Adaptable, Agile & Fast: Process Principles for Digital Business

As companies increase their reliance on digital technologies, they require highly flexible processes that span functional areas and adhere to the only constant in the digital world – rapid and continuous change.
EXECUTIVE SUMMARY

In the age of digital, the rate of change is rapid and unrelenting. For enterprises large and small, in every line of business, keeping up with these dynamics requires processes that are highly automated, adaptable, and agile — ready to turn on a dime to accommodate technology, business, industry, and customer demands.

Riding the digital wave requires a willingness to embrace emerging technologies, new business models, and an organizational culture that encourages communication, collaboration, and continuous innovation.

Historically, companies focused primarily on standardizing and stabilizing processes. Today, as digital platforms and applications expand their footprint in enterprise environments, agility and adaptability have become fundamental tenets of corporate stewardship. These expectations oblige businesses to respond faster and through more channels to escalating customer demands.

Companies must also deal with the proliferation of smart, connected devices and “things” that generate immense amounts of structured and unstructured data. One example is Google’s autonomous vehicle spin-off, which produces nearly one gigabyte of data per second! This feedback can inform real-time decision making, supported by hyper-digital, highly responsive processes.
VIEWING PROCESSES IN A NEW CONTEXT

Digital business requires companies to view their processes' activities in a different context, and be willing to make significant shifts (see Figure 1).

- **From stability to adaptability**: Process stability was long associated with enterprise maturity. In the age of digital, processes must not only be sturdy and secure, but also intrinsically flexible and responsive to accommodate rapid and often unpredictable change.

- **From standardization to customization**: In the past, enterprises focused on standardizing processes for products, business units, and customers to heighten efficiency. Today, it's all about personalization, and delivering exceptional customer experiences. Considering the amount of readily available customer data, this is now a must-do for internal and customer-facing processes alike.

- **From policy-driven to judgment-driven**: In their efforts to support standardization and stability, companies were stringent about adhering to policies, and seldom encouraged employees to “think outside the box.” In digital business, the customer experience reigns supreme – ample reason for giving employees the autonomy to make decisions based on real-time customer data.

- **From isolation to collaboration**: Traditionally, maintaining stable processes required teams and departments to perform specified tasks in a pre-defined order. This helped ensure that workflows were seamless, with little or no disruption. Today, with the customer at the center of virtually every process, communicating and collaborating directly with colleagues and customers is essential.

- **From incremental to radical/exponential change**: Until fairly recently, businesses refined processes by making incremental changes. Today, organizations must approach change dynamically – with processes ready to run and evolve at the speed of digital.

The Evolution of Process Design

![Figure 1](image-url)
This white paper details how enterprises can design processes that enable the business, employees, customers, and their partners to keep pace with the requirements and realities of digital.

**DESIGNING ADAPTABLE PROCESSES**

Designing processes for digital business involves four stages: defining the purpose of a process; identifying process inputs; determining process activities; and understanding process outputs (see Figure 2).

Flexibility is key, and must be incorporated at every stage of process design:

- **Define the purpose**: Every process performs a task or produces a specific outcome for customers (market-facing processes) or internal users (finance, HR, etc.).

- **Identify inputs**: Inputs are materials or information that enable a process to begin and progress. When designing adaptable processes, inputs must be interoperable (format- and channel-agnostic) to allow for changes in platforms and applications. In digital business, inputs are automated and dynamic, and routed through multiple pathways.

- **Determine key activities**: Activities are a series of core tasks that achieve the purpose or expected outcome of a process. When defining activities for an adaptive process, it is important to allow for exponential change.

- **Understand process outputs**: Outputs are the results of a process. They can be physical products, services, or information. Outputs for adaptable processes are compatible across formats and channels, since their structure and delivery options may change.

**Designing an Adaptable Process**

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<table>
<thead>
<tr>
<th>Purpose</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify the true purpose from the customer standpoint.</td>
<td>Verify compatibility across applications and user platforms.</td>
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</table>

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assure interoperability across all channels and formats.</td>
<td>Design to be form- and channel-agnostic.</td>
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*Figure 2*
As processes change, activities change accordingly. Digital processes eliminate many manual tasks, and may require modifying or adding processes. Digital transformation also requires extensive collaboration among departments and teams. Hence, activities that are normally assigned to a designated individual or team may be reassigned, or become the responsibility of multiple teams.

Technology advances — including smart connected products embedded with sensors and robotics that eliminate the need for human intervention — may require extensive process modifications that dictate interoperability.

A priority of digital business is to continually enhance the customer experience. The idea is to design processes and systems that meet customers’ current needs yet are flexible enough to adapt as their preferences and circumstances change. Employees should have the authority to alter process activities based on a customer’s requirements — keeping in mind that adequate controls must be in place to manage risk.

**THE CORNERSTONES OF ADAPTIVE PROCESSES**

Adaptable processes comprise four components: the organization, its processes, its people, and its technologies. These should be viewed as both discrete and interlocking elements, as shown in Figure 3 below.

**Characteristics of an Adaptable Process**

- **Organization**: Modular, algorithmic and measurement-driven.
- **Process**: Agile and flexible; supports open communications and teamwork.
- **Technology**: Leverages evolving, best-in-class technologies.
- **People**: An empowered, collaborative and innovative workforce.
An Adaptable Process at Work

In the case of restaurants, process inputs for a customer’s bill include items served, their cost, gratuities, and applicable taxes. This information can be entered manually or electronically. Generating the bill involves several activities: calculating the price of the order; adding service charges/taxes; presenting the bill; accepting payment; and rendering the receipt.

An adaptive process in a digital environment offers the flexibility to add, modify, or in some cases change how and in what order activities are performed. Some digital applications allow restaurants to offer online menus. Using their desktop, tablet, smartphone, or other mobile device, customers can order a meal, pay for it, eat it at the restaurant, take it home, or have it delivered. Computing the price and taxes and preparing the bill are performed online through the restaurant’s mobile application.

If a customer is dissatisfied, a designated restaurant employee can waive the cost or offer another selection quickly and easily, with controls for back-end reconciliation. The bill can be paid electronically through an online banking application on the customer’s mobile device, through loyalty points, or using a gift card. The customer receives an electronic receipt via the restaurant’s e-mail application.
In digital business, agility and flexibility are fundamental requirements. Digital transformation depends on the ability to modify the operational model and organizational culture as needed to accommodate business and industry dynamics (see Figure 4). With this in mind, we advise businesses to:

- **Accelerate automation.** Enterprises should structure an organizational model that allows cross-functional teams to come together for a specified period of time to design a new process or reengineer an existing one — supported by a system that automates prototyping and testing, approvals, and the allocation of funds.

- **Empower employees.** Adaptive processes enable companies to customize products/services to fit customer requirements and situations, and incorporate that input into smart devices as algorithms for smart homes and smart video games, for example. However, a fair percentage of these services require human intervention since they are based on real-time interactions and a good understanding of a customer’s current needs.

- **Enhance collaboration.** Digital processes require frequent modification and close collaboration among teams designing/redesigning processes or handing over lower-level activities.
Providing the infrastructure, bandwidth, and budgets to support innovation and drive profitable growth requires companies to simplify approval mechanisms, and design reward structures around risk-taking and innovative thinking.

- **Strengthen ties between business and technology teams.** Traditional operating models place business and technology teams in distinct silos, with minimal interaction. Adaptable processes allow business and IT teams to collaborate at multiple points. This level of teamwork reduces turnaround time, improves efficiency and accuracy, and is critical to the success of digital initiatives.

- **Develop a culture that supports and rewards innovation.** Providing the infrastructure, bandwidth, and budgets to support innovation and drive profitable growth requires companies to simplify approval mechanisms, and design employee rewards around risk-taking and innovative thinking.

- **Promote customer involvement.** Customers are the underpinning of digital business. Adaptable processes dramatically improve an organization’s ability to read a customer’s “pulse.” Unlike traditional process models that keep customers at a distance and limit their interactions with internal teams, adaptive processes involve customers at every stage – from product and service design to post-sale interactions. (For more insights, read “Making Digital Real & Rewarding,” Cognizanti Journal, Issue 9, Issue 1.).

- **Develop dedicated teams to manage data.** Digital systems, including smart homes, buildings, mobile devices, and The Internet of Things’ myriad network connections, generate huge quantities of data that allow businesses to gauge customer patterns, accurately predict industry trends, and keep pace with competitors. Organizations need to establish dedicated processes and teams to mine and analyze this data to deepen insights, improve processes, and strengthen strategies.
DEVELOPING A FRAMEWORK FOR ADAPTABLE PROCESSES

Digital business requires a framework for designing and implementing processes that can adjust quickly to exponential change, taking into consideration:

- Circumstances that require creating or modifying processes.
- The role of various departments in designing processes.
- An approval matrix for signing off on the design.
- A checklist for evaluating and confirming changes in corresponding processes and operating models.
- A plan for process documentation and knowledge management.
- A communications structure.
- A methodology for launching and implementing revised processes.

As described earlier, adaptable processes exhibit certain characteristics, as shown in Figure 5 and listed below:

- **Modular:** Adaptable processes are modular, making it easy to move activities and sub-processes around among departments and functions. With the advent of robotic process automation (RPA), a modular structure can automate discrete sub-processes, such as client onboarding in banks, and integrate them into the end-to-end process. (For more on RPA, please read “The Robot & I: How New Digital Technologies are Making Smart People and Businesses Smarter By Automating Rote Work”.

- **Reusable:** Digital processes must be reusable to facilitate rapid design cycles. For example, repetitive processes such as customer authentication at a bank should be plug-and-play modules. When authentication requires online or phone transactions, the module can be plugged into a larger banking process.

- **Template-based:** The pace of digital business mandates that products, services, and channels be added or upgraded frequently. With a pre-designed template, this process can be much shorter. Most websites allow users to share articles via Google+, Facebook, LinkedIn, and Twitter, for example. If other social networking sites/applications emerge down the road, they should be easy to add.
Process-related KPIs evaluate status-quo operations against such things as industry trends; customer feedback; and modifications to business and operating models.

- **Algorithmic:** Algorithms allow smart “things” to operate independently. For example, typical criteria that an underwriter would consider while using a health insurance application are an insured's age, current health, health history, and work conditions. The traditional underwriting process would specify these factors and prescribe guidelines that the underwriter would take into account. In an adaptable process, this information is automated and highly detailed – enabling the system to evaluate an application and make an informed decision faster.

- **Soft-coded:** In digital business, processes must be flexible enough to manage changes in inputs/outcomes/thresholds, etc. In the case of underwriting, as technology and analytics advance and insights deepen, processes should be able to handle additional input and updates easily.

- **Utilize key performance indicators (KPIs):** Adaptable processes are built on the principle that businesses should be able to foresee and quickly adjust to changing industry dynamics, customer behaviors, and technology advancements. Organizations aiming to effect digital transformation should thus prepare to measure the performance of their people and processes in a different context. People-related KPIs should focus on assessing and rewarding innovation, experimentation, and creativity among employees. Process-related KPIs should evaluate status-quo operations against such things as industry trends, customer feedback, and modifications to business and operating models.

People play a crucial role in designing and implementing business processes that can rapidly align with and adapt to hyper-digital environments. Employees should be schooled in digital and design-thinking skills that allow them to reconsider how digital business runs. They will need encouragement to collaborate, innovate and experiment across departmental boundaries, and take calculated risks.

Given that digitally-driven processes are continually changing, enterprises will need to bring in and off-board resources based on the type and volume of transactions. Employee performance indicators will shift from maintaining the status quo to fostering innovation.
Fostering an Innovative Culture

Businesses everywhere, of every type, acknowledge the value of an innovation-driven culture. We recently worked with a large retail conglomerate on such an initiative. Company management realized that encouraging employees to contribute fresh ideas for enriching the customer experience could help keep the company competitive and drive profitable growth. We worked with the retailer to define an innovation strategy and conduct a pilot to demonstrate its value. We chose a cross-functional group for the pilot – engaging them in innovation workshops that invited participants to contribute radical ideas, then work collaboratively to refine them. Suggestions were creative and far-reaching – uncovering customer pain points and unstated needs, as well as internal business issues.

Some ideas focused on increasing revenue; others on reducing costs. Still others described ways to improve employee satisfaction and take greater corporate social responsibility.

The initiative, which is expected to reap $2 million in benefits to the company, is considered a major success due to its business impact and the enthusiasm it generated among employees. The program is now an ongoing company initiative.
GETTING THERE FROM HERE

Adaptable processes will be governed by digital technologies that support and inform advances in mobility, the cloud, smart systems, machine learning, virtual and augmented reality, and the Internet of Things, for example.

Enterprises embarking on digital transformation should approach it holistically – considering the technology infrastructure, changes in the operating model, and the role of customers, employees, partners, and business processes. Organizations should also strive to create a culture of experimentation that motivates employees to collaborate and contribute ideas that spark innovation, effect positive change, and fuel profitable growth.

As businesses everywhere prepare to ride the digital wave, they should not shy away from thinking big, taking risks, and embracing change. As customer expectations, technologies, and market dynamics evolve at unprecedented rates, the ability to respond and adjust quickly and in tandem will be crucial.
FOOTNOTES

ABOUT THE AUTHOR

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