

## Chapter 2

# Business Process Portfolio Management: A Strategic Alignment Perspective

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### ABSTRACT

*Business process portfolio management is an emerging field of research and practice, opening the door to new and ever more exciting process-oriented modes of management, tracking, planning, and knowledge management. This paper focuses on the strategic alignment of strategic, social, processual, and technical factors as enablers of business process portfolio development and management, and highlights the linkages associated with the alignment and integration of these factors. The authors also pose a combination of key questions and decision criteria that may be taken into account when planning and structuring business process portfolio initiatives.*

### 1. INTRODUCTION

The process management movement has evolved rapidly to become one of the most compelling and pervasive business perspectives of recent times, replete with a variety of methodologies, tools, concepts, and backed up by a host of specialized professional services organizations. Many man-

agement and consulting methodologies, including Six Sigma, rely heavily on business process as a unit of analysis, focusing considerable effort on reengineering singular or small subsets of related processes, but rarely venturing in a comprehensive, holistic manner to engage the wider universe of processes that make up a business enterprise (Rosemann, 2006; Strnadl, 2006). The value chain concept, which tends to be more comprehensive as a framework for exploring business operations

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and outcomes, takes its own unique slice of reality by emphasizing the strategic level and sequence of corporate activities, but, in some cases, fails to drill down to specific business or core business processes where true value is actually created, and thus, misses essential nuances of process and inter-process relationships (Allee, 2002).

Adding to the gap in holistic, multi-process awareness and thinking is a limited understanding of how to explicitly align processes and process portfolios with technology, organization, and strategy simultaneously. Conceptual alignment is relatively easy to depict visually, and argue, but difficult to operationalize and measure (Henderson & Thomas, 1992). In a similar fashion, conceptual understanding of process alignment and synchronization among and between business processes remains a frontier awaiting further study. This paper seeks to clarify the important role of strategic alignment in business process portfolio management (BPPM) and highlight the critical linkages needed to develop, sustain, and leverage portfolios of business processes and process architectures. This paper describes a model for portfolio development involving the alignment of strategy, information technology, process, and social factors. We contend that aligning social, technical, and processual factors are not only necessary for the successful design of a business process portfolio, but also critical to business performance enhancement as well.

## **2. OVERVIEW OF BUSINESS PROCESS PORTFOLIO MANAGEMENT**

A coordinated, interdependent system of business processes constitutes the real performance engine of an organization. Business processes represent logical extensions of corporate strategy and, in fact, usually serve as the basis for distinctive competencies within the firm (Porter, 1996; Quiescent, Bruccoleri, La Commare, Noto La Diega,

& Perrone, 2006). Hundreds, if not thousands of process-based activities are required to develop, produce, market, sell, deliver, and maintain products and services. All in all, the essence of corporate strategy rests on the basic and unique combination of activities the firm chooses to perform.

Individual business processes are designed to generate valued outcomes in the form of products, services, information, financial results, or outputs that serve as inputs to subsequent processes. In general, business performance may be tied directly to business process design and functionality, accounting for the endless, frequently aggressive push for continuous process improvement and automation. However, we argue that the full potential of business process management cannot be realized without raising managerial attention to a higher level of analysis accompanied by a higher order of awareness, that is, to focus on and address the ecosystem and architecture of processes within a firm. Process management, per se, promotes cross-functional, systems thinking and systems thinking, in turn tends to focus on the whole, not on just the parts, of a complex system.

Efforts to map and manage business processes comprehensively are at the heart of a recent trend referred to as business process portfolio management, or sometimes referred to as value chain portfolio management. Business process portfolio management is well positioned as a methodological and theoretical genre to fully and effectively exploit the notion of organizations as processing systems, process networks, living networks, value chains, and value nets (Allee, 2002; Rummler, Ramias, & Rummler, 2006). In theory, if not in practice, an entire enterprise may be mapped into a single, coherent, process-based architecture (Klein & Petti, 2006; Malone et al., 1999; Ulrich, 2000). Enterprises, whether public or private, may be defined as coherent systems of interlocking functions, structures, and resources that transform inputs to outputs, or as hierarchical, interconnected, sequentially arranged network of business processes that, in general, cover all

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