



An Executive Level BPM Group

Dr. N. Abdolvand

Business Process Reengineering

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Outline

- ◆ What Does a BPM Group Do?
 - Create and Maintain the Enterprise Business Process Architecture
 - Identify, Prioritize and Scope Business Process Change Projects
 - Help Create, Maintain, and Manage the Process Performance System
 - Recruit, Train and Manage Business Process Change Professionals
 - Manage Risk/Compliance Reporting and Documentation

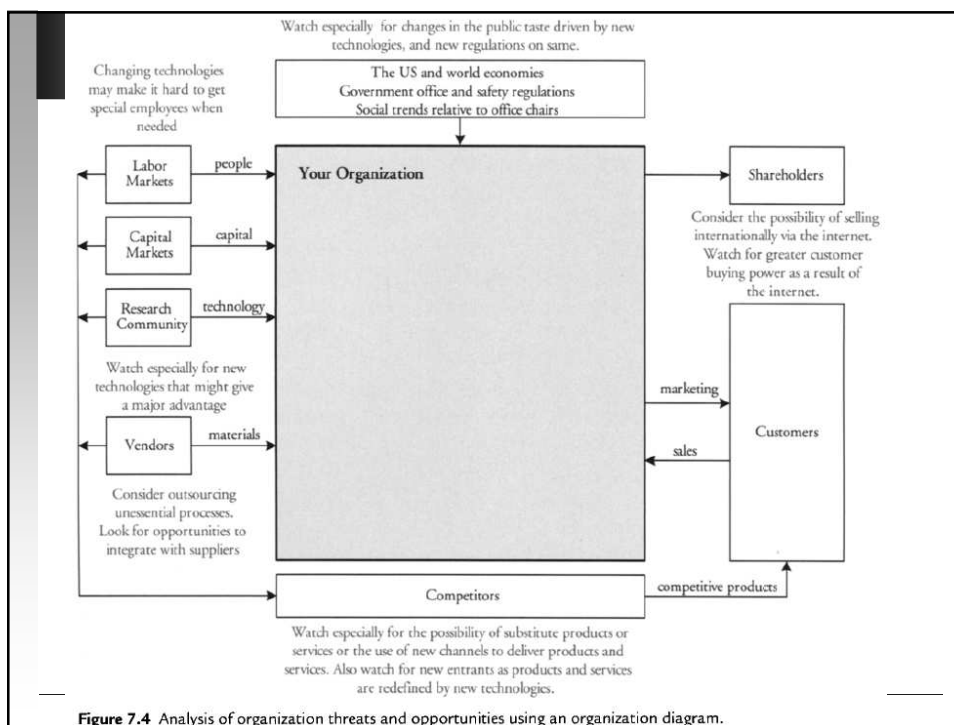
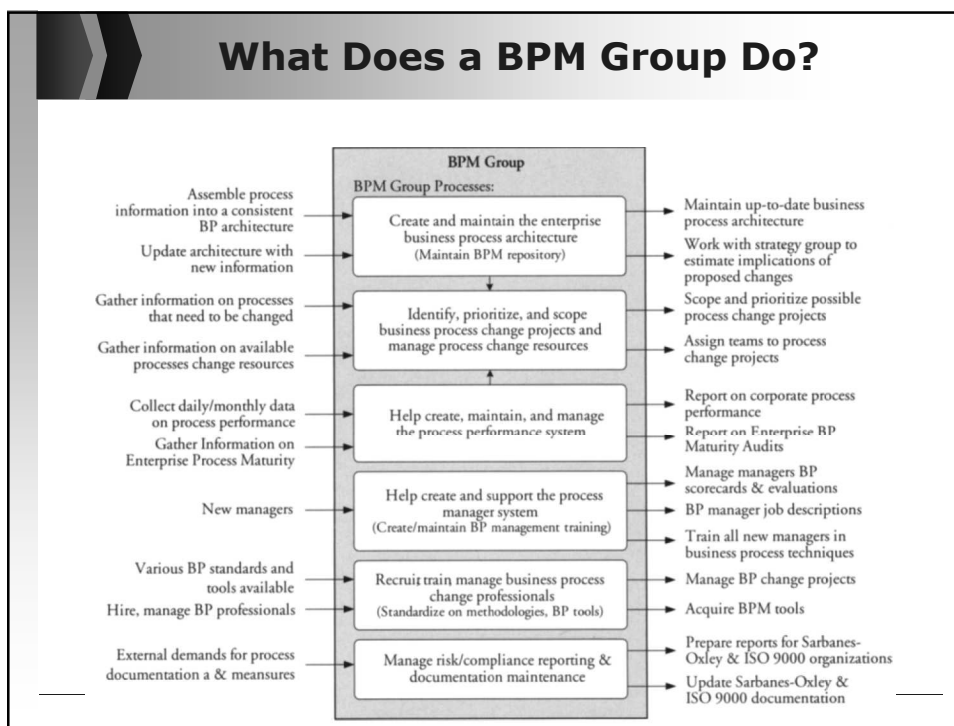
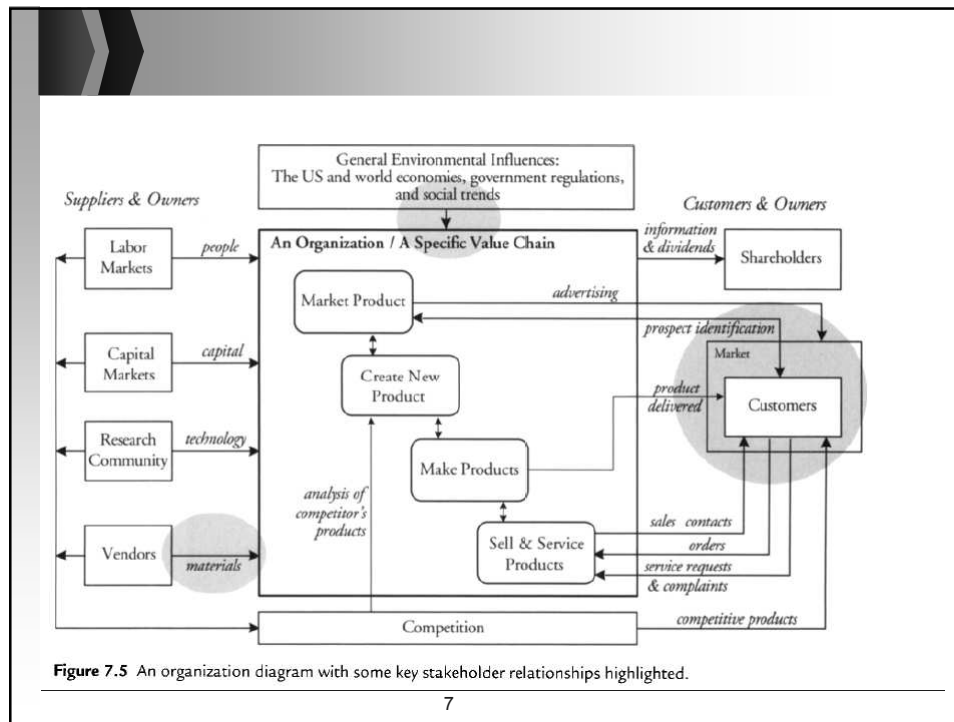


Figure 7.4 Analysis of organization threats and opportunities using an organization diagram.



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Different approaches to improve the process 1

- ◆ *Redesign.*
 - This is a major analysis of the existing process followed by a redesign effort that should significantly improve the process.
 - This kind of effort typically results in changed job descriptions and the introduction of some automation.
 - This type of effort is usually undertaken by business process redesign consultants from inside or outside the company.
- ◆ *Automation.*
 - This can be used in conjunction with process redesign, or it can be an independent effort to automate a specific process or activity.
 - This type of effort is usually undertaken by the IT group within the organization or by an outside IT group.
 - There are different techniques available, including packaged applications (ERP, CRM), or software specially developed by an internal or external IT group.

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Different approaches to improve the process 2

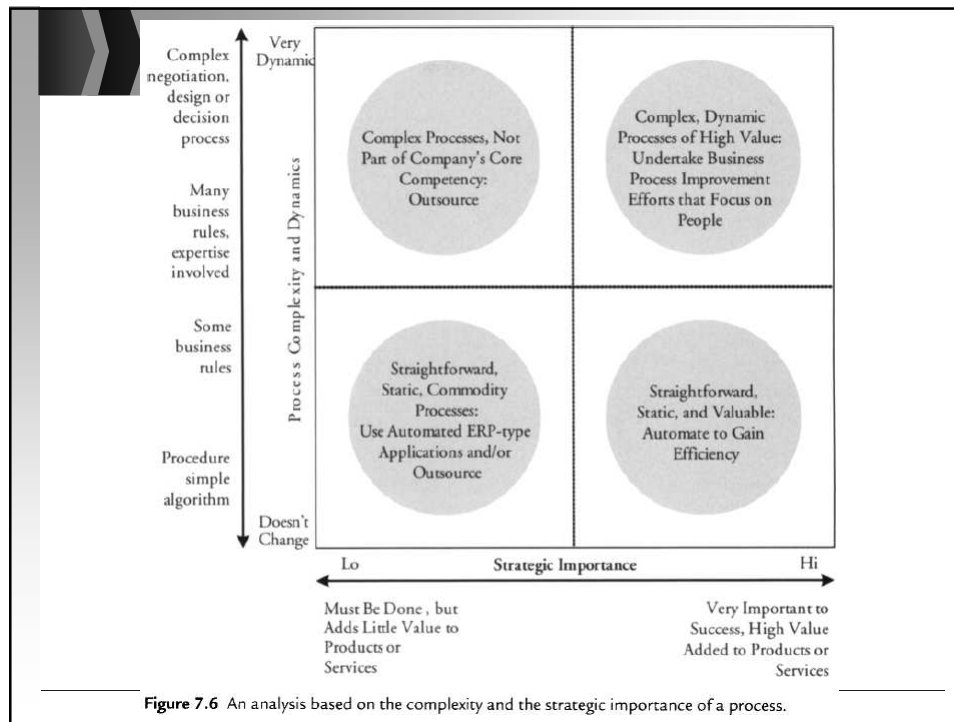
- ◆ *Improvement.*
 - This is a more focused effort aimed at incrementally improving an existing process.
 - This can be an effort a process manager undertakes, or an effort undertaken by a Lean or Six Sigma improvement team.
- ◆ *Management.*
 - Rather than focusing on changing a process as such, one can focus on changing the way managers plan, organize, measure and control their process.
 - This usually requires the introduction of a process-oriented management structure and systematic training for company managers.
- ◆ *Outsourcing.*
 - Organizations are increasingly willing to subcontract the execution and management of processes to an organization that specializes in performing that kind of process.

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Different criteria for determining process change priorities

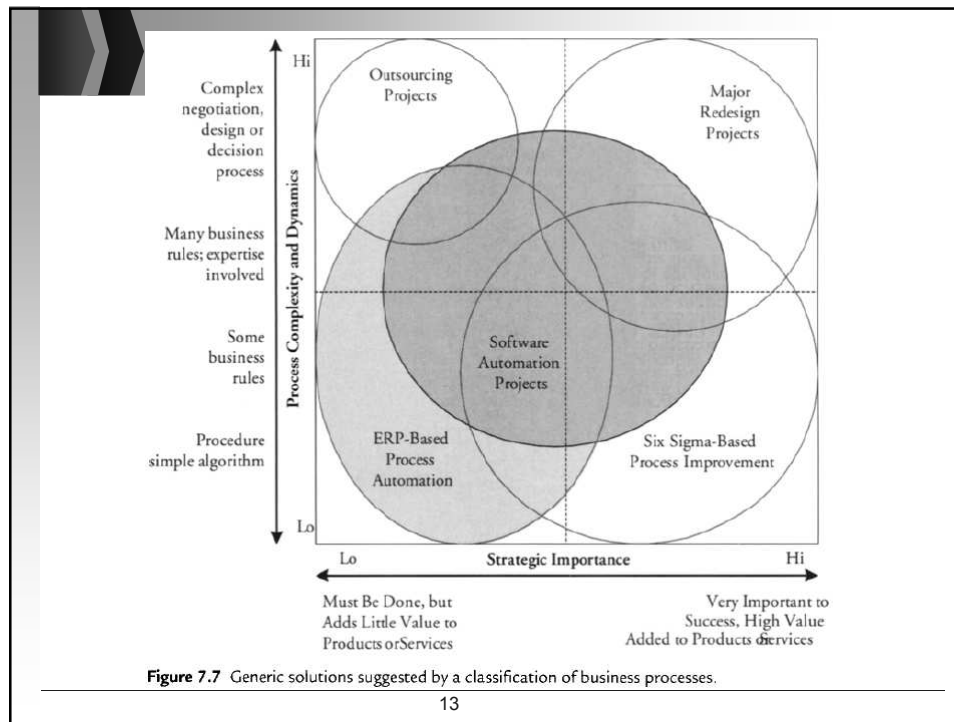
- ◆ **Process complexity and dynamics**
 - what types of tasks are involved in the process
 - Process Dynamics refers to the fact that some processes don't change very often, while others keep changing rapidly in response to changes in the market or regulations
- ◆ **Strategic Importance**
 - How much value the process contributes to the products or services the company sells
 - Is the process a core competency of your company?
 - Is the process simply an enabling process that needs to be accomplished to assure that you can do something else that really makes you money?

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Four group of processes

- ◆ Lower-Left
 - processes that must be done, but add little value, and are basically straightforward procedures.
 - These are tasks that we usually want to automate in the most efficient possible way.
- ◆ Lower-Right
 - high-value processes that are straightforward
 - It is desired to automate these, if possible, to reduce costs and to gain efficiency.
 - It is desired to improve these processes, making them as efficient and consistent as possible.
- ◆ Upper-Left
 - complex processes that have to be done, but don't add much direct value to your company's product or services.
 - They just cause problems if they aren't done, and they are complex enough that they may be hard to automate.
 - In most cases, these are processes that you should probably consider outsourcing to another company that specializes in doing this type of process.
- ◆ Upper Right
 - high value and complex processes
 - They often involve human expertise- processes like new product design or negotiating partnerships- and are hard to automate.



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A Case Study: Boeing's GMS Division

- ◆ a group within Boeing's Air Force Systems business segment which, in turn, is a part of Boeing's Integrated Defense Systems (IDS) organization
- ◆ the C-17 Globemaster III Cargo Plane
 - primary customer of Boeing GMS is the U.S. Air Force
- ◆ The program employs over 7,000 people distributed between facilities located at Long Beach, California; Macon, Georgia; Seattle, Washington; and St. Louis, Missouri

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A Case Study: Boeing's GMS Division

- ◆ Senior Management's Commitment

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Senior Management's Commitment

- ◆ Senior management commitment happened at Boeing GMS because the company does most of its work for a single client, the U.S. Air Force
- ◆ The program was over budget and behind schedule, and the Air Force was threatening to stop purchasing aircraft.
- ◆ This threat focused senior management on the need to alter significantly the way the C-17 program was managing its business
- ◆ In essence, the C-17 program, and, later, all of Boeing GMS, committed itself to implementing a management framework based on the Malcolm Baldrige National Quality Award criteria, which emphasizes six areas
 - leadership, strategic planning, customer focus, information management, human resources focus, and the management and integration of processes, in addition to results

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A Case Study: Boeing's GMS Division

- ◆ Senior Management's Commitment
- ◆ Starting with a Vision and a Plan

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Starting with a Vision and a Plan

- ◆ Integral to the C-17 program's successful deployment of not only the PBM approach but the overall implementation of the Malcolm Baldrige criteria was the implementation of a vision that focused on improving performance and quality as well as on customer satisfaction.
- ◆ Interest to BPR and then started BPM
Process-Based Management (PBM) is a management approach that defines an organization as a collection of processes focused on customer satisfaction and waste reduction by defining measures, and stabilizing and improving processes

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Characteristics of a process-based organization

- ◆ Views business as a collection of processes
- ◆ Uses strategic plans to drive processes
- ◆ Understands the precise relationship between processes and key business results and goals
- ◆ Focuses on key customer-driven processes
- ◆ Uses work teams to implement processes
- ◆ Uses process reports to determine the health of processes
- ◆ Manages by data
- ◆ Has the patience to work via processes
- ◆ Emphasizes sustainable improvements
- ◆ Demands improvement in processes across the entire business
- ◆ Integrates processes with other initiatives
- ◆ Uses common processes and standardization whenever possible

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A Case Study: Boeing's GMS Division

- ◆ Senior Management's Commitment
- ◆ Starting with a Vision and a Plan
- ◆ Modeling the Company and Its Processes

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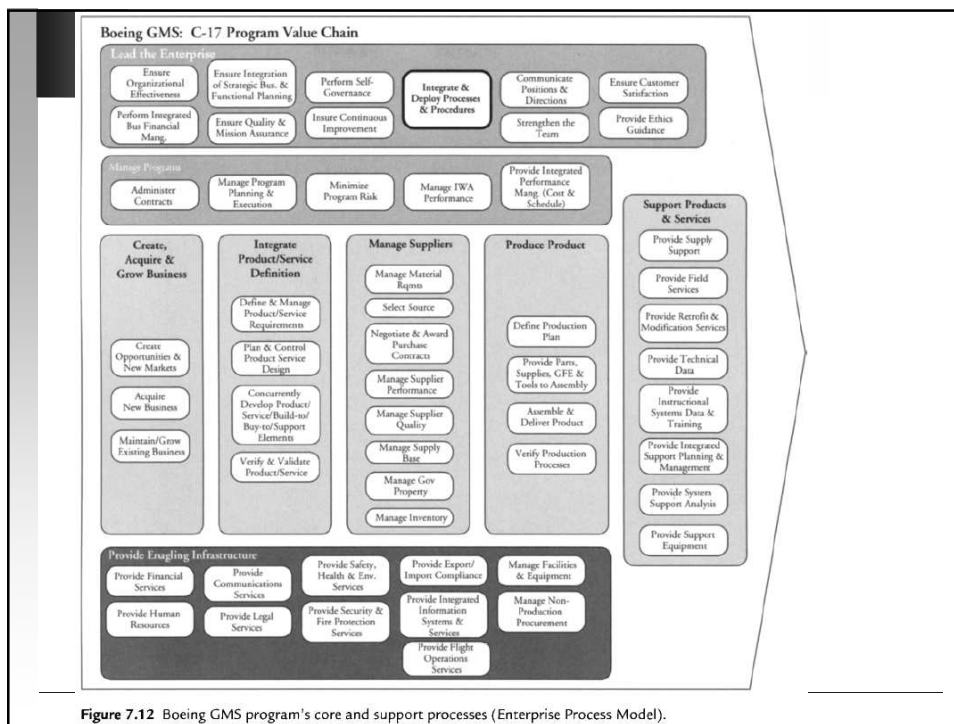


Figure 7.12 Boeing GMS program's core and support processes (Enterprise Process Model).

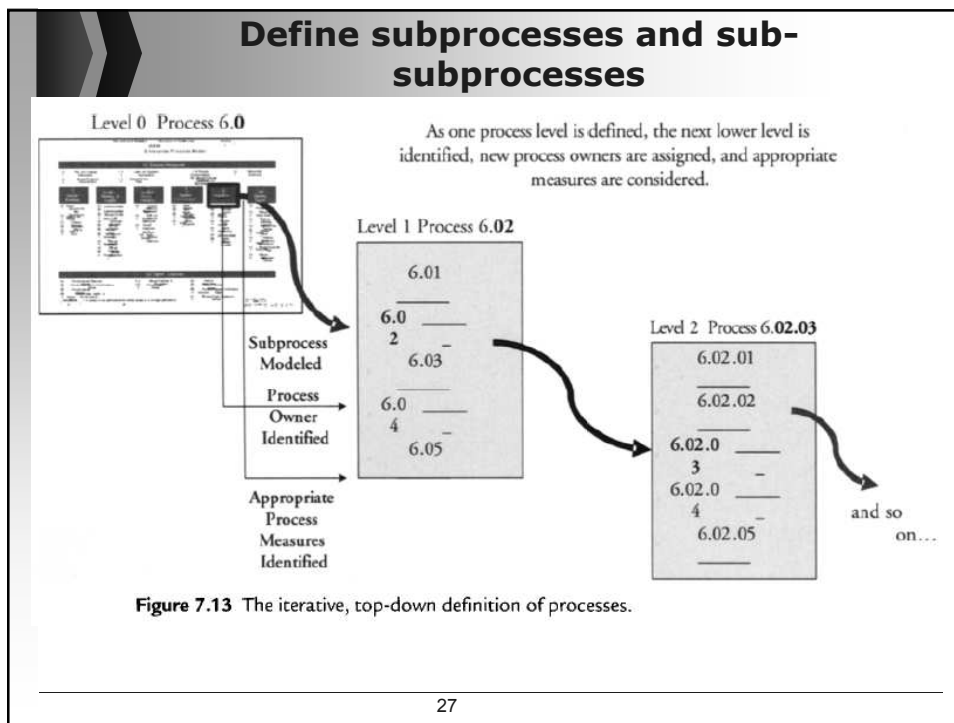
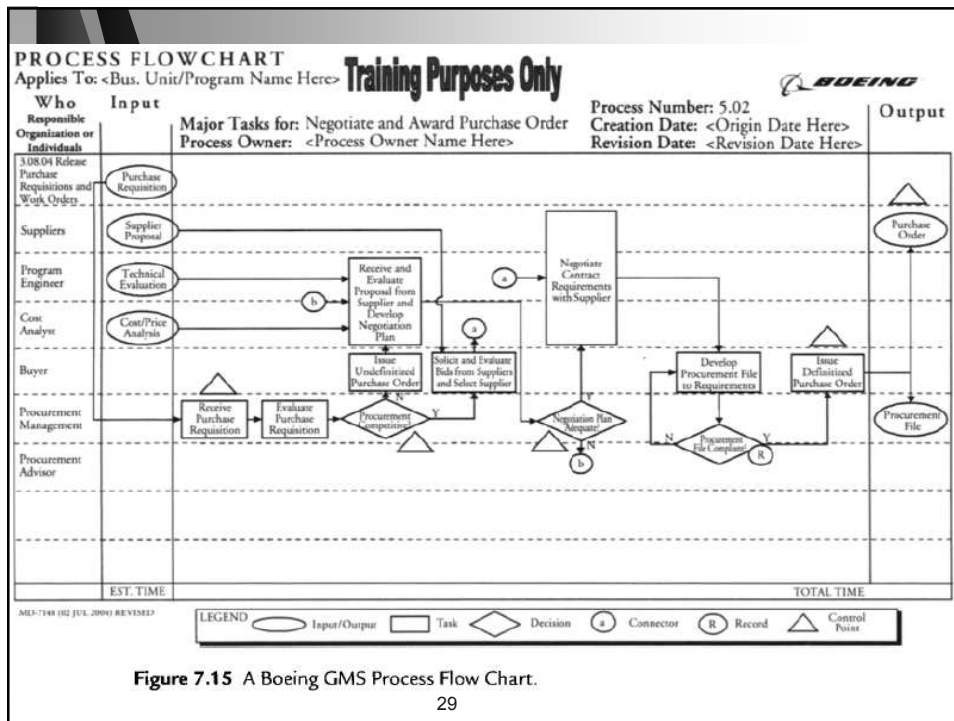
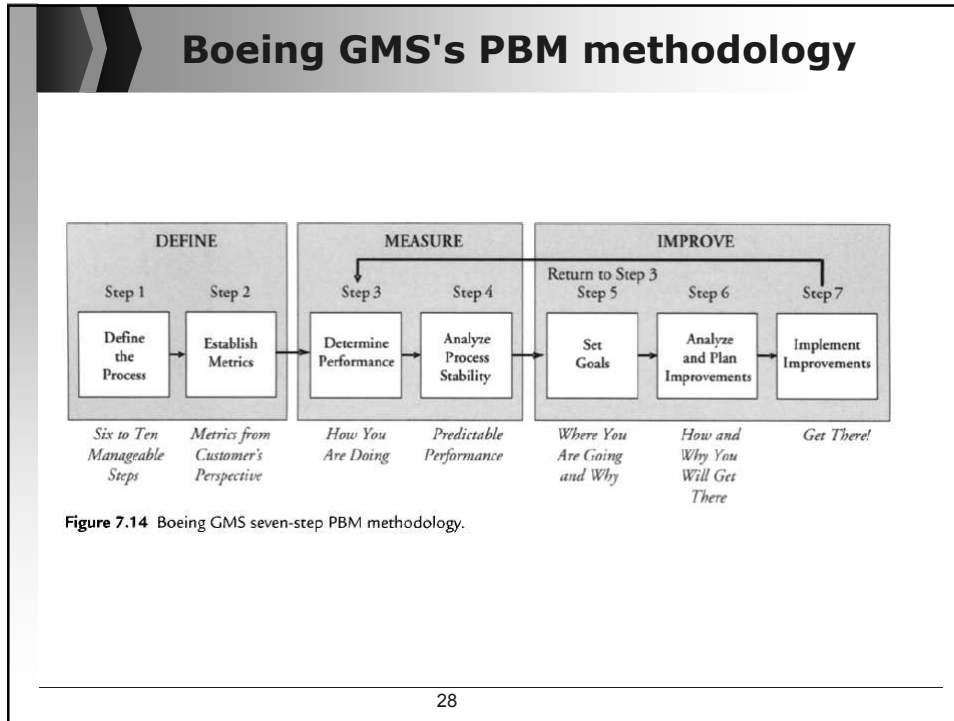


Figure 7.13 The iterative, top-down definition of processes.



Process Owner

- ◆ The owner is familiar with the working of the process and is responsible for the planning, modeling, measurement, and improvement of the process if it is determined that the process should progress to the measurement step.
- ◆ When an individual becomes a process owner, he or she is provided with eight hours of training in process management and a set of tools to help perform the job.
- ◆ If it is determined that the process will go beyond definition into measurement, the owner is also responsible for negotiating an agreement with the customer of the process to assure that the customer concurs with the output of the process.

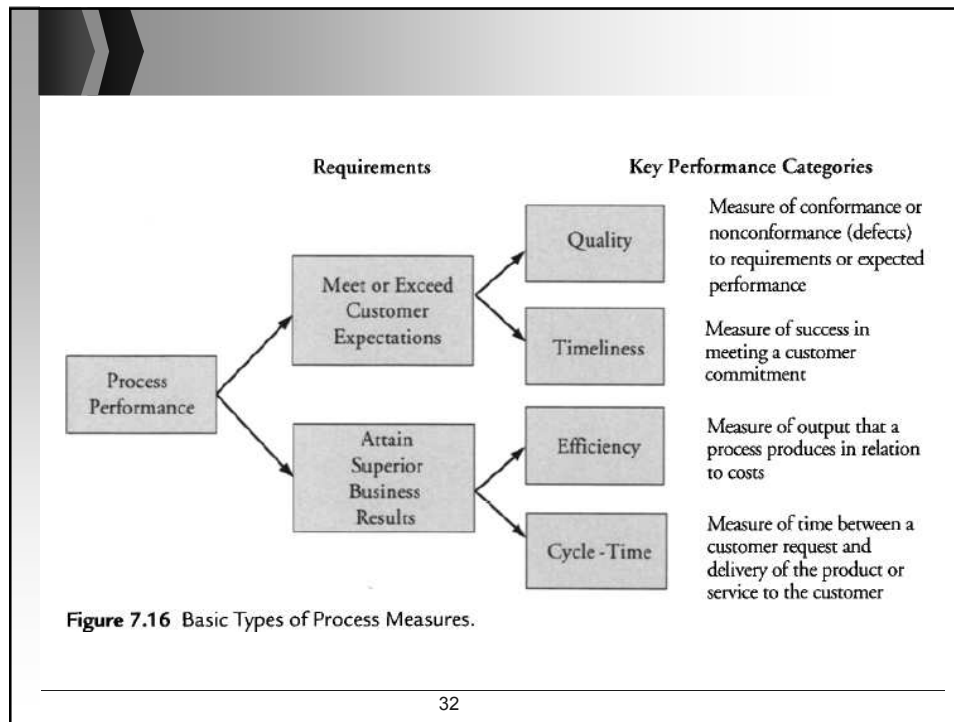
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A Case Study: Boeing's GMS Division

- ◆ Senior Management's Commitment
- ◆ Starting with a Vision and a Plan
- ◆ Modeling the Company and Its Processes
- ◆ Defining Process Measures

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A Case Study: Boeing's GMS Division

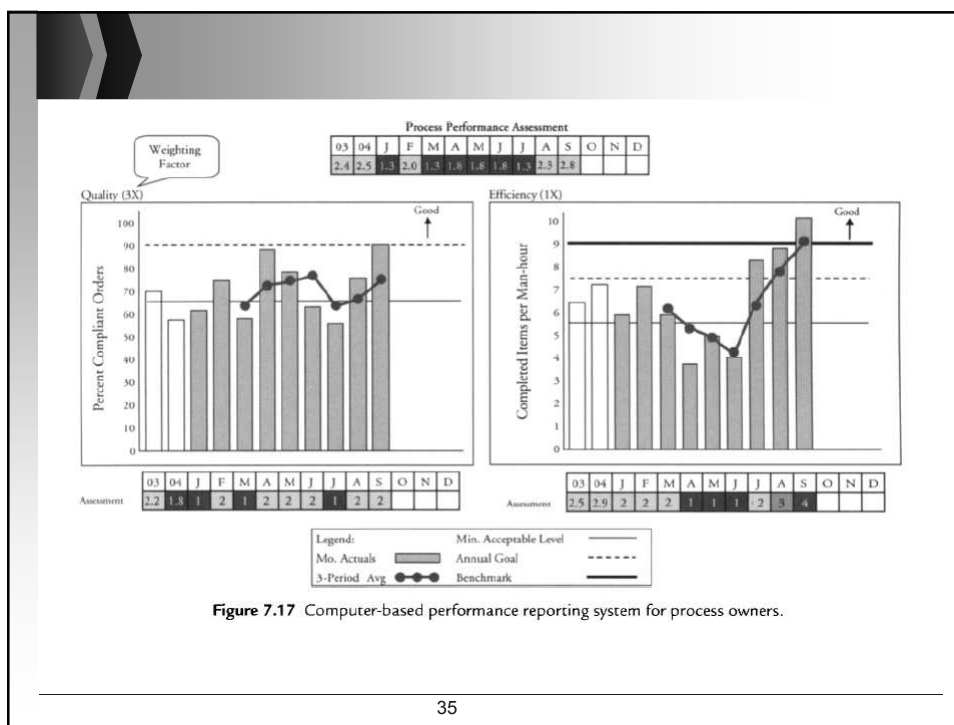
- ◆ Senior Management's Commitment
- ◆ Starting with a Vision and a Plan
- ◆ Modeling the Company and Its Processes
- ◆ Defining Process Measures
- ◆ The Boeing GMS Process-Based Management System (PBMS)

The Boeing GMS Process-Based Management System

- ◆ Boeing GMS's Information Technology group (a functional unit, not a process) created and maintains the Process-Based Management System (PBMS).
- ◆ PBMS is a set of software tools and a repository that helps process owners document processes and measures, that gathers and summarizes process performance data, and that stores all process information.
- ◆ PBMS is available to every process owner.

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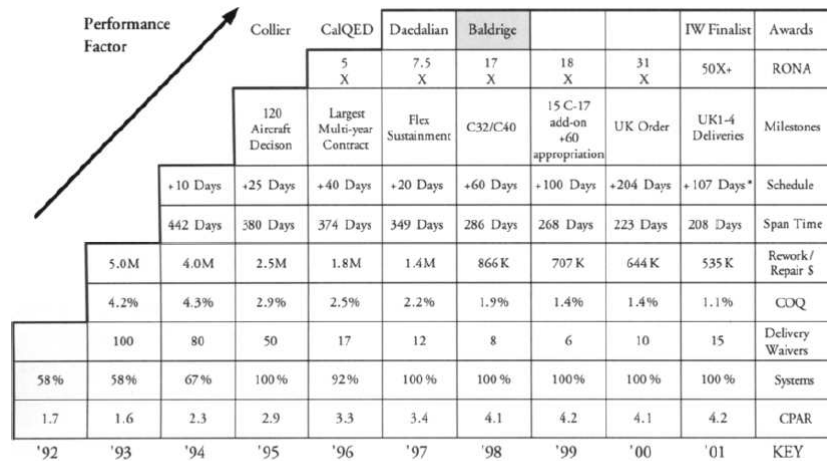
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A Case Study: Boeing's GMS Division

- ◆ Senior Management's Commitment
- ◆ Starting with a Vision and a Plan
- ◆ Modeling the Company and Its Processes
- ◆ Defining Process Measures
- ◆ The Boeing GMS Process-Based Management System (PBMS)
- ◆ PBM, Process Redesign, Six Sigma, Lean, and Balanced Scorecard
- ◆ The Success of the Transition to Process-Based Management



*Days ahead of schedule to USAF decreased due to an insertion of four UK planes into the 2001 schedule

Figure 7.18 Boeing GMS achievements from 1996 to 2005.



Questions?