



## COMMITMENT-BASED PROCESS DESIGN

**D**esign and redesign of business processes is central to our organizational transformation work. Given the rapid and often radical changes required by a highly volatile environment, an ability to design new – and continuously redesign existing – structures of work is critical to the success of most businesses. Following is a brief introduction to our approach to meeting this challenge, which we call commitment-based process design.

### *Three Types of Processes*

It is our experience that business takes place in three dimensions -- materiel, information, and commitment.\* Each dimension has its own type of process and its own discipline for designing process. Two of the process disciplines have been practiced for decades; the third – though it is the most basic – is relatively recent. The shifting emphasis from one dimension to the next reflects a movement in business from Manufacturing to Information to Social Networks. Let's take a look at these three dimensions as they exist in the workings of an organization.

***Materiel:*** This dimension concerns the materials and equipment of an organization and the logistical and other processes that transport and transform physical goods. Manufacturing activities and the various disciplines of engineering exist in this sphere. Materiel processes have been studied and a rigorous, modern discipline of industrial engineering developed and perfected for over a hundred years.

***Information:*** In this dimension of an enterprise, the focus is on generating and moving data, storing and retrieving it, comparing and changing it, etc. Processes for the transmission of information have always existed in organizational life, but the development of computer technology over the past thirty years or so and the increasing complexities of modern work have made information processes a central concern. A rigorous discipline in this domain has been developed rapidly and continues to unfold with powerful impact as its associated technologies evolve.

***Commitment:*** Here we are concerned with the personal relationships that comprise an organization and the network of commitments people make and manage in order to produce goods and services to address the social concerns of customers and other stakeholders. Though commitment processes are the most “senior” or fundamental dimension of any organization – and essential to the mastery of change – a rigorous, formal methodology for analyzing and designing them has emerged only recently. This dimension is the least understood by most executives.

The process disciplines associated with each of these three domains are summarized in Figure 1 on the next page.

Though we fully recognize the importance of materiel and information processes, our focus in process design/redesign is on commitment processes because we find this perspective essential to effective organizational change leading to business success. We believe an important distinction can be made between the materiel/information paradigm and the paradigm of commitment processes. This is revealed by the similarity of the verbs used in the chart below to describe the actions involved in materiel and information processes. Very different verbs are used to characterize commitment processes. The former are actions dealing with movement, transformation, and assembly of either objects or data. The latter, however, are strikingly different. They are the actions of communication used in speech: request, promise, assess, assert, declare.

\***Note:** We are indebted to the pioneering work of Fernando Flores and his colleagues at Business Design Associates, whose innovations have generated the discipline of commitment-based process design.



Figure 1: Types of Processes

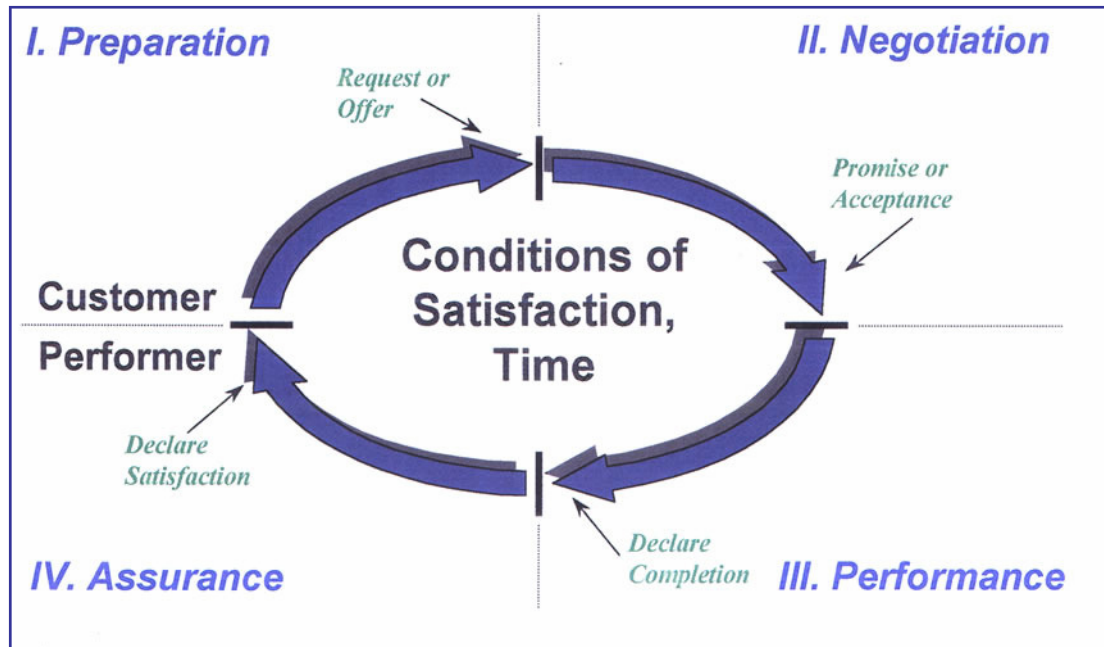
| Types of Processes | What They Deal With   | Language of Action   | What You See There  | Examples   |
|--------------------|---|--|---|--|
| <b>Material</b>    | Coordination of physical objects to produce products and services                                       | Describes activity in the world of objects: transport, store, assemble, transform, compare   | The organization of tools, equipment, raw materials, etc., to produce products and services   | Movement of paper in an office, manufacturing products on assembly lines, distribution and delivery of products  |
| <b>Information</b> | Coordination of inscription (e.g., data, media, information) to support coordination in other processes | Describes activity in the world of inscriptions: <i>communicate, store and retrieve, assemble, transform (and compute), display and compare</i>                              | Creation, manipulation and use of records, documents and media supporting coordination of actions, assessment of value and cost, and the movement of things | Order data entered into a database, computer communications for financial transactions, processing of invoices, information systems  |
| <b>Commitment</b>  | Coordination of commitments to bring forth action and take care of people's concerns                    | Brings forth <i>and</i> shapes all the activity of the enterprise through speech-actions taken in the world of relationships: <i>declare, offer, request, assess, assert</i> | People making deals with investors, customers and suppliers and then completing the workflow to produce satisfaction for the people involved                | Completing transaction and producing satisfaction when a customer requests a product or a service, or a company offers a new product<br><br>Sales order from customer triggers transactions with inventory, manufacturing, and distribution to fulfill |

The difference between the verbs used to characterize these two paradigms is instructive. If one tries to manage people in the commitment paradigm with the rules used in the material/information paradigm, serious breakdowns and misunderstandings occur. Many – if not most – modern organizations are learning this at a high cost, when they treat their workforce as if it were merely another information processing, goods-moving machine.

Issues of human dignity and fulfillment aside, focusing

primarily on things and the information and processes that affect them obscures the power of commitments to motivate employees and customers. The role of employee flexibility in generating innovative solutions and sustainable relationships with customers is crucial. Commitment processes can produce big gains in both efficiency and customer satisfaction, plus a capacity for permanent innovation in employees at all levels. Building these abilities gives companies a distinct competitive advantage.

Figure 2: The Conversation for Action



### Conversations for Action

At the heart of our methodology for process design is an interpretation of the basic interactions that take place between people to generate and manage action - the “conversation for action.” It consists of a loop with four quadrants, representing the structure of any conversation that coordinates action between two or more people.

Each of these quadrants or phases of the loop culminates in a specific “speech act” and together they represent the generic structure of any human transaction for doing work. The structure is as follows:

**Preparation** (resulting in a *request* or *offer*): The conversation for action begins with preparations to make – ideally, a well considered – request or offer. This typically entails some review of the concern(s) for which action is needed, and consideration of the specific changes that need to be produced to best address those concern(s). These are expressed as the *conditions of satisfaction*, including a desired time of completion. If someone is taking up a *Customer* role and preparing to make a request, s/he will consider who should be the *Performer*. If the action is to be initiated by a potential *Performer*, s/he will decide to whom s/he should make an appropriate *offer*.

**Negotiation** (to gain agreement; that is, a *promise* in response to a request/ *acceptance* in response to an offer): Of the many possible conversational moves that can happen in this phase, only a few maintain a state of commitment between the two parties: promising in response to a request or accepting an offer, declining, counter-offering and reaching an acceptable alternative conclusion; or committing to reach resolution at a specified future date. Even when the Customer and Performer reach agreement, the conditions of satisfaction generated in the initial phase are often clarified and/or refined during this process of negotiation.

**Performance** (to a *declaration of completion*): The Performer takes whatever actions are necessary to produce the agreed-upon conditions of satisfaction. Whether or not the Performer carries out these actions personally, s/he “owns” the promise and when he/she assesses the conditions have been fulfilled, *declares completion*. If for some reason, this turns out not to be possible or in the light of changing conditions perhaps no longer desirable, the Performer manages the commitment by revoking (and perhaps renegotiating) the promise or offer. Similarly, a responsible Customer may cancel a request or acceptance of an offer, when and if



fulfillment no longer seems possible, necessary, or advisable.

**Assurance** (to a *declaration of satisfaction*): The Customer assesses what has been delivered against the conditions of satisfaction and says what is satisfactory, not satisfactory or missing. The conversation for action loop is closed when the Customer declares satisfaction with what has been delivered because the agreement made in the negotiation phase has been fulfilled.

We want to stress two important points about this simple structure for analyzing the coordination of action. First, this structure is completely general. *Any* coordination between two or more people, within any specific industry or field, can be viewed through this lens. Further, though we use the terms “Customer” and “Performer” for the two transactional roles, they can refer to two people inside an organization as well as external customers or stakeholders. They are independent of positions in an organizational hierarchy.

Secondly, the loop is universal, in the sense that it is independent of any particular culture or language, or any technology people use to communicate. Whenever and wherever people work together, they have cause to request the assistance of others, agree on what should be done, report that work has been finished, and indicate satisfaction with the results. In their universality and generality, the principles that underlie this structure are a kind of basic “chemistry” for analyzing collective work. From a small set of individual elements, we can generate all the possible ways people can effectively coordinate their actions.

### ***Mapping & Designing Commitment Processes***

In any organization, conversation-for-action loops are being made, broken, and re-created over and over again. They form complex networks of commitments, which can be represented by many loops serving a single one carrying the conditions of satisfaction for a recurrent business process. Out of that main, central loop, a multitude of major and minor sub-loops are needed to organize an overall commitment. When working with clients, we use the coordination loop

described above as the basis for building process maps that allow managers to look at their entire organization through the lens of commitment networks. This perspective facilitates both analysis and redesign of existing processes or rigorous design of new processes.

Once the commitment dimension of a given process has been clearly defined, then material and (especially) information processes can be effectively designed to support it. This prevents the very common – and often hugely expensive – mistake of creating complex information systems to support essentially faulty processes, or the equally common conflicts between system capabilities and commitment process requirements. In fact, having this common perspective and language for reconstructing processes enables line managers and IT systems designers to bridge the gap between their two worlds and facilitates effective collaboration, in areas where typically there is enormous confusion, resource waste and conflict.

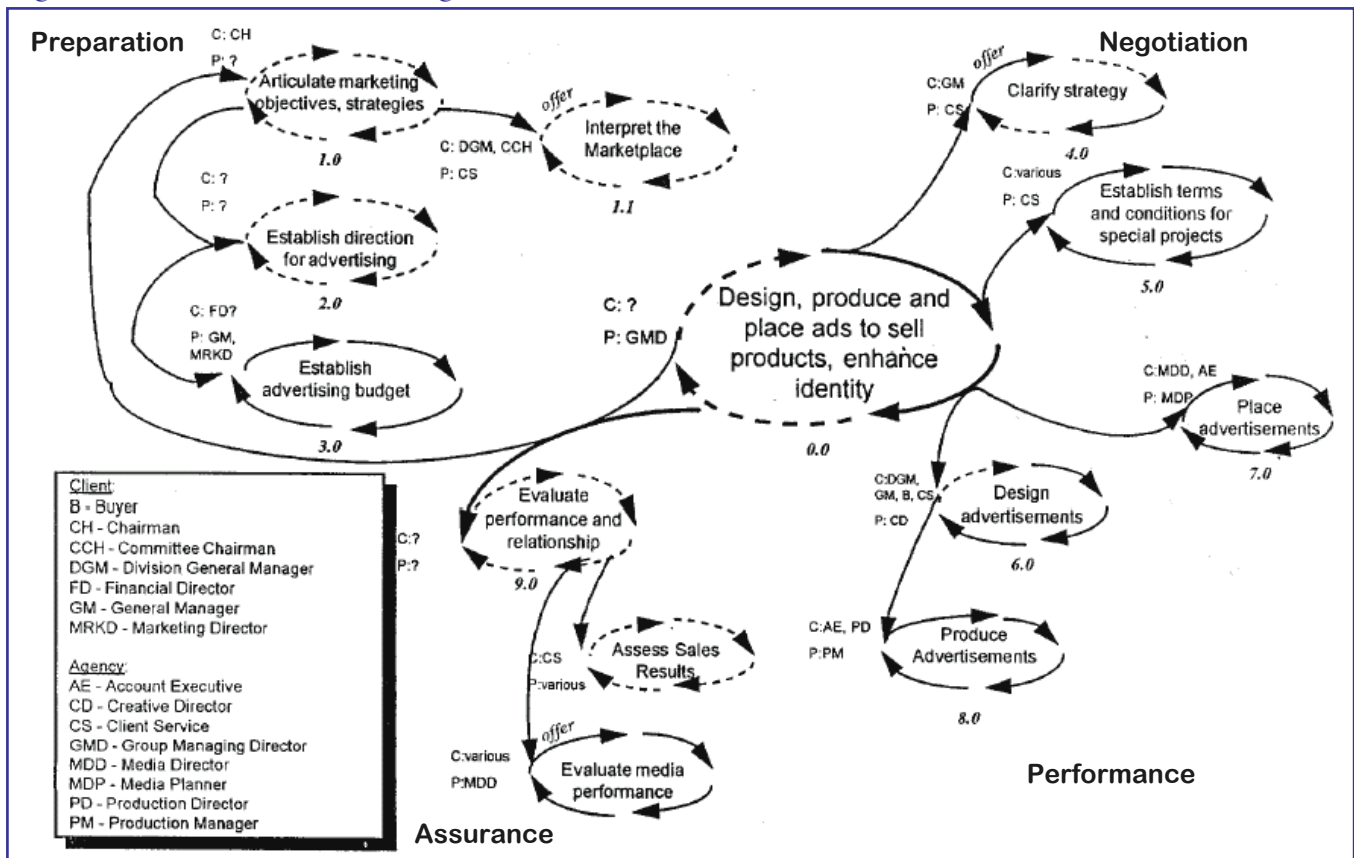
A commitment map can reveal whether a given business process allows each person to get his/her job done effectively at each step and can pinpoint areas of breakdowns and waste, which can then become the focus of redesign efforts. For example, the map shown as Figure 3 on the next page summarizes an analysis of an existing process for designing and creating advertisements for a chain of grocery stores.

Even a quick reading of this high-level view reveals striking weaknesses in the process in question. The dotted lines represent quadrants of the various transaction loops which are problematic — aspects of the process which are not reliably recurrent. Question marks in the place of customers or performers indicate that questions as to who is to play those roles have not been clearly answered: a sure sign of unresolved turf battles. Without going into much detail, one can see immediately that there are weaknesses in the first and last quadrants of this process: uncertainty regarding the ultimate Customer for the entire process, and the lack of regular practices to assess and declare satisfaction for the process as a whole and a number of critical sub-loops.

The map reveals that – given these process flaws – no matter how well the advertising agency performs in the third quadrant, there is little assurance (last quadrant)



Figure 3: Process for Generating Retail Advertisements



that either the strategy guiding their actions is optimal or even well supported by their client. The overall relationship is very much at risk.

A map like this is typically developed with the stakeholders in question and supported with a written narrative capturing cycle times and recurrent breakdowns with associated costs for each of the individual transactions (loops). This kind of analysis can be generated rapidly and with great economy of effort. It is very effective, as it directs the stakeholders' attention precisely to their areas of improvement. It also serves as a sound basis to help the stakeholders redesign the processes for which they are responsible.

### Conclusion

There are a number of distinctive benefits afforded by this methodology. In summary, Commitment-based Process Design:

- Emphasizes that processes are, first and last, interactions of people; it helps facilitate better relationships
- Provides simplicity and certainty in dealing with highly complex structures of work
- Focuses on customer satisfaction in every transaction of a process, thereby reinforcing a customer-focused culture throughout the organization
- Balances stability and certainty, as regards existing processes, with capabilities for continuous innovation
- Provides simplicity and certainty in analyzing and improving highly complex structures of work
- Enables effective collaboration between line managers, staff and IT managers through a common language and methodology.

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