

## White Paper

### Building a High Performance, Process-Oriented Culture at Morning Star: Creating a Structure for CLOUs and Steppingstones

Doug Kirkpatrick  
January 2, 2007

#### I. Building a Process Mindset

All businesses possess at least four basic overlapping domains: Strategy, Systems, Processes and People. Processes can be defined as sequences of activities that result in the creation of value for a customer, either internal or external. Core processes consist of those processes that result in the creation of value to the ultimate customer—in the case of Morning Star, the ultimate customer is the one who buys our products, without whom we would not be in business. Processes also include supporting processes (e.g. payroll), which are important but not the reason for being in business, and enabling processes (e.g. building permit acquisition), which allow the business to move forward but do not directly create value for customers.

Solid business processes are valuable enterprise assets; they can be a source of differentiation and strategic advantage (think cross-docking logistics at Wal-Mart, or flexible production lines at Toyota). Poorly thought out or executed processes can, on the other hand, be non-advantageous or even liabilities. The best companies pay attention to their processes and have a *process* in place to continually improve them. They build a *process mindset* into the culture to take advantage of the knowledge base of their colleagues who are, after all, in the best position to identify and make improvements.

As Morning Star moves forward with development of CLOU and Steppingstone accountability, it becomes even more critical to define and refine its processes. Processes are the foundation for CLOU and Steppingstone accountability; they define the hand-offs, business rules, break points, and moments of truth for internal and external customers and suppliers. CLOUs and Steppingstones define the accountability of individuals to each other and to the Mission—but accountability for what? The process map supplies the what; every colleague becomes a steward for specific processes or activities within a process, with customers and suppliers to whom he or she is accountable.

It would seem, therefore, that well-defined process maps are needed to insure full individual and enterprise accountability—every process activity (including

process decisions- expressed as verb/noun couplets) must be assigned to an individual. This assignment could help define, in turn, the process activities of an individual CLOU to which one or more Steppingstones will be attached. And the customers and suppliers of the individual's processes will become the CLOU colleagues of the individual colleague. The risk of establishing CLOUs without also examining processes is that there may be activities that are tacit, implicit, or unexpressed but which are nonetheless real and important; and which therefore don't end up hitting anyone's CLOU. And when the process breaks down, no one is responsible.

It would be highly beneficial for Morning Star to undertake a *process to define its processes*, using the methodology described below.

## II. Benefits of an Organizational Process Mindset

Building a process mindset into the culture has several benefits

- The enterprise has some 300 year-round and 2000+ seasonal colleagues. No one knows more about how their area of the business works than these individuals. Harnessing their combined, collaborative mindpower toward the goal of improving the business could reap substantial productivity gains
- Day to day execution of processes will benefit from the stewardship of individuals who understand their processes intimately and watch the key performance metrics (Steppingstones) to monitor process health
- An enterprise with a process mindset will always have a strategic competitive advantage over an organization that doesn't—because a process culture leads to continuous improvement
- A process mindset encourages innovation and initiative—since colleagues train themselves to think of ways to improve their processes
- A process mindset thinks beyond individual quirks, personalities and conflicts. A process culture values its processes as strategic assets, and is independent of individual knowledge bases and “turf”
- A process mindset is less political than a traditional corporate mindset and more willing to embrace change, growth and disruption.
- A process mindset encourages collaboration, especially between functional areas, breaking down barriers and information silos in pursuit of the common Mission
- It is axiomatic that if all enterprise processes are exposed to colleague analysis and improvement, the opportunities for improvement will increase. Process

breakdowns will lend themselves to scrutiny and analysis by colleagues from other affected areas, motivated by self-interest in handing off/to successful processes. This model is able to harness the power of mass collaboration within the enterprise.

### III. How to Build a Process Mindset

The best processes are ones that take advantage of the collective intelligence of those charged with executing them. Herein, then, is a process to build a process mindset within the Morning Star culture.

- Prioritize the processes in the organization: Core, Non-Core (see definitions above). Start with the core processes, which deliver ultimate value to paying customers (example: Order Fulfillment). Trivial processes, such as the pencil purchasing process, may be ignored (pardon the alliteration).
- Starting with a blank sheet of paper, have at least two cross-functional teams map the process as they currently understand it (The “AS-IS”).
- Cross-functional teams study other team’s AS-IS map for missed activities.
- Each team then identifies the break points, hand-offs, business rules, and moments of truth for the process.
- Each team studies the other team’s map to identify missed hand-offs, etc.
- Back to their own map, each team identifies opportunities to minimize break points, hand-offs, and moments of truth—which represent potential process failure points (the “TO-BE”).
- Each team studies the other team’s map to identify TO-BE opportunities.
- Debrief, identify low-hanging fruit (process improvements that are low-cost, easy and quick to implement).
- Assign accountability for these process improvements (implementation dates, etc.) to INDIVIDUALS, which accountabilities then land on their individual CLOU Agreements as commitments and Steppingstones.
- Re-visit the process every six months to perform additional iterations, finding fruit that may be harder to reach but still valuable to pick. Continually repeat the cycle as often as necessary.

#### **IV. Advantages of a Participative Process Improvement Methodology**

- It is axiomatic that people have more invested into processes they are personally involved in creating. They will enjoy creating the “AS-IS”, since this exercise honors their existing knowledge, and their creativity will be stimulated by creating the “TO-BE”. In addition, the friendly competition (competition) will spur excellence and completeness in the mapping.
- People will likely do the best possible job of creating a process map of their own processes. Even the most experienced facilitator will not possess the intimate knowledge of operators who are exposed to a process over months and years.
- Buy-in to process improvement is embedded in the creation of the “TO-BE”—by the process stewards themselves.
- Easy process improvements can be initiated immediately—with accountability.
- The participative process brings with it a template for ongoing process improvement—continuous renewal and improvement will occur with a simple, well-understood and accepted methodology.
- A process-oriented mindset and culture will develop over time as colleagues see the value of eliminating inefficiency and risk in their processes—they will become PROCESS OWNERS.
- Collaboration and communication will increase and politics will decrease when CROSS-FUNCTIONAL (or even CROSS-COMPANY) teams are working on process improvement *together*, in support of the Mission—rather than just focusing on parochial concerns related to an area or a functional silo.
- People will be happier and more productive when they can focus on their Mission and engage in true teamwork in a common cause, with less focus on personality and politics.
- The business will benefit from the sustained competitive advantage conferred by having committed colleagues who think like owners, which in fact they will be: PROCESS OWNERS.

#### **Conclusion**

Human beings, executing processes, are what deliver value to other human beings. Generally speaking, areas and functions, by themselves, do not deliver value. In some cases an area-based mindset can destroy value by reinforcing functional silos of information hoarding and finger pointing, while losing sight of

the true customer. In building a culture with a business process mindset, using the methodology described above, Morning Star can a) provide the superstructure (defined processes), on which to attach CLOUs and Steppingstones and make them effective performance drivers, and b) build the self-sustaining, value-creating, customer-supplier mindset that is at the heart of market-based management.