



Robert Janiszewski, Business Architect, R²

The key to increasing operational efficiency is to accurately define the goal and foster mutual understanding.

In today's dynamic world, efficient digital processes are no longer just a 'nice-to-have,' but they form the foundation of a growing organization, regardless of its size or industry. Businesses worldwide are faced with the challenge of adapting and making changes to gain a competitive edge and ensure long-term growth. For the retail sector, understanding and harnessing the potential brought by digital transformations are key to achieving high operational efficiency.

In this article, we would like to focus on the importance of needs analysis and business analysis before initiating organizational changes. We will discuss how such a needs analysis has impacted the implementation of projects such as Digital HR, Digital Logistics, and Supplier Portal within organizations during our presentation at Retail Challenge 2023.

Our experiences indicate that 8 out of 10 projects aimed at implementing technological change to enhance operational efficiency experience some form of escalation. More than half of them fail to achieve their set goals or cannot demonstrate that they have reached them. The most common sources of these challenges and escalations are:

In 8 out of 10 projects implementing technological change, some form of escalation occurs



- A solution that fails to meet customer expectations (even when implemented according to initial requirements).
- Misunderstanding the intent of the change, leading to underutilization of its potential.
- Increasing customer awareness of the possibilities technology offers, resulting in a growing appetite for additional features. Typically, this awareness arises at a stage when implementing changes requires significant modifications to the initially adopted architecture.

What is characteristic is that the closer the technology provider overseeing the implementation of a specific technology, the greater the risk of escalation and misalignment between the product and expectations. This mechanism results directly from: :

- Customers' assumption that changing technology inherently improves efficiency, even though it merely serves as a trigger to change the operating model of an organization
- The operational model of technology providers, who incorporate into the technology what the customer describes to them, as they lack the tools to question what the customer tells them about their business.

On one hand, we have a technology provider who, based on what they hear from the customer, implements their expectations with the conviction that 'our solution will address everything.' This leads to the process of documenting customer requirements in order to know what to implement and contract for. Both sides push to start the implementation work as quickly as possible. In such a process, the requirements themselves are rarely questioned. Occasionally, the question may arise, 'why?'

On the other hand, we have the customer who has already chosen the provider, believes in their competence, received approval for expenditure, and is eager to start the work. Therefore, they hurry to convey their requirements and in the wave of mutual enthusiasm, they forget that the provider does not share the same understanding of 'business obviousness'.

Escalations occur when these worlds meet in the form of a 'ready-for-testing solution' delivered to the end user. Then it turns out that the long-awaited product, which is a physical emanation of the previously written specification, does not address business needs. This leads to disillusionment, discussions about requirements, budget talks, and time pressure sets in, along with sponsors asking, 'What have you been working on for the last x months?'

Despite the coherence of intentions, the desire for agreement and collaboration, the worlds of the client and the implementation company remain separate. It's only during the testing phase of the ready solution that they will come to understand that they function, so to speak, in different dimensions."

This occurs regardless of the project management methodology:

- Waterfall delivers a solution on time and within budget that fulfills what the client ordered but not always what they actually need;
- Agile delivers a functionally adjusted solution through validation of successive releases. Nevertheless, unless the budget has increased, the solution typically does not fully meet either the initially ordered services or the necessary ones.

Importantly, this situation is not the fault of either party (neither the client nor the implementation company). The blame for the disparity between expectations and the delivered product should be attributed to the lack of sufficient attention to mutual understanding of the change's

The disparity between expectations and reality most often results from a lack of sufficient attention to mutual understanding of the change's purpose

purpose success metrics, defined decision criteria for change management, as well as boundaries within which we want to operate. It also stems from the absence of need analysis products."

How to avoid this?

Start with a business analysis. A properly conducted analysis is a crucial element of effective digital transformations, and one of its components must be the alignment of 'what you want' with 'what you need.' A well-executed business analysis serves as the foundation and roadmap for planned changes. Unfortunately, it is also a step that is often underestimated and overly shortened. Many organizations believe that they understand their processes, and all that remains is to translate these processes into a digital system. This is a mistake. Skipping this stage increases the likelihood that the project will fall into the category of '8 out of 10'.

WHAT DO WE GAIN FROM A WELL-CONDUCTED NEEDS ANALYSIS?

1. We avoid automating chaos

If the current processes being implemented are suboptimal, lengthy, contain errors, transferring them into the digital realm will only attempt to automate that chaos. This can lead to the rapid proliferation of problems and make it difficult to rectify errors in the future. This is the moment when, instead of optimized workload, we need additional resources to manage the process. Standardizing and optimizing processes before the digital phase allows for the creation of a solid, well-structured foundation on which to build efficient and effective digital solutions.

2. Standardization

It's astonishing how many benefits can be gained when we all start speaking the same language, perform tasks using common tools, work based on a unified permissions model, and utilize data and documents (in digital form) mapped in a standardized way. The first step – the foundation for optimization – is ensuring high-quality data used in business processes, a clear division of roles and responsibilities, and unambiguous determination of accountability and ownership. This foundation, as the initial step in organizational change, not only improves operational efficiency but also teaches the organization and teams how to implement change."

3. We optimize, which means eliminating non-value-added activities

Teams that have initiated the change, after introducing standardization, can flawlessly identify the steps in the process that require modification. They not only name these steps but can also define what needs to happen to eliminate unnecessary actions, those that can be completely removed or automated. Allowing teams to act based on established objectives initiates the process of optimizing operations and transferring optimized processes into the digital environment. Teams become engaged, and the organization gains another dimension of performance improvement, leading to a reduction in the workload of process execution, providing not only better customer service (both internal and external) but also creating space for growth without incurring additional costs.

4. We minimize costs

The transformation of processes into digital ones always involves costs, such as purchasing software, employee training, and adapting IT architecture. Process analysis and optimization before the digitization stage allow for a better alignment of the tool with actual needs, resulting in reduced implementation and maintenance costs of new solutions. Often, during the analysis phase, it turns out that the tools already in use in the organization can be successfully used in further stages of digitization. Digitization and optimization do not have to signify a technological revolution. Unfortunately, this message is usually absent from conversations with the technology provider's sales team.

5. We adapt employees to the new reality

No change will be effective if the team responsible for its implementation is not convinced of that change. If we optimize processes before digitizing them, and then explain them anew to employees, they will be more willing to accept those changes. People feel comfortable in their comfort zone, and introducing changes, especially in the realm of operations and process optimization, is often associated with layoffs.

Let's highlight the real benefits of the change, show its effects, how it will streamline work, eliminate daily bottlenecks and difficulties. Also, demonstrate the role that those who are implementing the change will play. There is no other way. Otherwise, we will face change implementation through central management and manual control, and the results achieved will be far from what we expect. Resistance among teams, the lack of a practical perspective on the process from the operator's point of view, effectively prolongs the change implementation. By involving process operators in the analysis, building a mindset of change ambassadors, and implementing process optimization based on their feedback, we can engage people and create value from the change right from the start of its implementation.

6. We determine the metrics we want to achieve and plan the budget

A well-executed business analysis enables the organization to precisely determine the financial, human, and time resources needed for effective digital transformation. Without it, we only have conjectures. Conjectures are important in the vision creation stage, but they are not good advisors when it comes to purchasing decisions. Through analysis, we can quantify needs, select the technology, verify the competencies of potential implementation partners, and define a feasible implementation plan. Investing in business analysis, as this aspect of change implementation should be viewed, pays off through better resource allocation, shorter implementation times, a limited number of reworks, and a reduced number of changes made during implementation. Business analysis also helps determine the critical path of implementation and provides a tool to assess the feasibility of adding new functionalities during implementation. We have often seen what new ideas can do to implementation work in stretched schedules, exceeded budgets, and solutions with architectures that 'look like a broken spine'.

Of course, too much analysis can also pose a challenge in implementation projects. But that's a topic for a separate article.