

# A business process model as a starting point for tight cooperation among organizations

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*Outsourcing and other kinds of tight cooperation among organizations are more and more necessary for success on all markets (markets of high technology products are particularly influenced).*

*Thus it is important for companies to be able to effectively set up all kinds of cooperation. A business process model (BPM) is a suitable starting point for this future cooperation. In this paper the process of setting up such cooperation is outlined, as well as why it is important for business success.*

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## 1 Necessity for tight cooperation

In the present turbulent times it is very important for companies to be customer-oriented and thus highly flexible in delivering products and/or services and in supplying new and marketable products. This trend is notable especially on markets of high technology products. Commodities are not influenced so greatly.

Companies are forced to concentrate on those activities they are outstanding in, and to drop all other supporting activities. This is the way to achieve a major competitive advantage, and it forces companies to enter into strategic alliances, create joint ventures or simply outsource processes to other companies that are more efficient in performing those processes. What further complicates the situation is that it is now and then vital to set up such cooperation very fast.

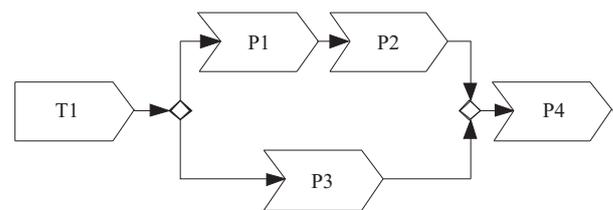
## 2 Business process model (BPM)

A business process model describes the workflow of the business processes that are performed by an organization. An important aspect of BPM is that the customer is involved, because all processes maintained by the company have to add value to the company's products or services of the company from the customers' point of view. The customer need not always be a consumer of the company's products or services. A customer for processes can be an employee, supplier etc.

The most important elements of BPM are business processes that are defined by:

- **Goals** – why to perform this particular process (added value),
- **Activities and subprocesses** – how to transform inputs into outputs,
- **Resources** – inputs of the process that are consumed during transformation,
- **Information** – inputs that are used to modify the transformations in the process, but are not consumed (e.g. the color of a product),
- **Owner** – the person responsible for performance of the process,
- **Trigger** – an event that sets the process in motion.

There are several levels of complexity of processes and BPMs. A process in a more complex BPM can be represented by many processes in a more detailed BPM. [4]



Tx – event that triggers processes  
Px – process

Fig. 1: Example of a simple BPM

### 2.1 Benefits of BMP

One of the major benefits of implementing business process management and thus creating the business process model of a company is that BPM is a good starting point for setting up cooperation with other companies. The model clearly describes the requirements of each individual process, the added value for the customers (and implicitly for the company itself). Based on this information, it is easier to hand a particular part of the business process workflow over to another company.

Further very important benefits of introducing business process management to a company structure can be found in literature [1, 2, 4].

## 3 Procedure for process outsourcing

If a company has business process management already integrated into its management system, it has a very good starting point for successful outsourcing of its processes. If not, outsourcing can be very difficult – though not impossible – to repeat with different outsourced activities.

In this paper it is assumed that the company already has BPM (in several levels of detail). The procedures for making a contract are also not dealt with here.

**Step 1:** Identify the need for workflow improvement.

Business process management involves activities that should identify problems (or just a need for improvement) in the workflow of processes. For example slow or non-effective marketing research. Based on this finding managers can decide to find a partner company that will take care of this particular group of problematic processes.

**Step 2:** Identify the group of all processes to be outsourced.

A very important step is to select processes to be handed over to a new partner. It is sometimes appropriate to outsource even non-problematic processes linked with the problematic process in order to gain other benefits (to reduce the amount and frequency of information or material exchange, to cut the need to employ staff, etc.)

**Step 3:** Specify the interface for the cooperation.

The goal of this step is to identify inputs for the processes that follow the processes that are to be outsourced, and also the outputs of processes that precede the outsourced processes. The first part is more important, because the inputs of subsequent processes form the requirements for the cooperating company. Based on this data, the search for a cooperating partner should begin. The outputs of the preceding processes may not be enough for the partner company, and a change in close areas of BPM can be triggered (or a new search for a cooperating company that will be able to transform the available inputs to the required outputs).

**Step 4:** Integration of a new partner into the workflow.

After a successful search for a cooperating partner, it is essential to integrate its processes tightly into the company's BPMs. The possibility of integration (and maximum automation of information exchange) should also be one of the criteria in the selection process.

**Step 5:** Evaluation of effectiveness.

It is important to evaluate the effectiveness of outsourced processes. This has to be carried out continuously for the whole period of cooperation.

### 3.1 Other kinds of cooperation

Joint ventures involving several companies, strategic alliances and other ways of cooperating differ as regard the roles of the participating subjects, as well as in other aspects of the cooperation. However the significance of BPM is very similar to the situation of outsourcing. It helps in analyzing the inputs and outputs of the processes that the external subject has to provide.

## 4 Summary

Business process management and the linked business process model are interesting starting points for making decisions about handing over certain internal business processes to external subjects. The process of identifying the need to establish cooperation, identifying processes that should be handed over, etc., is very complex, and many factors have to be taken into account at all stages in the process.

## References

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