Business Processes:
From Reengineering to Management

By Howard Smith and Peter Fingar

Over a decade ago, two articles, one published in the *Sloan Management Review* in June of 1990 by Thomas Davenport and another in the *Harvard Business Review* in July of 1990 by Michael Hammer, reported on the growing wave of process innovation and radical business process change. Back then established companies were in uncertain economic times and feeling great pain. They were besieged by better, faster and cheaper competitors from emerging markets. Globalization had been set in motion and there was no turning back—change was brewing but few could envision a solution that did not involve abandoning the past.

"Don't Automate, Obliterate" became the clarion call of those who set out to reengineer business by shifting management's focus from optimizing specialized functions carried out by individual departments to the cross-departmental activates that made up end-to-end business processes that deliver value to customers. The prophets of process kissed the sleeping princess that was Corporate America and awoke her from her "functional" slumber and launched the Business Process Reengineering (BPR) revolution. On the receiving end it felt more like being hit by an atomic bomb. Feelings that had found no previous expression boiled over into a tidal wave of change that saw companies downsize, rightsize, outsource and restructure their work.

Although *reengineering* ultimately became a dirty word in business, most known for its predominate side effect—*downsizing,* it did illuminate the general outlines and common patterns of necessary change, such as the reducing hand-offs and eliminating disconnects between and among departments. On the other hand, reengineering offered no explicit method for execution that could be simultaneously applied to multiple process-related problems. In practice, reengineering tended to create discontinuity between "as is" processes and "to be" forms of the company. Business transformation occurred only by means of expansive and intensive projects of organizational change and new systems implementation, often in the form of ERP packages that had cross-departmental business processes pre-coded into the software. Reengineering was, as its name implies, all about radical and disruptive one-time change.

Even if companies are prepared to submit themselves once again to the dislocation and distraction of one-time change, they can no longer afford to fix processes and IT systems one at a time, as the reengineering gospel prescribed. Discontinuous change at the cusp between tradition and novelty is no longer an option for today's companies, and yet change they must, for we are in uncertain times again.

Reengineering's one-time change simply did not work, for change is the only constant in business. Today's business processes, consisting of numerous habits, practices, disjoint data models, application logic, workflows and many other point solutions repeated a hundred times in a hundred silos, must now be rationalized. What is needed is not a new "silver bullet" system to replace existing "legacy" systems, nor a new "business process layer" in an already complex IT stack. Rather, companies need the capability to recast all business processes into a standard form that is open to manipulation by the familiar tools and skills already in place. To achieve a fundamental shift from *process reengineering* to ongoing *process management*, companies are beginning to understand the value of the Business Process Management System (BPMS).

Through the powerful *lens* of the BPMS companies are, for the first time, able to see, understand and document the myriad systems, applications, interfaces and services they already own, down to the fine-grained activities that form the fabric of how their organization lives and breathes. Using BPM systems, all applications and procedures are automatically exposed and organized, forming a rich palette of *reusable business processes*.

Business analysts can use the resources of the BPMS as the raw materials from which the enterprise is reinvigorated, not every 3 years, but quarterly, weekly, or in some cases, in real time, to make course corrections in response to changing markets. As companies capture or build models of end-to-end processes they anchor design firmly to that which already exists, preserving the value of past investments. Each digitized business process is instantly reusable and, in line with the organization's priorities and available resources, processes throughout the enterprise are consolidated, customized, rationalized and, crucially, best practices shared are immediately shared across the business.

The BPMS is to the Process Architect what the DBMS is to the Data Architect. Based on similar and strong foundations—such as the strict separation of control and data flow inherent in languages such as the Business Process Modeling Language (BPML)—the BPMS integrates what were once previous disciplines and puts the *engineering* back into reengineering for the process-managed company of the 21st century. The reengineering movement of the last decade, lacking any such empirical foundation, lost credibility in the business world . By contrast, the third wave of business process management can be thought of as a way to *reengineer reengineering*, capitalize on the lessons learned and profit from dynamic process management. Take what was good about reengineering—the creativity, the insight—but eradicate the pain of discontinuity and new process introduction. If companies want change built in, they must act now to build in an agent of change, the BPMS.

Factors Compared	Process Reengineering	Third Wave BPM
Level of change	Radical	Total lifecycle
Interpretation of "As is" and "To be"	Old process, Brand new process—Discontinuity	No BPM capability, BPM capability
Starting point	Clean slate	New or existing processes
Frequency of change	Periodic one-time change	One-time, periodic, continuous or evolutionary
Time required	Long	Real time
Implementation	Disruptive, Big Bang Conversion	Incremental
Participation	Top-down	Top-down and bottom-up
Number of processes	One major process at a time	Simultaneous, across many processes
Typical scope	Broad, cross functional	Enterprise-wide process management
Horizon	Future	Past, present and future
Risk	High	Low
Primary enabler	Information technology	Process technology
Tools	None	Online
Involvement	Business generalists	Process engineers and all employees
Work	Process	Process and practice
Path to execution	Cultural, structural	Mathematical foundation and process tech. standards

Table: Process Reengineering
Comparison With Business Process Management

This column is dedicated to those at work every day building the company of the future, the process-managed enterprise. We look forward to your feedback that will help shape this discussion. Like the third wave of BPM itself, this column will be built not just to last, but also to adapt to your needs and interests. Write to us at authors@bpm3.com

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