

Change Management

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MGM323

Lecture 8





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Lecture 8 IT-based process change

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Agenda IT-based process change IT

- **Introduction.**
- IT-based process change
- The potential gains concern innovation and development.
- The potential gains concern achieving efficiencies to.
- IT management competencies.
- Eight categories of IT management competencies.
- Three-stage process for moving towards better IT management.
- approaches to achieving IT.
- Principles of socio-technical.

A hand in a dark suit jacket points towards a hexagonal grid overlay. The grid contains several white icons: a bar chart with an upward arrow, a flowchart with 'x' and 'o' nodes, a person at a presentation board, a target with an arrow, a magnifying glass over a bar chart, a clipboard with checkmarks, and three interlocking gears. A central blue hexagon contains the text 'CHANGE MANAGEMENT' in white, bold, sans-serif capital letters. The background is a blurred image of a person in a blue shirt.

Agenda IT-based process change IT

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Chapter
08**IT-based process change**

- IT has become a significant part of every person's working life. According to US economic analysis figures, companies are now spending an average of 30 per cent of their capital expenditures on information technology compared with 5 per cent in the 1960s. It is viewed as a critical resource.

Agenda IT-based process change IT

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- IT management competencies.
- Eight categories of IT management competencies.
- Three-stage process for moving towards better IT management.
- approaches to achieving IT.
- Principles of socio-technical.

Chapter
08

The potential gains concern innovation and development:

The potential gains of successfully implementing IT-based change are many and varied. Organizations are attracted by the idea that they will gain the capability to do a range of highly desirable things.

The potential gains concern innovation and development:

The potential gains concern innovation and development:

- To achieve flexible, responsive production of customized goods;
- To segment the marketplace in new ways through analyzing information, and then create new products for those segments;
- To serve customers in new ways by creating access via the internet;
- To create new forms of partnership and new types of organization.

Agenda IT-based process change IT

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The potential gains concern achieving efficiencies to:

- Reduce the need for agents and intermediaries by providing employee or customer self-service facilities over the Internet.
- Achieve sophisticated functionality at a reasonable cost (for instance by introducing standard packages such as ERP);
- Allow globalization of operations;
- Enable choices to be made about how the company is structured while retaining the necessary level of central control;
- Produce better information, with a greater level of detail than was possible before, and make it available faster to allow better decisions to be made;

Chapter

08

The potential gains concern achieving efficiencies to:

- Enable 24-hour working to maximize the ability to serve the global market and make best use of resources;
- Encourage greater staff involvement by making information available to more people in the company;
- Increase the opportunity for flexible working on the road or at home;
- Reduce staff costs;
- Increase the value of skills and knowledge by sharing information well.



Agenda IT-based process change IT

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IT management competencies

- **Business deployment:**

- Examination of the potential business value of new, emerging IT;
- Effective working relationships among line managers and IT staff;
- Appropriateness of IT policies;
- Appropriateness of IT sourcing decisions;
- Effectiveness of IT measurement systems.



IT management competencies

- **External networks:**



- Existence of electronic links with the organization's customers;
- Existence of electronic links with the organization's suppliers;
- Collaborative alliances with external partners (vendors, systems integrators, competitors) to develop IT-based products and processes.

IT management competencies



- **Line technology leadership:**

- Line managers' ownership of IT projects within their domains of business responsibility;
- Propensity of employees throughout the organization to serve as 'project champions'.

IT management competencies



- **Process adaptiveness:**

- Tendency of employees throughout the organization to learn about and subsequently explore the functionality of installed IT tools and applications;
- Restructuring of business processes, where appropriate, throughout the organization;
- Visualizing organizational activities throughout the organization.

IT management competencies

- **IT infrastructure**



- Restructuring of IT work processes, where appropriate;
- Appropriateness of data architecture;
- Appropriateness of network architecture;
- Knowledge of and efficiency of the organization's IT skills base;
- Consistency of object (data, process, rules) definitions;
- Effectiveness of software development practices.

IT management competencies

- **Data center utility:**



- Appropriateness of processor architecture;
- Efficiency of quality assurance and security controls.

Source: Sambamurthy and Zmud, in Sauer and Yetton (1997).

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Agenda IT-based process change IT

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Chapter
08

Eight categories of IT management competencies:

So what are the unique skills and knowledge required by an organization collectively to ensure that IT is used to improve business processes, enable changes in organizational structure, add value to its knowledge base and create or support the development of new products and services? Sambamurthy and Zmud carried out a four-year research programme in the early 1990s, out of which emerged Eight categories of IT management competencies:

Eight categories of IT management competencies:

1. Business deployment: The key competencies in this area are the ability to examine, visualize and communicate the value offered by emerging IT. This needs to be coupled with the use of Multi-specialty teams, with a good shared understanding of IT, to rapidly implement innovative IT solutions.



Eight categories of IT management competencies:

2. External networks: This area of competence refers to the need for the organization to develop close partnerships with external parties to increase their awareness of emerging IT.



Eight categories of IT management competencies:

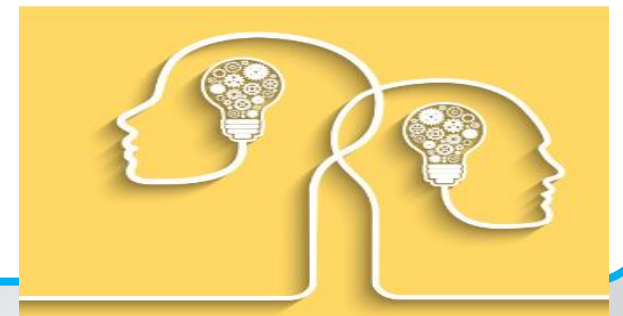
3 Line technology leadership: Users such as line managers and senior managers need to participate actively in championing IT initiatives. This area of competence concerns the ability to take technical leadership, which line managers may delegate rather too quickly to IT people through lack of understanding of the technology.



Eight categories of IT management competencies:

4. Process adaptiveness: This competence refers to the ability of all employees to relate to IT and the way it can transform business processes.

It is also about the organization's track record in restructuring its processes, and the existence of an environment where employees can discover and explore the functionality of IT systems.



Eight categories of IT management competencies:

5. IT planning: This competence concerns the ability of managers within the organization to link strategic plans with IT plans, and to plan and execute individual projects.



Eight categories of IT management competencies:

6. IT infrastructure: This competence is about the appropriateness and flexibility of the underlying infrastructure which allows for innovative IT practices to emerge and to be capitalized upon.



Eight categories of IT management competencies:

7. Data center utility: This competence concerns the ability of those within the organization to build, maintain and secure fundamental information-processing services.



Eight categories of IT management competencies:

8. Managing outsourced services: This concerns the ability to evaluate potential service options, manage the transition to outsourced IT services and manage service levels and service evaluation.



Agenda IT-based process change IT

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- Eight categories of IT management competencies.
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Chapter

08

Three-stage process for moving towards better IT management

Sambamurthy and Zmud asked 230 senior IT executives to assess the levels of these competencies in their own organizations and to rate their organization's success in deploying IT successfully. This research revealed a strong link between the level of these competencies and the organization's level of success with deploying IT in support of its business strategy and work processes.

Chapter

08

Three-stage process for moving towards better IT management

The organizations in the group of respondents characterized by the highest level of IT management competency were also those demonstrating the highest success rate in deploying IT.

We offer the following three-stage process for moving towards better IT management.

Chapter

08

Three-stage process for moving towards better IT management

Step one

Bring together a task force including senior management, line management and IT people. Start a discussion about how IT strategy will link to organizational strategy over the next five years. Select the IT management competencies that you think will be most important.



Three-stage process for moving towards better IT management

Step two

Conduct an audit of the key IT management competencies, involving as many people as possible. Use internal (good development for them) or external (better access to benchmarking data) consultants for this process.

Feedback on the results and identify hot spots where competence is low but importance is high.



Three-stage process for moving towards better IT management

Step three

Plan how to raise the level of the most significant competencies, allocating resources and responsibility and defining a specific timescale.



Agenda IT-based process change IT

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Chapter
08

Approaches to achieving IT

BPR

BPR is one of the best-known approaches to achieving IT-based change in organizations. It was first set out in a book by Hammer and Champy in 1993, entitled *Reengineering the Corporation: A manifesto for business revolution*, and was received with much enthusiasm from the business community, appearing to offer the answer to how to achieve radical change and maximize effectiveness. The tenets of this approach are:

Approaches to achieving IT

- *Strict focus on business processes that deliver value to the customer;*
- *Radical process redesign from scratch, leading to radical transformation;*
- *All unnecessary process detail is eliminated;*
- *Old processes are obliterated;*
- *Redesign produces processes that give significant strategic improvements in competitive performance;*
- *Enabled by IT.*



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Chapter
08

Principles of socio-technical

This school of thought stems from a systems view of organizations, based on the organism metaphor (see Senge in Chapter 3, and is a much more incremental, evolutionary approach. The approach is less widely used than BPR and seems more cautious and humanistic than traditional BPR processes, which have a rather macho feel to them, advocating throwing everything out and starting again.

Chapter
08**Principles of socio-technical**

The underlying principles of socio-technical design are identified in Mumford and Beekman (1994). These principles were originally developed by the Tavistock Institute of Human Relations in London in the late 1960s, but still appear to hold good today:



Principles of socio-technical

- **The principle of minimum critical specification:** tell people what to do but not how to do it.
- **The principle of variance control:** problems must be corrected as close to the point of origin as possible, and preferably by the group that caused them.
- **The principle of multi-skilling:** give individuals a range of tasks, including some routine and some challenging.

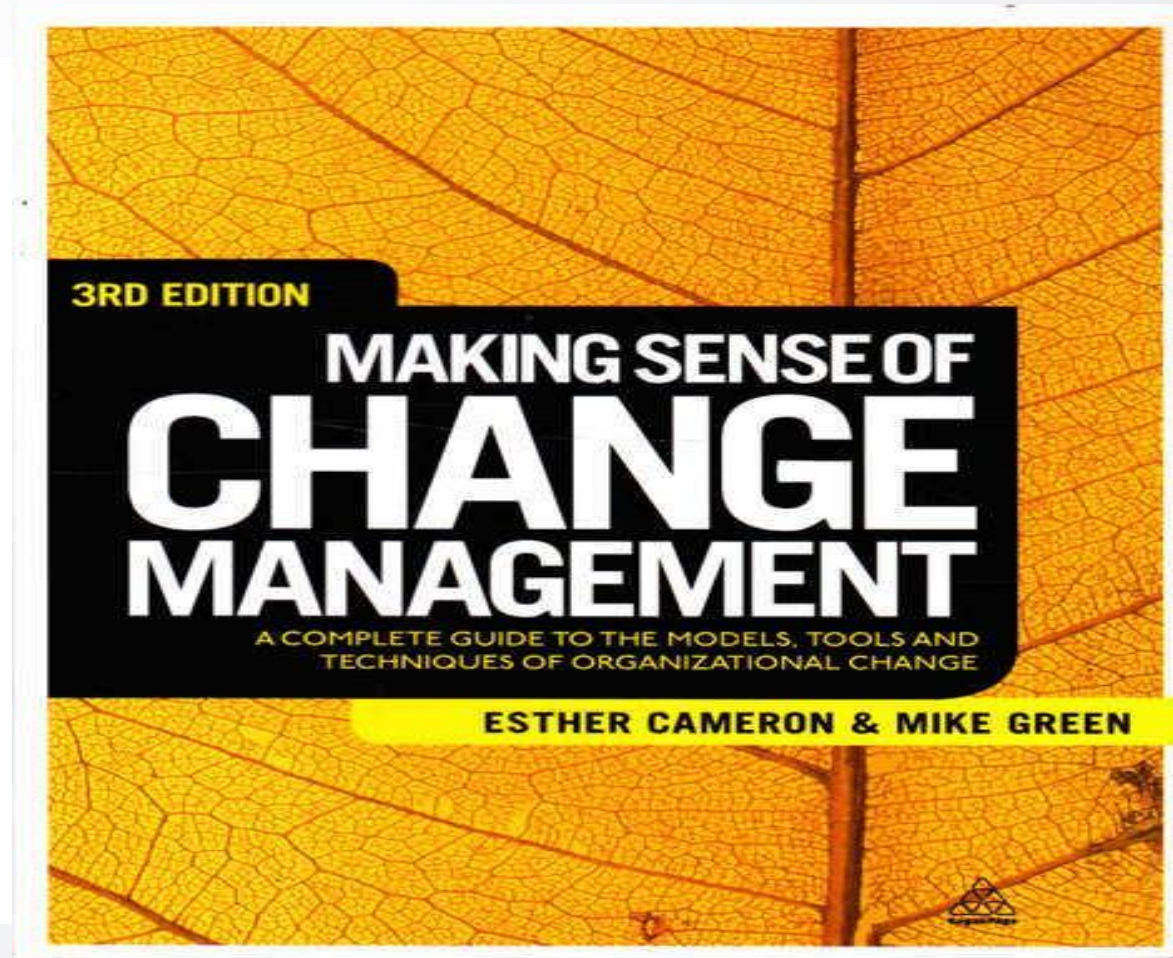


Principles of socio-technical

- **The principle of boundary management:** identify boundaries between groups or functions and ensure that these are well managed and that the people on them have the necessary information to pass the product smoothly to its next transformation stage.
- **The principle of information flow:** information systems should be designed so that information goes directly to the place where action is to be taken, or to the source that originated it.



Textbook



Thank You

