

The Six Fallacies of Business Process Improvement

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Translated by

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The concept of business process is at the convergence of several trends: BPR, certification ISO 9000, large package implementation (CRM, SCM,...), technologies (BPM, SOA, EAI, B2B...), operational organization ("horizontal organization, extended enterprise",...). Today many companies are starting projects to map their processes with the goal of improving them. The value of these initiatives is perceived to be very high, and they will significantly increase the ability of an enterprise to compete. Yet, far fewer benefits are actually measured in practice.

Based on our experience, the cause can be linked to six erroneous beliefs in the field of business process improvement.

1. "Existing business process boundaries are adequate"
2. "New processes should mimic existing practices"
3. "Local activity analyses, limited to the point of view of a line of business or even a limited set of roles, are sufficient"
4. "Business process re-design should be aligned with existing lines of business"
5. "The formal constraints imposed by process modeling are necessary"
6. "Real-world business processes are linear with few exceptions"

In this paper, we show that these stances inhibit the potential for innovation expected from Business Process Improvement initiatives.

In the Real-World Existing Business Process Boundaries are not Adequate

The first decisions made in large business process improvement projects or programs are related to activity decomposition and role assignments. This domain decomposition commands the structure of these projects and programs. Consistently, practitioners choose to identify processes and then assign them to working groups. This first step might look inconsequential, yet, it controls the failure and the lack of benefits realized by the project or program.

Most often, this approach focuses on intra-functional processes. The working groups end up collecting information from homogeneous groups of people: accountants work with accountants, sales with sales,... This intra-functional approach is not useless; it is, however, driving our attention away from the critical processes of the enterprise. It simplifies projects but, right from the get go, we are short changing the main reason to specify prescriptive business processes: to define the coordination of different skills to achieve strategic goals and create competitive differentiators.

A business process improvement initiative can only succeed if it tackles first the inter-functional processes. Remarkably they are often in small number (about 3 to 4) and roll-up to the high level goals of the enterprise.

In the Real-World Business Process Improvements Rarely Mimic Existing Practices

Often business process re-design fails to innovate because it does not introduce enough distance from existing practices. Of course, we will find simplifications and eliminate redundancies, but improvements will remain marginal. Here are the reasons why:

- The first mistake (business process boundaries) we made has already significantly framed and shrunk the scope of our analysis
- We only think in terms of the existing organization, without introducing any other significant changes
- The interview of existing roles is the predominant approach when compared to pure design activities. Expecting that the roles in place will provide innovative ideas is hopeless.

In the Real-World We Have to Think Out-of-the-Box

Another tendency is to look at business processes through a single industry, a certain type of actors or even worse, thinking that the enterprise is a self-contained world. The first mistake we made also amplifies this tendency. Strategic thinking –in its entire sense- must precede the process re-design. It must set the direction and give the initial momentum.

In the Real-World a Functional Approach is too Limiting

Analysts often adopt an approach that is shaped by their culture and training. The culture is often “functionalist” which leads them to decompose processes and systems in terms of functions. Activities (a process is a macro-activity) are decomposed hierarchically. The utilization of this approach for decades has shown some limits: high occurrence of redundancies, rigidity of the structure, linearity of the execution.

In the Real-World Formal Modeling Constraints Rarely Apply

In a classical approach, the method of representation of processes mandate a number of decomposition levels. This limitation was imposed arbitrarily without any benefit other than reassuring and guiding modelers. In the real-world this limitation does not exist.

Figure 1 represents the common belief of business process modeling decomposition. Of course, we could always associate to these concepts a semantic which will allow us to dissociate them. However, the model is arbitrary and creates distortions from the reality while compromising the communication with users.

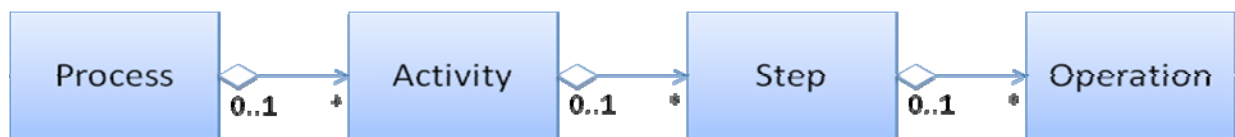


Figure 1. Traditional Business Process Decomposition

This formal constraint is a burden: once an action is identified, a modeler must decide in which category it falls. If later the action needs to be decomposed further or on the contrary, aggregated, it must be associated to another category.

In the Real-World Processes are not Linear

The modeler has a tendency to ignore the perturbations that occur in the real world. Process models are lacking in their ability to represent these perturbations appropriately. This idealistic view of the process is reinforced by a hierarchical decomposition that is well suited to linear processes. This results in rigid processes to which the real-world must conform.

Is there another approach? Can we think of another way to design processes that avoids falling in one of these traps?

A New Approach

We can start by diminishing the importance given to “actions”. If the first step is not the decomposition of activities, what would we be working on? The answer can be simply stated: business objects (a.k.a. business entities). This is the fundamental difference. In the coming paragraphs, we are going to give a more precise idea of the method.

The design of business processes should proceed in four steps:

- 1) Identify the business entity which is at the core of the business process
- 2) Establish the lifecycle of this business entity: specify the valid states of the business entity and define the authorized transitions between them.
- 3) Infer the activities: they emerge as means to transition from one state to another
- 4) Assign the activities to different actors

This approach is counter-intuitive to the traditional activity-centric one: here we start with the business entity, which is at the stable core of the business and we pushed to the end the concept of actor. It offers a lot more freedom in terms of finding the most efficient organization and focusing the attention away from the current process.

Some of the advantages include:

- The readability of the process: the process is formally expressed as a production or transformation of business entities (i.e. it drives the business entity to a particular state)
- Perturbations are taken into account at the lifecycle level
- Because the activities appear in the 3rd stage, we are no longer limited by artificial boundaries. Activities simply relate to the previous and subsequent steps (Figure 2). This provides a means to express responsibilities.
- The definition of roles at the end of the design process offers a total freedom to redefine roles or re-engineer the organization.

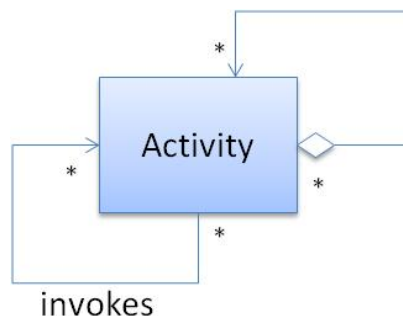


Figure 2. The new focus of modeling is the activity

The UML notation provides a great tool to cover this method's representation needs:

Stage	UML Diagram	Utilization
Identify the business entity	Class and Instance diagrams	Specify the semantics by structuring the model
Specify the lifecycle	State Diagram	Express the states that make up the lifecycle: transformations, perturbations...
Infer activities	Activity diagram	Specify how the transitions are realized
Assign activities	Activity diagram with swim lanes	Identify actors

Table 1.

Conclusion

We can see every day the limits of the classical approach on process improvement projects. They affect negatively these projects with additional cost and limited benefits. Worse, this approach compromises the concept of business process as a tool to innovate, adapt or optimize. As a result, BPM initiatives produce marginal improvements and under-utilize the organizational, technical and human potential of the enterprise.

Best practices

- In the first phase of the project, gather actors from the same line of business to scout the problem
- Never limit yourself to this first step because you will be tempted to re-implement existing practices
- In a second step, gather actors from different lines of business to design processes that cross the silos of the enterprise
- From the start, specify the modeling guidelines and train the team to use the tools and guidelines
- Throughout the project emphasize the difference between existing practices and potential improvements with annotations
- Always specify the rationale for improvements and associate them to strategic objectives

Author

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Translator

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