

Adaptation of Business Process Management to Requirements of Small and Medium-sized Enterprises in the context of Strategic Flexibility

Felix Reher

UWS Business School, University of the West of Scotland

Paisley PA1 2BE, United Kingdom

felix.reher@uws.ac.uk

Abstract. Business Process Management (BPM) has become a necessity for companies in a highly competitive business environment, as it is a powerful tool to enhance process and service performance. Unfortunately, BPM is primarily linked to parameters in larger enterprises; no flexible and effective methods for a practical application are available for Small and Medium-sized Enterprises (SME). As a sequentially result, BPM for SMEs still remains largely atheoretical. Practical experiences during the last years show a large number of failed or unsuccessful BPM initiatives. Coherent to this, several papers try to identify Critical Success Factors (CSF) of BPM, but those CSFs are often case-specific or of a generic kind and most of those papers fail to put their research within a theoretical grounded framework. This research focuses on maintaining the strategic flexibility and explores the situation in SMEs as well as the possibilities for an adaptation of an agile BPM within this type of companies. Desired result of the work is the elaboration of a common framework for an agile BPM adaptation for SMEs.

Keywords. BPM, SME, Adaptation, CSF, Agile, Model, Framework

1 Focus of Research

Companies' strategic agenda demands discipline and continuity instead of distraction and compromise (Porter, 1996). Strategic continuity will make an organization's continual improvement more effective, but a company may have to change its strategy if there are major structural changes within its' industry. The choice of re-positioning must be driven by the ability to find new trade-offs and leverage a new system of complementary activities into a sustainable advantage. As a result, firms are in need "to reorganize their activities and realign their global strategies in order to provide the speed and flexibility necessary to

respond to windows of market opportunity” (Dekkers and van Luttervelt, 2006:8).

Business Process Management (BPM) is such a systematic approach for improving an organization’s existing business for delivering value-added products or services to “meet the objectives and business strategies of a company” (Freund and Rücker, 2012:1) and is often referred to as Management by Business Processes (Thiault, 2012). With the usage of BPM, “processes can be aligned with the business strategy, and so help to improve company performance as a whole thanks to the optimization of processes within business divisions or even beyond company borders” (ABPMP, 2013:27). It can be stated that BPM is at least a structured methodological approach, which is focused on handling and continuous development of the company’s process improvement but unfortunately primary linked to situations in larger enterprises. Currently no flexible and effective method for a practical application is available for Small and Medium-sized Enterprises (SME).

This research explores the situation in SMEs as well as the possibilities for an agile solution for an adaptation and implementation of BPM within this type of companies. Due to the idiosyncrasies of SMEs, namely “existing organizational and structural heterogeneity, dynamism and complexity of characteristics” (Rudolph, 2009:64), the focus shifts to management and organizational perspectives. For this purpose three primary research questions (RQ1-3) are being addressed, namely

- (1) “What are specific Requirements for SMEs”,
- (2) “What aspects of BPM cause difficulties in SMEs”; and
- (3) “How can a successful implementation of BPM in SMEs be ensured?”

2 Research methodology and techniques

The currently carried out literature review is focused on three different topics, namely (1) BPM, (2) Strategic Flexibility and (3) Critical Success Factors (CSF), to identify, appraise, select and synthesize all high quality research evidence relevant to that domain. An attempt is made, to structure the problem area through analysis of existing theories and thereof to answer the aforementioned research questions RQ1, RQ2 and RQ3.

A model as well as an applicable framework for an adaptation will be developed and, for the validation of the theory, a structured mixed-method Delphi study will be conducted. The retrieved results will be triangulated with another qualitative research method in a later research phase (currently planned are either Interviews or Focus Groups). Necessary adaptations and modifications of the framework after the validation by experts will be reflected in a revision of the model and framework.

3 Proposed Solution

Trkman (2010), as well as Ravesteyn and Batenburg (2010), observe that the concept of BPM and the whole research topic has not yet been theoretically grounded well. Smith and Fingar (2003) conclude that the existing theories and implementations have not been able to map the reality. Burlton (2011) states that BPM requires a common comprehensive methodology for a successful implementation, Singer and Zinser (2009) criticize that a complete and generic methodology for adaptation of BPM in SMEs is needed.

Available papers still primarily describe what BPM actually ‘does’ or ‘means’ (Ravesteyn and Batenburg, 2010:493) and recent papers on practical experiences during the last years have documented a large number of failed or unsuccessful BPM initiatives. Coherent to this, several papers try to identify CSF of BPM, but those factors are often case-specific or of a generic kind and most of those

papers fail to put their research within a theoretical grounded framework. The applicability of such CSFs to other firms is rarely confirmed (Lu et al. 2006).

Interestingly, a number of papers (Blyke, 2012; Miers, 2006; Reijers, 2006; Smith and Fingar, 2003), raise the questions of whether BPM is generally applicable to SMEs but there has been quite little empirical research of CSFs and their post hoc evaluation of success (Bandara et al., 2005).

Success of a realization and an implementation of changes depend on organizational behaviour and given structures. The desired objective of the work is the elaboration of a flexible, common framework for a BPM adaptation for SMEs.

4 Relation of the Work to the State of the Art in BPM

An introduction and ongoing implementation of BPM must be critical reviewed to ensure, that managerial decisions in response to (1) internal or (2) external influences can be made more soundly based. BPM has several challenges over many categories and this has lead into difficulties of “clearly categorizing and making critical BPM factors general” (Ohtonen and Lainema, 2011:1) and “identifying both generic and case-specific critical success factors” (Trkman, 2010:125). According to Lu et al. (2006), general CSFs are often either case-specific or dependent to parameters like industry, region or country.

Rossner (2010) identified seven major guidelines to BPM project success, namely (1) limited scope, (2) high value, (3) clear alignment to goals, (4) the right metrics, (5) goal agreement, (6) enthusiastic business sponsor, and (7) business user engagement. In contrast Ravesteyn and Batenburg (2010) documented three major CSFs, namely (8) communication, (9) stakeholder involvement, and (10) governance. Supplementary Burlton (2011) recognized the existence of a (11) common language and semantic vocabulary for stakeholders as inevitable.

The dependence of such a logical interconnected factors of ‘human behavior’ and ‘technological parts’ is found in various papers on BPM, especially in the last few years (Ravesteyn and Batenburg, 2010; Rosemann and Brocke, 2010; Burlton, 2011; Brocke and Sinnl, 2011; Thiault, 2012). The importance of organizational change in connection with a BPM implementation is discussed by Mertens et al., their empirical study (2011) confirm that understanding and acceptance of process re-structuralization is crucial for success of a change – an aspect that is also supported by others (Burlton, 2011).

5 Further Steps

The next steps relate primarily to summarize the literature, the definition and categorization of CSFs as well as the creation of a model. As part of a working group with focus on interrelation between Requirement Engineering and BPM, approaches for requirement elicitation in non-BPM familiar target groups are considered. The outcome should be incorporated into the framework later.

For the already mentioned Delphi study, a number of researchers and practitioners will be questioned about the developed model and framework. To this end, a number of prominent participants have already explained their willing to participate.

6 Expected contribution of the work to the field of BPM

The focus of the research is to analyze business and technical issues, to extract a set of key success factors for an implementation of BPM in context of the defined strategic flexibility.

A contribution of this research is therefore the extraction of CSFs by reviewing different strategic scenarios during as well as after implementation of BPM. Based on the conversion of theoretical results into an approach, which enables organizations to follow a standard way of implementing BPM, the

usability of management by process is worked out for smaller companies and potential benefits are made tangible. This includes decreasing investment risk and increasing planning reliability, whereby a practical added value is generated.

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