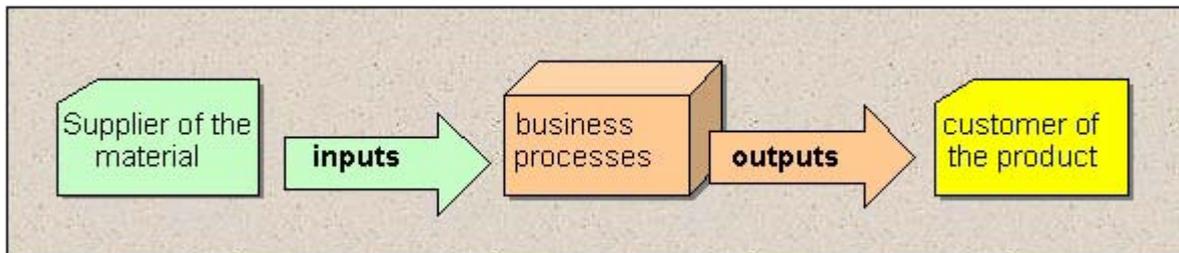# process-based
change & knowledge management

a <u>short introduction</u> to

processes considered as a federating
unified organizational language ©

*a **business** White Page from the desk of*

Daniel C. RENSON, MIS
FUTURE-BASED CONSULTANCY & SOLUTIONS
transformational organization and change management

Brussels, November 1999

__ERP__ packages have exploded during the past decade onto the business world.
They become an indispensable enterprises "big tool".
Implementing an __ERP__ is a thrilling AND threatening adventure as it is integrating all recurrent business applications that can be digitalized for a full automation !
Product and process innovation, information highway are part of the move.
They require more coordination and control with real-time response.

Parameters are human AND technical : it's more than a __complex__ operation. It is a real __complication__ that is incorporating complex interactions / __intricacies__ and going to heavily modify the work pattern of many people in the company.
Individuals hate being abruptly changed and will react negatively.
*Also it's hard to find a **common language to federate opinions**, skills, participation and move as a united group for successfully implementing the package.*
Consequently, many projects fail or run over scheduled budget and time.

As from his first global implementation experience with IBM-Belgium (accounting, procurement, warehousing, transport) in the year 1972, Daniel C. Renson has been involved in many other ones that have helped him in the building of a simple thinking way to reconcile parties before, during and after the installation operation.
This paper gives a real-life perspective on how to approach such a large project spirit and definition.

Implementation consultants are needed to install the __ERP__, expert advice is strongly recommended to conduct the change management …

Implementing an ERP …

In the euphoria of having signed for an __ERP__ implementation, you should not forget to plan and conduct a clever and professionally designed **change management project**.

Implementing an __ERP__ means :

- **human insecurity** : an __ERP__ is a huge integrating system only a few people are "seeing through" ! What does it consequently mean for the employees ?
- **management resistance** : the floor starts dancing under their feet ! The pyramidal hierarchy will be "reprofiled" : part of the communication flows and the controlling will be automated …

Who is the first to start with ?

Start with the management : the project is a very global one. It needs a full unconditional adaptively structured support !
At the same time, **information has to be distributed to all parties** : let people be aware that something positive is on the way.
That may not be delayed. Beware rumors : for many years, automation of processes has caused a deep loss of confidence among workers in their job security.

An ERP is going to automate *more* processes !

The __ERP__ is an integrating package. It will automate many additional series of fundamental processes in the organization and force to **consider every aspect** of its implementation.

That includes the **needed human capital** and the loss of its comfortable usual work pattern. Such a structure rebuilding is unsecuring employees and managers (the job is associated with the position in life and status in the company).

On the counterpart and at the same time, an **ERP** –a built on best business practices system- is **offering the opportunity to federate skills and motivation**
- to reduce the gaps (disconnection between software functions and operational process requirements known as the digital gap, difference in between the actual ways of doing and the targeted practices known as the planning gap) ;
- to construct something new that could be really performing for a long time ;
- to ease the continuity management.

Processes ?

A process represents an activity or a **set of coordinated activities** that is adding value to an input for providing an output to internal or external users / customers. Processes can be defined on all levels in the organization. They may not be determined by the sole internal organizational rule. The process owner has to consider the specified output quality level that is needed to dynamically activate the collection of the inter-linked processes they are attached to.

There is a shift from functional departments to inter-functional processes and from process- instead of task optimizing.

Don't automate a bad process **!**

Job profiles have to be reconsidered. **Process ownership** is a new organizational job the performance manager has to institutionalize. He is focusing on the employee to let him discover more about his job and capabilities to achieve personal and professional goals through this new opportunity (**congruence** is a major target).

A properly well defined and functioning line of **simplified processes** is representing the enterprise core activities everybody agrees on and will facilitate the participation, the communication, the **knowledge acquisition and transfer**, the adaptive flexibility and continuity.

At that time, the knowledge of all the various inter-connected departments culture is not needed any more. Only what the full process is all about does matter. **United participation** is on the way : processes culture is shared, communication are based on the **same concepts and semantics.** All over the various departments and units.

Knowledge data collection and management is facilitated.

The staff motivation AND market positioning depend on such a precisely but flexible tailored organization.

The management tasks

The management has to define the **strategy**, set the rate of change the organization can stand and then manage the transition according the following main principles :

- human mind likes to know what is happening. Otherwise it begins grieving in anticipation of losses much before something happens !
- start with general information that is describing the success of the group, the positioning it is aiming at, the ideas that have showed up to help participants to deal more with the move in the challenging economy ;
- get in touch with the stakeholders, leaders, key-people, union and ask them for their ideas and views on the general situation. What would they do to resume what is not going on the right way …

- inform about the job tenure : the transition will be a participative action that has to create better jobs (boosts skills), fasten and secure activities (less boring clerical tasks), stimulate synergies, offer process ownership and other opportunities within the group ;
- locate who is able to maintain a forward-looking attitude and who else must be "lifted" up to the new position and network. It is just a matter of confidence that has to be "pushed".
- Log and update the lessons that have been efficient for the benefit of the followers (knowledge transfer).

New ways of operating

The new ways of operating are required by the changing complexion of competition (many elements are pushing it to new real or virtual positions).
The best way to face the challenge is to **adapt the processes and** :
- **empower people to make them very flexible ;**
- **let them believe they have "permission" to change and innovate** beyond the formal job description.
Changes are of such a magnitude that they have to continuously seek new means of operating the processes.

It starts as from an in depth discussion on how to **participatively ground the process** :
- simplification (better understanding and access)
- efficiency (valuing the ownership)
- interface (valuing the team)
- knowledge transfer (better collaboration and risk reduction)

That isn't an easy job : actual systems are deeply embedded in the current way of doing business. Collections of check-lists and frameworks plus a solid experience are needed to get out of that gigantic maze …

The rethinking of the business processes can only be successful if it is made in tandem with the **management processes** :
- everybody has to change his way of thinking, stop working on his own, behave in group ;
- the management has to catalyze, support, lead and coach the state of **collective consciousness to initiate change *participatively* as from the processes**.

The operating state …

… of an organization refers to its ranking in the hierarchy of **consciousness** (who has said knowledge ?) about the professional environment.
It gives a clear idea of its **maturity.** It is characterized as it follows (according to the excellent investigations of the *Carnegie Mellon University, Software Engineering Institute : "guidelines for improving the software processes", Addison- Wesley Publishing Company, USA, 1995*) :

- <u>**generalities**</u> :

  - understanding of the organizational settings that are required to achieve a common goal ;
  - focus on self-managing team ;
  - understanding of activities and workflow ;
  - capability of assessing risk for process derivation : proactive adjustment.

- <u>**Key process area**</u> :

  - <u>Organization process focus</u> : determination of processes and processes team responsibilities, consideration of members core capabilities.

- <u>Organization process definition</u> : definition of organizational processes with built-in improvement capabilities and monitoring mechanisms.
- <u>Training program</u> : provide team members with skills and knowledge. Includes identification of knowledge gaps and training needs.
- <u>Integrated change management</u> : integration of change processes and organizational processes according to processes performance capabilities.
- <u>Change management practice</u> : alignment of change activities with change management principles and practices.
- <u>Process coordination</u> : establishment of coordination and communication mechanism between different processes, development of **IT** support for effective collaboration (e.g. workflow).
- <u>Review</u> :identification and removal of processes pathologies for further improvements. Often performed in "quality circle" manner.

The above described level is considered as an absolute **minimum for implementing an ERP** and can be used for evaluating
- processes
- competencies / skills
- management capabilities and leadership quality.

Moving ahead (<u>continuity</u>) means that people are able to over-define (anticipative attitude) the processes for describing the coming standards.
Also that they can :
- identify cause / effect relationship for preventing occurrence of defects, modification of processes where defects occur, etc. (<u>risk anticipation and reduction</u>).
- make the change constant (continuous process improvement = <u>evolution of the unified language for facilitating the move</u>)
- notice the coming of new technologies, evaluate and integrate them within the processes.

Benefits

Processes managed according the **PFUOL** methodology will solve lots of critical points (that are usually listed within the Risks Management chapter !) :

- reluctance to change (more precisely : reluctance to be changed) ;
- processes validation (accelerated by the participation) ;
- roles definition (eased by the implication) ;
- processes simplification and optimization (fastened for higher measurable performances);
- out of standards implementation minimization ;
- process owners commitment (better appropriation of functions and standardized best practice support) ;
- mutualization and alignment of the referenced business practices (*best business practices …* not to be considered as a final achievement !) ;
- innovative solutions for bridging the gap elements ;
- synergies between sites (intensification) ;
- technical implementation hazards (motivation and innovation are compensating for unattended problems) ;
- main functions and cross-departmental flows integration ;
- **ERP** (or equivalent) implementation **ROI** (enhanced business processes contribute to the **ERP** outcome as they match its integrating functions) ;
- human, financial, technical and operational risks (significant reduction) ;
- internal resources maximization (main ones : staffing project and staff mobility) ;
- communication, knowledge acquisition, data transfers and banking (on site and in between them) ;
- multiple cultures and languages (simplification and standardization) ;
- sponsorship and delegation (relational and informal ways of doing) ;

- training and coaching (facilitation by the reduced complication) ;
- job expertise (fastened and improved) ;
- maintenance and quality control ;
- new models (norms and standards), tool kits and documentation ;
- change management and BPR / BPM projects (participation is securing them).

Daniel C. Renson, *FBC>s* partner

Acronyms and business jargon

BPR / BPM : Business Process Reengineering / Management (continuity)

COMPLICATION and **COMPLEXITY** : **complex** refers to that which is made up of many elaborately interrelated or interconnected parts, so that much study or knowledge is needed to understand or operate it *[* a *complex* mechanism*]* ; **complicated** is applied to that which is highly complex (made of very different elements with no or almost no direct relation in between them – *note added by Dan C. Renson*) and hence very difficult to analyze, solve, or understand *[* a *complicated* problem*]* ; **intricate** specifically suggests a perplexingly elaborate interweaving of parts that is difficult to follow *[* an *intricate* maze*]* (Compton Home Library, 1998).

CONGRUENCE : consistency made of the goals of individuals and the goals of the company that has hired them.

ERP : Enterprise Resource Planning.

FBC>s / future-based consultancy & solutions
Pacific Building, 14/1403 Willems Street, 1210 Brussels – Belgium.
Phone +322 230.9590, Mobile : +32 476.521.060
Email : info@fbc-e.com   Site : www.fbc-e.com

IT : Information Technology (What about the IT&C ? IT and Communication !)

ROI : Return On Investment (What about the RROI ? It's Rapid ROI !)

STRATEGY :
Strategies are plans to achieve organization goals *(R.N. Anthony, Vijay Gavindarajan)*
Strategy is management's game plan for strengthening the organization's position, pleasing customers and achieving performance targets *(Thompson & Strickland)*
Strategy it's made of science and experience and has to foresee how the enterprise should be dynamically and participatively routed to position itself in the most challenging and defendable way *(Dan C. Renson,* ***FBC : I've not defined the ratio in between science and experience. But you see what I mean …****)*.
Strategic excellence positions where companies consciously develop selected skills which give them superiority over the competition and hence above average results over the long term *(Cuno Pümpin, Corporate Dynamism)*
Strategy determines what the organization needs as Skills which then dictate Structure, Staff, Systems, Style & Shared Value *(Seven S model widely used by Business Consultants)*
Strategy is a transformational way forward which is involving and enlightening the implicit ambivalence in every of the management actions and cutting through some of the deeply embedded privileging that simultaneously supports and handicaps business life *(General idea coming out of the Brian Baxter's reading "Consultancy Expertise : a post-modern perspective". He is willing managers to stop being limited to thinking in terms of paradigm shifts and start the process of relationship development)*
Strategy is leveraging key skills (to test the new organizational forms and the creative use of new technology) for breaking the rules and invent the future *(General idea of Tom Peters in his seminar about "the crazy times which are calling for crazy organizations")*.