



## **Business Rules: What Are They, and Who Needs Them?**

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*(Editor's Note: Advanced Strategies interviewed Alex Berrios on the topic of Business Rules to provide our readers an understanding of this latest trend in the industry.)*

### **Strategist: What is the definition of Business Rules?**

**AB:** A simple definition of a business rule is “any statement that guides or directs behavior within an enterprise”. From the moment any enterprise is started, statements are made that become part of its “guidance system”. These business rules influence an enterprise’s ability to reason, justify, analyze and improve its behavior. At a high-level, they state the need in the marketplace that the enterprise is trying to address; they identify what types of products and/or services the enterprise will offer to meet that need; they identify who and where their customers are; they describe the organizational structure and processes within the enterprise to deliver those offerings to those customers; and they specify the internal and external constraints that are placed on the enterprise.

### **Strategist: What “needs” does an enterprise have that would be met by documenting its Business Rules?**

**AB:** Today an enterprise needs not only ways of coping with chaos, but also it needs the ability to quickly adapt to changes in its marketplace! Downsizing, out-sourcing and the loss of key people have caused many enterprises’ guidance systems to walk out the front door. Competitive issues and new regulations have put additional pressures on the enterprise. Enterprises that have their Business Rules documented can relieve these pressures. They can improve, for example, the areas of business process improvement and re-engineering, employee and contractor training, maintenance and development of information systems, and integration of processes and information systems from acquired enterprises.

### **Strategist: Why would Business Rules meet these “needs”?**

**AB:** Possibly the most valuable reason for documenting business rules is that it facilitates better communication within the enterprise: everyone then knows, from a business perspective, the enterprise’s guidance system. Secondly, since it is difficult to change what you don’t know, having the business rules documented simplifies the process of adapting to the ever-changing business environment.

### **Strategist: What form do Business Rules take within an enterprise?**

**AB:** Business rules can be found in the enterprise’s business plan, its policy and procedures manuals, and in its regulatory manuals. Often business rules are embedded within the programs and databases of an enterprise’s information systems. Even if the business rules are not documented, their content, at least, exists in the ‘heads’ of key people within the enterprise. And some business rules, like those found in a regulatory manual, are documented but may not be known or understood by the people in the enterprise.

### **Strategist: Is there any aspect of an enterprise where Business Rules are more important than others?**

**AB:** While there may be other aspects of a business to be considered, the following items are what we call the Core Business Aspects (Data, Process, Event, Location and Organization). These are integral in running and supporting the enterprise.

The Core Business Aspects include the following:

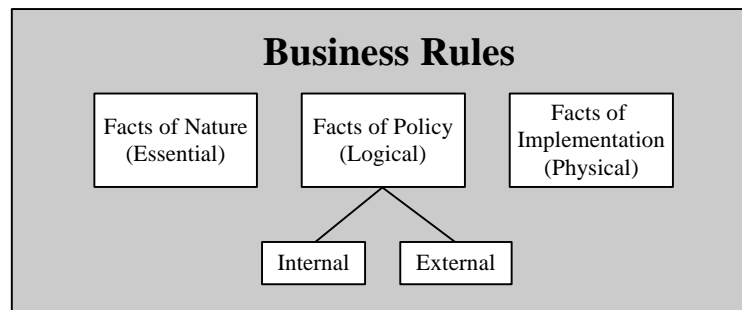
- the business information that needs to be identified, captured, manipulated and reported;
- the business processes that establish what needs to be done, to what and by whom;
- the business events that determine when that something is to be done;
- the business locations that identify where something is done;
- and the business organization that establishes boundaries as to who does what.

A business rule can influence many different aspects of an enterprise and each aspect of an enterprise can be influenced by many business rules. This is an important concept. This emphasizes the need to be able to relate the business rules to each of these different aspects and be able to access this information.

**Strategist: Are there any ways of classifying Business Rules?**

**AB:** We at Advanced Strategies classify business rules in the following way:

- Facts of Nature (Essential Business Rule): it states a natural fact about the enterprise
- Facts of Policy (Logical Business Rule) can be grouped into the following:
  - Internal (Business Policy Rule): it states an internal business policy that needs to be followed
  - External (Government and Industry Regulatory Rule): it states an external regulation that needs to be adhered to
- Facts of Implementation (Physical Rule): it dictates how, where, when and why something will be done



**Strategist: Can you give examples of these Business Rule classifications?**

**AB:** Sure ...

- Facts of Nature:
  - An individual (buyer) representing an organization (customer) orders one or more product(s) from an individual (seller) at a store location.
- Facts of Policy (Internal Business Policy):
  - We will track the buyer, the customer, the product(s) and the store location involved in the order.
  - We will not track the seller involved in the order.
  - We will sell specific products at certain store locations.
- Facts of Policy (External Government/Industry Regulation):
  - State and federal taxes will be charged on each order.
  - Specific products (i.e., dynamite) can only be sold to a buyer who is authorized.
  - An authorized buyer can order up to a half ton of dynamite during any one-year time period.
- Facts of Implementation:
  - All customers will be identified by a unique system-assigned number.
  - Customers can be searched via their company name.
  - Each store location will have only those products that it sells in their decentralized database.
  - Each store location will access customer information from our centralized database.
  - Each store location will access buyer information from our centralized database.

**Strategist: What can be expected from using Business Rules within an enterprise?**

**AB:** Imagine this scenario ... Someone within the enterprise is notified about a change to a law that will take effect at the end of 90 days. This person searches for the existing law in the enterprise's business rule repository and finds it along with all of its related business aspects. This person then notifies the responsible people of the upcoming change. These people then implement the change. A critical step in this scenario is "searches for the existing law in their business rule repository ...". The benefit to the enterprise is in being able to know exactly where the impact of a change is going to be and how many aspects of the enterprise will be affected. If the enterprise's environment is constantly changing and/or highly competitive then having 'knowledge of' and 'access to' these business rules will improve the enterprise's chances for success.



**Strategist: In this environment of Business Rules, where does technology fit?**

**AB:** There is a need for technology in the following areas:

- Capture Tools, which facilitate the capturing of business rules
- Repository, which stores the metadata concerning the business objects (i.e., business objectives and strategies, business rules, entities, relationships, attributes, processes, events, locations, organizations)
- Development Tools, which can generate the necessary code for program logic and database triggers.
- Execution Tools, which can generate the complete application utilizing all of the above.

**Strategist: How can Advanced Strategies assist an enterprise in documenting "Business Rules"?**

**AB:** While it is not an insurmountable task, it can be a monumental task! Most enterprises have large investments in their employees and in their current computer systems. Where does it start, and what are the expectations? Is there executive sponsorship? Can the people within the enterprise make the necessary adjustments? How much rigor is desired or needed? How does an enterprise justify the cost of the effort? What are the required skill sets, and how can an employee acquire them? What impact will this have on any existing methodology? How can an enterprise monitor and improve its efforts? These are a just few of the questions that should be addressed.

The services offered by Advanced Strategies are designed to enable and empower our clients as they improve their business management and software development effectiveness. We can help our client in the following areas:

- Stating business objectives and strategies clearly, completely and concisely;
- Capturing and documenting the "big picture" as well as the "details" of the enterprise;
- Defining what their business expectations are for each of their projects;
- Gaining consensus among subject matter experts (business and technology) on critical project issues; and
- Developing and implementing a customized methodology that meets their specific needs.