



CONFAB 2002

# Business Process Derailed?

Achieve Better Results Through People

**Michael M. Mann, Ph.D., CMC**

EnCompass Knowledge Systems, Inc.

**Jon E. Seidel**

EDP Consulting, Inc.



# Diagnostic Approach?

- n Identify target...
- n Thinking cap...
- n Lots of light...
- n Good attitude...



# Business Processes, Systems, and ...?



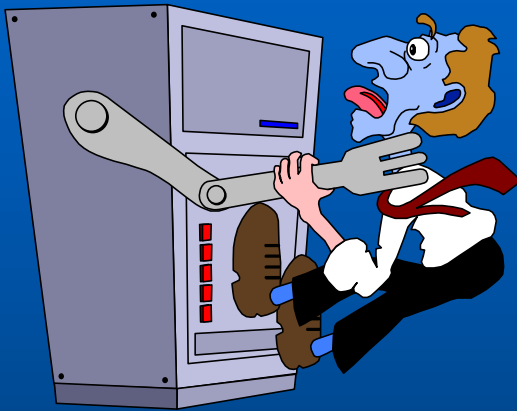
What is missing from this picture?

# People!



*Performance is ultimately determined by the skills, experiences, and motivations of the individual members, and the interactions among them.*

# Reengineering Approach - - Obliterate and Rebuild



*Reengineering*  
*Process Level Changes*



*Transformation*  
*Enterprise Level Solutions*

***Traditional BPR consistently fails in  
knowledge intensive enterprises –  
when you “Obliterate,” it is hard to save  
people and knowledge!***



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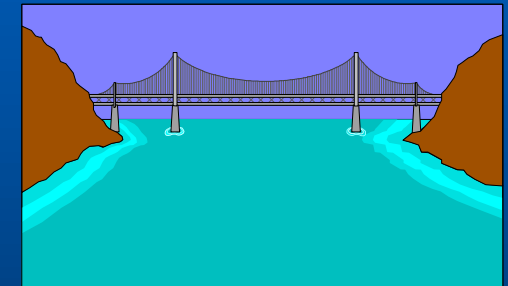
# Common Reengineering Faults

Failure to include **people** in the equation

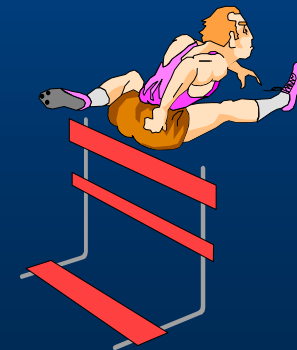
*Individual knowledge, skills, and priorities = how the organization enacts its functions*



Failure to effectively bridge functional & organizational **"moats"**



Failure to accurately define & establish consensus on the **starting point & in-process**, vs. end-item, metrics of progress



# Business Process *Renovation*

- n Even if things are working very poorly, remember that there's good news and there's bad news:
  - The bad news is that the people have most likely learned to operate in a less than efficient manner
  - The good news is that these same people are – somehow, someway – making things work as best they can. Without them, there would be NO work getting done.

# Business Process *Renovation*

- n Most people, most of the time, want to produce high quality work, and they'll go out of their way to make things work...even if the deck is stacked against them (I.e., bad processes, poor training, poor interactions with others involved in the process, etc.)





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# Why Measure Processes?

- n To tell where we are right now...as an analytical tool prior to making changes
  - To identify those processes that will deliver the greatest ROI
- n To tell where we are going...
  - To identify operational targets to achieve the desired ROI
- n To tell where we have been...
  - To identify actual operational results and determine the resulting ROI

# How do you measure processes?

## Audience input...



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# Some Process Measures

## n External Measures ("Performance" Metrics)

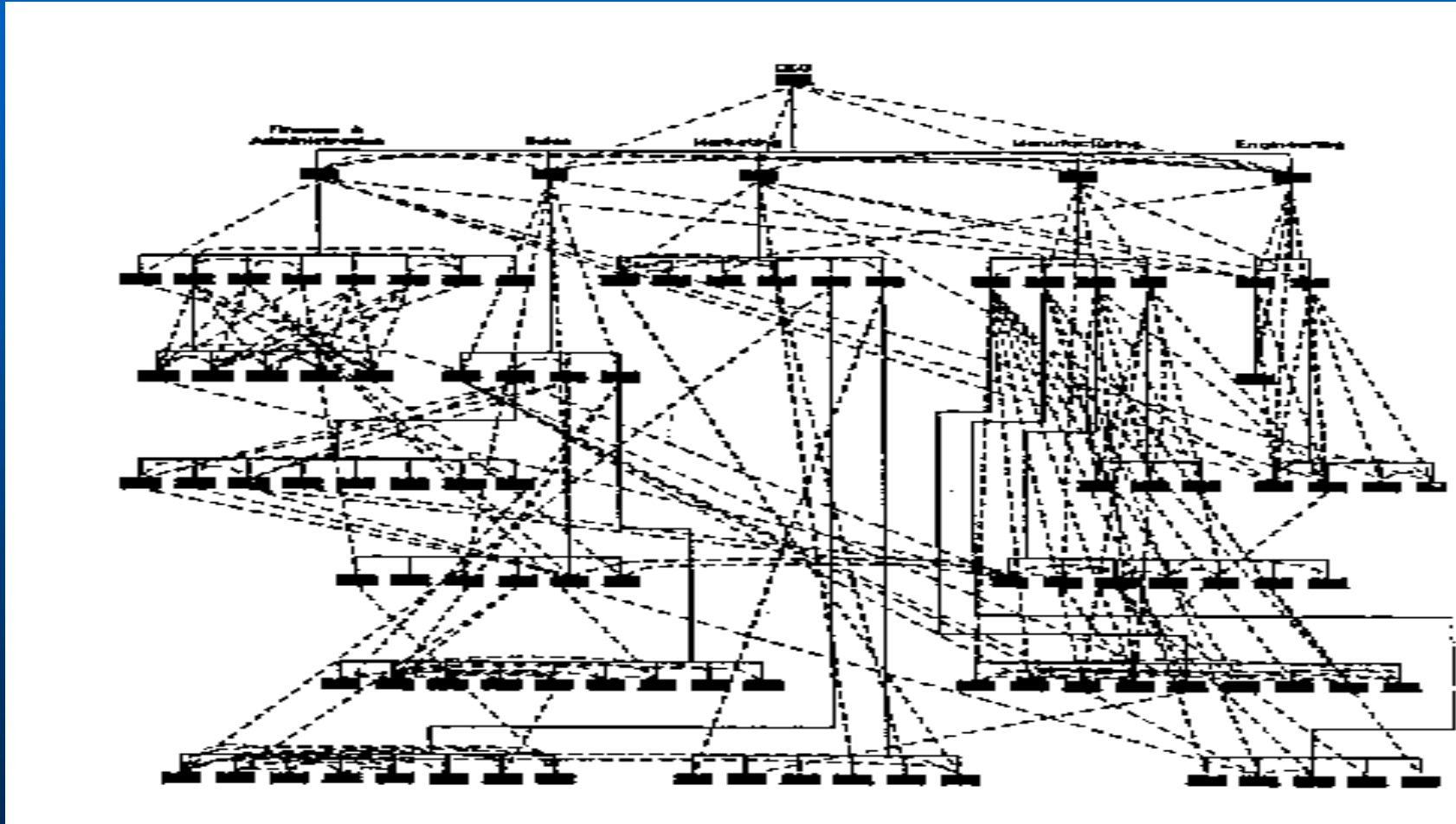
- Customer satisfaction: I.e., how does the end-user feel about what the process produces
- Product Quality coming from the process
- Profitability/market share growth/etc.

## n Internal Measures ("Diagnostic" Metrics)

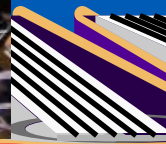
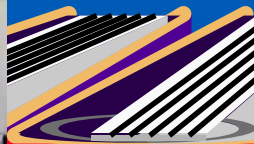
- Cost to operate the process
- "Unit" production from the process
- Time to produce a result



# Enterprises Organize around Tasks, *not* Charts



# An Enterprise Functions through a Portfolio of *Inter-Related, Task Dependent* Patterns of Interaction



**Functional**

**Projects**

**Processes**

**Activities**

**Ad Hoc**

**Line  
Managers**

**Staff**

**Program &  
Project Mgrs.**

**Technical  
Directors**

**Process &  
Sys. Mgrs.**

**Technical  
Directors**

**Team Leaders**

**Responsible  
Engineers**

**Committee  
Chairs**

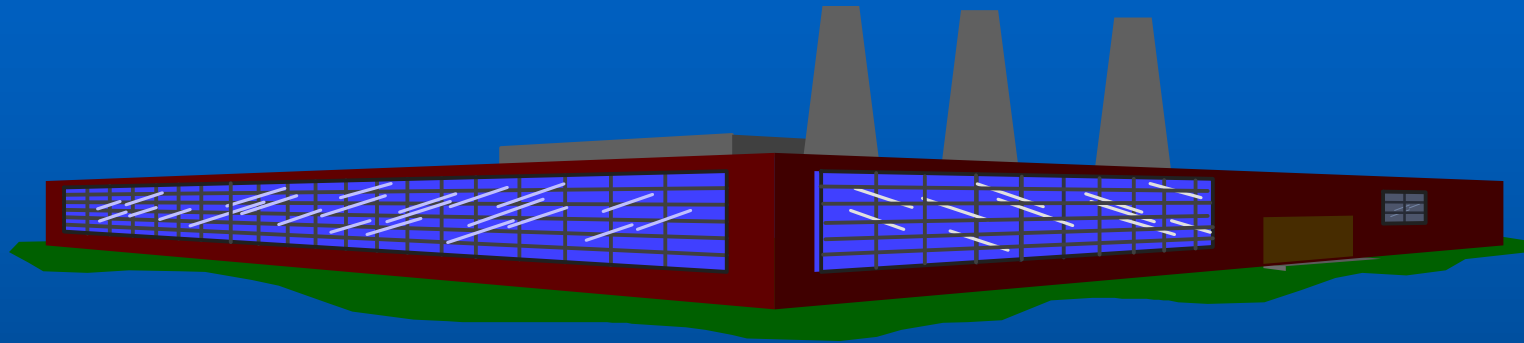
**Facilitators**



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# Individual Interactions Are the Building Blocks of Processes



*"The company has gotten too big if, when, you need to get something accomplished, you don't know who to call. All you can do is write a policy and hope that the right person knows that it was intended for him." - - CEO of Fortune 100 Company*

# An Historical Perspective on Reorganization

**We trained hard, but it seemed that every time we were beginning to form into teams we would be reorganized. I was to learn later in life that we tend to meet any new situation by reorganizing, and what a wonderful method it can be for creating the illusion of progress, while producing confusion, inefficiency, and demoralization.**

**-*Petronii Arbitri  
Satyricon,***

**-66A.D.**

**-(Attributed to Gaius Petronus)**





# Kegley's Principle of Change

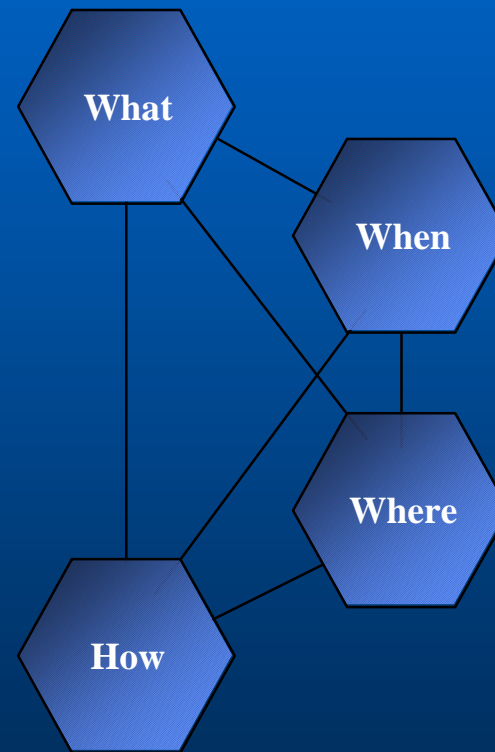
“It is easier to behave your way into a new way of thinking than it is to think your way into a new way of behaving.”



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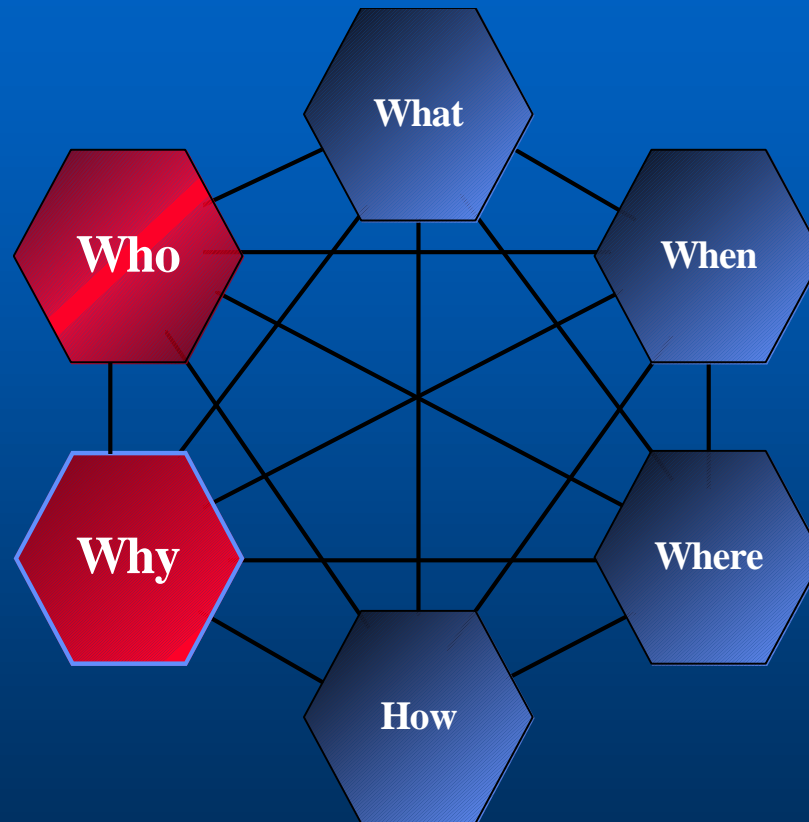


Conventional approaches to organization & information system design are based on an *incomplete picture*.



*Depersonalized methodologies can not account for the fact that organizational performance is principally determined by the capabilities, motivations, and priorities of individuals.*

# *“Who” and “Why”* *The keystones of Management*

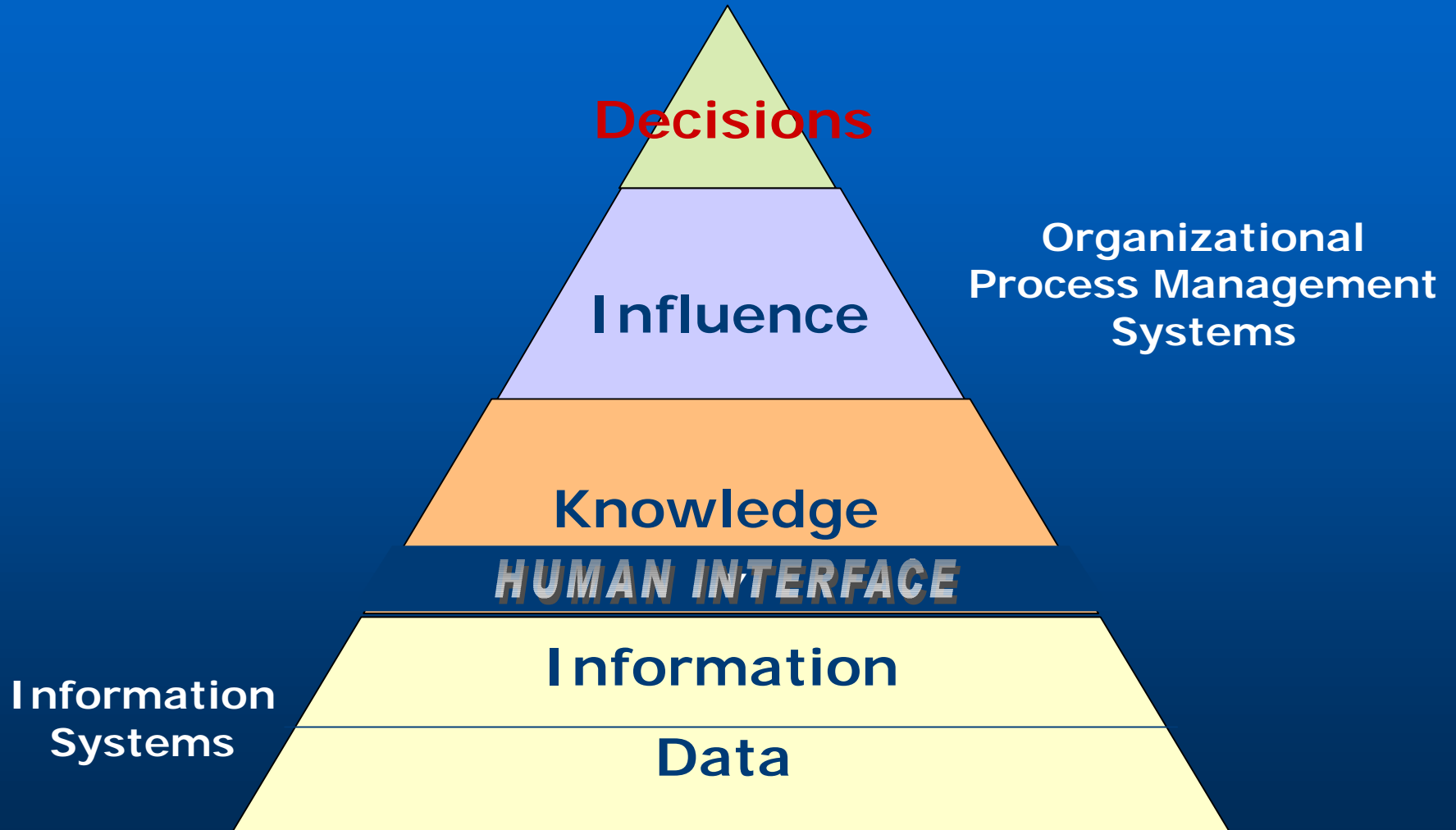


# Terman's Law of Innovation

“If you want a track team to win the high jump, you find one person who can jump eight feet, not eight people who can jump one foot.”



# The Organizational Process Pyramid

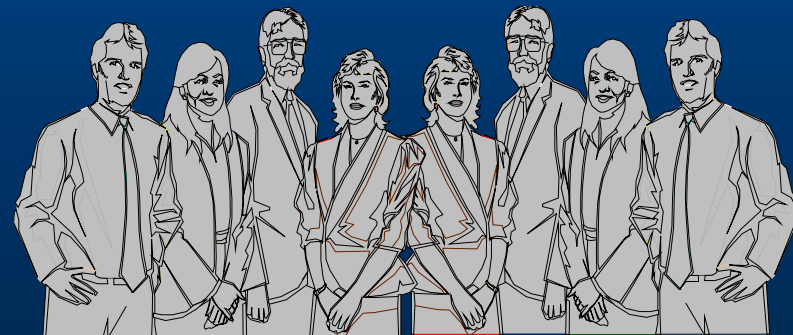


# A Hierarchy of Task / Issue Related Organizational Networks Drive Organizational Performance

## n Decision Networks



## n Influence Networks



## n Communication Networks



# The Networks Are Inter-Related & Issue Dependent

Decision Networks



Execution

Information



Influence Networks



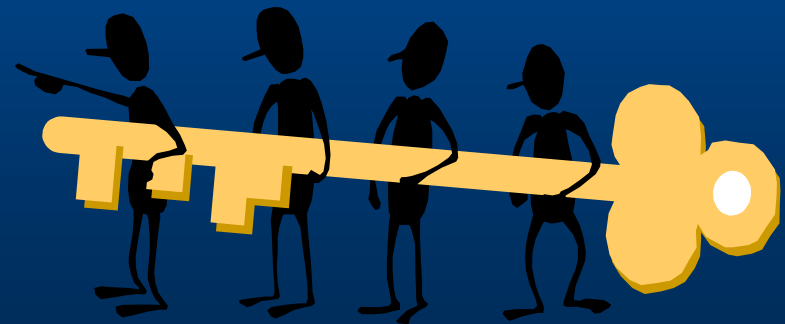
Communication Networks



# Organizational Process Design is Key to Organizational Effectiveness

It's easy to get  
the players.  
Gettin' 'em to play  
together - -  
that's the hard  
part!

- - *Casey Stengel*





# Perceptions Impact the Course of Change

To create *effective and enduring change* in group processes it is critical that individual perceptions be melded into a *consistent view of current reality and a common vision for the future.*



# Kelly's Postulate

**“A man is known by the  
company he keeps ...avoiding.”**



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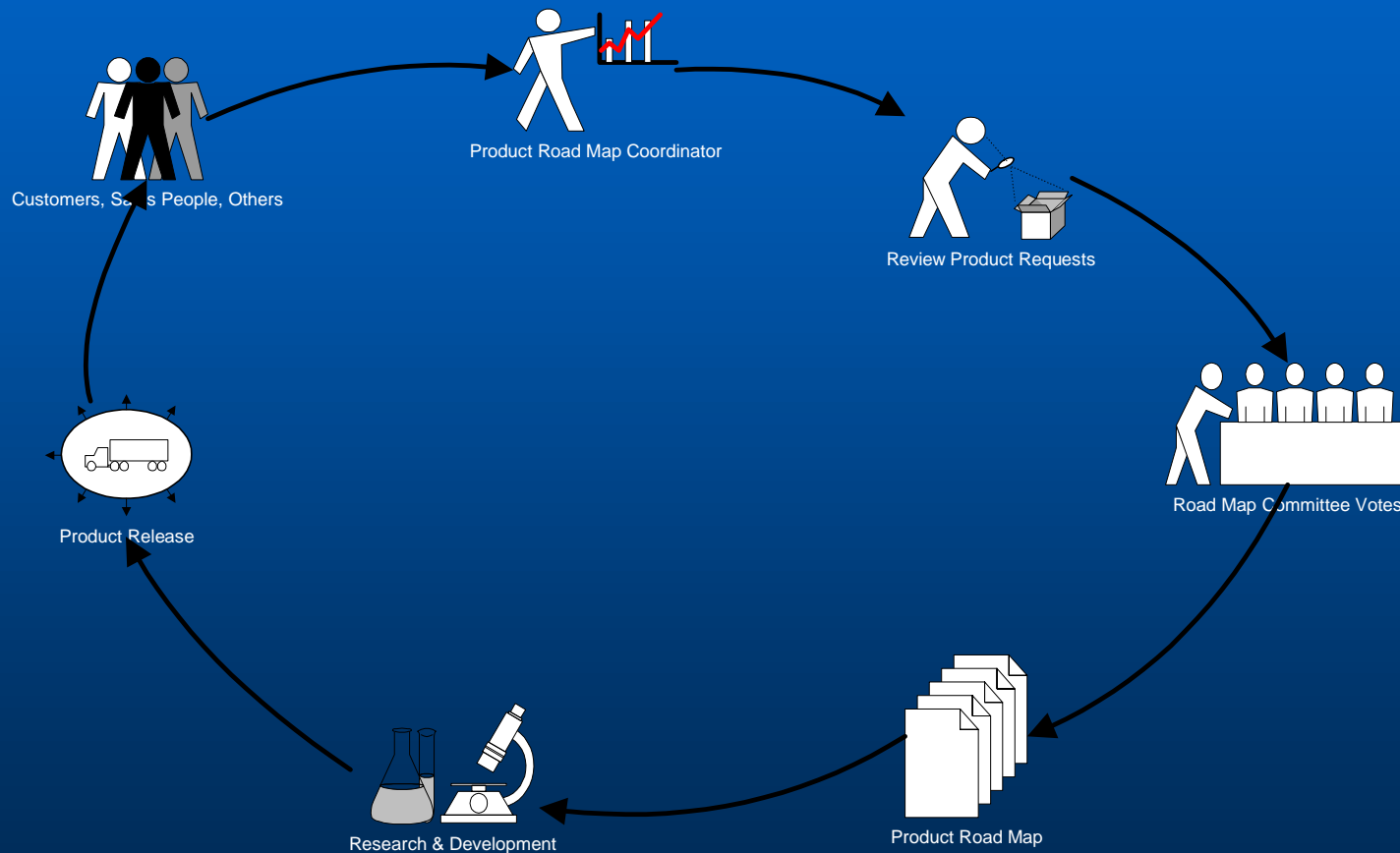
# Case Study – Manual Approach (Product Mgt)



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# Product Mgt Process



# Basic Scenario

- n Presenting Problem: Products not getting done; lots of rework; “thrashing”; missing customer deadlines; last-minute changes; people burn-out.
- n Assumed Cause: SW development can't get the job done; poor software management.

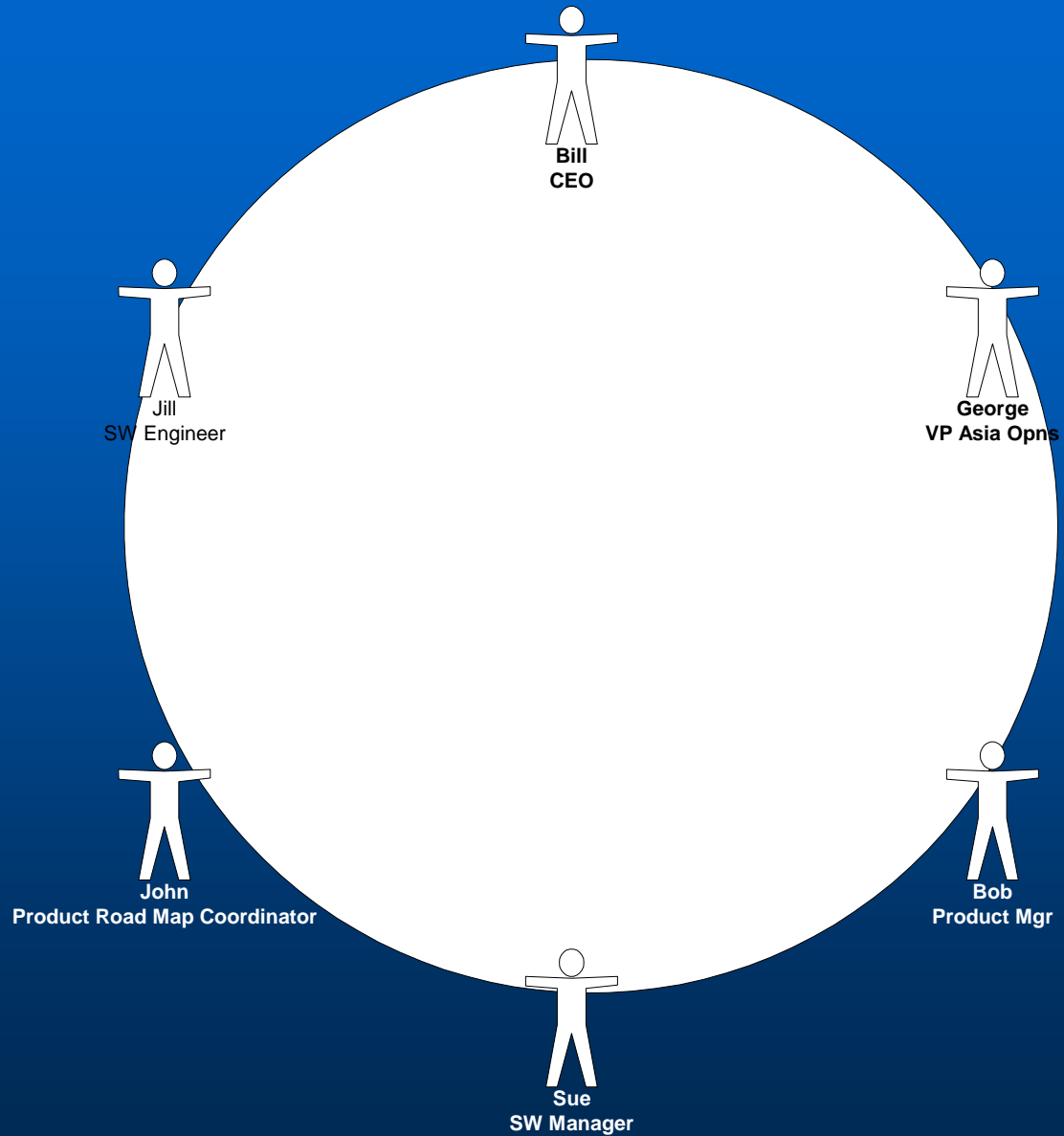
# Basic Scenario(2)

- n Assignment: Review and make recommendations to improve the product management process.
- Bill – CEO
  - George – VP, Far East Operations
  - Bob – Product Manager
  - Sue – SW Engineering Manager
  - John – Product 'Road Map' Coordinator
  - Jill – SW Engineer

# Basic Scenario(3)

## n Methodology:

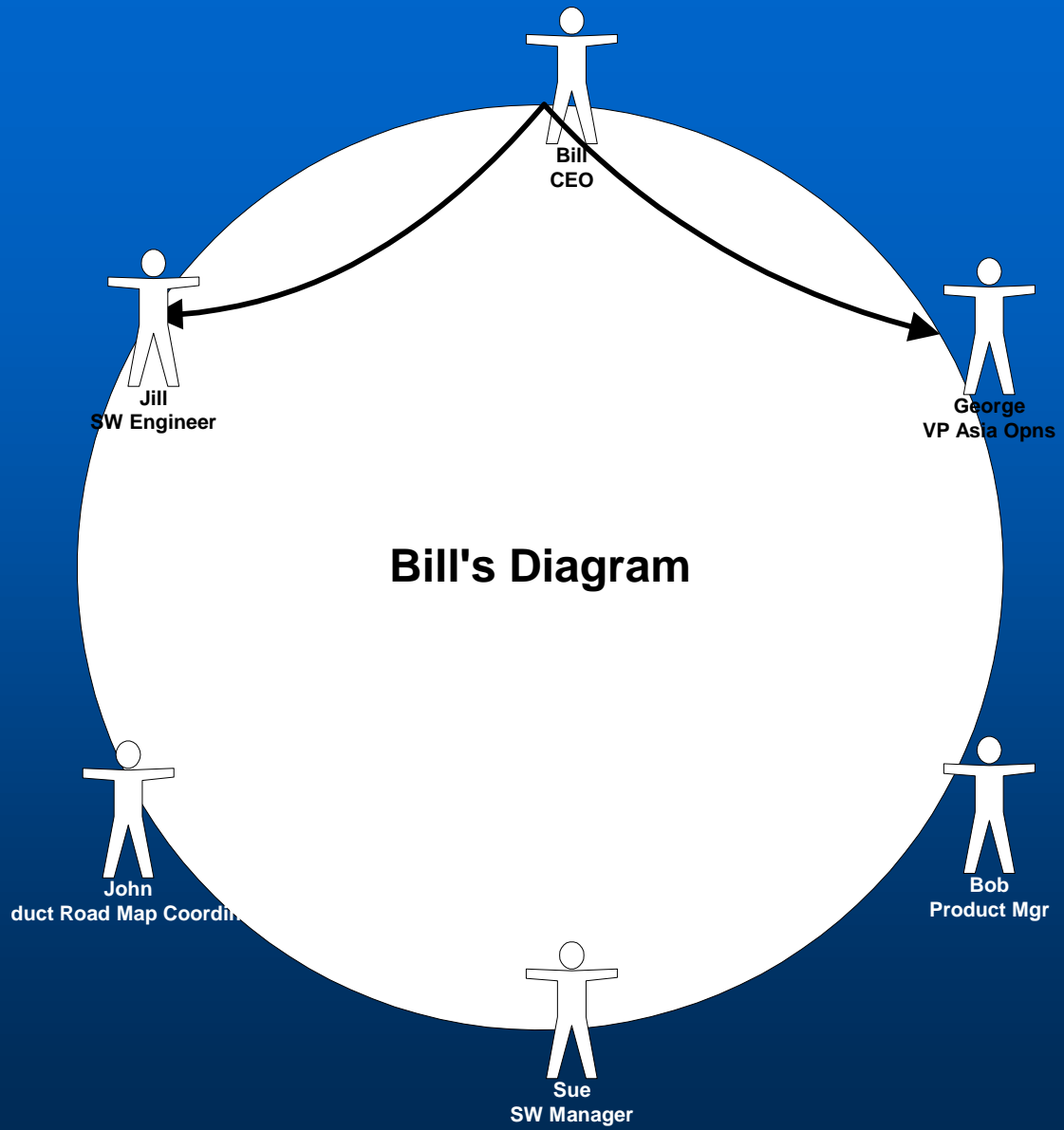
- Identify issues/functions to be addressed
- Identify players to be included
- Determine 'influence' between each set of players on each issue
  - n What Jerry Talley might call "informal influence networks" (CONFAB 2000) or "organizational network analysis" (ONA)
- Identify anomalies and determine their impact on the issue/function



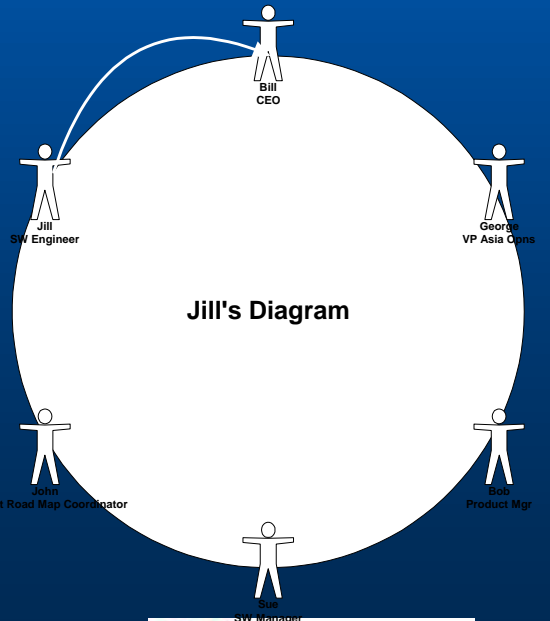
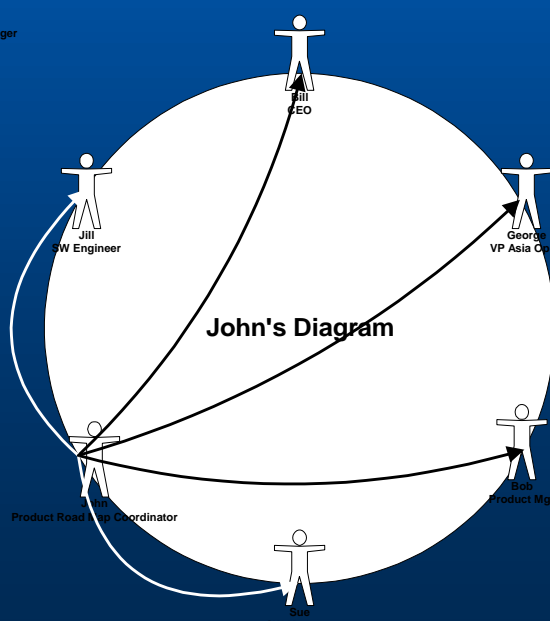
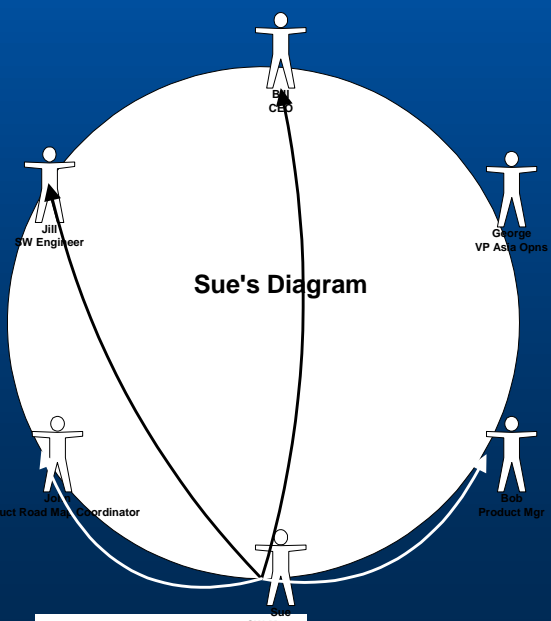
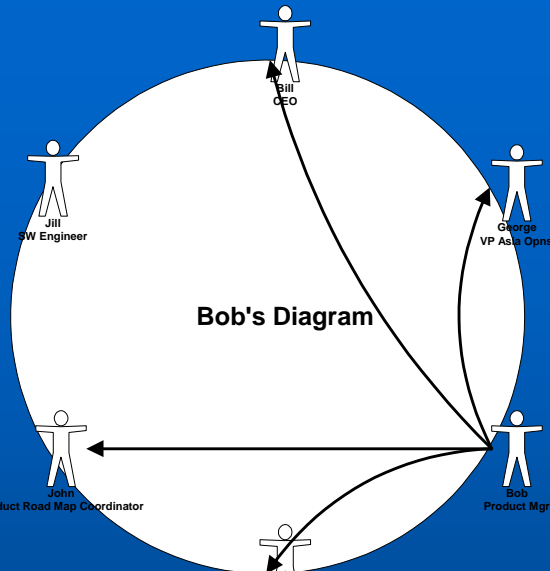
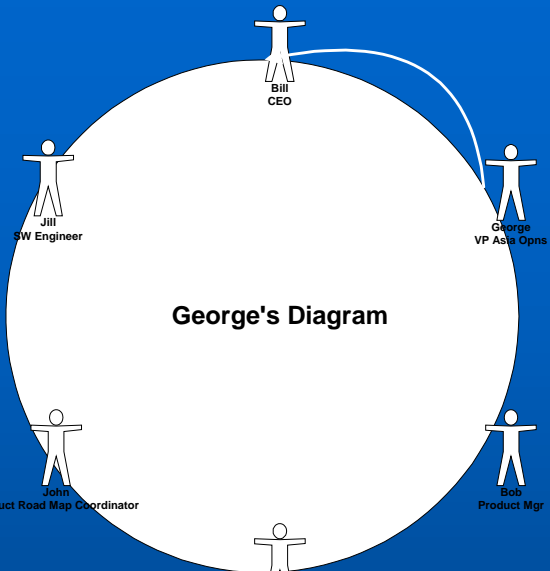
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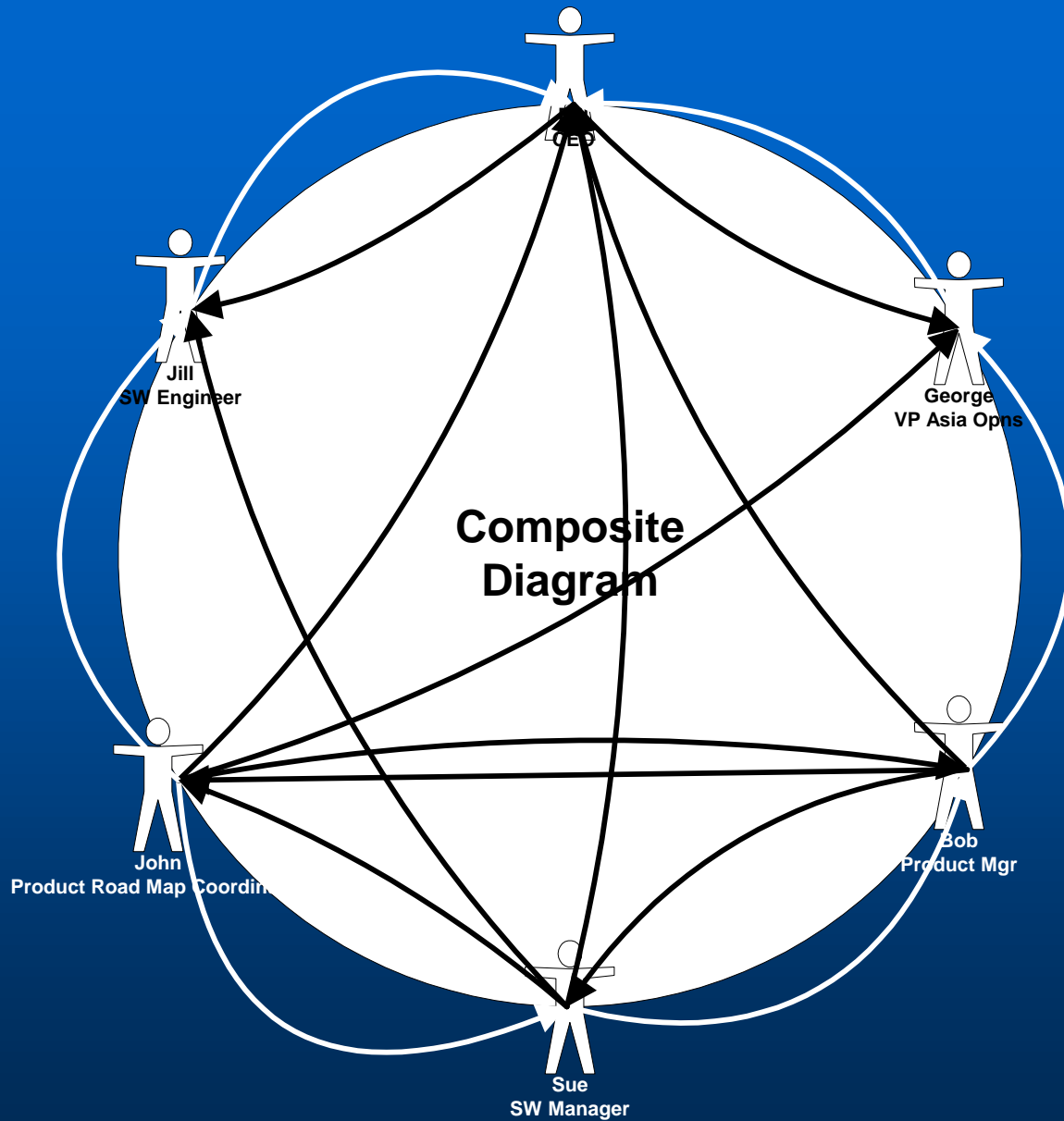


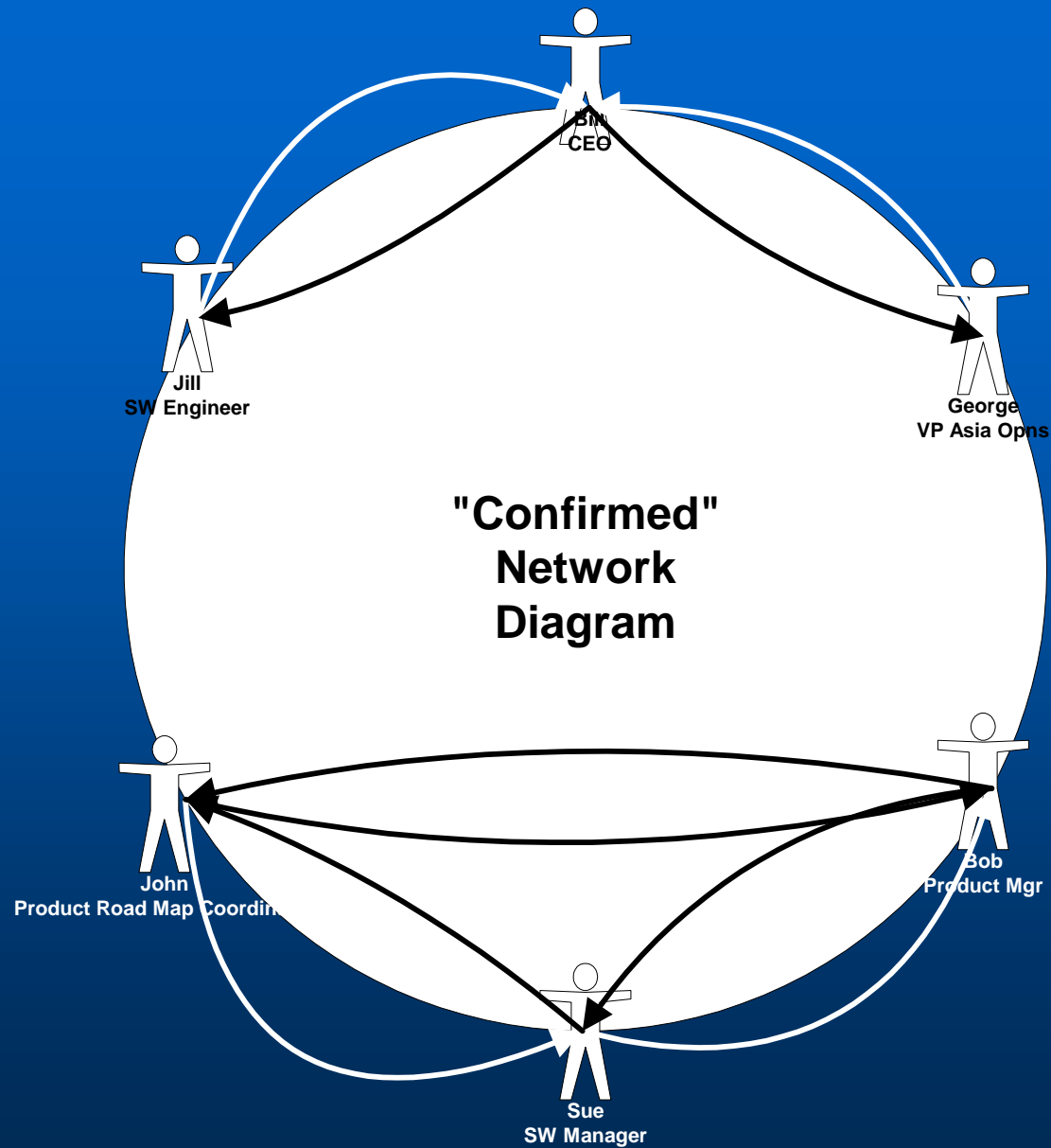
### Bill's Diagram



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# The Borgia Family Byword

“It’s better to be hated than to be ignored.”



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# Case Study – Automated Approach (Knowledge Mgt, Hi-Tech)



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# EnCompass®\*

A web-based system for process analysis, synthesis, and management.

EnCompass® enables consultants and their clients to:

- n Visually Analyze organizational processes,
- n Interactively Synthesize & Assess improvements,
- n Monitor and Manage the course of change.

*\*EnCompass® is a registered trademark of the Blue Marble Development Group, Inc.*

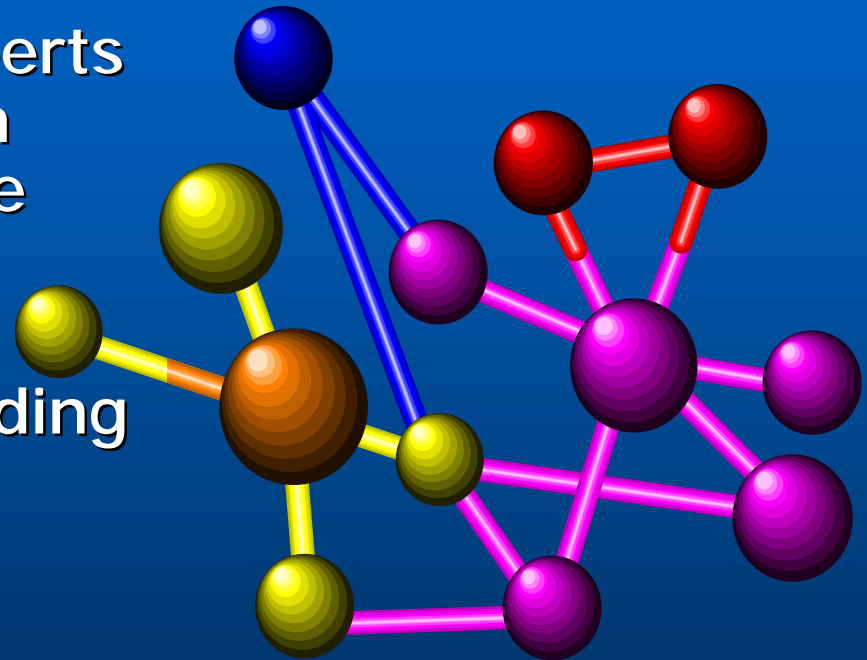


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# Individual Interactions Are the Fundamental Building Blocks of Organizational Processes

- n Individuals are the experts on their interactions on issues of concern to the organization
- n Interactions between individuals are the building blocks of Activities & Processes
- n Integrating individual interactions yields validated views of organizational functions





# Issues in Intellectual Property Study

- n Generation of Intellectual Property
- n Identification, Evaluation, & Categorization of IP
- n Documentation Management
- n Policies and Procedures
- n External Distribution of IP
- n Updating of IP
- n Tracking and Audit of IP
- n Recovery and/or Destruction of IP
- n Revenue Generation from IP

*EnCompass® also supports conjoint analysis of multiple issues.*



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EnCompass - Organization View - 07:02 PM

File Edit Options Reports Show Tools View Window Help

Card: Executive Id: PR0000109 Desc: Hood, R. Type: Person

Query processed As of: 12/05/1996 All Levels 3

Latitude	Longitude
5	24
Eye is at: 8220	

*(3D representation of formal organization - color and shape of individual cards selected to reflect organizational unit and function)*

**(R&D Dept.)**

Office

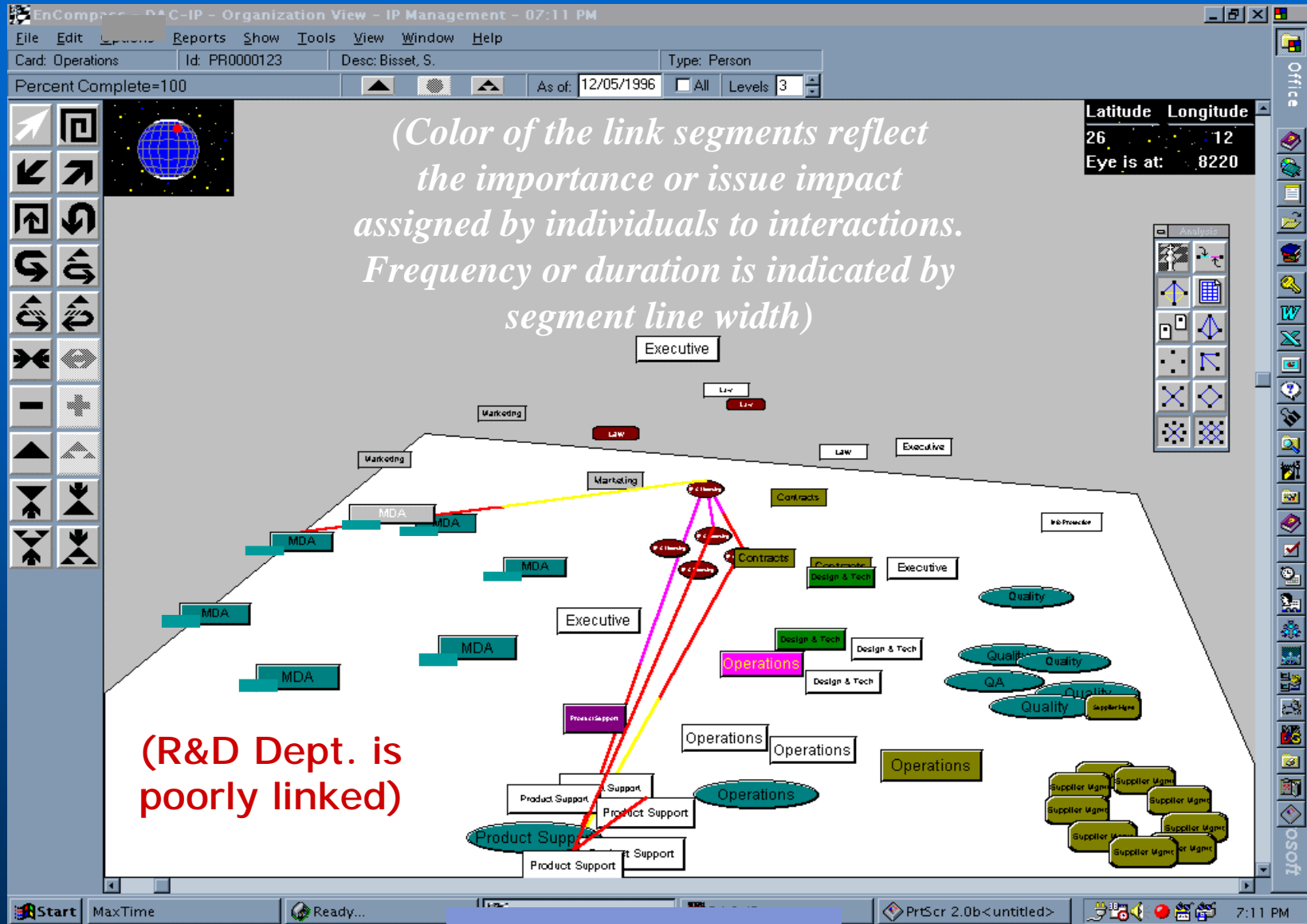
Analysis

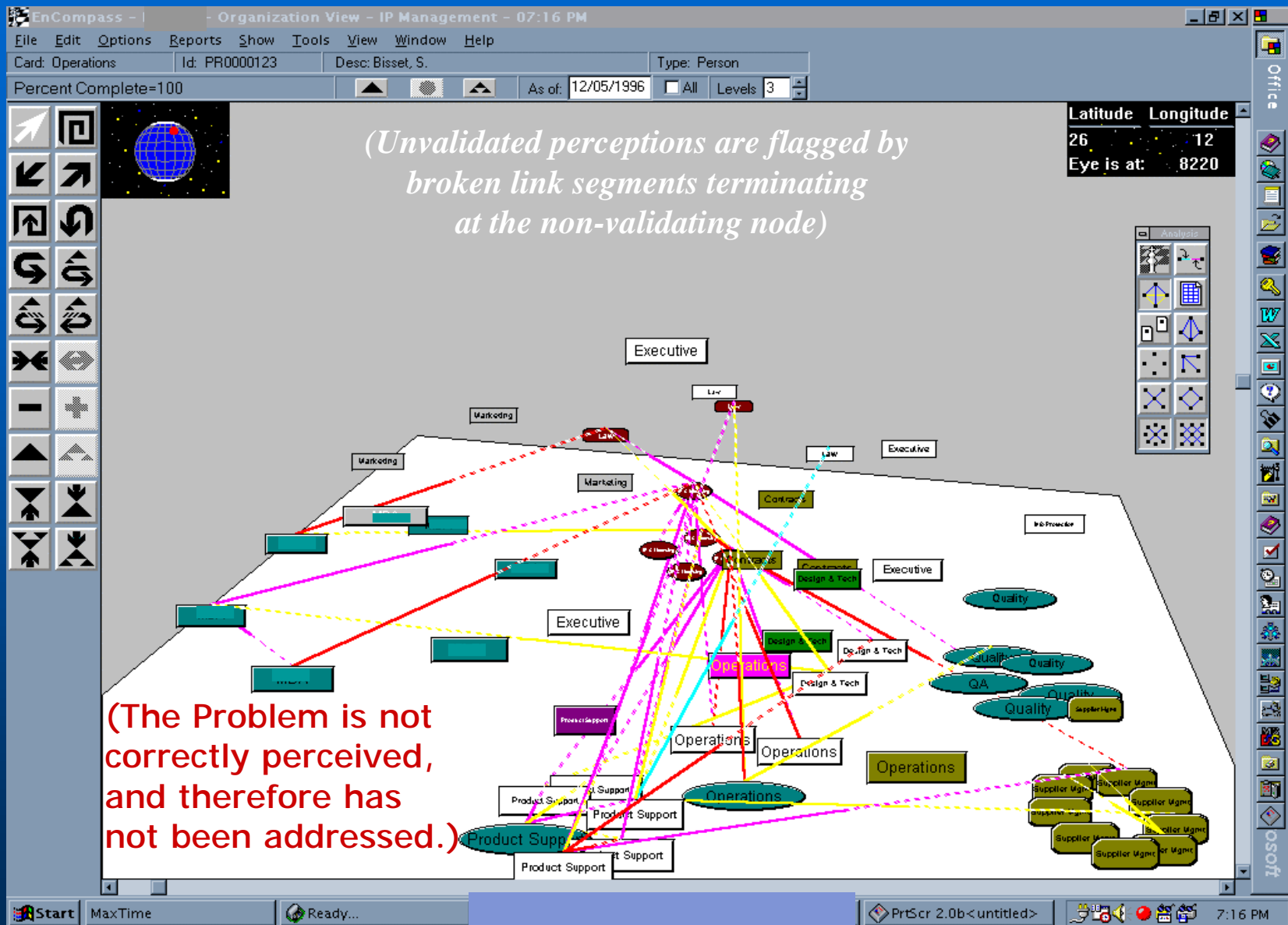
Start MaxTime Ready... EnCompass - PrtScr 2.0b<untitled> 7:02 PM



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EnCompass - Issue View - (Generate IP) - 07:35 PM

File Edit Options Reports Show Tools View Window Help

Card: Generation of IP Id: IS000001 Desc: Generation of Intellectual Property - Impact 5 Type: Issue

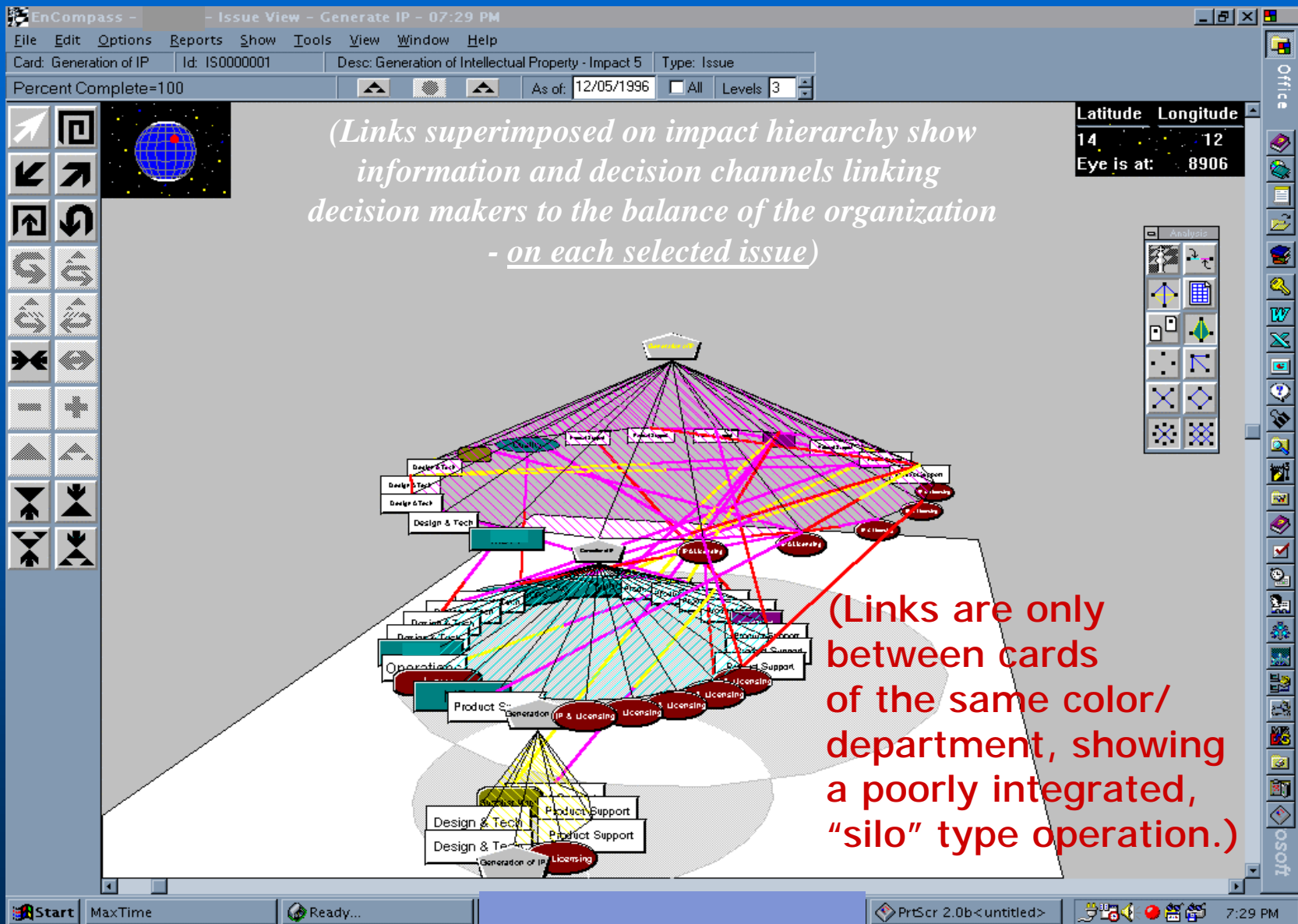
Percent Complete=100 As of: 12/05/1996 All Levels 3

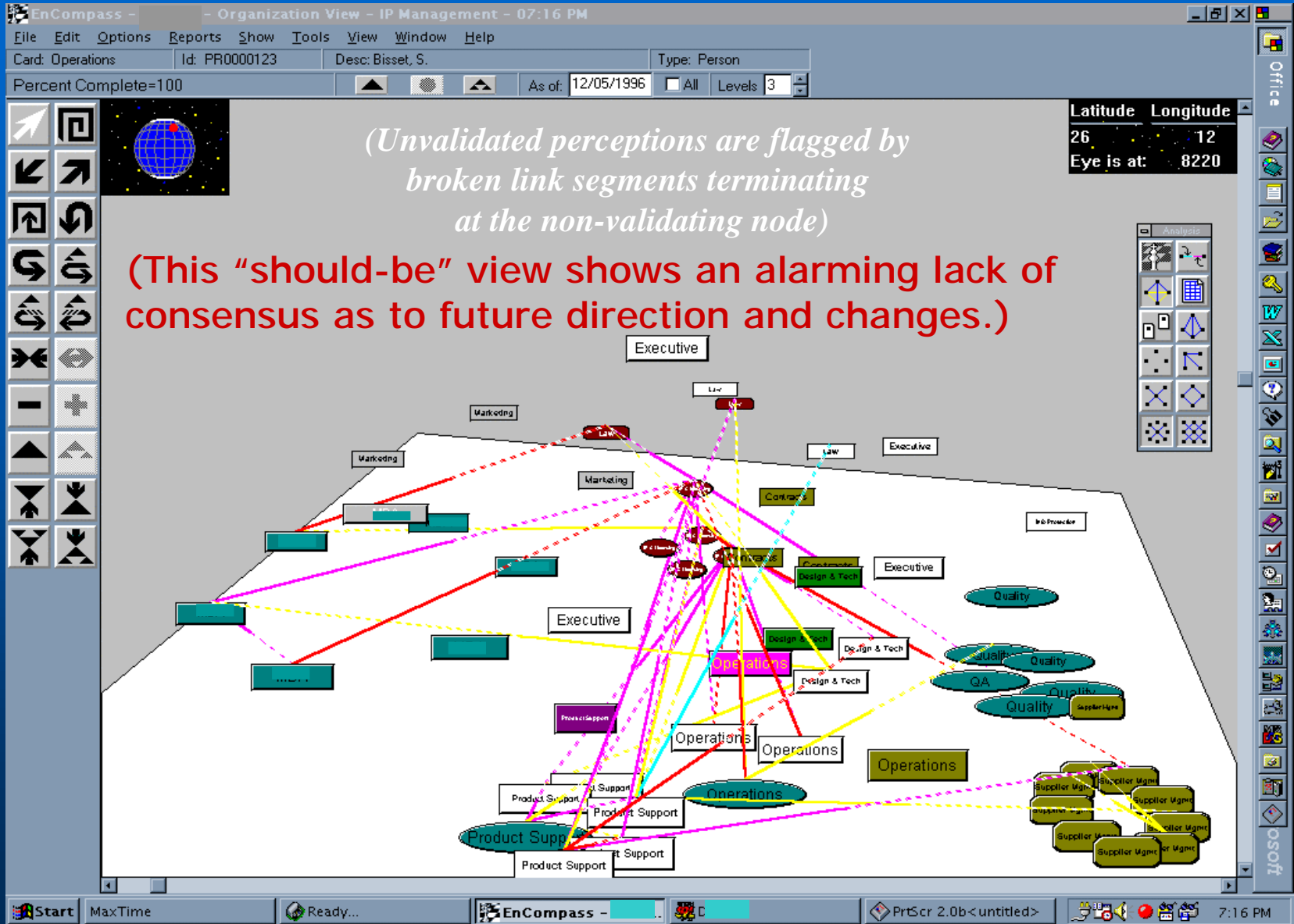
Latitude 14 Longitude 12  
Eye is at: 8906

*“Virtual Hierarchies” show the relative impact of individuals on the selected issue - as determined by the balance of the organization*

(On the issue Of IP Generation the top tiers, i.e., high impact, are populated with administrators and lawyers, rather than researchers and engineers.)

Start MaxTime Ready... PrtScr 2.0b<untitled> 7:35 PM







# The EnCompass<sup>®</sup> Process facilitated the negotiation of a **Visual Contract for Change.**

As-Is



Should-Be



Difference identifies  
Necessary and  
Agreed Changes

# The Results Were Dramatic!

- n In less than one year
  - 3X increase in IP licensing revenues
  - 10x increase in patent disclosures
  - Decrease in IP “leakage”
  - Readily observed improvement in interdepartmental cooperation
  - Improved morale and commitment among knowledge workers.



# EnCompass<sup>®</sup> Provides Metrics\* of Organizational Performance

EnCompass<sup>®</sup> provides normalized measures of organizational performance and effectiveness at all levels:

- Multi-Enterprise
- Enterprise
- Organizational Units
- Individual Participants

\*Patents pending



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# “EnCompass® Scoreboards”

## Provide Key Management Indicators

n Can be Issue and/or Organizational Unit(s) or Domain(s) Specific or General.

- Clarity\*: What is the Level of Agreement or Alignment within the Organization?
- Involvement\*: How engaged is the organization in selected activities?
- Leverage\*: To what extent does the Organization empower individuals to have more influence than they would have as individuals?
- Coherence\*: How well are decisions coordinated throughout the organization?
- Priority\*: What is the relative priority attached by the organization to specific Issues or Classes of Issues?
- Integration\*: What is the degree of integration between selected Organizations, Organizational Units, or Classes of Individuals?

\*Patents pending

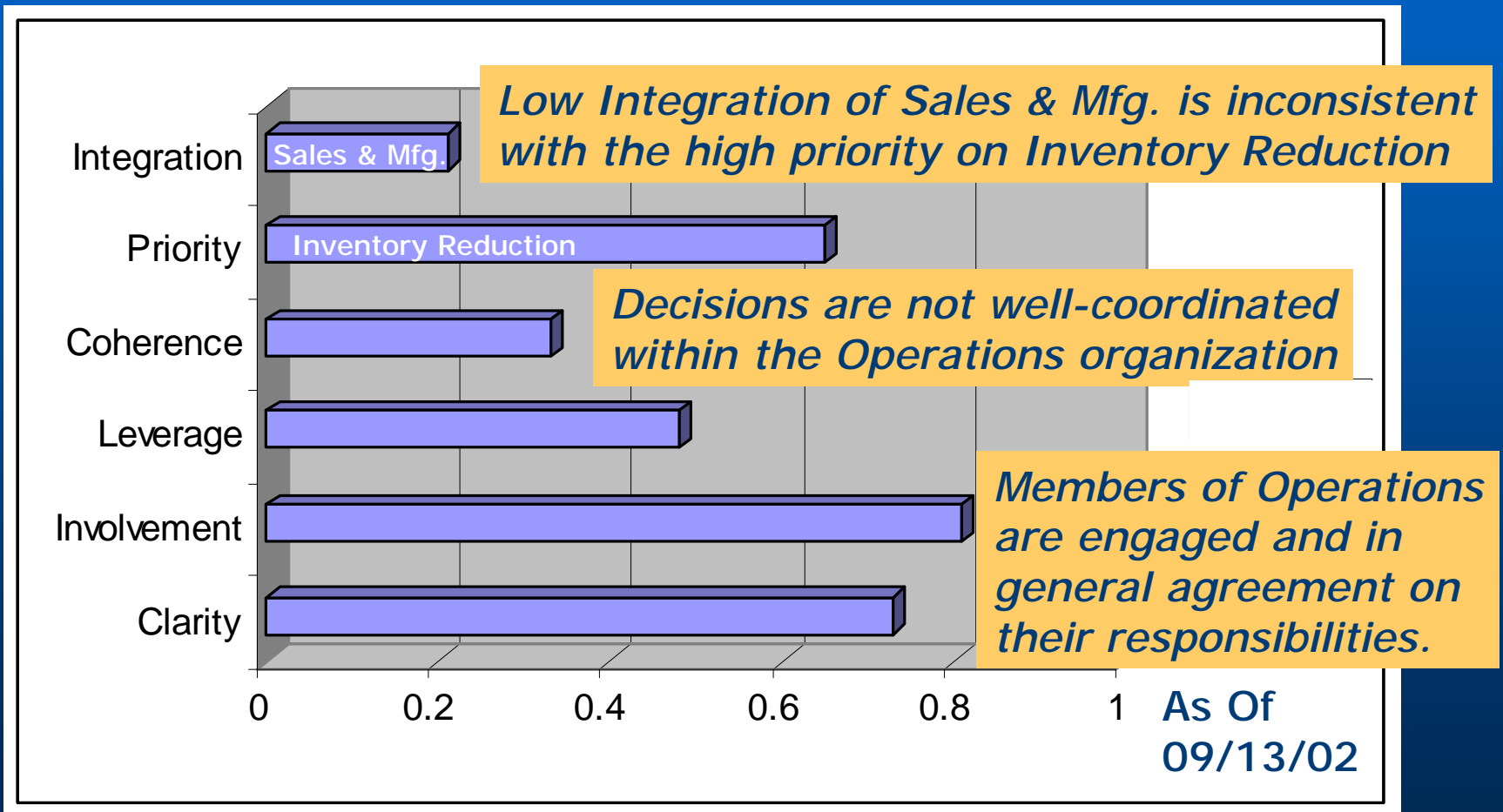


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# Sample EnCompass<sup>®</sup> Scorecard

## UNIT REPORT: Operations



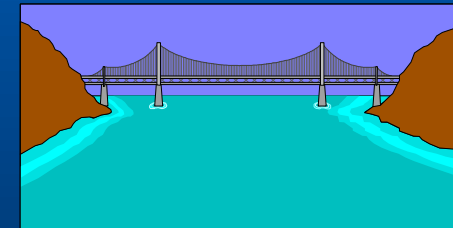
# The Tools Address the Common Causes of Project Failures

Failure to include people in the equation

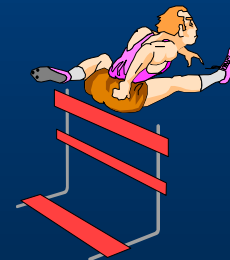
*Individual knowledge, skills, and priorities = how the organization enacts its functions*



Failure to effectively bridge functional & inter-organizational "moats"



Failure to accurately define & establish consensus on the *starting point & in-process*, vs. end-item, metrics of progress.



# Kegley's Principle of Observation

“No matter where or what, there are always makers, takers, and fakers.”



# To Understand the Interactions that Drive Organizational Process, Get Answers to these Questions:

- a With whom do you have, regular, task-related interaction?
- a How important are the interactions for you to do your job, or the other person to do theirs?
- a How often to these interactions influence decisions, your or theirs, about each of the selected issues?
- a What determines with whom you interact?





# Using the Results

- n Frequent, Low Importance interactions reflect wasted effort – redeploy or eliminate.
- n Check for concurrence - - disagreements represent “organizational Process Pathologies” that require remedial intervention.
- n Map the patterns and examine alignment between organizational and business processes - - focus on eliminating mis-alignments by chasing one or the other.

# Keys to Success

- n Use the process to create a Contract for Change throughout the organization.
- n Establish and monitor, in-process metrics of change - - don't wait until the end to measure progress or adjust the course!
- n Limit the scope to efforts that can be effectively addressed with manual techniques, or adopt computer-supported methodologies that can effectively support large enterprise initiatives.
- n Establish and maintain a pace that is consistent with attention span of an organization, milestones and measures of progress at least every quarter.

# Case Study (Attendees)

Use EnCompass diagrams to  
assess the situation and  
develop your own plan of  
action.

# Diagnostic Success!

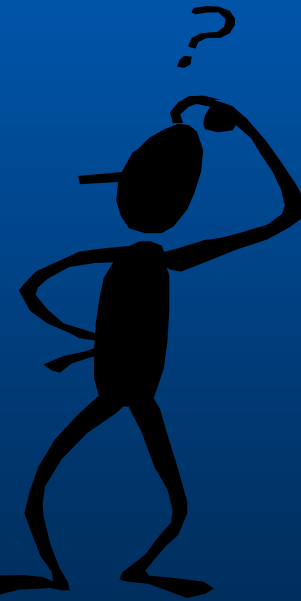


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# Business Process Derailed?

*Achieving Better Results Through People*



# Questions

# Additional Information

Michael M. Mann, Ph.D., CMC  
Chairman

EnCompass Knowledge Systems, Inc.  
11620 Wilshire Boulevard, Suite 450  
Los Angeles, California 90025  
Tel: 310.231.2600 Fax: 310.231.2601  
E-mail: [mmann@encompassknowledge.com](mailto:mmann@encompassknowledge.com)  
[www.encompassknowledge.com](http://www.encompassknowledge.com)

Jon Seidel  
EDP Consulting, Inc.  
3373 Guido Street  
Oakland, California 94602  
Tel: 510.530.6314 Fax: 510.531.1522  
E-mail: [jseidel@edpci.com](mailto:jseidel@edpci.com)  
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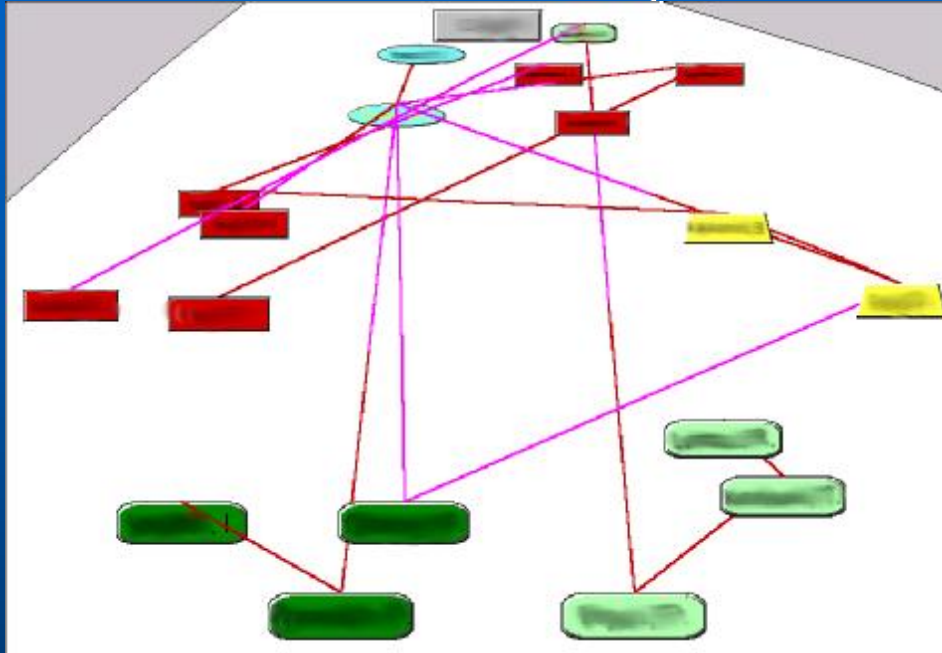
# Additional Slides (Product Mgt)

Actual situation which demonstrates more detail and sophistication available than in the manual case study.

## Issue 2: Evaluation & Prioritization of Requests

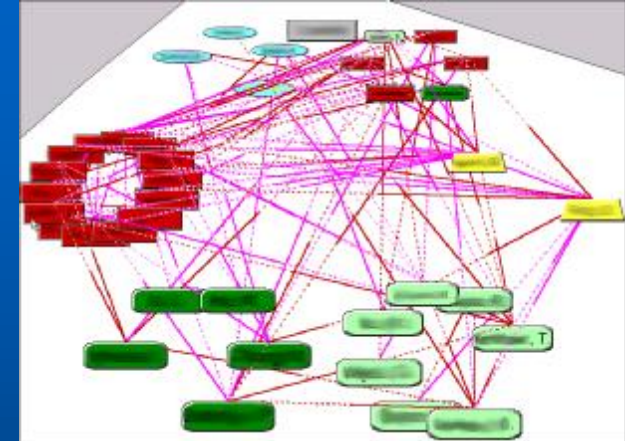
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Agreed



Two unlinked networks exist around this issue - - one with a focus in the Product Council, the other focused in Corporate.

Disagreed

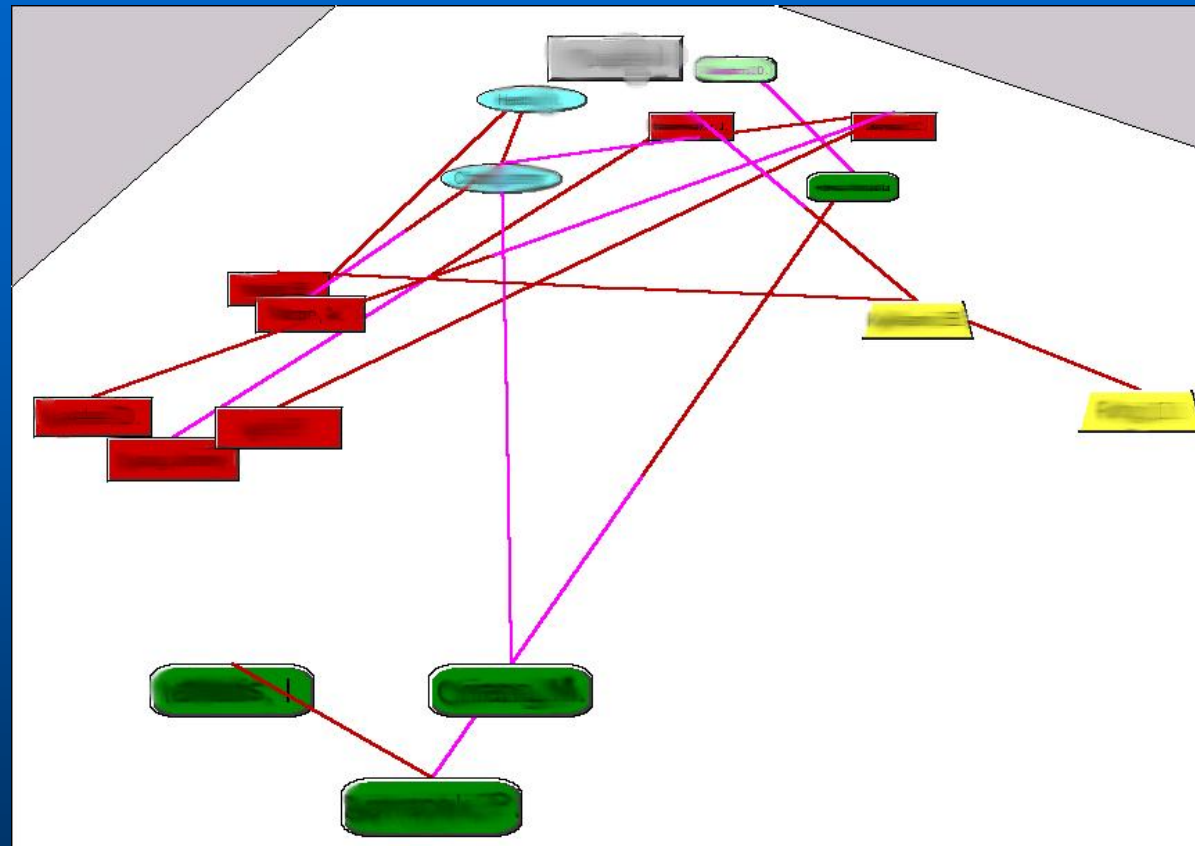


There is a general lack of clarity with regard to the mechanisms for evaluating and prioritizing customer requests that may well result in organizational tension and a sub-optimal allocation of resources.



## Issue 4: Select/Defer/Reject Enhancements

[Freq.>=3, Import.>=3, Impact(4)>=3]

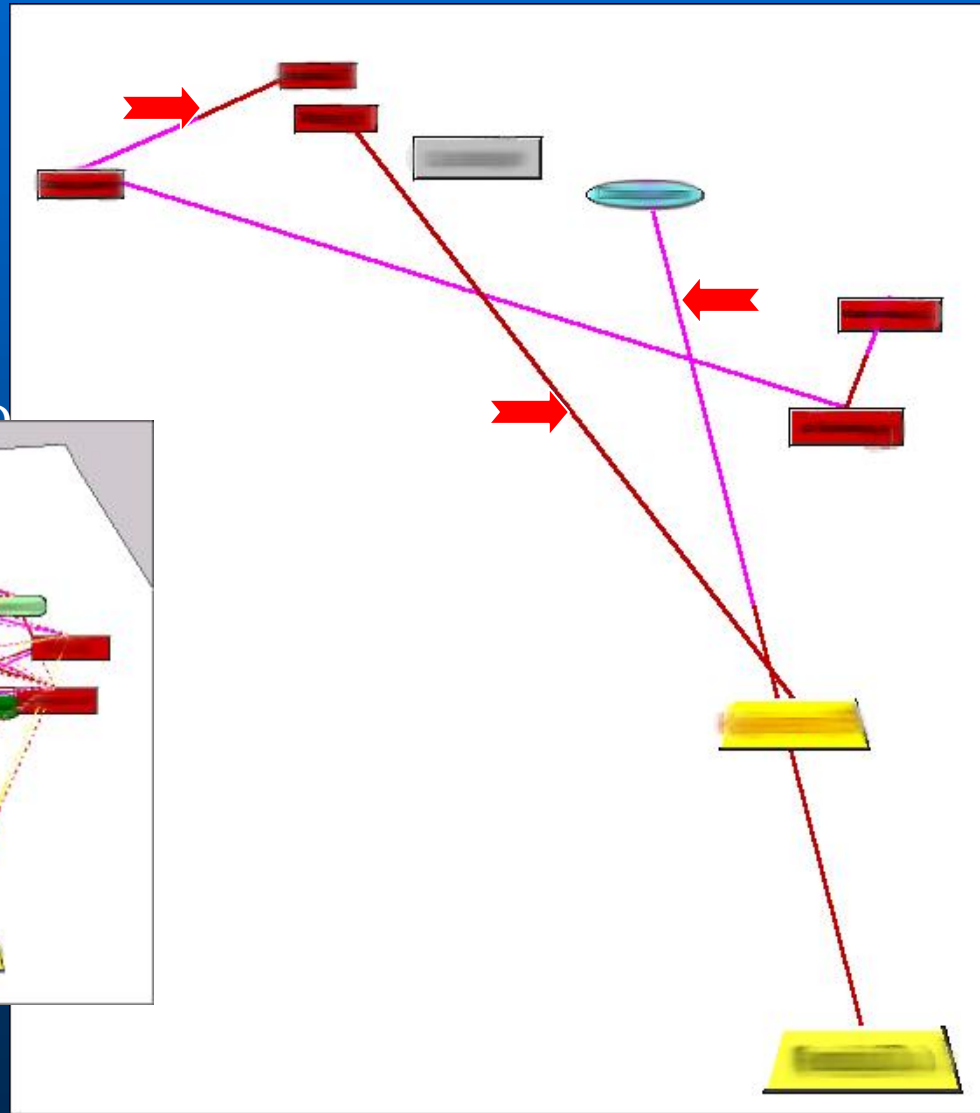
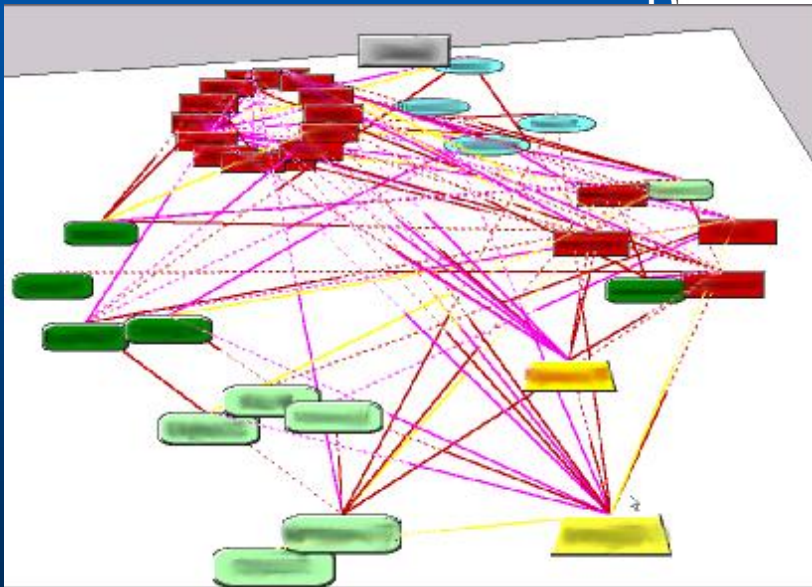


The existence of two independent networks around this issue is evident.

# Issue 5: Resource Allocation

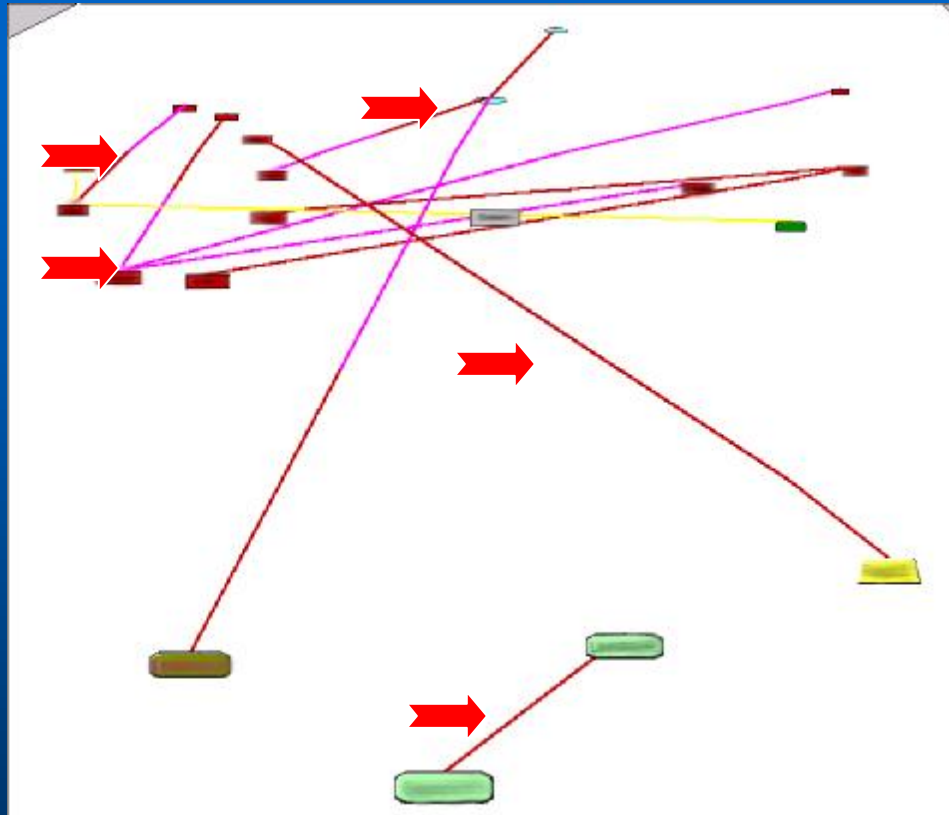
[Freq.>=3, Import.>=3, Impact(5)>=4]

The resource allocation process is fragmented and not generally understood.



## Issue 6: Tracking & Monitoring

[Freq.>=3, Import.>=3, Impact(6)>=4]

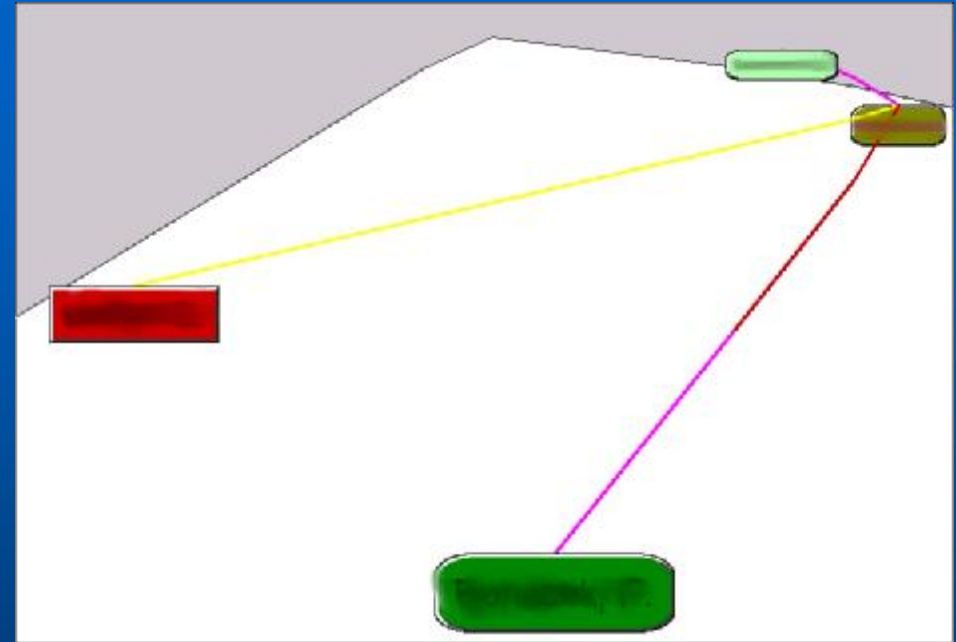
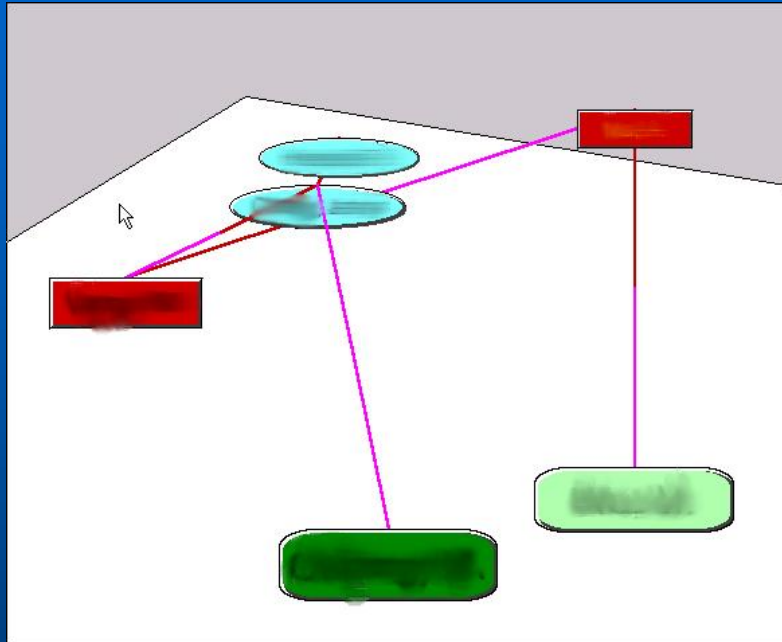


There are a number of small, independent, and generally intra-functional, networks associated with this issue, indicating that there does not exist a uniform and integrated process for tracking and monitoring enhancement initiatives.

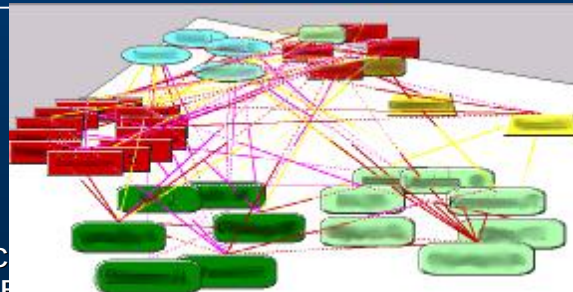
# Issue 8: Product Roadmap

[Freq.>=3, Import.>=3, Impact(8)>=4]

Agreed



There exist two well-defined, independent, networks associated with the Product Roadmap. However, the process is not generally understood across the organization.



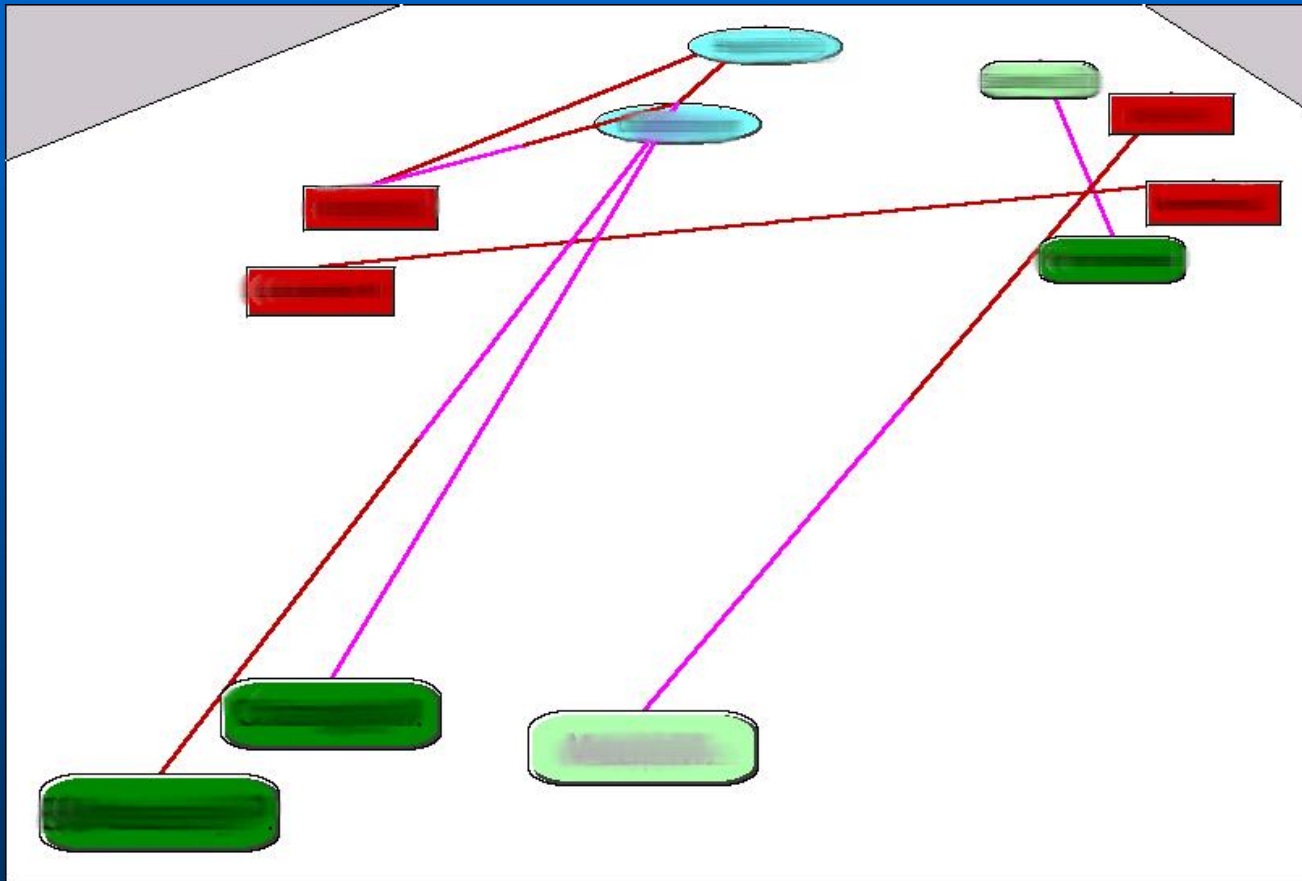
Disagreed



# Issue 9: Strategic Initiatives

[Freq.>=3, Import.>=4, Impact(9)>=4]

Agreed

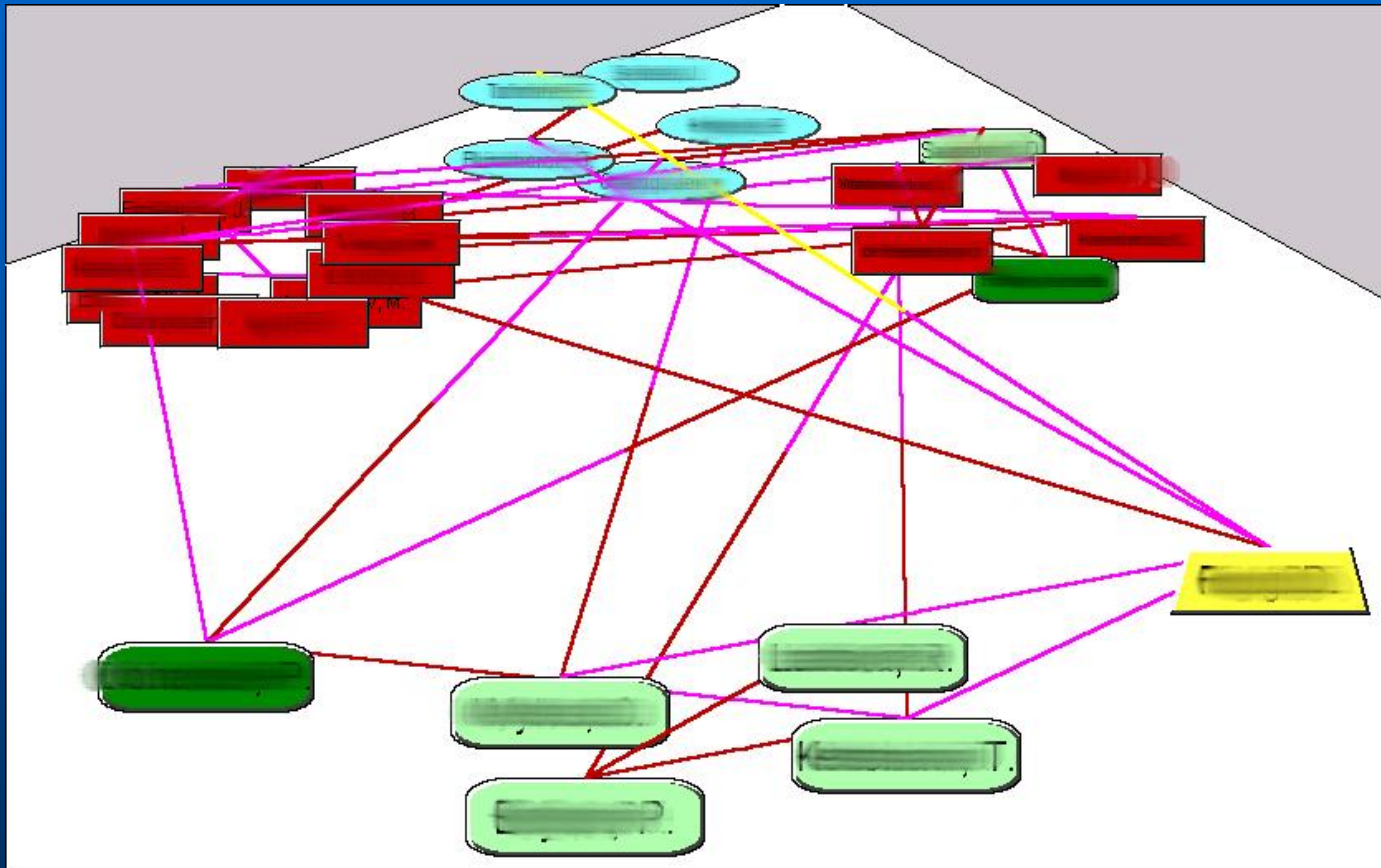


There is a primary, Corporate driven decision network on the issue of Strategic Initiatives along with several independent “satellites” that suggests a fragmented planning process.

# Issue 11: Quality Assurance

[Freq.>=3, Import.>=4, Impact(11)>=4]

Agreed



A well-defined and integrated network exists around this issue, indicating a high level of awareness and focus within the organization on quality.