

A Postcard From Europe

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It is now over two years since I was first invited to the offices of LOGiCOM Plc in the UK. At that time they had brought in some new management who felt that documenting the Business Processes would assist them in gaining greater insight into their business, I suspect back then that they had no idea just how much that early work was to influence companies' fortunes going forward. As we will see, a project that started out as any other has now transformed the way that LOGiCOM does business and in itself become a revenue generator.

LOGiCOM is leading supplier of outsourced solutions for service parts management. Their solutions are specifically designed for Original Equipment Manufacturers (OEMs), their authorized service partners and multi-vendor hardware maintenance providers. Although LOGiCOM is an independent company, they were originally a division of Fujitsu Services (formerly ICL), and as such they have a long history in providing Supply Chain solutions.

The original intent at LOGiCOM was to formalize their Business Processes in order to ensure they meet the agreed service levels with their clients. Of course, in doing so, the company also managed to leverage significant cost savings and identify numerous improvements.

Reto Just, LOGiCOM Chief Executive, commented, "The cost savings associated with the development of the Business process and Workflow Models are significant. The annual savings in terms of headcount, paper based model replacement, productivity improvements, information retrieval, and business process modeling are in excess of £285,000."

This in itself can be considered a success, and, indeed, as we can see above, LOGiCOM certainly thought so. But, of course, this is nothing more than we would normally expect from such exercises and so, in itself, might not be seen as new or amazing. It is how LOGiCOM went on to reuse their knowledge and skills that makes this story stand out.

You see, as a result of the initial work, LOGiCOM realized that they now had a greater understanding of how their customers did business; in many cases, a better and more documented view than many of the customers themselves!

Not content with just sitting back contentedly with this knowledge of their customers' businesses, LOGiCOM set about harnessing this knowledge to enable a more efficient sales process.

The company now uses the Business Process and Workflow models as a demonstration tools for their sales people. From the models, they can audit where a client is, perform gap analysis on where the client wants to get to, and then illustrate how LOGiCOM can assist them in getting there.

Others could easily dismiss the value of these models as a sales tool, , but to do so would be rather churlish. As Reto Just points out, "We estimate that the existence and use of the models has already contributed to LOGiCOM achieving additional revenue in the region of £1 million."

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Not part of the original brief, but a side benefit for LOGiCOM, is the fact the same models also act as the baseline for the company's Quality Management System and are used to demonstrate their compliance with their ISO9002 registration.

This success story highlights what I have believed for some time. The fact that the perceived overhead in capturing and documenting Business Processes only exists when companies don't look to find ways of leveraging their efforts.

Any small consultancy would find it significantly easier to compete with the larger players if, when they went in to visit with prospects, they were able to demonstrate, through the use of models, that they were not going to reinvent the wheel for the client, but were going to build on the knowledge they already had. Many clients, I am sure, would appreciate that this would lead to many assignments being carried out in shorter timeframes and with reduced costs. How would you feel if you were going to compete against LOGiCOM with just words? You would most probably have to invest in offering a similar Business Process and Workflow modelling service in their market. LOGiCOM has very successfully raised the barrier by which others will be judged and, of course, made it all that much harder for new entrants in the market.

Going back to my old "chestnut," Business Process Outsourcing, this is exactly how client and outsourcer should be working together. The models provide clear understanding on what is going to be performed by whom and to what standard. It drives, if not becomes, the service level agreement and should become part of the contract.

I have on many occasions in the past (and I am sure I will continue to do so in the future) complained that the Business Process Outsourcing, however well intentioned, is being misunderstood and mismanaged with what I will suggest could be disastrous side effects for businesses in the future. It is nice to see and hear that at least one company is not only realizing how they can gain competitive advantage through the use of understanding their clients' business processes, but is also ensuring that the clients have a far greater understanding of what they are getting themselves into.

My only comment to clients of such services would be that you need to ensure that you get useable copies of any such models and that, from your own perspective, you take ownership of these. I do not know whether LOGiCOM provides these to their clients, but can see a danger if the client fails to take ownership and then finds themselves trapped with a single supplier.

While, of course, the work at LOGiCOM could have been carried out with most tools, and my comments are generic, for the record, the tool they used for their projects was ProVision Workbench.

