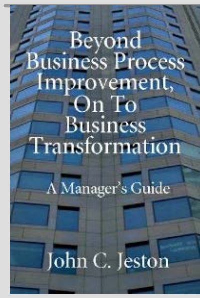

Beyond Business Process Improvement, On To Business Transformation: A Manager's Guide

John C. Jeston
Meghan-Kiffer Press, 2009
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Reviewed by Paul Harmon

In the history of business process change, there have been two broad approaches. One emphasized a bottom-up approach which focuses on looking at specific problems and then working to fix or improve them. In essence, one might refer to this as the "normal times" approach. It assumes that an organization has a large scale process that is already well organized and that all one needs to do, to save money or increase efficiency, is to make modest improvements in the existing process. This is the approach usually associated with Six Sigma and Lean.

The second approach assumes that a major change has occurred or that someone has figured out how to generate a revolutionary change, and proceeds top-down, to really redesign a large scale process. This is the approach usually associated with Business Process Reengineering or Business Transformation.

Organizations focused on small scale, bottom-up changes usually talk about things like saving $500,000 a project or eliminating waste or inefficiencies. Organizations focused on large scale transformations usually talk about major new technologies, like 3D printers, or about Global Outsourcing or Climate Change.

I have a slide I sometimes use in workshops that shows changes in the music reproduction industry. Different technologies enjoy a period of growth, companies expand, and then a game changing new technology is introduced and one group of companies goes into decline while another begins to expand. Here's a quick summary:

1960-70s Records (LPs and LP singles) and phonograph systems
  1979 Sony Introduces the Walkman
1980s Cassette Tapes and cassette players
  1983 CDs become available in US
1990s CD Discs CD players
  2001 Apple Introduces the iPad
2000s Digital Files, PCs, iPads and iPhones

The key message here is that about every ten years the basic storage device for music has changed, creating a new demand for different types of players and recordings. In some cases the same companies have reinvented themselves and switched from one approach to the next. In most cases they have not. A company with a huge investment in pressing plastic 331/3 records is naturally going to resist setting that investment aside and investing, instead, in the technology required to manufacture audio tape and cassettes. Similarly, once a company has designed processes and acquired equipment to do cassettes, it will probably resist setting all that aside to rush into CD manufacturing.

Each of the organizations that participated in the music industry, whether they manufactured audio media, or players, or simply sold these products, had worked hard to develop the business processes that allowed them to do their work efficiently and effectively. Having invested and worked hard to create world-class business processes, they naturally resisted tossing them aside and transitioning to a newer technology. It's perfectly understandable – but it means they are no longer with us. After resisting for a years, they either went bankrupt, or dropped their resistance and made the transition.

We could easily come up with other examples from other industries. The past few decades have been characterized by massive, relentless and accelerating change. The change has been driven by changes in technologies, by changes in markets or changes in customer tastes, or some combination of them.

Organizations that survive and prosper in this environment need to embrace change and innovate. Those that don't run the risk of becoming irrelevant. The change has not been as rapid in all industries. In some areas, the change has been constant but modest. Grocery stores are still grocery stores and hotels are still hotels, in spite of lots of modest innovations that have changed their basic processes in modest ways. Hotels used to make money on phone calls, then cell phones largely eliminated that source of income. Meantime the use of the Internet and wireless technologies have provided hotels with another source of income. But, as I say, these changes are relatively modest, and quite unlike being a audio hardware company and watching as basic audio technologies become obsolete, one after another.

Thus, those who are interested in tracking the various business process change approaches have noted that both Six Sigma and Lean and BPR and Transformation have both prospered. One set of approaches have focused on helping organizations improve their existing processes while the other group has focused on helping organizations deal with radical shifts in technology or the business environment.

In 2006 John Jeston joined with Johan Nelis to write *Business Process Management: Practical Guidelines to Successful Implementations*. In 2009, John Jeston, wrote a second book, *Beyond Business Process Improvement, On To Business Transformation.*

While I have not discussed the matter with John, I suspect that he has had the same experience that I have had. One writes a book on BPM and gets the attention of lots of middle managers who ask your advice about the modest changes their organizations are considering. Beyond a certain point, however, you find it difficult to proceed, however, because larger projects are the domain of senior executives. A few senior executives "get" process, and you work with them. Most CxOs, however, don't get process. Instead, they are focused on finance and on leadership, and hope to drive their organizations toward success by adopting any of a variety of initiatives. Ultimately, this isn't surprising because it's about what they were taught when they took an MBA. Most business schools don't teach process either – they focus on functional concerns, like operations, marketing and human resources and somehow assume heroic individuals can stitch it all together, or can build a team that can do so.

As I've become older I have come to appreciate leadership more – there is a lot to be said for a CEO who has a vision and lots of energy and who builds a team that can help him or her to realize a vision. Unfortunately, many executives with vision don't get the results they want because they lack an analytic method that can clarify the nature of the problems they face.

Financial analysis is great for understanding day-to-day problems. Unfortunately, financial analysis works best when you are trying to incrementally improve a situation that is well understood.

Henry Ford set out to get into the car business. He tried and failed twice, and only succeeded, on the third try, when he completely changed his approach. He abandoned the idea of trying to hand build cars, and decided to mass produce a single model car. Moreover, he designed the car to assure that it could be assembled via a systematic set of steps – and designed a moving production line and organized workers to stand at different points along the line and do specific tasks. Using this approach he was able to radically change the way cars were built and the costs involved in building them. And he was able to generate enough money in the process that he could pay his workers better than any of the car companies that were trying to build cars with highly skilled craftsmen.

It's easy to imagine Ford's competitors, trying to reduce the costs of creating hand-built cars, reducing wages and shifting to cheaper materials, but it's hard to imagine they stayed in business. It wasn't a finance problem, as such. Ford hadn't started out trying to figure out how to save money; he began with a total reconceptualization of the auto making process – from the nature of the product to the nature of the work.

This is exactly what Michael Hammer proposed in the early Nineties. Companies, Hammer suggested, had added bits and pieces of computing technology to existing processes. They had realized incremental improvements, but they had not really realized how computing and software could totally reorganize the nature of their businesses. For me, the archetypal process, as far as Hammer was concerned, was an insurance process that involved lots of knowledge works processing paper. Using the latest technology, one stopped processing paper and scanned the paper documents into a computer. Then the computer system routed facsimiles of documents to the people who needed to see them, waited for edits and approvals, and then moved the documents on to the next person who needed to see the document. Workflow systems like those Hammer described totally changed the way work was done. It didn't do it by incrementally improving one or another aspect of the work – it did it by totally reconceptualising the process being used.

So, how do we get CEO's to think like Henry Ford or Michael Hammer? I suggest that the way to begin is to get CEOs thinking about processes – specifically, I want to get them thinking about their organizations as a process. Lean and Six Sigma don't have much to offer here – both tend to focus on little processes. A large organization has hundreds or thousands of little processes, and thinking in such detail is a sure way to be overwhelmed by the details and accomplish nothing. Instead, one has to be bold and think of the whole organization as a single process designed to produce one or a few products or services. One needs to think of the organization as being made up of 5-6 major subprocesses that work together to produce the organization's product or service. And one needs to think that all the people, machines and buildings and systems used by the organization either contribute to the success or the failure of those major processes on which the organization depends. Thinking boldly, like this, one is prepared to understand one's organization and then to ask, how could we transform this business into something different and much more effective.

I believe that John Jeston has had similar thoughts, and wrote Beyond Business Process Improvement to address these concerns. The chapters of the book provide an overview of how it is organized:

1. Why Aren't CEOs Process Focused
2. What Movitates Organizations to Become Process Focused
3. Can You Be Successful in Adopting aProcess Focus?
4. How Should Organizations Start?
5. Management Processes: What Needs to be Done?
6. Operational Processes: What Needs to be Done?

While I am very sympathetic with Jeston's goals, I'd only give him a B for the effort. This book isn't nearly as powerful as Hammer's *Reengineering the Corporation*. It provides mind maps and flow charts that are probably too detailed, and doesn't spend enough time on case studies that really drive home the way an executive ought to try to sort through the problems a large organization faces.

I've argued elsewhere that I think the term "Transformation" can serve today in the role that Business Process Reengineering served in the Nineties, as a rallying cry for those who want to take a big, top-down view of process work. I would recommend that process practitioners, who want an introduction of some of the ideas that are important to this approach, buy and read this book. Ultimately, however, if we are going to recruit many CEOs to the cause, I'm afraid we will need a different book to serve as this generation's *Business Process Reengineering.*

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Paul Harmon is the executive editor of www.bptrends.com

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