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Operations Reference Frameworks

There's no widely accepted, generic term to describe how companies are using Business Process Frameworks to simplify the development and modification of major business processes. BPTrends has frequently referred to this approach as "Second Generation Business Process Redesign." Most commentators simply point to the best example of the approach, the Supply Chain Council's SCOR (Supply Chain Operations Reference) Model. The second best known example is the TeleManagement Forum's eTOM (e-business Telecom Operations Model). Hence, some have taken to describing the approach as one that uses Operations Reference (OR) Models or Frameworks.

However you describe it, the approach depends on the existence of a generic description of a set of business processes. In the case of SCOR, the OR Framework consists of a description of a generic supply chain process. In the case of eTOM, the Framework consists of a general description of all high-level telecom processes. The emphasis is on high-level processes. In the case of SCOR, three levels are described. Analysis below level three is left to individual companies. The goal is to quickly characterize the high-level elements of a process. Once a high-level description is in place, an organization can use the process measures and benchmarks that come with the Framework to determine how its supply chain processes are performing. That, in turn, allows a company to quickly determine which specific sub-processes require improvement. In practical terms, Second Generation Business Process Redesign significantly accelerates the redesign process. Frameworks allow BP practitioners to characterize, in days, processes that normally take weeks to analyze. Equally important, Second Generation techniques provide all practitioners with a common vocabulary so that teams from different divisions or different companies can work together efficiently on large scale projects. Likewise, OR Frameworks enable the linking together of such diverse initiatives as ISO9000, Sarbanes-Oxley, Balanced Scorecard and Six Sigma. Finally, the measures provided by OR Frameworks assure that processes can be aligned with corporate strategies and goals.

A leading spokesperson for the OR Frameworks approach is Joe Francis, former board chair of the Supply Chain Council and head of BPM at Hewlett-Packard. Joe has been a tireless advocate for OR Frameworks, promoting the value of OR Frameworks and explaining the benefits of Second Generation approaches. Joe's message is underscored by the significant successes he has achieved at HP using OR Frameworks. Following the Compaq-HP

merger, where SCOR was used to quickly model and evaluate Compaq and HP processes, Joe worked within HP to extend the SCOR model to other business process domains. HP has developed high-level models for new product development (DCOR), for marketing and sales (CCOR) and for various support processes, and has released the models to the Supply Chain Council as the basis for extending SCOR to other process domains.

There are other associations, companies and collaborative groups developing OR Frameworks, some of which are working on specific core processes and some of which are working on enterprise value chain models - an integrated set of high level processes that include all the core processes within the enterprise.

All of these initiatives are in the early stages of development. It takes time and collaboration to create new standards. The Supply Chain Council is an international organization with some 700 corporate members and there are over 2000 participating companies working with SCOR. The SCC members are primarily senior supply chain executives and they worked some 5 years to bring SCOR to its current state. If similar standards are to be developed and accepted in other process areas within the enterprise, and if these are to be integrated into a single enterprise value chain Operations Reference Model, similar groups of senior executives representing each of the core processes within the enterprise are going to have to sit down, discuss, and agree on an appropriate way of characterizing high level design, sales, marketing and enabling processes.

BPTrends believes that OR Frameworks and a value chain OR model are powerful tools for accelerating the development of business process change initiatives. We believe that SCOR has significantly advanced business process work in the supply chain area, and that the creation of similar Frameworks for other core processes in the enterprise will be equally beneficial. We look forward to having a high level description of the entire value chain, providing common measures and standards for many kinds of enterprise software applications. The challenge now is to create organizational infrastructures to bring practitioners together to contribute, collaborate and to integrate the core processes in the enterprise.

To help readers understand OR Frameworks or Second Generation BP Redesign, BPTrends has published a variety of articles on OR frameworks.

In January of 2003 BPTrends published a White Paper, *An Introduction to the Supply Chain Council's SCOR Methodology*, which provides a step-by-step overview of the SCOR methodology. (Link)

In May of 2003, Paul Harmon wrote a BPTrends Newsletter in

which he describes the Second Generation Business Process Methodologies he was aware of at the time. ([Link](#))

BPTrends Columnist, Joe Francis, has written several BPTrends Columns in which he discusses how SCOR has been used effectively within HP. For example, you might want to check his December 2003 Column, *Managing BP: Bootstrapping* ([Link](#)), and his November 2004 Column, *Managing BP: If I Had a Hammer*. ([Link](#))

We have also reviewed books that describe the SCOR methodology. In July of 2003, we considered Peter Bolstorff's book, *Supply Chain Excellence* which also provides a detailed overview of how one can use SCOR to improve a company's supply chain processes. ([Link](#))

We've also published Case Studies on SCOR successes. A good example is the Case Study on Intel's Real-Time Decision Support Supply Chain System published in April of 2003. ([Link](#))

Several process modeling tools support SCOR making it possible to use the SCOR notation and access SCOR measures from the tool's database. A good example is provided by the ProVision White Paper that describes how Proforma's ProVision supports SCOR. ([Link](#))

In addition, we have published articles that describe efforts to link SCOR with Six Sigma and Lean, in effect providing Six Sigma practitioners with a high level method they can use to zero in on problem processes. A good example of this trend is provided by an article written by Dan Swartwood, a senior consultant at PRAGMATEK. ([Link](#))

While SCOR is the best known OR Framework, there are others. In October of this year, for example, Celia Wolf looked at ITIL, a Process Framework that is emerging as the de facto standard for IT Service Management. ([Link](#)) Similarly, in April of 2003, Paul Harmon wrote an Advisor on the TeleManagement Forum's eTOM Framework ([Link](#)), and in April of 2004 we published a White Paper by the TeleManagement Forum describing how the eTOM Framework is being extended to support an IT architecture, NGOSS, and how that, in turn, is being aligned with the OMG's MDA. ([Link](#)) Later, in November of 2003 we posted a Press Release reporting that Popkin had extended its System Architect to support the eTOM framework. ([Link](#))

We will continue to monitor the market and report as new OR Framework initiatives emerge and gain market acceptance.

'Til next time,

Paul Harmon