

Leading Process Change

Many firms are actually quite good at improving performance on projects of small scope within traditional organizational boundaries and yet they struggle in achieving sustainable improvements to large business processes such as order fulfillment and new product introduction.

What's the problem? Lack of committed leadership typically surfaces among the top few barriers in practically every survey on the obstacles in making major improvements to organizational performance. Why do leaders continue to struggle in this regard? There are at least three reasons.

They view the business in functional or departmental terms and have a traditional bias. They don't measure what matters to customers and they move from one improvement method to the next. There are so many popular improvement methods—such as TQM, Lean, Six Sigma, Reengineering, Enterprise Resource Planning (ERP), and Customer Relationship Management (CRM)—that each takes on the flavor of the year. The growing complexity of business in general, due to factors such as globalization, regulation, and the pace of change of technology, adds yet another element into the mix.

They don't have a shared view of the organization as a system of interconnected processes and they don't practice. Even though business is arguably the most demanding of team sports, leadership teams typically don't have a process playbook and they do not practice. That is, they do not practice or role-play, as a senior management team, on how the organization performs for customers. They do not fully understand how the flow of value-added activity creates value for customers. If they knew how, wouldn't they measure what is important to customers in a disciplined way? Would they not assign accountability for the performance of key capabilities in the company's value chain instead of opting to assign accountability purely in terms of functional or business unit lines? Would they not want to deploy enabling technology with a view on the degree of its positive impact on organizational performance? Would they not plan and implement recognition and reward systems to acknowledge the teams of people who do the most to improve organizational performance?

They have not mastered essential skills in leading process change such as crafting a compelling case for change, assuring the right pacing, and paying close attention to overcoming obstacles to change. The essence of leading process change is when a leader has willing followers who are inspired to wholeheartedly commit to a common course of action. Executives are keenly aware of the importance of improving organizational performance and providing customers with value, but there is just too much going on to maintain the needed focus. Not only is corporate attention a zero-sum game, but executives may also have a severe case of attention deficit disorder. Many organizations have dozens of initiatives competing for executive attention such that project portfolio management has become a management science. Focusing on organizational performance is simply another initiative added to the list.

Executives and senior managers who wish to better lead process change can benefit by taking action on the following four areas of focus:

- Develop a shared understanding on the process view of performance at the organizational level
- Measure what matters to customers

- Regularly conduct end-to-end process reviews
- Develop the needed skill sets in crafting a compelling case for change and pacing

In order to develop a shared understanding on the process view of performance at the organizational level, it's important to develop a one page, visually compelling, schematic of the critical few processes that create value for the company and its customers. This schematic needs to depict the key business processes, their boundaries, and which departments need to collaborate to improve performance.

Measuring what matters to customers involves a focus on the quality and timeliness aspects of key customer touching processes such as 'inquiry to order', 'order to delivery', 'complaint to resolution', and 'idea to launch.' Measure the performance factors that are truly important to the customer, such as delivery of the product or service on time, complete, and error free, first time right responses to inquiries and complaints, and responsiveness.

Regularly conduct end-to-end process reviews at the leadership team level, especially for customer touching business processes. This is needed to shift leadership attention from a solely traditional departmental focus to a greater process orientation.

Develop the skills needed for leading process change, with a special focus on creating a compelling case for change and pacing. Creating a compelling case for change is the foundational first step in organizational improvement. A compelling case for change is typically built on either an imminent threat or a perceived major opportunity. Either we must join forces and change how we do things to survive, or we must join forces and change how we do things in order to prosper. In some instances, there is a real threat, such as loss of product leadership or shrinking margins. In other situations, a story can be woven to create a threat, such as growth is flattening, and we must do something different right away. The best test of a compelling case for change is whether people step forward as willing followers and whether they are motivated to act with urgency. Executives, middle managers, and frontline employees need to understand the point of change and also agree with it. That is why the case for change needs to tell a compelling story that speaks both to the head and the heart. This is where viewing operations from the customer's point of view becomes important. In building a compelling case for change, highlighting the gap between current and desired performance for customers can be a powerful way to touch people's emotions.

Taking action in each of these four areas can go a long way towards more successful major improvements to organizational performance. Examples for several of the above areas can be requested by writing to the author of this article.

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