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Beyond Best Practice

Many companies adopt industry best practices to stay competitive. But high-performing companies do more: They also embrace unique "signature processes" that reflect their values.

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Savvy executives recognize that a company's core organizational and operational processes are crucial to realizing its competitive potential. These organizational processes integrate the goals of the business into its employees' day-to-day activities via routines. Executives also know that a primary route to the development of such processes and practices is the study of best practice. The enterprise's capacity to flourish depends in part on their ability to capture and embed best practices from their own and other companies. Without mechanisms that facilitate the sharing of best-practice knowledge — such as visits to exemplar companies, communities of practice and the use of experts — companies would be consigned to reliving the same mistakes day after day. Searching for and then articulating, refining and embedding best-practice ideas brings companies in a sector to a level playing field. Those companies that fail to adopt best-practice processes rapidly become complacent laggards.[1]

But our research into high-performing companies shows that while the search for and adoption of best-practice processes is indeed necessary, it is not sufficient. (See "About the Research," p. 50.) Other types of processes, which we call "signature processes," also can be crucial. We find that a unique bundle of signature processes combined with industry best practice ultimately enables a company to prosper and compete.

We use *signature* to describe how these processes embody a company's character and signify their idiosyncratic nature. Signature processes arise from passions and interests *within* the company; by contrast, concepts of best practice arise *outside* the company. So while one task of every executive is to find and adapt best practice, in a sense *bringing the outside in,* an added critical task of management is to learn to identify and preserve the company's signature processes. This added duty might be thought of as the need to *bring the inside out.*[2]

The distinction between a signature process and an industry best practice is not absolute, however. If a company's signature processes prove especially advantageous, they may be imitated by other companies so often that they eventually become known as best practices. Toyota Motors Corp.'s lean production is an example of a process that began as a signature for the company. It espoused the values and aspirations of Toyota's leaders and has brought

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the company significant competitive advantage over a long period of time. Many other companies have sought, sometimes with limited success, to adopt the process of lean manufacturing. In this article, we use the term *signature processes* to refer to processes that have evolved internally from executives' values and aspirations, and the term *best practice* for ideas developed outside the boundaries of a business unit or company.

The subtle but crucial differences between standard best-practice processes and unique signature processes first became clear in our research. We found surprising and intriguing practices and processes in many of the high-performing companies. Here are three examples:

- The CEO of a large, fast-moving company requires that all members of the senior executive team meet every morning of the workweek between 9:30 and 10:30 Greenwich Mean Time to discuss the previous day's events. There are about 10 members of this team; those who are not physically present take part via videoconferencing. The meeting is without a prior agreed-upon agenda, instead addressing the issues uppermost in the minds of the executive team.

- Employees of a second multinational company are part of an organizational modular structure that is realigned frequently. These restructurings typically take place over the weekend. While these realignments result in new business groups, they leave intact many of the working relationships that take place within the modular teams.

- The business unit heads of a third large company are required to spend considerable amounts of time supporting the performance of their peers in other businesses, particularly those businesses that are underperforming. A significant proportion of the bonuses of the more successful business unit heads is dependent on improved results by the underperforming businesses.

Each of these processes is highly idiosyncratic. We have not witnessed any of them in scores of other companies we have studied over the last decade. In fact, these processes fly in the face of what is generally accepted as best practice. For example, best practice suggests that the CEO's role is to meet, perhaps on a weekly or even monthly basis, with the executive team and proceed through a previously agreed-upon agenda. So why tie up the whole senior team in daily morning meetings without set agendas? Similarly, best practice in organizational restructuring suggests that restructurings should take place as infrequently as possible in order to create relatively stable organizational structures and minimize confusion. So why restructure frequently? Finally, best practice in performance management requires that managers be responsible for what they can personally affect. So why reward people on the basis of the performance of others who are outside their direct line of accountability?

Yet the three companies in which these processes flourish are not corporate laggards: Each has outperformed many competitors over the last five years. Nor are they clustered in a single sector known for eccentricities, such as a creative industry or IT. The companies in question are in retail banking, high-technology equipment manufacturing and marketing, and oil exploration and distribution. Nor are these processes and practices that top executives would like to be rid of. On the contrary, executives in each company view the practice in question as unique; its idiosyncrasy is celebrated and seen as a key aspect of the company's success. The procedures in question are believed to serve as one of the crucial links between the processes of the organization and the vision, values and behaviors of top management. They are imbued with energy and passion.

The morning meetings take place in the Edinburgh headquarters of the Royal Bank of Scotland Group with group chief executive Fred Goodwin. Founded by royal charter in 1727, RBS was

About the Research

This article is based on our case research over the last five years into how dynamic capabilities lead to competitive advantage. We focused on companies that had demonstrated superior performance from 1997 to 2002, compared to their peers. However, superior performance can be a result of other factors, such as a monopoly, extensive regulations or heavy use of patents. We chose companies whose success was not due to those factors. We studied eight firms and use data from three of them in this article. We collected data in two stages for each company. First, a broad array of secondary sources was used to create a preliminary picture of the company and the industry. Next, we conducted structured interviews with the CEO and 20 to 30 members of the company's executive committee and other significant staff. In addition, we interviewed executives in different functions and at different levels, including the operating-level managers who actually were involved in day-to-day activities connected with the focus area we had chosen.

Both authors were present during all interviews and were supported by a research assistant. Ours was collaborative and participative research. We engaged in discussions with managers as competent and trusted co-researchers, attempting to arrive at a shared interpretation of data. Having identified the key practices, we sought to build a historical perspective and discussed this in depth with the executives.

Why did three highly successful companies adopt processes that differ significantly from general views of best practice? The answers lie in the idiosyncrasy of the processes.

a small bank until the early 1990s, even by U.K. standards. By 2003, however, RBS had grown to become the fifth-largest bank in the world by market capitalization, ahead of such familiar names as Merrill Lynch, Goldman Sachs and UBS. This was facilitated by a spate of acquisitions, including the acquisition of London-based National Westminster Bank Plc and Citizens Financial Group of Rhode Island. RBS's record organic growth from 1997 to 2002 was the best of all major banks in Europe. At the same time, its cost-income ratio — perhaps the most widely used measure of efficiency and productivity in the banking business — was, at 45%, one of the lowest among comparable companies.

The frequent restructurings occur at Nokia Corp., whose senior team is led by chairman and CEO Jorma Ollila. The company's history stretches back more than 140 years. Until the early 1990s, Nokia was a conglomerate with businesses as diverse as rubber products, paper, consumer electronics and computers. The company transformed itself during the 1990s into a focused telecommunications business supplying telecommunications network equipment and systems and mobile phones. Nokia's performance from 1997 to 2003 was superior to its competitors, and its brand — practically unknown a decade earlier — has been ranked as one of the 10 most valuable brands in the world by Interbrand Corp., a global branding consultancy based in New York.

The "peer assist" policy exists at BP Plc, the United Kingdom's largest industrial enterprise, under the guidance of group chief executive John Browne. In 1992, facing rapidly deteriorating business results because of rising debts, rising unit costs and falling oil prices after the Persian Gulf War, BP's board cut the company's dividend and replaced the chief executive. The situation had changed dramatically by 2003. BP had successfully acquired and integrated Amoco, Arco and Castrol, and had achieved the lowest unit cost of operations among comparable firms and the highest return on capital employed. It delivered after-tax profits of more than $1 billion per month.

Why did these three highly successful companies adopt processes that differ significantly from general views of best practice? And, perhaps even more surprisingly, why do the executives involved believe these processes are a key part of their company's success?

The answers lie in the idiosyncrasy of these signature processes and their potential to create the energy to drive high performance. This idiosyncrasy is a direct embodiment, a "signature," of each company's history, values and top executive team. The combination of values, experiences and passion enables these idiosyncratic processes to flourish against all odds.

Adopting best-practice processes gets a company to a level playing field. But the very nature of best practice, drawn as it is from a common pool of industry knowledge, means that the adopters of best practice are always susceptible to being copied by other companies that catch up with them. In contrast, the signature processes at these three companies are so idiosyncratic and so much a part of their organizational heritage and values that competitors would have difficulty replicating them. These signature processes certainly look fascinating to the observer; for example, the peer groups at BP have been widely discussed across the multinational best-practice community. But although they may be the stuff of exciting presentations and intriguing book chapters, the peer-assist process is apparently unpalatable to most companies, and we know of none that have replicated BP's peer groups.

Signature processes are acceptable within the companies in which they develop because very often they have grown as the company grows and are associated with the executive team's passion and values. They are part of the fabric, the way of behaving, the "way we do things around here." So while the task of every executive is to find and adapt best-practice processes from outside the organization to strengthen the company, an added critical task of management is to be able to articulate the company's signature processes.

This is a difficult task. Executives need skills in developing and encouraging best-practice *and* signature processes. However, much of what executives have been schooled to do in developing conventional best practice flies in the face of the creation of signature processes. Our recommendations for creating signature processes actually reverse some of the very prescriptions of best practice. To nurture signature-process development, executives should rediscover their company's heritage and unlock the treasures that have been languishing half-forgotten within their organization rather than search externally, as they do for best-practice processes. Managers should become sensitive to and elaborate on those processes in the company about which people are passionate and should become more in tune with the organization's values and beliefs.

Understanding Best-Practice and Signature Processes

Companies need both standard best-practice techniques as well as unique signature processes, which are developed internally. The origin, development and core of the two differ greatly.

	Best Practice	Signature Processes
Origin	*"Bringing the outside in":* Starts with external and internal search for best-practice processes	*"Bringing the inside out":* Evolves from a company-specific history
Development	Needs careful adaptation and alignment to the business goal and industry context	Needs championing by executives
Core	Shared knowledge from across the sector	Values

Signature processes developed internally by Nokia, RBS and BP stand in contrast with some of their best-practice processes based on ideas adapted from outside the organization. In all three companies, best-practice processes and signature processes differ in their origins, their development mechanisms and their core. (See "Understanding Best-Practice and Signature Processes.")

Best-Practice Origins: External Search One important best-practice process at RBS is the bank's approach to day-to-day management of many of its projects. Over the last decade, its teams have developed their project management approach by an extensive external and internal search of best practice in project management. They have exchanged best practices across the bank, they have occasionally engaged external consultants to add to their knowledge and they have sent executives to external programs on project management. From this sharing of external and internal knowledge, they have developed and documented the RBS way of project management. Project management best practice has been carefully adapted to something more closely aligned with RBS's business goals and context, particularly with respect to conducting projects with increased speed and a larger number of project teams.

This adaptation of project management best practice paid off in the firm's 1999 takeover of NatWest. In 2002, the RBS team announced that the NatWest takeover had been completed and that the 446 systems within NatWest's IT platform had migrated successfully to the RBS platform, which was a quarter of the size. This was the biggest IT integration project of its kind in the financial sector. As analysts at one firm put it, "The integration of NatWest will become a textbook example of how to do deals."

Best-Practice Development: Adaptation Nokia uses a strategic planning process that follows many of the elements of best practice in strategy creation. Every six months, up to 400 people are handpicked from across the company and divided into teams. The teams are asked to explore five to 15 themes that senior executives believe are most crucial to the company's future. For a two-month period, the team members interview a wide range of internal and external experts. The team members then get together for two days to consolidate their findings and identify any additional information they need. At the end of the second round of research, the teams prepare a report and presentation for the executive board. The information from these reports is incorporated into what Nokia call its "strategy road maps," which are then shared with key employees.

Widely held beliefs about best practice in strategy creation suggest that the process should be both top-down and bottom-up and should include a focus on the short term, as well as consideration of longer-term challenges and scenarios. The plan should be written down and communicated to those assigned to implement it. In other words, the basic elements of Nokia's strategy creation process can be found in textbooks of business strategy and in the practices of companies across the world.

Nokia's strategy creation process has developed and adapted this external understanding of best practice to the firm's business goals. Adaptation has taken place in two key areas, which, as in the case of RBS, are about speed and involvement. First, the norm of best-practice strategy creation is an annual cycle. Nokia adapted this to a six-month cycle because of the fast cycle time of its industry. Second, the best-practice norm for strategy creation suggests the involvement of a relatively small group of people. Nokia involves more than 400 people across the company, an adaptation to the complexity of its technology, which requires multiple technological insights.

Best-Practice Core: Shared Knowledge From Across the Sector BP also has its share of classic best-practice processes. Take, for example, BP's leadership development process. Over the last two decades, BP's senior team systematically has identified high-potential employees and placed them in an "Individual Development Programme." Many members of the current senior team, including Browne, have come through the IDP process. IDP participants are given access to exciting and interesting jobs and have opportunities to develop a broad range of competencies and extensive networks. Yet, although this leadership process is important to BP, it is no more than a reflection of industry best practice. The executives responsible for the leadership process

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frequently meet with their colleagues from other multinational companies. They attend conferences on leadership development and read some of the books written on the topic. BP has a leadership process that delivers a constant stream of talented young people, as it is designed to. The process is a classic one, almost indistinguishable from leadership programs existing at other large multinational companies.

Good companies abound with best-practice processes. RBS's project management process, Nokia's strategic planning process and BP's leadership development process are but single examples of broad portfolios of best practice that each company has developed. These best-practice processes are built from tools and techniques that are valuable in any organization and are crucial to the engine of competition. But they are not unique, and they can be easily replicated by others. In other words, they are not signature processes.

How Signature Processes Evolve

In our research, we have discovered that best-practice processes and signature processes develop along rather different paths. The origin of RBS's project management, Nokia's strategy maps and BP's leadership development are all grounded in an external and internal search for best practice. In contrast, we found that the origins of the signature processes — RBS's morning meetings, Nokia's modular structure and BP's peer-assist process — were different. Each of these signature processes was firmly embedded in the history and values of the company and the executives that lead it. At the core of best practice is shared industry knowledge, whether about how strategic plans are created, executives developed or projects managed. At the core of signature processes are the values of each company.[3]

Signature processes are not the same as best practice. Signature processes have the potential to advance the company's competitive position beyond just a level playing field. But to harness this potential, executives have to understand the origin, development and core of signature processes. Managers need, in fact, to develop a whole new way of thinking about processes. (See "How the Signature Processes Evolved," p. 54.)

Signature Process Origins: A Company-Specific History When executives at BP, Nokia and RBS described and mapped how their signature processes developed, the descriptions were deeply rooted in each company's heritage and their own beliefs and values.

Take, for example, the origin of the morning meetings at RBS, which the senior team can trace back to the bank's founding in 1727. The bank originally was one of many regional banks serving local citizens, in this case in the Scottish city of Edinburgh. Banking was a gentlemanly and leisurely business in the 18th and 19th centuries: Bankers typically met with their team in the mornings, and the afternoons were reserved for more leisurely pursuits. The practice of morning meetings died out in the 1930s at most banks, victim of a faster, more dislocated time. However, the practice remained at RBS and has evolved into a signature process.

The origin of Nokia's modular structure can be traced back to the software technology heritage the firm began to develop in the 1980s. At that time, Nokia's software technology was built from two core elements: the software mantra of reusability, and standardization through the creation of a shared common platform. Reusability is considered crucial to software development. When programmers at Nokia built new software programs, up to 75% of the program typically was built by reconfiguring modules of previously developed software. This sped up the development process, reduced the cost of making new programs and ensured that knowledge could be rapidly shared. The technological leverage Nokia achieved by reusability and reconfiguration depended on the programmers' skills in slicing and sequencing the modules of previous programming.

This competence and philosophy of reusing modules, which began in the 1980s as an element of its technology, became the design foundation of the modular architecture of the company structure. In the software programs, the modular units that were reconfigured were pieces of written software. In the company architecture, the modular units that were reconfigured were modular teams of people with similar competencies and skills. In the same way that modular reconfigurations ensured that valuable software was not lost, the modular architecture ensured that valuable skills, competencies and team relationships that were held within teams of people were not lost or dissipated. In effect, the signature process of structural modularity has its roots in the software production process of reusability through modularity and reconfiguration.

Nokia's signature process of structural modularity also has its roots in a technology philosophy of shared common platforms and standardization. Reconfiguring different modules of software requires that each module be developed in a similar way with a similar underlying architecture. That is, it requires a high degree of standardization. For more than 20 years, a mindset, discipline and philosophy of reusability and standardization had pervaded Nokia. It was well understood that only through common tools, platforms, technologies and languages could speed be achieved. This became the backdrop to Nokia's signature process: the capacity to build modular corporate structure.

The quality of this signature process was tested in January 2004, when Nokia announced and then implemented what would represent a fundamental organizational shake-up for most companies. In order to focus more closely on changing customer aspirations, Nokia's nine business units were restructured into four. At the same time, in order to ensure speed of innovation and production across the globe, all the customer and market operations, product development operations, and manufacturing, logistics and support activities were reorganized on a companywide basis into three horizontal business units. This organizational change was made fully effective within one week and involved about 100 people assuming new jobs. The rest of the employees had no such change because the modular teams to which they belonged were simply reconfigured. The discipline, philosophy and mindset of reconfiguration through standardization and shared platforms, which had initially developed from the company's technology history, ensured that Nokia could skillfully and rapidly reconfigure its human resources to meet changing customer needs.

Signature Process Development: Championing by Executives Signature processes develop from the heritage and values of the company and are shaped by the philosophy and wisdom of the executive team. BP's peer-assist signature process was not constructed from an amalgam of best practices. Instead, it sprang more than 15 years ago from the mind and philosophy of a young business-unit head who passionately believed that businesses could and should be more focused on cooperation and respect and less on hierarchy and control. This young executive began to put his ideas into practice over the years — initially in his own small part of the business, then in a major business area and, finally, when he became chief executive, across the whole of BP. The signature process of peer assist has its heritage not in industry best practice but in the values and beliefs of chief executive Browne and his team.[4] Browne explained the three core premises of his philosophy: "that people worked better in smaller units … that any organization of scale should create proprietary knowledge through learning … that there is a very different interaction between people of equal standing."

Peer groups were created by breaking the monolith of the old BP into 150 business units, which enabled people to work in smaller units. The peer-assist process created unprecedented opportunities for learning, as people from different parts of the company shared ideas and knowledge. By creating an organizational structure that was more horizontal than vertical, Browne was able to transform many previous interactions — which would predominantly have been from senior executive to middle manager — to interactions among peers of equal standing.

Browne's philosophy and passion is clearly evident in BP's peer process. The same degree of philosophy and passion is apparent in how Nokia's executive team had talked about and then designed their signature process of structural modularity, which reflects the personal heritage, knowledge and philosophy of the company's senior team.

How the Signature Processes Evolved

Unlike best-practice ideas adopted from outside the organization, signature processes are rooted in a company's history and values.

Company	RBS	Nokia	BP
Signature Process	Morning meetings	Modular structure	Peer assistance
Origin *(Company-specific)*	Banking tradition dating back to 1727	Technology heritage from the 1980s: ■ Reusability through reconfiguration ■ Standardization	Initially created in the mid-1990s
Development *(By executive champion)*	■ CEO is rigorous manager ■ Executive team values speed and decision making	Shared education of the senior team: ■ Technical focus ■ "Taste for complexity"	Philosophy of CEO John Browne: ■ Small scale ■ Learning ■ Nonhierarchical
Core *(Values)*	Respect Accountability	Renewal Respect	Learning Accountability

Nokia's Finnish executives share a heritage of technical education and a "taste for complexity" that enabled a process as complex as Nokia's modular structure to be created.

Until recently, Nokia's senior management team, all of whom joined Nokia in the late 1970s and early 1980s, were, with one exception, Finnish by birth. (The company has recently added two more non-Finns to its team.) Nokia's Finnish executives share a very similar set of developmental experiences. Most completed a substantial part of their education within the highly respected Finnish education system, and many were trained at either the Helsinki School of Economics or the Helsinki University of Technology, both world-class technical institutions. This shared heritage of technical education created within the executive team a shared experience base from which a vision could be created. Pekka Ala-Pietilä, currently president of Nokia Corp. and head of customer and market operations, described it this way: "What unites the top team is the capacity to think in abstract terms and to digest complex issues and to use pattern recognition. We can understand what is important and what is less important. It is an intellectual challenge. Many have backgrounds in research; there is a taste for complexity."

This "taste for complexity" has enabled a process as complex as Nokia's modular structure to be created. Having similar technological backgrounds, the senior executives understood the need for standardization and common platforms, so they were able to build standard global platforms while other companies built enormous variety across countries. They understood the notion of modularity and the need to keep people within modular teams together over time, even as the organization restructured. Their shared tacit assumptions, drawn from a shared history and way of seeing the world, created the foundation upon which this signature process could develop.

The same deep involvement of the executive team is apparent in RBS's signature process, the morning meetings that have come to embody the characteristics and values of CEO Fred Goodwin and the senior executive team. The practice and discipline of morning meetings is seen as a crucial part of the way in which the senior executives work as a team. It is a process that has meaning to them and enables them to articulate their values about the need for speed and decision making. Of the morning meetings at RBS, Johnny Cameron, a member of the executive team, had this to say: "Fred loves the morning meeting. It is his chance to put his imprint on whatever is happening. … Fred is more rigorous as a manager than anyone I have ever met. He is extraordinarily demanding. For example, in the morning meeting he will look at a budget and go straight to page 23 and ask about it. He is very rigorous about apparently small things and this pervades the company. People say, 'If Fred sees this, what would he say?' "

RBS is not alone in having a signature process that expresses the values of the company. In the companies we studied, the values of the CEO and the executive team were at the core of the signature process, and this tight alignment between the values and the process created passion and energy that drove the company forward.

Signature Process Core: Company Values Learning is a core value at BP. "In order to generate extraordinary value for shareholders," explains Browne, "a company has to learn better than its competitors and apply that knowledge throughout its businesses faster and more widely than they do."[5] For BP, the value of learning is balanced by a second core value: accountability. The idiosyncrasies of the peer-assist process flourish because they enhance that balance.

Peer assist creates the expectation that people will learn from each other across the company. Polly Flinn, a former Amoco employee who is vice president of retail marketing at BP, quickly learned the company's values and philosophy. While serving as the retail business-unit lead in Poland in 1999, Flinn asked for assistance from four BP leaders, who came together in a peer-assist team to look at the strategy for Poland and give Flinn advice. After Flinn implemented the advice, the retail marketing business in Poland became profitable for the first time. She again called on the peer-assist process when faced with the challenging task of masterminding the development and rollout of BP's new retail offering, BP Connect. Flinn recalled that "of the 300 people involved in [the peer assist], only 10% actually had performance contract goals related to the rollout of BP Connect, yet because of their desire to share their skills and their expectations of federal behavior, people contributed." The peer-assist process embodies BP's key values. It exemplifies the learning organization and yet ensures that business-unit heads are held accountable for their performance.

Similarly, the morning meetings at RBS exemplify the bank's core values of respect and accountability. These values, which executives see as emanating from the company's Scottish Presbyterian roots, emphasize the virtues of pragmatism, honesty and a

People participating in signature processes are "in the flow." The energy they exhibit is palpable because, deep down, the process expresses who they are and what they value.

respectful egalitarianism that is practical, down-to-earth, straightforward and action-oriented. The morning meetings provide an opportunity for these historical values to become a day-to-day reality; members of the executive team are able to meet with each other daily and engage in straight talk. Respect for the collective team is vital to the smooth running of these meetings. Executives work with each other collaboratively and respectfully, and the meetings reinforce the collective accountability of the senior team. They also reflect the deep concern in the bank's culture for accountability and taking action; when an executive agrees to take action, there is a presumption that the agreement is binding. Actions are discussed and agreed upon, and the meeting moves to the next point. Accountability is at the heart of how the morning meetings are conducted.

Nokia's signature process of modularity, like BP's peer-assist process and RBS's morning meetings, essentially embodies the company's values. Company executives say that Finnish cultural values have played a key role in shaping Nokia's environment. Finnish culture historically has sprung from the values of trust, directness and inclusivity in social relationships. Like other Scandinavians, the Finns have an abhorrence of hierarchical authority and a fundamental belief in respect for the individual.[6] At the same time, Finland is a country of renewal. It has one of the highest education rates in the world and one of the most technically literate populations. Finland has renewed itself, and Nokia has attempted to do the same. During Nokia's history, the Finnish values of respect for the individual and renewal have become deeply embedded in a company that has been, in its executive team, essentially Finnish. They permeate Nokia's modular structure, which embodies a respect for individuals by enabling people to work primarily in collegial teams to which they bring their own competencies. At the same time, the structure's capacity for rapid reconfiguration ensures that renewal can take place.

The Executive Role in Signature Processes

Three CEOs and their teams are at the heart of BP's peer assistance, RBS's morning meetings and Nokia's modular architecture. Each CEO believes that the signature process in question is key to the organization's longer-term success, and each is committed to maintaining the signature process. What can other executives learn from these companies?

Most executives know that values are important in their day-to-day behavior; few understand that these values can be integrated into their business's goals and individual employee behaviors through a small number of signature processes. What we learned from John Browne, Jorma Ollila and Fred Goodwin is that these exceptional CEOs use processes as a means to communicate their values and the values of their organizations. To do so requires the CEOs to be very clear about what those values are.

The executive role in identifying externally developed best practice is essentially rational and analytical; in contrast, the executive role in signature processes is value-based and insightful. RBS CEO Goodwin "loves" the morning meetings. We could hear the pride in senior executive Mikko Kosonen's voice when he talked of Nokia's modular structure: "One of the distinctive characteristics … is the organizational architecture. It is avant-garde." Over hours of discussions, Nokia executives described the structure, their ideas behind it, how it worked and what it meant. Figures were drawn, analogies made and examples given, all with enthusiasm and caring. And at BP there is a huge amount of pride in the philosophy that underpins the peer-assist process. As deputy CEO Rodney Chase remarked, "In our personal lives, we all know how much joy we derive from helping others. As a mother, a brother or a friend, we derive great pleasure from helping those who are close to become successful. Why don't we believe that the same can be true in business? Historically, we didn't. But you can get there — when people in the company can almost derive more pleasure from the success of others than from their own success."

We saw that, when people are participating in the signature processes in these three companies, they are "in the flow." The energy they exhibit is palpable, and they are oblivious to time.[7] When people participate in the signature processes, they feel good precisely because, deep down, the process expresses something they believe in. They feel that what they are doing deeply resonates with who they are and what they value.

Best-practice processes are planned with rigor and built with a clear time frame in mind. By contrast, the creation of signature processes is more serendipitous and is by its nature slower, more complex and more expressive of values. It is this distinction that makes the day-to-day reinforcement of signature processes one of the most valuable opportunities executives have to continually link the goals of a business to its values. This linkage is energizing and can bring meaning to an enterprise in a way that best practices never can.

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5. A more detailed description of John Browne's philosophy of learning can be found in S.E. Prokesch, "Unleashing the Power of Learning: An Interview With British Petroleum's John Browne," Harvard Business Review 75 (September-October 1997): 5-19.

6. Finnish values are described in G. Hofstede, "Culture's Consequences: International Differences in Work-Related Values" (Newbury Park, California: Sage, 1980); and A. Laurent, "National and Corporate Cultures: A Study of Six European Countries," INSEAD working paper, Fontainebleau, France, 1982.

7. The idea of "flow" has been described in M. Csikszentmihalyi, "Finding Flow: The Psychology of Engagement With Everyday Life" (New York: Basic Books, 1997).

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