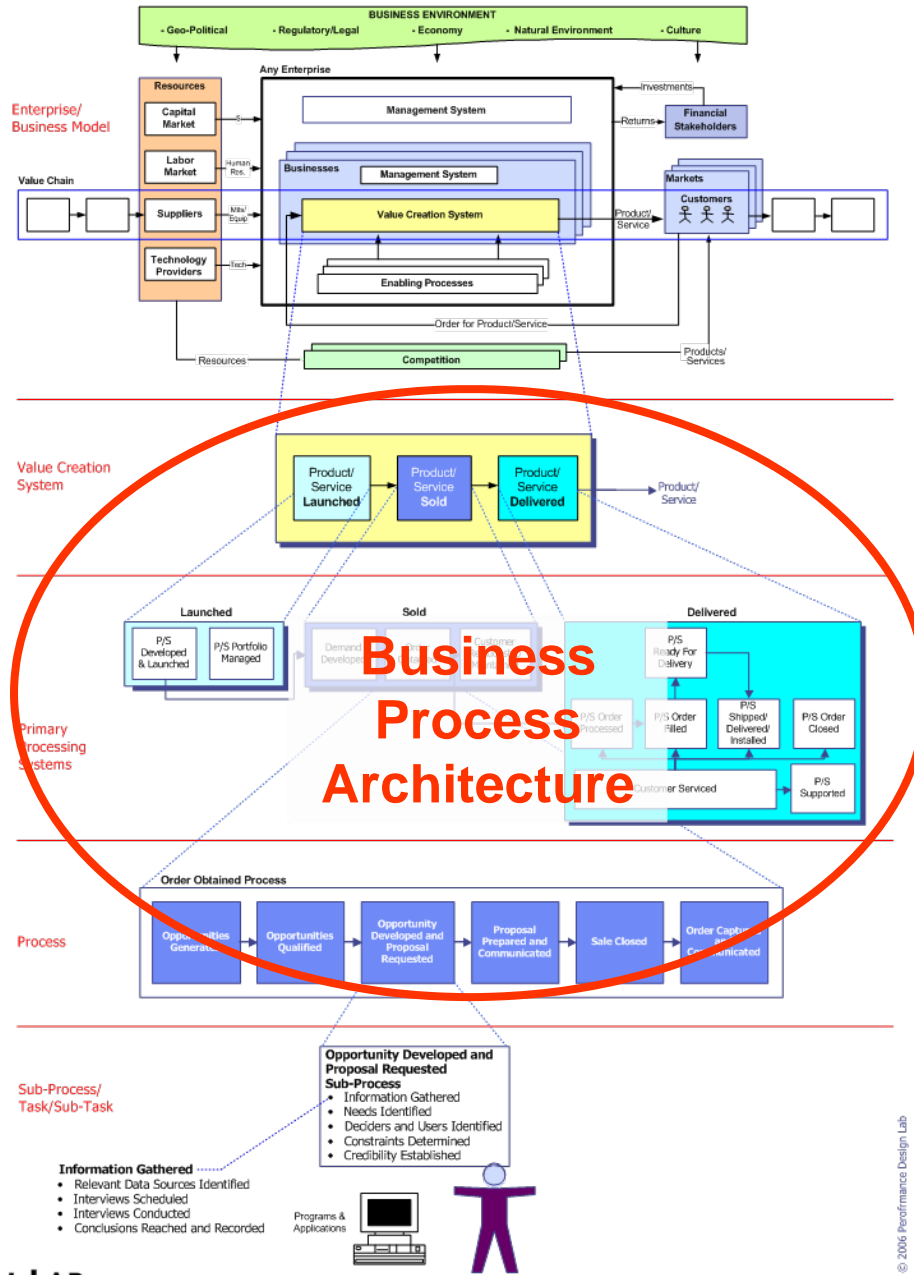
Programs & Applications



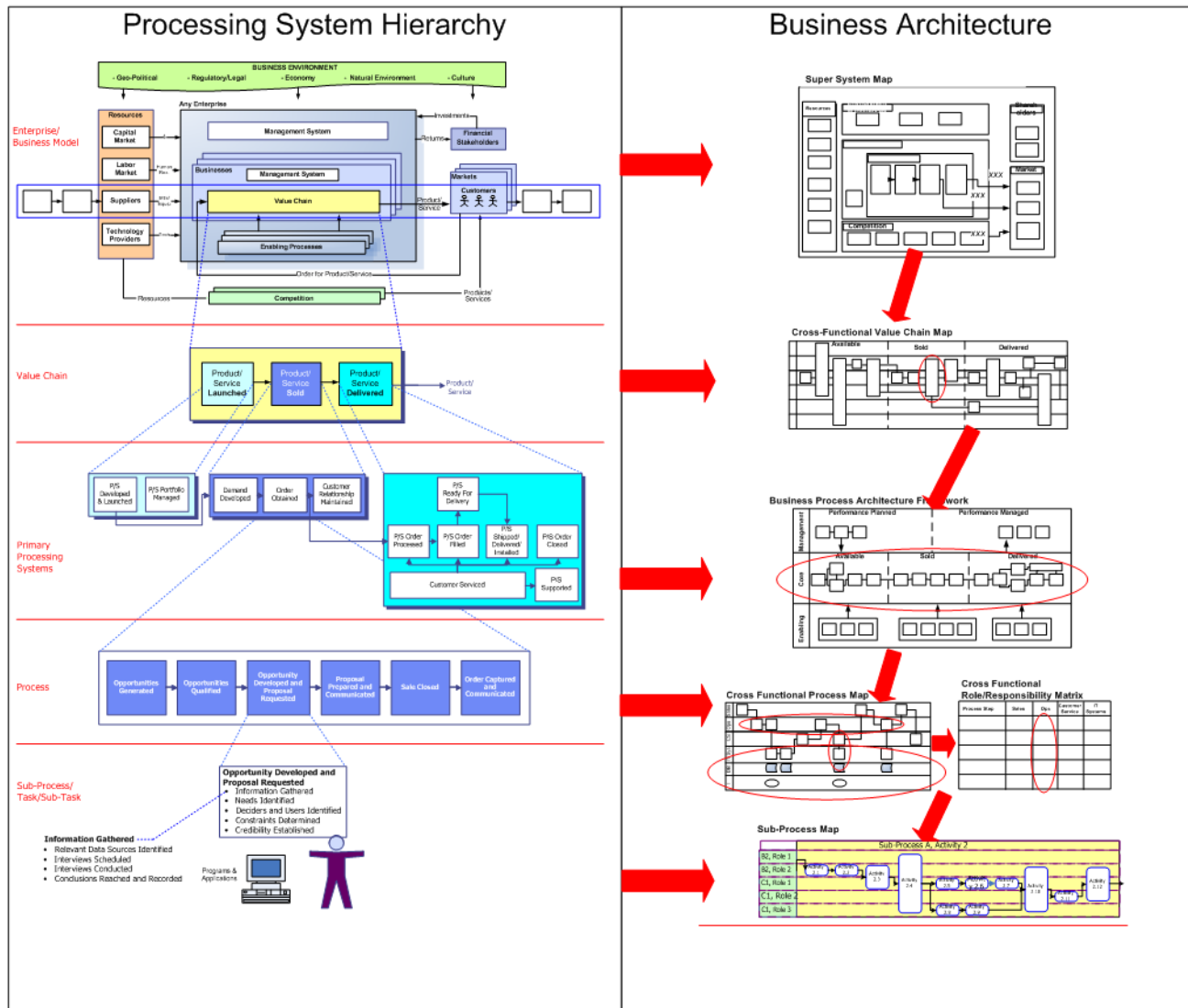
Some Observations...

- Work/process definition starts at the top, with the business context.
- Each level of the PSH provides the critical performance context for subsequent levels.
- At each level, you are making “organizing work” decisions to optimize performance at that level.
- Starting to define processes *below* the Value Chain level means that those processes will not be linked to customer or business requirements, and fall into the dangerous **sub-optimization zone**.

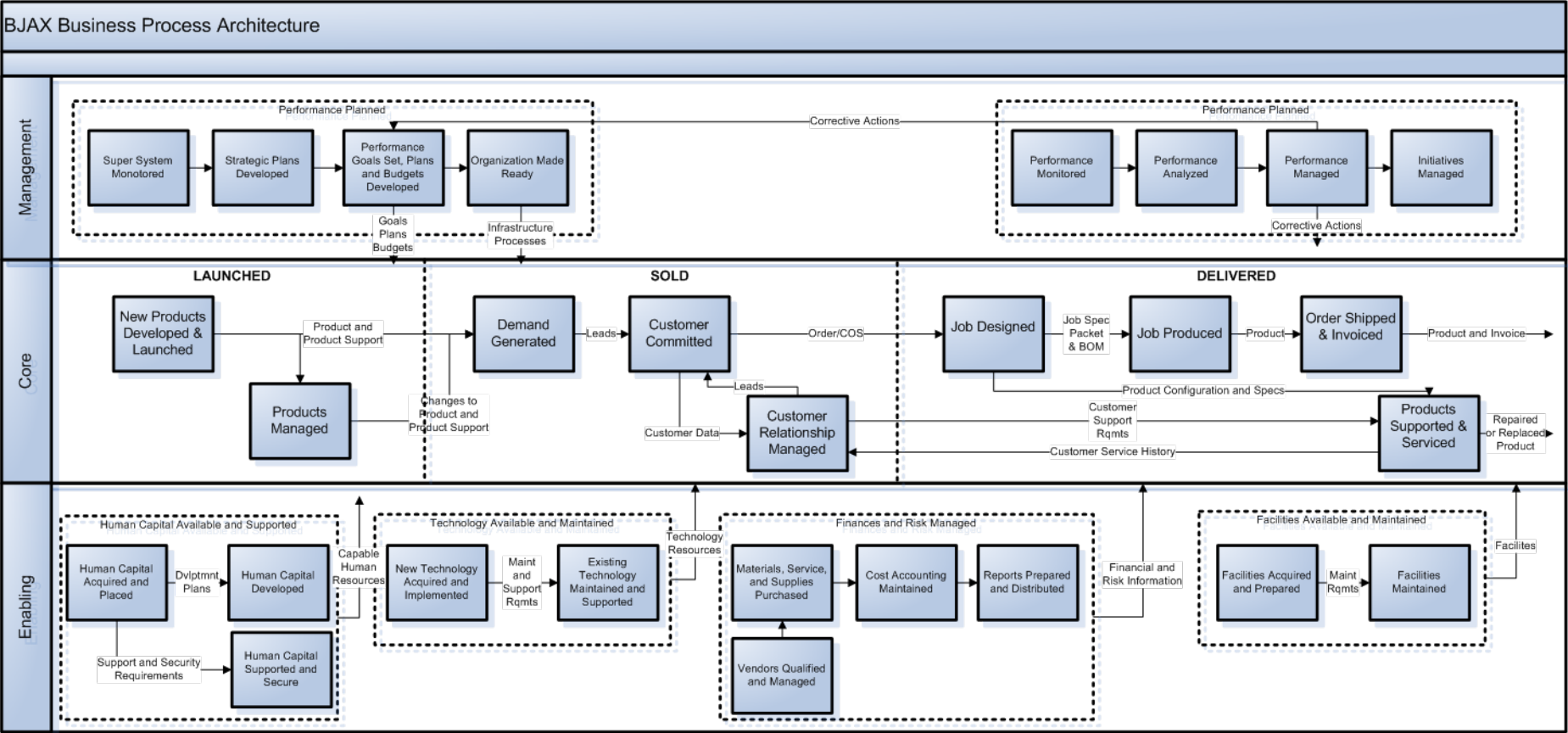
The Processing System Hierarchy



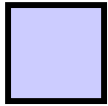
BPA Document Set



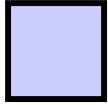
BPA Framework



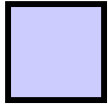
Key Effective BPA Criteria



Value based process segmentations/definitions



Distinguishes between the work and managing the work



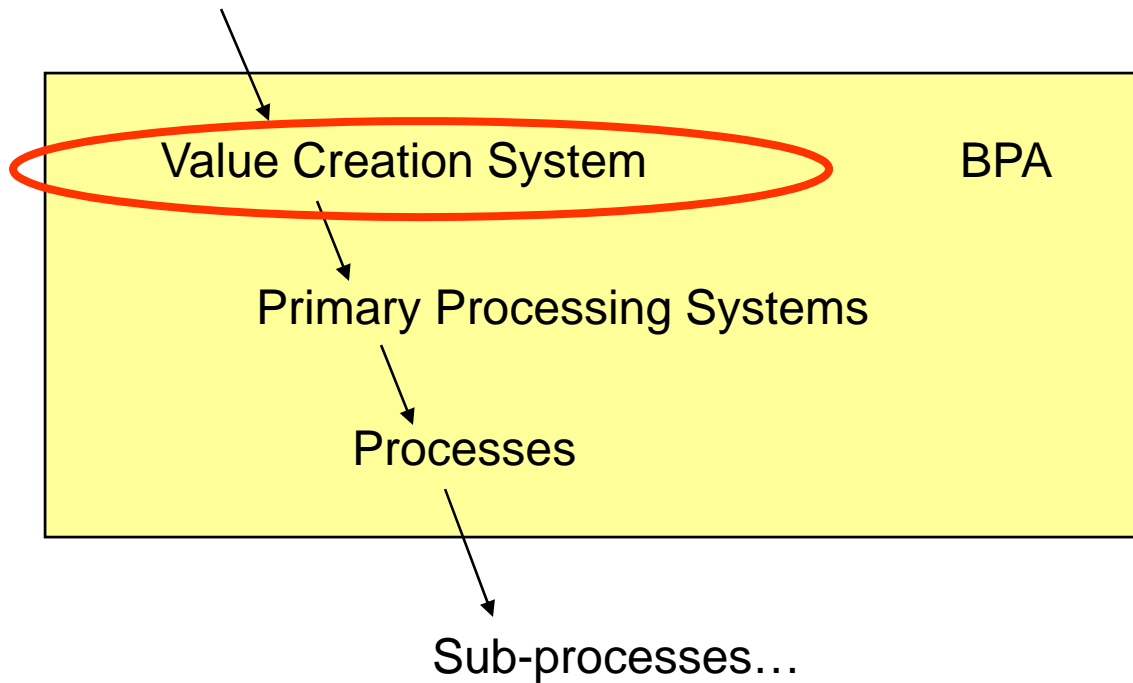
Linked to strategy

- Competitive advantage
- Tradeoffs across business lines – unique vs. leveraged
- Translates strategy into processes and requirements

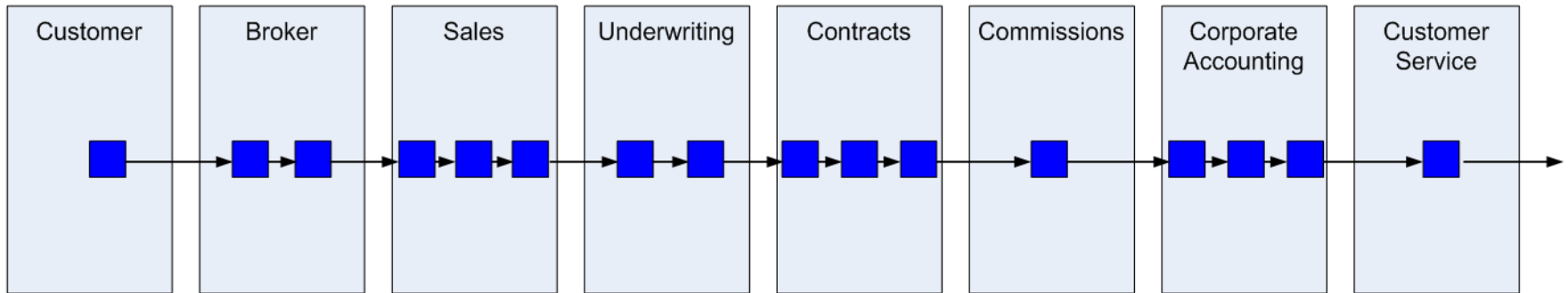
BPA Attributes

The single most important attribute of a BPA is utilization of a value-based approach to segmenting & defining processes vs. a function-based approach

Enterprise/Business Model



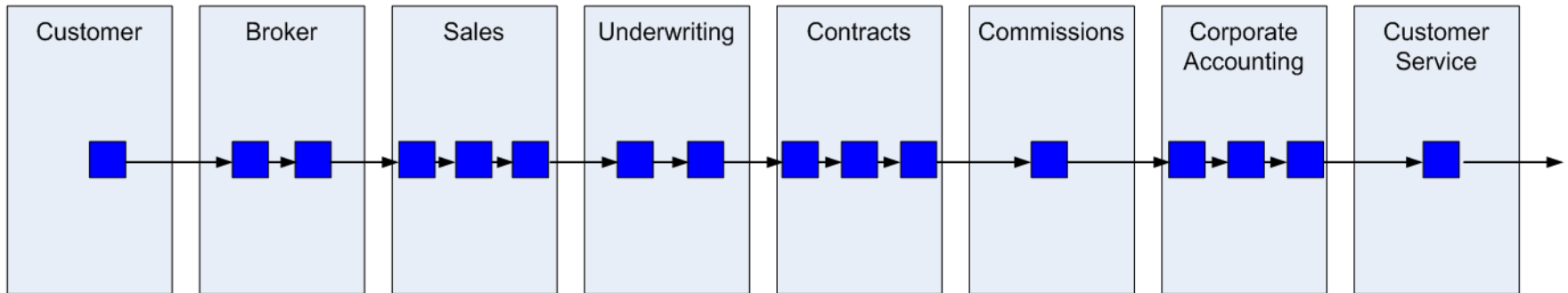
How we like to think processes work...



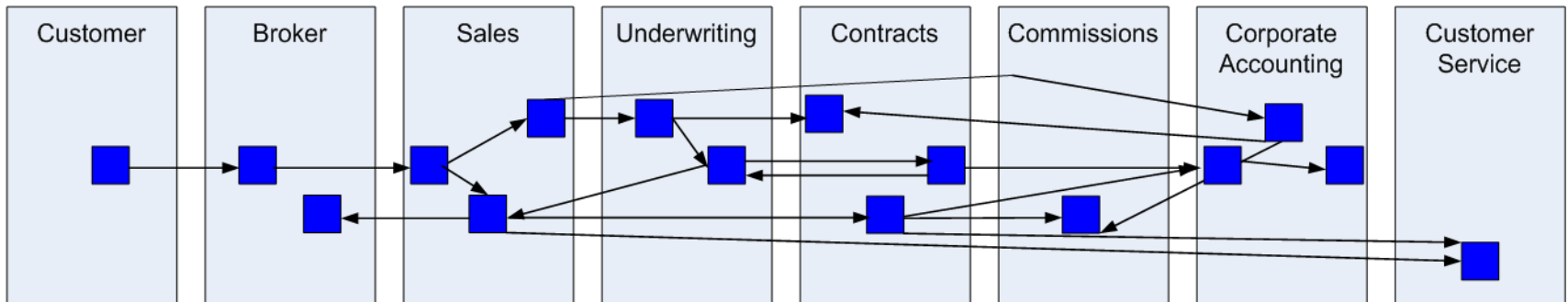
Process Architectures would be easy to build if the following were true:

- Each Function/Organization executed their work of the process, made a value contribution and then passed that on to the next function/organization.
- Value milestones of the process were neatly aligned to the end of the functional boundary.
- Each function's work could be a "value-contributing" sub-process.

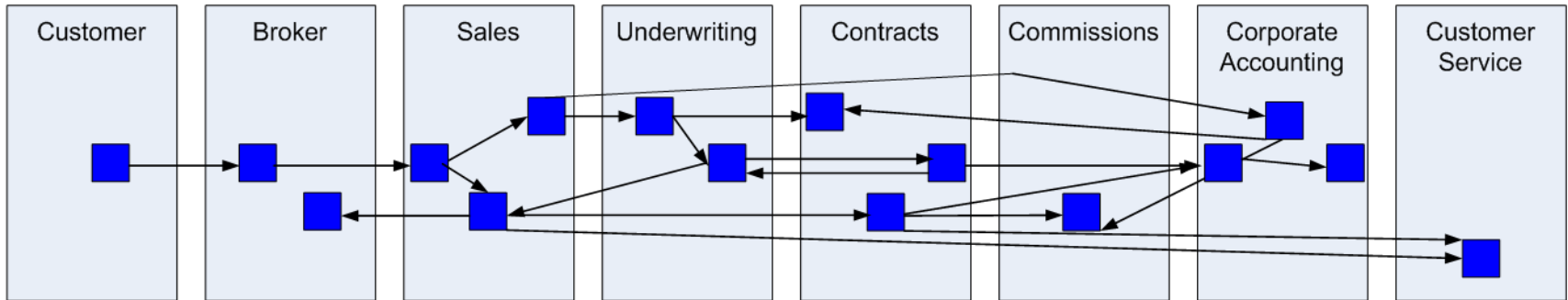
How we like to think processes work...



How processes really work



How processes really work

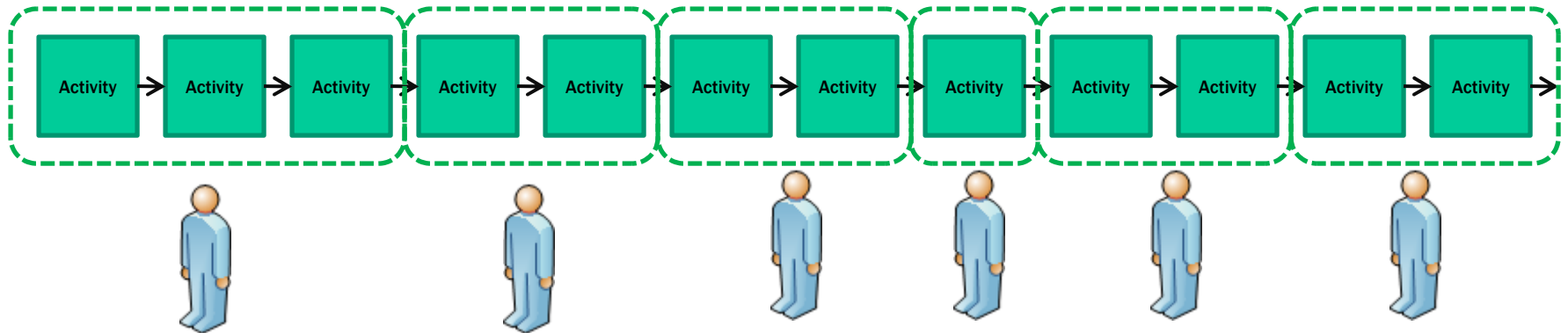


Reality is:

- Most often, it takes contribution by several functions/organizations to reach the value milestones
- Most functions get engaged in a process at several different points – not contiguous to one another
- Value milestones of the process do not neatly align to the functional boundaries - therefore process boundaries cannot be drawn at functional boundaries

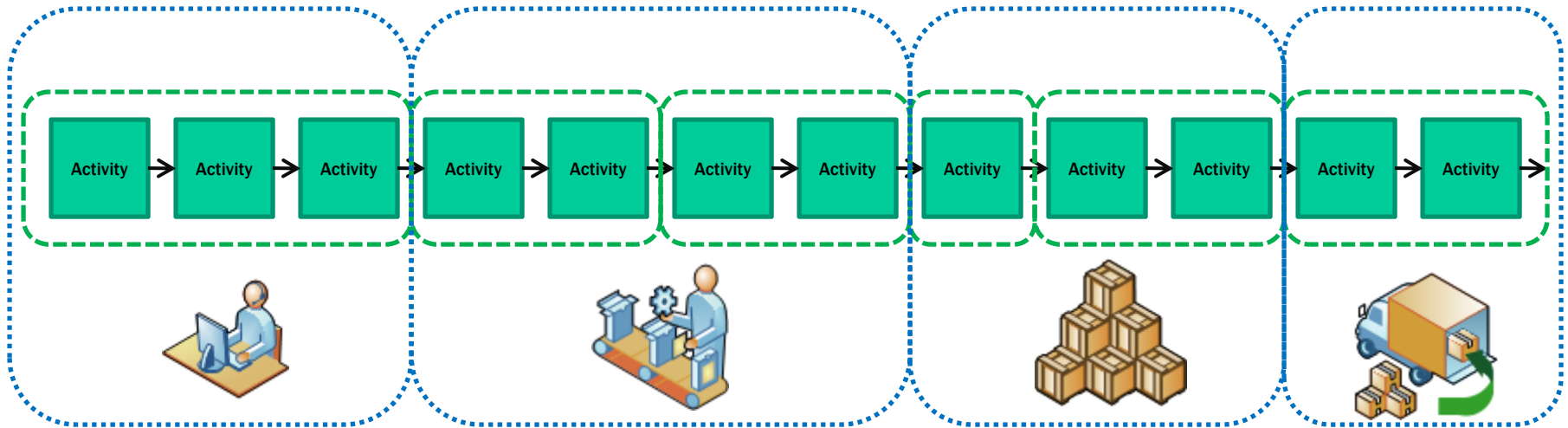
It matters where we draw the boundaries

- Job-based boundaries



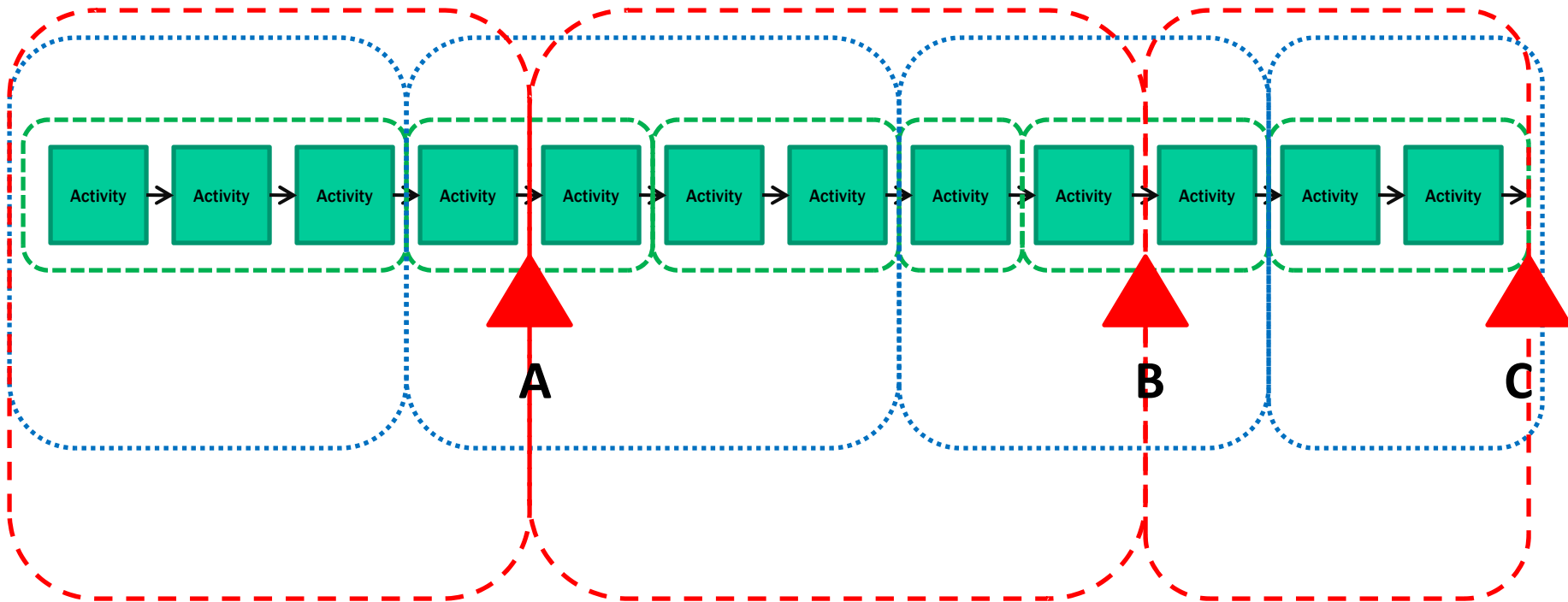
It matters where we draw the boundaries

- Organization-based boundaries



It matters where we draw the boundaries

- Value Milestone Boundaries

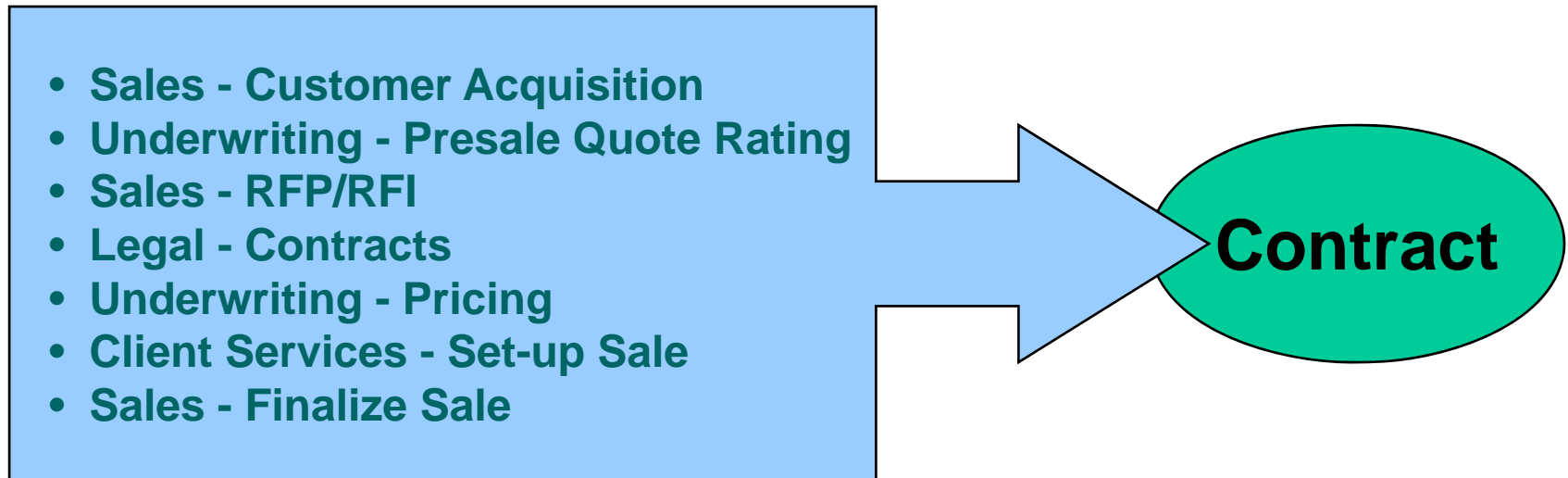


The “Underwriting Process” part one

- Consider the following processes as defined by one insurance organization on a portion of their BPA:
 - Sales - Customer Acquisition
 - Underwriting - Presale Quote Rating
 - Sales - RFP/RFI
 - Legal - Contracts
 - Underwriting - Pricing
 - Client Services - Set-up Sale
 - Sales - Finalize Sale
- They all fit neatly into their functional domains
- But what is the value they are trying to get to?

The “Underwriting Process” part one

There is no value until there is a contract - a commitment from the customer! (the value milestone)



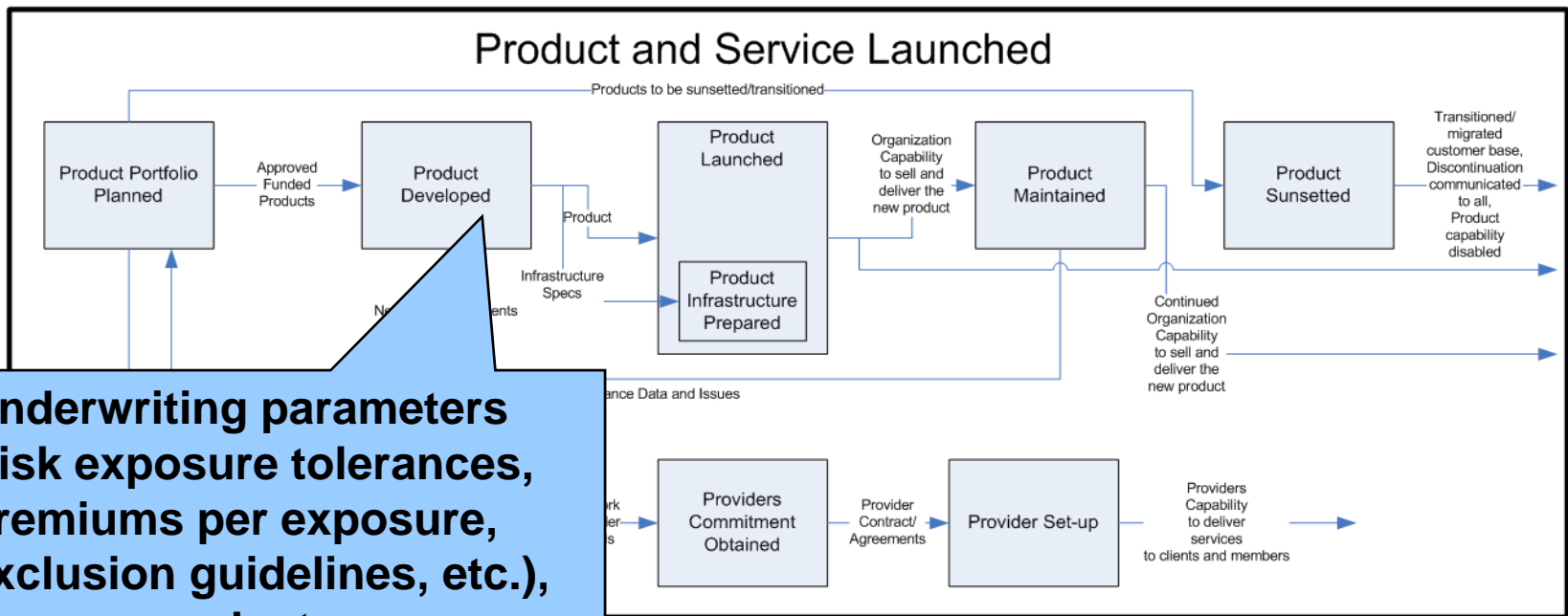
- All of these sub-process must work smoothly together to get to the milestone in an efficient and effective way. – As a part of the Customer Committed process

The “Underwriting Process” part 2

- Task was to develop the requirements (IT system) for the “Underwriting Process”
- A map of the process was developed depicting the end-to-end underwriting activities. Requirements could then be developed to optimize the performance of Underwriting.
- However – Underwriting is not a process – it is an organization that participates in 3 Value Creation System processing systems – Launched, Sold and Delivered.

The "Underwriting Process" part 2

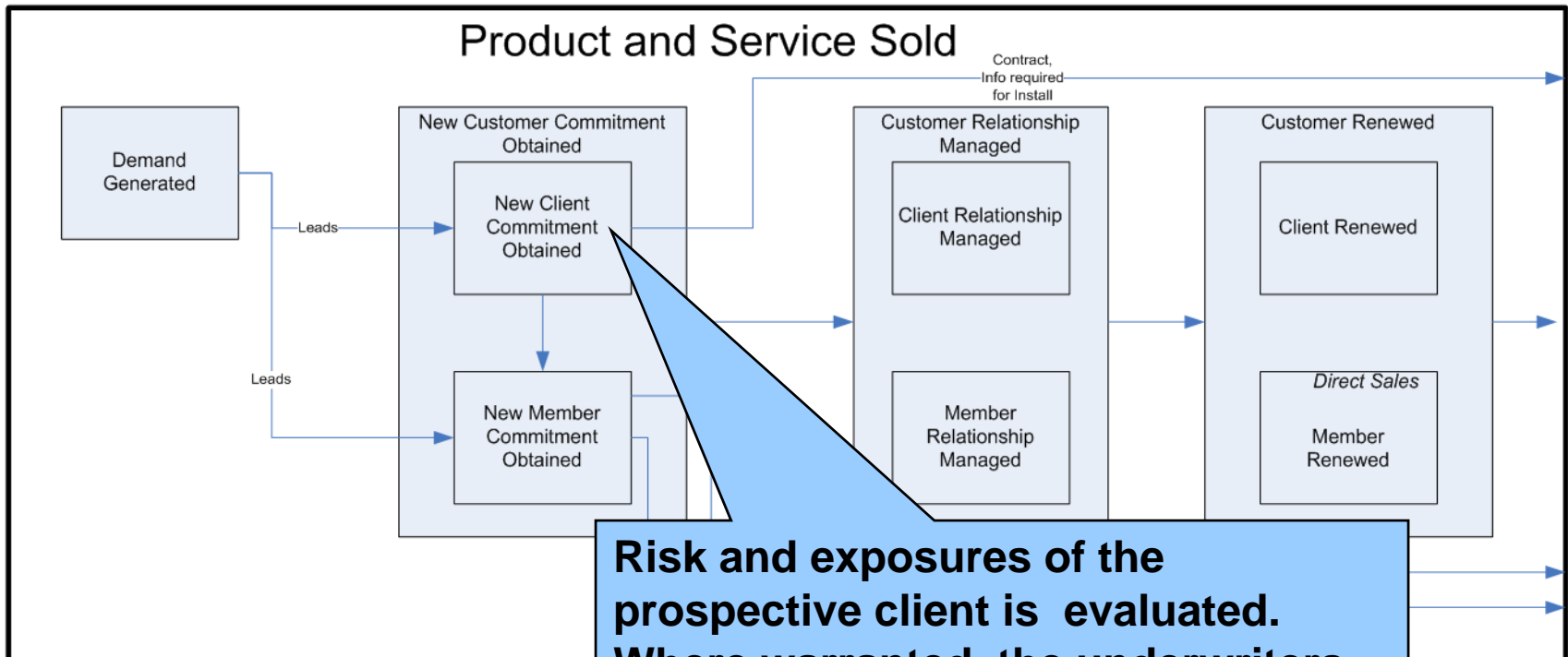
- Underwriting participates in the "Launched" processing system



Underwriting parameters (risk exposure tolerances, premiums per exposure, exclusion guidelines, etc.), for new products are developed, documented and communicated.

The “Underwriting Process” part 2

- Underwriting participates in the “Sold” processing system



Risk and exposures of the prospective client is evaluated. Where warranted, the underwriters may either decline the risk, or may decide to provide a quotation with loaded premiums or exclusions.

The “Underwriting Process” part 2

Which should be optimized?

- The New Product Developed process
- The Customer Commitment Obtained process
- The Claim Processed process
- Or the “Underwriting Process”

Where is the value being delivered?

Where is the performance context?

Where should we get the requirements?

Successful Application: Insurance Industry

- Successfully moved from a primarily function based process definitions (They had worked for a month on this draft) to value-based process definitions and architecture.
- Are applying the architecture in the Requirements Development Group (Business Analysts)
 - All IT projects are grouped and sorted by impacted process area. Sets of projects are taken on in a single requirements development effort. The process is redesigned one time and all requirements are developed to address the full set of projects.

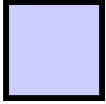
Results:

- Better requirements (based on true performance context)
- Design Solutions do not “collide” with one another
- They are able to find additional improvements to the process – some of which can be achieved with no additional budget.

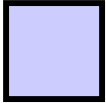
Key Effective BPA Criteria



Value based process segmentations/definitions



Distinguishes between the work and managing the work

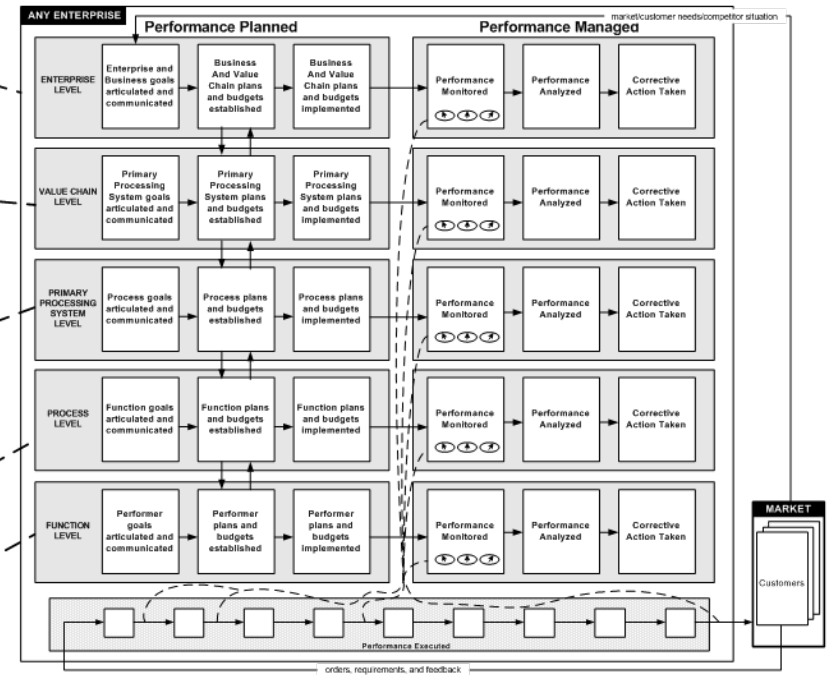
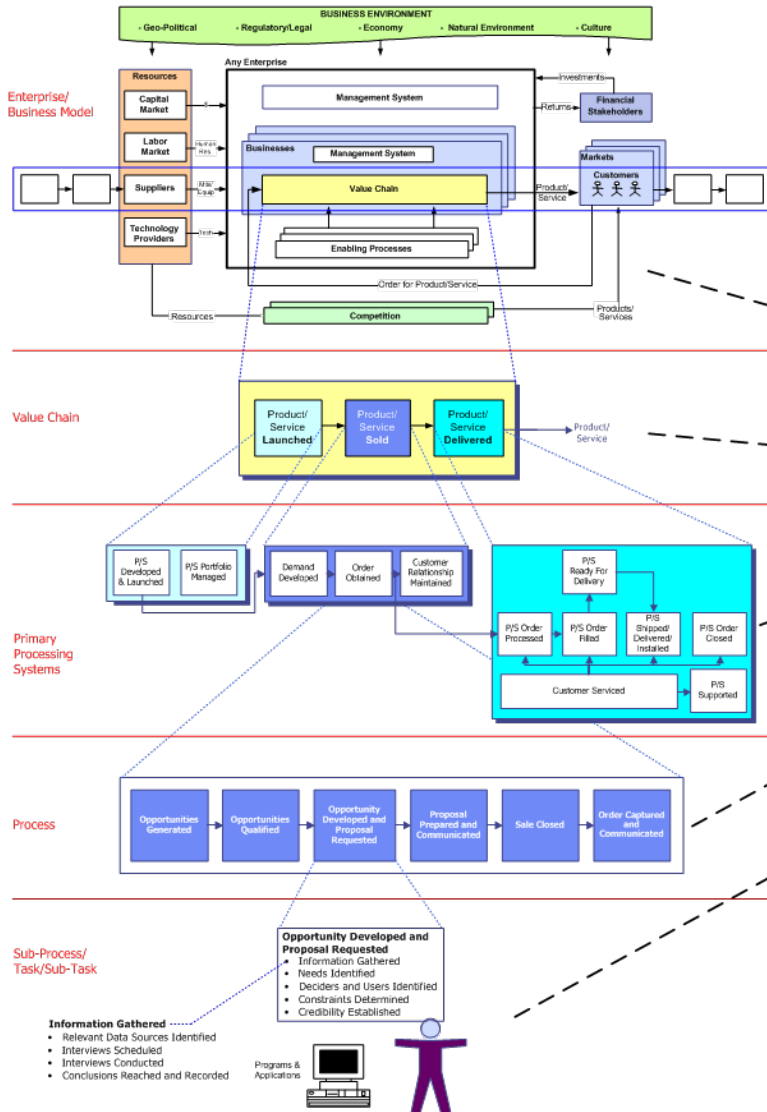


Linked to strategy

- Competitive advantage
- Tradeoffs across business lines – unique vs. leveraged
- Translates strategy into processes and requirements

The work that must be managed

The corresponding work management system



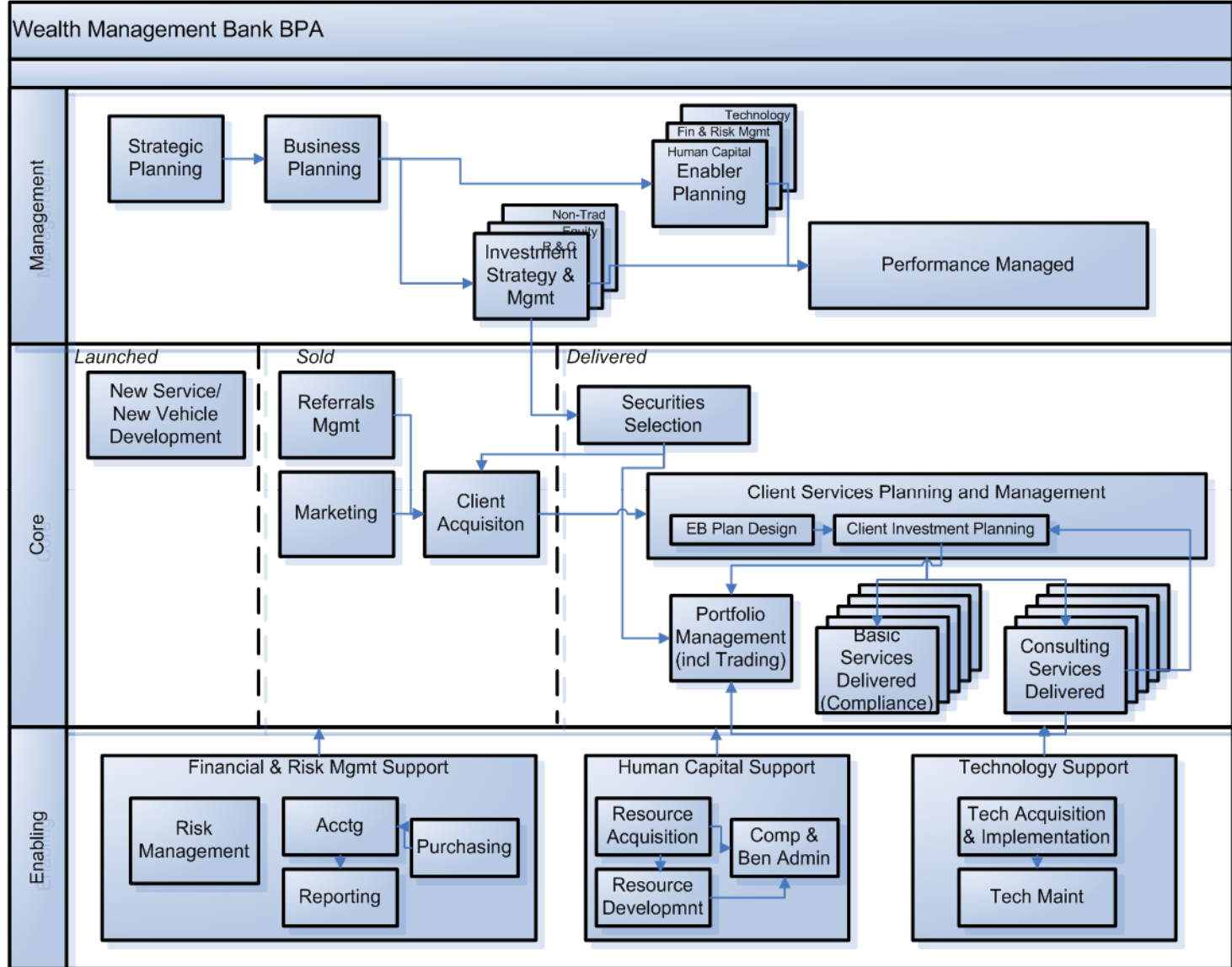
Successful Application: Wealth Management Bank

- CEO wanted his organization to become a PMO (Process Managed Organization). Engaged PDL partners.
- We defined and analyzed the “Is” BPA. Then designed the “Should.”

Results:

- Successfully applied **all** criteria – including the definition and redesign of the management processes to move to real process management.
- Strategic plans were translated into process plans and then to function plans. Process performance reviewed and managed.

Wealth Management Bank



Key Effective BPA Criteria



Value based process segmentations/definitions



Distinguishes between the work and managing the work



Linked to strategy

- Competitive advantage
- Tradeoffs across business lines – unique vs. leveraged
- Translates strategy into processes and requirements

Strategy

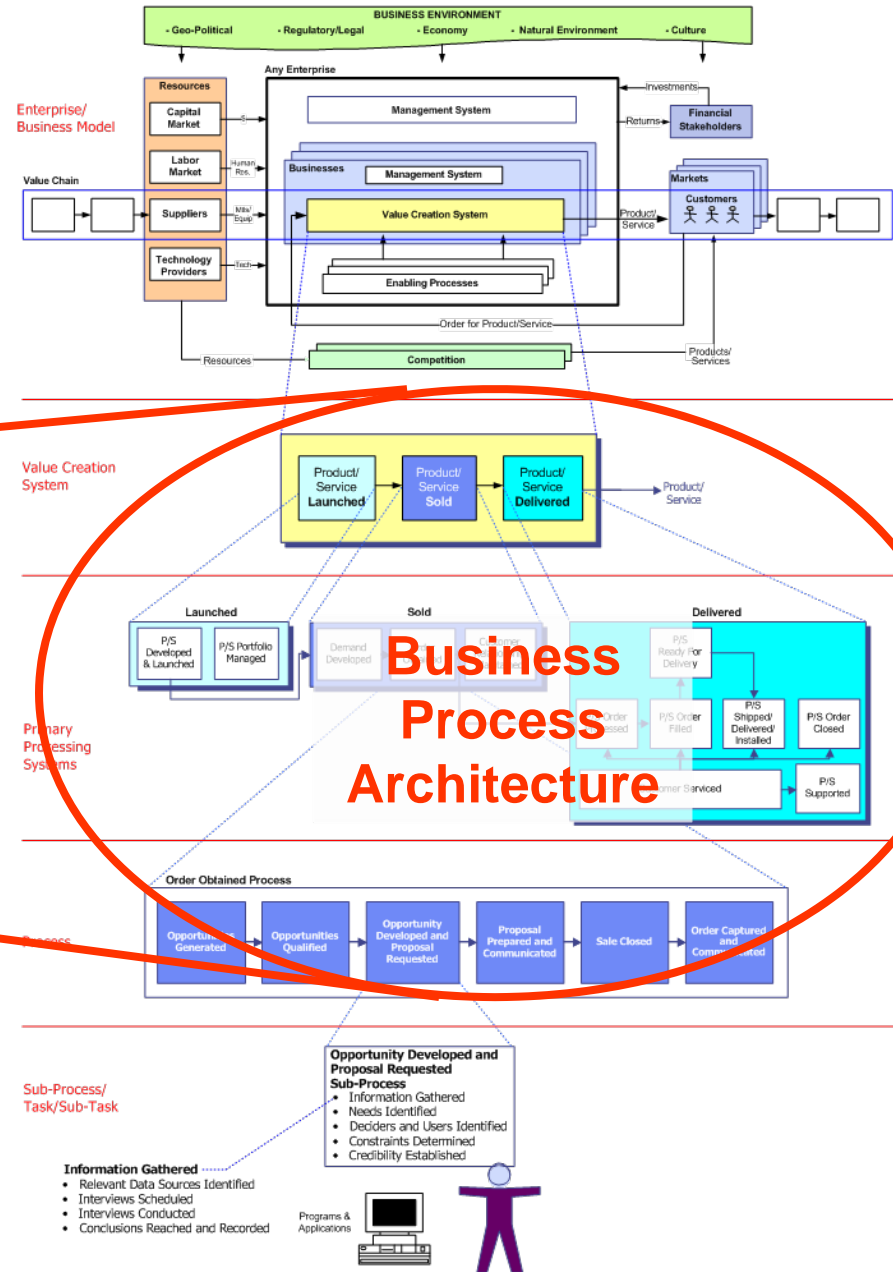
- Defines the value we will deliver
- Defines the business model we will use to deliver the value
- Sets the requirements on the work that will produce the value

Value Creation System, Primary Processing Systems and Processes

- Defines the work that produces the value
- Sets the requirements on the resources (human, technology, etc) that will produce the value

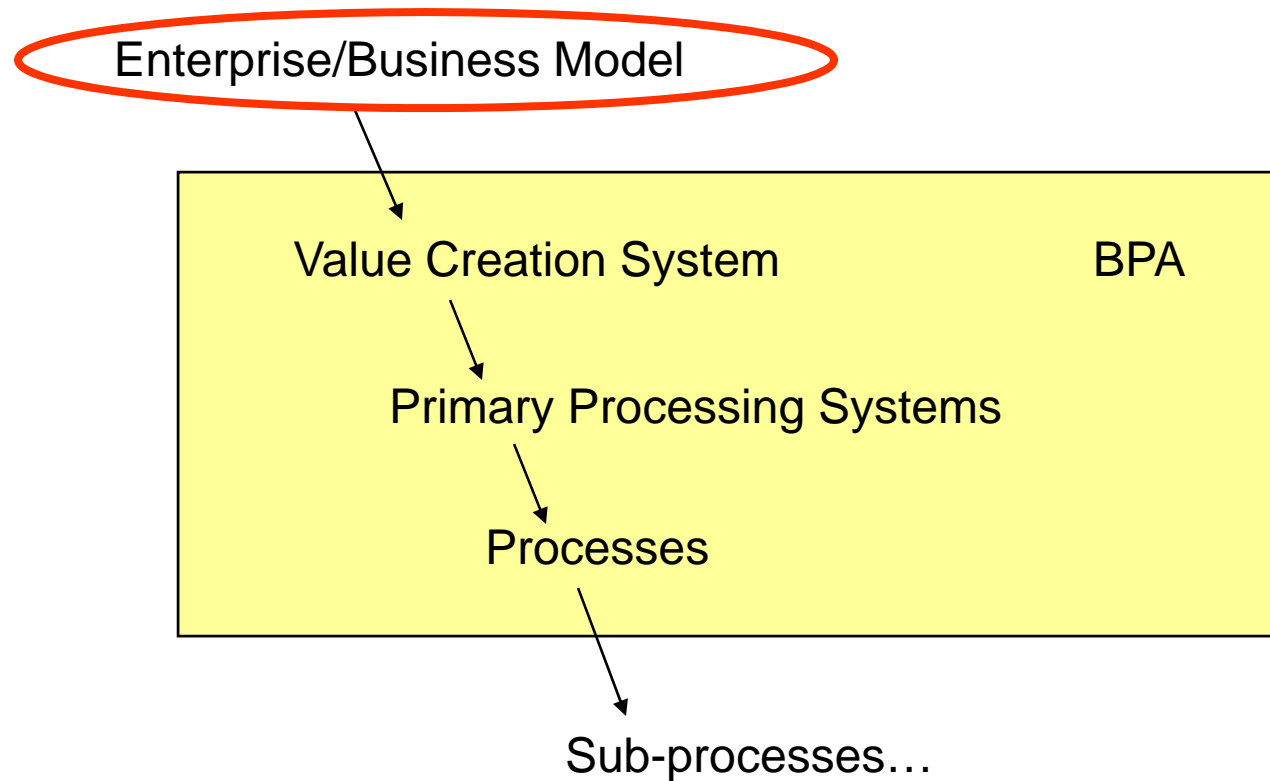
Sub-Process, Task, Sub-Task

- Defines the work of individual resources



BPA Purpose

To translate business system direction and performance requirements into process direction and process specific performance requirements (link process to strategy)



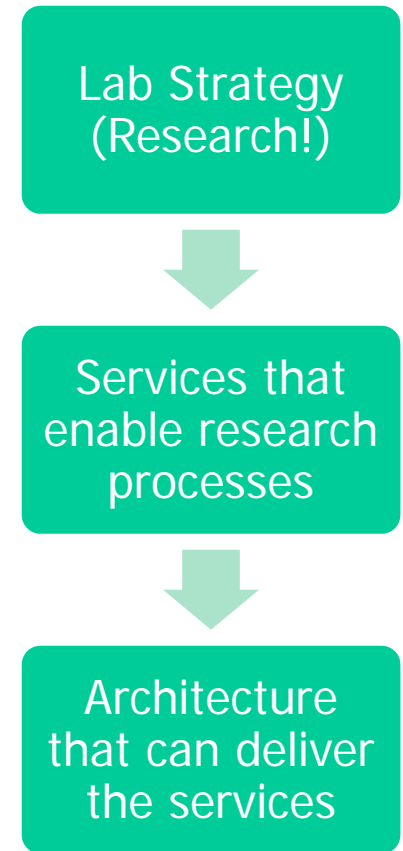
Successful Application: Technical Library at National Laboratory

- Task was to design the Library of the future. They needed to define the new processes and new facilities to serve the Lab which had just had its mission changed to become the preeminent Lab in Nuclear Energy research.
- They began with identifying current processes – very internally focused processes with names that meant nothing to anyone who was not a librarian.

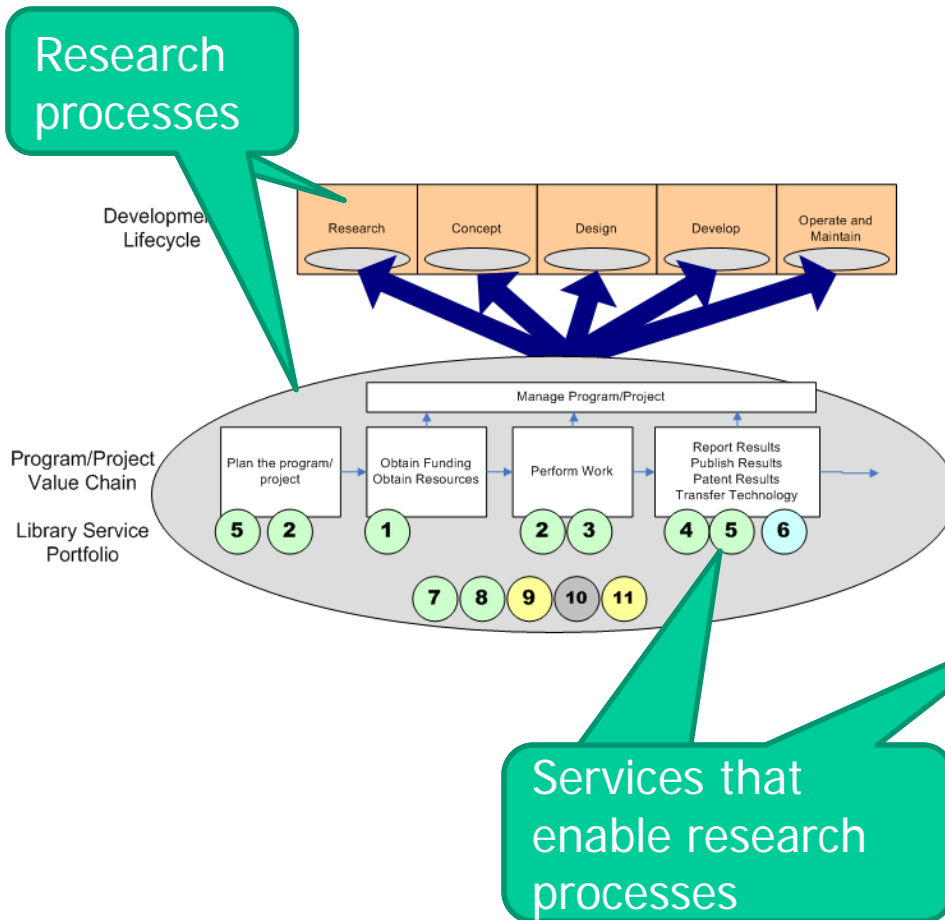
Successful Application: Technical Library at National Laboratory

Result:

- Engaged them in examination of the Lab strategy and the core process for research.
- Then identified services that the library (and other internal partners) could provide that would **enable the researchers** and projects as well as capture and disseminate the lab-created information.
- Then designed the library process architecture that would deliver those services.
- We linked the lab strategy to the library strategy to the process architecture. The services and library design were very well received by the Lab. Funding was obtained and the are engaged in building the Library.



Technical Library at National Laboratory



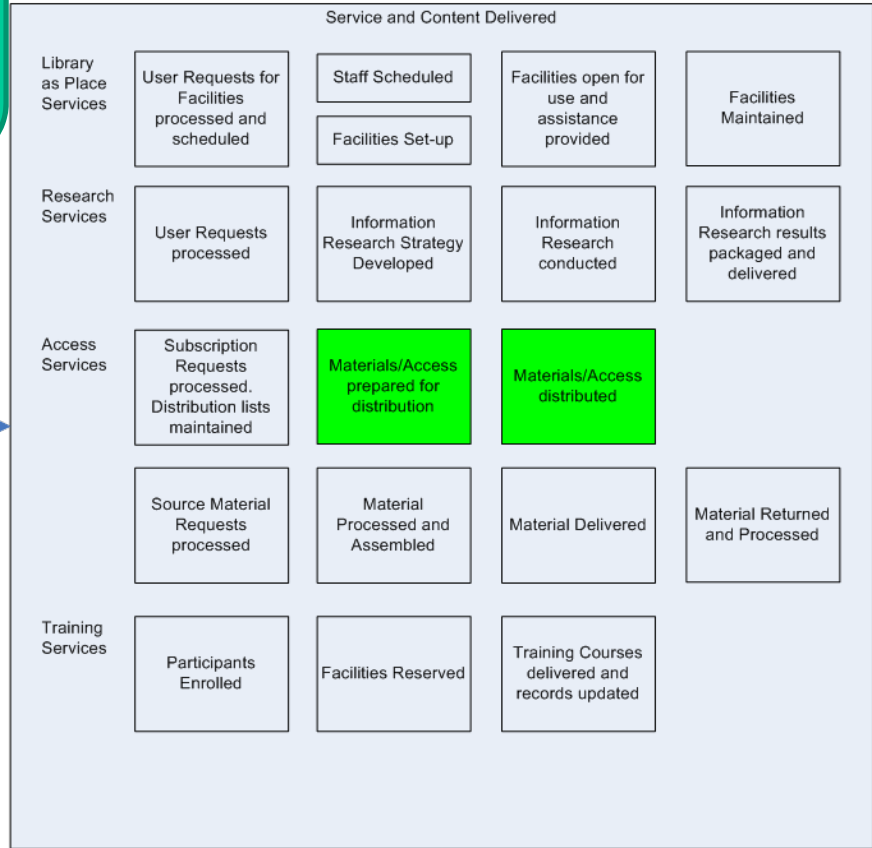
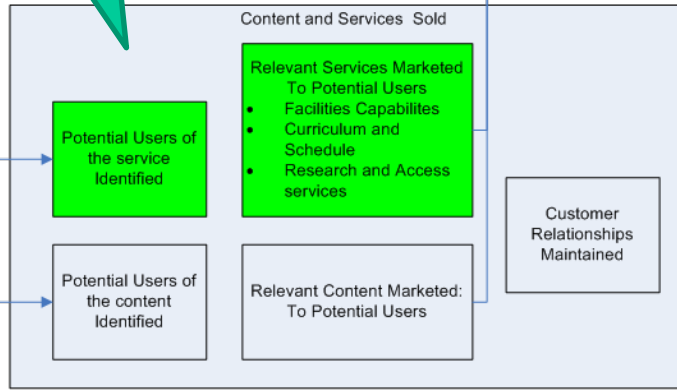
1	Funding Acquisition Assistance
2	State of the Art Information Research
3	Specific Information Research
4	Publishing Assistance
5	Patent Assistance
6	Lab Output Sharing
7	Knowledge Transfer Environment – Library as Place
8	Publication Access and Delivery
9	Subscription and Alert Services
10	Compliance Based Information Access
11	Information Research Training

Technical Library at National Laboratory

Excerpt from BPA

How many different Sales processes do we need?

How many different Service Delivery processes do we need?



Key Effective BPA Criteria



Value based process segmentations/definitions



Distinguishes between the work and managing the work



Linked to strategy

- Competitive advantage
- Tradeoffs across business lines – unique vs. leveraged
- Translates strategy into processes and requirements

PerformanceDesignLab.com