

Michael Hammer's Process and Enterprise Maturity Model

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The April 2007 issue of the *Harvard Business Review* included an article by Michael Hammer on his Process and Enterprise Maturity Model (PEMM). This process management assessment tool joins a number of other process maturity models in the market, but Hammer's PEMM brings some unique advantages: his reputation as a provocative thought leader in business reengineering, and the credibility of the *Harvard Business Review* with a general management audience. Despite a few weaknesses, if you're considering conducting a process management assessment and would like to get the attention of general managers, the PEMM may be your best choice.

Michael Hammer's Leadership in Process Management

Michael Hammer's expertise in process management is well-established. He and the consulting firm with which he was affiliated in the 1980s and '90s (CSC Index) pioneered business process reengineering. Reengineering was adopted by hundreds of large companies (and, as well, by consulting firms looking for a hot new service offering). Hammer became a business icon, and the business book he co-authored, *Reengineering the Corporation*, sold more than two million copies worldwide. Fairly or unfairly, reengineering also acquired a stigma. In some camps, it was regarded as a euphemism for massive layoffs (with no process improvements) and a label that would get any cost-cutting initiative funded within a corporation.

Since then, Hammer has largely abandoned the reengineering moniker and has continued to push and publish his ideas for large-scale, cross-functional, IT-enabled process improvement. His ideas still appear to have a large following. As a result, the article's publication in the world's most prestigious management publication is good news for process practitioners. It can't but help keeping senior management attention on the process point-of-view.

Hammer's Process and Enterprise Maturity Model

Hammer has spent the past five years working with the companies in his Phoenix consortium to develop PEMM. The model makes a distinction between the maturity of a process and the maturity of an enterprise. To analyze the performance of a process, the model looks at five "enablers" of its maturity (1) design – purpose, context, and documentation, (2) performers – knowledge, skills, and behavior of people doing the work of the process, (3) owner – identity, activities, and authority, (4) infrastructure – information systems and human resources, and (5) metrics – definition and uses.

At the company or unit level, the analysis looks at four "capabilities" (1) leadership – awareness, alignment, behavior, and style, (2) culture – teamwork, customer focus, responsibility, and attitude toward change, and (3) expertise – people and methodology, and (4) governance – process model, accountability, and integration. Each process enabler (broken down further into 13 "elements") and each enterprise capability (also further broken down into 13 different "elements") has four levels of maturity with practices identified for each level (or five levels, counting level 0). In his *Harvard Business Review* article, Hammer suggests that the new framework, "helps executives plan process-based transformations, track their progress, and identify roadblocks."

Good News: Executive Attention

As advocates of the process perspective on an organization, we applaud Michael Hammer's article. We hope it will make more executives evaluate the health of their organizations by diagnosing the health of their key business processes. We also hope Hammer's concept will spur them to improve key under-performing processes and shore up their enterprise process

capabilities. In fact, Hammer's tool is less important than the conversation it generates. Process metrics rarely show up in any company's financial statements. And thinking that the majority of companies are like the Dell's and FedEx's of the world is delusional. Simply making senior executives aware of the ever-increasing need to closely monitor process performance is important enough -- whether or not they adopt PEMM or another model. In this regard, the tool has the potential to generate important conversations.

What Makes a "Good" Maturity Model?

A more thorough evaluation of Hammer's model requires a step back to ask more fundamental questions such as "Why would we spend time and effort to assess our process management maturity?" And "So what? What will we do with a process management maturity assessment?" If we agree that a good process management assessment should focus top executives on a process view of their business, then it should be simple to understand how it works and how to use it, and be tied to outcomes they can grasp. And if we further agree that an assessment should change their behavior to improve the way work is done and improve business performance, it should provide clear advice on ways to improve processes and predict the outcomes of such improvements: If you increase maturity in an area, then you can expect certain outcomes.

A Crowded Field of Process Management Maturity Models

There are many process management maturity models out there (see Paul Harmon's Monthly Advisor *Process Maturity Models* of March 20, 2007). So Hammer's PEMM enters a crowded field of process management maturity models, none of which has gained widespread acceptance. There are at least 10 process management assessment tools that I have identified, including four from the quality movement:

- The Deming Prize of the Union of Japanese Scientists and Engineers
- The Malcolm Baldrige National Quality Award from the U.S. National Institute of Standards and Technology
- The European Foundation for Quality Management Excellence Model
- The International Organization for Standardization 9000 family of standards

There are still other maturity models from consulting and services firms:

- The Process Based Management Assessment Framework of the Consortium for Advanced Management–International (CAM-I)
- The 8 Omega Framework of the BPM Group
- The Business Process Management Maturity and Adoption Model of the Gartner Group
- The Capability Maturity Model Integration from the Carnegie Mellon Software Engineering Institute
- The Business Process Management Maturity Model of John Alden and Bill Curtis (based on Bill Curtis' work with the Capability Maturity Model, and using a similar architecture profiled in Paul Harmon's *BPTrends* article mentioned above)

The Process Management Research Center at Babson College, has been working with Michael Rosemann and Tonia de Bruin of Queensland University of Technology and Kevin McCormack or DRK Research and Consulting for three years on the development of a process management assessment tool. We have identified six critical success factors of process management (strategic alignment, governance, leadership and culture, people, methods, and IT) which we analyze using five levels of maturity. We have tied our assessments of these six criteria statistically to business unit performance and "esprit de corps" – a shared spirit of comradeship, enthusiasm, and devotion to a cause among the members of a group

PEMM's Different Assessment Tools for Enterprise and Process Maturity

While PEMM is very simple and straightforward compared to some of the other maturity models, it may still be fairly complex for some senior management audiences. It has two versions, one for

processes and one for enterprises, and 13 elements for each and four maturity levels for each of those.

The distinction between process and enterprise maturity has been useful for some of the companies that have used PEMM. Rose Baczewski, the process leader at Horizon Blue Cross Blue Shield of New Jersey, one of the companies who helped develop the PEMM commented, "I think there is a significant difference between the maturity of an individual process and the maturity of the entire organization (in general) with respect to process. Just because one critical core process is mature and humming on all cylinders does not make the entire organization mature with respect to process. The performance of that single process may indeed be an indication that the organization is moving down that path, and may be significant milestone, but it does not guarantee overall success and maturity. Thus I do think the two paths are appropriate as I think it would prevent an organization from declaring victory too soon in the campaign. I also think it helps debunk the general Six Sigma mindset that the number of bets you have minted and the number of projects you have done is the measure of success with respect to process work."

Another process leader who helped develop PEMM commented that different models for process and enterprise maturity are important since a process maturity level cannot be attained or sustained unless a certain enterprise level maturity is reached. "The reason is that process maturity can be improved despite relative immaturity of the enterprise, by means of someone's heroic efforts. While encouraging, this situation is not stable. Absent enterprise maturity, a mature process will not last. Sustained process maturity demands and depends upon equivalent enterprise maturity. We discovered that we could advance our process maturity without stepping back and addressing our enterprise maturity."

At Babson, however, we have found that the same process maturity categories can be used to analyze both process and enterprise maturity. When we worked with one of the companies that helped develop and have applied the PEMM, we found that we needed to use some of the categories from the process analysis for the enterprise maturity analysis, like IT. The uniqueness of the categories of analysis for process and enterprise maturity was not sufficient to outweigh the extra complexity of having two analytical frameworks.

Some Potential Weaknesses of Hammer's PEMM

We also believe there are some potential weaknesses in the categories of analysis in Hammer's PEMM and the lack of a linkage between an assessment of process management maturity and business impact. Most companies who are using Hammer's PEMM are customizing it for their unique needs, so it can be relatively easy to overcome these weaknesses.

- Hammer's framework doesn't make a connection between maturity levels and business outcomes. For example, financially-oriented senior executives will ask, "If we go from level 2 to level 3 in an enterprise capability, how will that show up in financial measures, such as increased revenues or cost reduction?" A process maturity model is incomplete if it doesn't incorporate the linkage between maturity and business outcomes.
- The enterprise model doesn't include strategic alignment – the extent to which process activities are tied to the organization's strategy. Assessing strategic alignment ensures that there is a conversation about whether the process improvement activities are consistent with the organization's priorities, values, and design of operations. For example, an efficient airline like Southwest Airlines will design its passenger handling process very differently from a high touch airline like Singapore Airlines.
- The enterprise model doesn't include IT as an enterprise capability. IT is a key enabler of process improvement. An enterprise assessment should examine whether the information technology tools and systems are in place to design, analyze, model, simulate, execute, and monitor processes.
- As with the traditional application of the Capability Maturity Model assessment, the levels architecture in Hammer's PEMM proposes a stage-gate approach, i.e., all factors have to be on the same level. We are skeptical that this makes sense in all situations. Each company is unique, and while the practices for a maturity level may make sense in one organization, they won't make sense in another.

Conclusions

There are many tools for assessing process management capabilities. On the one hand, which tool you use is not as important as putting a tool in action – conducting an assessment and having ongoing conversations with the right parties, especially senior managers, about process management. On the other hand, tool selection is important, because, if your objective is to engage senior managers, you want categories that will best communicate potential actions to the managers who use the tool.

Michael Hammer's *Harvard Business Review* article certainly helps all of us in the process movement, given his credibility on the topic and the prestige of *Harvard Business Review*. However, if you are considering using it in your organization, be aware of its weaknesses: potential complexity for a business audience, no known connection between maturity levels and business performance, and some missing critical success factors of process management, such as strategic alignment. You can overcome these weaknesses by customizing the tool to meet your needs, as many companies who helped develop the tool have done.

Brad Power is the Executive Director of the Process Management Research Center at Babson College. He has, in the past, worked extensively with Michael Hammer. He has also developed a process management assessment tool with some colleagues at Babson, Queensland University of Technology, and consulting firms. Brad can be contacted at bpower@babson.edu.