DRIVING TRANSFORMATION, THE RIGHT WAY

Abstract

Process competency is a factor that is often overlooked by organizations when it comes to analyzing the successes or failures of their digital transformation initiatives. This paper discusses how a Process Center of Excellence — a centralized structure to house organization-wide process transformation capabilities — can deliver successful transformation at all levels.

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The difficulties of keeping pace with digital

Over the last decade, all organizations, irrespective of their industries or geographies, have directly witnessed the evolution of digital transformation. The next decade is not likely to be any different. Most organizations will continue to take part in digital's steady progression even though the word 'digital' might assume a different meaning every few years.

It is also fair to assume that every organization has had its fair share of both success and failure in keeping up with this digital wave – whether it be in the areas of straight-through processing, platform implementations, front-office digitization, big data, or efficiency programs. When one digs deeper into the outcomes, one finds some common themes or factors emerging around each failure, such as a misaligned strategy, an initiative run in a silo, or business and IT teams not being aligned. Among these, process competency is one such area which is very often overlooked, especially in technology-focused initiatives, as business and IT look at success very differently.

The complexities of process transformation

On being asked, two out of three organizations would agree to have struggled with decisions around whether to automate first or optimize first. They would also concur on having experienced many dissatisfying outcomes such as automating bad processes or seeing low customer satisfaction scores despite having digitized their front-end systems. Other such outcomes could include implementing a core banking platform without assessing downstream process impact or documenting standard operating procedures which end up residing with individual teams in different structures.

The common concern that can be seen with these organizational experiences is around not having a structured process architecture in place. This is an area that does not see adequate investment or attention, thereby causing many initiatives to experience issues and ultimately run over budget.

If we zoom the focus of this discussion onto the banking industry, the picture gets even clearer. On an ongoing basis, banks see multiple transformation programs running in parallel – either organization-wide, or within functions, or even across business units. In addition, they have the complexity of having multiple vendors, and different methodologies and ways of working. Thus, banks often find it challenging to drive structured frameworks, methodologies, alignment with evolving regulatory and compliance requirements, and alignment with multiple transformation teams.
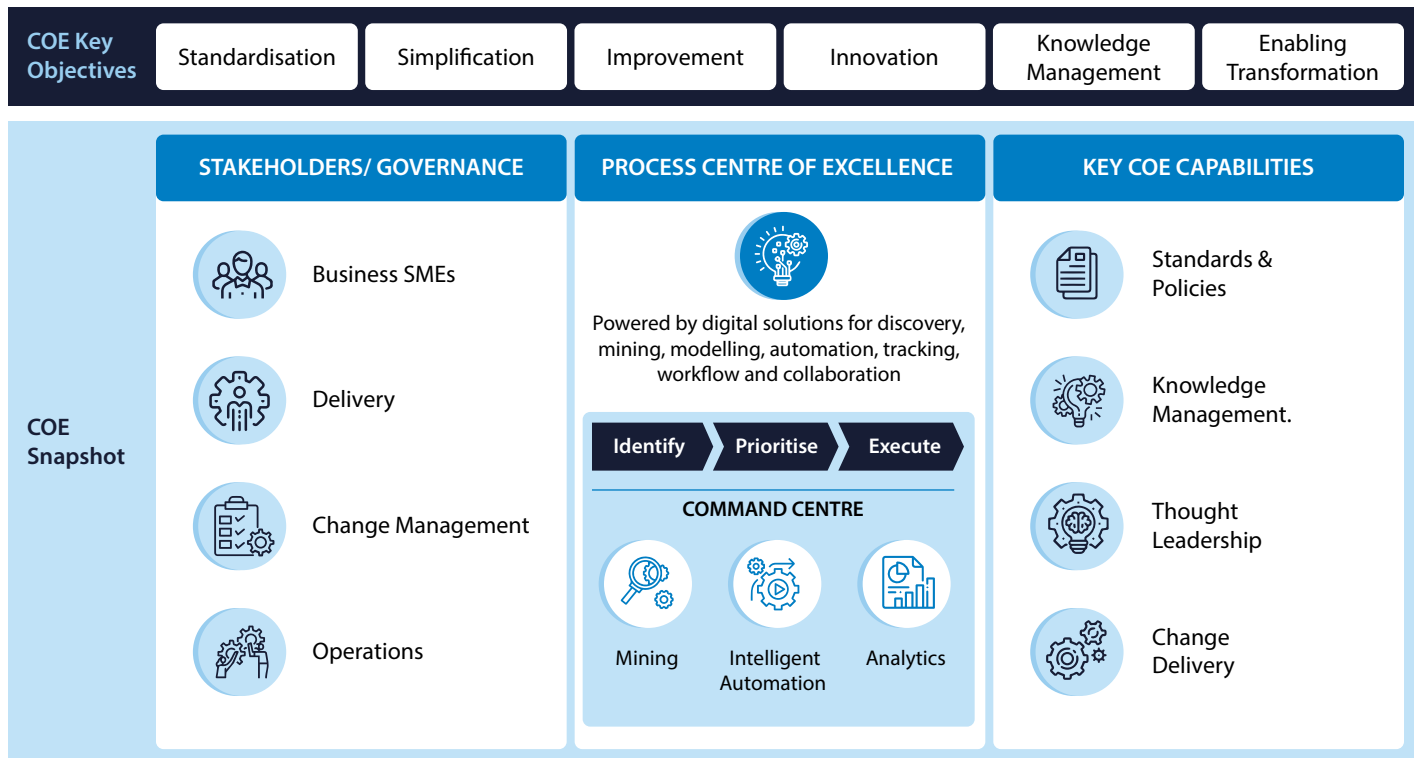
Why centralizing for rigor helps

For a method to all the madness, organizations need a centralized structure to house organization-wide process transformation efforts and capabilities. This centralization will bring in synergies among frameworks and approaches, evolving digital solutions and best practices, and execution capabilities.

This is where the idea of a Process Centre of Excellence (CoE) takes shape. Essentially, a CoE is a group of experts who are armed with best practices, tools, and frameworks to enable the organization to get the most out of improvement programs. Traditionally, most process CoEs focused only on business processes, but it is now recommended to have a balanced focus on people, processes, technology, and knowledge.

COE Key Objectives	Standardisation	Simplification	Improvement	Innovation	Knowledge Management	Enabling Transformation

COE Snapshot

STAKEHOLDERS/ GOVERNANCE

- Business SMEs
- Delivery
- Change Management
- Operations

PROCESS CENTRE OF EXCELLENCE

Powered by digital solutions for discovery, mining, modelling, automation, tracking, workflow and collaboration

Identify ➤ Prioritise ➤ Execute

COMMAND CENTRE

- Mining
- Intelligent Automation
- Analytics

KEY COE CAPABILITIES

- Standards & Policies
- Knowledge Management.
- Thought Leadership
- Change Delivery

Apart from providing an industry view including competition best practices and benchmarks, the heart of a Process CoE throbs with the rigor of driving standardization, simplification, improvement, innovation, knowledge management, and transformation enablement. Setting up such a CoE will enable an organization to become sentient by 'sensing,' 'analyzing,' and 'acting' to accelerate digital transformation.
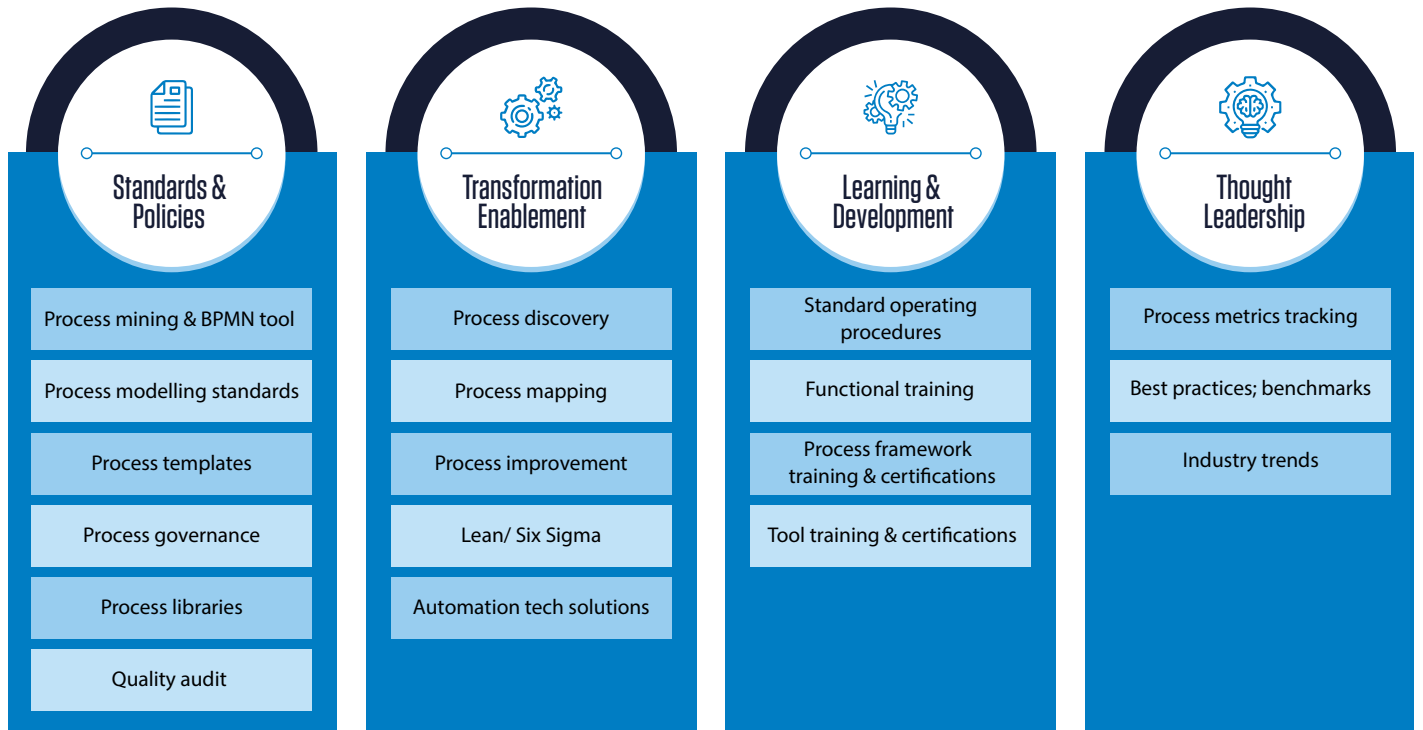
Capabilities for transformation

A CoE's vision and the decisions on what its capabilities should look like lie with its parent organization. However, the true value of the CoE will only be realized when it is enabled and empowered to provide a structured framework and approach that enables execution and transformation at all levels.

In simple terms, all the capabilities to drive all process-related initiatives ought to reside within the CoE. However, the concept of the CoE is not about taking away ownership from the business, but more about leveraging cross-functional expertise in a centralized environment.

Standards & Policies

- Process mining & BPMN tool
- Process modelling standards
- Process templates
- Process governance
- Process libraries
- Quality audit

Transformation Enablement

- Process discovery
- Process mapping
- Process improvement
- Lean/ Six Sigma
- Automation tech solutions

Learning & Development

- Standard operating procedures
- Functional training
- Process framework training & certifications
- Tool training & certifications

Thought Leadership

- Process metrics tracking
- Best practices; benchmarks
- Industry trends

Let's look deeper into each of the major capabilities residing within a CoE.

- **Standards and policies**

  This capability drives and monitors the establishment of foundational practices like process standards, process templates, process modelling standards, process governance, and the building of process and metrics libraries. The objective is to ensure that all transformation initiatives adhere to these definitions to have a standard output and the process library acts as a single version of truth and a knowledge repository for teams to refer to. This capability can further be enhanced to have the central quality audit team monitor and assess process deliverables produced across various initiatives in the organization. These practices and standards should be updated continually, and the information disseminated to all relevant teams.

- **Transformation enablement**

  This capability owns project execution starting from project prioritization to performing the process discovery exercise, either manually or by leveraging mining solutions. It aims at creating a backlog of projects which are taken up for implementation

based on their priorities and business requirements. The thought leadership capability discussed in detail below feeds in best practices relating to process, product, technology, etc., which will generate more ideas on bringing excellence, in turn leading to newer project creation.

Within this capability, also sits the sub-capability of process improvement approaches and frameworks like Lean, Six Sigma, as well as intelligent automation solutions like robotic process automation (RPA), artificial intelligence (AI), and machine learning (ML). Even though the domain and process expertise rests within the business and operations, improvement projects are jointly undertaken with the CoE. Also, while the implementation of automation or other technologies to support a process may or may not reside within the CoE, it is critical for the core team of the CoE to be part of the governance structure for performance measurements.

- **Learning and development**

  This capability enables all concerned teams, including the CoE teams to

be trained and certified on tools, technologies, frameworks, and methodologies; also, this knowledge is shared on a continuous basis.

- **Thought leadership**

  This capability aims at bringing in industry-wide best practices and benchmarks to existing practices for the betterment of processes as well as CoE competency. The best practices can be socialized within the wider organization through a series of campaign mailers and newsletters, giving business an industry view on key performance metrics and thus laying down opportunities for next project identification.

  Through helping align operations, technology, and business teams, this competency center will act as a catalyst for organization-wide transformation programs. It will also ensure a single version of truth for organization-wide process performance, with other benefits including reduced effort on remediation, reduced compliance costs, and easier change management.
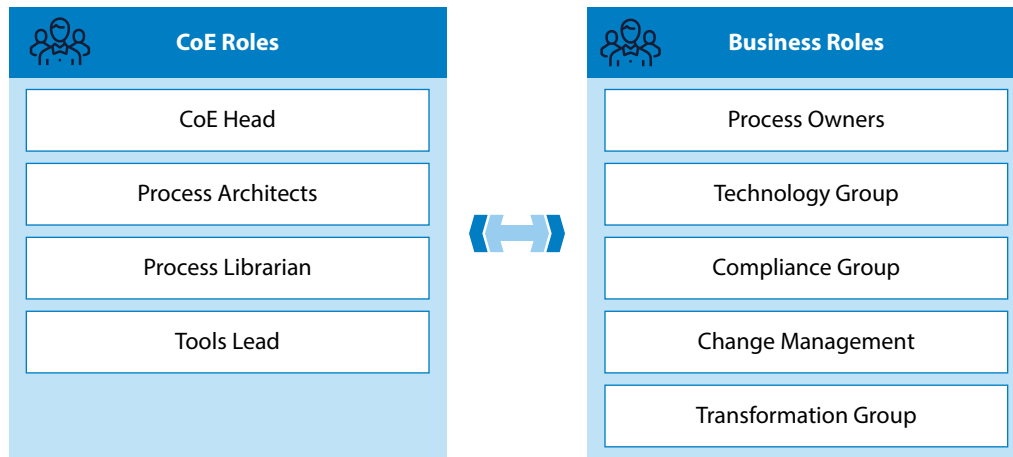
Structuring for success

It is important that the Process CoE's capabilities are not confused with its structure and governance. The CoE should be structured in a way that it works hand-in-hand with business, like a cross functional team, to deliver the desired business outcomes. A RACI matrix with clearly defined roles & responsibilities will be a good start to decide on ownership.

CoE Roles	Business Roles
CoE Head	Process Owners
Process Architects	Technology Group
Process Librarian	Compliance Group
Tools Lead	Change Management
	Transformation Group

Journeying the road to excellence

While various studies have confirmed the benefits that a Centre of Excellence brings to an organization, the true measure of success lies in its execution. To establish a CoE, organizations need to undertake the following steps:

1. Align with leadership for sponsorship on the CoE's vision and purpose

2. Set up objectives, scope, and success criteria, and publish the same

3. Define governance to establish roles and responsibilities

4. Set up capabilities to meet the set objectives

5. Execute the capabilities to achieve the set vision

Further, each CoE is unique in terms of its vision, objectives, and capabilities, and organizations can choose to implement it fully or in phases, in a series of steps. In either case, it is critical to keep the CoE scalable and flexible to accommodate future demands.

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