Enterprise M&A Learnings Applied to Transformative Enterprise-Wide BPM Initiatives

An in-depth look at what practitioners in the expanding enterprise-wide BPM sector delivering on strategic transformation initiatives might leverage from the longer established enterprise mergers and acquisitions (M&A) sector.

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Déjà vu

Why would we decide to look at an enterprise's previous mergers and acquisitions approach, processes and learnings when the focus here is on transformative Enterprise-Wide BPM?

In my own experience, both as a BPM practitioner and also that of being "acquired" in a number of large merger and acquisition transactions in the Life Sciences sector , there is significant cross- over here. Equally the current heightened level of M&A in that sector makes this topic even more pertinent. Eliminating duplication and waste are key concerns of a BPM consultant. I'd rather not see an organisation re-learning lessons in which it maybe already well-schooled. In this paper, I will take a look at where the M&A approach can be brought to bear on an organisations large-scale BPM transformation project to improve their likelihood of success.

Enterprise-wide BPM viewed Through the Lens of M&A

The triggers for BPM initiatives within an Enterprise are many and varied. Their attendant ambition for the enterprise can therefore be correspondingly small, medium or large. Where these BPM initiatives come in the latter form, they are in effect strategic transformation initiatives.

While the enterprise concerned may see itself as moving into unchartered territory with such an initiative, there is a case to be made that they may have already been here, in their pursuit of tactical M&A transactions as part of their business growth strategy.

Treating the "Target Operating Model" as an External "Acquisition Target"

What if the "Target Operating Model" of that Transformative Enterprise BPM initiative was treated as if it were an external "acquisition target"? Would this approach deliver the necessary "compelling event" drivers very often absent from a Transformative Enterprise-wide BPM initiative?

I have seen it evidenced many times in my career that a critical success factor for both major Transformation programme initiatives and equally major Technology programmes is the existence of a "compelling event" around which the harnessing of support can be orchestrated. There are some very obvious examples; two which I have direct experience of are the "Y2K" application remediation driver and the introduction of the "Euro" currency in 2002. Generally speaking, dependent on the industry sector, regulatory changes and other external market factors can often provide this type of lever. These external compelling-events are used to drive successful delivery of major business change and technology programmes in Enterprises globally. The correlation I find with the typical M&A transaction here is that by their nature, they already have inbuilt legal and financial "time constrained imperatives" which provide this ingredient for success, the "compelling-event".

However, you do also need the right "compelling-event". I have seen that even where the "compelling-event driver" is present for transformation initiatives, it is often contrived, typically derived from that of an "enabling Technology Programme". Inevitably, the wider Enterprise transformation agenda is relegated into second place behind the Technology agenda, a relegation from which it is very difficult for the Transformation programme to then recover.

There is a wealth of experience in M&A practices and discipline across organisations globally. While a typical M&A execution will include the phases below, the key area where I see the M&A experience potentially being brought to bear on a Transformational BPM programme is in the last phase, "(Post Merger) Integration":

> **- Target Search & Selection**
> **- Transaction Execution**
> **- (Post- Merger) Integration**
>
> *Source: Acquisition Solutions*

BPM Impediments to Success vs M&A Guiding Principles

Enterprise BPM Initiatives – The Impediments to Success

There are substantial materials available from various authoritative sources on why Enterprise BPM initiatives fail. In this paper, the source I will reference is a recent Gartner article which captures the 15 skills needed for BPM initiative success, see reference and link below.

[Source: "Gartner Newsroom\Announcements\ Fifteen Skills Critical to Success With Business Process Management 04 March 2014" http://www.gartner.com/newsroom/id/2674619 .]

These are further refined into 3 categories, namely Transformational, Operational and Technical skills. My focus here is on the Transformational category.

M&A Initiatives – Guiding principles for Post-Merger Integration Success

Correspondingly in the M&A sphere where again there is much documented on the ingredients that lead to M&A success, I will adopt the view of Acquisitions Solutions, who have articulated 5 Guiding Principles for an Enterprise to achieve a successful Post Merger Integration outcome, see link http://www.acquisition-solutions.co.uk/mergers_acquisition_process.htm.

The headlines from both these sources are reproduced below.

BPM: Transformational BPM Skills	M&A: Acquisitions Solutions have articulated 5 Guiding Principles for an Enterprise to achieve a successful Post Merger Integration outcome
Building the BPM business case and vision	Get the integration strategy right for the deal
Project Management	**Design the programme around the benefits case**
Knowledge of organizational structure and culture	Provide shape and focus through outstanding programme management
Communication	**Rapidly engage the people in both organisations**
Organizational Change Techniques	Manage the risks to the business as well as the programme
Source: Gartner (March 2014	*Source: Acquisition Solutions*

Table 1: BPM Skills for Success vs M&A Factors for Success

Correlating the BPM Skills for Success with the M&A Factors for Success

Driving off the Gartner Research identified Transformational skillsets required for BPM initiative success, while I broadly agree with the author's assessment here; I believe the impediments come in 2 forms, namely
- BPM Orchestration impediments
- BPM Execution impediments

Here I will focus on the "orchestration impediments" because that is where I believe the game is most often lost and also where an M&A experienced approach might deliver success.

There are 2 impediments to BPM success in this list which I see as being at the heart of the failure to "orchestrate",

- Building the BPM business case and vision

- Communication

Source: Gartner (March 2014)

BPM Challenge 1: Building the BPM Business Case and Vision

The specific characteristics of this impediment to BPM success are spelt out by the Gartner author as below

"It is the transformational competencies, including knowledge of organizational change techniques and the ability to build a compelling business case, that are most important for achieving strategic business outcomes."

In correlating this BPM impediment with Acquisition Solution's M&A guiding principles, I see a direct link with a single success factor, namely,

M&A Guiding Principle: Design the programme around the benefits case.

In examining the characteristics defined by the authors for this M&A success factor, an observation I would make here, as a BPM practitioner, is that the language of "M&A" transacting is much more "edgy" than that of it's companion, the Enterprise BPM programme. There is a clear and explicit focus on both "value" and "accountability" to ensure the merged and integrated entity is both delivered on and meets its targets.

The key message I take from this is that an M&A transaction is unlikely to be prosecuted by an enterprise without this level of explicit and tangible "value" and "accountability" being articulated and managed. By contrast, large scale BPM initiatives can be initiated with their value articulation being more implicit and tacit in nature and therefore not sufficiently understood by their sponsors to harness and sustain the necessary level of support for the long-haul.

In essence, an M&A informed Enterprise BPM initiative would develop it's Business Case as if it were prosecuting the post- merger "integration" of an external entity, thereby better harnessing the required level of boardroom support and orchestrating for itself that "compelling event" factor.

BPM Challenge 2: Communications

In characterising this element of transformational skill, the Gartner author observes that

"Without the ability to articulate and communicate business value and process-related issues, most BPM efforts will fail. "

In reviewing Acquisition Solution's M&A guiding principles here, I believe I have isolated a single success factor which meets this impediment head-on, namely

M&A Guiding Principle : Rapidly engage the people in both organisations

In the detail of this guiding principle, it is again noticeable that even though the subject matter is essentially Organisational Change, where language is typically "soft", the language of the M&A transaction is both explicit and targeted, directly assigning accountability within the organisation at all levels for the transactions success. In fact my own experience of being acquired in two separate large Life Sciences mergers bears out the reality of this "ruthless" focus on the timeline on the one-hand and constant, targeted communications to all levels of both organisations ,on the other.

The key message here is that an M&A transaction is from the outset, managing 2 organisations. This results in communications that make the new organisation as "real as possible, as early as possible" to all stakeholders, creating a momentum and inevitability around the new merged and integrated entity. By contrast, the typical Transformative Enterprise BPM programme communications are less tangible and more conceptual, resulting in a message which achieves little or no-traction with the "Business as Usual" organisation until they need to directly engage , at which point the inevitable response is resistance.

In essence, an M&A informed Transformative Enterprise BPM initiative would from the outset; adopt the position that there are 2 organisations to manage during the Transformation, the existing "Business as Usual (BAU)" organisation and the new "Target Operating Model (TOM)" organisation. The objective here is to "cultivate" over time the BAU organisation so that the TOM's inevitability is broadly accepted and support for its realisation builds accordingly.

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Summary

In orchestrating an Enterprise –wide BPM initiative in this way, would the enterprise be better able to sustain momentum in both the boardroom and the organisation at large, and therefore enjoy potentially greater success in its execution?

There is the obvious caveat here which is that not all M&A transactions deliver on their promise either, a fact that is well documented elsewhere.

But what is clear is that the " value and accountability" imperatives associated with an M&A "integration" are typically tangible and explicit in nature and as such do have much better potential for traction in both the boardroom and in the organisation at large, with all stakeholders. In contrast the orchestration of the equivalent imperatives for Transformative Enterprise BPM initiatives tend to be more "tacit and implicit" and so are less compelling and less well understood, making boardroom level and broader organisational support more difficult to harness and sustain. There is indeed an irony here which is that the essence of the BPM discipline itself is to transform the "tacit and implicit" process knowledge of an enterprise into a "tangible and explicit" asset for that enterprise.

I do believe that borrowing from lessons learnt in "external" M&A and applying those to "internal" M&A" activity does have real potential to address the orchestration-level impediments enterprises typically encounter in delivering on internal Transformative BPM initiatives. That potential I believe lies in its ability to engender that "compelling-event" factor necessary to drive success.