

Managing people – Assignment 1

Artificial intelligence in the workplace

Tesla case study



Author: James SABATIER

Supervisor: Felicity Healey-Benson

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Executive Summary:

This report provides an analysis of the use of IA in the workplace. The content deal with the benefits of AI for companies and managers. The case of the company Tesla Motors is exploited to illustrate how a company can use IA to mainly increase performances. Recommendations are given to Tesla to help them optimize their IA strategy. Finally the report consider the possible type of risks due to those recommendations.

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Introduction

In this report we will try to understand how artificial intelligence is impacting people management in the organizations in 4 keys areas: recruitment, learning & development, employee engagement and performance management. We will try to underline the benefits of AI on business performances. Using the case of the company Tesla Motors, we will try to sketch a picture of Tesla's AI strategy. We will also try to find how Tesla could improve with AI and if it's possible for the company to implement more AI process and how. Finally, we will point out the possible risks, costs or disadvantages of the recommendations we'll make.

I- The implementation of AI in the workplace

A) Impact of AI with people management

AI is redefining the jobs of HR managers. Their job is no longer reduced to find the right person for the right role. AI is mainly evolving the 4 principal sphere of HR: recruitment, learning & development, employee engagement and performance management.

- In term of recruitment we saw a lot of changes due to AI. AI has the ability to optimize matches between jobseekers and recruiters. AI can quickly get back to candidates to give them better feedbacks and answer questions about the hiring process and the role requested. Scheduling interviews with AI can now be done and it's a real benefit for recruiters. With this new types of hiring process recruiters are not influenced anymore by biases. In fact AI doesn't get affected by biases and can select a much larger pool of candidates in term of recruitment. Indeed, there is an increase number of companies that are using Chatbots for recruitment. It is due to the speed increase and the proactive communication of the method. The communication with the candidate is in real-time, it can be unique for each candidate and it can take place on any platform (Skype, WhatsApp, email...)
- AI is playing a challenging role in L&D. How computers can leads us to better learning processes is the challenge. The main question for L&D is what the needs of people are in term of learning. AI can provide insights based on the data it gathers and analyzes, which will enable organizations to develop a better understanding of learner behaviors and predict their needs to recommend content. It can also automate various processes, and provide algorithm-driven design and development. E-learning is a good example of how AI can help with L&D. Micro learning, videos, virtual and augmented reality, mobile learning and game based learning boost the motivation of people and make learning much more fun. According to Steve Lowenthal *"Learning happens as a natural part of work, people are learning more by themselves using online resources as they'd do in everyday life"* (E-learning industry, 2018). That is true, people learn more by themselves, the new role of L&D is also encouraging, enabling, and supporting self-organized learning on the e-learning support that we have mentioned before.

- For a company, employee engagement is essential to maintain a reliable turnover level. Essentially, employee engagement in a company is about how qualitative the managing gait is but AI can help managers deal with their employee needs. Thanks to technology (using telemedicine and wearable technology) companies can collect data on their employees to know more about their mindset, their psychological state, their thinks and their needs. Virtual assistants is also a useful tool for HR managers to improve employee retention. Virtual assistants are able to create personalized and productive interactions, it can listen and respond to employees really fast. Collaboration is also a key of engagement for employers. Using cloud computing, such as google docs or Dropbox is a source of employee motivation. Feedbacks are vital for employees to feel valued in the organization. AI help companies to give feedbacks to their employees with apps like Impraise or Reflektive. Communication can also be streamlined between employees thanks to apps like Skitch. (Engage for success, 2017).
- People is the main resource that a company have to reach the highest performance. The performance of individuals is key to any successful organization. Performance of employees starts when they enter the company. It is essential for employers that they can answer the questions of employees during induction. Nevertheless, new employees feel shame asking the “dump” questions. AI is there to answer them without feeling judge. Apps like Onboarding Buddy solve that kind of problem. It’s essentially an AI chat bot that integrate success factors and allow new employees to ask the “dump” questions (Lecture of Felicity Healey-Benson on performance management, November 2018). Also, performance review is key to figure out how to increase the employee performance. The problem is that a one time a year meeting like it’s done in a lot of companies is useless and negative for the employee. Managers have to be more accurate and systematic on performance review. They have to make differentiations between employees and allow them to earn rewards. AI can help them by gathering information on employees to make the best possible decision on how they are going to increase their performance.

Referring to Michael Haberman, HR consultant, *“Augmented Intelligence, rather than totally replacing people at work will be used to make them more effective. I think this may be the best use of AI for HR”* (Ideal, 2018).

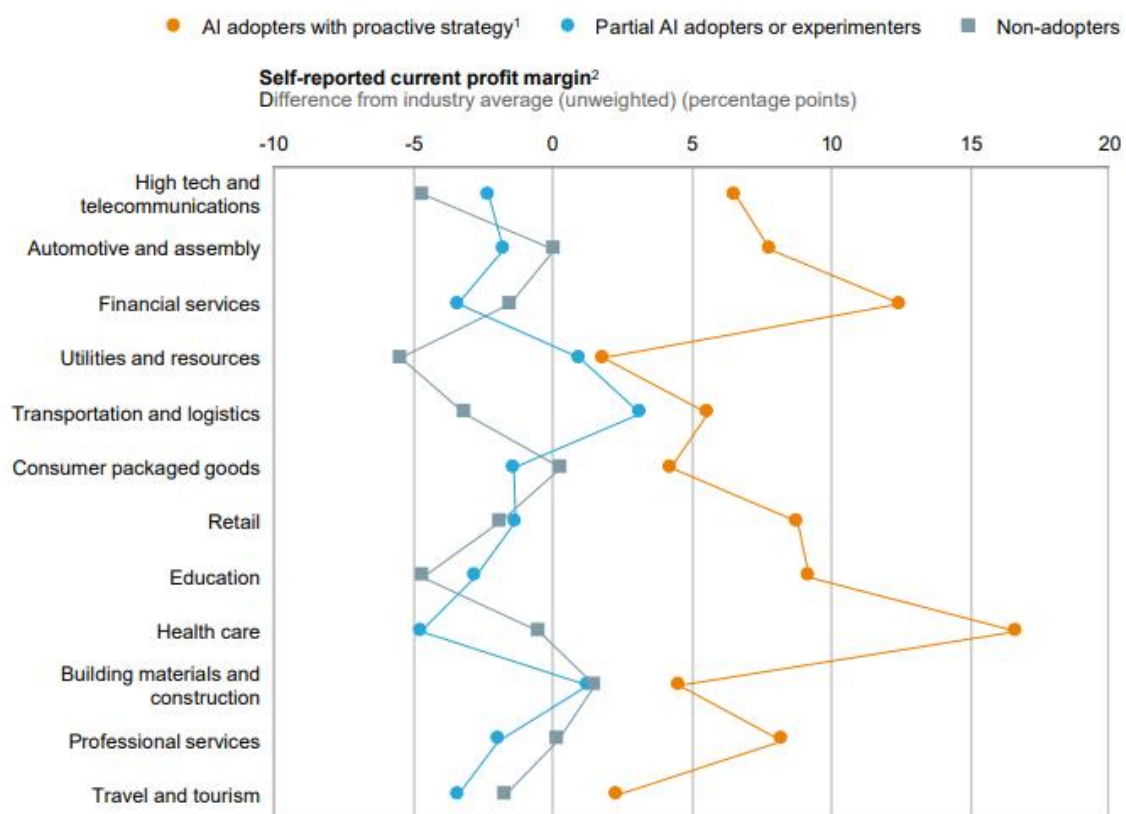
AI is giving so much tools that allow HR to be more accurate and more human with their employees. HR jobs are really impacted with the apparition of AI, managers have now to adapt and use those new technologies to find the right people and make them perform at their highest level.

B) Benefits of AI for companies

To start as an illustration with the benefits of AI for companies I will use the real story of Billy Beane director of Oakland Athletics baseball team from the film *“moneyball”*. Using data gathered on all baseball players from AI systems he managed to create the best team of all time that went on a 20 win streak. Individually those players were bad and didn't worth a lot of money but as a team they were the best. It shows that using AI and data you can sort out a lot of problems and add a lot of value.

Artificial intelligence is the future of company's performance. Digital native companies understood that, they made decent early investment in AI that are starting to pay now. For example, Amazon bought Kiva for \$775 million, a robotics company that make the picking and packing process of the company outperforming. *“Firms adopting AI at scale or in a core part of their business already see the technology's potential, and those implementing proactive AI strategies are anticipating even greater benefits”* (Mckinsey report on AI, 2017).

AI adopters with a proactive strategy have significantly higher profit margins



This graphic from the report of the Mckinsey global institute on AI show us that AI adopters companies are way ahead on profit margins than others. Their processes are much faster. Machines are doing the work for them, they don't go on strike and they don't sleep. Production is better, companies can get more out of machines while minimizing maintenance and repairs. Tasks are automatable and there's a huge time saving that allow the company to focus more on other aspects of the company. In addition to speeding up

processes, reducing costs, saving time, increasing output, AI improve accuracy by reducing errors. Also, AI is designed to manage marketing promotions to offer right price and deliver the right message to the right target. Yield marketing is fully automated and dynamic and helps companies competitively. AI is essential to keep the customers, increase their loyalty and make their experience personalized and convenient. Using mail promotion, Vip programs, time-limited offers, community brand on social medias is a AI way to keep the profits at their levels and higher them. AI potential is no longer a secret for any company. This potential is applicable to any branch of the company from recruitment to production going through marketing and management.

II- Tesla Motors and AI

A) The use of AI by Tesla

Tesla is a pioneer in term of electric cars. Their motivation is to *“accelerate the world’s transition to sustainable energy”* (Tesla website, about page). Tesla motors is a digital native company that is a lot into AI.

There’s a lot of AI used in Tesla’s cars. Tesla is using big data in a specific way. Tesla cars are vehicle-gathered data, they gather data from users and stock it in clouds. This data could be worth \$750 billion by 2030 according to McKinsey & Co researchers.

Tesla is *“focused on achieving the world’s most automated manufacturing systems while ensuring its large factory workforce is trained in the advanced skills unique to Tesla’s production processes.”* (Clean Technica, 2018). In fact, Tesla is worried about Learning and development for his employees. Referring to Tim Quinlan, Director of Digital Platform for learning at Intel, *“if you’re not learning you’re dying”* (CNBC, 2017). Tesla managers understood that, that is why they are using digital platform called Degreed that allow individuals to search for learning resources.

“Tesla found that engaged teams drive 15% more profitability, are 30% more productive, and lead to 62% less safety issues” (IBM blog, 2018). That’s why they created a dashboard that deliver results from an internal survey that let employees share feedback and concerns to better understand. *“Employees could view top-level results of this survey quickly but Tesla also provided deep-dive options through the same dashboard for those interested. According to Tesla, this kind of data sharing is critical to increasing employee involvement and commitment to company initiatives”* (IBM Blog, 2018). Tesla is able to use IA to increase employee’s performance

Tesla is a very digitalized and high tech company, to keep that competitive advantage Tesla is in a constant innovating process that brings IA in the center of the company strategy and not only in their cars.

B) Improvements that could be made

In that type of company it is really about innovation. People ideas are key for innovation. Employees are the most valuable resource that Tesla have. Quality of employees are essential so the company continue to innovate.

- L&D : Tesla should train more their employees, using an L&D online platform (Degreed) isn't enough. They should provide them new ways to learn such as game designed learning, mobile learning, virtual augmented reality learning. Workers at Tesla are from the digitalized generation so it will be a good thing for them to help them maintain their skill level and keep in touch with innovation.
- Recruitment: Recruiters are playing a real role in the company. In fact, *"No one got a job at Tesla without first getting a thumbs up from CEO Elon Musk"* (Business Insider, 2017). All candidates have to go through several screenings including an interview with the CEO. This is a huge problem because this is too laborious and slow. Imagine that a CEO interview every employee. Tesla may consider to use IA recruitment so they can filter the job seekers more efficiently and much faster. It would be good to use Chatbot and online interview to filter the right profiles and then continue with a more traditional face to face interview to ensure the quality of the candidate. Tesla recruiters can set a typical profile that they want to only keep the candidates that have that profile.

C) Disadvantages/risks/costs

- There is a security risk with Chatbots, they are not 100% reliable. They can create breach in systems which can be exploited by hackers or virus. In term of recruitment Chatbots are not really motivating for people, they can be frustrating and disturbing.
- Online interviews are falsing results because people don't act the same in front of a robot than a human. Candidates can find a way to cheat to distort the algorithms.
- The main problems with E-learning for Tesla employees is the time management and the self-motivation. They will have to find the motivation and the time to learn. Burnouts can be a real issue, managers have to stay in touch with their employees. E-learning devices are not always answering to the employees needs and can be pointless.

Conclusion :

Artificial intelligence is booming. This is changing the way that HR managers are working and this is giving very useful tools that they can exploit to have better results. Recruitment, learning and development, performance management and employee engagement are four areas of the company that can be affected by AI. We have noticed that the outperforming companies have all a strong AI implementation. Tesla Motors as a digitalized native company is using IA to its advantage. This is helping the company increase its performances. However Tesla could do better because there are some areas like recruitment and performance management where Tesla doesn't really use IA devices. Furthermore, companies have to keep in mind that IA involves costs and risks such as ethical issues that can be detrimental for business.

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