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Detect And Eliminate Common BPM Budget Busters

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We want to help you minimize $ or risks

1 Think like a CFO to keep your BPM initiative off the chopping block

2 Proactively detect and eliminate BPM project budget busters

3 Adopt a lean mindset and lean tools to meet growing demand for BPM

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Agenda

- **Avoid the hatchet-wielding CFO**

- Audit BPM roles and responsibilities

- Break consensus log jams

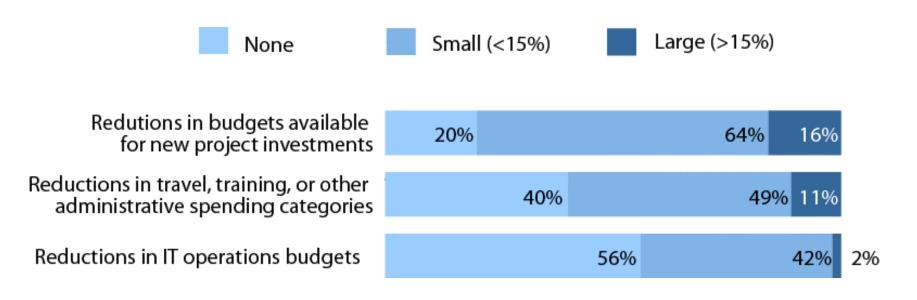- Embrace agile or perish

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64% of CFO's expect major cutbacks in capital spending. *

CFO Quarterly Outlook Survey,
Financial Executives International and Baruch College, The City University of New York March 2009
http://www.baruch.cuny.edu/cfosurvey/documents/CFOQuarterlyOutlookReport-March2009.pdf

Expect cutbacks for new projects, travel, and IT operations.

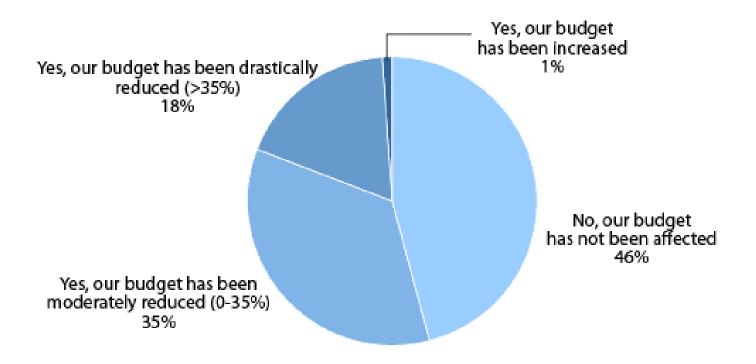What type of contingency plans are you making? (check all that apply)

| | None | Small (<15%) | Large (>15%) |

	None	Small (<15%)	Large (>15%)
Redutions in budgets available for new project investments	20%	64%	16%
Reductions in travel, training, or other administrative spending categories	40%	49%	11%
Reductions in IT operations budgets	56%	42%	2%

N=45

Source: October 2008 Global Economic Downturn Online Survey

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Majority of BPM projects facing budgets cuts.

"Has the current economic downturn affected your organization's BPM budget?"

Yes, our budget
has been increased
1%

Yes, our budget has been drastically
reduced (>35%)
18%

No, our budget
has not been affected
46%

Yes, our budget has been
moderately reduced (0-35%)
35%

Base: 95 IT decision makers
Source: April 2009 Lean BPM Trends Online Survey

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The silver lining: CFO's have a passion for process.

Wordle for Financial Executives International Publication Titles (created with Many Eyes)
http://manyeyes.alphaworks.ibm.com/manyeyes/visualizations/new-wordle-for-hearings-data

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Lean BPM Trends

1. BPM-as-a-Service

2. Platform Convergence

3. Lightweight BPM

4. Solution Frameworks

5. BPM Center of Excellence

BUSINESS ECOLOGY INITIATIVE

Business ecology is about minimizing waste streams...

...minimizing waste streams to the environment and to the _business_*

From Object Management Group (OMG) Business Ecology Initiative

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BPM leaders must detect and eliminate common budget busters.

Consensus Log Jams

Skills Mismatch

Waterfall Mindset

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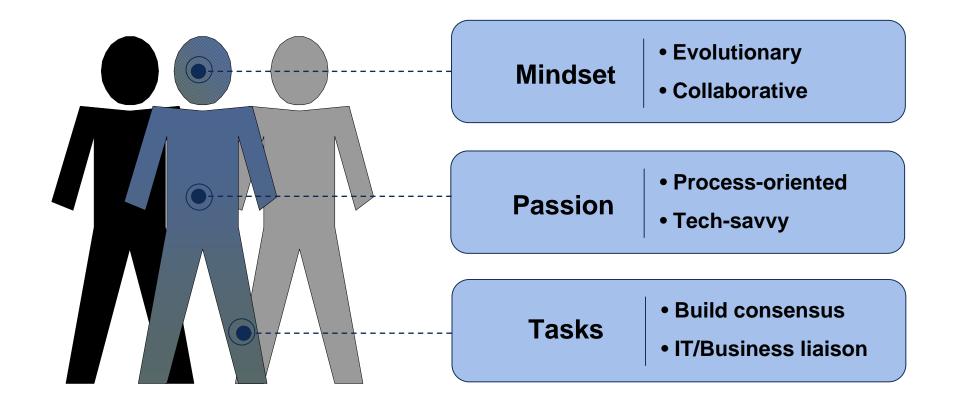
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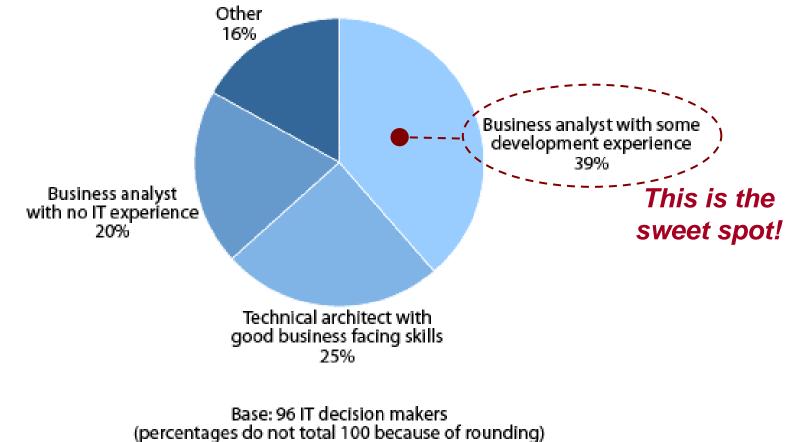Proper role alignment will save you down the road.

Put the right <u>process analyst</u> in charge to prevent bloated requirements.

Mindset	• Evolutionary • Collaborative
Passion	• Process-oriented • Tech-savvy
Tasks	• Build consensus • IT/Business liaison

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Process analysts must bridge the divide between the business and IT

"What is the background of the person leading process discovery?"

Other
16%

Business analyst with some development experience
39%

This is the sweet spot!

Business analyst with no IT experience
20%

Technical architect with good business facing skills
25%

Base: 96 IT decision makers
(percentages do not total 100 because of rounding)
Source: April 2009 Lean BPM Trends Online Survey

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Good process analysts fit the mold of business technology analysts.

	Business technology analysts	Business architects	Business-oriented business analysts	IT-oriented business analysts
Responsibilities	Measuring and improving business operations by implementing changes in the software that automates them	Ensuring the correspondence of business architecture and IT architecture by facilitating communication across initiatives	Measuring and improving business operations	Defining business requirements and helping translate them into software specifications
Skills	Familiarity with a particular business function Familiarity with technologies for building dynamic business applications	In-depth understanding of the past, present, and future states of both the business and IT, as well as their intersection points	Familiarity with business functions Familiarity with analytical techniques and frameworks	Familiarity with IT domains Familiarity with business needs Soft skills in areas like communication, facilitation, etc.
Common prior experiences	Primarily business-oriented business analysts, but some IT-oriented business analysts	Enterprise architects, senior IT professionals, individuals with deep backgrounds in the business and in IT	Tech-friendly individual contributors in functions or lines of business	Power users, project managers, call center staff, testers, and business-savvy developers
Population	Dozens per enterprise, with loose organizational structure to permit wide and deep engagement	Several per division or for the entire enterprise	Between one and 10 per line of business or function, depending on the size of the organization	Roughly 20% of the total staff for a typical IT initiative

April 2008 **"The New Business Analyst"**

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Case study: Proper BPM role alignment

Sector: telecommunications

Size: $10 billion market cap

Goal: five-year plan to move to process-centric operations

Before	After
▪ Process discovery lead by business-oriented business analyst. ▪ Minimal collaboration between development and business teams during discovery and development. ▪ Over 4 months spent on discovery, with significant confusion during development.	▪ Process discovery lead by process-oriented business analyst. ▪ Tight collaboration between business and development teams throughout all phases of BPM implementation ▪ Reduced discovery time to 6 weeks per project.

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Consensus log jams lead to bloated time lines and budgets.

Top three consensus building techniques

1. Put process discovery on the clock to keep everyone focused

2. Build conference room pilots that accelerate buy-in and adoption

3. Prioritize what matters the most

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1. Time-box process discovery to force rapid consensus

Poor collaboration and competing agendas blow up process discovery efforts.

Realize that only 20% of features are always or often used. *

Time-boxed discovery forces stakeholders to agree on most critical improvements

* Craig Larman, *Agile and Iterative Development: A Manager's Guide*, Addison Wesley Professional (2004)
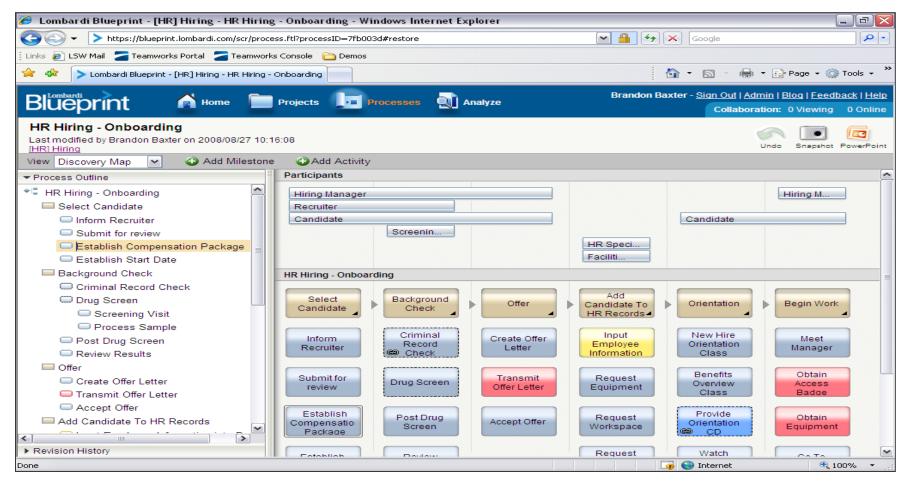
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OMG standards support rapid consensus

- Business Process Maturity Model (BPMM)

  – Framework drives teams to stay focused on continual process improvement

  – Eliminates "process anxiety"

- Business Process Modeling Notation

  – Minimize process confusion – "we all speak the same language"

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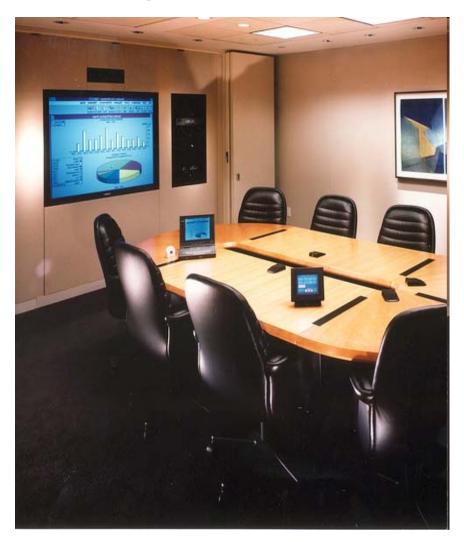# Collaborative process wikis accelerate process discovery

February 2009 **"Vendor Snapshot: Lombardi Blueprint Bridges Gap Between Process Discovery and Execution"**

2. Deploy conference room pilots early and often during process discovery

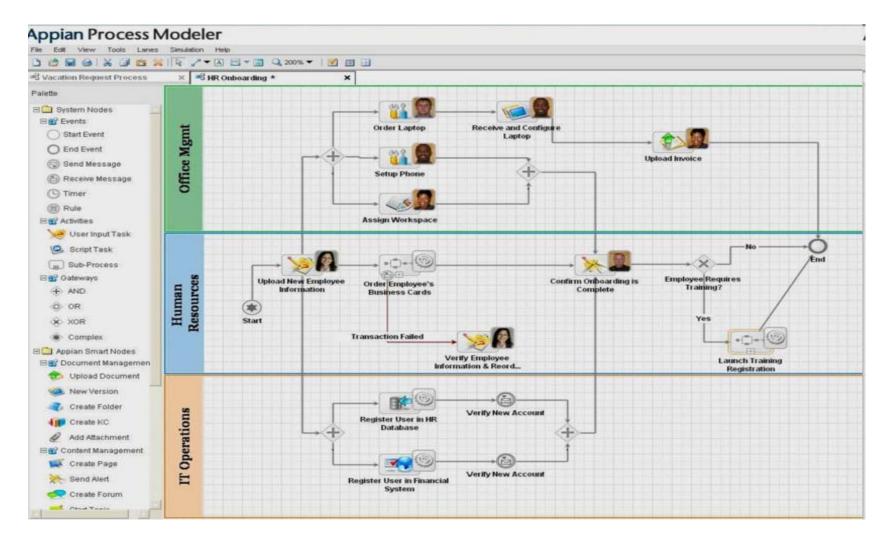**Most stakeholders won't read thick process requirements docs.**

Build simple executable models to validate basic process flow.

Mock up forms to validate required data and process variables.

http://www.flickr.com/photos/8369298@N03/504674955/

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Business stakeholders "get" BPM when they see it in action.

3. Prioritize most valuable process features and requirements to gain momentum

- Conduct feature prioritization session with business and technical teams to identify which features are critical and which features are "nice to haves"

- Prioritization should be led and driven by the business

- Assign each feature a priority on a scale of 1 to 5, with 1 being "nice to have" and 5 being "must have"

- Set business at ease by explaining that the intent is to develop all features

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Feature prioritization forces teams to focus on driving business value

Define process features

Link to requirements

Prioritize features

ID	Feature	Source/ Requirment #	Category	Priority	Complexity
1	Automatically route the completed e-Employment Survey to the assigned Survey Clerk for review	1	Process Automation	4	M
2	Send an e-mail notification to the employer, notifiying him/her that a help request response is waiting	1	Process Automation	5	M
3	Escalate process based on key rules maintained in external rules database	1	Business Rules	5	M
4	Allow the Survey Clerk to reject the employer's e-Employment Survey (indicating that data has not been approved)	2	Process Automation	5	L
5	Allow employer to view notes provided by Survey Clerk regarding which sections need to be addressed in order for e-Employment Survey to be accepted	2	User Interface	5	H
6	Automatically update AS400 when employer's survey data has been accepted.	2	Process Automation	5	H
7	Allow employer to re-submit their e-Employment Survey for review by the assigned Survey Clerk	3	Process Automation	5	L
8	Escalate process to Survey Supervisor if Survey Clerk does not process survey within 2 business days.	3	Process Automation	5	M
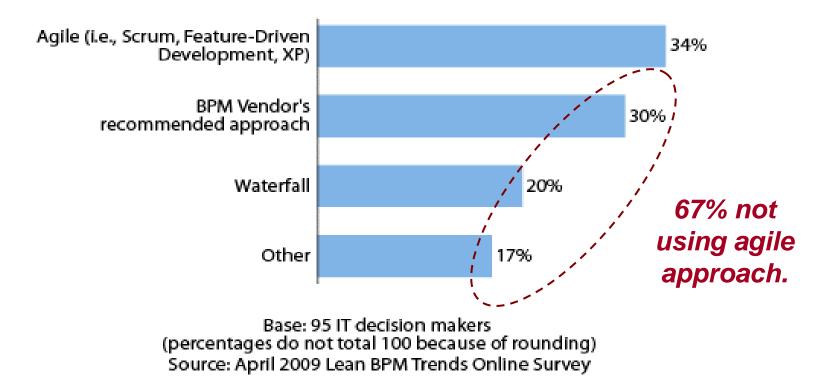
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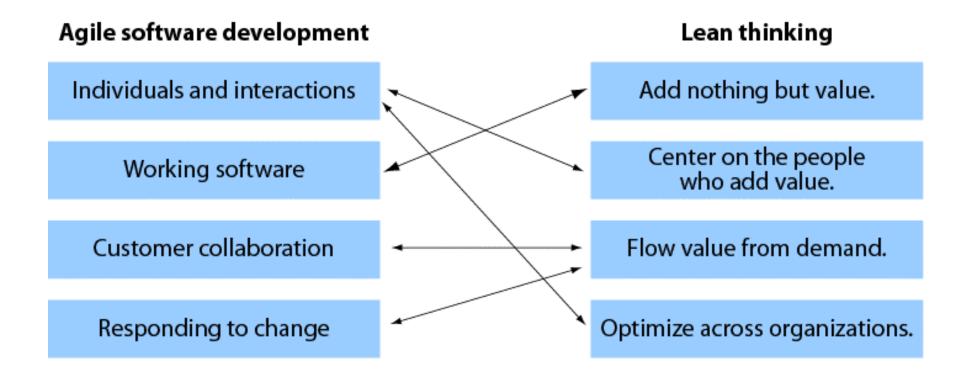
BPM leaders adopting agile – but not fast enough.

"Which implementation methodology have you standardized on for developing and delivering BPM solutions?"

- Agile (i.e., Scrum, Feature-Driven Development, XP) — 34%
- BPM Vendor's recommended approach — 30%
- Waterfall — 20%
- Other — 17%

67% not using agile approach.

Base: 95 IT decision makers
(percentages do not total 100 because of rounding)
Source: April 2009 Lean BPM Trends Online Survey

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Embrace key principles of lean thinking.

Agile software development	Lean thinking
Individuals and interactions	Add nothing but value.
Working software	Center on the people who add value.
Customer collaboration	Flow value from demand.
Responding to change	Optimize across organizations.
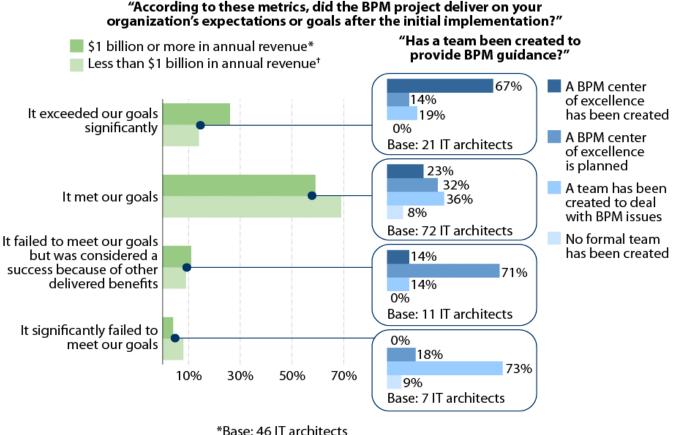
December 2008 **"Make Agile Lean To Boost Business Impact"**

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BPM center of excellence models consolidate governance and reduce duplication.

"According to these metrics, did the BPM project deliver on your organization's expectations or goals after the initial implementation?"

■ $1 billion or more in annual revenue*
■ Less than $1 billion in annual revenue†

"Has a team been created to provide BPM guidance?"

It exceeded our goals significantly
- 67%
- 14%
- 19%
- 0%
- Base: 21 IT architects

It met our goals
- 23%
- 32%
- 36%
- 8%
- Base: 72 IT architects

It failed to meet our goals but was considered a success because of other delivered benefits
- 14%
- 71%
- 14%
- 0%
- Base: 11 IT architects

It significantly failed to meet our goals
- 0%
- 18%
- 73%
- 9%
- Base: 7 IT architects

■ A BPM center of excellence has been created
■ A BPM center of excellence is planned
■ A team has been created to deal with BPM issues
■ No formal team has been created

10%   30%   50%   70%

*Base: 46 IT architects
†Base: 65 IT architects
(percentages may not total 100 because of rounding)

Source: October 2007 US And UK Enterprise Architecture And Business Process Management Online Survey

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A game plan for you to consider

The next 90 days

- Audit BPM roles to ensure proper alignment

- Time-box process discovery to focus on what matters

- Integrate some agile approaches into BPM delivery

Longer term

- Promote BPM leaders that have a passion for process.

- Measure value derived from process features.

- Move completely to agile for BPM delivery.

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If you remember nothing else . . .

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Thank you

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Upcoming Forrester Events:

Forrester's Business Technology Forum 2009
Becoming Lean: There Is No Other Option
October 8–9, 2009 • Marriott Downtown Chicago Magnificent Mile • Chicago, Ill.

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