celonis

How to build a Center of Excellence

A roll-up-your-sleeves guide with insights from people who have done it before

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The center of the action

The idea behind centers of excellence (CoEs) has been around about as long as human beings have recognized that some activities are worth doing really, really well. In a business context, the CoE has evolved over decades to become the tried-and-tested concept we know today. In fact, we're now at the point where establishing an effective CoE has in itself become a best practice for operational excellence.

So if you're part of a large enterprise team, it's likely you or your peers already have some experience working with — or within — a CoE for operations, finance, IT or another core function.

At Celonis, we of course look at this opportunity in the context of CoEs for process mining, which many businesses are investing in — and increasingly through CoEs for Celonis Process Intelligence in particular: a journey many of our most successful customers have taken with us.

So, there are many different kinds of CoE, but luckily the best ones share lots of common traits, and you can learn lots of lessons from those who have walked this path before you.

So if you need help establishing or scaling your own center of excellence, this guide is for you.

We can't promise you it'll be an easy journey throughout — any significant change management initiative like this will require you to push through resistance and maybe even some conflict. But the rewards are worth it, and it's absolutely possible to begin your journey today and start unlocking value with a CoE within weeks.

Read on to learn everything you need to know to build momentum with your own CoE — from its purpose and structure, to the things you need to consider at each stage of growth.

Let's get started.

Center of excellence 101:
back to basics
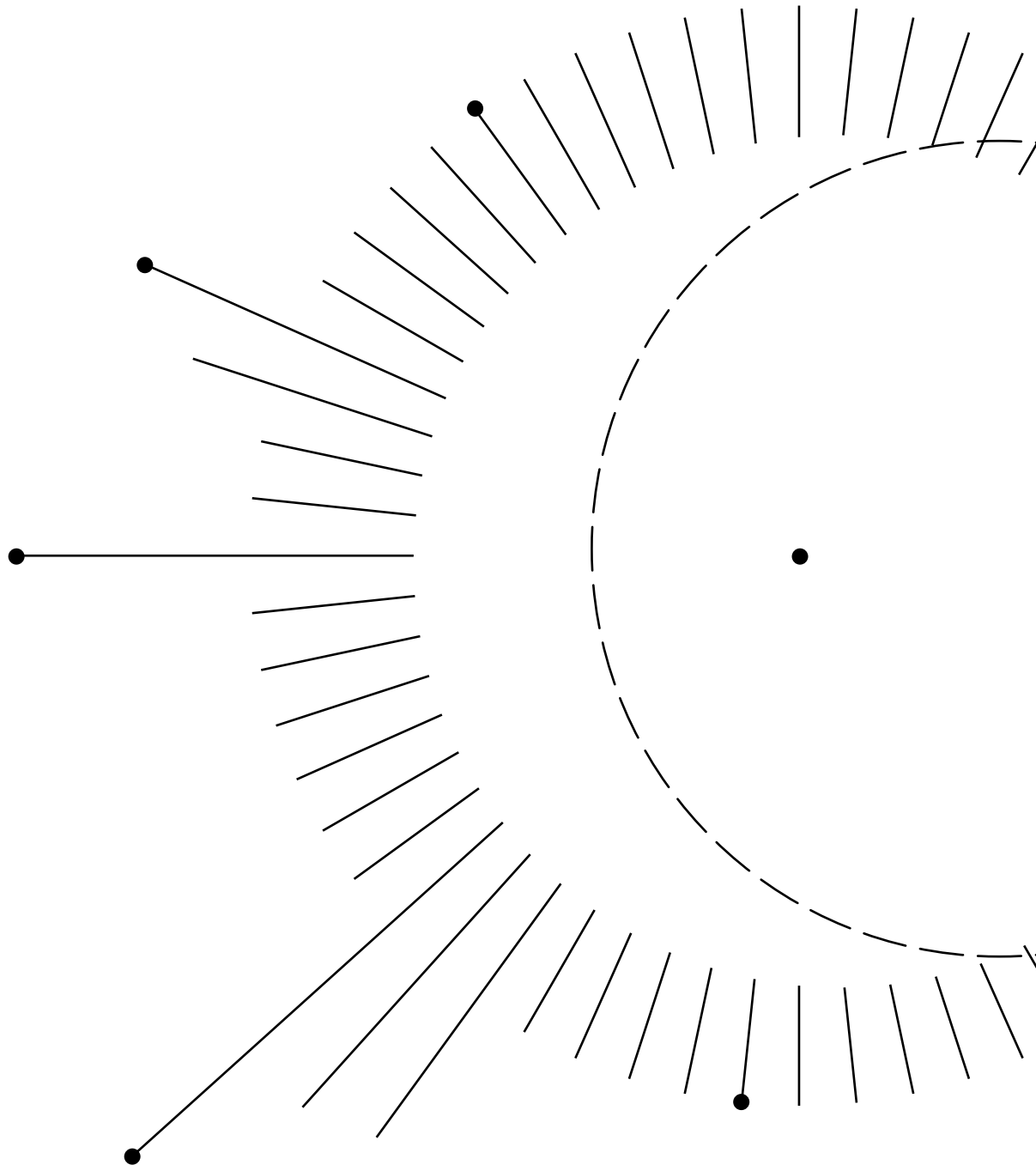
What is a center of excellence?

A CoE is a team that has been mandated to provide leadership, best practices, establish a strong community, drive technical deployment, support and training for Celonis in your organization. At least that's the definition we use in the context of a Celonis CoE. But you can swap the word Celonis for whatever your particular area of focus is. The important part: it has to be a passionate team of change makers who want to accelerate digital transformation and drive value.

Why are centers of excellence important?

The short answer is because they work! We know because we conducted **a joint study with Fraunhofer FIT**, surveying 214 of our customer organizations to learn about their beliefs, experiences, and the results they've achieved — comparing performance across companies with and without a CoE. Here's a taste of what we learned:

8.8x more likely to succeed

Customers with a CoE and dedicated teams are 8.8x more likely to generate a positive ROI with Celonis than customers without one.

They pay for themselves

For 85% of customers with 5+ processes, the investment in a CoE has already paid off.

Everyone sees the value

100% of our customers believe that a CoE is valuable.

What does a center of excellence actually do?

Here are the key functions of a CoE in full swing, using a Celonis CoE as an example case with some relevant jobs associated with each function:

Governance and steering

- Turn the executive sponsor's guidance into operational business priorities and measurable KPIs

- Create and execute Celonis roll-out and growth plans

- Operate, review, and iterate best practices

Deployment and maintenance

- Streamline technical connectivity and approvals

- Provide data integration and quality assurance

- Increase efficiency to reduce delivery times, as well as development and maintenance costs

- Create a scalable, functional, and technical environment

Value realization

- Turn business cases into operational action

- Ensure value impact and realization jointly with process owners

- Coordinate with stakeholders to drive action

- Track and communicate value achievements

User enablement and support

- Support all Celonis users, including running training sessions

- Build and expand the user community

- Drive awareness and internal advocacy

- Monitor usage and drive adoption

What are the success factors to scale your center of excellence?

According to our joint study with **Fraunhofer FIT**, these are the top predictors of a successful CoE:

- Executive sponsorship

- Committed and highly qualified team

- Business knowledge about the processes in focus

- Clearly defined and incentivized strategic targets

- Transparency concerning actual value achieved

What's the best structure for a center of excellence?

The best structure depends on the scope and maturity of your CoE, but among the customers we've seen implement them, two distinct operating models have emerged:

Centralized setup

A single, centralized CoE that covers all roles, responsibilities and activities.

Hybrid setup

Also known as hub-and-spoke, this model features one centralized CoE (for example, with Finance as the hub) and one or several additional centers of excellence in other functions (for example, Procurement and AP as the spokes)
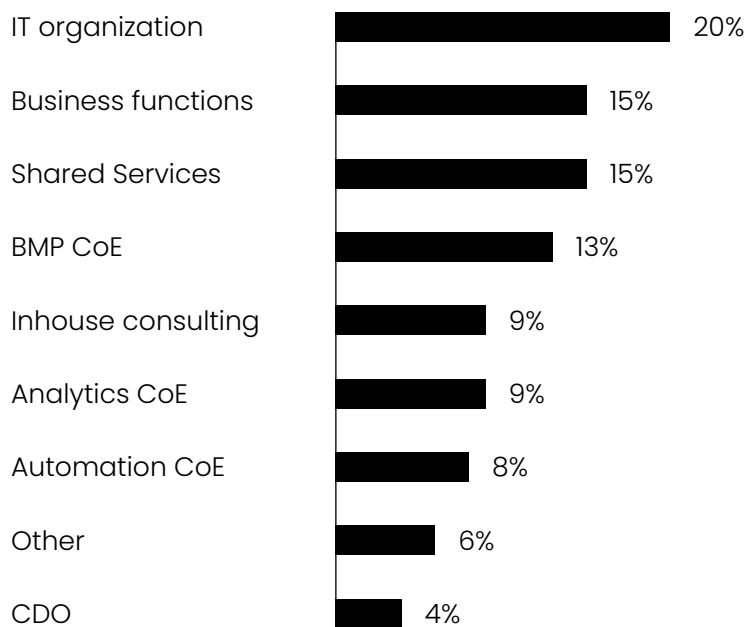
Where should your center of excellence sit?

As with the decision to create a centralized or a hybrid setup, the question of where your CoE should sit depends on your unique circumstances. Should you establish your CoE in the IT organization, Shared Services, or perhaps a specific business function?

There is no single right answer. Factors that will sway your decision include company structure, the nature of the most critical challenges you want to address, and even the department affiliation of your executive sponsor.

However, having seen a lot of Celonis CoE initiatives, we've noted the top choices among the successful ones:

Top choices among successful CoEs

IT organization	20%
Business functions	15%
Shared Services	15%
BMP CoE	13%
Inhouse consulting	9%
Analytics CoE	9%
Automation CoE	8%
Other	6%
CDO	4%

How do you build one?

This is the main question we want to address with this guide. And the answer depends on where you are in your journey today. In the next section, we'll look at the three stages of CoE development and what you need to consider at each one.

What to consider at each stage of your center of excellence journey
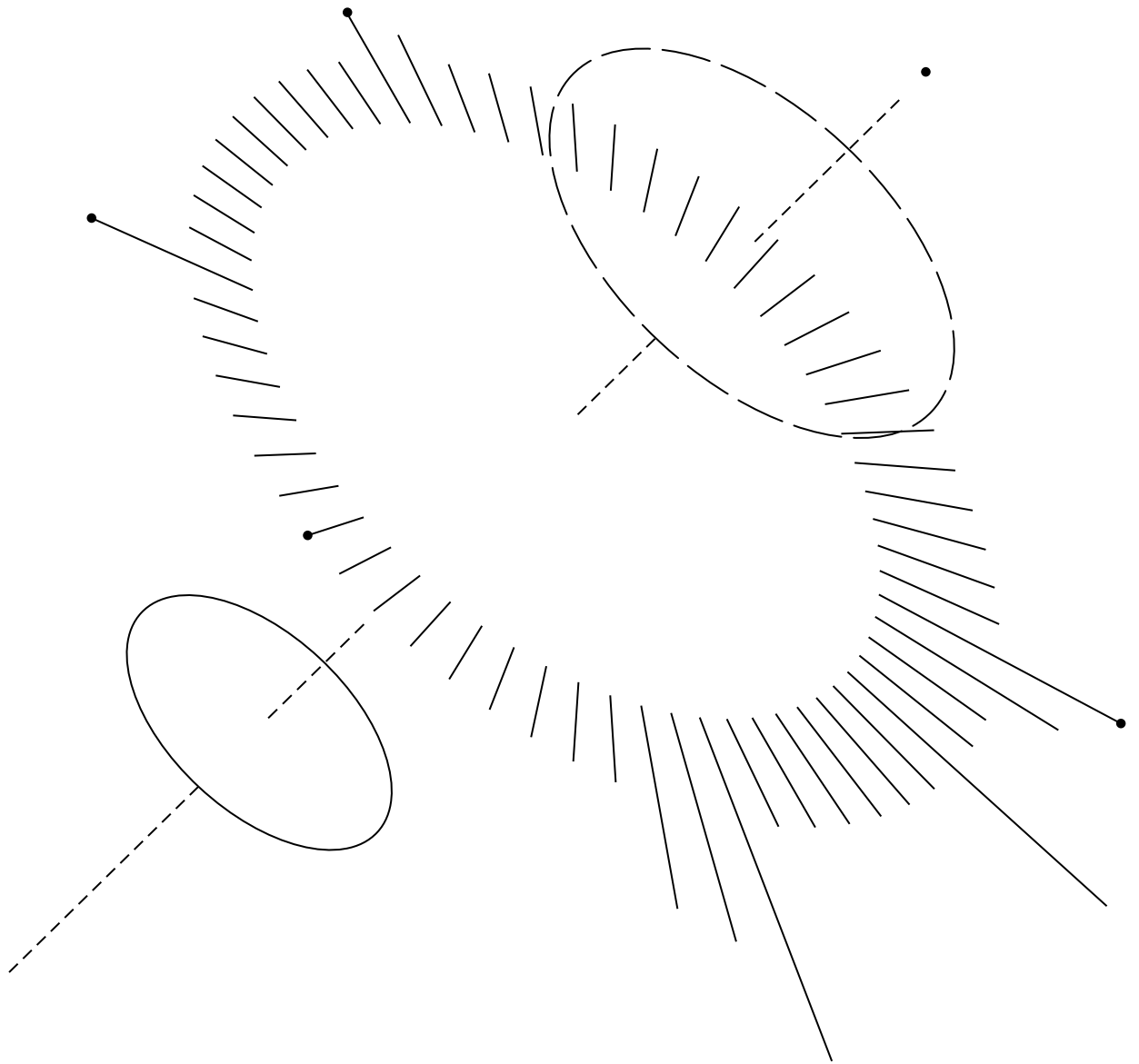
Stage 1: Ignite

Know your purpose and set targets

It may sound obvious but you need to know what it is you actually want to achieve with your CoE, before you commit. What is the mission you're driving at, or the challenge you're tackling? And are the people you're working with empowered to make change happen? That's another reason why executive sponsorship is so important.

> Jennifer Hanania-Cohen, Process Mining CoE Lead at Splunk, **agrees that executive sponsorship is critical**. Without executive directive, "there's a lot of just digging in the dark," she says. "When we know that our top strategic priority is [to] simplify the way our salespeople sell, that gives us a guiding light."

Choose your first use case(s)

Picking the right first use case is critically important, as this will essentially be your proof of concept for further investment. Identify one that can deliver tangible (ideally fast) value in pursuit of a real business need. Once you've clarified that need from your business users and agreed targets with your executive sponsor, make sure you draw out a value roadmap and understand how you can achieve quick successes.

> *"Finding the right talent for process mining — people who are capable of connecting both technology and the business domain — is essential for our success,"* said **TJ Young, Director Process Intelligence Hub at Mars**.

Assemble your team

Like many enterprise initiatives, a CoE is made up of people, processes, and technologies — but arguably the most important ingredient, especially at the beginning, is the team driving it all forward. So pick your A-players. Nominate your CoE lead along with a small team with core capabilities. For example, for a Celonis center of excellence, you might start with your lead, a data analyst and an engineer. Assign roles and responsibilities and identify any skills gaps that you can fill with training.

Define your structure and resources

When you're starting out, you'll probably adopt a centralized operating model. A hybrid model will come later as you grow in scope and enlist specialists from different functions and teams. You'll also need to define and manage a number of resources: your budget from the executive sponsor, the technologies you need, as well as source system integrations, user access, data protection and security governance. Other important jobs are defining the ways of working between the center of excellence and the wider business; and the cultivation of a community between you and your target groups.

> **Don't underestimate the work ahead**
>
> This was the message from **Ashok Gairola**, Head of Digital Lean at Nokia's GBS unit, and **Joseph Raj**, Process Mining CoE Manager — when **they shared their center of excellence experiences** at Celosphere 2022. You'll have to rightsize the team based on skills, share a clear plan that explains your purpose and ground rules, and foster continuous improvement and learning. No pressure, then!

Stage 2: Scale

Build on your early wins

With a first win under your belt, and the results to show for it, you're ready to scale your CoE to new use cases that you can win investment for. Look for similar opportunities in adjacent use cases where your business case will be strongest.

Go hybrid

As you expand your reach into additional use cases and teams, your CoE will evolve from a centralized model to a hybrid, hub-and-spoke system. This gives you the front-line insights from around your organization and allows you to scale with additional passionate change makers in spokes, while retaining the control from the central hub.

> As **Jennifer Hanania-Cohen** at **Splunk** put it: *"That means that we have sleeper agents in every single one of the business units that we work with telling us what the business problems are, getting trained up on Celonis and becoming power users, and really making sure that we're doing things in a lock-step approach."*

Establish systems for smooth scaling

Before things get too complex, take the time to create and share knowledge models, document your KPIs, and put governance processes in place to establish good measurement and reporting systems that will scale with your CoE.

Stage 3: Accelerate

Recruit more team members, sponsors, and champions

As your scope increases, so will your need for skilled team members like analysts, engineers, and industry experts. We see team size growing linearly with the amount of value realized by a CoE. So to unlock five million dollars or euros in value, you will probably need about five people. For ten million, it's about ten people — just as a rough indication. As your successes grow, you can attract the support of additional executive sponsors, and convert some into champions for your process improvement cause. Acceleration is driven through the strength of the advocates in your spokes.

> *"We are not experts for production or purchasing — we are IT people — so this is where centers of competence have started to form. Today we have five centers of competence. There are more that will hopefully start in due course and help us to scale further,"* said **Dr Patrick Lechner**, Head of Process Mining and RPA at BMW.

Move from push to pull

Your CoE will begin life in "push" mode, trying to push Celonis (or whatever your focus is) deeper into the organization. You'll be knocking on doors and seeking out internal customers. To thrive, you must reach a tipping point when the organization starts to "pull" for support from the CoE. From this point on, users get excited and start asking the CoE to deploy ideas and use cases. The CoE builds a demand pipeline and prioritizes demands based on value potential — committed by the internal customers.

> **Don't spread your center of excellence too thin**
>
> As one of our customers put it at a Celonis World Tour event, it's *"easy to get caught up in just looking at one more thing."* So your CoE needs "extreme prioritization and planning." Alignment with your key stakeholders is critical to keep you working on the right things for the business.

Building your business case
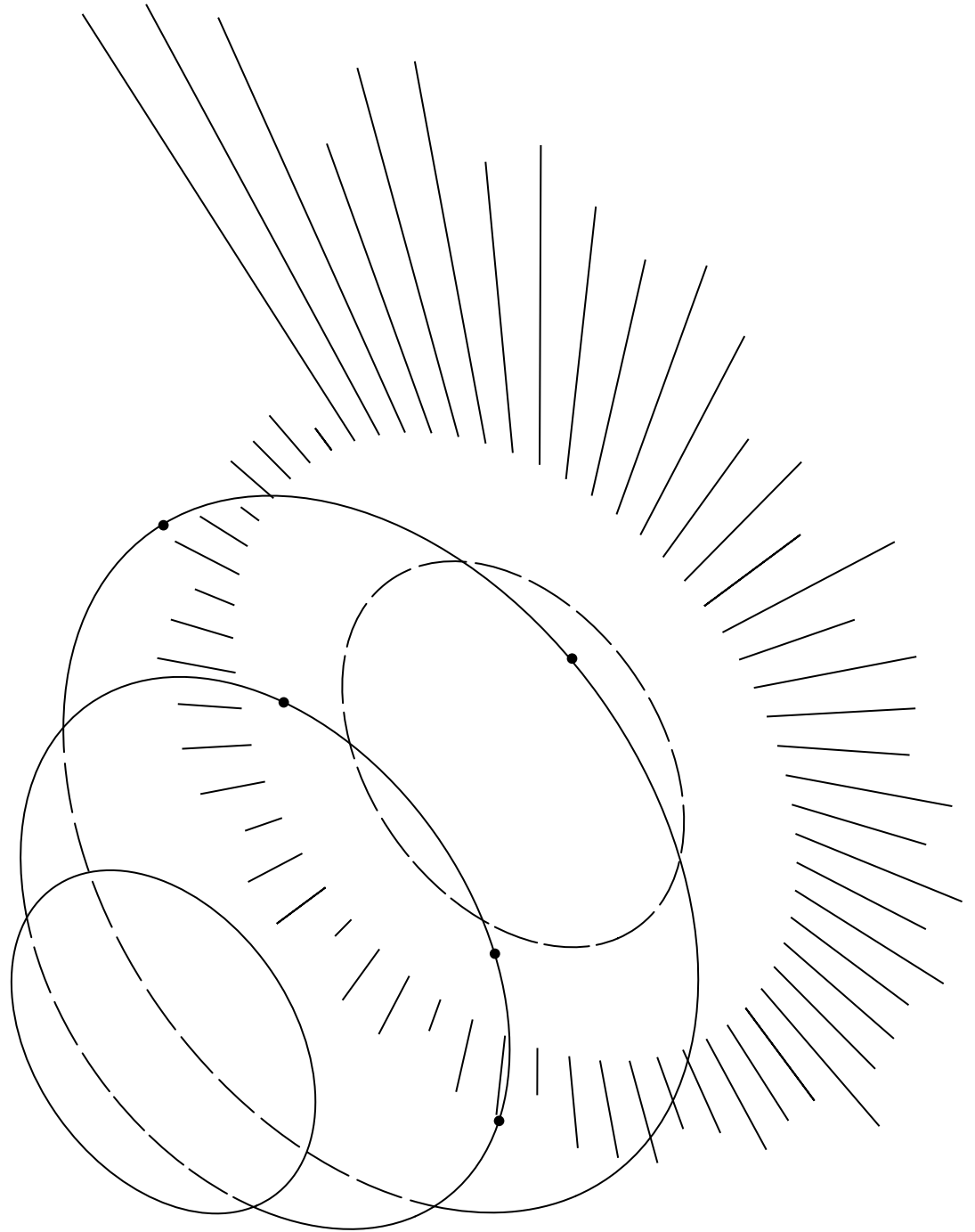
Value growth exceeds cost growth

In our experience working with hundreds of CoEs, the bigger and more mature the initiative, the greater the returns — as the value realized is greater than the additional costs accrued.
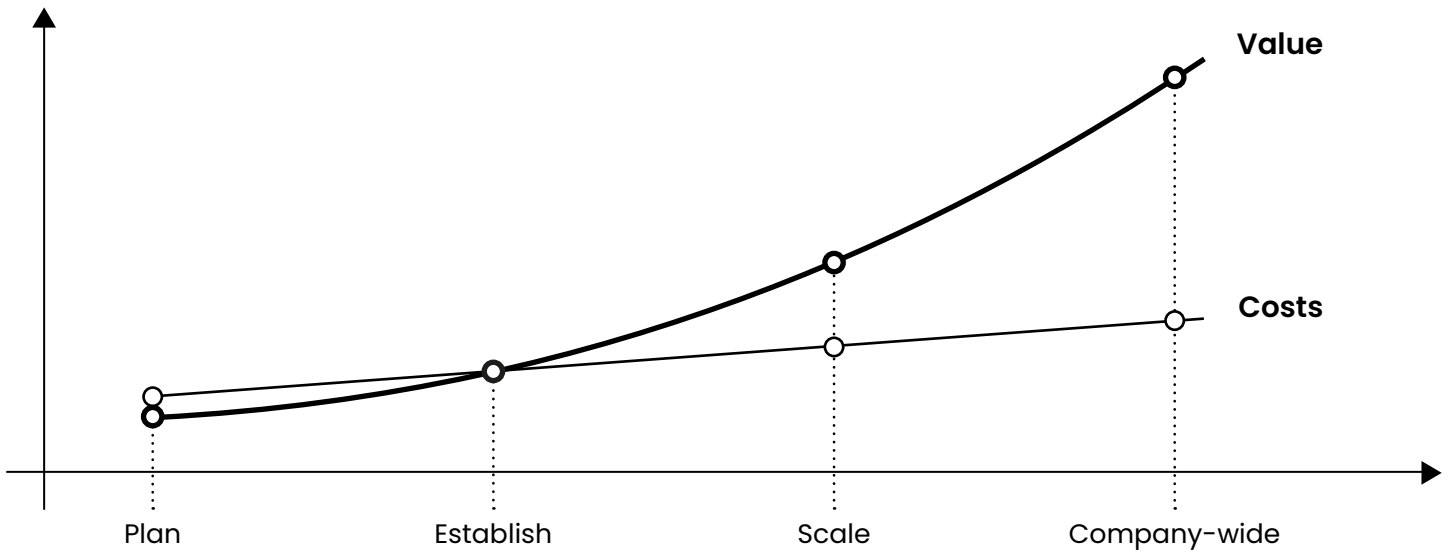
To help you frame benefits against costs in your business case, here's a breakdown of the situation we see most commonly:

Center of excellence benefits

- Increases realization potential per process

- Generates additional potential per process

- Scales value generation to further processes

Center of excellence costs

- Enable center of excellence team

- Labor and related costs for team

- Celonis license costs + infrastructure

Ready to take the next step?

If you're ready to take your CoE journey to the next level, simply **get in touch with us** — or existing customers can contact their trusted value engineers. Need some more inspiration in the meantime? Then try some of these resources:

- **6(ish) common technology implementation pitfalls — and how to avoid them** [ebook]

- **Celosphere 2022: Bayer's Timo Peters shares CoE blueprint** [blog post]

- **Why and how to scale Celonis Centers of Excellence (CoE) to grow value** [blog post]

About Celonis

Since 2011, Celonis has helped thousands of the world's largest and most esteemed companies yield immediate cash impact, radically improve customer experience, and reduce carbon emissions.

Its Process Intelligence platform uses industry-leading process mining technology and AI to present companies with a living digital twin of their end-to-end processes. For the first time, everyone in an organization has a common language for how the business runs, visibility into where value is hiding, and the ability to capture it. Celonis is headquartered in Munich, Germany and New York City, USA with more than 20 offices worldwide.

Find out more at **celonis.com**

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