

Business Process Management Update



Welcome

Welcome to the first edition of the Business Process Management Update. Our intention is to bring you updates and key bits of information relating to running your Business Processes as effectively as possible. Please give us your feedback and ideas on what you would like to see in future issues.

Arthur Hedge

Special points of interest:

- IBM Moves into Business Process Management
- Do you use the Unified Modeling Language?
- Successful Customer Surveys
- Digital Dashboards

IBM Moves into the BPM Space

IBM made two moves in September that show that it is getting into the Business Process Management space. The first move was to announce support for MDA (Model Driven Architecture) in its Eclipse 2.0 Development Platform. The second move was its acquisition of Holosofx, a software company that builds Business Process Management tools.

The MDA is a set of standards developed by the Object Management Group (OMG) to allow developers to separate the logic of a system from the middleware that is used to implement the system. The MDA integrates with the Unified Modeling Language and will allow businesses to manage their

Business Systems Integration challenges much more effectively.

Holosofx has three main products, BPM Workbench, BPM Server, and BPM Monitor, that will be integrated into IBM's WebSphere's Business Integration platform.

Following the IBM's acquisition of Crossworlds earlier this year, it looks like IBM is putting together a set of tools to provide their customers the ability to create true end-to-end business solutions.

It will be interesting to see if the Enterprise Application Integration space (EAI) becomes just a standard part of the eBusiness development environment.

This is moving us towards the day when:

- Applications will support the Business processes that they are supposed to in a much more business-focused fashion.
- Application performance will be measured on how well it meets the business goals, not just on how it meets system performance objectives.
- Business users and the technology teams will be working from a common set of blueprints that make sense to both parties, ensuring that new systems projects meet the objectives that are set.

Inside this issue:

An Introduction to UML	2
UML Resources	2
What Do Your Customers Think?	3
Pareto Charts	3
Digital Dashboards	4

Check out the Sloan Management Review

In the Winter 2002 issue of the Sloan Management Review, Michael Hammer has a great article entitled "Process Management and the Future of Six Sigma." Michael Hammer was one of the leaders of the Business Process Reengineering efforts of the 1980s and early

1990s. In this article, Hammer describes how businesses need to use Process Management as an approach to running a company. The integration of operational improvements techniques such as ERP, Six Sigma, and Supply Chain integration are only truly successful if they

support the overall goals of serving customers.

A core thesis espoused by Hammer is that Six Sigma is not an approach to manage an organization. Six Sigma should fall under and be guided by a corporate process management program.

What is UML?



“Just as one would not build a home without plans, nor should one undertake to revamp a Business System without models”

“UML is becoming the language of choice in large scale development projects.”

UML is an acronym for the Unified Modeling Language. UML is a set of rules on how to specify, visually represent, and document models of systems. The Unified Modeling Language is maintained by the Object Management Group, a non-profit standards organization. UML is an important tool for those organizations that want to improve the quality of their systems and reduce the time to market in implementing new applications.

The core of UML is a set of diagrams that serve three purposes. The first are structural diagrams that describe the structure of an application. The second set are behavior diagrams that describe the dynamic operations of the system. The third set are Model Management Diagrams that are used to organize and manage information about the system. Some of these diagrams are very familiar, such as Class Diagrams and Use Cases. There are other diagrams that are less well known, such as Sequence Diagrams and Activity Diagrams that are used to model Business Processes.

UML is typically used to support the Software Development Process and Business Modeling. It is this dual nature of the language that makes it ideal for Business Process Improvement projects.

There are a number of tools on the market that support UML and can be used to develop UML models. Rational Rose from Rational Software, Visio 2000 from Microsoft and Proforma Corp.'s Provision software are examples of tools on the market today.

The Language was developed by three Computer Scientists, Grady Booch, Ivar Jacobsen, and Jim Rumbaugh, who are now the Chief Scientists at Rational Software. The Rational Unified Process, which is the software development methodology that is sold by Rational, utilizes UML extensively.

In describing complex business processes and the large systems that support them, it is essential that a blueprint exists to describe the system. Just as one would not build a home without plans, nor should one undertake to revamp a Business System without models.

UML is the perfect tool to develop those models.

One of the benefits of UML is that its an easy to understand notation, yet very rigorous so it allows models to bridge the gap between Business Owners of a project and the technology folks that are going to have to implement the system. The ability for everyone to understand the system through models improves the quality of the work and allows businesses to reach their objectives faster. These factors reduce the overall cost of a major systems project.

There are however some drawbacks to this approach. UML was developed as part of an Object Oriented Analysis and Design methodology and therefore is geared towards an Object Oriented framework. Organizations that have no Object Oriented experience will have a difficult time implementing this language.

UML is becoming the language of choice for large scale developments projects, especially in Web-based development. To what extent is your organization utilizing UML?

UML Resources

Web Sites:

Object Management Group www.omg.org

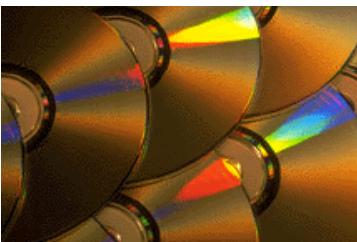
Rational Software www.rational.com/uml

Embarcadero Technologies www.embarcadero.com/support/uml_central.asp

Books:

The Unified Modeling Language User Guide by Grady Booch, Ivar Jacobson, James Rumbaugh, Jim Rumbaugh

Developing Software with UML by Bernd Oestereich, Bernd Cestereich



What Do Your Customers Think?

One of the keys to using a Business Process Management perspective in running your organization is to remember that the goal of any process is to serve a customer. It is imperative that you define customers' wants into explicit requirements. Why? Because it will allow you to develop internal and external metrics to manage your business. Some examples might be:

- Late Deliveries
- Incomplete Orders

It is important to measure items that are important to your customers and that they are used as decision points in purchasing your product or service. Not

only should you set up internal controls to determine if you are meeting the benchmarks, you should also set up customer surveys to measure those same items. You want to make sure that the customers' perceptions of your performance match your own. The customer satisfaction gathering techniques should focus on both Output requirements and Service requirements. Output requirements focus on answering the question "Does the product or service meet the needs of the customers?" Service requirements focus on answering the question "How well are my customers treated?" Both are components of a loyal relationship with your customers.

Several questions to ask about your current customer satisfaction tools:

- 1) Are they explicitly measuring what is important to the customers?
- 2) Is the customer satisfaction data segmented in the same fashion as your marketing efforts?
- 3) Do you have a process in place to continually gather and understand new customer requirements?



“Restlessness and discontent are the first necessities of progress.”

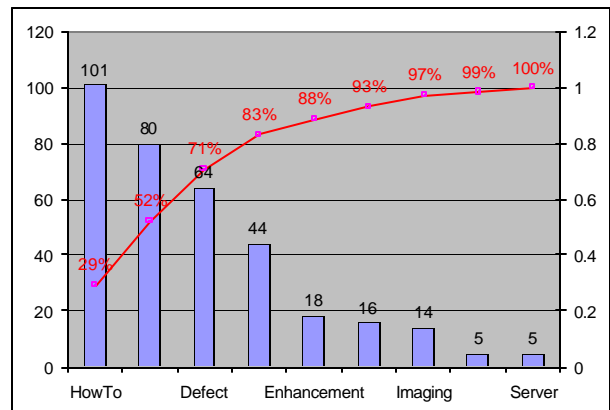
Thomas Edison

Pareto Charts

We've all heard of the 80/20 rule, such as where 20% of your customers provide 80% of your profits. Well, that rule is based on theories developed by Vilfredo Pareto, an Italian economist.

Today in Business Process Management we use a simplified version of Pareto's economic analysis to identify that 80% we care about by developing Pareto Charts.

The technique for generating Pareto charts is to select measurement categories. (In the chart listed below the categories are reasons people are calling a help desk.) Then you count the frequency that items fall into each of the selected categories. After the frequency data is complete the categories are ranked in descending order. One can use a tool such as Excel to generate the chart.



Example Pareto Chart



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Was Microsoft Ahead of its Time?

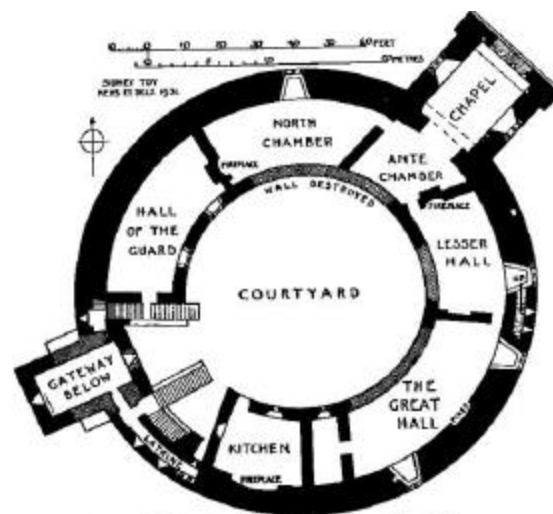
Microsoft introduced the Digital Dashboard in 1999 in order to give knowledge workers a "single view" of the information within a corporation. Three years later there is hardly a mention of the Digital Dashboard within Microsoft's marketing literature. But they were on to something. Managers today face an overload of information about their businesses. They need a way to get quick access to summary information and the ability to drill down to see the specifics. The information that the business user receives needs to be actionable.

These are capabilities that the ERP vendors have included for years. Due to their start in the manufacturing market it was a differentiating requirement.

Their data structures also lend themselves to strong ties with OLAP tools and other Business Analytics packages.

The BPM solutions on the market, such as Metastorm and Staffware, have understood this and have included monitoring capabilities as a core part of their offering. The Workflow vendors are moving in this same direction. FileNET's announcement of the Process Analyzer for their eProcess workflow product is a sign of this trend. The strong interest in portals also signals a trend toward real-time support of Key Process Indicators.

Are you monitoring your core Business Processes on a real-time basis?



Restormel Castle. Plan of Keep, First Floor.