

# WHAT IS BPM?

Business processes are everywhere, in every organization, at every level.

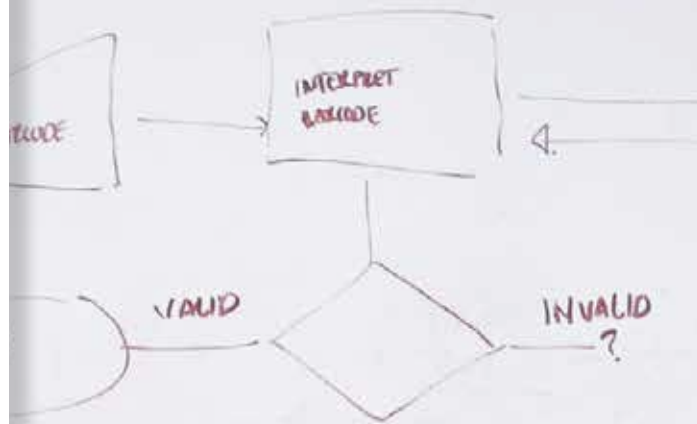
Automating and streamlining selected processes can lower costs and improve quality.



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## BPM, a term with multiple meanings

“Business Process Management” as it applies to business processes generally includes all or some of the following:

- A tool to graphically diagram processes;
- A means to simulate and optimize processes before deployment;
- A system to run processes with both human and automated activities;
- Tools to monitor and manage processes as they take place in real time;
- A means to collect and manipulate data from processes as they take place in real time;
- An interface for people to interact appropriately with processes as they take place; and
- A means to access and interact with an organization’s existing Information Systems (databases, data management systems, etc).

## Business Processes

BPM (Business Process Management) is a means of defining and managing what happens, from beginning to end, in a “business process.” A business process is any sequence of activity of interest to an organization. Some examples of business processes include:

- A new employee is hired at a company: There are actions to be taken before, during, and after the employee’s arrival
- A user with a computer problem contacts a premium helpdesk service: The problem must be logged, tracked, resolved, and documented.
- A customer brings a car that has been recalled for a faulty part to an auto dealership or garage: The problem must be logged, the part ordered or taken from inventory, the car repaired, the franchise notified, etc.

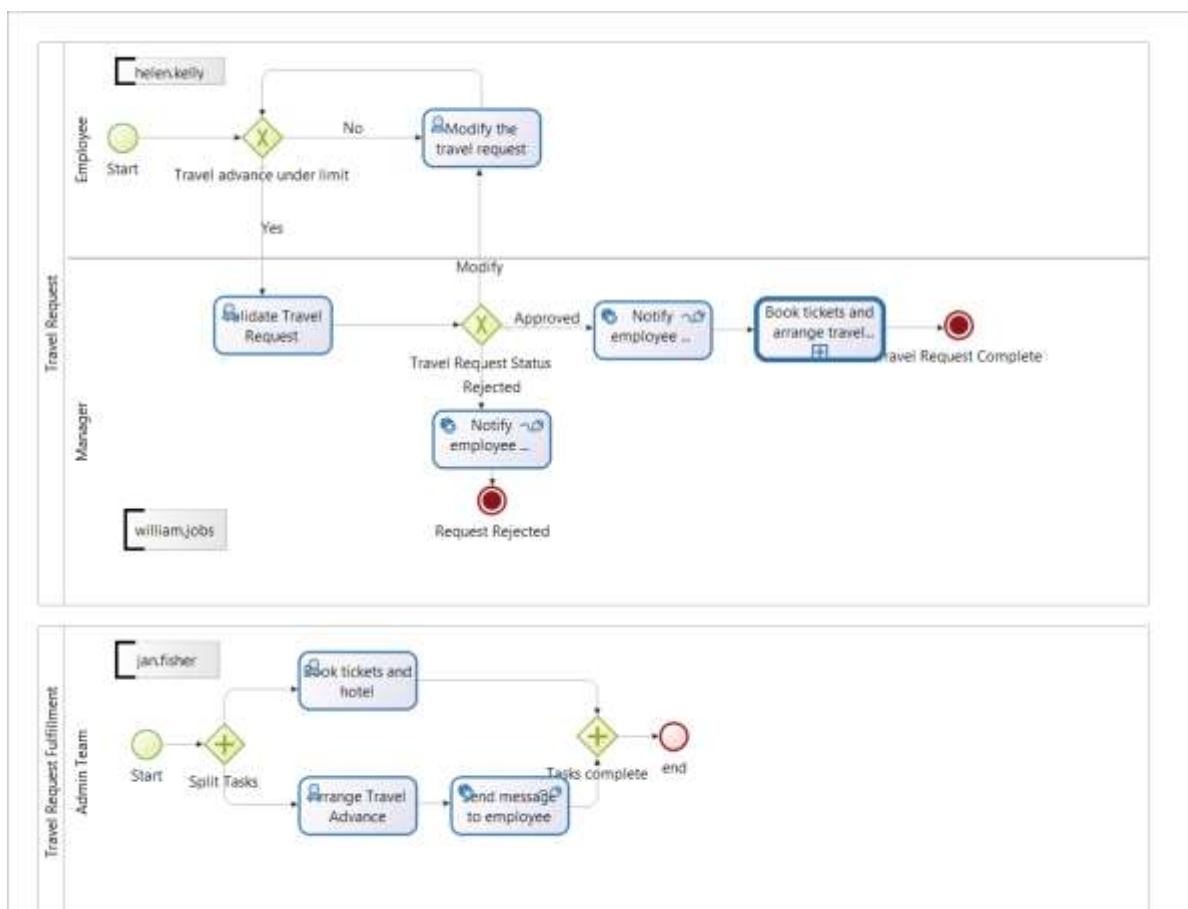


Figure 1. Example : Travel request management process

## Defining and Describing Business Processes (Descriptive BPM)

Business processes are everywhere, though not all of them are explicitly defined. A very small company may coordinate its employees’ vacation schedules mostly verbally, documenting only the result.

Business process management at the simplest level (descriptive) makes a process explicit, and draws or represents it in a model – a flow chart, for example. In the field of BPM, there are standards with specific symbols used to model business processes, including ways to distinguish between steps, tasks, or activities performed by people, and those which are automated (performed by software, by hardware, or by a combination of both). For a complete description of current standards, see BPMN at <http://www.bpmn.org>.

## The Utility of BPM

Process improvement is based on the idea that in order to improve something, first one needs to understand the current situation, then look at where and how the process might be improved – streamlined, done more quickly, automated, and so on. Continuous improvement, total quality management, Six Sigma, Lean, Kaizen – all use some type of process definition, analysis, change, and evaluation of results with the ultimate goals of both reducing costs and increasing quality.

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BPM applied at a deeper level therefore includes a means to analyze processes. Processes can be diagrammed, analyzed, and improved before they are implemented. Business process management solutions often include a simulation capability, to work out the inefficiencies and problems to optimize an end-to-end process before executing it for real.

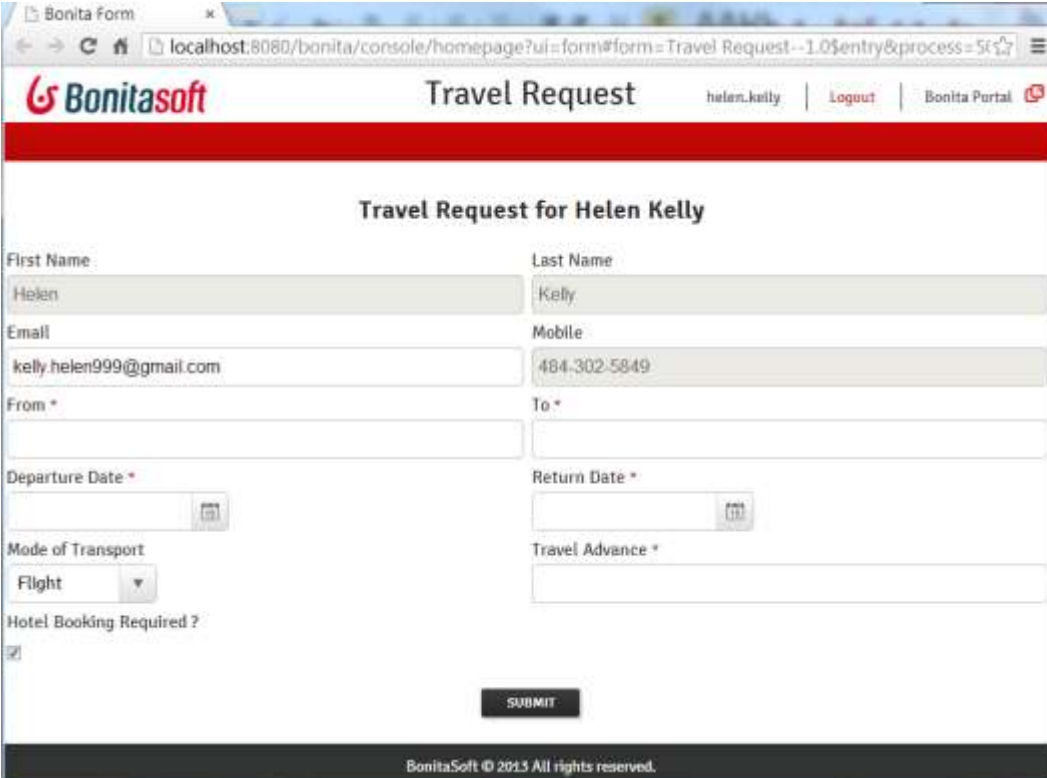
BPM at its most complex level goes further yet. It integrates and applies information technology tools that actually participate in managing the process. This is executable BPM.

## Running and Managing Business Processes (Executable BPM)

In executable BPM, the process can be drawn or designed graphically with the BPM software, and then actually executed or run as one might run a software application. Where there are people involved in the process, they can be presented with forms to fill in, for example, along with information they might need to complete that step. Where there is automation, the software can either perform the automatic task, or can be linked to an information technology tool specifically designed for that task.

For example, the actual process in a small company might look like this: a clerk in the front office manually enters orders into the computerized order/ inventory system. That program is accessed in the warehouse by the employees responsible for pulling stock out of inventory, who also pack and ship it and finally manually enter into the system that the stock has been reduced and the order has been filled. The order-inventory program is part of the existing information technology behind this process.

Let's look at how this process might be managed with executable BPM. First, the process designer (a manager, an IT professional, or anyone trained on the BPM software suite) draws the process graphically as a flow diagram. Then, as the steps where employees act are identified ("enter order into system", "pull from stock,", "pack and ship order"), the process designer creates the forms that the employee will complete (the order form, checklists).



**Figure 2.** Entry form generated from Bonita BPM

The process can be designed to take the order data, automatically check inventory, calculate the weight and postage for the package, direct the packer to the location of the item(s) ordered, identify the correct size of shipping carton, access the customer’s address information in the company’s database to print a shipping label, ask the packer to acknowledge that the item was pulled, the carton was pulled, the postage was charged, the order was shipped, etc - and record all details of the process as it was implemented.

Ideally, executable BPM software interfaces with existing information systems as much as possible – in the above example, the company’s existing order inventory program, the customer database, and the postage payment system – so that the specialized functions those systems perform are integrated with BPM software, not replaced by it. BPM is meant to manage the business process through interfaces with both human participants and with information systems (specialized programs, databases, directories, etc).



**Figure 3. Ideally, executable BPM software interfaces with existing information systems**

The whole BPM process is deployed in an environment where the people involved at each manual step in the process are able to interact with the process (for example, via an internal or external web site); and the automatic steps (and interfaces with existing information systems) are managed by the BPM software itself.

## Application of BPM to Process Improvement

Automation and integration of a process may lead directly to more efficiency. And with all aspects of the process handled this way, it becomes possible to collect data about how the process works, or doesn't work. The company can look for where and how the process can be streamlined, done more quickly, automated, and so on. This type of information can also be collected, for instance, for Business Activity Monitoring (BAM), key performance indicators, and other data useful for Business Intelligence.

With a well-integrated business process management solution, it can be possible to take data from other sources as well as directly from the process, filter out irrelevant events, perform calculations with it, and so on, both during the real-time process execution (Business Activity Monitoring), or afterward (using historical Business Intelligence data).