Enhancing Customer Value Through ‘Top-Down’ Business Process Management

By following our five-step, BPM-enabled transformation excellence roadmap, organizations can more effectively plan, enact and deliver value from their digital business journeys.

Executive Summary

A recent survey conducted by Progress Software revealed that 86% of surveyed organizations believe they have two years to make inroads in their digital transformations, 55% said they had a year or less before they would begin to suffer financially or confront competitive threats, and 59% contend that they are already behind the curve.1

Rapid changes are occurring in the macroeconomic environment, often triggered not only by emerging technologies such as smart machines and the Internet of Things (IoT), but also from cross-disciplinary business models pressuring business leaders to continuously innovate and transform their operations. Such transformative initiatives should enable businesses to become more nimble, adapt to moving market forces and deliver winning business propositions to customers and others across the value chain.

Thus, transformation through innovation is no longer a fad, but a necessity in today’s dynamic digital age. Organizations, in our view, must “adopt to adapt.” Whether selecting
the right transformation approach, technology or capability to execute, organizations must ensure that they have the right mix of people, process and technology to achieve their business objectives. One of the key disciplines that organizations can leverage in their transformation journey is business process management (BPM). BPM helps an organization transform, by creating a flexible and agile infrastructure that enables operational excellence and builds a more responsive, efficient business.

A process-oriented approach to transformation through technology adoption holds the key in such dynamic situations, framing the topic for this white paper. We call it the “top-down” approach, and recommend it for organizations embarking on a transformation journey at various levels of maturity. As we will demonstrate, this approach helps organizations assess their current state, establish transformation goals and chart a realistic, sustainable plan to effect end-to-end process management from idea to reality.

**TAKING STOCK OF PROCESS ORIENTATION**

A process-oriented approach to transformation requires a sharp visualization of the organizational IT landscape as a collection of business processes, rather than a collection of systems and functions. The systemic view of an organization often results in inappropriate IT decisions. But process-oriented approaches focus on developing and holistically managing the organization's process architecture - a hierarchy of end-to-end processes designed to create value for the customer - rather than a piecemeal improvement of a specific function or system.

Adopting a process view, however, can't be achieved overnight and necessitates not only a change in the approach, but also requires an evolution of the larger organizational structure. Critical elements of a BPM-enabled transformation in this evolution include:

- **Strategic customers and desired value**: Ascertaining strategic customers and the value they require must drive the exercise. This helps align values, and benchmarks the measurements necessary to gauge subsequent business processes delivering those values.

- **Process architecture**: Organizations need to focus on the big picture of value creation - building an efficient network of end-to-end processes to deliver desired value to the right set of customers in the most operationally efficient way. BPM helps effectively manage and optimize the maze of cross-functional business processes by (re-)designing, measuring, monitoring and controlling them through top-notch people, process and technology.

- **Process performance management**: A cornerstone of BPM-enabled transformation is a robust performance management system and meaningful metrics tied to key business performance and financial indicators that facilitate continuous improvement.

- **Governance and response systems**: BPM’s true value is in helping organizations transform for continuous improvement by linking core elements of people, process and technology with a robust governance mechanism that enables more informed, collaborative oversight of business activities. BPM requires the governance...
mechanism to be augmented by an effective response mechanism to proactively and continuously seize on improvement opportunities (both short- and long-term). This leads to holistic and agile end-to-end process management enabling continuous improvement of organizational performance that is responsive to rapidly changing market dynamics.

While BPM can be highly beneficial to the organization, the road to BPM adoption isn’t always easy. Most organizations are faced with the challenges revealed in Figure 1, the effective handling of which is a key ingredient to success in the BPM journey.

A ‘TOP-DOWN’ APPROACH

The top-down approach is built on the aforementioned constructs, leveraged against the following key principles:

- **Clear articulation of smart business goals and objectives**, driven by desired customer-centric outcomes, delivering desired value to customer(s).

The Bumpy BPM Road: Key Challenges for a BPM-Led Transformation

- Lack of business ownership.
- Lack of coordination between business & IT.
- Lack of BPM enablement of key IT and business users.
- Lack of mapping people & process KPIs.
- Lack of business case for BPM, aligned to business strategy.
- Improper process prioritization for implementation.
- Absence of BPM roadmap.
- Poorly defined measures of success.
- Lack of alignment of requirements to business case.
- Organization is too slow to embrace business change.
- BPM seen as a one-time project, not as a continuous improvement initiative.
- Improper product fitment for the chosen processes.
- Lack of a pan-enterprise BPM center of excellence to drive BPM implementation and adoption.

Figure 1
**Pillars of a BPM-Infused Transformation Excellence Playbook**

**Transformation Governance**
- Steering Committee
- Center of Excellence
- Program / Portfolio Management Office

**Transformation Strategy**
- Strategy Foundation
- Organization BPM Maturity Assessment
- Organization Digital Maturity Assessment
- BPM Capability Assessment
- BPM Vendor Evaluation
- BPM Opportunity Assessment
- BPM Roadmap & Business Case

**Strategy Execution**
- Design
- Discover & Analyze
- Implement
- Monitor & Optimize
- Discovery & Analysis

**Key Supporting Functions**
- Enterprise Architecture
- Infrastructure
- Organizational Change Management

**Enablers**
- Repository of Process Assets
- Standards & Best Practices
- Solution & Accelerators
- Reference Technical Architecture
- Reference Business Architecture
- Library of Reusable Components

**Figure 2**

- **Correct assessment of the current landscape** to understand the organization’s maturity and capability to deliver BPM-enabled digital transformation programs.

- **Identification of the right initiatives** needed to attain the desired level of maturity and capability.

- **Identification and prioritization of the right processes and technology** to yield the desired business outcome.

- **Creation of a multi-period, achievable roadmap**, with clear goals encompassing:

  - Initiatives necessary to grow maturity and the capability to execute.
  - BPM programs for implementing the desired changes for select processes.

**MOVING FORWARD WITH A PROVEN PLAYBOOK**

Our Transformation Excellence Playbook is built around the basic principles articulated above and applies three key transformational constructs - people, process and technology - for delivering desired customer value.

The fundamental building blocks of this playbook are transformation strategy, strategy execution, transformation governance, key supporting functions and enablers (see Figure 2).

**Transformation Strategy**

We recommend defining a charter with clearly established business goals, mission, vision, success criteria and organizational structure, including roles and responsibilities of the transformation program. For a transformation journey to succeed, it requires:

- Smart goals to be achieved (*what*).
- A well-charted roadmap to achieve them (*how*).
- The necessary capabilities to achieve them (*who/what*).
- An expected business outcome in mind (*why*).
The journey begins with an assessment of the current state of process and digital maturity, as well as the current and required capabilities to achieve success. Based on the business goals, it is imperative to prioritize the processes necessary for further innovation and differentiation, and identify the technology required to achieve the desired outcome. With these in place, the organization can create an achievable roadmap of activities and create a network of governance, support and enabling capabilities.

**Strategy Execution**

BPM helps manage organizational processes through continuous reinvention of business operations to drive better outcomes. It enables businesses to respond to changing consumer, market and regulatory demands faster than the competition, thus helping organizations gain business advantage. Proper process management sets in place a continuous improvement cycle. Our proposed playbook offers flexibility at this stage by helping to align execution with varied business goals (see Figure 3).

Typical process management methodologies (like one depicted here) are adopted in transformation initiatives bound for operational excellence.

**Aligning Gears of Transformation with Business Objectives**

They are employed to discover and model business processes, find areas of improvement and design future-state processes using standard modeling tools such as ARIS, Blueworks Live and Visio, and BPMS platforms such as Pega with its Directly Capture Objectives (DCO).

Thereafter, these processes can be implemented using iBPMS platforms, like Pega, IBM BPM and Appian. Process performance may be monitored using predefined KPIs for continual optimization. Based on desired business outcomes, these platforms are leveraged by organizations to gain target capabilities.

For disruptive and agile objectives such as customer-experience-driven transformation initiatives, our accelerator methodology can be adopted. This approach, like the one depicted in Figure 3, is supported by our playbook.

**Customer-Experience-Driven Transformation**
For transformation initiatives aimed at more rapid and disruptive changes (i.e., customer experience transformation), innovative approaches including design thinking or customer journey mapping may be embraced. (For more on design thinking, read our Cognizant article “Human-Centric Design: How Design Thinking Can Power Creative Problem Solving, Drive Change and Deliver Value.”)

Our methodology for digital transformation is built around ideate, prototype and scale phases, to sustain change for continuous improvement (as indicated in Figure 4).

**Transformation Governance**

Process governance provides a disciplined approach for enabling and steering the management of business processes across multiple initiatives in the enterprise. It addresses the structure, metrics, roles and responsibilities necessary to measure and improve performance and manage organizational processes. It also clarifies tasks, responsibilities and tactics, as well as activities of formulating, introducing, controlling and reviewing process management artifacts, including policies and procedures, rules and guidelines, and instruments and technologies. Key participants in process governance include the BPM steering council, BPM center of excellence and program/portfolio management office.

Key governance responsibilities include:

- **Establish process governance:**
  - Create organizational structure, governance mandates and a role-responsibility matrix.
  - Target operating model and capability matrix.
  - Collaborate with and onboard organizational units participating in process management.
  - Define policies to create, update and adopt assets, methodologies and standards.

- **Engender process governance for continuous process improvement:**
  - Periodically evaluate and prioritize BPM opportunities.
  - Review program management and delivery disciplines, standards and methods.
  - Review and ensure adoption of methodology and best practices.
  - Supervise creation and adoption of enablers, reusable assets and accelerators.

- **Set organizational change management processes:**
  - Define BPM change management approach and plan in consultation with enterprise change management council.
> Build, evaluate and sustain change management processes.

> Enable processes by identifying training needs and rolling out organizational change management (OCM) training.

> Align roles and responsibilities with job duties, and evaluate performance.

**Key Supporting Functions**

With its holistic approach, BPM can never be successful without active collaboration with complementary and supplementary functions of the enterprise that directly or indirectly interact with process management or process governance activities.

Key support functions include:

- **Enterprise architecture**: Ensures that enterprise level architectural standards are maintained, reference architecture is followed and necessary architectural direction is provided.

- **Infrastructure**: Ensures necessary IT infrastructure is in place to implement initiatives and maintains desired standards in security, availability, performance, etc. to deliver the right value to the customer.

- **An OCM council**: Appropriate change management actions must be taken to ensure proper enablement and adoption across the organization throughout the transformation.

**Transformation Enablers**

For the enterprise to accelerate its transformation journey, it is helpful to utilize enablers and accelerators available within the organization, or to develop such enablers. The governance organizations play an active role in creating these enablers, along with their policies and procedures, while supporting organizations play a role in their adoption.

Transformation enablers include:

- **Repository of process assets**: Process models and their components, KPIs, use cases, user stories, detailed business requirements, etc.

- **Standards, guidelines and best practices**: Various technology standards, guidelines and best practices can be created and used during process implementations.

- **Reference technology architecture and business architecture**: Reference technology architecture guides technology decisions. Business architecture creates a common understanding of the enterprise landscape and is useful in aligning process improvement objectives with strategic goals.

- **Library of reusable assets**: Reusable components can greatly reduce solution development time.

- **Solution accelerators and productivity enhancers**: Solution accelerators can greatly enhance the productivity of the solution design, development and testing activities, including code review, log analyzer, etc.

**DATES TRANSFORMATION METHODOLOGY**

Our top-down approach has been leveraged successfully in several BPM-led transformation programs by our clients. It is based on the premise that for any transformation initiative to succeed, knowledge of and alignment to organizational goals must be achieved. For BPM-enabled transformations, this translates to:

- Defining transformation objectives.

- Identifying processes and corresponding goals.

- Defining a roadmap to attain the objectives.

To achieve these objectives, we recommend the DATES methodology, a simplified nomenclature for
the five stages outlined in our BPM transformation approach. For effective execution, each of the five stages must apply various aspects of our Transformation Excellence Playbook. Figure 5 depicts each of these phases, along with the various playbook components that are relevant in each.

Applying DATES Methodology to BPM-Infused Transformations

Figure 5
The strategy foundation component in the playbook thus acts as the guiding light for the rest of the transformation journey.

**DEFINE GOALS**

The “define” phase is when business goals and objectives of the transformation initiative(s) are identified and a subsequent plan of action is determined. As part of this phase, transformation leaders collaborate to identify key goals that must be achieved in the associated particular timeframe, aligned with corporate strategy. These goals, typically smart in nature, are then socialized with relevant leaders in the organization to attain leadership buy-in. The goals, mission, vision and proposed organizational structure to achieve them are articulated in the transformation charter. The strategy foundation component in the playbook thus acts as the guiding light for the rest of the transformation journey.

While goal definition sounds simple, it is the essential foundation of any transformational initiative and involves a key component, the goal breakdown. The compelling ideas that deliver value to customers and the organization are generated at this stage, and a target is defined for each.

In addition to defining objectives, assessing and identifying perceived benefits is equally critical before embarking on the journey. Building a business case for transformation is therefore extremely important; it involves developing an ROI model around expected benefits and associated costs.
ASSESS CURRENT STATE
The assess phase requires understanding the organization’s current state, or its distance from the goal, to establish a starting point. At a broad level, a transformation initiative requires process, technology and people to be assessed and optimized for improvement and goal attainment. A structured approach involving all key stakeholders and partners is needed to understand the weaknesses and act upon them. To achieve this, commitment and continued support from key leaders are required so that deficiencies are correctly identified and a roadmap for digital transformation can be successfully crafted.

Our Organizational BPM Maturity Assessment Framework is one vehicle to achieve self-assessment. The framework uses a survey-based mechanism that helps organizations identify strengths and weaknesses on a set of six dimensions across the realms of process, people and technology.

QUICK TAKE
Measuring & Extending BPM Maturity

A leading U.S.-based financial services organization wanted to modernize its existing claims and underwriting workflow systems. We helped assess its BPM maturity and capability to execute large-scale BPM transformation programs by using our pre-built maturity and capability assessment tools. This effort resulted in a goal-driven transformation roadmap in line with its long-, mid- and short-term business goals.

We also helped set up a self-sustaining center of excellence, and an operating model to drive its BPM-led transformation program. This helped the client to enhance its support structure for process transformation initiatives and resulted in enhanced efficiency, faster turnaround time, and reduced cost in claims and underwriting operations.
After maturity levels are assessed across these dimensions, improvement areas can be highlighted and courses of action can be charted according to the organization's short-, mid- and long-term objectives. Additionally, our Organizational Digital Maturity Assessment offering can help an organization assess its ability to enable and leverage digital technologies in the transformation program, design digital processes, use them in cross-organization collaboration and deliver next-generation, personalized digital experiences that unlock new sources of customer value.

For a BPM-enabled transformation to succeed, be it for digital transformation or operational excellence, it is also crucial to assess the BPM skills that are required for driving the transformation within the organization. Our Capability Assessment Framework offers a structured approach to evaluate the required transformational, operational and technical capabilities for each relevant role in the organization.

**TARGET DEFINITION AND ROADMAP**

This step aims at identifying the right process, technology and people for pioneering the transformation program (see Figure 6 for a depiction).

**Right Process**

The objective of this step is to identify and gain consensus on the pilot process(es) to be included in the transformation roadmap. Because it is the first proof-point of the initiative, this process should offer a quick win. Overly complex, politically charged or highly distributed process(es) that require buy-in from multiple parties outside the organization might not be the best candidate(s) with which to begin the transformation journey. Consider processes that are causing immediate pain and can be solved with minimal friction. For instance, if reducing operational costs by 20% is a key objective, the best place to start the journey could be in a process area involving much manual labor.
Our BPM Opportunity Assessment Framework provides a vehicle to attain this objective. It employs a survey-based mechanism to quantitatively assess the candidate processes and help identify the one that will provide the best bang for the buck in adopting BPM as the driver for transformation. It also assesses whether the inherent characteristics of the process make it a good candidate to derive benefits from BPM core capabilities (i.e., BPM suitability). BPM suitability considers the business impact involved in modifying the process alongside the financial opportunity associated with the investment.

**Right Technology**

After determining the right process, the next step is to select the right technology for implementation. A technology misfit can lead to multiple problems, resulting in derailment of the entire transformation program, such as cost escalation or dissatisfaction with solution features resulting in low acceptance.

Our BPMS Vendor Evaluation Framework considers all the features that are typically taken into consideration for product evaluation exercises (including market leadership, business fit, product capabilities, etc.). It allows stakeholders to weigh these against organizational priorities. Relevant product experts then provide their knowledge, experience and input to help determine the best product for each business context.

**Right People**

Last, but not least, selecting the right people to execute each stage in the process is essential to success. Assigning qualified individuals to perform the appropriate phases could make or break the program.

Figure 7 depicts how we believe clients should align their BPM organizations along different phases of their transformation journeys.

### Aligning Enterprise Stakeholders with Transformation Journeys

<table>
<thead>
<tr>
<th>Phase / Stakeholder</th>
<th>Define (D)</th>
<th>Assess (A)</th>
<th>Target Definition and Roadmap (T)</th>
<th>Execute Plan (E)</th>
<th>Sustain (S)</th>
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<td>I</td>
<td>R</td>
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<td>C</td>
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</tbody>
</table>

*R - Responsible, A - Accountable, C - Consulted, I - Informed*
While selecting key people for each stage is critical to success, it is also recommended that organizations groom and cultivate BPM skills to smoothly absorb the change.

Based on the capability assessment performed in the assess phase, roles can be aligned to capabilities, and steps can be created to minimize skill-gaps. These steps should provide the right skill inventory to execute the transformation program.

Using the above findings, a transformation roadmap can be created, clearly outlining the activities, deliverables and timelines required to attain the organization’s goals and objectives. While BPM technology implementation forms the core of this roadmap, other factors must be considered to ensure each step of the transformation journey has been effectively mapped. These factors include guidelines and plans for placing enablers, key functions and governance across the strategy execution phases detailed below.

EXECUTE PLAN

A strategy is only as good as its execution. Once the transformation roadmap is defined, the next step is to identify and involve the right people to execute the strategy.

At this stage, the actual approach to execution may change based on the goals and objectives of the transformation. For instance, in transforming operational excellence, the execute plan would require the following, in order:

- Process discovery and analysis.
- Process design.
- Process implementation.

The first two priorities aim to identify gaps in the chosen process (identified during the assess phase), model the target (to-be) process and then determine improvement methods to close these gaps. But actually implementing the process would involve a technology implementation.

On the other hand, for digital programs aimed at transforming the customer experience, more innovative approaches, such as design thinking or customer journey mapping, may be adopted. As previously noted, our accelerator methodology, based on Lean design thinking, facilitates such a transformation. The key principle would be to generate disruptive ideas that enable innovative customer interactions, then build a prototype to help derive tangible conclusions on its efficacy. The next step is selecting the best prototype for adoption. Thus, the execute phase in a transformation program aims at actual implementation of the tangible solution conceptualized during the define, assess and target phases.
For transformation programs centered on operational excellence, continuous measurement of process metrics using monitor and optimize functions works best.

Sustain at Target Levels
While attaining a desired level is important, equally important is the need to sustain and grow. Sustenance involves continuous measurement of the outcome of transformation in order to define next steps. For transformation programs centered on operational excellence, continuous measurement of process metrics using monitor and optimize functions works best. The goals identified in the define phase are periodically measured to derive insights on the effectiveness of the transformation. Any deviation(s) from expected improvements are taken up for further analysis and assessment. This process is therefore continuous, which is essential to ensure its effectiveness.

However, for customer experience transformation programs, the scale phase continues at this stage to support continuous process change, followed by a continuous ideation process for better outcomes. This ensures that solutions built or designed during the execute phase are enhanced and extended to meet larger organizational goals.

Looking Forward
With disruptive technology and continuously changing customer expectations, digital transformation is an ongoing journey that is no longer optional for organizations. However, every business is different and may call for different approach(es) to meet their desired objectives, requiring a specific and tailored transformation roadmap. To achieve a successful BPM-led transformation, organizations must:

- Set the right goals aligned with the value that needs to be delivered to its customers.
- Assess the organization’s current state of maturity and capability objectively, using proven tools and best practices.
- Define the right transformation roadmap driven by attainable goals, the organization’s inherent strengths and its priorities.
- Accelerate and sustain the transformation using the right set of tools, frameworks, enablers and support functions built around transformation objectives; followed by constant re-skilling, rethinking and review of strategy, blueprint and roadmap.

A proven and recommended approach for those organizations that have embarked or are planning to embark on transformation journeys is to ideate, start small, evaluate the results and scale up at enterprise level based on lessons learned and changing market demands. By adopting our top-down approach and DATES methodology, and by leveraging associated proprietary tools and frameworks, our clients have reaped significant business benefits by following well-articulated, goal-driven digital transformation roadmaps fostering agility.
FOOTNOTE


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