Old methods = old results
Use Design Thinking and Prime Value Chain analysis to simplify experiences and drive outcomes

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Can your enabling functions deliver the experiences your business customers want?

Today’s business customers expect significantly superior experiences: swift, seamless, personalized, and as engaging as the experiences they enjoy as consumers at home.

Right now, however, despite meeting all of their Service Level Agreements (SLAs), most internal enabling functions, be they finance, marketing, procurement, HR or business services in general, still don’t satisfy their customers, and few indeed are driving improved outcomes for the business as a whole. In fact, more than 75 percent of business performance initiatives across a wide range of industries have limited impact on strategic and overall business performance.¹ With performance pressure on C-suite leaders mounting, that clearly needs to change.

Organizations urgently require both a different mindset and a fresh approach to service design. And a combination of two key, customer-centric methodologies—Design Thinking, and Prime Value Chain analysis (see “The customer’s perspective” for definitions)—could make the difference. Accenture research shows that organizations using these methodologies have lifted Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) by more than 200 percent, reduced operating costs by as much as 35 percent, and cut time to market for new products by 15 percent.²

More organizations could leverage Design Thinking and Prime Value Chain analysis to drive better customer experiences and enhanced business outcomes. First, though, they need to recognize the limitations of traditional approaches to continuous improvement.
The customer's perspective: Design Thinking and Prime Value Chain analysis

Both Design Thinking and Prime Value Chain analysis bring a customer perspective to the operating model transformation required for better enabling functions.

**Design Thinking** is a service-design mindset. It considers all product and service provision from the viewpoint of customer needs, including needs that customers may not yet know they have. Iterative, collaborative, creative, and prototype-driven, it synthesizes all processes, systems, data, and structures from a human perspective.

**Prime Value Chain** analysis is an approach to service design. It identifies the key elements of the customer experience—regardless of their functional alignment—to define outcomes desirable to the customer and align those outcomes with strategic business objectives.

By using Design Thinking to gain true insight into customer needs and Prime Value Chain analysis to design better solutions, organizations can move to the next level: truly integrated service offerings, designed from the outside in with user experience at the core, and with success measured in terms of business outcomes.
One experience for many is no longer good enough

Traditional approaches to service delivery, which prioritize the efficiency and effectiveness of individual functional areas and related processes, are only capable of delivering one experience for many. Despite the steady adoption of advanced operating models that seek to support more integrated service offerings, 76 percent of process and improvement efforts are still described as “one time”, or “individual KPI”.¹

Yet today’s organizations must comprehend and cater to an overwhelming number of individual customer experiences—a big ask for typically siloed enabling functions. Try using traditional methods like a value stream map or Business Process Management (BPM) model to analyze the key differences between a family of four’s end-to-end amusement park experience and that of a tour group of 250, for instance. It’s just not possible.

Even advanced service delivery models, which strive to reduce complexity by enabling end-to-end processes, have largely fallen short of customer expectations—and singularly failed to drive meaningful growth. True, 38 percent of business improvement initiatives are now focused on fueling growth (vs. 27 percent on cost reduction).¹ But of the 82 percent of senior executives who plan to execute an enterprise cost reduction intervention to reinvest in growth, only 36 percent believe that their business sustains the benefits of such programs.⁴
Thinking like a customer is the name of the game

Cost reduction remains critical, of course. But in a consumerized age, the customer experience is central—and today's business customers want to be surprised and delighted by their experiences. Just consider the remarkable success of Apple's iPad. By thinking like a customer, Apple met needs and desires most people didn't even know they had.

Shaped by the ongoing “digitization of everything”, customer expectations are now “liquid”, transcending industry boundaries. As a result, in-house enabling functions are fighting for the customer's mindshare with an expanding array of alternative providers—and in many instances losing the battle.

Agile digital disruptors can transform customers’ lives with service offerings delivered via apps and the Cloud that meet needs at “consumer” speed. With such options at their fingertips, customers won’t hang around if their enabling functions can’t deliver the services they seek: they’ll find them elsewhere, for themselves (see “Your customers know more than you do” sidebar).

New methods = new value

Forty-five percent of organizations have boosted spending on improving the customer experience that is now central to strategic priorities for 86 percent of them. And leading organizations have gone significantly further. Case in point: A Fortune 500 high tech player used Design Thinking to gain visibility into how much of its sales force's time was being spent on tasks unaligned with business growth, and then leveraged Prime Value Chain analysis to forge an end-to-end solution.

Your customers know more than you do

71% of organizations are facing more stakeholders with distinct needs

78% face higher expectations around tailored solutions

76% report more knowledgeable and self-directed stakeholders

69% say that outside sources are becoming increasingly influential.

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You too could leverage these methodologies to drive new value—but where to begin? Leadership from the top is, of course, critical to success. So is the right culture and talent: capabilities that will take time to build. Meanwhile, the following concrete steps will help get you started on your transformation journey:

- **Apply Design Thinking** to discover and describe internal customer needs. Remember that listening to the customer’s voice is only half the story. You also need to leverage analytics to gain deep insight into what could delight your customers next: to discover and describe your “iPad moment”.
  - Take a user-centric approach to ideating, prototyping, testing and implementing relevant solutions.
  - Collaborate across functions in an iterative and agile manner.

- **Apply Prime Value Chain** analysis to identify solutions to the business issues that impact customer needs. The key is to balance business performance (profitability) with customer demands (satisfaction).
  - Align on the end-to-end outcomes from the customer’s point of view.
  - Identify and enhance activities contributing to profitability and customer satisfaction.
  - Challenge and eliminate activities that do not contribute to business outcomes and customer needs.

Design Thinking and Prime Value Chain analysis are the foundation stones of better business outcomes. Together, they promise to help enabling functions satisfy rapidly rising customer expectations and create new value for the business as a whole. Such capabilities are key drivers of competitiveness. The time to start building them is now.
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Notes

1 Accenture survey—75 client executives at IQPC PEX Conference, Jan. 2015
2 Accenture analysis
3 Over the next 5 years Accenture research shows a 2.7-fold increase in adoption of more advanced shared services. Is your shared services organization heading for extinction? Accenture 2014
4 Accenture Agility to Compete Survey, 2016
5 Living Services: The next wave in the digitization of everything, Accenture Fjord, 2015

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