

Our Event Horizon — The Boundary of Our Organization

The world thus appears as a complicated tissue of events, in which connections of different kinds alternate or overlap and thereby determine the texture of the whole.

Werner Heisenberg
Physics and Philosophy

We will examine the central concept of Organizational Events in this chapter. We will see that functional partitioning based on some of these Organizational Events provides an objective basis for the structure of an organization.

There are five types of Organizational Events:

- Strategic Events,
- System Events,
- Business Events,
- Regulatory Events, and
- Dependent Events.

However, the only ones that go on the Business Model are Business Events, Regulatory Events, and Dependent Events. From here on in, we'll call these three the Business Model Events. These three types of Events occur at the boundary of our organization. This is our Event Horizon (see Figure 6-1).

We must recognize the Strategic and System Events so they don't cloud our Business Model. These two Event types are somewhat internal; they come from our organization's Strategic Planners and Designers.

We must always keep in mind when determining Event types that Business Model Events are context driven. In other words, aspects that are business issues to one organization may be system issues to another organization. Let me clarify this after we've defined the five types of Events.

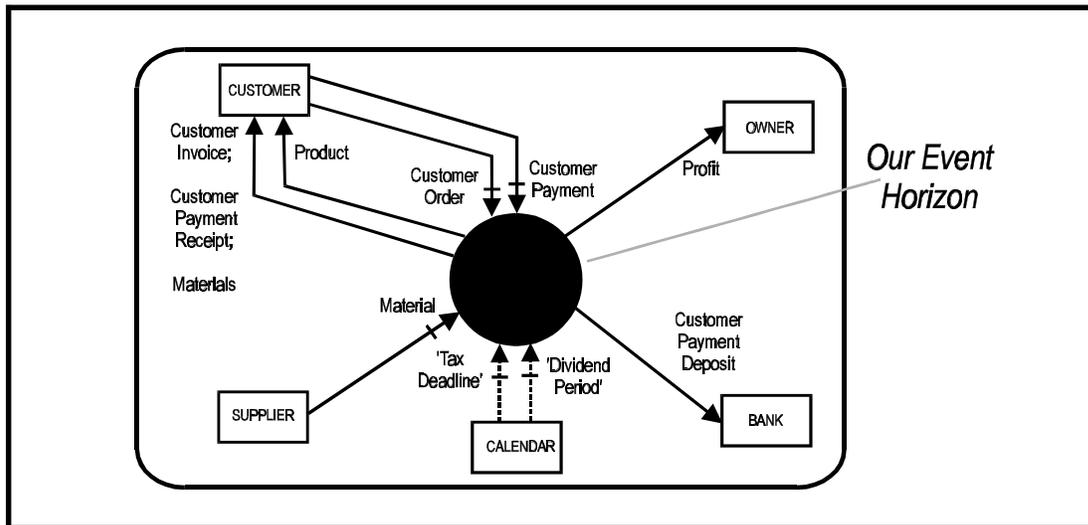
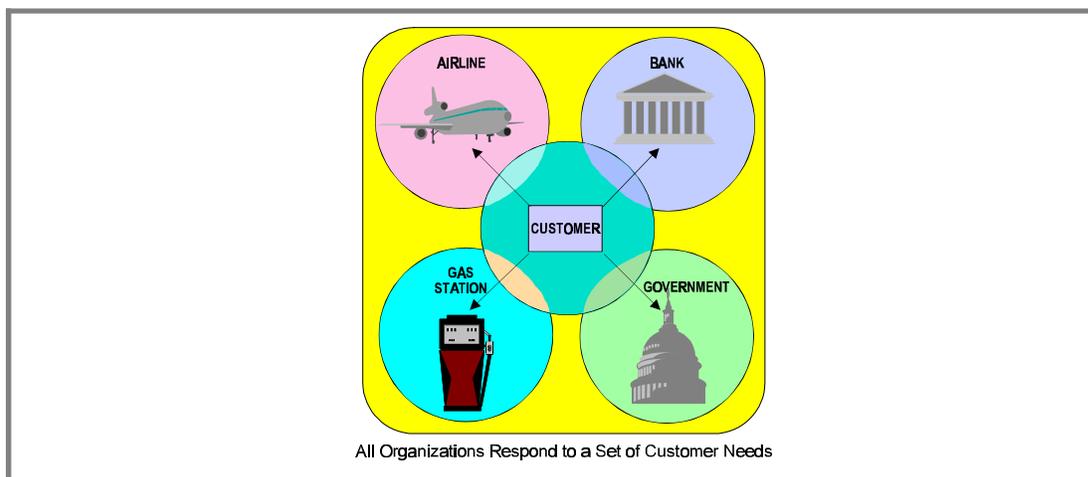


Fig. 6-1: The Boundary of the Organization

I want you to keep in mind the fundamental characteristics of all systems as stated in **The Nature of Systems** Chapter. We will use the Stimulus-Response and Process-Memory structure from that chapter as an underlying tenet throughout this chapter.

The Foundation of the Business Event Methodology

There's a multitude of demands people make on the world of business and each requires a different response to satisfy it. On the other hand, any one organization responds to only a small subset of those demands. (As an added benefit, in vertical, non-diversified organizations, we can usually obtain mass reusability in our processing and data across these demands.)



From one point of view we could say that any organization has simply decided to respond to a set of customer needs (Events) that occur in the external world. As examples:

- An airline company decides to respond to its customers' travel needs in which they, and/or goods, must be moved.
- A bank decides to respond to its customers' needs for storing and manipulating money.
- A fire department responds to a fire in the environment (the department's customer).
- Logical Conclusions, Inc. has decided to respond to our customers' needs for consulting or training in subjects such as Customer Focused Engineering.

We never know within our organization why the demand was generated. That's why we classify it as *outside* of our organization.

Why a customer wants to withdraw funds from our bank, for example, is literally none of our business; a funds withdrawal could be made in order to go on vacation, pay a bill, or just have expense money for the day.

A system (a manual operation, a computer system, or even our entire implemented organization) has no control over external customers' needs.¹ The customer has the ultimate control in initiating a stimulus to our organization. At the same time, however, our organization is obliged to respond to stimuli caused by our customer's needs.

Without stimulus from the outside, our organization and its systems remain inactive and are essentially meaningless, and our organization will eventually close down. No organization is self-perpetuating. Even non-profit government organizations respond to external needs as their reason for existing.

***All organizations rely on
their customer's Events as the
reasons for existing.***

A Little History of the Concept of Event Partitioning

In the 1970s the Systems Engineering techniques that were being proffered were somewhat disjoint, mainly because the ideas originated with different authors (and their sales staffs). During that same decade, I worked at a young company involved in generating and spreading these new Systems Engineering ideas. In those earlier years of teaching new engineering tools we didn't quite have the techniques down. For example, we knew how to draw a Data Flow Diagram and we understood the usage rules of each symbol, but we

¹ This does not mean we should not "think out of the box" and ask our customers if we can assist them beyond our current boundary.

didn't give much advice on how to produce a well-partitioned Business Model. The size of the drafting surface — a page — and the human limitation of keeping track of seven plus or minus two things per page were somewhat the extent of our partitioning rules.

In my seminars I could convince my data processing students that there was a better way to partition systems because almost all existing partitioning of programs and systems was mainly at the discretion of some D.P. professionals. (D.P. was a new industry and almost all programmers were allowed to partition their programs and systems as they saw fit.) This arbitrary partitioning was not so true for the business community.

Of the seminars I taught in the 1970s, the ones in which I taught analysis were the only ones where I would expect a business person to be present. They at least had a longer history and established reasons for how and why they partitioned their departments, people, and tasks. I had to have good reasons for repartitioning these established organizational boundaries.

I and a few of my colleagues who taught analysis seminars at that time used a technique called *Stimulus-Response Modeling* as a means of partitioning a business Data Flow Diagram.² This was a means of getting away from any of the physical/design partitioning of the old environment. We used a “string-of-pearls” analogy to illustrate a stimulus data flow triggering a chain of continuous processes connected by intermediate data (indicated by lines and circles on a Data Flow Diagram).

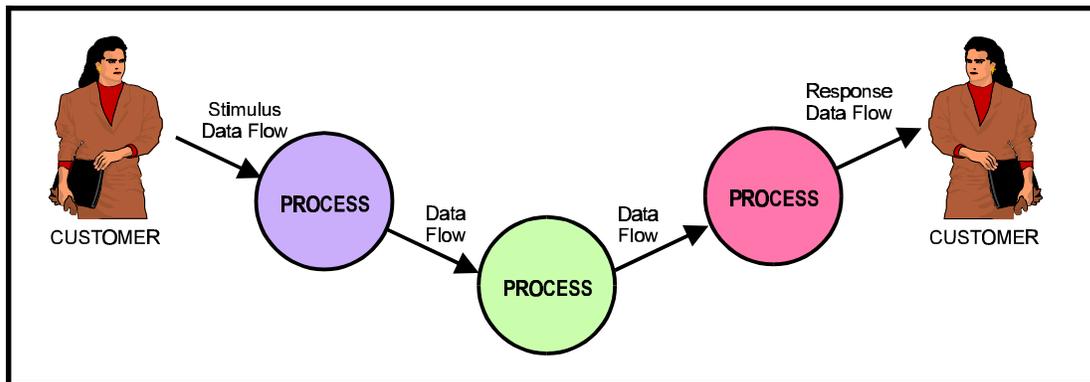


Fig. 6-2: String of Pearls

In Figure 6-2 we see an external stimulus initiating the execution of the set of processes (the string of pearls). The intermediate data and its processing were required to respond to the Event that produced the stimulus. Once initiated, the set of processes runs its course without further stimulus until a response is returned to the outside world. Because all these processes, and *only* these processes, are triggered, we can see that they make up a highly functional partition in that they perform a “single-minded” overall function from the point of view of the external Customer. This basic concept has evolved (over 20 years) into the contents of this book built around the central theme of the Business Event.

² In 1984 two of my colleagues at Yourdon, Inc., Steve McMenamin and John Palmer, used the term “Event Partitioning” in their book, *Essential Systems Analysis*, for a similar concept.

The Business Event Methodology and Its Players

Before going any further, let me establish a Common Platform of Understanding regarding the term Business Event Methodology. I have heard many discussions/meetings go awry when people use the terms “methods” and “methodology” interchangeably and misuse the word “methodology.”

Webster’s Dictionary defines “methodology” as:

A set or system of methods, principles, and rules for regulating a given discipline.

So a methodology recommends a cohesive set of methods which in turn usually recommend a set of models (See Figure 6-3).

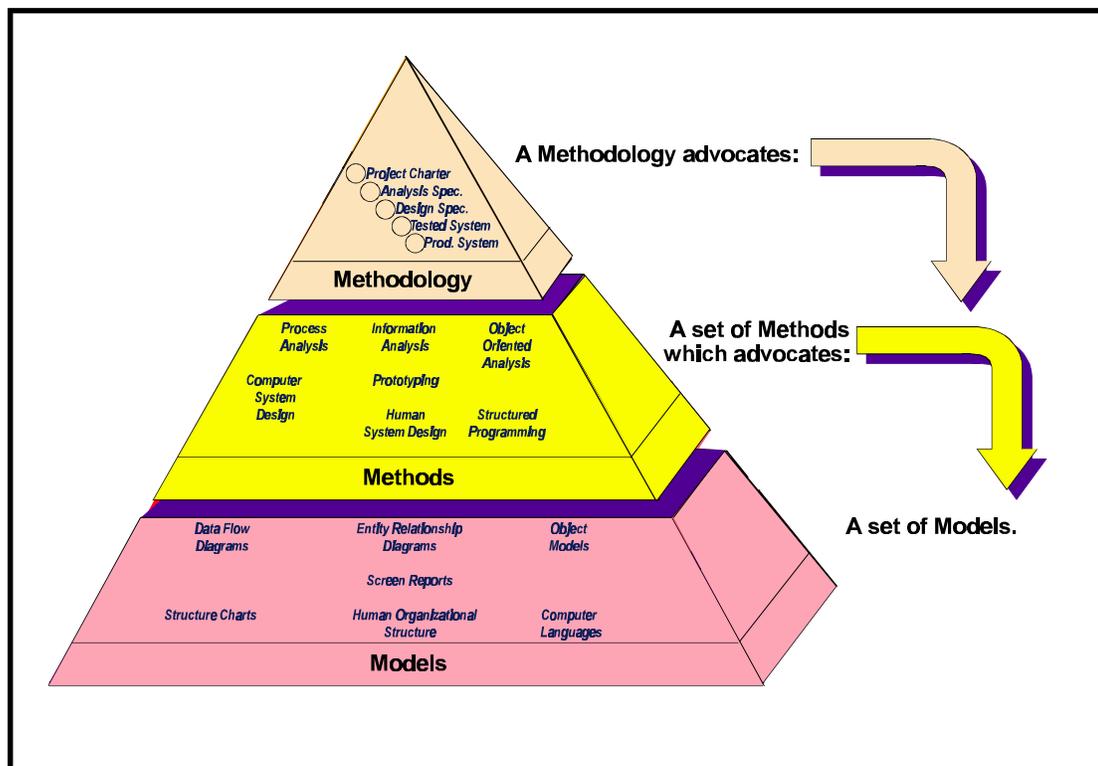


Fig. 6-3: An Example of Methodology, Methods, & Models

At a high level the methods look the same for any project: conduct analysis, design, and implementation, etc. How you perform these methods is different in the Business Event Methodology. The individual methods utilized within the high-level phases are typically selected by each project. Just make sure when creating a Customer Focused Organization that the methods are engineering methods and the intermediate deliverable (the model) from one method flows naturally into the next method.

There are a number of “players” (see Table 6–1) and tasks associated with those players in the Business Event Methodology. Remember, these players could be different people in a development project, or they could be one person wearing different “hats.”

- The customer has the need.
- The Strategic Planner identifies if the organization will respond to the need. The Business Policy Creator interprets the need into the specific set of data and processing the organization will use to respond to the need. (In other words, the organization's decision makers determine the business policy.)
- The Systems Analyst models/ documents this business policy.
- The Systems Designer invents the design to implement this business policy.
- The Systems Builders (Technical Writers and Programmers) implement this business policy.
- And finally, the Production Systems (People, Technology, etc.) accomplish the customers' need through time.

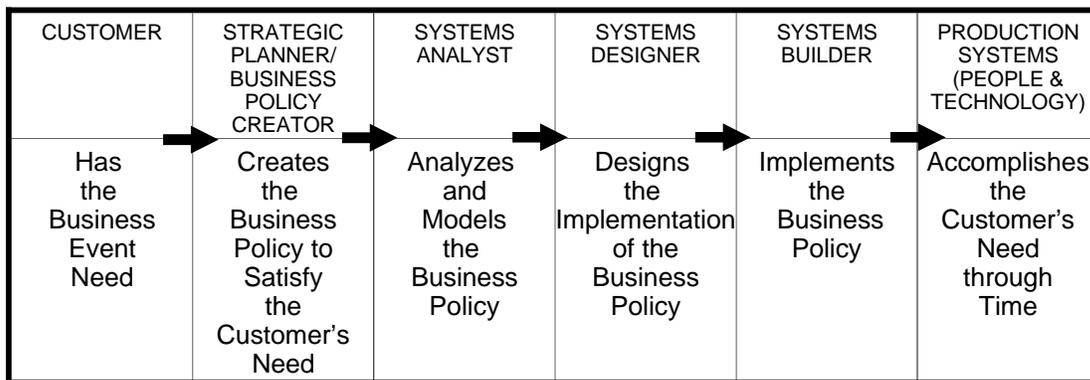


Table 6–1: The Players in the Business Event Methodology

The Types of Organizational Events

OK. You've reached the most important part of the book. I had to state all of that other stuff in the preceding chapters to set the foundation for this part.

In the Business Event Methodology we identify five types of Organizational Events:

- Strategic Events
- System Events
- Business Events
- Regulatory Events
- Dependent Events

Determining the type of Event we are analyzing is important because we want to concentrate on the ones that make up our true business, i.e., form our Business Model.

Some Organizational Events don't belong on the model at all, while another type actually changes the model.

Before defining these types of Organizational Events, I want to make sure you don't confuse an Event with its stimulus and implementation. A phone call, a piece of mail, a fax, or a customer walking up to a counter are all implementation issues. Phones, the mail, a fax, or a personal visit are just the designed means for communicating the customer's need (the Event).

We need to concentrate on who the external Customer is and on what are their Events to which our organization has decided to respond.

Identifying Organizational Events via where They Occur

Where the Event occurs (i.e., originates) often dictates the type of Event:

- Strategic Events typically originate at our organization's high-level management (although the management may have initiated the Strategic Event based on our competition doing something to which we need to respond). The management may also be responding to an outside agency whose laws affect our organization — more on this later. Strategic Events can't be ignored, but they are not the main focus of the Business Event Methodology.
- System Events originate within the organization. They are invented and imposed on the area of business to meet management and design needs. They will always be associated with an implemented system.
- Business Events originate at our true external customers. Business Events are the most important Event to the Customer Focused Engineer.
- Regulatory Events originate at a government or external regulatory agency. They are imposed on the area of business to meet legal operating requirements.
- Dependent Events typically originate at the vendors used by our organization. Dependent Events are the result of "farming out" part of the business in the past.

Organizational Events also have a hierarchy in terms of their of importance to the Business Event Methodology (see Figure 6-4).

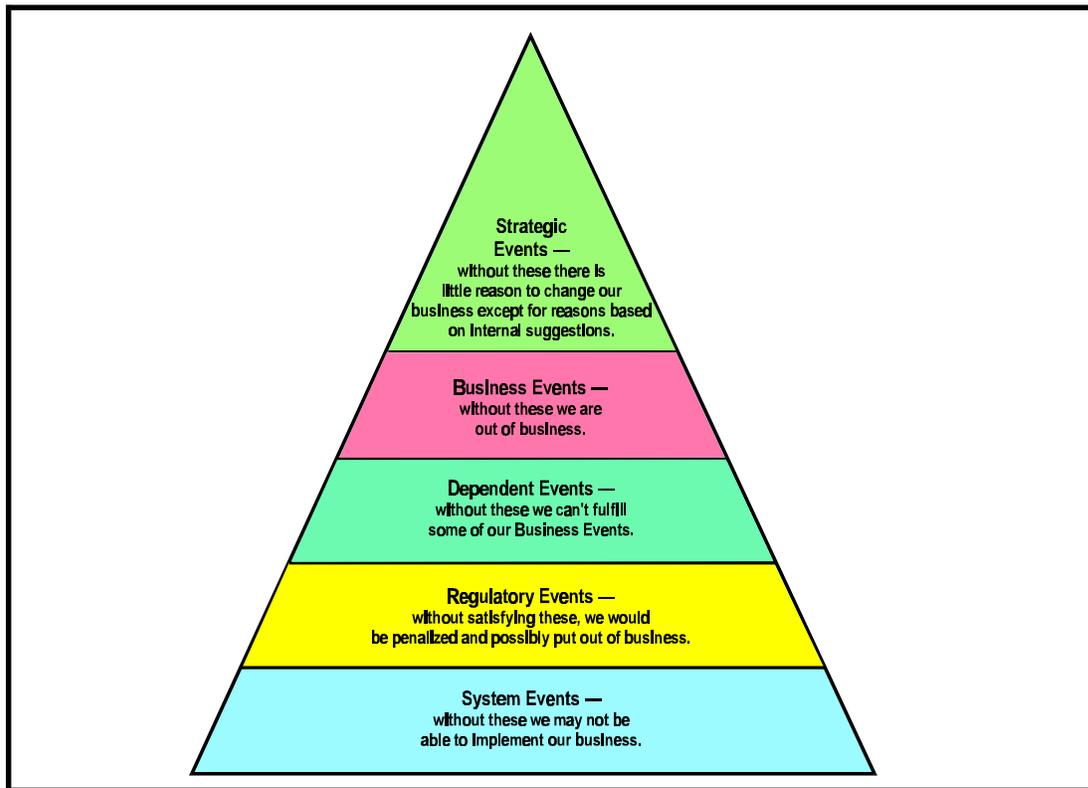


Fig. 6-4: The Hierarchical Importance of Events

Every organization I have studied responds to all these Event types. You may have already guessed that when we create a Customer Focused Organization, we want to focus on the Business Events. They will form the bedrock of our Business Model. However, we have some Event types that get in the way of forming our Business Model and others that we must also include in our Business Model (along with Business Events). Figure 6-5 shows the Customer Focused Engineer's Event filtering and categorizing task.

Notice that this diagram is indicating that we're trying to focus on true Business Events as our organization's mission, but, we have Strategic Events and System Events in the way of our business view. We should filter these out first. We will keep Dependent and Regulatory Events on our Business Model but we should identify and categorize them on our model as such. Even though they appear on the Business Model, they are less important than Business Events because they are not our main focus for "keeping the doors open."

You could create separate models for Dependent Events and Regulatory Events, but I recommend you don't when you're new to this methodology because there will be shared processing and memory between these three types of Organizational Events. Although, it may be a good idea to indicate the different types of Organizational Events that do belong on the Business Model (Business, Dependent, and Regulatory) by using different colors or codes.

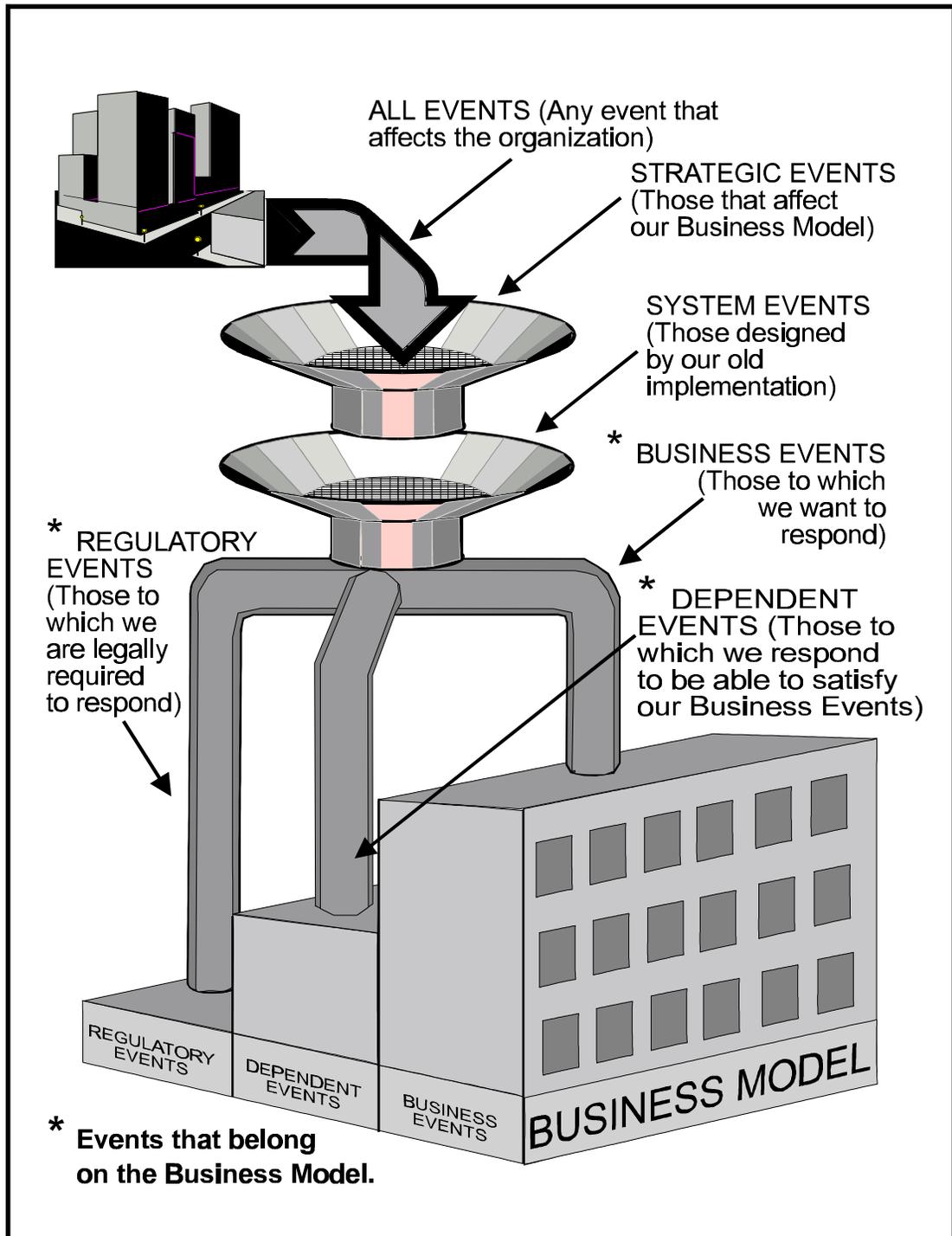


Fig. 6-5: Filtering and Categorizing Events

Summary

The foundation of the Business Event Methodology is its focus on the customer and their Events that stimulate our organization into life. Recognizing the five types of Organizational Events that stimulate all organizations and filtering out the Strategic and System Events is another building block of the methodology. It is only by doing this filtering that we can focus on our true business customers (and their complete needs).

Remember at the beginning of this chapter I said Business Model Events were context driven. I hope you can see after reading this definitions chapter why one organization's Business Events will be another organization's System Events.

For example, in most organizations issues to do with computer systems and humans are System Event-related and we remove them to form a valid Business Model. However, if we are in the business of creating computer hardware or providing temporary staffing then these are not System Events. When organizations contract with my own business, Logical Conclusions, our services are in fact System Event issues to these organizations. However, within the context of my organization, I'm in business to provide training and consulting and therefore, these are my Business Events.

In the next chapter I will define these types of Organizational Events in detail with the understanding that the Business Events are the most important ones to the organization's success. Please note, however, that everything we say with regards to modeling Business Events can be applied to Dependent Events, Regulatory Events, and even Strategic Events.