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## The VCG and the SCC

BPTrends has continually advocated that companies explore the use of business process frameworks. The best example we know of is SCOR, the Supply Chain Council's framework for the Supply Chain. SCOR defines a methodology, strategies, high-level processes, performance measures, and best practices. Using SCOR a team can characterize a supply chain in days and determine where there are opportunities for improvement, and identify best practices that will likely lead to significant improvements.

SCOR is being used in hundreds of companies throughout the world, mostly by supply chain managers who seek to improve their own processes and by managers who seek to build multi-company supply chains based on open definitions of supply chain processes and standard measures. SCOR is an established and powerful approach for those who are concerned with supply chains.

What's missing is a more extensive value chain framework that would allow a process team to analyze not only the Supply Chain, but the new Product Design Chain, the Marketing/Sales Chain and, perhaps, some of the key support processes.

The effort to explore use of Process Reference Models that extend beyond the scope of the Supply Chain began with the formation of a research agenda with the SCC Research Strategy Committee. The Supply Chain Council effort was stimulated by Hewlett Packard when they donated intellectual property they had developed for a Design Chain and a Customer Chain to the Supply Chain Council. The SCC is working to extend the Design Chain Reference Model and presumably will do the same with the Customer Chain Reference Model. In essence, the SCC is extending SCOR by incrementally developing additional OR frameworks, one at a time. For more information about the SCC and the work they are doing with Process Reference models go to [www.supply-chain.org](http://www.supply-chain.org).

During the same period, an independent group called the Value-



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Chain Group (VCG), was formed and is working on an independent Value-Chain Operations Reference model (VCOR). Unlike the SCC approach, the VCG decided to create an entire value chain Operations Reference model. The VCOR model provides a complete, internally consistent framework for modeling a complete value chain. The first draft of the VCOR model is complete and the VCG has scheduled conference presentations and workshops for this fall. VCOR has comparable depth to SCOR and, like SCOR, includes a methodology, templates, measures, and best practices. Obviously, since the group that created VCOR is small and the framework is new, VCOR doesn't have the validated detail or the broad user base that SCOR has, but it will presumably acquire it as other companies learn about VCOR and join in the effort. More information on the VCG and the VCOR model is available at [www.value-chain.org](http://www.value-chain.org).

Both of these efforts are encouraging and BPTrends supports both initiatives. Obviously a large organization like the SCC (with 700 members) which, until recently, was entirely focused on supply chain issues, will take time to transition to a broader approach. The SCC has the financial strength and membership to sustain a major effort if it makes the commitment. On the other hand, a small group like the VCG can move quickly to create a new model, unencumbered by a multi-year history and a constituency historically focused on the supply chain. VCG, however, will need to work hard to build a constituency and establish their effort as a truly generic and broadly accepted approach.

To date, as far as we can tell, the two groups promoting the two approaches have stimulated each other and the competition seems likely to speed a workable value chain framework to market, which will benefit everyone. Hopefully, as time passes and each effort matures, there will be some effort to combine the best in both approaches. Even if this doesn't happen, process analysts will certainly benefit from having two approaches to choose between. In all likelihood, the two approaches will offer different benefits for different constituencies and projects. It's easy to imagine that companies already committed to SCOR might find the SCC approach more congenial, while organizations starting from scratch will find a consistent, complete value chain framework more useful.

We are pleased to notice that both groups are making rapid progress and we will continue to report on their successes. We have scheduled a workshop at DCI in November where representatives of both approaches will explain how their frameworks can be used most successfully. Meantime, we urge

business process groups and BPM practitioners to join one or both of the groups and learn more about this powerful approach to analyzing and managing processes at the enterprise level.

'Til next time,

Paul Harmon

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