

Chief Process Officer

The Value Scout

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Abstract

We live in a continuously changing business environment, which moves ever-closer to a more-connected digital world. Successful organizations need to be proactive and adjust quickly. Therefore an increasing number of organizations establish a Business Process Management Discipline (BPM-Discipline™) in order to move their strategy into execution at pace with certainty. As any other management discipline, the BPM-Discipline is established through the appropriate business process, the process of process management. This new process is led through an emerging top management role, the Chief Process Officer (CPO). The CPO manages the process of process management in a way that it creates value by executing the business strategy across organizational boundaries, like departments or divisions. The CPO is the “value scout” of the organization.

Keywords

ARIS, BPM, Business Process Management, BPM-D™, BPM-Discipline™, Chief Process Officer, CPO, Execution, Governance, Process Organization, Strategy, Value.

1. The Business Process Management-Discipline

A rapidly growing number of organizations establish a Business Process Management Discipline (BPM-Discipline™) to move their strategy into execution, fast and at low risk. The concept of Business Process Management is not new but has a renewed relevance as the most effective way of helping organizations remain competitive in an increasingly dynamic business environment and the related digitalization. In a world of change it is imperative to have a good understanding of what processes should not, or only rarely, change and which need to enable the responsiveness required by the market.

In order to develop the management discipline of BPM it should be approached just as with any other management discipline. In the same way you develop, for example, a human resources (HR) management discipline by implementing HR processes and systems, you develop the BPM-Discipline by implementing the “process of process management” (PoPMa) with the relevant BPM information and systems. This includes all sub-processes necessary to manage the lifecycle of a business process from design, through implementation, execution and ongoing controlling of a processes (Franz, Kirchmer, 2012-1). The overall BPM-Discipline™ is visualized in the BPM-DTM Framework in figure 1 (Kirchmer, Franz, 2014).

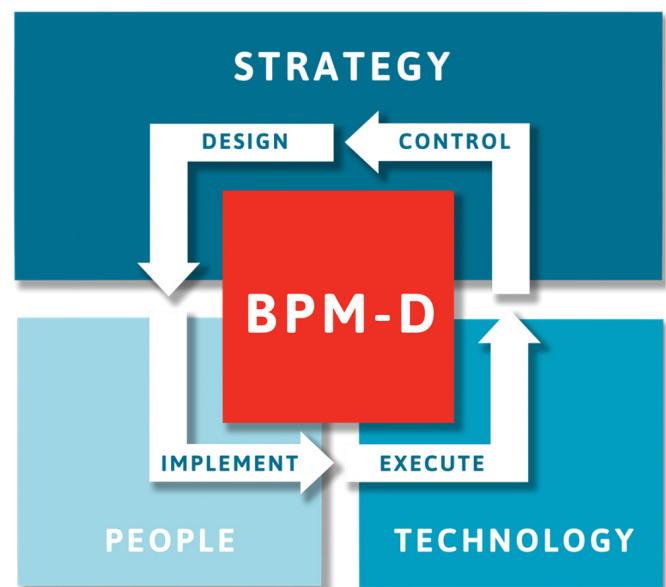


Figure 1: The BPM-D™ Framework

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The PoPMa can be segmented into different groups of sub-processes to simplify its company specific implementation (Scheer, 1994) (Kirchmer, Franz, 2014). PoPMa subprocesses consist of:

- Project-focused sub-processes, focusing on improvement initiatives; and
- Asset-focused sub-processes, focusing on creating and managing assets to enable efficient and effective project-related processes.

Each segment of PoPMA sub-processes can again be divided into:

- Planning sub-processes; and
- Execution sub-processes.

Hence, you end up with a 2 by 2 matrix including all PoPMA sub-processes establishing a BPM-Discipline™.

Project-focused planning processes are all about developing a process management strategy: targeting the strategic value drivers; understanding which processes have the most impact on delivering these; identifying those actions that will systematically enable the execution of the business strategy; and developing the right BPM capabilities to realize the business benefits. Project-focused execution sub-processes are those that ensure the proper conduct of improvement projects and BPM operations, ensuring e.g. the value-realization of business process improvement projects.

Asset-focused planning sub-processes provide the enterprise architecture to store all information models, necessary to improve business processes, as well as the critical business process governance sub-processes. Asset-focused execution processes provide pre-defined improvement methods that can be used in improvement projects, e.g. an approach for process transformation or for incremental improvement, people enablement processes, e.g. supporting change management, as well as tool and technology related processes, providing the necessary information technology (IT), such as repository tools or process automation engines.

Figure 2 shows the BPM-D™ Process Framework, a reference model for the PoPMa that can be used as starting point to develop a company specific version of the PoPMa (Kirchmer, Franz, 2014). It illustrates important sub-processes that an organization may address in order to establish a BPM-Discipline™. Not every organization will need each of those sub-processes and there may be additional processes required for a specific company. In each situation, the BPM-D™ Framework helps in shaping this discussion and coming to an enterprise specific solution quickly and at low risk, benefiting from the years of experience summarized within it.

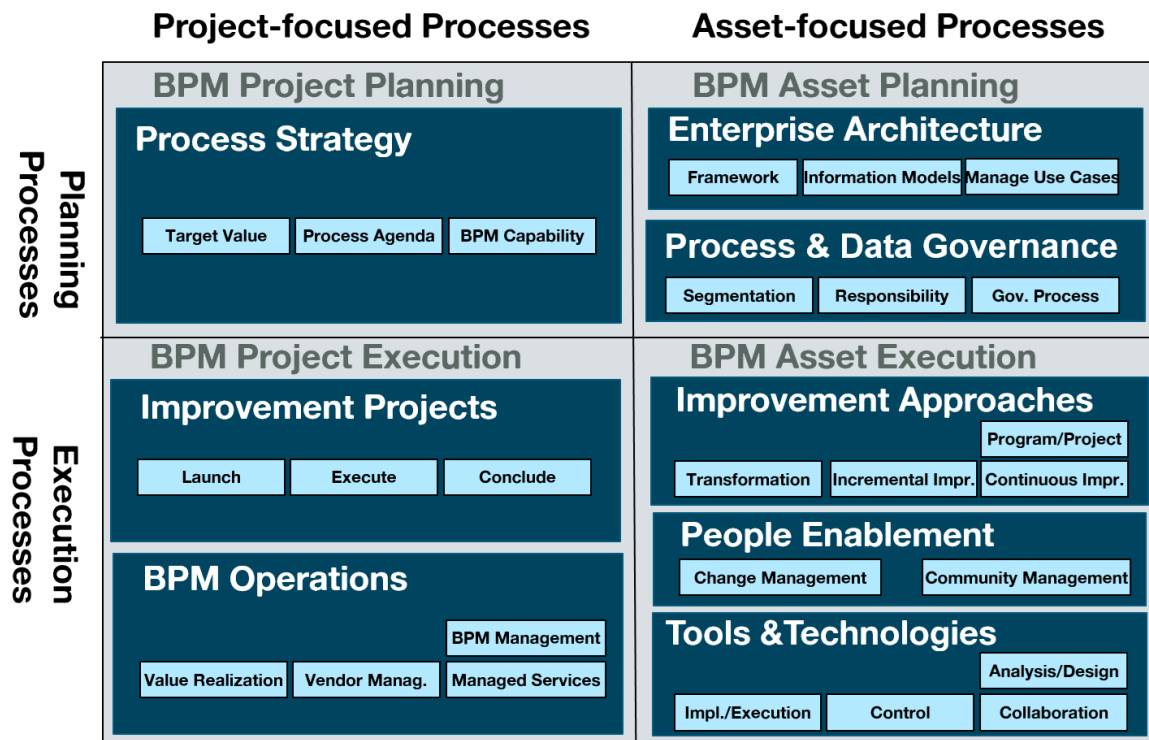


Figure 2: The BPM-D Process Framework – The Process of Process Management

2. The Chief Process Officer – An emerging Top Leadership Role

As with any other important business process the PoPMA needs an effective leadership. Hence, an appropriate management role is required. Given the increasing importance of process, as the key enabler in the transfer of the business strategy into execution, a real top management role emerges. We call this new top manager the “Chief Process Officer” (CPO) (Franz, Kirchmer, 2012-2) (Kirchmer, 2011) (Jost, 2004). The CPO creates value through strategy execution and we see an increasing number of organizations appointing someone into this role. This is the “Value Scout” of the company. In more and more cases organizations use the “CPO” to name that role, but others name it differently, consistent with others roles. Examples are Senior Vice President (SVP) of BPM, SVP or Process Excellence or SVP of Enterprise Performance.

Managing the PoPMA appropriately creates a company’s capability to deal with the volatile business environment and digitalization successfully. The CPO enables the journey of an organization to the next generation enterprise. He/she develops an integrated view on the organization, across organizational boundaries and helps business people to see the power of IT and IT people to understand the business challenges.

The transparency created under the leadership of the CPO enables other values, like quality and efficiency, agility and compliance, external integration of the company and internal alignment of the employees, as well as innovation and conservation where appropriate (Kirchmer, Franz, 2014). Result is a lasting competitive advantage, enabled through the BPM-Discipline under the leadership of the CPO.

The CPO creates a process-centric organization and culture across the more or less functional organization of an existing company. We often refer to this as the “valuenetwork” led by the “Value Scout”. She/he integrates function-driven and process-driven decision making and management. The CPO enables an end-to-end process view focused on value-creation for clients (Kirchmer, Hofmann, 2013) leveraging the power of digitalization effectively. This overall management approach of the CPO, resulting in company-wide process governance, is shown in figure 3.

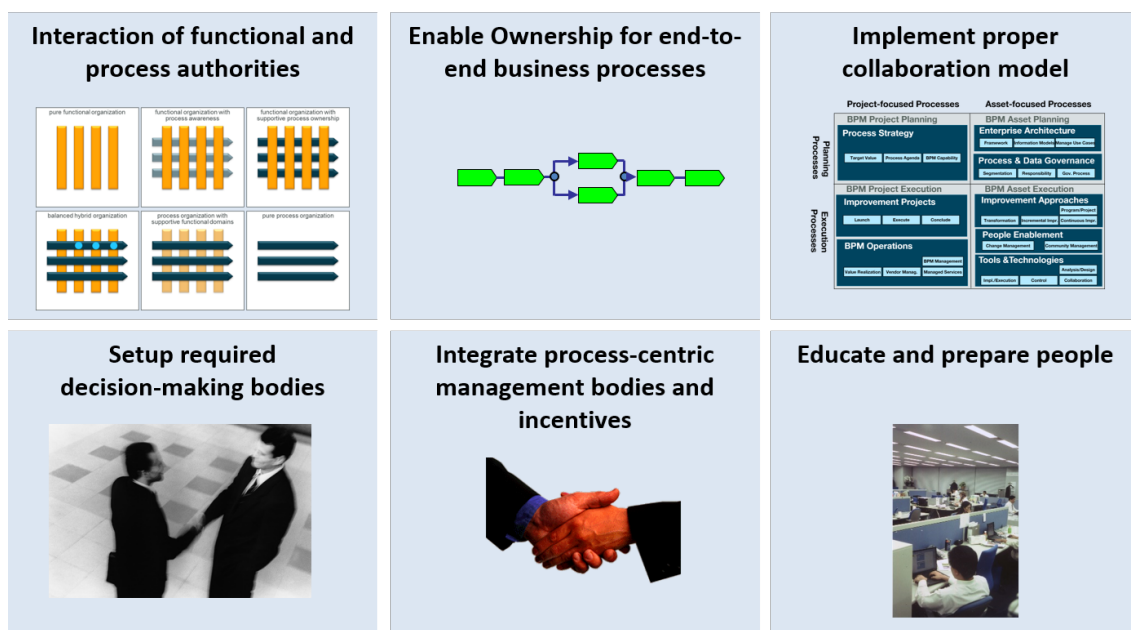


Figure 3: CPO – Enabling a Process-centric Management of Functional Organizations

Where do you find such a CPO? In many cases it is an enlightened Chief Information Officer (CIO) who recognizes that, with trends like “the Cloud” or “Software-as-a-Service”, the key asset in the organization are the processes and that BPM is the means to get business value out of such technology trends (Scheer 2013). Some organizations even show that transition openly and move from the CIO role to the “Chief Process and Information Officer” (CPIO).

Also a Chief Operating Officer (COO) could become a CPO – if she/he recognizes that BPM is more than just efficiency improvement. The role frequently develops on the back of a large business transformation program with the “Transformation Director” stepping into this role to create sustainable value. Other organizations need to build up the role of a CPO from scratch, co-existing with the CIO and COO. The best solution depends on the specific situation in an organization.

3. Key Tasks of the Chief Process Officer

The tasks of the CPO can be directly deduced from the definition of the PoPMA that he owns (see reference model in figure 2) and his company-wide integration role (see figure 3). There are five groups of tasks:

- General integration tasks
- Project-related planning tasks
- Project-related execution tasks
- Asset-related planning tasks
- Asset related execution tasks

As part of his general integration tasks the CPO defines and owns the overall PoPMA of the organization, for example based on a reference structure as shown in figure 2. He drives a cross-functional culture in which people think about how they fit into the overall end-to-end process and what that means for their work. The CPO is the overall contact for all process related topics and provides input in the strategic business planning.

Core of the project-related planning task is the management of a BPM strategy. This includes the identification of the high impact high opportunity processes of an organization on which BPM initiatives focus, the identification of required capabilities and capability gaps as well as the definition of the overall process management agenda. The process management agenda includes high-level business cases that allow the prioritization of projects.

Project-related execution tasks include the launch and oversight over improvement initiatives as well as the ongoing BPM operations. Typical operations tasks are the organization of a value-realization approach that enforces the ongoing focus on value, even after the project has concluded, or the procurement of administrative parts of the PoPMA as externally delivered Managed Services.

The organization of an Enterprise Architecture (EA) approach and the appropriate process governance are key asset-related planning tasks. The governance related tasks are crucial for a successful BPM-Discipline. They include the definition of governance related roles, like process owners, and procedures as well as the organization of governance bodies, e.g. for the process owners to take cross-process related decisions.

Asset-related execution tasks include the development of capabilities in various improvement methods, like a process transformation approach, so that those can be applied in improvement projects. A key task is to organize people enablement initiatives, like change management (ongoing or as part of a project) or the launch of BPM communities. Last, but not least, the direction and oversight for tool and technology related assets, like: repository tools; process execution systems; social platforms; or process intelligence tools, comes from the CPO. An increasingly important role he/she plays here is the use of “Big Data” and in-memory applications to enable next generation of business processes, for example regarding the predictive maintenance as part of a service processes of a machinery company.

4. Positioning of the Chief Process Officer in the Organization

The positioning of the CPO in an organization depends heavily on the nature of the specific company. It has to be defined in the context of the existing organizational structure as well as market and growth dynamics. However, there are several aspects to consider when positioning this role:

- The CPO provides input in the overall business strategy based on his/her crossfunctional view and drives the execution of this strategy. She/he requires appropriate access to the board and the position needs to provide the necessary standing in the organization.
- The CPO works closely with the other process owners, who are in general very senior executives. She/he needs to have the standing and positioning to be successful in this context.
- The CPO leads the BPM core team, often a Center of Excellence. Her/his positioning needs to give his reports the appropriate standing and development perspectives.

These points motivate most organizations to have the CPO role report directly to the board or at least to another C-level position. This has been confirmed in an empirical research study (Kirchmer, Lehmann, Rosemann, zur Muehlen, Laengle, 2013) with companies from around the world of different industries and sizes. It is consistent with our observations working with large and mid-sized organizations.

The typical positioning of the CPO is shown in figure 4. It also describes his integration in various governance bodies, like a BPM Management Board, a BPM Strategy Board or a Process Oversight Authority, e.g. to drive the transformation of a key business process.

The CPO is an emerging role targeting the creation of value by focusing on transferring the business strategy into execution, fast and with minimal risk. We expect this role to become more and more important in organizations, similar to the rise of the CIO about 25 years ago.

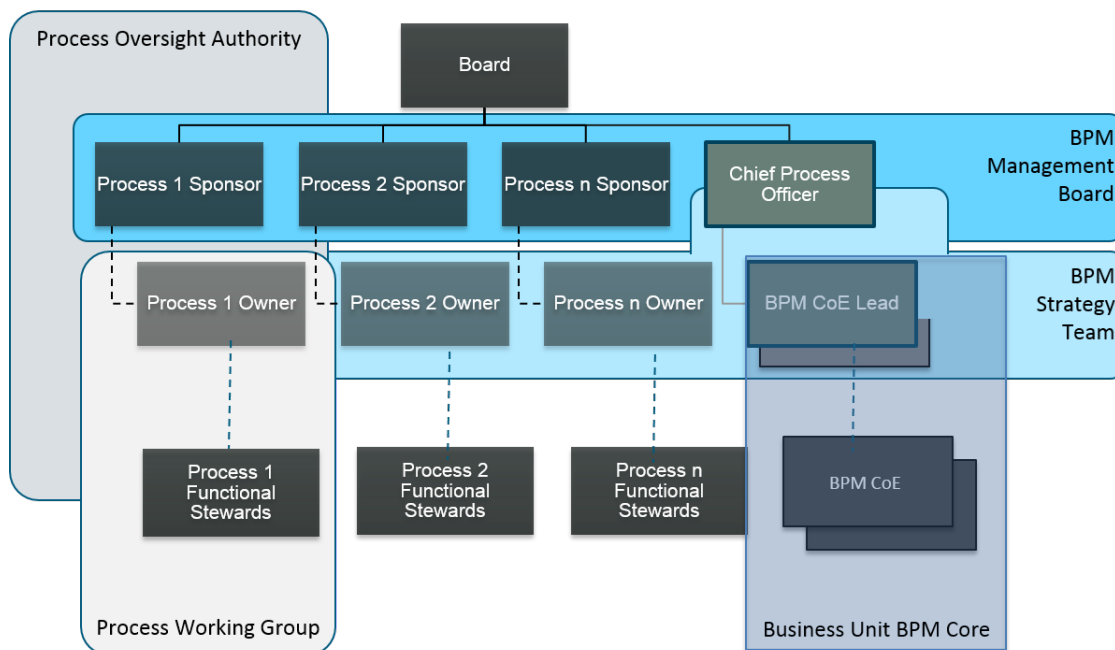


Figure 4: Typical Positioning of the Chief Process Officer

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Dr. Kirchmer is an experienced practitioner and thought leader in the field of Business Process Management (BPM) and Digital Transformation. He is Managing Director of Scheer Americas, previously BPM-D. He co-founded BPM-D, a consulting company focusing on performance improvements and appropriate digitalization by establishing and applying the discipline of BPM. Before he was Managing Director and Global Lead of BPM at Accenture, and CEO of the Americas and Japan of IDS Scheer, known for its process modelling software and process consulting.

Dr. Kirchmer has led numerous transformation and process improvement initiatives in various industries at clients around the world. He has published 11 books and over 150 articles. At the University of Pennsylvania and at Widener University he has served as affiliated faculty for over 20 years. He received a research and teaching fellowship from the Japan Society for the Promotion of Science.



Peter Franz

Peter Franz has been working at the forefront of Business Process Management (BPM) for many years as part of a 30-year career with Accenture. He has a deep understanding of the application of Business Process Management discipline to drive real business results.

His career includes education and experience in the use of Information Technology and thus understands the Business / IT interaction from both sides and can help bridge this divide. He is passionate about BPM and its application to real business challenges.





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