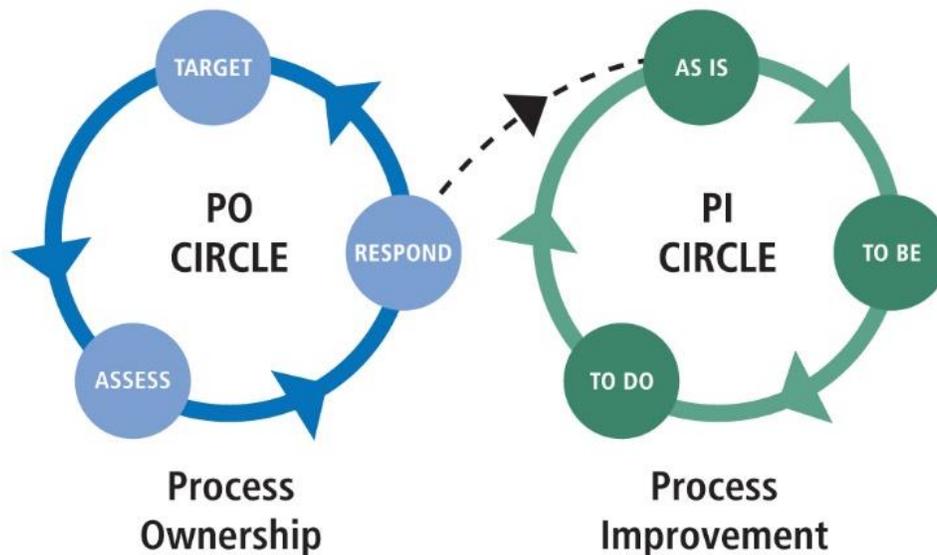


## Get the Circles Turning

In my January 2014 Column, I introduced the 'Tregear Circles', two virtuous circles that operationalize process-based management. Since that time we've been able to use them in several practical applications and I'm pleased to say that they have proven to be very useful. They've also changed a little with the benefit of that exposure, and some initially hidden nuances of their operation have to come to light. Time to revisit the [2 Virtuous Circles](#) with the insights from that experience.



**Figure 1:** Tregear Circles—2 virtuous circles of process-based management

### What's the problem?

My favorite question is "What's the problem we are trying to fix?", so we should start with that.

In thinking of BPM as a management philosophy, we mean to effect 'process-based management'. This means that the cross-functional processes that every organization uses to create, accumulate and deliver value are central to strategic, operational and tactical management. To do that we identify the processes, set performance targets, create governance mechanisms, and improve process performance in a process-aware culture where everyone contributes and appropriate support is provided. I have written and presented about this sequence extensively including in a [previous column](#) and also [here](#) and [here](#).

We can easily see the required components, and it's not so hard to see them all working together harmoniously in some future state. What is not so easy to see is how to reach this nirvana. How do we get from the pristine theory of everybody being 'process-centric, to the gritty reality of managing a real organization with all of its complexities, latencies, impossible demands and human frailties? How do we operationalize process-based management in a practical and sustainable way?

That's the problem. Let's see if you agree that the Circles help provide the answers.

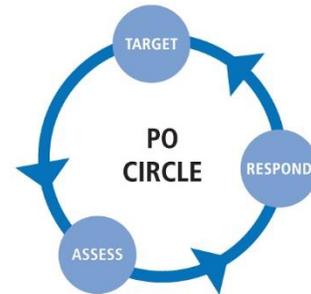
## The Circles

First, a recap of the basics of the Circles.

Without conscious attention to cross-functional processes, nobody is responsible for the creation, accumulation and delivery of value to customers and other stakeholders. The organization chart is silent on this issue. All organizations seek to deliver value, but without a relentless focus on business processes there is a critical gap between aspiration and reality. Too often process improvement initiatives are 'random acts of management' without a systemic foundation. Organizations focused on continually improving and innovating their creation, accumulation and delivery of customer value, have process thinking embedded in their culture and practice. The Circles operationalize process-based management.

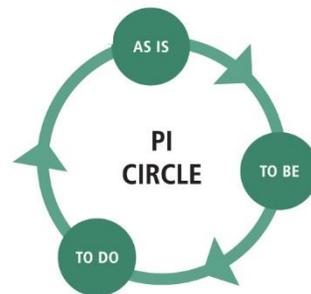
### PO Circle

The Process Ownership or PO Circle is continuously testing for actual or emergent process performance gaps and opportunities. Set a performance target, measure what is happening, explore what could be happening, and respond if the variance is enough to warrant intervention. This *target-assess-respond* sequence is the essential cycle of process-based management ensuring unrelenting focus on improving process, hence organizational, performance. For many, this is a new way of thinking and working. The novelty is not in the idea of measurement or reporting, but in measuring and reporting process performance rather than just the performance of organizational units, i.e. focusing on value creation pathways from the process architecture as well as resource-management objects from the organization chart. This is the core of the Process Owner's<sup>1</sup> role.



### PI Circle

The Process Improvement or PI Circle identifies the current state (As Is), defines the future state (To Be), and determines and executes the transformation (To Do). Across the spectrum from small adjustment to significant innovation, the PI circle delivers process performance change. Irrespective of the detailed process analysis methodology employed (the Circles are methodology agnostic), the PI circle addresses the process performance anomalies and opportunities discovered via the PO circle.



<sup>1</sup> There are many terms used to describe the Process Owner role, and all of them are wrong in some way. I use the *Process Owner* term because it is the most common. I have recently been quite taken with the alternate terms *Process Trustee* and *Process Guardian*.

Importantly, the PI cycle starts and finishes with As Is. The objective is not to design the To Be, nor is it enough to create the plans for change (To Do). What is required is not just a new To Be or a To Do, but a new As Is. To be credible, process improvement must produce results, i.e. improvements in organizational performance. This must be true both for large innovative change and smaller corrective change. While the PO Circle continues to monitor process performance, the PI circle realizes demonstrable and objectively measureable business benefits.

The PI circle discovers the problems we are trying to solve, and opportunities we are trying to realize, pushes the envelope to find all the possible change ideas, and then executes the best. It is a conscious, deliberate, repeatable process that is applicable for any scale of process change.

## Using the Circles

OK, so this is the part where we turn theory into practice.

Conscious process management starts with the PO circle, being aware of performance gaps, or opportunities to challenge the status quo, and making evidence-based decisions about which gaps need to be partially or fully closed, and in what order. Processes are selected for PI circle treatment because of the results of PO circle analysis. Pervasive process improvement should be a deliberate management act, and continuous process improvement requires a constant search for processes that can be improved. That's the *continuous* bit of continuous improvement.

### Target

To manage the performance of a process, there must be performance targets, therefore, the 'first' node in the PO circle is *Target*. There are different ways to go about this and I'm not meaning to go into methodological details here. Suffice to say that the process is supposed to deliver value to its stakeholders – what value, what stakeholders, how should success be measured. Don't underestimate this part. Finding the critical few measures for the performance of a process, can spark profound conversations about the purpose of the process and how it contributes to the achievement of organizational strategy.

### Assess

Those of you following carefully, will have noticed that this node was originally called *Measure*. It was changed to *Assess* to give a much better indication of the broader aspects of what happens here. Certainly, there is a requirement to make a performance-driven assessment, i.e. to *measure*. However, it's not just about measuring current performance, it's also about assessing opportunities for innovation, i.e. we need to make idea-driven assessments *as well as* performance-driven ones. Focusing on incremental improvement via the performance of the current process is the core of most traditional process improvement activities, and it remains very important. We need to remember, though, that incremental improvement is more likely to lead to similarity than differentiation. Airlines and airports do not arrive at one-click check-in via a smart watch by continuously improving physical queue management. So we assess for both measured performance gaps and new ideas that might radically change the process. We search for both continuous improvement *and* discontinuous innovation.

## Respond

Setting targets and assessing performance is meaningless if there is no response to the outcomes. Generally, at the *Respond* node, there are three possible responses: (a) no problems, nothing to see here, move on, or (2) the target needs to be changed, or (c) there is a problem to be addressed or an opportunity to be realized and we are off to the PI circle.

Before we leave the PO circle, let me emphasize that *turning* this circle is the core accountability of the Process Owner. To enable process improvement, and this is the purpose of all process management, there must be a continuous assessment of existing performance gaps, and evidence-based decisions about which gaps should be closed now, and for what sound business reasons.

## As Is

Now we are in the more familiar process improvement cycle. Whatever methodology you use, it's about understanding the content and context of the current state (*As Is*), designing a future state, or series of future states (*To Do*), and then executing the changes required (*To Do*). An important difference here in the PI Circle is that we've arrived here via evidence based assessment of current and potential performance measured against well-defined targets in the PO circle. We may have arrived here because of a performance problem—too slow, too many defects etc.—or perhaps because we need to explore some new opportunity—the impact of RFID technology, removal of latency in responding to customer requirements.

## To Be

Based on an assessment of the current state that allows proper understanding of the causes of problems and the potential of opportunities, process redesign can be undertaken with specific requirements in mind. Depending on the nature of the problems and opportunities being addressed this might be about incremental improvement or discontinuous innovation. If the redesign brief is to reduce the processing time for a loan application from three hours to two hours, that may not be so hard. If the redesign brief, backed by extensive analysis conducted in the PO circle, is to change three hours to *three clicks*, then that's a very different project.

## To Do

*To Do* is just shorthand for the many things that may be required in order to effect the process changes. Not to say that this is easy or trivial. This is where many process improvement projects fail. Process change management often requires several concurrent change projects requiring different elapsed times and resources, and having varying degrees of difficulty. Process improvement happens when the portfolio of related change projects is successfully completed.

## As Is

I repeat *As Is* here for emphasis. Process improvement projects often make many more recommendations than changes. Often the target is to *design the To Be* and this is the wrong mindset. We don't want a *To Be*, or a *To Do*, we want a *new As Is*. Benefit realization tracking is a common failure in many process improvement programs. The forecast benefits were believed, the change projects were approved, but what actually happened as a result of making the approved changes, in a complex environment where many other things were also changing, is uncertain.

Here the Circles provide a significant additional advantage because, as the PI circle has been turning, so has the PO circle, and it keeps turning before during, and after the process changes are considered and made in the PI circle. Tracking performance, i.e. benefit realization, is therefore built in and unavoidable.

## Lessons Learned

This thinking and approach has been applied on several projects over the last year or so, and the lessons learned and common questions are addressed below.

### PO or PI First?

Does the PO circle always come first? If an organization isn't ready for full-on process-based management, and just wants to improve a process, all that is needed is the PI circle, which will 'turn' anytime for any reason. The real question is how to make the business case for process-based management—that is, to make the case for getting both circles turning. There are two perspectives. Where there is C-level support for the idea of process-based management, the business case reflects the compelling idea that processes deliver value and, therefore, must be managed. When the idea of process-based management doesn't immediately resonate, the hook needs to be more short-term and practical (cost savings, shorter cycle times). If the idea of process-based management strikes a chord with decision-makers, they will see the value of the PO circle. If the focus is on quantitative improvements to particular processes, then starting with the PI circle will make more sense. Having been round the PI circle a few times, the value of the PO circle will become apparent.

### PO or PM?

It is often suggested that the PO circle is about *Process Management* and that would nicely match the *Process Improvement* circle terminology. While I agree with that, I resist the suggestion to change the first circle name to *PM*. I do this because the PO circle defines the Process Owner role, a role that is often poorly defined, and hence poorly executed. Using the Circles, Process Owners know exactly what they need to do and how to do it (and yes, what they are doing is process management).

### PI to PO?

Everybody wants to 'improve' the diagram by showing an arrow going 'back' from the PI circle to the PO circle. This is neither needed nor methodologically correct. The PO circle is turning all the time (see note below about *circle speed*) and from time to time it triggers the PI circle. While the PI circle is turning, the PO circle has continued to turn, i.e. it has continued to assess performance against agreed targets. The 'feedback' is built in and the PO circle is continually using actual performance data.

### Circle Speed

The Circles don't need to spin, but they do need to turn. How fast the PO circle turns will depend on the process—it could be in real time or perhaps quarterly depending on the cycle time of the process. The PI circle will also turn at different speeds, largely unrelated to the PO circle speed, depending on the nature and complexity of the process improvement activity. Circle speed may also change over time or on a seasonal basis.

The important thing about circle speed and operationalizing process-based management, is to *get the circles turning*.

## Delivering Process-based Management

The real benefit of continuous improvement comes after the easy changes have been made and this demands, not just the PI circle to effect changes, but the PO circle to continue to uncover the opportunities.

With the *Tregear Circles* consistently working well across the process architecture, an organization is working at the higher levels of BPM maturity. Creating this circumstance is not a trivial exercise, but once achieved, there is a mental and physical fly-wheel effect that is continuously optimizing process performance, i.e. continuously assessing and adjusting the organization's delivery of value to customers and other stakeholders via key processes. Once established, and when well maintained, the 'circular momentum' facilitates continuous improvement and offers resistance to any other influences that might otherwise act to slow it down.

The *two virtuous circles* illustrate the simplicity and the complexity of process-based management. Turning together, they achieve what many organizations struggle to achieve when focusing on just one alone. Reflecting the execution of an organization's strategy, the PO circle defines the essential role of management: to continually uncover and resolve current and emergent performance issues, and to capitalize on opportunities. Responding to these outcomes, the PI circle seeks, finds and effects the changes required to close the targeted performance gaps and realize the benefits. With the circles turning, strategy is executed through continually optimized and actively managed business processes.

### In Practice...

There are many things you might do in response to the issues discussed in this Column. Here are four practical steps you might consider doing now to get started on the creation of sustainable process-based management and process improvement.

#### Talking in circles

Before leaping in, discuss the Circles and how they operate with all who will be involved. Shared understanding, which may not come immediately, is a vital prerequisite for successful implementation. Using the circles is as much, if not more, about changing mindsets as changing management practices.

#### Pick a process

Select a process to use as a *proof of concept*. This should not be the most complex and contentious of processes, but neither should it be trivial since it is required to demonstrate the benefits of turning the circles.

#### Appoint a Process Owner

Of course, a Process Owner is required. I've written about this in other Columns. Suffice to say here that a *volunteer* is always better than a *conscript* in this role, especially if it's a first for the organization.

#### Start the circles turning

Target-assess-respond. Target-assess-respond. Start the circle turning, learn and improve

A two-page poster summary of the *Tregear Circles* can be found at [this link](#).

## About the Author



As a Consulting Director with Leonardo Consulting, Roger Tregear delivers BPM courses and consulting assignments around the world. Based in Canberra (Australia) Roger spends his working life talking, consulting, thinking and writing about analysis, improvement and management of business processes. His work with clients is on short and long term assignments, in organizational improvement and problem solving based on BPM capability development, and business process, analysis, improvement, and management. He is available to help small and large organizations understand the potential, and realize the practical benefits, of process-centric thinking and management. Contact Roger at [r.tregear@leonardo.com.au](mailto:r.tregear@leonardo.com.au).