Performance Improvement

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Uses of the 3-Dimensional Enterprise Model

In our book *Rediscovering Value*[i], we provided a model for describing the major components of any organization. The 3-dimensional model (shown in Figure 1) applies to any enterprise. When introducing this model to clients, we make the following points:

- Every organization exists to produce goods or services that are meant to be of value to some receiving entity, such as a marketplace.

- Every organization also has to satisfy the expectations and requirements of some external stakeholders, whether owners, shareholders or others.

- To satisfy both demands, the organization must have in place three dimensions: a value dimension consisting of a work system to produce the goods and services; a resource dimension containing all of the resources required to perform the work; and a management dimension with a system to design the other two dimensions and to keep them in balance.

The purpose of this deliberately simple model was originally to help us in positioning processes (i.e., the work system) in their larger organizational context in order to explain why there often seems to be such ambiguity in the minds of people unfamiliar with processes about what those things are. With the 3-D model we could point out that managers often focus most of their attention on the resource dimension, which is tangible, visible, and frankly where the money is. By contrast, many managers are far less clear about the work system. There is often confusion when organizations aim the majority of their so-called process improvement efforts at the resource dimension.

We didn't expect to do much more with the 3-D model than to use it to explain this imbalance in managerial attention. But we are finding some of our clients applying the model to analysis and design. The model provides a great way to talk to senior people about performance – it is at the right level and seems to resonate with executives who typically have little patience with more complex depictions of process architectures and work systems. The underlying theme is the need for balance of the three dimensions. Here is an example of how we have seen the 3-D model being applied as a tool:

As a Design Tool

A fledgling performance department in a large utility company was built around the model. The organization, its processes and the management system were all designed simultaneously. Once up and running they were able to bring the model to their client organizations.

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When introduced to the 3-D model, the managers of this department recognized that they were indeed spending most of their time planning and adjusting the resource dimension. One manager who had just decreed a major reorganization commented to us that he realized that he was trying to solve his division's issues through a reshuffling of the resources and asked that we help him to also work on the other two dimensions—management and process—in order that he might successfully address the issues. We helped them redefine the processes as they would work in the new organization and identify metrics and management roles and responsibilities.

As an Analysis Tool

Gradually the 3-D model caught on as an analysis tool. The Performance Department mapped all of their requests for support (their portfolio) onto a version of the 3-D model that showed all of the client organizations' processes as well as their resources and management systems. They were able to see synergies and overlaps between requests and the review became a method of prioritizing their work. If a cluster of requests from several sources (regions or departments) were in fact all related to a common process, it was given a higher priority. It also told them that there was a lack of focus on the management system, which they knew to be problematic.

As a Support Tool

One of the most valuable concepts the Performance Department was able to bring to their clients was a "Manager's Playbook". The playbook was organized around the 3-D model. These devices were intended to address the inattention to the value and management dimensions prevailing in many areas. The playbook gave the managers and supervisors of a given department:

- Visual Maps of 12 types of work orders showing the handoffs between work groups. Also included were concise written explanations of the work. (Value dimension)
- A troubleshooting guide providing information to assist with evaluating and responding to undesirable performance results. (Management dimension)
- Event calendars to ensure performance results are included in the day-to-day operations of the organization. (Management dimension – ensuring that the value dimension is managed in an integrated way with the resource dimension)

The 3-D model is simple, yes, but a powerful concept and also a potentially useful tool. Particularly with executive teams, the 3-D model can be used to show the missing pieces in a proposed organizational change, or the tendency to try to fix every problem by tinkering with resources (including all forms of downsizing, rightsizing, outsourcing, insourcing and restructuring), or the need to have the work system clearly defined, or the insufficient attention paid to the management system. Where more complex models and diagrams might fail to communicate effectively, the 3-D model is an alternative to consider.

Figure 1

The 3-D Enterprise Model
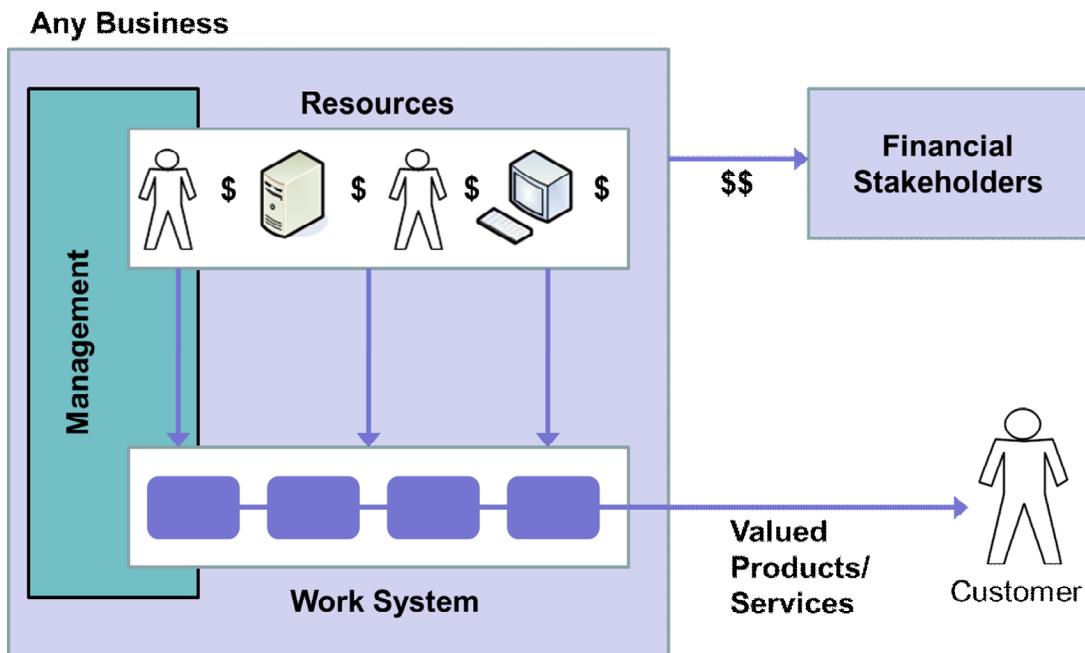
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