

Emerging Best Practices in Business Process Management

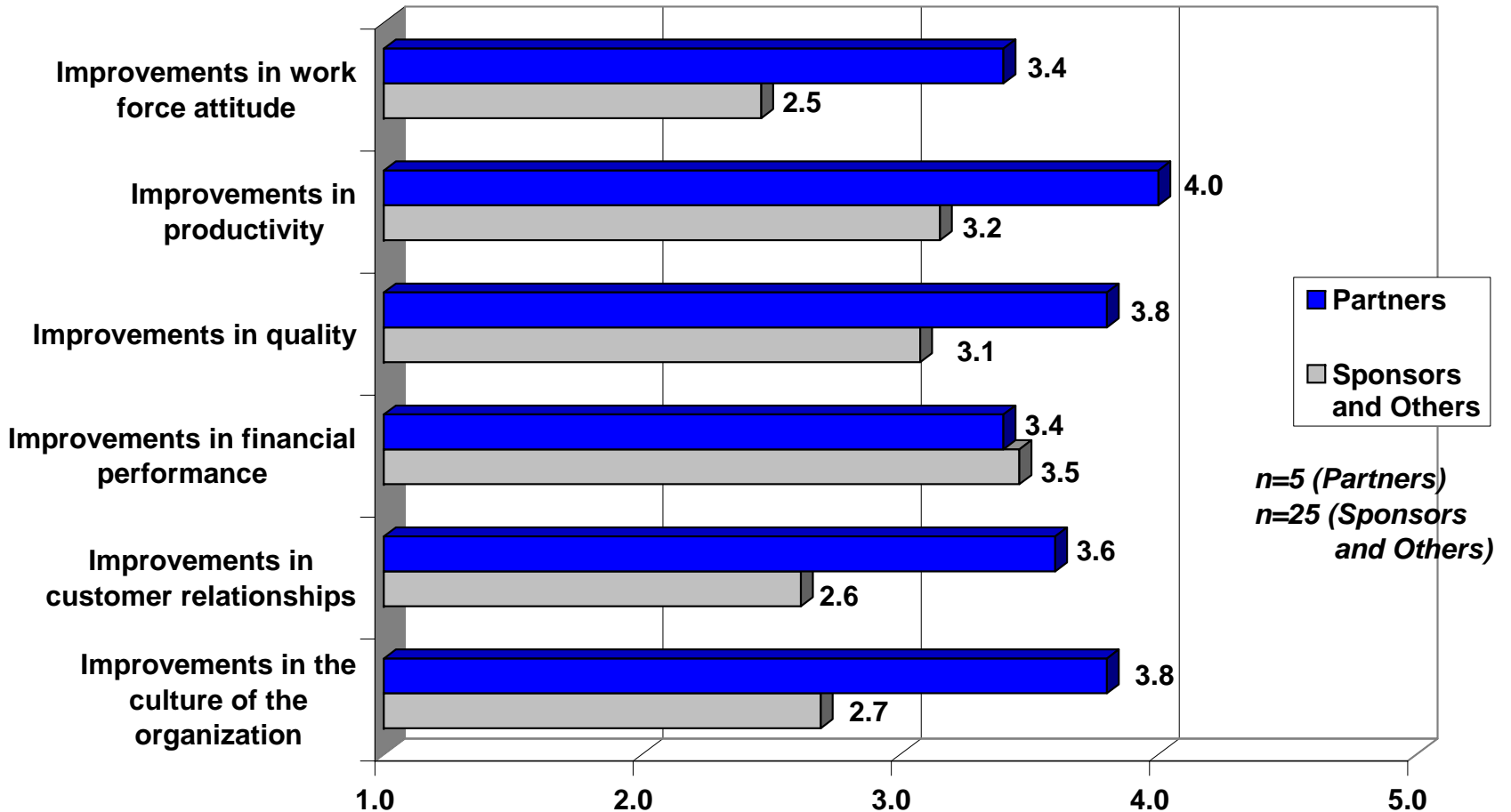
Executive Summary

A process focus is the triple play in modern management, yielding greater operational efficiency, control and customer satisfaction.

Begin with a business problem or opportunity

**Partners are able to demonstrate
the value of BPM.**

29. Rate the success of your organization's BPM initiatives in each of the following categories.



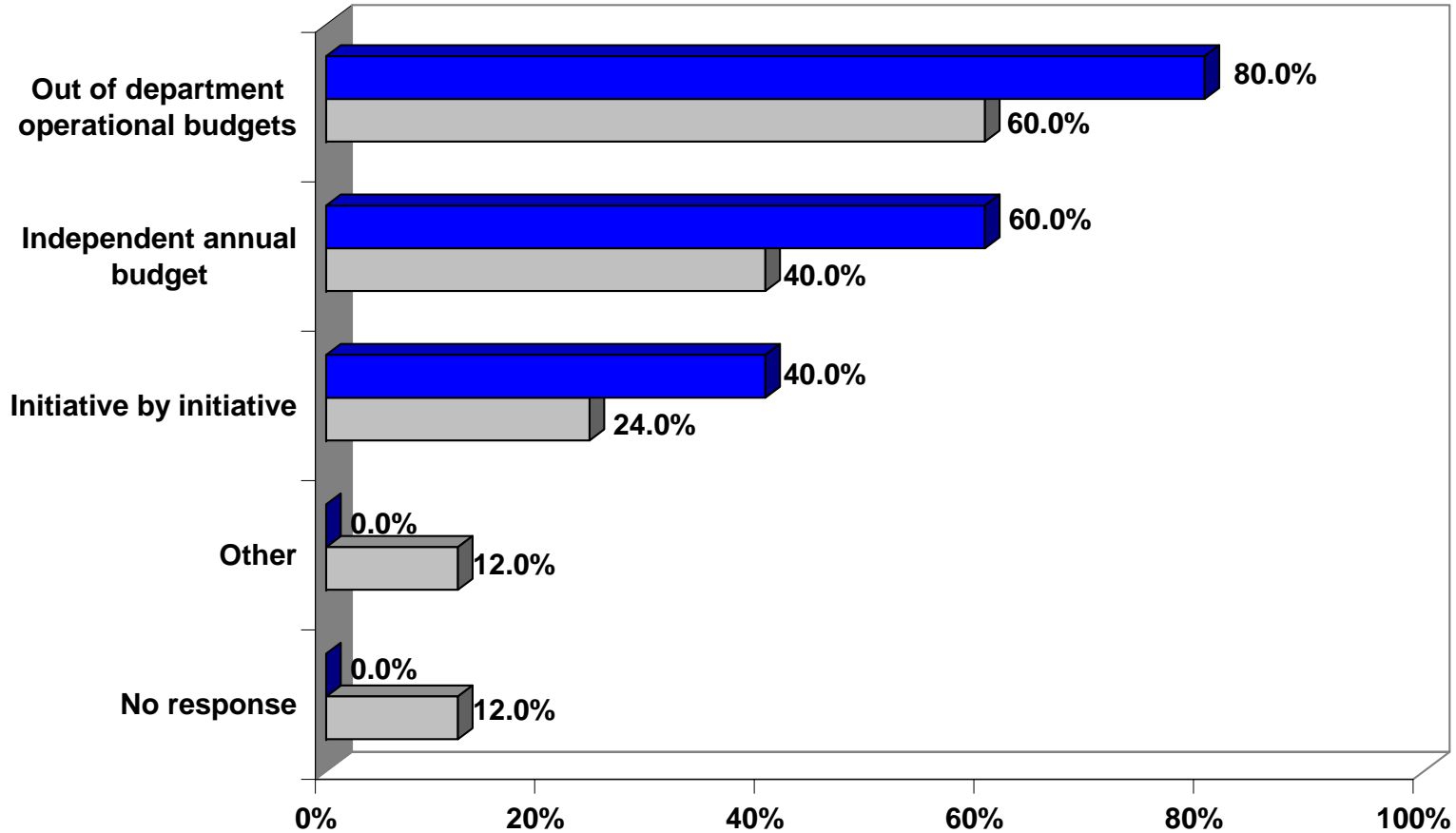
(1-None at all; 2-Some, but far below expectations;
 3-Moderate, not all benefits were achieved, but initiative was justified;
 4-Excellent, fully met expectations; 5-Far exceeded expectations)

Alden edited summary-not for distribution-results are embargoed for study sponsors and APQC members-depending on the use, we can use

Business Case for BPM

- APCI - reduce cost through work process simplification
- Deere - required excellence in world-wide product and customer support
- Coors - needed to address two potentially critical failures resulting from SAP implementation
- NGST - increasing program complexity and the competitive environment
- OMI - built on results from quality improvements

7a. How is your organization's BPM initiative funded?



■ Partners
 ■ Sponsors and Others

n=5 (Partners)
n=25 (Sponsors and Others)

BPM is the way business is conducted

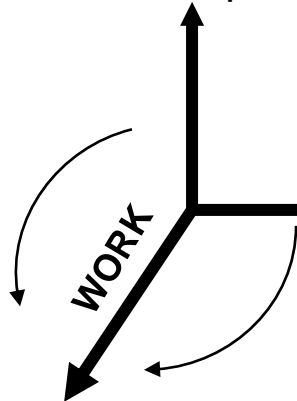
Partners are process-focused organizations.

Creating a “Process-Focused Organization”

A 3rd Dimension in Management

BUSINESSES

[Business Unit, Region, focused on P&L's & markets)
“Best Company to Invest In”



FUNCTIONS

[Departments, Centers of Excellence)
“Best Company to Work For”

PROCESSES

[Source, Make, Fulfill, etc.)
“Best Company to Buy From”

- Businesses determine where we work
- Functions describe what we do
- Processes focus on how we do our work

Critical Success Factors

- BPM Framework
 - Why it's important
 - Common elements
- Process Lifecycle
 - Process models
 - Process performance
 - Process improvement
- Transformation
 - Performance management
 - Roles and accountability
 - Change management strategies and tactics

*Leverage to drive implementation
and culture change*

**Partners have a comprehensive
framework that supports BPM.**

Monitoring process maturity leads to improved work flow

Partners measure process performance:

- 1. to assess business results**
- 2. track process maturity**

8 Common Elements of a BPM Framework

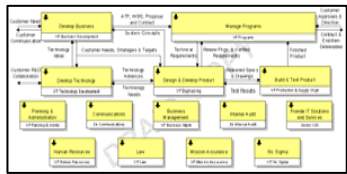
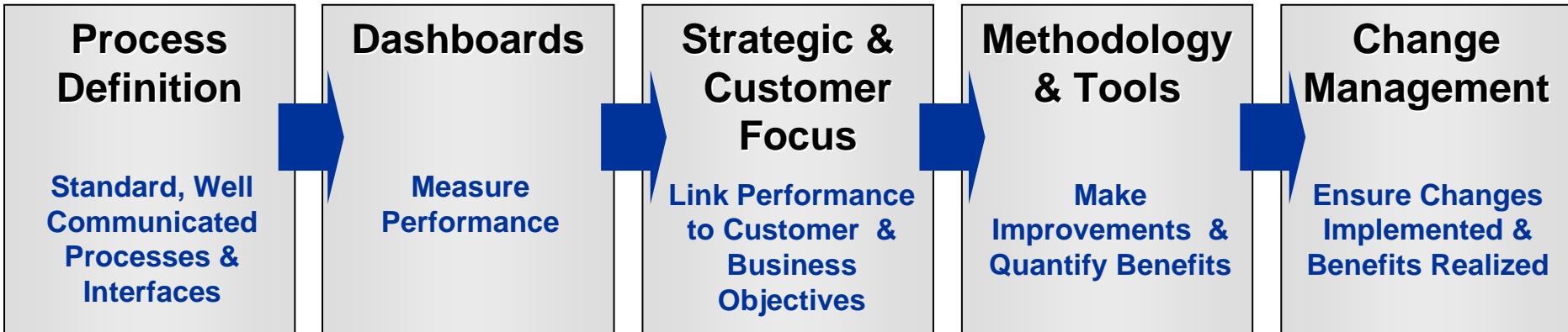
- Strategic alignment driven by customer focus
- Process improvement methodologies to drive progress and support change
- Defined measures to assess process performance and maturity
- Robust governance structures
- Change and human performance management
- Enterprise process model
- Technology infrastructure supported with tools
- Use a “maturity framework”, none as rigorous as the BPMM

Process Maturity Models

- Achieve high-fidelity definition of work processes and documentation requirements
- Assess processes against standards
- Guide organizational improvement
- Achieve behavioral changes that drive continuous improvement

APQC BPM Framework

Top Team Driven
Commitment / Resources / Organizational Focus



Project Name	Status	Start Date	End Date
Project A	On Track	2005-01-01	2005-03-31
Project B	Delayed	2005-02-01	2005-04-30
Project C	Completed	2005-01-15	2005-02-28

Task	Resource	Start	End	Status
Task 1	Resource A	2005-01-01	2005-01-31	Complete
Task 2	Resource B	2005-02-01	2005-02-28	In Progress

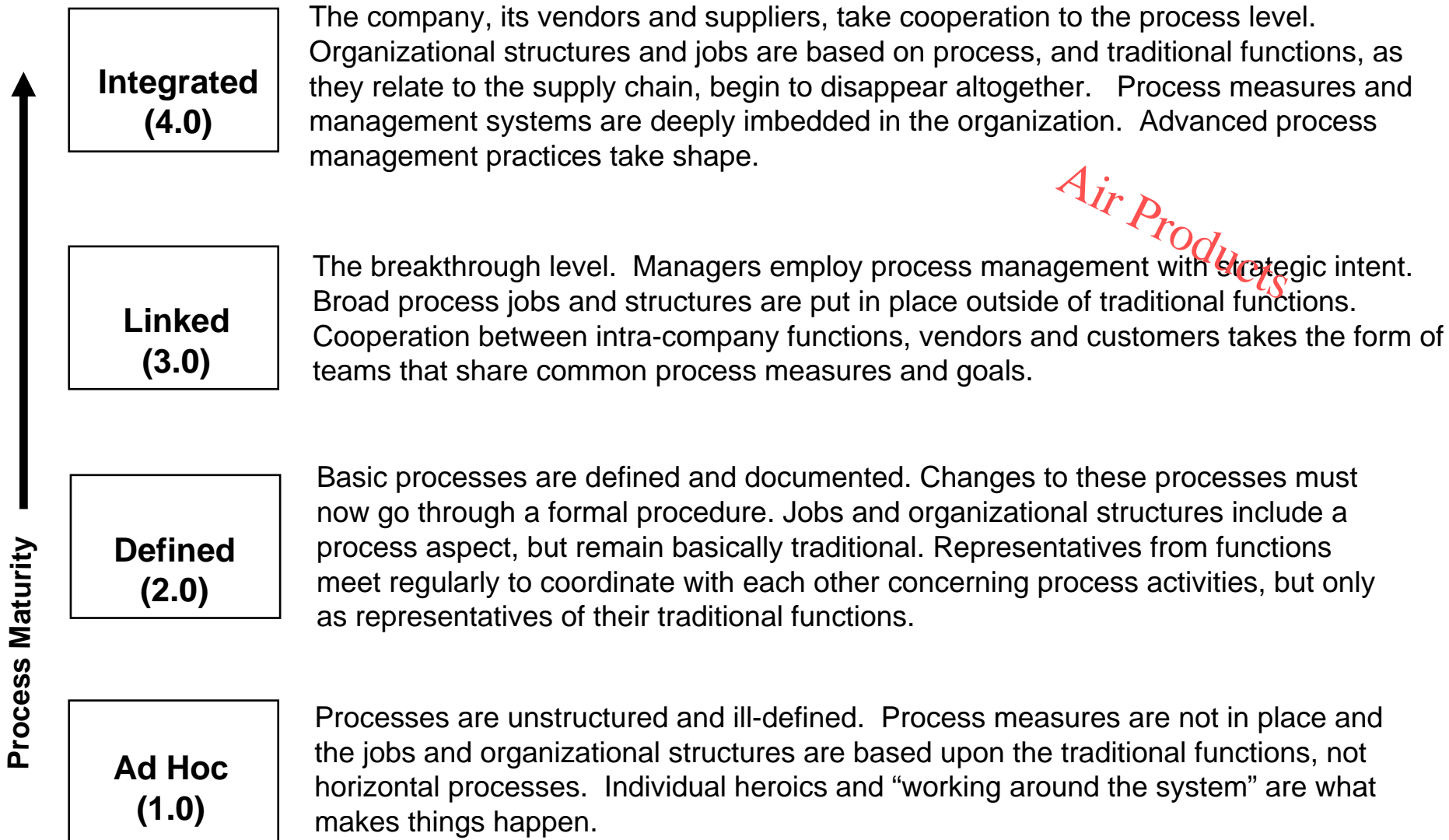


Infrastructure

2003 Dana QLP Results

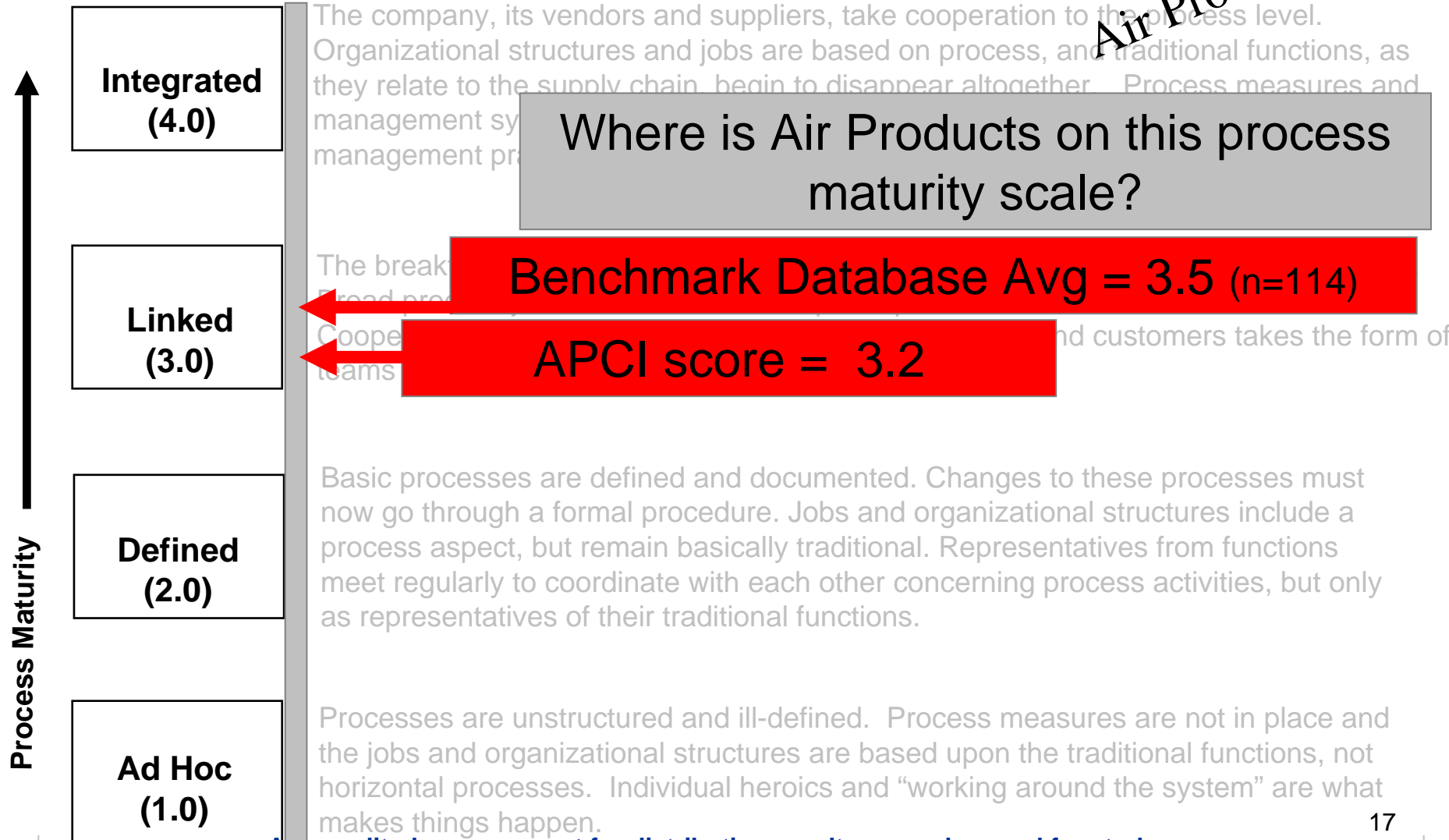
	467	256	578
	581	n/a	566
	509	n/a	541
	390	506	505
	449	n/a	504
	n/a	256	500
	360	n/a	482
	423	471	478
	332	516	462
	388	474	431
	n/a	256	421
	n/a	n/a	410
	n/a	252	322
	443	384	312
	n/a	256	265
	434	363	452

Business Value as a function of maturity



The view of "100" managers

Air Products



Where is Air Products on this process maturity scale?

Benchmark Database Avg = 3.5 (n=114)

APCI score = 3.2

Process Maturity

Integrated (4.0)

Linked (3.0)

Defined (2.0)

Ad Hoc (1.0)

gfd1

our 3.2 score indicates we are only in linked range to 4.0
diehlgf, 1/3/2005

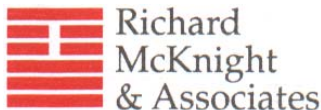
Process-Focused Maturity Benchmarking

Conclusion and Recommendations

Air Products

- APCI has built a great start toward a process focused organization but you are at a plateau. (The “base camp” for the final climb.)
- You should stabilize and institutionalize your gains.
- You should leverage these to make SAP successful.
- You should adjust and focus the organization and prepare for the next “climb.”

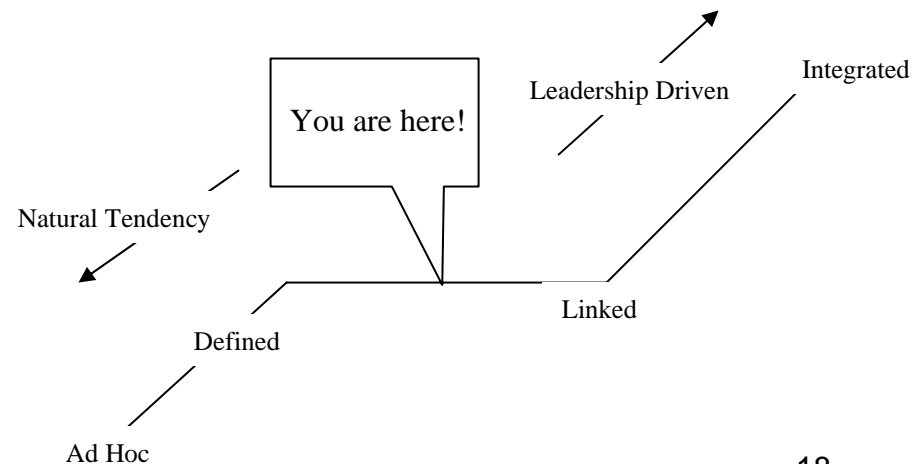
3 Keys to Accelerating the Climb:



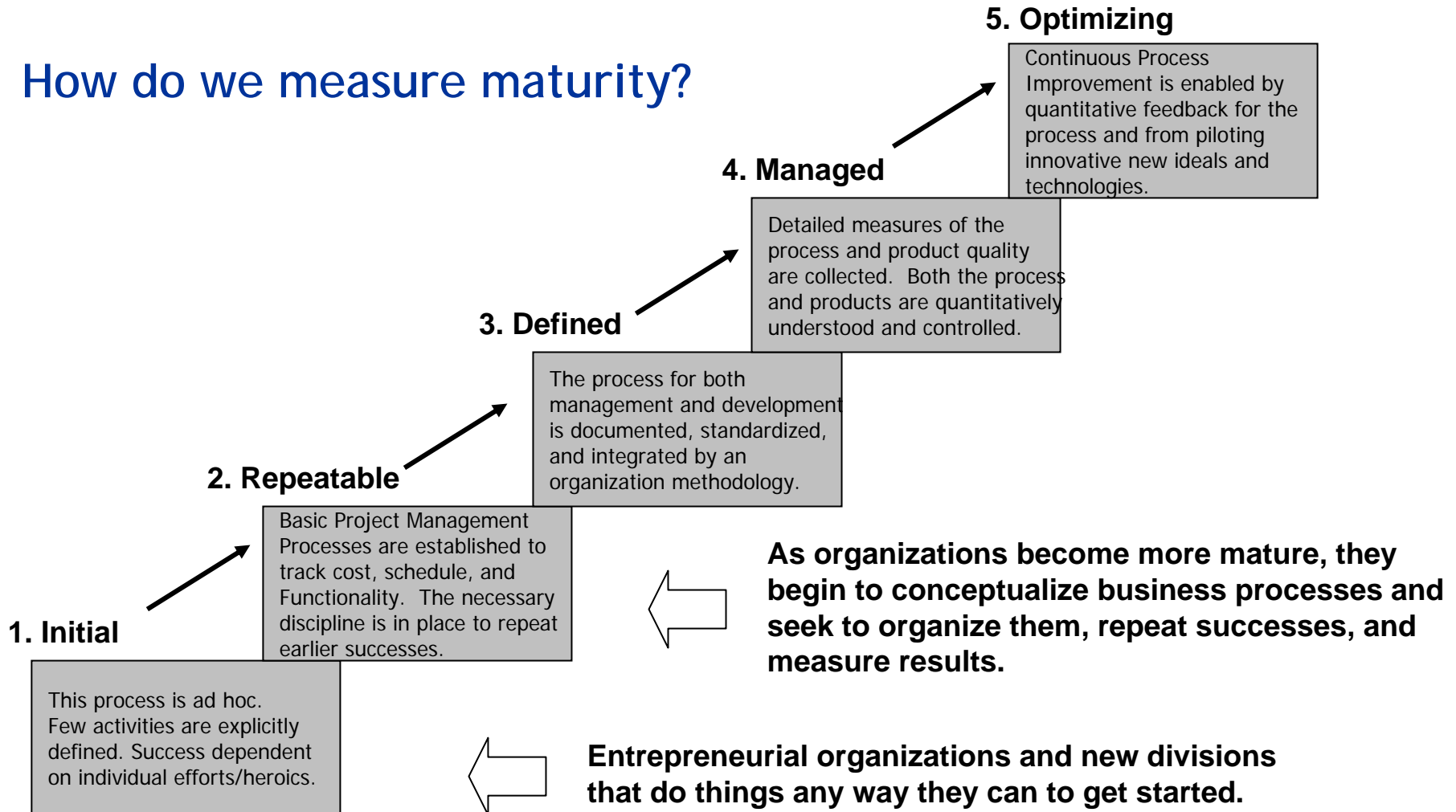
Process Leadership

Process Design ★

Process Measurement



How do we measure maturity?



Source: Paul Harmon, Business Process Trends

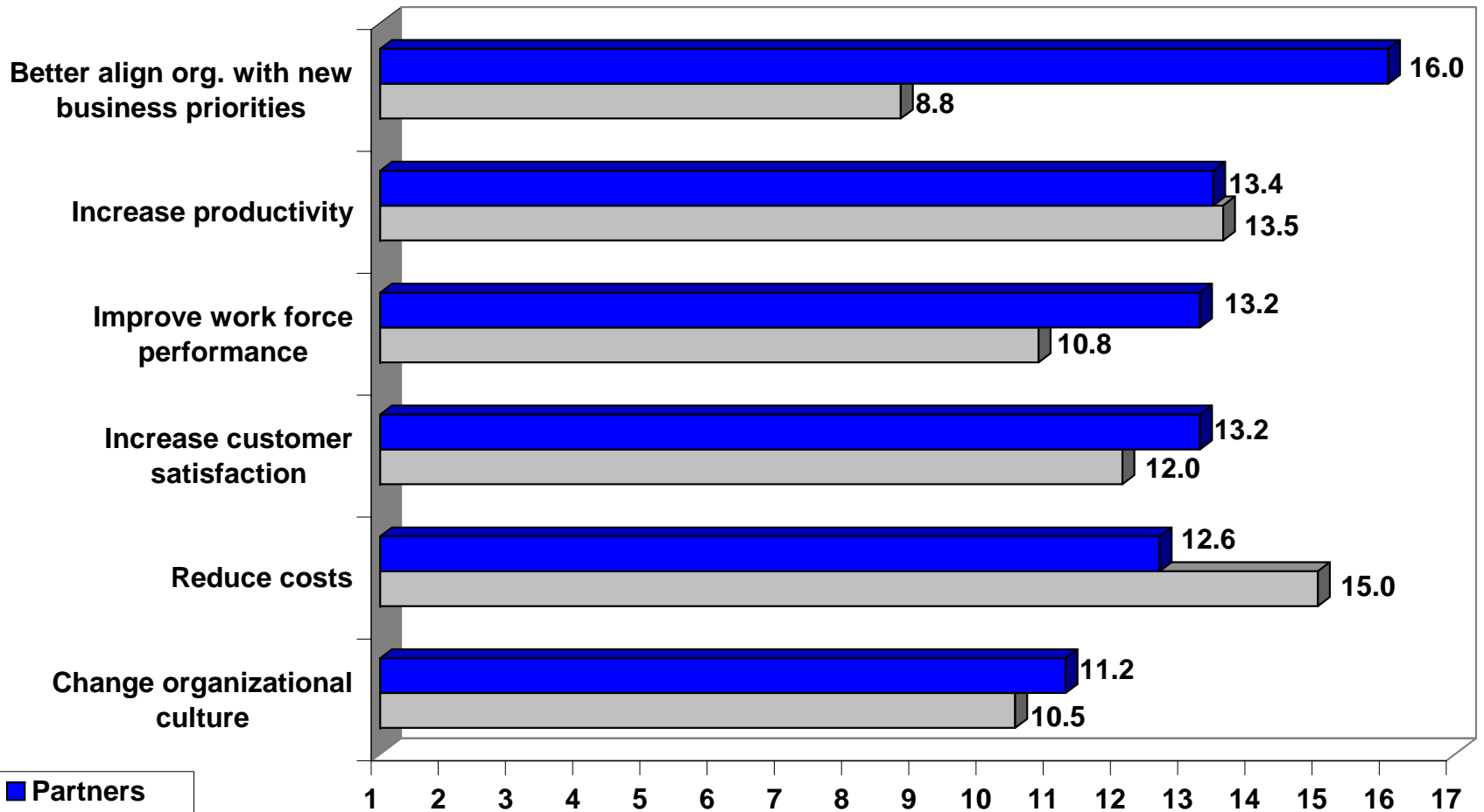
OMI Scale for Process Maturity-used to set priorities

1. Process not defined. The process needs to be designed and documented.
2. There is a general understanding of the process by those who work in it. No formal documentation or process standards exist. No formal work to improve the process has been undertaken recently.
3. Process has been defined and the intent is to understood. Documentation of the process exists in include flow charts, standards, checklists, procedures, training manuals, etc.
4. Process is well defined and measure are in place. Customer feedback is solicited and used to fin tune the process Graphs and charts are used to evaluate the process and learn from the measures.
5. Process has been formally improved within the last year. Ongoing measures are used to track progress and process documentation is kept up-to-date. Customer feedback is solicited and used to fin-tune the process routinely.
6. Key measures of the process and process outcomes are predictable. Customer feedback is solicited and used to fine tune the process routinely. Control charts are used to monitor performance and process consistently meets the needs and expectations of customers. Process documentation is kept up-to date.

Alignment leads to sustainability & success

Partners align their BPM frameworks and objectives with core business strategies.

**5. Average Ranking of Objectives for BPM Initiative
(1=least important and 17=most important)
Top Six Partner Objectives**



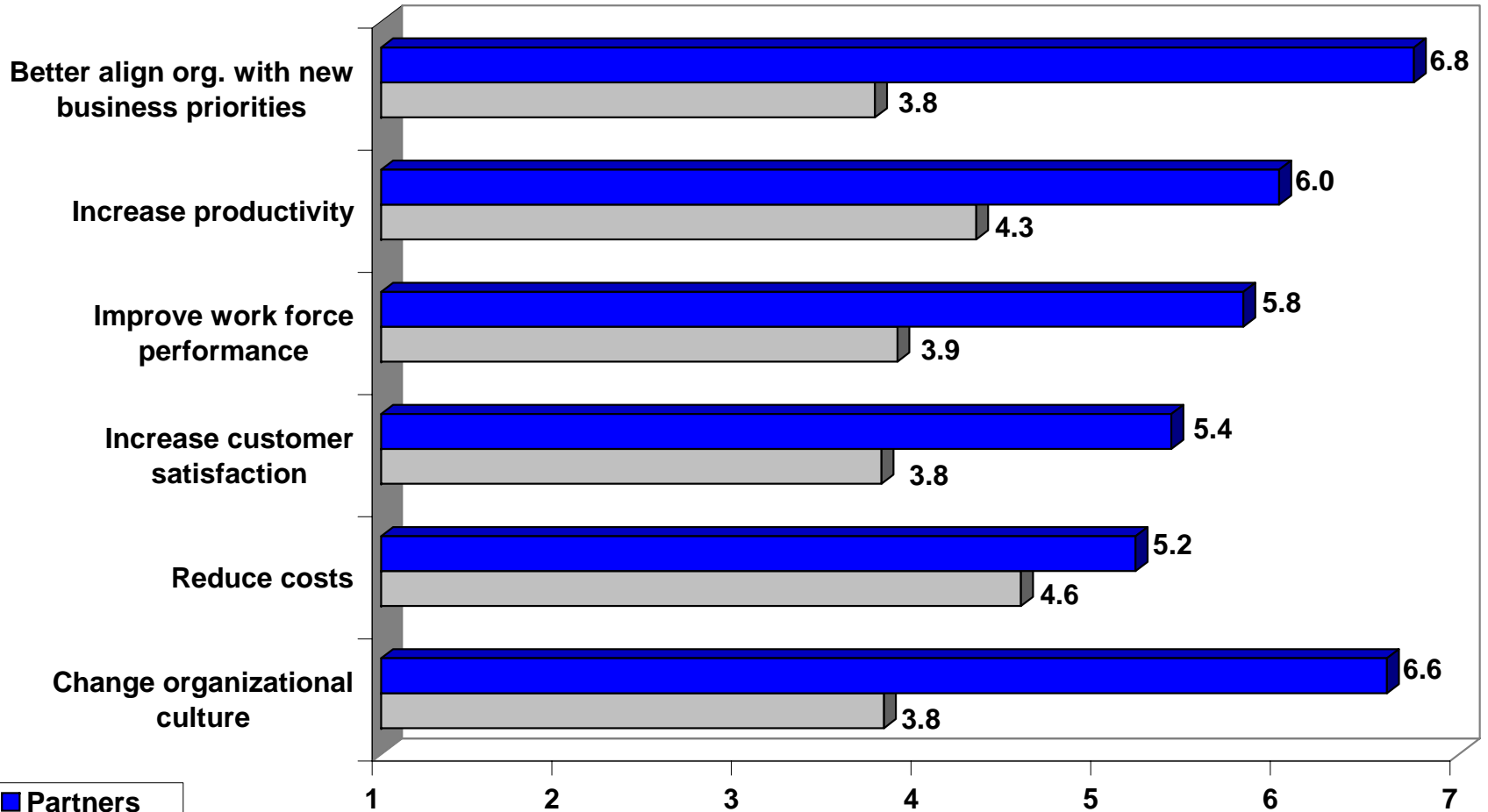
■ Partners
■ Sponsors and Others

n=5 (Partners)

n=25 (Sponsors and Others)

**Alden edited summary-not for distribution-results are embargoed for study
sponsors and APQC members-depending on the use, we can use**

**5. Average Rating of Impact of BPM Initiative on Objectives for BPM Initiative
(1=no impact, 4=moderate impact, and 7=high impact)
Top Six Partner Objectives**



■ Partners
■ Sponsors and Others

n=5 (Partners)
n=25 (Sponsors and Others)

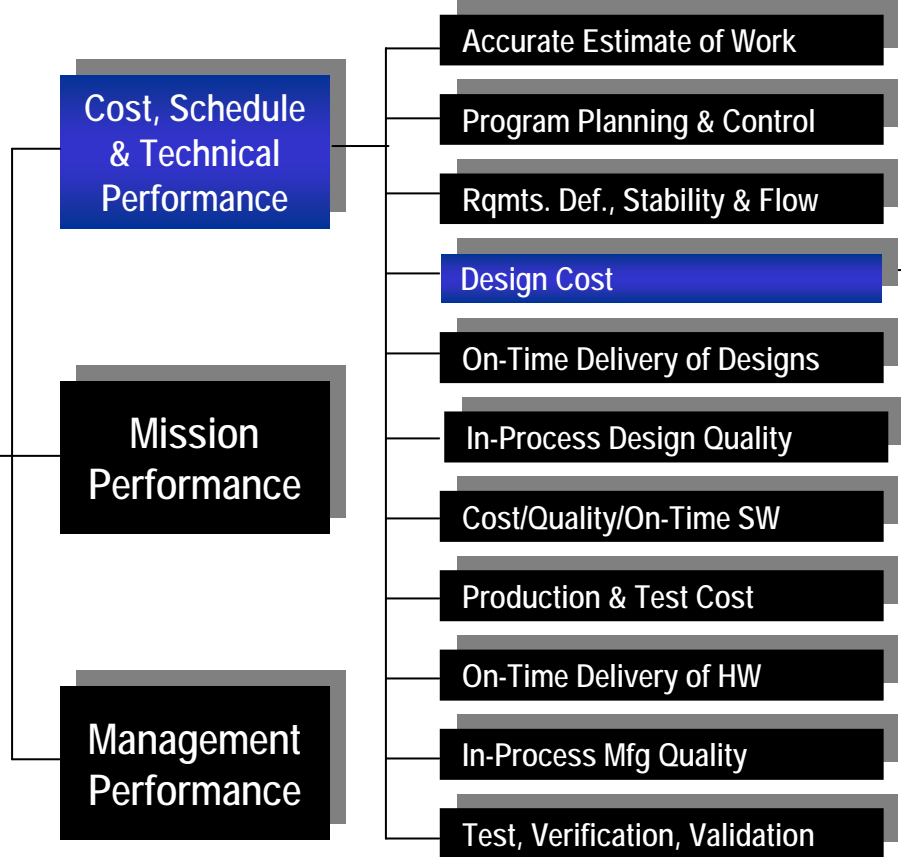
**Alden edited summary-not for distribution-results are embargoed for study
sponsors and APQC members-depending on the use, we can use**

Linking Objectives to Processes

Commitments (Big Y's)

- Financial Performance
- Growth
- Program Performance
- Business Transformation
- NG Integration

Drivers

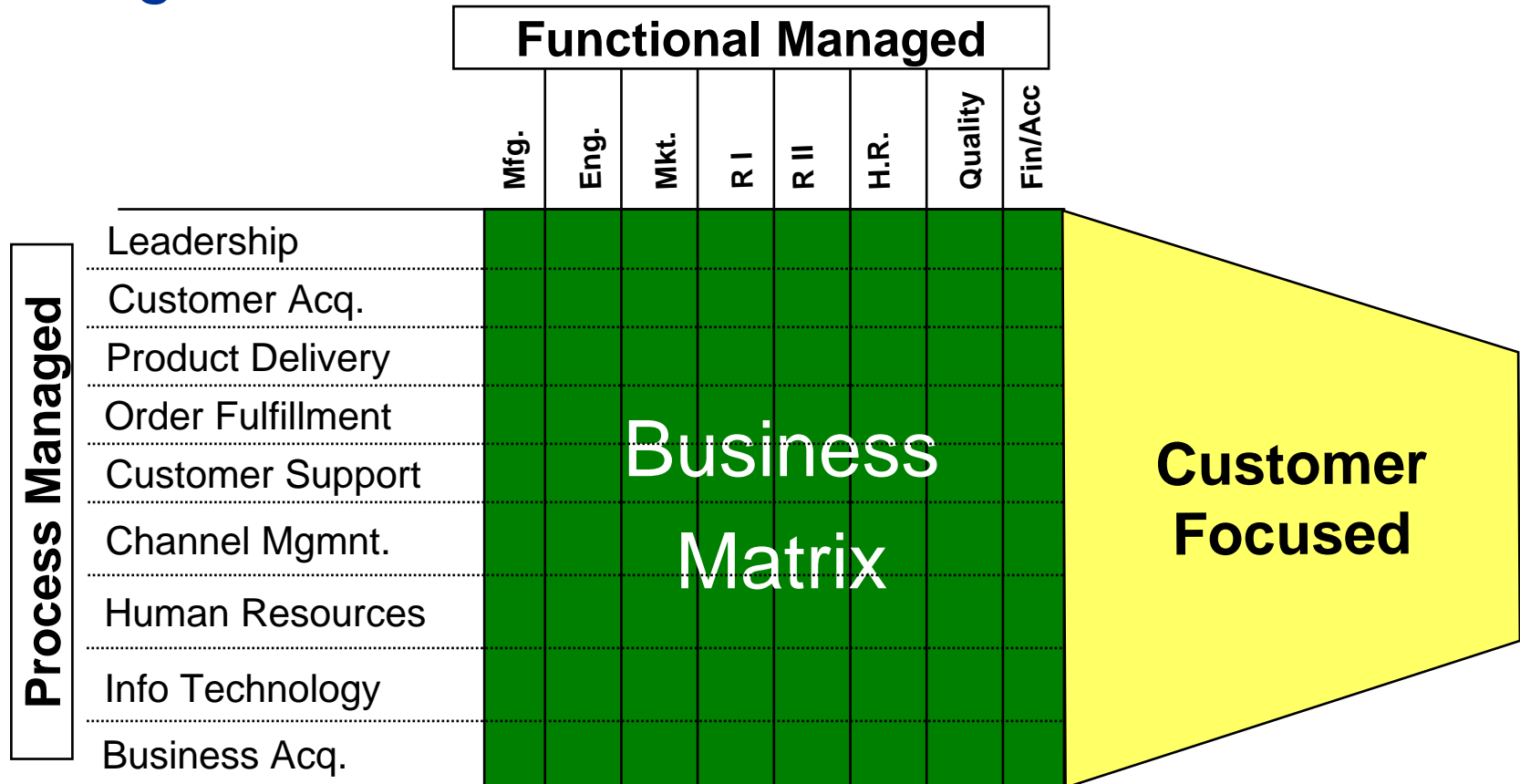


Top-down approach links process performance to business objectives

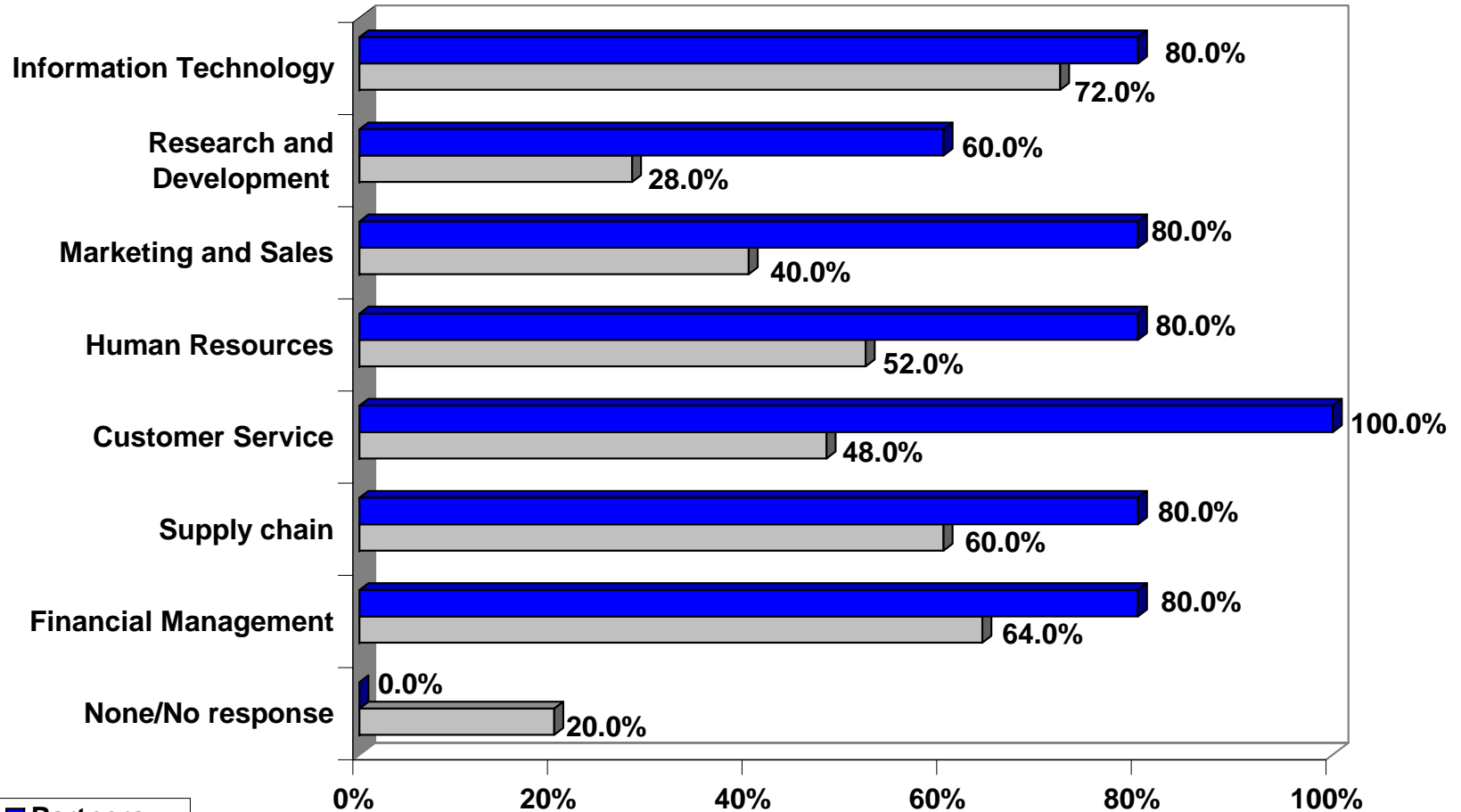
Function versus process

Partners manage the matrix.

A Balance of Functional and Process Management



6.1 Which of the following functional areas in your organization are currently integrated as part of your BPM initiative?

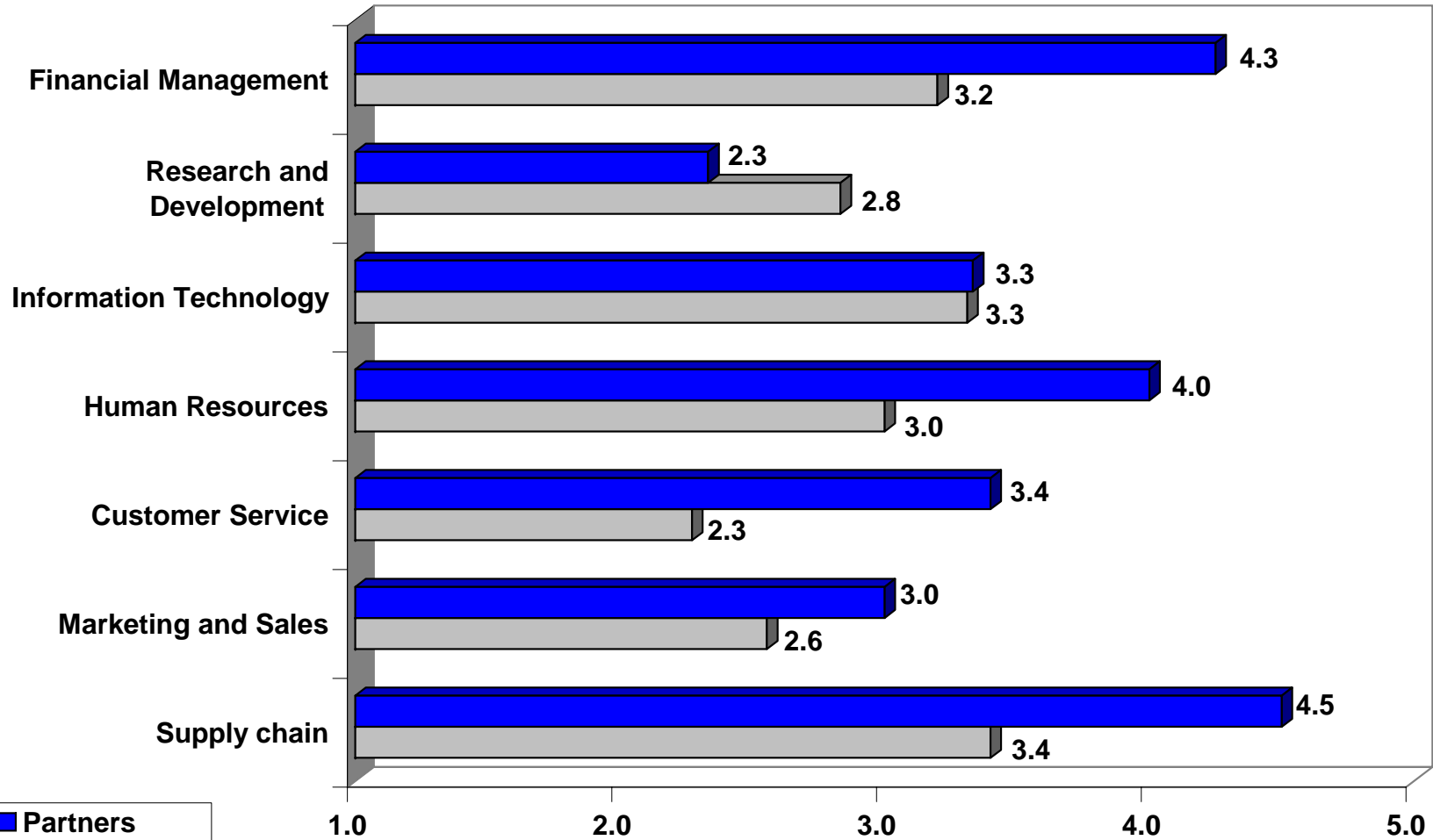


■ Partners
 ■ Sponsors and Others

n=5 (Partners)
 n=25 (Sponsors and Others)

Alden edited summary-not for distribution-results are embargoed for study sponsors and APQC members-depending on the use, we can use

6.1 Please rate the extent to which the following is integrated with BPM
 (1= To a little extent; 3=To some extent; 5=To a very great extent)



■ Partners
 ■ Sponsors and Others

n=5 (Partners)

n=25 (Sponsors and Others)

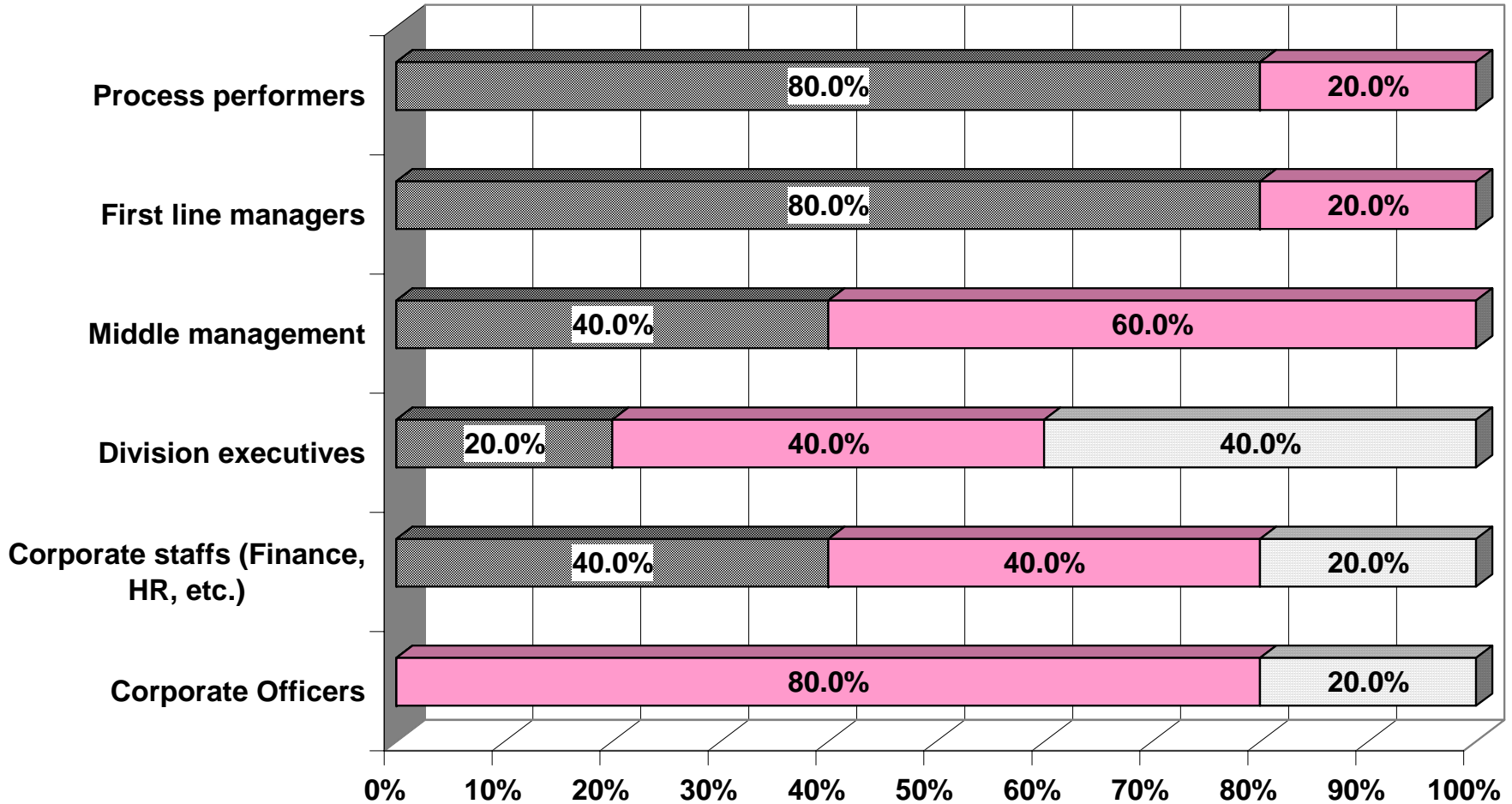
Alden edited summary-not for distribution-results are embargoed for study

sponsors and APQC members-depending on the use, we can use

*Top down support drives accountability
at all levels*

**Partners' BPM frameworks
promote a robust governance
structure.**

12. How would you rate the involvement of leadership and staff to the BPM initiative?
All Partners



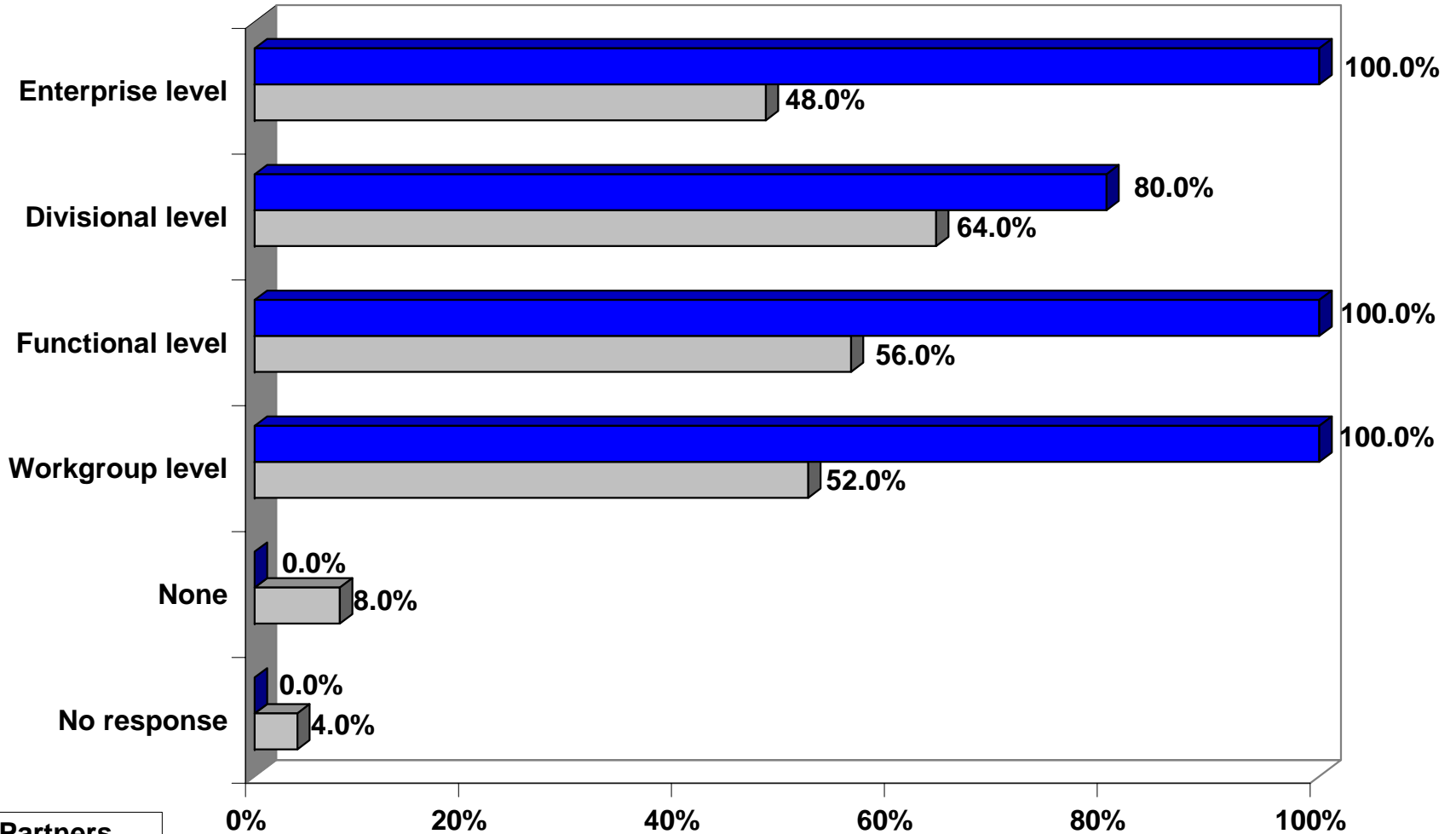
n=5 (Partners)



Simplifies communication and change

Partners use enterprise process models to ensure top-down understanding and coordination

9. At what level are your processes defined?



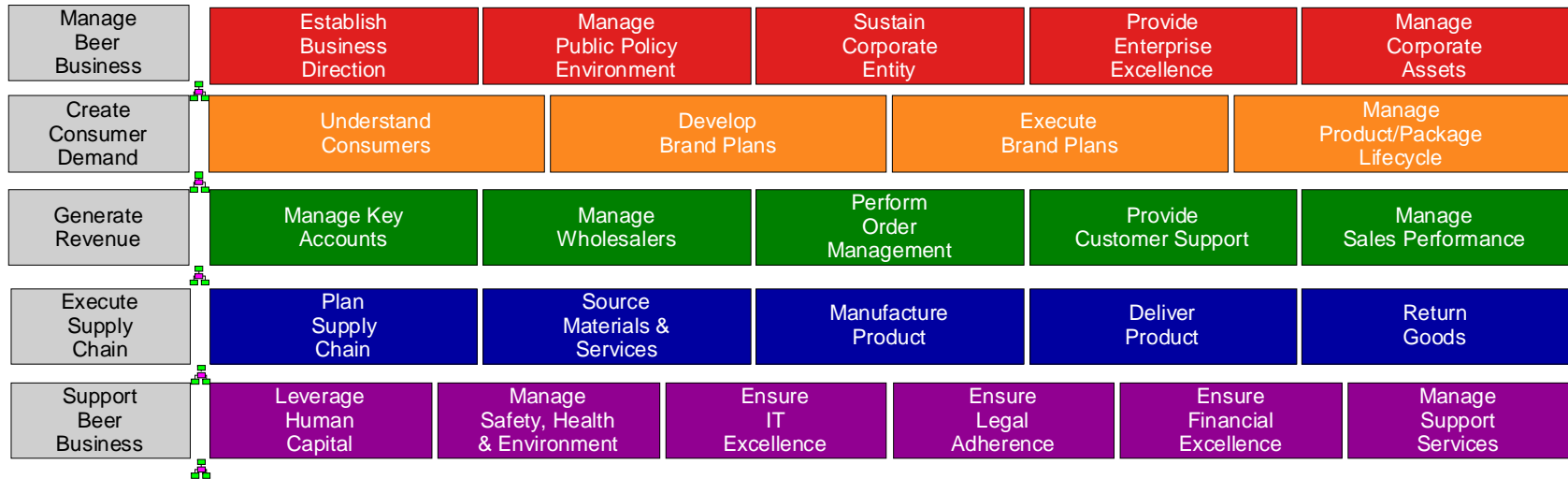
■ Partners
 ■ Sponsors and Others

n=5 (Partners)
n=25 (Sponsors and Others)

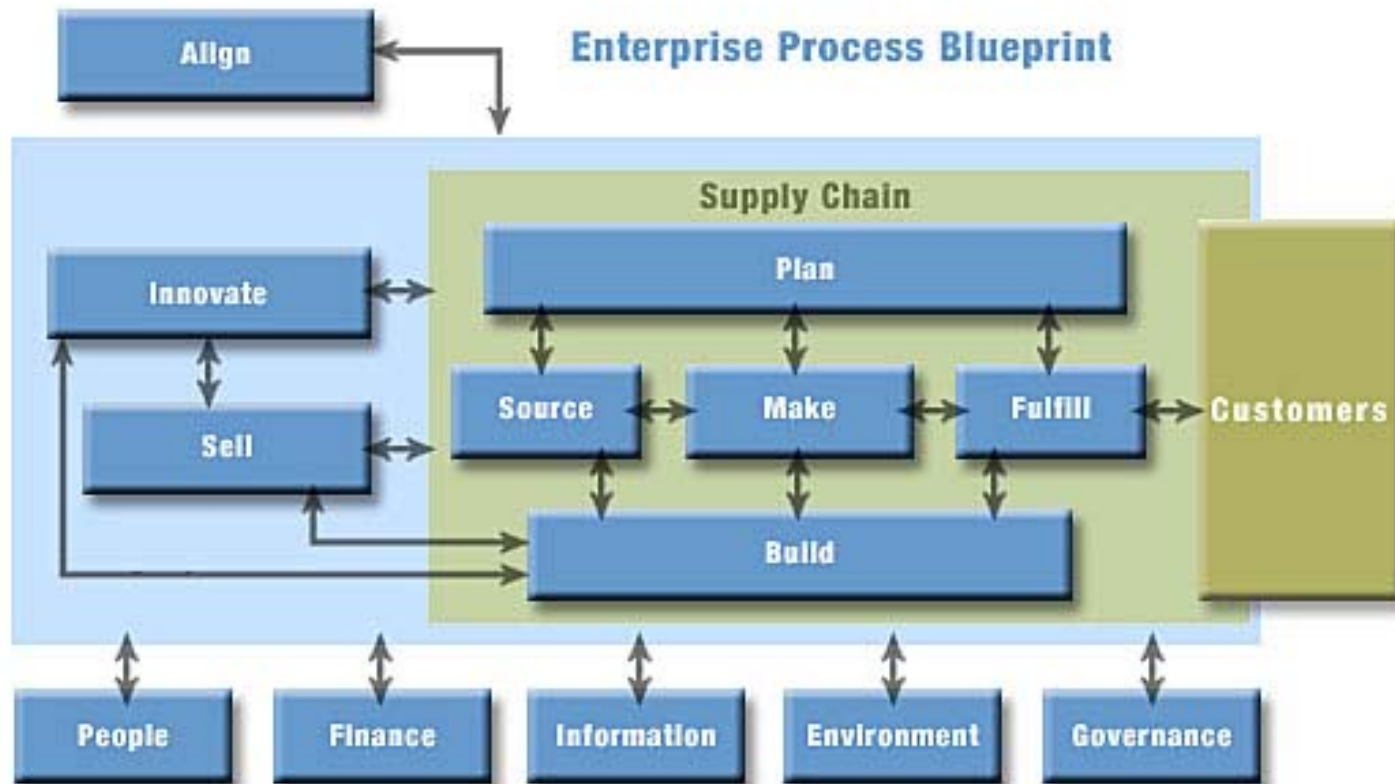
Alden edited summary-not for distribution-results are embargoed for study sponsors and APQC members-depending on the use, we can use

Enterprise Process Model

Coors - US Business Enterprise



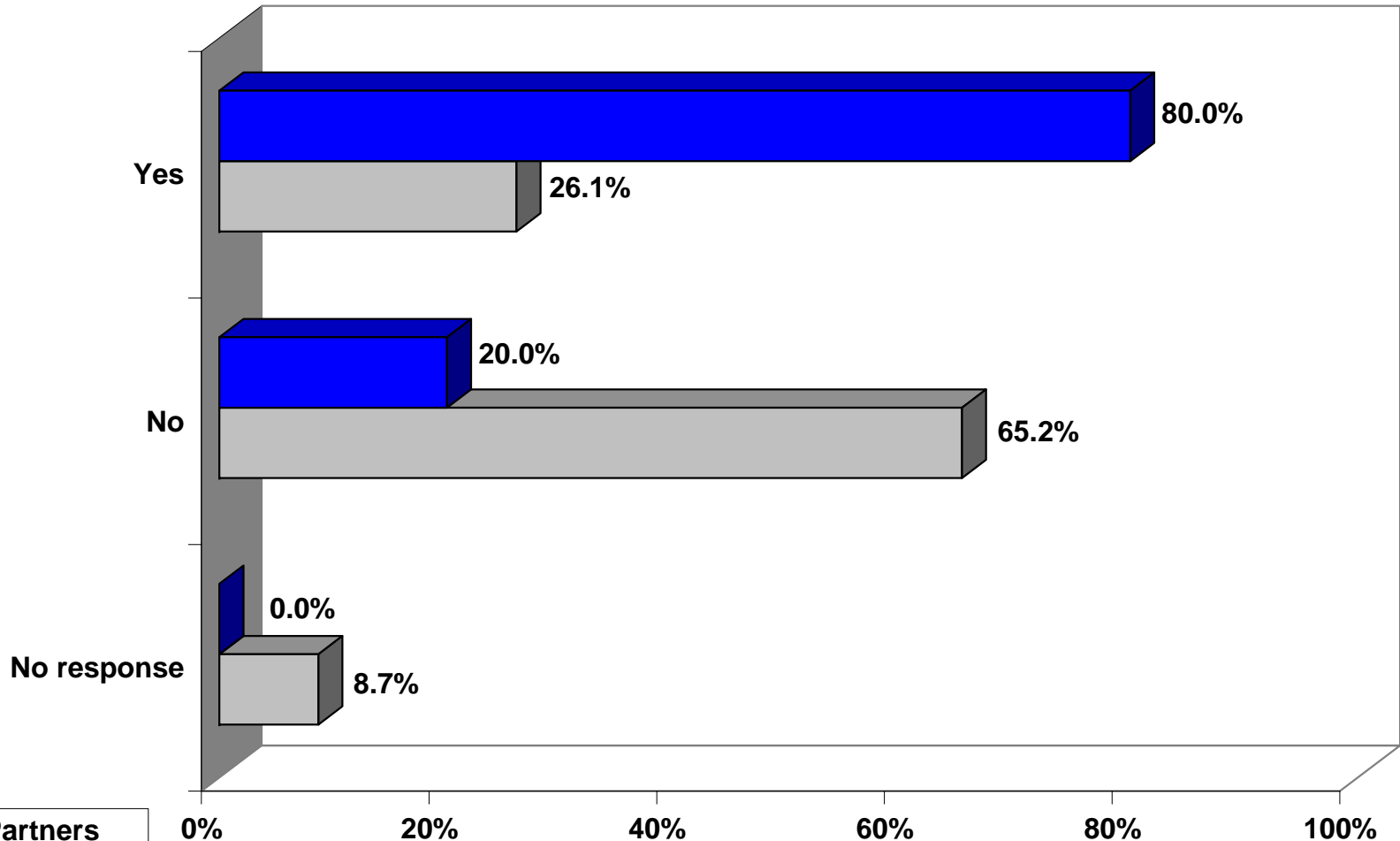
APCI's Enterprise Process Model



Monitor and improve process performance

**Partners integrate and align
measures with the enterprise
process model.**

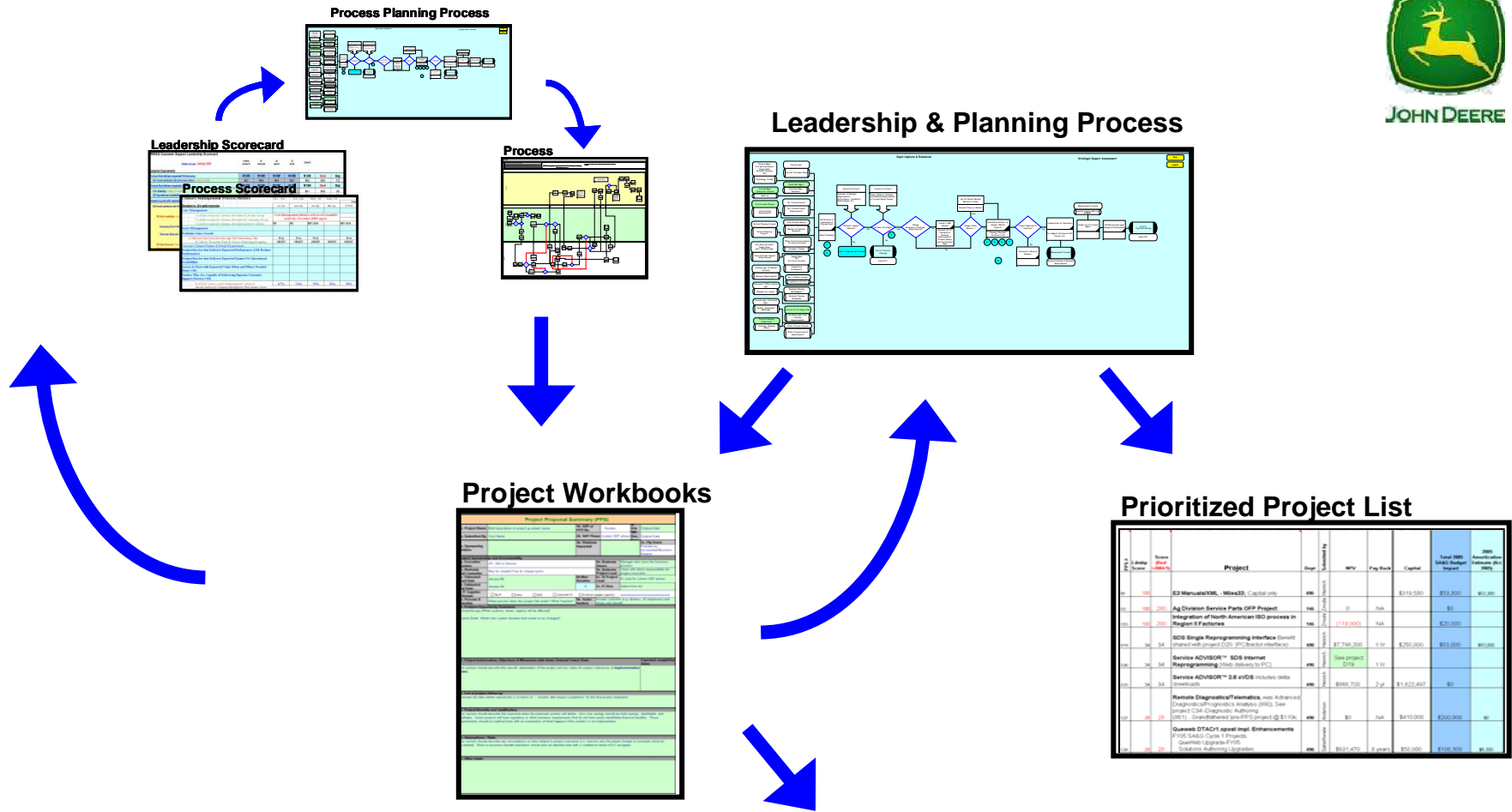
10a. Measures aligned to the enterprise process framework?



■ Partners
 ■ Sponsors and Others

n=5 (Partners)
 n=23 (Sponsors and Others)

Alden edited summary-not for distribution-results are embargoed for study sponsors and APQC members-depending on the use, we can use



Prioritized Project List

Rank	Score	Project	Dept	MPV	Pay Back	Capital	Total 2005 2006 Budget	2005 2006 Investment plan
1	100	IS3 Manufacturing - Mile33 - Capital only	400			\$110,000	\$10,000	\$10,000
2	100	Ag Division Service Parts OIP Project	400	0	NA		\$0	
3	100	Integration of North American ISD processes in Region 8 factories	400	(119,000)	NA		\$20,000	
4	94	ISD Single Reprogramming Interface Smart (related only project 2200 - IPC Doctor hardware)	400	\$7,700,000	1 yr	\$700,000	\$10,000	\$10,000
5	94	Service ADVISOR™ - ISD Internet Reprogramming (Web delivery to PC)	400	See project 019	1 yr			
6	94	Service ADVISOR™ 2.6 vDOS includes delta download	400	\$999,700	2 yr	\$1,822,497	\$0	
7	94	Remote Diagnostic/Telematics - web Advanced Diagnostic/Prognostic Analysis (RPA) - See project 024 - Diagnostic Authority (DAI) - Grandfathered project @ \$117k	400				\$200,000	\$0
8	88	Quinn's STACH rapid Impl. Enhancements (PVS SAIGS Cycle 1 Upgrade - Customer, engineering, operations)	400	\$587,470	3 years	\$0	\$100,000	\$100,000

Performance Management

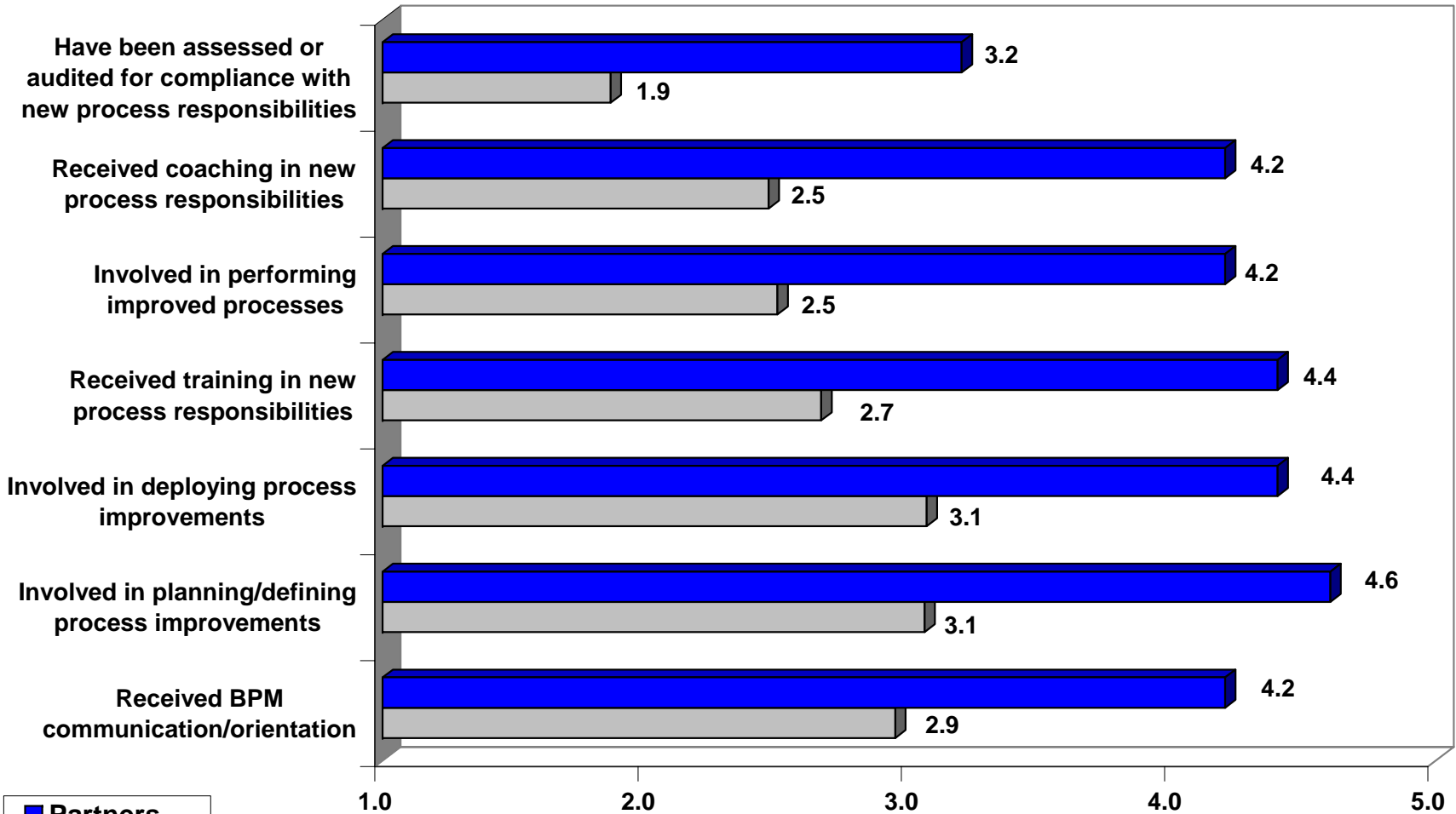


Process Integration & Metrics

Transformation is not a part-time job

Partners sequence events with dedicated resources to drive BPM implementation.

**24.1 To what extent have middle managers been involved in the activities mentioned below regarding the BPM initiative?
(1-Not at all; 2-Little; 3-Some; 4-Great; 5-Very Great)**



■ Partners
 □ Sponsors and Others

n=5 (Partners)
n=25 (Sponsors and Others)

Alden edited summary-not for distribution-results are embargoed for study sponsors and APQC members-depending on the use, we can use

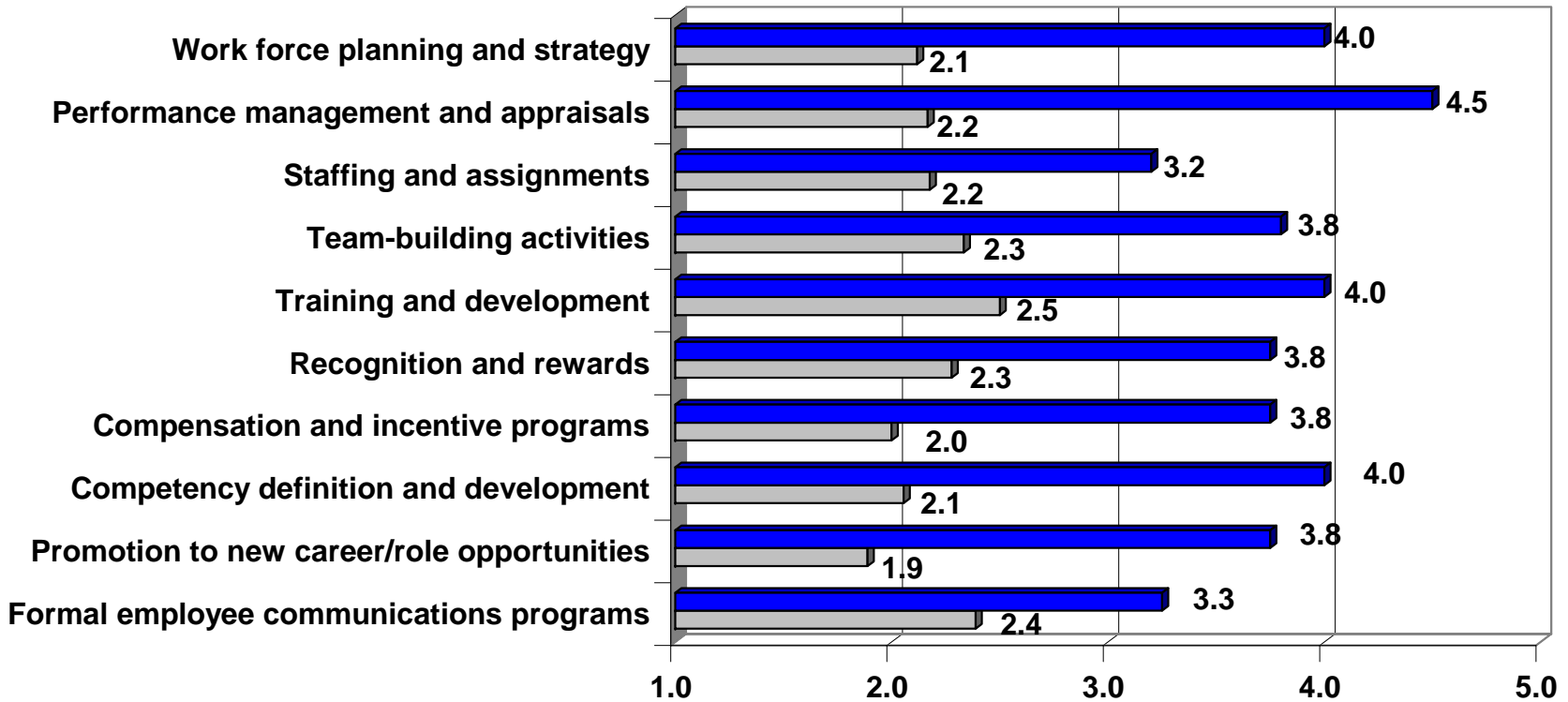
Right people, right time, right place

Partners integrate their BPM initiatives into all aspects of human performance and workforce management.

Change Management Strategies

- Training
- Communication
- Knowledge-sharing approaches and capabilities
- Enabling technologies
- **more**

23. To what extent has your organization integrated the BPM initiative into its work force management practices, such as training and development, compensation, promotion, etc.?
 (1-Not at all; 2-Little; 3-Some; 4-Great; 5-Very Great)



■ Partners
 ■ Sponsors and Others

n=5 (Partners)
 n=25 (Sponsors and Others)

Alden edited summary-not for distribution-results are embargoed for study sponsors and APQC members-depending on the use, we can use

Alignment and prioritization

**BPM creates a discipline for
process improvement in
best-practice organizations.**

The One-Company Continuous Improvement Process

- Is a Model
 - People - energized and capable
 - Focus - on the identification and elimination of non value-added activities
 - Tools - to empower team-based performance
 - Learning - to maximize benefit
 - Leadership - with passion around change, understanding and buy-in
- And a Process

