Guide to Business Process Management for Project Managers

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EXECUTIVE GUIDE SERIES

Tenrox®

EMPOWER YOUR PROJECT WORKFORCE

Business Process Management (BPM) enables the design, analysis, optimization, and automation of business processes. It does this by separating process logic from the applications that run them; managing relationships among process participants; integrating internal and external process resources; and monitoring process performance. Businesses need to constantly adapt their processes, yet they are often held back by static IT systems that aren't designed to exploit future opportunities. Business process management is a new change management and systems implementation methodology that overcomes this problem. In the current economic climate the need is greater than ever for organizations to implement and execute problem solving & cost cutting programs, continuous improvement programs and business legislation & standards programs. These business processes must be easy to rollout across the enterprise and allow the company to easily carry out data collection, regular interventions, inspections and audits.
- Gartner Report on BPM 2005

Process Enabling Project Execution

Consistent, audited and transparent processes are the key to establishing confidence in your organization. A process-managed enterprise:

- Has simultaneous and instant macro and micro views of its operations
- Can more rapidly correct mistakes
- Incorporates predefined, centralized, institutionalized and self-managed processes, and procedures that automatically enforce compliance and governance
- Supports secure role-based and audited information systems
- Has substantially lower operating costs and administrative overhead

Process automation enables executives to securely collaborate in real-time with all stakeholders including operational, project and financial managers, and to preemptively manage any potential situations.

> *What is a Process?*
>
> *Unlike a project that is a schedule of interdependent tasks and assigned resources, a work process is a unit of work (that may or may not be scheduled) assigned to one or more resources. While projects are tracked based on tasks and schedules, processes are tracked based on expected turnaround times, service level agreement, aging, and escalation rules and policies. Another key differentiator for a process is that, unlike a project, it is often repeated. For example, once established, the process of submitting and approving a timesheet, expense report, requisition, project issue, leave request, or travel request should always be the same.*

Business process management has a direct impact on managing and delivering projects. Well-defined, centralized and institutionalized work processes significantly improve the likelihood that a project is completed on time, meets quality expectations, and is delivered on budget.

Unlike other introductory material that focuses on high level benefits of BPM and provide an overview of BPM technology, this guide presents actual operational processes related to project management that should be centralized, automated, audited, and institutionalized.

Business Processes to Automate Project Success
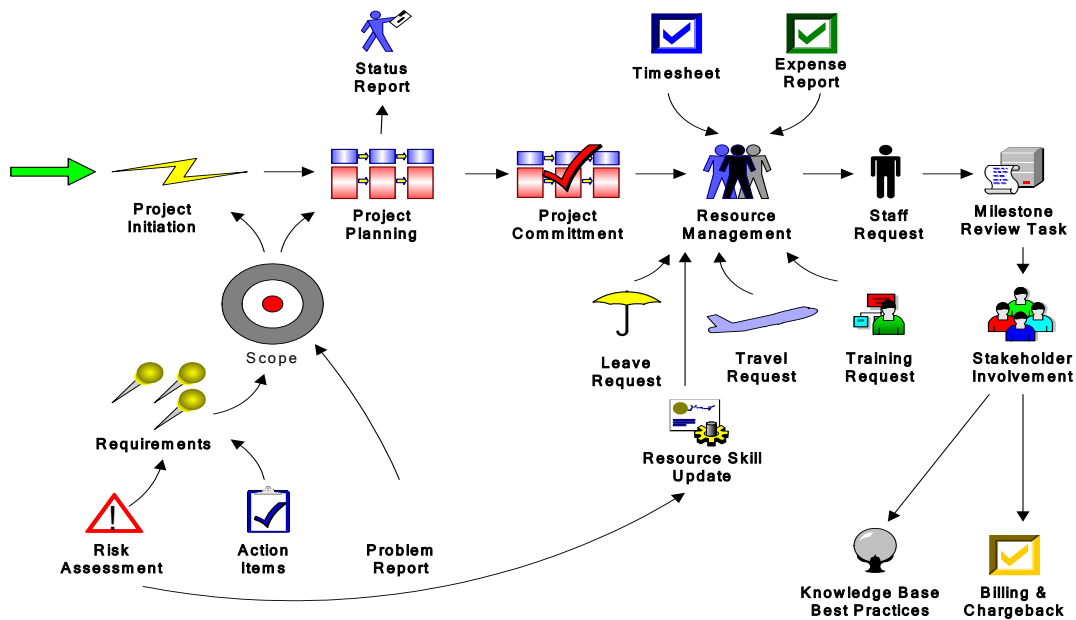
The preceding diagram shows some of the key project-related and supporting operational processes. This executive guide briefly introduces the key concepts and business cases for automating these processes. The processes are divided into the following categories: project, time and expense, billing and chargeback, supporting, and overhead (not project specific) related.

Project Processes

This section presents business processes that are directly involved in project initiation, planning, execution, and delivery.
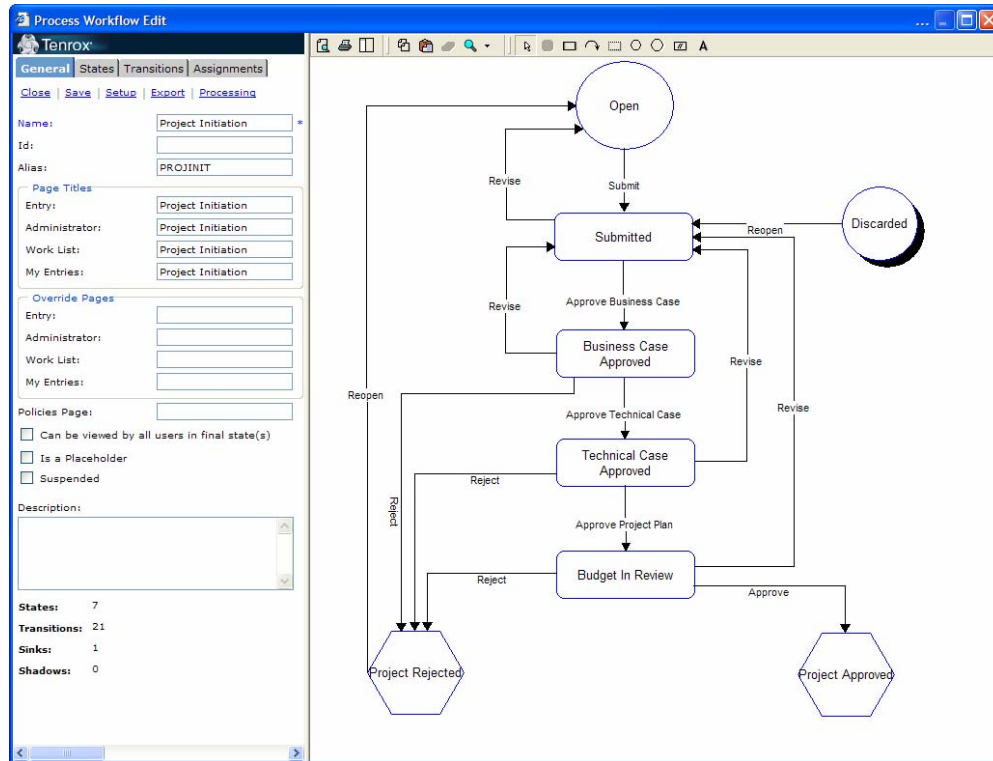
Project Initiation: This workflow establishes a framework for taking on (approving) a new project. The Project Initiation form requires specific information for any project proposal including budget, business case, and feasibility considerations. Various stakeholders such as executives, the finance team, and project managers can approve (or reject) the proposed project. Projects are initiated if and only if their business case, feasibility, and budget are approved by all stakeholders.

Requirement: Requirements gathering does not have to be an informal activity driven by emails, spreadsheets and verbal communication. The Requirement workflow establishes a consistent procedure for collecting and analyzing project requirements that collectively form the project scope definition.

Project Plan Approval: For larger and more complicated projects that require formal planning, a project plan should be reviewed and approved by all stakeholders. The Project Plan Approval workflow provides an audited step-by-step process for having the project team, executives, and finance department approve a project plan. Everyone must electronically signoff on the baseline plan before it can be executed.

3

Project Commitment: After requirements gathering, project plan creation and approval, all stakeholders should confirm their full commitment to the project and the plan now that all project details, scope and schedule have been completed. The Project Commitment workflow collects and records the commitment of all stakeholders.

Scope Change: One of the most critical points of failure in any project is scope change. The Scope Change workflow ensures that the business case, feasibility, budget, customer approval and plan impact are reviewed and approved by all stakeholders for any material scope change request.

Milestone Review: The Milestone Review workflow determines whether a project milestone has truly been reached. The milestone is verified and approved by stakeholders. Audited reviews and timestamps make it much easier to ensure projects are on track and to evaluate performance and identify potential issues that may impede progress. A formal milestone review process prevents second guessing or questions as to whether the milestone was truly reached.

Stakeholder Review: For longer and more complex projects, a Stakeholder Review workflow serves as an important periodic checkpoint to ensure that stakeholders remain committed to the project, are aware of current status, and remain involved in its progress and ultimate completion.

Risk Assessment: Risks to any project should be managed with predefined, consistent, transparent and audited processes. The Risk Assessment workflow provides a formal step-by-step framework for assessment, containment, management, and the introduction of potential scope changes that may be necessary to mitigate risks that are discovered as the project is executed.

Time and Expense Processes
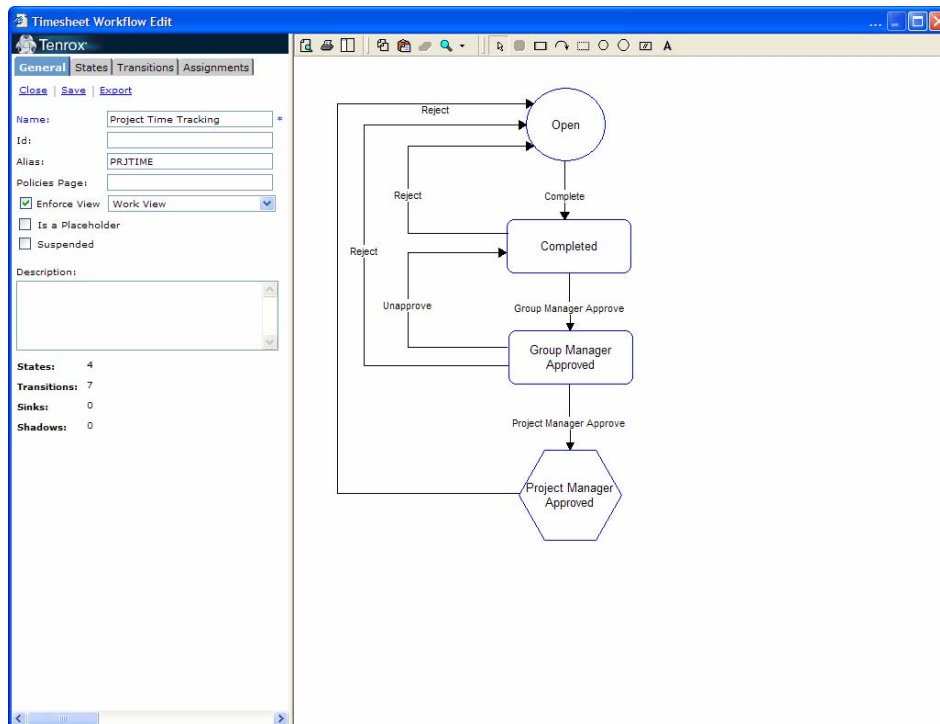
Time and expense processes ensure that a single and centralized source of timesheet and expense report data is maintained, reviewed, approved, and used for payroll, billing and project management purposes. A sample timesheet approval process is shown above. The Expense Report approval process is similar with the possible inclusion of an Expense Report Approver or Controller instead of the Group Manager in the approval process.

A systematically enforced Timesheet process helps companies track labor costs (the #1 cost for most companies) much more effectively and provides a centralized, audited and real-time view of the work performed. Management has a much better insight on how much time was spent on every project and on overhead. It highlights tasks that are not being performed efficiently and helps pinpoint potential constraints and resource conflicts. It also identifies business units that are expending the most resources and have the least return on investment.

Travel & Entertainment is often the second largest corporate expense after labor. Manual spreadsheet-based processes and high transaction volume can quickly lead to control deficiencies, unnecessary expenses and outright fraud. Companies that use manual processes often do not track expenses by project and business unit (T&E cost is not allocated). For companies that use manual processes, lack of internal controls results in the following: inconsistent cost allocation, no accountability or traceability, lax security, no transparency of transactions, and errors.

5

Billing and Chargeback Processes

Billing and Charge Processes ensure that all invoices (and internal chargebacks) follow a strict review and approval process; also, the system handles all notifications related to chargeback and invoice submission, receipt and review.

Supporting Work Processes

Supporting workflows are work processes that are related to project tracking, planning and execution.

Resource Request: Additional resources or a reorganization of existing resources or availability may be required during the initial or execution phases of a project. The Resource Request workflow provides a process for project and resource managers, human resource, and finance teams (if budget is impacted) to collaborate on finding the most cost effective and productive means of addressing staffing needs.

Problem Report: Any problems reported by clients, team members, or quality assurance specialists must be tracked using the Problem Report workflow. This workflow (as many others described here) includes role-based assignment and notification features that substantially automate the problem reporting, assignment and resolution tracking process.

Status Report: Status Reports are created by any project member who must formally report on the status of his/her deliverables. The Status Report workflow ensures that the Status Report form contains the required status information (user defined fields), is created by project members, and reviewed by managers on a timely basis.

Action Item: Risk assessment, scope change requests and many other work processes described here may result in one or more action items. The Action Item workflow provides a centralized audited process of tracking action items and making sure they are completed.

Overhead (Not Project Specific) Processes

Non-project related workflows do not directly affect the project, but impact resource availability and reduce administrative overhead.

Leave Request: This workflow automates the leave request process for employees. The reason for the leave request, such as vacation or sick leave, is useful for gathering information like the departure and expected return dates. Once a leave request is approved, the user's availability is updated to ensure that he/she is not scheduled to perform any work.

Travel Request: A Travel Request form fully automates the travel booking process. Management (for approval of travel reasons and potential costs) and administrative staff (for booking and other arrangements) are involved when necessary in the workflow. Similar to leave requests, once a travel request is approved, the user's availability is updated to ensure that he/she is not scheduled to perform any work.

Training Request: This workflow allows project members to request training on project-related subject matters. The workflow would ask the user to enter required information such as benefits of the training, start and end dates, and costs. The workflow would go through the appropriate approval process such as the user's manager and, if necessary, a budget approver.

Summary

Centralized, formalized, and audited work processes substantially improve the efficiencies, decision making ability, and ultimately the performance of any organization. This guide presented an overview of the key processes that directly and indirectly impact project and service delivery. The objective was to show how Business Process Management (BPM) concepts, when applied to Project Management, provide an organization with a more effective and predictable strategy for project management and operational control.

BPM tools facilitate and streamline compliance to regulations such as Sarbanes-Oxley and locally applicable labor laws. BPM enforces consistent business process execution and transparency that leads to the centralized collection and approval of policy-based and validated cost, project and workforce data. Improved reporting and real-time analysis leads to more predictable revenue, reduced costs, increased visibility, and projects that are delivered on time and on budget with less administrative overhead.

The Tenrox solution, built on a BPM framework, is designed to address these business challenges and helps companies achieve and maintain effective internal controls, rapid reporting of material changes, and compliance with regulations including the Sarbanes-Oxley Act.

Tenrox Contact Information: For more information, please call us directly at 1.877.4TENROX or visit: http://www.tenrox.com.

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