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Overview on Centers of Excellence (COEs)

Organizations are relentlessly targeting to adopt the latest industry trends to future proof themselves. Every business aspires to have efficient end-to-end processes to deliver an enhanced customer experience, and therefore improve the topline.

As the term Excellence is shifting from a general concept to become a business necessity, the race to adopt excellence and setting up the right structure to drive excellence is on, and every organization aims to be at the frontline.

Such a necessity unveils itself in the form of Centers of Excellence (COEs) designed in different forms, mainly focused on establishing the required capabilities to create assets for the organization and reaping the returns from those assets.

Drivers for establishing the COE

Categorically, organizations strive establish their centers of excellence to achieve one of more of the below objectives:

- Involved in problem solving
- Requires experience and expertise to solve the problem
- Expertise from external sources
- Develop collateral such as the "state of roads"

- Development of technical and professional standards
- Develop an objective classification and rating system for contractors
- Conceptualize training requirements/content

1. Run the business: COEs are focused on enterprise efficiency by reducing transactional costs and enabling informed decision making at the operational level.

2. Grow the business: by enhancing enterprise competitiveness and operational capacity as well as optimizing external service delivery.

3. Transform the business: COEs manifest themselves as an innovation hub to drive core business transformation with innovative yet practical solutions while maintaining strategic alignment across the organization.

COEs – A Middle East perspective

The significance of COEs is being increasingly recognized across the Middle East for more than a decade now. Several regional governments have embarked on a journey to encourage both public and private entities to adopt excellence through varying awards & incentives programs. For example, in 1999, the UAE launched The Sheikh Khalifa Excellence Award (SKEA) aimed at continuous improvement and enhancing competitiveness. Later in 2000, KSA launched The King Abdul Aziz Quality Award focusing on implementing the principles of total quality. Lastly, in 2002, Jordan launched the King Abdullah II Award for Excellence focusing on government performance and transparency.

In Saudi Arabia, such significance was translated in the form of royal decrees to adopt the excellence agenda. To achieve such goals, government entities are bound to establish their centers of excellence and seriously transform their core business.

Types of COEs

Globally, 4 variations are recognized to deliver the desired business impact:

- Run the business:
  - COEs are focused on enterprise efficiency by reducing transactional costs and enabling informed decision making at the operational level.

- Grow the business:
  - by enhancing enterprise competitiveness and operational capacity as well as optimizing external service delivery.

- Transform the business:
  - COEs manifest themselves as an innovation hub to drive core business transformation with innovative yet practical solutions while maintaining strategic alignment across the organization.

- Future oriented, forward-looking aspects/solutions that could become mainstream over the next 5-10 years
- Often is not specific to roads/bridges but is integrative

- Any problem that requires further research, before a solution can be identified
- Could be such as new materials new technology development etc.
- Consists of a heterogeneous pool of experts globally

Implied knowledge
(Unidentified problem)

Present

- Involved in problem solving
- Requires experience and expertise to solve the problem
- Expertise from external sources
- Develop collateral such as the "state of roads"

Future

- Future oriented, forward-looking aspects/solutions that could become mainstream over the next 5-10 years
- Often is not specific to roads/bridges but is integrative

Explicit knowledge
(Defined problem)

Figure 1: Objectives for establishing COEs

Figure 2: Types of COEs
The Building blocks of a COE

At some point during their tenure, all organizations feel the need to establish a center of excellence. This need may arise due to several reasons, such as: Provoking a culture of innovation and ideation, standardizing and managing business processes, enhancing business performance, or fueling the organization with comparable business insights.

One important consideration when embarking on the excellence journey is the path reach its maturity. COEs are meant to be scalable and practical in nature and do not need to be built all at once. Rather, it is best to develop them organically and gradually as they operate in fluid and transformational environments.

The formation and size of any COE varies depending on the organizational context, i.e; their excellence agenda. Common building blocks of COEs are:

The COE journey

Nowadays, activating COEs is considered mission-critical to organizations to future proof their business. Gradual deployment and progression is a tested and proven approach:

**Imagine** : You should start with a clear business case and a directional strategy for the Center.

**Operate** : Activating the COE is key as you need to broadcast the right required communications across the organization, scaling skilled teams, activating the right collaboration across the corridors and continuously monitor the COE’s performance by tracking the predefined excellence success metrics and stakeholders’ feedback.

**Establish** : At this stage, you need to define the COE’s operating and governance Models, lay out its reference frameworks and methodologies, and rally the right team to run it.

**Optimize** : To ensure its sustainability & alignment to the organization’s strategic direction and to guarantee that the COE is delivering the value and impact, you need to focus on instilling a culture of knowledge through repositories of cumulative experiences and translating such experiences into your day-to-day operations within the COE and the organization at large.

Nowadays, activating COEs is considered mission-critical to organizations to future proof their business. Gradual deployment and progression is a tested and proven approach.
Common pitfalls and critical success factors for COEs

Pitfalls and potential solutions

As organizations embark on this journey, they face obstacles during the establishment, operation & optimization stages.

Without the right experts and their professional guidance, organizations are more likely to experience several pitfalls. With Deloitte’s global experts on your side, such pitfalls could be safely surpassed and knowledge can be transferred to your team every step of the way.

To build and sustain an effective COE, focus must be shed on a set of critical aspects from design through to operation and optimization. Leveraging our repeat experiences, our experts were able to identify these critical success factors.

Critical success factors

- **Have a well-defined vision**
  A clear and well-defined vision must be articulated for the COE with a clear relationship to its role in enabling the implementation of the overarching strategy and its enablement to achieving the set strategic objectives

- **Competence and talent**
  The COE should focus on attracting and retaining talent within its structure and highlight the importance of competency expertise and skill development as a driver of success

- **Independent and holistic team**
  Improves independent view of all business units’ performance; The team has comprehensive understanding of entity’s operation, embrace transparency and impartial to all entity’s units while considering innovation opportunities

- **Leadership commitment**
  Executive support must be extended to enable COE to establish itself, build its own capabilities and commence producing outputs, achieving short and medium term outcomes and achieving the primary long-term impact

- **Well-defined operating model and governance**
  The operating model must be clearly outlined and properly integrating all of the COE’s efforts in collaboration with all involved internal and external stakeholders to achieve the set objectives

- **Delivery partnership**
  The COE’s role as an enabler is highly dependent on establishing inter-entity and cross-government effective partnerships to produce tangible results across all the dimensions of focus for the COE

- **Customer focus**
  The customer (internal or external) should always be at the center of every program, tool or final outcome produced through the collaborative efforts of the COE and the business

- **Adequate funding**
  Adequate funding is key to enable the COE to perform its role as an enabler. Funding is critical to programs introduced by the COE and the programs and initiatives resulting from its day-to-day operations
To build and sustain an effective COE, focus must be shed on a set of critical aspects from design through to operation and optimization.

**Role of the Center of Excellence**

The Center of Excellence should have a clear role within the organization which is highly dependent on the strength and spread of the excellence culture across the organization. This role can and should vary to align to the maturity level of the overall excellence agenda.

**Organizational excellence maturity level**

1. **Operator**
   
   The Operator role is focused on enterprise efficiency and driving bottom-line impact. These efficiencies can be found in reducing administrative transaction costs or enhancing operational decision support. The COE will play the role of the designer and executor of the change into the business.

2. **Enhancer**
   
   The Enhancer role is tasked with improving enterprise competitiveness and cost optimization, as well as optimizing service delivery. These types of COEs can take the form of integrated business services, analytics services, or application development. The COE will be the role of an educator and catalyst for change.

3. **Leader**
   
   The Leader role focuses on enterprise-wide transformation through strategic contribution and alignment of various initiatives to drive business impact. The Center will drive innovation at the business level and uncover new strategic capabilities, markets, products, and/or business models to enable growth of the business.

**Conclusion**

Establishing a Center of Excellence (COE) can help drive the collaboration, communication, and framework necessary to enable the delivery of tangible impact.

A COE is a team or function within an organization that provides knowledge and expertise to unify and accelerate the path to becoming a results and impact organization.

COEs are necessary to organize governance and drive excellence in an integrated format, allowing for synergies to be leveraged and change to be more impactful and cohesive across the organization.

By creating a COE, organizations are moving away from siloed teams while also creating champions, who will lead the organization towards a more collaborative culture where everybody learns from each other.
How we can help

Centers of Excellence and their building blocks vary across industries and organizations depending on the organizational context, with the help of our experts, the transition would be smoother.

Extended services by our inhouse experts *(Non-exhaustive list)*

- Full fledged COE’s Build Operate and Transfer (BOT) services
- Enterprise process architecture design
- Service catalogue and journeys design
- Service and process performance monitoring KPIs and mechanisms design
- Process documentation and improvement
- Capability building and knowledge transfer
- Business process, quality and excellence management methodologies design
- COEs strategic direction setting and design (target operating model design, governance models, tools and methods design)
- Process management tool configuration

There is no one solution that fits all organizations. COEs design requirements vary based on the maturity, mandate and goals of the organization.
In today’s world, the Center of Excellence (CoE) applies to any organization that wants to create and use excellent state of art and showcase its technological, service and business-oriented capabilities.

A Center of Excellence (COE) should be in synchronization with the philosophy of the organization business imperative, hence the strategy and roadmap for CoE are required to launch and sustain the business needs. Without a CoE, you will lack the necessary ecosystem to optimize operations.

Establishing Center of Excellence (CoE) will help the organization to optimiz processes, increase competitiveness and become more efficient.

The only constant in the world of business is change. As leaders aim to future-proof their organizations in today’s turbulent business environment, sustainability and excellence go hand-in-hand to form the only strategic pillar that should be in any corporate strategy. The journey towards sustainability and excellence is an endless one, similar to how organizations reflect on their existence and aspiration for growth.

Successful leaders recognize the importance of instilling the principles of excellence and understand the positive impact of such principles on the organization and its prosperous continuity as well as its impact on the wider environment in which the organization operates. Excellence is key to any organization’s resilience, adaptability, competitiveness and its ability to navigate successfully into a more successful future.

Establishing COEs should be driven by the business challenges and corporate strategy and priorities.

I have witnessed COEs evolving in public and private sectors within the region to expand their mandate and impact through transforming from process management offices into becoming the business driver and enabler for innovation and excellence. This was achieved through focusing on building the quality, excellence and innovation capabilities to drive processes improvements, digitization, working environment enhancements and service measurement and delivery.
Contributors to this publication

Rami Khalaf
Partner
Deloitte Consulting, Abu Dhabi
rkhalaf@deloitte.com

Yousef Srouji
Partner
Deloitte Consulting, Abu Dhabi
ysrouji@deloitte.com

Saeed Ghanem
Manager
Deloitte Consulting, Riyadh
saghanem@deloitte.com

Shadi Haddad
Director
Deloitte Consulting, Abu Dhabi
shhaddad@deloitte.com

Saeed Ghanem
Manager
Deloitte Consulting, Riyadh
saghanem@deloitte.com

Thank you to the below contributors:

• Mariam Khalifeh, Senior Consultant
• Abdelrahman Sherif, Consultant
• Ahmed Qashlaq, Consultant
• Alhanouf Althunayan, Business Analyst
• Khaled AlMayman, Business Analyst
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