

Improving the Odds of Success with Digital

by Andrew Spanyi

The central role of process in digital transformation was recognized by [MIT scholars](#) a decade ago. Similarly, [McKinsey emphasized](#) that the actions organizations can take to encourage digital process innovation involves mapping and then streamlining selected end-to-end business processes and gaining a clear view of how information and data are managed across the company.

Yet, the close collaboration of process improvement professionals and the team driving digital transformation is rare. Perhaps that's due to the perception that process improvement is incremental improvement, while digital transformation calls for re-imaging work?

Perhaps it is due to the perception that business process management software is somehow lacking and that's why the process discipline has been [largely excluded](#) from digital transformation efforts.

In many companies, process improvement involves a slow, steady – even bureaucratic methodology. Yet, success with digital requires that organizations focus on large scale change and reimagine value creation.

While many companies are doing something around customer experience and process management, in most cases not enough is being done to shift management attention from a vertical view of departmental activities to the flow of work that crosses organizational boundaries in creating value for customers.

If process practitioners aspire to play a central role in digital transformation, then there are a few things they need to stop doing and some others they need to start doing.

What to stop doing?

- Stop working on small processes inside departmental boundaries. Such work will not impress digital transformation teams.
- Stop focusing on just the current state or “as is” view of process. That invariably leads to incremental improvement – not redesign.
- Stop focusing just on cost reduction. While that's important – there's much more to consider.
- Stop making things more complex than they really are. Stop advocating just one methodology – a certain amount of evangelism is ok – but refrain from overdoing it.

What to start doing?

- Start measuring performance. Begin with measurement – not with modeling. Gain clarity on current performance such that senior leaders can have the data to set goals on desired future performance.

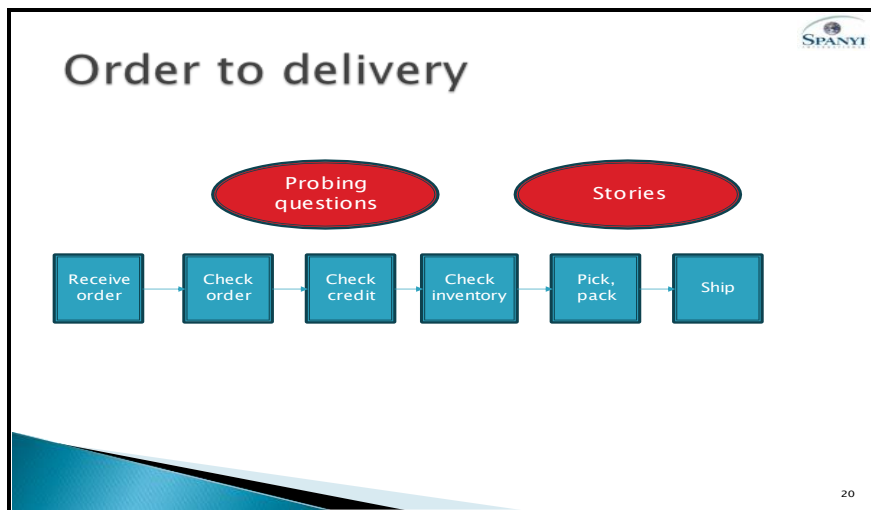
- Start building cross-practice collaboration. Engage with the customer experience team. Engage with the digital team.
- Start asking thought provoking questions and telling stories about process performance.
- Start working on end-to-end processes.

If your organization is not working on one of these then you may be tinkering at the margin.

SAP's List of Processes	APQC List of Processes
RTR : Record to Report	Develop Vision and Strategy
OTC : Order to Cash	Develop and Manage Products and Services
PTP : Procure to Pay	Market And Sell Products and Services
HTR : Hire to Retire	Manage Supply Chain for Physical Products
PTP : Plan to Produce	Deliver Services
ATR : Acquire to Retire	Manage Customer Service
PTI : Plan to Inventory	Develop and Manage Human Capital
ITR : Issue to Resolution	Manage Information Technology (IT)
FTD: Forecast to Delivery	Manage Financial Resources
QTC : Quote to Cash	Acquire, Construct and Manage Assets
MTO : Market to Order	Manage Enterprise Risk, Compliance, Remediation, and Resiliency
ITO: Idea to Offering	Manage External Relationships
	Develop and Manage Business Capabilities

Enterprise Processes as Defined by APQC and SAP

Consider the following examples for order to delivery.



Consider asking questions such as:

- Lots of checking. How can that be reduced or automated?
- Are POs missing payment terms, tax status, ship-via, etc.??
- What's the policy on checking credit?

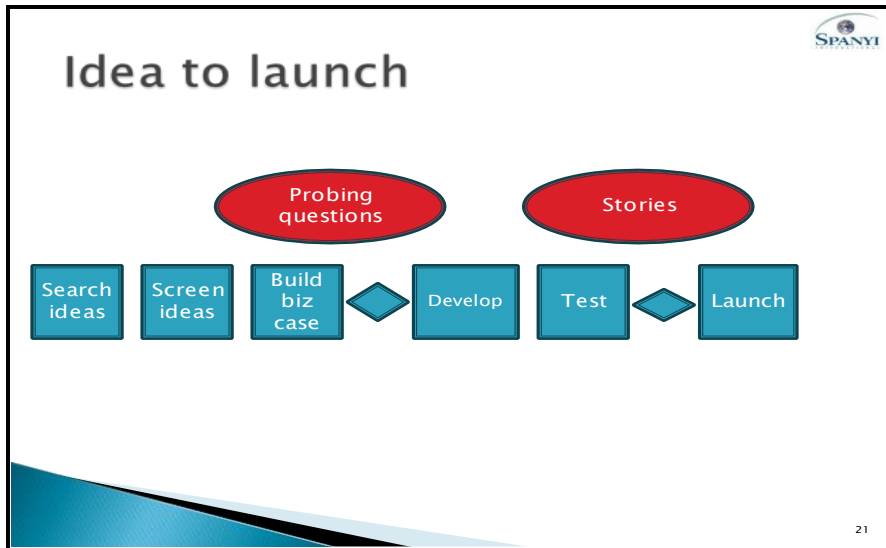
Consider telling stories such as:

Story: Most of the time, we don't have updated customer documents (i.e. tax certificate, end-use, customer profile, etc.) at the time of placing the order – this causes us to manually contact people in sales for the desired customer documents and causes the Sales Order to be put on a hold.

Story: Due to the nature of there being multiple ERP systems (different ERP systems/instances for AUS, AC, ACLA, ACCA, and ACBR) there is duplicate and triplicate entries of the same information for various orders

Story: the Sales Team does not have a sense of urgency when obtaining customer documentation (after an order has been placed). The Sales Team's commissions are paid when the order is "confirmed" and not when the order has shipped (or when the customer pays). Wow!

For idea to launch consider the following.



Questions:

- How might we automate screening ideas?
- How might we automate building the business case?

Story: We don't do a good job at vetting project ideas to make sure that only the "right" projects get approved. We need more due diligence on customer needs, market analysis, etc.

Story: R&D resources are moved between projects depending on which project is "squeaking the loudest"

Story: Misalignment of departmental objectives (i.e. incentives – reliability, time to market, etc.) Marketing is not involved as early as needed to produce a quality product definition. We don't have a clear line of customer feedback.

Process practitioners also need to be conversant on key digital technologies including, but not limited to, the following:

- Robotic process automation (RPA)
- Process mining
- BPM suites
- Intelligent process automation (aka Hyperautomation)
- Artificial intelligence (AI) and large language models (LLM) such as ChatGPT

In summary, if you aspire to play a central role in digital transformation, promote the following list of empowering and inhibiting actions.

Empowering Actions	Inhibiting Behaviours
In formulating strategy, look out 5 years or more	Look at just an annual budget or looking out less than 2 years
Think big – reimagine the business	Think small.
Obsess around customers.	Obsess around competitors.
Get buy in from the boardroom to the lunchroom	Just focus on the top team
Examine end to end processes and tear down data silos	Model small processes and allow departments to hoard data
Redesign large, cross functional processes	Improve small processes within departmental boundaries
Emphasize cross functional collaboration	Stress departmental performance
Integrate multiple digital technologies	Allow departments to deploy one tool at a time
Promote collaboration across practice areas.	Focus on what departments do.

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