Market pressures and corresponding growth strategies push business transformation to the top of many organisations’ agenda and best practice companies are using business process models to achieve such transformation and ensure increased shareholder value.

Although common business operations have three dimensions: people, process and technology, many organisations, when they embark on transformation and require one view of the business, choose to lead with the implementation of technology, such as a new Enterprise Resource Planning (ERP) system. Deloitte’s experience has shown that smart leaders don’t try to lead transformation through technology. The right way to transform an organisation is to:

- Begin with people and process
- Make sure that technology is set up to follow the people and process rollout in an integrated manner

In Deloitte’s experience, a pure technology-led effort often poses the threat of becoming overly technology-centred, resulting in low acceptance and a lesser than expected positive business impact. This should be seen in contrast to a significant number of organisations which prefer to lead the transformation of their business with structured and well thought through process- and people-related efforts to gain early benefits. These are then embedded and expanded through a relatively low-key technology entrenchment.

A simple, yet practical business process framework, which can be used in process-led business transformation, links operational and performance planning to corporate strategy through a set of performance metrics, improvement initiatives and feedback loops as illustrated below.
This standardised way of doing business creates value through repeated best practice performance as well as better cross-business integration and visibility of performance.

Having stated the significance of the process and people dimensions of the model it would, however, be ill-considered to discard the importance of process performance entrenchment through technology. Smart organisations make use of packaged technology solutions, such as industry-aligned pre-configured Enterprise Resource Planning (ERP) solutions, which are rolled out in a low-key manner as part of a business process model implementation. Deloitte has found that these ERP solutions, such as pre-configured SAP solutions, serve the purpose of entrenching the business process needs into technology well enough, if not excellently. It is important not to harbour an illusion of inherent and imminent value coming from complex technology rather than from process and people change, but also not to forget the importance of technology entrenchment as a part of the actual business process model roll-out.

A transformation process using a business process model is very powerful - it is a manner of installing a common way of thinking about business, a way of structuring and doing business, the competencies required and the approach to measuring business. A typical business process model rollout consists of the four key steps:

- Understanding (people and process)
- Aligning and learning (people and process)
- Enabling (technology and competencies)
- Measuring

Choosing the correct technology strategy is key to effectively embedding the process performance in the organisational fabric. Even as transformation should not, preferably, be led with technology, it should not be downplayed, and it certainly is not the best practice to start afresh with a technology implementation after a business process model has been entrenched. Most technology implementations are in fact process implementations, thus leaving technology decisions until too late. This will create unnecessary duplication and may cause large scale confusion in the organisation.

Packaged technology solutions, such as a pre-configured SAP (ERP) system, offer many advantages and practical complexity-reducing trade-offs. Not the least important are considerable savings on development costs as well as streamlined governance, risk and compliance aspects available with pre-configured ERP systems (see box). The lesser complexity and “low key” nature of a business process model-led ERP solution implementation reduces technology project timelines and costs. Such an approach is thus not normally advocated by run-of-the-mill technology implementation companies, which often advocate hugely expensive multi-year technology implementations promising fuzzy business benefits.

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**Business Process Models or Frameworks as a business enabler**

Although techniques to model business process, such as flow chart, functional flow block diagram, Gantt chart and others, have emerged since the beginning of 20th century, the term “business process model” gained popularity only in 1970s and can be traced to 1967’s paper by S. Williams, “Business process modelling improves administrative control”. It argues that that physical control systems, as used in systems engineering could equally be applied in a similar fashion for business processes.

In the 1980s, Total Quality Management (TQM) - theory of management and business process, based on the Japanese philosophy of Kaizen or continuous improvement – has become mainstream. Six Sigma and Lean Manufacturing, widely employed these days, are the best known methodologies spawned from the TQM approach.

Business process re-engineering (BPR) as a concept became popular in 1990s, demanding radical change to business processes and performance, as opposed to the incremental approach in TQM. Developed in 1993 by M. Hammer and J. Chamy in their book “Re-engineering the Corporation: A Manifesto for Business Revolution”, BPR took the corporate organisations and consulting firms by storm. After a decade of success, however, its attraction faded dramatically, as it was seen as too complex and long-winded for most organisations and, as a consequence, never executed properly. Its association with restructuring, downsizing and de-layering of organisations, and focus on actions rather than people, gave it an unwittingly unattractive ring.

Business process modelling (BPM) or business process frameworks in the 2000s take the best principles of BPR forward in a much less mechanistic application and on a scale more manageable in an organisation. BPM adds significant value in encouraging thinking in terms of processes and people, rather than functions and procedures. Implementation is key, and when done properly, benefits the company and its staff flow. The strategic nature of business process models is, however, commonly misinterpreted as process mapping techniques used during technology solution development. It is due to this misunderstanding of the strategic nature of having a well crafted corporate business process model or framework that a large number of organisations grapple with the concept, or fail to implement it correctly.
In an increasingly competitive global environment, excellence is fast becoming a standard hygiene factor and successful business transformation can effectively support that standard. In a best-case scenario organisations should try to lead business transformation through process and people efforts and build the business process blueprint into a pre-configured technology solution to embed the “new way”. Technology then becomes just a part of the larger transformation effort. This is the way it should be. If this has not been the case in your organisation, it is not the end of the world, as long as process and people related transformation becomes core to the effort going forward.

**Preconfigured SAP solutions – Reducing complexity and speeding up implementation**

Deloitte has a number of industry-specific pre-configured SAP solutions, including: Mining & Metals, Real Estate, Aerospace & Defence, Construction, Chemicals, Oil & Gas, Life Sciences, Solar, Healthcare, Food & Beverage, Meat, Milk, Coffee, etc.

With the Deloitte Pre-configured & Pre-documented Solutions, Day 1 of an implementation project starts with:
- A proven, tested and working SAP solution/system, that can be rapidly turned into a production solution;
- All associated deliverable documentation, including training material;
- All associated tools, e.g. data templates and electronic load programs;
- All associated SAP enhancements, e.g. banking interfaces, workflow, and so forth.

The result is a reduced timeline to implement core SAP functionality and an associated reduction in implementation cost, effort and risk such as:
- The Blueprint Phase is considerably accelerated. It is easy to walk-through the processes and enabling system scenarios in detail and identify any client specific gaps.
- The Realisation Phase is accelerated. The system is not built from scratch, the gaps are merely closed and the system retested.
- Deliverable documentation, including the training material, only needs minor adjustment for client specific requirements or gaps
- Custom developments bank interfaces, forms and so forth are only tweaked to include client logos and addresses
- Existing configuration and deliverables are reused and only the agreed and approved gaps to the Deloitte pre-configured & pre-documented SAP solutions are addressed through new configuration and documentation effort.

Optimised implementation effort frees time to be spent on critical business readiness activities such as change management, data conversion, training and developing a sustainable post go-live support model (people and process). Pre-configured SAP solutions can be adjusted to reflect the process and people requirements of a business process model transformation effort. This allows much simpler embedment of the new ways and the technology process leverages the process and people change process, which forms part of the main transformation effort.

**King III Governance and specific requirements for risks and controls in process and systems**

The King III code was finalised in September 2009 and applies to companies with financial year-ends starting on or after 1 March 2010. It is applicable to all entities, regardless of their nature, size or form of incorporation.

The code consists of nine chapters that are broken into principles which directors need to apply, or explain to stakeholders why they opted not to. In terms of designing, implementing, testing and maintaining internal financial controls, King III talks about the Audit Committee’s responsibility to conclude and report yearly to stakeholders and the board on the effectiveness of the company’s internal financial controls.

This translates into requirements to implement a control framework; follow a risk-based approach by identifying likely sources of material errors in the financial statements and disclosures; have an internal audit test, and provide an annual assessment; and apply a cost-efficient approach. In terms of this, an ERP solution that comes pre-configured with a cost-effective mix of automated and manual controls (including financial reporting, operational controls, privacy and security controls) built into the blueprint of the application and supporting business processes brings tremendous value to the business, saving time, effort and instilling confidence.

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**Below is an illustration of the differences between a Deloitte pre-configured SAP Solution vs. a non-preconfigured solution:**

**Deloitte pre-configured SAP Solutions**

**Without a SAP preconfigured solution**

- Adjustments within project
- Standard SAP System

**With a Deloitte Industry Specific SAP Pre-configured Solution**

- Adjustments within project
- Deloitte SAP pre-configured Industry Solution
- Standard SAP System

**Start with a working and fully pre-documented and pre-configured deloitte SAP Industry Specific Solution that you can rapidly turn into a production solutions.**

**Less time, effort, cost and risk**

**Our insights come from hands-on experience, not just theory.**

**Vast Experience = Deloitte pre-configured SAP Solutions**
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