

Not Just Plug and Play Look Within When Implementing New Software

Executive Summary

Adding new software is a major investment for philanthropic organizations and public charities. While improved software tools can help automate business processes and create more efficient workflows, adding a new software solution can take years of research and hundreds of thousands of dollars for implementation and system integration. It's a big job, and new software alone is no guarantee that an organization will improve outcomes enough to cover the cost of installation. Getting the most from your next software purchase requires an in-depth understanding of both your own operations and the capabilities the software will provide.

Business process redesign is a tool to help teams accomplish their goals. In conjunction with implementing new software, it is worthwhile to examine businesses processes with the aim of significantly improving how work is done. Ideally, the goal is to produce a significant, measurable improvement in outcomes.

To help philanthropic and other organizations understand the business process redesign resources and approaches needed when adopting new technology, I surveyed grantmakers, technologists, and chief financial officers to explore the methods used to implement new software systems.

The goal of these questions was to build best process redesign practices so organizations can achieve improved outcomes from new software installation. This report summarizes the survey results, providing insights and a tool to help you determine the process redesign steps and resources to employ in your new system installation. The survey results at a glance are included on page 3, followed by an analysis of the implications on page 5. With these best practices, your team can more successfully implement new software that achieves a big impact and helps you meet your goals.

One key finding is that an organization's appropriate selection of process redesign resources is linked to project success. The organization implementing the new software can look internally at their situational factors to help identify the best way forward in their unique circumstances. In the broader picture, the relationship between these situational factors and the survey suggested investment in business process redesign investment is illustrated below.



This investment covers specific business process redesign approaches and resources that can be added to your software implementation plan to help achieve success. Once you identify where your organization lands on these situational factors, you can dial into the specific business process redesign best practice approaches and resources to add to your software implementation plan. This thinking is detailed in a **Process Redesign with New Software Best Practices Matrix** on page 2.



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This matrix can help your software installation teams assess the organization’s internal situation and identify best practices for business process redesign. Many factors come into play when deciding how to approach process redesign. This matrix is a general framework to help you think about how and when to revise current business practices. Steps: 1) Assess which situational factors on the left side of the matrix exist for your project. 2) For each factor, move horizontally across that matrix line to note the best process redesign practices that could be included in your new software implementation plan.

Process Redesign with New Software Best Practices Matrix

Situation	Integrate with Vendor Best Practices	Internal Team Discussions	Process Coach	Major Process Redesign	Process Redesign Training	Redesign Before	Redesign During
Small project or new software size, scope, and risk ¹	X	X					
Large project or new software size, scope, and risk ¹	X	X	X				
No improvement needed to business process outcomes	X	X					
Better business process outcomes needed	X	X	X	X	X		
Organization believes new system, not process redesign, is the answer	X	X					X
Organization desires to maximize business processes and outcomes before new software purchase	X	X	X	X	X	X	
High employee team readiness to accept change and think differently	X	X		X			X
Low employee readiness to accept change and think differently	X	X	X	X	X	X	
High level of employee process redesign skill ²	X	X		X			
Low level of employee process redesign skill ²	X	X	X		X		

Key

1 Small or large as compared to software previously and successfully implemented by the organization.

2 High level of process redesign skills means previous experience in seeing wasted steps (muda), rework, handoffs, and other more advanced process redesign concepts.

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Survey Data Summary

This survey was taken by 24 people in philanthropic and nonprofit organizations. Approximately half were financial leaders, with the other half being grantmakers and technology leaders. In addition, most (80%) of the survey participants had recent experience implementing sizable new software.

Question 1: Best Approaches to Redesign Business Process

Participants addressed: “In your experience, when implementing new software, what are the best approaches to redesign the related business processes?” Respondents could indicate if multiple approaches were used, or if there was no process redesign.

All survey participants responded that it is necessary to redesign processes for new software, as none marked the “No redesign should be done when implementing new software” response. One chief operations officer noted, *“I can’t imagine how you can put in new software without reimagining the processes.”*

Another participant shared why she sees process reimagining as important. *“With automation comes the need to think about what work is being done currently as a workaround, and how that is no longer necessary with automation. It’s important to have a high-level outlook of what outcomes drive the process and not being married to current process in order to achieve the same result in a more efficient manner.”*

Best Approach to Redesign Business Processes for New Software



- Half the survey participants said the most frequently used approach to redesign business processes when installing software was to have the employee team redesign processes based on internal discussions. One shared: *“The team approach cannot be emphasized enough when designing/implementing. The team can identify pain points and come up with solutions much more easily than a top down or outsider approach.”*
- 42% of the survey participants indicated a need to support the team’s work in reimagining the business process with an outside perspective. Engaging a coach consultant to help the team redesign their processes is a powerful tool when the employee team is hesitant, too busy, or does not have sufficient process redesign experience. One participant added, *“[A] consultant would be a consideration based on project.”*
- The participants’ third most common response (21% of all responses) was to include the software vendor’s suggested best practices in their process redesign.



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Survey Data Summary (continued)

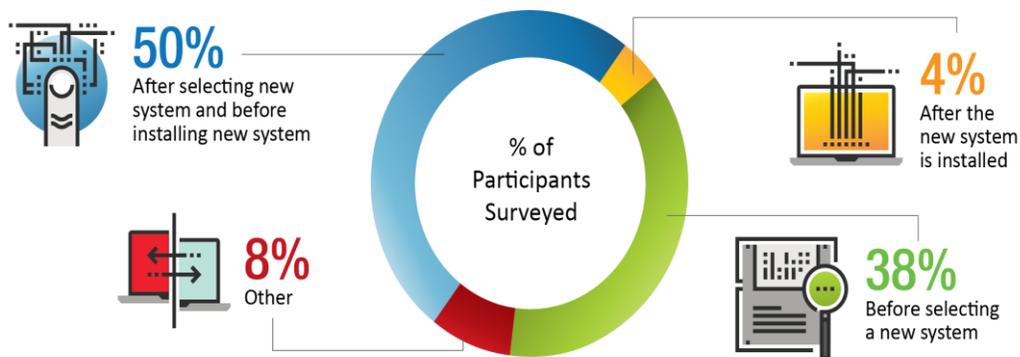
Participants also reported at times they have used more than one process redesign approach.



Question 2: Best Time to Redesign Business Process

Survey participants also offered their view of the best time to redesign business processes for a new system. One survey participant noted how important it is to get processes down before system installation. *“Timing is very important. We are currently in the situation where we are trying to build processes as we are live and building functionality in the new system. It’s like building a plane while you’re flying it!”*

Best Time to Redesign Business Processes for New System Install



- Half the survey participants said the best time to redesign processes was after selecting and before installing the new system. At that point, employees have learned what the new system is capable of, and they can redesign processes at a higher level and with greater detail.
- 38% of the participants said the best time to redesign processes was before selecting the new system. One participant shared a reason. *“Sometimes people may think they need a new software until they go through a process improvement and then they realize they just needed to adjust the process itself. We have done several lean processes over the past four years and have either improved efficiency or shifted duties due to the new processes.”*
- 12% of the survey participants selected either “Other” or “After the new system is installed” as when process redesign should be done.



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Survey Data Summary (continued)

Question 3: Best Ways to Reimage Processes

Participants were asked whether they achieved greater benefits from doing a major process redesign, minimal process redesign, or no process redesign. Major process redesign was defined as transforming responsibilities, business policies, and work steps.

The majority of participants, 60%, said they received more benefits from major process redesign than they did from minimal or no process redesign when implementing new software.

Participants noted that these benefits included:

- An improved process with better outcomes, such as faster, better results and/or recaptured time
- More rapid implementation, because the team knew what they wanted
- A significant return on big systems investment
- Team confidence to ask and resolve questions with the software vendor

Question 4: Resources for Process Redesign

More than half of participants (58%) said they took further steps to implement new software successfully by combining process improvement training with their process redesign. Of the participants who invested in process improvement training, all said they received significant value from the training.



Survey Data Analysis and Implications

Survey participants shared the need to tailor their process redesign to specific circumstances. Key situational factors that drove a greater investment in process redesign included:

- Project or new software size, scope, and risk
- Specific business process outcomes needed
- Organization's belief that a new system, not process improvement, was the answer
- Employee readiness to accept change and think differently
- Employee skill in redesigning processes

Factor 1: Project or New Software Size and Risk

Adapting the project approach for the size, scope, and risk of the project is a core project management best practice. For example, implementing a new MS Excel spreadsheet is smaller in size, scope, and risk than installing a Salesforce application. With the larger and more risky Salesforce application install, a greater investment in process redesign can help achieve a strong return on the significant investment.



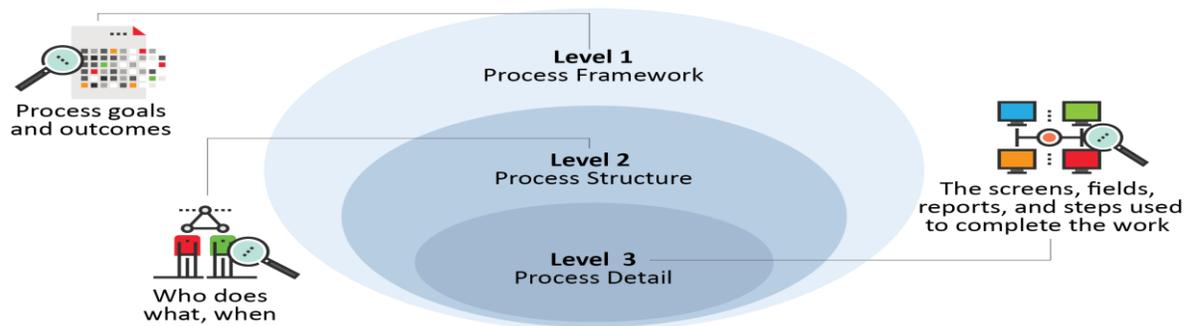
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Survey Data Analysis and Implications (continued)

Factor 2: Business Process Outcomes Needed

The most challenging situational factor is when the team wants to change the outcome of a given business process. For example, the team may have a goal of recapturing substantial work hours while delivering grants in half the time with fewer problems. Participants indicated that improved outcomes resulted when there was a greater level of investment in business process redesign.

Generally process work can be grouped into three levels.



Level 1–Process Framework: Earlier in this report, we defined business process redesign as ideally changing the outcomes when implementing new software. Some teams accept this challenge. They need to get grant checks, donor acknowledgements, and statements out faster and better. These teams are revisiting their process framework (Level 1) to target improved outcomes from their new software and process.

Identifying expected outcomes for a new software installation is like planning a trip. The first step is to choose your destination. Once you do that, you can plan how to get there. For example, without identifying Los Angeles as your destination, you may end up in Miami instead. When teams identify an outcome they need from the new software install project, they are actually thinking about the highest level of process redesign—the process framework.

Once the team identifies the process framework, they design the approach and select the software to achieve that outcome. The process redesign approach when new outcomes are required includes both reimagining process structure (Level 2) and process detail (Level 3). Starting with the process framework allows the team to achieve the greatest return from a substantial new system investment.

Level 2–Process Structure: Some teams start their business process redesign by reimagining the process structure. They are open to changing who does what when, which can mean transforming responsibilities, business policies, and work steps. Understandably, this endeavor will take more employee time but can produce desirable outcomes, such as recaptured time, a better customer experience, or quicker response time. Once the team completes their process structure, they can undertake the process detail work in Level 3.

Level 3–Process Detail Redesign: All software installation teams need to do Level 3 process redesign, which includes process detail. New screens, fields, and reports must be introduced. This detailed work brings the vendor’s suggestions into the discussion. However, by doing only process detail redesign, some teams limit the return on their systems investment and gain minimal benefits.



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Survey Data Analysis and Implications (continued)

Factor 3: Organizational Confidence That a New System is Required

Interestingly, participants addressed process redesign differently based on their confidence that a new system was absolutely required to cure their pain points. In such situations, the organizations believed that just reengineering who did what when while using existing software tools would not give them the improved outcomes they needed. Their approach was to purchase the necessary software and then do process design before the system was configured.

Some participants took the approach of redesigning business processes (deciding who did what when) before they selected new software. In part, they did so to convince the investment “approvers” that they had gained all the benefit they could out of their current system and that purchase of the new software was necessary.

Factor 4: Employee Readiness

Employees’ readiness to engage in business process redesign can dramatically affect how well the transformation unfolds. Teams that are ready to speak about and embrace positive opportunities for change are more likely to invest themselves in the work that needs to be done. Process improvement training can help employees see the potential benefits of doing work a different way and can build the skills employees need to be successful.

Report Summary

The goal of this survey was to gather information about the best business process redesign practices for organizations engaging in new software installation. By examining the situational factors that will affect how their installation proceeds, organizations are better equipped to redesign processes and gather resources needed to enhance project success. Changing the way things have always been done is a challenging and risky business. But applying time-tested resources and steps can help organizations successfully manage the twists and turns of process transformation during new software installation.

