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Business Process Management: Helping Organizations Remain Competitive

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Business processes are the value drivers in any organization. They serve to transform raw inputs of material, time and labor into goods and services that provide value to internal and external customers. While every organization is generally viewed as a collective of different functions, processes run across functional groups and provide a highly complex unit of analysis and management. Organizations which have been successful in allocating resources to the design and management of processes often accrue considerable advantages that are uniquely sustainable.

A focus on business processes benefits organizations in two ways. First, it allows them to identify sources of value creation, and second, it forces organizations to allocate limited resources to leverage these methods. Rational decision-making is therefore enforced in all allocation scenarios. The identification of business processes is not a trivial exercise — it is a time-consuming and laborious process that involves every level of management. However, this task results in the documentation of processes and sub-processes within organizations and a common understanding of workflows. Each individual member of the organization understands the nature of the work he/she is involved in and how the task they perform fits into the larger scheme of value creation.

The identification of business processes also allows organizations to better understand how the allocation of resources can affect the work of organizations. An examination of the processes at one organization uncovered that it was the habit of the purchasing

department to run a report in triplicate; all three copies were given to accounting. Upon receipt of the report, accounting tossed two copies of the report, keeping only one copy. Limited resources force every organization to make trade-offs in resource allocation. However, these trade-offs should be made only after clear patterns of consequences are identified. In a move to reduce the extent of their vertical integration through outsourcing, a company laid off a painter. A day or so later when some equipment needed paint, there was no one to complete this task. The company had made a change before reengineering the involved processes; this decision had some unforeseen consequences. Using maps of business processes to demonstrate how different tasks will be affected forces informed decision-making within organizations.

In creating value, business processes provide a new source of competitive advantages in organizations. By focusing managerial attention on a unique value driver, business processes allow executives to envision the true outcomes that can uniquely characterize organizations themselves. When business processes are excellent, so are organizations.

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