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## Best Practices in BPM: Key Steps to Success

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### Distinguishing Successful BPM Projects

If you read the latest articles and surveys about business performance management (BPM) you've probably noticed that the results are decidedly mixed. Some companies achieve their goals and feel BPM projects have met or exceeded expectations. Other companies found that the projects took longer and cost more than planned, did not meet with widespread acceptance, and ultimately fell short of goals. What distinguishes successful BPM projects from less successful ones? The answer lies in the following key steps. Acting on just a few of these recommendations can greatly increase your chances for success.

#### 1. Get an Executive Sponsor

Most major projects will benefit from a senior sponsor. With BPM it's required. To implement the system properly, you may need to modify and standardize structures across the company that various groups hold near and dear, including chart of accounts and reporting roll-up hierarchies to name two. In addition, the way certain key measures are calculated will need to be consistent companywide.

The project requires someone with the power to drive these changes through. In addition, IT and finance are often at odds regarding product selection. IT usually opts to purchase BPM modules from their ERP vendor to reduce integration issues, or from a BI tool vendor, allowing for a truly customized solution. The business users in finance often prefer packaged applications from best-of-breed vendors for the perceived ease of use and maintenance. Without a senior tie-breaker this can result in a stalemate and signal the end of the BPM project. Without the vision and guidance of the senior sponsor, the project can end up just addressing a current pain and fail to take full advantage of all BPM has to offer.

Lastly, someone has to set the cultural tone. The system will provide more information to more people than ever before. These people need to understand how this information will be used. Will they be compensated based on the performance data coming out of the system? How should confidentiality of the data be handled? The executive sponsor role is often filled by the CIO, CFO, or, in smaller companies, the CEO. Make sure your project has one.

#### 2. Set Primary Goals and Prepare a Roadmap

BPM can do a lot. It can help finance close the books faster. It improves decision making by providing more timely and accurate information to more people. BPM can aid in compliance initiatives by providing audit trails, alerts of material changes, and one set of consistent data. It can greatly reduce the pain of labor-intensive processes such as Excel-based budgeting "systems" or simply provide an upgrade for outdated systems. BPM can also help improve company performance by getting everyone to focus on the handful of key performance indicators that management has determined are most important.

While many companies pursuing BPM tend to say "we want all of that," we suggest identifying and focusing on a primary goal. This will help greatly in product selection, prioritizing tasks and requirements, even determining the resources needed for the project. Once that is done you can move on to the roadmap. This is an important step that is often overlooked. For example, quite often BPM projects start with a focus on fixing the budgeting process. This makes sense since the process is usually sub-optimal and quite painful for the finance group, as well as all the budget

participants across the company. However, if you just jump in and fix budgeting, you may end up with a point solution that can't grow to match the company's more complete vision for BPM. The roadmap process should involve senior stakeholders from across the company working towards a unified vision of where they would ultimately like to go with BPM. If they can't agree, then utilize the executive sponsor to break the tie.

Once you know where you would like to go, it is important to assess where you are. Your company may have some of the pieces required for BPM already in place. In addition to the software, you need to look at the availability of the required source data as well. With both an understanding of the BPM vision and the current state of affairs, you can craft your BPM roadmap. The roadmap will highlight the gaps between where you are and where you would ultimately like to be, and outline the steps needed to close those gaps. The last piece of work is to prioritize those steps. Now you can get back to fixing the budgeting process, but with an understanding of how that fits into the bigger picture.

### **3. Determine and Utilize Key Performance Indicators**

If all your BPM system does is improve the collection of data and production of reports, you really haven't implemented true BPM. Business performance management is really about helping your company execute its strategy. To do this the company's strategy needs to be translated into goals, business drivers, and ultimately key performance indicators (KPIs) that track how well the company is executing against those goals and business drivers. How to actually determine the right set of KPIs is a significant subject warranting its own article so we won't tackle that here. The point we want to make is that it is hard to get a handle on performance if you are looking at a stack of reports a few inches thick or dozens of screens deep. What KPIs really do is get everyone focused on the measures that matter. This can have a major impact on decision making and company performance.

In most BPM systems these KPIs, which taken together comprise the company's scorecard, are displayed on a dashboard. Since the dashboard is a highly visual interface, it makes it easy for even the casual user to understand how the company, or their department for that matter, is performing against its KPI targets. Everything else you do in the BPM system is really designed to feed these KPIs. You need to make sure that the planning part of your system includes plan targets for these KPIs. The actual source data pulled in from ERP, CRM, and other transactional and legacy systems needs to provide the data needed by the KPIs to determine actual performance against plan. Providing data for these KPIs is not a trivial task. Many of the measures are non-financial in nature. If one of your KPIs is customer satisfaction for example, do you know where to find that data in the appropriate format? Challenging as it may be, determining and populating the key performance indicators with data is a critical element of BPM.

### **Conclusion**

We'll close with a few more pointers to make sure your BPM project is successful. Get expert help at key points. Roadmap development, vendor selection, and KPI creation are areas where someone who has done BPM before can really save you time and money. Do everything you can to get end-user buy-in. Include features that benefit them, communicate frequently during the development phase, and make sure they are adequately trained in the business aspects and technology when the system is rolled out. The more end users that rely on the system to monitor their performance, the greater the impact BPM will have on the company and the bottom line.

Following the suggestions outlined here should enable you to join the ranks of companies that have met or exceeded their goals with BPM.

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