



CONTINUOUS PROCESS IMPROVEMENT – A CATALYST FOR DIGITAL TRANSFORMATION

When driven by business imperatives, process improvement efforts are the ideal catalyst for digital transformation projects. By choosing the process improvement opportunities that generate the biggest business wins, you can focus your digital transformation plans on securing the highest returns.

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EDITORIAL

Barbara Hodge

Global Editor and Principal Analyst, Shared Services and Outsourcing Network, Barbara.Hodge@ssonetwork.com

INTRODUCTION

Continuous improvement was popularized by Edward Deming in post-WWII Japan. The framework of *Plan, Do, Check, Act* empowered companies like Toyota to achieve breakthrough improvements in quality in the 1960s, that enabled it to compete and win in global markets. Deming later evolved his mantra to *Plan, Do, Study, Act* so it would be less about inspection, and more about adjustments. The approach remains powerful today.

Digital transformation exploded onto the scene with the adoption of the internet, with many notable examples in the late 90s. Even earlier, the introduction of ATMs in the early 80s revolutionized the way we do banking. Today, we only have to look at companies like Netflix, Amazon, Google, and Peloton to see how digital transformation has changed the way we watch TV, shop, search, exercise and more – the way we live our lives.

So, how closely should these two powerful business concepts connect in your company? What are the best approaches to digital transformation, and what are the pitfalls to avoid? What technologies should you explore to amplify your work? This article will lay out considerations to enhance your efforts.



IT'S ALL ABOUT THE BUSINESS

VUCA is an acronym first used in 1987, drawing on the leadership theories of Warren Bennis and Burt Nanus, to describe or reflect on the *volatility, uncertainty, complexity* and *ambiguity* of general conditions and situations. Over a year into a global pandemic, VUCA is more relevant than ever. As you start, it will be helpful to understand the impact that external volatility is having on your company along with you own firm's internal complexity. Do you look where you have leadership attention? Or do you start with what seems most broken?

The logical area to begin is with those processes that support your company's top business priorities. Even then, you'll need to narrow your focus: Is your supply chain not keeping pace with demand, causing stock shortages? Does your path to purchase online have too many steps, causing customers to abandon their carts? Are your customer service capabilities turning raving fans into critics? This is your opportunity to partner with top company leadership on where to fish. (More about how critical it is to have leadership involvement later.)



SOLVING THE RIGHT PROBLEM

You may think you know the most important problems to solve or the right technologies to implement, but take the time needed to sufficiently assess your current state. Start with your key stakeholders to understand the biggest areas for business benefit. A great way to get this input is via one-to-one interviews with your top executives. Although it's time consuming to do this, it pays off in two ways. First, you get the input you need regarding what to focus on and second, you begin to set up these leaders as sponsors for your efforts. As you do interviews, bring a list of open-ended questions, and avoid those that would elicit a "yes/no" response. Get

your leaders talking and understand their biggest concerns about winning in the market.

So, you've identified your top one or two business needs. Now it's time to further understand the problems to solve, and dig into the processes that enable these areas. As you do this, you will identify improvements in speed, quality, and cost that will flow to the bottom line in the form of increased sales.



PROCESS IMPROVEMENT IS THE *CATALYST*

At its most basic, a process is a series of actions or steps taken in order to achieve a particular end. So obvious, but also, you've told us how critical this is today. In the SSON's State of the Global Shared Services Industry Report 2021, process design was the most important capability for your teams going forward. Deming would be happy to know that *plan, do, study, act* remains so powerful today.

Organizations advanced in this area have already extensively documented processes and are monitoring performance using dashboards, meaning employees can review and adjust how work gets done in real time. For the majority of us, however, processes are only partially documented or are outdated. You need to detail out your work flows and adjust based on all the actual steps that are happening. Pay special attention to defects and exceptions as they often

will create opportunities for streamlining your work.

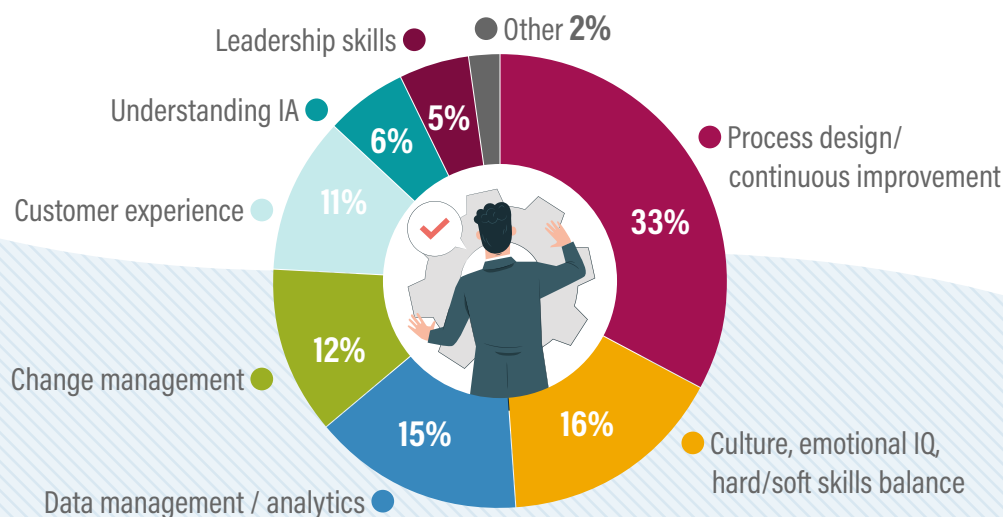
Getting your experts together in a room around a white board, or with post-it notes, used to be the preferred approach. With global teams (or during a pandemic) this isn't practical. Fortunately, there are great tools contained in leading Business Process Management software suites that can help you build, collaborate on, and monitor your processes. For example, mapping your customer journey to understand the number of steps to make a purchase or get help, is a great way to see if you are delivering a frictionless customer experience.

Your organization should already have people assigned to the role of process owner. If not, this a required step to ensure on-going ownership, to keep the process up to date, and guide improvement plans.

Typically, there will be a significant difference between what you expect a process will be, and what it actually is. For example, there could be defects or exceptions that drive additional manual work outside the preferred path. An invoice amount may not match what's expected, and maybe you're out of your process into emails and phone calls to clarify. If this defect isn't captured within your system, it will create rework and delays.

Highlighting the hidden steps, exceptions, and defects in your overall process map will give you a framework to then select and execute improvement efforts. It's vital to fix your processes before you automate, or you are just doing bad stuff faster. It's the same reason really effective personal trainers work on your posture and movement before you lift weights for strength.

WHAT IS THE MOST IMPORTANT CAPABILITY FOR YOUR TEAM GOING FORWARD?



Source: SSON State of the Global Shared Services Industry Survey Q42020

OPERATIONAL EXCELLENCE

The Institute for Operational Excellence defines this as: “Each and every employee can see the flow of value to the customer, and fix that flow before it breaks down.” This is a great definition since it expects everyone in the entire organization to be involved in success. There are a variety of tools and approaches to achieve operational excellence of your processes, including Lean and Six Sigma.

No matter which capabilities you use to build your operational excellence capacity, applying them to your process improvement efforts will give you a powerful toolkit to reduce variation, waste, and cycle time. This is hard work, but so necessary to do before you automate. There are numerous courses and books available to build your teams’ skills. If you don’t have people on your teams that are masters in this work, you are missing out.



DRIVING PROCESS IMPROVEMENT WITH DIGITAL TECHNOLOGIES



Gero Decker
Co-founder & CEO
Signavio

SSON: How would you explain the business value of Business Process Management software to senior business executives that aren't tech savvy?

The real value of BPM software is in actionable insights. At an executive level, you want the right information at the right time so you can make the right decisions. Instead of relying on anecdotes, opinions or emotions, BPM gives you the data about what's working well within your business, what needs fixing and what needs reinvention.

I always like to use the example of a bank. There are more than 700 touch points involved in setting up a bank account for a new customer. It's a complex process that must evolve with the bank's policies, regulations and technology. And most touch points are unseen — even to the bank itself — until some part of that 700-step process breaks down. BPM software like Signavio enables visibility, to prevent problems before they happen.

The overall benefits of business process management are apparent in all sorts of ways, but in broad terms we find that businesses become:

- **More efficient** — cutting bottom-line costs through automation and streamlined processes.
- **More competitive** — increasing revenue through faster time to market and a better customer experience.
- **More sustainable** — reducing risk, building greater capacity for innovation, and ensuring agility and adaptability to face future challenges.

SSON: How can the application of Signavio's software help me better document and understand my process improvement opportunities?

Signavio offers a complete, actionable view of the way a business *really* works. This provides an up-to-date, single source of truth to all company decision-makers and employees by unifying siloed data and processes in a single hub. Once each process within a company (or within a particular business area) has been documented, Signavio technology can help analyze those processes for duplication, unexpected variances, bottlenecks, and other issues that prevent the processes from working as they should.

Once Signavio has helped you visualize exactly where your improvement opportunities lie, you can implement the changes you need, then use Signavio to simulate and analyze their impact. This means you can improve your processes without disrupting operations. Of course, this optimization cycle can be repeated over and over again, across all areas of a business. As a result of Signavio-powered business process transformation, businesses achieve greater revenue at lower cost by aligning operational excellence with business strategy and ongoing performance monitoring.

SSON: What distinguishes Signavio from other providers of BPM software?

We are the only company that offers every tool you need for process management and optimization, as well as collaboration and process analysis, in a single integrated platform — the Signavio Business Transformation Suite. We back up our all-in-one solution by offering a customer experience that is second-to-none. For us — as it should be for all organizations — customer experience is not simply a project, it is the way we do business.

We closely track customer engagement, success and relationship health so that we can build and maintain relationships with our customers and can rally everyone on the team behind the important moments of truth for our customers. For us, now, more than ever, is the time to maintain customer trust and work to add customer value through a deep understanding of their needs.

SSON: Can you share a few customer success stories that you are most proud of?

I'm most proud of the fact that every one of our customers reports a greater sense of connection across their businesses as a result of using Signavio technology. Breaking down silos, and living up to our founding principle of "BPM for everyone" is still something that's really important to me and to the rest of the Signavio team.

As to specific examples, there are plenty! Signavio helped multi-billion-dollar data management company Veritas Technologies reduce its process improvement cycle time by 80%. Along with our partners at Tech Mahindra, we helped a major Australian telecommunications company save more than \$6.5 million by optimizing several key back-office processes (and improving customer service at the same time). We helped Sterlite Technologies standardize processes and reduce manual errors on the production line by 99%. And thanks to a strong Signavio process framework, berry grower and distributor Driscoll's was able to cross-train staff and keep the business running in the middle of the pandemic.

SSON: Once I'm ready to transform my processes, what role can Signavio play in driving digital transformation?

Many organizations use a "process view" to reach a shared understanding of their business, and as a tool to improve their processes and their efficiency.

But as we look to the future, it's the businesses that adopt process thinking as part of their DNA that will be most successful. These organizations take a process-first approach to structuring and managing their business, truly empower their internal process owners, and build a cohesive, outcome-oriented working culture.

By consistently tracking key process indicators, these organizations will also be able to quickly and continuously reinvent themselves in response to changing conditions, and react more easily to new ideas. With this process mindset in place, digital transformation becomes a matter of considering which processes would benefit most from digitization, then bringing in technology solutions as needed. In other words, Signavio takes the guesswork out of digital transformation.

SSON: What best practices should I keep in mind on my journey to drive process improvement with digital technologies?

Operational excellence is no longer the exception; it's the expectation from consumers. To remain competitive, businesses have to take a strategic look at the way they actually work. Simply focusing on saving time and resources in order to become more efficient is outdated. Instead, companies need to align with customer experience by looking at their business processes through the eyes of the customer.

Fundamentally, products are a catalyst for customer success. Everything a business does must amplify that goal, and true best practice means reorienting around the customer. The overriding question should be, "How do these processes help the customer?" In this way, businesses can adopt digital technologies that support both operations and the customer journey.

YOU CAN'T MANAGE WHAT YOU CAN'T **MEASURE**



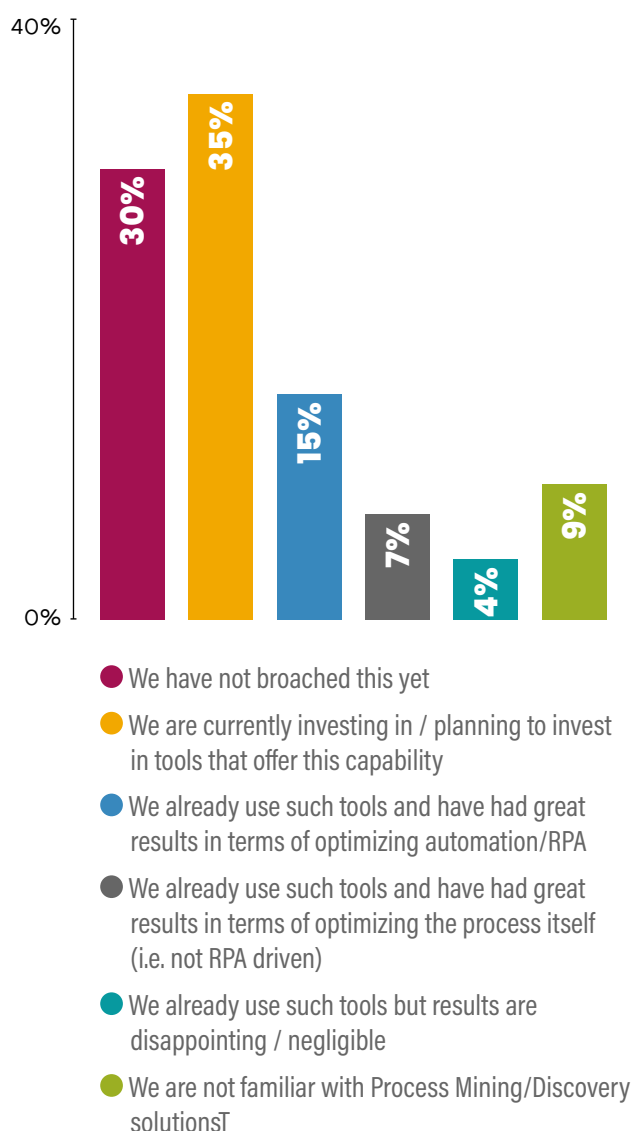
Deming was quoted as saying: "You Can't Manage What You Can't Measure." Interestingly enough, what he actually said is: "It is wrong to suppose that if you can't measure it, you can't manage it – a costly myth." Although Deming did support using data to drive improvements, he knew that there were many more aspects of continuous improvement that involve human resources.

Measurement capabilities have matured considerably. Process mining tools are becoming very popular to aid in this work. Indeed, 61% of you confirmed, according to SSON's 2021 survey, that you are investing in or already using these capabilities.

A process mining tool can help you mine processes models from your different systems and return metrics on how each process is running. Of course, you need to comply with privacy regulations that vary based on location.

In addition to his work about processes, Deming also created management principles on business effectiveness known as his 14 points, that covered people and culture. Points such as "drive out fear", "break down barriers, work as a team", and "the transformation is everybody's job" remain crucial to digital transformation today. Getting your teams to participate and own the improvements is a must for success. Strong communication about the business goals to engage teams' support will pay off through increased participation. Celebrating and rewarding improvements will help build a "transformation positive" culture within your organization as well, with the potential for future ideas and suggestions that have not yet even been considered by managers and leaders.

REGARDING PROCESS MINING/ PROCESS DISCOVERY, WHERE DO YOU CURRENTLY STAND?



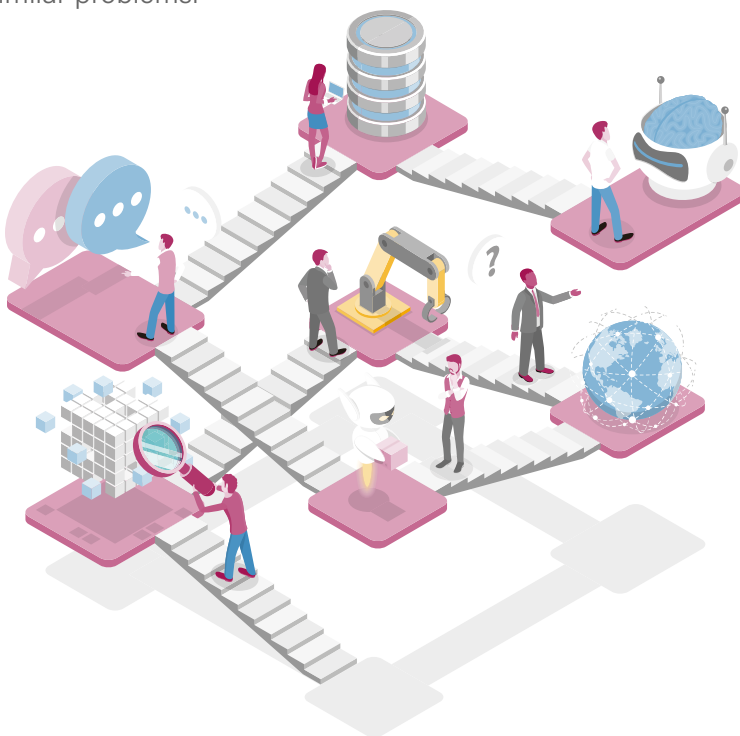
Source: SSON State of the Global Shared Services Industry Survey Q42020

DIGITAL TRANSFORMATION

Digital transformation is achieved when process, people, and data are integrated into a single digital platform. You've identified your business goals, you've documented, updated, and improved your processes, and now it's time to transform them with digital technologies. This is where all the process work you've done will pay dividends, to act as a catalyst, and guide you on where to invest.

For many of us, the application of technology to improve the process is where we feel most comfortable. There are several areas to explore when you are transforming a process. On the front end, you can apply content recognition tools to reduce manual effort, such as character or image recognition. You only need to be in a self-driving Tesla to understand how far image recognition software has progressed.

Within a specific business process, machine learning tools can help with a decision assist, and focus your people on the highest opportunities. Robotic process automation has become very popular to automate repeated tasks. Application integration software can save time by connecting disparate data together. System engagement tools continue to mature and deliver wins by providing workflows, rules engines, and process optimization. Ensure your due diligence as you select the right technologies. Seek proof from your software providers that other firms have been successful in solving similar problems.



Terry McFadden, *Founder and Principle at Datascente* adds a practitioner's perspective: "There are classic patterns in 'digitization' or 'business process modernization' that have been generously shared on the web. They bear study for reapplication if you haven't begun the journey, looking at:

- resource intensive tasks where automation might reduce expenses;
- long 'process chains' where time is money, and decision speed improve financials;
- tasks that computers can do better, and particularly where 'vertical solutions' are getting sharper by the day."

As you think about what technologies will help the most, put yourself into the role of your suppliers, employees, and customers to discover what will work best. Connect with each of them to follow the steps they do. On the customer side, explore your competitors' systems to see where you are falling short. (Perhaps they have Apple Pay integration on their mobile app for seamless purchase and your path requires 10 steps.) Investing in external landscape assessment to understand what your competitors are doing, and searching for best-in-class approaches, will help you to make the best choices on what technologies to apply.

EXECUTION IS WORTH MILLIONS

Ian Koenig, a *Project Management expert and Managing Consultant at Quality IS Projects* stresses the importance of Leadership support. "The sponsor seeks early success, enables collaboration, stays on target, delivers what the business needs, balances demands, and ensures the program remains viable".

Other best practices on execution to consider are small scopes and dedicated resources. Although it's great to create a holistic plan that covers a complete transformation, you should parse your deliverables into manageable phases. This will allow you to get quick wins, build support, and be more agile in pivoting as business conditions change. Dedicated resources will drive speed vs. a larger team of part-time resources. Larger part-time teams create more overhead in communication between team members, and have the potential to slow work as other day-to-day priorities take attention away from transformation work.

Steve Jobs is quoted as saying: "To me, ideas are worth nothing unless executed. They are just a multiplier. Execution is worth millions." You've got your priorities, you've analyzed and identified process improvement opportunities, and you've selected the areas to transform with the right digital technologies for your organization's needs. Now it's time for flawless execution.

Tony Saldanha, former Procter & Gamble VP and author of the book "Why Digital Transformations Fail," said the following in a recent interview: "Seventy percent of digital transformations fail for one simple reason – lack of discipline... Unfortunately, most digital transformations are still run with IT project management methodology, which misses the need to completely change the culture of the organizations themselves."

Saldanha's insight on the importance of leadership support brings us back full circle to the initial interviews with your executive team on the most important business priorities. By securing their support up front, and making them part of the transformation, you will have the help you need to ensure the cultural change required for full adoption. Go beyond monthly reports or reviews, and invite your sponsors to attend working meetings. This will show the front-line workers leadership support, and help your leaders take ownership of the outcomes.



SUMMARY

Continuous improvement is a catalyst for digital transformation. However, as you decide where to improve, your business priorities need to be the guiding light on what process problems to fix first.

Before you improve a process or apply digital solutions, you need to do the groundwork of making sure you have a clear understanding of how the process actually operates, and that you've applied the best of operational excellence approaches to optimize it. Automating a bad process will limit your results on speed, quality, and cost.

"Companies are saying they're focused on 'digital transformation,' but it's very clear that many do not understand what that means or how best to do it. While technology is clearly impacting everything we do, there are too many 'chasing shiny objects' when there's much internal transformation that is critical be done first. The work requires strong collaboration across functions and a laser focus on value." – Kip Fanta, Principle, Kip Fanta Group

There are great tools available to document, monitor, and optimize your processes that will give you the data you need to address opportunities real-time. As you focus on the data, keep in mind the people aspects that Deming and many others have emphasized: communication, collaboration, and responsiveness.

As you initiate your digital transformation projects with the many new exciting technologies available, pay attention to best practices of strong sponsor support, manageable scope, and dedicated teams.

As Deming said: "It is not enough to do your best; you must know what to do, and then do your best." By understanding the most important problems to solve, applying proven approaches to process improvement, and selecting the most impactful areas to transform with digital technologies, we can all make that pioneer of continuous improvement proud.



ABOUT SIGNAVIO



Over 1 million users in more than 1,500 organizations worldwide rely on Signavio's unique offering to make process part of their DNA. With its powerful mining, modelling and automation capabilities, Signavio's Business Transformation Suite is a cloud-based management platform that enables mid-size and large organizations to understand, improve and transform all of their business processes faster than ever and at scale, providing new levels of business process speed and real-time intelligence. Its intelligent decision-making tools address digital transformation, operational excellence and customer centricity, placing them at the heart of the world's leading organizations. Headquartered in Berlin, with offices in the US, UK, France, Netherlands, Switzerland, Sweden, Canada, Singapore, Japan, India and Australia, Signavio has helped optimize over 1 million processes across the globe.

www.signavio.com

ABOUT THE SHARED SERVICES & OUTSOURCING NETWORK (SSON)



The [Shared Services & Outsourcing Network \(SSON\)](#) is the largest and most established community of shared services and outsourcing professionals in the world, with over 170,000 members.

Established in 1999, SSON recognized the revolution in support services as it was happening, and realized that a forum was needed through which practitioners could connect with each other on a regional and global basis.

SSON is a one-stop shop for shared services professionals, offering industry-leading events, training, reports, surveys, interviews, white papers, videos, editorial, infographics, and more.