The Process Audit and PBM Roadmap

A PBM Program Perspective

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Michael Hammer published "The Process Audit" article in April 2007 issue of the HBR. This is great news to all of us involved in helping organizations become process-based, since Hammer carries name recognition which senior executives will pay attention to. They may even read the article. At a minimum, we all have something else to point to which supports the importance of organizations becoming process-based. Hammer has been a long time proponent of process change and transformation in organizations, and his current work continues in that tradition.

The Hammer Process and Enterprise Maturity Model

The Process Audit lays out in detail his Process and Enterprise Maturity Model (PEMM) The aim with PEMM is " to create a framework that would help executives comprehend, plan and assess process based transformation efforts" From his work, he " identified characteristics that are needed for business processes to perform well and sustain that performance.".

PEMM is divided into 2 sets of characteristics, or enablers:
      1) One group applies to individual processes, and includes:
            a) Process design
            b) Process performers
            c) Process owners
            d) Infrastructure (including IT and Management systems)
            e) Process metrics

The "research shows that not all organizations are equally prepared to put these enablers in place". Companies that are able to do so possess important enterprise capabilities, which are addressed by the 2nd set of characteristics. These enterprise enablers provide the support environment needed by the individual processes.

      2) Enterprise capabilities
            a) Leadership
            b) Culture
            c) Expertise
            d) Governance

Hammer believes that all these enablers are "mutually interdependent: if any are missing, the others will prove to be ineffective".

To assess the maturity of a process, he uses a scale of P-1 to P-4 (and similarly for the Enterprise, E-1 to E-4) to identify the strength of each enabler. The enabler's strengths determine how mature a process is. To achieve a given maturity level in the model, all of the enablers have to be at that level.

Hammer positions PEMM to "help companies tackle the difficult problem of sustaining high performance processes". As he states, in process transformation "knowing where you stand and having a roadmap to follow beats stumbling in the dark".

The CAM-I Journey

CAM-I began its process research in 1992 when a group of companies began comparing experiences they had with reengineering. These organizations had achieved success with re-engineering (mostly cost reduction) but had also experienced some very negative consequences (including reduced levels of customer service, disillusioned employees, increased turnover, etc). This group of companies wanted to identify what worked, and how to sustain the process improvements. This initial project resulted in the publication of "The Road to Excellence: The CAM-I Process Management Guide" in 1997.

A follow on project began in 1997 to validate the findings of the initial project by conducting case studies of other organizations. To structure the case studies, the group developed an Assessment Framework, based on the CAM-I Process Management Guide, which assessed an organization's progress in becoming process based from different perspectives :
- Strategy
- Process Clarity
- Process Awareness
- Process Ownership
- Performance Measures
- Migration
- Continuous Improvement

Not only did these case studies validate the original work, but they also provided additional insights into the attributes and characteristics that an organization could expect to see as they moved along the journey to becoming process based. These attributes and characteristics led to a Process Continuum model, with 4 levels of maturity:
- Ad Hoc
- Defined
- Repeatable
- Sustained)

This Continuum Model, along with other key findings, resulted in "Process Based Management: A Foundation for Business Excellence", which was published in 2005.

However, we kept hearing the same question from the case study companies, CAM-I member companies, and other organization we talked to: "Ok, I now know where I am, but how do we become process based?" That question led the PBM Program to the next level of research.

CAM-I Current Projects: The Roadmap and Assessment

To address that question, The PBM program has developed an implementation Roadmap and associated PBM Assessment. The Roadmap is a "how to" guide which organizations use to identify the path and steps along the journey to becoming process based. As an example, Chart 1 shows the stages, and associated milestones for each stage, as an organization moves along the Roadmap. The pathways connect each stage, and have detail steps to move through the pathway to the next stage.

Roadmap to PBM - Milestones

Realization

Optimization
PBM extended externally

Processes are primary structure supported by functions

CI initiatives integrated, prioritized and resourced by strategy

Institutionalization

Embed
PBM goals & objectives are part of the organization's culture

Alignment of integrated processes and strategy

Process performance tied to incentives

Transformation

Integration
Process Council assumes ownership of PBM

Cross process integration and measurement

PBM transformation is part of goals & objectives

Transition

Managing Processes
Process teams operational

Managing individual processes

Goals & objectives based on process

Foundation

Engagement
Process governance

Classification framework

Process teams launched

Discovery

Commitment
Pockets of process success

PBM implementation strategy

Executive support

Awareness
Minimal process efforts
PBM Assessment completed

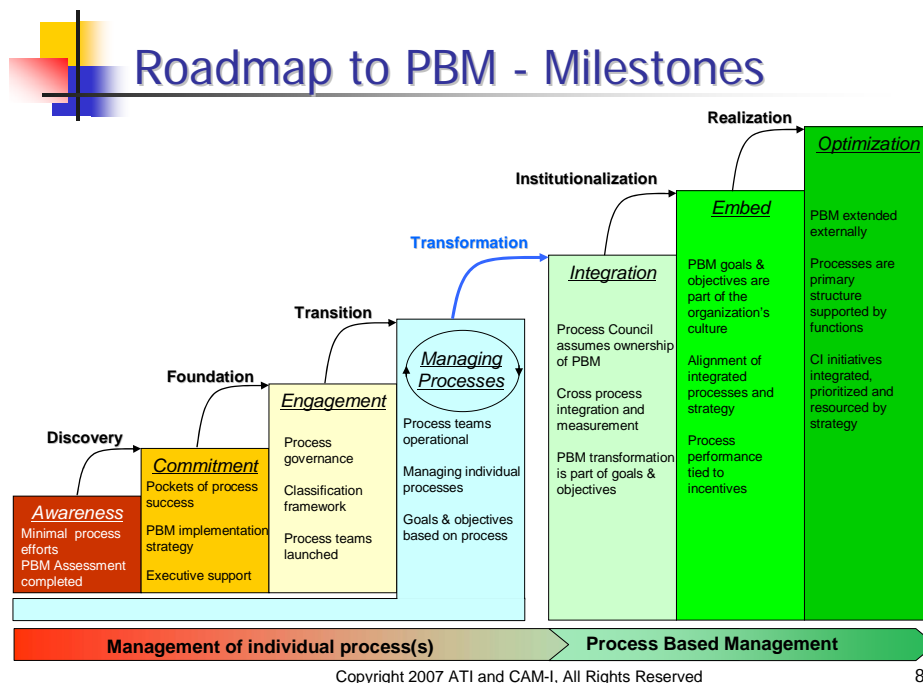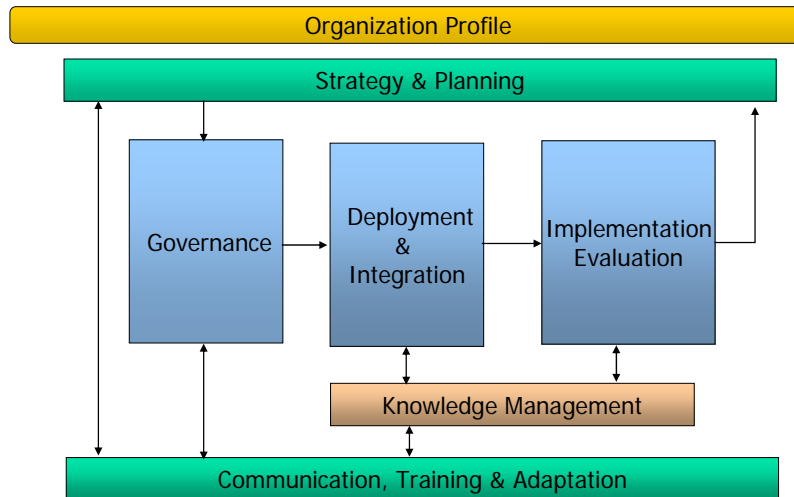**Management of individual process(s)**   **Process Based Management**

Chart 1

The associated PBM Assessment allows an organization to objectively assess where they are on the Roadmap. The Assessment is organized into 7 categories as shown in Chart 2

Assessment Categories

Chart 2

The company completes responses to the assessment questions by category. An assessment team of experienced process practitioners reviews the responses and identifies areas for follow up. This team then goes onsite to validate responses and acquire additional insight to develop the organizations strengths and gaps. The end result is a feedback report to the organization, which is the basis of action plans to move the organization forward. The initial assessment is not intended be a self assessment. After the initial assessment, an organization could use the assessment tool to self assess, with the initial assessment as the baseline.

By completing the assessment, an organization will know where they are on the Roadmap, and their strengths and gaps in implementation. The feedback report may have indicated that they are in the stage of Managing Processes (see Chart 1) , but still have some steps in prior stages that need to be addressed. From the assessment, they will know which steps in the Roadmap need to be addressed. With this insight, the organization can identify action plans (using the specific Roadmap steps) to address the identified gaps, and continue to progress toward their strategic process objective.

Different Approaches with Same Goal

Hammers PEMM provides significant insight into the maturity of both individual processes and the enterprise as a whole. It is a tool most organizations can use to determine the maturity of their processes, and the maturity of the enterprise in supporting processes. The more people in organization complete the assessment, the greater insight and validity of the assessment. When the assessment results are compiled and compared, the learning's occur in developing consensus on the responses, and understanding the different perspectives.

The CAM-I PBM Assessment provides an assessment of where an organization is on the Implementation Roadmap, and provides **prescriptive** feedback on what an organization can do to address gaps in implementation. The PBM Assessment is a detailed look into the mindset and process infrastructure of the organization to develop action plans to move the organization forward. It is not a maturity model; it is diagnostic approach to identify the Roadmap steps an organization needs to take to reach its process destination. The initial assessment is completed by an examiner team, who develops the feedback for the organization to act on.

Both assessment approaches could provide value to an organization. It just depends what the organization is looking for.

Comparison of two Assessment Approaches

	CAM-I PBM Roadmap & Assessment	Hammer's PEMM
Scope	Enterprise and organizational (business unit, etc)	Individual processes and enterprise support
Intent	• Identify stage of deployment • Prescribe steps from Roadmap pathways to address gaps • Implement action plans to further the deployment of PBM in the organization	Identify maturity of individual processes and the enterprise
Target Audience	Management team and process governance structure	Management team and process governance structure
Approach and delivery	• Fact Based: Questions, responses and interviews • Independent Evaluation	• Opinion Based: Survey • Summary of surveys
Feedback	Report with strengths, gaps and recommended next steps	A maturity level chart
Skill set required to manage the assessment process	Experienced process examiners	Strong facilitation and survey analysis

Assessments provide many advantages to organizations.
1) they get employees at all levels involved in the journey
2) They provide valuable feedback based on independent frameworks
3) They can help get buy in to address areas of weakness
4) They can jump start the process initiative through the insights of the feedback

Follow up with us

This white paper is intended to continue the dialogue. There is much work to be done to continue to advance the management approach of Process Based Management. The more people are involved in the dialogue, the more progress all our organizations can make. Contact us with your feedback and comments. Thanks for your interest.

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CAM-I PBM Program Directors

CAM-I

The **Consortium for Advanced Management—International** (CAM-I) is an international consortium of manufacturing and service companies, government organizations, consultancies, and academic and professional bodies who have elected to work cooperatively in a pre-competitive environment to solve management problems and critical business issues that are common to the group.

Process Based Management (PBM) Program
The PBM research program is focused on "how to" implement an overall management approach that is based on a process mindset. Our extensive Roadmap and Assessment provides a detailed guide on successfully deploying PBM in your organization. Join our member companies in collaboratively developing a powerful tool to adapt your organization's management approach to a process mindset.

What is Process Based Management?
PBM is a management philosophy rooted in a belief that organizations should be defined and managed as groups of integrated processes. It is a management approach that governs the mindset and permeates the actions of an organization.