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Business Process Management: Helping Organizations Remain Competitive

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Business process management involves the examination of business processes in organizations, in order to make them more effective and efficient. BPM changes the focus of analysis from the organization as a whole to the organizational process. A process is a series of steps that lead to an outcome and may be simple or complex, depending on the type and number of steps involved. A process within an organization by which the company either introduces new products or refreshes old ones with new features, thus providing the market with new product offerings.

The study of processes leads to a highly granular examination of the organization. It begins with an assessment of what makes the organization competitive and what type of competitiveness is sustainable. Some organizations mature to become “great” organizations and then flounder. They lose contact with their core processes and customers and the need to link the processes with customers. Visionary leaders prevent this organizational decline from happening by maintaining this link — i.e., they keep customer value in their business processes. In fact, many strengthen the bond by incorporating the customer into the process. BPM examines the importance of processes, the need to provide value through the process, the risks if this linking is not done, and the techniques to make processes stronger.

There are a few points to note about BPM. First, BPM is more than a technology. It is a method of thinking about organizations as process portfolios that create value because they are vehicles of operational execution providing products and services. Secondly, technology is inherently tied to BPM since BPM uses technologies that are tied to automation and the complete management of business processes. Finally, when processes are standardized and broken down into structured units, a clearer method of return-on-value can be used to discern the process value.

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Business processes are the value drivers in any organization. They serve to transform raw inputs of material, time and labor into goods and services that provide value to internal and external customers. While every organization is generally viewed as a collective of different functions, processes run across functional groups and provide a highly complex unit of analysis and management. Organizations which have been successful in allocating resources to the design and management of processes often accrue considerable advantages that are uniquely sustainable.

A focus on business processes benefits organizations in two ways. First, it allows them to identify sources of value creation, and second, it forces organizations to allocate limited resources to leverage these methods. Rational decision-making is therefore enforced in all allocation scenarios. The identification of business processes is not a trivial exercise—it is a time-consuming and laborious process that involves every level of management. However, this task results in the documentation of processes and sub-processes within organizations and a common understanding of workflows. Each individual member of the organization understands the nature of the work he/she is involved in and how the task they perform fits into the larger scheme of value creation.

The identification of business processes also allows organizations to better understand how the allocation of resources can affect the work of organizations. An examination of the processes at one organization uncovered that it was the habit of the purchasing department to run a report in triplicate; all three copies were given to accounting. Upon receipt of the report, accounting tossed two copies of the report, keeping only one copy. Limited resources force every organization to make trade-offs in resource allocation. However, these trade-offs should be made only after clear patterns of consequences are identified. In a move to reduce the extent of their vertical integration through outsourcing, a company laid off a painter. A day or so later when some equipment needed paint, there was no one to complete this task. The company had made a change before reengineering the involved processes, this decision had some unforeseen consequences. Using maps of business processes to demonstrate how different tasks will be affected forces informed decision-making within organizations.

In creating value, business processes provide a new source of competitive advantages in organizations. By focusing managerial attention on a unique value driver, business processes allow executives to envision the true outcomes that can uniquely characterize organizations themselves. When business processes are excellent, so are organizations.