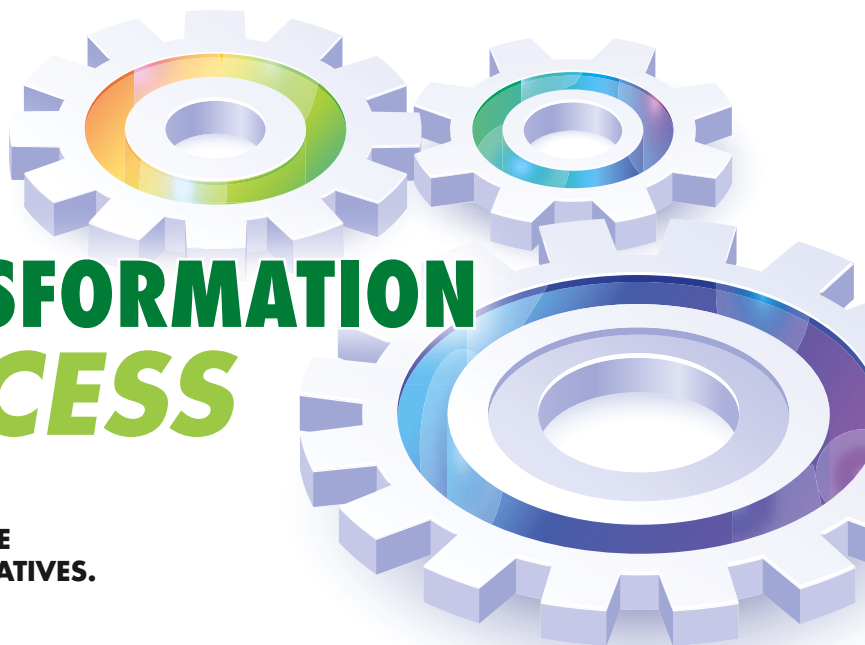


FIVE KEY ELEMENTS FOR ONGOING DIGITAL TRANSFORMATION SUCCESS



ENSURE PEOPLE, PROCESS AND CULTURE ARE PART OF YOUR TECHNOLOGY INITIATIVES.

According to Gartner, 70% of digital transformation initiatives fail to achieve their objectives. A key reason cited: failure to address people, process and cultural issues before selecting and implementing technology. How do you address these issues to get (and keep yourself) on the right path to ongoing, successful digital transformations?

Among many engagements, 4aBetterBusiness led an implementation that started with operational improvement (that engaged employees and developed an improvement-seeking culture) and proceeded with a multi-step digital transformation (accomplished six

months faster than the technology vendors thought possible). This combined implementation raised on-time delivery performance from 50%-to-96%, while reducing inventory by 22%.

Based on these experiences, below are five key elements for successful, ongoing digital transformation.

1. IDENTIFY KEY BUSINESS OBJECTIVES

What objectives do you need to accomplish to increase the success of your business? For example,

- Improve customer interactions.

- Implement a new business model.
- Scale the business for growth.
- Be the leader in new product introduction.
- Establish a culture that attracts and retains employees.

Ensure that these objectives are clearly communicated and understood, so your whole organization can participate and contribute to achieving those objectives.

2. UNDERSTAND HOW PROCESSES AND INTERACTIONS ACTUALLY WORK

Ninety percent of the issues that waste time and money in a company, and produce poor results, are embedded in a company's processes and interactions (internally and externally).

There is a high likelihood that the actual processes differ from those documented or expected. Among the reasons:

IT Systems

When IT system implementations don't involve the employees who do the work and understand their actual processes or when business situations change, the system may not meet the needs to accomplish the work. Employees are still expected to do their work. One response is to develop their own workaround for the IT system, using Excel or some other approach.



Clearly communicate objectives so your entire organization can participate and contribute to achieving those objectives.

Process Capture

Lack of connection between process documentation or expectations and the real processes. Examples abound: Tribal knowledge is not identified. The employees that do the work were not involved in the documentation. The documentation changed but the process didn't. The process changed but the documentation didn't. Second and third shifts operate differently than first shift. Only the "good" process is documented, but reaction plans in the event of problems are not. The company grew and the work one person or a small team did is now distributed across different departments or employees. The possibilities are endless and the effects on the business can be substantial. In one case, the quality department had adopted a standard to only accept test results at the center of the specification limits. This caused unnecessary re-work and was actually limiting plant capacity.

Islands of Productivity

A new machine may have more power or speed that works faster — but interactions between it and other processes aren't identi-

fied or effectively implemented. Overall production may not increase and may in fact decrease due to "ad hoc" interactions with other processes.

Simply adding technology is unlikely to produce the result you want. That's the bad news.

The good news is that there is a solution. While 90% of the issues that waste time and money and produce poor results are embedded in a company's processes and interactions, you have reporting to work every day the world's experts in knowing how your processes actually work: your employees. Evaluating processes and interactions using process maps has a number of benefits:

- Develops buy-in to participation and contribution to change.
- Creates visibility across all processes and interactions.
- Identifies meaningful issues that will "move the needle" on performance.
- Facilitates immediate implementation of solutions.
- Eliminates "solving the wrong problem."

- Provides a structure for transformational results from ongoing improvement.
- Facilitates identification of areas in which technology will make a difference.

Implement changes continually as processes are captured and issues are identified. Rapid implementation reinforces employee buy-in to change. Their buy-in, participation and contribution creates an improvement-seeking culture, an environment that attracts and retains employees across generations.

Often issues identified can be resolved without implementing new technology. Importantly, identifying and resolving the issues wasting time and money and producing poor results often provides immediate financial payback. In one company, the process capture identified a large number of invoices held for review (for product that had already shipped). Process changes implemented immediately reduced working capital by \$300,000 within a couple weeks.

The savings can be directly used to fund technology and other improvement initiatives.

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Many applications of IoT/Internet 4.0 have the capability to generate a flood of data. Decide on strategies for evaluating and storing this data ahead of time to ensure you extract from the data the information you want.

3. IDENTIFY THE DATA NEEDED TO OPERATE, MONITOR AND IMPROVE OUTCOMES

This element provides critical information for successfully achieving ongoing digital transformation. From the clear view of the processes and interactions in the company, developed in Element 2, identify and document the data needed. Then determine how this will help you to operate, monitor and improve processes and outcomes. This information also enables tying process outcomes directly to achievement of the company's objectives.

4. IDENTIFY THE SOURCE AND QUALITY OF THE DATA

Accurate data which can be trusted is essential. Impediments common in many environments, causing inaccurate data, include:

- Lack of clear ownership of data in terms of who was requesting the information and what the plan was for collecting, maintaining and acting on the data.
- Collecting data, losing it, then trying to find it again at another point in the process.
- Using different names for the same data in different systems (including local Excel files) prevents data flow and accessibility.
- Old "rules of thumb" (tribal knowledge) drive many activities. Important knowledge isn't incorporated in decision-making, creating resistance to change, increased employee turnover, and making it harder for new employees to be productive.
- Poor data quality. Example: Information in the ERP system is inaccurate and inconsistent, causing employees to develop their own systems (e.g., another Excel file).

Identifying the source of the data provides a path to effective use of data for decision-making. Use the process maps to facilitate identifying the source of the data. Once the source is identified, evaluate the quality of data. Examples of quality concerns:

- Information in different systems that uses different

names or abbreviations for the same product (common in local Excel files).

- Information collected for one purpose, used for another purpose (assumptions in the original collection of the data may not be valid for the new purpose).
- Frequency and timing of data collection (may mask, miss or provide false signals about what you are trying to measure).

Many applications of IoT/Internet 4.0 have the capability to generate a flood of data. Decide on strategies for evaluating and storing this data ahead of time to ensure you extract from the data the information you want.

5. IDENTIFY TECHNOLOGIES THAT SUPPORT ACHIEVING YOUR OBJECTIVES

Forrester identifies a landscape of more than 800,000 technology products from which to choose, with that number increasing every day.

How will you choose the technology products right for your company? Having the information from the elements described here will help you ensure that, on an ongoing basis, you are able to:

- Resolve issues before turning to technology solutions.
- Pursue technology in areas meaningful to the success of your business.
- Identify specific instances of technology in those areas.
- Successfully evaluate and implement specific technology solutions, including:
 - Verification that your functional requirements are met.
 - Identification of capabilities beyond simply automating existing work.

Use these five key elements to ensure people, process and culture are part of your technology initiatives. This will ensure you achieve ongoing, successful digital transformation. ■

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