Business Process Management

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INTRODUCTION

The historical development of the business organization as well as the management theory took place in three fundamental phases. Until the 30s, the focus of the company organization was on technical problems in production and administration. At the beginning of the 80s, companies were structured into a hierarchies and processes. In this dualistic viewpoint, the focus of process was on the execution of tasks and the focus of organizational structure was on departments and positions (Krallmann et al., 2002). In the last and current phase, companies are increasingly focusing on value chains and workflows (vom Brocke & Schmiedel, 2015). Modern companies understand corporate structures as continuous procedures and value chains (Jeston & Nelis, 2010), which may also connect companies across organizational boundaries (Manuel, 2011). Instead of focusing on individual functions and optimizing individual business units, productivity and quality in seen in the overall business context and especially business processes influence the value of companies (Franz & Kirchmer, 2012).

Processes can be found in almost every company and every organization. They describe patterns (e.g., processing information) of how a company responds to events (e.g., a customer request). It has been confirmed in studies that with the optimization of processes the classical business goals like time, cost and quality can be improved (Weske, 2012).

There are many definitions of business processes. All have in common (Weske, 2012; Allweyer, 2014; Lehmann, 2012; Gadatsch, 2012) that a process consists of a sequence of activities (e.g., delivery of material, processing steps in the factory, outbound logistics). It typically has a defined start (input, trigger, e.g., a customer order) and completes with a defined end (output, e.g., automobile was provided to the customer). The result is of value to an internal or external customer (e.g., price of an automobile) and the procedure uses specific information (e.g., order data).

Some textbooks and standard works make a distinction between processes and **business processes**. The latter is characterized by two further properties (Weske 2012; Allweyer, 2014; Lehmann 2012; Gadatsch 2012). First, a business process is usually carried out with division of labor by several organizations or organizational units (for example, sales, production, logistics). Business processes are thus cross-functional. Second, the business process describes the creation of services according to the given objectives cascaded from an enterprise strategy (e.g., focus on quality leadership leads to more quality assurance steps in the process).

Business processes are understood as the set of goal-oriented operations that are carried out in several functional areas of a company and whose results are of value to a customer (Hammer & Champy, 2003). While processes generally transform a given input into an output (Schmelzer & Sesselmann, 2008), business processes always deliver a performance that is oriented towards the respective customer and generates significant added value for him/her (Allweyer, 2014).

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Business process management (BPM) is understood as an integrative concept of leadership, organization and controlling that enables control of these operations. It is also about meeting the needs of customers and other interest groups (Schmelzer & Sesselmann, 2008; vom Brocke & Schmiedel, 2015; Franz & Kirchmer, 2012).

In contrast to projects that take place only once, processes usually have multiple **instances**. This term is defined as a concrete execution of the business process. For example, the ordering from one customer of a specific car of a particular type carries individual information (e.g., color, equipment, etc.) as an instance, but follows the general model of manufacturing processes in production. The number of instances varies from process to process. Development processes can sometimes have only one process instance per year, while for example complaints or payroll processes may have thousands of instances per year (Weske, 2012).

It usually makes a difference in the definition whether a process is purely manual (e.g., hairdressing service) or at least partially automated (e.g., assignment of calls in a service center, robots in a manufacturing line). A **workflow** is defined as formally described business process that is fully or partially automated. Through a specified model, the workflow includes temporal, functional and resource-related specifications, so that an automatic control of the workflow at the operational level gets possible (Draheim, 2010).

PROCESS ORIENTATION

Process orientation describes the structuring of organizations/company design on the basis of coherent processes (Weske, 2012). This orientation in modern management can overcome challenges such as shorter product life cycles, increasing customer demands, globalization, increasing cost pressure, and information technology developments (Allweyer, 2005). It is thus becoming increasingly important in modern and digital companies.

The process orientation origins from **Business Process Reengineerings** as a findings from various consulting firms from the 90s. This concept by Hammer and Champy (2003) describes that companies need to radically rethink their procedures (processes) and should not remain thinking in the existing functions (Hammer & Champy, 2003).

Traditionally, companies differentiate between the organizational structure and the process organization. In internal and external communication, the focus is usually on so-called “work in the line”, that is the structure of departments and positions. However, since the daily work processes go beyond the functional and departmental boundaries, the orientation towards processes has central advantages (McCormack & Johnson, 2016; Becker, Kugeler & Rosemann, 2013; vom Brocke & Rosemann, 2010): The interfaces between teams and departments are well defined. Cross-functional work gets more effectively and efficiently. Through a holistic process responsibility, the roles do not only ensure the fulfillment of internal goals (e.g. the department strategy), but rather focus on the achievement of holistic specifications in the customer’s sense. Optimizing processes means focusing on value-adding activities rather than examining internal procedures of teams or departments. Through defined steps and ongoing optimization of processes, resources can be reduced and time can be saved.

Typically, there are three types of business processes (Lehmann, 2012; vom Brocke & Rosemann, 2010). **Management processes** include planning, control and controlling activities. All processes of this level serve the continuous improvement and strategic alignment. The **core processes** realize the essential business of a company. These should not be outsourced. For classic companies (e.g. from manufactur-