

Business Process Management: The Heart of Organizational Capability

Traceability From Strategic Intent to Capability

Today any organization must be cognizant of what is happening in the world around it and recognize the drivers that will affect its future business viability and performance. If it is paying attention, it will be aware of the social, technological, economic, environmental and political changes in its business landscape and will also see threats and opportunities. Based upon these factors, its current and anticipated performance, and an understanding of the fit with its current capabilities, it will renew its strategic intent and reexamine its market and capabilities to plan modifications. Key aspects of this examination will be the nature of its products and services as well as its relationships with its customers and other stakeholders. Gaps or anticipated future gaps will have to be actioned. New Products and Services and the desire to maintain or improve the health of its relationships with its stakeholders will require a periodic examination of its capabilities since realizing the desired future state will not happen just by declaring a vision of it.

The required capabilities of the organization fall into many types, ranging from very physical to highly intellectual. All of these capabilities will be potentially affected in order for the 'Organization in Focus' to attain its strategic intent. Programs and Projects are the typical vehicles that realign these capabilities with the purpose of the organization.

Any breaks in this alignment will mean that whatever changes are being worked on will not be traceable to strategic intent and later business performance will suffer.

Process as the Core of Capability

A challenge in any analysis and design is to find optimum ways to organize the thinking and documentation of the aspects being studied. Recently, process-centric approaches have proven to be the best organizers of the knowledge required to describe how capability must change. Of all the means, process is the only option when it comes to directly connecting capabilities to the strategic intent and the stakeholders of the business.

Only processes can be measured in terms of business outcomes. People, facilities and technologies are not directly tied to outcomes of value for those stakeholders that care about what we do and what we produce. Process is unique in that regard. In addition, processes can be measured directly and their results can become a key part of a balanced scorecard measurement system for the organization or can provide contributing and leading indicators of future business performance.

Consequently, process makes the perfect organizer of business requirements. It shows the transformation of inputs into outputs, it defines the triggering events to which the business must respond as well as the criteria required for closure. It shows who cares and the role that stakeholders must play. It defines the guidance needed to carry out the process and attain the required outcomes. It defines the needed physical capability required from people, technology and facilities in order to succeed. It defines the required

measurement system and performance targets to establish assessment of business as well as human performance and evaluation systems. It provides the opportunity to learn and share the knowledge gained for further improvement and for best practices. Based on this understanding, knowledge, business rules, and technology requirements will have full traceability back to business drivers.

Viewing process in this manner also now provides you with the ability to normalize the knowledge about your capabilities, ie your reusable assets, and organize it in ways that allows each type to be managed and changed more easily.

Components and Ease of Change

The history of the development of professional information management practices has shown a continuous, if sometimes painfully slow, progression in untangling the set of logical building blocks from one another and making them more modular and reusable. With these intermingled, the myriad of dependencies of one against the other make it almost impossible to deliver requirements and solutions due to the complexity of understanding the problem. The development of the Zachman Framework was a major contributor to simplifying this thinking. Its separation of the What?, How?, Where?, Who?, When?, and the Why? has provided many organizations with a consistent way to structure, store and explain the enterprise that has paid off in better business and IT architectures as well as faster time to define requirements and deliver software solutions. But, in addition to separating key knowledge about enterprise assets from one another, you must also know how they affect or interact with one another. For example, different decisions on 'Where' can affect your choices of 'Who' and 'How'. Perhaps the location of your product development center will determine who is available to do R & D and therefore the process of globalizing the product line. Also, the availability of skilled human resources will affect your ability to deliver new technologies. Despite the requirement to normalize Zachman cells and keep them pure, we must also have methods for determining the right things to put in them that are tied to strategic intent – the 'Why'. Another example of the value of independent variables was the development of data modeling and normalization. This idea meant that data could be managed separately and reused as an asset since it was not embedded in procedural code. It did not mean that process and data did not have to cross relate. Clearly each process or application component had to know which data to act on. Likewise, the advent of workflow management systems allowed processing components to be invoked based on conditions managed outside of computer programs. It allowed users to change the flow quickly from outside the programs themselves.

An example of the cost of not having independent variables and a knowledge of their locations is the trillions of dollars spent on 'Year 2000' software changes simply because the structure of dates was deeply imbedded in the data processing code of old software paradigms. The cost of change was exorbitant and provided little business value added. Would it not have been nice to change all of the date definitions in one place once and simply re-execute applications.

These are just a few examples of the challenge to isolate and manage the stable components of business separately from the unstable. The proven benefit to date is ease of understanding, reduced complexity and lowered expense and demand for resources that are in short supply.

The next wave of this evolution is enabled by taking a process-based approach. By doing this, the separate components of the solution requirements can be defined including. By separating rules from process models, the business processes take on a remarkable degree of stability. Rules can be maintained without digging into the other components so long as you know which processes use which rules. The challenge we now face is to keep all of these independently managed yet highly interdependent factors in synch. By taking an approach that maintains the independent variable in their own domain and seeing their interconnections as a domain in its own right also to be managed independently, we can achieve ease of change.

An Examination of Capability

For convenience, I have organized capabilities into three major categories:

- Process Capability representing the organization's ability to get work done delivering results to the satisfaction of the stakeholders,
- Process Enabling Capability synthesizing the capability to provide sufficient capable reusable resources so the process can achieve its purpose, and
- Process Guidance Capability so that the process can do what is right or what is required in the best way.

Process Capability provides:

- Ways of working, transformation activities, workflows and delivering results to stakeholders. Guiding and enabling capabilities are used by it but are kept separate but cross referenced to where each is used,
- Process stability regardless of changes in organization structure, roles or even technology.

Process capability will align all of the other capabilities, keeping them in line and focused on the end objective.

Process Enabling Capability provides:

- Physical Facilities including buildings, plant, equipment and other physical assets,
- Information Technologies including applications, databases, networks, and related infrastructure, and
- Human Resources including the skills, competencies, motivations and capacities of staff, partners and contractors.

Clearly without these resources allocated in an effective and efficient manner, processes fail, stakeholders are disappointed and business performance will suffer.

Process Guidance Capability provides:

- Lessons Learned from experience or direct stakeholder feedback as a part of the execution of the processes themselves. This guidance has relevance if it is respected, heeded and shared and turned into other guidance and enhancement of the processes and their enablers,
- Knowledge Capability including guidance available to govern, direct, control or influence human and technological action including access to knowledge sources,
- Techniques for Process Execution including reference documentation, procedure guides, training materials, websites and best practices, and
- Business Rules representing formalized constraints and algorithms to be applied to associated events and conditions of the data and process workflows.

Clearly processes without appropriate, relevant and current guidance will also not perform to the expectations of the organizations stakeholders.

It is apparent that there are many things that you have to get right if you wish to have a successful business and there are many things that can go wrong to prevent you from doing so.

Knowledge and Rules

One way of describing a business process is to say that inputs are processed into outputs of value according to guides using enablers when stakeholders trigger activity.

That is, inappropriate, insufficient or non-existent guidance and ill prepared or ineffective enabling mechanisms will lead to poor business performance due to process breakdown. Clearly knowledge is critical and it is reflected in the process' guides and enablers content and their design. The measures associated with rules can be viewed in the same manner as for knowledge as a guide to a process outcome. That is, in terms of process quality or the cost of non-conformance. In this way the cost of an inappropriate rule is the total downstream cost of not having the right rule available. This includes extra cost or time, lost business due to customer dissatisfaction, extra work to repair or correct, etc. The cost of taking too long to change the rule is the cost of lost opportunity that would have been realized if the rule were to be change immediately rather than after a lag. In any case the cost or value of the rules as with all knowledge is through its impact on the total set of processes where it is used. This argues strongly for rule independence and the establishment of cross-reference mechanisms and a culture of fast change, sharing new rules responsively and helping maintain the utility of the business processes

A Process for Keeping Knowledge Current

Needed is an ongoing process, that does not exist in many organizations, to take the learnings from everyday experience with today's processes and rules and produces renewed ones so that improved performance is made possible the next time through. If there is no specific knowledge management process to take these lessons learned and evaluate them and change the capabilities on a regular basis, either performance of the process will stagnate with no improvement or will degrade due to the process becoming out of touch with a changing set of stakeholder expectations. What is needed is a formal process of improving the capability including updating the rules and the enablers within which they are embodied or embedded. This Improved Guidance Creation Process will require resources and a commitment in a process-managed environment. With new rules published and communicate regularly and with enablers renewed regularly, improved performance will be delivered, staff will continuously learn and the organization will adapt and thrive.

While in operational mode the key activities in the Improved Guidance Creation Process are:

- Analyze Lessons Learned regarding capabilities, especially processes, knowledge and rules from process execution and stakeholder feedback
- Understand current business drivers and strategic intent
- Identify stakeholders and their expectations
- Re-examine processes performance gaps

- Analyze processes using root cause analysis examining rules and other capabilities
- Update process design including guides and enablers
- Determine renewed rules for renewed processes and gain approval for changes
- Identify enablers for knowledge and rule distribution and access (embedded or embodied)
- Build or renew enablers
- Communicate new capability
- Implement new capability

These activities work for ongoing business process operation. For larger changes with a more significant impact a more formal overall approach is required that starts with strategy and delivers a more formal program of integrated change based on holistic process analysis.

Conclusion

In closing, nothing stands alone: not strategy, not data, not process, not technology, not knowledge and not rules. To ensure adaptability and ease of change, all of these should be independent of one another but aligned with the business direction and stakeholders' needs. Clearly all aspects must work in concert and each must be tuned to support the objectives of the business overall. The job of business processes is to provide that link.