Process Based Management
The Power of Process Management

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Cost Management, Process Management and Performance Based Management

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Agenda

- What leaders want
- Challenges for CFOs
- Why transform traditional thought models?
- The role of process management at the enterprise level
- The systematic and systemic view
- Summary

What Leaders Want

- Results

AND

- Accurate and timely financial information
- Earnings reliability
- Precise forecasts
- Compliance
- Sustainable growth

Challenges for CFOs

External Factors

- Sarbanes-Oxley
- Globalization
- Information technology revolution

Requirements

- Integrity
- Communication skills
- Sound controls
- Cost reduction
- Input to strategy

Transforming Traditional Thought Models

- Far too often – plans, budgets, rewards are defined by department

- Yet, value is created via the flow of cross-functional business processes

What is Business Process Management?

In BPM is a Team Sport, I defined it as:

The deliberative, collaborative, and increasingly technology-aided definition, improvement and management of a firm's end-to-end business processes.

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The Power of Process

"The performance of shareholders is best served if we perform for our customers... The fact is I think it is a matter of behavior and Mindset." (Ben Verwaayen, CEO British Telecom, 2004)
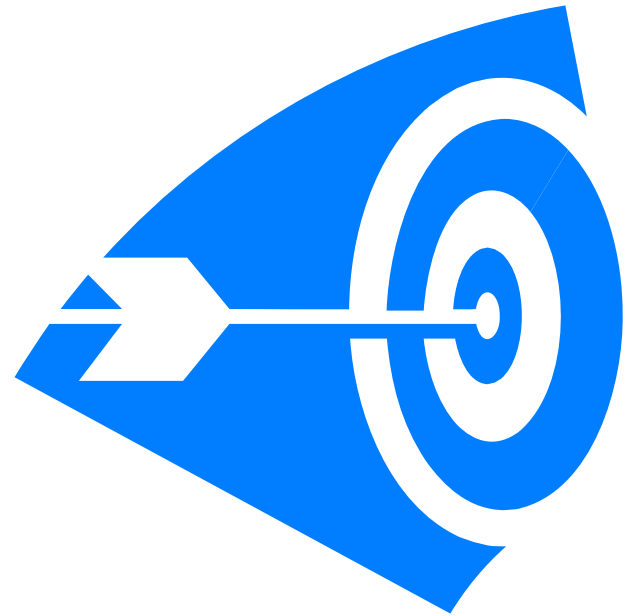
How Work Gets Really Done
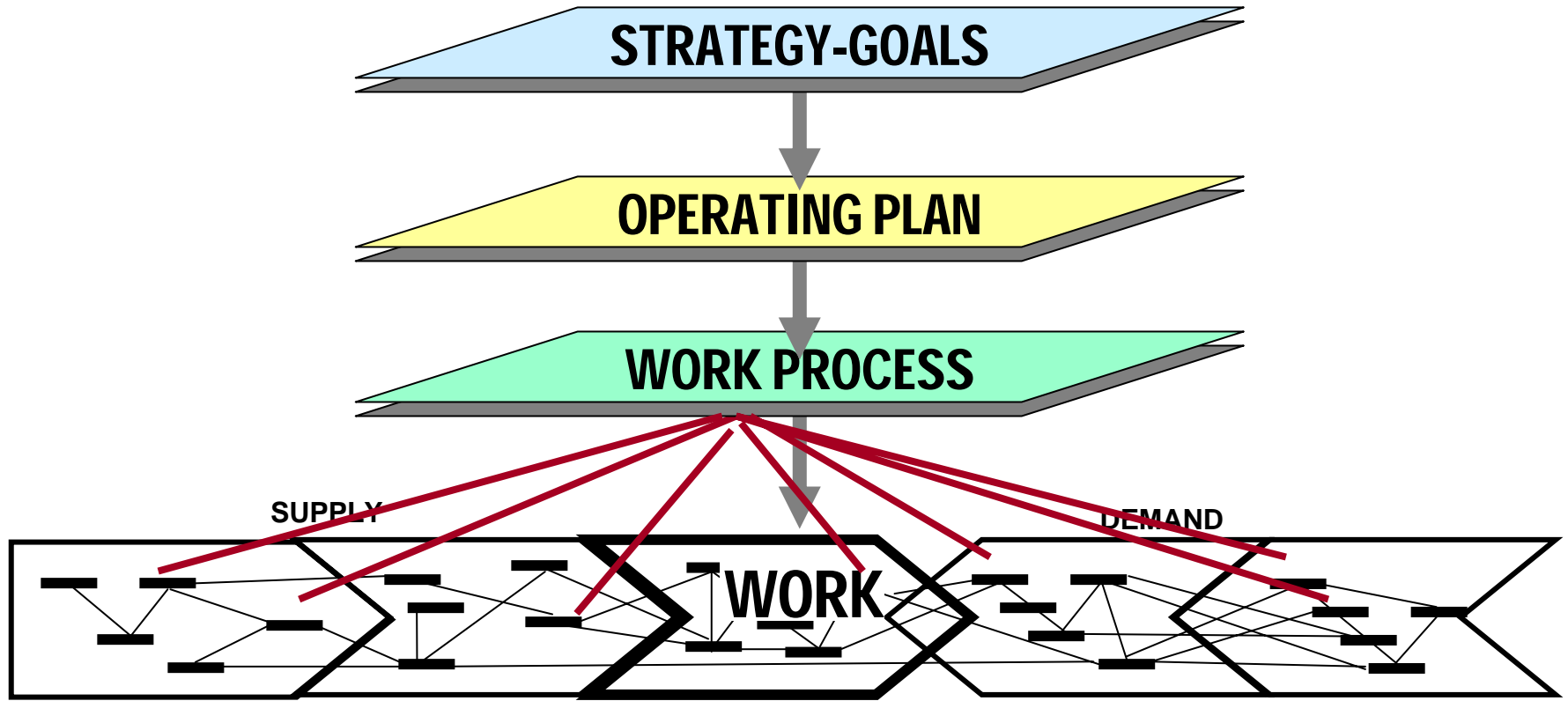
What's Needed?

A shift in conventional wisdom as it relates to:

- Strategy
- Leadership
- Engagement
- Growth
- M&A success

Strategy

"Activities are the basics of competitive advantage. Overall advantage or disadvantage results from all of a company's activities, not only a few." (Porter, 1996)

Engagement

- Conventional wisdom states that a firm needs to engage its employees in order to execute strategy.

- The needed shift in conventional wisdom is that process thinking can provide the needed context to engage the entire organization.

Leadership

- Know the business, insist on realism
- Set clear goals and priorities
- Reward the doers

What We Need to Improve

Growth

Products/Services Markets	Existing	New
Existing	• Flawless execution of product/service delivery	• Flawless execution of new product/service introduction • Flawless execution of product/service delivery
New	•Flawless execution of product/service delivery	•Flawless execution of new product/service introduction • Flawless execution of product/service delivery

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M&A Success

It's all about integration.

On Day 1 of a merger and everyday that follows:

- customer orders are taken, purchase orders are placed, goods are shipped and received, invoices are issued, money is collected and bills are paid

And all of the above is done flawlessly, safely, legally and on time.

Pictures Matter

If the only picture you have of the firm is an organization chart, don't be surprised if that then dominates your leaders' view of the business.
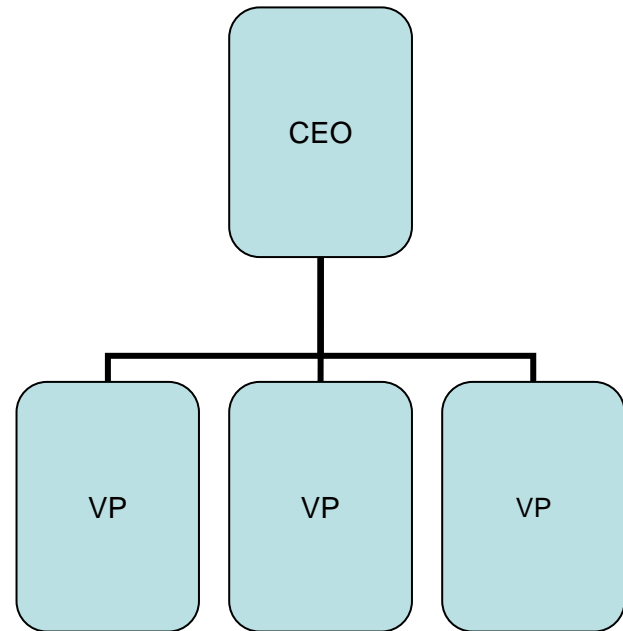
MANAGEMENT
Executive Owner
Process Owner
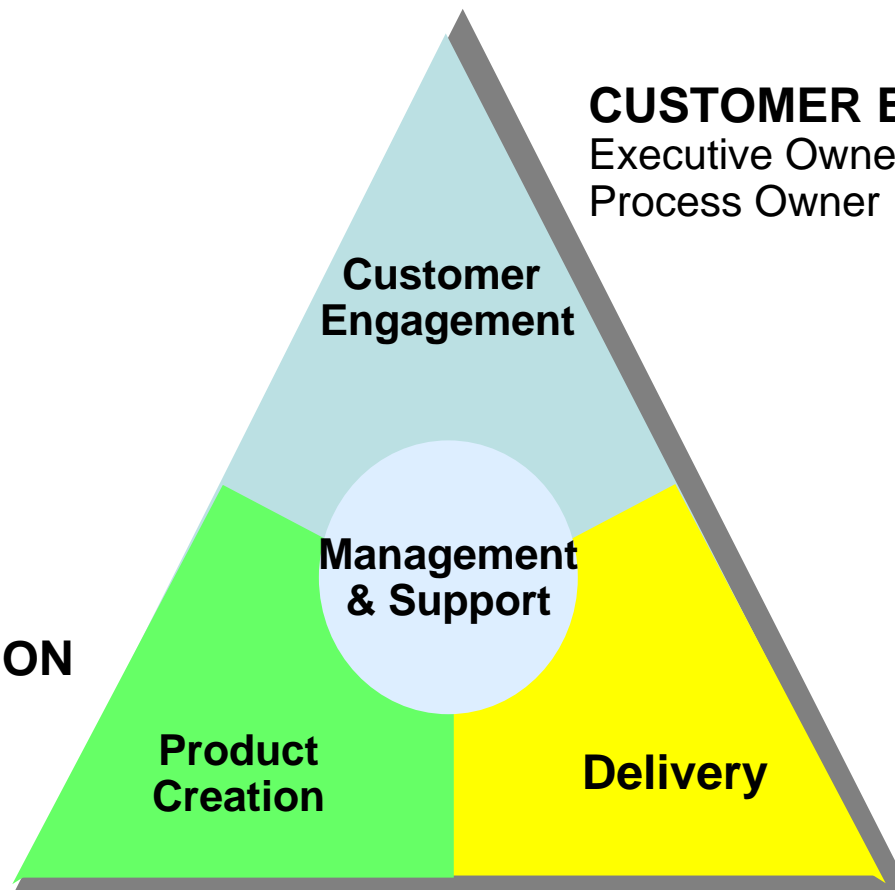SUPPORT processes:

CUSTOMER ENGAGEMENT
Executive Owner
Process Owner

Customer
Engagement

Management
& Support

PRODUCT CREATION
Executive Owner
Process Owner

Product
Creation

Delivery

DELIVERY
Executive Owner
Process Owner

Source: Nokia

Taking Action

The minimum requirements are:

- The right metrics
- A plan
- Accountability for performance
- Enabling information technology

Measures

A company has little hope of providing value to customers if it doesn't even measure on a sustainable basis how it is currently doing in performing for its customers.

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Measures
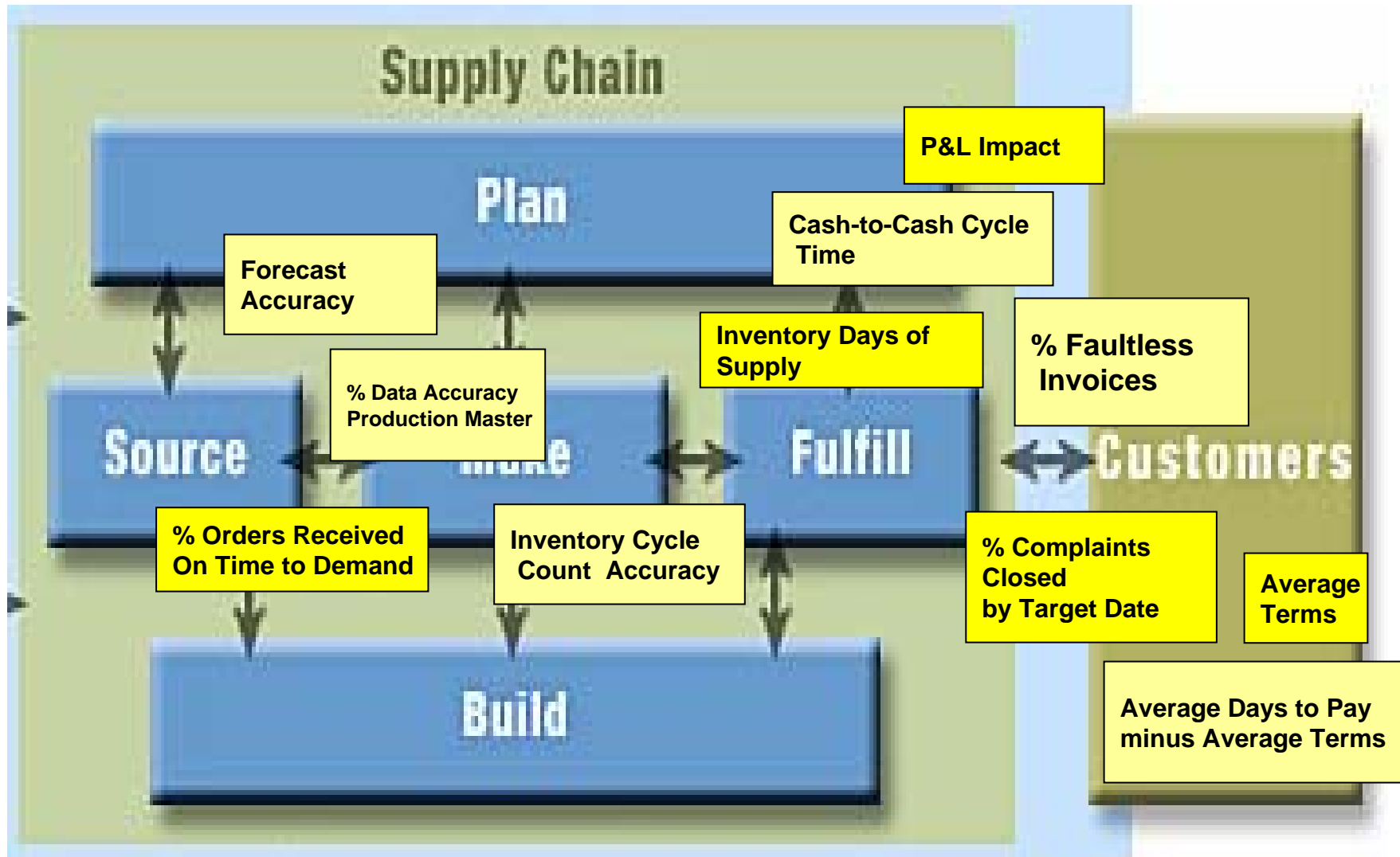
A Plan

Process thinking can be a powerful force, as long as the firm applies it in a systematic and systemic way.

That requires a plan which clearly answers the question "Which of our core processes need to be improved – by how much – by when - in order to achieve our strategic goals?"

Accountability

Companies struggle due to myopic measurement practices, and lack of accountability for ***cross-functional*** performance.

Enabling IT

The role of information technology (IT) is fundamentally to enable the performance of an organization's business processes in creating value for customers and shareholders.

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Summary

- Challenges for CFOs
- Must transform traditional thought models
- Measure what matters to customers
- The power of process management
- The systematic and systemic view
- Collaboration

Thank you

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