

“The Process Edge” and the “Process Paradox”

Peter G.W. Keen is a modern “renaissance man”. An English literature major, he embraced computer technology in its infancy. His PhD. thesis was on the psychology of intuition. He taught organizational behavior at MIT where he wrote his first book on computers. He taught management science at Stanford where he wrote a book on organizational change. He was part of the Cambridge group that included Tom Davenport, Michael Hammer, and Jim Champy (the later two coined the term “Reengineering” when they co-wrote the seminal book: “Reengineering the Corporation”. To quote Mr. Keen from the Preface (page XI) of his remarkable book “The Process Edge – Creating Value Where It Counts”:

“As someone who has worked for decades on “people” issues – the dynamics of organizational change, education as the protector of careers when jobs disappear, and cognitive psychology-I disliked the slash-and-kill language of the more evangelistic extremes of the reengineering movement, with talk of breaking legs, shooting the dissenters, and the like. I objected (when part of the Cambridge group) to the very term “reengineering,” which implies that people don’t matter much; it’s fine to talk about reengineering a process, but imagine saying that you’re going to reengineer people. That was the tone of much of the early reengineering literature, and it’s no surprise that reengineering was soon seen as equivalent to downsizing.”

Mr. Keen further states (page 15):

“Reengineering, outsourcing, the learning organization, and TQM have become part of management’s everyday vocabulary because they offer ways to make the fundamental improvements that must be made if businesses are to survive and thrive. The disillusionment that ensues when results don’t match the exaggerated claims made by some process zealots should not be allowed to obscure the primary importance of process reform.”

The author observes that process improvements should start by categorizing a **process** according to its **salience** and its **worth**. He offers the following definitions (page 16)

“SALIENCE. *The word salience suggests standing out from the general surface, being prominent; salient processes are the most prominent ones. They are the processes that relate most directly to the firm’s identity-those that visibly differentiate it from its competitors-and the priority activities that keep the engine of every day competitive performance running.*

WORTH. *Processes that return more money to the firm than they cost in terms of capital are assets; processes that cost more than they return are liabilities. The worth of a process is the economic value it adds to a firm. A process may be radically improved, providing impressive, measurable benefits, but benefits are not value.*

A PROCESS *is any work that meets these four criteria: it is recurrent; it affects some aspect of organizational capabilities; it can be accomplished in different ways that make a difference to the contribution it generates in terms of cost, value, service, or quality; and it involves coordination.”*

Process Edge: Creating Value Where It Counts (Hardcover)

Author(s):

[Peter G.W. Keen](#)

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Business processes are increasingly recognized as the key to competitive survival. In this book, the author views business process--how work is organized, coordinated, and targeted to produce something of value--as invisible economic assets and liabilities that form a portfolio of investment opportunities. He develops an organizational blueprint for implementing the Business Process Investment (BPI) perspective at the enterprise level.

http://www.hbsp.harvard.edu/hbsp/prod_detail.asp?5886

Editorial Reviews

Amazon.com

Even a company that dramatically improves its efficiency and product quality can fail miserably. Peter G. W. Keen names this phenomenon the "process paradox," a modern industrial problem that he deconstructs and defeats in his book *The Process Edge*. The basis of business acumen is common sense, Keen reminds us, but it must be combined with a rigor that measures pure worth. Processes--not only in customer service and quality assurance, but in larger, abstract notions such as acquisition and cultural initiatives--need to be approached in this basic manner. Using a broad, multidisciplinary approach (Keen was an English literature major in college but has since taught management science at Stanford and MIT), he immerses the theory of business processes in an economic bath, refining previously overlooked processes and debunking "magical" ones. Methods that businesses institute, after proving advantageous, can still build in value, and then must be incorporated into the entire business strategy. Keen substantiates his points with real-life cases and examples, from Dell and IBM to Wal-Mart and Boeing. Managers who wish to examine their businesses holistically and within sound theory will appreciate *The Process Edge*, but it will prove most valuable to managers who need to enact change *now*.

All Customer Reviews

Avg. Customer Rating: ★★★★★

★★★★★ **Thought Provoking!**, July 5, 2000

Reviewer: [sm412 \(see more about me\)](#) from [White Plains, NY USA](#)

Keen excels at extending the definition of processes and providing a structured Salience/Worth matrix approach of thinking about them. An important read for developing an understanding of processes and their role.

★★★★★ **Exceptional value! Replaces your TQM & Reengineering books.**, October 7, 1999

Reviewer: [Dror \(see more about me\)](#) from New Jersey

The inability to understand the value of business processes is the pitfall of many reengineering projects especially in IT. Internalizing this book will certainly contribute to your future projects. A must in any business management library.

★★★★★ **An easy read that delivers a high impact.**, May 29, 1998

Reviewer: **A reader** from Ft. Lauderdale, Fl.

A straight forward, no nonsense, approach to viewing processes as capital investments, assets or liabilities and their impact on economic value add. Provides practical examples

and insight on "how to" implement this methodology.

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