ADAPTING TO THE FULL POTENTIAL OF EXPONENTIAL CHANGE

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Exponential change is a funny thing. It doesn’t act in a reasonable manner.

Take one grain of rice and place it on the first square of a chessboard. Then place two grains on the second square, four grains on the third square, eight grains on the fourth square, and so on. Keep doubling the number of grains of rice on each subsequent square of that chessboard.

- By the end of the first row, on the eighth square you will have 128 grains of rice.
- On the 21st square, you will have more than a million grains.
- On the 41st square, you will have more than a trillion grains.
- And on the 64th and final square of that chessboard, you will have a pile of rice that weighs more than 460 billion metric tons. That pile of rice would be bigger than Mount Everest.

That’s exponential change. We’re seeing example after example of exponential change in action in our world today. Moore’s Law — the idea that the processing power of our computers doubles every 18 to 24 months — is perhaps the most well-known example.

When change moves that quickly, it makes normally reasonable people act in entirely unreasonable ways — for instance, by trying to do something new for the mere sake of trying something new, without stopping to consider why they are doing that thing.

New technologies offer unlimited possibilities. But implementing new technologies without an understanding of what you are looking to accomplish, isn’t the answer.

One of the first steps must be to stop and consider what these new technologies can allow us to do that we couldn’t before.

**But it actually begins well before that. Our job begins on two fronts:**

1. **Making sure our systems and processes are prepared to take on what these new technologies can offer us.**

2. **And, more important, adopting a new future-focused mindset that’s geared less toward how these new technologies can help us and more toward how we can evolve to take advantage of a new era that made these new technologies possible.**
OUR CHALLENGES

The digital rush is on.
Organizations everywhere are scrambling to solve one of today’s most baffling problems: How does one build a digitally savvy organization?

It sounds like a fairly simple exercise: Employ some of the latest digital technologies and you’re good to go, right?
Wrong. It goes way beyond that. Doing digital and being digital are not the same things. Not even close.

“Digital is about empowering people to experiment, release, and constantly enhance digital offerings,” said Jeanne Ross, a principal research scientist at MIT’s Center for Information Systems Research. “Digital changes a company’s business model to one inspired by the capabilities of digital technologies.”

We saw the same dynamic play out a decade ago when social media’s popularity exploded. Doing social media often meant trying to bolt a few cool new tools onto an outdated business model — and looking completely foolish and lost as a result. Being a social organization was about building a completely new business model. It was a new mindset, a new culture.

The conversation about digital is the same. You can adopt some cool new digital technologies, but that does not make you a digital organization.

“It’s not about living in the zeros and ones as to how these technologies work,” said Matt Loeb, principal of Optimal Performance Seekers near Philadelphia and a Board Leadership Fellow of the National Association of Corporate Directors. “Instead, it’s about understanding the capabilities of these technologies at a level that helps you know how to apply it in your organization to help evolve your business model so that you can do things you have not previously been able to do.”

What’s becoming painfully obvious is that all of the great new digital tools on the planet — artificial intelligence and machine learning in particular — won’t accomplish much if all they have to work with is disparate databases and unstructured data. The key questions we need to be asking ourselves, Ross said, are about digitization more than digital: What’s the essence of our business? And how do we protect our most important data?

“Technological advances won’t do you much good if you’re not a well-run organization,” Ross said. “This is about instilling discipline around core transaction and back-office processes.”

The first step, she said, is to clean up your most important data and the processes and systems that use it.

Only then can we bring a digital mindset — and the business models that support it — to life.
GETTING STARTED

In the ever-changing landscape of digital disruption, and the implementation of a digital mindset—the first step is data-related. This can be identifying what data is available, how clean that data is, how accessible it is, and more.

Let’s imagine your business has been growing very quickly, and you’re now past the point where it can be managed or maintained effectively within Excel spreadsheets. You have data, technology, and business expertise and experts spread across different offices. You have no visibility or efficiency to get the right work to the right people. You know you need to change, and you would prefer to start off slow—but there’s just so much going on.

One part of the challenge is that there is a myriad of technology solutions on the market that incorporate data analytics.

**Fewer solutions, however, measure real-time productivity by using your business's actual data points compared with industry benchmarks in a highly visual, fully interactive dashboard.**

Let’s break that sentence down:

**“Real-time”**
means there is no time between when a report is pulled out of a database, manipulated in Excel, aggregated with other data, and presented. What real-time access to data means, is that anytime you look at it, the data is up-to-date.

**“Productivity”**
in this context means that your data is telling you a story. When you aren’t spending time and energy aggregating data, you have greater focus on data analysis. And, the right technology solution will have that real-time data aggregated into reports that tell the stories you need to understand productivity—for example, how long projects take, which staff members worked on how many tasks, and more.

**“Actual data points”**
refers to your business, your projects, your processes, your resources, and your people. The data provides you the insight on your business performance. And, when a technology solution incorporates benchmark data, it offers very immediate visibility to how you stack up against your peers.

**“Highly visual”**
means the data is already in story form via dashboards, and “interactive” means that you can play around and modify the dashboard to see the different angles of that story.
Also, a key competitive advantage can be found in business process optimization. A widely used framework is Lean Six Sigma.

In this framework, Lean focuses on process efficiency and Six Sigma focuses on quality. An effective process balances both efficiency and quality to eliminate steps that don’t add value. Lean Six Sigma uses a 5-step DMAIC approach to achieve this:

- **Define**: What problem do you want to fix?
- **Measure**: What is actually happening today?
- **Analyze**: Where are the inefficiencies and areas of opportunity?
- **Improve**: How will you fix the problem?
- **Control**: How will you sustain the improvements?

Note that Lean Six Sigma isn’t just about documenting processes so they can collect dust on the shelf. It’s about continuous improvement.
TECHNOLOGY SETUP FOR EXPONENTIAL CHANGE

So far we’ve described what adapting to technology looks like. But once you have a sense of what data you have, have invested in cleaning up your databases, and have started to analyze and optimize your processes, you will want to maintain that good work. Productivity enablement and workflow technology like XCMworkflow® is a great place to start.

XCMworkflow is a scalable, cloud-based system that helps tax, accounting, and finance professionals be more productive, through process and technology. We call this productivity enablement. Our clients gain visibility, flexibility, accountability, and control of work—including individual, business-wide, within departments, and across multiple offices.

Designed by business process experts, XCMworkflow aligns with your existing technology investments, including transactional systems like GL, tax, or engagement. It integrates with practice and document management systems for one comprehensive view of work—without checking disparate tools and spreadsheets.

XCMworkflow is a great way to support and uphold your new and improved business processes, and set your business up for future growth and success.

By pairing XCMworkflow with XCManalytics as a Service®, you can measure real-time productivity using your business’s XCMworkflow data points, in a highly visual, fully interactive set of dashboards, allowing you to:

- **Benchmark your business performance by comparing business processes and key performance metrics to XCM’s best practices and to other peer group comparative data.**
- **Gain a multi-dimensional view of your business process metrics including a historical and future-forward view of your business to proactively identify and overcome business obstacles.**
- **Establish new KPIs to continually scale up your business.**

Now that you’ve taken the first step to learn, anticipate, and adapt new technologies to prepare your staff and grow your business.

To request a complimentary XCMworkflow and XCManalytics as a Service consultation and learn how these solutions can help your business adapt for exponential change, call **781.356.5152** or visit **xcmsolutions.com** for more information.