Business Process Management: When Management Discipline Meets Pastoral Power

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DISCLAIMERS

This thesis contains no material that has been accepted for a degree or Diploma by the University or any other institution, except by way of background information, and duly acknowledged in the thesis. To the best of the candidate's knowledge and belief no material previously published or written by another person has been used, except where due acknowledgement is made in the text of the thesis.

ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

Acronym	Meaning
APQC	American Productivity and Quality Council
AR	Action Research
BI	Business Intelligence
BPI	Business Process Improvement
BPM	Business Process Management
BPMN	Business Process Mapping Notation
BPMS	Business Process Management System
BPR	Business Process Re-engineering
BPT	Business Process Transformation
CEO	Chief Executive Officer
CFO	Chief Financial officer
CIO	Chief Information Officer
CPI	Continuous Process Improvement
CRM	Customer Relationship Management
CSF	Critical Success Factors
EA	Enterprise Architect
ERP	Enterprise Resource Planning
GM	General Manager
GCS	Government Computing Service
HR	Human Resources
IS	Information Systems
IT	Information Technology
KM	Knowledge Management
MIS	Management Information Systems
MRP	Material Resource Planning
OT	Organisational Theory
WfMS	Work Flow Management Systems

ABSTRACT

Business Process Management (BPM) is management technique which seeks to constantly innovate business processes to improve customer service while reducing costs. It is introduced into organisations alongside software called Business Process Management Systems (BPMS). BPM monitors and measures processes to find opportunities for improvement of these processes. The system enables the capture of business processes by rendering them as process models; these are used to link to information, to deliver this information to staff, to automate tasks where possible, and to turn tasks into work flows which appear on manager's and staff's desktops as 'to do' lists.

This thesis presents a case study of the implementation of BPM and a BPMS into a large insurance company in New Zealand. The initial research objective was to identify critical success factors (CSF's) for BPM and use Action Research (AR) in conjunction with ethnography to track the presence of the CSF's and to develop strategies to compensate for any lack in CSF's. The pilot BPM project in the organisation was successful, although it did require radical change in the business unit. However, the BPM project failed to embed BPM techniques in the rest of the organisation and was ultimately cancelled. At this point the research objective shifted to understanding the forms of power and resistance that had emerged over the course of the implementation. To understand these, a theoretical framework was developed with Rescherian process philosophy as its ontological foundation and Foucauldian concepts of power/knowledge as its epistemological foundation. The axiological foundation is that the self-formed in this processual reality is formed in the grid of power relations in which it is situated.

The key findings of the research are that the concepts of culture and values are not sufficient to explain the forms of resistance that emerge when BPM and its associated Information Systems (IS) are implemented. Instead, a processual analysis using Foucauldian concepts of power and resistance proved to be a richer and more explanatory framework. This analysis found that the insurance industry is a technique of bio-power. This form of power relies on techniques of pastoral power to produce ethical, self-regulating, risk-managing subjects, both consumers and suppliers of risk mitigation products. These subjects are seen as self-governing, guided by conscience, and capable of unique responses to situations so that the manager is primarily a coach. BPM, on the other hand, is a technique of disciplinary power which produces disciplined, docile, utile subjects. These subjects are seen as requiring the three elements of hierarchical observation, normalising judgment and examination to ensure productivity and quality so that the manager is primarily an enforcer. These two forms of managerial subjectivity are opposed so that the introduction of the form of disciplinary power relations required by BPM generated resistance from the existing predominant forms of pastoral power.

Ultimately this predominant form of power successfully resisted the introduction of disciplinary power. I suggest that this framework may prove useful for predicting resistance in future BPM projects.

1 INTRODUCTION

1.1 BACKGROUND

Business Process Management (BPM) is a management technique which seeks to constantly innovate business processes to improve customer service while reducing costs. Gartner describe is as *"a discipline that improves enterprise performance by driving operational excellence and business agility"* (McCoy, 2011). This discipline is supported by Business Process Management Systems (BPMS, or Work Flow Systems). BPMS are relatively new types of Information system (IS) and have been developed over the last decade to capture business processes by rendering them as process models; these are used to link to information, to deliver this information to staff throughout the process, to automate tasks where possible, and to turn tasks into work flows which appear on manager's and staff's desktops as 'to do' lists. BPMS record process instances as they occur, and provide monitoring and reporting capabilities. The system is intended to generate a flow of information to stimulate the strategic thinking of process design so that processes can be continually improved.

BPM has a high profile and lots of vendor hype. It is a sector of the Information Technology (IT) market which is growing at a time when other sectors are not. In 2003 the Gartner Group said *"Business process management wins the "triple crown" of saving money, saving time and adding value. It also spans the business and technological gap to create synergy, with proven results"*

> *"Gartner Survey Shows Spending on Business Process Management to Grow Significantly in 2011" (Gartner, 2011)*

> *"The business process management (BPM) and middleware market recovered strongly from its 2009 growth slump and posted total revenue of nearly $16.1 billion, representing a 9.2% growth from the previous year's measly 2.2%t growth, a research from the International Data Corporation (IDC) showed. The BPM and middleware market continues to gain share overall in IT spending. Growth across the segments continues to be driven by innovation, even in the largest and most mature segments" (CRM_Innovation_Editors, 2011)*

However like many other IS projects, BPM has a high failure rate. While most projects enjoy at least partial success across an enterprise, very few enjoy enterprise wide success and 36% fail as can be seen from Table 1 (AIIM International, 2007).

SUCCESS OR FAILURE	PERCENTAGE
Very successful at enterprise level	6%
Leveraged early success into repeatable performance	16%
Departmental success; no enterprise success yet	25%
Initially difficult; now some success	16%
Little to no success	36%

Table 1 AIIM International, 2007 BPM Success and Failure Rates

1.1.1 BPM Success Factors

BPM researchers and consultants agree that failure is not usually a result of technical challenges but predominantly a result of people or organisational culture challenges. They propose that there are critical success factors (CSF's) that must be present, or if not present then developed, for implementation and embedding of BPM to succeed. They are indicative of a process mature, or process oriented, organisation which shares the same values as the management discipline of BPM itself.

These success factors include specific requirements for Strategic Alignment, Culture, Leadership, People, Governance, Methods, IT, and Process (Bandara, Gable, & Rosemann, 2007; Melenovsky & Sinur, 2006; M Rosemann, De Bruin, & Power, 2006) and are summarised below.

FACTOR	REQUIREMENTS
Strategic Alignment	Strategic clarity and coherence. Customer and Business Partner expectation of process understood. Process goals aligned to strategic objectives. Organisational structure aligned to process goals. Clear roles and responsibilities. Staff and managers incentivised to support process goals
Process	Process maturity/orientation is high. BPM expertise is available.
Culture	Current culture understood. Values are articulated and match BPM values. Change management expertise is available. Change vision is clear. Organisation is change ready. Change reinforcement in place. Communications are clear, consistent and timely.
Leadership	Leaders are committed and competent. Management processes support change. Managers are actively leading change. Process owners are identified and have authority and credibility to make process change
People	Staff capability for changed processes is clear and managed. Training and knowledge transfer has clear outcome assessment. Staff participates in process design and improvement.
Governance	Sufficient resources. No competing initiatives. Process goals clear and achievable. Performance measures timely.
Methods	Clear project initiation, timeframes and completion. Iterative planning approach to allow for complexity and emergent change. Cross functional, well trained BPM team. Appropriate authority and credibility in BPM team. Process architecture clearly documented. BPM method clearly documented. Modelling tool and language business friendly.
IT	Reliable responsive infrastructure. Thorough testing capability and execution.

Table 2 Summary of BPM Critical Success Factors

While many of these factors apply to all IS change projects, three are specific to BPM projects: process maturity (or process orientation), methods (process architecture, modelling tool and language) and BPM values.

Process maturity was described by Harmon (2004) as doing things systematically. He proposed a five level maturity model as summarised below.

Level	Description
1. Initial	Organisation is immature. Their processes are ad hoc, and undefined. Few activities are explicitly defined, and success depends on individual effort and heroics.
2. Defined	Organisation has started to focus on processes and have defined some of their major processes. They can repeat some processes with predictable results, while other processes are not yet well controlled.
3. Repeatable	Organisation has defined, documented and standardised all their basic processes and their management processes using an organisational methodology and have some degree of control over them. They have begun to emphasize the collection of data and use measures to help manage their processes.
4. Managed	Organisation has put a lot of emphasis on the management of processes. They have good process measures and gather data consistently. Their managers rely on measures and data when establishing goals or planning projects. The inter-relationship of process is understood. There is a hierarchical alignment among project managers, so that the achievement of sub-process goals reliably contributes to the achievement of super process goals, and all work to achieve the organisation's overall goals.
5. Optimising	Organisation has taught their employees about processes and enlisted them in a continuous effort, working together with managers, to refine and improve processes continuously by piloting innovative new ideas and technologies. They understand their processes well enough that they can conduct systematic experiments to determine if changes will be useful or not.

Table 3 Harmon's (2004) Five Level Process Maturity Model

Some BPM researchers have emphasised the idea of process orientation. Davenport (1993) says businesses with this orientation look at the structure of processes and how they deliver value, not the hierarchal structure; they focus on how work is done, not what work is done; they measure the results of process by looking at inputs and outputs, not individual results; they assign process owners; and they take the customer's point of view. Reijers (2006) attempted to measure Davenport's idea of process orientation and said a move to process orientation is a move from emphasising hierarchal and functional structures to emphasising end to end business processes. This orientation makes processes within an organisation transparent to everyone in the organisation and creates an environment for continually improving process.

Process architecture is a conceptual tool representing the business model. It is a hierarchal structure which contains the rules by which modelling and mapping the organisation occur. Its highest level is generally the organisation in context with its environment, the second level a representation of process groups, the third level a list of processes, the fourth a list of stages of the process, the fifth the activities within the sub processes and the sixth the tasks within the activities (Davis & Brabänder, 2007; Harmon, 2007; Jeston & Nelis, 2006).

The modelling tool is the BPMS which can simply be a mapping tool or can be a system which can convert maps to executable tasks, automating some activities and tasks, delivering tasks to the appropriate desktop for human activities and recording process instances. The modelling language can be proprietary to the tool selected or can be a standard mapping language such as Business Process Mapping Notation (BPMN).

Recent BPM research has explored the underlying values of BPM and started to use the terms BPM culture and BPM values saying that the organisation must share the same set of values for BPM to succeed. A process culture has BPM values and process oriented behaviour (Baumöl, 2010; vom

Brocke & Sinnl, 2011). BPM values are described as customer focus, teamwork, personal accountability, willingness to change, process orientation, quality, continuous improvement, consistency, and collaboration (M. Hammer, 2010; Harmon, 2007; vom Brocke & Sinnl, 2011).

1.1.2 BPM Methodology

BPM researchers also agree that a theoretically sound implementation methodology is required for successful BPM implementation. The proposed methodologies are phased approaches which work to raise process maturity/orientation, to build process architecture, map agreed processes, automating where possible, and to embed the skills required for on-going process improvement (Becker, Kugeler, & Rosemann, 2003; Burlton, 2001; Chang, 2006; Davis & Brabänder, 2007; Jeston & Nelis, 2006; Ould, 2006; Weske, 2007).

The phases gradually deliver BPM training to organisational staff working to transfer knowledge of BPM and continuous process improvement across the entire organisation. There are three commonly used phases. During the Context phases the BPM practitioners understand the business, build process orientation in a group of key stakeholders who will ultimately take responsibility for BPM within the organisation, and develop the process architecture. During the Discovery phase the BPM practitioners assist with selection of the people who will form the organisational Continuous Process Improvement (CPI) team, deliver training both on BPM and the mapping tool and with their involvement discover expectation of process, map the agreed processes, identify immediate improvements and begin to transfer governance of BPM to the CPI team. During the final Implementation phase the BPM practitioners complete the transfer of governance to the CPI team and assist with training all staff on BPM concepts and the agreed idea generation process. At the end of the implementation phase the permanent on-going BPM lifecycle is now in place. This is an iterative cycle of aligning process to strategy, designing improved processes, implementing improved processes, monitoring and reporting on processes, and feeding the process results back into the improvement cycle (see Figure 1).
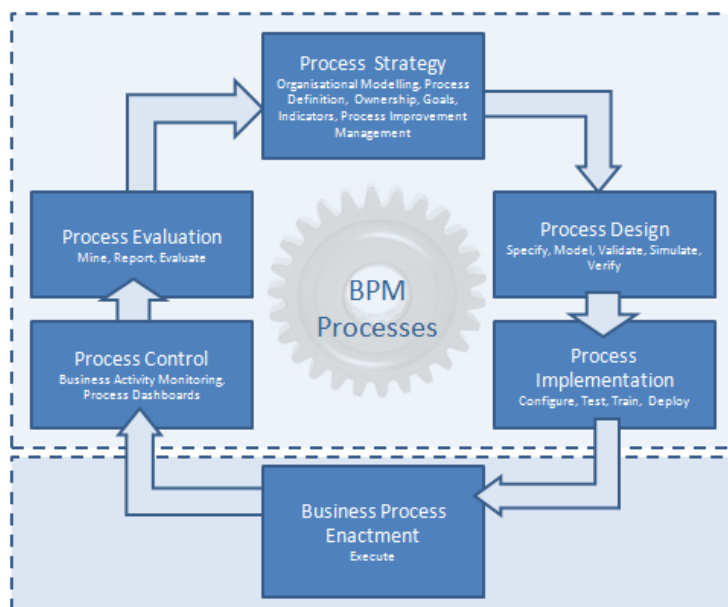
Figure 1 The BPM Lifecycle Adapted from IDS Scheer (2005), Bandara, Cornes and Rosemann (2005), zur Muehlen and Ho (2006) and Weske (2007)

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The end to end BPM implementation cycle is represented below in Figure 2.
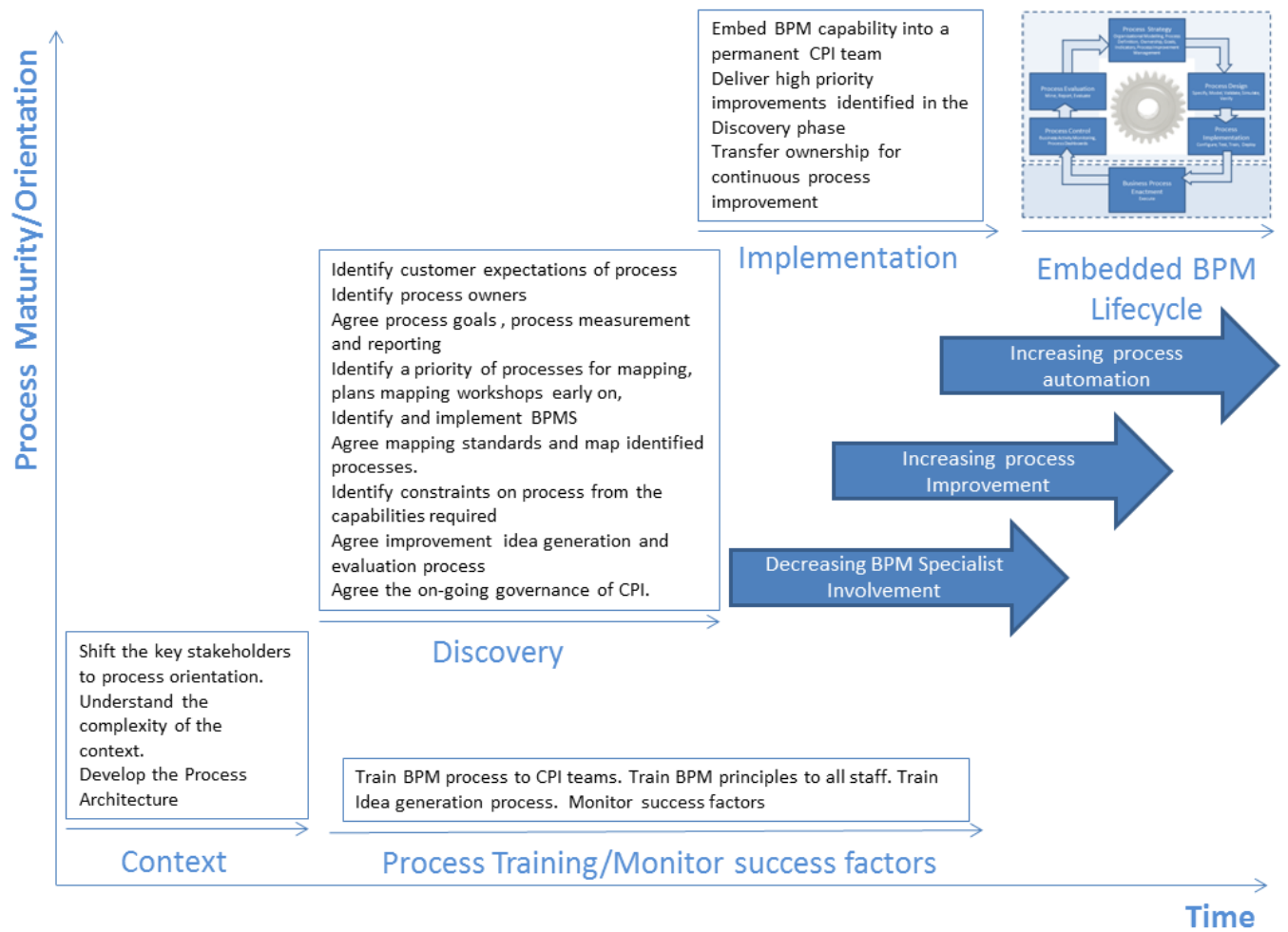
Figure 2 The Multi-Phase BPM Implementation Methodology

1.1.3   The BPM Machine

At its core BPM is mechanistic. It is a rational approach of identifying best process through a series of discrete phases of analysis of the present, planning for the future, implementation, and then an on-going lifecycle of process management. The cultural challenges to successful implementation, like technical challenges, are deemed to be manageable through best implementation process. BPM sees everything in the organisation as process and sees itself as a particular organising process which can overcome organisational obstacles to produce continually improving business process.

1.1.4   The Complex Organisation

Unfortunately the organisational world into which BPM is introduced is anything but mechanistic. Organisations are a result of organising processes which over a long period have created the norms, or culture, of the organisation along with all of the other visible artefacts that make up the surface of organisations (Weick, 1979). The organising processes produce and consume particular forms of power, which Foucault (1980) describes as micro-relations of power, that over time created and are creating the surface of the organisation. The organisation is made up of discursive and non-discursive elements. These multiple organising processes produce an experience of change as a

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process of possibilities, open-ended interactions and conjunctions of events unfolding over time (Tsoukas & Chia, 2002). It is into this complex world that BPM tries to bring a disciplined mechanistic approach.

1.1.5 The Research Background

BPM proposes that by following a carefully structured methodology, the resistances that emerge to prevent success can be seen and managed. Generally speaking, BPM sees culture and values as changeable with BPM being a change agent, or lever, to shift culture to the desired end state. This is what Gallivan & Srite (2005) describe as a second stage model of organisational change following IT interventions.   Gallivan and Srite identify two further stage models. The third stage is that of organisational culture and IT interaction. However organisational culture is relatively fixed in the short term so IT must be designed to fit. The fourth stage sees IT and culture fit as an emergent process creating unpredictable change in each other over time.

As an ERP implementation project manager and as a BPM practitioner, I have seen organisations resist, bend and sometimes reject IT techniques, just as the IT technique was trying to bend and change the organisation. There is little research that examines this phenomenon as it occurs.

This research project began by studying the attempt to implement BPM in a large New Zealand insurance company, referred to in this thesis as Nationwide Insurance. The research question was *"Can ethnography combined with action research identify the success factors for the design of a BPM methodology that 'fits' the unique organisational culture?"*

The research design was first to identify the critical success factors for BPM implementation, then to use an Action Research (AR) methodology combined with ethnographic data collection methods to assess the presence of these CSF's and to develop these where required to ensure project success. Success was defined as embedding the ability within the organisation to improve business processes in order to improve customer experience and organisational productivity. Being given the opportunity to work on a 'real life' BPM project using the AR methodology combined with ethnographic data collection I was very optimistic that I would have the tools to ensure project success and produce research findings which would be useful to other researchers and practitioners. The underlying assumption was that applying the latest research based knowledge and methodologies in a highly rational approach constantly checked by the AR cycle and ethnographic data would create a successful outcome.

The BPM project started in one business unit of the organisation; it achieved localised success after some early resistance and was rolled out to the other business units. While the initial implementation in these business units went as planned and the managers and staff willingly accepted training in the new improvement processes, the project did not deliver the business benefits it promised and was cancelled two years later.

As the project progressed it became evident that the AR approach contributed significantly to the selection of appropriate modelling tools, the BPM training approach, business process context and an understanding of how BPM culture and organisational culture conflict. Despite the project actually succeeding in one business unit and producing an environment of business process transformation, larger forces started to become evident when it was rolled out to the rest of the

organisation. The ethnographic data pointed to the rejection of, or resistance to, BPM by the existing organising processes. Understanding these forces became the subject of this thesis.

1.1.6 Critical Analysis

If we accept the three paradigm view of IS research that Chua (1986) and Orlikowski & Baroudi (1991) propose, we can look at research as positivist, interpretive or critical. While IS research is predominantly positivist, interpretive research is now well accepted.

However, critical research is much less common in information systems (Myers and Klein, 2011). Critical studies see knowledge as historically constituted and context bound, and contain a processual explanation of the forces at work in society as a totality to produce an understanding and critique of the material conditions of power.

BPM research is largely positivist in nature. The research on BPM culture and values takes a deterministic view that with the right method an organisation can be shifted to be the right environment for BPM. When forces emerge such as the ones at Nationwide that defeated the BPM project, the positivist approach has difficulty explaining them. However critical theory is a rich source of understanding of power and resistance, and how the capacity to change is constrained by the epistemic networks that make up the organisation. It was to a processual explanation and a critical analysis that I turned to analyse the Nationwide BPM project.

1.2 THE RESEARCH PROBLEM

The BPM research literature emphasises that the success of implementing BPM is impacted by organisational values and culture. The 'real life' implementation at Nationwide Insurance initially appeared to be text book perfect. In the pilot business unit the AR approach combined with ethnography meant CSF's were managed, values shifted to match BPM values, resistance acknowledged and overcome. As an IS practitioner of 30 years and a BPM practitioner of 7 years, I was genuinely hopeful that the methodology developed would be highly successful.

At the same time as the pilot BPM project was underway, the organisation was undergoing leadership changes and more importantly a cultural transformation program. While the values of the cultural transformation appeared to be congruent with BPM values it became apparent that the techniques of BPM were not congruent with the new cultural values. Techniques of power were mobilised to quarantine BPM in the pilot business unit where it was succeeding and not allow the same approach into the rest of the organisation. Using the concepts from current BPM research I was not able to explain the outcome of the project. Moving to a critical approach enabled me to ask new research questions.

I could still ask my original question but in a slightly modified form as two questions, plus two new questions:

Can ethnography combined with an action research approach be used to analyse the unique organisational context to deliver a richer understanding of BPM critical success factors?

What contributions does action research make to the design of BPM methodology in this unique context?

Can organisational context be conceptualised in a richer way than considering values alone, a way that considers power and potential resistance?

Are there any techniques that at the outset would predict this resistance and gauge the probability of failure or the degree of effort to overcome resistance?

Having asked these questions I could now interrogate the ethnographic data collected over the course of the project in a critical way.

1.3   THE VALUE OF THIS RESEARCH

BPM as a proportion of total IT spend is growing, but the organisations implementing BPM are struggling to achieve the benefits promised. In one out of three cases BPM fails completely. There is not only a financial cost to this, but also a social and human cost. BPM research has started to delve into organisational culture as the source of these failures, but the predominant research paradigm does not have the rich theoretical explanations of power and resistance that a critical approach can bring. This value of this research to BPM research is to provide a richer understanding of the historically constituted processes at work in organisations and the forms of power that may resist the imposition of the BPM discipline.

BPM can succeed, and BPM practitioners need continually improved research based implementation methodologies. The methodology developed within the course of this research succeeded in one business unit. The AR approach of the BPM project allowed for continual development of the methodology and provided an overall approach which may have value for BPM practice.

1.4   CHAPTER SUMMARY AND THESIS OVERVIEW

This thesis is organised as follows:

Chapter	Title	Description
1	Introduction	Provides a background, describes the two streams of research that makes up this thesis, the research motivation, problem, focus and value.
2	Literature Review	Describes the objectives of the original case study, overviews BPM, and reviews literatures on CSF's, Process Context, BPM and Culture. This literature review led to a framework to understand success which was utilised in the AR project. How this was derived and used is described.
3	Theoretical Framework	This chapter describes the theoretical framework used in this research. It starts by briefly exploring common IS research paradigms and discusses the limitations of existing theoretical frameworks. It introduces process orientation and describes how a Foucauldian genealogical approach can fit within a process orientation. It provides a critical research framework suitable to understand the issues observed over the course of the research.
4	Research Methods	This chapter provides a background to the AR and Ethnography research methods and describes how they were used at Nationwide Insurance.

Chapter	Title	Description
5	The Nationwide Insurance Business Process Management Project - Case Study	Describes the BPM project from the point of view of the AR approach and describes the interventions made by the AR team. Describes the BPM implementation methodology and research based improvements made during the course of the BPM project.
6	The Nationwide Insurance Business Process Management Project - Analysis	The presents a critical analysis and findings of the Nationwide BPM project and a form of processual analysis to identify potential resistance to BPM.
7	Conclusions	Describes the key findings of the research and outlines lessons for researchers and practitioners

Table 4 Thesis Outline

This thesis mirrors the evolution of thought that took place over the course of this research and the emerging conflict I felt as the positivist BPM practitioner/researcher gradually became a critical IS researcher. The research over the course of the BPM project focused on the literature review, the search for the perfect checklists and the development of the research methods, the search for the perfect combination of action research fueled by ethnographic data collection. Over this period I was fully convinced that a fully rational approach would create the conditions for success. Chapters 2 and 4 represent this phase. The literature review in Chapter 2 reflects my search for the perfect list of critical success factors. I found dimensions, types and factors in this search and I crosschecked, combined and searched for new elements. The chapter will appear to the reader as endless tables and lists because that is what I found in the literature. The research methods description in Chapter 4 also appears mechanistic. It was a search for the right way to do an Action Research charter and to collect ethnographic data and like Chapter 2 appears at odds to a critical approach.

The adoption of the theoretical framework described in Chapter 3 was the real start of the critical journey. Following the project failure I turned to alternative explanations of what I had observed as I wrote the case study described in Chapter 5. The case study itself also appears at odds to a critical approach because it faithfully reproduces the rational approach that was taken to uncovering issues of resistance and overcoming them.

It is in the analysis of the project, Chapter 6, that a critical perspective finally emerges. Again this reflects my own personal journey which was one of growing disquiet as the project started, appeared successful, finally failed and I began to analyse and understand the relations of power I had found and tried to change unsuccessfully.

The Conclusions in Chapter 7 reflect the shift in thinking from the researcher who searched for the perfect checklists and saw ethnography as a data collection tool for improving those checklists, to the researcher who immersed herself in that ethnographic data as she wrote the case study and emerged with a considerably stronger critical perspective.

2   LITERATURE REVIEW

2.1   CHAPTER OVERVIEW

This chapter provides an overview of BPM, and then reviews research literature on key issues with BPM. This review focuses on four key aspects of BPM implementation: BPM methodology, process architecture, process redesign, and the impacts of BPM on organisational culture.   Research literature on these four key aspects is reviewed.   This literature review is used to construct a framework for BPM success which was used in the AR approach and this is described in 5.3.1.

As discussed in the introduction the style of this chapter may appear to be out of place in a thesis that purports to be critical in nature. The approach to the literature review was true to the form of research that this thesis started with. This was a comprehensive review of BPM and IS literature searching for the elements that would make a complete list of critical success factors.   This review was followed by a compilation and comparison so that the Nationwide project would start with the best available research based factors.

2.2   BUSINESS PROCESS MANAGEMENT

2.2.1   A History of BPM

The idea that work is a process performed by people and can be improved, stems from Frederick Taylor's work on scientific management (Davenport, 2006). Taylor argued for the separation of planning and execution and the rational reintegration of these via a specification of policy and procedure (Suchman, 1983). Employees following procedure as outlined by management were assumed to be more efficient than employees following their own approach to work. The original de-humanising 'time and motions' approach has shifted to incorporate job design aspects such as job-enrichment and job-rotation but process improvement methodologies continue to see the people in the process as rational beings who will react to inputs in order to optimise personal outcomes (Gergen & Thatchenkery, 1998).

Through the post-World War 2 work of Deming and Juran in Japan, process improvement shifted to incorporate statistical process control with the aim of limiting process variation and reducing errors (Powell, 1995). The emphasis shifted to continuous incremental improvement or Kaizen, a Japanese word which means gradual and orderly continuous improvement (Smith & Fingar, 2003).

By the late 1980's, which Smith and Fingar call 'the distant past' (Smith & Fingar, 2003, p82) Western companies started to focus on dramatic improvements in process rather than incremental improvements. In the early 1980's Lucy Suchman was an ethno-methodological anthropologist with the Xerox Palo Alto Research Centre. She is widely credited with triggering the work that produced the Green Button on the top of Xerox machines following an ethnographic video of users interacting with the machine at Xerox itself. In 1983 she noted that the problem with developing office technology was that of the *"the stubbornly ambiguous properties of office procedures when compared to the step-wise instructions of computer science"* She said the main 'troubles' that undermined the organisation's objectives of rationality and control were located in the *"elusive*

domain of 'informal' or 'unstructured' activities…as a consequence of this imprecision, implementation of a procedure in a given instance is a problematic enterprise" (Suchman, 1983, p321). Smith and Fingar agree and suggest that computer systems of the era could not adequately represent the full complexity of the processes (Smith & Fingar, 2003).

By 1990 Michael Hammer was saying that managers could release the 'real power' of computers by challenging centuries old notions about work: don't automate 'old' processes obliterate them and start again through Business Process Re-engineering (BPR) (Michael Hammer, 1990). In the same year Davenport and Short defined BPR as Business Process Re-design but the message was the same: don't just hasten work using Information technology, but transform it (Davenport & Short, 1990). In 1990 BPM meant quantum leaps in organisational practice.

The 1990's saw a wave of Enterprise Resource Planning (ERP) system implementations that often became the 'carrier' for BPR. These systems incorporated Work Flow Management Systems (WfMS) that eliminated paper processes and automatically routed 'work' for approval or action through an automated process. Existing processes were obliterated and new processes designed and implemented; this was often in conjunction with 'downsizing' the organisation. Central tenets for a project to be BPR were defined as: radical change and assumption challenging; process and goal orientation; organisational re-structuring; the exploitation of enabling technologies, particularly information technology (Vidgen , Rose, Wood, & Wood-Harper, 1994). The overall BPR approach was improvement through technology led by Information technology specialists and while the concepts of customer focus, continuous improvement and staff collaboration were not entirely ignored, they were more footnotes to the BPR movement than central parts of the redesign framework.

The underlying metaphor for BPR was the organisation as a machine with process and people able to be re-engineered. *"Organisations are machines directed by management. Processes are poorly optimised parts of the machine that need to be radically re-designed, exploiting the latest (information) technology. The structure of the new, more efficient machine will realign itself around the redesigned processes"* (Vidgen et al., 1994, p4). The metaphor may not have been completely apt since around 70% of organisations undergoing BPR in the early 1990's report not achieving the dramatic results they were looking for (Hammer and Champy 1993 cited in Al-Mashari & Zairi, 1999). Reijers reports an even more dismal 70% rate of failure, as opposed to incomplete success (Bradley 1994 and Champy 1995 cited in Reijers, 2003). For BPR then and BPM now something is getting in the way of success.

Later in the 1990's BPM came to be associated with quality improvement programs such as Six Sigma and compliance requirements such as Sarbanes Oxley (Sinur & Thompson, 2003). The BPM of the 1990's was about producing documentation about how the company worked whilst BPR was about changing dramatically or shutting up shop (Vidgen et al., 1994).

Smith and Fingar announced the 'third wave' of BPM in 2003 saying it was *"a new class of business asset that encompasses data but extends it dramatically so that little is left embedded and ingrained within systems or work practice…the goal… is hyper-efficiency and an unprecedented agility"* (Smith & Fingar, 2003, p2). This third wave is the BPM of today.

2.2.2 Defining Business Process

Davenport's early definition of a business process (1993, p. 7) was that *"a process is simply a structured measured set of activities designed to produce a specified output for a particular customer or market...a specific ordering of work activities across time and place, with a beginning, an end, and clearly identified inputs and outputs: a structure for action"*.

Hammer and Champy's definition from the same Business Process Reengineering (BPR) era was *"a collection of activities that takes one or more kinds of output and creates an output that is of value to the customer"* (2003, p. 38).

A later view by Regev and Weggeman (2005, p. 93) was that *"a business process is a set of interrelated actions that regulate a set of relationships among stakeholders, the goal of the process depends on the point of view of each stakeholder"*.

Weske defines a business process as consisting of *"a set of activities that are performed in coordination in an organisational and technical environment. These activities jointly realize a business goal"* (Weske, 2007, p. 5).

Taking the main themes from these definitions this research project started with the assumption that business processes are activities, they convert inputs to outputs, they regulate relationships between the process service deliverer and the process service receiver, and they attempt to achieve organisational goals across the customer value chain.

2.2.3 Defining Business Process Management

Smith & Fingar define BPM as *"not only encompassing the discovery, design and deployment of business processes, but also the executive, administrative and supervisory control over them to ensure they remain compliant with business objectives for the delight of customers"* (Smith & Fingar, 2003, p4). *"Products and services are only the by-products of processes. In every case the process is the product"* (Smith & Fingar, 2003, p6).

BPM is often defined both by the Information Systems (IS) research and practitioner communities as a way of managing work and as a technology that supports that way of managing. Some IS researchers define BPM as *"methods, techniques, and tools to support the design, enactment, management, and analysis of operational business processes"* (van der Aalst, Hofstede, & Weske, 2003, p. 1). Leading industry consultants, the Gartner Group, define BPM as *"a management practice that provides for governance of a business process environment toward the goal of improving agility and operational performance. BPM is a structured approach that employs methods, policies, metrics, management practices and software tools to manage and continuously optimise an organisation's activities and processes"* (McCoy et al., 2008).

Wang & Wang separate out the two aspects in a similar way saying BPM can be thought of as two species: business process and services, and they describe BPM as *"a collection of methodologies, techniques and tools supporting the analysis and improvement of business process"* (M. Wang & Wang, 2006, p181). Weske (2007, p. 5) also carefully separates out the practice and the technology with his definitions; he defines BPM as *"concepts, methods, and techniques to support the design, administration, configuration, enactment, and analysis of business processes"* and a Business Process

Management System (BPMS) as *"generic software system that is driven by explicit process representations to coordinate the enactment of business processes"*. Harmon (2007) agrees that clarification is vital and says BPM is business process management and BPMS are the systems that help accomplish BPM.

Following their lead this thesis will define BPM as the management discipline of improving process through strategic alignment and performance improvement and through the use of supporting technology, and BPMS as the technology that helps accomplish the goals of BPM.

A BPM project is defined here as trying to achieve two things: improve existing management process by implementing the new management discipline of BPM and improve existing (mainly operational process) by implementing technological solutions to improve productivity.

2.2.4   The BPM Lifecycle

The BPM literature, both academic and popular, treats the conception, creation, improvement and retirement of processes as an iterative, repetitive process called the 'BPM Lifecycle'. Unlike heroic one-off BPR projects or ERP implementation projects, the business process management effort is seen as evolutionary in nature. IDS Scheer (2005) describe the cycle as process strategy, design, implementation and control . Bandara, Cornes & Rosemann (2005) describe it as process identification, modelling, analysis, improvement, implementation, execution, monitoring and controlling. zur Muehlen & Ho (2006) describe it as goal specification, design, implementation, enactment, monitoring, and evaluation. Weske (2007) describes it as evaluation, design and analysis, configuration, and enactment. All show a one way cycle flow.

The overarching vision of BPM proponents is that embedding this lifecycle creates a flow of information about business process performance which leads to an on-going implementation of innovative ideas to improve performance.

zur Muehlen & Ho (2006, p456) see the lifecycle as an iterative process the core task of which is to align input, output, resources, structure and process goals. *"If such alignment is achieved, the overall process performance of the organisation should increase both in terms of process quality (e.g. less waste, idle time, rework) and quantity (e.g. shorter cycle times, faster adjustment to environmental changes)."*
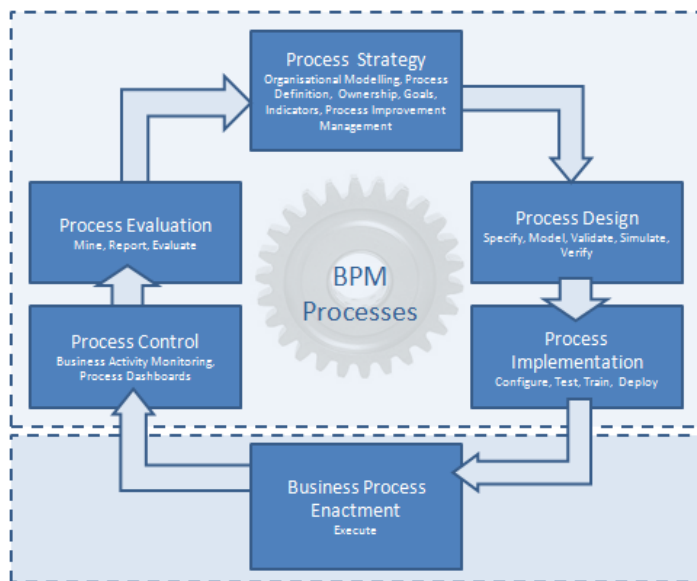
Figure 3. Business Process Management Lifecycle (adapted from IDS Scheer (2005), Bandara, Cornes and Rosemann (2005), zur Muehlen and Ho (2006) and Weske (2007))

2.2.5 Failure of BPM

While most projects enjoy at least partial success across an enterprise very few enjoy enterprise wide success and approximately 35% fail (AIIM International, 2007). This failure rate is similar to change projects of all types at an enterprise level (Jørgensen, Owen, & Neus, 2008).

Failure is rarely ascribed to technical reasons or hard factors, but is most often to cultural reasons or soft factors (vom Brocke & Sinnl, 2011). Baumol (2010) suggests the standard BPM expertise of practitioners does not include a BPM appropriate change management methodology and therefore the soft factors are often ignored, and are possibly even invisible to many BPM practitioners. BPM research has recently begun to investigate culture in relation to BPM implementation. Using Schein's model of culture vom Brocke & Sinnl (2010) propose that BPM arises from a particular set of values and the organisation must come to share these values if BPM is to succeed. Any BPM appropriate change management methodology would need to be able to articulate the BPM values, to measure current organisation values and to initiate change that moves those values as BPM is implemented.

2.3 BPM SUCCESS

The BPM research literature contains work on what the key issues are that prevent BPM success and what critical factors must be present to enable a successful BPM project. This literature was reviewed to develop of a framework for the BPM implementation at Nationwide Insurance.

2.3.1 Critical Success Factors and Major Issues in BPM

The work on critical success factors in BPM is a direct descendant of similar work on Business Process re-engineering (BPR) and Enterprise Resource Planning (ERP). Many of the factors are similar, hence much can be learned from the high failure rates of BPR in the 1990's.

Al Mashari & Zairi summarised these in a meta-study in 1999 across five dimensions: change management, management competency and support, organisational structure, project planning and management, and IT infrastructure (Al-Mashari & Zairi, 1999). Table 5 summarises these.

CHANGE MANAGEMENT	MANAGEMENT COMPETENCY AND SUPPORT	ORGANISATIONAL STRUCTURE	PROJECT PLANNING AND MANAGEMENT	IT INFRASTRUCTURE
Problems in communication Organisational resistance Lack of readiness for change Culture that does not desire change	Lack of training and education Lack of commitment support and leadership Lack of championship and sponsorship Ineffective BPR teams	Problems with integration mechanism, job definition and allocation of responsibilities	Problems with planning and project management Lack of goals and measures Inadequate focus and objectives Ineffective process redesign Problems with BPR resources Unrealistic expectations Ineffective use of consultants Lack of BPR methodology Lack of knowledge of customer expectation of process	Problems with IT investment and sourcing decision Improper IS integration Ineffective re-engineering of legacy IS Lack of IT expertise

Table 5 Factors Related to BPR Failure Adapted From Al Mashari & Zairi (1999)

Jasperson, Denn & Perry (1999) suggest failure of BPR was due to lack of alignment between five factors they called business solution components: the organisation's business processes, structures and stewardships, strategy, measurement, and information technology application architecture. They proposed a theoretical framework which enables alignment of business processes with the other business solution components.

A 2003 study showed critical success factors as a taxonomy moving through three phases: setup, implementation and evaluation. The authors defined success across four dimensions following Lyytinen & Hirscheims (1987) definitions: Correspondence success, where there is a match between IT systems and the specific planned objectives; Process success, when IT project is completed within time and budget; Interaction success, when users' attitudes towards IT are positive; Expectation success, where IT systems match users' expectations. The critical success factors included management and leadership, visioning and planning, ERP package selection, training and education, systems integration, communication, project management, systems testing, process management, legacy systems management and cultural and structural changes, and performance evaluation and management. (Al-Mashari, Al-Mudimigh, & Zairi, 2003).

As BPM became more common throughout the early 2000's it developed its own critical success criteria. Zur Muehlen & Ho (2006) identified risk factors across the BPM lifecycle using eight dimensions, as shown in Table 6 below.

Dimension	Risk Factors
Method	Lack of understanding or misuse of methods in the planning, design, implementation, enactment, evaluation phase.
Communication	Lack of communication among BPM stakeholders and participants. This Includes conversations, meeting, training, reporting, and communication in all other forms
Information	Absence of information efficiency, effectiveness, security, flexibility for both transfers between lifecycle phases and process monitoring and controlling efforts
Change Management	Inability to manage/perform changes
System / Technology	Failure of system/technology implementation due to the system/technology's nature or through improper human interference
Resource / Skill	Lack of desired resource/skill sets or the misuse of resources/skills
Leadership / Management	Failure to display strong leadership and/or proper project management
Strategy	Failure to define vision, goals, functions of all BPM stakeholders, participants, and components involved

Table 6 Key Risk Factors for BPM Adapted From Zur Muehlen & Ho, 2006

The same year Australian BPM researchers identified the key issues Australian organisations attempting BPM were struggling with. They categorised the issues into strategic, tactical and operational types. They defined strategic issues as top management support, business and IT alignment, process organisation and governance issues. They defined tactical issues as challenges in efforts such as process modelling, process performance measurement and BPM methodologies and operational issues as technological issues in BPM adoption such as technology capability, SOA (Service Oriented Architectures) maturity in technology landscape, use of XML standards etc. (Indulska, Chong, Bandara, Sadiq, & Rosemann, 2006).

Strategic	Tactical	Operational
Change management	Lack of expertise	Lack of tools for holistic BPM
Lack of governance	Lack of measurable returns	Lack of technology capability
Lack of top management support	Lack of coordination	Lack of process monitoring
Lack of support for process owners	Lack of standardisation	Lack of integration
	Lack of BPM understanding	
	Lack of visibility	
	Lack of performance measures	
	Lack of progress in process maturity	
	Lack of clear starting point	
	Lack of linkage with external business partners	

Table 7 Key Issues For BPM In Australian Organisations Across Strategic. Tactical and Operational Levels Adapted From Indulska, Chong, Bandara, Sadiq & Rosemann, 2006

Also in 2006 Jeston & Nelis suggested a list of ten fundamental success factors that they said applied to all BPM projects:

Factor	Description
Leadership	Having the attention, support, funding, commitment and time of the leader involved in the BPM project
	Supporting the project amongst colleagues, stakeholders, customers, suppliers and the people within the organisation
BPM Experienced Business Process Manager	Must have significant skills with regard to people change management and stakeholder management and must come from the business not IT
Linkage to organisation strategy	Must add value to the execution of the organisation strategy and objectives
Process Architecture	A synergistic consistent approach. Agreed guidelines and process directives. The founding principles of process in the organisation and the reference for any changes.
A Structured Approach to BPM Implementation	A phased approach that addresses organisation strategy, process architecture, formation of a BPM team with appropriate expertise, project planning, organisational modelling (create multi-level organisational view and map detailed processes), innovation workshops, process design, role and performance design and training collateral, process implementation, and value review.
People Change Management	Assessment of the people aspects of every process change performed in an understanding and sympathetic manner
People and empowerment	Support for managers and team leaders who have to manage processes for the first time. Providing an environment that allows for creativity and flexibility within the process structure of roles, goals and targets.
Project Initiation and Completion	Each process change initiated via a business case and reviewed post implementation.
Sustainable performance	Creating an on-going structure and capability to maintain processes
Realising Value	Ensure a benefits measurement structure is in place to monitor and realise value.

Table 8 Critical Success Factors for BPM Adapted From Jeston & Nelis (2006)

A 2007 study used the same framework to ask fourteen world-wide BPM 'experts' about the major issues in BPM (Bandara, Indulska, Sadiq, Chong, Rosemann et al., 2007). They found a different, but consistent, set of issues.

Strategic	Tactical	Operational
Lack of governance Lack of employee buy in Lack of common mind share of BPM Broken link between BPM efforts and organisational strategy	Lack of standards Weaknesses in process specification Lack of BPM education Lack of methodology	Lack of tool support for process visualisation Perceived gaps between process design and process execution Miscommunication of tool capabilities

Table 9 Key Issues for BPM Worldwide Across Strategic, Tactical and Operational Levels Adapted From Bandara et al, 2007

Bandara, Gable & Rosemann (2007) looked for critical success factors for business process modelling projects and identified eleven factors, the first five specific to business process modelling projects and the last six generic across all change projects.

Factors	Descriptions
Modelling Methodology	The detailed set of instructions that describe and guide the process of modelling including such activities such as the definition of the model architecture, the modelling procedure, model lifecycle management and model quality assurance
Modelling Tool	The software application that facilitates design, maintenance and distribution of process models and its ability to deliver the expected levels of model quality.
Modelling Language	The grammar or the 'syntactic rules' of the selected process modelling technique
Modeller Expertise	The experience of the person conducting the modelling, in terms of conceptual modelling in general and process modelling in particular. Ideally the Modellers should have business knowledge, company-specific knowledge, product knowledge, technical knowledge project management knowledge and communication knowledge
Modelling Team Orientation	The 'infrastructure' that should exist in a successful process modelling such as an appropriate mix of internal and external members and representation from all core modelled processes
Project Management	The expertise for formal definitions of the project scope, milestones and plans
User Participation	The degree (in terms of time and quality) of input from users. This input can be participation modelling workshops or active process modelling.
User Training	The knowledge given to the users about the modelling tool and modelling procedures, so that they can understand the models, provide useful interpretations, and maintain the models after project
Top Management Support	The level of commitment by senior management in the organisation to the process modelling project, in terms of their own involvement and the willingness to allocate necessary organisational resources
Project Championship/	The existence of a high level sponsor who has the power to steer project, by setting goals and approving legitimate changes

Factors	Descriptions
Leadership	
Communication	The exchange of information (feedback and reviews) amongst the project team members and the analysis of feedback from users

Table 10 Critical success Factors for Business Process Modelling Projects Adapted from Bandara, Gable & Rosemann, 2007

2.3.2 Process Orientation and Process Maturity

Other BPM research have delved deeper into what Bandara, Indulska et al's (2007) study called *"Lack of common mind share of BPM"*. This is an organisational commitment to 'process orientation' Davenport proposed the concept of a process orientation to business which involves elements of structure, focus, measurement, ownership and customer orientation. Davenport said that businesses with this orientation look at the structure of processes and how they deliver value not the hierarchal structure, they focus on how work is done not what work is done, they measure the results of process by looking at inputs and outputs not individual results, they assign process owners and they take the customers point of view (T. H. Davenport, 1993).

Reijers (2006) proposed Davenport's construct of process orientation as a predictor of BPMS success and developed a questionnaire to measure process orientation. He suggested a move to process orientation is a move from emphasising hierarchal and functional structures to emphasising end to end business processes. This orientation makes processes within an organisation transparent to everyone in the organisation and creates an environment for continually improving process. Since a BPM project will be focused on developing this orientation it may not be predictor of success but an indicator of where the organisation lies currently in what is called process maturity.

Harmon (2004) introduced the idea of maturity to BPM practitioners on the BPTrends website. He described organisational maturity as doing things systematically and immaturity as achieving outcomes only through heroic efforts of individual acting spontaneously. Using Caulk's 1995 Capability Maturity model as a basis he proposed a five level model. This is seen in section 1.1.1 as Table 3 Harmon's (2004) Five Level Process Maturity Model

Fisher (2004) proposed a maturity model based on five critical success factors: strategy, controls, process, people and information technology. He identified four types of organisation at increasing levels of process maturity and described the characteristics of the organisation across the five factors as the organisation increases in maturity.

	Siloed	Tactically Integrated	Process Driven	Optimized Enterprise	Intelligent Operating
Strategy	Reactive to market conditions within 1-2 years, typically chasing a competitor Integration within functions Driven by cost and efficiency	Adapt/react to market dynamics within 12 months Some cross-functional integration to solve pains Initial entry into point-to-point integration with partners	Adapt/react to market dynamics within 3-6 months Enterprise-wide process leadership is established The business process is the foundational element of the enterprise	Adaptive to market dynamics within weeks Enterprise organised completely around processes Optimized processes and execution yield competitive advantage	Predictive capabilities and market leadership Continuously adaptive to market dynamics in near real-time Enterprise and its partners are organised around processes Competitive advantage is driven and shared by partners
Controls	Local and functional level authority / autonomy No enterprise-wide standards or governance No formal value measurement program	Hierarchical management. Structure Independent functional department decisions Limited enterprise-wide standards or governance	Formal process leadership establishes priorities Business cases drive projects Process metrics tied to individual and team performance	Process teams responsible for overall performance Relevant process metrics institutionalized as main performance measures	Inter-enterprise process teams own performance Relevant process metrics are used to measure bi-directional partner performance
Process	Static business processes Functional silos Geographic silos Department focused Informal communications within departments	Limited process reengineering and cross-functional/process coordination (often manual, one- time efforts) Systems drive baseline process definitions	Fully transitioned from functional to process focus, including management structure, execution teams, and performance evaluation Targeted BPO	Total process integration across the enterprise Commitment to continuous process improvement program Outsource non-core business processes (reduce cost and increase quality)	Total process integration across the ecosystem Key processes flow seamlessly across firewalls
People	Subject matter experts Culture is adversarial, mutual distrust No formal change management procedures I'll do my job, you do yours	Cross-functional/process team members (usually led by IT) Limited understanding of cross-departmental process needs and dependencies	Process leaders define, deploy, enhance, and maintain core processes Functional teams focus on high quality execution	Lean organisation focused on optimizing process definitions and execution On-going process training for employees	Partner selection includes process & cultural attributes On-going process training for employees and partners

	Siloed	Tactically Integrated	Process Driven	Optimized Enterprise	Intelligent Operating
IT	Independent systems Islands of automation Integration only within functions Legacy enterprise system(s)	Leverage ERP systems for cross-functional integration Point-to-point partner integration IT leads cross-functional initiatives (systems focused)	IT supports process leadership team in initiatives System and instance consolidation to streamline processes and info mgmt.	Utilize Business Process Management (BPM) solutions to automate process execution, monitoring, and control across the Enterprise	Utilize Business Process Management (BPM) solutions to automate and monitor process execution throughout the ecosystem

Table 11 The Business Process Maturity Model Adapted From Fisher (2004)

In 2006 the Melenovsky & Sinur of the Gartner Group proposed their version which they described as a series of steps moving from immaturity to maturity. They included the activities and competencies necessary to achieve each increasing level of maturity.

Step	Type	Activities	Competencies
1	Acknowledge Operational Inefficiencies	Measure and monitor business activities Model and analyse business processes	Experience around monitoring and analysing business activities and key performance Indicators. Capturing real-time information and reporting through dashboards to the line-of-business manager provides needed exposure
2	Process Aware	Establish process performance metrics Identify process owners and governance structure	Embrace four to eight major business processes that deliver customer value and support corporate goals. Each process is an asset and requires a senior executive as owner. A business architecture group that can seek redundancies and disconnects across the organisation becomes an important asset to develop. Process modelling and facilitation skills.
3	Intra process Automation and Control	Directly link process models and rules to execution Compare alternatives driven by various optimisation techniques in real time Integrate activity-based accounting with process steps	Creation of a BPM centre of excellence or competency centre, generally acting as a guide to the business on how to automate, optimize and control processes is needed before multiple business process management suite (BPMS) deployments take root across the organisation
4	Inter process Automation and Control	Realign process with market strategy Craft process automation and control across the enterprise, customers and trading partners	Anticipation of value chain impact. Inclusion of multiple process owners and process stakeholders in planning, simulation and implementation phases

Step	Type	Activities	Competencies
5	Enterprise Valuation Control	Create a business performance framework that dynamically links the valuation of the business to process execution Goal driven processes	Simulations of market conditions, constituent response, competitive reactions, cost-effective execution and freeing up time from employees performing mundane tasks to shift to higher-value planning. Building flexible processes.
6	Agile Business Structure	Innovate new business, products and services though and agile business structure	Building real-time "war game playbooks" based on meticulous scenario simulations.

Table 12 The BPM Maturity Levels Adapted From Melenovsky & Sinur (2006)

Melenovsky & Sinur also included six critical success factors that must be mastered across the journey to an Agile Business Structure and created similar matrix characteristics by increasing maturity as Fisher. The factors were different to Fisher's, Strategy, Controls, Process, People and information technology and instead were regarded as Strategic Alignment, Culture and Leadership, People, Governance, Methods and IT. They introduced Culture and Leadership and Methods and did not include Process.

Factor	Acknowledge Operational Inefficiencies	Process Aware	Intra process Automation and Control	Inter process Automation and Control	Enterprise Valuation Control	Description
Strategic alignment	Aligned around a functional area, product line, geography.	Includes BPM in organisational planning and budgeting. Strategic realignment around process considered	Aligned around global business processes which are linked to organisational goals	Alignment moves to include suppliers and customers processes	Alignment links process goals to complex process webs. Linkage automated so corporate goals directly drive process change. Link between goals and execution explicit	Maintaining equilibrium during change becomes the norm. Strategy shift automatically cause process adaptation. Process management is the organisations primary asset
Culture and leadership	Functional hierarchy and leadership focused on local operational metrics	Becomes mixed with messages around the importance of process and leaders emphasising re-engineering and improvement	All about process ownership. leaders seek continual improvement	Values of respect for others opinions, collaboration and consensus building. leaders seek improvement through transparency and visibility	Trust in the complex decision support capabilities of processes, rules and services. leaders embrace simulation	Fine-tuned to overcome resistance to change. Leaders empower front-line employees with decision making authority. Clear link between strategy and employee performance goals
People	Concerned with heath of the organisation and meeting immediate expectations of management	Some have attended process modelling sessions and see the benefit of visualising end to end processes	Skilled in communicating process issues and have a collaborative approach to solutions.	Able to articulate the impact of change beyond their immediate processes. Collaboration is second nature as resistance to change is deemed inappropriate	In tune with system recommendations and analysis for dealing with process changes. Gain experience with linking goals to processes and smoothing out exceptions and anomalies	Comfortable with constant change. Decision making highly decentralised with roles and responsibilities clearly understood

Factor	Acknowledge Operational Inefficiencies	Process Aware	Intra process Automation and Control	Inter process Automation and Control	Enterprise Valuation Control	Description
Governance	Focused on department, division. global metrics including incentives based on competition	Matrix with global process owners in place. Employee performance metrics include process improvement objectives	Explicit with multiple levels in the organisation capable of resolving process and policy discrepancies. Incentives aligned around continuous process improvements	Includes incentives for suppliers and customers. Executive councils including suppliers and customers are set up to resolve goal conflict	Streamlined in dealing with constant and rapid change. Real-time optimisation simulations and system suggestions for correcting organisational challenges	Decentralised. Strategy changes clearly visible to rank and file as the explicit goal to execution linkage removes barriers
Methods	Best of breed applications to meet functional requirements	Mapping for process improvement initiatives, Six Sigma, Lean, Value Stream	BPM, Six Sigma, Lean, Value Stream	Value chain analysis	New and innovative	New methods emerge to support goals
Information technology	Built to last architecture not built for change. Application centric approach to solutions	Planning service oriented architecture, aligning It around process and investigating BPMS	Process competency centre created. BPMS implemented	Collaborative infrastructure, e-rooms, knowledge management support process management. Event driven technologies and BAM	Self-adapting, agile infrastructure	Smart and self-adapting. Leverages real time events and rules management.

Table 13 BPM Maturity Model Adapted From Melenovsky & Sinur (2006)

Rosemann, de Bruin & Power (2006) reviewed previous models in order to develop a maturity model with solid theoretical foundations. They proposed a process maturity model very similar to Harmon's 2004 version but like Fisher (2006) and Melenovsky & Sinur (2006) proposed it was two dimensional. The six critical factors they include in their matrix are: Strategic Alignment, Governance, Methods, Information Technology, People and Culture. Comparing these to the earlier versions they include the same factors as Melenovsky & Sinur but in different order and also do not include Process.

In 2007 Hammer described a Process and Enterprise Maturity Model. He proposed that in order to become more mature over time which means delivering higher performance over time organisational must ensure they have five key process enabler and four key enterprise capabilities. The enablers are what Melenovsky & Hill called competencies and the capabilities are the critical success factors.

Hammer says the five enablers are:

1. Design: The comprehensiveness of the specification of how the process is to be executed.
2. Performers: The people who execute the process, particularly in terms of their skills and knowledge.
3. Owner: A senior executive who has responsibility for the process and its results.
4. Infrastructure: Information and management systems that support the process.
5. Metrics: The measures the company uses to track the process's performance.

The four enterprise capabilities are:

1. Leadership: Senior executives who support the creation of processes.
2. Culture: The values of customer focus, teamwork, personal accountability, and a willingness to change.
3. Expertise: Skills in, and methodology for, process redesign.
4. Governance: Mechanisms for managing complex projects and change initiatives.

He suggests that organisations wishing to make change to a process orientation should evaluate their enablers and capabilities and plan to improve them where necessary to enable process based transformation. (M. Hammer, 2007)

2.3.3   Considering Change Management

The change that a BPM project requires is substantial. It must be regarded as a strategic change for the organisation as they shift to the cultural values that are required to be successful at BPM. Balogun says

> *"The track record of success in bringing about strategic change within organisations is poor. Many simply fail to grasp that it is implementation (that is, actually turning plans into reality) rather than formulation that is the hard part. For strategic intent to become reality, it is necessary to change the way in which individuals within an organisation behave. This requires more than restructuring and new systems" (Balogun, 2001, p. 2).*

Balogun says there are three major issues to consider in strategic change. Major change requires a shift in underlying culture and this is poorly understood, it needs to be context sensitive so off the shelf solutions rarely work and it is about changing people, not organisations, because organisations only change when their managers and employees change their way of doing business.

Balogun uses a concept called a Change Kaleidoscope which considers the following aspects of context. The time to achieve the change, the scope of the change or the degree of transformation, the need to preserve certain aspects of working and culture including key staff, the diversity of the groups who will be undertaking change, the capability of the individual staff and of their managers to support them through change, the resources or capacity for change in terms of money and people, readiness or the extent to which staff are aware for the need to change, and finally the power that key change aspects have to implement change as they wish. Once these contextual issues are considered the design choices for the change plan can be made. The change plan includes

a change path: the type, extent and speed of change to achieve the desires outcome, a change start point: pilot, top down or bottom up, change style: collaborative, participative, directive or coercive, change interventions: levers and mechanisms deployed including technical interventions (structures and systems), political interventions, cultural interventions (symbols, stories, rituals, routines), interpersonal interventions (education, communication, training, personal development) and finally change roles: who is responsible for which aspects of the change plan.

Todnem (2005) performed a review of organisational change management literature and found a fundamental lack of a valid framework for how to implement and manage organisational change. He said that the literature available to academics and practitioners in the field was contradictory and confusing and may well explain the reported failure rate of around 70% of all change projects. He proposed looking at change in terms of three categories. The first is how often it occurs in the organisation, and identified change as discontinuous, incremental, bumpy incremental, continuous or bumpy continuous. The second is how change has come about, and he says this falls into one of two basic types planned or emergent. The third is the scope or size of the change of which he said can be classifies into four categories fine-tuning, incremental adjustment, modular transformation, and corporate transformation.

Todnem's review suggests that the theories around planned change have been superseded by the theories of emergent change. Planned change comes from Lewin's three step model of unfreeze, change, refreeze and has largely been extended into a four phase model of four-phase model of exploration, planning, action and integration. More recent work sees all change as emergent since planned change often eventuates into unplanned outcomes (Balogun, 2006). He summarises three widely accepted emergent change models to develop a framework which offers key phases:

- Analyse the organisation, identify problems and the need for change
- Create a shared vision for change
- Create a sense of urgency and separate from the past
- identify the change leader, the sponsor and create a guiding collation
- Create an implementation plan
- Develop enabling structures to empower action
- Communicate the change visions, involve people and be honest
- Reinforce and anchor changes in culture and institutionalise through formal policies, systems and structures
- generate short term wins, consolidate gains to produce more change
- Focus on results not activities
- Start change at the periphery rather than pushing from the top
- Monitor and adjust strategies in response to problems in the change process

Jorgensen, Owen & Neus (2008) performed a worldwide study of why change projects fail and surveyed or interviews over 1500 practitioners. They found the following list of major challenges in order of percentage selected and categorised into soft and hard factors.

CHALLENGE	Hard or Soft Factor	%
Changing mind-sets and attitudes	Soft	58%
Corporate culture	Soft	49%
Complexity is underestimated	Soft	35%
Shortage of resources	Hard	33%
Lack of commitment of higher management	Soft	32%
Lack of change know how	Hard	20%
Lack of transparency because of missing or wrong information	Hard	18%
Lack of motivation of involved employees	Soft	16%
Change of process	Hard	15%
Change of IT systems	Hard	12%
Technology barriers	Hard	8%

Table 14 Major Challenges in Change Projects Adapted from Jorgensen, Owen & Neus (2008)

They also asked what makes change successful and developed the following list of success factors.

SUCCESS FACTOR	Hard or Soft Factor	%
Top Management Sponsorship	Soft	92%
Employee involvement	Soft	72%
Honest and timely communication	Soft	70%
Corporate culture that motivates and promotes change	Soft	65%
Change agents (pioneers of change)	Soft	55%
Change supported by culture	Soft	48%
Efficient training programs	Hard	38%
Adjustment of performance measures	Hard	36%
Efficient organisation structure	Hard	33%
Monetary and non-monetary incentives	Hard	19%

Table 15 Major Success Factors in Change Projects Adapted from Jorgensen, Owen & Neus (2008)

2.3.4 Synthesis of the Research on BPM Success

This literature review on critical success factors, process orientation and change management points to many common factors. The six factors proposed by Rosemann, de Bruin & Power (2006) were used in this project but in the order proposed by Melenovsky & Sinur (2006) because this elevates Culture and Leadership in the sequence. These were separated because they were seen as two different constructs and Process was added to allow for the construct of Process Orientation to be monitored. The full set of dimensions and factors used for the Nationwide Insurance project are described in section 5.3.4.

2.4   BPM METHODOLOGY

The methodology at Nationwide was designed following the review of what makes BPM successful. It started with a review of existing BPM methodologies and Process Architectures and then incorporated learnings from the reviews.

2.4.1   The Lack of Research Based End to End Methodologies

Bandara et al (2010)said that academia is struggling to catch up with practice and there is lack of appropriate text books on BPM topics There is no reliable holistic methodology to guide BPM projects end to end; hence companies tend to come up with ad-hoc methodologies as a result (Bandara, Indulska, Sadiq, Chong, & Trends, 2007).

2.4.2   Practitioner Methodologies

The two most comprehensive methodologies available are Burlton (2001) *Business Process Management: Profiting From Process*, and Jeston & Nelis (2006), *Business Process Management: Practical Guidelines to Successful Implementations.* Burlton is a practitioner who is a contributor to the BPTrends website and Jeston & Nelis are both BPM practitioners but their book was contributed to by Michael Rosemann, a leading BPM researcher.

Both books recommend a multiphase approach. Burlton's BPM framework consists of the phases in Table 16

Phase	Description
Business Context	Validate the mission
	Analyse business drivers
	Classify stakeholder types
	Document current interactions and health
	Document principles and values
	Envision the future and set expectations
	Produce key performance indicators and targets
	Determine critical success factors
Architect and Align	Identify business processes
	Match processes to criteria and prioritise
	Identify information and knowledge needs
	Identify strategic requirements
	Determine organisation strategy
	Determine human capabilities
	Determine alignment opportunities and constraints

Phase	Description
Vision	Select the renewal processes and identify stakeholders
	Formulate a process vision
	Identify performance improvement targets
	Define project scope
	Develop project strategy
	Develop an initial business case
	Develop communication and human change strategy
	Finalise project plan
Understand	Confirm scope and boundaries
	Map existing process understanding
	Measure process performance
	Determine root causes
	Identify improvement priorities
	Implement early wins
Renew	Benchmark processes and trends
	Gain enabler knowledge
	Finalise evaluation criteria
	Rethink the approach
	Model the renewed process
	Demonstrate/validate the renewed process
	Update the business case for development
	Develop the transition strategy
Develop	Build physical infrastructure
	Provide human core capabilities
	Build computing infrastructure
	Develop processes, procedures and rules
	Redefine jobs
	Design organisational changes
	Update human resources policies
	Develop/integrate technology and systems
	Develop training capability
Implement	Prepare for business testing
	Complete business tests and pilots
	Update deliverables
	Educate management
	Develop rollout plans
	Train staff
	Develop and run marketing programs
	Roll out changes

Table 16 BPM Framework Adapted From Burlton (2001)

Jeston & Nelis' framework consist of the phases in Table 17.

Phase	Description
Organisation Strategy	Understanding the organisational strategy, vision, strategic goals, business and executive drivers.
	Analyse internal and external aspects of the organisation
	Make strategic choices
	Determine impact on processes
	Establish strategic measurements
	Complete the plan
	Sign off and communication
Process Architecture	Establishment of the rules, principles, guidelines and models for the implementation of BPM across the organisation in order to align the process, IT and business architecture with organisation strategy.
	Obtain strategy and business information
	Obtain process guidelines and models (list of processes and end to end models)
	Obtain relevant information and technology principles and models
	Consolidate and validate
	Communications
	Apply architecture
	Make it better
Launch Pad	Selection of where to start the initial BPM project within the organisation. Agreement of process goals and vision for selected processes. Establishment of the selected project.
	Communications
	Initial key stakeholder interviews
	High level process walk through
	Stakeholder identification and engagement
	Executive workshops
	Define scope
	Identify process goals
	Success checklist
	List of end to end processes
	identify business processes
	Analyse business processes
	Agree outcomes for Understand phase
	Develop implementation plan
	Develop/sign off business case
	Define and establish project team structure
	Complete initial project plan

Phase	Description
Understand	Understand current processes including metrics and any quick wins
	Communications
	Revalidate scope
	Understand workshops
	Schedule early
	Framing participants
	Conduct in a structured and controlled way
	Complete metrics analysis
	Root cause analysis
	Complete people capability matrix
	Identify available information
	Identify Innovate priorities
	Identify quick wins
	Understand phase report
Innovate	Involving the BPM project team, the business and other stakeholders in re-designing process
	Communications
	Executive kick off workshop
	Project Set Up
	External stakeholder focus groups
	Initial Innovate workshops
	Future process metrics projections
	Simulation
	Update people capability matrix
	Capacity Planning
	Workshop proposed solutions
	Demonstrate and validate feasibility of proposed solutions
	Process gap analysis
	identify benefits and update the business case
	report and presentations
	Approvals
	Business requirements
People	Ensure the activities, roles and performance measurements match the process goals and the organisation strategy.
	Communications
	Design people strategy
	Activity definition
	Role redesign
	Performance management and measurement
	People core capabilities gap analysis
	Design organisations structure
	Update HR policies
	Develop training

Phase	Description
Develop	Build the components for the implementation of the new processes. Build includes IT, and other physical environment changes
	Communications
	Determine BPM components
	Decide on re-sue, buy, make or outsource
	Update functional and technical specifications
	Software development
	Hardware deployment
	Testing
Implement	Roll out new processes, roles descriptions, performance management and measures and training
	Communications
	Update implementation strategy
	Prepare for user acceptance testing
	Train staff
	Complete business tests and pilots
	Update deliverables
	Involve management
	Develop roll-out, back-out and contingency plans
	Develop and run marketing programs
	mentor staff
	Roll-out changes
	Monitor and adjust
	Provide feedback to users and stakeholders
Realise value	Measure benefits against business case
	Benefits management framework (Process architecture)
	Identify potential benefits and plan (Launch pad)
	Establish baseline and comparative measurement (Understand)
	Refine and optimise benefits mix (Innovate)
	Define benefit details (Develop, People, Implement)
	Benefits delivery and tracking (Realise)
	Value monitoring and maximisation (Sustainable performance)
	Communication
Sustainable Development	Establish a process structure to ensure continued process agility and improvements are sustainable as business as usual activities.
	Evaluate project results
	Develop/fine-tune sustainability strategy
	Embed performance measures in management
	introduce feedback loops
	Embed sustainability
	reward sustainability
	Institutionalise process governance
	Monitor sustainability
	Communication
	Maintaining the process models

Table 17 BPM Framework Adapted from Jeston & Nelis (2006)

Jeston & Nelis point out that their framework is not a 'one size fits all' approach and the framework should be used in a considered way depending on the size of a project and whether it was a pilot business unit or enterprise wide initiative.

Balogun (2001) offers a high level change flowchart showing seven major phases. The first establishes why change needs to occur, the second what change is required, the next three how to make the change occur and the final two implementing the change and evaluating the outcome. See Figure 4.

Figure 4 Implementation Steps For Change Adapted From Balogun (2001)

2.4.3   Synthesis of the Review of BPM Methodology

BPM projects require a collaborative process in which the organisation is studied, the BPM team can transfer knowledge to the organisation, implement tools appropriate to the organisation, and embed a management discipline of continually reviewing and improving processes. Section 5.3.1 describes the approach at Nationwide.

All of these activities rely on a consistent approach within a BPM framework of which the backbone is the Process Architecture. Section 2.5 reviews research in this area and learnings for the design of the process architecture at Nationwide.

Once the method is embedded it is essential to have a structured approach to process re-design. Section 2.6 reviews research in this area and learnings for the process re-design methodology at Nationwide.

2.5   PROCESS ARCHITECTURE

The development of the BPM methodology at Nationwide Commercial raised the issue of what form the process architecture should take. The following sub-section reviews the concept of process architecture.

2.5.1   Defining Process Architecture

The term Process Architecture has two meanings in BPM. It can refer to the technical architecture of how processes are managed in a database or workflow system or it can refer to the structure that provides a conceptual view to an organisation of its external context and its internal processes. It is this second meaning that is considered here.

It has been defined as a "*hierarchal structure of process description levels and directly related views covering the whole organisation from a business process point of view*" (Davis & Brabänder, 2007, p. 50).   Jeston & Nelis (2006) describe it as the foundation of the organisation's process-related activities and Rosemann & de Bruin (2005, p. 2) describe it as capturing "*the interrelationships between the key business processes and the enabling support processes and their alignment with the strategies, goals and policies of an organisation*". Harmon (2007) describes business process architecture as a body of knowledge about the business processes that comprise a value chain, "*hierarchically organised so that executives can see how specific processes are aligned to support the organisation's strategic goals, how process measures are aligned and what resources are required for what processes*"

It is generally agreed that process architecture is comprised of conceptual Levels and the rules by which to model and map the organisation and its processes. Jeston & Nelis (2006) suggested at least three levels: Level 1 - Organisation Process View, Level 2 Organisational Relationship Map, Level 3 - Process Maps.   Davis & Brabander (2007) suggested five levels: Level 1 - Enterprise Map, Level 2 - Process Area Map, level 3 - Main Process Models, Level 4 Process Models, Level 5 -Activity Models. Harmon (2007) utilised five levels: Level 1 - Organisation Diagram Emphasising External Relations, Level 2 - Value Chain, Level 3 - Business Process, Level 4 - Process, Level 5 - Sub-process

These all see processes as one type and do not attempt to categorise process by nature e.g. a customer service process versus a strategy development process versus a management process. Melao and Pidd said that most existing BPM literature provided only superficial accounts of the nature of business processes. In order to model processes adequately the nature of the process had to be considered first.   They said that this nature aspect is an important part of the process architecture puzzle (Melão & Pidd, 2008).

The process architecture as a whole can be seen as what Osterwalder, Pigneur & Tucci (2005, p. 3) called the 'business model'. they defined this a " *a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm... representation of what value is provided to customers, how this is done and with which financial consequences*".

The literature review below was conducted to develop a view of how to conceptually present the organisational context, process groups and types or taxonomy, processes and activities for Nationwide.

The literature reviewed was primarily that of how to present business processes but did include some papers from the stream of research on 'business models' This literature often cites Timmers' (1998, p. 4) definition of business model " *An architecture for the product, service and information flows, including a description of the various business actors and their roles; and a description of the*

potential benefits for the various business actors; and a description of the sources of revenues". This literature is primarily concerned with how business uses particular ways of doing business to extract value for users and other stakeholders. It is related to process architecture in that the literature is concerned with conceptualising to allow business to improve process but not identical in that it does not require understanding of process in the forms of process maps.

2.5.2 A Review Of The Research on Defining Organisational Context

The first level of conceptual model required by the Process Architecture is the Organisational Context Model.

Hedman & Kalling (2003) reviewed cross disciplinary work on conceptualising context. Their research was directed at conceptualising a 'business model' and drew on previous research on understanding how organisations extract value. They proposed that a theoretically sound definition of the business model would also help the field of IS strategy research to theorise how IS improves strategies and provides competitive advantage. They proposed a generic business model with seven causally connected components: 1. customers, 2. competitors. 3. offering (product, service and price, 4. activities and organisation (internal business processes), 5. resources (human, physical, organisational), 6. suppliers (factor and production inputs), 7.a longitudinal process component which constrains possibilities for action also referred to in the model as scope of management. See Figure 5. Together these give a view of the organisation in context with its environment.
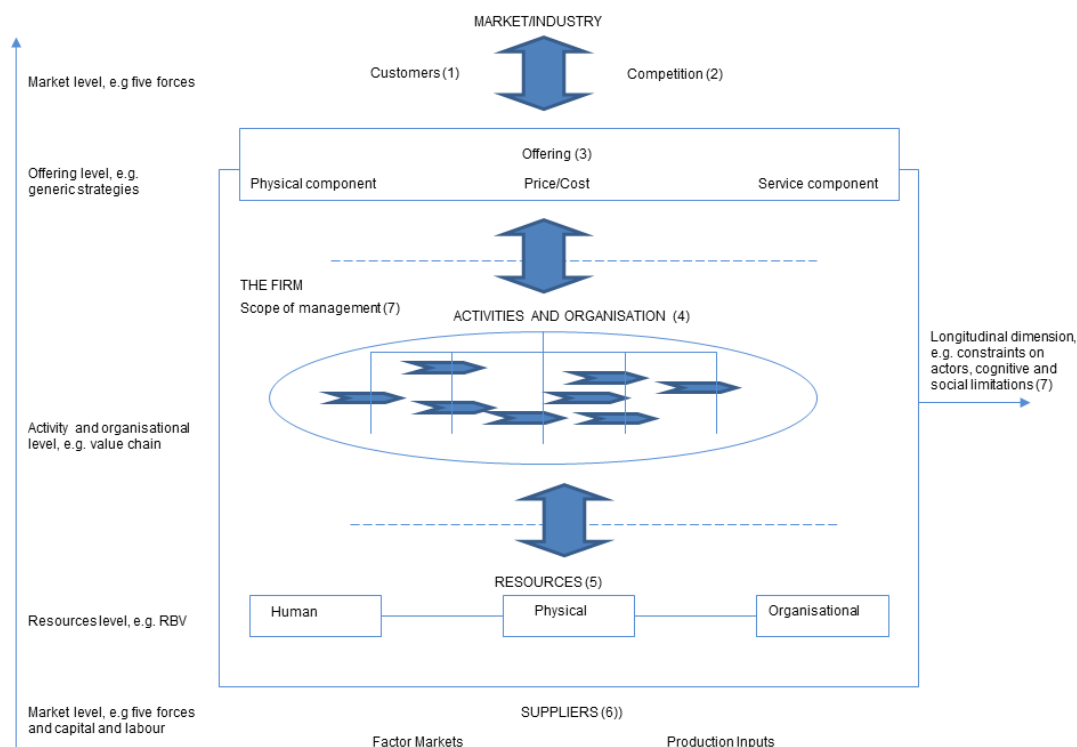
Figure 5 The Components of a Business Model Adapted from Hedman & Kalling (2003)

Harmon (2007) used what he called an organisation diagram to conceptualise the organisational context and to show the relationship between the organisation, shareholders, customers, labour

markets, capital markets, the technology research community, vendors, competition and the market.
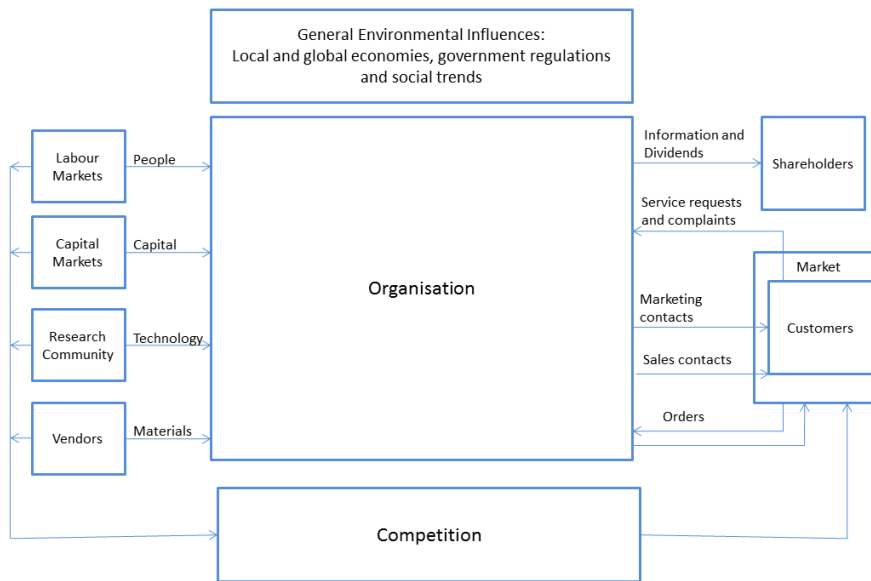
Figure 6 Organisation Diagram Emphasising External Relationships Adapted from Harmon (2007)

2.5.3 A Review Of The Research on Describing and Categorising Business Processes

The second level conceptualises the way in which processes within the organisation interact to deliver value to customer.

Researchers from across multiple disciplines, engineering, operations management, policy, quality, computer science and information systems have attempted to produce taxonomies, typologies, categories or classifications of business processes. (Crowe & Rolfes, 1998; Diaz, Lorenzo, & Solis, 2004; Garvin, 1998; Porter, 1985; Seruca & Loucopoulos, 2003; Vilkas & Stancikas, 2005; Q. Wang & von Tunzelmann, 2000; Whitman, Ramachandran, & Ketkar, 2001).

Research is relatively rare however and there is little cross fertilisation of ideas with very few links between the research and the main taxonomic source for business the American Productivity and Quality Center (APQC) which has had a Process Classification Framework (PCM) available since 1997

This section will overview eight models sourced from the research and the APQC PCM. While all of these models contributed to the model developed for Nationwide Insurance only the significant ones are represented with a diagram.

One of the earliest models is Michael Porter's value chain, which shows the business model as a chain of activities that products pass through. The model is used for maximizing value creation while minimising costs i.e. to improves productivity, and has been widely used in manufacturing supply chain models. Weske (2007) describes the primary functions as contributing directly to the competitive advantage of the company and secondary functions providing the environment in which the primary functions can be performed efficiently.
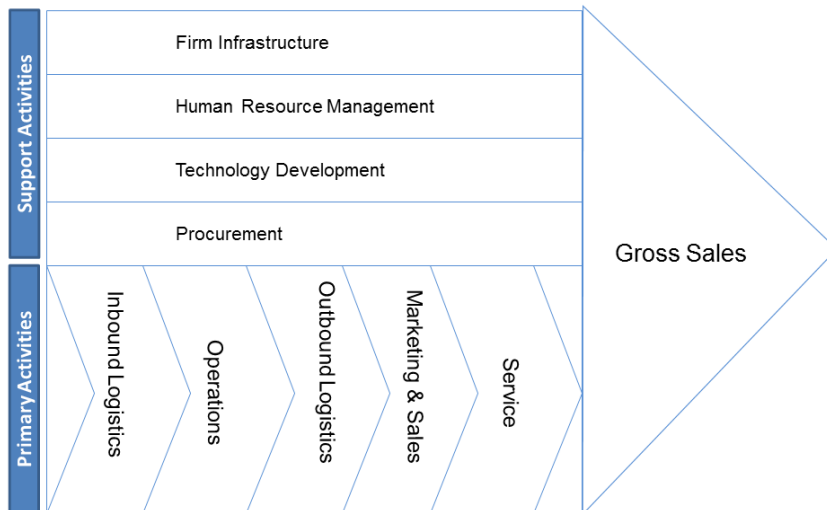
Figure 7 Organisational Value Chain Adapted From Porter (1985)

Crowe and Rolfes (1998) credited Porter as the basis for their generic set of processes developed as part of a decision aid to help businesses with Business process re-engineering (BPR). They proposed their taxonomy would help to shift departmental thinking and show how processes work together. They mentioned later in the article that after they had developed the taxonomy they 'found' the APQC PCM and used it as a secondary validation.

Garvin's (1998) research was a giant step forward in understanding organisational processes. He extended the territory of processes, which he defines as collections of activities that transform inputs into outputs, from just the operational processes as described in the examples above to include management processes, resource allocation and decision making. He said "*even the best processes will not perform effectively without suitable oversight, coordination, and control…operational processes have usually been targeted for improvement, while their supporting administrative processes have been overlooked*" (Garvin, 1998, p36).
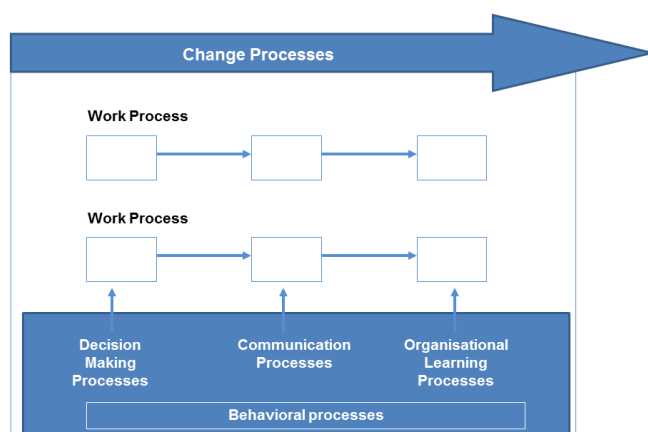
Figure 8 Diagram of Organisational Processes Adapted From Garvin (1998)

He outlined three types of process: work, behavioural and change. Work processes accomplish work by transforming inputs to outputs, behavioural processes (he includes decision making, communication and organisational learning in these processes) shape the way work is conducted by

creating widely shared patterns of behaviour and ways of acting. Change processes alter the organisation over time. Unfortunately his research was not referenced in BPM literature till 2008 when Melao and Pidd discussed his work as part of building four conceptual frameworks for business processes.

Whitman et al (2001) noted that the focus of modelling and improving activities was generally on those that transform inputs into outputs ignoring the processes of setting direction and acquiring resources. Their model shows inputs and outputs from all three categories of process and conceptualises how that fit within an organisational system.

Diaz et al (2004) proposed a taxonomy of eight intra-organisational processes with support processes defined as those indirectly related to the objectives of the company, the core processes directly related and Integrational processes such as BPM guaranteeing the integration and coherence of the other processes.

Jeston & Nelis (2006) suggested an organisation process view as part of their overall BPM methodology and give an example of how it would look for an insurance organisation.
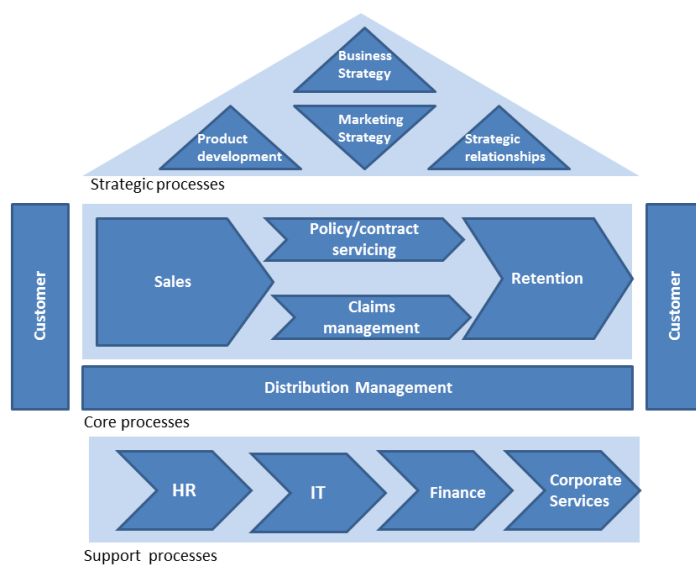
Figure 9 Organisation Process View Adapted from Jeston & Nelis (2006)

Weske (2007) cites the 2003 model proposed by Schmelzer & Sesselmann. This is unusual in that incorporates the innovation process and shows BPM as interacting with all the processes of the organisation including management, organisation and controlling but does not include strategic or support processes.
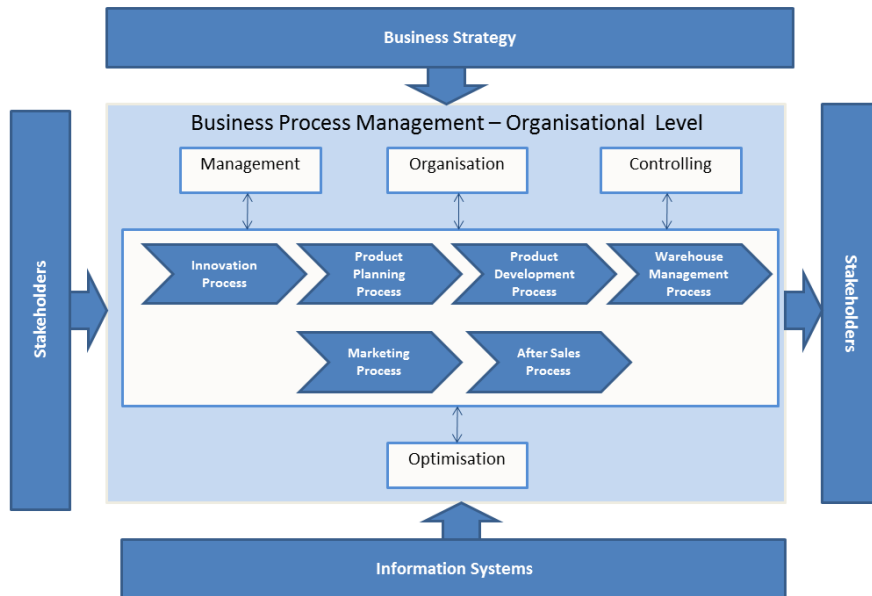
Figure 10 Organisation Level Business Process Management Adapted From Weske (2007)

The APQC Process Classification Framework, which has been updated over the ten years since its inception, breaks processes into Categories, Process Groups, Processes and Activities within processes. It lists 264 Processes within 12 Categories. It provides a process flow through the operating processes but does not attempt to provide links between the management and support processes and operating processes. It remains a very useful secondary validation for future models of business process.

Finally the 2008 models of Melao and Pidd offer 4 conceptual frameworks to view business process with. They outline their research objective as to provide taxonomy of business process viewpoints as opposed to taxonomy of business processes. Their viewpoints clearly show that different perspectives are required for different processes within a process system. They offer views of process as a deterministic machine, a dynamic system, a system of interacting feedback loops and as social constructs and in doing so show the complexity of human dynamics inherent in the business processes. They discuss the limitations of each view and make the point that the multiple views offer insight for practitioners but not a methodology.

A taxonomy is not a list. It is both the branch of science concerned with classification, especially of organisms and a theory about the basis of natural order that explores the causes of relationships among organisms. A taxon is a species or class that has distinct morphology and belongs to the wider complex hierarchic family group. The taxonomy lays out relationships between taxon. Much research labelled as taxonomic in the area of business process is actually categorisation because it makes no attempt to explore relationships.

The table below summarises the business process models discussed above.

Author	Research Contributions	Research Gaps
Porter (1985) Value Chain	Shows the path that products take through the multiple parts of the network.	The focus is on added value and cost at each stage not input and output or quality
Hedman and Kalling (2003)	Shows a generic business model which clarifies the position of business processes within an overall complex system	Does not show who business processes interact with each other within the system and how they impact productivity or quality
Crowe and Rolfes (1998)	An early attempt to help focus the initial attempts at mapping for process improvement. It provides a limited framework for operational processes instead of a blank page	Does not consider management processes or human processes within organisational processes
Garvin (1998)	Shows the context in which operational (work) processes are embedded within and impacted by management (behavioural) and change processes.	Did not provide any guidelines for mapping and improving management processes Does not provide any theoretical framework for how management processes and change processes impact operational processes
Whitman et al (2001)	Returns the focus to inputs and outputs for the whole organisation and not just operational processes Shows the context in which operational (transformation) processes are embedded within and affected by direction setting and resource acquisition processes	Does not provide any framework for the complexity of the social/organisational context
Diaz et al (2004)	Attempts to genericise support, core (operational) and integrational process. Shows BPM as a process underpinning improvement.	Does not provide any framework for the complexity of the social/organisational context
Schmelzer & Sesselmann (2003) cited in Weske (2007)	Shows the context across which BPM operates	Does not include strategic or support processes.
APQC Process Classification Framework	Shows the way that operating process link and chunks up and lists all the support processes. Includes Knowledge Management, Improvement and Change as the last underlying process. Very comprehensive list of generic processes and useful for validation of model development.	Does not attempt to link processes via outputs and inputs.

Author	Research Contributions	Research Gaps
Melao and Pidd, 2008	Offers four models to view process in. Shows how processes can operate in multiple ways and how process is affected by the system it operates in. Begins to bring 'culture' into the process picture social/organisational context.	Does not offer one 'useful' model that shows the flow of inputs and outputs across an organisation

Table 18 Review Of The Research on Describing and Categorising Business Processes

From this literature review we have seen that there has been little conceptualisation of how processes interact with each other or more importantly for service processes how humans interact within processes to alter the quality of output.

2.5.4 Synthesis of the Research on Defining Organisational Context and Describing and Categorising Business Processes

The intention of a process architecture is to create a framework that links organisational strategy with process improvement and a set of standards for conceptualising the organisation, its environment and its processes so that a shared view, or visual language, is created. The first level of the architecture has to encapsulate the organisation and its strategic imperatives. The second level of the architecture has to define process groups in meaningful ways to the organisation and to show their interdependencies.

BPM is based on the concept that rendering business processes as process models enables analysis, improvement and automation. It relies on a visual representation of the organisation. For this reason the form of representation of the organisation in extra-organisational context and the categorisation of the business processes is essential. While BPM research has produced multiple modelling techniques for business processes it has not produced standardised techniques for level 1 and 2 of the architecture.

2.6 PROCESS REDESIGN

BPM relies on the ability to continually design and implement improved processes but the BPM research and practitioner literature tends to be vague about how to go about this. Mansar & Reijers (2007) said although the focus on business process was widely accepted business process redesign was still more art than science. Practitioners tend to fall back on 'best practice' processes provided by the large consulting firms rather than redesigning to meet specific organisational needs or to radically improve process. BPM asks that the organisation participates in process improvement with the help of an organisational centre of process excellence. This means that process redesign principles and guidelines have to be explicit and teachable as part of the implementation of BPM methodology.

2.6.1 Review of Practitioner and Academic Literature

Sharp & McDermott (2001) commented that most process reengineering books relied on the advice to 'Be creative' and on the ATAMO effect (And Then A Miracle Occurred) but didn't explain how to

free people from their accumulated paradigms about how things are or should be or how to ensure they have thought very carefully through the implication of implementing best practice from another organisation into their unique circumstances. They said that the first step is to consider what course of action the process requires: drop or abandon because it is not value adding, outsource because a supplier can do it more effectively, leave it as is but ensure people are trained in it and are following it, improve it because although the basic structure is adequate some specific improvements are possible, and finally redesign as a last resort.

They said that redesign first asks what the process must achieve and not how and they offer a framework of six process enablers from which to consider processes. All six must be working in harmony to allow the process to work effectively. See Figure 11. The goal of the redesign process is first to describe the characteristics of the future processes in terms of the six enablers. This becomes the specification for the process and second to develop the swim lane diagrams depicting handoff and service that supports the specifications.

The redesign is done in three steps: 1. Generate ideas for the process. 2. Assess the ideas based on the six enablers. 3. Develop the future workflow.

Figure 11 Six Process Enablers Adapted From Sharp & McDermott (2001)

Reijers and Liman Mansar (2005) performed a wide literature review of both research and practitioner literature to develop a framework of heuristic rules to assist practitioners in process redesign. They described the framework as being able to help practitioners in the thinking process of redesign by identifying topics that should be considered and how the topics were related. The gap they were attempting to fill was that of current literature lacking technical direction and a systematic approach in the redesign of business processes.

In their framework six elements are linked: internal and external customers of the process, the products or services generated by the process, the business process itself with two views, operation (size, complexity, customisation) and behavioural (triggers, sequencing, scheduling), the participants

in terms of organisation structure (roles, users, department) and population (individual, agents, relationships), the technology and the external environment. Figure 12 shows these relationships.
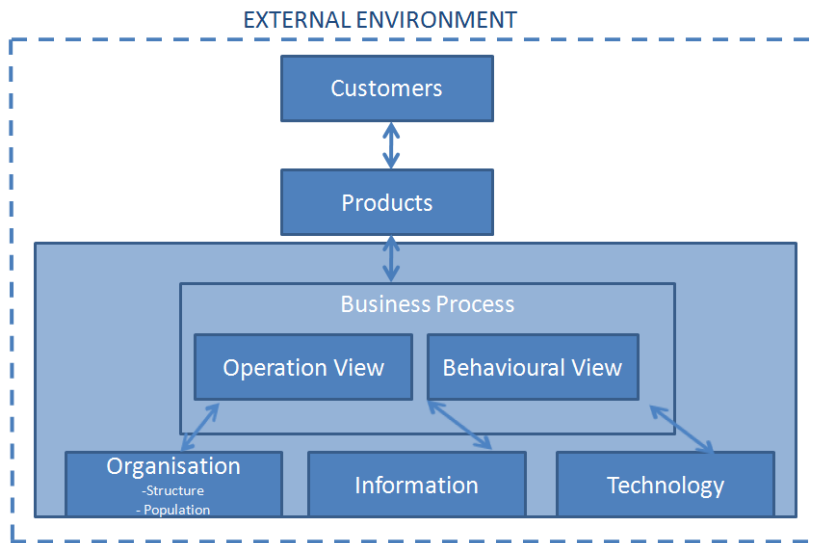
Figure 12 Framework for Business Process Redesign Adapted From Reijers & Liman Mansar (2005)

Having established a framework they then went on to classify the best practices they had identified in terms of the framework.

Element	Focus	Best Practice
Customers	Focus on improving contacts with customers	Control relocation: move controls towards the customer
		Contact reduction: reduce the number of contacts with customers and third parties
		Integration: consider the integration with a business process of the customer or a supplier
Business process operation	Focus on how to implement the workflow	Order types: determine whether tasks are related to the same type of order and, if necessary, distinguish new business processes
		Task elimination: eliminate unnecessary tasks from a business process
		Order-based work: consider removing batch-processing and periodic activities from a business process
		Triage: consider the division of a general task into two or more alternative tasks or consider the integration of two or more alternative tasks into one general task
		Task composition: combine small tasks into composite tasks and divide large tasks into workable smaller tasks
Business process behaviour	Focus on when the workflow is executed,	Re-sequencing: move tasks to more appropriate places
		Knock-out: order knock-outs in a decreasing order of effort and in an increasing order of termination probability
		Parallelism: consider whether tasks may be executed in parallel
		Exception: design business processes for typical orders and isolate exceptional orders from normal flow

Element	Focus	Best Practice
Organisation	Considers structure of the organisation and the resources involved	Order assignment: let workers perform as many steps as possible for single orders
		Flexible assignment: assign resources in such a way that maximal flexibility is preserved for the near future
		Centralization: treat geographically dispersed resources as if they are centralized by utilising WfMS
		Split responsibilities: avoid assignment of task responsibilities to people from different functional units
		Customer teams: consider assigning teams out of different departmental workers that will take care of the complete handling of specific sorts of orders
		Numerical involvement: minimize the number of departments, groups and persons involved in a business process
		Case manager: appoint one person as responsible for the handling of each type of order
Information	Describes best practices related to the information the business process uses, creates, may use or may create.	Specialist-generalist: consider to make resources more specialized or more generalist
		Empower: give workers most of the decision making authority and reduce middle management
Technology	Describes best practices related to the technology the business process uses or may use	Task automation: consider automating tasks
		Integral technology: try to elevate physical constraints in a business process by applying new technology'
External environment	Try to improve upon the collaboration and communication with the third parties	Trusted party: instead of determining information oneself, use results of a trusted party
		Outsourcing: consider outsourcing a business process in whole or parts of it
		Interfacing: consider a standardized interface with customers and partners

Table 19 Best Practice Considerations For Process Redesign Adapted From Reijers & Liman Mansar (2005)

For each element they recommended evaluating the impact of redesigned processes based on the best practice approaches in terms of four dimensions, time, cost, quality and flexibility, against each of the elements. Business improvement redesign should achieve a decrease in processing time, a decrease in cost, an improvement in quality of service or product and an improvement in ability to deal with variation.

Jeston & Nelis' (2006) methodology includes an Innovate phase which is the redesign phase. They say this is the shift from analysis where the current processes are understood to creativity and suggest workshops run by experienced facilitators using idea triggers such as customer self-service, integration of process with suppliers etc. They don't provide a framework for consideration.

Harmon (2007) recommends the redesign start with identifying process problems. He recommends considering problems across the key areas in Table 20.

Category	Type
Process Flow Problems	Problems with Logical Completeness
	Some inputs, activities and outputs are not connected
	Sequencing and Duplication
	Activities are performed in the wrong order, more than once or are performed sequentially when they could be performed in parallel
	Sub process Inputs and Outputs
	The inputs and outputs of sub processes are wrong or inadequately specified, of inadequate quality or quantity superfluous or incomplete
	Process Decision-Making
	The process requires decision making without providing adequate information or guidance
	Sub process Measures
	Inadequate or no measures for the quality, quantity or timeliness of outputs
Day-to-Day Management Problems	Planning and Resource Allocation Problems
	Leading data for planning not available
	Monitoring, Feedback and Control Problems
	Lack of accountability, multiple goals, inadequate information about process performance , ambiguous rewards
	Manager's Goals and Incentives Conflicted
	Incompatible goals and lack of authority
	Manager Accountability
	Lack of accountability, multiple goals, inadequate information for process performance
Output Problems	Quality of Output
	Quantity of Output
	Timeliness of Output
Input Problems	Quality on Inputs
	Quantity of Input
	Timeliness of Inputs
Problems with Controls	Process Not Aligned to Organisation or Value Chain Strategy
	The goals of the process are not aligned with the strategic objectives
	Problems with Policies or Business Rules
	Business rules not aligned with organisational policies. The process ignores or is incompatible with policies or business rules
Problems with Enablers	Employee Problems
	Understaffed, roles mis-specified, lack of skills, lack of training, lack of documentation, incentives misaligned, insufficient data for planning, flouting of process
	IT Problems
	IT applications misaligned with process, lack of automation, multiple data input, inadequate reporting
	Facilities, Equipment and Location Problems
	Resources unavailable or inadequate
	Accounting and Bookkeeping Problems
	Impose heavy burdens, inadequate information

Table 20 Key Process Problems Adapted from Harmon (2007)

2.6.2   Synthesis of the Research on Process Redesign

This review of the literature on process redesign revealed the need to start with an explicit checklist for newcomers to BPM which would enable them to rethink and redesign process. Redesigning process and raising process orientation requires not just the business process to be redesigned but also the managing processes and other supporting processes such as staff training and staff incentives to be redesigned.

The process redesign literature was summarised and categorised to find common themes. In addition the first level of the process architecture was checked to ensure that the elements there were represented in the final check list.

2.7   BPM AND ORGANIZATIONAL CULTURE

The literature on BPM success factors highlights the need to understand and to manage organisational culture across the BPM implementation. BPM failure is rarely due to technical reasons or hard factors, but is most often ascribed to cultural reasons or soft factors (vom Brocke & Sinnl, 2011). Baumol (2010) suggests the standard BPM expertise of practitioners does not include a BPM appropriate change management methodology and therefore the soft factors are often ignored, and are possibly even invisible to many BPM practitioners. This literature review was performed in order to find a framework to understand culture and values in order to be able to articulate them and to understand potential conflicts.

2.7.1   The Concept of Organisational Culture

According to Robey & Azevedo (1994) the concept of organisational culture goes back to Pettigrew's (1979) article *On Studying Organizational Cultures.*

> *"In the pursuit of our everyday tasks and objectives, it is all too easy to forget the less rational and instrumental, the more expressive social tissue around us that gives those tasks meaning. Yet in order for people to function within any given setting, they must have a continuing sense of what that reality is all about in order to be acted upon. Culture is the system of such publicly and collectively accepted meanings operating for a given group at a given time" (A. M. Pettigrew, 1979, p. 574)*

Pettigrew went on to describe culture as a system of terms, forms, categories, and images which interprets a people's own situation to themselves. Culture can be regarded as a source of a family of concepts: symbol, language, ideology, belief, ritual, and myth. He cited Cohen's definition of symbol as *"Symbols are objects, acts, relationships, or linguistic formations that stand ambiguously for a multiplicity of meanings, evoke emotions, and impel men to action".* The symbols that arise out of the process of formation of an organisation work to represent its situation to itself and the outside world. They include organisational vocabulary, design of the organisational buildings, beliefs about the use and distribution of power and the rituals and myths that legitimate those distributions. He pointed out that symbols, including language, are vehicles for achieving practical effects. Pettigrew categorically stated in his foundational paper that only a longitudinal-processual approach to the study of organisations recognises the organisation as a continuing social system with a past, a

present, and a future and therefore sound theory must take into account the history and the future and relate them to the present.

One of the most enduring models of culture is Schein's three level models which he originally proposed in 1984. Schein (2004) says while culture is an abstraction its effects are observable so it is an empirically based abstraction. He proposes three levels. The inner core is made up of basic assumptions; these shift over time to accommodate new external realties and are belief systems or interpretive schemes groups use to make sense of events, activities and human relationships and make up the basis for collective action. The basic assumptions of culture manifest as beliefs and values or social norms or rules for behaviour; values set expectations and boundaries for the control of behaviour. Basic assumption and values work to manifest the artefacts of culture such as language, myths, rituals and physical artefacts such as art, technology, and buildings. The climate, or the emotionality and behaviour of the members of the group is one of the artefacts. Culture shifts over time as external reality shifts forcing basic assumptions to be re-evaluated.
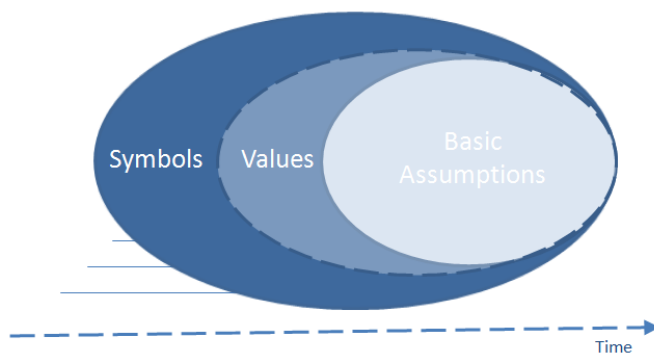
Figure 13 Three level Model of Culture Adapted From Schein (2004)

Schein proposes that cultures begin with a leader who imposes their basic assumptions and values on a group. If the group is successful the culture persists and in turn defines what form of leadership is acceptable. If the external reality shifts to the point where the group's culture threatens its survival new leaders have the opportunity to introduce an evolutionary change in culture.

2.7.2 IS and Culture

IS researchers have been interested in the concept of organisational culture for some time. Gallivan & Srite's (2005) review of the literature say that a variety of names have been used for the same construct: socio-technical systems, social factors, social system, social structure and culture. They review IS literature from the 1970's onwards which examines the links between IT and the values, beliefs and norms of the adopting organisation. They propose that models have become increasing rich and complex to explain the relationship between IS and organisational culture and have moved through four stages of development since then.

The first stage was that of technological determinism; this assumed IT exerts a force on organisations that causes changes in organisational culture and other organisational attributes. The second stage was that IT was a tool to make change: this assumed change could be designed in a rational manner and organisational culture could be mechanistically shifted to the new design using IT as a lever. The third stage was that organisational culture and IT interact: this assumed there must

be a fit between the values of IT and organisational culture or there would be resistance, rejection or even sabotage. Organisational culture should be analysed and IT must be designed to fit since organisational culture, while changeable over the long term, is relatively fixed in the short term. The fourth stage saw IT and culture fit as an emergent process; this assumed that IT and culture are both malleable and gradually change each other over time in unpredictable ways; users have agency to change the use of IT and IT forces some changes in behaviour. They cite such ideas as improvisation, mutual adaption, structuration, technological drift as examples of this stage of thinking. These emergent changes can be analysed after the fact but not controlled or predicted in advance and longitudinal studies are utilised to analyse results. Key to this assumption is that IT has symbolic meaning assigned which shapes individuals in the organisations understanding of it and this symbolic meaning will shift over time.

Leidner & Kayworth's (2006) paper provides a comprehensive review of IT research focusing on organisational cultural and cross-cultural impacts on IT, and IT's impact on culture. They pointed out the wide range of definitions of the construct of culture but utilised Schein's three level model of culture and, following Schein, argue that of the three constructs values are the most easily studied. Basic assumptions are 'invisible and preconscious' and artefacts are 'not easily decipherable' (p. 359) whereas values are the principles, rules or norms which define how people may act and communicate. They propose a theory they call 'theory of IT-culture conflict' which focuses on potential value conflicts. They identify three forms of potential conflict. The first is 'systems conflict' which occurs when the values embedded in a particular IT artefact conflicts with the values of the group members who are expected to use the system. Then second is 'contribution conflict' which occurs when the values of the group's IT function is perceived as irrelevant by the group members so they cannot see how IT can contribute to overall values. The third is 'vision conflict' which occurs when the values embedded in a particular IT artefact conflicts with the values of the group's IT function. They clearly differentiate the differences that may exist between national, organisational and subunit cultures.
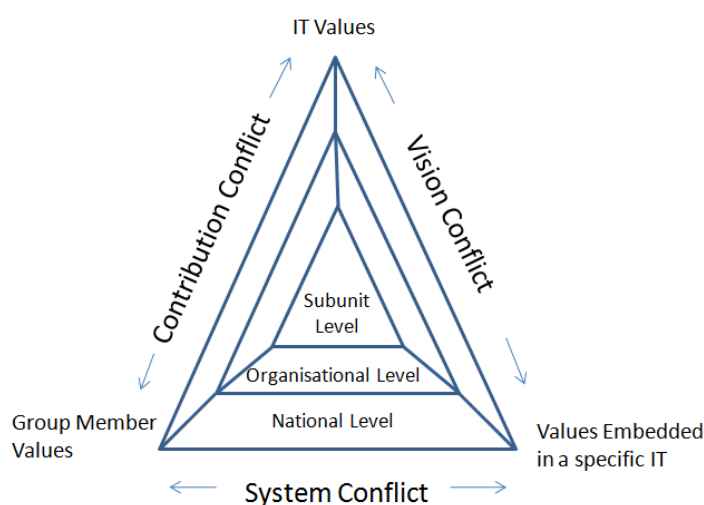
Figure 14   IT-Culture Conflict Adapted from Leidner and Kayworth (2006)

2.7.3 BPM and Culture

vom Brock and Sinnl (2011) provide a similar review to Leidner and Kayworth (2006) but specifically focus in the BPM domain. They say that the majority of research in BPM is technically focussed and research on culture and BPM is rare. In order to galvanise research in this area they utilised Leidner & Kayworth's (2006) work to structure their own proposed model of impacts by culture on BPM and BPM on culture. They also utilise Schein's three level model to describe culture's manifestations and agree that the scope of culture to be considered is work group, organisational and national. Based on the literature review they propose a framework to structure research on culture in BPM.

They argue for a culture triad with BPM culture in the middle and describe BPM culture as a certain set of values supportive of BPM objectives. BPM implementation requires a change in values (to a process orientation) which leads to a change in actions (selection of process methodology and tools) which in turn leads to a change in structure (the implementation of BPM and BPMS). This in turn influences values and actions across work groups, organisations and even nations, leading to widespread change in structures (see Figure 15).

The model proposes that BPM as an IT has arisen from BPM culture, or values, so first a BPM culture that fits the IT must be formed because BPM is a management approach that requires this. The work of ensuring that the cultural fit exists is change work done on the cultural context.
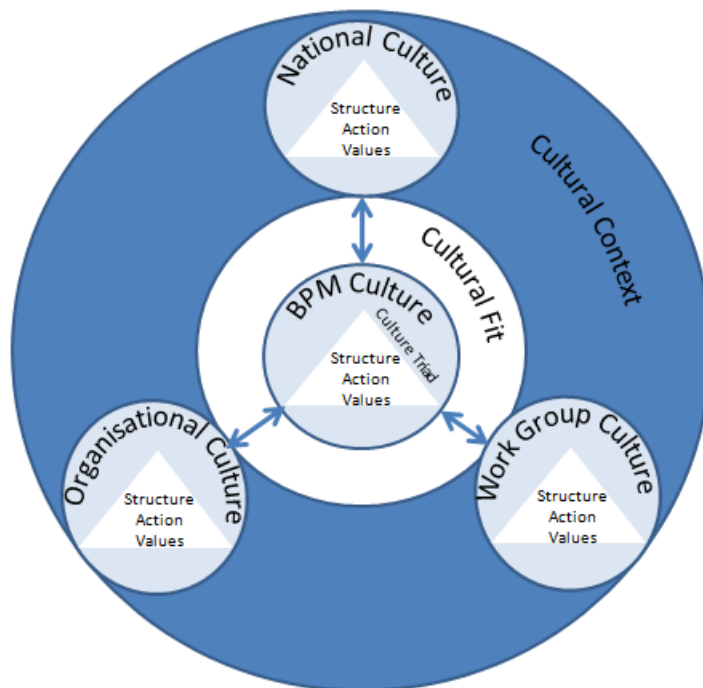
Figure 15 BPM-Culture Model Adapted From vom Brocke & Sinnl (2011)

Baumol (2010) and Bucher & Winter (2010) agree with vom Brocke and Sinnl that a process culture with values, beliefs, and process-oriented behaviour needs to be established before the change process starts. This approach is what Gallivan & Srite (2005) would describe as the second stage of process research which assumes culture can be analysed and changed to fit IT with IT becoming a lever to sustain change. Longitudinal work of the type reviewed by Gallivan & Srite as part of the

stage four of research on IT and organisational culture has shown that change intended in this way has unpredictable outcomes; it is not deterministic.

2.7.4   BPM Values

This work on culture in BPM crosses over to the work on process orientation which includes culture as a factor in readiness for BPM; this is described in section 2.3.2. Harmon's (2007) essential enablers of BPM include culture which he describes as the values of customer focus, teamwork, personal accountability, and a willingness to change.

vom Brocke & Sinnl (2010) examine BPM culture in their study of the Hilti corporation's BPM journey. They identify BPM values as: process orientation, responsiveness to change, quality, continuous improvement, customer orientation, consistency. The actions these values produce are innovative thinking and cross-departmental collaboration and the structure the values and actions produce are process owners, ERP system and KPI's.

Hammer (2010) agrees saying BPM values are to focus on customers and outcomes, transcend boundaries and be comfortable working in teams, accept personal responsibility for outcomes, and be willing to accept change. vom Brock & Sinnl (2011) found consistency, quality, continuous improvement, customer orientation, process orientation, responsiveness to change and collaboration.

Neither the process orientation literature nor the culture literature offers instruments for analysis of values or methods for change which is the proposed core of BPM success as suggested by the BPM literature.

2.8   CHAPTER REVIEW

"Method-driven approaches can be misleading. Contrary to their promise, they are deceivingly abstract and removed from practice. Everyone can experience this when he or she moves from the models to the implementation phase. The words of caution and the pleas for 'change management' interventions that usually accompany the sophisticated methods and polished models keep reminding us of such an implementation gap. However, they offer no valid clue on how to overcome it, only another procedural sequence of steps and phases that in its turn will require a further bridging between the method and the concrete situation" (Ciborra, 2002, p. 5).

The literature reviewed above points to the on-going struggle to understand the organisation in context, both internal and external context and to implement the changes that BPM requires. BPM research literature asks that organisations become process oriented and adopt a process culture. As this occurs the BPM work of representing the organisation, its external and internal context and processes in the form of process architecture models begins.   A clear methodology for implementation of BPM is agreed and managers and staff are trained in process monitoring and redesign and this results in the alignment of all effort in the organisation to the strategic objectives of the organisation and on-going innovation of process. This is with the intention of increasing productivity and quality.

There is a quality of hyper rationality to the approaches suggested; if the steps are completed correctly in order then BPM should be a success. However, there is a lack of empirical evidence to support the claims that are made for BPM. Hence one of the contributions of this thesis is that it provides one empirical example of a BPM project.

3 THEORETICAL FRAMEWORK

3.1 INTRODUCTION

This chapter describes the theoretical framework used in this research. It starts by briefly exploring common IS research paradigms and discusses the limitations of existing theoretical frameworks. It introduces process orientation and describes how a Foucauldian genealogical approach can fit within a process orientation. It provides a critical research framework suitable to understand the issues observed over the course of the research. Please note that the term process orientation in this chapter is not the same usage as process orientation in BPM methodology.

Burrell & Morgan's (1979) seminal work on paradigms in the social science proposed the existence of four mutually exclusive paradigms. The Functionalist Paradigm sees reality as concrete and immutable and knowledge the search for predictability and control though information about regularities and causal relationships and sees society as a system of regulation which is oriented to produce unity and cohesiveness and the satisfaction of human needs. It sees individual behaviour as contextually bound in a real, concrete and tangible world. It sees the researcher as a value-free fully rational observer whose motivation is the generation of useful empirical knowledge that improves the predictability of outcomes. The Interpretive Paradigm sees reality as socially constructed - a network of shared assumptions - and knowledge as the value laden search for relativistic understanding and like functionalism sees society as a system of regulation. It sees individual behaviour in the context of a social reality that is not concrete but is a shifting product of subjective experience. It sees the researcher as a participant in action producing knowledge which is every bit as problematic as any other form of knowledge. The Radical Humanist Paradigm sees reality as socially constructed and knowledge as the value laden search for relativistic understanding but sees society as system of radical change which is oriented to produce domination but contains intrinsic tensions and contradictions between opposing elements, which inevitably lead to radical change in the system as a whole. It sees individual behaviour as constrained and controlled by psychic and social processes. It sees the researcher as uncovering modes of domination in order to assist humans transcend their alienation. The Radical Structuralist Paradigm sees reality as concrete and immutable and knowledge the search for predictability and control though information about regularities and causal relationships and sees society as a system of radical change. It sees individual behaviour as constrained by the dominating force of society. It sees the researchers as working to understand the intrinsic tensions and the way that those in power hold the tensions in check.

The theoretical frameworks that inform IS research have expanded over time but fall broadly into one of three commonly accepted research paradigms: positivist, interpretive, and critical (M. D. Myers & Klein, 2011). These have their foundation in Accounting Research.

Hopper & Powell (1985) reduced the Burrell & Morgan paradigms to Functionalist, Interpretive and Radical collapsing Radical Humanism and Radical Structuralism into one category. They did this on the basis of their opinion that the subjective-objective dimension of Burrell & Morgan's classification did apply to Functionalism and Interpretivism but much less clearly to Radicalism where some theorists incorporate both strands into their work.

Chua (1986) reviewed of the underlying assumptions of Accounting Research practice; her objective was to present the mainstream world view and two alternative world views. She rejected the Burrell & Morgan framework for a number of reasons. First she did not agree with the use of the mutually exclusive dichotomies. Second she interpreted their description of inter-paradigmatic journeys as equivalent to a conversion experience in religious faith and as presenting the shift as irrational. Third she rejected the relativist view of truth and reason they were proposing and fourth she found the distinction between radical structuralist and radical humanist dubious. She described the metaphysical underpinnings of the Dominant or Mainstream word-view (equivalent to the Functionalist view) and introduced two alternative world views: Interpretive and Critical. She does not explain this shift of term in the paper from Radical to Critical but just makes the substitution eliminating the two dimensions. Just as she bases her description of Interpretive assumptions primarily in Schutz' interpretive sociology, she bases her description of Critical assumptions primarily on Habermas with a background of Plato, Hegel and Marx. She also rejects Burrell & Morgan's belief that the paradigms are mutually exclusive.

In IS research Orlikowski & Baroudi's (1991) paper investigated the lack of paradigm diversity in IS. While they cite Burrell & Morgan they turn to Chua's earlier (1986) work to classify IS research into three categories : positivist, interpretive and critical.

The table below based on Orlikowski & Baroudi's paper as well as Chua's describes the three research philosophies in terms of ontology, epistemology and methodology.

	POSTIVIST	INTERPRETIVE	CRITICAL
METHODOLOGY	Hypothesis driven methodologies with predetermined constructs for study are the only way to obtain valid knowledge.	Hypothesis free methodologies with constructs derived from the field where categories and themes emerge	Theory free methodologies, but with a theoretical framework, designed to transcend embedded thought constraints.
	Researchers are value-free observers and focused on means not ends	Researchers are value-laden observers and must acknowledge this as intervening between them and their investigations	Researchers are value-laden emancipators and focused on raising consciousness of actors
	Experiment, survey, case study and other data collection methods are used. Quantitative methods are emphasised	Observation, awareness of linguistic cues, and a careful attention to detail are emphasised.	Long-term historical studies and ethnographic studies of processes and structures. Qualitative methods are primary but quantitative data collection and analysis are used

	POSTIVIST	INTERPRETIVE	CRITICAL
EPISTEMOLOGY	Knowledge is seen as enduring, created via the empirical testing of theories about objective reality which are verified or falsified. This hypothetic-deductive account of scientific explanation, has two purposes: a search for universal laws or principles, a search for prediction and control.	Knowledge is seen as historically bound, created by forming explanations or models of the life-world (deeply embedded rules) which contain logically consistent constructs (objective validity), explained from the actor's perspective (subjective interpretation), which the common sense explanations actors agree with (adequate) but also asserts that the language humans use to describe social practices constitutes those practices. Micro-social focus	Knowledge is historically constituted and context bound and contains a processual explanation of the forces at work in society as a totality and an understanding and critique of the material conditions of domination. Macro-social focus
ONTOLOGY	Physical world is made up of passive objects (including humans) that are external to and exist independent of knowers (subjects), and whose determinate nature is knowable.

Social world in which humans interact in relatively stable and orderly ways. Conflict and contradiction are dysfunctional and not endemic. | Physical world has no meaning or identity until humans turn their attention to it and via language, interpretation and understanding (order and classification) assign meaning and construct their reality (reify and objectify it).

Social world is emergent, produced and reproduced by humans through interaction. Conflict and contradiction are not endemic but meanings and interpretations of reality may shift over time as society changes. | Physical world has objective properties but is historically constituted. An individual object can only be understood in terms of a totality of relations of which it is part.

Social world is historically constituted, not confined to existing in a particular state but possesses unfulfilled potentiality and systems of domination within which humans can act in a limited way. Social practices are subjectively created but objectively real. Conflict and contradictions are inherent to social relations. |

Table 21 The IS Research Practices Adapted from Chua (1986) and Orlikowski & Baroudi (1991)

Chen & Hirschheim say that very little critical research has been published in IS (Chen & Hirschheim, 2004; W. J. Orlikowski & Baroudi, 1991).

Hence Richardson & Robinson (2007) went in search of the 'missing paradigm'. They found 31 published papers in IS that they classify as critical. They expressed some optimism for an increase in the number of critical papers.

Falconer (2008) defines papers as critical as those whose authors described them as having a modernist, emancipatory intent in the tradition of the Frankfurt School. He analysed 7072 papers

from 10 top IS journals and on that basis for classification he found only 116 (1.6%) papers that reached a minimum standard of at least a mention in passing of critical research. Of these only 26 (0.4%) were empirical studies based on critical theory. Falconer agreed with (Brooke, 2002) that IS Critical research was generally limited to Habermas and the Frankfurt school.

While Burrell & Morgan clearly describe their work as an analytical scheme, a heuristic device and not a rigid definition, Deetz (1996) said it quickly became a grid that classified concepts as things and reified them. He also said, as result of the apparent paradigmatic incommensurability, it gave the illusion that a researcher using a methodology was fully and permanently committed to the paradigm to which the methodology was ascribed.

Deetz describes his own position as believing that paradigms only appear are incommensurable as they strive to maintain coherence, but become commensurable as soon as they make contact with the ultimately indeterminant outside world. While Burrell & Morgan warn against ontological oscillation, predominantly seen as the sudden shift from subjective ontological and epistemological stances suddenly becoming objective methodological stances Deetz says it is common because in fact, "*Most researchers and teachers do not cluster around a prototype...but gather at the crossroads, mix metaphors, borrow lines from other discourses... happily move from one discourse to another without accounting for their own location...like other organisational members borrowing on discourses that suit their immediate purposes and the fashions of the moment*" (Deetz, 1996, p. 199).

Deetz (1996) says that ontological oscillation is common. Weick (1995) defends it on the basis that it a legitimate way for researchers who study sense making to gain understanding of the actions of people in 'everyday life' where Weick reminds us people do not care about metaphysics, have multiple identities and deal with multiple realties.

The theoretical foundations of this research lie at the crossroads of all three paradigms, although it is mostly critical. This research started as AR combined with ethnography as input to the AR cycle. Baskerville & Myers (2004) suggest that the underlying philosophical position of most forms of AR is Pragmatism. This embraces ontological pluralism, encouraging multiple perspectives, and sees knowledge as socially created based on empirical evidence and rejects universal truths. Pragmatism sees theories as necessarily incomplete but useful for predicting, explaining and influencing change (Christ, 2010) . Coghlan & Brannick (2005) describe the ontological basis of AR as objectivist, like Positivism and the epistemological basis as subjectivist like Interpretivism.

Because of its reflexive nature and desire to utilise whatever tools are useful to solve the problem AR has been 'promiscuous' over the years. Whilst grounded in pragmatic philosophy it draws on critical thinking, the practice of democracy, liberationist thought, humanist and transpersonal psychology, constructionist theory and complexity theory (Reason & Bradbury, 2006).

Ethnography as a qualitative research method can be used with any of the research paradigms. Its use as a research methodology started as positivist but has also been utilised in interpretive and critical research (Atkinson, Coffey, Delamont, Lofland, & Lofland, 2001).

The inclusive nature of these methodologies and their ontological plurality characterises the philosophical foundations of this thesis. Following the AR project at Nationwide I searched for

alternative philosophical approaches which would be useful in understanding the BPM project, its ultimate failure and the organisational context in which this occurred.

Process orientated organisational studies provided an ontological foundation and Foucauldian genealogy provided an epistemological foundation and a methodology. These are described below.

3.2   PROCESS ORIENTATION

3.2.1   Process Ontology

According to Seibt mainstream ontology sees the world as *"an assembly of concrete, countable, particular individuals"*. She says it has seemed 'natural' for a long time to describe the world as an assembly of thing-like entities but adds that the *"explanatory scope of such schemes is quite limited."* (Seibt, 2009, p483) Seibt suggests a process ontology would be more explanatory of real world phenomena allowing a holistic view of the way processes intersect and proceed, producing explanations about the dynamic character of social and material reality. A processist orientation would see the world as flows of change, complex, emergent and interlinked but not completely unpredictable.

Like Pragmatism process orientation is not a dichotomy: either substance or process. Substance and Process metaphysics are not necessarily choose one, 'either…or'. If process is seen as predominant they can be choose both, 'this and that'. Rescher points out that process philosophy sees the domain of human knowledge as an "*organically integrated self-sustaining whole…it does not seek to domineer over – let alone displace – our manifold of scientific knowledge, but rather seeks to accommodate it."* (1996, p1)

The Substance thought framework which inhabits Positivism and even after a shift to Interpretivism or Criticalism is for most us unconscious and unchallenged. If we try the Process thought framework, it forces us to acknowledge that the products of what we perceived as exact science are an approximation born of imperfect discernment because of our inability to completely grasp reality. But it does not mean we need to abandon our approximations if they are still useful. Like Pragmatism process orientation sees theories as necessarily incomplete but still potentially useful.

3.2.2   A Brief History of Process Philosophy

"Modern physics teaches us that at the level of the very small there are no on-going things (substances, objects) at all. There are only patterns of process that exhibit stabilities." (Rescher, 2000, p12)

The philosophical debate about substance and process goes at least as far back as the pre-Socratics. There is the usual cacophony of competing interpretations and views but generally Heraclitus (the Obscure) is seen as the founder of the process approach. His most famous quote is often recounted as *"you can't step twice into the same river"* which is often interpreted as meaning the river is an illusion with an ever fluxing nature. But it is more likely the quotation was, *"As they step into the same rivers, other and still other waters flow upon them. "* This is more likely to be interpreted as the river, between its river banks, changes but persists (Stern, 1991). It is process and substance.

Having said process philosophy does not seek to displace substance philosophies it does require a position where process has primacy, or at least priority, over substance. Nicholas Rescher's 1996 book *Process Metaphysics: An Introduction to Process Philosophy* identifies two strands of process thought. The strong version says process has primacy over substance: what we call things are actually constellations of processes. The weak version says process has priority over substance; things exist but are subordinate because processes determine things but also transcend things since there are processes that are detached from substances.

Rescher's (1996) very brief tour of the history of process philosophy starts with the pre-Socratic Heraclitus. His philosophy that stability is a temporary balance of the competing forces inherent in all of nature was opposed to the Atomist philosophy that all physical objects consists of different arrangements of atom and void; the atom is an invisible, indivisible particle which was neither created not could be destroyed and the only change possible was that of position in space.

Plato and Aristotle did not fully accept Heraclitus' metaphysics of process as being predominant. Instead they thought of a process of predominant substance. Platonic dualism and rationalism proposed an imperfect world of the Senses where we see only 'shadows' and not the 'real'. The world of Forms is where there are perfect and eternal truths. Aristotelian empiricism embraced the world of the senses and issued process with programmed, predetermined stages and ends and created a thought-framework of positive and pure identities, not identities emerging transiently from processes that create them.

Rescher (2007) says that Aristotle's insistence on the metaphysical centrality of objects has had a decisive effect on Western thought. However there has been a thinner line of thought stretching back to Heraclitus that continued its focus on the interaction of process and the tendency of process to produce new versions not static versions of form.

Rescher's tour moves on to Leibniz whose life followed hard on the heels of Descartes. Descartes was a dualist who saw the world of form as things, a mechanist world to be subordinated to mind with the self at the centre originating all thought and action. Leibniz was a synthesist who saw the world as cluster of processes (monads) which are centres of force or bundles of activity. He saw humanity acting and the world acting back *"…first, that we think, and second that there is a great variety in our thoughts. From the former it follows that we exist, and on the latter it follows that there is something else besides us…."* He saw Descartes work as partly right, *"when I think of everything Descartes has said that is beautiful and original, I am more astonished with what he has accomplished them with what he has failed to accomplish"* (Leibniz, 1989, p2). It seems process ontologists are a lot less certain about their own views and more accommodating of others than substance ontologists.

Whitehead said, "The safest general characterisation of the European philosophical tradition is that it consists of a series of footnotes to Plato" (Whitehead, 1929, p 53). He saw Descartes as continuing the ontological principle of the universe as solidarity of many actual entities. The primary Western tradition became an ontology of substance. Leibniz was proposing an ontology of process.

The next stop for Rescher is Hegel who criticised the conventional metaphysical foundations of Newtonian science of determinism and causality, and its ideas of inert substance and simply located

matter. Hegel saw internal purpose in the form of self-contained, and self-generated order, pattern, or immanent structure rather than the external purpose of mechanistic teleology. .

Rescher then moves to Peirce, the founder of Pragmatism, who like Hegel, rejected the view of stability and fixedness as part of the world structure of lawful order. For him, the universe is in a state of constant change and development, a process of cosmic evolution. His root conception of pragmatism, the proving of utility in practice, is fundamentally processual, his metaphysical position is dynamical geared to development and constant change.

From Peirce, Rescher moves to James, who was both a Pragmatist and Processist. For James the human psyche is an organised complex of processes, and our emotional and cognitive human experience typifies the processual nature of things. He did not see states replacing each other sequentially but a sea of flux as borderless processes melt and fuse in constant change. He saw nature, including man, engaged in constant striving to bring order into chaos and to enforce coherent unity upon a recalcitrant diversity and plurality. He agreed with Heraclitus that inherent in process is the action of opposites whose temporary balance create temporary stability.

Rescher moves on to Bergson who also rejects the mechanistic approach, where each change or development is contained in the preceding ones, and embraces constantly moving emergence where there is possibility of real change and creativity. Chia quotes Bergson as saying, *"'we argue about movement as though it were made of immobilities… Movement for us is a position, then another position, and so on indefinitely. … We have an instinctive fear of those difficulties, which the vision of movement as movement would arouse in our thought "'* (Bergson, 1992 cited in Chia, 1999, p212)

Dewey, the next Pragmatist, was a socio-cultural processist who saw human cognitive processes governed by the impersonal realities of evolutionary selection. For Dewey, an opponent of dualism, thought and action were of one interrelated and interconnected whole, as were knowledge and evaluation, and man and nature. He distrusted contrasts and saw himself in the Hegelian style as a reconciler of opposites.

And finally on to Whitehead, whose book Process and Reality, has been seen as a way to move beyond the *"pervasive relativistic distinction between facts and values that characterise the most negative destructive and misleading legacies of post-Cartesian post-Newtonian philosophy in the development of Western culture"* (Lucas, 1989, p6). Whitehead says the world cannot be anything but process because everything is always in an infinitely complex state of flux, of becoming. Nevertheless, parts of it may be sensed and understood and represented by models. These may be extracted, made objective, scientific and logical. We do not have to give up science but we do have to make a choice: make process ultimate or make fact ultimate (Hernes, 2008).

Rescher (2006) suggests that process philosophy has virtually become a code word for the doctrines of Whitehead and his followers but argues that this cannot really be what process philosophy it is. Process philosophy has a larger life of its own apart from any particular thinker.

3.2.3 Process Philosophy

Process philosophers are concerned with activity: the unfolding of events in a process. Rescher defines process as *" a co-ordinated group of changes in the complexion of reality, an organised family of occurrences that are systematically linked to one another either causally or functionally…*

and integrated series of connected developments unfolding in conjoint coordination in line with a definite program" (1996, p38). Processes involve the unfolding of a program, structureless sequences are not processes. While one program is at work unfolding, another might be at work unfolding changes in the program of the first process. Like biological evolution which is the 'emblematic and paradigmatic' process for process philosophers, partly because its nature and partly because it is the process that makes philosophers possible. (Rescher, 2006, p5)

The concept of process within process is a concept of subordinate process and mega process where the context of subordinate processes is the super or mega process with all the processes having a temporal dimension (Weber, 2009)
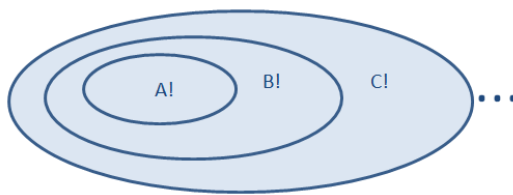
Figure 16 Process, Super process, Mega process Adapted From Weber (2009)

Rescher describes two kinds of process: product productive processes which engender actual material products that can be characterized as things and state transformative processes which transform states of affairs. (Rescher, 2000). The first kind might produce a bridge and the second might transform the way in which the bridge is managed.

Rescher also distinguishes between owned and un-owned processes. Owned processes are those that represent the activity of agents (like the building of a bridge). Un-owned processes, by contrast, are free-floating and do not represent the activity of actual agents (like the flood that destroys the bridge). In substance ontology a process is the activity of substantial things and produces an owned experience. Substantialism does not give us access to un-substantial process such as the change in states such as power, conditions, or circumstances.

Weber describes four different types of process philosophy as shown in the table below.

Approach	Epistemological (weak)	Ontological (strong)
Priority of processes (weak)	Our understanding depends on process ideas	Things depend on processes
Primacy of processes (strong)	Our understanding is constituted by process ideas	Things are constituted by processes

Table 22 Four Types of Process Philosophy Adapted from Weber (2009)

Rescher (2000, p 5-6) outlines process philosophy as a doctrine committed to basic propositions:

- Time and change are among the principal categories of metaphysical understanding.
- Process is a principal category of ontological description.

- Processes are more fundamental, or at any rate not less fundamental, than things for the purposes of ontological theory.
- Several, if not all, of the major elements of the ontological repertoire (God, nature as a whole, persons material substances) are best understood in process terms.
- Contingency, emergence, novelty, and creativity are among the fundamental categories of metaphysical understanding.

As to where process philosophy 'fits' in the classification of philosophical type Rescher says that *"processists are concerned with issues of priority and significance, of interpersonal action and interaction, and a larger human concerns in a way that is generally -- and rightly -- seen as central in the continental tradition of philosophizing…. (but) to think that process philosophy can simply be integrated into the continental framework is an error… Process philosophy is so many sided that it abuts on every area of philosophical concern"* (Rescher, 1996, p43-44).

He describes process philosophy as also being interested in analytical issues such as how processes work, the nature and temporality of process, and the possible classification of process.

So a process philosopher is someone for whom activity, change over time and the emergence of novelty is how they understand the real. Process philosophers see apparent immobility as but a picture, like a photograph taken of reality by our mind. Through the process/substance view of the world the process researcher might start to look at classifications such as analytical philosophy and quantitative research versus continental and qualitative and see that the vast majority of research remains firmly embedded in a metaphysics of substance regardless of classification.

3.2.4   The Organisation as Organising Processes

"We are not good at thinking movement. Our instinctive skills favour the fixed and the static, the separate and the self-contained. Taxonomies, hierarchies, systems and structures represent the instinctive vocabulary of institutionalized thought in its determined subordinating of flux, movement, change and transformation" (Chia, 1999, p209).

Process philosophy sees organisations as organising processes; verbs not nouns. In contrast to the classical view of universal laws, processists see laws emerging.   Rescher gives the examples that when evolution was prior to the emergence of complex molecules there was no place for biological laws, when we had hunter/gatherer communities we did not have laws of economics. As processes unfold through time, such as the organising process of the modern corporations, new laws have an opportunity to come into operation. It is the job of organisation theorists is to discover those laws but the job of the processist to point out they are constantly changing and are unique not universal.

Process philosophy sees people *"constituted as the individuals they are through their doings, their history…(formed)…by nature of the macro processes that integrate the micro processes constituting life and career."* (Rescher, 1996, p108). Process philosophy sees organisations in the same way, constituted by their doings and their history.

Hernes (2008) describes the movement from concrete experience to abstraction and the movement from abstraction back to concrete experience as essential to understanding organisation as a process or organising unfolding through time. He points out that the concrete experience and the

abstraction are interrelated and produce a change in each other. Process metaphysics sees the human mind as a matrix of process, a centre of action proceeding in context of interaction, not to be studied in isolation. The processist moves from abstraction that thinks the world as process to concrete experience that senses the world as things. Weick (1995) describes this as ontological oscillation. This is a lot more uncomfortable than the ontological certainty of substance.

The debate in Organisational Theory (OT) around seeing the organisation as events not things is a thread rather than a debate. In OT the concept of 'organising processes' is well established but not precisely defined. It is often linked to the research on the forming of organisations including their norms and practices (Cooper & Fox, 1990; Drazin & Sandelands, 1992; Hernes, 2008; Meyer & Rowan, 1977; Weick, 1979), strategizing (A. Pettigrew, 2003; Porter, 1991; Styhre, 2002), communicating (W. J. Orlikowski & Yates, 1994; Sandelands & Drazin, 1989), changing (Chia, 1999; W. Orlikowski, 1996; Tsoukas & Chia, 2002; Van de Ven & Huber, 1990; Van de Ven & Poole, 2005; Weick, 2000; Weick & Quinn, 1999), learning (March, 1991; Weick, 1991; Weick & Westley, 1999), contextual interaction (Cooper & Fox, 1990; Emery & Trist, 1965), or how to study process in organisations (A. M. Pettigrew, 1992, 1997; Van de Ven, 1992).

Rescher (2000, p. 46) says that process thinkers do not share common metaphysical positions but are inclined to view reality as a *"complex manifold of varied but interrelated processes"*. This leads to the first obvious question which is "What is a process?"' Pettigrew (1997, p. 338) expanded on an earlier definition by Van de Ven (1992) to define process as, *"a sequence of individual and collective events, actions, and activities unfolding over time in context".* Mackenzie (2000, p. 113) defined process as *"as a time-dependent sequence events governed by a process framework"* where the process framework is the law that governs the process.

Rescher (2006) proposes evolution as the emblematic and paradigmatic process for process philosophy, a process that proceeds in a structured way, but innovates and creates novelty, making change in nature pervasive. His (2000) definition would slightly modify Pettigrew's definition to *" a patterned sequence of stages comprised of individual and collective events, actions, and activities unfolding over time in context"* or Mackenzie's to *" a time and context dependent sequence events, in stages, governed by a process framework".* The key elements of the definitions are: process laws or structures, stages, events, sequence, context, and time.

The second obvious question of "What is organising?" is harder to answer, meanings are fluid and contested. Weick (1979, p. 3) defined it as *"a consensually validated grammar... agreeing what is real and what is illusory... for reducing equivocality by means of sensible interlocked behaviours. To organise is to assemble on-going interdependent actions into sensible sequences that generate sensible outcomes".* Chia (1998)says organising processes are the reality-constituting processes of modernity that lie behind the processes of individuation that produce apparently autonomous units like 'individuals', 'organisation's and 'society'. Weick & Westley (1999, p. 190) contrast organising and learning as *"antithetical processes, which means the phrase 'organisational learning' qualifies as an oxymoron. To learn is to disorganise and increase variety. To organise is to forget and reduce variety. In the rush to embrace learning, organisational theorists often overlook this tension".* Likewise Chia (1999, p. 224) contrasts organising and changing by describing organising as "a complexity-reducing and reality-constituting activity which marks process....about 'world-making'. It acts against the forces of change, not with them... the repetitive activity of ordering and patterning

itself. It is the active intervention into the flux and flow of the 'real' in order to abstract pattern and coherence out of an essentially undifferentiated and indifferent whole". Tsoukas & Chia (2002, p. 570) also describe the way that organising and changing work to affect each other. *"Firstly, organisation is the attempt to order the intrinsic flux of human action, to channel it towards certain ends by generalizing and institutionalizing particular cognitive representations. Secondly, organisation is a pattern that is constituted, shaped, and emerging from change. Organisation aims at stemming change but, in the process of doing so, it is generated by it".*

If organising produces order, coherence and pattern, limits variety, makes worlds, produces what is real, then it is a process of making an instrument that works. The etymology of organise is the Greek organon: a tool or instrument of war, music, surgery or of sense (a bodily organ) and this is derived from the same Indo-European root as work (Oxford, 2009). Assuming this definition makes 'organising process' a patterned sequence of stages unfolding over time in the context the organisation exists in where the pattern is to produce the instrument of work.

Embedded in all these wordy descriptions is an image like the one produced by Pettigrew (2003, p. 302). He describes strategy as emergent from a behavioural process embedded in a historical context (see Figure 2 below). The historical context of the organisation is the result of the organising processes at work so processes such as strategizing, communicating, changing, learning, managing and serving play out within the context of organising processes and a field of power and politics.
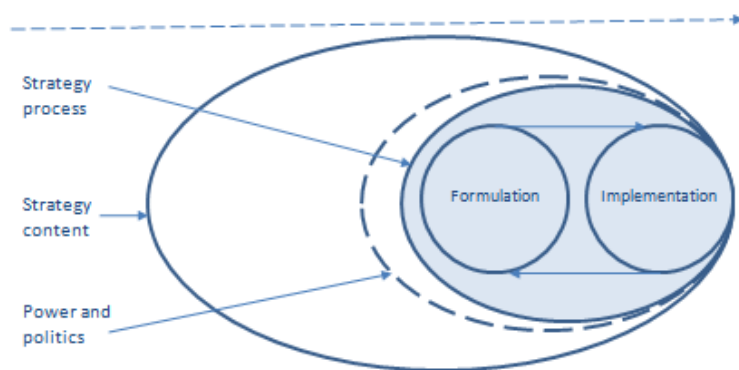
Figure 17 Strategy in Flight Adapted from Pettigrew (2003)

OT researchers see organising processes as institutionalizing forces within a wider organisational environment where the organising processes interact with the environs in the forming of norms, and where change occurs from the less conscious absorption of wider socio-technical values and more conscious sense making and decision making.

3.2.5 IS Research Questions Arising From Process Philosophy

"There are times in life when the question of knowing if one can think differently than one thinks, and perceive differently than one sees, is absolutely necessary if one is to go on looking and reflecting at all…what is philosophical activity if it is not the critical work that thought brings to bear on itself?" (Foucault, 1985 pp 8-9)

In order to consider new IS research questions arising from process philosophy it is useful to consider Rescher's comparison of Aristotle's categories versus process categories. He reduces the ten Aristotelian properties to eight and proposes an equivalent process category for each. He describes a category as a 'thought instrument for organising the knowledge afforded by our experience of the world's course of events.' (Rescher, 1996, p34). The categories through which we see the world form the questions we ask about it; process philosophy rejects permanent solutions but does not object to permanent questions.

Aristotle's categories	Process categories
Substance	Process
Quantity	quantitative features
Quality	topicality (thematic nature)
Relation	relationships (interconnections)
Place/space and time	spatiotemporal location
State	(inner) conditions/structure, order, situation
Action and passion	Force, energy, change, power; causal antecedents and consequence
Possession	accompaniments (social order)

Table 23 Aristolian Categories versus process Categories Adapted from Rescher (1996)

The inherent substantialist asks questions like what thing is required here, how many, how big, what capabilities will it need, how long will it need to last, what actions will it perform, who will own it or use it? These are questions that are good questions to ask about the outputs of product-productive processes. Substantialists could use quantitative or qualitative research methods as they work to answer the questions.

The inherent processist asks questions like, what process is at work here, what powers are at work in the process, what thing does it instantiate, how often does the process occur, are there themes over time to the micro processes within the macro processes, what other processes intersect with it and how do they affect it, over what time does the process occur, how is it ordered, what are the antecedents and what are the consequences, what social order does the process work to maintain?

These are good questions to ask about state-transformation processes. The processist could use quantitative or qualitative research methods as they work to answer the questions. As an example of the way tools and methods generated by this kind of research this might change practice consider the implementation practice of any IS innovation in an organisation; an example of a state-transformation process.

Currently the IS practitioner uses tools produced by IS research based on a substance ontology. The underlying assumption is that one size fits all. Any IS innovation ' thing' will work to produce improved performance in any organisation. The first thing the IS practitioner often does is to map

'As Is'. The flow charts that emerge address the substances (inputs) as they are acted upon through fixed, stable processes to produce value added substances (output). They are generated in two dimensional process modelling tools, each process is a discrete entity and shows what is produced, by whom, and how often. The 'To Be' processes are mapped and a 'Gap' is described. The implementation methodology fills the gap with tools and training.

An IS practitioner with tools produced by IS research based on process ontology would consider the historical organising process of the organisation first. Van de Ven and Poole (2005, p. 1380) describe the organisation as *"simply a reification of a set of processes that maintain the organisation by continuously structuring it and maintaining its boundaries in a field of other processes that are continuously breaking down the organisation and its boundaries"*. What kind of powers are at work in the process and what kind of social order are the processes working to sustain. What kind of powers and social order are implicit in the IS innovation process. How will these work together? What kind of state-transformation process is required in this unique situation?

Rescher describes one of the important advantages of process ontology as its ability to consider the future by considering the past and the present. *"A natural process by its very nature passes on to the future a construction made from the materials of the past"* (1996, p39). Processes are future oriented, they are unfolding according to program and therefore the possibilities for the future are limited by the program. Substantialists never look over their shoulder to what the past can tell them. An IS researcher with a process ontology would be looking for tools for IS practitioner that uncover the program and the limit of the range of future possibilities.

With a process ontology IS research might extend IS practice. Most IS practitioner focus is on the product-productive processes of the business. The substance ontology makes the state-transformation processes largely inaccessible to IS except to provide information as an input. The underlying assumption is that strategic, management and leadership, and innovation processes are outside the realms of IS research and IS practice.

Rescher (1996, p125) says it *"is clear (and relatively uncontroversial) that requiring, discovering, formulating, confirming, and communicating knowledge are all epistemic processes…to see information as a literal product is to commit the fallacy of improper reification"*. Knowledge is not a substance, information is not a commodity but so far IS research has treated it as such primarily concerned with how it is stored and accessed.

What do we as Information Systems researchers know about the epistemic processes and how they might be supported by IT artefact and processes of instantiation? Mintzberg (1994) asks us to be 'right brain' in strategic thinking but what would a 'right brain' organisation information system look like? Perhaps more like game playing software or social networking software?

Organisational theorists say the movement from concrete experience to abstraction and the movement from abstraction back to concrete experience is essential to understanding. For IS researchers then we need to understand the epistemic processes and the abstraction processes of organisations. If the discipline of Information Systems (noun) research is seen as the study of Informating Processes (verb) what additional questions would we ask and what tools would we produce? Would we move our focus from automating to informating? (Zuboff, 1988)

Methodologies for IS research based on process ontology already exist but are generally classed as 'qualitative'. The work of Latour, Deleuze and Foucault can all be considered as based in implicit process metaphysics. A process ontological methodology would incorporate aspects of these existing methodologies in a form of mixed method based on understanding the flows of process and what Roy (2006) describes as the inherent struggle between oneness (centrality) or multiplicity (decentrality) and between internalization or externalization in which emergence occurs.

3.3   FOUCAULDIAN ANALYTICS

If process philosophy gives this thesis its ontological foundation Foucauldian theory gives it an epistemological and methodological foundation; knowledge is historically constituted and is produced from processes which are bound by micro relations of power. Historiography provides the basis to analyse power relations.

3.3.1   Foucault's Three Phases

"It is true that history existed long before the constitution of the human sciences; from the beginnings of the Ancient Greek civilisation, it has performed a certain number of major functions in Western culture; memory, myth, transmission of the Word and of Example, vehicle of tradition, critical awareness of the present, decipherment of humanity's destiny, anticipation of the future or promise of a return" (Foucault, 1973, p. 367).

Foucault's work is historiography. His major works are histories of madness, clinical medicine, the social sciences, the prison, and ancient and modern sexuality (Gutting, 1994). But his historically based analyses are written in order to disrupt the western notions of linear development and improvement and to understand how cultural processes have formed, constrained and enabled us as they produce knowledge and truth about ourselves and our world. Foucault shows these truths as historically specific.

Foucault's works have been separated into three phases. His early works, *Madness and Civilisation*, *The Birth of the Clinic*, *The Order of Things* and *The Archaeology of Knowledge* have been categorised as his analytics of discourse. His next phase, *Discipline and Punish* and *The History of Sexuality* as an analytics of power. His last works, *The Use of Pleasure* and *The Care of the Self* as an analytics of ethics. All three phases are relevant to the work of this thesis.

3.3.2   Analytics of Discourse

Foucault contends that Western culture tries to construct history as teleological; a smooth evolution of man toward his human destiny, perfect rationality. His early works employed a method of exploring the historical archives which he called archaeology, from the Renaissance through what he calls the Classical Age (1650-1800) and into the Modern Age. His first two books, *Madness and Civilisation* and *The Birth of the Clinic* explored the ruptures and shifts that underlay the change in perception of madness and illness and the techniques to understand and contain them. He shows the parallel rise of the modern practices of psychology and medicine. He found the 'space of knowledge' arranged in a completely different way in the Classical Age and then shifting dramatically as it entered the Modern Age. His main focus was investigating the way in which a culture can determine the difference that limits it. His third book, *The Order of Things*, introduces the concept

of an episteme. "*The fundamental codes of a culture - those governing its language, its schemas of perceptions, its exchanges, its techniques, its values, the hierarchy of its practices - establish for every man, from the very first, the empirical orders with which he will be dealing and within which he will be at home*" (Foucault, 1973, p. xx). When a culture deviates from the empirical orders prescribed by its codes it experiences a crisis of language, perception and practice and quickly re-establishes a new encoding. He proposed this occurred at the end of the Renaissance and at the end of the Classical Age calling those periods two great discontinuities in episteme or epistemological field. The Modern Age is based on a code that invented man in the "ambiguous position of an object of knowledge and as a subject who knows" (Foucault, 1973, p. 312) and also created the conditions for the human sciences to be legitimate fields of knowledge.

Foucault said of his fourth book*, The Archaeology of Knowledge* that it was an attempt to make the methodologies employed in his early works more coherent. He described the early works as an enterprise in measuring the historical mutations that create the constraints or limits of ideas in the present (Foucault, 1972).   He described the archaeological method in The Archaeology of Knowledge. The use of his method in this research focuses on his theory that an episteme can be separated into discursive formations which are distinguished by the same 'laws of formation' sharing a regularity between four elements: objects of knowledge , types of statement or enunciative modalities, concepts and thematic choices. These are the conditions of existence, coexistence, maintenance, modification and disappearance in a given discursive division or formation. (Foucault, 1972).

The object of knowledge can be analysed by searching for the appearance of terms and definition that gave the term the status of a legitimate object making it nameable, describable, and knowable. Next searching for what body or profession or group becomes the major authority, the primary knowers and knowledge keepers of the knowable object and finally for the grid*s* of specification. Finally looking for how the object has been classified, differentiated, specified. Overall it is the group of rules that define the object in its specificity.

The enunciative modality is what links objects together in discursive practice, or the law operating behind diverse statements and the place from which they come. This can be analysed by asking: Who is speaking, what status are they accorded by the rules to use the language of the discourse? Where are they speaking from, what is the institutional site from which the discourse derives its legitimate source? What is the position of the individual who speaks in relation to the discursive domain or the group is objects? This individual is a subject who questions, sees, observes and is an optimal perceptual distance from the object. What is discovered is a unique relationship between status, institutional or typical site, and the position of the individual as a subject; it is in this relationship in which the various enunciative modalities employed by the subject are formed.

Concepts are mental constructions e.g. mammal, process architecture.   The pre-conceptual discursive field allows the emergence of the concept. They can be analysed via the organisation of the field of statements from which they emerge.   The organisation has three elements. The forms of succession, the types of dependents and rhetorical schemes according to which groups of statements might be combined. The forms of coexistence and memory, what else is present, seen as truthful, what is rejected or excluded or never considered at all and what is no longer accepted or discussed but is antecedent. The procedures of intervention that may be applied to statements

under the rules of the discursive formation. These procedures determine the ways in which statements can be rewritten, transcribed, translated, approximated, delimited, transferred to another field, or systematized.

Certain discursive organizations of objects, concepts, and enunciative modalities give rise to 'themes' or 'theories'. Foucault calls these themes and theories 'strategies.' and says the analyst's job is to discover how the strategies are distributed in history, to find a regularity between them and define a common system of the formation.

At the same time the archaeological method looks for institutions, practices, techniques, technologies that do not fully fit the human condition and that produce resistance. The archaeological method is intended to find their limitations at the epistemological thresholds that produced them along with prohibited knowledge that might be recovered.

3.3.3 Analytics of Power

"The idea that there is either located at - or emanating from - a given point something which is 'power' seems to me to be based on a misguided analysis, one which at all events fails to account for a considerable number of phenomena. In reality power means relations, a more-or-less organised, hierarchal, co-ordinated cluster of relations." (Foucault, 1980, p. 198)

"Power is not a substance. Neither is it a mysterious property whose origin must be delved into. Power is only a certain type of relation between individuals."(Foucault, 1994b, p. 325)

There was a six year gap between *The Archaeology of Knowledge* and Foucault's next book, *Discipline & Punish: The Birth of the Prison* originally published in 1975. Dreyfus & Rabinow (1983) argue this is no coincidence but a self-imposed silence for the period that he worked through the internal contradictions of his archaeological method. They say the main failure of the method is that it relies on discursive regularities that govern themselves rather than regularities formed by some underlying systematic regulation. He located the productive power for objects, enunciative modalities and concepts in the discourse rather than a system that also produces social and institutional practices, skills, pedagogical practices and concrete models. They contend that this unthought-of perturbs the archaeological work and Foucault needed to rethink. Foucault did not ignore the non-discursive, in fact he focused on the way in which buildings were arranged for confinement, but archaeology was focussed on the discursive as the system of knowledge production.

Foucault's (1970) lecture *The Discourse on Language* (Foucault, 1972) outlined his plans for future work. He sets out four methodological principles for his genealogical project. **Reversal**: recognise the cutting out and rarefaction of discourse, look for what cannot be said and what is repressed in discourse, read against the source in order to subvert it. **Discontinuity**: recognise there are no 'great vistas' of continuous discourse that slowly but surely create knowledge, discourse is discontinuous and meanings shift and mutate, search for meaning but don't project current meanings into analysis. **Specificity**: recognise the specifics of the reality of the world cannot be represented by discourse, discourse is a practice that imposes meanings on the world; the same discourse will have specific significations in each instance of its use. **Exteriority**: take the discourse itself the events that rise to

it and fix its limits and analyse that, do not burrow to the hidden core or search for the deep meaning (Foucault, 1972; Gutting, 1990).

Foucault's 1971 essay *Nietzsche, Genealogy, History* (Foucault, 1984) "*introduced genealogy as a method of diagnosing and grasping the significance of social practices from within them*" (Dreyfus & Rabinow, 1983, p. 103). The essay is can be summarised as follows. Genealogy is an historical practice that seeks the **events** of history, written in documents, where the engagement of different views occur; it does not seek the origin of the view that won the engagement and became the truth as we know it. It does not look for origins, essences, ideals; it does look for chance, details, accidents that accompany beginnings; it does look for passionate, competitive scholars with a devotion to truth, and the unending discussion between them which produce truth. There is no positive knowledge; to believe in positive knowledge makes possible a field of **knowledge** whose function is to discover origins, essences, ideals. The analysis of **descent** is of the numberless beginnings of a figure, a soul, a self, which believes in its own coherence; of the myriad events that combined, against probability, to form that apparent unity. Truth does not lie at the root to be found, it is not the result of pure devotion to objectivity but is the product of accidents and the outcome of struggles won, not lost. The **body** is the product of descent, the inscribed surface of the winners of events, and the arena for the agonistic struggle of **forces** in new events; it is moulded by regimes, formed by the habits of life imposed on it, nourished or poisoned by food and values; it changes with each victory announced in the arena. The analysis of **emergence** is of the struggle these forces wage against each other and sometimes against themselves, within themselves, as they splinter in their abundance or become weak. This struggle, the endlessly repeated play of domination, occurs in the space that divides forces, the void, an abysmal place, between them, which is where they confront each other; emergence occurs in this interstice. If interpretation is not the slow exposure of hidden meaning but rather the appropriation of rules in order to bend them in a new direction, then the development of humanity is a series of interpretations and genealogy records its history; the history not of continuous development or of reassuring stability, but of forces that operate not by destiny or regulation but by response to conflict; haphazard, chaotic, chance conflict; the human **will to power** attempts to master chance and only succeeds in giving rise to more chance. Historians are grounded in a particular time and place and the genealogical historian knows the genealogy produced is a projection of that position: the genealogy is slanted, it does not submit itself to history, it does not seek laws. History can be practiced parodically by offering multiple possible views; it can be practiced dissociatively by dislodging identity, it can be practiced sacrificially, violently, by interrogating scientific knowledge and finding that all knowledge rests upon injustice, that the **will to knowledge** calls for experimentation upon ourselves, and has become a passion which knows no bounds (Foucault, 1984).

Foucault's reading of Nietzsche's genealogy then, means to find a way to approach events, knowledge, descent, the body's part in all of this, emergence, will to power and will to knowledge. It is also a means to reject the view of history that shows modern man as a "*conscious subject, capable of achieving an objective knowledge (of itself and its world) that will constitute it as a free, morally autonomous agent*" (Gutting, 1990, p. 336) Instead seeing man's historically constituted self as free subject as a means of control, the workings of power.

Discipline and Punish: The Birth of The Prison employed what Foucault now called genealogy. This combined the archaeological search of the archives with the analysis of power. In *Truth and Power,*

a 1977 interview, Foucault said what he would call genealogy " *is a form of history which can account for the constitution of knowledges, discourses, domains of objects etc., without having to make reference to a subject...*" (Foucault, 1980, p. 117) and that genealogy shows the problem of what he calls the discursive regime, of the effects of power peculiar to the play of statements answering the question of what governs statements and the way in which they govern each other. Genealogy analyses relations of force, strategic developments and tactics so the point of reference should be war not language. We are determined as subjects by relations of power not relations of meaning and power is a productive network that runs through the whole social body. The State does have juridical power and is "*superstructural in relation to a whole series of power networks that invest the body, sexuality, the family, kinship, knowledge technology and so forth...these networks stand in conditioning - conditioned relationship to a kind of 'meta-power' which is structured essentially around a great number of prohibition functions but (this)...can only take hold and secure its footing where it is rooted in a whole series of multiple and indefinite power relations that form the basis for the great negative forms of power*" (Foucault, 1980, p. 122). Genealogy also shows that truth is not outside power; it is not universal, it is a thing of this world produced by virtue of multiple forms of constraint and it induces regular effects of power. Truth is a 'regime' linked in a circular relation with systems of power which produce and sustain it.

Foucault also said in *Truth and Power* that all of the questions he had been struggling with could be summed up in two words: power and knowledge. It should be noted that Foucault used the French words pouvoir-savoir. In The Archaeology of Knowledge he differentiates between two French words that translate to the English word knowledge, savoir and connaissance. Connaissance refers to a corpus of knowledge, a particular discipline and Foucault comments, *"By connaissance I mean the relation of the subject to the object and the formal rules that govern it. Savoir refers to the conditions that are necessary in a particular period for this or that type of object to be given to connaissance and for this or that enunciation to be formulated*" (Foucault, 1972, p. 15). May (1993) explains this as connaissance is a specific discipline; psychology for instance is a connaissance. "*Savoir on the other hand, is a set of conditions - epistemic or otherwise - without which it would be impossible for a specific discipline or connaissance to appear. These conditions are not transcendental but historical*" (May, 1993, p. 28). So the familiar power/knowledge means the networks of power that enable the epistemic conditions to lift knowledge about an object to being regarded as the type of truth a connaissance would be concerned with.

Discipline and Punish and *The History of Sexuality* are Foucault's genealogical works. *Discipline and Punish* analyses the history of punishment as sovereign power gave way to what he called disciplinary power relying on the three elements of hierarchical observation, normalising judgement and examination. He challenges the dominant western idea of the objective of imprisonment being rehabilitation and instead proposes the prison as the centre of the carceral system. He saw this as the new system of cellular internment which replaced physical punishment and which produced the new coercive technologies of behaviour. He uses the establishment of the Mettray reformatory in 1840 for delinquents between the ages of six and twenty one as the prototype for these coercive technologies which included military exercises, cleanliness and dress standards, roll calls, work training and practices, education, and confinement as punishment for disobedience. The officers at Mettray were 'technicians of behaviour' combining the skills of judges, teachers, foremen, military officers, and parents. These techniques to produce utile and docile bodies spread to other institutions such as orphanages, asylums, apprentice schools, charitable society schools, and

factories with the carceral network spreading out to all of the disciplinary mechanisms that function in society; these mechanisms range from the smallest coercions to the longest penal detention. He says the punitive procedure gave way to a penitentiary technique which went on to inhabit the entire social body. The reason that the prison is not rehabilitative in purpose is that it must stand in the centre of the carceral network so it can be the final threat and end point of the disciplinary process which is the art of rectifying and the right to punish.

These disciplinary techniques created an appetite for knowledge of the object, the body which requires discipline. The body is observed and measured and is judged as normal or abnormal; abnormality requires rectification. The body is examined, medically, educationally, psychologically, physically; the examination is an exercise of disciplinary power over the body which must submit to examination so that it can be measured as an object. The examination also produces knowledge about the individuality of the body and creates an appetite for knowledge about measuring individuality and for information handling regarding the ranking of individuals. Foucault contends that it is the production of this individualisation that created the conditions for the origins of all of the *"sciences, analyses or practices employing the root 'psycho-' "* (Foucault, 1977, p. 193). He does not say that the human sciences emerged from the prison just that they have been formed and enabled to produce so many changes in the episteme by the same new modality of power. As the disciplinary network extended it transferred the powers of supervision to medicine, psychology, education, public assistance, social work etc. and produced wide spread hierarchal observation, normalisation and examination. *"We must cease once and for all to describe the effects of power in negative terms: it 'excludes', it 'represses'. it 'censors', it 'abstracts', it 'masks', it conceals'. In fact, power produces; it produces reality, it produces domains of objects and rituals of truth. The individual and the knowledge that may be gained of him belongs to this production."* (Foucault, 1977, p. 194)

While the body is an object to be disciplined, the disciplinary techniques also produced a knowing individual who is subject to the truths that are known about it as an object and whose subjectivity is formed by acceptance of those truths. Most importantly the individual is both object of knowledge and instrument of the exercise of power. This *"subtle, calculated, technology of subjection"* (Foucault, 1977, p. 221) replaced the use of more costly violent forms of power and produced political changes but also economic changes as it accelerated the rise of capitalism by improving the apparatus of production (Dreyfus & Rabinow, 1983). The two changes were dependent on each other; the requirements of capitalism, division of labour, separation, coordination, and supervision of tasks relied on the exercise of disciplinary power.

The History of Sexuality: An Introduction was originally titled the *Will to Knowledge* and was the second of Foucault's genealogical works originally published in 1976. In this book he again challenges the 'juridico-discursive' view of power as repressive by exploring the common perception that sexuality was progressively more repressed throughout the Classical Age and through the early Modern Age until sex was only accepted, silently, in the parent's bedroom; later in the Modern Age hard won liberation from this repression allowed progressively more open expression. Foucault genealogically reveals the repressive hypothesis as deception He investigates a society that has *"loudly castigated itself for its hypocrisy for more than a century, which speaks verbosely of its own silence, takes great pains to relate in detail the things it does not say, denounces the powers it exercises and promises to liberate itself from the very laws that have made it function"* (Foucault,

1978, p. 8). In other words there has been and continues to be an inordinate amount of discourse producing an object that is supposed to be repressed. In this book Foucault asks if in fact sexual repression is an established fact, whether the workings of power, and mechanisms such as prohibition, censorship, and denial, are really the forms in which power is exercised, Finally whether the critical discourse of repression is actually a roadblock for access to the real relations of power. He proposes that this discourse is a mechanism of incitement rather than restriction, both as a will to knowledge of sex and sexuality as an object and as proliferation of polymorphous sexualities. He says what appears to be a struggle against sexuality was in fact an effort to gain control of it and regulate it. He saw this imposition of silence as a path for a new regime of discourses. Sexuality was still spoken of "*but things were said in a different way; it was different people who said them, from different points of view and in order to obtain different results*" (Foucault, 1978, p. 27).

This shift was part of a new regime of power that he labelled bio-power, which emerged after disciplinary power. Its purpose is *"to ensure, sustain and multiply life, to put this life in order"* (Foucault, 1978, p. 138). He says this new technology of power does not exclude disciplinary power or its technologies but instead dovetails into it, infiltrates itself into existing disciplinary techniques and slightly modifies it. Where disciplinary power requires dissolving multiplicity into individual bodies that can be observed, trained, used, and if necessary punished, bio-power requires treating the multiplicity as a global mass affected by overall processes of birth, production, illness, death etc. which are only pertinent at a mass level and therefore require managing on a global scale.

The first seizure of power over the body was in an individualising mode aimed at man-as-body and the second was in a massifying mode aimed at man-as-species. The birth rate, mortality rate, longevity, illness, accidents became objects of knowledge and targets for intervention and control. The statistical and mathematical techniques to measure and forecast these objects grew at the same time. Foucault alternatively calls bio-power, bio-politics and says that it arose as the population and its changes were seen as political problems to be solved, in particular by capitalist economies, and rational measures were seen as the way in which to solve the problems. Regulatory and security mechanisms had to be established to maintain population equilibrium and to minimise the risk of chance occurrences. Like disciplinary mechanisms these are designed to maximise and extract productivity but act at the level of man-as-species and by taking over the control of life and the biological process and ensuring they are regulated. Both disciplinary and bio-power techniques are technologies of the body, but disciplinary technologies individualise the body as an organism while bio-power technologies replace the body with general biological process at a collective level. Sexuality intersects both disciplinary power and bio-power; it exists at the point where body and population meet. It was matter for control at the individual level and regularisation at the collective level and became a field of vital strategic importance in the nineteenth century as bio-power's network of relations spread into the social body requiring man-as-body, the object, to be silent on the matter and pass knowledge and regulation to those who were permitted to speak. At the same time man as object is also man as knowing subject, subjectified by the knowledges these forms of power produced as truths (Foucault, 2003). From this point he says that organisation of the power of life became deployed across the two poles of disciplinary power, centred on the individual body as a productive machine to be optimised, and bio-power, centred on the species body as a creative biological process to be regulated. This was the *"great bipolar technology"* that was an

indispensable element in the development of capitalism and the modern society (Foucault, 1978, p. 139).

While he does not discuss it explicitly in *The History of Sexuality: An Introduction* Foucault also introduces the idea of pastoral power. He explicates this more fully in lectures in 1978 (Foucault, 1999, p. 115) and 1979 (Foucault, 1994b, p. 298). He describes pastoral power as the power relations between a leader, as shepherd (usually religious), and his flock. He outlines the development of Christian pastoral power as it becomes a societal force. This pastoral power was opposed to a customary political power; the shepherd does not rule a territory but the multiplicity of individuals in a flock. Political power's principle function is to harm the enemies of the state whereas pastoral powers function is to protect those shepherded, the individual in political power may be asked to sacrifice himself for the state whereas it is the shepherd in pastoral power who is asked to sacrifice himself for the flock. Where political power is totalising, the good of the whole state is paramount, pastoral power is individualising, the good of each sheep in the flock is paramount. The characteristics of life where this power exists are: each individual must seek obligatory salvation, the pastor's authority to observe and require salvational practice is absolute and requires personal submission, the pastor also requires absolute obedience, and the pastor teaches truth and requires truth of the members of the flock and must have access to everything that goes on in the soul via confession.

Foucault proposes that this form of power was taken up by the early modern state and was no longer linked to religious institutions but spread throughout the entire social body. As a result it underwent some changes: salvation became of this world meaning multiple forms of salvation such as well-being, wealth etc., the officials of pastoral power increased to include multiple officials of the state (doctors, psychiatrists, educationalist, employers) and with these expansions came an increased appetite for knowledge of man both of the population and the individual (Foucault, 1982). With this shift the state, and political rationality, encompassed both totalisation and individualisation.

Foucault also introduced the concept of 'dispositif' in *The History of Sexuality: An Introduction.* There is no direct English translation for this word but was most often rendered as 'apparatus' although depending on context was sometimes 'construct' or 'deployment'. This expanded on the concept of 'episteme'. An episteme was specifically a discursive formation governed by rules that which lie below the conscious level and govern the limits of thought and what is acceptable as knowledge. A 'dispositif' is both discursive and non-discursive "*a system of relations between elements*" the elements are "*a thoroughly heterogeneous ensemble consisting of discourses, institutions, architectural forms, regulatory decisions, laws, administrative measures, scientific statements, philosophical, moral and philanthropic propositions...the said as much as the unsaid*" (Foucault, 1980, p. 194)

In using the concept of the dispositif he looks at first the elements of the ensemble, then the nature of the connections between them, the shifts of position and modifications of function and finally the dominant strategic function of the dispositif which will have risen out of an urgent need. "*The dispositif is essentially of a strategic nature, which means assuming that it is a matter of a certain manipulation of relations of force, either developing them in a particular direction, blocking them, stabilising them, utilising them... (it) is always inscribed in a play of power, but it is also always linked*

to certain coordinates of knowledge which issue from it but, to an equal degree, condition it... (the dispositif) consists in: strategies of relations of forces supporting, and supported by, types of knowledge" (Foucault, 1980, p. 196). The dispositif is the "grid of analysis" (Foucault, 1980, p. 198) to analyse relations of power. It is a particular alignment of the dynamic field of micro relations of power which incites particular knowledge to serve strategic imperatives. Bussolini (2010) argues that since the Foucauldian French terms 'appareil' and 'dispositif' have both been transited to English as apparatus the concept of dispositif has lost its distinctive meaning. He presents a case for translating dispositf to Emglish as dispositive in order to retain its separate conceptual and etymological ties. The remainder of this thesis will refer to the concept as dispositive.

3.3.4   Analytics of Ethics

"A theoretical shift had seemed necessary in order to analyse what was designated as the advancement of learning; it led me to examine the forms of discursive practices that articulated the human science. A theoretical shift had also been required in order to analyse what is often described as the manifestations of 'power'; it led me to examine, rather the manifold relations, the open strategies, and the rational techniques that articulate the exercise of powers. Iit appears that I now had to undertake a third shift, in order to analyse what is termed "the subject". It seemed appropriate to look for the forms and modalities of the relation to self by which the individual constitutes and recognises himself qua subject...I felt obliged to study the games of truth in the relationship of self with self and the forming of oneself as subject..."(Foucault, 1985, p. 6)

Foucault again had a break, this time eight years, between *The History of Sexuality: An Introduction* and his next books *The Use of Pleasure* and *The Care of The Self,* volumes two and three of *The History of Sexuality,* both published in 1984. Having formed a conceptual view of the grid of power relations he next worked *to* understand the way in which human beings are subject to and have their subjectivity (self) formed by episteme and dispositive and the workings of knowledge, power and truth.

The shift in these last two books is significant. He no longer investigates Western modernity but Greek and Roman times; it is no longer a political reading of history in terms of power but an ethical one in terms of practices of the self. He reorients his work around *"truth activities...regulated procedures which tie a subject to the truth, ritualised activities through which a certain subject establishes his relationship to a certain truth"*(Gros, 2005, p. 509). At the heart of these activities is confession, the subject produces an account of the truth about himself, the subject is not subjected but subjectified by that truth, not complete as a subject until he has true knowledge about himself.

In his early works he conceived the subject as a passive product of systems of knowledge (epistemes) and apparatuses of power (dispositives), an *"alienated correlate of these apparatuses of power-knowledge from which the individual drew and exhausted an imposed, external identity beyond which the only salvation was madness, crime or literature"*(Gros, 2005, p. 513). In these later works he conceived the subject as constituted through practices or technologies of the self. This is not a free subject but one still embedded in social processes. His early work on the disciplinary techniques of observation, normalisation and examination still applies. His later work on grids of micro power relations, bio-power and pastoral power still applies. It is within the context of these

internalised techniques of domination that he finds historically determined techniques of the self; the self and its rationality of conduct only emerges at the intersection of these techniques.

In this third phase of work Foucault introduced the concept of governmentality. Using this concept he places bio-power in a broader framework which shows how power over life was organised in the West where the State addresses the problem of population as a pastoral one. He traced the development of governmental rationality from the beginning of the breakdown of sovereign power and the schisms within pastoral power to the modern state and its 'apparatus of government' which governs according to 'rational principles'. Governmental rationality is the art of government and determines how to practice it, who can govern, what governing is, and what or who is governed (Burchell, Gordon, & Miller, 1991). He does not restrict government to political government of the state but defines it broadly as *"the way in which the conduct of individuals or of groups might be directed...the government of children, of souls, of communities, of families, of the sick...to govern in this sense is to structure the possible field of action of others"* (Foucault, 1982, p. 221). Force is the mode of action that acts directly on others through coercion or violence. Power is the mode of action that acts upon others actions, a way of acting upon an acting subject. What Foucault calls Government is a particular apparatus of power with the elements of society, economy, population, security and freedom (Foucault, 2007b) and modern power has been increasingly governmentalised. This form of power creates a State with limits and a subject capable of self-government. However he does warn, *"We need to see things not in terms of the replacement of a society of sovereignty by a disciplinary society and the subsequent replacement of a disciplinary society by a society of government; in reality one has a triangle, sovereignty-discipline-government"* (Foucault, 1994a).

It is the concepts of subjectivity and governmentality that move Foucault's work to incorporate the ideas of personal resistance and potential liberation. His earlier work showed the individual in a network of omnipresent relations of subjugating power (Burchell et al., 1991) but his later work assumed *"there are no relations of power without resistances...formed right at the point where relations of power are exercised… like power, resistance is multiple and can be integrated in global strategies"* (Foucault, 1980, p. 142). His analytic method *"consists of taking the forms of resistance against different forms of power as a starting point...rather than analysing power from the point of view of its internal rationality, it consists of analysing [power relations though the antagonism of strategies"* (Foucault, 1982, p. 211). Unlike other critical approaches however, Foucault does not see power as repressive and necessarily requiring liberation from. In fact he sees power as endemic and productive and regardless of form generating resistance purely as a result of being present.

3.3.5   The Value of Foucault for IS Research

Foucault's research can be classified as Critical. Myers & Klein (2011) say that critical research is emerging as an important stream in IS research because it expands IS research to incorporate social issues and provides a framework to understand freedom, power, social control and values.

However, Critical research is rather rare and Foucauldian methods and concepts even more so. Willcocks (2006) says that IS researchers have largely neglected Foucault apart from a few notable exceptions. He cites Doolin (1998) as a rare example of illustrating IS as a disciplinary technology through a Foucauldian study of power relations during the deployment of a hospital IS.

In 2002 Brooke suggested that the little critical IS research that there is had been 'colonised' by Habermas and therefore the Frankfurt School of thinking. However, Willcocks (2004) provides a thorough overview of the use of Foucault in IS and points out the value of his critical approach for the IS discipline. Willcocks (2006) argues for the wider use of Foucauldian analytic techniques and provides a genealogy of the use of Foucauldian methods within IS research which includes critique of the IS discipline itself. He points to Shoshana Zuboff's 1988 book, *In The Age of the Smart Machine: The Future of Work and Power,* as the first use of Foucault's ideas in IS research and its concerns about informating and automating; these are very relevant to BPM. He describes the dilemma Zuboff poses as, will managers move from drivers of largely bodily labour to drivers of learning and will ICT use support existing political, social, and organizational structures and processes or transform them in order to gain the benefits of the investment? This is fundamentally the driver for BPM implementation which offers a vision of a management practice, along with tools for fast automation, intended to informate people in the organisation so they can help design more automation.

McGrath (2006) says that Foucault's theorisation of the acting ethical subject can provide explanations for why individuals display affects, moods and dispositions in their actions to either support or drive away the changes IS bring.

Doolin (2009) says that the implementation of IS in organisations is usually discussed in terms of efficiency and rationality but IS creates new objects of knowledge which triggers the power relations this process entails. Foucault is used widely in related academic fields and will help IS theorise power and how IS are implicated in its exercise within the organisational and social relations.

3.4 USING THE THEORETICAL FRAMEWORK TO DEVELOP THE RESEARCH QUESTIONS

When the Nationwide BPM project failed and I started to revisit the ethnographic and other research data I had two research questions:

Can ethnography combined with an action research approach be used to analyse the unique organisational context to deliver a richer understanding of BPM critical success factors?

What contributions does action research make to the design of BPM methodology in this unique context?

Section 1.4 briefly describes the shift in perspective that occurred for me as I looked for alternative explanations following the failure of BPM at Nationwide. I had used the concepts of organising processes (Weick, 1979) early on in the Nationwide project to describe culture and to provide a framework for the types of organisational processes: Organising, Strategic, Management, Business Support and Business Processes.

My research took a new turn however when I came across process philosophy and the use of Rescherian process philosophy as the ontological foundation on which to understand organisations. The first question that emerged was why wasn't BPM explicitly and commonly using this processual orientation to understand organisations? I needed to show that this ontological foundation could provide a more explanatory framework for failure than existing ontologies.

Having adopted a processual reality I needed a processual epistemology and methodology to analyse the data and provide this explanatory framework. I was already considering issues of power and resistance so Foucault's epistemology and methodology gave me the tools I needed.

It was at this stage that I formed the last two research questions:

Can organisational context be conceptualised in a richer way than considering values alone, a way that considers power and potential resistance?

Are there any techniques that at the outset would predict this resistance and gauge the probability of failure or the degree of effort to overcome resistance?

3.5   CHAPTER REVIEW

The methods employed in this doctoral research project included AR, ethnography and critical analysis. AR and ethnography, used in the case study, are relatively unproblematic since they can be used across multiple paradigms.

The ontological foundation on which this research project is built is a processual historically constituted reality. While Foucault's work is processually based it is not explicit about its ontological foundation in the way that process oriented management theory is, so that has been made explicit. The epistemological foundation is the enduring link between power and knowledge which is triggered when strategic choices are made as to what is valid knowledge. The axiological foundation is that the self who makes ethical judgements is formed in the grid of power relations in which it is situated. This self is formed through practices or technologies of the self which tie to the truth of itself and the world. The methodological foundation is genealogy.

Throughout his work Foucault built concept upon concept. The archaeological method gave way to the genealogical method but the episteme, discursive formation (with objects of knowledge, types of statement or enunciative modalities, concepts and thematic choices) became part of the dispositive along with non-discursive elements. Disciplinary power and all the techniques of discipline such as panopticon were intertwined in fields of bio-power and pastoral power and techniques of self-formation. His contribution is a theoretically based method which makes visible the micro relations of the powers of modernity.

4 RESEARCH METHODS

4.1 INTRODUCTION

The BPM project at Nationwide was planned as an action research (AR) project and the AR cycles were documented. Ethnographic data was collected to assist with evaluating the presence of critical success factors, to understand staff and customer requirements of the business processes, and whether the project's goals were being achieved. This ethnographic data included observational videos of customers as they interacted with call centre staff, audios of calls, video and audio recordings of BPM workshops, audio of semi-structured interviews with staff as the project progressed, emails and other documentation, and ethnographic field notes. This chapter provides a background to the AR and Ethnography research methods and describes how they were used at Nationwide Insurance. The data collection for the AR cycles and ethnography overlapped so section 4.3.4 describes the data collected across the project.

4.2 ACTION RESEARCH

"*Research that produces nothing but books will not suffice*" (K. Lewin, 1946, p. 35)

4.2.1 The Origins and Definition of Action Research

The origins of AR is contested, with the development of the method been alternatively attributed to Kurt Lewin, the Tavistock Institute , John Collier or Jacob Moreno (Pasmore, 2006; Rapoport, 1970; Toeman & Thompson, 1950). It's acceptance as a legitimate scientific method lies in the period following Work War II when ethical concerns arising from the democratisation of society lead to a desire to collaborate with members of organisations in order to help them solve their own problems in a therapeutic and emancipative manner. This was seen as the path to solving practical problems, increasing theoretical knowledge for the researcher, and education for the participants themselves. Lewin said "*we should consider action, research and training as a triangle that should be kept together for the sake of any of its courses*" (1946, p. 42). Lewin saw the AR triangle as action, research, and education all leading to better quality of action.

The philosophical foundation of AR is Pragmatism. John Dewey said that a solution to a problem can only be regarded as viable when it is demonstrated to produce desired outcomes in practice. Having identified a practical problem the scientist should engage in reflective thinking: suggestion and intellectualisation to understand the dynamics at play, hypothesising, reasoning and testing the hypothesis in action to understand the validity of the proposed solution (Nielsen, 2007; Pasmore, 2006).

Baskerville and Myers (2004) refer to the pragmatist origins of action research and summarise four key premises that arise from pragmatist philosophy which inhabit AR practice: Peirce's tenet that all human concepts are defined by their consequences, James' tenet that truth is embodied in practical outcome, Dewey's logic of controlled inquiry where rational thought is interested with action and finally Mead's tenet that human action is contextualised socially and human concepts reflect society. Rephrasing that produces the definition of AR as, human thought turning to human action, where the outcome is assessed empirically and evaluated rationally within a social network, with the

intention of evolving understanding and refining human thought, which turns again to action and continuous evolution of knowledge.

Kurt Lewin is generally credited with naming the research method, but Laura Thompson, who had been using AR in her work with Hopi Indians since 1941, gave a definition in 1950 which highlights the multi-disciplinarity and the collaborative and iterative nature of the practice.

"Fully developed action research as now understood and sometimes practiced consists in the identifying, within a problematic situation, of a significant problem of practical importance; of the attack on this problem by a team of specialists from the several disciplines needed to solve the problem; of the formulation, through the findings, of a hypothesis of needed useful change; of the implementation of that change; and of the analysis and measurement of the consequences, again by the several technicians working as a team (since the consequences, just as the factors initially investigated, require multiple-disciplinary study being, for example, biological, psychological, economic, administrative, etc.)....Actually, the fully developed action research enterprise of today is a utilization of principles and methodologies as old as science, but focused and integrated toward and through social action, and a utilization and self-utilization of the layman in the research process..." (Toeman & Thompson, 1950, p. 346 & 347)

This definition of AR as it was conceived originally clearly shows the intention to merge the scientific method, hypothetico-deductive and empirical, with practical problem solving in the social world. In true Pragmatic fashion the social world itself is subject to the same scrutiny, observation and rational evaluation as any of the other aspects of the problematic situation.

By 1980 AR had shifted so significantly that Hult & Lennung said that the original action researchers of the 1940's would be regarded as doing field experiments not AR. They also noted the separation of AR into a variety of different streams such as educational, community improvement and organisational. They attempted to provide a definition which would untie these various streams.

"Action research simultaneously assists in practical problem solving and expands scientific knowledge, as well as enhances the competencies of the respective actors, being performed collaboratively in an immediate situation using data feedback in a cyclical process aiming at an increased understanding of a given social situation, primarily applicable for the understanding of change processes in social systems and undertaken within a mutually acceptable ethical framework" (Hult & Lennung, 1980, p. 247)

This is the definition of AR that this research project used in describing AR to the respective actors at Nationwide. It was selected because it includes all the elements of AR, including in this case the intention to make change. In addition it does not prescribe methodology other than data feedback and cyclical iterations and does prescribe the development of a mutually acceptable ethical framework.

4.2.2   AR as a Current Research Methodology

While AR remained a legitimate approach in the social sciences throughout the 1950's, 1960's and 1970's it was used in a very minor way compared to experimental research and quantitative research. It was not considered scientific in organisational science where the predominant research

paradigm was positivist. Susman & Evered's (1978) paper pointed at the limitation of the increasingly sophisticated research methods and techniques for solving the practical problems that organisations face. They outlined the limitations of positivism. They sai dit assumes its methods are value neutral when they are in fact as value laden as anything else in the social world since it is a product of the human mind. It treats people as objects observable in an objective way not as acting subjects. And finally it eliminates the historical context which may limit the possibilities of behaviour, and ignores intuition relying only on articulated rational evaluation.

They proposed AR as a remedy for these deficiencies: AR considers the values at work and reflexively recognises that theories and prescriptions for action are the result of previously taken action; treats people as purposeful future oriented systems and collaborates with them; encourages development of the capacity of the client system to facilitate, maintain and regulate the AR cycle; generates theory grounded in action; and considers how context affects behaviour.

Lewin (1946)originally identified four stages in AR; he described it as a multi-step process involving repeating cycles of planning, executing, reconnaissance (fact finding) and evaluation for the purpose of preparing a plan for the next step. He extended this to six stages in later work (K. Lewin, 1951): analysis, fact-finding, conceptualisation, planning, implementation and evaluation. Susman & Evered proposed a five stage cyclical model: diagnosing, action planning, action taking, evaluating and specifying learning within the context of the client-system infrastructure. See Figure 18.

The client system infrastructure is created by the rules embodied in the agreement or charter that the researcher has with the client. The agreement provides authority, boundaries (including an ethical framework), the nature of the collaboration with the client system insiders, the entry and exit of the researcher and specifies any limits to the use of the knowledge obtained. Like the research itself the client-system infrastructure evolves through the iterations of the research cycle(R. L. Baskerville & Wood-Harper, 1996).

All of the research methods and techniques produced by positivist science are available to the AR researcher in the five stages of the cycle. For instance diagnosis takes into account existing theory and can use tools such as psychometric instruments; action planning can include known therapeutic techniques and evaluation can contain surveys; while AR is seen as post-positivist it does not eschew positivism.
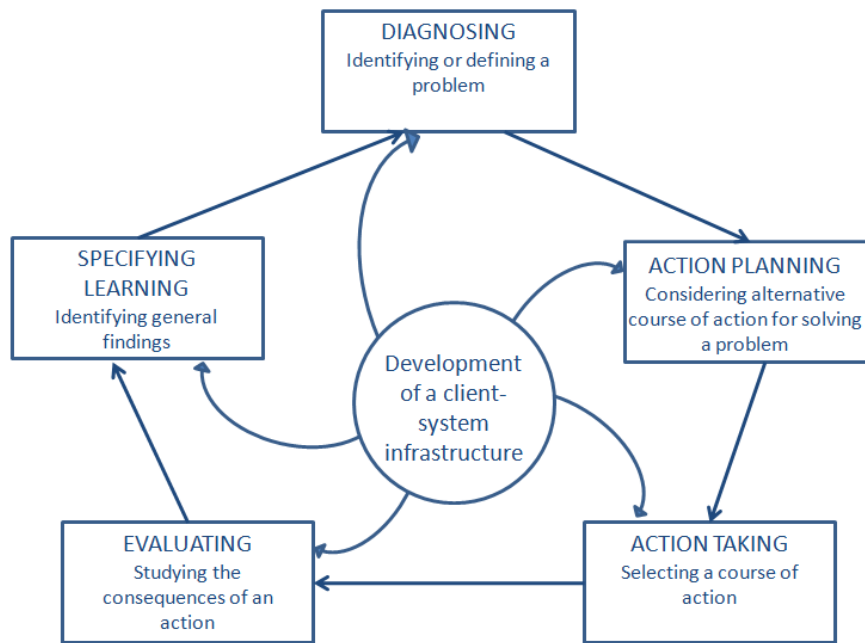
Figure 18 The Cyclical Process of Action Research Adapted From Susman & Evered (1978)

Organisational research continued to use AR to a minor extent throughout the 1970's and 1980's but research approaches extended in acceptability over this period to include interpretive and critical version of AR. Grundy's (1988) view was that AR was able to be practiced as a research method across different research paradigms. Table 24 below shows the three modes of AR he proposed, with the ontological and epistemological assumptions underlying each mode. This table was utilised at Nationwide.

Type	Technical Action Research	Mutual - Collaboration Action Research	Participatory Action Research
Philosophical Base	Natural Sciences	Historical - hermeneutic	Critical Sciences
The nature of reality	Single, measurable, fragmental	Multiple, constructed, holistic	Social, economic. Exists with problems of equity and hegemony
Problem	Defined in advance	Defined in situation	Defined in the situation based on values clarification
Relationship between the Knower and Known	Separate	Interrelated, dialogic	Interrelated, embedded in society
Focus of collaboration theory	Technical validation, refinement, deduction	Mutual understanding, new theory, inductive	Mutual emancipation, validation, refinement, new theory, inductive, deductive
Type of knowledge produced	Predictive	Descriptive	Predictive, descriptive
Change duration	Short lived	Longer lasting, dependent on individuals	Social change, emancipation

Type	Technical Action Research	Mutual - Collaboration Action Research	Participatory Action Research
The nature of understanding	Events explained in terms of real causes and simultaneous effects	Events are understood through active mental work, interactions with external context, transactions between one's mental work and external context	Events are understood in terms of social and economic hindrances to true equity
The role of value in research	Value free	Value bounded	Related to values of equity
Purpose of research	Discovery of laws underlying reality	Understand what occurs and the meaning people make of phenomena	Uncover and understand what constrains equity and supports hegemony to free oneself of false consciousness and change practice toward more equity

Table 24 Three Modes of Action Research Adapted From Grundy (1988)

Baskerville & Wood-Harper (1998) reviewed the origins and current state of the AR research methodology. They showed a family tree starting with Lewin's AR and producing a range of offspring including Argyris & Schon's Organisational Learning, Schon's Reflective Practice, Argyris' Action Science, Checkland's, Systems Thinking, and Mumford's ETHICS (R L Baskerville & Wood-Harper, 1998)

By 2006 Reason & Bradbury could say that AR had become a family of approaches with multiple streams which could be regarded not so much as a methodology but as an orientation towards inquiry that seeks to create a quality of engagement though gathering evidence and testing practices (R. L. Baskerville, 1999).

Because of its reflexive nature and desire to utilise whatever tools are useful to solve the problem, AR has been 'promiscuous' over the years. Whilst grounded in pragmatic philosophy it draws on critical thinking, the practice of democracy, liberationist thought, humanist and transpersonal psychology, constructionist theory and complexity theory (Reason & Bradbury, 2006)

4.2.3   Doing AR in IS Research

Lau (1997) reviews the use of AR in IS research. He found only 30 published studies, using a variety of approaches, from 1971 to 1995 but proposed a framework for IS researchers to use as guidelines to assist in establishing and assessing AR projects .Lau's (1999) paper further refined the guidelines. See Table 25.

Dimension and criteria	Classification	Evaluation
Conceptual Foundation Aim/question	What is the research aim or question?	Is the research aim or question authentic and practical in addressing an immediate situation?
Assumptions	Is some form of theory, theme or	Is the theory, theme or concept authentic?

Dimension and criteria	Classification	Evaluation
Perspective/tradition	concept included? Is it interpretive or critical, or one of the community, school, organisation development traditions?	Is it authentic according to the paradigm adopted, e.g. are there multiple realities constructed in the study if interpretivism is used?
Stream	Is it one of the AR, PAR, AS or AL streams?	Is it consistent with the definitions of the respective streams?
Study design Background	Is there information on the environment being studied?	Does it give sufficient understanding of the total social situation?
Intended change	What is the nature and extent of planned change?	Is the intended change appropriate and adequate?
Site	Is it a single or multiple sites? What is type and level of organisation involved?	To what extent are the site(s) and the organisation involved? And is the level of involvement appropriate and adequate?
Participants	Who are the participants and what are their background?	Are the participants authentic?
Data sources	What types of data are collected for the study and how?	Are the data credible, dependable and confirmable?
Duration	What is the intended length of study in time duration?	Is there adequate time for problem diagnosis, action intervention, and reflective learning to take place?
Degree of openness	What is the extent of predefined or planned process?	Is the process conducted as planned or would it evolve over time? Is the degree of openness appropriate and adequate?
Access/exit	What type, level and extent of access to the organisation is intended and is there a defined exit point from the study?	Is access/exit to the study considered appropriate and adequate?
Presentation	What is the reporting style - case report, ethnographic?	Does reporting provide sufficient information to judge its quality?
Research process Problem diagnosis	Is there a practical problem or need identified?	Is the problem and the process used to identify it authentic?

Dimension and criteria	Classification	Evaluation
Action interventions	Are the planned and implemented actions identified?	Are the actions authentic, appropriate and effective?
Reflective learning	Are the reflections identified and explicit?	Has reflective learning taken place and is it trustworthy?
Iteration	Is there an iterative process planned as part of the study?	Is the iterative process appropriate in its extent and frequency of feedback to allow problem solving and reflective learning?
General lessons	Are there general lessons from the study?	How well do lessons contribute to local Learning and new knowledge? Are they credible, transferable, dependable and confirmable?
Role expectations Researcher	What is the role of the researcher?	Is the researcher role appropriate and effective?
Participants	What is the role of the participants?	Is the participant role appropriate and effective?
Competency	What improvement in competency is planned for participants?	Has the competency of participants improved from the study?
Ethics	What ethical issues need to be addressed?	Are the ethical issues addressed satisfactorily?

Table 25 Guidelines For AR Research in IS Adapted from Lau (1999)

In the same year Baskerville wrote a tutorial paper to promote the use of AR as a way of increasing the relevance of IS research. He says that the AR method utilises Susman & Evered's (1978) approach but extends it via increased collaboration, particularly in the area of theorising, between researcher and client. In Participatory Action Research (PAR) the client becomes a co-researcher. Baskerville outlines seven key strategies for improving the rigor and the contribution of the research: Ensure the AR approach is appropriate for the problem, establish a formal research agreement, provide a theoretical problem statement and document emerging theories, plan data collection methods, maintain collaboration and subject learning, do not impose diagnoses or action planning, promote iterations and generalise findings only according to the setting.

Avison, Baskerville & Myers (2001) describe the double challenge of performing AR, combining both action and research. The double challenge of AR is also addressed by Kock & Lau (2001). They describe this as being required to serve two masters, the research client and the research community as a whole, where the needs of these two masters sometimes conflict.

Avison, Baskerville & Myers described three key aspects of AR control which are critical for meeting the double challenge: initiation, determination of authority for action, and degree of formalisation. They recommend that researchers and practitioners using the AR approach actively and collaboratively determine control structures in the early stages of the project even if these only

result in informal structures. They pointed out that unless control structures are articulated early then gradual changes may go unnoticed and produce scope changes that destroy the integrity of the AR project. Equally important is that the researcher can identify the control structure and how it has shifted across the course of the project. They recommend starting with a formal arrangement and being aware that it will change over the course of the project (Avison, Baskerville, & Myers, 2001).

In 2004 MIS Quarterly had a special issue on AR in IS research. This special issue signalled that AR was now seen as acceptable research in conservative mainstream IS journals. Baskerville & Myers (2004) proposed AR as being an approach accepted as valid research in other applied fields, that could make IS research more practically relevant.

Nielsen's (2007) paper argues that Lau's 1999 AR framework was suitable for evaluating journal articles but not for designing AR projects and evaluating a project in progress. He proposes six key criteria: Roles of researchers and practitioners must be clarified, The data collection approach and data quality standards must be explained, how the project will be controlled must be explained, the usefulness of the findings must be established, explain the theoretical framework and how the findings intend to support the framework, determine and explain transferability of findings.

Reason & Bradbury say while there is no one right way of doing action research a key dimension of quality is to be aware of choices and to make those choices *"clear, transparent, articulate, to yourselves, to your inquiry partners and when you start writing and presenting, to the wider world"* (Reason & Bradbury, 2006, p. xxiii)

4.2.4   The AR Charter at Nationwide

The AR project at Nationwide commenced with a Project Charter which endeavoured to incorporate the key points for design and control of an AR project based on existing IS research (see Table 26).

PROJECT CHARTER	
PROJECT TITLE:	Business Process Management Implementation at Nationwide
DATE:	1/3/2008
BACKGROUND:	
Nationwide Insurance has recently implemented a new insurance system called HUON. This implementation has highlighted the need to address consistency, efficiency and customer focus of business processes. Nationwide has formed a Business Process Improvement (BPI) team to implement a Business Process Management (BPM) program. This will start with the design of an organisationally culturally appropriate BPM methodology to implement BPM initially at the Commercial Sales business unit at Nationwide Insurance and then if this is successful to roll out the program to all of Nationwide Insurance.	
BPM PROJECT OVERVIEW:	
The BPM project will initially implement a BPM methodology and a Business Process Management System (BPMS) within the Commercial Sales business unit. The first phase of the project, discovery, will involve mapping business processes, assessing customer requirements of process, and training a business unit Continuous Process Improvement (CPI) team in the use of a strategically based BPM methodology. The second phase, implementation, will embark on a business process improvement programme generated by the information gathered by the discovery phase and run by the CPI team.	
The objective of the BPM project is to embed capability within the business to align process to strategic objectives, set process goals, develop process performance dashboards, develop process measurement techniques, assign process ownership, align staff incentives to process goals, collect ideas for improvement from staff and external sources such as Voice of Customer research (VOC) assess ideas against agreed criteria which meet strategic objectives and allocate scarce resources to the most effective changes, implement	

PROJECT CHARTER	
PROJECT TITLE:	Business Process Management Implementation at Nationwide
DATE:	1/3/2008

process change and automation, measure process performance and review process regularly.

ACTION RESEARCH:

The Manager of the BPI team has agreed to utilise an Action Research (AR) approach during the project to assess its success as the project proceeds. This is a structured cycle of planning, acting and evaluating which contains five stages: diagnose-plan-act-evaluate-specify learning. It will be performed by the BPI Management Team working collaboratively. It is an iterative approach which means that while initial planning has occurred prior to starting the project this will be adjusted if necessary according to the learnings as they are discovered.

This document contains key information about the research, the people involved and their roles in the research.

AR PROJECT OVERVIEW:

BPM has a high failure rate in organisations. There are a number of Critical Success Factors (CSF) that research has determined if present will improve project success rates. A preliminary list of these has been established and this will continue to be refined through further research. One of the CSF's most commonly cited for project failure is a mismatch between the organisational culture and the BPM methodology. The AR project intends to collect information or data via a technique called ethnography to establish if the CSF's are present and to investigate and understand the organisational culture as the BPM project proceeds.

Ethnography is the study of a culture from within. It is a data collection technique where participants observe, interview and ask questions of the people within the culture. It exposes culture as 'the way things are done' or the 'taken for granted'. In this AR project it will be used to collect data regarding the CSF's and regarding organisational culture generally. This data will be used in the AR cycle.

The objective of the AR project is to contribute to research on success factors of BPM. Specifically it asks firstly if ethnographic methods of data collection on the presence of CSF's and on-going mitigation of lacking CSF's will improve BPM project success. Secondly it asks if these methods can be used in BPM project to investigate organisational culture and to track and manage any conflicts between BPM and the organisational culture.

PROJECT PLAN:

A high level project plan has been established which shows the timeline for the proposed AR cycles in the Nationwide Commercial BPM project. This will be updated as the project progresses. Process mapping, staff ethnography and the customer requirements of process have commenced so the BPI team, will be using AR to evaluate progress and plan future actions. The training material for the Nationwide Commercial CPI team has been prepared so the AR cycle will be utilised to evaluate the outcomes as training is delivered.

This project plan covers only the first project phase, discovery and a further plan will be prepared for the second phase, implementation.

ACTIVITIES	DATES	AR CYCLE
Process mapping	3/12/2007 to 31/03/2008	Assess progress of mapping in Enterprise Architect utilising Business Process Mapping Notation (BPMN) standards
Staff ethnography	23/11/2007 to 30/06/2008	Review ethnographic material (observational field notes, audio of calls and semi structured interviews) to consider organisational culture, assess potential conflicts and plan to mitigate and to understand staff requirements of process
Assessment of customer requirements of process	28/11/2007 to 31/03/2008	Analyse ethnographic material (video, audio of calls, and semi-structured interviews of customers to understand themes and requirements of process
Develop Gate process for Idea Assessment	1/03/2008 to 31/03/2008	Plan and develop criteria for idea assessment that links process improvement to strategic objectives and produces high return on investment

PROJECT CHARTER	
PROJECT TITLE:	Business Process Management Implementation at Nationwide
DATE:	1/3/2008

Train Nationwide Commercial CPI team and facilitate CPI workshops for first iterations of process improvement	1/03/2008 to 30/06/2008	Evaluate outcomes of training and plan changes if necessary

ROLES:
The BPI Management Team is comprised of the BPI Manager. Reporting to him are the BPI Consultant, BPI Performance and the BPI Improvement Manager
AR cycle will be managed and documented by Christine Beckett, the Business Process Improvement Manager. The BPI Management team will collaborate in the cycle.

AR PROJECT COMPLETION:
The AR Project will be considered complete at the end of the Nationwide Commercial implementations phases, currently scheduled for 31st October unless the BPM project is rolled out enterprise wide across Nationwide.

Table 26 Action Research Charter at Nationwide

The Charter was updated throughout the project at key points.

4.3   ETHNOGRAPHIC RESEARCH

"The appearance of the natives, their manners, their types of behaviour, may augur well or ill for the possibilities of rapid and easy research. One is on the lookout for symptoms of deeper, sociological facts, one suspects many hidden and mysterious ethnographic phenomena behind the commonplace aspect of things" (Malinowski, 1922, p. 40)

4.3.1   The Origins and Definition of Ethnography

The word ethnography is defined as "*the scientific description of nations or races of men, with their customs, habits, and points of difference"* (Oxford, 2009). In anthropology it was used to describe the written product of a period of field work but the meaning shifted to include a particular type of research practice when Branislaw Malinowski performed a new type of field work. He described his method as scientific, long term, empirical, first-hand, detailed, ethnographic observation.   The ethnographer must live in the culture and learn and speak the language. If the ethnographer draws inferences based on his "common sense and psychological insight" (Malinowski, 1922, p. 3) these must be clearly differentiated from observation in the resulting ethnography. The first chapter of this book became a methodological guide to later cultural anthropologists and Atkinson et al. (2001) say that when social and cultural anthropologists seek the defining characteristic of their discipline they most often cite the centrality of ethnographic fieldwork.

 Hammersley & Atkinson (2007, p. 3) define ethnography as the practice of *"the ethnographer participating, overtly, or covertly, in people's daily lives for an extended period of time, watching what happens, listening to what is said, asking questions - in fact, collecting whatever data are available to throw light on the issues that are the focus of the research"*. Myers (2009) says a good

ethnography is one that sensitises the reader of the research to the beliefs, values, and practices of the people that are native to the society being studied. What might have been seen as absurd, strange or irrational from the outside often makes sense from the inside.

4.3.2   Ethnography today

Ethnography spread out from anthropology to sociology and then to the other social sciences and like AR has become a broad family of research methods embracing a wide range of philosophical positions. Denzin (1997) identified distinct *"historical moments: the traditional (1900 to World War II), modernist (Worlds War II to the mid-1970s), blurred genres (1970-1986), crisis of representation (1986 to present) and the fifth moment (now)".* Atkinson et al (2001) say this is too linear a view of the progress, making it seem as though ethnographic research has moved from a fully orthodox past to a fully post-modern present. They agree ethnography has shifted from *"realist writing and an uncritical approach to data collection to a series of intellectual crises"* and the mid 1980's saw the "interpretative turn" and the awareness that the ethnographer does not have a "privileged and totalizing gaze" (pp. 2-3). They argue that contemporary ethnography continues to have differences and tensions but does share the commitment to the first-hand experience and exploration of the social or cultural setting. Observation and participation remain the characteristic features of ethnographic fieldwork. As society has changed and the ethnographer studies literate cultures, the data collected has expanded from field notes of observation to the collection of written documents (Atkinson et al., 2001) and sometimes the contributions of those being studied (Denzin, 1997)

Ethnographic research in IS goes back to the late 1980's and the work of Suchman and Zuboff. It has been accepted since the 1990's that qualitative research methods can make valuable contributions to IS research. Ethnographic research, with the researcher embedded in the field of research as participant observer, gives the opportunity for a wider range of data collection and deep insights into the situated understanding of the participants. Myers (1999) tutorial on investigating information systems with ethnographic research offers basic rules regarding the writing of comprehensive field notes and the on-going work of summarising, indexing and classifying the data.

Hammersley & Atkinson (2007) offer more in depth advice on how to do ethnographic research. They describe the actual practice as emergent within the research setting so that research design of the traditional type cannot be undertaken, rather design emerges with time. They say this does not eliminate the need for pre-field work preparation and the ethnographer's actions are not haphazard but guided by a constant reflexive process. The data they suggest can be collected ranges from the traditional field notes, interviews (open ended to start with and often more structured toward the end), and documents. Analysis is an on-going activity and feeds into design and more data collection as the research problem is refined and ethnographic research continues. Analytic categories also emerge and change across the course of the study but they focus on the meanings, functions and consequences of human actions and institutional practices. The ethnographer has to have diverse skills and most of all the ability to make decisions in conditions of high uncertainty.

4.3.3   Critical Ethnography

Myers (2009) says that ethnographic research should be the method of choice if the research study is of organisation culture. He outlines three of the many approaches in the family of ethnographic approaches: holistic, semiotic and critical. The holistic approach requires the ethnographer to

become a blank slate and 'go native' in order to empathise and identify with the society being studied. The semiotic approach does not require empathy but rather the dispassionate analysis of symbolic forms of culture such as words, images, institutions and behaviour in order to understand their significance within the cultural context. The critical approach sees the ethnographer embedded in the society in an emergent process; it sees social life a constructed in contexts of power and the ethnographer's jobs is to expose the hidden forms of power.

Thomas (1993, p. 3) says that critical ethnography is a *"type of reflection that examines culture, knowledge and action...critical ethnographers describe, analyse, and open to scrutiny otherwise hidden agendas, power centres, and assumptions that inhibit, repress and constrain"*. Critical scholarship in general requires the suspension of the taken for granted including the mechanisms to maintain social harmony and conformity to norms, rules, patterns and ideological concepts.

Harvey & Myers (1995) say that critical ethnography leads to the recognition that ethnography is historiography: the ethnographer is situated in history and one of the key tasks of the critical ethnographer is to be aware of the historical context in which the research takes place and to reflect this critically on the research process itself.

4.3.4   *The Ethnographic Approach, Data Collection and Analysis at Nationwide*

The ethnographic approach at Nationwide was to document chronologically the events that comprised the preparation for the implementation of BPM. The chronology was kept in an excel spreadsheet with hyperlinks to field notes, audio files and video files, documents etc. Prior to each AR meeting with the BPM team, analysis was performed to consider analytic categories as triggers for discussion. Hence there was the constant iteration of design of the BPM methodology and the collection of ethnographic data.

The data collection and analysis moved through distinct phases. The first focused on observing and recording the physical artefacts of culture in order to decipher the values of the organisation. This was simply observations about buildings, floor layout, office space, clothing, web presence, television branding, behaviour of staff and managers, daily and weekly rituals, along with listening to casual conversations of staff in lifts and other public spaces. The observations were considered alongside the espoused values of the organisation: Honesty, Teamwork, Meritocracy, Transparency, Innovation and Social Responsibility to find evidence for their actual existence and to consider what the basic assumptions of the culture might be. They were also considered as evidence of the presence or otherwise of the critical success factors outlines in section 5.3.4.

Chapter 5 will describe all of the phases of the Nationwide project. Each of these phases was marked by a shift in the forms of ethnographic data collected and analysed. In the early Context phase for Nationwide Commercial workshops and semi-structured interviews were audio recorded, I wrote ethnographic field notes and meeting records and collected emails and documents. The field notes were partly electronic dairy and partly handwritten notes which I collected in seven A4 spiral notebooks. The workshops were attended by the Commercial Manger, his three direct reports, the BP&S Manager and me. The meetings included the weekly Commercial management team meeting and project related meetings. My primary role at this point was to prepare the initial versions of process architecture and start the process mapping of selected processes for improvement. This entailed working physically in the business unit in a role that allowed me to be a participant

observer.   During this period I conducted and audiotaped semi -structured interviews with three long term Commercial staff, one of who was just about to leave the organisation, I wrote daily field notes and collected emails and documents.   There was a strong focus on the critical success factors so the themes related to these were focused on for discussion in the AR meetings.   Much of this material was not reviewed again until I started to write the case study.

Once the Discovery phase started and the business units Continuous Process Improvement team was formed the ethnographic material data collections shifted to recording training workshops for these teams, listening to calls and observing staff and customer interactions.   I continued to keep field notes throughout this phase.   I initially spent time listing to approximately 75 end to end phone calls from approximately 30 seconds to 40 minutes in length.   As I listened I recorded observations. When a customer is put on hold in these calls their private conversation can still be heard so comments regarding service were noted in particular.   The organisation agreed to enlist customers in the ethnographic data collection.   Ten customers were videotaped as they contacted the call centre to ask for quotes on insurance.   Another ten were videotaped as they participated in semi structured interviews about their experience with Nationwide Commercial and asked why they had either bought or not bought the products offered.   When staff workshops were held to view the findings of this ethnographic research they were audio taped and again I made field notes. Following these workshops I conducted and audio taped semi-structured interviews with eight staff members to gauge their reaction to the findings.   Once again the focus at the time was to understand whether critical success factors were present and it was the later analysis period that saw the more intense review of what I had recorded

It was around this time that the decision was made to roll BPM out to the wider Nationwide organisation.   Three teams were formed to map the end to end processes of the entire Sate organisations. Each team comprised of an external facilitator who was an expert in the mapping tool collected, an internal expert in the area and a business analyst from the BPI team.   The mapping approach was to conduct a series of workshops with the various areas of the business.   Once mapping was complete CPI teams were formed and trained in the BPI methodology.   Each of the analysts in these three teams were trained in the basics of ethnography and asked to complete ethnographic field notes daily in an electronic diary.   I discussed these with them weekly, and together we coded the notes using themes that had emerged from the preliminary work.   For instance when we found observations that supported "roles and responsibilities are not clear" or "on the ground change initiatives contradict stated strategic objectives" we coded them to that theme.   The three analysts had varying degrees of comfort with his process.   One recorded extensive notes along with personal reflections, in much the same way I did, while the other two kept briefer less personal diaries.

In addition twelve workshops were audiotaped, feedback documents from twenty workshop participants were collected and a huge range of emails and other documents collected. Once again the organisations agreed to enlist customer in the ethnographic research and video recordings of twenty semi-structured interviews and customer interactions were made.   This time it was observations of customers requesting claims information or discussing their claims experiences in semi-structured interviews.   Again these were reviewed with critical success factors in mind.

By this time it was clear that the wider rollout was failing and the analysis of the ethnographic data moved from considering critical success factors to a less structured, more open ended AR team review of observations as we struggled to make sense of what we were seeing at work in the organisation. Notes and actions form the AR sessions held by the BPM were also collected throughout the project.

As I started to write the case study it became clear that the restricted coding of ethnographic data as we searched to find, or not find, critical success factors had obscured larger themes. Much of the data collected had not been reviewed thoroughly at the time or these larger themes may have become obvious earlier. The real analysis came as I started to see the place that the Nationwide Cultural Transformation programme had played in the overall failure of the project. The ethnographic data, or as Foucault would have called it, the archive was searched for the underlying relations of power and truth at work. Putting the data into a genealogical framework provided this view.

4.4 REFLECTIONS ON THE ACTION RESEARCH AND ETHNOGRAPHIC JOURNEY AT NATIONWIDE

I describe the formation of the team that ran the BPM project at Nationwide in Chapter 5. That case study says little about my personal role in the project and my personal ethical conundrums and conflicts. Action Research is a reflective process and ethnography, whether critical or not is also reflective. It is not possible for a researcher employing these methods to remain unchanged by the research process itself. This section reflects on my role as employee of Nationwide and as a researcher in a project that was attempting to enforce a form of discipline upon the staff and managers of Nationwide.

I have been a professional project contractor for twenty five years. I have worked primarily on technology projects and often these projects have involved restructuring, downsizing and transformation. My roles on these projects have been varied: as an ERP functional consultant, process designer, and project manager. I have recently specialised in the people side of projects, from running process design workshops with staff to delivering the change management strategies for implementation and transition. While I have been in range of industries I have been primarily in manufacturing and supply chain industries and had never been the financial services sector. I did have call centre experience from these industries however. In August 2007 I responded to an advertisement for a Business Process Improvement Manager. The advertisement said *"Process Change Guru. We're looking for someone to become the in-house professor of synergising people, process and systems."* While the role was positioned as a permanent employee within the Nationwide structure I saw it as yet another project role. They were looking for someone who would bring a perspective from outside the insurance industry and saw my lack of industry experience as a benefit.

With the retrospective perspective I now have I can see that I had deeply held assumptions about the nature of work, workers and managers. My primarily manufacturing and supply chain background had given me a Taylorist view of work; find the best way and do it that way. Engage staff in the process of continuous improvement; they want innovation and productivity as much as managers do. My field notes reflected the complete lack of comprehension I had about how this

insurance industry worked. I could not understand how that could operate without information, a view of best practice and collaborative continuous improvement. The attempts to impose a management discipline on both staff and team leaders did not raise any ethical concerns for me; I had seen other call centre environments with these disciplines in which staff were valued and enjoyed their jobs.

 My combined roles as employee and researcher also didn't raise any immediate ethical concerns. The manager of the BPM team was looking for process and research skill when he employed me and the research aspects were fully transparent to the BPM team and the staff of the Nationwide Commercial business. Most staff were happy to have an opportunity to talk about the business and ready to sign informed consents. I fully respected this that didn't and found that they often asked about the research and what it was finding.

It was later in the project that an internal conflict started to emerge for me. That conflict was between the positivist BPM practitioner/researcher, doing AR and collecting ethnographic data to find evidence of critical success factors, and the emerging critical IS researcher. I was engaged in a BPM endeavour with a strong desire to add to the body of knowledge about BPM. Chapter 5 includes what I believe are contributions to this. But I was also engaged in a critical endeavour struggling to understand the organising processes I was seeing at work in Nationwide.

With distance from the project, while writing the case study and re-engaging with the ethnographic data, I experienced much more of an ethical dilemma than I had at the time of doing the research and collecting the data. The view into the insurance industry the data provides is not comfortable. The view into the IS industry which makes no attempt to understand which techniques will actually work in which industry is also not comfortable.

4.5   CHAPTER REVIEW

Action research is grounded in pragmatic philosophy but it draws on critical thinking, the practice of democracy, liberationist thought, humanist and transpersonal psychology, constructionist theory and complexity theory (Reason & Bradbury, 2006). Ethnography is the practice of participating in people's daily lives for an extended period of time and collecting data to sensitise the researcher to their beliefs, values and practices so that what seems irrational on first sight from the outside becomes rational when seen from the inside (Hammersley & Atkinson, 2007; M. Myers, 2009).

These two research methods were selected as part of the research design for the Nationwide BPM project. The AR approach was introduced to the BPM team at Nationwide through a workshop discussing the Susman & Evered's (1978) AR cycle and the AR charter. Ethnography was also introduced at the workshop as a method of collecting data and generating themes for analysis. While the initial purpose of the ethnographic collection was to inform the AR cycle in the critical analysis of the presence of CSF's for BPM success, the data collected was re-used to write the case study chapter of this thesis.

5 THE NATIONWIDE INSURANCE BUSINESS PROCESS MANAGEMENT PROJECT

5.1 HISTORICAL BACKGROUND

5.1.1 The Organisation

Nationwide Insurance is a New Zealand commercial and personal insurance company owned by an Australian based financial services organisation, referred to in this thesis as Australian Insurance Limited (AIL). Nationwide has a long history: it was formed in 1905 as a government owned trading department offering fire and general insurance to the NZ public. The intention of the government of the day was to keep the existing private insurers honest and to ensure that all risks were able to be covered by giving Nationwide the statutory obligation to offer insurance on risks of any kind at reasonable terms and conditions. The formation was part of the Liberal government's policy of state involvement in the economy and the wider regulation of society during the birth of what became the reforms that produced the NZ welfare state. By 1980 Nationwide Insurance had 75 years of stable history. It held approximately 20% of the total NZ insurance market, had 25 branches and 27 district offices and had a staff of over 1000 (Manning, 1980).

The 1980's saw significant change in the NZ political landscape. The Fourth Labour Government (1984 -1990) embarked on a program of corporatisation and privatisation of state owned assets. By 1990 Nationwide Insurance had 25% of the general insurance market, but it was sold to Norwich Union, a UK based insurance giant, for $735 million. Norwich's press release said *"Norwich regards Nationwide as a very good enterprise. It's culture, attitudes to service to policyholders and general business approach are similar to those of Norwich"* (Hunt, 2005, p. 20). The Nationwide staff and management were retained and the organisation carried on business as usual. The Norwich Union NZ office was merged into Nationwide Insurance and Nationwide became the flagship personal insurance brand in NZ with the Norwich Union brand only used for commercial customers and brokers.

Competition from banks had started in the late 1980's but it was not until the 1990's that banks became major retailers with the insurers competing as underwriters only. Customer expectations of service shifted as well and Nationwide's existing image of high premiums and difficult claims procedures needed to change to accommodate the increase in competition. Throughout the 1990's Nationwide continued to lose personal business as other large competitors moved into the market with cheaper call centre based operations. The banks share of the market grew.   Nationwide set up its first call centres in 1994-1995 including the first claims call centre. Premium income grew but market share reduced in this decade.

In 1999 Norwich Union appointed a new chief executive for Nationwide and tasked him with preparing the business for sale whilst conducting business as usual; he was the first CEO in the history of the organisation to be appointed from outside Nationwide.   He continued the restructuring started by his predecessor and restructured the organisation into one South Island region and three North island regions. He focussed on shutting branches and creating call centre operations as the primary means of business.

In 2000 Norwich Union UK merged with CGU. Since CGU already owned NZI, a large commercial and broker focused insurer, the new entity now owned both Nationwide and NZI. It was decided that Nationwide would be sold and in February 2001 ownership passed to NRMA Insurance, the largest Australian insurer, for $404 million. Whilst Nationwide's market share had dropped to 19% by then, the reduced value was due to the fact that Norwich Union had been paid $253 million in dividends and had liquidated a lot of Nationwide property repatriating the proceeds.   The CEO position immediately passed to an NRMA manager. Once again the Nationwide name and brand was retained but NRMA took a more hands on approach to managing the business.   Later that year the Nationwide regional structure was restructured into a national model focusing on three call centre focused units: sales and service for both personal and commercial customers in Auckland, business support and broker in Wellington, and all claims in Christchurch. The restructuring led to 31 sales centres being shut around the country along with previously established call centre sites in other centres. The integration of NRMA Insurance NZ with Nationwide occurred that same year.

In 2003 NRMA, now renamed as Australian Insurance Limited (AIL), purchased NZI as well and merged the two businesses. They retained the brands which were focused at the separate commercial and broker and personal markets and pulled Nationwide's banking business into a separate division with its own branding. This created further changes to call centre structures and led to more redundancies. Staff numbers, which were approximately 1400 in 2000, were eventually reduced to approximately 800 by the end of 2003. The new business, Nationwide and NZI combined, now held almost 40% of the NZ insurance market share and this has continued up to the present time.

5.1.2   Information Technology at Nationwide

Nationwide began the move to computerised records in 1965 with the set up an EDP input centre in Palmerston North. The Masterton branch piloted the conversion to computer of fire records in 1966 with the plan to convert all branches that same year ahead of decimal conversion in 1967. The plan was met and the conversion to decimal currency was achieved without major issues. In 1969 the system was reviewed and accident records were converted to EDP. By 1974 all major areas of office operations had been computerised completing the programme of work started in 1966. Nationwide was considered to be a pioneer in computer processing and had experienced a significant drop in the ratio of working expenses to premiums paid, showing improved productivity.

The next step in the plan was for terminals in all offices so that direct access inquiries could be made. The proposal was made to the Government Computing Service (GCS), a division of the Nationwide Services Commission, to move from a batch based tape system to a database system on a centralised main frame computer and provide on-line access for inquiry at the branches via a network of mini-computers.   The proposal was held up because of funding issues until 1977 when approval was given for the centralised database system. However, it wasn't until 1979 that approval for a pilot site for branch on line access was approved.   Nationwide was now asking not just for inquiry but for online real-time processing in the branches but the GCS refused. In 1980 Manning said *"the existing systems are out-dated and the Office, through no fault of its own has dropped back until it is about 4 years behind where it should be"* (p. 140).

It took until 1983 for the move to the client based database system with daily updates to occur, finally giving a view of all the policies under one client name, and a further five years until 1988 before all the branches had online access. The new system was on Datapoint hardware and was called Nationwide IMS.   This access did not include entry for all transactions so paper based transactions processed in batches centrally continued for some time after that.

When Norwich union bought Nationwide in 1990 the question of how to integrate the various information systems emerged.   Norwich's relatively new system, Datarich, was designed for commercial and broker business and the Nationwide IMS system was designed for personal business. Nationwide staff used both systems side by side until 1998. In 1994 approval was given to convert both Nationwide IMS and Datarich to an off the shelf insurance system called PolicyPlus which it was envisaged would provide one system across the business. The implementation was planned to be complete by May 1997 but by early 1997 it was obvious the deadline would not be met and the business benefits it was justified on would not be achieved. Norwich Union UK initiated a review and proposed abandoning PolicyPlus in favour if its own off the shelf insurance system called Huon. During this time Datarich had become essential for the growing bank business sector as a new front end had been developed that integrated well with bank systems. By 2000 PolicyPlus had been implemented for personal insurance, on lines proposals and claims handling and was Y2K ready. Datarich had been moved to in house hardware to reduce operation costs and continued for commercial, broking and bank business. This meant some clients, who had both personal and business policies with Nationwide, continued to have their business split across two systems: one customer view had not been achieved. Alongside the systems change the communications network was brought up to date.

In 2001 Nationwide began Project Endeavour to replace PolicyPlus and to re-engineer business processes.   This was based on a UK insurance system called Sirius but required significant development to deliver the requirements that Nationwide had outlined. Following AIL's acquisition of NZI the project was reviewed to see if NZI's system, Polisy, would be a better option for the merged group to select but Endeavour was given the go ahead. The AIL NZ CIO said, *"This is full business re-engineering. we won't be taking any of the functionality from the three old systems"* (Bell, 2003). While the new system was not expected to be ready until late in 2003 the business went ahead with the national restructuring with staff using multiple systems where required until the new system was implemented. For instance, claims staff in the Christchurch call centre used PolicyPlus for personal claims, Datarich for some commercial claims and Polisy for others.

By mid 2003 it was clear the project was behind schedule and in May 2004 the organisation brought in external consultants to review the project.   In November the project was cancelled with a reported cost of $50 million (Bell, 2004) over the three years. An immediate announcement was made that AIL's system Huon would be implemented to replace PolicyPlus leaving Datarich and Polisy off the table for replacement in the short term. The CEO predicted that the new system would be completely implemented by the end of 2006 (Gifford, 2004). The Huon project also ran behind schedule but was completed in April 2007. Huon was only capable of personal lines insurance within tight criteria which were not able to be over-ridden at the discretion of sales consultants as Policy plus had been. For this reason some of the risks on Policy Plus of a personal nature, such as bare land with a utility shed on it and caravans, boats and motorbikes had to be transitioned. The unusual personal risks which were not able to be managed in Huon went to

Datarich and control for the policies went to Commercial. The caravans, boats and motorbikes went to Polisy and a new department called Lifestyle and Leisure was set up to take control of these policies.
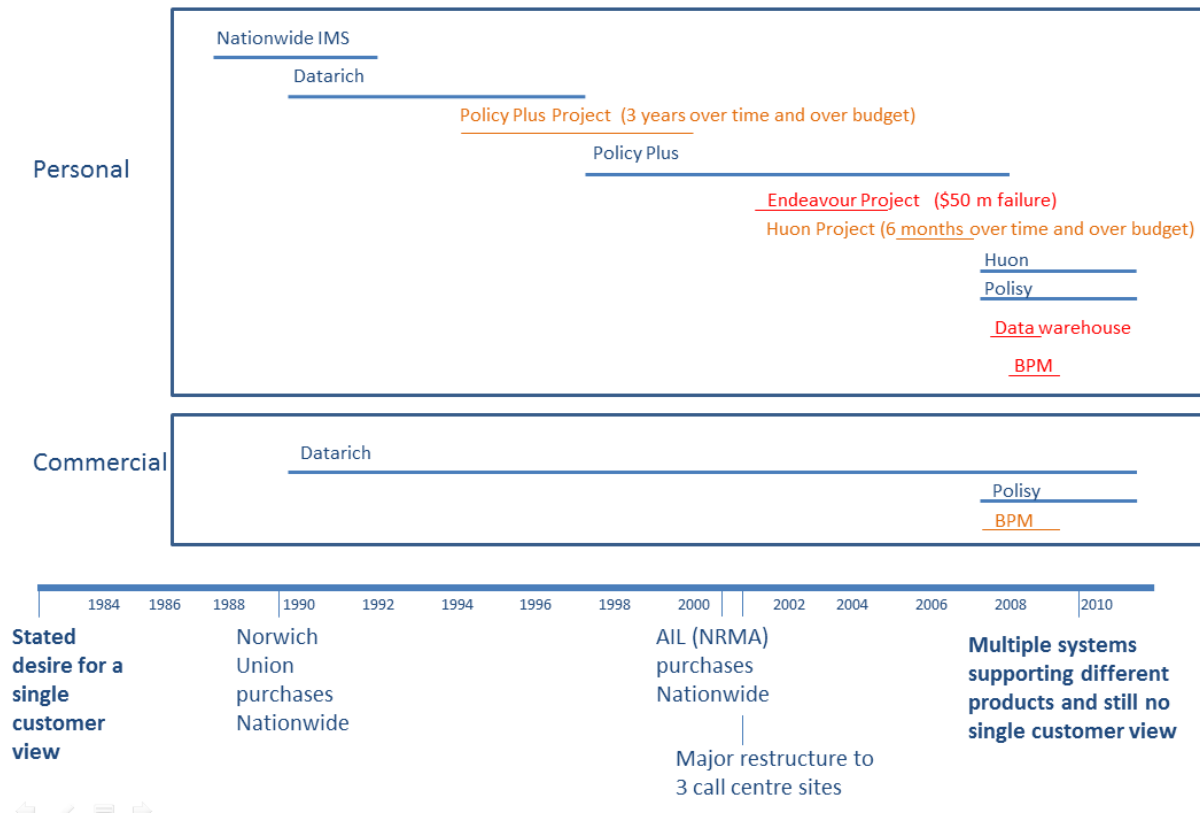
Figure 19 Nationwide Insurance Timeline

5.2 BUSINESS PROCESS IMPROVEMENT PROJECT BACKGROUND

5.2.1 *The BP&S Charter*

As the Huon implementation wound up a number of business issues became apparent to the Project Director of the implementation phase. The implementation had not addressed business process at all but had simply replaced the system. This left the legacy processes struggling to catch up with the new functionality producing a host of local adaptations with the result that there were no standardised processes; staff satisfaction with the new system was low. In addition the implementation had reduced significantly the product offering the business had on PolicyPlus. This resulted in many customers being moved to higher specified policies with much higher premiums. The communication to customers had been poor, the new policy documents were written in industry jargon and were difficult to read, multi-page documents. As a result the sales and service call centres were overloaded with queries from disgruntled customers and policy cancellation rates were high.

The Project Director proposed creating a centre of process excellence in the business, initially called Business Process and Systems (BP&S), to deliver a follow up programme to improve business process.

"Until recently the NZ business delivered change by using a range of suppliers, internal and external, including managers, seconded staff, contractors, external business development suppliers and TS project managers. As this activity is not core business for business operations, managers have in the past been drawn into leading project work and setting the approach for delivering change. BP&S will deliver for the NZ business a platform for standardisation of change, delivering value for AIL by reducing the cost and timeframes for achieving business improvement."

"The objectives for BP&S are:

- *Develop a robust and reputable model for management of Nationwide Processes*

- *Set and achieve the vision for operating performance*

- *Build credibility with business partners in AU and NZ as the preferred business development channel*

- *Capture in quantitative metrics the value that the operation deliver and report regularly"*

NZ Business Process & Systems Charter, 3rd May, 2007

The CEO of Nationwide agreed with the proposal to form a specialised team:

"The Nationwide Leadership Team recently endorsed the commencement of a piece of work to design a business improvement roadmap. This will clearly identify the on-going improvements required to deliver on Nationwide's strategic goals and customer promise. Nationwide's Business Process & Systems Team is facilitating this for us and we anticipate the investigation phase taking approximately 3 months."

Email from CEO 17th August, 2007

5.2.2 The Team Formation

The BP&S team was primarily formed from members of the existing Huon implementation team. The initial organisation structure had the BP&S Manager with three direct reports. The Programme Manager, a consultant who had been engaged in the closing stages of the Huon implementation, had one administrative support to manage the programme of work. The Business Enablement Manager, who had been with AIL for three years and had been a Project Manager on the Huon implementation, had a team of eleven analysts who were working on defect management for the recently implemented Huon system which was continuing to experience a range of issues. The Business Process Improvement Manager, the position I was recruited into, with two analysts who were to focus on improvement and change.

The BP&S Manager wanted to retain the Programme Manager because of the wide range of industry experience she had, and to engage a Business Process Improvement Manager with a wide range of process improvement experience also across a range of industries.

A short time after its formation the BP&S unit was renamed the BPM unit; hence it is referred to as the BPM unit for the rest of the case study.

5.2.3   The Nationwide Business

Nationwide Insurance had three business units: Personal insurance sales and service (Personal), Commercial insurance sales and service (Commercial) and Claims which handled claims for both types of policy. Personal and Claims had been involved in the Huon implementation because both were users of PolicyPlus however Commercial was not involved because it was a user of Datarich and Polisy. The BP&S team was to serve Personal and Claims for defects management and new version release management, and all three business units for process improvement.

5.2.4   The Commercial Pilot

I started in my role on 1st October, 2007 and it very quickly became obvious that the parts of the business which were impacted by the Huon implementation were still deeply disrupted and focused mainly on getting familiar with the new software and managing the range of defects found.

I proposed that the Commercial business unit be the centre of a pilot of the proposed business improvement methodology and the two remaining business units, Personal and Claims start when the methodology was proven and they had settled down in their use of Huon. The Commercial General Manager was presented with a high level roadmap for the Nationwide transformation using BPM and I explained how the pilot would fit into that (see Figure 20).
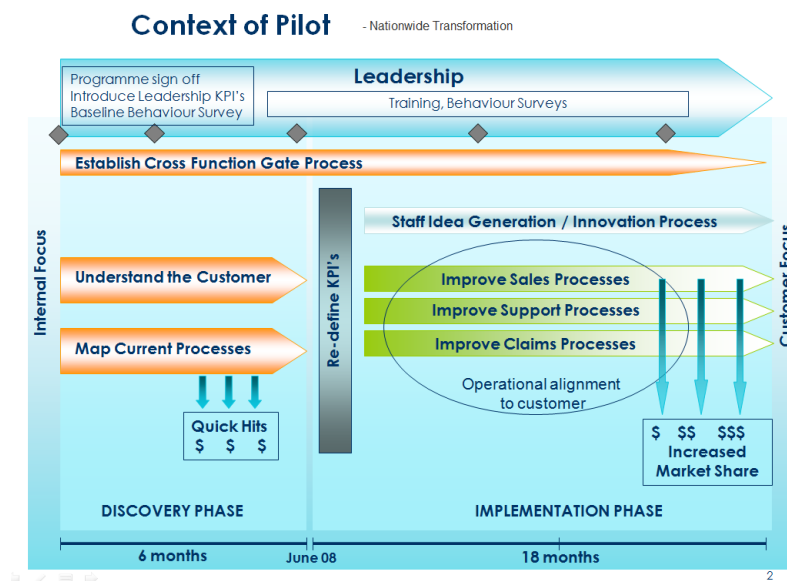
Figure 20 Proposed Nationwide Transformation Roadmap – Context of Commercial Pilot

The BPM approach was outlined to him as a framework to move the business unit to a customer oriented perspective with three key streams of work. The Discovery phase of the project included mapping existing processes, developing a gate process to assess improvements against strategic objectives, discovering customer requirements of process, selecting a BPM team from the business and training staff in the BPM methodology. Once this was complete the Implementation phase would focus on business process improvement. He was immediately enthusiastic seeing the approach as a vehicle for much needed improvement and gave approval for his business unit to be the pilot kicking off in December.

> *"I'm excited. I have an advertising campaign for Easy Biz in February so the phones are going to be red hot. I'd really like to have solid processes to support the new business generated so how quickly can you do this?"*

The criteria for success for the pilot were proposed and agreed (see Figure 21)

Assess the Success of the Pilot

Measures

- Current Processes mapped and maintained in Enterprise Architecture - knowledge management repository
- Business led process improvement capability embedded within Commercial team
- Increased awareness and understanding of the customer (Desire to establish ongoing research on Voice of Customer)
- Increased awareness of staff process ethnographics
- Established ideas database for commercial
- Quick wins identified and implementation plans developed.
- Advocate roll out to wider organisation

Figure 21 Nationwide Commercial BPM Pilot Success Criteria

5.3   PLANNING THE IMPLEMENTATION OF BPM AT NATIONWIDE

Having agreed what appeared to be a pilot site which had not been impacted by the recent organisational changes, the BPM project team went through a planning process to ensure that the methodology was clear and would be best practice and informed by recent research.

Based on the review of research and practitioner literature for methodology, process architecture, process redesign, process maturity and critical success factors, the Nationwide Commercial pilot project was structured as described below, combining a phased approach and the action research cycle.

5.3.1   BPM Implementation Methodology

The Implementation methodology was designed to utilise the skills of the BPM team in understanding context and analysing processes. It also focused heavily on training managers and the staff involved in the business unit CPI team. The intention was to increase process orientation

and shift the business unit culture to one that would fit with BPM. The activities shown below were put into a detailed project plan and workshops were scheduled to review each section of analysis.

5.3.1.1 Context

This first phase is intended to analyse the business model of the organisation in terms of context, strategy, structure, product offerings and channels, processes and how the organisation is performing from various perspectives. It is intended to measure process maturity, gain acceptance for the business process management approach to improvement, estimate the value of improvements based and set the draft improvement plan. The research and practitioner methodologies tend to present their phases as linear and sequential. While some of the activities do have predecessors many can be run in parallel depending on available project resource. The Context Phase activities are shown in Table 27

Activity	Rationale/Explanation
Sign off project charter for the Context Phase	Sets objective, scope, timeline, communications plan and sets the stage for stakeholder expectation management
Establish and train the business unit team to work on the context phase and sign off steps	This is the formation of the team from the business unit (senior manager and other key staff) who will participate in the Context phase. The training introduces BPM and the process approach and shows the links between strategy and process which the process architecture will develop.
Develop Organisational Context View	This is the highest conceptual model of the process architecture. It gives the project team and the business unit a common visual tool to refer to for the relationships between the organisation, industry competitors, investors, customers, staff and suppliers. It describes the product offerings and channels and overviews the organisational business model i.e. how they provide value to their customers. Burlton's methodology goes straight to identifying processes and Jeston & Nelis go straight to an Organisational Process View but this higher level of conceptual development shows the organisation in context of its key stakeholders and competitors.
Develop Organisational Process View	This is the second layer of the organisational process architecture showing organisational process groups and how they relate to each other.
Review Strategic Plan	Reviews the organisation's strategic plan and documents and clarifies any stated strategic objectives, goals and values.
Review Organisational Structure	Reviews the current organisation chart, roles, responsibilities
Review current performance measures and assess current performance	Lists all the current measures e.g. financial, key performance indicators, customer satisfaction, staff satisfaction, leadership measures, staff performance assessments, incentive and reward programs, to understand how the business currently assesses its own performance. Provides a view of the current performance of the business unit from multiple perspectives, Investors, Customers, Staff and Leaders.
Review Organisational Process View and assess estimated value of improvements	Maps the strategic goals and current performance against the organisational process view to view areas of underperformance in relation to process groups. Agree estimated value of improvements.
Measure Process Orientation	Complete Reijer's 2006 Questionnaire for initial assessment of process orientation

Activity	Rationale/Explanation
Review BPM approach	Review the BPM approach with the organisation, review their process orientation score. Agree methodology for next phase.
Establish improvement vision	Agrees the draft plan for improvement by reviewing underperformance and link to strategic objectives and setting priorities, and sets draft improvement targets.

Table 27 Nationwide BPM Methodology Context Phase

5.3.1.2 Discovery

This second phase is intended to investigate the organisation in more depth. It drills down on end to end processes, investigates what customers expect of process, identifies process owners, process goals and principles and how processes will be measured. It identifies a priority of processes for mapping, plans mapping workshops early on, identifies what BPMS will be suitable for the organisation, agrees mapping standards and maps identified processes. It identifies constraints on process from the capabilities required, agrees improvement idea generation and evaluation process and agrees the on-going governance of CPI.

Many of the activities can be run in parallel depending on the available resource. The Discovery Phase activities are shown in Table 28.

Activity	Rationale/Explanation
Sign off project charter for the Discovery Phase	Sets objective, scope, timeline and communications plan in alignment with the draft improvement plan and sets the stage for stakeholder expectation management.
Establish and train the business unit permanent CPI team.	This is the formation of the team from the business unit who will be the permanent CPI team. This team should comprise the most senior manager and a selection of other managers and staff to give a thorough perspective of all the end to end processes of the business unit. Training introduces BPM and trains specifically on process mapping, process evaluation and process redesign.
Identify business processes	Provides a complete list of the processes the business unit engages in.
Discover customer requirements of process	Essential for process goal setting and re-design. The method of discovery can be varied from focus groups, ethnography, interviews, reviewing verbatim comments in customer satisfaction surveys etc. Develop a customer requirements matrix showing customer requirements by process stages. Assess current performance and demonstrate gaps.
Identify business process owners, goals and measures, and principles and measures	Identifies the process owner, the process goals and its link to strategic objectives and customer expectations, the principles underlying the process and their link to organisational values. Also identifies how the process will be measured in terms of achieving process goals and process principles.
Specify business processes for mapping	Agrees which processes will be mapped for the first phase of improvement
Identify BPMS	Present the organisation with overview of available tools for mapping and process execution and mapping standards. Agree BPMS and mapping standards suitable for organisational use.
Prepare mapping quality standards	Develop and document the standards for mapping process and collecting information on task performance.
Map agreed end to end	Workshop with the organisation to map process to a process stage

Activity	Rationale/Explanation
processes	(sub process), task and procedure level. Provides a current view of process as a basis for re-design.
Evaluate process performance	Using the process goals and measures assesses current process performance.
Process capability matrix	Develop a process capability matrix showing cultural, strategic, management, business support and staff capabilities required by processes and process stages. Assess capabilities and capability gaps with RAG analysis.
Agree Idea Suggestion process	Develop a process and system for all staff to suggest ideas for improvement including feedback loops
Agree CPI Meeting Agenda	To ensure on-going governance of CPI develop a standing agenda for the CPI meetings which covers process review, idea evaluation and review of implementation of approved ideas
Develop criteria for assessing process and re-designing process	Provides guidelines for process evaluation and improvement by linking process to strategic objectives.
Establish improvement plan	Agree the high priority improvement s, create delivery plans and assign resources

Table 28 Nationwide BPM Methodology Discovery Phase

5.3.1.3 Implementation

The third phase is the embedding of the BPM capability into a permanent BPI team in the business unit and delivering the high priority improvements identified in the Discovery phase. In the Discovery phase the BPM team has worked alongside the permanent CPI team who are now ready to take the lead on on-going process improvement.   The Implementation Phase activities are shown in Table 29.

Activity	Rationale/Explanation
Sign off charter for the permanent BPI team	Sets long term vision, objectives, and scope for the BPI team along with on-going communications plan.
Train all business unit staff in BPM	While business unit staff have had regular communications about the new improvement approach they are now introduced to BPM and trained in the process approach by members of the CPI team from the business unit. The Ideas generation process is trained so that staff have an on-going outlet for creative improvement ideas.
Rollout Improvement Ideas Process	The ideas generation and feedback system is implemented
Agree CPI meeting schedule	Plan regular CPI meetings to manage improvement plan, identify and assess new improvement ideas, on-going review and redesign process.
Monitor progress	Attend business unit BPI meetings and monitor progress to ensure value is being generated for the organisation

Table 29 Nationwide BPM Methodology Implement Phase

5.3.2 Process Architecture

The review of literature on context in section 2.5.2 produced a model for the view of the first level of process architecture for the Nationwide pilot. The model considered the context of the business unit

in terms of the organisation, the industry and competitors, investors, suppliers, products, staff, facilities, systems, customers and community. The contextual view attempted to show the business unit embedded within the tight constraints of the market and the community in the way Hedman & Kalling's (2003) model did. However, the model also utilised the idea of showing the organisation as the means in which the supply of resources become available to customers and investors in the way Harmon (2007) did, while at the same time showing the strategic objectives and the espoused values of the business. The model (see Figure 24 Organisational Context - First Level of Nationwide Process Architecture) was completed in workshops during the Context phase.

The review of process categorisation in section 2.5.3 produced a view of the second level of process architecture which incorporated Garvin's (1998) concept of behavioural processes, but showing them as the processes from which arise the norms that form the cultural background that the other processes are embedded in. These were renamed to Organising Processes following Weick's (1979) use of the phrase.

It utilised the generic processes of the APQC Process Classification framework as described in section 2.5.3 but re-categorised them into strategic, management, business support and business processes. The rationale for this was that the organisation has specific groups of people in these of these categories. The organisational leaders perform the strategic processes, the organisational managers perform the management processes, the staff who serve staff perform the business support process and the staff who serve customers perform the business processes. The intention of the Organisational process model was to put the processes in a perspective which showed the dependency of the success of the final service to the customer on the preceding strategic, management and business support processes. In addition the organisational functions are shown to represent the intra-organisational competition for resources for these processes. This model (Figure 25 Organisational Processes - Second Level of Process Architecture) was completed during workshops in the Context phase.

5.3.3 Process Redesign Checklist

The review of process design literature produced a checklist that was utilised in training the Nationwide Commercial CPI team.

Process Redesign Checklist	
Category	Checklist
Strategic Alignment	Ensure process goals support strategic objectives
	Ensure process principles support organisational values
	Ensure process goals and principles are clear, measurable, monitored
	Ensure organisational policies support process goals and strategic objectives
Organisational Alignment	Design to keep process within functional boundaries if possible
	If processes cross functional boundaries ensure handoffs are clear and tools are in place to measure quality, quantity and timeliness of outputs from first department to next
	If processes cross functional boundaries ensure process owner has authority across all functional units
Competitors	Understand the competitors process and where and why it deviates from the organisational process

Process Redesign Checklist	
Category	Checklist
Customers	Understand the customers process and how it intersects with the organisational processes
	Understand customer expectations of process
	Ensure customer contact is minimised. Consider one step resolution.
	Utilise customers resources in process where possible to relocate control
	Integrate with customers process where possible
	Ensure process has feedback for quality, quantity, timeliness of outputs
Staff	Ensure staff incentives and rewards are aligned with process goals
	Ensure process maps are utilised in training of staff so training is process centric and staff are process aware
	Ensure process, sub-processes, tasks are clear
	Ensure policies and procedures are linked to process and support process business rules
	Ensure roles are clear
	Have staff work in teams where possible to increase flexibility and consider team rather than individual incentives
	Ensure incentives and links to strategic objectives are well communicated to staff
	Ensure staff have capabilities required for roles
	Ensure staff are adhering to process by providing workflow audits
	Ensure staff have performance feedback on quality, quantity and timeliness from process
Suppliers	Ensure process has feedback for quality, quantity, timeliness of inputs
	Integrate with suppliers process where possible
	Consider outsourcing
	Utilise trusted sources for information rather than produce it
Workflow	Design sub-processes to allow for order types rather than allow exceptions in main processes
	Design sub-processes to allow for order types rather than allow exceptions in main processes
	Design process break outs for exceptions
	Check the sequence of tasks
	Ensure no duplication of tasks or date entry
	Eliminate tasks where possible
	Consider splitting tasks or combining tasks
	Consider running tasks in parallel
	Have roles perform as many tasks as possible to reduce handoffs
IT/BPMS	Utilise automation where possible
	Ensure process analytics are available
	Ensure IT applications are aligned with and support process
	Ensure information produced supports process planning and decision making

Process Redesign Checklist	
Category	Checklist
Management	Ensure process owner and managers incentives and rewards are aligned with process goals
	Ensure managers are process oriented
	Ensure managers have information for resource planning
	Ensure mangers have performance feedback on quality, quantity and timeliness from process
	Ensure managing processes incorporates response to business process feedback
	Ensure reporting of process performance to higher managers and accountability is in place
Resources and Facilities	Ensure process design includes specifications for workplace layout and furnishings, equipment, and staffing levels

Table 30 Process Redesign Checklist for Nationwide

5.3.4 Critical Success Factors

The AR project at Nationwide required a Critical Success Factor summary to be created so that the AR team could utilise the ethnographic data to determine if the project was on track.

Each of the studies on critical success factors produced a list of factors. These were put side by side and the same or similar constructs were mapped to produce one single list. These in turn were mapped to the six key critical success factors that Melenovsky & Sinur (2006) and Rosemann, de Bruin & Power (2006) agreed upon. The Melenovsky & Sinur order was selected as a base because of the order it listed the factors in, putting Culture and Leadership high in the sequence. In their key CSF's Culture and Leadership are combined however these were separated, identifying them as two different constructs. Process was included to create eight key critical success factors with sub factors. See Table 31.

Process was added as a separate factor in order to ensure a focus on, and on-going measurement of, the constructs of process orientation or process maturity and BPM expertise within the business. Both of these sub-factors were seen as critical to how successfully BPM was embedded within the organisation.

Factor	Sub Factor	Requirements
Strategic Alignment	Organisational Structure	The structure is clear and there is willingness to change structure to support change
	Roles and Responsibilities	Clear roles and responsibilities, change plans and training in place for redefined roles and responsibilities
	Strategic Clarity	Stated strategic objectives are mirrored by existing initiatives and behaviour. Unstated strategic objectives that contradict or re-prioritise stated objectives are not evident.
	Strategic Links to Process	Process goals set in line with stated strategic objectives
	Customer Expectation of Process	Voice of customer mechanisms in place

Factor	Sub Factor	Requirements
	Business Partners Expectations of Process	Process design feedback in place
Process	Process Orientation/ Maturity	Measure in place to continually monitor increase in process orientation/maturity. This measure indicates fit of organisational environment with BPM values.
	BPM Expertise	The BPM team has the support of experienced BPM practitioners
Culture	Culture	Current culture is understood as well as possible. Values are articulated and supported by analysis of behaviour and symbols
	Change Vision	Clear well communicated vision and why the organisation is undertaking the change
	Change Readiness	Employees hold positive views about need for change, preparedness for change and the potential for positive outcomes.
	Change Management Expertise	Change planning follows contextual analysis and includes change path, change start point, change style, change interventions, change roles, and change barriers
	Change Reinforcement	Mechanism in place to reward changed behaviour
	Expectations	Expectations of all stakeholders are understood and managed
	Communication	Transparent (Clear, consistent, timely) to all stakeholders
Leadership	Leadership	High level sponsorship with on-going contact with the project and championship at senior level
	Management Competency	Assessment of manager capability for process and change
	Management Support	Sustained management commitment and leadership from the top of the organisation
	Process Owner Support	Clarity around who owns process and why (particularly processes that cross functional boundaries) with owners having authority and credibility. Leadership support for process owners improvement initiatives
	Championship	Championship at all levels of the organisation
People	Staff Competency	Assessment of staff capability for process and change requirements
	Training/Knowledge Transfer	Clear underlying theory, accessible high quality training with outcome measures
	User Participation	Staff participation in process design and improvement
Governance	Benefits Management Structure	Clear business cases and post implementation reviews
	Resources	Sufficient resources to accomplish the project plan, no competing initiatives
	Performance Management	Staff and managers are incentivised to support process goals which in turn support strategic objectives
	Goals and Measures	Process goals clear and achievable, measures are timely
Method	Initiation and Completion	Clear project and sub project initiation, timeframes and completion

Factor	Sub Factor	Requirements
	Project Planning and Management	Iterative planning approach that allows for complexity and emergent change, clear timeframes, realistic objectives, timely reporting and progress measurement and support for all business as usual activities which run in parallel
	BPM Team Composition	Cross functional, well trained, appropriate authority and credibility, role clarity
	Process Architecture	Clearly documented, organisationally appropriate (not IT appropriate) with levels suitable for industry
	Process Redesign	Documented design principles.
	BPM Methodology	Proven, documented, trained, clear, with iterative improvement
	Standardisation	Modelling, redesign and other lifecycle methods are documented and standardises
	Modelling Methodology	Proven, documented, trained, clear, with organisational participation
	Modelling Tool	Business friendly first (not IT friendly first)
	Modelling Language	Business friendly first (not IT friendly first)
Information Technology	IT Infrastructure	Reliable, responsive
	Systems testing	Changes are tested thoroughly by developers and users

Table 31 Critical Success Factors Selected For Nationwide BPM Implementation

In order to operationalise the learnings from critical success factors and embed them in the BPM methodology a questionnaire was developed for completion over the course of the BPM project. A question was developed for each of the sub factors based in the listed requirement and this was answered using a five point Likert scale. This was converted to a RAG (Red/Amber/Green) format and the eight major factors were reviewed in this format.

5.4 THE NATIONWIDE COMMERCIAL PILOT

This section overviews the pilot that was carried out at Nationwide Commercial starting in December 2009

5.4.1 Timeline
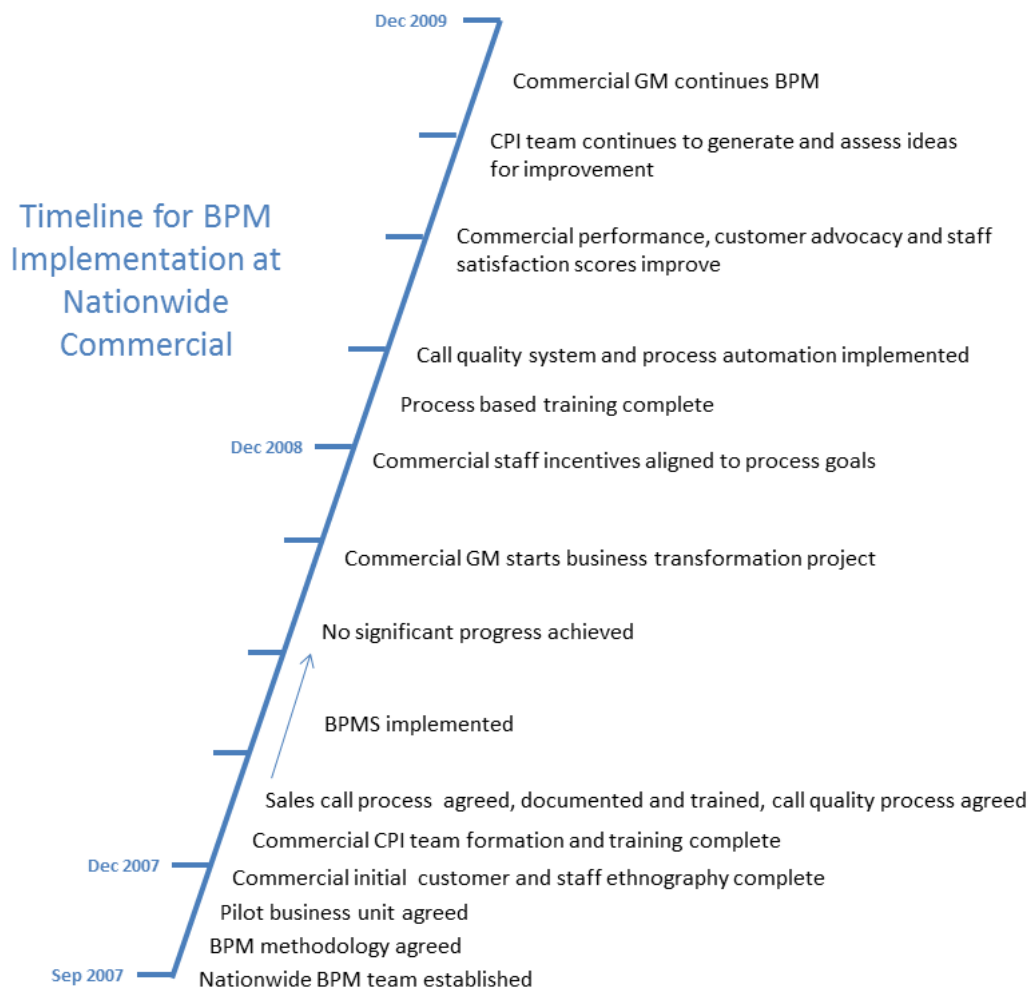
Figure 22 Timeline for BPM Implementation at Nationwide Commercial

5.4.2 Nationwide Commercial Background

In the radical restructure of Nationwide in 2001, 31 branches were closed and three major call centre sites were opened. The Auckland call centre site had separate call centres for Personal, Commercial and Business Partners (underwriting support for banks). The Commercial call centre moved staff from branches, primarily in the Auckland region, into one large call centre environment. In the branch environment Commercial the staff was a separate unit to Personal staff but looked after all the Commercial customer needs including their personal insurance if that was required. They had the freedom to come and go from the office that personal staff did not because they were expected to visit local Commercial customers in order to service their needs. The Commercial

system used was Datarich, the system inherited from Norwich Union in 1990; this had two suites of insurance FarmPak and BizPak, both had very flexible underwriting rules so that a wide range of business and farming assets and other insurables could be covered. The Personal system had moved from Datarich to Policy Plus progressively from 1995 to 2000; Commercial staff were trained on Policy Plus so they could continue to help Commercial customers with Personal insurance if requested and this did not change with the shift to the call centre.

When the call centre was established the Commercial staff was organised into combined skill sets so that each person took all types of calls, unlike the Personal call centre which separated skill sets into Sales and Service. All call centre staff regardless of skill set were expected to up sell and reach sales targets. In 2006 a new General Manager was appointed and he reorganised Commercial into separate Sales and Service teams like Personal. In 2007 all the staff was trained in a sales technique called Customise which was described as customer driven selling and trained the staff in how to direct and manage calls so the desired sales outcome was achieved. Also in 2007 a new product was launched called EasyBiz which targeted small trade and retail businesses with 1-5 employees with a standard package of business insurance. This product was in the Polisy system which Commercial had not used before so the training for the product included system training and the staff was required to access two systems depending on the customer's needs they had identified at the beginning of the phone call. Also in 2007 the Personal business implemented Huon and the decision was taken not to train the Commercial staff in the new system or give them access so they lost their ability to help Commercial customers with their Personal business. In September 2007 Nationwide underwent a cost savings program where all business units were expected to save a certain percentage of costs: in this restructuring Commercial returned to the single skill set model and made a number of redundancies.

All of these moves had created a very disrupted environment in the call centre but none of this was made apparent to the BPM team until semi structured interviews with staff as part of the ethnographic research revealed it. The pilot site was not as straightforward as it had seemed when it was selected.

5.4.3   The Context Phase - December 2007

5.4.3.1   Nationwide Commercial Context

The charter for the Context phase was agreed with the Commercial GM and a series of workshops were undertaken to complete the Context phase during December 2007.

The first phase of the BPM program primarily involved the Commercial management team: the General Manager and three of his direct reports, Underwriting Manager, Service Delivery Manager and Agency team Leader, in a series of workshops. They were given an initial training session on BPM and the objectives of the Context phase and then participated in the development of the Organisational Context View and the Organisational Process View.

The primary objectives of this phase are to shift the business team participating in context development to a process orientation and to understand the complexity of the context the BPM project is working in. The first training exercise for the team was to build the context of the

processes they wished to improve. They selected Sales and Service as the first processes. Once they had done this they were presented with a stack of other processes and outcomes and asked to stick

these on a white board to show how they might impact on the process selected. The team assembled the view represented in Figure 23.
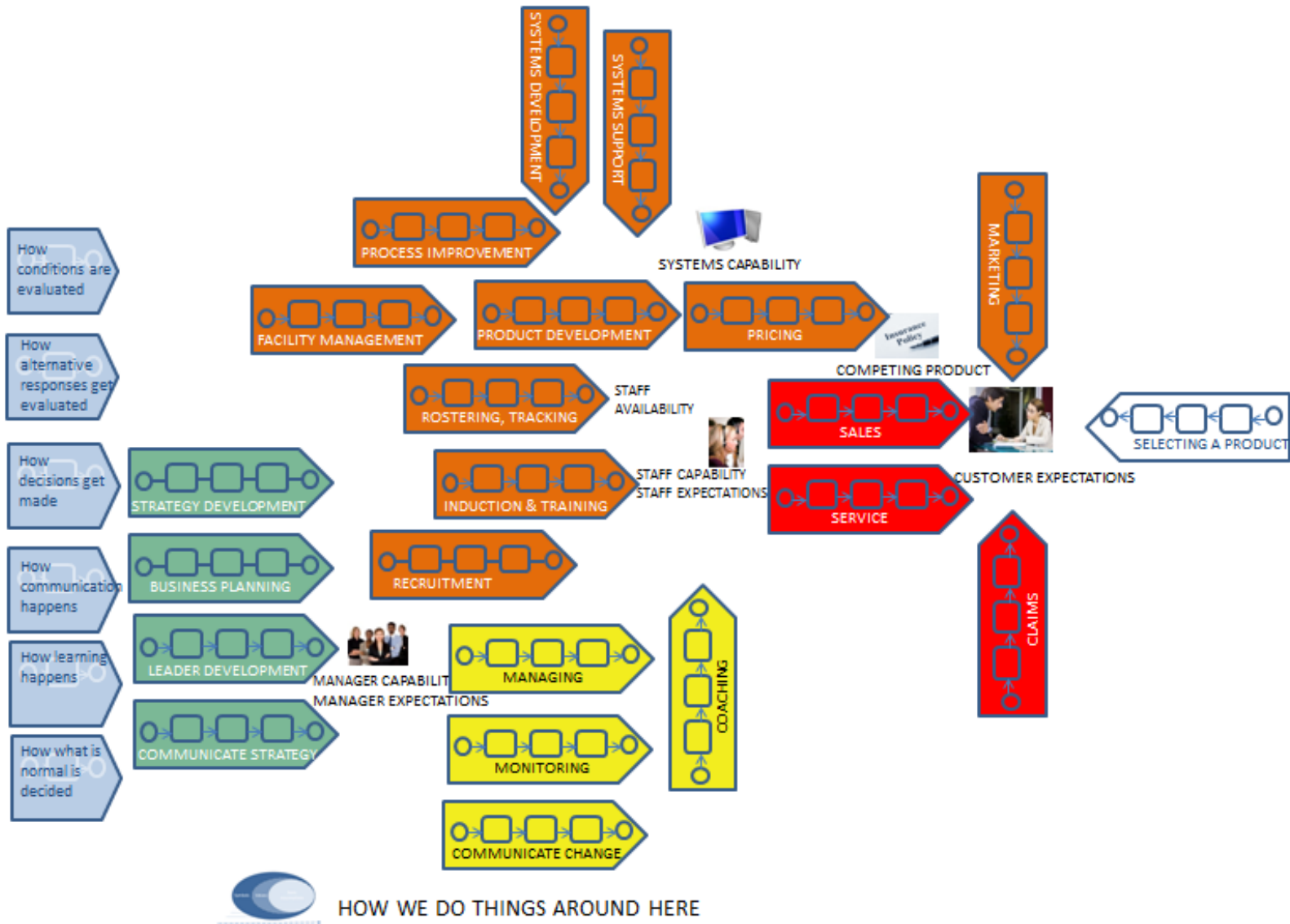
Figure 23 Nationwide Commercial – Seeing Process as Part of a Complex System

They were then asked what the colour coding might represent and the concept of process groups or types was introduced and discussed. Further discussion followed around the concept of culture as organising processes. These were described as how conditions are evaluated, how alternative responses to changed conditions are generated and evaluated, how decisions, communication and learning is achieved and how what is normal is agreed. This lead to a discussion on what might impact on process improvement and agreement that tackling a single process might not work because of the complexity of its process environment including the culture of the environment.

The team then moved on to complete a view of the organisational context which is represented in Figure 24.

NZ Personal and Commercial Insurance Market - $3.7 billion ($1.9 billion Commercial, $1.8 billion Personal

AIL Insurance - 31% , $1.2 billion of total Personal and Commercial market
VISION - To Be New Zealand's Insurer of Choice

STRATEGY - Profitable GROWTH underpinned by three themes:
• Customer – operating in a 'customer centric' way; improving customer satisfaction, advocacy and retention
• Leadership – leveraging our scale and sustainability values and increasing the drive for efficiency
• People – developing an innovative and high performance organisation where you can do your best work and deliver exceptional customer service

INVESTORS
AIL Australia

INVESTORS
AIL Australia

SUPPLIERS
Claims settlement providers (Buildings, vehicles, equipment, household, services)
Re-insurers
IT providers
Other providers

PRODUCTS
Commercial, House, Contents, Vehicle, Travel

STAFF - 2050
Shared Services - 300
NZI - 580
Business Partners - 250
Nationwide - 920

FACILITIES
Physical
Equipment

SYSTEMS
Huon, Datarich etc

SHARED SERVICES

Planning

Pricing

Procurement

HR

Marketing

Finance

IT

NZI, Corporate Partners (ASB, BNZ), Travel $830 million
69% of total AIL

COMMUNITY

CUSTOMER
Brokers, Business Partners

Nationwide INSURANCE
Strategic Objective: Grow to 30% market share with 35% share of the profit pool

Nationwide Personal 445 Staff $320 million 17.5% of total Personal insurance market.

Nationwide Commercial 50 Staff $50 million 3.5% of total Commercial insurance

Nationwide Claims 430 Staff $250 million payments annually

CUSTOMER Personal
Almost anyone with personal insurance needs

CUSTOMER Commercial
SME's employing 1 to 10 staff. Premium up to $5k. Simple insurance needs which can be handled over the phone

VALUES
Honesty, Teamwork, Meritocracy, Transparency, Innovation and Social Responsibility (

COMPETITORS
Suncorp (AA Insurance, Vero, ANZ, AMP, National Bank) 21%, Wesfarmers (Lumley, Westpac) 9% , AMI (Personal only) 8%, QBE 6%, Tower 6%, AIG 3%, Allianz 2%, ACE 2%

Figure 24 Organisational Context - First Level of Nationwide Process Architecture

They were asked to build a view of all of the processes within the process groups and they completed a view represented in Figure 25.

Figure 25 Organisational Processes - Second Level of Process Architecture

When they completed these two levels of the process architecture they were then combined as represented in Figure 26.

Figure 26 Nationwide Commercial - Level 1 and 2 Process Architecture Combined

The next context activity was to review the strategic plan but the business unit did not have an individual one; it had only financial targets to meet.

Profitable **GROWTH** is the key driver of our strategy. This is underpinned by three themes:

• **Customer** – operating in a 'customer centric' way; improving customer satisfaction, advocacy and retention

• **Leadership** – leveraging our scale and sustainability values and increasing the drive for efficiency

• **People** – developing an innovative and high performance organisation where you can do your best work and deliver exceptional customer service

Figure 27 AIL Strategic Themes

The overall AIL Strategic Plan (shown in Figure 27) was reviewed and the high level strategic objectives identified (see Figure 27) and it was agreed that the business unit needed its own specific strategic objectives in order to contribute to the overall objectives and as the base to which all future process goals would be aligned. These needed to be related to the process groups that deliver the objectives so that process goals could be set to achieve the objectives.

STATE INSURANCE STRATEGIC OBJECTIVES	STATE COMMERCIAL STRATEGIC OBJECTIVES	PROCESS GROUP
Profitable GROWTH is the key driver of our strategy. This is underpinned by three themes:	**VISION AND STRATEGIC OBJECTIVES** Vision: State Commercial is the preferred insurer for SME's Objective: Profitable Growth of GWP	ORGANISATIONAL
CUSTOMER - operating in a 'customer centric' way; improving customer satisfaction, advocacy and retention	**CUSTOMERS** Vision: Create enduring customer relationships Objective: Improve customer retention	BUSINESS
PEOPLE - developing an innovative and high performance organisation where you can do your best work and deliver exceptional customer service	**STAFF** Vision: Attract and retain target staff Objective: Lift My Performance Score to Solid	BUSINESS SUPPORT
LEADERSHIP - leveraging our scale and sustainability values and increasing the drive for efficiency	**LEADERS** Vision: Create a culture of high performance Objective: Lift leadership index to NZ best practice	MANAGEMENT
	INVESTORS Vision: Achieve sustainable return on risk based capital Objective: Achieve NEP as per budget	STRATEGIC

Table 32 Nationwide Commercial Strategic Objectives by Process Group Aligned to Organisational Objectives

The organisation structure for the business was then reviewed.
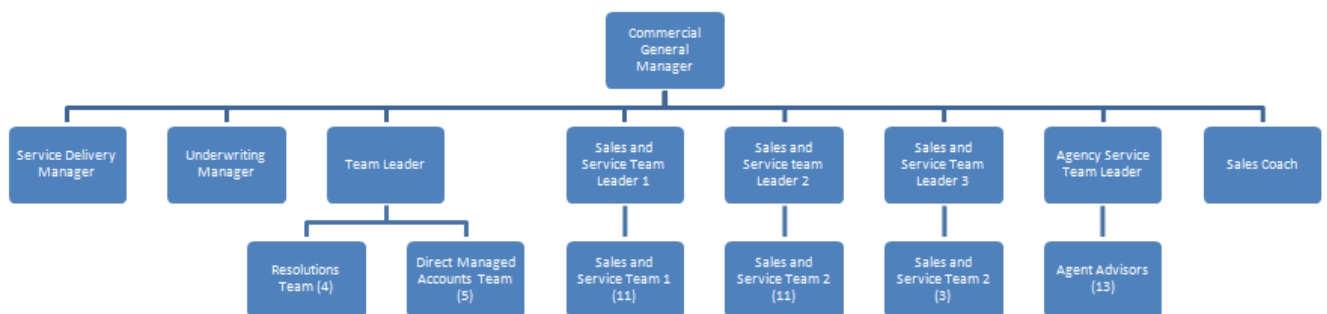
Figure 28 Nationwide Commercial Business Unit Organisation Chart

Whilst the workshops were running a separate stream of work to review current performance measures and performance achievement was completed. The Commercial business unit's lead performance measure was Gross Written Premium (GWP) and this was lagging behind budget and last year by almost 10%. The second key performance measure was customer advocacy and this was in the negative (Promoters less Detractors <0). The third key performance measure was staff satisfaction which was also at an all-time low. The staff was incentivised on sales revenue only; each staff member recorded premium sales in a spreadsheet, this was checked against a summary that arrived from Finance each fortnight.

One of the key underlying philosophies of BPM is to link strategic objectives to process goals but the literature is silent on how to achieve this other than to set process goals that support strategic objectives. While the selection of a BPMS in the next phase would mean the implementation of a system with Business Activity Monitoring (BAM) we needed a Dashboard to monitor progress at a higher level. A review of BPM literature did not produce any possibilities which explicitly linked process to performance. The Balanced Scorecard by Kaplan & Norton (Kaplan & Norton, 1992, 1995, 1996) shown in Figure 29 is the most popular organisational dashboard approach; it considers process but does not explicitly link process outcomes to performance thereby making the link between strategic objectives and process outcomes explicit.
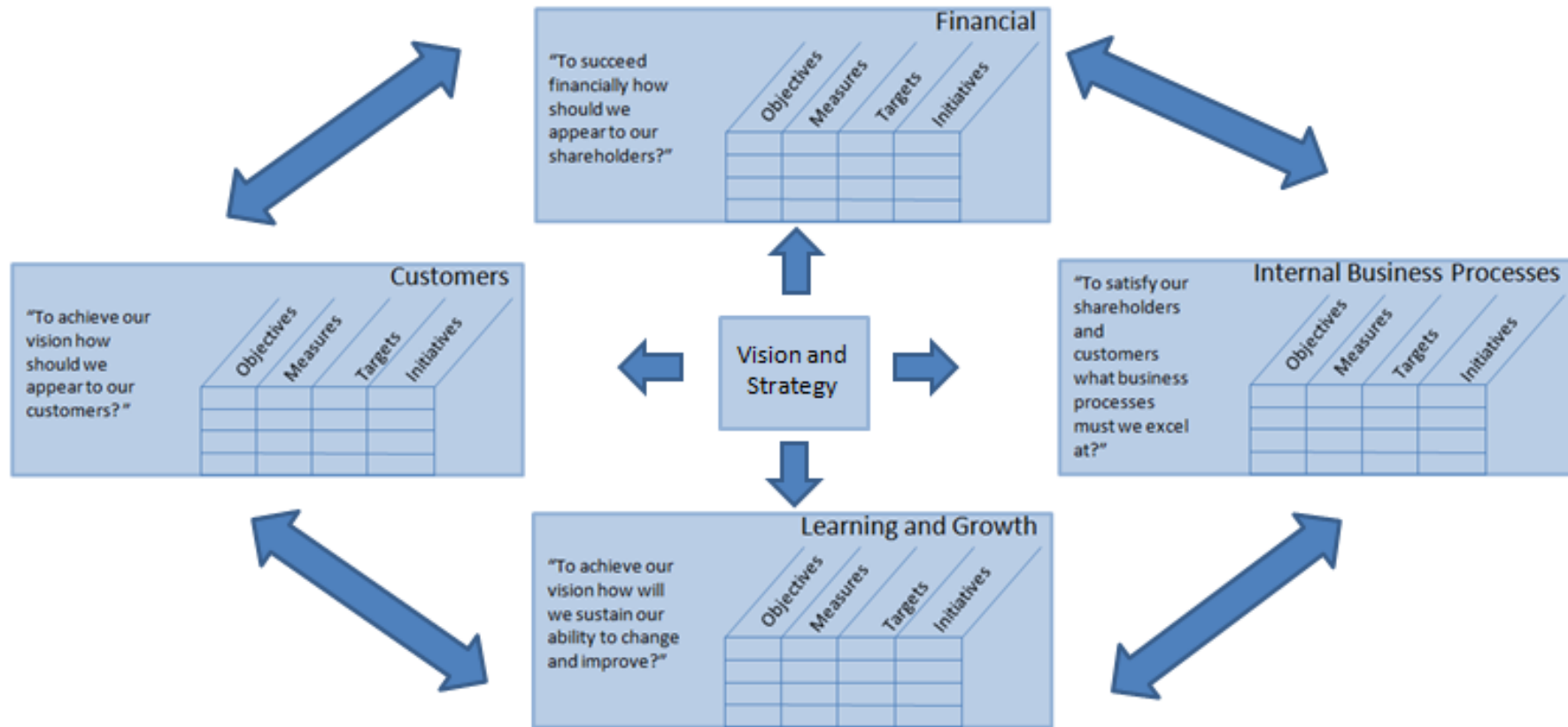
Figure 29 Balanced Scorecard Adapted from Kaplan and Norton (1996)

A new Dashboard incorporating some aspects of the Balanced Scorecard was designed and populated. This is represented in Figure 30.
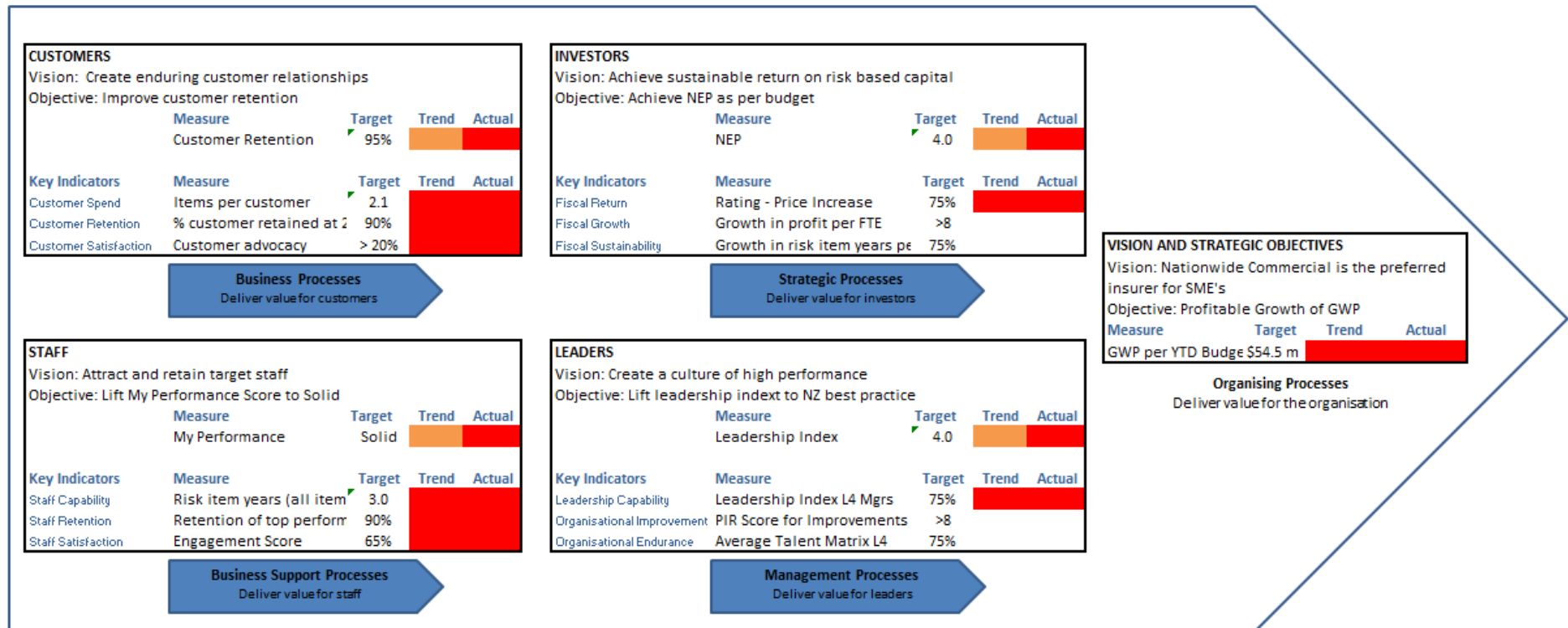
Figure 30 Nationwide Commercial Process Based Dashboard

This was based on the organisational processes identified as the second level of the process architecture. It showed the dependency on process to achieve organisational objectives and specifically which processes deliver value to each type of 'process customer': Investors, Leaders, Internal Customers/Staff and Customers. Each of these four sections had one major objective with a measure and three key health indicators of short term, medium term and long term sustainability.

The Process Based Dashboard was designed so that in the following Investigate phase process when process ownership and goals were assigned these would be viewable through a drill down.

Throughout the context phase the Commercial team were enthusiastic but at the workshop for the development of objectives and key health indicators they became very animated:

"This is great. I love the way it all fits together…"

"Now we can really start to measure what's important and really know what's driving things."

"It makes it look so easy."

Next Reijer's (2006) process orientation survey was completed by the Commercial management team; the result was 16%, in the red zone, confirming that the business unit was not currently process oriented and a lot of targeted effort would be required to shift the into the green zone.

SCORE		
	Dec-07	
Structure	25%	Y
Focus	19%	R
Measurement	0%	R
Ownership	0%	R
Customers	25%	R
TOTAL	16%	R

Figure 31 Initial Score For Reijer's Process Orientation

5.4.3.2 *When is a Call Centre Not a Call Centre?*

While the Commercial team were working on context and the BPM team were working on performance assessment, I was working from a hot desk in the Commercial Call Centre. This was often used by finance or marketing staff when they did project work in the unit so it was not unusual to have an unknown face sitting there. Nationwide Commercial took up almost all of one floor of a multi-story office block. The desks were arranged in banks of cubicles except at one end of the floor where the senior managers sat. This included the Service Delivery Manager who was responsible for maintaining call service levels. In this Context phase I had semi-structured interviews with two Team Leaders and two staff members as well as keeping field notes and meeting notes.

The call centre looked like others I had been in with walls covered in the latest marketing media, staff members wearing headsets logged into a telephone system, a hum of conversations, a call

board visible high on each of the walls showing the number of waiting calls, the average wait time and the percentage of calls answered in 30 seconds or less; if this service level percentage went below 85% the call board flashed red. If this happened or the Service Delivery Manager thought the calls were getting backlogged he would ring a bell which meant that anyone on discretionary after call work and off the phones must get back on the phones immediately. Unlike other call centres the staff spent a large proportion of time off the phones doing after call work; this was justified by saying the systems were so slow that staff could not complete work whilst on the phone with the customer.

My first clue this was not really like other call centres was the weekly management meeting. The senior managers and Team Leaders left to go to another building for what was usually a two hour meeting. As soon as they left the usual hum increased and the number of calls waiting started to climb. My field notes record seeing one staff member writing music on what appeared to be an application on his desktop, another texting, others emailing and everyone acting as though the call board was not flashing red; they simply ignored this. When the managers returned so did normality. This turned out to be fairly typical behaviour when the managers were absent.

My field notes reflect my confusion in this first month. I was seeing all the symbols of a call centre and very little behaviour that I would expect from previous call centres I had observed where the staff was tightly disciplined with call targets and average call times to achieve. Staff took every opportunity they could to get away from the phones for breaks, after call work etc. and this appeared to be accepted practice. There was an intense focus on making work fun, a theme day when staff dressed up, and regular staff social events run by the business unit which seemed strangely at odds with the low staff satisfaction score.

A Team Leader who had been in the call centre from its inception in 2001 said:

> "You need to understand we're not traditionally a call centre and I think that was drummed into me when we got this thing going...yes we run like a call centre but we're not...we've got ddi numbers we don't have forced calls we can ring our customer back we've still got the option of our customer ringing us...if someone wants to talk to Jack we put them through so that's very different to a call centre and call centres usually have high attrition and it's a tough job so they make it more fun than a call centre."

A staff member who had recently joined from a large New Zealand bank call centre talked about the differences:

> "The seating was good there...better than this...you could lift your desk and stand if you wanted to...but then they were really strict about leaving your desk..."

> "We had rules about call quality and your commission was halved if you were marked down.. it was all about the order and they had really strict scripting and your voice had to be professional...they were really rigid...I couldn't believe it when I got here I was woooo... this is flexible...it felt weird really but I guess I like it but I think they could be a bit more structured..."

Her confusion is understandable with the ambiguity of the presence of symbols of a call centre but the absence of the behaviours she was expecting from her previous experience. While I was with

her she printed a document and went to the fax machine to send it. I asked why she didn't use the E-Fax facility and she said:

> *"No one ever showed me that and anyway I like to get up and move around...we're sitting down all day."*

In this case setting up a call centre had not successfully imposed call centre discipline.

5.4.4   The Discovery Phase - January to March 2008

5.4.4.1   Nationwide Commercial Discovery Phase

At the beginning of January, following the work on the context by the Commercial management team the permanent Commercial CPI team for the business unit was formed. This comprised of the GM, Service Delivery Manager, Underwriting Manager, three of the Team Leaders and the Sales Coach. Over the next eight weeks the team attended weekly four hour workshops which provided training in the BPM approach, identified the full list of processes the business unit engaged in, their process owners, goals and principles and measures. The number of people on the team expanded as time went on with the GM requesting that all the team leaders be involved. They were given catch up sessions and then joined the team for rest of the sessions.

At the same time video based customer research got underway with an intention to record ten customers as they made contact (eight were finally completed) with the business unit and to video record semi structured interviews with five each recent acceptors and rejecters of a commercial quote asking them about their experience. This ethnographic research was intended to discover customer experience and requirements of business process for the process redesign. While this was getting underway a call listening diary was completed for fifty calls to get a perspective of what the average customer experience was and to assess the effectiveness of current process. I remained seated in the Commercial call centre and the staff ethnography continued with a focus on experience and requirements for process.

Once the processes for mapping had been identified, work started in identifying a BPMS for mapping and potentially execution of business processes. The organisation had three mapping products, Visio, Enterprise Architect (EA) by Sparx software Australia, and XSOL by XSOL Systems New Zealand. The first mapping was completed in EA using BPMN standards. Seeing the response from the CPI team to the maps, which they found "daunting", the processes were remapped in XSOL. The team was asked which style and output they preferred and XSOL was chosen as the BPMS. Examples from both are shown below (Figure 32 to Figure 37). Mapping standards were created and documented and mapping of the rest of the processes commenced.

STATE COMMERCIAL SALES AND SERVICE PROCESS OVERVIEW

Process SC&A : SC&A

Process SC&A : Index SC&A

Process Goals

Process Principles

Process Mapping Guidelines

Process Review Schedule

CUSTOMER SEARCH

Customer Purchase Process

Customer Policy Change Process

CUSTOMER CONTACT

Customer phones call centre

Call Centre calls customer

Customer writes letter or email

DELIVERY

Logging On To Phone

Commercial Quotes & Sales

Commercial Enquiries

Commercial Amendments

Commercial Cancellations

Renewals

Commercial Underwriting and Resolutions

Commercial Document Production

Customer compliments and complaints

Staff recruitment

Training

Quality and Coaching

Reporting

PAYMENT

Payment

BPMN Continuous Process Improvement

Figure 32 EA Process Overview

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COMMERCIAL QUOTES AND SALES HIGH LEVEL PROCESS
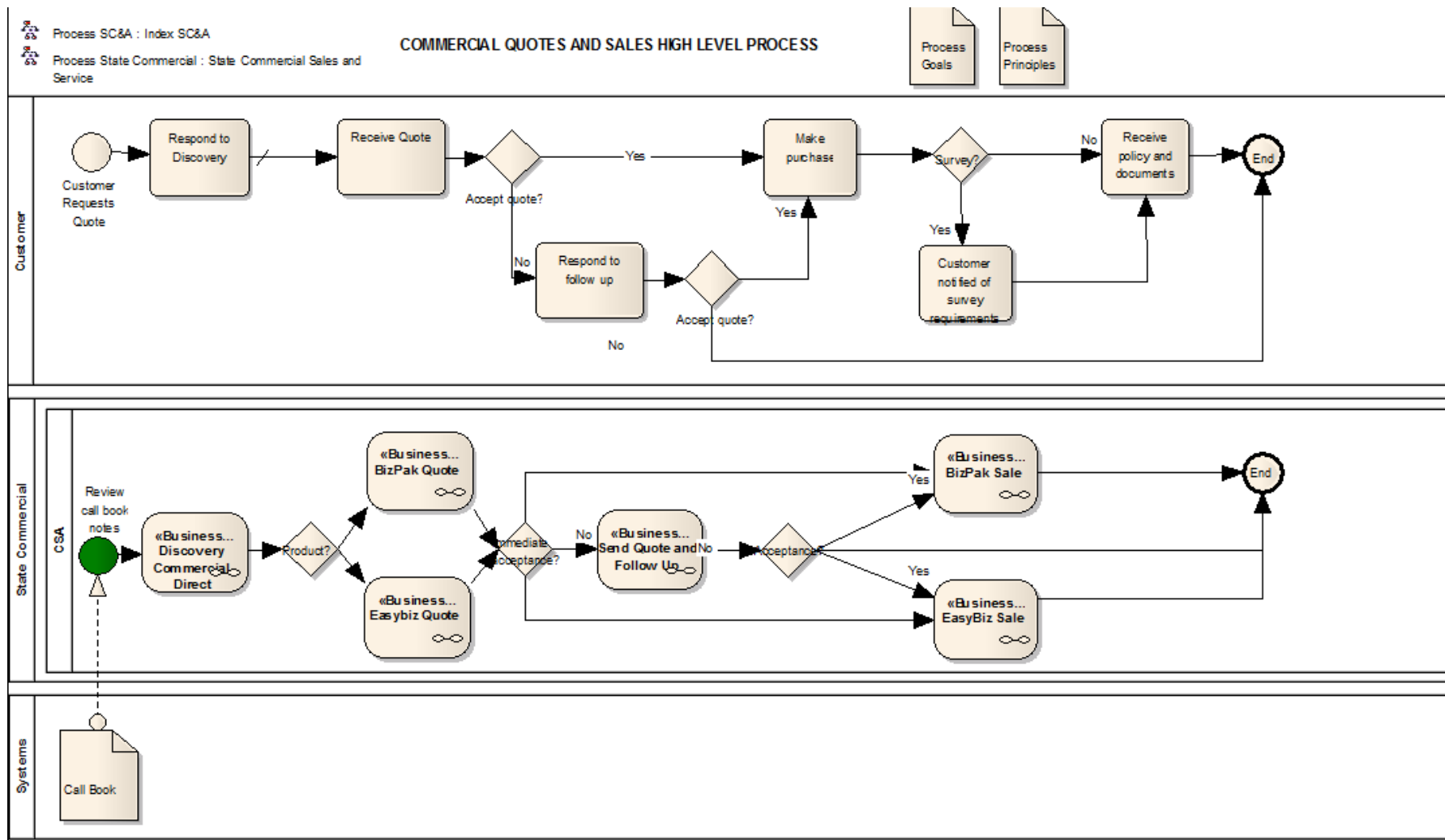
Figure 33 EA High Level Quote and Sales Process
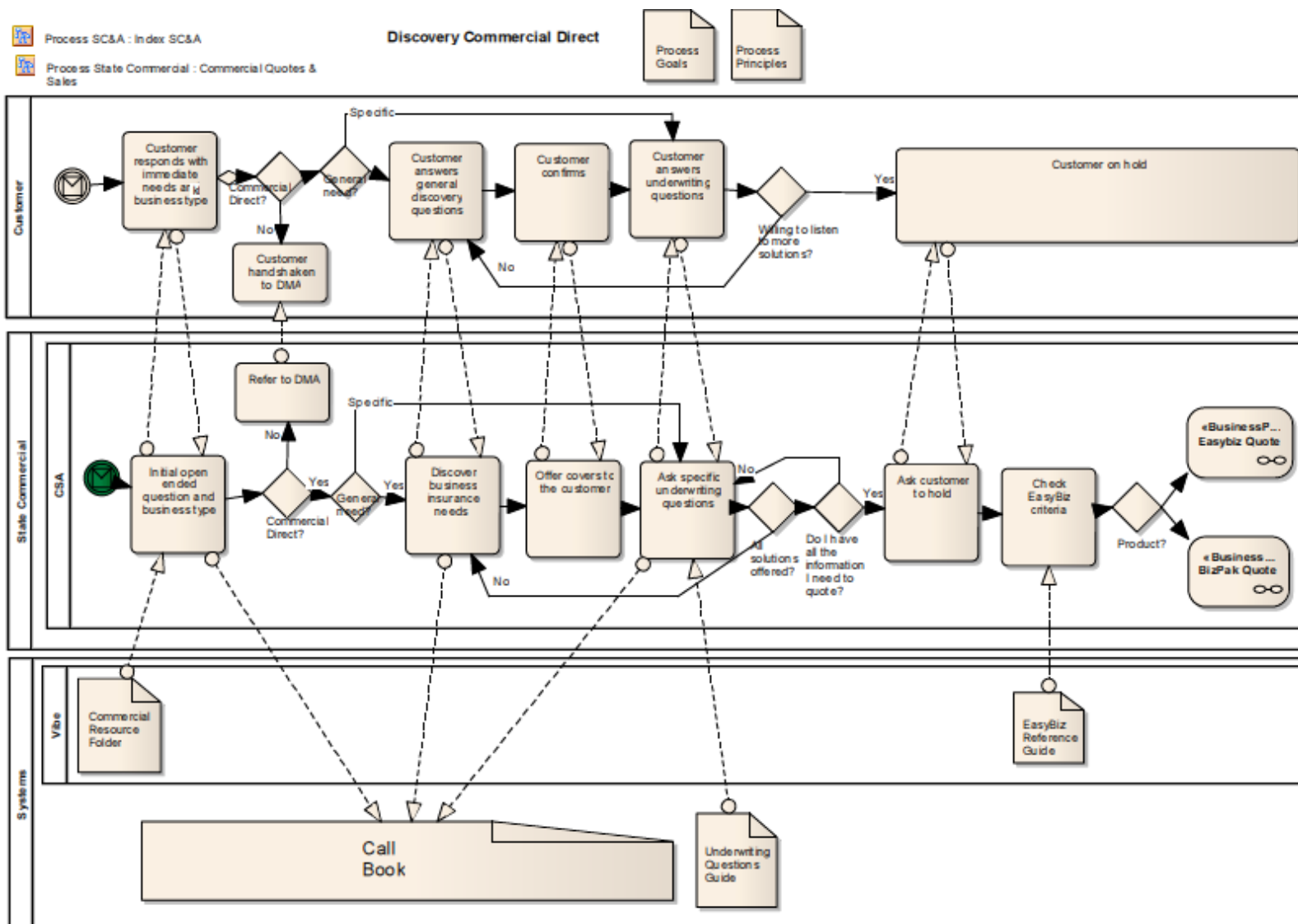
Figure 34 EA Detailed Discovery

- 📄 **Reading Process Maps**
- 📖 Business Processes -   Commercial
  - 📖 Process Group: Core Processes
    - 📄 Process: Quote and Sale
    - 📄 Process: Enquiries
    - 📄 Process: Amendments
    - 📄 Process: Cancellations
    - 📄 Process: Renewal Review
  - 📖 Process Group: Underwriting and Resolutions
    - 📄 Process: Survey Request
    - 📄 Process: Policy / Underwriting Query
    - 📄 Process: Work Audit
    - 📄 Process: Post & Prudent Underwriting
  - 📖 Process Group: Shared Processes
    - 📄 Process: Search and Privacy Check
    - 📄 Process: Up-Sell and Cross-Sell
    - 📄 Process: Create BizPak Policy
    - 📄 Process: Cancel Bizpak Policy
    - 📄 Process: Create EasyBiz Amendment
  - ◈ Process Group: Business Support
  - ◈ Process Group: Business Support - Receipting
  - ◈ Process Group: Business Support - Outstandings
  - ◈ Process Group: Report the Business

Figure 35 XSOL Process Overview

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Process: Quote and Sale

Description	This process occurs when a customer contacts State Commercial to buy insurance and covers the creation, follow-up and conversion of quotes for commercial insurance to new business policies.
Who can start this process?	CSA (Commercial)
	DMA Consultant
Who is involved?	BSA (Commercial)
	CSA (Commercial)
	Customer
	DMA Consultant
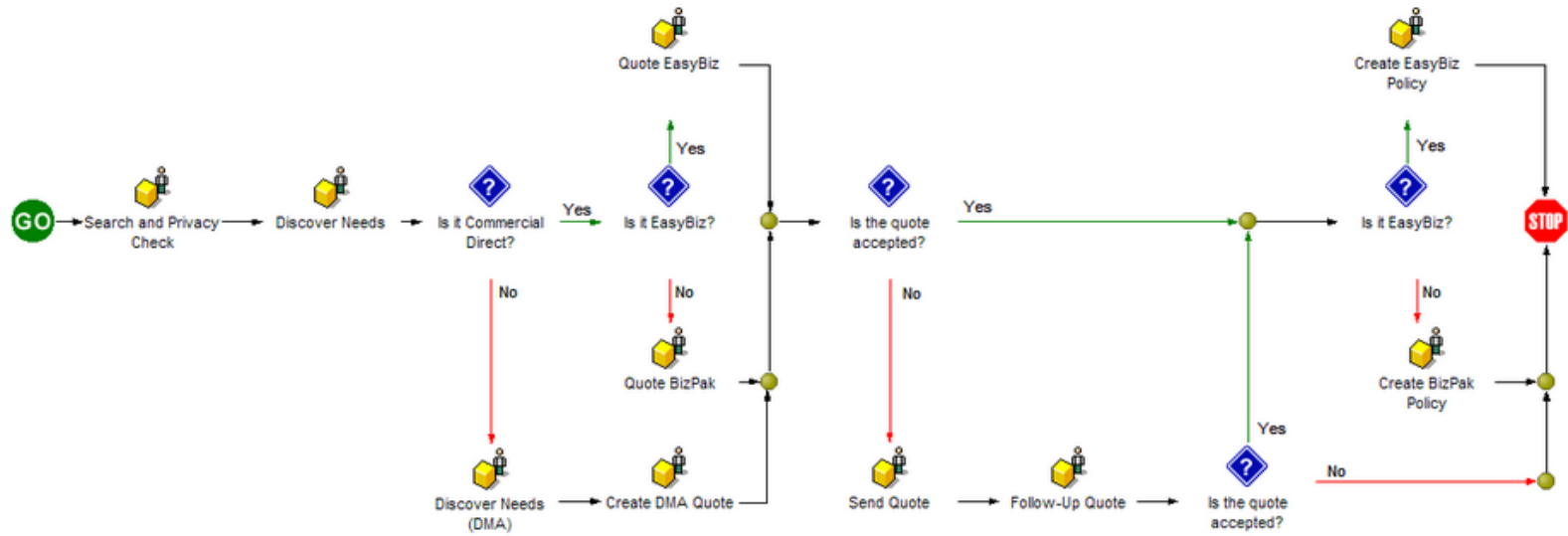
1. Process: Quote and Sale

Figure 36 XSOL Quote and Sales Process

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Stage: Discover Needs (Process: Quote and Sale)

Description	N/A
Who is involved?	CSA (Commercial)
	Customer
	DMA Consultant

3. Process: Quote and Sale, Stage: Discover Needs

Task Information (Stage: Discover Needs)

Task	Prepare call book (Manual)
Description	Prepare the call book so that you are ready to record information from the call.
Procedure	The call book is an exercise book ruled up by the CSA and completed for each call. If they have to get approval from Resolutions it gets stamped and signed, i.e. ring Resolutions to get approval and offer quote to the customer. If the customer takes the insurance, the Resolutions team member looks through the notes making sure ratings, excesses and notes are correct then they stamp and sign it.
	Books are dated every day.

Figure 37 XSOL Discovery Stage of Quote and Sales Process

As processes were mapped, the data for process goals was collected to assess current performance. At the same time the Process Capability matrix was created. This mapped the capability required by the process by stage (or sub-process) for each business process. This was broken into those capabilities delivered by each of the process groups (Organising (Cultural), Strategic, Management, Business Support, Business). These were prepared in workshop formats and then the capabilities were analysed using a RAG analysis to highlight those capabilities that required improvement. The Process Capability Matrix for Commercial Sales and Quote is shown in Table 33. By the time this analysis was performed the outputs of the customer ethnography stream of work had been summarised and presented in workshop format to the Commercial CPI team. This presentation took the form of first listening to a number of calls and then watching videos of the calls to better appreciate the customer's perspectives. Following this the CPI team then evaluated the capabilities and flagged areas for improvements by highlighting them as amber (some improvement required) or red (significant improvement required).

Process Capability Matrix: Quote and Sell
Process Goal: Productivity - Increase in Gross Written premium New Business >$5000 per day per FTE, Quality - Ease of call experience Call Quality Score >85%
Supporting NATIONWIDE'S Strategy
Profitable GROWTH is the key driver of our strategy. This is underpinned by three themes:
CUSTOMER - operating in a 'customer centric' way; improving customer satisfaction, advocacy and retention
LEADERSHIP - leveraging our scale and sustainability values and increasing the drive for efficiency
PEOPLE - developing an innovative and high performance organisation where you can do your best work and deliver exceptional customer service

	Quality Dimension	Cultural Values (Organising Process)	Leader (Strategising Process)	Manager (Management Process)	Support (Business Support Process)	Staff (Business Process)
	Promises	Helpful Sustainability awareness Community spirit	Communicated and governed	Embodied, reinforced and supported	Enact the promise	Enact the promise
	Products	Pride in dependability and fairness	Strategic clarity for product/market fit	Competitor aware Technical and market competence to evaluate product design	Competitively designed Fairly priced Clearly documented	
Process Level	Professional Servicescape	Pride in service Upholding professional standards Customer centricity Improvement focus	Clear strategic direction on environment and style	Convenient and effective hours of operation Clear dress codes Clear behaviour codes Monitoring and improving servicescape	Office environments support strategic direction Web sites and marketing media support strategic direction Adequately resourced rosters Efficient systems	

	Quality Dimension	Cultural Values (Organising Process)	Leader (Strategising Process)	Manager (Management Process)	Support (Business Support Process)	Staff (Business Process)
	Process Reliability	Process orientation	Communications and governance support process orientation	Process aware Prioritisation of process improvement Monitoring of process adherence Consistent use of call quality monitoring	Efficient process documented, trained and monitored Automated follow up systems Collection and analysis of process failure instances	Reporting of process failure and remedial actions
	People Skills - Responsiveness	Availability	Available and willing to help managers and staff	Available and willing to help all staff	IVR supports "ease of call" Available and willing to help staff with support requests	
	People Skills - Assurance	Deep knowledge of the industry and products	Inspire trust and confidence in al managers and staff Manager development programs	Inspire trust and confidence in all staff Staff development programs	Inspire trust and confidence in all staff with support requests Staff knowledge transfer mechanisms	
	People Skills - Empathy	Courtesy and understanding	Individualised attention to all managers and staff	Individualised attention to all staff	Individualised attention to all staff with support requests	
Search and Privacy Check	People Skills - Responsiveness					Customer ready
	People Skills - Assurance					Taking the initiative System knowledge for quick search Attention to detail
	People Skills - Empathy					Tone and rapport Courtesy
Discovery	People Skills - Responsiveness				Adequately resourced resolutions team	Explanation of process ahead Clear explanations for "on hold"
	People Skills - Assurance					Product knowledge Competitor knowledge Occupation

	Quality Dimension	Cultural Values (Organising Process)	Leader (Strategising Process)	Manager (Management Process)	Support (Business Support Process)	Staff (Business Process)
						knowledge
						Systems knowledge
						Attention to detail
						Using the call book effectively
	People Skills - Empathy					Active Listening
						Tone and rapport
						Courtesy
Provide quote	People Skills - Responsiveness					Time management
	People Skills - Assurance					Systems knowledge
						Explain advantages
						Ask for the business
						Manage objections
	People Skills - Empathy					Tone and rapport
						Courtesy
Follow up quote	People Skills - Responsiveness					Time management
	People Skills - Assurance					Explain advantages
						Ask for the business
						Manage objections
	People Skills - Empathy					Active Listening
						Tone and rapport
						Courtesy
Create policy	People Skills - Responsiveness					Time management
	People Skills - Assurance					Product knowledge
						Systems Knowledge
	People Skills - Empathy					

Table 33 Nationwide Commercial Process Capability Matrix Discovery Phase

Having mapped, analysed performance and capability gaps, the next step was to create a method for idea generation and evaluation and to train process redesign principles. The goals and indicators on the Process Based Dashboard was used as the basis to evaluate all proposed changes and the process redesign principles in section 5.3.3 were used for process redesign.

Also in workshops the initial improvement plan was constructed. This focused on the Sales and Quote process (see Table 33) and targeted training staff in the optimum process particularly in the Discovery of needs stage, implementing a call quality monitoring system and working with Team Leaders to improve their understanding and monitoring of the call process.

5.4.4.2 Developing a Service Quality Approach

BPM research literature emphasises the need to be customer centric and to design processes so that customer's expectations are met and to ensure that processes have feedback for quality, quantity, timeliness of outputs. Unfortunately the BPM literature does not provide a recommended approach for this. As processes were mapped at Nationwide and process goal and principles were documented it was clear that the lack of a research based framework for service quality was impeding process analysis and redesign.

A review of service quality literature found that SERVQUAL was the most commonly used method of assessing service quality. Developed by Parasuraman, Zeithaml & Berry (1985, 1988) it proposes that service quality could be conceptualised as a gap between what customers expect of service and their perceptions of the actual delivery of that service. This perceived quality differs from objective quality which is the measurement of how the service differs from measurable verifiable predetermined standards. They proposed five dimensions of quality with twenty two items to on a seven point Likert scale to measure the gap. The instrument first asks customers about the expectations of service they expect in an industry and then specifically about the service delivery of the organisation being measured. The gap between expectation and delivery is the organisational score for service quality. See Table 34.

Dimension	Industry Scale Items	Organisation Scale Items
Tangibles	El. They should have up-to-date equipment. E2. Their physical facilities should be visually appealing. E3. Their employees should be well dressed and appear neat. E4. The appearance of the physical facilities of these firms should be in keeping with the type of services provided.	Pl. XYZ has up-to-date equipment. P2. XYZ's physical facilities are visually appealing. P3. XYZ's employees are well dressed and appear neat. P4. The appearance of the physical facilities of XYZ is in keeping with the type of services provided.
Reliability	E5. When these firms promise to do something by a certain time, they should do so. E6. When customers have problems, these firms should be sympathetic and reassuring. E7. These firms should be dependable. E8. They should provide their services at the time they promise to do so. E9. They should keep their records accurately.	P5. When XYZ promises to do something by a certain time, it does so. P6. When you have problems, XYZ is sympathetic and reassuring. P7. XYZ is dependable. P8. XYZ provides its services at the time it promises to do so. P9. XYZ keeps its records accurately.

Dimension	Industry Scale Items	Organisation Scale Items
Responsiveness	E10. They shouldn't be expected to tell customers exactly when services will be performed. (—)'' E11. It is not realistic for customers to expect prompt service from employees of these firms. (-) E12. Their employees don't always have to be willing to help customers. (-) El3. It is okay if they are too busy to respond to customer requests promptly	P10. XYZ does not tell customers exactly when services will be performed. (-) P11. You do not receive prompt service from XYZ's employees. (-) P12. Employees of XYZ are not always willing to help customers. (-) PI3. Employees of XYZ are too busy to respond to customer requests promptly. (-)
Assurance	E14. Customers should be able to trust employees of these firms. El5. Customers should be able to feel safe in their transactions with these firms' employees. El6. Their employees should be polite E17. Their employees should get adequate support from these firms to do their jobs well.	P14. You can trust employees of XYZ. P15. You feel safe in your transactions with XYZ's employees. P16. Employees of XYZ are polite. P17. Employees get adequate support from XYZ to do their jobs well.
Empathy	El8. These firms should not be expected to give customers individual attention. (-) E19. Employees of these firms cannot be expected to give customers personal attention. (—) E20. It is unrealistic to expect employees to know what the needs of their customers are. (-) E21. It is unrealistic to expect these firms to have their customers' best interests at heart. (-) E22. They shouldn't be expected to have operating hours convenient to all their customers. (-)	P18. XYZ does not give you individual attention. (-) P19. Employees of XYZ do not give you personal attention. (-) P20. Employees of XYZ do not know what your needs are. (-) P21. XYZ does not have your best interests at heart. (-) P22. XYZ does not have operating hours convenient to all their customers. (—)

Table 34 SERVQUAL Dimensions and Items Adapted From Parasuraman, Zeithaml & Berry (1988)

There have been a large number of reviews of SERVQUAL over its history. While generally its validity and reliability as an instrument have been supported and it continues to have widespread use in research and in practice, there has been criticism for the dimensions of service that it does not include.   Ladhari (2008; 2009) provides a summary of these critiques and also provides a comprehensive review of the dimensions of service quality used by other researchers as they attempted to develop more industry specific dimensions. The industries did not include insurance but did include banking which is also a financial service so these were reviewed.

Aldlaigan & Buttle (2002) proposed four dimensions. Service system quality: the organisation as a system rather than individuals, behavioural: service performed by employees, machine: equipment quality, service transactional accuracy: frequency of errors.   Sureshchnada, Rajendran & Ananntharaman (2002) proposed five dimensions. Service product: the content or product of the service, human element: reliability, responsiveness, assurance, empathy, service recovery,

systemisation of service delivery: processes, systems and technology, tangibles: equipment, signage, physical environment (the servicescape), social responsibility: ethical behaviour of the organisation. Jabnoun & Khalifa (2005) proposed four dimensions based on SERVQUAL with one additional dimension: Reliability, personal skills (assurance, responsiveness, empathy), image (tangibles and reputation) and values (social values, organisational values consistent with personal values).

Based on my literature review the Nationwide dimensions also expanded on the SERVQUAL dimensions. The first dimension was Promise; the rationale for this was that customers can only form expectations about the social responsibility or values of the organisation based on the specific promises it makes in branding and organisational material; these promises include future service, social and organisational values. They may be moderated and possibly contradicted by what the customer hears about the organisation in the press or experiences during the service process. The second dimension was Products and the remaining five dimensions were based on the SERVQUAL dimensions with modifications appropriate for call centre service delivery. See Table 34.

Dimension	Description	Scale Items
Promises	Specific promises about social and organisation values and service delivery	I thought Nationwide kept their promise that help just happens
		I believe Nationwide keeps their promise to be a sustainable organisation.
		I believe Nationwide keeps its promise to help my local community
Products	Product delivered by the service including pricing and quality.	The product met my needs
		I thought the price was fair for the product
		The documents I received with the product were clear and easy to understand
Professional Servicescape	Physical facilities, equipment, and appearance of personnel. Hours of operation and accessibility to service of the business model the and channels the organisation offers	I thought the telephone system was easy to navigate
		I thought the office sounded professional
		I thought the staff sounded professional
		I thought the systems sounded appropriately modern
		I found the brochures and web site visually appealing and easy to read
		The business hours were convenient for me.

Dimension	Description	Scale Items
Process Reliability	Processes are designed and delivered to perform the promised service dependably and accurately and to recover from errors quickly	The service the company provides is dependable
		The service the company provides is consistent
		The company provided its services when it promised it would
		The agent called me back when they promised they would
		The services were right first time
		The service was no longer than it needed to be
		The staff get adequate support when they need it
		When I called with a problem the company reassured me they would correct it and responded quickly
		The paperwork I received and my personal records were accurate in all respects
People Skills - Responsiveness	Willingness to help customers and provide prompt service	The staff never sounded too busy to help me
		The staff sounded sincere in wanting to help me
		The staff made clear arrangements with me to call me back
		The staff was clear on why I was being placed on hold
People Skills - Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence	The staff was able to answer all my questions confidently
		The staff was clear about what I should expect and when
		The staff explained the process as we went
People Skills - Empathy	Caring, individualized attention the organisation provides its customers	The staff were always courteous
		The staff listened to understand my needs
		The staff treated me as an individual
		I felt the staff had my best interests at heart

Table 35 Nationwide Service Quality Dimensions and Items

These quality dimensions were utilised in the process capability matrix described above.

5.4.4.3 Developing an Idea Evaluation Approach

While BPM approaches all recommend that improvement ideas should be assessed against strategic objectives they are silent on how this should be achieved.

For the Nationwide idea assessment process a template based on the Commercial Dashboard was created. This allowed ideas to be evaluated against the four major objectives that supported the overall strategic objective. A scoring system that identified quick win ideas was incorporated to ensure speed of delivery on these initiatives.

5.4.4.4 Call Quality, Training, and Monitoring

The Discovery phase had two key streams of work. The first was process analysis: the identification of processes, their goals, the capabilities required and their current performance and which

processes would be mapped. The second was customer analysis: the ethnographic research on what customers required of the business processes.

The process analysis stream started with listening to fifty calls to observe the current processes in action. It was quickly obvious that there was not a standard approach to calls. In 2006 Nationwide had introduced a customer driven sales call scripting technique called Customise. It incorporated a structured discovery approach, mandatory use of techniques to ask for and close the sale and outbound calling for follow up on leads in down time. This was introduced to all of Nationwide and a separate call quality team monitored random calls and scored staff based on following the Customise techniques. Within six months the Commercial staff had convinced the General Manager that the call quality team, who primarily dealt with personal sales and service and claims, could not understand the complexity of their Commercial business and Team Leaders should perform this function instead. The GM agreed but the monitoring had dropped in volume and by the beginning of 2008 I could only hear sporadic evidence that anyone had ever been trained at all. In one semi-structured interview I asked a Team Leader why this was.

> *"We know and...they know...what's a good call... it's not 123...and then there's time too...and then our customers they're not like personal (customers)...they're not in a box."*

In a workshop which discussed implementing a new call quality process the Underwriting Manager said:

> *"We moved away a little bit from traditional call quality that the call quality team was using because the staff was saying I got one little thing wrong and only got 70 and the standard is 80 and its one inconsequential little thing so we came out of their operation all together."*

When I asked another Team Leader for his copy of the Customise learning guide he struggled to find it. He searched a filing drawer and pulled out a stack of training manuals. He held up a couple as he searched to show me the topic, one was on Staff Coaching another was how to record and respond to Customer Feedback. When I asked about that he said it was "*flavour of the month last year.. .*".

My field notes summarised this with:

> *"It feels like the staff call the shots about what they will and won't do and that all these training approaches etc. are seen as "flavour of the month" and not a real commitment."*

The process analysis moved on to review existing business documentation. The training for new Commercial staff was five weeks full time. This had gradually grown in length over the time the call centre had been in operations from two weeks. Training material was reviewed and found to be a series of modules training in Commercial insurance products and a series of module training on the use of the two primary systems, the long serving legacy system, Datarich, and the new system, Polisy, which had only recently been introduced to support the new product called EasyBiz. The course incorporated a week of sitting on the floor of the call centre listening in to calls with experienced operators but no role playing or process documentation on how to manage a call end to end.

There was a general feeling amongst staff that training was insufficient, there was a lack of documentation and they required more training and help from their colleagues before they became effective. Staff members in semi-structured interviews commented:

"Now this is another thing you (inaudible) um I found out that one of the guys in Wellington - he used to be in business support - he puts his notes under OTS and yesterday I looked at one of his policies and because we don't all...like when I was trained .. we had a very bad trainer but um...we weren't told about all the places to go to do things...the trainer had no idea...the only information we got was from when other people on the floor came in for a couple of sessions to show us how to use the system...it's a very old system...the trainer didn't know stuff that you know on the floor all the time...like short cuts...they'll go oh you don't know that and you'd never ever used it but it's so important to know all the functions and how to get to certain places. I've been here a year you know and you know now and again I'll still find out stuff I didn't know before and you just don't know about it when people don't tell you about it in training and you don't know what you don't know. You see normally you have notes or something and I was like where are the notes...there's nothing written down."

"I am still learning... the training was not the best so we're still working on that... still a learning process...it was not the best training everyone is still learning so you ask your colleagues and you know..."

On the new product EasyBiz and its documentation:

'When we first took calls on it when we went live we had to say sorry we can't do something...can I call back?"

"This is not up to date this is just the one we got for training and its all changed since then"

On one occasion I was given a copy of the Datarich training manual from the longest serving call centre staff member. I showed this to a Team Leader who had been "on the phones" for three years and a Team Leader for one year. He flicked through it and said:

"I've never seen this...I didn't know that...uh...can I borrow it?"

My field notes tried to unpick what I was seeing:

"So training is no good - have to say looking at the modules it's a very odd approach - and the 'real' training comes from people on the floor/colleagues NOT MANAGERS. And managers think that staff don't need to be told how to conduct a call and shouldn't be monitored by external call quality...hmmm..."

5.4.4.5   Customer Ethnography - Uncomfortable Truths

The customer analysis stream had begun to expose gaps between perception and reality, particularly for the senior Commercial managers. The customer ethnography was presented in a workshop where the CPI team listened to segments of the calls first and then watched segments of the customer videos that had been recorded during the call. The calls and segments had been selected carefully to not present an overwhelmingly negative view of customer experience. However the feeling in the BPI team was that the negative customer advocacy score was legitimate and it was

difficult to show a neutral view. There were a number of revelations that were uncomfortable for the managers of the business to accept.

The first was the length of time some customers were kept waiting with one caller waiting 40 minutes before the call was picked up. Again the call listening diary had identified this problem with one customer responding to *"How are you today?"* with *"Crappy actually – I've got a sore arm waiting for someone to answer the phone… (laugh)…."*

The second was the way in which staff went about discovering the customer's needs and determining which product fitted those needs. One of the calls had the staff member start entering data into the new Polisy/EasyBiz system only to find 10 minutes into the call that the criteria for EasyBiz would be exceeded and he had to start again in the old Datarich legacy system which had more flexible underwriting rules. The staff member asked all of the questions regarding income, vehicles, public liability etc. all over again and the total call length was 33 minutes for what should have been a simple quote which the Nationwide Commercial advertising said should take 10 minutes *"or the pies are on us".* The call listening diary had already identified that this issue was relatively common with customers listening to long periods of key tapping as the staff searched for or entered data in one system before moving to the other. One caller asked the staff member *"Are you writing an essay or a letter to your mother?"*

> *The third was the unprofessional and sometimes over-friendly way in which staff treated callers. One of the ethnographic calls was from a property developer. At one point the staff member said "So really you're a chippie (a carpenter)". The facial expression and tone of voice of the customer showed annoyance and the call never recovered from that moment. Again the call listening diary had some instances of this with one call opening with the staff member saying "Sorry bear with me…. just trying to wrestle with my chair to get it back to normal. I was just doing a bit of study…it's been a bit quiet."*

Overall the fifty calls recorded in the listening diary had been categorised to show if they supported or refuted the eight ethnographic and ten semi-structured interviews. There was no conflict between the findings of any of the methods of data collection.

The session on customer ethnography wrapped up with a power point slide that the BPM team had been concerned would be highly inflammatory. It summarised the customer experience of the eight full ethnographic observations of customers making contact and requesting a quote. The customers had been asked to make a purchase, asking for immediate cover and an invoice, if the insurance sounded appropriate to their needs and the policies would be cancelled. Of the eight calls only four had been quoted immediately, only four had had quotes sent out and none had had a follow up or made a sale.

From the BPI team's perspective this showed non-adherence to process and an opportunity to embed process, process monitoring and tools to automate quote generation and the triggering of follow up but there was concern about how the GM in particular would take this information. The Commercial CPI team had been calm and quiet during the presentation, eyes fixed on the screen with the occasional glance to see how the GM was responding. When the final slide showing the summary appeared none of the Commercial team said anything audible but the GM sighed heavily several times but continued to remain quiet.

Assumption: Customers receive their quote immediately with a written confirmation and a follow up phone call

Customer Number	Staff said	Quoted Immediately	Quote Emailed	Quote Mailed	Followed Up	Sold
1	I'll call you back with a quote	Yes	Yes	No	No	No
2		Yes	Yes	Yes	No	No
3		Yes	Yes	Yes	No	No
4	I'll get a quote to you soon	No	No	No	No	No
5		Yes	No	No	No	No
6		Yes	Yes	No	No	No
7	The system is down and I don't know how to use EasyBiz	No	No	No	No	No
8	We don't insure alarm installers	No	No	No	No	No

Observation: Few of the 8 customers who were observed received quotes and none received a follow up

Figure 38 Nationwide Commercial Summary of Customer Ethnography

In addition to the uncomfortable listening and watching of the calls and the summary which showed no follow up, there was also the presentation of some realities of customer life. The BPI team had collected some commonly held assumptions about customers and the ethnographic observation had been reviewed to see if these assumptions were myth or fact. The session wrapped up with a summary that indicated that the Commercial business unit did not understand their customers as well as they thought.

Myth or Fact?

- **Within the business there are some commonly held assumptions about customers**
- **For this presentation we selected a few to illustrate how ethnography can give us insights to whether these assumptions are myth or fact.**

Business Assumption	MYTH	FACT
Commercial customers are business people therefore would call from office-like environments.....	✓	
Commercial customers are time poor...		✓
Commercial customers research insurance on web and want to purchase from the web....	✓	
Commercial customers get better service than personal...		✓
Customers hate our IVR....	✓	✓
We are engaged in a natural conversation with the customer while we find out what they need....	✓	
Customers receive their quote and a follow up...	✓	

Figure 39 Nationwide Commercial Ethnographic Research Findings

The next five minutes of the workshop the BPI facilitator tried unsuccessfully to get the CPI team to talk about the presentation.

Over the following 15 minutes most of the discussion shifted to the specifics of the customers, ethnographic observations and whether this was in fact representative until the BPI facilitator asked:

"What do you think? Does it tell us anything that we didn't know...that we hadn't found out already? Does it confirm any feelings you had?"

The GM remained silent and the Underwriting Manager said:

"To a large degree it confirms what I already thought in a couple of areas...the other thing that occurs to me is that at the end of all this we should somehow make up a presentation to show staff so they can see from the clients perspective...we need to have something to show them this is what it's like out there...they need to see this too...they need to know."

The rest of the BPI team nodded during this and there were a couple of audible *"absolutely"*

Ten minutes later the GM still had not spoken and the Underwriting Manager said

"There's a fundamental question right at the beginning I reckon and that's about call centres... in our call centre we have Shift Track and it tell us what the calculation is how

many staff we have... maybe right at the first point we need to look at do we have enough staff… (louder) if we don't want people saying hey I had to hang on for a minute and half "

There was some discussion about how the software application Shift Track calculated rostering requirements and the Service Delivery Manager said

"Shift Track bases is calculations on 15 minute slots of what people are doing so it takes into account sick leave, it takes into account acw so if people are doing what they're supposed to be doing strictly speaking the staff levels that Shift Track throws out are correct"

One of the Team Leaders asked

"That's it...are we optimising the staff we've got?"

The Service Delivery Manager answered

"We have couple of acw bandits..."

Finally the GM spoke for the first time in eighteen minutes.

"I think we...and maybe getting back to your point mate my observation here it's almost like things just start snowballing from the whole customer experience...first of all we've got (inaudible) and then maybe the IVR is an issue or maybe it's how long you wait on the IVR then you...when you get through to someone they're doing all the talking as we've been saying and there's not a lot of discovery there so from the customer experience things are just starting to snowball negatively...maybe you're right maybe it's a bigger... big questions around do we have enough staff to operate and should our core hours be eight to six...all those questions we'll work through I guess...the thing for me is just around...I think we need to be very careful around how we prioritise what's important here and I'm still...we had our meeting two weeks ago about the discovery stage (of the sales and quote process) and that for me is what's absolutely key here. Hello Mrs Smith tell me about your business and ask 1.2.3 key questions listening for 3, 4, 5 minutes and then being able to respond... ummm... so I know we're going to get into all that detail but (deep intake of breath) I want to make sure we are prioritising where is in the short term the biggest improvement going to come from"

There was a chorus of agreement and two or three of the Commercial BPI team said *"You're absolutely right"*

There was some discussion around brokers then two minutes later the GM said:

"Maybe there's some bigger questions here...do we even know that customers...customers might be going I want to go and speak to someone face to face. You know maybe customers are expecting someone to come to their house at 5.30 and sit down and have a cup of tea...that's what we used to do...that's what we used to do...we'd go and talk to farmers at six o'clock at night ummm...but that's a bigger question around what an customer is actually wanting around transacting their business....have we got...are we actually delivering on...with a call centre model that works eight to six."

The Underwriting Manager immediately replied:

"Customers have a personal view of call centres and have their own personal experience. Can anyone put their hand up and say they've had a good experience...you try ringing Xtra when you've got a broadband problem...Telecom...you know Telecom is terrible... ummm.. Inland Revenue...there's a whole range of people that can quote a call centre where they've have a terrible experience and maybe their views come from that."

There was more discussion about brokers and their model and the BPI facilitator tried to steer the discussion back to what he saw was the key issue for the Commercial call centre:

"Now I know some of people's experience isn't the best so that's why we need to help them get the most relevant information...we need tools for that."

The GM replied:

"We know its...we've had conversations about this...it isn't an easy thing we do...we know its complex...we know we've got training and some people experience and all the rest of it (louder) but I still maintain we make it hard for ourselves."

The discussion moved to the difficulties of bridging from the opening statement or request made by the customer to full discovery of their needs with the BPI facilitator closing with

"If we were going to put this on the web we'd have to break this down in a mechanical form to do that…what are the questions we need to know...so I think what we're saying here is that's kind of what we need to do but a little looser maybe than that but some sort of underlying process so they know what they're supposed to be doing."

The Underwriting Manager responded

"There are two chunks to it…the discovery phase is obtaining this information but the other part is actually interpreting what that means...you gather the information then you need to interpret it into these are the risks…this is what I should be offering to the client... unfortunately we can't rely on hiring people with that level of experience it's as simple as that so we've got to provide them with some of these tools"

The Service Delivery Manager got back to people:

"So that's where your resourcing issue comes into it...if you cut 20% off the time for your discovery phase you don't need your extra staff to do the phone calls.."

The GM had been quiet for another thirteen minutes but had been sitting staring at the front of the room with his hands steepled over his mouth sucking in breath occasionally. Now he said:

"I don't accept that our people don't have or we don't have enough resource to follow up quotes...I don't accept that... you've only got at look at what our people do between 8.30 and 9.30...and you can't tell me they don't have time...I would have thought it would have been perfect to do that then...but you're right in terms of what comes out of here and in terms of changing our resources."

This finally commented directly on the lack of follow up reported in the power point presentation for the first time since it was presented a full 25 minutes previously. Discussion ran for a while around the possibility of developing an automated system for follow up reminders and capturing information on why customers didn't buy when the GM unexpectedly said:

"I'd like to run this session with the entire team to help bring everyone into the picture of where we're at in terms of the pilot...I know L and J and D...they'd be able to add some value around some of the details and where to next how we prioritise it...whilst R (Underwriting Manager) and I have a mind-set that this is not really surprising...I think it's vital that all the Team Leaders are well aware of this stuff all the information we've just talked about...the more hands the better...we have to tackle this as a team...the more people who know where we're at and what our starting point is and all the work ahead of us the better...let's face it it's a bit of a reality check yeah? We kind of had a gut feel on what's been happening and where we're at ...we've always said there's room to improve but this is kind of (lowered voice) a reality check"

The BPI facilitator said *"Hopefully it's more than a reality check this gives you something firm"*

The GM was now animated and enthusiastic:

"Totally totally and the whole program provides a framework that we stick within and we manage ...this is what we do...we've now got a very sort of strict process well not a strict process but a process to follow to enable us to get some wins out."

Discussion moved to what to show to the Team Leaders who had not been involved up to this point when the Underwriting Manager said:

"I'm jumping ahead but even just the (inaudible) about following up on quotes you know that's' something we can do one minute after we walk out the door to a degree."

This brought the conversation back to the lack of follow up. The GM answered that with:

"Well its quite interesting really...I'm digressing here but...you know we did our marketing launch last Thursday and we briefly touched on this (CPI program) and told them they'd hear a lot more about it in the coming months (louder) so staff member has come to me and said can I talk to you more about the discovery phase you mentioned and that's the sort of stuff I want to go out and start talking about ...our staff are asking me hey what's going on...we need to start talking about it."

The discussion moved to how the pilot was progressing and whether the GM was prepared to implement BPM fully in his business unit. He said:

"A couple of weeks ago I heard a conversation saying is G (himself) going to approve it...well that's a no brainer so...yeah"

The BPM asked the rest of the CPI team what they thought about the BPM program and about continuing:

"We've got an opportunity...that's a big word opportunity...we need to grab it now if we want to move the business forward and if we're honest in this room Nationwide business is not going forward at the present moment. I don't mean our business I mean the whole Nationwide business...you can't keep doing what you're doing...this gives us a platform a structured platform to change some of those fundamentals...I'm not talking products I'm talking process and people...If I was talking to N (CEO AIL) or M (CEO Nationwide) I'd say you need to grab it before your business is stuffed."

"It gives a...for me I know I want us to be at a different level in 12 months' time. I can see where I want to be but you don't kind of know how to get there but by doing this...this gives us the focus and direction it shows us the journey."

"The way I see it is that we've all got a goal in sight and the only way you can achieve any goal is through your habits...it's a gradual process" [you think this might change habits?] "Absolutely the only way you can do it is by putting a process in place and making it a habit."

"For me I guess it's getting something materialised for everyone to follow...at the moment I've got an idea and J has an idea and M has an idea and that's all inside our heads...this way we get a combination of all our thoughts together identify the best way and then we have something for everyone to follow...I've got all this stuff I take for granted...everyone knows everyone will do it and yet it's not written down so it's...(not audible)...."

"So you imagine...you imagine this...you imagine that is all rolling and it's all happening and at a Nationwide wide level and all of a sudden you have a Nationwide leadership group having a very very serious conversation around how we've got to the point if we want to make the next big jump we have to get off Huon...that was the wrong thing to do and we need a more flexible and intuitive approach to our business and now we're constrained by our system...that's the sort of place this ends up at you know?...nothing is sacred anymore."

The debriefing meeting for the BPI team saw the team very satisfied with the highly enthusiastic recommendation for the program and the commitment to embed it in the Commercial business unit. The BPI Manager said *"I think at least they can see what I see!"*

5.4.4.6   BPM as the Miracle That Produces Compliance

Having recognised that this penultimate training workshop appeared to have quite suddenly shifted the degree of passion or enthusiasm the Commercial CPI team had for BPM, I listened to the audio taped session several times to try and understand what had triggered this. My field notes said *"Big shift today... I think I would call them 'compliant' or neutral up to his point and all of a sudden they're advocates. G (the GM) said hardly anything after the slide show and for a while he was just staring at the wall making whistling sounds through his fingers...it was quite uncomfortable and I thought R (the Underwriting Manager) seemed to be filling in for him. Now I've listened again I can see some themes. None of them wanted to be the first to say anything about what they'd seen especially the lack of follow up on quotes...even G...definitely no-one wanted to take responsibility for that. There's that resistance around being a call centre again and Shift Track (call centre rostering software) not knowing what it is doing. But there's also resistance to wanting to tackle the people issues - they broach the subject and then it goes away again. And then there's this spreading out of responsibility*

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to the other Team Leaders and then the entire staff. And finally there's this sudden explosion of enthusiasm after G (GM) seemed to endorse BPM but what's weird is that R (Underwriting Manager) has been here right from the start of the call centre and G coming up to two years running it and J (Service Delivery Manager) eighteen months but there's no formal procedures or processes or even documentation - it's like they think it's someone else's job so is that why they're enthusiastic because someone (BPI) has put their hand up or does it seem like a silver bullet? I really hope we've made it clear it isn't"

At the catch up session requested by the GM for the remaining Team Leaders similar themes emerged. The call centre questions arose:

> " One question that's always popped up is Commercial designed for this type of environment (call centre) because it's too complex."

Wanting the next level of staff to see the same material also arose:

> "I'd like the guys, say S, to sit him in a room and let him see what the customer...how they're reacting to his conversation..."

> "It would be really good because then they can get a real feel for their customer ...yeah for sure...if we could say in training sessions this week we're going to watch these videos...you know we want you to consider this when you are with a customer in the future."

My field notes for the session said: *"Why do I get the feeling that they think all they have to do is show the staff this stuff and all will be miraculously fixed!"*

The final workshop included preparing the Process Capability Matrix described earlier in this section. This was so that the draft improvement plan could be prepared. My field notes said: *"That was depressing...they sound quite resigned really about how much there is to do but they really do talk as though they have no control over the staff."*

As an example, one of the key requirements for staff was to utilise a prepared Call Book so they could write customer information down in a set format and if underwriting approval was required outside their authority they put the customer on hold and take the book to the Resolutions team who sign the risk. The optimum discovery process mapped had agree the staff would enter all data into their book, check the underwriting criteria for Easy Biz and then having selected the right product/system start to enter the data for the quote. However one the Team Leaders said:

> "I guess you always come back to that change is always a bit difficult... proving the reasons for the change and... we implement the change... I mean at the end of the day...there's not a lot of people that do the call books the way we want them to but the ones that do are the ones that sell effectively...but you know this is really hard and you can see why there's twenty five different approaches..."

My field notes said *"There is a recurring theme here around how people can be treated or expected to behave or something. I'm thinking about ERP implementation at Dairy Foods and how different the call centre and even the sales and marketing people were. They expected to be told what to do*

and expected if they were told what to they had to do it. It was way more autocratic than I see here. I wonder if insurance is all like this or is it just Nationwide?"

5.4.5   The Implement and Embed Phase - April 2008 to June 2008

5.4.5.1   Nationwide Commercial BPM Implementation

By the end of March 2008 the Commercial CPI team had settled into its final form and the improvement plan was agreed with some high priority ideas for improvement having gone through the gating process and having been assigned to individual members of the CPI team.

Ideas In Progress

IDEA	DATE	DESCRIPTION	UPDATE	COMPLETE
CP0001	5/12/2007	Implement independent improved IVR system	Go Live now scheduled 5th March	
CP0002	5/12/2007	Improve staff search skills	Mark has completed document.	
CP0003	29/01/2008	Implement Call Quality on Trial Basis	Discussed with TL's. Waiting for Discovery process to be finalised to implement at trial	
CP0004	7/02/2008	Integrate commercial training with process models	Training has set aside two afternoons in week 4. BP&S producing training modules	
CP0005	7/02/2008	Define ideal Discovery process	Under way	

Figure 40 Nationwide Commercial Initial Improvement Plan

In mid-April the business unit staff were all trained in the principles of BPM, how customer input to improvement (Voice of Customer) would be generated, how processes would be constantly reviewed, how their incentives would be linked to process goals which were in turn linked to strategy, how they could log an idea, what to expect for feedback on the idea and how the idea would be evaluated. In addition the customer ethnographic summary that the GM and his team had seen previously was also shown to staff as requested by the GM.

The Commercial CPI team agreed a meeting schedule of 2 hours a fortnight at which they would evaluate ideas, review process, monitor progress on ideas being implemented, and perform post implementation review (PIR) signoff on ideas completed (see standard agenda Figure 41). A business analyst from the BPI team was assigned as permanent resource to the team and the BPI manager and the analyst attended all of the meetings.

DOCUMENT CHECKLIST
PRIOR TO MEETING THE FOLLOWING DOCUMENTS ARE CIRCULATED
- Standard Agenda
- Action points from prior meeting for action review
- Process maps for process review
- Summary of new Ideas with Proposal Forms
- Post implementation Reviews

DURING THE MEETING THE FOLLOWING DOCUMENTS ARE GENERATED
- Action points
- Process Review Form
- Gate 1 Review Forms
- Accelerate Review Forms
- Idea entry to ideas Database

AGENDA
1. **REVIEW ACTION POINTS FROM PREVIOUS MEETING**

2. **BUSINESS PROCESS REVIEW**
   - Review business process model (one piece of all processes in agreed sequence)
     - Enter ideas to ideas database

3. **REVIEW NEW IDEAS**
   - Assess new ideas in ideas database

4. **ASSIGN & MANAGE PROJECTS**
   - Review in progress projects
   - Post Implementation review of completed projects
     - Enter ideas to ideas database

Figure 41 Standard Checklist and CPI Meeting Agenda

Standardised templates were provided for minutes, process review, idea assessment, project review and post implementation reviews.

Following the review of the customer ethnographic research the Commercial management team agreed to focus their efforts on improving customer advocacy and gave this to the CPI team as a priority. It was clear that the existing staff training, which focused on products and systems did not provide a consistent approach to sales calls hence the wide variation in approach and quality. The CPI team was asked to produce the ideal end to end sales process from discovery of needs to close of sale, to ensure the staff was trained in this and to implement a trial version of assessing call quality. By the end of April the sales call process was designed and mapped using input from customers and staff ethnography and semi-structured interviews. Training documentation on the process was produced and the Team Leaders trained in the process. They were tasked by the GM to go forth and train their staff using the coaching session time allocated and then observing on the floor. The Team Leaders were also trained in the call quality approach which involved listening to the call, scoring it using the SERVQUAL dimensions, having their staff score the same call from a customer perspective and then discussing the call with their staff during coaching. The underlying assumption was that for both Team Leader and staff member this shift to customer perspective would over time produce insight and lead to increased awareness of how to generate long term customer satisfaction.

While the sales call process redesign was occurring analysis on calls and call data was performed. The analysis revealed that in fact call centre staff spent only 35% of their time on calls and 8% of this time was on personal calls. The remaining 65% of their time was split between after call work,

training, and what the system called Idle which meant they were available for inbound calls. What was even more remarkable was that staff with less than a year's service had significantly more time on the phone; this dropped with longevity of service. The staff member who said "*You have to understand we're not traditionally a call centre*" was right but apparently it took new staff members a year or so to agree. The analysis was performed on readily available data so it seemed remarkable that no analysis had been done of this nature before.

The data analysis produced norms for call length and best practice targets for limiting after call work. The Team Leaders were trained in how to access the information by staff member as required, to ensure that call quality was balanced with productivity measures. Satisfied their rational approach was understood the BPI team allowed the business staff to progress the new initiative and monitored progress of the Commercial CPI team as they considered other ideas for improvement.

5.4.5.2 *Listening to the Voice of the Customer*

As the Commercial management team began to accept the validity of their customer advocacy score, and the underlying problems in the business it represented, and to start to search for ideas to improve this, it became clear that new tools to help with this process would need to be developed. Standard BPM methodologies universally acknowledge the need to consider the voice of the customer but do not suggest approaches or tools to help with this. A review of service quality literature did not reveal any structured approaches to understanding and monitoring Voice of Customer over time or to linking Voice of Customer to process improvements.

The standard CPI meeting schedule was modified to include special session on Voice of Customer. These reviewed customer complaints and compliments, customer satisfaction surveys (particularly the verbatim comments), call quality results and customer ethnography. This put a picture together over time that showed what made customers advocates or detractors and linked ideas to specific customer requirements.

AGENDA

1. **REVIEW THE VoC LIST**
2. **REVIEW AND DISCUSS CUSTOMER MATERIAL**
   - Compliments and Complaints
   - Customer Satisfaction Survey
   - Call Quality Customer Experience
   - Ethnographic Material
3. **UPDATE THE VOC LIST**
   - From the sources above 'listen' to what the customer is saying about the process. In the VoC List flag repeating customer statements and list new ones?
4. **CHECK EXISTING PROGRAMS IN PLACE OR GENERATE NEW IDEAS**
   - Agree Ideas for ideas Database

Figure 42 Standard Voice of Customer Review Agenda

VOICE OF CUSTOMER LIST

	Inputs to VoC Session March-08					Inputs to VoC Session April-08				Inputs to VoC Session May-08				Inputs to VoC Session June-08			
Description / Note	Staff	Compliments & Complaints	Cust. Sat. Survey	Interaction Analysis	Cust. Ethnography	Compliments & Complaints	Cust. Sat. Survey	Interaction Analysis	Cust. Ethnography	Compliments & Complaints	Cust. Sat. Survey	Interaction Analysis	Cust. Ethnography	Compliments & Complaints	Cust. Sat. Survey	Interaction Analysis	Cust. Ethnography

I'M A PROMOTER WHEN YOU....

Priority	Date Added	Description	Current Idea No	Note/Description	Due Date	Staff (Mar)	C&C (Mar)	CSS (Mar)	IA (Mar)	Ethno (Mar)	C&C (Apr)	CSS (Apr)	IA (Apr)	Ethno (Apr)	C&C (May)	CSS (May)	IA (May)	Ethno (May)	C&C (Jun)	CSS (Jun)	IA (Jun)	Ethno (Jun)
	18/03/2008	You promptly answer the phone				green						green										
	18/03/2008	I get what I want fast				green																
	18/03/2008	I talk to an expert				green																
	18/03/2008	I talk to someone who cares				green	green								green				green			
	18/03/2008	You do as you promise				green																
	18/03/2008	I can speak my first language				green																
	18/03/2008	Someone takes ownership of my problem					green				green				green				green			

I'M A DETRACTOR WHEN YOU

Priority	Date Added	Description	Current Idea No	Note/Description	Due Date	Staff (Mar)	C&C (Mar)	CSS (Mar)	IA (Mar)	Ethno (Mar)	C&C (Apr)	CSS (Apr)	IA (Apr)	Ethno (Apr)	C&C (May)	CSS (May)	IA (May)	Ethno (May)	C&C (Jun)	CSS (Jun)	IA (Jun)	Ethno (Jun)
H	18/03/2008	I have an unsatisfactory claims experience				red																
L	18/03/2008	I receive incorrect account statements				red																
H	18/03/2008	I have to chase you	CP0016	Create follow up capability	30/06/2008	red					red	red	red									
M	18/03/2008	I can't understand you				red																
H	18/03/2008	It seems harder than it needs to be				red				red												
M	18/03/2008	I can't get my stuff in the medium I want or a timely fashion				red										red				red		
H	18/03/2008	My loyalty is not recognised				red																
H	18/03/2008	I have to wait too long	CP0002	Change IVR	30/04/2008		red				red	red										
L	18/03/2008	The State brand still carries a stigma						red		red		red										
H	18/03/2008	I don't know happens next/You don't take the lead								red												

Figure 43 VoC List

5.4.5.3 Customer Ethnography – Uncomfortable Truths About Other People - But Not Me

The Commercial staff was introduced to BPM, and the work done to date by the Commercial CPI team, at training sessions in April 2008. The Commercial GM sent out a memo to staff which described the session as follows:

"Some of you will be aware that we have been reviewing and mapping our processes in our business during the last 12 weeks. We have also embarked on some customer research and would like to share some information about how well we service our customers. I look forward to providing an update of our journey so far and how your ideas can help us reach our goals. "

The power point presentation covered the principles of BPM including voice of customer, why the Commercial management team believed it was an approach that would help the business unit achieve its goals, why the initial focus was on the sales call process in order to make it efficient and consistent while producing a positive customer experience, and how staff could contribute to improvement through submission of ideas for improvement. At the GM's request the presentation also included the ethnographic material presented to the management team earlier. Again the BPI team were concerned that the staff would find this material particularly negative but the GM was insistent that seeing the 'reality' would immediately change their behaviour.

Assumption: Customers receive their quote immediately with a written confirmation and a follow up phone call

Customer Number	Staff said	Quoted Immediately	Quote Emailed	Quote Mailed	Followed Up	Sold
1	I'll call you back with a quote	Yes	Yes	No	No	No
2		Yes	Yes	Yes	No	No
3		Yes	Yes	Yes	No	No
4	I'll get a quote to you soon	No	No	No	No	No
5		Yes	No	No	No	No
6		Yes	Yes	No	No	No
7	The system is down and I don't know how to use EasyBiz	No	No	No	No	No
8	We don't insure alarm installers	No	No	No	No	No

Observation: Few of the 8 customers who were observed received quotes and none received a follow up

Figure 44 Nationwide Commercial Summary of Customer Ethnography

At the presentation of the slide that summarised the ethnography (Figure 44) the BPI presenter said *"If you see a slide with a lot of red on it then its usually not very good. The first time G saw this he got pretty excited…if we have a look…we got 8 customers, trade people, to go through and try to buy the product…only 2 of the 8 got the written quote and none of the 8 got a follow up call. I'm not saying that this happens for every single customer what I'm saying is that for the 8 we followed through the process that's what we saw. So traditionally what would happen with that is that Gy*

would come out and say "right we're going to do something about this…from now on at the end of every day I want to see the list of follow up calls. What CPI does is that it says let's find the cause…"

The Commercial GM chipped in at this point to say *"We want to improve our customer advocacy…the key for me here is that it highlights the mismatch between what happened with the better customers …this proves we have a whole lot of work to do …"*

I was observing staff reaction to what was a dismal picture of performance following a mixed range of quality in the calls observed. My field notes said *"That was interesting. A kind of embarrassed reaction more than anything. Some smirking but mainly eye rolls and raised eyebrows."*

The following day I followed up with some unstructured interviews with staff asking them what they had thought,

The three conversations below with were representative of the feeling that the research was designed to make the situation look worse than it was and that each individual interviewed (even those with the worst examples on the ethnography material) felt they had it right already but others didn't.

Interview 1

Staff member

"I think they felt like they knew what you guys were looking for and I think they thought they wanted you guys to have negative...like the guy rolling his eyes...that's why he did it...as well as the guy who was waiting for ages because I think a normal person would have hung up."

Interviewer

"The two researchers that went in were trying to make it neutral they really weren't trying to get a negative view""

Staff member

"No no of course not but if you're doing research for a call centre you know automatically that's what they want...they think you're looking for faults you need to work on and not just to see what it's like...you made people think oh we're crap..."

Interviewer

"Will it make you change how you do things"

Staff member

"No"

Interviewer

"What about seeing how conversation can break down so quickly on the phone?"

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Staff member

"No people should know that anyway cause you can't draw them back...once they're gone on the phone they're gone you can't just smile and say sorry..."

Interview 2

Staff member

"It was interesting it's not like I'd say it didn't work I just thought it was a bit (inaudible) a lot of people do have positive experiences with us and there was one guy on that video that had good positive... you know he was happy with it,"

Interviewer

"Do you think it will make people think about Customise more?"

Staff member

"There's not many people on the floor that are really focused on Customise so probably not...there wasn't anything mentioned about Customise...probably not."

Interview 3

Staff member

"I always say I want you for the next five minutes to tell me day to day week to week what things you do in your business and then I'll be able to tell you which option would suit you the best so it gets them talking for 5 minutes so it stops all this yes no sort of thing ... I think we assume too much...we assume they've plenty of time in their day and we put them on hold for 5 minutes to talk to reso and we can't see them impatiently waiting ...I don't do that but other people do. I hate hearing these guys put people on hold...and I think common language is what we should be trying to use and not being all professional and false...it's not the way I talk to people I just talk to people...

"My feeling has always been Commercial is quite specific in its needs and requirements and I think the company has tried to force the Commercial process into a call centre and it doesn't naturally work."

Interviewer

"Did it add anything to what you knew?"

"No I'm not too sure what everyone else does but for myself...I'm straightforward with them (customers) you've got to put it in your own words and get it across to them."

Interview 4

Interviewer

"Did it add anything to your understanding of the customer?"

Staff member 4

"Nnnn...no...because for me you more or less put yourself in their position. Everyone is different on the phone so for me it just emphasises how you should deal with things. Everybody has to customise it to their own way of doing things..."

Interview 5

"It makes you feel like there's always room for improvement...but then you should have tailored your technique to suit yourself...I'm unorthodox in my approach...if you compare my technique to everyone's else's...there's a certain way everybody gets trained and they just stick with it...but those are just guidelines...you have to tweak it and see what works for you but you've either got it or you don't just quietly..."

My field notes at the end of the day included the comment "Can't say I hold out much hope for the *"Watch it and they will change theory"*

5.4.5.4 Implementing the Sales Call Process, Call Quality and Productivity Management

The CPI team focussed on improving call quality by first defining the ideal discovery process for an inbound sales call with the plan to implement a call quality review system once this was complete. Once the call process was mapped it was passed to the Team Leaders to coach their staff. The Team Leaders were also expected to trial the new Call Quality approach and to begin to monitor productivity of their staff also feeding that back into coaching.

During the training session for the Team Leaders on the new coaching processes they were universally positive and feedback was typified by the examples below.

 "If the TL's are coaching people going through this and they can say this is not working here or the process isn't working properly and that gets fed back into the database and they get to see the changes that are happening they feel part of the business rather than at the moment they feel like we're cracking the whip a little bit and it doesn't matter what they think."

"Yeah definitely...it brings so much more to it and a lot of the guys they struggle with the system...where stuff is and where to get it. The process stuff will really help that."

Then training session ended with the GM making it very clear that the new framework was to be implemented as soon as possible and the Team Leaders agreed to get together and decide how to implement the new coaching framework.

Following the workshop ethnographic observation of the Team Leaders over this period showed they were simply ignoring the instructions to use the process to coach staff or to begin the call quality trial. In CPI meetings they continued to be enthusiastic about CPI but during the agenda item

of review in progress projects they presented a list of reasons why they hadn't yet begun: staff shortages, new staff to induct and get up to speed, Team Leader changes, pressure from the GM to lift sales, pressure from staff about sales targets, inadequate documentation etc. Each meeting saw them agreeing to start very soon.

Informal interviews outside the CPI meetings produced more honest responses to the proposed changes and why the Team Leaders believed they would not be pushed into implementation

"None of us say anything in the room...but we know it's not going to work out here..."

"You just kind of think this too will pass....seen it all before"

"It comes and it goes...they'll be on to the next thing soon..."

5.4.6 Moving to Business Process Transformation - July 2008 to September 2008

5.4.6.1 Trying a More Radical Approach

By the end of June 2008 it was obvious that superficially the implementation phase was going as planned but no real changes had been made within the business. The ethnographic work was showing that any major change to the business failed to translate from an idea for improvement agreed by the Commercial CPI team to a fully implemented change in the business. The Team Leaders agreed to make change but then simply didn't implement. So far the Commercial GM had not demanded this change start to happen.

The BPI project team had been monitoring both process orientation (Reijers, 2006) and the identified CSF's for the project.

SCORE			
	Dec-07	Mar-08	Jun-08
Structure	25% Y	25% Y	25% Y
Focus	19% R	44% G	50% Y
Measurement	0% R	0% R	25% R
Ownership	0% R	25% Y	50% G
Customers	25% R	25% R	25% R
TOTAL	16% R	31% Y	41% Y

Figure 45 Reijers Process Orientation Measure for Nationwide Commercial

The process orientation measure (Figure 45) showed a steady improvement but the monitoring of the CSF's showed some areas of concern (Figure 46).

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			April	May	June
		CRITICAL SUCCESS FACTORS MONITOR 2008			
Factor	**Sub Factor**	**Requirements**	**April**	**May**	**June**
Strategic Alignment	Organisational Structure	The structure is clear and there is willingness to change structure to support change	orange	orange	orange
	Roles and Responsibilities	Clear roles and responsibilities, change plans and training in place for redefined roles and	red	orange	orange
	Strategic Clarity	Stated strategic objectives are mirrored by existing initiatives and behaviour. Unstated strategic objectives that contradict or re-prioritise stated objectives are not evident.	red	red	red
	Strategic Links to Process	Process goals set in line with stated strategic objectives	red	red	red
	Customer Expectation of Process	Voice of customer mechanisms in place	red	orange	green
	Business Partners Expectations of Process	Process design feedback in place	red	red	green
Process	Process Maturity	Measure in place to continually monitor increase in processes orientation and maturity	green	green	green
	BPM Expertise	The BPM team has the support of experienced BPM practitioners	green	green	green
Culture	Culture	Current culture is understood as well as possible. Values are articulated and supported by analysis of	orange	orange	orange
	Change Vision	Clear well communicated vision and why the organisation is undertaking the change	orange	green	green
	Change Readiness	Employees hold positive views about need for change, preparedness for change and the potential for	orange	orange	orange
	Change Management Expertise	Change planning follows contextual analysis and includes change path, change start point, change style, change interventions, change roles, and change barriers	orange	orange	orange
	Change Reinforcement	Mechanism in place to reward changed behaviour	red	red	red
	Expectations	Expectations of all stakeholders are understood and managed	red	red	red
	Communication	Transparent (Clear, consistent, timely) to all stakeholders	red	red	red
Leadership	Leadership	High level sponsorship with ongoing contact with the project and championship at senior level	green	green	green
	Management Competency	Assessment of manager capability for process and change	red	red	red
	Management Support	Sustained management commitment and leadership from the top of the organisation	green	green	green
	Process Owner Support	Clarity around who owns process and why (particularly processes that cross functional boundaries) with owners having authority and credibility. Leadership support for process owners improvement initiatives	orange	orange	orange
	Championship	Championship at all levels of the organisation	red	orange	orange
People	Staff Competency	Assessment of staff capability for process and change requirements	red	red	red
	Training/Knowledge Transfer	Clear underlying theory, accessible high quality training with outcome measures	red	red	orange
	User Participation	Staff participation in process design and improvement	red	red	orange

Governance	Benefits Management Structure	Clear business cases and post implementation reviews	
	Resources	Sufficient resources to accomplish the project plan, no competing initiatives	
	Performance Management	Staff and managers are incentivised to support process goals which in turn support strategic objectives	
	Goals and Measures	Process goals clear and achievable, measures are timely	
Method	Initiation and Completion	Clear project and sub project initiation, timeframes and completion	
	Project Planning and Management	Iterative planning approach that allows for complexity and emergent change, clear timeframes, realistic objectives, timely reporting and progress measurement and support for all business as usual activities	
	BPM Team Composition	Cross functional, well trained, appropriate authority and credibility, role clarity	
	Process Architecture	Clearly documented, organisationally appropriate (not IT appropriate) with levels suitable for industry	
	Process Redesign	Documented design principles.	
	BPM Methodology	Proven, documented, trained, clear, with iterative improvement	
	Standardisation	Modelling, redesign and other lifecycle methods are documented and standardises	
	Modelling Methodology	Proven, documented, trained, clear, with organisational participation	
	Modelling Tool	Business friendly first (not IT friendly first)	
	Modelling Language	Business friendly first (not IT friendly first)	
IT	IT Infrastructure	Reliable, responsive	
	Systems testing	Changes are tested thoroughly by developers and users	

Figure 46 Critical Success Factor Monitor June 2008

The CSF's were assessed using a RAG analysis by the BPI team monthly based on the ethnographic evidence. They showed strategic alignment, culture, leadership and people were the four areas of concern.

As the ethnographic data emerged it showed that the primary hurdle to BPM success was the change in behaviour required of the Team Leaders. There were continuing to give it verbal support, attend meetings and be outwardly positive about it, but were not changing their own behaviour to implement consistent process and quality standards. They had access to improved performance monitoring and were not using that either.

The BPI team made the decision to focus on the Team Leaders management processes. It was agreed that change leadership at the team level and the alignment of management process with desired changes were factors that were not adequately identified in the CSF's. The CSF's reviewed to form the Nationwide CSF monitor tended to split employees into two groups: high level leaders and staff. The BPI team agreed that Team Leaders (those people with staff reporting to them) should be addressed separately from high level leaders. They also decided that the management processes that these Team Leaders used must be documented and redesigned to ensure they supported the changes in business process that the CPI team was attempting to implement.

In short the Team Leaders appeared to be major block for change. Two new CSF's were added to the monitoring tool: Change Leadership at Team Level and Management Processes.

		. CRITICAL SUCCESS FACTORS MONITOR			
Factor	Sub Factor	Requirements	April	May	June
Leadership	Management Competency	Assessment of manager capability for process and change			
	Management Support	Sustained management commitment and leadership from the top of the organisation			
	Management Processes	Management processes for acquiring and deploying resources to deliver business support and business processes, and planning and controlling have been designed to support change			
	Team Leader Change Leadership	Team Managers are actively leading the change for their staff			
	Process Owner Support	Clarity around who owns process and why (particularly processes that cross functional boundaries) with owners having authority and credibility. Leadership support for process owners improvement initiatives			
	Championship	Championship at all levels of the organisation			

Figure 47 Critical Success Factors Changes At Nationwide

This raised the question of the adequacy of the assessment for management competency which was a subjective assessment by the team not utilising any formal instrument. It was agreed that the current method of assessing management competency was inadequate and a more structured instrument to assess competencies was required.

In order to address the lack of progress, a number of other structural issues that had been observed as well as the low performing CSF's, the BPI team proposed a more radical approach to the Commercial GM. The proposal was to plan for a new structure which would, once again, specialise inbound sales and support into separate teams and create a 'renewals' team dedicated to outbound calling for renewals. The analysis of current performance and optimal process cycle times had shown that no extra staff would be required to achieve this but a productivity improvement from existing staff would be required. The competencies required for the processes each team was

engaged in would be agreed and assessments for these competencies created, each team would be retrained in their speciality using a process based training approach, incentives would be aligned to process goals, an independent call quality assessment team from the specialist quality assessment unit would be trained in the agreed approach and on-going assessment would start. While planning and implementation of this change was underway the existing management processes would be mapped and new processes for change management, business management, monitoring coaching and communicating agreed. As for the business processes, competencies for these management processes would be agreed, assessments created, training designed, and incentives aligned to process goals.

In addition the BPMS would be used to automate some of the manual processes such as quote generation and distribution, recruitment, quote follow up, escalation to Resolutions and Head Office, and the call quality process.

The GM agreed to Business Transformation which would utilise the existing CPI methodology and would address the Leadership, People and Cultural issues that appeared to be impeding progress. While the work in this quarter was primarily on the process competency assessment, training development and incentive alignment the BPI team also began to redesign the management processes that would be core to ensuring success in the implementation of the transformation phase.

5.4.6.2   Redesigning Management Process

The GM, the senior managers and Team Leaders were all interviewed to identify and map the existing management processes. This was not an easy process compared to the usual mapping of business and business support processes such as Sales, Claims, and Recruitment etc. Each of the managers accessed their Outlook calendars during the interviews to establish their existing routines. During the interview the BPI analyst mapped the existing process and captured examples of reports and communications. There was a noticeable degree of defensiveness to the process by one of the Team Leaders who said *"You know it's not like anyone ever told us how to really be a Team Leader. One minute you're on the phones and the next minute you're a Team Leader. They do coaching skills and leadership stuff but they don't tell you what to do day to day or minute to minute like you guys do. We all do this our own way."*

The BPI team talked about the degree of discomfort we felt in this phase as we questioned managers about their daily activities. After the first interview with the Service Delivery manager the BPI analyst said *"I feel like I'm looking through his underwear drawer… it feels rude to ask him how he spends his day."* My own field notes said *"I can see why no-one ever does this. All the BPM work is on 'real' processes with 'real' customers. I 'know' these are actually processes too but somehow they feel off limits – sacrosanct. J seemed really offended that we were even asking what he did day by day."*

The interviews with the Team Leaders highlighted the large amount of time they spent on reconciling sales figures so their staff would get the correct bonus payments. While the Commercial GM had agreed in principle with moving staff incentives to call quality, this had not yet been implemented. The staff were continuing to be paid an incentive payment based on the number of new sales they made each week. Each staff member entered their sales into a spreadsheet daily and

each week forwarded this to the Team Leader. Each Monday the finance department forwarded a sales report for the team to the Team Leader and often all of Monday was spent requesting investigating differences and requesting adjustments to the sales report or convincing staff member their recording was incorrect.

> *"The system sucks…all the agent has to do is not quite put the right code in the right place and the sale gets credited to the wrong person and you know it takes ages to dig in and…finance don't care about whether these guys get their money…lots of them really need that top up too you know…they hang out for it."*

Once the current processes had been documented and agreed the Team Leader's management processes were redesigned and the time to complete the processes was agreed.   The major objection from the Team Leaders up to this point had been that they did not have enough time to implement the performance monitoring and call quality and process coaching required to move the business unit toward consistency and improved productivity. The new processes were presented to them as pie charts of activity to ensure they agreed that in fact if they followed the new processes they would have time.

How will our time be spent?
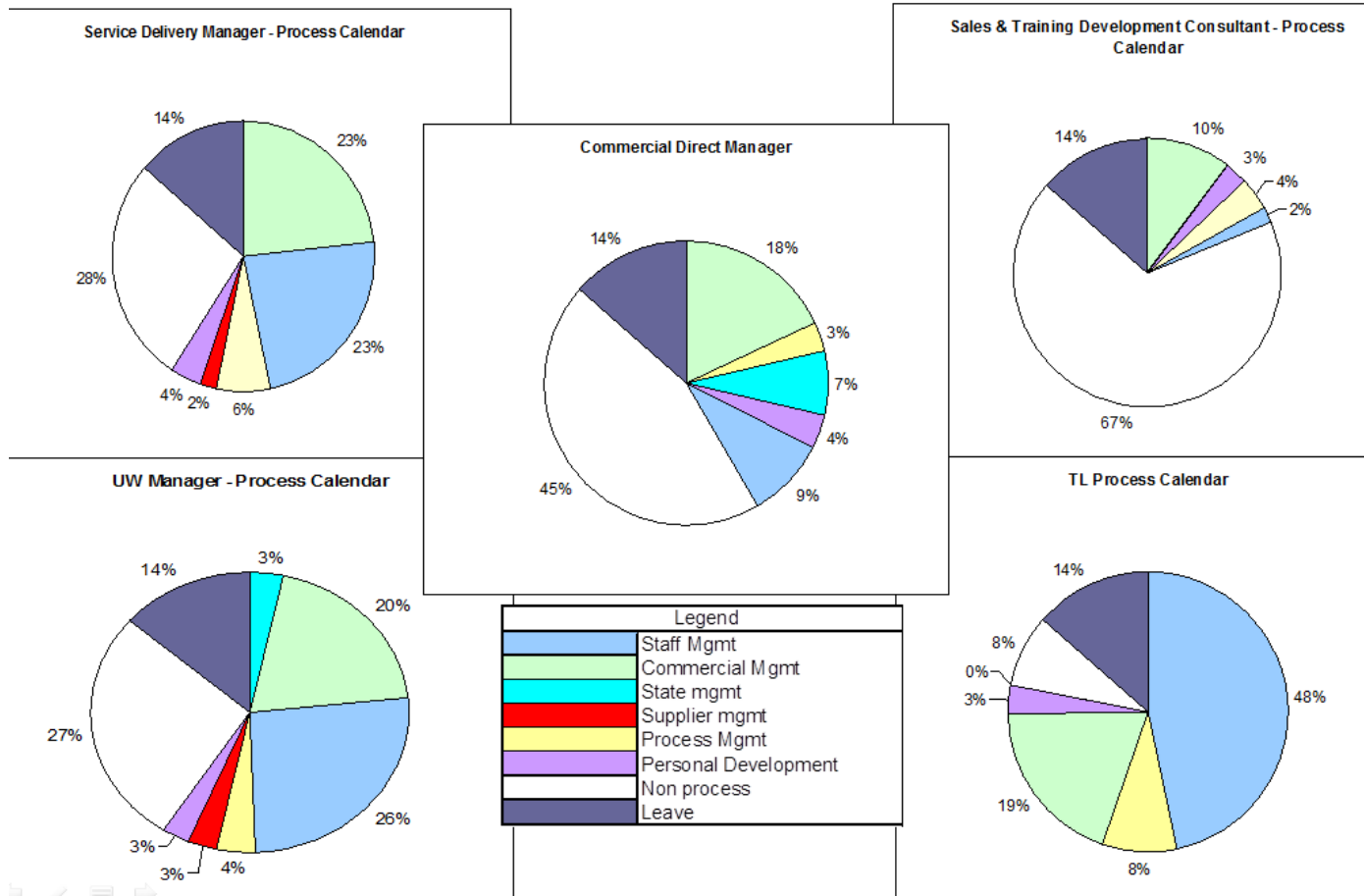
Figure 48 Nationwide Commercial Management Processes

Once again this highly rational approach to the Team Leaders dilemma was met with apparent agreement in the workshop. No overt objections were raised. Over the next several weeks the BPI analyst and I sat in with Team Leaders to observe how the new management processes were working.

5.4.6.3 Managers as Meat in the BPM Sandwich

As the BPI team worked to ensure compliance with CPI initiatives and management process, my ethnographic observations recorded new pressures emerging. Some of the Team Leaders saw the new functions in their role as insulting to their staff and conflicting with what they saw their 'real' jobs as

> *"The hardest part being their Team Leader is trying to encourage them to lift their persona…its easy for a morning or a day but day after day…"*

> *"I was on the phones for three years and nobody had to tell me how to do it...now I'm a Team Leader and it's my job to look after them... it's worse than being on the phones again."*

> *"I've got twelve in my team and there's always someone that needs something ….I'm a mother, a counsellor, a trainer..." (Quote from male Team Leader)*

> *"Read the values (Nationwides espoused organisational values: Honesty ,Teamwork , Meritocracy, Transparency , Innovation and Social Responsibility). That's what they (the staff) want from us...not this bullshit."*

On the subject of the revised performance measures the Team Leaders showed an on-going mistrust of the numbers being produced and did not see the relevance of these measures.

> *"It was bad enough when it was just sales...I used to spend most of Monday (the day the sales figures came out) reconciling what finance said to what the agents said they'd sold in their spreadsheets... you know so it was fair to them...now it's endless arguments about the call quality scores and call times...none of it actually gets the job done."*

> *" I spend an hour with C trying to convince him his call wasn't customer-centric and he sounds arrogant and he still couldn't see it...and to be honest he's got good sales figures...I just give up I'm just the ham in the sandwich."*

> *"The process is influenced largely by reso…we go to reso and we think that's gospel and some else goes to reso and gets another piece of information."*

They saw the GM above the rules and constantly changing them which also contributed to their belief they would not ultimately be held to account for lack of compliance

> *"He (GM) wants us to put all this pressure on them (staff) and none of it applies to him. One minute the target is 600 items per week and then he says it's a 1000 and that just stupid...never going to happen."*

"He doesn't put his ideas through the CPI team. If he wants the walls painted a new colour because HR says so he just gets me to organise it and he has all his pet marketing projects and we have to do them as well as all this..."

In a separate discussion with the GM, he expressed very similar feelings about his engagement with his manager, the CEO. In a conversation about how underperformance to budget would be received and how to manage the implementation of new CEO initiative outside the BPM framework he said:

"You take the whipping like a good soldier you know...the important things is not to argue and to have a good story about how you're fixing it....he'll be on someone else's case next month…anyway it's all a moving target....budget... reforecast... reforecast.... you just have to wait it out..."

"He doesn't stick to the rules...and he thinks all he has to do is say it and it will happen....he has no idea what it's like getting things done..."

During this phase three of the five Team Leaders left Nationwide Commercial. One left for an external position and two for roles in other divisions of AIL. Acting Team Leaders were appointed from the staff and trained in the management processes awaiting the transformation implementation.

Also during this phase the Commercial GM gave explicit instructions that three staff be placed *"into performance management."* This involved the Team Leader giving the staff member a verbal warning and some explicit targets to achieve. If they failed they were given a written warning, new targets and finally dismissed. This was unprecedented in the business unit. In the initial phase of the project in December 2007 one relatively new staff member said:

"I don't know what you'd have to do to get fired around here…I've seen some stuff… I mean people come and go pretty much as they like…you know there's a couple who are really pulling it on the leave… and so long as they have sales notched up nobody seems to care… I've heard them bad mouthing customers as soon as they get off the phone and nobody says a word. You wouldn't get away with this anywhere else you know"

5.4.7 Business Process Transformation - October 2008 to June 2009

5.4.7.1 Nationwide Commercial Transformation

In October 2008 the Commercial staff was presented with the proposed new operational model comprised of a new organisational structure and supporting infrastructure and given an opportunity to participate in a consultation process for the proposed changes. These presentations were six months after the initial introduction presentations to BPM for the staff in April. There had been a small number of staff generated ideas implemented, but aside from that very little had changed for them until the implementation of the new management processes during September and the departure of three Team Leaders .

What does the proposed structure look like?
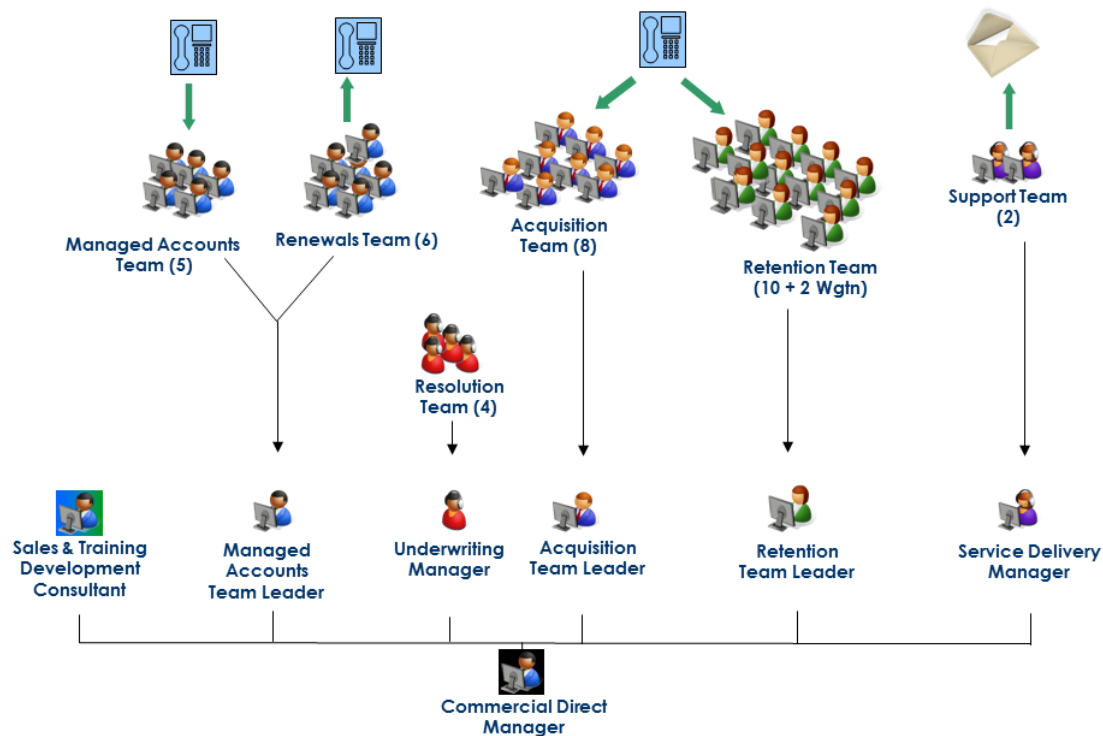
What will the changes look and feel like ?

- It will feel a bit different
    - Any time the things around us change it makes us a little uncomfortable, that's normal and its OK to feel that way.
- The office will look a bit different
    - To help us make the shift in our minds its important to make sure everything around us supports and reinforces the change. We won't be touching anything on your desks but some of the items on the walls will be removed. Let us know what you think
- We will be sitting in new teams
    - The Management Team will be sitting with their teams, they are the leaders and want to be close to provide encouragement and guidance
- Your Team Leader or Manager will be regularly and formally meeting with you to help you be successful
    - A leaders job is to help their team be successful; to do that we have to spend time listening to each other
- You'll participate in the introduction of:
    1. New Call Quality framework
    2. Process training
    3. Team and personal performance dashboards
    4. New management processes to support your success

Figure 49 Nationwide Commercial Proposed New Operating Model

The response from staff in this workshop was different from that of the April presentation where there had been a prevalent *"this too will pass"* feeling. The Commercial GM was more assertive and the Team Leaders showed more leadership when it came to answering staff questions.

By the end of March 2009 the implementation plan was complete.   This included the implementation of the new structure, a change in floor layout to embed the Team Managers with their teams, a change in the symbols and objects on the walls of the Call Centre including prominently placed Performance Dashboards. The new teams had been trained in the sales, service and renewal processes, and the new performance monitoring and coaching including call quality and competency assessment implemented. The Team Leaders had been trained in recruitment, training, coaching, monitoring and management processes and performance dashboards down to a personal level implemented.

5.4.7.2   When a Call Centre Starts to Feel Like a Call Centre

My field notes at the end of March 2009 noted *"It feels so different down here now (Level 6). It's more like a Call Centre I guess but there's something else as well. It's a restrained professional look and feel and these guys are acting like Commercial insurance agents not kindergarten children when the boss is away. The new teams are really working and I think seeing some automation arrive has helped too. I've just been sitting on Level 7 (Personal Sales) and it's like chalk and cheese now."*

A staff survey in late January 2009 included the following staff comments:

 "I have been impressed with the apparent lines of communication from upper management to middle management and more so from my direct Team Leader to me. Hope the changes have the desired effect."

"It's great to come into a company where the leaders and management recognise that change is needed at all levels and not just the frontline. As a new member to Nationwide Commercial I felt during the 6 week training, that there needed to be more cohesion between the coach and the Team Leaders. At times there were a lot of silent moments when the leaders came into the training room, this time could have been used a bit more productively. The Team Leaders could have discuss expectations on the floor, STI, Grow, The Academy etc (most of the development side of things) I did not have thorough understanding of this until now. I believe this to be important as i was not recruited from within Nationwide or AIL. The team and the leader I have is very supportive and open and believe Nationwide is heading the right track".

"Overall the structure is becoming more structured and the mechanisms are being introduced to monitor specific areas in a much more constructive way giving a picture of what works well and what doesn't, as well as who works well etc".

"I think the leadership in the commercial team has improved in the recent months. The processes are more transparent, concise and aligned with a common purpose, which gives a sense of direction with achievable goals. It would be fair to say that the purpose, processes and functionality of the unit are all travelling in the same direction. This is reflected in the leadership. I'm not sure that there are any other improvements that could be made. However - perhaps a bit more of a FUN atmosphere could be the next goal! :) "

By June 2009 the progress report looked good:

Progress Report June 2009

OBJECTIVE	COMPLETE
Implement new organisational structure to support business objectives	✔
Formalise acquistion, retention, renewal, support, recruitment, training, coaching and management processes	✔
Deliver process based competency training and assessment	✔
Agree business unit, team and personal objectives and incentive structures	✔
Implement automated processes for call quality, quote distribution, follow up reminders, recruitment, coaching, escalation to Resolutions	✔
Implement business unit, team and personal dashboards	✔
Implement process activity management dashboards	✔
Achieve business unit targets for customers, staff, leaders and investors	✔

Figure 50 Nationwide Commercial Transformation Progress Report June 2009

An email from the Commercial GM to his staff summarized the successes:

"Hi everyone,

*<u>**Financial year end for FY09**</u>*

*I would like to recognise everyone's contribution during the last 12 months. Our **top 5 achievements** during this time have been;*

*1) Focussed on improving our business performance through a greater focus on the **customer***

*2) Focussed on **People** in the right roles doing the right things*

*3) Implemented a new **call quality** framework based on following best processes*

*4) Out performed our **profit budget***

*5) The platform is set for a dedicated **sales and service** operating model to improve the customer experience*

*I would like to **thank you** for your hard work, effort and commitment. We have achieved a lot and our journey continues to improve on our progress made already."*

However while the Nationwide Commercial transformation via BPM was widely applauded in the overall Nationwide and AIL organisation the rollout across Nationwide Personal and Claims was not going too well.

The final assessment of CSF's for the Nationwide Commercial project highlighted the emerging problems. Strategic alignment for the BPM initiative, cultural and leadership support had shifted significantly.

	CRITICAL SUCCESS FACTORS MONITOR								
Factor	Sub Factor	Requirements	April May June	July Aug. Sept.	Oct. Nov. Dec.	Jan. Feb. Mar.	April May June		
Strategic Alignment	Organisational Structure	The structure is clear and there is willingness to change structure to support change							
	Roles and Responsibilities	Clear roles and responsibilities, change plans and training in place for redefined roles and responsibilities							
	Strategic Clarity	Stated strategic objectives are mirrored by existing initiatives and behaviour. Unstated strategic objectives that contradict or re-prioritise stated objectives are not evident.							
	Organisational Coherence	The strategic objectives of all business and business support units are aligned in terms of underlying cultural assumptions and change style.							
	Strategic Links to Process	Process goals set in line with stated strategic objectives							
	Customer Expectation of Process	Voice of customer mechanisms in place							
	Business Partners Expectations of Process	Process design feedback in place							
Process	Process Maturity	Measure in place to continually monitor increase in processes orientation and maturity							
	BPM Expertise	The BPM team has the support of experienced BPM practitioners							
Culture	Culture	Current culture is understood as well as possible. Values are articulated and supported by analysis of behaviour and symbols							
	Organising Processes	Informal mechanisms for sensemaking, organistional learning, decision making, and communicating have been studied and made sense of							
	Change Vision	Clear well communicated vision and why the organisation is undertaking the change							
	Change Readiness	Employees hold positive views about need for change, preparedness for change and the potential for positive outcomes.							
	Change Management Expertise	Change planning follows contextual analysis and includes change path, change start point, change style, change interventions, change roles, and change barriers							
	Change Reinforcement Expectations	Mechanism in place to reward changed behaviour							
	Communication	Expectations of all stakeholders are understood and managed Transparent (Clear, consistent, timely) to all stakeholders							
Leadership	Leadership	High level sponsorship with ongoing contact with the project and championship at senior level							
	Management Competency	Assessment of manager capability for process and change							
	Management Support	Sustained management commitment and leadership from the top of the organisation							
	Management Processes	Management processes for acquiring and deploying resources to deliver business support and business processes, and planning and controlling have been designed to support change							
	Team Leader Change Leadership	Team Managers are actively leading the change for their staff							
	Process Owner Support	Clarity around who owns process and why (particularly processes that cross functional boundaries) with owners having authority and credibility. Leadership support for process owners improvement initiatives							
	Championship	Championship at all levels of the organisation							
People	Staff Competency	Assessment of staff capability for process and change requirements							
	Training/Knowledge Transfer	Clear underlying theory, accessible high quality training with outcome measures							
	User Participation	Staff participation in process design and improvement							
Governance	Benefits Management Structure	Clear business cases and post implementation reviews							
	Resources	Sufficient resources to accomplish the project plan, no competing initiatives							
	Performance Management	Staff and managers are incentivised to support process goals which in turn support strategic objectives							
	Goals and Measures	Process goals clear and achievable, measures are timely							
Method	Initiation and Completion	Clear project and sub project initiation, timeframes and completion							
	Project Planning and Management	Iterative planning approach that allows for complexity and emergent change, clear timeframes, realistic objectives, timely reporting and progress measurement and support for all business as usual activities which run in parallel							
	BPM Team Composition	Cross functional, well trained, appropriate authority and credibility, role clarity							
	Process Architecture	Clearly documented, organisationally appropriate (not IT appropriate) with levels suitable for industry							
	Process Redesign	Documented design principles.							
	BPM Methodology	Proven, documented, trained, clear, with iterative improvement							
	Standardisation	Modelling, redesign and other lifecycle methods are documented and standardises							
	Modelling Methodology	Proven, documented, trained, clear, with organisational participation							
	Modelling Tool	Business friendly first (not IT friendly first)							
	Modelling Language	Business friendly first (not IT friendly first)							
IT	IT Infrastructure	Reliable, responsive							
	Systems testing	Changes are tested thoroughly by developers and users							

Figure 51 Nationwide Commercial Critical Success Factor Monitor June 2009

5.5 THE NATIONWIDE ROLLOUT OF THE BPM PROGRAM

The previous section showed the benefits of the ethnographic approach to understanding CSF's and working to improve them and the AR approach to implementation. Emerging problems were quickly identified in the AR meetings and research based solutions proposed and agreed. This section tells the story of what was going on in the rest of Nationwide while Commercial was hard at work re-inventing itself.
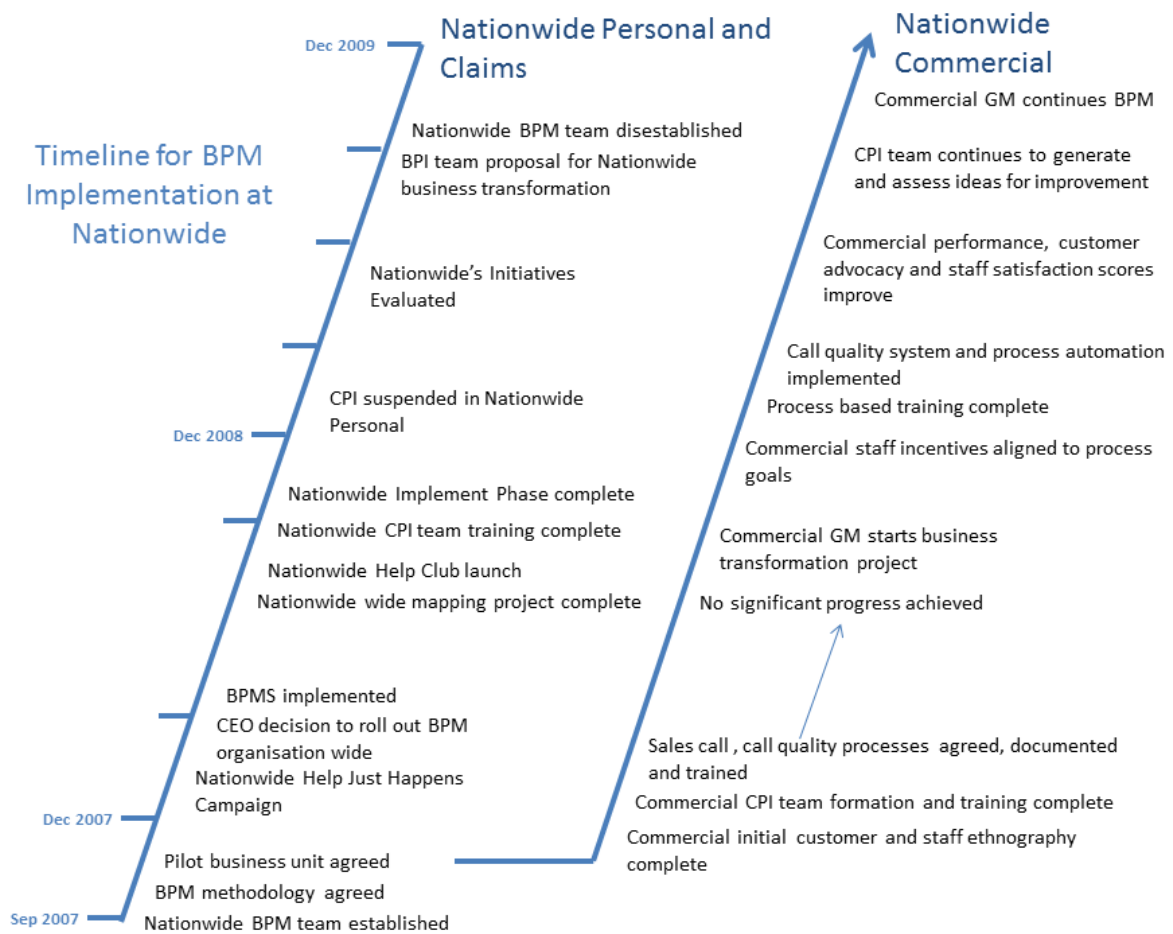
5.5.1 Timeline

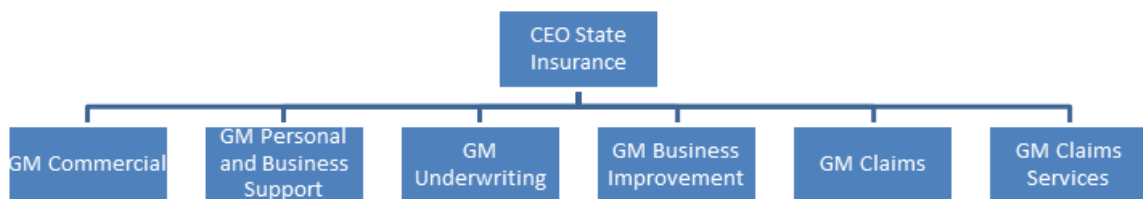**Figure 52 Timeline for BPM Rollout Across Nationwide**

Figure 53 Nationwide Executive Team Structure

5.5.2 Nationwide's Predicament in early 2008

In early 2008 the Nationwide Leadership team was facing a predicament. A cost saving exercise the previous year had failed to deliver improved profits and the business was forecasting a large loss for the coming financial year. As a result of the issues caused by the Huon implementation customer advocacy, satisfaction and retention was at an all-time low and staff satisfaction was also low. The strategic goal of 30% market share with 35% of the profit pool looked completely unachievable. The CEO of Nationwide and his immediate superior the CEO of AIL New Zealand were under intense pressure from the Australian Board to immediately improve the business results.

5.5.3 Roll This Out Across Nationwide - April 2008

At the end of the Discovery phases in Nationwide Commercial the CEO of Nationwide joined the Commercial CPI team for an end to end review of the BPM programme. The presentation first outlined the need for improvement in customer advocacy, staff satisfaction and performance. It then suggested this improvement could be addressed through multiple means such as advertising, training and sales coaching, product development, channel development, restructuring or through the BPM program.

The presentation included a slide with some of the verbatim comments recorded at the Commercial CPI meeting to review the customer ethnographic data.

What the CPI Team said about CPI

CPI Team Verbatims

- "In 12 months time I want us to be at a very different level as a business. This gives us the focus and direction to get there...it's like a roadmap...it shows us the journey we need to take...it is focused on taking small steps"

- "The only way to achieve something new is by changing habits...getting a process in place and creating the process as a habit...I believe this is the way to change habits"

- "...this way we get a combination of all of our thoughts put together and identify the best way of getting something materialised...gives the new people a view of what I take for granted that everyone will know and everyone will do"

- "We've got an opportunity, we need to grab it now to move the business forward...this gives us a structured platform to change fundamentals, I'm not talking about product, I'm talking about process."

Figure 54 Commercial CPI Team Verbatim Comments

When the CEO of Nationwide said *"So you're recommending this then?"* the Underwriting Manager for Commercial replied, *"This is a no brainer. If we don't so this M what will we do?"*

The BPI Manager later met with the CEO and at a BPI meeting the next day said *"He says roll this out across Nationwide. That's nice and easy. He says that and that means it's done so now we have to figure how do we do that exactly? We're about to embark on that piece of work which means that the BPI team is now being structured to support what is a long term and significant piece of work."*

A number of factors influenced the design of the BPM implementation for the rest of Nationwide. The Commercial program had followed the methodology of Context, Discovery and then Implement and Embed Phases. It had started with the senior management group, expanded to include Team leaders and by this point was now about to include customer facing staff. In order to address the People Critical Success Factors issues that had been experienced in Commercial the BPI team decided to include right from the beginning of the process customer facing staff members. The approach was modified so that mapping and the formation and training of the CPI teams would occur first. These would include a range of staff from customer facing staff to senior managers in order to build ground up support. The original plan was that simultaneously staff and customer ethnography would be performed to inform the analysis of critical success factors and process design and the other Context and Discovery activities would occur with senior managers in order to build senior manager support. Primarily because of other organisational initiatives which were seen as higher priority (these will be discussed in Section 5.6) this did not occur so the Context and Discovery phase followed the Mapping and Team Formation and Training.

5.5.4   Starting With Mapping - May 2008 to July 2008

The BPI team started the Nationwide BPM program with an organisation wide mapping exercise. Three teams were formed each comprising of an external facilitator expert in the XSOL mapping systems, an internal expert and a BPI analyst. The first team focused entirely on Claims processes, the second on Branch and centralised Administrative processes and the third on Personal Sales processes. Each internal expert identified a core group of people to participate in workshops for the mapping of the processes. The mapping and documentation standard previously agreed in the Commercial pilot were utilised. The mapping exercise went very smoothly, and included the linking of source documents and manuals etc. to make the maps a knowledgebase. This was completed in 10 weeks finishing at the end of July 2008

Once again the workshop participants were enthusiastic and positive. Many of the feedback comments included comments like:

> *"This will be great to have everything written down. No idea why it hasn't been up until now."*

> *"These will be a fantastic resource. It's great the way it links everything together."*

> *"It'll be so much easier to train g new staff."*

> *"After the workshop we were approached by AD (senior manager) to use one of the process maps so this is very exciting that they are already viewed as valuable tools for the business even in the current "As it is in reality" form."*

> *"Everyone seems to enjoy seeing the process come to life as we go through the workshop with them."*

5.5.5   Forming and Training the CPI Teams August 2008 - September 2008

The next phase was to form and train CPI teams. Then internal expert from the mapping phase became the CPI Leader and other members were selected from senior managers, team leaders and direct staff (recommended by senior managers). Each person approached was given some background on CPI and asked if they wished to participate. From the initial 24 people approached for the three teams only one refused.

One of the internal experts said:

"It's important that team members get selected from different areas in order to bring different viewpoints. In addition, it's about being rewarded because they 'deserved it' not because of their social circle. There's a myth that exists that if you're in the right social circle you'll be rewarded. Let's make sure we disprove that."

Another said of the Personal sales Call Centre Manager:

"C won't want to release the 'good' people. She'll be worried about targets and GWP."

The teams went through the CPI training program over six weeks. Just as in Commercial at the beginning of CPI the comments were largely positive.

"It's a sensible plan for the company to take on board."

"An exciting journey for all at Nationwide."

"Compelling reasons for doing CPI demonstrated."

"Methodology is sound and will enable focus on deliverables that will make a difference."

"If it is difficult for staff, I'm sorry but I say harden up and learn to make it easier for our customers first, address the staff difficulties second once that's done both staff and customers are aligned. Everything needs time and steps to process."

"Such an exciting and powerful session. It hones right into what we are trying to achieve overall. In order to get anywhere you must have clear goals and in order to complete it according to plan you must have your principles set out in bold terms. In order to succeed in the whole process, everyone must understand the reasons why we are doing it. WOW!! I am so excited."

"Listening to the voice of the customer keeps flashing at me. Identifying gaps can only happen if we are actively listening to the voice of the customer in order to do what they want and not what we assume they want."

"This was an eye opener seeing the videos from the Commercial customer's perspective Will be great to see these for Personal."

"There is little doubt that reviewing the processes like we did today will generate many ideas."

"I can see amazing things happening in the near future. Hooray!"

"What a full on session – Listen, Measure, Learn, Innovate. Voice of the Customer keeps coming to me every minute of our discussion during this session. Goals and Strategy has never taken so much focus in my entire working life at AIL. Well done to the CPI Team. Moving forward in the right direction. WOW!"

"It was great seeing D (senior manager in the session talking about the example about the CSA up selling successfully then asking about life insurance at the end. It was great to hear him say "...that's because we're driving the wrong behaviours..." "

To a very small degree the comments included some reservations:

"I keep asking myself "are we allowed to say that?""

"Our business does not share a single vision or goal but everyone is acting like it does or it can do."

5.5.6 Customer and Staff Ethnography August 2008 - September 2008

While the CPI teams kicked off regular meetings the BPI team performed customer ethnography for Personal and Claims similar to the Commercial exercise that had been undertaken.

The customer ethnography and semi-structured interviews showed a very similar picture to Commercial. The customer experience was inconsistent with a wide range of quality and follow up in Personal Sales was also very inconsistent. The staff ethnography showed staff acted badly when senior managers were not present, training was not directly relevant to the call process, Team Leaders 'owned ' their teams and each Team Leader was allowed to run their team in their own individual way and staff behaviour was highly influenced by the incentive plan, the targets and spot prizes.

The ethnographic field notes in Nationwide Personal included these representative comments:

"This isn't like other call centres I've been in. For instance a lot of staff have personalised 'stuff' around their desks like photos of their friends, family etc..."

"During Friday [day] it was really quiet and the board was showing high service levels. Then at about 5:30pm it had all calmed down and CSA's were sitting around talking BUT the board was showing 10 calls waiting. Most team leaders had gone for the day and because it was a 'pay' week were already at the pub drinking."

"My first call listening to B in S's team, she had to explain to a Customer that he was not entitled to all the discounts because the 'new' system didn't allow it. He felt that based on the amount of business he had given us that he should be allowed more than what we were offering. She put him on hold as she felt irritated. and was just looking up all his policies in the system. Her words were something like: I don't like this guy, he's a dick."

"Looks like taking a call is an interruption for these people. CSA's are allowed to surf whilst waiting for a call and when a call does come through then it's an inconvenience. CSA Service level today is: 97%"

"S (TL) walks around his team, shares with them as they are waiting for calls. It's very quiet at the moment so, there is a lot of banter and giggling.   I wonder why it hasn't occurred to these people to start downsizing? AVG of 6 calls per team per hour does not even equate to one call per person per hour."

"S (TL) doesn't seem to mind what his people do while waiting for calls. I asked him why and he said that he does not like to put a mirror up against people's performance, rather when he sees or hear them do good things he likes to encourage them to keep on doing that."

"Just walked around the call centre. Lots of people just sitting around talking or surfing the net. No calls coming through. "

"When taking a call you can still watch a music video. CSA's watching music videos and just keep doing so, while customer is on the line."

"Just spoke to T from M's Team, mentioned how relaxed it is. Her words were... It's nice at night there is no tension, so you just relax into it. During the day there's too many people walking around. She means C (Call Centre manager) She mentioned today that on every hour on the hour she does the Call Centre Circuit to see what people are up to."

"TL in staffroom was in control of the remote - felt like when you're at home and the 'man' of the house in charge! TL leaves staffroom, CSA's discuss amongst themselves and decide on which channel to watch - felt like the kids getting along."

"Flags displayed in the Foyer refer to teams by Team Leader name: e.g. M's Team, L''s team. What da I don't get why there is always a personal connection with the Team and Team Leader? Why aren't the team names used?"

"Rather than looking for information online or using a training manual. Staff in S's team just ask. They are more chatty the rest of the teams. Talking amongst themselves is allowed. They are not discouraged. L's team members look online more and use their documents to gather information to satisfy queries. They are encouraged by L to look online rather than discuss amongst themselves."

"It's so different here on so many levels. If you are a CSA in C's team you have a different set of rules to that of S's team. Yet, you could've been in the same training team."

"N still interviewing for 2 new staff members. Stood in front of my desk and had a discussion with X about the interviewee. "while he's a great kid, he's only ever packed grocery bags in a super market and (N) cannot afford to bring him into the team with no insurance background especially as Training will not be helping out because there will only be 2 people and they do not do training for only 2 people G asked if the person will go straight onto the phone. N shrugged said... no not really but then said well yes almost immediately!"

"At 1:30pm everyday the TL's 'huddle' around this whiteboard. It's called the TL huddle and the whiteboard is referred to as a 'huddleboard'. It shows the $ value target for each team, as well as a deficit or credit for that quarter. Sometimes CSA's are invited to attend the 'huddle' sessions. TL's consider this a 'reward' for the CSA."

"I'm amazed at how easy it is form CSA's to cheat on incentives. CSA's can cancel policies and recreate to suit a current promotion if they work out the smarts and the cheats. A CSA can combine policies for a customer which will allow them to obtain an individual premium target (NB), however, it does NOT impact the GWP overall $ value for NATIONWIDE. They have the ability to cancel policies and create a new one based on the current promo. e.g. if it's for car 3rd party or fire and theft. They can cancel the existing one for Comprehensive Cover and offer the lesser one. Right now there's a draw for vouchers based on the number of policies a customer has. So, CSA's are able to cancel a combined policy and take out two separate policies. I guess I'm not surprise because there's so much pressure to sell sell sell in addition to answering a call."

5.5.7 Failure to Embed October 2008 - March 2009

By October 2008 the Nationwide senior managers were available to participate in the Context and Discovery phases of the program in a series of workshops for senior managers. The first two levels of the process architecture, Organisational Context and Organisational Process View were constructed. The organisation's strategic plan was reviewed along with structure and current performance measures. The size of the improvement opportunity was agreed and the process orientation measured. The approach was considered and the overall improvement vision agreed. The outputs of the staff and customer ethnography were reviewed. As for Commercial the other business units also agreed they needed their own strategic objectives. Goals, indicator targets, process goals and staff incentives were all reassessed in order to create alignment with the overall organisational strategic objectives. These were agreed and the dashboards were constructed.

In addition to the same activities that had occurred in the Commercial pilot an investment group was established to review the ideas that had been generated and passed through the gate process at a business unit level. The investment group was comprised of the CEO, his direct reports and representatives from the Marketing, HR, IT and Finance functions of the AIL Shared Services divisions. Each of these ideas was presented in the form of a business case. A workshop at the beginning of October presented the journey ahead to the Nationwide senior managers (see Figure 55)

Figure 55 Embedding BPM at Nationwide

As with Commercial the senior managers seemed universally supportive in workshops and were all very interested in having their Dashboards set up "like Commercial".

> *"J reported in from the workshop - apparently they have the blinds closed - he did say they were on the couches not at the table though and he also said G (Commercial GM) was really fired up yesterday about the need for them to get on board."*

The CEO of Nationwide had been staying closely involved with the Business transformation program in Commercial and was clear in his intentions to the Nationwide Executive team that the rest of Nationwide commit as well. However he seemed reluctant to represent the program at an AIL Executive level which is what it would require to extend from Nationwide to the Shared Services functions that impacted Nationwide's ability to make change effectively.

> *"K (BPI Manager) said Fri went well, more sessions needed to actually do some of the stuff, he decided not to in the session because the guys just seemed to want to talk. He said M (Nationwide CEO) doesn't want to act like an exec or do anything, but isn't going to stop anything. M said the AIL exec need to support it and won't understand - so pointed out that M is an exec, so needs to explain it to them. However, M seems to think he's just a fly on the wall at exec meetings and was coming up with every reason why it would be too hard. He said I (AIL CEO) says he doesn't want to rock the boat that much but then sometimes he blows the other way and says this is exactly what we should do.*
>
> *K said they did ask regarding the dashboard and the indicators was, "what if it shows us we can't get our budgets?" How scary, they know they are not going to get them, so don't want*

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to have it highlighted. Reading between the lines they know it makes sense, know they don't have any better ideas, but they don't want to do anything tough."

Rumours had been rife throughout October that the Nationwide CEO's tenure was about to be terminated. Finally at the end of October, in an email from the AIL CEO, it was announced that he would be leaving to return to Australia.

"M and his family have decided that the time is right to plan to return to Australia so he will be leaving his role as Head of Nationwide Insurance on 31 December 2008."

Given the Nationwide Leadership's close relationship with the CEO it was a very open secret that in fact the CEO had been asked to leave to open the way for a *"different style of leadership which will turn around the performance quickly.*

In the vacuum that the CEO's imminent departure and replacement created the Nationwide Leadership team lost interest in the complexities of CPI while they focused on manoeuvring for position and applying for the now vacant role.

"Lots of long lunches and whispered conversations…"

While the Nationwide Leadership team was occupied and distracted the CPI teams were suffering. The BPI team discussed the position of the newly formed and trained CPI teams and it was agreed that the BPM Manager ensure leadership where the business unit managers were not, by attending all CPI meetings. In November he emailed the CPI Team Leaders:

"Good morning CPI Leaders,

Starting straight away I would like to attend all your CPI meetings to provide visible senior support for you and your teams from now on. I am trying to provide a greater level of support to you in your role than I have to date so can you please forward me an invite to your respective re-occurring meeting. This would include the regular CPI meeting and any VoC session you run. Also, could I ask you to sent me further invite for 30mins post each meeting (straight afterwards or later the same day). The purpose of this is to ensure that we get to spend some 1:1 time together to discuss the larger CPI issues and evolutions so that your CPI development continues. "

Over November and December a pattern emerged of the Business Unit managers (other than Commercial) initiating changes of various types outside of CPI. The CPI teams became disgruntled and some members left the teams. Without the support of Senior Mangers the changes the CPI teams were trying to implement were simply ignored by business unit Team Leaders in exactly the way that early attempts in Commercial had been.

The drift continued until mid-February when the BPI Manager confronted the business unit managers. The Claims business unit manager elected to continue with CPI and agreed to attend meetings and to ensure change outside CPI stopped. However the Personal business unit was less enthusiastic.

The BPI Manager noted:

"I told him that his CPI team, and consequently the CPI process, is marginalised within Personal Sales and consequently ineffective due to M and his management team's unwillingness embrace the CPI approach. I reiterated that CPI starts with dashboards and managers leading via the indicators and only doing stuff that will shift the indicators."

The pressure for competing priorities on the staff involved in CPI in the Personal business unit was also telling. Ethnographic field notes includes:

"S (Call centre Manager) asked M today to leave the CPI Meeting to assist with Reso line. D (senior Manager) didn't really do anything at the time."

"C (CPI Team Leader) mentioned that prior to him coming to CPI his team was 10K ahead of current targets for GWP. Now they are behind 45K and he's under the gun from M"

Finally the Personal business unit manager made the decision to suspend CPI. In an email to the CPI teams he said:

"For an indefinite period all work being undertaken by the CPI team will be suspended, although ideas that are currently under investigation will continue through the process. You will shortly receive cancellations for the existing CPI meetings.

The Nationwide Personal Sales Management Team recently reviewed the final draft of the Measures and Targets that Sales will hold themselves accountable to. The Business Improvement Team will work with us over the next few weeks to confirm the appropriateness of these targets. Until these targets are confirmed there is little point in continuing the CPI process reviews and ideas for change as they may inadvertently be misaligned to the ultimate business objectives. Once these measures are finalised they will provide very clear indication of where the most challenged areas of the business are.

The Personal Sales Management Team, including myself are committed to the CPI process and we will be taking an active role in this next stage of the CPI journey."

The results for AIL as a whole continued to be bad and as Nationwide Commercial's results were going against the trend by improving there was still discussion around the AIL Leadership table about CPI. At the end of February the AIL CEO, who was acting as Nationwide CEO while a replacement was sought, asked the BPI Manager to "*roll it out enterprise wide... get round the execs and have a chat with them to get their support.*" Given the stagnation experienced in all but Commercial in Nationwide the BPM Manager questioned this:

"K challenged back to say I already has an enterprise plan and that the BPI approach is different – the two shouldn't run together as it's causing the Nationwide Leadership team confusion, in terms of where they must place focus. I (AIL CEO) ended the meeting by asking K to produce a plan, as big as he likes to detail what needs doing in his own time, but cautioned the bigger he makes it the more challenge he's likely to get from the exec team."

5.5.8   A New Nationwide CEO and Project Closure April 2009 - September 2009

In April 2009 the AIL CEO announced that the search for a new Nationwide CEO was taking longer than anticipated and that there would be an interim Nationwide CEO until a permanent appointment was made. The AIL CFO was appointed to the interim role. Her introductory email

> *"Hi Everyone*
>
> *I'm really thrilled to be offered this opportunity to lead the Nationwide business.*
>
> *It's an exciting and challenging time for Nationwide and I'm looking forward to starting on key priorities and getting to know you all better.*
>
> *So, a little about me - I'm a Nationwide customer, I grew up in North Canterbury, so am a farm girl from way back. After finishing at Canterbury University, I lived in Wellington for a few years and then had 10 years in London, returning to New Zealand in 1999.   I have three children - two boys and a girl. I am also a keen surfer and skier. And everyone calls me MJ.*
>
> *The first twenty years of my career were in banking, helping customers both in the UK and here. I then joined Fonterra as Group Treasurer and Risk Manager and had responsibility for the insurance portfolio. I am delighted to be returning to a business ownership role. I find it inspiring to work in the insurance field where we can make a difference to people's lives, every day.*
>
> *Two and a half years ago, I joined AIL NZ as Chief Financial Officer and have had responsibility, with Roger Wallace, for leading the Lantern team. I've also worked with the Nationwide leadership team in my role as CFO and have visited a number of sales sites over the past two years.*
>
> *What would my staff say about me? That I believe in a leadership style that embraces openness, flexibility and an ability to look at things from different angles. I'm goal oriented, even when I'm out surfing. In fact, I'm looking forward to some quality wave time at Muriwai this weekend.*
>
> *So where to from here? First of all, I want to further familiarise myself with the Nationwide business. My first steps will be to relocate to Auckland's Shortland Street Call Centre so I can be amongst all the action. I will also be visiting all the branches around the country to meet as many of you as I can by the end of July. My EA is also moving to Nationwide with me and she is also looking forward to learning more about the business and meeting you as well*
>
> *Wishing you all a good weekend and I'll be in touch soon with more updates."*

Her first monthly update at the end of April

> *"To the Nationwide Team*
>
> *Wow the first week has flown by! It has been a busy week and I am loving getting to know more of the Nationwide team and am learning lots about the business.*

I have been quite overwhelmed by the strong support and passion for the Nationwide business, both within the Nationwide business and the wider AIL group. It has been wonderful to experience this moving to a new role. Thank you to all those who have sent emails and for all the time people have taken so far to help me settle into the new role.

Talking of settling in, Fiona and I are now across in the Auckland call centre and I am looking forward to meeting the rest of the Nationwide team over the next few months as I visit you all at your locations around the country.

I am very excited about the opportunities for the Nationwide business and although financial performance in the business has been challenging for the past eighteen months, I am very confident that this will improve to where it needs o be.

I caught up with a girlfriend to tell her about my new job and she told me what a great experience she had with Nationwide recently. When she rang up to pay her bill, she commented on the price increase and the person who took her call handled it really well by talking about how everything seemed to be going up and had a lovely manner. It's great to see how well people are supporting our recent price increases.

For those of you who have children, no doubt you have been busy with the school holidays. I have been driving backwards and forwards to Omaha as my family has been staying up there. The children have had great fun surfing - the waves have been HUGE apparently!

I hope you have all had a good week and I hope you have a fun weekend. Stay tuned for my next update which will come to you with a new look and feel."

The Nationwide Leadership team under the new Nationwide CEO's leadership focused first on what initiatives for improvement were underway. The new CEO asked the BPI team to complete a full list of initiatives. The BPI analysts summarised the existing CPI initiatives and then collected all other change initiatives. This highlighted the number of initiatives that the Leadership team had started in the last six month outside of the CPI framework. The BPI team proposed that the initiatives be all put through the CPI gate process which would score them against the business unit's dashboard and create a framework for prioritising them. The Nationwide CEO agreed to this.

While this activity was occurring the new Nationwide CEO started the annual round of developing short term incentives (STI's) for her leadership team for the following year. In her previous role the CFO was responsible for AIL strategy development and had proposed the Balance Scorecard as the AIL approach to strategic analysis and development. She had the strategy analyst in the CFO function produce a Balanced Scorecard with a high level list of initiatives and linked the Leadership team's incentives to this list.

The existence of the two streams of work created confusion. In an email responding to one of the business unit managers answering a question about the CPI initiatives the BPI Manager said:

"Hi D

Thanks for the email; I've copied M & G in 'cause I'm sure they'll have the same question.

The very short answer to your question is "we are not doing anything with the CPI initiatives" The reason for this is because they have yet to be prioritised by the Nationwide Leadership Team.

*The original plan had You, M and G getting all you initiatives documented and scored against your dashboards by **25 May** (which you all did).*

*The next step was to prioritise them at a Nationwide level along with every other thing that Nationwide has on the go (103 items). This was scheduled for **4 June** (email attached), **and rescheduled to 30 June**.*

There has now been a change of plan.

When MJ decided that STI's will be linked to the initiatives on the "Balanced Scorecard List" it automatically said that all other activity was a second priority and not linked to STI's. It follows therefore that we should not be spending valuable resources doing further assessment on lower priority work.

As an aside - I have an item on the AF List "Rollout the CPI Methodology across Nationwide" A key principle of the methodology is Aligning Activity to Intent. If regular sessions are not held to assess <u>ALL</u> Nationwides activity (current or planned) then the methodology will ultimately fail.

Sorry I can't be of more help."

In July the interim Nationwide CEO was appointed on a permanent basis. She sent an email to her Leadership Team which said:

"Hi!

As I think you know, I have loved having the opportunity to lead the Nationwide team over the past few months. So as you can imagine I am very excited to have been appointed as the new Executive General Manager of Nationwide Insurance.

Nationwide is a fantastic company with a long and honourable history. We enjoy a great competitive position and our people are one of our greatest strengths. One of things I have particularly enjoyed is getting to know each of you a lot better and also your teams. We are very privileged to have such a committed, passionate and dedicated Nationwide team to support our aspirations for the Nationwide business.

As you are aware, we are currently facing a number of challenges, but I'm confident that we are on the right track to return to profitability with our pricing changes and other business initiatives.

With a permanent appointment I'm now in a position to see more medium term initiatives through. Key to successfully implementing these will be establishing a clear plan of attack and the first step in establishing this framework is our strategy session in early August and then completing the embedding of the BPI methodology across our business.

I'm looking forward to working with you all to develop Nationwide's potential to the fullest extent.

If you want to have a chat about anything, give me a call but I'll be touching base with you all over the next few days in any event."

The new Nationwide CEO sent an update to the entire Nationwide business late in July

"Hi everyone,

For me leading a business is a bit like driving a car (something I have been doing a bit of recently!) you need to understand what your car is capable of (the business you are in), ensure you stay in the left lane (perform well in your role), have an awareness of other cars on the road (competitors), understand the road conditions (economic environment), know what your ultimate destination is (strategy) and what roads you need to take to get there (business plan). I'm sure the Motor Vehicle Assessors reading this could refine my analogy but hopefully you get the picture!

One of the things I love about being in a business role is that things are constantly changing. The economic environment is always evolving (improving I believe at the moment), our customers' requirements are altering, our competitors are undertaking new initiatives and our staff and systems are developing. In the recent CEO Roadshows you heard about the initiatives being undertaken across the business to improve our financial performance. For the Nationwide businesses these included Underwriting and Claims Initiatives as well as the introduction of Risk based pricing to our business. We have been working on all of these things for about a year now and it is timely to review how well they are contributing to our financial performance. Thinking in terms of the traffic lights you are familiar with from the CEO Roadshow, Nationwide is still on an orange.

On the 4th and 5th of August the Nationwide leadership team are getting together with LM (from AIL Australia) and a few of the New Zealand Executive team to refresh the Nationwide strategy. This isn't about major change for the business but refining what we are doing and considering what Nationwide needs to look like in three years time to still be New Zealand's leading direct insurer. Once we have finalised the new strategy I will be coming around over the next few months to share it with you and get your thoughts on how we go about achieving our aspirations. Separately Barry and his leadership team are going to be refreshing the Claims Services strategy and we will also be sharing this at the same time.

I have the next two weeks in Auckland which I am quite excited about after all the travelling – a chance to settle into the new building."

Over August speculation was rife about what changes the new Nationwide CEO would make. At the beginning of September she announced changes to the Leadership Team structure which eliminated the role of General Manager Personal Sales and Support Manager and the created of two new roles - the Nationwide Personal Sales Manager and the Nationwide Customer Insights and Services Manager. The General Manager Personal Sales and Support had applied for the Nationwide CEO role and been rejected by the AIL recruitment committee. Her email announcing this said:

"As most of you are by now aware, the role of General Manager National Personal Sales and Support Manager was disestablished as a result of restructure within the Nationwide Leadership Team. M has decided that he won't be applying for any internal opportunities and we have agreed his final day will be Friday 2nd October.

I would like to take this opportunity to thank M for the integral role he has played at AIL NZ and the significant contribution he has made to the business over his time with the company.

M has held a variety of roles including Network Sales Manager, National Manager - Corporate Partnerships, National Claims Manager and his current role which he has been in for the last three years. M has led a number of key projects for the Nationwide business, achieving significant successes.

Please join me in wishing him all the best for his next endeavours."

While this was happening the BPI team had one last ditch attempt to persuade the CEO that wide sweeping transformational changes of the magnitude that had been implemented at Nationwide Commercial were required.

The team prepared a presentation showing a radical transformation of business model and the introduction of the same techniques that had been successful in Nationwide Commercial. They presented this to the Nationwide CEO who texted the BPI manager later that day and said:

"Thanks to you and your team for sharing your thoughts with me at such an early hour this morning. I really appreciated hearing your views."

The following week she met with the BPI Manager and told him that she did not think the BPI approach was working for Nationwide. She said that she intended to leave it in place in Commercial but she did not think the sort of radical change that Commercial had undergone was required in order to generate the performance improvement required by AIL.

The Nationwide BPI team was disestablished in September 2009

5.6 THE NATIONWIDE CULTURAL TRANSFORMATION PROGRAM: A GENEAOLGY

While the Nationwide Commercial pilot and the Nationwide wide rollout of BPM was occurring an ambitious cultural transformation programme began. This section describes that programme.

5.6.1 *Time Line*
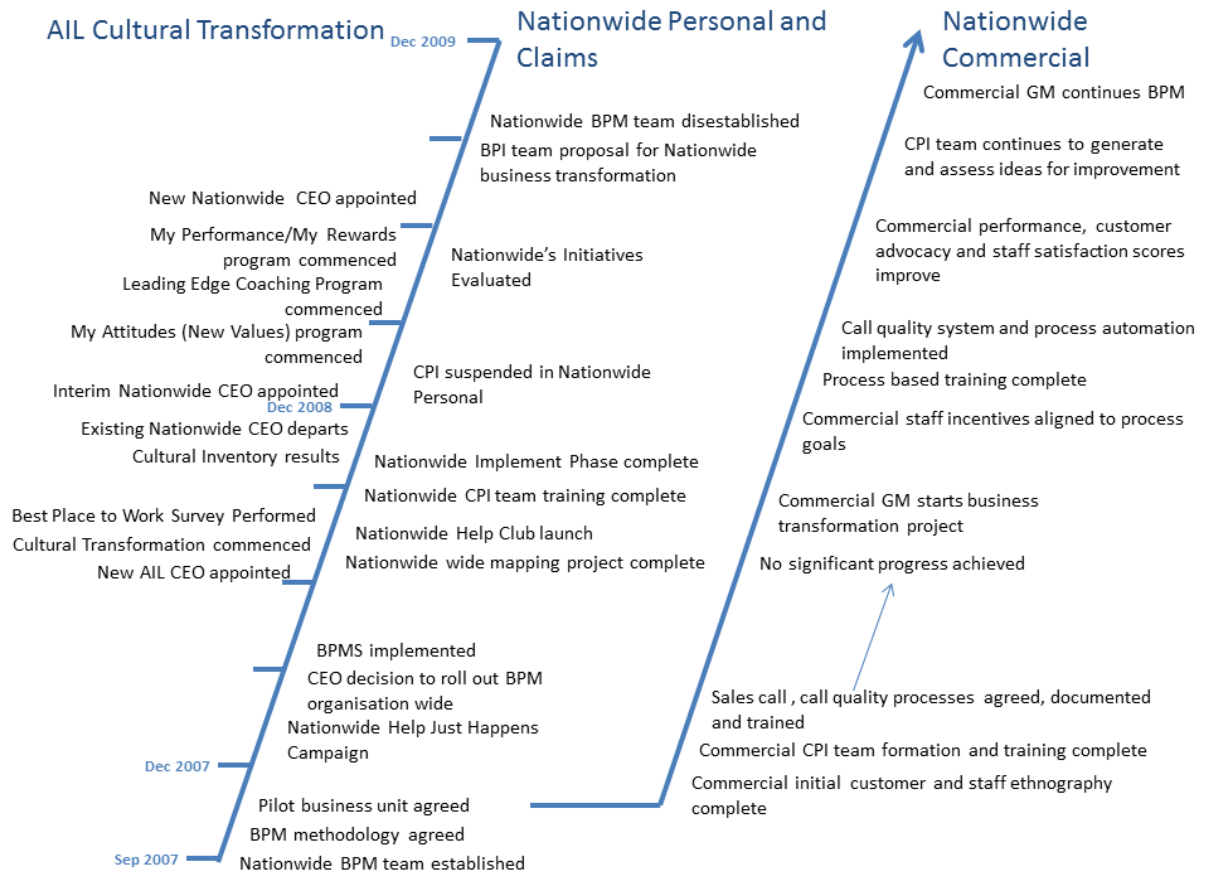
Figure 56 Time Line for BPM Implementation at Nationwide

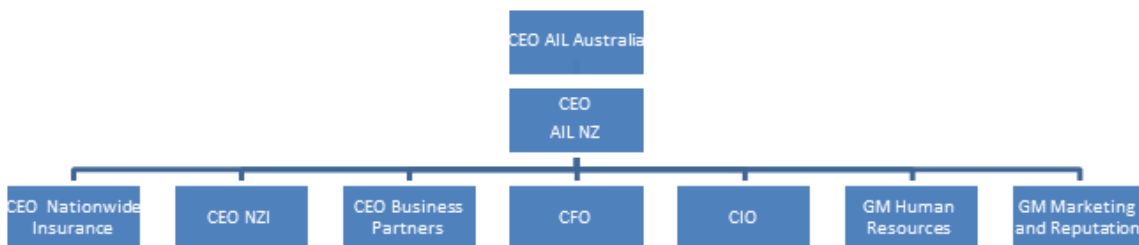### 5.6.2 *A Change of Guard At AIL – May 2008 to July 2008*

Figure 57 AIL New Zealand Executive Team Structure

The dilemma of the Nationwide Leadership team was not unique to them. AIL Australia was in difficulties as were the other AIL brands in New Zealand. In May 2008 a new CEO was appointed for AIL Australia. He had previously been CEO at a highly performing competitor.   In July 2008 he

replaced the AIL NZ CEO. The new CEO of AIL NZ had previously been CEO of NZI (another New Zealand AIL insurance brand).

"Since many of you don't know me very well, I'll tell you a bit about my background. I graduated with a psychology degree and pursued my lifelong dream of a career in insurance. (Well, maybe not). My first job was for a company called General Accident, which became CGU, which became Aviva. I had been working on secondment at NZI for two years when AIL bought it six years ago and I've been here ever since."

Like all Executive teams alliances had been formed and the new CEO for AIL NZ had a strong collegial alliance with the GM of Human Resources. She had been in her role for almost two years and had little traction for the HR initiatives she had in mind with the previous CEO. She pitched her concept for cultural transformation to the new CEO and was given immediate approval to address the issues she contended were at the heart of the performance problems.

5.6.3   Help Just Happens at Nationwide - February 2008 to August 2008

One of the key examples the HR Manager used to convince the new CEO that cultural transformation was required was the problems experienced in the Nationwide Help Just Happens advertising campaign.

In February 2008 Nationwide launched a rebranding advertising campaign called "Help Just Happens". The premise was that as a customer of Nationwide you'd get help on selecting insurance policies and claiming on them. Your journey as a customer would be effortless and Nationwide would continually surprise and delight you with help that just happened.

Six months later in August while the marketing campaign was critically applauded, it stayed in the Top 10 Admedia list from March until July, a leading marketing commentator write an article saying:

"One of the best advertising ideas on television is Help Just Happens from Nationwide Insurance. Shame it's just an advertising concept. It really is a world-class thought. It's also very well executed. Distinctive visually, strong story appeal, memorable music. I conditionally salute both Colenso and Nationwide Insurance.

I love the proposition because it has the potential to give the whole organisation a much bigger sense of purpose and meaning. It should be the manifesto for the entire Nationwide Insurance business. It suggests service with a smile that's fast and effortless. Free of grief. Friendly, quick and easy. In the age of automation, old-fashioned delivery is back with a vengeance. The genius is that it says what the insurance business has always been about.

Having said this, I'm not sure if the brand campaign translates so well to the retail executions. They are disconnected and don't feel family when we all know they should be. My bigger issue is with linkage to the main business. This idea is so good it has the capability to be much more than an advertisement, reaching deep into the engine room of the Nationwide Insurance business, motivating and inspiring call centre, billing, claims and branch offices. The sad truth is, 'help' is nowhere near these areas. On good authority I understand the telemarketing teams have no sense of ownership of this campaign. They should.

To satisfy my own curiosity I made a couple of 'mystery-buyer' phone enquiries, where I discovered the same issue, direct from the people delivering 'help'. Yes it was sold in. I'm just not sure it was ever bought. Clearly the idea was never really intended to change the behaviours or operations of the business. The last Colmar Brunton/Rainger Connect Customer Experience research study (2006) concluded consumers who have a positive or extremely positive customer experience tell up to 13 people. The math alone presents a powerful case for service organisations to think seriously about committing to this kind of staff education and inspiration programme.

Nationwide Insurance has a winner with Help. But it's a big promise and it hasn't yet happened where it's needed most. As a customer my expectations go up a notch. Now it's up to the whole business to deliver. I really hope the customer-facing staff eventually get the extra tools, training and support they need. The stage is set for Nationwide Insurance to be more than just the best insurance company in NZ. They could also be one the leaders in the area of service delivery across a much wider spectrum of service organisations. Let's just hope it happens and the extra help needed goes to the right place. Nothing worse than a good business idea being just an advertising idea."

The ethnography in Nationwide Commercial up until that point confirmed my theory that it was just a marketing idea. New marketing media was displayed prominently in all the call centres including Commercial. The BPI team member sitting in Commercial in February emailed:

"Not sure the posters have made any different to call quality :0) and not sure how help just happens but let's just hope for ATAMO (and then a miracle occurred) - must be what marketing is doing."

Shortly after the article appeared in August, the Nationwide CEO sent out an email announcing the arrival of the Help Club:

"Over the last couple of months we have considered ways in which can we can bring help to life internally within Nationwide. The result of this is the launch today of the Little Book of Help and Help Club on Vibe. Help Club is designed especially for you. It allows you to share your helpful ideas and also enables you to reward each other for living the help value. It's your Club. We hope you enjoy it and make the most of what it offers. "

The Little Book of Help, prepared by the HR team, was provided to staff in August and introduced the Help Just Happens concept. This was six months after the advertising campaign had started.

"Help is good. A group of scientists got together and wired up a whole bunch of people to monitor the happiness receptors in their brains. They discovered that people who helped other people were actually much happier. So if you help someone you're actually helping two people.

Help can make you friends, improve your health, make you enjoy your job more, reduce pollution and generally make the world a better place. So you can see why we're so mad about help. That's why we tell our customers in our advertisements that at Nationwide, Help Just Happens. And with your help it will.

We've had this crazy idea. To make Nationwide the most helpful company in the world. We think it's a winner. If it works our customer will love us for it and give us more of their business too. Soon we'll have lots and lots of new customers and we'll all be better off and be able to treat ourselves to a trip to Hawaii or buy a new surfboard or a magnetic travel chess set."

On how to give help the Little Book of Help said:

"When people are with Nationwide, wonderful things happen…help just happens. When people are stressed we take their worries away, when they're sad we bring a smile to their face… the great thing about help is that it's so easy to give away. It can be a caring voice, some helpful advice, a bit of quick thinking"

The ethnographic data being collected at the same time (see 5.5.6) saw no change at all in behaviour. Later that same month the business unit manager for Personal sent out an email to his senior managers and team leaders referring to the Admedia article:

"Hi Team,

*An interesting article that I suggest that we all read. I also think that it is an article to be shared with our staff however believe that you can use this article in a meeting format to perhaps firstly read and discuss, and then look to brainstorm and set in place some actions to prove the writer that we in Nationwide are solid believers in **helping our customers**.*

What we are doing currently at Nationwide with the internalising of the brand with the Help club and philosophy, is paramount to ensuring that our service ethic gets to our customers. We need to emphasise with our staff that every contact with our customrs needs to emphasise our ability and our desire to help. We need to be the deliverer of high values and high service. The writer talks about how if Nationwide gets this right - they will become more than the best insurer. WE CAN DO THIS! WE NEED TO DO THIS.

Over the coming weeks I am interested in how we as leaders are living and breathing our Help message and the service we deliver through your sales people.

With the lower call volumes at present and the high service level (Continued congratulations) this gives us time to really work with our customers on every call. We need to ensure that we are maximising every opportunity with our customers. We all should be following up our quotes. We should all be following up past sales done 3 weeks prior to ensure that customer has received the policy and that we may be able to help with answering any questions or perhaps helping out with further enquires or products.

I agree with the writer's sentiment - we are on the cusp and have in our hands, the opportunity to make Nationwide Great! - lets not let that opportunity go."

My ethnographic field notes said:

"This is just the same thing as in Commercial…show them the error of their ways and they will change. The campaign has been out there for six months and it takes this article and presumably a change of CEO to start wondering how help happens? I'm reading this and

reading T's ethnographic field notes from the sales call centre. What is this thinking about that people will magically do the right thing?"

In September the AIL CEO sent out his monthly update and commented on the Help campaign as well:

"So how do we win and keep winning profitable customers? The answer always lies with watching and listening to the customer. Nationwide customers tell us the thing that will make them happy is help - and not just financial help. They mean a friendly voice and a love of solving problems. Lots of people tell me insurance is all about price and cover; they are wrong. Direct insurance is all about help and if you don't believe me, ask your family and friends. If we line up all our behaviour, our products and our marketing behind these ideas, we will grow faster and be way more profitable. It's time to give it a try.

Let's look at some of my buying habits to illustrate the point. I love music and Hi-Fi. All my Hi-Fi comes from one shop — Shore Hi-Fi in Takapuna — with whom I have a direct relationship. Why? They set up my equipment, keep me up to date with when to invest in new stuff and even repair equipment when it's probably a great deal of hassle for them. Help just happens! I know JB Hi-Fi is cheaper and Noel Leeming more convenient; but when I'm buying Hi-Fi, help is what matters most to me.

So, tell me how you're going in providing our customers with the help, quality or convenience they're after....

Write to me and I'll pick (and publish) five great examples to win your choice of best album from the NZ Music Awards nominees."

The following month the AIL CEO said:

"Last month, I asked you to write in with your views on how you're making, 'Help Just Happen' in your part of the world. Well, the tumble weed blew across the stage as I was inundated with one reply, which is a worry. Maybe you're too busy to write, or you find explaining help tricky… perhaps some other reason? I intend to find out!"

At Nationwide Help Did Not Just Happen and how to give help was still unclear.

5.6.4   Cultural Overhaul at AIL August 2008 to June 2009

The cultural transformation program was introduced in August 2008. The consultancy selected for leading the Cultural Transformation was called Human Synergistics. Their website outlined their offering as:

"Since 1970, Human Synergistics has been achieving research based growth in individuals, groups and organisations that exceeds common expectations. Our emphasis on measuring the relationship between human behaviours and performance has allowed us to help people achieve self knowledge.

Self knowledge — be it in an individual, a group or an entire organisation — is the foundation step for performance and growth. It is not just a step, however — it is a leap — a breakthrough from the past to embrace the possibilities of the future."

The Human Synergistics method is based on the principles of Humanistic Psychology. It promotes what it calls a Constructive Culture where individuals set their own goals and work toward them, are realistic about who they are and what they can do, support and inspire other, value and help others. It rejects as Aggressive and Defensive being critical and challenging, exercising power, being competitive and perfectionistic. It rejects as Passive and Defensive needing approval, being conformist and following rules, doing what you're told without question, and avoiding blame. It offers a validated instrument called the Organizational Culture Inventory which measures culture based on these three styles and presents the results in a Circumplex (See Figure 58)
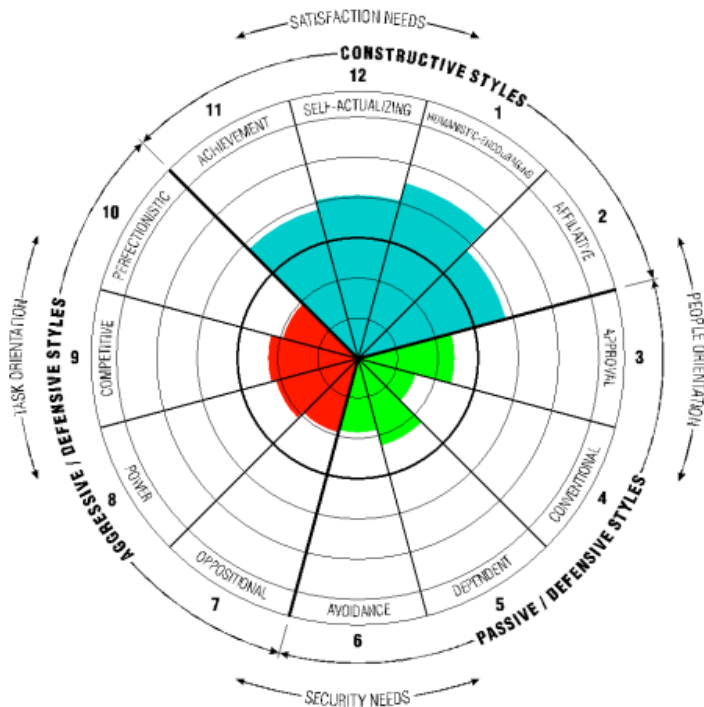
Figure 58 Human Synergistics Circumplex - Presentation to AIL Leadership Team

The idea of cultural transformation was presented to all the people managers across AIL in the HR monthly update.

"There is also a project about to kick-off to ensure we have a constructive and supportive organisational culture to deliver on our company strategy and resolve longstanding engagement issues….as leaders you will play a significant role to make this happen."

Cultural Overhaul

Project Overview

Overview

A project has been set up to examine our organisational culture, and will impact you and your teams in the later part of this year.

Culture Is…

We define culture as "the way we do things around here". Our culture is made up of the values we share, and the norms and expectations that guide people in how to approach their work and how to interact with each other and with customers.

Why look at culture?

Our culture must line up our strategy, in order for us to be successful as an organisation. Here's a light-hearted example. Say one of our strategic goals was for employees to be healthy, but the cultural norm was that people were expected to work late, eating greasy pizza every night, then it's unlikely the strategic goal would be achieved!

In the same way, with goals such as profitable growth and customer advocacy, we need to look at our culture to see where the values, norms and expectations don't support this vision.

Expected Results

In a constructive culture people:

Set realistic but challenging goals and believe their personal effort makes a difference

Express their uniqueness, creativity and embrace change

Are supported and developed to be successful

Are friendly and cooperative

We are sure as AIL's culture moves towards this model, people will be happier to come to work, engagement and productivity will improve, and therefore, business results will improve.

Will this really make much difference?

Culture transformation is a somewhat 'lofty' goal, and it's tempting to think working on culture is a bit of a 'woolly' activity. However, companies such as AMP and BNZ attribute their recent successes at least in part to the work they have done in the area of culture.

Research clearly indicates companies with constructive, performance-enhancing cultures produce better results than those that don't

Unfortunately, our financial performance and engagement results in 2008 indicate the culture is not performance-enhancing. The Culture Transformation project will address this by:

Defining the desired culture

Measuring the actual culture

Planning actions to bridge the gap

At the same time the Leadership Group (senior managers form all of AIL) was required to participate in a Senior Leader Development Program run by Human Synergistics. This measured their existing management style using an instrument, called the Life Styles inventory (LSI), in terms of the three styles in the Circumplex and then learned how to move their style to the desired 'blue' state by changing their behaviour.

> *"The Life Styles Inventory identifies the underlying thoughts and motivations that guide an individual's behaviour. Often referred to as **personal styles, management styles** and **leadership styles**, these represent the essence of an individual's effectiveness. The quality of an individual's thinking and behaviour contributes greatly to that person's work performance. Fortunately, your people have the power to change ineffective thinking and behaviour - the kind that can paralyse an individual's effectiveness. But first they need to know if what they're doing now is supporting or detracting from quality performance."*

The leadership team was measured using the LSI during September 2008 and their business units were measured using the OCI during October 2008. They were advised that they were required to attend a workshop at the beginning of November 2008 to receive the results.

> *"The purpose of the workshop is to enable you to change the culture in your workplace to achieve enhanced business performance. In September you will participate in the re-test of the Life Styles Inventory (LSI) being conducted for senior leaders and in October all employees are being sent the Organisational Cultural Inventory (OCI) survey to assess our organisational culture.*
>
> *At the Leading a High Performance Workplace workshop you will:*
>
> * *receive your LSI retest results*
>
> * *receive the OCI results for your area*

- *begin to connect these results and understand how your leadership impacts culture, engagement and performance*

- *learn how to debrief the OCI results with your team, and how to coach the culture in your area.*

- *plan how to rollout the OCI results and plan actions for your business*

Following this workshop, you will need to spend time in November and December debriefing the OCI results in your area, so it is critical you attend this workshop to learn how to do this."

At the same time as the Cultural Transformation program was initiated AIL was constructing a new building for its Auckland business units. This gave the AIL CEO an opportunity to link the style of the building to the new cultural norms he was trying to put in place. In August he sent an email describing this:

"Construction of the new office is well underway at 1 Fanshawe Street. The new building will be one of the first 5 Green Star rated buildings in Auckland, and among the first in New Zealand. The building reinforces our values, particularly transparency and social responsibility, and it will help to reduce our CO_2 emissions as we work toward our goal of becoming carbon neutral by 2012."

At the same time a new message emerged around the current losses the business was making. The business had decided to risk putting premium prices up. In a monthly update the AIL CEO said:

"Has there ever been a more miserable winter than this year? Rain, storms, floods and the odd shake thrown in for good measure. I won't bore you with details but July was a shocker with the New Zealand-wide storm costing us between $20 - $30 million – OUCH!!

I promised in the last Muse that I would outline the major issues facing AIL and how our three main businesses NZI, Nationwide and Business Partners can become more successful. Our biggest challenge is that New Zealand is a riskier and costlier place than 10 years ago. This means that all of our prices have to go up. Everyone at AIL should be able to explain really clearly why insurance prices are going up. As I said above, the headline reason is that New Zealand is now riskier and costlier than ever. To support this explanation, use specific examples that the customer can relate to:

- *increased frequency and severity of natural disasters (floods, storms etc)*

- *more total losses from domestic fires*

- *30% higher rebuilding costs*

- *development on unsuitable land leading to landslip and flooding*

- *major commercial fire losses*

The list could go on but I urge you to choose your favourites, practice until you're fluent and give it a go. Customers love confident explanations."

The following monthly update in October said:

"The theme of my recent presentation to your leadership team was pursuing multiple objectives, or put more simply - doing more than one thing at once. It's lucky that most of AIL's staff are women, because you're experts at multi-tasking! Here's a list of my favourite pairs of objectives, all of which can be achieved simultaneously:

Profit vs Growth

I am always intrigued when people ask me whether we are in a growth phase or a profit phase; we're actually in a 'both' phase. At the moment, the simple art of persuading customers to pay an adequate price for the risk will produce better profits and great growth.

People vs Customer

Are we focusing on our people at the moment or our customers? Well, both actually. I need 2000 staff completely on top of their game, focusing on customers and understanding what needs to be done to deliver profits and growth.

Technology vs Thought

It constantly amazes me when people say things like, 'we rely on the system to do this underwriting or pricing or claims handling.' Well, that's pretty sad. Whenever you ignore key information, fail to use local knowledge to underwrite a risk, or don't reflect the unique circumstances of every claim, you're not doing the best job you could be doing.

Twenty years ago I wandered through the famous Lloyds of London building as a graduate trainee surrounded by individual underwriters, called 'names'. Some 'names' made a fortune, some lost a fortune and they all had the same access to systems and information. The difference soon became obvious to me; some were just smarter than others and used all the information available to them. Easy!

Last month, I asked you to write in with your views on how you're making, 'Help Just Happen' in your part of the world. Well, the tumble weed blew across the stage as I was inundated with one reply, which is a worry. Maybe you're too busy to write, or you find explaining help tricky… perhaps some other reason? I intend to find out!

Congratulations to Julie Robinson for sending a really clear explanation of how she helps customers understand the cover they need and what they need to pay. Fortune favours the brave, so all five New Zealand music award CDs go to Julie – enjoy!!

In November the AIL CEO said:

"Hi everyone

You were recently asked to complete the Organisational Cultural Inventory (OCI) survey. In this we included six questions from the annual Your Voice survey to give us a mid-year employee engagement pulse check.

While pulse check results tend to be inflated, it is encouraging to see that our overall AIL NZ employee engagement score has increased from 51% to 57% since we measured it in April 2008. Many business units have also seen solid increases, reflecting the significant effort that some teams have put into developing and implementing action plans to improve engagement.

These results are a step in the right direction for most parts of the business but they're not good enough. True employee engagement lies above 60% - and I'd like to see us reach even higher into the 70's and beyond.

An engaged employee is a person who is fully involved in - and enthusiastic about - his or her work. Engaged employees care about the future of the company and each other and make the extra effort to ensure success.

As you've heard me say before (and will hear me say again), New Zealand is becoming a riskier place. Each and every one of us must be engaged every day in making a difference to our customers' lives, the company and ourselves.

I encourage you to be real about the pulse check and to keep your foot on the accelerator. Let's work together, inspire one another beyond complacency and achieve better results across the company. "

Also in November the HR updates to all staff said:

Getting Real!

How are people expected to behave in your part of the business? Do they think they have to be critical and challenge one another? Do they think they have to conform, follow the rules and make a good impression? Or, are they expected to be supportive, constructive and open?

These are the kinds of questions we asked all employees in the OCI Survey as a first step to taking a look at the way we do things around here. This survey measured how you believe you are expected to behave in our workplace.

This is part of a real commitment to building a high performance organisation. We're calling this Creating the Future and you'll be hearing a whole lot more about it over the coming weeks and months. Results from the OCI will be communicated to you along with key actions to move us towards being the kind of organisation we all want to work for.

However, it is important to realise the OCI is only one of a number of initiatives we're putting in place as part of Creating our Future. "How does Creating the Future come to life and 'happen' in every part of AIL NZ"?

A unique group called The Real Team has been brought together to support the Leadership Group to answer this challenge, and work within their respective business areas to help build the type of culture we want.

They will provide the essential link between the Executive, Leadership Group, related projects and initiatives, and employees. They will also work together to identify common issues and solutions.

Over the next few months, you will see more of The Real Team as they support managers and teams to have conversations, make decisions and take action.

Want to know more? Want to know how you can be involved? Talk to one of the team!"

One Way to Debrief Your OCI Culture Survey Results

The recent OCI Survey results are ready to use to drive high performance in your teams. To achieve this your team members need to understand the concept of culture and its underlying dimensions, be able to describe a constructive culture for your area and identify strategies for promoting a more effective culture. So, how can you go about this?

The following process is designed around the CREATE model, taught in the Leading Edge Coaching workshop. This model contains three phases:

1.	Current **R**eality	Build awareness and acceptance of OCI results
2.	Explore **A**lternatives	Come up with a range of ideas to address issues
3.	Target **E**nergy	Document and delegate a plan of action

Current Reality

The goal of this phase is to build awareness and acceptance by every person in your area, of the current reality, through a series of conversations. Some people will get it quickly and you could ask them to explain to colleagues.

Suggested Process	Resources
Manager presentation ▢ What is culture? ▢ The OCI tool ▢ AIL NZ results ▢ Our Team's results	▢ OCI reports – especially outcomes ▢ OCI debrief template (short) ▢ Engagement pulse results ▢ Human Synergistics DVD ▢ OCI Interpretation and Development guide (blue manual)

Cascade results:	☐ Flipchart/whiteboard, post-it notes
☐ Empower and support your direct reports to cascade results	☐ Sharepoint site (if used)
☐ Have direct reports lead discussions with their people	☐ Real Team members

Explore Alternatives

The goal of this phase is to generate a range of ways to address any issues in the OCI and grow the 'blue' behaviours. It may take several sessions to continue building acceptance and to prepare for action. Creativity and full participation are the keys to success so the team will own the solutions devised. As the leader, resist the urge to take over and instead use a coaching approach to help people come up with their own solutions!

Suggested process	Resources
☐ Team led brainstorm(s) e.g.: ☐ Which blue styles do we want to grow? ☐ Which items do we want to increase? ☐ What 'causal factors' do we need to think about? ☐ Who else do we need to ask about this (e.g. internal/external customers)?	☐ Outputs of previous phase ☐ 90 day 'engagement' action planning template (add your OCI actions onto this tool) ☐ Human resources business partner/consultant for assistance ☐ Real Team members ☐
☐ Manager to communicate action plan fully – up, across and down	☐ Standard departmental communication channels – e.g. Vibe pages, newsletters, notice boards etc.

Target Energy

The goal of this phase is to agree on a plan of action. Act quickly and capture the action plan while people still feel the energy for implementing it. Focus on effective delegation of actions and communicating about the goals in an inspiring way.

Suggested process	Resources
☐ Manager involved in action planning ☐ Identify key driver/style	☐ Outputs of previous phase ☐ 90 day 'engagement' action planning template (add your OCI actions on to this tool)

⬚ Define outcome ⬚ Define critical actions, and measures ⬚ Assign accountability to lead person	⬚ Human Resources business partner/consultant for assistance ⬚ Real Team members
⬚ Manager to communicate action plan fully – up, across and down	⬚ Standard departmental communication channels – e.g. Vibe pages, newsletters, notice boards etc.

The process above is a suggestion only, so of course you may come up with a different approach. If you want any further assistance, contact The Real Team member for your area and/or your HR Business Partner

At the annual CEO Road show in November 2008 the new AIL values were revealed to staff. Called My Attitudes they were the behaviours that Human Synergistics said would move the business to the Blue Constructive style.

Figure 59 My Attitudes AIL NZ

The previous Nationwide values of Honesty, Teamwork, Meritocracy, Transparency, Innovation and Social Responsibility were replaced with Real, Achieving, Inspiring, Together and Give Back. The first four attitudes were directly related to the Constructive behaviours on the Circumplex (see Figure 60)
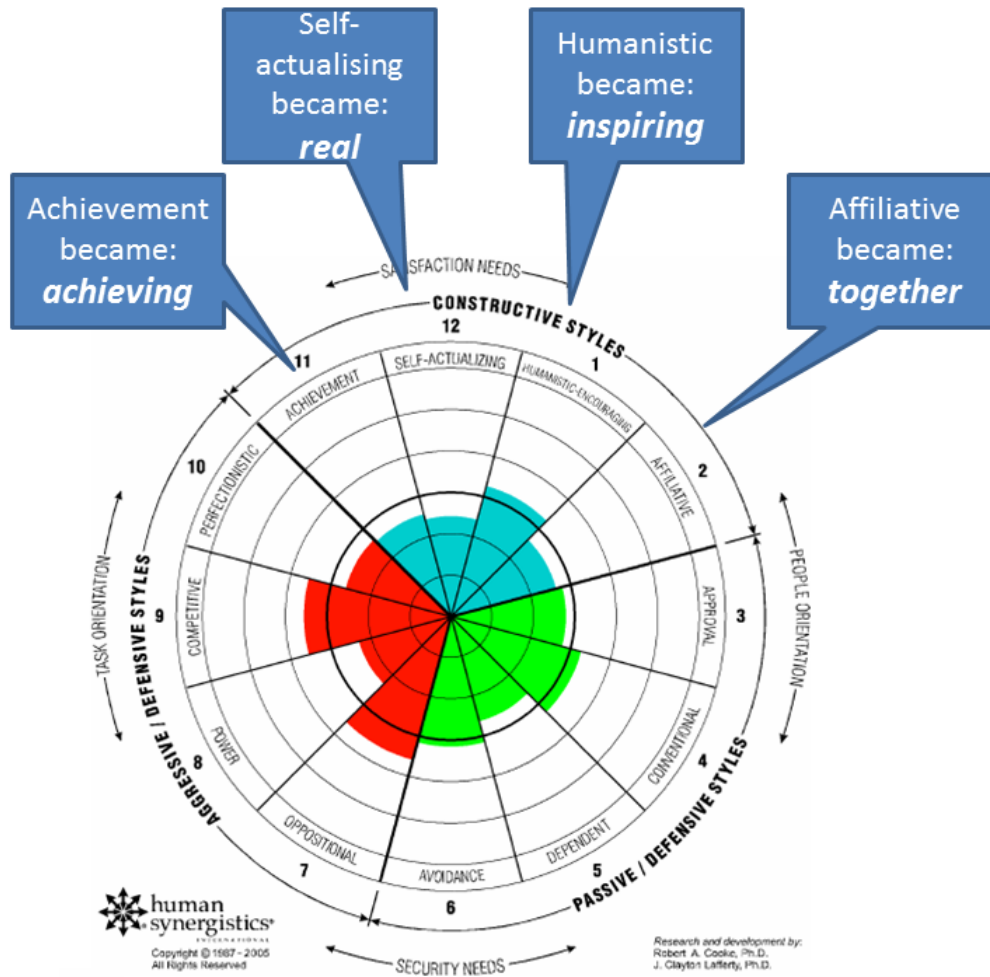
Figure 60 AIL's Attitudes and the OCI Circumplex

By December 2008 the Nationwide wide rollout of CPI had stalled. It had become obvious that within Nationwide (aside from Commercial) the HR initiative to change culture and consequently lift performance was attractive. It promised improvement without the transformational radical change that Commercial was going through.

Early that month the BPI Manager emailed the Commercial GM

> *"I see M's in this month's HR newsletter (which goes to TL's as well) is about how to take action on OCI results.*
>
> *I believe that you already have the biggest culture change action plan in AILNZ. The transparency of your business processes, targets and management process and you and your teams commitment to deliver the promise of change to your staff will see you reap tremendous cultural shifts. I believe these shifts will be well in excess of any narrowly focused or piece meal "action plan" that HR may wish you to embark upon.*
>
> *I say this because I wouldn't like you and/or your management team to think that anything extra is required … you are all already doing heaps to build a great culture."*

The Commercial GM replied:

> *"I totally agree! I have a meeting with M tomorrow and my message will be exactly this.*
>
> *On this note, I'm really looking forward to the future to watch the culture shift and results of our business. I honestly believe that we are in fantastic shape (all thanks to your team!). The challenge for me is to lead the team through this change and ensure that I am delivering consistent messages aligning to our goals and principals. I ask that you continue to keep me on track with this. Exciting times!"*

In December 2008 the monthly AIL CEO update said:

> *"Creating the future – culture & engagement*
>
> *I know you will have read or your manager will have talked to you about subjects like organisational culture, engagement and some leadership behaviours. I'll leave people better qualified than I to explain the detail, but the rough idea is as follows:*
>
> *Great companies are fundamentally driven by people, not products or strategies. Staff who are excited by their role typically display attitudes like the ones you have seen at the CEO Road show; namely Real, Achieving, Together, Inspiring and Give Back. I would like to challenge everyone to make a small step forward in any of these areas, every day. And if you think it's tough you're right, it is. A day doesn't go by when I don't reflect on something I could have said or done better, but I am always trying.*
>
> *Staff engagement is the end product of people working together in a way that energises rather than drains, inspires rather than deflates and celebrates rather than chastises. My target is an engagement score for AIL NZ of more than 70%. When at least 70% of us are truly engaged we will create such a wave of energy and excitement that our business will flourish. We must all work together to create this environment. I remember once being*

asked by a group of staff what I was doing to increase their engagement; I gave them an answer but also asked them, what are you doing?"

February 2009 saw the 'riskier' message continued with monthly AIL CEO updates saying:

"Make 2009 the year of absolute clarity of your communication to customers:

- *NZ is a riskier and costlier place*

- *Insurance is the most important financial decision you will make*

- *AIL is your best choice.*

Explain our world to your customer in a way that brings some passion back into insurance and risk. I'd like to explore a couple of themes for 2009. These are the power of thought and the need for working together in tough times.

I'm sure you are aware from the media that the global economy looks bleaker now than at any time since the 1930's. AIL's leadership team have devised new business plans based around re-pricing, stronger underwriting, tighter claims management and a myriad of other measures to make a difference to our performance.

My belief is that AIL's greatest strength and competitive advantage is the ability to think critically about the past and predict the way customers will behave in the future. So when you're doing your job, pause for a second and THINK. What can I do better right now to help make a difference to our company and our customers?"

In March 2009 the AIL Leadership team underwent a Leading Edge Coaching Programme. All people managers were require to attend and sent their staff the following email:

"I'm about to attend the Leading Edge Coaching programme where I'll learn some new skills to help me become a better coach.

Like with everything, I'll need to practice the things I learn to really get the hang of it and would appreciate your feedback.

These are some of the things I'll be working on:

- *When you have a problem or a challenge I'll work with you to resolve it (rather than telling you what to do)*

- *I'll be asking more questions to help you think in new ways about what you do*

- *I'll be helping you to think through your goals and objectives, what you need to do to achieve them and what support you need*

- *I'll be focusing on providing more specific feedback on what you do well and help you think through what you can do differently to get better results*

By working on these things together, we will get even better results and feel more satisfied about how we get them."

In the same month (March) the HR GM announced that the previous staff satisfaction survey would be replaced by the Towers Perrin Best Place to Work Survey, Towers Perrin is a consulting company associated with Hum Synergistics that ran a research project to demonstrate the link between the Blue Constructive style and profitability. It also runs the Best Place to Work competition which is highly regarded by HR Professionals.

> *"Hi everyone*
>
> *Your Voice survey is being replaced with the **Best Places to Work Survey.***
>
> *We are working towards the goal of winning the Best Places to Work Award in 2011 so we want you to have your say and give your feedback about what you think is going well at AIL. We are also keen to hear about any changes you would like to see take place.*
>
> *The Best Places to Work Survey will have two parts:*
>
> ***Best Places to Work Pulse Check** – questions are short and sharp, providing a pulse check on how we are tracking and will be carried out between **23 March and 9 April 2009***
>
> ***Best Places to Work Survey** – is more extensive and will be conducted in August 2009. You will receive more information about this closer to the date. "*

By March the price rises had started to improve profitability and the Monthly update from the AIL CEO was more upbeat:

> ***"Good news...***
>
> *Our business results in January, February and March (so far) have continued to gently improve. Sales are close to our forecast and we have made modest profit. The good news is that's a great improvement from the period from July to December; the bad news is we still have a long way to go to reach the level of profitability that would make me a happy person. I hope everybody grabbed hold of my key roadshow message that 'NZ is a riskier and costlier' place and can explain to customers why prices are rising across all our brands."*

In April 2009 the new interim Nationwide CEO sent out an update to all Nationwide staff:

> *"To the Nationwide Team*
>
> *I caught up with a girlfriend to tell her about my new job and she told me what a great experience she had with Nationwide recently. When she rang up to pay her bill, she commented on the price increase and the person who took her call handled it really well by talking about how everything seemed to be going up and had a lovely manner. It's great to see how well people are supporting our recent price increases."*

The same month the new My Performance and My Rewards programs were launched to all staff. These were linked to the My Attitudes program and also supported the shift to the Blue Constructive style required by Human Synergistics.

The AIL CEO's monthly update said:

"Clearing or clouding over?

As I write this edition of The Muse, the International Monetary Fund (IMF) have revised downwards again their expectations for world economic growth. There are many reasons to be gloomy, but I prefer finding reasons to be optimistic. This company has great people, wonderful brands and a genuine desire to look after New Zealanders. Our results are slowly improving and your leadership team is working hard to set a clear course through these turbulent times. My music tip for this month seems vaguely appropriate and is Stay Positive by Brooklyn rock band The Hold Steady. And why not?

My performance

As you know, the much anticipated My Performance replaces GROW on 1 July as our new Performance Management framework. It's going to help us to make sure that what we do really counts and that we're rewarded for achieving objectives that support our strategy and business plans. My Performance is not just about what we do, but also about how we do it – so a combination of achieving set objectives and consistently demonstrating all of our Attitudes. You should all have heard quite a bit about My Performance and our Attitudes by now but if you have further questions, ask your manager and keep an eye on Vibe for more information in May."

The interim Nationwide CEO's monthly update for May said:

"As you have probably gathered by now, one of my passions is surfing. My partner S is also a keen surfer, and also partial to getting me to do the odd crazy thing now and again– the latest being when he convinced me to go surfing in the pouring, freezing rain last weekend. I found myself having to keep my hands and feet in the water to keep them warm rather than the other way round! Such are the joys of autumn surfing! [I know for all the hard core surfers out there, the above is not that crazy, but I have to say there wasn't much competition in the line-up!] Surfing takes me out of my comfort zone, and what I love about being taken out of my comfort zone is that buzz of achieving things that I thought were beyond my reach. For me, that is what achievement is all about.

Over the past 12 months a lot of time has been spent reviewing how we can improve our level of achievement across the company. One of the key initiatives in this area has included an overhaul of our current Performance Management System - GROW. We have now developed a new approach which is called My Performance. The change from GROW to My Performance is not just about a new online system that is easier to use, but also about improving how we set objectives, measure behaviours and have better coaching conversations to help everyone achieve high performance.

My Performance will measure both 'what' we do in our day to day roles (our objectives) and how we go about doing them (our behaviours). Behaviour is all about demonstrating the AIL attitudes (Real, Together, Achieving, Inspiring and Give Back).

Key to being able to achieve the best we can is setting clear goals or objectives that are relevant to our roles, and have a clear and direct link to the achievement of the organisation's strategy and goals. One of the key steps in achieving your goals is

planning. Last week the Nationwide Leadership team spent a day planning how they would go about achieving the goals we have set ourselves in our business plans. We now have a good base to start to cascade our business priorities through Nationwide, and over the next couple of months your manager will be talking to you about the things we all need to do in order to achieve a great result in FY10.

Well, S has gone out for surf and I am sitting by the fire writing this, reflecting on the great rides I got, and also the dumpings I took falling down the front of some big waves – despite the weather I will continue to challenge myself to get out there and be the best surfer I can be!

I hope you are having a great week."

A special update for the Nationwide CEO in June said:

"Hi everyone,

As you have been hearing from your team leaders, our service levels for the sales and service teams over the past few months have been poor. In April we averaged 51% and in May, 41%. For the month of June we are currently tracking under 30%.

There are a number of factors that have combined to have this impact on our customer experience and I wanted to give you some understanding of what is happening and ask for your support.

- Firstly, the Sales Experience training has been in full flight during May and June. I have been hearing great things about this programme from many of you. However, with staff away from their normal roles, it does impact on our ability to answer our customer calls quickly.

- May also saw the beginning of our Seven Cities Roadshow tour around the country. It's been great to see many of you attending sessions as it's important to share how we are tracking as a business and what we need to focus on going forward.

- We are in the midst of our price increases and I am aware that we are receiving more phone calls and we are having more customers coming into our branch's seeking an understanding of why their premiums have changed. This means our customer interactions are taking longer. I also recognise when you have had a number of tough calls it is sometimes hard to feel like getting back on the phone to deal with another grumpy customer!

- Lastly, school holidays always have an impact and that was a big part of what drove the dip in April. Our next school holidays in July, are not far away and we want to be in a good position leading into this period. Many of our staff have school-aged children and we want to be able to support people having time off to spend with their families. As a Mum, I know they are only little for such a short time!

The Customer Experience training programme is nearly finished, so we will have more staff back on the phones. However, we are continuing to experience a higher volume of calls from our customers as the biggest impact of the pricing changes will be over the next few months.

We are recruiting more staff to help with the higher volume of calls and looking at diverting more resources to take calls.

For those of you who have attended the sales training you will have gone on the shopping experience. When our customers ring and don't have the phone answered the experience for them is very much like when you walk into a shop and no one comes up to see if you need any help. So for our customers the length of time they wait will taint the overall experience no matter how good the service is.

You are doing such a fantastic job of supporting our customers with the pricing changes and whilst I know it is hard when we lose a customer to a competitor, we are still managing to hold retention rates well when we look across the whole business.

Can I ask for your continued support through this period by really committing to delivering on a great customer experience by:

- being customer ready
- making yourself available to any customer that wants to talk to us
- using your resources' whenever you can to be the expert

I am hopeful that we will start to see an improving trend in service levels.

Thanks for your help with this."

The AIL CEO's June update"

"Hi everyone

Well, this is the final edition of MUSE in this financial year and comes to you courtesy of Departure Gate 8, Sydney Airport. I was waiting in the Qantas Lounge, but I get bored of being surrounded by middle aged men (mostly) tapping away at laptops or trying to work out how their new iphone works. One of my favourite hobbies is watching people in airports, trying to work out who they are and why they're travelling; but I digress.

Where we're at

Our 2008/09 financial year will be over in a few days and what a roller coaster! I hope you were able to make a Seven Cities Roadshow in the last few weeks and took away some key messages. If I were to summarise my CEO Roadshow message from last year, it would be "NZ is a riskier and costlier place". The heart of the recent roadshow was our response to this situation:

1) Collect enough premiums to cover claims (PRICE)
2) Target the right groups of customers (SEGMENT)

3) Make great underwriting and claims decisions with an agreed way of doing things (DECISIONS)

Simple, but easily forgotten in the heat of battle.

As you read this update, we have just given May an amber traffic light, although it was pretty close to green. My ambition is to start our next financial year as the year of recovery. A great deal of hard work has been done in the last 12 months, but a great deal of work still needs to be done. My very first job when I come back from holiday is to stop, breathe and reassess every aspect of our recovery plan.

As a suggestion, we should formally and actively look for ways to do this sort of thing after/with every function. ie; to build it into the planning of an event or function as a requirement to be physically ticked off - "Can anything be given back to a community group or project at the end of this". Apart from being the right thing to do, the personal rewards are huge".

And on that note

I'll leave you with a couple of thoughts (and a few tips). Firstly, a bit of a challenge. I'd like to see how you're all getting involved in 'giving back' to our community. Please write to me and tell me what you're doing and I just might come along to the most interesting day. Also, write to me and let me know why I should visit you in your part of the business. Tell me why great things are happening there or what I will learn and I'll come with coffee and muffins."

The AIL CEO's update for September said:

"So, for a fresh financial year...

Let's begin by reminding ourselves how great insurers make money:

(i) Matching risks with price – a constant desire to work out how the risks we cover are changing including claims costs, frequency, weather costs, large fires and other losses.

(ii) Risk segmentation – continually search for customers where the premium they will pay is greater than likely claims costs. An old boss of mine once told me that there really aren't many bad customers, only customers who aren't paying enough premium for the risk!

(iii) Quality of decision making – getting right the thousands of individual decisions that are made by all of us around the business every day.

Of course, there are many other traits of a successful insurer - such as having a highly engaged and high performing workforce, efficient and effective technology and compelling brands - but in my mind these three are the 'beating heart' of a great insurance business. We made some real progress in these areas last year, but there is a lot more to be achieved still.

The Leadership team came together recently for a day to discuss the Recovery Programme of the last 12 months, review our Vision and consider a range of strategic questions as we now begin to plan for the longer term future. This will be followed by a series of strategic planning

days for Nationwide, NZI and Business Partners. The Executive team and I will share the outcome of these sessions in the coming months."

5.6.5   The Underlying Assumptions of the Cultural Transformation Programme

At the beginning of 2008 Nationwide Insurance found itself unprofitable, with a disengaged workforce and an advertising campaign that over promised and under delivered. Customers were dissatisfied with service and market share was dropping slowly but continuously.

The answer to this dilemma from a BPM perspective is to improve productivity and quality through engaging staff in the continuous effort of improvement. The deeply held conviction is that success arises through commitment to customer service, team work, and commitment to consistency and quality that understanding and practicing the best process brings. In this environment managers set service standards, design process to deliver them as efficiently as possible, engage staff who know what is expected of them and who are capable of delivery, and then constantly measure success factors, and continually work to improve them. In this environment staff are satisfied with their work and their leadership.

This section shows how an alternative answer to this dilemma was rolled out and adopted at Nationwide. The cultural transformation was intended to improve staff engagement. The deeply held conviction was that this would generate an environment in which unique personal effort would produce customer satisfaction which in turn would produce improved profits. In this environment managers become excellent coaches and with these coaching skills unleash the unique personal attributes of their staff. When human capability is unleashed in this way and staff are passionate about their organisations, its products and their jobs their customers will in turn be surprised and delighted about the customer service they are offered.

The leadership communications and the supporting communications for HR described in this section all extolled the transformative effects of human endeavour and being *"constructive, supportive and open"*. The leaders opened up their personal lives in the communications to demonstrate what qualities had made them leaders and what qualities staff should aspire to.

At the same time staff were being prepared for prices increases to customers with a series of communication's explaining that New Zealand is a risker place.

> *"Make 2009 the year of absolute clarity of your communication to customers:*
>
> - *NZ is a riskier and costlier place*
>
> - *Insurance is the most important financial decision you will make*
>
> - *AIL is your best choice.*
>
> *Explain our world to your customer in a way that brings some passion back into insurance and risk."*

The assumption was that if staff genuinely believed that the products were fairly priced in the market they would in turn convince customers this was so.

5.7 HAPPY ENDINGS OCTOBER 2009 TO PRESENT

Insurance customers have a well-known reluctance to move to another provider; too many questions and no history if a claim is needed. The majority of Nationwide's customers accepted the explanation that NZ was a risker place. Eventually the competitors did too and their prices gradually rose. AIL NZ's financial performance improved without having to confront a transformational productivity improvement program. The BPI team was disbanded and the ethnographic data collection ceased in September 2009.

AIL did improve its results in the Towers Perrin Best Place to Work; the GM HR was promoted to a position at AIL Australia in July 2010. The year end June 2010 was significantly better than the previous year and the CEO of AIL was promoted to CEO of a UK based subsidiary in August 2010. The Nationwide Commercial business unit continued to improve performance and productivity and the GM Commercial was promoted to a more senior role at NZI in July 2011. The BPM Manager started a consultancy business and the Business Process Improvement Manager eventually wrote a PhD thesis on the Nationwide BPM project.

5.8 CHAPTER REVIEW

Unfortunately for IS practitioners change does not occur in a neatly frozen organisation. The organisation, with its historically constituted organising processes and changing external conditions, has multiple streams of competing activity and change initiatives happening. These interact in unpredictable ways and change is emergent from the competing forms of organising processes.

The BPM pilot at Nationwide Commercial was very carefully crafted from best practice and research based methodologies. While superficially appearing to be accepted, and even embraced, by the senior managers of the business unit, resistance appeared from Team Leaders as they came up with a range of strategies to defer change for their staff in the hope that 'this too will pass'. The BPM team with the full cooperation of the business units GM then embarked on a radical business transformation program. This created the conditions for BPM to flourish and to generate business performance improvement. The score was one to BPM and its rational methodology and zero to Nationwide's Commercial Team leaders who had borne the brunt of the change.

When the same methodology was rolled out organisation wide a number of factors impacted on it. A new CEO was appointed to AIL. His discourse emphasised his core beliefs that it was personal attributes that formed good insurance practice and 'helpful' behaviour not process or the systems that drive process. His values were expressed clearly in the email that said:

> "It constantly amazes me when people say things like 'we rely on the system to do this underwriting or pricing or claims handling.' Well, that's pretty sad. Whenever you ignore key information, fail to use local knowledge to underwrite a risk, or don't reflect the unique circumstances of every claim, you're not doing the best job you could be doing. "

The new AIL CEO terminated the Nationwide CEO's contract and began a search for a new CEO. The resulting power vacuum created a lack of leadership commitment just as the CPI teams began to operate independently within the Nationwide business. They floundered, got little support from

senior managers and eventually CPI work was suspended in Nationwide personal, continued elsewhere but in a marginalised way allowing resistance to build momentum.

Next an organisation wide cultural transformation program was rolled out. This was deeply humanistic in orientation and promoted a culture based on individual performance, where people set their own goals and worked toward them. Again this was at odds with the BPM message of management discipline in setting process goals for quality and productivity with staff goals aligned to these.

When a new Nationwide CEO was appointed she started to deliver the same messages as the AIL CEO and the GM of HR. Give people the outcome required and they will use their innate human capabilities to figure out what they as a unique individual can do to achieve it. Creativity is more important than consistency. In her communications about creating strategy to improve Nationwides performance she said *"This isn't about major change for the business but refining what we are doing."* The BPI team who were advocating radical transformation in the same vein as Nationwide Commercial was disbanded.

6 ANALYSIS OF THE NATIONWIDE BPM PROJECT

6.1 INTRODUCTION

The BPM project at Nationwide seemed paradoxical in its combination of success in Nationwide Commercial and its failure to embed in the rest of the Nationwide organisation. This chapter examines the project and looks at the outcomes through the lenses of process oriented organisational analysis, and a Foucauldian analysis of power and the form of subjectivity that the organising processes produced.

The inherent processist asks questions like, what process is at work here and what thing does it instantiate, how often does the process occur, are there themes over time to the micro processes within the macro processes, what other processes intersect with it and how do they affect it, over what time does the process occur, how is it ordered, what are the antecedents and what are the consequences, what powers are at work in the process, what social order does the process work to maintain?

Pettigrew (1997) says that processual analysis requires three elements. The first is shifting language to an active language of becoming, emerging, developing, transforming, and decaying that indicates the transient and emergent qualities of being. The second is seeing time and history as the centre of process analysis whilst searching for patterns and underlying mechanisms in the process. The third is the inductive pattern recognition required of the process analyst which goes hand in hand with their deductive capability. Understanding that your assumptions, values and frames of reference will limit what you are capable of seeing.

Foucault's work adds depth and a theoretical framework to the three elements of processual analysis expanding it to an analysis of process, power and subjectivity. His archaeologies and genealogies of modernity have provided an active language of becoming; he describes the self as constantly under formation, constantly producing and reproducing itself embedded in the workings of power that constantly produce knowledge and truth. He regards the only valid analysis as historiographical and provides a framework to understand the underlying mechanisms as micro – relations of power. Lastly his work forces the process analyst to understand how little wriggle room that have in the fields of truth that have formed their own subjectivity and how limited the scope to speak the unspeakable and think the unthinkable is.

Foucault adds to process analytics by providing a frame of reference that searches for the micro-relations of power, the way in which this power creates truth and the way that this truth produces the self. Foucault's approach is processual but not explicitly so. Pettigrew (1997) says the overriding aim of the process analyst is to catch reality in flight. Adding Foucault's framework to a processual analysis adds a further dimension to this reality as it emerges across time.

The model below (Figure 61) shows the framework for this processual analysis at Nationwide. The BPM projects intention was to embed the process of the BPM lifecycle into the management processes of Nationwide. When it did this in Nationwide Commercial a range of strategies had to be deployed by the BPM team and Nationwide management to make it successful. When the BPM

team widened this to the rest of Nationwide a range of strategies were deployed by a range of agents to successfully prevent it.
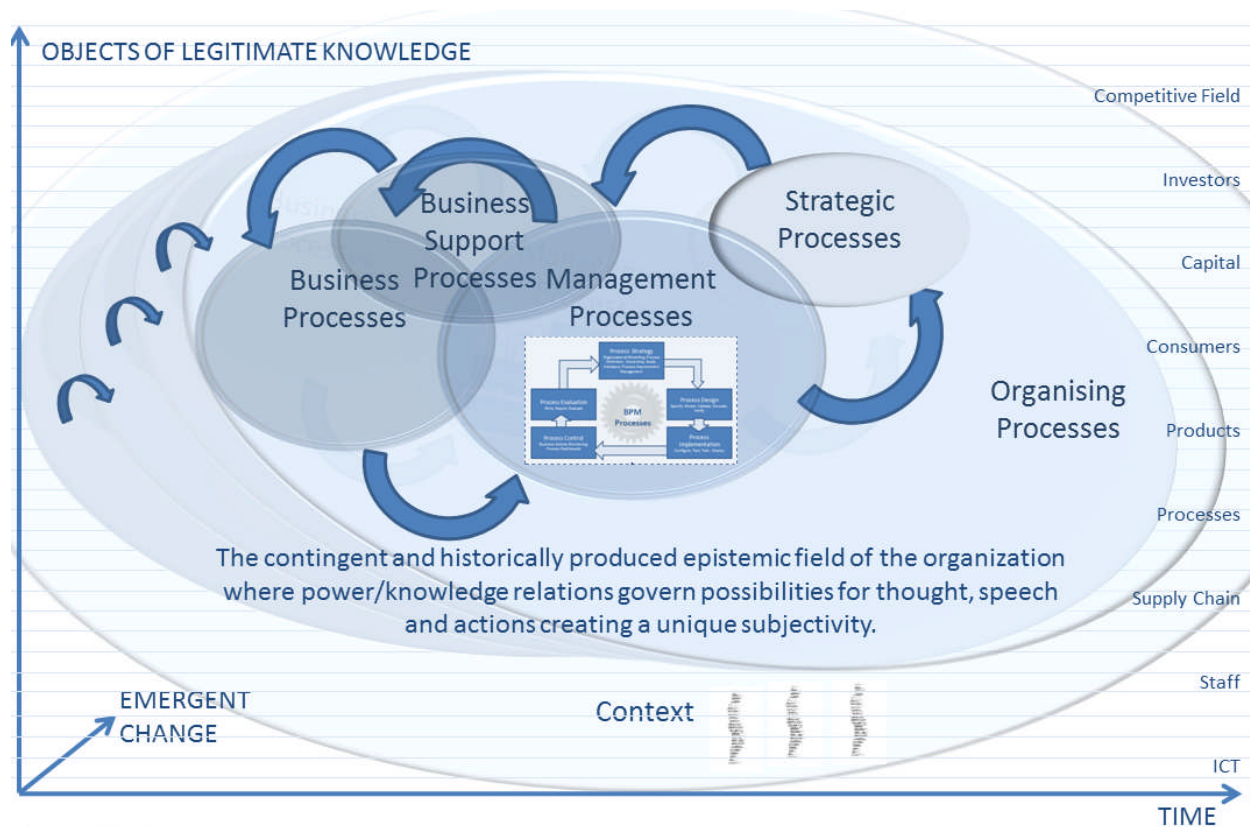
Figure 61 Framework for Processual Analysis at Nationwide

This analysis starts with historiography, of insurance in general and Nationwide in particular. It then considers organising processes observed at Nationwide, the micro-relations of power that both emerge from and sustain those processes, and the form of subjectivity that the processes ultimately produce. This subjectivity is the conduit for the inevitable resistance that occurred when the disciplinary technique of BPM was deployed. The analysis looks at the initial resistance to BPM in Nationwide Commercial, how it was possible to overcome that, the cultural transformation program and its impact on the ultimate failure to embed BPM in the rest of the Nationwide organisation. The analysis concludes with a discussion on what was observed across the course of the BPM project of the strategising, managing, business support and business processes at Nationwide and how analysis of this type may have produced a deeper understanding of the potential resistance to BPM than the on-going analysis of CSF's and Process Orientation did.

6.2   A HISTORY OF INSURANCE

Ewald (1990) describes insurance as comprising a technique for estimating risk, the practices of restitution and indemnification and the institutions that structure public and private insurance schemes. Methods for transferring or sharing risk have been practiced since approximately the third

century BC but underwent a radical shift with the development of the mathematics for the calculation of statistical probabilities in the 17th century. It was in the late 17th century that insurance moved from being risk shared between families or interested parties to a calculable product that could be sold. Early insurance companies were mutually owned but privately owned companies had become common by the early 19th century.

Foucault traces the beginnings of the modern insurance industry to the emergence of bio-power (Foucault, 1978). He traces the decrease of sovereign power making room for disciplinary power which relied on observation, normalisation and examination. Normalisation created the need for the development of statistics and this became foundational for the social sciences and the emergence of bio-power. Rabinow (2003) says for the technologies of bio-power to operate the components of the population and the milieu must be measured and known empirically so that the historical, demographic, ecological and social forces , can be systematically regulated and made to flourish. Bio-power in turn produced the forms of governmentality of the modern state whereby the modern subject is governed and governs himself.

Disraeli & Phillips (2003) say that insurance is a technology of governance within the relations of bio-power. It defines how people should act by specifying what is normal about a population and who within it deviates from the norm and therefore poses a risk. What is statistically normal becomes an ethical norm which restrains action and makes people think about risk objects in terms of their own ethical conduct with respect to those objects. They must be knowledgeable about risks and do their part to prevent and minimise them. In order to impose these ethical norms the insurance institution makes claims about its own knowledge and capacities. It has its own science, actuarialism, which claims the ability to assess risk so accurately that risk can be commodified and distributed across an insurance pool.

The insurance industry grew through the nineteenth century alongside other forms of social insurance and social welfare systems. Together they formed what Ewald (1990) called the birth of the "insurance society" in which the norm functions to protect the individuals within it from the laws of chance through a scheme that is not based in family ties, fellow feeling or charity but rather justice and law. Ewald cites Eugene Reboul, a 17th century life insurance salesman, as saying "*insurance is the application to human affairs of the rule of possibilities that determines the fate of individuals apart from society before chance has made its own division among them and disposed of the common fund of property according to its own logic. So that equity is preserved, each person must take upon himself a proportional part of the risk that may bring him good fortune or mishap*". (F. Ewald, 1990, p. 147)

Ewald (1991) says that we should not underestimate the importance of the epistemological transformation to the insurance society which was a huge shift in mental attitudes toward justice, responsibility, time, causality, destiny and providence. Man's relations with himself and others were overturned as bad fortune, previously within his relationship with God became manageable risk and within his relationship with himself and the insurance society. This is the unthought of the insurance industry that Foucault urges us to look for at the limits. The insurance industry is based on the existence of an ethical, self-regulating subject who will protect his own property to the fullest extent of rational conduct and manage his own behaviour to minimise risk. The insurer has the ethical

responsibility, as a public duty, to establish risk pools with the right pricing for risk, based on actuarial science, in order for insurance society to flourish.

The major change to the insurance industry in the early 20th century in many western countries was the creation of government owned insurance companies. This move was in conjunction with large scale social reform and the birth of welfare systems and was intended to protect the consumer from price gouging by large private insurers by providing honest competition. In New Zealand the government set up the Nationwide Insurance Company. It held its place in regulating the market until 1990 when it was sold to a United Kingdom insurer, Norwich, as part of the financial reforms of the 1980's. The neo-liberal economic policies of the 1990's saw this trend across the world and the decade ended with fewer, larger insurance companies globally.

The Information revolution of the late 20th century largely bypassed insurance companies. Just as Nationwide's IT landscape showed late adoption, high failure rates, multiple systems and lack of single customer view this was common across the industry as a whole. The insurance industry generally is widely known to be a slow adopter of technology and when web technologies emerged they were slow adopters again.   At the beginning of the 2000's with the advent of web based technologies the industry was well behind other financial services industries such as banks (Aillo, 1997; Rachel, 2000). Fisher (2010)writes that as insurance companies have added new products they simply added new and often incompatible proprietary system and as result it is difficult to get a unified customer view. Fisher believes this is what has stood in the way of the full use of web capability for the industry because web customers expect a unified view.

In 2009 the industry was still seen as behind the curve:

> *"The business model of insurance, frankly, has been substantially unchanged since the Lloyd's of London days, when the modern insurance industry was first established. It's a paper-based model with a heavy reliance on human-based workflow, and it has really held the industry back in terms of technology. The first major wave of technology that came through the business was mainframes, and that's 50 years ago. Honestly, the business model, and the workflows, and the business process of insurance have really been unchanged since then, and a lot of it has been dictated by these legacy pieces of technology that reside on mainframes. These are exciting times to be watching the insurance industry. It has been behind the technology curve for years, but now we see an opportunity for it to make a big leap that will help insurance companies, their agents and brokers, and ultimately their customers." (Hartnett, 2009)*

> *"This is an industry still struggling with 'green screens' on desks, legacy mainframes in the back office and an employee population rapidly approaching retirement age." (OnWindows, 2008)*

Yates (2005) book on the insurance industry and technology describes a conservative tendency to incremental change rather than transformation and this is shown in the long lags between productivity improvement and investment in the industry She noted that the industry generally thought that insurance was so unique that all specialist functions such as programmers and analysts should be sourced from existing insurance agents and trained in their new speciality.   She also

points to an industry cultural factor toward paternalism and the inclination to extend their view of their role as a public service to customers to their staff as well.

Brown (2006), the CEO of Marsh & McLennan a leading broker business says not only is the industry poor at adopting and understanding technology, and what it can and cannot do, it is also poor at using the statistics and data captured in its own systems. He points to a lack of protocols and standards which he attributes to unwillingness to share and work together across the industry.

So the insurance industry seems to act to avoid engagement with IS and IS products and has done so successfully for a very long time. It also seems to act to avoid the form of knowledge that IS values, the form that goes hand in hand with disciplinary power. While it collects data on the population as whole for use in actuarial calculations it resists knowledge of the individual.

6.3 PASTORAL POWER AND SUBJECTIVITY AT NATIONWIDE

6.3.1 Organising Processes, Power and Subjectivity

Organisation theory researchers see organising processes as institutionalizing forces within a wider organisational environment where the organising processes interact with the environs in the forming of norms, and where change occurs from the less conscious absorption of wider socio-technical values and more conscious sense making and decision making processes. For the process analyst the core questions about the continuous process of organising are what form of powers motivate it and what social order does it produce. For the process analyst utilising a Foucauldian framework the core questions are what type of power within the forms identified by Foucault is at work and what forms of subjectivity does that produce.

Foucault has documented an epochal change in societal organising or governing processes from the classical to the modern era. He described the techniques of disciplinary power based on hierarchal observation, normalisation and examination which he saw emerging in the late seventeenth century. This was a form of power-over-the-body to ensure it was disciplined, its output maximised, its usefulness and docility ensured. The processes of organising and governing populations underwent further change as the population itself, and how to manage it, became a political category. The techniques of bio-power based on self-surveillance, self-formation and self-management emerged later than disciplinary power. This was a form of power-within-the- body to ensure it was constantly monitoring itself within the acceptable norms of how to live. The modern 'self' became a subject of knowledge and truth about itself and became responsible for forming and improving itself. The modern self is not fixed with a stable constellation of attributes, beliefs, values, motives and experience but is a constantly changing product of the epistemic field they are located within. This filed is comprised of power and knowledge and provides a limited rage of thoughts, speech and conduct for those individuals within it. This is the unique form of subjectivity that the individual experiences as 'self'.

Foucault says that together disciplinary power and bio-power became power-over-life at an individual and at a species level with the two forms of power as poles of the development of this overall power *"linked together by a whole intermediary cluster of relations"* (Foucault, 1978, p. 139). It was the addition of bio-power that Foucault says produced the modern form of governmentality essential to the rise of capitalism. One of the key rationalities of capitalism is that society, the

population, must be kept in good order and be kept secure; government provides the techniques for maintaining the health of the body, managing its reproduction and eliminating risk as far as possible.

Government in this form of power is not just the government of the population by the democratically elected representatives but beneficent government of organisations and families. Liberal governmentality is not just administration of life but infiltration of life to ensure that people govern themselves, their conduct their thoughts and feelings. Foucault says the techniques of pastoral power support the techniques of bio-power. Foucault traces the genealogy of what he called pastoral power as emerging from the techniques of the Christian pastorate and being assimilated into the mechanisms of the modern secular state to support the apparatus of bio-power. He describes the Christian pastorate as *"giving rise to an art of conducting, directing, leading, guiding, taking in hand, and manipulating men, an art of monitoring them and urging them on step by step, an art with the function of taking charge of men collectively and individually throughout their life and at every moment of their existence."* (Foucault, 2004, p. 165). Foucault saw this pastoral practice as sitting behind the form of governmentality that is the modern state. This practice gradually shifted from an ecclesiastical one to a secular one but it could only make this move because it had already produced a particular kind of modern subjectivity.

Within this type of power relationship there are two forms of subjectivity produced: the guide and the aspirant, the shepherd and the sheep, the leader and the follower. The first must follow the forms of subjectivity allowed of leadership and the second the forms allowed of the follower. These forms provide the framework for the range of moves allowed to the 'self' in terms of thought, feeling, expectation, aspiration, and conduct and are significantly different to the forms within disciplinary power.

Within pastoral power relations the leader must have the attributes of power-within to gather their flock. Foucault says this expresses itself as, *"I'll whistle and will gather them together"* (Foucault, 1994b, p. 302). The flock hears and comes from far and wide because the shepherd is the one who offers them salvation. The shepherd does not govern out of duty but out of devotion to his flock, *"When they sleep, he keeps watch"* (Foucault, 1994b, p. 303). He knows and cares for each one individually and he knows and cares for the flock as a whole. For instance he will leave the whole flock to search for the lost one but will deny another one the right to breed to ensure a high quality of offspring; this is what Foucault calls the paradox of pastoral power. The sheep also have responsibilities; he must willingly desire the salvation, the safety that the shepherd offers, he must come running when the shepherd whistles, be obedient and submissive out of devotion, he must practice self-examination so that he can open himself up to the shepherd, be seen so the shepherd can know him and guide him. The sheep must willing confess to the shepherd when he has erred and vow to do better; in order to do this the sheep must develop a conscience. The shepherd in return must forgive and vow to help the sheep find the right path. These are the moral ties that bind the shepherd and the sheep.

Foucault contends this form of power relationship between leader and led has increasingly become secular as it moved to underpin the workings of bio-power. The 'strange technology of power' continues to treat the vast majority as sheep with a few as shepherds. The officials of pastoral power imbued with the subjectivity of the shepherd have extended from priests and pastors to psychologists, psychiatrists, doctors, social workers, teachers, and employers. In relations of power

with these officials the 'vast majority' are expected to work willingly to 'save' themselves, to critically self-examine their conscience and to work to improve.

At the other end of the continuum from bio-power in the *"great bipolar technology"* (Foucault, 1978, p. 139) lies disciplinary power. Just as he identified pastoral power as being a technique of bio-power Foucault pointed to techniques that supported disciplinary power. For instance panoptic power is a *"permanent, exhaustive surveillance which makes all things visible by becoming itself invisible"* (Foucault, 2007a). It supports disciplinary power by ensuring that hierarchal observation is constant or at least perceived to be constant by the subject.

Within disciplinary power relations the leader must have the attributes of power-without to ensure the subjects of discipline are normalised. Foucault says this expresses itself as a duty, not a devotion, to power-over-the-body to constantly examine the subject and to ensure the subject drills and practices until he meets the norm. The subject's responsibility is to provide a useful and docile body which he submits to examination, to drilling and to practice.

It is the form of subjectivity produced by power relations and the form of challenge to that subjectivity that enable conduct, subversion, adaptation and resistance. For instance the subjectivity produced by pastoral power allows the leader/shepherd to act to defend his sheep in the best interest of the individual or the vast majority. The subjectivity produced by panoptic power allows the leader/observer to constantly watch for deviation.

6.3.2 Nationwide Insurance: A Technique of Liberal Governmentality

Nationwide started as the initiative of the first Liberal Government of New Zealand. It was part of wide ranging social, health, education and welfare transformational changes made from 1895 to 1912. These included women's suffrage, public health systems, workers protection, old age pensions and improved availability to education.

Nationwide's purpose was to exert pressure on the existing insurance companies to lower prices which were considered excessive.

> *"The Office… has a social function as well as a business one. It is a regulator of the insurance market and it has an obligation to offer insurance on risks of any kind at reasonable terms and under reasonable conditions." (Manning, 1980, p. 11)*

While the first General Manager acknowledged the social function he emphasised the competitive nature of the business and the requirement of the personal initiative of a network of good and energetic agents for success. In 1905 he wrote an instruction book for agents which included;

> *"Agents are respectfully reminded that the success of an agency chiefly depends upon the personal efforts of the agent and his staff to secure well-selected risks from friends and others by means of solicitation whenever favourable opportunities present themselves. In these days of competition, proposals do not as a rule, come into the office but require to be sought after by steady, plodding effort day by day."(Manning, 1980, p. 27)*

To reinforce this he paid branch managers a commission in addition to their salary; this was un-heard of in the public service at the time. From very early on the organising processes of

Nationwide worked toward creating a branch network where the Branch Manager had the autonomy and authority to act as though the business was their own. A later General Manager of Nationwide said he wanted branch managers to look around their branches and say *"It's mine"* (Manning, 1980, p. 141). In 1968 the strategic plan included increasing branch autonomy. The branch manager was expected to be prominent in the community, sit on local community boards, educate the public about risk, hire promising young officers and ensure their training and general development. This philosophy remained at Nationwide through the 1970's and 1980's.

When Norwich Union bought Nationwide in 1990 very little changed. The management team was left untouched and the branch structure remained intact. Nationwide had already reorganised in 1989 implemented a flatter organisation structure and some specialisation, particularly in the claims area; this retained the same number of branches and did not make any staff redundant.

"Norwich regards Nationwide as a very good enterprise. Its culture, attitudes to customer service to policy holders and general business approach are similar to those of Norwich. Continuity of administration will assist Nationwide to derive even greater strength from synergies developed with other parts of the Group for the benefit of Nationwide policyholders."(Hunt, 2005, p. 20)

"The transition from state to private ownership has been eased greatly by the striking similarities of the philosophies of Nationwide and the Norwich Group. Thus we do not need to make significant changes to the Mission Statement of the organisation which is: To compete effectively and to provide leadership in good insurance practice for the benefit of policyholders, our shareholders and the public of New Zealand."(Hunt, 2005, p. 24)

Market research by the new owners in 1991 found that consumers considered Nationwide Insurance offered relatively poor service at relatively high premiums but Norwich decided to address this through *"recruitment and training, the adoption of attractive uniforms and the improvements of the standard of premise"* (Hunt, 2005, p. 168).

The first major disruption to Nationwide in almost 100 years occurred in 2001. In 2000 an Australian company, AIL Insurance, bought Nationwide from Norwich Union. They appointed their own CEO of Nationwide whose first move was to replace the existing executive team with his own people. Restructuring planning began and in June 2001 the organisations announced the setting up of three major specialist call centres in Auckland, Wellington and Christchurch, and the closing down of 31 branches and two regional hubs.

6.3.3   Biopower, Pastoral Power and Subjectivity at Nationwide

Insurance is a technique of bio-power and Nationwide Insurance an organisation formed from liberal governmentality. At the heart of this process of governing or organising is the core assumption that human freedom produces wealth. In an apparently paradoxical move this form of governing also assumes it must *"take on the task of continuously and effectively taking charge of individuals and their well-being, health, and work, their way of being, behaving and even dying…liberalism must produce freedom, but this very act entails the establishment of limitations, controls, forms of coercions, and obligations …"* (Foucault, 2008, pp. 62-63). For Foucault this is not a paradox. He

describes the liberal art of governing as consuming freedom and therefore having to produce freedom in the form that it requires. The process requires freedom of the market, of property rights, of discussion, of expression, of behaviour to operate. Therefore the process must organise human subjectivity capable of this form of freedom, it has to produce what this form of human requires in order to be free: health, education, income, rights and security from risk. The organising process of insuring produces security from risk and the first liberal government of New Zealand extended that security to the entire population with the formation of Nationwide.

Pastoral power is a technique of bio-power and a fundamental support of liberal governmentality. With the vast majority as sheep and the few as shepherds pastoral power gives freedom to individuals whilst ensuring they are self-governing. As a technique of bio-power producing one of the freedoms required for liberal governmentality it is quite natural that the organising processes of the new organisation would be pastoral in form. From the very outset Nationwide was set up with a branch network where the branch manager could say *"It's mine"* not as a bureaucracy.

Weber described the bureaucratic organisation as characterised by an impersonal hierarchy of 'offices', established through rational values, with each lower office under the control and supervision of a higher one. Members of the corporate group are obedient to the 'office' not the incumbent and only obligated to obey within the sphere of the rationally delimited authority of the office. The official functions of the corporate group are bound by rational, technical, written rules, labour is systematically divided and specialised for productivity purposes, and forms of compulsion are clearly defined. Recruitment to roles are on the basis of technical qualification, there is a separation of the public and private sphere for members, remuneration is by fixed salary based on position not productivity and promotion based on seniority and achievement. Careful records of administrative acts, decision and rules are kept and decisions are made on the basis of technical knowledge and can be justified. The bureaucratic organisation is designed on the basis of rational rules which regulate the whole organisation with the aim of maximum efficiency which is determined by mathematical measurement of performance and comparison to a norm.

> *"Bureaucratic administration means fundamentally the exercise of control on the basis of knowledge. This is the feature of it which makes it specifically rational…bureaucracy is superior in knowledge, including both technical knowledge and knowledge of the concrete fact within its own sphere of interest" (Weber, 1997, p. 339)*

While to the external world Nationwide may have appeared a typical government bureaucracy it was not. Each of the branches operated autonomously, the branch managers were remunerated on salary and commission, the branch manager built his own branch family, or flock, and there was no separation of public and private. Recruitment was at the branch manager's discretion and was not based on technical qualifications, technical industry based insurance training was offered to all staff regardless of background so they could improve themselves and staff rotated through all of the positions in a branch so there was no specialisation. There was a rate book provided by underwriting at Nationwide head office but this could be varied at the discretion of the branch manager in consideration of other factors. Procedures were not written. Information on individual productivity was not kept. Management information regarding branch performance was very high level so control was exercised on the basis of factors other than technical knowledge.

The Nationwide CEO who retired in 1999 after 45 years with the company said *"I would do it all again…we always called Nationwide 'the family"* (Hunt, 2005, p. 190)

Nationwide branch managers typified the subjectivity required of a leader in a network of pastoral power not a network of disciplinary power such as a bureaucracy.

Foucault identified the organising processes of liberal governmentality as both consuming and producing forms of freedom. The organising processes at Nationwide both consume and produce the forms of subjectivity of leaders and staff. The epistemic field of pastoral power constitutes subjectivity. Foucault said, *"We must cease once and for all to describe the effects of power in negative terms: it "excludes", it "represses", it "censors", it "abstracts", it "masks", it "conceals". In fact power produces; it produces realities; it produces domains of objects and rituals of truth"* (Foucault, 1977, p. 194). These rituals of truth govern the possibility for thought, speech and action.

6.3.4   Resisting Discipline

The first real challenge to Nationwide's organising processes was the restructuring in 2001 which closed branches and created call centres. Call centres employ techniques of disciplinary power. The key disciplining techniques of call centres are those imposed by the physical layout, the presence of the call board, the on-going observation of staff through reporting from the telephone system, normalising productivity through average call times, normalising quality through scripting, setting call or sales targets and monitoring random calls to ensure both productivity and quality. There is a clear hierarchy, commitment to statistical analysis, commitment to consistency, identification of non-achievement of objectives. Workers bodies are disciplined through the constant mediation of the telephone call monitoring software. Staff are attached to their phone via headsets and their computer via keyboards, they cannot just leave their desk, they have to log out of the system and enter a code to explain their absence. Call boards flash red when service levels drop and workers are expected to react with urgency.

In this network of disciplinary power the Team Leader subjectivity produced and consumed is that of the gaoler, the foremen, the enforcer. The Team Leader constantly monitors statistics and call quality, exhorts to improved performance and punishes disobedience. The staff subjectivity produced and consumed is obedience, compliance with rules, docility.

When AIL introduced call centres to Nationwide they created very traditional call centre layouts with a call centre phone system. Staff who had previously worked in branches transferred to the new call centres into teams of approximately ten. In many cases Team Leaders were senior branch staff and more senior organisational staff were a mixture of the group who had previously been Branch and Regional Managers. In the case of the Nationwide Commercial call centre for instance, the GM was previously a Regional Manager, his Underwriting Manger was also a Regional Manager, and his Team Leaders were a mixture of Branch Managers from small branches and senior staff from the previous Regional hierarchy.

The Team Leader who said, *"You need to understand we're not traditionally a call centre and I think that was drummed into me when we got this thing going...yes we run like a call centre but we're not..."* had previously been Branch Manager of a small branch. In Nationwide Commercial there was a clear intention to subvert the disciplinary pressure right from the outset. While each of the

new Call Centres had a new Service Delivery Manager (SDM) role, responsible for rostering and analysis, that role was filled initially by existing Nationwide staff with training on the telephone software and statistical analysis of the call centre.

In the analysis of the current state performed by the BPI teams for mapping as is processes it was found that the statistical reports were largely unused. There was a strong emphasis on service delivery which meant that 90% of calls had to be answered in less than 30 seconds but this did not extend to monitoring call times or the large percentage of 'after call work' that agents did. A bell ringing to indicate the call board was signalling a dropping service level pulled agents off after call work or off personal calls. The clear over capacity in the call centres went unchallenged.

AIL failed to embed call centre discipline at Nationwide because managers from the General Manager down to the Team Leaders refuse to subject their staff in the way that call centre discipline required. They enacted this refusal by ignoring the statistical analyses that were available, by not challenging individuals about their productivity or quality, by continuing to act as leaders in a network of pastoral power not disciplinary power.

There were other examples of successful maintenance of the form of subjectivity at Nationwide in the face of disciplining techniques. In 2006 Nationwide introduced Customise, a script based selling practice. All call centre staff were trained and told to use the method. In 2007 many staff had abandoned any attempt to stay within the prescriptive framework the method required and in face even had trouble finding their manuals when asked. One Team leader said, *"they know what's a good call... it's not 123...they're not in a box*." Organisations that implement call centre discipline and prescriptive behaviour and language on calls do think their staff are in a box and can be controlled. The Team Leaders at Nationwide didn't. In resisting these techniques they maintained their own subjectivity as managers of people who 'know' what to do, as guides not gaolers.

6.4   PASTORAL POWER AND DISCIPLINE AT NATIONWIDE COMMERCIAL

6.4.1   *Pastoral Power and Resistance*

When I sat at the hot desk in Nationwide Commercial in 2007 to start an ethnographic study I was not looking for power relations and the subjectivity those relations form but rather the presence of critical success factors. What I found was a confusing mix of symbols and behaviour that I would ordinarily put down to 'bad management'. As I tried to critically analyse and interpret what I was seeing one of my ethnographic field notes about staff listed all of the assumptions and expectations they seemed to hold:

"I can behave differently when the bosses aren't here

I can bad mouth the customers and no-one will call me on it

I will get loads of support for technical improvement e.g. insurance exams

I have a job until I choose to leave – no-one ever gets fired here

The system sucks and I can't find stuff

My Team Leader is one of the masses not one of the bosses

I keep my own sales records and my Team Leader had better believe it

I don't have to achieve my sales target

I expect to get away with heaps of personal time during after call work

I expect lots of sales support and coaching"

Looking at the ethnographic notes through the lens of Foucauldian power relations produces an explanation that makes sense.

When the Nationwide Commercial call centre was formed the organising processes of pastoral power relations that worked so well at a branch level were simply transferred, along with the Nationwide staff, to the call centre. At the Nationwide branches the network of pastoral power relations flowing through branch managers, senior managers and staff produced and consumed a particular type of subjectivity. The branches recruited insurance cadets from applicants without university qualifications in the local community, the branch manager made the selection and ensured the cadet had every opportunity to sit insurance exams in order to progress up the seniority scale. The cadet was indebted to the person of the branch manager and the branch manager acted as shepherd of the cadet's career.

One of the call centre staff who had come from the branch talked about the Team Leader who had been her branch manager in the previous structure, *"He was always saying, "We want the best for you…sit the exams…we know you can do better…" They still kind of do that but it's not the same personal looking after we used to get… we felt like a family… sometimes I think this more like a club here than a family… you have to make your own ways now…ask for what you're entitled to."*

Traditional subjectivity at Nationwide had staff *"Tied to his own identity by conscience and self-knowledge"* (Foucault, 1982, p. 781). These ethical norms are the same ones that insurance, as a technique of bio-power, produces and consumes from its customers.

But power relations produce resistance. *"There are no relations of power without resistances... formed right at the point where relations of power are exercised… "*(Foucault, 1980, p. 142). In the branch structure resistance was managed by the consistent application of the techniques of pastoral power. The subjects of pastoral power, all of the subjects within the network, are forced to continually work on themselves, to continually act upon their own actions in accordance with their conscience and continually developing self-knowledge. The pastor has knowledge of this conscience and an ability to direct it.

> *"In itself the exercise of power is not violence; nor is it a consent which, implicitly, is renewable. It is a total structure of actions brought to bear upon possible actions; it incites, it induces, it seduces, it makes easier or more difficult; in the extreme it constrains or forbids absolutely; it is nevertheless always a way of acting upon an acting subject or acting subjects by virtue of their acting or being capable of action. A set of actions upon other actions."* (Foucault, 1982, p. 789)

As time went on after the 2001 formation of the Nationwide Commercial Centres the consistent application of pastoral techniques waned, allowing resistance to increase. By the time of the

ethnographic study in 2007 the call centre contained a mixture of ex Nationwide branch staff and staff that had come from other call centre environments such as banks. As new staff arrived they gradually realised the hollowness of the symbols of call centre discipline and the lack of enforcement of call centre discipline, and looked at other call centre staff to understand the organising processes of the business; as they did their time on acw increased and their time on calls decreased. The more successful staff resistance to both pastoral and disciplinary power increased the lower staff satisfaction became bewildering the Team Leaders and senior managers.

6.4.2 Disciplinary Power and Resistance

The staff resistance within the networks of pastoral power were not the reason that BPM failed to embed initially. The Team Leaders had subjectivity formed within the network of pastoral power. They saw themselves as guides, coaches, counsellors.

> *"The hardest part being their Team Leader is trying to encourage them to lift their persona…its easy for a morning or a day but day after day…"*

> *" I've got twelve in my team and there's always someone that needs something ….I'm a mother, a counsellor, a trainer..."* (quote from male Team Leader)

They did not manage their teams using the rational, technical, written rules of disciplinary power. They did not see the value in technical knowledge such as average call times and other individual productivity measures. They relied instead on 'knowing' their team members, 'knowing' how to motivate them, 'knowing' what their personal circumstances were and how that might be affecting them. When a process mapping workshop participant said: *"This will be great to have everything written down... no idea why it hasn't been up until now", I* couldn't answer why it hadn't been written down to that point, why there was complete lack of documentation across the business, why management information was so poor and high level. I do know now; the techniques of pastoral power do not require these things.

The Nationwide Commercial CPI team had high initial enthusiasm for BPM but this did not translate into action. They liked the written processes of BPM but had no intention of mandating them; they genuinely believed that telling staff the outcome required would produce individualised excellent processes. They wanted their staff to succeed but not by measuring and monitoring them; they felt this form of knowledge would not add to what they already 'know' about their staff. They wanted their staff to have a mechanism for improvement suggestions but not to have those suggestions critically evaluated alongside their own against strategic, or sometimes personal, objectives; they believed that the initiatives requested by senior managers should be exempt from this.

When the outcome of the customer ethnography was a dismal indictment of staff performance the senior leaders genuinely believed that showing the staff the videos and the results would change their behaviour. In a well-developed network of pastoral power the conscience and consequent guilt of the followers and the guidance of the pastor would do this; self-knowledge and the ability to direct it toward action would change behaviour. When I wrote in my field notes: *"Why do I get the feeling that they think all they have to do is show the staff this stuff and all will be miraculously fixed*!" I was not looking through the lens of pastoral power.

At Nationwide Commercial the techniques of pastoral power to build conscience and self-knowledge so that staff would continually monitor and improve their own behaviour were failing but the senior managers had no other repertoire of behaviours other than the ones they had learnt in the networks of pastoral power. When asked to employ the techniques of disciplinary power in a network of pastoral power, even failing pastoral power, resistance formed.

"There are no relations of power without resistances… formed right at the point where relations of power are exercised… "(Foucault, 1980, p. 142).

6.4.3   The High Cost of Imposing Disciplinary Techniques

When the Commercial GM agreed to business transformation a large number of disciplinary techniques were wielded at once in a newly forming network of power relations based on disciplinary power and its essential elements: hierarchal observation, normalisation, and examination.

"A power relationship can only be articulated on the basis of two elements which are each indispensable if it is really to be a power relationship: that "the other" (the one over whom power is exercised) be thoroughly recognized and maintained to the very end as a person who acts; and that, faced with a relationship of power, a whole field of responses, reactions, results, and possible inventions may open up." (Foucault, 1982, p. 789)

The focus on Managing Processes worked to act on the actions of the Team Leaders. The Team Leaders responded with varying degrees of resistance, from actively questioning and refusing to work within the new processes to following the new processes but not actively supporting them. Ultimately three of the five Team leaders left for other positions in the organisation. They were replaced by existing staff members who were trained in the new managing processes and were willing to shift to the form of subjectivity required. The Commercial GM was coached in a more disciplinary management style and he consistently supported the new managing processes.

In order for these new disciplinary techniques to be maintained the subjectivity of everyone in the network of power relations had to shift. Disciplinary power produces and consumes a different form of subjectivity. Structural change alongside incentive change, new Team Leaders, new training, call quality monitoring and the introduction of automation tools shifted the organising processes so that this new form of subjectivity started to be produced.

For most people immersed in modern governmentality this shift from pastoral power to disciplinary power would be seen as negative, restrictive, even demeaning. For the BPI team implementing BPM this was shift to a rational form of managing based on performance measurement and on-going improvement, a very good thing. While techniques of disciplinary power do continue to exist in our modern society they are most often cloaked as bio-power and pastoral power work to produce a form of subjectivity that relies on apparent freedom.

Critical theorists such as the Frankfurt School regard human liberation to be the objective of critical research. Foucault is more pessimistic about the degree to which humans can change their subjectivity and is also sceptical about the form of freedom produced and consumed in the networks of bio-power. Regardless of that most observers would have said that the Nationwide Commercial business unit staff members had lost freedom in the search for increased performance.

Proponents of the new 'cultural transformation programme' at Nationwide would argue that increasing human freedom is what increases performance. While Nationwide Commercial was undergoing business transformation Nationwide was undergoing a 'cultural transformation programme' based on re-establishing the application of the techniques of pastoral power to engender conscience and self-knowledge and the guiding hand of the coach.   Nationwide Commercial continued with BPM and the application of disciplinary techniques and ultimately became an island of separate organising processes at Nationwide.

6.5   CULTURAL TRANSFORMATION AT NATIONWIDE: REINFORCING PASTORAL POWER AND SUBJECTIVITY

6.5.1   The Form of Cultural Transformation

When the GM of HR was given approval to roll out the cultural transformation programme at Nationwide she chose a system called Human Synergistics whose web site describes their philosophy:

> "Self knowledge — be it in an individual, a group or an entire organisation — is the foundation step for performance and growth. It is not just a step, however — it is a leap — a breakthrough from the past to embrace the possibilities of the future."

The expected results of the transformation were described as:

"Expected Results
In a constructive culture people:

Set realistic but challenging goals and believe their personal effort makes a difference

Express their uniqueness, creativity and embrace change

Are supported and developed to be successful

Are friendly and cooperative"

The first step in transformation was for the leadership group to be subjected to a Life Styles Inventory which would help them to 'confess' their style of leadership.

> "The Life Styles Inventory identifies the underlying thoughts and motivations that guide an individual's behaviour. Often referred to as **personal styles, management styles** and **leadership styles**, these represent the essence of an individual's effectiveness. The quality of an individual's thinking and behaviour contributes greatly to that person's work performance. Fortunately, your people have the power to change ineffective thinking and behaviour - the kind that can paralyse an individual's effectiveness. But first they need to know if what they're doing now is supporting or detracting from quality performance."

The Lifestyles Inventory and the subsequent Cultural Inventory showed that Nationwide was not 'blue'; blue was culture *"where individuals set their own goals and work toward them, are realistic about who they are and what they can do, support and inspire other, value and help others."*

Leaders were trained in a new coaching method called CREATE which sounded very much like a pastoral technique of confess reality, guide actions, support positive change.

1. Current **R**eality	Build awareness and acceptance of OCI results
2. Explore **A**lternatives	Come up with a range of ideas to address issues
3. Target **E**nergy	Document and delegate a plan of action

New attitudes (values) were created, published and senior managers were encouraged to model them.

"REAL: Be genuine, act with integrity, share, be yourself, like yourself, have pride

ACHIEVING: Strive for your best, have ambition, challenge yourself, be focussed, make a difference

INSPIRING: Grow and develop others, motivate, be thoughtful, help, give feedback and support

TOGETHER: Meaningful relationships, bond, connect, care co-operate, contribute, fun, whanau

GIVE BACK: Ensure the future, be sustainable, enhance our community"

The CEO supported this transformation:

"Great companies are fundamentally driven by people, not products or strategies. Staff who are excited by their role typically display attitudes like the ones you have seen at the CEO Roadshow; namely Real, Achieving, Together, Inspiring and Give Back. I would like to challenge everyone to make a small step forward in any of these areas, every day. And if you think it's tough you're right, it is. A day doesn't go by when I don't reflect on something I could have said or done better, but I am always trying."

The core assumptions underlying the process of cultural transformation at Nationwide were that of humanistic psychology which Foucault sees as a technique of bio-power: *"A way of acting upon an acting subject or acting subjects by virtue of their acting or being capable of action. A set of actions upon other actions" (Foucault, 1982, p. 789)* . The cultural transformation at Nationwide was to re-orient the organising processes to produce and consume the form of 'freedom' required by bio-power, liberal governmentality, pastoral power. In order to achieve this, subjectivity has to be shifted so that the subject confesses their lack and their self-knowledge enables them to act upon their own actions. This form of subjectivity, of 'freedom' is not the form of subjectivity required by networks of disciplinary power; it is inimical to this form of discipline.

6.5.2 The CEO Who Rejected Discipline And Embraced The Shepherd

While the Nationwide Commercial GM continued down the path of business transformation relying on a set of disciplinary techniques the new Nationwide CEO began to make clear that the form of organising process she wanted at Nationwide was based on pastoral not disciplinary power.

> *"Surfing takes me out of my comfort zone, and what I love about being taken out of my comfort zone is that buzz of achieving things that I thought were beyond my reach. For me, that is what achievement is all about… despite the weather I will continue to challenge myself to get out there and be the best surfer I can be! "*

Like the AIL CEO she embraced the concept that people had only to be told what the outcomes needed to be and freed from the shackles of their lack of self-knowledge and they would be part of a quantum shift in organisational performance. We'll never know if she would have been right without the accompanying message of increased risk and price increases.

6.6 ASSESSING THE REQUIREMENTS FOR CHANGE AT NATIONWIDE USING A POWER AND PROCESS FRAMEWORK

The introduction to this chapter showed the suggested framework for an analysis of the organisation based on organising, strategising, managing, business support and business processes. These are the generic organisational processes introduced to Nationwide as their second level of process architecture. The analysis is based on these process groups but also incorporates Foucauldian conceptions of power/knowledge and subjectivity. This analysis attempts to show what this form of analysis would have revealed if it had had occurred at the beginning of the BPM project at Nationwide. This analysis would be a valuable addition to the existing analytic tools used in the Context phase of implementation.

6.6.1 Analysis of the Organisation as Technique of Power

Foucault described the two poles of power, *"the great bipolar technology"* (Foucault, 1978, p. 139) which are indispensable to the development of modern governmentality. Disciplinary power, focused on the individual body emerged first and enabled the emergence of bio-power focused on the population as a whole. Bio-power did not replace disciplinary power but rather dovetailed into it. Modern governmentality relies on these forms of power working together to create modern subjectivity. The first question the analyst concerned with understanding organising processes should ask is what technique of power this organisation is serving. This requires a historiographical analysis of the organisation, when was it formed, who formed it, what was its purpose, how has it changed? In the case of Nationwide it was formed in 1905 by a liberal government to serve the public in the management of risk. While it had been sold twice it still considered itself a public service in an increasingly risky world. Ultimately it is a technique for regulating the population through the management of risk (see Figure 62).

The change being considered also needs to be considered in the same light. BPM is a product of Scientific Management which was formed in 1910 by Frederick Taylor. Taylorism is a management practice with the purpose of managing human bodies to be efficient and productive. BPM is a more recent iteration of this practice which focuses on improving customer service, efficiency, consistency

and productivity. BPM is a management discipline and a practice for disciplining the individual body within the context of a disciplined managing process.

Figure 62 Nationwide and BPM's Position on Foucault's Great Bipolar Technology

This great bipolar technology utilises techniques of different forms of power; the two forms Foucault's refers to are disciplinary and pastoral power. The second question the analyst should ask is what degree of application of disciplinary and pastoral techniques are working here. Disciplinary power requires hierarchal observation, normalisation, and examination. It will produce statistics about individual performance and will compare those to the norm, generally rewarding individuals who exceed the norm. It will have carefully prescribed methods, records of adherence, rules for disposition of bodies and methods to ensure bodies obey.   Pastoral power requires confession, coaching, self-examination, self-knowledge, and submission to wisdom, desire for salvation or self-actualisation. It will produce gnosis not technical knowledge.

This also requires a historiographical analysis concerned with previous attempts at change within the organisation.   Nationwide had a long history of resisting disciplinary techniques and a long history of embracing pastoral techniques however these had atrophied to some extent in recent times. By the time the BPM project started at Nationwide project pastoral techniques were present but limited and disciplinary techniques largely absent (see Figure 63). Looking at BPM in the same light showed Scientific Management with a long history of successful imposition of disciplinary techniques in industries such as manufacturing, retail and call centres; later iterations were embedded in continuous improvement techniques which contained pastoral techniques of self-examination and self-knowledge.   The form of BPM planned for Nationwide was could be seen as moderately disciplinary with strong pastoral elements (see Figure 63).
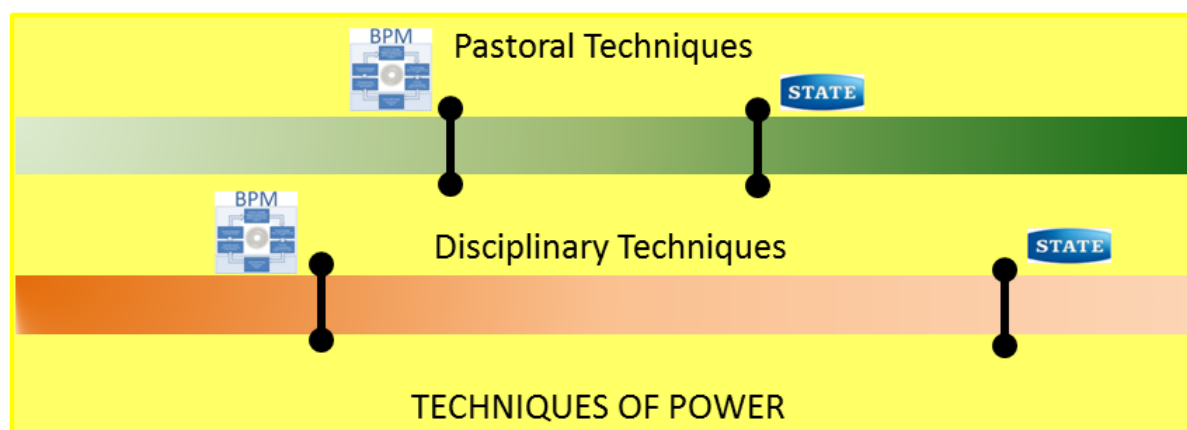

Figure 63 Foucault's Techniques of Power

This first piece of analysis provides a view of where the organisation and the planned change are positioned on the continuum between disciplinary power and pastoral power; neither are ever completely absent. The gap in the figures above is telling of the degree of intervention that ultimately was required in order to implement BPM at Nationwide Commercial.

6.6.2 Processual Analysis

The second piece of analysis is aimed at understanding the epistemic field of the organisation and the subjectivity it produces. This provides a view of subjectivity: the limits of human thought speech and action within this particular network of power relations and the forms of potential resistance based on the change required and the subjectivity present.

The analysis is completed using the process groups identified in the second level of the process architecture. The following tables use the framework of processual analysis to show how this analysis might have looked following the first ethnographic observations performed during the Context phase at Nationwide Commercial. The tables are split into organising processes, strategic processes, managing process, business support processes and business processes.

Each table shows the high level processes in each process group, observations of those processes, the themes that emerged from the observations and a summary of the forms of power and subjectivity produced and consumed by the processes.

6.6.2.1 Organising Processes

The organising processes observed at Nationwide were how the organisation created and maintained norms and values, how sense was made of the environment, how organisational learning happened, how decisions were made and how they were communicated.   While BPM research is beginning to pay attention to the culture of an organisation and how it interacts with the culture of BPM the processes that create and maintain culture are not specially addressed. This form of processual analysis starts with these processes.

It is organising processes that create 'how we do things around here'. This is very hard to pin down in a useful way; Schein considers culture to be comprised of artefacts, values and basic assumption. He says *"If an abstract concept (culture)is to be useful to our thinking, it should be observable and also increase our understanding of events that are otherwise mysterious or not well understood."* (Schein, 2004, p. 14). He describes the process of understanding organisational culture as looking at the levels of culture. He starts with artefacts such as the visible structures and processes which he says are hard to decipher. He then looks at the espoused beliefs and values such as the strategies, the gaols and philosophies which he says are more decipherable. Finally he searches for the underlying assumptions which he says are the unconscious, taken for granted beliefs, perceptions, thoughts and feelings which produce values which in turn produce artefacts. He describes observing such things such office layout, buildings, and behaviour and language in meetings to discover how these support social reality. Using the concept of organising processes creating culture does not invalidate Schein's model of culture; artefacts, values and basic assumptions are the instantiations of organising processes. It is these that work to maintain the subjectivity produced and consumed by the processes.

PROCESSES	ORGANISING PROCESSES
	Norm and values creation and maintenance
	Sensemaking
	Organisational learning,
	Decision making
	Communicating
OBSERVATIONS	Traditional corporate buildings. Open office layout. Only CEO's of AIL, Nationwide and NZI have own offices. AIL CEO has a piano in his office which he practices on when he can. GM's of business units have two desks, one on executive level floor and one in their business unit. Most spend more time on executive level floor than business unit. The GM's and CEO's are personal friends as well as colleagues.
	Corporate uniform which most people take advantage of. Casual Friday.
	Office wall signage focuses heavily on current promotions and selling success.
	Discussion of 'culture' and how to improve it is widespread. Definitions of 'culture' are blurred
	Merging of private and work is seen in the high number of personal friendships with colleagues, the symbols of home life on people's desks (the piano in the AIL CEO's office) and the high tolerance for personal phone calls.
	Work hours are 7.5 hours per day and even at executive level people rarely exceed this.
	Sensemaking uses very little hard data and very little customer input. Financial information is very high level (e.g. no branch profitability reports available). Sensemaking relies heavily on observing competition moves. Sensemaking focuses on the way in which individuals can act to change external events.
	Organisational learning seems to be trial and error with no analysis of the past. New products like Ezibiz are launched without research. Organisational learning does not come from failure. The history of IT failure has not improved the ability to deliver IT change. Organisational learning depends largely on delivering on-going insurance industry education to staff.
	Decision making, like sensemaking, is not data driven and does not incorporate long term thinking and analysis. Decisions of which change initiatives to select are based on what the CEO's see as important in the current moment rather to meet long term strategic objectives.
	Communicating by CEO's is done through monthly newsletters, road shows and personal visits which are common. Communication combines the personal and organisational life of the CEO's. Bad news is played down; the ability to help the organisation through personal accountability is played up.
THEMES	Merging of private and public with private and self-actualisation highly prioritised
	Lack of consideration of data for sensemaking and decision making
FORMS OF POWER AND SUBJECTIVTY	High level of pastoral power which sees the subject as a 'whole' entity not just a worker
	Knowledge produced and consumed by the organising processes is not technical knowledge (data) but other forms of knowledge of people
	Subject is required to desire self-improvement, and is protected by the organising processes from the outside

Table 36 Analysis of Organising Processes At Nationwide

6.6.2.2   Strategic Processes

The strategic processes are those that deliver value to the investors through strategic planning and control mechanisms. They are performed by the senior managers of the organisation.

PROCESSES	STRATEGIC PROCESSES Acquire/maintain investors and debt Acquire /maintain leaders Create/review internal controls Create/review business plans Create/review change plans Communicate strategy Governance
OBSERVATIONS	No requirements to focus on investors and debt because of ownership structure and the huge reserves. More emphasis on investment returns than debt issues. Leaders are promoted from within. Many of the existing leadership were cadets with Nationwide or NZI and have only ever been educated through industry training programmes. Many have no university degrees, though a few have completed MBA's at the organisation's expense. Leaders who say, 'I started at 16 in the mail room' say it with pride. Most Team Leaders (Level 5 managers) have been promoted 'from the floor' Internal controls are very poor compared to other industries. Budget for projects is easy to obtain and not monitored. Leaders are trusted to manage properly. Managers down to Level 4 have company credit cards and there is little questioning of spend. The coffee spend alone is probably enough to run a small country! Business plans are not to the standard of other industries. They lack detail and show no links between strategy and planning. There is a focus on people improvement which is seen as delivering performance improvement. Change planning, including IT project planning is poor. Most changes fail and the ones that succeed go over budget and time. There is no post implementation review processes for projects. Strategy is communicated at a high level but the on-going linking of action to strategy is not performed. Governance of investments is very strong but governance of business change very weak. Strategic processes are not documented. Repeating (quarterly, annual) processes do not meet deadlines The business has been running successfully for 102 years so there must be other mechanisms at work that make the lack of strategic processes unimportant in the delivery of service and value to investors.
THEMES	Lack of focus on planning ahead and monitoring change Focus on relationships, trust and building careers
FORMS OF POWER AND SUBJECTIVTY	High level of pastoral power evident in the career building process, the trust between leader and follower Low levels of disciplinary power evident in lack of internal controls Subject is required to be loyal to the organisation but is rewarded with flexibility, trust and "work/life balance" Subject expected to be educated by the organisation Subject is not required to be numerate

Table 37 Analysis of Strategic Processes at Nationwide

6.6.2.3 *Managing Processes*

The managing processes are those that deliver value to the senior leaders through managing resources and staff. They are performed by the people managers of the organisation.

PROCESSES	MANAGING PROCESSES
	Acquire resources as per business or change plan
	Plan deployment of resources to meet strategic objectives
	Plan, design, implement and sustain change to meet strategic objectives
	Manage Business Support Processes and Business Processes and People
	Monitor, report outcomes and plan for improvement
	Communicate strategy, management decisions etc.
OBSERVATIONS	No documented process at all – not even reporting or rostering
	No issues with resources as in some other industries. Tends to be surplus resource (including people) so that scarcity is not an issue.
	Managers love meetings. Lots of them!
	Extremely low capability at planning and implementing change. Many initiatives underway at once from different sources (HR, Marketing, Finance). All initiative requests are accepted but not implemented fully or at all.
	Management of process and people relies heavily on coaching rather than measurement. The only measure of performance is sales. High distrust of figures generated by Finance.
	High degree of sympathy for the staff and their 'challenges' from systems.
	High degree of loyalty to staff
	Collegiality and loyalty to managers at same level very high
	Constant encouragement to staff for additional training and sitting insurance exams
	The only monitoring done is of total sales – no other performance metrics at all. Reports are narratives of explanation rather than analysis and the proposal of plans for improvement
	When leaders are absent behaviour is bad
	Communication occurs primarily through team meetings with heavy focus on achieving sales targets. Team Leaders openly criticise decisions by senior managers.
	This is the group of processes into which BPM will be introduced.
THEMES	No cost cutting pressures
	Leaders are coaches not captains
	Loyalty is to staff and same level colleagues
	Other than sales, numbers are not relevant
FORMS OF POWER AND SUBJECTIVTY	Subject is required to be coach not a boss
	Subject is not required to be numerate
	Subject is required to be outwardly compliant but does not expect pressure to deliver agreed actions

Table 38 Managing Processes at Nationwide

6.6.2.4 Business Support Processes

The business support processes are those that deliver value to the staff support resources.   They are performed by business support staff, some outsourced.

PROCESSES	BUSINESS SUPPORT PROCESSES Finance (financial resources, compliance, reporting) Marketing (brand and relationships) Product (development, retirement, pricing and quality) Supply chain (replenishment and supply) Process (improvement) Systems (improvement, support) Staff (recruitment, induction, development, training, rostering, tracking, support) Facilities (improvement, health and safety) Culture (assessment, improvement)
OBSERVATIONS	Finance and some HR processes documented New finance group attempting to develop and implement improved management information has had disappointing results on use of new tools No process improvement currently Systems support is outsourced. Systems are seen as hurdles not tools Staff recruitment process trains on system and product but not on process. Training highly available. Staff tracking relies on staff to complete absence forms. In theory if they don't their Team leader follows up but in practice there is a large number of unrecorded absences Facility management and health and standards including ergonomic workstations and advice very strong
THEMES	Training and coaching readily available Trust in staff to initiate training requests and record absences Process is invisible – not process oriented at all Managers are not numerate or data driven
FORMS OF POWER AND SUBJECTIVTY	Subject is expected to be honest and trustworthy Subject does not expect to get caught if they rort Subject expects physical and training needs will be taken care of

Table 39 Business Support Processes at Nationwide

6.6.2.5 Business Processes

The business processes are those that deliver value to the customers through delivering services and products. They are performed by front line staff.

PROCESSES	BUSINESS PROCESSES Quote, Sell, Service Deliver the promise (Claims)
OBSERVATIONS	Not documented No call time standards or performance measures Focus on selling 'Game playing' (cheating) to increase sales numbers Increased skill comes from colleagues not team leaders or trainers Highly inconsistent delivery Customers are not always respected and this is not challenged Customers have low expectations of service This is the group of processes that BPM will be attempting to improve.
THEMES	Staff do not expect to be measured other than on sales
FORMS OF POWER AND SUBJECTIVTY	Subject is required to resist the imposition of the disciplinary pressure to make sales

Table 40 Business Processes at Nationwide

6.6.3 How This Analysis Would Have Changed the BPM Approach at Nationwide

The BPM project at Nationwide started out with a view of Context, Process Architecture, Process Orientation and CSF's and Process Dashboards (see Section 5.4.6.1). The BPM approach included using AR and ethnography to monitor progress on process orientation and CSF's as well as data analysis to generate a view of current performance. The Context and Discovery phases showed clearly that there were issues to be surmounted. The solutions to resolve the issues generated by the BPM team were all highly disciplinary in that they relied on hierarchal observation, normalisation and examination. They relied on managers becoming disciplined managers employing the new management discipline of BPM.

The initial enthusiasm for what appeared to be an approach alien to Nationwide was explained by the team as the senior managers seeing BPM as 'silver bullet'. The BPI team tried to lower expectations and instil the idea that this approach was a long term solution that relied on consistent monitoring and change. When the enthusiasm did not convert to action and the Team Leaders at Nationwide Commercial simply failed to implement change the BPM team found this inexplicable. They were imbued with a disciplinary approach which made the behaviour they saw around them seem inexplicable; when attempts to explain it were made Team Leaders were characterised as 'lazy', 'difficult', 'roadblocks'. The lack of initial follow-up and insistence on action by the GM was seen as 'weak', 'bad management'.

The 'shock and awe' approach of radical transformation finally overcame this resistance but at a cost of Team Leader resignation and a difficult transition for staff. Nationwide Commercial was seen as a success for BPM within the organisation. However while none of the other senior managers

verbalised their disquiet at the radical transformation approach they started to apply multiple strategies to avoid having to go through the same thing. Once again the BPM team did not have an explanation.

Process orientation and CSF monitoring and measurement are useful tools in the BPM implementation toolbox but do not penetrate the complexity of the organisational relations of power. In addition they are outcomes of organising processes and assessing the outcome does not provide a lever to change it. If the processual analysis combined with a Foucauldian analytics of power had been performed prior to the Nationwide Commercial project during the initial ethnography phase the team would have had a different perspective on developing solutions.

There is a risk of course that the gap between the subjectivity produced and consumed in the BPM processes and the subjectivity produced and consumed in the organising processes may have been seen as simply too wide to bridge. In the long run assessing that BPM was not an appropriate tool for Nationwide may have been more cost effective for the organisation. Nationwide Commercial was the only business unit to continue with BPM and the GM has now been promoted. The new GM of Nationwide Commercial has made changes to the methodology and there have been no further automation projects.

Alternatively an approach that did not challenge the predominant relations of pastoral power may have been conceived.

6.7 CHAPTER OVERVIEW

The analysis reported in this chapter has employed first a critical analysis of the BPM project at Nationwide utilising concepts from process oriented organisational analysis and Foucauldian analytics of power and subjectivity. The organisation is seen as process and process is seen as producing and consuming particular forms of power and subjectivity.

The historiography of insurance and of Nationwide found that the insurance industry, including Nationwide, is a technique of bio-power and has a long history of pastoral power relations. It is these relations that create the form of subjectivity that is unique to the ethical self-regulating, risk-managing consumer and producers of insurance products and services. The industry also has a long history of resisting disciplinary techniques of measurement and control.

The BPM project met with initial resistance in the pilot site but sufficient force was applied to shift the business unit further to the discipline pole of the 'great bi-polar technology' that is modern society. By then resistance was emerging in other forms in the rest of Nationwide Insurance and ultimately BPM was rejected as a technique because of the intense clash of disciplinary requirements with the predominant requirements of pastoral subjectivity.

The final section of the chapter considers what a processual analysis may have revealed if it had been performed prior to implementing BPM in the pilot site. The gap between the subjectivity produced and consumed in the BPM processes and the subjectivity produced and consumed in the organising processes may have been seen as simply too wide to bridge.

7 CONCLUSION

7.1 KEY FINDINGS

The research reported in this thesis is a case study of a BPM implementation at a large New Zealand insurance company. The thesis started by reviewing BPM research literature in success factors, methodology and how BPM interacts with organisational culture. It then moved on to describe the theoretical orientation of the research which is processual utilising Foucauldian concepts of power, knowledge, truth and subjectivity. The research method was then described as combining critical ethnography with action research. The case study was described and then the BPM project was analysed using a processual approach.

The research questions asked at the beginning of this thesis were:

Can ethnography combined with an action research approach be used to analyse the unique organisational context to deliver a richer understanding of BPM critical success factors?

What contributions does action research make to the design of BPM methodology in this unique context?

Can organisational context be conceptualised in a richer way than considering values alone, a way that considers power and potential resistance?

Are there any techniques that at the outset would predict this resistance and gauge the probability of failure or the degree of effort to overcome resistance?

The following are the key findings that relate to the research questions.

7.1.1 Practitioners Using Techniques of Action Research and Ethnography Improve Awareness of Organisational Context

The AR approach informed by ethnographic data collection improved awareness of the organisational context for all the members of the BPM team even those not collecting the data. As soon as the data was presented in the AR sessions and the team worked to create themes each member of the team would have either corroborating or contradicting observations which were discussed robustly. Comments from the team included *"I feel like someone's turned the light on and I can see into the corners."* and *"How do I turn this off? I kind of liked not noticing things".* The rigorous approach to scoring the critical success factors and measuring process orientation created an awareness of organisational context I have never encountered on other projects.

7.1.2 A Framework to Interpret Ethnographic Data is Required

Ethnography in this instance was not the free floating observation of anthropological field work. It was with the express intention of understanding organisational context and identifying the presence of critical success factors. The AR sessions were then used to develop strategies to compensate where CSF's were lacking. The sheer volume of ethnographic data and the difficulty of analysing it to create themes and to understand impact in critical success factors created difficulties particularly

around the time taken. To be of value in a structured way and to limit the time required a framework such as the one proposed in Section 6.6.2 is required.

7.1.3 BPM Methodology Was Improved Through Action Research

The research started by reviewing practitioner best practice and BPM research to create a methodology for implementation at Nationwide. It is true as stated in section 2.4.1 that there was a lack of a research based methodology. This research produced an improved, integrated method to deliver BPM through the constant feedback of the AR cycle.

7.1.4 Organisational Context: The Constructs of Culture and Values are Useful But Not Rich Enough

BPM relies on a visual conceptualisation of the organisation to enable analysis, improvement and automation. The process architecture starts with the organisation in its external context then moves to a representation of business processes within the organisation. For BPM this is organisational context. The business processes, viewed in intra-organisational context, are then identified and mapped to stage, activity and task level. BPM research has recently added culture to the view of the organisational context.

BPM and IS research in general favour looking at the human and social aspects of organisational context in terms of the constructs of culture and values. Schein's model of culture as artefacts, values and basic assumptions is commonly used and values are seen as the most accessible layer of culture for analysis. Current BPM research proposes that organisational culture and values must be shifted to match BPM culture and values to ensure implementation success

But underlying what BPM research calls culture are organising processes that have created and are creating norms and values. The organising processes producing and reproducing BPM emerge from a specific set of historical conditions emerging from the disciplinary power of the factory. This has to be considered when BPM is implemented into organisations. The complex organisational context into which BPM is introduced is also formed by multiple historically constituted organising processes which create an epistemic field with specific truths about reality. In this epistemic field strategising, managing, supporting the business and serving the customer all coexist as groups of processes. These are performed by leaders to serve investors, managers to serve leaders, support staff to serve staff and customer facing staff to serve customers. The organising processes work to produce the subjectivity consumed and produced by each of these groups.

Espoused values and even observed behaviour can mask deeper realities. BPM Research proposes that BPM values are customer focus, teamwork, personal accountability, willingness to change, process orientation, quality, continuous improvement, consistency, collaboration (M. Hammer, 2010; Harmon, 2007; vom Brocke & Sinnl, 2011). In the initial phases of introducing BPM to Nationwide Commercial and the wider Nationwide organisation Team Leaders exhibited behaviour that appeared congruent with BOM values. It took time for the resistance which appeared as inaction to emerge and the less evident values to become apparent. That resistance occurred as the basic assumptions about constituted knowledge about the world was challenged by the new techniques.

Concepts that allow deeper consideration of power and subjectivity are required when considering the human and social aspects of organisational context. When the organisation is conceptualised as organising processes, power and subjectivity questions can be asked about what possibilities for thought, speech and action are available?

7.1.5   Historiographical Analysis Will Reveal Relations of Power and Potential Resistance

If organisations are considered as being formed by historically constituted organising process then historiographical analysis is essential. Using the Foucauldian concept of the "great bipolar technology" allows an analysis of the organisation in terms of its origin and the forms of power it exhibits. Analysing previous attempts at change in terms of whether they were trying to introduce more disciplinary or pastoral techniques and the results of those attempts produce an analysis of the organisation that shows the gap between the organisational itself and the planned changes that BPM would bring.

7.1.6   Existing Relations of Power, Subjectivity and Resistance Must be Considered

Following the historiographical analysis the current forms of power and resistance at work in the organisation need to be considered to get a deeper view of organisational complexity. The mechanistic approach of BPM is not an unstoppable force as the number of failures attest. BPM may be about to meet an immoveable object and only an improved understanding of the organisation in its complexity will provide a view of that. Implementing BPM may not be in the best interest of the organisation no matter how much BPM practitioners believe in its ability to transform performance. The relations of power revealed by this analysis may be entrenched as they were at Nationwide in history and reinforced as they were at Nationwide with 'cultural transformation'.

7.1.7   Techniques to Predict Resistance and Probability of Failure Are Required

Improved techniques are required in the Context phase of the BPM implementation methodology to understand potential resistance and the probability of failure. The power and process framework used for the post project analysis in section 6.6 is an attempt to produce a technique to predict resistance.

7.1.8   Ethical Considerations for BPM Practitioners Must Be Raised

Raising potential for failure in the early stages of a BPM implementation raises ethical issues for the BPM practitioner. The commercial reality of consulting is that contracts are signed for entire projects. Consulting companies would not want to hear early in a project that there is practically no chance of long term success and that continuing the BPM project, challenging resistance when it arises will lead to high human cost and high financial cost. The BPM practitioner, paid by the day, has no motivations other than ethical ones to attempt to suspend a project while context is examined more fully. This would certainly raise the success rate but at the commercial cost of simply not proceeding with some projects.

7.2 CONTRIBUTIONS TO THEORY

7.2.1 Research Based BPM Methodology

Leading BPM researchers have said that work must be done to arrive at a reliable research based holistic methodology to guide BPM projects end to end (Bandara, Indulska, Sadiq, Chong, & Trends, 2007). Ciborra (2002) is right when he says that method-driven approaches are abstract and there is a gap between method and reality that must be bridged by the practitioner in the concrete situation. However that does not mean methodologies are not useful to practitioners; they are. The AR project this thesis documents developed a methodology based on best practice commercial models and best research available at the time. This is documented in section 5.3. Three implementation phases comprising of key activities were developed along with a process architecture, process redesign checklist and a critical success factors monitor. Over the course of the pilot a process based dashboard, service quality measure and idea evaluation measures were developed to fill the gap between method and concrete reality. Over the course of the analysis of the project an additional technique to be used in the Context phase was developed to measure the organisational relations of power and subjectivity to measure the gap between the BPM and the particular organisation. This is described in section 6.6. The methodology developed here and the case study make a big contribution to developing a full end to end research based methodology.

7.2.2 Process Orientation For BPM Research

BPM research, perhaps surprisingly, does not explicitly utilise a process orientation in the way that Process Oriented Organisation Theory, based on Process Philosophy does. While BPM research has identified the need for organisations to be process oriented, they mean by that looking at the structure of processes and how they deliver value not the hierarchal structure, focusing on how work is done not what work is done, measuring the results of process by looking at inputs and outputs not individual results, assigning process owners and taking the customers point of view. They do not mean a shift from an ontology of substance to an ontology of process. Making this explicit shift in ontological framework gives BPM internal coherence. The move in language from organisation to organising, management to managing, service to serving makes the dynamic nature of all the processes at work more apparent. Conceptualising business processes nested in a framework of organising processes also provides a richer framework for context.

7.2.3 Critical Analysis

My search of the BPM research literature found limited critical analyses of BPM or BPM projects although I did find a small number of papers relating to BPR. Myers & Klein (2011) describe critical research as a potentially important stream in information systems research. It addresses social issues related to freedom, power, control and values as they relate to the impact of technology. They say for IT professionals critical research can enrich their understanding of their context and improve their practice. The critical ethnography used in conjunction with the AR cycle certainly provided a richer understanding. However the subsequent processual critical analysis deepened this understanding further.

Critical analysis does not come easy to IS researchers and professionals. We are the ones, imbued with disciplinary power, who want to digitise the organisation, record it in its entirety as data which

we believe turns into knowledge. We want conceptual frameworks for the reality we face when we go into a new organisation. This thesis has presented a conceptual framework for understanding the organisation based on power and process.

7.2.4 Conceptualising Power

This research has proposed a way to conceptualise the organisational context using a framework of organising processes, strategising processes, managing processes, supporting processes and customer processes. It proposes that the organising processes that create the norms and values of an organisation produce and consume particular forms of subjectivity which depend on the network of micro relations of power at work.

7.2.5 Considering 'No Go Zones'

This research has shown that there are some organisational contexts that should be considered 'no go zones' for some particular IS techniques. For instance BPM is predominantly a disciplinary technique. A Power and Process Analysis such as the one described in 6.6.2 would have shown that Nationwide was highly likely to be a no go zone for BPM unless there was strong commitment from senior leadership to radical transformation and shift of culture to the form required by BPM. Understanding the techniques of power the IS utilises and the techniques of power the organisation utilises would allow an early understanding of the size of the gap and the probability of it being bridged.

7.2.6 Principles for Critical Analysis

The critical analysis in this thesis was checked against the set of principles for critical research suggested by Myers & Klein (2011). The principles outlined were a very useful framework to check that this research had covered a wide enough range to be considered critical.

PRINCIPLE	RESEARCH APPLICATION
The principle of using core concepts from critical social theorists	The core concepts from Foucault's work, particularly power, resistance and subjectivity were used in the research.
The principle of taking a value position	The value position this research takes is that BPM research and IS research in general must work to convince practice that some IS techniques (some would call them fads) will not work in some organisations and should not be tried. Understanding what has a strong probability of failure puts practitioners into an ethical dilemma but would save financial and human costs
The principle of revealing and challenging prevailing beliefs and social practices	This research has revealed the on-going failure of disciplinary techniques in the insurance industry and at Nationwide Insurance in particular. It reveals that underlying espoused values are a deeper set of values regarding what is considered knowledge.
The principle of individual emancipation	Foucault is less optimistic about human emancipation than the Frankfurt School. He contends that what modern freedom is both produced and consumed by modern governmentality and human subjectivity is bound in an epistemic field that only allows limited ranges of through, speech and action. However this research does show how humans can successfully resist disciplinary techniques

PRINCIPLE	RESEARCH APPLICATION
The principle of improvements in society	The commercial reality for BPM and other IS consultants and BPMS vendors is that the sale is what is important. Contracts for implementation do not take into account any possibility that the new technique will ultimately fail. Many projects regarded as successful by consultants and vendors no not lead to improved performance and sometimes fail as soon as they leave. An ethical IT industry would search for the match between IS technique and unique organisational context.
The principle of improvements in social theories	This research attempts to find an improved way of conceptualising organisational context to reflect issues of power, resistance and subjectivity. Social theories of how IS and organisations interact must improve to prevent the high cost of failure.

Table 41 Myers & Klein (2011) Principles For Critical Research

7.3   CONTRIBUTIONS TO PRACTICE

7.3.1   *The Use of Ethnography and Action Research to Monitor Critical Success Factors*

BPM practitioners are embedded in everyday organisational life as they work to implement BPM. Their objective is to deliver BPM training to organisational staff, transferring knowledge of BPM and continuous process improvement across the entire organisation. The commonly used phased methodologies seek to understand, plan and then implement BPM finally delivering the skills to the organisation to manage the on-going BPM Lifecycle.   BPM practitioners using ethnography and AR are provided with a framework for observation and managing the results of those observations.

7.3.2   *Processual Analysis*

Process orientation and CSF monitoring and measurement are useful tools in the BPM implementation toolbox but do not penetrate the complexity of the organisational relations of power. In addition they are outcomes of organising processes and assessing the outcome does not provide a lever to change it.   If the processual analysis combined with a Foucauldian analytics of power had been performed prior to the Nationwide Commercial project during the initial ethnography phase the team would have had a different perspective on developing solutions.

7.4   LIMITATIONS

This research was based on one case study in one particular industry. The conclusions may not be generalisable to other industries.   The original research design was to use an AR approach combined with ethnographic data collection in order to assess the presence of BPM CSF's. Following the failure of BPM at Nationwide the ethnographic data was re-examined, the case study written and a critical analysis performed. The data collected and subsequently analysed therefore may not have been fully representative of the organisational context.

7.5   FURTHER RESEARCH OPPORTUNITIES

7.5.1   *BPM Methodology*

Although the development of methodology across the course of this research has suggested improvements to BPM methodology there continues to be a need for a fully formed method that considers organisational context and links all of the pieces of BPM together in structured manner.

BPM research in this area should deliver a methodology to BPM students and work to constantly improve it. Improved methodology may be the key to improving enterprise success rates.

7.5.2   Re-languaging Critical Concepts

The language that Foucault uses across his body of work, for instance discursive formation, dispositive, epistemic field, subjectivity, regime of power, governmentality, pastoral power, disciplinary power, panoptic power, is language that critical researchers are comfortable with but not other researchers or practitioners. The way in which Foucault conceptualises power is not easy to grasp. He does not mean the power of a position or an institution which can repress or coerce behaviour; for Foucault that is force. If IS and BPM researchers wish to use the concepts of power, resistance and subjectivity that are central to this theses these need re-constructing into concepts, models and language that are theoretically coherent but that a practitioner would be comfortable understanding and using.

7.5.3   Creating A Framework To Improve Understanding Of Organisational Context

This research has produced a preliminary framework to understand the forms of power and subjectivity that exist in an organisation. IS research in this area is required to identify the acceptability of this framework to practice and the validity of its predictive abilities for resistance and failure.

7.5.4   Understanding what forms of IS technique work with what forms of organisational context

If it is accepted there are a range of organisational context IS research needs to consider which forms of IS will work in the forms of context.

7.6   CONCLUSION

BPM has a high profile and lots of vendor hype. It is a sector of the Information Technology (IT) market which is growing at a time when other sectors are not. Total spend on the BPM and middleware market was $16.1 billion in 2010. With a success rate of only 22% (AIIM International, 2007) only $3.5 billion of that investment was fully productive. BPM is the latest in a series of IS innovation techniques that have high failure rates: BPR, KM, CRM, ERP to name a few.

BPM research and IS research in general has been exploring the interaction of the implementation of the technique, BPM in this case, and the unique organisational context. This research has explored that interaction recorded over the course of a case study and analysed it using processual analysis and Foucauldian concepts of power, resistance and subjectivity. It has found, like earlier research that IS is disciplinary in nature. In particular it found that BPM is historically constituted from practices to improve the productivity of workers in factories. It relies on hierarchal observation (panoptical), normalisation and examination and is therefore a strongly disciplinary technique even though it is cloaked in language such as customer focus, collaborative teams, and willingness to change.

The particular organisational context of this case study produces and consumed pastoral power and had rejected attempts at implementing disciplinary techniques before. A post project analysis using

a framework of power and process showed the gap that would need to be bridged to avoid resistance of the type that was actually experienced. Since BPM itself cannot become less disciplinary; it regulates, forces consistency, normalises, monitors, and measures the organisational would have to shift to become more disciplinary. The organisation itself was a product of bio-power and had successfully operated with micro-relations of power much more pastoral than disciplinary for 100 years. Retrospective analysis shows that the attempt to implement should not have been made.

However it was made and the heroic effort to shift one business unit to a context that ultimately fitted BPM demonstrated that this is possible, although costly in human terms. BPM methodology was improved through the piloting of BPM and there are learnings there for BPM researchers and practitioners. The main contribution of the research however is that IS researchers and practitioners may need to accept that some IS techniques simply will not work in some organisational contexts.

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