

Managing business transformation to deliver strategic agility

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- *For some time, it has been claimed that information and communication technologies (ICTs) provide the means for transforming the way business is conducted in many industries, but our understanding still remains unclear how this form of change can be managed. This paper seeks to explore ICT-based business transformation and in trying to understand better this concept, it is established that there is no ‘one best way’ to set about change.*
- *Moreover, every transformation programme is unique, presenting distinct opportunities and challenges. While there are a number of ways in which executives can seek to better understand how they can engage in business transformation, the true measure of successful business transformation is in the nature of its implementation. Even in those organizations where there is a universal recognition that business transformation is important and responses are implemented, performance may still suffer.*
- *This syndrome, which is common in organizations, has been described as ‘active inertia’ and can be characterized as an organization’s inability to take the appropriate action in the face of shifting market and business changes. The emphasis here is on the term ‘appropriate’ rather than ‘action’ per se. The paper develops a framework which illustrates that successful ICT-based business transformation programmes are generally founded upon changing behaviour, changing thinking, and changing perceptions of all key personnel.*

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Introduction

A dictum peddled by many management writers is that *the film of history is speeding up!* The discontinuous market and business environments where many private and public sector organizations now operate are changing rapidly, and in different ways. The proliferation of markets, unconventional channel strategies, shifting consumption patterns and expectations, and

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spiralling level of inter- and intra-type competition is making organizations alter their mode of responsiveness to change. Karen Rubenstrunk of MetaGroup said, 'As business strategy, operations and IT converge, the result is an increased demand for business flexibility. IT alignment with the business has a new meaning and a new level of importance. The key is agility, the ability to support and at times drive sudden direction changes to capitalize on changing market opportunities' (Rubenstrunk, 2003). There are numerous examples of this (Amazon, for instance) where business agility has become a central means of responding to change, with technology playing a bigger strategic role in creating agility (Kirby and Stewart, 2008). This paper considers one of the main pillars of agility: business transformation.

Annually, the Wharton Infosys Business Transformation Awards (WIBTA) celebrates excellence and innovation in business transformation through information and communication technology (ICT) use with an industry-wide and social impact. Awarded across two categories — enterprise transformation through technological innovation and recognizing an individual's contribution as a technology change agent, supporting and championing transformation — WIBTA has recognized nearly 50 enterprises and individuals between 2002–2007 that have 'revolutionized their business or industry through the creative application of technology' (Anon, 2002).

Across Europe and Asia-Pacific, the WIBTA has celebrated organizations such as: Alibaba.com, a global e-commerce leader and the largest e-commerce company in China; Inditex Group, one of the world's largest fashion distributors, best known for its rapidly spreading Zara stores; Samsung Electronics Co.; The Royal Bank of Scotland Group; and ITC's eChoupal. Individuals who have championed business transformation through technological innovation and have been recognized by WIBTA as technology change agents include: the co-founders of Skype, Niklas Zennström and Janus Friis; Dr Mo Ibrahim, a global expert in mobile communications and founder of

CelTel International, one of Africa's leading mobile operators serving over 21 million customers across 14 sub-Saharan nations; the co-founder and Chairman/CEO of the Chinese language search engine Baidu.com, Robin Li; the co-founder of ICQ — the first internet-wide instant messenger, Yair Goldfinger; and the Managing Director of NTT DoCoMo., Takeshi Natsuno, for realizing his vision of the wireless internet service i-Mode, which as of April 2008 had over 48 million subscribers worldwide. These success stories, at both an enterprise and an individual level, are evidence of business agility through technology-led business transformation.

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The contributions of ICT initiatives in organizations were historically gauged in efficiency terms, such as service availability and cost control factors, but it is now more appropriate to consider the potential strategic value of ICT in effectiveness terms — providing an ICT infrastructure and enterprise culture aligned with the changing needs of the business, the industry and competitive strategy. These successes, illustrated in **Table 1**, are fine examples of significant technological change that can be measured in effectiveness terms, where ICT is seen as a strategic asset and not a cost-centre, which is often the view. However, these examples do not demonstrate how organizations can seek to transform their own business.

Table 1. Wharton Infosys Business Transformation Awards (WIBTA) Asia-Pacific and Europe winners 2002–2007

Year	Region	Enterprise transformation	Technology change agent
2007	Asia-Pacific	<i>Alibaba.com</i> is a global e-commerce leader and the largest e-commerce company in China.	<i>Robin Li</i> , co-founder and Chairman/CEO of the Chinese language search engine, Baidu.com.
	Europe	<i>ABBYY</i> develops linguistic and artificial intelligence (AI) software.	<i>Dr Mo Ibrahim</i> is a global expert in mobile communications.
2006	Asia-Pacific	<i>CyWorld</i> , a South Korean social network services company has redefined the habits of interpersonal interaction.	<i>Dr Kiran Mazumdar-Shaw</i> co-founded Biocon India with the belief that scientific knowledge is hard currency.
	Europe	<i>Inditex Group</i> is one of the world's largest fashion distributors, best known for its rapidly spreading Zara stores.	<i>Niklas Zennström</i> and <i>Janus Friis</i> , co-founders of Skype.
2005	Asia-Pacific	<i>Samsung Electronics Co., Ltd</i> is a global leader in semiconductor, telecommunication, digital media and digital convergence technologies.	<i>Ying Wu</i> , Vice Chairman & CEO, UTStarcom China, a global leader in IP-based, end-to-end networking solutions and international service and support.
	Europe	The <i>Royal Bank of Scotland Group</i> is one of the world's leading financial services providers and one of the oldest banks in the UK.	<i>Yair Goldfinger</i> , co-founder & CTO, Dotomi Inc., was the co-founder of ICQ — the first internet-wide instant messenger.
2004	Asia-Pacific	<i>ITC's eChoupal</i> , one of India's most valuable companies, has strengthened its basic business by IT-enabling cost-effective supply chain management.	<i>William (Lei) Ding</i> , founder and chief architect, NetEase, a major force in the development of the internet in China.
	Europe	S.P. Korolev RSC Energia (known as <i>Energia</i>) is a leader in the rocket and space industry.	<i>Sir Robin Saxby</i> , Chairman, ARM Holdings plc, which develops and licenses microprocessors based on reduced instruction set computing (RISC).
2003	Asia-Pacific	<i>Standard Chartered Bank</i> .	<i>Chuan-zhi Liu</i> , Chairman, Legend Holdings.
	Europe	<i>Fujitsu Siemens Computers (FSC)</i> and <i>ING Direct Worldwide</i> .	<i>John Browett</i> , CEO, Tesco.com <i>Mart Laar</i> , Prime Minister, Estonia.
2002	Rest of the World	<i>National Stock Exchange of India Limited</i> .	<i>Takeshi Natsumo</i> , Managing Director, NTT DoCoMo.
	North America	<i>Capital One Financial Corp.</i>	<i>Warren Lieberfarb</i> , President, Warner Home Video.

Source: <http://www.wibta.com>.

For some time now it has been claimed that ICTs can provide the means for transforming the way business is conducted in many industries, bringing radical changes in organizational culture, in structure, processes and people's attitudes and behaviour. But our understanding of how this form of change can be managed is still far from clear, and business people and technology professionals are calling for more research in this area — see, for example, the work by Thomas Keil *et al.* (2003). This seeks to respond to the challenge by exploring the

causes of business transformation; business transformation in context, transformation models; and engaging business transformation — a selected checklist.

Causes of business transformation

There are a number of sources of business transformation. For an elaboration of some of these triggers, see the seminal work by Tichy (1983) and Kanter *et al.* (1992). The following capture some of the main triggers that

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encourage senior managers to evaluate the opportunities available to their organizations from change induced by ICT transformation.

Management change: Shifts within the senior management team power balance can alter the perceived priorities for business transformation. Also, changes in senior management team composition can dramatically affect the way change is perceived and acted upon. As new executives are appointed, alternative ways of thinking and managing are introduced which can rejuvenate the business. However, if senior managers remain in the same positions for extended periods, what has been referred to as the 'dominant management logic' develops. This so-called logic is based upon the senior management team's perception of its business which (Kiesler and Sproull, 1982), in turn, determines resource allocation decisions. It has been suggested that: 'This dominant logic tends to evolve from the requirements of the business from which the firm originally grew. When a shift occurs in the key businesses of the firm, the established dominant logic may limit the managers' ability to shift their management approach' (Wiersema and Bantel, 1993). In addition, the changing role of Chief Information Officer (CIO) has evolved, with increasing emphasis on business transformation and a focus on: active participation in strategy and planning to align business and technology strategies; continuous assessment and improvement in business value attributable through IT; success based on ability to use IT as a strategic lever. These roles mean that CIOs must bridge business, technology and finance boundaries within their organizations. For example, Microsoft appointed Rick Devenuti, an accountant who had never before held an IT position, as

its CIO (Poulsen and Wamakulasuriya, 2004; Ashurst, 2006).

Industry discontinuities: Significant shifts or even moderate changes in the way industry incumbents compete or the innovative forms of behaviour that new entrants can introduce to an industry can result in different perspectives on an organization's current practices. British Airways transformed its core business processes through IT-led re-engineering to respond to the challenge posed by cut-price airlines (e.g., EasyJet), resulting in 100% e-ticketing, 50% self-service check-in, 80% self-service customer transactions and 100% self-service executive club (Riley, 2005).

Stakeholder expectations: The expectations of various constituencies that have an interest in an organization's activities may apply pressure, whether it is explicit or implicit, on the way it operates. For example, in order to align with suppliers and distributor preferences, certain new ICT demands may be made or final consumers may indicate expectations for revised service levels.

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New forms of relationship: As the boundaries of organizations become more blurred, difficulty arises in determining the full extent and scope for transformation. Frequently, buyer-supplier relationships create a push-pull transformation approach where integrated supply chain management becomes the goal. However, when an overlay of other members of the business process network is introduced, greater need for transformation arises as does the

complexity of the transformation process. Also, changes in workplace organization and new internal forms of virtual relationship can mean that transformation is required to accommodate ways of working. At DreamWorks Animation Inc., streamlining IT to create a single virtual studio environment enables the company to roll out new movies faster than competitors, changing the landscape by enabling artists to work cross-site and on multiple projects (King, 2007).

Performance decline: A large amount of evidence exists to illustrate that organizations frequently engage in change initiatives and business transformation when they are confronted with a performance decline. As the performance metrics of efficiency, effectiveness and adaptiveness are generated, it becomes apparent that change is necessary — and often radical change is required. This is far from an ideal context for proactive business transformation, but it can redeem the organization and stimulate a turnaround in the fortunes of the business.

The development of new technologies and the speed of their adoption (diffusion) can trigger behaviours of organizations towards business transformation considerations

Technology: The development of new technologies and the speed of their adoption (diffusion) can trigger behaviours of organizations towards business transformation considerations. In the 1990s, Cisco and Microsoft reinvented computing/networking and in the 2000s we see the internet, Web 2.0, voice-over-internet protocol (VoIP) (e.g., Skype) and wireless technologies (e.g., RFID) driving dramatic changes in the world business environment.

Business transformation in context

The first consideration in trying to understand business transformation is to realize that there is no 'right way' to set about change. Moreover, every transformation programme is unique, presenting distinct opportunities and challenges. There are a number of ways for executives to better understand how they can engage in business transformation. A large number of 'how to' books exist on the topic of ICT-induced business transformation. Many are of the Tom Peters genre, and these began with generic business transformation books such as *Liberation Management: Necessary Disorganization for the Nanosecond Nineties* (Peters, 1992), ranging to specific ICT-induced business transformation titles such as *Pathways to Agility—Mass Customization in Action* (Oleson, 1998). Case studies claiming advances in business transformation processes abound, as do well-regarded executive education courses such as the University of Chicago's *Strategic Integration of Technology and Business Solutions* Certificate Programme. However, there are a number of fundamental transformation principles that can truly be neither read nor taught. As James Champy, Perot Systems, claims, the issues are more deeply embedded and in seeking to understand the antecedents that underlie successful business transformation, 'executives must fundamentally transform orthodox management models, mind-sets and values from those oriented toward command and control to those that promote and lead an enabled environment' (J. Champy, quoted in Johnson, 1995). Royal Mail's CIO claims that for effective business transformation, business policy and processes are necessary, and technology is important. However, both are secondary to people. Gaining the cooperation and support of the workforce is critical and is the most important challenge in effecting business transformation.

The true reality of successful business transformation needs to go further. Even in those organizations where there is a universal recognition that business transformation is

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important and responses are implemented, performance may still suffer. This syndrome, which is common in organizations, has been described as 'active inertia' and can be characterized as an organization's inability to take the appropriate action in the face of shifting market and business changes. As Donald Sull, London Business School, has noted, 'Active inertia is an organization's tendency to follow established patterns of behaviour — even in response to dramatic environmental shifts. Stuck in the modes of thinking and working that brought success in the past, market leaders simply accelerate their tried-and-true activities. Instead of trying to dig themselves out of a hole, they just deepen it . . . Because active inertia is so common, it's important to understand its sources and symptoms. After all, if executives assume that the enemy is paralysis, they will automatically conclude that the best defence is action. But if they see action itself can be the enemy, they will look more deeply

into all their assumptions before acting. They will, as a result, gain a clearer view of really what needs to be done, and equally important, what may prevent them from doing it' (Sull, 1999).

Consequently, business transformation is about changing behaviour, thinking and perceptions (Romanelli and Tushman, 1994). Prahalad and Oosterveld (1999) identified a number of characteristics of successful business transformation, such as the invention of strategies and management processes. Transformation must involve the entire organization, changing the world view of the entire organization and dealing with deeply embedded and often tacit values and beliefs. It requires building a new portfolio of skills and must be cemented with new management processes.

This can be illustrated in diagrammatic form by way of a business transformation action-learning cycle (**Figure 1**). Single-loop learning is a form of adaptive management action where organizations identify factors that require some form of adjustment in their behaviour, resulting in a new norm being established. Double-loop learning, on the other hand, is more sophisticated because it requires managers to change their thinking and approach on the basis that traditional management actions will no longer adequately respond to the challenges identified and a new and more

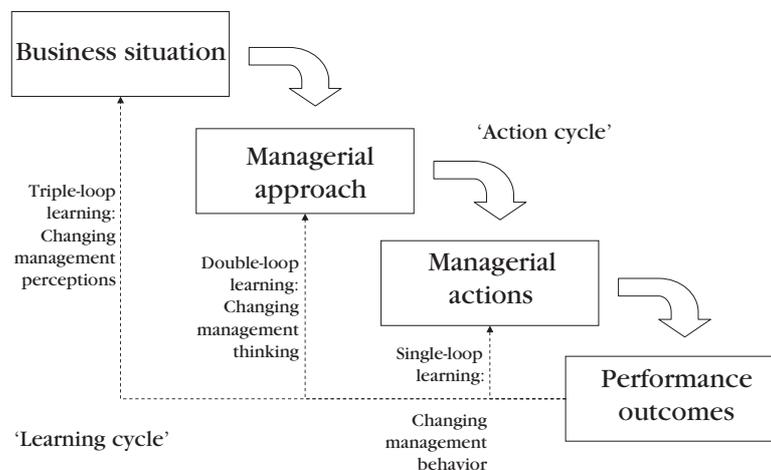


Figure 1. Business transformation action-learning cycle.

innovative approach is demanded. Triple-loop learning is learning to unlearn, where the approach to management situations necessitates a new perspective and the way in which the business situation is perceived requires adjustment. That is, the typical responses of old become obsolete and management is charged with not merely responding quickly (active inertia) but rather calibrating their perception, thinking and action and aligning them with their performance ambition.

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existing assumptions to be questioned and altering the entire frame of reference that management and employees of the company engage in. *Restructuring* is considered to reflect the internal configuration of the organization, allowing flexibility and competitiveness to be key determinants of structure. Revitalization reflects the organization's ability to 'ignite' growth throughout the value-chain by improved alignment with marketplace opportunities. *Renewal* captures the behavioural factors or 'people-based' issues that enable the organization to improve the skill-sets of employees, allowing the dormant potential to be released and regenerated.

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Transformation models

Gouillart and Kelly (1995) have conducted a significant amount of applied research in this area and believe that business transformation should be a senior management priority that is the responsibility of all business leaders. They characterize business transformation as 'the orchestrated redesign of the genetic architecture of the corporation. Achieved simultaneously — although at different speed — along the four dimensions of reframing, restructuring, revitalization and renewal'.

In seeking to interpret these four *R*'s of business transformation, they indicate that this framework provides an integrated view of business transformation in terms of ICTs. Accordingly, *reframing* involves altering a company's view of itself and the perceptions of the business situation. Linked to triple-loop learning earlier (**Figure 1**), this step requires

Many other models of business transformation abound, and we propose a model that builds upon and integrates the work of several writers (e.g., Balogun and Hope-Hailey, 1999; Venkatraman, 1994). As with many choices confronting senior managers in organizations, the 'risk/return paradox' applies. The more managers are prepared to address the driving strategic question of how they embrace change rather than accommodate, limit or at worst ignore change, potentially the greater the return may be from that change. However, there are risks, difficulties and challenges in managing business transformational change and this will be considered following the discussion of this model.

According to this model, organizations advance through four phases ranging from 'adapting', 'evolving' and 'envisioning' to 'renewing'. The first two phases of business transformation involve relatively minor and

incremental adjustments to organizational processes. Thereafter, the phases of 'envisioning' and 'renewing' require more significant change and revolutionary actions are necessary to fundamentally alter business processes.

The starting point in using this model is to consider whether the required organizational change can take place within the existing attitudes and beliefs or if the required degree of change is more fundamental. If it is the former, then the more low-key forms of 'adapting' and 'evolving' may be suitable. However, it should be emphasized that neither of these phases involves the change of organizational attitudes and beliefs and therefore the extent of scope of change will always be potentially limited. Recall the single-loop learning principle in **Figure 1** above. This form of moderate adjustment in organizational processes, systems and procedures is therefore limited in the impact that the change programme can offer in beneficial terms.

Alternatively, more significant change may be required or encouraged and more fundamental business model questions may need to be addressed. The model displays two such phases of business transformation, 'envisioning' and 'renewing'. Both of these necessitate questioning and changing the attitudes and beliefs underlying the existing business model.

While the former is more stepwise in type, the latter involves deep-rooted change. The 'envisioning' form of transformation builds upon the core resources, capabilities and competencies of the organization's growth while its 'renewing' counterpart necessitates a first-principles approach to the entire business model.

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In **Figure 2**, 'adapting' represents the direct use of ICT to automate selected local operations and business functions while 'evolving' extends the activities of the former phase by better integrating, both technically and organizationally, activities across the entire

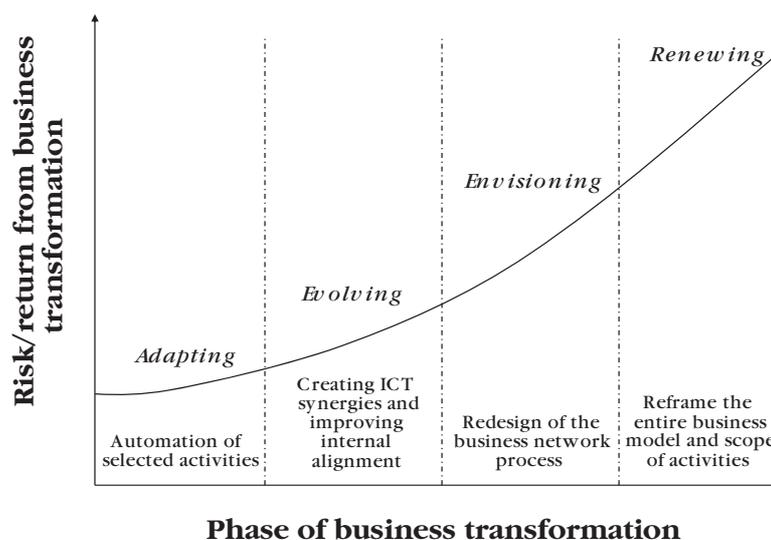


Figure 2. Business transformation phases — the role of ICT in strategic change.

Without any stability between transformation programmes, new skills are not acquired, there is little continuity, planning becomes redundant and change becomes a way of organizational functioning rather than a process designed to achieve specific deliverables

business process. The third phase, 'envisioning', describes the situation where the organization is reconfigured around ICT considerations; the redesign of the business network process that provides the creation and delivery of the products and services that are provided. Having reached this phase, the organization can graduate to the limits of 'renewing', where the fundamental premises of the business model are questioned and existing capabilities are replaced by ICT-enabled skills and activities.

This model represents a dynamic agenda for senior managers and the transition between phases is challenging. There are many who believe that change should be perpetual (e.g., Peters, 1992) and others who believe that change cannot be constant as there is no consolidation that is necessary between phases of transformation. Within the ICT-context, it is necessary for business transformation to have a starting point, a middle and an end. The alternative is that, without any stability between transformation programmes, new skills are not acquired, there is little continuity, planning becomes redundant and change becomes a way of organizational functioning rather than a process designed to achieve specific deliverables.

As a result of viewing business transformation as a stage-wise process, it is possible to introduce a three-step framework to imple-

ment this form of change. Stage one involves 'unfreezing current attitudes' (Lewin, 1952), requiring consensus throughout the organization that the existing activities and behaviours for working are unsatisfactory and outmoded. Inevitably, the classic organizational resistance to change will become apparent and so the business case must be made along with an appreciation of the consequences and negative impact of no change. Naturally, communication is vital at this stage in order to develop a common ground and understanding for the need for change (Tichy and Sherman, 1993).

The second stage requires the business transformation to actually take place — 'moving to a new level' (Lewin, 1952); this involves the ownership and empowerment of all staff to contribute to the diagnostic and consultative processes that consider the various transformation options. Clarity in communication is again necessary to reduce potential resistance to change. Once agreed and confirmed, the business transformation programme is implemented with its own roadmap for implementation.

New norms must be reached to recreate stability and coherence throughout the organization, and with suppliers and customers

Finally, stage three sees the process of 'refreezing attitudes at the new level' (Lewin, 1952). Provided a satisfactory transformation outcome has been realized, this process of refreezing attitudes in addition to structures, behaviours, routines, values, systems, processes, incentives and such like takes place. This is not so much about establishing a new *status quo*, as incremental adjustment should take place to fine-tune and modify aspects of the transformation, but fundamentally, new norms must be reached to recreate stability

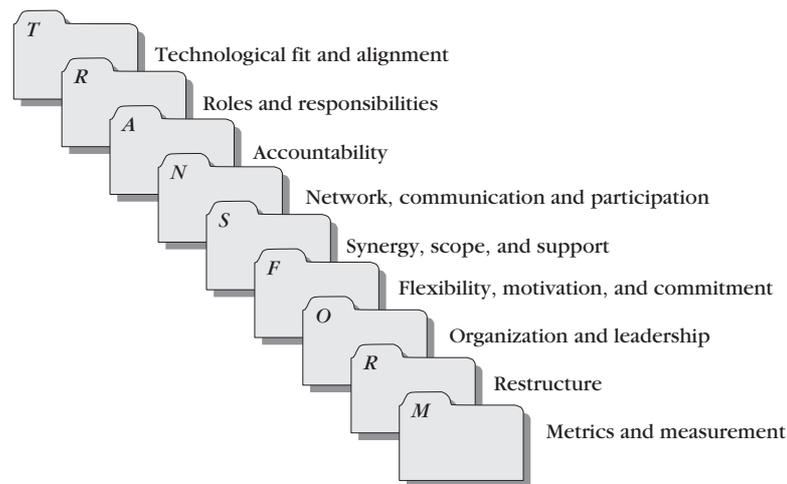


Figure 3. Business transformation — a checklist for creating change.

and coherence throughout the organization, and with suppliers and customers.

Engaging business transformation — a selected checklist

Guidelines for designing effective programmes of business transformation are abundant and there are many worthwhile sources of further reading on managing business transformational change (e.g., Baden-Fuller and Stopford, 1994; Beer *et al.*, 1990; Doz and Thanheiser, 1996; Kotter, 1995; Tichy and Sherman, 1993). Gartner Reports provide outstanding coverage of business transformational issues, and the checklist in **Figure 3** provides an overview of many of the points to consider in the move towards considering and engaging in the process of managing business transformation.

The acronym *TRANSFORM* represents the set of attitudinal, behavioural, managerial and technical factors necessary in successful business transformation.

T-echnological fit and alignment: At Verizon Wireless, consolidating 13 billing systems into a single universal system servicing millions of customers sounded like an enormous technical challenge. However, the overriding issue was to align business goals and business process simplification to provide a consistent customer experience (King, 2007). Without

However, as many ‘white elephant’ examples have shown, organizational histories are replete with fine cases of failed change implementation, not because the core basis of transformation was misguided but because the process of designing and implementing the transformation was ‘misaligned’ with the organization

doubt, technological change and innovative application is the central core of ICT-induced business transformation. However, as many ‘white elephant’ examples have shown, organizational histories are replete with fine cases of failed change implementation, not because the core basis of transformation was misguided but because the process of designing and implementing the transformation was ‘misaligned’ with the organization. By ‘misaligned’, we mean a lack of fit between the ICT changes and business systems, management and

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leadership style, organizational values, structures and procedures employed, business strategy pursued, existing and acquired skills, amongst other critical internal and external factors. 'While the application of information technology has moved beyond automation of work all the way to business transformation, our management thinking has failed to understand the implications of this evolving role of IT in business, and how critical IT decisions will affect elements of the overall business system beyond technology' (Thorp, 1999).

Roles and responsibilities: In attempting to implement any transformation, clarity is required in understanding both previous and new roles and responsibilities of individual employees, work groups, units, departments and functions. It is only with this form of transparency that business transformation can be effectively designed and implemented.

Accountability: Linked to the 'roles and responsibilities' above, value creation needs to be audited and in so doing internal assessments will need to isolate the sources of difficulty in managing the business transformation to a successful conclusion. Therefore, clear accountability needs to be determined for all activities corresponding with roles and responsibilities. An aspect that should not be underestimated is that the senior management team needs to be clearly accountable in order for business transformation to be successful: 'If business transformation ain't front and centre for senior management attention, then it ain't gonna happen' (a management consultant's comment in a seminar on human performance

technology). A CIO magazine survey found that 73% of CIOs surveyed thought that CIOs and business unit leaders should share responsibility for achieving value from IT projects (Feld, 2002).

Network, communication and participation: Organizations cannot transform in isolation. In order for such change to be optimized, other parts of the business network need to simultaneously transform and be aligned. Communication and participation should be paramount, both within the organization and with external partners. While 'communication' and 'participation' activities are often 'written off' as goodwill gestures by senior management, they can and should provide a substantive input to all stages of business transformation. These properties of good transformation may cause delays and identify more challenges than would have been anticipated without them, but they serve to ensure that business transformation steers the correct course. Without them, business transformation can act as a 'poison pill' which can induce significant problems later in the transformation process. As has been conveyed elsewhere, with implementing change, 'the devil is in the detail' (Porter and Harper, 2003).

If the business transformation remains 'written-in-stone', there is no opportunity for flexibility and adaptation within the process of its implementation

Synergy, scope and support: Any business transformation has multiple components across the scope of its change activities. In order to exploit fully the ICT-change, these components need to be synchronized to lever maximum synergy. Additionally, and once the business transformation change is under way, the new system needs to be supported by all

involved. Even 'doubters' or those assuming the role of 'devil's advocate' need to be supported because they can provide valuable reality checks for the transformation roadmap.

F-flexibility, motivation and commitment: If the business transformation remains 'written-in-stone', there is no opportunity for flexibility and adaptation within the process of its implementation. As many veteran managers can avow, business transformation cannot claim asylum from Murphy's Law: 'if something can go wrong, it surely will, and frequently at the most inappropriate time'. Consequently, buffers should be built into the transformation process to allow for adjustments as and when they are encountered. Related to the ability of the organization to remain flexible, the motivation and commitment of employees at all levels should be considered. The change needs to be conveyed as an opportunity and not a threat and in doing so, the potent force of employee motivation and commitment can be aligned behind the transformation rather than an obstacle in front of it.

O-rganization and leadership: Without the insight, support and determination of senior management for business transformation, any transition is futile. Senior management teams have often been criticized for wanting the benefits of transformation without the 'pain' of the process. They take what has been referred to as tentative 'half steps' (Porter and Harper, 2003) rather than full commitment to the necessary change that they are confronted with. However, caution should be exercised here in that there is a double-edged sword with senior management 'organization and leadership'. While their 'direction' should be given, they should not dabble in the day-to-day operational realities of change and provide 'directions'. Operational-level, tactical business transformation considerations are best dealt with by those other than senior management.

R-estructure: It is unlikely that business transformation processes will require organizational structures to remain the same. All too often, though, structural change lags significantly behind other variables. With a lack of

system-process-structure fit come inefficiencies. When previous structures are 'tolerated', the greater the pressure there is on the organization and the harder it is to meet targeted performance levels. First principles should be adopted and the organization should consider how best work groups, units, departments and functions can work together to meet the needs of the business transformation goals.

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M-etrics and measurement: The IT function often operates in a silo. Research found that 72% of US companies surveyed fail to tie IT investments to business goals and only 12% measure the business benefits of technology investments (Cameron, 2002). Given that clarity in many respects represents the major explanation underlying failed or poor business transformation, it is not surprising that poor metrics serve to reinforce this. If expectations, roles and responsibilities are unclear, then it follows that the metrics employed will either be 'soft', and therefore of limited value, or entirely inappropriate. Sound metrics need to be aligned with aims, purposes and activities in order to 'close the loop', allowing monitoring and control procedures to be effective. Moreover, the positions that are established with valuable metrics mean that appropriate incentives can be designed and a greater degree of clarity can be brought to the entire process of business transformation.

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Biographical notes

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