

Built for Change | Accenture + T Brand Studio

Episode #40: Transcript R1

Change Reinvented

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Patrick: Nobody will ever start in a career in hospitality to actually stay all day looking at the screen.

MUS in

ELISE: That's Patrick Apostolo, Corporate Operations & Business Transformation Director at Radisson Hotel Group. He says human interaction is at the heart of his business, hospitality.

Patrick: In general terms, the hospitality industry has always been a complex IT environment where technology has never been a differentiator of the product.

JOSH: When you book a hotel, you're probably thinking more about the location and the amenities, and not so much about the IT capabilities of the back office. But Patrick says that his industry has long been stuck in the digital dark ages. He remembers a study from 2015 that ranked industries according to how digitally-advanced they were:

Patrick: And funny enough, hospitality was the third from the bottom. Worse than us, there was only construction and hunting and fishing.

ELISE: So from the outset, Patrick knew there was a lot of work to be done.

1:00

He decided to start at the ground level at one of Radisson's hotels.

Patrick: We actually spent three days in all visual observation...on shadowing every team member, every task, AM. shift, PM shift, night shift...

JOSH: Patrick and his team met hard-working, talented people. But the technology around those people just wasn't enough to meet their needs.

Patrick: The first thing that the managers used to tell you in hotels is please leave your mobile in the locker. Nobody wants to see a hotel employee looking to their mobile. Well, if today life, and we see it in our day to day, is totally driven by mobile, why my workplace should not be driven by mobile?

ELISE: As Patrick and his colleagues thought about how to improve the experience — for employees and for guests — they realized that it was time to completely change their approach to technology.

Patrick: One of the of the big changes that we introduced that brought a lot of value to our operations has been the the coordination and execution of what we call

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a planning tool or a task tool in our company.

MUS out

JOSH: So today, Patrick and Radisson have embraced technology, and embraced change. Employees carry mobile devices loaded with apps that connect them to a database, to AI, and to each other. AI takes care of simple, time-consuming tasks,

THEME in

and now that they're interconnected, workers can help each other solve problems, whether they're in the same room or on the other side of the world.

Patrick: This has been an amazing way also to include, make also the hotel participative to the design process to the creation and to the work of an innovation.

ELISE: And this is just the beginning — with transformative technology in their hands, Radisson's employees have become active participants in the company's reinvention.

BEAT

I'm Elise Hu.

JOSH: And I'm Josh Klein.

ELISE: And this is Built for Change, a podcast from Accenture

JOSH: Ok, Elise, I know I've got a little travel coming this summer. How about yourself?

3:00

Any big plans?

ELISE: Yeah, I'm really excited. I'm going to Nepal for the first time. I've never been.

JOSH: Wow! Oh, great!

ELISE: Yeah, for a speaking engagement. But I'm also taking my kids to national parks. So we're gonna do Yellowstone, we're gonna do Grand Teton — what about you?

JOSH: Oh, that's fantastic. I'm closer to Europe, so I'm taking the family over to the UK and a few other spots. So that'll be interesting, But it is curious, because I recently booked a hotel, and I then knew that I needed to figure out parking, and I needed to book a shuttle, and also plan for meals, and when I booked the hotel, all of the sudden I got the option, "Would you like to book the shuttle? Would you like to reserve parking?" And it was all in one spot, it was so nice.

ELISE: Yeah, and that's a good example of how hospitality is an industry that's sort of ripe for change.

JOSH: Yeah. That "change," you know, it's a term that business leaders probably use a hundred times a day. But how many leaders take the time to stop and think about their approach to it?

ELISE: One in particular is Accenture's Karalee Close,

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who told us all about approaching change not just as an art, but as a science.

THEME out

Karalee: Change is kind of an interesting one, right? We have a love-hate relationship with change, quite often. It matters because it's the thing that keeps us competitive. It helps us grow companies. It helps us meet new challenges.

ELISE: That's Karalee Close, Global Leader of Talent and Organization at Accenture. Of course, she says, change is constant in the business world. But these days, change is happening faster than ever before.

MUS in

Karalee: Yeah, the pace of change is definitely accelerating. I think we all feel it. We set out to actually really understand, is it accelerating? The Pulse of Change 2024 Index that we published revealed 183 percent rise in the rate of business change over the last four years.

ELISE: So, if you feel like everything has changed over the last few years, it's not just you — businesses are transforming at an unprecedented rate.

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Karalee: So we almost feel double the amount of change. It's a third more than the last year alone. I think, what the interesting thing here is, it's many things together and it's much faster than it used to be ... So what we say out of that, it's change is constant.

ELISE: You've probably heard that before. But it's one thing to say your enterprise treats change as a constant. It's another to actually structure your business that way.

Karalee: It means there needs to be a competency around change at an individual level. That's, you know, your own ability as a leader to drive change. But at an organizational level, it's also about, you know, really understanding the behaviors and patterns that drive better outcomes in change.

ELISE: She and her colleagues studied how enterprises evolve, trying to bring a scientific approach to something many leaders don't treat as a science.

Karalee: And we set out to really study and bring more rigor, bring more science to the art of change, if you will.

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ELISE: Because reinvention isn't something that just happens. There's a right way and a wrong way to do it.

Karalee: And what we mean by that is being more evidence-based. So rooted in understanding of human psychology and human behaviors and what drives behavioral shifts, and also more data-driven ... understanding actually how people respond to change in a more real-time environment.

MUS out

ELISE: Karalee says that change should be purpose-led. Is it happening because it's right for the company, or just for its own sake?

Karalee: And that's about aligning the change with the organization's purpose. So the "why" of the company, right? Why is this change necessary? How does it contribute to the larger goals of the company?

ELISE: Change should also be value-oriented. What matters to your enterprise, and how is a proposed change going to add more value?

Karalee: As I introduce a new piece of technology, can I describe

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the value that's coming with that technology in business terms and also in employee terms, in things that matter to those that are leading the change?

ELISE: And, finally, an approach to organizational change *has* to be rooted in an understanding of what the experience will be like for the people in the organization.

Karalee: And that is using, you know, human-centered and personalized experiences that are based on data to help people champion change.

So those first three things are at the core. And I think the exciting part of this research is there's three more areas which really great companies are quite exceptional at. They approach a change in a more people-centric way. It's behaviorally anchored, it's data driven, and it's powered by influencers.

MUS in

ELISE: We're talking about technological reinvention... but the only way it can really work, Karalee says, is to center the people

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who will be using that technology.

Karalee: So thinking about it from a human perspective, how is this going to feel? How are you going to experience this change and using the communication and the interventions to create a better experience

ELISE: Change done the *wrong* way can be frightening. But change done the right way should feel exciting. To feel that excitement, people first need to understand why it's happening, what their role is, and how it's going to benefit them.

Karalee: If you can get into understanding a frontline worker's experience with a change that happens, you can be more authentic, and you can enhance or embrace wellbeing of people more than something that's cold and foisted on people.

MUS out

ELISE: Karalee says that just 16 percent of 1,000 organizations surveyed by Accenture scored highly when rated on how they approach change.

Karalee: So they're not thinking about,

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“Okay, I just need to achieve these results. And how do I do change management?”
They don't think about it as a one-time thing. They've really embraced the characteristics that you need around continuous change, because the environment changes so quickly.

MUS in

JOSH: That approach seems so practical, right? Like, these are the things you should be asking yourself, even though change is happening faster than ever. Why are we implementing these changes? How do we approach them in a human-centric way?

ELISE: Right, and of course, sometimes the answer is obvious, as why we need to do it. As we heard, just 16 percent of organizations are true change leaders.

JOSH: That's right, yeah, as we heard from Patrick Apostolo, who we heard at the top of the show, Radisson was not one of those when he joined the company.

ELISE: No, it wasn't, and that's what makes the company such a great case-study for the approach to change that Karalee just outlined. And keep in mind, we'll be calling them Radisson for short, but Radisson Hotel Group includes

10:00

ten different hospitality brands. So now let's go back to Patrick and hear how he implemented purpose-led, value-oriented, experience-based reinvention across his company.

MUS out

ELISE: As we heard earlier, Patrick works in hospitality, an industry that's not always known for being on the cutting edge.

Patrick: My feeling at the time when I joined Radisson, I was going a little bit in the prehistory.

ELISE: He was tasked with streamlining operations at a hotel in Brussels. He began by assessing the day-to-day operations there. And it didn't take long to see that changes were overdue.

MUS in

Patrick: An environment of systems that were not integrated to each other, of workarounds that were happening in paper or alternative processes that were just not adding any value to the day-to-day life of the team member.

ELISE: Treating change as a science, Patrick and his team methodically looked at every role on the hotel's staff. By paying close attention,

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they realized there was a gap between employee's job descriptions and what *really* consumed their time day-to-day.

Patrick: Measuring empirically how much time each task was actually taking and looking at all the opportunities to really circle around waste and where AI could fill the gap to release quality time to our employees.

ELISE: Some tasks had basically taken over people's entire jobs. And other tasks simply weren't getting done.

Patrick: We actually started to realize that we had many undercover or unknown, hidden tasks that were performed between the different departments.

ELISE: A great guest experience relies on all these disparate parts of the business being able to communicate with each other seamlessly.

MUS out

Patrick: When a guest asked for something many times, either via phone or through other channels, the message gets lost or it's delayed.

ELISE: Patrick realized that the way his staff communicated, with each other and with guests, had to change. That's why one of Patrick's very first steps was to give his workforce mobile devices,

12:00

along with an app that enabled organized communication.

Patrick: Most of the communication that previously was done, at a hotel-operation level on paper was all directly transformed in an app. So every guest request, or housekeeping requests or repair, or so on would also connect, all be conveyed through this digital tool, which made, of course, which made Radisson able to, to maintain and to deliver the promise

ELISE: Shadowing workers at the hotel also revealed some glaring inefficiencies. It wasn't that the workers weren't diligent — the tasks *themselves* were the issue. For example: the tedious and time-consuming work of entering hundreds of guests' names and information into a computer.

Patrick: We have hotels that actually have 250 rooms per day that are occupied by crew members of different airlines.

Elise: Airline personnel makes up a *huge* percentage of the people staying in hotel rooms... the people who make your travel possible need a place to sleep, too! So, airlines rent out hotel rooms *en masse* for their crews.

13:00

But they often can't tell the hotel the actual names of the people who'll be staying there until the day before the flight. Maybe even the day of.

You'll hear Patrick use the term "FT" — that's just shorthand one full-time shift, or the employee working it.

Patrick: So actually I had this FT that the only thing that, he or she was doing is receiving in different forms and ways the rooming list with the name of the crews arriving the same day or the day after, and putting them all in our property management system

ELISE: It's not a complicated task, but it was tedious, time-consuming, and oftentimes time-sensitive. People were spending their *entire* workdays just receiving information and recording it somewhere else. Patrick saw an opportunity for something he talks about a lot: Robot process automation, or RPA. In this case, it wasn't hard to see that an RPA could save hours and hours of time spent logging the names of airline crew into Radisson's system.

Patrick: That's where we sat with our team and said,

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"This is the perfect environment and context as well for a robot process automation." Why? Because ... instead of you, as a human being being there and doing control-C, so copy it and paste it ... the robot is actually doing that exercise for you. So it's actually reducing the time that you're spending to perform this task.

ELISE: Another area crying out for change was digesting and responding to customer reviews.

MUS in

Patrick says that every review or piece of customer feedback needs attention — but general managers struggle to keep up with them. A typical hotel might receive 200 of these messages per day, which could be hours of work. And in the hospitality business, reviews could come in dozens of different languages — no general manager can be expected to understand them all.

Patrick: We have this problem. We have the language problem. We have the context. Let's try to actually develop an AI that can help the GM

15:00

to answer to these emails. But we didn't want to automatize the full process...

ELISE: So they parsed out the places where human input was going to be key, and identified where automation could step in. For rave reviews, like a nine or ten out of ten, Patrick says he was comfortable letting automation reply.

Patrick: We said "Ok, but what about if I'm actually taking from my review system, all the reviews, no matter what language they are, that are eight or below, so require attention?" And in particular, focusing on the ones that are five or below, because the ones that are negative, are the ones that really we need to focus on learning what we can improve for next time.

ELISE: There's value in responding to these reviews, and internalizing why they weren't higher. But language gaps prevented many of them from even being read. So Radisson designed an AI that would take all reviews, 8 and under, and translate them into the general manager's first language.

Patrick: If I have a hotel in Italy and the review is coming in German, well,

16:00

for me that I'm the GM in Italy, I will read the review in Italian.

ELISE: AI also prepares a response, in the same language, for the GM's review. Sometimes, that reply might be perfect. But it's meant as more of a jumping-off point: The AI has identified the problem and gives the GM a suggestion for how to address it. The GM can edit that reply and then send it, all in their native language. And the customer receives it in theirs. There's still an art to crafting the perfect response, but Radisson's RPA uses the latest AI technology to make sure it happens.

Patrick: But the moment I'm pressing "okay," the review is then sent in German to the guest. So both stakeholders, the GM or my hotel teams and the guests, they're both in their comfort zone, if you want, from a language perspective.

BEAT

MUS out

ELISE: It may sound funny, but Patrick says that, like food vendors, the product hoteliers provide is actually extremely perishable. You can't sell last night's empty room to someone who needs a room tonight.

17:00

No hotel manager wants to be understaffed or under-supplied for a single day — but overstaffing or over-purchasing for a slow day means losing money.

Patrick: I want to know where I'm going to have my peaks, where I'm going to have my valleys, when I'm going to have my opportunity to actually benefit off all the marginal gains. So that's where we said, "Okay, we need this RPA that enables us to predict the resources to set the resources and any administration that needs to be done."

ELISE: Automation now lets Patrick's team know weeks in advance when they can expect to need more resources, or when it would be smart to scale down. It's a scientific approach.

Patrick: We are in this situation today where we are ... in a window or horizon of eight weeks to know exactly how many hours or how many employees I need to have per service period per department and so on. So that was the prediction capability, the base of everything.

ELISE: The technological upgrades were part of a broader change:

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a rethinking of how workers spent their time, and how they could add the most value.

Patrick: We do not believe, in our industry in particular, that is an industry that will be replaced by robots or AI in general, because there is still that huge opportunity to impress the guests and create memorable moments by having that personal touch.

ELISE: But technology and automation — like the capabilities in Radisson's proprietary app — make it way easier to create those moments. The app uses AI to help users find an answer to their questions.

Patrick: Our vision when we launched the planning tool has been, if I'm a night auditor, if I'm a front office agent, if I'm a housekeeping person, and I have a moment of doubt of something to do, I need to have a way to reach out either to a community or to a database that can help me find the right answer for that circumstance

ELISE: Today, if a Radisson employee in Brussels encounters a new challenge, they can consult the app's database of solutions, or ask their colleagues around the world.

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The answer might already be there, but even if it's not — maybe someone in Bangkok has been in the same position, and knows what to do.

Patrick: When we arrived here in 2018, the thing that shocked me the most was that every hotel was their small kingdom. Many times there was no cooperation. So actually the fact of bringing this planning tool with the guest, with the employee communication, with the right tool that were actually bringing you knowledge, was bringing you community, and was bringing you exchange. And all of this orchestrated by AI to facilitate and to speed up the capacity of finding the right content at the right moment.

ELISE: And what's most remarkable about this reinvention is the culture that Radisson has fostered along the way.

Patrick: I think has been also a great, a success, getting your employees and your team members happy about using a digital tool that is really bringing value to their day-to-day and, lastly, to our guests.

MUS in

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JOSH: It seems to me like this concept of a culture of change is more important now than ever before, especially given how dynamic everything in the world has become.

ELISE: Absolutely, but it's so crucial that people in the organization feel comfortable with changes, and understand why they're happening. Otherwise, you're gonna meet a lot of resistance, and it's probably unnecessary.

JOSH: True, it's totally true, as Karalee mentioned earlier, there is kind of an art-science dichotomy there. Culture change, it sounds like an art, but how can that be approached in a scalable, tactical, scientific way?

ELISE: How can it? And as AI leads to this dramatic pace of change, how does an organization get it right? So we talked with Prof. Fred Oswald, who's an organizational psychologist at Rice University, about organizational reinvention and what it looks like from the human angle.

BEAT

MUS out

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ELISE: Studying and teaching organizational psychology means that Professor Oswald is very used to approaching change as a science.

Fred: Industrial organizational psychology covers areas such as safety in teams, managing diversity, aging in the workplace, leadership, organizational change, and the list goes on. But at its essence, the field deals with the science and the study of people in the workplace

MUS in

ELISE: Professor Oswald specializes in employment testing, studying how employers evaluate and make decisions about whom to hire. Which means he often gets to see organizational change at the ground level.

Fred: So, initially AI landed on my lap, I suppose, in learning about machine learning, about the algorithms that are used to predict ... behavior or attitudes ... we call them psychometrics, for understanding test scores.

22:00

Professor Oswald was already studying AI's role in hiring and employment testing. Then, suddenly, everyone was using it.

Fred: ChatGPT came out, of course, in late 2022 and that made AI more participative for everybody. You could do AI, in a sense, you could interact with ChatGPT and have an opinion about the output, based on what you told it and react to it and have a conversation of sorts.

ELISE: But AI is far more than a novelty. To really get the most out of it, business leaders need to fundamentally reimagine and redefine work processes and the way we work.

Fred: It's a chance to rethink what jobs entail, what the role is like, what the responsibilities are and how AI may play a stronger role in certain aspects of the job that they didn't play a role in at all before.

MUS out

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ELISE: But he has a few words of warning for leaders who might be tempted to dive in headfirst. One big thing to keep in mind is that AI, like its creators, is by no means free of bias. Lots of AI technology claims to be unbiased, or even to eliminate bias. Professor Oswald says that may be true, but when it is, there should be data to back that up.

Fred: How do we know that? And what does it mean, to have no bias? Where's the data to show that?

ELISE: He also raises the issue of implementing different AIs across an organization. It's a mixed bag: There's potential for new discoveries as various AIs interact. But with AI advancing so rapidly, and on so many fronts, it's wise to think carefully before mixing and matching.

Fred: Many times ... the designer has no idea what other tools will be brought into the work environment. And so how those AI tools interact with each other is... untrod ground. And it's an experiment in a sense,

24:00

to see how these tools work together.

ELISE: Experimentation is a major part of the AI revolution. Programs like ChatGPT are open to everyone, which means that employees may start using them out of curiosity, just for fun, then realize they can be useful for their jobs.

MUS in

Fred: When employees are working with AI, they get ideas for how AI can work for them. So maybe they're writing emails all day and they can see how AI can help give ideas for how to reply, how AI could tone the language down or up or sideways, depending on the message that needs to be communicated. And it can come from bottom-up phenomena where employees are sharing AI technologies with their peers and showing them how to engage in a ChatGPT or some type of AI tool that makes them more effective.

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ELISE: Some business leaders might not like the idea of that kind of experimentation. But those who embrace change will foster an environment where employees can try things out, learn from them, and share the results for the benefit of all.

Fred: It's one thing for an employee to adopt AI. It's another thing for an entire team to be adopting AI and working in their environment with a manager where there are these group-level interactions and effects that need to be understood and managed. In other words, employees are not operating in a vacuum with their technology.

ELISE: It's about a culture where change is rooted in people's actual experiences.

Fred: Setting up those conditions might ... have some art to it, but the science to it is to be systematic in trying to gather an understanding, some data that would inform that

understanding within those environments, and then using those data to create the next step, figure out what to do next...

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ELISE: With that approach, even a change that involves lots of automation will feel... human.

MUS out

Fred: Motivation in a social environment matters. Wellbeing in a social environment matters and should not be discounted, and in fact is researchable.

THEME in

How can we inspire people to generate new ideas, to work together more effectively to even want to work together in situations where you may not want to or be, be personally motivated toward your own goals.

JOSH: You know, I think we've all seen it when companies have tried to make change without putting people at the center.

ELISE: I know I for sure have worked in organizations that did not embrace these principles [laughs] And you probably did too Josh...

JOSH: [laughing] Oh yeah, absolutely. This may be something that most companies should be thinking about. So, to learn more about the trends in today's episode, check out the Change Reinvented report

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at Accenture dot com.

ELISE: Big thanks to Accenture's Karalee Close.

JOSH: And to Patrick Apostolo and Fred Oswald for talking to us.

ELISE: Built For Change is a podcast from Accenture.

JOSH: More episodes are coming soon. Follow, subscribe, and if you like what you hear, leave us a review.

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THEME out

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