The Chief Process Officer

The failure to have an on-time, on-budget ERP implementation is approximately 70 - 75%. Continuous improvement / Lean Management initiatives have failure rates of more than 80%. In both situations, and sometimes even when they are on-time and on-budget, organizations fail to realize the full benefits or expected return-on-investment of their projects. The basic root cause is likely to be the inability to ensure that the implementation focus stays on improving processes that improve prioritized stakeholder values.

The title of "Chief Process Officer" (CPO) is new, or a vague concept, to many of organizations that we speak with. The position is sometimes known as CPIO (Chief Process & Innovation Officer) so that the acronym is not confused with others such as "Chief Product Officer." In this article we will discuss what the Chief Process Officer position is, the benefits of having a qualified person in the position, when an organization would want to have a CPO and the results expected.

The Responsibilities of a Chief Process Officer

The CPO is responsible for continuous improvement of all processes that impact Stakeholder Values. They report directly to the CEO / President and should also provide status reports to the Board of Directors. Their primary responsibilities are:

1. Be a cross-functional facilitator of improvement that benefits the Stakeholder Values of the organization. This person is often 'first among equals' of the people that report to the CEO / President and / or Board of Directors;

2. The CPO defines the strategy, policies, rules, guidelines and controls of process development and re-engineering;

3. They facilitate the introduction of process modeling and documentation technology;

4. The CPO works with designated resources to implement Organizational Change Management (OCM) methods including education, training, and communications;

5. They coordinate the method and technology of using process automation solutions with the Information Technology group within the organization;

6. The CPO facilitates the assessment of opportunities for improvement;

7. Prepare and report new potential project information to the CEO / President and / or Board of Directors. The information includes analysis of new opportunities, recommendations for prioritization and any impact on the status of projects already in progress;

8. Facilitate all projects authorized by the organization. This includes the creation of specific, cross-functional teams for each project including contract organizations and, in some cases, strategic stakeholders;

9. Report progress as required. Progress reports may also include recommendations for modification of the project scope or removal of impediments to a successful conclusion of a project; and,

10. Upon completion of a project, provide reports to 'close the loops' with various stakeholders in the initiative.

Expected Outcomes

What you should expect as the outcome of having a CPO is dependent upon a few conditions.

If your organization is:

- A large, multi-national organization with significant growth, consolidation plans or are observing an increased loss of business to competitors; or,

- An organization that has constantly changing regulatory risk factors that require the modification of processes to manage the risk.

The organization would **employ a permanent person and team of people in this role.** There would be an expectation of pro-active risk management, along with projects being enabled, that improved prioritized stakeholder value and processes. Beginning in the second year of operation, this group typically would be able to **produce positive returns on improved process and risk management in the realm of three to five times the cost of the CPO department**.

If your organization is implementing a new ERP solution with the expectation of:

- Improving business and operational cycle times;

- Reducing human effort and time;

- Reducing non-value-added tasks within processes; and,

- Managing risk factors proactively.

Or, if your organization is not large enough to warrant a full-time and dedicated department to the role but need to launch improvement projects, then the organization would be wise to engage either:

- A ***contracted, qualified CPO*** to lead and coach an internal team that has been relieved of their normal roles within the organization ***for the duration of the continuous improvement initialization project***; or,

- A ***contracted, qualified consulting organization*** that can bring a project team into the continuous improvement initialization project to ***lead, educate, and coach the internal, cross-functional team leaders.*** The length of time would be dependent upon several scope factors.

The responsibilities and outcomes of the contracted resource situation are similar to the full-time situation. *The exception is that at the end of the contract the* ***responsibility for continuous improvement would be given to a couple of the team members*** *and reporting would be combined into the monthly Sales & Operations Planning (S&OP) meeting.*

The Qualifications

The organizational structure of the team that the CPO leads may differ from situation to situation. However, the CPO's qualifications will be similar. The CPO should:

- Be able to facilitate the Stakeholder Value Assessment process;

- Be able to model all types of processes based on Value Stream analysis priorities derived from the Stakeholder Value Analysis output;

- Understand, and have experience with, integrated resource management;

- Be familiar with Organizational Change Management requirements;

- Have a working knowledge of how technology supports improved business and operational processes, the reduction of employee stress points, the management of risk factors and management reporting;

- Be familiar with, and facilitate the plans for, all types of Disaster Recovery Plans; and,

- Ensure that the process review methods for the organization are documented, evaluated, and signed off at all levels of the organization.

Bonus qualification: If the CPO, or the organization that is contracted, has experience as an adult educator then the education, training and communications needed for Organizational Change Management will be more cohesive and complete in its delivery.

Summary

To be successful in the implementation of an ERP solution or continuous improvement initiative, your organization needs to evaluate itself and ensure you have an experienced representative in the executive suite that is independent of those that lead departments within the organization. When the experienced representative's sole purpose is to improve the overall performance of the organization and stakeholder values, the results will be extraordinary.

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