

# Managing the Enterprise with Business Flows

*Daniel Tkach*

# Managing the Enterprise with Business Flows

## **EXECUTIVE OVERVIEW**

Business flows describe the way companies line up their resources to achieve their objectives. They comprise the processes by which the company creates value for its customers, suppliers and employees, and describe the roles of the company stakeholders in each step of the flow. The design and execution of the business flows defines univocally the company's identity and behavior in the marketplace.

The business flows provide managers with the context to understand the state of their business by the company's business close. The information that comes out of the processes and is generated by enterprise applications, enables each manager to know on a daily basis how far the company is from achieving its goals using past, present, or projected performance metrics.

Business flows are a blueprint for implementing the company's processes, as well as a very real mechanism for focusing and managing the activity of key business cycles. The company's lifeblood information is created as a result of these processes. Thus, flows provide both the source information and the action framework for analyzing the daily information and making the decisions required to drive the business toward achieving its goals.

## **DAILY ENTERPRISE INFORMATION FOR BETTER DECISION MAKING**

What information does a company need to thrive and succeed in today's fast pace business environment? At all levels, employees need to be aware of the key business facts related to their roles in the company, and how these facts deviate from the planned or forecasted values. Because the volume of information available can be overwhelming and not always relevant to the role, the information delivered needs to be personalized by role.

Enterprise applications such as CRM, ERP or SCM provide the information infrastructure required to allow business executives to view key business facts on a daily basis and allows managers on any organizational level to optimize business operations through real-time business intelligence. A central database enables the consolidation of data avoiding the fragmentation of information by business function or company division.

The advantage of a centralized data base and a unified data model is information integration. From marketing to sales, from manufacturing to procurement and from projects to human resources, all the company business processes can be implemented on top of a single data model. This means that the customer lead information captured by the marketing campaign is the same that will be used for quotes, contracts, invoices and shipping unless otherwise directed. The sales executive, for instance, can see every day which leads received quotes, and of these, how many business transactions were closed. Business Intelligence components can compare this information with trends, industry standards and competitive data, thus providing the executive with complete, clear and actionable insights about the effectiveness of the company's marketing and sales teams.

## **BUSINESS PROCESSES, FLOWS AND DAILY DECISIONS**

What is a business flow, and why are business flows important? A business flow is a set of business processes pertaining to a standard functional cycle of the company, that takes one or more kinds of input and creates an output that is of value to the

customer (internal or external). These activities are not uniquely identified with one department or line of business, but they usually span several organizational units. We could identify for instance, a *Campaign-to-Order* business flow describing the processes executed starting from the product marketing campaign to the management of the customer orders of that product.

On any day, a sales executive could ask: “How many leads did we quote on and of those quotes, how many contracts did we close?” If marketing management, sales management, contract management, and order management were separate processes and not integrated in a business flow, this question could never be answered accurately in the required time frame – certainly very unlikely by the end of the business day. If the individual processes were supported by applications working on different data bases with disparate data models, it would require a highly costly system integration effort to automate the delivery of the requested information.

When enterprise applications are integrated and are built on a single version of the truth -- a single database with a single data model – companies can take a phased approach to application adoption with the assurance that each newly implemented application will extend seamlessly the automation of the company’s business processes.

## **THE VALUE OF BUSINESS FLOWS**

The business flows highlight meaningful patterns of application implementation. Because the information items required for daily decision making derive from the processes of the business flows, the flows usually involve more than one enterprise application: hence the importance of application integration.

For example, the *Banking to Accounting* business flow could provide executives with information about the company’s net position in local and foreign currency and its cash flow. This flow can be automated using General Ledger and the Treasury ERP applications with input from Sales, Accounts Receivable, Procurement, and Accounts Payable.

Business processes change quickly in today’s business environment, however every organization adheres in some way to the basic business cycle: developing a plan, delivering goods or services, and reviewing the organization’s performance in a given cycle. All organizations need a physical infrastructure and intellectual capital to provide their value in the marketplace,

people to plan, manage, and deliver, and systems to manage the information flow -- which parallels the delivery flow -- to track customers, suppliers, material, orders and other components of their businesses.

People, information and resources work together through business processes. In many companies, however, the processes are ill defined and poorly documented. The result is that work done is performed in an unstructured environment where the activities are managed by people who have been there a long time and know how to do their jobs because that's the way it has always been done, frequently supported by legacy applications that are hard to maintain and adapt to the new requirements of the marketplace. In global organizations, similar activities can be performed in a different way depending on the location, which leads to accounting inconsistencies and makes it very hard to get a meaningful daily state of the business

Companies need therefore to define a standard business process model and implement their key business flows to achieve repeatability, flexibility and company wide consistent results. The business flows define cross-departmental sets of individual processes aligned with the company's objectives. The processes should be streamlined to manage efficiently key aspects of the company's business cycles, and the process documentation should be always available on the Web to the user to provide just-in-time training and to foster operational consistency.

## **FLows FOR DAILY DECISION MAKING**

Who owns a process? Process ownership is usually associated with a business role. For instance, a purchasing manager is generally responsible for the procedures that need to be in place for issuing a purchase order or selecting a supplier, while a human resources specialist will implement and modify the processes of the employee performance review.

Who owns a flow? The flow is owned by the operational manager who is responsible for the flow throughput and who needs to ensure that the flow information is available for the daily decision making. Flows allow operational managers to see detailed information pertaining to the period's transactions. For instance, the Order Fulfillment manager needs to review the

orders booked today, current orders, orders to ship or invoice today, and orders on hold. The cash manager needs to know the current positions and exposures in local and foreign currency given today's transactions.

Business flow operational information lies at the core of the daily decision making. This information, however, leads to much more actionable insights when it is augmented with the Business Intelligence performance measures tied to the operational flows. With the augmented operational information, the company's executives can see how well the organization is achieving its objectives. And when there is a need to focus on a critical area to improve performance, the flows indicate where to start the corrective action.

Business Intelligence applications allow companies to establish a performance management framework for targeting, measuring, notifying, and adjusting their operation to comply with performance objectives. The framework is based on Key Performance Indicators (KPIs) to turn strategic goals into measurable indicators. The KPIs can therefore be used as a benchmark for the decision making information. Once a particular area of concern has been identified, the flow associated with the KPI allows managers to focus on all of the activities and the people (including the operational manager) contributing to that particular measure of success. For example, an Order to Shipment business flow, is benchmarked by a "Shipping Performance" KPI and the documentation of the processes involved from when the order is placed to when the good is shipped. If too many shipments were unacceptably late, the manager can follow the flow to find out where the problem lies, who is responsible, and what needs to be done to improve the shipping performance of the company

## **BUSINESS FLOWS ON THE ENTERPRISE PORTAL**

The enterprise portal is the new desktop of corporate users. It provides enterprise executives, managers, and employees, as well as customers, suppliers and partners with an integrated and personalized view of the enterprise in all its relevant business aspects. By integrating the different applications and other sources of information on the portal, and having that information presented in a meaningful way by the Business Intelligence applications, users will always be ready to answer

critical business questions. The Web and mobile technologies allows this information to be rendered on any Web enabled device. The portal thus allows delivering the personalized view of the enterprise anywhere, at any time.

Large corporations build enterprise portals to empower their employees to work smarter and operate more efficiently. Portals enable company executives to manage by facts, by objective, and by exception.

Managing by facts means that executives get consolidated business metrics and reviews on their portal that can lead to actionable business insights. The enterprise portal can enable managers to manage by objectives, by displaying on request the personal and corporate objectives that a manager cares about. These objectives can represent current targets as well as actual values for the overall corporation or a specific business unit. Finally, the portal can enable a management by exception mechanism that continuously evaluates the performance targets against the actual results in the operational system. That way, managers can set their primary focus on the aspects of the business that need their attention most.

Displaying business flows on the portal adds a new dimension to management by exception. When managers see deviations from the KPIs that require their action, they can trace the results to the business processes and the personnel involved in the operations as the flow representation includes the associated roles for that flow.

## **IMPLEMENTING AND ADOPTING BUSINESS FLOWS**

Companies that are transforming to e-business face the challenge of defining and maintaining up-to-date processes and job role definitions that optimize the use of the new e-business applications. They also need to provide support for their employees to adopt the new business processes and perform in the new business environment on a global basis.

Adoption is a critical success factor in the implementation of a business flow. A performance support application becomes a key facilitator of adoption by moving the knowledge needed to perform the new tasks to the users desktop, at any level. The availability of a performance support application can reduce the initial training phase to the minimum set of skills required to perform the job. New users can learn the rest of the skills

necessary for good performance on-demand because the Tutor procedures available online through the application help facility, map directly to the processes of the business flow. Thus, employees can respond fast to the actions derived from the management decisions because they have at their fingertips not only the information they need to perform their jobs but also a decision support system that helps them to identify the appropriate actions for particular business situations.

## **CONCLUSION: IT'S ALL ABOUT MANAGING YOUR BUSINESS**

Adopting enterprise applications, a business flows discipline and business intelligence tools is an approach that provides to any manager in any size organization a unique opportunity to know the state of their business or department on a daily basis relative to past, present, and projected performance metrics. Managers can then know very precisely which decisions to make and where and how they need to act to drive the business towards achieving its goals.

