Business Rules Solutions Ronald Ross

Who (or What!) Makes Your Operational Business Decisions?

Operational business decisions happen every minute of every day in your organization. You'd like to think that business managers can truly manage them. You'd also like to think that the results of those decisions are comprehensively correct, consistent, traceable, and repeatable (high quality). But *are* they? Based on real-life evidence I strongly suspect they often are not.

Let's be clear what kind of decision I mean. Say "decision" and many business people immediately think *strategic* decision (e.g., whether to enter some new market), or *tactical* decision (e.g., which supplier to use for a year-long special project). Those are not the kinds of decisions I'm not talking about. I'm not talking about *project* decisions either.

When IT professionals talk about "decisions" they often mean branch points within the deep systemic logic executed by machines – classic decision points in *data* processing. I don't mean that either.

Instead, I mean decisions in the day-to-day, minute-to-minute bread-and-butter operations of the business. Some examples of such *operational* business decisions:
- Whether to give a mortgage to a given applicant.
- What discounts a premium customer will receive on a purchase.
- Which customer gets preference if some product or resource is in short supply.

Your business makes these kinds of decisions in its business processes hundreds or thousands of times a day – or hour, or minute. These are the kinds of decisions that regulators, auditors, and compliance officers care about. The kind your business partners deem important because they are directly impacted.

Are the decisions high quality? At a major insurance company a thoroughly competent, highly experienced business system analyst recently told us: *"When we looked hard at business rules currently implemented in existing systems, we found at least 30% were flatly wrong."* After a moment's reflection he added, *"That's a very conservative estimate; the actual figure was probably much higher."*

The organization was just beginning to recognize the magnitude of the problem. And whose problem is it? The analyst said, *"IT told us they couldn't solve the problem because it was a business issue not a software issue. And they were absolutely right about that."*

We might have thought this case an outlier if we hadn't heard similar estimates from credible sources in many other companies. And we've found the same ourselves.

Not long ago we were asked to conduct an audit of implemented business rules in one area of business for a major North American bank. The results frankly astounded us. We double- and triple-checked. No error.

To conduct the audit first we harvested 518 business rules from the relevant Policies and Procedures Manual, the printed (and on-line) reference source for loan officers, and expressed them in *RuleSpeak*. How many business rules were implemented correctly in their automated system? We found zero – *zero!* – fully aligned. Some 447 were actually not implemented *at all*; the remainder just partially aligned.

You wouldn't think it possible but it gets even worse. We found 261 business rules implemented in their system that did not appear anywhere in the Manual. What sort of way of doing business is that?! Who (or *what!*) is making the decisions?!

To put things in proper context it helps to appreciate the costs associated with maintaining legacy systems not built on business rules. In a recent visit to a very large health care organization, a high-level manager cited the following statistics. They're staggering. He reported it takes their organization:

- 24 person-years per year to maintain a 30-year old monolithic COBOL legacy system.
- 400 person-days over a 4-month period to make changes to business rules of 'moderate' complexity.

The manager admitted sadly, "Truth be told, we work for our legacy systems, not the business."

Beyond these frightening costs the manager also described how a subtle stagnation had crept into the staff's very way of thinking about their business. *"Our business leads are so familiar with the limitations of our legacy systems, they don't even consider business innovations they know from experience to be difficult for the system to handle. Sometimes I wonder if they can even think through innovation effectively anymore."*

With variations it's a story we hear time and time again. The need for innovation is ever more immediate, but the reality of achieving it ever so distant. Who (or *what*) is making the decisions is in *your* organization?!

At BRS, we have dedicated ourselves to pioneering innovative techniques for achieving order-of-magnitude improvements in how businesses literally operate themselves. We offer no silver bullets. It's heavy lifting to put an organization onto a different track with respect to their core knowledge practices.

Is it worth it? *Absolutely.* When we see control over decisions coming back where they belong – into the hands of business managers – the results are always extremely rewarding.
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Ron Ross

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 Rice University.

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