Business Motivation Modelling

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Literature

■ David M. Bridgeland, Ron Zahavi (2009). *Business Modeling – A Practical Guide to Realizing Business Value, Chapter 3.* Morgan Kaufman Publishers/OMG Press.

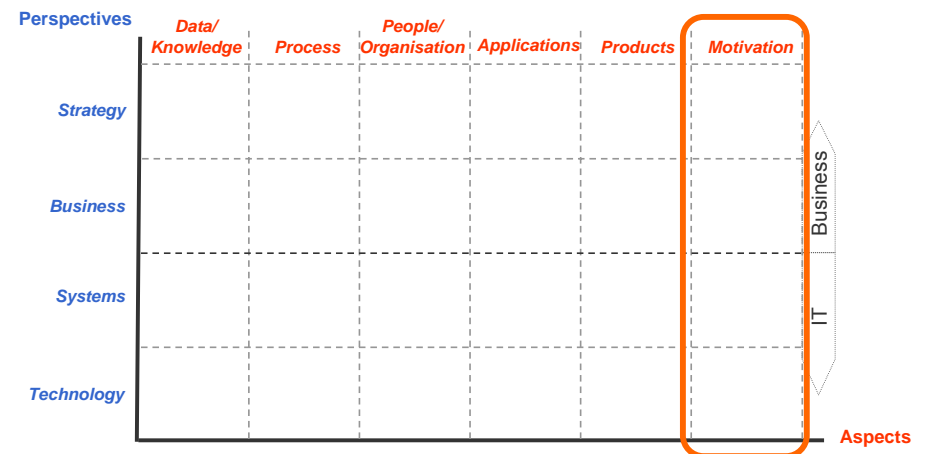■ OMG Business Motivation Model, Version 1.0

♦ http://www.omg.org/spec/BMM/1.0/PDF

Motivation

■ Fundamental to the Business Motivation Model is the notion of **motivation:**

♦ If an enterprise prescribes a certain approach for its business activity, it ought to be able to say '**why**;' i.e.

♦ What result(s) is the approach meant to achieve

■ Different sources for motivation

♦ Business perspective

♦ IT perspective

Motivation Modeling and Strategy Creation

- Two approaches how Business Motivation Models can support strategy creation

  - **model-based strategy creation**: modeling is part of strategy creation
  - **strategy first, model later:** models are used to capture the strategy and communicate them

- Examples for model-based strategy creation:

  - Strategy creation workshop
    - Capturing the strategy as models directly in these workshops supports conversation: discuss alternatives, see impact of choices
  - Incremental development or adaption of business strategy
    - Business motivation models are part of the communication process: explain the effect of new trends and how to exploit new trend as a new opportunity

(Bridgeland & Zahavi 2009, p. 43)

OMG Business Motivation Model

- Business Motivation Model (BMM) is an OMG Specification (www.omg.org/spec/BMM/1.0/PDF).

- Purposes:
  - ♦ To capture decisions about reaction to change and the rationale for making them
    - increasing clarity and improving decision-making by learning from experience.
  - ♦ To reference the outcomes of the decisions to their effect on the operational business (e.g. changes made to business processes and organization responsibilities),
    - providing traceability from influencers to operational change

- BMM does not specify a graphical look for BMM diagrams.

Key Ideas of the OMG Business Motivation Model

- ■ Business Perspective

- ■ Motivation

- ■ Reaction to Change

- ■ Separation of concerns

- ■ Decomposition

- ■ Metrics

Source: OMG, Business Motivation Model, Version 1.0, chapter 7.2
http://www.omg.org/spec/BMM/1.0/PDF

Key Ideas of the Business Motivation Model – Business Perspective

■ All elements of an enterprise Business Motivation Model are developed from a business perspective

■ Business model for the elements of the business plans are developed before beginning

  ♦ detailed business modelling

  ♦ system design or technical development

Key Ideas of the Business Motivation Model – Motivation

- Enterprises do not - or should not - act randomly. When an enterprise executes a business process or applies a business rule, it should be able to say why.

  - ♦ Business processes ensure that the enterprise makes progress towards one or more of its goals

  - ♦ Business rules are derived from business policies.

- The enterprise should be able to say who decided about the motivation, and on what *assessments* of what *influences*.

Key Ideas of the Business Motivation Model – Reaction on Change

■ Fundamental assumption: what an enterprise does is driven by how the enterprise decides to react to change.

♦ recognition of changes

♦ assessment of their impact on the enterprise

■ Business Motivation Model supports traceability:

♦ Forward: from impact of influence to specification of business processes, business rules, and organization responsibilities.

♦ Backward: demonstrate why an enterprise does what it does in the way it does it.

■ Traceability is important for governance, and especially for regulatory compliance.

Key Ideas of the Business Motivation Model – Separation of Concerns

■ Substantial effort went into making the concepts in the Business Motivation Model as simple as possible. One effect of this is separation of concerns - the distinctions between:

♦ **Ends** and **means** - what an enterprise wants to be, as opposed to what it has decided to do.

♦ Changes caused by **influencers** and **assessment** of their impact.

♦ **Assessments**, and the **decisions** based on them as expressed in business policies and ends.

♦ **Courses of action** (decisions on how to exploit resources and capabilities) and **business policies** (directives that enable and constrain courses of action).

♦ **"How"** and **"How well".** Courses of action define how capabilities will be used; objectives define the measures of how well they are used.
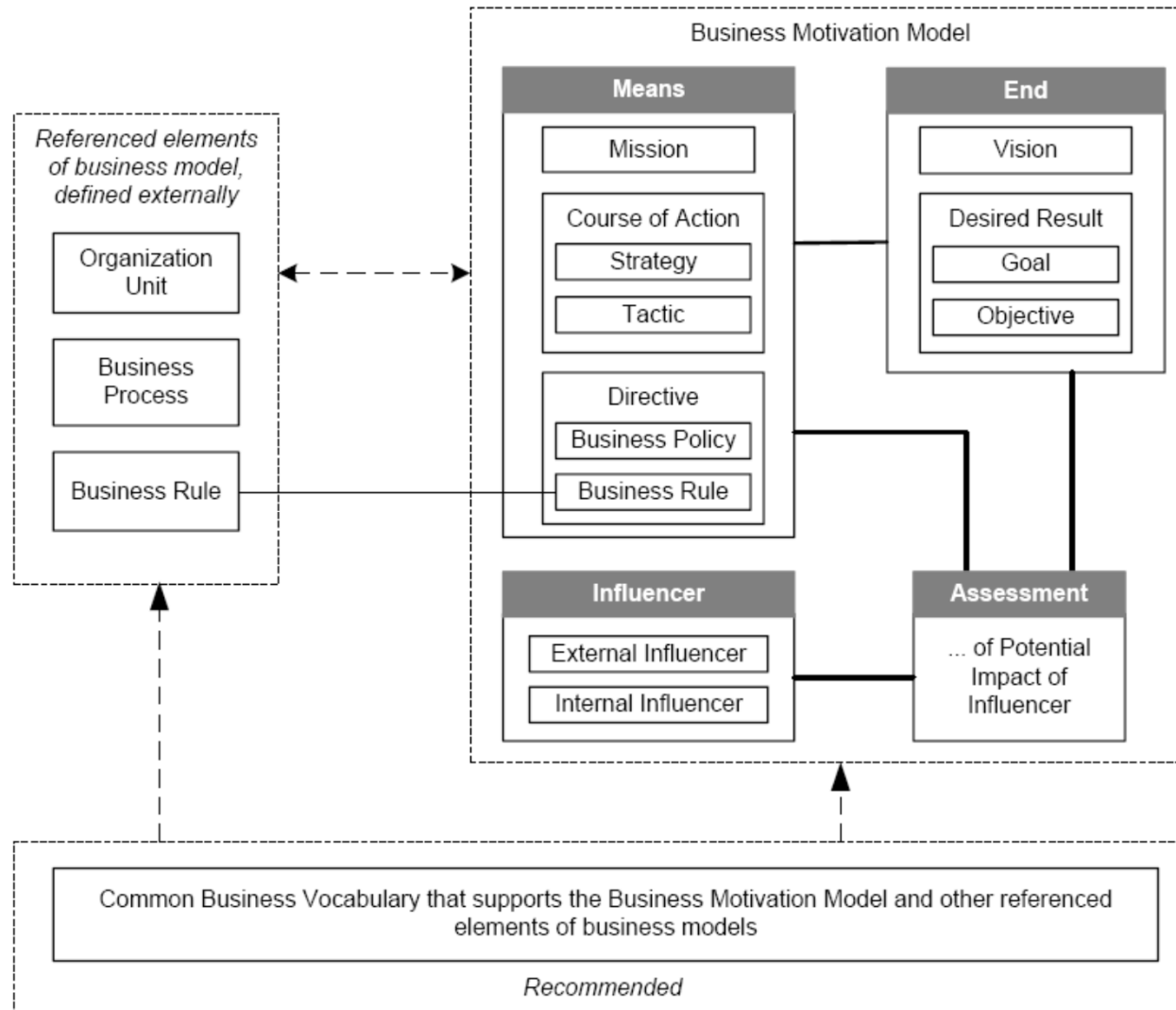
Key Ideas of the Business Motivation Model – Decomposition

■ The Business Motivation Model is applicable to any enterprise large enough to need to define and manage business plans.

■ Different organization units in the same enterprise can have their own Business Motivation Models

  ♦ may include elements refined from corresponding elements owned by higher-level organization units.

Key Ideas of the Business Motivation Model – Metrics

- Measures of performance are defined in an enterprise's Business Motivation Model as objectives.

- They may be based on risks and potential rewards identified in assessments.

- Key Performance Indicators (KPI) / Critical Success Factors (CSF) are not especially distinguished in the model.
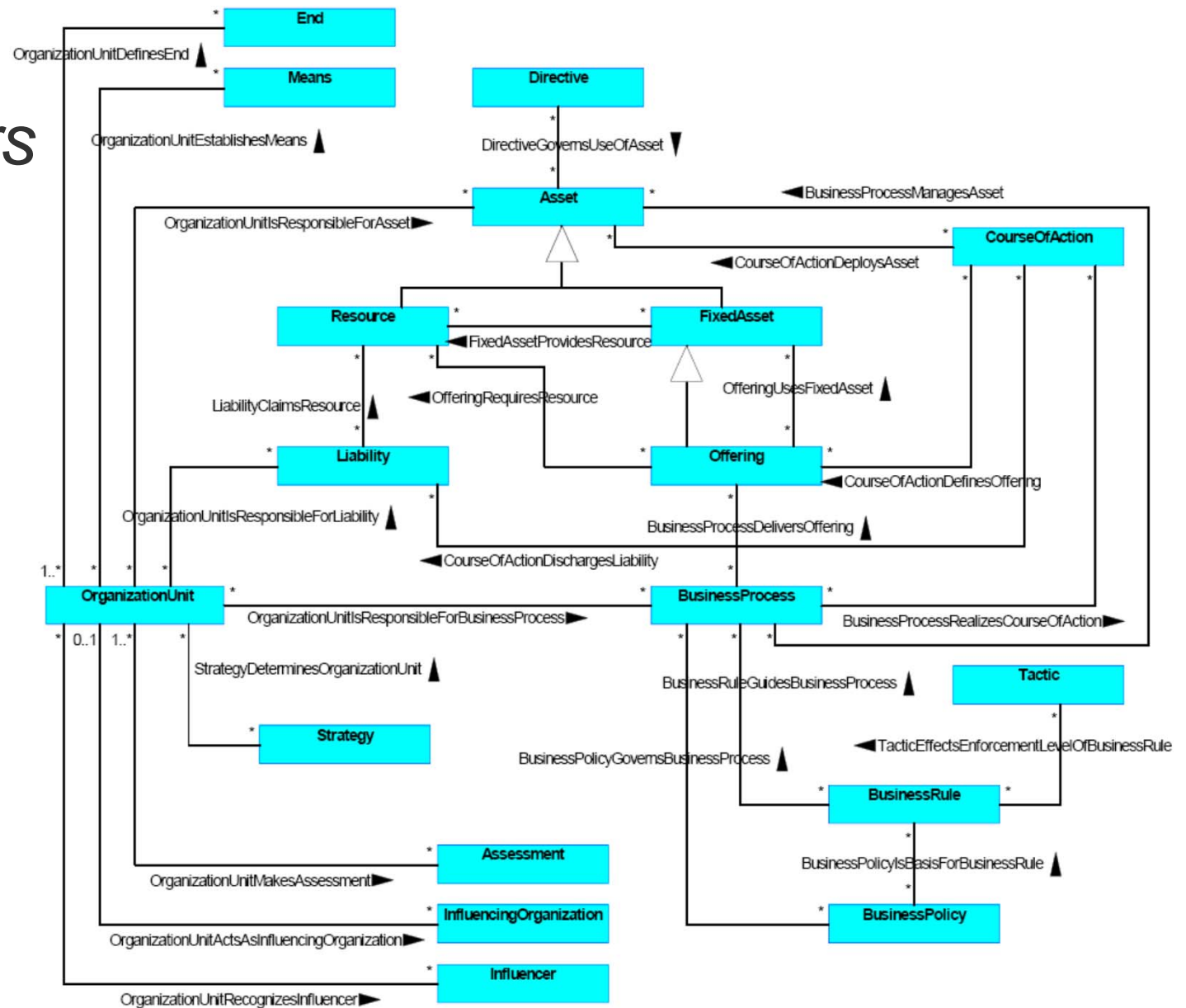
Overview of the BMM Structure

BMM Concepts

BMM distinguishes between

- Core Concepts – defined within the BMM
    - ♦ Ends, Means, Influencer, Assessment, …

- Placeholders – referenced by the BMM but defined in other specifications
    - ♦ Business Process, Business Rule, Organisation Unit, Asset, Liability

BMM Metamodel – Core Concepts

BMM Placeholders

Representation of BMM Elements

- BMM does not prescribe any form of representation.

- Any BMM element should have

  - ♦ a name
  - ♦ a description

- Descriptions allow names to be short, so model elements can be easily referenced

Graphical Representation

- BMM 1.0 does not specify a graphical look for BMM diagrams

- In this chapter we use a graphical look for BMM diagrams created by (Bridgeland & Zahavi 2009) and model using the Agilian BMM model type

Means - Ends

- The general terms
  - ♦ **End** refers broadly to any of the 'aspiration' concepts (Vision, Goal, Objective)
  - ♦ **Means** refer generally to any of the 'action plan' concepts (Mission, Strategy, Tactic).
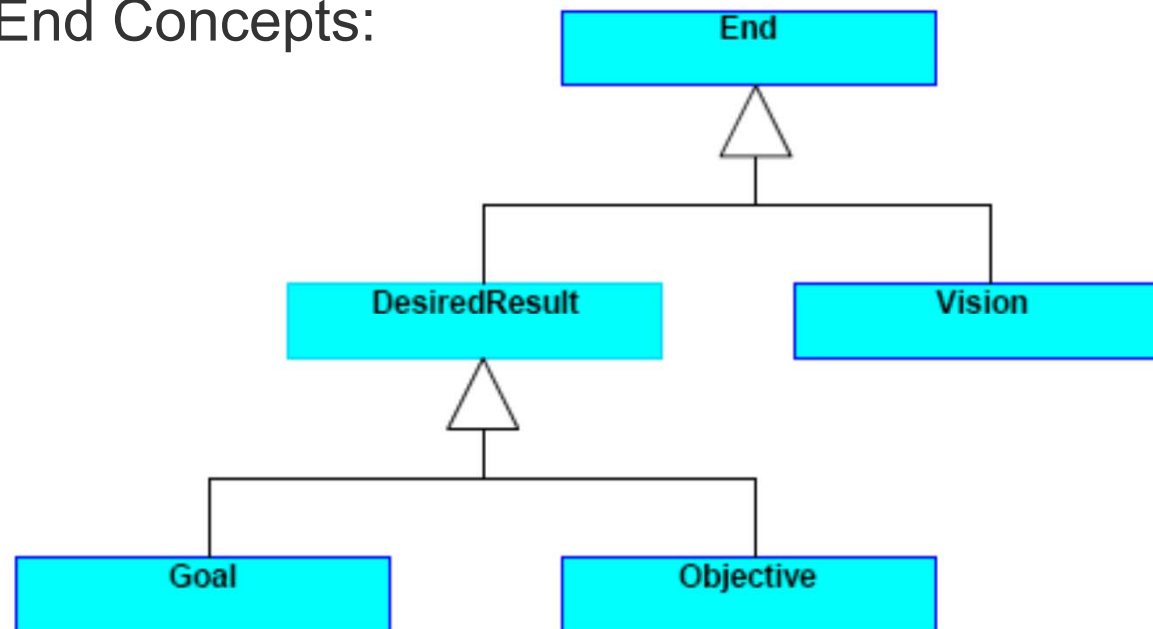
  Means can be changed without changing the ends; vice versa is, perhaps, not so common.

- A cornerstone of any work addressing motivation has to be
  - ♦ the enterprise's aspirations: its **Vision**
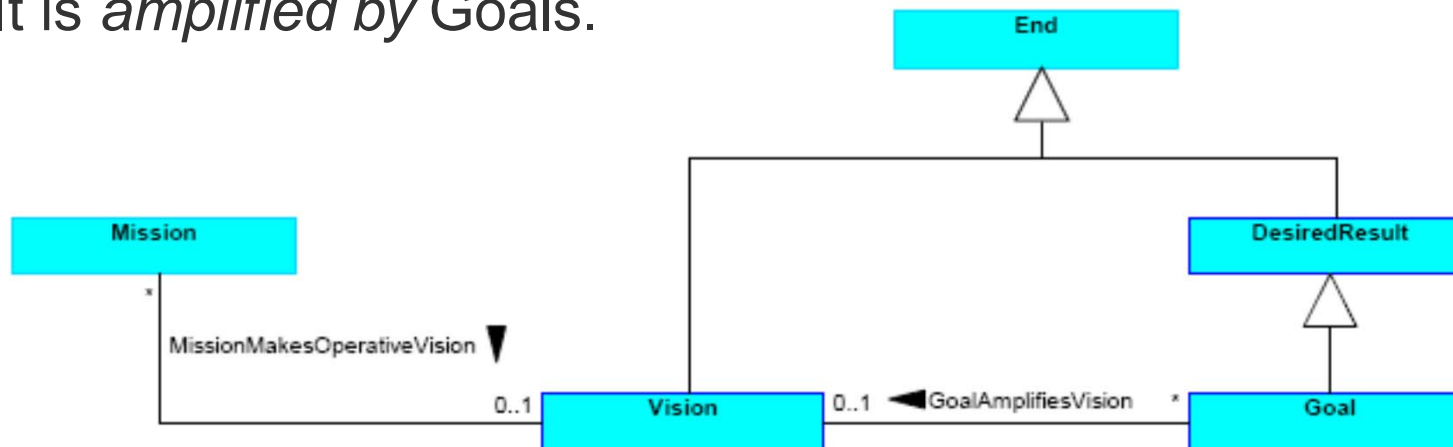 - ♦ its action plans for how to realize them: its **Mission**

Core Elements of the BMM: End

■ An End is something the business seeks to accomplish

  ♦ It does not include any indication of **how** it will be achieved.

  ♦ It is useful to document who *defined* the End and at what point in time, so that an audit trail exists for future reference.

  ♦ Hierarchy of End Concepts:

Core Elements of the BMM: Vision

■ Vision describes the future state of the enterprise, without regard to how it is to be achieved.

■ A Vision is often compound, rather than focused toward one particular aspect of the business problem.

♦ A Vision is supported or *made operative* by Missions.

♦ It is *amplified by* Goals.

Examples of Visions

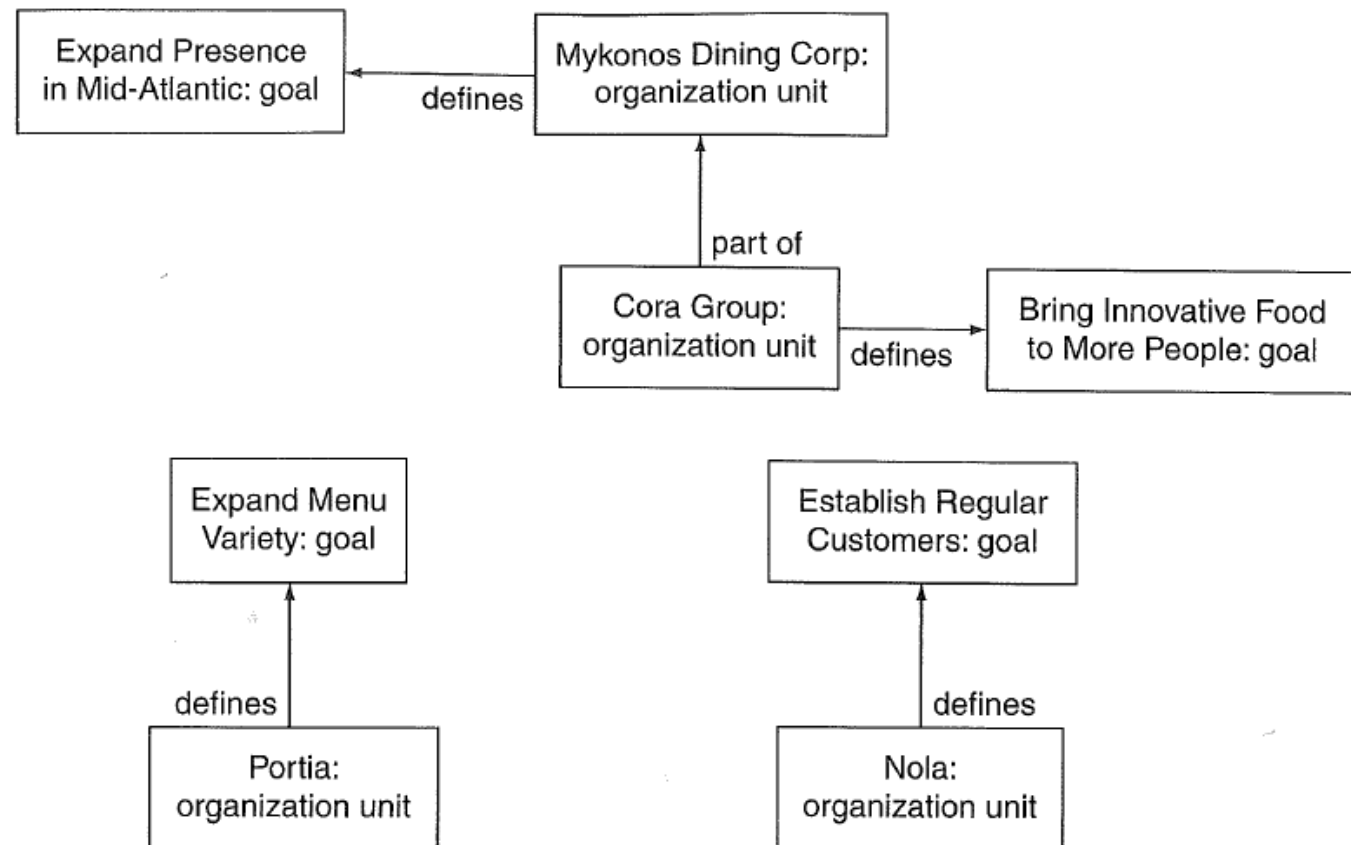| Enterprise	Vision
EU-Rent	Be the car rental brand of choice for business users in the countries in which we operate.
Pizza Company	Be the city's favorite pizza place.
Consulting Company	Be the premier consulting company in the industry.
Retail Pharmacy	Be the low-cost health care provider with the best customer service.
Municipal Police Department	Be a professional, trusted provider of police services — a leader in cooperative efforts with the neighborhood and other agencies to make our city safer.

Goals

- Motivation modeling is about the achievement of goals.

- A goal is an end result - something an organisation is trying
    - to achieve *for its own sake*
    - rather than a means to some other end

- Example:
    - **Expand Menu Variety** is a goal
    - **Offer Daily Specials** is not a goal but a means to expand menu variety (i.e. **Offer Daily Specials** is a strategy – strategies are attempted to achieve goals not for their own sake)
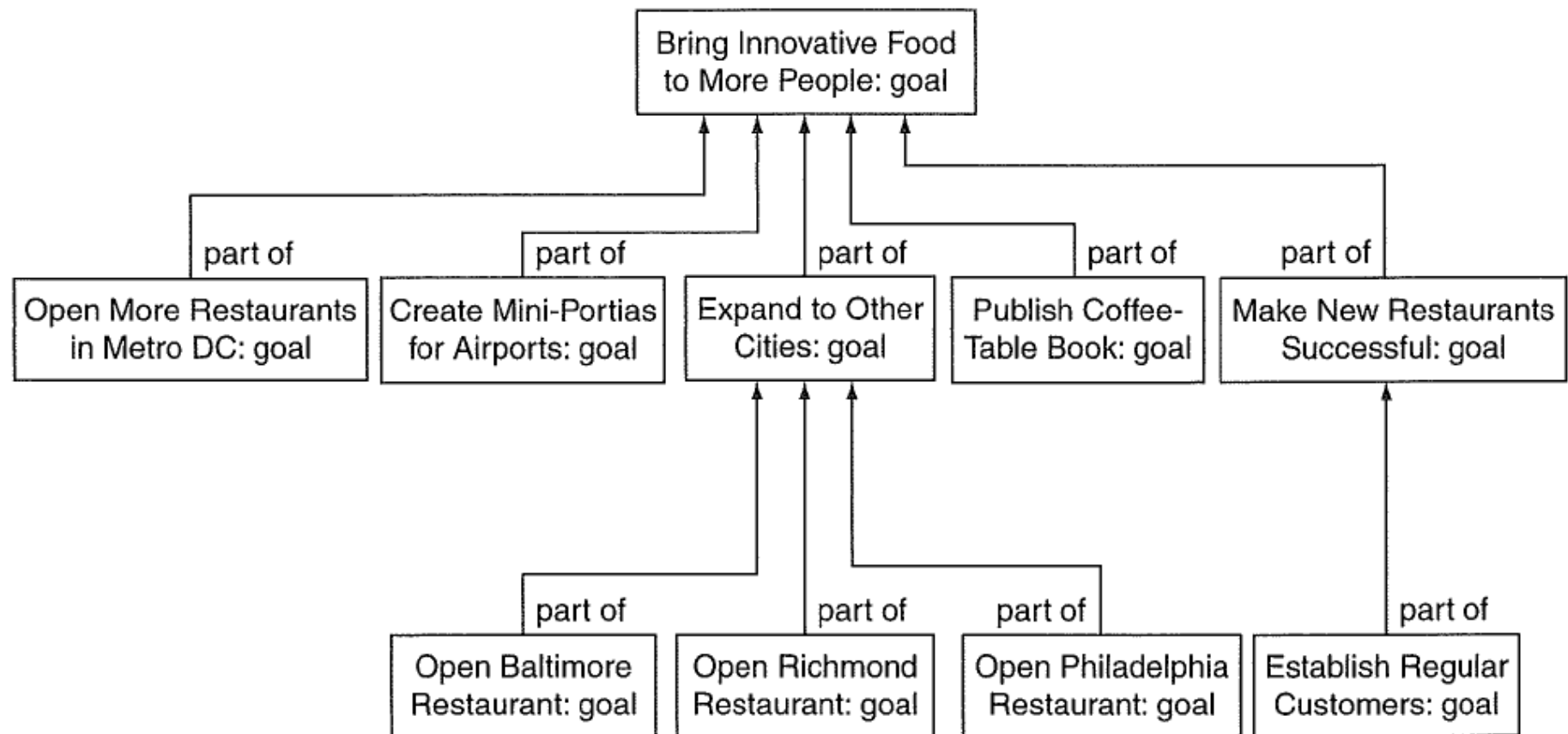
Goals and Organizations

■ A goal is defined by an organisation that is trying to achieve the goal

Goal Hierarchies

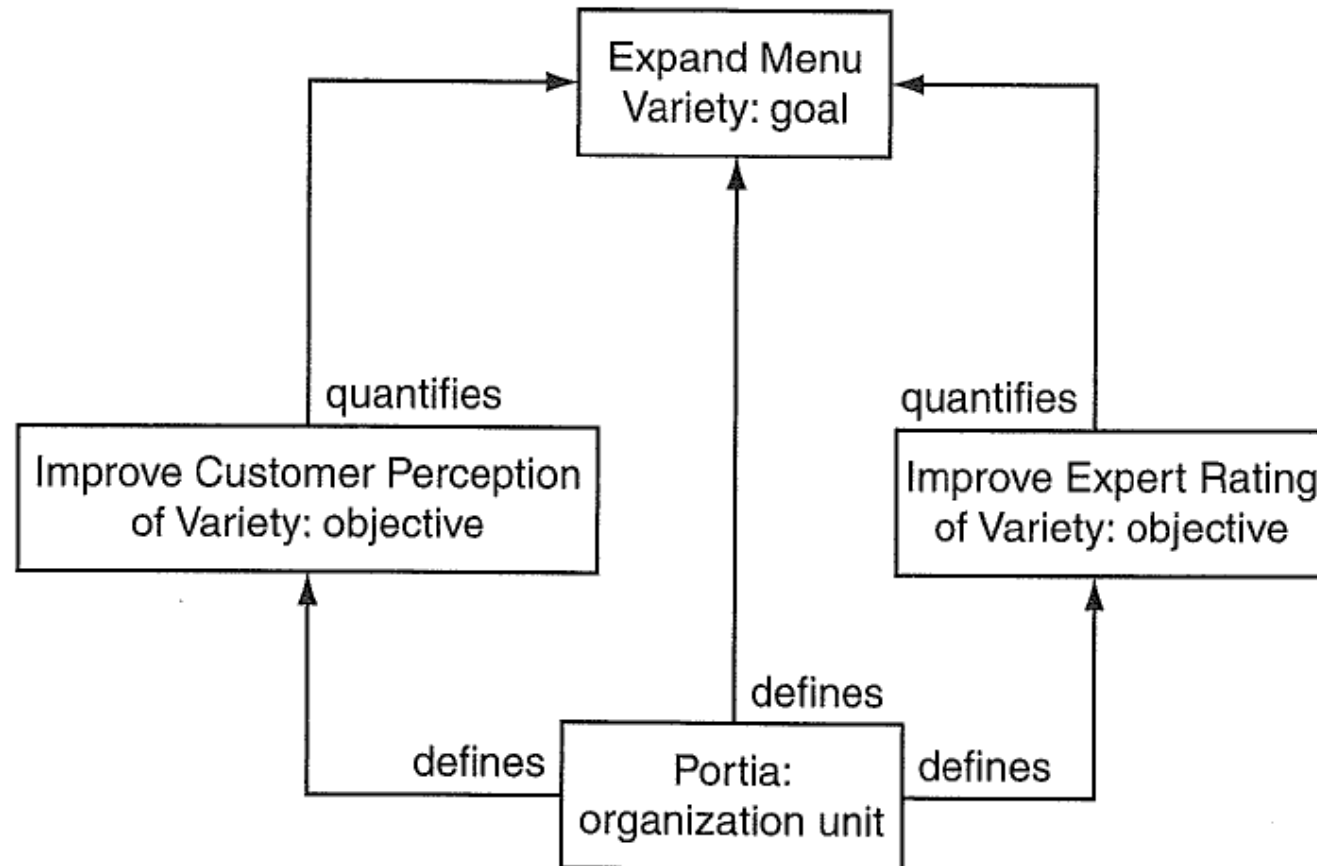- Larger Goals are often decomposed into subgoals

Objectives

■ Goals are complemented by objectives

■ *Objectives* are *desired results* like *goals*, but they are specific about both timing and measurement

■ An Objective is a statement of an attainable, time-targeted, and measurable target that the enterprise seeks to meet in order to achieve a Goal.

♦ SMART: **S**pecific, **M**easurable, **A**ttainable, **R**elevant, and **T**ime-Based

■ Example:

♦ The objective **3 City Openings by End of Year** *quantifies* the goal **Expand to Other Cities**

● by a measurement – three cities
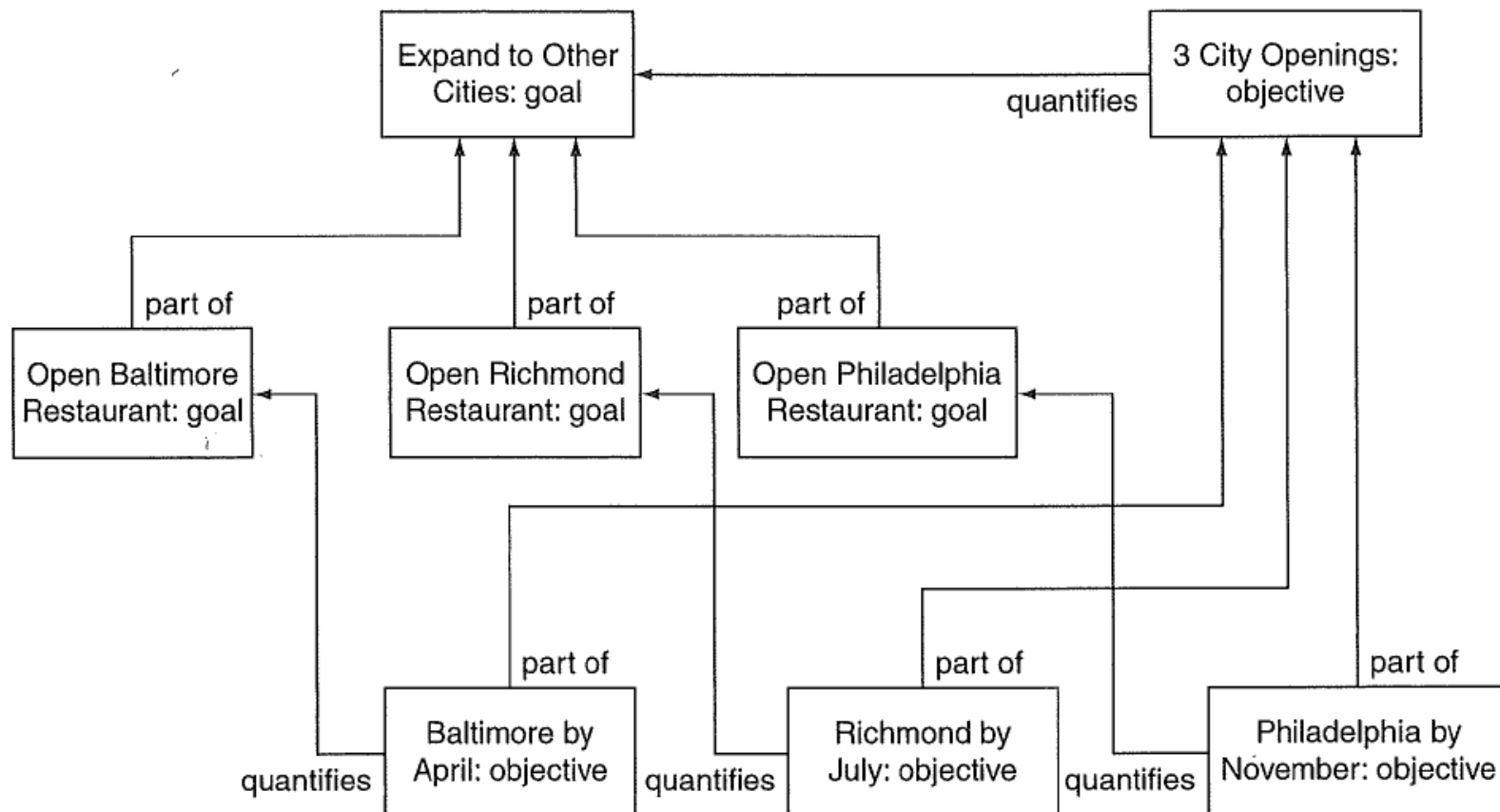
● a timing – by end of the year

Objectives, Goals and Organisation

■ Objectives – like goals – are defined by organisations.

Hierarchies of Objectives and Goals

■ Objectives – like goals – can be organized into a hierarchy
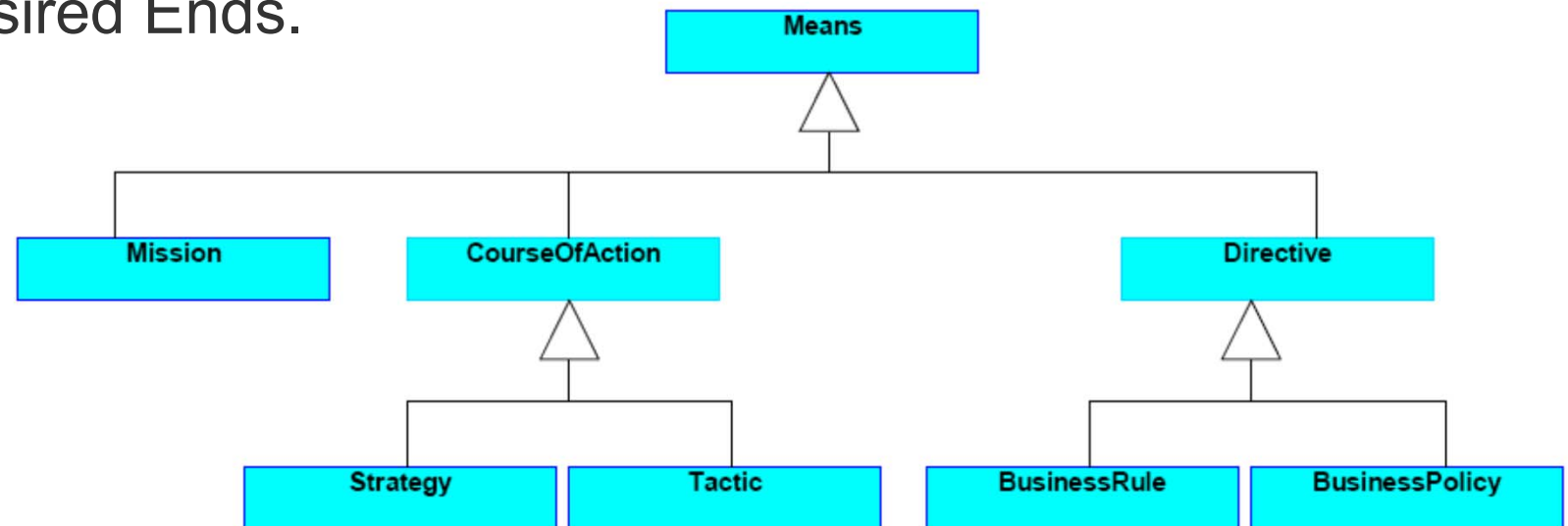
Desired Results and Courses of Action

■ Objectives and goals are similar in that they are both desired results

■ Both *courses of action* and *desired results* are things the organization is trying to accomplish.

   ♦ A desired result is something an organization is trying to do for its own sake

   ♦ Courses of actions are means to the other ends, i.e. they are ways to achieve the goals and objectives

■ The difference between courses of action and desired result is the difference between journeys and destinations

   ♦ A course of action is the journey

   ♦ A desired result is the destination

Desired Results and Courses of Action - Example

- Assume that a restaurant adds two goat dishes to the menu
  - ◆ If the head chef does this because he always wanted to serve goat, then **Add Goat Dishes** is a desired result
  - ◆ If he added the goat dishes in an effort to have some new newspaper articles then **Add Goat Dishes** is a course of action achive a goal like **Increase Media Coverage**

- There is a difference in failing desired results or courses of action
  - ◆ If **Add Goat Dishes** is a desired result then the failure to achieve it is the end of the story
  - ◆ If **Add Goat Dishes** is a means to achieving the goal **Increase Media Coverage**, then the failure to achieve it will lead to a search for other ways of getting media coverage
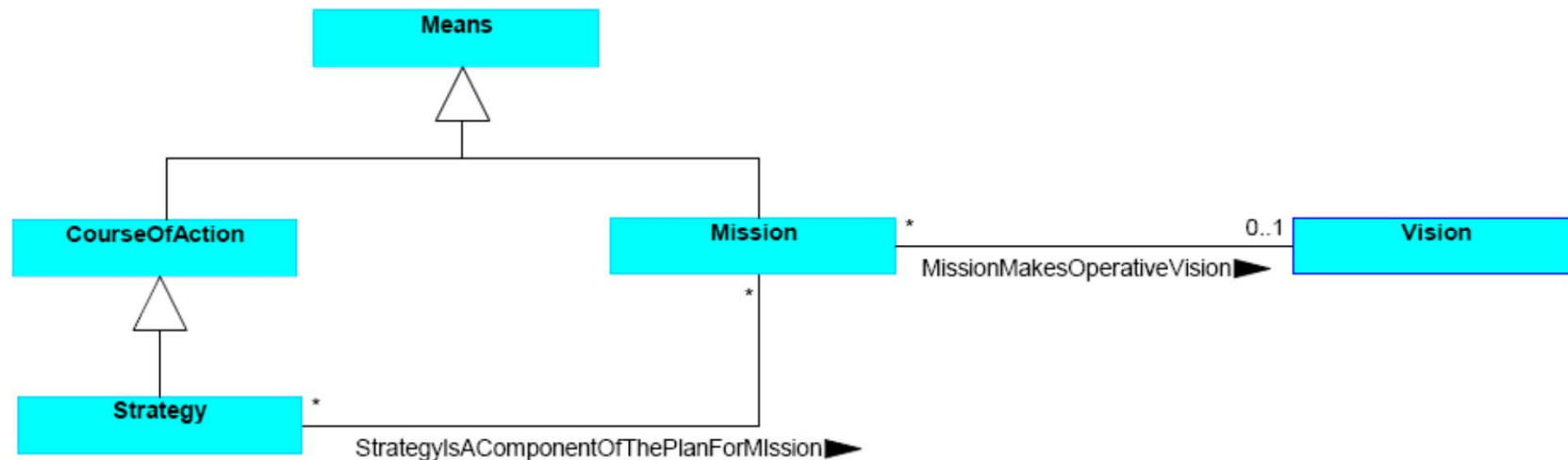
Core Elements of the BMM: Means

■ A Means represents any device, capability, regime, technique, restriction, agency, instrument, or method that may be called upon, activated, or enforced to achieve Ends.

■ A Means *does not indicate* either the steps (business processes) necessary to exploit it, nor responsibilities, but rather *only the capabilities* that can be exploited to achieve the desired Ends.

Core Elements of the BMM: Mission

- A Mission indicates the ongoing operational activity of the enterprise.

- The Mission describes what the business is or will be doing on a day-to-day basis.

    ♦ A Mission *makes* a Vision *operative* — that is, it indicates the ongoing activity that makes the Vision a reality.
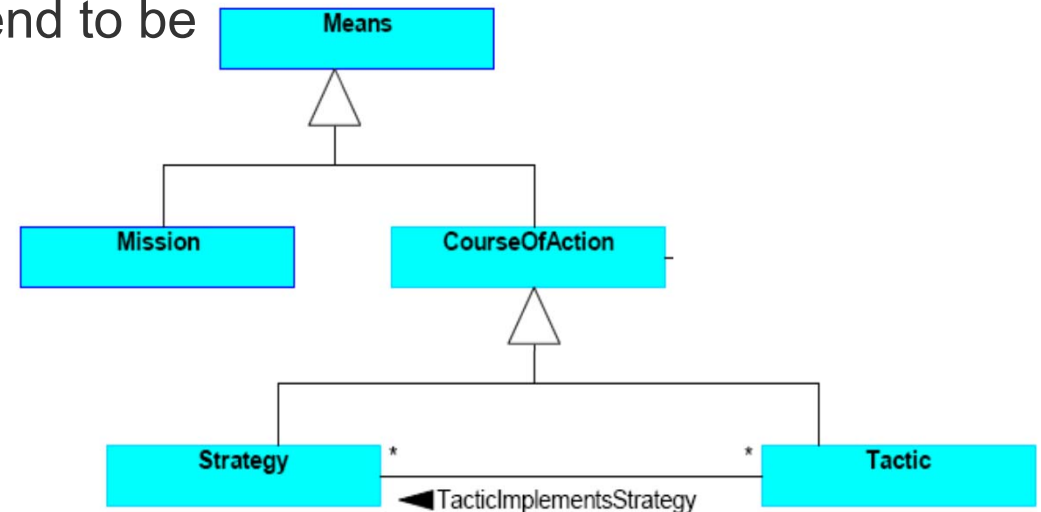
    ♦ A Mission is *planned by means* of Strategies.

Examples of Mission

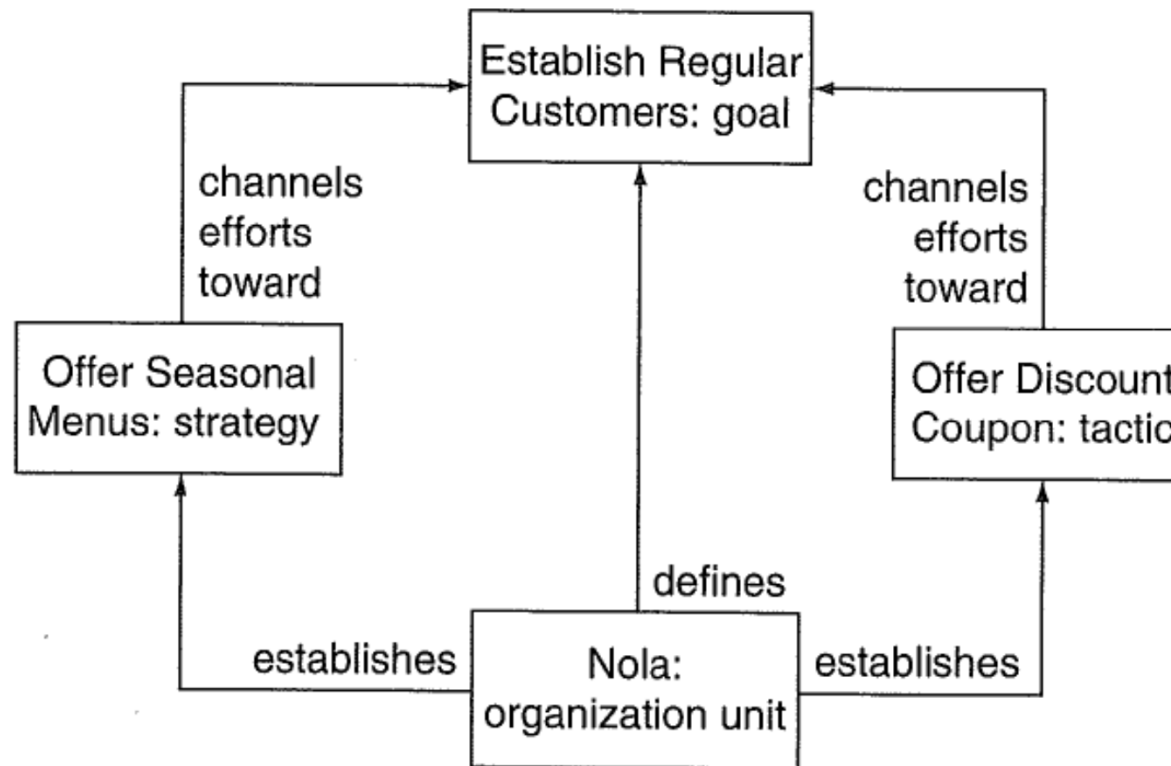| Enterprise	Objective
EU-Rent	Provide car rental service across Europe and North America for both business and personal customers.
Pizza Company	Provide pizza to customers city-wide.
Consulting Company	Provide consulting, outsourcing, and staff augmentation services to companies in North America.
Retail Pharmacy	Provide generic and ethical drugs to the retail market.

Strategies and Tactics

- Courses of action come in two varieties
    - ♦ strategies
    - ♦ tactics

- The difference between the two is a matter of size and commitment. Compared to tactics, strategies tend to be
    - ♦ longer term
    - ♦ broader in scope
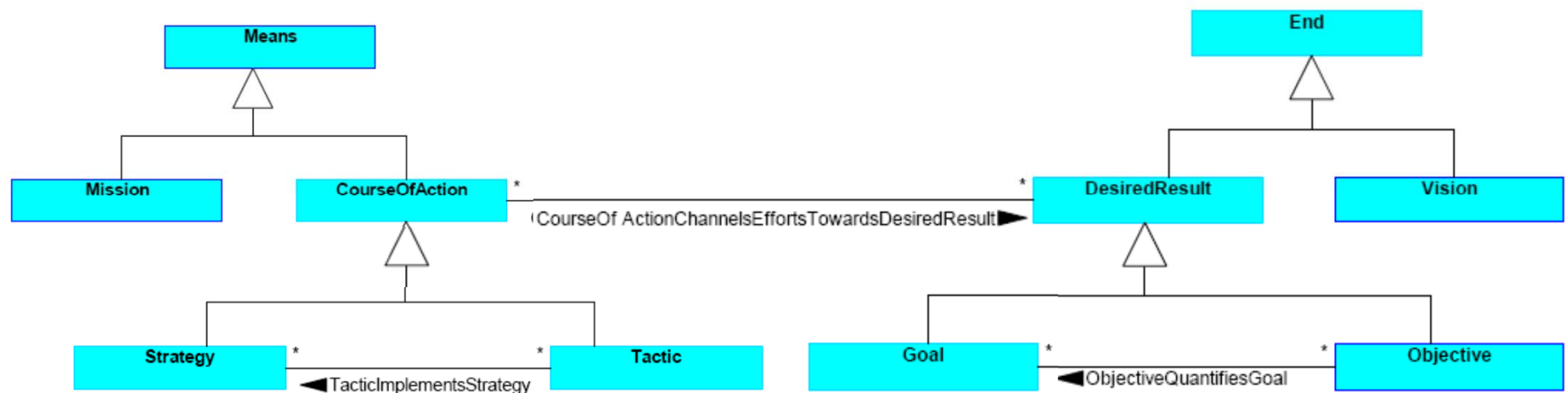   - ♦ harder to change

- A Tactic *implements* Strategies

- For example, the Tactic **Call first-time customers personally** implements the Strategy **Increase repeat business**.
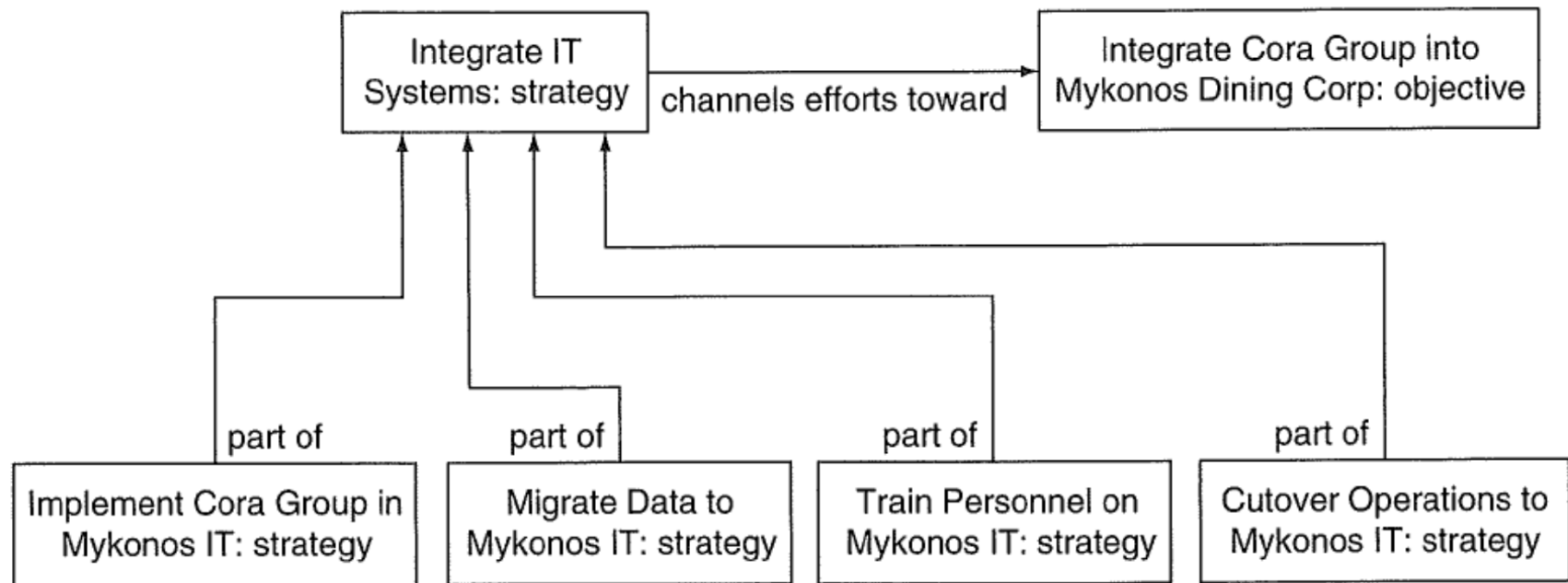
Example: A strategy and a tactic

Strategies and Tactics

- A Strategy represents the essential Course of Action to achieve Ends.

- A Strategy usually *channels efforts towards* those Goals.
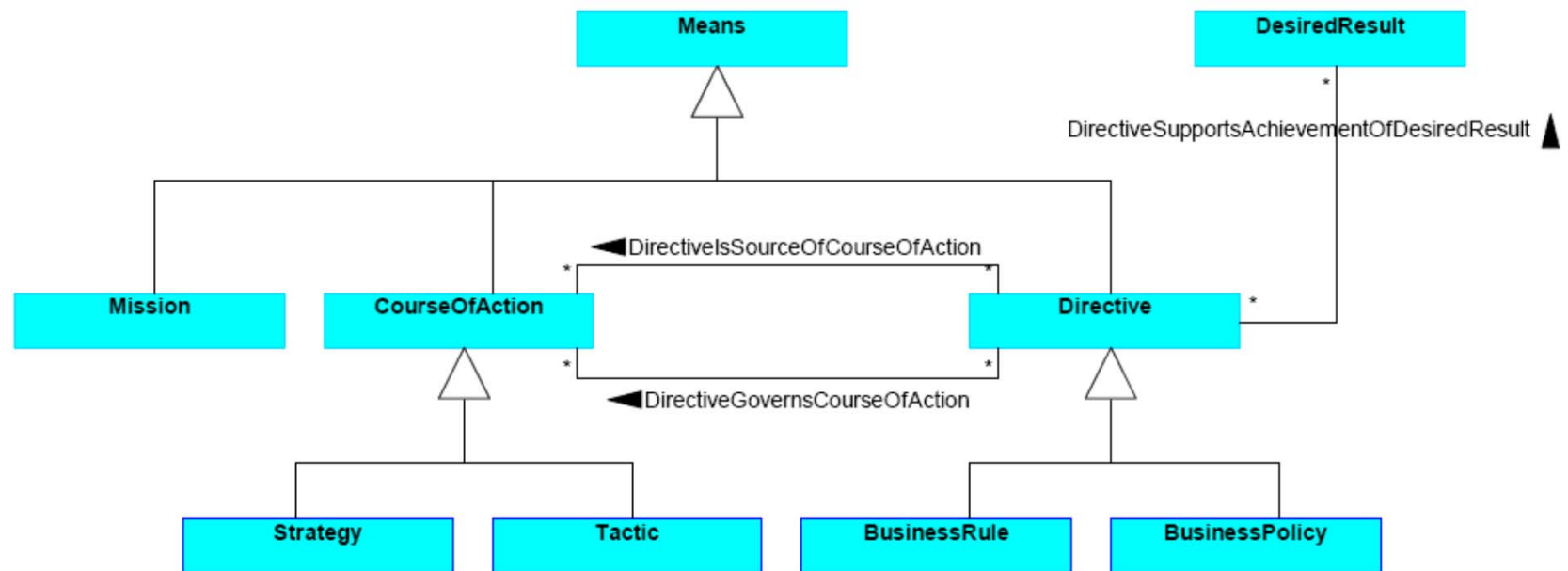
- Tactics generally *channel efforts towards* Objectives.

Hierarchies of Strategies

- Strategies can be decomposed into sub-strategies

- Hierarchies of tactics are less common since tactics are small enough to be implemented on their own.

Directive

- Directives indicate how the Courses of Action should, or should not, be carried out —they *govern* Courses of Action.

- Example: the Business Rule "Pizzas may not be delivered beyond a radius of 30 miles" governs the Strategy "Deliver pizzas to the location of the customer's choice."

- Directive includes two concepts: Business Policy and Business Rule

Business Policies and Business Rules

- A Business Policy is a non-actionable Directive whose purpose is to govern or guide the enterprise.
    - ♦ Business Policy can be formulated in response to an Opportunity, Threat, Strength, or Weakness.
    - ♦ Business Policies provide the *basis for* Business Rules. Business Policies also *govern* Business Processes.

- A Business Rule is a Directive, intended to govern, guide, or influence business behavior, in support of Business Policy.
    - ♦ It is a single Directive that does not require additional interpretation to undertake Strategies or Tactics.
    - ♦ Often, a Business Rule *is derived from* Business Policy. Business Rules *guide* Business Processes.

- Compared to a Business Rule, a Business Policy tends to be
    - ♦ less structured, less discrete, and not focused on a single aspect of governance or guidance.
    - ♦ less compliant with standard business vocabulary, and less formally articulated.

Examples of Business Policy

Source	Business Policy
EU-Rent	Depreciation of rental cars must be minimized. Compare the (non-actionable) Business Policy with related (actionable) Business Rules: • *The Car assigned to a Rental must be: at the time of assignment, of the available Cars in the requested Car Group, the one with the lowest mileage.* • *A Rental cannot be extended by phone if the Car's odometer reading is greater than (next service mileage – 500).*
EU-Rent	Rental payments must be guaranteed in advance. Compare with Business Rule based on this policy: • *A provisional charge for the estimated cost of the Rental must be made against a valid credit card held by the Renter before the Car is handed over.*
EU-Rent	Rental cars must not be exported. Compare with Business Rule based on this policy: • *An 'out of country' car can be rented only on a one-way rental with drop-off at a branch in its country of registration.*
EU-Rent	Rental contracts are made under the law of the country in which the pick-up branch is located.
EU-Rent	Rentals must comply with relevant laws and regulations of all countries to be visited.
Pizza Company	Safety in the kitchen, and in the streets, comes first.
e-Business Company	A business representative will personally contact each customer who makes a complaint.