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# Performance Improvement

**Geary Rummler & Alan Ramias**
Consultants
Performance Design Labs (PDL)

GRummler@ThePDLab.com
ARamias@ThePDLab.com

## A Framework for Defining and Designing the Structure of Work

This is part one of a three-part paper describing a framework for modeling the business architecture (BA) layer of enterprise architecture (EA).

We do not need to belabor the potential value to an organization of modeling its business and technologies in an EA framework, but here are a couple of expert opinions on the subject:

Paul Harmon, founder and executive editor of BPTrends, has written, "Most people who use the term 'enterprise architecture' today, are probably from the IT world, and they tend to use the term as [an overview of how all the various IT models and resources in the organization work together]. Depending on the individual, they might insist that their concept of an enterprise architecture includes business process elements and even strategy elements, but if you look at their actual models and their practices, you will see that they chiefly look at processes as a source of system requirements that can drive software development" 1

In our view, problems with EA exist for several reasons:

**First,** EA's are typically built by IT people. IT is disadvantaged in its efforts to depict the business aspects of an EA without the participation of other members of the organization. The result is inevitably an EA model skewed to IT interests.

**Second**, there is not enough structure available in any of the models of EA we have seen that would aid someone interested in building a sufficiently complete picture of the BA layer. While business processes are typically identified as the contents of the BA layer, the labeling, organizing and relating of the processes are done in a rudimentary fashion, leading some business people to say, "So what?" Besides, there is more to the BA view than processes.

**Third**, there is insufficient recognition in the EA models we've reviewed that the purpose of all this modeling is to show how work is (or should be) performed. The emphasis is on linkages between systems and applications, and sometimes to processes, but without enough clarity about who does the work, and how the work is actually being performed. The critical focus of an EA should be on how work gets done, who (both human and technology) is performing the work, and how performance is managed. If an EA does not make accomplishment and management of work quite clear, it ends up being little more than, in Harmon's words, "processes as a source of system requirements that can drive software development."

**Fourth**, EA models need to (but generally don't) recognize the basic premises of the organization as a system, namely that:

All organizations are systems that exist to produce valued outputs (desired products or services to customers and economic returns to stakeholders);

[1] Paul Harmon, *Business Process Trends*, January 2004

All organizations need to be adaptive systems existing inside a larger Super-System, and in order to succeed over the long term, organizations need to continuously adapt to the changes in their Super-System. The Super-System is the ultimate reality and performance context for every organization. Bluntly put, any organization must adapt to its Super-System or die.

Any EA model that does not recognize or provide clarity about the organization as a system will fall short in providing clarity or direction. So our approach is based upon the concept of the organization as a system, starting from the outside (i.e., the Super-System) and then drilling into the organization level by level.

## The Value Creation Hierarchy

Our view starts via a view we call the Value Creation Hierarchy (VCH). Every organization exists in order to create something (goods, services) of value to a market, and in order to create and deliver that value, it needs an internal system of processes and resources to make good on its promises. (See Figure 1 at end of article.)

In Figure 1 is a Hierarchy consisting of five levels. The VCH is a top-to-bottom framework for organizing work in a way that meets the following criteria:

- Value is created and delivered to the market
- The work of value creation and delivery can be effectively and efficiently performed
- The work can be effectively managed
- Whenever practical, the work is organized in a way that gives the business a competitive advantage

### Enterprise Level

At the top level is the entire organization as a system, with the organization's business units operating as the engines which create, sell and deliver value and generate revenue for the enterprise. The enterprise is depicted in the context of its marketplace, its resources and competitors, and the general environment in which the organization must operate. Most of the time, people are not referring to this topmost level when they talk about processes, but what this model suggests is that every organization is in fact a giant processing system, and all of its individual processes are contained somewhere in this system.

### Value Creation Level

The next level is a depiction of the organization's value creation system (VCS), which is the means by which the organization creates, sells and delivers products and services of value to the marketplace. The value-creation level is kind of a mega-process view, and in a large, complex company there may be a different VCS for different products and services. Sometimes people who talk about process do mean the entire value creation system, and quite often improvement is needed at this level, when parts of the VCS are misaligned or missing.

### Primary Processing Systems Level

The third level then divides the components of the VCS into three general types of processes, what we call the Launched, Sold and Delivered processes. Launched includes those processes--such as research, product development, and product extensions—whose purpose is to create new products and services. Sold includes those processes that are aimed at marketing and selling the goods and services. And Delivered includes those many processes that get the products and services to customers and provide on-going support. At this level, we are still talking about multiple sets, or bundles, of processes, that we call Primary Processing Systems.

### Process Level

It's at the fourth level that we reach the individual process level, and it may be one of those processes contained inside Launched, Sold or Delivered. Often this is the level of process that people mean when they talk about "end-to-end" processes, because these processes typically begin with a market or customer input (an order, a product idea) and end with an output that either goes to the customer or becomes an input to another stage of the value chain. For example, the output of the product development process in Launched is a new product that now can be marketed and sold by those employees who participate in the Sold processes. The other processes to be found at this level are management processes and supporting processes (for example, the hiring process or the information system development process).

### Sub-Process/Task/Sub-Task Level

The fifth level then decomposes a given process into sub-processes and tasks. It's at this level that the performer (whether human or technology or a combination) becomes visible. And the final level goes into even greater detail, delving into sub-steps and procedures. Sometimes people who use the word "process" are actually talking about this level, because from their vantage point, what they do is a whole process, although from the VCH view, they are well down in the weeds within a single sub-process or even a single task.

### Business Architecture

The VCH can be used to derive the Business Architecture (BA) for a given organization. Corresponding to each level of the Hierarchy are one or more diagrams that depict elements of that level and their interrelationships. Figure 2 is a generic Business Architecture. (See Figure 2 at end of text.)

### Super-System Map

Corresponding to the super-system level of the VCH is a Super-System Map (See Figure 3 at end of text.), which displays specific information about a given organization. There is information about the external variables that affect the organization (i.e., the markets and customers, competitors, resources and general environmental factors). Inside the organizational box is a high-level depiction of the organization's lines and major organizational units. Outputs from the organization (i.e., its products and services) are depicted

### Cross-Functional Value Creation System Map

Corresponding to the value chain level of the VCH is a Cross-Functional Value Creation System Map (See Figure 4 at end of text.), which depicts the organization's value-creation processes and the organizational players who participate in those processes. This level is a very high-level view of the organization way of doing business (i.e., its business model) and delivering value to its customers.

### Business Process Architecture Framework

The tool for displaying the Primary Processing Systems of an organization is called a Business Process Architecture (BPA) framework (See Figure 5 at end of text.). This diagram shows all of the significant processes (i.e., value creation processes, management processes and supporting processes) of the organization and their systematic interrelationships.

The BPA Framework provides executives and employees with a common view of all the major processes of the business – on one page. The document is a concise summary of the value-adding work that must be performed and managed to provide value to customers – the operative word being work. The picture is a work-centric picture and does not reflect who does the work – so the primary focus of dialogue, troubleshooting, and decision making stays on the work and on the creation and delivery of value.

### BPA Detail Chart

The BPA Detail Chart (See Figure 6 at end of text) is a tool that bridges the multiple processes shown in a BPA and the details required to depict a single cross-functional process.

The BPA Detail Map is a device for identifying all processes in a given VCS, participants in those processes, and enabling technologies in a given section of an organization's BPA (such as in its Launched processes) or it may be applied to identify only certain processes (and corresponding participants and technologies) relevant to a given business issue or proposed change (for example, a new way to go to market, which would affect multiple processes in the Sold area of the BPA. The processes included in a given BPA Detail Chart can include not only primary, value-adding processes but support and management processes.

### Cross-Functional Business Process Map

Below the level of the BPA are the individual processes, which are captured using the classic "swimlane" format pioneered by Geary Rummler and used today by virtually all process flowcharting practitioners and imbedded in BPM software (See Figure 7 at end of text.). The format enables the process map to provide rich detail about the tasks performed in a given process and who participates in the process. The map can also show how technology is employed in executing the tasks, and may show how various systems and applications interact with each other in performing various sub-tasks. In addition, maps may contain other information such as time consumption, metrics, resources, etc.

Corresponding to the cross-functional process map is a cross-functional Role-Responsibility Matrix, which provides even more detail about how the tasks contained in the process are being performed.

### Sub-Process Maps

If it is useful to delve into even greater process detail, a sub-process map can be used to decompose a single task and, using the same swimlane format, show the sub-tasks, performers, technologies and sequence.

Below this level are any number of other tools that could be applied in either analyzing existing processes or designing new ones. For example, if the purpose is to identify where controls exist in a process in order to meet the compliance requirements of the Sarbanes-Oxley Act, sub-process maps can be applied to this purpose, providing a picture of exactly where various controls exist in a given process.

In summary, the BA is derived from the Process System Hierarchy. As shown in Figure 8, each component of the BA corresponds to a level of the VCH. In our view a complete BA constitutes a completely mapped set of all of these components, whether it is intended as a BA of the current state or it is a future-state BA. (See Figure 8 at the end of the text.)

This then constitutes our view of one important dimension that should be contained in a complete BA: a vertical depiction of how a business creates and delivers value through its complex hierarchy of processes

In our next article we will describe how a BA should also depict how the business is managed as a processing system. We haven't yet shown how this view of a BA can be applied to a business problem nor how to bridge from processes to enabling technologies, but those are subjects for the future.

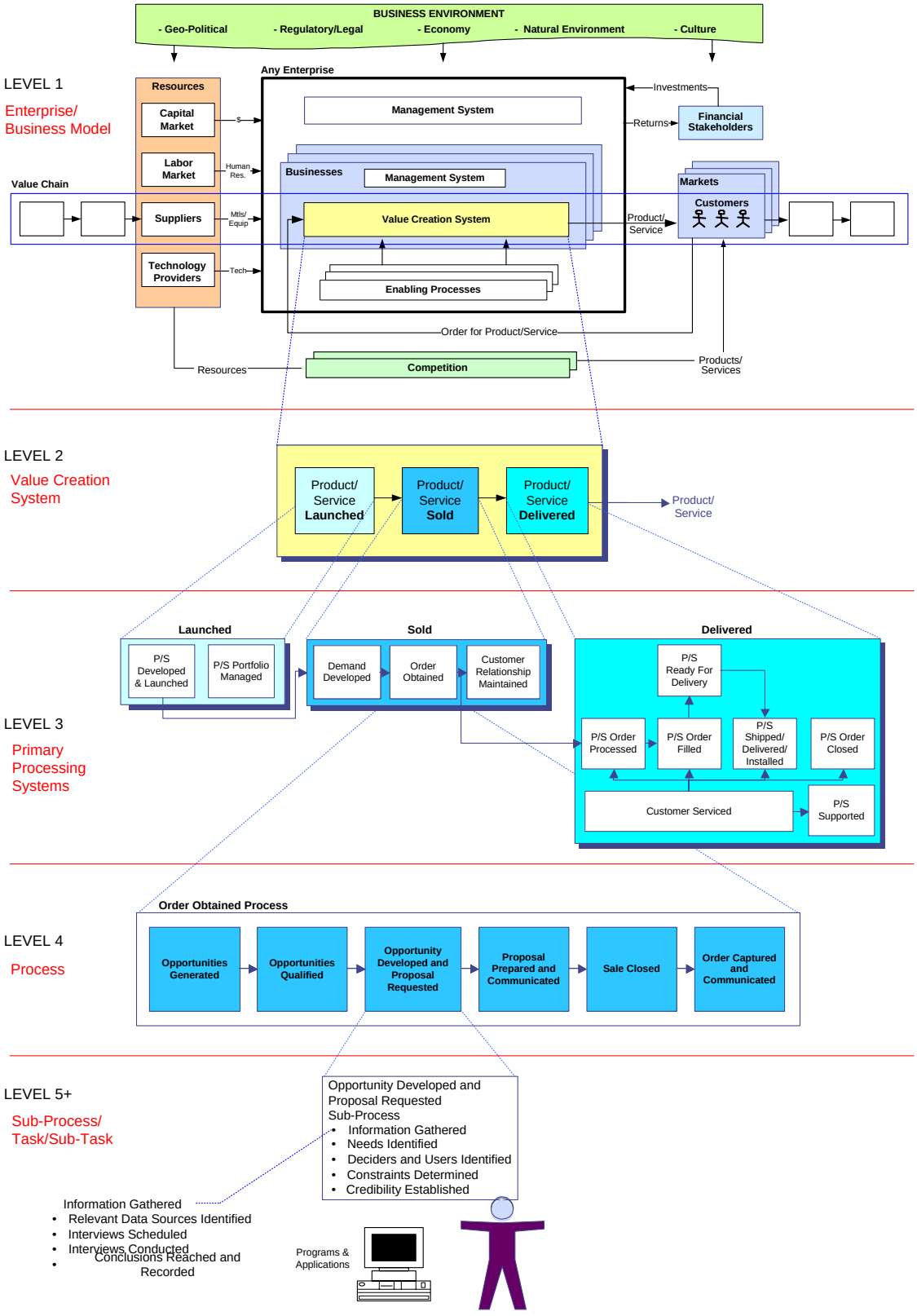




**Figure 1: Value Creation Hierarchy**

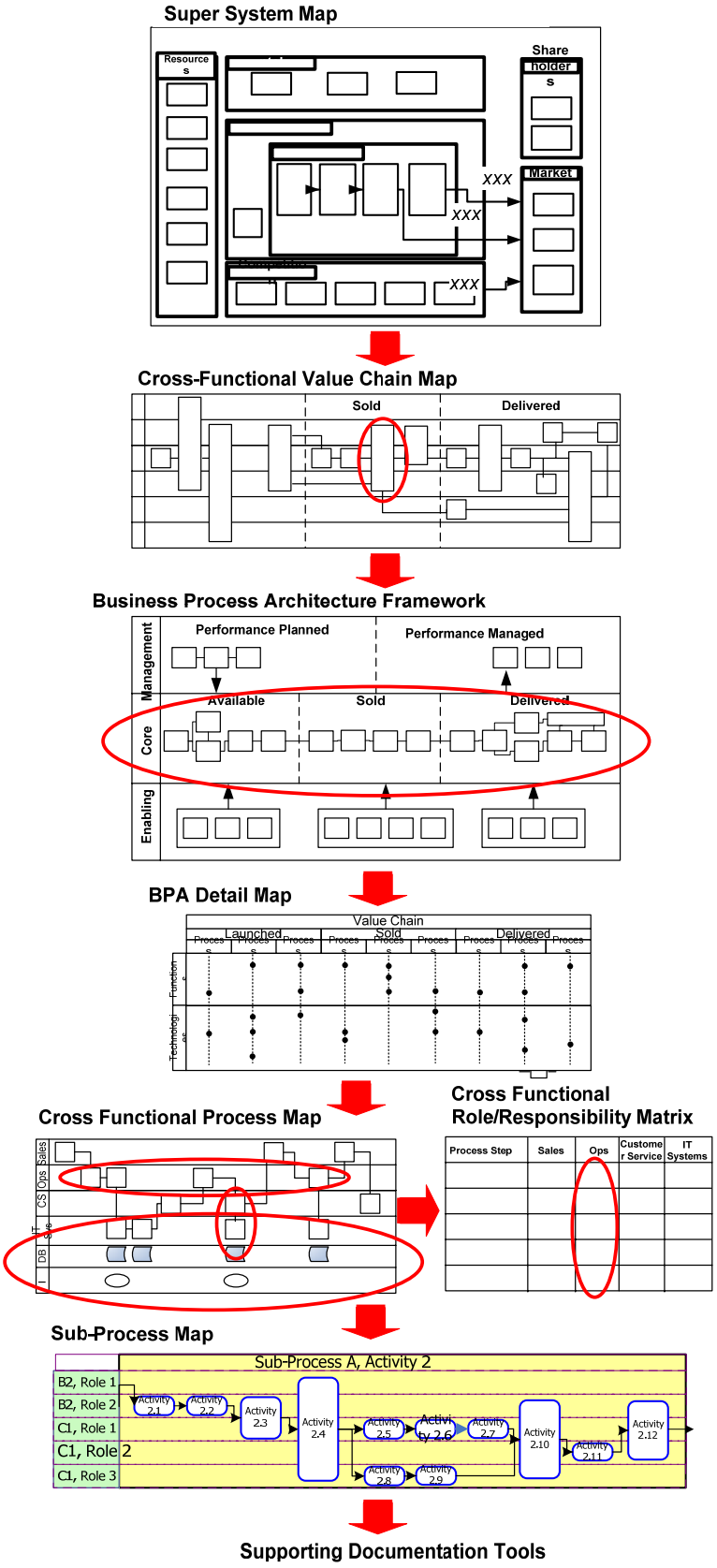


**Figure 2. Business Architecture**

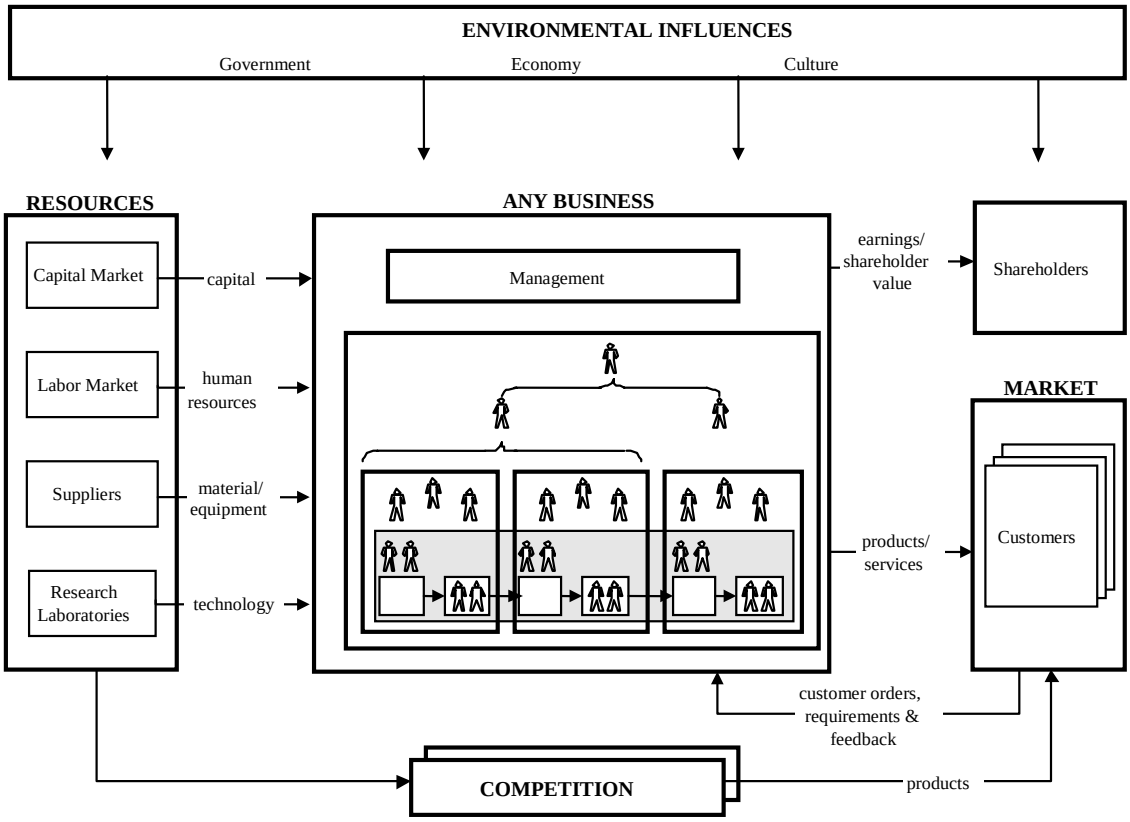


**Figure 3 – Super System Map Template**

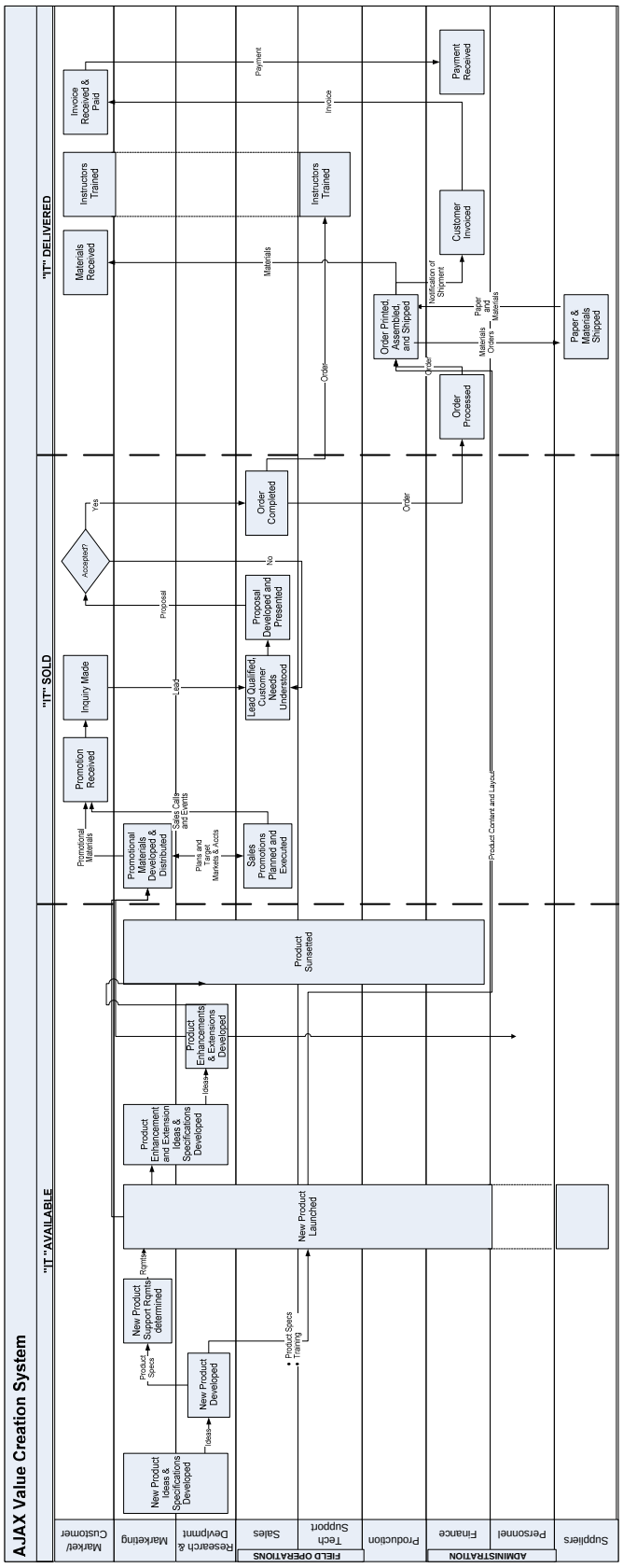


**Figure 4 - Cross-Functional Value Creation System Map**

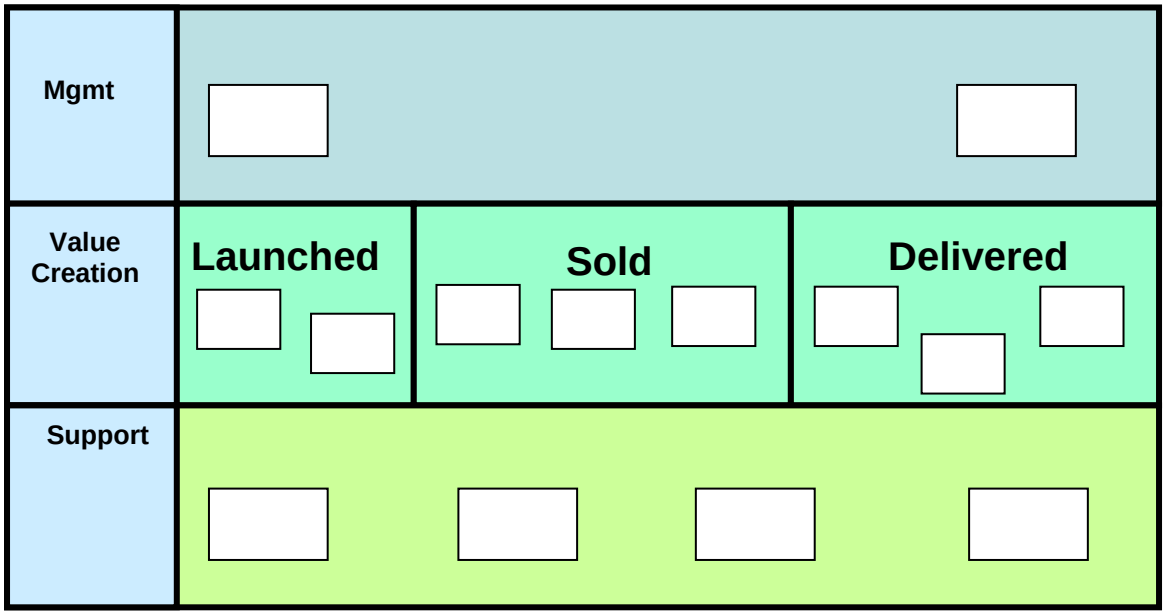


**Figure 5. Business Process Architecture Framework**

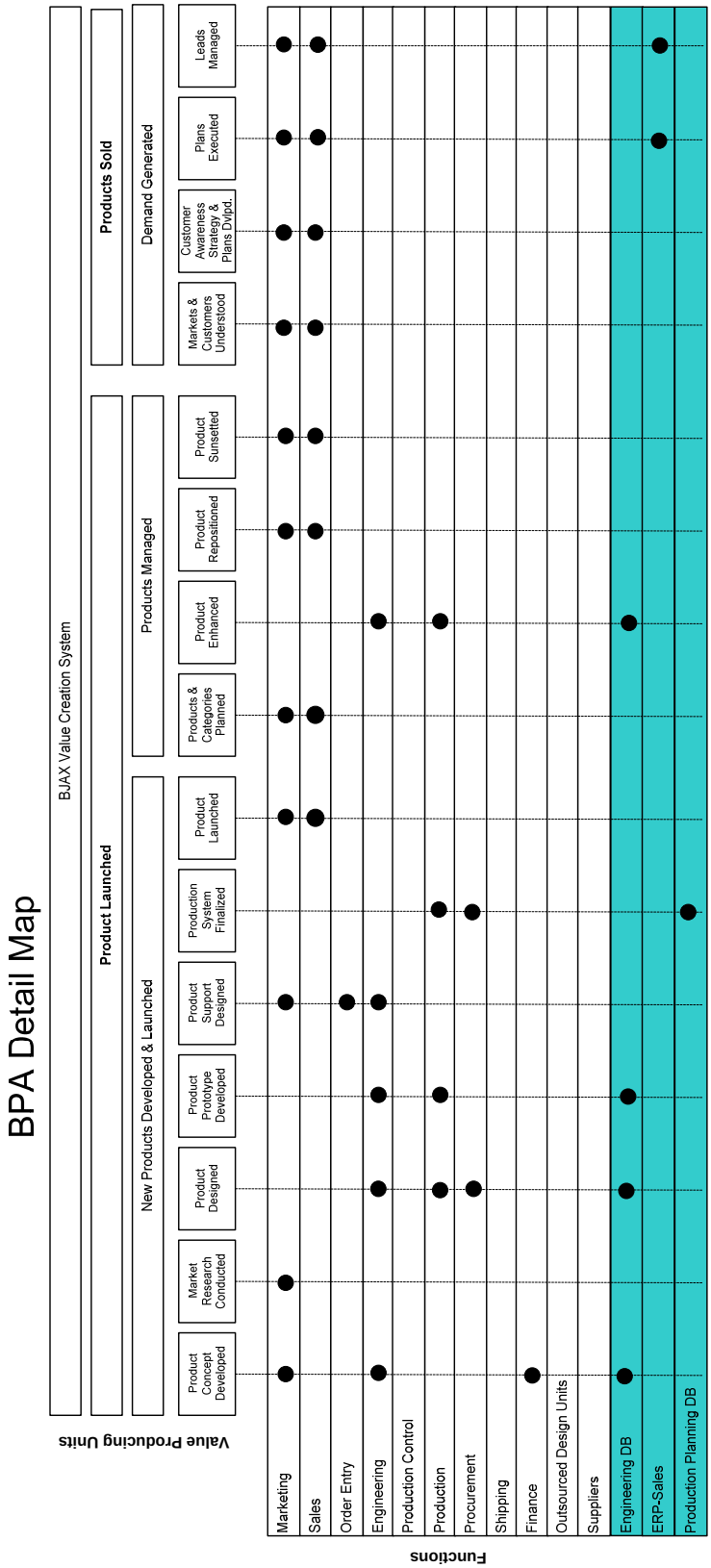


**Figure 6 – BPA Detail Chart**

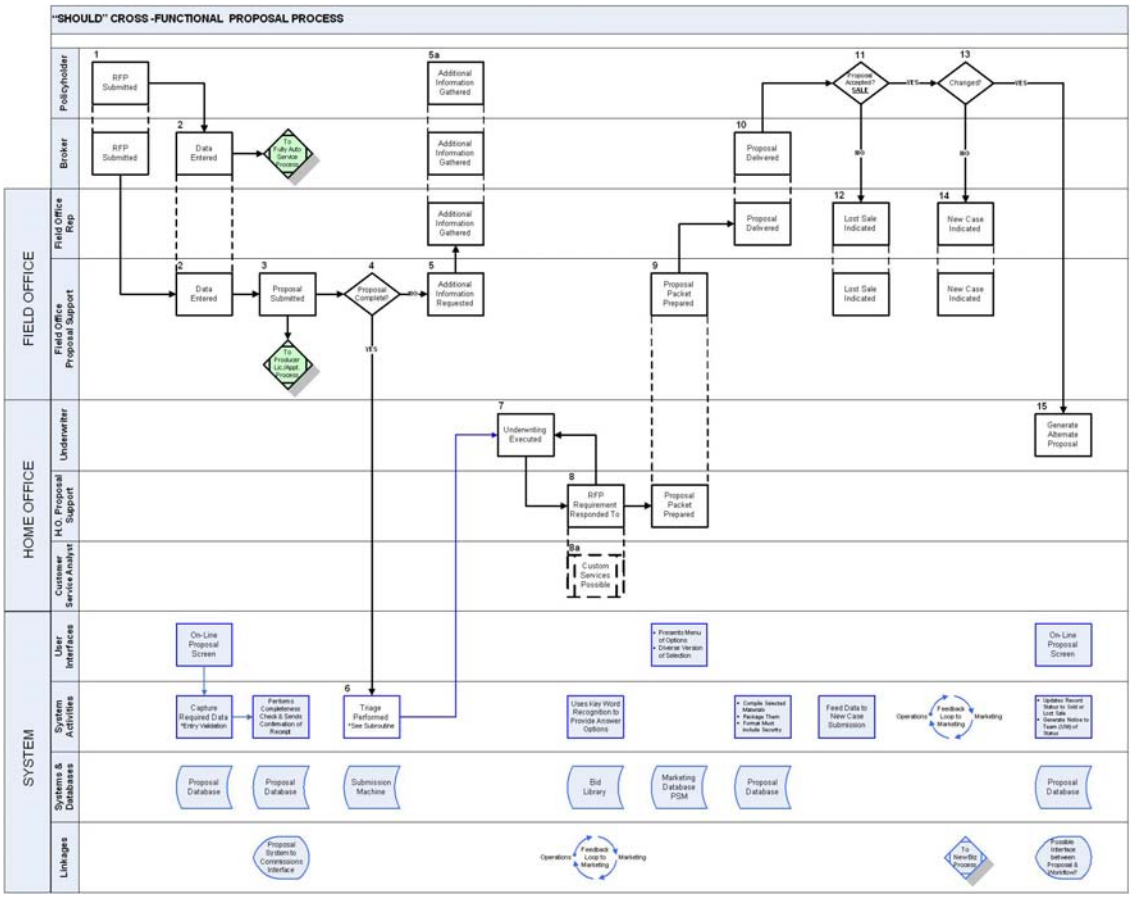


**Figure 7 – Cross-Functional Process Map**

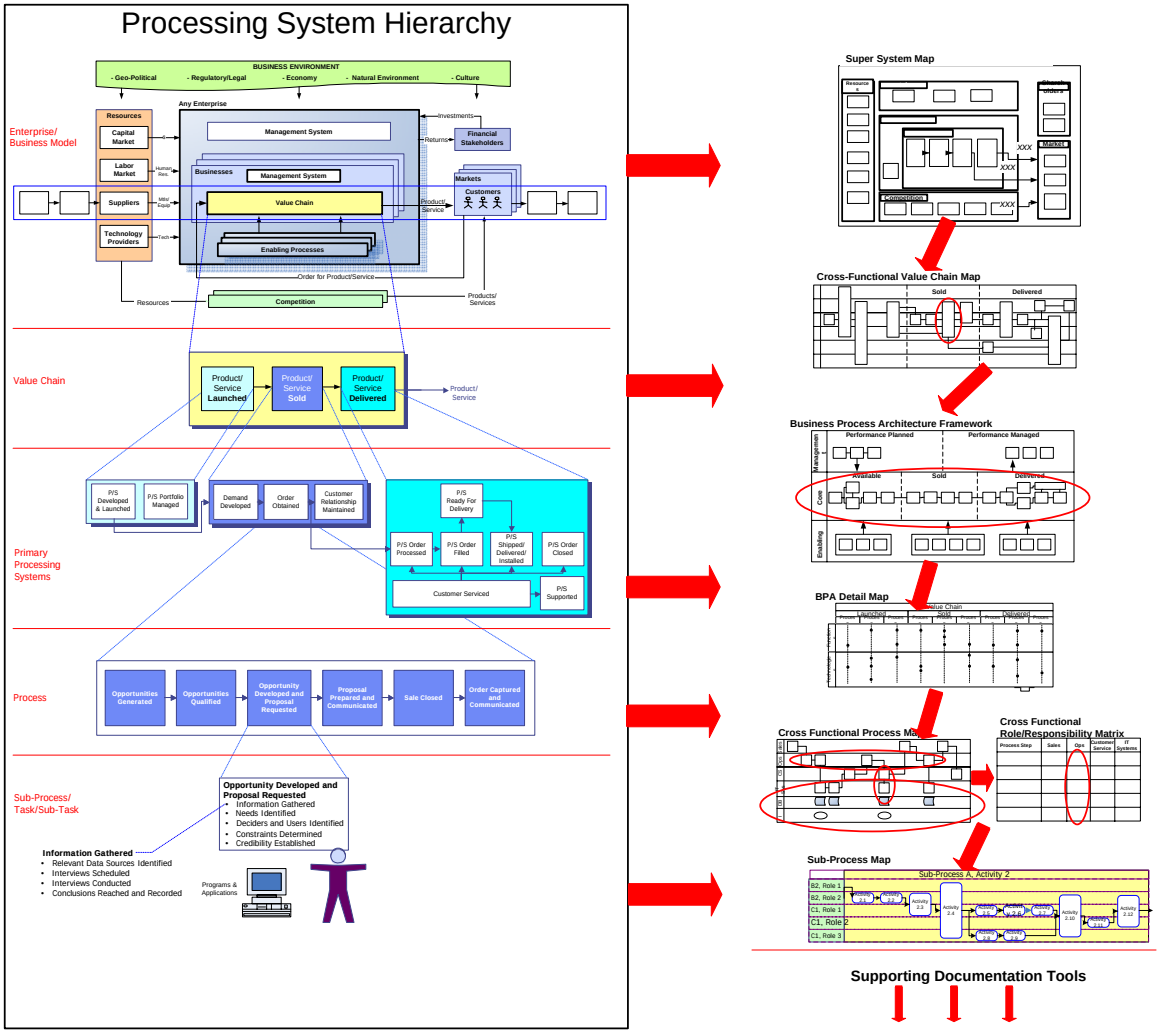




**Figure 8: Processing System Hierarchy**