

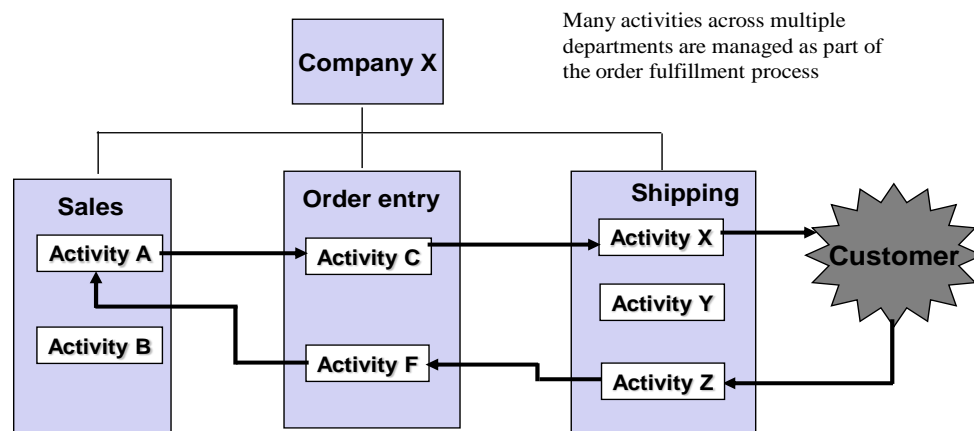
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MANAGING INDEPENDENT PROCESSES TO MANAGING MULTIPLE PROCESSES

The movement toward Process Based Management inevitably starts in most organizations by managing a few processes. Processes need to be managed since they focus on “how things happen” and “how to make things happen.” There is tremendous value to managing each independent process; this is how a process is continuously improved. Figure 1 below shows how an order fulfillment process would be managed. As departments work together, employees are engaged as process performers on process teams, many of them thinking cross-functionally for the first time. Instead of just thinking about their job, each member of the process team is now thinking about how the process provides products and services, and value, to the customer.

Figure 1: Order Fulfillment Process



By managing independent processes similar to order fulfillment, an organization realizes the value of improving and managing a process. It sees process measures in action, and how these measures impact the behavior of the process performers, and the resulting performance of the process. Management also sees the limitations of managing processes independently. It looks for an approach to manage the portfolio of business processes to improve value to the

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customer. As management recognizes that the external customer is the beginning and end of every process, the organization is prepared to start on the journey to becoming a process-based company.

With individual processes being managed and an increasing focus on the customer, these independent processes are brought together and become an integrated and conscious part of management's thinking. The organization shifts to managing the "white space" between independent processes in order to:

- Eliminate sub optimization, which can occur when one process is improved without considering the effect on other processes.
- Target the right areas for improvement.
- Align all processes and measures to optimize performance.

Managing the white space between processes requires a more integrated approach to managing all the processes in the organization. The portfolio of processes can be viewed as a holistic system of interdependencies. Each process in the portfolio needs to be individually managed; however, each process in the portfolio also needs to be managed as a piece of the whole.

This holistic approach requires an organization to identify and understand the structure and relationship of its processes. A hierarchical model, or classification system, is used to prioritize processes for management focus and improvement. It allows an organization to focus on what processes really add value to the customer. Typically, an organization will be able to identify several levels of process hierarchy. Identifying a meaningful process hierarchy requires a good deal of analysis, and is likely to be an iterative process (See our Process Perspective on Process Classification Frameworks for more insight).

Once an organization has classified and prioritized its processes, these processes continue to be managed individually, but also as part of a portfolio of processes. The interrelationships between processes must be explicitly understood, and the organization's processes managed as a system. This can be shown by expanding the Order Fulfillment example to include the complete interaction with the customer, such as in Figure 2.

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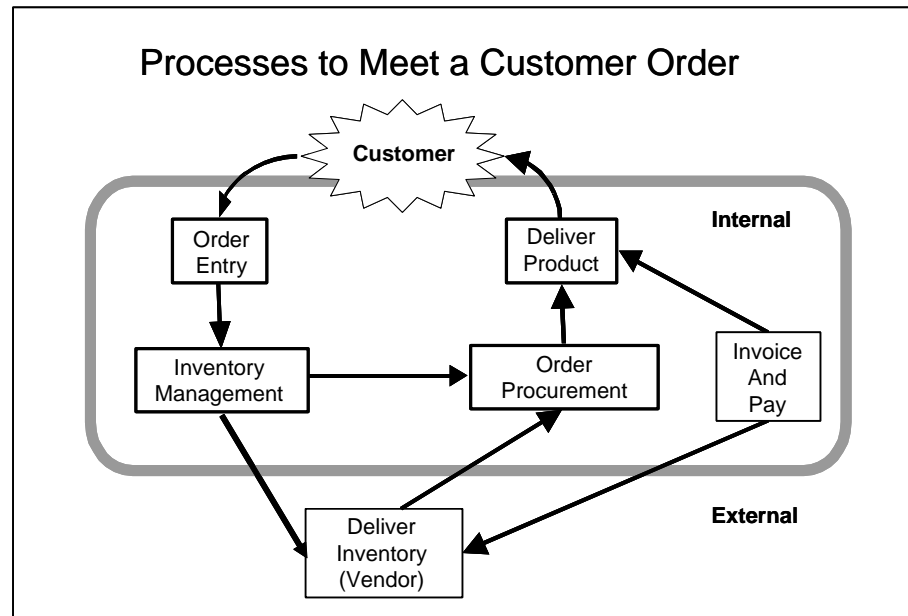


Figure 2

In this example, a customer calls to order a part to be delivered to a specific facility. The customer interacts with the order taker (the Order Entry process) and the delivery person (Deliver Product process). The delivery person could be internal or external (such as FedEx). All the other internal processes, including interaction with processes that are external to the company, are invisible to the customer. However, if these processes do not all work smoothly together, the outcome to the customer will not be satisfactory. Managing each of the processes independently would sub optimize the organization's overall effectiveness. A system is only as strong as its weakest link (or process). Organizations need to coordinate processes so that they can satisfy their customers and accomplish their objectives. The goal of the portfolio approach to managing processes is to optimize the entire system.

To optimize an organization's capabilities, the white space between processes must be well managed. This requires that the metrics used to monitor performance are aligned and considered in concert with each other. Each process should be managed using a balance of metrics regarding time, cost, flexibility, and quality. Total system optimization comes from considering all metrics – as a whole set. Tight integration of processes through aligned metrics is the mechanism which allows an organization to meet customer requirements.

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Meeting customer requirements must be the goal of each customer interaction. At the holistic level, the portfolio of processes is managed to develop the right processes and the right capabilities to optimize each customer interaction. To do this continually requires that a process mindset be embedded in each employee of the organization.

It is important to note that organizations are groups of processes and departments or functions. We need to better manage both processes and functions. Organizations have spent decades improving how they manage functions. Now it is time that we focus on improving how we manage processes. As we move from managing a process to managing a portfolio of processes and the white space between processes, we are integrating and embedding process thinking into the mindset of the organization. It begins to become how the organization operates. That is what we call Process Based Management.

For more information, see the Resources page for a list of current books, articles and presentations on Process Based Management.

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