

Reverse Interaction Modelling™

designing a better business by designing better interactions with customers, partners and employees

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by Marc Buyens

Xpragma bvba

marc.buyens@xpragma.com

The concept

As a concept, Reverse Interaction Modelling (RIM) is an approach whereby we try to envision how our interactions with customers or partners impact their willingness to do (more) business with us. Once this vision created, we can start thinking about ways to adjust these interactions or to create new interactions that will strengthen this willingness.

Doing so, we define the 'business boundaries' that will delimit our further process improvement work.

As a tool, RIM is a *structured approach* that supports the discovery and the definition of better business practices by focusing on the specifics of the *interactions* that occur within/between the various business processes.

More background information on the rationale for this approach can be found in our BIM white paper 'The case for Business Interaction Management'¹.

Please note that in the present document, we assume a *basic RIM approach*, which means that we focus on the *improvement of existing business processes*, without really questioning the very essence of the processes being examined and *without adding/removing interactions*. The more complex forms of process change are not covered in this document.

Objectives

The main objective of the RIM approach is of course to get to better business processes, hence a better business. However, with RIM, we focus on a specific subset of process changes, being the changes that will have an impact of the external and internal parties we deal with. We do this by focusing on the *interactions*.

As is explained in above-mentioned white paper, interactions are more than simple process steps that bring us one step further to process completion. Interactions are special. Not because they are end-points in the process (as they often are), but because they are *opportunity points*. Interactions are where you make the difference, where you can show that you are excellent instead of merely good enough.

Apart from this core objective, there are also some secondary objectives:

- The RIM approach that is presented hereafter has the ambition of being a *low footprint* approach that is accessible to all layers of the enterprise. As explained in the BIM white paper, we are convinced that *all* employees can be valuable contributors identifying potential process improvements, so we try to develop tools that allow for such participation. Therefore, the proposed approach does not really require any form of

¹ A copy of the original paper can be found at http://www.xpragma.com/english/content/pdf/rim_basic.pdf

formal training, although some familiarity with concepts such as 'processes' and 'interactions' will help. The approach has also a limited need for a high-level facilitator.

- The approach is formal, which means that it consists of a fixed sequence of steps. The main objective here is to allow that all participants can be equal contributors, with limited need for so-called 'creative' thinking. This tries alleviating the so-called *participation inequality* that often exists in traditional brainstorming sessions where the discussion is often dominated by the more extravert or creative personalities.
- The approach promotes *'out-of-the-box' thinking* by imposing few or no boundaries. In essence, this is done by ignoring the organisational structure of the company in the thinking process.
- Finally, the approach has the ambition to be as complete as possible, which means that, when done well, it is likely to uncover all potential opportunities and needs. Still, no guarantee for this.

Limitations

Of course, there are also some clear limitations. This is not the wonder tool that solves all problems for all organisations. Some of these limitations include:

- First, while aiming at an approach that is accessible to all layers of the enterprise, we of course assume that there is a sufficient degree of *'openness'* within the organisation allowing for such exercises to occur, with a sufficient guarantee that the outcome of such exercises will be taken into account.
- Second, while promoting an approach without too much organisational boundaries, we assume a clear willingness of the management to question and, if needed, to change the current status quo.
- Furthermore, while the approach is 'low footprint', some form of initial training and facilitation cannot be avoided.
- Finally, the approach is limited to the identification and definition of potentially interesting business process changes, but does not cover the feasibility analysis, nor the prioritisation of identified opportunities.

In the remainder of this document, we will describe the basic RIM approach. While doing this, we will try illustrating the practical application of the various steps via a small business case, that we have called the Europrofiles case.

The Europrofiles case

Europrofiles is specialised in the design and the production of synthetic (PVC) profiles and a series of derived products such as windows, doors, rolling-shutters, ceilings, etc.

The company does not sell directly to final customers but sells its products via a large network of partners. This network encompasses three main groups:

- Resellers;
- Building and installation companies;
- Do-it-yourself companies.

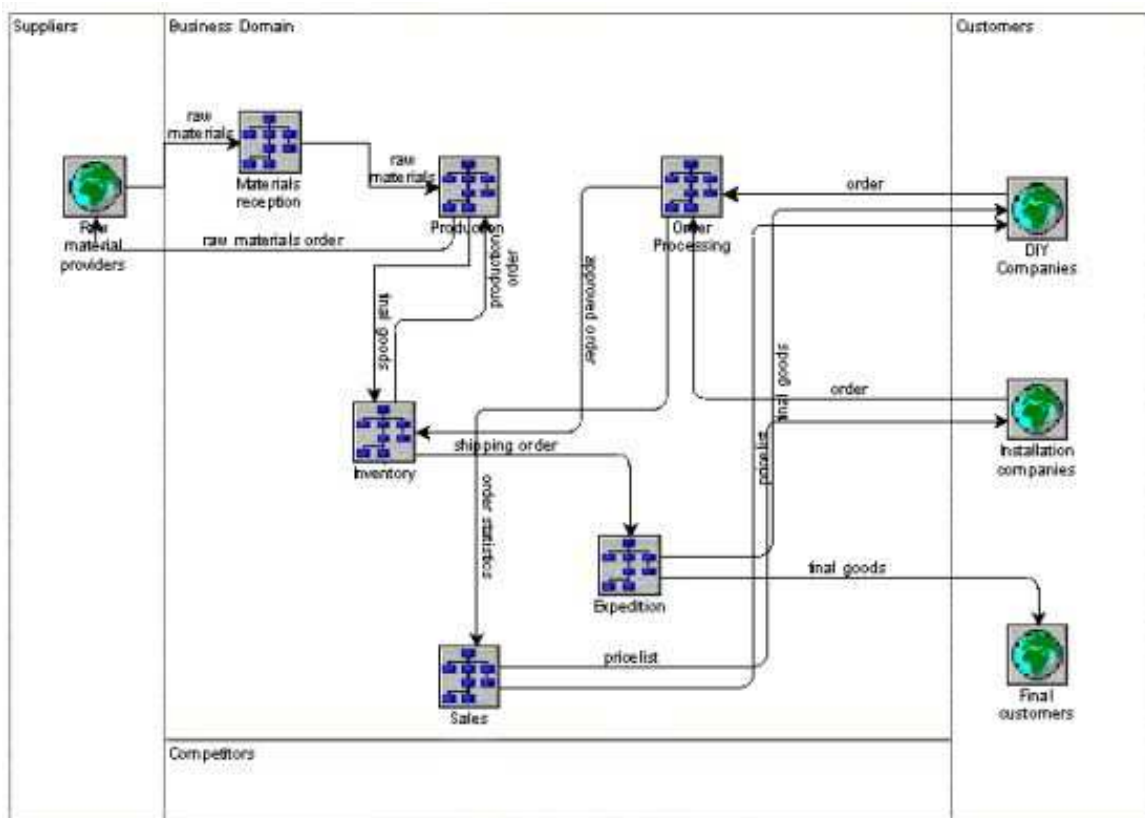
The second group is by far the largest one (1000+) and is the focus of the present business case. Many of these companies are small to very small (only a couple of employees).

In order to inform the installation companies about its product offering and the associated pricing, Europrofiles sends out twice a year a complete (printed) pricelist to all the installation companies.

Based upon this information, these companies will make quotes for their customers and prospects and, after approval by the customer, they will send orders for goods to Europrofiles.

Europrofiles will then ship the goods directly to the customer's premises or the construction site.

A simplified scheme of the actors and the interactions is shown here. As said, we focus only on the installation companies.



This present way of working is simple and straightforward and also reasonably cost effective. However, it is felt that it lacks flexibility.

Indeed, this only enables the company to update its prices twice a year, which leaves little room for marketing campaigns or price adjustments in case of fluctuating costs of raw materials or competitive pricing actions. In addition, it is often a basis for mistakes.

Our task is

"to design a new price information delivery process allowing our partners to have easy access to up-to-date information regarding our offering and the corresponding prices and promotions"

The basic RIM principles

The basic RIM approach consists of five steps:

1. Definition of scope;
2. Focus on the 'deep process';
3. Looking for the 'extended process';
4. Analysis of the interaction dynamics;
5. Let your creativity do the rest of the work.

As said, we will try clarifying the ideas and the practical application of the approach by translating this into the context of our Europrofiles business case. We thereby illustrate our thinking via a series of charts.

These charts have been created with Vensim PLE Plus. Vensim is a tool that is used for developing, analysing, and packaging dynamic feedback models. For the sake of RIM-exercises, there is no need for a real dynamic feedback model and any other graphical tool can be used. The main reason for using Vensim is that the basic version is available as a freeware tool and that it introduces a mindset of *systems thinking*, whereby any action has consequences. *Interactions always have consequences*.

Vensim is a product of Ventana Systems, Inc.²

Step 1. Definition of scope

As in most exercises of this type, the first step consists of a clear definition of scope, this to reduce the complexity of the exercise and to avoid lengthy discussions on subjects that, for whatever reason, are viewed as being 'fixed' and not requiring change. Here, we limit our scope by focusing on a specific business process or a subset of business processes.

This said, it is clear that such limitation of scope must be carefully considered since this can impose certain restrictions that can block the detection of potentially interesting forms of process change. In general, we recommend avoiding restrictions that are directly linked to the organisational structure of the company.

Apart from our selection of business processes, we must also agree on the level of potential process change that can be assumed. As said earlier, in the present document, we assume a *basic approach*, which means that we focus on the *improvement of existing business processes*, without really questioning the basics of the 'deep process' (see hereafter) and *without adding/removing interactions*. The more complex forms of process change are not covered in this document.

For our Europrofiles business case, this means for example that we will not consider the possibility to directly sell to final consumers.

Step 2. Focus on the 'deep process'

By focusing on the *'deep process'*, we mean that we will first try to describe the very essence of the process(es) being examined, more specifically, the *'what'* that is being achieved via this/these process(es). We do this in order to remove too much 'noise' that otherwise will blur our view on the potential improvements.

As described by Thomas W. Malone³, describing the 'deep process' means:

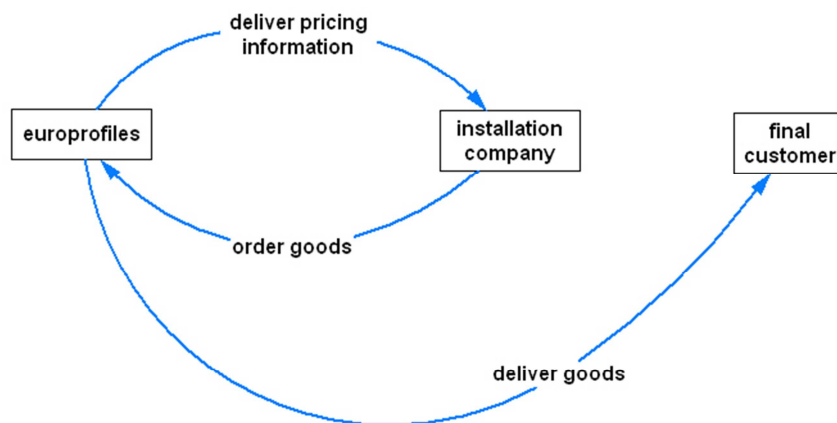
² <http://www.vensim.com/>

“...mapping the key goals and interrelationships of activities at a deeper level – to define the essence of a process in a way that allows a great deal of creativity and customisation in how it is actually carried out...”

In summary:

- We focus on the very essence of **what** is being achieved, not on **how** it is being performed today;
- Thereby, we focus on the **main interactions** between the parties involved, which means that we only describe 'process steps' **that link two different actors**;
- We do this without restricting our description by the existing organisational structure (unless imposed by the definition of scope).

For our Europrofiles case, our 'deep process' might look like this:



Essentially, our 'deep process' only consists of three interactions: Europrofiles delivers pricing information to the installation companies; the installation companies order the goods they need for their customers; and finally, Europrofiles ships and delivers the goods at the customers' premises.

As we can see, we make abstraction here of what happens internally within the company. We do this because we do not (yet) want to impose restrictions on that level. We want to identify first the theoretically best solution and then we will check whether such solution can be implemented.⁴

Step 3. Look for the 'extended process'

The next step then consists of looking for the so-called '**extended process**'.

With the expression 'looking for the extended process', we mean that we will try describing a 'larger' process that also includes all additional interactions that occur but where our

³ Thomas W. Malone, The Future of Work, How the New Order of Business Will Shape Your Organization, Your Management Style, and Your Life

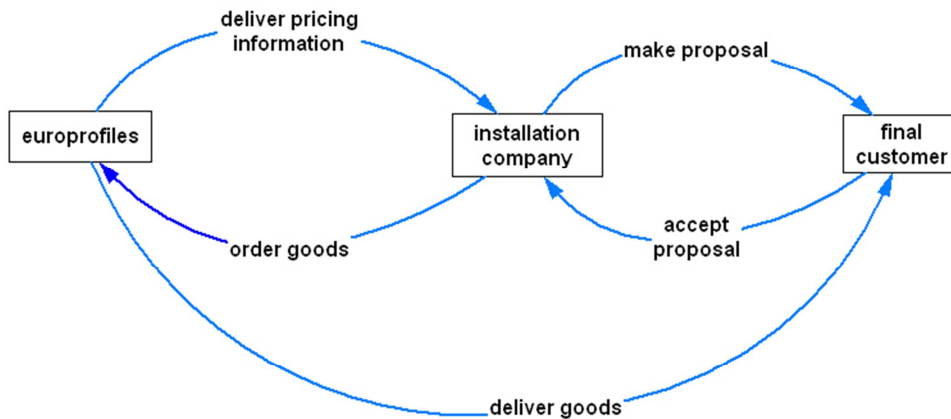
⁴ In practical exercises, it is likely that more restrictions will apply. However, for the sake of clarity in our example, we prefer keeping the business case very simple.

company itself is not a participating actor, nevertheless where we can assume that our intended process change can have an impact.

This of course assumes abandoning a traditional intra-company focus and looking beyond the boundaries of the end-points of our own business processes.

Again, try doing this without taking into account the existing intra-company interactions, unless there is a clear reason for doing so.

In our Europrofiles business case, our 'extended process' might look like this:



As we can see, there are now two additional interactions: the installation company that delivers a proposal to its customer/prospect and this customer/prospect who accepts the proposal, which then triggers the ordering of goods.

Step 4. Analyse the interaction dynamics

Once this basic scheme created, we can start with the real analysis, which, in itself, also consists of a series of steps.

Please note that the series of steps that we describe here is a suggested approach. However, depending upon the specific case, alternative approaches can get to the same result.

Step 4.1. Identify the key metric(s) that will measure success

The first step consists of defining one or a few 'variables' that can serve as a reference while evaluating the pros and cons of our interactions. As such, there is no need that this is a real, measurable entity, as long as all participants agree upon this variable and have a common understanding of it.

In addition, these variables must be *business oriented*. By this, we mean that they must be clear indicators for increasing or decreasing *business value*.

In our Europrofiles business case, the fact of increasing the frequency of the mailing of the price information might have a positive effect. However, increasing this frequency of mailings is not a business objective by itself. If we had the choice, we would prefer never mailing this stuff. Therefore, this frequency is not a good metric.

In our case, a better metric might be the *'buy decision'* of the consumer. This indeed adds business value, so evaluating the pros and con's of our interactions versus this metric might be a good idea.⁵

In the following scheme, we put our key metric in front of the various interactions of our extended process:



Step 4.2. Identify the system dynamics that determine success

Once our key metric(s) defined, we can start assessing what aspects can influence our metric in a positive way. This must be done in a rather free form, without thinking too much about the specifics of our current process. However, our assessment must be limited to aspects that can be influenced by the interactions that fall within the scope of our exercise.⁶

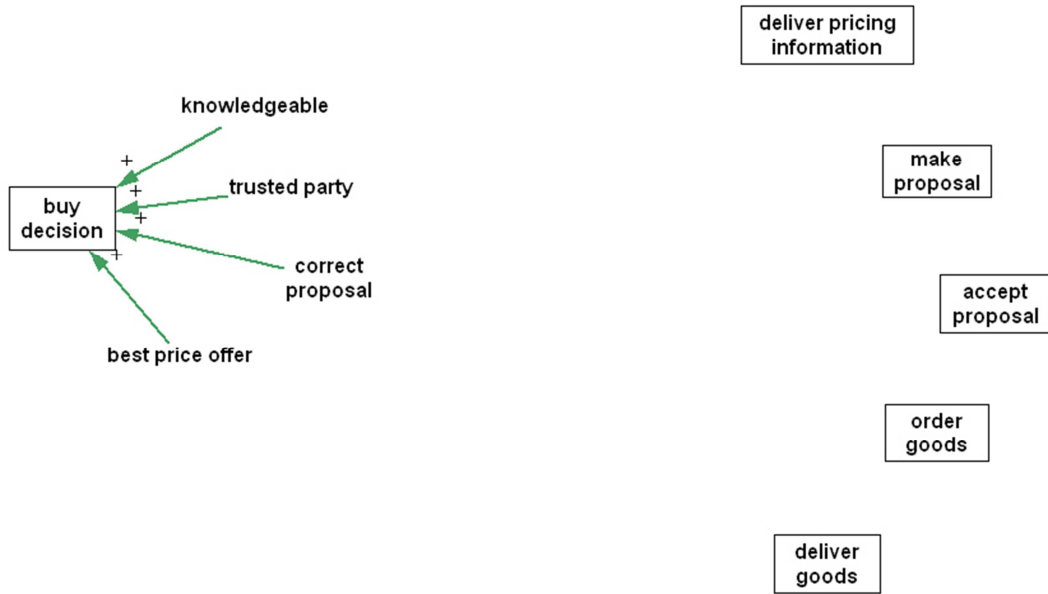
As an example, the quality, hence the reputation of our products is certainly an aspect that is likely being a strong influencer of a 'buying decision'. However, it is unlikely that the intended process change that we discuss here will be able to improve this quality. Therefore, we do not include this in the analysis.

Without having the ambition of being complete here, this might result in the following scheme for our Europrofiles case:⁷

⁵ In this example, for simplicity, we only use one metric at the level of the end consumer, but you might consider adding another one (or more) at the level of our partners. Always remember that more detail adds more complexity, so there is no guarantee that more detail delivers better results.

⁶ Anyway, when including 'foreign' variables in the analysis, they will automatically be dropped in one of the next steps.

⁷ Please note that the approach that is presented here, of first examining the positive forces and then, the negative ones is no absolute must. We might as well directly link our interactions to the key metric and assess the potential pro's and con's. Choose the approach that suits you best depending upon your preferences.

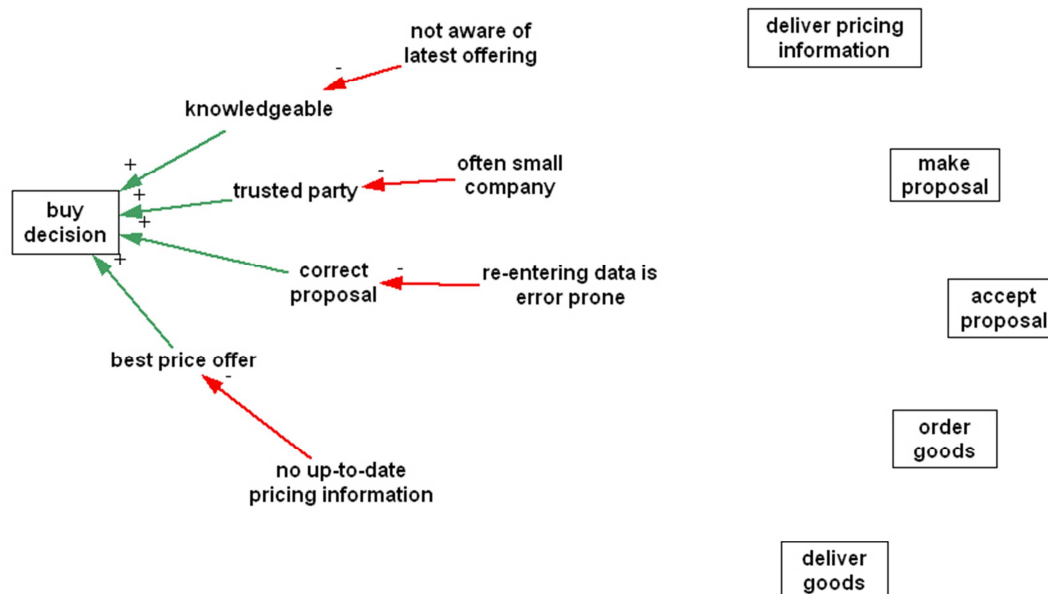


In our small theoretical example, we assume that the customer/prospect might be more willing to accept the proposal if he/she has the feeling that he/she is dealing with a person that understands this business and the products involved, that seems a trustworthy party (whatever that means), that seems to be professional and correct in the things he tells and proposes and where he/she has the feeling of getting 'a good deal'.

Step 4.3. Identify the inhibitors for success

However, what might work against these positive forces?

Again, without having the ambition of being complete here, this might result in the following scheme for our Europrofiles case:

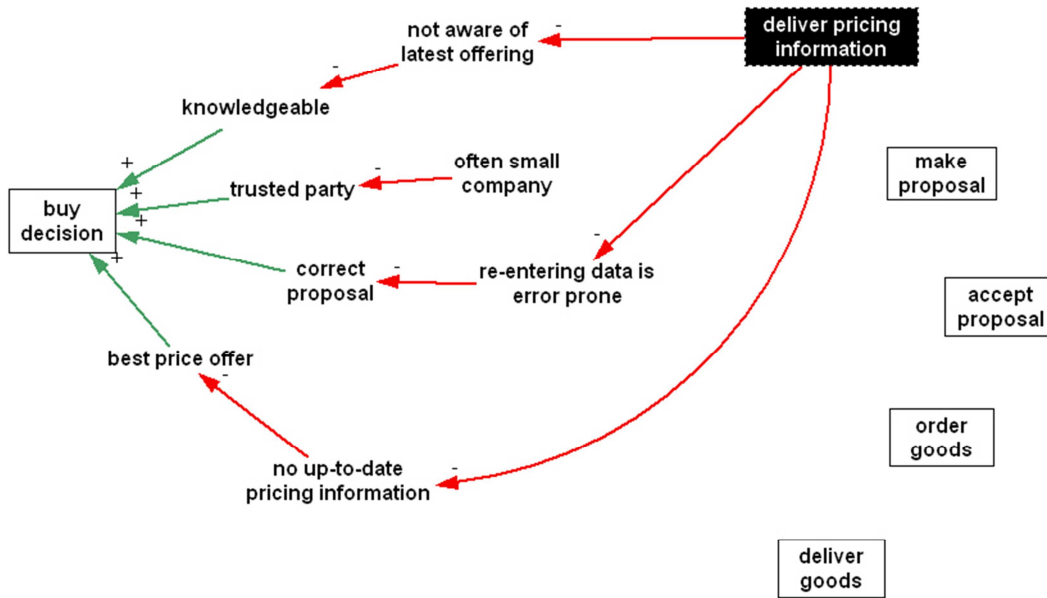


Step 4.4. Identify which interactions are influencers

Once the pro's and the con's of what we think are aspects that might be influenced by our process are identified, we can start looking at the specific interactions that can be real influencers.

As such, in our little business case, there are three interactions that occur after the 'buying decision' and therefore, are unlikely to influence the evaluation variables. In our example, we do not examine these any further.⁸

However, the *deliver-pricing-information* and *make-proposal* interactions clearly fall before the 'buying decision' and therefore, are likely influencers. Let's examine the first one:

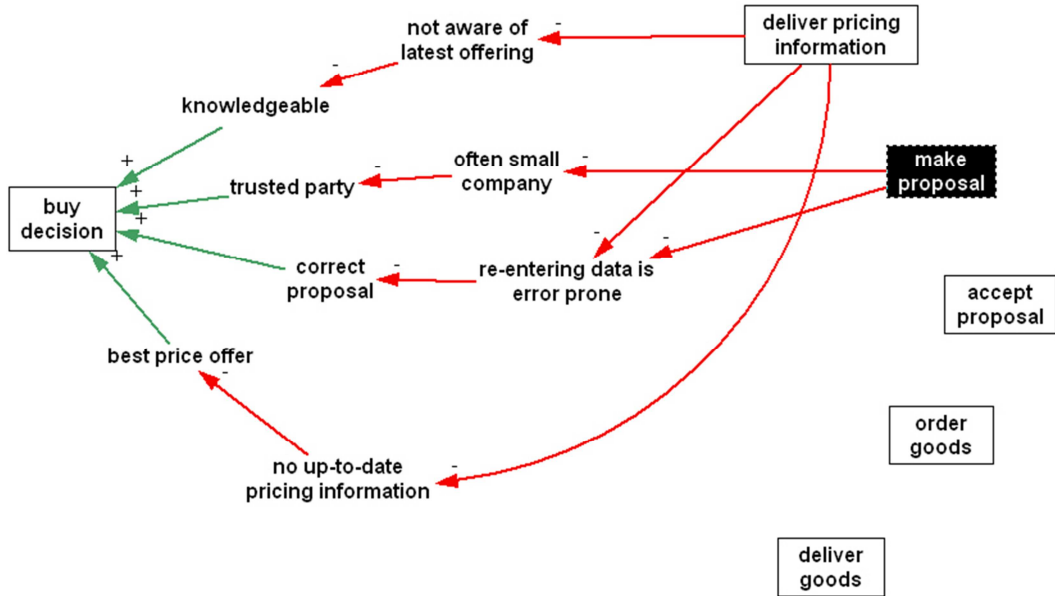


As shown, we assume that a better delivery process for the pricing information might result in a better awareness of the offering of our company and of potential price promotions. In addition, if we switch to another mechanism for the delivery of the pricing info, we might consider reviewing the necessity of re-entering pricing information while making proposals and ordering goods and therefore, reduce the risk for potential errors.

However, we do not see an immediate opportunity via this interaction to reduce or remove the perception of dealing with a small company, since this interaction does not really 'touch' the customer.

In a similar way, we examine our *make-proposal* interaction:

⁸ Again, this is done for the sake of simplicity, but this must not be seen as an absolute rule.



Here, we identify a similar opportunity for reducing the risk for errors by switching to a mechanism that avoids the need for re-entering pricing information.

In addition, there might be some opportunity reducing the perception of having to deal with a small company by making our proposals look more professional.

As said, for the remaining three interactions, we assume that they are not influencers.

Step 4.5. Redefine the requirements for deep process change

Based upon this analysis, we can now reformulate our initial challenge.

Initially, our task looked like this:

"to design a new price information delivery process allowing our partners to have easy access to up-to-date information regarding our offering and the corresponding prices and promotions"

Based upon our analysis, we can now rewrite this task in the following way:

"to design a new price information delivery process allowing our partners

for the deliver-pricing-information interaction

to have access to up-to-date information regarding our offering and the corresponding prices and promotions in such a way that it avoids re-entering pricing data

for the make-proposal interaction

to be able to generate quotes without the need to re-enter pricing data and in such a way that it allows removing the customer's perception of only dealing with a small company"

Step 5. Let your creativity do the rest of the work

As we can see, our work is not yet complete. Lots of options remain open to achieve these goals. However, our main objectives are now very clear and we exactly know why these choices are important.

In addition, we have identified an opportunity for improvement (reducing the perception of small company) that was not within the scope of the initial task definition.

We can now start with the more practical work, which is more a traditional BPM exercise. However, from a business perspective, everything is now clearly defined.

Epilogue

For our little business case, the company that gave the initial idea for this case moved to a web-based solution that gave their partners access to the latest offering and price information and that allowed for entering the details of proposals. The company then would print professionally looking proposal documents, customised for each partner company, that then were mailed by the company to the end-consumer.

By creating this service, the company also gained a greater lock-in of their partner channel since most of these partners became more dependent upon these services.