



Down Under

John Jeston & Johan Nelis

Consultants
 TouchPoint – Business Process Services
 Sydney, Australia
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John.jeston@managementbyprocess.com
Johan.nelis@touchpointbpm.com.au



Execution Is Everything?

In the increasingly “interesting” world we live in, long term based strategies or plans are becoming less useful. The world is simply changing so fast – and yet we all need direction and a vision, or a higher purpose, to provide an intention for where we or our organization are heading. There are three fundamental questions that must be asked and clearly answered. Without a clearly understood and simple answer to these three questions we risk disagreement among our teams and ourselves, and certainly will increase the risk of poor business strategy execution. The three questions are shown in figure 1 below.

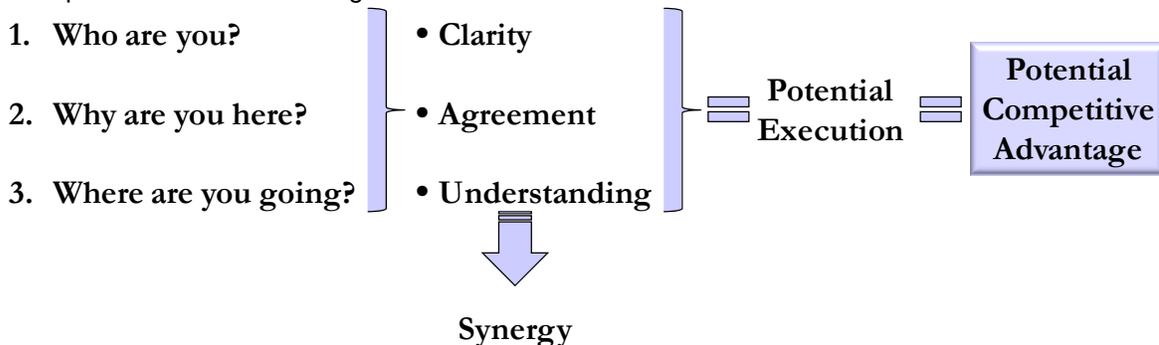


Figure 1. Three critical questions

Clear answers to who you are, why you are here, and where you are going will require a universal understanding and agreement across the organization, and the answers **must** be simple to ensure clarity. How many organizations have you worked with, or observed, where this is not the case? If you do not know where you are going, how will you know when you get there? How do you execute the actions required to get there? **Execution is everything** if you wish to create the potential of a sustainable competitive advantage within your organization.

If you doubt this, think of your personal life or people you observe. Think of a person who is a smoker and overweight. The determination of the strategy to solve this health risk is relatively easy – stop smoking, exercise, eat healthy food and less of it. The execution is more difficult and certainly critical – especially if you like chocolate!

Given that we are *process guys*, we will concentrate on execution from a process perspective. We have shown Figure 2 in previous articles, and it is still critically relevant today. You can see that execution is divided into two segments – project execution and process execution. The reason for this is that the *management* of these two activities is quite different. You will manage a *project* differently (PMBOK, PRINCE2, 7FE Project Framework¹) from the way you manage the operational or business-as-usual (*process execution*ⁱⁱ) part of your business.

The gap between a business strategy and its execution we refer to as the **Management**

Execution Void. This again is segmented into two components – Operational Processes and Management Processes. This is a critical segmentation to make if your organization wishes to create a sustainable competitive advantage.

We would assert that while increasing the efficiency and effectiveness of your *operational processes* is a highly desirable and necessary activity and is where most BPM projects/programs are focused, it is with rare exceptions, unlikely to provide you with a sustainable competitive advantage. Improving your bank deposit, loan application, insurance claim, accounts payable, processes, while important, can be relatively easily copied by other organizations. Should you improve these processes? Of course, you should. Minimizing customer irritations and increasing service levels should always be your goal. This is where techniques such as business process improvement, business process reengineering, Six Sigma, and Lean are often used.

Michael Porter, in his 1996 HBR article *What is Strategy?* stated that “competition based upon operational effectiveness alone is mutually destructive, leading to wars of attrition that can be arrested only by limiting competition.”ⁱⁱⁱ

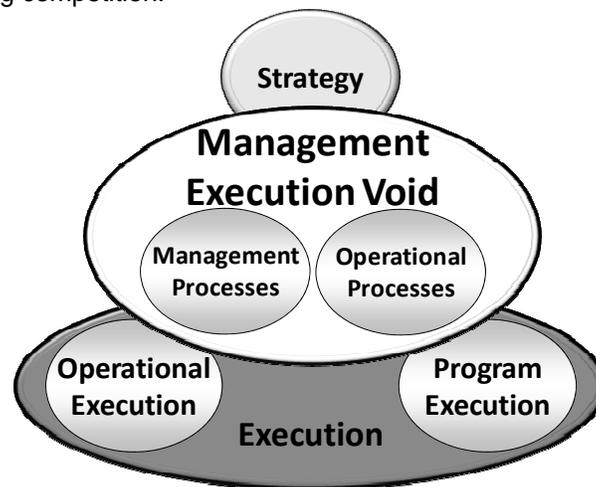


Figure 2. Components of an Integrated Execution Model^{iv}

Management processes, as described in Figure 3, are areas where an organization has the opportunity of creating a sustainable competitive advantage. Selecting and executing the “right” projects to deliver your strategy is critical. Creating ongoing and sustainable processes for innovation are critical (Google, 3M, Whirlpool, and IBM excel at this); setting appropriate KPIs linked to performance and rewards will “make the right things happen”; reducing complexity and increasing simplicity will substantially improve communications and effectiveness. Few organizations focus their BPM projects on these *management processes*, and yet they provide substantial opportunities.

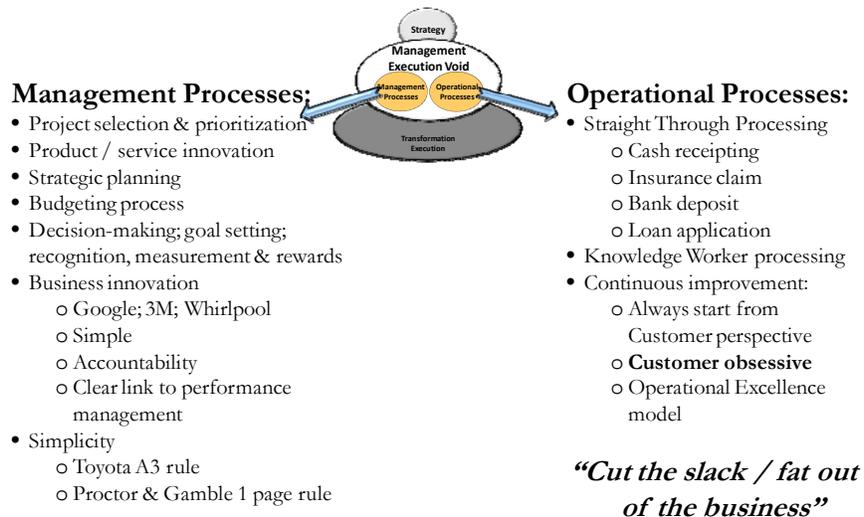


Figure 3. Management vs. Operational business processes

If you would like another way of looking at it, Figure 4 shows how the relationship between your organization’s strategy, culture, structure, and business processes must synergize into effective execution by selecting the “right” projects, and then, upon completion, transition them into business-as-usual (or the “way we do things around here”).

Before you start and select the “right” projects ensure that appropriate and effective metrics have been established to measure your success and ensure that the business benefits, upon which your business case is based, are delivered.

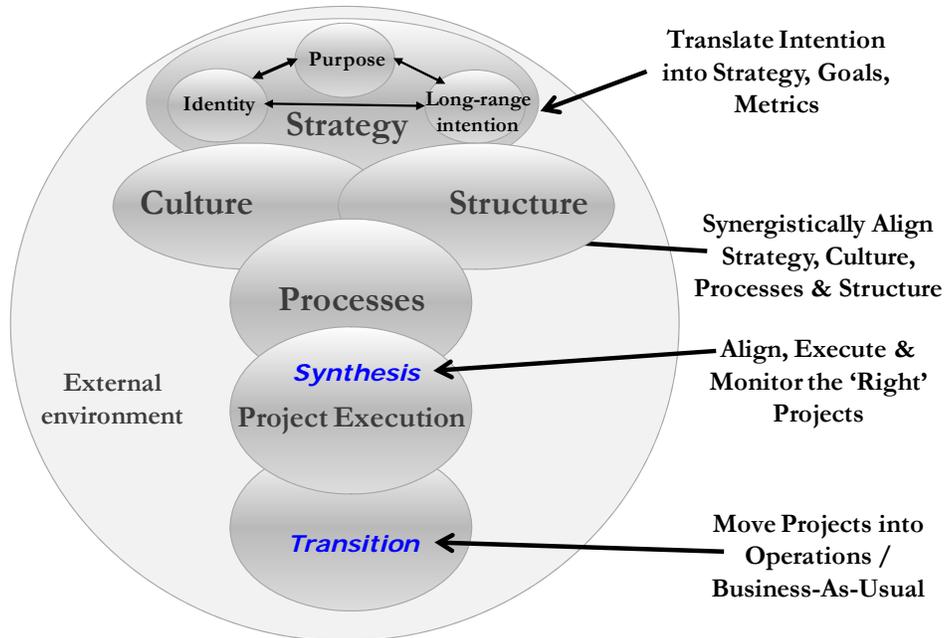


Figure 4. Executing Strategy: By “Doing the Right Things Right”^{vi}

So why do we continue to pursue the improvement of operational process almost exclusively? Porter put it well when he said that “the pursuit of operational effectiveness is seductive because it is concrete and actionable.”^{vi}

We would like to leave you with the thought of expanding, or even concentrating, your BPM effort on the *management* processes of your organization in order to provide your organization with a sustainable competitive advantage.

Let us know of your approaches and successes in this area.

ⁱ Jeston & Nelis, *Business Process Management: Practical Guidelines to Successful Implementation*, Elsevier, 2008

ⁱⁱ Jeston & Nelis, *Management by Process: A Roadmap to Sustainable BPM*, Elsevier, 2008

ⁱⁱⁱ Michael E. Porter, *What is Strategy?*, Harvard Business Review, November-December 1996, p. 64

^{iv} John C. Jeston, *Beyond Business Process Improvement, On To Business Transformation*, Keiffer Mehan, 2009

^v Adapted from Mark Morgan, Raymond E. Levitt, William Malek, *Executing Your Strategy: How to Break It Down & Get It Done*, Harvard Business School Publishing, 2007, page 29

^{vi} Porter, page 75