



THOUGHT LEADERSHIP SERIES

AVOIDING BPM PROJECT PITFALLS

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Executives seeking process improvement are adopting BPM solutions in ever-increasing numbers to help automate complex back-office workflows. The promise of streamlined operations is compelling, with BPM solutions offering a sophisticated array of capabilities well-suited to the back office.

Executives should be aware, however, that BPM system implementations are not a panacea for all that ails business operations. In most organisations, legacy systems and workflows incorporate hidden elements of waste and error. If you automate things as they are, you run the risk that you will embed these problems and simply transfer the hidden waste to the automated workflow.

The result is a BPM implementation that “bakes in” existing inefficiencies and fails to streamline processes and optimise workforce performance. As operational excellence consultants, we have witnessed these pitfalls first-hand. In one prime example of automating poorly designed workflows, a banking client came to us after having installed a BPM solution into their business 12 months prior.

They had automated a very inefficient process, which had the effect of locking in 23 separate activities, many of which contained waste such as duplication, duplicate checking, and error-prone steps. A marketing drive increased volume into this area by over 25%, which resulted in work funnelling through multiple bottlenecks within the BPM workflow.

The impact was unprecedented backlogs. The client asked Enlighten to look at what could be done to remedy this problem immediately. Time was of the essence. After an analysis, the client removed the BPM system and returned to manual applications which in turn removed the backlog.



This problem would not have occurred if a Lean waste-removal transformation had been executed prior to implementing the BPM solution. Instead of having to backtrack, the client would have had the benefits of operational excellence methodology and improved process automation with BPM.

HOLISTIC APPROACH

While BPM projects can offer significant process improvement benefits, avoiding the pitfalls is key. The good news is that there is a roadmap for achieving near-term operational gains while simultaneously improving the odds of a successful BPM implementation:

- Understand waste and inefficiencies.
- “Lean down” current processes.
- Automate the “Lean down” processes with BPM.

Executives who take a step back and approach process improvement holistically will not only reap the rewards of near-term sustainable performance improvement but also will be

laying the foundation for longer-term BPM success. Following this strategy will significantly improve the odds of a successful BPM implementation that fully delivers on the promise of complex process automation.

UNDERSTANDING WASTE

Nobody is immune to the curse of waste. It is embedded in every business and experienced by every person at one time or another. It is important that managers know how much waste is embedded in their business operations and its sources, because unless they know, they will never be able to remove it.

Why can one person produce so much more work than another? How can the same person be so productive on one day and then less so on another? Is a process inefficient because of technology, or could it actually be something far simpler and easier to fix, if only you knew about it?



BENEFITS OF A “LEAN DOWN FIRST” APPROACH TO BPM PROJECTS

Metrics and dashboards

Managers have the efficiency, productivity and quality metrics of all their staff on dashboards and scorecards. With these metrics being updated on a daily basis, managers can now manage their staff and keep the sources of waste visible, while they analyse causes and seek ways to remove it.

Simplified workflows

Workflows are simplified by removing excessive handoffs and duplication.

Waste identified and removed

Sources of waste and errors are identified and removed at their source through root-cause analysis and problem-solving.

Processes understood

Business processes and activities are assessed first-hand, which is the only way to fully understand what a team or business unit does. A person learning to drive must do more than read a driving manual, and similarly a BPM practitioner must do more than simply look at a process flow diagram if they wish to learn what a team does.

Skills gaps understood

Conducting assessments of the activities at the front line has the additional benefit that skills deficiencies are identified and every process is documented as “standard work” with a standard time allowance that only consists of value-added activities (the value-added standard).

Cost savings to finance BPM

The business can easily save 20% of labour costs from current operations and thus finance the BPM acquisition and implementation from savings.

Reduced BPM capital costs

Capital costs are lower because the BPM project is now automating a more efficient process, thereby reducing the number of BPM software licences, hardware and floor space needed for any given volume.

In order to fully understand the waste in current processes, it's important to apply a system of measurement that provides quantified visibility to value-added activity, thereby exposing waste and inefficiencies. The major sources of waste and inefficiency are:

- Cumulative sources of inefficiency in the manual and legacy automation workflows.
- Sources of waste and non-value-added activities in the workplace.
- A lack of adequate time taken to understand the business and its workflow needs.

GAINING VISIBILITY

It's difficult to understand the impact of BPM automation if it's confused and overlaid with several layers of waste. In fact, there is a danger that you will lock in waste by merely automating inefficient workflows, thus ensuring inefficient use of staff. To avoid falling into this trap, gaining visibility to the waste in current processes is key.

To gain visibility to waste and to baseline current process efficiency, measurement is needed. Implementing a metrics-based operational



excellence programme, in advance of a BPM project, starts with a full assessment of current processes that clearly – and often for the first time – identifies and quantifies the value-added activity in every operational process.

Once management understands which portions of a process are value-add and which portions are waste and non-value-add, the fog clears and they can focus a BPM process improvement project on streamlining value-added activities only and avoid transferring waste from current processes into newly-designed BPM workflows.

“LEAN DOWN” BEFORE BPM

As part of a holistic approach to operational improvement, a “Lean down first” approach to BPM can provide near-term advantages in operational improvement as well as many advantages that will lay the foundation for a highly successful BPM project. But first, what do we mean by “Lean down” and what is involved?

Essentially the “Lean down” approach involves applying Lean methodologies for removing waste to the current operational processes so that waste is identified and removed systematically by front-line managers and staff.

Doing this effectively does not involve excessive timelines, but it does involve a commitment to metrics-based measurement and to a behavioural transformation programme that ensures managers and staff are fully on board.

By the end of a 24-week change programme, managers and staff are actively involved in a continuous improvement culture and understand how to apply metrics to measure performance and deliver sustainable operational improvement. Also by the end of a 24-week programme, processes are better understood, waste is quantified, and operational efficiency is dramatically improved. All of this leads to a prime foundation for BPM project success.



A FOUNDATION FOR BPM SUCCESS

If a business applies a Lean transformation programme before embarking on a BPM project, many benefits can be derived that will then improve the odds of success of the BPM project. The time it takes provides a fertile period of mutual learning by leaders within the business as well as by the BPM project team.

During this time, both will learn much more about the way work is done currently and action can be taken to clean up waste and inefficiency before the BPM project commences. Productivity gains here can easily offset the cost of the whole BPM project. The operational excellence programme also provides the basis for measuring the before-and-after impact of the BPM process improvements.

BETTER RELATIONSHIPS

In addition to the tangible and specific new data that will optimise BPM project success, there is also a less tangible but extremely valuable relationship improvement payoff. Too often there is a large gap between a BPM development team's understanding and the real workplace of their client. This leads to a great deal of friction, along with schedule and budget overruns.

By engaging in a Lean transformation programme before a BPM solution is undertaken, the BPM project team gains a much deeper level of client engagement, leading to better understanding and better design for the BPM solution.

THE MULTIPLIER EFFECT

The fact is that both BPM projects and an operational excellence programme will provide gains in whichever sequence they are implemented. But the effect is exponentially multiplied when executives take a holistic approach and leverage an operational excellence programme to lay a solid foundation for BPM. The operation is more efficient, the BPM project is more focused and the business has significantly accelerated its progress on the continuous improvement journey.

With metrics for efficiency, productivity, quality and customer service in place, improvement gains are sustainable and additional opportunities for improvement are easily identified on an ongoing basis. The multiplier effect of the "Lean down before BPM" approach will not only deliver a successful BPM project but will prove sustainable and deliver accelerating impact into the future.





ABOUT US

To meet our vision of being the partner that business leaders want to work with, we understand that a strong, experienced, effective and visionary team is needed, with the energy, commitment and drive to succeed. We deliver on our promise through our leading propriety methodology that combines business experience, technology and data analytics.

For more information on how to avoid BPM project pitfalls, contact your nearest Enlighten office.

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