

"The methodology of customer-focused strategies in this guide provides an invaluable blueprint to reinvent how your company innovates."

— MARSHALL GOLDSMITH, author of the *New York Times* and global bestseller *What Got You Here Won't Get You There*

CUSTOMER FOCUSED PROCESS INNOVATION

LINKING STRATEGIC INTENT TO EVERYDAY EXECUTION



DAVID HAMME

PRAISE FOR *CUSTOMER FOCUSED PROCESS INNOVATION*

“Every now and then a book comes along that forces us to rethink how we collectively organize our resources and manage our strategic initiatives. *Customer Focused Process Innovation* is exactly such a book. Refreshingly, David Hamme’s approach is not a pie-in-the-sky set of big ideas, but rather an expertly woven and intuitively practical framework of concepts and tools that bridge the gap between visions and strategies, and their realization in the factories, stores, and other locations where corporately conceived value propositions are brought to life. It is simply a must-read for executives challenged with delivering,”

—Steve Jegier, Head of Strategy, Wealth, Brokerage,
and Retirement, Wells Fargo

“David Hamme has created an important resource for executives and leaders who know that they must make fundamental changes in their organizations. The methodology of customer-focused strategies in this guide provides an invaluable blueprint to reinvent how your company innovates.”

—Marshall Goldsmith, author or editor of 34 books including the global bestsellers *MOJO* and *What Got You Here Won’t Get You There*.

“Dave Hamme brings energy, creativity, and over 20 years of converting strategy to action to his new book *Customer Focused Process Innovation*. His perspective on seeing the opportunities and then systematically designing your organization to deliver against them resonated with my experience in leading large innovation focused organizations from Shanghai to the mid-west of the United States. I have known Dave for 20 years as a guy who can both think and deliver. This book guides us in how to do the same.”

—Dave Ricks, Senior Vice President and President of Lilly Bio-Medicines

“Ninety-nine percent of the innovation books published don’t address the part of the process where ninety-nine percent of the value is created: implementation. However, David addresses this complex issue head on. If you want to make innovation a reality, get this book.”

—Stephen Shapiro, author, *Best Practices are Stupid*

“Hamme takes a microscope to the intricate machinery that drives whether a company succeeds or not—its processes and the people that perform them. Throughout, his emphasis on using a process focus and initiative management to drive long-term, real improvement to an organization is spot on ... it’s the only way to really bring about the adaptation needed to survive. With an executive perspective but a practitioner’s passion, his work can help mid- and senior-level leaders to take a new look at building resiliency into their operations.”

—Richard Maltsbarger, Business Development Executive,
Lowe’s Companies, Inc.

“When I say the words ‘process’ and ‘innovation’ I imagine two opposite ends of a spectrum: humdrum processes and exciting innovation! But if these two could synch up, how powerful would that be! Dave Hamme, a dear and trusted colleague for many years, has put these concepts together and now shows us how to instill excellence in our staff and organizations. Having a ‘great idea’ is easy—driving it to execution is the hard part. We all talk about it, and now Dave has it documented. Kudos, Dave!”

—Caroline M. Kolman, PE, Managing Director,
Prism Healthcare Partners LTD

“It is a rare treat to have practical yet very strategic advice laid out in such a digestible manner. *Customer Focused Process Innovation* brings a fresh perspective to some very well studied concepts in process improvement and innovation. David speaks from the perspective of a well-seasoned management consultant who doesn’t just talk about these concepts, he implements them successfully. I had the pleasure of working with David on one of the most impactful efficiency programs of my career.”

—Mike Lee, President, North Highland Worldwide Consulting

“Nonprofit organizations and for profit entities share many organizational characteristics. As nonprofits face unrelenting scrutiny, there is a growing focus on efficiency and productivity. *Customer Focused Process Innovation* is a playbook in creating a blueprint to unleash innovation, build partnerships and drive performance. Dave Hamme brings a wealth of information and savvy to a topic of great value to leaders of organizations of all sizes.”

—Anne Pfeiffer, founder and Executive Director,
Pat’s Place Child Advocacy Center

“Dave Hamme has taken the complexities of a business organization and developed a process-based framework to gain understanding and identify business opportunity. His process innovation builds from the bottom up in a practical, realistic manner that cannot only be aligned with the business strategy but also with the organization’s ability to execute. Dave’s book is a valuable read for any business leader trying to gain an edge in today’s hyper-competitive business environment.”

—Steve Buecking, Vice President and Executive Producer,
GA Communication Group

“Finally a business book that not only provides great thought provoking insight into how a business does or does not operate, but David Hamme also gives the step-by-step instructions to create a blueprint that everyone in the organization can follow to take the guesswork out of execution. *Customer Focused Process Innovation* is cutting edge common sense”

—Don Smith, Vice President of Marketing,
Family Dollar Stores

“I’ve been fortunate to rely on Dave in a professional setting as well as serving beside him in the non-profit world. Having observed, and benefitted from, his tremendous insight and innovation regarding business strategy and organizational behavior, I’m thrilled that he’s going to share his approach and ideas. His book, *Customer Focused Process Innovation*, will be required reading for my entire management team so that we can continue to grow and evolve into a more effective business unit.”

—Steve Newmark, President, Roush Fenway Racing

“Social media is pressuring businesses to react to customer sentiments and business opportunities in real time. Mobile and cloud based computing is enabling field based teams to react efficiently. All of this needs to be orchestrated through well thought out and proven processes and a customer-centric organization. This book couldn’t have come at a better time.”

—Chetan Saiya, CEO, Zoomifier Corporation

“David Hamme’s book is spot on and insightful in regards to both the idea and the how to implement and gain alignment with ‘Customer Focus,’ ‘Innovation’ and ‘Process’. Dave dives straight in by starting out on the process elements relevant to win. Through well-articulated principles he ties utilizing ‘process’ to be ‘customer focused’ extremely well. This core and essential theme is done with a connect-the-dots thinking that makes it easier to think about how to plow through the biggest challenges, maximize relevant innovation, get cost and quality right and have the speed to market essential to meeting customers’ needs. The step-by-step approach he lays out transforms the complexity of process to a palatable idea you’ll want to implement immediately.”

—Gino Biondi, Vice President Sales and Marketing,
Zenith Products Corporation



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**Linking Strategic Intent to
Everyday Execution**

David Hamme



New York Chicago San Francisco Athens London Madrid
Mexico City Milan New Delhi Singapore Sydney Toronto

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To River and Winter—for all the love and happiness you have
brought to my life.

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Preface

One of the great perks of a consulting career is the opportunity to work as a pseudo corporate tourist, examining the innards of dozens of companies and observing firsthand their operational practices and unique manner of conducting business. At each stop along the way, I watched and learned—discovering the attributes that characterized each enterprise and evaluating their influence on the enterprise’s ability to achieve success. In every case, I discovered that there were always things the company did well . . . and there was usually ample opportunity for improvement. My experience hopping from client to client expanded my awareness of enterprise operations, cultures, processes, customer connections, resource management, and other business areas. This understanding vastly elevated my effectiveness with future clients. What later clients occasionally hailed as sage advice was simply parroting what I had learned previously.

Throughout my time on consulting engagements and in full-time roles, several commonalities surfaced that forced me to question some of the prevailing business structures and practices in existence at the time. First off, I was continuously surprised at how little leaders and top decision makers knew about the operational processes performed daily by their direct reports. A story passed to me during my early consulting years illustrates this condition.

From the 1960s up to its acquisition by Compaq in 1998, Digital Equipment Corporation (DEC) was a leading producer of computer systems, software, and peripherals. As the story goes, a meeting of senior leaders was convened after a massive reorganization failed to deliver the intended benefits. One of DEC's founders, Ken Olsen, presided over the meeting. After entertaining discussion for several hours, Mr. Olsen questioned his assembled team, "What you are telling me is that the senior managers in this company who are making commitments have no idea how this company operates?" At this point, there was dead silence until one of the senior executives who oversaw the reorganization bravely responded, "On an operational level, that is exactly what I'm telling you." Through my consulting engagements at over thirty companies, I know that this is far from an isolated incident.

While employed in Ernst & Young's process-improvement practice, I was staffed on roughly a dozen process-improvement engagements. The general approach was to map out a process, identify opportunities for improvement, build a future state, and implement the final solution. The knowledge I gained working on these projects was a goldmine. In nearly every case, the performance metrics proved that we were successful in improving the underlying process, but in the back of my head something nagged at me. We were missing something. The outcomes of our efforts did not appear to be substantially improving the company's financial results in the overwhelming number of instances. Shortly thereafter, I came to the realization that most process-improvement efforts are point solutions. That is, they improve a component of the enterprise but are essentially completed in isolation and without any discernible connection to the greater goals of the organization. Although they resulted in new efficiencies, the overall state of the enterprise remained basically unchanged. Even more unfortunate, these efforts consumed resources that might have been used more advantageously elsewhere in the enterprise.

As my career progressed and I ascended into executive positions, my doubts about the manner in which most large-scale projects were undertaken persisted. When asked to participate in driving strategic endeavors, I learned that creative ownership often fell to a handful of senior leaders who isolated themselves in a conference room to brainstorm solutions. Although on occasion these efforts resulted in solid opportunities, the majority had limited market validity, and very few moved the needle and improved the competitive position of the company. For the most part, my suspicions were confirmed that most improvement programs were birthed and executed in a relative vacuum without connection to a greater plan and without leveraging the full capabilities of the enterprise. In short, not only was the cannon aimed in the wrong direction, but a lot of powder was spilling onto the ground. What these companies were missing was a funnel for transformational efforts—a launching process that focused resources and energy where they could most benefit the enterprise.

This is the aim of this book. Over countless hours during which I served as a consultant and an executive, I struggled with the prevailing business practices and structures. They were unclear, misdirected, and largely preserved the status quo. After learning what didn't work, I set out on a quest to determine better ways of managing organizations and their responses to an ever-changing world. As my search progressed, it became evident to me that the optimal approach entailed the use of a familiar construct for defining work—*process*. And although previously considered primarily from the perspective of how to improve the efficiency of a component of work, processes are far more powerful than any of us think. Indeed, when designed, managed, and used correctly, processes are the foundational framework for innovation.

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Acknowledgments

Even in those instances when there is but one author's name listed on a book's cover, there is undoubtedly a sizeable population of individuals behind the scenes who left their imprint on the project through their encouragement, by providing invaluable guidance, or through their adoption of the concepts presented in the book. Were I to list all those individuals who aided me in organizing the pieces and putting them to paper, we would have a set of tomes rivaling Encyclopedia Britannica. This book was not created in a vacuum. Multitudes of clients and colleagues shared their ideas, collaborated on white boards, advised over a coffee, or worked elbow-to-elbow with me as these ideas took form. They deserve a large measure of any success that comes from the application of the concepts and tools presented herein. To all of them, I am eternally grateful.

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