



GETTING THE MOST OUT OF PROCESS AUTOMATION PROJECTS: HOW TO ENSURE THE RETURN OUTWEIGHS THE INVESTMENT

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INTRODUCTION: PROCESS AUTOMATION PROJECTS – ARE THEY WORTH THE EFFORT?

Many of us in the process automation world believe that more automation is always better—and that the rest of the world should intuitively understand and agree with us. Often, this mentality can be perceived as an acknowledgement that change is always good. A process engineer with a workflow can be likened to a lawyer with a contract—sometimes, we just don't know when to leave a project alone.

At IFS, our experience tells us that just having a good process automation system does not guarantee a successful project. Even if the end result seems to align with the spreadsheet used to justify the project, the benefits can become obsolete without a couple of key factors. What drives real benefit is having the internal stakeholders most affected by, and usually, most critical to the process automation, understand why the effort is going to be good for the company, good for the clients of the firm, and most of all, good for them.

Every automation project starts with a justification spreadsheet that shows the returns that are expected, along with the project expense. This document discusses some of the issues and perceptions that cause and contribute to the project not returning the anticipated ROI as represented in that original spreadsheet.

WHY PROCESS AUTOMATION IS IMPORTANT

CLIENTS DEMAND MORE

We are now in an “instant” society—we have instant popcorn, instant downloads, instant trading, and expectations for instant execution of all of the servicing and operational requests that are introduced into your organization. Both the internal and external customers demand and expect to be able to do what they want, when they want, and with the device they want to use.

“The instant generation is coming into the rapidly changing but highly regulated world of financial services expecting a rapid response. Do your client services and sales teams have the tools that allow them to meet these expectations?”

COMMUNICATIONS AMPLIFIED: BEYOND PHONES AND FAX MACHINES

The instant generation is coming into the rapidly changing but highly regulated world of financial services expecting the same rapid response. Do your client services and sales teams have the tools that allow them to meet these expectations? The next generation of investors are not going to be satisfied with filling out paper forms, or faxing anything. In fact, many will refuse to use their phone to call someone to initiate a service request. They will use their phone or other mobile device to log into an app or a website and self-service portal, but they will not call. We are one of the last industries that actually still think people have fax machines in their offices.

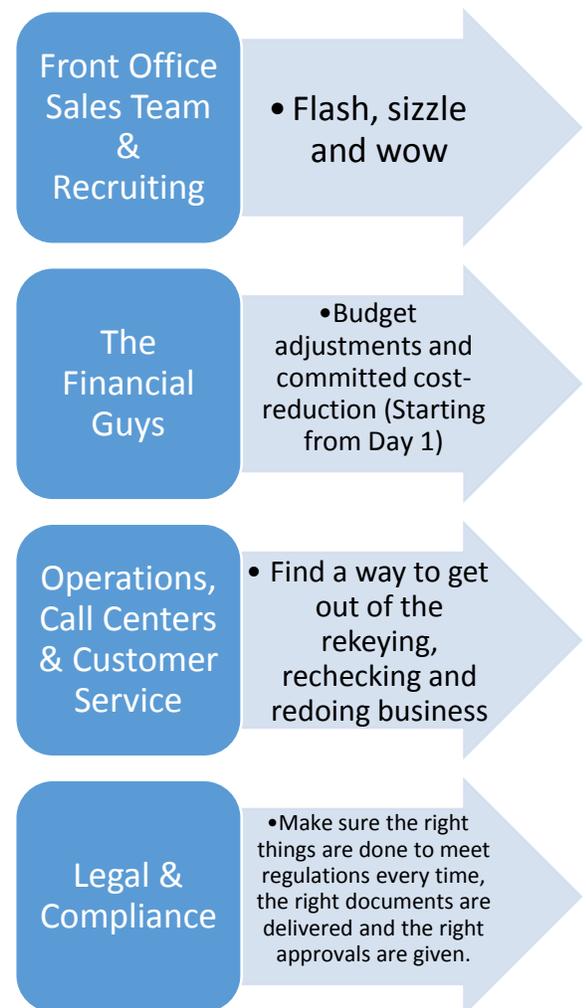
PROCESS AUTOMATION – THE ENDLESS JOURNEY

WHEN IS AUTOMATION A GOOD INVESTMENT?

The decision to pursue automation is dependent on a simple return on investment spreadsheet that takes all of the costs of the potential automation project, all of the projected savings, mix in a couple dozen assumptions to see if the savings meet some internal hurdle rate, right?

Unfortunately, those spreadsheets are filled with multipliers, factors and assumptions that have titles such as “Adoption,” “Productivity Improvement,” “Percent STP,” and those guesses, aspirations or someone’s bonus KPI is how the numbers are calculated.

We have found that most projects have a combination of hard savings such as headcount reduction, removing fax machines, printers and postage, and soft savings like customer satisfaction, competitive parity, image and freed-up time for revenue-generating activities. Generally, there are a series of expectations on any process automations project depending on your business card. (See image to the right).



Can any project realistically meet all of these different demands? Our experience is that by being aware of these expectations, and specifically building the solution with those desires in mind, we are able to deliver against the competing objectives. This typically does not result in a solution that totally satisfies all of the stakeholders, but does address the core, and highest value requirements for each stakeholder group.

MEETING THE NEEDS OF MULTIPLE STAKEHOLDERS

Because these projects have such a variety of success criteria, there will always be tradeoffs as to which items will be included in the initial release. These decisions are hard because all of these demands are legitimate. But the project leader still has to determine how to stage, order or manage these in order to deliver a solution that has the highest value, all within a timeframe that will allow the envisioned returns to be realized. There are a number of ways to try and accomplish these objectives, but before we look at those, let's explore some of the common reasons why these projects to fall short.

COMMON TRAPS

FAIL BIG

Because there are so many stakeholders involved in these projects, the approach most often used is to try and address everything to everyone in the initial release. Instead of winning small, we often see firms "failing big," meaning that the ultimate end-result becomes the only viable solution. This approach comes with a huge cost. All of the complexity, dependencies and exception processing is required before the first bit of functional benefit is ever realized or enjoyed by internal or external clients. This usually happens when someone says that a particular piece of functionality is a 'must-have' or that processes must be 100% automated with no manual work.

Avoid The Common Traps of Process Automation Projects:

- ✓ Aiming too high and failing big
- ✓ Not aligning departmental objectives
- ✓ Generic communications
- ✓ Forgetting the customer

While having every possible function and feature from day one is admirable, it is not the only option. Why wait until 100% of the software functionality is available when you can get huge benefits by implementing what can be made available. This approach lowers risk, creates more value and allows course corrections as the road map is built out.

If there are certain exceptions that cannot be handled yet, have that system perform the 92% that are not the exception and send the 8% to the manual queue to be worked. Processing 92% of the transactions in an automated manner is usually far more efficient than how the process was conducted prior to the project.

OPTIMIZE SUB-PROCESSES

On the other end of the spectrum, some firms fall into the trap of creating a specific solution that isn't broad enough. Because it is often difficult to get departments and divisions to align their automation priorities, even the simplest task can become difficult to implement if it crosses departmental boundaries. As a result, some firms take a "just do what you can do" approach because getting cooperation across departments is too difficult. This usually results in the costs and inefficiencies being moved, not eliminated, like squeezing a balloon, the bottlenecks, delays and lack of transparency is pushed around, creating little value.

MAXIMIZING THE PROBABILITY OF A SUCCESSFUL PROJECT

SHOW A CLEAR ALTERNATIVE PLAN FOR THE TIME THAT WILL BE FREED UP

Envisioning what the "post automation" world is going to look like is one of the hardest things people close to the change have to do. A familiar refrain is: "I know what I'm NOT going to do now—all of the things they are automating used to be my job." With that impression, those that are closest to the process—those who best understand the process, its challenges and what needs to change—feel threatened and are less likely to be willing participants in the change. This is the group that has the power to either help you reap the benefits of the automation—or force you to use brute force to overcome the resistance.

It is critical to be able to communicate as specifically as possible how the time will be used once processes are made more efficient with automation. For example, sales assistants will see a reduction in error and more straight-through-processing, ultimately allowing them to focus

on working with clients. Demonstrating these differences will help staff focus their energy on what they are good at—high value client interactions.

Sometimes this involves new training or changing performance expectations. Once the repetitive low-value activities are automated, staff members can be more proactive, anticipating client needs and exceeding their expectations.

ALIGNING CLIENT SATISFACTION TO AUTOMATION

The ‘Voice of the Customer,’ which tells us what the customer thinks is important and is willing to pay for, is critical to agile software development and six sigma. As shown, in these process automation projects there are many competing voices that we need to listen to, but the voice of the customer should be the loudest. Regardless of whether the customer is internal (broker, banker, customer service representative) or external (investors), the reluctance to change will diminish when the automation can show direct benefits to the customer.

Reduction in call times, elimination of documentation, lower NIGO (not-in-good-order) rates and more straight-through processing are all ways that the benefits of automation can be directly tied to client demands. When these types of benefits are highlighted as reasons for the change, all stakeholders can get aligned behind the effort.

KEEP THE END GOAL IN MIND

Process automation is not a cure all. We have all been involved in or heard about large-scale process automation projects that spent years of time and millions of dollars, only to be tossed on the scrap heap of technology projects without providing any benefits to the project stakeholders (except maybe the consulting firms involved.) At IFS, we have learned that by keeping all of the stakeholders in view, focusing on learning as we go, providing great but not perfect solutions, and keeping client benefits in mind, is a formula that creates some great process automation results.

***Interested in learning how IFS can help your firm effectively automate processes, gain efficiencies and delight customers?
Contact sales@ifsautomation.com or call 704.894.9331.***