



AN AGILE APPROACH TO DIGITIZING SUPPORT FUNCTIONS

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This is the third article in a series on digitizing support functions. The first was an introduction to the benefits of digital; the second discussed why digital is only part of the solution. The final article in this series will look at how companies can create the right operating model to capitalize on digital across the entire organization.

DIGITAL TECHNOLOGY CAN HELP companies transform their support functions, leading to cost reductions of 20% to 40%, increased visibility and insights, better cash positions, and increased employee engagement. However, capturing those benefits simply isn't possible through a traditional IT transformation, which is often cumbersome, slow, and expensive. Because technology moves so fast, digitizing support functions calls for a new approach—one that relies on agile principles to deliver results faster.

In fact, agile implementation can help companies begin seeing results in months. That early momentum generates buy-in and optimism among managers and teams,

and—critically—it helps companies unlock value in order to fund subsequent stages of the initiative.

Based on our experience, an agile approach to digitizing support functions requires that leaders focus on four fundamental steps: prioritizing the initiatives that can unlock value quickly; using minimum viable products and aiming for speed rather than perfection; revamping capabilities and culture; and adjusting governance and funding.

Prioritize Initiatives

Resources are scarce during a transformation, and companies should prioritize the initiatives that will unlock the most value as quickly as possible. Value can be defined in multiple ways; cost reduction is always going to be an important aspect, but it's not the only one. Increasingly, support functions can also unlock value by freeing up business managers, generating more accurate forecasts, or making new employees feel welcome. By prioritizing the

deployment of high-value initiatives, companies can make the transformation journey largely self-funding; 12 to 18 months of recurring savings can cover the project's initial costs.

Aim for Speed Rather Than Perfection

How many corporate-driven projects seem to be solutions that are looking for a true business problem to solve? Support functions need to reassess the traditional implementation approach and instead begin thinking like a startup. Rather than spending months designing the perfect solution in isolation (only to realize that it doesn't actually work in the real world), companies need to get products into the hands of target users as quickly as possible.

Specifically, for each initiative identified as a priority, companies should develop a minimum viable product—a product or service with just enough features to create value for early adopters. These could be individual business units or customer segments, which, like a focus group, would try the new solution and suggest improvements. From that point, companies can iterate quickly, incorporating feedback into a revised design and then getting the improved solution back out into use for further refining. This is the best way to ensure that the initiatives deliver actual value to real-world users.

For example, one B2B2C company (which we discussed in the previous article in this series) wanted to change how it worked with retailers. Some organizations might have considered developing an extremely ambitious digital system, with an app enabling retailers to place orders (or to let AI suggest auto-refill schedules), along with revamped promotions and payments. But the company realized that such an ambitious project would likely fail, for several reasons.

The first was size: the new system would have taken more than a year to develop. More important, that kind of ambitious solution would have been company-centric

rather than user-centric. In fact, the main issue the company was trying to address was late payments from retailers, who complained about complex invoicing processes and slow claims handling. A comprehensive new system would have compounded that problem by asking retailers to learn a new set of processes based on the company's needs, not theirs.

The company ended up creating a customer portal with a smaller set of useful features for retailers—making the implementation easier, faster, and less expensive. Within the portal's first five months, 25% of the company's retail customers had already started using it, and it served as a means of collecting additional feedback from them about other processes. Because the portal solved the root problem of late payments and administrative time required to chase them down, it quickly paid for itself.

Developing products in this way requires a startup mindset in which “done” is better than “perfect.” It also requires a committed, multidisciplinary product development team, including a product owner from the business who can serve as a liaison to the test group of users and help articulate their requirements. The team should also include experts from the business, the shared-services center, and IT, co-located and working in iterative sprint cycles.

Revamp Capabilities and Culture

Creating this kind of mindset requires a fundamental shift in culture and ways of working. Support functions need to break through silos, increase transparency and collaboration, and work much more iteratively than ever before. To do this, companies must revamp their approach to training, relying more on hands-on learning rather than the traditional, increasingly outdated approach of wading through preestablished training modules. Even with a successful training program, companies may still need to supplement their workforce by hiring people who have the right expertise and can help spread new ways of working.

Quite often in support functions, the focus is on processes, and users are blamed if they don't adhere to them. With a user-centric mindset, deviations from a preset process are analyzed instead of frowned upon, as they may offer a smarter solution. After all, users are often best positioned to identify inefficiencies and pain points. Listening to and engaging with them may be the best way for companies to refine processes over time.

To be clear, building up agile capabilities takes time and often happens in the course of developing several minimum viable products (and often with the support of an agile coach). These capabilities will likely be concentrated in a small group at first. The team will gradually include more people throughout the organization as the portfolio of initiatives expands, ultimately leading to an end-to-end transformation of all support functions. Through this approach, support functions can serve as a lighthouse for the overall organization and enable others—such as customer-facing business units—to develop similar skills and approaches.

Adjust Governance and Funding

To successfully transform support functions using agile, strong governance and proactive steering are key. Senior leaders

need to actively manage the portfolio of initiatives, challenge the promise and potential of new projects, free up resources, and address obstacles. Unsuccessful pilots have to be identified and stopped before they consume too many resources. And all of this must happen on an ongoing basis. (The days when leaders could review project progress and deliverables on a quarterly basis are long gone.) Project funding, too, has to become more flexible, with mechanisms in place for leaders to review priorities and adjust budget allocations on a more or less monthly basis.

FOR TOO LONG, support functions and shared services have been treated as a pure cost center—a factory for boring back-office transactions. Digital technology is overturning that approach. Yet benefiting from the revolutionary impact that digital technology can have in the performance of support functions requires a revolution in how companies *implement* digital. By focusing on key priorities, minimum viable projects, agile capabilities, and the right governance and oversight, organizations can unlock the full potential of an end-to-end digital process transformation. In that way, support functions can meet their mandate to become an asset for their company—with the tools and insights needed to deliver tangible value.

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