

# PROCESSES VS. FUNCTIONS: REDUCING BUSINESS INSANITY

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It's poorly designed and executed processes that suck up large amounts of money, time, and energy – and ultimately lead to a frustrating employee and customer experience.

Customers experience your company's processes, not its functions. Yet executives spend most of their time focused on making sure the functions of the firm i.e. sales, operations, finance, HR, IT, etc. are properly led, staffed, and driven by appropriate key performance indicators (KPIs).

For the sake of customers and the sanity of your team, it's important to turn your company on its side and focus on those processes that flow across your various functions. This is a critical activity in building a sustainable and profitable growth firm – and building a firm that isn't driving everyone increasingly insane as the company gets bigger.

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## WHAT ARE YOUR 4 TO 9 PROCESSES?

There are normally four to nine of these horizontal processes that cut across your various functions, processes like “how do we bring on a new customer” which can involve sales, operations, IT, and even finance.

While several of the processes are similar across many companies (“how do we bill and collect from customers”) there are some that are specific to your firm.

And like with functions, they must be properly led, staffed, and driven by appropriate KPIs – and they must be designed with the end customer in mind.

So the first step is to gather your executive team in a room and name these processes. While several of the processes are similar across many companies (“how do we bill and collect from customers”) there are some that are specific to your firm.

For instance, GrupoIntercom, the internet incubator I’m working with in Barcelona, has a special process for attracting and selecting entrepreneurs to join the incubator. They also have a specific process for helping an internet entrepreneur go from concept to monetizing their internet portal. We identified eight key processes that drive this incubator. What are yours?

## PROCESS ACCOUNTABILITY

The next step is assigning accountability for each process to a specific leader. And because a process cuts across several functions/ departments there might be some perceived turf battles. However, assigning someone accountability for a process doesn’t mean they are the new boss of everyone that touches the process nor do they necessarily have increased decision making authority.

Their job is to monitor the process (time, cost, accuracy), let the team know if there are any issues, and lead a regular meeting to fix or improve the particular process. As such, its best if the person with process accountability has some cross-functional experience.

So, who are your key process owners? It’s as critical of a decision as who heads up each function in the business.

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## PROCESS MAPPING

This leads to the third step – mapping the process. Gather together someone from every function that touches a specific process, including a few customers that are impacted by the process (if possible). Using colored Post-It Notes to represent each function (sales is green, accounting is blue, etc), map out the steps and decision points as the process presently flows. Then step back and begin streamlining the processes, eliminating wasteful steps and removing obstacles.

For instance, think about how a certain piece of paper (physical or electronic) moves from a website to an email in-box to an order fulfillment desk in the warehouse, including emailed confirmations and order tracking systems for the customer. You'll be surprised at the number of steps and people required for a simple process.

Along the way, set specific KPIs at critical steps and decision points so the process can be continuously monitored. In the case of Grupo Intercom's process for helping entrepreneurs monetize their portals, specific KPIs are tracked that let the executive team know if progress is being made.

I'm a particular fan of the Lean approach to process mapping and improvement. It focuses on reducing the overall process time, which leads to less steps, reduced costs and improved outcomes. Contact the Lean Enterprise Institute in Cambridge, MA for books, resources, and support at [www.lean.org](http://www.lean.org).

## HOW-TO MANUAL

The beauty of identifying and documenting the processes in your business is that it provides you an excellent "how to" manual. I have a friend whose father is getting ready to retire from the fa-

mily business. By identifying and mapping the various processes, they were able to both extract useful information that was locked in the mind of their father and the other employees while taking advantage of his expertise in changing the processes. And the process improvements will further enhance the value of the company should they need to sell it.

Last, it's useful to revisit and examine one process every 90 days as part of your quarterly planning process. Like hallway closets and garages, these processes get junked up and need to be re-cleaned periodically. With four to nine processes, each will get examined every twelve to twenty-four months, which is sufficient to keep your company running insanity-free.