

White Paper

Workflow and Performance Management

Executive Summary

Business process automation combined with Business Intelligence provides a new management platform for "post-administrative" companies.

Key Performance Indicators (KPIs) are more than just additional benefits provided by workflow management; they actually drive the workflow project itself: "To obtain KPIs, start implementing workflows!"

An efficient workflow, associated with the appropriate KPIs, will transform enterprise agility: performance will be managed through real-time scorecards and dashboards, meaning decisions can be processed and implemented more quickly using adaptive processes.

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Introduction

What is "BPM"?

"Business Process Management" or "Business Performance Management"?

Confusion arises because the same abbreviations are used to refer to two different technological and organizational areas.

Business Process Management models, structures, optimizes and – where possible – automates the processes within a company.

Business Performance Management, on the other hand, allows managers to define and view the relevant indicators in order to oversee the company's processes and business activity.

This article will focus on how the most tangible applications interact with each other:

- Workflow for Business Process Management
- Performance Indicators for Business Performance Management.

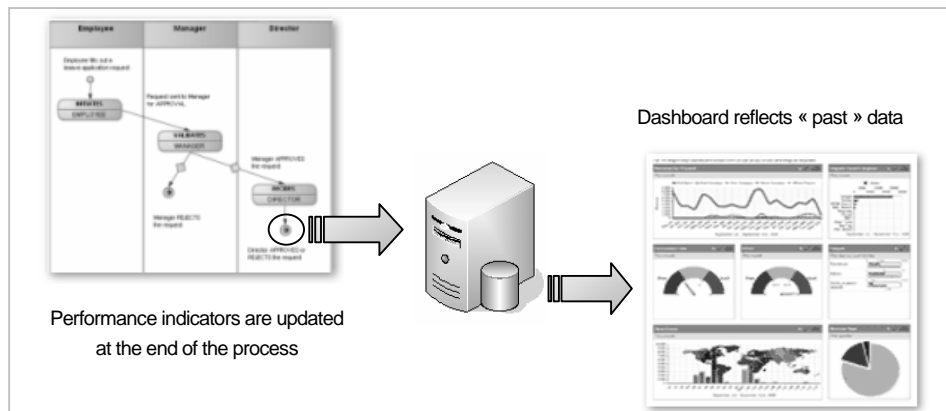
Workflow – generating your performance indicators

Collating the data

Checks while entering data into electronic forms mean high-quality, structured information can be collated easily.

Prior to implementing a workflow solution, this data is often “lost” in e-mails or underutilized in specific applications.

The data contained in the forms is analyzed and then deployed using Business intelligence software, such as reporting programs or OLAP technology. The data can be used by performance indicators to provide quantitative analysis.



Below are a few examples of workflow performance indicators:

- producing sales proposals for customers: potential sales volume.
- customer claims management: number of product defects.
- credit authorization: credit approval rates.
- product modification management: number of changes made
- new employees: average induction time for new employees
- staff contract termination: numbers leaving due to performance-related problems

The integration functions of workflow engines, including the use of web services, means that the data from electronic forms can be exported to data warehouses, or other databases used to generate performance indicators. This in turn means the workflow can obtain more accurate, up-to-date information, thereby generating more relevant indicators.

Real-time analysis using the workflow stages

The majority of reports used in companies provide information relating to events in the past – financial statements, sales reports, satisfaction levels, quality assessment, etc – meaning steps can be taken to improve future operations based on an analysis of what has already happened.

The combined use of form data as outlined above and a workflow solution provides actionable performance indicators as the operations are in progress.

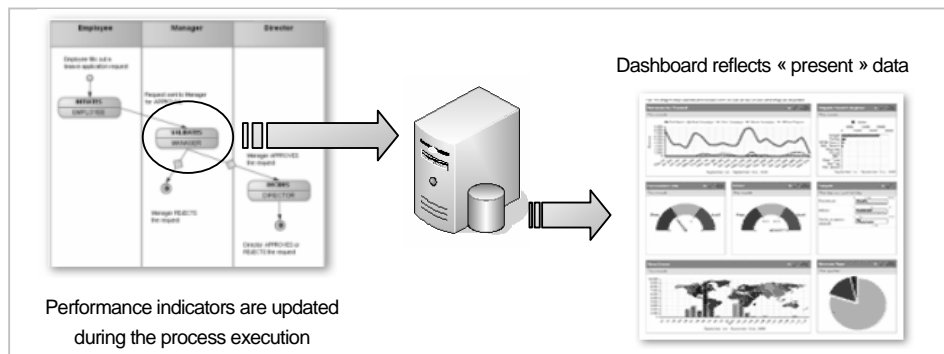
Taking the examples referred to above:

- Producing a sales proposal for a customer:

Producing a customer sales proposal involves a certain number of stages. Put simply, each stage equates with a change in state of the proposal. Let us take the following states: drafting, technical approval, legal assessment, modification and final submission to client.

The user may, for example, decide that the proposals approved by sales and technical staff should be considered as potential sales, even if they have not as yet been submitted to the clients. The performance indicator will thus be updated in real time as soon as the proposal has been approved, and without the need to wait for final submission (administrative stage).

This performance indicator therefore allows managers to act on on-going operations before the process is complete.



- Customer claims management:

An initial alert can be triggered if, for a given product, the number of requests in “to be qualified” state exceeds a predefined threshold. The alert is issued by applying a compensation procedure without it being necessary to wait until the problem has been fully analyzed.

The performance indicator thus serves as a trigger for corrective action, which may itself be a workflow.

The implementation of corrective action immediately as the initial signs of risk appear is a good example of how performance indicators can be used to forewarn of and resolve problems in real time.

- Credit authorization:

The performance indicator giving the number of requests for a certain credit amount pending additional customer information triggers improvement or corrective action. Updating the check-list of documents to be provided by the customer according to the credit amount is an example of improved procedure which a bank may decide upon.

A backlog of pending requests affects the transformation rate and, more generally, the bank's competitiveness, potentially leading to a loss of custom due to lack of reaction.

With the help of performance indicators using the various workflow stages, the organization works in real time to improve immediate results.

Workflow and operational dashboards

In addition to analyzing the information collated during a workflow, the process can also be operationally monitored.

The traceability features incorporated into workflow solutions mean that certain relevant data on how well a request is being processed can be consolidated, merging Business Performance Management with Business Activity Monitoring (BAM).

Put simply, it can be seen that operational performance indicators offer benefits both in the definition and in the execution of processes.

Indicators can be displayed in operational dashboard format, incorporating the process specifications. Statistics regarding past actions do not allow performance to be managed, but simply provide an overview of any problems. Implementing performance indicators for each process and making them available to supervisors means that the entire organization can focus on achieving the desired strategic objectives.

Business Performance Management brings a positive dimension to Business Process Management, leading to more constructive results analysis.

The issue is no longer “How do you explain your department's delays in processing the requests?”, but rather “What actions do we need to trigger when your department's requests are at risk of delayed processing?”

Implementing operational dashboards linked to each process means the entire organization can now access the KPIs.

By combining workflow with performance management, the supervisor of a particular process benefits from additional resources, thereby contributing more actively to the company's overall performance.

Supervisors need no longer be limited to carrying out tasks, but can be actively implicated in performance optimization.

For maximum efficiency, a process dashboard has to comply with the parameters set by performance management by displaying on a single screen fewer than 10 key performance indicators which, as far as possible, should be an integral part of the company's strategic objectives. For example, in the instance of a support process, the indicator assessing how quickly a request is processed and incorporated into the "Customer satisfaction" indicator category.

Implementing Workflows to obtain performance indicators

BPerformanceM & BPprocessM: two projects, one aim

Implementing workflows means considerable data, both qualitative and quantitative, can be collated for integration into operational dashboards and, more generally, into KPIs.

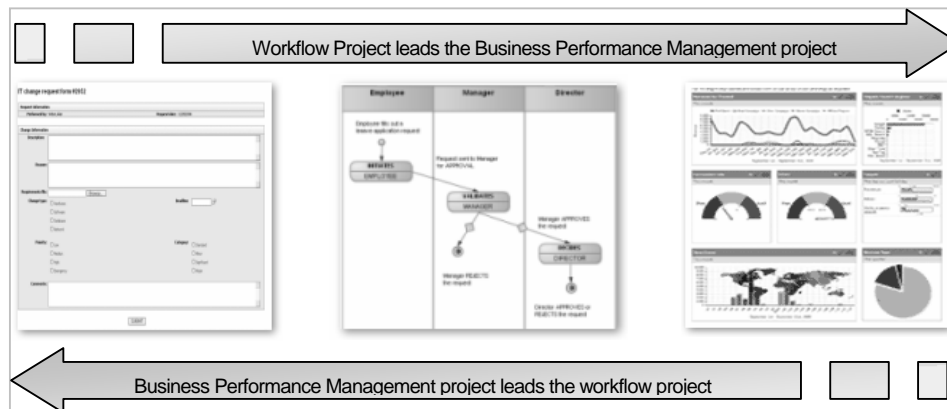
Systematic workflow deployment to modernize processes is not as yet common practice, however: e-mail based solutions, ERPs or specific applications are more often used to partially cover workflow requirements.

These fail to adequately resolve the growing need for relevant, reliable and up-to-date performance indicators. Using Business Intelligence solutions, such as data mining for example, means all existing data in the IS can be fully explored and exploited. The examples above of performance indicators highlight the quality of the data generated by adopting workflow solutions to optimize processes.

It can be seen that Business Performance Management projects are at the heart of the increasing need for workflows to obtain KPIs.

Initiating the workflow project in this way has certain advantages:

- First, the project is initiated high up the hierarchical ladder, meaning decisions are taken more rapidly and greater resources are allocated.
- Second, the resulting performance indicators mean the process specifications can be improved, particularly in respect of the various stages within the workflow and the process data, insofar as the data required for the performance indicators is integrated into the workflow from the outset.



Example application – project management

Let us take a straightforward example of this type of approach.

As part of its Business Performance Management project, a company has to define a KPI regarding its ability to innovate. This involves collating data on new product projects. The company begins by exporting the figures from its Project Portfolio management solution, but is really looking to assess its ability to innovate in respect of the numerous projects put forward (many of which will be rejected), rather than those in progress. In addition, it does not want all the projects submitted, just those that have made it through the initial qualifying stages.

The project approval process currently relies on using a collaborative work area, but this method is failing to provide the data required for the KPIs.

The project management solution does not therefore cover this “pre-process” phase. A workflow solution is therefore deployed to allow the data required for the KPIs to be collated and then exported to the next stage of the process.

By implementing an operational dashboard to pilot the various activities within the process, the turnaround required to approve and/or modify the projects can be reduced, improving the company’s responsiveness with regard to new opportunities.

Implementing workflows and, more generally, a process-oriented management is a key performance element for any company, and the job process rate with workflow is a KPI that can be used to assess internal operating efficiency.

Using performance indicators in the workflow conditions

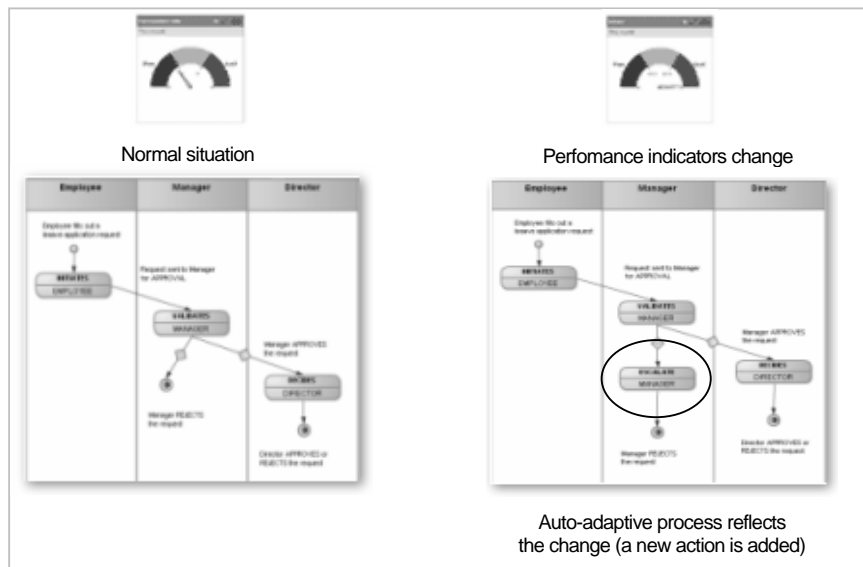
We now need to exploit the performance indicators in the workflow itself.

Using the same customer claims management scenario, we can now define a condition in respect of a set number of claims on a given product. Requests relating to said product will be automatically redirected to a special team so as not to overburden the usual staff, allowing them to focus on the claims on other products and avoiding an overall drop in service quality.

With an IT Change process, the workflow can check the value of a performance indicator, such as the availability rate of the IT systems involved and add an additional approval stage should a major system downtime be detected.

Using performance indicators in workflows also means that self-adaptive processes can be used, though this does lead to greater levels of complexity. We not only need to outline the possible routes of the workflow in a “normal” context, but also adapt the workflow to each possible context. For example, we need to define the customer claims management process in a “major product anomaly” context.

It is likely that modelling of this kind will eventually be “assisted” by artificial intelligence programs so as to reduce the time needed to set up the system.



Conclusion

The workflow project provides relevant and genuinely useful performance indicators presented in operational dashboards, and giving process supervisors just what they need to monitor the performance of their workflows.

The growing need for performance indicators is driving companies to implement workflows in an effort to boost process performance – a sort of virtuous circle involving the two BPMs.

Having control over both the workflow and the KPIs equates with a certain level of corporate maturity, where productivity gains make way for permanent improvements in performance.

Using performance indicators as decision variables in operational execution paves the way for “dynamic” processes capable of predicting critical situations and adapting in real time.

This white paper written by Arnaud Bezancon, CTO and co-founder of ADVANTYS vendor of WorkflowGen, is an extract used with permission from the Workflow Handbook 2007, published by Future Strategies inc.