

Business Rules

With Gladys Lam

On the 19th March 2021, [Gladys Lam](#) joined me on an edition of 'On The Spot' to discuss the important and sometimes misunderstood topic of *business rules*. [You can see the original broadcast here.](#) If you'd rather read an edited transcript of our discussion you'll find that below. You can view previous episodes by visiting [onthespot.today](#).



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Please note, this is an edited version of an automated transcription. We apologise for any mis-transcriptions or typos! -- *Adrian*

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Adrian Reed: Well hello, and a very warm welcome to this week's edition of "On The Spot", the coffee-break shaped livestreamed episode about all things related to business analysis, business change and lots lots more besides. I'm really pleased to say that we're joined today by Gladys Lam. I'm sure many of you will know Gladys as a world authority on business rules and a worldwide speaker. So Gladys, thank you for taking the time to be here today.

Gladys Lam: Thank you, Adrian, it's always good to chat with you.

Adrian Reed: I think the challenge we're going to have is fitting our conversation into 15 minutes! I remember, probably about three or four years ago, I was at your session at the Building Business Capability Conference. You were explaining business rules using the metaphor of Mahjong. That really stuck with me. I was wondering if you could briefly explain that to us now?

Gladys Lam: Sure, definitely. First of all, I don't know if any of you know what Mahjong is. This is an ancient Chinese game, it's made out of 144 blocks like these tiles. Now, the challenge I have when I go to organisations is that naturally people ask me to harvest business rules. But what I always see is that people are confused about what business rules mean. So I use Mahjong to demonstrate what it is as naturally as possible. I want you to put yourself in the position of learning something that you don't know anything about, like when I go to an organisation. I go to companies that are trucking companies, electrical companies, CDC is one of our clients, you know, I don't know anything about disease. So how do I know the rules? So I want you to put yourself in my shoes, when you want to learn this game, this game that has these colourful tiles, which you know nothing about. If I were to tell you that the rule of the game is that you have to make sets of Chows, Kongs, Pongs and Eyes Adrian, do you understand that?

Adrian Reed: I don't understand the words; I could make a guess...



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Gladys Lam: That's my role, too! To win, you need a set of Chows. Now, because you don't know the word, when I say Chow, I have to explain. Chow is really a sequence, so if you have 123, 345, that's a Chow. Whereas, Pongs, that's a three of a kind. Kongs, are four of a kind, and Eye is just a pair. So the first thing you have to know, is the language; the vocabulary. And then next people will say, okay, and the other thing I see confusion is though there's a lot of process, when I go to organisations, they have a lot of process models, I get them all around the room, and so forth. So what's the process for playing this game? Well, I'll map out the process model for you. First thing is you shuffle the tiles and you build the wall and then you pick up a tile and you throw it out, pick out a tile and throw and that's essentially the game. So the first thing you say is "shuffle the tiles" and I will ask people to shuffle these tiles. People will shuffle them facedown. Some people will say shuffle them faceup. One guy even juggled them! What is to tell them whether they're doing it right or wrong? If you've got people shuffling differently, you're not going to have a good process. So what is the one thing that guides the process? It is the rule, right? So I write down a rule: all tiles must be shuffle facedown. Now, you're so much smarter, because now you know how to shuffle the tiles. So that's the rule and process. I always say without rules, you just get chaotic process, you have no guidance. Then, there's rules that help you decide and the game is very easy for anybody. Anybody over three years old can learn how to pick up and throw, but to win the game, you have to know what to throw out. So you look at a set of 13 tiles, you say "this is the one". But how do you choose? Because you have to make a decision? What do you base that decision on? It's a whole bunch of rules, right! So I use that just to describe all the different components, so you understand what business rules are.

Adrian Reed: I know I've heard that metaphor before Gladys, but I love it. And it's so true, that without rules, we've got chaotic processes. I love that. It also reminds me of the importance of really understanding business vocabulary. If a rule is expressed imprecisely, then it's not really a rule. It's at best, I suppose, a statement of intent. So thinking about people tuned into this session, who maybe aren't on top of business rules, but want to get started. What would you recommend people do to get started with business rules?

Gladys Lam: Okay, so the first thing I say is very simple. Just be aware of rules. The biggest question I get asked is "what's the difference between rules and requirements?" Actually, the Mahjong example goes all the way down to requirements, I don't have time to explain in detail. So we have rules, we have process, we have terminology, whether it's report payments come in, I'll give you some information later that maybe you can go find out how it drives down to requirements. But be aware that there's rules like the game of Mahjong, you have rules, even if you don't have automated IT requirements, even without any business requirement to automate anything, I can play this game, because I know what the rules are, how to win, how to throw out. So business rules are all about the business. Think first of that. Even if you don't have a system, so if you have a insurance company, you have rules to adjudicate a claim, even if you don't have the system, you have to sit down, according to your rule to see if that claim is approved or not. That's what we mean by business rules. So number one is be aware about rules. I see in organisations, a lot of times, business analysts says, "okay, the rule is this field must be blank", but that's about the system, think about what that field means and what it is. So be aware of the business rules. That's number one.



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And be aware that changing a rule really changes your business. It's not just changing a system. So number one, be aware. And then secondly, I get so many people that come to tell us that once you open your eyes to seeing rules, everything becomes a rule! And so learn how to use that rule when you change it, how to get competitive advantage on that. And from there, you will grow from that, because then you will take them further. That's just the beginning, so start with that.

Adrian Reed: Yeah, it's really interesting, because as you as you were talking there, Gladys, I was thinking about rules that are based on legislation. For example, if a data protection law changes, that ripples through every system, there can be a top level rule stating that an organisation can only retain certain amounts of data for a certain amount of time, that rule will ripple down to probably every single information processing system, whether it's on paper or in an IT system. So one seemingly small rule change can have a huge impact on the operation and the processes of the business as well.

Gladys Lam: And the processes. I say that all the time. So a rule is not about automation, a rule is bigger than that. And a rule can be enforced by a person or some may be automated? So you're absolutely right.

Adrian Reed: So Gladys, what types of business rules are we likely to come across?

Gladys Lam: Okay, there are so many different way to cut the rules , but I'll tell you to two very simple examples. One we call the 'behaviour rules'. That's the rule for shuffling the tiles facedown, that that behaviour rule guides business processes. So when we do a lot of process redesign work those rules come out, because you can say "Oh, an order over \$5,000 must be approved by somebody". So those rules guide processes. The second type of rule are what we call decision rules. That's like the one I just explained what to throw out when you have a set of tiles in front of you. You have to make a decision. There's no process in it, there's a step on the process as "throw out a tile". It's as simple as that. Like I said, a three year old can throw out a tile, but knowing which tile to throw out, that's your decision, right? So it's just like adjudicating a claim, or approving a mortgage, there's no process other than somebody saying, "do I approve it or not?", and applying a whole bunch of rules about whether your income level is sufficient, and all that, that's a decision rule. So a behaviour rule guides behaviour, decision rules help you make decisions.

Adrian Reed: It's really interesting. I used to work for an insurance company. And one of the things I did involved working on what I now recognise as what would now be called a rules engine for quotations. It was literally applying some very granular rules on the data to come up with an outcome. I guess these decision rules exist everywhere. Businesses are making decisions all the time. Some of those are codified. Some of them, I suppose, are people making the decisions, but a lot of them are codified based on decision rules. So what would your biggest tip or takeaway be, Gladys, for the people tuned in?



Gladys Lam: Okay, there is the hidden secret, which isn't a secret at all, because we tell everyone, nobody believes us. It's not about just the rule. It's the terminology behind the rule. That's important. That's the kind of the foundation layer that nobody sees. I always tell my clients that if you want me to harvest rules it will take six weeks. If you don't care about me aligning with terminology, I can do it in half the time and you will get twice as many rules. And you will think that's wonderful, but when you start applying those rules is not on solid footing. So be aware of terminology.

Adrian Reed: Fantastic. And just before we finish, we've got an excellent question submitted by a viewer here: "what to do with rules that are only known to the end users are not written down". So you know, you get those rules that are in people's heads?

Gladys Lam: They're in people's heads, and they haven't been written down, or should you write them down? So we do a lot of tacit knowledge rules, right? That's part of it all. We externalise the knowledge from your head so that we can have a set of rules for consistency. Because if it's just every user having their own rules, you have no rules, right?

Adrian Reed: The rule is make your own decision! Choose your own adventure! So we're almost out of time. So, Gladys, I'm certain that people watching will want to follow you for more about you. How's the best way for people to follow you?

Gladys Lam: The best way is to come to our website. This whole Mahjong example, we actually have a segment of training that is outside of our training wall (on brstraining.com). If you go to the website you can view the whole segment on Mahjong and it goes down to requirements and really lays out all the different pieces. But feel [free to contact me on LinkedIn](#). [BR solutions](#) is our company name. Happy to keep in touch.

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