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Generic Process Transformation Model: Transition to Process- based Organization



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Abstract

The competitive global market climate of the new millennium has raised awareness of business processes as the most important management paradigm (Levi, 2002). Consequently, process elements, as well as process-based organizational solutions, have become an emergent need. However, the question is how companies should transform themselves to become more process-oriented? Many attempts under the helm of Business Process Reengineering movement were not successful in reaching benefits of lateral orientation, what additionally emphasizes the delicacy of business process transformation.

Concerning the literature, there is a lack of clarity and presence of organizational change models which could provide managers with guidance for process transformation. The models are mostly focused on the transformation generally, and they do not address the specificity of a change from traditional to process paradigm. Furthermore, they are mostly single-oriented, either on the organizational elements or steps which should be taken during the change, thus only partially answering the dilemma.

The purpose of the paper is to present an overview of existing transformation models which could be relevant for taking a process journey, as well as propose a Generic Process Transformation Model which should be able to ensure smooth transition, with emphasis on specific problems related to process transformation. Although the proposed model is theoretically and logically based, without empirical evidence, it represents a first step in convergence of process transformation concepts to business world. Ultimately, only its usage in a real world would or would not prove its severity.

Keywords

process transformation, process-based organization, organizational change, transformation models

JEL classification

L22, M10, M15

Introduction

The 1990s witnessed fundamental changes in organizational design philosophy, work structuring and management (Ghobadian, O'Reagan, Gallear, & Viney, 2004). The changes are caused by evolving customer-centric environment, where new value proposition is essential. Furthermore, it has been realized that companies must be flexible to be able to respond to competitive and market changes. They must benchmark continuously to achieve best practice, outsource aggressively to gain efficiencies, and nurture a few core competencies in race to stay ahead of rivals (Porter, 1996). One of the ways to achieve these changes and requirements by providing the expected value to customers is a more horizontal way of organizing.

The competitive global market climate of the new millennium has raised awareness of business processes as the most important management paradigm (Levi, 2002). Consequently, process elements, as well as process-based organizational solutions, have become an emergent need. Mainly through the concept of business processes and business process orientation, as well as business process reengineering, a new horizontal approach to organization design, and consequently organizational change, began to attract attention from academia and business (Davenport, 1993). The benefits were obvious: a more synchronized supply chain yields better customer service, higher quality, faster delivery, lower inventory, and timely order fulfillment, etc.; providing successful business endeavors in the new economy (Tsai, 2003).

However, after several years it became clear on the basis of high level of unsuccessful BPR projects that something went wrong. Numerous studies indicated that as many as two-thirds of all restructuring and reengineering efforts failed in some way (Trahan, Burke, & Koonce, 1997). Such negative outcomes have led into question the whole process paradigm. Fortunately, under the helm of Business Process Management (BPM) the process approach has survived and continued to acquire attention of business world (Burlton, 2001; Harmon, 2003; Spanyi, 2003; Jeston, & Nelis, 2006; Smith, & Fingar, 2006).

As a consequence of many BPR failures, there are still a lot of skeptics. They can change their attitudes and be convinced only by explaining reasons for BPR failures and by providing new, more complete models of process implementation concepts. While there is an extensive work considering BPR failures, it seems that in the literature there is a lack of findings about the process concepts such as process organization, process organizational structure, process management, process culture, process metrics and measurement, process transformation, etc. Aforementioned concepts are mostly addressed by practitioners and consultants through case studies which do not offer generalized knowledge (e.g., Scheer, Abal Hassan, Jost, & Kirchmer, 2003; Tonchia, & Tramontano, 2004; Scheer, Kruppke, Jost, & Kindermann, 2006).

Trying to broaden the knowledge about particular process concept – process transformation – a way how to move toward process-based organization design, the paper takes systematic approach over existing theoretical and practical evidence, and eventually proposes a generic model of process transformation. In the paper, following introduction, organizational changes are defined with particular focus on organizational transformations. In another words, the context is provided for analysis of possible transition models toward a process-based organization. After a review of existing transformation models for process environment, the new model is developed. Finally, summary of the main findings and directions for future research is presented as well as the limitations of the study.

Organizational Change and Transformation Defined

Organizational changes exist as long as there is a proof of organizations' presence. They are inevitable and present all the time. Researchers and practitioners alike have shown a keen interest in organizational changes, as many firms have resorted to modifying their strategies, structures, and processes in order to remain competitive in a demanding business environment characterized by rapid technological change, globalization, and deregulation (Wischnevsky, & Damanpour, 2006).

Naturally, change practices differ according to level impact, scope, speed, focus, structure, nature, etc. Consequently, there are several different categorizations or types of organizational changes in the literature. Burke (2008) tried to exemplify the language that scholars and practitioners currently use considering the types as follows: Revolutionary versus Evolutionary; Discontinuous versus Continuous; Episodic versus Continuous flow; Transformational versus Transactional; Strategic versus Operational;

Total system versus Local option. Those classifications are not exhaustive, and they are intertwined. Different types require different tools and techniques. There is diversity considering magnitude and pace of change that is involved in the change process, as well as conceptual difference in terms of both the content (what actually changes) and the process (how the change occurs). Especially important for understanding organizational changes are last mentioned content and process issues. Enough research has been conducted on organizational change to make it clear that, in most situations, both content and process factors ought to be evaluated. Yet, theories and analyses of organizational change often tend to address only one dimension (Barnett, & Carroll, 1995).

By determining relevant elements of each organizational change and by analyzing possible types of organizational change, the discussion should focus more on a specific type of change – organizational transformation. It could be said that it is a type of a large-scale organizational change, which is defined by Mohrman (1989) as “a lasting change in the character of an organization that significantly alters its performance” (Whitsett, & Burling, 1996). Organizational transformation is a transition between organizational states that differ substantially (Wischnevsky, & Damanpour, 2006) and it occurs over a period of years through a complex process involving a series of stages (Davidson, 1994). Moreover, Kilman and Covin (1989) defined transformation as “a system-wide change in an organization that demands new ways of perceiving, thinking, and behaving by all its members”. It could be classified as a type of radical change, because the organizational transformation is about pursuing new and different strategies, structures, processes, rewards, capabilities and resources, supported with new and different core values – new culture.

Step further was made by Blumenthal and Haspeslagh (1994), from simple definition and basic characteristics of an organizational transformation, who distinguished among three types of organizational transformation: an operational improvement, a corporate self-renewal program, and a strategic transformation. The operational improvement is based on the re-engineering business processes to restructure ideas, move organizational boundaries and change work and information flow. Corporate self-renewals seek to create organizational relationships and cultural processes that will allow the company to continuously adapt to changing situations thus avoiding performance gaps in the future. Finally, strategic transformation represents the process of re-establishing competitive advantage in the marketplace by recreating a productive match between core competencies and market opportunities. Many problems are caused because change initiatives frequently combine these three aspects in an undifferentiated transformation program. However, there should be a hierarchy among the three types (Lemak, Henderson, & Wenger, 2004).

The aforementioned types and causality of the different categories is in accordance with Leavitt (1965), who pointed that one does not produce real change by relying on single means such as reward systems or structure. Instead, organization designs are integrated systems consisting of structure, formal systems, informal processes, reward and measurement systems, and human resources practices. Effective change requires changing a combination of policies, or all of them, to create a new and integrated design. In addition, all of the policies must be aligned or mutually reinforced. Leavitt’s ideas have been translated into organization design models such as the Star Model and the McKinsey 7S Model (Beer, & Nohria, 2000).

Although there are numerous integrative models for conducting organizational transformation (e.g., Star Model, McKinsey 7S Model, Nadler and Tushman Congruence Model, Weisbord’s Six Box Model, etc.), demanding a comprehensive methodology that addresses critical design components required to implement long-term change (Shields, 1999), there is a lack of specific models for conducting transition toward a process-based organization design. However, the topic of transition toward the process-based organization is emerging. About 5 to 10 percent of profitable and growing companies have transformed or redefined their core business fundamentally in the past decade (Zook, & Allen, 2001). Moreover, most of the Fortune 500 companies have significantly invested into new sources of competitive advantage – cross-functional process orientation. Finally, inclusiveness of process management category in Malcolm Baldrige National Quality Award and EFQM Model of Excellence, as well as some mandatory requirements of Sarbanes-Oxley Act, emphasize the importance of focusing and organizing around business processes.

Review of Existing Process Transformation Models

When an organization wants to conduct a transformation typically it uses certain methodology. Although its use is not mandatory, an examination of BPR research shows that companies need a methodology that takes a holistic view of the organization (Stoica, Chawat, & Shin, 2004). Knowledge of various existing approaches enables organizations to be familiar with steps, to compare and contrast approaches, analyze parts, synthesize or tailor an approach to meet circumstance, or derive a new approach (Ibrahim, & Hirmanpour, 1995).

Fueled by the continuing demand for corporate transformation, during last two decades there has been a proliferation of methodologies, techniques and tools for conducting business process change projects (Manganelli, & Klein, 1994; Grover, & Kettinger, 1995; Kettinger, Teng, & Guha, 1997; Al-Mashari, & Zairi, 2000). Although a plethora of BPR methodologies have been identified in the literature, large number of these appeared to have many limitations (Valiris, & Glykas, 2000), besides which the most important is their narrow, non-systematic focus.

Yet, the higher-level goal for organizations is not reengineering which during the years became a management fad, but enterprise transformation. Organizations seek the proper alignment and integration of their strategy, structure, people, technology, and business processes. Reengineering of processes is only a part of the procedure by which these components are aligned (Winslow, & Bramer, 1994). Furthermore, according to Vanhoenacker, Bryant and Dedene (1999), current perceptions of the business process phenomenon and its methodologies were too narrow in focus. In that way, the focus should be more on broader approaches/models for corporate/organizational transformation, rather than on narrow BPR methodologies.

Basically, a distinction should be made between two categories of approaches to organizational transformation:

- Frameworks;
- Methodologies.

Frameworks represent transformation models which explicitly overlook a transformation process with respect to a problem from the holistic perspective. They are more content-oriented and more comprehensive with regard to planned changes trying to determine numerous internal and external relationships and elements which need to be taken into consideration when developing a new organizational solution. Methodologies are not strategically oriented and are not focused on the environment, but are more process-oriented, straightforward and represent operative steps which lead an organization throughout the transformation process. They explicitly address the necessary steps and their sequence for implementing particular type of organizational change. As numerous methodologies and frameworks exist for process transformation, focus in the study will be on the several most important. However, it should be stated once more that BPR methodologies are excluded from the analysis because of the reasons mentioned above.

Process Renewal Group (PRG) has developed PRG's Business Process Management Framework, which is mostly focused on a business process improvement, but it can also be used for implementing business process concepts into the organization. The Model consists of 8 steps: (1) understanding the context; (2) build and align; (3) defining the process project; (4) understanding the process; (5) changing the process; (6) developing capabilities; (7) implementation; and (8) continuous improvement (Burlton, 2001). Those steps can be divided in four categories/levels: first two belong to strategic level, next three to process design, following two into implementation level, and the last to operative level.

Rummler and Brache (1995) founded a Rummler-Brache Process Improvement and Management Methodology. They focused on a dilemma how to structure processes and activities which would ensure efficient work of all organizational members. Their solution starts from the strategy, on the basis of which an improvement plan is developed. Following steps is conditioned with the cognition whether an improvement plan depends on process efficiency or with possible problems in process performance. In the latter case, there is a need to redefine a project, conduct its analysis and design, and implement the solution. Afterwards, the process improvement follows, characterized by continuous improvement of process activities deploying process management practice. The mentioned methodology was very popular and often used in mid-1990s.

Gardner (2004) created a classical example of a specific, direct model, based on a process maturity concept. He determined 6 levels of process maturity which confounds following approach: (1) level of

understanding inside a process; (2) practical use of process management (e.g., standardization, measurement, corrective actions, training); and (3) achieved results/outputs (e.g., customer satisfaction, process capabilities, competencies, and efficiency). As business processes progress through the maturity continuum, they show higher level of efficiency and effectiveness. The methodology describes five steps which allow progress in the continuum. Each step is upgrading on the previous one so that improvement strategy can be applied for a particular maturity level.

Harrington (1991) suggested five-step process management approach: (1) organizing for quality; (2) understanding the process; (3) process improvement; (4) implementation, measurement and control; (5) continuous improvement.

According to Melan, key principles for successful process management include: (1) establishing process owners; (2) analysis of boundaries and interfaces; (3) process definition through documentation of work practice; (4) identification of control points and metrics; (5) process monitoring for control purposes through implementation of process metrics; and (6) undertaking corrective actions and providing feedback if deviation shows that process isn't under control. On the basis of these key principles, a road to process management can be divided into three parts: initiation, definition, and control (Laguna, & Marklund, 2005).

A Building Block Approach by Meyer (2002) represents an organizational redesign process based on 5 basic systems of work in each organization: culture (behavioral patterns and shared values); structure (definition of jobs and lines of authority, as well as a process which involves people in cross-functional teams according to workflow); internal economy (way of financial flow and managing resources including budgeting, settling commitments, etc.); methods and skills (procedures, methodologies, skills, and tools which employees use for doing their tasks); measurement instruments and reward systems (providing feedback which allows employees to see how they handle their job, offer an opportunity to adopt their behavior as well as encourage performance improvement). Those five fundamental building blocks are present at each organization. The way how are they combined in organization chart defines organization's health and performance, while mechanisms of teamwork (cross-functional workflows) show its functionality.

Edosomwan (1996) created a model which integrates both approaches – framework and methodology. He states that transformation process must be focused on management system, social system, technical system, behavioral system, and critical competitive factors. Furthermore, in his Edosomwan 6 R's of Organizational Transformation and Reengineering, he defined 6 key elements-activities which should be done during a transformation: requirements (customers, process owners, suppliers, products, services); rethink (structures, systems, procedures, rules, processes, technologies); redesign (the whole system, reducing waste, process optimization, output optimization); retool (competitive technologies and technological systems, supply systems, transformation models); reevaluate (results, metrics, goals); realization (needs, challenges, threats, opportunities, strengths). These elements/activities are performed through 10 steps with notion of delivering outputs and results like customer satisfaction, productivity and cost reduction, product/service quality, efficiency and effectiveness, and high morale of employees.

Rapid Re is in-detail developed methodology with 5 phases including 54 steps, which allows companies to achieve significant improvements through conducting radical changes in strategic business processes. The methodology includes numerous management techniques which are used for analyzing necessary information for identification of opportunities and redesigning key business processes. Each of five phases emphasize logical part of process reengineering and creates a results useful for the next stage: (1) preparation; (2) identification; (3) vision; (4) solution – technical and social design; and (5) transformation (Manganelli, & Klein, 1994). In each phase, numerous management techniques are used which accelerate a transformation process.

Arthur Andersen consulting company developed Andersen Consulting's Business Integration Model based on the assumption that organizational performance comes from coherence between employees, processes, technology, and strategy. The model advocates that consistent and comprehensive program of organizational changes need to address, indirectly or directly, four aspects of organization: (1) strategy – establishment of strategic vision oriented to customers which will optimize long-term success; (2) people – organization, motivation, and empowerment; (3) business processes – redefinition and optimization of business processes so that strategic vision could be implemented and resources optimized; (4) technology – adoption of appropriate technology which will back up optimized processes, provide

employees with information and tools, as well as boost relationship customer-supplier (Dutta, & Manzoni, 1999).

Grover and Kettinger (1995) developed a Business Process Change Model with the following elements: (1) management; (2) business processes; (3) information and technology; (4) people; (5) structure; (6) products, services, and performance; (7) environmental factors.

Finally, Galbraith (1977, 1995 and 2002) developed a Star Model which defines organizational elements needed to be aligned if an organization wants to be efficient. Designing organizations represents a process of reaching alignment between following five categories: (1) business processes; (2) organizational structure; (3) management processes; (4) reward systems; and (5) people competencies. Above those five elements is the strategy, which determines an organizational pathway and guidance for all other elements. Although mentioned model is more general in nature, its importance and applicability are reasons for including it in this review. All aforementioned transformation approaches are summarized in the following table.

Table 1: Summary of relevant transformation models

Approach/Author	Type	Elements	Steps
Star Model (Galbraith)	framework	<ul style="list-style-type: none"> • strategy • work processes • structure • management processes • reward systems • people competencies 	-
Business Integration Model (Arthur Andersen consulting)	framework	<ul style="list-style-type: none"> • strategy • technology • business processes • people 	-
Rapid Re (Klein & Manganelli)	methodology	-	<ol style="list-style-type: none"> 1. preparation 2. identification 3. vision 4a. technical design 4b. social design 5. transformation
Edosomwan 6 R's of Organizational Transformation and Reengineering (Edosomwan)	methodology	<ul style="list-style-type: none"> • management system • social system • behavioral system • critical competitive factors 	<ol style="list-style-type: none"> 1. requirements 2. rethink 3. redesign 4. retool 5. reevaluate 6. realization
The Building Block Approach (Meyer)	framework	<ul style="list-style-type: none"> • culture • structure • internal economy • methods and skills • measurement instruments and reward systems 	-
Principles of successful process management (Melan)	methodology	-	<ol style="list-style-type: none"> 1. establishing process owners 2. analysis of boundaries and interfaces 3. process definition 4. identification of control points and metrics 5. process monitoring 6. corrective actions

Process management (Harrington)	methodology	-	<ol style="list-style-type: none"> 1. organizing for quality 2. understanding the process 3. process improvement 4. implementation, measurement, and control 5. continuous improvement
Process improvement for systemic process maturity development (Gardner)	methodology	-	<ol style="list-style-type: none"> 1. current state 2. improve 3. standardize 4. manage 5. optimize
Rummler-Brache methodology for process improvement and management (Rummler & Brache)	methodology	-	<ol style="list-style-type: none"> 1. planning performance improvement 2. project definition 3. process analysis and design 4. implementation 5. process management
Process Renewal BPM Framework (Process Renewal Group)	methodology	-	<ol style="list-style-type: none"> 1. understanding the context 2. build and align 3. process project definition 4. understanding the process 5. changing the process 6. developing competencies 7. implementation 8. continuous improvement
Business Process Change Model (Grover & Kettinger)	framework	<ul style="list-style-type: none"> • management • business processes • information and technology • people • structure • products, services and performance • environmental factors 	-

Considering reviewed frameworks, the elements most often represented are: strategy, business processes, organizational structure, people competencies, and reward systems, while concerning methodologies, the most common sequence is: analysis/understanding of the context, development of the future state, implementation, continuous improvement. It is important to understand that each organizational system, regardless of conceptual model taken, includes more than structure of its units. It also includes characteristics and competencies of people, reward systems, processes and systems of HRM, career paths and selection processes, performance management, decision-making process, information flow, communication and implemented technologies. In addition, there should be lateral integrative mechanisms, which significantly contribute to alignment and integration of various aspects of the organizational system improving the work practice (Mohrman, Cohen, & Mohrman, 1995). Only such comprehensive view would make possible successful conduct of an organizational transformation, because otherwise, by omitting any of the elements, the whole transformation process could be endangered.

Moreover, Dichter, Gagnon and Alexander note that transformation often falls apart because of a breakdown along one or more of the three axes of change: top-down, bottom-up, and across core processes. Together, the three form a “transformation triangle” that the authors define as “a balanced, integrated framework for combining separate initiatives into a coherent overall program” (Ostroff, 1999). In another words, although it is extremely important to include all the relevant elements – content issues, equally important is to properly address process issues – a sequence of how to conduct the transformation.

Development of the Generic Process Transformation Model

Thorough analysis of existing process transformation approaches, as well as of existing change models in general, is the first step in creating a specific model for transition towards process-based organization design. An understanding of process environment and process concepts is also important. The absence of process orientation in attitudes and actions of participating employees and managers can hinder successful conversion of organization towards more process-based design and its implementation.

Implementation of a process-based organization is a large-scale organizational transition. Fundamental changes of organizational practice are needed in order to improve its performance capabilities. Transitions of this type, likewise team-based transitions, have been found to be particularly challenging because of the following characteristics:

- They are pervasive because they include changes of almost all aspects of the organization.
- They involve the whole organization because large-scale change cannot be contained in particular units of the organization.
- They are deep and require fundamental changes in assumptions, beliefs, and even value about how organizations function in the best way (Mohrman, Cohen, & Mohrman, 1995).

Two basic ways of introducing process orientation into the company could be distinguished: (1) improvement of process initiative in current organizational design setting; and (2) change of organizational structure and other organizational elements as requirement for process initiative; while focus of the process transformation is the latter one.

The process transformation has a clear goal – introduce a process-based organization. The process-based organization design emerges incrementally as a result of continuous enhancements of existing organizational structures (Manganelli, & Raspa, 1995), as well as other organizational elements, which leads to the conclusion that process orientation can only be built and developed step-by-step. The reason for more incremental approach is solely a nature of process transformation – where it represents a technically complex change, but the real emphasis should be on the people and their resistance to change – social aspects (Crosseto, & Macazaga, 2005).

Taken all challenges into consideration, the Generic Process Transformation Model was developed. Before its detailed explanation, there should be stated that generally speaking a model developed from logic is no substitute for sound theory. Such models can guide improvement efforts through hypothesized relationships without having those relationships ever tested (Swanson, 2007), like in this case. With Walton's approach in mind, who sees models, methodologies, and frameworks as way-stations in the development of systematic theory (Lawler et al, 1999), it was approached to development of the Generic Process Transformation Model.

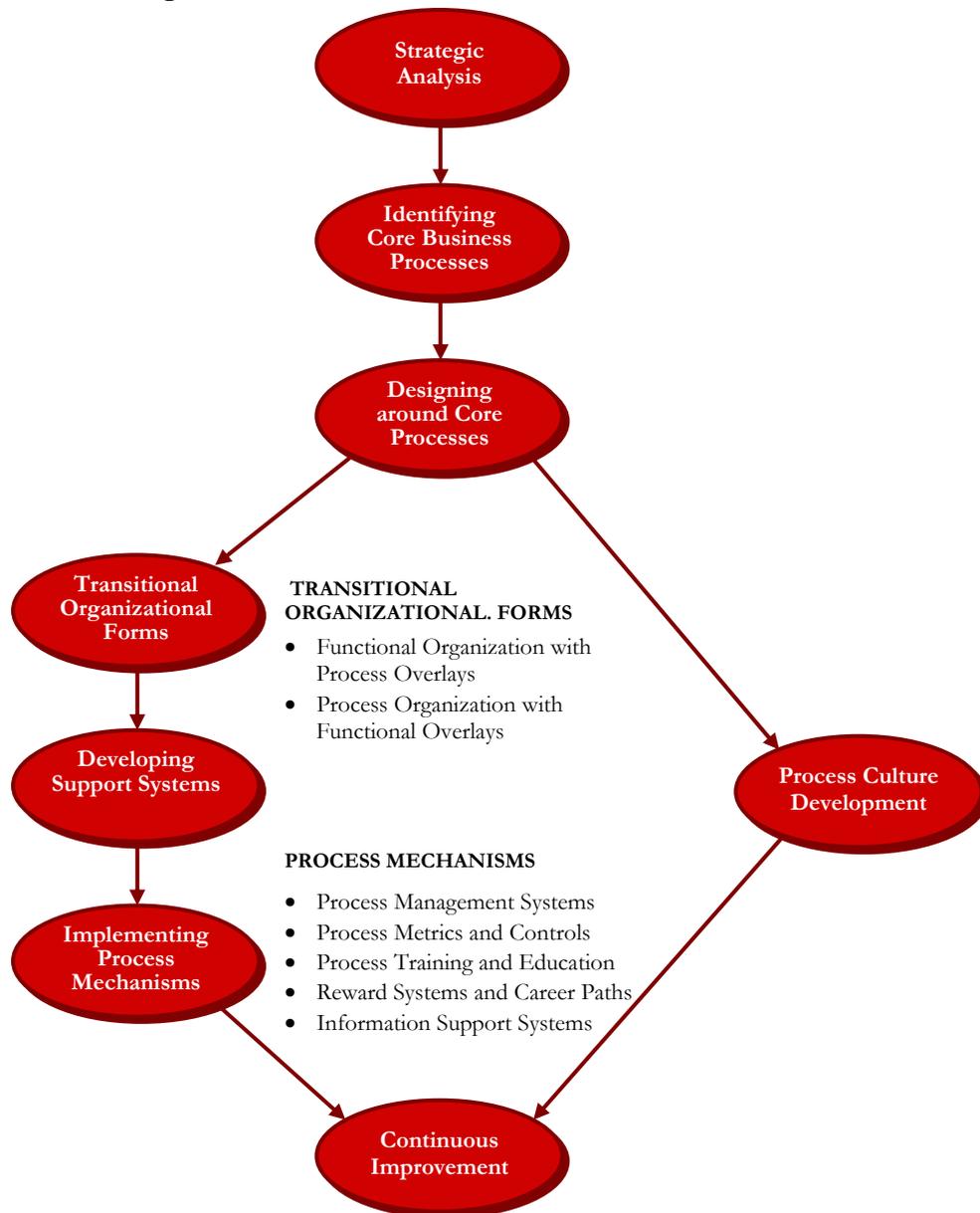
The Generic Process Transformation Model is a combination of radical redesign and evolutionary implementation. It is integrating both content and process issues' approaches to the transformation in a way that it represents a combination of framework and methodology in the one. In another words, it emphasizes important elements which should be questioned, as well as determines a sequence which should be followed during its implementation.

The proposed model consists of 8 elements/steps which can be classified into three phases: (1) strategic phase – solution development; (2) transitional phase – adaptability; and (3) operative phase – process-based organization. Furthermore, phases of the process transformation in a certain way explain a nature of a particular element or step. These are: (1) strategic analysis; (2) identifying core business processes; (3) designing around core business processes; (4) transitional organizational forms; (5) process culture development; (6) developing support systems; (7) implementing process mechanisms; (8) continuous improvement.

Typically, the Model starts with the strategic analysis because the first step needed is to determine the company's winning value proposition from the leaders' perspective. Strategic analysis helps managers better to understand the context, business environment, providing them with possible opportunities. Once that value proposition is clearly identified and articulated, they can decide if developing a process-based organization design is appropriate and what should be the scope of change. In this initial direction-setting phase, strategic analysis also ensures that planned changes, introduced as part of the process transformation, will contribute to competitive success and strategic goals in general. A process vision is created, which, as explained by Davenport (1993), describes the future state of the organization and

therefore links business strategies with procedures and actions (Al-Mashari, & Zairi, 2000). Such approach is in conformance with Porter’s view of the essence of strategy – choosing to perform activities differently or to perform different activities than rivals. Moreover, strategy is creating fit among company’s activities. The success of a strategy depends on doing many things in a right way (not just a few) and integrating among them (Porter, 1996), what leads to the necessity of aligning all organizational elements according to newly developed strategic intent.

Figure 1: Generic Process Transformation Model.



Key business processes should be recognized on the basis of strategic analysis. Identification of core business processes creates a picture how individuals and departments in a company contribute to each other and carry out their business tasks and activities in a broader scope of satisfying customers and business model as a whole. Existing approaches offer little guidance for identifying core business processes. However, according to Green and Ould (2005), a number of different kinds of approaches in identifying and modeling an organization’s process architecture has emerged in the last decade. For example, Ould proposes identifying business processes from the ‘essential entities’ of a business; Lunn’s process architecture is based upon business processes while Kavakli and Loucopoulos’s process

architecture is organized around the goals of an organization. Furthermore, core business processes can be identified by monitoring key state changes through the process of value creation, or just by observing contact points with key customers (Gardner, 2004). Regardless of a chosen approach, the emphasis should be on key customers, value-adding activities, key products or services, and necessary production activities (Dutta, & Manzoni, 1999).

Immediately after identification of core business processes, a model of new organization should be created. Designing around core business processes is not just constrained to a development of new organizational structure, but should conceptualize all necessary adjustments throughout organizational system. Argument for doing so was proposed by McNulty and Ferlie (2004), who claimed that organizing around the logic of core business processes as opposed to functions or divisions requires multiple interrelated and complementary changes to system procedures and processes. Moreover, when restructuring around business processes, the content of jobs and of organizational structures changes for all employees or most of them. Furthermore, changing jobs and structures require necessary changes in management principles and performance measurement systems. These new management principles and performance measurement systems induce change in values and beliefs, which in turn enable the new business process orientation (Larsen, & Andersen, 2001).

By creating a vision of the aspired, future organizational state, a creation process is not completed. The conversion of the generated process- and organizational structures is often described as the most difficult part of a reorganization project (Becker, Kugeler, & Rosemann, 2003). So, considering the amount and the nature of a process transformation, as well as people's resistance toward such breakthrough changes, transitional solutions should be developed to make a process journey more acceptable, particularly when speaking about organizational structure, which represents the most powerful shelter of a status quo. Applegate suggests that organizations tend not to change their hierarchical structure directly, but rather to layer the new structures of cross-functional teams over the current organization. Accordingly, concepts of transitional organizational forms should be developed. Most common transitional forms are those determined by Stalk and Black (1994): functional organization with process overlays, and process organization with functional overlays. Although those transitional forms are generalized, not representing ultimate solutions, and have certain limitations, they ensure an achievement of continuity during the process transition. In the end, like a cocoon in which caterpillar is transforming in butterfly, those transitional structure elements are uncoupled and eventually disappear.

A key activity in the process of transition towards process-based organization design is a development of process culture. Only by changing the organizational culture a long-term focus on business processes and a change of business philosophy can be achieved. In other words, process transformation requires dramatic behavioral and cultural changes. These changes must be driven from the top management downward through the entire organization. Furthermore, because of its importance and time needed for changing it, this phase lasts on a continually basis throughout the whole process of transition. Moreover, it can be said that the cultural change never ends and it is mandatory after implementation phase as well. In spite of the importance of cultural aspects, managers often underestimate it and the difficulty of breaking the functional mind-set (Majchrzak, & Wang, 1996). Even with their direct involvement, the process culture cannot be alive without necessary development of support systems and process mechanisms. All activities would be gathered under umbrella of change management, which stands for a critical factor of success. Indeed, failures often occur because companies do not effectively manage change and human resources (Grover, Kettinger, & Teng, 2000).

Developing support systems and implementing process mechanisms can be understood as one integrated activity of creating and adjusting all organizational elements on a frequently basis. That is, companies should improve their infrastructure in a way to support new organization. First of all, managers are obliged to make sure everyone throughout the organization understands why a company should implement a process view. Process training and education should be put in place so people can gain necessary understanding and required competencies for new process environment. In the modification and/or change of competencies, continuous process management plays an important role (Becker, Kugeler, & Rosemann, 2003).

According to the study of Grover (1999), it seems that continuous process management is being recognized as important and tends to emphasize customer-oriented measures. Those measures are to a large extent similar to process measures, because newly identified core business processes are oriented toward

company's customers. Requirement for establishing a system which provides comprehensive and timely information on the performance of business processes is largely accented by Kueng (1999), as well as through the concept of the Balanced Scorecard (Kaplan, & Norton, 1996), where internal business processes represent one of four measurement dimensions. Measuring process performance leads toward change of reward systems, because otherwise a process behavior wouldn't be stimulated. Development of new career paths and other HRM practices should be adjusted to the new concept, as well.

Furthermore, a process transformation requires a replacement or a rebuilding of the information infrastructure and the development of new application systems to support necessary changes. The implementation of new processes cannot occur until the infrastructure and support systems are deployed (Davidson, 1994). Ultimately, there would be a number of tasks associated with minor transitions within large process transformation. A diverse range of transitional tasks, activities, and decisions, which in some cases may appear as discrete and small-change activities, would be needed within a broader and more loosely coupled framework of change.

Managing to reach the wanted future state, after several years of thorough changes, does not mean that the process transformation is over. Quite contrary, a notion of continuous improvement should take place, improving particular business processes and subprocesses, as well as support systems and an organization as a whole. Benefits of a process-based way of organizing are still unlimited. In a situation where the new process view of organizations has not been fully realized yet, and is barely instituted in companies properly, excellence in process-based organization design can bring significant gains. Recent empirical findings about positive impact of process orientation on organizational performance provide severity to this conclusion (McCormack, & Johnson, 2001; Škrinjar, Indihar-Štemberger, & Hernaus, 2007).

Conclusion

Existence of numerous methodologies and frameworks considering the issue of process transformation very often confuses scholars and practitioners. The main goal of the study was to analyze existing models proposed for transition towards process-based organization, as well as to set up a theoretical framework for it. As a result, the Generic Process Transformation Model has been developed. Its purpose is to present a systematic approach for understanding a path towards more process-based organization design. Furthermore, it should be able to ensure smooth transition, with emphasis on specific problems related to process transformation.

Proposed transformation model is eligible with organization development (OD) approach. It is planned approach which attempts to consider and include all members of an organization; the proposed change is supported by top management; the objectives of change are to improve work conditions and organizational effectiveness; and an emphasis is placed, among others, on behavioral science techniques which facilitate communication and problem-solving among members, just like the OD approach does (Beckhard, 1969).

However, the Model has several limitations which should be addressed. It is theoretically and logically based, without empirical evidence, but it represents a first step in convergence of process transformation concepts to business world. It should be tested in practice, so that it could be confirmed or rejected. Moreover, there are likely to be a number of unforeseen contingencies during the transition which may necessitate a modification of intended pathways and stated objectives of achieving future planned states. These modifications are not addressed in the paper, making proposition vaguer. Also, it should be mentioned that process transformation outcomes are positively influenced by broader organizational involvement and team structures and not solely by the use of consultants or formal models which means that there is no model which can guarantee the success.

Future research activities should include detailed understanding of each element and each step of the Model. Moreover, possible alternatives of each aspect of process-based organization design should be investigated. Particularly, a focus should be on interdependency of structural and process characteristics of an organization. Through better apprehension of that relationship, work design practices could be developed for optimizing individual and group contributions to organizational performance during different

phases of transition. In addition, support systems could be developed in a proper way to address necessary level of change.

The ultimate message of the paper and of the whole process philosophy is in accordance to Einstein's statement that "the significant problems we face cannot be solved by the same level of thinking that created them". In other words, traditional way of conceptualizing business practice is no more invulnerable, and new emerging ideas are taking its place, one of them in the image of process orientation. Accordingly, its implementation creates challenges and issues which should yet be answered.

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