



Business Processes Column

The Humble, Yet Mighty, Business Process

By Howard Smith and Peter Fingar

This is a column about business processes and their management, the intricate, dynamic, ever-changing manifestations of the economic activity of companies. Whether we are disinterested or actively engaged in these processes, in large part, determines the wealth of those who weave them. Today, companies are looking for secrets, skills and tools that will enable them to create and mesh together business processes that are so outstanding that customers will pay to use them, time and time again.

Katy Ring of Ovum research explains the essence of business processes, "Whatever your organizational structure, be it in manufacturing, services or retail, your operation is underpinned by processes—the fundamental ways of doing things that are either efficient and appropriate, or, more often, outdated and arthritic." Operating a process, keeping it updated, operational and effective, is complementary to the evolution of its design—both must be supported simultaneously and independently. Companies must treat their processes with care because they constitute vital intellectual property—Processes *are* the business. In every case, the process *is* the company's product. When World War II broke out, no longer did coal and iron go in one end of Ford's River Rouge plant and automobiles come out the other, tanks rolled off the assembly line. Ford's "product" was its vehicle manufacturing process.

Business processes have passed through three waves of business history, first living inside policy and procedure manuals, and years later, residing in unmalleable automated information systems and ERP suites. But after fifty years of automation built on *data* foundations, companies are frustrated by technology that that does not reflect their business, has not delivered the promised returns, and, even worse, locked them into rigid software systems that strip them of the business *agility* they so desperately need in today's uncertain economic times. But help is at hand. At the heart of an innovation we call the "third wave of business process management (BPM)" is a new understanding of the elementary building blocks that make up all business processes.

As workers and as consumers, everything we do is a communication act. We derive new information through communication. We transact through communication, we delegate through communication, we observe our surroundings through communication and we communicate *about* communication. If our ability to communicate were to be cut off it would be somewhat similar to living in a closed room with no windows, on your own. There would be nothing to interact with and so no communication would take place.

Communication lies at the center of all business processes. Mathematicians have now shown that communication lies even at the center of all computation. The ill-matched bedfellows that were the *business process* and the *computer process* have been reunited through the re-expression of all processes in an important new theory called the Pi-Calculus. One of the first commercial applications of the Pi-Calculus is the Business Process Modeling Language (BPML) published by the Business Process Management Initiative (BPMI.org), the foundation for Business Process Management Systems (BPMS).

A simple analogy for a business process is the humble business meeting. In fact, a meeting *is* a process. Depending upon your point of view, the process *began* when the meeting was called, or was itself the result of other processes. We say that the members of the meeting are participants in the process. Each brings something to the table. The process *grows* as participants are confirmed to attend and *evolves* rapidly through conversation once everyone is assembled in the room. Information is freely exchanged and generated. The process *develops* in the collective memory of the participants and its electronic outcomes (documents, emails, tasks etc). The process design is the *trace* of everything associated with the meeting, past, present and future.

But look more closely, for there is more complexity here. Suppose someone leaves the room during the meeting. We say that the process loses a participant, and with them, their information and skills—*their* processes. Yet having been a part of the meeting in the past they will have transferred some processes to other participants. It can also happen in reverse. A facilitator joins the room and brings something new, a *process* for helping others reach conclusions. Perhaps a manager intervenes, providing new goals or news of a change in circumstances. As a result of these interventions the process gains a greater, or lesser, significance. Processes are always interacting like this, growing or shrinking, merging with others and as a result, morphing from one form to another.

Processes may start informally and later be formalized. They may start small and grow in response to, let's say, an unexpected innovation in one part of the business, or may start big and fail, such as the case of an ill-conceived “strategic” business initiative. Processes may be deliberately designed to serve some purpose, or may arise naturally through past experience and refinement. Good processes add value to the firm, growing in scale and participants. Poor processes either die soon after birth or wither naturally following a period of experimentation. Worse, they may live on, festering, draining resources and causing distraction. Shepherding processes is what management is. All processes are important. Each has a lifecycle. Each must be nurtured, or retired.

Such “third wave” processes underlie business at all levels, in ad-hoc communication, in planning, in supply chain logistics, in product design and in customer service. They are not workflows in the conventional sense of that term, nor are they applications or integrations of other applications. They are something new.

We know now that there need be no distinction between the process of change and change in the process. Business processes *are* change, and change occurs through

communication only. It has taken the IT industry 20 years to find a way to represent all business processes—everything from the elementary computations of computer systems to the most grandiose strategies of CEOs—in a form that preserves the continuity of all associated information. It is what gives them an independent existence, abstracted from the systems, work habits and resources that drive their execution. We call this lifecycle the *process* and it is the reality behind today's IT-facade of disjoint data models, application logic, workflows and integration systems, repeated a hundred times in a hundred silos. The third wave alternative was conceived in response to this chaos companies find around them as they position themselves for 21st century competition, and it demarcates the next chapter of business history.

About the Authors

Howard Smith is CTO (Europe) of Computer Sciences Corporation and co-chair of the Business Process Management Initiative (BPMI.org). Peter Fingar is an executive partner with the Greystone Group. Smith and Fingar are the co-authors of Business Process Management-The Third Wave. Preview the book at www.bpm3.com. 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