Business Process Governance:
A platform to progress BPM

Hoboken, September 2010
Introduction

- Gaby Doeblei, Business Architect
- Practice Leader of BPM Centre of Excellence (CoE)
- BPM CoE Value Proposition:
  - Build BPM capability across the business on all levels of management
  - Enable the business to improve process performance by delivering: practice leadership (incl. governance, strategy, advise, coaching, mentoring and training)
Presentation Overview

- CONTEXT
  - Organisational Environment
  - BPM Environment
- PROBLEM STATEMENT
  - Literature Review
  - Research Strategy & Method
  - Findings
- OPERATIONALISATION & CONCLUSION
  - BPM Governance & Design Model
  - Operationalisation of the Model
  - Conclusion
Context - Organisational Environment
QR 1865 - 2010

- A government owned organisation (GOC)
- The largest player in the contestable bulk freight market in Australia with a 60% market share.
- It’s Intermodal services operate across the continent from Cairns to Perth.
- Has moved 59million tonnes of freight (bulk, non bulk) in 2008/09.
- Has hauled 185million tonnes of coal in 2008/09.
- It owns 10,000 kilometre of network.
- Runs 1,000 Train Services per day.
- Owns 353 Train Sets
- Moves approx. 66 million passengers a year.
- 15,000 staff serve customers across the country
The QR Business Model 2008

Competitors
Rolling Stock

QR Network (QLD)
The Asset Owner

QR Services

QR Corporate Units

Provide services to the business

QR Services designs, constructs, maintains and manages the Network. QR Services provides the rail industry with a one stop shop for safe, innovative, and cost competitive asset solutions. Comprehensive services are delivered by more than 5,000 people across four major businesses.

QR Corporate Units:
- CEO’s Office
- Enterprise Risk Services
- Corporate Affairs
- Marketing & Strategy
- Corporate HR
- QR Finance
- Shared Services Group:
  - Information Services Division
  - HR Operations
  - Property Division
  - Supply Division
  - Financial Services Division

The Asset Owner

Responsible for engineering and constructing new rail infrastructure and maintaining the existing rail systems. Controlling train movements across the network. Negotiating track access arrangements with customers and the industry regulator. Managing the network to deliver a safe, reliable and efficient service to customers.

Competitors

PN Train (Pacific Nat’l)
BPM Environment

- Enterprise Level
- Business Process Level
- Implementation Level

Advise & Coaching
- Process Redesign & Improvement Projects, Six Sigma, Lean, Documentation Projects
- Projects undertaken to develop resources for processes

Assessment
- Capability
- CoE Intermodal
- CoE QR Passengers
- CoE Network
- CoE QR Services

Capability improvement strategies
<table>
<thead>
<tr>
<th>Year</th>
<th>Major Events / Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>1996 Corp Quality Unit Established</td>
</tr>
<tr>
<td></td>
<td>1999 Move to Commercialisation</td>
</tr>
<tr>
<td>1993</td>
<td>Company Redesign &amp; Sale</td>
</tr>
<tr>
<td></td>
<td>Company Change Formation Program</td>
</tr>
<tr>
<td></td>
<td>Governance Review</td>
</tr>
<tr>
<td>1994</td>
<td>Company Strategy &amp; Repositioning</td>
</tr>
<tr>
<td></td>
<td>Set up Multi Businesses</td>
</tr>
<tr>
<td></td>
<td>New Board &amp; Senior Mgt</td>
</tr>
<tr>
<td></td>
<td>Rule-based to Principle based</td>
</tr>
<tr>
<td>1996</td>
<td>Infrastructure Expansion Programs</td>
</tr>
<tr>
<td></td>
<td>SAP Payroll</td>
</tr>
<tr>
<td>1999</td>
<td>Move to Commercialisation</td>
</tr>
<tr>
<td></td>
<td>Rule-based to Principle based</td>
</tr>
<tr>
<td></td>
<td>Standard Program &amp; Project Mgt Framework</td>
</tr>
<tr>
<td></td>
<td>National Expansion</td>
</tr>
<tr>
<td>2000</td>
<td>SAP R3 Implementation</td>
</tr>
<tr>
<td></td>
<td>20/20 &amp; RQRP Change Program</td>
</tr>
<tr>
<td></td>
<td>Set up integrated businesses</td>
</tr>
<tr>
<td>2001</td>
<td>Y2K Business Continuity</td>
</tr>
<tr>
<td></td>
<td>Network Access Process Automation</td>
</tr>
<tr>
<td>2002</td>
<td>Line of Business Process Modelling</td>
</tr>
<tr>
<td></td>
<td>Acquisition of EA Tool</td>
</tr>
<tr>
<td>2003</td>
<td>BPM Vision &amp; Strategy</td>
</tr>
<tr>
<td></td>
<td>IDEF0 Standard</td>
</tr>
<tr>
<td></td>
<td>Enterprise Process Model</td>
</tr>
<tr>
<td>2004</td>
<td>BPM Intranet</td>
</tr>
<tr>
<td></td>
<td>BPMN Standard</td>
</tr>
<tr>
<td></td>
<td>BPM Concept</td>
</tr>
<tr>
<td></td>
<td>BPM Team Support</td>
</tr>
<tr>
<td>2005</td>
<td>BPM Practice Leadership</td>
</tr>
<tr>
<td></td>
<td>BPM Centre of Excellence</td>
</tr>
<tr>
<td></td>
<td>BPM Governance Design</td>
</tr>
<tr>
<td>2006</td>
<td>BPM Capability Portal</td>
</tr>
<tr>
<td></td>
<td>BPM Promotional Material CD</td>
</tr>
<tr>
<td>2007</td>
<td>Inclusion of BPM Capability Framework</td>
</tr>
<tr>
<td></td>
<td>Documented BPM Case Studies</td>
</tr>
<tr>
<td></td>
<td>Winner of BPM Award 2007</td>
</tr>
<tr>
<td>2008</td>
<td>Assessment of BPM Governance</td>
</tr>
<tr>
<td></td>
<td>SAP Implementation approach review</td>
</tr>
<tr>
<td>2009</td>
<td>Company Wide Process Redesign</td>
</tr>
<tr>
<td></td>
<td>Alignment of Capability Frameworks</td>
</tr>
<tr>
<td></td>
<td>Winner of BPM Award 2008</td>
</tr>
<tr>
<td>2010</td>
<td>BPM Governance Design</td>
</tr>
<tr>
<td></td>
<td>BPM Centre of Excellence</td>
</tr>
<tr>
<td></td>
<td>BPM Practice Leadership</td>
</tr>
<tr>
<td></td>
<td>BPM Inclusion of BPM Capability Framework</td>
</tr>
<tr>
<td></td>
<td>BPM Promotional Material CD</td>
</tr>
<tr>
<td></td>
<td>BPM Community</td>
</tr>
<tr>
<td></td>
<td>BPM Governance Design</td>
</tr>
<tr>
<td></td>
<td>BPM Centre of Excellence</td>
</tr>
<tr>
<td></td>
<td>BPM Practice Leadership</td>
</tr>
<tr>
<td></td>
<td>BPM Inclusion of BPM Capability Framework</td>
</tr>
<tr>
<td></td>
<td>BPM Promotional Material CD</td>
</tr>
<tr>
<td></td>
<td>BPM Community</td>
</tr>
</tbody>
</table>

**LEGEND**
- **Strategic Alignment**
- **Governance**
- **Methods**
- **Information Technology**
- **People**
- **Culture**
- **Milestones**
Problem Statement

Progression of BPM Implementation (DeBruin & Doebeli, 2009)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Lessons on BPM Progression</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Alignment</td>
<td>Select projects that are of strategic importance and have senior management commitment. Strong connections between strategy formulation and selection of process improvement initiatives helps to optimize resource planning and allocation. Defining end-to-end processes and assigning ownership and accountability for process performance, including linking to individual performance measures, helps to optimize outcomes.</td>
</tr>
<tr>
<td>Governance</td>
<td>Putting BPM governance in early ensures clear direction and leadership and a common terminology. BPM governance needs to be integrated into an overarching corporate governance framework. Process leaders need to be supported by their functional counterparts within an integrated governance framework to ensure optimal process decision making. Process related standards need to be developed throughout the journey as maturity increases in different areas.</td>
</tr>
<tr>
<td>Methods</td>
<td>A standard notation helps to provide consistent, reusable models and process information. The notation selected is not as important as its consistent application and ability to be supported by a suitable modeling tool. Multiple complimentary methods for process improvement are beneficial for matching the method to the purpose improvement project. Strong program and project management is needed to track the benefits for the organization from the improvement projects and the BPM program itself.</td>
</tr>
<tr>
<td>Information Technology</td>
<td>A common process modeling/repository tool is essential when progressing an enterprise-wide BPM approach. Matching the tool to the purpose of the modeling becomes important over time.</td>
</tr>
<tr>
<td>People</td>
<td>Hands-on involvement in projects is an effective way of learning and embracing the BPM approach.</td>
</tr>
<tr>
<td>Culture</td>
<td>An organisational approach to BPM helps to improve sharing of process information.</td>
</tr>
</tbody>
</table>
Literature Review Findings: The capabilities required for BPM Governance are researched however there seems to be minimal research on approaches how to design the BPM Governance Capabilities most appropriately for an organisation to enable process based decision making.
BPM Governance refers to the establishment of relevant and transparent accountability, decision-making and reward processes to guide desirable process actions. This includes how process related decisions are made at various levels within an organisation, how reward and remuneration is related to process performance at both an individual and at a ‘good-of-the-process’ level, how standards and controls are used to improve the consistency, repeatability and predictability of process related actions and outcomes and how process positions are defined, applied and integrated into the organisational structure (de Bruin, 2009, 13:725).
Findings - BPM Governance

- BPM Governance not included in Organisational Governance Management Framework;
- Management approach taken was more functional then process based;
- Roles & Responsibilities were more functional based;
- Inconsistent application of BPOs was found;
- BPM Practice Leader not empowered;
- BPM Standards used on an ad-hoc bases; and
- No common BPM terms and definitions across the enterprise.
Findings - Strategic Alignment

- Link between business strategy and business process performance was vague;
- Lack of full visibility and transparency of the Portfolio, Program and projects efforts and performance; and
- Business Process Improvement Plans were established ad-hoc, reactive and often in response to reviews and investigations after an incidence;
- Allocation of budgets/investments were on functions not on end to end processes;
- Lack of benefits realisation.

…”There is a level of alignment and thought that goes into it more and more. There is a concerted effort by senior management on how we now approach these things and we are trying to link the BPIs to the strategies and primary initiatives. However it has not yet fully filtered through yet.”
Findings - Design/Analysis/Improvement

- Some core & support processes were identified however they were not proactively managed;
- Methods like Six Sigma and Lean Management were used but mostly within the boundaries of a function; and
- No clear criteria was applied to select the most appropriate BPI method.

…”Defined processes are only in some areas. We are relying on experts. Processes are not defined and shared or followed. Some processes are in such chaos. Statistically none of the processes are in control and people are using their own methods to manage the chaos.”

…”The high level major processes are there and the work instructions but there is a gap between.”
Findings - BPM Decision Making

- Process change decision were made by project steering committees which included mainly functional managers; and
- Decisions on process performance was done mostly by functional manager; and
- Existing tension between process and functional management.

...“Process owners defines the process on a more macro level. What needs to be done the business rules the value chains. Line Management will defined the more tactical level processes and process changes to meet the corporate requirement.”

...“Throughout the project often the steering committee makes the decision and within is the project sponsor who might have the final say and if that person is from a functional background he/she might be bias towards her/his function on how the change the process ..”
Findings - BPM Roles & Responsibilities

- The role of the BPOs was unclear;
- Roles that work “In” processes and the ones that work “On” the processes are defined but not visible in the organisational structure as some of them a project based;

…”There is a role to play on every level of the organisation. Everyone needs to know why it is important to contribute to a process”…

- BPM activities were not specified in everyone’s Position Descriptions

…”From an organisational perspective we should define the roles for enterprise consistency and the ability to move process people across business areas. Might have some junior and senior process analysts in the business to assist and apply a consistent approach including reviews etc…”
Model


2. Organisational Principles (federated, integrated business, principle based, value discipline operational excellence, customer intimacy)

3. Organisational Structure – review the current organisational accountability structure/budgeting process and BPM reporting structure to gain an understanding on the decision making framework;

4. Consider the findings of Investigation (Content Analysis & Interviews)

5. Success Factors for BPM
Operationalisation GOC

- Provision of Position Paper to senior executive management including:
  - Recommendations of new accountabilities, roles & responsibilities of all staff in relation to BPM.
  - Recommendations on the deployment of the model including lead and transformation team.
- Defined list of required BPM Roles and Responsibilities, Knowledge & Skill Requirements, Performance Standards, Team Relationships and Dependencies.
BPM Governance Model (GOC)
Role Engagement Model
Conclusion – Organisation (GOC)

- 2009 Strategic Decision to split Organisation;
- 2009 Business Design Principles established for new GOC organisation (customer intimacy, corp. centralised support functions);
- 2009 IMO established. Three streams: People, Process and Systems – collaborative design;
- 2010 Business Principles defined by senior leadership team 2010 Common Outcome Groups to work across functional boundaries - Charter developed;
- 2010 Value Chain developed – Process Owners identified (customers, network & operations);
- 2010 Capability requirements identified – Org Structure designed;
- 2010 Process catalogue established;
- 2010 Roadmaps developed for deployment to build capability in people, process and technology – phased approach;
Conclusion – Organisation (Private)

- 2009 Strategic Decision to split Organisation;
- 2009 PMO established to split – Legal and Financial separation by 1st July 2010;
- 2010 Vision, Mission established by executive leadership team for new private company to be floated end of 2010;
- 2010 Employee Value Proposition developed by staff;
- 2010 Business Design Principles to be established for new private organisation;
- 2010 Establishment of Community of Practice to work across functional boundaries - Charter being developed; and
- 2010 Value Chain to be developed – Process Owners to be identified;
The End

For more information contact
Gaby.Doebelei@QRNational.com.au