

Business Rules Solutions Ronald Ross

Five Reasons to Model Your Company's Value Chain

One of the select few techniques explicitly prescribed by the Business Agility Manifesto¹ is value chain models. The Manifesto defines a value chain as follows:

value chain: the business knowledge and work needed to deliver products or services to a market organized according to their natural dependencies

Why does the Manifesto consider value chains so important?

Most of us are well aware of the problem of organizational silos and non-integrated applications and channels. The question is how can we plan to eliminate them?

The notion of a value chain is to take a 10,000-foot view of the business based on how value is created incrementally toward final delivery of products to end-customers. In other words, a value chain model looks holistically at the value-adding capabilities of an organization end-to-end, irrespective of organization lines of responsibility or existing functional activities.

The Manifesto makes several crucial points about value chains:

- *The role of each stakeholder in a value chain must serve the best interests of the entire value chain, including accommodating constraints of other stakeholders.*
- *Measurements, targets and incentives for stakeholder roles should be aligned to the value chain outcomes that best serve customers.*

The latter point is part of the Manifesto's take on the all-important issue of customer centricity.

As a unified, business-oriented tool for eventual planning of application development, a value chain model provides the following:

- A basis to explore, analyze and explain opportunities for integration.
- A framework to challenge priorities and to rationalize project scope.

In other words, value chain models provide a means to bring sanity to what often seems like a chaotic and irrational world of application development.

Value chains are also essential to understanding and motivating business knowledge as a shared company asset. Unless you can justify how business vocabulary and

¹ The Business Agility Manifesto: *Building for Change*, by Roger T. Burlton, Ronald G. Ross and John A. Zachman, 2017 <https://busagilitymanifesto.org/>

business rules are inherently cross-functional, I'm afraid we're doomed to a world of silos, both organizational and semantic.

Why should you model your organization's value chain? In summary, here are five great reasons.

1. It provides the best basis to explore, analyze and explain large-scale opportunities for integration.
2. It provides a framework to challenge priorities and to rationalize project scope.
3. It lets you plan your escape from organizational silos and non-integrated applications and channels.
4. It's essential to understanding and motivating business knowledge as a shared company asset.
5. It helps show why business vocabulary and business rules are inherently cross-functional.

Author



Ronald G. Ross is Co-Founder and Principal of Business Rule Solutions, LLC (www.BRSolutions.com). BRS provides workshops, consulting services, publications, and methodology supporting business analysis, business rules, business vocabulary, and rule management. His popular public seminars on business rules and business analysis, the first on business rules (starting in 1996) and the longest-running in the industry, are given through AttainingEdge (www.AttainingEdge.com). At BRS, Mr. Ross co-develops Proteus®, its landmark business analysis and business rules methodology, which features numerous innovative techniques including the popular RuleSpeak® (available free through www.BRCommunity.com). These are the latest offerings in a 30-year career that has consistently featured creative, business-driven solutions. Mr. Ross also serves as Executive Editor of www.BRCommunity.com and its flagship on-line publication, *Business Rules Journal*. He is a regular columnist for the *Journal's Commentary* section which also features John Zachman, Chris Date, Terry Halpin, and Roger Burlton. *BRCommunity.com*, hosted and sponsored by BRS, is a vertical community for professionals working with business rules and related areas. Mr. Ross was formerly Editor of the *Data Base Newsletter* from 1977 to 1998. Mr. Ross is recognized internationally as the "father of business rules." He has served as Co-Chair of the annual Business Rules Forum Conference since 1997. He was a charter member of the Business Rules Group (BRG) in the 1980s, and an editor of the two landmark BRG papers, "The Business Motivation Model: *Business Governance in a Volatile World*" (2000, revised 2005) and the "Business Rules Manifesto" (2003). He is also active in OMG standards development for business rules and business models. Mr. Ross is the author of eight professional books. His newest are: *Business Rule Concepts* (2005), a second edition of his popular, easy-to-read 1998 handbook, and *Principles of the Business Rule Approach*, Addison-Wesley (2003), featuring the business rationale and opportunity for business rules. An earlier work, *The Business Rule Book* (1994, 1997), was the seminal work in the field. Mr. Ross received his M.S. in information science from Illinois Institute of Technology, and his B.A. from