
PAPER

Turning the Virtuous Circles

Tregear Circles, two virtuous circles that operationalize process-based management

BPM

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Without conscious attention to cross-functional processes, nobody is deliberately responsible for the creation, accumulation, and delivery of value to customers and other stakeholders. The organization chart says nothing about this topic.

All organizations seek to deliver value but, without a relentless, mindful focus on business processes, there is a critical gap between aspiration and reality. Too often, process improvement initiatives are 'random acts of management' without a systemic foundation. Organizations focused on continually improving and innovating the creation, accumulation, and delivery of customer value have process thinking embedded in culture and practice.

In thinking of BPM as a management philosophy, the intent is to effect 'process-based management'. This means that the cross-functional processes that every organization uses to create, accumulate, and deliver value are central to strategic, operational, and tactical management. To do that, the processes are identified, performance targets are set, governance mechanisms are created, and process performance improved in a process-aware culture where everyone contributes and appropriate support is provided.

The required components are easily identified, and it's not hard to imagine them all working harmoniously together in some future state, but how do we reach this nirvana?

What is the trajectory from the pristine theory of everybody being 'process-centric', to the gritty reality of managing a real organization with all its complexities, latencies, impossible demands, and human frailties?

How can process-based management be achieved in a practical and sustainable way?

Simply defining the [7Enablers of BPM](#) (Figure 1) will not achieve process-based management; each enabler must be instituted and embedded in a way that is cost-effective and practical. Application of the enablers is not just a one-off event, but an ongoing activity that will ultimately reach into every corner of the organization.

It is therefore vitally important that the orchestration of the enablers be accomplished in a simple and pragmatic way; the enablers will only be useful and sustainable if they attenuate the complexity of management.

An elegant solution is found in two virtuous circles, the **Tregear Circles**, that facilitate and deliver process-based management based on the 7Enablers.

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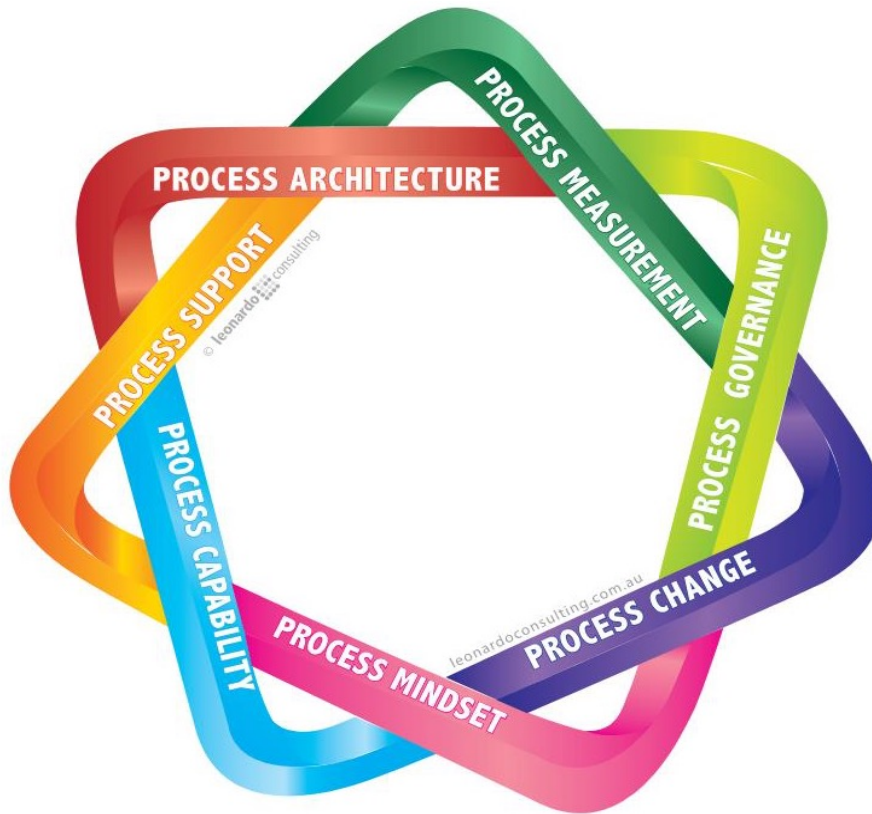


Figure 1: The 7Enablers of BPM

The Chasm

Drawing on the lifecycle-chasm concept, first made popular by Geoffrey Moore¹, Paul Harmon has spoken of a BPM maturity development chasm², as shown in Figure 2.

Surveys of BPM maturity, including the review by BPTrends³, show that most organizations undertaking some form of process improvement and management are between Levels 2 and 3, with many never crossing the chasm to Level 3. This is a serious problem because the significant, whole-of-organization benefits are realized at Level 3 and above.

Most illustrations of the five-step maturity model imply a linear, even progression from level to level. This is misleading. The biggest step-change is from Level 2 to 3.

As Paul Harmon eloquently, if graphically, suggests, many don't make it across the chasm and face a difficult, perhaps impossible, climb to recover. 'We might say that the Level 2 team gets up a lot of momentum, and then runs and jumps ... but it's in the nature of things that they can never jump completely across the gap, and they hit the wall and slide into the

¹ Geoffrey A. Moore. *Crossing the Chasm*, HarperBusiness, 1991.

² Paul Harmon. *The State of Business Process Management*, presentation at Building Business Capability Conference, Las Vegas, November 2013.

³ Harmon, Paul 2016. *The State of Business Process Management 2016*. Accessed 11 May 2016. <http://www.bptrends.com/bpt/wp-content/uploads/2015-BPT-Survey-Report.pdf>

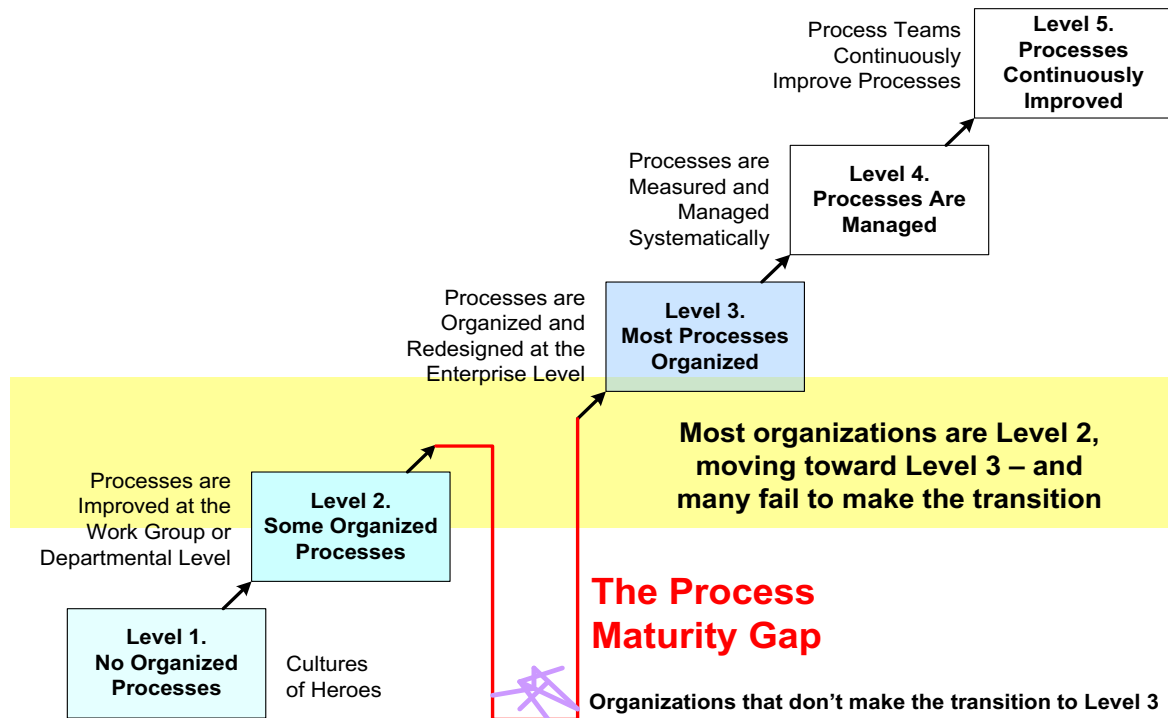


Figure 2: The Harmon BPM maturity chasm

gap—and then crawl out on L2 side. There needs to be a senior executive on the Level 3 side of the gap to reach out and give them a hand and pull them up.’⁴

At Level 2, an organization has a growing acceptance of the importance of processes (*mindset*)—some processes have been documented, and process-improvement (*change*) projects are becoming more common—but the process-improvement scope is still quite limited, and process work itself remains largely siloed.

Many of the artifacts of the 7Enablers may have been produced, but they have not yet been turned into practical tools of management. The process view still has only a theoretical role in management and is not valued as a day-to-day strategic and operational tool. That level of maturity is relatively easy to achieve compared to the next challenge, Level 3.

To achieve and sustain Level 3 requires important differences. The key change is that a process *architecture* has been developed and is in common use to guide management decisions, as well as to shape and make process improvement and management easy.

Process owners are active and *governance* arrangements are working. Process *measurement* begins and anomalies are detected and corrected, resulting in proven beneficial business outcomes. The organization is actively searching (*capabilities*) in a systemic way for ways to improve process performance.

Based on a thorough understanding of the process and its operational context, there are also opportunities to seek small and large improvements quite separate to solving performance problems. Broken processes are fixed; all processes are assessed for improvement opportunities irrespective of reported performance. This makes the process view and resulting activities a strategic, as well as operational, imperative. At maturity level 3 and above, the organization is ‘thinking process’, showing signs of a genuine process-aware culture.

⁴ Ibid

For most organizations, a significant gap exists between aspirations for higher levels of BPM maturity and the lived reality. This is not to say that crossing the chasm is too hard or too dangerous to be attempted; the lesson is that, to succeed, organizations need to understand what is involved and properly prepare for the crossing.

Reaching nirvana

To their significant benefit, many organizations successfully cross the chasm, and this number is increasing.

In the latest published data from the BPTrends State of BPM Survey,⁵ about thirty-eight per cent of respondents are at Levels 3, 4, or 5, with approximately sixty per cent of those at Level 3.

Tregear Circles are more than an interesting diagram; they describe a meta-model for process-based management

They make it to a point where process-based management is becoming the instinctive approach, and process thinking is being embedded in the organization's culture and practice.

In doing this, they have also solved the dilemma of balancing the immediate and urgent demands for performance control and improvement with the longer-term need to create a systemic approach that will pre-empt and prevent the urgent

problems before they have a chance to develop.

This is not to say that they have reached enlightened perfection, a process nirvana. However, they have created, and increasingly entrenched, a systemic response to performance problems, innovative ideas, and operational and strategic ecosystem changes, that drives continuous improvement in the creation, accumulation, and delivery of value to customers and other stakeholders.

How do they do that? The 7Enablers begin to have practical meaning.

Two virtuous circles deliver process-based management at high levels of BPM maturity. The author has derived general concepts from projects across a range of industries and in several different countries. Operating details vary, but the basic structures are present in successful process-based management environments.

The two virtuous ***Tregear Circles*** are the PO circle (process ownership) and the PI circle (process improvement), as in Figure 3.

Key activities in the PO circle are ***target—assess—respond***. In the PI circle, the key elements are ***as is—to be—to do***.

The Tregear Circles are more than an interesting diagram. They describe a meta-model for practical process-based management, one that can be used at once and from which benefits accrue quickly. Details are discussed later, but first, an overview of each circle showing its general context and content.

⁵ *ibid*

The PO circle is continually and deliberately testing the performance of all processes to uncover actual or emergent performance gaps driven by measurement, and innovation opportunities driven by ideas.

A process performance target is set, then what is really happening is assessed, and intervention is required if the results are not what they should be or could be, or if the target should be adjusted.

In a process-centric organization, this is the core of the process owner’s role. This continual sequence of target—assess—respond ensures an unrelenting focus on the management of process, and therefore organizational, performance. It centers attention on the identification and management of process-performance gaps.

The repeating cycle of target—assess—respond is the drumbeat of process ownership.

The PI circle is the process-improvement cycle that identifies the current state, defines the future state, and then makes evidence-based changes required to close prioritized performance gaps.

Where actual or emergent process performance requires intervention, either because of deteriorating performance or an opportunity to innovate process execution, it is the PI circle that delivers process change.

The PO circle determines whether process adjustment is required in response to a current or emergent performance anomaly, or a development opportunity; the PI circle discovers, details, and delivers the business-process change.

Target—assess—respond is the drumbeat of process

Conscious process-management activity starts with the PO circle. The requirement is to be continually aware of performance gaps or opportunities to challenge the status quo, and making evidence-based decisions about which gaps need to be partially or completely closed, and in what order.

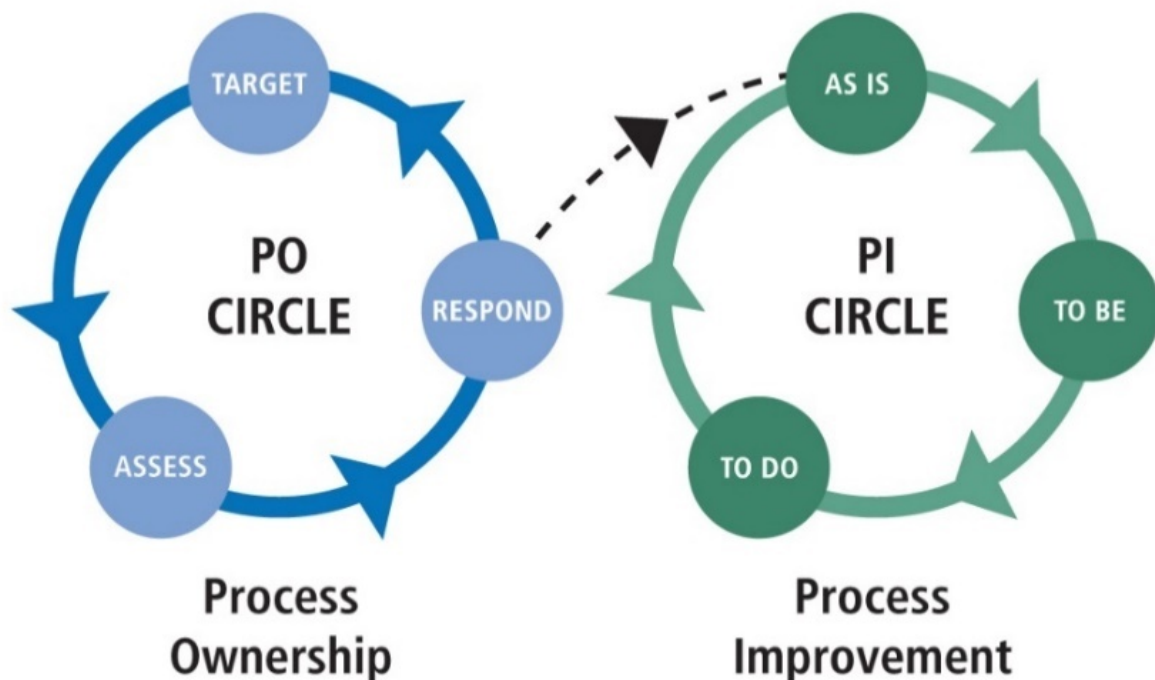


Figure 3: Tregear Circles

Processes are selected for PI-circle treatment based on PO-circle analysis. Pervasive process improvement should be a deliberate, systemic management act. Effective ongoing improvement requires a constant search for processes that can be improved.

The PO circle turns with a cadence appropriate to the frequency of the process execution. The PI circle turns with a speed appropriate to the type of process intervention underway. While the PO circle triggers the PI circle, they act asynchronously.

The real benefit of continuous improvement comes after the easy changes have been made—and this demands not just the PI circle to deliver changes, but also the PO circle to continue to uncover the anomalies and opportunities.

Having constant system of process assessment in place, that is, having the PO circle turning, provides a continuous and integrated mechanism to test what benefits have been realized via process improvement, that is, by having the PI circle turning. The reliable closing of this continuous feedback loop is inherent in the operation of the circles.

The 7Enablers (architecture, measurement, governance, change, mindset, capability, support) are developed simultaneously to achieve and sustain process-based management. Therefore, the relationship between the circles and the enablers is fundamental. The enablers define the elements of transformation; the circles describe the operational dimension. With these two virtuous circles consistently working well in a controlled way across the process architecture, an organization is working at high levels of process-management maturity.

Creating the circumstance where the two circles are 'consistently working well' is not a trivial exercise—but once achieved, there is a mental and physical fly-wheel effect that is continually boosting process performance; that is, continually assessing and adjusting the cost-effective delivery of value to customers and other stakeholders.

The circles also give shape and substance to the various roles involved in process-based management. The PO circle defines process owner accountabilities.

Too many organizations appear to define success for a process owner as having achieved perfection; 'we have no problems to fix, no opportunities to fulfill'. Whereas successful application of the PO circle means the process owner continually finds problems to fix and opportunities to realize. When the PO circle turns, it deliberately uncovers possibilities for continuous process improvement.

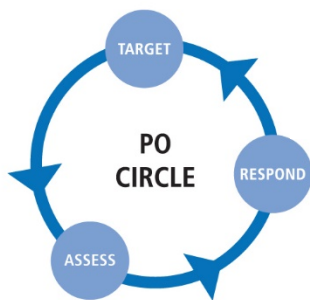
Those who put forward ideas for change, and those who play a role in establishing the business requirements for performance of a process, are also well involved in the PO circle.

In the PI circle, the process-improvement project roles are defined, separating process improvement work from the continuous work of process management.

Target–assess–respond

Target–assess–respond is the essential cycle of process-based management (see Figure 4).

Identify a process and set a performance target, assess actual performance, and respond if intervention is warranted, either to improve performance or change the target. This is the main game; all process management and process improvement comes down to this.



If processes are not being improved, sometimes with radical effect, then all this activity is wasted. Process-based management is both as simple and as complicated as the target–assess–respond circle.

For many organizations and their people, this is a new way of thinking and working. The difference is not only in the idea of assessing and reporting, but also in assessing and reporting business-process performance, rather than the performance of organizational units alone; that is, focusing on value-creation chains from the process architecture, not just resource-management objects from the organization chart.

Key insights into the use of the target–assess–respond cycle are discussed below.

Figure 4: The PO circle

Target

The task is to determine which ‘critical few’ measures would indicate that the process is working well enough for a consensus of key stakeholders. An important parallel requirement is ensuring an effective and sustainable measurement method, that is, a practical way of gathering the performance data.

Activities to discover the best measures and set targets are facilitated by the process owner, supported by the office of BPM, in conjunction with those involved in process execution.

How this takes place is a matter of project detail and will vary between organizations, but it is likely that some form of discovery workshops will be involved. Beyond the initial round of target setting for a process, formal reviews might be held:

- on a regular schedule, for example, every 12 months
- in response to some change in the ecosystem in which the process operates
- because it is clear from the performance data that the target is no longer appropriate.

Targets will change over time. When a new process settles into operation or as a performance concern comes under control, the process changes and requires additional or different measures. Over time it may also be possible to collect more useful performance data. One common occurrence is that the measured data show little or no variation. There is no need to measure a constant and the once-useful measure may now be a waste of effort.

The most important matter in this setting of process performance targets is to make sure that what is being measured is a good indicator of process performance. These targets will be relied on, and so they must be real. Elsewhere in the circle, the process owner will focus only on deviations from the targets, and this can only work if the correct measures and targets have been determined.

Assess

The assessment node of the PO circle is quite deliberately not called 'Measure'; it is called 'Assess' because more is involved than just the measurement of performance data. Measured performance data will be important of course, but there are three additional aspects to assess, as shown in Figure 5. The assessment has four possible triggers: performance anomalies, ideas for innovation, impacts of external change, internal plans for change. The challenge is to make a comprehensive, holistic assessment of the performance of the process.

Performance-driven assessment will look at the measured outcomes and assess whether the process is working within agreed performance limits. It will also test for any trends that cause performance anomalies to develop. This is the classic mode of performance assessment based on the discovery of problems that need correction. However, there are other important ways to think about process assessment.

Just because a process is working well (that is, measured performance is within the agreed targets) doesn't mean it

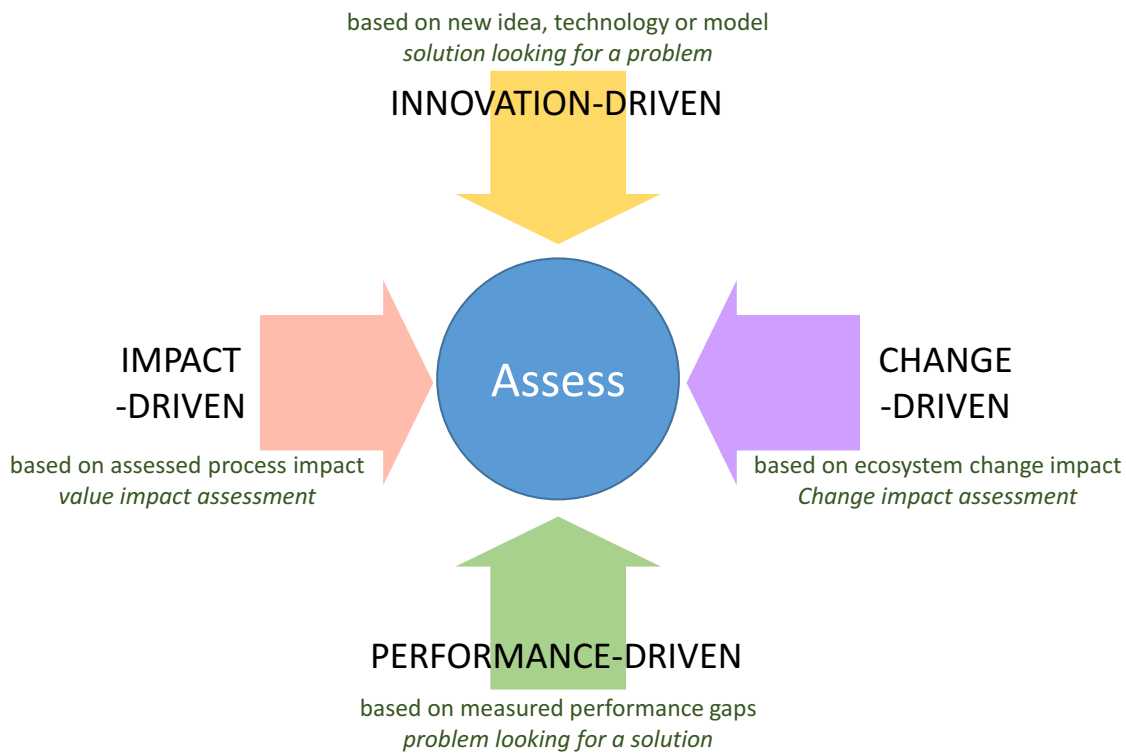


Figure 5: Drivers of change

couldn't be improved if there was a business case for doing so. This gives rise to **innovation-driven assessment** as shown in Figure 5. The classic innovation-driven case is the possible use of some new technology in the process, for example, the application of wearable technology. Innovation may also be possible via the use of a different business-operating model or a different way to interact with customers. This idea-driven mode of assessment allows for the integration of innovation lifecycles into the assessment of process-change options.

Such integration is important as it inevitably causes difficulties if an artificial barrier is created between the implementation of process improvement and innovation discovery and analysis frameworks. Since improvement and innovation are both about changing processes, they must be part of the same framework.

An assessment might also be made based on a desired business aim, for example, to increase market share in a particular area; the questions would then be about how various processes could be changed to make that happen. **Impact-driven assessment** asks, if a given outcome is required, how does the process need to change?

The final mode, **change-driven assessment** deals with changes in the context in which the process operates. If the process ecosystem has changed, what must change about the process to maintain acceptable operational performance?

The assessments in the PO circle are not just about performance, but also about context, outcomes, and regeneration.

Respond

This seems obvious, but it's a common failure point. Without an appropriate response, assessment is waste. The purpose of assessment and measurement is to correct problems and, importantly, to find ways to avoid their reoccurrence.

In an environment where the management effort is concerned with overseeing individual functional areas, who will respond to cross-functional performance opportunities and concerns? The organization chart is silent; this is the key role of the process owner.

The process owner's role is to 'mind the gap', to be constantly aware of the performance gap, to make deliberate and informed decisions about the extent to which the gap should be closed, and the appropriate timeframe for doing so. This response to actual or emergent process-performance anomalies, or to opportunities to 'raise the bar' for process performance, is crucial for successful process-based management.

How should a process owner respond to a process-performance anomaly? Generally, there are three types of response.

One, it might be that the process is performing within the target range and there are no changes to consider, so there is nothing to be done, and no response is required.

Two, it might be that there is a need to change the measures or targets because there is a business case to either measure something new or set a different performance standard.

Three, it might also be that an intervention is required because there is something about the process performance that requires deeper analysis and consequent change. That will depend on the circumstances, but the options for an intervention might include one or more of these:

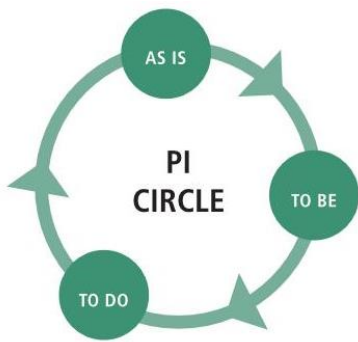
- commissioning a process improvement project (PIP)
- requesting more analysis of the underlying data
- collecting more, or different, data to give deeper insights
- discussing the problems with those involved in execution
- discussing the problems with those receiving process outputs
- considering the results of changing the performance target
- watching the process being executed.

The response node of the PO circle is critical if process-based management is to be effective. This is where proactive management of processes takes place; it is where process-based management has its real influence on organizational performance.

As is—to be—to do

As is—to be—to do is the classic process-improvement cycle—understand the current situation, define the target, and design the activities to achieve the change. This where the change enabler from the 7Enablers operates.

An important aspect, illustrated by the circle, is that the start and end must be with the ‘as is’. The objective is not to design the ‘to be’, nor is it enough to create the plans for change (to do). What is required is not just a ‘to be’ or a ‘to do’, but a new ‘as is’. That seems a simple enough idea, perhaps just playing with words, but the reality is that too many process-improvement projects make more recommendations than changes.



Successful changes are made here in the PI circle. The results of those changes are assessed in the always-turning PO circle.

Whether Lean, Six Sigma, BPTrends Redesign, or another process analysis and improvement approach is used, the PI circle objective is to give effect to the response wanted by the PO circle. In the context of the Tregear Circles, the PI circle is methodology-agnostic.

There are many ways to manage the PI circle. Some comments about key issues and common failure modes appear below.

Figure 6: The PI circle

As is

There is almost always an ‘as is’, if not for the organization, then for its customers or other stakeholders. If the temptation is to think that what a process does is uniquely new, check carefully whether that is the case for everyone—perhaps it’s new for just this organization, and not for customers and other stakeholders.

Is it clear why the process is in its current form? Processes often change for good reason. Life can sometimes be a little complex, and users modify processes over time to account for the real world. Things identified as anomalies in a current process might be what make it work. Or they might also be just plain silly with no redeeming features. Clearly, it’s important to know the difference.

Analyzing the ‘as is’ can be safe and comfortable. Don’t get stuck there, though. Understand the problems, their causes, opportunities, and constraints—and then move on to remove the causes and neutralize the constraints; that is, to create a new ‘as is’.

To be

This is where process analysts, and the business people with whom they work, really make a difference. Finding the best ways to deal with problems and opportunities is what it’s all about. To be credible, process improvement via any methodology must produce results that are qualitatively and quantitatively different to the much more generic (and common) approach of ‘making things work better’. This needs to also happen with big changes, not just with small ones. You will seldom be asked to make minor changes to inconsequential processes, but more often asked to deliver radical improvement to large, mission-critical processes.

The key to getting the best process improvement is to uncover **all** the problems and their causes, and **all** the opportunities and their constraints—and then to flush out **all** the possible change ideas. Culling should be done from a long list of ‘could-be’ changes to avoid the possibility of using a short list that fails to identify the best options.

Process improvement is not about making lists of the obvious. It's about knowing what problems need to be solved, which opportunities might be realized, pushing the envelope to find all the possible change ideas, and then choosing the best. This should be a conscious, creative, deliberate, and repeatable process.

To do

Recommendations for change to improve processes then need to be carried out as projects. This is the critical point when real change is made. Process change is the overall objective of process-based management.

At this point, many new people are likely to become drawn in without the benefit of deep involvement in the previous process-analysis activities. In the 'handover' to change project execution, it is vital that the urgency and purpose of the change(s) are maintained to achieve the proposed process-performance benefits. Many a process transformation project fails at this hurdle.

Another disappointing development at this stage is to put aside the process analysis work completed in the previous phase and start a completely new analysis pathway. This not only loses the process view, but also asks stakeholders to repeat their involvement. The appointment of a process owner before the projects start helps avoid these problems. If the PO circle is in operation, then carrying out the process changes in the PI circle will be closely monitored in the normal course of process governance.

Two circles—one objective

The Tregear Circles show the simplicity and the complexity of process-based management. Turning together, they achieve what many organizations struggle to achieve when focusing on just one alone.

Reflecting the execution of an organization's strategy, the PO circle defines the essential role of management: to continually uncover and resolve current and emergent performance concerns, and to capitalize on opportunities.

Responding to these outcomes, the PI circle seeks, finds, and makes the changes required to close the performance gaps and realize the benefits.

Once established, and when well maintained, the ‘circular momentum’ aids continuous improvement and resists any other

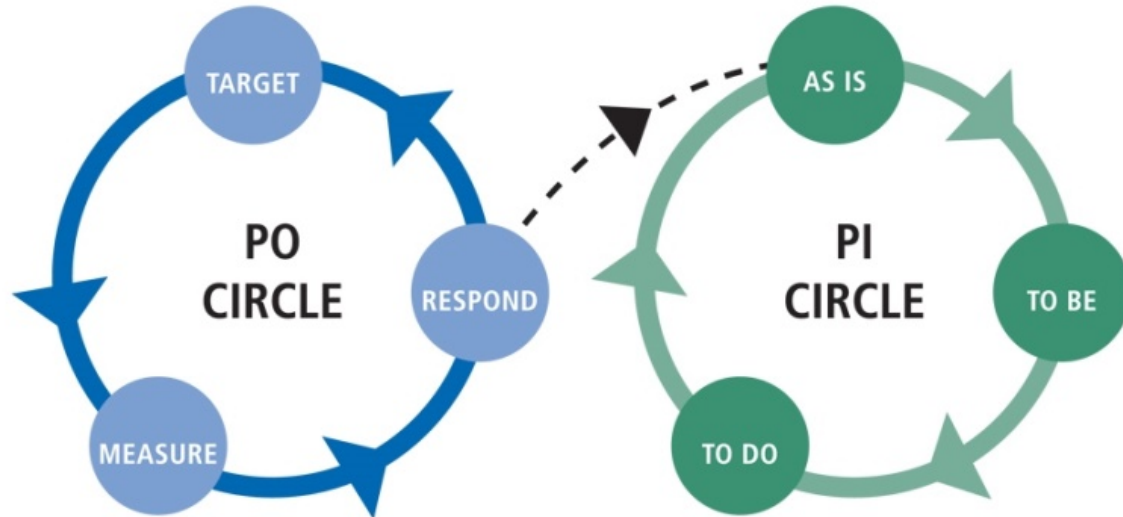


Figure 7: Two circles—one objective

influences that might act to slow it down.

With the Tregear Circles turning, strategy is enacted through continually improved and actively managed business processes.

Frequently asked questions

PO or PI first?

Does the PO circle always come first? If an organization isn't ready for full-on process-based management, and just wants to improve a process, all that is needed is the PI circle, which will be made to 'turn' as required.

The real question is how to make the business case for process-based management—that is, to make the case for getting both circles turning.

There are two perspectives. Where there is C-level support for the idea of process-based management, the business case reflects the compelling idea that processes deliver value and, therefore, must be managed. However, when the idea of process-based management doesn't immediately resonate, the hook needs to be more short-term and practical (cost savings, shorter cycle times).

If the idea of process-based management strikes a chord with decision-makers, they will see the value of the PO circle. If the focus is on quantitative improvements to particular processes, then starting with the PI circle will make more sense.

Having been around the PI circle a few times, the value of the PO circle will become apparent, indeed it should be seen as mandatory. Eventually, everyone needs to see processes improved; it's a question of where you start.

Isn't the PO circle about process management (PM)?

It is often suggested that the PO circle is about **process management**, and should therefore be the PM circle, not the PO circle.

While this can be argued, the PO terminology is deliberately used to emphasize the critical role of the process owner, a role often poorly defined and, hence, poorly executed. Using the circles, process owners know what they need to do and how to do it (and yes, they are doing process management).

Don't we need an arrow from PI to PO in the diagram?

Another common suggestion is to add an arrow going 'back' from the PI circle to the PO circle to indicate some form of feedback. This is neither needed nor methodologically correct.

The PO circle is turning continually and, from time to time, it triggers the PI circle. While the PI circle is turning, the PO circle also continues to turn—that is, it continues to assess performance against agreed targets. The 'feedback' is built in, and the PO circle continually uses performance data, ideas, required effect, and change demands to assess process performance.

How fast should the circles turn?

The circles don't need to spin, but they do need to turn.

How fast the PO circle turns will depend on the process—it could be in real time, or perhaps quarterly; it depends on the cycle time of the process. Circle speed may also change over time or on a seasonal basis.

The PI circle will also turn at different speeds, largely unrelated to the PO circle speed, depending on the nature and complexity of the process-improvement activity and the analysis methodology used. A common failing for process-improvement projects is that they take too long to deliver benefits, that is, the PI circle turns too slowly.

***Get the circles
turning!***

The important thing about circle speed and putting process-based management into operation, is to ***get the circles turning.***

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In January 2014, I introduced the *Tregear Circles*, two virtuous circles that operationalize process-based management. Since then, we've been able to use them in several practical applications and I'm pleased to say that they have proven to be very useful. They've also changed a little with the benefit of that exposure, and some initially hidden nuances of their operation have to come to light. It's time to revisit the *2 Virtuous Circles* with the insights from that experience.

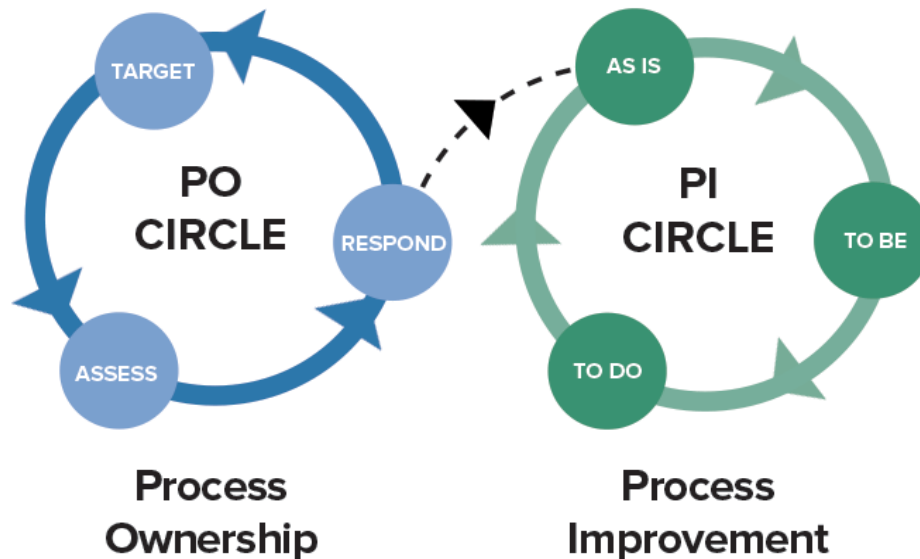


Figure 8: Tregear Circles—2 virtuous circles of process-based management

What’s the problem?

My favorite question is “What’s the problem we are trying to fix?”— so we should start with that.

In thinking of BPM as a management philosophy, we mean to effect ‘process-based management’. This means that the cross-functional processes that every organization uses to create, accumulate, and deliver value are central to strategic, operational, and tactical management. To do that, we identify the processes, set performance targets, create governance mechanisms, and improve process performance in a process-aware culture where everyone contributes and appropriate support is provided. I have written about and presented this sequence extensively including in a [BPTrends column](#)—and also [here](#) and [here](#).

We can easily see the required components, and it’s not so hard to imagine them all working harmoniously together in some future state. What is not so easy to see is how to reach this nirvana. How do we get from the pristine theory of everybody being ‘process-centric’, to the gritty reality of managing a real organization with all of its complexities, latencies, impossible demands, and human frailties? How do we operationalize process-based management in a practical and sustainable way?

That’s the problem. Let’s see if you agree that the Circles help provide the answers.

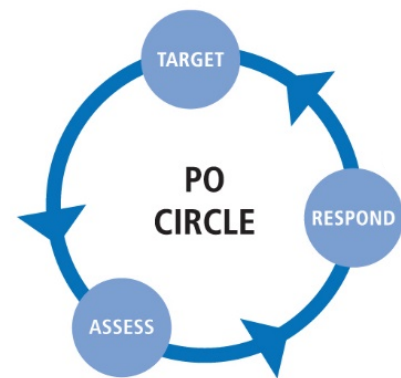
The Circles

First, a recap of the basics of the Circles.

Without conscious attention to cross-functional processes, nobody is responsible for the creation, accumulation, and delivery of value to customers and other stakeholders. The organization chart is silent on this issue. All organizations seek to deliver value but, without a relentless focus on business processes, there is a critical gap between aspiration and reality. Too often, process improvement initiatives are ‘random acts of management’ without a systemic foundation. Organizations focused on continually improving and innovating their creation, accumulation, and delivery of customer value have process thinking embedded in their culture and practice. The Circles operationalize process-based management.

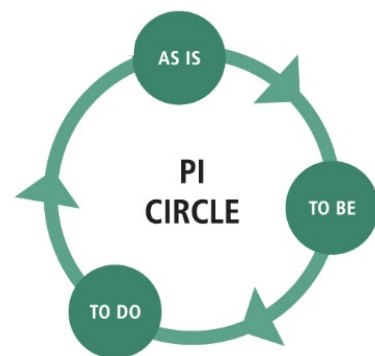
PO Circle

The Process Ownership (or PO) Circle is continuously testing for actual or emergent process performance gaps and opportunities. Set a performance target, measure what is happening, explore what could be happening, and respond if the variance is enough to warrant intervention. This **target-assess-respond** sequence is the essential cycle of process-based management, ensuring unrelenting focus on improving process—hence, organizational performance. For many, this is a new way of thinking and working. The novelty is not in the idea of measurement or reporting, but in measuring and reporting process performance rather than just the performance of organizational units—that is, focusing on value creation pathways from the process architecture, as well as resource-management objects from the organization chart. This is the core of the Process Owner’s⁶ role.



PI Circle

The Process Improvement (or PI) Circle identifies the current state (As Is), defines the future state (To Be), and determines and executes the transformation (To Do). Across the spectrum, from small adjustment to significant innovation, the PI circle delivers process performance change. Irrespective of the detailed process analysis methodology employed (the Circles are methodology agnostic), the PI circle addresses the process performance anomalies and opportunities discovered via the PO circle.



Importantly, the PI cycle starts and finishes with As Is. The objective is not to design the To Be, nor is it enough to create the plans for change (To Do). What is required is not just a new To Be or a To Do, but a **new As Is**.

To be credible, process improvement must produce results—that is, improvements in organizational performance. This must be true both for large innovative change and smaller corrective change. While the PO Circle continues to monitor process performance, the PI circle realizes demonstrable and objectively measureable business benefits.

⁶ There are many terms used to describe the Process Owner role, and all of them are wrong in some way. I use the *Process Owner* term here because it is the most common. I have recently been quite taken with the alternate terms *Process Trustee* and *Process Guardian*.

The PI circle discovers the problems we are trying to solve, and opportunities we are trying to realize; it pushes the envelope to find all the possible change ideas, and then executes the best. It is a conscious, deliberate, repeatable process that is applicable for any scale of process change.

Using the Circles

Okay, so this is the part where we turn theory into practice.

Conscious process management starts with the PO circle: being aware of performance gaps, or opportunities to challenge the *status quo*, and making evidence-based decisions about which gaps need to be partially or fully closed, and in what order. Processes are selected for PI circle treatment because of the results of PO circle analysis. Pervasive process improvement should be a deliberate management act, and continuous process improvement requires a constant search for processes that can be improved. That's the *continuous* bit of continuous improvement.

Target

To manage the performance of a process, there must be performance targets; therefore, the 'first' node in the PO circle is **Target**. There are different ways to go about this, and I don't intend to go into methodological details here. Suffice to say that the process is supposed to deliver value (products/services) to its stakeholders—so, we ask what value, what stakeholders, and how should success be measured? Don't underestimate this part. Finding the critical few measures for the performance of a process can spark profound conversations about the purpose of the process and how it contributes to achieving organizational strategy. Indeed, I have known it to test assumptions about the purpose of the organization.

Assess

Those of you following carefully will have noticed that this node was originally called **Measure**. It was changed to **Assess** to give a much better indication of the broader aspects of what happens here. Certainly, there is a requirement to make a performance-driven assessment—that is, to *measure*. However, it's not just about measuring current performance; it's also about assessing opportunities for innovation, because we need to make *idea-driven* assessments as well as *performance-driven* ones. Focusing on incremental improvement via the performance of the current process is the core of most traditional process improvement activities, and it remains very important. We need to remember, though, that incremental improvement is more likely to lead to similarity than differentiation. Airlines and airports do not arrive at a one-click check-in using a smart watch by continuously improving the management of the physical check-in queue. So, we assess for both measured performance gaps and new ideas that might radically change the process. We must proactively search for both continuous improvement **and** discontinuous innovation.

Respond

Setting targets and assessing performance is meaningless if there is no response. Generally, there are three possible responses at the **Respond** node: (a) no problems, nothing to see here, move on; or (b) the target needs to be changed; or (c) there is a problem to be addressed, or an opportunity to be realized, and we are off to the PI circle.

Before we leave the PO circle, let me emphasize that **turning** this circle is the core accountability of the Process Owner. To enable process improvement—and this is the purpose of all process management—there must be a continuous assessment of existing performance gaps, and evidence-based decisions about which gaps should be closed now, and for what sound business reasons.

As Is

Now we are in the more familiar process improvement cycle. Whatever methodology you use (Lean, Six Sigma, BPTrends, etc.) it's about understanding the *content* and *context* of the current state (As Is), designing a future state, or series of future states (To Be), and then executing the required changes (To Do). An important difference in the PI Circle is that

we've arrived here through an evidence-based assessment of current and potential performance, which is measured against well-defined targets in the PO circle. We may have arrived here because of a performance problem—too slow, too many defects, etc.—or because we need to explore some new opportunity—the impact of RFID technology, removal of latency in responding to customer requirements.

To Be

Based on an assessment of the current state that allows proper understanding of the causes of problems and the potential of opportunities, process redesign can be undertaken with specific requirements in mind. Depending on the nature of the problems and opportunities being addressed this might be about incremental improvement or discontinuous innovation. If the redesign brief is to reduce the processing time for a loan application from three hours to two hours, that may not be so hard. If the redesign brief, backed by extensive analysis conducted in the PO circle, is to change three hours to **three clicks**, then that's a very different project.

To Do

To Do is just shorthand for the many things that may be required in order to effect the process changes. Not to say that this is easy or trivial. This is where many process improvement projects fail. Process change management often requires several concurrent change projects requiring different elapsed times and resources, and having varying degrees of difficulty. Process improvement happens when the portfolio of related change projects is successfully completed.

As Is

I repeat **As Is** here for emphasis. Process improvement projects often make many more recommendations than changes. Often the target is to **design the To Be** and this is the wrong mindset. We don't want a To Be, or a To Do, we want a **new As Is**. Benefit realization tracking is a common failure in many process improvement programs. The forecast benefits were believed, the change projects were approved, but what actually happened as a result of making the approved changes, in a complex environment where many other things were also changing, is uncertain.

Here the Circles provide a significant additional advantage because, as the PI circle has been turning, so has the PO circle, and it keeps turning before during, and after the process changes are considered and made in the PI circle. Tracking performance, i.e. benefit realization, is therefore built in and unavoidable.

Lessons Learned

This thinking and approach has been applied on several projects over the last year or so, and the lessons learned and common questions are addressed below.

PO or PI First?

Does the PO circle always come first? If an organization isn't ready for full-on process-based management, and just wants to improve a process, then all that is needed is the PI circle, which will 'turn' anytime for any reason. The real issue is how to make the business case for process-based management—that is, to make the case for getting both circles turning. There are two perspectives. Where there is C-level support for the idea of process-based management, the business case reflects the compelling idea that processes deliver value and, therefore, must be managed. When the idea of process-based management doesn't immediately resonate, the hook needs to be more short term and practical (cost savings, shorter cycle times). If the idea of process-based management strikes a chord with decision-makers, they will see the value of the PO circle. If the focus is on quantitative improvements to particular processes, then starting with the PI circle will make more sense. After having been round the PI circle a few times, the value of the PO circle will become apparent.

PO or PM?

It is often suggested that the PO circle is about **Process Management**, and that would nicely match the **Process Improvement** circle terminology. While I agree with that, I resist the suggestion to change the first circle name to **PM**. I do this because the PO circle defines the Process Owner role, a role that is often poorly defined and, hence, poorly executed. Using the Circles, Process Owners know exactly what they need to do and how to do it (and yes, what they are doing is 'process management').

PI to PO?

Everybody wants to 'improve' the diagram by showing an arrow going 'back' from the PI circle to the PO circle. This is neither needed nor methodologically correct. The PO circle is turning all the time (see note below about **circle speed**) and, from time to time, it triggers the PI circle. While the PI circle is turning, the PO circle also continues to turn—that is, it continues to assess performance against agreed targets. The 'feedback' is built in, and the PO circle continually uses actual performance data.

Circle Speed

The Circles don't need to spin, but they do need to turn. How fast the PO circle turns will depend on the process—it could be in real time, or perhaps quarterly; it depends on the cycle time of the process. The PI circle will also turn at different speeds, largely unrelated to the PO circle speed, depending on the nature and complexity of the process improvement activity. Circle speed may also change over time or on a seasonal basis.

The important thing about circle speed and operationalizing process-based management, is to **get the circles turning**.

Delivering Process-Based Management

The real benefit of continuous improvement comes after the easy changes have been made—and this demands, not just the PI circle to effect changes, but the PO circle to continue to uncover the opportunities.

With the **Tregear Circles** consistently working well across the process architecture, an organization is working at the higher levels of BPM maturity. Creating this circumstance is not a trivial exercise but, once achieved, there is a mental and physical fly-wheel effect that is continually optimizing process performance—that is, continuously assessing and adjusting the organization's delivery of value to customers and other stakeholders via key processes. Once established, and when well maintained, the 'circular momentum' facilitates continuous improvement and offers resistance to any other influences that might otherwise act to slow it down.

The **two virtuous circles** illustrate the simplicity and the complexity of process-based management. Turning together, they achieve what many organizations struggle to achieve when focusing on just one alone. Because it reflects the execution of an organization's strategy, the PO circle defines the essential role of management: to continually uncover and resolve current and emergent performance issues, and to capitalize on opportunities. Responding to these outcomes, the PI circle seeks, finds, and effects the changes required to close the targeted performance gaps and realize the benefits. With the circles turning, strategy is executed through continually optimized and actively managed business processes.

In Practice...

There are many things you might do in response to the issues discussed in this column. Following are four practical steps you might consider doing now to start creating sustainable process-based management and process improvement.

Talking in circles

Before leaping in, discuss the Circles and how they operate with all who would be involved. Shared understanding, which may not come immediately, is a vital prerequisite for successful implementation. Using the circles is as much, if not more, about changing mindsets as changing management practices.

Pick a process

Select a process to use as a **proof of concept**. This should not be the most complex and contentious of processes, but neither should it be trivial since it is required to demonstrate the benefits of turning the circles.

Appoint a Process Owner

Of course, a Process Owner is required. I've written about this in other papers. Suffice to say here that a **volunteer** is always better than a **conscript** in this role, especially if it's a first for the organization.

Start the circles turning

Target–assess–respond. Target–assess–respond. Start the circle turning, learn and improve.

A two-page poster summary of the **Tregear Circles** can be found at [this link](#).

About the Author



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Roger is a regular columnist for BPTrends, author of *Practical Process* (2013), co-author of *Establishing the Office of Business Process Management* (2011), and co-editor of *Questioning BPM?* (2015). He also contributed the chapter *Business Process Standardization in The International Handbook on Business Process Management* published by Springer in 2010. A new book, *Reimagining Management*, will be published in 2016. Roger can be contacted at r.tregear@leonardo.com.au.

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