

# Applying the Organization-as-System Concept

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PERFORMANCE DESIGN LAB

- I. Background and History
- II. Value Creation Framework
- III. Participant Assessment
- IV. Answer your questions

# 1982-92 The Motorola Years

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- ◆ End-to-End Core Processes
- ◆ Exec Involvement
- ◆ Focus: Meet Customer Needs
- ◆ Process and Biz Management the Same
- ◆ Methodology
- ◆ Improving Performance (1990)
- ◆ Results?



*"...use of the tools changed the way the company does business worldwide, helped us save more than \$950-million in the last few years and played a leading role in Motorola's winning the Malcolm Baldrige National Quality Award."*

# Conclusions:

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## ◆ Business

- Executives: “Finally, a tool we can use to actually accomplish the strategic objectives”

## ◆ Rummler & Ramias

- “The general understanding that work gets done – value gets added – through cross-functional processes is *potentially* the greatest business management breakthrough in the past 100 years”

# 1992-97 Re-engineering

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- ◆ Reengineering the Corporation (1993)
- ◆ Focus: Reduce Cost, Downsize
- ◆ Processes in Functional Silos
- ◆ Documentation Technology
- ◆ Into the weeds- Everything a Process
- ◆ Executives hard to find
  - Process Maturity/Governance
- ◆ Results?

# Conclusions:

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## ◆ Business

- “We’ve done ‘process’ – what’s next?”
- “Re-engineering” made it to Dilbert cartoons

## ◆ Rummler

- “I think its time to retire”

# 1997 – 2000 Time Out!

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1997 – (Rummler) “If I see another process....”

1999 – (Harmon) “You should see what you started..”

## 2001 – 2007 Rip VanWinkle Awakens to..



- ◆ Overwhelming Technology
- ◆ BP(M?)
- ◆ Sub-Processes in Silos
- ◆ “Methodologies”
  - Weed-Wacking
  - Competing
- ◆ PMO/PCO Efforts
- ◆ Executives Still Hard to Find
- ◆ Results?

# Conclusions:

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## ◆ Business

- “Tell me again, why are we doing this ‘process’ stuff?”

## ◆ Rummler & Ramias

- As regards business results, it isn’t working.
- But we still think “processes is *potentially* the greatest business management breakthrough in the past 100 years”

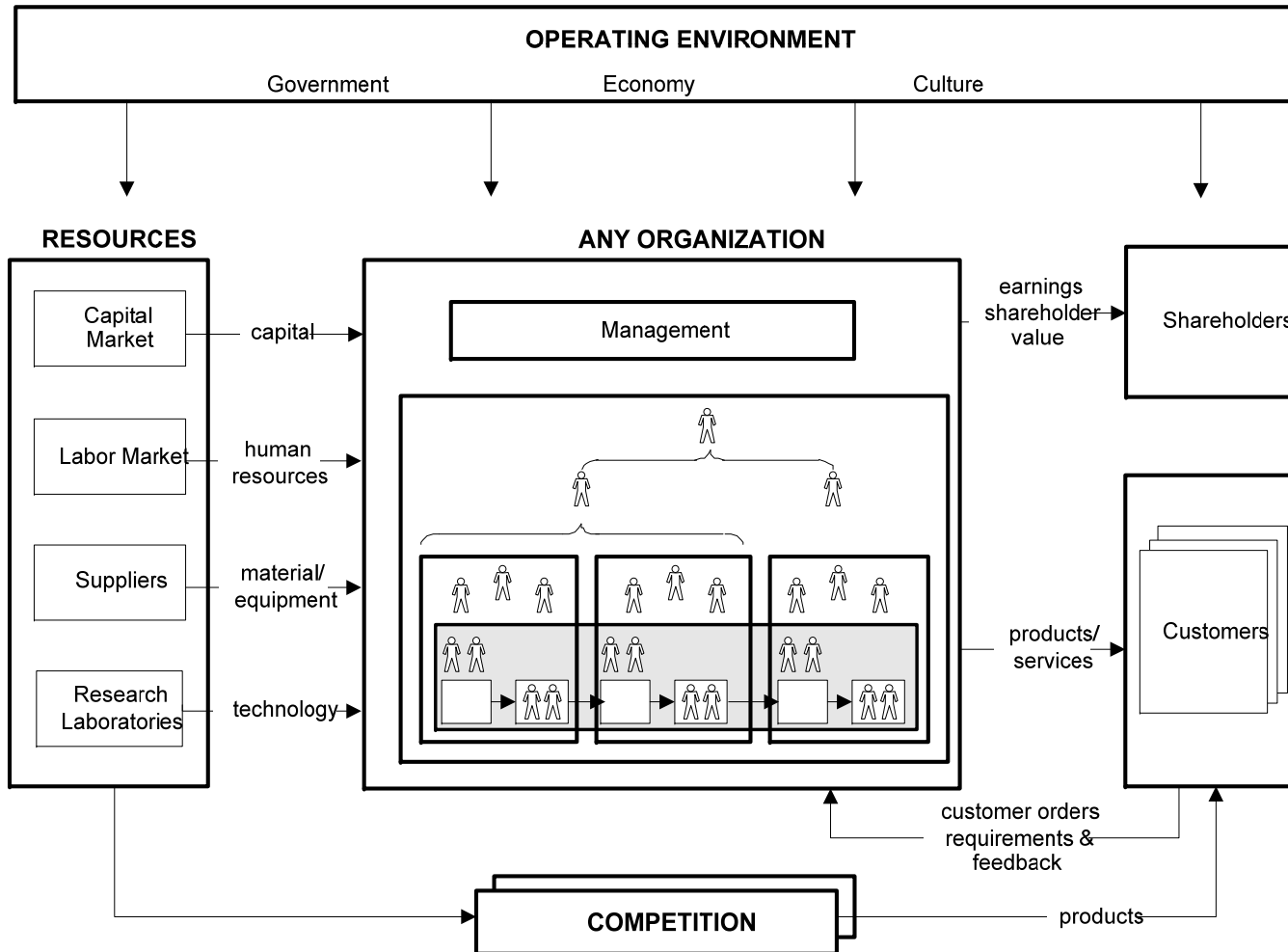
# Key Points:

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1. Majority of “process” activity is in the weeds – a tenuous link to business results
2. We need to rethink what we are trying to accomplish with BPM

# Organization as System Lens



# A New Definition of Process...

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Not only...

- ◆ "...a series of planned activities that convert a given input into a desired output"
- ◆ "Any repeatable set of activities"

# A New Definition of Process...

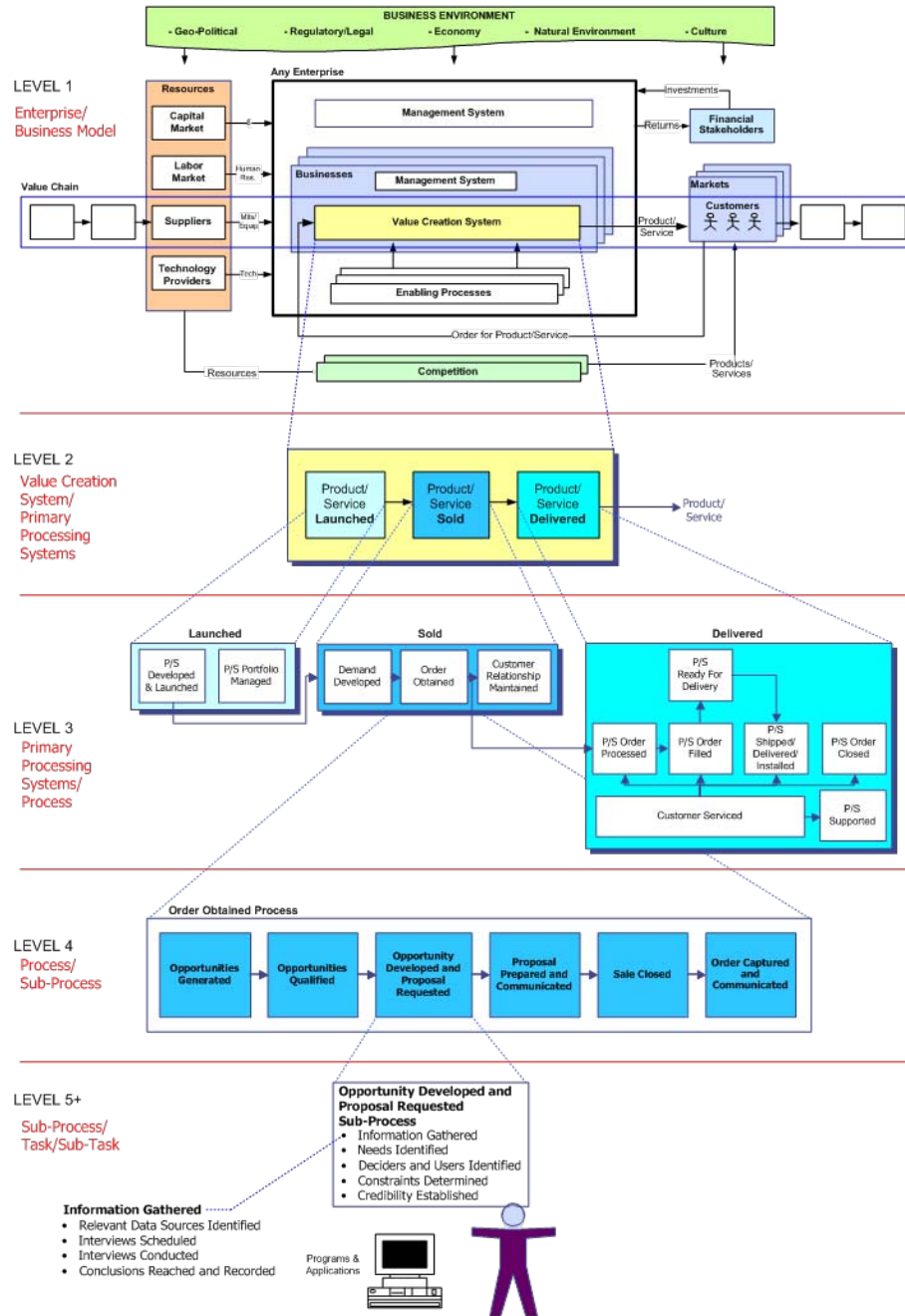
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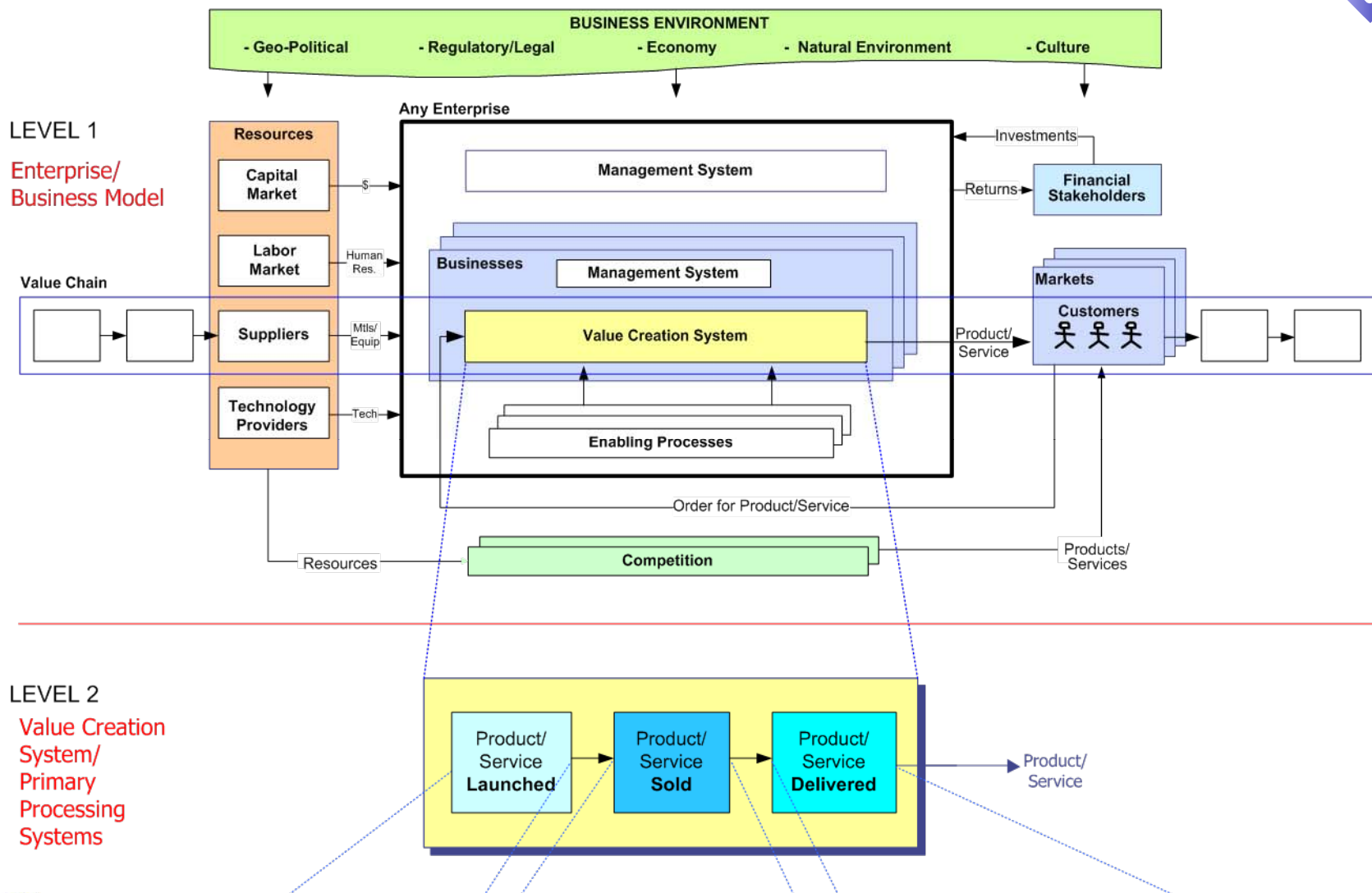


PROCESS is a construct or artifice for organizing value-add work so it:

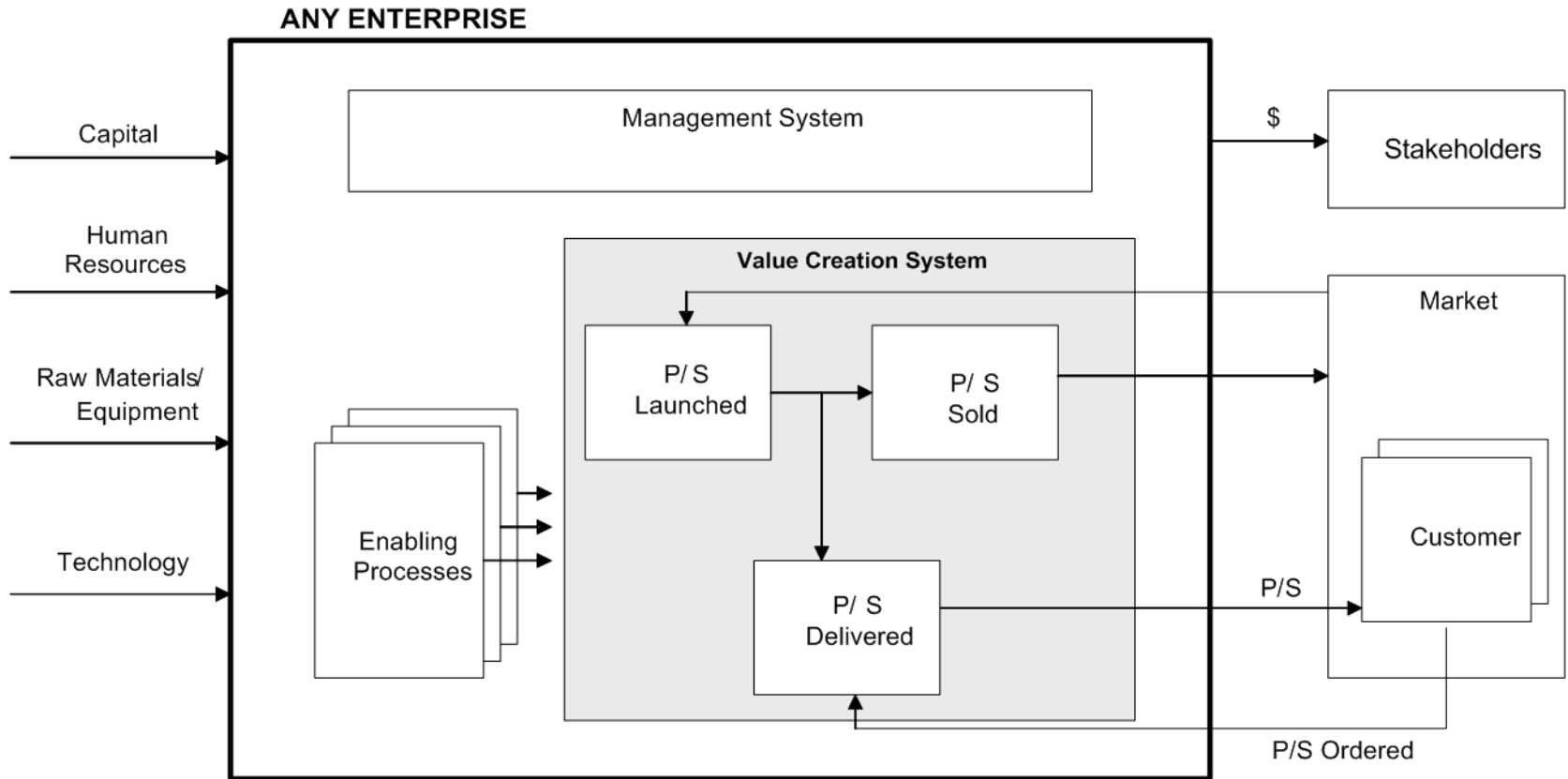
- Can be **Performed** effectively and efficiently
- Can be **Managed** effectively
- Offers the potential for a **Competitive Advantage**

# Value Creation Hierarchy



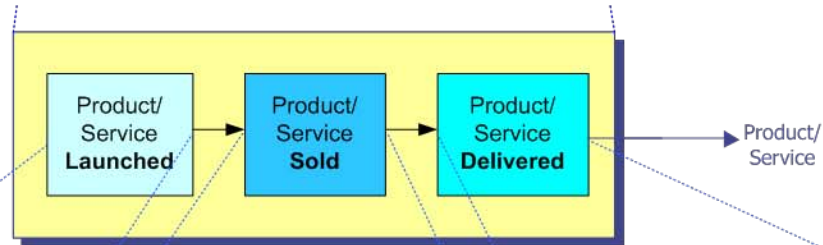


# Value Creation System Model

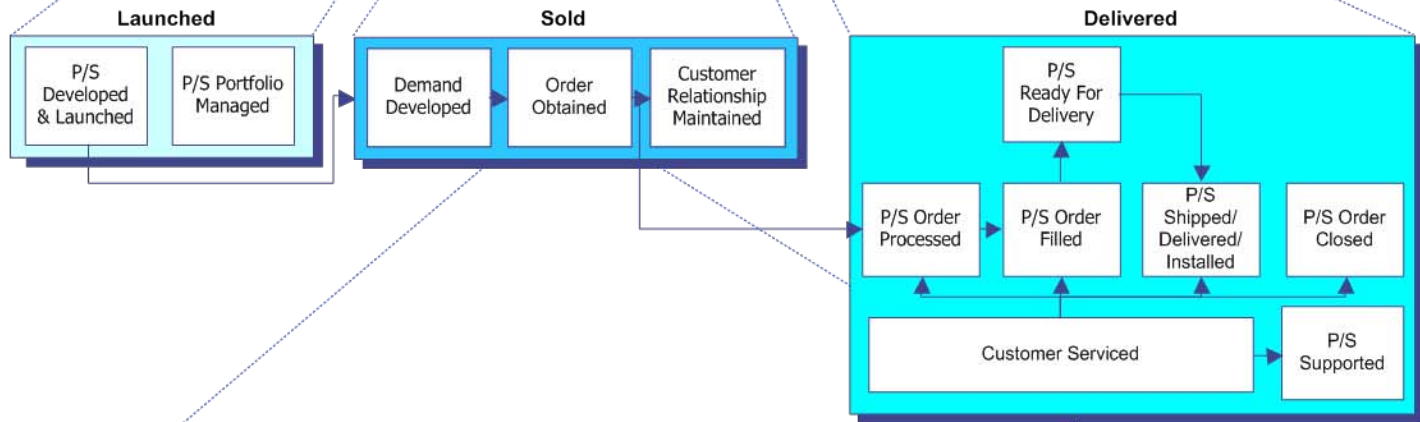


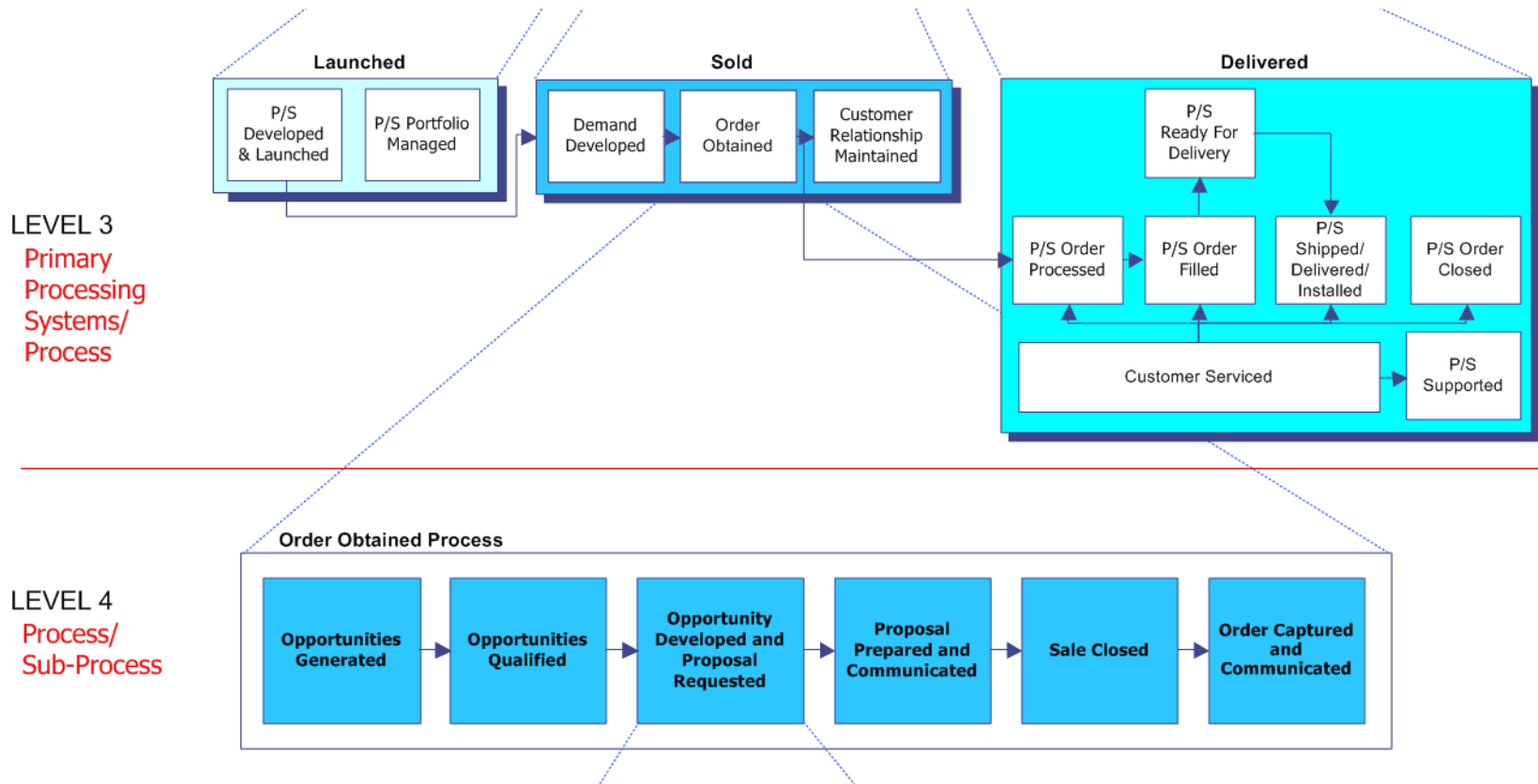


LEVEL 2  
Value Creation  
System/  
Primary  
Processing  
Systems



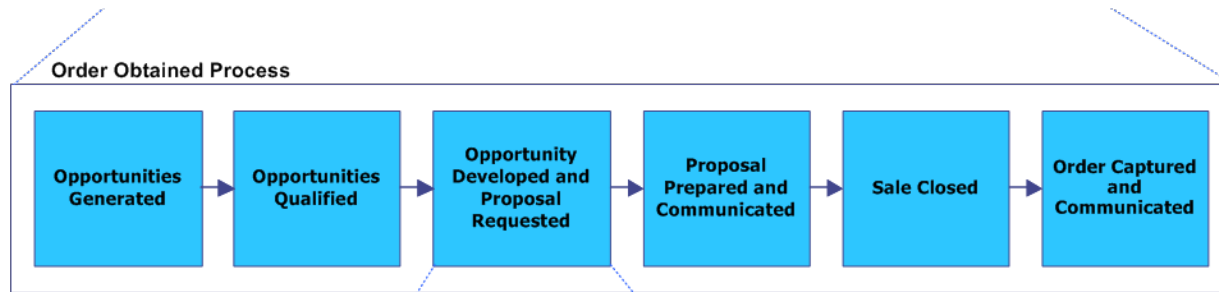
LEVEL 3  
Primary  
Processing  
Systems/  
Process







LEVEL 4  
Process/  
Sub-Process



LEVEL 5+  
Sub-Process/  
Task/Sub-Task

**Opportunity Developed and Proposal Requested Sub-Process**

- Information Gathered
- Needs Identified
- Deciders and Users Identified
- Constraints Determined
- Credibility Established

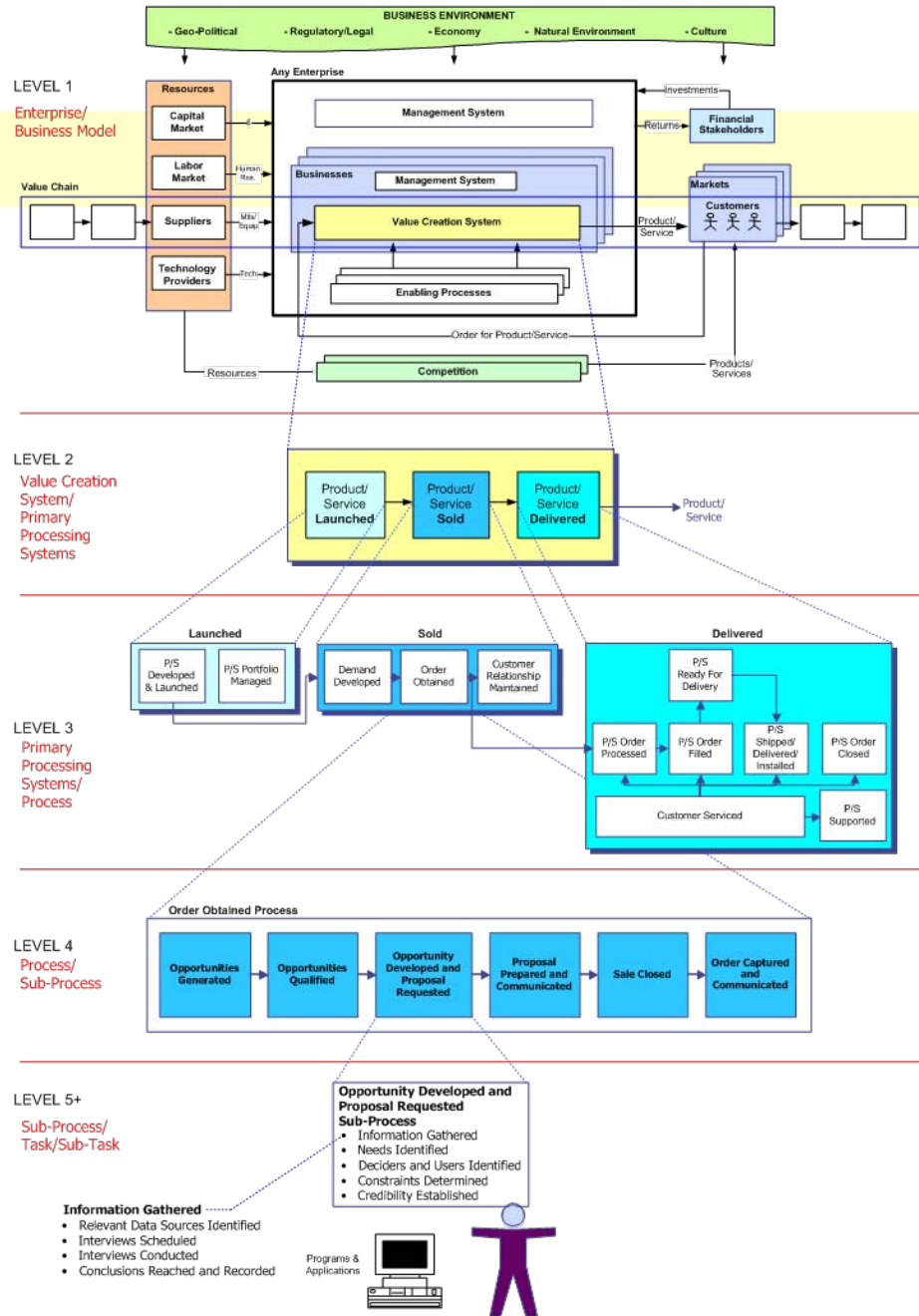
**Information Gathered**

- Relevant Data Sources Identified
- Interviews Scheduled
- Interviews Conducted
- Conclusions Reached and Recorded

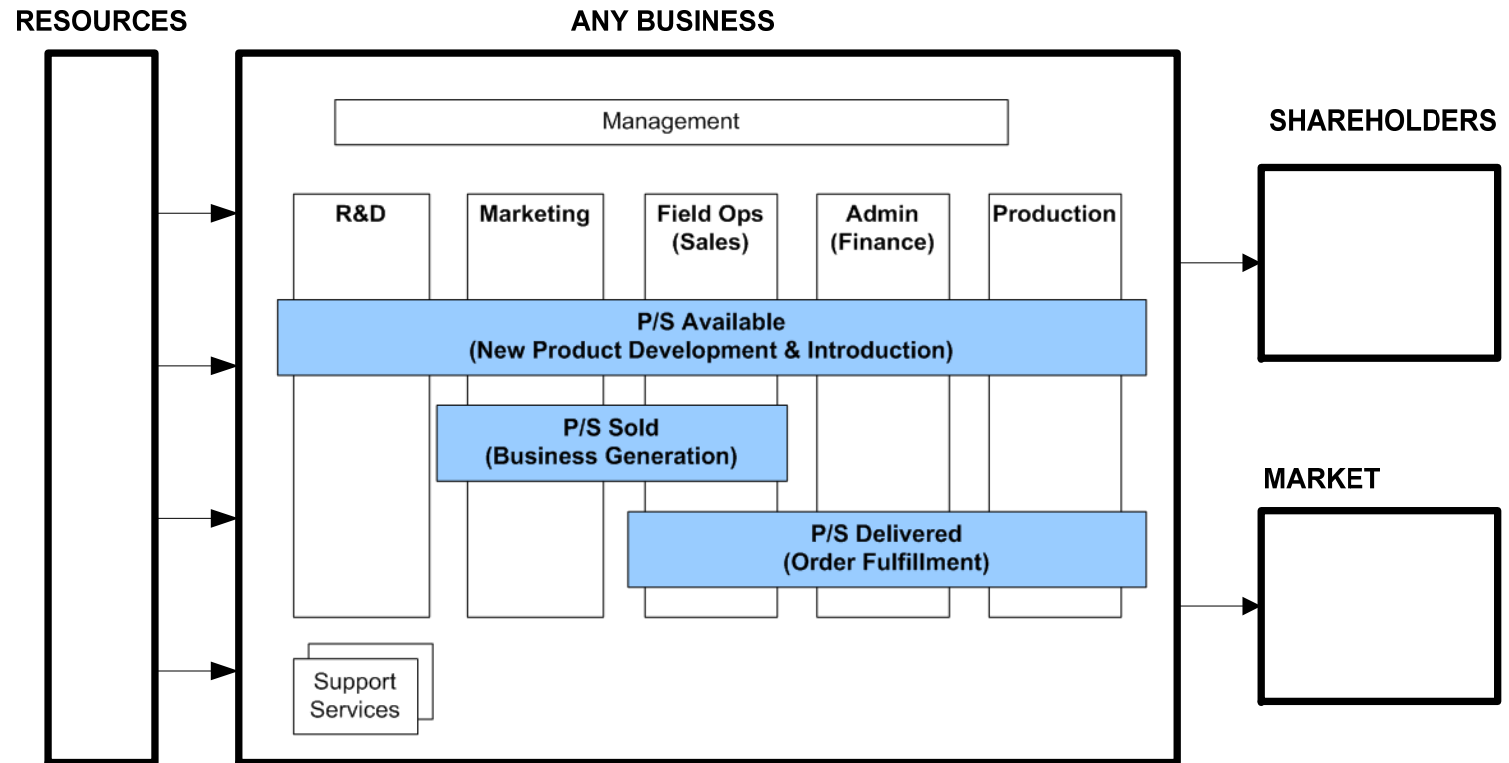
Programs & Applications



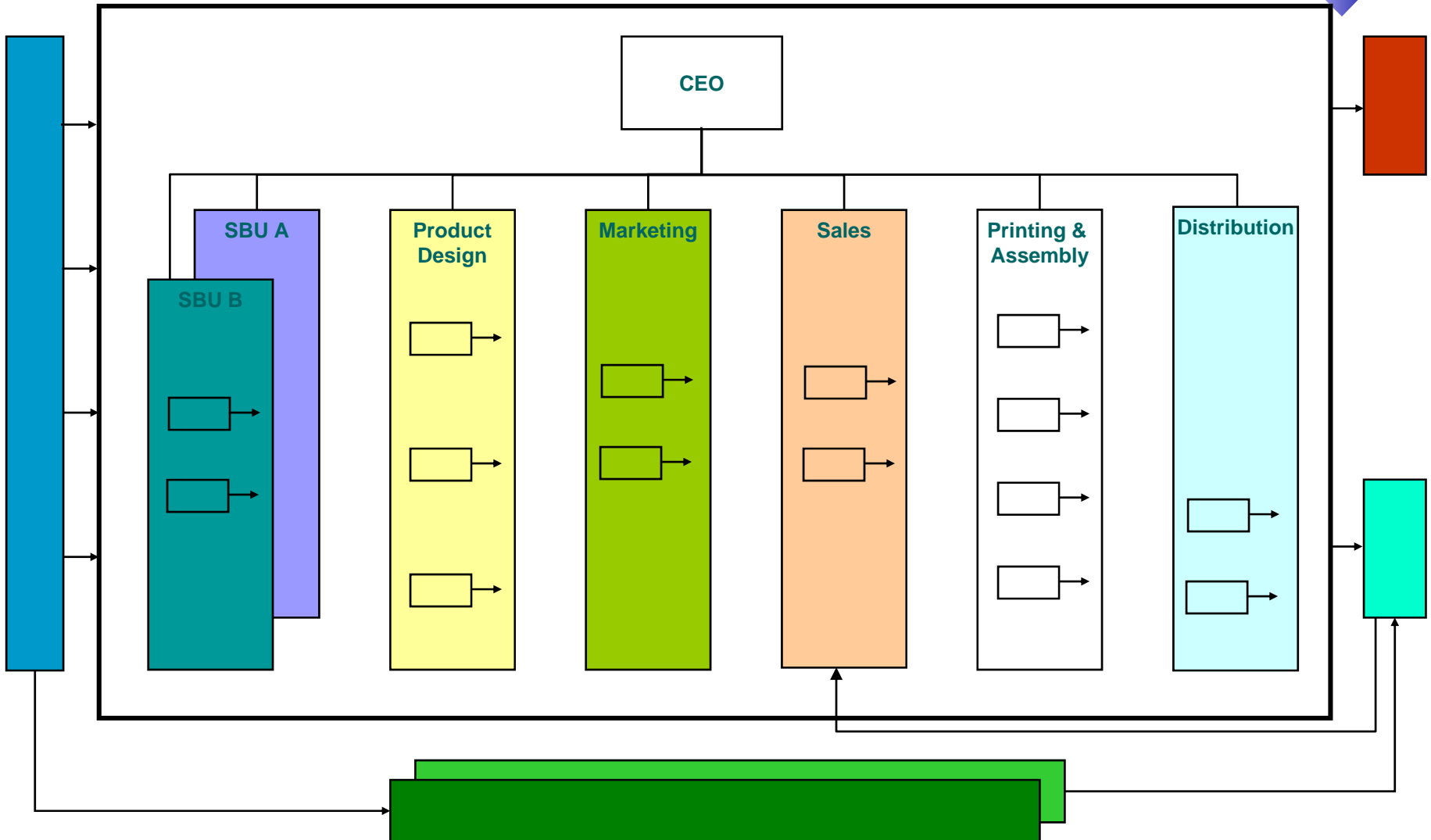
# Value Creation Hierarchy



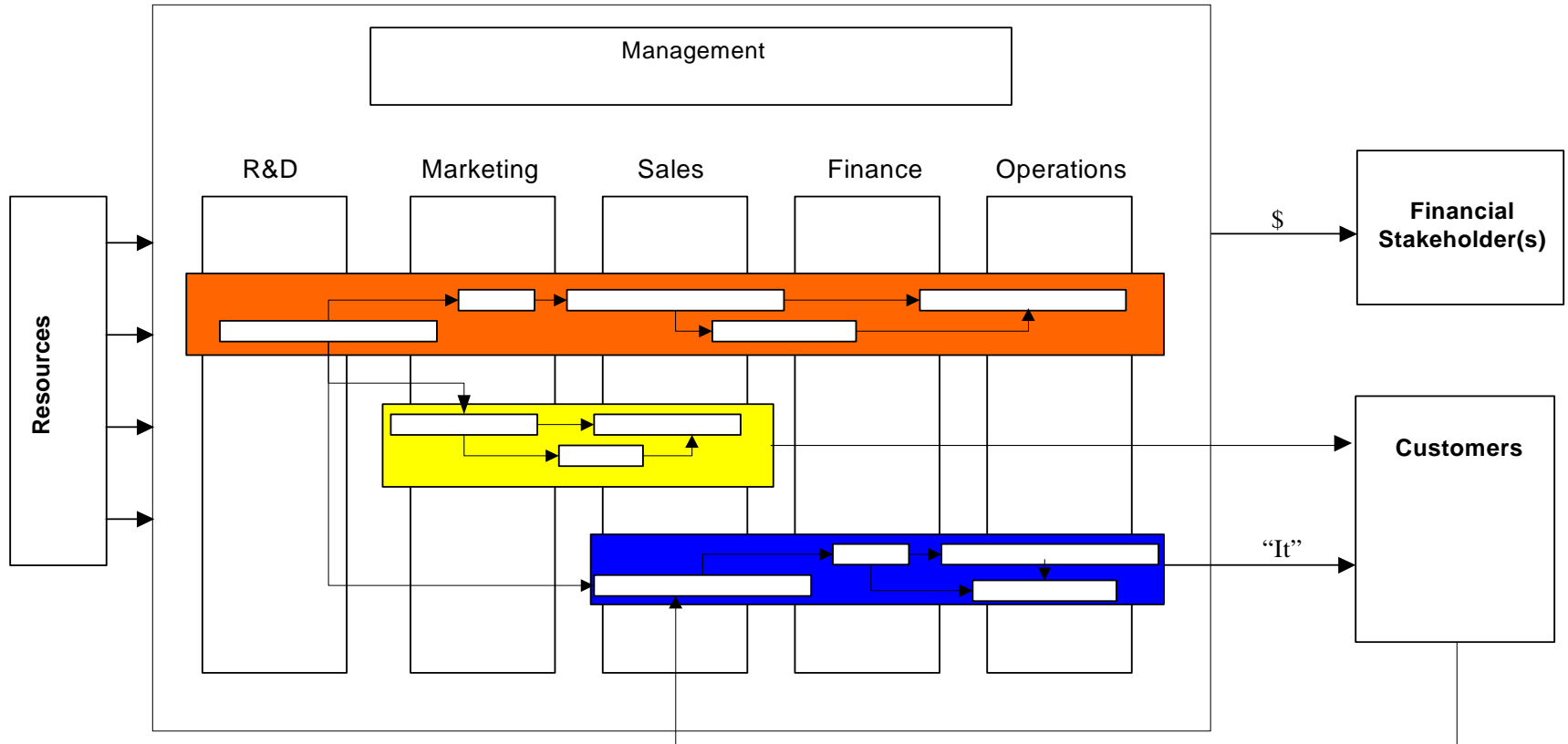
# Two Dimensions of an Organization



# Process View #1



# Process View #2



# Participant Assessment

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- ◆ Where are you?
- ◆ Where do you want to go?
- ◆ Questions

# Potential Pitfalls

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- ◆ Process Identification
- ◆ Process Improvement
- ◆ Process Management
- ◆ Effort Management

# Process *Identification* Pitfalls

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- ◆ Not starting with the systematic identification of key processes.
- ◆ Not starting at the business, value chain and Primary Processing System level.
  - Starting in the sub-optimization zone, with no objective link to business and customer requirements
- ◆ Not organizing the work using the criteria of
  - Effective performance and management of the work
  - The potential for a competitive edge

# Process *Identification* Pitfalls (Continued)



## ◆ Outside

- Adopting a generic list of processes or reference model.

## ◆ Inside

- Not working directly with senior management
- Starting at too low a level in the organization
- Starting in functional silos
- Operating without a roadmap

# Process *Improvement* Pitfalls

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If processes not linked to the value chain and Primary Processing System levels, subsequent process improvement efforts will have these problems.

1. The criteria for selecting processes for improvement will not be tied to specific business needs.
2. The inability to link process improvement results to business results.

## Process *Improvement* Pitfalls (Continued)



3. No “natural” maintenance of process improvements because no obvious connection to valued business results.
4. Process improvement efforts gravitate toward less relevant process improvement goals such as Maturity Model levels.
5. Competing performance/process improvement methodologies and orthodoxies.

## Process *Improvement* Pitfalls (Continued)



6. No clear responsibility for process improvement.
7. With no anchor to business requirements, process focus and efforts can quickly sink into the weeds.

# Process *Management* Pitfalls



- ◆ Failure to make the sale at the top of the house. Result is a staff driven, bottom-up effort.
- ◆ Processes defined from the bottom or middle-up. If processes are disconnected from the business, the subsequent *process management system is going to be disconnected from the business management system.*

## Process *Management* Pitfalls (Continued)

- ◆ Mistakenly equating “education/exposure” with “commitment”.
  - Awareness training ahead of application opportunities.

# Effort Management Pitfalls

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- ◆ Not selling the right benefits
- ◆ Not selling to the right buyer
- ◆ Not getting a commitment from the business to lead the effort
- ◆ Not supporting line executives with the best staff possible (plus experienced external resources)

## Effort Management Pitfalls (Continued)



- ◆ Not having a master plan or journey map.
- ◆ Using a Maturity Model as a roadmap.

# A Proposed Journey to the PCO

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- ◆ The Vision
- ◆ Guidelines
- ◆ Summary Comparison
- ◆ A Map
- ◆ Implications

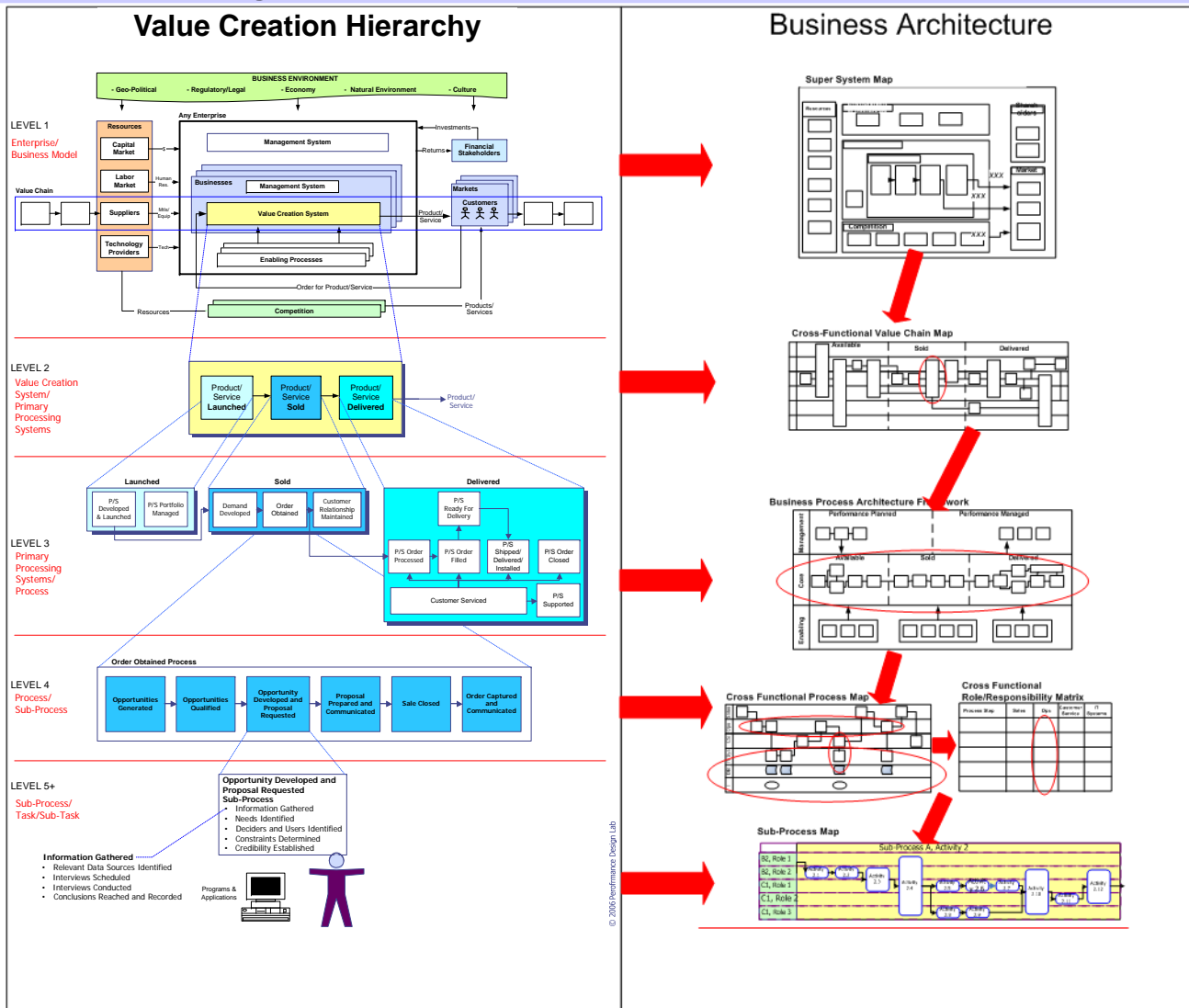
# The Vision

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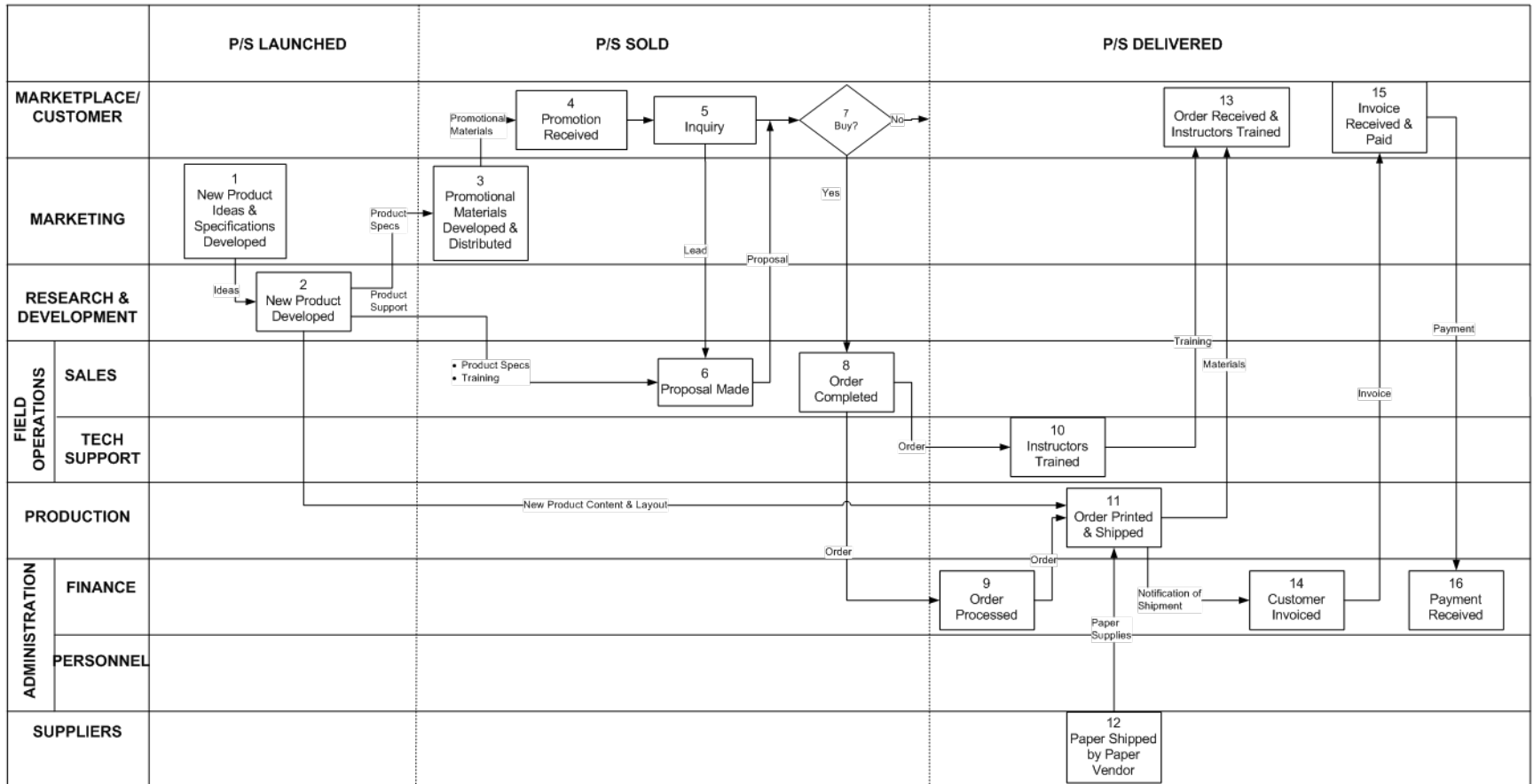


- ◆ Process Infrastructure
- ◆ Management System

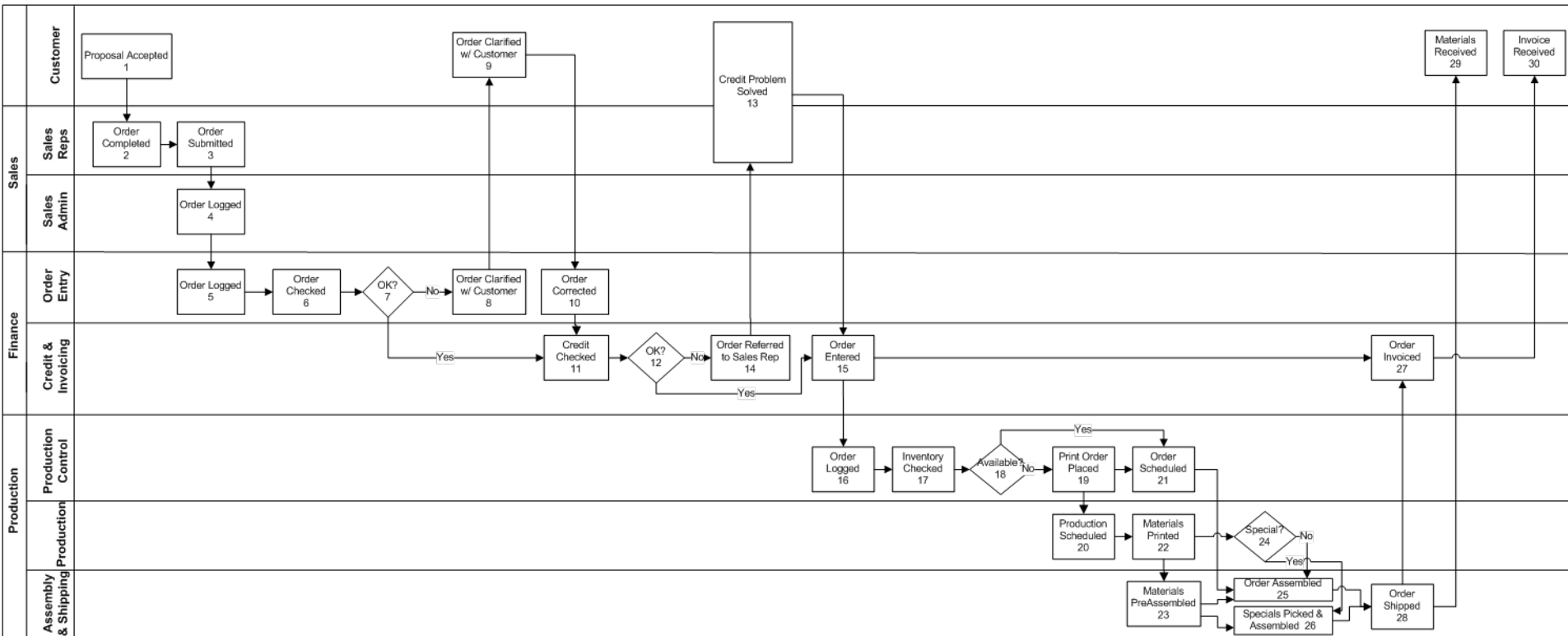
# VC Hierarchy and VC Architecture



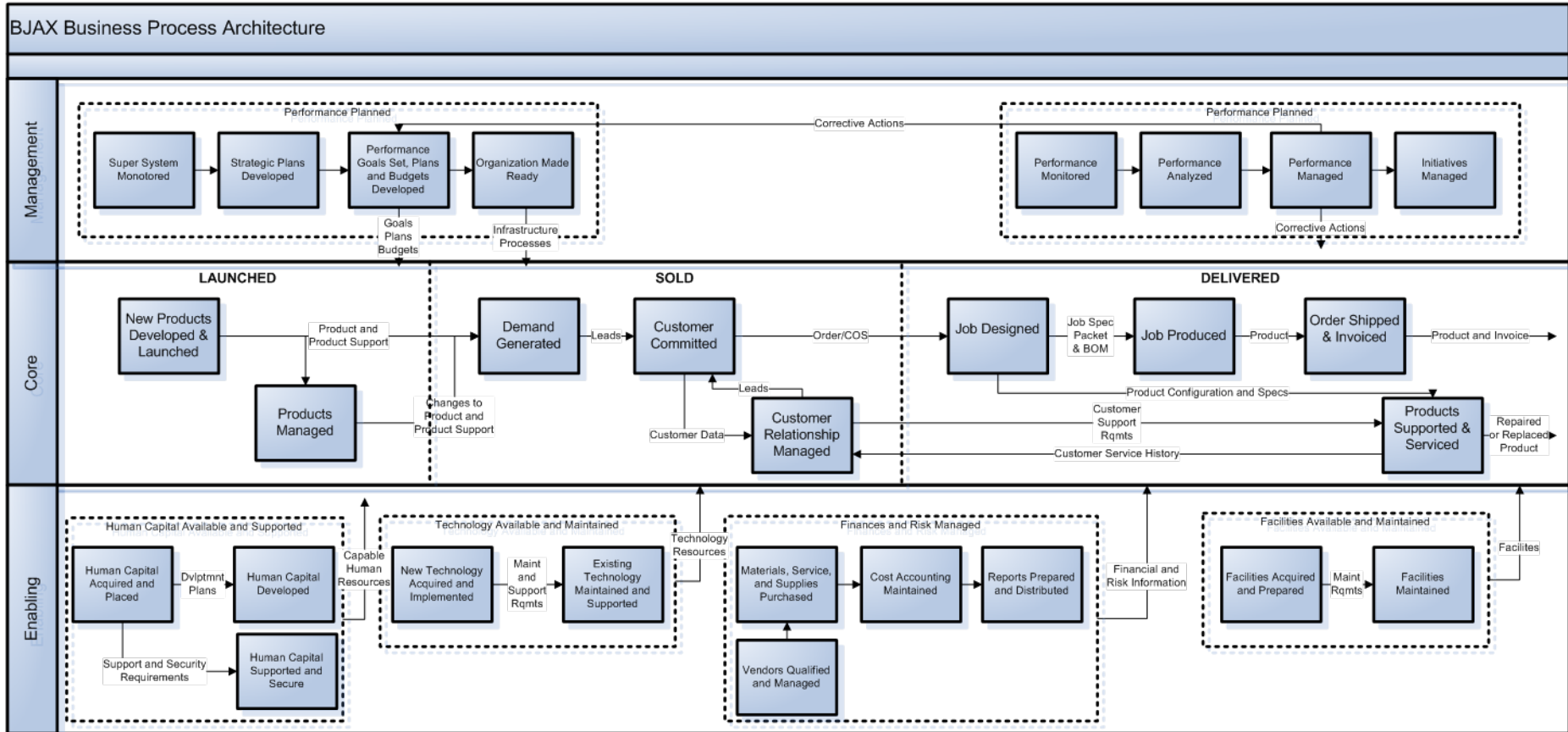
# Cross-Functional Value Creation Map



# Cross-Functional Process Map



# Business Process Architecture Framework



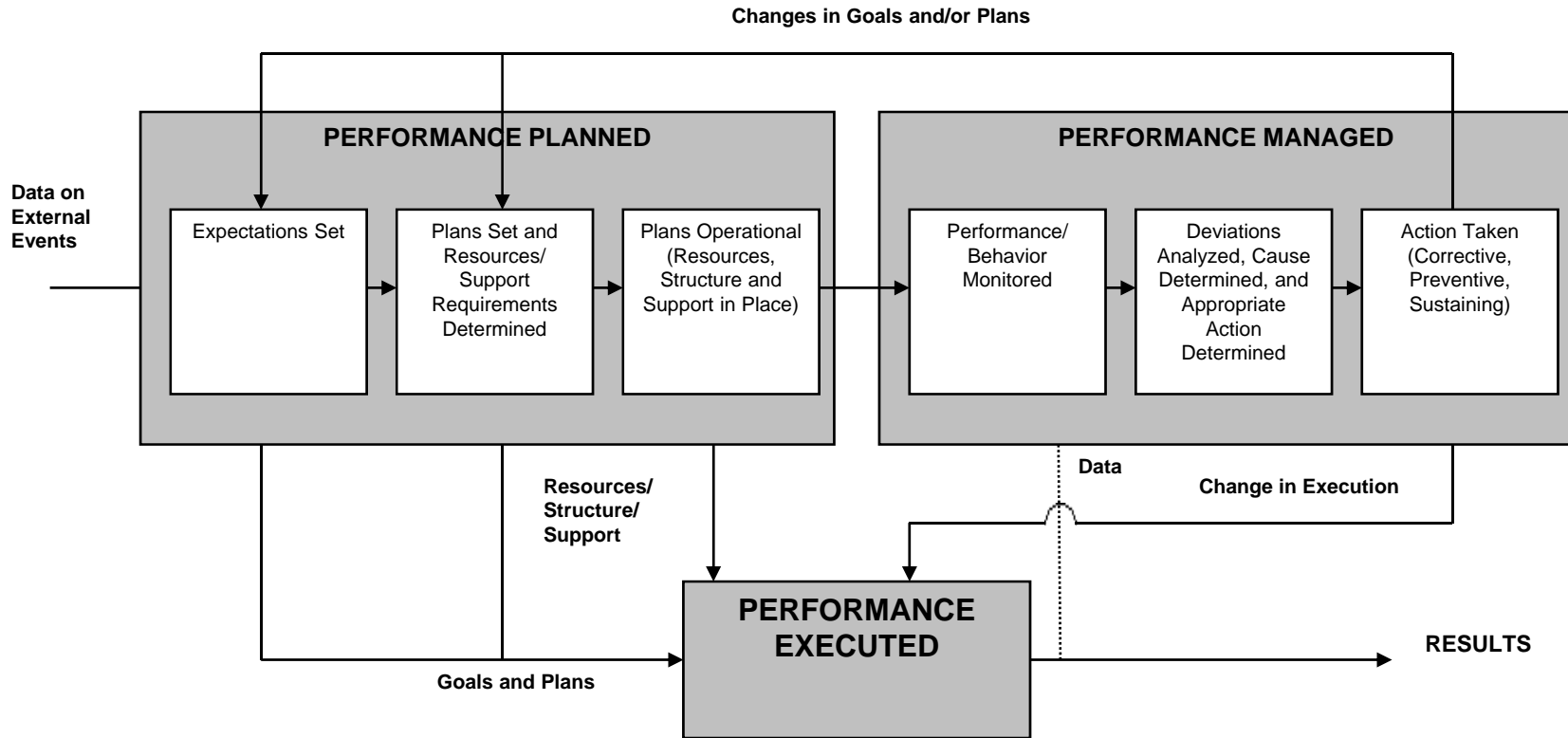
# Management System

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- ◆ Management Model
- ◆ Management Information System

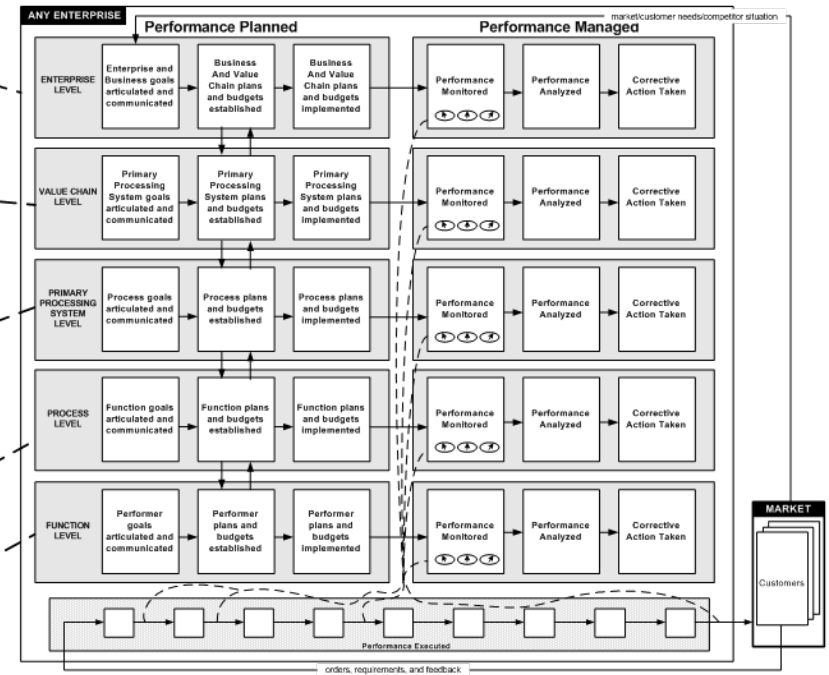
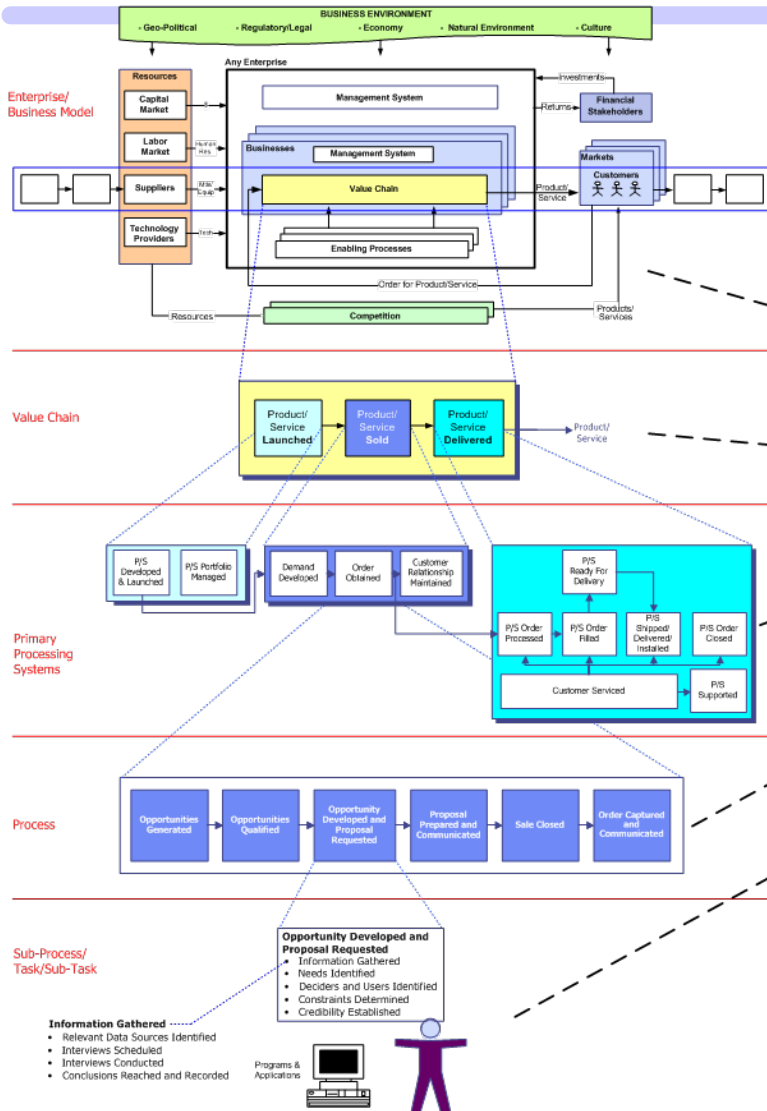
# Management Model



# The work that must be managed



## The corresponding work management system



# Journey Critical Success Factors

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- ◆ PMO Journey Vision/Mission
  - Clear Vision
  - Shared Vision/Mission
  - Commitment, not sponsorship

# Critical Success Factors (Continued)



## ◆ PMO Journey Design and Management

- Journey Roles
  - Executive Team
  - Design Team
  - Guide Team
- Journey Plan
  - Clear, detailed, multi-year
  - Developed by Design and Guide teams and approved by Executive team

# Critical Success Factors (Continued)



## ◆ Process (Work) Structure

- Work structure must efficiently and effectively deliver value to customers.
- Identification of processes follows the Processing System Hierarchy
- Final process structure captured in a management friendly BPA map.

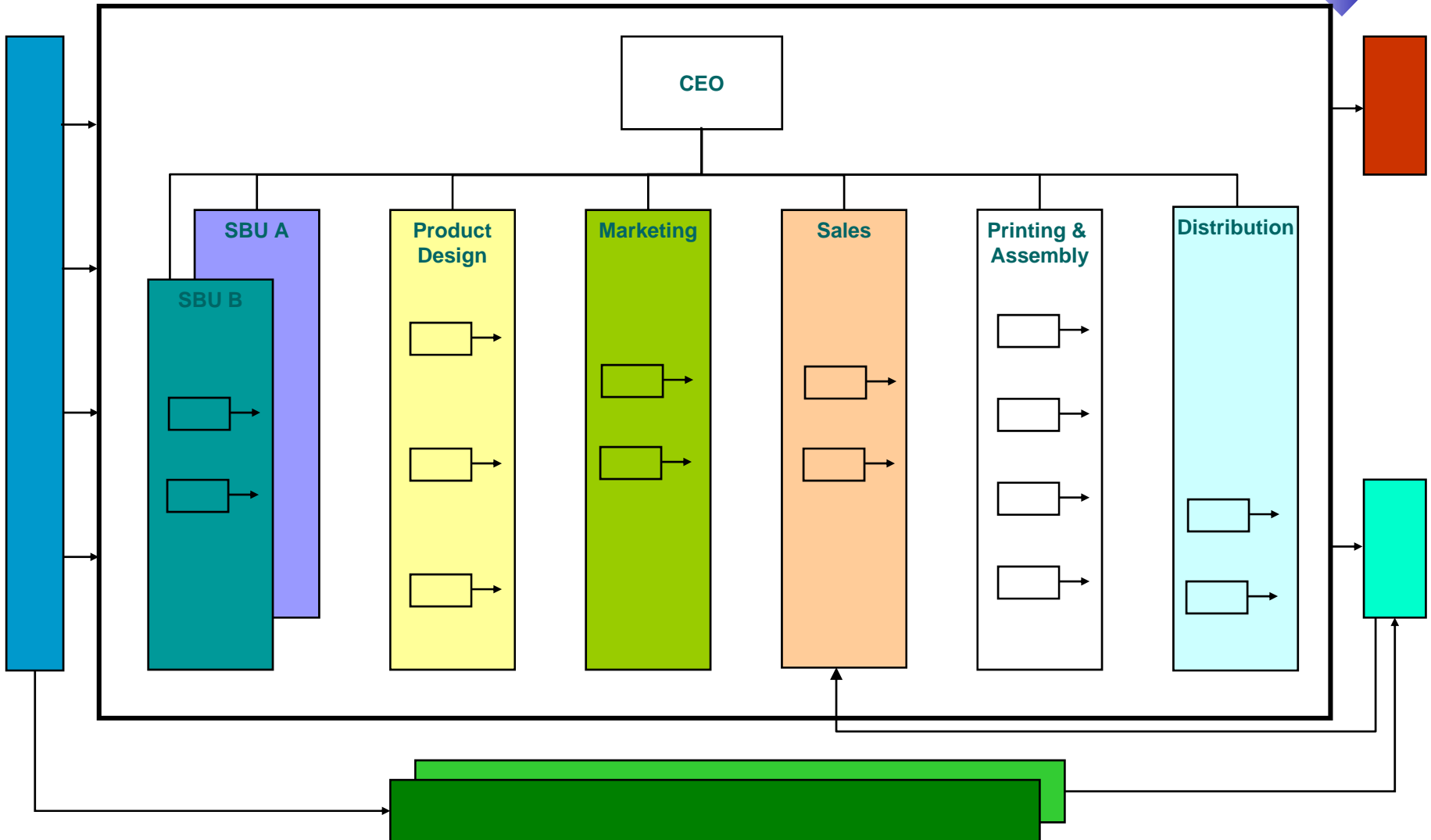
# Critical Success Factors (Continued)



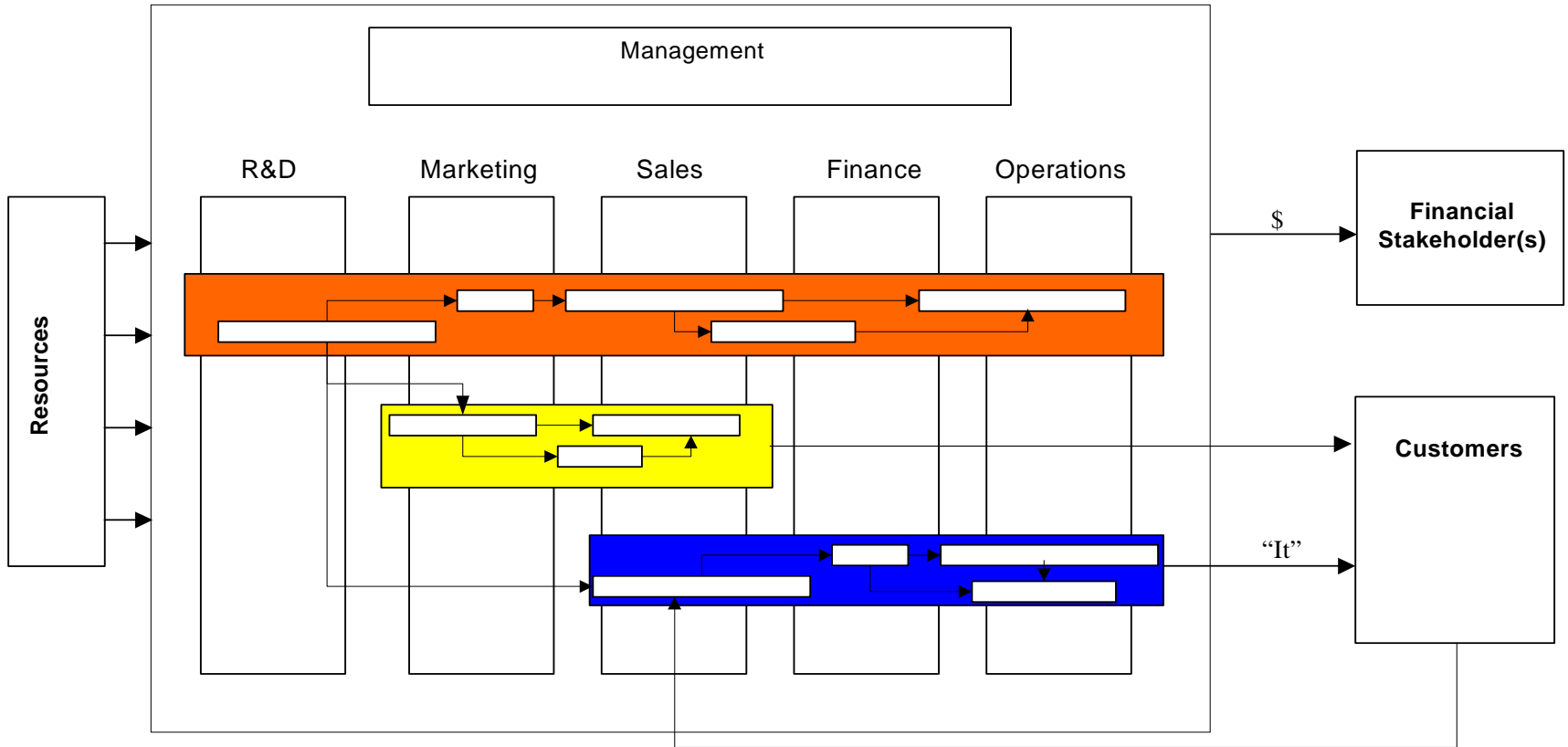
## ◆ Process Management

- Journey is about enterprise/business management, not process management
  - There is Process Management as part of a comprehensive top-to-bottom enterprise/business management system
- Management System implemented in several phases, starting from the top of the Processing System Hierarchy and continuing to the bottom

# Typical Approach



# The PDL Approach



# Summary Comparison



Typical Effort	PDL Approach
<ul style="list-style-type: none"><li>◆ Processes not linked to organization results</li><li>◆ Processes functionally defined</li><li>◆ Processes from generic lists</li><li>◆ Process management system is not integrated with the business management system – a “bolt-on” governance system, operating in parallel.</li><li>◆ PMO effort done in a staff process excellence cocoon.</li></ul>	<ul style="list-style-type: none"><li>◆ Processes in a Value Chain context, a Business Process Architecture context and linked to customers</li><li>◆ Process as a way to organize cross-functional work for effectiveness and manageability</li><li>◆ A unique business process architecture, leading to competitive advantage</li><li>◆ No process governance issues – The process management system <i>is</i> the organization management system.</li><li>◆ PMO effort done in concert with business management.</li></ul>

# A Map

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(Handout)

- I. Why a Process Centric Organization (PCO)?
- II. Characteristics of a PCO
- III. Potential Pitfalls on the way to a PCO
- IV. A Proposed Journey to the PCO
- V. Getting Started**

# Getting Started

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- ◆ Barriers
- ◆ Plan
- ◆ Next Steps