

Leading Process Change

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According to a 2008 McKinsey survey of executives, only about a third of respondents said that their organizations succeeded in implementing major change.ⁱ This finding is consistent with my own observations on the success rate of major process change efforts during the past two decades.

Over time, we have seen a proliferation of methods and tools that companies can apply to improve and manage business processes. The list is long. It includes total quality management (TQM), continuous process improvement (CPI), business process reengineering, enterprise resource planning (ERP), six sigma, lean, lean six sigma, balanced scorecard (BSC), and most recently, BPM software. Given the evolution of these various methods to improve business processes, one might suspect that leaders have become increasingly adept at leading process change. Sadly, that's not the case. In spite of, or perhaps partly due to, the array of popular improvement methods, leaders have made little progress in their role. This has contributed to the continued reports of less than stellar results on process improvement projects and members of process improvement teams continue to cite lack of leadership support as one of the top three reasons for project failure.

Why have we not observed more progress in terms of process leadership? There are at least two possible reasons. First, there is the argument that leaders don't care. According to this view, in many companies the business culture undervalues operations and improvement efforts are out of sight – and maybe even out of mind.ⁱⁱ The other perspective is that leaders don't know how. According to this latter perspective, leaders have elected to take a very narrow, and often functionally defined, view of process. They have chosen to interpret the definition of process in a very technical, mechanical way as a set of "procedures." This may be fine for one-time process improvement efforts, especially those with a cost reduction objective. Such efforts periodically even yield some benefits to customers. But they certainly fall short of what is needed for the ongoing improvement and management of a company's business processes in any disciplined way. Perhaps that's why, even though business is arguably the most demanding of team sports, leadership teams don't practice their own roles in process improvement. They don't fully understand how the flow of value added activity creates value for customers. If they knew how, wouldn't they measure what's important to customers in a disciplined way? Wouldn't they assign accountability for the performance of the company's large business processes, instead of opting to assign accountability purely in terms of functional or business unit lines? Wouldn't they want to deploy enabling technology with a view on the degree of its impact on performing for customers? Wouldn't they design recognition and reward systems with the intent of acknowledging the teams of people who do most to improve operational performance? Of course, leaders would do all these things if they were to invest the needed time and energy and knew how.

Authors of popular books on various process improvement methods share some of the responsibility for a lack of guidance to leaders on their roles. In one popular book on Six Sigma, around 6 pages are dedicated to leadership skills out of a total of nearly 400 pages. Another well regarded book on Lean dedicated around 5 pages to the role of leadership. Yet, there are volumes written about methods, techniques and tools that are needed for process improvement.

The lack of standardization on the semantics of process leadership is another indication of the lack of progress in this area. If it's true that culture is largely formed by language, and if we cannot even agree on what to call process leaders, then we may indeed have a problem. Process executives are called various names, including, Champions, Process Owners, Process Stewards, and even Process Drivers.

Regardless of the chosen method to improve a business process, the process leader needs to demonstrate leadership skills at three generic stages of any process change initiative: getting ready, taking action, and sustaining change. This article will address the role of the process leader in the “getting ready” stage of a process change initiative. Subsequent articles will outline the role of the process leader in the other stages.

The terms used to describe the getting ready stage of a process change initiative include project definition, getting ready, scoping, and chartering. Regardless of the term in use and the selected method of process improvement, there are two key components to getting ready: building a compelling case for change, and creating the right infrastructure for change.

Creating a compelling case for change is the single most critical prerequisite success factor in launching and sustaining a transformation or process design program. Two of the essential components of creating a compelling case for change are clear connections to both customer expectations and strategic issues.

When the case for change is compelling, the chances of engaging department and business unit heads increase, as is the ease of recruiting the needed subject matter resources to staff project teams. It increases the likelihood of sustaining focus on the initiative as competing priorities arise.

When the case for change is weak or absent, it will be difficult, if not impossible, to drive the needed cross-functional commitment from department leaders, difficult to engage the right resources for the project team(s) and retain them as other and competing priorities arise. Further, sustaining the needed focus will be compromised.

The key considerations in crafting a compelling case for change are:

Look at the business from the *outside-in*, from the customer’s perspective, as well as from the *inside-out*.

1. Link to strategic issues (e.g. market share, growth, customer satisfaction, cost reduction, etc.)
2. Address both facts and feelings
3. Use simple, visually gripping support materials
4. Specify the risks of not taking action now

Once the case for change has been made, examine the level of urgency. The best test of whether you have a persuasive case for change is whether people are compelled to act.

Examining the business from the *outside-in*, from the customer’s point of view, as well as from the company’s point of view is an essential component in building a story that captures both the hearts and minds of people in the organization. This involves a rapid assessment of the factors that truly matter to customers such as:

- The organization’s current performance in delivering orders on-time, complete, and defect free
- The degree of responsiveness in responding to customers’ inquiries and complaints and resolving these first-time-right
- The organization’s performance in providing user-friendly, accurate invoices and other documentation

You should expect that the data needed to assess the factors that matter to customers may not be readily available in the company’s financial reports. Accordingly, you may need to rapidly collect random samples to estimate current performance.

Only about a third of major process change initiatives have a compelling case. In the majority of cases, companies fail to avoid the traps and pitfalls summarized in the table below.

Case for Change: Traps and Pitfalls

1	When How And Who Comes Before Why And What	Stressing the method of change and who will be involved will prematurely raise a series of questions that are difficult to address in the absence of agreement on why this initiative is critical to success and what must be accomplished.
2	When The Customer View Is Lacking	In the absence of an "outside-in" view, it is more difficult to make an appeal to people's emotions.
3	Lack of Urgency	Given the opportunity, people will debate and analyze any new initiative. Complacency cannot displace urgency.
4	Lack of Collaboration	Given the opportunity, peers will say – fine – you have your objectives – well, we have ours too. Yet, most major initiatives demand cross-department collaboration and are more likely to fail in its absence.
5	Too Much Detail	The more detail that is offered the more opportunity there exists for discussion, red herrings and the like.
6	Risk Lacking or Unclear	If the risks of failure are lacking or unclear peers are less likely to become engaged.

Given a compelling case for change, building the infrastructure for change is the other critical success factor in launching a major process change program. The essential components of building a solid foundation for the change program include:

Assembling a management group with enough power to lead the change effort and creating the right environment for the group to work together as a team

Gaining clarity on the method or methods to be employed for achieving the overarching goals

Developing a communication plan with a broad range of media and vehicles to communicate the vision, method and goals

At the outset, process leaders need to establish clarity on the following at a minimum:

- Process boundaries
- Clear improvement goals
- Needed participants
- A clear schedule

Process leaders need to develop skills in probing, and meeting management. At this stage, and throughout the change project, the process leader needs to exercise sound probing skills in conversations with peers, the process improvement facilitator and the process improvement team members. The following are a basic list of questions that skilled process leaders ask:

Where does the process start, where does it end, and what is the output that creates value?

What is the proposed goal for this project? Is it based on valid baseline performance data that has been gathered for the process in question? Does it use an action verb (improve, reduce, etc.)? Is it time bounded? Is it specific, realistic, aggressive, and yet achievable?

Who will participate on the process improvement team? The Steering Team? Are all departments touched by the process adequately represented?

What, if any, realistic constraints need to be discussed?

What schedule has been proposed, including meetings with process leaders to review progress?

Once these questions have been asked and answered to the process leader's satisfaction, the process leader needs to assemble a steering team or management team, comprised of his or her peers, who don't just have a stake in the process, but are committed to improving the value it creates, and to providing guidance to the working team.

Major process change is not easy. There are probably far more ways to fail than to succeed. In getting ready for major process change, leaders need to act both systemically and systematically in building a compelling case for change and the needed infrastructure to take action.

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Andrew Spanyi's work in the area of process management is recognized internationally. He has written two books on Process Management: ***More for Less: The Power of Process Management*** and ***Business Process Management is a Team Sport: Play It to Win!***

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References

- ⁱ July 2008 McKinsey Quarterly survey on organizational transformation
- ⁱⁱ Hammer, Michael, Deep Change, HBR, April 2004