

# Contents

Foreword	ix
Preface to the Second Edition	xix
<b>Introduction</b>	<b>xxv</b>
Levels of Concerns	xxvi
Business Process Change and Management	xxxi
The Evolution of an Organization's Understanding of Process	xxxii
The Variety of Options	xxxv
The Variety of Solutions	xxxvi
How This Book Is Organized	xxxvii
Notes and References	xli
<b>1 Business Process Change</b>	<b>1</b>
Organizations as Systems	2
Systems and Value Chains	3
The Six Sigma Movement	8
Business Process Change in the 1990s	9
Other Process Change Work in the 1990s	13
A Quick Summary	17
Business Process Change in the New Millennium	19
What Drives Business Process Change?	20
Notes and References	22

<b>PART I</b>	<b>Enterprise-Level Concerns</b>	<b>28</b>
<b>2</b>	<b>Strategy, Value-Chains and Competitive Advantage</b>	<b>31</b>
	Defining a Strategy	32
	Porter's Model of Competition	34
	Industries, Products, and Value Propositions	37
	Strategies for Competing	39
	Porter's Theory of Competitive Advantage	40
	Porter's Strategic Themes	45
	Treacy and Wiersema's Positioning Strategies	47
	The Balanced Scorecard Approach to Strategy	49
	Summary	54
	Notes and References	55
<b>3</b>	<b>Understanding the Enterprise</b>	<b>59</b>
	The BPTrends Enterprise Methodology	59
	Strategy and Enterprise BPM	62
	Understand the Enterprise	64
	The Traditional View of an Organization's Structure	64
	The Systems View of an Organization	66
	Models and Diagrams	67
	Organization Diagrams	68
	Organizations and Value Chains	70
	Systems and Processes	75
	Notes and References	76
<b>4</b>	<b>Process Architecture and Organizational Alignment</b>	<b>79</b>
	Process Hierarchies	80
	Defining a Business Process Architecture	82
	Completing a Worksheet	85
	Core, Support and Management Processes	86
	Aligning Managers, Measures and Resources	89
	Defining a Business Process Architecture	91
	Developing a Supply Chain Architecture with SCOR	93
	The Extension of SCOR	97
	The Extension of SCOR at HP	101
	Other Approaches	101
	From Strategy Statements to a Process Architecture	106
	Notes and References	107

## **5 Process Management 109**

- What Is Management? 110
- Matrix Management 119
- The Management of Outsourced Processes 122
- Value Chains and Process Standardization 123
- Management Processes 126
- Documenting Management Processes in an Architecture 135
- Completing the Business Process Architecture Worksheet 135
- Notes and References 136

## **6 Measuring Process Performance 139**

- What Is Measurement? 140
- Balanced Scorecard and Process Measures 145
- Aligning Process Measures 151
- Deriving Measures from Business Process Frameworks 153
- Putting It All Together 157
- Completing the Business Process Architecture Worksheet 159
- Notes and References 160

## **7 An Executive Level BPM Group 163**

- What Does a BPM Group Do? 164
- Create and Maintain the Enterprise Business Process Architecture 165
- Identify, Prioritize and Scope Business Process Change Projects 166
- Help Create, Maintain, and Manage the Process Performance System 174
- Help Create and Support the Process Manager System 175
- Recruit, Train and Manage Business Process Change Professionals 176
- Manage Risk/Compliance Reporting and Documentation 177
- A Case Study: Boeing's GMS Division 178
- Summary 191
- The BPM Group 191
- Notes and References 192

## **PART II Process Level Concerns 195**

### **8 Understanding and Scoping Process Problems 197**

- What Is a Process? 198
- Process Levels and Levels of Analysis 199
- Simple and Complex Processes 201
- Business Process Problems 203

The Initial Cut: What is the Process?	206
Refining an Initial Process Description	209
Redesign, Improvement and Lean Six Sigma	225
Creating a Business Case for a Process Change Project	226
Notes and References	229

## **9 Modeling Processes 231**

Process Diagram Basics	233
More Process Notation	239
As-Is, Could-Be and To-Be Process Diagrams	248
Notes and References	254

## **10 Task Analysis, Knowledge Workers and Business Rules 255**

Analyzing a Specific Activity	256
Analyzing Human Performance	261
Managing the Performance of Activities	267
Automating the Enter Expense Reports Activity	268
Analyzing a Completely Automated Activity	274
Knowledge Workers, Cognitive Maps and Business Rules	276
Activities, Job Descriptions and Applications	288
Notes and References	291

## **11 Managing and Measuring Business Processes 295**

Representing Management Processes	297
The Process Management Process	299
Plan Work	300
Organize Work	303
Communicate	304
Control Work	305
Evaluating the Performance of the Process Manager	308
Continuous Measurement and Improvement	309
Management Redesign at Chevron	312
Notes and References	313

## **12 Process Improvement with Six Sigma 315**

Six Sigma	316
The Six Sigma Concept	319
The Six Sigma Approach to Process Improvement	322
Six Sigma Teams	324

Phases in a Six Sigma Improvement Project	324
Define	326
Measure	331
Analyze	336
Improve	340
Control	341
Lean	342
TRIZ	347
Notes and References	349

### **13 The BPTrends Redesign Methodology 353**

Why Have a Methodology?	357
How Does It All Begin?	358
What Happens?	358
Who Makes It All Happen?	359
Phase 1: Understanding the Project	361
Phase 2: Analyze Business Process	365
Phase 3: Redesign Business Process	371
Phase 4: Implement Redesigned Process	375
Phase 5: Roll-out the Redesigned Process	378
Summary	381
Notes and References	383

### **14 The Ergonomic Systems Case Study 385**

Ergonomic Systems, Inc.	386
An E-Business Strategy	391
Phase 1: Understand the Redesign of the Order Process Project	398
Phase 2: Analyzing the Order Fulfillment Process	400
Phase 3: Redesigning the New Order Process	407
Phase 4: Implement Redesigned Business Process	420
Phase 5: Roll-out the New Order Process	421
Notes and References	423

## **PART III Implementation Level Concerns 425**

### **15 Software Tools for Business Process Analysis and Design 427**

Why Use Business Process Software?	427
The Variety of Business Process Tools	429

A Professional BP Modeling Tool	432
Modeling the Ergonomics Case	435
Notes and References	445

## **16 Business Process Management Suites 447**

What Features Might a BPM Suite Include?	453
BPMS and BAM	455
The BPMS Technology Continuum	458
BPEL	459
BPMS and SOA	460
Choosing a BPMS Product	462
The BPMS Market	464
Process Modeling Tools vs. BPMS Suites	468
Creating a BPMS Application	469
Notes and References	470

## **17 ERP-Driven Redesign 473**

Processes, Packages and Best Practices	474
A Closer Look at SAP	476
Implementing an ERP-Driven Design	484
Case Study: Nestlé USA Installs SAP	488
Using BPMS to Improve ERP Installations	490
ERP and BPMS	495
ERP vs. BPMS Applications	498
Notes and References	503

## **18 Conclusions 505**

Enterprise Level Business Process Standards	519
Process Level Business Process Standards	521
Business Process Standards for Implementation	523
The Future of Standards	524

## **Appendix I: Business Process Modeling Notation – BPM Core Notation 513**

## **Appendix II: Business Process Standards 517**

## **Index 525**

## **About the Author 549**