Development of a Business Process Model for a Project-Based Service Organisation

Udityasinh Gohil, Centre for Innovative and Collaborative Engineering, Loughborough University, Loughborough, UK
Patricia Carrillo, Department of Civil and Building Engineering, Loughborough University, Loughborough, UK
Kirti Ruikar, Department of Civil and Building Engineering, Loughborough University, Loughborough, UK
Chimay Anumba, Department of Architectural Engineering, Penn State University, University Park, PA, USA

ABSTRACT

Core operations of many small service organisations involved in collaboration are largely on a project (i.e. operational) basis. However, every organisation has operational, organisational and strategic processes that are equally important. The objective of this paper is to establish a business process model for such a project-based service organisation (PBSO) where stakeholders are involved in operational as well as management (organisational and strategic) processes, to create a sustainable collaboration. The focus of the paper was a PBSO and hence a case study of a PBSO firm lead to the development of a new process model that further takes advantage of involving collaborators in all or most of the processes of an organisation. IDEF0 was the preferred process modelling technique for the development of the business process model.

Keywords: Business Process Model, Case Study, Integration Definition for Function Modeling (IDEF0), Project-Based Service Organisations, Small and Medium Sized Enterprise (SME)

INTRODUCTION

Over the last few decades, many project-based service organisations catering to knowledge services have been heavily involved in inter-organisational collaboration. These organisations need to understand the effect of their network and organisational boundaries by analysing the firm’s interactions with other organisations (Paper, 1998; Ritter & Gemunden, 2004). However, understanding the effect of these organisational boundaries can be difficult due to the organisation’s inherent complexity (Paper, 1998). The failure to formally describe it can lead to ambiguity and inconsistency between the collaborators (Wysocki, 2004).

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One way of tackling this complexity is through modelling parts of the organisation without losing the overall context. The formal modelling of an organisation helps in understanding the organisation and leads to fewer issues with communication and ambiguity.

Every organisation has core processes and management processes that are equally important (Kohlbacher, 2010). In project-based service organisations, a large amount of the time is spent on temporary project settings with transient project structures comprising of internal and external stakeholders. Hence, an issue in such a project setting is the difficulty of these service organisations to involve their collaborators in management (non-core or support) processes. This involvement will help integrate knowledge and organisational structures when projects are viewed as ‘singular ventures’ in themselves. The value of collaboration within project based service organisations and their collaborators will be enhanced if well-defined core and non-core processes are in place. Such processes would cover the roles and responsibilities of all stakeholders and the flow of information and knowledge during active project periods as well as between projects.

This paper’s aim is to develop a business process model for a SME ‘project-based’ organisation providing services and collaborating with other stakeholders that will lead to an organisational perspective with key strategic, organisational and operational processes. Business Process Modelling (BPM) is chosen here as a vehicle to achieve the aim since, the aims of BPM are to document what is known and understand what is the ideal state in future (Howard & Peter, 2003). It can help to identify processes that become an interface between different collaborating parties.

These processes cut across the collaborative network of the organisation by defining the roles and responsibilities of the stakeholders at each process stages. For a sustainable collaboration in such project-based organisations, there is a requirement to involve collaborators in all the processes of the organisation including the management processes at strategic and organisational levels. In particular, there is a need to develop a process model that is easy to understand and follow by the organisational collaborators of the organisation. A project-based outlook does not always encourage organisations to look at issues faced at the organisational level since the effort is more concentrated on operational (i.e. projects) processes rather than strategic or organisational processes. The paper argues for a need to include the collaborators not only in the operational (project-based) processes but also in organisation’s managerial processes to give the collaboration a better strategic intent and help in governance of the collaborative environment. This has been achieved by the development of a business process model for a case study organisation. The paper’s structure consists of a literature discussion of project-based service organisations followed by the research method selected, as well as appropriate process modelling techniques and background of the case study. The penultimate section proposes a new process model and the last section identifies the implications through concluding discussions.

THE PROJECT-BASED SERVICE ORGANISATION

The context of this paper is ‘Project-Based Service Organisations’ (PBSO). However, to lead on to the definition of PBSO, it is important to first understand what Project-based organisations are? Project-based organisations are an organisational form integrating diverse and specialised intellectual resources and expertise. Hobday (2000) identifies project-based organisations as an organisation where the project is the primary business mechanism for coordinating and integrating all the main business functions of the firm. The statement signifies that there is no formal functional coordination across project lines. Sydow, Lindkvist & DeFillippi (2004) further state that in such organisations projects are embedded in permanent contexts, sometimes resulting in no communication of the strategic intent of the organisation (Thiry & Deguire, 2007).
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