



## **Functional Hierarchies? We Don't Need No Stinking Functional Hierarchies!**

One can engage in a lighthearted thought experiment by imagining the following scene, taking place in the not-too-distant future: a team of BPM consulting professionals is meeting a prospective client corporation's leadership group and CEO in a richly-appointed board room to scope out a large project to improve the client's core business processes. After receiving copies of the complex organization chart and learning in excruciating detail which corporate officers, functional VPs, department managers and project leaders the BPM team must satisfy using prescribed report formats, the BPM team leader suddenly leans forward, faces the CEO, pounds his fist on the table, and emphatically declares (paraphrasing Humphrey Bogart's nemesis in "Treasure of the Sierra Madre"): "*Functional Hierarchies? We Don't Need No Stinking Functional Hierarchies!*"<sup>1</sup>

Mesmerized by this impertinent outburst, the CEO inquires what

the BPM team has in mind. The BPM team leader proceeds to outline a business design so radical in concept that it totally eclipses the tired Industrial Age command-and-control paradigm. A business design so avant-garde that it creates an insuperable competitive advantage for those who dare to adopt it. A business design perfectly adapted to the Information Age, flashing ahead of the competition at light speed.

The BPM leader reminds the CEO that they have already spent countless hours together in marginally productive discussions to determine how to thread core business processes through, around, over, under, above and below the miasma of the corporation's functional hierarchy. The iconoclastic BPM leader gently suggests to the CEO that there is a point at which a clean sheet of paper is in order. He explains that virtually everything that takes place in an organization is a process, or a slice thereof. Processes are the sine qua non of modern business, vital productive assets to be managed and improved. To the extent that organizational energy is being spent on activities that are not advancing a process, that energy is wasted and creates a drag on business performance. To the extent that organizational energy is focused, laser-like, on the brilliant execution of processes that deliver value to customers, it can deliver its full potential. Think about basic physics, the BPM leader urges. Energy is either working for you or creating friction. How can we make it work for you? The CEO gives the BPM leader her full attention, and gestures for him to continue.

Encouraged, the BPM leader explains that if everything that takes place in a business is a part of a process, then it logically follows that all individuals in an organization can have their roles defined in terms of their specific contributions to particular processes. If that is true, then ipso facto, the *entire business* can be defined in terms of its processes—not only the organization's horizontal, end to end, value-creating, customer-centric core processes but also the supporting processes that enable the core. The startled CEO, realizes that the BPM leader is talking about nothing less than the total fusion of process and organization.

The CEO, skeptically, asks who will manage the new organization. The BPM leader points to the framed mission and vision

statements on the boardroom wall. Do the company's people understand the mission and vision? The CEO nods affirmatively, remembering that a major effort is made during orientation sessions to drill the mission into new hires. The BPM leader explains that individual missions can be crafted which align with the corporate mission, to galvanize superior performance. Assuming the people are capable of self-management, then *the mission will be the boss*, not someone who happens to have a title and occupies a box on the org chart. Expert authority, based on influence and persuasion, will displace artificial positional authority. Decisions can be carefully, uniquely and contextually defined. Major decisions may require collaboration. Carefully defining the scope of decision-making authority will insure that all pertinent viewpoints are considered, *making for better decisions*.

The CEO begins to appreciate the large ramifications of the changes being proposed by the BPM team, but has more questions. How will people know what processes to own? The BPM leader responds that a careful audit will have to be made to identify all the processes needed to run the business, the personnel involved in the business and their repertoire of skills and interests, and the degree of decision-making authority each person is able to wield with alacrity. By proceeding through the information-gathering process in a systematic way, coupled with interviews of all key personnel, it should be possible to reasonably identify individuals to processes and processes to individuals. If changes need to be made later, there are no inherent barriers to doing so. It is possible that some processes will be jettisoned. It is possible that additional talent will need to be acquired. Only a thorough audit will tell for sure. And shouldn't the business be performing that analysis anyway, for its own benefit, whether or not the BPM project is authorized?

As the CEO digests these answers, more questions come to mind. How will employees relate and be accountable to each other, since their relationships will be defined in terms of *processes*, not in terms of managers and subordinates? The BPM leader smiles to himself. The CEO is asking good questions. What would prevent the company from creating a series of contracts between employees as internal customers and suppliers of each other's processes, documenting their acceptance of responsibility for

certain processes and decisions? The CEO can't think of anything that would preclude such an arrangement. Enforceable contracts are, after all, a common staple of the business world.

How will the business measure performance, the CEO wonders? The BPM leader explains that some work would have to be done here as well, building on existing performance measures and metrics. People will either measure themselves or access their own performance measures automatically, preferably at frequent intervals to calibrate their performance accordingly. If people have no human bosses, then they really have to evaluate their own performance, the BPM leader explains. And don't we want people to make better performance an exciting adventure, in order to maintain their focus on the mission? The CEO remembers the earlier discussion about organizational energy, and its effect on business performance.

Her mind swirling from the discussion, the CEO concludes the meeting. She briefly considers that it would be much easier to implement such a process-driven system in a *startup* than trying to change the culture of an existing company, especially a public company like hers with diverse stakeholders. There is a great deal to think about...

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<sup>i</sup> With apologies to Gold Hat, as played by Alfonso Bedoya in "The Treasure of the Sierra Madre " (1948): "Badges? We ain't got no badges. We don't need no badges. I don't have to show you any stinking badges!"