Chapter 2.11
Business Integration Model in Services Sector SMEs

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ABSTRACT

The objective of this chapter is to show the importance of integration business processes and information systems for service sector SMEs and to present an opportunity of synchronous and simultaneous development of both business process integration (BPI) and enterprise information system (EIS) utilizing the introduced Business Integration Model (BIM). BIM approach is based on modeling core business processes, which are supported by modern IS. Process centric and customer centric modern organization relies on enterprise management standards like ISO 9000 family. The task is to achieve the business goal of the process measured by defined Key Performance Indicator (KPI) and to improve the processes continually. The presented "Autotransport" case describes BIM design and implementation for the core process "Transport services management." The critical factor of the success of implementation of Business Integration Model (BIM) is undoubtedly readiness of employees to accept a process approach in the execution of their tasks.

INTRODUCTION

Every manager wants his/her company to be flexible, agile, innovative, competitive, efficient, customer oriented and profitable. In order to achieve that, it is essential to implement modern organizational approaches, information technologies, management methods and techniques and to strive for permanent company improvement. But keep in mind that, according to Wheatley (2005, p. 1), "Processes—not applications—make the company go 'round".

A successful business performance in contemporary conditions is unachievable without enterprise integration, i.e. "end-to-end" – business processes integration (BPI), and integration of all organizational units.

Business process management requires gathering and managing a vast amount of data. It must be supported with modern **enterprise information systems (EIS)** which spread through the entire company. These information systems are based on modern information and communication technologies (ICT) and modern IT architecture. EIS must be integrated.

Quality of business and increase in profitability are dependent on «flat organization» and «consumer centric» business processes.

Concepts and fundamentals of Quality Management System (QMS), based on ISO 9000 standard (International Organization for Standardization (ISO), 2005), support customer centric and process centric approach in enterprise management.

Business processes can be divided into "core" and "supporting".

Core business processes can be used as a basis for process model of a company organization and for the model of company information system. Core processes are, also, excellent bases for the organizational design and planning of the development of Enterprise Information System (EIS). Integrated planning for business processes and IS development is a prerequisite of an agile and flexible enterprise capable of responding quickly to continuously changing market requirements.

The objective of this chapter is to show:

- the importance of integration of business processes and information systems for service sector SMEs and
- an opportunity of synchronous and simultaneous development of both BPI and EIS based on introducing a Business Integration Model (BIM).

A case study of "Autotransport" d.o.o. Kostolac, a Serbian company, a transportation services SME, will be presented.

BACKGROUND

Concepts and Definitions

Business always tends to be oriented towards goal delivery and therefore it demands goal oriented structures. Only a process can submit a request to achieve enterprise-wide integration, because a process, by definition, is initiated with the triggering event which evokes an action and does not end until it delivers the valuable result for appropriate stakeholders. Those are core business processes. All other structures of a company should be set up in such a manner to solely serve to core processes (Burlton, 2001).

Business processes and process oriented business model of a company, based on systems approach and holistic view of a company, are becoming a common approach in business organization and management in modern market environment.

Business integration is a notion that will be used for the integration of business processes of a company that is realized through the usage of principles of management, modern organization and information technology aimed at its customer benefits and earning a profit for itself. Further on, business integration will stand for business process integration and will be noted as BPI.

What will we be exploring and talking about? We will talk about:

- business process modeling,
- information systems design and
- business integration model ("marriage of two").

Business Process Modeling is aimed at explaining how to structure and run a business.

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