



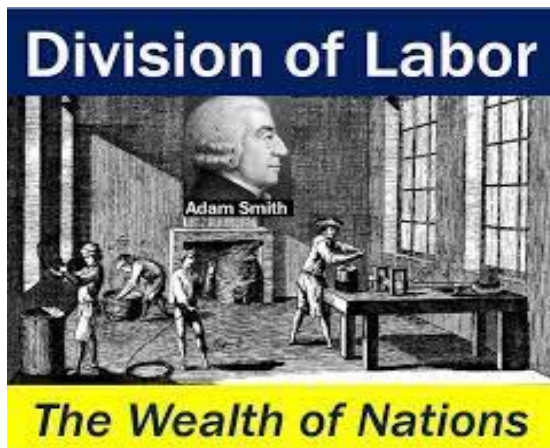
*Overall, Business Process Management comprises methodologies that have been used in some form or another for many years.*

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These approaches have aimed to enhance business practices, advancing over the years, as more is understood about what works best. The changes to approach have been labelled and relabelled throughout but the fundamental inclination has always been to reinvent how managers and employees perceive business organization and to keep informed of the best and latest practices in business processes.

In order to understand the business process methodology used today, it is important to have a comprehensive knowledge of when and how it all started and how it has progressed along the way. This awareness also enables the business entrepreneur to create a clear perception of the best way forward for success in the competitive corporate world (Ting-Yi-Ho et al, 2009)<sup>1</sup>.



### **The very beginning of the concept of business processes**

In the mid-1700s, Scottish economist, Adam Smith, realized just how interesting processes could be and, if effective, how they could increase productivity. His famed example of the manufacture of a pin was one of the first noted processes. He wrote: "One man draws out the wire; another straightens it; a third cuts it; a fourth points it; a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on is a peculiar business; to whiten the pins is another ... and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories,

are all performed by distinct hands, though in others the same man will sometimes perform two or three of them." (As cited in Checkify, 2022)<sup>2</sup>.

So began the action of distributing a production process into separate tasks where each is performed by specialised workers. It was thus realized that output could be increased by simple labour division. By trying out different approaches, knowledge of the skills needed for each part of the process became more apparent. During the initial trial of the *division of labour*, it was recorded that productivity had increased by 24,000%; to clarify, 240 times more pins were made than before *labour division* (Checkify, 2022)<sup>2</sup>.

This initial idea on how to improve the output of business processes focussed on breaking down a large job or project into small parts. Each part was taken on by workers who then became experts in that area of production. This increased the success of the process through

working with more efficient labourers and avoiding having to move employees around; thus, saving time and money all round. The concept of the *division of labour* also set out to assign employees to tasks they were best suited to. Undoubtedly, the *division of labour* played a large part in economic growth, both of businesses and the country, according to Smith (Dhamee, Y. (1996)<sup>3</sup>.

It is apparent that this initial idea of how to increase the monetary value of a business through dividing a process has expanded and developed into the efficient business processes of today. Throughout the ages, more has been learnt and understood to allow for constant improvement. However, it should not be forgotten where, when and with whom it all started.



### **Progress in the nineteenth century and early twentieth century**

The British library names Frederick Winslow Taylor as the father of scientific management. Relevant to the creation of business processes, he was said to be, “the first man in recorded history who deemed work deserving of systematic observation and study” (Drucker, 1973)<sup>4</sup>. The principles of Taylor’s *Scientific Management* which were established in the late 1800s remained useful and popular until the 1980s when they merged somewhat with the theory of *Total Quality Management* (TQM) (Lizano-Mora et al, 2021)<sup>5</sup>.

In 1911, quality control and process improvement in the business circle of the United

States found its beginnings in Taylor's publication: 'Principles of Scientific Management'. In his book, Taylor explained his belief that there were crucial concepts that effective managers could use to improve their businesses. These key ideas comprised the following: Work should be simplified, required time should be studied and adhered to and new approaches should be methodically tested. These actions were to ensure that the best methods to complete a task were used and that control procedures were measured adequately. They also allowed for successful output to be rewarded appropriately.

Taylor's publication reached its peak in popularity in the early 1900s when managers, globally, credited the book behind Henry Ford's achievement. When Ford started the Ford Motor Company in 1903, he utilized similar approaches to those laid out in the book. Firstly, he organized a moving assembly line with workmen assembling

specific parts of the car along the line. Thus, Ford developed the construction of the car as a single process. Further, each activity in the process was designed to run effortlessly and effectively. Consequently, Ford was able to significantly reduce time and cost of producing the car, making the vehicle affordable to many Americans and allowing his workers a higher pay.

The early twentieth century saw many engineers the world over endeavouring to apply Taylor's ideas. This meant evaluating processes and measuring and employing careful checks whenever possible. Subsequently, *Scientific Management* and the practices it involved brought about the *Work Simplification* movement which later became known as the *Quality Control* movement or (TQM) (Harmon, P., 2010)<sup>6</sup>.



## **TQM, a twentieth century advancement in business process methodology**

Process-oriented thinking started to really take off during the development of *Total Quality Management* (TQM) at Japanese firms such as Toyota in the mid twentieth century. The Japanese people had realised the importance of quality control through Edwards Deming, an expert on quality sent by the US government to Japan after the 2<sup>nd</sup> world war (Harmon, 2010)<sup>6</sup>.

According to the British Library, Deming is acknowledged as the foremost management authority in the field of business quality. He is known to have derived the first concepts and methods allowing individuals and businesses to plan and continually advance

themselves, their connections, products, services and business processes. He worked by the principle that success is through cooperation and continuous improvement with mistakes being labelled as opportunities for improvement (2022)<sup>7</sup>.

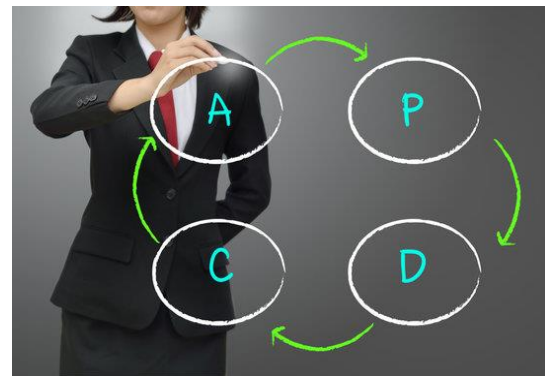
Deming adhered to fourteen key points in his methodology. These were:

- Have a constant purpose towards improvement in business
- Adopt the new philosophy for change
- Build quality into products from the beginning
- Minimise total cost by utilizing a single supplier, building a relationship based on loyalty
- Work for constant improvement in production and quality, reducing waste
- Incorporate training sessions
- Encourage leaders to lead effectively, helping workers to do better

- Make sure employees are comfortable to ensure a happier workplace
- Ensure everyone is working as a team, even between departments
- Avoid unnecessary targets or stress on the workforce
- Avoid numbers when discussing quality and methods
- Allow employees to show pride in their good workmanship
- Allow for constant training and re-training for both management and other employees
- Ensure all employees act together to achieve positive changes

The PDCA Cycle was invented by Walter Shewhart who introduced it to Deming. He popularised the concept widely in the 1950s and it thus became known as the Deming Wheel. The PDCA comprises the four stages of Plan-Do-Check-Act which denotes a process from 'facing a problem' to 'solving a problem' and it is also similar to

the actions of the present-day internal audit. PDCA represents **Plan** for changes to improve; **Do** a trial of the changes; **Check** if the changes and new processes are effective; **Act** to achieve benefits from the changes (British Library, 2022)<sup>7</sup>



### The three waves of process orientation, and the future

The **first wave** of process orientation was launched in the 1960s as technology was introduced. Change became more rapid as technological skills became a driving force in the business world. US companies strove to compete with their Japanese counterparts who focused increasingly on quality improvement and minimal

deficiencies. Process analysis combined with technological power led to technology becoming the process initiator prompting the primary wave of the actual process era (Lusk et al, 2005)<sup>8</sup>.

This first wave was often called *Kaizen*, which is a combination of two Japanese words which, combined, represent 'improvement'. It has since come to mean 'continuous improvement' through its alliance with more current principles. *Kaizen* emphasized the 5S: Sort, Straighten, Scrub, Standardize, and Sustain (Process Maker, 2020)<sup>9</sup>. It also insisted on the adherence of five basis principles: Know the customer, Let it flow, Go to Gemba (i.e., follow the action), Empower people, Be transparent. The fundamental belief of *Kaizen* is that implementation of these principles in any business is crucial for successful continuous improvement in quality, productivity, and relationships between management and

regular employees (Kaizen Institute, 2022)<sup>10</sup>.

The late 1980s to the early 1990s saw the **second wave** of process orientation. Although focus was on *TQM*, it also went further by insistence on ISO compliance standards. These are quality management standards used by corporations in an effort to prove that their products meet specific criteria. ISO compliance is built on seven principles: Leadership, Engagement, Relationship management, Improvement, Process methodology, Client focus, Evidence-based decisions (360training, 2018)<sup>11</sup>.

The late 1980s also saw the rise of *Six Sigma*, a method devised by Motorola company. This joined process evaluation, statistical quality management approaches and organisational incentives to create a more popular approach to continual process improvement. Since then, the focus has continued to be on *Six Sigma*, but *Lean* as well, the latter also known as the Toyota Production System.



Together, they have become known for their emphasis on company-wide training programs that are built to ensure that all employees are able to share responsibility in business process quality (2010)<sup>6</sup>.

After many years of processes relying on statistical analysis, experts started to realize the need for a more meaningful method of data management through *Workflow Management*. Organisations could now see the value behind cross-functional teams, those who were able to work across departments with all company employees creating one big collaborating team. Evaluation of processes also became more intense as training involved not only 'how' to do tasks, but also 'why' they are being done. This gave process participants reasons behind their roles and the targets they are working towards (2005)<sup>8</sup>.

The **second wave** reached its peak in the 1990s with the reengineering business process

movement (BPR). This insisted on the creation of more thorough business processes. This meant less focus on individual aspects of business but more on the overall value chain of business. This movement aimed for a more efficient marketing and productive capacity to react to unexpected market changes (2010)<sup>6</sup>. It also utilized information technology to facilitate cross-functional productivity in a company. Reengineering and TQM are very similar in that the concept of both is to manage processes to accomplish operational success by enabling improved quality at less cost (Orion Development Group, 2023)<sup>12</sup>.

The **third wave** of business process orientation, becoming known as Business Process Management (BPM), targets change as the most important goal. The idea is that if business processes are continuously being developed, value chains are also constantly improving. BPM concerns not only the

improvement but also the management and control of business processes. Thus, as a management field, it aims to improve the efficiency of a business by managing the elements of processes. BPM is now accepted as one of the most valuable methodologies being used in process-oriented companies (Lizano-Mora et al, 2021)<sup>5</sup>.

It appears that the third wave of integrated BPM is the unification and expansion of all previous business process methods and thus it becomes a new basis on which to construct sustainable competitive advantage in the business world. It is now recognized that innovation related to business processes is the way to reach success in business (Smith & Fingar, 2003)<sup>13</sup>.

So, what is **the future** of Business Process Management? The market intelligence and advisory firm, Mordor Intelligence, valued the BPM market \$3.38 billion in 2019 and predicts it will reach a value of

\$4.78 billion by 2025 at a compound annual growth (CAGR) of 6.26%. This development in the market is said to be due to BPM integrating with automation and the Internet of Things (IoT). Businesses will continue to demand better performance in their organizations, enhanced risk management and lower costs. This will potentially lead towards the application of Robotics Process Automation (RPA) for overall improvement in the business (2020)<sup>9</sup>.

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