

# Process-Centric IT in Practice: Mobilizing IT through Business Process Management

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## EXECUTIVE SUMMARY

*This case illustrates and discusses the issues and challenges at Kerrtec Corporation and their effort to establish process-centric IT management. The case describes how one of the company's employees was tasked with implementing a streamlined sales process, which heavily depended on the supporting IT systems. The paper describes how the implementation project provided directions for improving global competencies to work across boundaries between business and IT in order to successfully manage business processes. The case emphasizes the importance of IT in process management, but at the same time highlights the organizational challenges faced by companies willing to supply their process initiatives with the right blend of IT and business process expertise. Specifically, it discusses the transcendent nature of IT competencies in business process management projects and positions them against possible governance structures.*

*Keywords: Business Process Management, Information Systems, IT Management, Process-Centric IT, Process Management*

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## ORGANIZATIONAL BACKGROUND

In 1933, a homegrown inventor and entrepreneur Paul Ziggel started a company in a rural area of northern Europe. The production initially focused on valves for heating control, but was quickly expanded to other product areas. Soon, the company expanded to new geographical markets and today operates in Denmark, Germany, Norway, France, South Africa, Ireland, Great Britain, Slovakia, the Netherlands, South Korea, Brazil, Estonia, Poland, Finland, China, Sweden, and the USA. With the new businesses

came new challenges on leveraging synergies on the diversified portfolio of companies, which were granted a significant degree of autonomy and flexibility.

Two of the U.S. acquisitions were a Mid-Western manufacturer of DC electronic controls known as Sevco Products, based in Fairview, IN and Bell Controls, located in Clayton, MN. The latter was a job shop for application frames for electronic control units, and products made in Fairview were shipped to Clayton where they were mounted on panels before being shipped to the customers.

In the mid-1990s the facilities introduced a 'manufacture to order' production. In order to handle the growing demand for product

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tailoring, the companies adopted in the early 2000s an online configuration tool. Kerrtec's sales process thus became reliant on its ability to handle complex digital configuration models. Specifically it needed to make sure that the systems supported the business in:

- Assisting the customer in specifying the configuration,
- Manufacturing product according to the configuration,
- Delivering the right product to the customer, and
- Invoicing for the specific product configuration.

With the rapidly growing number of parameters and their combinations these tasks were becoming increasingly difficult. The organization decided to improve the process.

### Setting the Stage

Daniel Baker was concerned about the outcome of a meeting he had just participated in. The US executive team had asked him to lead a project implementing an improved sales process. Although Dan had many years of project management experience as a business systems manager, his area of expertise was systems implementation. What made Dan even more concerned was that a process project would be a new methodology for improving the business for Kerrtec and the European upper management's eyes would be directed at him. He knew that the project was intended as a learning case on how to drive the development of process-centric IT.

The upper management's reason for using the new approach had to do with imminent changes to the strategic direction of Kerrtec's IT department. With many diversified businesses, the organization was experiencing difficulties in finding synergies in the common IT solutions. The business departments perceived IT as a show-stopper that would take much too long to provide IT solutions and the IT department's service offering was inflexible and driven by IT architectures rather than business needs.

On the other hand, the IT department viewed the business as inflexible in compromising their requests with the common architectural limitations. In order to address this problem the corporate HQ pushed for aligning business processes across the subsidiaries. The move was hoped to provide a common frame of reference for business and IT. The problem was that Kerrtec had never thought in terms of processes before, and neither had Kerrtec IT. The management decided that in order to build process competencies, it would launch a learning case. The Fairview/Clayton project was a perfect opportunity.

Dan realized very well that a part of the challenge was to reconcile the interests of the local businesses and of the IT department. The latter had been involved in implementation of IT systems throughout the company, which inherently required process changes. The Accelerated SAP methodology used to roll out SAP implementations focused heavily on documenting procedures for the employees to follow. The systems included embedded workflows, which determined how work should be carried out across several departments. Dan knew that building capabilities for process management required navigating in difficult waters between corporate politics, capability areas and governance models considering both IT and the business.

However, the job at hand for Dan was more operational. His boss tasked him with establishing a sales process, which at that time seemed not to be a process. *"We had a lot of complaints from the Customer Service people about the salesmen making up all kinds of new rules when they decided to take an order for either a new customer or an old customer with a new opportunity. They'd do things like make up new terms and conditions, tell them to do invoicing in a special way, etc. [...] they were acting as if they were in the Wild West running their own show and there was no Marshall telling them what to do. It was never clarified by the sales management what the rules were. Of course they didn't ask because they didn't want to be limited."* This way of conducting

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