

BPM – An Overall View

BPM is a modern management mindset that enables corporations shift their focus beyond ‘efficiency’ to ‘effectiveness.’ At its most effective, It becomes a core, enterprise-wide practice that cuts across business silos and forces management to move away from merely doing things right to doing the right things. Fundamentally, all business processes are a combination of three flows: **material flows**, funds flows and information flows. BPM is about taking an integrated view of how these flows work, interact and optimize them for end business results.

Technology plays a big role in effective BPM. It helps by

- Creating **interconnections** by defining business as a series of flows
- Building **transparency and visibility**
- **Using data** from the transactions to enable good analysis and interpretation

Operating model is another big element of BPM. As companies evolve a target operating model for their different business processes, in my view, they will eventually move towards a combination of transactional shared service centres, knowledge COEs and near-to-market operating units. And with respect to captive and third party outsourcing, **a ‘Hybrid’ model will be the preferred option** with

the proportion of leverage of third parties being both a function of organizational and provider maturity relative to the business process.

A natural corollary to captive or outsourcing model is to leverage offshore cheaper locations. India has clearly been a big beneficiary of this, both as third-party players and captive shared service centres. This simple act was intended as an activity that would bring quick financial benefits from arbitrage. Over the years the benefits have progressed **beyond arbitrage to scalability** with a higher pool of deployable talent and domain expertise.

I think Genpact’s journey really started with us being an execution service provider. We began by servicing all those processes that our clients could give to a third party. Over a period, we really went up the value chain to doing a lot of knowledge intensive contextual and analytical work. Our mindset and our business model has now shifted to that of being a solutions provider. One part of that is providing execution, one part providing design, and finally even helping manage those things we do not execute on. A client engagement could fall anywhere on the continuum of the hybrid model.

The concept of centralization has been around for a long time but it has

had to be pushed. The barriers in the beginning were both technological and physical. Even communication bandwidth was constrained. Thankfully those are no longer the obstacles. The barriers today fundamentally arise from managerial mindset of leveraging the best possible expertise and siloed functional organizational design which makes goals and incentive alignment difficult.

The first step toward being ready to manage a change is to **acknowledge that there is a burning platform to be changed**. This could be driven by the ever-changing market dynamics or created by leadership with a different business plan. However, a company's readiness to outsource needs a further step in change readiness and acceptance. In a case where businesses have decided that a particular task or a function is outsourceable, a two-step process does not make sense. If outsourcing is the solution in mind, it should all be done in one go, since the core logic for outsourcing should stem from the desire to leverage better expertise and hence a compromise doesn't make either rational or economic sense in most cases. However, the 'change readiness' can determine the rationale for a "double hop" process.

To be able to even think along the lines of BPM, we have to begin by creating a **focus on strategic goal alignment** within operating groups and functions. And while that sounds obvious, it is one of the hardest things to do given the very nature of most organizational models. Therefore one of the most important skills that are required at the management level while implementing BPM are how to **synchronize and align accountability, responsibility, and target setting** to the overall corporate goals and targets.

The second challenge is to move away

from a single dimension toward a **multi-dimensional approach** using technology, operations, process and policy. All of these must come together to make the improvement happen. If this is not so, the improvements remain too small and may not stick, consequently watering down the conviction that this is the right approach.

The third challenge is the judgment to set modular targets and prioritize, all organizations have choices to make on limited resources and needs business to function undisrupted while changing the model. Hence the ability to prioritize, focus, and set modular targets aligned to the long-term goal is critical to the journey.

The BPM field is full of technical jargon. Rationalizing terminology is important in order to have a meaningful dialogue and exchange of ideas. At the end of the day the concept is rather simple. BPM is the umbrella term: management of a business process. Anything that one manages, one would like to manage better and more effectively. Therefore, the components of BPM incorporate some elements of design, change, automation, operating model redesign, and continuous evolution. This covers reengineering, outsourcing, shared services, continuous improvement, all of which form parts of BPM. The real question is **which of these levers are to be pulled and how to combine and prioritize them**, the sole objective being to better the process by measuring better output metrics.

There are several process and performance improvement tools known to and used liberally by business managers to identify and manage change. In Process Design, DFSS (Design for Six Sigma) methodology has been found to be very useful. For defect elimination, DMAIC (Define, Measure, Analyze, Improve, Control) is

put to use. For quick action, cycle time, and eliminating wastage, the LEAN process is used. In addition, there is the entire section of technology modeled on automation and elimination. All of these tools are interlinked and **their use is determined by the end objective.**

In summary, there is more than enough documented actual, practical, and empirical evidence that a BPM mindset and focused action produce dramatically better results, in a short span and in a relative competitive sense. The case for BPM is almost established. There aren't too many people arguing against it. The debate now seems is more about how to get there.



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