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**SWP 15/94 FORGING A LINK BETWEEN BUSINESS
STRATEGY & BUSINESS RE-ENGINEERING**

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Forging a Link Between Business Strategy and Business Reengineering

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For many organisations the crucial issue in the strategy process is that of implementation. This is due in no small way to the distinction which is traditionally made between formulation and implementation and their treatment as sequential activities. The more recent conceptualisation of strategy, captured by the notion of core competencies, is blurring the distinction between formulation and implementation. This emerging 'behavioural perspective' of strategy focuses on the capabilities an organisation needs. Yet it still fails to address fully issues of implementation. In this paper, business reengineering is proposed as a natural ally of strategy. It is suggested that business reengineering can help bridge the gap between strategy formulation and implementation. In this context, business reengineering is seen as an approach which defines the business architecture enabling the organisation to focus more clearly on customer requirements.

The dominant paradigm in relation to business strategy is of a rational analytical process through which the successful organisation is enabled to adapt intentionally and systematically to its environment, so achieving its predicted objectives. The strategist, either top management or a separate planning department, conceives the strategic options open to the firm when changes occur in the external environment. This focus on

formulation contends that strategic analysis and strategy development are the crucial drivers of success.

That top management formulates and middle and junior management implement has become the cornerstone of accepted management wisdom. Yet, research continually shows that the problems occur more with implementation than with formulation. Implementation is about understanding strategic objectives and ensuring that an organisation's operations, human and technological resources are contributing to the delivery of this strategy. In this regard, it has been argued that strategic thinking has far outdistanced the capabilities organisations have in delivering sophisticated strategies (Bartlett and Goshal, 1990). Recent writings have focused on internal strategic drivers and placed strong emphasise on operations excellence as the source of competitive advantage (Kiernan, 1993). This has been mirrored in the strategy literature with the notion of core competencies (Hamel and Prahalad, 1994; Prahalad and Hamel, 1990; Stalk *et al.*, 1992). These can be described as a combination of people, processes and technology blended together to secure competitive advantage. The notion of a process is also the cornerstone of business reengineering (Davenport, 1993; Hammer and Champy, 1993; Johansson *et al.*, 1993).

This paper proposes that business reengineering is the natural ally of strategy, particularly in relation to its implementation, and attempts to understand, develop, and operationalise this link. This is an under-researched area, mainly because it falls between two conventional disciplines one of which is very young and is still inward looking, the other, older but with a distinct external focus. Building upon the comment of Scherr (1993) it is suggested that business processes serve as the means to realise business strategies and are the means to render strategies explicit and precise, facilitating their operationalisation. Without this link, neither business strategy nor business reengineering will achieve the benefits which are sought.

Strategy as direction setting

Business strategy is a key issue for every major organisation. Traditionally, *formal strategic planning* is conducted by establishing a vision and objectives and then a high-level course of action to achieve these objectives. Over the years this focus on planning has been somewhat modified with the term *strategic management* proposed as an alternative, a result of what was felt was the former's failure. Formal strategic planning would be but one component of a much more complex socio-dynamic process which brings about strategic change (Ansoff *et al.*, 1976). To reach the pinnacle of strategic management, a company must have a sound strategic planning framework, a widespread strategic thinking capability, the right motivational systems and management values, and a good system for negotiation and review (Gluck *et al.*, 1980). Yet this perspective barely addresses the issues of implementation and we shall return to this later.

The traditional focus of strategic planning has been to identify products to sell and markets where they should be sold and the process of strategy formulation has tended to reflect this view. Porter's (1980) industry and competitor analysis sought to provide a framework to enable the firm to position itself in the industry in which it competed.

This prescriptive view of strategy has been questioned on a number of issues.

The first is the challenge which a number of writers have levelled at the dominant strategic imperative of formulation (Mintzberg and Waters, 1982; Mintzberg and McHugh, 1985). They propose that strategy is emergent (rather than intentional) changing the focus away from planning towards implementation. Descriptive research suggests that a firm's formulated and realised strategy may differ significantly (Mintzberg and Waters, 1982). Indeed, often the strategy is not explicitly devised at the outset, but '[it] grows initially like weeds in a garden' (Mintzberg and McHugh, 1985, p. 194). In his research, Quinn (1978) attempted to document the dynamics of actual strategic change. He concluded that neither the prescriptive nor the descriptive perspectives on strategic change adequately characterise the way the actual strategic process operates. Effective strategies tend to emerge from a series of "strategic subsystems", each of which attacks a specific class of strategic issue in a disciplined way, but which are blended incrementally and opportunistically into a cohesive pattern that becomes the company's strategy. Quinn sees this "logical incrementalism" as a purposeful, effective, proactive management technique for improving and integrating both the analytic and behavioural aspect of strategy formulation. This can be contrasted against the work of Miller and Friesen (1980) who found a significant tendency for periods of organisational history to demonstrate two extremes: periods in which no new strategic initiatives arise, what they termed periods of "momentum", and periods in which a great number of trends are reversed, which they term periods of "revolution".

The logic of a rational view of strategy has been questioned by a number of researchers. In order to address what they see as inadequacies, this research has focused on the psychological, the power, the behavioural relationships, and organisational culture that can determine the strategy of the organisation.

Thirdly, strategic change and its management has surfaced as a crucial area of interest. The rational/analytic approach to strategy formulation is based on the premise that the strategist, either top management or a separate planning department, conceives of the strategic options open to the organisation when change occurs in the external environment and selects an alternative. With this view, strategic change is consequential with implementation seen as merely problematic.

Fourthly, business strategy has tended to be externally focused. Porter (1980, 1985), probably one of the most influential thinkers on strategy, focuses on industrial dynamics and the sources of competitive advantage. A critical assumption is that competitive advantage is determined by industry dynamics and that organisations must position their products in selected markets to gain advantage. '[A] "war of position" in which

companies occupied competitive space like squares on a chess board, building and defending market share in clearly defined products or market segments' (Stalk *et al.* 1992). Clearly a firm's particular chosen competitive position and the products it sells are important, but only *at any given point in time*. In a rapidly changing competitive environment products quickly become obsolete and static competitive positions are rapidly overtaken. This places new demands on organisations to be able to respond consistently to changing markets with new products and ever improving competitiveness. A firm can achieve this ongoing renewal by identifying, developing, and maintaining its critical capabilities (Hamel and Prahalad, 1994; Prahalad and Hamel, 1990; Stalk *et al.*, 1992).

Capabilities are a company's proficiency in combining people, process and technology which allow it to continually distinguish itself along the dimensions that are important to its customers. For example, in a high-tech industry, the ability to quickly develop new state-of-the-art products with features and performance that deliver value to customers creates an enduring advantage. In a commodity industry, it may be the ability to constantly reduce costs through innovative actions that creates lasting competitive advantage.

Canon, while operating in the camera, copier and printer businesses, have a world leadership in the technology of imaging and micro-electronics and this is where their core competence lies. The core competencies of consulting firm McKinsey's are selection, training, and nurturing of its intellectual talent. The ballpoint pen manufacturer BIC does not have a core competence in manufacturing such pens but rather in injection moulding, enabling it to manufacture disposable razors and other products where this competency is required.

Business strategy is therefore composed of both market focused and capabilities focused perspectives and in fact both are essential. The market focused elements determine the products and markets where the organisation is presently competing. Capabilities not only support the current strategic thrust but, more importantly, determine future competitiveness. Customers do not buy capabilities *per se*; rather they buy the results of harnessing the capabilities.

Even this dual pronged attack on strategy formulation does not adequately address the critical issue of implementation. The prescriptions which are developed using a formal approach to strategic planning rest on three underlying assumptions (Ansoff, 1980). The first is that managers and employees will act rationally and will cooperate with changes in strategy. The second assumption is that the key problem in strategic change is strategy formulation and that existing systems, procedures and structures should then effectively translate the strategic decisions into action. The third assumption is that strategy formulation and strategy implementation are sequential and independent activities. However, we would suggest that competency-based strategies have a clarity which gives greater direction to implementation. However, even the implementation of competency-based strategies is unclear.

We propose that business reengineering can bridge the gap between strategy formulation and implementation. Through reengineering, a clearer focus is given to the task at hand and it identifies the organisational architecture necessary to achieve the formulated strategy.

Business Reengineering

The term business process redesign (BPR) was coined during the MIT's *Management in the 1990s* research program. This program was established to examine the profound impact that information technology (IT) is having on organisations of all kinds (Scott Morton, 1991). Researchers such as Davenport, Short, and Rockart (Davenport and Short, 1980; Rockart and Short, 1990) identified not only the role of IT in managing organisational interdependencies but also that IT was being implemented by some organisations in new and innovative ways. Venkatraman (1991) saw BPR as being one level of what he referred to as IT-induced business reconfiguration. These ideas were further popularised by Hammer (1990) who warned against "paving the cow path" and recommended organisations to actively seek ways of using IT to enable new ways of performing work.

This early conceptualisation of BPR was clearly centred around IT (Edwards and Peppard, 1994). The key message was that IT systems should be designed around the processes of an organisation rather than localised exploitation as is usually the case. This view is more than just integration but demands a thorough understanding of how work is performed in an organisation. This view was soon extended in relation to the organisation as a whole with the process focus dominating the architecture of an organisation. This is seen as a positive step counteracting the negative impact of functions, hierarchy and command and control type structures.

In just a few short years BPR has risen to the top of the agenda of many organisations. Confusingly, the concept has become known by a variety of terms: process innovation, business transformation, business process reengineering, business process transformation, core process redesign. Without wishing to get into a debate, we believe that they all contain two key ingredients: *radical performance improvement* through a focus on *process*. However, we believe that it is useful to make a distinction between business reengineering and business process redesign.

We suggest that business reengineering involves the development of an organisational architecture. It involves identifying and linking the strategy of the business with the required organisation processes to ensure that this strategy is actually delivered. With this perspective, the organisation engages in a fundamental re-thinking and redesign of the business and its underlying processes. This is very much a top-down view driven by senior management. It has close links with the strategy process.

Business process redesign, on the other hand, refers to the redesign of any organisational process. This can include anything from a total supply chain process to a single process within an individual function or department. Some processes can be redesigned with little senior management involvement while others require their active participation. It depends very much on the scale and scope of the initiative. Processes are selected as candidates for redesign either as a result of a business reengineering exercise or chosen in an *ad hoc* manner.

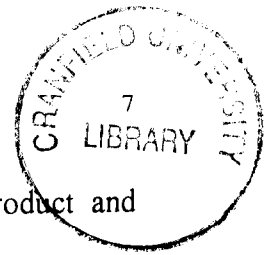
In their process redesign initiative, many organisations merely select a process which they believe is a good candidate for reengineering and begin to redesign it, perhaps following the ESIA principle: Eliminate all non value-adding activities, Simplify the process whenever possible, Integrate, and finally Automate where appropriate. While this perspective has advantage that the process being redesigned is currently in operation, it is this very advantage which often renders it ineffective in contributing to the bottom line. Many redesign initiatives take place within a single functional area, and while they may exhibit significant performance improvement they contribute little to the performance of the organisation as a whole. The improvement is measured *relative* to the process or function of which it is part. The oft quoted example of Ford's accounts payable is one such example. While the reduction in staff by 75% may seem impressive, these were relative to the process itself and presumably had little impact on Ford's bottom line.

Following an *ad hoc* selection of processes as candidates for redesign can also result in a mismatch between an organisation's strategy and its BPR initiative. The strategy and the BPR initiative may be pulling in different directions or not be mutually supportive. It is no use "fixing" the wrong thing. Yet, determining these business fundamentals is the realm of business strategy and is not BPR. Take for example the redesign initiative at Mutual Benefit Life Insurance Company (MBL) which is widely quoted as an example of a highly successful business redesign project (Butler Cox, 1991; Hammer, 1990). MBL cut the time to issue a life insurance policy from 24 days to 4 hours. Yet shortly after redesigning this policy process, MBL filed for Chapter 11 bankruptcy. MBL misread the implications of the depression in US real estate prices and the corresponding impacts on public confidence in its financial position. Streamlining its policy issue processes could not address this problem.

We believe that business reengineering determines the processes which form the "business architecture" that is central to the long-term success of the organisation. Strategy provides the blueprint of this architecture. Hence business reengineering is the natural ally and supporter of business strategy.

Strategic business processes

Business reengineering is concerned with changing an organisation to reflect more what it does (e.g., satisfy customer requirements) rather than what it is (e.g., a manufacturer). Building on the earlier discussion relating to business strategy, we propose that there are



two critical types of processes in organisations. These derive from the product and market focused element and the competency element of business strategy.

Firstly, organisations need processes to support their current products and services in the marketplace. These processes relate directly to an organisations current basis of competition. These processes we call *competitive processes*. So, if we are competing on speed to market of new products, the competitive processes would relate to this focus. If providing a prompt turnaround to customer orders, then the competitive processes would be the process that cause this to happen. If we are a low cost producer, our competitive processes will contribute to this stance and hence the processes which we have decided to concentrate on will be of significantly lower cost than our those of our competitors. For example, a manufacturer pursuing a low cost strategy could achieve this low cost by very efficient manufacturing or particularly effective and low cost marketing. It is unlikely that a low cost strategy can be pursued by aiming to be significantly lower than the competition in every single area. Choice has to be made and the chosen processes are classified competitive processes. These processes enable the firm to enjoy "super-normal" profits.

Secondly, an organisation has what we call *infrastructure processes*. These create the capability to operate effectively in the chosen industry in the future. These processes develop the capability (people, business processes, and technology) that will define tomorrow's competitive strategy. These infrastructure processes can be viewed as providing the 'fertilizer' which nourishes the organisations future capabilities. A competence is a bundle of skills and technologies rather than a single discrete skill or technology. For example, Motorola's competence in fast cycle-time production (minimising the time between an order and the fulfilment of that order) rests on a broad range of underlying skills, including design disciplines that maximize commonality across a product line, flexible manufacturing, sophisticated order-entry systems, inventory management, and supplier management.

Customers and competitors may not recognise these processes or indeed understand the output of these processes but they do provide the organisation with the capability for future competitiveness. Motorola believes that in the future, the most crucial competitive weapons will be responsiveness, adaptability, and creativity. To develop these attributes, it is gearing up a new campaign built around lifelong learning (Business Week, 1994). It is now putting in place the capability which will provide the necessary training and education and ensure that these are internalised. The processes which put these capabilities in place we call infrastructure processes and are concerned with the future and building the processes, people and technology to yield future competitive advantage.

The Grand Metropolitan approach to BPR is clearly focused on redesigning and supporting the distinct competencies of the organisation. They use BPR to implement what they call a *competence-based strategy*. They distinguish this from the traditional "structural strategy" followed by many of their competitors which addresses issues like the composition of the product portfolio, market selection, logistics, acquisitions and

divestments. GrandMet claim that such strategic decisions are easily copied by competitors. Their competence-based strategy deals with establishing excellence in the core competencies necessary to operate effectively in its chosen marketplace in the future. For GrandMet, such critical competencies include things such as managing individual brands, product launching, market penetration and manufacturing and operational excellence. They are not readily recognised by competitors as key strengths and they are neither easily or quickly copied. But it is these competency-based strengths that enable the company to react, adapt and prosper in such a volatile and competitive environment. Such capability was created some while ago by the infrastructure processes.

Look at giant US mass retailer Wal-Mart. On the surface, Wal-Mart is in the business of selling moderately-priced goods to the public. But Wal-Mart took a closer look at its industry value chain and at its own comparative advantages and decided to reframe the competitive challenge. They concluded that the business they were really in was not retailing at all, but communications and transportation logistics. They then focused on redesigning and improving those processes which enabled them to catapult themselves to the leading retail position in the US (Stalk *et al.*, 1992). The creation of necessary technology, people and processes was created by infrastructure processes some while ago.

On face value, First Direct might seem to be Midland Bank's attempt to get into the home banking market. However, while this is undoubtedly true, on further analysis, it could also be looked upon as developing a capability to be the leader in building telephone relationships. Tele-banking is just one product group which they are currently offering and they have a competitive process associated with the customer interface to support telephone banking. Is it not possible for them to offer other products in such a manner for example insurance or holidays? Have they not created an organisation with a clear capability not just in banking but in doing business over the telephone? The processes that created this capability were the infrastructure processes.

Competitive processes support today's product and market based strategies. Current capability is encapsulated in competitive processes. Infrastructure processes create the capability for tomorrow's competitive processes and hence support tomorrow's competency-based strategy. Together, we term these two critical types of processes the *strategic diamond*.

Classifying business processes: the process triangle

The above analysis begs the question: what about other organisational processes? Observations suggest that organisations also have other processes which are critical for the organisation to function. There may be processes which an organisation must have in place because of government legislation or stewardship such as accounting and filing tax returns. Additionally, mundane tasks such as recruiting secretaries and administrative staff are important, but clearly, in the short term, good secretarial services are not the basis of competition. This suggests that other processes exist and a classification of all these

would complete the picture. We propose that in addition to the competitive and infrastructure processes previously discussed, two further process types exist: core processes and underpinning processes.

Core processes are those processes that are valued by the stakeholder and hence must operate satisfactorily but are not presently our chosen basis of competition. They are necessary for the organisation to avoid disadvantage in the market place and may be the minimum entry requirements into the market or perhaps necessary because of government legislation. For example, a vehicle scheduling process is vital to a logistic business but may well not be a chosen basis of competition and hence it is a core process to that organisation rather than a competitive process. This category should not be confused with the core-process approach of McKinsey & Company (Kaplan and Murdock, 1991) or with Earl and Chan's (1994) similarly titled category. We are using the word stakeholder, rather than merely customer, to include customers, suppliers, employees, shareholders, government, etc. as the focus of core processes. All the processes necessary to satisfy the stakeholders are termed core processes unless they are the chosen bases of competition with customers, in which case they are termed competitive processes.

Underpinning processes are processes that are undertaken but are not recognised nor valued by stakeholders in the short term. Such processes exist in all organisations and are collections of closely related activities that are grouped together for efficiency and recognised as a process. In reality they are not a 'real' process in the sense that they directly support the customer but rather contribute to other categories of processes. A conscious decision is made to treat them as a separate process. One might ask why should management chose to treat them as a process? The answer lies in the benefits of functionalism, namely efficiency and specialisation. In fact one of the benefits of reengineering is questioning of whether these underpinning processes should be commonly organised or associated with the customer recognised process that they underpin. We have created this category of process to allow for a management desire to jointly manage similar activities but are not suggesting that this is necessarily the most appropriate way to manage such processes.

For example, in the performance of competitive, infrastructure, and core processes some administrative support is probably necessary. The recruitment of these support staffs may therefore be a element of number of processes. For efficiency reasons, management may decide to combine this element and manage them as a single process. We term these single shared processes as underpinning processes.

The four types of processes are illustrated in figure 1. We term combination of competitive and infrastructure processes as the *strategic diamond* as they directly support business strategy. Infrastructure processes support the future competency elements of the business strategy and competitive processes support the market and product-based elements of the business strategy.

Figure 1 about here.

Figure 1 Classifying business processes: the process triangle.

Various classification schemes have already been proposed by others: operational versus management (Davenport, 1993); customer-facing or otherwise; internal to the business or transcending organisational boundaries. Rockart and Short (1990) suggest that processes relate to developing new products, delivering products to customers and managing customer relationships. Another classification scheme accords with four macro activities that derive from a variant of value chain analysis: product development and launch (which includes concurrent engineering, and corresponds roughly with product leadership value discipline), supply chain and operations (corresponding roughly with operational excellence), customer order fulfilment (corresponding to customer intimacy), and management planning and resource allocation (P-E Centre for Management Research, 1993). Earl and Chan (1994) suggests four types of processes: core processes, support processes, business network processes and management processes.

Without wishing to criticise individual schemes, for example, do not all processes have an operational and management element? A more general criticism is that they all focus on what the process does rather than the role processes play in delivering business benefits. While some of these classification schemes may be useful checklists in identifying processes, they give no indication of the importance of these processes to the business or how they should be managed. For example, a business network process which Earl and Chan (1994) describe as extending beyond the boundaries of the organisation into suppliers, customers and allies, could also be a core process using their own definition. Two organisations may have product development and launch processes, but the strategic value of this process to the businesses may differ. Further, these classifications give no indication concerning the management of business processes. It is very possible that different management strategies are appropriate for the same process in different organisations. Finally, they indicate little about the appropriateness of various performance improvement strategies such as continuous improvement or process redesign.

The strength of the process triangle approach primarily reside in its *focusing* qualities. To explain, the triangle can be used as a vehicle for the senior management of a business to discuss and jointly agree which are its most important processes. It helps clarify those processes which are contributing directly to today's bottom line and identifies those that should be contributing to tomorrow's bottom line. Clearly, such processes deserve a great deal of management attention both in redesign and ongoing management. The process reengineering literature talks about quick and big hits. How can redesign produce such benefits without an underlying agreement as to the relative importance of processes?

A further strength of the triangle lies in its ability to suggest *management approaches* that may well be appropriate for each type of process. For example, it would appear to us that underpinning processes are potential candidates for near total outsourcing, as against competitive and infrastructure processes which more sensibly should be managed in-

house. This is not to say that some elements of competitive or infrastructure could not be outsourced but it would be folly to outsource the management of such processes as these are the very things that provide our differentiation. Outsourcing is just one example of using the triangle in this way: other management issues are clarified by use of the triangle.

Additionally, using the triangle can assist in reaching a consensus and in communicating to others the importance and contribution of an organisation's various processes. For example, our experience of applying these ideas to a large European automotive importer confirms its capabilities as a communication and discussion vehicle.

Migrating processes through time

This vision of processes presented thus far may appear static but to be useful it must take account of the changing contribution of processes through time. There are two major reasons why processes change their status through time. The first is related to a change in our business strategy which will have a consequential effect on the associated processes. The second relates to a change in competitors actions which may force us to re-evaluate processes which are currently providing advantage. Let us now consider the major movements which may occur around the process triangle.

Infrastructure processes are likely to remain stable over the longer term as capability is not something that will be generated in a short time and a continual changing of direction will be grossly wasteful. Through a process of infusion, the process element output of an infrastructure process, namely capability (people, process and/or technology), become a competitive process. These infrastructure processes can be viewed as providing the 'fertiliser' which nourish, the organisations future capabilities. It must be borne in mind that the organisation does have current capabilities of which the competitive and core processes are an integral part. The renewal of the current capabilities should have been designed into the core and competitive processes at the outset by the infrastructure processes when it was creating them. For example, the output of the management development process is a more skilled workforce and also the ability of that workforce to improve itself. Therefore, the infrastructure processes do support the notion of continuous improvement.

Turning to competitive processes, they may cease to be competitive and become core for two reasons. First, other players in our industry create processes that are as efficient, effective and adaptive as those which our organisation is currently using. When this situation arises, there are a number of options open to the firm:

- It may try to redesign the process and achieve greater efficiency, effectiveness or adaptability and hence maintain it as a competitive process.
- The business strategy changes to reflect this new situation and a new competitive process results. In the short term, the process however is still essential to compete in

the industry and it must therefore continue to exist to avoid disadvantage and hence it migrates to become a core process.

Secondly, it may be that despite our lead we do not wish to continue to compete with this process and hence we re-classify it as a core process.

It is also possible for core processes to become competitive processes. For example, one of the products provided by a bank is a cheque account. It can be used to pay bills but also to obtain cash from one's account during banking hours at one's local branch. With the arrival of ATMs, the product remained the same but it radically changed the nature of the delivery medium (i.e., the process). Customers could withdraw cash at any of the banks ATMs at any time of the day. It could have become a competitive process, with the early adopters of this technology carving out an advantage. However, as competitors create similar processes the advantage begins to evaporate and it then becomes a core process again. Today, banks must have an ATM network if they are going to compete in the retail banking market, yet which bank is gaining advantage from them?

Figure 2 illustrates this notion. From this it can be seen that processes migrate through time and it is vital that management recognise such migration and manage accordingly.

Figure 2 about here

Figure 2 Migrating business processes through time.

Summary and concluding remarks

One of the critical concerns in the area of business strategy is that of implementation. Researchers have long talked about strategic change and contributed to our understanding of the change process. Yet, useful frameworks are difficult to locate and operationalise.

In this paper we have suggested process reengineering can be used to identify organisational processes. The product and market focused elements of business strategy identify which processes the organisation must have in place to satisfy today's customers and hence today's competitiveness. The competency elements of business strategy dictate those processes which must be in place for future competitiveness. This is illustrated in figure 3. It would be useful for organisations to analyse their competency and market elements of their business strategy and then identify the associated processes. Our experiences suggest that organisations have strategy without process and processes which do not implement strategy even though they purport to.

Figure 3 about here

Figure 3 Linking business unit strategy to business processes.

In many ways business reengineering can be considered as business architecture planning and should be recognised as such. This architecture serves as the platform for current and future competitiveness. We believe that this view serves to bridge the gap between strategy formulation and implementation. By identifying the processes which underlie the strategy gives greater direction to implementation.

This is not to suggest that the problem of strategy implementation is solved. But what it does suggest is that we are one step further down the road. Forging the link between business strategy and business reengineering is but the first step in strategy implementation. Migrating to the new organisation form, managing the transition, and many other issues have to be managed. However, recognising that processes underpin strategy implementation is a vital first step.

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Classifying Business Processes: The Process Triangle

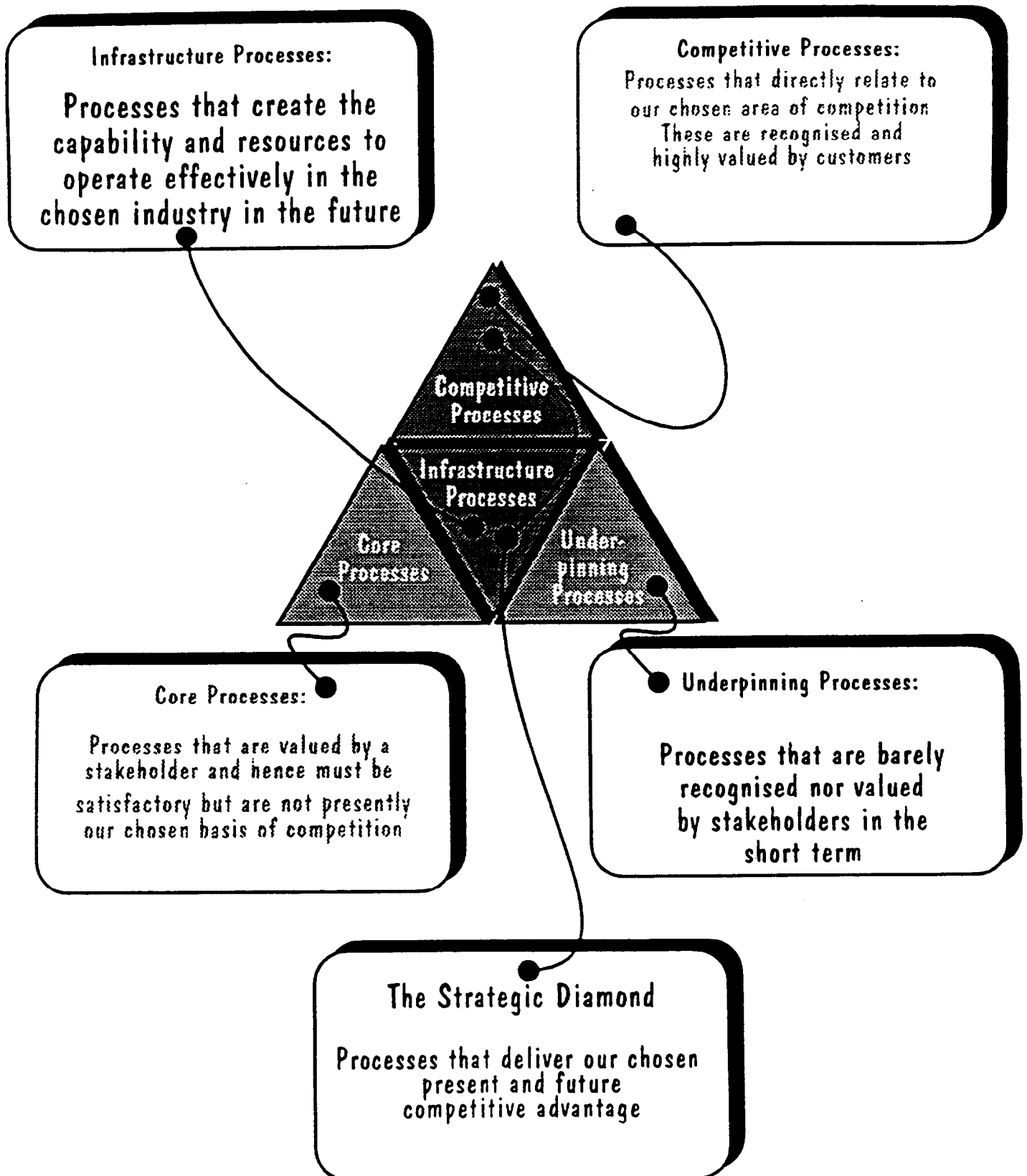


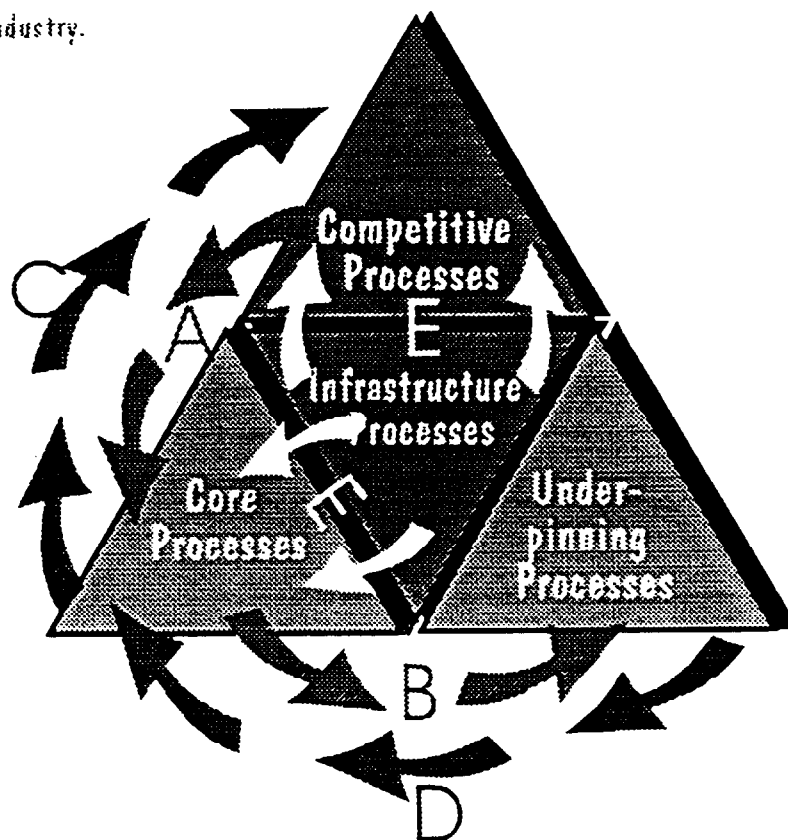
Figure 1

Migrating Business Processes Through Time

A The process is now commonly available in the industry and no longer provides advantage.

We cannot however stop the process as it is an essential component of existing in the industry.

E The infrastructure (eg technology, people or processes) created by the infrastructure processes migrates into usage



C We have introduced innovation into this process: competitors cannot quickly compete. We are now using this process as a basis of competition.

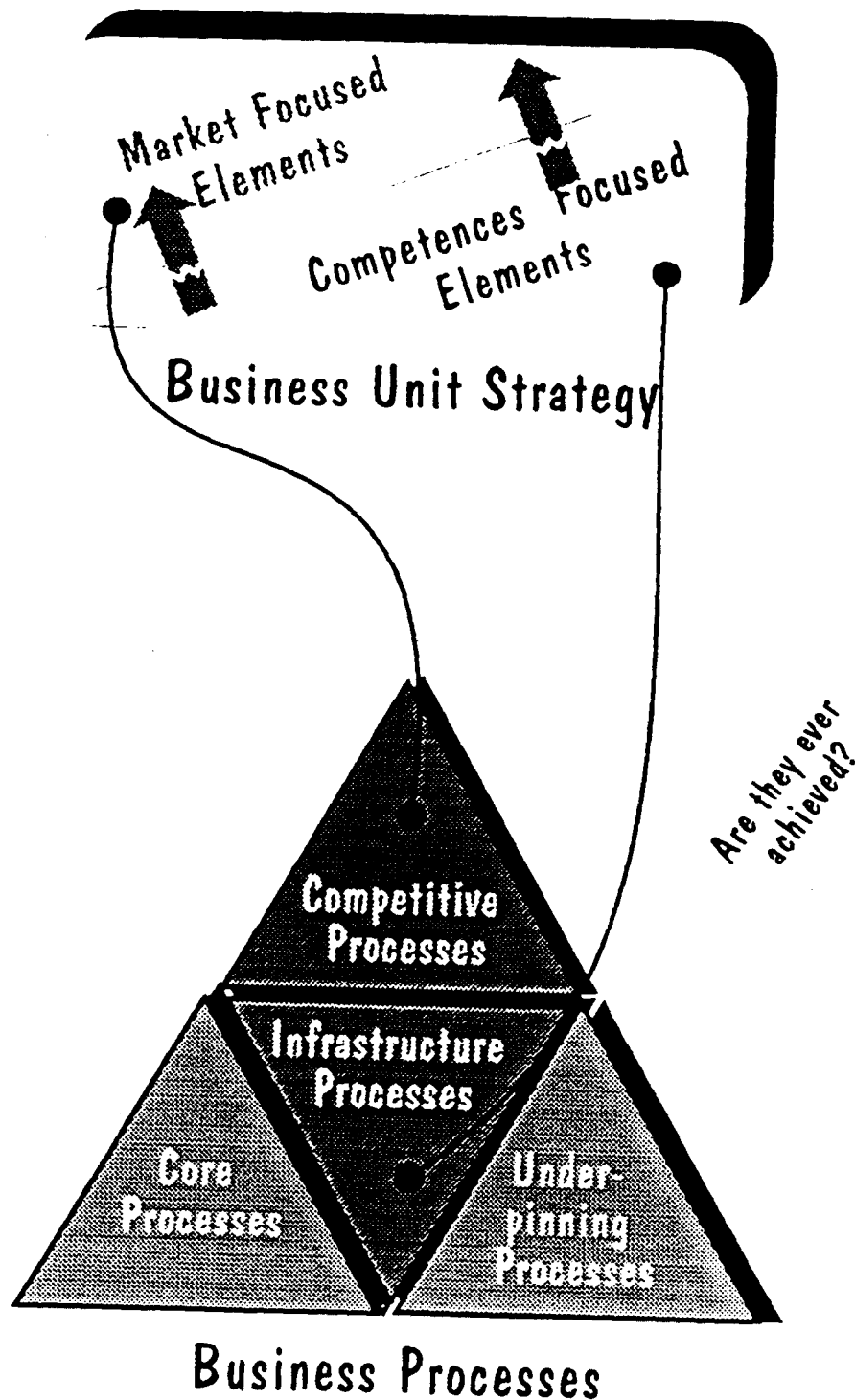
D Customers are requiring a particular set of deliverables from this process and hence a generic version is no longer applicable.

B The process is no longer significantly valued by stakeholder.

Figure 2



Linking Business Unit Strategy to Business Processes



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