

# Process Concepts

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## The Idea of Process

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### **Concept: end-to-end work**

whole, not parts

### **Definition: an organized group of related tasks that work together to create a result of value**

transformation of inputs into outputs

structured purposeful work

### **Some common processes**

order fulfillment

order acquisition

procurement

demand creation

product development

plan to produce

### **A sample process structure**

the architecture of order fulfillment

### **The indivisible triad of customer/results/process**

an iron triangle

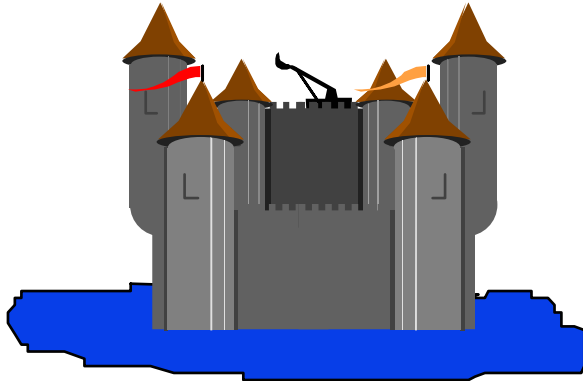
### **Themes**

cross-functional

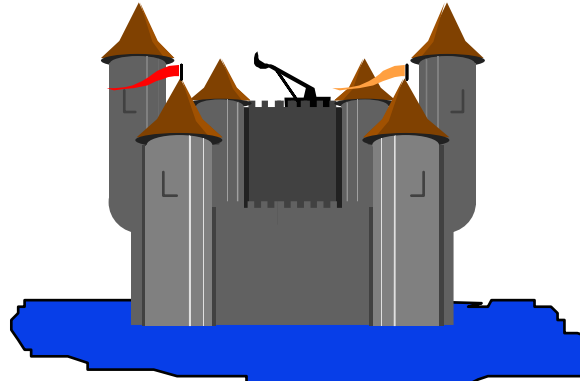
outcome-focused

work, not structure

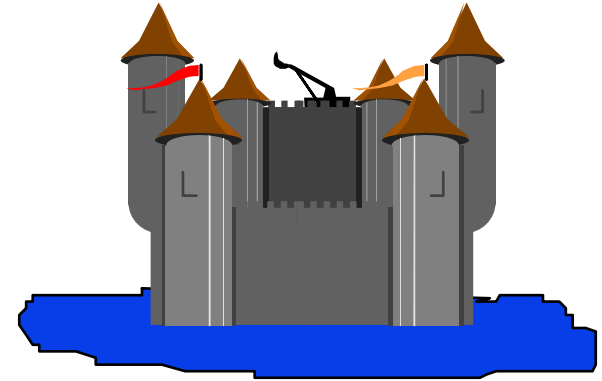
# The Traditional Organization



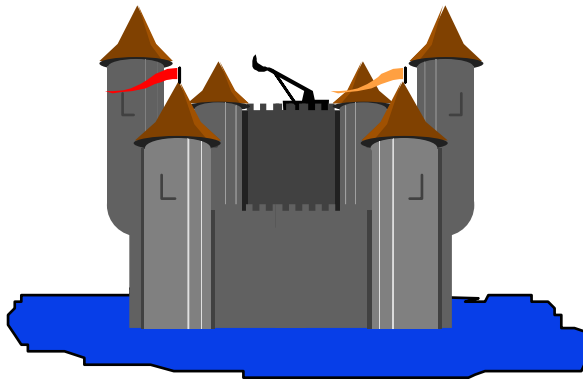
**Sales**



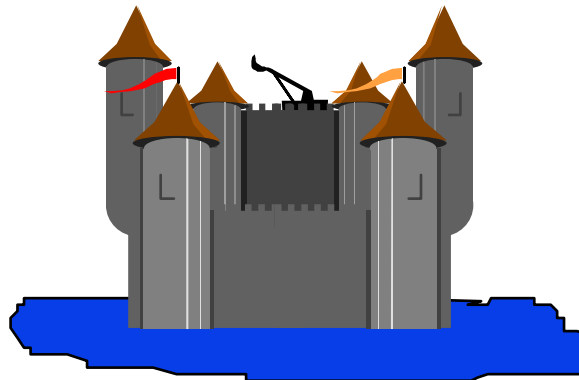
**Finance**



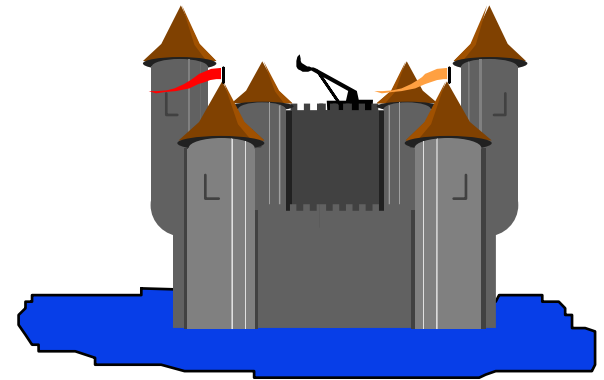
**Engineering**



**Service**



**Distribution**



**Production**

**Traditional  
Mottoes**

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**INMJ**

**IDWIT**

**IDMB**

**IJWH**

## **Processes in a Traditional Organization**

**Fragmented**

**Haphazard**

**Disjointed**

**Ad hoc**

**Informal**

**Complex**

**Chaotic**

**Piecemeal**

**Disconnected**

**Full of NVA**

**Functional**

**Dysfunctional**

**Buried**

**Undefined**

**Implicit**

**Invisible**

**Uncoordinated**

**Unmanaged**

**Unknown**

**Unnamed**

**Unrecognized**

**Unmeasured**

**Undesigned**

**Unloved**

**The inevitable consequences**

## **The Nightmare of Functionality**

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**No discipline, structure, repeatability, reliability,  
consistency, predictability**

**Introspection and no customer focus**

**Lack of overall ownership, accountability,  
responsibility**

**Divergent goals, arguing, conflict**

**Hand-offs and delays**

**Non-value-adding costs**

**Information attenuation**

**Low quality, errors, rework**

**Inflexibility and inconvenience**

**Complexity**

**Duplication**

**Lost opportunities**

**Processes perform dreadfully  
in a functional organization**

## **Why Worry Now?**

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**Powerful customers with high expectations**

**Overcapacity**

**Intense competition**

**Global economy**

**Commoditization of products and services**

**Consolidation**

**Increased information availability**

**Theoretical choices becoming real**

**What used to suffice no longer does**

**A new C&W song**

## **Traditional Approaches to Performance Improvement**

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**Downsize/cut costs**

**Automate/mechanize**

**Reorganize**

**Outsource**

**Restructure**

**Exhort**

**Superficial and based on flawed premises**

**The old approaches don't work, so we need something else**



## **The Process Approach to Work**

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### **Focus on customers and outcomes**

instead of on managers

### **See work in end-to-end terms**

instead of narrowly

### **Define goals in customer terms**

instead of functionally

### **Follow carefully developed process designs**

instead of improvisation

### **Understand what others do**

instead of ignoring it

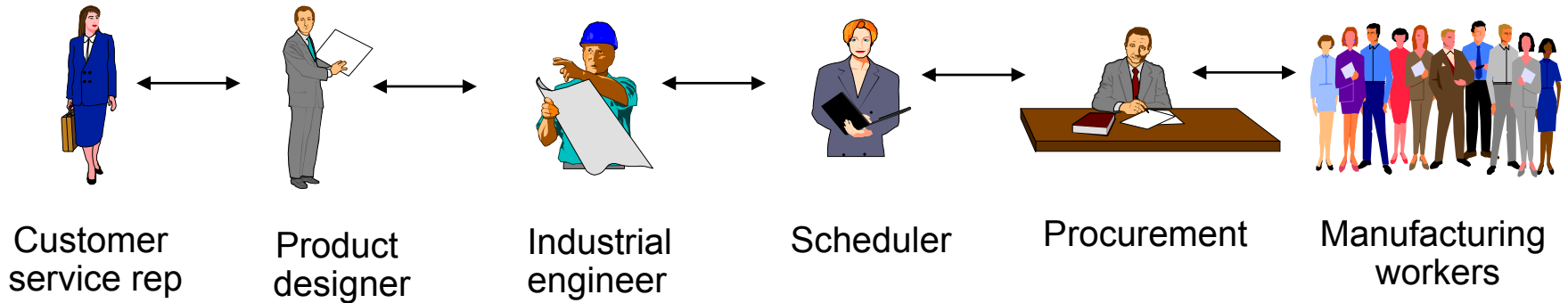
### **Align everyone around common objectives**

instead of divergence

**The transformation of the machine operator**

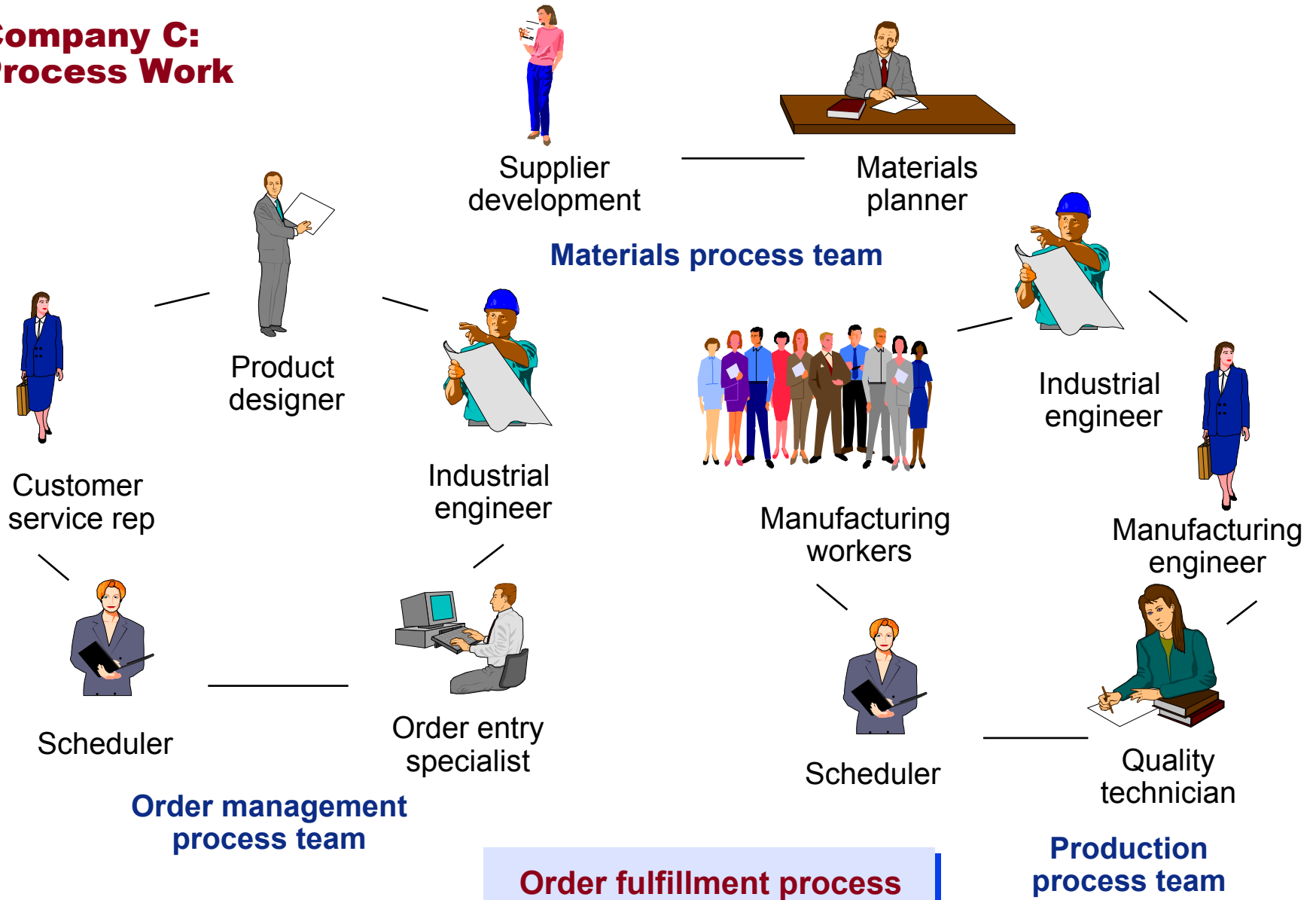
**Note the kind of verbs employed**

## Company C: Task Work



**The manifestations of the absence of process**

# Company C: Process Work

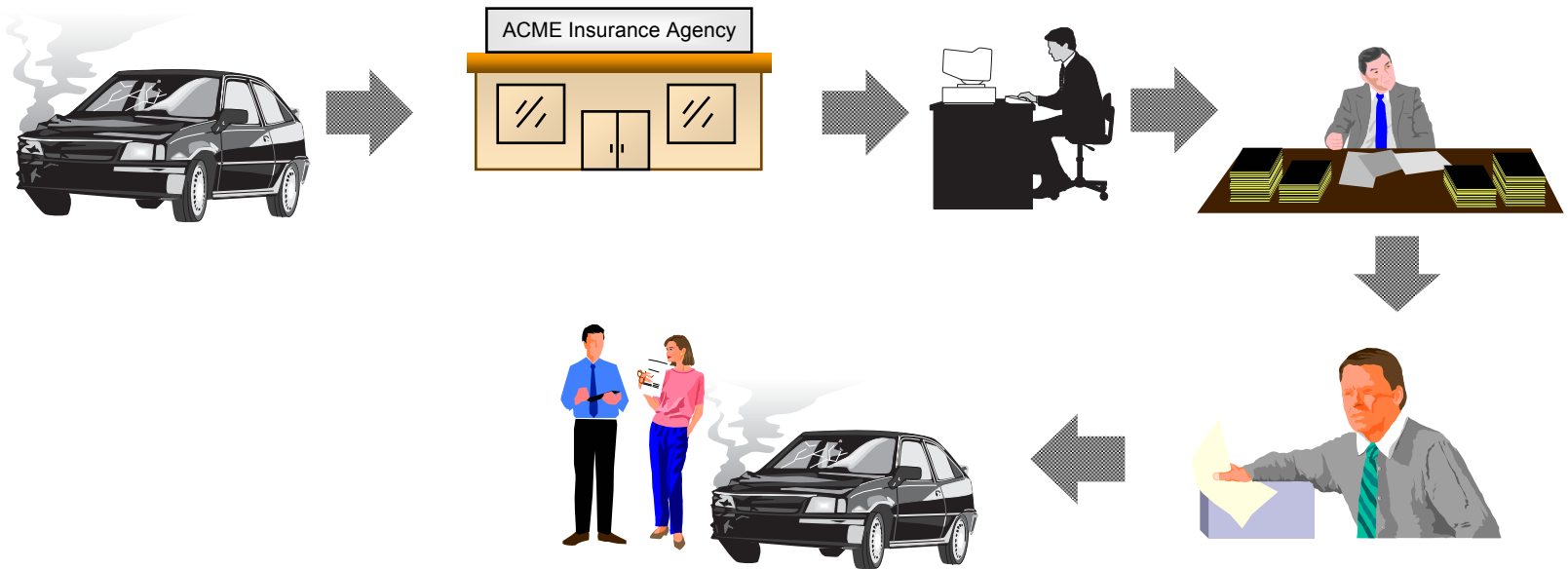


## The Payoff

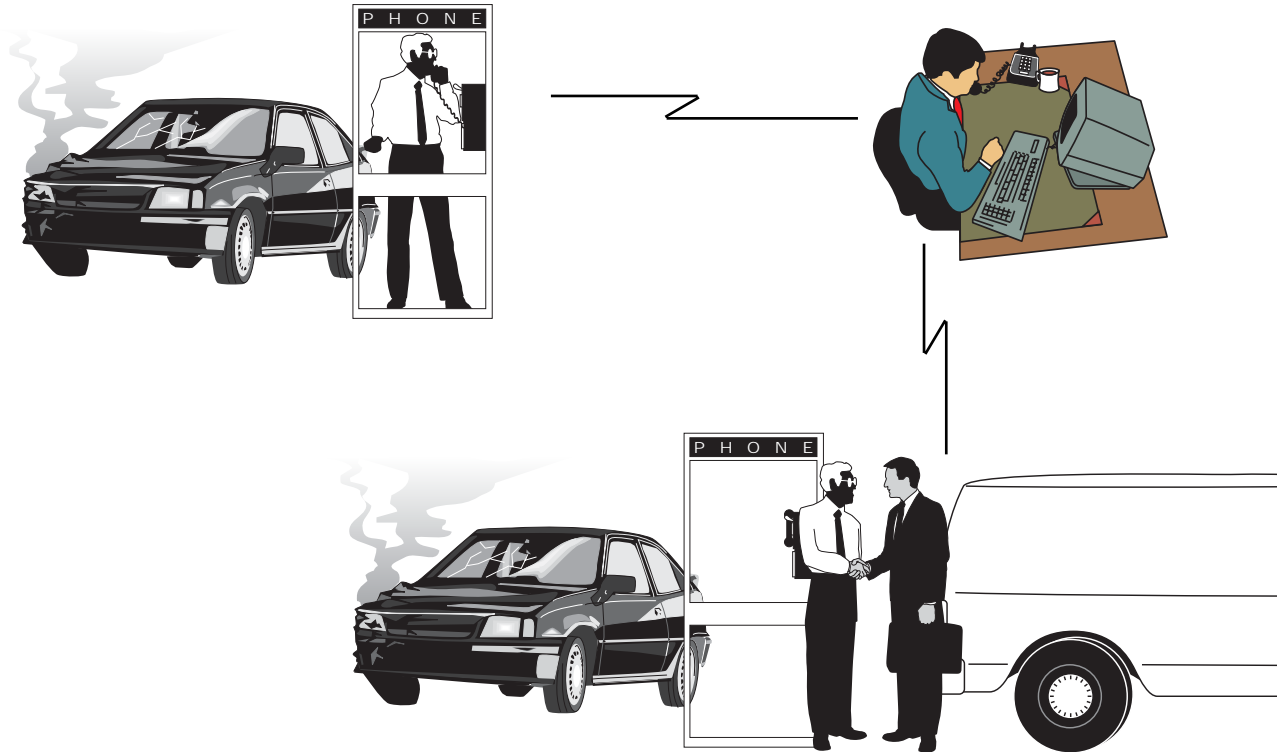
	<b>Functional</b>	<b>Process</b>
<b>Order cycle (standard)</b>	30-40 days	< 10 days
<b>Order cycle (premium)</b>	10-13 days	1-5 days
<b>Order cycle (custom)</b>	40-50 days	23 days
<b>Production cycle</b>	8-15 days	less than 3 days
<b>Inventory turns</b>	8	25
<b>Sales</b>	\$108M	\$210M

**Towards ZWC and ZCCC**

# Company D: Task Work



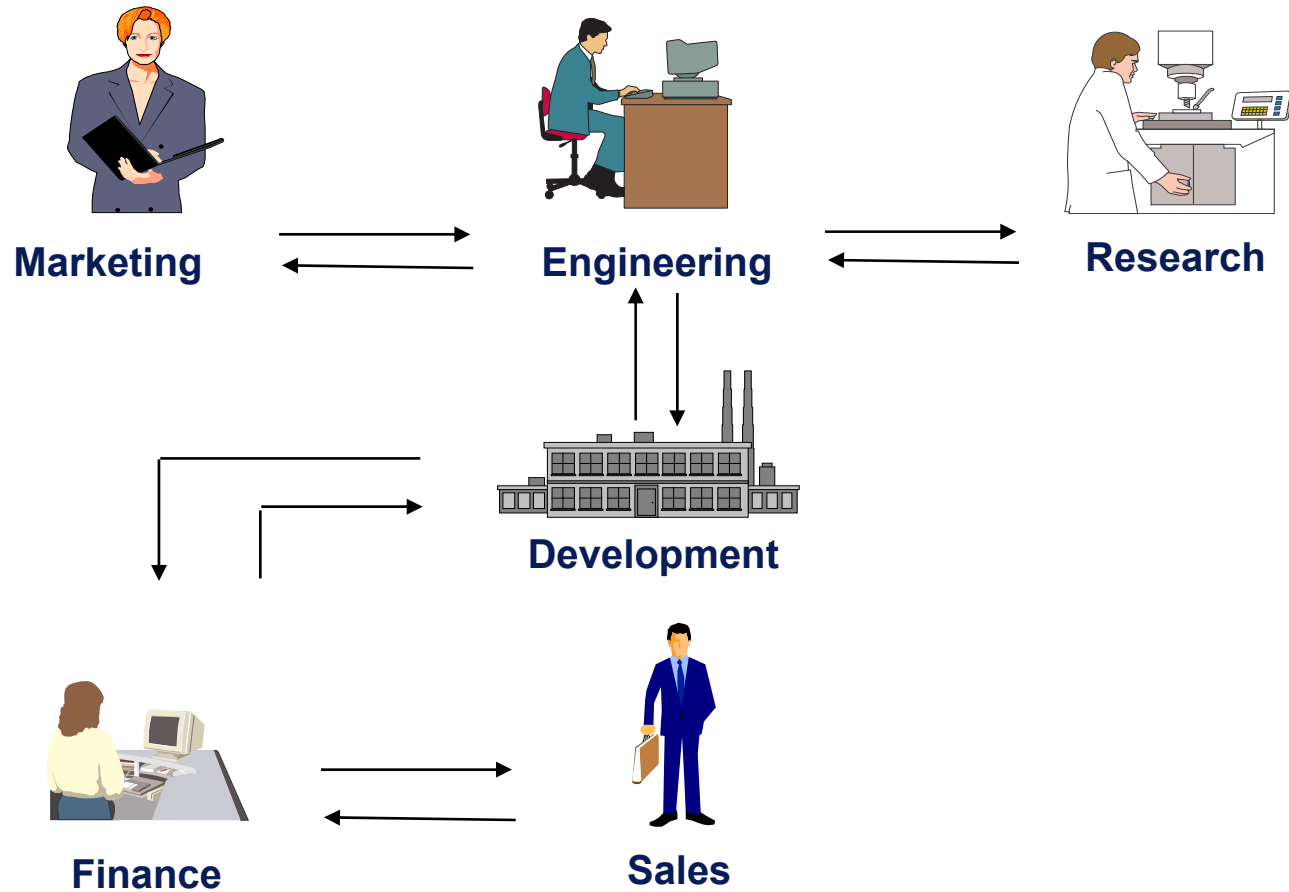
## Company D: Process Work



**Claims resolution process**

**“From our time to customer time”**

## Company F: Task Work



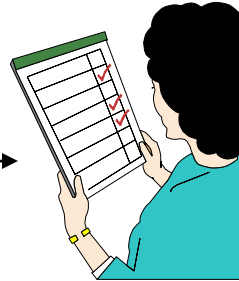
**Idea to launch in 36 months**

**The compensating mechanism for the absence of process**

# Company F: Process Work



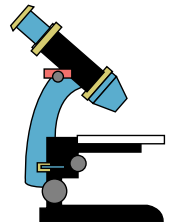
50  
ideas



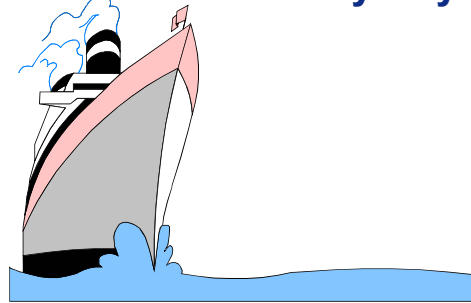
25  
ideas



2-3  
business  
plans



“Customer Fantasy Day”



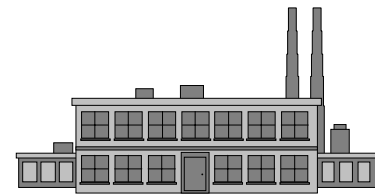
Launch

Prioritization  
(feasibility, desirability)

Market  
evaluation

Technical  
planning

1-2  
launch  
plans



Development

1-2  
implementation  
plans

**Commercialization process: formal design, team structure, measurement emphasis, results focus**



## **The Powers of Process**

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### **Design**

process drives out NVA

reduced overhead, increased speed, enhanced accuracy, improved asset utilization, greater responsiveness

the antidote to inefficiency

### **Alignment**

process work is team work

cooperation, ownership, accountability, avoiding sub-optimization, customer and outcome focus

the antidote to conflict

### **Discipline**

any process is better than no process

repeatability, consistency, predictability, clarity of action

the antidote to chaos

## **The Process Approach to Performance Improvement**

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### **Identify the organization's processes**

a business model in process terms, driven by strategic goals

### **Measure process performance**

and set target goals

### **Create high-performance process designs**

specifying precisely how tasks fit together  
replacing inherited default designs

### **Implement new process designs**

training, infrastructure, and technology

### **Align everyone around processes**

thinking and behavior

### **Improve process performance**

on an ongoing basis

## **All Work is Process Work**

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**Creates customer focus**

**Leads to appreciation of goals and objectives**

**Recognizes team contribution**

**Allows replication and predictability**

**Encourages broad understanding and perspective**

**Lets people see where they fit in**

**Creates a sense of ownership**

**Supports measurement and improvement**

**The applicability to janitors and executives**