

# Lecture 10A

Strategic Alignment, Activity and Workflow Modeling,  
and Business Rules

# Introduction

- ☒ In this chapter we will discuss “activity modeling and activity-based costing”.
- ☒ In the final section we will learn how workflow models can be developed from activity models and project maps
- ☒ We will also see how business rules are defined.
- ☒ Workflow models and business rules can later be delivered as executable code that is generated using the SOA product.

# Define Strategic Alignment Matrices

- ⌘ Before we discuss strategic alignment matrices in detail, we should first understand the relationships that exist between business plans, activities and processes.

# Relationship Between Business Plans, Data, and Activities

- ⊠ We saw that a typical strategic business plan includes a mission statement and vision statement.
- Policy statements
  - ✓ Policy statements are defined as qualitative guidelines that establish boundaries of responsibility. They define the scope of that part of the enterprise.
  - ✓ Policy statements is an organization-level document that prescribes acceptable method and behaviors.
  - ✓ Essentially ,policy is simply the way in which thing things are done within the organization.
  - ✓ For instance , instead of referring to a specific individual in a policy statement , policy or position title could be used.

# Relationship Between Business Plans, Data, and Activities

- Goals and objectives
- ✓ Goals and objectives are defined as quantitative targets for achievement, with measure, level, and time. Goals are typically long term; objectives are short term. The measures for goals and objectives are implemented as attributes in data entities.
- ✓ Business need to be plan to be successful . An important part of the business planning process is determining business Objectives that are translated into actionable business goals.
- ✓ Spend time to think through you goals so that you can have enough detail to achieve your desired results.

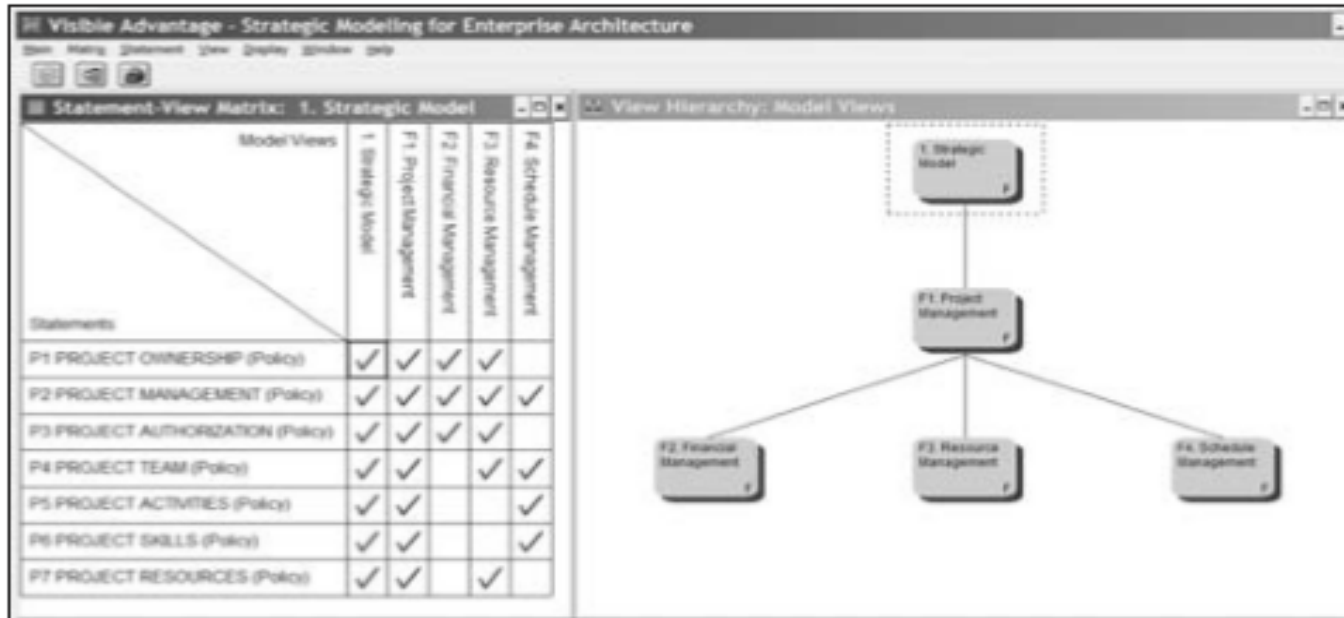
# Relationship Between Business Plans, Data, and Activities

- **Strategies and tactics**
- ✓ **Strategies and tactics are used to define activities and processes.**
- ✓ **Strategies in business indicate what has to be done to achieve goals or objectives. activities that also define what has to be done, but not how. Tactics indicate how to carry out relevant strategies.**
- ✓ **Similarly, processes define how to carry out various process steps to implement relevant activities.**
- ✓ **Tactics are the actions taken to support that strategy. Tactics are used to achieve strategic goal.**

# Aligning Business Plans to Organizational Structure

- ✓ Every company should align its business strategy with a deliberate organizational structure to ensure a competitive market position.
- ✓ Large global companies often pursue rigid hierarchical structure that clearly defined job roles to manage their output.

# Aligning Business Plans to Organizational Structure



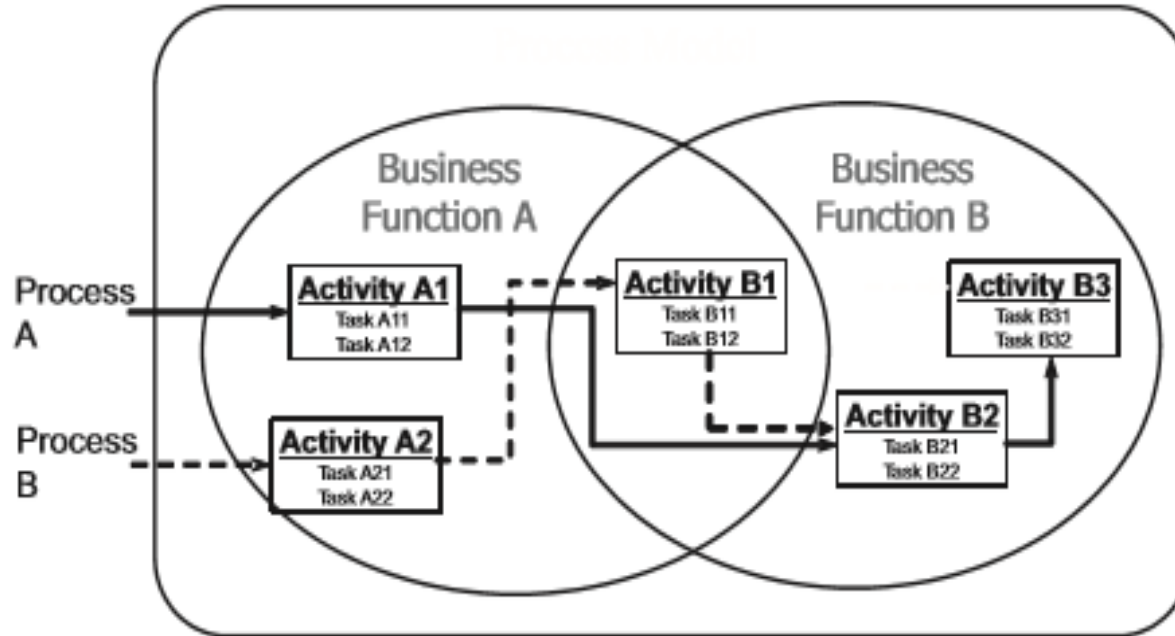
**Figure 8.3** Alignment matrix of plans (column 6) to organizational structure (column 4). This matrix shows who is involved and why they are needed.



# Activity Modeling Concepts

- Activity modeling is based on the IDEF0 technique as developed by the U.S. Department of Defense.
- But first, you need to understand the differences between functions, activities, and processes.
- In Chapter 7 we briefly discussed functions and functional areas.
- We saw that functional areas are used to manage related functions within an enterprise.
- Figure 8.4 is an important figure for understanding the essential differences between activities, tasks, and processes. It shows that Business Function A is responsible for activities A1, A2, and B1. Business Function B is responsible for activities B1, B2, and B3. Both Business Function A and B share activity B1, which is a common, reusable activity.

# Activity Modeling Concepts



**Figure 8.4** Functions group related activities. Activities show what is to be done. Processes show how tasks are executed.

# Activity Modeling Concepts

- Each activity has component tasks that are separately executable. For example, Figure 8.4 shows that activity A1 has tasks A11 and A12; A2 has tasks A21 and A22; and activity B1 has tasks B11 and B12. Similarly, activity B2 has tasks B21 and B22; and B3 has tasks B31 and B32. However, tasks within activities are not executed until they are explicitly invoked by processes.
- Notice that Figure 8.4 shows two processes: Process A and Process B. These invoke executable tasks within activities as shown by the arrows, which identify the sequence of task invocation for execution. For example, Process A is shown by the solid arrows in the figure.

# Activity Modeling Concepts

- it first invokes tasks that reside in activity A1, B2, and finally B3. Process B is shown by the dashed arrows; it invokes tasks that reside in activity A2, B1, and finally B2. By defining activities, we establish what has to be done. Depending on the technologies to be used for implementation, separately executable tasks can be defined with activities.
- The execution sequence defines how these tasks are to be executed by the path that a process takes. Many processes may take different execution paths, each sharing common activities and reusable tasks.

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# Role of IDEF0

- ✓ IDEF0 is a graphical documentation technique that is used to define an activity model. It shows the relationships between activities.
- ✓ It supports ABC and other economic analyses for process improvement. These include simulations, workflow analysis, and benchmarking
- ✓ Activities are the building blocks for business process improvement.
- ✓ It is important to analyze and understand business activities before any business process improvements can be determined. By using ABC, activities and their relationships can be defined, as well as the costs associated with those activities

# Role of IDEF0

- ✓ Activity-based costing (ABC) is used to decide between process improvements for existing activities—called As-Is costing—and proposed alternative future activities—called To-Be costing.
- ✓ Each activity can be attached to multiple cost centers, with the associated costs for each activity specified for each cost center. Using ABC, costs can be calculated automatically or costs can be overridden if desired.
- ✓ The As-Is model represents the current state of the organization that is modeled, without any specific process improvement included. It establishes a baseline for later business process improvement actions or programs.

# IDEF0 Model Components

Activity modeling uses IDEF0 models. An IDEF0 model uses several diagrams as listed below:

## 1. **Context Diagram**

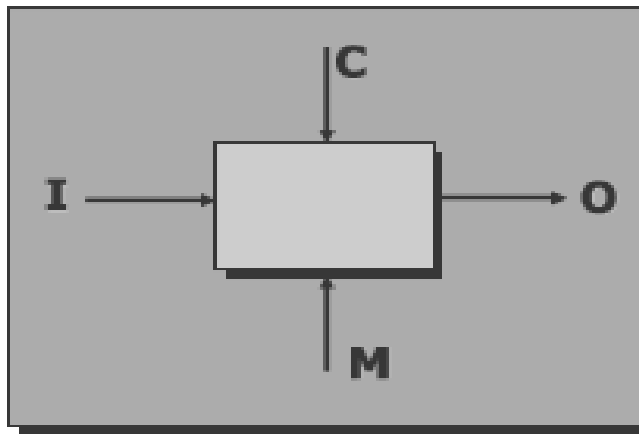
- A context diagram that defines the scope of an activity at the highest level.
- It provides a top-level overview of the activity.
- It establishes the boundaries for the activity model, representing the scope of a subproject to define that activity in more detail.



# IDEF0 Model Components

- Because it represents the highest level of the activity, it is called the A0 activity.
- As a context diagram, it documents all inputs, outputs, material, and other information that relate to the A0 activity.
- IDEF0 activity models are also called ICOM diagrams.
- ICOM is an acronym that stands for input, control, output, and mechanism.
- An ICOM can be a person, place, thing, concept, or event. It is material or information that is consumed, used, constrained, or produced by the activity.

# IDEF0 Model Components



Input to activity  
Control over activity  
Output from activity  
Mechanism performing activity

8.8 ICOM is an acronym for input, control, output, and mechanism.