

UNIFIED BUSINESS MANAGEMENT

ENTERPRISE EFFICIENCY FOR THE 21ST CENTURY



Extended Comments to the Power Point Presentation

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INTRODUCTION

First of all, thank you for taking interest in our presentation. We worked long to eliminate all inconsistencies in our understanding and presentation of the subject. This presentation is an introduction to the concept and, therefore, every attempt was made to make it simple and to the point. We welcome any comments and questions that may come up about the subject. We are planning to publish them on APMD's website.

So, here it goes. UBM. Unified Business Management. Let's talk about the logic behind creating this new concept first, then we will briefly discuss the concept itself, then we can speak about the ideas, which are not new by the way, that are being made possible by application of UBM.

What is success for a business nowadays? We believe that the most successful companies are the most efficient companies. Why? Because, they are consistently reaching their goals. Because they are a pleasure to deal with. Because they are the least wasteful in all aspects of that term.

And we would like to step back and repeat what everyone in this room knows by heart already. But we need that to demonstrate why UBM addresses business efficiency in the most direct way.

21ST CENTURY ENTERPRISE

Let's speak about the environment, or more specifically the challenges, being faced by today's successful companies. As we said, everybody knows what they are. Here is a list:

- **INCREASED SPEED OF CHANGES** - in business and in the society in general
- **REGULATORY PRESSURES, TRANSPARENCY REQUIREMENTS** - both markets and governments are trying to reduce risks of economic malfunction
- **GLOBAL COMPETITION ON A LOCAL LEVEL** - even mom & pop shops have to consider international supply chains and labor force distribution
- **NEW APPROACHES TO STRATEGIC AND TACTICAL PLANNING** - process and project management provided examples of how to plan and control the road to success. Technology gave way to more complex business models.
- **GROWING WORKER PRODUCTIVITY** - it is both a demand and a hidden cost. Success demands workers to be efficient, on the other hand efficient people need support in staying productive through use of technology and efficient planning.

BEING EFFICIENT

Our proposition is, let's define efficiency as the ability to cope with challenges we have just listed. Here is our list of qualities that qualify a business as efficient. Business should be able to:

QUICKLY ADJUST TO MINIMIZE NEGATIVE EFFECTS OF NEW INTERNAL AND EXTERNAL PRESSURES - the demand is to be able to adjust quicker and quicker

PROVIDE TRUE BEST VALUE TO SHAREHOLDERS AND CUSTOMERS - because the competition is harsh, businesses must be able to consistently substantiate and deliver the true best value, not "the best we think we can do"

MINIMIZE WASTE OF RESOURCES, INCLUDING TIME - not "cut" resources or their usage, but systematically minimize their waste, even when times are grand for the business

MAXIMIZE PRODUCTIVITY THROUGHOUT THE ORGANIZATION - not only through initiatives and restructuring, but through consistent every day effort

WHAT TO DO TO BE EFFICIENT

Here we have to mention that we absolutely subscribe to the idea of building efficiency through Business Process Management and an analytical approach to analyzing the business in general. We think it is very difficult to think of a more appropriate view to look at a business from the management point of view than business process. That is why businesses should absolutely strive to:

- **KNOW, PLAN, AND CONTROL ALL OF THEIR BUSINESS PROCESSES** - continue to document, review, and improve. Move on to planning.
- **USE ANALYTICS AND METRICS** - only “cold” numerical measures of performance can provide the real substantiation to valuations used in planning and reporting.
- **GET REAL-TIME FEEDBACK** - the ability to rapidly adjust processes and plans is one of the central qualities of an efficient enterprise. Receiving feed-back from processes that are being executed in real time is the ultimate goal, as this feed-back provides the basis for required corrective actions.
- **COMMUNICATE EFFECTIVELY** - it is important to remember that business processes consist of actions and communications performed almost always by people, workers, not of theoretical activities and functional responsibilities. High worker productivity can only be sustained by providing relevant, actionable, timely information in the context of business processes in which they participate.
- **GIVE MANAGERS TOOLS TO EASILY PLAN, CONTROL, RAPIDLY CHANGE THEIR PROCESS(ES)** - finally, companies should be managed through use of tools and techniques that will make all things that we just listed an everyday practice for those in charge of achieving goals and ensuring success. The management practice should become a practice of designing, planning, and controlling processes, monitoring the feedback and results of process execution, using analytics for making decisions, ensuring clarity and speed of communications. Not to mention, these tools must be intuitive and integrated to give managers a required level of control and an accurate picture of what is happening.

UBM:

In our everyday work as Business Process Engineers, we keep running into a situation, well known to Business Analysts and Process Automation professionals: the process being engineered (modeled, automated) is only described from one particular view -

- *professionals* who help execute the process
- *their immediate managers*, who are responsible for the correct process execution
- *senior managers* who are responsible for the success of the whole enterprise

What happens because of it? Each of these groups gets served best by a particular type of application: for example, an ERP system serves best interests of senior management.

Another problem: once a process is captured and implemented, any major change to it causes rebuilding of the whole automating solution all over again.

Enterprise Application Integration and the technical arm of Business Process Management are doing their best to smooth the issues. However, disconnects and the inflexibility of the traditional approach are very apparent. And they go against everything we just discussed about efficiency and success.

We believe we found a better practical way. A way to use existing knowledge and technology to construct an engine to power business process execution in a way that Unifies

- views and requirements from all professional groups and levels of management
- various flavors of “management”, such as process management, product management, quality management, project management, risk management, etc.
- tools required to plan out a business operation, run it, and analyze its performance.

Our Unified approach makes business process model - the business, and process management - the management.

What do we call Unified Business Management?

- **A THEORY OF BUILDING AN EFFICIENT ENTERPRISE** - or maybe a theory behind modeling of a business organization and its processes for purposes of management and building an efficient enterprise
- **A METHODOLOGY OF BUILDING AN EFFICIENT ENTERPRISE** -this is a blueprint for managers for building their modern practice and, hence, an efficient enterprise
- **TOOLS FOR BUILDING AN EFFICIENT ENTERPRISE** - building blocks for constructing a modern management practice and, hence, an efficient enterprise

THEORY

Let's touch briefly upon the foundation of the theory that lies beneath UBM. Again, some of the concepts are not new and are well known.

- **BUSINESS ORGANIZATION IS A NETWORK OF SYNCHRONIZED BUSINESS PROCESSES** - not one giant process with "sub processes". There are many processes differing in scope, ownership, pace, complexity. They are synchronized in time via people's decisions, actions, and some other events occurring within or outside of the organization.
- **BUSINESS PROCESSES MUST BE MODELED AND SIMULATED OR EXECUTED, NOT "IMPLEMENTED"**. There are many examples of successful practical applications of models in process execution and management. In aviation, military, natural resource conservation, and other domain specific fields. Business, and its management in particular, is one field where models have been used sporadically and only in combination with traditional ways until today (let's do not confuse business management and IT where "models" are used all the time as the basis for creating systems and applications). Models should not be translated into media that cannot be changed using same tools as were used to create the model in the first place. "Hardcoding" of models in a computer code makes them unusable in management and hurts the efficiency of the business.
- **PROCESS MODELS MUST ACCOUNT FOR PARTICIPANT BEHAVIOR AND RESOURCES IN ORDER TO BE USED AS A MANAGEMENT TOOL**. Here we address the nature of business process. Participants are the skeleton and resources are the blood of a business organization. They support and supply the network of processes with energy that is used to produce the output, reach goals, and achieve success. Each process affects them. If a process does not affect participants or resources at all, the process should be considered for elimination as hurting the overall efficiency of the business.

METHODOLOGY

It is hard to get into a discussion of a methodology without entering the world of flowcharts, checklists, and tables. Very briefly, however, we call on businesses to follow these surprisingly familiar steps:

- **CREATE A BUSINESS PROCESS MODEL USING THE UBM NOTATION, INCLUDE RESPONSIBILITY ASSIGNMENTS AND COMMUNICATION CHANNELS, PLAN PERFORMANCE MEASURES AND METRICS, SET GOALS** - start the classical management loop: Plan. Do you need to model the whole organization at once? No. Do you have all of the information you need to do it 100% for even one process? Possibly yes, but most probably No as well. UBM calls for gradual transition to modeling based on availability of resources and positive feedback. More significant is new thinking of the business in terms of a complete picture existing in one place:
 - *what needs to be done,*
 - *how you will do it,*
 - *what are the measures used to evaluate the performance,*
 - *what resources are being utilized, what financial entries are being made*
 - Etc. etc.
- **CREATE A CUSTOM INTERFACE AND DOCUMENT TEMPLATES FOR WORK AND REPORTING, IF DESIRED.** We mentioned the tools UBM provides. This item should actually sound as “ask IT to extend UBM tools, if desired”. In the very beginning this item seems as not deserving a lot of attention. However, later this concept will become more important. Thinking now, it may be a part of planning as well.
- **RUN MODEL ACCORDING TO PLAN.** Fire up the engines, set wheels in motion. Do it. Make decisions. Communicate. Monitor. Provide information. UBM tools will guide, assist, notify as required.
- **COMPARE PERFORMANCE MEASUREMENT TO THE GOALS.** Results are in and analyzed. The management loop closes. Going back to planning. Adjust the model, assignments, communications, measures, or goals... See the first item of this section.

TOOLS

As Process Engineers we would not be true to ourselves if we stopped at creating UBM methodology. We don't want to be seen proposing steps to execute without actually providing the environment to execute the steps with ease. UBM Tools is a ready to use computer based environment that is built around the theory and the methodology of UBM. Whatever is needed to model, manage, and make an enterprise efficient is already included.

- UBM BUSINESS PROCESS MODELING AND MANAGEMENT SUITE, *allowing process planning, simulation, statistical analysis, responsibility assignment, performance measuring.* Like an airplane cockpit, this environment is fully equipped with dials and controls for a manager to plan and understand processes, involve workers into executing it according to the plan, make adjustments, restructurings, run what-if scenarios, view reports. In other words, to take the business off the ground and start gaining the altitude. We always get a question: What does it look like? It looks like a combination of Visio, Excel, Outlook, and a corporate "intranet" website. Seriously though, each business has the luxury to pick or build a "model" best suited to its needs.
- UBM BUSINESS PROCESS EXECUTION ENGINE, CODE NAMED "COVER PAGE", *including utilities such as API, Model Browser, and Data Import/Export.* This is the engine of our airplane tasked to interpret the information coming in using the logic built into the model and recording the results or initiating other actions. The fact that Cover Page does not require use of all capabilities at once means that organizations can "grow" into a complete UBM environment on their own pace.

TOOLS: UNIQUE PROPERTIES

We should cover questions naturally arising. Why use specific UBM tools? Isn't it possible to use one of the existing business platforms or a combination of them to achieve same results? What is so unique about UBM tools?

In short, UBM tools are the only known today system that allows

a) *a complete management control over every aspect of the enterprise - from value add process management and resource planning to organizational structure optimization and audit support*

and

b) *to do it without involvement of IT or requiring special "modules" or "components". all information captured by the process models or provided to the models is referenced and available at all times to all levels of management*

In particular, characteristics of UBM tools include:

- *PROCESS AND INDUSTRY AGNOSTIC – run everything from sales and manufacturing to taxes and general ledger, from engineering firms to banks.*
- *REAL TIME REPORTING – follow resource and financial transactions as they are occurring*
- *UNIFIED MANAGEMENT TOOLS – as they combine productivity application back-end, process management, and full ERP*
- **INTEGRATES PLANNING, EXECUTION, AND CONTROLLING OF MANAGEMENT PROCESSES**

We could list more unique properties. However this list should already illustrate that building an efficient enterprise in accordance with the UBM methodology is a straight forward exercise when UBM tools are used.

ADVANCED CONCEPTS

Use of UBM theory, methodology, and tools opens way to new interesting approaches to management of a business organization. Business Consulting is a service industry built around the practice of management and is represented by most active management practitioners and theorists. Here we would like to list a few ideas and concepts made possible by UBM that, we strongly believe, will be of interest to business consultants as well as practicing managers.

- **DISTRIBUTION OF BUSINESS PROCESS MODELS AS PRODUCTS** - for business consultants who are not part of IT there is a chance to not only propose a way to do things, but also bring in a tool for structuring organization around your idea. You can offer sophisticated models, ranging in nature from structured models for running a restaurant or a shop to advanced cases of transaction processing and analytical reporting. As an example well applicable to operating US Public Corporations, UBM is capable of modeling processes of a corporate tax department that will implement Tax Data Capture and Processing, Management Tools for Planning, Monitoring, and Analyzing the process of tax return preparation, and implement a single multi-year tax calculation engine with all aspects of planning and analysis. Simply develop the best practices model of operating a tax department and you have not only a service, but also a tool to provide to your clients. No IT or programming is involved in the process.
- **BUSINESS IN A BOX – A CONSULTING SERVICE?** As an extension of model distribution, encapsulate and shrink-wrap processes of a company, especially common back end operations such as accounting, HR, taxes, A/P, A/R, warehousing, etc. That way a company can be taken through steps of planning, forming, establishing books and records, conducting business using a one-window service.
- **PROCESS EXECUTION CONTROL SHIFT FROM IT TO BUSINESS ANALYSTS AND MANAGERS, CODE-LESS SYSTEM LOGIC CHANGE** - With the tools to change process or definition of information being processed, managers do not need to include IT representatives in their headcount or budget. Everything a business does can be modeled with same amount of effort it takes to put together a top-notch MS Excel spreadsheet. Business Analysts, or process specialists with in-depth knowledge of the subject matter, will be managers' helpers in adapting models and the organization itself to ongoing process change, not the programmers. There is a definite role for IT specialists in a business organization, but that is a part of a different presentation.
- **MULTI-LEVEL “WHAT-IF” STRATEGIC AND TACTICAL ANALYSIS AS PART OF CORPORATE PLANNING.** This has been a desire of many planners: the ability to “overlay” various proposals, initiatives, and projections in order to evaluate the expected cumulative effect of them all. And do it in the context of *actual* process flows and transactions. Org chart changes can be planned together with new regulatory compliance requirements, new operational processes, new product development, etc., etc. Now, the ability to trace effects of changes to all aspects of a company controlled by its management whether on the operational or corporate level is a real possibility.

- **TOTAL CONTINUOUS ENTERPRISE EFFICIENCY IMPROVEMENT** - an extension of total quality control. A company can now continuously adjust all of its parameters in order to answer the outside challenges. It can change its structure, accounting, product focus, operational procedures, etc. etc. The change can now be done in the most optimal way supported by results of what if analysis, simulating all processes of the business at the same time. This optimization, built into overall business planning and controlling makes the efficiency improvement total and continuous.
- **SELF-DOCUMENTING CORPORATE PROCESS SYSTEM – 100% AUDIT COMPLIANT.** UBM process models do not need to be “coded” in a computer programming language in order to be interpreted by the process execution engine. This leads to a situation when it is always possible to visually present and examine not only every step of each process being executed, but also the actual decision logic and transaction rules defined by the planners as part of process automation. No more discrepancies between what process requirement is and what a computer system actually does. To assure everyone, managers do not need to worry about planning cases or results exposed to external auditors or competitors. The technology behind UBM Tools ensures that private business information stays private.
- **PROCESS AND COMMUNICATION SYNCHRONIZATION** – ultimate efficiency in the 21 century. Finally, having processes, transactions, and financial results all linked and referenced, allows workers to communicate more effectively by narrowing the scope of each communication to a particular process, transaction, or issue. UBM Tools extend the idea of communications centered on a piece of information (such as “document review”) or a responsibility assignment. Communications, to support high productivity and efficiency, must be tied to process steps and be actionable - meaning offering options which actions to take based on the process definition and state.

CONTACT

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