Building A BPM Center of Excellence

A Con Ed Case Study

by

Frank La Rocca
The *Implied* Business Process

Characteristics:
- Process in the people; different people = different process
- Process is not explicit, not standardized, not always managed by business goals
- Fragmented; no real beginning, or end to a process or transaction

Today's Agenda

- Setting the stage:
  - Why BPM?
  - Why a Center of Excellence?
- Abraham Maslow's Hierarchy of BPM?
- BPM Center of Excellence
- Con Edison Case Study
- Today, Tomorrow and the Next Day
- Roles and Responsibilities
- Lessons Learned
Setting The Stage: Why BPM?

- Over time, business processes become inefficient
  - Those that manage rarely have time to step back and see the big picture
  - As business needs and rules change, quick fixes are often introduced
  - "Business as usual" sets in
  - Most processes too large for the human to process in its entirety
- Acquisitions & mergers often leave legacy processes behind
  - Multiple systems and data proliferation
  - Incomplete system integration
  - Non-standardized processes and terminology
- Frequently, the business process exists only in the brains of the employees who run the process

Setting The Stage: Why a Center of Excellence?

- BPM is a discipline:
  - Requires many diverse and specialized skills
  - Requires practice
  - Fosters continuous improvement
- It is good to have some distance from the process
  - Unbiased view
- At some point, all processes “connect” and each should be modeled within a standard framework
- Helps prioritize business process engagements
Abraham Maslow’s BPM Heirarchy?

- Allow client to manipulate, customize and configure process real time
- Develop Process Management Dashboards
- Monitor KPIs, situations, process information, events & activities in real-time
- Aggregate and correlate information from disparate sources
  - Develop optimized processes using simulation & “what if” techniques
  - Move from function based activities to process based activities
  - Ensure alignment of process execution with business objectives
- Identify gaps, waits, overlaps, re-work, & manual handoffs
  - “you can’t optimize what you can’t see”
- Drive process standardization
  - Transition from process mapping to process modeling
  - Establish enterprise process repository
  - Develop enterprise process model techniques and tools
  - Provide process governance & definition
  - Support compliance initiatives

BPM Center of Excellence

Vision:
Promote and facilitate Business Process Management by developing the skills, standards and techniques that will facilitate process standardization and consolidation across the enterprise

Objectives:
- Develop guidelines & procedures for documenting and analyzing business processes
- Establish standards for modeling tools and design repositories (IBM WebSphere)
- Institute governance mechanisms (PMO Touch Points, Design Reviews, etc.)

Charter:
- Provide end to end process visibility
- Improve the efficiencies of business processes
- Provide facilitation and coaching
- Maintain a corporate business process knowledge base
- Develop and maintain a business rules and process architecture
Case Study

Con Ed
Procurement Process

Business Process Improvement: Purchasing Example

What have we done?
• “As-Is” process fact gathering
  ○ Identify processes in scope
  ○ Identify and gather all involved parties
  ○ As we modeled the process, we captured:
    • The process flow and sequence
    • Departments and roles
    • Decision point percentages
    • Cycle time, duration and cost
    • Opportunities for improvement
• “To-Be” process scenario planning
  ○ Unencumbered by “because we always do it that way”
  ○ Addresses opportunities, streamlines processes
  ○ The tool enables multiple “what if” scenarios
• The Tool: Websphere Process Modeler

Results
• 10 Processes identified
• 15 Detailed process interviews
• 6 full day workshops held with ~ 50 Con Edison Employees
• “Buy in” from all participants
• All processes modeled and stored in corporate repository
• Detailed process analytics available
As-Is Process Maps “walked” to Identify Improvement Opportunities

<table>
<thead>
<tr>
<th></th>
<th>Unnecessary rework within the process, redundant/repeated process steps</th>
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<tbody>
<tr>
<td>2</td>
<td>Avoidable waits &amp; delays that extend cycle time</td>
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<tr>
<td>3</td>
<td>Excessive process cost with significant manual process elements</td>
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<td>4</td>
<td>Non-value added work performed by procurement, key stakeholders and suppliers</td>
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<td>5</td>
<td>Multiple and redundant tools use - opportunity for broadly leveraging existing/best of breed tools</td>
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<td>6</td>
<td>Inefficient or excessive amounts of hand-offs between roles and organizations</td>
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<td>Clear opportunities for process improvement using automation</td>
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<td>9</td>
<td>Opportunity to increase e-document exchange with increased use of e-tools and simplification of the process flow</td>
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Process Opportunity Matrix

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<th>As-Is Process ID</th>
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**Total**

|   |   |   |   |   |   |   |   |   |-------|
|---|---|---|---|---|---|---|---|-------|
|   | 52 | 99 | 51 | 49 | 26 | 40 | 35 | 33 | 29 | 432 |

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Sample As-is Process Scorecard

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<tr>
<th>Description</th>
<th>Core retrofit Cost</th>
<th>Leading Practice Cost</th>
<th>Rest Of World Cost</th>
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<tbody>
<tr>
<td>Complex Version</td>
<td>$490</td>
<td>$750</td>
<td>$1,000</td>
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<tr>
<td>Moderate Version</td>
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</table>

Key Performance Indicators

- Opportunity Count: 150

Sophisticated ‘What If’ Scenario Planning

Policy, Procedure, Governance → People and Capabilities → Technology → Opportunities → Policy, Procedure, Governance

- "To-be" Process Scorecard — Scenario 1
- "To-be" Process Scorecard — Scenario 2
- "To-be" Process Scorecard — Scenario 3
My Vision for Process Modeling

Today, Tomorrow & the Next Day

Today: Illustration of an *Implied* Business Process

Characteristics:
- Process is not explicit, not standardized, not always managed by business goals
- Fragmented; no real beginning, or end to a process or transaction
- Process in the people; different people = different process
- Underlying architecture "is what it is" or ad hoc
 Tomorrow: Illustration of a Procedural Business Process

Characteristics:
- Process is explicit, standardized, understood by people, can be used for training, etc
- Process is documented, but compliance is on the honor system
- Developing a vision for underlying architecture

And the next day: Illustration of an Executable Business Process

Characteristics
- Explicit Enterprise-Wide Business Process
- Maximum Reusability
- Agile
- Maximized use of Best of Breed Components
- Extended Life of Application Assets
- Easily Reengineered Business Process
- Insulates the Business from the Technology
- Enables Incremental On-Demand Replacement
- Facilitates Real-Time Monitoring
- Underlying architecture re-engineered
Next Steps for BPI COE

- Continue to sell BPM by delivering with each engagement
- Pilot our first Monitoring initiative
- Continue to develop, build & staff organization
  - Use consultants to “train the trainer”
- Build Supporting Infrastructure (repository, publishing server etc.)
- Develop Con Ed Process Modeling Methodology and Standards
- Develop Process Architecture (enterprise process model, standards, etc)
- Developing Supporting Technology Plan (working with IT)
- Develop top down process selection methodology
  - Select next process

BPI: CoE Roles and Responsibilities

The BPM CoE Director/Manager will review and approve the operating model of the CoE and ensure feedback collected is incorporated and a continuous improvement culture is developed. The BPM CoE manager will be a champion and advocate of business process orientation.

The Business Process Modeler will model the end-to-end business processes using a process modeling tool selected by the CoE. This role is also responsible for the Subject Matter Expert (SME) to model the steps of the process, the dependencies (order of the steps), what resources are needed for each activity (human and/or non-human), and the inputs and outputs of each activity.

The Business Process Architect will ensure a corporate process model is constructed by using the results of the various BPM initiatives. The business process architect will apply consistency and standardization to the process hierarchy, process definitions, and process relationships. The process architect will determine if existing standards need to be revised or new standards need to be incorporated into the current operation. The process architect will identify potential business services and ensure existing business services are incorporated in process models targeted for implementation.

The Business Process Facilitator acts in a consulting role by consulting to the business on identifying all activities involved in the process and ensuring modeling and analysis. The facilitator will also be responsible for identifying workshop participants, securing workshop materials and conducting workshops for modeling the as-is processes and leading the business to a best practice-to-be process model. The facilitator may assist the team assembled for workshops in further understanding of BPM and will use a variety of techniques to achieve the best possible results for the business.

Supporting Roles: Process Owner, SME’s, Business Analysts
Lessons Learned

- Each engagement is unique and not a “textbook” engagement, however, each presents an opportunity to take us one step closer to our BPM vision
  - Enhance our standards and methodology
  - Grow our experience base
  - Learn from our mistakes
- Each client has different expectations and different goals
- Challenges
  - High demand for our services
  - Not fully “open for business”
  - Managing client expectations and competing approaches
  - New analytical roles for current staff
  - Selecting the next “best” process

Lessons Learned

- Start Small and Continually Refine Practice With Each Engagement
- Demand for BPM CoE Services will exceed most optimistic forecasts
  - Planning and managing rollout is key
- With Experience and Breadth More Things Become Important
  - Glossaries, impact analysis
- Neutral Facilitation is a Key to Collaboration and Overcoming Parochial Views
  - Well executed modeling builds teams, common culture and buy-in