

Example of PEMM Analysis

Case: Creating a Process-Oriented Enterprise at Pinnacle West

Awareness:

Leadership awareness is about the recognition of business processes and understanding the value of a process-oriented enterprise by senior leadership. The case does not provide much evidence of senior leadership at Pinnacle West being process aware. In fact, only Denny Brown, CIO, appears to drive process-orientation: “Brown firmly believed a CIO's mission was to transform the business” (pg. 1). However, even Brown's Center of Process Excellence” was intended for a bottom-up approach to process orientation: “... CPE ... would act as an internal consulting organization to other business units in their process improvement efforts.” (pg. 1). At the APS business unit also, the process orientation was not being driven from the top, but rather from middle-management: “Atwell [director of operations and maintenance] had always been a proponent of process orientation within the maintenance group.”. There is more evidence of leadership awareness at the Palo Verde business unit. Here, the VP took a leadership role: “Under the direct leadership of executive vice-president ... a fundamental culture change to the organization was initiated ... A key part of this effort of an in-house process improvement organization” (pg. 8). Further, the other VP at Palo Verde were at least informed of the effort: “Shanker put together a plan and recommendation for the vice-presidents at Palo Verde”, if not asked to support it.

Overall, this suggests that process awareness at Pinnacle West is at the E2 level where “at least one senior executive deeply understands the business process concept”. This is Denny Brown for Pinnacle West, and Robert Edington at Palo Verde. However, I do not believe that Pinnacle West is at the E3 level, which would require that “the senior executive team has developed a vision of the enterprise and its processes”.

Metrics Use:

Metrics concern the measurement of a process performance. The PEMM model suggests that metrics should be used not only within the process (P1), but also for benchmarking and comparison (P2), for managerial information and intervention (P3) and should also inform strategic planning (P4).

The case provides information on the use of metrics primarily at the APS business unit. They are used for comparison across time (“within the first two years ... considerable improvements in the maintenance process”, pg. 7) and to coordinate related teams (“Leaders of each group within maintenance met on a regular basis to review ... completion rates”, pg. 7). Overall, this suggests that the use of metrics at APS is at the P1 level at best, but not yet at the P2 or P3 level, which require comparative use and use by management.

Metrics are not discussed prominently for the Palo Verde processes. The only mention is a “process infrastructure plan that would enable top management to directly monitor the most critical processes” (pg. 9). This suggests that Palo Verde was aiming for the P3 level, i.e. use of process metrics by management. Further, the goal was that Palo Verde “will start to use performance indicators to assess what processes to improve on” (pg. 9), which might indicate a strategic use of the metrics, in determining which processes the organization should focus its attention on.