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**22nd Annual
Shared Services & Outsourcing Conference**

Orlando – Chairman's Takeaways

March 22, 2018

Chairman's Takeaways – Day One

Digitizing the Customer Experience

Julio, P&G

- Digital counts at "the moment of truth," **when the customer uses a product**
- 90% of the manual touches in AR were eliminated, **but the value was in the 10%** opportunity to get money back

Nick, Futurist

- Demographics are useless – it's about **"do you hate it or love it?"**
- 7000 brick-and-mortar stores closed last year, and most blame Amazon
  - Borders and Circuit City provided **a bad customer experience**
  - Trader Joe's tells a meaningful story and **provides a great customer experience**
- **Digital experiences** can be excellent (Doc on demand, Opternative)
- **Voice** will come full circle and be the new OS
- By 2020, the **customer experience** will overtake brand and price

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Chairman's Takeaways – Day One (Cont'd)

Planning and Implementing Robots

Jay, DellEMC

- Plan on huge **hype**, followed by **disappointment**, followed by big value
- Within one year we automated **100 FTEs of work**
- Front office can offer even bigger value – we gave back **sales capacity**
- Partnership with **IT is critical** – you will need hardware, test beds, and access
- **Process SMEs** were our best developers
- Building the **COE** took a few months, but then went from **three robots to 400**
- Having multifunction worked to our advantage – could **automate end-to-end**
- **Our COE** = a) training, b) infrastructure, c) development, d) levels 2 and 3 ongoing support
- We trained 263 people with about a **50% stick rate** for developers
- Our invoice analyst was an **average performer but an RPA superstar**

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Chairman's Takeaways – Day One (Cont'd)

Planning and Implementing Robots (Cont'd)

Mark, AA

- Good RPA implementations get **4X value** and **improve processes 50%**
- Plan a **four-month learning curve** for several robots, **then enterprise-wide robots** in another six months
- Measure **"bot velocity"** – some companies are churning out one to two robots/day
- "Bot stores" – if one company has a working robot, why not sell it to another?

Samir, Delphi

- Three robots eliminated 21 FTEs of work in AP, and we are planning on 50-60 FTEs by year end – **headcount was eliminated too**
- Start with an RPA "skunk works" – **focus on the "A" first then governing the "R"**

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Chairman's Takeaways – Day One (Cont'd)

Transforming the Workforce

Daniela, Teva Pharmaceutical and Dan, Breakthru Beverage

- Signs that your talent is ready for a modern GBS:
  - Agility and flexibility – **willingness to rotate jobs**
  - Putting customers before process – willingness to get **involved with customer**
  - **VUCA – Volatility, Uncertainty, Complexity, Ambiguity**
  - Effective in global cultures – understanding **how diverse cultures solve problems**

Zach, Evoqua

- Shift from local thinking to **enterprise thinking** – we reported regional/site HR to SS

Daniel, Coca-Cola

- **Leadership track** used to be accounting/finance role, now **more of an analyst role**

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Chairman's Takeaways – Day One (Cont'd)

Pushing Forward (Continuous Improvement)

Daniel, Coca Cola

- **Documenting processes** as a first step lends tremendous advantageous

Julio, P&G

- **If cybersecurity is an afterthought, we have trouble**
- **For every 10 ideas**, seven die, three stick, and **one is the 10X**
- We track ideas in a dashboard – 45 days to adopt an idea, **27 days to kill an idea**

Zach, Evoqua

- Don't hesitate to create **"buckets of leftovers"** – we postponed payroll and finance (too much too fast, but can come back to it)

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Chairman's Takeaways – Day One (Cont'd)

Working with the Millennials

Christian, Bacardi

- **"Millennial" is an attitude**, not a generation
- We allowed **use of "Yammer" as a social media** business tool – were willing to send questions ahead of time vs. voice questions publically
- Our **training was informal** and pulled together on an as-needed basis
- We gave them **freedom to create** a newsletter and define their own content
- They loved engagement with **work-related sporting activities**
- Women in leadership committee was **not just composed of women**
- We **crowd sourced recognition** programs
- We replaced chairs with couches and had open and **unbound conversations with leaders**

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Chairman's Takeaways – Day Two

Artificial Intelligence

Karla, Coca-Cola and Pavan, Levi Strauss

- We are doing an **AI pilot** with Watson to **improve candidate sourcing**
- **We use AI** to review history and determine **how problems were solved** in the past
- **We use AI** to gain real-time **visibility of inventory**

Future of BPO

Parker Hannifin

- **Standardize processes** now…or you will wind up doing it mid project
- Design **supplier proof of concepts** to encourage fail-fast culture

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Chairman's Takeaways – Day Two

Workforce Transformation

Andrea, MasterCard and Karla, Coca-Cola

- Countries in Africa use **cell phones for ID cards** and financial transactions – *Andrea*
- **Re-skilling** is a bigger question than shared services – it is a national problem, **a global problem** – *Andrea*
- We will **transform our skill sets on average three times** – *Stanford study*
- This is **not a "death knell" for BPOs** – it simply gives us the freedom to determine what should be automated, internal, and outsourced
- We will be able to plug in the **right talent anywhere in the world** to solve problems
- We created a **chief data officer** role to focus on data governance

Mehdi, Microsoft

- **Our hiring** had been done for yesterday and needs to be done to **fulfill future needs**
- We went from an functional construct **to a service construct**

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Chairman's Takeaways – Day Two (Cont'd)

Future of GBS

Juliano, Kraft Heinz; Patricia, Lowes; and Richard, Koch

- Must be **global**, **multifunction**, organized **by process**, and **governance** with business
- Needs to report to one leader? – **Yes, Yes, No** (but must be coordinated)
  - Who does GBS report to? – CFO, CIO, and CIO
- We do not define anything we do as GBS, **just adding value – we are not mandated**
- Started with lift and shift **covered with a service blanket** – work from there
- Best time to **challenge us in the first three months**, when you have a fresh perspective
- Use an **ongoing challenge board**, anyone can question a process
- It is **really difficult, seriously difficult** – local alignment, getting people to think across the enterprise vs. their business/country, and no one calls and says "good job"
- Strong functional leaders can **take advantage of exhaustion** or complacency

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Chairman's Takeaways – Day Two (Cont'd)

Future of Global Process Owners (GPOs)

John, World Vision

- Each region created own P2P, but we **tasked them with integrating to one**
- OK for global environments to have a few standards (vs. one), and **allow exceptions**
- **Process documentation** can be **painful, but it is critical**
- **Shared services** is a good independent place to **house master data**
- Have **region process owners that liaise** between GPO and countries
- You **do not have to have common systems** to have a global process
- **Help country restructure their organization** after you shift work to shared services
- **Monitor adoption of the process**
- Process master **black belts are for sale** outside of the shared service
- **The GPO is responsible for training**, but not the training resources

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Chairman's Takeaways – Day Two (Cont'd)

Humanized Leadership

Kris Wadia

- **Our current motivation tactics** to retain important staff are to grudgingly offer more **money** and a new **job title** or a **promotion without a raise**
- It is a **myth** that **high tech cannot be high touch** (Doc software)
- People will forget what you said/did but will not forget how you made them feel – *Maya Angelou*
- Add **targets for behaviors** in your KPIs, not just $
  - President of J&J has a metric of having the **healthiest workforce**
- **Poor staff motivation** can **cut productivity by 50%**
- **Avoid "presentee-ism"** (turning up for work when you could not care less)
- 31% of British workers would be **happy to report to a robot vs. their current boss**

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Chairman's Takeaways – Day Two (Cont'd)

Managing Change

David, CCCI

- I spent **two days listening** and having meals with an influential resistor
- You do not have to move negatives to positives, but **you have to get them to neutral**
- We established **a different but connected model for very small countries**
- Distinguish between the **philosophically pure** and the **pragmatically possible**

Service Focus

Mehdi, Microsoft

- Do not get blindsided by tech – these are not technology projects, they are **people projects**

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Chairman's Takeaways – Day Three

Innovation

Terry, Travelocity/Kayak

- Disruption **spreads** – automated cars
  - What about truckers?
  - Do not need hotels anymore, sleep in the car
  - Who are police going to arrest?
- **Robots and drones will guide us** through stores, ship our packages, and make our cocktails
- **Block chain and 3D printers** will almost eliminate the supply chain process
  - Amazon will print your product in the truck on the way to your house
- **80% of our data is unstructured**
- If you do not like change, **you are going to like irrelevance even less**
- "How did your company go bankrupt?" **"First gradually, then suddenly"**
  - The Sun Also Rises – Ernest Hemingway

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Chairman's Takeaways – Day Three (Cont'd)

Innovation (Cont'd)

Terry, Travelocity/Kayak

- Uber owns no cars, AirBnB owns no hotels, and Facebook owns no content
  - They own the "edge"
  - Where your customer touches the product
  - OPA = Other People's Assets – less assets, more speed
- **Get ready to be sold** – Waze will sell you a donut, your car will give you a coupon for the three passengers in your car, and your washing machine will buy you a new tie
- **Amazon will print your package in the truck on the way to your house** – the edge
- Alexa only mentions **one product when you order – what will that cost to be the one?**
- You will be able to **talk to an ad with embedded chat bots**
- **AI is not coming… it is here**
- Step one, install software… **there is no step two (are you that easy?)**

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Chairman's Takeaways – Day Three (Cont'd)

Innovation (Cont'd)

Terry, Travelocity/Kayak

- The day Kodak went bankrupt, Instagram raised $1 billion – **Photography did not go away… Kodak did**
- AI is hard – the most important and **difficult part is training people**
- **The "Bozone" layer** is middle management, you have to reach through it and give people another chance – make it safe for people
- If it is your idea, it is innovation… **if it is done to you, it is disruption**
- If you get **culture and team right, innovation will flow**
- Innovation is like baseball – **if you fail 70% of the time, you are awesome**
- 20% of what you see at Kayak every day is an experiment… **constant testing**
- When you fail… **kill projects, not people**

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Chairman's Takeaways – Day Three (Cont'd)

Innovation (Cont'd)

Terry, Travelocity/Kayak

- **One persona at Expedia beat Travelocity** – combined air, hotel, and car. Take care in who you hire….
- Big teams do not innovate – **little teams do (2 pizza rule)**
- Who are the **idea approvers**? – people in the department?… **should be outside of department** (the jet plank)
- Internet was a C-suite position, **then it grew up, and we did not need it anymore**
- **Get out of the building**
- **Get funding from CEO**
- I used legal, and advertising… **but bypassed purchasing and IT (too slow)**
- **Hire people that do not fit in**

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Chairman's Takeaways – Day Three (Cont'd)

Process Automation (not RPA)!

Richard, Koch

- Can benchmark processing activities against each other with time stamps – Ben and Celonis
- Took a **couple months** to get up and running, start to finish
- The transparency of the data **opened our eyes (140 day tickets)**… then we found other places to apply
- Created a COE on RPA **and process mining**
- Process mining allows you to **see bottlenecks** and target things you can do differently
- We manage the **technology, vendor relationship, and licensing in a COE** but evangelize the product to the **business lines to identify the processes**

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Chairman's Takeaways – Day Three (Cont'd)

Customer Experience

Matt, Amazon

- A remarkable customer experience **starts with heart, intuition, curiosity, play, guts, and taste** – you will find that in a customer satisfaction survey
- **Staple yourself to an order** and follow it around
- **Be the customer** – take the actual journey
- Do not take c-sat questions out of the box – **create questions that resonate** in your culture, test anchor questions, and get reactions to statements, experiment
- Even when **customers do not know it, they want something better** – sometimes you have to invent on the customer's behalf

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Chairman's Takeaways – Day Three (Cont'd)

The GBS Journey

Simona and Laura, Walmart

- With **trust** comes new partnerships and new services
- Digital will get you there, but **you need the tools to get better**
- **RPA** targeted areas of **processes with more people**
- RPA, if not done right, **can multiply mistakes fast**

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Thanks for a Great Conference!

See you at the next SSON conference!

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