

White Paper from Global Process Innovation

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An Asset-Based Business Planning Process

One of the more difficult issues in achieving sustainable BPM is feeding process plans into the business planning process in a way that ensures proper management attention. The problem is that, in the past, like IT Assets, processes have been addressed in one of two ways: (a) with ad hoc incremental improvements, usually made locally, requiring resources that are beneath the visibility of a business plan, or (b) as a special, one-time, big bang project. However, besides ad hoc change and infrequent big projects, (just as for IT assets) we need a third approach that continuously addresses processes from a strategic perspective, generating a set of process strategies that have visibility in the business plan.

That said, management rightly pushes back on adding more items to its agenda. The solution, I think, is not to ignore assets that can have a strategic impact on the business; instead, it is to devise an approach that streamlines the planning model and integrates all asset types. In theory, if it is done well, such an integrated approach will save time for management. Therefore, in order to make provision for processes to become part of the core conversation of the management team, we need a more effective planning process.

Here is one such planning model. By no means am I suggesting that this is the only viable approach, but if it does not quite match your organization's way of planning, perhaps it will at least give you some ideas about how to hook your process work into the core management processes of the organization.

The model uses the concept of the Management System Cycle (MSC). The MSC recognizes the following:

- Business planning will be done on a recurring (often annual) cycle.
- Management must effectively address all the assets that impact performance.
- Many aspects of asset investments can be planned largely on their own based on business strategies and objectives, but there are also dependencies between many assets that must be addressed.
- In the competition for resources, all plans are subject to prioritization against other plans because it is neither possible nor advisable to do everything at once.
- There should be only one business planning process (operating at multiple organizational levels), not multiple business planning processes running in parallel that only get resolved in a haphazard and unpredictable way.

Figure 1 illustrates a flowchart of the proposed Management System Cycle. Note that the resource shown in Figure C-1 that is labeled "Asset Sponsor" represents sponsors of all types of assets, i.e., HR Sponsors for the people asset, Finance Sponsors for funding, IT Asset Sponsors for IT assets, Facilities Sponsors for facilities, and Process Sponsors for processes. Where the term is shown in singular form, it is meant to imply that each Asset Sponsor is acting relatively independently from the other Asset Sponsors, although sometimes dialog still takes place between Asset Sponsors during these steps.

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Where the term is shown in its plural form, the Asset Sponsors must work together because integration and prioritization across assets is taking place in these steps.

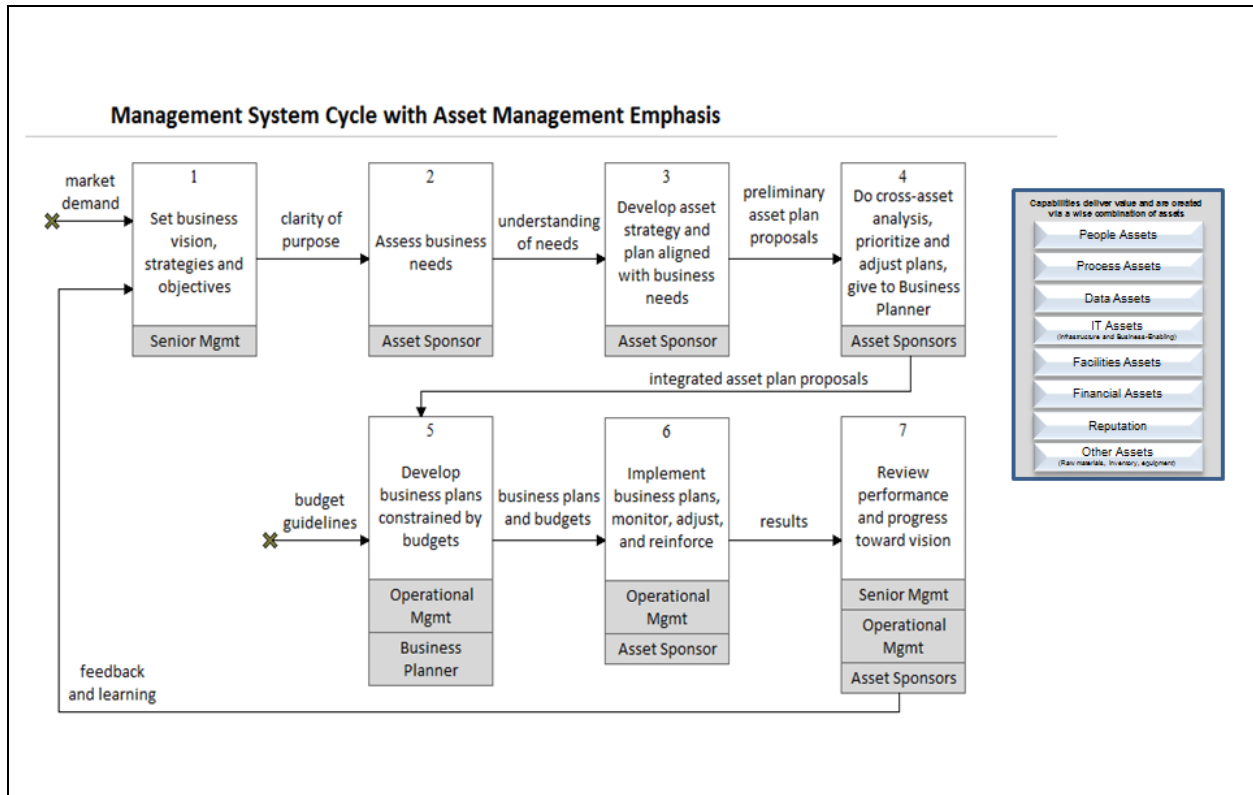


Figure 1: The Management System Cycle with an Asset Management Emphasis

The output of the first step, namely, clarity of purpose, will not be changing dramatically from year to year in most organizations, although the objectives will be regularly updated. While there may be some new insight which causes tweaking of the vision or strategies, one hopes that there is not wholesale change year after year. Nevertheless, the second step in the diagram may require a more detailed refresh than the first step. This is because the needs of the business tend to evolve more quickly than the underlying business strategies. Obviously, if business strategies do change significantly, then there are likely to be many downstream changes as well and assessment will be critical to successful realignment.

The key points of the process are: (a) all assets of importance—people, facilities, funds, IT assets, and processes—must have Asset Sponsors who will try to optimize the contribution of their assets to the capabilities of the organization, (b) asset plans are integrated (in step 4) in an attempt to achieve an optimal set of asset plans, and (c) the asset plans become a primary input (along with budget guidelines) for development of an integrated business plan.

In a world full of interdependent opportunities across several asset types, prioritization and portfolio management capabilities will join project management capability as key success factors for maximizing returns on investments.

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One big difference with this process versus that which seems to take place in most organizations is that there is much more strategic thinking and detailed analysis prior to the beginning of the business planning process. In many organizations there is not a strategic focus on assets, so the process goes more or less directly from step 2 to step 5, bypassing the development of asset strategies and prioritized plans. Unfortunately, in many organizations, the start of business planning is the signal for others to start planning—and to start jockeying for position to get their wish lists funded. In capital-intensive businesses, the facility assets often dominate the planning dialog. Operational managers are usually the *Facilities Sponsors* for those assets, and they receive support from planning and engineering departments in that role. Planning of human resources often gets a high priority too and may dominate in knowledge-intensive businesses such as consulting. Funding tends to be important to small businesses and start-ups, but less so in large organizations. (Ongoing economic viability of a particular business within an enterprise is a separate issue from annual funding.) In the case of Chevron and many other organizations, IT assets are getting more and more attention in the planning process. But generally, in most other organizations, process assets receive the least planning attention among the *big five* asset types, and therefore receive the least attention during implementation of business plans.

The MSC as shown here may not work in your organization. However, for the sake of process sustainability and governance, every organization will need to find a way to hook its process plans and accountabilities into the business planning process. Otherwise, your processes probably will not be holistically managed and governed, and sustainability will be in doubt. The BPM Support organization will need to explain these concepts to management sponsors and help them figure out how to integrate process (and other asset) planning with the enterprise business planning process.