

Digital Transformation – Role of Agility in Business Processes

TREO Talk Paper

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Abstract

The process of digital transformation entails changes in both the processes, practices and routines of organizations. This flux of changes, brings to question the conventional notion of documented business processes and highlights the importance for agility and flexibility in the configuration of organizational processes during digital transformation. Prior research provides a thorough view on the value of preplanned business processes as well as capabilities for identifying and capitalizing on new opportunities. However, these studies typically focus on organizations operating in regular business conditions, while studies examining these concepts in periods of digital transformation process are still relatively few. In this study, we focus on the digital transformation processes in a manufacturing technology company that seeks to expand its business to providing data based services for its customers. Our study draws from an empirical base of 60 interviews, supported with company documents, participation in strategy workshops, and several meetings for over 16 months. The study builds on the changes that the company is implementing, both in its organizational structure, technology infrastructure, as well as in its business processes. Our observations highlight the difficulty of relaxing the control of business processes and technology infrastructures, required for flexibility, and creation of new processes. Based on our findings we advance four principles of agility during digital transformation - *mindfulness, light touch routines and flexible infrastructure and ambidextrous organization*.

Mindfulness of actors : This principle captures the capacity of the individual actors in the organization to make conscious decisions towards the attainment of an objective or the transformation goals without conforming to a dogmatic application of predefined processes. It reflects the valence of the employees to demonstrate sensitivity to the general direction of the organization and take intuitively calibrated choices that align with this direction. This is particularly so in cases where the old process may not reflect the changes in other dependencies along the execution of the process or may even impede the objectives for which they were initially intended.

Light-touch routines: This reflects the capacity for routines to be structured in a way that allow for easy reconfiguration and adaptability to changing situations. Light-touch routines are in contrast to rigidly fixed routines that places hurdles along the way and are hard to adapt to situations of change.

Flexible infrastructures: This refers to the capacity to swiftly orchestrate the IT infrastructures in a way that makes them amenable to different situations and purposes. In essence, a flexible infrastructure would better support an organization's digital transformation efforts by its capacity to evolve, and support the continuous redesign of business and related processes.

Ambidextrous structure: This is a principle of agility in these contexts that capture the capacity of the organization to establish processes to sense the need for a change in its business environment as well as to seize the opportunities opened up by digitalization. Hence, it relates to the organization design and the capacity of the organization to balance itself at the crux of exploration of new opportunities while simultaneously exploiting existing technologies and products of the company.

Keywords (Digital Transformation, Agility, Business Process, Organizational change)