EXCITING TIMES!
We are in a time of grand exploration – a new economy is being born (perhaps in fits and starts)

- Equally frustrating though – is that the tenets of this evolving economy are so different that the rules are just now being formulated, reformulated and reformulated again!
- As the economy matures – some principles will prove to be true, while others will fall by the wayside
- The following opinions offer promising new thinking on organizing principles
- They point to areas enterprises need to focus on to succeed in an ‘e-economy’

Organizing Principles

The Learning Organization
Peter Senge The 5th Discipline: The art & practice of the learning organization.

- Most organizations live only 40yrs – 1/2 the life of a person, because they have ‘learning disabilities’

Organizational Learning Disabilities
1. Enterprises move forward by looking backward in that they rely on learning from experience = companies solve the same problem over & over
2. Organizations fix on events – yet the real threat comes from processes that move so slowly, no one notices them
3. Teamwork is not optimal, contrary to current belief.

Organizing Principles

The Learning Organization cont.
- Organizations that can learn faster than their competitors will survive
  – In fact, it is the only sustainable advantage

  - To become a learning organization, an enterprise must create new learning & thinking behaviors on its people

Organizing Principles

The Learning Organization cont.
- An organization and its people must master the following five basic learning disciplines:
  1. Personal mastery: lifelong learning
     - People reach a special level of proficiency when they live creatively
     - This personal mastery forms the spiritual foundation for the learning organization, so organizations need to foster these aspirations
  2. Mental models: deeply ingrained assumptions, generalizations, and images that influence how people see the world and what actions they take
     - Organizations can accelerate their organizational learning by spurring executives to surface their assumptions and test them for relevancy

Organizing Principles

The Learning Organization cont.
- Shared vision: organization’s view of its purpose, its calling
  - It provides the common identity by which its employees and others view it
  - A shared vision is vital to a learning organization because it provides the rudder for the learning process
  - ‘What do we want to create?’
Organizing Principles
The Learning Organization cont.

4. Team learning: “dialog”, where people essentially think together, occur when people explore their own and others’ ideas, in order to arrive at the best solution; “discussions”: occur when people try to convince others of their point of view
   Few teams dialog; most discuss, so they do not learn.

5. Systems thinking: to understand systems, people need to understand the underlying patterns

Organizing Principles
Processes Rather Than Functions

Key point in the re-engineering movement wasn’t that changes needed to be dramatic – but that they needed to be made from a process centered rather than task centered view

Tasks - about individuals
Processes – about groups, we are now in a ‘group economy’

Organizing Principles
Communities Rather Than Groups

Communities – form of their own volition
Groups – formed by design, their members are designated a priori

• Communities:
  – Perform the same job, or collaborate on a shared task/product
  – They have complementary talents & expertise
  – They are held together by a common purpose & a need to know what the others know

Organizing Principles
The Learning Organization cont.

• Of these 5 disciplines – systems thinking is the cornerstone

• Until organizations look inwardly at the basic kinds of thinking and interacting they foster, they will not be able to learn faster than their competitors

Organizing Principles
Processes Rather Than Functions cont.

Process Centering:
- Turns people into professionals rather than workers
  • If you define a professional as someone who is responsible for achieving results rather than performing a task
  • The professional is responsible to customers, solving their problems by producing results

Organizing Principles
Communities Rather Than Groups cont.

• Most people belong to several communities of practice, and most important work in companies is done through them
  Note: not necessarily defined
• Communities are the critical building blocks of a knowledge-based document

• Three reasons:
  – People, not processes, do the work
  – Learning is about work, work is about learning, and both are social
  – Organizations are webs of participation
Organizing Principles

Virtual Rather Than Physical

A virtual organization doesn’t exist in one place or time – it exists whenever & wherever the participants happen to be

• The virtual organization is a popular description of new organizational form
• Underlying principle = time & space are no longer the main organizing foundations

E-mail flow

Organizing Principles

Self-Organizing Rather Than Designed

• Form of future organizations – look at nature & how it organizes itself
• The basic tenet is that nature provides a good model for future organizations that must deal with:
  – Complexity
  – Share information & knowledge
  – Cope with change

The message is about being to adapt, it’s like imitating structures found in nature

Organizing Principles

Adaptable Rather Than Stable

• Speculation on future organizations
  – Successful organizations will be structured to naturally support volatility and continual surprises
  • Today’s organizations are structured to maintain stability; change is minimised
    – Change costs a lot
    – Firms built for stability are not adaptable

Understanding A Networked World

The Internet Mindset

Just as PCs turned the mainframe data processing mindset upside down, this new world of communications, with its multi-dimensions and interactivity, wreaks havoc with businesses unless they understand and embrace the mindset of the global online world

The Internet mindset:
1. Communication is personal, not mass market
2. Customer contact is interactive, not broadcast
3. The customer time frame is theirs, not yours
4. The culture is bottom-up, not top-down

Understanding A Networked World

The Internet Mindset cont.

1. Communication is personal, not mass market
  • Communication is ‘up close and personal’, not top-down mass marketing
  • Some corporate Web pages are stuck in the traditional advertising model, ‘duplicating’ the ‘printed page’
  – THEY ARE USING THE WRONG MINDSET: MASS MARKET RATHER THAN PERSONAL
  • Others get it ‘right’ and give people a way to create their ‘own’ pages e.g. My-Yahoo, My-CNN etc.

Understanding A Networked World

The Internet Mindset cont.

2. Customer Contact is Interactive, Not Broadcast
  • The single most important point of view to take toward the Internet is to view it as interactive, not broadcast:
    – In essence, the Internet is a customer’s window to companies
    – It is substantially different from TV because customers can initiate communications with a firm rather than merely react to their ads
Understanding A Networked World
The Internet Mindset cont.

3. The customer time frame is theirs, not yours
   • Customers are closer than most companies have ever experienced
   • Being put on hold increasingly irks
     – Today’s consumers are busy with little patience with waiting
     – As with TV remote controls, customers who do not get immediate satisfaction will switch to the competition with a point and click

Understanding A Networked World
Where’s the Value in a Network? cont.

• Networks allow value in four places, leading to four new kinds of businesses:
  1. At the core and periphery
  2. In common infrastructures
  3. In modules
  4. From orchestration

Understanding A Networked World
Where’s the Value in a Network? cont.

1. Core and Periphery Services
   • Value moves to the ends
     – Value is in the core (leadership and strategy handled by top management) and the periphery (customer-facing employees making decisions and taking actions) – or in the IT infrastructure and end devices

Understanding A Networked World
The Rules of Networks

• Three distinguishing characteristics of e-economy:
  1. It is global
  2. It favors soft things - intangibles, such as software, information, ideas, and most importantly relationships - over hard things, such as trucks, steel, and cement
  3. It is intensely interlinked
1. Aim for Relationship Tech.

- All about connecting
  - Connecting more devices to a network exponentially increases the value of the network for everyone involved as so many new connections are created
  - Today’s world is all about networks = connecting.
  - Technology that enhances these relationships is called relationship tech
  - Company with the smartest customers wins – requires more trust from both company & customer

2. Follow the Free

- The best gets better and cheaper at the same time
  - The network economy is founded on this principle of decreasing price for increasing quality
  - The most valuable goods & services are those that are most abundant – they increase the value of every other one
  - Netscape gave the browser away free & sold the servers. This strategy worked until Microsoft with a large market did the same thing & took away the market share

3. Feed the Web First

- More important to be on the right network or network platform.
  - It is important to be on the right network, or network platform – a Mac or Windows person?
  - A companies success depends on the standards it chooses – choice of ERP packages & bolt-ons to then choose from
  - In the network economy, enterprises will shift their focus from maximizing their own value to maximizing the value of their network
  - Its too early to tell how important one wireless Internet access platform will be over another & to whom the choice will have the greatest value

Moving Forward

- So far (this chapter) = about processes, structures and technologies
- Moving forward though, is about people
- It is people who will lead us into this new business world and the people who will be led.

Moving Forward

Understanding Users

- Individuals, work groups, departments, even business units have different levels of eagerness concerning any new technology
  - To help them use a new technology IS needs to understand user comfort levels

FIGURE 14-1 The Technology Camel

Moving Forward
Understanding Users cont.

1. Eager Beavers - The Innovators and Pioneers
   • Noisiest
   • Approach = support them with some funding and learn from them

2. Early Adopters: The First Consumers
   • ‘Disciples’, not too far behind the innovators
   • Enterprises could miss a market by ignoring these people
   • Approach = Need to be managed.

3. Early Majority: The First Big Wave
   • Willing to use technology but need some help to make it happen
   • Not the self-sufficient pioneers or risk takers
   • Tend to be in relatively important positions
   • Make or break introduction of new technology
   • Approach = Need to understand how they view the company, customers and competition; then help them choose a strategy to expand their familiarity with, say, the wireless Internet

4. Late Majority: The Technology Skeptics
   • Not afraid of technology, but they do have serious concerns about risks and costs
   • Concerned about wasting time and $
   • Approach = IS management needs to be prepared to address risks and costs as they are to address technology opportunities

5. Technically Averse: Not on My Time You Don’t
   • Resist technology e.g. not currently doing anything about the wireless Internet or Web Services
   • In many cases, their concerns about loss of privacy, security, control, and possible exposure to competition override any perceived benefits of the technology
   • Approach = IS first needs to understand their concerns

The Technology Camel:
IS Management – The ‘Bottom Line’
• IS Department (Management) need to recognize and acknowledge each cluster’s concerns about new technology
  - Eager Beavers: The Innovators and Pioneers (.5%)
    • Early Adopters: The First Consumers (5%)
    • Early Majority: The First Big wave (30-35%)
    • Late Majority: The Technology Skeptics (40-50%)
    • Technically Averse: Not On My Time You Don’t (10-15%)
Moving Forward  
Increasing Executives’ Understanding of IT  

- Leadership of IT is no longer a technical challenge; it is a challenge for all business managers  
- CIOs need to ensure that the business managers:  
  - Stay abreast of the changes and new uses of IT  
  - Are comfortable with IT, and  
  - Understand its impact and potential value to the business

Increasing Executives’ Understanding of IT cont.  
Executives’ Leadership Roles  

- These roles include:  
  - Setting the tone of the enterprise toward technology  
  - Envisioning how IT can serve business strategy  
  - Governing as well as leading  
  - Using IT to promote business change, and  
  - Assessing costs and benefits

Increasing Executives’ Understanding of IT cont.  
Means for Executive Learning  

- These include:  
  - Learning by doing  
  - Learning by governing, and  
  - Learning via educational programs

Conclusion  

- We are indeed in a business revolution  
- With it, the use of IT is changing in kind  
  - It has shifted from amplifying thinking and processing to amplifying communicating and connecting  
- It is now much more about relationships than transactions (which happen in the background) and are becoming increasingly sophisticated

Conclusion cont.  

- Now that this shift has been made, IT becomes about business and needs to be the responsibility of the business folks, not just technology folks  
- The foundations of past ways of working are changing  
- That is the exciting exploration that is going on right now, as people grapple with creating the new work environment and the challenge it presents