



eBook



# The Role of the Process Entrepreneur:

Experiment Before You Commit



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November 2016

# Introduction

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It is often said that we live in volatile and uncertain times. Industries and markets that were once considered relatively stable are experiencing disruption from new competitors, new distribution channels and new business models.

Whether it is a company such as Uber challenging traditional private hire taxi companies, or Bitcoin challenging long-established payment providers, it seems that a fast pace of change has become the new norm.

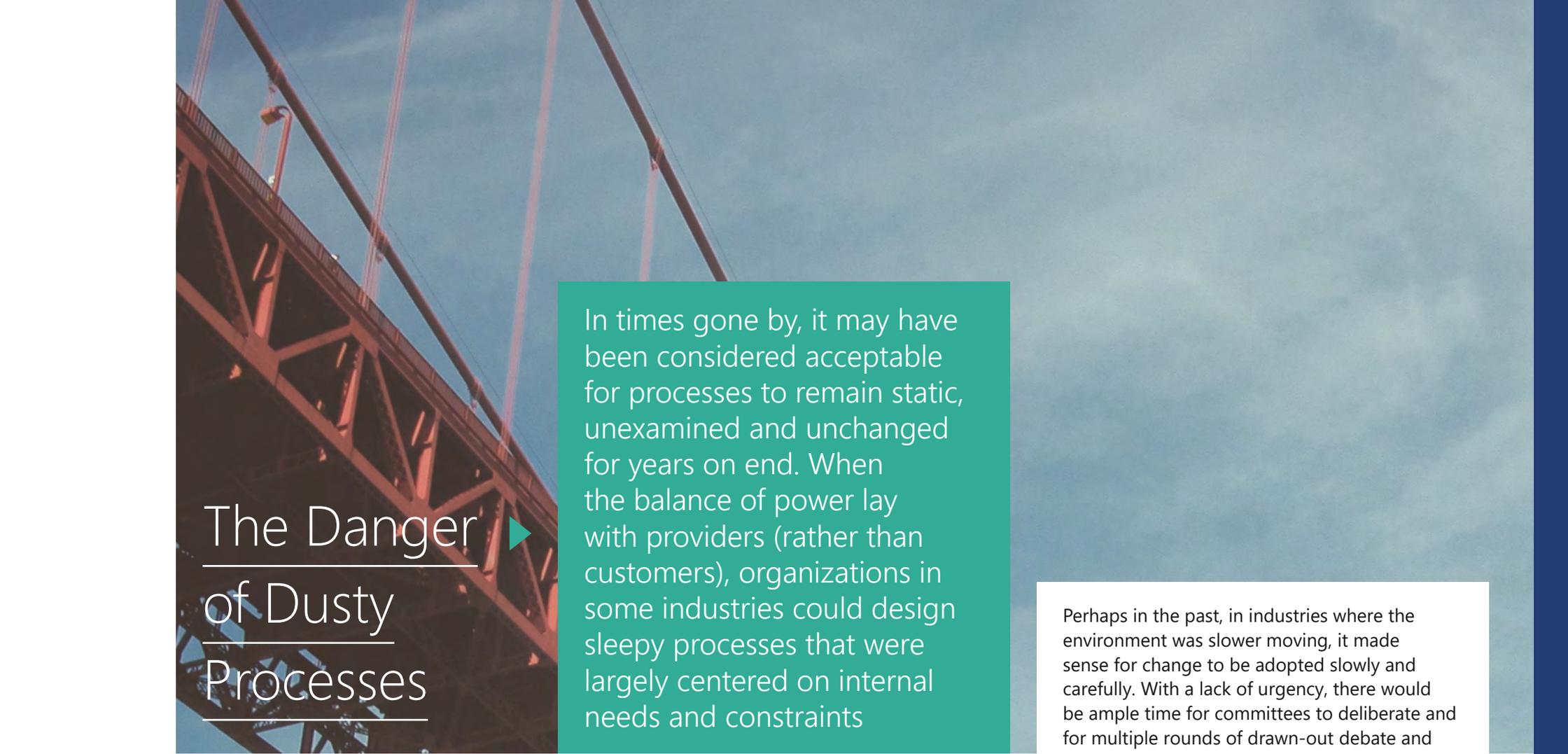
This change in the competitive environment is made even more complex by broader external factors. Whether it is governments creating new laws and regulations, or the social trends of consumers adapting, there are many reasons that organizations must be vigilant and be prepared to adapt.

Those organizations that can effectively monitor, experiment and align or lead their environment are likely not only to survive but thrive in a volatile world. This ever-changing environment calls for increased flexibility in the systems, processes, structures and technology that underpin organizations and their operations.

Experimentation becomes prevalent, with experienced practitioners embedding a customer-centric culture of entrepreneurial adaptation. This experimentation allows us to test ideas before committing to them and ensures that processes stay flexible enough to meet changing customer expectations.

In this article, we explore the importance of experimentation, and how to encourage more of it in our organizations.

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## The Danger of Dusty Processes

In times gone by, it may have been considered acceptable for processes to remain static, unexamined and unchanged for years on end. When the balance of power lay with providers (rather than customers), organizations in some industries could design sleepy processes that were largely centered on internal needs and constraints

Perhaps in the past, in industries where the environment was slower moving, it made sense for change to be adopted slowly and carefully. With a lack of urgency, there would be ample time for committees to deliberate and for multiple rounds of drawn-out debate and discussion prior to any action being taken.

Customers were expected to fill in endless forms, stand in long orderly lines, or do whatever necessary to make the organization's life easier. Organizations did this safe in the knowledge that the cost of switching – that is, the cost of a customer leaving and going somewhere else – was often high. Information asymmetry meant that in many industries the balance of power was with the seller.

Comparing insurance premiums, for example, may have required visiting multiple insurance broker's offices, or making numerous phone calls. Even then, if you did find a cheaper price, you would probably have to drive to an insurer's office to fill in a form. In today's interconnected world, the competition are a mere mouse click (or tablet screen tap) away.

With a seemingly stable environment, any change can be perceived as risky. Why rock the boat when the business is doing just fine?

The very people who were suggesting change may have been called out as 'trouble-makers', and it made sense for protective layers to be built that would protect the organization from risky and ill-advised change. In extreme cases, entire cultures, processes and hierarchies may have been built to protect the status quo.

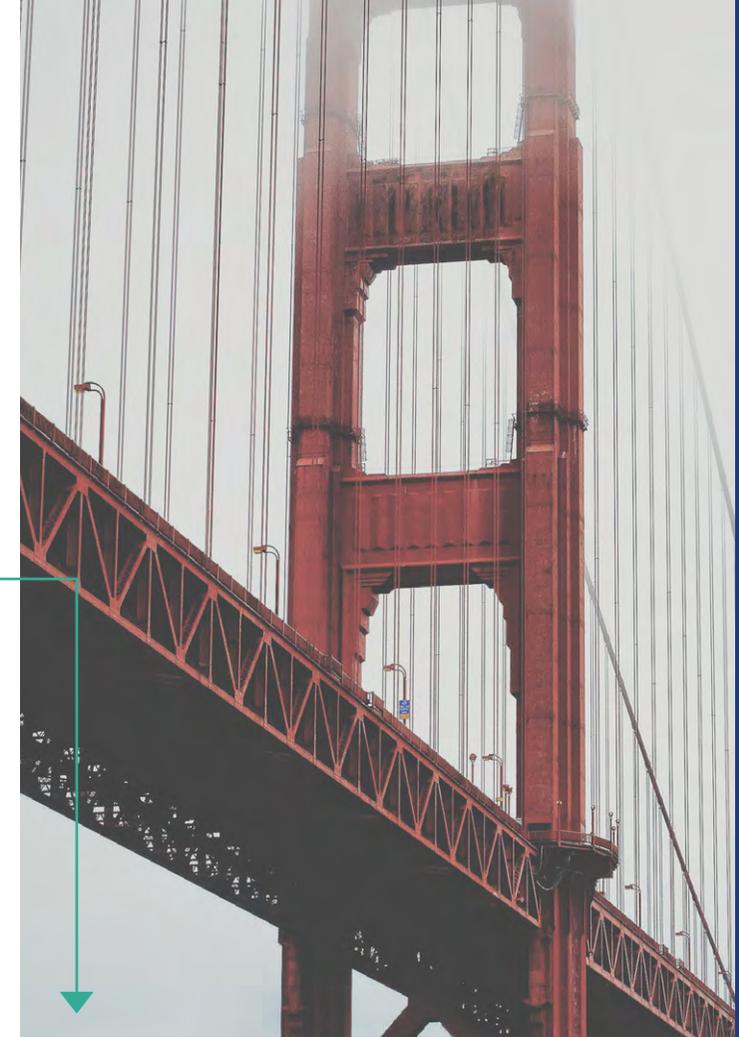
Perhaps you have worked in, or been a customer of such an organization. In situations like these, when change is the exception, it is almost like processes become dusty – uncared for and unloved like an out-of-date encyclopedia festering on a book-shelf.

They reflect the values and rules of a bygone era, but they become so embedded into the organization that they are very hard to change.

With nobody paying attention to them, nobody takes the impetus to adapt and change them. People, quite understandably, form habits aligned to these processes – and these habits may have formed over years or even decades.

As I am sure many people reading this will attest to, convincing people to change working practices and working habits can be very challenging indeed.

In these situations, it is hard to act quickly enough when change is needed. To an outsider it may seem like the organization is stuck in a previous decade, desperately holding on to archaic traditions, floundering around whilst its competitors innovate.



The cruel irony is that often some people within these organizations can see the hazards coming – but they are unable to gain enough momentum (and create a sense of urgency) to change things quickly enough.

Yet this pattern is by no means inevitable. Keeping the voice of the customer close, and striving for organizational agility helps. Underpinning these factors is a spirit of entrepreneurialism (or what we might call 'intrapreneurialism').



I suspect some people reading this article will be familiar with the phrase 'intrapreneur' – it seems to have become more and more popular of late. In his 2013 article in Forbes, David K. Williams defines an intrapreneur as:

"[One of] those highly valuable executives and team members who will perhaps never become a company founder, but who have learned to apply the essential principles of entrepreneurship to the roles they fill within a company."

A Potential Antidote:  
The Role of the  
Intrapreneur

The term itself has a much longer history than many realize, attributed to a paper released in 1978 by Gifford Pinchot III and Elizabeth S. Pinchot. Whilst there are countless articles and definitions, the crux of the term is an employee who embraces the mind-set of an entrepreneur.

An intrapreneur is somebody who is prepared to act as if the business were their own, and who is prepared to shake up the status quo and pursue valuable change where it is necessary. In a changing environment, it is these skills that we should celebrate and encourage – and we should ensure that our organizations are fostering and listening to its own intrapreneurs.

We can have all the advantages of a large, well-established company, but borrow from the fast-moving agility of an entrepreneurial start-up.

One key skill shared by both intrapreneurs and entrepreneurs which is relevant for us in the business analysis and business process world is the ability to focus on potential value – that is understanding both what the customer's value expectations are as well as what the organization does to enable value for its customers.

Figure 1: Example "Sweet Spot"

Additionally, it is crucial to understand what others from the broader stakeholder community value. There is a sweet-spot where a company can provide a product or service that enables a customer to realize value, in a way that also enables the organization itself to realize value. The product or service offered will meet specific areas of a customer's need. The diagram below illustrates this:

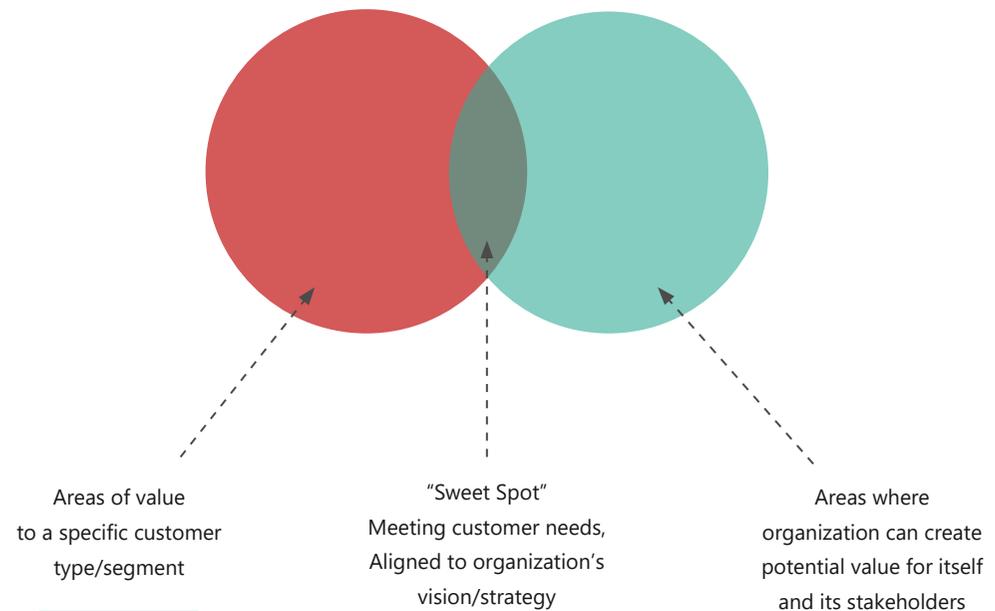
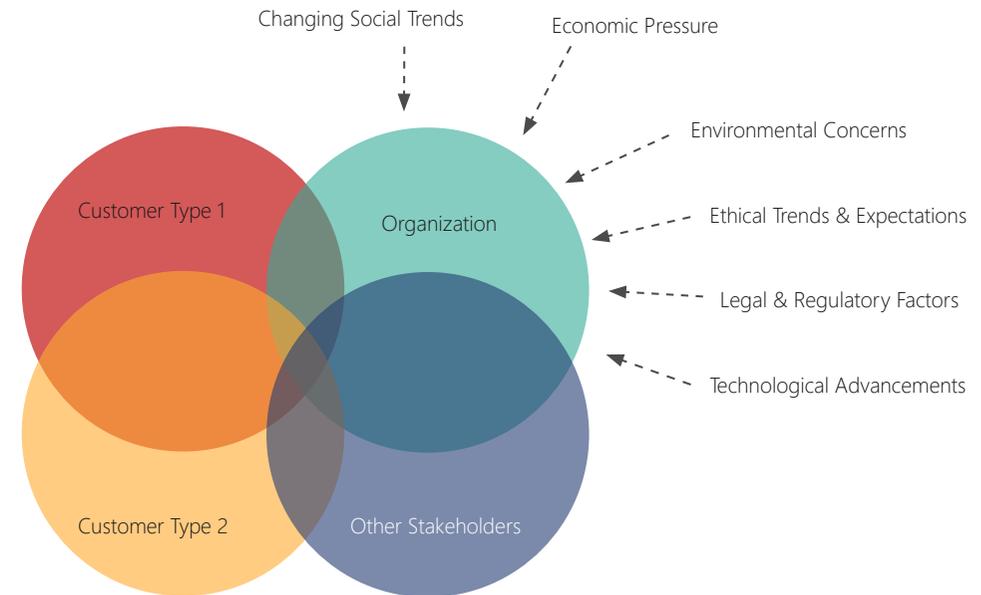


Figure 2: A Changing Landscape

In general, the closer the alignment between organization and the customers' needs, the better. Of course, figure 1 is an abstraction and in reality things are rarely this simple – there are often multiple stakeholders with needs and desires – and there are constraints pushing in on the organization too. So perhaps figure 2 is slightly more representative of the complexity that we face.



Crucial decisions must be made over which customer segments are targeted, and how the product or service is configured and marketed to be attractive to the desired customer groups – otherwise in some industries we may risk creating a product that is so generic it is of little value to anyone! Understanding of the potential value is key.

An organization's business processes are tools that enable this potential value to be co-created. Yet, whilst talking about 'delivery of value' has become a common corporate mantra, talk of value is often an empty platitude. It is often the case that little is known about what the customer truly values, and even less thought is put into measuring whether it has been achieved.

Yet measurement is almost always seen as crucial, and so the temptation is to measure and manage those things which are easily visible, and make the assumption that these reflect the customer's perception of a valuable service.

For example, a call center may measure average call length time and queue length, perhaps setting a target of an average call length of 3 minutes and an average queue time of no longer than 30 seconds.

Yet, so often these figures are arbitrarily chosen. Perhaps a customer might be happy to wait 35 seconds if they get a more comprehensive answer. They may well wait 60 seconds in return for getting a higher quality answer which means they don't have to call back time and time again!

To become a process intrapreneur, we must get to know our customer segments well. What makes them tick? What do they value? What annoys them? There may be multiple customer types, 'personas', each with differing needs.

We may actively target some segments, and choose not to target others. Alongside customer needs and desires we must also consider the wider environmental

constraints and also the value that our organization needs us to create.

In a private sector company, there is likely to be a need for revenue and profit. In the public sector the focus may be on value for money and breadth/reach of service. Balancing these needs helps us ensure we are in the 'sweet spot' mentioned/illustrated in the previous diagram.

Yet even with the best customer research and customer insight, it is difficult to know how customers will truly act and how they will respond to a value proposition. As intrapreneurs, we could say that we create value hypotheses – calculated guesses at what we think that our customers and stakeholders value.

These hypotheses should be based on some kind of insight where possible, such as qualitative or quantitative customer research. We could imagine value indicators sitting between Critical Success Factors (CSFs) and Key Performance Indicators (KPIs) on a traditional measurement hierarchy.

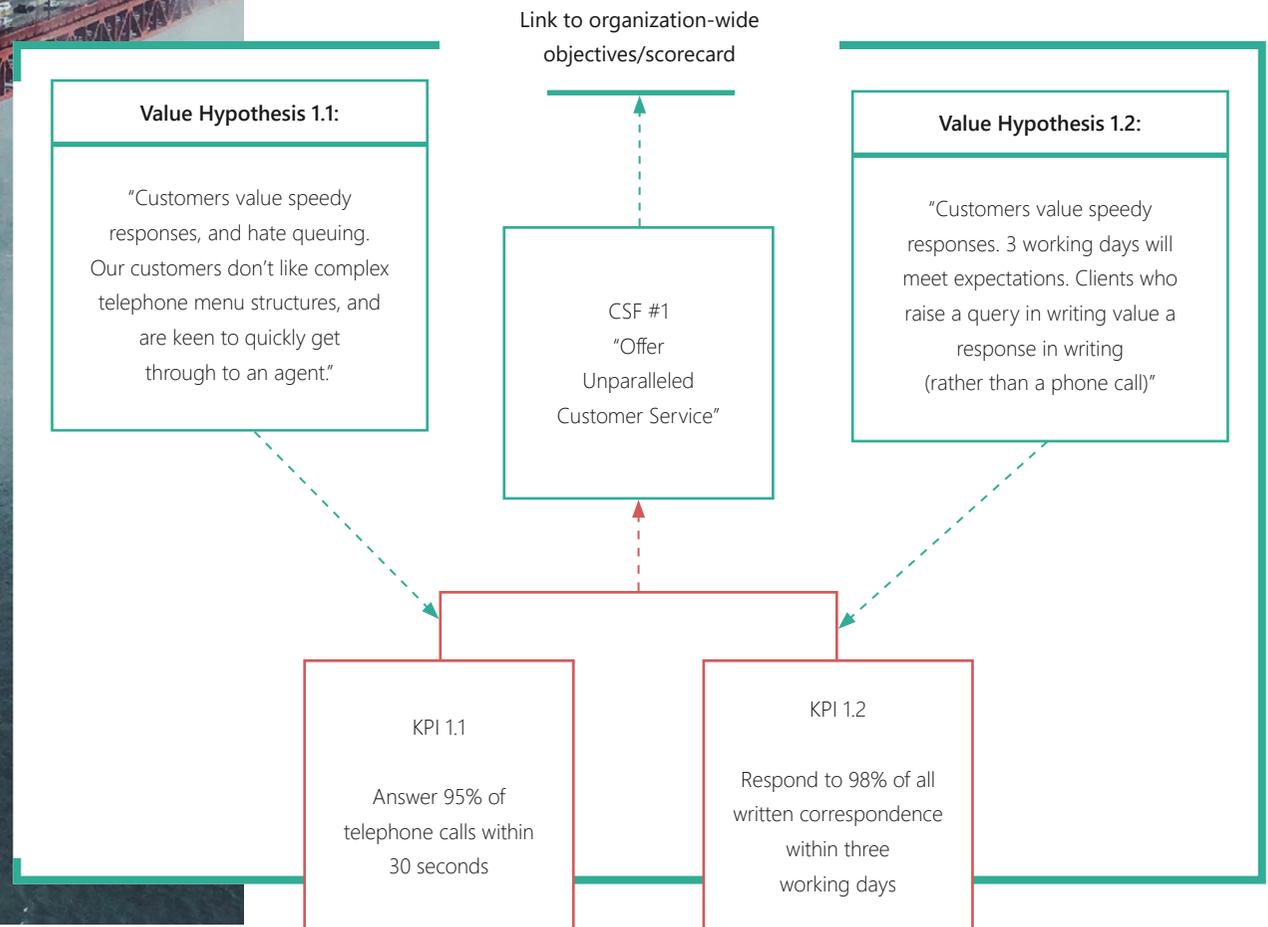


Figure 3: The Role of Value Hypotheses

This allows us to have granular indicators that can be measured regularly, with our hypotheses validated or rebuked when we periodically examine the external measures, and is illustrated in figure 3.

# Process Experimentation

A key component of this hierarchy of metrics and indicators is the inclusion of a falsifiable value hypothesis. That is, a statement that we believe to be true, but that might later be disproved by data.



Of course, I am using the term very loosely here – the scientific community would have a much more robust view on what constitutes a falsifiable hypothesis and a fair test – but the key underlying principle stands. In this context, a falsifiable hypothesis allows us to experiment and track the results.

Imagine, for example, that we suddenly notice a drop in sales in a particular product line, or a drop in customer satisfaction scores. As well as looking introspectively, to see if there were any unusual or exceptional problems, we can also look externally for changes in the business environment. We can ask questions such as:

“Have our customers value expectations changed?”

“What are our competitors doing?”

“What other constraints are imposed on the process? Have these changed? Can we challenge them?”

“What are our competitors doing?”  
“Are there any other changes to the business environment?”

It may take us weeks (or months) to conduct detailed statistically significant surveys to assess changes in customer attitudes, but in appropriate situations we may be able to adjust our value hypothesis and test whether they appear to have changed.

A new value hypothesis may even lead to a new Critical Success Factor, Key Performance Indicator, or a new target. This provides us with the motivation to re-assess our processes to see how those metrics can be met in turn.

With new targets, we can look to quickly adapt a process – or a part of a process – to get instant feedback. In true intrapreneurial style, we will look for ways of trialing the processes which don't require huge amounts of investment.

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Perhaps we temporarily implement some manual workarounds to speed up a process. If this works, we enhance them and adopt them more formally. Or perhaps we test what happens when we remove or re-sequence a step.

This controlled experimentation may involve piloting updated processes with a sub-set of customers and process operators, collating data to see whether the process intervention has made things more effective and efficient.



# A Customer-Centric Culture

A key tenant that underpins this process intrapreneurialism is the need for a laser-like focus on the end-customer.

This connection to the customer requires people at all levels of the organization to consider and empathize with those that utilize the company's goods and services.

It requires us to ask not just "which processes are painful and time consuming for us" but also (and more importantly) "which processes are painful for their consumers".

Cultivating this culture will ensure that we have teams that aren't afraid to challenge the norm, and don't feel bound by yesterday's processes. It also requires us to cultivate a culture where change is accepted and expected. Processes, systems and structures should be built with flexibility and adaptability in mind.

Ensuring processes are modeled, stored in a common repository (in a way that is useful to stakeholders throughout the organization) can help to enable this flexibility. When process models are visible, people can challenge them, discuss them, and propose improvements to them.

The CSFs, KPIs and value hypotheses should also be regularly re-visited and discussed, and people throughout the organization should be encouraged to raise improvement ideas and highlight potential changes to the external environment.

# Conclusion

Successful organizations are able to respond to (or even lead) their business environment. It is crucial that we cultivate a culture where people throughout the organization look for potential environmental changes, and create a structure and culture where it is possible to respond appropriately.

Ensuring there are a healthy crop of intrapreneurs can help – not everyone needs to be an intrapreneur, but ensuring that at least some people within the organization feel empowered to act in this way can help. When environments and customer expectations are changing rapidly, experimentation can help an organization to incrementally adapt, molding to the 'new world'. These – along with other factors – will help us avoid reaching situations where our processes are neglected and we can't respond quickly enough!

## References and Further Reading References

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## Further Reading

Readers interested in the topics discussed in this paper may find the following resources useful:

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