

Mutual Influences between Business Processes, BPS and Stakeholders

Notes for Brainstorming Session prepared by Gil Regev

Mission

- Investigate how business processes and BPS systems influence the fit between the organization and its stakeholders, both internal and external.
- Investigate how stakeholders influence business processes and BPS systems

Motivation

The fit between business processes and BPS system is an interesting technological question but from the point of view of most organizations (those that are not in the business of designing business processes and/or BPS systems) it is often an irrelevant question. Unless, that is, this fit changes something in the business relationships, i.e. the organizations relationships with its stakeholders. We use the term stakeholders to designate any business relationship such as customers, suppliers, investors, competitors, regulators, employees etc. In this brainstorming session we want to explore the issues that surround the fit between stakeholder needs, business process and BPS systems.

Consider the following anecdote. The travel agency where I made the reservation for the Geneva-Riga flights sent me the invoice for the ticket. I noticed that the date for the return flight didn't correspond to what I asked. I contacted them and asked for the date to be corrected. They quickly made the change but instead of issuing a new invoice gave me a simple print-out of the corrected flight information. They claimed that they couldn't print an updated invoice without having a cost associated with it.

As I understand it their BPS system only allows the creation of new invoices which should be paid for. It doesn't allow the modification of an existing invoice. This seems to be a case of a rigid business process. It may be the result of its automation with a BPS system as noted in [1].

I, as a customer, have a wrong invoice and a printout, which I am not absolutely sure are connected. I am anxiously waiting for the tickets to arrive so that I can be certain that the change has been performed correctly so the fit with my expectations and preoccupations as a customer is not perfect. It would have been even worse if I had to pay for a new invoice to be issued, had the travel agent not have a fix.

The travel agent in this case, knew the limitation of her system, i.e. what business process it supported, she knew what the customer expected, i.e. what the business process should allow, and she knew how to fix the misfit between the two to the

approximate, but not complete, satisfaction of the customer. In this case the agent provided the flexibility that the BPS system lacks.

In other cases the BPS system may have the capabilities for an exact fit with a stakeholder but organizational issues prevent the company from maintaining this fit. These issues are often called organizational culture, but this misfit can also be the result of the need to maintain a fit with different stakeholders.

Organizations can therefore be stuck in positions of misfit because of aspects of their business processes, their culture, their BPS systems, their stakeholders etc. Whether these positions are good or bad for the organization is an open discussion.

An example on the other spectrum, that of a good but equally dangerous fit, is given by Hammer and Champy [2] who describe how Ford required its truck braking system suppliers to integrate their inventory systems with its own. In this scheme Ford doesn't own the inventory of braking systems even though it is physically in its factory. Ford pays for a braking system only when it is installed on a truck. Of course, this strategy works best when the BPS systems of both supplier and customer fit tightly. It can also be argued, as many do, that this kind of strategy is fueled by BPS system capabilities. In this case the capability to integrate accounting and inventory systems.

This is a case of a very close fit between supplier and customer. The advantage for the customer is lower operational cost. The advantage for the supplier is a high assurance of continuous business. The disadvantages for both are that this tight fit renders each company vulnerable to the other company's failing.

Main questions to be discussed

1. What organizational culture prevent or favor business processes and BPS system fit with stakeholders
2. What are the pros and cons of tight vs. loose fit of business processes and BPS systems from the point of view of an organization's stakeholders?
3. What are the positive and negative influences of BPS systems on business processes and stakeholders?
4. What kinds of stakeholder requirements should an organization refuse to implement, thereby maintaining some (necessary) misfit?

References

1. Fan, I-S and Albert, C., Process Model for Diverse Stakeholders Goals, Workshop on Goal-Oriented Business Process Modelling(GBPM'02), London 2 September 2002
2. Hammer, M. and Champy, J. Reengineering the Corporation: A Manifesto for Business Revolution, London: Nicholas Brealey, 1993.