DO YOU REALLY KNOW YOUR COMPANY?

Mastering the company’s key elements with the BPM DNA approach
“The important thing is to not stop questioning. Curiosity has its own reason for existence. One cannot help but be in awe when he contemplates the mysteries of eternity, of life, of the marvelous structure of reality. It is enough if one tries merely to comprehend a little of this mystery each day” (A. Einstein)

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Do You Really Know Your Company?

That question could be asked anywhere and at any time when the Management decides to improve the Company’s figures for its shareowners. Answering that question is not so easy. The Company, its business, its environment and its stakeholders (customers, employees, providers, etc.) form a complex combination that makes difficult the decisions for the future of the Company.

This “white” book presents a brief description of an approach which is integrating methodologies, tools and techniques commonly used to solve enterprises performances issues.

The described approach is based on an aggregate of 7 Elements representing the Company's elements of knowledge. These elements help to understand the Company, its environment, the way of its working and the current usage of the matter, energy and information to realize its objectives.

The improvement of the current performance of the Company is done by acting wittingly on its internal characteristics thanks to the gathered information and the good knowledge of the impacts of those changes. The Corporate information is logically distributed between the 7 proposed Elements.
Follow this approach will allow you to exercise leverage on the Company and get a better resources usage, a higher production quality, an increase of incomes and especially an increase of the value creation for its stakeholders.
BPM DNA is an approach of thinking otherwise the improvement of the working organizations. This approach is an integration of the current and future methodologies issued by the industrial and consulting companies around the world.

Any methodology is based on the fact that it has been created in order to solve an issue or help to fill a requirement. To be effective, a comprehensive methodology has to be adapted to the company's objectives. That adaptation requires a clear knowledge and experience of the organization. But, this may quickly become a highly time-consuming's approach without the expected results at the end, because of the many objectives targeted by the Company.
The enterprise is a complex world based on structures and the flows of energy, materials, and information. This leads to the acquisition of an approach enough flexible to answer that complexity.

The retained approach must fulfill the following characteristics:
- Easy to learn
- Usage of recognized standards
- Easily adaptable to the Company's organizational structure
- Has a purpose and goals
- Answer either small issues or biggest ones that involve almost all the Company's resources
- Adaptable to any situation
BPM DNA is a modular approach offering a conceptual journey into the world of the organization. Starting from the idea that any business or organization defines itself from similar genes, these organizations evolve and differentiate themselves by adapting their structures and their ways of proceeding. Understand or improve the current situations requires the use of an adapted strategies to the company’s context.

BPM DNA is composed of 7 elements regrouping the tools, methods and technics corresponding to a particular element of understanding or action in the organization. These elements can be analyzed sequentially or randomly according to the target of the Organization.

BPM DNA is an "open" box. It does not focus on dedicated tools or methods, but these ones can be added totally or in part as required by the situation.
The Origins Element represents the history of things. Everything has a birth and all things have to respond to occurring events during their lifetime. Increasing the performance of the Company requests the understanding of its current situation, but also the origins of that situation.

Why are we in such situation? What is the story of the Company? What solutions have been implemented to solve some issues? Why those solutions?

This Element helps to find solutions within the history of companies and their environments, the problems they encountered, and how they answered it. The commonly used tools in this Element are the Data Mining, the documents and all relevant information research, the interviewing of individuals who represent at the best the Company’s memory.
“History doesn’t repeat itself, but it does rhyme.” (M. Twain)
The Organization

The Organization is defined as the optimal structure aggregated from complex elements grouped together in order to achieve its goals. The Organization Element represents the static view of the Company with its stakeholders, its products, its resources, its tools and its information structures.

This Element requires the understanding of the structural aspect of things, but also the forces binding together the underlying components. The stakeholders are assembled to form a whole in response to a function necessary for the business needs. The products or services aggregate some sub-products or various underlying services. Some temporary organizations are constituted as required either for some particular projects or for decision making within the Company.
The analysis of the Organization’s Element needs the understanding of the overall mechanisms of the Company through various theories of organization and sociology. The introduction in this Element’s analysis of the comprehensive “systemic” approach represents an additional and important tool to best feel and mastering the complexity of organizations.

The understanding of the Organization element feeds the analysis of the second main aspect of the Company, its way of doing things: the Business Processes.

“An idea can only become a reality once it is broken down into organized, actionable elements.” (S. Belsky)
The Company consumes resources to produce things that bring added value for all of its stakeholders. At last, this created value allows the company to survive over the years.

The way of doing these things for its stakeholders corresponds to the dynamic view of the Company: the Business Processes.

The Organization Element depicts the structure that enables the best way to support the processes’ execution. In a perfect enterprise context, the best organization allows that the energy, matter, and information move between the stakeholders without leaks, thanks to the designed structures.

The Performance of the Company comes from the comparison with other companies working on the same market that consume less resources to bring more added value.
The Business Process Management (BPM) Element is a set of concepts, practices, and tools to control the operations of the business. The assessment of its dynamic situation drives to a better understanding of the value creation within the Company.

If the Company has never had the idea about a way to analyze the way she works, this is maybe the time to think the introduction of an approach like the BPM's one before going further on its improvement targets.

"Nothing is lost, nothing is created, everything is transformed.” (A. Lavoisier)
Our complex world is not static. Everything around us falls under a perpetual move. The Company and its stakeholders follow these rules. Within the Company, there are many lifecycles of things, like the links between the production timeline and the order book, the lifecycle of the solutions supporting the value creation, the improvement lifecycle, the integration of changes and the innovation, etc.

The Company is a living thing and has to constantly respond to hazards in order to ensure its existence and its sustainability.
The life cycle maintains a constant monitoring of the alignment of the available resources and the Company's goals. Eventually, the Lifecycle Element introduces the measure and the change within the Company. The goal of this Element is to synchronize all encountered lifecycles in the Company.

This Element also introduces the meaning of the measures within the Company. The decision making has to be supported by the measures allowing the possibilities to fix later the objectives. The link between the measures and the objectives becomes itself a lifecycle within the continual improvement process.

Typical tools and technics used are based on the Deming wheel, the Balanced Score Card or the Business Activity Monitoring (BAM).
“The only thing that is constant is change.” (Heraclitus)
Shared by the measurement results, problems or missed targets, improving the current situation comes to be itself an issue for the organization.

With the understanding of how things are structured, organized, and the way of producing the added value within the lifecycles of the Company, the analysis of the current situation may start with the objective to find the sources of non-valued added and write them off.

This Element uses tools, technics and methodologies to improve and allow the way to bring the entire organization in line with its strategy. The improvement is done on both structural parts, issued by the Organization Element, and dynamic parts of the Company coming from the BPM Element.

The Improve Element is supported by the Design and the Innovate Elements.
Improving the Company is eventually reviewing the usage of the three main components (energy, matter and information) between all stakeholders. After all, it is just “*do more with less*”. The Improve Element does not focus on a dedicated solution and this is not a common answer on all companies’ performance issues. This Element integrates a way of thinking the improvement with the existing methodologies like 6Sigma, EFQM, Kaizen, etc.

“*Act the way you’d like to be and soon you’ll be the way you’d like to act.*” (B. Dylan)
Driven by the needs to find new solutions to solve the company's performance issue, the Design Element represents the process of elaborating such potential solutions. It is mainly based on the concepts of modeling the structural aspects and the dynamical aspects with the business processes.

The models allow a simplification of the natural complexity of things, but cannot replace that reality. That is why the designed solution must be materialized before eventually accepting it.
The Design Element is supported by the Organization and the BPM Elements, but also enriched by the Innovate Element if the latter has to be requested by a non-conventional solution in the context of the Company.

“Design can be art. Design can be aesthetics. Design is so simple, that's why it is so complicated.” (P. Rand)
Innovate

Innovation is the process of seeking solutions to complex problems. This element focuses on methods and tools formalizing the search for innovative solutions beyond the only creativity. It especially addresses small changes or bigger ones that impact deeply of the organization. It can also be considered as an entry point for the business process management approach and a shift in the organization's life cycle.

The Innovation Element aggregates the methodologies that enable the introduction of the innovation process within the Company. That Element sustains the Design Element when a "thinking outside the box" becomes necessary to solve the Company's performance issue.
“Our wretched species is so made that those who walk on the well-trodden path always throw stones at those who are showing a new road.” (Voltaire)
use the BPM DNA approach?

E.g. in case of the decrease of the value added creation that may compromise the future of the Company
It is not uncommon for a Company to encounter some value creation issues. This is generally observed from its decreasing incomes over the years while, on the other hand, its sales are stabilized or increased. In such case, the first approach is mainly directed by a cost-cutting tactical plan within a short terms perspective. Unfortunately, if the market conditions become worse again, the awaited benefits will never occur. Then, the company places the cost-cutting direction as its single strategy for its retention over the years. Without increasing its business volume, the company has a great chance to end its life prematurely.

With this common case, the BPM DNA approach can be used to find:

- The sources of the non-added value creation or more simply, the origins of losses
- The solutions to increase the value creation

The value creation is optimized once the information, the matter, and the energy are used at the best. Understanding how the value is created within the organization represents the first step.
Origins

Understand the history of the company, its mission, its market positioning and the way of making profits since its inception. How the company worked some time ago to overcome potential crises? What were the retained solutions?

The understanding of the company's environment is also significant as well as its own history. Is its business regulated? What were the evolution of the business rules and the regulation?

The company lives thanks to its customers. What about the evolution of those ones? The same question can be asked on all company's stakeholders found within the Organization’s Element.

The common employed tools and technics for the information gathering come from the analysis of the current situation, the reading of the Company's documents and its archives, the analysis of the previous marketing projects, the analysis of the Company's status and the legal framework on its business activities. All that gathered information is classified and kept in a central location. That first analysis may introduce some hypothesis of the value loss origins.
But, at the time being, that is just a feeling, and not the reality. It must be clarified thanks to a more detailed analysis of the Company from the others Elements of the BPM DNA approach.
Organization

Thus, the next step focuses on the understanding to the structure of things with the Organization Element. The analysis focuses on:

- The structure of the Company's stakeholders and this can be divided in two main groups: the internally stakeholders and the external ones of the Company. For the internal ones, the analysis focuses on the roles, the responsibilities distribution among the stakeholders. Typical output of that analysis is the representation of the structure with an organizational chart. The understanding of the Company's organization may be explained in part with concepts from the theories in sciences of management and sociological studies. For example, Mintzberg has described a generic structure of the organizations and this can lead to reveal the current individuals’ roles assignment within the Company, from the production team to the support one and the management. Such theory helps also to understand the power relations between the Company's stakeholders. The external stakeholders are important because of their played roles as interface between the inside and the outside of the company and helps to obtain clear view the Company’s perimeter.
- The structure of the products and the services that create the added value in the eyes of the stakeholders. In this part, the analysis aims to structure the various aspects of the products and services, and their components. By the end, the result of that analysis takes the shape of an exploded view of the various components.

Then the both perspectives can be linked together to answer the question of "Who does what?".

Like the Origins Element, this Element requests the gathering of information inside and outside the company. From that step, the knowledge must be sufficient for the understanding of what represents the added value in the eyes of the Company's stakeholders.
Business Process Management

Once the Company's structures of things, the individuals and the products/services, are clarified, it is time to understand how they are producing the results and how they are consuming the energy, the matter and the information.

During the analysis of the dynamic aspect of the Company, some new gathered information may clarify the structure of things within the Organization Element. The BPM DNA approach is an iterative process where its Elements influence themselves each other. All Elements represent a whole view of the Company.

Typically, the analysis of the business processes is done through several levels of details, from the high level with the main activities of the business processes depicted by the value added diagram, until the lowest levels of dedicated tasks. The modeling technics can be used to document the gathered information with the ones proposed by the Design Element.

The main focus is done on production processes. Therefore, it may be also interesting to understand the support and the management processes that consume some resources to create indirectly the Company's value.
This Element creates the link between the company’s individuals and the structure of the products and services.

The understanding of this element drives the knowledge of the current value creation within the company.

By the end of this:

- update the Organization’s structure following the identification of the activities related to the production, support and administrative processes.
- set out the essential measures and their indicators
- identify the current efficiency of the company
- identify how the energy, the matter, and information are consumed to produce the results
Lifecycle

Once the business processes and the overall structure of things discovered, the measures must be added to the picture in order to obtain a precise view of the current situation. The measuring means must be added to the business processes and measures must be done on relevant indicators for the decision making.

Thanks to this stage, the understanding of the Company increases with the link revealed between the customers, the business processes, the financial aspects and the consumed resources. Later, that link will be used as a way to act on some characteristics of the Company by knowing the impacts on those changes.

The Lifecycle Element reveals the life cycle of the various Elements of the Company: its products/services, its stakeholders, its business processes and their potential seasonality.
Improve

The Company’s sales increase is a sign of the interest from the customer on its products/services. However, on the same time, if the company net income decreases showing an increase of the operating costs, its performance decreases. To produce the same result your need more costly resources.

The first approach to increase its performance is to reduce the costs or to increase the prices of its products/services. So simple...

Without a deep knowledge of how the resources are used within the Company, a short-terms decision is often taken by reducing the costs in order to maintain its market shares.

The Improvement Element introduces the methodologies to improve the Company, its way of working, produce its added value for its stakeholders and improve the resources consumption. This could be done only on a mid-terms to long-terms strategic approach on the Company and its market.
The Improve Element links the current company's situation and the future vision with defined objectives. From this element, the identification of areas of improvement and potential solutions are defined. These potential solutions can modify the structure (Organization) and/or the way of doing the activities (BPM).

This Element is used with the Innovation one for the integration of the innovative approach to solve the encountered issues.

From this point of view, sometimes it is necessary for the Company to rethink deeply its business model in a long terms perspective of doing business and increase its value.
Design

The knowledge issued by the gathered information from the Organization, BPM, and Lifecycle Elements depicts the current situation while the Improvement Element defines the needs to increase the Company’s incomes. The setup of new solutions are bringing by the early stage of the Design Element. The Design Elements contains not only the modeling methodologies and technics but also all aspects related to the prototyping, testing and selecting the best solutions. The Design Element uses the measures and evaluates the impacts of the proposed solutions. It also introduces the Change Management processes within the Company for the adoption of proposed changes by its stakeholders.

In some case, the Design Element is supported by the Innovation Element because of the needs to think outside the box. From a simple cost reduction tactic, the strategy becomes a more positively way of thinking to the future of the Company.
Innovate

Following all studies with a deep knowledge of the Company and it appears that there are no other solutions to solve its current weaknesses because all things have been done to increase its value without awaited results. This means that it is maybe the time to innovate.

The Innovate Element is used to introduce unusual solutions to solve common issues. This approach requests some dedicated processes to be successfully implemented within the Company. According to its Organization, usually, a dedicated team with open minded individuals takes in charge the innovation process and will find an affordable solution that will later be reintroduced in the Company within the Design Element. This new coming solution often starts a new lifecycle and introduces deep changes on the Organization and the BPM Elements.
Conclusion

Solving the incomes decrease issue by reviewing deeply the understanding of how the company works and bringing solutions represents a courageous approach, not as easiest as the simply cost-cutting tactic. Choosing to increase the creation of value for its stakeholders, the Company chooses a long-term perspective of doing its business. In some cases, the cost will decrease as a consequence, but on top of that, incomes will increase. The BPM DNA approach can be applied on any changes by selecting the right tool or methodology on the right time.

The mastering of the 7 Elements of BPM DNA represents the key to the success that drives the company to the operational excellence by maintaining the best usage of the energy, matters and information.

BPM DNA does not express on the usage of one or others methodologies or tools to reach the company's goals. The BPM DNA approach links the 7 elements with existing methodologies and tools or on their sub-parts. The philosophy is: choose the best, adapt it, and apply it to solve the issue. On the next encounter issue, do not reuse, but rethink the way to solve it.
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