

Optimizing Process Effectiveness



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Year after year, the prime indicators reveal the worrisome situation of productivity in Spain that adversely affects the competitive capacity of Spanish companies. Insufficient R+D investment and minimal process innovation appear to be far and away the two main causes of this problem.

Despite the fact that improving corporate processes is a widely recognized necessity for company leaders, the economic growth (or lack thereof) of the past two years has served to postpone decision making on these aspects while focus has been directed at other more pressing company issues.

However, the crisis has brought this problem back to the front burner, this time with greater urgency and higher stakes. Suddenly, the effectiveness of corporate processes as well as agile and flexible governance have become indispensable conditions for competitiveness and, indeed, survival.

Procuring improvement of corporate processes is precisely the reason behind Business Process Management (or BPM). This rationalization and automation strategy holds many similarities to the studies initiated by Frederick Winslow Taylor at the beginning of the 20th Century that focused on improving industrial processes. This was a task he qualified as “scientific management”. These ideas are currently applied not only to industry but also to all kinds of corporate processes in organizations. In addition, the presence of information technologies, particularly ERP systems, have greatly facilitated the emergence of BPM solutions that permit the identification and elimination of unwanted task duplication as well as the integration of resources from different departments. As

such, BPM does not concern itself with the type of activity a company conducts.

Instead, it studies how best to execute that activity in order to establish the most effective way to achieve optimal results. This approach is attracting growing interest, and forecasters predict a growth in demand for BPM tools that outstrips demand for Business Intelligence solutions. Gartner expects this market to expand from the 1 billion dollars registered in 2007 to 2.6 billion dollars in 2011.

The fact that the corporate and institutional worlds are dedicating increasing attention and money to BPM solutions is due to a convergence of diverse factors. First, the current economic situation demands the optimization of all available resources, among which are corporate processes that are increasingly understood as strategic company values. But these processes can have decreased value if, as occurs in many companies with complex activities and changing operational environments, they are diluted by all kinds of inefficiencies ranging from unwanted task duplications to absurdly intricate processes and work flow bottlenecks. Fortunately, BPM permits process purification and improvement. If necessary, it can become an increasingly valuable company asset when applied through successive optimization phases.

The second reason why this type of focus succeeds lies beyond the current economic scene. The fact is that the global market's inherent trends show a continued tendency to leave behind less efficient companies that are incapable of streamlining and optimizing their industrial processes.

Thirdly, new laws and regulations that govern the actions of company and administrative leadership are playing an increasingly important role.

Conventional procedures were not necessarily conceived for compliance with modern regulation, but BPM allows for flexible adaptation and the ability to monitor the numerous aspects covered by this new wave of legal controls.

Fourth and finally, BPM applications have been improved and streamlined substantially in the last few years so that they are now in prime condition to fulfill their desired objectives.

Naturally, the successful implementation of any BPM solution requires the existence of certain conditions. The first and most important is that the company be able to determine the real function of its business processes with precision. This step appears obvious. In reality, though, it turns out to be the key to success. 21st Century organizations are increasingly complex by nature, with heterogeneous systems and intricate processes that become more complicated with each new interaction with partners, users, clients and providers. Experience demonstrates that there are always more duplicate tasks, bottlenecks and other inefficiencies than people suspect.

As a result, implementing BPM solutions first requires defining these processes clearly in order to improve some, eliminate others, and create new ones in their place. This task is facilitated by the set of methodologies, techniques and metrics used by specialists to detect such inefficiencies in the model creation process and help improve quality and speed.

Once this phase of parameter definition and model creation is over, a project's door to success can be opened. However, the reality is that projects are frequently implemented with objectives that are limited to only one process within one given department. A progressive implementation can permit subsequent jumps to application in other departments and the company as a whole, all in a step-by-step manner according to the results and conditions produced.

No matter what the formula, the objective of BPM is always the same: to produce more agile and effective business processes that meet the demands of time frameworks and regulations and are able to create the business value that is so fundamental to a competitive 21st Century company.