

WHITEPAPER

Preparing enterprises for a tech-driven future with organisational design

Connecting technology with culture

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Executive Summary

“Today’s enterprises are increasingly tech savvy, quickly recognizing how innovation enables positive outcomes and adopting the tools that make doing business easy. Buzzwords like artificial intelligence, machine learning, and blockchain, are now commonly understood by C-level executives. Yet the question remains: How do businesses organize themselves to ensure emerging technologies are empowering them, not overpowering them?”

Today, the correlation between tech adoption and business performance is undeniable. Understanding trends and evaluating emerging technologies to assess the potential value and strategic relevance is a must for business leaders, however aligning technology to organization culture is an area that is often overlooked. In addition to considering the productivity benefits, leaders need to consider how these tools will affect the way teams are structured, the way work happens, how results are measured and what success looks like – a concept industry has coined as ‘organizational design.’

With a large number of companies continuing to operate under organizational design methods that date back to the 1960s – it’s time for us to review whether these methods and processes are providing the conditions for success when coupled with the digitalization of business. In the age of

the industrial revolution, where the focus was on automation, organizational design focused on maximizing efficiency. In today’s knowledge economy, powered by technology, a failure by businesses to close the gap between process and progress will lead to further issues in the years to come.

The range of potential complications will expand as enterprise technology advances – unless businesses update approaches to organization design that map to innovation realities. Further, the purpose of using technology has fundamentally changed within businesses – from using tech to increase the productivity of employees to enlisting employees to increase the productivity of tech. This puts more emphasis on the need for companies to invest in reskilling employees helping them to adapt to this more agile environment.



Case Study

In 2018, Sage introduced an internal platform that leverages artificial intelligence (AI) and machine learning (ML) to fuel productivity, free colleagues from mundane tasks and to elevate workflows in call center environments.

Monitoring this pilot program for value and risk, Sage soon learned that there were many positive productivity benefits including:

- 22% overall reduction in total incoming call volume during busy hours
- Reduced spike in call volume over peak period from 40% in 2017 to 18% in 2018
- 12% reduction of call volume (directly attributed to AI) totaling the equivalent of 11 full time agents

Although statistically the results spoke for themselves, at the same time Sage was surprised to find that the technology was having a surprisingly unexpected impact on employee morale.

By automating mundane, data-entry tasks and using the chatbot to answer simpler customer queries, the assumption was that colleagues would have more time to exclusively focus on higher-level assignments, which would be more fulfilling. In truth the opposite impact was shared by colleagues, instead of feeling fulfilled by having 100% of their time filled with (...what were viewed as) higher value

tasks the pressure increased, their work/life balance was impacted and they were no longer getting the same sense of fulfilment from their jobs.

Additionally, while the solution efficiently addressed productivity, new challenges were created around training new colleagues, aligning tasks with ability and measuring success.

Sage learned the importance of considering how the introduction of new technology will impact the lifeblood of any organization: the people. Improved productivity should be paired with ensuring it also leads to happy employees.

Emerging technologies can bring multiple benefits and significant opportunity to help business leaders respond to demand from customers and future proof their business. Companies looking to adopt new and emerging technologies need to consider the areas of their business that need to flex organizationally in order to ensure successful implementation. Closing the gap in understanding and planning at a corporate level across organizational culture and design could be the silver bullet needed to ensure a new technology strategy doesn't impact culture. Here the oft-used quote "Culture eats strategy for breakfast" from Peter Drucker has never been more relevant. Any company disconnecting the two are putting their success at risk. ”

Shivani Govil

EVP Ecosystems and Emerging Technology, Sage



Chapter 1

PLAN: Understand the impact of technology on business models

Businesses competing for market share need to spend time to understand and validate significant investments that impact workforces, customers and bottom lines. Technology adoption is no different and, in many cases, presents completely new challenges.

- **Who's involved in decision-making:**

Corporate Boards and C-Suite

- **Key technologies and enterprise advancement opportunities:**

Today, is primetime for breakthrough technologies – powered by cloud software tools like machine learning, artificial intelligence, augmented reality, mobile applications and many others. Adoption of these technologies can fundamentally disrupt methods organizations use to manage people and processes, from the C-Suite to HR to marketing and across functions powering global business. For the enterprise, key areas of opportunity lie in solutions with the capability to streamline workflows (cloud), augment human intelligence (AI and machine learning) and improve overall productivity (cloud, mobile, automation). For new technologies, however, benefits like greater efficiency, better decision-making and significant competitive advantage aren't necessarily a given. Business leads across the C-suite and other departments must thoughtfully select and

introduce solutions whilst remaining mindful of their organization's unique character and structure, as well as cognizant of chosen tech's potential for great impact – positive or otherwise. Careful evaluation and introduction across the board will enable new capabilities to power elevated business models and deliver positive return on investment.

- **Potential impact on business models:** Successful business model adaptations could mirror the impact of companies like Uber who took an established concept and reinvented their entire approach. In Uber's case, they provided better rides and delivered a network (of drivers and users), mapping services, a payments business and integrations with applications that customers and partners regularly use. For every company, advancing progress within organizations will require increased tech expertise and innovation deployment roadmaps that serve as a core driver of commercial strategy and business model planning en route to complete change.

Chapter 2

ADOPT: Enable teams to adopt and implement new technologies effectively

Companies need to drive workforce education on tech topics, to enable colleagues to embrace opportunities that are tied to these topics, rather than feeling threatened or replaced. Successfully educating workforce's and taking their concerns into consideration is a crucial step on the organizational path toward full-scale tech adoption.

- **Who's impacted:** Managers, HR, direct reporting lines, colleagues and customers
- **What's involved:** For established companies, tech adoption often falls under formalized or established transformation and change management agendas that complement new corporate actions. Sometimes, this can also involve bringing in leaders at the top who come from a technology background. For new businesses, it's increasingly common to launch with technology as a fundamental element of their business models. Several upstarts choose to install a deeply tech savvy CIO or head of

technology early and cement them as a key decision maker as the organization scales.

For every company, enabling employee engagement to facilitate the effective adoption of new technology will be key to success, this engagement will come through education, and education will breed empowerment. Sharing the opportunities with colleagues both inside and outside of their current role will reap benefits.

- **Potential outcomes:** Broad and smooth adoption of new technology, informed technical employees, corporate support of innovation



Chapter 3

MEASURE: Execute a technology deployment rollout focused on realizing and tracking benefits to companies, workforces and customers

Companies overhauling organization design and thinking about rolling out new technologies must prioritize developing processes and metrics that map to overall priorities. In practice, leaders and workforces need to understand how they will be held accountable for interactions with new tech and how specific tech deployments will impact them professionally. Businesses must keep in mind that successful tech deployment delivers ROI and benefits every stakeholder, while unsuccessful tech deployment is expensive, reputationally damaging and negatively impacts companies, employees and customers.

- **Measurable benefits and metrics:** Head count, productivity, increased customers, NPS, market share
- **What's involved:** Companies need to establish and be clear about what outcomes they want to see from technology initiatives and adoption. It is important for businesses to set KPIs and mechanisms for measurement so that they can accurately track progress against what the organization originally set out to do. Both qualitative and quantitative measures – colleague engagement, motivation and morale, for example – need to be taken into account when adapting organizational structure in tandem with new tech deployment.
- **Potential outcomes:** Technical workforce empowerment, informed executives and employees, enhanced quality of products and services.

Chapter 4

UNITE: Keeping ethics at the center of organizational design and tech adoption

Emerging technology is powering intelligent machine systems that transform our lives at home and work for the better. As these systems become more capable, our work becomes more efficient and productive. In turn, innovation creates more opportunities for businesses to turn a quicker profit than ever before.

Increasingly, however, businesses are faced with a critical choice between pursuing profit that's accompanied with unethical elements or pausing profit-at-all-costs activity to prioritize injecting ethics into a business model such as accountability for decisions made by machines, removing bias in data sets and protecting customers' data privacy rights. The choice can be made more or less complicated by technologies, depending on how the tech is built, how a company deploys tech and how a workforce is trained to work with tech.

With the nearly boundless landscape of opportunities in front of us, now is the time to address the much-needed new frontier for ethics and risk assessment. To enable this, businesses must embrace ethics from an organizational standpoint – and design policies, practices and accountability measures that drive change. We set out principles for a corporate governance framework in our whitepaper “Building a Competitive, Ethical AI Economy.”



- **Who's affected:** Colleagues, customers and humanity
- **What's involved:** The path toward ethical organizational design begins with engaging key stakeholders from across the business and developing guidelines to ensure this is a priority. Implemented organizationally as either a new structural unit or as a series of champions from across the business these colleagues would focus on building, rolling out and ensuring the guidelines are adhered to. Developing an ethics-focused training curriculum for current and new colleagues, as well as establishing in-product testing protocols for potential data- and algorithm-driven biases are essential to ensuring standards are upheld.
- **Potential outcomes:** Stronger corporate governance of innovation and a company-wide focus on ethical practices will support the elimination of biases in tech. Building an ethically-minded workforce will garner improved customer trust in the quality of products and increased workforce accountability – from the boardroom, across product development, all the way to the customer.
- **What businesses need to keep in mind:** Innovation that prioritizes ethics, and the frameworks that guide it, must be focused and practical. People building technology should be motivated to create ethical solutions from inception. The selected ethics champions should be given the authority to deny or halt any actions on ethical grounds. Everyone, from the chief executive officer to the newest junior hire, should be supported in understanding and be held accountable for operating within ethical frameworks and go through training needed to fully understand what is expected of them.

In practice, ethics team members should be training employees to apply the newly established guidelines, to detect biases, analyze data, conduct research, and other necessary work – ensuring that the technology delivered meets the culture of the company, as well as the standards demanded by customers.



