BPM's Leading Lights and Guiding Stars

by John Cummings

Perhaps the oft-repeated advice of consulting firms and veteran practitioners has taken hold, or perhaps it's just that scrutiny of software investments has increased, but more companies seem to be adopting a truly strategic approach to their business performance management initiatives these days. We hear less often about BPM systems introduced as a kind of isolated tech fix, of measurement for its own sake and companies throwing rather expensive software at their performance challenges in the hope that something will stick. Principled, aligned implementations are the order of the day.

The winners of the *Business Finance* 2008 Vision Awards — Presbyterian Healthcare Services, Seattle City Light, and the South Dakota Department of Transportation — amply illustrate why this is important. But they go a step further. Each of these standout programs demonstrates how a carefully selected external reference point — a kind of strategic North Star — can help to orient the project and channel its energies. The touchstones for our winners were, respectively: a comprehensive quality improvement framework; a customer-focused management methodology; and a rigorous costing model.

Category: **MEDIUM ORGANIZATIONS**
Name: **Seattle City Light**
Home office: **Seattle**
Number of employees: **1,592**
Annual revenue: **$900 million**
Third-party technologies: **Oracle Data Integrator; Cognos 8**

The phrase “customer-centric business” often gets bandied about in corporate strategy sessions, but few leaders have any idea how to create such an organization or even what it might look like. As a result, most organizations remain resolutely product-centered.

Publicly owned municipal utility Seattle City Light (SCL) is determined to be an exception. “The vision for our organization is to be the premier provider of customer service in the electric utility industry, and we design all of our activities around that vision,” says Herb Hogue, CFO.

This includes SCL's performance management activities, a relatively new departure for the utility. In December 2007, after an exhaustive RFP process, SCL settled on Cognos for its BPM tool. Oracle Data Integrator provides data-crunching muscle for the pilot initiative, which kicked off in March of this year.

Just as important as the technology choices was the utility's decision to adopt the Performance Power Grid (PPG) management methodology to guide the project. As the name suggests, PPG uses the metaphor of an electrical grid to explain how businesses can channel and distribute the energy of their

employees into processes and projects that produce the highest value. It can be applied in any kind of organization, but clearly the methodology was speaking SCL's language.

It's axiomatic in this approach that employees are eager to contribute to the bottom line, but they don't always know the specific actions they need to perform to achieve this. The Performance Power Grid helped SCL to create a system of interrelated performance metrics and alerts for every level of the organization, explains Hogue. “Each manager has a metric that is actionable, that is related to the vision, and that explains his or her part in achieving the vision. And when the metric isn't achieved, the system tells the organization why things are off track. It's very insightful, and everything is logically connected.”

Guided by the methodology, SCL chose an incremental path for its BPM project. And, true to its overarching vision, it focused its key performance indicators on customer service levels, according to Carol Butler, director of corporate performance. “We could have gone the standard way and looked at ourselves as just a power generation and energy delivery company, but instead we had interviews with about a hundred people in different groups at the utility to ask questions like, ‘How do you run your operation? How does it fit in?’ And then we structured the whole architecture of performance management around achieving customer satisfaction,” she reports.

Project leaders scrutinized what PPG practitioners call the “customer-critical path” — the steps that the various customer segments must take when engaging with the organization for the first time. “We went through the whole process, from when customers call in to request service and tell us when they want it, through whether or not the service needs to be engineered, through metering and installation, to the first billing and payment cycle,” says Butler. Now SCL's managers have access on a daily basis to data that enables them to pinpoint areas of success, areas of risk, and bottlenecks in the customer on-boarding process.

In the next stage of the rollout, Seattle City Light will extend the BPM system's analysis of metering and billing processes before turning its attention to asset management, power delivery, and eventually power generation. “It's a whole flow, and it's kind of backwards from the way most utilities think of it,” Butler notes.

It's too early to quantify the dollar savings, but SCL has already seen an improvement in service connection time. And the new system has been well received by its users. “Everybody's excited about it — and what more can you ask for?” asks Butler. “I'm not saying that we haven't run into problems, but we haven't hit anything major. And this was the whole reason for the pilot — to find out what kinds of things we needed to know.”