

"CREATING AN EFFECTIVE E-BUSINESS ENVIRONMENT"

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OVERVIEW

As we rapidly move into the 21st century, we see that major change has and will continue to be the norm in both the private (business) and public (government) sectors. Major changes in organization, management and information technology are becoming more frequent; the world has become more complex and fluid. Major change is one of the foremost, if not THE most important business topic today. How can organizations effectively manage to gain and maintain strategic competitive advantage in today's dynamic, and often chaotic, global marketplace? How best to cope in this new millennium? Management must not only do things right, but also do the right things if they are to succeed in today's fast changing environment.

GLOBAL VALUE CHAIN

Overall, organizations must identify and nurture sources of competitive advantage and must establish better and more effective relationships with their strategic partners, suppliers and customers. To address these rapidly changing critical organizational, management, and technology issues, organizations must consider the development and implementation of an effective and dynamic Global Value Chain.

Because of the many challenges and complexities that organizations face in today's rapidly changing environment, establishing an effective and dynamic Global Value Chain will become a critical core competency for organizations. The Global Value Chain addresses how work within and between organizations should be performed based on high performance, business processes and knowledge, focusing on innovative ways and new opportunities to enhance competitiveness, effectiveness, efficiency, quality, cycle times and customer satisfaction, and to lower costs and increase revenues. Organizational vitality and growth depend on the ability of organizational leaders to develop and implement effective and sustainable competitive strategies, while effectively building the organization's capacity to deliver on those strategies. The rapidly moving and unforgiving global marketplace forces business leaders to use every possible tool to sustain competitiveness, including information technology.

As we continue into the 21st century, the development, use and management of information and telecommunications systems in, and between, enterprises will continue to undergo revolutionary changes as businesses continue to respond to aggressive competition and the need to achieve increasing levels of customer satisfaction. The stress on information and telecommunications systems and information technology organizations to deliver greater value and competitive advantage to businesses will continue to accelerate.

With the continuing increase in the amount of data that is available, the diversity in data processing applications, and the requirements for on-line processing and ad hoc querying, today's information and telecommunications systems are undergoing one redesign after another in order to meet the constantly changing demands on individuals and organizations to be more productive and profitable. Increasing global competition, increasing demand for quality, rapidly evolving technological changes and increasing focus on return-on-investment require dynamic, timely and flexible support from information and telecommunications systems, as well as the consistency, reliability, accuracy and timeliness of their business data and processes, if organizations are going to survive and succeed.

E-BUSINESS

One major change issue that all businesses are facing today is addressing the E-Business challenges and using their information systems effectively in the development and implementation of a dynamic E-Business environment.

E-Business is the complex fusion of processes, technologies and management infrastructure necessary to create a high performing business model which is flexible, fast moving and customer focused. In 1998, Lou Gerstner, IBM's Chairman & CEO, further re-emphasized this issue:

“E-Business is a revolution. The Internet is going to bring the IT industry to the Office of the CEO in ways that it has not seen in the last 20 years. The revolution is not about the technology. The revolution is about the changes in institutional processes that must take place to seize the advantages of the network.”

Because of the changing demands in the global economy and the global marketplace, in rapidly evolving information technologies, in the increased attention on cultural dynamics, and in the strategic relationships with business partners, both customers and suppliers, the creation of an effective E-Business environment, utilizing e-commerce and enterprise business integration techniques, will be the cornerstone in developing, implementing and sustaining the organization's 21st century Global Value Chain and its competitive advantage.

The critical building blocks for this effective E-Business environment, and thus the Global Value Chain, will include:

- Emphasize effective and integrated business & IT strategic planning leading to the development of effective strategies.
- Establish a dynamic Global Value Chain focusing on all the organization's supply chains and demand chains.
- Use a flexible, agile and dynamic enterprise architecture framework to provide the visionary roadmap, both internally and externally.
- Effectively design, develop and use business processes within the organization and between organizations.
- Maintain a strong focus on your customers.
- Leverage the explicit and tacit knowledge of each individual within the organization.
- Effectively implement and use information technologies both within the organization and between the organization and its strategic partners, including the Internet, Intranet, Extranet, dynamic web sites, enterprise application integration, middleware, portal technologies, and various management systems, including those suggested by Dr. Ravi Kalakota in 1999:
 - supply chain management systems,
 - customer relationship management systems,
 - enterprise resource planning systems,
 - demand or selling chain management systems,
 - purchasing management systems,
 - knowledge management systems.
- Optimize the use of all necessary positive change enablers in order to effectively implement the E-Business environment.
- Implement positive and dynamic change management techniques to effectively focus on people, cultural and communication issues.

On one hand, the newness of E-Business and its dynamic support of an organization's Global Value Chain is the willingness of today's executives to apply these techniques to their businesses and to have the vision to "see" the future potential. On the other hand, E-Business offers no quick, simple, and painless fixes to organizational, management, and technology problems. It does entail difficult and strenuous work, and it still raises many questions, including the effective use of various process change enablers, such as the people, organizational structure and culture, and information technology.

However, the implementation of E-Business and the Global Value Chain will provide organizations with the enterprise-wide management of resources and the integration of sales forecasts, procurement and inventory management, manufacturing control, project management, distribution, transportation, and finance both within and across business functions. They will also provide the necessary enterprise-wide framework to build and implement standards-based data resources, applications and technologies which will fully support the organization's goals, structure, culture, control systems and processes. These insights will enable executives, managers and employees to fully appreciate the full impact of the E-Business and the Global Value Chain and, thus, be more proactive and effective in implementing them within their organization and with their strategic partners.

As "new" pioneering tools with many uncertainties, executives and managers must have the courage to begin and the will to succeed in developing and implementing their E-Business and Global Value Chain environment if they are going to make a "positive and successful difference" in their organizations. The executives and managers must also encourage their employees and their strategic partners to actively participate and positively contribute to the E-Business and Global Value Chain efforts within and between their organizations.

DYNAMIC CHANGE MANAGEMENT

The organizations that survive in the coming decades will be those that are able to respond quickly and effectively to changing environmental conditions, placing a premium on various capabilities, including adaptiveness, flexibility and responsiveness in order to establish an effective E-Business and Global Value Chain environment. Successful organizations will learn, anticipate and act at a faster rate than the competition. On the other hand, part of the difficulty in adapting to change is that many aspects of organizational life reinforce stability. They are designed to ensure that any variations are modulated over time, eventually returning to the status quo. Thus, most organizations and individuals resist change. However, as the business and information technology environments become more complex and competitive, the consequences of resisting change, or managing it badly, will become ever more serious.

In broad terms, large-scale change is usually triggered by some kind of destabilizing event, an event of sufficient scope and magnitude to create significant turmoil in the organization. These destabilizing events vary among organizations. As a result of this destabilized environment, organizations face many key challenges. Overall, both business and information technology organizations must identify and nurture sources of competitive advantage in the realm of E-Business and Value Chains. The most fundamental source of sustainable competitive advantage is the organization's capabilities as a whole, including specific skills, abilities and competencies which form the core of an organization's intellectual capital. Because of the many challenges and complexities that organizations face in today's rapidly changing E-Business environment, which at times may seem overwhelming and completely uncontrollable, effective and dynamic change management thus becomes a critical core competency for the organization.

Organizational effectiveness requires that both business and information technology organizations recognize the need for different types of change and manage them accordingly in support of a dynamic E-Business and Global Value Chain environment, whether it is incremental or discontinuous. Managing ongoing incremental change is an

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essential and demanding task for organizations; yet it is not sufficient when more dramatic actions are required, and are the only course of action, by organizations. Thus, for organizations to be successful and to remain competitive using E-Business in support of its Global Value Chain in the decades to come, the organization's leadership must understand, appreciate and implement effective change management strategies and programs, necessitating a heavy emphasis on commitment, coordination, communication, and cooperation. The Information Technology organization can contribute significantly to effective change management by being the dynamic change catalyst in the organization to positively support the effective changes necessary in a turbulent environment.