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**Business Process
Empowerment
*Powerful New Capabilities
for Front-Office Staff***



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EXECUTIVE SUMMARY

Often highly touted, business process management, or BPM, has been a disappointment for many companies. In most cases, however, this situation is the organization's fault. Unsure of how to get the most out of BPM, which is supposed to improve processes throughout an organization, or overwhelmed by the complexity, too many companies merely put it to work in the back office, optimizing already stable processes and routines. In other words, they use it where it is needed least.

Indeed, for service industries, the real value of process excellence and agility lies in the front office, where the company's sales or customer service representatives meet existing or potential customers. This customer-focused, strategically driven implementation, which we call business process empowerment (BPE), is much more than merely an enhancement to BPM. Instead, it is a strategy that combines process architecture and governance (structure, accountability, and oversight for critical customer-facing processes) with a continuous improvement culture to drive sales increases, aid in cross- and up-selling, manage service inquiries, and encourage customer retention.

BPE can drive flexibility and innovation into front-office systems and activities and serve as a distinctive competitive advantage. It simplifies the tools available to the company's front-line knowledge workers and improves their capabilities to in turn enhance the organization's performance. Some companies have enjoyed return on investment (ROI) in BPE in the high double digits per year primarily by simplifying the processes, systems, and product offerings that directly affect customer transactions, sales, and communications. This is a welcome development for many service-centric companies, which spend more than half their time managing customer variability, performance quality, and workflow efficiency.

KEY HIGHLIGHTS

- Business process management has been a disappointment for many companies because it is usually a pure technology-based solution without proper process architecture governance structures, and a continuous improvement culture. As a result, it tends to be consigned to the back office for stable processes and routines—precisely where it is needed least.
- The real potential of BPM is in the front office, under an approach that we call business process empowerment, a way to arm and mobilize knowledge workers with the structures, incentives, skills, and tools that enable and encourage them to do their jobs more productively than before.
- Business process empowerment blends real gains in process architecture and governance with a continuous improvement culture to increase sales, aid in cross- and up-selling, and encourage customer retention by driving flexibility and innovation into front-office systems and serving as a distinctive competitive advantage.

WHY BUSINESS PROCESS EMPOWERMENT?

In both concept and application, business process management is perhaps one of the most misused (or little used) management tools. Although BPM has been around since the early 1990s, few people in major companies have known what to do with it. Indeed, in most businesses, BPM has become a back-office backwater, far from the strategic core of the organization.

Ask top executives about their BPM systems and you're likely to hear responses like these: "I deal with strategy, not with the depths of the engine room—I leave that to my operations experts." "We have a dedicated staff function looking after that, so we're all set." "My CIO talked me into a BPM tool more than a year ago; I'm not sure if and how it really works though."

Unfortunately, in today's business environment, those are costly and myopic responses, especially for companies in highly developed, high-touch service industries, like telecommunications, health care, travel and leisure, financial services, or utilities. As these markets have matured, demand has become more and more dynamic, individualized, and constrained. Serving the customer's specific needs, which can change radically over time, and providing a satisfactory experience for customers are absolutely critical for service-intensive companies to build loyalty and differentiate themselves from their many equally hungry competitors.

In such a diverse consumer landscape, the full potential of BPM is wasted

when these systems are dedicated to nothing more than optimizing relatively stable back-office processes and routines. The gains from these implementations are minimal and not particularly noteworthy anymore, since they are enjoyed by virtually every company. By contrast, the front office is where process management capabilities can make a significant difference in day-to-day customer interaction—improving sales, facilitating cross- and up-selling, deftly handling service inquiries, and driving customer retention. The dynamic nature of front-office processes offers a remarkable set of opportunities for companies that are creative enough to implement BPM in that aspect of the business; the added agility and flexibility in front-office systems and activities can make a substantial competitive difference—a new wrinkle on BPM that we call business process empowerment (BPM).

BPE is a resilient capabilities system—an ongoing effort, not a one-off process reengineering approach—that combines process architecture and governance with a corporate culture that lives and breathes "continuous improvement" and is focused on harnessing the power of BPM technology architectures for the company's greatest gain. (*For a close look at how business process empowerment enhances recent improvements in BPM, see "The Technology of BPE," on page 6*). It's a way to arm and mobilize knowledge workers with the structures, incentives, skills, and tools to reconfigure processes on the fly and draw on automated routines as needed—for example, to address new patterns in customer service requests, to agilely promote a relevant new product or service offering, or to combine sales and service processes for maximum top- and bottom-line impact.

COSTLY COMPLEXITY

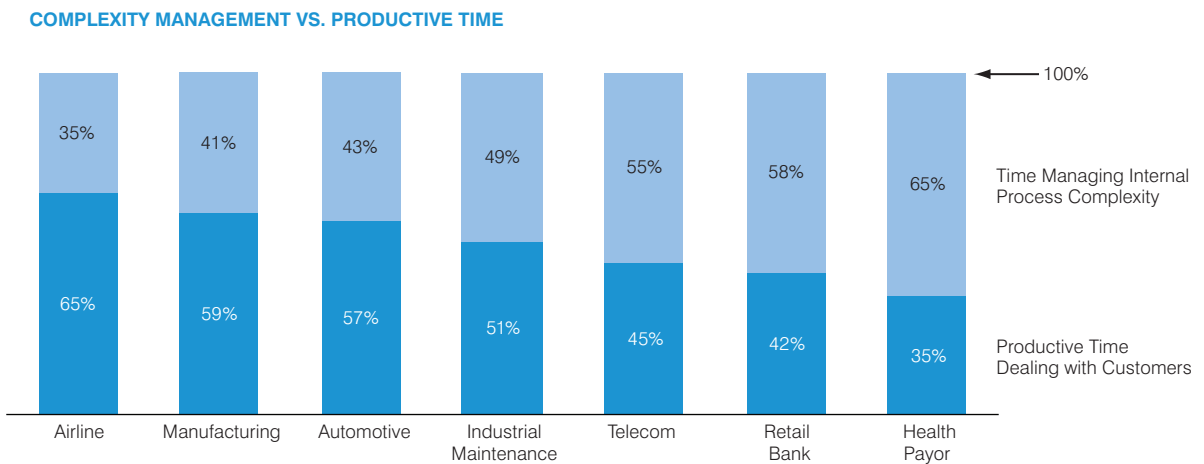
Anybody who has witnessed a skilled contact center agent juggling multiple screens and data views in “frantic swivel chair mode,” leaning on makeshift tools and work-arounds to answer a customer’s question

intelligently, has had a taste of why BPE is so important. Over the years, these knowledge workers have had to compensate for the shortcomings of rigid standard procedures, inflexible IT systems, and lack of automation with individual resourcefulness to meet customer expectations or deal with a burgeoning landscape of business processes.

But these jerry-rigged solutions are not sufficient anymore. They’ve been overwhelmed by the increasing

complexity of the service experience. Indeed, a Booz & Company analysis of service-centric industries found that the time spent managing customer variability, performance quality, and workflow efficiency in these companies has surpassed 50 percent, well above the results in typical industrial firms, which deal directly with consumers to a much lesser degree. This means that service companies spend more time coping with internal complexity than on productive activities at the customer interface (*see Exhibit 1*).

Exhibit 1
For Many Service Companies, Complexity Management Trumps Productive Time



Source: Booz & Company research

Business process empowerment manages this complexity with new organizational capabilities targeted at providing flexible and productive structures and systems to deal with customer demands and elaborate, multitiered product and service offerings. Essentially a transformation agenda, BPE comprises three frequently neglected elements of process management:

1. *Process architecture and governance:* BPE sets up a clear pathway, decision-making rights, management hierarchy, strategic targets, and incentives to link the front-line service delivery organization with the development of process systems to improve its performance.
2. *Process transformation culture:* It monitors continuous process transformation and improvement and promotes and rewards process excellence.

3. *Process technology enablement:* This provides a flexible platform to absorb and automate business processes and to systematically build a repository of reusable services, procedures, and routines to meet modern service businesses' needs.

Business process empowerment can have its biggest impact on processes with high complexity and high business value (*see Exhibit 2*). They include those in the front office, product and service creation (pricing, promotion development, configuring offerings), sales and marketing, and customer services. For instance, in the financial services industry, competitive advantage opportunities exist in front-office BPE applications that integrate treasury services and cash management portals to allow customers to manage their working capital and liquidity without needing to sign into multiple, non-linked product systems. And in healthcare, insurers could reduce

medical claims and improve policy utilization by leveraging BPE tools for customer-focused disease management and wellness programs.

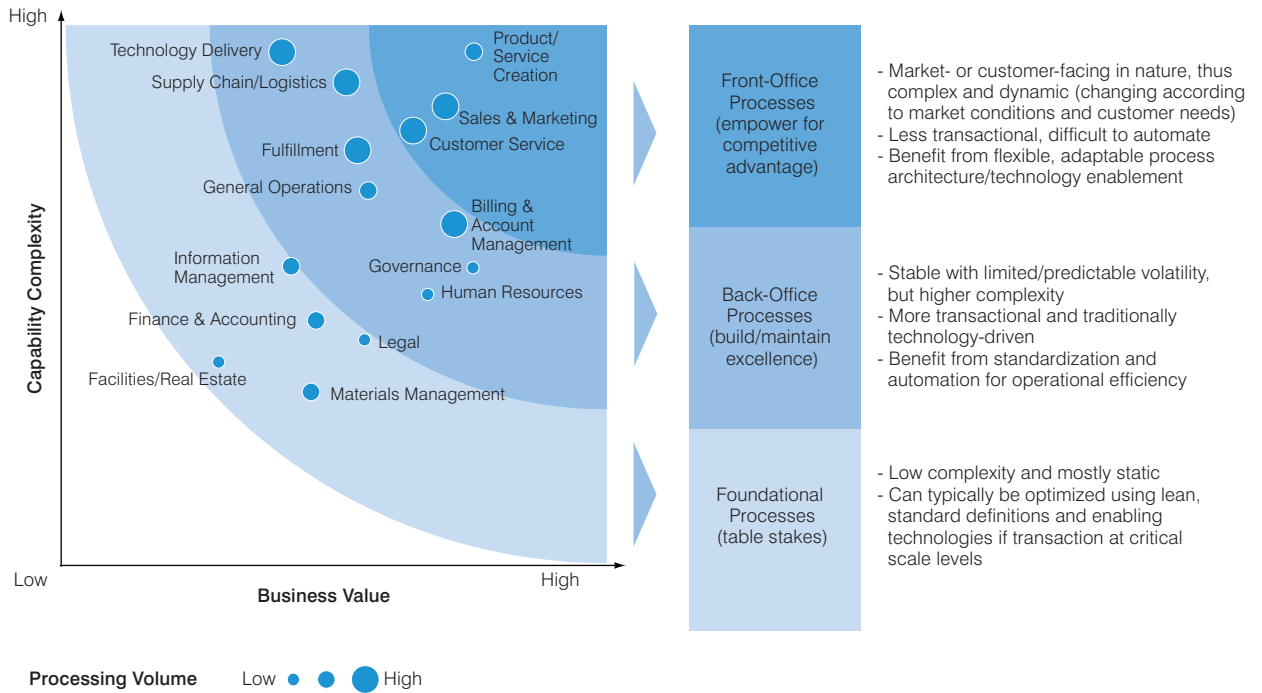
Back-office processes directly associated with customer-driven transactions—for example, service and order fulfillment and billing and account management—are also profitable candidates for BPE. By contrast, most foundational processes are relatively static and of low complexity and can be optimized rather simply with traditional automation models and standard lean tools.

When targeted at the appropriate processes, BPE can be a powerful transformational tool, providing significant top- and bottom-line returns, which span everything from improved customer service quality to product and service innovation gains to reduced process execution costs (*see Exhibit 3*).

Exhibit 2

Business Process Empowerment Can Best Improve Processes with High Complexity and High Business Value

SERVICE INDUSTRY PROCESS CLUSTERS

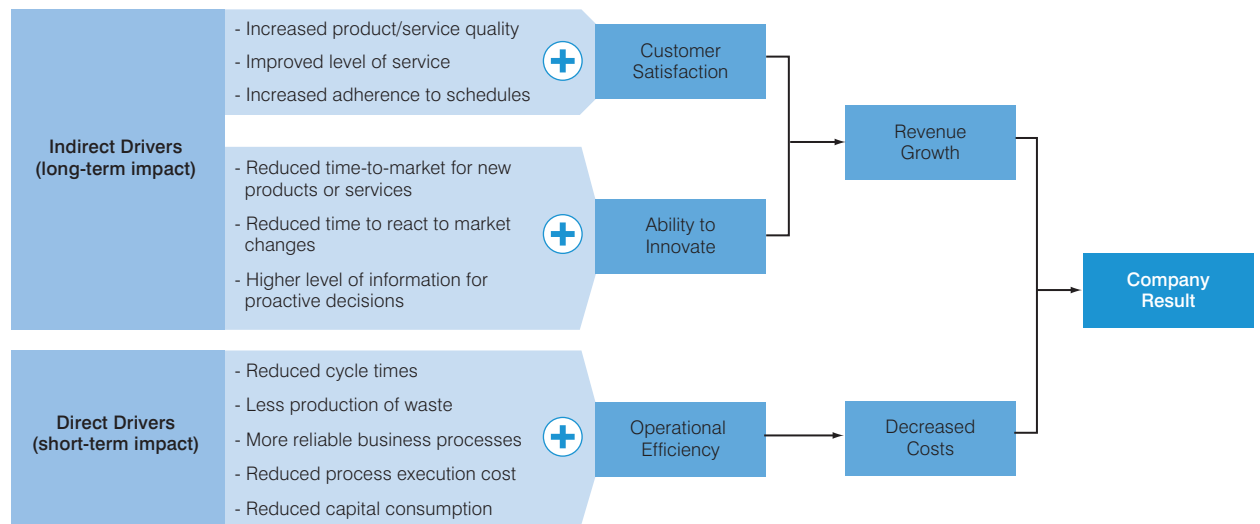


Source: Booz & Company

Exhibit 3

Enterprises That Adopt BPE and Embrace Continuous Process Improvement Achieve Results Through a Number of Drivers

BPE VALUE DRIVERS



Source: Booz & Company

The Technology of BPE

At the heart of business process empowerment is still BPM software; after all, BPE is also a way to enhance BPM relevance. Indeed, from a purely technical point of view, BPM has actually come a long way. The once cumbersome middleware tools that even IT departments struggled to completely grasp (or at least “sell” to their business counterparts) have evolved into user-friendly process modeling suites that quickly give business users the tools they need to optimize their processes without engaging in complex studies and arcane development efforts.

But taking advantage of the improvements in BPM so that the software can be used to adapt quickly to new business conditions is where business process empowerment comes in. Applied correctly, BPE enables employees to self-configure processes in leading BPM suites and, more important, join in creating a business architecture framework as a counterpart to an IT platform. BPE establishes incentive structures that effectively drive business users to seek ownership of BPM—in other words, it implants continuous improvement into the organization.

For this system to work, the company’s chief information officer (CIO) will need to be closely involved in the effort. He or she will have to lead the technology enablement facet of the transformation drive, providing the appropriate BPM architecture that allows the business side to, in essence, develop its own application solutions as new issues and problems arise. Among the challenges for CIOs is to implement best-in-class BPM software—not as a stand-alone, one-off effort, but as an integral element of the overall IT target architecture, and as an effective lever to drive architecture transformation toward greater process and service orientation. After all, BPM touches many areas of the functional architecture, including process analysis, modeling and design tools, new process deployment, and user interfaces.

A significant plus, the BPM vendor landscape is rapidly maturing and consolidating, with household names such as IBM, Oracle, and SAP providing BPM capabilities as a core part of their portfolios, and established BPM champions like Pegasystems, Appian, and Software AG, to name a few, going head-to-head with these companies. This evolved market allows CIOs to make BPM purchasing decisions with confidence that their provider will be in business for the foreseeable future and that competition among the vendors is sufficiently intense to spur innovation and unlock new benefits and capabilities in the years to come. Also, the adoption of industry standards in BPM software, such as business process modeling notation (BPMN) and business process execution language (BPEL), is providing a solid and consistent platform for companies to efficiently, inexpensively, and reliably piggyback new internal applications onto BPM systems. This is critical to relatively easily embed BPE throughout the organization and approach continuous improvement in a collaborative, institutionalized way.

DESIGNING A BPE SYSTEM

Business process empowerment is not a single project or an initiative. Although each BPE implementation, if done correctly, will deliver palpable gains, true success comes from a management philosophy focused on sustainable process excellence in a holistic fashion that can be felt throughout the organization and its operations.

Historically, companies have often addressed their process issues by attacking only small portions of the overall problem, or at least giving lip service to doing so. Not surprisingly, the results are almost always unsatisfactory. For example, enterprise architecture initiatives that attempt to document and standardize business processes by applying a holistic framework structure are often big and expensive undertakings that in many organizations end up being little more than theoretical exercises that generate a lot of paper. Either the

new process frameworks are not developed in sync with the needs of the front-line workers and thus fall short of their ambitions, or the application is a pure technology play, driven out of the IT group, and unable to generate traction or buy-in on the business side of the organization.

Business process reengineering and lean or Six Sigma initiatives, executed in isolation the way many companies do them, suffer from the opposite condition. Although effective in instilling continuous improvement practice and discipline, these programs are usually business operations efficiency exercises, which frequently lack sufficiently sophisticated technology to produce sustainable high-level performance gains.

In contrast to these somewhat incremental approaches (and minimal returns), BPE requires a

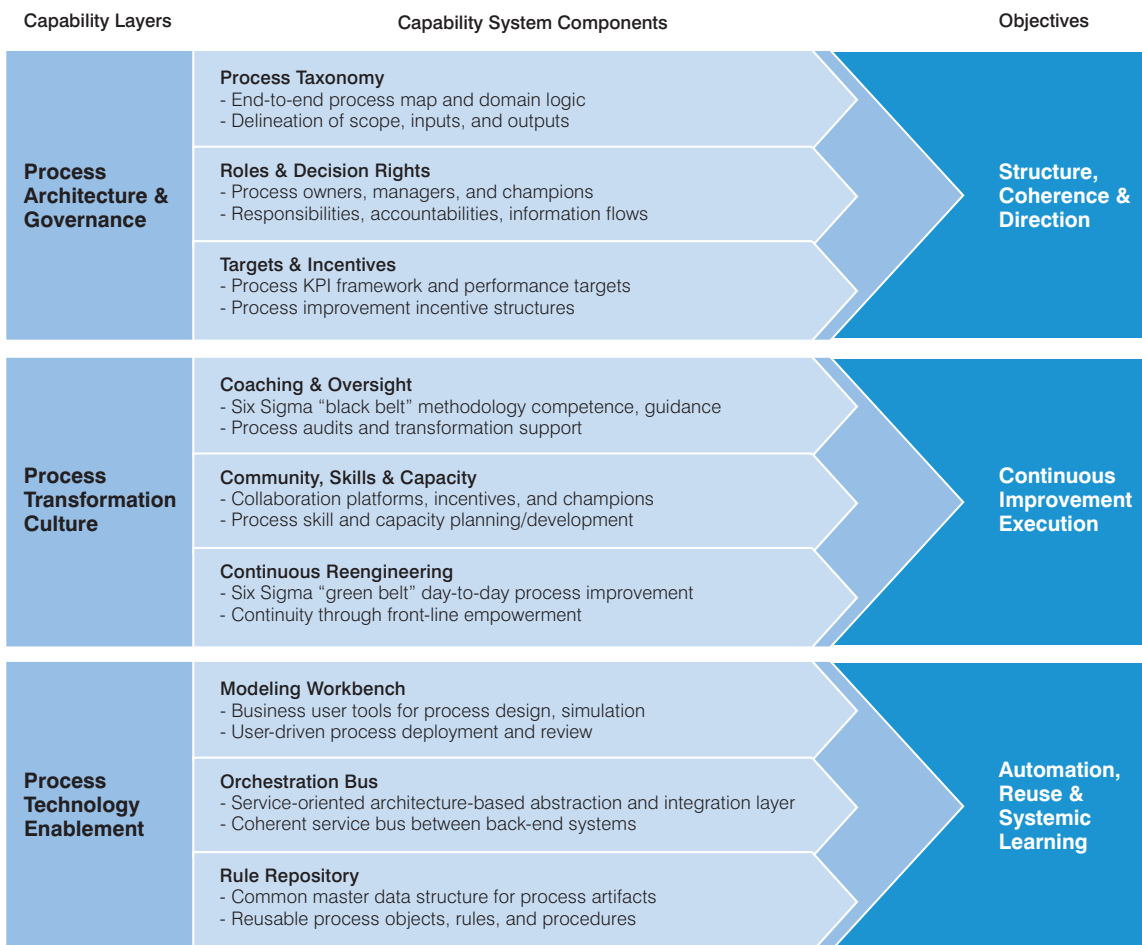
True success with BPE comes from a management philosophy focused on sustainable process excellence in a holistic fashion.

comprehensive system built on an organization's interwoven capability layers that in combination drive process transformation buoyed by tangible and ongoing ROI. Through three facets of BPE, these capability layers are meant to provide structure and direction; a continuous improvement culture, skills, and capacity; and technology enablement and agile automation (*see Exhibit 4*).

Process Architecture and Governance
This facet of BPE is the overriding management and reference structure for a successful business process empowerment implementation. It creates the frame of reference for the process landscape, defining functional activities by their transaction inputs and outputs and establishing process documentation and modeling standards. It provides

a clear set of rules for decision making, process management, and accountability, along with ongoing support of the BPE system. In addition, a measurable set of goals should be developed here to link process excellence to the organization's strategy and to institute incentives specifically tied to achieving the overall objectives.

Exhibit 4
Business Process Empowerment Framework



Source: Booz & Company

To implement this phase, a large retail bank put in place a process governance council that included representatives from all front- and back-office business functions that would be affected by the BPE model, as well as IT and business architecture experts. In regular review sessions, this council approved a comprehensive target process blueprint and ratified updates and changes to this blueprint in the face of new business needs. This council also drove seamless, end-to-end maintenance and support for BPE processes by directing specific functional managers to be overseers or stewards of the processes; in so doing, the council firmly embedded process excellence as an explicit personal business objective and a critical variable in annual compensation decisions. This effectively eliminated the “responsibility void” involving business processes that is all too common in many organizations.

Process Transformation Culture

This leverages Six Sigma and lean principles to constantly monitor the process landscape for improvement opportunities. A team of so-called black belts (in Six Sigma parlance, people who devote all of their time to implementing the lean process approach) provides coaching support and oversight and joins front-line process experts to continuously update the suite of business processes and underlying technology, with the goal of taking advantage of each

Case Example: A Retail Bank Cashes In

A good example of success with BPE is the retail bank that faced a stunning degree of inefficiency in its financial approval processes, which encompassed a myriad of systems and more than 2,500 required sign-offs across a broad portfolio of business processes and consumer transactions, from loan applications to mortgages to brokerage services. Such complexity led to frequent time delays and data inaccuracy.

Adopting a business process empowerment approach, the organization established clear financial process accountability and improvement responsibilities at the management and staff levels, offered compensation and other incentives for gains in process simplicity and performance, and deployed flexible workflow systems to automate financial processes and give front-office workers appropriate analysis and modeling tools to work with consumers more efficiently as well as to identify and remove additional waste. Through this simplification effort, fewer customer service staffers were needed and data reentry to fix errors was virtually eliminated. Personnel costs were reduced, and cash flow improved. The bank’s cost per transaction fell by a remarkable 80 percent, resulting in an ROI from the BPE effort of 300 percent over two years.

opportunity for performance gains. Ideally, in this facet of BPE, the organization regularly revisits and reviews processes and performance metrics to seek improvements in efficiency and effectiveness. Also, departmental and business advocates for BPE are identified to foster transformation culture adoption.

For example, one major global telecommunications provider tackled this facet with a team of black belts with varied backgrounds (ranging from manufacturing to financial services) to coach the rest of the organization on lean methods, lead large BPE efforts, and manage the development of a comprehensive set of how-to guides, reminders, and frameworks to motivate the front-line staff in executing process improvements day-by-day. In addition, a network of process

improvement champions across the organization was established to build grassroots momentum for team- or department-level initiatives. An intranet-based online community for sharing best practices, exchanging information, social networking, and storing and retrieving institutional knowledge supported these cheerleaders. Each month, “process heroes” were recognized for their high-impact ideas—for example, ridding the organization of yet another unnecessary form or sign-off point or the development and implementation of a more effective business rule to identify the best cross-selling offer in a contract renewal situation.

Process Technology Enablement

This provides the flexible platform for BPE, including a user-friendly graphic interface for process design,

simulation, and deployment, as well as real-time workflow status displays that identify process bottlenecks and inefficiencies. A repository of reusable functions, process steps, and procedures should be created (in IT-speak, these process steps are known as services and are a core element of open, flexible service-oriented architectures). In turn, this library of process building blocks should be made easily accessible through user-friendly design tools in order to give business users the ability to mesh these building blocks into new process variants that support, for example, a new customer service process for a new product offering.

A good illustration of how this can be applied in the real world is the case of a healthcare insurance provider that addressed the

BPE created real value for a health insurance provider and transformed its aging, inflexible technology landscape into a more sustainable model.

technology side of business process empowerment by deploying a BPM system in just six months by stitching together a host of different legacy front ends that agents were using in their day-to-day handling of customers. This new tool intuitively guided customer service agents from one step to the next and one databank to the next, eliminating the need to switch between systems numerous times in dealing with individual consumers or with one customer after another. And no longer did these agents have to juggle multiple screens in parallel on their own. In the second phase of this implementation, IT worked closely with business process experts to carve out reusable procedures and routines from the legacy systems and transition them into a service-oriented BPM architecture, giving more and more flexibility and autonomy to agents dealing directly with customers to make improvements themselves. This not only created real additional value for the insurance company, but also smartly transformed an aging, inflexible technology landscape into a more sustainable model. Over time, the company was able to save a substantial amount of money by shutting down more than 40 percent of its legacy systems and tools in the transformed process domains.

Case Example: Untangling a Telecom Provider

Before adopting BPE, a telecommunications operator was anything but a streamlined model of efficiency. After extending its service portfolio beyond classic telephony to include data services, TV, and cloud services for business customers, just to name a few, the carrier was stymied by a costly array of pricing and order management procedures, customer activation requirements, and a vast range of customer service procedures required to support the complex and growing product and customer portfolio. Signing up customers and managing their accounts in a timely fashion became virtually impossible, and the amount of personnel time devoted to explaining subscription plans to consumers was exorbitant—and expensive.

In choosing a BPE approach to solve these inefficiencies, the telecom company first developed a standard set of end-to-end processes for dealing with customers from lead to order to purchase and payment, which included a clear set of metrics for tracking transaction inputs and outputs and seamless policies for process ownership and management responsibilities. In addition, the telecom company deployed BPM software to wrap a wide range of legacy systems under an intuitive front-end layer for front-office employees to use in customer management activities.

There were almost immediate returns from process improvements as the BPE model gained traction over the subsequent year: Overall, customer activation times across all product and consumer segments were reduced from several days to an average of three hours, account processing costs fell by as much as 70 percent, and total operational savings reached US\$2.5 million per year.

CONCLUSION

Getting started on a BPE path need not be a long, drawn-out process; instead, it should be a quick, targeted audit-type exercise, lasting no longer than six weeks or so. This involves what we call a BPE pulse check, encompassing senior management and knowledge worker interviews, analysis of the capabilities in the organization in relation to the three facets of BPE, and an assessment of the potential highest-impact processes that could be transformed by business process empowerment. The pulse check in turn generates a map of process opportunities in the organization, along with specific top-level performance goals and key performance indicators.

For service organizations, BPE is more than anything a capability-

building challenge. Whether involving people, processes, tools, or systems, business process empowerment can raise the level of skills in the company while providing a direct course for measurable performance improvement, greater efficiency, reduced waste, and elevated job satisfaction. Most service companies have neglected the importance of a holistic BPE system, preferring instead to dabble in BPM or some lean techniques or automation tools, with the outcome as attenuated as the effort and care put into these initiatives. Consequently, the opportunities are rife and lucrative for any service company willing to make the effort to put real business process improvement on the organization's front line.

Resources

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