Digitization, Transformation, Innovation… Who are the different players?

Executive Round Table

4 Qtr. 2017

KAEPPEL
CONSULTING

Agenda

11:00-11:05	Introductions and overview
11:05-11:15	The challenge
11:15-11:50	Facilitated discussion (5 questions)
11:50-11:55	Closing comments & next steps
11:55-12:00	Call to action & wrap up

Agenda

11:00-11:05	**Introductions and overview**

11:05-11:15	The challenge
11:15-11:50	Facilitated discussion
11:50-11:55	Closing comments & next steps
11:55-12:00	Call to action & wrap up

KAEPPEL CONSULTING

Agenda

11:00-11:05	Introductions and overview
11:05-11:15	The challenge
11:15-11:50	Facilitated discussion
11:50-11:55	Closing comments & next steps
11:55-12:00	Call to action & wrap up

KAEPPEL CONSULTING

Background to the Challenge

McKinsey&Company

"**Customer Experience (CX)**... redesign the business in a more customer-centric fashion and organize it for _optimal business outcomes_."

Forbes

"**User experience (UX),** big data, smart machines — and of course, change itself—have proven big players in the business landscape this year."

HARVARD BUSINESS SCHOOL

"**Digital** revolution is rapidly _transforming the fundamental nature of many companies_"

Gartner

"**Data and analytics** leaders are fueling digital transformation, creating monetization opportunities, _improving the customer experience and reshaping industries_."

ia information age

"If only there were an easy way to _find wastage and broken processes_ and track improvements as you fix them. There is, and it's all about **big data and business intelligence.**"

CIO — THE UNVARNISHED TRUTH ABOUT BIG DATA

"**Robotic Process Automation (RPA)** represents a tremendous opportunity for the IT function to provide considerable _new value to the business_—an opportunity that the CIO cannot afford to ignore."

> "_The most dangerous kind of waste is the waste we do not recognize_" **Shigeo Shingo**

KAEPPEL CONSULTING

Background to the Challenge

Many Disciplines co-exist to change the business:

Gartner®

Gartner Business Transformation & Process Management Summit 2016

45% of organizations will empower <u>rebel</u> change agents to incite <u>radical</u> new ideas required to excel at big change.

Gartner Predicts:
70% of successful digital business models will rely on **<u>deliberately unstable processes</u>** designed to shift as customer needs shift.

Competing Disciplines?…Rebels?

- **Innovation teams** in the business and/or in IT
- UI teams becoming **CX Teams**
- Marketing/Ops developing **Customer Experience** Teams
- Reporting and Metrics teams becoming **Data and Analytics Teams**.
- Black Belts becoming **Process Automation & Robotics** experts
- **Digitization** programs
- **Project Management** Offices
- Lean Six Sigma and **CI teams**

KAEPPEL CONSULTING

Background Data & Analytics
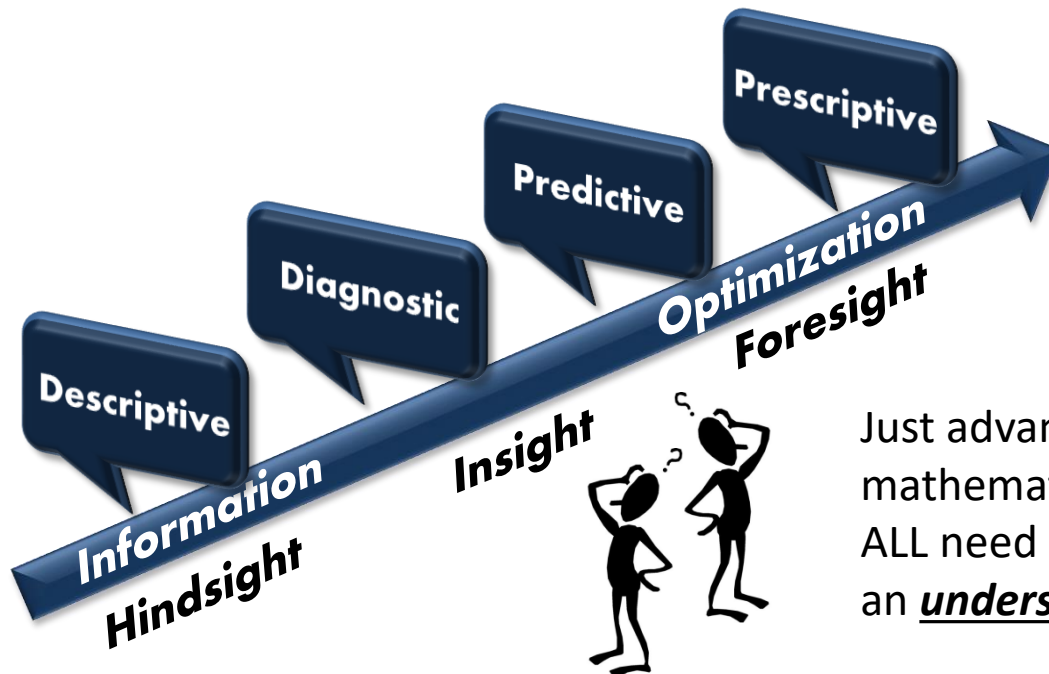
EXAMPLE: ***Data and Analytics Project***:
McDonald's photo-analyze over 1000 buns per minute for color shape and seed distribution

Results...Eliminate 1000s of pounds of waste product per year, speed production, save energy, reduce manual labor

Advanced Analytics Methods

1. Heuristics
2. Support Vector Machines
3. Artificial Neural Networks
4. Markov Decision Process
5. Natural Language Processing

Prescriptive

Predictive

Diagnostic

Descriptive

Optimization

Foresight

Information

Insight

Hindsight

Just advanced forms of statistical and mathematical models.
ALL need Quality Data and Governance and an ***understanding of the process.***

KAEPPEL CONSULTING

Background on Digitization

Digitization: Disrupters in industry are driving companies to "Digitize" faster:

airbnb

USAA®

Lemonade

NETFLIX

UBER

ROCKET MORTGAGE™ by Quicken Loans

McKinsey&Company

Customers are demanding:
- Intuitive interfaces
- Around-the-clock availability
- Real-time fulfillment,
- Personalized treatment
- Global consistency
- Zero errors

Goal
1. Accelerate the **_digitization of business processes_**
2. While reinventing the Business Process

HARVARD BUSINESS SCHOOL

Technology still hasn't penetrated much of the everyday work performed by many Americans, which means that most businesses are <u>missing opportunities for greater efficiency and better customer experience.</u>

BCG THE BOSTON CONSULTING GROUP

Digitization trends are reshaping the industrial world. The **_risk of disruption_** brings with it significant opportunities.

KAEPPEL CONSULTING

Agenda

11:00-11:05   Introductions and overview

11:05-11:15   The challenge

11:15-11:50   Facilitated discussion

11:50-11:55   Closing comments & next steps

11:55-12:00   Call to action & wrap up

Facilitated Question #1

With so many disciplines all working to make change, how are you supporting process work and other teams?

LEAN 6σ
PLAN · DO · CHECK · ACT
Define · Measure · Analyze · Improve · Control

IMPROVING TOGETHER

CUSTOMER EXPERIENCE

Gartner®

Programme Management Office
Delivering and Accelerating Transformational Change

DATA & Analytics

45% of organizations will empower <u>rebel</u> change agents to incite <u>radical</u> new ideas required to excel at big change.

Many Strategies with one thing in common . . . PROCESS

Example No.	R³	m.p. (°C)	Analysis % or n.m.r. (Theoretical in brackets)		
			C	H	N
20	—CH₂CONHCH₃	123–124	57.80 (57.56	6.55 6.30	8.73 8.76)

KAEPPEL CONSULTING

Facilitated Question #2

How does your company integrate all efforts to work together?
Is there a quarterback?

$$CI := U\left(\int BPA = \int \frac{6\sigma}{cx + ui} d\ PMO\right)$$

Standardization

Innovation

simplification

Digitization

DRIVE CHANGE

DATA & Analytics

Programme
Management
Office

*Delivering and Accelerating
Transformational Change*

CUSTOMER EXPERIENCE

LEAN 6σ

KAEPPEL CONSULTING

Facilitated Question #3

Analytics, Digitization, Innovation... How can CI strategies, such as "Simplify, Standardize then Automate", "Power of We" help your continuous improvement efforts to integrate?
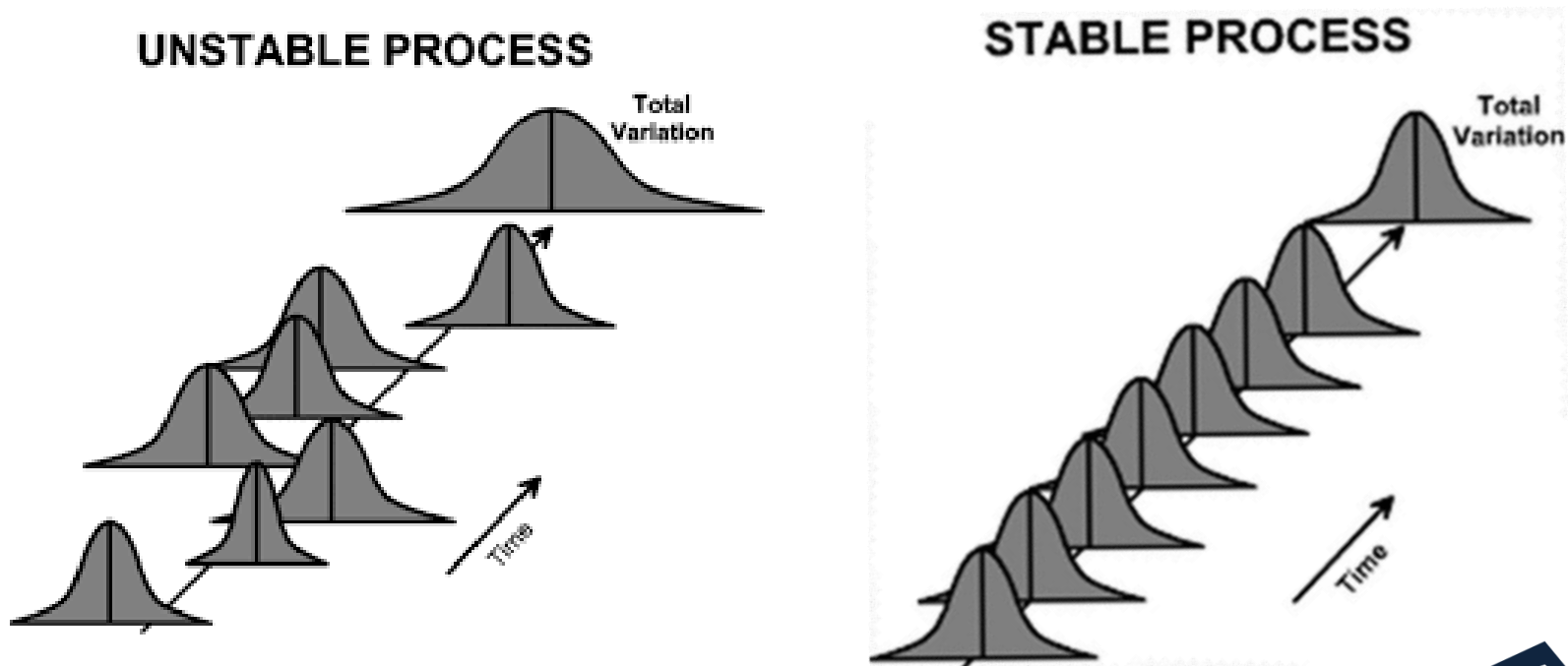
Facilitated Question #4

Are VOC and Moments of Truth lost in Lean Six Sigma and Continuous Improvement teams? Do companies need to hire CXOs and CX teams?

McKinsey on CX = "redesign the business in a more customer-centric fashion and organize it for optimal business outcomes."

Facilitated Question #5

Innovation, Digitization and Transformation... Which one is not like the others? Why?

What is common to all programs, improvements or transformations? Do we have clear roles for process owners?

Facilitated Question #6

How can a Continuous Improvement Team use a Data and Analytics team?

The opening line in the 2018 Gartner Data and Analytics Summit reads,

"Data and analytics leaders are fueling <u>digital transformation</u>, <u>creating monetization opportunities</u>, <u>improving the customer experience and reshaping industries</u>."

Facilitated Question #7

Is the primary role of Continuous Improvement teams shifting from project execution to facilitating a culture and training?

– Will the other disruptive strategies (Digitization and Analytics) prevail as the execution arm of Continuous Improvement?

– Is Lean Six Sigma more of a "People" strategy than a "Disruptive Execution Strategy"?

Agenda

11:00-11:05	Introductions and overview
11:05-11:15	The challenge
11:15-11:50	Facilitated discussion
11:50-11:55	Closing comments & next steps
11:55-12:00	Call to action & wrap up

Conclusions

COLLABORATION

"Collaboration is more than a requirement, it must bring disciplines together for the business."

CI can translate and help process owners

Disruptive Strategies will always come and go, but Continuous Improvement has long-term sustainability and responsibility.

- Other strategies are beneficial and **all support improvement**
- CI brings **cultural commitment** to change
- CI Tools and techniques for front line employees
- CI has **measurable impact**

KAEPPEL
CONSULTING

Conclusions

COLLABORATION

"Process Owners (or Business Leaders) must understand how to improve and measure each strategy"

CI Programs can help integrate strategies

Organizations that sustain over time are those whose leaders adopt and integrate all improvement strategies as they come.

- CI is bigger than Lean Six Sigma

- **Process is Common** across all strategies. We must learn to work together

- All strategies are looking to **improve business and KPIs**.

KAEPPEL CONSULTING

Conclusions

COLLABORATION

"Creating teaming agreements and understanding will delight the business"

Geese fly 70% further as a unit than alone

Knowing who is on the team and how it all works together will benefit the CI team and the business results

- CX Journey maps and Swim lanes can **co-exist**

- Data Analytics teams can provide **valuable opportunities** in process improvement

- Digitization can use help with **simplifying before automation**.

KAEPPEL CONSULTING

Agenda

11:00-11:05   Introductions and overview

11:05-11:15   The challenge

11:15-11:50   Facilitated discussion

11:50-11:55   Closing comments & next steps

11:55-12:00   Call to action & wrap up

Call to Action

What questions or follow up should we tackle on this challenge?

1)

2)

3)

KAEPPEL
CONSULTING

Call to Action

What three things can you do tomorrow?

1)

2)

3)