

PROCESS ENTREPRENEURSHIP

Joachim Knuf, *Principal*
Organizational Learning Systems, Inc.

joachim.knuf@leansystemdesign.com

Imagine two competing companies. They make similar products, employ current technologies, are guided by competent and effective management, draw their workforce from the same area, have comparable supplier networks and costs. Yet at the end of the day, one produces significant margins, with lackluster results in the other. The differentiating factor? Process entrepreneurship!

The study of entrepreneurship has a venerable history. From Henry Ford to Steve Jobs and James Dyson, the public has embraced entrepreneurs as modern-day economic heroes, and the business world agrees that entrepreneurship is a core competency of successful organizations and the basis for superior performance.

The importance of outstanding individuals should not be denied. However influential, they still cannot guarantee continuing success without some help. And ultimately that help must come from the people who do the daily work, who own the processes on shop floors and in offices. If they come to embrace entrepreneurial thinking and behavior in large numbers, large numbers will result.

Process entrepreneurship is any individual or team initiative by those tasked with production or its direct support that is undertaken voluntarily to benefit the workplace itself, to enhance the economic performance of the firm, or to augment customer value. For this to evolve in a company, work processes must be designed in specific ways – a management responsibility as well as an opportunity to cascade entrepreneurial thinking and behavior through the organization.

Process entrepreneurship develops at the intersection of three factors. One is the work itself: it should be standardized. Standardization means that operators execute all steps of the process safely, in the same manner and sequence, with the proper tools and equipment, within the pacing defined by customer demand. They draw on reliably available stocks of materials as they do so. Standardization brings stability and thereby quality to processes and provides the basis of continuous learning. Process mastery allows the identification of entrepreneurial opportunity in terms of continuous improvement as well as in breakthrough innovation.

The second factor is organizational citizenship behavior (OCB), the ethic of personal integrity and full participation. OCB contributes the energy and commitment to process entrepreneurship. Individuals who are altruistic and

keep the interests of others in mind; who are conscientious and put forth extra effort when needed; who are able to work under pressure without losing countenance; who are thoughtful and consider the consequences of their actions; and who show high degrees of commitment to the success of the organization are most likely to consider and pursue opportunities that improve competitiveness.

The third factor is organizational learning, which contributes the methodologies of opportunity identification and discovery. The conjunction of standardized work and OCB establishes the importance of value maximization, focusing primarily on the customer. The conjunction of OCB and organizational learning contributes a willingness to take risks, focusing primarily on the firm; and the conjunction of organizational learning and work encourages continuous improvement and innovation, focusing primarily on the market.

The company benefits through improved processes, a better position in the market, and relationships of value with its customers. Shop-floor entrepreneurship stands at the intersection of these factors and relationships. It differs from regular work in that it is willing to take risks; it differs from OCB in that it is innovative; and it differs from organizational learning in that it is focused on manifest value, not on pure knowledge.

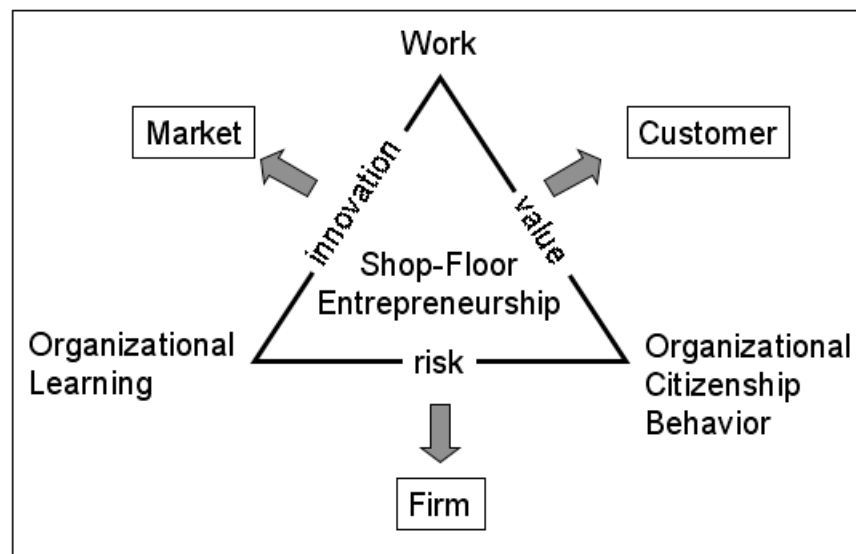


Figure 1: Shop-floor entrepreneurship