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The Future of Process-Focused Enterprises

At an elementary level, innovation efforts are aimed at refining the true purpose of work efforts and ensuring that the work is done in the most efficient manner possible. This dual focus is at the heart of a process-based approach. Is the process fulfilling its purpose as intended (strategic-planning facet), and is it doing so as efficiently as possible (operational-innovation facet)? In this way, waste of all types—unneeded activities, lost time, and misused investments—is identified and eliminated. In effect, the enterprise calibrates itself to its mission by eliminating the unnecessary. This recipe for innovation opens the doors to a realm of possibilities.

Using processes as an organizational structure stretches the concept beyond prior usage. Contemporary organizational structures and managerial practices are remnants of ideas born from military conflict and the industrial revolution. Bludgeoned into their current form over years of use and misuse, the greater business community

accepts their flaws to such an extent that engaging in a constructive dialogue on their practicality and utility requires the iconoclast to be armed with a comprehensive alternative. This book presents a novel approach for clearly illustrating operational components, directing work efforts, allocating resources, and tying all these pieces together through the language of process. For the sake of review, the basics of this approach are straightforward and simple:

- Develop a customer-focused mentality throughout the enterprise. Leverage internal and external data sources to gain a rich understanding of the customer's current and future preferences and behaviors. Consolidate this information in a format conducive to its dissemination to individuals responsible for developing tomorrow's product and service offerings.
- Use processes as the organizational structure to clarify the work performed in an enterprise and the interdependencies between operational processes (i.e., a process system).
- Implement a governance organization mapped to the process structure to ensure ongoing management and improvement of all areas of the enterprise. Assign process owners to focus on improving the efficiency of their areas and implement strategic adjustments in alignment with greater enterprise objectives.
- Plan changes to the overall process structure through an ongoing management of a portfolio of improvement initiatives. Prioritize and execute initiatives in an order that maximizes the total benefit generated by the full collection of initiatives and ensures that resources are allocated appropriately to support this innovation plan.

Although innovation can occur without this approach, it traditionally relies on leadership. And good leaders come and go—making

it extremely risky to bet on leaders alone to steer any enterprise to greener pastures. The real aim of the approach presented in this book is to embed the approach, structures, and tools supporting innovation into the very DNA of the enterprise—thereby creating a system in which innovation is not simply a goal but rather an ongoing cycle that encompasses all the activities from opportunity identification to the delivery of a customer-desired product or service. In comparison with today's reality, where every improvement endeavor starts from a blank sheet of paper, the process-based approach to innovation is a framework for managing the continual improvement of an enterprise. Through its use, an enterprise surfs over the unending waves of change.

Corporations are the most immediate prospects for transformation to a process-based approach. After all, they have been the focal point of most improvement and innovation efforts over the past few decades. Results-driven like no other arena, market competition forces their hand to react to new market realities or perish. As their failures hit the headlines, corporate leaders see more emphatically than others the real risks confronting their companies. In small and entrepreneurial ventures, the risk is even greater. Without the safety net of substantial resources and market momentum, a process-based approach is particularly beneficial for smaller firms attempting to outmaneuver larger competitors. By focusing on the consumer's processes—how they shop, use, and service the product or service—the smaller firm can use this perspective to guide their improvement efforts.

Throughout this book, examples were presented of how this model applies to for-profit companies. However, I have been careful to use the term *enterprise* because a process-based approach is not restricted in its applicability. Bureaucratic and inefficient organizational practices are rife throughout all forms of enterprises but are especially prevalent in nonprofits and governmental entities. Lacking the push from the market, they are ripe for a transformation—and the potential benefits in such fertile ground are immense.

The process-based approach works in any type of organizational structure, including governmental agencies, nonprofits, educational institutions, and any type of nongovernmental or similar organization. Simply stated, if there is a mission to be achieved in a changing world (and it is an ever-changing world), a process-based approach is an efficient and effective approach to build a platform for innovation.

For example, imagine that governmental agencies and institutions deployed a process-based approach. The clarity itself and the ability to link actions to results would fundamentally change most governmental bodies. While I am skeptical that most governmental agencies would consider adopting a process-based approach because of the visibility it would provide to wasteful and inefficient operations and the resulting potential to hold leaders accountable for their actions, the long-term health of many levels of our government will require fundamental change to improve their operational capabilities. The day is fast coming when the U.S. government is severely crippled by the excesses and inefficiencies of past and current administrations. An approach that drives immediate efficiencies across the board may well be a significant opportunity to return stability to the U.S. government.

In a like manner, a process-based approach supercharges the nonprofit arena. With limited resources, the ability to focus resources on the critical processes to generate benefits for stakeholders allows nonprofits to accomplish their missions with fewer resources and less waste.

Or think of the benefits for educators and their students. Through the documentation and sharing of methods, approaches, lectures, coursework, and other educational elements, educators have empirical data to guide their teaching to optimize the learning, use, and retention of their students. But the benefits and expanded capabilities in the different forms of enterprises are only a toehold to the potential of the process-based methodology.

A process-based approach not only affects enterprises, but it also has the potential to reach down to the individual employees working across industries and geographies. With the rise and fall of the sun, hundreds of millions of people put in a solid day (or night) of work. The work is personal to the individual—not only a source of income, but it defines them in terms of their contribution to society and heavily influences their perspective of their self-worth. Inside most enterprises, individuals struggle with conflicting goals, poorly defined work elements, and a cacophony of confusion around the enterprise's direction. Job satisfaction is below average to poor according to many surveys. Employees perform their work in a perfunctory manner because they lack trust in their leaders and are unable to pinpoint exactly what their role is and what they should be doing.

In today's environment, promotions are rewarded based on others' perceptions of an individual's capabilities relative to other candidates. Performance cannot be evaluated on an apples-to-apples basis, and there is no foundational construct to discern the difficulty of any specific role. Process-governance structures, and indeed the whole process-based approach, remedy these deficiencies. Process complexity and performance can be associated and evaluated. Whereas the availability of information to evaluate leaders traditionally hindered succession planning, a process-based approach offers a wealth of data linked to specific directives and achievements of individuals. It is no longer possible for the do-nothing individual to speak well but perform inadequately and still get the promotion. The structure is in place to evaluate individuals based on their contribution to the work efforts of the enterprise.

Moving beyond individual and performance-management benefits, a process-based approach's potential to simplify and clarify work efforts is a game changer. Over time, the prevailing structures and approaches meld into business practices. Depending on their

success and how widespread their adoption, these practices give birth to "best" practices. For example, with the current increase in technology implementations, a number of best practices were recognized for their ability to substantial boost the execution of technology programs. The Agile methodology is exactly such a collection of best practices. However, many of these practices have been challenged by practitioners for their lack of specificity or their applicability to other situations. Process models born of a process-based approach overcome these limitations and provide a previously unknown clarity of purpose. The detail afforded by a process perspective provides a crystalline view of a solution and an enhanced ability to register its applicability to other environments and situations.

In this way, process structures in the future may trace their roots to a collection of best-practice processes from different environments. The power of these structures is the ability to build new solutions—much like using blocks to create something new. Process blocks can be swapped in, swapped out, or reordered to deliver new outputs. Such a practice not only allows managers to leverage the experiences of others, but it also essentially functions as a shared language for change activities. The conceptual is made tangible. In effect, the potential exists to make the best methods and processes transportable from one environment to another—and at a specificity to make them implementable and meaningful. This facilitates a crisp flow of ideas—as well as provides foundational constructs that assist individuals in acclimating to new workplaces. This only comes about when the language of work is communicated via process.

This brings us to perhaps the greatest opportunity for extrapolating the capabilities of a process-based approach—the ability to map and innovate a full industry. Industries in their largesse are rarely considered from the perspective of the value they provide to society. Rather, they are perceived as a collection of individual entities (often corporations), each with a distinct offering and a

unique manner of conducting business. Inside the walls of companies, corporate leaders aggressively seek advantages over their competition, and this effort results in industry inefficiencies and substantial opportunity costs. Competition has largely forestalled any efforts at cooperation and collaboration. As a result, companies spend money on research and development that is duplicative and would be unnecessary if they shared knowledge and processes. And every company builds a corporate infrastructure to support its business—spending valuable resources and energy on systems and processes outside the core value chain. They invest huge sums of money to promote their products and be top of mind to consumers. All this seems right to business and government leaders as they support the system implicitly by their inaction to change it. For a moment, look across the wall and see what might be.

What if companies shared back-office processes such as accounts receivable and accounts payable—allowing customers and suppliers a single point of contact for transactions? Just imagine receiving one consolidated bill from all your healthcare providers instead of multiple bills from individual specialists and other medical providers? Or consider the implications if enterprises syndicated to address shared needs. For example, what if companies invested into a knowledge-sharing portal—allowing for the elimination of duplicative experiments (such as those required for Food and Drug Administration approval of a new drug)? What if companies and other agencies built syndicates through a collaborative research and development effort to focus their resources to tackle major societal problems? What if government and nongovernment organizations worked in tandem with companies to build standards instead of allowing costly competitive fights to determine industry standards (like Blu-ray versus HD DVD in the high-definition DVD market) and make our overall society more efficient? What if we viewed an industry as a collection of enterprises and began managing the outputs of the industry in

terms of value generated, safety, flexibility, and all the other process characteristics. By so doing, we leverage the enterprises' collective resources to deliver greater value for society. This powerful idea alone could fundamentally alter the way our society operates and the quality of life of every individual.

The benefits of this new manner of organizing and managing innovation are exciting and provide a distinct alternative to how enterprises operate today. The road to a better future begins with ideas—ideas that challenge current conventions and break rules. Processes have already demonstrated their ability to transform companies and industries. By providing an approach that leverages the power of process and uses it to drive innovation, the future is indeed promising.