

PROPELLING THE AUTOMATION AGENDA

Coupling People and Business Priorities to
Deploy Automation for Faster Returns

.|| NORTH HIGHLAND INSIGHTS

The following report draws on the results of a North Highland-sponsored survey conducted in April 2018. The survey identified the emerging trends in automation, along with the tactics and techniques driving the greatest ROI. This report utilizes those insights to spotlight opportunities for leaders to design and deploy an automation strategy that can scale with optimal C-suite support, maximum momentum, and centralized management.

Survey Participants

Technology & Digital

More than 300 director-level and above employees with leadership responsibilities in technology/digital categories at global companies with revenues in excess of \$1/£1 billion were surveyed in April 2018.

.|| KEY TAKEAWAYS

The problem: Our research shows that the greatest obstacles to digitization, of which automation is a key enabling technology, are 1) funding, 2) lack of cross-department cooperation, 3) siloed efforts without organization-wide perspective, and 4) ownership struggles. Moreover, decision-makers are shown to place greater value in automation efforts that are *externally* focused on the customer. Yet automation today is most commonly targeted at *internal*, back-office efforts around 1) cost management, 2) streamlined business processes, and 3) employee error reduction.

The analysis: Automation's greatest obstacles are more easily overcome with C-suite support and buy-in. Automation leaders need a prioritization framework for balancing automation opportunities with enterprise realities to find the projects most likely to interest the C-suite, demonstrate small wins, and allow an automation agenda to scale.

The solution: Automation leaders must prioritize projects that a) directly impact business objectives, b) blend data readiness, well-defined business rules, measurability, and the potential for culture impact, and c) match—then gently challenge—the enterprise's automation maturity. Then they must advocate for an automation Center of Excellence (CoE) to holistically manage—and capitalize—on the opportunity of automation.

Many organizations are using automation, but very few are optimizing its full capacity. Two out of three organizations have automation tools in place, according to North Highland research, and the automation market is expected to exceed \$5 billion by 2024.¹

In our automation work, we've helped organizations generate massive internal cost savings and efficiencies. We helped a global media and entertainment company process the 2,800 emailed invoices it received daily by applying computer vision and intelligent automation to rapidly identify credits and flag invoices requiring human intervention. Another client was responsible for inspecting and certifying safety compliance for over 1 million consumer products, with 300,000 new items added each year. We applied machine learning to read, categorize, and match safety requirements in a process that delivered projected savings of over \$3 million in the first two years.

Great, right? Unfortunately, internal efficiencies and cost savings aren't enough anymore to propel an automation agenda towards enterprise-wide impact, which is required for scale.

At this point in automation's arc of influence, decision-makers are hungry for more. They're seeking automation solutions that directly impact not only business objectives, but the customer: Our research shows that decision-makers correlate more customer interactions to greater digital success.



TWO OUT OF THREE ORGANIZATIONS HAVE AUTOMATION TOOLS IN PLACE

Yet the majority of automation efforts are internally focused, according to North Highland research. Managing costs (64 percent), streamlining business processes (63 percent), and employee error reduction (53 percent) all rank above enhanced customer-facing products or services (48 percent) as cited goals of automation.

It's no wonder then that the greatest obstacles to automation's advance all center around lack of support from decision-makers: Small budgets (40 percent), limited cross-department collaboration (38 percent), and a lack of organization-wide perspective (30 percent) could all be remedied, in theory, with buy-in at the highest levels of an organization.

This piece is designed for the automation leader who sees beyond the siloed, exclusively internal wins. While our research shows that the CIO is most often that leader at the tip of the automation spear, the CIO can't



do it alone. In fact, automation presents an opportunity for the CIO to partner more strategically with the rest of the C-suite, identifying opportunities to automate processes—from supply chain to employee enablement to customer touchpoints—on the path to digital transformation. Automation must become a critical cog working holistically with the organization in a mission to become a customer-optimized machine. It must be prioritized on a strategic and operational level, with efforts balanced to deliver short-term wins and achieve a long-term vision.

The process of prioritization begins with people. A successful automation agenda is aligned at the top of the organization, and propelled by support and collaboration from throughout the organization. And while automation, like customer experience, must ultimately become a critical chain in an organization's operational DNA, one in which every function has responsibility and input, it all starts with one leader.

If that leader is you, the following piece provides the criteria and considerations for finding projects most likely to garner support from the C-suite, demonstrate success that matters, and generate enthusiasm at all levels of the organization.

DEFINING YOUR AUTOMATION AGENDA: How to Prioritize Automation

Automation is critical to delivering a seamless and connected experience for customers (both internal and external) by making potentially clunky moments in a process flow more smoothly. One high-profile example is Domino's Pizza, which allows customers to use the Domino's Pizza Tracker to watch the employees make their pizza, offering customers ongoing updates on order status, and enabling them to participate in the pizza-making experience. Another is Amazon Go which removes the checkout process (and cashiers altogether) in an automated shopping experience. Technology monitors the items shoppers select, and charges their accounts automatically when they leave the store, making purchases faster and easier, and freeing employees to be product experts and salespeople, as opposed to mindless scanners. These ideas may have been conceived in an IT department, but they didn't come to life by staying there. These concepts support, and are supported by, an organization-wide vision and a bought-in C-suite focused on solving human problems: For Domino's it was visibility around the pizza-making and delivery process. For Amazon, it was

removing the annoying checkout experience. Amazon Go obviously wasn't Amazon's first foray into automation. It was the product of a strategically prioritized, executed, and scaled automation agenda.

When deployed for maximum impact, automation both improves customer touchpoints, and augments human work internally to indirectly enhance those touchpoints. For organizations with contact centers, automating the retrieval of support materials or providing updates on order status can free contact center representatives to focus on faster resolution of customer issues. Or, for a healthcare payor, automating claims processing enables employees to offer more empathetic and personalized service to health plan members.

For organizations ready to get started, here's an actionable decision-making guide for identifying automation opportunities that match business objectives, automation fitness, and cultural readiness to generate maximum support from the C-suite and momentum throughout the organization.

CRITERION #1: Automation must directly impact business objectives.

Automation is new, but basic business objectives (cutting costs, generating revenue, and meeting compliance requirements) are not. While customer impact excites decision-makers, automation efforts must first meet the basic requirement of business, be informed by organizational vision, and directly impact its related targets.

Automation leaders can borrow from our Readiness Accelerator to identify and activate automation opportunities that will have the greatest impact on business objectives.

STEP 1: Co-create the vision of how automation will be applied in your organization

- Assess organizational goals and alignment across functions. From eliminating mundane, back-office tasks for employees to fully automating customer touchpoints, define the benefits that your organization seeks from automation.
- Understand business strategy and create guiding principles for automation that align with the business. Our research shows that only 38 percent of automation leaders have a strategic vision for how automation will be used, which likely contributes to the fact that only 36 percent of respondents believe they are “very successful” in their automation implementation efforts.
- Identify opportunity areas to apply automation to materially impact business performance, considering metrics such as labor metrics or costs saved.
- Determine viability based on strategic fit, potential impact, and high-level feasibility.

STEP 2: Pinpoint opportunities to advance strategic priorities

- Identify specific areas where automation is most likely to advance business objectives based on current teams, capabilities, and budget.
- Determine whether these opportunities feel feasible and, if not, identify the obstacles to readiness for high-value use cases.
- Calculate rough estimate of business impact, focusing on the metrics identified in step one, including cost or labor hours saved.

STEP 3: Prioritize and map your sequence of activities

- Develop an actionable roadmap for priority use cases while filling in gaps for people, process, applications, or data.
- Plan early stage pilots to demonstrate value and secure buy-in and investment to scale across teams and functions.

In our intelligent automation work with clients, this process can take as little as two days and as long as several weeks. The level of effort required is determined by an organization’s automation maturity, but this is a critical step for even the most automation-savvy enterprise.

CRITERION #2: Initial automation targets should be fit.

In the case of automation, a “fit” process symbiotically blends data readiness, well-defined business rules, measurability, and the potential for culture impact.

- Data readiness refers to the quality of the data used to feed the automation machine. Data must be clean, readily transferable, and as unbiased as possible. While bias testing can help identify and correct “dirty” or incomplete data, initial automation efforts should be targeted on data sets that are already relatively clean. Our recent white paper, “AI for the Common Good,” sheds light on North Highland research indicating that only 41 percent of leaders feel prepared to adopt AI technology. Eliminating data bias can improve confidence that automation is effectively driving strategic business objectives.
- Processes with well-defined business rules are ideal candidates for automation. Seeking out and automating these types of opportunities first allows leaders to learn and iterate before automation is scaled into more complex processes. Complexity resulting from regulatory or compliance is an automation dream-come-true. For leaders, the automation of a compliance-driven task can immediately free employees from checking regulatory boxes to higher-value activities.
- Measurability and the ability to prove success must be a key consideration in automation prioritization. Easily-defined and-tracked parameters and key performance measures (KPIs) serve as the benchmarks for automation success and as the talking points in automation’s favor enterprise-wide.
- The speed with which a project can generate value will directly correlate to the level of interest that the project, and automation in general, gains culturally. Many of our automation projects are up and running within eight to 12 weeks and are generating value within the business year. This velocity fuels interest and the cultural propensity to apply automated solutions to bigger, more complex challenges.

CRITERION #3: Automation efforts should be geared toward a specific maturity.

Determine your target maturity level and the vision and roadmap that best support your business strategy. This will ensure that automation teams are not only working on the right priorities but that they also know when to stop—i.e., after achieving a certain maturity state—and shift efforts to the next area identified for automation. To reap the benefits, the target maturities must tie to the business objectives outlined in Criteria 1. In essence, you are creating a hypothesis that states that Maturity X for this project will allow us to meet Strategic Objectives A and B.

#	Process	Business Objectives						Target Maturity
		Overall Cost Reduction	Increase Reliability & Effectiveness of Operations	Streamline Core Business Operations	Reduce Regulatory & Compliance Violations	Improve Reporting & Transparency	Enhance Customer Experience	
1	Accounts Payable Processing	X	X	X				Utilize software “robots” to automate repetitive, rule-based tasks using structured data
2	Vendor Invoice Processing	X		X		X		Utilize machine learning to automate more complex process activities that carry unstructured data
3	Fraud Detection		X		X	X		Employ Deep Learning to independently make decisions and initiate processes, thereby automating key functions
4	HR Administration		X	X	X	X		Utilize software “robots” to automate repetitive, rule-based tasks using structured data
5	Customer Onboarding	X		X			X	Utilize software “robots” with voice- and text-based user interfaces (Chatbots) leveraging Natural Language Processing
6	HR Candidate Matching		X	X				Utilize machine learning to automate more complex process activities that carry unstructured data
7	Marketing Dynamic Segmentation		X			X	X	Utilize machine learning to automate more complex process activities that carry unstructured data

Well-communicated priorities can help leaders clearly align automation projects and initiatives to strategic objectives and ensure that teams are reaping the greatest value. Once prioritization is in place, an automation Center of Excellence (CoE) can help promote, enable, and support automation solutions across the organization.

TAMING AUTOMATION FEVER: The Automation Center of Excellence

Warning: Automation fever is contagious. Without an automation CoE, organizations risk a “bots gone wild” scenario in which bots are designed and deployed in silos. In this scenario, the value of automation will be quickly diminished via wasted efforts and resources.

While IT is overwhelmingly cited as the most critical stakeholder in automation projects (76 percent), organizations may be tempted to venture into automation on a project-by-project basis. But an effective automation CoE is a critical step toward establishing an automation-ready operating model and a resilient culture with automation capabilities at its core, and serves as a functionally-agnostic ground zero for prioritizing and scaling automation for the greatest business value and cultural impact.

A CoE can be effectively structured to engage with the business in a variety of ways. Some CoEs adopt a “thinker” engagement model, providing thought capital and strategic advisory services to the business. Other CoEs may choose to be “doers,” serving as a pool of expert resources deployed on projects. CoEs can be custom-designed to engage with the business most effectively. Four general models—self-service, advisory, dedicated support, or PMO-aligned— can provide a design starting point and can be applied individually or in combination to best serve the business.

Regardless of the engagement model, successful CoEs share four attributes: alignment with the organization’s vision and culture; a formal structure and processes; an ability to promote and enable a common automation approach and language; and a mission to build capability and capacity to support initiatives at both business unit/department and enterprise levels.

It is also critically important to have a single, streamlined CoE—not one for each automation approach. This will help ensure that the right technologies are applied to the problem that needs to be resolved. Otherwise, you run the risk of having multiple, siloed COEs—one for business process management, another for robotic process automation, and so on—who are effectively in competition for project work. A single CoE simplifies prioritization and unites teams behind a common goal.

Deploying automation for enterprise-wide impact fundamentally changes the way that cross-functional teams collaborate. When laying the groundwork for an automation CoE, organizations can look to adopt principles from change management CoE best practices.

PROJECTS THAT INTEGRATE EXCELLENT CHANGE MANAGEMENT METHODS ARE SIX TIMES MORE LIKELY TO ACHIEVE PROJECT OBJECTIVES THAN THOSE WITH POOR CHANGE MANAGEMENT EFFECTIVENESS.²

YOUR AGENDA IS CLEAR:

Propel Automation from the Back to the Front Office

The demand for automation has never been higher, but initiatives will only succeed if automation leaders act as a partner with the C-suite to identify and prioritize how automation can deliver value throughout the organization—both in and outside of IT, internally and externally—with a fundamental focus on bringing people along for the ride. By building and empowering an automation CoE, your organization can establish an automation-ready operating model and a resilient culture with automation capabilities at its core—one that enables you to start small, show quick wins, and then scale, for greater value, faster.

1 "Market Research Engine," Sept. 19, 2018.

2 "Best Practices in Change Management – 2018 Edition," Prosci





ABOUT OUR TECHNOLOGY & DIGITAL SERVICES

North Highland helps organizations improve performance and drive growth by aligning technology initiatives with strategy and culture. We do this by partnering with clients to embed digital solutions enterprise-wide, from solidifying a modernized, evolving IT capability, to designing highly custom applications for workforce enablement and customer engagement. Our solutions help business and IT leaders make informed decisions, foster internal collaboration, and apply cognitive technologies to solve challenges beyond human scale.

ABOUT NORTH HIGHLAND

North Highland is a leading change and transformation consulting firm, recognized for its deep expertise and collaborative, action-oriented approach. Invested in our **client's success** and powered by the belief that **everything begins and ends with people**, we bring together the brightest minds to create **positive change** and **transform businesses** through **customer, workforce and operational** lenses.

Headquartered in Atlanta, Ga., and regularly named a best place to work, North Highland is an employee-owned firm with more than 5,000 consultants worldwide and 65+ offices around the globe. The firm is a member of Cordence Worldwide (www.cordence.com), a global management consulting alliance. For more information, visit northhighland.com and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).

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As Global Lead for AI Readiness at North Highland, Joni is hyper-connected to the emotional world of humans and how those emotions impact everything in business. She has over ten years' of experience leading all things people-focused including employee experience design, customer experience enablement, culture definition, talent management, organizational design, and behavioral change.



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