Best Practice

Overcoming five hurdles to perfect business processes.

Why the introduction of innovative processes and new platforms comes to a halt, and how to solve this dilemma.

Campana Schott

Proven processes form the backbone of classic companies. But modern IT platforms consistently deliver new and flexible solutions that can be used at the push of a button. This means that companies must rethink their structures and continuously integrate new technologies into their processes - using the right approaches.

“What does your son do?” “He is an Operations Manager.” “And what exactly does that mean?” “I am not sure. He has explained it to me a few times, but I didn’t understand it.” This could be a typical conversation between mum and her friend over a cup of coffee. But let’s be honest: Only a few people really know what Operations Management means.

It means coordinating all activities that are involved in the provision of services within a company. The term Operations includes all processes and activities for providing this service - regardless of whether they relate to products or services. Therefore the manager in charge must plan, manage and monitor the associated work processes.

New technologies change processes

Based on the current practice, it becomes clear that processes form the core of all classically structured companies. The Operations department is not just responsible for keeping the processes going, but must also ensure that they are designed efficiently and continuously optimized. In the past, this was not very difficult. Since the processes remained mostly the same, and sometimes over decades (especially in production, but also in other industries), all that was needed to keep up with the competition or even become the industry leader were small adjustments and marginal improvements.

But in the last few years, many novel technologies entered the market, such as the Internet of Things (IoT), virtualization, Cloud Computing and mobile apps, just to name a few. This has already lead to many changes in individual behavior: Meetings dates are arranged on ever shorter notice, and tasks are completed immediately on-line. On the corporate side, the large tech groups such as Microsoft, Apple, Google or Amazon, also provide companies with extensive integrated platforms, which enable them to use modern technologies and services at competitive prices at the push of a button.

This opens the door to novel solution scenarios, such as Cloud-based business applications, software-defined computer centers, connected production machines, Mixed Reality Predictive Maintenance or near-series production for batch sizes of one. On the other hand, this significantly higher flexibility and automation also means that current processes no longer work all the time, or at minimum are no longer ideal. Companies wishing to be successful in the future must use these technologies, integrate them into their processes and restructure work processes and organizational structures.

Braking factors of modernization

But doing that is easier said than done. Many companies are overwhelmed by the speed of the constantly emerging technologies, whose breadth and scope also continues to grow. Also, there is often a lack of knowledge on how to respond to and handle these developments.

The main obstacles are:

1. **Cost pressures.**

   Particularly the Operations area faces immense cost pressures, because in the core business, every euro counts. Hence the budgets available for innovations tend to be quite small. But this also leads to a virtual standstill - while competitors continue to develop or start-ups are being founded, some of which quickly gain market share.

2. **Wrong approach.**

   A lack of resources (personnel, time, budget or data) means that companies are not able to properly evaluate the new technologies, some of which appear at weekly intervals. So they estimate their value based on a “gut feeling”. In the case of interesting technologies, they may implement use cases, but often these provide little in the way of added value due to poor planning. Or, implementation fails because of a lack of resources or product-based thinking, instead of involving the entire organization.

3. **Legacy systems.**

   Most classic companies have a very heterogeneous IT environment and - in terms of Operations - a similarly diverse application environment. This patchwork system includes legacy systems such as Lotus Notes databases, insular solutions such as SaaS as well as numerous shadow applications and modern collaboration tools (Microsoft Teams). This heterogeneity leads to a situation in which the IT department is so busy maintaining and managing the different systems that it has no time for innovations. In addition, it also makes it more difficult for Operations to develop efficient and comprehensive processes.

4. **Complexity.**

   The increasing speed of innovation will also drive the need for very small applications, i.e. the number of apps will increase massively in the next few years. This increases complexity, which in turn requires more resources for on-going management, which are often taken from the Operations department.

5. **Silos.**

   Classic companies are divided into different areas that work independently of each other. An increased customer focus, extensive platforms and work processes, and the required level of efficiency mean that these silos must be dismantled. This only works with holistic organizational structures and processes.

Approaches for the realization of smart processes

There are a number of approaches for overcoming these obstacles and adjusting the operation to the new requirements.

They include:

1. **Maintain transparency.**
   Companies should know where they stand, and which areas are the most impacted by a lack of investment.aben.
2. **Increase the efficiency of processes.**
   The main processes must be reviewed to see how they can be optimized (with sometimes simple measures).
3. **Develop a data strategy.**
   Companies should analyze which data-driven use cases could generate enormous added value.
4. **Use IoT.**
   Data points must be generated where it makes sense, to get a better handle on the processes in the company. The resulting conclusions are used to further optimize the processes.
5. **Rely on platforms.**
   The large tech companies offer extensive, robust and proven platforms for the standardized implementation of solutions.
6. **Integrate AI.**
   Everyone is talking about artificial intelligence these days. It can already be used to generate enormous savings potentials in certain areas.
7. **Include the employees on the journey.**
   Change Management is one of the most important success factors, because the biggest investment in the best system is for naught if the employees do not use it.

These approaches can be implemented at a manageable cost if they are properly planned and implemented. An experienced partner such as Campana & Schott can offer valuable help in this context.

Conclusion

The buzzword “Digital Transformation” has become reality. Companies are constantly faced with new technologies and solutions that must be integrated into their processes. This means that obstacles must be overcome and the Operations department must be adjusted. Using the right approaches, companies can successfully design their digital future with optimized processes.