# Searching for Synergy

## Process Pragmatics

March 2005

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One of the more complex and difficult issues in the realm of process management is the issue of process collaboration. By process collaboration, I mean the stretching of a common, or shared, process across different business units or geographies. Examples of effective process collaboration might include:

- In a large high technology company, the entire organization uses one MRO procurement process and saves billions of dollars through vendor leverage.
- Two business units that are product-oriented share a single sales force and generate significant cross-selling revenue dollars.

In these cases, the organization has achieved an effective harmony of shared and locally unique processes. Often the opposite is true, as revealed by the following examples:

- Within the IT department of a large healthcare company, there are seven different project initiation processes, one for each affiliated hospital, but with no way to prioritize across the enterprise.
- In a chemical company where each business unit has its own credit process, there is no way to assess overall exposure.
- Each unit in a large paper company has its own list of preferred logistics partners, its own logistics improvement initiatives, and its own logistics software, despite the fact that each unit is the primary supplier of other units in this vertically integrated business.

So, what is going on here?

When organizations begin to take their processes seriously, the initial and important question is often, “What are our processes?” As process organizations mature, the question then becomes, “How many versions of each process should we have?” Should they be shared and stretched across the enterprise the way many organizations have built on shared enabling processes, or should they be built on local designs and executed the way holding companies or conglomerates are structured?

Generally, the answer is not obvious. Depending on an organization’s strategy, one could make a reasonable argument for consistency or local variation. The basic arguments are as follows; on one hand, common processes are better because

- They lower total costs by economies of scale.
- They facilitate best practice sharing and people movement across the organization.
- They offer easier and tighter version control and management.

On the other hand, unique processes are good because

- Business unit and geographic differences are real and relevant.
- With a single process, there is a risk of sinking to the lowest common denominator and sub-optimizing everyone.
- Having a single process version can stifle process innovation.

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So, how can organizations resolve this tension between common and locally unique processes? Certainly, one size will not fit all. Totally common or completely unique processes would be absurd. Clearly, the answer is to define which processes should be shared, and to what degree, and which processes should be local and unique.

The first way to frame this issue is to create a collaboration business case. This should begin to address the questions about

- How big is the collaboration opportunity?
- Where are the big hits in terms of cost reduction?
- Where are the best customer-impacting opportunities?

Keys to the opportunity tend to come from common customers or suppliers; common but disconnected process steps; and, frankly, from the underlying basic similarity of all business activities. I have found, in searching for collaborative possibilities, that wherever the war cry, "WE ARE DIFFERENT," is heard, there is always an opportunity for commonality. This may seem counter-intuitive, but I have, nevertheless, found it to be true.

The scope and scale of the potential opportunity should drive all further actions. However, identifying the value of potential collaboration is but the first and easiest step in creating synergy. Most organizations have developed vast defensive skills to protect their autonomy and turf. Only with strong and sustained executive leadership can an organization begin to shake up its operating model and drive collaboration across previously sacrosanct boundaries.

One important tool in focusing this executive energy is the creation of a set of explicit Operating Principles. These few simple statements should become the foundation for collaborative implementation. Examples of such principles would be

- All processes that do not directly touch the customer will be defined as common, or shared, processes.
- Executives are responsible for optimizing the assets they own and for effectively cooperating on those that they share.

Of course, the only way that these principles can be effective is when they are enforced with *Teeth*. Consequence management is the best way to ensure compliance.

Even when Operating Principles and other tools are successfully deployed and an organization's first-round collaborative opportunities are realized, the journey to collaborative processes is not complete. It is not hard to imagine that in the future, organizations will blossom into hundreds of different process versions, perhaps even one per individual customer or specific situation, all custom designed for even the smallest entities. The only way to manage this process proliferation is to have most of these varied versions share underlying designs. So, once the smoke has cleared and organizations have implemented standard processes, only then can we evolve to multiple process versions. Therefore, strangely enough, the only path to this segmented future lies in designing common processes.