Successfully Transforming and Improving Business Operations

Whitepaper

Introduction

Whether driven by a disruptive threat or an opportunity to improve, organizations have to continuously evolve to survive and prosper. Based on experiences with clients who have been in both camps, the following white paper presents an approach (based on Gartner's Business Operating Systems Model[1]) for successfully navigating through business operation transformation and improvement initiatives.

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Transforming and improving your organization

When an organization is faced with a transformation or business improvement initiative, it needs to take a considered approach that will set it up for long-term success. However, with pressure to 'get going' many organizations take an ad hoc approach that leaves them stumbling along from the outset.

By using a business operating system framework (see below), organizations can achieve short-term results while building capabilities for long-term success.
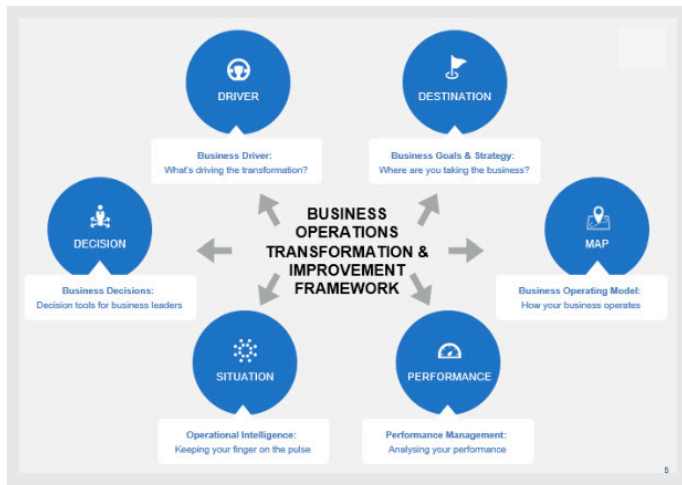
The framework focuses on 6 key areas (business drivers, goals and strategy, strategy execution, performance management, operational intelligence and decision making) which combined will help to answer questions such as: Why do we need to transform or improve? Which parts of the organization need to change? What does success look like? How will the needs of customers and the business be met? How will efficiencies and cost savings be made? Where should or do we need to start? What are the quick wins? What strategic and tactical approach should be taken? What will it cost and how will it be resourced? How will the initiative be governed and managed? How will sustainable capabilities be created and embedded in the organization?

Business operations transformation & improvement framework

BUSINESS DRIVERS

Starting with 'business drivers', this component is focused on understanding and creating a clear view of the initiative context and catalyst. Sources of insight include identifying internal top-down, bottom-up or middle-out (see diagram 1 below) drivers such as C-Suite initiatives to drive customer centricity, cost savings or new business models; the need to eliminate operational issues or organizational changes creating opportunities to reconsider the way you operate. Or external drivers such as new digital opportunities compelling organizations to digitize or re-digitize existing processes; new regulations (e.g. GDPR and AML4) requiring organizations to rethink their processes and polices.
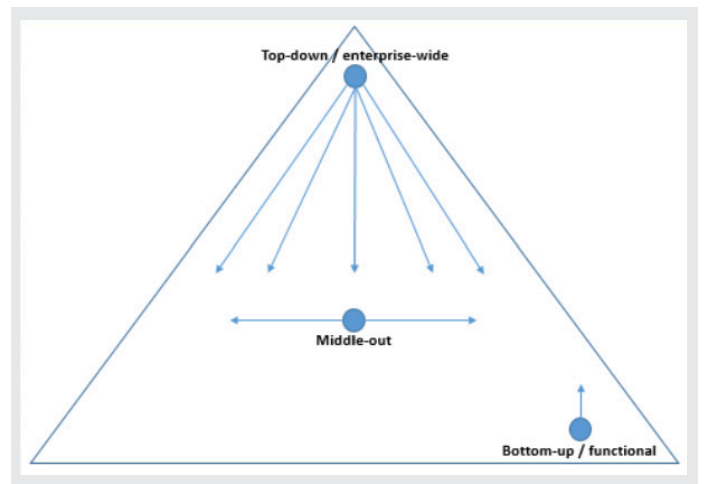

Diagram 1: top-down (enterprise wide), bottom-up (functional), middle-out initiative sources

GOALS AND STRATEGY

Given the driver and context, your 'goals and strategy' for addressing them need to clearly define the organizations target future scenario – not just from a business perspective, but also as a means to give the team a focus and purpose they can understand and visualise their role in, as well as measure and be measured against. As obvious as this may seem, we've seen initiatives fall short of their potential (and sometimes drift to failure) when this has been missing.

Strategy setting starts by gathering insights and data to understand where you are today and whether transforming (making fundamental changes in how business is conducted) or improving (moving from one state to a state considered to be better) will help achieve your goal. An assessment of your current business and operating or capability model, processes and competencies will help highlight the gaps between the goal and current state. Clients who have conducted this exercise have been able to identify gaps such as no operational design and management standards; duplication, silos and a lack of collaboration and knowledge sharing between teams and business units; no clear metrics and performance indicators, and a lack of governance.

From here work on the strategy and supporting plan can start. There will always be multiple options and starting points to achieve the goal (such as starting afresh, optimizing existing models and processes, implementing automation, standardising working practices, re-organising functions), so the first task is to evaluate these and make a decision on the one(s) that are going to deliver the best results based on expected outcome, cost, effort to deliver etc. See table 1 below for a few example transformation strategies.

Table 1: Example transformation strategies

Goal	Strategy
Standardise and transform global finance processes	■ Create blueprint for standardisation and transformation ■ Assess maturity ■ Create and deliver operating model and processes incl. comparison against world class companies
Align business process management and transformation to value-driven business goals	■ Build world-class business process and transformation capability ■ Evaluate best practices ■ Create and implement framework for capability model and process design
Transform core customer facing platform to improve the customer experience	■ Review current systems and operations ■ Create transformation initiative including new operating model, as-is and to-be process designs, IT architecture and skills matrix
Transform and continuously improve customer facing working practices / claims processing	■ Created continuous improvement team ■ Set-up standards for working incl. central shared workspace ■ Document and rollout as-is and to-be processes incl. embedded risk management ■ Train customer facing employees ■ Knowledge reuse
Transform creation and management of the processes that underpin client services	■ Set standards and best practice ■ Select tool, implement and train users ■ Document as-is processes ■ Use processes to create operating model
Transform thinking and process delivery across core business operations	■ Create BPMN-based standards ■ Select tool, implement and train users ■ Import current processes and convert to new to-be processes ■ Create operating model (using process designs) and governance structure

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Goal and strategy setting is typically sponsored by a C-level executive (CIOs, CTOs, COOs and CISOs) with the support of a functional leader (Directors and Heads of Transformation and Operations) who's role it is to drive the initiative forward as the 'leader in situ' – see table below for more detailed view of roles and responsibilities.

Table 2: Leadership and delivery roles and responsibilities

- Sponsors and senior management (CIOs, CTOs, COOs and CISOs) drive goal and strategy development, and are kept informed of progress and involved in making key decisions

- Functional leaders (Directors and Heads of Transformation and Operations) are involved in goal and strategy setting, through to activities such as building the business case, defining the initiatives and workstreams, setting the milestones and phases, establishing the guiding principles and standards, creating a roadmap, and managing people, resourcing and funding

- Process modellers (enterprise and business architects, process owners, business analysts and internal consultants) play a crucial role in understanding the business areas and processes, capturing requirements, assessing and feasibility, and creating delivering the process models. Tied into their role is liaising and working with multiple stakeholders for input and reviews, as well as supporting rollout and ongoing changes

- Technology teams (technical and solutions architects and developers) lead on ensuring that the initiative is aligned to the organizations technical systems and capabilities, and lead on technical integrations to internal or third party systems

- End users (customers, frontline staff and partners) as consumers of the outputs, input into the design process and support decisions around user interfaces and or documentation such as work instructions

STRATEGY EXECUTION

With the headline goals and strategy set, the next step is 'strategy execution' through setting up a dedicated initiative to deliver the strategy. Activities that have proven to significantly improve successful outcomes include:

- Engagement of stakeholders including senior management, creators, reviewers and end users (e.g. customers, frontline staff and partners)

- Creating an environment for collaborative working within and across functional areas

- Understanding and assessing current capabilities and ways of working

- Creating a framework or methodology and standards for guiding ways of working and delivering value

- Understanding and developing interrelationships between the internal and external functions and departments that are involved or impacted by the initiative

- Defining roles, responsibilities and ownership, including selecting leads / champion(s), process designers (process owners, BAs and internal consultants) and technical architects

- Creating a governance structure

- Creating a taxonomy to guide all teams and designers

- Selecting appropriate tools for modelling, design and execution

- Training business modellers and process designers

- Once set up activities to plan, understand, create, operationalize and manage the models and processes include:

- Translating the business strategy into an operating or capability model that acts as the catalyst for prioritizing the areas of focus incl. tactical quick wins and long-term strategic plays

- Implementing and tracking a plan or phased approach to delivery at initiative, model and process levels

- Creating as-is and to-be models and processes including understanding business areas and processes, process maturity scoring, ingesting content held in tools such as Visio, Word or PowerPoint, capturing requirements and master data, assess feasibility, creating and delivering process models, setting performance metrics and controls

- Executing manual or automated processes including ensuring alignment to the organizations and 3rd party technical systems

- Internal and external (partner) communications

- Rollout of new models and processes to end users incl. documentation, training and support

- Creating role-based dashboards that provide information and updates on progress during delivery and once live

- Creating audit reports and evidencing to support regulatory compliance

- Embed a continuous improvement culture in the organization

- Establishing a center of excellence to develop the organizations skills and capabilities

As no organizational function is an island, an important part of strategy execution is to understand and develop interrelationships between the internal and external functions and departments that provide inputs and take the outputs from any initiative – see diagram 2 below.
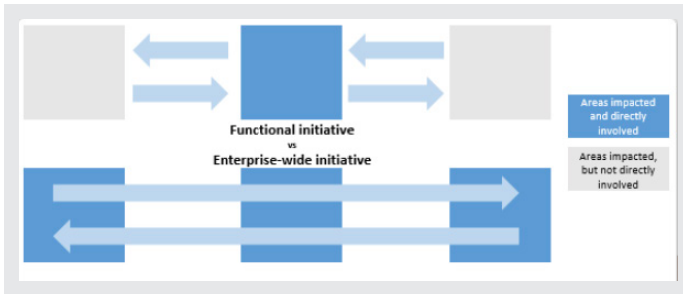
Creating and maintaining enterprise-wide relationships should be easier and more obvious as the initiative crosses boundaries, while for functional initiatives this may be harder to achieve and less obvious, but just as important for creating successful outcomes.

Diagram 2: functional and enterprise-wide interrelationships

PERFORMANCE METRICS AND MANAGEMENT

Built into the strategy execution should be 'performance metrics and management' that help validate your strategic choices (based on their potential outcomes); track performance e.g. operational efficiency, process performance, usage, ROI, saving, etc. targets and outcomes, and support decision making.

Metrics should also be used to help track delivery e.g. initiative and workstream start and finish dates, forecast vs. actual costs, resource utilization etc.

OPERATIONAL INTELLIGENCE

Alerts and notifications should be used to provide 'operational intelligence' that highlight movements outside pre-set tolerances. For example, if a process is performing below (or above) expected levels you should receive a real or near real-time notification of this. Similarly, if regulatory requirements have mandated that employees review compliance material you should be able to receive notifications if any fail to do so within the required time band.

In either instance, it is also important to include reporting that highlights frequency of occurrence, severity, impact on the model or process and business.

DECISION MAKING

Combined performance metrics and operational intelligence will provide you with a continuous stream of data and insights that can be used to make 'decisions' about your next steps or any corrective adjustments. For example, simple alerts will tell you where an issue lies, while trended performance insights will help you model a range of scenarios that will lead to the replacement of issues or inefficiencies with new and improved ways of working.

When made available to the initiative owners and appropriate users, performance metrics and operational intelligence will enable the organization to work with agility when designing and delivering initiatives and BAU operations.

Summary

Our client experiences have shown that although each organisation is unique, by using a framework as the base for developing initiatives chances of success are more likely.

Similarly, division of time on each area will depend on the approach taken. For example, working incrementally the organisation may set a goal and then loop through phases of work as it incrementally picks off priority areas one-by-one. While for a fixed initiative time could be split into 10% on areas 1 and 2, 60% on 3 and 30% on 4, 5 and 6.

Whether working on a small departmental initiative running for a few months or an enterprise-wide one running for a few years, it's important to set yourself up for success and follow this through with activities and supporting measures that illustrate the outcomes from your efforts – as exemplified by the following outcomes we have seen clients achieve:

- 30% time and cost savings

- 20% improvement in efficiency and use of time

- Improved customer satisfaction in areas such as customer experience, transaction speed, issue resolution and quality of service

- Error reduction and process quality improvements

- Standardization of working practices, document creation and management

- Increased engagement, collaboration, sharing and reuse of content

- Identification of new strategic opportunities that support existing and future initiatives

- Accelerated decision making

The most successful organizations move to an always transforming and improving mode where they continuously challenge themselves to push their boundaries in the knowledge that 'a change today will need to change tomorrow' in order to continuously achieve high levels of performance.

BusinessOptix: transforming & improving business operations

BusinessOptix is a collaborative business transformation and operational improvement platform that enables organizations to capture their business drivers, set goals and strategies, execute the strategies, manage performance, gather operational intelligence and make decisions.

BUSINESS DRIVERS
To support understanding your business drivers and context, BusinessOptix can be used to:
• Capture data and insights from stakeholders
• Outline your starting position using T-Maps

GOALS AND STRATEGY
To support defining your goals, strategy and a plan of action, BusinessOptix can be used to:
• Draft and share your goals, business model and initiatives/workstreams using T-Maps and business modelling capabilities

STRATEGY EXECUTION
To support executing your strategy, BusinessOptix can be used to
• Document methodologies, frameworks and best practice guidance
• Create operating and capability models, and customer journey maps
• Score and prioritize process models
• Capture as-is and to-be process models (directly linked to capability and operating models) including using forms to gather requirements, creating user stories, managing master data, creating comparative scenarios, applying risk assessments and metrics
• Apply regulatory compliance requirements and controls
• Output process documentation and intranets to support end users (or XML for automation in BPM engines)
• Track progress at initiative and process levels

PERFORMANCE MANAGEMENT
To support performance management, BusinessOptix can be used to:
• Track initiative and process metrics
• Provide a real-time dashboard of initiative and process performance
• Generate ad hoc and recurring reports on the whole initiative or specific processes

OPERATIONAL INTELLIGENCE
To support operational management, BusinessOptix can be used to:
• Provide alerts and notifications when performance meets, exceeds or misses pre-set tolerances

DECISION MAKING
To support decision making BusinessOptix can be used to:
• Provide a management dashboard of key data points and insight

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BusinessOptix: tools for all stakeholders

Underpinning BusinessOptix are a set of tools that make it easy for teams to create, collaborate, publish, manage and reuse knowledge, models, processes and content.

CREATE
Produce end-to-end business models, process designs and documentation

COLLABORATE
Enable teams in the same office or across the globe to share and collaborate

PUBLISH
Provide all stakeholders with access to content via dynamically generated portals

MANAGE
Generate insights and operational intelligence to support decision making and activity tracking

REUSE
Reuse knowledge and content across projects, teams, divisions and clients

Further reading

BUSINESSOPTIX

- [Creating a Digital Twin of an Organization's Business Operations whitepaper](#)

- [Business Change and Transformation: Strategy to Execution whitepaper](#)

- [How to use a T-map as part of your strategic planning process whitepape](#)r

- [Enabling your business to run, grow and transform whitepaper](#)

GARTNER

- Market Guide for Process Mining 2020

- Discover the Differences and Use Cases of Process Mining vs Task Mining 2020

- Market Guide for Technologies Supporting a DTO 2018 and 2019

- 12 Powerful Use Cases for Creating a Digital Twin of Your Organization 2017

- Market Guide for Enterprise Business Process Analysis 2016, 2017, 2018 & 2020

- Strategy-to-Execution Leader 2018

FORRESTER

- Now Tech Report on Process Mining and Documentation 2020

- Advance Process Automation by Keeping Automation Technologies in Their Own Lanes 2019

About BusinessOptix

At BusinessOptix, we help organizations Control Today, Navigate Tomorrow™ to achieve the next level of customer and operational excellence. Our cloud-based Business Process Transformation suite is used by hundreds of global firms to capture and redefine business operating and process models, accelerate transformations across the enterprise, improve operational efficiencies and streamline go-to-market processes.

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