VisionWaves: Aligning Business Process Management and Performance Management to Achieve Business (Process) Excellence

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Abstract. Today's economic climate means businesses need to be as effective and efficient as possible, and to make the smartest possible decisions. The way to achieve this is by integrating Performance Management (PM) and Business Process Management (BPM) – a combination that is a prerequisite of Intelligent Business Operations. BPM on its own is not enough, omitting the context of processes. By adding PM you can achieve closed loop performance management, where metrics are compared with business objectives and the results fed back to improve processes and decisions. VisionWaves brings a business model driven approach to the table coping with these requirements and allowing Visual and Connected Management. Client experience confirms that PM and BPM are far more powerful when integrated together than individually.

1 Gaining competitive advantage through better processes and decisions and the limits of BPM

Given the economic and institutional crises in our globalized economy, the way to compete is to run your business with maximum efficiency and effectiveness, and to make the smartest possible decisions. One of the approaches is to focus on "the integrated business processes and capabilities that together serve customers in ways that are differentiated from competitors and that create the organization's formula for business success" [1]. Does BPM on its own deliver this right kind of efficiency? Does the balance between efficiency and agility meet business needs? Is the level of intimacy appropriate for every customer? Let's look at some examples:

- A customer delivery process can be very efficient (for example, following a Lean program) – in fact, it may not contain any idle time at all. But efficiency is not always matched with effectiveness. For example, it may be that because of marketing campaigns in some regions, there are configuration problems and stock breakdowns.
- By definition, agility can necessitate some inefficiencies. You need more than minimal stock levels to keep a manufacturing conveyor belt running; similarly, economic growth arguably requires some level of frictional unemployment.
- A call center representative may be confronted with a demanding customer, and be forced to decide whether to prioritize overall efficiency or service to this one customer. Does the agent mark the customer as a lead, get off the

phone, and move on to the next customer, or continue the conversation with this customer and let others wait? An optimized process won't help the agent decide, unless the process also provides information about the individual customer's value to the business.

2 Combining BPM and PM

To yield the desired competitive advantage, structured interoperability is required across the organization's entire BPM, PM and application environments. This interoperability must be business-driven, which means that the initiative needs to start from a broader context than the processes themselves: that of the business architecture, business model, or value chain.

The alignment of BPM and PM can be seen from two main perspectives:

- Injecting PM into business processes to improve decision-making – i.e. taking an inside-out view of the of the decision
- Closed loop performance management – i.e. taking an outside-in view of the decision

2.1 Injecting PM into business processes to improve decision-making

Business rules are often used to inject PM into BPM and hence provide decision support. This is a valid approach that makes processes more flexible, offers additional analytic capabilities, and hides much of the complexity that is typical of PM.

However, rules engines alone are not enough. They cannot cope with the typical scenario of proliferating business models, products, services, channels, customer segments, and value expectations from different stakeholders. Nor do they provide the vital ability to understand changing environments and respond to that understanding, especially when we look at changing sets of goals.

By combining PM with the rule-based approach associated with BPM, you can monitor the decision-making process from an analytical perspective and adapt readily to changing goals. Errors in business rules will be detected sooner, and rules can be changed as necessary, either automatically or manually.

2.2 Closed loop performance management

Most BPM initiatives capture metrics to assess the efficiency of a process. A few initiatives have shown, though, that more can be done by setting process metrics in the broader context of a value chain or a business model. It then becomes possible to understand the impact of a given process on the overall performance of the business: either on its overall strategic objectives or a specific business campaign. That understanding can lead to better decision-making at an organizational level.

The results of performance monitoring become even more valuable if they are used to adjust business processes and objectives. This closed loop performance management often involves human intervention to improve the way decisions are

made – for example, the call center agent might be instructed to look at a metric of the customer's value to the company before deciding how long to spend on the call.

3 The VisionWaves proposition

VisionWaves brings a business model driven approach to the table coping with these requirements and allowing visual and connected management.

3.1 Visual Management

Fig. 1. Example of an implemented instance of a business model.

Core to the offering is the VisionWaves business model methodology that delivers a visual representation of the coherence and dependencies between the constituents of the business through depicting an easy to understand business model or value creation model. This visual insight that is missing in most alternatives is one of the key differentiators of VisionWaves within the enterprise performance management market. Furthermore this business model is dynamic meaning that it is context aware and is capable to continuously interact with its environment and its users.

3.2 Connected Management

VisionWaves delivers full visibility of value creation, performance, processes and risks in integrated, strategically aligned and actionable management cockpits that are role based and that are generated and maintained by the intelligent framework itself. Based on the same underlying data everybody will get a role based portal that reflects actual, executable, connected, and integrated data.

3.3 Model Driven Application Framework

VisionWaves starts with the representation of the 'business model' including customer value, the different distribution channels through which this value is delivered, products, services, processes, organization, roles, suppliers, contracts and risks. This meta-model is stored into an object repository and therefore delivers a model-driven object model.

Next step is the connection of 'meta' performance indicators to the elements of the meta-model that are also stored in the same object repository.

Furthermore to feed real data into the object repository a meta-data model is configured as well as the (meta) description of how these data are loaded into the same object repository.

Finally even the presentation layer (dashboards, cockpits) is created and maintained by the framework.

Perhaps the biggest contribution of this model driven application framework is the way it handles changes. When there is a change in the external environment or internal context management objectives, controls and of course reporting has to be realigned. In this model driven approach this can be done by reconfiguring the models or any of the model components in real-time, followed by the immediate adaptation of all related cockpits, dashboards, and reports.

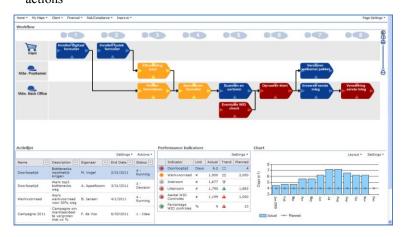## 4   Client case study: Bank achieves Operational Intelligence by combining BPM and PM

4.1 Situation after BPM-only

Previous BPM initiatives resulted in leaner operations and well-documented processes, but essential business elements were still missing. For example:
- The impact of the change on business results or business value was not clear
- There was a lack of information to support senior management decisions, and the impact of those decisions on operational execution was hard to establish
- There was not enough information about current processes for the COO to know whether a proposed action, such as a new market campaign, was viable in a particular region
- Performance at each level of the management hierarchy (COO, value chain owner, process owner, team owner) was measured, but it was not possible to see how one level impacted another

4.2 Results after implementing VisionWaves

- All management levels, from COO to operational team leaders, now have performance information about processes, customers, finance and capabilities to support their decisions
- The impact of performance at one level on another level can be seen, and there is a daily "performance dialogue" between all hierarchical levels
- This makes it possible to work together to achieve corporate objectives
- A range of information to support business campaigns is now available – it is easy to assess whether they are viable, and then measure their impact
- Through appropriate use of performance feedback, the bank has closed the loop between initiating actions, monitoring performance and taking new actions

Fig. 2. Example of a Process Manager Cockpit.

5 Conclusion

Combining BPM and PM allows management and staff to make better and timelier decisions and the organization becomes more efficient and effective. This will help achieving business (process) excellence and is a crucial step for any enterprise with its sights set on Operational Intelligence or Intelligent Business Operations.

References

1. Thomas H. Davenport, Jeanne G. Harris, Competing on Analytics, (Harvard Business School Press, 2007), p. 187