

# STRAIGHT-TALKING



## YALMAN A. KHAN LOOKS AT WHY QUALITY BEATS PROCESS EVERY TIME.

**H**ere's a contentious idea: quality beats process every time. Of course, I am not suggesting for a moment that quality management is more important than business process management (BPM). The thing that I am trying to draw your attention to is that, as with everything, there are no magic pills. What I mean is that BPM needs to have a reason behind it. A driving force.

Why manage your business processes? Well, the usual answers seem to be variations on the following: because we want to become efficient, we want to improve our margins, we would like to drive costs out of our operations, we'd like to manage churn more appropriately, and so on. Obviously, the essence of

BPM – as with most other management fads and three letter acronyms – is business improvement.

If we can all agree to this much, then we should be okay on the journey ahead. So, let us begin...

### A DIFFERENT APPROACH

The reason my adjacent photograph looks like it does is because someone did a terrible thing right before the flash went off. If you ever want to see me this morose, just mention one of these three magic phrases: business process management, knowledge management, content management. Suddenly, an amiable and likeable fellow like me turns into my PR photo. And, as you can see, this leaves a lot to be desired.

Other management howlers that I love to hate are workflow, XML and web services architecture. By now, a lot of you will have stopped

reading. I can tell those of you who are still here that these were the people who didn't learn anything in the past few years. These are the multitude of 'me-too' software companies; management consultants without a 'fresh' thought between them; the board level business advisors and company doctors that all need to be billed by the hour to inflate their importance. Billed for what? For nothing more than pretending to shape a company's business processes to improve its performance in the future. We have nothing in common with these 'do-gooders'.

### PRAGMATIC BUSINESS

Those of you that persevere with me until the end will realise that out there in the land of 'pragmatic business', there are thousands and millions of business leaders who are equally averse to such tedious and pretentious business language. These are my fellows-thinkers, and you may find us everywhere – including Asia.

After all, isn't everything in business improvement some sort of business process management, knowledge management or content management? The question that goes much deeper into the essence of what all software companies and consulting firms are trying to achieve is this: how can I improve my business rapidly enough to hit my KPIs, still have a job next year and win admiration and recognition for a job well done? All leaders just want to improve their EVA, ROCE, EBIT, cost of failure or churn, depending on their industry.

The reality is that the best leaders in the world keep a finger on the pulse of their business over the long term. They have surrounded themselves with people they trust and have tried to listen to their valued employees; when then could, they have tried to involve their customers in attempted R&D; and they even tried to get closer to their suppliers and their distributors. Sometimes, the really visionary ones went one step ahead and wanted to get closer to their largest investors.

I am from the school of thought that says: "Sometimes, it's worth listening to the idiot-savant within all of us." Life can be as simple as a box of chocolates, as Forrest Gump's mother used to tell him. The pragmatic majority feels that in these hyper-competitive times, one needs to be sophisticated by being elegant and to the point. In my simple lexicon, one needs to view business as a very dynamic and real-time system – a system where the stakeholders (employees, customers, investors, outsourcers, vendors, etc.) only interact with four things: processes and systems, and products and services.

Essentially, your organisation needs to be tracking and fixing all four of these business elements in as close to real-time as possible. The major stakeholders need to be involved at all times in this real-time system.

### TWO WAYS TO IMPROVE

Who can truly improve these business elements? A bunch of management consultants? I doubt it. They may help in the project management or the change aspects – however, what will truly drive improvement in processes is the real-time collection of the stakeholder's experiences. There are two ways of doing this:

#### THE 'INSIDE LOOKING OUT' VIEW

This is where most of the global companies are; ERP and CRM made sure of this. Leaders in these companies have set up processes that assume to know what customers and employees feel like, and they treat them accordingly. The result has been plenty of talk about the customer being king; in actual fact, while the customer does feel that the companies know everything about them, they are still not happy. There is no customer sovereignty.

#### THE 'OUTSIDE LOOKING IN' VIEW

A few leaders are now beginning to take this view. These are the leaders who don't assume anything; they have made certain that their processes are aligned to allow customers and employees to register their impressions of quality and experience as and when they occur. By creating these 'listening' processes and trapping the 'blind spots', this new breed of leader has done the simple thing: he has asked his stakeholders to drive business improvement.

Both approaches have their merits and challenges. The challenge in the 'experience' view is for the leaders to bed down certain automatic business improvement processes, where accountabilities are set in stone and transparency is inherent up and down and across the organisation. This is easier to achieve than contemplating a new CRM initiative – or an ERP one, for that matter.

#### ASIA BEWARE

The challenge in Asia is quite distinct. Let us first take a look at Pierre Danon, the CEO of BT Retail in the UK. He is maddeningly focused on customer experience management, and rightly so. His whole organisation is a fabulous multi-billion dollar machine that is



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driven by customer satisfaction and experience improvement. His boss, Ben Vervayen, who is the Group CEO at BT, shares Pierre's focus and likes to eliminate the causes of dissatisfaction in his customers (these are purely my own views of what I see happening at BT).

This is typical of most large US and Asian businesses – where the customer is supposedly king and employees are allegedly the most important resource. I don't want to sound too cynical, but haven't we heard this a million times before? Pierre and Ben might

be doing great when you are viewing things from within BT looking out, but are they truly altering the perceptions of their customers at the point of pain or delight? I doubt it.

Asia beware! Do not go down the road trodden by so many Western companies in the past decade. I believe that good CRM and good ERP are invaluable, but the pragmatic lessons learnt in the West are that this is a tougher challenge than can be accomplished in the lifespan of most CEOs.

Surely operational business improvement is a continuous, living system? If you keep on improving your products and services and your processes and systems, then your organisation will automatically improve the quality of its results. Asia knows that bad products and services just don't sell. Likewise, bad processes and systems bleed a company dry, eventually. This is why business process improvement is critical to the Asian economies.

The challenge is that the only way anyone has so far figured out how to do this is to involve customers and employees in periodic research-type activities. This usually gives companies a false sense of security. The end result of flawed and outdated market research is that you might get great looking graphs and pie-charts, but you never build-in process-linked business improvement that keeps on happening as a result of the inherent design of the system. Instead, you get haphazard and deviant research that doesn't really have an intelligent workflow behind it.

Figure 1: CEO strategy quadrant

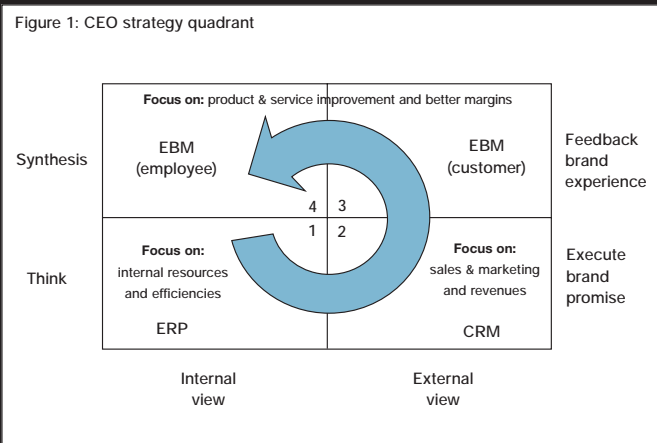
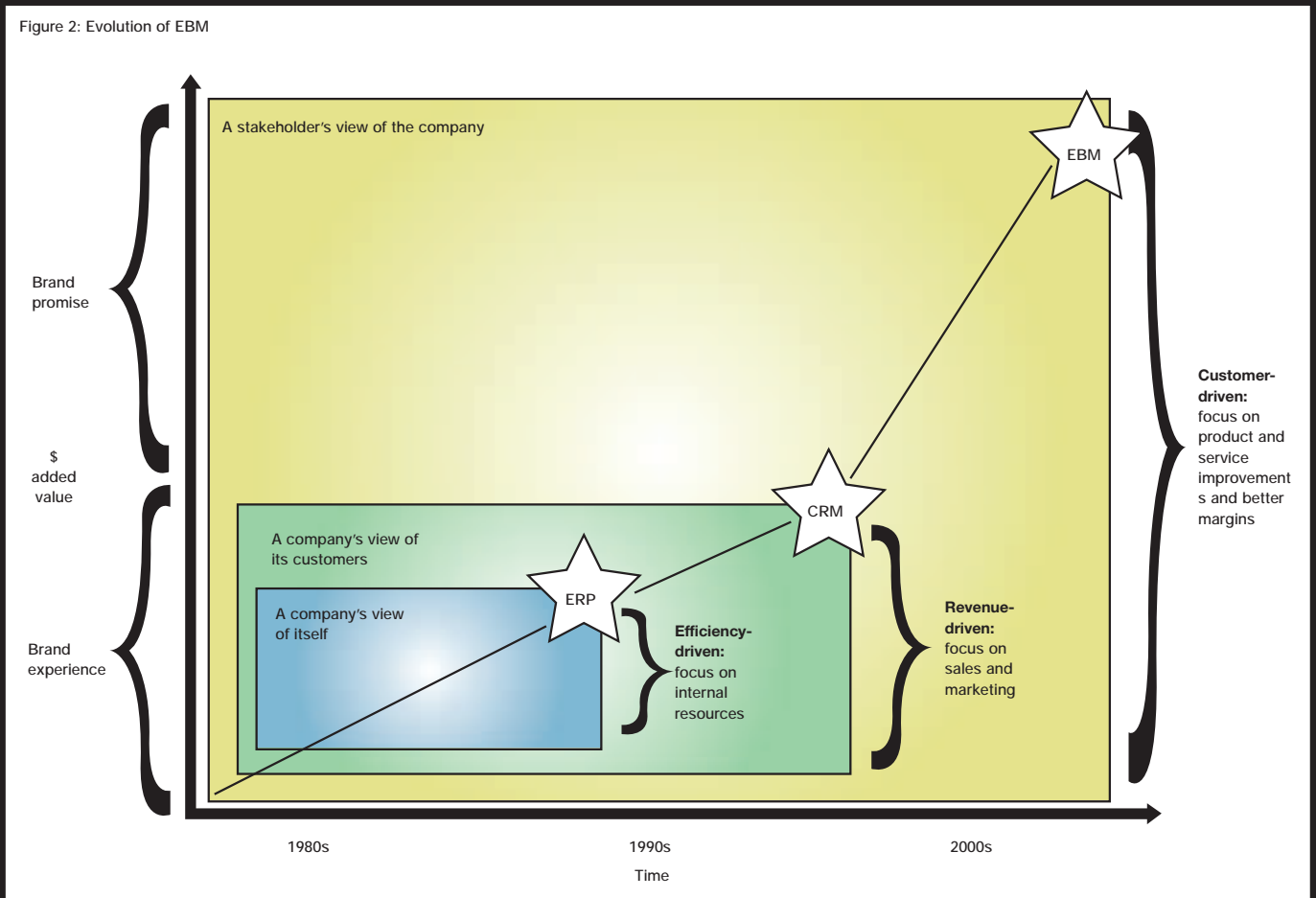


Figure 2: Evolution of EBM



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Leaders such as Don Bell, co-COO at West Jet in Canada, realise this, as does the young and dynamic chief of NTL's Home division, Aizad Hussain. The one thing that strikes you about these two very different leaders is that they both detest consulting for consulting's sake. They understand that a business or a process can only improve if you allow your employees and customers to advise you to do so in real-time. This is essential, and by doing so, the leader can also assign immediate accountability by person, region or product line.

This drives transparency in the business. By driving transparency, a business leader begins to set traps for blind spots in their complex processes and systems.

This is exactly what Don Bell and Aizad Hussain have managed to achieve in a very short space of time. If you were to ask Don Bell what he does, his answer is likely to be: "I run a customer service company that happens to fly planes." Aizad Hussain's answer might well be similar, but his answer would focus more on improvements in the cost of failure and customer churn rates.

### SO WHAT SHOULD ASIA DO THEN?

Quite simply, Asia should focus on what it has always done well – but it should do it differently. Quality is the answer, but continuous improvement is not about building a better widget or a DVD player; it is about improving the processes and systems that touch your main stakeholders. It is about involving your customers and employees in a real-time, live system that helps not only to improve the business processes, but at the same time tackles the sticky issue of customer perceptions and employee-led process improvement.

If leaders like Hussain and Bell can do this within two or three quarters, then there is no reason why the much more entrenched cultures of Asia could not achieve similar results in much shorter

timeframes – especially with the typically autocratic structures in some Asian companies. (The exception to this might well be Japan's consensus building culture. They need to look at strong leadership to make this happen.) A strong personality is crucial to institute company-wide process improvement in real-time, so smaller Asian businesses would therefore be an ideal place to begin this journey.

No one is suggesting that business process improvement or management is not a laudable leadership goal by itself. However, what I am suggesting is that this needs to be a concerted effort – a coordinated and live system.

### NEXT STEPS

Any company wishing to begin this journey need only map out its business blind spots and implement a very short-term proof of concept while it tweaks its processes and system. Once begun, such a real-time system can be up-and-running and live within days or weeks. A medium-term goal to roll-out such an initiative company-wide can then be undertaken within a quarter or two at most.

Finally, the only reason and the only goal for attempting to manage your business processes is for your company's leadership to get its finger on the pulse of the organisation and its stakeholders. Once Asian leaders get a taste of this, they will want more – as one happy Chief Marketing Officer in a global retail company told me: "This is what I imagine crack cocaine to be like!" This is perhaps somewhat exaggerated and definitely not an analogy I'd make myself, but we all see the point. Experience-based management (EBM) is an addictive process improvement framework.

A recent example of this comes quite readily to mind. David Roth is the Marketing Chief at the British home improvement chain B&Q. They have well over 400 huge stores globally, their largest ones being in China. During the recent SARS outbreak, HQ management teams could not physically visit these vast investments in China and videoconferencing was introduced. But these managers weren't 100 percent connected with the customers and the feelings in the stores.

To counter this, David Roth tried something quite unique in British retailing – implementing EBM on a very focused scale. He simply enabled the company's website to trap customer's real impressions of B&Q. On the first day the website added this functionality, a disgruntled Chinese customer was able to connect immediately with the relevant staff within B&Q – who then solved a simple problem that had been causing him untold trouble over the course of a few months. Suddenly, B&Q appeared to be nimble, fast-moving and responsive.

The winner here was the customer, but B&Q also benefited. Roth truly believes in using customer views to help improve B&Q; it was something he had always used on a periodic basis, but now he has added a real-time element to it, thus giving his teams the edge. All of this was achieved by a visionary leader willing to take a calculated risk in trying something elegantly simple. It worked in China, so it will work all across Asia – this shows how the process is the key.

The quickest and most sure-fire way for a chief executive to make his investors, customers and employees love him would be to institute a simple and effective EBM framework. It works by itself and makes the leader's job so much more manageable.

What is the cost of not improving your business processes? It's the cost of failure. Plain and simple. ■