Delivering Business Strategy Through Process Management

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Abstract There is no shortage of planning activities in organizations today. However, the concept of a process to develop the connections between an organization's intent and its capabilities to enable that intent is woefully weak and inconsistent in most cases. This chapter strives to outline how an organization can develop a more rigorous statement of strategic intent as the starting point for all investments in change. It delves into what is needed to ensure that the hope expressed in such strategic plans and annual reports is actionable and becomes a reality. It provides a structured and repeatable method to articulate environmental pressures, intent, stakeholder interests, strategy, business processes, and various other capabilities and the relationship among them with integrity. It provides a process for establishing the business process architecture of the organization and uses it as the alignment linchpin to provide traceability from choices made in prioritized programs of change in technology, human capability, policy, and other supporting mechanisms back to their raison d'être: the enterprise strategy.

1 Introduction

This chapter will describe what organizations must do if they wish to see their bold statements of intent and strategic direction realized through the mechanism of business processes. In enterprise after enterprise in all sectors and countries there is no shortage of strategic plans and documented statements of positioning. In addition, there is no shortage of human effort and financial resources expended on programmes, initiatives and projects for change within many different professional domains. There is a large gap, however, between the performance and behavioural outcomes anticipated and the reality of what sees the light of day.

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In my view, the prime role of Business Process Management (BPM) at this enterprise level is to assure that the various developed capabilities are aligned with one another and together they deliver traceable process performance back to the stated strategic goals and objectives of the "Organization-in-Focus" (OIF). The prime role of enterprise level process management, then, is to ensure that capability investment decisions for change and ongoing management of process operations are always in synch with a set of agreed strategic criteria and not to personal preferences of managers. Our processes should act as the coordinator to ensure we optimally allocate scarce resources consistent with delivering enhanced value to the customers of the OIF within the constraints of other stakeholders' requirements such as regulatory bodies.

The chapter is an update to my book: Business Process Management: Profiting from Process (Burlton 2001) that shows a framework for establishing or validating strategic intent in a form that can be leveraged. It will identify means for identifying and resolving potential conflicts among various stakeholders' needs and expectations, products and services and business drivers. It will show how customer relationship lifecycles can be used to ensure we focus on the core value proposition, value chains and value streams against which all other internal efforts and capabilities should be assessed. It will define the processes to manage the relationships with all stakeholders and to support the core value chain to customers, also known as business process governance. It will establish a set of reconciled stakeholder-based criteria to help prioritize and manage changes downstream.

The chapter will consider the role of industry reference frameworks which, along with stakeholder and asset lifecycles, will produce a stable process architecture defining 'what' the OIF does today and will do in the future. This architecture along with the strategic and stakeholder criteria developed earlier will assure that improvements in 'how' the processes perform are prioritized and resourced according to traceable strategic drivers resulting in an aligned program of change.

It will briefly discuss the performance management aspects of BPM made possible by the process architecture and the stakeholder analysis and how these plus the strategic objectives of the OIF provide the basis for a better scorecard and human motivation system.

Also, the chapter will briefly introduce the connection to the capability aspects of the enterprise including technology, human competencies and culture, organizational design, facilities, equipment and locations, policies and business rules and knowledge sharing.

2 Lost in Translation

2.1 Today's Reality

By now, we all know that many grand ideas are never realized. Classically somewhere in the range of half of all ideas described in strategic plans never see the light of day and a high proportion of those that do are late or misaligned, thereby

robbing the enterprise of opportunity promised in some form of compelling business case. These are sad numbers and they have led many organizations to be very wary of strategic planning; sometimes seen as not worth the effort. Consequently, many of these organizations have reverted to disconnected functional and tactical planning instead. These functionally oriented approaches, however, have actually led to value streams and workflows full of disconnects and waste. Today, moreover, everything an enterprise does is interconnected and the rippling effect of a change in one domain or department can spill over to many others with severe unintended consequences. We still see plans developed by functional managers that largely disregard their peers' needs and are blind to the ultimate value proposition to customers. The assumptions made by these domain managers are often self serving due to incentives to be that way. They may optimize their parts while sub optimizing the whole. This should be no surprise since their motivation, as driven by formal accountability mechanisms, encourages localized behaviour.

Functional managers request services and capabilities from enabling parts of the organization such as Information Services and Human Resource departments based on their functional needs and in many cases the functional groups own the budget for change making it difficult to paint a bigger picture from an enterprise capability perspective. The resource allocation processes often drive support groups to become tactical order takers at the expense of their own future credibility. This is how many organizations ended up with 20 or 30 applications and databases all supposedly containing the same but redundant customer information that cannot be consolidated.

In this vein, a number of management styles have proven to be sub optimal:

- Management by order-taking
- Management by decibel level
- Management by bullying and ridicule
- Management by hope and slogans

There is a better way than taking an all too prevalent inside-out approach that ignores enterprise strategic intent and customer value creation.

2.2 The Outside-in Perspective: The One That Counts

Customers and consumers do not care at all about our insides. As a matter of fact no external stakeholders do. They only value what they get and how they are treated. There are many approaches to becoming capable that have been in existence for some time that recognize this. Fortunately these are becoming better and better recognized, especially in difficult economic or competitive circumstances.

- Lean and its predecessors Kaizen and value analysis are completely built around the concept of starting by understanding what the customer values and assessing all activity in order to eliminate "waste" or unnecessary non value added work.

- Michel Porter brought us the concept of Value Chains whereby we evaluated how well all the key aspects of work could be planned to optimize the whole company not just the parts of an enterprise.
- Kaplan and Norton brought us the powerful models of Value Proposition (Kaplan and Norton 2001) to help organizations sort out the predominant style, thinking and behaviours they needed to differentiate themselves in the marketplace.

If we take a customer centric approach, then all of these methods just reflect the common sense that places the consideration of 'ends' before 'means'. Fortunately we are starting to see organizations take aligned strategy and capability management more seriously.

- A BPTrends survey in 2006, 2007, 2009 and 2011 asked the question 'What does BPM mean to your organization?' Approximately 40 % responded that it is *'A top-down methodology designed to organize, manage and measure the organization based on the organization's core processes'* (BPTrends 2009).
- Under the industry leadership of John Zachman, mature levels of Enterprise Architecture have become more than just technology planning for IT organizations (Zachman 2009).
- Kaplan and Norton's Balanced Scorecard, used intelligently, is becoming adopted as a way of seeing more than just a financial perspective on corporate performance (Kaplan and Norton 2006).
- Compliance programs such as Sarbanes Oxley and Basel II, as well as many others, can be implemented to help cross functional management of value chains as well as meeting compliance regulations.
- The concept of Customer Relationship Management has the potential to be more than a technology if it starts with customer relationship values and not software as its perspective. Other forms of Enterprise Resource Planning (ERP) have the same potential.
- Service Oriented Architecture (SOA) starts with the goal of reusable software assets across a set of enterprise processes.

Our risk is perhaps now having too many choices of potentially competing and confusing cross functional programs that will vie for management attention and lead to a hope that one of these is sufficient and can solve all problems and deliver on the enterprise strategy with traceability of performance and alignment of capabilities. To stay connected to intent they will all require a common process perspective and set of artifacts.

2.3 Methodology Implications

With so many pressures and options facing managers an integrative approach seems necessary. Modern methods recognize the need to work at many levels in many domains but also to be connected among them. The BPTrends Associates Pyramid
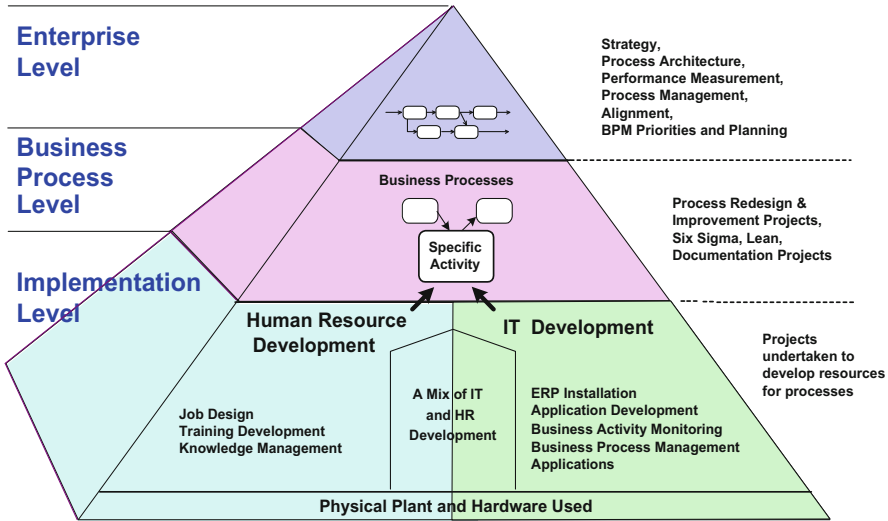
Enterprise Level

Business Process Level

Implementation Level

Strategy,
Process Architecture,
Performance Measurement,
Process Management,
Alignment,
BPM Priorities and Planning

Business Processes

Specific Activity

Process Redesign &
Improvement Projects,
Six Sigma, Lean,
Documentation Projects

Human Resource Development

IT Development

Projects
undertaken to
develop resources
for processes

A Mix of IT
and HR
Development

ERP Installation
Application Development
Business Activity Monitoring
Business Process Management
Applications

Job Design
Training Development
Knowledge Management

Physical Plant and Hardware Used

Fig. 1 The BPTrends Associates Pyramid (Harmon 2014)

conceived by Paul Harmon in Fig. 1 shows an Enterprise level that deals with overall strategic alignment and management of the process asset with governance, prioritization and resource allocation for process transformation. The Process level takes individual processes or activities and scopes, analyzes and designs new ways of working with a healthy dose of project management thrown in. The Implementation level builds the technological, human and infrastructural resources required for the processes to work and intent to be achieved. These can be done independently but strategic alignment is best served starting at the top and working down selectively within the scope of the architecture.[1]

The BPTrends Methodology, derived from the Process Renewal Group (PRG) Methodology is shown in Fig. 2 developed over a decade ago, it has always provided a multi-level approach that connects the enterprise, process and implementation aspects of the BPTrends Pyramid and adds the post project aspect of governance and continuous improvement.

The Burlton Hexagon shown in Fig. 3 shows that processes are the mechanisms that are measurable and deliver performance through the definition of the process KPIs in support of the stakeholder relationship and corporate objectives. It also shows that work flows by themselves are not sufficient. The processes must also consider the constraints or empowerment delivered by policies and rules, software technologies, facilities, all aspects of human capital, human motivation and organization design.

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[1] Harmon (2014) provides an in-depth discussion of these levels with regard to the scope and evolution of Business Process Management.
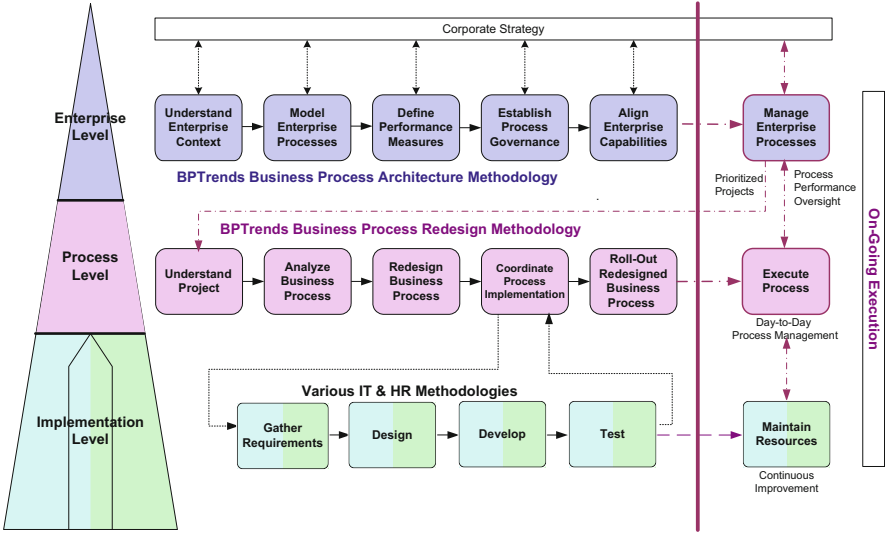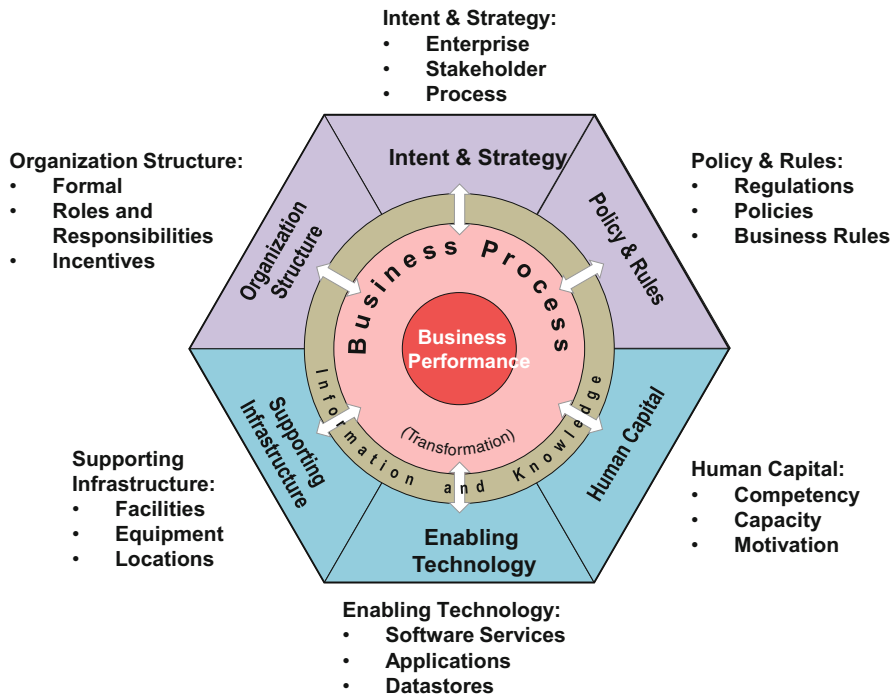
Fig. 2 BPTrends' business process management methodology

At all levels of the pyramid, alignment among the hexagonal components must be established and maintained. In addition, with processes being managed as corporate assets at the enterprise level then traceability of the hexagonal components to strategic intent is mandatory. Clearly the management of the information asset is also critical since information is created, consumed and updated by business processes.

3 An Integrative Model from Drivers Through Aligned Capability

Figure 4 is essential to align all capability to Strategic Intent. External factors are understood, strategic intent understood and strategy derived including stakeholder value propositions. Processes and other capabilities needs are compared to current capabilities of various sorts, gaps are identified, aligned and prioritized aligned programs of change established. Cross functional capability enhancement programs and projects are resourced and conducted. Traceability of changes is carefully monitored against strategic intent.

Figure 4's approach is supported by the first three activities in the enterprise phase in the BPTrends Enterprise level work as well as one aspect of the last one: Manage Enterprise Processes.
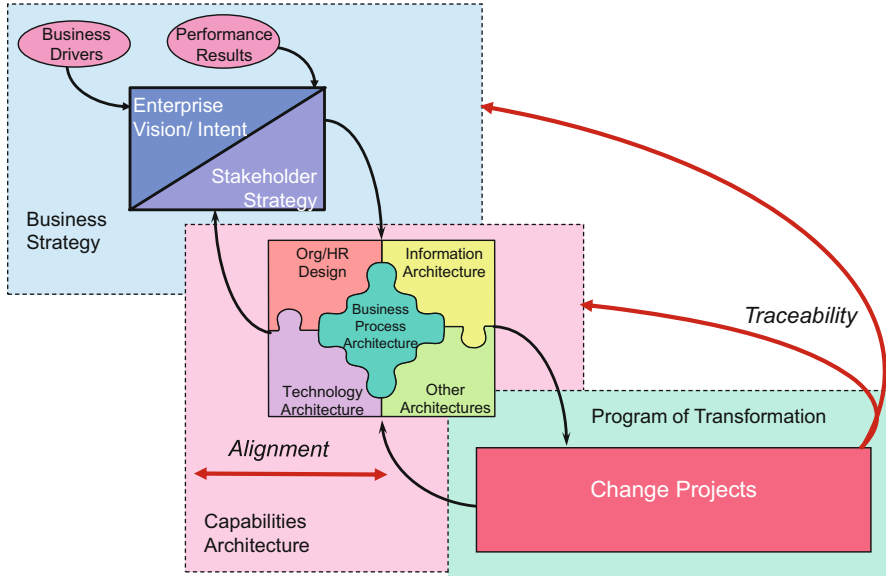
Fig. 3 The Burlton hexagon: using business processes as aligner of capabilities

The chapter will describe in turn the activities and deliverables that the top line of enterprise activity encompasses It will cover:

1. Understand Enterprise Context
2. Model Enterprise Processes
3. Define Performance Measures
4. Establish Process Governance
5. Align Process Capabilities
6. Manage Enterprise Processes

I will deal with each of this in order with only a brief discussion of the last two (5 and 6) which will be covered elsewhere.

It should be recognized that the activities will naturally build off of one another in a never ending cycle from year to year. The next round of enterprise strategy formulation may be constrained or enhanced by current and planned capabilities from the previous round. If you are fortunate then your new capabilities will be leveragible into new strategic plans that exploit them. Consequently, the activities in the two boxes are significantly iterative although, for the sake of explanation, I will show these sequentially.

Fig. 4 Process centric strategic integrity model

3.1 Understand Enterprise Context (Methodology 1)

3.1.1 Purpose of the Activity

The purpose of this methodology activity is to understand and validate:

- The planning horizon for the strategic statements
- The scope of the enterprise "Organization in Focus" (OIF)
- External and internal business drivers
- The strategic intent of the OIF
- Organizational principles
- Known OIF strategies
- Existing OIF scorecards
- The strategic criteria for future decision-making in all following process work

It is important to note that, when it comes to the perspective of managing processes as enterprise assets, the work of the architects has a context that is traceable to the intended direction of the OIF. Consequently, the effort conducted at this point is NOT to be confused with actually developing corporate strategy but instead it is to understand what has been done and be sure that the interpretation of it is a commonly understood and accepted one. Lack of agreement is a warning flag that cannot be ignored since processes have purposes and the analysis of performance and capability gaps must be assessed against a common set of accepted criteria. If some members of the senior management team see the OIF as being all about customer relationships and others believe that cost reduction and operations
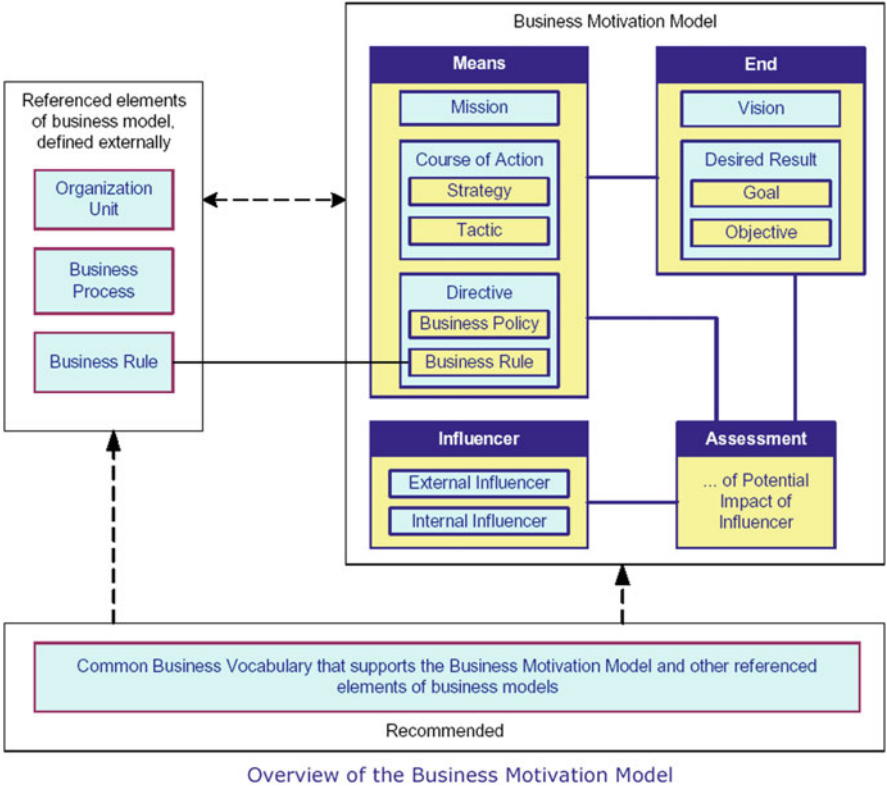
Fig. 5 Object management group's business motivation model

should be the emphasis then the remainder of the enterprise level BPM work will thrash and stall.

3.1.2 Strategic Concepts

A good starting point and repeatable metamodel for this work has been evolving over the past several years thanks to the work of the Business Rules Group. This work is now published as the Business Motivation Model (BMM) standard (OMG 2009) by the Object Management Group. One only has to look at any number of strategic documents across organizations to find that words such as 'Mission' and 'Vision' become confused. 'Goals' and 'Objectives' are freely used interchangeably despite their differences. Even the term 'Strategy' itself is inconsistently applied. This problem of lack of precise wording has made it difficult to document statements of direction in any repeatable fashion. It also means that it is difficult to communicate higher statements of intent and approach to lower levels of the enterprise and to ensure traceability of performance tracking from bottom to top.

The BMM shown as Fig. 5, defines both the structure of the strategic concepts as well as the semantics of the terms used. It not only covers the traditional

components of strategic planning but also includes the concepts of Influencers (stakeholders in the remainder of the chapter) and Assessments. These will be covered in later sections. An important feature of this model is the perspective offered on its components by Reference Elements. The ones of most interest from the point of view of BPM are Organization and Process. The message is that every level of the organization and also the processes of the organization should have a model with a consistent structure as depicted by the BMM framework.

3.1.3   Scope of the Strategic Models

The BMM implies, as does common sense, that every part of the enterprise from the whole to specific units should be able to articulate its Mission, Vision, Goals and Objectives as well as other driving motivations. The same is true for each and every process. Of course, the set of organizational and process attributes should also be connected, aligned and traceable among one another.

   At the enterprise level a good starting point is to determine the scope of what is being addressed. Once again I will refer to this as the Organization in Focus (OIF). The OIF can be wide or narrow but must be clear. Some choices are:

- Group of corporations
- Corporation
- Division
- Department
- Internal Group

   The advantages of a wider scope are better integrity of overall value creation and customer value chain benefits, however going too big can become time consuming due to complexity and is almost always political. The advantages of a more narrow scope are easier effort and less political struggles internally, however, sub-optimization is a common risk.

3.1.4   External Assessments

For the strategies of the OIF to have grounding external assessments must be understood by all. These external assessments can be opportunities or threats for us depending on our relative strengths and weaknesses. One of a number of variations of business environmental analysis approaches is labeled the STEEPL model (Kotter and Schlesinger 1991). The STEEPL components are:

- Social
- Technological
- Political
- Economic
- Environmental
- Legal

These are the realities from which we cannot escape. Separately or taken in combination, the enterprise strategy must honestly assess its ability to deal with them or better yet, be able to anticipate a range of external possibilities for them and be ready should they occur. For some, the drivers may represent great opportunities waiting to be exploited for business gain so long as resources are available to take advantage of them. For others, they may be seen as threats to be managed to mitigate risk. The response strategically will depend on whether the enterprise has internal strengths that can help leverage new business opportunity or mitigate the threat. Alternately if there are internal weaknesses it must determine how to overcome them to prevent business erosion or lost opportunities.

3.1.5   Strategic Analysis of External Assessments

There are a number of ways, described below, to discover strategies to deal with the opportunities and threats posed by the external drivers. A few of these are Business Scenario Analysis, Value Proposition, and the Balanced Scorecard. All have their strengths and are more powerful when used in conjunction based on a common process architecture framework.

Business Scenario Analysis

Responding to threats and opportunities as they happen is required but risky. Many organizations are trying to mitigate this as well as build more agile capabilities by using Business Scenario Analysis (Schwartz 1991) techniques originally developed by Shell Oil in the sixties. This approach assumes that no set of drivers is totally predictable so a range of possibilities should be considered from pessimistic through optimistic and assembled into possible scenarios. These are then used to test proposals for solutions and design for differing possibilities under 'what-if' situations. It emphasizes the planning elements (drivers) that have highest impacts and greatest uncertainty. Although there will be a range for each element some will be more likely than others. Some will be inevitable, some strongly possibilities and other just possibilities.

Value Proposition

A key component that subtly but strongly will drive the strategy and also the management of processes is the determination of the Value Proposition. Kaplan and Norton have stated that *"The Core of any business strategy is the customer value proposition, which describes the unique mix of product and service attributes that a company offers. It defines how the organization will differentiate itself from competitors to attract, retain and deepen relationships with targeted customers.*

The Value proposition is crucial because it helps an organization connect its internal processes to improved outcomes with its customers" (Kaplan and Norton 2001).

The Value Proposition observes that no organization can be best at everything and that although it must be competent in all things it has to lead with one of:

- Operational Excellence
  Customers value the efficiency and reliability of what the organization provides. Utility companies would fall into this category for the most part.
- Customer Intimacy
  Customers value the relationship with the organization above anything else. The products and services are secondary and can change based on the trust relationship with the organization. Knowledge intensive industries such as personal financial advisors would fall into this category for the most part.
- Product Leadership
  Customers value the uniqueness and novelty of the company's offerings. The company will focus on fast time to market and innovation primarily. Certain innovators such as some fashion or electronics companies would qualify.

Different companies can operate with differing propositions in the same industry. Each of them, however, reaches out in different ways of interacting with customers and consumers in the market. Finding the appropriate proposition can be hard and political but the process architecture depends on it and the allocation of resources for capability change demands it.

Balanced Scorecard

Kaplan and Norton also developed the concept of Balanced Scorecard and Strategy Maps as a response to the shortcomings of traditional financially oriented and backward looking measurement systems observed in most companies. They arrived at the concept that organizations should also be looking at a quadrant of measures that adds customer measures, process measures and learning and innovation measures to the traditional lagging ones. Over the years I have been using a slightly wider view of the measurement system to ensure alignment among all stakeholders, all processes, and all capabilities and building a traceability line of sight up, and across down the set of organizational units (Atkinson et al. 1997). Sometimes referred to as an "Accountability Scorecard" I and others have found it more suitable than a classic Balanced Scorecard when it comes to ensuring process performance traceability. The traceability line states that poor capability means ineffective or inefficient processes that affect customers and other stakeholder relationships negatively and ultimately poor bottom line performance at the enterprise level. Likewise strength at all levels drives hard to match business performance.

3.1.6   Documenting the Strategic Intent

Experience has proven that following the structure of the BMM from OMG shown earlier is useful in documenting the OIF's strategic statements in a form that will help the enterprise level BPM work to be conducted with integrity. Separating ends (vision, goals, objectives) from means (mission, strategies and tactics) crystallizes the articulation of the guides for the establishment of process prioritization and design later.

There are other strategic factors of interest such as principles and values but this set is a great starting point as an irrefutable context for relationship management and process management that follows. The strategy becomes more tangible when we add an analysis of the products and services we currently exchange and we want to exchange in the future with each of our external stakeholders in the next activity.

3.2   Determine Stakeholder Relationships

3.2.1   Purpose of the Activity

The purpose of the stakeholder analysis activity is to understand or determine:

- Customer segmentation
- Other external stakeholder types and sub types
- Today's and tomorrow's products, services and information given to and received from each stakeholder type (interactions)
- The starting point for process architecture development and process analysis
- The health of the current interactions between stakeholders and the OIF
- Consensus on the types of external relationships
- The expected needs and expectations (our goals) of the relationships
- The performance indicators and objectives (goals with KPIs and targets) of the relationship
- The supporting capabilities required to be successful

Especially useful will be the ends, means and assessments attributes described in the last section for the OIF but applied in a more focused way for each stakeholder relationship.

The first questions to be answered regarding external connections are 'Who cares about us?' and 'Who do we care about?' Some stakeholders interact with us on a regular basis and exchange things with us. Some stakeholders may not interact with us much but certainly affect what we do or are affected by what we do. Others may be interested but are not as close as the first two groups. We need to care about all of them and get them to care about us for the right reasons of course. Once we understand them we can decide what we need to do to optimize our part in the ecosystem within which we all participate. It all starts with gaining agreement on the classification of the various types of stakeholders that we wish to see. It is

important to note that this classification most likely will not be identical to the classic marketing segmentation used for advertising or sales campaigns. The segmentation through processes is more based on how we interact with or deal with the various types. For example we may organize and structure sales messaging for selling to the banking marketing segment and the telecommunications market with different teams. However, the way we do the work and the sales approach itself may not need to differ even if the sales proposal terms themselves do. In this case we would say for the purposes of process management that the stakeholder type is the same at the higher level of composition even if the ads themselves differ. Be careful regarding the stakeholder segmentation names used and the definitions of them since this can be the source of major semantic, cultural and political disconnection.

The classic starting top levels of stakeholder types prior to decomposition are:

- Customers and Consumers: those we are in business to serve.
  This category is often not as simple as it may seem since there may be many intermediaries or channels to market, many types of products and services for different markets and differences among buyers, influencers and users.
- Owners: those who invest in or direct our activity.
  This category includes all the investors, boards of directors and senior executives. Again there will likely be sub levels depending on degree of control.
- Staff: those who work on serving and supporting the enterprise and its stakeholders.
  Staff is considered to be an external stakeholder type since members are part of the enterprise due to their own free will and will have to be attracted and satisfied personally as well as assuming internal roles once hired. There may be several types based on the permanency of their tenure or association with collective bargaining units.
- Suppliers: those who provide products, services and resources to us.
  Suppliers may be segmented according to their nature of supply.
- Community: those who govern, guide or influence what and how we do what we do.
  This can be a very broad category with many segments since those who provide regulatory and compliance requirements and certification will be different to those who may be simply influencers on us or for us.
- Competitors: those who fight in our markets for our customers.
  Competitors may be targets for capacity enhancement through acquisition of them or them of us.
- Enterprise: the enterprise itself.
  This category is somewhat esoteric in that it considers the enterprise to be a different stakeholder than its staff or owners or customers in that its perspective is sustainability and freedom to act in the best interest of its longer term health.
- Overlaps and Oddballs: those who play conflicting roles.
  There will always be other types that do not fit the normal sectors. There will also be those that play multiple roles such as customers or suppliers that compete with you or competitors that own part of your company.

These are all decomposable into sub types but there will be a practical limit to breaking down too far to the point where the further levels are not useful for enterprise level work. Each can also be weighted so that some will be considered more heavily when it comes to influencing choices and design decisions. The weighting is a strategic choice. You will have to ask yourself the question if the five customers that make up 75 % of your business volume should be considered the same as the thousands that make up the remainder. Your value proposition should help you since weights will differ among each possible choice. Remember if you do not weight them, you are saying they are all equally strategic and important and you are in fact weighting them.

3.2.2 The Stakeholder Business Context

The Stakeholder Business Context is a model of stakeholder interactions and exchange health. It is represented by drawing a simple diagram of the actual and planned exchanges delivered to and received from each stakeholder type and the "Organization in Focus" We can show all current and future exchanges including:

- Products delivered or received
- Services provided or received
- Information exchanged
- Knowledge shared
- Commitments (formal and informal) made
- State changes of various assets or relationships

When building a context model expect to find that an incoming item will often be paired with one or more outgoing exchange items. For example a request for credit may come in and a rejection or acceptance may go out in response.

A triage-like assessment of each exchange can be made to get a good start on understanding relationship issues and opportunities. Taken together it becomes obvious which relationships are in good health overall and which need serious attention in terms of the processes that support them or are supported by them. The real value of the exercise lies in the common insights gained across a typically diverse and silo'd group of internal decision makers.

3.2.3 Stakeholder Relationship Analysis

We will need a gauge of current versus future performance gap to discover the capabilities needed and the extent of change. Start with gaining an agreement on the future we want to see with each stakeholder type, determine how to measure the success and progress towards it and then derive the capabilities or critical factors required to close the gaps.

3.2.4   Stakeholder Expectations and Goals

A useful technique for sorting out the stakeholder vision is called Time Machine Visioning. In this 'back to the future' scenario the architect and strategist imagine themselves going to the future they would like to see at the planning horizon time when all results are in and the OIF is performing as desired. Statements are postulated as to what each stakeholder type would say, or better yet what you want them to say. It then becomes the OIF's role to do everything necessary to make the statements come true. The statements become the voice of the customer and the other stakeholders as well. These are referred to as the stakeholder needs and expectations indeed become our goals for the relationship. The technique defines value criteria and keeps everyone aimed squarely at the purpose of the initiative but the criteria must be used as the guide to all design decisions. This is not to say that all stakeholders will love what we want for them but since it is our business we must choose. It is also good practice to write the statements as if the stakeholder were actually saying it in real sentences that may start with words such as 'As a result of the success of the enterprise transformation program, we can now say …' James G. Barnes book 'Secrets of Customer Relationship Management' (Barnes 2001), offers a set of categories for these statements that can be reused and interpreted in this exercise. This approach applies equally well when examining a single process for its stakeholder goals.

3.2.5   Measurement of Relationship Performance

The stakeholder goal statements are the basis for the determination of the performance indicators required to be able to monitor success of the relationship and progress towards success. These will now become contributing Key Performance Indicators (KPIs) towards the strategic intent ones. They measure value creation from the perspective of the stakeholder as well as the OIF. Both sides must realize value from the relationship to attain its expectations. These will be a combination of effectiveness, efficiency, quality, and adaptability. To avoid sub-optimization one KPI will not do. A balance among these will be needed.

The goal statements are also the basis for establishing the relationship objectives. That is the target values of the KPIs that the organization will aim for. These will be set for the same timing as the time machine destinations. They may also be established for interim points in time as milestones to be achieved along the way. These KPIs now become part of the Scorecard which in turn will be supported by process measures that will be derived from the process architecture.

3.2.6 Critical Success Factors (CSFs) and Required Capability for Relationship Success

The gap in current versus target goals and objectives will indicate the state of the relationship change required and the extent of supporting capability changes needed. The size of changes in each Burlton hexagon segment will be greater and more of the segments will be affected when the performance relationship gap is larger. Small performance gaps will not require launching major new systems but a big gap may. Small gaps will not require significant organizational changes but large ones may depend on them.

In order to discover the CSFs, make sure you answer the following question: "In order to achieve our vision and improvement targets from where we are today it is absolutely vital that . . ..". Obtain three to five responses from the perspective of each stakeholder type. Consider all aspects of the hexagon as well as dependencies on other processes. The responses should be linked to strategic intent and the stakeholder goals and objectives discovered earlier.

Taken together, the results of the stakeholder analysis will provide additional strategies and criteria for later decision making as well as the beginning of the design of the process architecture. There will be conflicts among stakeholder perspectives that will have to be sorted out. This is the time to do it not later in the middle of design, or worse, implementation.

3.3 Consolidate Strategic Criteria

3.3.1 Purpose of the Activity

The purpose of this methodology activity is to:

- Discover and reconcile inconsistencies and conflicts among stakeholder views
- Gain agreement on the decision making criteria to be used to:

  – Assess alternatives and prioritize resource allocation
  – Remove personal biases toward solution design in later transformation activities

- Balance the enterprise's intent with the stakeholder criteria

This activity provides assurance that the process architects will subsequently design an architecture that truly helps the enterprise manage the capabilities required to attain its corporate objectives with the appropriate value proposition. It will validate the fit among strategic components, contradictory programs and among conflicting stakeholder perspectives.

Ideally this will be a simple negotiation that will also summarize the results into a brief OIF and Stakeholder Charter upon which programs of change will be chosen. It also will be the starting point for defining the process architecture that will define the structure and organization of OIF processes.

3.4 Model Enterprise Processes (Methodology 2)

3.4.1 Purpose of the Activity

The purpose of this methodology activity is to determine:

- All value chains, value streams, business processes and sub processes of value to the enterprise stakeholders
- The relevance of any published industry process frameworks to the OIF
- The Core Processes of value to the customers of the organization
- The Guiding and Enabling Processes supporting the Core
- High Level Process Map and Attributes
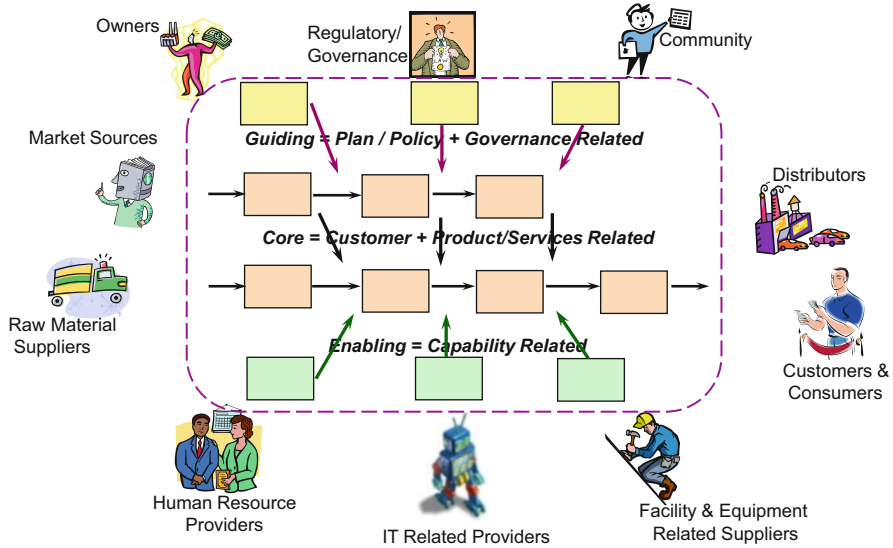- The KPIs of the architected processes

The BPTrends pyramid articulates the levels of process work we can conduct. Our challenge is to optimize process performance at all of these levels. However, the Process Architecture that describes what we do in terms of what's important to those for whom we do it, starts at the top. Its existence provides significant benefits to business process decomposition since it automatically provides context and scope for each. Since the performance scorecard must provide traceability from what everyone does everyday to full process results to stakeholder value to attainment of strategic objectives there is no other way to connect these dots. We need integrity delivered by a sound and elegant architecture.

The architecture is built from the perspective of a clear "Organization in Focus" with defined boundaries and responsibilities. An architecture level process is defined by the Business Process Manifesto (Burlton 2012): Now translated into more than 12 languages. 'An organization's Business Processes clearly describe the work performed by all resources involved in creating outcomes of value for its customers and other stakeholders.'

It starts with an understanding of the exchanges developed as part of stakeholder analysis conducted earlier. Common sense will tell us that everything coming into the OIF must come from an external stakeholder and be received by at least one process and likewise everything leaving the OIF must go to an external stakeholder and be produced by at least one process. This is the essence of integrity.

The interactions that come from and go to the customers, consumers and main value chain partners will mostly define our Core Processes. The ones that involve owners, regulatory or influencing stakeholders will define our Guiding Processes. Those which send and receive reusable resources such as technologies, people and facilities will establish our Enabling Processes. The typical depiction of these with Guiding at the top, Core in the middle and Enabling at the bottom is shown conceptually in Fig. 6.

A well formed architecture will exhibit a set of processes consistent with well formed naming conventions also as defined by the Business Process Manifesto

Fig. 6 Stakeholder-driven processes

(Burlton 2012). The first of these is simply that each process, activity and task, should be named by an active *verb-noun* combination. Just as a sentence needs verbs to indicate action or transformation so does a process. In addition, the name should be strong and not employ some non-descript or lazy verb. The process name should unambiguously communicate the intent of the process not its start or some vague action. That means that non–verb structures cannot be tolerated. Gerunds and other noun forms with endings such as . . .ing, . . .ent, . . .tion and . . .al must not be used.

‘Marketing’ is not a name for a process. ‘Procurement’ is not a name for a process. ‘Evaluation’ is not a name for a process. ‘Approval’ is not a name for a process. All of these are unclear and in many cases extremely confusing with imprecise starts and stops and a strong association with an organizational function. Unfortunately this vague form of the language is used by many Enterprise Architects who have chosen to name the organization’s capabilities this way rather than using clear process names as the foundation of defining the abilities required. Process names must be crisp, unambiguous and convey commonly understood meanings. This means that, despite what some process modeling academics have shown in their works, the following lazy or vague verbs such as manage, handle, process, and do should be avoided if possible and replaced by something definitive that is outcome oriented. Rather than say ‘handle order’ say ‘fulfill order’ which shows the result of the process. Rather than saying ‘Manage IT’ say Provide IT Capability. Show the process value proposition in its name and do not clump

several processes together under a functional heading. This is not a trivial suggestion. Do it and you will thank me later.[2]

3.4.2 Lifecycle Approach to Building the Architecture

Business Processes move stakeholder relationships through a lifecycle of state changes – from unawareness through termination of the relationship. They also move enterprise assets and other items of interest through a lifecycle of their own – from idea through retirement or termination. There is a time when our customers do not know we exist. There is also a time when they will no longer be customers or potential customers for whatever reason. There is a time when a product has not yet been thought of. There is also a time when it has been retired from service. In between these extremes are a series of state changes that require someone to do something to move them to the next progressive state. These are processes in value streams that we have to make work otherwise potential customers will not be identified, qualified or sold to. There are also processes that take product ideas and test them, launch them and sell them. Among the relationship cycles and the asset cycles there may be redundancies. The customer cycle will sell products as will the product cycle. The lifecycle approach is typically easy for staff to articulate one at a time and it avoids the normal problems of seeing processes within organizational boundaries since it looks at the life of a relationship from the stakeholder perspective and not the internal organizational one. The lifecycle approach does not miss much and is easier for subject matter staff to work through methodically and for architects to facilitate.

3.4.3 Reference Frameworks Approach to Building the Architecture

In the past decade we have witnessed the growth of a number of industry and specific value chain process frameworks or reference models that articulate a set of best practices for viewing and managing the work of organizations. These frameworks serve the purpose of providing a starter kit or a point of comparison for organizations that want a consistent way of evaluating themselves against a benchmark. Typically organized as a hierarchy of functions, processes and activities with or without dependencies among them, they provide names, descriptions,

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[2] Methodological aspects of how to architect high quality business processes are covered elsewhere in this handbook. Reijers et al. (2014) present a framework for realizing high quality process models and discusses additional parameters for deriving a well-formed architecture. Koschmider and Oberweis (2014) suggest an approach to design business processes with a recommendation-based editor. This approach can help overcoming productivity barriers and low process model quality by reducing the need for the user to study the modeling notation. Becker et al. (2014) point out that it is not only important to create models which can be readily understood by humans, but also by computers in order to improve decision making on process architectures.

performance indicators and other attributes that may be reused. These frameworks are not always relevant due to the peculiar nature of the business. They may also use names that clash culturally. Few organizations can expect to simply take the reference models and apply them without thought or some amount of assessment and modification. For process areas that simply require a best practice, these often work well. After all, if you are building capability that will not differentiate you no matter how good you are in it, why would you want to stray from what is proven? Why would you not examine the documented results of work performed by many intelligent professionals who typically would have collaborated over a long period of time to reach consensus and subsequently had the ideas tested in the real world. However, in the areas that you have chosen to be the basis for competition or differentiation, taking on the industry best practice alone will make you the same as the industry at best. Is that 'best' good enough for you? If not, you have to develop your own models or variations and then keep quiet about them.

Generic Enterprise Models

There are a number of models intended to describe organizations of all types in all sectors. The best example of these is the original Process Classification Framework from The American Productivity and Quality Center (APQC) (APQC 2009). The PCF is very general in nature since it does not try to be industry specific. It is, however a useful reference in that it is comprehensive, covering not only core processes but also, enabling, guiding and management ones that some other frameworks overlook. It tends, however, to quite functionally-oriented in places where it takes an area such as the finance function and drills into its activities rather than seeing these as components of other wider processes viewed from an outside-in stakeholder perspective. Nonetheless it is a useful reference but cannot be relied upon alone to replace good enterprise analysis of processes.[3]

Industry-Specific Models

There are a number of industry models in place and emerging that aim to describe an industry in whole. The implicit assumption is that every player in the industry is essentially the same as all the others at the basic level. One of these is e-TOM from the Telemangement Forum (TeleManagement Forum 2009) which describes a generic telecommunications organization. In places it is remarkably useful as a process reference, especially in the area of provisioning and similar engineering like processes. Recently APQC has released a set of industry specific frameworks for certain industries that are more helpful. In all of these be careful of a tendency to

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[3] Aitken et al. (2014) propose a generic approach to develop organizational models based on process classification frameworks such as the APQC framework.

be functionally oriented. Nonetheless, many do contain just about everything a company might wish to do if you look hard enough.

Domain-Specific Models

There are a number of models developed surrounding particular functions within the organization and the processes within them. Some of the best examples of these can be seen in the IT function. Most prevalent is ITIL (IT Infrastructure Library) (IT Governance Institute 2009) which is a framework of best practices supporting IT services management. It is particularly strong in the areas of service support and weaker in the general IT management aspects for which one might supplement with other models. Its use is very widespread in the IT community and recognized as best practice. Another model that works well in the IT Domain is COBIT (Control OBjectives for Information and related Technology) which was originally developed as an IT audit framework by the non-profit ISACA organization but is now being recognized more for IT management in general (IT Governance Institute 2009). It is a good partner model for IL especially as the two frameworks start to converge in their latest releases (ISACA 2009).

Process, Lifecycle and Value Chain Models

The longest running framework that takes the perspective of end to end business processes as the point of view would be SCOR (Supply-Chain Operations Reference) (Supply Chain Council 2009). Its purpose is to examine all work in a connected business process chain from the supplier's supplier through to the customer's customer across and within enterprises. In existence for about a decade and supported by over 800 member organizations, it is well respected and highly adopted in companies and industries with significant logistics challenges especially across multiple partners. A growing perspective, however, is that supply chains exist in various guises beyond the movement of physical goods and advocates of SCOR will use it for non traditional process customer – supplier challenges.

The VRM (Value Reference Model) has a wider perspective than SCOR although it also tackles supply chains (Value Chain Group 2009). It has added product development and customer relations perspectives as well and, when taken together, these provide a wide value creation framework more universal than SCOR. These describe the normal process sequences and dependencies in order to take and deliver an order, get a product to market and optimize a customer relationship. They do not cover the general management of the business nor the provisioning of reusable resources. While weak on these guiding and enabling processes, these two are quite robust in their areas of focus.

A government-oriented services framework has been developed by the Government of Canada. GSRM (Governments Strategic Reference Model) takes the lifecycle perspective of a generic government service from concept through

decommissioning (Treasury Board of Canada Secretariat 2009). Its patterns are intended for use by governments to manage the life of services at each of the stages of maturity.

3.4.4   Architecture Consolidation

Both the process lifecycle and the process frameworks approaches have merit. The combination of them is unbeatable in completeness, richness and relevance. Both approaches tend to delve to a level of detail that is deeper that the single page snapshot that is often seen in the first view of process architecture diagrams. Careful layering is needed to ensure that a manageable architecture is derived. A rough guideline of 10–15 core business processes and an equivalent number of guiding and enabling business processes for a total of about 30 should exist at the top layer showing the value chains and value streams has been found to be useful. This mile-wide and inch deep perspective ensures we see the full picture at all levels. Each of these top level processes can be broken into a similar number of sub processes depicted on their own diagram.

Keep in mind that the structure and semantics of the architecture will be political, there will be a functional bias and it will be confusing for those not exposed to process thinking. Be prepared to make those managers aware before trying to sell the models to them. You are changing the semantics and to some degree the culture of the enterprise as you do this so be patient and give it enough time to steep.

3.5   Define Performance Measures (Methodology 3)

3.5.1   Purpose of the Activity

The purpose of this methodology activity is to:

- Identify the key performance indicators (KPIs) to be used for each business process
- Associate the process architecture KPIs with the strategic objectives and stakeholder measures
- Determine traceability of measures across the start to end of the value streams and end to end business processes
- Identify which measurement data can only be captured in processes later in the value stream that reflect those ones earlier such as customer complaints

Measurement attributes at this level must be consistent with or contribute towards the enterprise scorecard. They will have a vertical perspective connecting business processes to the more strategic measures and a horizontal one connecting to the prior and following processes as well. Both are important.

Top Down and Horizontal Perspectives

By now we should have a good start towards the strategic measures of the OIF and the ways to measure stakeholder relationship success. If not we must go back and get this clear or the process architecture level will have no measurement context or criteria. For each business process at the top level of the architecture we determine which processes are relevant in support of the strategic direction of the OIF, which are of value to the stakeholders, and the KPIs for each process in terms of the support for the higher level strategic and stakeholder KPIs. We must also establish the KPIs for each process that can only be captured in a later process if there are any. For example the measures of customer satisfaction or dissatisfaction with the taking of an order may only be measured in a downstream process that receives and settles returned goods from the customer. Effectiveness measures typically fall into this category only becoming apparent later in the value stream. We can also set the targeted performance objectives for the process at this time. Remember that an objective is a KPI with a target level by a defined time.

It is critical to have well-formed KPIs since in many cases the ones proposed are not truly measurable. A well-formed KPI has the following characteristics:

- Relevant: supports the assessment of a purpose, vision or goal
- Comparable: has a Unit of Measure
- Time-bound: is associated with a period of time or a point in time
- Measurable: reliable data can be attained without bias or excessive time and cost
- Trustworthy: people feel confident that it is accurate

Finding a combination of KPI types is best practice since focusing on one type alone often leads to sub-optimization in the others for the same business process. For example becoming too efficient can affect resource availability and hence service to customers. In addition, the performance of an early process may affect those that follow in a way that diminishes the downstream process' performance due to questions not asked or inattention to data quality. Once again, four types of measures are efficiency, effectiveness, quality and adaptability. Look for one of each for each process and never lose sight of effectiveness.

Efficiency and Quality measures are traditional based in more traditional industrial engineering disciplines and are typically the easiest to measure since they can be easily counted up, divided and compared at all levels of a process decomposition.

Effectiveness measures are those which are associated with the value received by the business process customer or output recipient. Effectiveness measures are typically harder to measure since they require the receiver's perception of value to be known. They have their basis in total quality management disciplines such as Lean and consequently measuring effectiveness at lower levels of process decomposition may not be useful if it truly is the whole stream that is important to the receiver. In these cases proxies that stand in for the overall KPI may have to be found.

Efficiency and Effectiveness measures do not question the product or service or capability that is being produced. They assume that these are stable. Adaptability measures are those which are associated with timing of product and service

availability or the ease of capability change. In response to or anticipation of strategic or product changes.

Measurement sounds much easier that it is and means of gathering reliable measurement data are sometimes the biggest issue. Some information may not be affordable or even possible to capture in a timely fashion. Some may be highly suspect in terms of bias and reliability. Sampling theory requires statistical significance. It also questions relevance as to the time the sample is taken. All too often, projecting the sample results to the full population from which the sample is taken will be biased by the time of day or year when the sample is taken. The anthropic principle (Bostrom 2002) tells us that the act of measuring often changes the measurement results due to motivational or physical factors involved in the measuring. For example watching staff conduct the work will surely result in different behavior that when no one is around. In considering the KPIs we must consider the feasibility of the means of gathering reliable data in addition to the unit of measure itself.

3.6 Establish Process Governance (Methodology 4)

3.6.1 Purpose of the Activity

The purpose of this methodology activity is to:

- ensure clear responsibility for all processes
- establish sustainable process governance and start-to-end management
- start to define an organizational migration path to a new way of managing

Process Governance can be confused with process management supporting services normally found in a process support group or center of expertise that provides capability and consulting to process projects. That is not what this section will deal with. Other chapters in the book will look at those issues of support and enablement. Here we will discuss the activities required to take responsibility for continually optimizing and managing the process assets of the OIF; its performance and timely improvement. We must answer 'Who will manage process execution and govern performance and improvement on a sustainable basis and how will this be done?'

There are a number of key roles that must be played in order to assure that processes continue to be effective assets at their best. At this point the reader may have expected a discussion on process ownership. Instead we will discuss a wider set of concepts since 'ownership' as a uni-dimensional concept is proving to be too simplistic given that the management and governance aspects of processes are far more complex than that. The term 'owner' will not be used here since the emotion and resistance from non-'owners' of processes who are day to day managers of staff that work in the process can be too great and often lead to a conflict of motivational alignment at the personal manager level. I will articulate a set of roles that are

required in order to maintain optimal process performance at multiple levels of value chain, value stream, business process and activity responsibility. As in data management, which abandoned the term 'owner' years ago since the data asset is a corporate one and therefore not owned but shared, I will use the term 'steward'.

In larger mature organizations, specific process instances will be executed and managed operationally in multiple locations. They will be monitored for performance and consistently improved across all locations, and along with the total set of all processes, governed for optimization and alignment. This will require a number of roles to be clearly differentiated:

- A *process lead* is responsible for ensuring the completion of a specific process instance for a specific customer or requestor all the way from the initiating through to the closing event and result delivery.
- A *process manager* plans, directs and monitors defined sets of processes instances and resources and adjusts them to produce expected outputs and business results day to day. Sets of instances may pertain to specific locations, transactions, projects, clients, accounts, etc. The process leadwill typically line-report to this manager operationally.
- A *process steward* is responsible for the designs of a related enterprise business process and its guides and enablers. He or she plans and sponsors their development and deployment universally. The steward also periodically monitors their performance and assesses their continued fit in light of market conditions and recommends funding of changes. This person will act as project champion for any transformation of the project to deliver change.
- A *process executive* governs a logical group of enterprise processes at the value stream or value chain levels of complex and large enterprises. The *executive* will ultimately be responsible for both performance and change oversight.
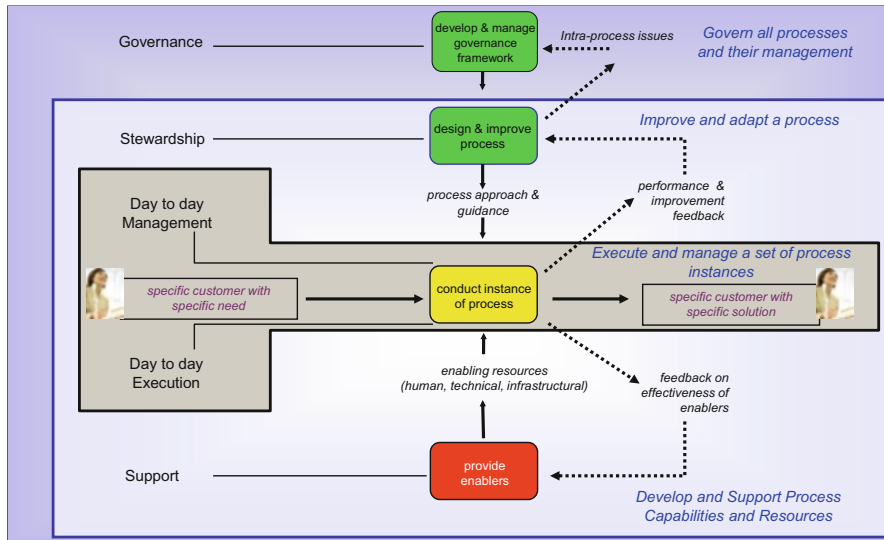
   Other optional roles are:

- A *governance coordinator*, supports, enables and coaches the stewards and provides executives and stewards with required services.
- A *process management council* brings together stewards and executives for standards setting, coordination, change prioritization and change issue resolution. This council also makes process change prioritization recommendations or decisions

   These can be seen graphically in Fig. 7.

   Note that these are roles and not positions and the titles may vary from enterprise to enterprise. In large complex organizations they may be assumed by different people. However, in simpler enterprises multiple roles may be assumed by one person. For example, the process steward and process manager will most likely be the same person when the process only runs and is managed in one place as opposed to multiple locations.

   To assure overall knowledge sharing, motivation and consistency as well as architecture control and overall synchronization, a process management council can be formed for governance purposes. It is comprised of process stewards and

Fig. 7 Process governance roles

executives and supported by the governance coordinator who may be from the centre of expertise.

3.6.2 Motivation Alignment and Stewardship Support

The deliverables from the first three methodology sections must come together and be in complete alignment. Governance without an agreed process architecture means we have no consistency in what we are managing. A business process architecture with no measures for performance paints a nice picture with no ways of assessing results. Governance with measurement and reporting is required in order to have business process accountability for managers, stewards and executives. Conflict between the goals of the processes and the personal performance plans of the stewards is a certain recipe for dysfunction at best. Governance will not last long because no one will care about it.

Another challenge is that the process executives and stewards typically need help in becoming effective even at the best of times when their motivation is in synch with the stakeholders receiving value from the business process. These are new and unfamiliar roles that are often overlaid on existing responsibilities and often seen as more work. The BPM Center of Expertise, if experienced enough, can be important contributors in enabling sound process governance.

With the governance model in place it is now possible to prioritize opportunities for process and capability renewal according to process performance and outcomes and manage cross functional change.

3.7   Manage Enterprise Processes (Methodology 6)

Author note: I have jumped over Methodology Activity 5 for the moment since in many cases a comprehensive alignment with other capabilities will take too long and the alignment will be done in a phased manner in synch with the priority processes. I will return to it immediately following this section in Sect. 3.8. This section will discuss one aspect of Methodology 6. Also please note that this section will only deal with the prioritization of changes and not the many other aspects of Managing Enterprise Processes.

3.7.1   Purpose of the Activity

The purpose of this methodology activity is to:

- Determine which processes are critical to the achievement of Strategic Business Objectives and Stakeholder Value Creation (Highest Gain)
- Identify the gaps in process performance between current state performance and ideal state target performance (Highest Pain)
- Find the potentially best choice to improve value according to the strategic criteria created earlier
- Begin the ranking of processes and related capabilities for feasibility assessment, business case analysis and renewal

Now that we know the criteria for what is important to the enterprise and its stakeholders and we have a shared understanding of what our end to end business processes are, we can connect up the stakeholder based strategic criteria to give us a ranking of where our biggest return on investment for change will come from.

This will be comprised of an assessment of process strategic value contribution ranking based on each process' individual Direct Outcomes and process performance gaps using real performance data or consensus of anecdotal feedback. The best opportunities for raising enterprise performance will be in business processes that have both the highest potential value to stakeholders in support of our strategic intent (the north star of the OIF) and those that also have the largest performance (KPI) gap today from where we need them to be at the end of our planning horizon. In order to do this we can produce a series of matrices and grids of process-value contribution versus potential process-performance gap that are carefully aligned. We may do this in a very formally manner or in a more subjective way if time pressures demand.

		Scoring for all criteria: 1. None, 2. A Little, 3. A Moderate Amount, 4. A Large Amount, 5. A Significant Amount					
		Strategic Outcome Statements and Weighting					
Process Name		Sustain the quality of our food	Sustain our licenses	Increase revenue, profitability with positive cash flow	Increase customer satisfaction	Decrease our carbon footprint	Gain Summary
	Process #	15%	30%	30%	20%	5%	
Plan the business	1	3	2	4	3	3	3.00
Determine regulatory requirements	2	3	5	3	2	2	3.35
Develop polices and rules	3	2	4	2	3	2	2.80
Assess compliance	4	4	5	3	2	3	3.55
Develop marketplace strategy	5	2	2	5	4	1	3.25
Plan restaurant operations	6	3	2	4	4	1	3.10
Update finances	7	1	3	2	1	1	1.90
Design business processes and capabilities	8	4	4	4	4	3	3.95
Advertise restaurant	9	1	1	5	3	1	2.60
Purchase supplies	10	5	2	4	4	1	3.40
Prepare food	11	5	5	3	4	1	4.00
Serve restaurant customers	12	5	2	4	4	1	3.40
Deliver pizza order	13	5	4	5	4	4	4.45
Provide customer services	14	2	3	3	4	1	2.95
Provide and maintain facilities	15	3	4	3	2	2	3.05
Acquire and maintain equipment	16	5	4	3	4	2	3.75
Assign human resources	17	4	3	4	3	2	3.40
Provide IT capability	18	1	1	3	3	1	2.00

Fig. 8 Process/strategic outcome matrix (GAIN)

3.7.2 Matrix Alignment Approach

The Process/Strategic Intent Matrix

By cross referencing the Strategic Outcomes of the OIF, developed from Stakeholder Outcomes and the OIF's value proposition to the business processes in the architecture in a matrix we can assess the value that each process should or could provide to the chosen direction of the enterprise. When summed up and weighted by the relative values (i.e. importance) of each strategic outcome statement, defined earlier, we can identify the level of *GAIN* the business process can contribute towards the North Star goals and objectives. Figure 8 illustrates how this may be structured. This evaluation uses the OIF stakeholder analysis and strategic intent results.. In the illustration A scale of 1–5 can be applied for each process towards the strategic intent statement and the sum of all scores for each process will allow a ranking scale of most value added process to the strategic intent to least value added.

Process Name	Process Number	Process Performance Pain Criteria (1 - 5) Relative to the ideal state of the process.				
		The process achieves its ideal direct outcome	The process can be executed consistently	All resources are efficiently utilized in the execution of the process	Pain Summary	Pain Ranking
Plan the business	1	4	4	2	10	7
Determine regulatory requirements	2	1	2	2	5	16
Develop polices and rules	3	4	4	3	11	5
Assess compliance	4	4	4	2	10	7
Develop marketplace strategy	5	3	3	3	9	10
Plan restaurant operations	6	3	4	2	9	10
Update finances	7	1	2	2	5	16
Design business processes and capabilities	8	4	4	4	12	2
Advertise restaurant	9	2	3	3	8	13
Purchase supplies	10	1	2	2	5	16
Prepare food	11	2	4	3	9	10
Serve restaurant customers	12	2	2	3	7	14
Deliver pizza order	13	4	4	5	13	1
Provide customer services	14	4	4	3	11	5
Provide and maintain facilities	15	4	3	3	10	7
Acquire and maintain equipment	16	4	4	4	12	2
Assign human resources	17	2	3	2	7	14
Provide IT capability	18	5	3	4	12	2

Scoring for all criteria:
1: Always, 2: Mostly, 3: Sometimes, 4: Rarely, 5: Never

Fig. 9 Process performance-gap matrix (PAIN)

The Process Performance Gap Matrix

The Process Performance Gap Matrix is similar to the Process/Strategic Intent Matrix in structure. It contains the same process rows but the columns vary since they are assessing performance and capability gaps not strategic contribution. The intersecting cells, obviously, reflect a different assessment. This time they reflect the potential gaps of the process while holding constant the value or importance of the process in the first matrix. The question is one of how well will today's process design, and its current supporting capabilities, be able to meet the future strategic and stakeholder performance needs? Note that today's performance and capabilities may not have a large gap but future requirements may mean that current abilities will not keep up with changing requirements and hence a gap is recognized. This is referred to as the level of *PAIN* as shown in Fig. 9.

Pain and Gain

By assembling the results of the two matrices' rankings we can map Pain rank versus Gain rank and produce a grid of Highest to Lowest Gain versus Highest to Lowest Pain as depicted in Fig. 10.
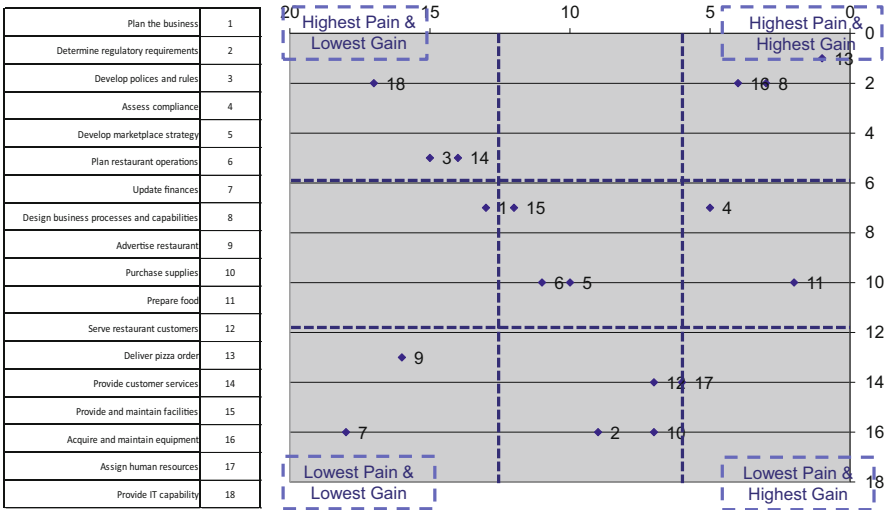
Fig. 10 Process/capability migration strategy grid

The processes in the Lowest Gain column represent those that must be done competently but do not make much difference to value creation if they are performed exceptionally well relative to the others so these can be dropped from further analysis right away. The processes in the Lowest Pain row represent those that we perform very well relative to the others so are not really candidates for major transformational changes from a business point of view. The ones remaining in the grid of medium to high in both Pain and Gain are the ones that will give us more bang for the buck.

The Highest Pain/Highest Gain quadrant is clearly where the greatest advantage can be realized and most of the transformation focus and resources should be allocated. Processes here solve the largest performance problems that are most important to the value proposition and intent of the OIF. Lower Gain/Highest Pain processes are not as rewarding enterprise wide and are a second choice. Highest Gain/Lower Pain is better but we must be careful not to fall behind on these and we must remain aware of potential threats and opportunities that change the assessment. Lower Gain/Lower Pain may be better served by remaining in continuous improvement mode while we attack the others. The findings from the grid must still be vetted and adjusted from a cost/benefit, dependency, political and other types of feasibility perspectives to build the transformation plan.

A fast-track version of this grid can be performed using a nine-block triage approach that uses a relative comparison of the processes in the architecture against the enterprise value proposition and company vision, goals and objectives as the Gain perspective. The three Gain categories are whether or not each process is a differentiator towards world class performance (Highest Gain), is a requirement not requiring industry leadership but needing best practice parity or simply a commodity process that will never make a big difference no matter how well we make it

perform. The Pain perspective is also triaged into potential performance gap from biggest at the top to smallest at the bottom. Together they provide another way to pick priorities when time does not allow a more structured assessment.

3.7.3 Establish Enterprise Transformation Portfolio

This activity identifies all existing projects of any type currently underway, all planned and funded projects of any type, all planned and unfunded projects of any type and current budgets and commitments-to-complete; maps and assesses the fit of existing and planned projects against priority processes and required enabling capabilities. In addition, this activity determines any constraints that will hinder changes in the priority processes, produces funding criteria for continuation or freezing of existing projects and initiation of new ones, recommends approval or freezing projects; and produces the Enterprise Transformation Portfolio.

The tasks performed during this activity are:

- Validate Priorities
- Identify Existing Programs/Projects
- Rationalize Current with Required Future Initiatives
- Create/Update Enterprise Transformation Program

Detailed methods for this part of the method will be covered elsewhere in this book but if this work is not managed continuously starting with the strategy, process and capability architectural activities described in this chapter then it will quickly revert to a process of fielding and reacting to internal special interests and politically biased misaligned resource allocation.

3.8 Align Process Capabilities (Methodology 5)

3.8.1 Purpose of the Activity

This method activity determines the information needed in order to be able to conduct the envisioned processes and identifies the gaps in information quality; assesses the contribution of knowledge to the processes, identifies barriers to process performance due to overly constraining, inappropriate or inadequate guides, determines which policies and core rules should and must be changed, initiates the knowledge and policy changes; and determines the supporting capabilities and assets (strategic technologies, human competencies and physical facilities) needed to conduct the envisioned processes in the optimal manner for their stakeholders. The tasks performed during this activity are:

- Determine Enterprise Information Fit/Gap
- Determine Knowledge Fit/Gap
- Identify Organizational Structure Fit/Gap

- Identify Policy Fit/Gap
- Identify Technology Fit/Gap
- Determine Human Competency Fit/Gap
- Establish Physical Facility Fit/Gap

Detailed methods for this part of the method will be covered elsewhere in this book but without our the foundational strategic and process methodological work described in this chapter all of these will be misaligned and change will not be delivered holistically.

4 Conclusion

The work described in this chapter is the foundation for managing a modern enterprise; one that is customer-focused, strategically-aligned and process-centric. Customers do not care about our departments, functions or organization chart and should not be exposed to the navigational problems across them. Business strategies are not paper documents to be ignored. They must be used and connected to everything that everyone does every day. Business processes are the only things that connect the dots to create stakeholder value consistent with enterprise strategic intent. This fundamental shift in work towards linked performance management and change management must become a relentless pursuit for change agents. It will happen sooner or later to all organizations that survive. What I have attempted to describe here is a simple and common sense approach to remain true to the ideals of managing by process for stakeholder outcomes not by function for internal reward.

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