

EDITOR'S VIEW

Process Perspectives

There's an upside to the tough times: Businesses are forced to cut out the clutter. This doesn't necessarily mean layoffs. It means adding more value to business processes.

By Jane Falla, Senior Editor

In every e-business vendor briefing over the past year, there's been some discussion of business process. The theory is that business process drives technology decisions. But in practice, does it work that way? What I've heard from a variety of experts is that, in many cases, the answer is no. It's primarily been the reverse.

For instance, Dave Wangler, executive vice president of U.S. sales for SKYVA International, notes that many companies molded their businesses to fit enterprise resource planning applications. They re-engineered their business processes to fit the software, rather than vice versa. But true competitive advantage lies in the way a company does business, says Wangler. Should you change it to match technology?

We had an understandable enthusiasm over business process re-engineering (BPR), which many tell me was just too radical a concept for companies to successfully pull off. That's not to say it was entirely a bad exercise. The notion of redesigning processes to focus on cost savings and efficiencies is a step in the right direction. But you can redesign bad processes badly.

As Accenture writers Martha Batorski and William Hughes says in "Is Your Organization Process-Centered?", BPR has been practiced in many companies without the requisite skill to achieve dramatic results. Companies that fell short in their BPR results likely didn't change their culture, organizations, skills, and systems and performance measures.

Admittedly, automating a business process isn't such a simple concept, notes John Hemperley, vice president of marketing at Systar. "No one takes ownership of it. There are different stakeholders ... what you have to do is take in the unique requirements of each of the individuals involved." As an example, Hemperley points to an airplane takeoff. Gate agents check passengers in, flight attendants manage the cabin, pilots verify flight systems, plans and weather, ground crews load baggage and supplies, and globe-spanning IT systems support it all.

"People think that most of the time an IT incident may be the biggest issue to cause a business process to go awry," says Hemperley. "In the majority of cases it ends up being a business incident." For example, perhaps the airplane was delayed because a passenger showed up late. A systems management tool wouldn't be able to account for that. "The business process has to support both IT and business," says Hemperley.

The business-technology disconnect, which we've discussed frequently in e-Business Advisor magazine, keeps popping up. The biggest trap that companies have to avoid is believing that technology is the answer, says Michael Connor, managing director of Meridian Consulting. Companies mistakenly think that technology is their single biggest investment, when in actuality it's the minority investment, says Connor. The greater investment comes with making changes and creating new ways of working.

In these gloomy days of layoffs, Connor suggests a shift in mindset to re-evaluate business processes and strategy. He advises "capital deployment," which is a different approach to cost reduction through layoffs. "Layoffs are window dressing," says Connor. The work itself doesn't go away -- there are fewer people doing the same work, but it adds no value, he says. He advises companies to think of capital as fixed assets and people. To get a return on your human capital, you must consider what your employees do for your customers, and then redefine jobs to make them comprise a higher proportion of value-added work.

Batorski and Hughes put it this way: A typical redesign initiative involves assessing the gap between current and desired business performance, identifying customer-facing and enabling enterprise processes, prioritizing processes according to the value they deliver, and then redesigning the processes from the customer's perspective, eliminating all activities that don't add value.

What we need to do is increase expenditures on process and people, Connor says. That will benefit companies as they move forward in e-business. We have the technology to knit together enterprises. The next step is a social frontier, says Connor. "The technology puts you in the position to do this, but its success will depend on your ability to create confidence and sustain open relationships."

The challenge of creating confidence is what's made everyone hit the "pause" button -- more than the softening economy, Connor believes. But after taking that necessary pause, it's time to take action.

"This is a wonderful period for differentiation -- to look within and get clear about what you want to achieve and the values about how to get there," says Connor.