
Executing a Process-Based Initiative

“Changing the engine while the airplane is in flight” is how one consultant described a massive reengineering effort. An ever-changing world forces enterprises to adapt or die—and to make those adaptations while simultaneously keeping operations humming. Many enterprises expect their employees to play dual roles—to design the future while managing the present. Not surprisingly, these individuals are snowed over by the competing demands on their schedule. This is especially true for managers asked to oversee change initiatives that rewrite business rules while maintaining the status quo in their full-time job. Fulfilling both roles means neither one receives the appropriate amount of attention, and things fall through the cracks.

Smart leadership teams recognize this misalignment between resources and roles and address it by separating the two. Managers (or process owners) are allowed to focus on the daily grind of their area, including the completion of small, localized improvement efforts.

However, larger efforts are pushed to initiative teams. When managers do get engaged on the big projects, they participate as subject-matter experts. This model accelerates innovation activity—bringing together the resources, knowledge, energy, and focus to execute game-changing initiatives.

Once approved for launch, every initiative needs someone to get the work done. Building the team is the responsibility of an initiative's sponsor. But who is the sponsor? In a process-focused enterprise, I recommend that the owner of the megaprocess most affected by the initiative should serve as the sponsor. In contemporary organizations, one or more seasoned functional leaders usually operate as sponsors. However, my experience is that it is a mistake to have more than one sponsor. Who is accountable for the initiative when there are multiple sponsors? Multiple sponsors equates to diffused responsibility and inconsistent ownership. Additionally, having multiple sponsors fosters an expectation that the initiative team needs their approval throughout the initiative's duration. From my perspective, the sponsor role is not intended to direct the team toward a specific solution. Instead, sponsors should help to organize the initiative and provide executive support but not engage directly in developing the solution. Using this approach, the team has the freedom to focus on building the right solution without the baggage of anyone's preconceived beliefs. If the sponsor's role is to support and not drive the team, the initiative team has increased flexibility to dream up the ideal solution.

Arguably the most critical role to launching an initiative on the right foot is to land the right leader or initiative owner. Leading a “design” initiative requires someone with the flexibility to don many hats: leader, investigator, problem solver, planner, and motivator. Such a person needs to be fact based and objective—yet also intuitive and open minded. As the size and complexity of the initiative increase, so does the need for an experienced and grounded leader. There is no

easy way to land the ideal initiative owner—the best candidates surface during a diligent and thorough search. Even then, an individual with the desired credentials may not be available. The alternative is to engage consultants because they often bring additional capabilities, including advanced project leadership skills, third-party objectivity, and experience on related initiatives.

SPONSOR AND INITIATIVE-OWNER RESPONSIBILITIES

With the initiative owner chosen, he or she works with the sponsor to plan and launch the initiative. Table 9.1 shows a sample breakdown of responsibilities between the sponsor and initiative-owner roles. Many of the responsibilities overlap and could be performed by either the sponsor or the initiative owner. As a simple way of identifying the division between the roles, the sponsor builds the team and equips it for battle, and the initiative owner crafts the battle plan and trains the troops.

To align their actions with the initiative's intended goals, the sponsor and owner need to examine all the initiative background materials for completeness. After all, this is the primary direction

TABLE 9.1 Sponsor and Initiative-Owner Roles

Sponsor Responsibilities	Initiative-Owner Responsibilities
Select initiative owner Assist in staffing initiative-team members Communicate initiative to senior leadership and stakeholders across the enterprise Support initiative owner in getting initiative launched	Build initiative approach Staff initiative-team members Reserve space for initiative team Reinforce communications Prepare and train team members Represent initiative to the greater organization and external stakeholders

provided to the initiative team. When gaps or inconsistencies exist in the information, the sponsor and initiative owner should investigate and address the deficiencies before sharing with the initiative team. Ideally, initiative documentation includes at least most of the following components:

- Stated objectives and goals
- Customer perspective (ideally desired process outputs)
- Scope (framed as processes adjusted)
- Strawman of the desired end state
- Anticipated benefits and requisite investments (the business case)
- Assumptions on which the business case and solution are predicated
- High-level initiative timeline
- Business partners and other stakeholders of the solution
- Contingencies and dependencies with other initiatives and events
- Resource requirements to execute the initiative (capital, people, resources, etc.)

When studying any estimates, remember that the initial numbers are only that. Although the business case is necessary to make an informed decision as to if and when an initiative moves forward, the numbers are based on only a cursory design of the eventual solution. The initial business case will with a high likelihood differ from the eventual results—especially with long-term, large-scale initiatives. Use the estimates solely to understand and prioritize the initiative—and then toss them. There is no value in tracking progress to estimates completed before the initiative team designs a detailed end solution. What does it accomplish? Is there a business benefit to validating the accuracy of initial estimates? A greater risk deserving

of attention is that the team builds to the initial business case and foregoes evaluations of alternatives. Allow the team the freedom to build the right solution—not constrain it by early conjectures.

TEAM MEMBER SELECTION

It is now time to staff the team. The key to a high-performing team is to have a mix of individuals with the knowledge of the subject area and the project skills to get the work done. Finding such a team invariably requires some fishing. As a general rule when identifying potential team members, err on the side of content knowledge. It follows that the areas in scope point to the most suitable candidates. Somewhat counterintuitively, process owners are not good initiative-team members. Their closeness to the subject material brings their biases to the forefront, and their influence is overwhelming. When highly engaged in designing an end state, they invariably stagnate innovation. This is not because they come to the table with preconceived notions (although they may), but mostly because of their emotional attachment to the current process—and this goes for project performers as well. Working with a process on a daily basis breeds an acceptance of its flaws. Embedded work habits are comfortable. Innovation brings change, and most individuals possess a subconscious fear of the unknown. Significant process adjustments may require vastly different skills. A previously superior performer may be an average performer or even need reassignment in a future environment. Although the current process performers provide invaluable information on the current state of the process, an inability to sever their allegiance to the current process makes them a poor fit for brainstorming improvements. As information sources, their input is invaluable, but leave them as a customer of the initiative—not a participant. As a substitute, look for team members from supporting or

tangential processes to the scoped areas. Not only are these individuals subject-matter experts, but they also bring a firsthand understanding of how the process's performance affects other areas.

Only a few enterprises maintain a pool of cross-functional resources that are readily available for project work. On rare occasions, you will find an enterprise that values innovation to the extent that it requires employees to take a sabbatical from their full-time responsibilities and participate in an enterprise initiative. But such environments are rare. In most enterprises, there is a mismatch between need for initiative team members and available resources. Compromises are necessary. Out of the gate, aim high. Build a list of ideal candidates, and gradually whittle the list down.

With a slate of candidates in hand, vet each individual to assess his or her interest (passion trumps experience) and what he or she brings to the table. For the moment, ignore availability. The best resources are always stretched beyond their capacity. Some sponsors even tend to make a habit of seeking unavailable resources. At the end of the day, enterprises that value innovation will find a way to free up the best resources. And when resources struggle with the decision to sign up, have the pitch prepared about how the experience will pay dividends for their career.

Benefits to Serving on Initiative Teams (Benefits Increase with Level of Commitment)

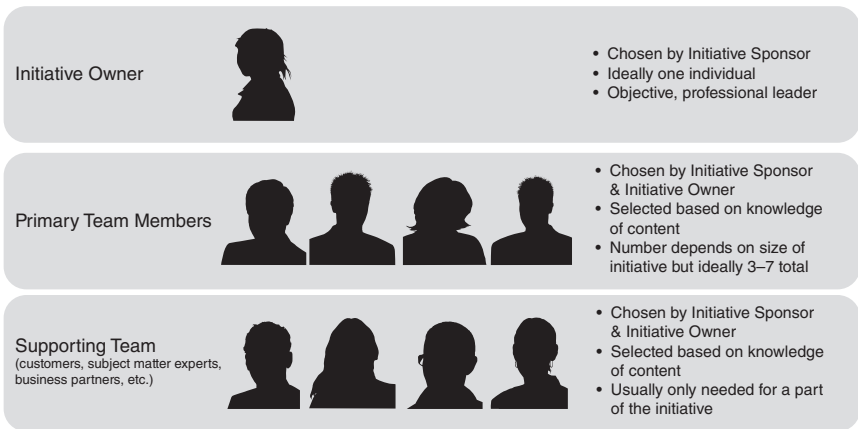
- Exposure to other functions/processes
- Learning innovation tools and methodologies
- Opportunity to network with individuals across the enterprise
- On-the-job training to learn new tactics and techniques
- Ability to step back from a current role and identify other areas of interest
- Exposure to subject-matter experts and enterprise leaders

Serving on an initiative team provides a form of leadership training that is unparalleled in the normal course of business operations. When I worked on a major initiative at a Fortune 100 consumer products company, an initiative team included individuals from divisions and functions spanning the enterprise. The aim of the initiative was to build a platform for new-product launches. This required team members to leverage their diverse backgrounds and experiences to craft a process to evaluate new-product ideas and to take the chosen products from idea to delivery. Several years later, I returned to the company to find the original team members were almost all in senior leadership positions. The leadership team may not have planned it that way, but it selected solid performers and armed them with the knowledge and experience to become future leaders.

When forming a team, commit to every team member that he or she will be employed in an equal or greater role after the initiative concludes. It seems stupid, but it is not uncommon in corporate America to find an individual staffed on an initiative, only to see that individual leave the company as the initiative concludes because there is no permanent role available for him or her. Not only is this wasting the valuable experience gained during the initiative, but it also loudly communicates that project work is not valued by the leadership team. When the time comes to staff future initiatives, volunteers will be sparse. This is exactly the opposite of what should be communicated. Initiatives drive innovation—they are the power source for tomorrow's performance. Treat initiative work with the respect it deserves.

In addition to selecting the primary team members, additional stakeholders and periphery team members should be identified and their commitments solidified up front (Figure 9.1). This supporting team includes business partners (process owners), subject-matter experts, technology-team members, supporting-process

FIGURE 9.1 Initiative-team composition.



representatives, external partners and suppliers, or just about anyone with something to contribute. By involving them early, they enter the game with the same foundational perspective as the primary team members.

Prior to the official kickoff of the initiative, the selected team members (assuming a full-time project) need to transition all their prior responsibilities to backups. Likewise for part-time initiatives, sufficient responsibilities should be removed from the team members' workload. This is a frequently ignored but extremely important rule. If full-time team members are not removed from their current roles, then they are not dedicated. Their mind and time will be pulled elsewhere (and often directed by their current supervisor who controls their compensation and advancement). The sponsor needs to unequivocally make it clear that team members are expected to be fully devoted. A great way to hammer this home is to make an entirely new department/cost center for the initiative and move the team members into this new cost center—thereby formally severing the link to their prior positions.

PROJECT WORKSPACE

In recent years, the concept of colocating team members has become increasingly popular (especially for full-time initiatives). Colocation (as defined in the Agile methodology) encourages communication, collaboration, and greater efficiency in solution development. Even for part-time initiatives, a team room exclusively for use of the initiative provides significant benefits, including the following:

- It creates a single location to host team activities and eliminate the challenges of constantly seeking available locations.
- It facilitates the collection, storage, and access to information for team use.
- It fosters collaboration and knowledge/information sharing.
- It provides space for confidential discussions (e.g., eliminating roles, challenging sacred cows, and eliminating the political influence of outsiders) where free thought and brainstorming are encouraged.
- It acts as a venue for sharing progress with other stakeholders.

Considerations for a project workspace transcend colocation. How the workspace is organized and used increases the effectiveness of the team. The space and features of the workspace are guided by the initiative's objectives and scope. For instance, a software-development initiative would require workstations to increase interaction between business and information technology (IT) resources.

A key benefit of a dedicated workspace is that it serves as a single place to collect information to be shared. Most project methodologies today burden teams with an excessive amount of documentation. This practice is the unfortunate result of the belief that teams need oversight and control—often to the point of paralyzing progress.

Project documentation is maintained on hard drives, distributed via e-mail, and printed out for review at regular intervals. Some stakeholders will read it; some won't. Some will be engaged in the details and ask meaningful questions; others will grandstand and pontificate. A superior approach for sharing an initiative's status is to post the current versions of designs, work plans, assumptions, business cases, issues lists, and so forth on the actual walls of the workspace. In this way, the team and invited guests can review the information in its entirety without having to search e-mails or shared folders. As the information changes and designs evolve, the wall can be updated. The information is readily available and accommodates impromptu brainstorming and discussion. The savings in time and materials using this approach are immense.

A side benefit of this approach is the ability for teams to set aside time for stakeholders to review the progress of the initiative simply by visiting the room and reviewing the walls. Instead of worrying about formats and customizing presentations for different audiences, the team can provide show-and-tells for stakeholders and partners. While working with a retailer on a project, I developed a tactic that gave further power to the wall approach. As visitors arrived to view the project's progress, the team provided them a pad of yellow sticky notes. The visitors were instructed to write down questions, make suggestions, or provide information. In this manner, their input was immediately captured and placed directly next to the relevant subject matter. Still, even this nonintrusive suggestion approach invites political grandstanding. There are several ways to mitigate influences external to the team. One idea is to set specific hours when individuals can visit the team room and only allow them to use yellow sticky notes to communicate with the team. Also, request that they not include their name or title on their notes. Another idea is to have guided "gallery walks" provided by a team member (other than the sponsor or initiative owner). Remember, these visitations

are intended to replace status updates. Continuing to distribute standardized progress reports or conduct status update meetings is duplicative and unnecessary.

PREPARATION FOR INITIATIVE LAUNCH

The beginning of an initiative is the most challenging period for the initiative owner. As the day-to-day manager, the initiative owner ensures that the initiative team is fully supported and empowered. The first few days set the tone for the initiative. Getting things off on the right foot requires a good amount of prework, including building an approach for the initiative, assigning initial roles to team members, coordinating training on requisite skills, and facilitating the kickoff of the initiative. The time to prepare for the initiative launch varies, but the owner is always buried with this responsibility for several weeks.

As team members join the initiative, they immediately turn to the initiative owner for guidance. Although the objectives, scope, timing, and general expectations are shared during the team member selection process, team members often struggle with the ambiguity that is the essence of initiative work. To provide the appropriate amount of guidance and build momentum, the initiative owner should overorganize and overcommunicate in the early days. While the team is still being built, planning should be well underway for the kickoff meeting, any training sessions, and the initial weeks of the project. If outside resources are engaged for training or tours and informational sessions are required, the arrangements should be locked down and confirmed.

As the kickoff approaches, a communication plan is needed to drive alignment across stakeholders, business partners, and the remainder of the enterprise. The communication plan includes multiple layers of communication—each customized for its intended

audience. Distribute a general communication to a broad audience to communicate the initiative launch, the primary goals of the initiative, and whom to contact with ideas or suggestions. To substantiate this message, a slightly deeper communication with frequently asked questions (FAQs) should be distributed to senior leaders and megaprocess owners to answer employee questions that might arise. The most detailed communication is reserved for the initiative's business partners and stakeholders. This communication includes a high-level timeline and the expected commitment from business partners and other stakeholders. All communications should be ready prior to the kickoff to ensure consistency in the message from all team members.

INITIATIVE KICKOFF

The initiative kickoff is the first time every team member is present. The sponsor and the initiative owner jointly own this meeting, although they must approach the meeting from different angles. The sponsor communicates the background and objectives—giving context to the quest. The initiative owner speaks to the logistics and the approach to be employed to achieve the initiative's goals. Generally, the kickoff is exclusively for the initiative team. The primary goal is to develop a shared foundational understanding of the initiative and to lay the groundwork for its completion. Topics covered during the kick-off include

- *Initiative objectives.* The explicit and implicit needs to be met by the initiative as designated by the leadership team/committee.
- *Scope.* The processes expected to be affected by the initiative, although the scope should not limit the team in developing the correct solution.

- *Initiative approach.* Detailing the manner in which the team will work to execute the initiative. This is covered in the latter half of this chapter.
- *High-level work plan.* Bringing the approach to life by identifying the specific activities and their anticipated duration. The work plan also identifies key milestones over the course of the project.
- *Roles and responsibilities.* Identifying the roles each team member will fill. The specific role for each team member should be shared prior to this meeting so that there are no surprises. This agenda item is to communicate this information to the full group.
- *Communications and completed activities.* A review of the communications sent previously or to be delivered that outline the team objectives—as well as any completed activities that have been done in support of the initiative (e.g., FAQs, general communications, team member scripts, and scheduled meetings or tours).
- *Work rules.* Governing rules for the team, including how decisions will be made, how issues will be resolved, how the team will work together, and general guidelines and procedures for the team.
- *Building the wall.* Placing all known initiative information and work in process on the walls of the team workspace. This activity invariably leads to team chatter and discussion on the initiative and acts as a fire starter to build team momentum. Remember, the wall is workspace, and the documents, diagrams, and charts are meant to be annotated and updated with progression of the initiative. Key items to display on the wall include
 - ▲ High-level work plan
 - ▲ Business case evaluation/assumptions with regular review

- ▲ Milestones and checkpoints (e.g., financial reviews, management reviews, and stakeholder reviews)
- ▲ Project assumptions (eventually expands to solution assumptions)
- ▲ Stakeholder and key contact lists
- ▲ Ongoing resource adjustments/increases
- ▲ Issue management
- ▲ Risk management
- ▲ Team rules—especially to make decisions and handle conflict
- ▲ In-process work (e.g., brainstorms, items to remember, and issues to resolve)

Depending on the team's composition, there may be skill or knowledge gaps to be filled. In the first week or two, squeezing a training session or two into the schedule is usually relatively easy. Training at the onset emphasizes skills of importance to the collective team. Examples of training classes conducted on real projects are provided in the following list. Most of the classes focus on skill development, but functional area training may be included as well. Functional area training focuses on areas such as the supply chain, retail operations, European business practices, and others. Down the road, follow-up sessions can be conducted as needed. It goes without saying (but frequently needs to be said) that training should focus on critically important skills that will assist the team in completing the initiative. Training for the sake of training is a waste. Examples of training classes include the following:

- Basic process training, including flowcharting, process analysis, informational interviewing, process design, testing, piloting, and financial modeling
- Specialized process training, including Lean, Six Sigma, and process transformation

- Change-management training
- Customer analytics and customer feedback channels
- Technology including specific software packages
- Knowledge training on specialized functions inside the enterprise (e.g., supply chain, operations, sales, customer service, etc.)

At this point, the initiative is proceeding forward and beginning to gain momentum. The team is engaged and enthusiastic, and the initiative owner transitions from leading the team to becoming a supportive parent. More than anything, the initiative owner sets the tone for the team—keeping morale high and ideas fresh. He or she needs to be a supporter and facilitator, never a naysayer or dictator. The importance of this role cannot be understated in moving the team forward in the accomplishment of the initiative’s goals.

REVIEW THE GOALS OF THE INITIATIVE

The continued existence of any process depends on it fulfilling a business purpose. Likewise, an initiative is created to align a process or group of processes to meet that need. The need—whatever it is—is the logical starting point for any initiative. As one of the immediate tasks after the team is assembled, I recommend that team members collectively review the documented rationale behind the initiative. The intent of this exercise is to begin exploring the answers to a handful of fundamental questions (and optimally to do so in process terms).

- What is the desired end result?
- What is the relationship between the process(es) in scope and the overall enterprise?
- How is the enterprise’s strategy embodied in the process(es)?
- If process requirements are available, what are they?

- Who are the customers of the process?
- Who are the other stakeholders?
- What are the goals for cost? Safety? Quality? Throughput?
- Are there other requirements of the process?

While debating these questions, the team should construct a statement (or series of statements) that communicates in their own words the initiative's intent. The aim is to quickly get the team aligned and singing the same tune. When the team reaches agreement, post the statement prominently in the workspace for future reference.

AN INITIAL FUTURE-STATE DESIGN

Once the team has a shared perspective of its target, team members I recommend immediately get the team engaged in thinking about what the end solution might look like. For the moment, ignore any known constraints (because are they really constraints?). Just get ideas down on paper! Even better, create multiple alternatives to explore. Although rarely will several solutions for the same problem be fully analyzed, there are minimal risks to an abundance of ideas, and the potential benefits are huge. Why not have multiple solutions to vet?

On occasion, I am asked the rationale for encouraging teams to think about a final solution prior to completing any due diligence on the current processes and environment. There are two reasons. First, nothing engages a team like asking team members to draft a solution on a whiteboard. This simple exercise immerses them in the details of the problem and forces them to think. It is the ideal ice breaker—jump-starting idea generation while simultaneously forcing team members to consider unbounded options. Second, any design built at this early point is unfettered by the biases of leaders,

process performers, or business partners. Before the “That will never work” attitude is injected (and it will be), team members can linger in a blissful vacuum for a bit and let their creative juices bubble. Encourage them to consider everything and anything at this point, including expanding (or limiting) the initiative’s scope. Entertain those crazy ideas that just might turn into something magical.

While everyone has an opinion on what works and what does not, very few individuals can jump onto an initiative and immediately start designing a future state. Often teams will spin their wheels and delay moving forward because they are new to the ambiguous realm of process design. Symptoms include a continual review of initiative documentation, reclarifying existing initiative details, or failing to get any ideas on the board because they are just not perfect. Teams often struggle when there is not a conveniently paved road for them to follow. Under these circumstances, I recommend the team take a final moment to review the initiative details (i.e., output requirements, voice of the customer, and any other relevant data), and then put them away in the file cabinet for the moment. Then just start brainstorming. Go around the room and require everyone to put an idea on the board. Think about what the end state might look like. How can the customer’s experience be changed? Play with the process. Put crucial parts of the process on yellow sticky notes, and adjust their order to discover new ways of performing the work. Challenge every step to see if it could be done differently. Draw arrows to indicate the order of steps. Seek originality. Revisit critical points in the process. Just get started!

If the team is still stuck, explore the process models (found in the Appendix) and investigate their applicability to the situation. Process models are proven ways to organize work to achieve different outcomes. For example, if a process requires a number of specialized skill sets, one alternative model is the *caseworker model*. Frequently employed in loan processing, this model uses a single

individual (a caseworker) to manage the flow of work between specialized performers. The intent of using process models is to consider different ways the work can be performed to arrive at improved outcomes.

Beyond the process models, another helpful tool is to consider the initiative from various vantage points, including the customer, business partners, or the performers. Questions such as the following are useful to get team members to consider different perspectives:

- *Review the process from a customer's perspective.* Is the end result challenging for the consumer? Frustrating? Or will it delight the customer? What more can we do for the customer?
- *Analyze the available customer data.* What is the data telling you the customer appreciates? What don't they like? How can we delight the customer?
- *Build the solution to the problem.* How can the process design be simplified? Can anything be eliminated? Performed elsewhere? Don't overengineer and solve world hunger. Keep it simple. Is every step really needed? Don't let perfection be the enemy of good? Beat the competition—don't build utopia.
- *Start with the initial state.* What would improve the initial state at this point? A greater focus on efficiency? Less cost? Higher quality? Is there a competitive advantage to be gained?
- *Think of additional information or answers that might change how the process is constructed.* Make a list of questions to investigate. Is every output of the process needed? Are the inputs flexible? Are there a lot of exceptions to the process? Are there unintended consequences of the process?

While thinking through the initial-state solution, set up a place to collect and eventually answer questions. Often items are uncovered that require additional effort to resolve or build into the solution. Do not allow these questions to get buried in e-mail chains or forgotten in meeting notes. But also make sure that they do not hold up progress either. Write the questions in a convenient location (i.e., a parking lot in the project room), and set a time to return to them in the future. In many instances, they resolve themselves with the passing of time.

Also remember that in some instances it is not appropriate to document a process. As stated previously, this occurs when there is variability in the inputs, outputs, or the process itself—and this variability or uniqueness is valued. Under these conditions, create standards or procedures to frame the work effort. The aim of work organization remains the same—complete the work to improve the customer experience and do so with a reasonable return to the enterprise's stakeholders.

It is worth repeating that during this brainstorming phase, the more ideas the merrier. The initial state is but a stake in the ground. The true benefit of this activity is to engage team members and have them think through the challenges and opportunities inherent in the initiative. Although a design or designs exist, team members always discover that there are gaps in their understanding of the situation. They need more information to design the optimal solution. This brings us to the next step—formulating a plan of attack to plug the gaps in their knowledge.

CURRENT-STATE ANALYSIS

The current state represents what happens in the process today. Understanding an existing process requires a thorough analysis of its current operation, including the process itself, the customer, the inputs, the outputs, and any control mechanisms. Once known,

the current-state process is the baseline to compare against any new designs and measure improvements. It identifies the inputs and outputs, provides a frame of reference for metrics, and allows insight into the customer experience. The act of pulling this information together helps to identify what is missing in the initial state. Is a deliverable missing? Are there constraints to be incorporated? Is what was devised in the initial state even feasible?

Through an understanding of the current state, team members gain the background understanding to ensure that they build a process capable of accomplishing the initiative's goals.

CURRENT-STATE DOCUMENTATION

Over the past few years, a number of “recommended” formats and notations have been developed to document processes. *Business-process modeling notation* (BPMN) is one example. In general, most documentation methods are fairly similar. Although I applaud the goal of standardization, process documentation does not need to be translated into any specific format. As long as it is understandable by a wide audience, the format is sufficient. What is vitally important is capturing a complete view of the activities that together comprise the end-to-end process. When determining the start and end of any process, be expansive and aggressive. Try to include every step and activity that influences the value derived by the process. Whereas an overly large scope may force the breakdown of work into manageable pieces, having the ability to smooth the flow of work from end to end expands the opportunities and the potential outcomes.

For the most part, documentation is discovery—sifting through the innards of the process to see how the various pieces fit together. Documenting is akin to an archaeological dig. You excavate to

uncover the general shape, hand dig the next level, and then sift to get the details.

Excavation includes conducting interviews with process performers, business partners, and other stakeholders. Although invaluable information can be captured quickly through interviews, it does come filtered by an individual's vantage point. It may be tainted by a personal perspective and not provide a true window to reality.

Continuing with our archaeological metaphor, digging by hand is equivalent to observing the process in action. It expands on the foundational view gained through informational interviews and builds depth to our understanding of the process. Perhaps the greatest advantage of observation is the ability to differentiate the theoretical from the actual, and almost as important is the ability to see exceptions and how they are handled. Exceptions are quite frequently unknown or glossed over during interviews, but they need to be noted when creating or adjusting a process.

Finally, sifting through the soil on a dig equates to the hands-on execution of a process. At this level of discovery, the investigator puts his or her "hands in the dirt" and actually performs the work like any other employee. Executing the process firsthand deepens the investigator's understanding and allows him or her to pick up details not previously discernible.

Using these techniques, the details of the process emerge, giving the investigator the ability to see how the puzzle fits together. A well-documented (and understood) current state includes the following elements:

- *Outputs.* What are the products or services created? What are the attributes of the outputs? What is important to the customer (i.e., process requirements)?
- *Inputs.* What are the knowledge or raw materials required to run the process? What is the flexibility in changing or replacing them?

- *Constraints.* What are the constraints on the process (from business partners, industry conventions, or legal/regulatory requirements)? Are they flexible? Can they be reduced or eliminated (these are important to document as assumptions of the initiative)?
- *Process steps.* What are the activities in the process? In what order are they performed (e.g., sequentially, in parallel, dependencies, no connectivity, alternative paths)? Has the order changed over time? Why?
- *Performers.* Identify the individual who executes each step in the process. How are the handoffs managed?
- *Decision points.* Does the process accommodate variations? What are the decision points leading to alternative paths? Are there exceptions? How are they handled?
- *Process metrics.* What metrics are used to track performance or control the processes execution (i.e., throughput, inventory, time in stage, etc.)?

Again, documenting the current state is a discovery process—when thoroughly done, it uncovers a wealth of valuable information. Unfortunately, there are no shortcuts to capturing this level of detail. The investigator must get their hands dirty.

CUSTOMER, INPUT, AND OUTPUT ANALYSIS

Customers are the reason for the existence of the processes in any enterprise. What customers want and what they dislike determine whether they will purchase an output. The intent of an initiative is to either improve an output to make it more desirable to customers or to expand the existing process capabilities to deliver even better outputs in the future. By retracing the steps of the current state, you can

determine the full set of outputs and customers of a process. This is accomplished by asking a simple question at each step: “What is delivered by this step, and to whom it is delivered?” Using this approach, you can identify outputs that are created throughout the process’s execution as well as the final delivery to the end consumer. Many processes make outputs for other processes or functions. When an output is ignored, internal customers and business partners may be negatively affected by a process-improvement effort.

In the same manner, the process needs to be examined step by step to capture the inputs. At each step, ask the following questions: “What is needed to complete this step? Who delivers this input? Note the specific input and its quantity or quality. Are there any alternatives? For example, when the primary supplier is not available, can inputs be sourced from another provider to keep things moving?”

At this point, the required due diligence is complete. The initiative’s goals are known (we know where we are going), the current state has been explored thoroughly (we know where we came from), and an initial state is complete (we have a blueprint to build from). Now the initiative team is in a place where many falter—tripped up by a widely held belief that is largely false. Contemporary business theory suggests that process innovation—really, any improvement—needs to be metric based. In other words, improvements need to be measured—or so the thinking goes. Given the widespread adoption of metric-based improvement goals, a discussion on process innovation would be incomplete without addressing this practice.

METRICS AND BENCHMARKS

If you work in a corporation long enough, you invariably will hear the adage, “What is measured gets done.” I will argue that a

related statement is far more truthful: “A metric tracked to reward individuals is almost always achieved.” A metric is, in fact, an excellent indicator of a performer’s focus. This does not necessarily mean that the process is aligned with the strategic aims of the enterprise, nor is it creating products/services that are desirable to the consumer. It simply means that some metric is being achieved. And here is where measurements can derail progress. The metric may not be the correct metric, and its achievement may not even be desirable to customers. And, of course, there is the situation where the metric is gamed by the performer and achieved, although not in the manner anyone intended. For example, to cut costs, a process owner may buy an inferior quality of raw materials. The cost-reduction goal is achieved, but the product is now inferior to those produced previously. And there may well be additional costs because the inferior inputs require additional rework to manufacture the products. Additionally, the lesser quality will likely result in a higher incidence of customer-service issues. Many business leaders are finally beginning to understand that metrics may not be the best way to frame improvements. If you really want to change the way work is completed, focus on the processes, not the metrics. To many, this means that the process needs to be benchmarked—a related business myth.

When analyzing processes, the topic of benchmarking always surfaces, and the discussion moves quickly on how to obtain benchmarks and map performance against the averages. A better question is whether benchmarks should even be used when analyzing any process. Answering this question appropriately requires differentiating between the source of the benchmarks—externally provided and focused on a specific industry or those benchmarks generated inside the enterprise. Externally provided benchmarks are captured and distributed by research companies or institutions. The research firms gather the information at its source and compile

it for a fee. In general, obtaining and using external benchmarks to identify improvement opportunities is a step in the wrong direction for several reasons.

Benchmarks are an average of a number of companies. Do you really want to map yourself to an average? If you are the industry leader, why benchmark the competition? If your goal is to outperform the competition, why the interest in the average?

In addition, companies operate in different environments and possess different strategic and operational structures. The environment (e.g., cost of labor or cultural differences) will distort metrics—and therefore benchmarks. Using a benchmark to contrast performance is like conducting the same science experiment and heating the substance in one experiment and freezing it in another. Could you expect the results to be the same? Environmental conditions matter.

The real underlying reason for benchmarking is to identify opportunities for improvement. Even if there is perfect alignment in the situational factors (i.e., environment, strategy, geography, culture, operation model, etc.) between a benchmark and the enterprise in question, what do you do after the variance is identified? The reason for the difference is not conveniently listed with the benchmark—so what was the point of benchmarking? Are you really better off than if you skipped the cost and time associated with a benchmarking study?

Internal benchmarks are a different animal altogether. Internally generated benchmarks come from internal tracking systems. The information never leaves the walls of the enterprise. Many companies with multiple manufacturing facilities, distribution centers, stores, or other similar-use locations may benefit from benchmarking. The difference here is that discrepancies can be identified and investigated as to their root cause. If one facility is operating at a lower cost, the reason can be explored and potentially implemented

at other locations. Even when using internal benchmarks, however, care should be exercised to ensure that the benchmarks are appropriate for comparison.

As a last word on metrics and benchmarks, my recommendation is to be extremely careful setting metric-based goals because they will become the focus of the process owner and his or her team. Make sure that the metric is valued by the customer and is measured across the full end-to-end process. Additionally, only use benchmarks when they are internally generated and reflect the same environmental conditions as exist in the subject process.

ITERATE AND REFINE THE INITIAL STATE

The initial state is but a conceptual view of an end solution. With the information gathered during analysis of the process, the initial white-board designs usually need some updating. But getting the process right requires more than layering this information into the designs. Process creation and improvement require trial and error. There is simply no substitute for experimenting and seeing the results. The intent of the “Iterate and refine” phase is just that—to incorporate available information and play around with the process until a reasonably complete solution surfaces.

The first rule is simple: get started now. Initiative teams waste days in search of an ideal starting point—a fruitless endeavor to make the process clean. Forget it. Get dirty! Put the pencil to paper, and get rolling. At one of my employers, an often-expressed quote in the process laboratory was, “You can’t get there from here, but you can get here from there.” Although somewhat confusing, the point of this quotation is that you may not know enough to design the perfect solution now, but as you test the boundaries, new options become visible.

On occasion, the initial-state designs created previously are discarded as new information becomes available. When this occurs, some process experts suggest initial states to be worthless activities. But even if the initial state ends up being complete trash, the exercise engaged the team and revved the creative engine. In the absence of an initial state, teams tend to limit their ideas to perceived boundaries (whether real or imagined) and never take the time to dream up possibilities before the hard data arrive. Use the initial state to be bold and expansive. Spend time hunting for that game-changing innovation. On occasion, you strike out, but there are times when the ball flies 400 feet and you win the game. Swing for the fences!

Even when the initial state generates a dozen options for further inspection, continue to encourage the team to pump out new ideas. The initial state provides a foundational perspective on where to go, but new options and opportunities surface during the analysis phase. Let them flow. This is a great time to get the full team together and scrawl new designs on whiteboards. Ask the basic questions: Who? What? When? Where? Why? How? Break down the walls. What if industry conventions and rules were no longer valid? Can a new business model replace the existing one? Can the boundaries be pushed out to provide greater customer options? Be bold. You can build a revolutionary mousetrap!

During this period of free-form ideation, process constraints inevitably will surface. Some of them are legit and require compliance, such as government regulations. Others, including industry conventions, were instituted by previously dominant competitors and are outdated and ripe for eradication. Identify them. Categorize them based on their ability to be overcome. Some constraints, including governmental regulations, universal standards (e.g., the long-term use of the English system of measurement), continued practices (e.g., use of cheap labor), and locations of facilities, defy

easy adjustment. Once the constraints are named, shuffle through them as a team, and gauge whether they are worthy of being attacked and eliminated. Sometimes, they are easy to discard. At other times, the juice is not worth the squeeze—especially with industry-accepted constraints. Remember, in competitive markets, the goal is to beat the competition, not provide the ideal solution. The competition is encumbered by many of the same constraints. Other innovation opportunities may prove easier to bring to fruition and with a greater payoff.

When the process design(s) delivers the intended results, switch gears and focus on adjusting the process (or create new versions) by manipulating what can change. A convenient place to start is with the deliverables—a.k.a. the process requirements. Reexamine the customer's preferences, and investigate ways the outputs might be expanded or adjusted to provide greater value to the customer. Cull the customer research and feedback from the front lines for latent customer needs or desires. The point of this exercise is to test the flexibility of the process. Often the best approach is just to brainstorm and list the options on the project wall. Can a service be tied to the product? Could the product be enhanced for specialized uses? Can the product be made at a cost that is low enough to appeal to a wider audience?

Continue this same exercise with the inputs. In most instances, inputs do not provide the same amount of flexibility, but they are still worthy of exploration. Adjusting inputs may alter the quality of the product or provide expanded functionality. For example, the development of a new chip processor drove innovation in the iPad. Are there alternatives that could be used in lieu of the current inputs? Are there other potential suppliers for the inputs? What are the substitutes? Each of these questions gets to the root of how deliverables might be adjusted. Examine the effects and determine whether they are desirable to the customer and reasonable for

implementation. Again, listing them on the project wall ensures that the options stay top of mind and continue to be considered as the process evolves.

Finally, examine the process itself. Use the process models to drive brainstorming.

- Can the process be changed to expand the customer relationship?
- Is it possible to customize the product/service for a specific customer group?
- Can products be bundled for the customer?
- Can the product/service be adjusted for a new market?

The process itself drives the outputs in the same way the inputs do. The difference is in the magnitude of the changes. Rearranging the steps in a process, adding new elements to the process, or simplifying the process may create change that echoes throughout an industry. You need only to think of the different processes used by companies such as Dell, Amazon, or Apple to see how industries were revolutionized when processes were adjusted to solve customer pain points or to deliver a better customer experience.

As mentioned previously, innovation is an iterative activity that requires injections of creativity brought on by new perspectives and outside participants, including other employees, customers, suppliers, business partners, and so on. Sometimes the ideas just need time to percolate. Do not rush the process, but also recognize that it must end. With a complete exploration of the outputs, inputs, and processes, several solid solutions usually result. The question is when to stop. When is enough enough? The answer is microwave popcorn. When the popping slows to a trickle and ideas are no longer jumping out, it is time to put the existing designs to the test. It is time to put them in the laboratory to see how they perform.

LABORATORY TESTING

In 1990, *Parade* magazine included a thought-provoking exercise that drew the ire of a few professional mathematicians. It was presented in the form of a game show where an audience member is shown three doors. Behind one of the doors is a brand-new car, but behind the other two doors are angry goats. The participant is allowed to select one of the doors. She selects door number one, but it is not opened. The host then opens door number two to reveal a goat. The host then asks the participant if she would like to change her selection from door number one to door number three. What is the correct response?

The most common response is that it makes no difference. This answer is also wrong. The true answer is that switching is the best bet. It increases the chances in favor of the participant from one-third to two-thirds. The human mind struggles with the logic because the results seem counterintuitive. Only when the results are diagrammed do any respondents begin to see the logic. Even then, many still struggle and actually must simulate the game and track the outcomes. I have used this example in dozens of lectures and have yet to find someone who answered it correctly on the first shot. The point is this: as smart as we all think we are, life often befuddles us when results do not follow our expectations.

For this reason, we cannot assume that the designs created by the initiative team will perform in the real world. The best way to determine what works and what doesn't is to test the designs in as real an environment as possible. This is the process laboratory. Most (if not seemingly all) initiative teams ignore this vital step—much to their later chagrin. Every proposed solution should be tested within reason based on the size and scope of the problem/solution. Do not skip this step!

The intent of the laboratory is to simulate an environment as akin to the real-world environment as possible. Although a laboratory will never perfectly predict actual performance, it may very well provide results that lead to adjustments or a clear repudiation of a solution design. To maximize its predictive capabilities, the laboratory should replicate actual environmental conditions and utilize anticipated use cases. When possible, the performer of the process should be an actual performer. The products and services should be produced as they would during the normal course of business. If possible, actual customers should be used to establish the true spirit of the interactions. And although often overlooked, real systems and tools should be used whenever possible. In lieu of developing the supporting systems, prototypes or simulations are an acceptable substitute.

With everything in place, begin the laboratory experiments. Test actual and predicted business situations from beginning to end. Repeat each use case multiple times. Log the results. Then test the same business cases again, adjusting the known variables. Again, log the results. While testing, incorporate disruptions, disturbances, and interruptions to mimic real-world situations. For example, test how the process works when timelines are compressed or when disruptions (such as a late employee) affect the process. The laboratory is not intended to be a sanitary environment. Laboratories provide the best insight into solutions when they are fully saturated with the stench of reality.

General Guidelines for Conducting a Process Laboratory

- Replicate the actual conditions and environment to make the laboratory tests as realistic as possible. Use the actual process performers and use cases to test the proposed solutions. Introduce variability and disruptions known to exist into the modeled environment.
- Build the structures and prototypes (e.g., timed screenshots to simulate software solutions) that support the process.

- Work through each design thoroughly—from start to finish. Repeat it multiple times while simultaneously injecting variability into the iterations.
- Track performance. Identify the process designs that perform the best. No process works in all situations. Be willing to accept failure. Identify the risks, and mitigate them, if possible, that is, if the risk is prevalent enough to warrant a response (e.g., the tidal-wave risk in Kansas is relatively low).
- Capture feedback on the tested designs from multiple perspectives: customers, business partners, suppliers, outsiders, line-level workers, and so on.
- Iterate and adjust. Continually reevaluate. Repeatedly ask what can be improved. Try substituting performers with different skills. Try different environments. Change the tools.
- Document exceptions as they are encountered. Identify ways to handle them, and complete a cost-benefit analysis to see if the juice is worth the squeeze. Should the process accommodate exceptions? Or do they ruin the business case? Let the competition serve unprofitable customer segments. At the end of the day, there is no perfect process—exceptions persist in flawlessly designed processes. Live and let live.
- Bring in fresh eyes. Listen to their feedback. Avoid the proverbial road to Abilene where everyone agrees on the surface, but unvoiced misgivings exist.
- Continue to refine the process until it is good enough. Use the rule of microwave popcorn.

When do you stop testing and begin planning a pilot launch? Here are some guidelines:

- Balance getting the process out there with getting it perfect. Don't let perfection be the enemy of good. In fact, perfection is rarely appropriate as a goal. In competitive markets, all that is needed is an advantage over the competition.
- Quit testing and get a pilot out there when the solution meets the output requirements and generates value over what exists currently.
- Timelines may need to be hastened if the competition is launching a similar product. In such circumstances, *never* release an inferior product/service unless it is proven to be of value to the consumer (the competition may have overbuilt) and it has a significant cost advantage. Be extremely sensitive in these circumstances. Inferior products may stain the enterprise's reputation. Make sure that the value exceeds that of the competition's offering.

Before piloting a solution, revalidate the business case. Although the business case never should be far from the initiative team's mind, this checkpoint ensures that a solution is not piloted that does not make financial sense. If there are outstanding questions or unconfirmed assumptions, make sure that they are captured so that they are addressed when additional information becomes available.

Lastly, before piloting, take one final shot at making the process more efficient. The main goal of process innovation is to deliver the right customer-focused solution, but time spent driving efficiency in the initial solution often pays dividends. Consider using one of the popular process-improvement tools, such as Lean or Six Sigma. Use Six Sigma when the goal is to deliver the highest quality of products/services; use Lean to improve speed to delivery, quality, cost, and safety. Complete this exercise for all the solution designs. It is now time to pilot the solution(s). Although frequently one solution appears to be far superior, it never hurts to pilot alternatives.

PILOT

The intent of the laboratory is to make mistakes before putting the solution in front of a large audience. But no matter the extent to which the laboratory replicates actual circumstances, the pilot is the first time the solution is employed in the real world. The immediate decision is where to pilot the solution. I recommend to host the initial deployment at Main Street, USA. In other words, pick a rather generic part of the market where general learnings can be gained—but with minimal unique characteristics. The pilot customer/location should be representative of the real world but isolated to the extent that it limits the risk of failure. A convenient location for monitoring the solution is also a consideration because pilot designs nearly always require adjustment prior to an expanded deployment.

Preparing for the pilot entails many of the same activities undertaken in the laboratory. Employees are trained on the new process. Tools, systems, marketing materials, and other elements of the solution are acquired/built and set in place. Facilities are reorganized and retooled. Communications are routed to business partners, suppliers, supporting teams, and other affected parties.

With the infrastructure in place, begin the pilot. For the most part, the initiative team just observes. Unless a part of the solution is not functioning as designed, let the process play out—even though it may be painful to watch. Remember that this is the first time these performers have used the new process and system. Perfection rarely visits during the initial iteration. Resist the temptation to tinker until the pilot has completed several cycles. Even then, refrain from adjusting the process for anything other than addressing critical issues in the initial location. Wait to address minor issues until the solution is expanded to additional locations/customers. What is a minor deficiency may look entirely different in a new location. Expanding the pilot creates an opportunity to either adjust the original design or try

an alternate. Additionally, it provides data on how the solution fares in different environments.

Monitor and treat both the initial pilot and the expanded pilot as if they were still in a laboratory environment. Track performance, and as time passes, slowly begin making adjustments. Be patient. When the solution is working and the results are meeting the goals, it is ready for deployment.

DEPLOYING THE SOLUTION

With the completion of a successful pilot, it is time to build the organization and supporting structures for a general deployment. Because the pilot was limited in scope, building the long-term components requires additional effort. There are two primary deployment approaches—a *direct cutover to the new process* or a *staggered deployment*. The direct-cutover approach replaces the existing solution via a one-time event. It takes significantly less time and allows for the immediate ramp up of benefits, but it comes with greater risk. A staggered deployment is more cautious. It replaces the existing solution in select locations and gradually expands to other locations over time as long as there are minimal issues.

The approach to deployment should balance the benefits with the risks. If time to market is the preeminent aim and the pilot was successful with minimal adjustments, direct cutover is a viable option. If there is substantial risk owing to variances in the environments where the solution will be deployed, a phased or wave approach is more appropriate. Also remember that the initiative is not operating in isolation. Other initiatives may be deploying solutions to the same area(s). In these instances, working with other teams to collaboratively deploy the solutions may minimize disruptions to the business. All these factors should be considered when building the plan.

Regardless of the approach chosen, a well-executed deployment depends on several critical elements:

- *Initiative deployment office.* A team to plan the deployment, ensure that all pieces are in place prior to going live, and with the authority to make adjustments on the fly.
- *Facilities, resources, and tools in place.* All facilities, inputs, tools, and other components of the solution are built to expected volumes and are scalable and flexible enough to accommodate potential adjustments.
- *Communication.* The solution is fully communicated to all business partners and stakeholders affected by the new solution. Their roles are communicated and understood.
- *Change management.* The performers and other individuals involved in the process are aware of the change and prepared to perform their new or adjusted roles. This includes the creation and execution of a training program to provide them with the skills to function in the new environment.
- *Feedback loops.* When the deployment occurs, the appropriate communication loops are built and in place (i.e., reporting, conference room discussions, etc.). This allows for the identification and escalation of issues when discovered (performance or situational).

TRANSITION PROJECT ROLES TO ONGOING PRODUCTION

With deployment of the solution across all locations, customers, and appropriate product lines, the initiative team is nearing completion of its work. At this point, many of the team members may shift into new roles, and only a few of the original cast may remain.

Although this approach is not metric based, businesses operate to make a profit, and other organizations operate to fulfill a purpose. Invariably metrics come into play and are a part of the monitoring and adjustment of the solution as it moves into steady state in a production environment. As the solution is turned over to the frontline performers, metrics allow for the tracking of performance versus the current state and allow for the identification of opportunities and issues. From my perspective, the accounting system financials and basic metrics (i.e., output, time in process, and market share) are sufficient to report on progress. That said, I have never witnessed a solution deployed that did not come with a ream of reports to monitor and track progress. Again, I argue that most of this paperwork is wasteful. Processes ought to be managed at the process level where the work is completed, not off reports that cannot possibly identify the myriad influences and unique characteristics of the actual environment. In lieu of fighting this battle, I suggest a sunset period for extraneous reports. As the initiative team passes off the management and reporting of the initiative to the full-time team (i.e., the process owners), identify a time when these extra metrics and control processes can be eliminated. If new issues surface, new reporting can be initiated. Even in these instances, ensure that the cost of reporting is exceeded by the benefit gained by tracking. Enterprises spend a tremendous amount of time, energy, and money reporting on everything and anything. The reporting volume far exceeds the time available for employee to absorb and act on the information. In general, this time and effort would be far more productive if it were shifted to customer's requirements and used to fuel the innovation process.

With the initiative complete and the transfer of ownership to the front line, a few remaining activities should be completed to close down the initiative:

- Ensure that the solution is documented in training and other corporate information repositories.

- Hand off the remaining project work documents, including alternative and potential ideas for the process, to the process owners. This is often a wealth of information that, if used, could shortcut future initiatives.
- Update the final business case results.
- Share the results of the initiative and lessons learned with the greater enterprise. Create a case study of what happened to allow for collective knowledge and awareness. Many teams suffer through the same challenges in building and deploying solutions. Sharing experiences helps the enterprise to institutionalize competence in innovation.
- Document/report on the performance of external team members (i.e., consultants, contractors, and others), and provide this information to the appropriate individuals.
- Release any materials, facilities, systems, or resources no longer needed back to the enterprise resource pool.
- Celebrate success!

The last point—Celebrate success!—is more than just a feel-good point. It may very well be the most important bullet point in the preceding list. The less prominent initiatives in contemporary corporate America tend to wither into the background once the initial luster dissipates. Inadequately staffed, underfunded, and with disinterested sponsors, they linger on portfolio management lists but are the walking dead of the initiative world. Celebrating success is about building enterprise momentum to support initiatives and see them through to their successful conclusion. This is not to say that there are not those occasions when the market changes and a portfolio-management function appropriately weeds out the laggards. But initiatives generally deliver value when they are adequately resourced and executed to completion. At the finish line, a celebration recognizes success and encourages others to push forward. Value is created, and the strategic and operational positions of the enterprise are improved.