Praxeme Institute

Component

SLB-10 « Executive Overview »

Praxeme: an enterprise methodology

Objective This executive overview is destined for decision makers. It demonstrates the contribution that the Praxeme open method can make to business management.

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Summary

The coexistence of such varied areas of expertise within the organization, nourishes the complexity that decision makers find themselves confronted with, day after day. This complexity leads to wasted energy. It also makes action difficult and innovation improbable.

In order to reinstate an organization's clarity and to put its resources into working order, a common framework is needed, where each individual's actual responsibility is indicated. This framework is both a communication and an organizational tool: it forms the transformation chain that all business areas of an organization are linked to. Such a framework must not be limited to within the organization, but must reach out to the enterprise network: partners, contractors, suppliers...

Praxeme is an enterprise methodology which provides such a framework, as well as several methods to think about the enterprise, its organization and its information systems. It is an open method, developed with the support of several contributors, both public and private, in a spirit of openness and mutualization.

Enterprises suffer from increasing complexity

Four concrete examples:

- A retailer loses out on online sales due to minor issues with its web site. Consumers, quickly put off, switch to an easier-to-use, better designed rival site. They are unlikely to ever revisit the first site.
- Front line staff in one organization create a poor first impression, as they rely entirely on an IT system that they do not know how to use properly. Time is wasted for both the organization and the client; it is a frustrating customer experience for the client.
- In the defense sector, as well as in industry, innovation is vital. However, project opportunities for innovation are lost, as project managers, more or less consciously, impose limitations on themselves. Imagination is inhibited. Who notices? How can the company director pick up on this failure? How can executive backing be given to the good idea that may just, one day, save the enterprise?
- In the insurance sector, general management is concerned by the loss of knowledge about the business fundamentals. This knowledge was collected fifteen to twenty years ago, and stored in the IT systems. As a consequence, productivity increased but to the detriment of workers' knowledge. In fact, workers rely heavily on the system and become – albeit caricaturally – “users” of the system, rather than actors, mastering all that they do. The business experts of the time are now retiring from the workplace. However, their knowledge and know-how have not been captured in a proper way. The long-term risk is huge; and in the short term, this situation is slowing down new product launches.

Such problems can be explained, in part, by the fact that every business requires a combination of different areas of expertise, from populations with different working cultures. The enterprise is a universe where varied representations cohabit, difficult to reconcile. Each area of expertise is legitimate and individual knowledge has its part to play in the success of the whole. A manager's role is to harmonize individual contributions and to summarize different viewpoints, while not giving weight to any one particular logic. It is a work of titanic proportion, where the assumption is made that it *is* possible to find one's way in the labyrinth of group knowledge and to break down the citadels of specialization. Faced with the Gordian knot of complexity, today's manager cannot be content with a stroke of Alexander's sword: that would be to ignore the reality and show a total disregard for the different business areas that make up an organization.

Today's enterprise suffers from increasing complexity as it can only function and grow if it leverages its multiple areas of expertise; areas which are, by nature, difficult to harmonize.

Action is hampered

Obviously, action requires quick decisions. How can you take a quick decision without oversimplifying the reality? Once a course of action has been decided upon, how can all the developments and consequences be followed up?

For example, a strategic objective is broken down into operational objectives, which, in turn, justify investments or modifications to the organization etc. An adjustment to the organization has an impact on the processes which are described in the activity models. Part of these processes are automated or tooled by IT solutions, which require the elaboration of several, increasingly-technical models. Finally, the change results in the deployment to fellow workers. A chain like this involves hundreds of actors, spread across several populations. The coherence of the transformation and the unity of the inspiration are constantly at risk of being lost. The objective is reformulated a hundred times: its alteration inevitable, as it passes through the filter of the specialized vocabularies.

Yet, this scenario is the simplest one: an action decided "top-down". Of greater consequence is the question of innovation that can only come from the grass-root level! In order to maintain an organization's competitiveness, the manager has the responsibility of *managing innovation*. There is a real paradox in this expression. How can innovation be managed when it is always spontaneous, wild and rebellious? Innovation calls for dissident thinking, making its management an uncomfortable one. It is in contradiction with the routine scheduling of procedures and dashboards.

Action is hampered by complexity. The transformation of the organization, improvements and innovation constitute exhausting challenges. In some cases, they are simply impossible.

The need for a common framework

The first step towards remedying this situation is to lay down a rigorous framework, which locates the different contributions. This framework makes an inventory of the different questions to ask and sorts them, in order to understand the "enterprise system", the decisions to be taken and the responsibilities to be established. It is a bit like a library, storing the information in an impeccable filing system. More than a library though, this statement of principle shows how decisions and information are interlinked, according to type.

We cannot be satisfied with partial answers, resulting from specialized discussions. That is not to say that these contributions are not of interest. On the contrary, in order to make the best use of them, we think that they should be located within a comprehensive activity chain.

When the strategist formulates an objective, when the organizer adjusts a process or when the manager evaluates a projected ROI, the information they provide finds a specific place in the framework. From there, the information is linked to other information and decisions in a rigorous chain, which will enable the enterprise to measure the impact and ensure follow-up.

Having a common framework allows us to come back to those business areas that participate in the transformation of the organization and which support its business. It is a starting point to clarify responsibilities and to link the areas of expertise. In particular, the relationship between the business domain and IT is taking a new turn. Reference to a common framework reviews positions and clears up confusion: it enables us to go from a situation where everyone talks about everything to one where everyone sticks to his own specific area, with individual roles recognized.

This phenomenon appeared in a very blunt way with the creation of IT solutions (see some of our examples from the introduction). The IT worker, all too often, represents the business area: indeed, he needs to in order to work on his product. However, if he puts himself in the place of a business user, his own culture will color his thought process; the business representation will be biased towards his own preoccupations. This drift, all-too-frequent, helps explain many of the problems encountered with IT systems, as well as with the business and its processes. Confusion between roles can have disastrous effects. In order to clear up any confusion, the manager refers all concerned to the large chart, which details individual areas of intervention and interactions with neighboring zones.

To act efficiently, faced with such complexity, the decision maker must turn to a common framework which links the areas of expertise.

An enterprise methodology

The enterprise system topology gives the methodology its principal theoretical grounding. The topology identifies and links eight "aspects": eight different angles through which to view the enterprise, in its entirety.

More often than not, the enterprise is known for how it does business: its actors, its organization, its processes... This "pragmatic" aspect covers working habits, organizational rules, suppositions about management style and control etc. While it is indispensable to understanding or improving the working of the enterprise, it is not the most fundamental aspect. For those organizations looking to open up their system to others, in the context of alliances, mergers-acquisitions, or to cover the logistics chain, the business fundamentals need to be extracted and local variants removed. The "semantic" aspect assembles these fundamentals. The semantic model covers essential knowledge. It does not cover organizational contingencies and is, therefore, universal by vocation. An information system which isolates these fundamentals will be easier to open and join with other systems.

The semantic model responds to the question "What" (what are the objects and concepts handled in the enterprise?) The pragmatic model clarifies the "Who" (who does what?). The question "Where" (where are the actors and activities localized?) is strategically important. It is dealt with by the "geographic" aspect.

Under these first three aspects, the enterprise is visible to all actors: management, business operations, clients, partners. The following question is that of "How". It introduces the means (logistics) and the tooling and automation possibilities. In particular, the design of the IT system will have to adhere to previous representations, as much as possible. The infrastructure component intervenes here ("hardware" and "technical" aspects) along with the software. The projection of the software components on the hardware architecture results in the "physical" architecture, which ends the activity chain. In order to establish a real dialogue between the "business" and IT, we have to be able to talk about the system using non-technical, non-specialized terms. This is the role of the "logical" aspect, which inserts itself in the chain as an intermediary. It integrates metaphors from the urbanization of information systems and service-oriented architecture (SOA).

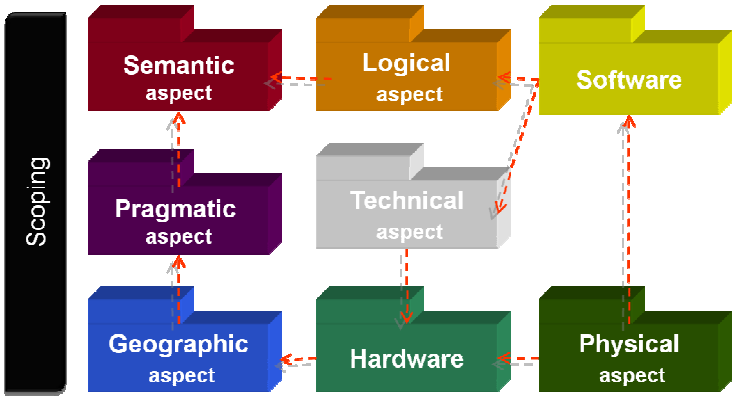

Figure 1. The Enterprise System Topology

The generalized application of Praxeme is progressively changing the aspect of the software system. In the center, a core designed on the semantic model, gives the system its stability and robustness. This is where the most reusable services are. On the periphery, other kinds of services derive from the pragmatic model, enabling the system to adapt to the different organizational contexts. The agility of the system lies in the combination of its stability and its adaptability.

The Enterprise System Topology covers all aspects of the enterprise and enables the different areas of expertise to be linked. It provides the common framework, into which the different procedures are slotted, from strategy to deployment.

The initiative for an open method

This methodology, to be effective, must be widely shared. The first quality that we expect from a method is to be recognized by a vast community. This is a very pragmatic requirement: the method only becomes one of reference when the majority of actors identify with it and interiorize its guiding principles. Resorting to "proprietary" or "in-house" methods impose appropriation costs for external actors: partners, consultants, new associates... Additional costs are also incurred inside the organization itself, due to the need to translate signs coming from external sources.

The most radical way to respond to this requirement for sharing is to target an open method. This simple idea presided over the launch of the open method initiative, in 2004. Several enterprises and organizations have contributed to the open fund: SAGEM (Defense arm) which needed a method to design drone systems, the SMABTP (mutual insurance company) for the overhaul of its information system in SOA, the French National Family Funding Office, which was looking for a meta model for its IT repository, the army for its development process... Numerous other actors have joined the movement: small and large consultancy firms, vendors and large organizations (e.g.AXA).

The economic model is founded on two principles: the mutualization of investments and openness. Praxeme is an "open-source" method.

Conclusion

There have been numerous signals that the marketplace is waiting for a serious, open methodology to help it face up to today's economic challenges. By taking an interest in the product – the enterprise itself –and by developing precise modeling and design methods, Praxeme completes the industry standards (BPMN, UML, MDA, CMMI, ITIL, TOGAF, UP...). This enterprise methodology concerns all the actors in an organization and has been developed with networks and federations of enterprises in mind.

The contributions have enabled us to build an open fund, with a wealth of methodological guides and training material available. Now is the time to look at spreading the word about the Praxeme methodology, via universities and engineering schools among others.

For more information: http://www.praxeme.org

To become a member of the Praxeme Institute association: registration form available for download.

To be kept informed of key events: http://groups.google.com/group/Praxeme-Annonces