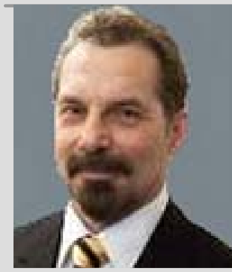

Performance Improvement

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Varieties of Process Ownership

Process ownership (and with it, process management) has been at least attempted, and in some cases successfully established, in many organizations since the concept was first described in the book *Improving Performance: How to Manage the White Space on the Organization Chart* by Geary Rummler and Alan Brache back in 1990. They described it as a role entirely separate and distinct from that of functional line managers; its purpose is to "oversee the cross-functional performance of a process," but "does not represent a second organizational structure." From that rather simple description, a host of different designs for process management has evolved over the ensuing decades, and we come across many of them as we visit companies or have people attend our workshops and presentations.

Our purpose in this column is to describe and critique the varieties of process management we have been able to observe. We will do this in roughly the order we have come across them, as we believe that sequence is typical of the way process management concepts have evolved since the earliest attempts. We will describe both the positive attributes of these approaches and the difficulties that tend to arise once these versions of process management are put in place. And, finally, we will try to provide a set of principles that we think should guide any organization as it endeavors to establish process management.

Approach 1: Process Management as a Power Base

One of the earliest – and most powerful – versions of process management we witnessed took place in a high-tech company when the Chief of Staff, just one step away from the CEO, was asked to create and inhabit the position of Corporate Process Manager for the new product development process. In this role, he was given the authority to set and enforce standards for the design and management of the process in question in all of the company's locations. To carry out the assignment, he mapped the generic process and then identified the amount of acceptable variation. He conducted scheduled evaluations and, when he spotted deviations, he could dictate the changes required to bring the local process practices into conformance. Ultimately, he could – and occasionally did – intervene in a given organization to make the changes himself when the response from the local management team was slower than he considered reasonable.

Advantages of this Approach

This was the most powerful enactment of process ownership we have ever seen. The process owner had the accountability for process performance but also the broad authority to enforce corporate standards. He was so successful that his role was duplicated for several other key processes – such as order fulfillment – that were practiced in multiple divisions of the company.

The process owner certainly benefited from having a relationship where he responded directly to the CEO, thus making the power of the role as significant as that of any line manager. This approach was also targeted to just a few processes – those essential to organization-wide success. And he was accountable for both the design and ongoing performance of the process –

a combination of responsibilities that was both powerful and, as you will see, unusual.

The Disadvantages of this Approach

The man described above had had a long and distinguished career in the company, having led many of the business divisions that comprised the corporation, so he had great credibility from the outset. Some of his effectiveness was due as much to his personal reputation as to anything invested in the process owner role. And, in fact, none of the other corporate process owners were quite as effective as he.

The greater drawback, though, is that we never saw any other company adopt this approach to process ownership even though we described it often. For most organizations, it is probably unthinkable to place such a senior executive into such a role, which, of course, begs the question of how important they really think process management is.

Approach 2: A Peer among Peers

The next evolution of process ownership (and one still widely practiced today) was to identify the functional managers whose organizations participate in a given process and to choose one of them as the process owner, typically, the one whose people have the biggest role or greatest amount of participation in the process, or the one who "owns" the customer for that process. A common example is the head of the manufacturing department being named as the head of the process management team for the production process since so much of that process (although not necessarily all of it) is executed by employees of the manufacturing function.

Advantages of this Approach

The biggest plus of this approach is that someone is in charge who knows the process and has a solid reason for its success; the person chosen has, we often said, "the most skin in the game."

The other advantage is that someone is in charge. A group of peers who see themselves as jointly responsible for design and performance of a process are like any other team: They need a leader and a means of resolving questions and disputes.

The Disadvantages of this Approach

So much depends on the skill of the process owner in managing a team of peers. If someone who is skilled at negotiating and influencing is chosen, the team can function quite effectively. In the places where we have seen this form of ownership, the process owner has no real authority. The team may grant the individual a large amount of decision-making leadership, but stalemates are still common.

Even more common is that the selected process owner tends to go in one of two directions. Either the person will not really understood what the process owner role is and will do nothing, in which case the role dies a quiet death; or the person will try to exert real control over the process, irritating his or her peers and causing a revolt that kills off support for process ownership.

The other version we have seen of this approach is to establish a process management team, but, in an attempt to avoid the disputatious effects we described above, they don't name anyone as head of the team. Not hard to predict the result of this: stalemate again, and the team fades away – invariably, in our experience.

Approach 3: Staffers as Process Owners

This is process ownership coming from a newly created staff organization, such as the "Global Process Office" or the "Process Excellence Group" or from an existing support function such as IT. The idea is that these people are generally held responsible for process design but not for performance. The line organization where the performers reside maintains responsibility for performance, including process and individual employee performance.

Advantages of this Approach

The idea here is that in this type of scenario the "process owners" are process experts. They know a lot about process design principles, they often have credentials in various design or improvement methodologies, and, thus, they should be able to apply an objective critique of their assigned process, with the goal of making the process as lean and competitive as possible. They are expected to review process performance with line managers and together, with them, analyze the causes of unacceptable performance. Where the causes have to do with ineffective process design, the process owner has to make changes; where the causes are because of people executing the process ineptly, the line managers have to make the appropriate adjustments.

So the expected advantage is a division of authority and responsibility based upon the notion that process ownership actually consists of two elements – design and performance – that are best managed by two different people.

Disadvantages of this Approach

This approach is widespread, but it always breaks down due to the same two issues: ambiguity and accountability. Despite the nice separations of roles described above, when process performance breaks down, the causes tend to be mixed, and it is quite difficult to sort them into process design versus process performance. So, in order to do the job, the process owner is constantly reviewing process data and showing up on the floor, questioning this or that until it is unclear who is in charge, that person or the line manger. Shouting ensues.

To avoid this contentious arrangement, the role of process owner in many

places is reduced to that of an advisor who occasionally points out something that line managers might consider an improvement, or it becomes a data-gathering role in which the process owner is the main collector of process performance data, but it is the line managers who take action. The other role common here is for the process owner to conduct improvement projects but “ownership” is really a misnomer.

A variation on this approach is when process ownership is in a function such as IT, where the business analysts are dubbed the process owners. They are seen as responsible for the process and for the technology that supports it. This results in a weird schizophrenia for people in such roles because they are in charge of the very thing they are supposed to be supporting. But they are process owners in name only; they continue to act like BAs.

Bottom line is, it is very hard to make this approach work. Staffers can’t be managers in any true sense without getting into trouble with line managers about accountability of process performance.

Approach 4: Functionally Defined Processes

When we talk about process management, we mean those large, important cross-functional processes that create and deliver value to customers. The concept was not intended for those processes that exist inside departments or functions. However, the term has been adopted by many functions to describe their functionally defined processes whose boundaries begin and end inside the function. To accomplish this, they simply give the head of the function a new hat – that of process owner – while changing nothing else.

Advantages of this Approach

It’s easy enough. You can have a well-defined process, clean metrics, a reporting system, and all other attributes of a well-designed process. But it avoids the very rationale for having process management, which is to have a means for managing the white spaces between functional areas; it may be presented as an advantage, yet make no difference.

Disadvantages of this Approach

So what does it accomplish? It’s a different name for what is already in place, but it is not process management. At its worst, we have seen some organizations take this notion down below the functional level into subprocesses and tasks, and end up dubbing dozens, even hundreds, of people as process owners. Anyone with a task to do is now a process owner – which utterly devalues the entire notion.

Approach 5: The Governance Fad

Google the word "governance" and you will get tons of stuff these days. It is one of the most popular terms in business parlance today, but nobody can tell you what anyone else means by it. What its popularity suggests, though, is that people everywhere are feeling the lack of appropriate oversight and management of various things (the financial meltdown of 2008 being the ghastliest example), and it is hoped that "governance" will be a way to put things straight again.

In the process world, this term has been grabbed and applied to what is most often a team of senior executives, or their chosen proxies, whose mission is to oversee process performance on a large scale, across a corporation, or across all the regions of a business. Sometimes they are responsible for one big process, sometimes a set of related processes, sometimes all processes. They are called "global governance councils" or something along those lines.

Advantages of this Approach

This mechanism does tend to reengage executives in process management, where they have long been absent. Being a "governance council" has a ring to it sufficient to draw them into the role. And this larger scope of process ownership often makes great sense. Trying to manage single processes, even if they are big complicated ones, may not be nearly as important as managing the complex "process architecture" of a business.

Disadvantages of this Approach

One of the big problems plaguing process ownership and management through all of the variations herein cited are that they can be "bolt-on" additions to the existing management system instead of being integrated into it. This is bound to lead to conflicts and ambiguities. Even when established by a senior executive council, the governance approach can run into the same problem of who is really in charge. A typical issue that we've witnessed is when a dispute arises because the regions (or whatever entities make up the council) refuse to follow similar process rules or designs, so you end up with seven different versions of the process and with no synergy or learning between them.

Some Principles of Process Ownership

By now it may look as though process ownership is an impossible concept, but we don't think that is necessarily the case. Any of the variations cited above could work if they address the following principles (and they are quite likely to fail if these principles are ignored):

- Process management has to be part of the real management system. It cannot be separate from the real decision-making about resources and work, or it becomes a short-lived "shadow" governance: It will always die out, because people resist it, ignore it, or fail to value it.
- There must be crystal-clear expectations for the role of process owner and any process management teams. The approach of "I dub thee Process Owner – Go forth and do good work!" has never succeeded. The result is many confused process owners who either don't take the concept seriously or who try and fail.
- There have to be teeth in the accountabilities of the role, which includes real positive and negative consequences for carrying out the role effectively or not. Someone in upper management has to care that this role exists and monitor its performance.
- The role of process owner has to be connected to the power system and career advancement opportunities of the organization. If this doesn't happen, the role becomes a Dilbert cartoon, in which no sane person wants the job.
- Finally, the role has to be aimed at the management of the real, important, cross-functional processes of the organization. The role has to matter, or else why do it?

The final thought is that if all these principles were closely followed, it would beg the question of why have process owners at all? That is, if process ownership is entirely integrated into an organization's existing management system, the members of the management teams in place would view themselves as already wearing two hats: one for their assigned areas of responsibility and the other for their cross-functional (or cross-regional, or cross-divisional) role of managing the business processes collaboratively with the other members of the team. In such an event – *voila'!* – process management is now, simply, management. And that is as it should be.