

## Chapter 9

# Globalization Requires Value-Driven BPM

Globalization is a megatrend that influences the business environment tremendously. Although the world was once dominated by the economies of Europe, North America, and Japan, there are now new and important players emerging like China and India. There is no doubt that globalization is changing the world in which we do business. Most successful enterprises work with customers, suppliers, and other market partners in multiple countries around the world. They often have subsidiaries with operations in various countries on different continents. As Friedman says, “the world has become flat” [1]. For example, a midsized manufacturer of highly sophisticated machinery tools focused on the Canadian and US markets. Step by step, the company began to follow its customers and prospects to Europe and opened a plant in Germany, then on to Brazil, and China. Thus, the company became a player in the global market. The markets are linked through the Internet of things and an all-present digitalization so that most transactions can be executed all over the world, essentially in real time.

There are many factors that bring the world closer together, such as [1]:

- The opening of Eastern Europe
- The rise of the World Wide Web and the Internet of things
- New Web-based software, such as social networks, connecting the world
- Powerful communities, like Open Source Initiatives, to develop software
- Outsourcing, or the execution of processes or subprocesses of an enterprise by service providers located in another countries
- Offshoring, or the transition of entire enterprise units, such as a production unit, into another country
- International supply chain processes as a source of competitive advantage
- Insourcing to deliver holistic services, for example, complete logistics services
- Informing, referring to search engines like Google or BING, which provide information in seconds
- Digitalization in general, mobility, personalization, and virtualization

All of these factors encourage, or even force, enterprises to work across the boundaries of continents and countries as they strive for high performance. Consequently, they must develop business processes suited for a global business environment.

On a strategic level, Bartlett and Ghoshal distinguish four types of companies that work across country borders [2]:

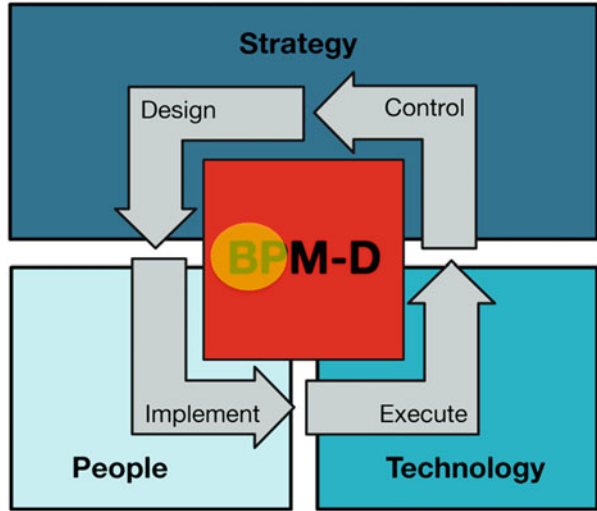
- Multinational companies
- International companies
- Global companies
- Transnational companies

In multinational companies, the subsidiaries are more or less independent units that are only required by headquarters to have a certain financial performance. Subsidiaries are typically run as self-sufficient enterprises. In international companies, the transfer of knowledge from headquarters to the subsidiaries is more important; the controls are better developed. Global organizations are even more centralized; the subsidiaries are tightly controlled. In a centralized organizational structure, the world is seen as a single economic entity. Transnational companies consist of networks of interdependent specialized units in various countries. Subsidiaries have different roles. Knowledge is developed jointly and shared internationally.

Although the transnational enterprise seems to be the most efficient and effective, the other forms of internationalization are also valid in specific phases of the life cycle of an organization, depending on company-specific strategies [3]. A start-up company that wants to quickly enter international markets may choose to do so as a multinational or international organization and then gradually become a global and then a transnational enterprise. At IDS Scheer, I was part of a team transforming a national company into a multinational enterprise with subsidiaries around the world and eventually into a global company. Accenture, where I have been working as the global lead for BPM, is clearly a transnational company, with knowledge centers around the world. BPM-D was founded with the goal of creating a transnational company with specialized units in North America, Europe, and Asia, closely connected through governance processes that focus the units on local as well as global goals.

All of those enterprise structures require the appropriate business processes to be implemented successfully across locations in different countries. The discipline of value-driven BPM is the key to managing those processes. But what are specific influence factors of the global business environment? Do they result in any particular vBPM tasks or special infrastructure? These questions are discussed in this chapter, which focuses on all aspects of the BPM-Discipline and the entire lifecycle of a business process which are visualized in Fig. 9.1. The design and implementation of processes in a global environment is specifically discussed since these phases of the process lifecycle are most impacted; execution and control activities build on the modified design and implementation. Key measures for overcoming challenges through globalization are taken during design and implementation.

**Fig. 9.1** Positioning of value-driven BPM for globalization



## 9.1 Some Personal Impressions

During my time at IDS Scheer (now Software AG), I was able to gain quite a bit of international management experience. IDS Scheer was a German software and consulting company with subsidiaries in more than 20 countries around the world. While working for more than 6 years in Europe, mostly in Germany but also in France and other countries, I managed consulting units. After that, I lived in the United States for more than 10 years, holding several different management responsibilities, mostly executive management as head of the region. In between, I worked in Japan for a year and assumed responsibility for overall business in the country for 5 years. Working for Accenture as managing director and global lead for BPM, I continued to have an international focus with BPM consulting units in more than 10 countries. I also had very close interaction with the India team since most of the asset development and maintenance was handled there. BPM-D has offices in the United States, the United Kingdom, and India. Here we have applied many of my past experiences.

I found the differences between working in the United States and Japan extremely interesting and learned a lot “on the job.” I would like to discuss some of those experiences because I believe they may help others learn what it means to manage business processes in an international environment. Since I was born and raised in Germany, I will also share my observations from a German perspective—although I have lived in the United States for over 20 years now.

Most US offices in typical companies are composed of cubicles, as shown in Fig. 9.2. The cubicles offer employees a certain degree of privacy—everyone has her or his own little kingdom. In most cases, executives have offices, of which location and size show the importance of the position, as indicated on top in Fig. 9.2.

A Japanese office looks very different, as you can see in Fig. 9.3. People sit in rows, one person next to another. People are courteous, so as not to disturb one



Fig. 9.2 Office in the United States



Fig. 9.3 Office in Japan

another. Employees feel like they are part of a “family.” Even executives are typically integrated into that environment. Their desks are often in the same room, just positioned separately to oversee their employees. That does not mean a loss of respect—in contrary. Even those slight differences say a lot in Japanese context.

This first impression I share indicates some major differences regarding the behavior of employees in the work environment. In the United States, everyone behaves as an entrepreneur, primarily focusing on their own interests and goals. Employees are moved in the company direction through appropriately structured compensation and formal measures, such as job descriptions, policies, and procedures, hence a formal governance approach. Company policies play an important role, ensuring employee rights, but also protecting the employer company on a legal level. People in the United States are often accustomed or at least open to multicultural work environments. Companies can assemble teams with members from multiple countries and enable them to move the company forward, using the strengths of each individual. However, in most US states, employment is “at will.” In other words, people can leave on any given day—a situation that is legally impossible in many European countries, for example, in Germany where employees have to give notice well in advance. Therefore, employers must manage people accordingly, on the one hand, motivating them to encourage them to stay with the company and, on the other hand, always preparing for a situation where a key employee leaves. People in a US work environment seem to be very open and direct; however, you often have to read between the lines to understand what they really mean. If someone calls a presentation “great,” it does not necessarily mean that he really liked it. A follow-up invitation says much more. People are generally self-confident and convinced of the superior quality of their capabilities. A “we are the best” mentality is common. Therefore, it is often not easy for a foreigner to criticize someone in a way that would not upset the person. One must criticize positively, so people learn quickly and support necessary actions.

In a Japanese work environment, the situation is quite different. People smile often and appear friendly—all the time. This goes so far that it is generally considered impolite to answer a question with “no.” But “yes” does not always mean “yes.” I remember when I asked a Japanese colleague if he had sent out a specific letter and he answered “yes—but not yet.” At the time I was very surprised, but now I understand that he just wanted to be polite. Conflicts that would require a “no” are often carried out “undercover,” for example, through e-mails. In Japan, people typically pay close attention to detail. You may receive a schedule with an elaborate color code—but this also takes time. Do not expect a high-speed environment. However, people finish what they start, so you can expect results. People in Japan are accustomed to very long working hours. Some of my colleagues started the day between 9 and 10 a.m., but they rarely went home before 10 or 11 PM. And their commute involved a 1–2 h train ride. In general, I found it difficult to encourage creativity and the development of new ideas. In most cases, some external input was required. Once you have hired an employee in Japan, you can count on loyalty. People do not leave their jobs easily.

Although globalization brings the behaviors of employees closer together, it is still important to know about country-specific behaviors when designing and implementing business processes. This is especially the case for manually executed processes and subprocesses or necessary teamwork activities.

Country-specific differences are not only observed within the office but also in customer-facing behavior and the habits around business transactions. In the United States, there is generally a very high customer focus. The customer is just as important as the product. The quality and performance of a product are demonstrated through the customers using it. This is a big difference from many German enterprises, where people love their products and think in terms of functions and features. In the United States, the characteristic of “invented here” is very important. The aforementioned self-confidence and pride often make it difficult for foreign companies with foreign products to enter the market. In general, the created perception of a company and its offerings is very important. Perception is often considered reality; therefore, marketing is extremely important in the promotion of offerings. For the IT market, industry analysts, including The Gartner Group, Forrester, or IDC, play an important role. In many cases, customers rely on analyst research to support their buying decisions. Change and speed are very common in the United States. Executives switch companies, sometimes even on a quarterly basis, projects start and stop quickly, contact persons change. Change is the only stable part of business, which often leads to short-term viewpoints. In many cases, it is difficult to sell solutions with long-term impacts. “Why should I care what happens next quarter or even next year?” is a common attitude.

The attitude is very different in Japan and continuity is important to many people. Although globalization has already changed many things, people still try to reduce the speed of change and keep a well-controlled pace. They are very careful. You will often have the same contact person at a client over many years. Executives stick with their companies and you can count on their commitments. The characteristic of “invented here” is not nearly as important as it is in the United States. On the contrary, American and European products are well accepted. Trust is the key in business life. It counts more than contracts, which can cause conflicts with Western accounting requirements for formal paperwork. Business decisions are often heavily influenced by personal relations and less by general perception. Business meals are very important in Japan. True negotiations often occur during dinner, in a very casual atmosphere. The formal negotiations are simply a means to revisit the arguments and conclusions discussed previously.

These customer- and market-related behaviors are again important for the design and implementation of business processes. It is essential to be aware of those particulars when a company standard business process is defined and rolled out in a specific country.

The following are some general lessons I learned while working and living in Germany, France, the United States, and Japan. They can be applied to the management of processes in an international environment:

- Listen, listen, and listen: Do not think you already know everything. Hear what the local employees have to say.
- Even in an unfamiliar environment, always look on the bright side of things: This keeps you in a good mood with a positive attitude. Your co-workers feel and appreciate that.
- Accept differences wherever possible: Different countries have different habits—in most cases, it is best to accept that as fact and work with it, not against it.
- Communicate clearly what you do not accept: When you intentionally do not want to support certain habits, it is important for the people around you to know that so that they can actively adjust.
- Show that you are interested in being integrated: Generally, local people are proud to make you part of their community, but you have to show that you are willing to accept and support that integration.
- Clarify and explain the value you bring to the table: People have to know why you are in another country and what the benefits are to them personally.
- Share your interests and introduce yourself as a “private person,” not just a “business person”: People work with and accept people, not just positions or roles.

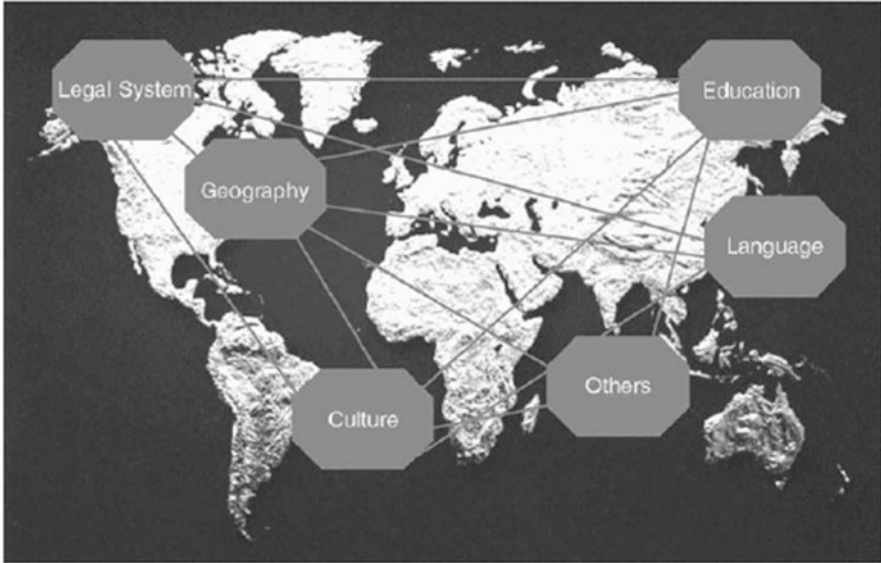
These were some of my personal impressions about global business and what it means for managers and the processes for which they are responsible. So, what are the key influence factors of globalization on business processes and how do they impact processes? How does globalization change processes?

## 9.2 Globalization Changes Processes

Globalization leads to processes carried out in several countries or regions and influences business processes in two or more geographic areas. Therefore, different country-specific factors influence those processes. Important influence factors are the following:

- Legal system
- Geography
- Culture
- Education
- Language

The legal system provides country-specific regulations that must be reflected in processes. For example, tax regulations influence finance processes, but can also lead to modifications in the supply chain. Human resource (HR) administrative processes, such as in the payroll area, are another example of processes often influenced by legal regulations. The geography of a country can also affect processes, such as the transportation planning and management of goods in transit. Specific cultural aspects also influence processes. The focus on details in Japan may



**Fig. 9.4** Country-specific influence factors on processes

necessitate a modified process design in comparison with the design in Western countries, where too much detail may be perceived as having a negative impact on the personal work environment and the degree of freedom people need. A country's average level of education can influence process design and implementation. Highly automated processes in countries with little expertise may not make sense. Even the languages spoken in different countries can influence processes: you may not be able to use certain software systems for the process execution because they do not support specific languages. This has often been a challenge for Asian languages. Besides those main influence factors, there are many others, like the international experience of a consulting company that determines if the firm gets included in the request for proposal of a global potential client. The county-specific influence factors are shown in Fig. 9.4.

Such influence factors impact business processes and typically lead to country-specific or regional variants of processes that can be carried out in subsidiaries or in a central headquarters location.

Such factors also influence the BPM-Discipline and the business process management approach in and of itself, the "process of process management." vBPM must address the impacts of the global business environment and develop appropriate capabilities. This situation is visualized in Fig. 9.5.

The factors can either influence the business processes directly or indirectly through offering or product variants. Country-specific requirements may lead, for example, to modified products that necessitate additional engineering activities, leading to new production and logistics processes. This can then result in new or modified processes in various areas of an organization. The direct and indirect influences of country-specific factors are illustrated in Fig. 9.6.



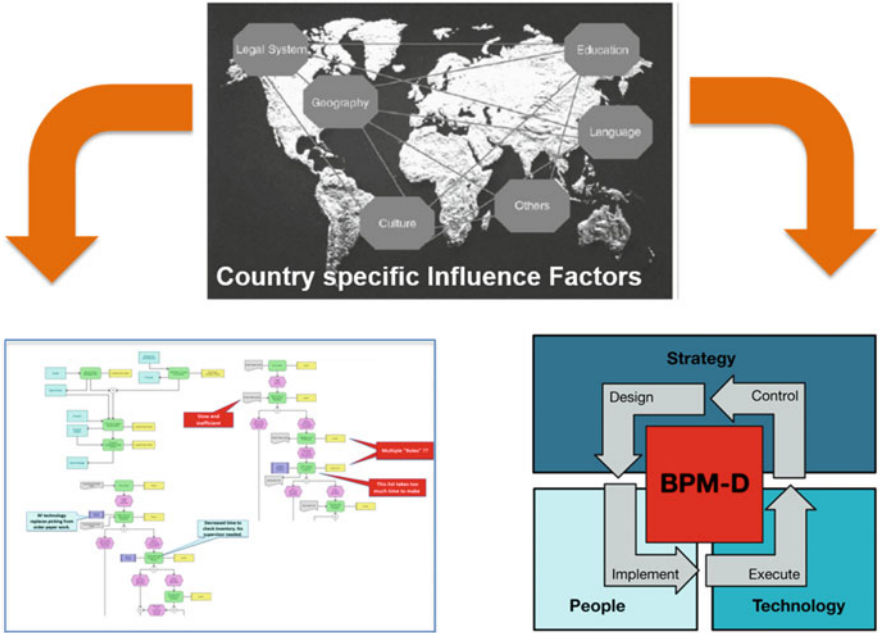


Fig. 9.5 Impacts of country-specific influence factors

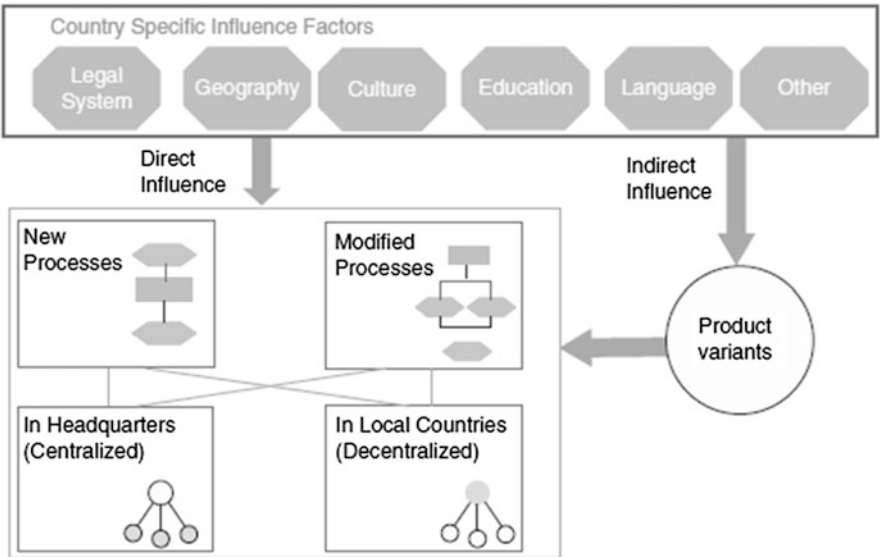


Fig. 9.6 Direct and indirect influence of country-specific factors on processes

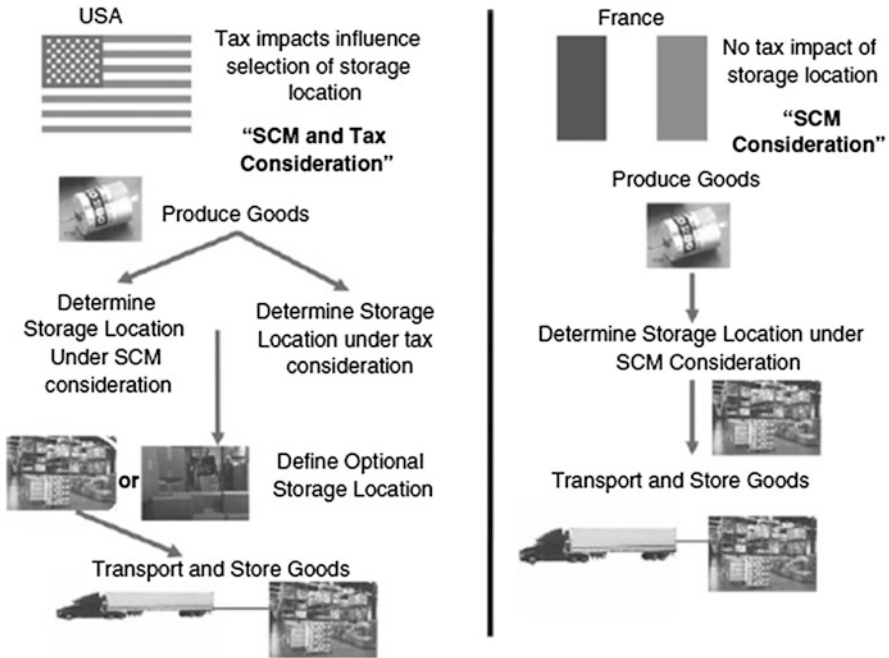


Fig. 9.7 Example: legal regulations influence processes

We have previously discussed one example of country-specific processes. In a Japanese environment, the focus on quality can lead to planned redundancies of quality control activities. This may not be acceptable in Western organizations focused on cost and time efficiency. Transforming the Japanese processes to comply with Western efficiency standards will be much more challenging than optimizing the processes of an underperforming western organization. Introducing highest-quality standards with planned redundancies to reduce risk of errors may lead to questions in a Western environment.

Country-specific tax regulations can impact logistics processes. For example, in the United States, you can select storage locations for specific goods on the basis of state tax regulations. In France, where taxes are the same across the entire country, this selection criterion does not need to be applied. The related logistics process is simplified, as visualized in Fig. 9.7.

In a vast country like the United States, it has become increasingly difficult to conduct face-to-face meetings—especially due to increasing cost and time requirements for air travel. Therefore, the use of Web-based remote presentations and meetings is extremely important and part of many sales processes. In a geographically smaller country, such as Germany, this may not be as important. Most of the cities are close enough to be reached by car or train. Focusing in the United States on one or few neighboring states may lead to a similar situation. This influence of country-specific factors on processes is shown in Fig. 9.8.

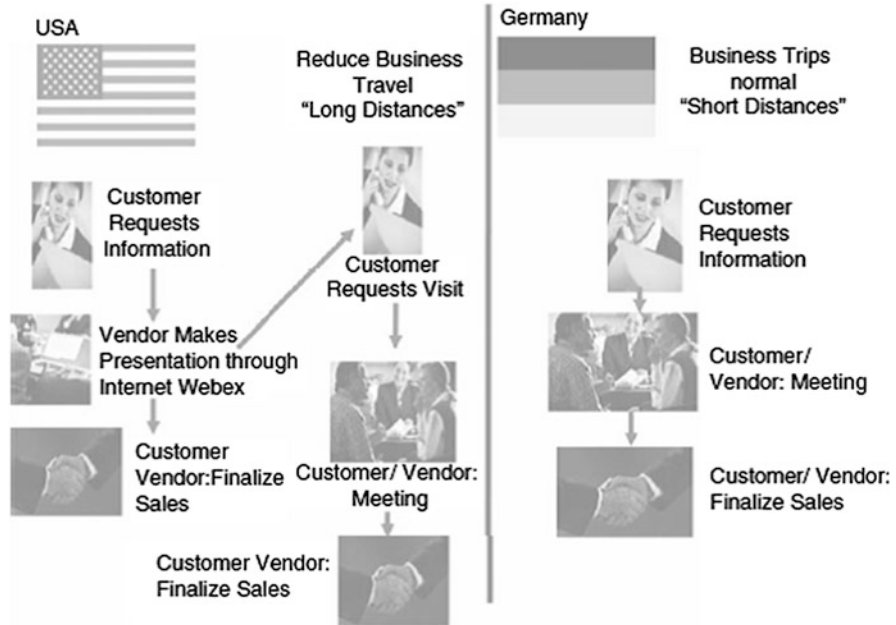


Fig. 9.8 Example: geography influences processes

Even the language of a country can influence processes. For example, Japanese or Chinese language characters require specific printing capabilities. But there may be a requirement for certain documents, such as invoices, to be printed in a language that can be checked by centralized global departments. Therefore, the same document may need to be printed a second time in a Western language, resulting in process variants, as shown in Fig. 9.9.

There are many other country-specific influence factors. Therefore, a company should evaluate the specific influence factors of countries where it has subsidiaries or market partners involved in a business process. An example is the difference in the voltage between US and European countries. A company producing electric motors in the United States must develop country variants of its products to deliver its offerings to Europe. These product variants lead in general to new or additional activities in the entire organization and ultimately to modified processes. Additional product variants must be designed, handled throughout the logistics processes, and reflected in marketing and sales processes. This situation is explained in Fig. 9.10.

The global business environment directly or indirectly influences the design of business processes, their implementation, and ultimately also the execution and controlling of the resulting processes. In most cases, customer-facing processes, subprocesses, and offerings are localized. Support processes or back-office activities can typically be standardized and carried out in a central location, for example, as a shared services organization. That's why people refer to current trends as

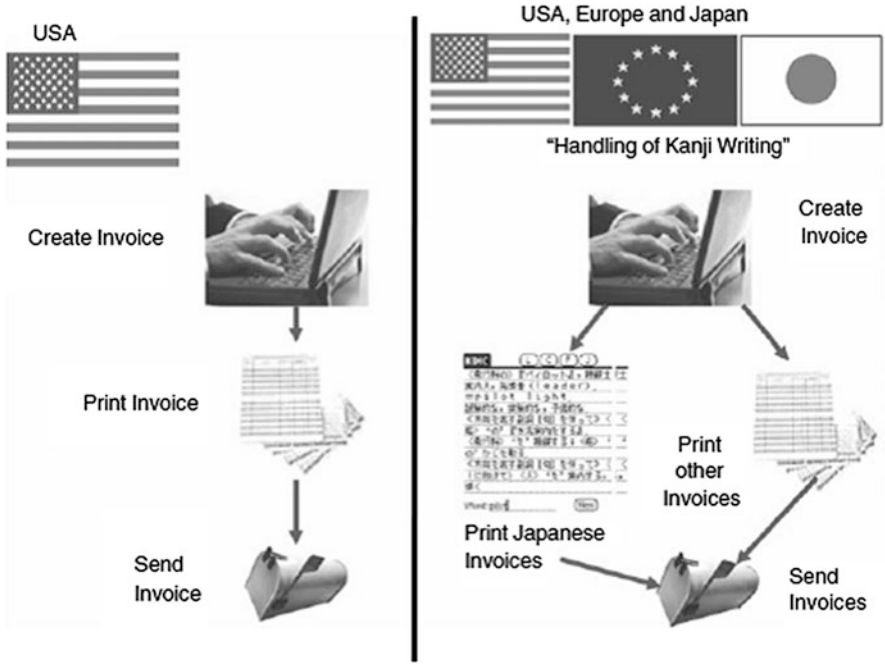


Fig. 9.9 Example: languages influence processes

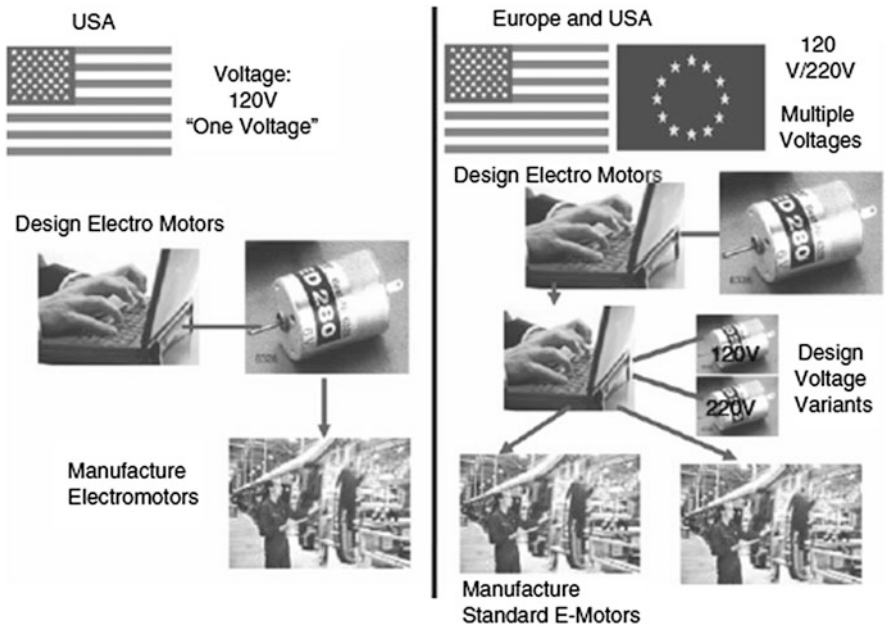


Fig. 9.10 Example: other country-specific factors influence processes

“going glocal” [4]. The influence of globalization must be reflected in the value-driven BPM-Discipline.

### 9.3 How Can Value-Driven BPM Help?

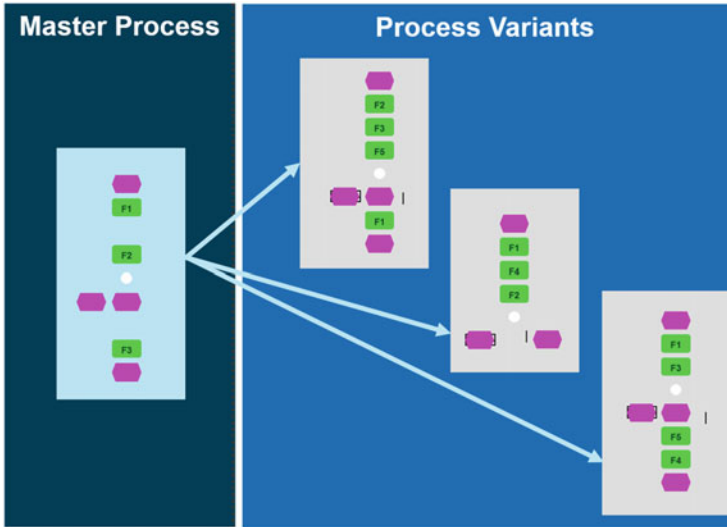
On the basis of the discussion thus far, we can identify necessary capabilities of the value-driven BPM-Discipline to handle global business environments:

- Identify the degrees of centralization and decentralization of business processes according to a globalization strategy.
- Define country-specific influence factors, especially for customer-facing processes and offerings.
- Identify the impact of those factors on the value-driven management of business processes.
- Modify the process management approach recognizing the country impacts.

The centralization and decentralization of processes reflects the general strategy, leading to international, multinational, global, or transnational organizations, as explained. The positioning of the innovation process is very important in today’s volatile digital world. To benefit from the international input, this process must be integrated in corporate and subsidiary activities, for example, to support idea finding. The integration of international third parties, such as customers, universities, or research institutions, can also support the global environment.

Country-specific influence factors can be defined on the basis of the reference list discussed previously. Additional factors must be added and those that are not relevant should be deleted. Then, the business impact of those country-specifics is defined, as presented in the aforementioned examples. The closer the processes are to local customers or local production facilities, the stronger the localization requirements [4, 5]. General activities and support processes can often be centralized, or at least standardized, across countries in shared services organizations. The influence of country-specific factors is often smaller. The business impacts of country-specific influence factors are incorporated in the design of the business processes and drive from there the entire process lifecycle.

The right standardization and harmonization of business processes is key in global organizations [6]. In the process design within a globally active organization, one “master process” can be used to develop one or several process variants for decentralized country-specific processes. Therefore, one must manage process variants over the entire business process life cycle and continuously update the design. Changes in the business environment can relate to one or several of the process variants. They may be triggered globally through a change in the master process or locally through changes in the country-specific business environment. This activity must be organized through the process governance and is generally supported by process modeling and repository tools as well as process execution systems. The management of process variants is visualized in Fig. 9.11.



**Fig. 9.11** Management of process variants

The discussed reference models can deliver initial solutions to those processes. They must now be modified according to country requirements. With the increasing importance of global business aspects for nearly every organization, the development of reference models with country-specific content will also become highly relevant. Content providers may progressively move toward this direction and offer reference models related to such topics of globalization.

In general, the management of the right degree of process standardization and harmonization requires a high maturity level of selected process management capabilities. Working with organizations of different sizes and industries, my Co-CEO, Peter Franz, and I have identified five important core enabling BPM capabilities [6]:

- Process and data governance
- Process knowledge management in the form of a comprehensive enterprise architecture
- People enablement, hence change management and community management
- BPM Tools and Technologies
- Value realization through metrics and their monitoring.

These core capabilities to manage the standardization and harmonization of business processes is visualized in the BPM-D Process Framework for the “process of process management” [7] in Fig. 9.12.

The utilization of standard application software systems or software components developed for global use simplifies the implementation of processes in a globally

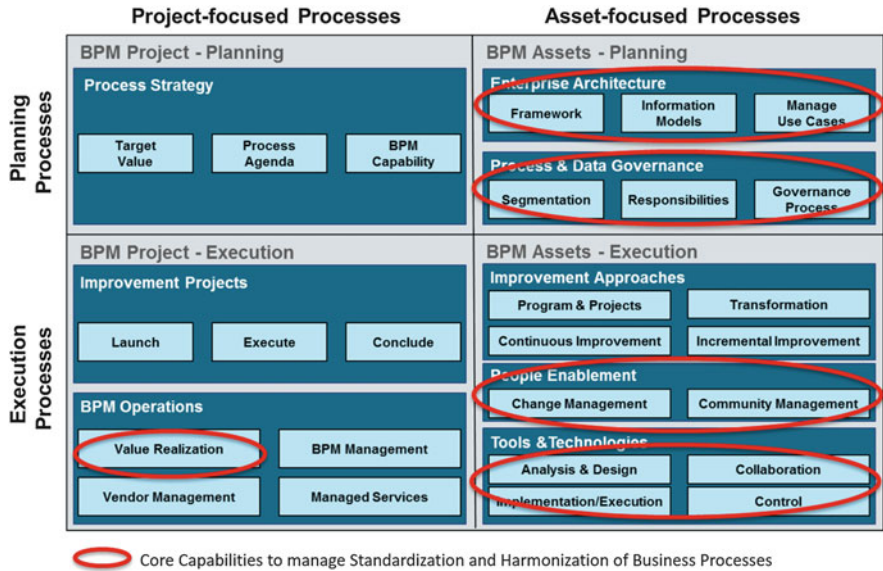


Fig. 9.12 Core capabilities for the harmonization of processes in the BPM-D framework

acting organization. Standard software typically supports the following aspects, which are important for the realization of country-specific processes:

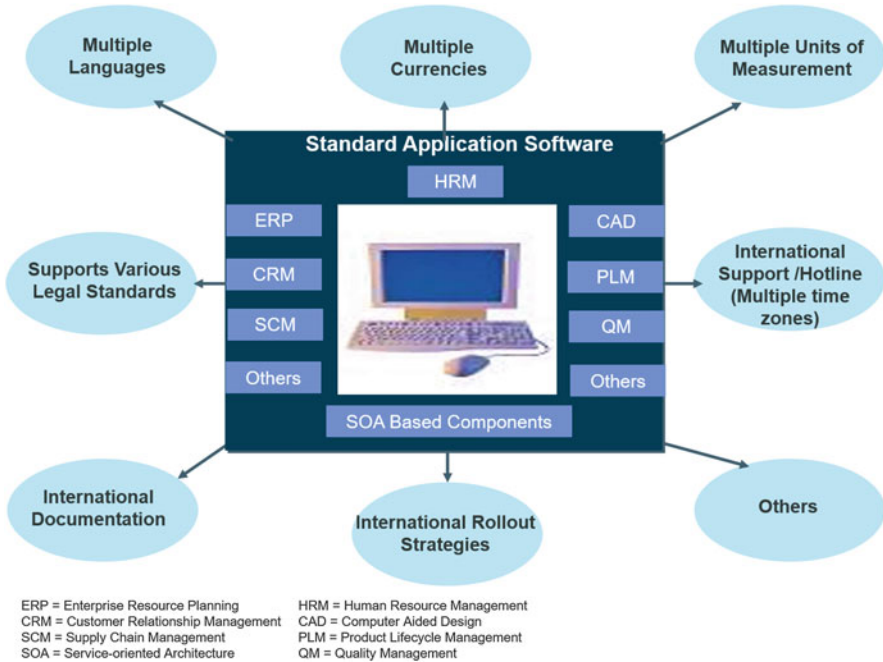
- Multiple currencies
- Multiple languages
- Multiple units of measurement
- Various legal standards
- International documentation
- International rollout strategies
- International hotline/support

This is visualized in Fig. 9.13.

In many cases specific functionality of the supporting software or at least the related workflow is required. This is where BPM execution systems can be used and combined with traditional standard software packages like ERP systems. What’s important here is to use BPM solutions with little to no programming requirements to keep implementation and maintenance cost low [8].

Change management activities must be adapted to the countries involved in the implementation of a business process. This may include multiple ways of representing process models: in some environments more abstract representations work, while in others little specific pictures that represent roles or functions may be better received. Information, communication, and training must be adapted to the country-specific habits.

The advantages of BPM modeling and repository tools can be especially well applied in global business environments because the data volume to be handled



**Fig. 9.13** Standard software supports internationalization/globalization

increases and the remote work with process models becomes more and more important. The probability of changes in the business environment also increases, resulting in higher maintenance frequencies for the business process models and other information models in the process warehouse.

The discipline of value-driven BPM delivers the appropriate capabilities to handle the challenges of a global business environment and enable high performance across the distributed enterprise. It has become a key enabler of international business operations.

## 9.4 The Bottom Line

- It is especially important to know about country-specific influences on process management in cases of manually executed processes and or necessary team-work activities (Sect. 9.1).
- Country-specific behaviors of employees and customers are important influence factors for the management of business processes (Sect. 9.1).
- Simple lessons learned can be used as guidelines for the management of processes in a global environment (Sect. 9.1).



- Globalization leads to processes carried out in several countries or influencing business processes in one or more countries. Therefore, country-specific factors influence those processes and the way they are managed along the process lifecycle (Sect. 9.2).
- Those country-specific influence factors impact business processes, especially customer-facing processes and processes related to the design and production of offerings. In most cases, this impact leads to country-specific variants of processes (Sect. 9.2).
- Country-specific support processes are often centralized in a shared-service organization where different country process variants need to be managed (Sect. 9.2).
- The country-specific influence factors also influence the business process management (BPM) approach itself, the “process of process management.” The discipline of value-driven BPM must reflect that (Sect. 9.2).
- The country-specific factors can either influence the business processes directly or indirectly through product (offering) variants (Sect. 9.2).
- The BPM-Discipline includes necessary steps to handle international business environments (Sect. 9.3).
- In the process design within an international organization, one “master process” is often used to develop one or several country-specific process variants for decentralized processes carried out in different countries (Sect. 9.3).
- There are key capabilities within the “process of process management” for managing standardization and harmonization of processes. These can be well applied in international environments to deal with country-variants of processes (Sect. 9.3).
- The utilization of standard application software systems developed for global use simplifies the implementation of processes in an internationally acting organization. Also flexible BPM Execution Engines are helpful in the management of country variants of processes (Sect. 9.3).
- The value-driven BPM-Discipline delivers the appropriate capabilities to handle the challenges of an international business environment (Sect. 9.3).

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