

Practical Process Roger Tregear

Processes execute strategy

In conversation with a senior executive recently, he explained his lack of interest in business processes by characterizing them as “not strategic”. This is a common view. Processes are seen to be things that happen at the counter, in the cubicle, or on the shop floor, and have nothing to do with the strategic issues that are the proper focus of senior management. It is also totally incorrect.

In every organization, value, i.e. products and services, is created, accumulated, and delivered through collaboration across the organization. That is another way of saying that we deliver value to customers and other stakeholders via cross-functional business processes. Isn't that an inescapable fact? (Yes, it is!).

Since we deliver value to customers and other stakeholders via cross-functional processes, this also means that our strategy is executed via those same processes.

Organizations exist to exchange value with customers and other stakeholders—that's strategy. They do this via coordinated activities across functional elements of the organization—that's a process. It makes sense to optimize these processes so that they satisfy the requirements of customers and other stakeholders—that's process improvement. Taking a coordinated view of the performance of all the processes by which an organization exchanges value, optimizes performance—that's process management. Process management allows organizations to focus on activities that create the value exchange outcomes described by the strategy—that's execution.

That sounds *very* strategic to me.

Discovering strategy and documenting processes can be challenging; even more difficult, though, is to make them effective management tools for strategic and operational decision making. For the 'process pathway' to be effective, there must a smooth flow from strategy to process performance management, and back.

In this column I want to illustrate a reasonably simple and practical approach to bring to life the connection between strategy and process.

The Gray Zone

For many organizations, and their teams and people, there is a significant disconnect between strategy and process, between the mission-vision-values statements or their equivalents and the business process pathways that operationalize the strategy.

Strategy development is inherently a top-down activity. Business process management and improvement is often conducted in a bottom-up or middle-out

fashion. With the strategic view 'coming down' and the process view 'going up', there is a real chance that both fade to gray before they meet. In the resulting 'gray zone' the strategy loses its clarity and purpose, and process activity fails to coalesce into holistic management practice.

Too many organizations end up with (at least) two seemingly unrelated conceptual views of the enterprise: the strategy, perhaps with strategy themes and a strategy map, and the process view shaped as value chains, process hierarchies and detailed models. Nice PowerPoint, love the artwork, but no practical support for organizational performance improvement and innovation aspirations.

Developing a more coherent view of the inter-relationships between strategy and process makes it much more likely that the strategy will be executed, and the processes will be effectively managed.



Strategy-process line of sight

To make and maintain a clear link, a line of sight, between strategy and process, start the definition of the process architecture by analyzing the strategy. Review the vision and mission, or whatever form the statement of strategic intent takes, and identify what the organization promises to deliver and to whom? It will help to go through the strategy documentation and highlight the verbs as this will point towards the promises made. These promises are also called the organization's value propositions and they are what makes it unique.

Value propositions lead us to the highest-level core processes, i.e. the processes that directly serve customers and other stakeholders. This may require some considerable conversation and debate about how many such processes there are and what they should be called. Essentially, any sufficiently different combination of customer type and value delivered, will likely result in a separate highest-level core process.

Some art and science involved here, but my experience is that with enough discussion a strong consensus is achieved—I've facilitated this exercise many times and we have never failed to get a good outcome. There will be much debate about the naming of the process(es). The usual rules apply—verb-noun format, choose a name that indicates the desired outcome, and avoid anything that sounds like an organization chart element.

Once the highest-level core process(es) is(are) known, the normal approach to process decomposition will build the process architecture as deep as you like. As a starting point, I suggest three levels to give enough substance to be useful.

There won't be many highest-level core processes; there may only be one. The most I have ever worked with is five, and one of those was only ever meant to have a short life to deliver a time-limited strategic imperative.

Now we have defined a coherent set of core processes that have a direct line of sight to the organizational strategy. That's a very powerful tool for strategic and operational management—the gray zone has been removed—and it also has a very positive impact on organizational culture as it paints an active picture of how everyone works together to deliver value to customers and other stakeholders.

Of course, there are other processes beyond the core set. These are normally called the shared management and shared support processes. Most of these processes are common to all organizations and have less direct strategy connections. This is not to say they are unimportant—we might delete “unimportant” processes—but that their role is to enable the core processes. It is possible that some elements of strategy might relate directly to these shared management and support processes.

In Practice...

To avoid the gray zone and develop a process architecture with direct line of sight to the strategy, takes these steps:

- Start with strategy
- Highlight the promises made in the strategy (look for the verbs)
- This will lead to the organization's value proposition(s)
- In turn, this will define the highest-level core process(es)
- Decompose to as many levels as is useful
- Set KPIs/targets for processes, at any level, that are to be closely managed
- Use your powerful new management tool!

And make sure all your senior executives now see why process is strategic!

Author



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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.