

## PM WORLD TODAY – PM ADVISORY – JUNE 2010

Driving Business Efficiency:  
The Fusion of Business Process and Project Management

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Webster's dictionary defines "fusion" as a merging of diverse, distinct or separate elements into a unified whole. While in the past the word fusion was often used with regard to energy, most recently it has been associated with food and music. "Asian fusion" restaurants offer an "East meets West" culinary experience; popular music offers a fusion of styles, combining jazz with rock, classical music or ethnic elements.

Technology has also "created" fusion with the merging of product offerings. Whereas telephone and cable providers once provided those specific services only, they now compete against each other with product offerings that have "fused" voice, internet, television and cellular coverage into a single "communications" package. This fusion of services clearly has separated the companies that can offer it all from those providers that can't, leaving the single service providers looking for ways to re-capture the lost business.

With the current economic condition, companies need to be innovative to drive new business. Improvements to a company's business processes have the capacity to transform businesses, leading to innovation and new opportunities. In his book Management Challenges for the 21<sup>st</sup> Century, theorist Peter Drucker states that "Continuous process improvements ... transform the business. They lead to innovation. They lead to new processes. They lead to new business."

However, not all business processes are the same. Structured business processes often exist alongside ad-hoc, activity-based processes that more closely resemble projects. Different types of processes need different interfaces to optimize and manage them. There will always be both structured and un-structured processes. What is needed is technology that can help businesses manage and improve these processes. This is particularly true as companies are continuing to operate with fewer resources – and companies need to find solutions that help them achieve faster and higher returns. This sets the stage for business process management (BPM) tools that offer a "fusion" of traditional BPM and project management (PM) capabilities.

**Change from Within: Using Internal Improvements to Drive Competitive Advantage**

As a prerequisite for innovation, Drucker says companies must strive to achieve greater operational effectiveness. They must improve their internal processes to remain competitive

and to provide quality services and products. To do so, internal processes need to be streamlined and more efficient. This includes managing static business processes – the lubricant of a well-oiled corporate machine - and the key components of business process management.

Over the past two decades, business methodologies and corporate programs have established track records that demonstrate performance and quality improvements within their organizations. Process improvement strategies and initiatives -- such as Six Sigma, Total Quality Management (TQM), Operational Excellence and Business Process Management (BPM) -- often have lives all their own, functioning as organizations within organizations, complete with budget and staff. In today's economy, however, many corporations have been forced to scale back such efforts, although the need to deliver results remains.

AIIM, the Association for Information and Image Management, is a group that provides education, research and best practices to help organizations find, control, and optimize information. At an event entitled "10 Steps to Business Efficiency," AIIM members presented survey results from hundreds of respondents regarding key factors that would make businesses more efficient. Interestingly, while "automating business processes" was cited as being of high importance, 69% of survey respondents indicated that the only projects that had a chance of getting approved needed to demonstrate a one-year ROI.

While process improvements have the capacity to transform businesses, innovation also relies on new initiatives and dynamic projects that often live outside of established business processes. Full-time project management staffing, however is often a luxury that few companies can afford. Business analysts are being called upon to function as both process managers and project architects. As such, business analysts need tools that will enable them to move seamlessly between managing the business process and the activities or projects that comprise that process. Business analysts need a tool that enables them to transform knowledge of their business into manageable and efficient processes. Time to value is the new mandate and, indeed, the mantra.

### **BPM + PM Fusion: The Best of Both Worlds**

For years, BPM tools have enabled companies to more effectively manage their processes. Linear workflows with repeatable steps are the staples of most business processes -- and a variety of BPM software solutions is available to manage them. However, as organizations apply BPM technologies to more diverse situations, there's an emergence of business processes where traditional workflow-oriented BPM is not a natural fit. Organizations might also need to automate processes that are highly parallel, have dependencies, interrelationships and timelines, but that lack a specific work or process flow.

Despite their differences, the management of projects and business processes has much in common. Both have activities and tasks, often with inter-dependencies and sometimes conditions or constraints that need to be scheduled and completed by a variety of people. Both require domain knowledge, rely on technology to effect change and require management to ensure a successful outcome.

Most BPM solutions rely on a workflow or flowchart interface for modeling the process and, subsequently, for managing it. Yet many business situations are less about “the process” and more about completing specific activities. Such processes follow the less rigid structure of a workflow format and may be closer to “project management” than they are to “process management.”

Ultimately, the solution may not reside in the more traditional workflow-oriented BPM tools, or in a strict activity-based project approach. Perhaps the solution is a hybrid that offers the best of both worlds – a fusion of BPM and PM technologies.

### **Finding the Right Solution – And Knowing When You Do**

So, what would a “fused” BPM/PM tool look like? What capabilities and functionality must it provide to manage both processes and projects? Taking a closer look at the distinction between activity-based processes and flow-based processes may help organizations better define their processes and their process management needs.

Traditional BPM products, with robust workflow, electronic forms, document management and reporting, work effectively with processes that are well-defined, structured and that are typically linear and sequential: completion of Step 1 leads to Step 2, etc. While workflow is at the heart of automation, traditional linear workflows can be fraught with inefficiencies for processes that do not follow a linear, sequential flow.

Activity-based process management is an alternative approach to process automation that focuses less on the specific sequence (or “flow”) of steps. Rather it focuses more on interrelated tasks and their dependencies, on resource responsibilities, and on the timeframes within which they occur. While a project-management style interface (think Gantt chart) provides the key distinction when trying to optimize an activity-focused business process, it must work within a platform that incorporates standard components of a BPM solution in order to succeed. These BPM components include: 1) Process engine to automate tasks; 2) Business rules engine that utilizes business logic to drive the process; 3) Integration to other business systems; 4) Reporting and monitoring to provide visibility into processes and their performance; and, 5) Predictive analysis that uses past performance of processes to drive future optimization.

Organizations that have complex business processes that incorporate both activity-focused and workflow-based components need a fused BPM/PM tool that will meet all of their process needs. They need a solution that:

- Provides for the definition and automation of workflow processes.
- Offers a project management interface, including a project plan and Gantt chart, for effective management of tasks through completion.
- Provides attributes, rules and conditions for highly parallel and reproducible non-linear processes.
- Enables business users to make changes to the process “real time” to reach the desired end goal in the necessary timeframe.

### **Additional Capabilities of BPM/PM Fusion**

Here, then, are some of key areas to consider when evaluating tools that support the fusion of PM and BPM.

The ability to:

- ◆ Associate traditional BPM/workflow attributes with individual activities within a project framework and automate that process based on the project definition. This is an “activity- based BPM model” vs. a more traditional “flow-based BPM model.”
- ◆ Model workflow processes through a project management interface (e.g. project plan, Gantt chart) controlled through an internal state machine that assigns activities and initiates workflows based on the definitions of activities.
- ◆ Administer a running workflow through a project management interface, including the reassignment of users, altering of dates and updating dependencies.
- ◆ Automatically display the appropriate buttons on an electronic form based on the configuration of the workflow process or activities.
- ◆ Provide predictive analysis of running processes. The “predictive” logic uses statistics from past workflow processes to calculate and determine when future activities are likely to be late. And it enables you to measure and adjust the performance of each activity within a given process.
- ◆ Report on the status of an automated workflow process, including the overlay of the activities on a timeline.
- ◆ Provide an aggregate status, available across multiple processes/workflows, that is not timeline-based. Rather it is based on weighting the individual activities in the overall

project. This provides a high-level view, based on past activity of the processes, of which activities are the bottlenecks, or which are consistently late.

- ◆ Integrate with Microsoft Project, enabling running workflows to be exported into the MS Project format and for workflow definitions to be created automatically.

This new approach to BPM is necessary to address non-linear processes. It recognizes that there are multiple steps that must occur with certain dependencies, but that the order does not necessarily follow a specific sequence. Unlike more traditional BPM tools, this new kind of software will facilitate the fusion (or intersection) of process and project management. It will embrace the definition and automation of workflow processes through activities and sub-activities and will provide business analysts with technology that can effect change. The goal of this software will be to transform the knowledge of the business into manageable and efficient processes, leading to increased innovation, productivity and new business opportunities. This approach also leverages the power of BPM technology to govern complex, multi-path and asynchronous processes which are even more compelling, and in greater demand, today than ever before.

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