

Establishing a Business Lane for your ITIL[®] Road Map

A Pocket Guide to CEMM for ITIL[®]

The CEM Method



Courtesy of the International Process and Performance Institute
www.ipapi.org

by John Worthington & Terry Schurter

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About this Guide

This book is for those organizations on the road to IT Service Management excellence and are experiencing one of the following:

- ❖ The business is not involved in the improvement program, and/or may be unaware of their business process.

- ❖ The business is hyper-aware of business process, to the point of total immersion and a pre-occupation with workflow and systems.

In either of these cases, a focus on the external customer can be lost.

In the first case, IT will never get a true picture of the business processes that must be supported because the business has not invested in understanding them.

In the second case, the business can be so inward-focused on workflow and systems that an understanding of the true customer's expectation is completely missed.

If you meet either of these conditions then this guide may help you find an effective business lane for your ITIL® road map.

IT Service Management

If you are on a path towards IT service management, regardless of whether you've chosen ITIL®, ISO/IEC 20000, or other guidance, you know that an understanding of key business processes is a fundamental element of success.

In addition, more and more IT organizations are inheriting the responsibility to understand and document critical business processes. It's been stated,

“IT is the business
and
“The business is IT”.

This is truer today than ever, and is having an impact on ITSM programs.

A well-known ITIL® consultancy says:

“The logical place to start this [ITSM] journey is first to understand the business processes that IT services support. Without this core understanding IT tends to try and define services from the bottom up instead of the top down. This technique is doomed to frustration and must be reversed.”

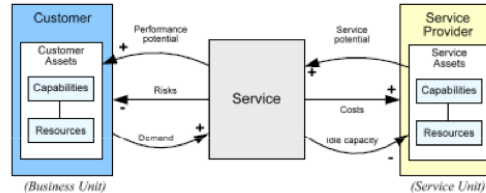
- Pink Elephant Guide, Defining IT Success through the Service Catalog

If you are not familiar with ITSM concepts and the IT Infrastructure Library (ITIL®), then you should consider reading one of the many fine publications on the subject for further information. A list is provided in the section, *For More Information*.

This document assumes the reader has a foundation level awareness of IT service management concepts.

Who is the Customer?

Many ITSM programs that use the word 'customer' too often limit its meaning to the *internal customer*. Figures like the one below tend to encourage IT to concentrate on the relationship with the Business Unit, and leave the external customer as the exclusive domain of the business.



ITIL® Service Strategy, Figure 4.16 Service management as a closed loop control system

However, in many cases this does not achieve the desired effect --- moving from Business-IT alignment to Business-IT integration --- and can widen what is often an already wide gap between an organization and its *external customers*, let alone IT and the business.

Companies that attempt to define services (particularly when using ITIL® Version 2 guidance) often build Service Catalogs that define services 'bottom up' from the perspective of IT and its relationships with internal customers.

Internal Perspective # 1

ITIL® V2 - IT Drivers

In cases where IT drives the improvement initiative, the business is typically viewed as the customer and IT begins to define services from that perspective.

This can provide benefit to the organization (mostly to IT) and help get some 'quick wins'. This is a very common approach to implementing IT service management, and is the result of ITIL® Version 2's focus on ITSM as a process framework.

The result is typically a Technical Service Catalog that has various IT-centric services defined; network services, hosting services, help desk support services, or perhaps e-mail services.

This approach has several drawbacks.

Internally-focused Service Catalog

The bottom-up, IT-centric orientation of Technical Service Catalogs is internally focused; even the ITIL® guidance states that they [Technical Catalogs] should underpin the Business Service Catalog and not form part of the customer view¹.

In essence this remains an IT driven initiative, and even IT's internal customers are often far removed from what is really happening with the effort!

¹ ITIL Service Design, page 62

Change & Configuration Based Process Focus

Due to the nature of ITIL® Version 2, which focused on ITSM as a process framework and introduced the much hyped concept of a Configuration Management Data Base (CMDB), many customers quickly began a focus on the impacts of changes to the IT infrastructure.

Again, this is an inward focus. Not only does it center on internal IT services, the focus on control can actually slow down activities in an attempt to minimize risk. The IT organization hits the brakes.

While in theory this should be based on business-driven objectives and risk tolerance, the lack of business involvement may result in the exact opposite of what the business wants (Step on the gas!).

Lost in Workflow

Moving from a Technical Service Catalog to a Business Service Catalog can be very difficult. IT's initial focus on process (workflow) can assimilate to the business, resulting in BPM initiatives that simply focus on even more workflow (more on that later).

In fact, in many of these approaches the business has little to no active involvement in the improvement effort other than to continue to pound IT with (sometimes) totally unrealistic demands, or requests for automated workflows that have no direct external customer benefit.

The result can be increases in business process complexity to an already overwhelmed IT staff. Worse, the well-defined internal services create an expectation

that the same will apply to business services, when this may be difficult or impossible.

For example, establishing high availability levels for core infrastructure is justified since all services rely on the 'core'. Significant investments in resources have (over time) engineered high availability into this segment of the IT infrastructure. Customers may expect the same for business services, which may not have the time or money to justify the investments needed to achieve these results.

This approach can lead to Service Level negotiations that have no direct linkage to external customer requirements, and/or set expectations that will never be met.

Internal Perspective # 2

ITIL[®] V3 - Business Drivers:

The second perspective has the business driving the improvement initiative, which would seem to make more sense. Unfortunately the result is often a focus on automation of existing workflows; significant efforts are made in understanding 'the system'.

BPM

The desire is to establish a Catalog of Business Services with the external customer in mind, but the result can be expensive BPM initiatives that simply add complexity to an already complex IT service infrastructure.

Even if IT and the business do succeed in forming a close working relationship, their efforts can be drawn inward to workflows and systems.

Worse, now both IT *and* the business are focused inward on workflow automation and systems. Who is focused on the external customer?

Neither of these perspectives provides the business with a way to stay focused on the external customer.

They are both inward looking approaches that will not enable true IT service management and organizational transformation.

The next section describes how the Customer Expectation Management Methodology (CEMM) can help focus BPM on achieving enterprise-wide transformational change.

We will then introduce an approach to leverage CEMM to establish a business lane for your ITIL® road map that stays focused on the external customer, reduces waste and complexity and clearly identifies value in the eyes of the external business customer.

Customer Expectation Management

When I first read Terry Schurter's book, *Customer Expectation Management - Success Without Exception*, I was immediately drawn to the CEMM approach.

As a Service Level Manager and an ITIL® Expert, I was painfully aware of how *perceptions of value are influenced by expectations*². More important, it is the external customer whose expectations matter the most. In the intense dialog between IT and the business (the internal customer), this simple fact is too often completely lost!

Customer Expectation Management is a business approach that identifies and shapes customer expectations, and once set by the company, those expectations must be met without exception.

The CEMM approach is extremely consistent with the recent ITIL® Version 3 guidance as well. ITIL®'s focus on value and outcomes is re-stated in CEMM from a customer expectation perspective.

“Creating a product that is different from competitive offerings --- but that doesn't add value to the customer --- won't produce success. *The product value proposition and customer expectation are one and the same.*”³

Focus on the external customer is key to establishing an effective business lane for your ITIL® Road Map.

² Service Strategy Principles, ITIL® Service Strategy page 31

³ Customer Expectation Management, Success Without Exception, by Terry Schurter

So this is BPM, right?

Well, not exactly. While Business Process Management (BPM) can benefit organizations, BPM initiatives are no less risky than ITIL® initiatives.

The following is an excerpt from a White Paper available at the International Process and Performance Institute (IPAPI), and describes how the Customer Expectation Management Methodology (CEMM) can help focus BPM on achieving enterprise-wide transformational change⁴.

From one place you can hear the story of BPM as a management practice, from another you can hear the story as a modeling science, another offers BPM up as a new business technology, while another claims it's an evolution of IT componentization and service creation.

Unfortunately, these well-meaning (and not so well-meaning) BPM proponents are taking us somewhere we do not want to go. They are taking us into a place where the common elements of BPM being preached produce short-term and long-term affects that are neither desirable nor prudent in respect to business success. The effects are as follows:

1) You can't buy shrink-wrapped discipline

We are being guided to do exactly what we already do better – but under a more manageable and effective

⁴ International Process and Performance Institute, *CEMM: The Business Process Management Methodology for creating Enterprise-Wide Transformational Change*

approach using BPM technology. Taking processes that are in complete shambles and placing them under computer-controlled workflow or structured analysis and review often realizes huge improvements due to the enforced discipline that has been applied to these processes. This is where the technology big hits have primarily arisen.

The problem here is that the lack of discipline and focus is the real problem – the root cause. Slapping software into place to achieve a degree of discipline is nothing but a band-aid. It fixes an effect, not a cause – and it is not scalable nor does it create agility and efficiency as organizational characteristics. Empirical results from technology-based BPM propagated out in organizations shows that most BPM investment fails to produce any net benefit to the organization the further we get from initial quick wins.

So why is this still growing in popularity so strongly? It's simple. The structured activities encapsulated within these BPM directions make people feel like they are being successful. For those tasked with creating processes (business people and development people) the result is a quantifiable work of creation. Look at what we did, it's neat, clean, well-structured, provides new “command and control” capabilities and there is a whole new bevy of management consoles and datasets for mining information.

Regardless of whether or not (and the answer is primarily not) this creates organizational value - against the established measures of success inherent in the thinking (behavior/mental) patterns we have developed over the last several decades – we are conditioned to view the result as successful. This conditioning also

directs us away from challenging whether success really has occurred or not, leaving activities as “validated” with supporting justification and measures (such as KPIs) that have no direct correlation to actual business success.

Because we are using the exact same management measures we used that got us here in the first place the results are predictable. Against KPIs we look great but the bottom-line of the business shows little change and no sustained improvement over time. The connections are not explicit.

2) No Benefit to the Complexity Issue

Though not yet fully recognized, one of the big issues that organizations face is that of complexity. Complexity is actually a known issue though described with a different term that unfortunately moves us away from the real issues complexity imposes upon us. The complexity term we are familiar with is “legacy stagnation” though this is actually one effect of complexity rather than complexity itself.

For many organizations, the complex array of technology AND business structure that forms the basis by which they do work is the limiting factor in their ability to adapt to market changes and to action market opportunities.

This is where the limits exist on both agility and efficiency.

The belief is that by using BPM and related technologies, organizations can structure this complexity in new ways that radically improve the

ability of the organization to change rapidly in the face of market pressures and to capitalize on business opportunities.

This is also witnessed by the fact that leading authorities in the analytical and consulting domains are now proposing that organizations must super-impose complex methods and structures on top of existing complexity in order to successfully manage that existing complexity. This guidance flirts dangerously close to being malfeasance, as it not only promotes activities that will cause financial damage to organizations but it has not been subjected to reasonable diligence and validation in order to prove that there is indeed merit behind such an approach. Because this approach does not address the fundamental issues placing pressure on organizations – in fact, it adds new pressures – the practice cannot produce business success and organizations are sharply warned to avoid these types of untested (misguided?) ideas.

The limiting factor for agility (the ability to change how the organization does work, what work the organizations does, and what goods the organization offers to its customers) is the degree of complexity. Reorganizing complexity cannot achieve agility. Instead, reorganization creates initial gains against specific known issues (this is part of the initial “Greenfield Effect” mentioned earlier). As the reorganization moves forward, it creates nothing more than a newly organized complexity that reinstitutes the same barriers to change when the world moves on to a new place.

This is the Achilles Heel of BPM and SOA technology, just as in all of the preceding “new technologies”. They do not provide the tools and techniques required to

support and promote the reduction of complexity. The issue of complexity is left to people using said technologies to apply rigor and discipline on top of the technology (governance) to address the complexity issue.

Even with this rigor and discipline these technologies are more apt to create (or perpetuate) an environment that is far too complex for change to occur in any reasonable manner.

Most organizations embarking on this path, the great BPM and SOA journey, will find themselves in exactly the same legacy stagnation and complexity paralysis they are in today when the nature of business, markets, and customers changes to something not encapsulated in current day thinking.

This is not the place we want to be.

3) Limited Reduction in Points of Failure (POF) and Causes of Work (COW)

Most variations of BPM fail to address the critical process characteristics of “Points of Failure” and “Causes of Work”. These are the source of Customer Dissatisfaction and non-value added work that occurs on a daily basis and may constitute in excess of 70% of the work people do.

Yet it’s obvious that this aspect of BPM fails to make it into the vast majority of BPM directions espoused by pundits, analysts and vendors. All we need to do is look at the number of interactions we, as customers, have that are fraught with redundancy, hand-offs, extra steps, ridiculous business rules and wanton failure to

provide what we (the customer) would deem as success to know this is true.

This issue eclipses all other aspects of BPM. Though empirical evidence has not yet reached the stage where the hypothesis can be tested sufficiently to validate the relationship as a bona fide theory, early evidence suggests that 70% to 90% of the work that people in an organization do is directly or indirectly a result of these Points of Failure and Causes of Work.

Think about that for a minute. How much of your day is spent in dealing with exceptions, failed hand-offs, crises, follow-ups, redundant activities, incorrect data, validation, misunderstandings, escalations, checks, balances, explanations, approvals, waiting, requesting, responding, business requirements attached to activities (not the activities themselves), etc? Now consider how much of your day is spent on the actual activity of your role in the organization? Based on the current hypothesis, you spend 70% to 90% of your time on the former and only 10% to 30% on the latter!

BPM does little to address this problem and where it does, the primary goal is to minimize the obvious failure points of current processes by over-engineering them with additional “command and control” structures. In most cases, even where these approaches reduce the actual failures for at least a period of time (until something changes) the new work created (though it often falls to different people – i.e. management and IT) is often equal to – or even greater than – the work that has been eliminated.

But if that is the case, then why are there great case studies where organizations reduced the amount of

work in a process by hundreds of thousands of dollars or even millions of dollars?

Again, the Greenfield Effect does have an impact on those glaring places where organizations are really in a mess. Using BPM to draw attention (and action) to these areas can create benefit, but there is a significant concern that real benefits are, at best, only a fraction of claimed benefits. How benefits are calculated and measured remains a dubious practice while the ability to “paint a glowing picture” from the same is an art people are highly skilled at because we (traditional business practices) have trained people to do just that.

This issue is for all practical purposes completely missed in most BPM directions. It simply isn't on the radar screen in the methods and guidance given and it isn't part of the activities of people engaged in BPM. Yet this activity – more than any other – can create significant benefits quickly that also improve the overall agility and efficiency of the entire organization.

4) Limited Improvement in Customer Success

In no place does this come crashing to our attention more than with the subject of Customer Success. A lot of people do not like the fact that customers' know what they want (generically), and what they (we) want is for our lives to be simpler, easier and more successful. This means that BPM, in whatever form it takes, must make the customer's life simpler, easier and more successful or the BPM investment has produced no real value to the organization.

That is a big leap for many. But why? Why is it such a big leap? Why isn't it part of our fundamental understanding of business, business success, and the driving force behind every action and decision we take or make?

It's because we get so hung-up on our "inside-out" perspective that most of us completely lose track of why we are doing the things that we do. A critical aspect of BPM is the challenging of actions and decisions against the backdrop of customer success. Does what we are doing have direct alignment with making our customers' lives simpler, easier and more successful? Well, does it?

Behind the 21st Century Value Chain are concepts so simple and intuitively correct that we often don't even bother to apply them to our work. The business success domain is set by the number of customers we have and the length of the lifecycle we have with them (get customers, retain customers).

Margin is a secondary issue that capitalizes on the number of customers we have and the length of the customer lifecycle - but does not drive either. The customer value proposition determines the scope of our customer market and the number of competitors we go head-to-head with. The higher the value propositions to the customer, the larger the market scope and the lower the number of competitors. It's obvious, right?

Yet even when we state these facts that we all know are correct, the step forward to include these truths into our BPM activities remains virtually unsupported in the products, training and consulting being offered to us.

Everything focuses inside the organization and that precludes the inclusion of the customer in BPM activities except as an object to be tossed about in our abstract architectural constructs.

So the many BPM directions fail to include the customer as the focus of everything we do, specifically with the notion of Successful Customer Outcomes. Even with BPM we are still making the same mistakes with customers, which is exactly the thing that got us here in the first place!

Can't you easily validate this from your own experience as a customer? Think about it. How many times do the businesses you engage with screw things up? How often do they require you to understand details of their processes?

How often do they fail to deliver on the promise presented? And how often do they fail to make your life simpler, easier and more successful? How often do they apply business rules to your interaction with them that make no sense to you – their customer? How many hoops do you have to jump through, how many times must you repeat the same information, how many times are you transferred to someone else, how many times is your called dropped, your email unanswered, the information provided to you contradictory or incorrect...

... and how many times are you told; "its the system"?

If you're like the rest of us, you will find that most of the organizations you engage with are infested with these issues – and the infection is spreading.

One thing is for certain; the BPM activities generally being followed aren't helping solve this problem. From

the customer view, businesses of every size and in every market are completely losing it and most popular BPM practices have done nothing to stop the landslide of customer dissatisfaction.

5) Limited Competitive Differentiation

There is a lot of “stuff” out there regarding how BPM (and SOA) will create real competitive differentiation for businesses but there are no reasonable examples that actually validate this benefit of technology-based BPM and service orientation.

There are examples of competitive differentiation in respect to the management practice of BPM (the thing that started this whole market in the first place) but few that withstand scrutiny for the current rave of techno-BPM from all of the usual suspects (along with lots of new kids on the block).

Why isn't there? Because it isn't supported by the methods, techniques and approaches within the software product world, within the products these companies are creating and selling.

Just like there is no pot of gold at the end of the rainbow (there is no “end” to the rainbow that is a physical place, you know) there is nowhere to go for this competitive differentiation with current technology approaches.

Why is this the case? It's simple. Competitive differentiation primarily derives from

- 1) a value proposition to the customer that is greater than that of competitors and,

- 2) making customers' lives simpler, easier and more successful on every customer-business interaction.

Sustained competitive differentiation comes from serially raising the value proposition to the customer while making customers' lives simpler, easier and more successful.

Now the only way this can be done is by simplifying the complexity of the organization down into the form that is totally aligned against delivering the "goods" to the customer.

This is an area where most business people really get hung up because when you're sitting inside complexity it is very difficult to ask those critical challenging questions that are the basis for real transformation. Empirical evidence gives us clues to the nature of how transformation occurs with the realization that it must follow a repetitive cycle to actually drive complexity down to the far more simplistic case it should be.

Coupling the strategic orientation of the organization with Successful Customer Outcomes backed by removal of Points of Failure and Causes of Work forces a reduction in that complexity. This approach takes organizations to a place where change becomes opportunity and radical change is constantly being tested for the potential to reset market expectations (what customers expect from the market).

Meanwhile, bringing processes under command and control structures aligns us extremely well against the current context – much as packaged applications have in the past. This is the faux pas of current technology trends. We are taking process out of packaged

applications and putting them into something that is easier for us to change yet the basic process paradigm remains the same. We have not changed how we understand, design and optimize processes and that is where the opportunity for value actually exists.

Just as with packaged applications, the more configuration and development we put into these technologies the more difficult it becomes to ever change them. This, again, denotes the fact that in the majority of approaches to BPM we are being guided right back into the same complexity mess with which we started.

6) No Alignment with Value Creation (business and customer)

It is interesting to observe the many ways in which organizations attempt to monitor and assess organizational health. From KPIs to Balanced Scorecards, ABC Costing, Digital Dashboards, BI, BAM, data mining, ad nauseam a tremendous amount of time and effort is spent attempting to ascertain the current health of many an organization.

So then why is it so easy for the casual observer to instinctively know if a company is successful or not? We can spend 15 minutes taking a quick glance at the organization's financials, the number and types of comments and complaints about the organization on the net and a couple of phone calls to get snapshot impressions from people we know are customers and create an organizational health assessment that is likely to be far more accurate than that created through intense work (and cost).

What is missing is, once again, incredibly simple yet rarely applied. Focusing on the customer (value proposition, meeting expectations, making their lives simpler, easier, more successful) will create business value.

This paradox – that business success is what the business wants but to get it the business must focus on the success of the customer, not the business – really fouls up most folks. It feels like we are taking control of our destiny out of our own hands and placing it in the hands of the customer. But isn't that where it already is? Aren't we fooling ourselves when we refuse to acknowledge this and focus instead on business as our goal?

It is very disconcerting for many business people to accept the fact that business success is an effect, not a cause – that it can only be managed indirectly through goals oriented on the customer. It's a byproduct that comes from achieving goals that are by the customer, for the customer and delivered to the customer.

Most existing BPM directions miss this altogether, as do the supporting technologies of BPM, SOA, etc. Now certainly most of these technologies can be used in a way that supports this value creation relationship between the customer and the business but the products do not include within their design specific support for this relationship.

CEMM™ - The Methodology for Advanced Business Process Management

Considering the many issues that abound within current guidance and technology there is obviously a need for something organizations can use to actually achieve true long-term agility and efficiency. The CEM Methodology has evolved as a means to do just this, and it contains within it a structured set of actions that directly address the identification and elimination of Points of Failure and Causes of Work. When adopted as an ongoing practice this creates a continual evolution towards the ideal case for agility and efficiency.

The methodology is a simple eight (8) step process that directly aligns processes against strategic objectives, identification and reduction of the number of Points of Failure in processes, improvement in the customer's experience and elimination of existing Causes of Work.

The eight steps of the CEM Methodology are:

- 1) Identify/define the outcome of the process – the SCO.
- 2) Model the process Current State
- 3) Identify Moments of Truth
- 4) Identify Break Points
- 5) Identify Business Rules
- 6) Populate the Impact-Severity Matrix
- 7) Define the Process Rationalization Action Plan
- 8) Deliver/Execute Process Improvements

CEMM is surprisingly a radical departure from the norm in the approach to practicing BPM. With CEMM, the fundamental tenets of BPM have been subjected to extensive challenge that has not occurred elsewhere in attempting to determine what we really should be doing with BPM – or if BPM is really the right thing to do in the first place.

Interestingly enough, this challenge process presented its own unique challenges on a scale that we hardly would have suspected prior to engaging in the activity. During this process we found that much of the understanding and belief we had previously taken for granted (i.e. incorporated into our “world view” as factual) presented significant barriers for us when we came to challenge these views.

Though some characteristics of the “norm” were quite easy to challenge, others assaulted our ingrained sensibilities in such a way as to make the process lengthy and even painful. The process was fraught with numerous discussions when reviewing collected data that became loud, heated and even required the use of “tabling” so that we could each grapple with these issues in our own individual way to reach a point where the challenges could be addressed without barriers in place. Perhaps this is similar to the distress created when the “flat versus round” world discussion arose. Certainly in many respects the process felt that way for us.

Yet it was only through this process that the fundamental truths behind CEMM were uncovered. Contrary to our ingrained beliefs we found that there is a formal methodology for BPM that will produce the

desired results of improvement in organizational agility and efficiency.

We discovered that the methodology is far simpler than previously believed and that it can be practiced with only limited understanding and still produce significant results as a generic BPM method. We found, much to our surprise, that many of the accoutrements normally associated with BPM are not required, do not need to be understood (or managed) and that in most cases they actually get in the way of reaping the fruits of our labors.

We found (through empirical results via direct observation) that there are predictable and repeatable modes and ranges for most of the objects and their properties that stem from the way we (people) perceive and organize our understanding of work expressed as processes – and that these modes and ranges are consistent regardless of industry, geography, organization size, process, the people creating the process models, or any other factor.

We have accumulated sufficient supporting test data to draw certain conclusions about the nature of processes that qualify as theories. Several other conclusions are at the stage of being partially validated hypotheses while several more hypotheses exist that have yet to undergo any formal testing.

The importance of the theory behind CEMM is that the methodology is based on scientific method with validation. Though in looking back it seems obvious that this is the approach that would naturally be applied to something as important as Business Process Management, we find that except in a handful of leading academic institutions few of the principles of

Business Process Management have actually been subjected to testing for validation. Even in these cases, testing is primarily limited to “results quantification” of general BPM practice for measures available in organizations willing to support academic research.

Within the commercial sector the story is far grimmer as the primary means of “validation” comes from conducting surveys.

Most of the current methods, practices and technologies that support Business Process Management do not provide a reasonable mechanism to produce long-term benefits in organizational agility and performance improvement. Most existing BPM methods and practices are not based on scientific principles and have not been scientifically tested.

Most technologies do not directly support methods or techniques that directly assist organizations in achieving long-term agility and performance improvement. This component of BPM in the use of technology remains the forte and responsibility of those configuring, applying and developing the technologies.

To create long-term agility and performance improvement, the BPM method used must include direct mechanisms that reduce complexity, reduce the number of Points of Failure, and reduce the Causes of Work.

To be successful as an organizational practice, the BPM method must be simple and reusable as an iterative practice. The practice must also have direct measures that are either ends unto themselves or enable calculations that are not subject to interpretive error.

The CEM Methodology meets these requirements at the foundational level while further testing is still required to validate additional elements of the expanded method.

A BPM method, like CEMM, that actively engages people in the organization at all levels in reducing complexity, reducing process Points of Failure, eliminating the Causes of Work and directly aligning the organization with strategic objectives will produce long-term agility and performance improvements that will enable organizations to turn future change forces (markets, competition, technological-advances, etc.) into opportunities instead of threats – regardless of the nature of that change.

A BPM method like CEMM, that can be used with limited understanding yet still create significant results in agility and performance improvement and that can be expanded to further benefit the organization as understanding expands, is the critical factor in the adoption curve (in converse, the more complicated the method the lower the adoption curve) of the method.

Technologies used to support the activities of the organization must evolve over time to include support for the objects and properties within CEMM in order for organizations to push this information into the CEMM object model while the CEMM object model pushes the goals and requirements for same down into these technologies.

The BPM method (like CEMM) that can affect the transformational change possible in reaching towards an ideal state of agility and performance efficiency must be a simple and direct model where no new complexity is imposed on the organization.

It is our observation that organizations investing in education, activities and software in respect to Business Process Management and Service-Oriented Architecture will fail to achieve long-term value from these investments under most of the current approaches available. We are agreed that in many cases, short-term benefits will be realized by many organizations but certainly not all organizations.

Through our research, observation and testing we have engineered a method that can be used by any organization of any size and in any industry that will help the organization to dramatically reduce the Points of Failure in their processes, eliminate Causes of Work, reduce complexity and thereby improve agility and performance.

It is precisely this type of method, one that acts as a weeding mechanism to remove non-value add process characteristics under a scientific method, that is needed for organizations to regain control over the forward direction of the organization. By necessity, this method must be simple, capable of allowing organizations to “start where they are” and to grow with the organization through iterative application.

This issue is one of critical importance. Certainly it is reasonable to say that the vast majority of commercial organizations sincerely desire to increase the revenue and profit of the business. It is also reasonable to say that the vast majority of public service organizations desire to improve their service levels and capabilities they provide to their constituencies.

The only way this can occur is through the reduction of complexity and process Points of failure, by elimination of Causes of Work.

All that is needed to validate the need of this type of approach is our own observations of the interactions we have as customers when we touch businesses in the activities of our lives. When we observe the endemic occurrence of failure, excessive consumption of time, frustration, and general dissatisfaction experienced in our own lives the message is clear – something has to change.

Are we willing to think about the work we do in a different way? Are we willing to challenge our existing perceptions and assumptions? Are we willing to admit that what we are doing now isn't working, that it is what got us here in the first place?

If we accept the current hypothesis that 70% to 90% of the work we do stems from our current understanding of process then how much more do we need to know, to know that we need to change?

Long-term agility and performance is achievable. It is directly measurable and it is directly manageable. It doesn't take a rocket scientist to do it (even if it's a rocket company). It's actually far simpler than previously believed.

The only question left to answer now is:

If we don't do it, who will?

The 10 Commandments of the Customer-Focused Enterprise

The truth is that customers want their lives to be simpler. When they engage with a business they have a goal and they have expectations. They have a mental

perception of what is going to happen, what they will need to do, how long it will take and exactly what the scope of the interaction should be.

Unfortunately, most businesses can't repeatedly deliver on this expectation — even when it is a simple matter to do so — because they do not manage their business by customer expectations. They fail to define their goods and services by customer expectation, which leaves the customer with a choice of the lesser of two evils —making the customer choose a product that does not meet their expectation.

The stark reality is that most businesses fail to put the power of the 10 Commandments of the customer-focused enterprise to work for them — the commandments that are the driving force behind business success in the 21st century:

1. Know your target customers—and place them first!
2. Manage your customers' expectations—regardless of who initially created those expectations
3. Define your goods and services in terms of your customers' expectations
4. Identify customer expectation metrics and criteria
5. Be laser focused on meeting your customer expectations — without exception
6. Empower your organization to deliver customer success — without exception!
7. Act before customer failure
8. Acknowledge when customer failure occurs — then tell your customer!
9. Eliminate the creation of unplanned customer expectations
10. Continuously improve on your success by continuously learning from your customers, and your employees!

Benefits of CEMM™

Adopting the CEMM approach as a ‘business lane’ for your ITSM program is actually quite simple. The approach has the following advantages specifically for ITIL® programs:

Process Model Focus

The CEMM approach is easy for business people to understand, precisely because it stays at a process model level. It provides the ability to quickly gain a consensus and avoids lengthy discussions about what is ‘the process’.

It is not necessary (or even desired) to drill down into detailed process flows until the case for improvement is established.

This minimizes ‘workflow frenzy’ and involvement by process design experts until a clear case is available for business process redesign.

It also can help the business provide IT with a high-level understanding of key business processes very quickly; a critical first step in defining business services.

Less Complexity

Customer dissatisfaction comes from every place the customer touches the organization and things don’t go as they (in this case the external customer) expected.

CEMM attempts to minimize those touch points wherever possible. It also has a major emphasis on removing waste from existing processes, by looking at

unnecessary work and challenging traditional business rules.

This can have the effect of reducing complexity, and can be a major benefit to IT organizations that are increasingly swamped in virtual, n-tier infrastructure technologies.

Rapid Results

Participants in CEMM classes have reported the following:

- Results in 30 days or less
- Management buy-in on the first presentation
- Other people asking them to come and help in other places
- Results ‘equal to or better than what we expected’

Organizations implementing IT service management can establish a business lane for improvement that actually compliments an ITIL® road map, as the next section will illustrate.

CEMM as a Business Lane for your ITIL® Road Map

For customers already on or just beginning an ITIL® journey, part of the training investment should include training for business stakeholders in the CEMM approach.

It would also be worthwhile for some IT stakeholders to participate as well; staff involved in Service Strategy, Service Design and Continual Service Improvement may benefit from CEMM training.

Classes are available in both classroom and web-based delivery formats, making it easy and cost-effective to transfer knowledge to many staff.

ITSM On-Ramp™ Services

Successful ITSM adoption will ultimately require both business and IT tracks. ITSM On-Ramp™ Services add business-oriented training that is simple, effective and gets the business focused on the external customer.

This is achieved through the Customer Expectation Management Methodology (CEMM), which incorporates the concepts of Moments of Truth and Customer Value Chains into a simple to understand and easy to apply approach to achieving organizational success.

Getting a top down, business-oriented definition of services is not enough. The business must be focusing on the right services, from their customers' perspective.

ITSM On-Ramp™ Services leverage intelligent service monitoring, best practice guidance and key international standards. For more information on ITSM On-Ramp™ Services contact MyServiceMonitor.

The ITSM On-Ramp Approach

Step 1 – Driver's Ed

Once the appropriate staff have been trained on both ITIL® and CEMM, assessment activities should begin to evaluate the 'current state' of both IT and business processes. It should also be noted that staff should be trained on a uniform approach to assessment, which must be repeated to sustain improvements.

For IT, this can mean a Gap Analysis to a pre-defined process framework such as ITIL® or ISO/IEC 20000.

For the business, processes are modeled using the CEMM approach. In cases where industry standard process models exist it may be possible to perform a Gap Analysis as well.

ITSM adoption is driven by both business and IT stakeholders, and each group must understand '*Where We Are Now?*' and '*Where Are We Going?*' (as the ITIL® guidance states). However, for ITSM improvements a high-level model of key business processes will be needed and CEMM will provide exactly that.

Step 2 – Get a Map

Attempting to implement IT service management without some effort to define services is like driving on a long journey without taking a map. Mapping IT infrastructure to business processes requires services to be defined, initially at a high level.

ITSM On-Ramp™ Services identify a candidate IT or business service, or can facilitate a Service Catalog Workshop, to identify potential service targets quickly.

Service definition and the creation of a service catalog should evolve over time, and the process of defining and re-defining services is in fact never ending.

The intent is to quickly establish two initial Service Catalogs, a ‘bottoms up’ Technical Service Catalog (driven by IT) and a ‘top down’ Business Service Catalog (driven by the business)⁵.

It is critically important not to attempt detailed service descriptions or process flows at this point, and the CEMM approach is ideal for making sure that both the business and IT stay at a high level.

Step 3 - Tune-up

Traditional approaches to ITSM adoption focus on ITIL®-defined processes such as Incident Management, Change Management or Configuration Management.

However, without a real connection to the Business (and external customers) it can be like taking off on a

⁵ Note the fact that one Catalog is driven by IT and another by the Business does not imply that these are isolated efforts; there should be some participation on each Catalog by each stakeholder group.

trip without checking the air in the tires, or looking at the gas gauge. As I've said before, *“coming out of your Foundation class, putting 90 pounds of air in the tires, and stepping on the accelerator may not be the safest path to enlightenment.”*

ITIL® loves to say process first, and I'm not suggesting that we are going to ignore process. However, we want our focus on process improvements to be tuned to Business Impacts not some arbitrary selection based solely on an ITIL® Gap Analysis.

Using software – which can be delivered as part of engagement deliverables, as subscription services, or licensed based on the client's requirements --- we rapidly establish a view of IT service performance across multiple physical and logical infrastructure tiers; network, system and application.

This analysis is tuned to the pre-agreed service targets established in Step 2, and automatically pinpoints which layer of which component is the source of any performance anomalies.

The resulting data, along with the Gap Analysis identified in Step 1, provide further evidence that can help focus our effort in the next and final step.

Step 4 – Keeping IT on the Road

At this step our business and IT drivers have been to Driver's Ed, we have a high-level map of our key business and IT services, and we've established a baseline of performance that enables us to tune our services based on clearly identified business and IT service impacts.

It is now up to the Process Improvement Teams (PIT) to begin watching your speed and making sure the organization can navigate any hairpin turns without running off the road.

The more traditional aspects of ITSM adoption programs all apply here, including ongoing service definition and process assessment, but there are several comments worth noting.

The first comment is about Service Level Agreements (SLAs), and the tendency (by IT and business) to establish any number of complicated metrics, formulas and measurements to track 'whether we're meeting our agreement'.

The only thing that really matters is, are we meeting our external customers' expectations.

If our current baseline of service performance is not meeting the customer's expectations, then the ONLY thing we need to determine is why and *either correct it or change the expectation*. This can usually be done with a minimum number of externally focused key metrics; all others are likely to be internally focused and not directly tied to the customer.

The second comment relates to ITIL®'s persistent focus on the CMDB and/or (in Version 3) CDB.

Consider this:

"The central challenge of IT governance is the simple dependency: application depends on database, database depends on server, server depends on switch, application depends on application and so forth. IT organizations deal with this critical data on a daily basis and treat it shamefully - essentially as a disposable commodity. Dependency information is expensive. It is typically gathered by assembling two or

more highly compensated individuals to (again and again) go over what is installed where, what it talks to, and what it needs to run. Dependencies are captured in transient Visio diagrams, Excel spreadsheets and Powerpoint graphics, rarely if ever updated in sync with any enterprise process, nor made available for the variety of purposes that need them.⁶

The traditional focus on Change Impacts – which is essentially an internally focused IT perspective – tends to result in more workflow and pre-occupation with ITIL[®] processes.

While process will be essential to long-term success, and there is plenty of room to automate workflow, the emergence of virtual infrastructures is placing a real-time emphasis on the CMDB/CDB.

This is forcing a shift in behavior as well. It is no longer acceptable to focus solely on Change Impacts; real-time Service Impacts are going to rule the day.

Trying to re-engineer IT and Business processes as a way forward in these real-time environments may be like trying to change the tires on a speeding car.

CEMM does not attempt to control things by re-engineering them, but gets people to challenge the causes of work and customer dissatisfaction and eliminate them.

⁶ *The Last Word: Dependency Management: A Fundamental Challenge of IT Governance* By Charlie Betz, Author and Enterprise Architect

Conclusion

Successful adoption of IT service management is very much about organizational transformation, and it is not limited to IT.

Increasingly IT is the business and the business is IT, remember?

Managing customer expectations is the way forward, and is outlined in detail in the book, *Customer Expectation Management: Success Without Exception* by Terry Schurter.



The concepts in CEMM are very consistent with ITIL®, particularly ITIL® Version 3. Those that have read ITIL® Service Strategy will find CEMM particularly interesting.

Don't embark on a journey to IT service management excellence without the business. Get them a lane on your road map with CEMM.

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