



Strong Process Lets People Excel

Every workplace has people who seem to rely on knowledge and sticky notes alone. Every day, without a glance at procedures, they smoothly ship coal, replicate data or write precise RFPs. Companies thrive on such competence until it's disrupted by vacation or unplanned absence, and then chaos reigns.

The only antidote is clear and transparent processes: well-defined, well-documented routines that render expert knowledge accessible and make tasks transferable, repeatable and sustainable. Henry Ford demonstrated the role of process a century ago.

Rules for the Best

“Get the right people on the bus,” said Jim Collins in *Good to Great*, “and put them in the right seats.” Owners must hire for excellence and let managers manage so leaders can lead.

But to actually put these outstanding people into play, companies must also systematize the processes through which they work. Firms that don't do this take on a “risk of reliance” — not on a customer or a supplier, but on a key employee.

Process Promotes Objectivity

Product development illustrates the value of objectivity. Individuals can become unreasonably devoted to a product line, because business and society seem to measure people by budget size and number of reports. Glory shines brighter on Yes than No.

But *No* might bring greater good — consider the Edsel. Or consider the race to provide last-mile connectivity, which will see a few big winners and many losers. Some companies will sink huge resources into doomed technologies, while others, thanks to an unsung naysayer in the ranks, will withdraw in time.

A defined process takes emotions out of product-development decisions, by separating those who decide from those who develop, implement or both. At every step along the development cycle, such a process establishes a gatekeeper, not overly invested in the outcome, to rule yes or no.

Process Lets Leaders Lead

Most owners of successful closely held companies relish the practice of business, and they like it from the ground up.

There in the trenches, perhaps making millions, they often neglect the strategic course. A company driven by the founder's unique energy can thrive for the 25 years or so of that individual's regime. But fewer than 20 percent make it to the second generation, and only a handful to the third. Some of these companies are profitably sold, of course. But most aren't, reflecting weak strategic planning.

Strategic work isn't negotiating copier leases, parsing out costs for the holiday party or personally inspecting every far-flung outlet. Strategy is about fundamental choices on such weighty matters as succession plans, facility expansions, new lines or new markets. Such decisions are few, but only leaders can make them, and they must devote themselves to them.

An effective performance appraisal process would surely include site visits. But it would probably delegate them downward, freeing central leaders for concentrated work on more strategic questions.

Process Helps Master Disaster

Nothing illustrates the strength of a company's processes like a disaster, a powerful combination of low probability and high cost.

For many businesses, it's the ultimate cost — after a true catastrophe, only 60 percent survive five years. (By disaster, we mean an unplanned event that halts key operations for a day or longer; by catastrophe, we mean a major disaster that destroys a facility altogether.)

Natural events, strikes or body blows from the market can cause deep dislocations to labor and customer relationships, financial and IT systems, manufacturing operations and other aspects of a business. When a catastrophe strikes a company that has no strong plan, great people aren't enough. Devastating blows cannot be willed away.

Disaster is rarely managed successfully without rigorous adherence to a pre-defined plan. The integrity of a company's IT systems in an emergency, for example, must be managed with prescribed step-by-step routines — part of a process that should have begun long before with rigid backup procedures.

Beyond Shop Floor and Supply Chain

Manufacturing and logistical processes have enjoyed two centuries of industrial society's attention, and new technologies drive constant improvement at the front end. But as these examples show, other aspects of running a business can be systemized and process-driven, too.

A focus on process doesn't mean a company doesn't care about people. In fact, only strong processes can enable strong executives to ably lead a company. More often, a company's wealth of "good people" can blind it to the urgency of developing strong and durable systems.

How does your company balance process and people? Our firm can provide an experienced, objective look.