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Global Business Consulting

A transformative journey: Global pharmaceutical leader applies human-centered design thinking to shape a next-gen internal audit vision

Today's corporate trailblazers have to go beyond responding to change — they must anticipate and be ready for it, even be the change agents themselves. The chief audit executive of one of the largest global pharmaceutical companies headquartered in the UK saw her role in these terms when the company needed to redefine its internal structure and strategy to respond more effectively to market needs. The company's target operating model created new regulatory, stakeholder and risk profiles, and its Global Head of Internal Audit was challenged with designing an internal audit strategic vision for the new landscape.

Thinking Differently

The magnitude of the change required bold, out-of-the-box thinking. The head of audit had a strong relationship and history of success with Protiviti, which included an external quality assessment (EQA) of the company's audit function. She was also interested in Protiviti's next-generation audit framework and how it could be applied to raise the maturity of her department and propel it into its next stage of growth. When an opportunity arose for her audit team to visit one of Protiviti's global innovation sites, she brought this challenge to the table and expressed interest in applying a nontraditional approach to develop a strategic vision for the new audit structure.

The Design Thinking Journey

To develop the vision, Protiviti supported this audit executive and the rest of the team through a human-centered design thinking journey — a half-day session where the audit team was given the guidance and tools required to think about their challenges in new ways. Applying divergent thinking that removes constraints such as "Is that possible?" or "Can we afford it?" the group was empowered to identify the real problems to be solved and come up with many solutions. This creative energy was then harnessed through a convergent thinking exercise to focus on practical solutions that could be roadmapped and implemented.

"Our approach to innovation enables clients to come up with creative solutions to a myriad of business challenges. The workshops foster global collaboration with our clients and ecosystem partners, and leverage the creativity and expertise of our own cross-functional teams, as well as the client's. It truly is a creative collaboration with tangible business results as the end product."

— Barbi Goldstein, Managing Director,
   Global Innovation Leader, Protiviti

What Is a Recipe?

A design thinking "recipe" elicits insights by applying various knowledge tools to existing problems. While there are hundreds of customizable recipes applicable to different situations and challenges, the following "ingredients" made up this particular group's design thinking journey:

- A creative matrix — to generate new ideas

- Affinity clustering — to reveal themes and patterns

- Abstraction laddering — to understand cause and effect

- "Rose, thorn, bud" exercise — to identify opportunities

- An importance/difficulty matrix — to identify and rate priorities

The divergent thinking session contemplated each challenge with a focus on three things: define the key theme; determine areas of interest; and articulate the real problem. The key areas of interest that emerged were improving assurance by increasing focus on key risks, making internal audit more efficient, and extracting more valuable insights from internal audit activities. The audit team then identified two real problems to be solved: How to effectively articulate the key pillars of the future internal audit function to senior leadership and the board, and how to work more efficiently.

Applying the Next-Gen Internal Audit Framework

Protiviti helped the team align its key themes discovered through the design thinking exercise to Protiviti's next-gen internal audit framework to complete its strategic vision. Linking the company's key areas of interest from the design thinking session to key elements of the next-gen framework grouped under the areas of governance, methodology and enabling technology led to an actionable road map for meeting the audit executive's goals.
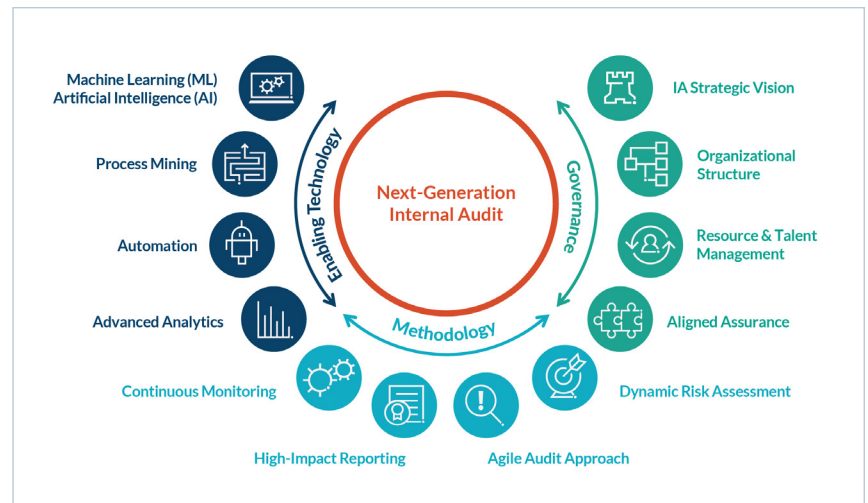
For example, the important aspects of the client's articulated vision — improved assurance, improved efficiency and better insights — led to identifying specific actionable opportunities such as organizational restructuring and tone at the top changes to improve risk oversight and alignment; employing technology and a new talent/competency model to manage costs; and using data analytics to deliver better insight and reporting.

"The next-gen internal audit framework helped our client concretize the vision that emerged from the design thinking session. It helped create a road map for transformation and led to specific projects to advance that vision forward."

— Esther Delgado, Director, Internal Audit, Protiviti

A Vision for Change From the Inside

Under traditional transformation models, tenuous change management efforts are undertaken to ensure stakeholder buy-in of new ideas. However, buy-in is inherent to a collaborative design thinking exercise. Design thinking brings out the real problems experienced by the participants and finds solutions that are organic to the organization. In simpler terms, when knowledge and discoveries come from the inside, change management is not necessary — there is no necessity to convince stakeholders of their own solutions.

Knowledge Sharing

Innovators are rarely disconnected from the knowledge and experience of others; in fact, they often use that as a jumping-off point to new ideas. The head of audit and her team were curious about examples of advanced and innovative thinking in internal audit. We shared examples of innovative practices in use by leading internal audit departments around the world, including advanced analytics, robotics and agile methodology. In addition, Protiviti's Next-Generation Internal Audit Survey offered the company an opportunity to compare existing and future elements of its transformation with those of its peers.

A Deeper Transformation

A next-gen mindset is about more than simply using new tools to execute internal audit work. Rather, it's about adopting an agile and innovative mindset, using technology deliberately to meet the objective of providing effective risk assurance more efficiently. The design thinking session helped our client identify their vision and priorities, and the next-gen framework identified the areas that needed to be developed to meet these goals. Two tangible outcomes were an advanced data analytics project conducted in partnership with Protiviti and optimization of the company's process mining tool, Celonis. More importantly, the internal audit team was inspired to embrace a new paradigm and break the mold of how they think about their challenges. By deploying human-centered design thinking to drive its next-gen vision, the team created powerful synergies from which to shape the future of the internal audit function — and the company.

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