

## Business change in commercial enterprises

Over recent decades, information and communications technologies have significantly altered the ways in which business is undertaken. They will continue to do so into the future.

### **Mechanisation**

Initially, existing work processes were simply mechanised with halls of comptometer operators being replaced by large cabinets, into which punch cards were fed and which printed out invoices, etc. Other than displacing specific human tasks, work was essentially undertaken in much the same way as it had been for decades before.

### **Databases**

As the storage capacity of these computers increased, it was realised that certain data could be permanently held in them, like customer names and addresses, so they did not need to be repeatedly re-entered. Further, a single occurrence of such data could be held and used for multiple purposes.

### **Communications**

It was then realised that such data could be used simultaneously across different parts of the organisation, e.g. stock levels to check that orders could be fulfilled and for controlling production. Data came to be viewed as a corporate resource, accessible by authorised users, from anywhere in the organisation, courtesy of the new communications facilities.

### **Management information**

This data could also be used to provide management information, which had not been available before, for better decision making. This led to the realisation that certain human activities were now redundant, e.g. performing reconciliations, as they happened at the same time as data are entered or changed. Hence business process re-engineering resulted in workflows being altered and human involvement being reduced.

### **Generic business software**

Large, commercially available packages were acquired to reduce the programming effort needed. The business had to change to align

with the generic software, if IT implementation costs were to be minimised.

Typically such business change costs did not appear in the business cases for adopting these packages. The focus was on reducing IT costs by buying, rather than making and maintaining, such software. However, many of these business changes turned out to be very expensive and time consuming and they rarely went smoothly as they were afterthoughts rather than part of the original plan.

### **Business change**

In reality, the business change costs were often many times the technology costs but no prior budgetary provision was made for them and resources needed were not specifically allocated to the task. They could not be spared from their normal duties as business targets needed to be met.

The technologists could make the technology do virtually anything, at a cost, but what should the new ways of working be and how would people need to change to use it to best effect? In reality, these were all line management issues that sat outside of the IT Department. No longer could IT be done to people. From this point forward, people have to change their own behaviour. There is little more technology can achieve without people changing.

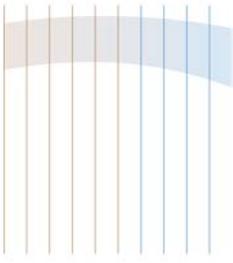
### **Changing behaviours**

Two key problems arise. One is redesigning new workflows and checking out that they achieve what is expected of them. The more significant part of the transformation is changing the ways in which people work.

Current working patterns and the ways in which people interact with their colleagues have been built up over many years, often decades. Many people have been doing the same job for years and could do so running, for most of the working day, on auto-pilot expending very little mental energy.

If business operations are to be maintained, it is just not possible to change this heritage with a day's training course. Old ways of working have to be unlearned and new jobs mastered.





This takes months and years. How long did it take you to become proficient in the work you now do, starting from scratch or after joining from another enterprise which did the same things but differently?

### **Data cleaning**

The transformation work was not just limited to people. Often when two or more sets of data were brought together, a large number of potential duplications and errors became apparent. Data cleaning was a significant task. So that valuable data has not been lost, many generic systems are still running, with a constellation of remnants of old systems surrounding them.

### **Internet**

The advent of the internet (which gave customers, suppliers and others visibility of enterprise IT systems) exposed other operational issues like availability, performance and security. Again, internal workflows needed to be changed as customers could place their own orders and wanted to know, there and then, when they could expect delivery.

### **Digital**

Social media, the cloud, smartphones and mobile apps are likely to see even greater inclusion of customers, suppliers and others into the electronic ecosystems of enterprises. Many of these will result in further changes to internal operations. Such applications could also see a burgeoning of the quantity of data held and present new challenges in extracting useful information from it to grow turnover and reduce costs.

### **Looking forward**

The main focus is now not so much on what the technology can do, but more on how best to change the behaviours of people to make best use of it to create value for shareholders. New techniques, like "Agile", involve those whose behaviour needs to change in creating new facilities for them, but all of this is useless unless people change the ways in which they work.

### **Investment implications**

That is expensive to do, needs considerable management attention (often on a one-to-one basis), hard decisions on who stays and who goes and continuous focus on ensuring new practices are sustained without relapses into old working methods. This is often the most expensive part of any business transformation yet is typically understated, or even ignored, in business cases. People (and their cost) have to be freed up to do it. That can add yet further costs in lost business and errors while the changes are taking place.

The above does not just apply to investments in business change involving IT. It applies to all investments in business change and where they cross business functions, it is vital that the Executive is very closely involved. It must not be left to the managers in affected departments who do not have the necessary span of control to obtain the maximum value from such changes and, indeed, might have vested interests in protecting their areas.

This is one of a series of papers on Grosvenor's Value Management. Others cover:

- vision,
- investments,
- capabilities,
- business benefits and
- value.

For further information or a conversation on Value Management please contact:

Chris Tiernan on +44(0)7831 664 281 or [c.tiernan@grosvenorconsultancy.com](mailto:c.tiernan@grosvenorconsultancy.com)

Carolyn Jacks on +44(0)7775 811 502 or [c.jacks@grosvenorconsultancy.com](mailto:c.jacks@grosvenorconsultancy.com)

Grosvenor Consultancy Services LLP  
Thames House  
5 Church Street  
Twickenham  
Middlesex  
TW1 3NJ  
United Kingdom  
Telephone: + 44 (0)20 8891 6767  
Fax: +44 (0)20 8891 1177  
[www.grosvenorconsultancy.com](http://www.grosvenorconsultancy.com)

