FOREWORD

Improving Performance: How to Manage the White Space on the Organization Chart was the first book written on the mechanics of process improvement, the nuts and bolts of how you actually do it.

The methodology in the book was so embraced by readers that Rummler and Brache became the godfathers of process improvement. They helped spawn a cottage industry of business process management analysts, software vendors, consultants, authors, and conferences.

Today, there are dizzying numbers of process improvement methodologies and technologies competing with one another. But in the light of day, practically all of them owe their origin to their predecessor, the Rummler-Brache methodology.

The Rummler-Brache approach to process improvement is the gold standard. It's a systematic, disciplined framework that does more than just isolate process performance. The methodology addresses all three levels of performance: organization, process, and job performer. And it's all linked to support the strategy and goals of the organization.

Over the years, I've been amazed by the cult-like devotion to the methodology that many of its practitioners have demonstrated. Initially, I thought they were all a little too enthusiastic, sort of like Trekkies at a Star Trek convention. However, since I've seen Rummler-Brache principles applied, I get it. The passion out there for the methodology is really a passion for what it delivers: hard results.

The authors provide a clear blueprint on how to achieve sustainable, tangible improvements. This third edition of the book reveals the latest enhancements to that blueprint: tools to create project deliverables for an accelerated project.

The book is a classic and worth revisiting, especially in the current competitive climate, when organizations must make the right systemic changes in tighter time frames.

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PREFACE

Managers face an awesome challenge in this competitive and constantly changing environment, and this is not a passing phenomenon. As customer demands, global competition, and regulatory scrutiny have increased, it has become clear that the current instability in our marketplaces is not going away. Change is and will continue to be the only constant.

The call to arms, chronicled in numerous books and articles, is widely understood by American businesspeople. Our concern is not managers' failure to understand the problem; it is their failure to do anything substantive to address it. We wrote this book because we have a framework and a set of tools that can substantively address the problem. There are plenty of books on management and organization behavior. However, we find that most of them fail to present tools (leaving the reader saying, "I'm a believer, but what do I do tomorrow?") or they provide tools that deal with only one aspect of a multidimensional need. In our review of management literature, training courses, and consultant services, we have encountered some very valuable theories, hints, and tools. However, we have not come across a single methodology for the improvement of organization performance that is conceptually sound, practical, experience-based, and comprehensive. We immodestly believe that our approach, based on Three Levels of Performance, meets these criteria and, by doing so, provides a blueprint for managing change.

Our second reason for writing this book is our desire to capture our fifty years of combined experience in improving organization performance. We both started in the field of training (before it became human

resource development). Like many other people in our position, we were quick to realize that training is only one variable that affects human performance. Early in our careers, we began learning about the environmental and managerial variables that influence performance. We then turned our attention to the impact of organization strategy on performance and developed a technology for documenting, improving, and managing the business processes that bridge the gap between organization strategy and the individual.

With the evolution of Process Management, and more recently, of "managing organizations as systems," we believe we have a comprehensive approach that addresses the major variables in the system that influence the quality, quantity, and cost of performance. Through the application of Process Management, we have learned that managers (particularly at senior levels) should concentrate as much or more on the flow of products, paper, and information between departments as on the activities within departments. Process Management provides a methodology for managing this white space between the boxes on the organization chart.

Purpose of the Book

The purpose of this book is to explain the underpinnings of our Three Levels framework and to demonstrate the tools through which the framework is applied and by which the white space can be managed. We have written it for performance improvement specialists (who may be professionals in human resource development, industrial engineering, quality, or systems analysis) and for line and staff managers who want to examine a process that can bring about significant performance improvement. We expect that performance improvement specialists will most often constitute the first wave of readers in an organization and that they will recommend all or part of the book to the managers who are their customers. In addition, business and organization behavior professors may find that our approach presents a different perspective.

American management has a tendency to manage by executive summary. A director gets a one-page summary of an issue, a vice president gets a paragraph, and the president gets a three-item list. At a recent conference on improving American manufacturing's ability to compete in the global market, one conferee criticized a session by saying, "If an idea can't be summarized in one page, it doesn't have any merit." We do not see how U.S. companies will ever beat their global competitors with that view of executive information and analysis.

We are opposed to the "get it to one page" school of management. Managers who are successful over the long haul understand their busi-

nesses in detail. As a result, the Three Levels approach has a fair amount of rigor. It is practical, involving a series of straightforward questions and steps. The process has been validated, through application to companies and agencies of all kinds, in all parts of the world. It can even be fun, because teams improve the quality of work life as well as improving productivity and the quality of products and services. But often it is not simple because the challenge is not simple. Any manager or performance improvement specialist who is looking for a quick-fix formula or for the latest program to keep employees stimulated is liable to be disappointed by this book.

Overview of the Chapters

Chapter One contrasts the traditional functional view of the organization (as represented by the organization chart) with the more descriptive and useful systems view. We describe the system components that must be managed to establish an organization that is competitive, adaptive (reactively and proactively), and focused on continuous performance improvement.

The second chapter introduces the Three Levels of Performance and presents the Nine Performance Variables that determine the effectiveness and efficiency of an organization. At each of the Three Levels—the Organization Level, the Process Level, and the Job/Performer Level—this chapter describes the three Performance Needs—Goals, Design, and Management—and shows how they can be used by executives, managers, and analysts.

One of the Three Levels of Performance is explored in each of the next three chapters. Chapter Three provides a set of questions for diagnosing the effectiveness of the Goals, Design, and Management at the Organization Level. It illustrates the use of these questions in a sample company and presents the Relationship Map as a tool for understanding and improving performance at this level.

Chapter Four gives the reader tools for understanding and improving the Goals, Design, and Management of the cross-functional processes through which an organization provides products and services to customers. This chapter continues the examination of the company introduced in Chapter Three and presents the Process Map as a methodology for meeting the needs at this Level of Performance.

Chapter Five uses the sample organization from Chapter Three to explore the role of people in improving organization and process performance. It presents the Human Performance System as a tool for understanding and meeting the Performance Needs (Goals, Design, and Management) of individuals and work teams.

The remaining chapters discuss the application of the systems view of the organization and the Three Levels framework to a variety of performance improvement opportunities faced by most North American corporations today. Chapter Six examines the role of the systems view in ensuring that top management has answered all eleven questions that must be addressed to establish a clear, viable strategy. It goes on to show how the Nine Performance Variables can help in implementing that strategy.

Through four examples, Chapter Seven shows how quality, productivity, cycle time, customer focus, and culture change efforts can fail if they do not address all Three Levels of Performance. It goes on to examine two performance improvement efforts that have benefited from covering all Three Levels.

Chapter Eight provides human resource, industrial engineering, and systems analysts with a comprehensive process for diagnosing organization Performance Needs before prescribing "solutions," such as training, reorganization, and developing management information systems. A case study illustrates each of the fourteen steps in this performance improvement process.

Chapters Nine and Ten describe the Process Improvement methodology that companies such as AT&T, Caterpillar, GTE, and Motorola have used to improve quality and customer satisfaction and reduce cycle time and costs. Chapter Eleven describes the traps we have seen that lessen the return organizations realize on their investment in process redesign.

Measuring performance and designing a performance management system is the focus of Chapter Twelve. This chapter addresses the "what," "why," and "how" of establishing a measurement system that encompasses all Three Levels of Performance. Examples illustrate establishing measures, developing a performance tracking system, and using measures as the basis for planning, feedback, performance improvement, and rewards.

Chapter Thirteen describes how to use measurement as the basis for the continuous management of processes, once they have been redesigned. It then shows how to integrate these Process Management efforts into enterprisewide "managing the organization as a system." Readers are given a description of how the systems culture differs from the traditional hierarchical culture and a set of questions for diagnosing the effectiveness of the organization system in which they work.

Chapter Fourteen presents a nine-step process for designing an organization structure that supports—rather than inhibits—the efficient delivery of high-quality products and services that meet customer needs. Using Relationship and Process Maps (introduced in Chapters Three and Four), a viable organization structure is developed for a sample company.

Chapter Fifteen draws on our experience working with human resource development professionals and shows how the Three Levels approach can

help these professionals make a more substantial contribution to organization performance. It describes how the Three Levels tools can help in needs analysis, training design, and evaluation, and how they can transform the training operation into the organization's "performance department."

The final chapter describes a three-step process for getting started on a Three Levels project. It also provides examples of how the Three Levels tools have been unbundled and used to address specific issues and to help develop a customer-focused, participative, low-conflict, accountability-based culture.

How Is This Third Edition Different?

For readers familiar with the previous editions of this book:

- Chapters Nine and Ten are new. These fifty-plus pages are packed with useful, proven process improvement project tools.
- The remaining chapters have changed only moderately or slightly.