Ambidextrous Business Process Management

Michael Rosemann
Information Systems School
Science and Engineering Faculty
Queensland University of Technology
Brisbane, Australia
Ambidextrous BPM

Exploration of Processes
- Process Innovation -

Exploitation of Processes
- Commodity BPM -
Innovation as a Service

Chair in Airport Innovation

Chair in Retail Innovation
How ambitious are you?
Example

- Process design group with *exploitative* BPM methodology (Six Sigma, lean)

- Developed three distinct services
  - Improve (10%)
  - Change (30%)
  - Innovate (100%)

- Needed to create a new *explorative* BPM unit to deliver *innovation as a service*
Agenda

- Three Drivers of Innovation
- Four Ways to Innovation
- Q&A
Commodity BPM
- Problem-driven Innovation

- Eliminate waste
  - Lean management
- Eliminate variation
  - Six Sigma
- Eliminate bottlenecks
  - Theory of constraints
- Eliminate manual work
  - Process automation
- Eliminate non-conformance
  - Process compliance
Constraint-driven Innovation
Example – Tesco, South Korea
Opportunity-driven Process Innovation - CBA’s Kaching

“The future competition stems from the likes of Facebook.”

Ralph Norris, ex-CEO CBA
11 August 2011
Research Challenge – Find Opportunity Points

Supply: Opportunities
- Mobile Technologies
- Social Media
- Cloud Computing
- Freemium Model

Demand: Opportunity Points in Processes
- Need to locate employees
- Need to connect customers
- Need to scale up
- Need to convince customers
Innovation Latency

Value lost through innovation latency

Problem, Constraint, Opportunity emerges
Innovation potential is noticed
Innovation analysis is conducted
Innovation is adopted

Business Value

Data Latency
Analysis Latency
Implementation Latency

Inspired by Hackathorn, 2002
### Ambidextrous BPM

<table>
<thead>
<tr>
<th>Exploitative BPM</th>
<th>Explorative BPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reactive</td>
<td>Proactive</td>
</tr>
<tr>
<td>Today’s efficiency (process model)</td>
<td>Tomorrow’s revenue (process vision)</td>
</tr>
<tr>
<td>Problem-focused</td>
<td>Opportunity-focused</td>
</tr>
<tr>
<td>Exclusive (process)</td>
<td>Inclusive (business model, products, services)</td>
</tr>
<tr>
<td>Transactional Innovation</td>
<td>Transformational Innovation</td>
</tr>
</tbody>
</table>
Agenda

- Three Drivers of Innovation
- Four Ways to Innovation
- Q&A
Four Ways to Process Innovation

- Derive: better process
- Enhance: current process
- Create: new process
- Utilize: potential process

Innovate
Innovate via Patterns – ELIMINATE
Innovate via Patterns – RESEQUENCE
Four Ways to Process Innovation

- Derive better process
- Enhance current process
- Create new process
- Utilize potential process

Innovate
Process Derivation

Example

- An Indian software vendor receives 1.6m job applications pa
- They intend to hire 22,000 employees
- What can they learn from a bank’s mortgage process?
- ….or the editorial process of a prestigious scientific journal?
Deploying Derivation to Processes

Demand: Map underlying issues in process

- Need to allocate limited resources
- Need to have sanctions
- Need to triage customers
- Need to convert products into services

Derivation Opportunities

- Banks: Pre-approval
- Traffic fines in Sweden or Finland
- Airline Frequent Flyer Programs
- BMW DriveNow
Four Ways to Process Innovation

- Derive: better process
- Enhance: current process
- Utilize: potential process
- Create: new process

Innovate
## Utilisation of Data

- Example: Process Mining

<table>
<thead>
<tr>
<th>Claim ID</th>
<th>Start Timestamp</th>
<th>End Timestamp</th>
<th>Claim Decision</th>
<th>Policy Type</th>
<th>Brand</th>
<th>State</th>
<th>Loss Cause</th>
<th>Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>H001342032</td>
<td>2011-07-06 12:59:00</td>
<td>2012-03-22 17:14:56</td>
<td>partialreject</td>
<td></td>
<td></td>
<td>3040</td>
<td>waterdamage</td>
<td>150</td>
</tr>
<tr>
<td>H001963423</td>
<td>2008-11-25 16:36:15</td>
<td>2012-03-12 11:43:07</td>
<td>partialreject</td>
<td></td>
<td></td>
<td>6060</td>
<td>storm</td>
<td>100</td>
</tr>
<tr>
<td>H001997101</td>
<td>2010-03-22 16:27:00</td>
<td>2012-04-17 09:34:19</td>
<td>accept</td>
<td></td>
<td></td>
<td>4061</td>
<td>stormflood</td>
<td>100</td>
</tr>
<tr>
<td>H002054500</td>
<td>2008-12-09 16:28:17</td>
<td>2012-03-02 16:02:45</td>
<td>accept</td>
<td></td>
<td></td>
<td>4179</td>
<td>waterdamage</td>
<td>100</td>
</tr>
<tr>
<td>H002222213</td>
<td>2009-01-21 10:29:08</td>
<td>2009-04-04 09:30:35</td>
<td>accept</td>
<td></td>
<td></td>
<td>3178</td>
<td>maliciousdm</td>
<td>100</td>
</tr>
<tr>
<td>H002463426</td>
<td>2009-03-02 11:19:45</td>
<td>2012-02-12 12:39:20</td>
<td>partialreject</td>
<td></td>
<td></td>
<td>2158</td>
<td>waterdamage</td>
<td>500</td>
</tr>
<tr>
<td>H002611347</td>
<td>2012-02-23 09:58:19</td>
<td>2012-02-27 11:42:35</td>
<td>accept</td>
<td></td>
<td></td>
<td>4216</td>
<td>waterdamage</td>
<td>0</td>
</tr>
<tr>
<td>H003200360</td>
<td>2009-08-17 10:42:21</td>
<td>2012-03-14 11:20:43</td>
<td>accept</td>
<td></td>
<td></td>
<td>3032</td>
<td>stormflood</td>
<td>100</td>
</tr>
<tr>
<td>H003292234</td>
<td>2009-09-04 11:24:04</td>
<td>2011-08-29 11:26:27</td>
<td>accept</td>
<td></td>
<td></td>
<td>3939</td>
<td>maliciousdm</td>
<td>100</td>
</tr>
<tr>
<td>H003339985</td>
<td>2009-09-21 11:21:19</td>
<td>2010-09-06 08:57:51</td>
<td>accept</td>
<td></td>
<td></td>
<td>5034</td>
<td>impact</td>
<td>100</td>
</tr>
<tr>
<td>H003359252</td>
<td>2009-09-25 10:21:45</td>
<td>2010-08-08 21:45:14</td>
<td>accept</td>
<td></td>
<td></td>
<td>4350</td>
<td>waterdamage</td>
<td>300</td>
</tr>
<tr>
<td>H003578480</td>
<td>2009-11-16 15:29:42</td>
<td>2012-02-07 10:52:20</td>
<td>accept</td>
<td></td>
<td></td>
<td>7000</td>
<td>storm</td>
<td>100</td>
</tr>
<tr>
<td>H003616867</td>
<td>2009-11-23 16:51:18</td>
<td>2010-05-13 14:41:00</td>
<td>accept</td>
<td></td>
<td></td>
<td>6076</td>
<td>fire</td>
<td>100</td>
</tr>
<tr>
<td>H003636248</td>
<td>2009-11-27 08:35:40</td>
<td>2012-04-13 15:12:56</td>
<td>accept</td>
<td></td>
<td></td>
<td>3806</td>
<td>stormflood</td>
<td>500</td>
</tr>
</tbody>
</table>
Utilizing Positive and Negative Outliers

Discovered High-level Process Model

Simple and Quick

Simple and Slow
Four Ways to Process Innovation

- Derive: better process
- Enhance: current process
- Utilize: potential process
- Create: new process

Innovate
Research Opportunities

- How can the latency of opportunity-driven innovation be reduced?
- How can innovation patterns be identified, consolidated and offered as a service?
- What are successful university-industry engagement models for evidence-based co-innovation?
Michael Rosemann
Information Systems School
Science and Engineering Faculty
Queensland University of Technology

e  m.rosemann@qut.edu.au
w  www.michaelrosemann.com
t  ismiro