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# Increasing ROI in Org Design

Understanding why changes may not result in *desired change*

# Background:
# 2026 ODF Conference

**Advocated for increasing analytical rigor in organizational design by focusing on activity-level data.**


**In this session we'll focus more deeply on the first step.**

# Background: Missing the Mark

**According to a recent study (MIT, 2025), 95% of AI pilots show zero measurable return in the P&L. Why?**

- No Outcome-defined use case
- Poor data readiness
- Weak change management
- Insufficient workflow integration
- Talent & capability gaps
- Coordination work ignored

**No Return.**

# Background: Coordination Work

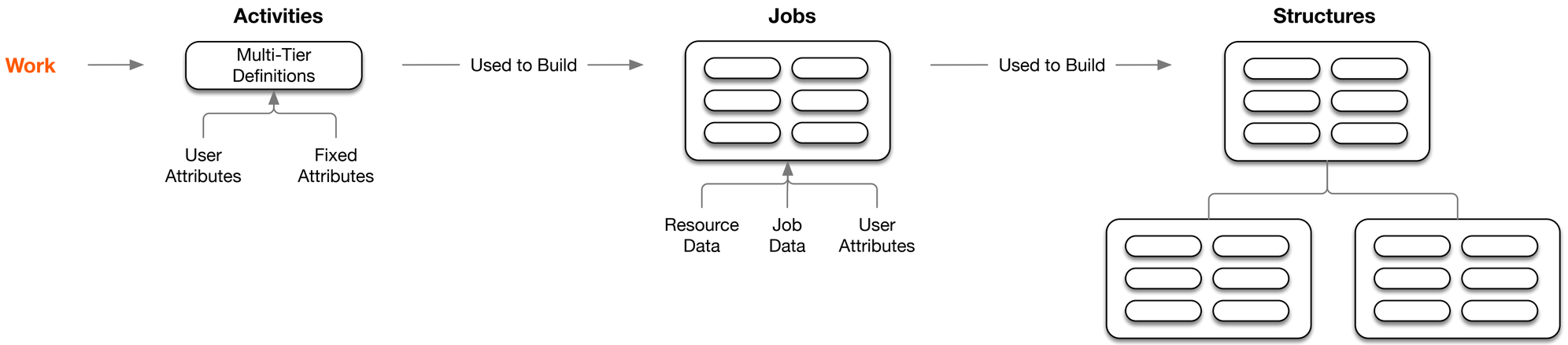
Execution work is explicit, repeatable, and frequently transactional. It's visible, measurable, and a common target for automation (via rule encoding).

Coordination work is frequently judgment-based, integrative, and adaptive. It's less visible, but often the compounding lever to reach ROI.

The problem: most AI projects focus on the execution level of work, effectively ignoring the coordination components. In other words, the new technology changes only *part* of the work landscape.

# Background:
# Defining & Measuring Work

**Activities are ideal units of analysis for organizational assessment because they define work and enable consistent measures across levels.**



# Background: Managing Activities

**An activity list is an inventory.**

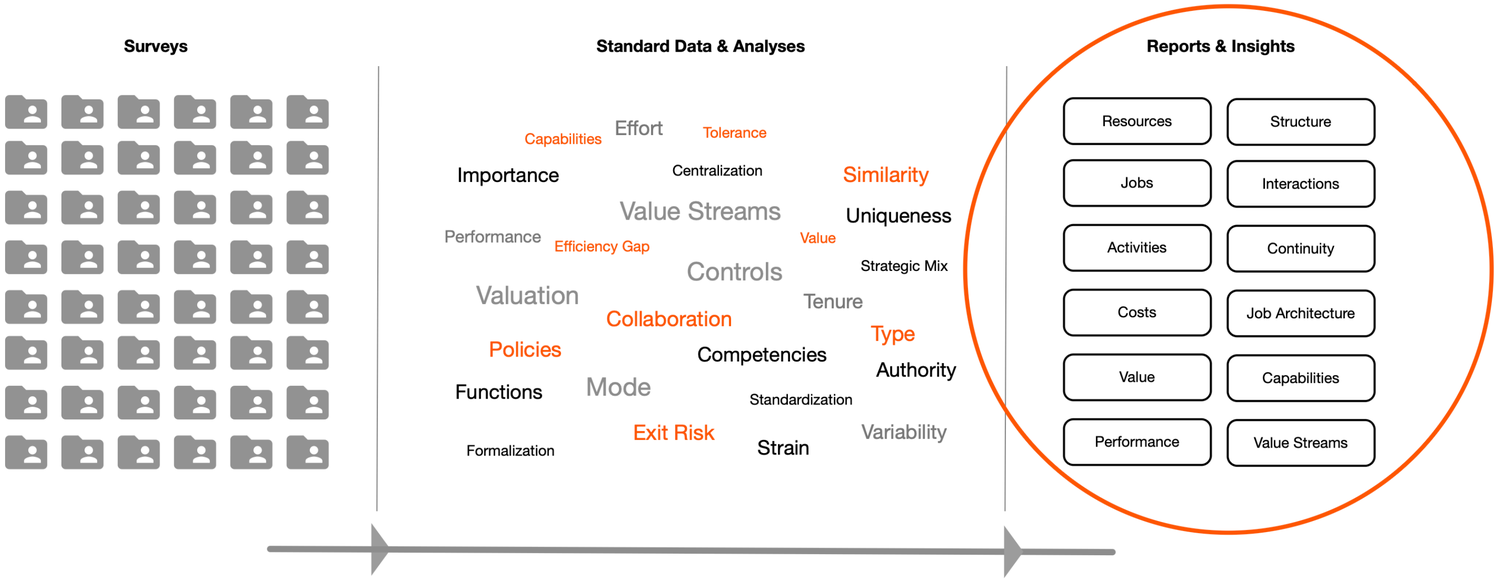
A snapshot. It can be just as descriptive as a taxonomy, but with limited data integration. Content building, revisions, and validation procedures are challenging, time consuming, and costly.

**An activity taxonomy is a system based on connected data.**

A structured classification system that organizes activity data into meaningful hierarchies and relationships. This enables detailed analysis, reveals patterns in work and the nature of work, and facilitates systemic validation.

# Background:
# Activities as Managed Assets

**Work (activity) is a critical and powerful information type. It should be managed similarly to other information assets in the organization.**




A well-structured taxonomy provides rich data for work management, ongoing monitoring (org health) and project-based support.

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# Question Break

# Case Context

## Industrial Products, Inc

A mid-market manufacturer with a hybrid structure with manufacturing, services, and e-commerce components. The company has a relatively high level of complexity with multiple locations, and operational and functional units. **The company is considering automating the order to cash value stream using AI technologies**.

| ~2,100 | $1.1B | $163M | $524K | $1.8M | $250K |
|---|---|---|---|---|---|
| Total Employees | Annual Revenue | Loaded Pay | Revenue / Employee | Project (YR 1) | Project (YR 2+) |

**Value Stream**: The end-to-end flow of work required to fulfill a customer need or deliver a specific outcome. It includes all activities that create value and excludes those that do not. Customers can be internal or external. Value is defined by what the customer needs.

**Order To Cash**: O2C fulfills customer orders, coordinates delivery or service execution, issues invoices, manages billing accuracy, and collects payments to complete the commercial sales cycle. The customer is Finance. The need is payment.

# Step 1:
# Understanding O2C Jobs

**What are the ‘boundaries’ of current-state O2C? ANY position that performs ANY activity linked to O2C (in the taxonomy) is in-scope.**

All Jobs | By Top Unit | By Function | By Job Group | By Job | By Job Level | By Org Level | By Process | By Capability | By Value Stream | By Competency | By Location

| Value Stream | Pay Group | Job Code | Job Title | Positions | FTE | Loaded Pay | Loaded Pay/FTE | Loaded Pay/POS | Loaded Pay Min | Loaded Pay Max | Tenure Avg | POS Tenure Avg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Order To Cash (O2C) | Pay Group 1 | AR1010 | Specialist 1, Billing | 3 | 3.00 | $143,208.00 | $47,736.00 | $47,736.00 | $46,800.00 | $49,608.00 | 2.26 | 2.26 |
| Order To Cash (O2C) | Pay Group 1 | CS2300 | Specialist 3, Customer Support | 4 | 4.00 | $265,221.00 | $66,305.25 | $66,305.25 | $64,719.00 | $67,891.50 | 5.68 | 3.77 |
| Order To Cash (O2C) | Pay Group 1 | WH1020 | Specialist 2, Fulfillment | 7 | 7.00 | $410,508.00 | $58,644.00 | $58,644.00 | $57,267.00 | $61,803.00 | 7.35 | 3.82 |
| Order To Cash (O2C) | Pay Group 1 | AR4975 | Manager, Accounts Receivable | 2 | 2.35 | $223,560.00 | $95,131.91 | $111,780.00 | $110,745.00 | $112,815.00 | 4.72 | 3.55 |
| Order To Cash (O2C) | Pay Group 1 | LG1200 | Specialist 2, Distribution | 5 | 5.00 | $303,021.00 | $60,604.20 | $60,604.20 | $59,211.00 | $63,274.50 | 4.32 | 1.83 |

## Key Data:

- Jobs: 34
- Positions: 95 (4.6% of org HC)
- Total adjusted FTE: 99.1
- O2C Loaded Pay: $7.09M (0.64% of revenue)
- Tenure average: 4.87 / 2.09

# Step 2:
# Adding Context to O2C Jobs

**Other data to better understand the context of O2C work.**

**Rating N**
**.64**
Normalized performance

**NonSTD**
**.38**
Degree to which work is customized

**Formalization**
**.56**
% policies, controls, and approvals

**Strategic %**
**.29**
% of position performing strategic work

**Similarity**
**.43**
Average similarity of positions in jobs

**Efficiency Gap**
**2.37**
Degree to which work can be improved

**Redesign**
**Open**
Eligibility for job to be altered

**POS VPR**
**.41**
Normalized position value

**Collab Density**
**.13**
% of reciprocated work interactions

# Step 3:
# Measuring O2C Activities

**We need to go deeper into O2C — understanding the work. Focus shifts to the activities linked to O2C (again, in the taxonomy).**

| Value Stream | Activity Code | T1 Title | T2 Title | T3 Title | T4 Title | Jobs | Positions | FTE | Activity Pay | Activity Pay/Job | Activity Pay/POS | Activity Pay/FTE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Order To Cash (O2C) | SC-137-01 | Supply Chain | Work Execution | Order Processing | Execute order processing/staging actions | 5 | 36 | 12.0 | $750,836.92 | $150,167.38 | $20,856.58 | $62,569.74 |
| Order To Cash (O2C) | SC-139-01 | Supply Chain | Work Execution | Order Processing | Confirm order readiness and credit verification | 1 | 5 | 2.05 | $121,026.15 | $121,026.15 | $24,205.23 | $59,037.15 |
| Order To Cash (O2C) | FN-128-01 | Finance | Work Execution | Order to Cash | Execute invoicing and billing actions | 7 | 14 | 5.25 | $311,510.71 | $44,501.53 | $22,250.76 | $59,335.37 |
| Order To Cash (O2C) | SC-126-01 | Supply Chain | Work Execution | Fulfillment Operations | Execute order fulfillment activities (including picking, packing, staging) | 5 | 29 | 11.25 | $676,564.65 | $135,312.93 | $23,329.82 | $60,139.08 |
| Order To Cash (O2C) | CS-124-01 | Customer Service | Work Execution | Order Management | Execute order and delivery status inquiry and exception handling actions | 5 | 12 | 4.2 | $267,073.64 | $53,414.73 | $22,256.14 | $63,588.96 |
| Order To Cash (O2C) | FN-127-01 | Finance | Work Execution | Order to Cash | Execute collections and receivables recovery actions | 12 | 22 | 6.2 | $405,371.26 | $33,780.94 | $18,425.97 | $65,382.46 |

## Key Data:

- O2C Activities: 19
- O2C Activity Pay: $5.88M (82.9% of total O2C loaded pay)
- O2C FTE %: 84.6%
- Non-O2C Activities: 32
- Non-O2C FTE %: 15.4%
- High degree of in-position activity blending

# Step 4:
# Separating Activities

**We need to consider activities in different classes. Why … and how?**

## Execution Activities

**12 activities — 63.4 FTE**

The focus of the automation project

## Coordination Activities

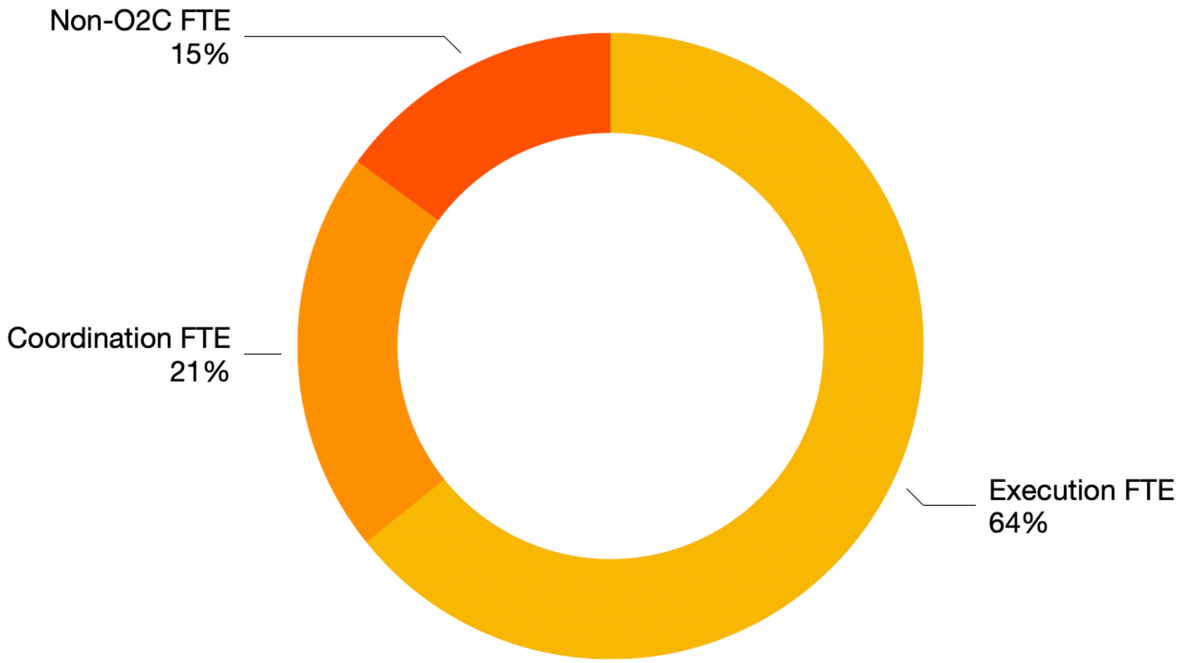
**7 activities — 20.4 FTE**

Need to be made explicit/elevated

## Non-O2C Activities

**32 activities — 15.3 FTE**

Can’t be forgotten in the solution



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# Question Break

# Step 5:
# Estimating Execution Automation

**Calculating the impacts to the organization from the removal of execution activities. This analysis doesn't yet consider positions.**

| | Conservative | Extreme |
|---|---|---|
| Removal Percentage | 80% | 100% |
| O2C FTE Removed | 50.7 | 63.4 |
| Activity Pay Removed | $3,343,589 | $4,179,486 |
| Implementation Cost | $1,800,000 | $1,800,000 |
| Year 1 Net Benefit | $1,543,589 | $2,379,486 |
| Payback Period (Months) | 6.46 | 5.17 |
| Year 1 ROI | 85.75% | 132.19% |

# Step 6:
# Reframing Coordination

**Coordination activities are distributed across multiple positions and units. We want to retain the work and build dedicated coordination roles.**

Redesign Targets

| Activity Code | Total FTE | Assigned FTE |
|---|---|---|
| FN-105-01 | 3.90 | 3.91 |
| FN-125-01 | 2.30 | 2.30 |
| FN-126-01 | 2.25 | 2.30 |
| MA-141-01 | 2.05 | 2.00 |
| SC-127-01 | 2.90 | 2.90 |
| SC-136-01 | 3.35 | 3.40 |
| SC-157-01 | 3.75 | 3.80 |
| **Total FTE** | **20.50** | **20.61** |
| **Total Cost** | **$1,700,834** | **$1,708,003** |

New Jobs

**Fulfillment Coordinator**
10 Positions

| | | |
|---|---|---|
| SC-127-01 | .29 | 2.90 FTE |
| SC-136-01 | .34 | 3.40 FTE |
| SC-157-01 | .38 | 3.80 FTE |

POS Cost = $79,976.24

**O2C Escalation Coordinator**
2 Positions

| | | |
|---|---|---|
| MA-141-01 | 1.00 | 2.00 FTE |

POS Cost = $99,295.02

**AR Coordinator**
8.5 Positions

| | | |
|---|---|---|
| FN-105-01 | .46 | 3.91 FTE |
| FN-125-01 | .27 | 2.30 FTE |
| FN-126-01 | .27 | 2.30 FTE |

POS Cost = $83,488.38

# Step 7:
# Addressing Non-O2C Work

**We can’t forget the 32 non-O2C activities — they represent work being performed.**

**There are several options:**

- Work absorbed into existing positions
- Work placed into new positions
- Work designed into new jobs
- Work assigned to coordination jobs

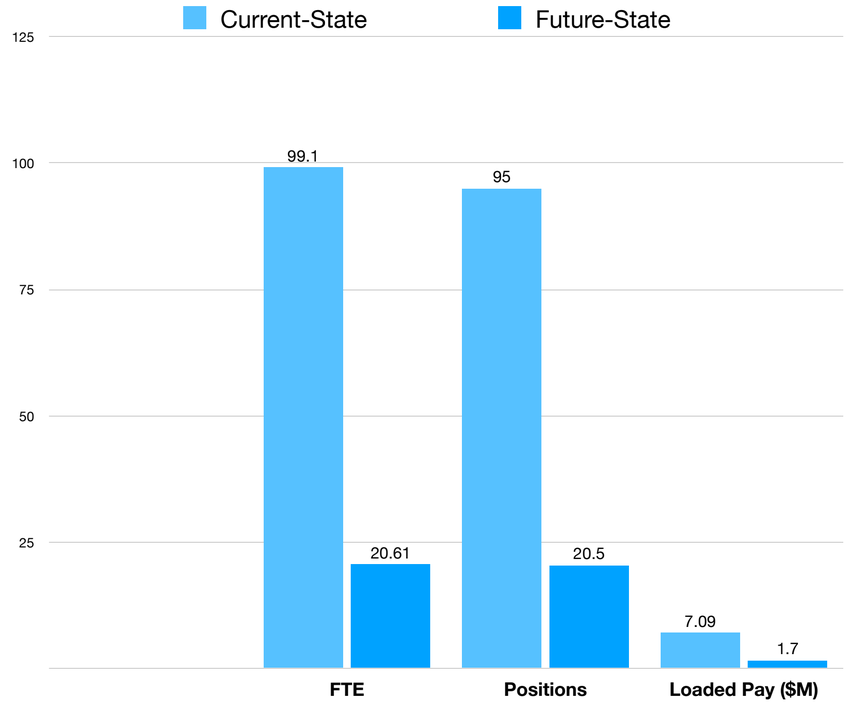
‘Orphaned’ Activities

| T1 Title | Total FTE |
|---|---|
| Customer Service | 2.50 |
| Facilities | 2.40 |
| Finance | 3.55 |
| Human Resources | 0.75 |
| Management & Admin | 0.65 |
| Operations | 0.20 |
| Sales | 2.35 |
| Supply Chain | 2.35 |

# Step 8:
# Estimating Job Impacts

**Initial analysis used activities to estimate execution FTE removal. We also need to estimate number of positions to be removed.**

| | Conservative | Extreme |
|---|---|---|
| Removal Percentage | 80% | 100% |
| O2C Execution FTE Removed | 50.7 | 63.4 |
| Activity Pay Removed | $3,343,589 | $4,179,486 |
| Average O2C Loaded Pay | $74,000 | $74,000 |
| Estimated Positions Removed | 45.18 | 56.48 |



# Close:
# Remaining Work

This assessment provides directional information, but a second phase of analysis is needed to reflect exact position-level changes (adjusting the ROI).

This analysis assumed all execution positions were replaced. Redeploying or reinvesting resources could change the ROI results (and possibly strengthen the business case).

New jobs have to be fully spec'd and fit into the job architecture. Dramatically new jobs could drive changes to the JA.

New jobs have to be fit to the structure. The question changes from "can we automate?" to "how do we structure coordination post-automation?"

Monitoring the new jobs/work will determine if further changes are necessary (eg, less coordination required).

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# Thank You

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