



The case for Business Interaction Management (BIM)

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In this white paper, we introduce the concept of Business Interaction Management (BIM). We explore the reasons that make that there is a need for a better understanding and mastering of such expertise and we position it against better-known disciplines such as Business Process Management (BPM).

Again, as we will discuss hereafter, our definition of Business Interaction Management does encompass the previous type of interaction, but we do not focus on the **how** things are done. Instead, we focus on **what** is being done and **why** it is done. How things are done is part of the Business Process Management field of expertise.

Preliminary remark

Please note that the expressions "Interaction Management" and "Business Interaction Management" already have some level of presence (and probably acceptance) on the Internet.

In general, the expression "Interaction Management" is thereby used to refer to the specifics of man-machine interactions, e.g. while using a device or while accessing a website. This is not really considered as being a part of what we discuss in this white paper, since this essentially focuses on **how** things are done, whereas we focus on **what** is being done and **why** it is done.

In a similar way, the expression "Business Interaction Management" (or the more frequently used expression "Enterprise Interaction Management") is generally used to refer to specific, often technological, ways to interact with customers (e.g. via a call centre).

Definition

In general, we can describe Business Interaction Management (BIM) as:

"The field of expertise that encompasses the planning, the design, the execution and the control of how a company's business activities interact with the activities of other internal and external parties."

Internal parties are of course employees or larger entities such as departments. External parties include customers, business partners, outsourcing companies, authorities, etc.

Of course, such definition is much too broad since this groups competences such as corporate communications, marketing, sales, legal affairs, regulatory affairs, human resources, etc. There is little added

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value in introducing a new concept that is simply a superset of already existing and well-understood disciplines.

Therefore, a more focused, be it also a somewhat more technical definition of what we view as being the essence of Business Interaction Management is:

“The field of expertise that encompasses the planning, the design and the control of how a company's business processes interact with the (business) processes of other internal and external parties.”

As we can see, this definition focuses on the core nature of an interaction as "the linkage of the business processes of multiple parties". Also, this definition no longer encompasses the execution of such interactions.

Indeed, with BIM we do not want to focus on the practical aspects of how the company's business processes are linked to the processes of partners or customers. This can be done in various ways, e.g. by making a phone call, by sending an e-mail message or by the automated exchange of an XML-message.

This is not our focus since this is overlapping with the BPM field of expertise or with other disciplines such as Enterprise Application Integration (EAI).

Instead, we want to focus on what we, as an organisation, try to achieve with such interaction, why this is done, what level of "quality" we want to deliver and how all of this has an impact on the (business) context of the other parties and consequently, on their perception of the quality of the interaction.

In addition, we do not want to view these interactions as isolated events that represent unrelated steps in different business processes (e.g. sending an order confirmation message is likely to belong to a different business process than sending a marketing message).

Instead, we want to view these interactions as a sequence of events in a so-called "interaction process".

In such interaction process, there is no formal flow of goods or information. There is no predefined sequence. From a business process point of view, most of these interactions are completely unrelated to each other.

Still, this is a real process. All these interactions have some form of impact on the (business) context of the other party. Therefore, they all are interrelated and contribute to the built-up of a continuously evolving shared context, a shared perception of the quality of the interaction experience.

Why is there a need for Business Interaction Management?

Well, there are several reasons that make that there is a need for a better understanding and control of our interactions with internal and external parties.

The new market reality

First, it is unavoidable. Today's organisations increasingly evolve towards complex networked structures, both internally and externally. The old days when there were only two actors on the drawing board, the Company and the Customer, are long gone.

The most visible part of this are of course the external interactions. Companies increasingly rely upon partnerships, outsourcing and other forms of collaboration to run their business in the most efficient and cost effective way. In addition, such partnerships are often the preferred way to enter new markets. However, every new relationship adds new interaction points.

Given this increasingly complex business environment, new intermediaries emerge who claim a position in the organisation's value chain. Their value proposition is that they alleviate part of the complexity of dealing with multiple external parties. While this might be correct, they also lengthen the interaction processes involved and they weaken the direct control the company has over the interactions with its partners.

The war for talent

The above focuses on interactions with external parties. However, also internally there is a need for more and more complex interactions.

These days, a company's most valuable asset is "knowledge". Unfortunately, most of this knowledge is not fully controlled by the organisation. This knowledge resides somewhere in the brains of its employees and therefore, is owned by the employees.

Whatever level of control an organisation has over its employees, it does not own the employees. While such employees might obey and follow the formal

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rules and procedures of the organisation, there is no guarantee that the company will be able to retain all this knowledge when an employee leaves. Even worse, it is very likely that the company will never be aware of all aspects of existing knowledge and therefore, will even not know what it is losing.

In addition, changing socio-economic rules make that companies must rethink their internal structures. Reorganisations, mergers and acquisitions, massive layoffs... and all this for the sole benefit of the shareholders and the top executives... This has made sure of killing any remaining existence of employee loyalty. Employees have become internal competitors.

Therefore, if organisations want to succeed in the next decennia, a command and control style of organisation will not do the job. Organisations will have to evolve towards complex ecosystems of collaboration, granting more autonomy to the "lower" layers and they will have to abandon a major part of the direct control they (think to) have over these layers.

All of this will introduce the need for more and new types of interactions and mandates that companies rethink the way they interact with their knowledge workers.

The interaction process as the new product

Finally, new technological evolutions such as the Internet and more specifically, recent trends such as Web 2.0, introduce the need for new and more complex types of interactions between a company and its customers. Some typical examples here are customer self-service, corporate blogging and involving customers in the early phases of product design.

As a result of this, the economic rules of the company-customer relationship are dramatically changing. As stated by Professor C.K. Prahalad: ¹

"The basic premise of the industrial paradigm is that products and services are the basis of value. Products are pre-determined by the producer, so the company decides what to produce and what not to produce. ... A new logic for value creation is emerging, however, based on co-creation of value and the fact that value is embedded in personalised ex-

periences."

In this new economic reality, companies will have to embrace all interactions with their customers and partners and manage these interactions as good as, or even better than the classical product-related processes.

In this new economy, the interaction process is the real product.

Why is BPM not enough?

Business Process Management is a hot item these days and numerous organisations are deploying various types of initiatives. As we said earlier, interactions are simply the linkage of the business processes of two parties and the execution of the interaction is handled by BPM.

So, if we manage our business processes, isn't that the same as managing our interactions?

Unfortunately, it is not.

The concept "business process"

When searching the expression "business process" on the Internet, you will find definitions such as:

"A business process is a set of coordinated tasks and activities, conducted by both people and equipment, that will lead to accomplishing a specific organizational goal. Business process management (BPM) is a systematic approach to improving those processes." SearchCIO²

"At its most generic, any set of activities performed by a business that is initiated by an event, transforms information, materials or business commitments, and produces an output. Value chains and large-scale business processes produce outputs that are valued by customers. Other processes generate outputs that are valued by other processes." BPTrends³

"A business process is how an organisation does its work - the set of activities it pursues to accomplish a particular objec-

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tive for a particular customer, either internal or external." T.H. Davenport⁴

All these definitions are somewhat different, but in essence, they tell us the same. Perhaps the definition of Thomas Davenport is still the most relevant one: "A business process is how an organisation does its work".

All other comments add little to the picture and expressions such as inputs, outputs, events and transformation already make too many inroads in the thinking world of IT-professionals.

How an organisation does its work

So, let's stick to this concise definition: "A business process is how an organisation does its work".

Business Process Management can then be described as the collection of methods and techniques that allow for the design, the documentation, the analysis, the execution, the control and the improvement of such business processes.

However, even this very simple definition of a business process already clearly highlights some of the shortcomings of the concept: a focus on the organisation itself and a focus on "how" the things are done.

The organisation itself

This first point is the most visible one. Nearly every BPM tool tries to facilitate the definition and the analysis of business processes by providing some form of graphical representation of these processes.

In general, these programs present some central workspace where the processes are shown and around that a series of toolbars that provide access to the various features of the tool.

Nearly always, the main area of this central workspace is dedicated to the thing we love most: "us", our company, our corporation. The outside world (suppliers, competitors, customers) is usually at the edges, literally and visually "marginal" in some sidebars. Of course, you can change the relative sizes of the different views. Still, the company is the centre-piece.

Of course, this is very likely the most sensible way to start. However, this clearly highlights a major limita-

tion of such approach: the outside world is the big unknown. This is the place where we don't look too much. At the moment we cross the border of our company workspace, we reach endpoints, not to say wastebaskets. The business process ends. We passed the Pillars of Hercules where the sea falls into an endless chasm.

Unfortunately, we must be well aware of the reality that these border crossings do not reach endpoints. The process continues. Perhaps no longer visible for us, certainly no longer under our control, but the process continues.

Moreover, these border crossings are the "interactions" we have with our customers and partners. Therefore, these are the "handles" a company can manipulate to increase revenue, increase market share or improve its market image. Also, these are the **only** handles.

The internal business processes that reach into these contact points can of course be optimised so that they become more efficient or more cost effective, but in general, such changes do not influence the view of the customer or partner. Only the border crossings matter.

Therefore, traditional BPM solutions only provide limited support for strategy exercises that focus on a radical rethinking of an existing business model. These BPM solutions excel in the documentation, analysis and measurement of everything that we know and of everything that is under our control, but are ill suited for the exploration of the unknown.

How things are done

A second limitation of traditional BPM approaches is that they focus on the "how things are done". However, while trying to redesign how we interact with other parties, it is often more important to know the "what" and the "why" of the things that are being done.

Again, this is most often poorly supported. Some solutions do offer some level of support for this by linking process metrics to business objectives, but even these solutions fail to adequately support a radical rethinking of the business model.

In addition, while presenting us a view on an existing reality, BPM process representations create mental roadblocks that restrict our exploration of what is possible. In order to be really able to rethink our interactions with other parties, we must focus on the "deep process", on the essence of "what" is being

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done and how this interacts with the different parties.

Measurability is key

Finally, BPM solutions have a clear focus on measurability. You cannot control what you can't measure.

Therefore, the leading BPM products do excel in the real-time extraction of all types of relevant information out of the data repositories of ERP-, CRM- and other enterprise environments, providing the most accurate view on the running business.

Again, this is mostly company-centric information that tells very little about the "interaction experience" of the partner or the customer.

In addition, when we start focusing on interactions, we will immediately find that these traditional BPM metrics will not be sufficient. Here, other variables come into force, often emotional ones, that are hard to measure or to understand. Still, these are the variables you must work with while determining your strategy.

Interaction processes

In order to fully envision how this is different from a traditional process view, let's use a small example.

You are Amazon. You have the best organised supply chain in the world and the perfect marketing machine that has made that potential customer John decides to buy a book via your website.

John has no clue how your business processes look like. And as a matter of fact, he doesn't care either. All that matters for John is his own personal "process": the view he has on his interactions with your company.

John's process might look very simple: he visits your website, he searches for the book he wants, orders it, agrees on payment via credit card, receives your confirmation and shipment notices via e-mail and gets delivery of the book.

For John, this is his complete process. The reality behind the Amazon company walls might be an extremely complex combination of several business processes, spanning multiple companies, locations, etc.

John doesn't care. Still, every interaction he has had

with your business processes has influenced his willingness to buy again at Amazon.

Will he buy again?

According to your BPM metrics, all went well. No mistakes, no crashes, no special delays. All signs green.

Will he buy again?

You don't know. You don't have a clue.

However, when you start thinking about your business in terms of the interactions your business model has with the (business) context of your customers and partners, you will rapidly start discovering the potential risks and opportunities of your current business model and you will discover that there are ample ways of knowing more about what John is thinking.

You better start discovering today.

Notes

¹ C.K. Prahalad is the Paul and Ruth McCracken Distinguished University Professor of Corporate Strategy at the Ross School of Business, University of Michigan, and author of the international bestsellers "Competing for the Future" (with Gary Hamel) and "The Fortune at the Bottom of the Pyramid"

² <http://www.searchcio.com/>

³ <http://www.bptrends.com/>

⁴ Thomas H. Davenport, professor of information technology and management and the academic director of the Process Management Research Center at Babson College in Wellesley, Massachusetts

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