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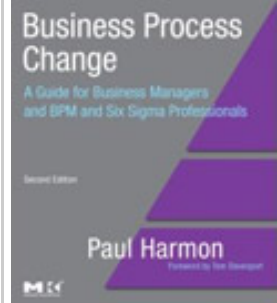
The Process Management Gap

We often talk about how different organizations are and how important it is to determine the process maturity of an organization before beginning to prescribe recommendations and solutions. Organizations at CMM Level 1 and Level 2 are just learning about processes and are focused on defining and redesigning their basic processes, usually within specific departments. In other words, while there are departmental sponsors for specific improvement efforts, there is unlikely to be any broad organizational understanding or consensus about the importance or value of process at the enterprise level.

CMM Level 3 organizations have seen enough departmental process improvement successes that there is the beginning of a consensus that process is a good way to improve performance. This, combined with some enthusiasm and support on the part of senior management, is usually enough to launch an enterprise-wide business process architecture effort.

What we have noticed, however, is that there is a significant gap between CMM Level 2 and CMM Level 3 organizations. We, obviously, borrowed the concept of a gap from Geoffrey Moore's Technology Lifecycle Model where he points to the gap between early adopters of a new technology and the adoption of the technology by the early majority. Lots of technologies are widely discussed and explored by early adopters, but simply never develop a strong enough business case to tempt the more conservative early majority to adopt them. Those technologies end up in Moore's gap.

What we suggest is that there is a similar gap between CMM Level 2 and CMM Level 3, as represented in Figure 1. We either refer to it as the Process Maturity Gap, or more often, as the Process Management Gap. In essence, the gap occurs because the organization has failed to get the senior management support required to move to enterprise level activities.



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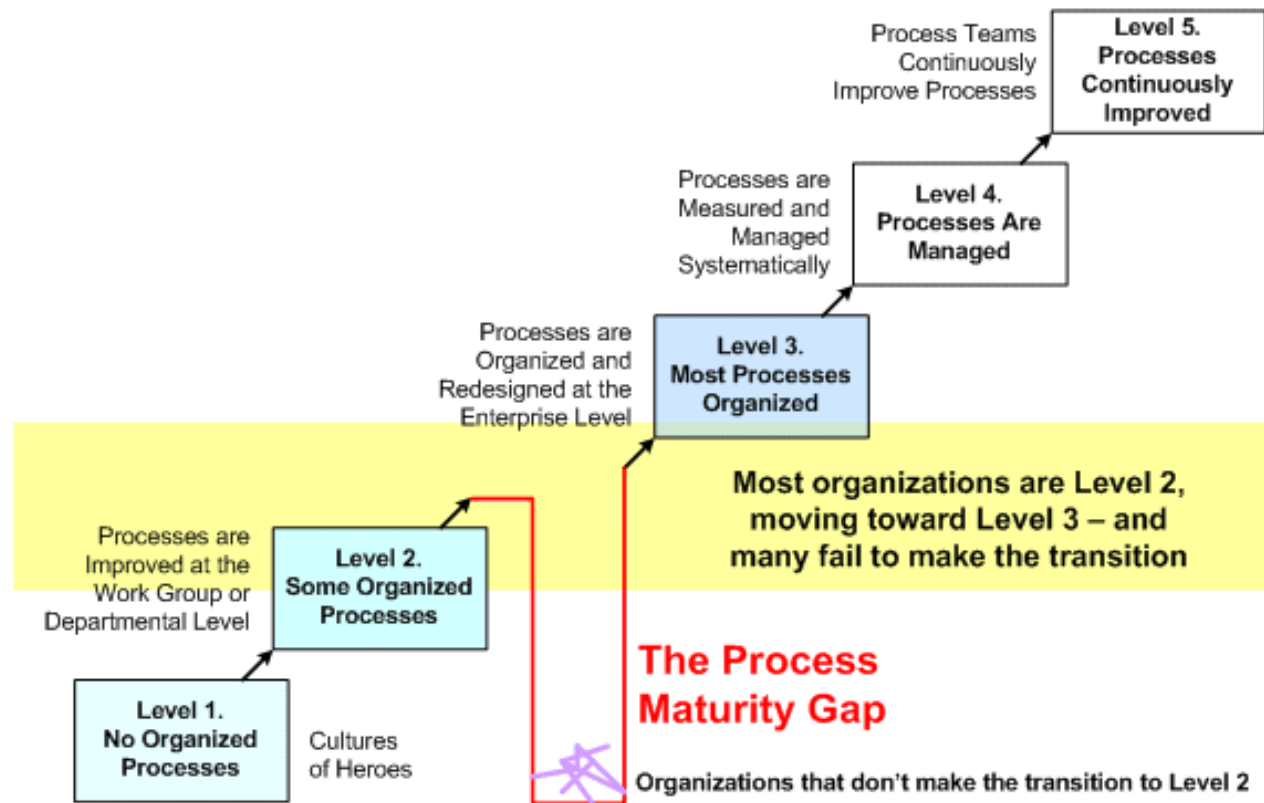


Figure 1. The Process Maturity (or Management) Gap

Unlike Moore's gap, in which the technologies usually disappear, in the Process Maturity Gap it is more likely that the process advocates will get frustrated, leave, and be replaced by a new process effort. We see this all the time. We see great work that an individual or small group is doing on the redesign of one or several key processes. Frequently, they are a Lean group, or a Six Sigma group, or an individual committed to BPM, or BPR, or Business Rules. In any case, we leave thinking the company is on the way to a process future. A couple of years later we return and either there is no process work being done, or, more likely, there is process work, but it is being done by a different group. Where there was a Six Sigma group there is now a Lean group, or a BPM group. Where, before they were centered in IT and working on Sales processes, now they are located in HR and working on employee support processes. The key point, however, is that they are still at Level 2. They are still working on specific processes, still working to identify and improve departmental processes, and have never managed to develop the momentum to get the entire organization committed to the process journey.

In some cases, the fault may lie with the process practitioners – they like to do small scale projects, or they lack the communication skills to get management enthusiastic about what they have begun. In the great majority of the cases, however, the issues lie with convincing senior executives of the value of a process approach to management.

Those of us who "get" process often find it hard to imagine that someone else doesn't "get" it.

For us, process is the key to organizing and evaluating the effectiveness and efficiency of the organization, as a whole. Most who really “get” it have a general systems perspective, and conceptualize the organization, as a whole, as a process. The organization takes inputs and transforms them, by means of a set of core subprocesses, into valued outputs. Once one believes this, it follows that a systematic decomposition of the organization will lead to a set of tightly coupled processes and that the way to evaluate any given activity is to ask how it contributes to the success of the core subprocesses that link together to produce the value for customers.

To be fair, this is not a perspective that is taught at most management schools. Most management schools focus on functional activities, like sales, accounting, and production. The closest most MBA students come to an integrated model of an organization is in a strategy class – if they are lucky. It’s not surprising that a strategy professor, Michael Porter, was the one who defined the Value Chain concept which he included in his book on business strategy.

This can be very confusing. Managers read Peter Drucker’s book, *Management: Tasks, Responsibilities, Practices*, and imagine that the path to management excellence is simply doing lots of specific things very well. This idea gets further reinforced if they read *Harvard Business Review*, which, generally speaking, publishes articles focused on individual practices and hardly ever provides an overview of the organization as a whole.

Process provides an integrated concept of what an organization is about. The organization exists to deliver value to customers. As managers begin to understand this basic concept, they gradually get over the fascination with the details of accounting or sales or IT and realize that all activities either contribute to the production of value for customers or they don’t.

The closest most senior executives get to an integrated vision of the organization is a financial model. The firm exists to generate a good return on capital. That is a valid perspective, and rivals the process perspective in its generality. Unfortunately, it doesn’t provide much in the way of operational guidelines. Too much emphasis on finance leads executives to think if they just cut costs they will achieve better results. They can certainly achieve a better return on their current capital, as anyone who has laid off half their employees knows, but they are very unlikely to continue to produce great value for customers.

For reasons we have discussed, a senior executive, who has an MBA and has spent the last 30 years of his or her life working in a specific functional unit – in marketing, or finance, or sales - is very unlikely to be naturally drawn to a new, comprehensive perspective like a process view of the organization. It is only the rare executive that encounters the idea of process, gets excited by it, and is willing to provide the leadership and support needed to drive the organization to Level 3 or beyond.

For process practitioners, the bottom line is something like this - You can work hard to help your organization improve its processes. With luck you can find a departmental manager who will support you and give you interesting opportunities to improve his or her department processes. If you work hard and are really lucky, in a few years you will have enjoyed a number of successes and will find that senior executives are talking about those successes. And, predictably, you will find that the problems you are increasingly facing are not the specific departmental processes but are the gaps or white spaces between one large process and

another, or with the way the organization measures success. At this point you are ready to tackle the goal of moving your organization from CMM Level 2 to CMM Level 3. To do this, you will need one or several senior executives to work with you. If you continue to be lucky, the executive you have been working with will move up and take you along. Otherwise, you will have to find a new sponsor on the executive committee. If you don't, then you will either have to resign yourself to doing more of the departmental work, or you will need to move on to a new organization.

Not all organizations are Toyota, GE, Boeing, or IBM. As one wise management consultant remarked, "there is no rule that says that most organizations will survive." In fact, most don't. They enjoy a period a success and then fall into an "also ran" status, poking along as the 3rd or 4th or 10th best company in their industry, just waiting until some other company buys them, shakes them up, and gives them a new chance to achieve something interesting.

Many organizations try to master their processes and create lean, focused organizations that can continuously improve their processes and the quality of their outputs, producing more and more value for customers while growing, changing and constantly reducing their costs. Most don't succeed. They get to CMM Level 2, but then can't get the management commitment to press on toward real process mastery. Some do this over and over again and never make the transition. And then there are those that do, that become the really excellent organizations, and that inspire the rest of us to continue trying.

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Till next time,

Paul Harmon

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