



ONE EIGHTY

A new perspective for your enterprise performance

June 2011

Business Models

Upcoming Events

- ABM Smart Annual Conference
Chicago
July 17-19
- CAM-I Third Quarter Meeting
Boston
September 11-14

People in the News

- Newly married
Carlos and Elena Pulido.
Congratulations!

Links

- Software provider websites

[SAS](#)

[SAP](#)

[Acorn Systems](#)

[Prodacapo](#)

[My ABCM](#)

[Pilbara](#)

[Decimal](#)

Profitably convert resources (people, materials, machinery and equipment) to products and services customers want to buy. That's the basic mission and requirement of every business organization.

The means of conversion are all of the processes and activities required to make and deliver products and services and to run the business.

While most organizations have terabytes of data and information about expenses, equipment, employees, customers, vendors, products, services, and markets, few have leveraged this information in a model of the business that provides continuous reporting on the basic business mission.

In the context addressed in this One Eighty, business models are operational models that replicate and mirror the operations of the organization and consist of three basic components:

- Resources (costs)
- Processes/activities (work)
- Cost objects (products, services, customers)

Resources fund the work required to make and deliver product and services to customers and the assignment of cost to processes and activities and then on to products and services is the math that brings it all to life.

Operational modeling is not for the timid and faint of heart. Even simple businesses are complex. Every day inventory and supplies are received from vendors, employees work, machines and equipment run, new products are being developed, and products/services are delivered to customers. Replicating all this in a model requires effort and commitment.

All of the benefit of operational models is in providing information to those responsible and accountable for executing the business mission. Unless this information is used for decision making, improvement, measuring performance, and to manage the business, any effort expended to build a model is wasted.

There are a number of software products on the market for operations modeling. These include the big enterprise software providers like SAP and SAS along with more specialized companies like Acorn Systems, Prodacapo, MyABCM, Pilbara Group, and Decimal Technologies.

In a world where everyone has access to the same raw materials, labor pools, suppliers, machinery and equipment, and often the same technology, the only way to differentiate from competitors is in process productivity, performance, and innovation. Operational models can help a business do this.

Model your way to improved performance...
John A. Miller

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