

AI Driven Restructuring

How AI will change the shape of our organisations

June 2024



Prompt: Create an image of a futuristic conference room with business professionals seated around a table. They are facing a large window that overlooks a city skyline. The window displays an advanced, luminous AI brain interface with neural connections and electricity sparking around it, symbolising high-level discussions or decisions being made based on cutting-edge artificial intelligence technology.

BEVINGTON GROUP

PERFORMANCE OUTCOMES DELIVERED

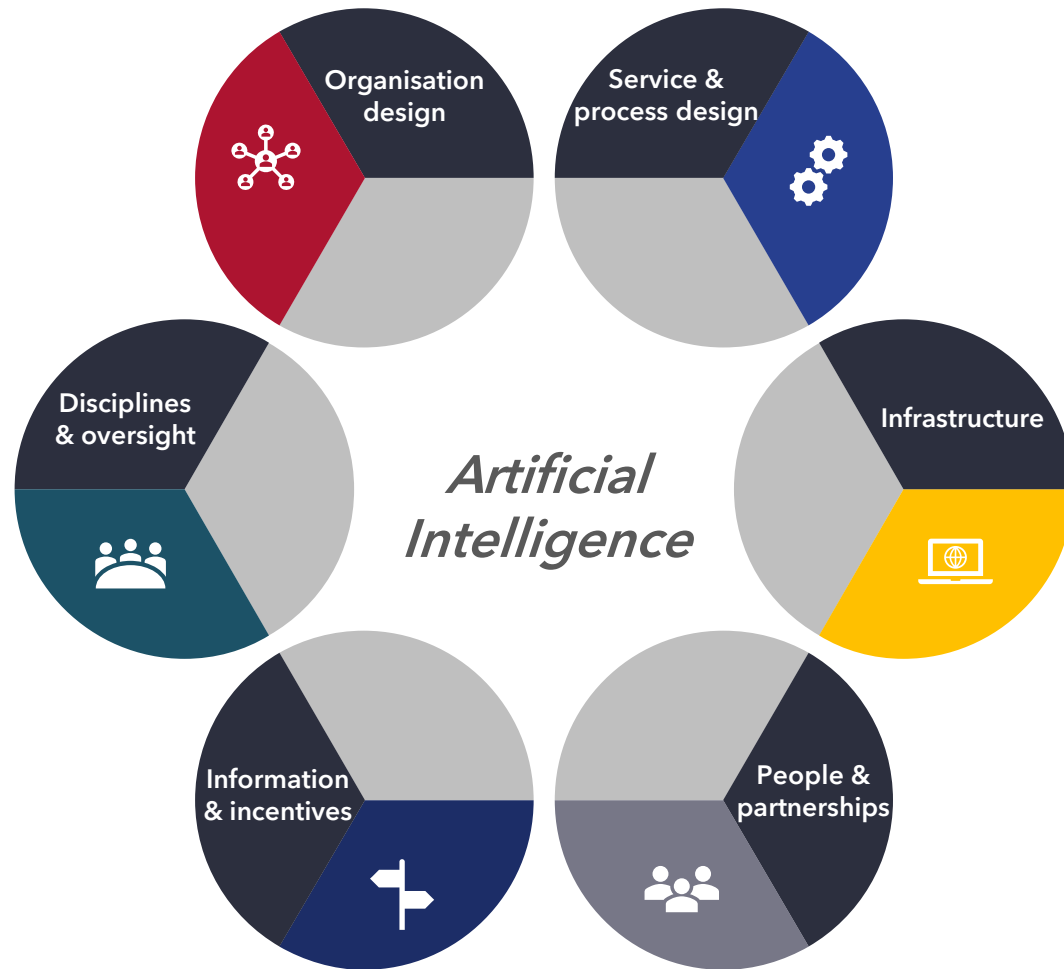
Today we will cover...

1. Structure and the Operating Model
2. AI and the Operating Model
 - Operating Model Impacts of AI for Customers
 - Operating Model Impacts of AI for Automation
3. How to Structure for AI Deployment

Structure and the Operating Model

1

Structure is one element of the operating model that can impact, and be impacted by, Artificial Intelligence



- AI is not just an aspect of the 'Technological Infrastructure' of the operating model.
- Nor is AI only considered within how you treat 'Information and Incentives' of your operating model.
- **AI will have an impact and present opportunities in all elements of the operating model**
- **The operating model needs to be designed to be able to take advantage of the utilisation of AI**

Artificial Intelligence Capabilities (AIC) can impact your Operating Model in multiple ways (including structure)

- Critically, AI doesn't discriminate between blue- and white-collar workers - it impacts both
- For instance, AI can be leveraged to:
 - **Enable knowledge workers** to deliver greater volumes faster
 - **Reduce (or smooth) a company's cost curve**, especially when they are rapidly rising. e.g. compliance work can be fully automated via AI, more volume for same cost
 - Turbo-charge your strategy, for instance finding new markets and conducting testing for these
 - Model how you might optimise or completely **redesign your supply chains**



As AI adoption impacts the whole Operating Model...

We recommend a holistic approach that considers all elements in Target State Design, not structure alone



It is worthwhile considering the potential AI impacts because failure to do so can have serious implications that compound long term



Higher **Cost to Income (CTI)** due to less efficient and/or manual processes



Potentially **higher risk profile** due to less developed risk assessment techniques using data science and AI



Increased **susceptibility to cyber security attacks** as technology deployed becomes dated



Difficulty **attracting leading** talent as the organisation is deemed less contemporary



Reduced revenue and profitability as competitors drive more **personal customer experiences** and release more contemporary products/services to the market

By reorienting your Operating Model for AI, major workforce challenges can be strategically addressed

Roles will evolve to focus on higher order, complex challenges as mundane work is automated away

"By 2025, generative AI will be a workforce partner for 90% of companies globally."

Gartner, We Shape AI, AI Shapes Us: 2023 IT Symposium/Xpo Keynote Insights, By Mary Mesaglio, Don Scheibenreif, Hung LeHong, Rita Sallam, 16 October 2023.1

Enterprise platforms account for an increasing proportion of the value chain delivered to customers

"70% of enterprises will form strategic ties with cloud providers for gen AI platforms, developer tools and infrastructure, requiring new corporate controls for data and cost governance by 2025."

IDC FutureScape, Worldwide Generative Artificial Intelligence 2024 Predictions, doc #US51291623, October 2023

Cultural mindsets can no longer be static, and greater openness to change must be embraced

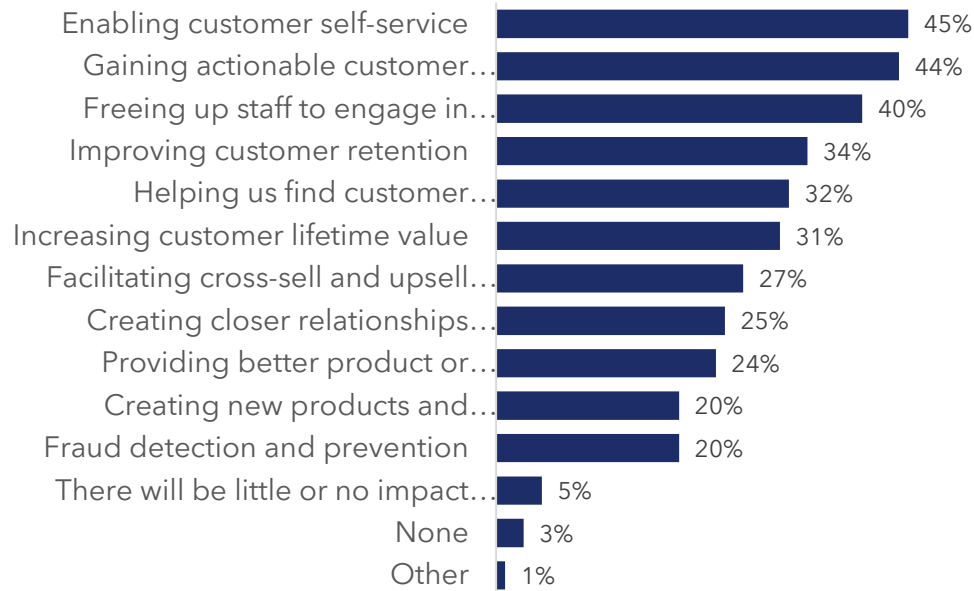
"'Ethical automation' and 'responsible automation' will become terms that start to resonate in the boardroom. Automation will start to be viewed as a people-first activity rather than a technical or IT activity."

Jerry Wallis, head of industry strategy, EMEA

- **Role focus will shift** from doing the work to improving the AI that does the work, supported by low-code / no code automation platforms
- Gen AI will **change the core skillsets** and capabilities required across organisations
 - **Critical thinking** becomes essential across most roles
- Companies with **continuous improvement** ingrained in their culture **are best positioned** for long-term success

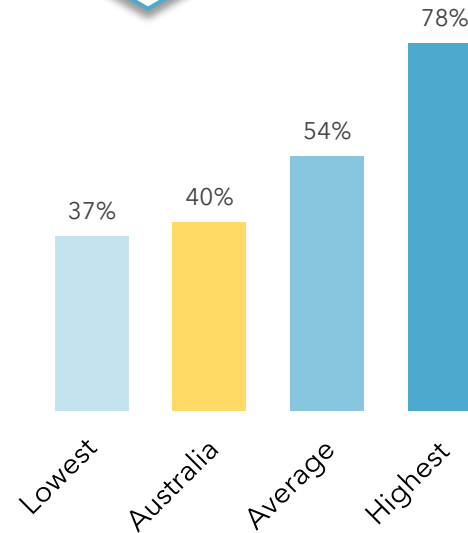
Critically, with an Australian populace that is more suspicious of AI deployments than others, we must bring our customers and our staff along on the change journey

Where do you expect artificial intelligence and machine learning will have the most impact on your organisation's customer experience?



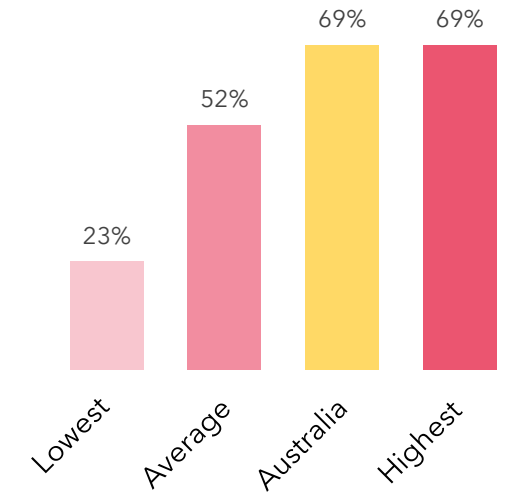
Executives identify a range of benefits AI can bring to their organisations...

Products and services using artificial intelligence **have more benefits than drawbacks**



However, Australians generally do not see these benefits...

Products and services using artificial intelligence **make me nervous**



There is strong negative sentiment toward AI in Australia

What does this mean?

- **AI affects your operating model**
- **Your operating model will need to evolve (and likely require a restructure) to deliver your AI transformation**
- **So, think about how AI affects your op model AND how you need to change your op model to enable AI**

AI and the Operating Model

How AI Can Impact Your Structure and Vice-versa

2

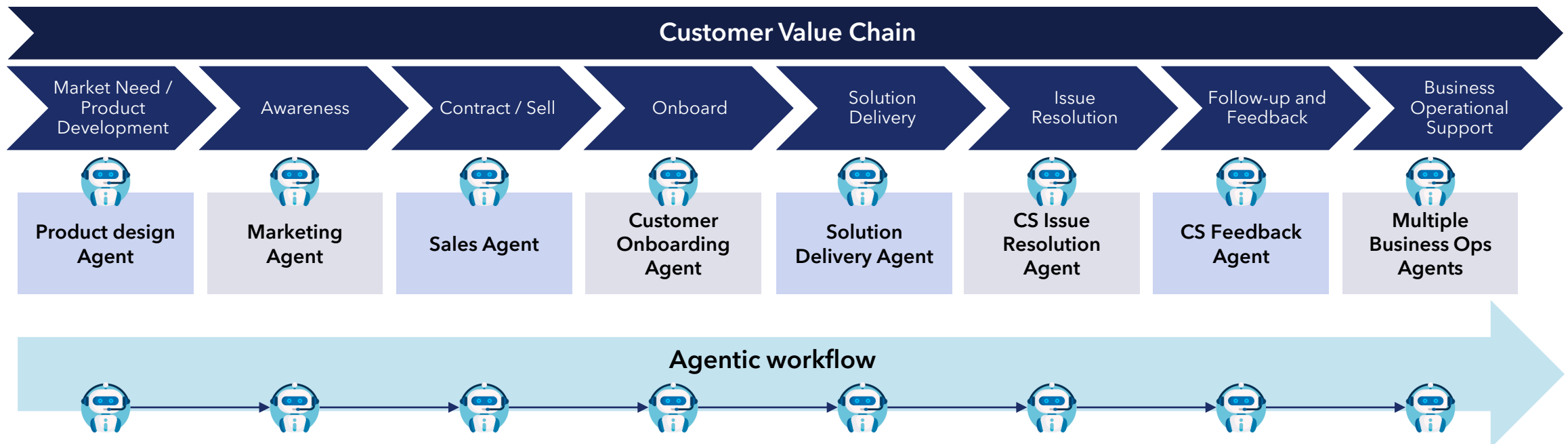
We use seven key principles to guide restructuring - they all have an AI overlay. So, it makes sense to consider AI impacts before finalising a restructure



Teams will need to work increasingly cross-functionally as more of the CX is delivered by AI Agents

As AI delivers more of the value chain, successful combination via agentic workflows is essential to revolutionise your CX

- Customer experience (CX) flows across functional boundaries, with handoffs presenting key friction points for customers
 - Customer focused AI agents need to be trained across functional boundaries to maximise the experience delivery
 - AI trained functionally will perpetuate existing CX challenges
- Agentic workflows can be utilised to 'stitch' together what may otherwise be individual AI models, enabling the agent to autonomously perform tasks, make decisions, and drive the value chain for the customer
 - Agentic workflows can bridge the gap and reduce perceived handoffs
 - To maximise solution design and delivery, cross-functional teams are best suited to ensure workflows draw on relevant skills from across the org



Business: QANTAS

Objective: Reimagine the End-to-End Experience as a Seamless Flow

Qantas, Australia's leading airline, has invested in AI-based optimisation opportunities across the end-to-end customer journey



Customer Journey Optimisation

- Qantas personalises the customer experience from booking through check-in, right up to in-lounge and in-flight experiences
- Real-time recommendations via the app enhance efficiency and convenience for passengers by guiding passengers through check-in and their journey to the airport



Loyalty Ecosystem and Partnerships

- Qantas has partnered with a range of organisations to build a loyalty ecosystem, enabling customers to earn and spend points across the categories that interest them
- Partnerships with companies like Woolworths, Hilton, Avis, eBay, and major banks expand earning and redemption opportunities
- Red Planet service combines offline and online behavioural data for targeted ad campaigns



Data-Driven Innovation and New Business Ventures

- Qantas leverages its data to launch new businesses, such as a health-insurance app rewarding healthful habits
- The app facilitates cross-selling of travel and other products to members
- A marketing messaging platform powered by AI delivers personalised content through appropriate channels to each customer

Source: HBR - Customer Experience in the Age of AI

While the exact structural impacts of AI will vary across organisations, there are some common themes

Structural Impacts

- **Reduced need for multiple layers** of management. **Decentralisation** becomes more feasible
- Increased **collaboration** between business areas, reducing internal silos
- **Augmented roles**, especially those requiring higher cognitive functioning
- **Workforce adjustments** e.g. training, upskilling, and change management following the impact of AI

Additional Impacts

- Routine decision-making and management oversight increasingly driven by AI
- Increased need for appropriate data collection and governance as AI is used to make data driven decisions
- Data literacy culture is fostered and encouraged (i.e. the new normal)
- Process reengineering resulting from increased automation of tasks and activities



***OptiLearn:** An AI driven organisation focusing on upskilling employees, operates through several hubs rather than a centralised location. This allows for regional managers to tailor products and their approach to meet local demand*



***Amazon:** AI has been integrated across Amazon's entire operating model, driving operational efficiency and new profit streams as they sell access to foundational models they have developed via AWS. Teams use AI across the operating model to drive innovation and gain a competitive edge.*

AI for Customer

And its Operating Model impacts

2A

Organisations are deploying AI for customer focused initiatives across varying parts of the value chain
 Deployments in this space focus on delivering 'game-changing impacts' as opposed to 'everyday improvements'

Customer Value Chain



Source: Mastercard, CIO, Distribution Strategy, ClickUp, EasyJet, ANZ, Qantas, AGL, Australia Post

AI for Customer typically has one of three objectives

Australian organisations face a particular challenge when seeking to replace the agent due to public sentiment

Avoid the Agent

Work is automated in a way that reduces the need for customers to contact CS in the first place

A national telecommunications company proactively detects faults and offers fixes.

Bots constantly scan the network for outages, identify customers in the affected area, and notify them of what is happening and/or needs to be done

Support the Agent

AI runs in the background, providing the agent what they need, as they need it, e.g., live agent prompting

A national distributor has bots listen into customer conversations.

Bots find relevant publicly available information from their own website and present it to the CS agent to relay to the customer.

Replace the Agent

AI replaces the human agent as the work cannot be completely automated, e.g., customer enquiry calls

A national telecommunications company allows customers to complete basic tasks by speaking with AI.

Natural language capabilities allow the AI agent to understand customer requests and perform basic tasks that were previously managed by CS.

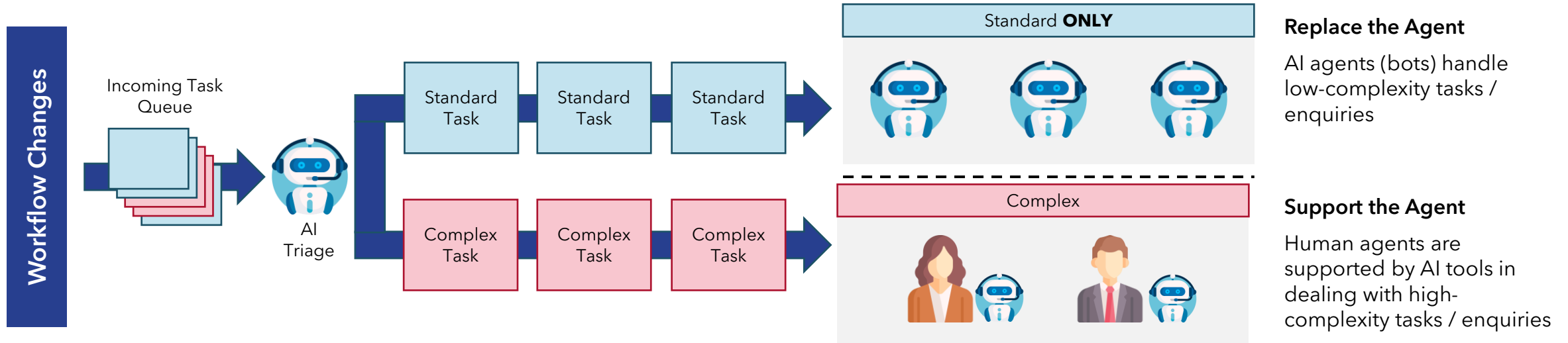
Success using publicly available data

Public facing websites are often well-structured and optimised for SEO, making them a good data source for AI to access current and up to date information. The lack of sensitive data also mitigates risk.

Risk of failure when using internal data

Internal data and SOPs can often be outdated, poorly structured, and have significant variations in quality. Process changes are often made without correction to official documentation. Attempting to use AI with these data sources can be problematic.

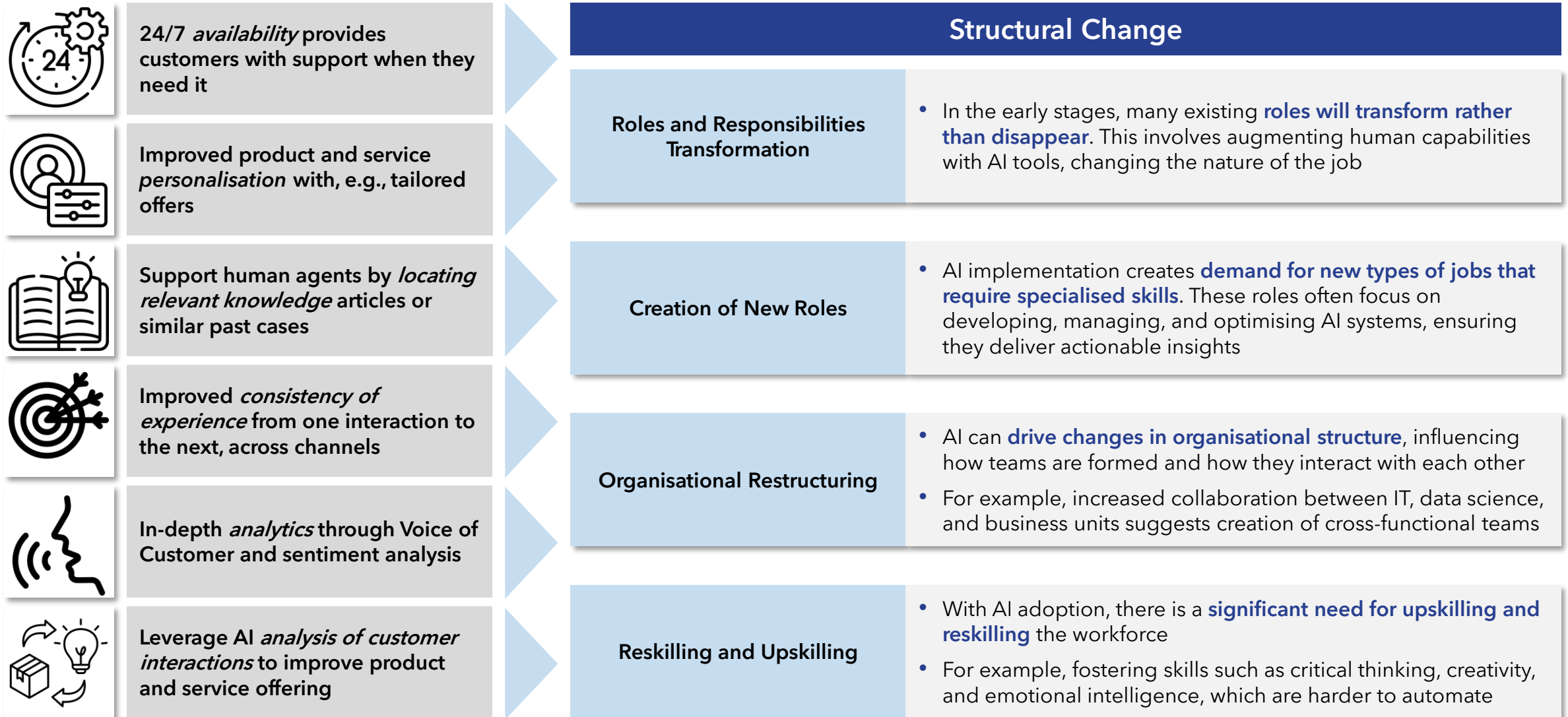
Implementing readily available AI solutions has foreseeable impacts on organisational design, beginning with the Customer Service teams themselves



- Structural Impacts**
- Customer teams will move from **low complexity** to **high complexity queries**
 - The **number of personnel** in teams will decline, and the roles remaining will require higher skill levels
 - **Remaining roles will still use AI** to help manage customer requests; boosting productivity and enhancing staff capability
 - Organisations will need to consider their **service proposition** in more subtle ways, e.g., the mix of human and robot interaction
 - **Customer service** teams are likely to perform (with AI support) many of the roles of **traditional operations teams**
 - Training schema will change to **ensure staff are prepared to work with new AI technologies and processes**

AI for customer implementations provide benefit to customers, staff, and the organisation

These implementations will also have an impact on your structure



AI for Automation

And its Operating Model Impacts

2B

What is Intelligent Automation?

A common element in the definition of IA is the combination of :

- Business Process Management (BPM)
 - Robotic Process Automation (RPA)
 - Artificial Intelligence (AI)
- This taxonomy is important as it highlights the need to execute strongly across multiple disciplines to succeed in IA implementation

AI support for intelligent automation could involve a variety of capabilities:

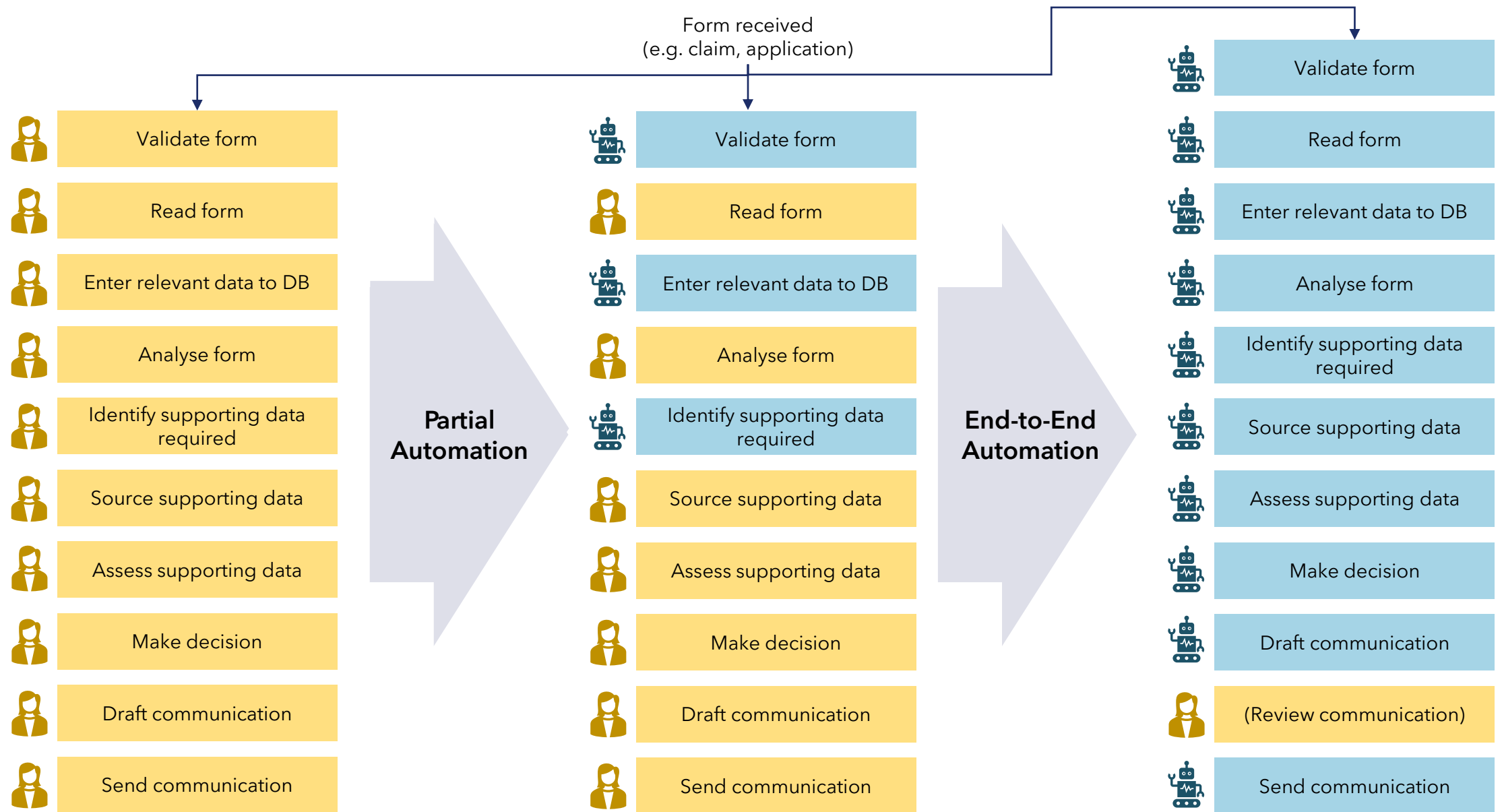
- Applied individually, or in coordination:
 - Computer vision to process documents
 - Machine learning and deep learning for prediction and decision-making
 - LLMs for interpretation and generation of natural language

Some benefits of IA include

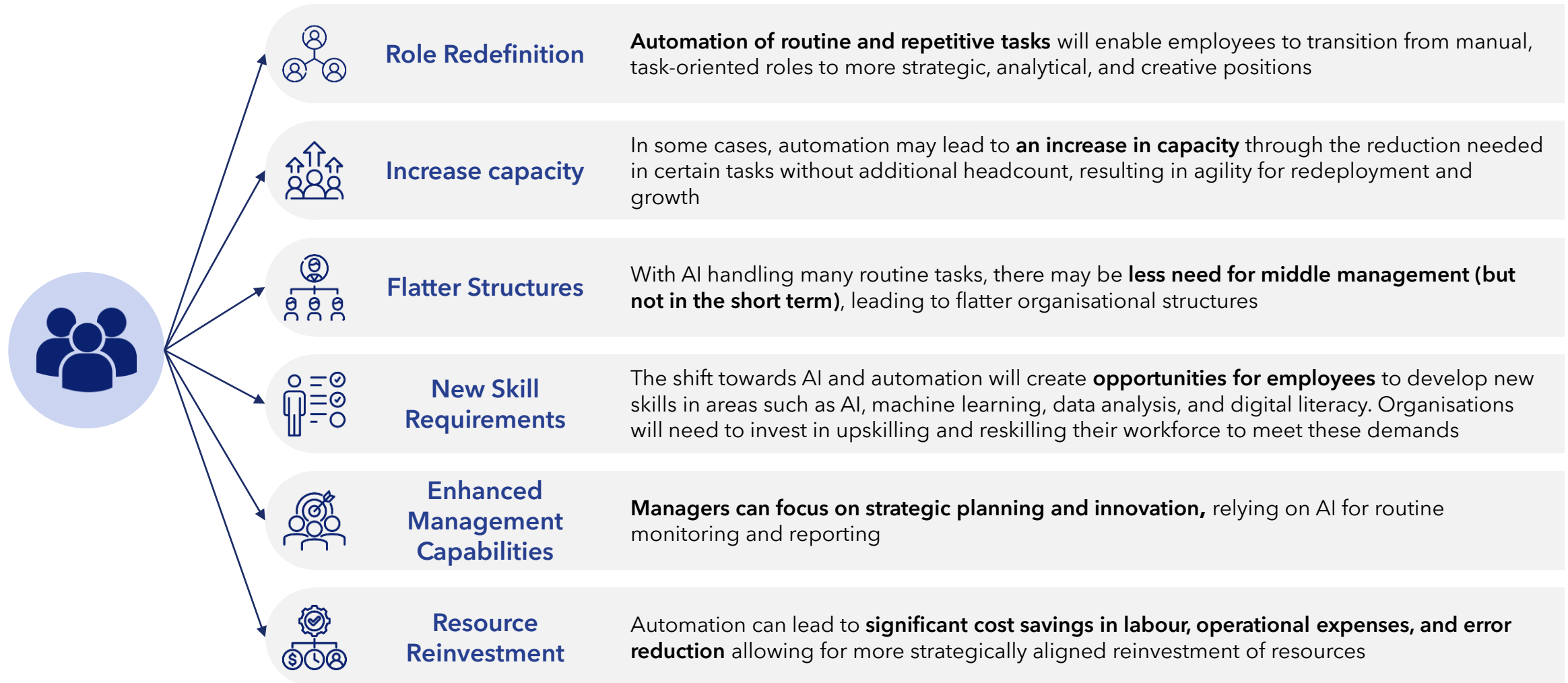


Image generated with Microsoft Designer (AI)

Use Case Example: Process Flow With and Without AI...

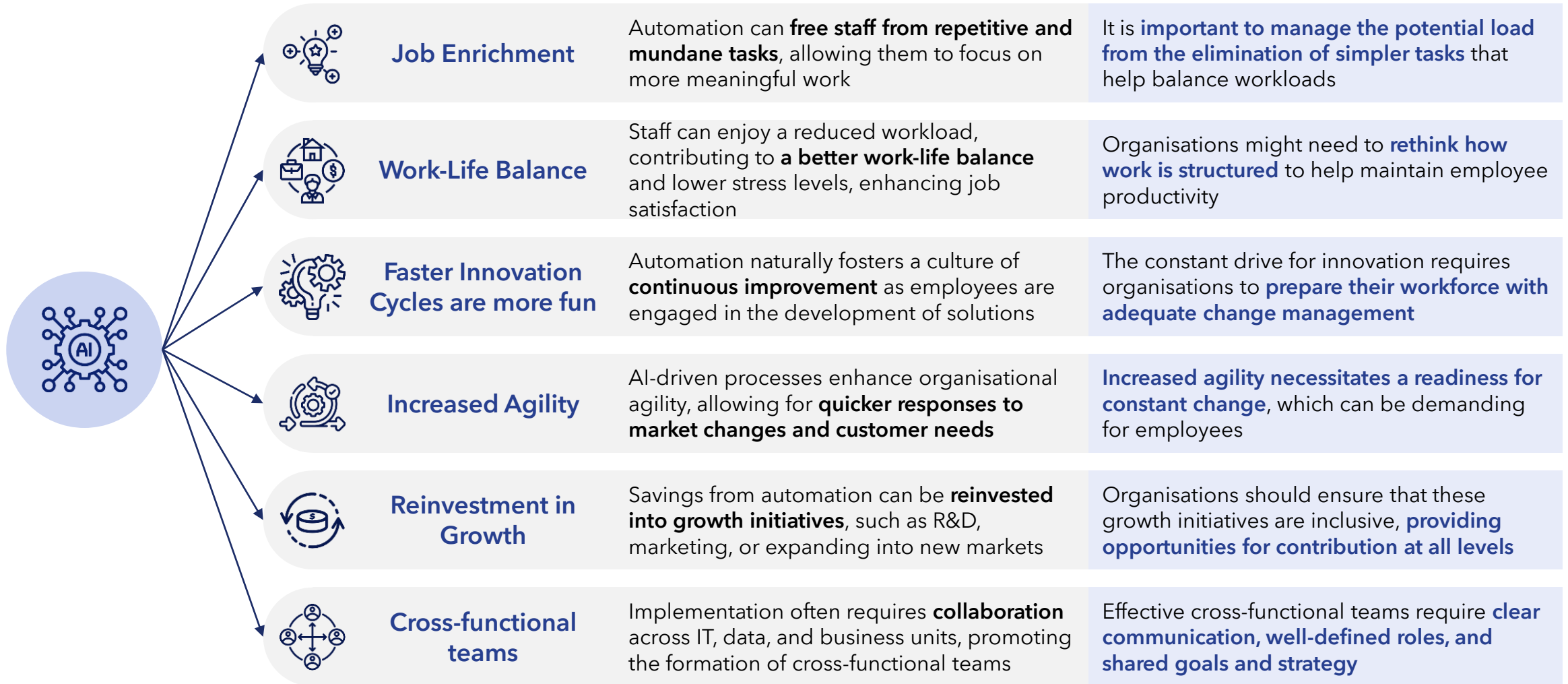


As Robotic Process Automation (RPA) becomes Intelligent Automation (IA), humans will be redeployed to increasingly complex or relational roles - with impacts on both management and staff



There is the potential for real benefit for staff

Target state design should aim for an equitable reinvestment of benefits across the organisation



So where to from here?

How to structure for AI deployment

3

Designing a contemporary operating model, set up to deliver AI capability, requires critical thinking across multiple areas...

Understanding how Automation and AI fits within your target operating model

- Infrastructure, data, and information
- Policy and privacy
- Implementation and governance
- Capability and education
- Culture and change management

Developing a true AI capability

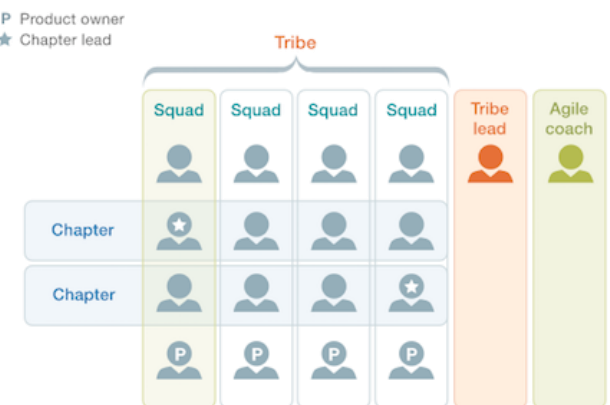
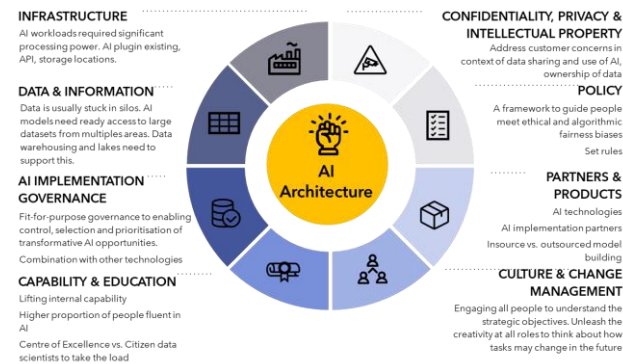
- Data management capability, data model, and infrastructure
- Data science and analytics
- Partners and products

Creating agility through organisational design

- Leaders with accountability for their 'product' within bounds
- Cross functional teams working together to deliver new functionality and enhancements to their platforms and products
- Capabilities linked via formal or informal groupings to maintain consistency and capability over time
- Mindset that teams can be temporary, and that the 'product' of the team can change over time



Artificial Intelligence Architecture



We recommend a goal-led response that spans the operating model and aligns resource, structure, and tools to a clear AI strategy



Clarify the Opportunity and Define the Goal

- Consider key AI use-cases for the organisation
 - Where, and how, will they impact the operating model?
- Ensure clarity on the customer value proposition (CVP) and employee value proposition (EVP) of your proposed AI-led change

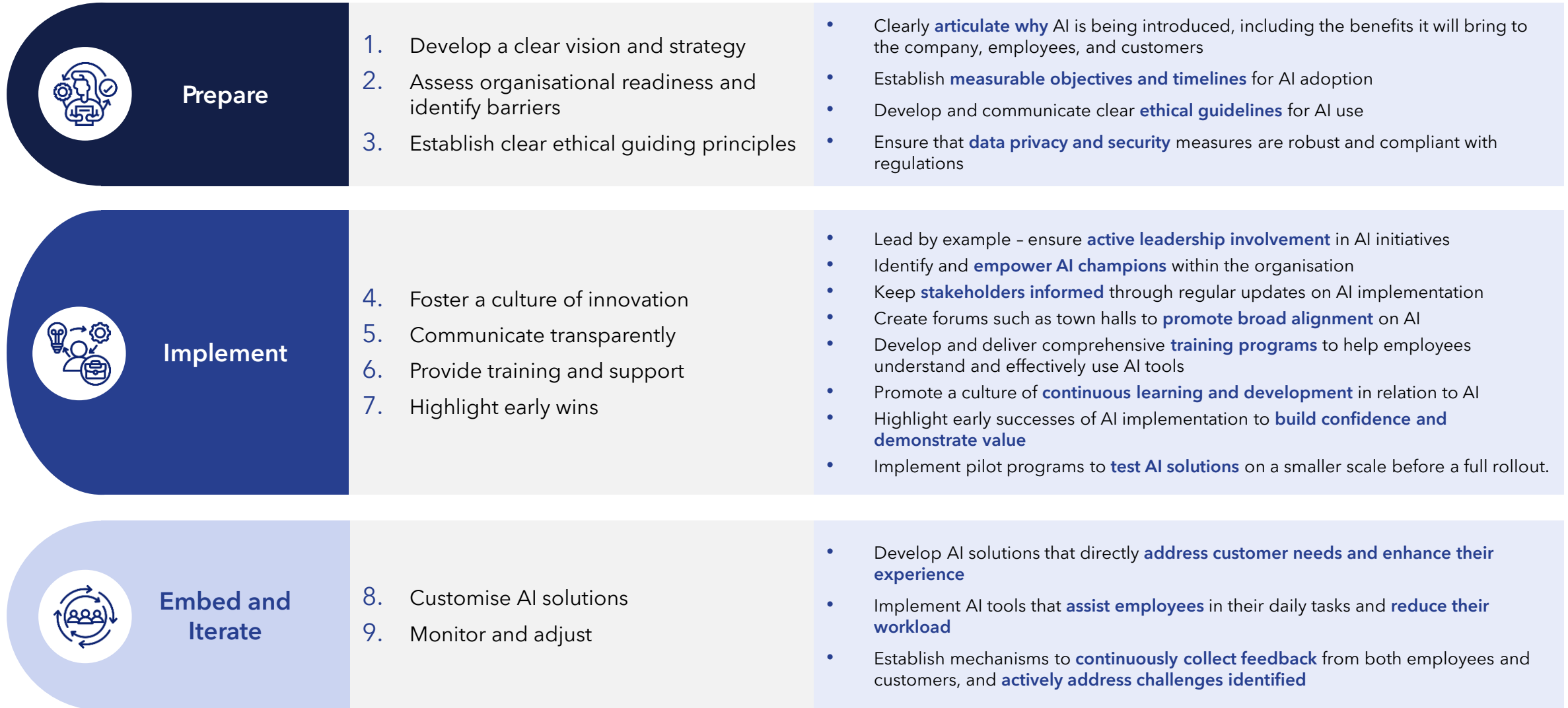
Resource (and Structure) Appropriately

- Ensure you're deploying the right capabilities to meet the requirements of *your* AI change initiatives
- Organise (structure) your capabilities to align to the business need
- Be ready for your AI capability requirements to evolve over time

Select Approach / Tools

- Use contemporary approaches
- Identify the tools that can help you through the stages of your restructure:
 - Understand your current state and opportunities
 - Future state organisational design
 - Change management

Focus on the journey and iteratively develop to reach your objectives



Your exact AI capability requirements will likely evolve over time

Some typical capability considerations include...

Technical roles / skills



Data Scientist / Data Analyst:

- Prompt engineering
- In-context learning
- Bias detection
- Pattern identification
- Reinforcement learning from human feedback
- Hyperparameter / large language model fine-tuning; transfer learning



Data engineers:

- Data wrangling and data warehousing
- Data pipeline construction
- Multimodal processing
- Vector database management



Platform engineers:

- Enabling access to data
- Supporting integration with existing applications



AI Trainers:

- Train AI agents how to respond as desired
- Help course correct responses as required



DevX:

- Documentation and explainability
- Centralised tooling and reusability of IP



Security and compliance:

- Cyber security
- Access controls



ML Ops:

- Deployment
- Operationalisation



Cloud and infrastructure:

- Environmental enablement

Other business roles / skills



FinOps:

- Financial management and understanding of AI costing
- Project management



Organisation change and comms experts:

- Change management
- Comms for change
- Training and education



Other key support:

- Agile coaches
- Business analysts
- Product owners

This will likely mean cross-functional collaboration across multiple roles

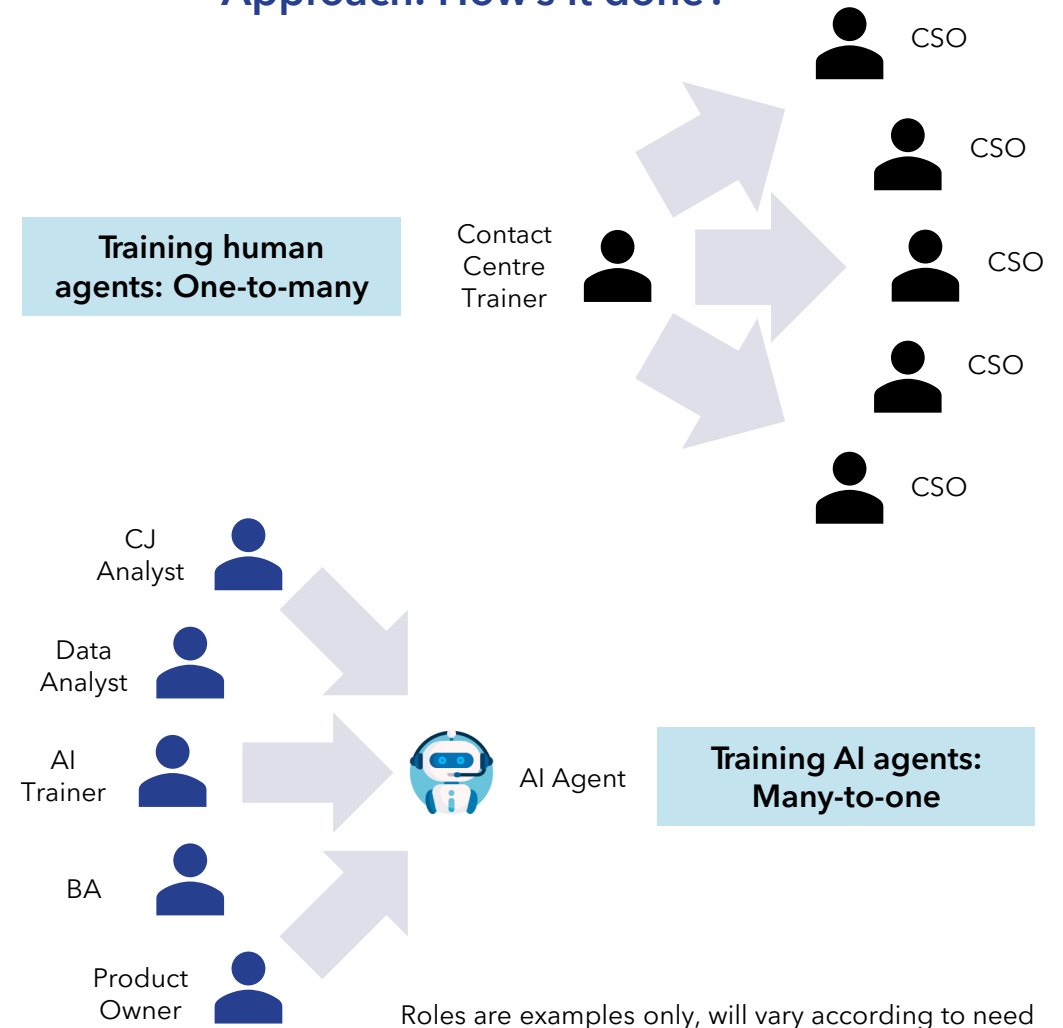
In the case of Customer Experience, it might look like this...

Roles: Who's involved?

AI Trainer	Data Analyst	Customer Journey Analyst
<ul style="list-style-type: none"> Train AI agents to carry out actions for which they are designed Enable the AI agent to properly support or replace a human agent 	<ul style="list-style-type: none"> Ensure AI agents use the right data source Train AI agents to understand linkages between data sources Enable AI agents to establish customer pain points, identify trends, and recommend mitigants 	<ul style="list-style-type: none"> Help manage and optimise AI-driven customer experience Establish development direction for the organisation

Technical Roles / Skills		Business Roles / Skills	
Data Scientist	Platform Engineer	FinOps	Agile Coach
Data engineer	DevX	Product Owner	Business Analyst
Security and Compliance	ML Ops	Organisational Change and Comms	
Cloud and Infrastructure			

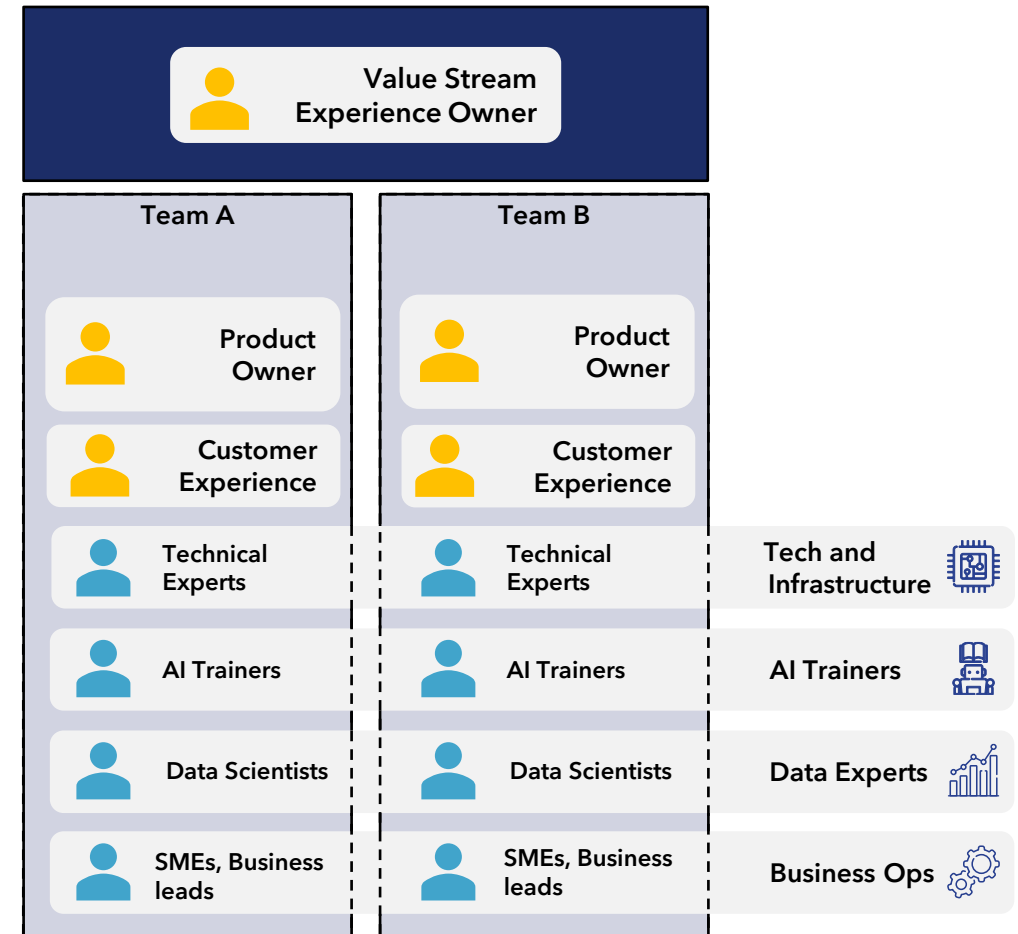
Approach: How's it done?



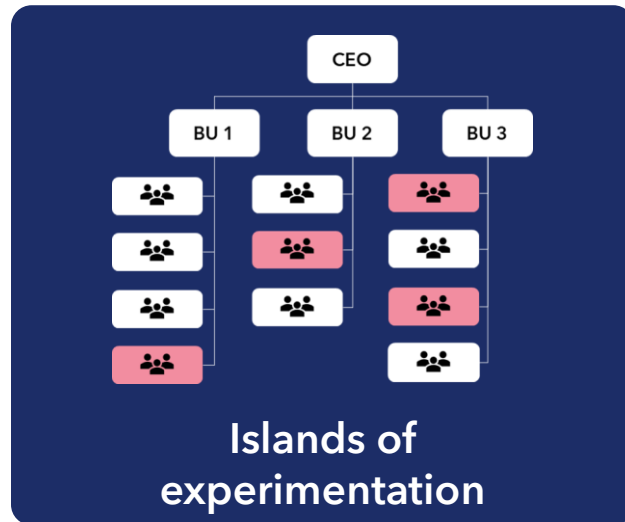
Agile ways of working can support you to keep pace with the rapid evolution of AI

- There is evidence that **multi-disciplinary agile teams** (such as those used in digital transformation) are also valuable in developing AI-powered solutions for customers
- Such multi-disciplinary teams could combine, e.g.
 - Marketing
 - Customer service experts
 - Data scientists
- In other words, teams that are likely to be responsible for working together to support the customer journey
- These teams will be responsible for **identifying use cases and prioritising, building, and testing the agentic workflows** to deliver them

- **This way of working will be challenging for some people**
 - There are **different “rituals”**
 - The work of the team members is **very transparent**
 - The team has **increased decision-making responsibility**, with the need to maintain alignment to set business goals

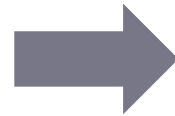


This likely means your organisational structure sees multiple evolutions as you move up the AI maturity curve



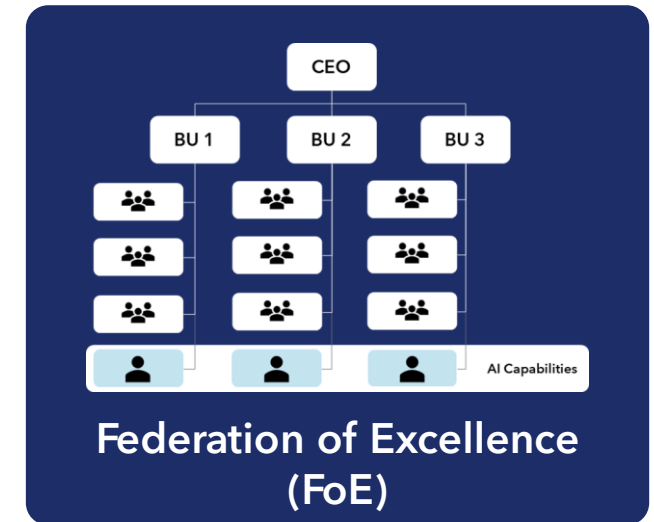
Point application of AI is utilised haphazardly across the enterprise

Low overall levels of AI expertise. Significant missed opportunities.



Centralised AI expertise that business units can access as needed

Enables ease of capital uplift and drives a higher baseline competence for AI



Capabilities are decentralised and embedded across business units

+

Centralised base of knowledge, systems, processes, and tools driven by a single AI strategy

This looks a lot like strong practices in a digital organisation

There are now an increasing range of tools to help you with your design and deployment of a refreshed organisational design

Fortunately, there are many tools now available that can help you plan and manage your structural change. Increasingly, these tools incorporate AI to deliver improved outcomes - **so AI can help you restructure for AI**. For example:

While ChatGPT can help with interview summation and trends, there is much more available.

For example:



Workday Adaptive Planning: modelling, scenario analysis, workforce planning

Anaplan

Anaplan: collaborative planning, predictive analytics, scenario modelling



IBM Watson Talent: predictive analytics, talent management, strategic planning

New tools are can further assist with scenario modelling, and organisation chart construction.

For example:



ChartHop: organisational chart visualisation, scenario planning, headcount planning, diversity, and inclusion metrics



OrgChart Now: organisational chart creation, data integration from HR systems, scenario planning

Then when you are ready to deploy, there are tools to help.

For example:



Humu: small interventions (nudges) to drive behaviour, employee feedback analysis, organisational health monitoring



Lattice: performance reviews, engagement surveys, goal setting and tracking, analytics and reporting

**And, of course, we are here
to help if you need it...**

Thank you.

Contact details and disclaimer

Bevington Group is a specialist consultancy with six core practices:

- 
Operating Model Design and Restructuring
- 
Lean Process Reengineering
- 
Process Automation, Digitisation and AI
- 
Accelerated Implementation
- 
Change Management
- 
Risk Intelligence

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