



This whitepaper describes Inteq's Business Process Capability Continuum™ and the waypoints along the continuum – from one end of the spectrum, organizations in the state of chaos, to the other end of the spectrum, organizations that are highly agile – and the key waypoints along the continuum from chaos to agility.

The whitepaper also provides important guidance to help you identify where your organization (or functional area within your organization – department, division, business unit, etc.) is currently positioned along the continuum and provides key concepts and best practices in transitioning to the next waypoint along the continuum in the transformation towards agility.

James Proctor,
Director, Professional Services
The Inteq Group, Inc.
*Author, Mastering Business
Chaos*

Inteq's Business Process Capability Continuum™ Crossing the Chasm from Business Chaos to Business Agility



This In-Depth 12-Page White Paper Includes:

- Recognizing the Chasm
- Viewing your Organization from 360°
- The Business Process Change Continuum™
- The 5 Waypoints from Chaos to Agility
- Locating your Position on the Continuum
- The Transformation Process – Best Practice Tips

Inteq's Business Process Capability Continuum™

Crossing the Chasm from Business Chaos to Business Agility

By: James Proctor, CEO, The Inteq Group, Inc.
Author: *Mastering Business Chaos*

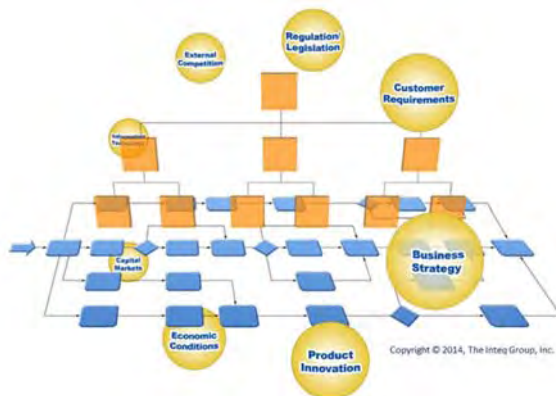
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Chasm: A profound difference between the current (and often chaotic) "as-is" state of an organization and the potential (agile) "to-be" future state in terms of people, culture, processes and technology. – James Proctor

The Chasm

What do I mean by the "chasm" between business chaos and business agility? In order to understand the chasm, we first need to look at an organization in three layers and from 360°.



The Business Process / Workflow Layer

Each of the rounded rectangles (the blue rectangles) in the diagram represents a work activity performed in an organization. The sequence of work activities comprises a business process. In other words, the work of an organization is performed via work activities and work activities flow horizontally across the organization to create outputs for internal and external customers.

The Vertical / Managerial Layer

However, as the work flows horizontally across the organization from one work activity to another, each work activity is performed within a functional area (e.g. department, work group, etc. - the orange squares) of an organization. In other words, each work activity is performed by someone, each work activity is managed by someone, and that person is managed by someone and chain of management continues up the vertical reporting hierarchy.

A key take away is that each work activity lives at the intersection of two coordinates – the horizontal workflow coordinate and the vertical hierarchical reporting coordinate. Or, to put it another way, business value is created horizontally via work activities

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from a business process workflow perspective, but work activities are managed vertically from a hierarchical managerial perspective.

The Strategic / Outward Facing Layer

As work flows horizontally and as work activities are managed vertically, all of this happens in a continually changing business environment with changing business rules and requirements. Organizations need to continually adapt to internal and external drivers of change (the gold orbs) such as changing customer requirements, product / product line innovation, competition, new regulations, new technologies, new strategies, changing economic conditions, etc. These drivers of change are continually changing as well.

The chasm is the gap between the current “as-is” state of the organization vis-à-vis its horizontal work flows and vertical reporting relationships - and the optimal future state of the organization vis-à-vis the external change drivers. In other words, the more chaotic an organization’s business processes, the larger the gap, the more agile the organization’s business processes, the narrower the gap.

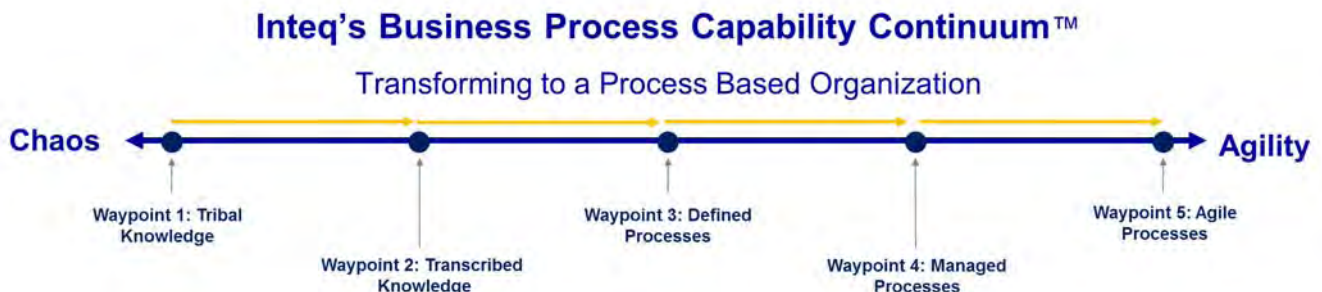
The chasm between the current “as-is” state and the optimal future state in most organizations is vast. As an organization moves through the various waypoints from chaos to agility, the gap narrows and the chasm becomes smaller – enabling the organization to be increasingly effective, efficient, scalable and competitive.

The above presents a high level summary regarding viewing an organization from three layers and from 360°. The summary provides important context for understanding the chasm and the waypoints from chaos to agility. The concept of analyzing an organization from 360° is covered in detail in several of my whitepapers and webinars available on our web site. I encourage you to visit our website at inteqgroup.com and download the whitepapers and view the videos.

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The illustration below depicts Inteq's Business Process Capability Continuum™ and the waypoints between the two notional ends of the spectrum – Chaos and Agility.

It's important to understand that there are infinite points in the spectrum between chaos and agility and that any organization (or functional areas of an organization) is currently positioned somewhere along the continuum's spectrum.



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Below are five waypoints along the continuum to enable you to plot your position along the continuum and to provide guidance to identify the techniques and to execute the strategies to make continual process along the continuum.

Waypoint 1: Tribal Knowledge

Towards the chaotic end of the spectrum, organizations are often run based on tribal knowledge. What I mean by tribal knowledge is that the business rules and the business knowledge regarding how the organization operates and how the work activities are performed lives primarily in the minds of the people doing the work.

Common markers for the tribal knowledge waypoint:

- *Ad-hoc Informal Undocumented Processes and Procedures*

As an organization, we come together every day and do the kinds of things we know we need to do and in the ways we need to do them based on the knowledge we have informally acquired on-the-job and that is passed along informally from one tribe member to another as folklore, not based on written documentation and formal standards. Typically, people learn to perform their work by shadowing others and learning on-the-job as they go.

- *Success is Dependent on Heroics of People - not on Processes*

Because of the informal / undocumented tribal knowledge based approach for knowing what to do and how to do it, the work of the organization is dependent upon the heroic work of a small number of key people that have deep business knowledge and extensive hands-on experience. You know these people – they know a lot about how things really work, they are the “go to” people when things need to get done. However, that deep knowledge is largely in their [the heroes] minds and has not been disseminated among the troops.

- *Ability to Produce Acceptable Products & Services - but not Efficiently*

Consequently, in a tribal knowledge / hero based environment, an organization can often provide products and services that meet at least the minimum standards / requirements for customer acceptance, but the organization is not producing the products or performing the services efficiently – or at least not nearly as efficiently as possible. It takes a lot of resources (people, materials, time, etc.) to produce the products or provide the services at an acceptable level to be competitive.

- *Tendency to Abandon Ad-hoc Informal Processes in Times of Crises*

As an organization (or department, work team, etc.) we often get into a firefighting mode when things get tough – the end of the month, the end of a quarter, a customer problem, etc. We slip into the mentality that we just need to get this thing done or solve the problem in the moment. We abandon the standard, albeit informal, processes, until we but put out the fire. A frequent expression is that “we will take the time to improve what we are doing when things get back to normal”. However, there is no such state as “normal” there is just continual change and at an increasing rate of change.

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- **Not Able to Consistently Repeat Past Success – without Heroics**

The organization is continually reinventing the wheel. The organization cannot leverage past successes achieved from a firefight because there is not a notion of best practices – at least not formally and therefore, business practices and supporting business policies are continually reinvented.
- **Organization / Processes are not Scalable**

An organization that does not have defined repeatable business processes and best practices cannot scale. Scale means that an organization can grow (e.g. revenue, volume, etc.) rapidly, for example exponentially, while staff resources grow linearly. Increased head count and constant firefighting is the norm during times of growth.

Waypoint 2: Transcribed Knowledge

- **Processes Awareness in Some Pockets of the Organization**

The transition from tribal knowledge to transcribed knowledge begins with the recognition and initial awareness that the business knowledge maintained informally in people's minds has asset value to the organization – not just to the person with the knowledge.
- **Some Tribal Knowledge Harvested**

Tribal knowledge begins to be transcribed into basic artifacts - informal text documentation and templates (word docs, spread sheets, etc.). The harvesting and transcription of knowledge is ad-hoc, informal – not an organized initiative. However, at least some people in some pockets of the organization are making the initial step to harvest and transcribe some of the tribal knowledge.
- **Initial Proactive Attempts at Repeating Some Tasks with Some Consistency**

Because some of the knowledge is transcribed and documented via basic artifacts, the documentation provides a reference to enable attempts to perform the associated work activities and supporting procedures and policies in a repeatable, consistent, albeit not necessarily optimal, manner.
- **Process Change is Driven by Crisis Resulting in In-the-Moment Tactical Fixes**

Similar to Waypoint 2, something happens that has not been encountered before and the organization functional area goes back into a firefight mode that results in in-the-moment tactical fixes to get the organization through the crises. The tactical fixes, however, are typically not thought-out from 360° (the upstream and downstream consequences) and the fixes are typically maintained informally via tribal knowledge – and not transcribed and therefore not available to apply in a next similar crises.

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Waypoint 3: Defined Processes

- Processes are Formally Defined and Confirmed as Standard Business Processes - in Many Functional Areas of the Organization

At Waypoint 2 - Transcribed Knowledge, knowledge is beginning to be transcribed at the work activity level. The work activities, however, are often viewed in isolation independent of each other. At Waypoint 3 - Defined Processes, however, the work activities are beginning to be viewed from a business process workflow perspective (activities are related one to another in a dependency sequence) – not only within a business function, but across business functions and in some cases across the enterprise.

- Conversion of Text Documentation to Process Maps

Organizations are making the transition from transcribed knowledge in the form of analog narrative type artifacts (work docs, spread sheets, etc.) to digital / visual artifacts such as process maps and activity diagrams. Visual diagrams that clearly and cohesively depict the business rules for performing work activities and the workflow relationships between activities upstream and downstream in the workflow sequence.

Pockets of the organization are moving to a more formal, cohesive, standardized approach to capturing business knowledge via process maps and activity diagrams. However, this level of standardization is often not yet fully recognized from an enterprise asset perspective. Many pockets of the organization remain at the tribal and transcribed waypoints.

- Enables Consistent Repeatable Execution of Processes and Supporting Procedures and Provides a Store of Business Knowledge

The visual process maps enable the work activity performers and process stakeholders to see the process end-to-end within a business function and across functions and to see how the various moving parts are performed and interrelated with one another. This enables consistent repeatable execution of the process and supporting activities. The process maps and work activity procedure diagrams become a standardized formal store of business knowledge. Various opportunities for improvement begin to reveal themselves.

- Best Practices not yet Identified and Integrated into the Processes

While the work activity procedures and business process workflow sequences and dependencies are clearly document via the maps and diagrams and are well understood by work activity performers and stakeholders, process improvement tends to remain informal. Ideas for opportunities to improve the processes are often identified and implement independent of one another. Best practices are typically not formally recognized and therefore not integrated into the work activity procedures and process workflows.

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- Processes Remain Silo-ed – Often Leading to Sub-optimization and Cumulative Error

Processes are typically defined and mapped at the business function level within pockets of the organization, but not yet from a cross enterprise perspective. Opportunities to improve business processes are identified and implemented from a silo-ed (business functional level) perspective – which leads to sub-optimization and cumulative error.

Sub-optimization occurs when an improvement is implemented within a narrow business functional level – and improves the process within the boundaries of the functional area, however, the improvement has a negative overall impact from a cross-functional enterprise perspective. Cumulative error occurs when a defect occurs in one functional area (often unwittingly) that manifests downstream in the process in another functional area.

Waypoint 4: Managed Processes

- Processes and Supporting Technology are Proactively Managed from a Cross-Enterprise Perspective

Process mapping, analysis and improvement is not limited to pockets within functional areas of the organization. Mapping, analysis and improvement is formally managed from a cross-enterprise perspective. Improvements have positive (not sub-optimal) enterprise level impact because processes and associated work activities are analyzed cohesively across the organization - mitigating the silo and cumulative error issues of Waypoint 3. A cross-enterprise perspective creates high levels of consistency and standardization across the organization.

- Processes are Managed Based on Metrics and Key Performance Indicators

In addition to mapping and analyzing work activities across the organization, the organization identifies the metrics and key performance indicators that provide insight into the effectiveness and efficiency of the processes from an enterprise perspective. In other words, the processes are analyzed and managed by the objective metrics from a cross-enterprise perspective.

- Variation in Processes are Identified and Distilled into Best Practices

Metrics enable the organization to identify variation in performance at the work activity level and at the process level. Positive variation can be identified and distilled into best practices and negative variation can be mitigated via work procedures, policies and mechanisms.

- Legacy and Non-value Added Business Rules are Identified and Challenged

Cross enterprise analysis of business processes enable low and non-value activities and work activity procedures to be identified and challenged. Many work activities and supporting procedures are legacy in nature. Just because a particular policy has been in place or a work activity has been performed for many

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years does not mean it has value in the present and into the future. Often, the underlying driver for the work activity or procedure is no longer valid, but the work activity and/or procedure remains.

- Process Improvement Remains Informal, Conducted via One-off Projects and Often Silo-ed

The organization is formally looking at processes from cross-enterprise end-to-end perspective, but process improvement projects are typically initiated and performed at the functional level, not at the enterprise level. In other words, there are pockets of one-off improvement projects, initiated independent of one another at the business functional level. Consequently, while process mapping is cross-enterprise, process improvement remains silo-ed.

Waypoint 5: Agile Processes

- Business Process Improvement is Managed as a Process

The key transition from Waypoint 4 – Managed Processes to Waypoint 5 – Agile Processes is making the shift from thinking about business process improvement as a one-off project to business process improvement as an on-going process. In other words, process improvement itself is a process.

In most organizations, as problems are identified somewhere in the process or in a functional area, an improvement project is initiated at the business functional level to resolve the problem. However, at Waypoint 5 – Agile Process, organizations look at process improvement as an on-going process and continually looks for opportunities to improve the process - from small and incremental to transformational – across the organization.

Essential to moving into the realm of Agile Processes and in order to maintain agility, organizations must implement and manage the concept of an opportunity backlog. An opportunity backlog represents all of the potential process improvement opportunities across the enterprise – not just an individual business functional area.

The organization continually manages (grooms) the opportunities in the backlog because at any point in time the organization has more improvement opportunities in the backlog than the organization has resources (time, budget, talent, etc.) available to implement all of the opportunities in the backlog. And, like all organizations, the organization's business environment is continually changing. In other words the organizations priorities change, resource availability changes, etc.

Therefore, the backlog must be continually groomed to identify which opportunities in the backlog provide the most value based on the organization's objectives and constraints at any point in time. Maintaining and grooming the opportunity backlog enables the shift from process improvement as a project to process improvement as an on-going process.

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- Horizontal Improvement and Optimization from a Cross-Enterprise Perspective to Maximize Business and Customer Value

The shift from process improvement as a project to process improvement as an on-going process also means that the organization is analyzing processes and potential improvement opportunities both horizontally across the organization – ensuring that work activities are performed at the optimal place in the workflow and vertically up and down the vertical reporting hierarchy (see below).

- Vertical Improvement and Optimization

As an organization moves into agile business processes, the organization continually challenges the work activities to distill the portion of work activities that are mechanical in nature (rules, proceeds, guidance, heuristics) from the portion of work activities that require deep business knowledge, business judgment and decision making. As these two components of a work activity (rules vs. knowledge based work) the organization can start splitting-out and moving the components of the work vertically (up and down the reporting hierarchy) to the level in the hierarch where the component can be most effectively and efficiently performed.

- Rapid Identification of Changes in Internal and External Variables

As an organization moves into agile business processes the organization becomes highly adept and very tuned-in to the internal and external variables that drive change – changing customer requirements, new products / product lines, competition, new and changing regulations, new technologies, changing in the economy, etc.

Agility enables an organization to quickly identify changes in the variables, analyze the impact of the changes on the organization and make the necessary changes and adjustments to the business platform (people, processes and technology) to support the changes - resulting in rapidly narrowing the gap between the current as-is state and the optimal future state.

Transformation Concepts

Inteq's Business Process Capability Continuum™ represents a spectrum from chaos to agility. The five waypoints described above enable your and your organization to identify your location on the continuum and guidance on transformation along the continuum. The concepts below provide additional guidance regarding transformation to the next waypoint regardless of where your organization lives on the continuum.

- Your organization's business environment and resulting business requirements are rapidly changing and increasingly complex. The internal and external variables are continually changing. Moving towards an agile business process environment enables your organization to narrow the gap and cross the chasm from the current as-is state to the optimal (and rapidly changing) future state.

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- Change is continual. There is no “getting back to normal” Change is the only constant. And change is increasing at an increasing rate. Recognize that whatever your organization was at 8:30a this morning, it will change and evolve by the end of business today – sometimes proactively, sometimes reaction-ally driven by the daily firefight. Begin to create a culture that embraces changes rather than resists change.
- Separate rules based work from knowledge and judgment based work. Continually analyze and challenge the vertical organization of work activities. Most work activities have both mechanical rules based components and knowledge and judgment based components. Separate the components and then implement the components at the right level of the organization to ensure vertical optimization of business processes.
- Go lean and low-tech before tech. When approaching process improvement, first clean-up the legacy business rules and challenge the low and non-value added work activities before implementing tech-based improvements. Otherwise, dated, ineffective, inefficient work activities will continue to be performed, albeit with better technology.
- Recognize global best practices and local variance in situations where an organization has the same process being performed in multiple business units, divisions, etc. For example, an organization might have a customer billing team located in the Western Region and a separate team in the Eastern Region. As an organization moves towards cross-enterprise business processes, particularly Centers of Excellence (COEs) and shared service arrangements, it's important to recognize that there are global best practices (practices that apply across the organization) and local variance (valid variance in business process based on local requirements – product lines, customers, regulation's, etc.).
- Recognize that your organization at any point in time has a single current “as-is” state, but infinite future states based on changing variables and constraints. I often hear organizations speak about process improvement in terms of the current “as-is” state and the future “to-be” state.

This is partially correct. There is only one current “as-is” state at any point in time, but there are infinite future states because the drivers of change (changing customer requirements, products / product lines, regulations, etc.) are continually changing. Therefore, the notion of a future state is continually changing as well.

That notion of a continually changing future state is the essence of the business case for agile business processes. That is the driver for maintaining and managing the backlog of improvement opportunities to continually assess based on the organization's objectives and changing constraints.

The Transformation Process – Three Best Practice Tips

- Develop clear precise current “as-is” state process maps. I often see projects that try to skip this essential part of the transformation process. I hear “we already know

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we do, we just need to focus on what we need to do.” The reality, however, is that most business knowledge is maintained tribally - and tribal knowledge is fragile and perishable. Most actively performers have not thought deeply and formally about what they do nor has the business knowledge been transcribed and shared with the organization.

Accordingly, most organization's get stuck in transformation at the tribal knowledge and early transcribed knowledge waypoints and never progress to defined processes and the waypoints beyond. One of the primary reasons for getting stuck is not creating current “as-is” state process maps. If an organization is not clear and transparent regarding what they are currently doing its very difficult to transition to a future state regarding what the organization needs to be doing going forward. Also see my whitepaper “Transforming a Hero Culture.”

- Identify and implement opportunities to “lean” the processes. Ask the question – what are the things that we are currently doing that we do not need to be doing going forward? This is the concept of applying lean and low-tech before going tech.

Then, once you have eliminated dated policies and procedures across the process, you can then ask the question – of the things that we are currently doing (defined in the as-is process map) that we need to be doing (we eliminated dated policies and procedures when we leaned-out) how can we do it better (more effectively and more efficiently)?

This is now the time for tech to come into play. Maybe the organization needs to revise some existing functionality or implement some new functionality to improve the work activities and workflows. Perhaps the organization needs to implement cross-enterprise functionality to improve the processes.

Regardless of low/no-tech or tech based improvement, continually manage and groom the opportunities in backlog to identify and implement the opportunities that provide the most business value based on changing organizational objectives and constraints (time, budget, talent, etc.)

- Proactively engage change management. Things do not change on their own just because there is a new policy published or a new directive issued to make a change. I find most people, it's just the way human nature works, tend to stay in the as-is groove of what they are currently doing because they have a mental imprint of what they are doing. The mental imprint needs to be changed to enable change to take hold.

It's essential that the organizations have someone that is focused on implementing improvements and managing change. People need assistance in doing the new things in new ways in order for that mental image to shift from the traditional way of doing things to the new way of doing things until the new way becomes habit and the new mental image becomes the standard image.

Additionally, continually assess the progress and status of improvements. Continually ask did we achieve the target levels of our objectives? If not, why not?

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What do we need to adjust or change to get back on track? Continually assess, not just one time or occasionally but continually assess the progress of the improvements.

Transformation Risks

Clients' frequency ask about the risks of moving forward with improvement and transformation. And, clearly, there are risks associated with improvement and transformation initiatives. However, for the most part, the risks are standard business risks that are consistent with any initiative – and that is another discussion. The point that I want to make here however, is that the biggest risk is staying with the status quo.

The world is changing – customer requirements are changing, regulations are changing, technology is changing – and if all that we do is maintain the status quo, then the gap between what we are currently doing in our as-is state and what we really need to be doing in the business environment – continually widens to the point where we (our origination, products, services) start to become irrelevant in the market place. My point is that the biggest risk is doing nothing – maintaining the status quo. And perhaps the biggest myth is that “we will make the transition as soon as things get back to normal.”

* * * * *

This whitepaper provides key concepts and best practice guidance on where your organization (or business functional area) is positioned along the Inteq's Business Process Capability Continuum™, waypoints along the continuum and best practice guidance and tips regarding transition to the next waypoint.

I encourage you to read the whitepaper a few times, view the companion webinar and view the other whitepapers and webinars on our website. And, if you are ready to move forward with change in your origination, take a look at our training course offerings and our consulting services.

The Next Step – Business Transformation and Modernization

It's a very complex, globally competitive, rapidly changing business environment. Ask yourself some critical questions. Are the business processes and supporting applications in your organization really keeping pace with ever increasing demands for organizational effectiveness and operational efficiency?

Does your team and your organization have the critical thinking skills and analysis techniques to rapidly identify, analyze and articulate essential business requirements? Are you able to rapidly define and specify your business requirements at the level of detail of business system functional requirements?

If you can, what are the benefits? If you can't, what are the risks? Successful transformation and modernization requires business knowledge, adept judgment and seasoned experience.

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Inteq's elite team of business transformation and modernization professionals enable you, your team and you organization to achieve high-impact high-value results quickly.

Contact Us Today!

Inteq's BPR360/Framework™, MoDA/Framework™ and Agile/Framework™ were developed and refined from numerous business transformation and modernization initiatives over many years and are the foundation of our elite business analysis training programs and professional consulting services.

Contact us and let's discuss business analysis in your organization in more detail:

Phone: 800.719.4627
Email: info@inteqgroup.com
Web Site: www.inteqgroup.com

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