

Insights on the Road to Implementing Process Based Management



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Agenda

- Key Principles of Process Based Management
- Key Learnings from the Case Studies
- Current Research



What's the Big Deal About Process Based Management?

Processes are how all organizations provide products and services to their customers

However:

Most organizations do not understand or manage their processesor they manage a process in isolation



Thus.....

Most organizations do not manage how they provide products or services to their customers.



Our Premise:

The management approach of leading organizations is evolving toward a holistic approach of Process Based Management.



Current Pains that Could Benefit from a Process Focus:

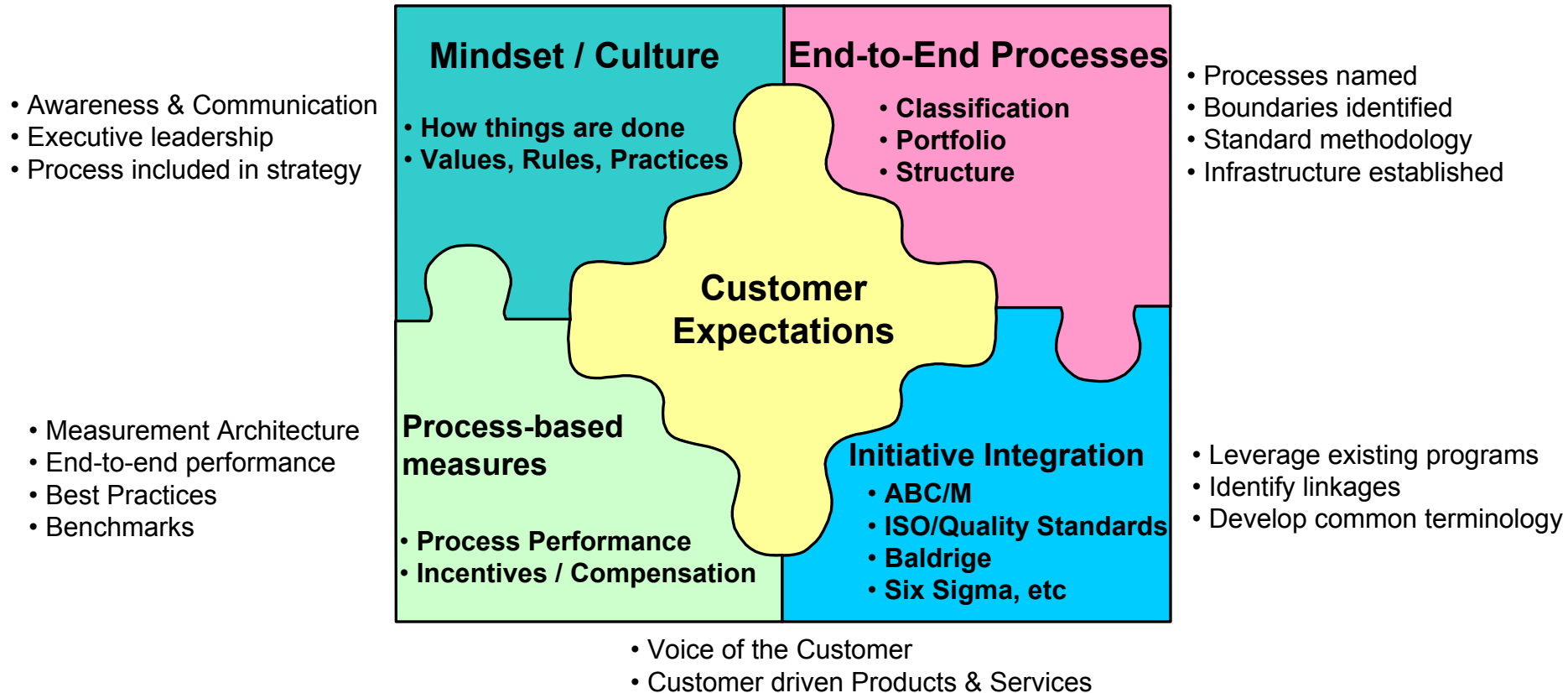
- Products or services don't meet customer expectations
- Competitors are getting ahead of us on price/product/service.
- Downward price pressure: need to manage costs
- Failure of ERP and CRM to deliver
- Initiatives that are poorly linked
- Government mandates (Sarbanes-Oxley)



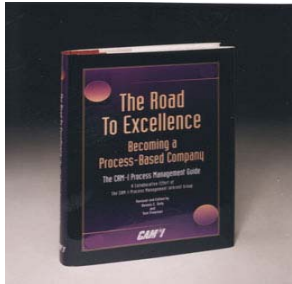
What is Process Based Management?

- A management approach that focuses on:
 - Promoting a process-based **culture**
 - Managing **end-to-end** business processes to continuously improve cost, time and quality of products and services delivered to customers
 - Understanding and meeting **customer expectations**
 - **Integrating** diverse initiatives into a process-oriented approach
 - **Linking** incentives and compensation to process performance

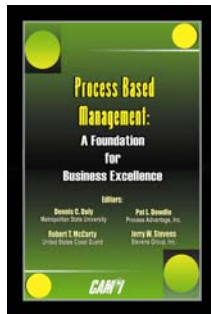
Process Based Management



Process Based Management at CAM-I



- 1994-97 as a CMS Interest Group
- Experiences of 7 companies heavily engaged in reengineering, with negative consequences
- Developed an approach to becoming process based
- Published “The Road to Excellence: The CAM-I Process Management Guide”



- 1998-2004
- 5 case studies and additional research
- Developed the PBM Loop for evaluating implementation progress
- Published “Process Based Management: A Foundation for Business Excellence”



- Launched in 2004 as separate Program
- Develop a Roadmap on how to implement Process Based Management
- 4 initial projects



Key Learnings from Case Studies

Four Areas:

- Mindset
- Entry Points
- Migration Path
- Governance issues



Key Learning: Mindset

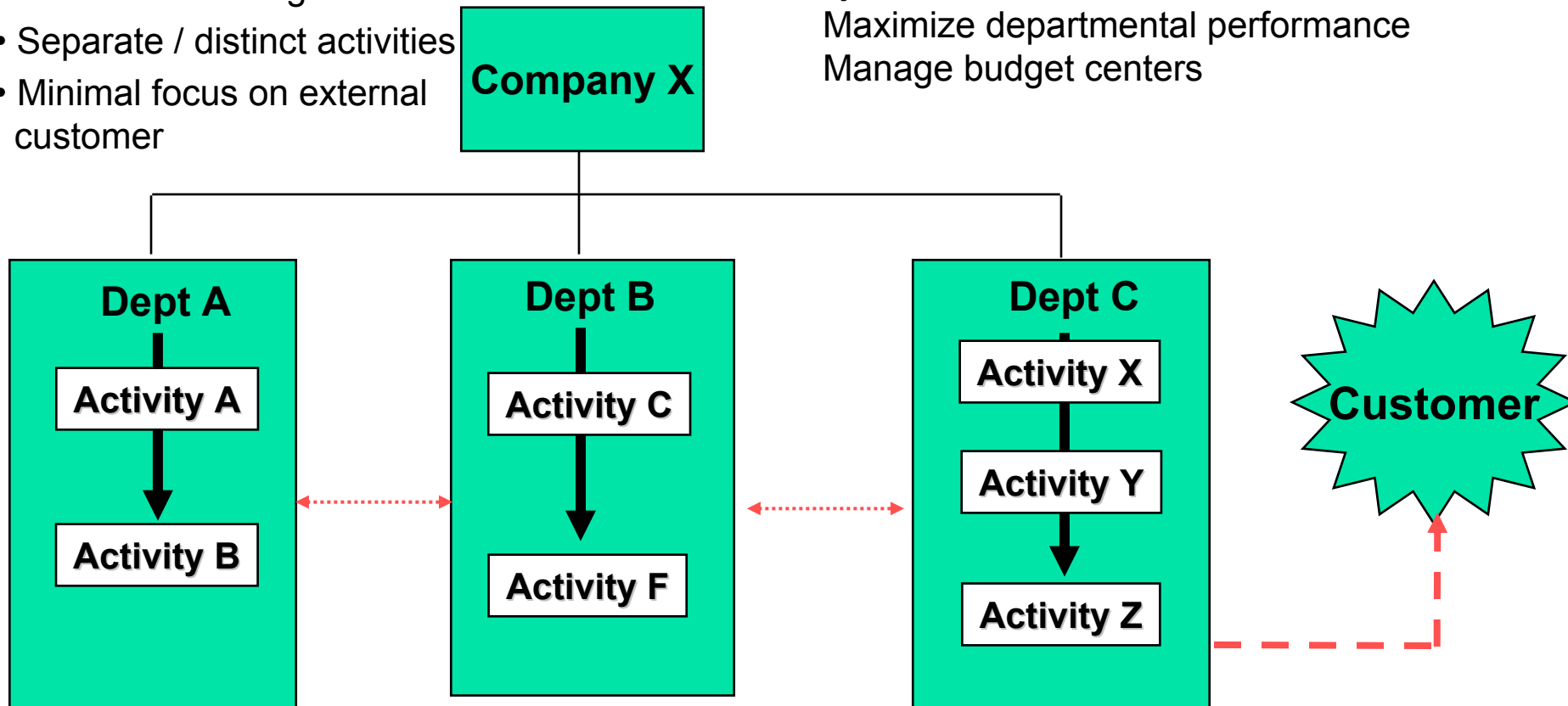
Mindset shift is required

- The process approach is a different way of looking at how
 - Work is performed
 - Employees are managed
 - Performance is measured

Traditional View: Functional

- Traditional management structure
- Separate / distinct activities
- Minimal focus on external customer

- Objective:
 - Maximize departmental performance
 - Manage budget centers

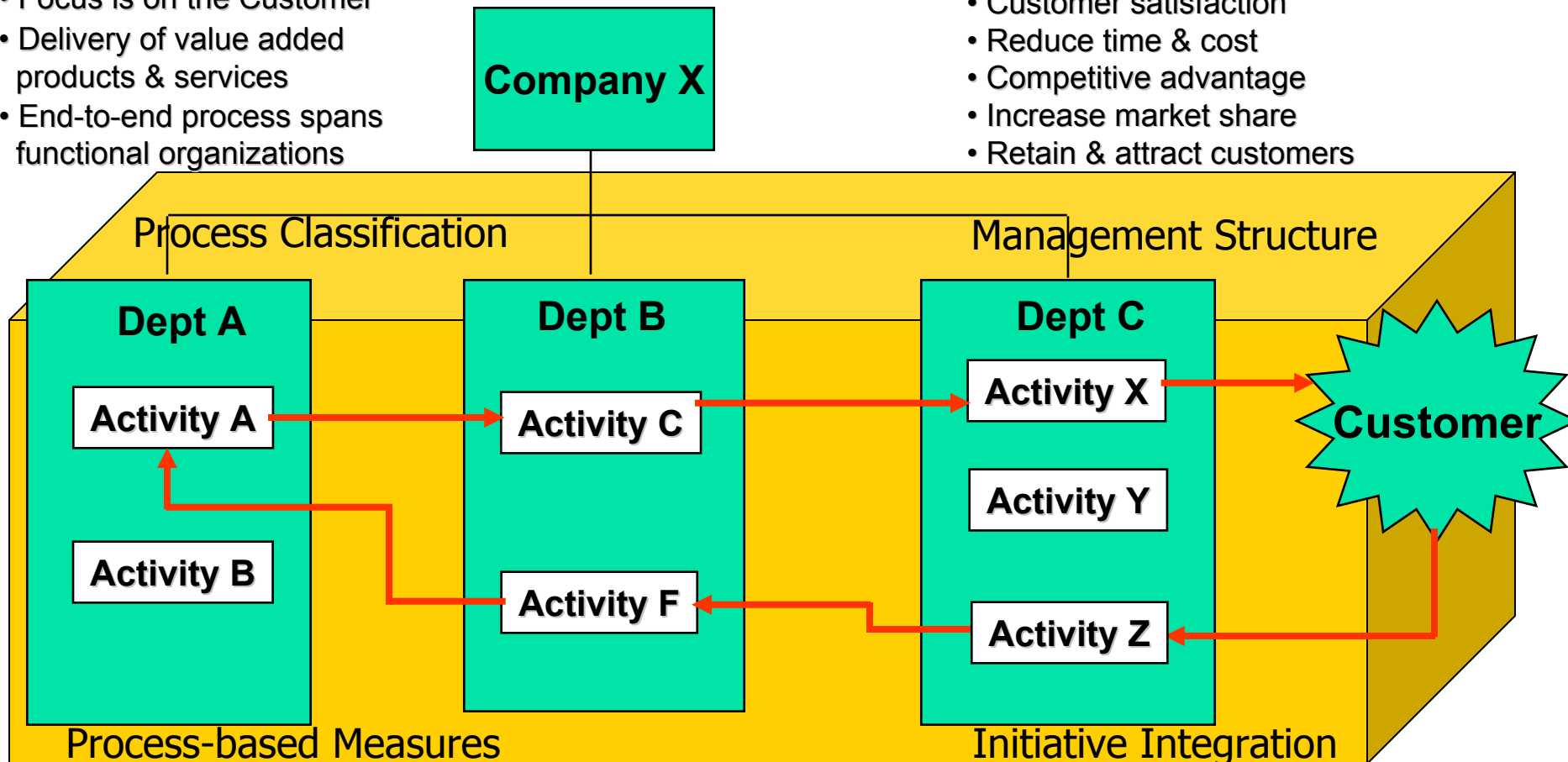


Process View for a Company

- Focus is on the Customer
- Delivery of value added products & services
- End-to-end process spans functional organizations

Objective:

- Customer satisfaction
- Reduce time & cost
- Competitive advantage
- Increase market share
- Retain & attract customers





Key Learning: Entry Points

There are multiple entry points to PBM

- Different initiatives tried and in place
- Many initiatives failed
- Various business conditions



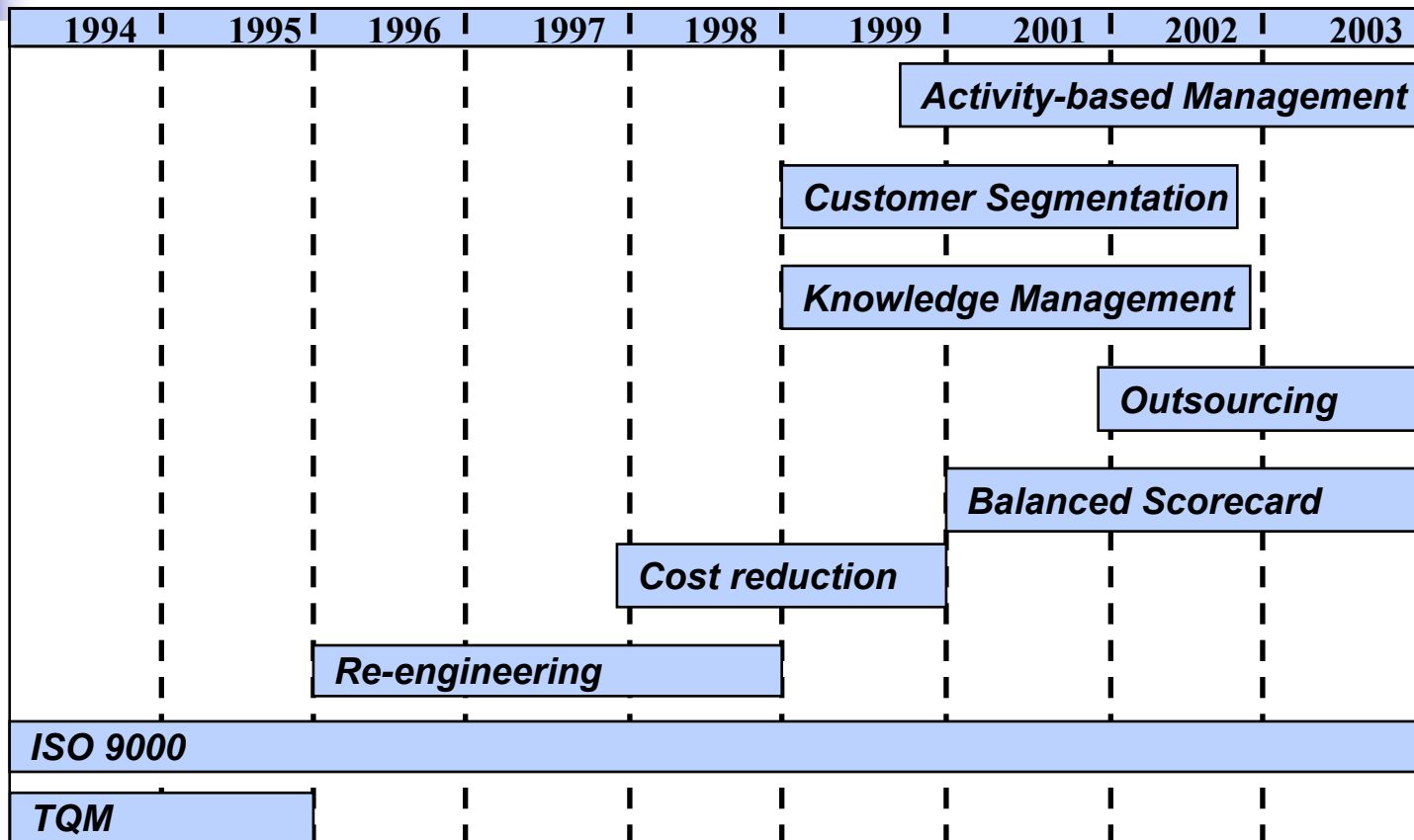
How did the Organization get to this Point?

History of Initiatives:

Initiative	Year Implemented	Status	Employee Reaction
TQM	1994	No longer used	A “Quality” Fad
Re-engineering	1995	No longer used	Job elimination, RIF
ISO 9000	1992	Still used for certification	Requirement for doing business
Cost reduction	1998	Used on an ad-hoc basis	More work, less people
Balanced Scorecard	1999	Still used	No understanding of how it Affects my job



Timeline of Initiatives





Key Learning:

Integration of initiatives is crucial

- Many diverse initiatives
 - Initiatives compete for resources
 - Baan Study: Management Tools 2001
 - Companies have on average 10 tools in place
- Alignment is how organizations move in the same direction



Bain Top 25 Management Tools:

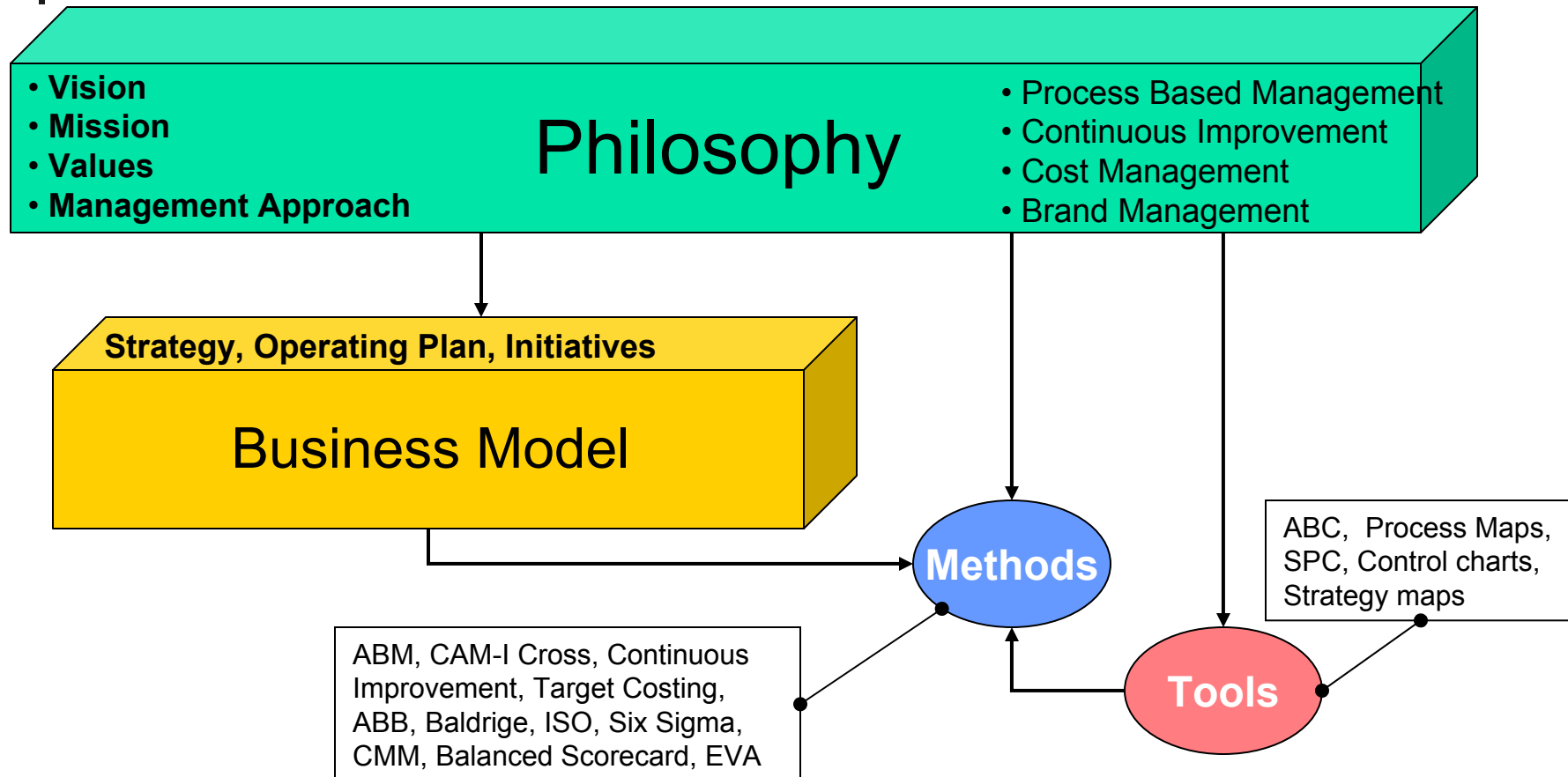
- ABM
- Balanced Scorecard
- Benchmarking
- Core Competencies
- Corporate Venturing
- CRM
- Customer Satisfaction
- Customer Segmentation
- Cycle time reduction
- Growth strategies
- Knowledge management
- Market disruption mgmt.
- Merger Integration teams
- Mission/vision statements
- One-to-one marketing
- Outsourcing
- Pay-for-performance
- Real options analysis
- Reengineering
- Scenario planning
- Shareholder value analysis
- Strategic alliances
- Strategic planning
- Supply chain integration
- TQM



Challenge of Management tools

- Which are the right ones
- Demand push vs. demand pull
- Alignment
- Integration
- Need a framework to provide structure

Discipline Model





Key Learning:

PBM needs to be embedded in the Strategy

- Becomes more than an initiative
- Effects the focus of the organization



Key Learning: Governance

Executive engagement and commitment is critical

- Initiatives compete for attention
- Action follows leadership
- Part of the management philosophy of the organization



Key Learning:

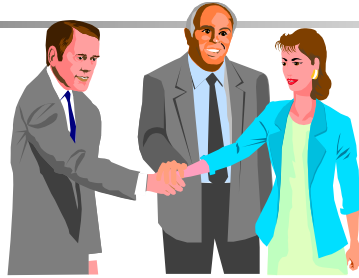
Process owners are required at a high level

- Key role in the process infrastructure

Management Model for Process Ownership

Process Owners

- Top level management
- Process & functional hats



- Formulate vision
- Establish targets
- Assess performance
- Allocate resources
- Approve action plans
- Integrate across processes

Process Team Leader

- Sub-process owner
- Full-time



- Process design
- Performance measurements
- Oversee implementation

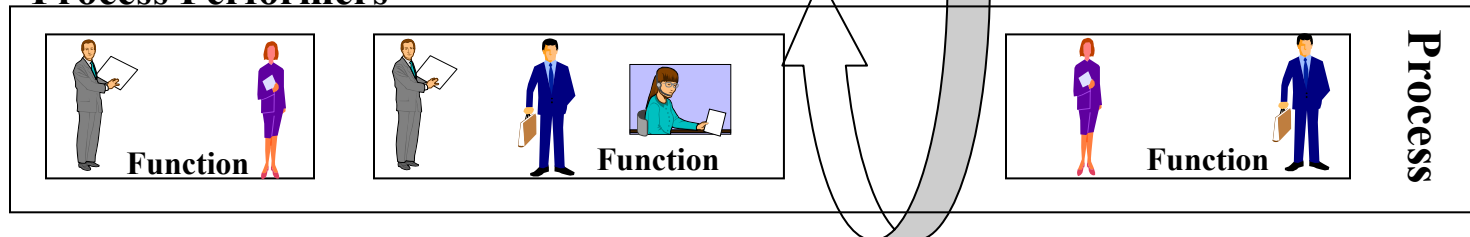
Process Team

- Subject matter experts
- Rotate



- Set process goals
- Monitor performance
- Identify improvements

Process Performers

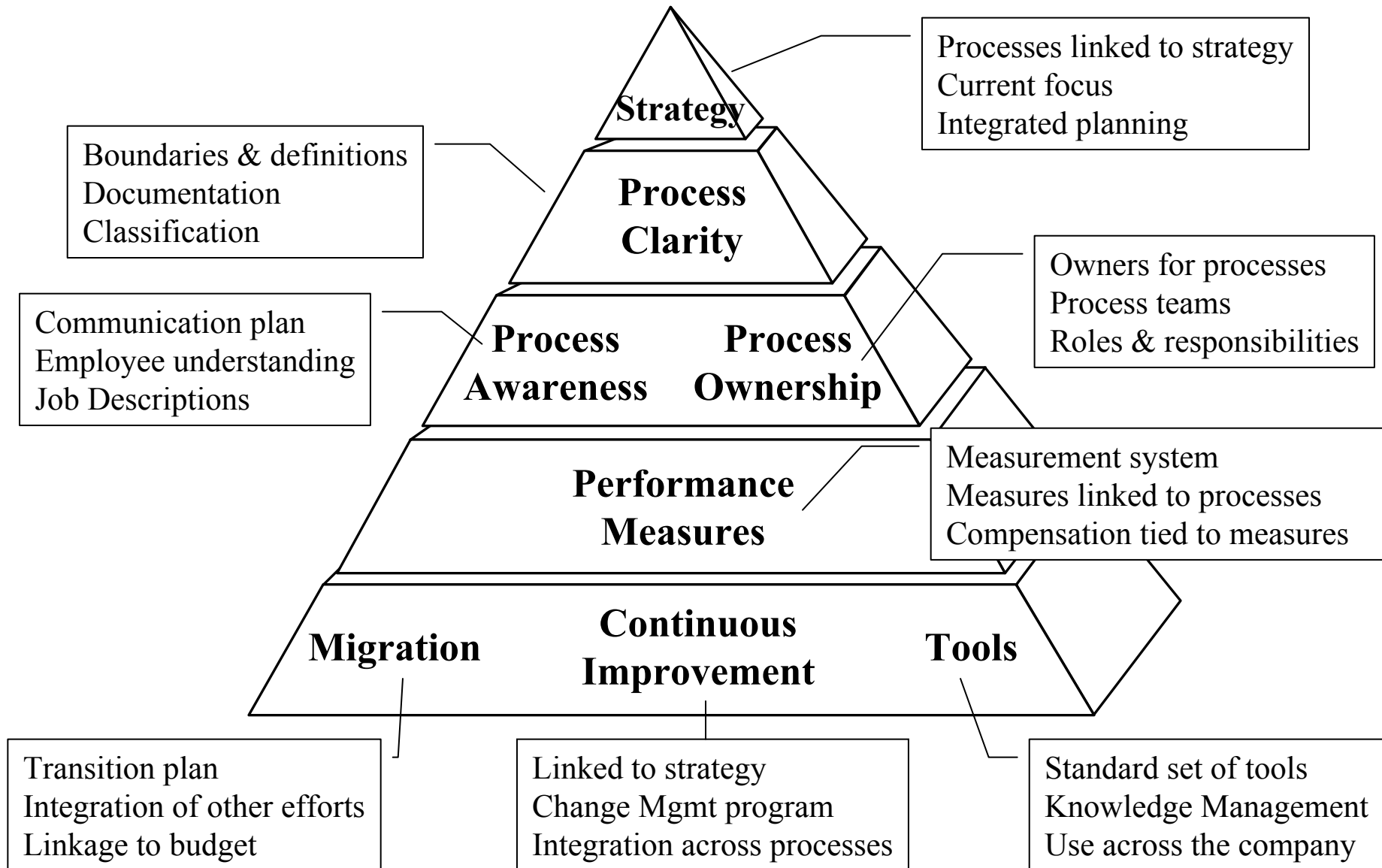




Key Learning: Migration Path

Requires a “Process” for Process Based Management

Process Based Management Assessment Framework





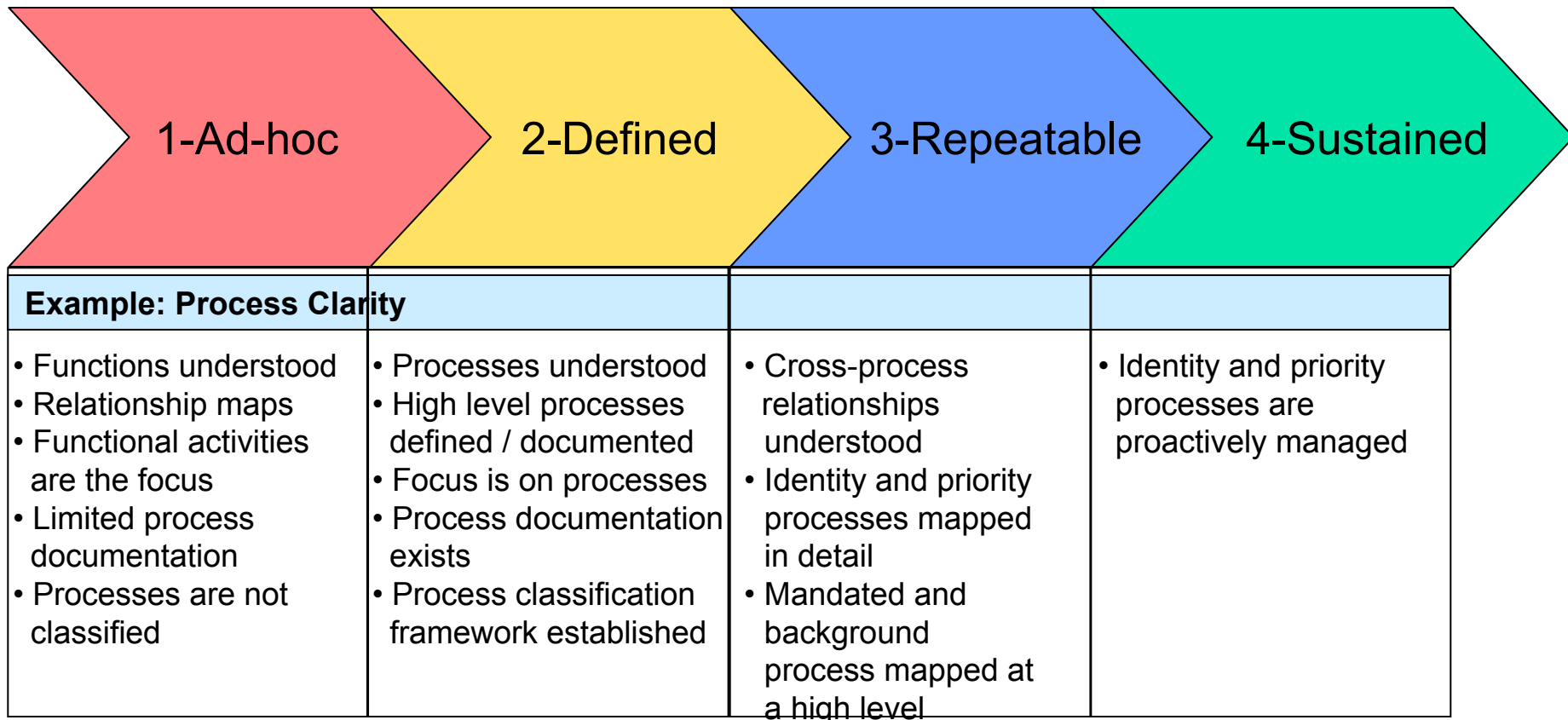
Key Learning:

PBM Shift requires a long term perspective

- Change in how:
 - Work is performed
 - Organization will be managed
- Requires the organization to stay focused

Process Continuum Model

Less ————— Maturity Levels —————> More





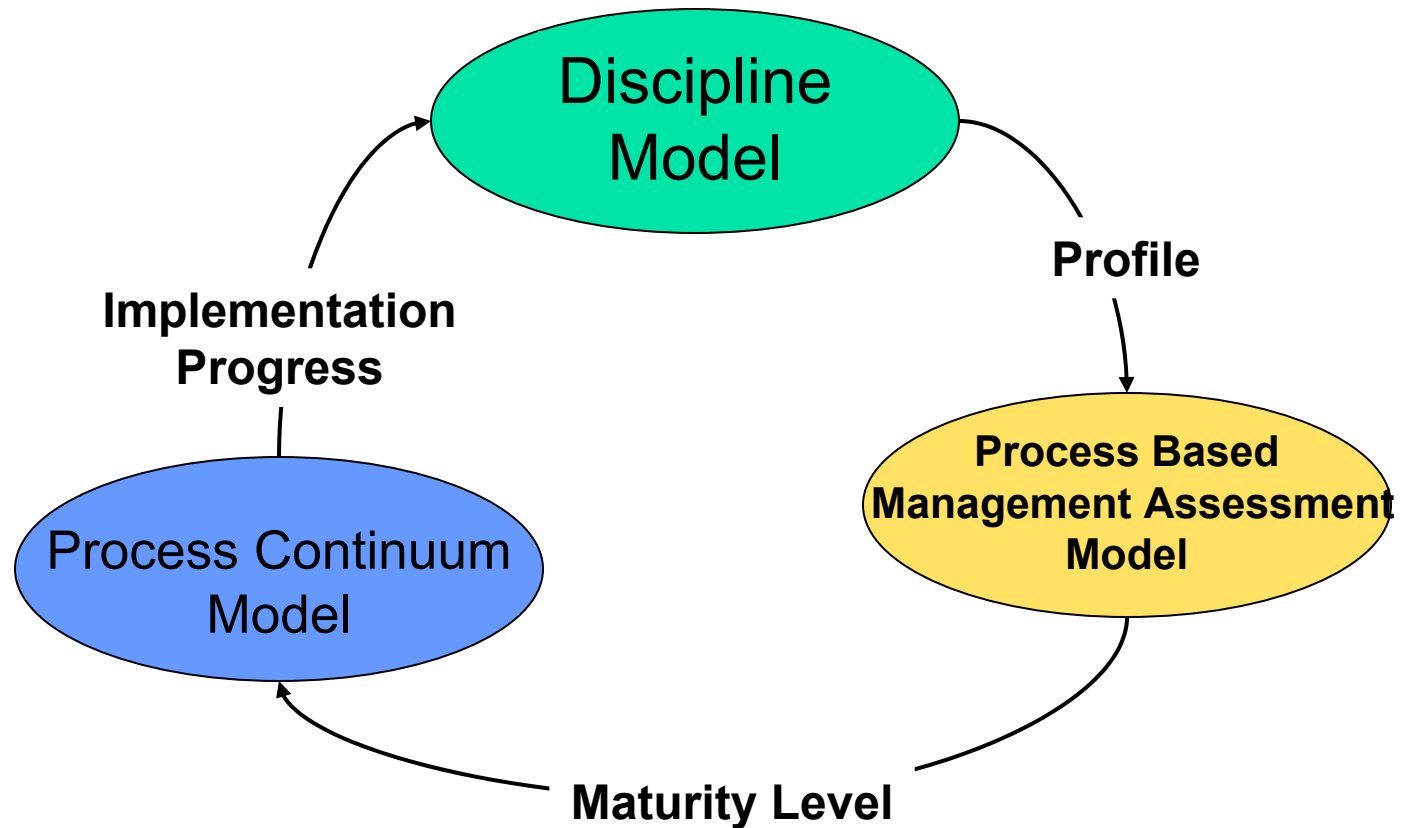
Key Learning:

Process performance measures are critical

- If you can't measure it, you can't manage it
- Tell me how you will measure my performance , I will tell you how I will behave
- Teams need to be involved in developing measures
- Measures are continually evolving as the processes mature



Process Based Management Loop





Where is this leading?

- The Process Based Management Loop provides a process for evaluating implementation progress
- The philosophy of Process Based Management will continue to evolve as organizations become process-centered
- But.....how does an organization implement Process Based Management?



2 Projects Underway:

- Develop an Implementation Framework (A Roadmap) for Process Based Management
- Updating the Assessment to provide organizations a monitor on their progress



Roadmap Project:

- Milestones for 6 Stages:
 - Discovery
 - Foundation
 - Transition
 - Transformation
 - Institutionalization
 - Realization



CAM-I Member Benefits

- Cam-I Collaborative Research Approach
- Capability to ensure organization-specific concerns are addressed during Program projects
- Access to PBM best practices
- Organized networking with peers involved in PBM
- No cost for employees to attend quarterly meetings
- Integrated Assessment System software
- Accelerated development – deliverables will be available within one year

- For additional information on this research program, go to CAM-I.org or contact:
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