Inteq’s BPR360/Framework™

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This In-Depth White Paper Includes:

- Business Process Reengineering vs. Business Process Improvement
- 6 Goals of Transformational BPR
- 5 reasons BPR often fails to deliver transformative and sustainable change
- The moving parts of BPR: people, processes and technology
- The 3 layers of BPR: tactical, operational and strategic
- 10 changes in the business environment that require transformational BPR
- The steps in moving forward with BPR

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Introduction

Inteq's BPR360/Framework™ provides the conceptual blueprint for business transformation – engaging people, processes and technology across the enterprise

Transformational Business Process Reengineering (BPR) disrupts existing business processes - workflows, roles, business policies and procedures, supporting technology and underlying business rules.

Transformational BPR requires new ways of thinking – doing new things in new ways. BPR results in fundamental changes in end-to-end business processes.

Transformational BPR is essential to organizations that encounter a major shift or change in an organization’s business environment – such as competition, regulatory change or economic conditions that requires an organization to rapidly adapt - or risk going into decline.

Transformational BPR results in highly effective, efficient, scalable business processes – that drive enterprise value creation, competitiveness and innovation.
The Business Platform (People, Processes and Supporting Technologies)

Organizations create sustainable business value via the organization’s business platform. An organization’s business platform are the people, processes and supporting technologies integrated with and across the tactical, operational and strategic layers of the organization.

To embrace and successfully manage the chaos of continual shifts and changes in an organization's business environment requires a business platform with six integral characteristics.

Accordingly, the goal of business transformation is to transform an organization’s as-is business platform to a sustainable future state business platform that manifests six integral characteristics.

A business platform that manifests these six characteristics can embrace and manage chaos and sustain the continual evolution and pace of change.

The six integral characteristics of a sustainable business platform are:

- **High Performing**
  Effective in producing customer value and efficient in the utilization of resources to create customer value.

- **Scalable**
  Enables business revenue to grow exponentially, while the staffing of the platform grows linearly / incrementally.

- **Extensible**
  Enables new business functionality (activities, procedures, technology, mechanisms, roles, etc.) to be added quickly and seamlessly to the platform.

- **Adaptable/Nimble**
  Enables proactive early identification and rapid effective response to the shifts and changes in the business environment.

- **Robust**
  Stability of the platform at the tactical, operational and strategic layers to enable an organization to leverage its strengths (and bolster weakness) to exploit opportunities and mitigate threats from shifts and changes in the business environment.

- **Transparent**
  Enables the appropriate stakeholders to accurately, thoroughly and unambiguously understand the components and moving parts at each layer of the platform.
Business Transformation

Business transformation is difficult. Most organizations struggle to achieve transformational and sustainable change regardless of the amount of time and resources expended on the effort.

The primary reasons that business transformation initiatives such as Business Process Reengineering (BPR) often fail to deliver transformative and sustainable change are:

1. A myopic focus on the tactical workflow layer of an organization without fully engaging the operational and strategic layers;
2. Superficial mapping, high-level analysis and limited scope - rather than detailed and deep analysis across the enterprise.
3. Insufficient experience in recognizing the underlying patterns across the enterprise and among the layers that need to be disrupted and reengineered.
4. Sub-optimization of the opportunity backlog – informal prioritization of the opportunities based subjective factors rather than objective prioritization based on value drivers.
5. Passive rather than proactive development, implementation and on-going refinement of the opportunities selected from the backlog.

The solution is to engage the organization from 360°.

This level of engagement requires analyzing people / roles, process and technology at the tactical, operational and strategic layers – and analyzing how people, processes and technology engage one another across the enterprise and among the layers.

Inteq’s BPR360/Framework™ - Overview

Inteq’s BPR360/Framework™ is depicted by the illustration on the right.

The BPR360/Framework™ was developed and refined over many years of experience from numerous business transformation initiatives – from organizational restructuring to enterprise business process reengineering (BPR) to incremental business process improvement (BPI) across the spectrum of industries around the world.

Inteq is provided access to organizations and to business information in a way that most people never see. We are invited to go deep inside organizations to uncover, understand and reengineer complex business concepts that form the foundation of these organizations. That's our core business.

We analyze organizations from multiple perspectives – the tactical, operational and strategic layers. From this 360° view, where others see chaos, we see patterns. Patten recognition is a core skill that Inteq has refined over many years – it's an invaluable tool for success in business transformation.

Over time, we have recognized and distilled patterns that occur repeatedly across industries - regardless of the nature of the business. These recurring patterns are the foundation of Inteq's BPR360/Framework™ - the conceptual blueprint for business transformation.

This whitepaper provides an overview of Inteq's BPR360/Framework™ and its roles in enabling organizations to achieve breakthrough transformation and sustainable results.
BPR vs. BPI

Business Process Reengineering (BPR) and Business Process Improvement (BPI) approach an organization from a horizontal workflow perspective. The key distinction between BPR and BPI is that BPI is incremental and narrower in scope than BPR.

BPI is successful in departmental or cross-departmental initiatives that are limited in scope and have specific tactical objectives (e.g. Streamline the Handoff from Sales to Customer Billing).

BPI results in incremental refinement and improvement of work activities, procedures, business policies, workflows and technology at the functional/departmental level. BPI does not, however, fundamentally change the end-to-end business processes across the enterprise.

BPR is cross-enterprise in scope. BPR disrupts existing business processes - workflows, roles, business policies and procedures, supporting technology and underlying business rules. BPR requires new ways of thinking – doing new things in new ways. BPR results in fundamental changes in end-to-end business processes.

Inteq’s BPR360/Framework™ - Overview

Transformational BPR is essential to organizations that encounter a major shift or change in an organization's business environment – such as competition, regulatory change or economic conditions that requires an organization to rapidly adapt - or risk going into decline.

The shift or change in the business environment is sometimes referred to as a strategic inflection point – a term coined by Andy Grove, former CEO of Intel.

Based on experience across the spectrum of industries across the world, there are 10 types of recurring shifts or changes in the business environment that require transformational BPR.

1 Rapid Growth

Organizations experiencing or positioning for rapid growth require scalable business processes. To successfully support a 2x-3x increase in sales revenue or sales volume over a short interval of time, an organization cannot just add additional staff at a proportional rate. An organization needs to transform to a high-performing highly-scalable process platform that enables the organization to accommodate rapid growth with an incremental rather than proportional increase in staff.

2 Enterprise Application Software Initiatives

Does information technology drive business transformation or does transformation require information technology? The answer is yes.

Significant improvement in business processes can result from low-tech / no-tech changes in business policies, procedures and organization of workflow. However, transformation typically requires smart and aggressive application of information technology.

When an organization implements or upgrades enterprise class application software, BPR is integral to a successful outcome of implementation – otherwise legacy and dated business policies, procedures and workflow rules will embed and future institutionalize into the operating fabric of the organization.
3 Regulatory Compliance | Organizational Governance

Many industries and vertical segments are experiencing substantial increases in regulation from multiple regulatory bodies – national, state, local as well as industry self regulation.

Increased regulation requires agile and transparent processes. New regulations often require compliance within a short time frame. The regulations and “compliance” is often subject to interpretation – which continually evolves.

Effective efficient compliance requires frequent and often significant changes to business processes and requires increasingly higher levels of transparency and increasingly granular reporting capability to internally monitor and ensure compliance and to provide regulators with objective support of compliance.

4 Business Process Outsourcing & Shared Services Arrangements

Outsourcing and shared services are increasingly complex. The traditional notion of external outsourcing and internal shared services of business functions, such as call centers and customer support, are evolving into highly interrelated processes flows between an organization and its business units and with multiple outsource providers and/or shared services centers of excellence across multiple segments of business processes among multiple layers of an organization.

These complex and highly interrelated process flows require fundamental transformation of the traditional notion of a business process and requires significant transparency across the process. Core to the success of outsourcing and shared services is balancing cross enterprise global best practices with the objective need for local variation at the business unit level.

5 Leaning / Flattening the Organizational Hierarchy

The term leaning / flattening the organization hierarchy refers to reducing levels of middle management. The assumption is that the tactical hands-on layer of the organization is already lean and high-performing – but the middle management layer is too wide and deep.

This is a valid assumption in a wide range of organizations. However, the problem is in execution. Although traditional tactics such as reduction in force, lay-offs and voluntary separation result in the reduction of middle management, these tactics often hollow-out the organization’s base of deep business knowledge maintained tribally by the former middle managers. Traditional tactics often result in expensive and time consuming rebuilding of this knowledge base.

An alternative approach is to incrementally via BPI or rapidly via BPR glean and distill this deep tribal knowledge proactively. And, concurrently, build the mechanical / rules-based procedural knowledge into the tactical layer of the organization and judgment based knowledge into operational layer of the organization. This approach results in a naturally (and inherently stable) lean middle management layer that is self-sustainingly lean over time.
6 Mergers & Acquisitions

To fully realize the value from an acquisition or merger requires integration of the constituent organizations at multiple layers - tactical, operational and strategic as well as the enabling components of each layer - people /roles, processes and technology – into a cohesive, robust (stable) high performing platform.

Organizations that are active in acquisitions require business processes that are agile and highly extensible to enable the organization to rapidly integrate and leverage new product and services lines.

The concept of enterprise best practices balanced with local variation (See #4 above - Outsourcing and Shared Services) also applies to Mergers & Acquisitions.

7 Divestitures / Going Private

The converse of mergers and acquisitions is divestitures and going private. A business unit of a public company that is privatized or becomes an autonomous public company requires an equally fundamental transformation to enable the organization to fully realize the benefits and mitigate the risks of privatization or autonomy.

The new organization is no longer subject to the operating polices of “corporate” and in the case of privatization, no longer subject to the scrutiny of a public company including the quarterly reporting cycle of wall street analysts and regulatory requirements such as Sarbanes-Oxley.

Divested and privatized organizations must rapidly transform to shed the operating constraints of the past and embrace and exploit the freedom to innovate.

8 Pre-IPO / Early Post IPO (also applies to rapid growth)

The transformation from entrepreneurial culture to an operating culture is difficult. This applies to organizations in the pre-IPO stage, rapid growth organizations (see #1 above) and to organizations that are more mature but have not yet made the transition from an entrepreneurial culture to a process based operating culture.

Organizations that fit this profile are characterized by rapid growth driven by a cast of “Heroes.” Heroes are the core group of people that are very intelligent and very driven. They figure out the business “as they go” because often there is not a traditional model to follow. The business operational knowledge of the organization lives largely as tribal knowledge in the minds of the heroes and has not been captured and formally disseminated among the “troops.”

It’s very difficult to scale an organization that has not made the shift to a process based operating culture. And, there is inherent risk associated with losing a hero with deep tribal knowledge. To achieve sustainable growth, an entrepreneurial organization culture must transform to a process based operating culture.
Graying of the Workforce / Talent Acquisition

Many organizations have a significant portion of their workforce approaching retirement. And, similar to the hero based entrepreneurial culture (see #8 above) as well as wide and deep levels of middle management (see #8 above), have relied on the accumulated tribal knowledge and judgment of this portion of the workforce to carry the business.

However, unlike the entrepreneurial culture, this accumulated base of tribal knowledge is rapidly exiting – and it’s becoming increasing difficult to backfill because of increased demand and competition for business talent.

It’s crucial for these organizations to capture and transform this knowledge into a process based operating culture while this knowledge is available – and develop highly effective and efficient business talent acquisition and retention processes to sustain the backfill and continually glean and integrate business knowledge.

Organizational Renaissance

Renaissance is the transformation of an organization that has (or had) significant market share and is (or was) highly successful in a particular industry segment for many years – but all of a sudden competitors begin to make significant headway in the space - placing significant pressure on the organization’s leadership position.

The leadership position and level of success over the years masked growing issues in connection with organizational effectiveness and operating efficiency. Organizations in need of renaissance did not recognize and/or did not embrace a strategic inflection point and were caught flat-footed as their business environment changed and competitors overtook leadership positions.

Inteq’s BPR360/Framework™ - The Interrelated Layers

Organizations are complicated, complex and chaotic. Transformational BPR requires engaging the business from 360° - analyzing the people / roles, processes and technology at the tactical, operational and strategic layers – and analyzing how the people / roles, processes and technology engage one another across and between each layer.

Each of these three layers are described below – including how each layer interrelates one to the other to enable transformational BPR.

The Tactical Layer

The tactical layer of an organization includes the business work activities, the hands-on staff performing the work activities, workflows and supporting policies, procedures and technology. Together, these elements comprise business processes.

Business process maps and supporting diagrams are core tools for defining and analyzing the tactical layer of an organization.
For the purpose of this discussion, the tactical layer of an organization is represented by the high-level illustration of a process map on the right.

The blue rectangles represent work activities and the arrows represent the flow / sequence of work activities.

Business processes span the enterprise at the tactical layer. The business processes at the tactical layer drive value creation in an organization via the production of the organization's outputs – products in the form of goods and services for customers.

The tactical layer of an organization and its associated business process comprise a complicated system. There are many interrelated work activities, policies, procedures and technologies comprising and supporting the work activities and staff performing the work activities.

A traditional mechanical watch, such as a fine Swiss watch, is a good example of a complicated system. A mechanical watch has many moving parts – gears, springs, levers - that form a sophisticated mechanism to continually track and present the flow of time. The gears, springs and levers work together mechanically – a particular gear turns another gear which in turns rotates a dial.

A watch mechanism, regardless of the number of interrelated moving parts, is not a complex mechanism because all of the moving parts move together mechanically.

Complexity manifests when the moving parts of a system interact with each other dynamically – involving competitive, conflicting and subjective interactions among the parts. The interactions among the moving parts are based on reasons other than rules based mechanical movement.

In other words, the gears in a mechanical watch do not negotiate with each other regarding when and how they move. The gearing is complicated, but it moves mechanically.

Similarly, business processes at the tactical layer of an organization are complicated – like the gearing of a mechanical watch. This tactical layer of an organization are where mechanical rules are applied - policies, procedures, workflow and supporting technology. Complexity, however, also enters the tactical layer via the interactions among staff performing the work activities.

There is significant opportunity for transformation at the tactical layer of an organization. Well engineered business processes at the tactical layer maximize the effectiveness and efficiency of the complicated mechanical components of the work activities and the complex interactions among the staff performing the work activities.
The Operational Layer

Organizations are typically organized vertically / hierarchically from a managerial perspective. For example, a workgroup of 3-5 staff report to a supervisor; a group of supervisors report to a department manager; department managers report to a general manager; and so on it goes up the organizational hierarchy through senior and executive management levels to the COO/CEO.

The orange squares in the illustration below represent the concept of the vertical organizational hierarchy of an organization.

Each orange square represents a supervisory / managerial tier and role in an organizational chart.

The tactical (blue rectangles) layer of an organization is complicated - many moving parts. The operational (orange squares) layer of an organization – supervision and management - is complex.

A “play” in a football game is complicated - many moving parts (players, positions and role assignments) and complex - dynamic interactions between the moving parts. When the ball is snapped to the quarterback, a complex series of interactions unfold.

Each player continually monitors the action and dynamically makes a series of subjective decisions and corresponding actions. The outcome of the play is a result of the hundreds of dynamic interactions among the players on the field.

Similarly, operational layer complexity manifests: 1) between the tactical and operational layer – the staff performing work activities and their direct supervisors and managers; 2) at the operational layer horizontally between business functions (e.g. between the Supervisor of Order Entry and the Supervisor of Customer Billing); and 3) vertically up and down the tiers (e.g. between the Manager of Billing/Accounts Receivable and the Supervisor of Customer Billing).

Accordingly, as the business processes flow horizontally across the organization, the various work activities are supervised / managed by disparate silos of vertical hierarchies - which do not always work together in harmony.

The supervisory and managerial interactions up, down and across the vertical tiers represent the basic concept of complexity at the operational layer. However, in reality, the operational layer is far more complicated and complex. The reason is that while the business processes at the tactical layer (the blue layer) look flat, many tactical work activities (the blue rectangles) are performed up, down and across the vertical tiers at the operational level and even at the strategic level.

Two key indicators of opportunities for transformational change at the operational layer are the type and intensity of the tactical work activities performed at the operational layer by the operators (supervisors and managers) and the level of maturity and complexity of interactions among the operators at the operational layer.

The transformational opportunity manifests in the splitting of the atom of work activities - a concept that I coined in my book *Mastering Business Chaos*. This concept of splitting the atom of work activities refers to splitting the work activities performed at the operational level into two types of components – mechanical rules-based components and knowledge and judgment based components.

The basic concept is that if various tasks and decisions associated with work activities at the operational
layer can be distilled to mechanical rules-based procedures, then that portion of the work activity can be performed at the tactical level. If the work cannot be distilled to mechanical rules-based procedures, but can be distilled into best practice guidance, then the work can be performed at a lower level tier operational layer hierarchy.

After splitting the work activities and moving the rules-based components into the tactical layer, the remaining tasks and decisions associated with work activities at the operational layer are knowledge and judgment based. These are tasks and decisions that are subjective and therefore require knowledge and judgment based on experience and critical thinking.

The splitting of rules-based work from knowledge and judgment based work at the operational layer enables the operators to focus more time on operational layer value added work such as coaching and mentoring, dealing with exceptions and non-standard issues, subjective decision making and identifying improvements at tactical layer.

The splitting of rules-based work from knowledge and judgment based work at the operational layer is also essential to breaking through highly entrenched review and approval loops, hero-based work, firefighting work cycles and silo sub optimization.

The Strategic Layer

In successful, high performing organizations, the strategic layer of the organization creates business chaos – and drives chaos down and across the organization into the operational and tactical layers. Business chaos is the apparent and perceived state of flux in an organization as it evolves and changes.

Major shifts or changes in an organization's business environment (aka strategic inflection points) require an organization to rapidly adapt - or risk going into decline. The emergence of innovative competitors, significant regulatory changes, changes in economic conditions and shifts in information technology are examples (the spheres in the illustration above) of major shifts and changes in an organization's business environment.

The strategic layer is the domain of senior and executive management. The strategic layer has two core components – external engagement and internal engagement.

The focus of the external engagement component is to continually engage the external business environment to proactively scan and, as early as possible, identify major shifts and changes - and analyze the opportunities and threats associated with the shifts and changes.

Major shifts and changes in an organization's business environment are the source of chaos creation at the strategic level.

The focus of the internal engagement component is to continually adapt and revise business strategy to counter the threats and leverage the opportunities associated with the shifts and changes. Adapting and revising business strategy is the mechanism for chaos creation.

The internal engagement component also focuses on communicating the changes and shifts in the business environment and the corresponding changes in business strategy to the operational layer.
and to provide guidance to the operational layer in formulating tactics to execute the changes in strategy. Communication of changes in business strategy and the resulting tactics are the drivers of business chaos throughout an organization.

There is significant opportunity for transformational change at the strategic level. The opportunity for transformational change manifests in creating the culture and the mechanisms for proactive, aggressive, highly tuned-in and engaged scanning of the external business environment for shifts and changes; embracing and rapidly responding to the shifts and changes and clearly communicating changes in strategy and providing tactical guidance to the operational and tactical layers.

The Next Step

Every organization continually experiences major changes and shifts in their business environment and almost every organization is currently experiencing at least one of the 10 reasons - and typically multiple reasons for transformational BPR.

A business platform that is high-performing, scalable, extensible, adaptable/nimble, robust and transparent enables your organization to successfully manage and leverage the chaos of continual shifts and changes in your business environment.

However, your business platform is complicated, complex and chaotic. Transformation is equally complicated, complex and chaotic. Successful transformation requires substantial business knowledge, adept judgment and seasoned experience.

When you are ready for transformational BPR the next step is very simple – contacts us and let's discuss your organization and BPR requirements in more detail. We can assist your organization in creating the future-state blueprint of your business platform and in transforming the blueprint into reality.

Other whitepapers by James Proctor that may be of interest to you are listed below. These whitepapers can be download at www.inteqgroup.com:

- Transforming a Hero Culture
- Lean: Getting Early Wins from BPR
- 10 Perilous Misconceptions of Censuring Current State Mapping & Analysis
- Crossing the Chasm from Business Chaos to Business Agility
- The Agile/Framework™ - Breaking the Myth of the Iron Triangle
- Customer Self-Service vs. Shifting Work – The Distinction is Critical
- Top 10 Business Intelligence (BI) Requirements Analysis Questions
- The Business Case for Professional Business Analysts
- MoDA/Framework™ - The Tactical Blueprint for Business and Systems Analysis
- The Five Essential Business Analysis Questions
Inteq provides everything you need to build world-class business processes and modernize enterprise systems.

Today’s rapidly changing business environment favors high-performing agile organizations capable of delivering extraordinary customer and business value. Meeting this challenge often requires transformative change - and sustainable on-going improvement in business processes, organizational culture and supporting technologies.

The Inteq Group is uniquely qualified to assist your organization with this challenge.

Contact us and let’s discuss business transformation in your organization in more detail:

Contact Us Today!

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