



Attack Operational Inefficiencies to Align with Strategy and Optimize Costs

Are your operations truly supporting your business strategy? If not, it's time to assess and optimize the right processes in your organization.

Executive summary

Consider if this scenario sounds familiar: Your organization has expanded significantly over the past few years, increasing both its customer base and number of employees. The business strategy is driving a highly successful growth track likely to continue over the next several years. But while there is much to be celebrated, your labor force is now operating in a fully remote or hybrid environment. This may be somewhat or entirely new to the enterprise and there could be a notable loss of process knowledge and efficiency that is beginning to create headaches organizationwide.

Such a situation is not a rare occurrence in today's environment. Your organization may have the best, most ambitious mission and strategy, one that your employees, external stakeholders and the market have embraced enthusiastically. In terms of vision, your organization is first-class. But are your day-to-day defined processes achieving the results you need? Are they optimized to deliver on key objectives? Can you measure the productivity of your workforce? Or are

your processes consuming unnecessary valuable time and resources on a daily basis?

The fact is that in many organizations there is minimal process knowledge; specifically, in regard to any particular process, organizations can struggle to answer seemingly simple questions such as:

- What are our processes?
- Who performs the activities?
- When are key tasks done and are there process latencies?
- Why is a process performed?
- Who is the customer (internal and/or external) and how are they using its output?
- Where is the data/input coming from to support the process, and what happens if this information arrives late or is wrong?
- Who are the process owners and is the documentation current to support training and/or audit activities?

Jay Thompson, Managing Director and Global Head of Managed Business Services for Protiviti, sums up the challenges faced by many organizations: “Many don’t have a full operational understanding or don’t know where their documentation is. They may not know who owns the process and the only time it is being touched is when the auditors show up. Then they often scramble to find answers and make improvements.”

There is a solution — one that emphasizes the need for organizations to reorient their operations strategy. Doing so requires a focus on processes — perhaps through forming an operational process center of excellence, considering and possibly leveraging alternative labor sources, and deploying technologies and digital workflows that automate and boost process intelligence.

Why is process inefficiency such an issue?

At first glance, inefficient internal processes may not seem significant because the costs are hidden. But the costs are often material, and an efficient and effective organization is crucial to drive innovation and growth.

Among the issues created by a lack of process knowledge and efficiency are:

- **Increased time and costs** — Leaders and teams may spend valuable time on inefficient, manual investigations and corrections, rather than more important value-add activities. According to the American Productivity & Quality Center (APQC), each employee spends, on average, six hours per week creating workarounds, recreating processes and performing busy work.¹
- **Increased concentration risk among key employees** — If one or a small number of employees are responsible for a key process and the knowledge for that process resides solely with them (i.e., “in their heads”), there is significant risk of that process suffering should those people leave the organization — consider current market trends related to the “great resignation” — or be away for

a substantial amount of time. In addition, some employees may become disengaged as a result of spending significant time supporting inefficient processes (see “Less innovation” point below). According to the *Journal of Organizational Behavior*, less cognitively complex jobs tend to promote more knowledge hoarding due to the threat of being replaced by someone else or automation.²

- **Difficulty for new or interim resources to become productive** — Without clear, consistent guidance, it is very difficult for new resources (either employees or interim) to become productive, which leads to slow and inconsistent process operations. According to the APQC, each employee spends 8.2 hours per week seeking expertise, looking for or requesting information, recreating information that already exists elsewhere in the organization, or providing duplicate information.³
- **Lack of technology support/flexibility when circumstances change** — According to results from the 2020 Forrester Digital Process Automation survey, when the COVID-19 pandemic forced a massive shift to remote work, two out of three companies reported their processes either could not support the remote environment or could do so only partially.⁴ Most organizations have responded but most likely not in an optimal fashion.
- **Less innovation** — Time spent on inefficient processes means less time devoted to thinking about and executing on bigger strategic projects, as well as less time exploring opportunities to innovate. It is these latter areas that drive higher employee engagement and satisfaction levels. Innovating is how you drive top-line growth.

These points are especially noteworthy as more organizations pursue business or digital transformation and innovation. A common complaint among leaders is that more progress is not achieved more quickly. In most cases, a lack of focus and attention is not the issue — numerous studies, including several conducted by Protiviti, show that

¹ Fixing Process & Knowledge Productivity Problems: Survey Report, APQC, July 28, 2021: www.apqc.org/resource-library/resource-listing/fixing-process-knowledge-productivity-problems-survey-report.

² “Knowledge Hiding in Organizations,” Catherine E. Connelly, David Zweig, Jane Webster and John P. Trougakos, *Journal of Organizational Behavior*, January 2011: <https://onlinelibrary.wiley.com/doi/10.1002/job.737>.

³ Fixing Process & Knowledge Productivity Problems: Survey Report, APQC.

⁴ “On-Demand Webinar: Results Of The 2020 Digital Process Automation Survey,” Rob Koplowitz and Abigail Livingston, Forrester, August 12, 2020: www.forrester.com/webinar/Results+Of+The+2020+Digital+Process+Automation+Survey/WEB31505?ref_search=0_1658356761970.

transformation and innovation rank among the top priorities for executives. And it almost certainly is not about money, with organizations continuing to make significant capital investments in support of innovation and transformation. Rather, the issue frequently is process inefficiency coupled with a lack of process excellence.

So the key question becomes, “How do we improve our processes?”

First, change the mindset

Process performance cannot be tracked without a real-time, comprehensive understanding of each activity and how processes must operate together to create a more productive whole. Most process owners — working in siloes and focusing on one or more specific areas — lack a broad view of the overall business and an understanding of how process improvement techniques and digital tools can identify and eliminate waste, accelerate production, and increase accuracy. Even when documented, siloed processes become outdated as changes occur to align with business demands. Companies suffer the resulting increased costs, performance issues and decreased innovation.

The key is aligning processes and operations with strategy. At any given point in time, there must be a transparent, clear and pervasive understanding of current processes and how they play into achieving the overall business strategy. This requires a mindset focused on democratizing knowledge across the company, and this means that a business must enable its individual process owners to pivot on operations so they can align with strategy.

Process owners who are enabled to contribute to transparency by making recommendations to (and, by proxy, documenting) process improvements are able to support the strategy. Automatically chiseling and refining processes to accommodate business changes must be continuous and a part of the fabric of the organization rather than a once-a-year administrative burden.

Employ technology, a center of excellence and a process framework

Increasing the efficiency and effectiveness of business operations requires new and innovative methods to achieve results from what has become a mobile, non-uniform workforce. To manage operations, cloud-based systems, virtual collaboration tools and automated workflows are vital technologies for process improvement.

• • • The keys to optimizing business processes include the following actions

 <p>Create a formal process operations center of excellence.</p>	 <p>Employ a proven process framework to accelerate the process structure.</p>	 <p>Use end-to-end process templates to accelerate and optimize process documentation.</p>	 <p>Establish individual ownership to promote employee accountability and empowerment.</p>
 <p>Implement automated workflow to capture activity performance data so latencies can be corrected.</p>	 <p>Scale process knowledge by accelerating process structure and documentation, and identify deviations.</p>	 <p>Leverage a full range of resources and a flexible labor model — including interims, external consultants and delivery centers — to accelerate documentation customized to the business.</p>	 <p>Create the flywheel effect. Train on process improvement methodologies and technology. Leverage methodologies such as Lean, Six Sigma, Agile and Design Thinking.</p>

Organizations looking to memorialize, standardize and streamline/automate processes also must consider the governance around such an enterprisewide program and the tactics required to gain momentum and realize the benefits.

Organizations should aim for end-to-end processes with embedded documentation and automation, best practices, and notations of all the different variations a process could have.

Cloud-based systems, collaboration tools and workflow are keys to enabling an efficient workforce. Beyond that, businesses must get a better handle on the way things work. They need to leverage technology to create visibility and transparency in governance regarding how things operate. At that point, it is feasible to memorialize process changes or improvements on a continuous basis that support the overarching goals of the business.

In addition, organizations must use different techniques to understand their processes and manage the business because today's mobile workforce brings unique challenges — people are not in the same room or even in the same building, there are distractions, and they operate from a disjointed knowledge base.

To help achieve this, organizations have an opportunity to enable “live” documentation of business processes — a tool at their fingertips that enables them to delegate the authority of owning a process to someone else, as well as to track it. For each process, managers can require process owners to review the process, confirm status and make improvement recommendations. Critical to this is keeping process documentation current for the benefit of timely business decision execution.

The benefits

- • • **By planning and implementing these strategies, approaches and technologies, organizations will gain the opportunity to:**

 <p>Create a widespread awareness and understanding of what is possible if this new approach is followed.</p>	 <p>Accelerate the speed at which new projects can be assessed, mapped out and executed.</p>	 <p>Reduce the amount of rework, integration and expense that inevitably arises when fragmented processes have to be stitched together.</p>
 <p>Increase visibility into end-to-end processes and outcomes across the business.</p>	 <p>Optimize change management opportunities because common frameworks are already in place and are understood across the organization.</p>	 <p>Orchestrate and accelerate digital maturity, allowing for faster innovation and change to keep pace with evolving customer and stakeholder demands.</p>

Achieve transformational change

Many organizations are confounded when digital transformation is not occurring at the rate their business wants it to. The answer is quite simple. Businesses at the top of their game insist on process excellence.

The capability to automate and distribute ownership of a process and make it both continuous and efficient is life altering. Companies going through significant growth, a transition from one operating state to another, a transformation of aligning operations with a new strategy, or a major transaction (e.g., merger, acquisition, initial public offering) can see miraculous results.

ABOUT OUR MANAGED BUSINESS SOLUTIONS

Companies are seeking innovative ways to address today's finance and accounting challenges. Unforeseen issues, transaction backlogs, and one-time events that demand a rapid response drive this search for new approaches. Finance leaders now operate with leaner staffs. Often, just enough resources are on board to meet routine business needs. Meanwhile, the pace of business change has accelerated, increasing pressures on finance and accounting staffs. As they compete for an ever-dwindling pool of qualified finance and accounting resources, leaders are looking for ways to respond to challenges without overburdening their employees.

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