BPM Selection & Implementation:
The Recipe for Success

In 2002, our CEO (Ken Cowman) wrote his first article on the topic of Business Process Management and Automation for a Rogers Media Publication. At the time of writing "BPM Primer," there were very few ERP organizations that were offering BPM solutions that worked with, let alone were integrated to, their ERP solutions. In today's ERP market, you would have a tough time finding one that has not either: developed their own application; acquired a workflow / process automation tool; or, has a 'certified partner' with an integrated process automation application. The ERP organizations now market their solutions with what they term as 'best of breed' sets of workflow automation.

That's one of the problems! *It is the ERP organization's concept* of 'best of breed.' This raises some questions and the potential for an organization to be one of contributors to the 75% failure rate of ERP projects and / or Continuous Improvement initiatives.

Question 1: Are the processes based on your specific business vertical and size of organization?

Question 2: If you need to change an automated process, who makes the change?

Question 3: When the ERP solution is upgraded from version to version, what's the impact / cost of upgrading the automated processes that have been modified?

Emercomm Business Consultants Inc. has extensive experience in 'rescuing' ERP and BPM projects. When looking at the root cause of the fire-fighting we have had with clients, and having to manage larger projects to minimize backlash, we can say with certainty that the problem in the 1980's is the same one we have today: ERP sales teams are compensated on getting the deal, not on customer satisfaction.

Do you think this also extends to the functionality of the business process solution?

The following section is a high-level process that we recommend following if your organization wants to get maximum benefit from implementing process automation while minimizing the risks associated with this type of solution.

Note: In this document we use the terms "e*ducation" and "training"* in specific situations.

Education: Is learning the methods that provide the basis for value-adding suggestions or identifying problems. It provides the ability for people involved in these projects to unlock their hidden talent for process re-engineering and continuous improvement.

- When sourcing an educator, look for someone that has experience in delivering adult education.

Training: Is the process of learning skills you need to be able to execute an activity or your role within the business.

Before Automation

If you can execute the following steps before you purchase a new ERP solution, it will be even better. However, if you have an ERP solution and you want to properly implement process automation to achieve maximum impact, there are some steps you do not want to miss.

Model the current processes from end to end at a very high level (business forecast to closing financial periods). Don't forget to include administrative processes.

- First, provide education to those people you select as Subject Matter Experts (SMEs). They need to understand:
    - o The definition of setup and use of a process model.
    - o The types of waste and how to measure it.
    - o Risk management identification and impact potential.
- Then create a macro-level model including:
    - o Forecasting to customer order.
    - o Customer orders through planning resources and launching production or service orders.
    - o Management of in-process operations through to operational close.
    - o Procurement planning through payables and cost closure.
    - o Invoicing customers through cash receipts.
    - o All financial period closure and administrative processes.
    - o In every area, document regulatory requirements.
    - o In every area, document quality management information and metrics.
    - o In every area, document the types of collaboration that is required with other areas of the business. E.g., When do sales need to include finance when creating a quotation for a new, prospective customer?
- If you have multiple business verticals, model each one separately.

Provide conceptual methodology education to the SMEs

- There are over thirty methods that can be used to reduce wasted time, human effort, and cost. Most organizations need less than half to be effective.
- Teach the SMEs about risk factors and how to quantify them. There are several that every organization will need to deal with and a few that are unique within various industries.
- Provide Organizational Change Management (OCM) overview education. Your SMEs need to understand the necessity for, and impact of, a well-planned OCM strategy and tactical process and where the SMEs fit into the plans.

Provide conceptual methodology education to the Senior Management Team (SMT).

- There are several methods that are used at the SMT level which will have an impact on, or be impacted by, the methods used by the SMEs.

- Teach the SMT about risk factors and how to quantify them. The SMT will provide guidance on the application of risk factors in process modeling.

- Provide Organizational Change Management (OCM) overview education to the SMT for the same reasons that the SMEs are taught but with one critical addition. The SMT members need to speak with one voice and be seen to be actively supporting the process modeling, automation, and organizational changes.

Review and re-engineer the current process models.

The SMEs, along with a Steering Committee selected from the SMT, review the current process models with the goal of finding continuous improvement opportunities including:

- Reducing elapsed business cycle times. For example: The total time from receiving a customer's request for quotation to delivering a quality response; closing a financial period, etc.

- Reducing the human effort required to execute process stages. This is typically where your ERP, and related technologies, are going to be useful. Based on what you have learned about the ERP solution and / or other technologies, document the information required to execute the tasks and determine if there is a better technology or method of receiving the information required for the human to take action.

- Review the Knowledge Capital that should be utilized to execute each Stage of a Process to create a gap analysis of the current abilities versus 'prime' candidate abilities. This leads to additional opportunities in the continuous improvement of your personnel.

- Reducing overhead costs. Two situations to target for removal are: 1) the use of paper; and 2) the use of spreadsheets.
    - Using paper has lots of overhead costs. Think about the cost of purchasing, receiving, storing the paper and then the cost of getting it into a printer. Now think of electricity and toner costs. Then there is the impact on the environment. Think about the costs involved in recycling the paper.
    - Think about the reasons that people use spreadsheets. Now think of the time and human effort required to create and manipulate them. Then, there is the cost of maintaining them after a system upgrade. Have you ever gone into a meeting where attendees have a 'difference of opinion' based on their spreadsheet analysis which uses the same basic data? With the reporting tools available now, why wouldn't you use dashboard reports?

- Managing risk. Identify where risk situations have their genesis, rank the risk potential, and determine check-point strategies for proactive management and 'what if it happens' responses.

If you have executed these steps prior to purchasing a new ERP solution, create several demonstration scripts from the re-engineered processes for the potential ERP vendors to demonstrate to the selection team and **make sure you see the scripts demonstrated***.*

ERP & Automation

The following steps are conducted with the ERP technology and functionality in mind.

Review the 'To Be' or 'Future State' process model information requirements.

The SMEs should have, by this point, had training on the unaltered functionality of the ERP solution and any other technology that has been acquired for the purpose of implementation. They now review all the Tasks within the Stages of each re-engineered Process to determine which program within the approved technologies will be used to facilitate the execution of the Task.

- There will be Tasks that will now be automated by one of the technologies. ERP is not likely to be the only technology. Organizations are increasing the use of Robotic Process Automation (RPA), Optical Character Recognition (OCR) and various portal technologies to reduce or eliminate the tedious, time-consuming, ineffective cost of repetitive tasks that humans performed earlier. For OCM purposes, it is critical to document the situation when one of these Tasks, or Stages, within a Process are identified.

- Determine the source(s) of data required to create the information needed when a human is responsible for executing the Task. Then determine the best format for the human to use to make fast, accurate decisions.
  - If there is a current report available from the systems, is there too much information (TMI)? TMI adds time, cost, and risk to the decision-making of the human. When TMI is present, the creation of a dashboard is likely to be justified.

Compare the organization's process model to the ERP's BPM automation solution.

Determine the fit of the BPM automation solution that has been provided by the ERP solution partner to what the Project Team has determined is the prime process model for the organization. Your ERP partner should have set up a testing environment for your organization. Invest some time and cash into having a copy of your current database uploaded to the test environment.

- This will need to be done for ERP User Acceptance Testing (UAT), so this is not an added expense to the project.

Your SME team now evaluates each one of your processes against those that have been provided by the ERP partner with data that your team is familiar with. The differences between what you have determined to be the best method of process execution and what's being delivered by the ERP partner's solution is documented and evaluated.

Any changes must meet the normal decision-making criteria of cost versus return. However, change is not a one-time cost. Your ERP solution is likely to be updated at least annually (typically, semi-annually). The decision should consider the cost versus return over a five year plan.

The Last Steps

The testing continues until:

- All SMEs have signed off on their functional areas of responsibility including the resolution of any cross-functional conflicts.

- The Project Team Leadership signs off on the macro-level areas of responsibility. This includes Human Resources being satisfied with the Knowledge Capital Index being satisfactory.

- The SMT reviews and signs off on the Project Team Leaders' documentation. The SMT has also created, evaluated, and will sign off on the executive-level processes that will be automated and controlled. This includes ensuring that the lower-level processes support Continuous Improvement initiatives such as Management By Exception, Proactive Management By Metrics and the monthly S&OP meeting.

- The CEO signs off on the GO LIVE implementation plan including disaster recovery strategies.

Summary

What we have described is the methodology that has been used in dozens of projects over the past couple of decades. Think of the steps as like those of baking a cake.

- You use the recipe's recommended ingredients.
  - Education at all levels and OCM being key ingredients.

- You follow the process of mixing the ingredients in order and allowing for any curing / standing time required.
  - You do not rush the process modeling stages.

- You make sure you have the proper resources and time to bake the cake.
  - Your employees have time made available to them to concentrate on the project.

- Before adding any icing, you make sure the cake itself is of excellent quality and cool enough to work with.
  - The SME and Project Team Leadership signoffs.

- You add the icing.
    - SMT sign-off.
- You cover the finished product until it is time to serve it.
    - CEO sign-off.

Skip any step, or rush it, and the best you get is something that is not of excellent quality. At worst, you throw it out, start over again ***and become part of the 75% failure statistic***.

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