The Six Fallacies of Business Process Improvement

Objective Praxeme is an open method that deals with all the aspects of the enterprise. Therefore, it encompasses the description and design of organizations and processes. This paper sums up Praxeme innovating philosophy in matter of business processes.

Content

- Six erroneous believes concerning process design
- A new approach
- Best practices

Author Dominique VAUQUIER

Translation from French: Jean-Jacques DUBRAY

English review: Nigel STRANG

Version 1.1, le 21 July 2009

The concept of business processes is at the meeting point of several current trends: BPR, ISO 9000 certification, large package implementation (CRM, SCM…), technologies (BPM, SOA, EAI, B2B…), operational organization ("horizontal organization", "extended enterprise"…). Today many companies are starting projects to map their processes with the goal of improving them. The value of these initiatives is generally perceived to be very high and they are expected to significantly increase an enterprise's competitivity. Far fewer benefits than expected are, however, actually measured in practice.

The poor results of these initiatives can be linked to six erroneous beliefs in the field of business process improvement.

1. "Existing business process boundaries are appropriate"
2. "New processes should mimic existing practices"
3. "Local activity analyses, limited to the point of view of a line of business or even a limited set of roles, are sufficient"
4. "Business process re-design should be aligned with existing lines of business"
5. "The formal constraints imposed by process modeling are necessary"
6. "Real-world business processes are linear with few exceptions"

In this paper, we show that these assumptions limit the potential of the process approach to innovate.

In the Real-World Existing Business Process Boundaries are not Appropriate

The first steps of in large business process improvement initiatives decompose activities and assign roles. This domain decomposition determines the future structure of the projects and programs that make up the initiative. Practitioners regularly choose to identify processes and then assign them to working groups. This might seem to have limited consequences but it is a major cause of the failure and the lack of benefits of initiatives.

Typically this approach concentrates on intra-functional processes. The working groups end up collecting information from homogeneous groups of people: accountants work with accountants, sales with sales etc. This intra-functional approach is not worthless; however, it does draw attention away from the critical processes of the enterprise. It does simplify projects but as a consequence, it thwarts, from the outset, the main reason for the specification business processes that is: the definition of the coordination of the different activities that are required to achieve the strategic goals and create competitive differentiators of the enterprise.

A business process improvement initiative can only be succeed if it initially addresses the inter-functional processes. Surprisingly there are often there are very few of these processes (about 3 to 4) and they are closed related to the high level goals of the enterprise.

In the Real-World Business Process Improvements Rarely Mimic Existing Practices

Often business process re-design fails to innovate because it does not distance itself sufficiently from existing practices. Of course, it identifies simplifications, and eliminates redundancies, but improvements will remain marginal. Here is the reason why:

- The initial error in the first step described above significantly circumscribes and so limits and reduces the scope of our analysis
- We only think in terms of the existing organization, without introducing any other significant changes
- The predominant approach is to interview people holding the existing roles in the place of pure design activities. Expecting that the people holding existing roles will provide innovative propositions is illusory.

In the Real-World We Have to Think Out-of-the-Box

Another tendency is to look at business processes from the perspective of a single industry, a certain type of actor or, even worse, with the assumption that the enterprise is a self-contained world. The first mistake we made also amplifies this tendency. Strategic thinking –in its full meaning - must precede process re-design by fixing the direction and providing the initial impetus.

In the Real-World a Functional Approach is too Restrictive

Analysts often adopt an approach that is shaped by their culture and training. The culture is often "functionalist" which leads them to decompose processes and systems in terms of functions. Activities (a process is a macro-activity) are decomposed hierarchically. Over decades of use this approach has revealed its limits engendering high levels of redundancy, structural rigidity and the definition of strictly linear processes.

In the Real-World Formal Modeling Constraints Rarely Apply

In classical approaches, processes representation methods impose a fixed number of decomposition levels. This structure is arbitrarily imposed without providing any benefit other than reassuring and guiding modelers. The imposed structure does not correspond to the real-world.

Figure 1 represents a common perception of business process modeling. We could, of course, always, associate these levels and structures with semantics that would allow us to isolate them. However, such a model would be arbitrary, distorts reality and distorts communication with users.

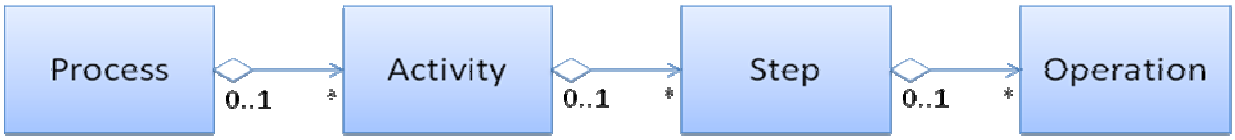

Figure 1. Traditional Business Process Decomposition

Formal constraints are a burden since they oblige the modeler place all identified activities in a category. If later on the activity needs further decomposition or on the contrary, aggregation the initial category is no longer appropriate and it must be place in another category.

In the Real-World Processes are not Linear

Modelers tend to ignore the variations that occur in the real world. Process models lack the ability to represent these variations appropriately. Furthermore hierarchical decomposition reinforces this idealistic view as it is

particularly adapted to the description of linear processes. This results in the development of rigid processes that the real-world must conform to.

Is there another approach? Is there a way to design processes that avoids falling into these traps?

A New Approach

The first difference in the approach is to give less initial importance to "actions". If the first step were not the decomposition of activities, then what would we start by working on? The reply is simply business entities, in other words objects. This is the fundamental difference in the approach. In the coming paragraphs, we detail the method.

The design of business processes should follow four steps:

1. Identify the business entity(ies) which is(are) at the core of the business process
2. Establish the lifecycle of this (these) business entity(ies): specify the valid states of the business entity and the authorized transitions between these states.
3. Infer the activities: they emerge as the events that provoke the transitions from one state to another
4. Assign the activities to different actors

This approach is the opposite of the traditional, activity-centric, one: here we start with the business entity, which is the stable core of the business and we leave the actors to last. It offers a lot more freedom in terms of finding the most efficient organization and takes the focus of attention away from the existing process.

Some of the advantages include:

- The readability of the process: the process is formally expressed as a product of or a transition of one or more business entities
- Variations are described in the lifecycle of the business entities
- As activities appear in the 3rd step, we are no longer limited by artificial boundaries. Activities simply relate to the previous and subsequent states. This provides a means to express responsibilities.
- Leaving the definition of roles to the final step of the offers a total freedom to redefine roles or re-engineer the organization.

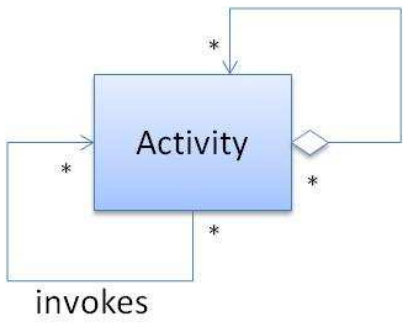

Figure 2. The new focus of modeling is the activity

UML provides a powerful tool for this method's representation needs:

Stage	**UML Diagram**	**Utilization**
Identify the business entity(ies)	Class and Instance diagrams	Specify the semantics by structuring the model
Specify the lifecycle	State Diagram	Express the states that make up the lifecycle: transitions, variations etc.
Infer activities	Activity diagram	Specify how the transitions occur
Assign activities	Activity diagram with swim lanes	Identify actors

Conclusion

Every day we observe the limits of classical approaches in process improvement projects. The deleterious effects of these approaches on projects cause additional costs and reduce benefits. Worse still they compromise the concept of business process modeling as a tool to innovate, adapt or optimize. As a result, BPM initiatives often produce marginal improvements and squander the organizational, technical and human resources of the enterprise.

Best practices

- In the first phase of the project, encounter actors from the concerned line of business to review the problem
- Never limit yourself to this first step because you will be led to re-implement existing practices
- In a second step, encounter actors from different lines of business to design processes that cross the silos of the enterprise
- Specify modeling guidelines from the outset and train the team to use the tools and guidelines
- Throughout the project denote clearly the differences between existing practices and potential improvements
- Always provide the rationale for improvements and associate them with strategic objectives