
How to Use Business Process Management and Enterprise Architecture Tools to Thrive in a Recession

(2009-05-20) - Contributed by Laura Mooney

Economic times are tough, and the pressure to cut costs has never been greater. But don't let this pressure force you into making bad business decisions that will handicap your organization for years to come. Knowledge Center contributor Laura Mooney explains how making investments in relatively low-cost, quick-to-implement business process management and enterprise architecture tools can help you make smart cost reductions, operate more efficiently with fewer resources, and keep your business operating at an effective level.

The glory days seem far behind us, as stock prices fall, retail sales plummet, budgets are cut and global markets struggle. Businesses and government organizations are both looking for ways to dramatically reduce costs, do more with less and basically just survive.

Most companies are using what seems to be a logical approach—cut, cut, cut! Cut people, cut budgets, cut travel. Or they are switching to lower-cost suppliers—anything which results in an immediate reduction in expenses. But, in essence, these organizations are just starving themselves, and it will likely come back to haunt them as the core infrastructure of the company is crippled to the point where it cannot function effectively. As the market begins to rebound, these companies will continue to struggle and be left behind.

But is there a better way to weather the storm than just through blind cost-cutting and headcount reductions? Yes. Instead of blindly cutting costs, the most effective approach for both short-term and long-term success is to invest in technology that will help you not only survive but also gain ground during this down economy. Let's explore a couple of the best ways to do this.

Method No. 1: Improve processes through business process management

Why cut blindly when there is a software application that will immediately improve process efficiency and employee productivity across the board? Business process management (BPM) software is designed to automate and improve people-intensive business processes—the processes that are often the most manual and therefore the slowest and most cost-intensive. Here are four ways BPM software can allow for cost savings:

1. Increased efficiency

The process automation that BPM enables results in greater throughput with the same or fewer resources, allowing the organization to either deliver more or reduce overhead by eliminating or redeploying resources that are no longer needed to meet objectives.

2. Get more out of what you already have

By acting as a single process layer across disparate and distributed systems, BPM software allows an organization to extend the value of its existing enterprise resource planning (ERP), mainframe and other legacy applications. BPM provides the interface needed to improve business processes, create new processes and modernize your operations without

undertaking a costly system replacement effort. Users of BPM frequently cite the value of the software for extending ERP and mainframe functions at a fraction of the time and cost that would be required to build the process improvements directly on these native systems.

3. Lower risk

Many of our current economic troubles can be traced back to a lack of discipline and oversight of key business practices. BPM software allows you to completely document processes, enforce adherence through process automation and business rules, and monitor and audit both human and system activities at all levels of the organization. This transparency ensures that you are in the best possible position to monitor your operations and minimize your risk.

4. Greater visibility into dead weight

Once a process is deployed on a BPM software platform, all of the inner workings of that process become transparent. Management can identify unneeded or underutilized systems and roles, and make educated decisions on the best way to eliminate overhead—without impacting performance or customer service. Likewise, high-cost areas can be scrutinized with the simulation capabilities of the software so that process changes can be made to improve the profitability, efficiency and effectiveness of the overall process.

Not only does BPM deliver value in many ways but organizations that have deployed BPM consistently report a return on investment of 10 to 20 percent per process project. In short, BPM software can help strengthen an organization's corporate infrastructure, making organizations more effective and more agile. And, as the economy improves, an organization is primed to take advantage of new opportunities better, faster and more profitably than their competitors.

{mospagebreak title=Analyze Your Enterprise Architecture}

Method No. 2: Analyze your enterprise architecture

Infrastructure overhead (buildings, departments, IT systems, equipment processes, etc.) often comprises the bulk of an organization's costs. Therefore, a recession is the ideal time to figure out what is critical and what can be eliminated. But eliminating or reducing fixed overhead costs is difficult because most organizations do not have enough information to make educated decisions about what is wasted cost and what is critical to running the business.

Investing in a good Enterprise Architecture (EA) software tool can help organizations evaluate and make critical infrastructure decisions that can dramatically reduce fixed-cost expenditures and ensure that any reductions—whether they be related to physical capital or human capital—are the right reductions to make. With an EA tool in place, organizations can easily create graphical models of the entire organization and map out the interrelationships between locations, people, processes and systems. Here are three ways EA software can help you in a recession:

1. Identify duplicate or underutilized overhead

By creating graphical models of the functions and supporting assets across the entire organization, it is very easy to identify areas of duplicate effort (for example, people performing the same or similar functions, systems that are redundant or databases that house the same information).

In addition, an EA tool provides detailed analysis capabilities that enable you to identify resources that are underutilized and better understand what can be consolidated (for example, people who are only busy 50 percent of the time, site locations that only service a handful of customers and systems that are rarely accessed). Armed with this information, you can make informed business decisions and consolidate these underutilized assets for immediate cost savings.

2. Optimize your value chain

Understanding the interrelationships and cost/benefit analysis of your supplier relationships, your customer relationships and the logistics that serve as the foundation of your value chain is critical. It is critical because this is often a high-cost area, but it is also an area where cutting costs can pose a risk to customer service and quality. An EA tool can help you analyze your value chain, identify areas of inefficiency, and weed out underperforming partner and customer relationships without unwanted side effects.

3. Quickly and effectively assimilate mergers and acquisitions

Companies involved in a merger and acquisition transaction must quickly determine how to integrate assets, assimilate people and functions into a single organization chart, and define a consolidated set of effective business processes. An EA tool can provide the means to create graphical models of both organizations to serve as the starting point, and then help decision-makers evaluate, define and implement the right consolidation plan.

Going into any effort with the big picture in mind is always the best approach, and making massive cost reduction and restructuring decisions during a recession is no exception. Leveraging an EA tool with graphical modeling and analysis capabilities helps you get a realistic grasp on the big picture and provides critical support to help you make smarter, more effective business decisions. Doing the right things now will ensure that you are well-positioned to leap forward as a faster, more effective and more agile organization when the economy rebounds.

Laura Mooney is Vice President of Corporate Communications for Metastorm. Laura has over 17 years of experience in various technology marketing leadership positions with companies such as IBM and Manugistics, in addition to starting and running her own consulting firm. She is a frequent speaker at industry events and has published several articles. Laura holds a BBA degree in Information Systems from James Madison University and an MBA degree from the University of Maryland, Smith School of Business. She can be reached at Laura.Mooney@metastorm.com.