

# Chapter 1

## Introduction

### ABSTRACT

*The goal of this chapter is to give an overview of the work at hand: it introduces Business Process Standardization (BPS), explains the motivation of the research topic, and formulates research questions to be answered. Then, it explains the methodology used, provides a definition of key terms, and gives an overview of the structure of the book. Finally, it summarizes the main findings of the book.*

*BP to save £600m in global process standardization. BP Retail expects to save up to £600m over the next few years by standardizing business processes and IT systems at all of its petrol stations around the world. (Hadfield, 2007b)*

### 1.1 BUSINESS PROCESS STANDARDIZATION

In the evolution of Information and Communication Technology (ICT) standards and standardization have played an important role. Well known are the early contributions to the field of standards by e.g. David (1985), Farrell and Saloner (1985) or Katz and Shapiro (1985). Cargill and Davenport later underlined the key role that standards and standardization have played in the evolution of ICT (Cargill, 2001; Davenport, 2005).

Since the start of the new millennium a new theme is emerging, especially, but not exclusively,

among practitioners: business process standards. On the academic side, several papers dealing with BPS have been published (Bala & Venkatesh, 2007; Hall & Johnson, 2009; Sánchez-Rodríguez, Hemsworth, Martínez-Lorente, & Clavel, 2006; Weitzel, Beimborn, & König, 2006; Wuellenweber & Weitzel, 2007) since Venkatesh, Morris, Davis, and Davis (2003) identified process standardization as one of three broad future research directions. On the practitioners' side, companies hope to save significant costs through BPS (e.g., British Petroleum (Hadfield, 2007b)), or aim at significantly increasing agility and flexibility through BPS (e.g. Exxon Mobil (Mitchell, R. L., 2006)).

Business process standardization describes the activity of standardizing a business process. Standardized business processes “represent the best, easiest, and safest way to do an activity” (Imai, 1997) and “represent the highest level of control, predictability and economic effectiveness” (Lillrank, 2003, p. 226).

While there seems to be a consensus on the desirability of business process standards, the concept has not yet been fully developed, and there is even less of a clear definition, let alone a systematic understanding of the “how” and “why” of its benefits. Hence, particularly with regard to business process standards the argument of Lyytinen and King (2006) still holds: “despite the importance of standardization, the IS [information systems] field has not pursued research on it vigorously” (p. 405) and did not sufficiently focus on “why” and “how” standards emerge and what their impact and economics are.

Against the background of these limitations and uncertainties in the field of business process standardization, this is the first book to exclusively focus on BPS and its benefits in an organizational context from both a business and an IT perspective.<sup>1</sup>

## 1.2 MOTIVATION OF THE RESEARCH TOPIC

*Standardizing processes across all parts of an enterprise presents a single face to customers and suppliers, yields profound economies in support services such as training and IT systems, allows the redeployment of people from one business unit to another, and yields a host of other benefits. These payoffs must be balanced against the intrinsically different needs of different units and their customers, but our bias should be in favour of standardization. (Hammer, 2010, p. 11)*

Business process standards have gained significantly in importance over the course of the last years; on the one hand, this is reflected in multiple successful business process standardization programs conducted in large multinational organizations. On the other hand, an increasing number of scientific publications shows increasing interest in BPS also in the scientific community.

In the next two sub-sections we will elaborate upon the relevance of the research topic BPS as well as lay out still existing shortcomings of available BPS research.

### 1.2.1 Relevance of Research Topic

*In a process enterprise, the key structural issue is no longer centralization versus decentralization – it’s process standardization versus process diversity. (Hammer, 1999, p. 114)*

The relevance of BPS can be synthesized along four main themes: Firstly, multiple successful business process standardization programs have been conducted over the course of the last years with a focus on large multinational organizations allowing them to significantly improve the performance of the processes standardized. Secondly, on the practitioners’ side – for the upcoming years – business process optimization and standardization is one of the top priorities for practitioners. Thirdly, also researchers show a significantly increased interest in BPS resulting in a higher number of publications in this field. Finally, on both the practitioners’ as well as the researchers’ side an active BPS community developed investigating and driving the topic.

*Multiple successful business process standardization programs conducted in large multinational organizations:* The opportunity to improve business performance through a business process standardization program is enormous. Over the course of the last years multiple leading multinational organizations, ranging from manufacturers to financial services firms, have conducted business process optimization and standardization programs which allowed to significantly improve the performance of the business process standardized, i.e. they successfully managed to drive down process costs, decrease process throughput time, improve process quality, and as a result to increase revenue.

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