

## HARMON ON BPM MAY 2021

### Identifying What Makes a Difference

One of the great debates within the world of process improvement has always focused on whether one should (1) seek to make modest improvements or (2) seek to identify and work on major improvements.

Edward Deming, the father of Six Sigma, was a champion of the modest improvements school. Deming believed that every employee should be involved in process improvement and that each employee should strive to improve his or her own work. Deming encouraged organizations to train all employees in process improvement techniques and to train managers to work with employees to constantly improve their specific processes.

Michael Hammer, one of the fathers of Business Process Reengineering (BPR), was a champion of the major improvements approach. Hammer was convinced that companies had used computer technologies to make lots of specific and incremental improvements in their organizations, but hadn't had the vision to see how much more sweeping changes could revolutionize how processes worked. He famously suggested that companies were engaged in paving cow paths when they should be engaged in tearing out old structures and building superhighways.

My own mentor, Geary Rummler, took a more comprehensive approach and suggested it depended on the organization and where it was in utilizing process improvement techniques. I've always agreed with Geary. In some cases organizations need to undertake major redesign efforts and in other cases incremental improvement works better. That said, however, I also believe in times like the present, major redesign tends to be more important than incremental improvement. Today's organizations are responding to major changes in technology, to competitors like Amazon that are rewriting all the rules of retailing, or simply faced with the upheavals caused by a worldwide pandemic, and are being forced to reinvent themselves. Incremental improvement, by definition, works on existing business processes. Once one throws away the rule book and decides to create a new business from scratch, then imagination is the order of the day, old ways of doing things become irrelevant, and everything is up for grabs. Once the world embraces electronic cars, figuring out a slightly better way to pump gas is a waste of time.

I've observed many organizations attempt business process change. Overall, if I had to sum up, I'd say that process groups that made major changes, changes that went right to the bottom line, usually survived to fight another day, while groups that tried to do things like implement organization-wide incremental improvement, or tried to create an organization-wide architecture, often got into difficulty, failed to produce results that impressed senior management, and their efforts fell by the wayside.

When I think about how today's organizations should respond to challenges, I often cite new startups. Entrepreneurs tend to identify new technologies and products or services and rush to implement them. The ideas involved are usually 'in the air' and the winner will be the company that can implement and begin selling (or giving away) the new service the quickest. In this race, the entrepreneur doesn't have time to worry about established services like accounting and human resources. There are off-the-shelf products that provide those services and are 'good enough' to get a firm going. The focus is on the key set of procedures that provide the customer experience – everything else is secondary and can wait until after the new company is established and has a customer base. The logic is that you focus on the core processes that generate income and hire people to put everything else in place using existing, packaged process-ware.

Established organizations may approach things a little differently, but aggressive senior managers often adopt a similar attitude. They focus on key processes that get customers or revolutionize the way the organization does business and leave minor improvements until later.

All this leads to a question: How do you, as a process practitioner, decide what to work on? The question usually comes down to where you are in the organization and what senior management is interested in. If senior management isn't interested in process change, and you are a mid-level process practitioner, then you are usually forced to focus on some smaller projects, work with supervisors and a departmental manager, and make the most improvement you can. The best you can usually do is to choose a project that will get attention if it succeeds. In effect you need to work to get senior management to reconsider the importance of process work. If you can't, then you will probably want to look around for a new job with a company that is interested in process work. Life is too short to waste years doing small scale process improvement projects.

The BPTrends courses teach process practitioners to apply an approach originally developed by Roger Burlton, which we call a Pain-Gain Matrix. In essence, you have a pain-scale on one axis, and a gain-scale on the other. Pain goes from no problems at all, to lots of problems that result if the process isn't executed correctly. Gain describes a continuum from not much benefit if the process is executed correctly to great benefit if the process is executed correctly. Having developed the matrix, one then considers each of the organization's major processes and places it within the matrix space. First, does the process currently generate pain? If everyone complains when the process isn't done right, and lots of problems get blamed on failures resulting from the process not being done right, then the process is a high pain process. Other processes are low pain. They seem to always get done correctly, or, if they aren't, no one seems to get very excited about it.

Then there is the gain scale. Does the process result in a lot of happiness if it's done correctly? Maybe it makes the company a lot of money, or it assures that other good things happen. Low gain processes are those that need to be done, but no one gets very excited when they are done. You place existing processes within the matrix space. Some processes will show up in the High Pain, High Gain corner. Those are the processes that make the organization a lot of money and cause lots of problems if they aren't done right. Processes that fall in the High Pain, High Gain corner are the processes you want to focus on first.

The Pain-Gain Matrix can help you identify existing processes to focus improvement efforts on, but ultimately it is still an incremental improvement approach.

Brainstorming and deciding that your company's product shouldn't be a printed item but should be offered as a digital item via a website is an entirely different matter. In this case you are changing the way you do business – specifically, you are changing a core process and it will require that you design and implement a whole new set of activities to generate a new product or service.

Similarly, deciding that a customer shouldn't have to visit your premises and pay onsite, but can get your company's services online and pay by credit card, results in a whole new value chain. As you begin to conceptualize the flow of the new process, existing jobs disappear and new jobs are created. The need for physical space changes, and sales and marketing need to take a different approach. This type of change cuts across departmental lines and changes how the process will be monitored and managed. This is closer to building a new highway, and a long way from paving a cow path that has been used for years.

What approach you take in your organization will depend on your organization's current needs. If your organization is involved in rapid change, you can probably find a way to use process redesign to make major improvements in your organization. If, on the other hand, your organization isn't involved in change and simply wants to do what it's been doing better, then you will probably find yourself working on an incremental improvement project.

## Author

Executive Editor and Founder, Business Process Trends In addition to his role as Executive Editor and Founder of Business Process Trends, Paul Harmon is Chief Consultant and Founder of BPTrends Associates, a professional services company providing educational and consulting services to managers interested in understanding and implementing business process change. Paul is a noted consultant, author and analyst concerned with applying new technologies to real-world business problems. He is the author of *Business Process Change: A Manager's Guide to Improving, Redesigning, and Automating Processes* (2003). He has previously co-authored *Developing E-business Systems and Architectures* (2001), *Understanding UML* (1998), and *Intelligent Software Systems Development* (1993). Mr. Harmon has served as a senior consultant and head of Cutter Consortium's Distributed Architecture practice. Between 1985 and 2000 Mr. Harmon wrote Cutter newsletters, including *Expert Systems Strategies*, *CASE Strategies*, and *Component Development Strategies*.