



Extreme Competition

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Outside-In, Upside-Down

The challenge in getting management buy-in for BPM centers on being able to get your message across. It seems that IT-speak, as well as Lean-Six-Sigma-speak, as well as abstract Harvard-speak, are not getting the job done. Senior executives understand the long established needs for IT, quality programs, and abstract management theory, but, for them, that is stuff to be delegated to specialists. What management is concerned with is marketing, finance, operations, sales, leadership, efficiency, productivity, and top-line growth, not BPM, TQM, VOC, MDA, SOA, BRE ... enough, already!

All too often, it seems BPM/IT insiders discuss BPM with their business peers in a “look-how-smart-I-am” mode. It’s time to reframe the discussion if we are to get beyond the situation that award-winning CIO, Michael Hugos, describes in his book, *The Greatest Innovation Since the Assembly Line*,

Many times I have participated in business meetings where I wasn’t really recognized – because I was the IT guy. Discussion ranged from marketing to finance, to mergers and acquisitions. Everyone was conversant in these areas (as well we all should be). Then the talk touched on IT.

When IT is mentioned in such meetings, almost immediately there are snide comments about “geeks” and “techies.” You can feel the discomfort in the room. There are awkward silences. People look at each other. It’s obvious no one knows anything and no one wants to look uninformed. So they change the subject.

At best, senior business people seem able to recite a few IT factoids they picked up along the way. Most “C” level folks don’t go much beyond their small collection of factoids because they are easily scared and put off by the apparent complexity of IT. In presentations, I see their pupils contract and their faces go blank when relatively simple IT acronyms and concepts are introduced.

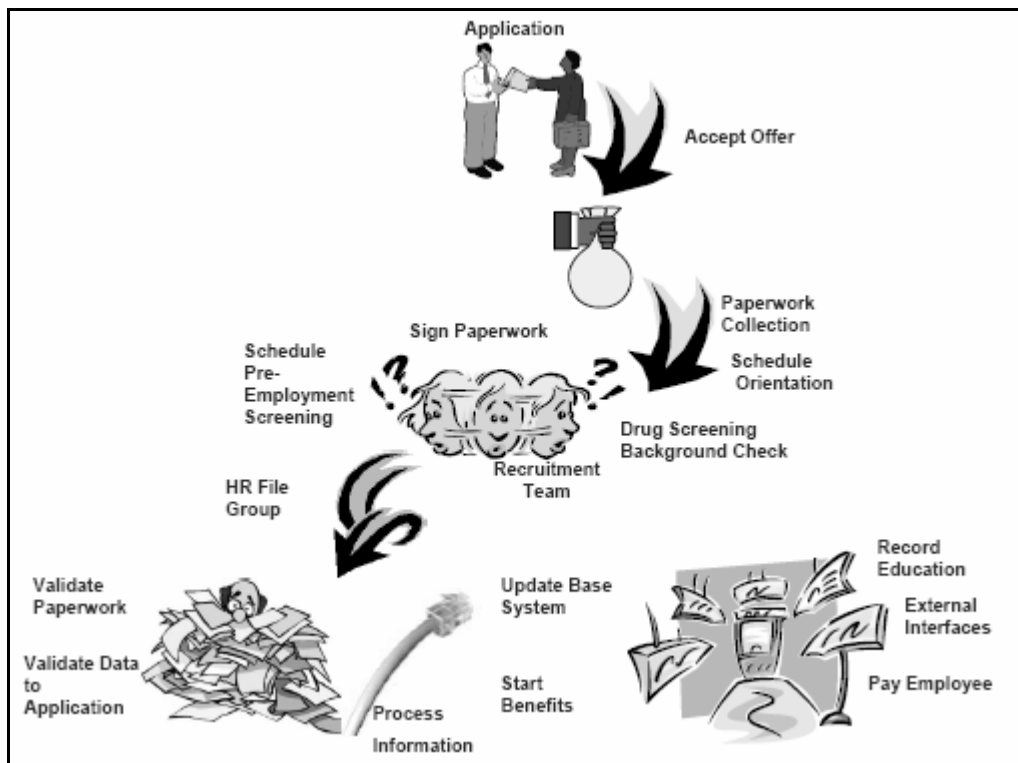
Here are smart people being paid major salaries making important business decisions. And they are flying blind when it comes to IT.

Ditto for BPM discussions where senior business people seem able to recite a few BPM factoids, but then their eyes glaze over when the discussion goes into the process lifecycle and all its BAM, BRE, BI details. So let’s change the BPM discussion to a business discussion, to a business vernacular. Let’s quit demonstrating how smart we BPM/IT types are. Let’s listen to the overriding issues facing our business counterparts, and reframe our discussions in the lexicon of those issues. And as we may be less than proficient in the language of business specialists, let’s keep the conversation simple – without it being simplistic. There’s a lot of money to be had in framing complex business issues in simple language. Just ask Ram Charan, the guru of management gurus, who has no home, clocks 500,000 air miles a year, and pulls down \$20,000 a day talking simple talk to executives across the globe. He lives nowhere, and goes everywhere.

For more than thirty-five years, Dr. Charan has worked behind the scenes with top executives at some of the world's most successful companies, including GE, Verizon, Novartis, Dupont, Thomson Corporation, Honeywell, KLM, and Bank of America. Dr. Charan's introduction to business came early while working in the family shoe shop in the small Indian town where he was raised. Perhaps those humble beginnings taught him lifelong lessons in seeking to simplify the complex.

Consider what David Whitford wrote about Charan in the April 2007 issue of *Fortune*, "Generalizing about what Charan does for his clients is tricky, but that lack of definition paradoxically is at the heart of his success. His method is no method. He is wary of abstraction and belongs to no school of management theory. 'Converting highfalutin ideas to the specifics of the company and the leader – that's the trick,' he once confided to me in an elevator. 'The other part is working backward to define what the need is, and then searching for what helps. Then you bring it to common sense, and common sense is very uncommon.' That means no ready-made solutions. Instead, Charan brings observation, curiosity, and care. He lets his clients decide how to use him."

I recently sat in on a talk by Jeff Ward, an Information Systems manager for the non-profit Lee Memorial Health System, which is comprised of five hospitals and other health delivery facilities. Jeff described how he worked with various groups to streamline the on-boarding process. No, he didn't start the conversation with news of a newly-acquired, new-fangled BPM system, or the marvels of process discovery, Lean Six Sigma or the like. He simply asked each group, "Do you really know what it takes to hire and pay a new employee in your organization?" Simple enough question, but a lot of complexity hides just beneath the surface of that simple question.



Jeff used Charan's method of working backward to define what the need is, and then searching for what helps – and finally, bringing it to common sense. Jeff had no ready-made BPM solutions. Instead, he used observation, curiosity, and care. He let his business users decide how to use him. And that, they are doing in spades. Once word got out on how the on-boarding process was streamlined, requests followed for streamlining education tracking, off-boarding, patient

scheduling, returned goods, and other key organization processes. Of course, Jeff had a BPM suite in his tool kit. But he knew that streamlining wasn't about such a tool; it was about the conversations with workers about their work challenges. While it is true that the hospitals have applied automation via packaged healthcare applications, it's the 70% of the work processes not handled by those applications that can bear new fruit. In the past, hospital workers have had to bend to conform to the requirements and IT nomenclature of their packaged applications – while using sticky notes, personal spreadsheets, and other out-of-system devices to get their real work done. But now they can engage work – without all the bafflelegab.

Let's return to Whitford's article for a moment. "There is a fine line between simple and simplistic, and some have questioned which side Charan stands on. Skeptics liken him to Chauncey Gardiner, the simple-minded hero of the 1979 film classic *Being There*, who gets a lot of mileage out of utterances such as 'First comes spring and summer, but then we have fall and winter. And then we get spring and summer again.'" Here are some Charan utterances:

Cast a very wide net.

Continually search for the new and different.

Sift, sort, and select.

Hit many singles and doubles, not just home runs.

Put yourself in positions where you can expand your view.

Listen, read, become a keen observer.

Connect the dots to make sense of it all.

Keep your perceptual lenses open, act on your own curiosity.

Be proactive in shaping your view of which way things are going.

The spoils belong to those who can act ahead of others – because they see things ahead of others.

What do you want for \$20,000 a day? Are such utterances simple or simplistic? The answer is all about context. As we typically have our heads down, chipping away at our to-do lists, we fall into the trap of not looking up at the horizon often enough. We lose sight of a bigger picture. We take our eyes off the prize. So while business process innovation, improvement, and optimization are clear virtues for BPM insiders, such notions aren't typically at the core of workers' everyday thinking, for they have real jobs to do that leave little time for abstract thinking. So even though we may think we are approaching that fine line between simple and simplistic in our conversations with business people, it's best to let common sense and everyday business language, not management or IT or BPM-speak, prevail. Here's a guiding principle. Although no one knows whether Albert Einstein actually said it or not, he's often quoted with, "Make everything as simple as possible, but not simpler." Alternatively, we can paraphrase Occam's razor, "All things being equal, the simplest solution tends to be the best one," to guide our BPM conversations.

Consider Charan's book, *Know-How: The 8 Skills That Separate People Who Perform From Those Who Don't*. Let's map how BPM support can contribute to his 8 know-how skills:

1. *Positioning and Repositioning*. Finding a central idea for business that keeps meeting customers' demands and that makes money. (*BPM support*: Process Analysis, Business Intelligence, Creating New Processes).
2. *Pinpointing External Change*. Detecting threats as industries and customer behavior shift in order to keep the business on the offensive. (*BPM support*: Process Analysis, Process Improvement, Business Intelligence).
3. *Leading the Social System*. Getting the right people together with the right behaviors and the right information to make better, faster decisions and achieve results. (*BPM support*: Visibility, Business Activity Monitoring, Human Interaction Management).
4. *Judging People*. Assessing people based on their actions, decisions, and behaviors and matching them to the demands of the job. (*BPM support*: Business Performance Management, Human Interaction Management).

5. *Molding A Team*. Getting highly competent, high-ego leaders to work together smoothly. (*BPM support*: Visibility, Human Interaction Management).
6. *Setting Goals*. Determining desired outcomes that balance what the business can become with what's realistic. (*BPM support*: Process Analysis, Process Simulation, Business Activity Management).
7. *Setting Laser-Sharp Priorities*. Defining the path and aligning resources, actions, and energy to accomplish the goals. (*BPM support*: Process Simulation, Business Process Improvement).
8. *Dealing With Social Forces*. Anticipating and responding to social pressures you don't control but that can affect your business. (*BPM support*: Visibility, Business Intelligence, Human Interaction Management).

But, hush; let's not talk about the stuff in parentheses in business conversations. Only mention, perhaps, that there are now process support tools that weren't available in the past that may contribute to achieving these know-how skills.

What Does All This Mean?

Much of what Ram Charan and other leaders do is to help business people bring common-sense clarity to an otherwise complex business world. It's all too easy to lose such clarity in the day-to-day grind of the real world of work. But considering all the big business issues – innovation, globalization, profitable growth, increased efficiency, market planning, and increased productivity – a common thread for achieving clarity is to look from the *outside-in*. Procter and Gamble, for example, intends to drive 50% of its innovation initiatives from the outside-in, instead of continuing to rely exclusively on its huge internal R&D shop filled with scientists. Leading manufacturers now make-to-demand (outside-in) versus make-to-forecast (inside-out). It's the outside-in, demand-driven company that will avoid being commoditized in the global economy of abundant lost-cost sources of supply. The outside-in business model shifts from buy-make-sell, to sell-buy-make. The business model shifts from supply-push to demand-pull.

And what a company quickly learns from taking an outside-in view of itself is that many operational decisions belong at the edge, at the point of contact with the customer. Such enlightened companies turn operational decision-making upside-down, not waiting for the lag time needed for top-down decisions. How can such companies let go of Orwellian, top-down decision-making? BPM visibility makes compliance with corporate policy possible, avoiding the possibility of loose cannons on the front lines. High-fashion retailer and manufacturer, Zara, drives its latest fashion designs from the point-of-sale terminal, not from internal focus groups or persnickety fashion designers. Zara has over 2,300 outlets in 56 countries. Using the Internet to speed along customer demand information, Zara can make a completely new design and get it in its boutiques in two weeks, compared to the six to nine-month best practice in the industry. Zara restocks its stores around the world twice a week, and cranks out 12,000 different designs a year. Citing another retailer, decision making at Whole Foods Market, the world's largest retailer of natural and organic foods, isn't just at the store level, it's at the team level within each store. That's where the action is, and Whole Foods has learned that top-down decision-making is just too slow and ill informed to any longer be centralized in an ivory tower at headquarters. Whole Foods has an articulate and outspoken CEO, who says in effect: We big shots, we figure out *what*, but then we stay out of the way. Because the people 10 feet from the action are the people who know best and once we've told them what, our job is to help them but they figure out *how*.

But as Michael Hugos points out, "We're not talking chaos; we're not saying everyone just can do their own thing." In modern organizations, business operations depend on IT systems. In modern organizations, operations are distributed, often across the globe. In modern organizations, it's rare to find work teams where individuals all know each other, share common physical work spaces, work the same hours, belong to the same organization, have a common business culture or enjoy a prior history of working together. Today's work teams are composed of individuals from different organizations, departments, professions, and locations. So, considering how complex modern organizations are, how is it possible to drive a company from the outside-in and turn

decision-making upside-down? Well, quite frankly, it wouldn't be practical without the enablers of BPM and Human Interaction Management systems providing the most essential ingredient – *visibility*.

Whatever else you do while engaging in the BPM conversation, don't tout process management as something *new*. In the second edition of his book, *Process Change*, Paul Harmon writes, "People have always worked at improving processes. Some archaeologists find it useful to organize their understanding of early human cultural development by classifying the techniques and processes that potters used to create their wares. In essence, potters gradually refined the pot-making process, creating better products, while probably also learning how to make them faster and cheaper." We are still at it. But just as the potter's wheel changed the pot-making process forever, BPM will be the wheel that turns the very notion of what it is to be a company upside-down, and drive that company from the outside-in. Such business models are, quite simply, common sense in today's high-change global economy. Yet they remain uncommon, except in companies that have been able to connect the 21st-century dots.

So, quit selling BPM. Sell common business sense using simple business language. BPM and IT professionals have the best view of a company as a complex system, and that's a vital asset for any company. But don't sell a BPM methodology; let your business people decide how to use you. Help them unlock their powers of observation and curiosity. Remember the *modus operandi* of Charan. His method is no method. He is wary of abstraction and belongs to no school of management theory. Ditto for the BPM conversation with business people – no highfalutin BPM ideas; just simple talk and common sense; thank you very much. And that conversation should focus on what matters – how to turn your company upside-down and drive it from the outside-in so you can thrive in the brave new world of total global competition.

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