

The Service Portfolio of a BPM Center of Excellence

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Abstract

Managers newly in charge of the setup and delivery of the enterprise-wide Business Process Management (BPM) capabilities in an organization often struggle with the identification of the activities as being part of their role. This paper proposes the productization of BPM as a starting point. A set of fifteen distinct BPM services is described; from this, managers can select the potential services on offer by a centralized BPM Center of Excellence (aka BPM Support Office). A portfolio management approach is suggested to position these services. The approach allows identifying specific normative strategies for each BPM service, such as further training or BPM communication and marketing plans. A public sector case study provides further insights into how this approach can be populated.

Typical Stages in BPM Adoption

Business Process Management (BPM) has risen in attractiveness for organizations as a holistic management practice dedicated to enabling and sustaining corporate success. The organization-wide implementation of BPM is a challenging task and not trivial. In fact, the enterprise-wide adoption of Business Process Management in organizations typically goes through multiple stages.

First, an *awareness* of the benefits and methodologies of Business Process Management has to occur. In many cases we see a failure to adopt BPM simply because of a lack of a deeper understanding of BPM. This might be explained by the already high activity levels of an organization, its previous commitment to another methodology for organizational engineering or a simple lack of demand for change and improvement. Also, even the BPM proponents in an organization often lack the required comprehensive appreciation of the methodologies, merits, and challenges of BPM. Overall, an inhibiting lack of awareness is often due to lack of training, which, once conducted, is the most promising means of creating, increasing, and maintaining awareness.

Second, this awareness and understanding of BPM has to convert into a *desire to adopt*. This is a critical stage and requires a driver (e.g., a large system implementation or a corporate merger) and a champion, i.e., at least one individual with passion for the idea of BPM. Such drivers and champions can be found in various parts and on alternative layers of the organization. In some cases, IT systems managers build the business cases for BPM while in other cases the desire to adopt BPM is triggered by business improvement teams, HR departments, business stakeholders, such as line managers or chief executives. It remains without a doubt an ongoing challenge for the community that BPM has no classical home in an organization.

Third, and assuming the business case was successful, individual *BPM projects* have to be set up, executed, and monitored, often with the desire to achieve quick win situations that can then be used to market and expand the BPM ideas across an organization. This is typically the phase in which organizations build up BPM capabilities and credibility [1]. It also often means that individuals develop a fascination with BPM, see potential career paths in its development, and take (often unofficial) BPM ownership.

Fourth, assuming that individual BPM projects have been successful, organizations seek a wider capitalization on the BPM idea and convert from multiple BPM projects to a governing and typically more centralized *BPM program*. In this stage, an overall BPM methodology needs to be designed. Methods, techniques, and tools have to be specified, documented, installed, communicated, and maintained. A main challenge in this phase is the design of a BPM strategy

that has in its core a roadmap that specifies the planned BPM-related activities over the next three to five years. Previously [2], we recommended for this exercise the use of a BPM maturity model centered on the factors of strategic alignment, governance, methods, information technology, people, and culture. In the meantime, a high number of organizations globally adopted this approach and have specified roadmaps that describe how and in what sequence they plan to increase the maturity in each of these six factors. Once this type of momentum is gained, accountabilities have been assigned and a roadmap is agreed on, a more specific definition of the deliverables of BPM is required.

This fifth phase of a BPM adoption is the focus of this paper. The typical scenario is that a centralized BPM Group is formed – sometimes called a “BPM Center of Excellence” or a “BPM Support Office.” In addition to the activity-focused view of such a maturity-driven BPM roadmap, it is now required to *productize BPM*, i.e., to consciously identify the BPM-related services offered by such a BPM Group. This allows defining the value proposition of such a BPM Group more clearly.

The BPM Service Portfolio

The following overview of typical, as well as emerging and rather visionary, BPM services enables managers in charge of the BPM journey to start productizing their portfolio of current and future BPM services. The conceptual idea behind this framework is the design of a BPM portfolio (Figure 1); i.e., all services offered by the BPM Group are positioned in a portfolio with the two dimensions of demand and capability. Demand reflects the current organizational appetite for the BPM service. Like all demands, the demand for BPM services can be influenced through appropriate marketing and communication strategies. However, the given demand is a good first indicator for the prioritization of the current suite of BPM services. Second, capabilities describe the readiness of the BPM Group to provide a certain service. These capabilities reflect the accumulated knowledge, skills, and experience of the BPM group as well as available technological capacities to successfully deliver the individual BPM service.

In this portfolio, four quadrants can be differentiated.

The *perfect match* exists, of course, when high demand and high capability meet. Organizational requests for a BPM service can be satisfied assuming the BPM Group has a sufficient bandwidth to deliver and has funding models to grow with increasing demand. Being able to comply with service level agreements and providing skilled resources will be key challenges. A typical strategy is also to transfer accountabilities from the BPM Group under the banner of “BPM self services” into the lines of business. This can be typically observed for services such as process modeling or process improvement.

It gets more critical when the BPM Group possess a set of capabilities without corresponding demand for it. This could indicate capabilities that, at least at this moment in time, are *over-engineered*. The BPM Group might have undertaken training in process simulation, in the conversion of conceptual to logical process models, or in the implementation of Enterprise Services Buses for process execution. However, the organization may not (yet) see the demand for such services. There are two possible pathways from here. Either the service will be retired, or the BPM Group will be convinced of the importance and benefits of the solution. Assuming that the capabilities are of sufficient quality, the Group will invest in a communication and marketing plan for this service so as to increase awareness for the potential future benefits of the service or service innovation.

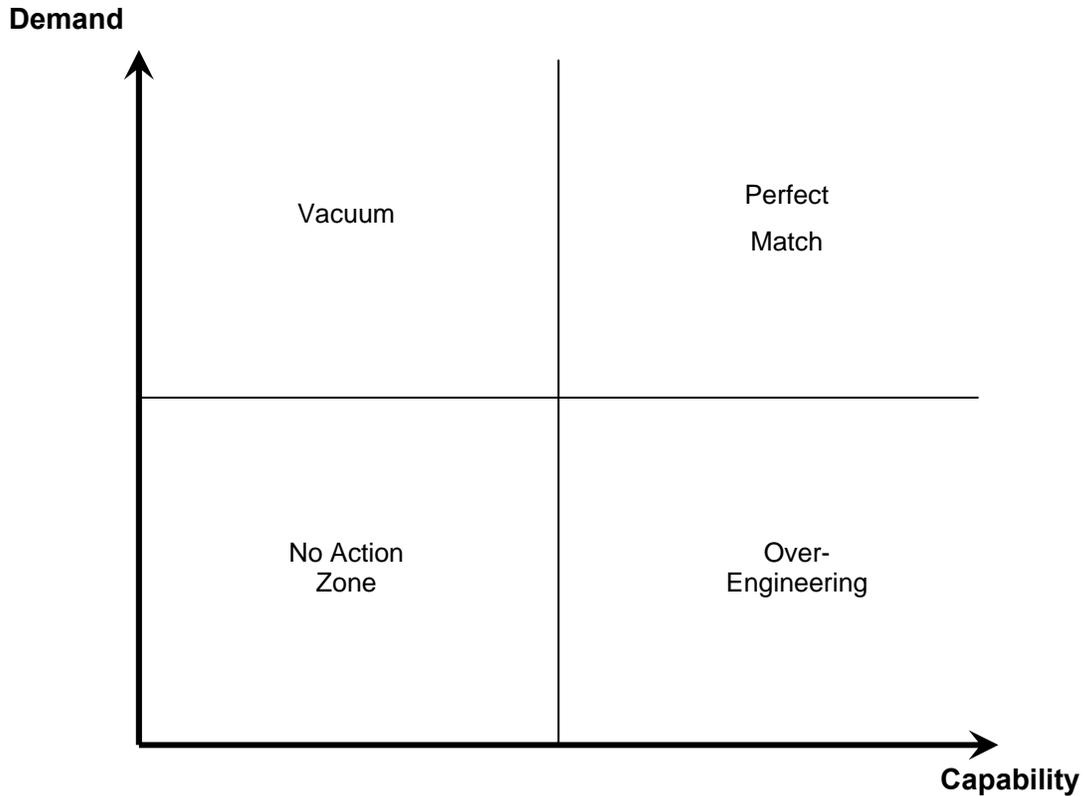


Figure 1. The Demand-Capability-Portfolio

A very different challenge exists when the demand for the BPM service is high but the BPM Group lacks the capabilities to deliver. Mind me, this scenario is, in fact, most often the case for newly set up BPM initiatives, where awareness and the desire to adopt exist, while there is no corresponding investment in BPM training and education programs. This obvious *vacuum* is often filled, in the short term, with external resources. The internal BPM Group has to carefully consider whether or not to build up the required capabilities internally. Funding of such a capability development and the sustainability of the demand will be the main challenges and require sound business cases as well as excellent BPM marketing and communication skills and strategies. In some cases, this might be a very specific or temporary demand (e.g., compliance management or support for a merger).

The *no-action zone* indicates a lack of demand *and* capability. However, ongoing monitoring for emerging BPM services (e.g., process forensics or process portfolio management) is advisable. A continuous assessment (e.g., by using surveys or focus groups) is needed in order to evaluate the demand for further capability building.

As with all portfolio management approaches, a BPM manager would seek a natural balance between the BPM services. In a charge-per-service environment, certain services like process modeling might become cash cows that can be used to subsidize the development of entire new services (e.g., process forensics or process portfolio management). Also, existing capabilities and skills should be carefully screened in order to identify potential for further growth.

A Proposed List of BPM Services

The introduced portfolio can now be populated with BPM services (typically meaning BPM services). While the list (and labels) of these services will vary from organization to organization, such a list provides at least a general starting point for the identification of BPM services. We

focus on those services that potentially could be offered by a centralized BPM Group. However, it is acknowledged that many of these, and additional, related services, could (and should) be offered by other departments (e.g., IT, Corporate Governance, Business Improvement, Compliance Management, Human Capital Management). We acknowledge the critical roles played by appropriate funding (e.g., budget and cost recovery) and service ownership models. However, these issues are out of scope for the purpose of this paper.

1) BPM Maturity Assessment

As indicated above, we see the ongoing assessment of the BPM maturity [2] of different parts of the organization as a fundamental service. The evaluation of the organizational capabilities, along with the six factors – strategic alignment, governance, methods, information technology, people, and culture – provides an important starting point for the identification of BPM priorities and a corresponding roadmap for BPM implementation and evolution. This service is an important factor impacting the demand for specific BPM services that can be associated with one or more of these six factors. Such a service could be offered in different packages, ranging from interviews with senior executives, and workshops with multiple stakeholders, to comprehensive surveys. The key contribution of this service is the triangulation of different sources of information to a rich picture about the current status of the organizational BPM capabilities and the design of a way forward that considers organizational context factors such as executive buy-in, organizational disposition, or relevant external factors.

2) Strategic Alignment

Before any BPM activities (e.g., process documentation or process improvement) should be initiated, a dedicated service should target the assessment of a process under consideration in terms of its alignment to corporate strategy and mission. The assumption would be that a non-aligned process requires change. This service would be based on a solid understanding of the organizational strategy and the way it can be operationalized for various processes. It also requires the capability to regularly collect relevant data without making this data collection a large project on its own. The deliverables of this service would most notably feed into potential business cases and would also operationalize objectives and constraints for BPM activities such as process documentation or process re-design.

3) Process Modeling

The advanced graphical and repository-based documentation of business processes in the form of process models can be broken down into two sub-services [3]. On the one side, it includes the ownership of the modeling methodology itself. The BPM Group should host the BPM methodologist. Related services can then include training in this methodology, development of procedural models, methodological upgrades, and the provision of conventions and advanced practices. It will also facilitate the adaptation of this methodology to emerging requirements (e.g., process-based compliance or risk management). Process modeling as a narrowly defined service covers the actual capture and documentation of a business process. This service could be offered on different levels of granularity and may cover modeling high level enterprise-wide processes, cross-departmental value chains, and detailed and more transactional business processes. This means the ability to transfer existing documents into process models that comply to the defined methodology and conventions. It could also require attending related workshops and interviews and providing process modeling support and coaching services as part of these events. Process modeling is often the bread-and-butter service of a BPM Group, and it will demand substantial scalability and expertise. Junior process analysts with limited domain and process improvement knowledge, but a deep knowledge of underlying methods, tools, architectures, and modeling conventions, can provide this service especially for more transactional processes. However, it is important to stress that the required skills go beyond mastering the modeling tools and techniques as multiple pitfalls are related to process modeling [4]. The more process modeling is about enterprise-wide processes or the design of a process architecture, the higher will be the requirements in terms of the qualification and domain

experiences of the process analyst. It will be important for the BPM Group to define a clear exit strategy, i.e., the point when process model ownership will be transferred to the business. Otherwise, further ongoing process model maintenance service could be offered.

4) Library Management

In addition to modeling and managing business processes, a number of related artifacts have to be maintained. These artifacts can, for instance, be complementary conceptual models of data, knowledge, risks, and applications, as well as conventions, policies, business rule descriptions, best practices, etc., that provide a wider context for the business process models. A BPM Group will typically outsource the management of these models to other groups (e.g., IT or Human Resource Management), and provide some sort of methodological constraints to these groups. The group, however, might also decide to maintain at least a subset of these artifacts itself (e.g., organizational charts, knowledge maps) and potentially charge other departments for the service of bringing essential artifacts to a higher conceptual and more integrated level. Furthermore, this service could include managing a process-related knowledge repository, covering, for example, emerging social network solutions such as communities of practices (e.g., www.bpm-roundtable.com), discussion groups, and the entire management of process issues and process improvement ideas.

5) Process Improvement

Process improvement as a BPM service goes beyond simple process modeling, and concentrates on deriving an improved version of a process. The involved process analysts should be more senior than the process modeler. A wide set of skills, including domain knowledge, creativity, and process analysis and improvement skills, are essential. The latter ones demands expertise in process analysis (e.g., Pareto or root-cause analysis), process enhancement (e.g., the transfer of as-is into to-be models using techniques such as TRIZ or process improvement patterns), process utilization (e.g., a resource-driven approach towards process improvement), process derivation (e.g., use of external reference models and benchmarks), and process innovation (e.g., the design of entire new solutions and processes via brainstorming or de Bono's Six Hats). Further capabilities related to moderation, presentation, change, and conflict management are also essential. Process improvement is a high-value add activity of the BPM Group and may be its most important service. The related service specification has to be clear about the final deliverable, which will often be a set of (to-be) process models, issue registers, and improvement proposals. A concluding business case is, in most cases, out of scope and in the hands of a project manager outside the BPM Group.

6) Designing Process-Aware Information Systems (PAIS)

In many cases, improving the business process will, at least in parts, demand process automation or support through existing or future IT infrastructure. Detailed process design captures all services related to the development of models that build on the process analysis and convert these conceptual models into requirements that inform the design and configuration of process-aware information systems or even entire service-oriented architectures or web service ecosystems. This service will require very specialized resources and deep knowledge of Business Process Management systems. The service provides the critical glue in the overall aim of process-oriented business-IT alignment.

7) Process Automation

Further from the process design, a BPM service could exist that is dedicated to the actual implementation and execution of a business process. This will be typical system development work, and it tends to be located in the IT department. This is a fast developing BPM service that requires staying on top of topics such as Service-Oriented Architectures and various other types of middleware, Web 2.0, etc. It also covers the evaluation, selection, and implementation of process-aware information systems [5].

8) Process Change Management

In addition to the IT-related implementation challenges, overall change management will be required to ensure a smooth transition of all organizational issues, procedures, policies, reporting structures, forms, cultural values, etc. This rich service covers organizational re-design, personal and organizational profiling, job ranking, recruiting, policy and document revisions, etc., and often will be a time-consuming task. While it is the core act in the transformation to an improved process, a centralized BPM Group tends to have a rather secondary role in this service. Its involvement would focus on ensuring consistency with the conceptual process blueprints, required revisions, and extensions of it, and also the provision of support services for the change manager.

9) Management of BPM Projects

In addition to services related to the individual steps of a BPM initiative (e.g., process modeling, process improvement, process analysis), a service might also be dedicated to the task of managing the project. A process-minded project manager will ensure a strong focus on business processes during the entire project. The strong BPM skills would have to be complemented with deep knowledge of the enterprise-specific project management methodology (e.g., PRINCE2, PMBOK).

10) Process Governance

Services related to the setup of appropriate process governance structures will often stretch beyond the initial competencies of Enterprise Architects and Business Analysts. Nevertheless, it is an essential capability, and should be part of the initial BPM service catalogue. Governance covers roles (e.g., process owner, process manager, process analyst), responsibilities, duties, and decision-making processes. While the governance of BPM itself will be an essential and more internal activity in the setup of the BPM Group (e.g., who nominates process owners, who signs off on a new BPM methodology, etc.), a core BPM service can evolve around the governance of specific business processes. This service will include advice on the responsibilities of a process owner, the implementation of corresponding decision-making authorities, or the institutionalization of process-related tasks in a line of business. It will typically involve a close collaboration with Human Resource Management.

11) Process Compliance

The design of not only high performing, but also compliant, services has become an area of substantial interest. Organizations increasingly acknowledge the role of business processes and business process models in their transfer to more compliant entities. The related challenges for the BPM Group will be to build up a sufficient level of knowledge about relevant compliance standards (e.g., BASEL2, SOX) in order to customize the BPM methods, tools, and techniques. This will typically mean collaboration with (external) compliance experts and auditors. The contributions of a central BPM Group tend to be limited to the design of compliant process models (i.e., Does a process model comply with a mandated standard?). However, this service could also include support services related to ongoing compliance monitoring (i.e., Does the organization work in a way compliant to the specified process model?). Again, the BPM Group will be challenged by issues related to scalability when a high number of compliance standards in various regions of the world matter.

12) Process Performance Measurement

Measuring the performance of a business process is another potential high value service of a BPM Group. Advanced BPM suites already offer a wide range of technological services to support the measurement of process performance. Currently, most organizations show a high interest in, but only a limited uptake of, process-based performance management. The BPM Group will have to possess, or have access to, solid skills related to techniques such as activity-based costing (ABC), economic value added (EVA), forecasting, and process simulation. Process

performance measures will have to be derived from available documents such as Balanced Scorecards and Strategy Maps. Appropriate and cost-effective ways of collecting and analyzing the identified measures have to be established. The identification, collection, and collation of process performance data is another high-value but also highly specialized service. The BPM Group requires not only substantial skills within the group, but also high maturity in the line of business demanding this service, as well as in the IT-based implementation and application of these measurement concepts.

13) Process Forensics

Process forensics is dedicated to the objective of identifying the reasons for process failures. While thorough process governance will strive for the avoidance of such a situation, it can never be completely excluded. Process forensics as a service is a clear statement that an organization is committed to uncover the causes of errors in the execution of essential business processes. This service will require close collaboration with other (e.g., financial) forensic activities in an organization, and naturally will be triggered by insufficient process performance or compliance. It may even be envisaged that process forensics can be integrated with other ex-post analysis approaches such as incident and problem management.

14) Process (Management) Education/Training

Educating the organization on Business Process Management will be an ongoing BPM service and is key to warranting sustained BPM success. Demand exists in the beginning but will increase when an enterprise-wide roll-out of BPM is the ultimate goal. While many organizations at this stage utilize external offerings from professional or academic BPM training partners, some organizations start to internalize this service, for instance, by adopting train-the-trainer education methodologies. In addition to providing BPM skills (e.g., process improvement skills, process methodologies), the BPM Group could also create a service related to process education, i.e., teaching the specifics of a certain process. Such a service could be, for example, consumed by the Human Resource Management department as part of an induction process for a new cohort of employees.

15) Process Portfolio Management

In higher stages of BPM maturity, an organization will convert from a reactive approach, in which the BPM Group responds to specific needs for process improvement articulated by the lines of business, to a more proactive approach in which the BPM Group uses process portfolios to identify relevant processes [6]. Process portfolio analysis requires an enterprise process architecture and is used to identify those business processes that are of highest priority for initiatives, such as compliance management, process improvement, or the upcoming roll-out of an Enterprise System. As such, process portfolio management can provide a BPM service of high interest for senior executives in an organization as it helps to condense the high volume of process (model) information, and it has the potential to become a substantial base for decision-making processes.

Case Study

A brief case study provides some insights into an organization from the public sector that adopted the BPM service portfolio management approach described in this paper. Four former Business Analysts in this organization had been assigned the responsibility to establish and populate Business Process Management within a specific line of business of this organization comprising approximately 200 employees.

The four analysts undertook a five-day BPM training with the BPM Group of the Queensland University of Technology (www.bpm-training.com). While the five days were dedicated to establishing essential skills in process modeling, improvement, analysis, and BPM evolution, the additional day six of the program was dedicated to customizing the contents of the previous days

for the specific purposes of the organization. Based on the fifteen potential BPM services above, a portfolio was designed that clearly positioned each of these services in the demand-capability-diagram shown in Figure 1. For each of the 15 above-mentioned services, the organization also differentiated the intended ownership model (BPM Group or line of business). The resulting portfolio (Figure 2) is now used for the design of the wider BPM roll-out and specifies upcoming BPM training needs (i.e., to increase BPM capabilities) as well as the BPM communication and marketing plan targeted towards increasing the organizational appetite for some of the low-demand services (i.e., to increase BPM demand).

Process modeling and improvement are the clear and expected mainstream services in this portfolio. BPM education will be another main target for the near future, even though it is envisaged that Human Resource Management and individual business managers will be in charge of process education. The BPM Group of this organization is committed to invest in further training related to the design of PAIS. Due to the specific expertise required, process compliance and process automation will only be secondary priorities for the BPM Group. Specific communication and marketing strategies are planned for process governance and process performance management as the BPM Group is convinced that the low demand can be explained by a lack of awareness more than by a lack of importance. Process change management and process library management will be approached when internal resources become available while process portfolio management and process forensics are seen as interesting and relevant services in the future. However, at this stage both the line of business and the BPM Group lack the required maturity.

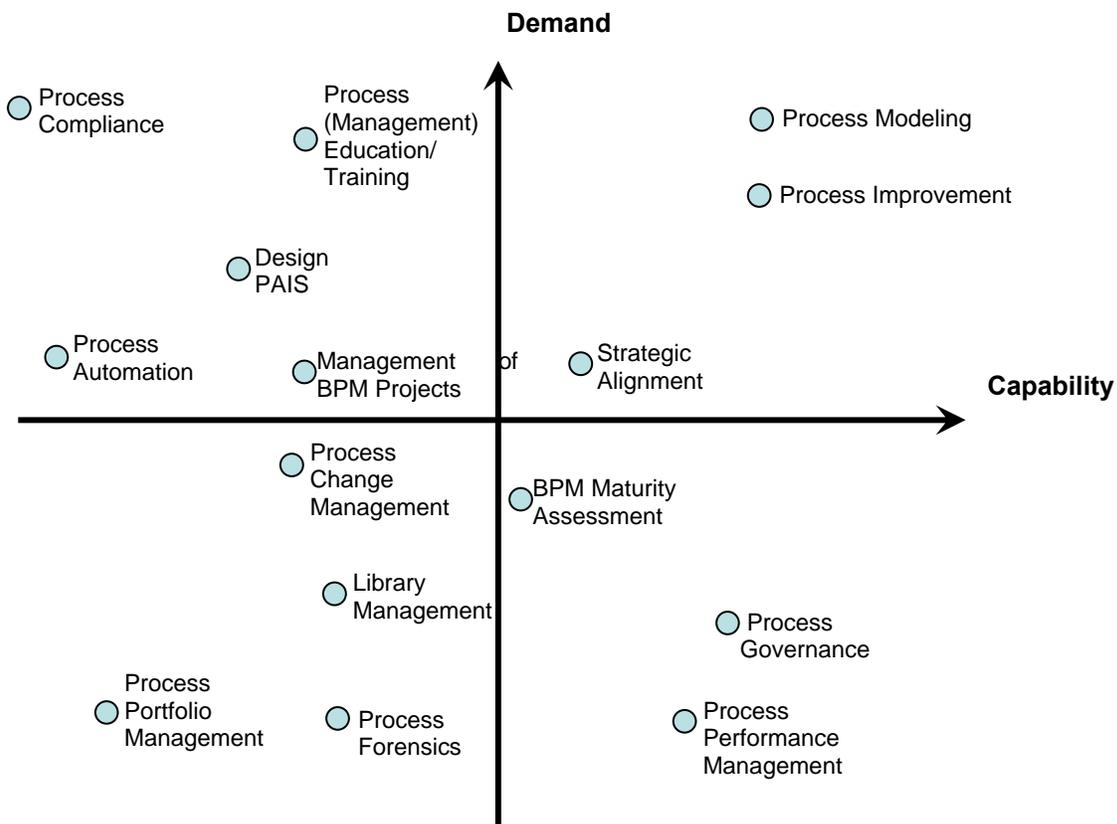


Figure 2. The Demand-Capability-Portfolio in the Case of a Public Sector Organization

Conclusion

While the academic and practical BPM literature comprehensively covers BPM methods, techniques, and tools, there is a shortage of advice on BPM strategy design and BPM adoption and evolution models. Previously, we proposed a BPM Maturity Model [2] for the design of a BPM strategy roadmap. This paper ventures to complement this work and provides some guidance on the actual specification of the portfolio of BPM services for an emerging BPM Group. A set of fifteen BPM services has been defined that gives organizations with an interest in institutionalizing a BPM program a guideline for how they can specify and improve the services of such a group. The proposed portfolio-based approach enables the identification of individualized strategies per service.

Further challenges are related to the exact specification of the two fundamental dimensions of demand and capability (supply), the contents of related training programs, and how BPM communication and marketing plans can help to increase the organizational demands for BPM. While applied research in these areas is currently undertaken, we believe that the proposed model, even in its current form, will be beneficial of stakeholders in charge of Business Process Management.

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