

The Business Process Transformation Framework

A new approach to delivering your “to be” vision completely, accurately, and efficiently

Rick C. Burris and Robert E. Howard, Oliver Wight Principals

With contribution from Tom Mercer, Value Chain Group Model Architect

The litany of failed Enterprise Resource Planning (ERP) system implementations is long and has ruined the careers of many well-intentioned executives sponsoring these transformational projects justified by great results and improvement expectations. Well-publicized examples include:

- A major operator of dumpsites sues the biggest ERP provider after spending \$100 million – attempt described as “a complete failure.”
- A major candy maker experiences a significant loss in sales and profits directly tied to a poor ERP implementation.
- After seven years and \$500 million implementing their ERP system, a major chemical company abandoned the project.
- After investing hundreds of millions of dollars in an ERP system, a European oil company was forced to shelve the project.
- A secondary drug manufacturer believed their ERP system was the primary reason their company went into bankruptcy.
- A semi-conductor manufacturer was forced to abandon their ERP system after realizing, well into the implementation, the scope of the organizational changes and modifications to their business processes required for success.

In this first of three articles, we will introduce an emerging process improvement technology, the Business Process Transformation Framework (BPTF), which plays a direct role in successful system implementations. We will address a case for a change in process management methodology and describe how this new approach can mitigate the risk of project failure.

There is a strong business case for the need to improve process improvement technology. This business case is largely predicated on the large percentage of failures in transformation projects, such as the implementation of an ERP or supply chain management system, and/or the expense of those where some level of success is achieved. Today’s globally competitive business environment demands that companies deliver value, as perceived by both customers and investors, efficiently and effectively. System installations or upgrades continue to be the tool of choice to drive organizational productivity and service improvement. These transitions must be transparent to customers and economically valuable to investors.

Research continues to show significant problems in these types of projects. The most common problems cited include:

- Project cost and time overruns
- Extraordinary resource commitment, which results in passing up or delaying other improvement opportunities during implementation
- Lack of process understanding and an adequate, up-front process definition to enable a supportive system design
- Process design often begins nobly with a blank piece of paper exercise that is later abandoned due to the project time line and a lack of knowledge regarding a best practice process baseline.

- System configuration details are often left to the integrator's discretion.
- Configuring the business process to accommodate software requirements rather than the reverse

All of these problems lead to implementation failure or, if companies manage to implement the system, the business users refuse to use the system because it is not the way they perform the business process tasks.

The solution lies in replacing the traditional document-based process design methodology with an innovative new approach. The approach is enabled through the **Business Process Transformation Framework (BPTF)** process design methodology. BPTF addresses the pitfalls of many failed business transformations by coupling the advances in modeling-enabled best practice process design with the critical, and often omitted, enablers to success, i.e., organizational education and change management best practices to ensure appropriate system selection and configuration.

BPTF is a design methodology that leverages rules-based ontology (vocabulary and relationships) and an enabling, modeling tool for developing design solutions. These design solutions can be efficiently and effectively adapted, maintained, scaled, validated, and communicated across the business enterprise and, specifically, to a system configuration team.

The Value Chain Group (VCG), a not-for-profit industry group, has pioneered the use of modeling-enabled technology and the BPTF methodology. The BPTF is used to create value chain scenarios, business process flows, and blueprint definitions in a model-based, semantic framework across the enterprise for current and future process redesign projects.

VCG has created an open standard Value Reference Model (VRM). This open standard is a starting point, a framework in which to begin the design of industry- or company- specific, value-creating process solutions called XRMs. Oliver Wight Americas, for example, has developed several XRMs – using the BPTF methodology – that contain their embedded best practices in Integrated Business Planning and Integrated Planning and Control



Figure 1.

BPTF Reference Models

There are many advantages to a reference-model design approach that incorporates pre-defined, dictionary-based process designs, including their inputs and outputs. This methodology makes sense for a company that cannot afford a system implementation failure. A reference model approach provides the following advantages and risk mitigation:

- For the enterprise architect, the reference-model design approach makes possible analysis for standardization and continuous improvement.
- For the business, this approach eliminates “semantic noise” – endless non-value-added discussions to translate process language to systems language – and ensures precise communication throughout the design and configuration work.
- “Pre-defined” means that process modeling is simplified to drag and drop selection, followed by the addition of company-specific parameters when required.
- For enterprise architects, having access to a more specifically-defined company or industry Extensible Reference Model (XRM) (see Figure 1), a model that is more detailed than the Value Reference Model (VRM) accelerates a company’s design activities and enables them to add meaningful building blocks to the dictionary. **Discussing the advantages of a model-based approach over a blank sheet of paper (document-based) approach will describe the difference between building upon knowledge as opposed to creating (most often re-creating) knowledge. With a reference model-driven building block structure, you assemble the blocks into processes and use attributes to accommodate and describe idiosyncrasies** in any given instance of a process. You can then automatically generate a document for easy review and verification.

Starting with a blank sheet of paper makes it very difficult to deconstruct that document into its elements to then collaborate and produce new and improved designs. It is a matter of timing and process. You must have a document, but it should be the end point rather than the starting point.

Rather than documenting process flows as monolithic drawings, the BPTF enables configuration of models which have full representation of information flow associated with a particular process block. The flows are replicated automatically wherever that process block is used. The models also contain integrated linkages to key reference documentation such as policies, role descriptions, and process definitions. By comparison, with a document-based approach, it is much more difficult and cumbersome to reuse process knowledge, standardize on basic building blocks, or provide a permanent repository for continued training, reuse, and repurposing.

Consider also that document-based modeling serves no useful purpose in the systematic execution of any given process. It is not possible to feed a Visio diagram to a Business Process Management System and watch it execute. All the good work produced is held captive in the document. Contrast this with a model-based approach where Extensible Reference Model (XRM) elements are accessible through a Service Oriented Architecture (SOA) information model and are fed into an executable application via web services.

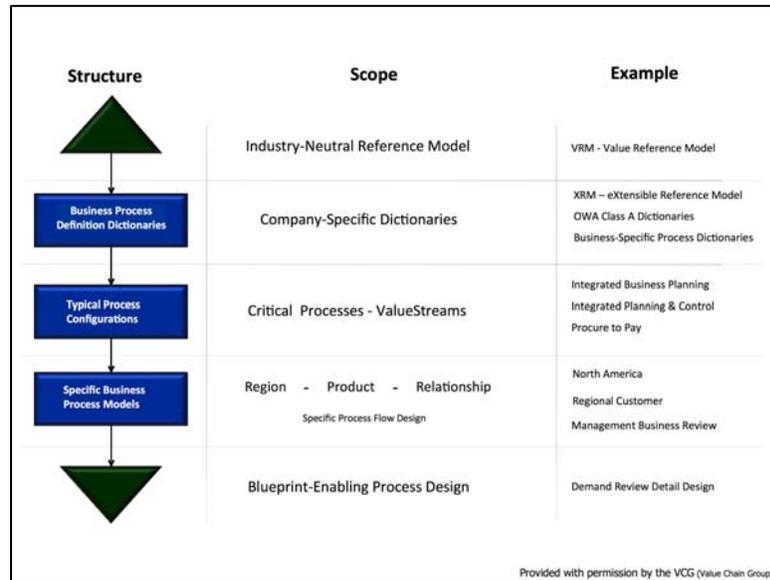


Figure 2.

The VRM Process Hierarchy

Adoption of the Business Process Transformation Framework will result in greatly increasing the odds of a successful business transformation project, while increasing the velocity and lowering the cost of transformation accordingly. It will improve the accuracy and consistency of identifying and incorporating business requirements into new business process designs. And it will translate process requirements into the language of system blueprinters to ensure precise configuration of complex software systems (see Figure 2).

Conclusions

There is a compelling need for improving the process design methodology to improve system implementations or reimplementations. The draconian consequences of a failed or ineffective system project are a key concern of business executives everywhere. On the opportunity side, a Business Process Transformation Framework implementation approach will ensure that predicted benefits of a system project are realized.

The Business Process Transformation Framework addresses many root causes for ERP and other system implementation failures and disappointments. It represents an efficient and effective, holistic process approach, which ensures balance is maintained throughout the design process between the key drivers of business transformation success: People, Process, and Tools. Read any study on the subject, and you will see that failure of people to properly execute the transformational design will be at the top of the list. This approach acknowledges the needs and importance of people in the forefront of the transformation.

In addition, the BPTF provides a perpetual tool and methodology for design maintenance and sustainability as system solutions change to deliver improved performance, reflect new capability, or respond to changing marketplace requirements.

The next Article in this series will further explore this new modeling framework and its application to real business process requirements. We will present a Value Chain scenario developed in ValueScape (an enabling modeling tool) from an XRM dictionary that contains integrated best practices process flows, definitions, practices, metrics, and organizational roles.

Authors

Robert Howard

Robert Howard, an Oliver Wight principal, has extensive experience in manufacturing, supply chain, and project leadership. At Solutia, Bob led a cross-functional team involving IT, operations, and manufacturing to redesign business processes and to support world-class MRP II business performance, utilizing Oliver Wight's "Proven Path" implementation methodology. Bob has recently completed a multi-year engagement with a Fortune 500 company, coaching six diverse businesses in the implementation of Oliver Wight best practice Integrated Business Management principles.

Rick C. Burris

Rick C. Burris, a principal with Oliver Wight Americas, is a proven senior executive in turning around distressed businesses through the real-world use of world class best practices. He has over 30 years of executive, management, and process experience in diverse industries and has a functional background in finance, operations, supply chain management, and senior general management. Rick served a turnaround role as COO for Beauty Group International, and, at Weir Floway, he installed Integrated Business Management processes where the company went from serious losses to better-than-industry profit levels. With Oliver Wight, his client list includes companies such as Boeing, Motor Coach, Motorola, Yarway Valves, and Yerger Brothers Furniture.