Stop Playing Games with the Numbers!

How to Create a Process Driven Organization

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Executive Summary:

Goals are often established throughout an organization, where managers are held accountable for achieving established objectives in their area of the business. This popular methodology of managing to process outputs might initially seem to be a good management practice; however, is this approach the best tactic?

I suggest that there are shortcomings with this management methodology, since this practice can encourage people to "play games with the numbers," which can result in unhealthy, if not destructive, organizational behaviors.

Playing games with the numbers is not unlike using a roulette wheel to do the best you can to achieve a numerical objective. This article describes a structured alternative for overcoming the shortcomings of a "meet-the-numbers (or else)" management methodology. Described are both the benefits, as illustrated in Figure 1, and how to's of creating an effective process-driven organization in a Business Process Management (BPM) system.
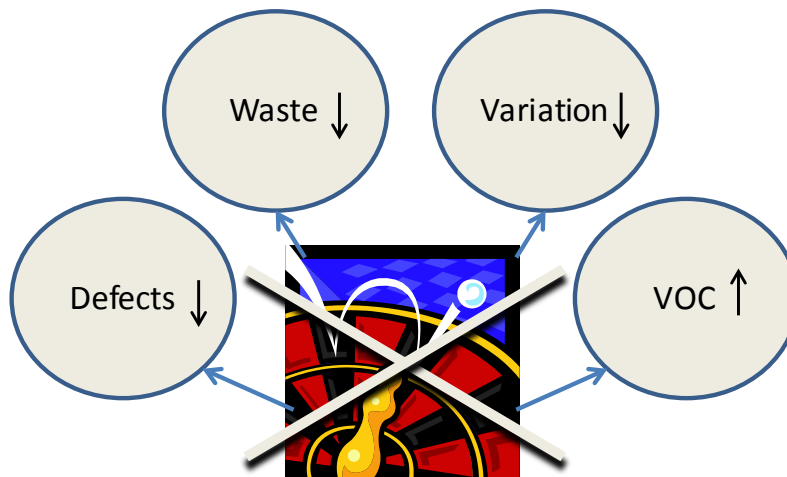

Figure 1: Avoid playing games with the numbers – the benefits

Introduction

Organizations create a vision statement to describe what they would like to be, while a mission statement is formulated to define the fundamental purpose of the organization. Processes provide the means through which a mission statement is executed. In contrast, a vision statement can provide the direction for what should be done to transition the organization to where it wants to be, through the execution and enhancement of processes.

The output of a process, or Y, is a function of the inputs to the process and the process itself. This relationship can be expressed as $Y=f(x)$, as illustrated in Figure 2. If the Y response of the process is not desirable, an input to the process or the process itself needs to be improved.

Businesses, non-profits, and governments benefit when they view their organization as a system of interconnected processes that needs orchestration which is consistent with both their mission and vision. When this is done, focus will be given to determine what can be done throughout the organization to better orchestrate the x's of the businesses so that the Y's of processes integrate and the enterprise as a whole achieves optimum success. Enterprises benefit greatly when their leaders and managers create a process-driven organizational culture, which is in alignment with the organization's vision.
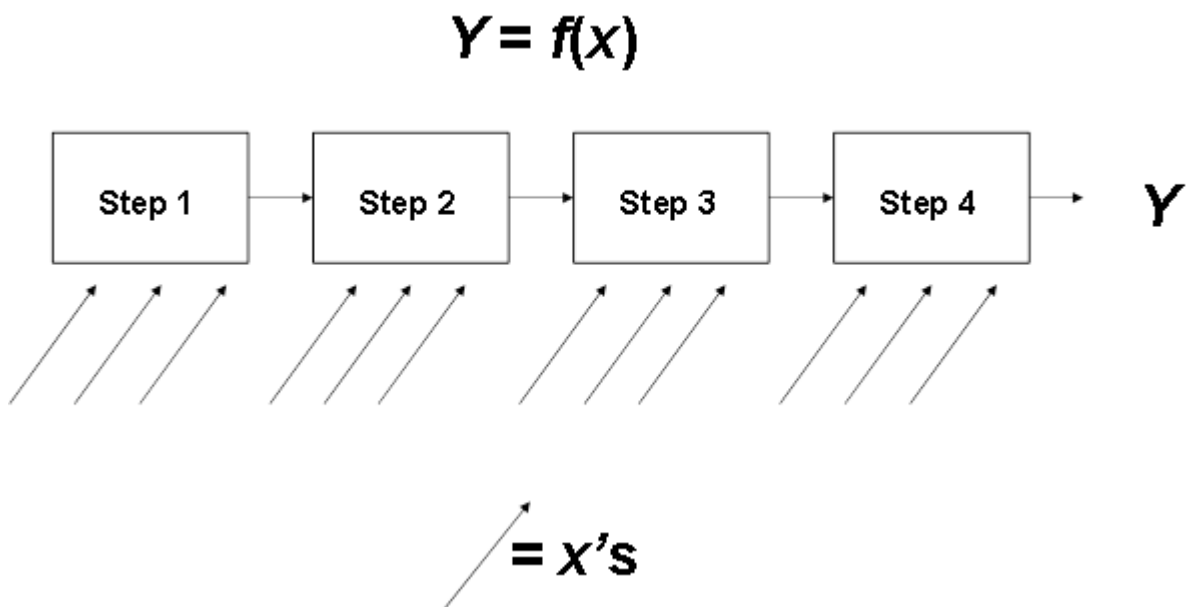

Figure 2: Process output (Y) as a function of its inputs and functional steps

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Benefits of a Process-driven Organization

In the book *Good to Great*[1], Jim Collins describes a Level 5 Leader as one who builds enduring greatness through a paradoxical combination of personal humility and professional will. The question is: how can organizational greatness be established so that it endures even after an effective leader is no longer there?

My response to that question is that Level 5 leaders need to create long-lasting, enduring processes that lead to the 3 Rs of business; i.e., everyone doing the Right things, and doing them Right, at the Right time.

In a process-driven organization, all participants understand their role and what they should be doing as

Truly great leaders aren't just rolling the dice

part of an overall integration of processes so that the organization as a whole benefits. A process-driven organization effectively utilizes measurements, data, analytics, and people's insight to both maintain control and determine what could be done differently so that the organization as a whole benefits. A process-driven organization avoids silo thinking where much effort can be expended to refine a process for the purpose of making a function's numbers look good when there is little or no benefit to the "big picture."

Benefits from an effective process-driven organization include:

- There will be less variation in the output of processes since process execution will consistently follow standard operating procedures.

- Defects will be fewer. There will be established systems for minimizing the likeliness of defect occurrence in new designs and for resolving the underlying root cause of defects that occur in established designs so that the likelihood of reoccurrences is minimized.

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- Workflows will give focus to minimizing waste from defects, overproduction, transportation, waiting, inventory, motion, and processing.

- Voice of the customer (VOC) will be systematically integrated into the development and execution of processes.

- There will be less firefighting the "problems of the day," and more fire prevention efforts will be undertaken to the refinement of processes so that previously discovered issues don't reoccur.

- New people can be brought up to speed more quickly through the documentation and training of standardized processes; i.e., avoidance of the last person training the next.

- Business risks will objectively be addressed and minimized in a systematic manner.

- Organizational constraints can be quickly determined and resolved so that the enterprise as a whole benefits.

- If growth is desired, there will be better knowledge of where to grow; i.e., no guessing.

- If there are acquisitions, it will be easier to integrate organizational cultures.

Creation of a Process-driven Organization

In the BPM Body of knowledge book[2], there is an inclusion about the attributes for Enterprise Process Management (EPM). However, what I have found to be lacking in this book and in other literature on the topic is how best to orchestrate these methodologies with the documentation and measurement of processes.

The roadmap shown in Figure 3 addresses this need. In this figure, there is an Integrated Enterprise Excellence (IEE) orchestration of BPM and EPM. In this IEE BPM/EPM figure[3], the application of BPM methodologies is described across the top, while the execution of EPM is described vertically on the left side. The documentation and measurement of processes is addressed in the figure through the IEE value chain, which is an extension of Porter's value chain[4].

The IEE value chain maintains alignment with the organizational vision and mission (upper left corner of figure) and is the foundation for implementing the process management and the enhancements at both the local (BPM) and enterprise (EPM) levels.
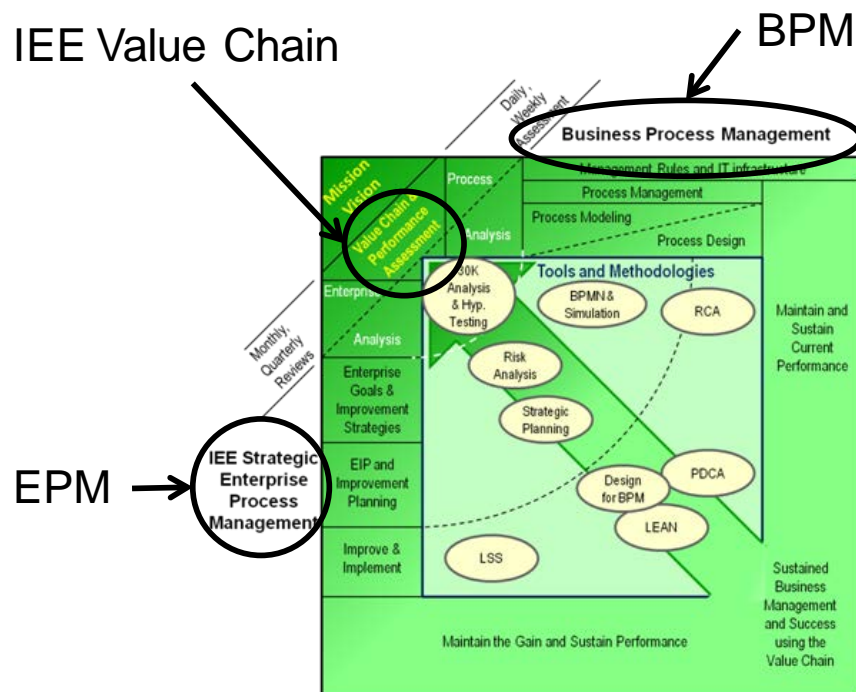

Figure 3: IEE Value Chain in an IEE BPM/EPM System

From *The Business Process Management Guidebook: An Integrated Enterprise Excellence BPM System*[3]

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IEE Value Chain

Organizations benefit when they build their process-driven organization using an IEE value chain foundation, which describes what the organization does, and how it measures its performance relative to executing these functions.

It is best to create an IEE value chain from the high-level enterprise level and work downward, where clickable drill downs and linkages are established throughout the organization. As part of a process-driven organization, benefits are gained when an IEE value chain provides timely access to information so that people can better perform their jobs throughout the organization.

Figure 4 illustrates a hospital's high-level value chain function. In this IEE value chain, primary activities are connected with an arrow, while support activities are shown as non-attached rectangular boxes. In Figure 5, there is an illustration of a drilldown of the high-level IEE value chain's function to its procedures and documentation. The Enterprise Process Management (EPM) function that is shown in figure 4 could manage the IEE BPM/EPM system.

With this approach to creating a process-driven organization, high-level primary and support activities or functions for the business are listed. Much is gained when each of these functions has an owner who is responsible for process execution in his/her function. Value-added, handoff, and control activities of the business are documented in the IEE value chain.
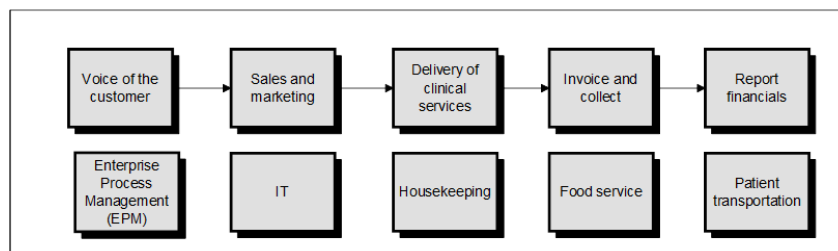
Figure 4: A Hospital's IEE Value Chain

From *The Business Process Management Guidebook: An Integrated Enterprise Excellence BPM System*[3]

Included in the IEE value chain is also process performance measurements, as illustrated in Figure 6. To reiterate, the IEE value chain basically describes what an organizational enterprise does, and how it measures what it does.
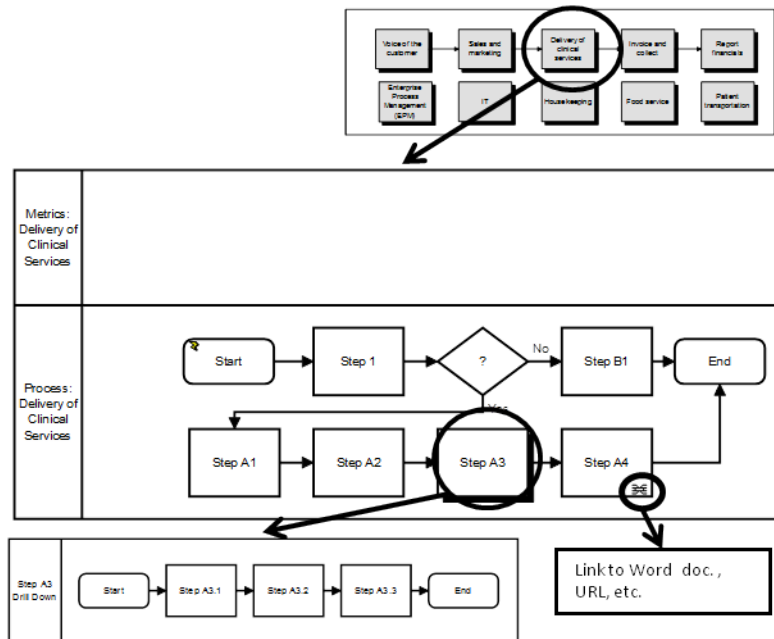
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Figure 5: IEE value chain highlighting process drill downs (Arrows describe IEE value chain drill downs.)

From *The Business Process Management Guidebook: An Integrated Enterprise Excellence BPM System*[3]

In addition to structurally documenting organizational processes, the IEE value chain provides a linkage to performance measurements, where there is predictive dashboard-reporting format that is to have an assigned ownership. This 30,000-foot-level reporting format for scorecards has much benefit, including the reduction of organizational firefighting.

 It is beneficial for organizations to have automated up-to-date performance metric reporting information so that access to this information can be given to authorized users through a clickable interface. A means for creating this interface is provided in the Enterprise Performance Reporting System (EPRS) software[5].
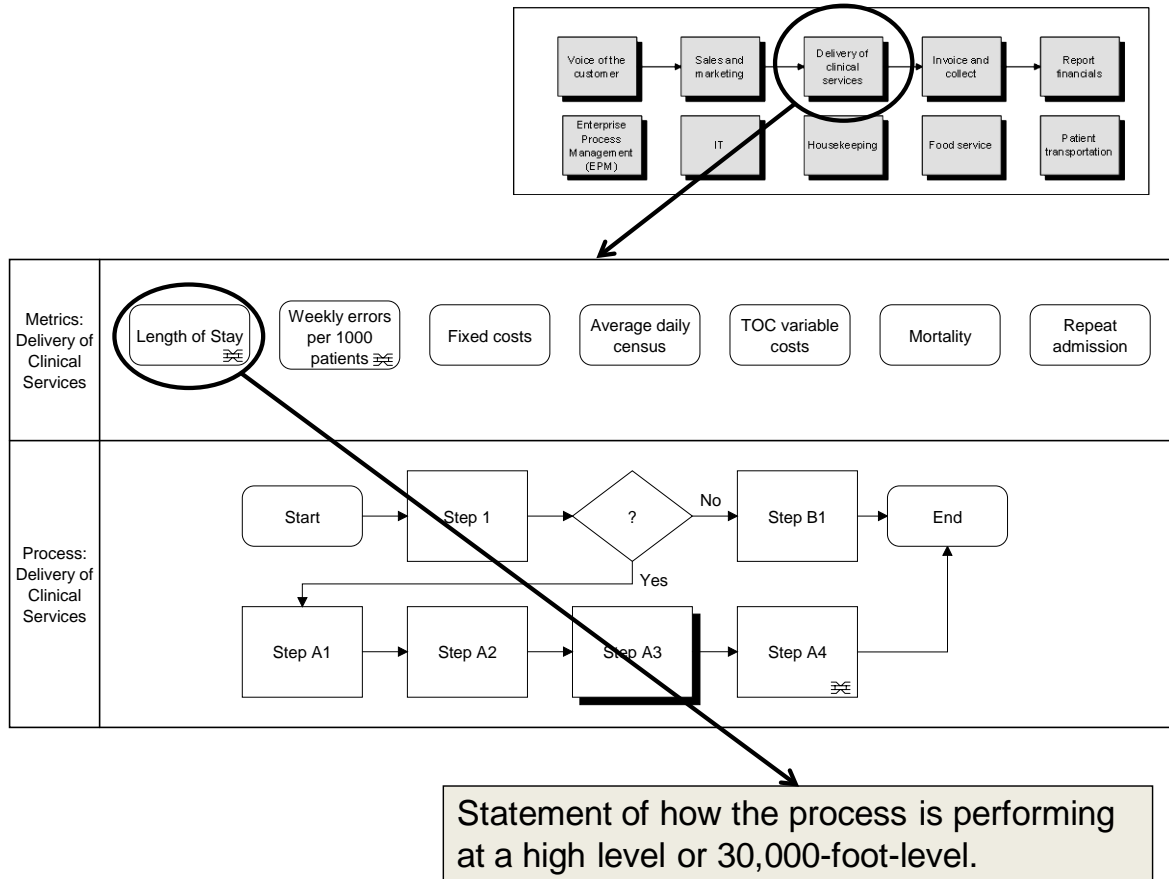
Figure 6: IEE value chain for a hospital highlighting a drill down to a 30,000-foot-level metric report, where arrows describe IEE value chain drill downs.

From *The Business Process Management Guidebook: An Integrated Enterprise Excellence BPM System*[3]

Summary

Organizations gain much when they create a process-driven organization. The IEE value chain provides a foundation from which organizations can effectively implement other aspects of BPM and EPM.

The described IEE BPM/EPM system provides a roadmap for the establishment of a process-driven-organizational culture, which provides a guiding light for effectively executing and integrating processes, which are aligned to the effective achievement of their mission and vision.

For more information about the described concepts in this whitepaper see:
https://www.smartersolutions.com/business-system-iee/

References

1. Collins, J (2001), *Good to Great*, Harper Business.

2. *ABPMP BPM CBOK[®]*: Association of Business Process Management Professionals (2009), *Guide to the Business Process Management Common Body of Knowledge*, Version 2.0, Association of Business Process Management Professionals.

3. Breyfogle, F. W. (2013), *The Business Process Management Guidebook: An Integrated Enterprise Excellence BPM System*, Citius Publishing.
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4. Porter, M., (1985), *Competitive Advantage: Creating and Sustaining Superior Performance*, Free Press.

5. Enterprise Performance Reporting System (EPRS) software
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