

The Process-Based Management Loop

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In today's business environment, organizations are experiencing pain they can no longer ignore. Here are some examples:

- To meet customer expectations, the delivery of products and services needs to improve continuously.
- Companies must also reduce time-to-market for both products and services.
- Process-focused initiatives are often poorly linked to one another (e.g., ISO 9000:2000, Malcolm Baldrige, Six Sigma, lean manufacturing, time-based management, scorecarding, and activity-based management).
- Customer needs and expectations require continuous improvement to the way organizations operate.
- Most companies face aggressive financial targets.
- Companies need to reduce waste and non-value-added activities to remain competitive.
- Most companies face downward price pressure.

Most organizations have realized the importance of managing processes and have deployed various initiatives to improve their processes. Most initiatives have traditionally been viewed as separate and distinct, so they have been deployed independent of one another. That is beginning to change as organizations move toward process-based management.

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- Often, companies face government mandates for change (e.g., the Government Performance and Results Act of 1993, Office of Management and Budget A-11 Cohen Amendment 1996, Section 404 of the Sarbanes-Oxley Act of 2002).

It is imperative that organizations challenge existing practices and evolve in ways that address these pressures. To do so, organizations need a road map on how to address these issues in a coordinated and integrated approach. They need insight into an evolving management approach that focuses on the processes in an organization in a holistic way to improve both customer service and the efficiency and effectiveness of the organization. We call that

model *process-based management*.

The Process-Based Management Program at CAM-I has recently published a book (*Process-Based Management: A Foundation of Business Excellence*) that expands on the nature and benefits of

process-based management and presents some fundamental models that organizations can use to identify gaps in their process-based efforts. The models provide characteristics and attributes that would be seen as an organization progresses along the road to becoming a process-based organization. But first, let us look at some background on the research and efforts that led to the development of these models.

BACKGROUND

In the 1997 book *The Road to Excellence—Becoming a Process-Based Company*,¹ the CAM-I Process Management Interest Group examined various organizations and their approaches to implementing process-based management. The different methods and approaches from these orga-