

CHANGE MANAGEMENT ON STEROIDS

Three Imperatives for Robotics- Enabled Transformation

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EXECUTIVE SUMMARY

Enterprises have endeavored for years to make quantum improvements in operational performance by reengineering key business functions, ranging from processing loan applications to responding to customer inquiries to paying supplier invoices. These efforts have for the most part fallen short of expectations. Either the technology was lacking, or new processes failed to gain traction, or people impacted by change resisted doing things in a drastically different way.

Today, Robotic Process Automation (RPA) offers the potential to break the impasse. By offering the capability to perform increasingly sophisticated tasks consistently, accurately and 24x7x365, RPA applications take the transformation opportunity to a new level. But experience has shown that even the best technology, applied ineffectively or in a vacuum, won't drive meaningful or sustainable change. What's needed is a holistic approach that addresses organizational change in the context of how people, process and technology interact.

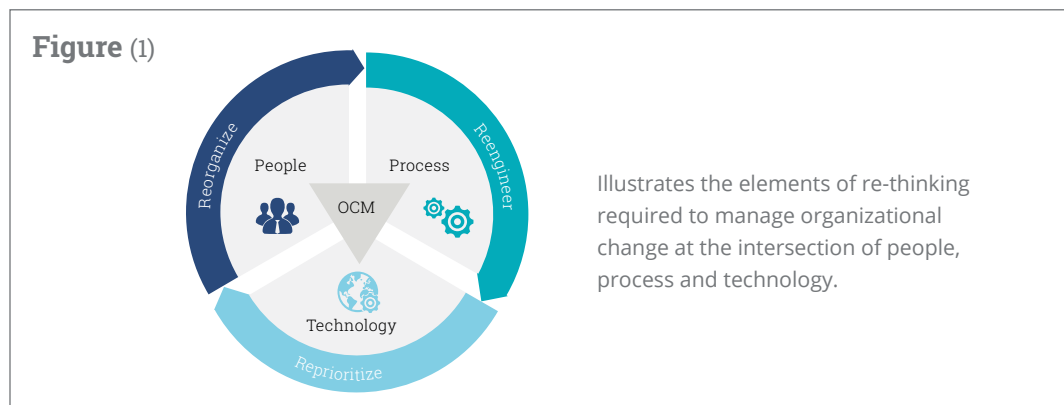
This ISG white paper examines three key principles of an RPA-enabled Organizational Change Management (OCM) strategy, one that integrates application of technology, organizational redesign and human intervention to plan, implement and manage a radically new service delivery model.

THREE IMPERATIVES

RPA enables different processes and sources of data to be brought together, analyzed and rapidly and accurately adjudicated. This emerging technology requires new approaches to business operating design, change management and workforce convergence. To achieve the benefits of automation, C-level executives, business unit managers and IT leaders will need to become familiar with what is possible with this exciting, innovative and disruptive technology.

Any enterprise seeking to leverage the potential benefits RPA must fundamentally reassess the operational intersection of people, process and technology. Specifically, they will need to:

1. **Reorganize** people in the converging world of humans and robots.
2. **Reengineer** processes that are now leveraging technology with automation.
3. **Reprioritize** technology-driven innovations.



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RPA change management involves defining the future state of operations within the context of these three imperatives, as well as ensuring collaboration between business and technology leaders to fundamentally re-define how work gets done.

REORGANIZE

Process improvement has a long history. In 1776, Adam Smith described an English pin factory as follows:

"One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head: to make the head requires two or three distinct operations: to put it on is a particular business, to whiten the pins is another and the important business of making a pin is, in this manner, divided into about eighteen distinct operations,"

The operational alignment Smith described resulted in a productivity increase of 24,000 percent – the same number of workers produced 240 times as many pins as they had before the introduction of process alignment.

Ubiquitous in today's enterprises, business processes oversee financial transactions, manage supplier inventories and track logistics. Computers, meanwhile, have been applied to both create and manage more process complexity than a human workforce could ever manage on its own.

Fundamental operational and organizational change will inevitably follow from the dramatic breakthrough of RPA, and sponsors must respond accordingly with effective management. This can be a precarious balancing act for RPA advocates. Leaders who innovate are often passionate about their vision of the possibilities, but may lack the management ability to implement and fully operationalize process/technical innovations. While passion is key, RPA sponsorship also requires the involvement of people with proven skills in implementing disruptive innovations.

Companies often fail to reap the benefits of disruptive innovations like RPA because the top executive team is dominated by individuals who are good at delivery, but perhaps not as skilled at managing innovations that result in organizational change.

Experience with successful RPA implementations demonstrates that change management leaders who can think differently and consider alternative means to repurpose talent to higher value-adding activities are critical to balancing disruptive change and delivering improvements that produce results that were previously considered impossible.

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Inevitably, some employees and some business leaders will resist disruptive innovations such as RPA. Articulating how talent and resources can be repurposed to take advantage of RPA is therefore imperative to win over the skeptics.

RPA advocates who fail to define the new organizational structure and its likely impact on people before they introduce RPA will find resistance to be significant and implementation to be slow and unsteady. An automation strategy should allow people to rethink how work gets done and then demonstrate what the convergence of human and virtual workers will look like. In practice, this means communications regarding RPA should only commence once the organization understands what's at stake and embraces this truly disruptive innovation. While the robots won't care, the humans impacted by this shift in thinking and working will be keenly interested.

REENGINEER

We've often heard the adage, "Employees are our most valuable asset." Today, some might argue that information is an organization's most valuable asset. This gets directly to the difference between knowledge and information and their convergence in the future of thinking machines. Traditionally, information and the knowledge of how to apply it has had residence in employees' heads. Today this information is increasingly being digitized, stored and applied through automation.

By capturing, documenting and digitizing process know-how and enabling its virtual execution, RPA now offers the capability of extending automation into processes that utilize systems and applications. This dramatic convergence of human and virtual workforces requires leaders to evaluate the challenges facing their business units within the broader context of the enterprise and to create new solutions and opportunities. Traditional process reengineering and six sigma lean problem-solving methodologies, while still useful, lack the creativity and experimentation needed in the organization of the future.

While demonstrating a cost- and resource-based business case for RPA will always be a priority, a number of qualitative questions should be asked before an organization gets wrapped up in the numbers. These include:

- What processes are candidates for automation and which are not?
- Who are the stakeholders and what are their interests?
- Does the organizational culture support learning, innovation and experimentation?
- Is disruption and experimentation a part of the organization's continuous improvement strategy?
- Is the organization ready to deploy project teams to evaluate the art of the possible and to recommend a path forward for market competitiveness?
- Is the organization willing to support smart risks in the pursuit of operational optimization?

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The answers to these questions will enable enterprises to determine the potential ROI of an RPA implementation and address the business case variables as well as the cultural and operational practicalities inherent in every organizational transformation. In the midst of dramatic change, the human-centered activities outlined below will revitalize the organization and lead management to discover new ways to redeploy talent in the new automated operating model.

- Evaluation
- Research
- Definition
- Ideation
- Prototyping (POC)
- Selecting
- Designing
- Testing
- Deploying
- Learning

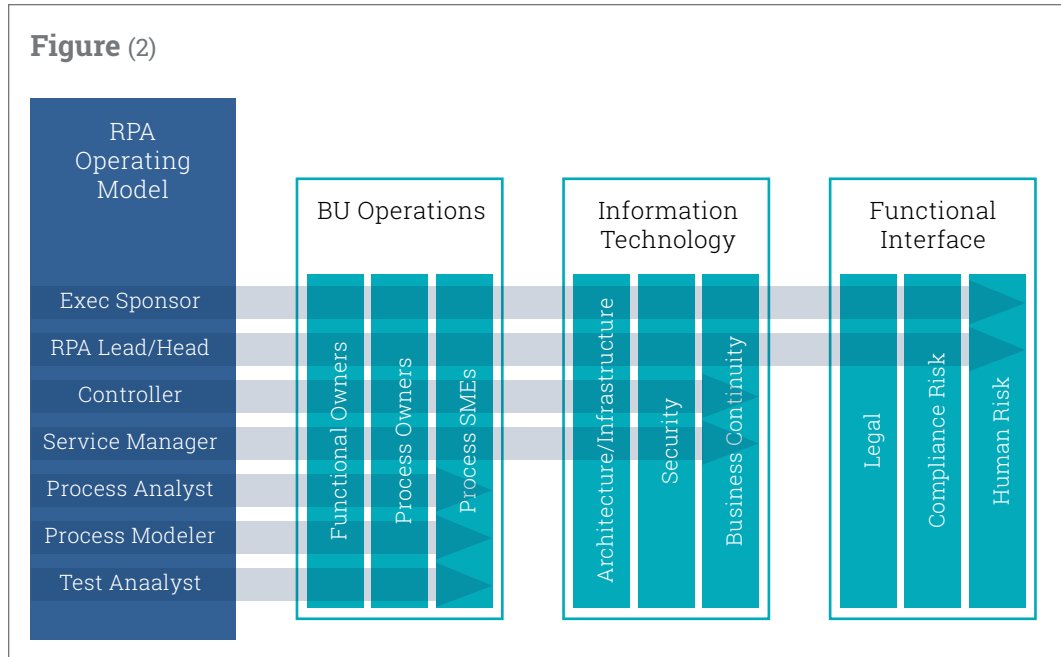
The key question emerging from engaging the human workforce in these activities will be; “What will the new operating model look like and where do I fit in the new model?”

The convergence of humans and robots can best be addressed by creating a Robotics Operating Model (ROM). The ROM defines critical roles and interfaces regarding roles and responsibilities for managing RPA (See Figure 2 on the next page). The ROM is designed to help RPA sponsors:

- Ask the right questions about which processes may be optimized.
- Observe the organizational capacity and capability to embrace RPA.
- Network among BU managers, IT leaders and functional administrators and promote experimentation by piloting new RPA initiatives.

Collective questioning, observing, networking and experimenting are critical to managing the convergence of human and virtual workforces and to understanding how work gets done and how customers are served in the new operating environment.

Figure (2)



Without the correct ROM structure to interface among the operating stakeholders and to manage the virtual workforce, organizations will struggle to realize the full benefits of automation. When a process is definable, repeatable and standardized, RPA tools can automate that process from end-to-end. But while certain processes meet these criteria, complications arise:

- Just what is a 'standard' process flow?
- How are exceptions handled, and what happens when a user wants something that is not 'standard'?
- What is the role of the IT function in maintaining business processes now documented through automation?

While viewing itself as the bastion of technology innovation, IT has traditionally been responsible for *enabling* business processes rather than *defining* business processes.

While the new operating model changes these roles and disturbs the status quo, it has little impact on underlying systems, applications, login or security.

That said, IT will be vigilant in vetting every aspect of RPA and proving this claim, as it should. Therefore, IT and functional interfaces will need to be redefined. Experience demonstrates that these new boundaries are not easily drawn and must address a host of barriers and issues that will require cross-functional cooperation and crossing boundaries. Organizations that understand and appreciate the unique characteristics of their operating cultures will be all the better enabled to capture the value of RPA and leap frog their competition.

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Successful RPA implementations require enterprise leaders to redefine the meaning of “teamwork” to include human and virtual operators, as well as redefine roles and responsibilities so that managers and employees overseeing automated processes are focused on developing new skills and competencies while addressing issues and eliminating operational barriers.

An optimal strategy combines C-Suite leadership and business unit professional managers who provide the right mix of innovation, delivery and management skills to align at the right points in the RPA implementation life cycle. Absent this skills mix, organizational barriers will obstruct the path to realizing RPA benefits.

REPRIORITIZE

Overcoming barriers requires an innovative vision to articulate the business case and benefits, executive sponsorship to prioritize and champion the RPA initiative and change management expertise to implement the initiative.

Consider, for example, a business unit executive who hopes to leverage RPA to address cost, quality and efficiency challenges and to achieve MBOs for an upcoming budget cycle.

One potential obstacle is the fact that most organizations already have a full plate of technical innovations, enhancement requests and other competing initiatives. Moreover, the prospect of adding another technology project to the already overburdened IT project stack will likely be met with resistance. Without the combination of C-Suite support and operational skills to realign and reprioritize IT demand management, organizational barriers will likely delay the program, nullifying competitive advantage and benefits.

Successful RPA innovators force themselves to cross borders. Disruptive technologies require that cross-functional teams operate in the bustling intersections of new opportunities and ideas. This will invariably force organizations out of their comfort zones and prompt some key questions:

- Is innovation everyone's prerogative or is it sequestered in defined pockets?
- What is the role of IT in non-traditional areas of technology introduction?
- What about cyber security with robots accessing and handling sensitive information?
- What about audit and compliance risk?
- What is the role of the business unit in maintaining its business processes and managing its work force – whether human, virtual or converged?

To make RPA “business as usual,” leaders must be allowed to reexamine in-flight projects and related factors and create an updated and constantly evolving plan that reflects the new business as usual going forward.

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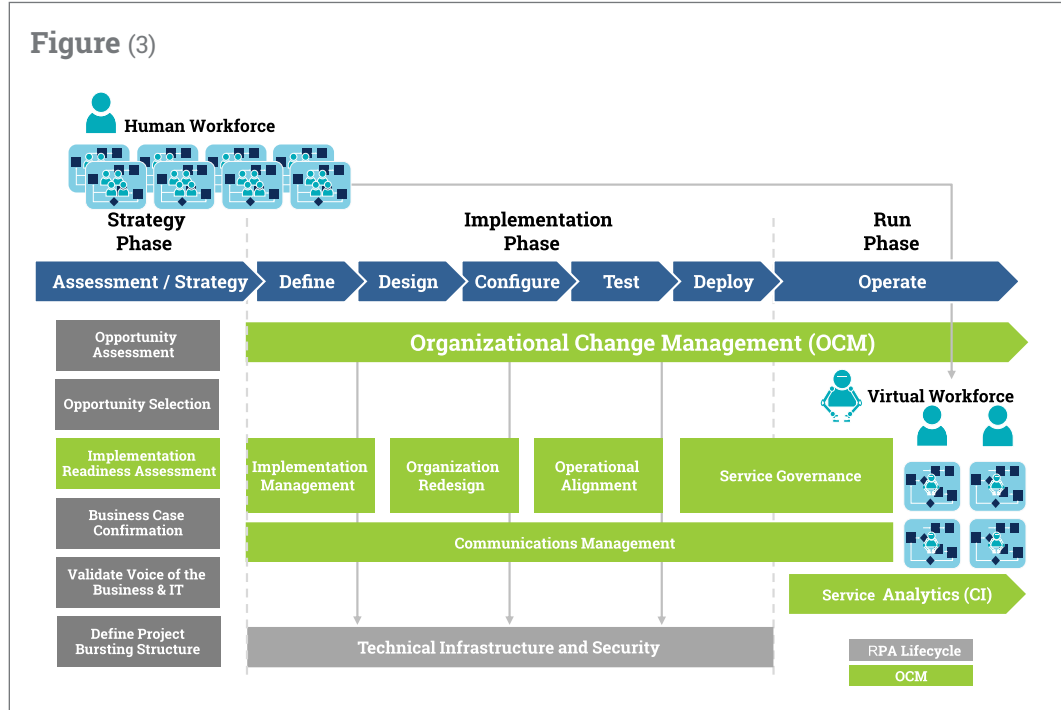


This process will allow for updates in mission, vision, scope and budgetary realities to achieve a successful outcome. Since automation should be viewed as an enabler of enterprise-wide operational transformations, quantitative ROI should not be the primary objective of a strategic automation implementation. A successful project should be measured by broader metrics, such as improvements in operational efficiency, customer satisfaction, improved compliance and auditability and long-term revenue growth. However, traditional ROI can be a good enterprise benchmark for understanding which business units are succeeding in their evaluations and implementations of RPA and why, as well as seeing who still has a way to go.

Keys to automation success include a formal, enterprise-wide automation strategy, an RPA Center of Excellence (CoE) and tools to measure the progress. Businesses adopting a siloed rather than an enterprise-wide approach to automation will not realize the full benefits of RPA. A tactical focus often leads to money being wasted on poorly conceived automation projects that can't integrate across a business, to piecemeal implementations and a culture of RPA as a program de jour.

RPA is not just about technology but about cultural transformation. Businesses should approach implementations as a combination of complex change management disciplines, process selection and RPA design efforts that includes:

- Transition planning and management.
- Organization capability and capacity assessment.
- Process selection.
- Automation tool selection.
- Organizational redesign.
- Convergent workforce management capability development.
- Robotics team design and training.
- RPA CoE design and implementation.
- Organization communications.
- Business case confirmation.
- RPA definition, design, testing, deployment.
- RPA governance and service management.



Such an approach to automation can lead to real benefits, often simplifying processes and solving business / problems that might previously have been too difficult or costly to address. An organization’s ability to embrace RPA will be a function of its ability to envision, create and communicate its future operating model.

CONCLUSION

Automation technologies will clearly change the way that businesses operate. Companies that view automation technologies as part of the entire business, rather within the narrow purview of discrete business units or IT, will lead the pack in successful implementation and competitive advantage.

To harness RPA as an enabler of business processes, enterprises must look to tomorrow and ensure agility and adaptation to changing circumstances. Keys to success include ramping up on the skills needed to optimize RPA, and approaching new automation tools with a long-term and ambitious attitude. This can help create a strategy for RPA implementation that can result in a complete transformation of business operations.

ABOUT THE AUTHOR

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