Perception versus Potential

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Defining processes in a high-growth business—when done in the right place and at the right time—can reduce the time spent "putting out fires" and actually free up time for innovation. For leaders in a high-growth environment, process is often something to be avoided—a bad word. The perception is that process stifles creativity, limits new ideas, and is the antithesis of the nimble business model. However, defined business processes in the right place and at the right time can help ease the pain of creating a scalable business.

Definition: What is a Process?

Process is the structure and order in which we perform actions—driving to work, buying groceries, eating lunch. In most scenarios, we go through our day without any thought to the individual steps that get us from start to finish. We have trained ourselves to carry out the individual processes that move us through our day.

Over time, though, we find shortcuts to work to avoid traffic or a better way to organize our grocery list to save steps in the store. We may not always recognize it, but process improvement becomes a natural part of completing any repeatable task.

**Common Misconceptions:
Perceptions of Process Improvement in High-Growth Companies**

Process Doesn't Enable My Goals

Established companies focus on process improvement as a way to better meet strategic goals. This enables a company to gain efficiencies, enable growth, improve a product or service, or complete a merger or acquisition.

A high-growth company's priorities focus on identifying the next disruptive solution, landing the next big customer, or hitting the tipping point in a market. The majority of activities focus on surviving to the next revenue target. Developing strong, repeatable processes—such as billing or managing accounts receivable—can help a high-growth company survive from one quarter to the next.
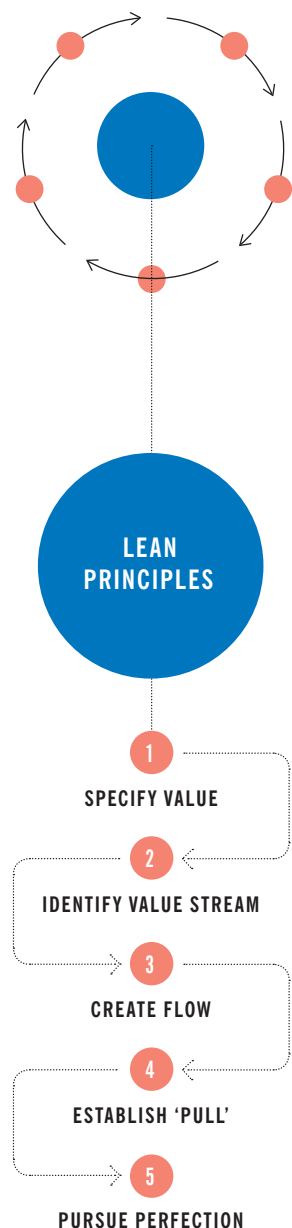
Process Won't Work for Me; I'm Unique

High-growth environments are focused on building or expanding products and services. In the beginning, most aspects of the business are handled as if they were unique. In reality, it doesn't take a significant amount of time for repeatable tasks to emerge (e.g., onboarding customers, customer service activities, etc.). Identifying these tasks early and establishing core processes can alleviate some of the early confusion and condition the organization to focus on efficiently enabling growth. With this focus, more time can be spent on doing what makes an organization stand out and less on the repeatable operational tasks that they "have to do."

Process Will Slow Me Down

Traditional process improvement methodologies can be seen as cumbersome, requiring significant analysis and time away from daily priorities. The perception is that these activities will slow down growth. In reality, key lean concepts, such as eliminating waste, identifying value, and focusing on the customer will identify and provide a path to eliminate inefficiencies—thus enabling growth. In addition, taking the time to document the process and create standards encourages an organization to take a step back to figure out why a process worked and how to repeat success.

LEAN PRINCIPLES

1 SPECIFY VALUE

2 IDENTIFY VALUE STREAM

3 CREATE FLOW

4 ESTABLISH 'PULL'

5 PURSUE PERFECTION

PROCESS MATURITY MODEL

This model is used to assess the maturity of an organization's process management capabilities and to develop a guide to help achieve the desired maturity.

OPTIMIZING

- Process metrics incorporate key input variables (KIV)
- Proactive monitoring enabled by leading indicators to ensure repeatable success
- Process optimization approach considered organizational asset to drive quality
- Culture emphasizes and rewards innovation and trials to determine if improvements will result

QUANTITATIVELY MANAGED

- Processes are quantitatively measured and controlled (KPV)
- Metrics are used to drive reactive process improvement
- Past successes and learning are applied to new initiatives
- Metrics are aligned to business strategy
- Tools are in place to automate and measure process

DEFINED

- Processes are well defined
- Key process variables (KPV) and metrics have been identified but may not be formally tracked for all phases of the process
- Roles and responsibilities, as well as ownership/accountability, are defined
- Formal process training enables consistent definition and execution

REPEATABLE

- Some level of process definition and consistency exists
- Processes are operationally managed with emphasis on key output variables (KOV)
- Progress is tracked and results are repeatable
- Informal training may exist to replicate success

AD HOC

- Processes are not documented and results are unpredictable
- Results based on reactive and/or heroic efforts
- Roles and responsibilities are not defined
- Frequently tied to an entrepreneurial/start-up environment

KEY
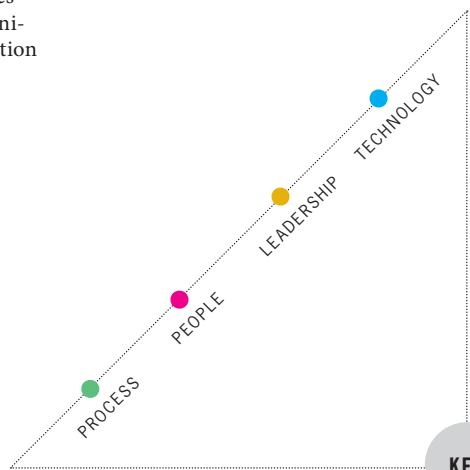
- PROCESS
- PEOPLE
- LEADERSHIP
- TECHNOLOGY

Process Will Kill My Innovative Culture

High-growth companies are often viewed as fun, quirky environments, where "traditional" corporate activities are avoided on purpose. Mention process to someone and the reaction may be that of a person heading off to get a root canal. Defining process doesn't have to be agonizing; it can be completed in an enjoyable team-based manner. The key is to emphasize the necessary activities without straying into too much detail and rigor that won't add value.

Process Will Never Be Supported

High-growth companies are driven by a core set of key resources and strong leadership from founders. This helps a new organization establish a clear vision and focus. However, it can also create a feeling of defensiveness and unwillingness to consider change. When change is what's needed to meet new demands, process definition and process improvement are strong vehicles to drive change in the right direction.

The Inflection Point: Timing Process Improvement Around Scalability

While all organizations can benefit from process improvement, correctly timed improvements can accelerate growth. How will a high-growth company know when it's time to move toward more standardized systems and processes?

In the early stages, when business process is not yet mature, solutions are ad hoc. Processes are not well documented. Results can be unpredictable, and roles and responsibilities are not well defined. The results are often heroic efforts to solve problems and a reactive environment. As an example, a manual billing process with inconsistent policies and procedures can result in processing delays, invoicing errors, negative impacts to the customer experience, and cash flow management issues. Over time, these issues will affect the ability to scale successfully. When business operations have become reactive and the most productive employees are spending their time fighting fires, it's time to focus on process.

Enabling Success: Process Improvement in the High-Growth Environment

Once the organization decides the timing is right, start building processes. Take gradual steps to successfully move the organization from "ad hoc" to "repeatable" processes; then from "repeatable" to "defined" processes. Consider these principles when you start on this journey:

- Write down the basic process and build repeatability over time. Keep it simple in the beginning.

- Focus on specific opportunities for improvement. Not all process improvement opportunities are equal. Prioritize opportunities that support and increase revenue growth. Project examples might include:

  - Processes that improve efficiency in finance systems and support healthy cash flow and regulatory requirements.

  - Processes that support sales revenue through product quality and customer satisfaction.

- Define success based on customers' needs and build the process from their perspective. Prioritize improvements that help the customer, provide more demand for the product, or help the organization produce products and services better, faster, or cheaper.

- Make changes incrementally. Consider the ability of your organization to absorb any changes given the high-growth environment.

- Measure key process variables. Start with regular reporting to identify cyclical trends over time.

- Define roles and responsibilities with some allowance for flexibility, understanding that people often wear multiple hats.

- Automate manual tasks where possible, balancing the investment required to automate with resource overhead.

- Implement process training to ensure consistent definition and execution.

Defining repeatable processes can help a high-growth company navigate a key inflection point as the company begins to scale. Processes in the right place and at the right time can limit firefighting in a growing business, and free up time for the innovation and delivery needed to thrive. ▪

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