

Business Process Management (BPM): Reality vs. Spin

Edgewater Technology, an independent technology management consulting firm, conducted a research study on the effectiveness of **Business Process Management (BPM)** tools within organizations. We gathered information from “the trenches” to separate reality from marketing spin based on actual BPM implementation experience.

Common Claims from BPM vendors:

- The ROI is well defined, easily measured, and quickly captured.
- Our BPM tool can model any process.
- BPM is easy to implement.

The Reality:

Vendors said:

The ROI is well-defined, easily measured, and quickly captured.

Respondents said:

ROI was not the most important factor to us; we were focused on improvements in other areas first, such as customer satisfaction.

Surprisingly, very few respondents had defined their ROI metrics in advance. The benefits and subsequent cost savings that come from performance improvements are much more difficult to measure than the upfront costs. While respondents agree that ROI is critical, they admitted that for their first project they were more focused on other types of improvements, such as:

- Heightened process efficiency
- Higher customer and employee satisfaction
- Integration with ancillary systems
- Dissolution of legacy processes / systems

“We originally weren’t focused on ROI because we had happier employees, saw process improvements and wanted to keep up our momentum without getting bogged down in ROI numbers. Looking back, though, we easily got our return within the first year.” [Accounting Firm]

The majority of respondents stated that inherently they knew they had achieved important benefits early on from the process improvements they could see but weren’t easily quantified. Over half the respondents who cited successful implementations explained that after a few years of working with the BPM tool, they were surprised to have realized ROI in unanticipated areas. One respondent cited significant cost savings three years after they’d implemented BPM by eliminating a scheduling and invoicing system they originally never thought was possible.

Vendors said:

Our BPM tool can model any process.

Respondents said:

Start with a well-defined process that involves fewer people to get a quick win and buy-in first.

BPM is a relatively new concept to the majority of end users. Achieving success early is essential to foster user buy-in and create momentum. Identifying a repeatable, traceable, and auditable process will enable users to visualize the current state, identify areas of inefficiency, and most importantly, recognize the drastic improvements through its automation. Additionally, you minimize the impact this initial project will have on your organization, thereby lowering your risk.

Successful implementations started small and let momentum build organically. Users generated new ideas for additional process applications and increased value across the organization. Some respondents discontinued their implementations after admitting they regrettably chose a difficult and complex process to design first.

“The entire process became easier, from initiating the claim, processing it, communicating with the claimant and receiving feedback; because we could measure and track it, we learned.” [Insurance]

Vendors said:

BPM is easy to implement.

Respondents said:

You must have a solid understanding of the business AND the necessary technical skills to implement BPM; just one won't work.

All of the successful implementations cited a critical component: the business must lead the BPM implementation. The business process owners must drive and take ownership of the BPM solution working closely with IT to evaluate options, to identify candidate processes for automation, and to truly understand all of the implications. One respondent noted that an unanticipated side benefit they've realized to their BPM implementation was a drastic increase in core business knowledge amongst their IT staff. This knowledge gain made the IT resources more effective in subsequent design and development efforts.

The critical importance of business knowledge on a BPM implementation also applies to the initial technical implementation, even if it's conducted by the BPM vendor resources. In one case, the client decided to discard the processes written by the BPM vendor resources and rewrite them entirely from scratch using a technical resource that was more familiar with their business. However, even after this false start, that client was very satisfied with their BPM solution and rated it a 9 on a scale of 10.

*"If IT leads, the project will likely fail. It was essential to get business unit buy in first, and let IT support and educate along the way. It has to be a true partnership."
[Government]*

"People think BPM is a technology implementation, when really it's a business implementation. It's more about change and less about technology." [Healthcare]

Amongst the successful implementations cited by our respondents, a common set of priorities became clear.

- First, bring your users in early in the process and communicate clearly and often.
- Second, empower them to help define the vision.
- Finally, transfer ownership to each department for which the product is being developed.

Following these steps will drastically increase user acceptance and ensure accountability. User adoption increases when ownership is transferred after having included them in the entire design and solution process; users did not respond well to new tool use ultimatums especially because it directly impacted their daily activities. If they own it and help define the processes and understand how processes can be automated, the success rate rises dramatically. And lastly, because there are often many moving parts and resources involved in the business processes to be automated, propagate a team atmosphere to encourage collaboration and innovation. The BPM technology, in support of an educated and motivated team, was the recipe that had the most success.

Common Symptoms of BPM Implementations in Trouble

Project sponsors engaged in a BPM implementation can often find themselves disoriented when the principles of early user adoption, collaborative IT support, and business-driven process design aren't aligned. For a list of common symptoms that may be early warning signs your BPM project is off track, visit www.edgewater.com/Common_Symptoms.

Maximizing BPM Benefit

When faced with the elusive question, "how do I maximize my long term benefit?" there is a key principle to ensure your organization realizes long-term, maximum value from its BPM solution. To read more about "Maximizing BPM Benefits" visit www.edgewater.com/Maximizing_BPM_Benefit.

To learn more about Edgewater Technology and BPM, call us at 800-410-4014 or visit www.edgewater.com/BPM.