

Leveraging the Enterprise through Process Transformation

A Thought Leadership Roundtable on Digital Strategies



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*An executive roundtable series of the
Center for Digital Strategies at the Tuck School of Business*

The Thought Leadership Roundtable on Digital Strategies recently convened for a discussion on how companies are leveraging opportunities for process transformation. The sessions included academics and business leaders from 3M, Cargill, Cisco Systems, Eaton, General Motors, Hasbro, IBM, Owens Corning, Select Comfort, Babson College, the Carlson School of Management at the University of Minnesota, the Ross School of Business at the University of Michigan, and the Tuck School of Business at Dartmouth.

Key Insights Discussed in this Article:

- **Successful process transformations are rooted in a long-term strategy-based vision, and a clear “statement of need”, rather than transitory crisis.....3**
While a “burning platform” may provide a convenient catalyst, process initiatives should be evolutionary, built around a cultural focus on learning and continuous improvement.
- **Senior leaders must balance the desire for broad scope of change with the need for legitimate variety—look for commonality but don’t overreach.....6**
Start by transforming one or two back office processes: if done right, they can actually enable greater business flexibility where it is most impactful.
- **Clarity on accountability and decision-making authority are two keys to successful process transformation.....8**
Business units should be accountable from an execution standpoint, and management must provide decision enforcement and a balanced governance mechanism.
- **Process transformation must have committed support and funding from top leadership to ensure company-wide acceptance.....5**
Senior leaders must clearly, believably demonstrate the business value to the company and its customers, and also address the implications for individual employees.
- **Process change crosses organizational boundaries—like operations and IT—and requires partnerships across them to be successful.....8, 13**
While staff functions have visibility across silos, and can contribute valuable expertise, they shouldn’t try to tackle process initiatives alone.

- **People are key to process transformation, and selecting and empowering the right leaders and participants is crucial5, 11**
Management must recruit and strongly support both subject matter experts and cross-functional change agents to spearhead and bring credibility to process initiatives.
- **Transforming customer-facing processes is challenging and potentially risky7**
Enterprises must resolve a host of issues including how to best understand what different customer segments value, how to sell them the value proposition, and how to provide a high level of handholding.

Introduction

Process transformation is quickly becoming a baseline requirement for operational excellence and competitiveness in the global marketplace. It is viewed as a way to enable collaboration and bring real focus to value-adding activities, and seems to touch many of the key drivers of corporate success: culture, strategy, structure, and innovation.

What are the keys to successful process transformation initiatives? What drives these initiatives and how do large enterprises get them started? A broad discussion of participants' experiences and views yielded some compelling insights.

What's Driving Process Transformation?

Cargill's Jon Ruth began by saying his company's process transformation focus was driven by the challenges of future growth rather than any pressing current crisis. "We have no burning platform," he said, except for the challenge of running a conglomerate with ninety business units, that's entrepreneurially doubling in size every eight years. "This is about starting to educate everyone about process and finding ways to standardize to allow our businesses to focus more externally than internally."

Cisco's Becky Jacoby said the push for greater productivity, plus Sarbanes-Oxley regulations, had driven process initiatives at Cisco. "We're trying to go major league for productivity at the transaction level, to create an 'interaction layer' for the customer," said Jacoby. "Efficiency at the transaction level that's so smooth and integrated that you're saving the sales guys time so they can sell; and your partner's time so they can sell and your customer's time so they can feel like you're easy to do business with."

"We have a fairly structured framework called the Eaton Business System, a system that describes the different processes across the company," said Eaton's Bob Sell. "One of the drivers our CEO uses is the power of one," he added. "We have four separate operating groups who do business differently, so to drive to the power of one, how do you accomplish that?"

Eaton's Karen Lay-Brew added that in the absence of a pressing driver for process change sometimes it's possible to create one. "In my previous company, BHP Billiton, there was a copper crisis, very cyclical, it went from 69 cents up to \$1.20 and then back down again. What we said was, ok, let's imagine, try and see how profitable we can be at 70 cents," thus creating a driver around which all could rally.

IBM's Bruce Anderson likened process initiatives at IBM to "a journey ... like owning a house where you eventually come around and do the same room over again." He described market changes which drove a process focus several years ago, followed more recently by a second transformation of those processes. "The initial thing was cost competitiveness, and the second piece now is exploiting all the synergies we could get if we had the processes all synchronized."

Hasbro's Pedro Caceres said his company is shifting from a focus on cost reduction to a push to grow the topline and develop new distribution channels amidst retailer consolidation. His colleague Doug Schwinn added that "in 2001 we were really struggling and really focused on efficiencies, driving profitability up. Today, we've got to look at how we create new product."

In a fad-driven, fast-shifting consumer environment, noted Schwinn, Hasbro must figure out "how do we push more through R&D? How do we get changeover in products quickly? How do we identify good intellectual properties and inventors to help us build new product?" And that must be done, he added, "in a world that's being driven by everyday low price at Wal-Mart"—which means continuing to push standardized processes, shared services, and contract manufacturing to reduce costs.

Select Comfort's Bill McLaughlin said the need to find cost savings to reinvest in growth has been a key enabler of process transformation. "We had to take almost \$25 million out—we were only selling 200 million at the time—because we wanted to reinvest in a new ad campaign, new product, new growth. It got the whole organization focused on the process designs and there were ideas all over the place. Had we just said, 'we've got to do this to take \$25 million out,' I don't think we would have had the energy."

"We're just staying competitive across all the processes," said Owens Corning's David Johns, "whether it's product innovation, the back office, our sales force, or our manufacturing process. We have an added challenge that we're in Chapter 11 due to asbestos, and we're going to emerge next year. So we have to prepare for that emergence and be ready to come out lean and mean and face the capital markets."

Participants seemed to agree globalization has provided an impetus for process transformation, by raising the competitive bar and customer expectations. "As a lot of global resources become available, it's put a lot of pressure on margins, so we've had to get faster and faster in response," said IBM's Anderson. "In web ordering the experience is set by Amazon," said Cisco's Jacoby, "and that's the expectation that you have to push your processes to. We're trying to break out the pieces of our process to compare to who's best in any industry versus just our competitors."

"We're doing a lot through joint ventures as part of our growth strategy in Asia, which brings a whole other aspect to the process topic," said GM's Mark Hillman, explaining that traditionally decentralized GM realized it needed to standardize processes globally in order to leverage its scale. "In spite of having run in forty-some countries for years, we didn't run globally—that is, 'buy anywhere, sell anywhere and make anywhere.'"

"Globalization is a radical shift layered on top of the classic internal process layer," continued Hillman. "And we're finding it an enormous step to be able to pull that off—getting the leverage out, whether it's vehicles or how we buy material. Our suppliers are used to being a mile down the road from the plant; now they're shipping to 25 plants all over the place."

Increasingly, forward-thinking companies are using globalization and other ongoing business issues to provide the impetus for process change initiatives, rather than waiting for a crisis or ‘burning platform’ to put a spotlight on process.

Getting Process Transformation Started

Getting started with a process transformation initiative, participants agreed, involves putting several key pieces in place—beginning with a consistent vision strongly supported by top leadership.

3M’s Julie Bushman described what happened when former CEO Jim McInerney—who came from GE in 2001—walked into 3M’s diverse, entrepreneurial culture and began spreading the process gospel. “He came into the company driving from the top-down,” said Bushman. “Within thirty days he had personally taught the entire executive conference about Six Sigma and what he wanted to drive with it at the company.”

Bushman said McInerney pushed for broadly-scoped process transformation, going beyond Six Sigma to include a global common language and leadership development tools. “He said let’s look at our financial, sourcing and HR processes and let’s drive from the center: standardize, simplify, and improve service,” recalled Bushman. Benefits to date have included greater management flexibility and visibility, plus productivity gains to invest back into the business, she added.

Bushman noted that though McInerney exempted some decentralized functions like product development from the process initiative so as to not stifle innovation, his personal sponsorship elevated process change from opt-in status to being “part of our DNA.” “Driving from the center really helped move things more quickly,” explained Bushman. “He’d say here’s the challenge, do it however you want, I don’t care what the tool is ... pick one and drive it. He really drove us to think bigger.”

IBM’s Bruce Anderson noted that sometimes successful process initiatives can start bottom-up on a grassroots basis. “We had a problem where resource utilization was lower than we needed,” he recalled, “and top down it was the crack the whip mentality—just get them busier somehow.” Anderson described how a small group designed a ‘perpetual inventory system’ to track and manage talent utilization, which attracted notice throughout the company. “Tools that we had done in a skunkworks started to get adopted a little more broadly,” he explained.

And Eaton’s Karen Lay-Brew, recounting an experience at BHP Billiton, said that while a “very passionate CEO” can kickstart a process initiative, bottom-up buy-in is crucial for sustaining adoption. She recalled a specific effort to get a collection of far-flung mining operations to generate \$90 million in productivity savings. The target was exceeded despite a lot of concerns and pushback, but it became clear that with the companies geographically distributed operations, an extensive follow-on adoption program would be needed to win hearts and minds. “You can’t just do top-down push,” said Lay-Brew.

Participants agreed that whether the initial impetus starts top-down or bottom-up, a balance of both is required for successful process change.

Scoping Process Transformation

How can corporations scope process initiatives to gain global efficiencies while retaining enough business unit flexibility to assure competitiveness? Cargill Vice Chairman Bob Lumpkins described senior management's thinking in crafting his company's quest for 'noticeably better processes' – part of a larger program that also included a push for 'noticeably better' people and products.

“We were trying to get a shared mindset across the company,” said Lumpkins. “Process had to fit in with the messaging that we were sending across the company and be seamless with other activities, not something bolted on.”

However, Lumpkins noted, with a diverse portfolio of 90 businesses from steelmaking to hedge funds, management opted for a light process touch. “We let people generate their own way to take orders, or pay bills, or whatever else you want. We will never have the power of one here. What we're trying to do is have the power of five or ten.” He noted the company's concept of ponds, lakes and oceans, with Cargill being the ocean and the individual business units ponds. Very few processes will span the ocean, he said, but a lot will span lakes. “Clusters of like-minded, similar issues is the way we're approaching it,” he said.

Select Comfort's Bill McLaughlin said top management's role is to set the vision, then let the team decide how to transform processes to get there. When he ran Europe for Frito-Lay, he recalled trying to rally its brands together to catch up to competitor Mars, which was so far ahead that it sponsored the Football Cup every year, he recalled. “We got seventeen independent European managers together and said, how are we going to sponsor the Cup? That became the rallying cry and vision.” In response, they figured out ways to better leverage common brands and systems, McLaughlin recalled. “There's only one way to make a potato chip, but we can put any seasoning on it that you want for your local country, but it has to come from this seasoning supplier.”

Cargill's Rita Heise asserted that process optimization and flexibility are not necessarily incompatible. “What you hear most often is ‘oh, we're going down this process, there goes all of my flexibility. I have no capability to do anything.’ I would strongly disagree with that. I think it's really being disciplined enough to get that flexibility.”

But University of Michigan's M.S. Krishnan pointed out that processes do get embedded in systems, which can be rigid. “Flexibility and standardization are possible at the conceptual level,” he said, “but we're still at an IT age still where we're actually nailing the process to the wall and we don't have much flexibility changing it.”

Bob Sell said Eaton has developed 'prescriptive' processes to address the issue of business flexibility, for example in areas like pricing. “It's not a standard price,” said Sell, “but how

do we determine price, or how do we define the processes for price? We've categorized them and everyone across the company knows these are the ones that are prescriptive and here's where you have flexibility within your business area."

Pick one or two things that are going to matter the most to the business, suggested GM's Mark Hillman, and make those the corporate mandates. "The two things that are going to fundamentally move the knobs ... maybe they're things that run across everything like transportation, or the purchasing process."

Participants discussed the potential for targeting customer-facing processes, but agreed that doing so may be high-risk, entailing additional complexity and issues around managing customer expectations, customer segmentation, and competitive dynamics. "There's a group of things you need to consider," said Tuck's Eric Johnson. "It's probably going to have a different kind of horizon than an internal process. And the value proposition has to be incredibly sharp because you have to sell it to the customer."

David Johns described Owens Corning's current focus on Lean Processes, and on becoming a 'zero waste company' in every area, not just manufacturing. "We simply have a standard at Owens Corning that we will be a zero-waste company, and that kind of grounds us," he explained.

But GM's Hillman warned about getting staff functions focused too heavily on process goals developed for core functions. "If finance isn't doing a good job with the numbers and cash management," Hillman proposed, "it doesn't matter that you saved 20% on finance. We've been through this. There's opportunity, but just be careful."

Becky Jacoby said Cisco is focusing on end-to-end processes such as quote-to-cash which are easy to link to high-level metrics that matter to the business. "I'm going to measure the whole cycle time of that whole thing and I can break it down and you can work on your piece, but you still have to understand the impact on the whole thing," she said. Cargill's Jon Ruth agreed: "This end-to-end concept is really critical otherwise you do end up risking sub-optimizing."

"You've got to keep focused on the business strategies and how you are using the tools to drive those strategies," said 3M's Julie Bushman. "Six Sigma isn't a strategy in and of itself ... just driving a process to become a process driven company is dangerous."

University of Minnesota's Carl Adams agreed, asserting the importance of clarity in the business vision behind process transformation: "I think one thing that Jim McInerney did is he came into 3M and said we're not getting enough synergy out of the different business units—it wasn't just introducing Six Sigma, he basically changed the corporate strategy. In a business unit, that isn't the same thing. I'm not looking for synergy, I'm looking for how do I compete."

While the scope issue has company-specific considerations, participants agreed that clarity of the fit with overall strategy is a crucial issue for both diverse conglomerates and single-product organizations.

Governance: Leadership, Accountability, and Decision Rights

How do companies structure process transformation initiatives? Babson's Tom Davenport asked if anyone had a governance structure with permanent process ownership, and Mark Hillman responded that GM has shifted from a geographic to a process-oriented management structure. "A guy that used to run North America is now the manufacturing guy globally and is going to do this process standardization and improvement with all 125 plants," said Hillman. "Engineering's the same ... the geographic P&L thing is being dialed down to more market facing."

Cisco's Becky Jacoby said her company had initially contemplated a staff process 'czar' without direct operational responsibility, but couldn't find any high potential candidates willing to take that role. "We only asked smart people and they were like, forget it."

Jacoby said she ultimately agreed to take the process leadership role for quote-to-cash after getting "enough operational responsibility"—specifically 1000 people in IT and all the applications supporting quote to cash. "You have to have the process team, the operations team, and the IT guys in the right combination to have enough credibility to make enough decisions to move it forward."

But University of Michigan's Krishnan noted that process often "falls through the cracks" when a mix of process, operation and IT staff are handed responsibility. "The ownership eventually just disappears," said Krishnan, "that's one of the reasons why we see this process focus come and go through organizations."

Jacoby responded that Cisco uses a role-mapping tool called 'RACI' to clarify who's responsible (R), who's accountable (A), who's consulted (C) and who's informed (I) in the process initiative. "It's all about defining who plays what role in any process or decision," she said. "This was critical to us because everyone wanted to own everything ... in fact, the word 'own' became inflammatory."

IBM's Nancy DeLapp said her company uses funding to establishing a balance of power between the geographic business units and the senior VPs accountable for horizontal process initiatives, specifically giving those VPs control of the IT dollars linked to the initiatives. "That was a big change, there was a big debate," she noted.

"It's a huge lever," continued DeLapp, explaining that when the business units had control of those funds, "we weren't getting the decisions made. We were pretty good at solving today's problem, but not going where we wanted to. Now we have a smaller number of people in a room prioritizing what we want to invest in."

Eaton's Bob Sell asked DeLapp if there was tension between the process owners and functional owners, noting that "We have a very strong lead in the HR department who really wants to control the dollars." DeLapp said yes in some cases, but noted that "the other thing we found is, where we had intersections with the business units and the process owners, we put in a set of shared services that also have a senior executive owner and sponsor."

Participants agreed on the potential for staff functions to play a key leveraged role in process transformation, given their ability to drive ideas that come out of individual business units and propagate them across the organization. But GM's Mark Hillman also noted that "staff functions don't initiate or contribute as often as they should and that's a missed opportunity."

Cargill's Rita Heise pointed out that organizational capacity, such as the availability of subject matter experts to support and lead process initiatives, is a major issue and should be considered during project prioritization, above and beyond cost and payback. "We have hundreds of opportunities," said Heise, "but we really look hard at can we pull this off ... our best people we want on five things."

Pedro Caceres noted that Hasbro had successfully defined a process for process improvement, including structure, roles, decision rights, and a steering committee consisting of people from all levels of the organization. "It's a reference framework so we can know, OK we made that assumption and it's wrong, we need to change it. We made that effort and it's working."

Bob Lumpkins explained that Cargill's process group developed a document, endorsed by the senior leadership team, to "bring clarity to this question of decision rights ... to set the ground rules under which we're going to operate." It was designed, he said, to clarify who had the right to veto or opt out of what types of decisions. "If I'm running a flour milling business, the way I'm going to pay my bills is not one of my decision rights," he explained. "There's somebody in the company better equipped to do that and they have that decision right. I can talk to them about why my needs are different."

Lumpkins' description of 'decision rights' resonated with the group, as most participating companies are striving for a more explicit governance framework to support process change.

Sustaining and Rejuvenating Process Initiatives

GM's Mark Hillman suggested that good process initiatives need "a refresh cycle" which helps recalibrate and re-link them to current business priorities. He noted that GM's CIO recently convinced the CEO "to call a meeting where the process owners had to come in and show what their biggest opportunity was, or where they were competitively disadvantaged, and how they were investing to close the gap."

3M's Bushman said her company currently has a group of 'top potential' director level people taking a fresh look at process initiatives. "It's been four years for us since Six Sigma," noted Bushman, "how do we reinvigorate it?"

Babson's Davenport noted that this need is a common one, citing the example of GE, which added 'Lean' techniques to its mix "to sort of goose it a little bit in mid-life." And Tuck's Eric Johnson wondered how far process initiatives can get off track without a refresh, citing the example of Toyota, which he said many academics felt in the late 90s had focused its continuous improvement on too narrow a piece of the business. "I think everybody was saying well, maybe Toyota's continuously improved themselves into a little corner of the box," he recalled.

"You can get so good at something so narrowly focused that you lose sight of the forest for the trees," agreed Cargill's Heise. "When you go through a big transformation, you suck up a lot of resources, and there's this big hurrah to start out with ... you do the big bang and then you fall away." To reap the benefits of ongoing process change, she added, "you come back and have to do another big bang ... or have some ongoing governance around it, looking at it, changing it, getting rid of processes if you don't need them any more."

"There has to be conscious change as opposed to a sunset," proposed Tuck's Hans Brechbühl. "You have to say OK, something is shifting, competition, market, whatever, so we need to twist this ninety degrees."

Eaton's Karen Lay-Brew warned of the dangers of "falling into a trap" of constant benchmarking. "Benchmarking is good calibration, but it's kind of a 'me-too' mentality, how can I get as good as them" she suggested. "When you get to a certain level of efficiency, you might not want to strive for that extra sigma. What really inspires me is what Dell has done in the supply chain. They've gone away from the benchmarking mentality and into a very disruptive kind of a strategy, a whole new realm for people to look at. They had the courage to go and do that."

"It's what I call the AT&T phenomenon," agreed Babson's Davenport. "AT&T was one of the more process-oriented American companies and had programs in place and metrics and owners. Yet they didn't have much of a sense of where their markets were going. Is there something about process orientation that keeps you from wanting to start all over or look at it in an entirely different way?"

Executing against Process Transformation

Participants discussed several key execution issues, including communication, overcoming resistance, change management, and building the right process team.

"A key piece of communication," said Select Comfort's Mike Thyken, "is really selling the benefits of what people are going to get out of it at a very granular level. Not corporate speak, but what's in it for them specifically, what are they going to see different in their job?"

Salespeople in a store, for example, are naturally resistant to new systems being rolled out, explained Thyken. "Tell them, 'you've always suffered in this area, trying to enter an order into the system or look up a customer. Here's how much easier the new system is.' It's

something they'll see every single day, and even though the rest of it is going to be very difficult to accept, they kind of gravitate to those little things.”

“Everybody's on board until their ox is getting gored, and then it's whoa, wait a minute, that's good for everyone else, but now we're talking about my space,” said Cargill's Heise. “A lot of people don't identify with the process vision and the strategy. We've got ninety business units that have this entrepreneurial spirit and have been successful with it. It takes time to get people on board, and sometimes you get to the point where you have to change the management if they're not on board.”

“Transformation is going to increase the transparency and accountability,” said University of Michigan's Krishnan. “So, if you look at the job positions where they're hiding information, that would be one natural place to find potential skeptics.” Cargill's Jon Ruth suggested identifying a key group of stakeholders or potential advocates to convince, and then a smaller group to ignore because they can't possibly be convinced.

Building the process team—in particular convincing high-potential leaders and domain experts to get involved—was also seen as a key execution issue. “I think who you pick to lead the big efforts, the four or five key team members, is really critical,” said Cisco's Jacoby. “Being an operational expert doesn't necessarily make them the right leader. The critical thing to me is the change agent personality and a lot of resilience.”

“The other thing,” said Jacoby, “is they have to be convinced it's possible. Not a 90% probability, but a 51% probability. And you have to be willing to negotiate a little bit. The person knows, here's what I need to make it successful, you have to be able to give them that.”

“We're not having difficulty at the leadership level,” said Cargill's Heise. “It's the subject matter experts one level below. Because it's really hard work. It's work that may eliminate a lot of jobs, it's risky, and it's untethering them from what they know. We have to give them some reassurances that if you take this perceived risk that there will be rewards, and then we have to make good on that.”

“You need to give them air cover,” agreed Eaton's Lay-Brew. “That's been the biggest barrier, people saying ‘I'm not going to be left hanging out to dry.’ They need your personal assurance that you're going to be right there with them.”

Cisco's Jacoby noted that availability of subject matter experts is an organizational capacity issue, and one possible way around it is to teach the organization how to more efficiently utilize these experts without burning them out. “Everyone says, to do this I need that subject matter expert 100% dedicated. So we need to teach them all the techniques they can use to ask for three hours of that guy's time to pick his brain.”

Finally, Hasbro's Caceres asserted that the process team leaders, whatever their background, must have the ability to get top management's attention as necessary to ensure compliance.

“It doesn’t matter where that person is in the organization as long as they can get on the phone and call the CEO and say you’ve got to fix this issue.”

But others felt the most important connection for process leaders is to a network of other process-savvy influencers within the company. “When I was a Six Sigma director,” said 3M’s Bushman, “I didn’t have a single direct report. You’re an influencer, you are helping prioritize the business needs.” Cargill’s Jon Ruth agreed: “I don’t like the term czar, because I’m certainly not that and I’m certainly not an expert in process. This is an effort that has to get the leadership at all levels of the organization involved if it’s going to be successful.”

The group agreed that given the organizational implications of process transformation, it must go hand in glove with change management, an endeavor that itself is often under-managed, under-resourced, and underestimated in its difficulty. Tuck’s Hans Brechbühl summarized that successful change management execution has three prerequisites: “It has to be structured, it has to become embedded, and change management is not something that can be done to someone else,” he said. “You want to be a learning organization as you go, to respond to what you learn as you are implementing it.”

The Role of IT

Given the importance of technology and systems in enabling and perpetuating processes, the group discussed the role of IT and CIOs in process transformation. Moderator Dave Margulius asked whether any of the CIOs in the room believed it was ever possible or appropriate to take a systems-driven approach to transformation, citing the example of an HMO which had concluded that putting in a new system was the only way to get their doctors to change how they thought about healthcare delivery.

“Our HR department does it all the time,” replied Eaton’s Bob Sell. “That’s how they get their processes in. They lead with technology, performance management across the company, implementing consistency with a consistent tool. It’s not always the right thing to do, but that’s how they do it.”

But Babson’s Davenport cautioned that leading with technology can be risky. “Cedars Sinai did the same thing and the doctors refused to use it. Since they didn’t work for the hospital, they just said no thanks.” He added that the broader question of “how do you get knowledge workers to change their processes?” will be critical to most enterprises. “For a lot of organizations this is the next big arena for process management.”

The group linked the discussion of systems-driven change back to the notion of roles and value creation. Partly it depends on where the benefit accrues,” said IBM’s Nancy DeLapp. “To individual productivity and their ability to get their job done, or to the organization in terms of its ability to see information? To capture the bigger benefit, at some point it has to benefit them.”

“This gets back to accountability,” added Cargill’s Heise. “There’s accountability for the decision and accountability for executing that decision, and sometimes they’re not the same people. Part of it is having responsible participation in the discussion before the decision is made—a decision is not a decision if it has to be sold. You can’t just come in one day and say guess what, here it is. There has to be accountability all the way through.”

“I see two key roles growing in my organization,” said 3M’s Bushman. “One is project management expertise because you don’t see enough of that within the company. Then there’s what we call process portfolio leader—people that really understand process who can help define that art of the possible. That’s the R (Responsible) in RACI. I still want the A (Accountable) shared with the appropriate business area. I think there’s a risk of IT going it alone.”

“There’s nothing we can do alone,” agreed Owens Corning’s David Johns, to the question of whether CIO should be aggressive evangelists of technology-leveraged process change. “But if you have a partner, a co-leader, hell yeah, we can lead it.”

“We have to just divorce the technology from what you’re trying to accomplish,” said Select Comfort’s Mike Thyken. “Technology is just your manifestation of the process. It’s not the process. It’s never your lead. Your business is a lead, your process is a lead.”

Looking Forward

The session ended with a broad discussion of key success factors for process transformation and take-aways from the day’s discussion, touching especially on key concepts related to governance, scope and change management issues.

David Johns said he found the focus on individuals to be highly relevant. “A lot of this is situational - it depends on what outcomes you’re trying to drive, and your organizational capability,” he noted. “People are what run our company, make our company profitable, deliver products to our customers ... they are the key asset and the key foundation of the process work we’re doing.”

Mark Hillman said he thought the soft yet firm touch of the Cargill ‘decision rights’ document was intriguing. “You’ve got to turn it around to your own language that people get,” he said. “We have all these big rules at GM, but this was a softer description.” IBM’s Nancy DeLapp added: “It’s the clarity that came with it that was interesting.”

“I like the idea of a conscious change in the ‘governance model,’ that that group has to always be asking what do we need to change now,” said Cisco’s Rebecca Jacoby. “You never have it down pat in my book ... the minute you think you have it down pat, you’re really in trouble.”

“There’s kind of a recognition that organizations are moving towards a more or less permanent emphasis on process management structuring,” added University of Minnesota’s Carl Adams.

Tuck’s Eric Johnson said he was intrigued by the tension between the concept of processes standardizing operations and also enabling flexibility. He cited research he’s done on Steinway, which makes highly customized pianos and has been struggling with how to develop more process standardization—for example in action mechanisms—to better enable the unique artistry and judgment of its individual piano builders.

“Every Steinway is a little different, but of course they all want to have this Steinway sound,” said Johnson. “So where do you draw that line? The question I keep wondering about is where is that line, for any organization.”

“My big take away is about having a common language, whether it’s Six Sigma, or something else,” said Select Comfort’s Bill McLaughlin. “We just don’t even have a process understanding in a lot of parts of our company, and we need to get these processes down because we’re going international quickly and it’s just going to get more complicated before it gets easier.”

“I think to be successful down the road this has to become part of our DNA,” summarized Cargill’s Jon Ruth. “Six Sigma we use as a tool, as a common language particularly around how are you going to measure things and establish metrics. But I think this goes beyond that to the corporate language and corporate culture.”

**Participants in
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Leveraging the Enterprise through Process Transformation

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