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The New Work Management System for the Digital Enterprise

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COMMISSIONED BY

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About this paper

A Black & White paper is a study based on primary research survey data that assesses the market dynamics of a key enterprise technology segment through the lens of the "on the ground" experience and opinions of real practitioners – what they are doing, and why they are doing it.

About 451 Research

451 Research is a preeminent information technology research and advisory company. With a core focus on technology innovation and market disruption, we provide essential insight for leaders of the digital economy. More than 100 analysts and consultants deliver that insight via syndicated research, advisory services and live events to over 1,000 client organizations in North America, Europe and around the world. Founded in 2000 and headquartered in New York, 451 Research is a division of The 451 Group.

KEY MESSAGES

- To create competitive advantage, business leaders often focus on strategies aimed at differentiating their products and services, or at optimizing their cost structures. What they often overlook, however, is how much opportunity lies in rethinking work execution across the product and service lifecycle.

- The nature of work is changing. Designing and managing complex and specialized work is no longer only the remit of specialist project managers, analysts and process experts. Increasingly, this type of work is being done by business leaders and their teams.

- While decentralized work offers opportunities for innovation as local business teams create highly configured work processes, there is the risk of creating work and organizational silos – unless guided by central planning, monitoring and oversight.

- The combination of individually customizable work processes with a structured way to classify, organize and understand data across those processes can redefine a work culture and create new, more flexible business operations that become competitively differentiating and opaque to competition.

Introduction

If there's a single common goal across most companies' digital transformation efforts, it's addressing the need to make better decisions faster. This goal is relevant for teams across organizations – including sales, finance, human resources, product development, operations and customer service – and is one of the main reasons why the design and management of complex and specialist work is decentralizing. However, with expectations growing for easy and intuitive workforce technologies just as pressure is building on businesses to become more operationally agile, a serious rethink of how work gets done is required. This won't happen easily.

The combination of rigid and tightly bound work cultures, fragmented and siloed work processes, and often undirected, unstructured collaboration is making it very hard to improve general productivity and create differentiation in terms of how work is done. Traditional technology-centric task, team, project, business process and other work management tools are struggling to make much of an impact. Companies need tools that reflect the changing nature of work and give them ways to think differently about their business challenges.

This paper addresses the changing nature of work, the limitations of traditional tools, and how companies can expect to evolve – and proposes a new paradigm for work management that will help them get there. It leverages data from a custom survey conducted during July and August of 2017 that polled a range of business leaders across large enterprises on their work management practices and challenges.

Complex and specialist work is everyone's responsibility

The most impactful work driving companies' bottom lines is often thought to be so complex, multifaceted and strategic that it requires centralization in its design and direction by specialists. But the reality is that this kind of work has become everyone's responsibility, and it is already decentralizing across business divisions, departments and teams. This could include human resources teams needing to create more successful hiring strategies by weaving together candidate marketing, recruitment and on-boarding processes; operations teams differentiating their product lifecycles by finding new ways to manage partners and inventory; marketing teams growing the impact of new product launches by better managing collateral, events and campaigns; and implementation teams increasing their work throughput and quality as they roll out a network of retail stores in a new market.

With every industry facing digital disruption, business leaders are being expected to create more value. As a result, owner-ship of strategic work processes that accrue to their business goals is increasingly becoming their responsibility. Figure 1 illustrates this concept with a listing of the job titles of individuals involved in projects, processes or company operations who have recently purchased a license for an online work management vendor's tool. This anonymized list was provided to 451 Research in May 2017. Official project managers constitute less than 10% of this vendor's customer base, and IT less than 1%. This list clearly indicates appetite from senior business leaders for tools to manage pervasive, complex and specialist work.
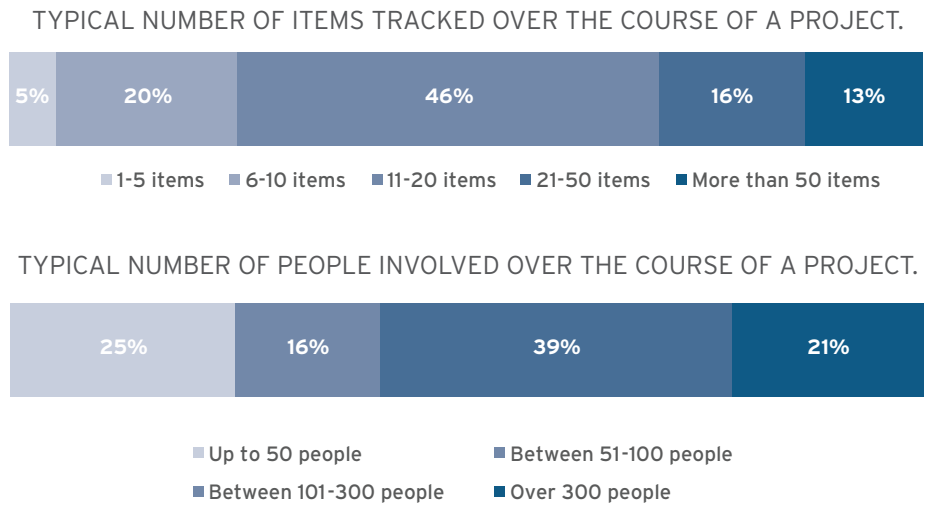
Figure 1: Everyone Is a Project Manager

Operations	Legal	Marketing	Sales
▪ Operations Manager ▪ VP Operations ▪ Regional Operations Manager ▪ Director of Client Services ▪ VP Technical Operations	▪ General Counsel ▪ Chief Legal Officer ▪ Director of Legal Affairs ▪ Compliance Officer ▪ Director of Legal Project Management Office	▪ Director of Global Product Marketing ▪ VP Marketing and Product Management ▪ VP Sales and Marketing ▪ Creative Director ▪ Director Online Marketing	▪ Director of Teaching and Sales ▪ VP Sales ▪ Group Account Director ▪ Senior Director Customer Sales and Service ▪ Director Sales and Real Estate
Finance	**Product Development**	**Human Resources**	**Information Technology**
▪ CFO ▪ VP Finance and Business Services ▪ Manager or Tax Accounting and Compliance ▪ VP Head of Tax and Accounting Assets ▪ Director of Finance	▪ Director of Product Development and Engineering ▪ Director of Engineering ▪ Director of Eloquence Services ▪ Director of Purchasing ▪ Senior Director Research and Development	▪ Director of HR ▪ Manager of Recruiting Operations ▪ VP Operations ▪ HR Business Partner ▪ Senior Director of HR Operations and Recruiting	▪ IT Director ▪ Director of Technology ▪ VP Software Engineering ▪ Chief Technologist and Area Lead ▪ Director IT Products

Source: Anonymized customer list supplied by a vendor of work management tools. Job titles randomly selected.

The 451 Research custom survey results highlight just how complex much of this work being led by business teams can be. As work is decoupled from centralized teams and led more by those specifically responsible for the business outcomes, the design and execution of work is becoming more tailored and specific.

Figure 2: Complex Work Is Pervasive Across the Workforce

TYPICAL NUMBER OF ITEMS TRACKED OVER THE COURSE OF A PROJECT.

5%	20%	46%	16%	13%

■ 1-5 items ■ 6-10 items ■ 11-20 items ■ 21-50 items ■ More than 50 items

TYPICAL NUMBER OF PEOPLE INVOLVED OVER THE COURSE OF A PROJECT.

25%	16%	39%	21%

■ Up to 50 people ■ Between 51-100 people
■ Between 101-300 people ■ Over 300 people

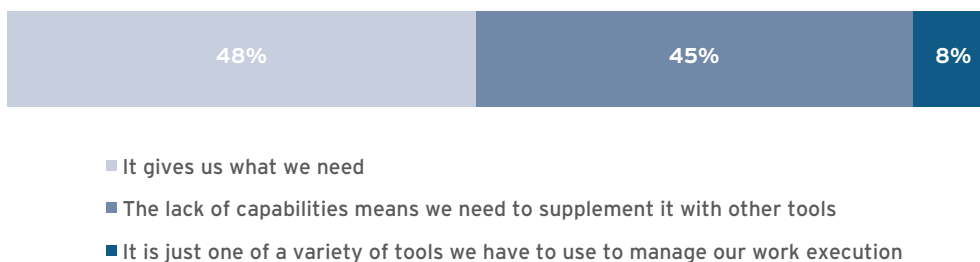*Source: 451 Research custom survey July-August 2017, n=250.*

In our survey, nearly half (46%) of business leaders reported that it's typical for them to oversee more than 200 different, discrete stages of a given project.

The challenge of traditional work management tools

In many companies, work is typically fragmented across an array of homegrown and commercial tools. On one side of the spectrum are traditional project or process management, vertical industry or function-specific tools that centralize management of complex work for teams of project, process, domain or analyst experts. At the other end are team- and task-management collaboration tools that cater to decentralized and tactical work. In most companies, many of these types of tools, and potentially different versions of each type, are used concurrently. Yet our survey results demonstrate that fewer than half of respondents feel their primary work management tool provides what they need.

Figure 3: Most Companies Use Multiple Tools

Which of the following best describes the ability of your primary work management tool to provide for all your work execution needs?

48%	45%	8%

■ It gives us what we need

■ The lack of capabilities means we need to supplement it with other tools

■ It is just one of a variety of tools we have to use to manage our work execution

Source: 451 Research custom survey July-August 2017, n=250.

Most tools have also historically focused more on standardizing how the technology is used and on enforcing administrative controls rather than on providing engaging and flexible experiences that support different work styles and requirements. In our survey, two-thirds reported their work management tool doesn't strike a good balance.

Figure 4: Work Management Tools Struggle to Balance Standardization and Flexibility

35%	20%	32%	13%
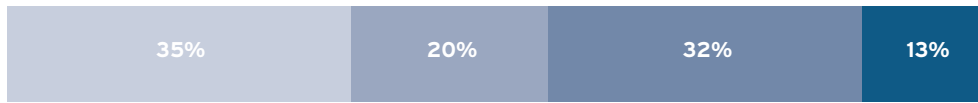
■ Work management tool is easy to use and provides the right level of controls
  ensuring work execution is consistent and effective

■ Work management tool is easy to use but lacks the right level of control

■ Work management tool provides the right level of controls but it isn't easy enough to use

■ Work management tool is neither easy to use nor provides the right level of control

Source: 451 Research custom survey July-August 2017, n=250.

The survey also found that fewer than half of respondents rated their organization 'very strong' in work execution, and only around half of respondents reported significant improvements against any one specific business outcome. Sixty percent (60%) achieved either moderate or no improvement in their projects' return on investment attributable to their tool.

The very technology-focused, rather than user-centric, design of traditional work management tools has never represented the right way to think about productivity. This becomes particularly problematic as business teams responsible for specific outcomes take on more complex work that may well involve integrating work processes across a range of business partners and systems, and as (especially younger) employees look for less structured and standardized ways to work in favor of more social, adaptive and intuitive approaches. In sum, the traditional way of thinking about work management – fixed teams with designated responsibilities in a predefined work lifecycle comprising processes designed by specialists – does not suit the nature of modern work.

A new work management paradigm

A new way of thinking about work and new tools are needed. Making better decisions faster and executing competitively is about more than work throughput and quality – it is about giving business leaders and their teams more autonomy to decide how they get their work done at the local level. To do this, companies must reshape their business models and strategy at the corporate level.

As work decentralizes, there is always a risk of degrading central oversight over collective outcomes. What companies need is a way to oversee work that enhances rather than impedes local execution, allowing teams to configure work around their own requirements while at the same time rolling up with other different but related work processes into a unified, strategic view. We use the term 'liquid enterprise' to describe companies that get this right – balancing the local agility of business teams with centralized oversight. Empowering teams with the freedom to design and create new work processes at the local level unlocks new ways of organizing resources across the company that lead to corporate strategies that are hard to replicate. We believe this is a key basis for competitiveness.

Figure 5: The Liquid Enterprise Will Win the Digital Future
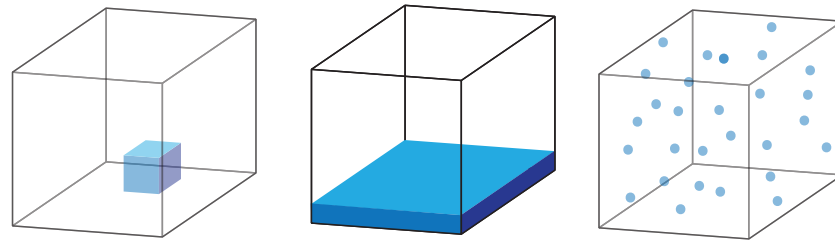
LIQUID ENTERPRISE

|			
Organizational design:	Rigid	Fluid	Dislocated
Processes:	Siloed	Adaptable	Disjointed
Strategy:	Easy to understand	Hard to copy	Undifferentiated

Source: 451 Research

This balance between flexibility and standardization that describes the 'liquid enterprise' approach isn't easily enabled by most work management tools. At the core of the challenge are two mutually reinforcing requirements. The first is the ability to flexibly configure the tool for easy, intuitive use across teams along with providing other ways to keep users deeply engaged in their work within the same system. The second is providing a way to classify data across work processes into different categories (commonly known as 'metadata') that can be used to more easily design, monitor and report on those processes and the outcomes they are facilitating.

FUNCTIONAL CONFIGURABILITY, DEEP USABILITY

When users opt out of or circumvent sanctioned work processes by either using their own tools or simply not engaging, it introduces substantial business risk. Work becomes more fragmented and less compliant, and users are potentially less willing to bring their creativity and accountability to new business challenges. One of the key reasons this happens is the lack of flexibility in tools to allow for different work styles and needs. Marketing teams, for example, may have a higher need for more immersive ways to collaborate around content; implementation teams may need to coordinate a significant number of suppliers; and IT teams may need to create integrations with HR systems to on-board new employees. This is a weak spot for most tools today. Our survey shows that fewer than half (42%) of respondents really believe their tool allows them to customize work in the way they need to.

Figure 6: Companies Want Greater Ability to Customize Work

To what extent do you agree that your current tool allows you to customize work in the way that you want?

■ Strongly disagree ■ Disagree ■ Neither agree nor disagree ■ Agree ■ Strongly agree
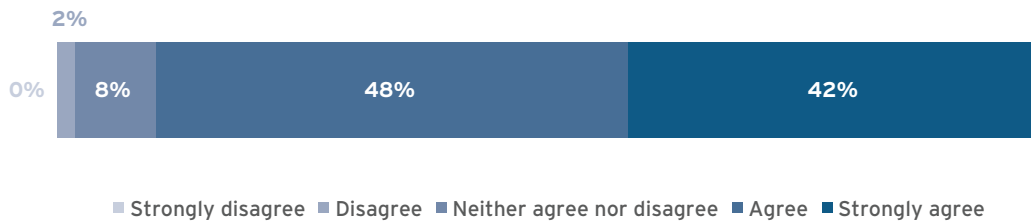
Source: 451 Research custom survey July-August 2017, n=250.

Different teams within various business functions may need to tailor their own work processes differently. Individual factories, distribution centers or manufacturing plants, for example, could be part of a larger network of sites, but certain teams may need to specifically tailor the way they plan, design and execute their work. Any number of factors could determine these different work configurations – types and numbers of customers, local infrastructure, available resources, operational maturity, regulations, etc. Users need to be able to easily adopt and adapt specific functions and best practices – all with minimal training.

Users also have to want to work in the tooling they're given, and while functional configurability and replicable project templates go some way toward delivering on that, they aren't enough. 451 Research recently spoke with a European country-level division of a global manufacturing company within which almost half of the delivery organization specifically rejected the homegrown project management tools. This caused all manner of inefficiencies and badly degraded project margins.

Employee engagement isn't just about having a nice user interface; it's also about decentralizing workflow creation beyond IT and process specialists; allowing for messaging, voice and other unstructured communications within and across work streams; enabling integrations of third-party applications like e-signature tools, document repositories, electronic forms and payment tools into work processes; and providing real-time reporting on work status and visibility into individual and team performance. Our survey demonstrates how good collaboration and communication capabilities, overall ease of use, streamlined on-boarding, and the adaptability of tooling are all key determinants of process efficiency.

Figure 7: Companies Find Collaboration Capabilities Lacking in Their Work Management Tools

If you were to switch to a new work management tool, which of the following would be the biggest incentive?

1st Improved collaboration and communications across projects and members

2nd Improved real-time updates to project information

3rd Better ability to create custom work processes

What would be most useful to you in a work management tool?

1st A tool that is intuitive and easy to use, and does not need extensive user training and on-boarding

2nd A single searchable repository on data, information, people across all your projects

3rd Ability to easily adapt the tool to changing business processes

Source: 451 Research custom survey July-August 2017, n=250.

There is another related benefit in being able to deeply configure individual work processes while tying many of them together. As users become more engaged with configuring their work within the same system, they may identify new use cases for the system – even ones that previously required a separate tool. This can result in greater automation and less context switching and information searching across work processes. For marketing teams, this could mean being able to manage digital assets within the same work management system in which campaigns are managed. For finance teams, having contract management and invoice processing integrated directly with the system overseeing delivery against those contracts reduces administrative burden and improves customer and supplier satisfaction. For users' general productivity, collaboration capabilities like messaging embedded within the system can prevent users from reverting to a separate tool. The more different workflows that are integrated, the more contextual data is in one place – and the more that leads to process efficacy and overall productivity.

RICH AND REAL-TIME METADATA AND REPORTING

There is little advantage and significant risk in allowing for specific tailoring of work execution from team to team without some kind of tissue that connects those teams. Different stakeholders upstream and downstream each need a relevant view into the key performance indicators around work processes on which to evaluate and improve overall work delivery. This has to come in the form of metadata allowing data across work processes to be easily categorized, searched, understood and manipulated, and these metadata structures must be automatically inherited as required when new projects and processes are started. This could result in internal teams and external partners receiving real-time status updates; managers seeing rollups of data across related projects or integrating new contracts using existing templates; division heads receiving aggregate oversight into plan and contract margins to determine resource allocation or compliance; or corporate management reporting and strategizing around overall execution.

Without a structured way to enforce, gather and analyze metadata from individually configured projects, there isn't a reliable basis for monitoring and reporting. This leads to the risk of work becoming fragmented, standards diverging, potential insights being lost, compliance policies not adhered to, best practices being hard to capture, and overall project margins and workforce productivity dropping.

Metadata essentially allows managers who centrally oversee work to understand how the context of localized work contributes to or helps them think differently about their centrally planned goals. For those responsible for the design and customization of work processes, having a metadata framework to reference provides the guidelines for that localization. Capitalizing on this context is a critical part of the liquid enterprise's differentiation. To competitors, the 'on the ground' context for how work is best done may only be marginally visible, if at all; it changes depending on ongoing work configurations, making operations very flexible as a result – and thus very difficult to emulate by competitors.

Beyond the benefits already mentioned, more granular, intelligent and real-time insights based on easily manipulated metadata can help organizations, team leaders and individuals to be more in tune with collective progress. The insights gained can form the basis for new ways to think about how to address business problems. Applied to individual work processes or across different ones, business leaders use these insights to improve project margins. Teams can better engage customers through reporting dashboards, better evaluate their own performance, and better identify and manage talent. Flexible reporting is a critical part of the cultural shift away from managing tasks and projects toward monitoring and directing streams of work in a way that helps the continual improvement of how work is delivered.

Conclusions

There is a profound cultural shift at play in how complex and specialist work is designed and managed within companies. It is no longer about specific types of work being served by specific tools, overseen by specific and often specialized personas. Complex work is decentralizing as business leaders look to couple the execution of work with business outcomes.

Work management tools haven't traditionally served this aim well. What companies need now are tools that enable different work processes to be highly configured yet centrally monitored and reported on, based on having consistency in how data across those different work processes is normalized and categorized. This balance is not easily struck, but it has the potential to create not only better execution by business teams but also a differentiated culture of work execution for the company that becomes competitively highly defensible.

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OVERVIEW

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