

## Turning the Virtuous Circles

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.

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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.

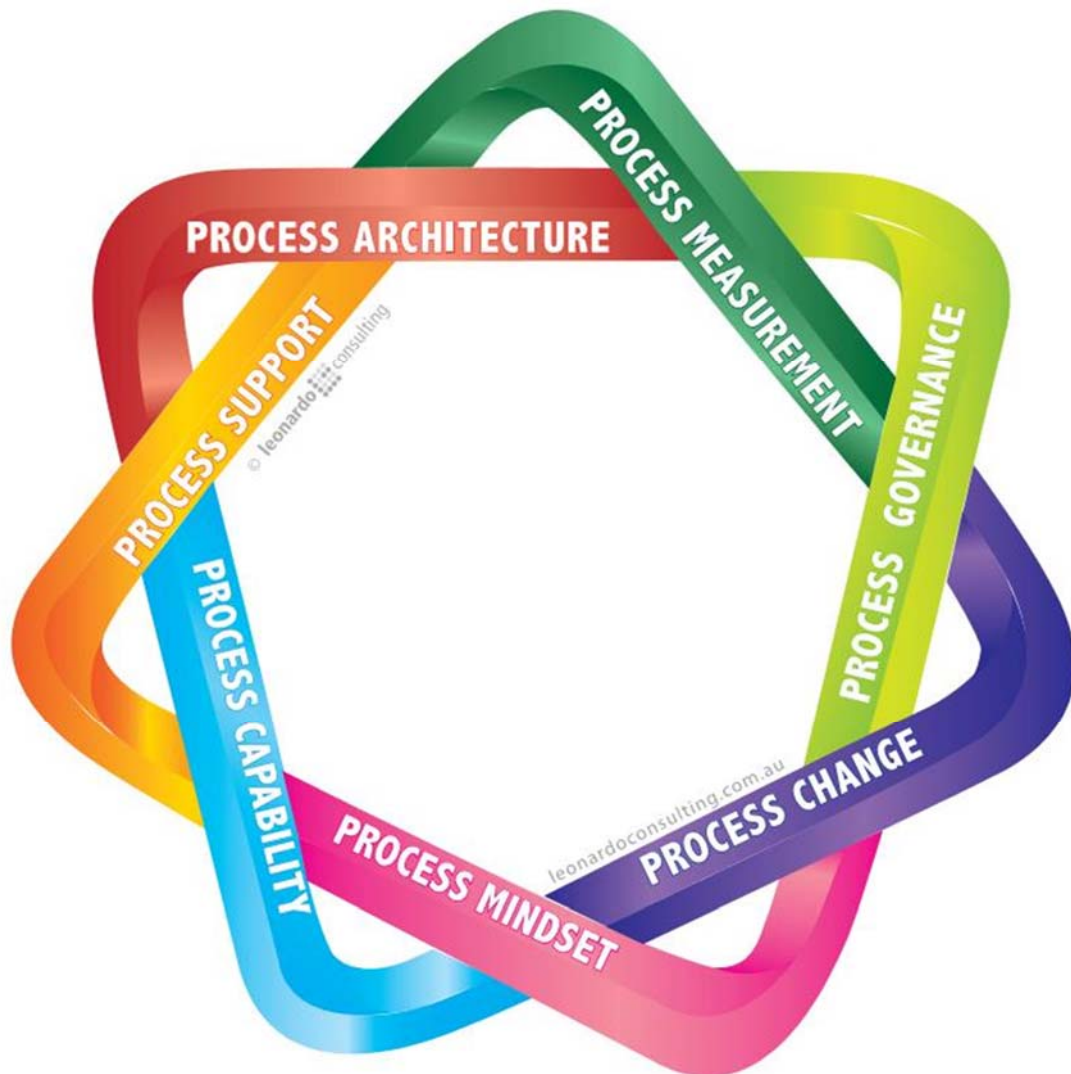


Figure 1: The 7Enablers of BPM

## The Chasm

Drawing on the lifecycle-chasm concept, first made popular by Geoffrey Moore<sup>1</sup>, Paul Harmon has spoken of a BPM maturity development chasm<sup>2</sup>, as shown in Figure 2.

Surveys of BPM maturity, including the review by BPTrends<sup>3</sup>, 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.

<sup>1</sup> Geoffrey A. Moore. *Crossing the Chasm*, HarperBusiness, 1991.

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

<sup>3</sup> 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>

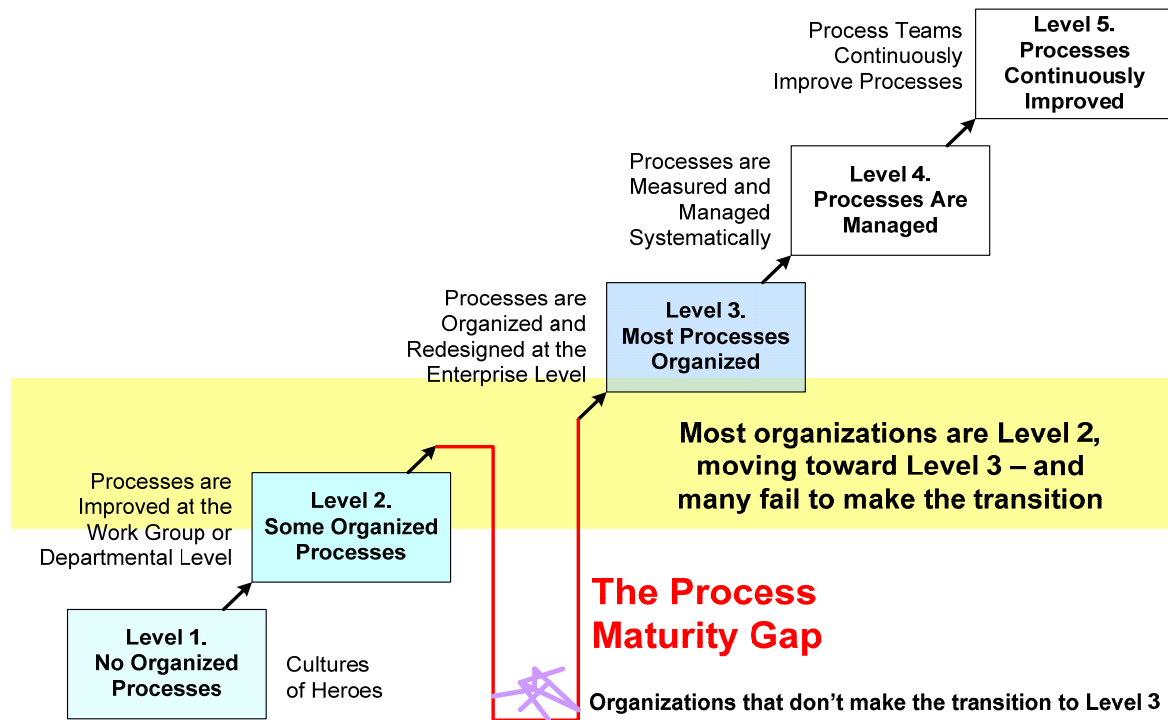


Figure 2: The Harmon BPM maturity chasm

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 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.'<sup>4</sup>

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

<sup>4</sup> Ibid

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.

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,<sup>5</sup> 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

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<sup>5</sup> *ibid*

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.

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.

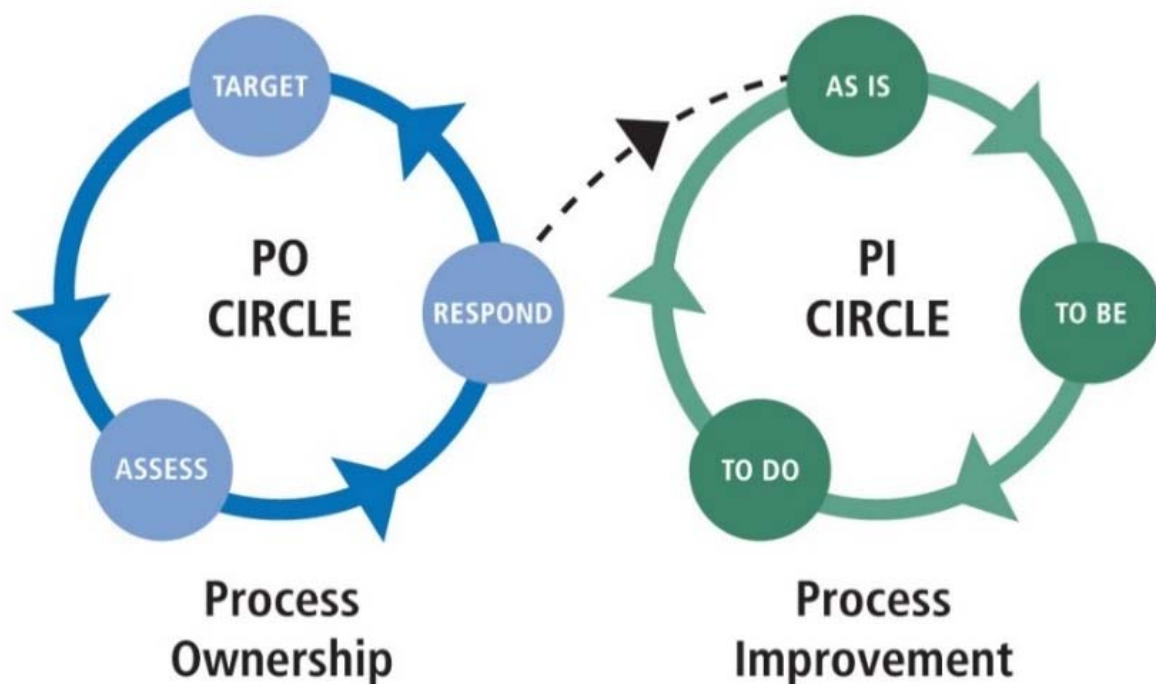


Figure 3: Tregear Circles

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 ownership*

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.

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.

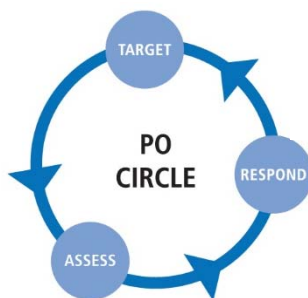


Figure 4: The PO circle

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.

## **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.

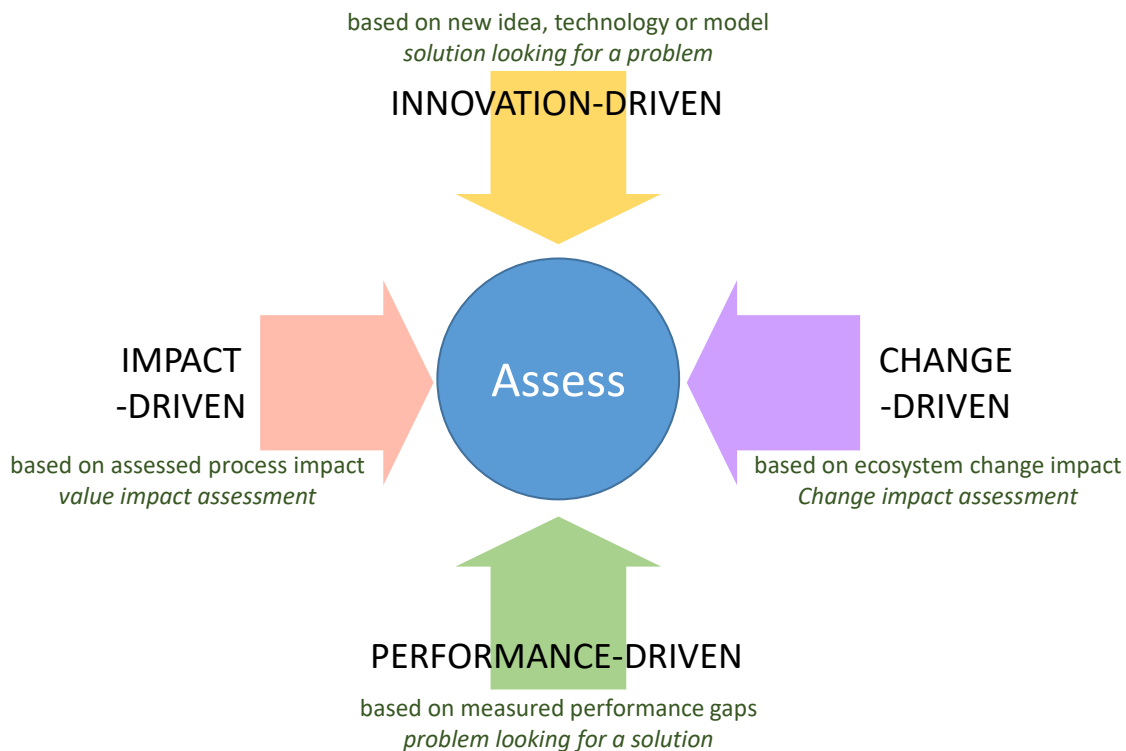


Figure 5: Drivers of change

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

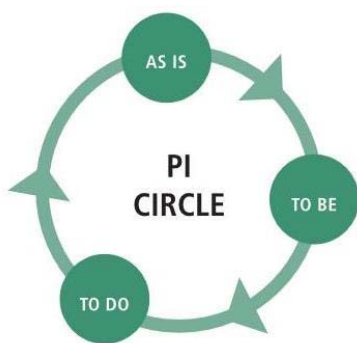


Figure 6: The PI circle

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.

### 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.

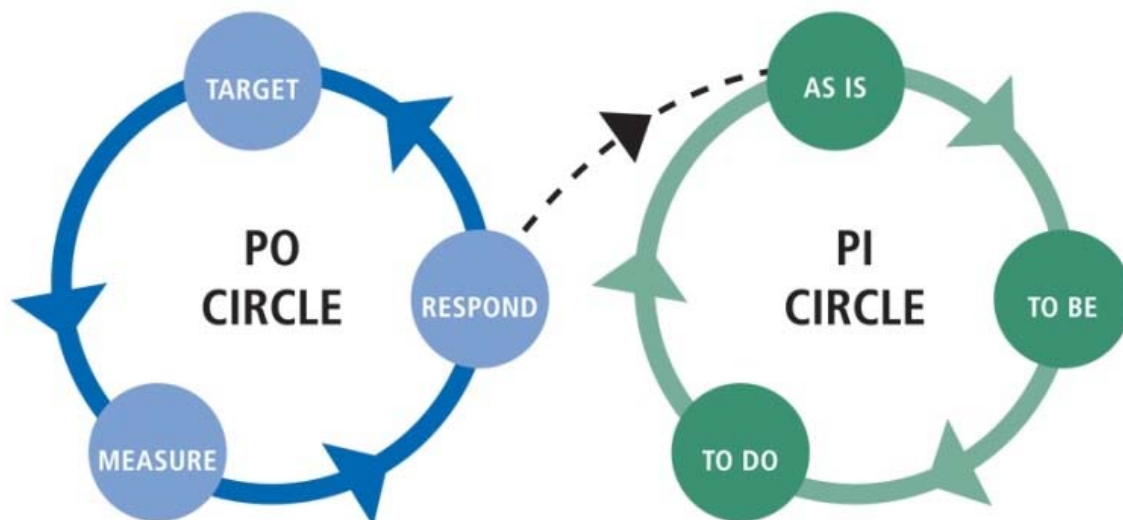


Figure 7: Two circles—one objective

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

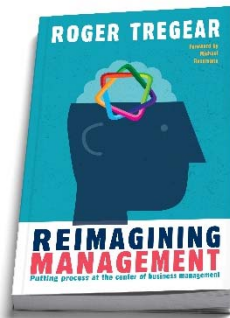
The circles don't need to spin, but they do need to turn.

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*.



This paper is an edited extract from the book, [Reimagining Management](#). From the foreword by Professor Michael Rosemann: *'This book has the potential to become an essential, shared point of reference for designing organizations.'*

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