Rediscovering Early Warning Approach to Business Success - Cognizant Digital Operations @ Cognizant Technology Solutions

Entry for BTOES Project Award Category: Cultural Transformation & Sustainability to deliver a high performing Enterprise Excellence culture

Context

Cognizant is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Cognizant Digital Operations (or CDO) practice helps customers re-engineer, digitize, manage and operate their most essential business processes to lower operating costs, improve user experiences and deliver better outcomes and top-line growth. We fulfill our customer's needs through Enterprise Services, Industry & Platform Solutions and Intelligent Process Automation.

CDO has been on constant growth trajectory; achieving significant growth over last 2 years.

Factor	Metric	% Change	2018	2016
Size & Scale	Clients	86% +	223	120
	Project Size (High)	1% +	10%	9%
	Delivery Locations	61% +	177	110
	Regions/ Countries	44% +	33	23
Complexity	Technological Complexity:			
	Complex Solutions	2% +	20%	18%
	Outcome Based Solutions	2% +	24%	22%
	Organization Complexity:			
	Employees	49% +	63.8k	42.8k

A project lifecycle includes 4 stages – Pursuit, Transition, Delivery & Sunset. During Pursuit, CDO identifies suitable business opportunities from client RFPs (Request for Proposal) and create customized solutions to meet their requirements. Post deal finalization, process is Transitioned to CDO environment through mutually agreed Transitions plan with predefined goals/milestones. Finally, the transitioned project moves into steady state Delivery post stabilization, after meeting key project milestones. At these stages of project lifecycle, the project is exposed to various inherent risks, such as:

Pursuit: Improper deal assumptions around revenue & cost could lead to Cognizant bidding for unprofitable business opportunities thereby affecting financial stability.

Transitions: Inadequate knowledge transfer, incomplete scope considerations, delayed or unmet Transition tollgates, etc. could lead to fines and penalties and contract cancellations

Steady State Delivery: inability to meet service level, unmet contractual commitments etc could lead to fines and penalties along with client dissatisfaction thereby affecting brand reputation

Therefore, ability to 'see and anticipate what's coming' and its timely mitigation is critical for CDO to meet both implied and expressed value commitments to clients.

Opportunity (Or Challenge)

Rapid growth with increased complexity presented previously unknown challenges to business leadership with an opportunity to enhance critical management systems including Early Warning Management System (or EWS) to prevent business losses/ failures.

During 2016-17, **24 critical service delivery failure** related warnings/ risks were raised and highlighted with CDO leadership. What was even more concerning that amongst these warnings, there were 6 client feedbacks including 1 issue was reported directly by client.

Failure to correctly read early warning indicators/ signs led to closure scrutiny of our EWS system with following improvement areas identified

Inherent Characteristics	Opportunity for Improvement
Rapid decision making with a bias to reinforce initial conclusions and reject counter narratives; Little formalized thinking about risks, uncertainties and unknown	Shift towards reliance on analysis, models and frameworks
Ignoring or discounting items that are complex and not understood well	Objective & holistic approach
Little formalized decision processes or governance procedures	Setting objectives and crating higher levels of transparency into explicit decision making
Lack of transparency into decision criteria and the importance placed on various items; resistance in highlighting issues or avoiding 'bad news'	Openness to independent review and discussion

Hence, it was decided to evolve from 'subjective' early warning system to a more balanced approach to risk taking by **establishing a bottom-up governance** process by **nurturing risk-aware culture** through use of **technology**.

Solution

In achieving successful culture change, we emphasized on strong top-down implementation, which will also act as catalyst to bottom-up actions.
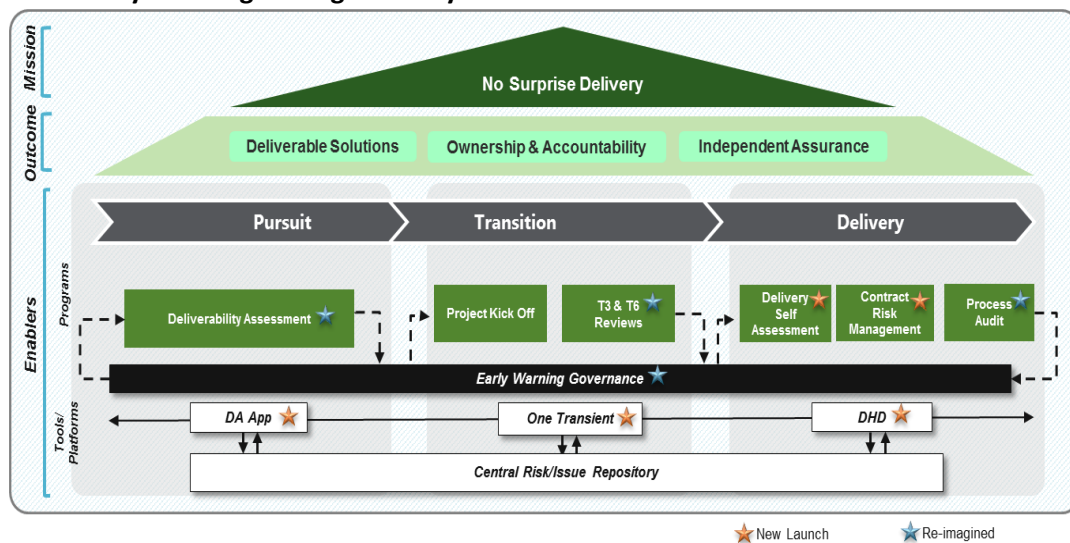
Key Culture Transformation Shifts:

'Being Proactive'	'Don't Shoot the Messenger'	'Digital to the Rescue'
Encouraging & Enabling Proactive Risk/Issue Escalation by eliminating pressure from staff to present an optimistic story to Senior Management. Rather Incentivizing proactive risk management and mitigation through bottom up actions.	Attitude and Leadership to enhances transparency, openness and objectivity in discussion. Leadership efforts focused to support appropriate risk response when issues are raised proactively, instead of 'shooting the messenger'.	Embracing Digital & Technology to develop Integrated & Scalable Early Warning Management System to address ever increase business size, complexity and risks.

Key Drivers:

Communications & Training: Driving rigor through positive messaging (e.g. "Red is good") to influence diverse cultural mindsets. Risk Adjusted Decisions: Continuously enhancing programs by feeding learnings from materialized risks/issues to enable early identification in new projects. Formalized Recognition through incentive, career development and promotion systems.	Leadership Governance Meeting: Providing platform for inviting open debate to question and challenge ingrained thinking and an acceptance of diversity of opinion in presence of senior leadership to drive top down messaging	Integrated System: Adopting Cognizant philosophy on Digital Transformation to develop proprietary solutions to drive both bottoms up and top down support and ensure project safe-landing through; DA App for Pursuit Stage, One Transient for Transitions Stage DHD for Steady-state Delivery

Re-enforced Early Warning Management System:

Balancing Intuition with Rationality for effective Decision Making

Outcome & Results

Introducing culture change initiatives across global organization is a daunting task due to size and diversity. Therefore, not only implementation but also its sustenance, reflects true acceptance to change in mindset.

To create wide-spread impact, it was critical to first institutionalize our key programs so they form part of DNA. As a result, we achieved 90%+ adoption across all three programs in 2018.

Deliverability Assessments: Focused towards complex deals/ solutions; 75 deals/ solutions covered

One Transient: ~10 k FTEs transitioned across 63 clients and 351 projects

Delivery Health Dashboard: 843 Participants/ Reviewers; Accounts covered 295; Projects assessed 973 generating 43k responses per month

This adoption helped us register improvement in 2018 across following metrics: -

Outcome	Change	Business Excellence
"Stakeholder Participation" Identification and analysis of warnings/risks	**77% Rise** (from 5.6 issues per day in '16 to 9.9 issues per day in '18)	More warnings/risks per day as result of an open and more risk-aware culture
"Driving Mitigation Rigor" Reducing cycle time to address identified warnings/ risks	**50% Decline** (from 86.1 days average ageing in '16 to 42.9 days in '18)	Issue closure to limit exposure from identified 'High Severity' risk/issue; For all issues a fall of 43% registered (from 91.8 days average ageing in '16 to 52.3 days in '18)
"Shifting Left" Early Stage Risk Identification	**6% Rise** (from 19% in '16 to 25% in '18)	Identification of risks early in project lifecycle minimize mitigation effort and costs; risks are easier to mitigate in design
"Severe Warning Callouts" Enhanced self-assessment capability of calling out severe warnings/risks	**5% Rise** (from 6% in '16 to 11% in '18)	Self-assessment of 'High Severity' warnings/ risks and timely mitigation prevents negative business impact
"Reducing Client Dissatisfaction" Critical client escalations	**50% Decline** (from 6 in '16 to 3 in '18)	Timely identification and mitigation helps minimize client escalations thereby protecting Revenue