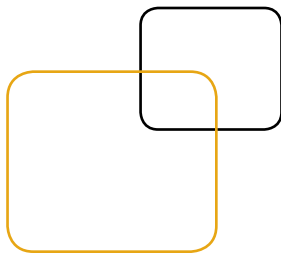


A Practical Guide to Automating Key Business Processes



In 1990 consultants Michael Hammer and Thomas Davenport introduced a bold idea to the business community: managers were focusing on the wrong issues. In articles published in the Harvard Business Review and the Sloan Management Review, respectively, they essentially charged managers of using technology to simply automate “non-value adding work” rather than making such work obsolete¹. Most work, they asserted, does not add any value for customers and therefore should be eliminated, not merely accelerated through automation. Companies, they proposed, should reassess their processes to maximize customer value, while minimizing resources required for delivering their product or service.

Business process re-design (BPR), or reengineering, became a widely adopted management technique used to rethink how work got done in order to dramatically improve customer service, cut operational costs, and increase competitive advantage. In 1993, 60% of the management letters appearing with Fortune 500 company annual reports explicitly discussed reengineering efforts that were then under way². Advances in information technology, acceptance by well-established management thinkers and consulting firms, and an increasing focus on overcoming foreign competition fueled continued adoption of BPR. By the mid '90s, however, adoption slowed as the shortcomings of BPR's emphasis on technology automation over people and failure to consistently produce its much-heralded performance improvement became evident. In recent years, business process management (BPM) has become the apparent successor to BPR. As a management discipline, BPM ostensibly emphasizes process efficiency supported by information technology. But like its predecessor BPR, BPM is now subject to the same critique of shifting the focus to technology and discounting the "people" element.

Today, knowledge-worker centric organizations are still looking for ways to do more with less. Some are in survival mode, trying to ride out the current economic conditions until the storm clears; others may be well-positioned to take advantage of competitors' challenges and focus on growth. In either case, initiatives to improve key business processes are often undertaken to root out inefficiencies that can incur unnecessary cost and waste and negatively impact competitive advantage. A current approach is business process automation (BPA). While BPM is more of a broad discipline that could be realized with or without technology, BPA actually employs technology (typically software) to execute business processes, in real-time, and achieve efficiencies as a result of automating parts of that process. More importantly, BPA is not solely reliant on technology, but instead is best suited for people-centric processes. A recent IDG research study among IT executives and managers cited that 87% of respondents considered BPA to be a critical, very important, or somewhat important IT priority³. The automation of manual or poorly automated processes can offer significant opportunities for process improvement, with benefits that can include improved customer service, reduced processing time, improved quality of work, increased levels of output, and improved audit/compliance support.

With the number and diversity of technology solutions for automating, managing and improving business processes, it's natural to direct energies into finding the right BPA technology solution. However, any technology decision should be only one top consideration when planning or proceeding with a BPA initiative. Today's successful BPA initiatives are based largely on five key considerations as a whole.

1. Defining and aligning clear business objectives
2. Involving the right people
3. Automating the right processes
4. Using the right technology
5. Supporting "quick win" as well as continuous improvement initiatives

1. Align with business objectives

It is not uncommon for organizations to go through an extensive technology selection process before finalizing the goals they would like (or need) to achieve with business process automation. Ideally, however, any BPA initiative should be driven by well-defined business objectives. High-level objectives may focus exclusively on cost reduction or cost containment objectives, or, under the right circumstances, on increasing revenue generating potential. It's worth noting that cost and revenue objectives may not necessarily be mutually exclusive. For example: a given process may gain efficiencies with BPA that support either 1) the same output levels with fewer resources — cost reduction, or 2) increased output with the same or fewer resources — incremental revenue generation. In either case, the process efficiency improvement should translate to quantifiable return on investment (ROI). There may be many different ways to apply automation for increased process efficiencies in any number of processes. But what is the value of those efficiencies? (Are we automating simply because we can, or is there quantifiable value?) Clear, well-defined business objectives will help ensure that all other key BPA considerations are in alignment, and that a BPA technology solution delivers real ROI.

¹ Hammer, M 1990, "Reengineering Work: Don't Automate, Obliterate," *Harvard Business Review*, July-August

² Hamscher, Walter, "AI in Business-Process Reengineering," *AI Magazine*, 1994

³ CIO Custom Solutions Group / IDG Research Services Market Pulse Study, April 2009

2. Get the right people involved

A successful path to BPA requires involving multiple internal stakeholders, particularly where a process traverses multiple departments. In many organizations, process improvement efforts work best when they are “a business-driven initiative with IT support,” according to Clay Richardson, a senior analyst at Cambridge, Massachusetts-based Forrester Research. Having IT management on board is critical to BPA’s technology implementation aspects, and the business owner should provide the equally critical process knowledge. Ideally, a business process automation initiative will have an executive sponsor to provide direction in situations where IT and the process business owner may have different perspectives, or in situations where a process might impact multiple departments and introduce elements of change management. By its very nature, process automation will likely change the business process, and subsequently the way people work. With the growth of knowledge workers and people-centric processes, it’s important to additionally involve the end-user for input on the process details, and to consider their perspective for a potential technology solution’s ease-of-use in order to facilitate adoption.

Successful BPA initiatives will involve people with the best practices expertise to execute the process discovery, analysis and design efforts that are absolutely critical, and that are best initiated in advance of technology solution deployment. This process consulting expertise should be offered by the BPA solution vendor or be made available via an independent consulting organization. Process consultants will use proven methodologies to assess and document a process as it is today, identify the best opportunities for increased efficiencies with automation, and create the process design to be implemented in the BPA technology solution. Equally important, process consultants can benchmark and validate process improvement and ROI. The process consulting piece is essential, as it ensures that BPA efforts are undertaken on the right process and will deliver value to your business.

3. Identify the right process for automation

Hammer and Davenport weren’t entirely wrong: there are significant benefits to removing non-value adding work from a process. “One study of idle versus processing time for work-in-process revealed that, for the average process, actual working time comprises only .05% to 5% of total elapsed time.”⁴ “IBM Credit Corporation discovered, for example, that value-added time for the financing-approval process amounted to only 90 minutes out of a three- to four-day cycle time. [We have] seen several insurance companies in which the time spent actively processing and underwriting an insurance policy was only two or three hours, in an overall process cycle of more than 20 days.”⁵

In today’s business environment, the real challenge, and corresponding opportunity, remains in improving processes that involve people. With so many potential processes to automate, it therefore is important to find a “good fit,” to ensure identifiable efficiency gains that can generate quantifiable value. Among processes ripe for BPA are “vertical” industry-specific processes such as insurance claims processing, healthcare patient scheduling, or financial services loan originations, as well as “horizontal” processes in virtually any company, such as new employee on-boarding, lead management, or IT equipment purchasing. In general, BPA is well-suited for virtually any multi-step, people-centric process, especially those processes that are:

- Highly manual
- Repetitive
- Based on defined steps
- Utilized across multiple departments or teams
- Dependent upon individuals who must handle work tasks and communicate with one another and/or the customer

4. Start small and grow

Demonstrable results matter. Look for BPA opportunities that allow you to start small, expand and continuously improve. (Or as is commonly heard in such projects: “start small, think big, scale fast.”) Because BPA can have such a significant impact on process efficiencies, organizations may opt to initiate BPA implementations that focus on a mission-critical business process in its entirety. The trade-off is: the more complex the process, the more complex, costly and time-consuming the implementation, and BPA becomes a question of whether to realize ROI in one or two quarters... or potentially two to three years. Achieving a relatively “quick win” ROI might mean breaking down a larger process into smaller, more manageable sub-processes. For example, instead of trying to automate the entire life insurance policy process from the initial lead contact to revenue recognition, an insurer might focus on the policy application portion of the process. With a process that’s a good fit for BPA, and the right technology solution, measurable ROI is possible, even in a smaller sub-set of a business process. So, keep the big picture in mind, but look for manageable opportunities with containable scope.

BPA is best viewed as an iterative process versus a project. Again ideally, organizations should be able to continually refine and improve processes to create sustainability, where savings in one area could potentially fund the next initiative. BPA can have a “viral” aspect if done well — one successfully automated process with demonstrable ROI can lead to another.

⁴George Salk, Jr. and Thomas M. Hout, “Competing Against Time,” *New York Free Press*, 1990

⁵Thomas H. Davenport, “Process Innovation: Reengineering Work Through Information Technology,” Ernst & Young, 1993

5. Select the right technology

Despite the high interest and tangible benefits from automating core business processes, barriers remain that prevent many companies from implementing business process automation. Reduced IT budgets, along with the cost and complexity of traditional solutions, make BPA a daunting prospect. In the current business climate, taking several years to implement and realize return on investment is simply not a viable option. There also are solutions that position the benefits of bringing unified communications and business processes together. This seems like a much more reasonable proposition, although the practical application of these concepts is a bit murky. Many of these “solutions” are actually a collection of custom services and integrations that embed communications capabilities and event-based triggers into existing applications; unfortunately, they usually only result in the same cost and complexity issues that plague their more traditional counterparts, without the hard ROI.

To achieve the highest measure of success, a BPA technology solution should support each of the other key considerations discussed thus far, providing demonstrable ways to meet business objectives, offering ease-of-use for business and IT collaborators and end users participating in the process, and providing an environment that supports the automation of people-centric processes with near-term ROI. In all, BPA technology should offer proven capabilities that make people more effective in the way they perform work, entailing a range of other capabilities that include but are not limited to:

- The ability to automate processes end-to-end and to seamlessly incorporate communications associated with those processes
- Location independence that enables employees to participate in a business process from any location
- The predictable, flexible distribution of work to an available resource with the right skills, and with the necessary service levels
- Visibility into the work pipeline by way of real-time monitoring of process activity
- The ability to capture and track work, as well as customer dialog, that are part of a business process

A BPA solution should additionally offer an intuitive design environment so your IT resources can model, modify and manage the process in the technology application, and then continue to improve the process over time. Organizations should be able to easily extend the same technology solution to support additional employees as more processes are automated.

Conclusions

Business process automation done right can deliver process efficiencies that result in measurable value to your organization. BPA should focus equally on strategy, people, the process for automation, and technology. Beginning with clear business objectives, involving the right people, automating the right processes, selecting the right technology, and supporting “quick win” as well as continuous improvement initiatives will go a long way toward enabling your organization to realize that value. While the purpose of this document is certainly not to provide an exhaustive list of considerations for a BPA initiative, keeping these top five considerations in mind in the early stages can greatly increase your chances for success.

Take Action

Organizations of all kinds are taking a closer look at business process automation and the various solutions now available for BPA. Interactive Intelligence offers the *Interaction Process Automation™* (IPA) solution along with a completely new approach to BPA — Communications-Based Process Automation, or CBPA.

In integrating to the standards-based all-in-one Interactive Intelligence Customer Interaction Center® (CIC) software platform for contact center automation and enterprise IP telephony, *Interaction Process Automation* provides an organization-wide platform to automate and orchestrate processes across departments, core business applications and, most importantly, the people who ultimately perform a process’s work tasks. No other current solution for process automation involves this actual worker component or provides the quantifiable return on an organization’s unified communications investment.

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