



**enlighten**   
operational excellence

ENLIGHTEN PARTNER INSIGHTS

# THE CHANGING FACE OF CENTRE OF EXCELLENCE (COE)

# Introduction

The quest for operational excellence has always been challenging for any business. To attain higher levels of efficiency and improve workflow processes, companies must be willing to embrace change and explore new strategies. One key strategy is to form a Centre of Excellence (COE).

Every company has several core business goals that fall into four broad categories – economic, human, organic and social. Delving deeper into each of these reveal additional objectives linked to profit and growth, employee development and retention, business innovation, improved product and service quality...and the list goes on.

But how many businesses effectively meet these core goals regularly? The truth is, very few. Research by the Economist Intelligence Unit has found that around 90 per cent of companies with revenues of over US\$1 billion fail to meet all their strategic goals, while a survey by Clutch found only 5 per cent of small businesses manage to meet all their goals.

To attain higher rates of success and achieve operational excellence – in other words, carrying out business strategies more effectively and consistently than competitors while lowering operational risks and costs – businesses need to identify the right methods to improve existing processes and optimise performance. But the burning question is how?

We believe that the way forward is by establishing a COE. This way the business has a dedicated and specialised team who can oversee, implement and champion change and continuous improvement centrally.

In this latest paper in our Partner Insights series, based on learnings and experiences shared during a recent discussion with our partners, we explore the importance of COE to the organisation, particularly in today's business landscape, where remote and hybrid work as well as distributed teams are increasingly common. We also discuss how business leaders can develop and support their company's COE teams, to the betterment of the organisation as whole.

We hope you find this paper helpful as you and your business strive for continuous improvement in the pursuit of operational excellence.



**Andrew Johansen**  
Chief Operating Officer  
and Co-founder  
at Enlighten

# What is a Centre of Excellence, or COE?

Gartner describes a COE as “a physical or virtual centre of knowledge concentrating existing expertise and resources in a discipline or capability to attain and sustain world-class performance and value”.

In a nutshell, a COE is a committee of experts from various disciplines within the organisation; this team provides more focused leadership to the company about specific organisational goals. It shares best practices and research, and helps provide support and training to the rest of the organisation – all to help achieve those strategic goals.

In the case of operational excellence, the COE team provides direction on how to enhance operational efficiency and champion progress while reducing waste. The team paves the way for continuous improvement and guides the organisation so that it can undergo the business transformation it needs for more efficient work processes.

But what makes a COE effective, and is it always necessary?

When you think about how quickly people have progressed technologically over the last few decades, it can be difficult to fathom the effort and leadership required for progress to occur. Often, progress requires a smaller and more focused group of individuals working together to spearhead change.

Similarly, company-wide change calls for teams to work together closely to share knowledge and skills. Unfortunately, this can be difficult in larger organisations given departments are usually segregated and there are operational hurdles to clear.

## The need for a COE

A COE can overcome the above-mentioned issues as it brings together the best minds within the organisation in a collaborative effort to drive innovation and change.

Some of the benefits that companies can expect from having a COE include:

- Overcoming work silos and improving cross-company collaboration
- Encouraging agility and flexibility so organisations can be proactive instead of reactive
- Reducing costs by identifying inefficient processes and improving these
- Supporting employees by creating new avenues of development and growth
- Improving product and service quality by identifying and sharing best practices

With operational excellence and continuous improvement as watchwords, COEs have the potential to transform organisations to achieve greater heights of business success.

# The evolution of the COE

While COEs may seem like a modern solution to an operational problem, the concept is not new. COEs have existed for decades within the field of technology; and have their roots in the manufacturing industry where they were created to improve efficiency in factories.

However, COE was not always seen as a reliable or effective means of achieving operational excellence. Rather, the COE team used to be perceived as another method of managing day-to-day operations.

Since then, COEs have evolved – while the details may vary depending on the organisation's core business and its requirements, modern COEs generally take an operational perspective and have shifted towards providing more value to the business through a governance model.

Even more recently, COEs have expanded into the continuous improvement space, enabling their organisations to better use data to push for operational excellence; many of our partners have experienced this first-hand.

As Robert Mihailov, Operational Excellence Lead at Mercer Australia put it, "We've definitely had a significant shift away from being heavily focused around governance and data quality or data integrity; moving more into driving continuous improvement, using data to drive many outcomes." He would know, having championed operational excellence in Mercer Australia for over 12 years.

In addition, COEs bring a measure of fluidity to businesses as the team can be asked to focus on different things to address the current needs of the organisation, whether that involves operational best practices or back-office culture upgrades.

Although understanding how to support the COE so it can fulfil its full potential is a key challenge for most organisations, when the right framework and systems are in place, the value that the COE brings becomes quickly apparent on the journey of continuous improvement.



*COEs bring a measure of fluidity to businesses as the team can be asked to focus on different things to address the current needs of the organisation, whether that involves operational best practices or back-office culture upgrades."*

# COEs in today's changing, remote world

The traditional idea of the workplace is quickly becoming a thing of the past. With many workers adopting remote and hybrid working arrangements, companies now must find the most effective ways to introduce change and circumvent operational obstacles.

The significance of COEs in the modern hybrid work environment is undeniable. While collaborative barriers existed prior to COVID-19, attempting to lead a business through major operational changes during a pandemic – including the abrupt shift to working from home due to snap lockdowns – has been far more difficult.

With hybrid, flexible and remote working arrangements becoming increasingly commonplace, a COE can be very helpful in maintaining operational excellence despite the physical distance.

Finding the right balance between operational and strategic goals has proved to be challenging for some of our partners – and this is where COEs can play a critical role. For example, the ability to stay agile during the pandemic was of paramount importance for organisations globally.

So how did businesses achieve this while embracing flexible work arrangements? The solution was to introduce new digital processes, including the creation of COEs to help streamline these.

Not only did establishing COEs help provide direction on how to digitalise new workflows and introduce in-depth data – in the form of metrics – for performance monitoring, it also removed obstacles to quick adaptation during uncertain times.

This allowed businesses to optimise operations and introduce more efficient processes without needing the collaborative physical spaces of traditional workplaces.



*The COE provides leadership, support, oversight and training in the maintenance and consistent application of operational excellence practices, as well as recommending and driving continuous improvement initiatives.*

*Successful COEs create operational alignment on key initiatives and are available to provide guidance and support. Having a view across multiple operating areas, the COE identifies and promotes best practices and continues to reinforce the behaviours and disciplines that achieve sustainable results."*

**Sarah Coughlin**

Head of Enlighten Institute of Management at Enlighten



***“Employees that have their own motivation and drive loved the access to their own information at their fingertips. They wanted to improve. Now there’s a way for us to start to get the information out – you can look at what’s wasting time and how to make improvements.”***

***Reshma Joseph***

*Manager,  
Membership Services  
at Teachers Health Fund*

# How to create and support COEs

Creating a COE involves more than gathering the heads of multiple departments to form a committee. To maximise value for the organisation, leaders need to build the team the right way and must provide support and infrastructure so that the COE can bring about change. This is especially true in the digital age of remote work.

So what should you do as a business leader to build an effective COE team to enable successful business transformation?

## 1. Pick the right people

In a hybrid working environment, some suggest that the ideal COE will consist of staff who are well-versed in the functions of the organisation, comfortable with digital workflows, able to work well with members across teams, and can conduct periodic on-site check-ins while staying largely remote. COE staff should also excel at coordinating with multiple stakeholders and team members, and be good at prioritising, with an eye for the broader perspective and long-term view.

This combination of skills and knowledge provides a well-rounded team that can champion and manage change to benefit the business in the short, medium and even long term. The latter is particularly the case when the COE works closely with company leadership, as the top leadership is the primary force behind long-term strategy for the business.

## 2. Empower the team with the right tools and support

Organisations must support their COE team by investing in the technologies and tools to develop and maintain a 'single source of truth' – this refers to collecting all information and data into a secure, central space, one that is accessible to staff at any time (and remotely, too).

Whether in the form of dashboards or central databases, the single source of truth allows for transparency and visibility, which our partners say has been invaluable. During our recent discussion session, Senior Manager - Lending Operations at AMP Wayne Eyles noted that the ability to visualise performance data has been essential in helping top management and the COE to collaborate and identify opportunities.

“What it’s done is really opened the eyes of quite a lot of senior management,” he said. “Bringing the dashboards together and having all the reporting in once place has been the biggest win for us. We used to pull data from lots of different spreadsheets and servers to get our interview ratings and for our weekly performance conversations. Now we’ve got it all in one place from a few dashboards.”

The single source of truth has also been helpful to individuals. Employees who want to work more productively and effectively are able to review their own performance data, to reduce waste and increase efficiency.

### **3. Develop a culture that embraces change and improvement**

As we’ve noted elsewhere in our Partner Insights series, a culture that values continuous improvement is healthier, more positive and productive, and growth-focused. This type of organisational culture encourages and supports change to better the business as a whole, and embraces change as a force for good. Naturally, the COE will also be elevated and respected, able to drive improvement.

To achieve growth and positive business outcomes, as well as allow the COE team to be more effective, business leaders need to cultivate such an environment.

# Build a culture in which the COE flourishes

Once the COE team is formed and armed with the right tools and technology, data and suggestions from the COE can be put to work to devise new methods or optimise existing work processes and performance.

If all the company does is gather and distil the data, without making a concerted effort to understand what it means and how to use it to improve work processes, then the COE will not have fulfilled its full potential.

So how do you ensure that your COE is serving its purpose of driving continuous improvement? It all needs to start from the top.

Business leaders must commit to operational excellence and continuous improvement – to put it bluntly, you need to back your COE. Supporting your COE empowers the team to bring real change and improvement to the organisation, rather than just go through the motions.

Once there is a commitment from the top leadership, and an alignment in the messaging and actions from them, true cultural change can begin. And it's this commitment to change that is the vital underlying factor when it comes to implementing sustained and effective business transformations.

The advantages are many when companies incorporate continuous improvement into their cultural identity, and frame it as something they greatly value.



*“When we talk about COE, there are probably two ways you can take it from an Enlighten perspective. One is, keep the lights on, do the administrator changes. The other is to actually influence the business and live the methodology.”*

**Nathan Graham**  
Executive Manager,  
Client Support  
at Enlighten



**A COE brings together the best minds within the organisation in a collaborative effort to drive innovation and change.**

## What's next:

# Augmenting the COE through software and automation

Organisations and teams of all sizes are facing increasingly complex work challenges, which can make delivering effective change a challenge. But when provided with the proper tools and support, achieving operational excellence will become much easier.

The availability of data-rich applications and platforms like Enlighten Software has changed the game for companies pursuing continuous improvement and operational excellence. From broad overviews to granular management, it is now possible for businesses to identify various points in daily operations that require greater attention, so that they can rectify or improve on them.

Having this ability to access important metrics at a glance will undoubtedly encourage the growth and development of COEs, and make it easier for the team – and the organisation as a whole – to identify opportunities for improvement and enhancement.

With automated systems and software, data can be mined and interpreted to deliver meaningful insights at both the management and employee levels, helping the COE, managers and top leadership to measure, understand and track individual and team performance effortlessly.

This includes areas like performance scorecards to help foster transparency, forecasting to prepare teams for operational changes, and waste monitoring to quantify and analyse underperforming processes.

By utilising advanced tools such as Enlighten Software, companies can continue to grow in the operational excellence space and strengthen their capabilities to function optimally in today's world of remote and hybrid work.

## ABOUT US

To meet our vision of being the partner that business leaders want to work with, we understand that a strong, experienced, effective and visionary team is needed, with the energy, commitment and drive to succeed. We deliver on our promise through our leading propriety methodology that combines business experience, technology and data analytics.

For more information on how to use value-added standards to identify waste and accelerate performance, contact your nearest Enlighten office.

## CONTACT US



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