BPM 2010

Business Process Governance:
A platform to progress BPM

Hoboken, September 2010

Introduction

▸ Gaby Doebeli, Business Architect

▸ Practice Leader of BPM Centre of Excellence (CoE)

▸ BPM CoE Value Proposition:

  ▸ Build BPM capability across the business on all levels of management

  ▸ Enable the business to improve process performance by delivering: practice leadership (incl. governance, strategy, advise, coaching, mentoring and training)

Presentation Overview

▸ CONTEXT

- ▸ Organisational Environment

- ▸ BPM Environment

▸ PROBLEM STATEMENT

- ▸ Literature Review

- ▸ Research Strategy & Method

- ▸ Findings

▸ OPERATIONALISATION & CONCLUSION

- ▸ BPM Governance & Design Model
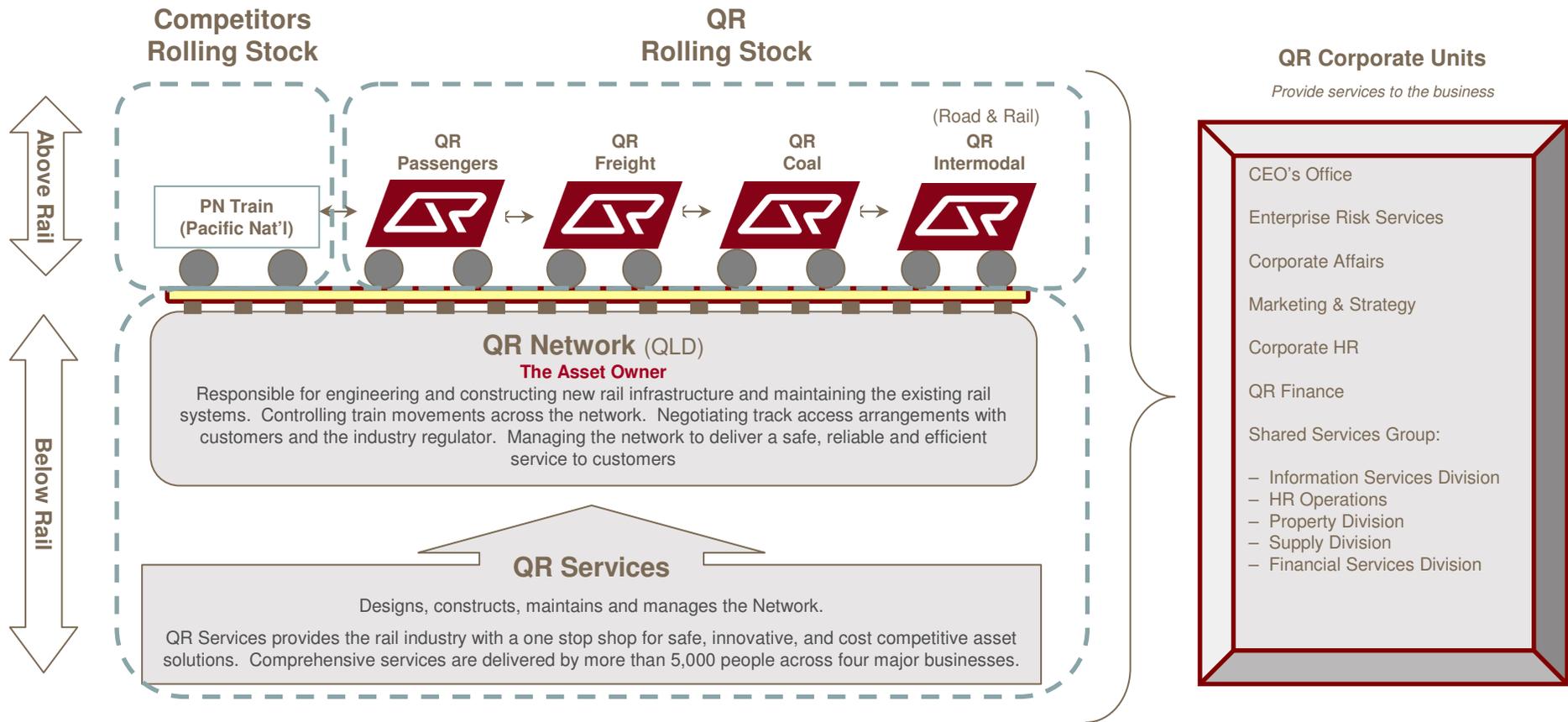
- ▸ Operationalisation of the Model

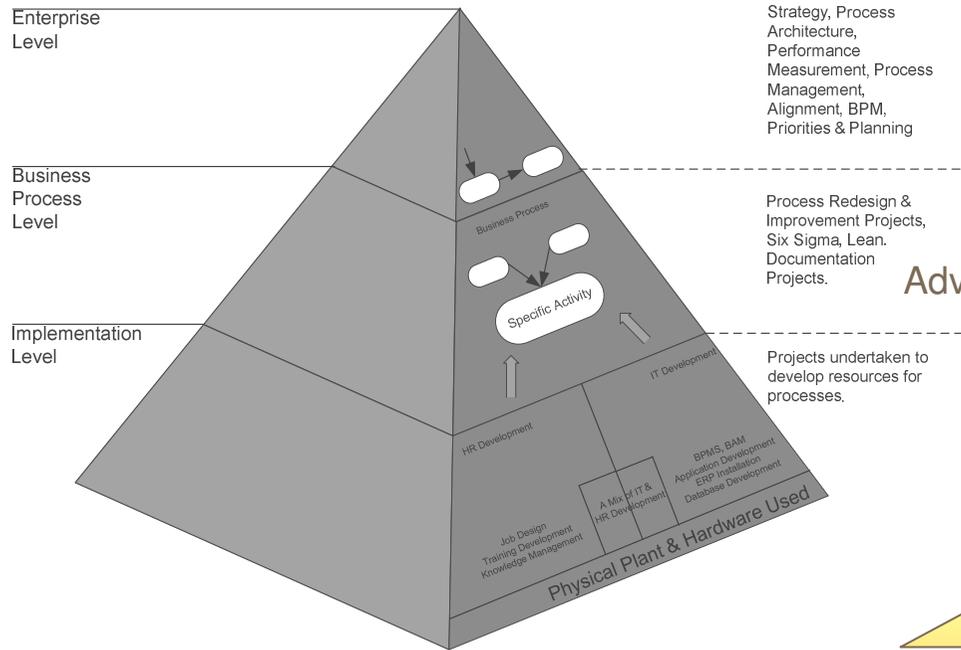- ▸ Conclusion

Context - Organisational Environment QR 1865 - 2010

▸ A government owned organisation (GOC)

▸ The largest player in the contestable bulk freight market in Australia with a 60% market share.

▸ It's Intermodal services operate across the continent from Cairns to Perth.

▸ Has moved 59million tonnes of freight (bulk, non bulk) in 2008/09.

▸ Has hauled 185million tonnes of coal in 2008/09.

▸ It owns 10,000 kilometre of network.

▸ Runs 1,000 Train Services per day.

▸ Owns 353 Train Sets

▸ Moves approx. 66 million passengers a year.
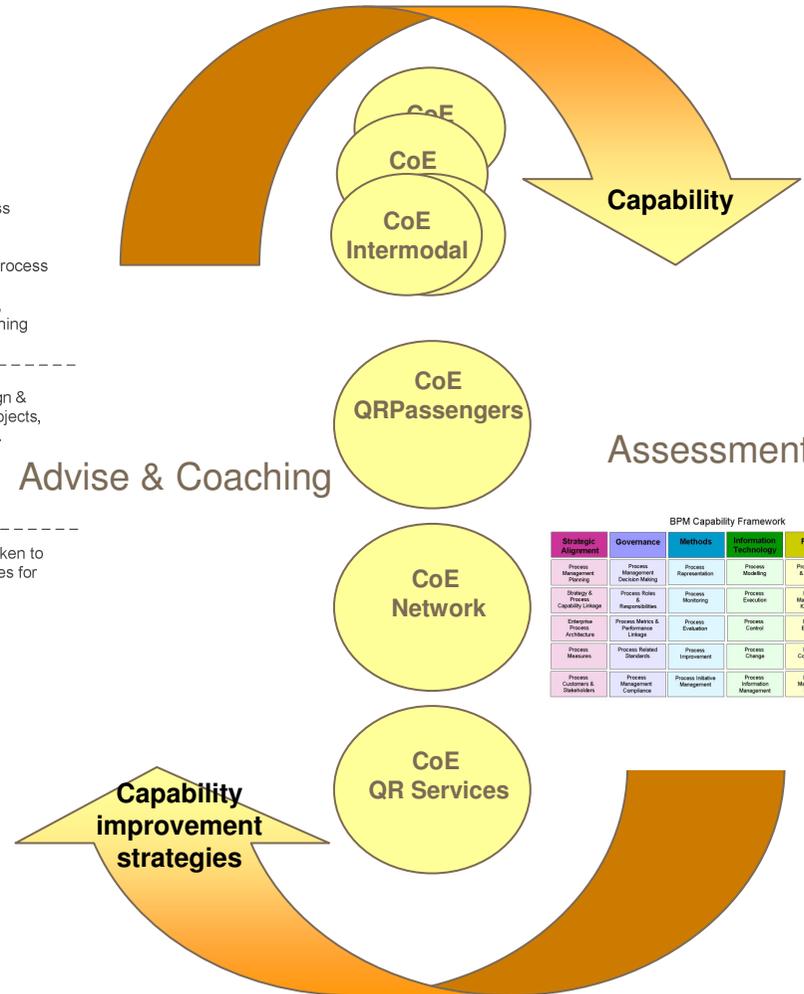
▸ 15,000 staff serve customers across the country

The QR Business Model 2008

Above Rail

Below Rail

Competitors Rolling Stock

QR Rolling Stock

QR Corporate Units

Provide services to the business

PN Train (Pacific Nat'l)

QR Passengers

QR Freight

QR Coal

(Road & Rail)
QR Intermodal

QR Network (QLD)
The Asset Owner

Responsible for engineering and constructing new rail infrastructure and maintaining the existing rail systems. Controlling train movements across the network. Negotiating track access arrangements with customers and the industry regulator. Managing the network to deliver a safe, reliable and efficient service to customers

QR Services

Designs, constructs, maintains and manages the Network.

QR Services provides the rail industry with a one stop shop for safe, innovative, and cost competitive asset solutions. Comprehensive services are delivered by more than 5,000 people across four major businesses.

CEO's Office

Enterprise Risk Services

Corporate Affairs

Marketing & Strategy

Corporate HR

QR Finance

Shared Services Group:

– Information Services Division
– HR Operations
– Property Division
– Supply Division
– Financial Services Division

BPM Environment

Enterprise
Level

Strategy, Process
Architecture,
Performance
Measurement, Process
Management,
Alignment, BPM,
Priorities & Planning

Business
Process
Level

Business Process

Process Redesign &
Improvement Projects,
Six Sigma, Lean.
Documentation
Projects.

Specific Activity

Implementation
Level

Projects undertaken to
develop resources for
processes.

IT Development

HR Development

A Mix of IT &
HR Development

BPMS, BAM
Application Development
ERP Installation
Database Development

Job Design
Training Development
Knowledge Management

Physical Plant & Hardware Used

CoE

CoE

CoE
Intermodal

Capability

CoE
QRPassengers

Advise & Coaching

Assessment

CoE
Network

CoE
QR Services

Capability
improvement
strategies

BPM Capability Framework

Strategic Alignment	Governance	Methods	Information Technology	People	Culture
Process Management Planning	Process Management Decision Making	Process Representation	Process Modelling	Process Skills & Expertise	Responsiveness to Process Change
Strategy & Process Capability Linkage	Process Roles & Responsibilities	Process Monitoring	Process Execution	Process Management Knowledge	Process Values & Beliefs
Enterprise Process Architecture	Process Metrics & Performance Linkage	Process Evaluation	Process Control	Process Education	Process Attitudes & Behaviours
Process Measures	Process Related Standards	Process Improvement	Process Change	Process Collaboration	Leadership Attention to Process
Process Customers & Stakeholders	Process Management Compliance	Process Initiative Management	Process Information Management	Process Management Leaders	Process Forums

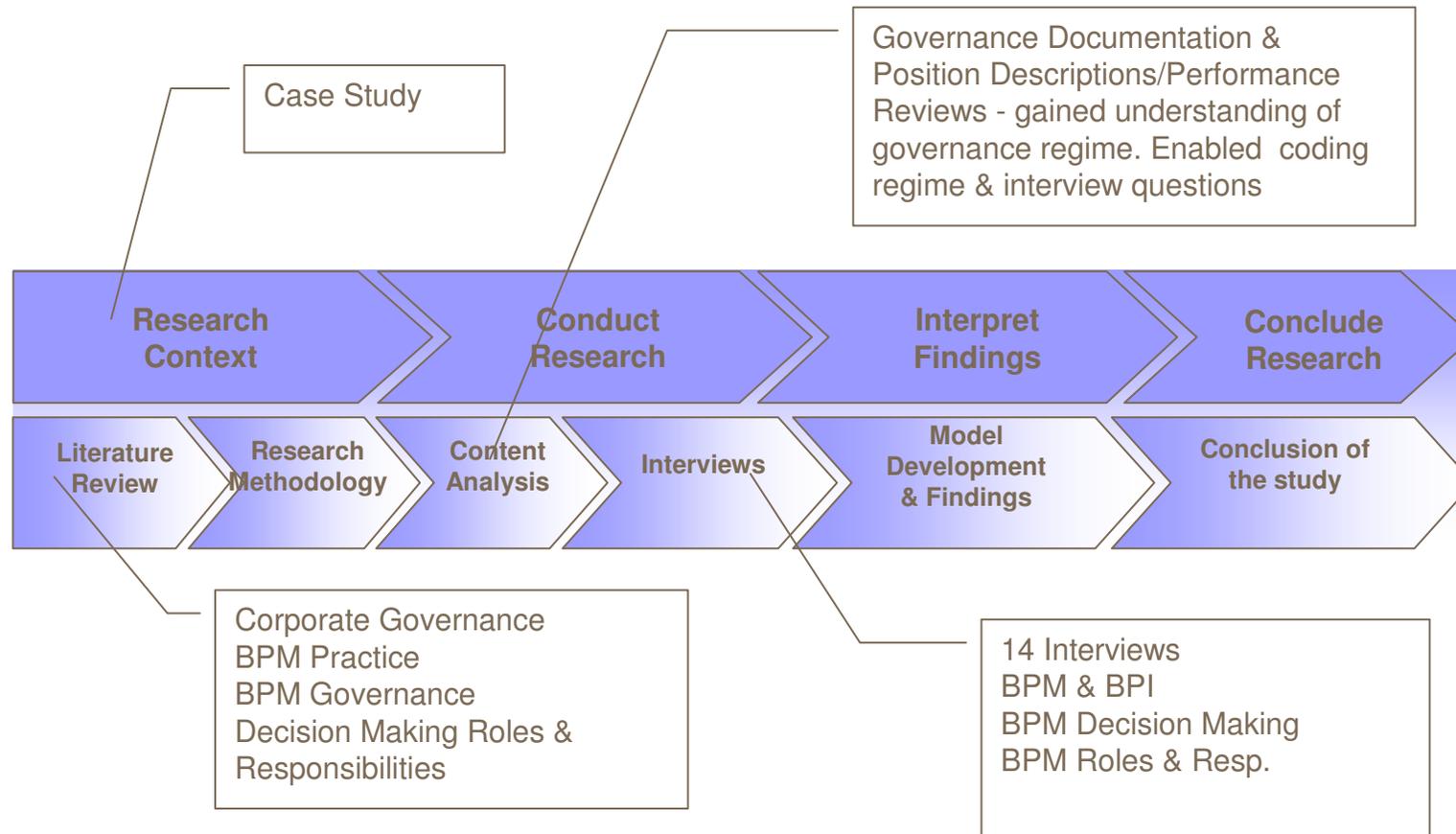Source: Toria de Bruin, 2004

BPM Capability Development 1990-2010

Major Events / Projects

Year	Events / Projects
2010	Company Redesign & Sale
2009	Company Change Formation Program / Governance Review
	Company Strategy & Repositioning
2008	Set up Multi Businesses / New Board & Senior Mgt
	Rule-based to Principle based
2007	Infrastructure Expansion Programs
	SAP Payroll
2006	
	Infrastructure Expansion Programs
2005	
	Mergers & Acquisitions
2004	Standard Program & Project Mgt Framework
	National Expansion
2003	SAP R3 Implementation
2002	
	20/20 & RQRP Change Program
	Set up integrated businesses
2001	
2000	
	Y2K Business Continuity
1990	1999 Move to Commercialisation

Lines of Business Design/Architectures

BPR, BPMN,& Six Sigma Training

- BPM Governance Design
- BPM Practice Leadership ★ — BPM Centre of Excellence
- Company Wide Process Redesign ★ — Alignment of Capability Frameworks
- Assessment of BPM Governance — Winner of BPM Award 2008
- SAP Implementation approach review ★
- Documented BPM Case Studies — Winner of BPM Award 2007
- Provision of BPM Research Articles — EA Handbook
- BPM Capability Portal — BPM Promotional Material CD
- Inclusion of BPM Capability Framework ★
- Shared Services Redesign — BPR Method Development
- BPM Intranet — BPMN Standard — BPM Concept ★ — BPM Team Support
- Investigation & Case Study on BPM Capability Framework
- Company Process Architecture — Business Model ★ — Six Sigma Development
- BPM Vision & Strategy — IDEF0 Standard — Enterprise Process Model ★
- Business Process & Systems Program — BPM Community ★
- Line of Business Process Modelling
- Acquisition of EA Tool
- Network Access Process Automation
- Y2K Process Mapping
- 1996 Corp Quality Unit Established

LEGEND

☐ Strategic Alignment	▦ Governance
☐ Methods	☐ Information Technology
▦ People	☐ Culture
★ Milestones	

Problem Statement

Factor	Lessons on BPM Progression
Strategic Alignment	Select projects that are of strategic importance and have senior management commitment. Strong connections between strategy formulation and selection of process improvement initiatives helps to optimize resource planning and allocation. Defining end-to-end processes and assigning ownership and accountability for process performance, including linking to individual performance measures, helps to optimize outcomes.
Governance	**Putting BPM governance in early ensures clear direction and leadership and a common terminology.** **BPM governance needs to be integrated into an overarching corporate governance framework.** **Process leaders need to be supported by their functional counterparts within an integrated governance framework to ensure optimal process decision making.** **Process related standards need to be developed throughout the journey as maturity increases in different areas.**
Methods	A standard notion helps to provide consistent, reusable models and process information. The notation selected is not as important as its consistent application and ability to be supported by a suitable modeling tool. Multiple complimentary methods for process improvement are beneficial for matching the method to the purpose improvement project. Strong program and project management is needed to track the benefits for the organization from the improvement projects and the BPM program itself.
Information Technology	A common process modeling/repository tool is essential when progressing an enterprise-wide BPM approach. Matching the tool to the purpose of the modeling becomes important over time.
People	Hands-on involvement in projects is an effective way of learning and embracing the BPM approach.
Culture	An organisational approach to BPM helps to improve sharing of process information.

Progression of BPM Implementation
(DeBruin & Doebeli, 2009)

Research Strategy, Methods

Case Study

Governance Documentation & Position Descriptions/Performance Reviews - gained understanding of governance regime. Enabled coding regime & interview questions

Research Context	Conduct Research	Interpret Findings	Conclude Research
Literature Review — Research Methodology	Content Analysis — Interviews	Model Development & Findings	Conclusion of the study

Corporate Governance
BPM Practice
BPM Governance
Decision Making Roles &
Responsibilities

14 Interviews
BPM & BPI
BPM Decision Making
BPM Roles & Resp.

Literature Review Findings: The capabilities required for BPM Governance are researched however there seems to be minimal research on approaches how to design the BPM Governance Capabilities most appropriately for an organisation to enable process based decision making

9

BPM Governance Capability

BPM Governance refers to the establishment of relevant and transparent accountability, decision-making and reward processes to guide desirable process actions. This includes how process related decisions are made at various levels within an organisation, how reward and remuneration is related to process performance at both an individual and at a 'good-of-the-process' level, how standards and controls are used to improve the consistency, repeatability and predictability of process related actions and outcomes and how process positions are defined, applied and integrated into the organisational structure (de Bruin, 2009, 13:725).

Findings - BPM Governance

▶ BPM Governance not included in Organisational Governance Management Framework;

▶ Management approach taken was more functional then process based;

▶ Roles & Responsibilities were more functional based;

▶ Inconsistent application of BPOs was found;

▶ BPM Practice Leader not empowered;

▶ BPM Standards used on an ad-hoc bases; and

▶ No common BPM terms and definitions across the enterprise.

Findings - Strategic Alignment

▸ Link between business strategy and business process performance was vague;

▸ Lack of full visibility and transparency of the Portfolio, Program and projects efforts and performance; and

▸ Business Process Improvement Plans were established ad-hoc, reactive and often in response to reviews and investigations after an incidence;

▸ Allocation of budgets/investments were on functions not on end to end processes;

▸ Lack of benefits realisation.

…"There is a level of alignment and thought that goes into it more and more. There is a concerted effort by senior management on how we now approach these things and we are trying to link the BPIs to the strategies and primary initiatives. However it has not yet fully filtered through yet."

Findings -Design/Analysis/Improvement

▸ Some core & support processes were identified however they were not proactively managed;

▸ Methods like Six Sigma and Lean Management were used but mostly within the boundaries of a function; and

▸ No clear criteria was applied to select the most appropriate BPI method.

…"Defined processes are only in some areas. We are relying on experts. Processes are not defined and shared or followed. Some processes are in such chaos. Statistically none of the processes are in control and people are using their own methods to manage the chaos."

…"The high level major processes are there and the work instructions but there is a gap between."

Findings - BPM Decision Making

▸ Process change decision were made by project steering committees which included mainly functional managers; and

▸ Decisions on process performance was done mostly by functional manager; and

▸ Existing tension between process and functional management.

…*"Process owners defines the process on a more macro level. What needs to be done the business rules the value chains. Line Management will defined the more tactical level processes and process changes to meet the corporate requirement."*

…*"Throughout the project often the steering committee makes the decision and within is the project sponsor who might have the final say and if that person is from a functional background he/she might be bias towards her/his function on how the change the process.."*

Findings - BPM Roles & Responsibilities

▸ The role of the BPOs was unclear;

▸ Roles that work "In" processes and the ones that work "On" the processes are defined but not visible in the organisational structure as some of them a project based;

…*"There is a role to play on every level of the organisation. Everyone needs to know why it is important to contribute to a process"…*

▸ *BPM activities were not specified in everyone's Position Descriptions*

…*"From an organisational perspective we should define the roles for enterprise consistency and the ability to move process people across business areas. Might have some junior and senior process analysts in the business to assist and apply a consistent approach including reviews etc..."*

Model

1. Consider Organisational Environment - Org. Context (Transformation 2008/2009, Split 2010)

2. Organisational Principles (federated, integrated business, principle based, value discipline operational excellence, customer intimacy

3. Organisational Structure – review the current organisational accountability structure/budgeting process and BPM reporting structure to gain an understanding on the decision making framework;

4. Consider the findings of Investigation (Content Analysis & Interviews)

5. Success Factors for BPM
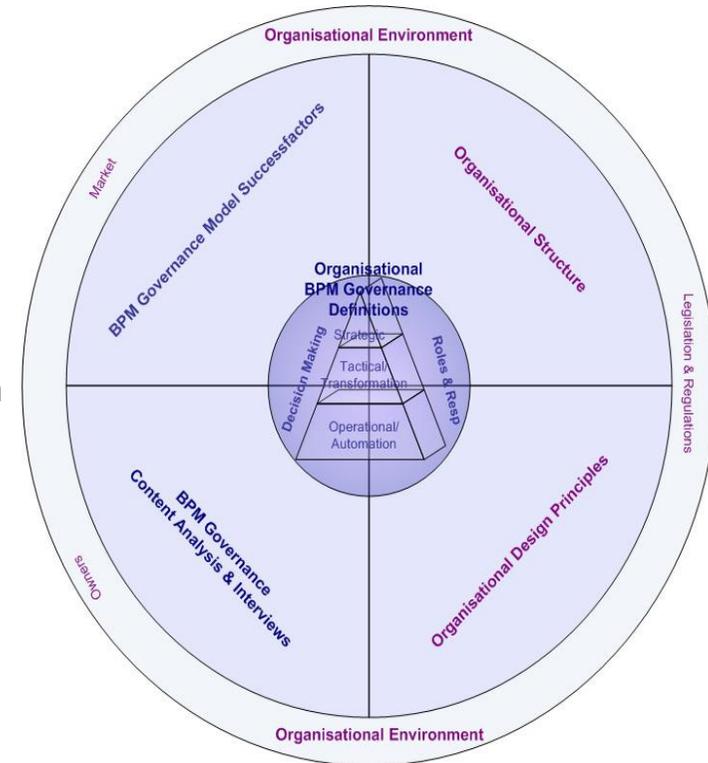
Operationalisation GOC

▸ Provision of Position Paper to senior executive management including:

  ▸ Recommendations of new accountabilities, roles & responsibilities of all staff in relation to BPM.

  ▸ Recommendations on the deployment of the model including lead and transformation team.

▸ Defined list of required BPM Roles and Responsibilities, Knowledge & Skill Requirements, Performance Standards, Team Relationships and Dependencies.

BPM Governance Model (GOC)
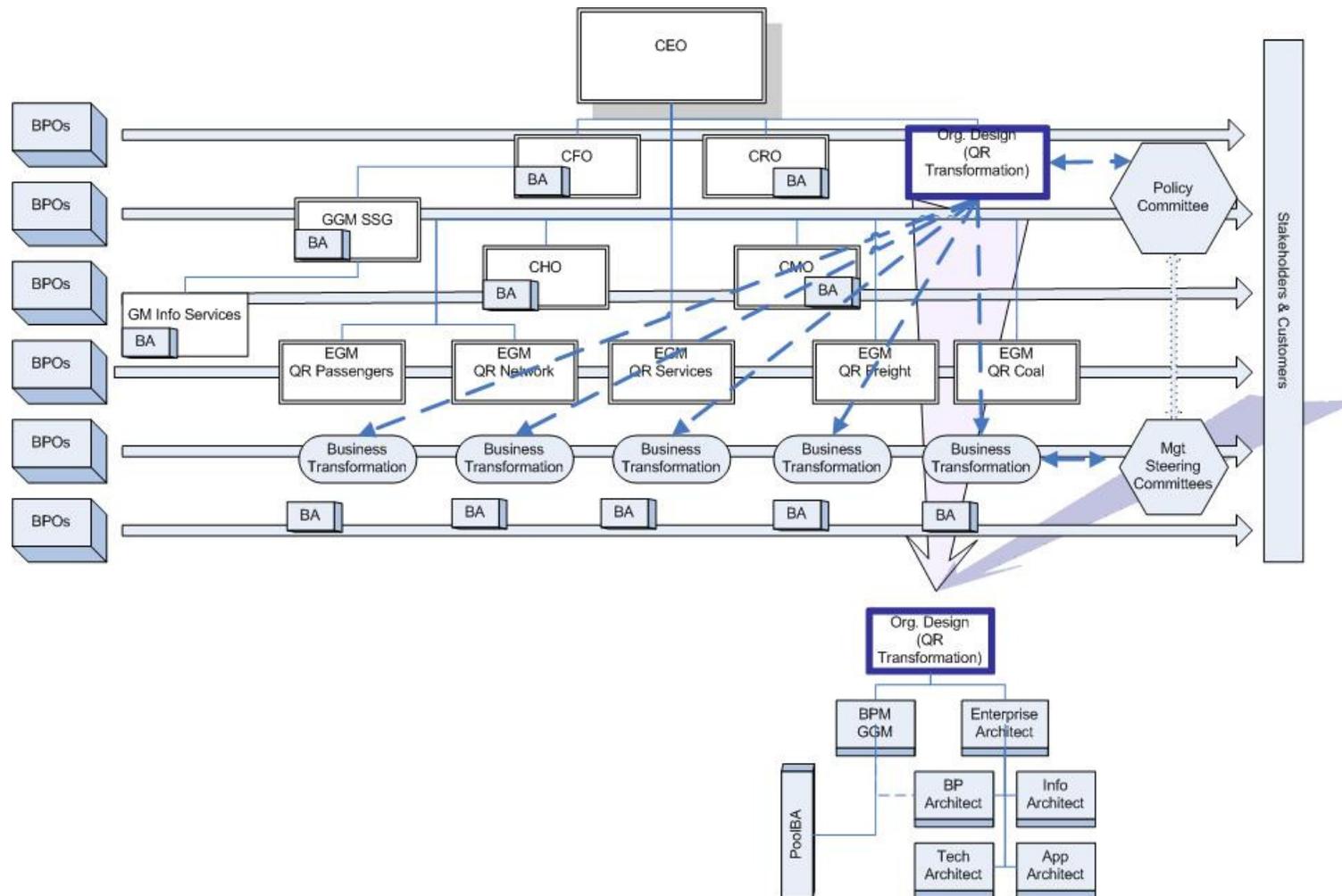
Role Engagement Model
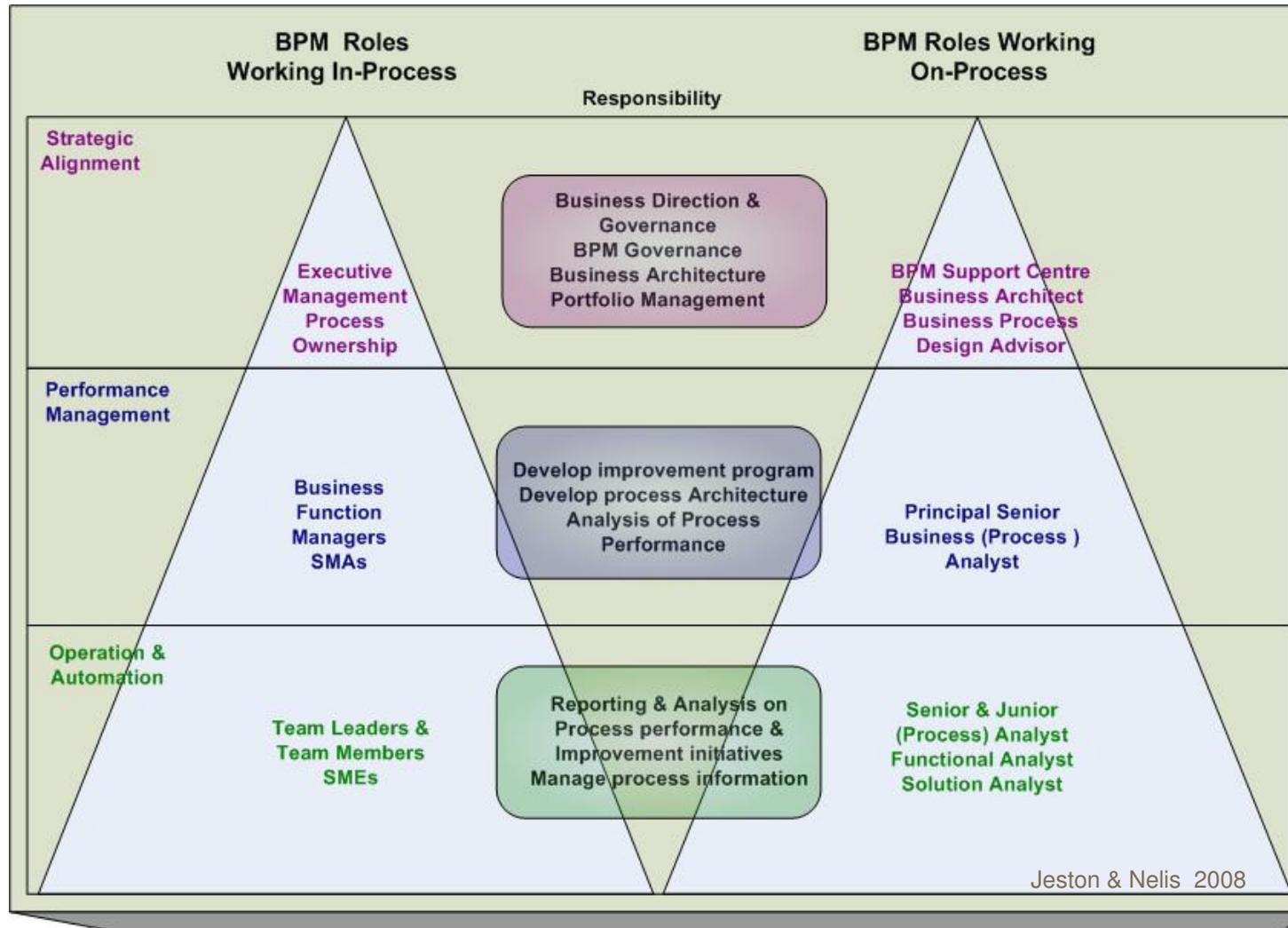
Conclusion – Organisation (GOC)

▸ 2009 Strategic Decision to split Organisation;

▸ 2009 Business Design Principles established for new GOC organisation (customer intimacy, corp. centralised support functions);

▸ 2009 IMO established. Three streams: People, Process and Systems – collaborative design;

▸ 2010 Business Principles defined by senior leadership team 2010 Common Outcome Groups to work across functional boundaries - Charter developed;

▸ 2010 Value Chain developed – Process Owners identified (customers, network & operations);

▸ 2010 Capability requirements identified – Org Structure designed;

▸ 2010 Process catalogue established;

▸ 2010 Roadmaps developed for deployment to build capability in people, process and technology – phased approach;

Conclusion – Organisation (Private)

▸ 2009 Strategic Decision to split Organisation;

▸ 2009 PMO established to split – Legal and Financial separation by 1st July 2010;

▸ 2010 Vision, Mission established by executive leadership team for new private company to be floated end of 2010;

▸ 2010 Employee Value Proposition developed by staff;

▸ *2010 Business Design Principles to be established for new private organisation;*

▸ *2010 Establishment of Community of Practice to work across functional boundaries - Charter being developed; and*

▸ *2010 Value Chain to be developed – Process Owners to be identified;*

The End

For more information contact
Gaby.Doebeli@QRNational.com.au