European Process Excellence

Strategy Report
2018

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Contents

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Introduction

Europe is a hub to some of the most successful companies in the world. In order to remain competitive and relevant, companies need to align their process improvement with senior level business strategy.

Through continuous improvement, businesses can expect to lower costs, increase efficiency and – most importantly – improve customer satisfaction. Organisations therefore need to have a clear understanding as to the impact effective leadership and culture have in shaping their broad strategic ambition as much as their nuanced day-to-day activities.

Delivering a customer-centric operating model and end to end process improvement is increasingly important. One thing organisations agree on is the need to increase efficiency when creating and delivering value for customers.

Companies that have a clear process excellence strategy, and can adapt quickly and leverage new innovations in business technology as part of their process improvement programme, will have a significant competitive advantage over those that cannot.

PEX Europe has grown rapidly with conference attendee numbers doubling year on year. You may have heard of the success of our sister event in Amsterdam, and now we are bringing the party to London.

For the first steps in competing with the best companies join us at Process Excellence Europe at the Hurlingham Club in London where the stage will be set for a wealth of success stories and failures to aid you in readying your organisation to drive business performance.

Over 200 Process Excellence professionals took part in the 2017 PEX Network European Process Excellence Strategy survey. This report will give you an insight into the strategic trends for European process and operational excellence professionals, with insight into how to implement process tools effectively in your organisation. We will highlight the key trends revealed in the survey as well as provide analysis on some of the key findings.

We will also provide a sneak peak into the presentation topics for a few of the speakers at the Process Excellence Europe conference in London.

We hope you enjoy reading!

Key Findings

69% of respondents are actively looking to invest in operational excellence in the next 6-12 months

The top four methodologies and solutions companies are currently using to support their process excellence projects are business process management (BPM), Lean and Lean Six Sigma, and agile

59% of respondents that are currently in the most need of process excellence work in operations

Decreased efficiency ranked as the key factor to indicate a process excellence programme is at risk of failure

The top five key areas of focus for process improvement in 2018-2019 will be process automation, process redesign, customer centric process improvement, culture strategy and change management solutions

The top four areas that organisations are applying process excellence methodologies are operations, IT, non-customer facing customer service and human resources

Respondents said the area where an immediate investment is needed is linking process improvement with top-level business strategy

29% of respondents said employees in their organisation view process excellence initiatives as a way to improve customer satisfaction through better quality and efficiency

Are you looking to actively invest in operational excellence in the next 6-12 months?

An overwhelming majority (of **69 per cent**) of respondents said they were actively looking to invest in operational excellence in the next 6-12 months. This shows that most organisations are serious about implementing an operational excellence and process excellence programme to create and deliver value for their customers.

To this end, the upcoming **Process Excellence Europe conference** is a vital resource to help organisations learn, transform and equip their staff to deliver processes that will drive exceptional business value.
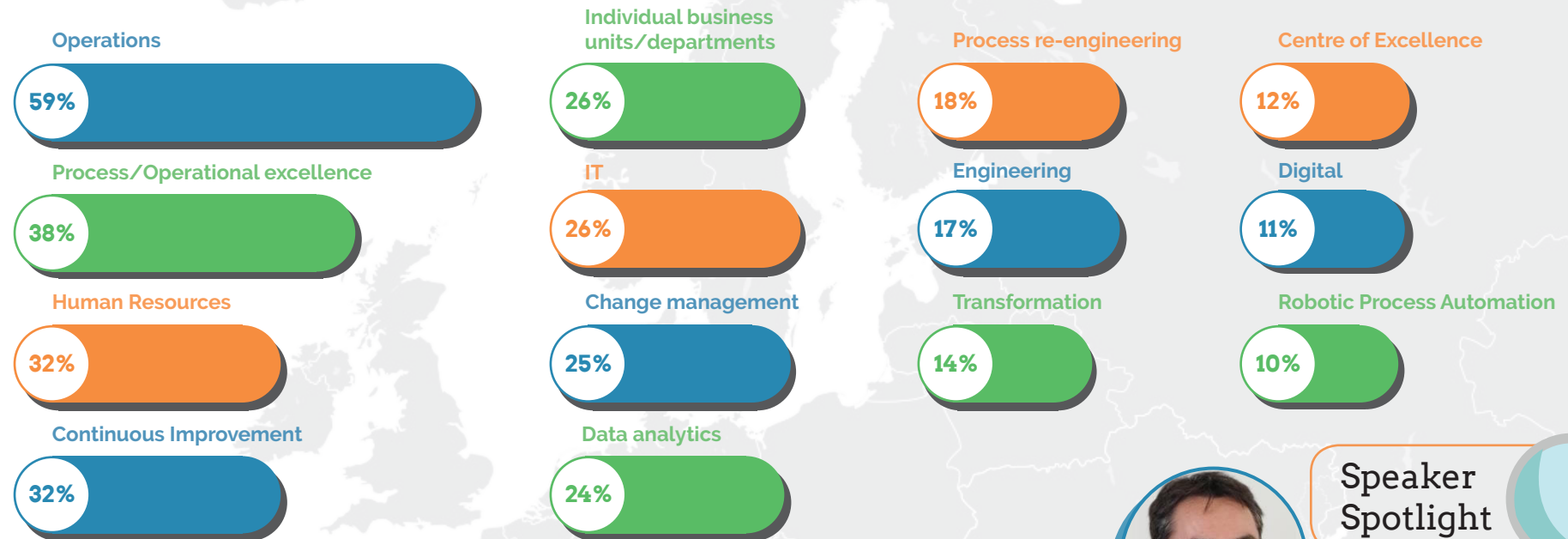
Yes

69%

No

31%

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3

Within your organisation what job function/areas are currently most in need of process excellence?

Operations
59%

Process/Operational excellence
38%

Human Resources
32%

Continuous Improvement
32%

Individual business units/departments
26%

IT
26%

Change management
25%

Data analytics
24%

Process re-engineering
18%

Engineering
17%

Transformation
14%

Centre of Excellence
12%

Digital
11%

Robotic Process Automation
10%

There remains a significant amount of confusion over which department is (or should be) responsible for executing process excellence programmes. **Nearly 60 per cent of respondents** said operations is most in need of process excellence in their organisation.

It is recommended that those working in operations undertake deep analysis of current internal activity and explore opportunities for improvement in areas such as order fulfillment, manufacturing, supply chain management, new product development, sourcing and supplier management, and other general continuous improvement opportunities that are value-dependent.

Speaker Spotlight

Howard Blackith
Director, NHS Procurement Transformation Programme, UK Department of Health

Howard will give a presentation at the Process Excellence Europe conference on the NHS Procurement Transformation Programme that will save £2.4 billion in 4 years and involve 1.4 million health service employees. In the public sector where transparency is essential, making the right decision is even more scrutinized than elsewhere, making budget for projects and what supplies you are using is critical.
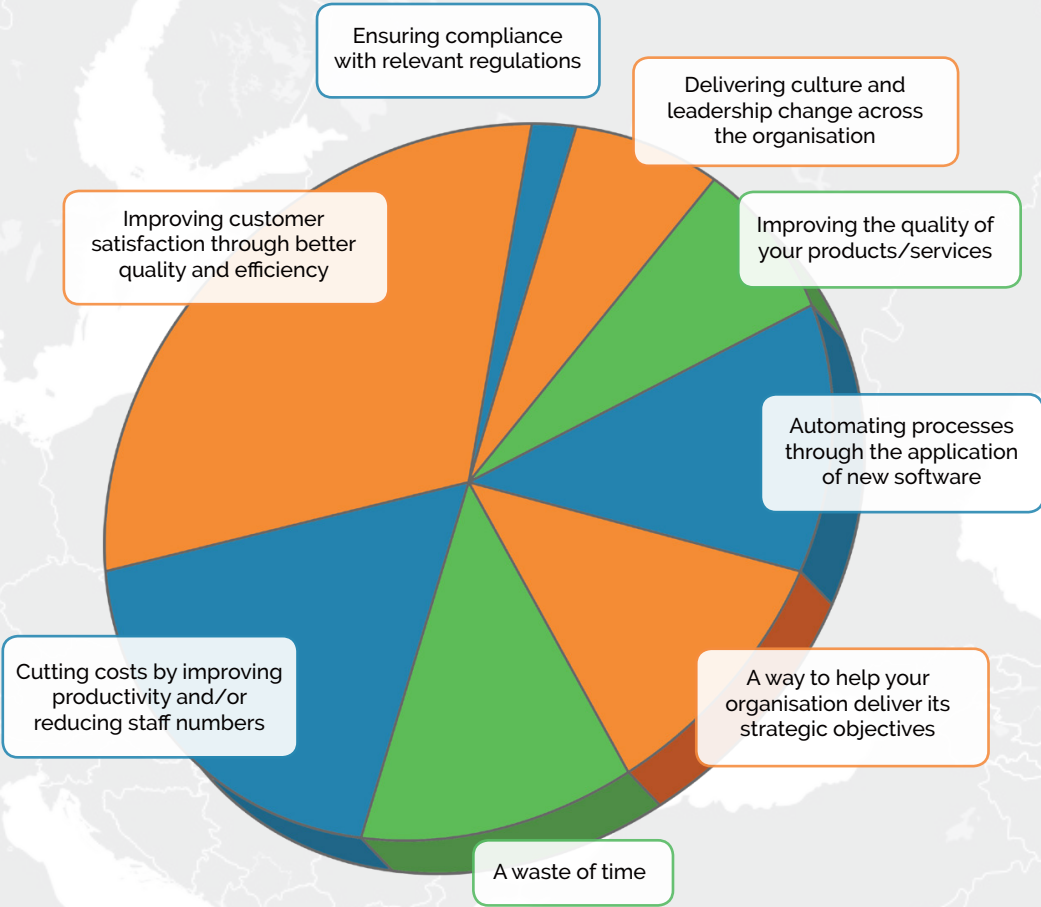
How do you think employees in your organisation view process excellence initiatives?

It's interesting to see that **29 per cent** of respondents said employees in their organisation view **process excellence initiatives as improving customer satisfaction through better quality and efficiency**. This was followed by 19 per cent who see it as a way to cut costs by improving producing and/or reducing staff numbers. Only 12 per cent believe it to be "a waste of time".

"One of the biggest challenges with process excellence at Uber is its huge decentralised network. It is challenging to understand what people are doing. Typically, everyone is trying to solve the same problem in different ways. It, therefore, makes it challenging to solve problems in such a large organisation as Uber. One of the steps to address this is collaboration. We now have a global function so it makes it easier for people to know what we are doing, we then reach out to people to figure out what they are doing and hopefully align activity and stop wasting resources to solve the same problem in different ways".

Martin Rowlson
Global Head of Process Excellence at Uber

Ensuring compliance with relevant regulations

Delivering culture and leadership change across the organisation

Improving customer satisfaction through better quality and efficiency

Improving the quality of your products/services

Automating processes through the application of new software

Cutting costs by improving productivity and/or reducing staff numbers

A way to help your organisation deliver its strategic objectives

A waste of time

Which methodologies and solutions are you currently using to support your process excellence projects?

Methodology	%
Business process management	55%
Lean	50%
Lean Six Sigma	41%
Agile	35%
Data Analytics	32%
Change Consulting	22%
Six Sigma	21%
Robotic Process Automation	20%
Process Papping	19%
Process Excellence Frameworks	19%
Business Architecture	15%
Enterprise Architecture	14%
Machine Learning	7%
Artificial Intelligence	6%
Process Pining	3%
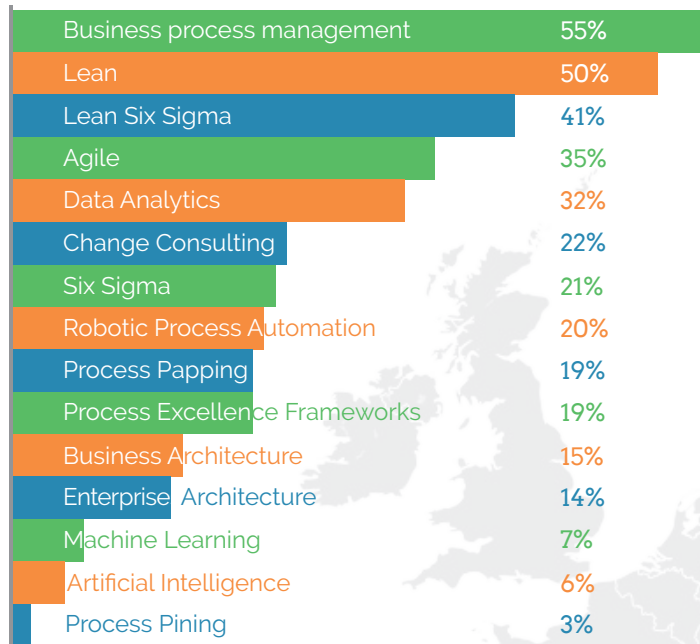
Only 6 per cent of respondents said they are currently using artificial intelligence (AI) to support their process excellence projects which demonstrates that AI is still in the early stages of being implemented in Europe. Process professionals are still trying to understand how AI can be used effectively within their organisation.

More than half (55 per cent) of respondents said business process management (BPM) is the primary methodology they are using. Following closely is Lean at 50 per cent, Lean Six Sigma at 41 per cent, and data analytics at 32 per cent. The difficulty organizations have is trying to find a suitable methodology or solution to help drive exceptional business value.

"Each methodology has strengths and weaknesses. To use them properly, organisations must understand what they can do well and what they cannot. They must also understand how to mix methodologies effectively. It is imperative that everyone involved in operational excellence understands that no one discipline or tool will give them all they need. In fact, our advisors say that one of the problems with process excellence today is that there are people with different disciplines – such as Six Sigma and Agile – that view the concepts and techniques of their discipline as all that is needed. In OPEX, the work is broad, encompassing the traditional people, process, and technology components of a business. No solution today can deal with only of these components."

Stacy Irish, PEX Editor

"There is a place for artificial intelligence. You have to be careful and logical where you place it."

Martin Rowlson
Global Head of Process Excellence at Uber

"We have implemented lean in one third of the factories and agile in application development,"

Dirk Stoltenberg,
Head of Human Resources, Apetito
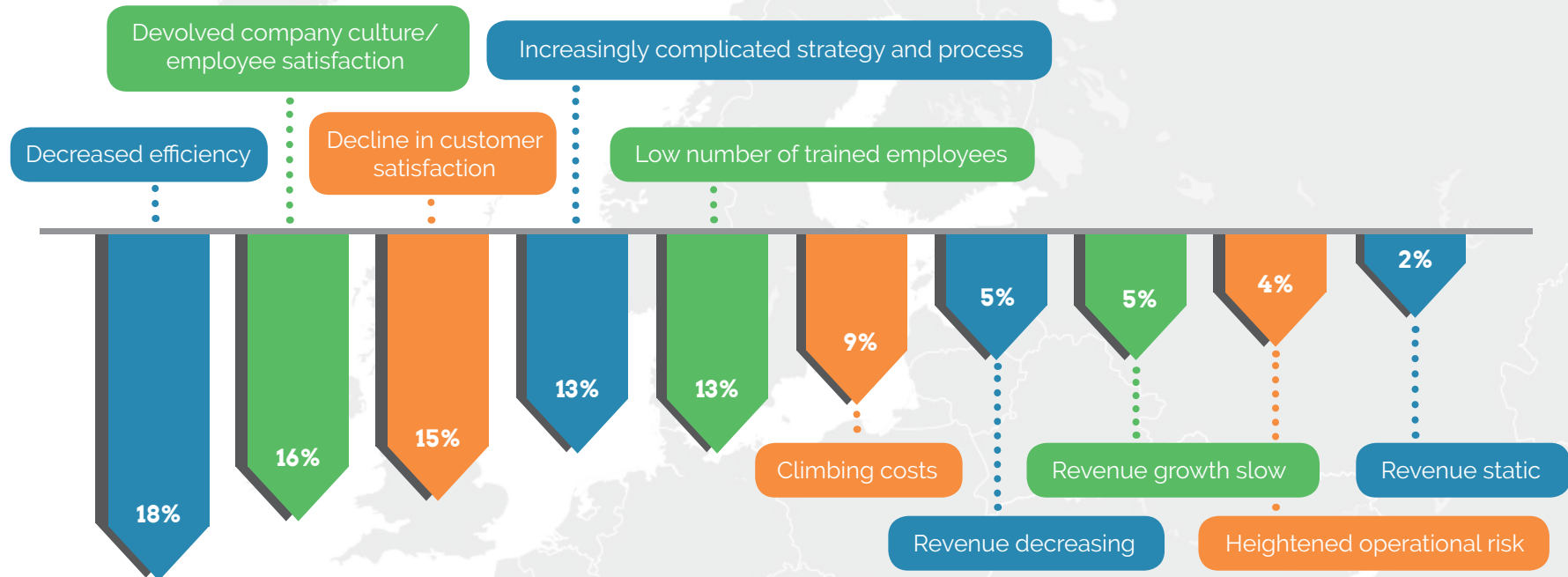
Speaker Spotlight

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What are the key factors that would indicate that your process excellence program is at risk of failure?

Decreased efficiency — 18%

Devolved company culture/ employee satisfaction — 16%

Decline in customer satisfaction — 15%

Increasingly complicated strategy and process — 13%

Low number of trained employees — 13%

Climbing costs — 9%

Revenue decreasing — 5%

Revenue growth slow — 5%

Heightened operational risk — 4%

Revenue static — 2%

Decreased efficiency (18 per cent) was cited as the primary factor that will reveal that a process excellence programme is at risk of failure. Once organisations have chosen a suitable process excellence tool, they need to find a way to quantify the success of the methodology or solution that is being used. It can sometimes take 1-2 years to see results.

The survey also showed that devolved company culture/employee satisfaction was cited by 16 per cent of respondents.

"Absolute clarity of success will drive engagement, management buy-in and sustained improvement.

Simplicity is needed to build a process excellence programme. People need to understand why they need to change and most importantly how they can change,"

Martin Rowlson
Global Head of Process Excellence at Uber

What types of process improvement will be the focus of your programme in 2018-2019?

Almost half (44 per cent) of respondents said process automation will be the focus of their process improvement programme in 2018-2019. Robotic process automation (RPA) is a hot topic right now and for good reason. It helps organisations to drive efficiency, increase productivity and cut costs by automating repetitive and manual tasks, thereby enabling resources to be allocated to other parts of the business.

Many consider RPA as the 'new kid on the block' when compared with the better known process management and automation systems. The reality is that businesses have been using RPA for many years to help drive business automation and efficiency.

Organisations in Europe are starting to integrate RPA solutions into their IT ecosystems and those that have yet to follow suit are seriously considering the option. There is of course tremendous pressure on companies to produce more for less.

Process redesign was cited by 44 per cent of respondents and 36 per cent cited customer centric process improvement.

44% Process automation

10% Artificial Intelligence

11% Business Architecture

32% Change Management Solutions

12% Implementing process design frameworks

29% Six Sigma Process Improvement Projects

26% Integrating Data with Process

34% Culture Strategy

31% Performance Metric Redesign

44% Process Redesign

11% Business Process Solutions

36% Customer Centric Process Improvement

32% Business Dashboards

"The future of process excellence at Uber is people development, collaboration, machine learning and automation,"

Martin Rowlson
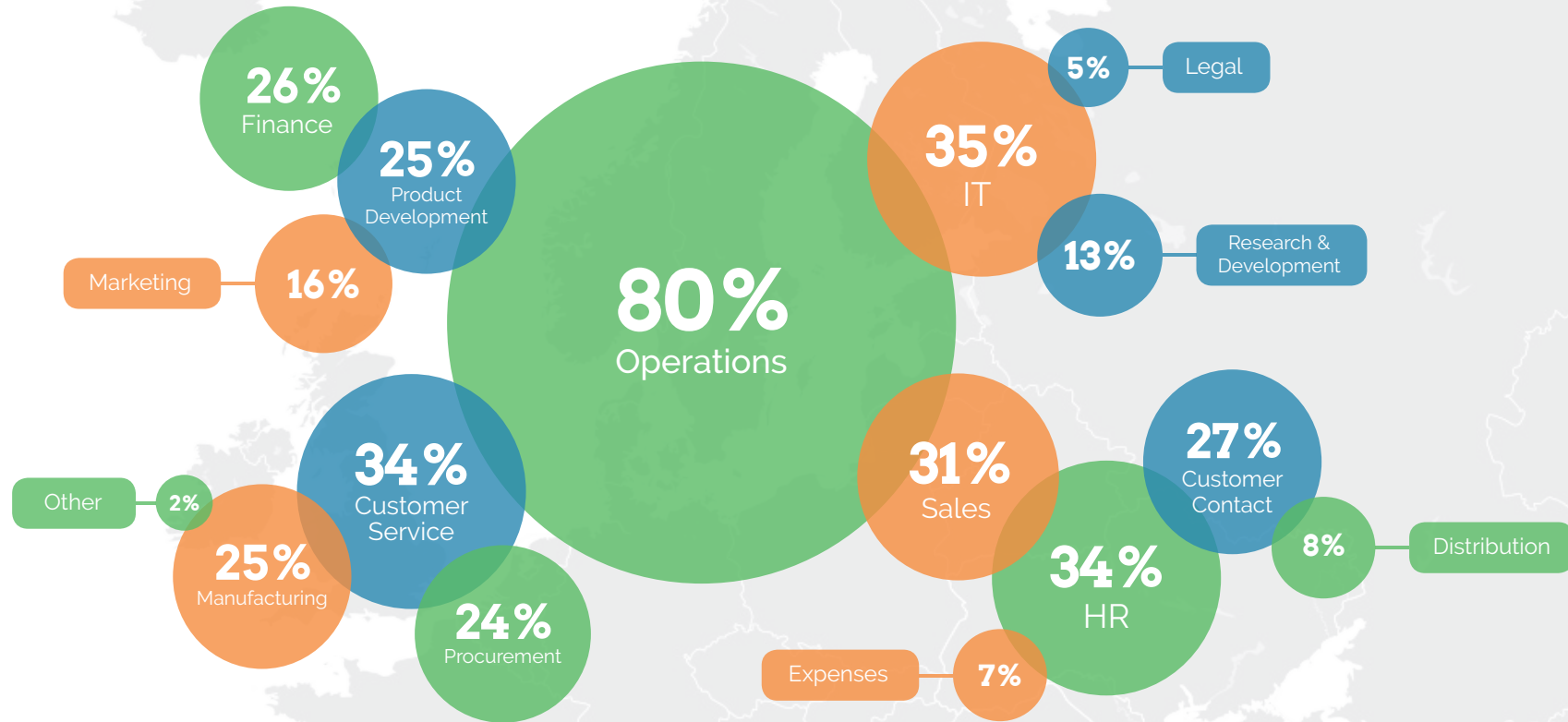Global Head of Process Excellence at Uber
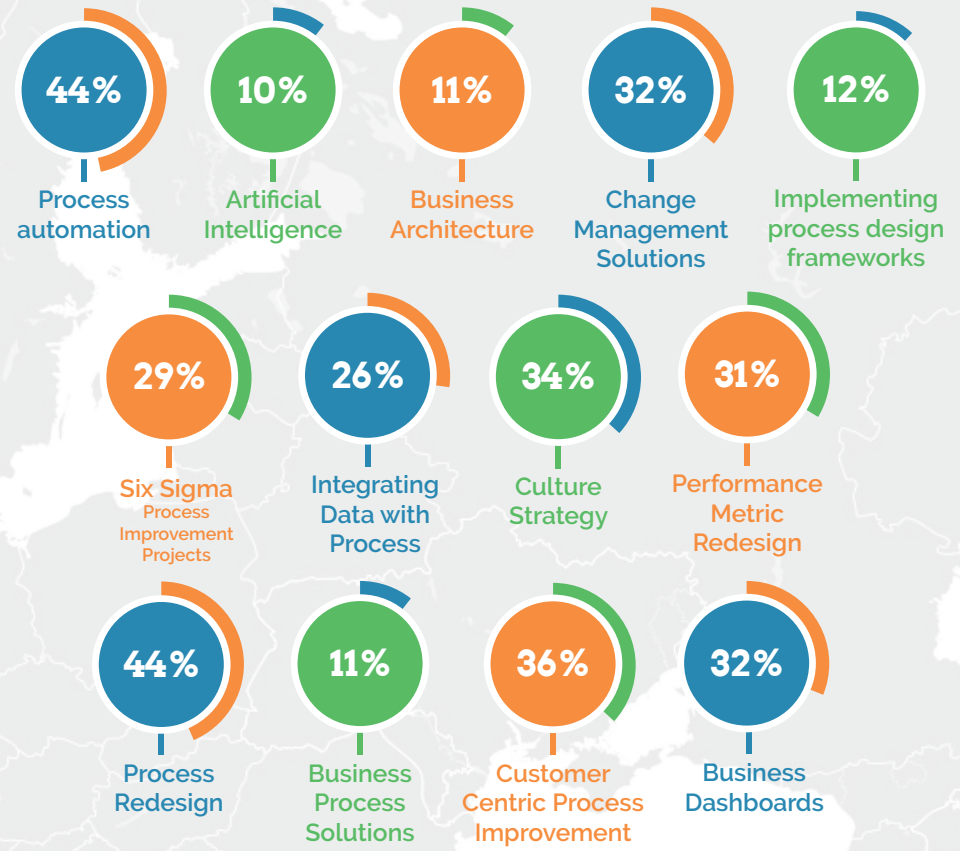
"Our top key areas of focus are system analysis & Lean Management implementation, digitisation of client related processes/offers and logistics automation"

Dirk Stoltenberg,
Head Human Resources, Apetito

Speaker Spotlight

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In which areas are you applying process excellence methodologies?

26% Finance

25% Product Development

16% Marketing

80% Operations

35% IT

5% Legal

13% Research & Development

34% Customer Service

2% Other

25% Manufacturing

24% Procurement

31% Sales

34% HR

27% Customer Contact

8% Distribution

7% Expenses

Eighty per cent of respondents revealed that operations is currently the focus for process excellence methodologies. Organisations need to identify, prioritise and deploy the right continuous improvement efforts to create maximum operational value quickly – ideally in the first 60-90 days of new ownership.

"Predominantly in operations, and across our near and off-shore centres. I have also seen this applied very successfully in finance, treasury, HR"

**Richard-G Turner,
Global Head of Third Party Management,
Global Procurement, Deutsche Bank.**

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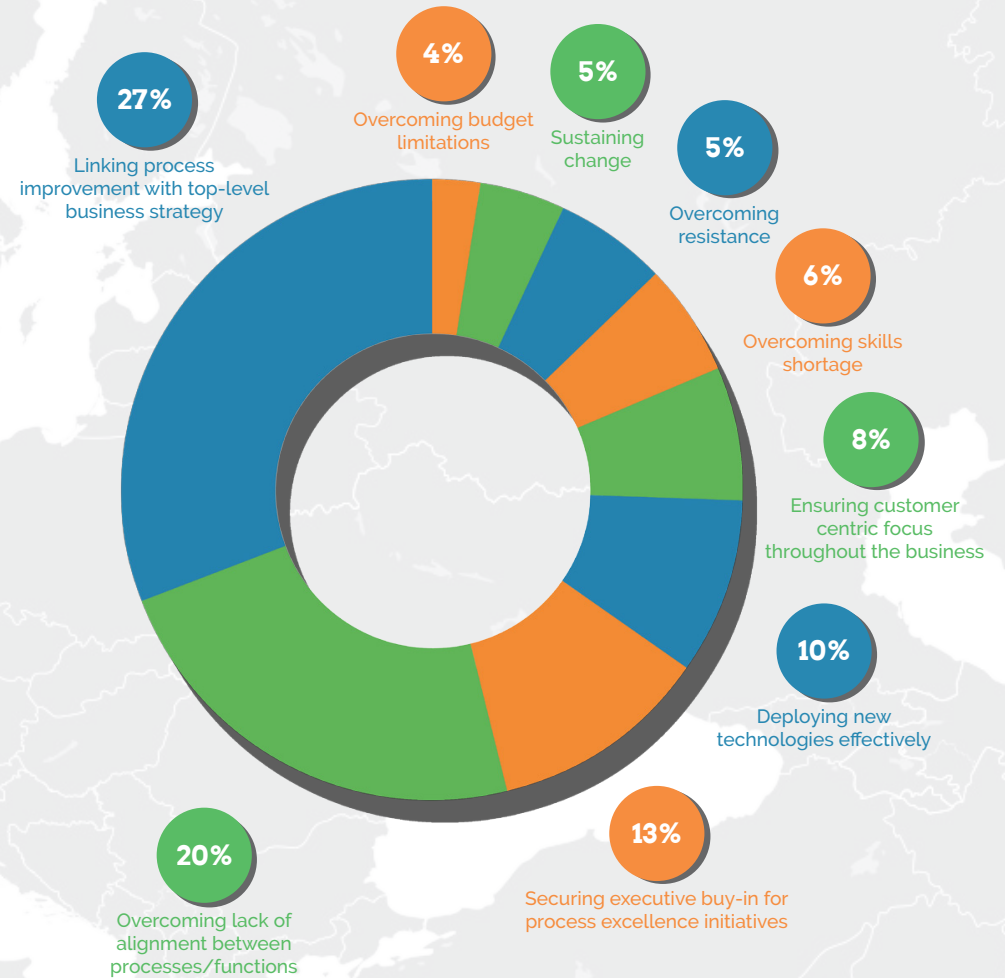NETWORK

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9

Where is your immediate investment needed?

Respondents said the areas where they needed immediate investment in process excellence is in linking process improvement with top-level business strategy (27 per cent), overcoming a lack of alignment between processes/functions (20 per cent) and securing executive buy-in for process excellence initiatives (13 per cent). Only 5 per cent of respondents feel that overcoming resistance to change requires any active investment.

Stacy Irish,
PEX Editor

"When it comes to investment, members of the PEX Network advisory board suggest the most effective way to train and develop people to practice process excellence initiatives every day is to make practicing the principals of process excellence a source of pride. Organisations need to have definitions and listed characteristics that are aligned to what we want them to do. Make the pursuit of process excellence a game and make the rules easy to understand – then make a big deal of the awards. In other words, we recommend people find pride in winning."

27% Linking process improvement with top-level business strategy

4% Overcoming budget limitations

5% Sustaining change

5% Overcoming resistance

6% Overcoming skills shortage

8% Ensuring customer centric focus throughout the business

10% Deploying new technologies effectively

13% Securing executive buy-in for process excellence initiatives

20% Overcoming lack of alignment between processes/functions

8 STEPS to implementing a successful Process Excellence Programme

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1. People

The most important process tool is training, coaching and developing the people within your organisation. No process tool can replace investing in human capital. The value of the human capital is greater than you think.

2. Culture

The biggest obstacle is people's resistance to change. In order to implement a change in culture it's important to make the purpose for change clear and the reasons behind it in order for it to be understood and result in a change of mind-set. People need to understand why they need to change and, more importantly, how they can change.

3. Simplicity

It doesn't matter what process tool or methodology is chosen. The organisation needs to make sure that it is simplified as much as possible and ultimately easy to understand for the least experienced.

4. Leadership

There needs to be strong leadership that has a clear message to drive change in the organisation. Leaders need to know what they want and have a clear path of how to implement effective process.

5. Consistency

There needs to be consistency in the message. Organisations need to have a common language and a consistent methodology or process excellence solution.

6. Voice of the Customer

Have a clear understanding of what the customer wants and needs. You will know what the customer wants by talking to them directly. This may require you to literally ask the question: What does the customer need? Organisations should implement a customer-centric process management program, designing a vision and a strategy around the customer.

7. Pick Wisely

Choose a process excellence tool that is suitable for your organisation. Just because everyone is using Robotic Process Automation (RPA), it doesn't mean that it is suitable for your organisation. Not every methodology or solution will work on every platform. Find a way to test it to see if it works for your platform to avoid wasting critical time and expense.

8. Metrics and Results

Once you have chosen a suitable process excellence, tool find a way to quantify the success of the methodology that is being used. It can sometimes take 1-2 years to see results, so stick with the strategy and remain consistent.

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11

Spotlight on keynote speakers

On your marks: Embed an innovative and digital first culture
Get set: Build a collaborative organisational infrastructure
Go: Align people and technology for true operational excellence

Process Excellence Europe in London taking place on the **16th-18th April 2018**, is where the stage will be provided to learn, share and challenge everything you need to become a business of the future

Anne-Sophie Palange,
Head of Global Process Architecture, BP

Anne-Sophie will give a keynote presentation about **demystifying the process and putting process excellence on the strategic table**. Customer Management, Supply Chain, Source to Pay and Finance processes and standards need defining and governing and that is what she is accountable for at BP. Her team process design globally and are in charge of garnering any changes made to that process design to move closer to strategic intent.

You will learn to.....
- Create a process design team that is strategic table to ensure that transformation questions are answered earlier
- Use your process architecture to mange process deign in transactional and supply china transformations
- Put process excellence at the strategic table to ensure that transformation questions are answered earlier

Peter Evans,
Global Director of LEGO Continuous Improvement, LEGO

Peter will give his insight into **making the link between a process excellence strategy and deployment**. For LEGO turning this strategy into something tangible and transparent for their staff will enable increased performance. The challenge will rest upon the leadership team and collaboration with the workforce to turn their approach into a reality.

You will learn…
- How LEGO deploys its strategy and determines the key metrics for success
- Translate your strategic deployment for your Business Services Organization
- Turn strategy into reality for your staff

Hash Ladha,
Chief Operating Officer, Oasis & Warehouse

Hash Ladha will give a keynote presentation on **organizational structures of the future** and what future leadership teams look like.

You will learn:
- The key leadership principles behind improved business profitability and market performance
- The importance of leadership in driving a digital workforce

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12

About the PEX Network

Stacy Irish,
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Stacy Irish is the Editor for PEX Network and spends her days speaking to smart people about what it takes to implement successful process improvement initiatives while developing regular webinars, podcasts, videos, articles and columns for the PEX Network.. Prior to joining the PEX team, Stacy was a business journalist for over ten years and lived in New York for two years as the North American Editor for an online commodity publication.

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The Process Excellence Network is a global community for process professionals, business leaders and executives who want to improve their businesses through process and operational excellence. With a global membership of 135,000+, and a burgeoning global portfolio of live events, webinars, and networking opportunities, our mission is to inspire and inform our members with access to practical advice on business improvement tools, methodologies and technologies in order to achieve their business goals.

PEXNetwork.com provides expert commentary and learning resources developed by experienced process professionals and industry insiders. The focus is on peer to peer sharing of what it really takes to harness the power of people, process and technology and improve business operations. Coverage includes

Business Process Management (BPM), Robotic Process Automation (RPA), Lean, Change Management, Operational Excellence, Six Sigma & Quality, Performance Management, Information Technology Trends and Customer Experience.

Benefits include:
- Access to expertly produced reports, video interviews, white papers, infographics, case studies, podcasts and more
- Two newsletters a week with a round up of the latest content
- Exclusive invitations and offers to attend our global process excellence events
- Networking opportunities with an extensive community of process improvement and operational excellence decision-makers