

Three Areas Where Process Frameworks Make a Big Impact

Benchmarking, content management, and business process definition

In 2010, APQC undertook a research project, called [Using Process Frameworks and Reference Models to Get Real Work Done](#), to better understand how leading organizations use process frameworks and reference models to improve their businesses. As part of the research, APQC conducted a survey of 76 organizations to determine the most typical applications of process frameworks (Figure 1). APQC then conducted detailed investigations of seven organizations currently using frameworks and models with great success: Cisco Systems Inc., ING Life Japan, Pitney Bowes Inc., Sandvik, ThyssenKrupp Steel USA, UPS, and The Williams Companies Inc.

Findings from APQC's 2010 Frameworks Survey

What Business Issue or Need Led Your Entity to Investigate Using a Process Framework? (Select all that apply.)

Data Table

Answer	Distribution
Performance management and metrics	61%
Definition of key processes requiring cross-functional owners	45%
Content management system/knowledge management	30%
Reorganization/reengineering project, merger, divestiture, etc.	29%
Enterprise process taxonomy—basis for enterprise operations (i.e., embedded in enterprise-wide technology and/or tools)	25%
Compliance with an external standard (e.g., ISO9001)	17%
Accounting—management accounting system or activity-based costing approach	14%
Not using a framework	12%
Other	20%

N=76

Findings:

- The three main process framework uses are: benchmarking, business process management, and content management.
- Twenty-five percent of respondents use frameworks in tooling.
- Only 17 percent use it due to a compliance event.

Figure 1

Through this survey, the research team identified a number of popular uses of frameworks, which could be grouped into three main categories: benchmarking, content management, and business process definition. More than 60 percent of respondents use frameworks to guide “performance management and metrics,” which is essentially benchmarking. Clearly, process frameworks can effectively support such efforts. Two core components of business process definition—“definition of key processes requiring cross-functional owners” and “reorganization/re-engineering project, merger, divestiture, etc.”—are also commonly used, at 45 percent and 29 percent, respectively. Rounding out the main uses for frameworks is content management, at 30 percent.

The diversity of these uses is the reason that frameworks and reference models have developed and evolved over time. Modern frameworks and reference models include not only simple functional compositions but also valuable content, such as chains of cross-functional processes organized into value streams, key performance indicators/associated benchmarking data, and in some cases, best practices related to functional compositions and top performance. One example is Supply Chain Council’s SCOR® framework, which includes all of these features.

Overlaps Define Business Process Management

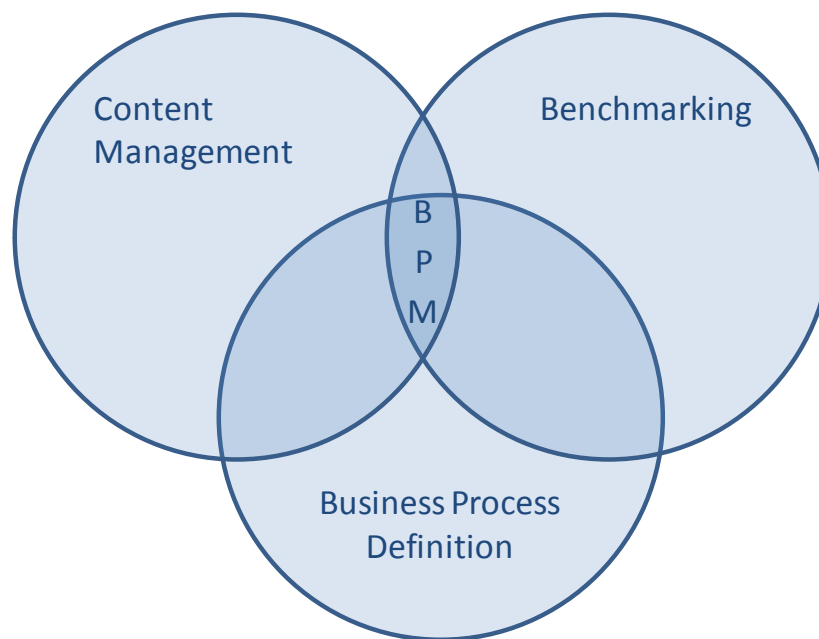


Figure 2

As shown in Figure 2, overlaps occur in the main uses of frameworks within an organization. The term “business process management” (BPM) typically captures the majority of these overlaps. Although this term can be associated with various concepts, for the purposes of APQC’s study, it

conveys the overlap among business process definition, content management, and benchmarking.

Consider the content management and business process definition uses. In an organization that uses a process framework to define how work is done, that same framework can easily become a mechanism for managing content related to the work. An organization can, however, manage content without also using the framework to manage the definition of the business processes. Williams Exploration and Petroleum, a subdivision of the Williams Companies, is an example of this: Its content related to Sarbanes-Oxley (SOX) compliance is organized according to a process framework that is not used to define business processes. The extent of overlapping usage depends on the organization.

Frameworks used for other purposes can also be leveraged to facilitate benchmarking. Organizations using a framework to define business processes are generally able to use that same framework to measure the execution of these processes. Once the measurements exist based upon a common framework, it becomes simpler to benchmark internally or externally with organizations using similar frameworks.

The most effective organizations are those that leverage a process framework for all three uses: benchmarking, business process definition, and content management. The ability to clearly and efficiently understand what work is done by identifying processes and functions (business process definition), how it is done (organizing content using the framework or reference model as a taxonomy), and how effectively it is being done (benchmarking) is a clear competitive advantage.

Benchmarking

To put it simply, a process framework allows tasks to be grouped into standardized buckets of activity that can then be objectively compared. Developing this common language typically consumes a large portion of an organization's time. A process framework or reference model accelerates this process and increases the speed and depth at which an organization can study internal and external practices and processes.

Benchmarking in this sense includes not just the benchmarking activities occurring between organizations but also process measurement and performance management that occurs within an organization. Accurate external benchmarking can be resource intensive, mainly due to the costs associated with creating common definitions upon which all partners can agree. Without common definitions, internal benchmarking is also a costly exercise. The cost is even greater when more than one organization is involved. A process framework accelerates benchmarking activities by reducing the effort required to define a common language.

Consider an example where five organizations wish to compare the performance of their processes and capabilities (Figure 3). In a world without a common framework or reference

model, each organization must map its processes to its four partners' processes. Assuming perfect sharing of information, a minimum of 10 distinct mapping transactions are required to ensure that each partner can accurately map its process to the other benchmarking partners'.

Process Mapping When Benchmarking With and Without a Framework

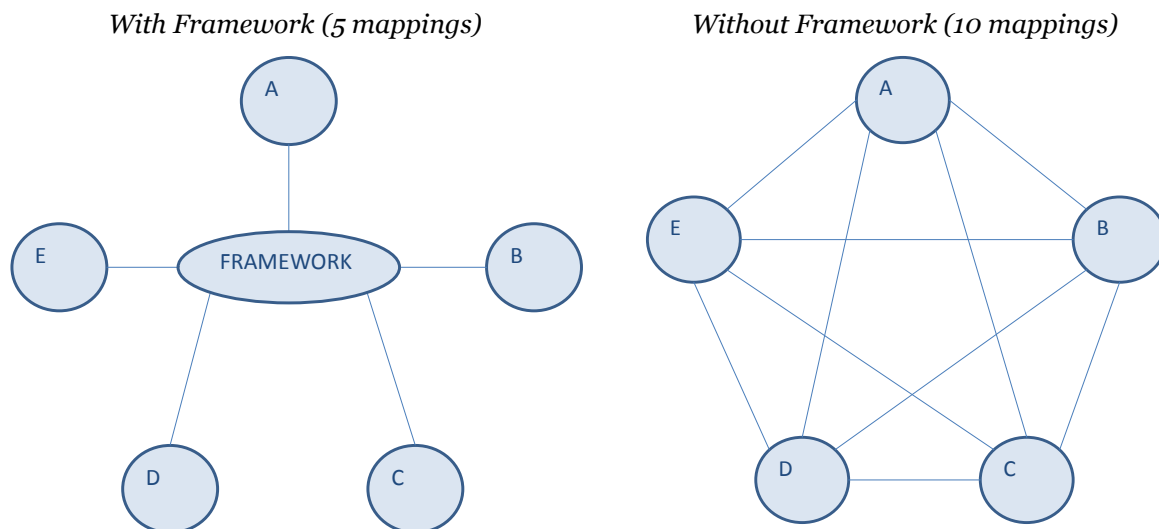


Figure 3

Incorporating a process framework or reference model in support of benchmarking reduces the number of mapping transactions from 10 to five. Furthermore, as benchmarking partners are added or removed from the exercise, additional mapping is required only for the new entrants. The framework becomes the common language through which all benchmarking participants compare their performance.

As shown in Figure 4, Cisco uses APQC's PCF to simplify the translation process and facilitate the exchange of information and best practices, both in one-on-one and group benchmarking projects. Cisco provides a unique example of how it adopted a standard process framework and realized benefits throughout the entire enterprise. The use of a standard framework created enormous value by enabling Cisco to compare its internal processes with other organizations without mapping its internal processes to each benchmarking partner. Working with a standard language allowed Cisco to communicate with other organizations about how they handle certain processes Cisco wanted to improve.

How Cisco Uses APQC's PCF for Benchmarking

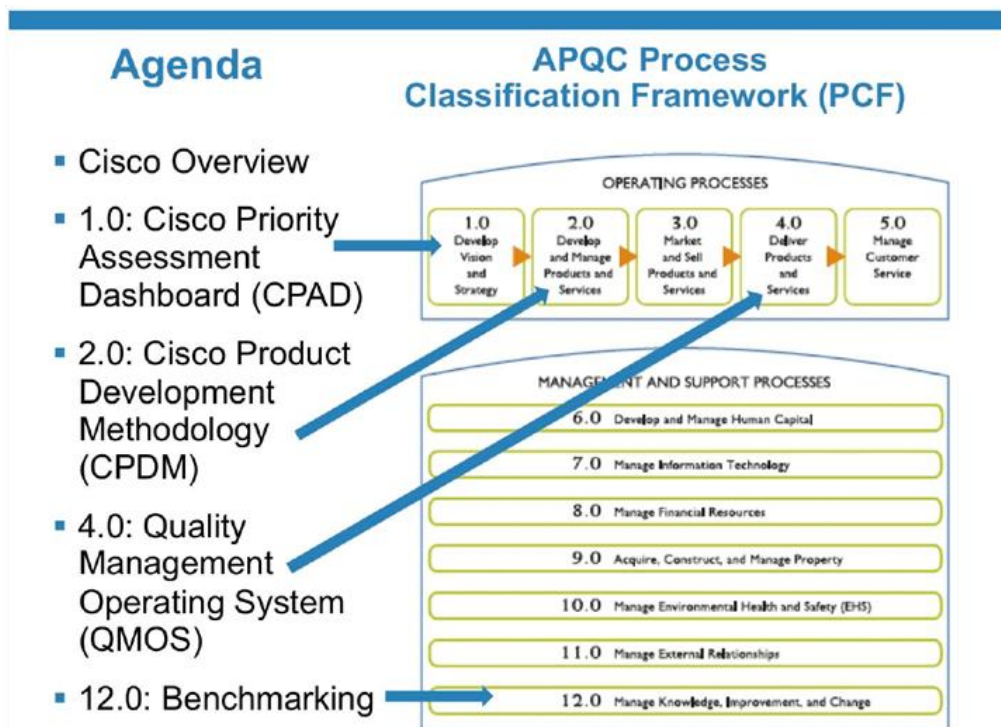


Figure 4

ING Life Japan's creation and adoption of its Management Operating Methodology demonstrates how a framework enables internal benchmarking. INGLJ's methodology is completely driven by measures associated with the process framework (see Figure 5). Each morning, management representing key processes as defined by the framework meets to discuss the day's workload and ensure proper resource allocation. Central to this workload balancing activity is INGLJ's process framework. The framework enables consistent definition of the items being measured and therefore enables the regular workload balancing meetings.

One of the key components of success across all the best-practice organizations that have focused on integrating their framework with other core functions is the use of quality and performance measures throughout all processes included in the framework. Measurement is not solely focused on outcomes but includes in-process measures that provide data about how the process itself is working. Liam Ward, business transformation manager at ING Life Japan, made this point clear: "We could map, design, and create new processes, but if we didn't understand the impact [on outcomes], it is difficult to justify the costs associated with the change." Typically, the activity of measuring performance is a separate function located in Quality or Performance Management departments, but at INGLJ, it has become an integral part

of the process framework system. This type of integration provides real-time data about process results that can be used to adjust workflow and to forecast, with reasonable accuracy, what the results and value will be.

ING Life Japan's Daily Schedule

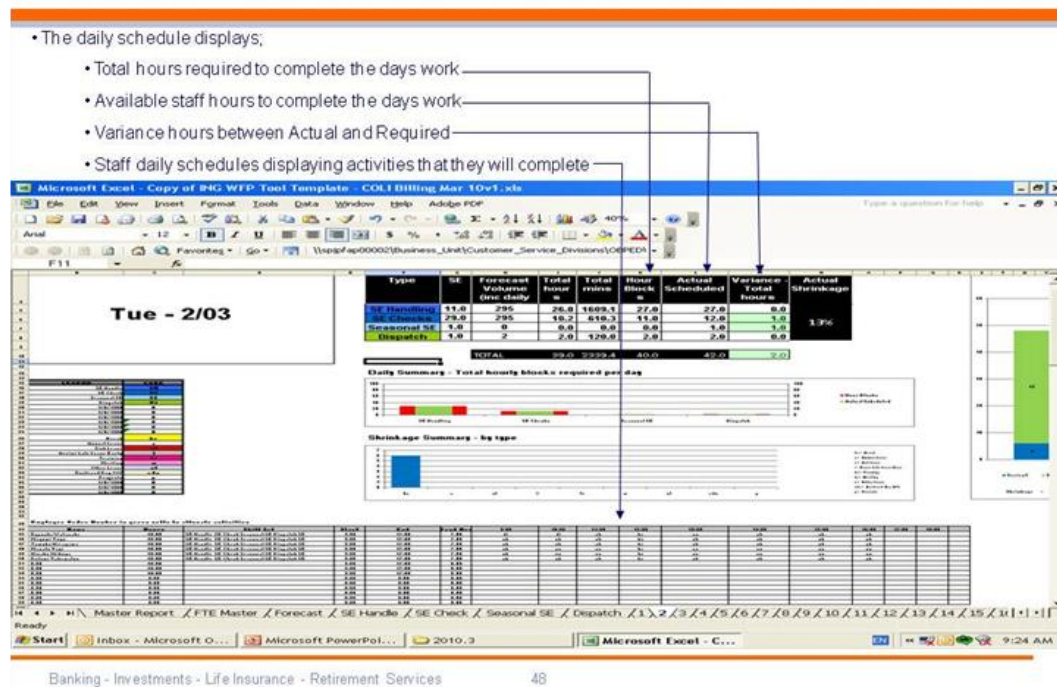


Figure 5

Another benefit of integrating performance and process management is that performance data (both qualitative and quantitative) gathered during quality control activities can be used to find quick wins for process improvement initiatives. These can be either minor adjustments, completed with relatively no cost, or more involved adjustments that can be replicated across multiple processes and thus realize huge benefits based solely on the sheer number of impacted processes. Understanding how these measurements affect processes helps managers to understand potential cost-benefit ratios for improvement efforts.

Content Management

Content management encompasses the processes and technologies that support the collection, management, and publishing of information in any form or medium. As seen in the Venn diagram in Figure 2, content management can have significant overlap with other uses of frameworks within an organization.

Organizations with significant overlap between the definition of business processes and content management typically have specific tools built to manage process content—be they SharePoint document libraries, Lotus Notes databases, or even formal BPM tools that include document management functionality.

Organizations in which content management processes do not significantly overlap process definition or benchmarking processes still typically use a framework to structure content so it can be easily accessed. In many cases, organizations are not using comprehensive packaged content management solutions, but rather homegrown tools built on available technology. This tends to be the case regardless of whether the business uses the content management framework to define work processes or not. Process frameworks still offer value, even when business processes and business process content are defined and organized separately. As long as a framework is used for one or the other, a simple map is usually sufficient to relate content to existing business processes.

By 2003, Williams needed to quickly demonstrate compliance with Sarbanes-Oxley regulations. When initially planning a solution to this problem, Williams discovered inconsistent internal language to describe work done within the organization. Rather than attempt to build a model from the existing business unit input, Williams adopted APQC's Process Classification Framework (PCF) and mapped existing enterprise content and processes to the hierarchical structure of the PCF. Within a year, Williams had completely adopted the PCF to document all compliance-related processes. With the foundation of the PCF in place, Williams Exploration and Production (E&P) was able to use the framework as the basis for projects to realign their entire organization around a process-focused mentality. Williams E&P began moving beyond simple "content management" use to a more holistic "business process management" use, integrating both content management and business process definition. This evolution is shown in Figure 6.

Williams E&P Process Management History

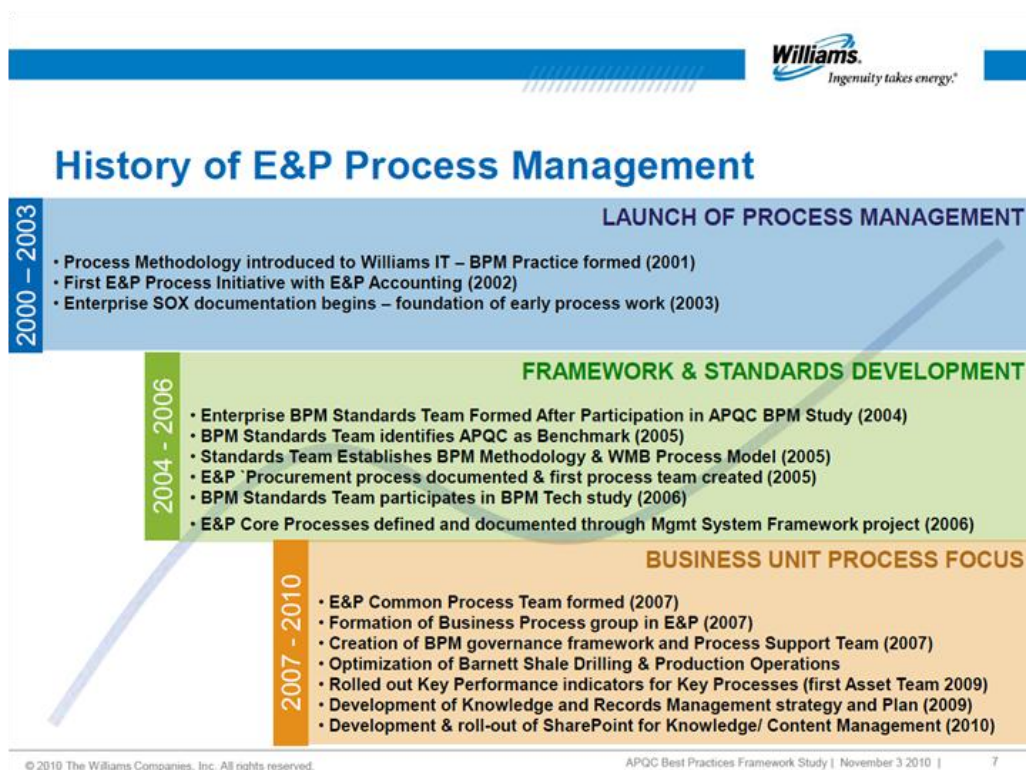


Figure 6

ThyssenKrupp Steel USA also used a process framework to organize its enterprise content, process flows, and models. This organization differed from Williams, though, in that it originally intended to use the adopted framework in all three areas, not just for content management. In other words, the actual work processes were defined to match the framework from the beginning, rather than back-fitted and mapped into the existing organizational structure.

ThyssenKrupp Steel USA (TK) manages four levels of content against its adopted process framework, as shown in Figure 7. For each process defined against the framework, these four levels of documentation exist and are managed by their tool. These four levels cover a variety of detail, from the overall “why,” to the supporting “what,” and ultimately “how.” Supporting documentation helps employees figure out how their work and the work of others relates to the process framework.

ThyssenKrupp Steel USA Levels of Documentation

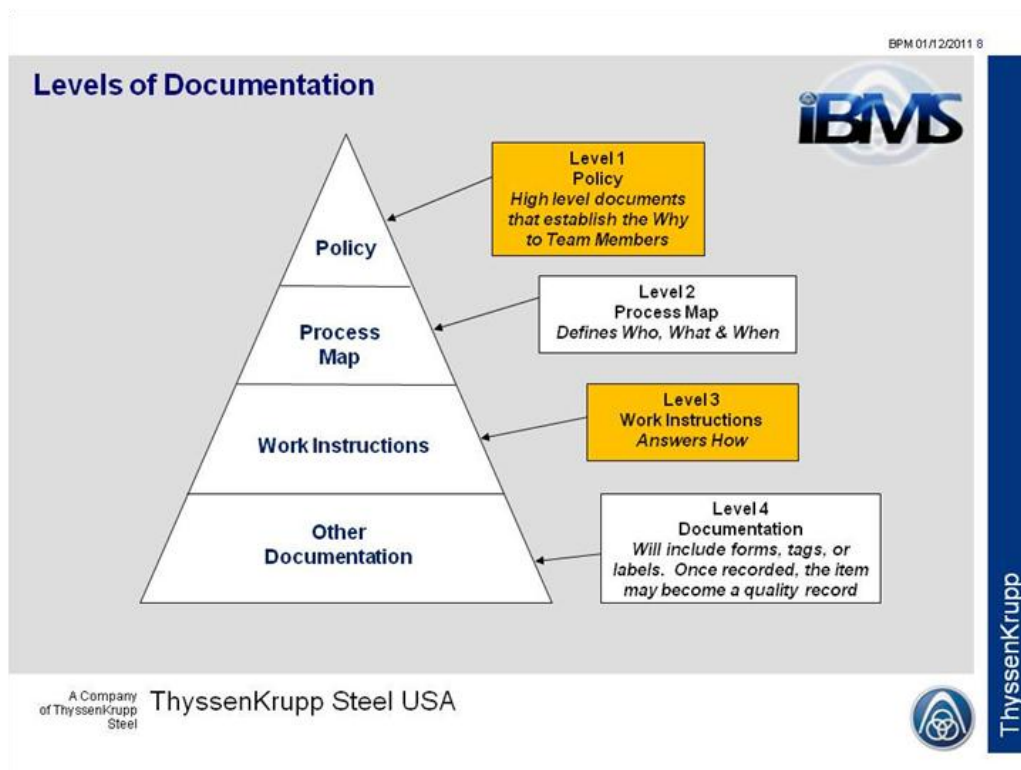


Figure 7

ThyssenKrupp Steel USA is able to manage these various levels of documentation using a business process management tool that allows the documents to be not only stored but also managed through their entire life cycle, including content reviews and checkpoints. At the center of this model is the process owner.

As with benchmarking, content management is enabled and accelerated when it is based on a process framework.

Business Process Definition

For the purposes of this research, business process definition incorporates two distinct activities:

- ▶ using a process framework to define cross-functional processes, and
- ▶ using a process framework to create or define existing processes within functions.

All of the best-practice organizations in the study except Cisco used their frameworks for business process definition activities (Figure 8).

Definition-related Activities that Incorporate a Framework

Organization	Definition-related Activities	Location
Cisco	Not used for definition	N/A
ING Life Japan	Redefine business processes within functions	Departmental
Pitney Bowes	Define cross-functional processes	Division
Sandvik	Define cross-functional processes (capabilities)	Enterprise
ThyssenKrupp	Redefine business processes within functions Define cross-functional processes	Enterprise
UPS	Redefine business processes within functions Define cross-functional processes	Enterprise
Williams E&P	Define cross-functional processes	Division

Figure 8

The two main approaches to business process definition using the framework—redefine business processes within functions and define cross-functional processes—are vastly different in their implementation. As one best-practice organization described it, defining cross-functional processes is like “building tunnels through silos.” Organizations try to look at their businesses from a new perspective—horizontally—and need a common language to define and relate daily functional work to specific processes and individuals. Again, each organization had its own approach to doing so, but ultimately, a few core practices stood out:

- ▶ centralize ownership regardless of adoption location within the organization,
- ▶ adopt a framework before adapting it, and
- ▶ use tools after building a solid foundation of process expertise and capability.

Redefinition requires a different approach, which often includes a larger vision of transformation above and beyond definition. Redefinition activities using the process

framework result in a new organizational structure built around the process framework, typically with complete adoption of the three main uses (content management, benchmarking, and business process definition).

Realizing Value

Leveraging a framework for more than one use (i.e., overlapping framework usage as illustrated in Figure 2) drives greater value and benefits for an organization. Each time the framework is reused, it multiplies the value of the process framework adoption as a whole. Nonetheless, organizations using a process framework or reference model for just one of the three main uses still realize value. Williams did with its single-use implementation for SOX compliance. Pitney Bowes did with its use for business process definition. And Cisco did for benchmarking. However, in cases where organizations employ a framework for more than one use, breakthrough value can reasonably be expected.

Consider the situation at ThyssenKrupp: The organization uses a framework for both business process definition and content management. Because process-related content coincides with the appropriate process definitions, employees better understand how to do their work, manage their processes, and store/share content. The entire organization has an improved knowledge of where work and documentation is located.

Because Williams found sufficient value at the enterprise level with using a framework solely for content management, the Williams E&P division adopted the same framework as the basis for its division-specific process definition work. Again, this reuse of the framework not only accelerated the business process definition work being done at Williams E&P, but it also brought the E&P organization closer to the core corporate organization and reduced friction and confusion when dealing with content or process definitions.

Conclusion

Nearly all uses of frameworks APQC has identified can be organized into these high-level areas: benchmarking, content management, and business process definition. The framework is really just a tool to accomplish these tasks; it is not an end in itself. Therefore, when determining whether or not to implement a framework, the most important question to ask is not necessarily what benefits the framework could provide, but instead, what the cost of not using this tool would be.

After considering the possible future states for benchmarking, content management, and business process definition in your organization with and without process frameworks, you can determine where to strategically deploy frameworks and models. The benefits of using a standard structure extend deep into the organization, increasing efficiencies, improving

communication (with standard terminologies), and better aligning diverse projects across the enterprise.

*For more information, read
APQC's best practices report
[Using Process Frameworks and
Reference Models to Get Real
Work Done.](#)*

ABOUT APQC

APQC is a member-based nonprofit and one of the leading proponents of benchmarking and best practice business research. Working with more than 500 organizations worldwide in all industries, APQC focuses on providing organizations with the information they need to work smarter, faster, and with confidence. Every day we uncover the processes and practices that push organizations from good to great. Visit us at www.apqc.org and learn how you can make best practices your practices.