



Business Processes Column

The *Little Big Man* of Business

By Howard Smith and Peter Fingar

Like Jack Crabb, the central character played by Dustin Hoffman in the American film classic, *Little Big Man*, businesses have not treated the *business process* with much reverence. But business people today, like their counter parts in Hoffman's classic, are caught up in something so big that they find it impossible to sweep away the veil of confusion that hangs before their eyes when they view the world around them. After fifty years of business automation, companies are frustrated by technology that has not delivered the promised returns, and, even worse, locked them into rigid software that strips them of the business agility they so desperately need in today's uncertain economic times.

The unglamorous and lowly *business process* has passed through business history living inside policy and procedure manuals, management theories like business process reengineering (BPR) characterized with its ugly "downsizing," and locked inside the unmalleable innards of computer applications like ERP suites. But, as business history marches on, the humble business process will command the spotlight as the leading actor on the stage of business.

Indeed, business executives cannot look at a trade magazine without seeing that *business processes* are in vogue—again. Some, however, are asking, "What's new here? Should I pay attention?" Katy Ring of Ovum research explains, "Why is business process management (BPM) hot? 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by processes—the fundamental ways of doing things that are either efficient and appropriate, or, more often, outdated and arthritic." Achieving sustainable competitive advantage in business has never been so difficult: business isn't glamorous or easy; it's difficult, very difficult, work. And, indeed, it is the way companies organize and accomplish work that is the secret to success, in good times and bad. That's where the unglamorous business process comes in, for a business process *is the end-to-end coordination of work that delivers value to customers.*

Business processes were once thought of as those to be scheduled around people—work that was waiting for a telephone call from a customer, or work that had to be processed at a specific time ("I will expect your call at 10 o'clock"), or work that had to be transferred to a different person because the person who did the first part of the processing got sick or quit before the task was complete. Workflow-oriented software has been around for years in an attempt to address these problems and provide business process *automation*. But even with document-centered workflow added to ERP, such systems only took up discrete roles as participants in end-to-end business processes. Rarely did

they provide subsequent business management control over processes. An examination of the true characteristics of business processes reveals why. Business processes are characteristically:

- *Large and complex*, involving the end-to-end flow of materials, information and business commitments.
- *Dynamic*, responding to demands from customers and to changing market conditions.
- *Widely distributed and customized across boundaries* within and between businesses, often spanning multiple applications on disparate technology platforms.
- *Long running*—a single instance of a process such as “order to cash” or “develop product” may run for months or even years.
- *Automated*—at least in part. Routine or mundane activities are performed by computers wherever possible, for the sake of speed and reliability.
- *Both “business” and “technical” in nature*—IT processes are a subset of business processes and provide support to larger processes involving both people and machines. End-to-end business processes depend on distributed computing systems that are both transactional and collaborative. Process models may therefore comprise network models, object models, control flows, message flows, business rules, metrics, exceptions, transformations and assignments.
- *Dependent on and supportive of the intelligence and judgment of humans*. People perform tasks that are too unstructured to delegate to a computer or that require personal interaction with customers. People also make sense of the rich information flowing through the value chain, solving problems before they irritate customers and devising strategies to take advantage of new market opportunities.
- *Difficult to make visible*. In many companies business processes have been neither conscious nor explicit. They are undocumented, embedded, ingrained and implicit within the communal history of the organization, or if they are documented, the documentation or definition is maintained independently of the systems that support them.

As Ovum research explains, "Businesses need to constantly adapt their processes, yet they are often held back by static IT systems that aren't designed to exploit *future* opportunities. Business process management is a new change management and systems implementation methodology that overcomes this problem." Ovum's analysis reveals the central distinction between business process *automation* and business process *management*. Just about any technology (workflow, EAI, or Web services) can automate a business process, but only a true BPM system can fully manage them thereafter—and feature the humble business process as the *Little Big Man* in the next act in the unfolding drama of business.

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