

# Put People Before Processes

To reap the benefits of globalization, companies must adapt their business processes—and systems—to the needs of local employees and customers



**G**lobalization beckons with the promise of leveraging the world's workforce while capturing global markets. Yet realizing the value of global product development, manufacturing, sales and service is fraught with challenges that few companies have mastered.

Nevertheless, the rewards are potentially huge if processes and technology can be transformed to exploit global capabilities. Matching capabilities with the highest-value location provides productivity rewards, while reaching global customers offers new fuel for growth. However, broken processes torture many global initiatives, creating complexity and requiring expensive human coordination.

Consultants and vendors argue that standardizing business processes to eliminate that human glue is the solution. But it's difficult to transform processes without destroying the advantages that global partnerships provide. Many companies acquire local partners to expedite entry into an emerging market only to find that assimilating them into the home office's sales process strips the local partner of its cultural advantage. Process transformation often results in rigid systems that leave both team members and customers feeling numb rather than empowered. Finding the balance between process standardization and people empowerment is the trick.

While process transformation has been simmering in many companies for a decade, globalization has foiled best practices that work within the United States. Bringing East and West Coast design centers into a common development process is one thing. Adding Shanghai is another. Companies must adapt their processes quickly or be trampled by competitors who are more savvy globally.

## Why Global Collaboration Fails

The human element kills many transformation efforts. Transformation projects that attempt to roll up the work of global teams into standard processes may miss the unique requirements of different regions and ignore the trust people require to collaborate effectively. While the rise of outsourcing has led some to argue that any work can be anonymously interchanged, human beings drive global teams to solve problems and find success where others fail.

For example, at Align Technology, which provides plastic aligners used to straighten teeth, the human element became critical to process transformation when existing practices could not accommodate the company's growth.

Align had a distributed manufacturing process involving dental technicians and orthodontists in Costa Rica—who developed treatment plans for the patients of doctors in the United States—along with manufacturing facilities in Mexico. The ability to ship images of a patient's mouth between locations allowed Align to mass-customize treatments using highly skilled yet lower-cost labor.

Align knew that a tool for sharing patient information and a simple customer-facing process would be a prerequisite to nurturing collaboration with doctors. So the company developed software that allowed doctors to visualize treatment plans and share them with patients while collaborating with design technicians and manufacturers.

But as Align grew, this process strained the company's ability to provide consistent treatment plans and reliable product delivery. The Costa Rican technicians cherry-picked the easier jobs, causing delays for more difficult treatment designs. In addition, without one-to-one matching between doctors and technicians, the doctors did not build a rapport with a single design collaborator. As the number of cases submitted increased, each doctor spent more time with a new technician communicating his or her design preferences.

As an interim remedy, Align assigned process monitors and expeditors to keep patient data moving and improve service.

But this was a costly fix, and it ultimately failed because the increasing workload outstripped the expeditors' ability to prevent process failures.

The resulting frictions undermined the doctors' trust in the process, turning them to Align's competitors and causing Align's growth to slow down.

## Support People, Not Process

To remedy these problems, Align invested in a process execution system to ensure consistency and move cases swiftly. The transformation reduced cycle times and achieved near-perfect

shipment reliability. But more important, the company also used the system to enable closer relationships between doctors and technicians by automatically matching technicians with specific doctors. With improved consistency and reliability in the production process and one-to-one rapport with technicians, the doctors gained trust in the process, making them more willing to partner with Align.

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Similarly, BAE Systems Regional Aircraft found that effective global processes must maximize contributions from all participants. The U.K.-based company provides postsale support for regional airlines (including Emerald Airlines, Swiss and Air Wisconsin) operating more than 1,100 aircraft around the globe. Among its activities, BAE Systems develops maintenance procedures for each plane model. These procedures evolve as experience with each aircraft accumulates.

Updating the procedures was labor-intensive, typically involving long meetings at BAE Systems headquarters in Scotland, where company representatives, aircraft operators, and regulators gathered to discuss and approve changes. The process was often bogged down by small issues, each of which required discussion. As a consequence, fewer new maintenance procedures were approved, making the planes more expensive to operate.

To enhance the productivity of these meetings, BAE Systems introduced collaborative software into its review process. The software allows discussion of proposed maintenance changes online as a stream of individual items, rather than discussing a large group of items at once. In this way, the group achieves wider participation from the far-flung operators while reducing the time involved. The group still meets face-to-face but uses the meetings to debate the more complicated changes. BAE Systems is better able to capture the customer voice, improving safety and reducing the total cost of ownership for its airplanes.

The lesson is that process transformation must enable—not automate—collaboration. The companies that master this challenge will reap the rewards of globalization. **CIO**

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