PEX Week Europe Annual Report: The Future of Process Excellence

3 trends Redefining process excellence in the digital age

In association with:

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INTRODUCTION

FOREWORD BY K2

The nature of work has changed dramatically over the past decade. We've watched as our customers have pushed the boundaries of the "art of the possible" to transform their companies with applications that connect people to information and work, anywhere and at any time.

We believe the future is about digital processes. It's about the data that supports these processes. It's about making the process visible through technology and reporting. And it's about giving the business greater control to quickly adjust processes and the technology that supports them. Ultimately, it's about how execution at the process level helps to enable business strategy and make stronger, more competitive organisations for the future.

That's why we're proud to be supporting this research by the PEX Network into the future of process excellence.

Dennis Parker, Senior Vice President EMEA, K2

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EXECUTIVE SUMMARY

Over the last few decades, information technology has transformed virtually all aspects of our lives. Companies have moved from largely analogue, manual workplaces to an increasing reliance upon computers to get work done. The hum of a server and tap of computer keyboards is now the sound of labour in many modern offices.

In parallel, consumer technology has advanced rapidly. Consumers now have tiny telephones they carry around with them that have more powerful computers in them than the large mainframes of several decades ago.

The collision of these two factors – increasingly IT-enabled workplaces and the transfer of vast computing power to everyday citizens – means that the role of process excellence is arguably becoming both more important and increasingly complicated. Customers now have more information at their fingertips than ever before – and they're prepared to use it to find the company that delivers the best quality-to-price ratio. But organizations themselves consist of increasingly complex IT and technology architectures upon which customers, employees and processes – both manual and digital - intersect.

Meanwhile, approaches to process excellence came of age last century as the rise of mass manufacturing demanded greater control over processes to produce reliably good results for reasonable costs.

These approaches to process excellence have since spread to virtually all industries under the banner of many different methodologies – Business Process Management, Enterprise Architecture, Lean, Six Sigma, Total Quality Management, Statistical Process Control. Regardless of what it is called the fundamental purpose of Process Excellence remains the same: it is about systematically improving the way work gets done in our organizations. Information technology has increasingly played a role, automating repetitive processes, reducing human error, and enabling entirely new ways of working.

Traditional methods to process excellence remain relevant to confront the challenges of the twenty-first century. But with the rise of IT and the increasing competitive and market pressures upon businesses, there are 3 key trends emerging on how process professionals are adapting their approaches to meet the new demands being placed on their businesses: 1) Customer-focussed 2) Fast & Agile 3) Strategically Aligned.

Increasingly, companies are looking to data to give them the critical edge over the competition by getting a better understanding of customers and enabling the business to better anticipate demand or new markets niches. However, the vast majority of respondents (90%) say their companies are suffering from some form of data challenge – an issue that will need to be addressed before companies can start to reap the benefits of new technological capabilities that enable the analysis of vast data sets.

Key Findings

- A focus on business growth and changing customer expectations is driving process change within organizations, leading to an increased focus on speed and agility in addition to the traditional drivers of process excellence like quality, efficiency and reducing costs
- Process excellence teams are getting "faster" focussing on shorter, high impact projects to deliver value to the business quickly
- Process excellence approaches are becoming increasingly pragmatic to focus business outcomes and adapting a wide range of process improvement tools and techniques to suit the business environment
- Respondents see significant opportunities for process improvement in the on-going digitisation (conversion of information from analogue to digital) of our businesses and believe that process professionals should play a greater role in IT projects. Nearly one quarter of respondents indicated they have investment plans in workflow automation within the next 12-18 months.

ABOUT THE RESEARCH

PEX Network conducted this research, carried out in association with K2, to better understand emerging trends in process excellence as companies respond to the challenges of the twenty-first century: an increasing pace of change, the ubiquity of IT-enabled processes, and the rise of a new breed of digitally networked consumer. The research was conducted to understand better how companies are starting to adapt and adjust their process excellence approaches to respond to these new realities.

An in-depth online survey was conducted in February 2013 to which 929 process professionals responded. Further in-depth telephone interviews were conducted with selected individuals. Where possible, the survey results have been benchmarked with similar surveys conducted by PEX Network in 2011 and 2005.

The bulk of participants in the survey were from North America or Europe (more than 70% of the total). However, Asia and Pacific Nations also represented a relatively large and growing percentage of respondents. Manufacturing, financial services, business & consulting services, telecommunication and healthcare topped the list for industry representation.

A presentation containing full survey results (without analysis) can also be downloaded here: http://goo.gl/xBNRv

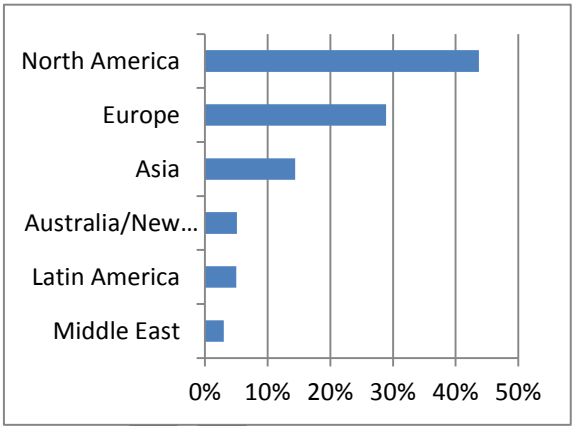

Chart 2: Geographies of survey respondents

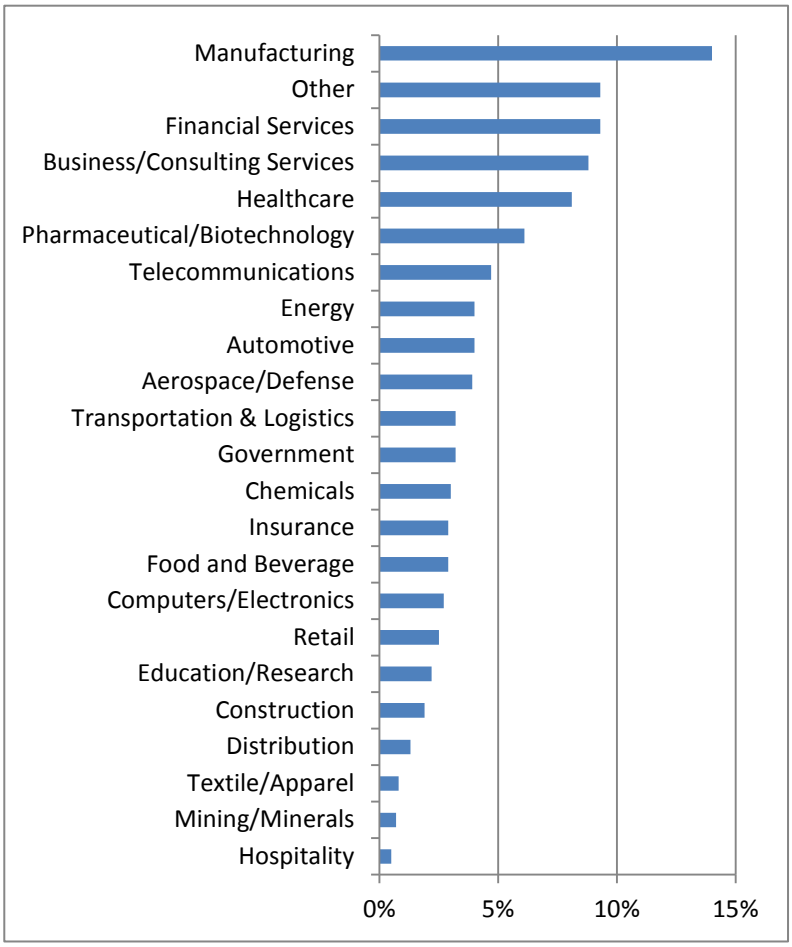

Chart 1: Industries represented by survey respondents

Chart 3: Job titles represented by survey respondents

TREND #1: INCREASINGLY CUSTOMER-FOCUSED

EVOLVING CUSTOMER EXPECTATIONS AND GROWTH PLANS DRIVE PROCESS CHANGE

Companies have always had to adapt to changing circumstances. New technologies, competitive threats, government regulations and many other variables mean that companies must continually evolve their products and services to meet new market dynamics. Process professionals, in turn, must devise ways of supporting the business throughout this transformation cycle.

Different industries will have varying drivers for process change. Regulation is more likely to be of key importance within industries such as banking or government, for instance, and a merger and acquisition will, for a time, require the focus of the process teams within the company to adapt work practices for the newly created entity.

In 2013, the top three overall drivers of process change cited by survey respondents were *business growth plans*, *changing customer expectations* and *competitive threats* (see chart 4 below). That the top drivers of process change are market-focused is indicative of the tough operating environment that companies are currently facing.

Recent International Monetary Fund (IMF) World Economic reports, for instance, make gloomy reading. Although the latest IMF update (January 2013) projects that global growth will accelerate, this is largely driven by strong performance in emerging economies. In the euro-zone the

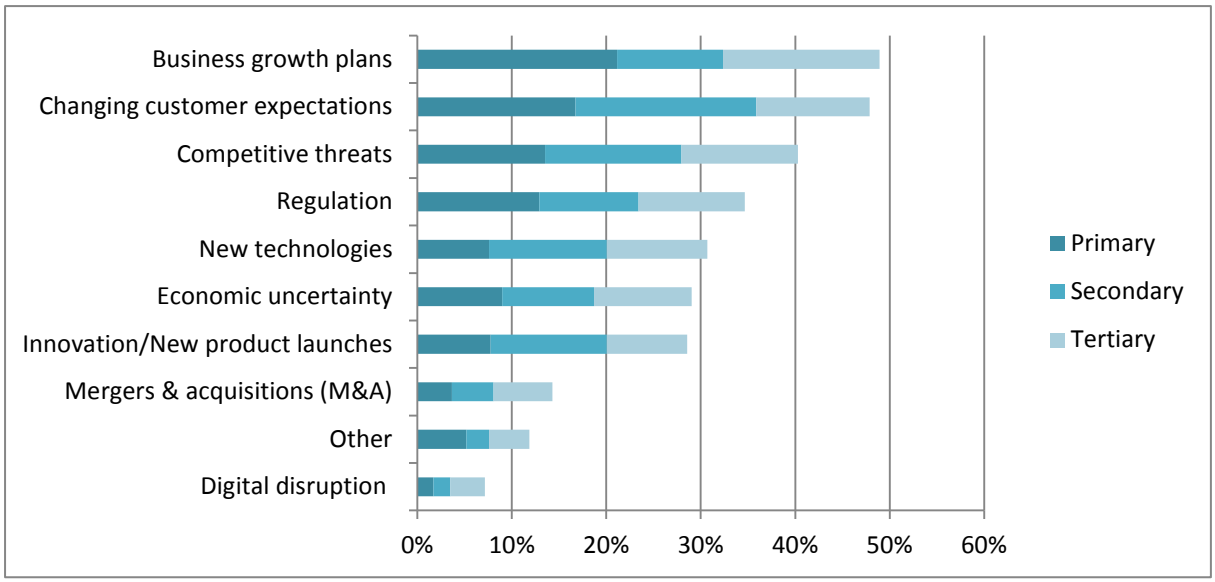

Chart 4: What's driving process change at your organization?

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economy is expected to contract by 0.2% in 2013 and in the United States a modest rise of only 2% is anticipated.

Despite the gloomy outlook for economic growth, Bob Norris, Senior Business Integration Lead at accountancy firm Deloitte, isn't surprised that process excellence programmes are driven by plans for business growth. "In an economy where capital is tight, the way you can fund growth is by driving efficiency and effectiveness," he says. "Process Excellence is a lever within the company's control [to drive business growth]."

The increasing focus upon the customer is also an offshoot of this continued economic pressure. Companies cannot afford to miss the mark on what their customers want; the margin for error in a tough economy is narrower.

"Today's customers have a lot more information available to them and there is a greater difference in their requirements" says Jatinder Brainch, Lean Programme Manager at Zurich Insurance, one of the world's largest insurance companies. "For example, Baby Boomers and Generation X are different to the Millennials - who are not afraid to vote with their feet. That means we have to be more aware of what customers want and be flexible and agile to meet the greater variation of requirements."

Mark Robinson, Change Consultant at the University of St Andrews in Scotland, echoes that sentiment.

"Everything is very competitive at the moment," he says. He explains that as the university market has become increasingly global in outlook – universities must now compete for students from around the world – creating a unique student experience has become critical to setting the university apart.

"We want to make the processes as invisible as possible so that students can focus on their education and their learning experience and minimize their engagement with administration," says Robinson, adding that process improvement also means that the university can "free up resources to focus even more on delivering a high quality experience for all stakeholders, not just students."

48.9% of survey respondents selected "business growth plans" as one of the top three drivers of process change while 47.9% selected "changing customer expectations".

Increasingly, even very traditional – government-run or highly regulated - industries are looking outwards to focus on their customers in anticipation of a time when customers will have greater opportunity of choice.

Alex Russell-Rutherford, Continuous Improvement Team Manager and Business Improvement Analyst at Severn Trent Water – a UK-based water supplier - says that the company is undergoing a major cultural shift from a "historic 'Water Board mentality' of jobs for life" to a focus where the industry is all about the customer.

"We're working hard on becoming a brand that people would choose to have as their supplier and would recommend," says Russell-Rutherford. He adds that while customers in the United Kingdom don't currently have the option to choose water suppliers, the company wants to be well ahead of the curve so when the market does open up they will retain their customer base.

Traditional quality metrics remain important in all this but customers have come to expect them as the de facto standard.

"Customers are looking for more value in what they get. In other words they want better results for cheaper costs," says David McGee, Manager, ITS Performance Excellence at the Catholic Health Initiative, the second largest non-profit healthcare organization in the United States. "Customers may not talk about Sigma levels or other things but what they will understand is that they ordered something and they didn't get it."

But companies that wish to excel need to go beyond what customers see as the nuts and bolts of service delivery – which Steve Guns, Director, Division Quality at John Deere Financial refers to the "functional requirements" – and move towards focusing on the overall experience that the company is delivering to customers.

"When we shifted to looking at the customer experience – opening it up to the customer a bit more, basing it on the net promoter score - we really start zeroing in on the things that we are doing that might be pleasing customers or might be upsetting them," he says. "Even though the functional things we might be doing are just fine - cycle time, lack of defects, etc. – there might still be something that's bothering them and that's the focus on experience."

"Today's customers have a lot more information available to them and there is a greater difference in their requirements. For example, Baby Boomers and Generation X are different to the Millennials - who are not afraid to vote with their feet. That means we have to be more aware of what customers want and be flexible and agile to meet the greater variation of requirements."

- *Jatinder Brainch, Lean Programme Manager at Zurich Insurance*

TREND #2: FAST & AGILE

TODAY'S CUSTOMERS REQUIRE FASTER, MORE AGILE PROCESSES

Companies may be becoming more aware of how critical it is to maintain a laser-like focus on customer requirements and enhancing the customer experience. However, customer requirements are shifting rapidly in today's world of digital technology. Customers want things faster, in a form that is more customized to them – and they want to be able to consume it as painlessly as possible.

"There is more of a need for instantaneous gratification from the customer's perspective," says Bob Norris from Deloitte. "Technology is driving that expectation, but it also means that increasingly we're able to deliver on that expectation from a technology standpoint."

Klaus Bertelsen, Kaizen Manager at a Danish manufacturer, agrees that speed is becoming increasingly important to customers who are factoring it in as part of the overall buying process.

"The price question will never go away but service and lead time are becoming more critical regardless of what industry you're in," he says. "If you order something over the web you want it quickly. For us in a manufacturing environment, lead time is becoming key."

For process professionals this means an increasing need for speed and agility: rapid project delivery, flexibility to adapt to changing circumstances, and collaboration with IT to both process and technology solutions to business challenges.

Rapid Project Delivery:

In many organizations the average length of a

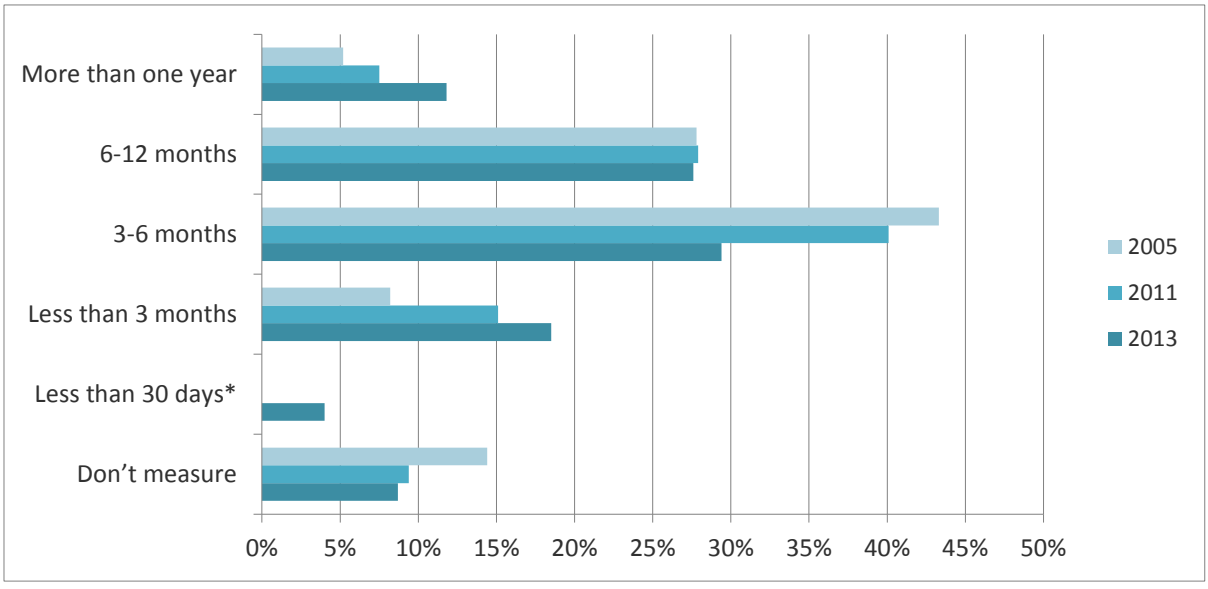

Chart 5: What is the average length of process improvement projects at your organization?

Projects Less than 30 days not measured in earlier surveys

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process improvement project has been steadily decreasing since similar surveys conducted by PEX Network in 2005 and 2011. Today, over 20% of respondents reported that the average project took 3 months or less, up from under 10% in 2005.

"It used to be that process improvement projects would take between 4-6 months to get done. Now, management doesn't have the patience to wait for the benefits," says Bob Norris from Deloitte. "The implication for process improvement is significant. How can you drive a rapid accelerated process improvement methodology that satisfies that need to realize identified benefits quickly with changes owned and implemented?"

Delphine Telboul, a GE-certified Lean Six Sigma Black Belt, agrees.

"You have to really demonstrate the benefits really, very quickly," she says. "If you drive your stakeholders on the journey of DMAIC and your stakeholders are not experiencing the control phase quickly, you may find them losing interest."

One response is that companies are sharpening their focus on which projects they select and are moving towards shorter projects that deliver benefits quickly.

"It's being more specific about problem statements and making them limited enough, maybe as part of a bigger project or as an isolated project. But you conclude them and move onto the next," says Klaus Bertelsen. "It's really about prioritizing the project portfolio and bringing forward the ones with the biggest impact and completing them sooner rather than having a bunch of projects open that go on and on forever."

The other approach being adopted by companies is pushing improvement tools out enterprise-wide so that individuals can make smaller, incremental improvements within their area of work. This is one of the approaches favoured by Ronni Hall, Senior Lean Six Sigma Programme & Operations Manager, Global Services at Lenovo.

"There is more of a need for instantaneous gratification from the customer's perspective. Technology is driving that expectation, but it also means that increasingly we're able to deliver on that expectation from a technology standpoint."

- *Bob Norris, Business Integration Lead at Deloitte*

"I run an average of 300-400 projects in my programme a year and the majority of those are yellow belt," she says. That puts improvement capability into the hands of all employees with minimal training enabling lots of smaller improvements.

"Once they start to see that they can really take the initiative and they can take something and make it better than it already is they get excited," she says.

Flexibility in approach:

This focus on smaller, more rapid iterative changes reflects the fast-evolving environments that companies find themselves operating within. Priorities change, new threats or opportunities emerge, and the ability to quickly adapt has become key to survival. Approaches to process improvement and management need to evolve with this focus on flexibility and adapting rapidly to changing circumstances.

"You have to be willing to adapt so what you may have chartered out in the beginning may need to be adjusted based on customer feedback, customer input, changing market dynamics," says Ronni Hall from Lenovo.

Simon Dennis, Head of the Business Management System at Fujitsu UK, says that it also means the

way that we view processes – as static entities to be documented and filed away – needs to rapidly evolve.

"Years ago, processes were well documented and well maintained but they weren't living or breathing. In order to change a process you had to convene a meeting, have a big discussion about it, write up the new process, get it approved and then it would go into practice," says Dennis. "Customers are becoming more agile and dynamic and we have to respond to that and make our process improvement more agile and dynamic."

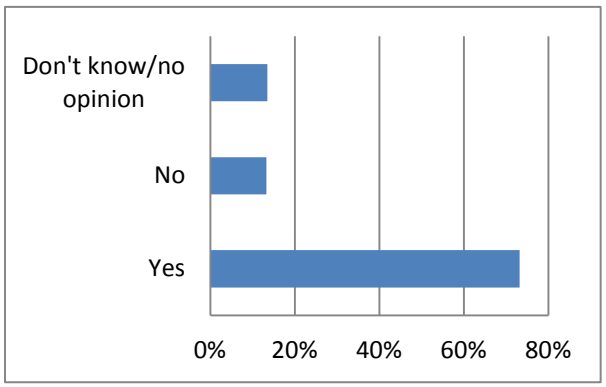

Chart 6: Do you agree with the statement that digitisation (conversion of analogue information into digital) is creating significant opportunities for process improvement?

Digitisation and automation:

Process automation and digitisation (the ongoing process of converting analogue information into digital, which is more advanced in some industries than others) are two more technologically-based methods that companies can exploit to enable faster processing times.

As Dennis Parker, SVP EMEA of K2, observes a

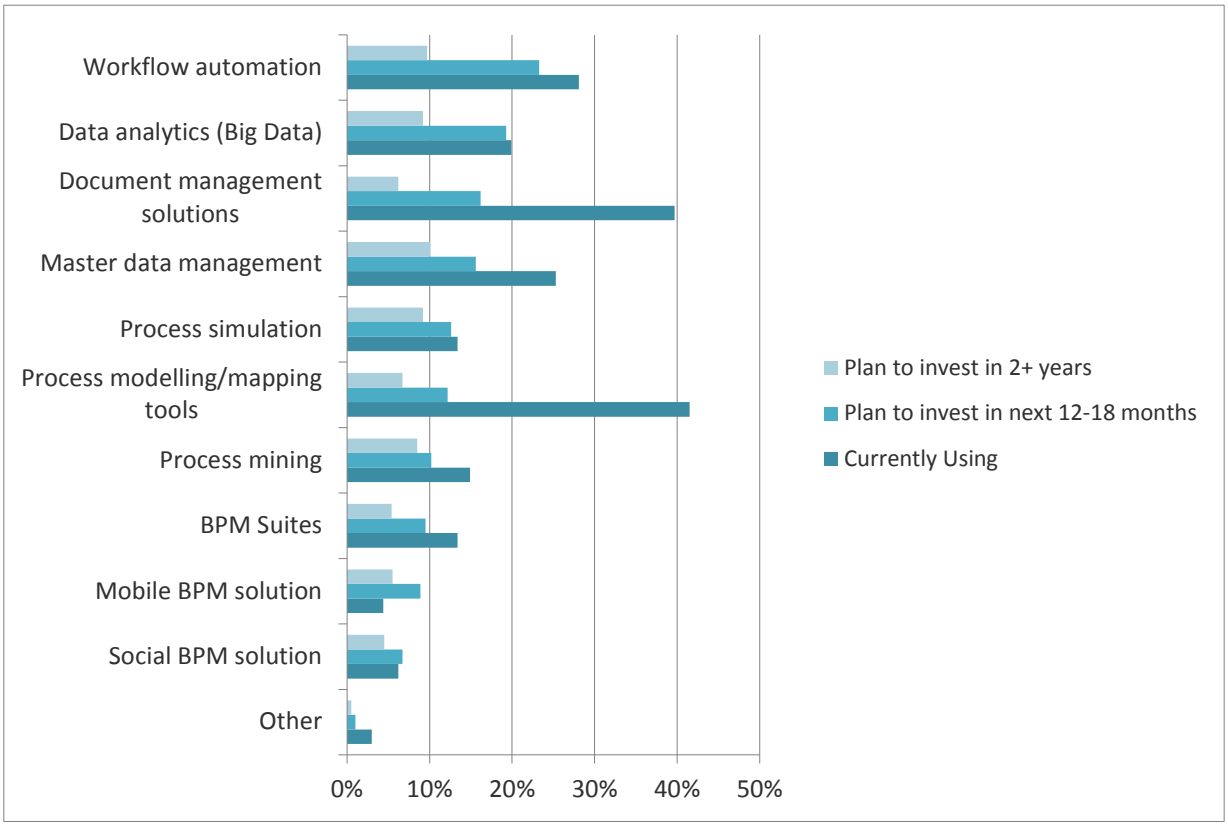

Chart 7: What are your technology investment plans for your process excellence programme in the next 2 years?

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good majority of processes remain largely manual.

"The reality is that companies are not very digitised today," he says. "We might think that they are and certainly we have a lot of technology but the majority of non-core business functions are in fact being run manually today."

Over 70% of survey respondents said that they believed digitisation created "significant opportunities for process improvement (chart 6) and nearly 25% said that they planned to invest in workflow automation technology in the next 12-18 months (see chart 7, previous page).

"We need technology aligned to process to build agility to change," wrote one survey respondent. "Today change is demanded by the client. Providers need to be able to rapidly change processes to produce new innovative products and services. Without technology aligned to process - a business will miss the market opportunities."

Advancements in technology are also making it easier to make changes without such heavy reliance on IT-departments. "Niche client-server applications make it more plausible for a process practitioner to help deploy quick data-movement solutions that don't depend on large strategic legacy systems changes," explained one survey participant.

However, automation is not an inevitable path to process Nirvana, with nearly 30% of survey respondents unsure that digitisation presents significant opportunities or outright disagreeing with the sentiment. "Systems can also make processes more inefficient if workflow isn't considered during system design" observed one survey respondent. It can also "make us do damage more quickly," wrote another respondent.

"The reality is that companies are not very digitised today. We might think that they are and certainly we have a lot of technology but the majority of non-core business functions are in fact being run manually today."

- *Dennis Parker, SVP EMEA, K2*

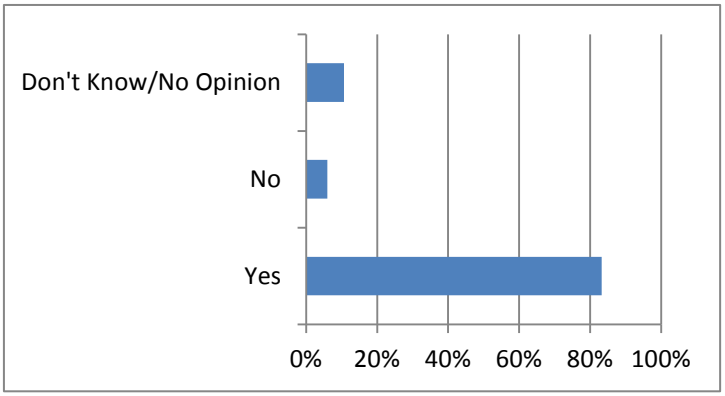

Chart 8: Should process professionals play a greater role in IT projects?

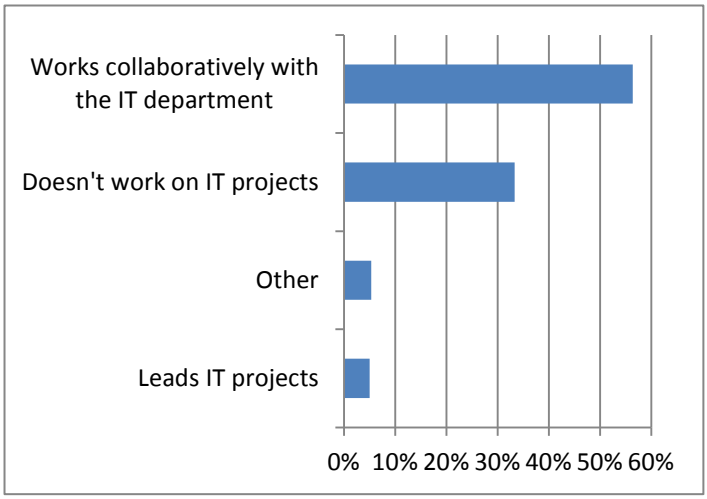

Chart 9: What role does your process excellence team play in IT projects?

Technology can clearly create significant opportunities for improvement, but process expertise is critical to ensure that poor process design isn't hardwired into the system. Over 80% of survey respondents felt that process

professionals should play a greater role in IT projects.

There is still a gap, however, between those that think it is a good idea to play a greater role in IT projects and the reality. The majority of process professionals work collaboratively with the IT department (over 50% - see Chart 9, previous page) on IT projects. Meanwhile, over 30% of process professionals reported that they did not work on IT projects at all indicating that there is further scope for the profession to play a greater role with IT.

This is something that some organizations have moved to address, realizing the both parts of the equation – technology and process – would gain from greater collaboration.

Gregory North, Vice President of Corporate Lean Six Sigma at Xerox explains that he works very closely with Xerox's Chief Information Officer "to make sure we understand how process and technology go hand in hand" adding that "by

Feature interview: Towards The Digital future

Innovative new business models, enabled by technology, are transforming everything from the music industry through to retailing. This will create new opportunities for businesses to serve customers and fill market niches, but also mean the destruction of some traditional business models, a process termed 'digital disruption'. What role will process professionals have in paving the road for this brave new future? Interview with Dennis Parker, Senior Vice President EMEA region for K2.

What do you see as the impact of digital disruption on business processes?

Our customers and our employees today expect digital. In my mind, there's a natural momentum that will carry the trend forward and companies will learn to adapt to those trends. Those that do will thrive. Those that resist it will and continue to stay with older or more traditional models will come under pressure in the medium term.

For companies, this means it's either a time that's very challenging or it's a very exciting time. There are possibilities inside every kind of business. Take mortgage origination as an example. In many ways it's a process that has been fairly manual - even today. However, companies that are making the transition to a digital [mortgage origination] process are cutting the time from a customer's perspective from days to hours. That's one example but we could talk about many others: financial trades, new financial products, employee suggestions, expense claims, employee on-boarding, pricing management for retailers, quote to cash, invoice approval. It goes on.

There's an enormous set of possibilities for companies to consider both in driving digital disruption externally to their customers and internally to their employees. From an excitement point of view, it really has the potential to make a significant bottom line impact for companies that rise to the challenge.

How do you think the process excellence function needs to evolve in order to respond to these impacts?

The traditional process excellence function within a business has been to define the process. Definition of the process and understanding what you want to get to is very important. But there's another lesson to be learnt, which is that it's important not to be too analytical, trying to 'boil the ocean.'

If we're a medium to large size company and we're trying to define or write every single process in the company that's going to be like 'painting the forth bridge'- you'll get to the end and start again because life has moved on. One of the things is defining the process in a very pragmatic way, looking at the cost and time to implement and being very pragmatic about combining those two and seizing on the opportunity to grab the low hanging fruit and get maximum bang for your buck.

Why do you think the gap between IT and process teams exists?

If we look at business today […] the reality is that people are not very digitised today. We might think that they are and certainly we have a lot of technology but the reality is that the majority of non-core business functions are in fact being run manually today so we have to deal with that reality. It creates an opportunity but it's also something that I think we all recognize needs to improve.

The first thing is that process excellence must move closer to IT in the business. Of that there can be no doubt. Defining the process is one thing but at the end of the day, in order for that process to deliver business value it has to be executed. Giving people clear idea on what they should do – a clear policy – I don't think is the end game at all.

The end game for me is that those business processes really need to convert into executing business systems. And that's where we're going to see digital disruption.

To listen to the *full interview, please go to* http://goo.gl/9bMPE

bringing those two [process and technology] together upfront, there's a tremendous amount of power to be had."

It is not just a question of getting the IT department to start thinking about process – although that's certainly a component of it. Instead, it's about looking more critically at how improving processes together with new technologies can create stronger, more agile businesses.

Estelle Clarke, Head of Business Assurance for Lloyd's Register, says that the relationship with IT works both ways saying that it's important to look at technology early on when examining processes.

"The opportunities that IS [Information Systems] can now provide to fundamentally transform businesses is such that you really need their input about 'the art of the possible' early on before you go to do too much process work," she says. "Otherwise, you'll find that you might be missing something significant."

Bringing IT's technological capabilities together with process excellence methodologies could provide a powerful foundation to help create the agility that businesses require today to deal with fast-changing consumers.

TREND #3: STRATEGICALLY ALIGNED

PROCESS EXCELLENCE NEEDS TO KEEP BUSINESS OBJECTIVES IN FULL FRAME

Traditional drivers for process excellence such as reducing cost, increasing efficiency and improving customer satisfaction – while still core drivers for process excellence across the majority of companies – have lost some ground since our 2011 survey against other business objectives such as increasing market share and revenue, reducing operational risk and increasing business agility.

Just over 50% of companies reported "Improve Customer Satisfaction" being among the top three drivers for process excellence in 2013 versus 66.9% in 2011 (see chart 10). Reducing costs (54.6% in 2013, 63.7% in 2011) and improving efficiency (55.4% in 2013 versus 68% in 2011) also experienced similar declines. Meanwhile, nearly 20% of respondents cited "Increasing business agility" as one of the top 3 business drivers for process excellence, the first year that PEX Network has included this answer.

The shift away from what might considered some of the more traditional drivers of process excellence also belies a move away from strict

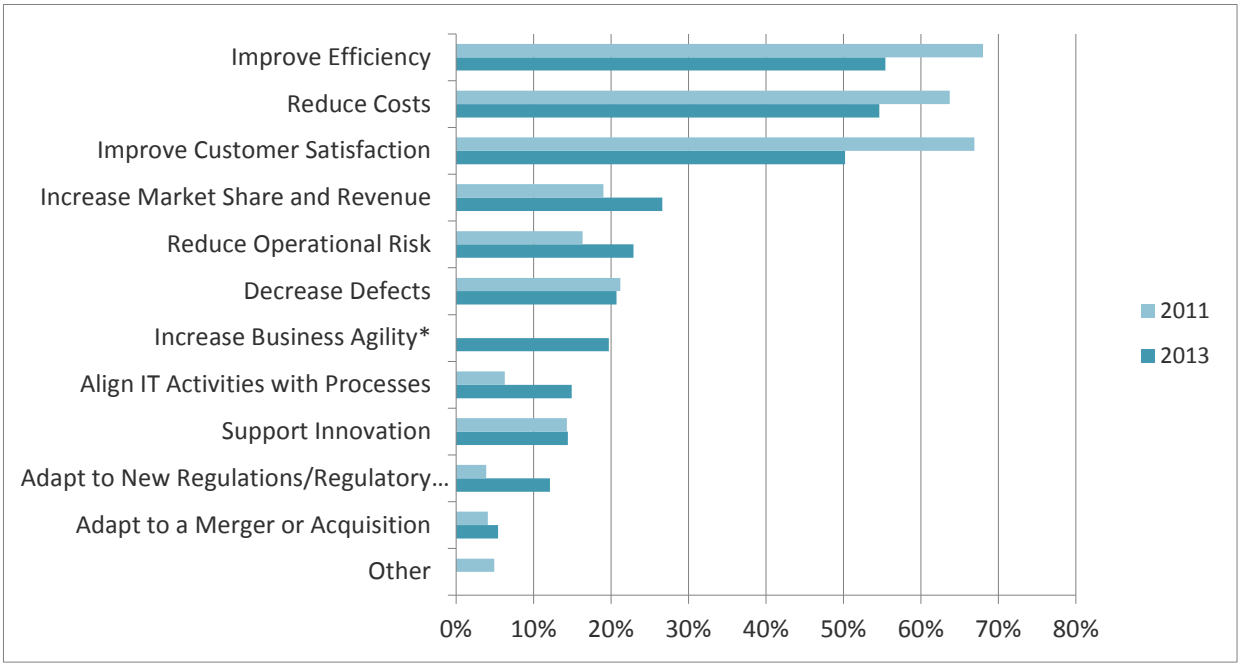

Chart 10: What are the top three drivers for your process excellence programme?

The driver "Increasing Business Agility" was not measured in 2011

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deployments of a methodology or set of standards and towards the pragmatic view that process excellence teams enable business strategy - using whichever tools make most sense to utilise

"My approach tends to be that if you can achieve the right outcome in a quicker and more efficient way, then tell me about it and then we'll change the process to reflect that," explains Simon Dennis of Fujitsu. He says that this is in contrast to earlier times when "process parts of organizations were seen very much as policeman, policing whether the business was deploying what they [the process teams] had written."

Chris Arquette, Six Sigma Black Belt at Crown Equipment Corporation, says that he's see a distinct shift in focus away from process excellence as a deployment of tools or discrete projects to an integral component of the organization.

"It's no longer 'we have to do Lean or we have to do Six Sigma.' Now it's more 'we have to do continuous improvement or process improvement or some form of operational excellence'," he explains. "It's being looked at as more of a strategic pillar that's becoming part of the business and not just an initiative or a Programme."

Gregory North, Vice President Corporate Lean Six Sigma at Xerox thinks that this is an important shift for process professionals to make: "We change the terminology [of quality/process/continuous improvement] a lot. I go back to Juran and quality management systems and then the introduction of Lean and Six Sigma. I think what we have to do is, to some extent, be open and willing to be less adherent to labels and more focused on capabilities and competencies."

Over 18% of respondents indicated that linking process improvement with top level business strategy was their key challenge for the year.

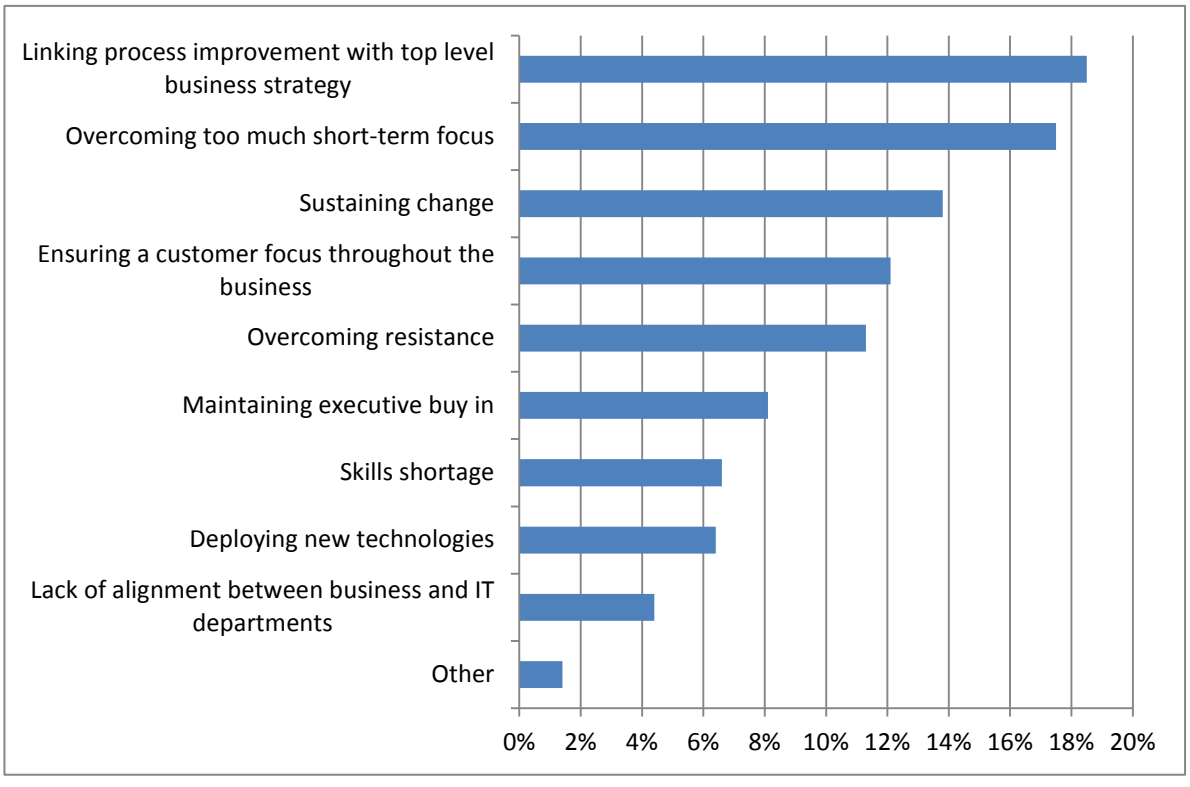

Chart 11: What do you see as your main process excellence challenge for the year ahead? (2013-2014)

Shortly behind that, 17.5% of respondents cited overcoming too much of a short-term focus as their core challenge (see chart 11).

Ron Greco, VP, Business Excellence Programme Lead at TD Bank, AMCB says that part of this could be a natural progression of process thinking within organizations. "The baseline of what people know about process is significantly different from what it was 10 or 20 years ago," he says. "In general a lot of people already have the basics of process over function. This practice has taken hold in most industries and we've got to go to the next level."

It appears, though, that some stakeholders have yet to be convinced. While interest in process excellence is still largely expanding within companies (over 40% of survey respondents reported expanding interest in process improvement at their organization), 11.7% of survey respondents reported that their process excellence programme was either at risk in 2013 or had already been dismantled - a relatively large increase since the 5.7% reported in our 2011 survey.

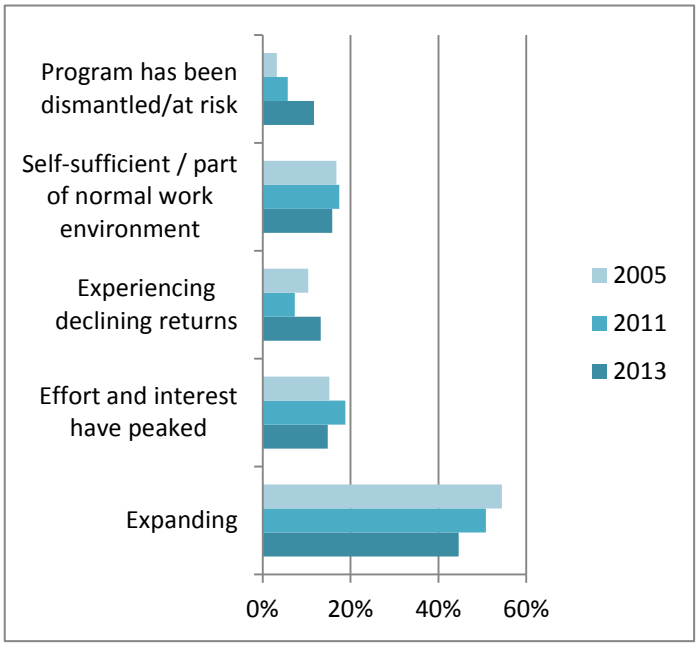

Chart 12: Which statement best describes the perception of process improvement at your organisation?

"It's no longer 'we have to do Lean or we have to do Six Sigma.' Now it's more 'we have to do continuous improvement or process improvement or some form of operational excellence'. It's being looked at as more of a strategic pillar that's becoming part of the business and not just an initiative or a programme."

- *Chris Arquette, Six Sigma Black Belt at Crown Equipment Corporation*

It's important to stay focussed on what business stakeholders need, argues Delphine Telboul. Statisticians have sometimes tended to focus too much on the details of process and not enough on the people involved in it, to the detriment of how people perceive the process function in organizations: "What you end up doing is creating resistance in the stakeholders. You need to understand where they're coming from and put yourself in the shoes of the people you are talking to."

Vince Pierce, Senior Vice President of Global Business Transformation at retailer Office Depot says that sometimes process professionals don't know how to relate process to clear business objectives.

"Some of our professionals, particularly those in the younger generation who are learning the ins and outs of these principles and concepts, sometimes aren't very relevant to the business leaders they're working with," observes Pierce. "We try to focus on the tools and the concepts of quality, continuous process excellence and sometimes have a hard time connecting that to, 'so how do we drive the business? How do we use

those concepts and that thinking to reshape the business model or the operating model in the company?"

Simon Dennis of Fujitsu agrees. "I think a lot of process professionals have been locked in their processes," he says. "They might be experts at managing problems or experts at managing capacity or whatever the case may be – but we need process people who can facilitate business conversations who, in that business conversation, can really get to the bottom of what would really add value to the business so that it can be implemented into the process."

Gregory North, Vice President of Lean Six Sigma at Xerox, says that the nature of process excellence has been changing and the tools and methodologies need to adapt to reflect this new reality.

"If you go into a net speed world, where we're also dealing with ERP implementations and whole-scale changes in global processes and […] If that's the new game we're in, we need to bring to that match what amounts to a different lens and a different set of skills and competencies", he says. "We need to help surface individuals who are very good at double clicking out until they see the macro business picture, not just within the four walls of our corporation, but also across the silos of companies into alliances; upstream and downstream of our business, looking to our customer space and our customer's customer space."

"We need process people who can facilitate business conversations who, in that business conversation, can really get to the bottom of what would really add value to the business so that it can be implemented into the process."

- *Simon Dennis, Head of the Business Management System, Fujitsu*

CHALLENGE: GETTING A GRIP ON DATA

TRANSLATING DATA INTO INSIGHT

The foundation for all of this – the focus on the customer, the increasing need for speed, the rise of IT-enabled processes, and the notion that process excellence is becoming more strategically focused – is data. Information about how the business is performing enables employees to better understand the reality the business is facing and make better decisions about how to tackle those challenges. Meanwhile, today's technology enables businesses to generate more data than ever before – about its customers and about how it is performing.

However, the vast majority of companies are struggling with discerning meaningful insight from data.

"Data is out there and it's very accessible so there's no doubt that it is key and there can also be no doubt that it is at the core of driving excellence in process," argues Dennis Parker, of K2, adding that "process without data is meaningless."

In concept, this is easy to understand. However, in practice, it is clear that many companies are struggling with very basic problems around data management and intelligent use of data.

A mere 10% of companies reported not having any concerns about challenges with data, with nearly 60% of respondents cited issues with the "organization not using data effectively" and over 50% questioned the integrity of the data they do have ("incomplete or inaccurate").

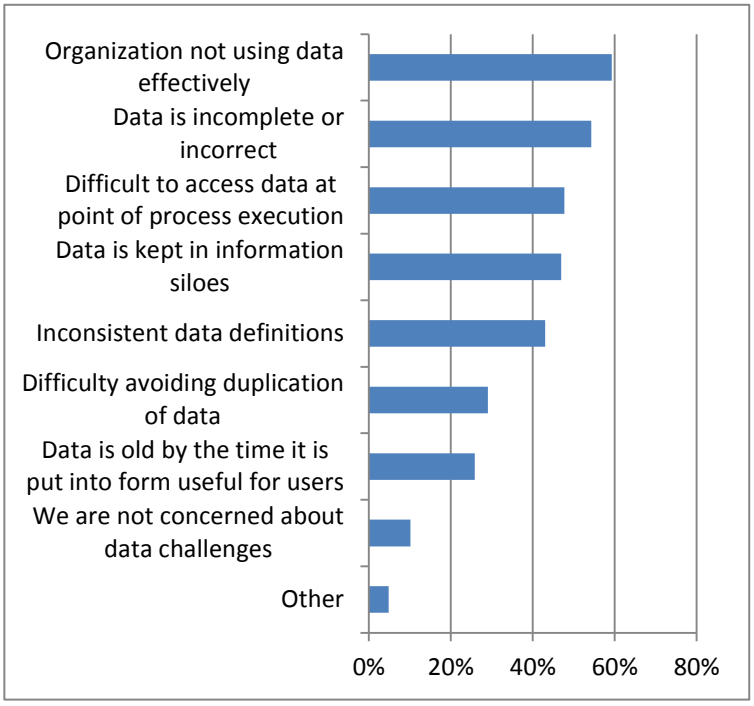

Chart 13: Which data challenges apply to your organization?

"We've got lots of data. But where it is, why we've got it, how it links in with other data, where are the gaps are the sorts of questions that we are working on at this very moment" explains Mark Robinson, change agent at University of St Andrews.

That experience resonated with many of the telephone respondents.

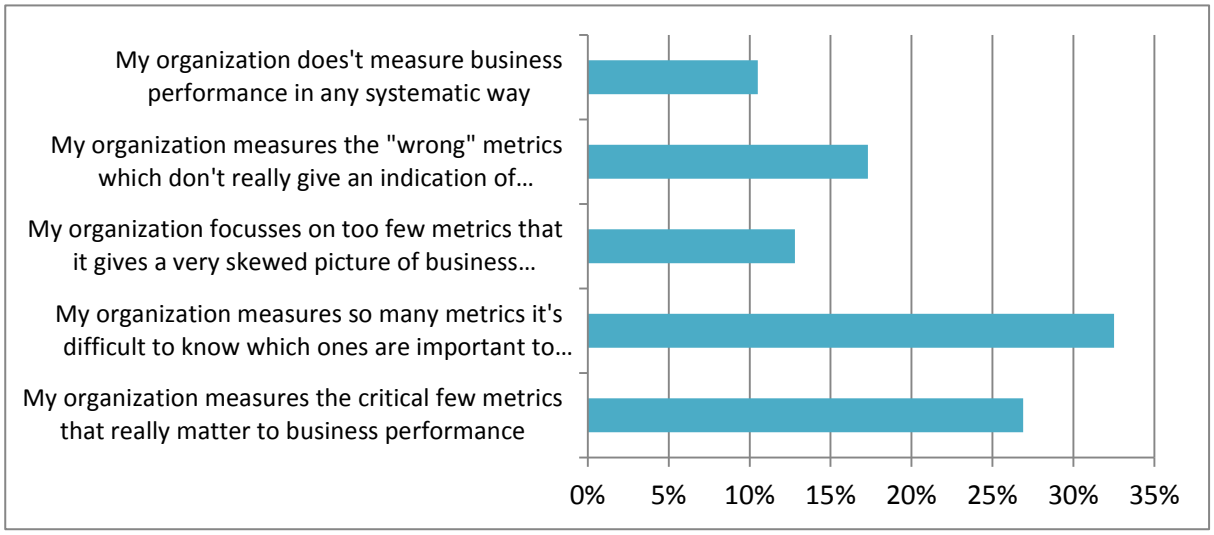

Chart 14: Which statement best describes your organization?

"The difficulty we have here is that our company went through mergers and acquisitions and each company had their own legacy systems. So you can't actually use that data to compare anything," commented one telephone interviewee, who wished to remain anonymous. "We have a lot of people who look at data locally and make decisions on that, but it's not in comparison to other business units."

He added that the data is not being used to make decisions at the ground level but more as a reporting tool for managing upwards.

"Every business needs to have some form of big data or business intelligence strategy," observes Dennis Parker, VP EMEA for K2. "But is that going to change the way they do business on a day-to-day business today? Well, actually maybe not. I think what's more interesting is getting to your current data. The reality of it is, that for want of technical challenges, sometimes authorization challenges and issues in unlocking that data many businesses are not able to get to their data."

Jatinder Brainch from Zurich Insurance agrees: "In today's environment of ever increasing amounts of access to customer information, it is very clear that big data is extremely valuable. Having access to the data is one component. We should be very clear in understanding what questions we are trying to answer with this data to start with."

In addition to the technical challenges around getting good data – system inadequacies and problems with data integrity – the other problem relates to the challenge of translating data into actionable insight.

As David McGee at the Catholic Health Initiative puts it: "We're getting all this data, but how do we plough through it to manage the organization effectively? We may measure 20 different things but only 2 or 3 of those things are really important."

"People are struggling to get the right information that they need to make the right decisions at the right time," says Bob Norris from Deloitte. "Performance measurements systems are so antiquated or they're measuring everything and not necessarily the right thing as it's geared and tied to process."

That corresponds with the survey results. Nearly 75% of survey respondents reported that they felt they were not focussed on those critical few metrics that mattered most to business performance, focusing on too many metrics, too few, or, in some cases, none at all (see chart 14).

However, Steve Guns, Director, Division Quality at John Deere Financial says that companies can concentrate too much on the inadequacies of their measurement systems: "You're never going to have the perfect measures," he says. "It's more about finding the one close enough to identify the opportunities to drive the result."

But, he adds, as the focus of the business changes, measurement systems need to change with it: "With those new drivers of business, what we've learned - particularly on the customer experience side - is that we need to be measuring different things. That gives us a different view of opportunities that we didn't see before. That drives change in the measures. In a positive way the measurement systems becomes agile."

CONCLUSIONS

As Dr. W. Edwards Deming – often cited as the "father of quality" – once said, rather ironically: "It is not necessary to change. Survival is not mandatory." Improving the way that work gets done and adapting to change will always be something that organizations that wish to survive will be required to do.

Process improvement methodologies such as Lean and Six Sigma – among others - have been proven to be effective over the past decades in helping organizations identify the root causes of problems and uncovering and implementing solutions in a controlled manner.

But process excellence methodologies and approaches must adapt as economic conditions get more competitive and changing consumer habits driven by technology lead to an unprecedented pace of change. The focus needs to shift to ensure that process excellence enables an organization to deliver on its objectives by focusing on improvements that matter most to customers.

Speed and agility are becoming critical components of successful process excellence programmes. Process professionals are focussing on delivering business benefits faster through shorter projects. At the same time, process excellence can enable an organization to service client needs more quickly by reducing processing and/or lead time. Automation and digitisation hold great promise for increasing the speed of business by automating repetitive tasks. Greater collaboration with IT is also an area of opportunity for gaining improvements through the alignment of technology and process.

Finally, process excellence needs to be more strategically aligned. It is important to cultivate individuals that can have those "business conversations" to ensure that the process excellence function remains relevant to business executives. Telephone research suggests that some organizations are moving away from strict Lean Six Sigma deployments into a more pragmatic, "tool-agnostic" approach to process excellence that draws on the tools and methodologies as appropriate.

Data is playing an increasing role in today's businesses, enabling companies to gain a better understanding of their customers, market, and their own performance. Process professionals have long required data to discover root cause, baseline performance and measure the impact of improvement. However, as the technological capability of processing large data sets advances, the challenge of first getting at that data, secondly, sifting through the data to decide what's important, and finally, figuring out how employees can act on that data is a challenge that few companies feel they are doing well.

Ultimately, process excellence is about helping to create ways of working that help the organization successfully deliver on its goals to customers, employees and shareholders – both now and into the future.

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Contact Us

Website: www.pexnetwork.com

General Inquiries: info@pexnetwork.com

Telephone: +44 (0)20 7368 9300

ABOUT THE REPORT AUTHOR

Diana Davis is editor of PEXNetwork.com and follows trends in process excellence including Lean, Six Sigma, and BPM. She worked previously as a producer with Associated Press Television News and she has also worked in marketing and business development in the software industry. Davis holds a Master's in International Journalism from City University, London and a BA in English from the University of British Columbia, Vancouver. She can be reached on diana.davis@pexnetwork.com.

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