

IT and Organizational Learning

Managing Change
through Technology
and Education

Arthur M. Langer

ROUTLEDGE
NEW YORK AND LONDON

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CONTENTS

Foreword	vii
Acknowledgments	xi
Introduction	1
Chapter 1 The “Ravell” Corporation	13
Chapter 2 The IT Dilemma	29
Chapter 3 Technology as a Variable and Responsive Organizational Dynamism	47
Chapter 4 Organizational Learning Theories and Technology	67
Chapter 5 Managing Organizational Learning and Technology	109
Chapter 6 Organizational Transformation and the Balanced Scorecard	133
Chapter 7 Synergistic Union of IT and Organizational Learning	155
Chapter 8 Toward Best Practices	201
Conclusions	247
Glossary of Terms	263
References	269
Index	275

FOREWORD

IN THIS BOOK, ART LANGER acts as a knowledge broker. He brings insight from different disciplines, and from both theory and practice, to bear in pursuit of solutions to pressing problems of practice. Langer makes sense of the complex interface between learning and technology. He seeks to help leaders and managers of organizations, and the technology professionals who work for them, to get better results in dynamic, unpredictable, accelerated environments.

Companies born of and fueled by technology experience different kinds of challenges than do those overtaken by high tech. Although some businesses might find the messages in this book more germane than others, because of the history and role of technology, all businesses should benefit from: (1) a better understanding of what organizational learning is; (2) the differentiation between technology as a strategic driver vs. a support to operations; (3) clarification of ways in which organizational learning is differently conceived and implemented by managers at the top-down, middle-top-down, and bottom-up levels of the organization; and (4) the strategic value of measuring learning linked to performance, and assessing the value of learning for progress toward strategic goals.

First, the book shows what organizational learning look like. Organizational learning has grown as a focus of research and of practice in the last decade. But the idea of organizational learning can be fuzzy because organizational learning describes the learning of systems, which is not as easy to understand as the learning of individuals. Individuals who learn on behalf of the organization make changes in the system that show up in a better vision, improved practices or systems, a more effective

business strategy, and better products and services. But organizational learning pathways are hard to trace.

All organizations learn, often without conscious thought, as they respond to their environments. If they do not learn, they die. But leaders in some organizations more consciously leverage learning to improve results. They intentionally seek to create learning organizations. There is no one formula for success as a learning organization. Karen Watkins and I have compared creating a learning organization to sculpting (Watkins & Marsick, 1993; Marsick & Watkins, 1999). Organizational learning is fashioned to support unique business and organizational processes and results. Those who create learning organizations must frequently take the pulse of the organization vis-à-vis specific initiatives and the overall learning capacity of the entire system. As do sculptors, these individuals “chip away” at barriers to learning to uncover each company’s unique learning profiles.

Langer provides insight into how to leverage organizational learning around technology challenges. As he notes, the link between individual and organizational learning is not well understood or researched. Individual learning theories focus on individuals. Organizational learning theories focus on organizational systems. Leaders are often identified as the link between the two levels, but with some exceptions, such as research on how leaders act as learning role models (e.g., Ellinger, 1997; Ellinger, Watkins, & Barnas, 1999), less is done to identify what leaders do to support such learning. Langer helps leaders and managers better define and support technology-related learning.

Second, Langer makes critical distinctions between technology as a driver and technology as a support for operations. His model of Responsive Organizational Dynamism (ROD) grows out of these distinctions. Strategic integration, an outcome of ROD, requires a business partnership between technology staff and line managers. Organizational learning that supports technology as a driver differs in audience, level, and content from learning needed to support routine technology-based operations. Langer’s focus on cultural assimilation as an outcome of ROD highlights a need to change the organization’s structure and culture in ways that help IT relate to, and communicate with, leaders and managers; and that maximize what IT staff know by maximizing their integration and conversation with business units.

Third, Langer uses the distinctions made by Nonaka and Takeuchi (1995) to lay out ways that learning, at individual and organizational levels, must be differently understood and supported by leaders at different levels. This chapter should be exceptionally helpful to both leaders and managers, and to the human resource developers who support

them. Langer shows that executives focus on technology as a driver. They understand learning systemically because of their role. They focus on knowledge management because it provides a handle on drawing out and using essential information to obtain better business results. By contrast, in the operations tier, managers typically provide support for routine functions. Employees do not necessarily understand informal learning from experience, as do managers for whom learning from experience and risk taking are a way of life. At the operations level, learning often needs to be individually and work-unit focused; and it needs to be made explicit and tangible through structured practices such as reflective learning reviews. Managers in the middle level are the brokers who help people and the organization interpret and make sense of technology as both a driver and support. They help translate one level to the other. Langer focuses on the potential benefit of communities of practice as a strategy for supporting meaning making across and within organizational boundaries at this level. Communities allow for problem solving by people with common interests. Membership across communities allows ideas to spread throughout the organization.

Finally, Langer helps readers see how they might generate metrics that managers can use on a regular basis to improve operations and to show the value that their work adds to the business as either a strategic driver or as a support to operations. Langer adapts the Balanced Scorecard developed by Kaplan and Norton (2001) to technology and suggests ways to measure its value. This focus on measurement helps Langer make the business case for understanding and leveraging learning in order to better understand and leverage technology—both in the interest of improved individual performance and organizational results. Langer makes the explicit business case for strategic use of technology, and he makes the implicit case for strategic leveraging of learning as a means to that end.

But, the challenges of measuring learning and its links to performance, and the way in which such learning helps organizations make progress toward strategic goals, is complex and not well understood. Studies attempting to measure Return on Investment for learning are hard to conduct with any degree of success because learning contributes to strategic outcomes but can seldom be directly and causally linked to financial returns. (Work at the Huber Institute (which I co-direct) has focused on this challenge of measuring learning, innovation, knowledge creation and other such outcomes and their links to performance and progress toward strategic goals.)

Langer may make such measurement look easier than it is in practice, but in so doing, he gives readers a good set of models with which to think about measurement.

The reader may discover a need to unpack the many models that Langer has brought together. In his quest for a comprehensive solution, Langer has sought to bundle together in one integrated model a number of lenses that are traditionally used separately. Organizations may want to selectively apply solutions due to their position in the business cycle, whether they were born by the high tech boom or have become high technology intensive only recently, the mix of technology as a support for production vs. a support for communication about core business processes, industry type and size, or extent of globalization. The “glue” for linking these models is the lens of maturity arcs. The life cycle maturity arc implies sequential stages that may not apply to learning that supports technology for all business. And models such as Kolb’s (1984) that are part of this approach were never intended to explain organizational learning, even though some scholars have used them to do so, albeit without empirical support. They are, therefore, hypothetical—like guidelines. So, the reader will need to pick and choose to meet unique needs. But the advantage of this book is that there is a richness of offerings from which to do so.

Langer’s work breaks new ground in the way in which he brings together theories from different fields and disciplines to help people in organizations solve particular challenges by leveraging learning to better leverage technology—all in the service of better business results. In so doing, he argues the business case at the organizational level. He also keeps in focus strategies to help individuals learn and to keep them engaged in the kind of conversation that he posits as critical to using learning to leverage technology results.

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INTRODUCTION

Background

AS INFORMATION TECHNOLOGY (IT) becomes a more significant part of workplace operations, information systems personnel have become a key to the success of corporate enterprises (Bradley & Nolan, 1998; Langer, 1997; Lipman-Blumen, 1996). This book focuses on the vital role that information technology can play in the course of organizational development and learning, and on the growing need to integrate technology fully into the processes of workplace organizational learning. Technology personnel have long been criticized for their inability to function as part of the business, and they are often seen as a group outside the corporate norm (Schein, 1992). This is a problem of *Cultural Assimilation*, and it represents one of the two major fronts that organizations now face in their efforts to gain a grip on technology's new growing power. The other major front concerns the *Strategic Integration* of new technologies into business-line management.

Because technology is changing at such a rapid pace, the ability for organizations to operate within a new paradigm of dynamic change emphasizes the need to employ action learning as a way to build competitive learning organizations in the new millennium. *Information Technology and Organizational Learning* integrates some of the fundamental issues bearing on information technology today with concepts from organizational learning theory providing comprehensive guidance based on real-life business experiences and concrete research.

But the book also focuses on another sector of what IT can mean to an organization. IT represents a broadening dimension of business life that affects everything we do inside an organization. This new reality is

shaped by the increasing and irreversible *dissemination* of technology. To maximize the usefulness of its encroaching presence in everyday business affairs, organizations will require an optimal understanding of how to integrate technology in everything they do. To this end, this book seeks to break new ground in the approach and conceptualization of this salient issue—that is, that the optimizing of technology is best pursued with, indeed technology cannot be adequately integrated except with, a synchronous implementation of organizational learning concepts. Furthermore, these concepts cannot be implemented without utilizing theories of strategic learning. Therefore, this book takes the position that technology literacy requires individual and group strategic learning if it is to transform a business into a technology-based learning organization. Technology-based organizations are defined as those that have implemented a means of successfully integrating technology into their process of organizational learning. Such organizations recognize and experience the reality of technology as part of their everyday business function.

This book will also examine some of the many existing organizational learning theories and the historical problems that have occurred with companies that have used them, or that have failed to use them. Thus, the introduction of technology into organizations actually provides an opportunity to reassess and reapply many of the past concepts, theories, and practices that have been used to support why organizational learning is important. It is important, however, not to confuse this message with a reason for promoting organizational learning, but rather to understand the seamless nature of the relationship between IT and organizational learning. Each needs the other to succeed. Indeed, technology has only served to expose problems that have existed in organizations for decades: the inability to drive down responsibilities to the operational levels of the organization

This book is designed to help businesses and individual managers understand and cope with the many issues involved in developing organizational learning programs and in integrating an important component: their IT organizations. The book aims at providing a combination of research case studies together with existing theories on organizational learning in the workplace. The goal is also to provide researchers and corporate practitioners with a book that allows them to incorporate a growing information technology infrastructure with their existing workforce culture. Professional organizations need to integrate IT into their organizational processes in order to compete effectively in today's technology-driven business climate. This book responds to the complex and various dilemmas faced by many human resource managers and corporate executives regarding how to actually deal with many

marginalized information technology infrastructures that somehow always operate outside the normal flow of the core business.

While the history of IT as a marginalized organization is relatively short in comparison to that of other professions, IT's problems have been consistent since its insertion into business organizations in the early 1960s. Indeed, while technology has changed, the position and valuation of IT has continued to challenge how executives manage it, account for it and, most important, ultimately value its contributions to the organization. Technology personnel continue to be criticized for their inability to function as part of the business, and they are often seen as outside the business norm. IT employees are frequently stereotyped as "techies" and segregated in such a way that they become isolated from the organization. This book provides a method for integrating IT and redefining its role in organizations, especially as a partner in formulating and implementing key business strategies that are crucial for the survival of many companies in the new millennium. Rather than provide a long and extensive list of common issues, I have decided it best to uncover the challenges of IT integration and performance through the case study approach.

Information technology continues to be one of the most important yet least understood organizations. It has also become one of the most significant components to competing in today's global markets. IT is now an integral part of the way companies become successful. This is true across all industries. The role of IT has grown enormously in companies throughout the world, and it has a mission to provide strategic solutions that can make companies more competitive. Indeed, the success of IT, and its ability to operate as part of the learning organization, can mean the difference between the success and failure of entire companies.

This book provides answers to other important questions that have challenged many organizations for decades. First, how can managers master emerging technologies, sustain a relationship between organizational learning, and link it to strategy and performance? Second, what is the process by which to determine the value of using technology, and how does it relate to traditional ways of calculating return-on-investment? Third, what are the roles and responsibilities of the IT executive and the department in general? To answer these questions, managers need to focus on the factors below:

- Address the operational weaknesses in organizations in terms of how to deal with new technologies and how to better realize business benefits
- Provide a mechanism that both enables organizations to deal with accelerated change caused by technological innovations, and that

integrates them into a new cycle of processing and handling of change

- Provide a strategic learning framework whereby every new technology variable adds to organizational knowledge
- Establish an integrated approach that ties technology accountability to other measurable outcomes using organizational learning techniques and theories

In order to realize these objectives, organizations must be able to:

- Create dynamic internal processes that can deal on a daily basis with understanding the potential fit of new technologies and its overall value into the structure of the business
- Provide the discourse to bridge the gaps between IT and non-IT related investments and uses into one integrated system
- Monitor investments and determine modifications to the life cycle
- Implement various organizational learning practices including Learning Organization, Knowledge Management, Change Management, and Communities of Practice, all of which help foster strategic thinking and learning that can be linked to performance (Gephardt & Marsick, 2003)

A strength of this book is that it integrates theory and practice, as well as provides answers to the above common questions. Many of the answers provided in these pages are founded on theory and research and are supported through practical experience. Thus, evidence of the performance of the theories is presented via case studies, which are designed to assist the reader in determining how such theories and proven practices can be applied to their specific and individual organizations.

A common theme in this book involves three important terms: “dynamic,” “unpredictable,” and “acceleration.” *Dynamic* is a term that represents spontaneous and vibrant things—a motive force. Technology behaves with such a force, and requires organizations to deal with its capabilities. Glasmeier (1997) postulated that technology evolution, innovation, and change are dynamic processes. The force then is technology, and it carries many motives, as we shall see throughout this book. *Unpredictable* suggests that we cannot plan what will happen or will be needed. Many organizational individuals, including their executives have attempted to predict when, how, or why technology will affect their organization. Throughout our recent history, especially during the dot.com era, we have found that it is difficult if not impossible to predict how technology will ultimately benefit or hurt organizational growth and

competitive advantage. I believe that technology is volatile and erratic at times. Indeed, harnessing technology is not at all an exact science, certainly not in the ways in which it can and should be used in today's modern organization. Finally, I use the term *acceleration* to convey the way technology is speeding up our lives. Not only have emerging technologies created this unpredictable environment of change, but continue to change it rapidly—even with the demise of the dot.com era. Thus, what becomes important is the need to respond quickly to technology. The inability to be responsive to change brought about by technological innovations can result in significant competitive disadvantages for organizations. This book will show why this is a fact. So we look at these three words, *dynamic*, *unpredictable*, and *acceleration* as a way to define how technology affects organizations; that is, technology is an accelerating motive force that occurs irregularly. These words name the challenges that organizations need to address if they are to manage technological innovations and integrate them with business strategy and competitive advantage. It only makes sense that the challenge of integrating technology in the business requires us first to understand its potential impact, determine how it occurs, and see what is likely to follow. There are no quick remedies to dealing with emerging technologies, just common practices, and sustained processes that must be adopted for organizations to survive in the future.

I have four goals in mind with wanting to write this book. First, I am interested in writing about the challenges of using technology strategically. What particularly concerns me is the lack of literature that truly addresses this issue. What is also troublesome is the lack of reliable techniques for the evaluation of IT, especially since IT is used in almost every aspect of business life. So as we increase our use and dependency on technology, we seem to understand less about how to measure and validate its outcomes. I also want to convey my thoughts about the importance of embracing nonmonetary methods for evaluating technology, particularly as they relate to determining return-on-investment. Indeed, indirect and nonmonetary benefits need to be part of the process of assessing and approving IT projects.

Second, I want to apply organizational learning theory to the field of IT and to use proven learning models to help transform IT staff into becoming better members of their organizations. Everyone seems to know about the inability of IT people to integrate with other departments, yet no one has really created a solution to the problem. I find that organizational learning techniques are an effective way of coaching IT staff to operate more consistently with the goals of the businesses that they support.

Third, I want to present cogent theories about IT and organizational learning, theories that establish new ways for organizations to adapt new technologies. I want to share my experiences and those of other professionals who have found approaches that can provide positive outcomes from technology investments.

Fourth, I have decided to express my concerns about the validity and reliability of organizational learning theories and practices as they apply to the field of information technology. I found that most of these models needed to be enhanced to better fit the unique aspects of technology. These modified models enable the original learning techniques to address IT-specific issues. In this way, the organization can develop a more holistic approach toward a common goal for using technology.

Certainly, the balance of how technology ties in with strategy is essential. However, there has been much debate over whether technology should drive business strategy or vice versa. We will find that the answer to this is “yes.” Yes in the sense that technology can affect the way organizations determine their missions and business strategy; “no” in that technology should not be the only component to determining mission and strategy. Many managers have realized that business is still business, meaning that technology is not a “silver bullet.” The challenge then is to determine how best to fit technology into the process of creating and supporting business strategy. This philosophy does not negate the fact that technology can, indeed, affect existing business strategy. The more viable approach is to incorporate technology into the process of determining business strategy. I have found that many businesses formulate their strategies first and then look at technology as a means to efficiently implement objectives and goals. Executives need to understand the unique and important role that technology provides us: It can drive business strategy and support it at the same time.

Managers should not solely focus their attention on generating breakthrough innovations that will create spectacular results. Most good uses of technology are much more subtle and long lasting. For this reason, this book will discuss and define new technology life cycles that blend business strategy and strategic learning. Building on this theme, I introduce the idea of *Responsive Organizational Dynamism* as the core theory of this book. Responsive Organizational Dynamism defines an environment that can respond to the three important terms (dynamic, unpredictable, and acceleration). Indeed, technology requires organizations that can sustain a system in which individuals can deal with dynamic, unpredictable, and accelerated change as part of their regular process of production. The basis of this concept is that organizations must create and sustain such an environment in order to be competitive in a global

technologically driven economy. I further analyze Responsive Organizational Dynamism in its two sub-components: Strategic Integration and Cultural Assimilation, which address how technology needs to be measured as it relates to business strategy, and what related social-structural changes are needed, respectively.

Change is an important principle to this book. I will talk about the importance of how to change, how to manage such change, and why emerging technologies are a significant agent of change. I will support the need for change as an opportunity to use many of the learning theories that have been historically difficult to implement. That is, implementing change brought on by technological innovation is an opportunity to make the organization more “change ready.” However, we also know that little is known about how organizations should actually go about modifying existing processes to adapt to new technologies—and to be accustomed to doing this regularly. Managing through such periods of change requires that we develop a model that can deal with dynamic, unpredictable, and accelerated change. This is what Responsive Organizational Dynamism is designed to do.

We know that over 20% of IT projects fail to be completed. Another 54% fail to meet their projected completion date. We now sit at the forefront of another technological spurt of innovations that will necessitate major renovations to existing legacy systems, requiring that they be linked to sophisticated e-commerce systems. These e-commerce systems will continue to utilize the Internet and emerging wireless technologies. While we tend to focus on technology primarily on what it generically does, organizations need urgently to prepare themselves for the next generation of advances by forming structures that can deal with continued, accelerated change as the norm of daily operations.

This book provides answers to a number of dilemmas, but ultimately offers an imbricate cure for the problem of latency in performance and quality afflicting many technologically based projects. Traditionally, management has attempted to improve IT performance by increasing technical skills and project manager expertise. While there has been an effort to educate IT managers to become more interested and participatory in business issues, their involvement continues to be based more on service than on strategy. Yet, at the heart of the issue is the entirety of the organization. It is my belief that many of the programmatic efforts being conducted in traditional ways and attempting to mature and integrate IT with the rest of the organization will deliver disappointing results.

My personal experience goes well beyond research; it draws from living and breathing the IT experience for the past 30 years, and from an understanding of the dynamics of what occurs inside and outside the IT

department in most organizations. With such experience, I can offer a path that engages the participation of the entire management team and operations staff of the organization. While my vision for this kind of transformation is different from other approaches, it is consistent with organizational learning theories that promote the integration of individuals, communities, and senior management to participate in more democratic and visionary forms of thinking, reflection, and learning. It is my belief that many of the dilemmas presented by IT have existed in other parts of organizations for years, and that the Internet revolution only served to expose them. If we believe this to be true, then we must begin the process of integrating technology into strategic thinking and stop depending on IT to provide magical answers and inappropriate expectations of performance. Technology is not the responsibility of any one person or department; rather it is part of the responsibility of every employee. Thus, the challenge is to allow organizations to understand how to modify their processes and the roles and responsibilities of their employees to incorporate technology as part of normal workplace activities. Technology then becomes more a subject and a component of discourse. IT staff members need to emerge as specialists who participate in decision-making, development, and sustained support of business evolution. There are also technology-based topics that do not require the typical expertise that IT personnel provide. This is a literacy issue that requires different ways of thinking and learning during the everyday part of operations. For example, using desktop tools, communicating via e-mail, saving files and data are integral to everyday operations. These activities affect projects, yet they are not really part of the responsibilities of IT departments. Given the knowledge that technology is everywhere, we must change the approach that we take in order to be successful. Another way of looking at this phenomenon is to define technology more as a commodity, readily available to all individuals. This means that the notion of technology as organizationally segregated into separate cubes of expertise is problematic. Thus, the overall aim of this book is to promote organizational learning that disseminates the uses of technology throughout the business so that IT departments are a partner in its use, as opposed to being its sole owner. The cure to IT project failure then is to engage the business in technology decisions in such a way that individuals and business units are fundamentally involved in the process. Such processes need to be designed to dynamically respond to technology opportunities and, thus, should not be overly bureaucratic. There is a balance then between establishing organizations that can readily deal with technology versus those that become too complex and inefficient.

This balance can only be attained using organizational learning techniques as the method to grow and reach technology maturation.

Overview of the Chapters

Chapter 1 provides an important case study of the Ravell Corporation (a pseudonym) where I was retained for over 5 years. During this period, I applied numerous organizational learning methods towards the integration of the IT department with the rest of the organization. The chapter allows readers to understand how the theories of organizational learning can be applied in actual practice, and how those theories are particularly beneficial to the IT community. The chapter also shows the practical side of how learning techniques can be linked to measurable outcomes and ultimately related to business strategy. This concept will become the basis of integrating learning with strategy (i.e., “Strategic Learning”). The Ravell case study also sets the tone of what I call the IT dilemma, which represents the core problem faced by organizations today. Furthermore, the Ravell case study becomes the cornerstone example throughout the book, where I relate many of the theories of learning and their practical applicability in organizations.

Chapter 2 presents the details of the IT dilemma. This chapter addresses issues such as isolation of IT staff, which results in their marginalization from the rest of the organization. I explain that while executives want technology to be an important part of business strategy, few understand how to accomplish it. In general, I show that individuals have a lack of knowledge about how technology and business strategy can, and should, be linked to form common business objectives. The chapter provides the results of a 3-year study of how chief executives link the role of technology with business strategy. The study captures information relating to how chief executives perceive the role of IT, how they manage it and use it strategically, and the way they measure IT performance and activities.

Chapter 3 focuses on defining how organizations need to respond to the challenges posed by technology. I analyze Technological Dynamism in its core components so that readers understand the different facets that comprise its many applications. I begin by presenting technology as a “dynamic variable” that is capable of affecting organizations in a unique way. I specifically emphasize technology’s unpredictability and its capacity to accelerate change—ultimately concluding that technology, as an independent variable, has a dynamic affect on organizational development. This chapter also introduces my theory of Responsive Organizational

Dynamism, defined as a disposition in organizational behavior that can respond to the demands of technology as a dynamic variable. I establish two core components of Responsive Organizational Dynamism: Strategic Integration and Cultural Assimilation. Each of these components is designed to tackle a specific problem introduced by technology. Strategic Integrations addresses the way in which organizations determine how to use technology as part of business strategy. Cultural Assimilation, on the other hand, seeks to answer how the organization, both structurally and culturally, will accommodate the actual human resources of an IT staff and department within the process of implementing new technologies. Thus, Strategic Integration will require organizational changes in terms of Cultural Assimilation. The chapter also provides a perspective of the technology life cycle so that readers can see how Responsive Organizational Dynamism is applied on an IT project basis. Finally, I define the Driver and Supporter functions of IT and how it contributes to managing technology life cycles.

Chapter 4 introduces theories on organizational learning and applies them specifically to Responsive Organizational Dynamism. I emphasize that organizational learning must result in individual and organizational transformation that leads to measurable performance outcomes. The chapter defines a number of organizational learning theories, such as reflective practices, learning organization, communities of practice, learning preferences and experiential learning, and social discourse, and the use of language. These techniques and approaches to promoting organizational learning are then configured into various models that can be used to assess individual and organizational development. Two important models are designed to be used in Responsive Organizational Dynamism: the Applied Individual Learning Wheel and the Technology Maturity Arc. These models lay the foundation for my position that learning maturation involves a steady linear progression from an individual focus toward a system or organizational perspective. The chapter also addresses implementation issues—political challenges that can get in the way of successful application of the learning theories.

Chapter 5 explores the role of management in creating and sustaining Responsive Organizational Dynamism. I define the tiers of middle management in relation to various theories on management participation in organizational learning. The complex issues of whether organizational learning needs to be managed from the top-down, bottom-up, or middle-top-down are discussed and applied to a model that operates in Responsive Organizational Dynamism. This chapter takes into account the common three-tier structure in which most organizations operate: Executive, Middle, and Operations. The executive level includes the CEO,

president, and senior vice-presidents. The middle is the most complex, ranging from vice-president/director to supervisory roles. Operations covers what is commonly known as “staff,” including clerical functions. The knowledge that I convey suggests that all of these tiers need to participate in management, including operations personnel via a self-development model. The chapter also presents the notion that knowledge management is necessary to optimize competitive advantage, particularly as it involves transforming tacit knowledge into explicit knowledge. I view the existing theories on knowledge management, create a hybrid model that embraces technology issues, and map them to Responsive Organizational Dynamism. Discussions on change management are included as a method of addressing the unique ways that technology affects product development. Essentially, I tie together Responsive Organizational Dynamism with organizational change theory by offering modifications to generally accepted theories. There is also a specific model created for IT organizations that maps onto organizational level concepts. Although I have used technology as the basis for the need for Responsive Organizational Dynamism, I will show that the needs for its existence can be attributed to any variable that requires dynamic change. As such, I suggest that readers begin to think about the next “technology” or variable that can cause the same needs to occur inside organizations.

Chapter 6 examines how organizational transformation occurs. The primary focus of the chapter is to integrate transformation theory with Responsive Organizational Dynamism. The position taken is that organizational learning techniques must inevitably result in organizational transformation. Discussions on transformation are often addressed at the organizational level, as opposed to individual development. As in other sections of the book, I have extended a number of theories so they can operate under the auspices of Responsive Organizational Dynamism, specifically the works of Yorks and Marsick (2000), and Aldrich (2001). I expand organizational transformation to include ongoing assessment within technology deliverables. This is accomplished through the use of a modified Balanced Scorecard originally developed by Kaplan and Norton (2001). The Balanced Scorecard becomes the vehicle for establishing a strategy-focused and technology-based organization.

Chapter 7 presents case studies that demonstrate how my organizational learning techniques are actually applied in practice. Three cases studies are presented: Siemens AG, ICAP, and HTC. Siemens AG is a diverse international company with 20 discrete separate businesses in over 190 countries. The case study offers a perspective of how a corporate chief information officer introduced e-business strategy. ICAP is a leading international money and security broker. This case study follows the

activities of the Electronic Trading Community entity, and how the CEO transformed the organization and used organizational learning methods to improve competitive advantage. HTC (a pseudonym) provides an example of why the chief IT executive should report to the CEO, and how a CEO can champion specific projects to help transform organizational norms and behaviors. This case study also maps the company's transformation onto actual examples of strategic advantage.

Chapter 8 seeks to define best practices to implement and sustain Responsive Organizational Dynamism. The chapter sets forth a model that creates separate, yet linked best practices and maturity arcs that can be used to assess stages of the learning development of the chief IT executive, the CEO, and the middle management. I discuss the concept of "common threads," where each best practices arc links through common objectives and outcomes to the Responsive Organizational Dynamism maturity arc that was presented in chapter 4. Thus, these arcs represent an integrated and hierarchical view of how each component of the organization contributes to overall best practices.

The Conclusions chapter provides summary and conclusions on the many aspects of how information technology and organizational learning operate together to support the Responsive Organizational Dynamism environment. The chapter emphasizes the specific key themes developed in the book such as evolution versus revolution; control and empowerment; Driver and Supporter operations, and Responsive Organizational Dynamism and Self-Generating Organizations. Finally, I provide an overarching framework for "organizing" reflection and integrate it with the best practices arcs.

As a final note, I need to clarify my use of the words, "information technology," and "technology." In many parts of the book, they are used interchangeably, although there is a defined difference. Of course, not all technology is related to information; some is based on machinery, etc. For the purposes of this book, the reader should assume that information technology is the primary variable that I am addressing. However, the theories and processes that I offer can be scaled to all types of technological innovation.

1

THE “RAVELL” CORPORATION

LAUNCHING INTO AN EXPLANATION of information technology, organizational learning, and the practical relationship I propose to bring them into, is a challenging topic to undertake. I choose, therefore, to begin this discussion by presenting an actual case study that exemplifies many key issues pertaining to organizational learning and how it can be used to improve the performance of an IT department. Specifically, this chapter summarizes a case study of the IT department at the Ravell Corporation (a pseudonym) in New York City. I was retained as a consultant at the company to improve the performance of the department and to solve a mounting political problem involving IT and its relation to other departments. The case offers an example of how the growth of a company as a “learning organization”—one in which employees are constantly learning during the normal work day (Argyris, 1993; Watkins & Marsick, 1993)—utilized reflective practices to help it achieve the practical strategic goals it sought. Individuals in learning organizations integrate processes of learning into their work. Therefore, a learning organization must advocate a system that allows its employees to interact, ask questions, and provide insight to the business. The learning organization will ultimately promote systematic thinking and the building of organizational memory (Watkins & Marsick, 1993). Learning organization (discussed more fully in chapter 4) is a component of the larger topic of organizational learning.

The Ravell Corporation is a firm with over 500 employees that, over the years, had become very dependent on the use of technology to run its business. Its IT department, like that of many other companies, was isolated from the rest of the business and was regarded as a peripheral entity, whose purpose was simply to provide technical support. This was

accompanied by an actual physical isolation—IT was placed in a contained and secure location away from mainstream operations. As a result, IT staff rarely engaged in active discourse with other staff members, unless specific meetings were called relating to a particular project. The Ravell IT department, therefore, was not part of the community of organizational learning—it did not have the opportunity to learn along with the rest of the organization, nor was it ever asked to provide guidance in matters of general relevance to the business as a whole. This marginalized status resulted in an *us-versus-them* attitude on the part of IT and non-IT personnel alike. Much has been written about the negative impact of marginalization on individuals that are part of communities. Schlossberg (1989) researched adults in various settings, and how marginalization affected their work and self-efficacy. Her theory on marginalization and mattering are applied to this case study because of its relevance and similarity to her prior research. For example, IT represents similar characteristics to a separate group on a college campus or in a workplace environment. Its physical isolation also can be related to how marginalized groups move away from the majority population and function without contact. The IT director, in particular, had cultivated an adversarial relationship with his peers. The director had shaped a department that fueled his view of separation. This had the effect of further marginalizing IT's position within the organization. Hand in hand with this form of separatism came a sense of actual dislike on the part of IT personnel for other employees. IT staff members were quick to point fingers at others and were often noncommunicative with members of other departments within the organization. As a result of this kind of behavior, many departments lost confidence in IT's ability to provide support, and indeed, the quality of support that IT furnished had begun to deteriorate. Many departments at Ravell began to hire their own IT support personnel and were determined to create their own information systems sub-departments. This situation eventually became unacceptable to management, and the IT director was terminated. An initiative was begun to refocus the department and its position within the organization. I was retained to bring about this change and to act as the IT director until a structural transformation of the department was complete.

A NEW APPROACH

My mandate at Ravell was initially unclear—I was to “fix” the problem; the specific solution was left up to me to design and implement. My goal became one of finding a way to integrate IT fully into the organizational culture at Ravell. Without such integration, IT would remain isolated

and no amount of “fixing” around this issue would address the persistence of what was, as well, a cultural problem. Unless IT became a true part of the organization as a whole, the entire IT staff could be replaced without any real change having occurred from the organization’s perspective. That is, just replacing the entire IT staff was an acceptable solution to senior management. The fact that this was acceptable suggested to me that the knowledge and value contained in the IT department did not exist, or was misunderstood by the senior management of the firm. In my opinion, just eliminating a marginalized group was not a solution because I expected that such knowledge and value did exist, and that it needed to be investigated properly. Thus, I rejected management’s option and began to formulate a plan to better understand the contributions that could be made by the IT department. The challenge was threefold: to improve the quality of IT’s work (a matter of performance), to help the department begin to feel itself a part of the organization as a whole and vice-versa (a matter of cultural assimilation), and to persuade the rest of the organization to accept the IT staff as equals who could contribute to the overall direction and growth of the organization (a fundamental matter of strategic integration).

My first step was to gather information. Upon my assignment to the position of IT Director, I quickly arranged a meeting with the IT organization to determine the status and attitudes of its personnel. The IT staff meeting included the CFO, to whom IT reported. At this meeting, I explained the reasons behind the changes occurring in IT management. Few questions were asked, and, as a result, I immediately began scheduling individual meetings with each of the IT employees. These employees varied in terms of their position within the corporate hierarchy, in terms of salary, and in terms of technical expertise. The purpose of the private meetings was to allow IT staff members to speak openly and to enable me to hear their concerns. I drew on the principles of action science, pioneered by Argyris and Schön (1996), designed to promote individual self-reflection regarding behavior patterns and to encourage a productive exchange among individuals. Action science encompasses a range of methods to help individuals learn how to be reflective about their actions. By reflecting, individuals can better understand the outcomes of their actions and, especially, on how they are seen by others. This was an important approach because I felt learning had to start at the individual level as opposed to attempting group learning activities. It was my hope that the discussions I orchestrated would lead the IT staff to not only to a better understanding of the learning process itself than what they had shown, but also of the very significance of that process. I pursued these objectives by guiding them to detect problem areas in their work and to

undertake a joint effort to correct them (Argyris, 1993; Arnett, 1992). An important component of reflective learning is called single-loop, and double-loop learning. Single-loop learning requires individuals to reflect on a prior action or habit that needs to be changed in the future, but which does not require individuals to change their operational procedures with regard to values and norms. Double-loop learning, on the other hand, does require both change in behavior and change to operational procedures. For example, people who engages in double-loop learning may need to adjust how they perform their job, as opposed to just the way they communicate with others, or as Argyris and Schön (1996) state, “the correction of error requires inquiry through which organizational values and norms themselves are modified” (p. 22).

Despite my efforts and intentions, not all of the exchanges were destined to be successful. Many of the IT staff members felt that the IT Director had been forced out, and that there was, consequently, no support for the IT function in the organization. There was also clear evidence of internal political division within the IT department; members openly criticized each other. Still other interviews resulted in little communication. This initial response from IT staff was disappointing, and I must admit I began to doubt whether these learning methods would be an antidote for the department. Replacing people began to seem more attractive, and I now understood why many managers prefer to replace staff, as opposed to investing in their transformation. However, I also know that learning is a gradual process, and that it would take time and trust to see results.

I realized that the task ahead called for nothing short of a total cultural transformation of Ravell’s IT organization. Members of the IT staff had to become flexible and open if they were to become more trusting of one another and more reflective as a group (Garvin 2000; Schein 1992). Furthermore, they had to have an awareness of their history, and they had to be willing to institute a vision of partnering with the user community. An important part of the process for me was to accept the fact that the IT staff was not habitually inclined to be reflective. My goal then was to create an environment that would foster reflective learning, which would, in turn, enable a change in individual and organizational values and norms (Senge 1990).

The Blueprint for Integration

Based on information drawn from the interviews, I developed a preliminary plan to begin to integrate IT into the day-to-day operations at Ravell, and to bring IT personnel into regular contact with other staff people. According to Senge (1990), the most productive learning occurs when

skills are combined in the activities of advocacy and inquiry. My hope was to encourage both among the staff at Ravell. The plan for integration and assimilation involved assigning IT resources to each department; that is, following the logic of technology’s own self-dissemination, each department would have its own dedicated IT person to support it. However, just assigning a person was not enough, so I added the commitment to actually relocate an IT person into each physical area. This way, rather than clustering together in an area of their own, IT people would be embedded throughout the organization, getting first-hand exposure to what other departments did and learning how to make an immediate contribution to the productivity of these departments. The on-site IT person in each department would have the opportunity to observe problems when they arose—and, hence, to seek ways to prevent them—and, significantly, to share in the sense of accomplishment when things went well. To reinforce their commitment to their respective areas, I specified that IT personnel were to report not just to me, but also to the line manager in their respective departments. In addition, these line managers were to have input on the evaluation of IT staff. I saw that making IT staff officially accountable to the departments they worked with was a very tangible way to raise their level of commitment to the organization. I hoped that putting line managers in a supervisory position would help build a sense of teamwork between IT and non-IT personnel. Ultimately, the focus of this approach was to foster the creation of a tolerant and supportive cultural climate for IT within the various departments; an important corollary goal here was to allow reflective reviews of performance also to flourish (Garvin, 1993).

Enlisting Support

Support for this plan had to be mustered quickly if I was to create an environment of trust. I had to reestablish the need for the IT function within the company, show that it was critical for the company’s business operations, and that its integration posed a unique challenge to the company. However, it was not enough just for *me* to claim this. I had to enlist key managers to claim it, too. Indeed, employees will cooperate only if they believe that self-assessment and critical thinking are valued by management (Garvin, 2000). I decided to embark on a process of arranging meetings with specific line managers in the organization. I selected individuals who would represent the day-to-day management of the key departments. If I could get their commitment to work with IT, I felt it could provide the stimulus we needed. Some line managers were initially suspicious of the effort because of their prior experiences with IT. However, they generally liked the idea of integration and assimilation

that were presented to them and agreed to support it, at least on a trial basis.

Predictably, the IT staff was less enthusiastic about the idea. Many of them felt threatened, fearing they were about to lose their independence or lose the mutual support that comes from being in a cohesive group. I had hoped that holding a series of meetings would help me gain support for the re-structuring concept. I had to be careful to ensure that the staff members would feel that they too had an opportunity to develop a plan that they were confident would work. During a number of group sessions, we discussed various scenarios of how such a plan might work. I emphasized the concepts of integration and assimilation, and that a program of their implementation would be experimental. Without realizing it, I had engaged IT staff members in a process of self-governance. Thus, I empowered them to feel comfortable with voicing new ideas without being concerned that they might be openly criticized by me if I did not agree. This process also encouraged individuals to begin thinking more as a group. Indeed, by directing the practice of constructive criticism among the IT staff, I had hoped to elicit a higher degree of reflective action among the group, and to show them that they had the ability to learn from one another as well as the ability to design their own roles in the organization (Argyris, 1993). Their acceptance of physical integration, and, hence, cultural assimilation, became a necessary condition for the IT group's ability to engage in greater reflective behavior (Argyris & Schön, 1996).

Assessing Progress

The next issue concerned individual feedback. How was I to let each person know how he or she was doing? I decided first to get feedback from the larger organizational community. This was accomplished by meeting with the line managers and obtaining whatever feedback was available from them. I was surprised at the large quantities of information they were willing to offer. The line managers were not shy about participating, and their input allowed me to complete two objectives: (1) to understand how the IT staff was being perceived in its new assignment, and (2) to create a social and reflective relationship between IT individuals and the line managers. The latter objective was significant, for if we were to be successful, the line managers would have to assist us in the effort to integrate and assimilate IT functions within their community.

After the discussions with managers were completed, individual meetings were held with each IT staff member to discuss the feedback. I chose not to attribute the feedback to specific line managers, but rather to

address particular issues by conveying the general consensus about them. Mixed feelings were also disclosed by the IT staff. After conveying the information, I listened attentively to the responses of IT staff members. Not surprisingly, many of them responded to the feedback negatively and defensively. Some, for example, felt that many technology users were unreasonable in their expectations of IT. It was important for me as facilitator not to find blame among them, particularly if I was to be a participant in the learning organization (Argyris & Schön, 1996).

Resistance in the Ranks

Any major organizational transformation is bound to elicit resistance from some employees. The initiative at Ravell proved to be no exception. Employees are not always sincere, and some individuals will engage in political behavior that can be detrimental to any organizational learning effort. Simply put, they are not interested in participating, or as Marsick (1998) stated “it would be naïve to expect that everyone is willing to play on an even field (i.e., fairly).” Early in the process, the IT department became concerned that its members spent much of their time trying to figure out how best to position themselves for the future instead of attending to matters at hand. I heard from other employees that the IT staff felt that it would live through my tenure, that is, just survive until a permanent IT director was hired. It became difficult at times to elicit the truth from some members of the IT staff. These individuals would skirt around issues and deny making statements that were reported by other employees, rather than confront problems head on. Some IT staff members would criticize me in front of other groups and use the criticism as proof that the plan for a general integration was bound to fail. I realized in a most tangible sense that pursuing change through reflective practice does not come without resistance, and that this resistance needs to be factored into the planning of any such organizationally transformative initiative.

Line Management to the Rescue

At the time that we were still working through the resistance within IT, the plan to establish a relationship with line management began to work. A number of events occurred that allowed me to be directly involved in helping certain groups solve their IT problems. Word spread quickly that there was a new direction in IT that could be trusted. Line management support is critical for success in such transformational situations. First, line management is typically comprised of people from the ranks of

supervisors and middle managers who are responsible for the daily operations of their department. Assuming they do their jobs, senior management will cater to their needs and listen to their feedback. The line management of any organization, necessarily engaged to some degree in the process of learning (a “learning organization”), is key to its staff. Specifically, line managers are responsible for operations personnel, and at the same time, they must also answer to senior management. Thus, they understand both executive and operations perspectives of the business (Garvin, 2000). They are often former staff members themselves and usually have a high level of technical knowledge. Upper management, while important for financial support, has little effect at the day-to-day level, yet this is the level that at which the critical work of integration and the building of a single learning community must be done.

Interestingly, the line management organization had had no shortage of IT-related problems. Many of these line managers had been committed to developing their own IT staffs; however, they quickly realized that the exercise was beyond their expertise and that they needed guidance and leadership. Their participation in IT staff meetings had begun to foster a new trust in the IT department, and they began to see the possibilities of working closely with IT to solve their problems. Their support began to turn toward what Watkins and Marsick (1993, p. 117) called “creating alignment by placing the vision in the hands of autonomous, cross-functional synergetic teams.” The combination of IT and non-IT teams began to foster a synergy among the communities, which established new ideas about how best to use technology.

IT Begins to Reflect

Although it was initially difficult for some staff members to accept, they soon realized that providing feedback opened the door to the process of self-reflection within IT. We undertook a number of exercises to help IT personnel understand how non-IT personnel perceived them, and how their own behavior may have contributed to these perceptions. To foster self-reflection, I adopted a technique developed by Argyris called “the left-hand column.” In this technique individuals use the right-hand column of a piece of paper to transcribe dialogues that they felt had not resulted in effective communication. In the left-hand column of the same page, participants are to write what they were really thinking at the time of the dialogue, but did not say. This exercise is designed to reveal underlying assumptions that speakers may not be aware of during their exchanges, and which may be impeding their communication with others

by giving others a wrong impression. The exercise was extremely useful in helping IT personnel understand how others in the organization perceived them.

Most important, the development of reflective skills, according to Schön (1983), starts with an individual’s ability to recognize “leaps of abstraction”—the unconscious and often inaccurate generalizations people make about others based on incomplete information. In the case of Ravell, such generalizations were deeply entrenched among its various personnel sectors. Managers tended to assume that IT staffers were “just techies,” and that they, therefore, held fundamentally different values, and had little interest in the organization as a whole. For their part, the IT personnel were quick to assume that non-IT people did not understand or appreciate the work they did. Exposing these “leaps of abstraction” was key to removing the roadblocks that prevented Ravell from functioning as an integrated learning organization.

Defining IT’s Identity

It was now time to start the process of publicly defining IT’s identity. Who were we, and what was our purpose? Prior to this time, IT had had no explicit mission. Instead, its members had worked on an ad hoc basis, putting out fires, and never fully feeling that their work had contributed to the growth or development of the organization as a whole. This sense of isolation made it difficult for IT members to begin to reflect on what their mission should or could be. I organized a series of meetings to begin exploring the question of a mission, and I offered support by sharing exemplary IT mission statements that were being implemented in other organizations. The focus of the meetings was not on convincing them to accept any particular idea, but rather to facilitate a reflective exercise with a group that was undertaking such a task for the first time (Senge, 1990).

The identity that emerged for Ravell’s IT department was very different from the one implicit in their past role. Our new mission would be to provide technical support and technical *direction* to the organization. Of necessity, IT personnel would remain specialists, but they were to be specialists who could provide guidance to other departments in addition to helping them solve and prevent problems. As they became more intimately familiar with what different departments did—and how these departments contributed to the organization as a whole—IT professionals would be able to make better informed recommendations. The vision was that IT people would grow from being staff who fixed things into

team members who offered their expertise to help shape the strategic direction of the organization and, in the process, participate fully in organizational growth and learning.

To begin to bring this vision to life, I invited line managers to attend our meetings. I had several goals in mind with this invitation. Of course, I wanted to increase contact between IT and non-IT people; beyond this, I wanted to give IT an incentive to change by making them feel a part of the organization as a whole. I also got a commitment from IT staff that we would not cover up our problems during the sessions, but would deal with all issues with trust and honesty. I also believed that the line managers would reciprocate, and allow us to attend their staff meetings. A number of IT individuals were concerned that my approach would only further expose our problems with regard to quality performance, but the group as a whole felt compelled to stick with the beliefs that honesty would always prevail over politics. Having gained insight into how the rest of the organization perceived them, IT staff members had to learn how to deal with disagreement and how to build consensus in order to move an agenda forward. Only then could reflection and action be intimately intertwined so that after-the-fact reviews could be replaced with periods of learning and doing (Garvin, 2000).

The meetings were very constructive, not only in terms of content issues dealt with in the discussions, but also in terms of the number of line managers who attended them. Their attendance sent a strong message that the IT function was important to them, and that they understood that they too had to participate in the new direction that IT was taking. The sessions also served as a vehicle to demonstrate how IT could become socially assimilated within all the functions of the community, while still maintaining its own identity.

The meetings were also designed as a venue for group members to be critical of themselves. The initial meetings were not successful in this regard; at first, IT staff members spent more time blaming others than reflecting on their own behavior and attitudes. These sessions were difficult in that I would have to raise unpopular questions and ask whether the staff had truly “looked in the mirror” concerning some of the problems at hand. For example, one IT employee found it difficult to understand why a manager from another department was angry about the time it took to get a problem resolved with his computer. The problem had been identified and fixed within an hour, a time frame that most IT professionals would consider very responsive. As we looked into the reasons why the manager could have been justified in his anger, it emerged that the manager had had a very tight deadline to meet. In this situation, being without his computer for an hour was a very serious problem.

Although under normal circumstances a response time of one hour is very good, the IT employee had failed to ask about the manager’s particular circumstance. Upon reflection, the IT employee realized that putting himself in the position of the people he was trying to support would enable him to do his job better. In this particular instance, had the IT employee only understood the position of the manager, there were alternative ways of resolving the problem that could have been implemented much more quickly.

Implementing the Integration: A Move Toward Trust and Reflection

As communication became more open, a certain synergy began to develop in the IT organization. Specifically, there was a palpable rise in the level of cooperation, and agreement with regard to the overall goals set during these meetings. This is not to suggest that there were no disagreements, but rather that discussions tended to be more constructive in helping the group realize its objective of providing outstanding technology support to the organization. The IT staff also felt freer to be self-reflective by openly discussing its ideas and its mistakes. The involvement of the departmental line managers also gave them the support they needed to carry out the change. Slowly there developed a shift in behavior in which the objectives of the group sharpened its focus on the transformation of the department, on its acknowledgement of successes and failures, and on acquiring new knowledge to advance the integration of IT into the core business units.

Around this time, an event presented itself that I felt would allow the IT staff to establish its new credibility and authority to the other departments: the physical move of the organization to a new location. The move was to be a major event, not only because it represented the relocation of over 500 people and the technological infrastructure they use on a day-to-day basis, but also because the move was to include the transition of the company’s media communications systems to digital technology. The move required tremendous technological work, and the organization decided to perform a “technology acceleration,” meaning that new technology would be introduced more quickly because of the opportunity presented by the move. The entire moving process was to take a year, and I was immediately summoned to work with the other departments in determining the best plan to accomplish the transition.

For me, the move became an emblematic event for Ravell’s IT group. It would provide the means by which to test the creation of, and the transitioning into, a learning organization. It was also to provide a catalyst

for the complete integration and assimilation of IT into the organization as a whole. The move represented the introduction of unfamiliar processes in which “conscious reflection is . . . necessary if lessons are to be learned” (Garvin, 2000, p. 100). I temporarily reorganized IT employees into “SWAT” teams (subgroups formed to deal with defined problems in high-pressure environments) so that they could be eminently consumed in the needs of their community partners. Dealing with many crisis situations helped the IT department change the existing culture by showing users how to better deal with technology issues in their everyday work environment. Indeed, because of the importance of technology in the new location, the core business had an opportunity to embrace our knowledge and to learn from us.

The move presented new challenges every day, and demanded openness and flexibility from everyone. Some problems required that IT listen intently in order to understand and meet the needs of their community partners. Other situations put IT in the role of teaching: assessing needs and explaining to other departments what was technically possible, and then helping them to work out compromises based on technical limitations. Suggestions for IT improvement began to come from all parts of the organization. Ideas from others were embraced by IT, demonstrating that employees throughout the organization were learning together. IT staff behaved assertively and without fear of failure, suggesting that, perhaps for the first time, their role had extended beyond that of fixing what was broken, to one of helping to guide the organization forward into the future. Indeed, the move established the kind of “special problem” that provided an opportunity for growth in personal awareness through reflection (Moon, 1999).

The move had proved an ideal laboratory for implementing the IT integration and assimilation plan. It provided real and important opportunities for IT to work hand in hand with other departments—all focusing on shared goals. The move fostered tremendous camaraderie within the organization and became an excellent catalyst for teaching reflective behavior. It was, if you will, an ideal project in which to show how reflection-in-action can allow an entire organization to share in the successful attainment of a common goal. Because it was a unique event, everyone—IT and non-IT personnel alike—made mistakes, but this time there was virtually no finger pointing. People accepted responsibility collectively and cooperated in finding solutions. When the company recommenced operations from its new location—on time and according to schedule—no single group could claim credit for the success; it was universally recognized that success had been the result of an integrated effort.

Key Lessons

The experience of the reorganization of the IT department at Ravell can teach us some key lessons with respect to the cultural transformation and change of marginalized technical departments, generally.

Defining Reflection and Learning for an Organization

IT personnel tend to view learning as a vocational event. They generally look to increase their own “technical” knowledge by attending special training sessions and programs. However, as Kegan (1998) reminds us, there must be more: “training is really insufficient as a sole diet of education—it is, in reality a subset of education.” True education involves transformation, and transformation, according to Kegan, is the willingness to take risks, to “get out of the bedroom of our comfortable world.” In my work at Ravell, I tried to augment this “diet” by embarking on a project that delivered both vocational training and education through reflection. Each IT staff person was given one week of technical training per year to provide vocational development. But beyond this, I instituted weekly *learning* sessions in which IT personnel would meet without me and produce a weekly memo of “reflection.” The goal of this practice was to promote dialogue in the hope that IT would develop a way to deal with its fears and mistakes on its own. Without knowing it, I had begun the process of creating a discursive community in which social interactions could act as instigators of reflective behavior leading to change.

Working Toward a Clear Goal

The presence of clearly defined, measurable, short-term objectives can greatly accelerate the process of developing a “learning organization” through reflective practice. At Ravell, the move into new physical quarters provided a common organizational goal toward which all participants could work. This goal fostered cooperation among IT and non-IT employees and provided an incentive for everyone to work and, consequently, learn together. Like an athletic team before an important game or even an army before battle, the IT staff at Ravell rallied around a cause and was able to use reflective practices to help it meet its goals. The move also represented what has been termed an “eye opening event,” one that can trigger a better understanding of a culture whose differences challenge one’s presuppositions (Mezirow, 1990). It is important to note, though, that while the move accelerated the development of the learning organization as such, the move itself would not have been enough to guarantee the successes that followed it. Simply setting a deadline is no substitute

for undergoing the kind of transformation necessary for a consummately reflective process. Only as the culmination of a process of analysis, socialization, and trust-building can an event like this speed the growth of a learning organization.

Commitment to Quality

Apart from the social challenges it faced in merging into the core business, the IT group also had problems with the quality of its output. Often, work was not performed in a professional manner. IT organizations often suffer from an inability to deliver on schedule, and Ravell was no exception. The first step in addressing the quality problem was to develop IT's awareness of the problem's importance, not only in my estimation, but in that of the entire company. The IT staff needed to understand how technology affected the day-to-day operations of the entire company. One way to start the dialogue on quality is to first initiate one about failures. If something was late, for instance, I asked why. Rather than addressing the problems from a destructive perspective (Argyris & Schön, 1996; Shein, 1992; Senge, 1990), the focus was on encouraging IT personnel to understand the impact of their actions—or lack of action—on the company. Through self-reflection and recognition of their important role in the organization, the IT staff became more motivated than before to perform higher-quality work.

Teaching Staff “Not to Know”

One of the most important factors that developed out of the process of integrating IT was the willingness of the IT staff “not to know.” The phenomenology of “not knowing” or “knowing less” became the facilitator of listening; that is, by listening we as individuals are better able to reflect. This sense of not knowing also “allows the individual to learn an important lesson: the acceptance of what is, without our attempts to control, manipulate, or judge” (Halifax, 1999, p. 177). The IT staff improved its learning abilities by suggesting and adopting new solutions to problems. An example of this was the creation of a two-shift help-desk that provided user support during both day and evening. The learning process allowed IT to contribute new ideas to the community. More important, their contributions did not dramatically change the community; instead, they created gradual adjustments that led to the growth of a new hybrid culture. The key to this new culture was its ability to share ideas, accept error as a reality (Marsick, 1998), and admit to knowing less (Halifax, 1999).

Transformation of Culture

Cultural changes are often slow to develop, and they occur in small intervals. Furthermore, small cultural changes may even go unnoticed, or may be attributed to factors other than their actual causes. This raises the issue of the importance of cultural awareness, and our ability to measure individual and group performance. The history of Ravell’s IT problems made it easy for me to make management aware of what we were newly attempting to accomplish, and of our reasons for creating dialogues about our successes and failures. Measurement and evaluation of IT performance is challenging because of the intricacies involved in determining what represents success. I feel that one form of measurement can be found in the behavioral patterns of an organization. When it came time for employee evaluations, reviews were held with each IT staff member. Discussions at evaluation reviews focused on the individuals’ perceptions of their role, and how they felt about their job as a whole. The feedback from these review meetings suggested that the IT staff became more devoted, more willing to reflect on their role in the organization, and, generally, seemed happier at their jobs than ever before. Interestingly, and significantly, they also appeared to be having fun at their jobs. This happiness propagated into the community and influenced other supporting departments to create similar infrastructures that could reproduce our type of successes. This interest was made evident by frequent inquiries I received from other departments about how the transformation of IT was accomplished, and how it might be translated to create similar changes in staff behavior elsewhere in the company. I also noticed that there were fewer complaints, and a renewed ability for the staff to work with our consultants.

Conclusion

This case study shows that strategic integration of technical resources into core business units can be accomplished by using those aspects of organizational learning that promote reflection-in-action. This kind of integration also requires something of a concomitant form of assimilation on the cultural level (see chapter 3). Reflective thinking fosters the development of a learning organization, which in turn allows for the integration of the “other” in its various organizational manifestations. The experience of this case study also shows that the success of organizational learning will depend on the degree of cross-fertilization achievable in terms of individual values, and in the ability of the community to combine new concepts and beliefs to form a hybrid culture.

Such a new culture prospers with the use of organizational learning strategies to enable it to share ideas, accept mistakes, and learn to know less as a regular part their discourse and practice in their day-to-day operations.

Another important conclusion from the Ravell experience is that time is an important factor to the success of organizational learning approaches. One way of dealing with the problem of time is with patience—something that many organizations do not have. Another element of success came in the acceleration of events (such as the relocation at Ravell), which can foster a quicker learning cycle and helps us see results faster. Unfortunately, impatience with using organizational learning methods is not an acceptable approach because it will not render results that change individual and organizational behavior. Indeed, I almost changed my approach when I did not get the results I had hoped for early in the Ravell engagement. Nevertheless, my persistence paid off. Finally, the belief that replacing the staff, as opposed to investing in its knowledge, results from a faulty generalization. I found that most of the IT staff had much to contribute to the organization, and to, ultimately, help transform the culture. Subsequent chapters of this book will build on the Ravell experience and discuss specific methods for integrating organizational learning and IT in ways that can improve competitive advantage.

2

THE IT DILEMMA

WE HAVE SEEN MUCH DISCUSSION in recent writing about how Information Technology has become an increasingly significant component of corporate business strategy and organizational structure (Levine, et al., 2000; Siebel, 1999; Bradley & Nolan, 1998). But do we know about the ways in which this significance takes shape? Specifically, what are the perceptions and realities regarding the importance of technology from organization leaders, business managers, and core operations personnel? Furthermore, what forms of the participation should IT assume within the rest of the organization?

The isolation of information technology professionals within their companies often prevents them from becoming active participants in the organization. Technology personnel have long been criticized for their inability to function as part of the business, and are often seen as a group falling outside business-cultural norms (Schein, 1992). They are frequently stereotyped as “techies” and segregated into areas of the business where they become marginalized and isolated from the rest of the organization. It is my experience, based on case studies such as the one reviewed in chapter 1 (the Ravell Corporation), that if an organization wishes to absorb its information technology department into its core culture, and if it wishes to do so successfully, the company as a whole must be prepared to consider structural changes and to seriously consider using organizational learning approaches.

The assimilation of technical people into an organization presents a special challenge in the development of true organizational learning practices (developed more fully in chapter 3). This challenge stems from the historical separation of a special group that is seen as standing outside

the everyday concerns of the business. IT is generally acknowledged as having a key support function in the organization as a whole. However, empirical studies have shown that it is a challenging endeavor to successfully integrate IT personnel into the learning fold, and to do so in such a way that they are not simply accepted, but are also understood to be an important part of the social and cultural structure of the business (Yourdon, 1998; Cassidy, 1998; Langer, 1997; Allen & Morton, 1994; Schein, 1992).

In his book *In Over Our Heads*, Kegan (1994) discusses the challenges of dealing with individual difference. IT personnel have been consistently regarded as “different” fixtures, as outsiders who do not quite fit easily into the mainstream organization. Perhaps because of their technical practices, which may at times seem “foreign,” or because of perceived differences in their values, IT personnel can become marginalized, imagined as being outside the core social structures of business. As in any social structure, marginalization can result in the withdrawal of the individual from the community (Schlossberg, 1989). As a result, many organizations are choosing to outsource their IT services rather than confront and address the issues of cultural absorption and organizational learning. The outsourcing alternative tends to further distance the IT function from the core organization, thus increasing the effects of marginalization. Not only does the outsourcing of IT personnel separate them further from their peers, it also invariably robs the organization of a potentially important contributor to the social growth and organizational learning of the business. For example, technology personnel should be able to offer insight into how technology can support further growth and learning within the organization. Additionally, IT personnel are usually trained to take a very logical approach to problem solving, and, as a result, they should be able to offer a complementary focus on learning. Hence, the integration of IT staff members into the larger business culture can offer significant benefits to an organization in terms of learning and organizational growth.

Some organizations have attempted to improve communications between IT and non-IT personnel through the use of an intermediary who can communicate easily with both groups. This intermediary is known in many organizations as the “business analyst.” Typically, the business analyst will take responsibility for the interface between IT and the larger business community. Although a business analyst may help facilitate communication between IT and non-IT personnel, this arrangement cannot help carrying the implication that different “languages” are spoken by these two groups and, by extension, that direct communication is not possible. Therefore, the use of such an intermediary suffers the danger

of failing to promote integration between IT and the rest of the organization; in fact, it may serve to keep the two camps separate. True integration, in the form of direct contact between IT and non-IT personnel, represents a greater challenge for an organization than this remedy would suggest.

Recent Background

Over the last two decades, information technology has been seen as a kind of variable that possesses the great potential to reinvent business. Aspects of this promise affected many of the core business rules used by successful chief executives and business managers. While organizations have used IT for the processing of information, decision-support processing, and order processing, the impact of the Internet and e-commerce systems has initiated revolutionary responses in every business sector. This economic phenomenon became especially self-evident with the formation of dot.coms in the mid- and late 1990s. The advent of this phenomenon stressed the need to challenge fundamental business concepts. Many financial wizards surmised that new technologies were indeed changing the very infrastructure of business, affecting how businesses would operate and compete in the new millennium. Much of this hoopla seemed justified by the extraordinary potential that technology offered, particularly with respect to the revolutionizing of old-line marketing principles. For it was technology that came to violate what was previously thought to be protected market conditions and sectors—technology came to reinvent these business markets and to allow new competitors to cross-market in sectors they otherwise could not have entered.

With this new excitement also came fear—fear that fostered unnatural and accelerated entry into technology because any delay might sacrifice important new market opportunities. Violating some of their traditional principles, many firms invested in creating new organizations that would “incubate,” and, eventually, capture large market segments using the Internet as the delivery vehicle. By 2000, many of these dot.coms were in trouble, and it became clear that their notion of new business models based on the Internet contained significant flaws and shortfalls. As a result of this crisis, the role and valuation of IT is again going through a transformation—and once more we are skeptical about the value IT can provide a business and about the way to measure IT’s contributions.

IT in the Organizational Context

Technology not only plays a significant role in workplace operations, it continues to increase its relevance among other traditional components of any business, such as operations, accounting, and marketing (Schein,

1992; Earl, 1996a; Langer, 2001a). Given this increasing relevance, IT gains significance in relation to:

1. The impact it bears on organizational structure
2. The role it can assume in business strategy
3. The ways in which it can be evaluated
4. The extent to which chief executives feel the need to manage operational knowledge, and, thus, to manage IT effectively

IT and Organizational Structure

Sampller's (1996) research explored the relationship between IT and organizational structure. His study indicates that there is no clear-cut relationship that has been established between the two. However, he concludes that there are five principal positions that IT can take in this relationship:

1. IT can lead to centralization of organizational control.
2. Conversely, IT can lead to decentralization of organizational control.
3. IT can bear no impact on organizational control, its significance being based on other factors.
4. Organizations and IT can interact in an unpredictable manner.
5. IT can enable new organizational arrangements, such as networked or virtual organizations.

According to Sampller, the pursuit of explanatory models for the relationship between IT and organizational structure continues to be a challenge, especially since IT plays dual roles. On the one hand, it enhances and constrains the capabilities of workers within the organization, and because of this, it possesses the ability to create a unique cultural component. While both roles are active, their impact on the organization cannot be predicted; instead, they evolve as unique social norms within the organization. Because IT has changed so dramatically over the past decades, it continues to be difficult to compare prior research on the relationship between IT and organizational structure.

Earl (1996b) studied the effects of applying business process engineering (BPR) to organizations. BPR is a process that organizations undertake to determine how best to use technology to improve business performance. Earl concluded that BPR is "an unfortunate title: it does not reflect the complex nature of either the distinctive underpinning concept of BPR [i.e., to re-evaluate methods and rules of business

operations] or the essential practical challenges to make it happen [i.e., the reality of how one goes about doing that]” (p. 54). In my 2001b study of the Ravell Corporation (“Fixing Bad Habits”), I found that BPR efforts require buy-in from business-line managers and that such efforts inevitably require the adaptation by of individuals of different cultural norms and practices.

Schein (1992) recognizes that IT culture represents a subculture in collision with many others within an organization. He concludes that if organizations are to be successful in using new technologies in a global context, they must cope with ceaseless flows of information to ensure organizational health and effectiveness. His research indicates that chief executive officers (CEOs) have been reluctant to implement a new system of technology unless their organizations felt comfortable with it and were ready to use it. While many CEOs were aware of cost and efficiency implications in using IT, few were aware of the potential impact on organizational structure that could result from “adopting an IT view of their organizations” (p. 293). Such results suggest that CEOs need to be more active and more cognizant than they have been of potential shifts in organizational structure when adopting IT opportunities.

IT’s Role in Business Strategy

While many chief executives recognize the importance of IT in the day-to-day operations of the business, their experience with attempting to utilize IT as a *strategic* business tool has been frustrating. Typical executive complaints about IT, according to Bensaou and Earl (1998), fall into five problem areas. They cite:

1. A lack of correspondence between IT investments and business strategy.
2. Inadequate payoff from IT investments.
3. The perception of too much “technology for technology’s sake.”
4. Poor relations between IT specialists and users.
5. The creation of system designs that fail to incorporate users’ preferences and work habits.

McFarlan created a strategic grid (as presented in Applegate et al., 2003) designed to assess the impact of IT on operations and strategy. The grid shows that IT has maximum value when it affects both operations and core business objectives. Based on McFarlan’s hypothesis, Applegate et al. (2003) establish five key questions about IT that may be used by executives to guide strategic decision-making:

1. Can IT be used to reengineer core value activities and change the basis of competition?
2. Can IT change the nature of the relationship and the balance of power between buyers and sellers?
3. Can IT build or reduce barriers to entry?
4. Can IT increase or decrease switching costs?
5. Can IT add value to existing products and services or create new ones?

The research and analysis conducted by McFarlan and Applegate, respectively, suggest that when operational strategy and its results are maximized, IT is given its highest valuation as a tool that can transform the organization; it then receives the maximum focus from senior management and board members. However, Applegate also focuses on the risks of using technology. These risks increase when executives have a poor understanding of competitive dynamics, when they fail to understand the long-term implications of a strategic system that they have launched, or when they fail to account for the time, effort, and cost required to ensure user adoption, assimilation, and effective utilization. Applegate's conclusion underscores the need for IT management to educate senior management so that the latter will understand the appropriate indicators for what can maximize or minimize their investments in technology.

Szulanski and Amin (2000) claim that while emerging technologies shrink the window in which any given strategy can be implemented, if the strategy is well thought out, it can remain viable. Mintzberg's (1987) research suggests that it would be useful to think of strategy as an art, not a science. This perspective is especially true in situations of uncertainty. The rapidly changing pace of emerging technologies, we know, puts a strain on established approaches to strategy—that is to say that it becomes increasingly difficult to find comfortable implementation of technological strategies in such times of fast-moving environments, requiring sophisticated organizational infrastructure and capabilities.

Ways of Evaluating IT

Firms have been challenged to find a way to best evaluate IT, particularly using traditional return-on-investment (ROI) approaches. Unfortunately, in this regard, many components of IT do not generate direct returns. Cost allocations based on overhead formulas (for example, costs of IT as a percent of revenues) are not applicable to most IT spending needs. Lucas (1999) establishes non-monetary methods for evaluating IT. His concept of conversion-effectiveness places value on the ability of IT to

complete its projects on time and within its budgets—this alone is a sufficient factor for providing ROI, assuming that the project was approved for valid business reasons. He called this overall process for evaluation the “Garbage Can” model. It allows organizations to present IT needs through a funneling pipeline of conversion-effectiveness that filters out poor technology plans, and that can determine what projects will render direct and indirect benefits to the organization. Indirect returns, according to Lucas, are those that do not provide directly measurable monetary returns, but which do provide significant value that can be measured by using his IT Investment Opportunities Matrix. Utilizing statistical probabilities of returns, the Opportunities Matrix provides an effective tool for evaluating the impact of indirect returns.

Executive Knowledge and Management of IT

While much literature and research has been produced on how IT needs to participate in and bring value to an organization, there has been relatively little analysis conducted on what non-IT chief executives need to know about technology. Applegate et al. (2003) suggests that non-IT executives need to understand how to differentiate new technologies from older ones and how to gauge the expected impact of these technologies on the businesses in which the firm competes for market share. This is to say that technology can change the relationship between customer and vendor, and, thus, should be examined as a potential for providing competitive advantage. The authors state that non-IT business executives must become more comfortable with technology by actively participating in technology decisions rather than delegating them to others. They need to question experts as they would in the financial areas of their businesses. Lou Gerstner, former CEO of IBM, is a good example of a non-IT chief executive who acquired a sufficient knowledge and understanding of a technology firm; he was then able to form a team of executives who better understood how to develop the firm’s products, services, and overall business strategy.

Allen and Percival (2000) also investigate the importance of non-IT executive knowledge and participation with IT: “If the firm lacks the necessary vision, insights, skills, or core competencies, it may be unwise to invest in the hottest [IT] growth market” (p. 295). The authors point out that success in using emerging technologies is very different from success in other traditional areas of business. They conclude that non-IT managers need to carefully consider expected synergies to determine whether an IT investment can be realized and, especially, whether it is efficient to earn cost of capital.

Summary

Recent studies have focused on four important components in the linking of technology and business: its relationship to organizational structure, its role in business strategy, the means of its evaluation, and the extent of non-IT executive knowledge in technology. The challenge in determining the best organizational structure for IT is posed by the accelerating technological advances of the past four decades, and by the difficulty in comparing organizational models to consistent business cases. Consequently, there is no single organizational structure that has been adopted by businesses.

While most chief executives understand the importance of using technology as part of their business strategy, they express frustration in determining how to effectively implement a technology-based strategic approach. This frustration results from difficulties in understanding how IT investments relate to other strategic business issues, from difficulty in assessing payoff and performance of IT, generally, and from perceived poor relations between IT and other departments.

Because most IT projects do not render direct monetary returns, executives find themselves challenged to understand technology investments. They have difficulty measuring value since traditional ROI formulas are not applicable. Thus, executives would do better to focus on valuing technology investments by using methods that can determine payback based on a matrix of indirect returns, which do not always include monetary sources. There is a lack of research on the question of what general knowledge non-IT executives need to have in order to manage effectively the strategic use of technology within their firms. Non-IT chief executives are often not engaged in day-to-day IT activities, and they often delegate dealing with strategic technology issues to other managers. The remainder of this chapter examines the issues raised by the IT dilemma in its various guises especially as they become relevant to, and are confronted from, the top management or chief executive point of view.

IT: A View from the Top

To investigate further the critical issues facing IT, I conducted a study in which I personally interviewed over 40 chief executives in various industries including finance-investment, publishing, insurance, wholesale/retail, and hotel management. Executives interviewed were either the CEO or president of their corporation. I canvassed a population of New York-based mid-sized corporations for this interview study. Mid-sized firms, in our case, comprise businesses of between 200 and 500 employees. Face-

to-face interviews were conducted to allow participants the opportunity to articulate their responses, in contrast to answering printed survey questions; executives were therefore allowed to expand and clarify their responses to questions. An interview guide (see questions in Tables 2.1–2.3) was designed to raise issues relevant to the challenges of using technology as reported in the recent research literature, and to consider significant phenomena that could affect changes in the uses of technology, such as the Year 2K (2000) transition¹ and the Internet. The interview discussions focused on three sections: (1) Chief Executive Perception of the Role of IT, (2) Management and Strategic Issues, and (3) Measuring IT Performance and Activities. The results of the interviews are summarized below.

Section 1: Chief Executive Perception of the Role of IT

This section of the interview focuses on chief executive perceptions of the role of IT within the firm. For the first question, about the role and mission of IT, over half of the interviewees responded in ways that suggest their IT organizations are *reactive*, without a strategic mission. One executive admits, “IT is not really defined. I guess its mission is to meet our strategic goals and increase profitability.” Another response betrays a narrowly construed understanding of its potential: “The mission is that things must work—zero tolerance for failure.” These two responses typify the vague and generalized perception that IT “has no explicit mission,” except to advance the important overall mission of the business itself. Little over a quarter of respondents could confirm a *market-driven* role for IT, i.e., actively participating in marketing and strategic processes. Question two, regarding the impact of the Internet on business strategy, drew mixed responses. Some of these reveal the deeply reflective challenges posed by the Internet: “I feel the Internet forces us to take a longer-term view and a sharper focus to our business.” Others emphasized its transformative potential: “The Internet is key to decentralization of our offices and business strategy.”

Questions three and four focus on the extent to which firms have their own software development staffs, whether they use internally developed or packaged software, and whether they outsource IT services. Control over internal development of systems and applications remains important to the majority of chief executives: “I do not like outsourcing—surrender control, and it’s hard to bring back.” Almost two thirds of the

¹The Year 2K represented a monumental challenge to many organizations because there was a fear that software applications could not handle the turn of the century. Specifically, calculations that used the year portion of the date would not calculate properly. As such there was a huge investment in reviewing legacy systems where these flaws existed.

Table 2.1 Perception and Role of IT

Question	Analysis
1 How do you define the role and mission of IT in your firm?	Fifty-seven percent responded that their IT organizations were <i>reactive</i> and did not really have a mission. Twenty-eight percent had an IT mission that was <i>market-driven</i> , i.e., that their IT departments were responsible for actively participating in marketing and strategic processes.
2 What impact has the Internet had on your business strategy?	Twenty-eight percent feel the impact is <i>insignificant</i> , while 24% feel it is <i>critical</i> . The remaining 48% feel that the impact of the Internet is <i>significant</i> to daily transactions.
3 Does the firm have its own internal software development activity? Do you develop your own in-house software or use software packages?	Seventy-six percent have an internal development organization. Eighty-one percent have internally developed software.
4 What is your opinion of outsourcing technology? Do you have the need to outsource technology? If so, how is this accomplished?	Sixty-two percent have outsourced certain aspects of their technology needs.
5 Do you use consultants to help formulate the role of IT? If yes, what specific roles do they play? If not, why?	Sixty-two percent of the participants use consultants to assist them in formulating the role of IT.
6 Do you feel that IT will become more important to the strategic planning of the business? If yes, why?	Eighty-five percent feel that IT has recently become more important to the strategic planning of the business.
7 How is the IT department viewed by other departments? Is the IT department liked or is it marginalized?	Twenty-nine percent feel that IT is still very marginalized. Another 29% feel it is not very integrated. Thirty-eight percent feel IT is sufficiently integrated within the organization, but only one chief executive feels that IT is very integrated with the culture of his firm.
8 Do you feel there is too much “hype” about the importance and role of technology?	Fifty-three percent feel that there is no hype. However, 32% feel that there are levels of hype attributed to the role of technology; 10% feel it is “all hype.”
9 Have the role and uses of technology in the firm significantly changed over the last five years? If so, what are the salient changes?	Fourteen percent feel little has changed, whereas 43% stated that there were moderate changes. Thirty-eight percent state significant change.

participants employ consultants to assist them in formulating the role of IT within their firms, but not always without reservation: “Whenever we have a significant design issue we bring in consultants to help us—but not to do actual development work.” Only a few are downright skeptical: “I try to avoid consultants—what is their motivation?” The perception of outsourcing is still low in mid-size firms as compared to the recent increase in IT outsourcing abroad. The lower use could be related to the initial costs and management overhead that is required to properly implement outsource operations in foreign countries.

A great majority of chief executives recognize some form of the strategic importance of IT to business planning: “More of our business is related to technology and therefore I believe IT is more important to strategic planning.” Still, this sense of importance remains somewhat intuitive: “I cannot quantify how IT will become more strategic to the business planning—but I sense that job functions will be dramatically altered.” In terms of how IT is viewed by other departments within the firm, responses are varied. A little over a third of respondents feel IT is reasonably integrated within the organization: “The IT department is vitally important—but rarely noticed.” The majority of respondents, however, recognize a need for greater integration: “IT was marginalized—but it is changing. While IT drives the system—it needs to drive more of the business.” Some articulate clearly the perceived problems: “IT needs to be more pro-active—they do not seem to have good interpersonal skills and do not understand corporate politics.” A few express a sense of misgiving (“IT people are strange—personality is an issue”) and even a sense of hopelessness: “People hate IT—particularly over the sensitivity of the data. IT sometimes is viewed as misfits and incompetent.”

Question eight asks participants whether they feel there is too much “hype” attributed to the importance of technology in business. Over half responded in the negative, though not without reservation: “I do not think there is too much hype—but I am disappointed. I had hoped that technology at this point would have reduced paper, decreased cost—it just has not happened.” Others feel that there is indeed some degree of sensationalism: “I definitely think there is too much hype—everyone wants the latest and greatest.” Hype in many cases can be related to a function of evaluation, as in this exclamation: “The hype with IT relates more to when will we actually see the value!” The last question in this section asks whether the uses of technology within the firm have significantly changed over the last five years. A majority agrees that it has: “The role of IT has changed significantly in the last five years—we need to stay up-to-date because we want to carry the image that we are ‘on the ball.’” Many of these stress the importance of informational flows: “I

find the “I” (Information) part to be more and more important and the “T” (Technology) to be diminishing in importance.” Some actively downplay the significance: “I believe in minimizing the amount of technology we use—people get carried away.”

Section 2: Management and Strategic Issues

This section focuses on questions pertaining to executive and management organizational concerns. The first and second questions ask executives about the most senior title held by an IT officer, and about the reporting structure for IT. Two thirds of the participants rank their top IT officer as “CIO” (Chief Information Officer). In terms of organizational hierarchy, half of the IT leaders are at the second tier, reporting directly to the CEO or president, while the other half are at the third tier, reporting either to the CFO (Chief Financial Officer) or to the COO (Chief Operating Officer). As one CEO stated, “Most of my activity with IT is through the COO. We have a monthly meeting and IT is always on the agenda.”

Table 2.2 Management and Strategic Issues

Question	Analysis
1 What is the most senior title held by IT? Where does this person rank on the organization hierarchy?	Sixty-six percent call the highest position “CIO” (Chief Information Officer). Ten percent use “Managing Director,” while 24% use “Director” as the highest title.
2 Does IT management ultimately report to you?	Fifty percent of IT leaders report directly to the chief executive, the other half reports to either the chief financial officer or the chief operating officer.
3 How active are you in working with IT issues?	Fifty-seven percent state that they are very active—on a weekly basis. Thirty-eight percent are less active or inconsistently involved, usually stepping in when an issue becomes problematic.
4 Do you discuss IT strategy with your peers from other firms?	Eighty-one percent do not communicate with peers at all. Only 10% actively engage in peer-to-peer communication about IT strategy.
5 Do IT issues get raised at board, marketing, and/or strategic meetings?	Eighty-six percent confirm that IT issues are regularly discussed at board meetings. However, only 57% acknowledge IT discussion during marketing meetings, and only 38% confirm like discussions at strategic sessions.
6 How critical is IT to the day-to-day business?	Eighty-two percent of the chief executives feel it is very significant or critical to the business.

The third question asks executives to consider their level of involvement with IT matters. Over half claim a highly active relationship, engaging on a weekly basis: “I like to have IT people close and in one-on-one interactions. It is not good to have artificial barriers.” For some, levels of involvement may be limited: “I am active with IT issues in the sense of setting goals.” A third of participants claim less activity, usually becoming active when difficulties arise. Question four asks whether executives speak to their peers at other firms about technology issues. A high majority manages to skip this potential for communication with their peers. Only one in ten actively pursues this matter of engagement.

Question five asks about the extent to which IT issues get discussed at board meetings, marketing meetings, and business strategy sessions. Here, a great majority confirms that regular discussion regarding IT concerns are raised, especially at board meetings; a smaller majority attests to IT discussions during marketing meetings. Over a third report that IT issues maintain a presence at strategic sessions. The higher incidence at board meetings may be attributable to the effects of Y2K preparations. The final question in this section concerns the level of criticality for IT in the day-to-day operations of the business. A high majority of executives responded affirmatively in this regard: “IT is critical to our survival and its impact on economies of scale is significant.”

Section 3: Measuring IT Performance and Activities

This section is concerned with how chief executives measure IT performance and activities within their firms. The first question of this section asks whether executives have a view about how IT performance should be measured. Almost two thirds affirm having some formal or informal way of measuring performance: “We have no formal process of measuring IT other than predefined goals, cost constraints, and deadlines.” Their responses demonstrate great variation, sometimes leaning on cynicism: “I measure IT by the number of complaints I get.” Many are still grappling with this challenge: “Measuring IT is unqualified at this time. I have learned that hours worked is not the way to measure IT—it needs to be more goal-oriented.” Most chief executives express some degree of quandary: “We do not feel we know enough about how IT should be measured.” Question two asks executives to rate their satisfaction with IT performance. Here, too, there was significant variation. A little more than half express some degree of satisfaction: “Since 9/11 IT has gained a lot of credibility because of the support that was needed during a difficult time.” Slightly fewer than half reveal a degree of dissatisfaction: “We had to overhaul our IT department to make it more customer-service oriented.”

Table 2.3 Measuring IT Performance and Activities

Question	Analysis
1 Do you have any view of how IT should be measured and accounted for?	Sixty-two percent state that they have a view on measurement; however, there is significant variation in how executives define measurement.
2 Are you satisfied with IT performance in the firm?	There is significant variation in IT satisfaction. Only 19% are <i>very satisfied</i> . Thirty-three percent are <i>satisfied</i> , another 33% are <i>less satisfied</i> , and 14% are <i>dissatisfied</i>
3 How do you budget IT costs? Is it based on a percentage of gross revenues?	Fifty-seven percent state that they do not use gross revenues in their budgeting methodologies.
4 Have Y2K issues had an effect on the business? Did you had to increase your IT budget to address Y2K problems?	Eighty-five percent state that Y2K had a significant impact on their IT budgets, resulting from pressure from their audit firms and boards of directors. Eighty-one percent state that Y2K significantly affected the business, especially in terms of delaying other IT initiatives.
5 To what extent do you perceive technology as a means of increasing marketing or productivity, or both?	Seventy-one percent feel that technology is a significant means of increasing both marketing and productivity in their firms.
6 Are Internet/Web marketing activities part of the IT function?	Only 24% state that Internet/Web marketing efforts report directly to the IT organization.

Question three concerns budgeting—i.e., whether or not chief executives budget IT costs as a percentage of gross revenues. Over half deny using gross revenues in their budgeting method: “When handling IT projects we look at it on a request-by-request basis.” Question four inquires about the impact of Y2K on the firm’s budget and on other aspects of the business. Over 80% confirmed that Y2K had significant impact on their IT budget and on the business: “In Y2K we were able to uncover efficiency issues and identify weaknesses that we did not know we had—do not know if it was worth it.” Some chose to acknowledge the silver-lining effect of that inevitable confrontation: “I saw Y2K as a positive stimulus. It made management more cognizant of systems—how they work and the challenges of keeping them operating.”

The last two questions ask chief executives to assess the impact of technology on marketing and productivity. Almost three quarters of the

participants feel that technology represents a significant means of enhancing both marketing and productivity. Some maintain a certainty of objective: “We try to get IT closer to the customer—having them understand the business better.” Still, many have a less defined sense of direction: “I have a fear of being left behind, so I do think IT will become more important to the business.” And others remain caught in uncertainty: “I do not fully understand how to use technology in marketing—but I believe it’s there.” Chief-executive certainty, in this matter, also finds expression in the opposite direction: “IT will become less important—it will be assumed as a capability and a service that companies provide to their customers.” Of the Internet/Web marketing initiatives, only one quarter of these report directly to the IT organization: “IT does not drive the Web activities because they do not understand the business.” Often these two are seen as separate or competing entities of technology: “Having Web development report to IT would hinder the Internet business’ growth potential.” Yet some might be willing to explore a synergistic potential: “We are still in the early stages of understanding how the Internet relates to our business strategy and how it will affect our product line.”

General Results

Section 1 reveals that the matter of defining a mission for the IT organization remains as unresolved as finding a way to reckon with the potential impact of IT on business strategy. Executives still seem to be at a loss on the question of *how to integrate IT into the workplace*—a human resource as well as strategic issue. There is uncertainty regarding the dependability of the technology information received. Most agree, however, in their need for software development departments to support their internally developed software, in their need to outsource certain parts of technology, and in their use of outside consultants to help them formulate the future activities of their IT departments.

Section 2 shows that while the amount of time that executives spend on IT issues varies, there is a positive correlation between a structure in which IT managers report directly to the chief executive and the degree of activity that executives state they have with IT matters. Section 3 shows that chief executives understand the potential value that technology can bring to the marketing and productivity of their firms. They do not believe, however, that technology can go unmeasured; there needs to be some rationale for allotting a spending figure in the budget. For most of the firms in this study, the use of the Internet as a technological vehicle for future business is not determined by IT. This suggests that IT does not manage the marketing aspects of technology and that it has not

achieved significant integration in strategic planning. Finally, Y2K had the effect of making chief executives more knowledgeable about IT, despite the perception that there was too much hype about its importance. This finding is significant because it indicates an instance in which executives became more involved with day-to-day IT issues.

Defining the IT Dilemma

The variations found in this study in terms of where IT reports, how it is measured, and how its mission is defined is consistent with existing research. But the wide-ranging inconsistencies and uncertainties among executives described above leave many of them wondering whether or not they should be using information technology as part of their business strategy and operations. While this quandary does not in itself suggest an inadequacy, it does point to an absence of a “best practices” guideline for using technology strategically. Hence, most businesses lack a clear plan on how to evolve IT contributions toward business development. Though a high majority of respondents feel that IT is critical to the survival of their businesses, the degree of IT assimilation within the core culture of organizations still varies. This suggests that the effects of cultural assimilation lag behind the actual involvement of IT in the strategic direction of the company.

While Sampler (1996) attributed many operational inconsistencies to the changing landscape of technology, the findings of this study suggest that there is also a lack in professional procedures, rules, and established governance that could support the creation of best practices for the profession. Bensaou and Earl (1998), on the one hand, have addressed this concern by taking a very pro-Japanese perspective in extrapolating from five “Western” problems five “general” principles, presumably not culture-bound, and thence a set of “best principles” for managing IT. But Earl and Sampler (1998), on the other hand, sidestep any attempt to incorporate Earl’s own inductive approach above; instead, they favor a market management approach, based on a supply and demand model to “balance” IT management. Of course, “best practices” already embodies the implicit notion of best principles, however, the problems confronting executives—the need for practical guidelines—remains. For instance, this study shows that IT performance is measured in many different ways. It is this type of practical inconsistency that leaves chief executives with the difficult challenge of understanding how technology decisions can be managed.

On a recent follow-up call related to this study, for example, a CEO informed me of a practical yet significant difference she had instituted

since our interview. “The change in reporting,” this CEO stated, “has allowed IT to become part of the mainstream vision of the business. It now is a fundamental component of all discussions with Human Resources, Sales and Marketing, and Accounting. The change in reporting has allowed for the creation of a critical system, which has generated significant direct revenues for the business. I attribute this to my decision to move the reporting of technology directly to me and to my active participation in the uses of technology in our business.”

This is an example of an executive whom Schein (1994) would call a “change agent”—someone who employs “cognitive redefinition through scanning,” in this case to elicit the strategic potential of IT. We might also call this activity *reflective thinking* (Langer 2001b). Schein’s change agents, however, go on to “acknowledge that future generations of CEOs will have been educated much more thoroughly in the possibilities of the computer and IT, thus enabling them to take a hands-on adopter stance.” This insight implies a distancing (“future”) of present learning responsibilities among current chief executives. The nearer future of this insight may instead be seen in the development of *organizational learning*.² These are two areas of contemporary research that begin to offer useful models in the pursuit of a “best practices” approach to the understanding and managing of IT.

If the focus of this latter study is geared towards the evaluation of IT based on the view of the chief executive, it is, indeed, because their views necessarily shape the very direction for the organizations that they manage. Subsequent chapters of this book will examine how the various dilemmas surrounding IT that I have discussed herein are affecting organizations, and how organizational learning practices can help answer many of today’s issues raised by executives, managers, and operations personnel.

²My case study “Fixing Bad Habits” (2001) has shown that integrating the practices of reflective thinking to support the development of organizational learning has greatly enhanced the adaptation of new technologies, their strategic valuation to the firm, and their assimilation into the social norms of the business.

3

TECHNOLOGY AS A VARIABLE AND RESPONSIVE ORGANIZATIONAL DYNAMISM

THIS CHAPTER FOCUSES ON DEFINING the components of technology and how they affect corporate organizations. In other words, if we step back momentarily from the specific challenges that information technology poses, we might ask: What are the generic aspects of technology that have made it an integral part of strategic and competitive advantage for many organizations? How do organizations respond to these generic aspects as catalysts of change? Furthermore, how do we objectively view the role of technology in this context, and how should organizations adjust to its short- and long-term impacts?

Technological Dynamism

To begin with, technology can be regarded as a variable, independent of others, that contributes to the life of a business operation. It is capable of producing an overall, totalizing yet distinctive effect on organizations—it has the unique capacity to create accelerations of corporate events in an unpredictable way. Technology, in its aspect of unpredictability, is necessarily a variable; and in its capacity as accelerator—its tendency to produce change or advance—it is dynamic. My contention is that, as a dynamic kind of variable, technology, via a responsive handling or management, can be tapped to play a special role in organizational development. It can be pressed into service as the dynamic catalyst that helps bring organizations to maturity in dealing not only with new technological quandaries but with other agents of change as well. Change

generates new knowledge, which, in turn, requires a structure of learning that should, if managed properly, result in transformative behavior, supporting the continued evolution of organizational culture. Specifically, technology speeds up events such as the expectation of getting a response to an e-mail, and requires organizations to respond to them in ever-quickenning time frames. Such events are not as predictable as what individuals in organizations have experienced prior to the advent of new technologies—particularly with the meteoric advance of the Internet. In viewing technology then as a *dynamic* variable, as one that requires of organizations systemic and cultural change, we may regard it as an inherent, internal driving force—a form of technological dynamism.

Dynamism is defined as a process or mechanism responsible for the development or motion of a system. *Technological Dynamism* characterizes the unpredictable and accelerated ways in which technology, specifically, can change strategic planning and organizational behavior/culture. This change is based on the acceleration of events and interactions within organizations, and which, in turn, create the need to better empower individuals and departments. Another way of understanding Technological Dynamism is to think of it as an internal drive recognized by the symptoms it produces. The new events and interactions brought about by technology are symptoms of the dynamism that technology manifests. The next section discusses how organizations can begin to make this inherent dynamism work in its favor on different levels.

Responsive Organizational Dynamism

The Technological Dynamism at work in organizations has the power to disrupt any antecedent sense of comfortable equilibrium, or an unwelcome sense of stasis. It also upsets the balance among the various factors and relationships that pertain to the question of how we might integrate new technologies into the business—a question of what we will call *Strategic Integration*—and how we assimilate the cultural changes they bring about organizationally—a question of what we will call *Cultural Assimilation*. Managing the dynamism, therefore, is a way of managing the effects of technology. I propose that these organizational ripples, these precipitous events and interactions, can be addressed in specific ways at the organizational management level. The set of integrative responses to the challenges raised by technology is what I am calling *Responsive Organizational Dynamism*, which will also receive further explication in the next few chapters. For now, we need to elaborate the two distinct categories that present themselves in response to Technological Dynamism: they are *Strategic Integration* and *Cultural Assimilation*. Figure 3.1 diagrams the relationships.

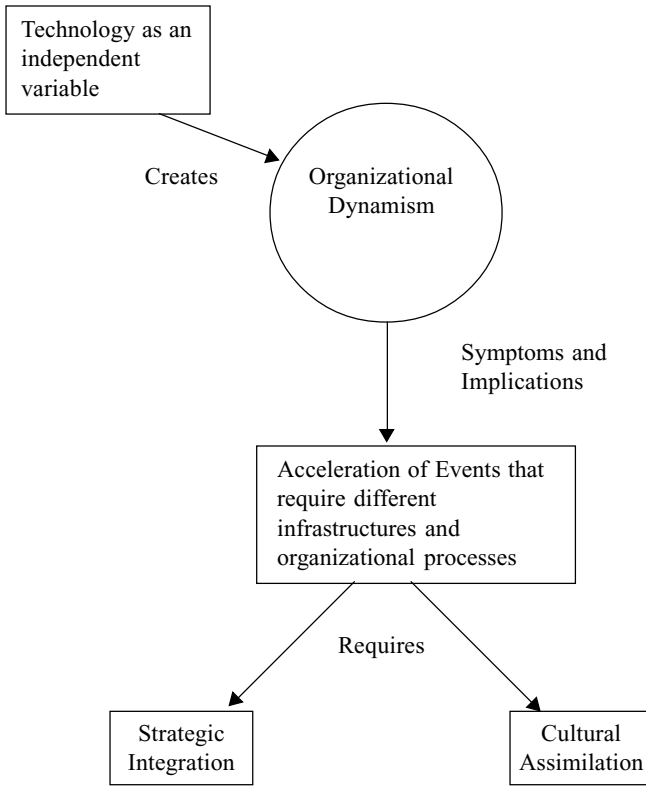


Figure 3.1

Strategic Integration

Strategic Integration is a process that addresses the business-strategic impact of technology on organizational processes. That is to say, the business-strategic impact of technology requires immediate organizational responses and in some instances zero latency. Strategic Integration recognizes the need to scale resources across traditional business-geographic boundaries, to redefine the value chain in the life cycle of a product or service line and generally to foster more agile business processes (Murphy, 2002). Strategic Integration, then, is a way to address the changing requirements of business processes caused by the sharp increases in uses of technology. Evolving technologies have become catalysts for competitive initiatives that create new and different ways to determine successful business investment. Thus, there is a dynamic business variable that drives the need for technology infrastructures capable of greater flexibility and of exhibiting greater integration with all business operations.

Historically, organizational experiences with IT investment have resulted in two phases of measured returns. The first phase often shows negative or declining productivity as a result of the investment; in the second phase we often see a lagging of, though eventual return to, productivity. The lack of returns in the first phase has been attributed to the nature of the early stages of technology exploration and experimentation, which tend to slowdown the process of organizational adaptation to technology. The production phase then lags behind the organization's ability to integrate new technologies with its existing processes. Another complication posed by Technological Dynamism via the process of Strategic Integration is a phenomenon we can call "factors of multiplicity"—essentially what happens when several new technology opportunities overlap and create a myriad of projects that are in various phases of their developmental life cycle. Furthermore, the problem is compounded by lagging returns in productivity, which are complicated to track and to represent to management. Thus, it is important that organizations find ways to shorten the period between investment and technology's effective deployment. Murphy (2002) identifies several factors that are critical to bridging this delta:

1. Identifying the processes that can provide acceptable business returns from new technological investments
2. Establishing methodologies that can determine these processes (1)
3. Finding ways to actually perform and realize expected benefits
4. Integrating IT projects with other projects
5. Adjusting project objectives when changes in the business require them

Technology complicates these actions, making them more difficult to resolve—hence, the need to manage the complications. To tackle these compounded concerns, Strategic Integration can shorten life-cycle maturation by focusing on the integrating factors below:

- Addressing the weaknesses in management organizations in terms of how to deal with new technologies and how to better realize business benefits
- Providing a mechanism that both enables organizations to deal with accelerated change caused by technological innovations and that integrates them into a new cycle of processing and handling change
- Providing a strategic learning framework whereby every new technology variable adds to organizational knowledge, particularly using reflective practices (see chapter 4)

- Establishing an integrated approach that ties technology accountability to other measurable outcomes using organizational learning techniques and theories

In order to realize these objectives, organizations must be able to:

- Create dynamic internal processes that can function on a daily basis to deal with understanding the potential fit of new technologies and its overall value to the business
- Provide the discourse to bridge the gaps between IT and non-IT related investments and uses into an integrated system
- Monitor investments and determine modifications to the life cycle
- Implement various organizational learning practices including Learning Organization, Knowledge Management, Change Management, and Communities of Practice, all of which help foster strategic thinking and learning that can be linked to performance (Gephardt & Marsick, 2003)

Another important aspect of Strategic Integration is what Murphy (2002) calls “consequential interoperability,” in which “the consequences of a business process” are understood to “dynamically trigger integration” (p. 31). This integration occurs in what he calls the Five Pillars of Benefits Realization:

1. *Strategic Alignment*: The alignment of IT strategically with business goals and objectives.
2. *Business Process Impact*: The impact on the need for the organization to redesign business processes and integrate them with new technologies.
3. *Architecture*: The actual technological integration of applications, databases, and networks to facilitate and support implementation.
4. *Payback*: The basis for computing ROI from both direct and indirect perspectives.
5. *Risk*: Identifying the exposure for underachievement or failure in the technology investment.

Murphy’s Pillars are useful in helping us understanding how technology can engender the need for Responsive Organizational Dynamism (ROD), especially as it bears on issues of *Strategic Integration*. They also help us understand what becomes the Strategic-Integration component of ROD. His theory on strategic alignment and business-process impact supports the notion that IT will increasingly serve as an under girding

force, one that will drive enterprise growth by identifying the initiators (such as e-business on the Internet) that best fit business goals. Many of these initiators will be accelerated by the growing use of e-business, which becomes the very *driver* of many new market realignments. This e-business realignment will require the ongoing involvement of executives, business managers, and IT managers. Indeed, the Gartner Group forecasts that 70% of new software application investments and 5% of new infrastructure expenditures by 2005 will be driven by e-business.

The combination of evolving business drivers with accelerated and changing customer demands has created a business revolution that best defines the imperative of the Strategic-Integration component of ROD. The changing and accelerated way businesses deal with their customers and vendors requires a new Strategic Integration to become a reality, rather than remain a concept given discussion to but affecting little action. Without action directed toward new Strategic Integration, organizations would lose competitive advantage, which would affect profits. Most experts see e-business as the mechanism that will ultimately require the integrated business processes to be realigned, thus, providing value to customers and modifying the customer/vendor relationship. The driving force behind this realignment emanates from the Internet, which serves as the principle accelerator of the change in transactions across all businesses. The general need to optimize resources forces organizations to rethink and to realign business processes in order to gain access to new business markets.

Murphy's *Pillar of Architecture* brings out yet another aspect of Responsive Organizational Dynamism. By "architecture," we mean the focus on the effects that technology has on existing computer applications, or legacy systems (old existing systems). Technology requires existing IT systems to be modified or replacement systems to be created that will mirror the new business realignments. These changes respond to the forces of Strategic Integration and require Business Process Reengineering (BPR) activities, which represent the reevaluation of existing systems based on changing business requirements. It is important to keep in mind the acceleration factors of technology, and to recognize the amount of organizational effort and time that such projects take to complete. We must ask the following question: How might organizations respond to these continual requirements to modify existing processes? We shall see in later chapters how ROD represents the answer to this question.

Murphy's *Pillar of Direct Return* is somewhat limited and narrow because not all IT value can be associated with direct returns, but it is important to discuss. Technology acceleration is forcing organizations

to deal with broader issues surrounding what represents a return from an investment. The value of Strategic Integration relies heavily on the ability of technology to encapsulate itself within other departments where it ultimately provides the value. We will see in chapter 4 that this issue also has significance in organizational formation. What this means is simply that value can be best determined within individual business units at the micro-level and that these appropriate level business unit(s) also need to make the case for why certain investments need to be pursued. There are also paybacks that are indirect: for example, Lucas (1999) demonstrates that many technology investments are non-monetary in nature. The IT department (among others) becomes susceptible to great scrutiny and subject to budgetary cutbacks during economically difficult times. This does not suggest that IT “hide” itself, but rather that its investment be integrated within the unit where it provides the most benefit. Notwithstanding the challenge to map IT expenditures to its related unit, there are always expenses that are central to all departments: such as email and network infrastructure. These types of expenses can rarely provide direct returns and are typically allocated across departments as a “cost of doing business.”

Because of the increased number of technology opportunities, Murphy’s *Risk* pillar must be a key part of Strategic Integration. The concept of risk assessment is not new to an organization; however, it is somewhat misunderstood as it relates to technology assessment. Technology assessment must, because of the acceleration factor, be embedded within the strategic decision-making process. This can only be accomplished by having an understanding of how to align technology opportunities for business change and by understanding the cost of foregoing the opportunity, as well as the cost of delays in delivery. Many organizations use risk assessment in a very unstructured way, which does not provide a consistent framework to dynamically deal with emerging technologies. Furthermore, such assessment needs to be managed at all levels in the organization as opposed to being an event-driven activity controlled only by executives.

Summary

Strategic Integration represents the objective of dealing with emerging technologies on a regular basis. It is an outcome of Responsive Organizational Dynamism, and it requires organizations to deal with a variable that forces acceleration of decisions in an unpredictable fashion. Strategic Integration would require businesses to realign the ways in which they include technology in strategic decision making.

Cultural Assimilation

Cultural Assimilation is a process that focuses on the organizational aspects of how technology is internally organized, including the role of the IT department, and how it is assimilated within the organization as a whole. The inherent, contemporary reality of Technological Dynamism requires not only strategic but *cultural* change as well. This reality demands that IT organizations connect to all aspects of the business. Such affiliation would foster a more interactive culture rather than one that is regimented and linear, as is too often the case. An interactive culture is one that can respond to emerging technology decisions in an optimally informed way, one that understands the impact on business performance.

The kind of Cultural Assimilation elicited by Technological Dynamism and formalized in ROD is divided into two sub-categories: the study of how the IT organization relates and communicates with “others”; and the actual displacement or movement of traditional IT staff from an isolated “core” structure to a firm-wide, integrated framework.

IT Organization Communications with “Others”

The Ravell case study shows us the limitations and consequences of an isolated IT department operating within an organization. The case study shows that the isolation of a group can lead to marginalization, which results in the kind of organization where not all individuals can participate in decision-making and implementation, even though such individuals have important knowledge and value. Technological Dynamism is forcing IT departments to rethink their strategic position within their firm’s organizational structure. No longer can IT be a stand-alone unit designed just to service outside departments while maintaining its own separate identity. The acceleration factors of technology require more dynamic activity within and among departments, which cannot be accomplished through discrete communications between groups. Instead, the need for diverse groups to engage in more integrated discourse and to share varying levels of technological knowledge, as well as business-end perspectives, requires new organizational structures that will of necessity give birth to a new and evolving business-social culture. Indeed, the need to assimilate technology creates a *transformative* effect on organizational cultures, the way they are formed and reformed, and what they will need from IT personnel.

Movement of Traditional IT Staff

In order to facilitate Cultural Assimilation from an IT perspective, IT must become better integrated with non-IT personnel. This form of

integration can require the actual movement of IT staff personnel into other departments, which begins the process of a true assimilation of resources among business units. While this may seem like the elimination of IT's integrity or identity, such a loss is far from being the case. The elimination of the IT department is not at all what is called for here; on the contrary, the IT department is critical to the function of Cultural Assimilation. However, the IT department may need to be structured differently from the way it has been so that it can deal primarily with generic infrastructure and support issues such as email, network architecture, and security. IT personnel who focus on business-specific issues need to become closely aligned with the appropriate units so that Responsive Organizational Dynamism can be successfully implemented.

Furthermore, we must acknowledge that, given the wide-range of available knowledge about technology, not all technological knowledge emanates from the IT department. The question becomes one of finding the best structure to support a broad assimilation of knowledge about any given technology; then we should ask how that knowledge can best be utilized by the organization. There is a pitfall in attempting to find a "standard" IT organizational structure that will address the Cultural Assimilation of technology. Sampler's (1996) research, and my recent studies with chief executives, confirms that no such standard structure exists. It is my position that organizations must find their own unique blend using organizational learning constructs. This simply means that that the Cultural Assimilation of IT may be unique to the organization. What is then more important for the success of organizational development is the process of assimilation as opposed to the transplanting of the structure itself.

Today, many departments still operate within "silos" where they are unable to meet the requirements of the dynamic and unpredictable nature of technology in the business environment. Traditional organizations do not often support the necessary communications needed to implement Cultural Assimilation across business units. However, business managers can no longer make decisions without considering technology; they will find themselves needing to include IT staff in their discussion-making processes. On the other hand, IT departments can no longer make technology-based decisions without concerted efforts toward assimilation (in contrast to occasional partnering or project-driven participation) with other business units. This assimilation becomes mature when new cultures evolve synergistically as opposed to just having multiple cultures that attempt to work in conjunction (partner) with each other. The important lesson from Ravell to keep in mind here is that the process of assimilating IT can create new cultures that in turn evolve to

better support the requirements established by the dynamism of technology.

Eventually, these new cultural formations will not perceive themselves as functioning within an IT or non-IT decision framework, but rather as operating within a more central business operation that understands how to incorporate varying degrees of IT involvement as necessary. Thus, organizational cultures will need to fuse together to respond to new business opportunities and requirements brought about by the ongoing acceleration of technological innovation. This was also best evidenced by subsequent events at Ravell. Three years after the original case study, it became necessary at Ravell to integrate one of its business operations with a particular group of IT staff members. The IT personnel actually transferred to the business unit in order to maximize the benefits of merging both business and technical cultures. Interestingly, this business unit is currently undergoing Cultural Assimilation and is developing its own behavioral norms influenced by the new IT staff. However, technology decisions within such groups are not limited to the IT transferred personnel. IT and non-IT staff need to formulate decisions using various organizational learning techniques. These techniques will be discussed in the next chapter.

Summary

Without appropriate Cultural Assimilation, organizations tend to have staff that “take shortcuts, [then] the loudest voice will win the day, ad hoc decisions will be made, accountabilities lost, and lessons from successes and failures will not become part of...wisdom” (Murphy, 2002, p. 152). As in the case of Ravell corporation, it is essential, then, to provide for consistent governance, one that fits the profile of the existing culture, or that can establish the need for a new culture. While many scholars and managers suggest the need to have a specific entity responsible for IT governance, one that is to be placed within the organization’s operating structure, such an approach creates a fundamental problem. It does not allow staff and managers the opportunity to assimilate technologically driven change and understand how to design a culture that can operate under ROD. In other words, the issue of governance is misinterpreted as a problem of structural positioning or hierarchy when it is really one of Cultural Assimilation. As a result, many business solutions to technology issues often lean toward the prescriptive instead of the analytical in addressing the real problem.

Murphy’s *Risk Pillar* theory offers us another important component relevant to Cultural Assimilation. This approach addresses well the concerns that relate to the creation of risk cultures formed to deal with the

impact of new systems. New technologies can actually cause changes in Cultural Assimilation by establishing the need to make certain changes in job descriptions, power structures, career prospects, degree of job security, departmental influence, or ownership of data. Each of these potential risks needs to be factored in as an important part of considering how best to organize and assimilate technology through Responsive Organizational Dynamism.

Technology Business Cycle

To better understand Technology Dynamism or how technology acts as a dynamic variable, it is necessary to define the specific steps that occur during its evolution in an organization. The evolution or business cycle depicts the sequential steps during the maturation of a new technology from feasibility to implementation and through subsequent evolution. Table 3.1 shows the five components that comprise the cycle.

Feasibility

The stage of feasibility focuses on a number of issues surrounding the practicality of implementing a specific technology. Feasibility addresses the ability to deliver a product when it is needed in comparison to the time it takes to develop it. Risk also plays a role in feasibility assessment;

Table 3.1 Technology Business Cycle

Cycle Component	Component Description
Feasibility	Understanding how to view and evaluate emerging technologies from a technical and business perspective
Measurement	Dealing with both the direct monetary returns and indirect non-monetary returns; establishing <i>driver</i> and <i>support</i> life cycles
Planning	Understanding how to set up projects, establishing participation across multiple layers of management including operations and departments
Implementation	Working with the realities of project management; operating with political factions, constraints, meeting milestones, dealing with set backs; having the ability to go live with new systems
Evolution	Understanding how acceptance of new technologies affects cultural change and how uses of technology will change as individuals and organizations become more knowledgeable about technology and generate new ideas about how it can be used—this objective is established through organizational dynamism, creating new knowledge and an evolving organization

of specific concern is the question: Is it possible or probable that the product will become obsolete before completion? Cost is certainly a huge factor but viewed at a “high level” (i.e., at a general cost range), and it is usually geared toward meeting a firm’s expected returns from its investments. The feasibility process must be one that incorporates individuals in a way that allows them to respond to the accelerated and dynamic process brought forth by technological innovations.

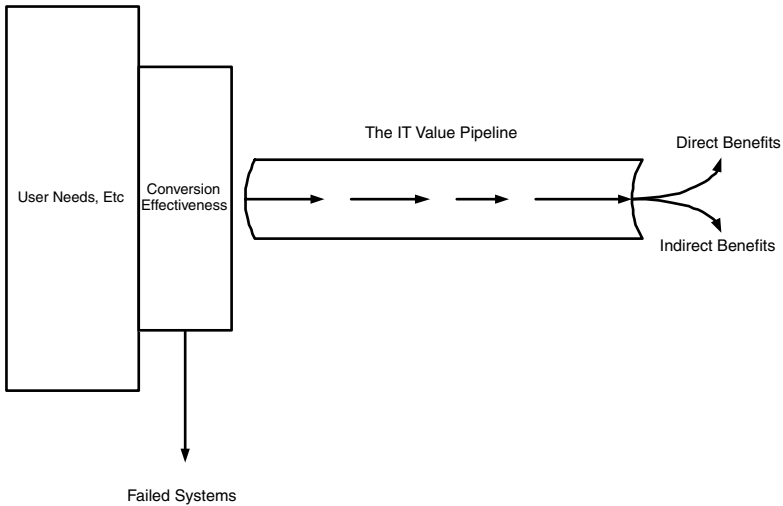
Measurement

Measurement is the process of understanding how an investment in technology is calculated, particularly in relation to an organization’s ROI. The complication with technology and measurement is that it is simply not that easy to determine how to calculate such a return. This problem comes up in many of the issues discussed by Lucas (1999) in his book *Information Technology and the Productivity Paradox*. His work addresses many comprehensive issues surrounding both monetary and non-monetary ROI, as well as direct versus indirect allocation of IT costs. Aside from these issues, there is also the fact that many investments in technology for which the attempt to compute ROI may be an inappropriate approach. As stated earlier, Lucas offers a “Garbage Can Model” that advocates trust in the operational management of the business and advocates the formation of IT representatives into productive teams that can assess new technologies as a regular part of business operations. The “Garbage Can” is an abstract concept for allowing individuals a place to suggest innovations brought about by technology. The inventory of technology opportunities needs regular evaluation. Lucas does not really offer an explanation of exactly how this process should work internally. Responsive Organizational Dynamism, however, provides the strategic processes and organizational-cultural needs that can provide the infrastructure to better understand and evaluate the potential benefits from technological innovations using the Garbage Can model. The graphic depiction of the model is shown in Figure 3.2.

Planning

Planning requires a defined team of user and IT representatives. This appears to be a simple task, but it is more challenging to understand how such teams should operate, from whom they need support, and what resources they require. Let me be specific. There are a number of varying types of “users” of technology. They typically exist in three tiers: Executives, Business Line Managers, and Operations. Each of these individuals offers valuable yet different views of the benefits of technology (Langer, 2002). I define these user tiers as follows:

Garbage Can Model of IT Value



Source: Lucas (1999)

Figure 3.2

1. *Executives:* These individuals are often referred to as executive sponsors. Their role is twofold. First, they provide input into the system, specifically from the perspective of productivity, return-on-investment, and competitive edge. Second, and perhaps more important, their responsibility is to ensure that users are participating in the requisite manner—i.e., made to be available, and in the right place, etc. This area can be problematic because internal users are typically busy doing their jobs and sometimes neglect to provide input or to attend project meetings. Furthermore, executive sponsors can help control political agendas that can hurt the success of the project.
2. *Business Line Managers:* This interface provides the most information from a business-unit perspective. These individuals are responsible for two aspects of management. First, they are responsible for the day-to-day productivity of their unit, and therefore they understand the importance of productive teams and how software can assist in this endeavor. Second, they are responsible for their staffs. Thus, line managers need to know how software will affect their operational staffs.
3. *Functional Users:* These are the individuals in the trenches who understand exactly how processing needs to get done. While their purview of the benefits of the system is relatively narrower than

the executives and managers, they provide the concrete information that is required to create the feature/functions that make the system usable.

The planning process becomes challenging when attempting to get the three user communities to integrate their needs and “agree-to-agree” on how a technology project needs to be designed and managed.

Implementation

Implementation is the process of actually using a technology. Implementation of technology systems requires wider integration within the various departments than other systems in an organization because they usually affect multiple business units. Implementation must combine traditional methods of IT processes of development yet integrate them within the constraints, assumptions, and cultural (perhaps political) environments of different departments. Cultural Assimilation is, therefore, required at this stage because it delves into the internal organization’s structure, and requires individual participation in every phase of the development and implementation cycle. Listed below are some of the unique challenges facing the implementation of technological projects:

1. *Project managers as complex managers:* Technology projects require multiple interfaces that often lie outside the traditional user community. They can include interfacing with writers, editors, marketing personnel, customers, and consumers, all whom are stakeholders in the success of the system.
2. *Shorter and dynamic development schedules:* Due to the dynamic nature of technology, its process of development is less linear than that of others. Because there is less experience in the general user community and there are more stakeholders, there is a tendency by IT and executives to underestimate the time and cost to complete the project.
3. *New untested technologies:* There is so much new technology offered to organizations that there is a tendency by IT organizations to implement technologies that have not yet matured—that are not yet the best product they will eventually be.
4. *Degree of scope changes:* Technology, because of its dynamic nature, tends to be very prone to “scope-creep”—the scope of the original project expanding during development.
5. *Project management:* Project managers need to work closely with internal users, customers, and consumers to advise them on the

impact of changes to the project schedule. Unfortunately, scope changes that are influenced by changes in market trends may not be avoidable. Thus, part of a good strategy is to manage scope changes rather than attempt to stop them, which might not be realistic.

6. *Estimating completion time:* IT has always had difficulties in knowing how long it will take to implement a technology. Application systems are even more difficult because of the number of variables and unknowns.
7. *Lack of standards:* The technology industry continues to be a profession that does not have a governing body. Thus, it is impossible to have real enforced standards as other professions enjoy. While there are suggestions for best practices, many of them are unproven and not kept current with changing developments. Because of the lack of successful application projects, there are few success stories to create new and better set of “best practices.”
8. *Less specialized roles and responsibilities:* The IT team tends to have staff members that have varying responsibilities. Unlike traditional new technology driven projects, separation of roles and responsibilities are more difficult when operating in more dynamic environments. The reality is that many roles have not been formalized and integrated using something like Responsive Organizational Dynamism.
9. *Broad project management responsibilities:* Project management responsibilities need to go beyond those of the traditional IT manager. Project managers are required to provide management services outside the traditional software staff. They need to interact more with internal and external individuals as well as with non-traditional members of the development team, such as Web text and content staff. Therefore, there are many more obstacles that can cause implementation problems.

Evolution

The many ways to form a technological organization, with a natural capacity to evolve have been discussed from an IT perspective in this chapter. However, another important factor is the changing nature of application systems, particularly those that involve e-businesses. E-business systems are those that utilize the Internet and engage in e-commerce activities among vendors, clients, and internal users in the organization. The ways in which e-business systems are built and deployed suggest that they are evolving systems. This means that they have a long life cycle involving ongoing maintenance and enhancement. They are, if you will,

“living systems” that evolve in a similar manner in which organizational cultures have developed. So the traditional beginning-to-end life cycle does not apply to an e-business project that must be implemented in inherently ongoing and evolving phases. The important focus is that technology and organizational development have parallel evolutionary processes that need to be in balance with each other. This philosophy will be developed further in the next chapter.

Drivers and Supporters

There are essentially two types of generic functions performed by departments in organizations: *Driver* functions and *Supporter* functions. These functions relate to the essential behavior and nature of what a department contributes to the goals of the organization. I first encountered the concept of drivers and supporters at Coopers & Lybrand, which was at that time a Big 8¹ accounting firm. I studied the formulation of Driver vs. Supporter as it related to the role of our EDP (Electronic Data Processing) department. The firm was attempting to categorize the EDP department as either a Driver or Supporter.

Drivers are defined as those units that engaged in front-line or direct revenue generating activities. Supporters are units that did not generate obvious direct revenues but, rather, were designed to support front-line activities. For example, operations such as internal accounting, purchasing, or office management were all classified as supporter departments. Supporter departments, due to their very nature, were evaluated on their effectiveness and efficiency or economies of scale. In contrast, driver organizations are expected to generate direct revenues and other ROI value for the firm. What was also interesting to me at the time was that Drivers were expected to be more daring—since they must inevitably generate returns for the business. As such, Drivers engage in what Bradley and Nolan (1998) coined “sense and respond” behaviors and activities. Let me explain.

Marketing departments often generate new business by investing or “sensing” an opportunity, quickly—because of competitive forces in the marketplace. Thus, they must sense an opportunity and be allowed to respond to it in timely fashion. The process of sensing opportunity and responding with competitive products or services is a stage in the cycle

¹The original “Big 8” consisted of the eight large accounting and management consulting firms: Cooper & Lybrand, Arthur Anderson, Touche Ross, Delloite Haskins & Sells, Arthur Young, Price Waterhouse, Pete Marwick Mitchell, and Ernst and Whinney; up until the late 1980s, when these firms began to merge. Today there are four: Price Waterhouse Coopers, Delloit & Touche, Ernst & Young, and KPMG (Pete Marwick and others).

that organizations need to support. Failures in the cycles of sense and respond are expected. Take, for example, the launching of new fall television shows. Each of the major stations goes through a process of “sensing” what shows might be interesting to the viewing audience. They “respond” after research and review with a number of new shows. Inevitably, only a few of these selected shows are actually successful; some fail almost immediately. While relatively few shows succeed, the process is acceptable and is seen by management as the consequence of an appropriate set of steps for competing effectively—even though the percentage of successful new shows is very low. Therefore, it is safe to say that driver organizations are expected to engage in high-risk oriented operations, of which many will fail for the sake of creating ultimately successful products or services.

The preceding example raises two questions: (1) How does “sense and respond” relate to the world of information technology, and (2) why is it important? Information technology is unique in that it is both a Driver and a Supporter. The latter being the generally accepted norm in most firms. Indeed, most IT functions are established to support a myriad of internal functions such as:

- Accounting and finance
- Data-center infrastructure (e-mail, desktop, etc.)
- Enterprise level application (ERP)
- Customer support (CRM)
- Web and e-commerce activities

As one would expect, these IT functions are viewed as overhead related, as somewhat of a commodity, and, thus, constantly managed on an economy-of-scale basis—that is, how can we make this operation more efficient, with a particular focus on cost containment?

So what then are IT Driver functions? By definition, they are those that engage in direct revenues and identifiable return-on-investment (ROI). How do we define such functions in IT, as most activities are sheltered under the umbrella of marketing organization domains? (Excluding, of course, software application development firms that engage in marketing for their actual application products.) I define IT Driver functions as those projects that, if delivered, would change the relationship between the organization and its customers, that is, those activities that directly affect the classic definition of a market: forces of supply and demand, which are governed by the customer (demand) and the vendor (supplier) relationship. This concept can be shown in the following case example: Santander vs. Citibank

Santander Bank, the major bank of Spain had enjoyed a dominant market share in its home country. Citibank had attempted for years to penetrate Santander's dominance using traditional approaches (opening more branch offices, marketing, etc.) without success until, that is, they tried on-line banking. Using technology as a driver, Citibank made significant penetration into Santander's market share because it changed the customer-vendor relationship. On-line banking, in general, has had a significant impact on how the banking industry has established new markets by changing this relationship. What is also interesting about this case is the way in which Citibank has accounted for its investment in on-line banking: it knows very little about its total investment, and essentially does not care about its direct payback. Rather, Citibank sees its ROI in a similar way that depicts driver/marketing behavior: the payback is seen in broader terms to affect not only revenue generation, but also customer support and quality recognition.

Information Technology Roles and Responsibilities

The preceding section focuses on how IT can be divided into two distinct kinds of business operations. As such, the roles and responsibilities within IT need to change accordingly and be designed under the auspices of Driver and Supporter theory. Most traditional IT departments are designed to be Supporters, so that they have a close knit organization that is secure from outside intervention and geared to respond to user needs based on requests. While in many instances this type of formation is acceptable, it is very limited in providing the IT department with the proper understanding of the kind of business objectives that require Driver-type activities. This was certainly the experience in the Ravell case study. In that instance, I found making the effort to get IT support personnel "out from their comfortable shells" made a huge difference in providing better service to the organization at large. Because more and more technology is becoming Driver essential, this development will require of IT personnel an increasing ability to communicate to managers and executives and to assimilate within other departments.

The Ravell case, however, also brought to light the huge vacuum of IT presence in Driver activities. The subsequent chief executive interview study also confirmed that most marketing IT-oriented activities, such as e-business, do not fall under the purview of IT in most organizations.

The reasons for this separation are correlated with the lack of IT executive presence within the management team.

Another aspect of Driver-and-Supporter functions is the concept of a “life cycle.” A life cycle in this respect refers to the stages that occur before a product or service becomes obsolete. Technology products have a life cycle of value just as any other product or service. It is important not to confuse this life cycle with processes during development as discussed earlier in this chapter.

Many technical products are adopted because they are able to deliver value—value that is typically determined based on ROI calculations. However, as products mature within an organization, they tend to become more of a commodity; and as they are normalized, they tend to become support oriented. Once they reach the stage of support, the rules of economies-of-scale become more important and relevant to evaluation. As a product enters the support stage, replacement based on economies-of-scale can be maximized by outsourcing to an outside vendor who can provide the service cheaper. New technologies then can be expected to follow this kind of life cycle, where their initial investment requires some level of risk in order to provide returns to the business. This initial investment is accomplished in Responsive Organizational Dynamism using Strategic Integration. Once the evaluations are completed, Driver activities will prevail during the technology’s maturation process, which will also require Cultural Assimilation, and inevitably, technology will change organizational behavior and structure. However,

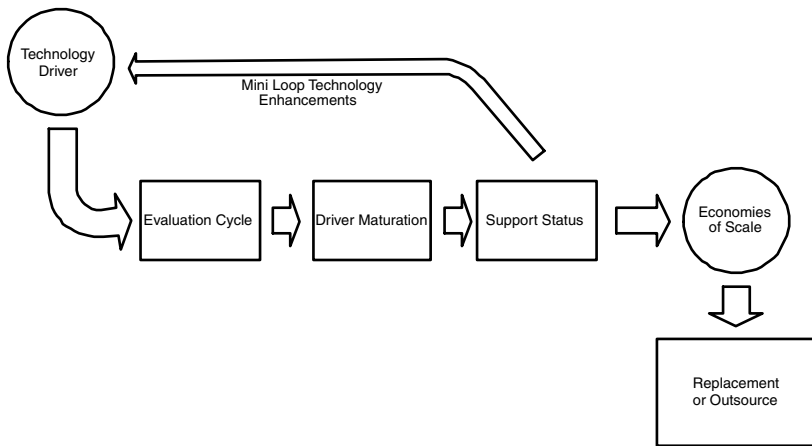


Figure 3.3

once the technology is “assimilated” and organizational behavior and structures are normalized, individuals will use it as a permanent part of their day-to-day operations. Thus, Driver activities give way to those of Supporters. Senior managers become less involved and line managers then become the more important group that completes the transition from Driver to Supporter.

After the technology is absorbed into operations, executives will seek to maximize the benefit by increased efficiency and effectiveness. Certain product enhancements may be pursued during this phase; they can create “mini loops” of Driver to Supporter activities. Ultimately a technology, viewed in terms of its economies-of-scale and longevity is considered for replacement or outsourcing. Figure 3.3 graphically shows the cycle.

The final stage of maturity of an evolving Driver, therefore, includes becoming a Supporter, at which time it becomes a commodity, and, finally, an entity with potential for replacement or outsourcing. The next chapter will explore how organizational learning theories can be used to address many of the issues and challenges brought forth in this chapter.

4

ORGANIZATIONAL LEARNING THEORIES AND TECHNOLOGY

THE PURPOSE OF THIS CHAPTER is to provide readers with an understanding of organizational theory. The chapter covers some aspects of the history and context of organizational learning. It also defines and explains various learning protocols and how they can be used to promote organizational learning. The overall objective of organizational learning is to support a process that guides individuals, groups, and entire communities through transformation. Indeed, evidence of organizational transformation provides the very proof that learning has occurred and that changes in behavior are occurring. What is important in this regard is that transformation remain internal to the organization so that it can evolve in a progressive manner, while maintaining the valuable knowledge base that is contained within an organization's personnel. Thus, the purpose of organizational learning is to foster evolutionary transformation that will lead to change in behaviors, and which is geared toward improving strategic performance.

Approaches to organizational learning typically address how individuals, groups, and organizations “notice and interpret information and use it to alter their fit with their environments” (Aldrich, 2001, p. 57). As such, however, organizational learning does not direct itself toward, and therefore has not been able to show, an inherent link to success—which is a critical concern for executive management. There are two perspectives on organizational learning theory. On the one hand, the adoptive approach, pioneered by Cyert and March (1963), treats organizations as goal-oriented activity systems. These systems generate learning when repeating experiences that have either succeeded or failed, discarding, of

course, processes that have failed. Knowledge development, on the other hand, treats organizations as sets of interdependent members with shared patterns of cognition and belief (Argyris & Schön, 1996). Knowledge development emphasizes that learning is not limited to simple trial and error, or direct experience. Instead, learning is understood also to be inferential and vicarious; organizations can generate new knowledge through experimentation and creativity. It is the knowledge development perspective that fits conceptually and empirically with work on technological evolution, and organizational knowledge creation and deployment (Tushman & Anderson, 1986).

There is a complication in the field of organizational learning over whether it is a technical or social process; scholars disagree on this point. From the technical perspective, organizational learning is about the effective processing, interpretation of, and response to, information both inside and outside the organization. "An organization is assumed to learn if any of its units acquires knowledge that it recognizes as potentially useful to the organization" (Huber, 1991, p. 89). From the social perspective, on the other hand, comes the concept that learning is "something that takes place not with the heads of individuals, but in the interaction between people" (Easterby-Smith et al., 1999, p. 6). The social approach draws from the notion that patterns of behavior are developed via patterns of socialization developed by evolving tacit knowledge and skills. There is, regrettably, a lack of on-going empirical investigation in the area of organizational learning pertaining, for example, to in-depth case studies, to micro-practices within organizational settings, and to processes that lead to outcomes. Indeed, measuring learning is a difficult process, which is why there is a lack of research that focuses on outputs. As Prange (1999) notes: "the multitude of ways in which organizational learning has been classified and used purports an 'organizational learning jungle,' which is becoming progressively dense and impenetrable." Mackenzie (1994) laments that what the "scientific community devoted to organizational learning has not produced discernable intellectual progress" (p. 251).

Ultimately, organizational learning must provide transformation that links to performance. Most organizations seeking improved performance expect changes that will support new outcomes. The study of organizational learning needs an overarching framework under which can be organized an inquiry into the pivotal issues surrounding organizational change. Frameworks that support organizational learning, whether their orientation is on individuals, groups, or infrastructure, need to allow for natural evolution within acceptable timeframes for the organization. Herein lies the problem of organizational learning theory: it lacks a

method of producing measurable results that executives can link to performance. While scholars seek outcomes through strategic learning, there must be tangible evidence of individual and organizational performance to ensure future investments in the concepts of learning Technology, we should remember, represents the opportunity to provide outcomes through strategic learning that addresses transitions and transformations over a specific lifecycle.

We saw this opportunity occur in the Ravell case study, where the IT department used organizational learning: specifically, individual reflective practices were used to provide measurable outcomes for the organization. In this case, the outcomes related to a specific event, the physical move of the business to a different location. Another lesson we can derive (with hindsight) from the Ravell experience is that learning was converted to strategic benefit for the organization. The concept of converting learning to strategic benefit was pioneered by Pietersen (2002). He established a strategic learning cycle comprised of four component-processes that he identifies with the action verbs, Learn, Focus, Align, and Execute. These are stages in the learning cycle, as follows:

1. *Learn*: Conduct a situation analysis to generate insights into the competitive environment and into the company's own realities.
2. *Focus*: Translate insights into a winning proposition that outlines key priorities for success.
3. *Align*: Align the organization and energize the people behind the new strategic focus.
4. *Execute*: Implement strategy and experiment with new concepts. Interpret results and continue the cycle.

At Ravell, technology assisted in driving the learning cycle because, by its dynamic nature, it mandated the acceleration of the cycle Pietersen describes in his stage-strategy of implementation. Thus, Ravell required the process Pietersen outlines to occur within six months and therein established the opportunity to provide outcomes. It also altered the culture of the organization—i.e., the evolution in culture was tangible because the transformation was concrete.

We see from the Ravell case that technology represents the best opportunity to apply organizational learning techniques because the use of it requires forms of evolutionary related change. Organizations are continually seeking to improve their operations and competitive advantage through efficiency and effective processes. As I have discussed in previous chapters, today's businesses are experiencing Technological Dynamism (defined as causing accelerated and dynamic transforma-

tions), and this is due to the advent of technologically driven processes. That is, organizations are experiencing more pressure to change and compete as a result of the accelerations that technology has brought about. Things happen quicker and more unpredictably than before. This situation requires organizations to sense the need for change and execute that change. The solution I propose is to tie organizational theory to technological implementation. Another way of defining this issue is to provide an overarching framework that organizes an inquiry into the issues surrounding organizational change.

Another dimension of organizational learning is political. Argyrus and Senge argue that politics gets “in the way of good learning.” In my view, however, the political dimension is very much part of learning. It seems naïve to assume that politics can be eliminated from the daily commerce of organizational communication. Instead, it needs to be incorporated as a factor in organizational learning theory rather than attempting to disavow or eliminate it, which is not realistic. Ravell also revealed that political factors are simply part of the learning process. Recall that during my initial efforts to create a learning organization there were IT staff members who deliberately refused to cooperate, assuming that they could “outlast” me in my interim tenure as IT director. But politics, of course, is not limited to internal department negotiations; it was also a factor at Ravell with and among departments outside of IT. These inter-departmental relationships applied especially to line managers, who became essential advocates for establishing and sustaining necessary forms of learning at the organizational level. But not all line managers responded with the same enthusiasm, and a number of them did not display a sense of authentically caring about facilitating synergies across departments. The irrepressible existence of politics in social organizations, however, must not in itself deter us from implementing organizational learning practices; it simply means that that we must factor it in as part of the equation. At Ravell, I had to work within the constraints of both internal and external politics. Nevertheless, in the end I was able to accomplish the creation of a learning organization. Another way one might look at the road bumps of politics is to assume that they will temporarily delay or slow down the implementation of organizational learning initiatives. But, let us make no mistake about the potentially disruptive nature of politics because, as we know, in its extreme cases of inflexibility, it can be very damaging.

North American cultural norms account for much of what goes into organizational learning theory—such as individualism, an emphasis on rationality, and the importance of explicit, empirical information. IT, on the other hand, has a broadening, globalizing effect on organizational

learning because of the sheer increase in the number of multicultural organizations created through the expansion of global firms. Thus, technology also affects the social aspects of organizational learning, particularly as it relates to the cultural evolution of communities. Furthermore, technology has shown us that what works in one culture may not work in another. Dana Deasy, the former CIO of the Americas region/sector for Siemens AG experienced the difficulties and challenges of introducing technology standards on a global scale. He quickly learned that what worked in North America did not operate with the same expectations in Asia or South America. I discuss Siemens AG as a case study in chapter 7.

It is my contention, however, that technology can be used as an intervention that can actually increase organizational learning. In effect, the implementation of organizational learning has lacked and has needed concrete systemic processes that show results. A solution to this need can be found, as I have found it, in the incorporation of IT itself into the process of true organizational learning. The problem with IT is that we keep trying to simplify it—trying to reduce its complexity. However, dealing with the what, when, and how of working with technology is very complex. Organizations need a kind of mechanism that can provide a way to absorb and learn all of the very complex pieces of technology.

It is my position that organizational change often follows learning—which to some extent should be expected. What controls whether change is radical or evolutionary depends on the basis on which new processes are created (Argyris & Schön, 1996; Senge, 1990, Swieringa & Wierdsma 1992). Indeed, at Ravell the learning followed the Argyris and Schön approach: that radical change occurs when there are major events that support the need for accelerated change. In other words, critical events become catalysts that promote change through reflection. On the other hand, there can be non-event-related learning that is not so much radical in nature as it is evolutionary. Thus, evolutionary learning is characterized as an ongoing process that slowly establishes the need for change over time. This evolutionary learning process compares to what Senge (1990) describes as “learning in wholes as opposed to pieces” This concept of learning is different from an event-driven perspective, and it supports the natural tendency that groups and organizations have to protect themselves from open confrontation and critique. However, technology provides an interesting variable in this regard. It is generally accepted as an agent of change that must be addressed by the organization. I believe that this agency can be seized as an opportunity to promote such change because it establishes a reason why organizations need to deal with the inevitable transitions brought about by technology. Furthermore, as

Huysman (1999) points out, the history of organizational learning has not often created measurable improvement, particularly because implementing the theories has not always been efficient or effective. Much of the impetus for implementing a new technology, however, is based on the premise that its use will result in such benefits. Therefore, technology provides compelling reasons for why organizational learning is important: to understand how to deal with agents of change and to provide ongoing changes in the processes that improve competitive advantage.

There is another intrinsic issue here. The uses of technology have not always resulted in efficient and effective outcomes, particularly as they relate to a firm's expected ROI. In fact, IT projects often cost more than expected and tend to be delivered late. Indeed, research performed by the Gartner Group and *CIO Magazine* (Koch, 1999) has recently reported that 54% of IT projects are late and that 22% are never completed. This is certainly a disturbing statistic for a dynamic variable of change that promises outcomes of improved efficiency and effectiveness. The question then is why is this occurring? Many scholars might consider the answer to this question complex. It is my claim, however, based on my own research, that the lack of organizational learning, both within IT and within other departments, poses, perhaps, the most significant barrier to the success of these projects in terms of timeliness and completion. Langer (2001) suggests that the inability of IT organizations to understand how to deal with larger communities within the organization and to establish realistic and measurable outcomes are both relevant to many of the core values of organizational learning, and to its importance in attaining results. What better opportunity is there to combine the strengths and weaknesses of each of information technology and organizational learning?

Perhaps what is most interesting—and, in many ways, lacking in the literature on organizational learning—is the actual ways individuals learn. To address organizational learning I believe it is imperative to address the learning styles of individuals within the organization. One fundamental consideration to take into account is that of individual turnover within departments. Thus, methods to measure or understand organizational learning must incorporate the individual, how s/he learns, and what occurs when individuals change positions or leave, as opposed to solely focusing on the event-driven aspect of evolutionary learning. There are two sociological positions about how individual learning occurs. The first suggests that individual action derives from determining influences in the social system, and the other suggests that it emanates from individual action. The former proposition supports the concept that learning occurs at the organizational or group level, and the latter one at the

individual level of action and experience. The “system” argument focuses on learning within the organization as a whole and claims that individual action functions within its boundaries. The “individual” argument claims that learning emanates from the individual first and affects the system as a result of outcomes from individual actions. Determining a balance between individual and organizational learning is an issue debated by scholars and an important one that this book must address.

Why is this issue relevant to the topic of IT and organizational learning? Simply put, understanding the nature of evolving technologies requires learning—and such learning outcomes—will be heavily affected by the processes in which they are delivered. Therefore, without understanding the dynamics of how individuals and organizations learn, new technologies may be difficult to assimilate because of a lack of process that can determine how it can be best used in the business. What is most important to recognize is the way in which Responsive Organizational Dynamism needs both the “system” and “individual” approaches. Huysman (1999) suggests (and I agree) that organization-versus-individual belief systems are not mutually exclusive pairs but dualities. In this way, organizational processes are not seen as just top-down or bottom-up affairs but as accumulations of history, assimilated in organizational memory that structures and positions the agency or capacity for learning. In a similar way, organizational learning can be seen as occurring through the actions of individuals, even when they are constrained by institutional forces. The Strategic Integration component of Responsive Organizational Dynamism lends itself to the “system” model of learning to the extent that it almost mandates change—change which if not addressed will inevitably affect the competitive advantage of the organization. On the other hand, the Cultural Assimilation component of ROD is also involved because of its effect on individual behavior. Thus, the Responsive Organizational Dynamism model needs to be expanded to show the relationship between individual and organizational learning as shown in Figure 4.1.

An essential challenge to technology comes from the fact that organizations are not sure about how to handle its overall potential. Thus, in a paradoxical way, this quandary provides a springboard to learning by utilizing organizational learning theories and concepts to create new knowledge, by learning from experience, and ultimately by linking technology to learning and performance. This perspective can be promoted from within the organization because chief executives are generally open to investing in learning as long as core business principles are not violated. This position is supported by my research with chief executives that I discussed in chapter 3.

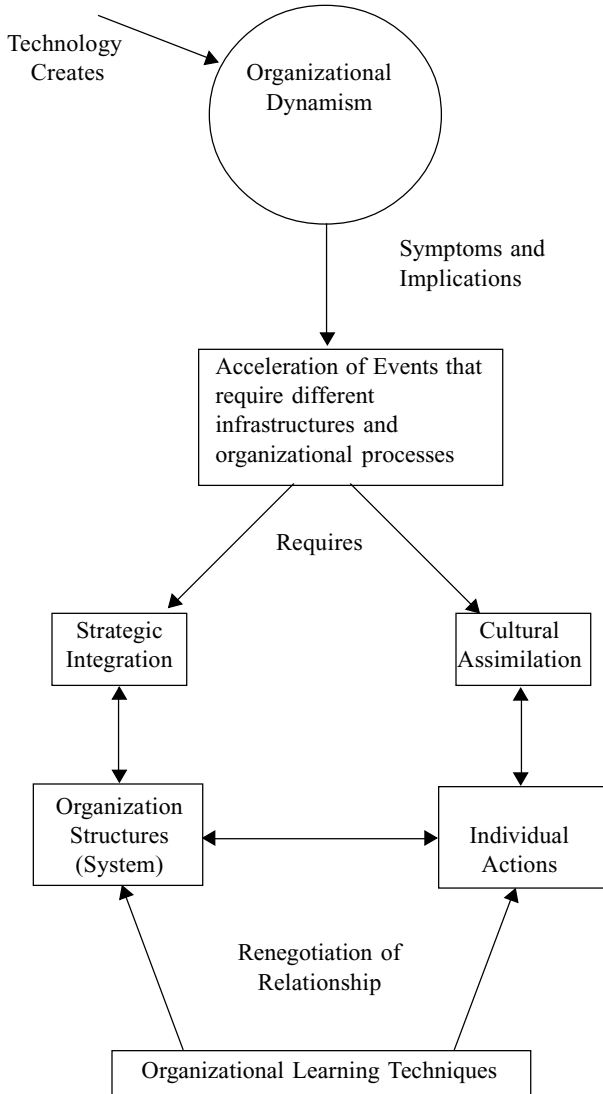


Figure 4.1

Organizational learning can also assist in the adoption of technologies by providing a mechanism to help individuals manage change. This notion is consistent with Aldrich (2001) who observed that many organizations reject technology-driven changes or “pioneering ventures,” which he calls competence-destroying ventures, because they threaten existing norms and processes. Organizations would do well to understand the

value of technology, particularly for those who adapt it early (early adapters), and how it can lead to competitive advantages. Thus, organizations that position themselves to evolve, to learn, and to create new knowledge are better prepared to foster the handling, absorption, and acceptance of technology-driven change than those that are not. Another way to view this ethic is to recognize that organizations need to be “ready” to deal with change—change that is accelerated by technology innovations. Though Aldrich (2001) has noted that organizational learning has not been tied to performance and success, I believe it will be the technology revolution that establishes the catalyst that can tie together organizational learning to performance.

The following sections of this chapter are designed to expand upon the core concept that the success of Responsive Organizational Dynamism is dependent on the uses of organizational learning techniques. In each section, I will correlate this concept to many of the organizational learning theories and show how they can be tailored and used to provide important outcomes that assist the promotion of both technological innovation and organizational learning.

Learning Organizations

Business strategists have realized that the ability of an organization to *learn* faster, or “better” than its competitors may indeed be the key to long-term business success (Grant, 1996; Collis, 1994; Dodgson, 1993; Jones, 1975). A learning organization is defined as a form of organization that enables, in an active sense, the learning of its members in such a way that it creates positive outcomes such as innovation, efficiency, improved alignment with the environment, and competitive advantage. As such, a learning organization is one that acquires knowledge from within. Its evolution, then, is primarily driven by itself without the need for interference from outside forces. In this sense, it is a self-perpetuating and self-evolving system of individual and organizational transformations integrated into the daily processes of the organization. It should be, in effect, a part of normal organizational behavior. The focus of organizational learning is not so much on the process of learning but more on the conditions allow successful outcomes to flourish. Learning-organization literature draws from organizational learning theory, particularly as it relates to interventions based on outcomes. This provides an alternative to social approaches.

In reviewing these descriptions of what a learning organization does, and why it is important, we can begin to see that technology may be one of the few agents that can actually show what learning organizations

purports to do. Indeed, Ravell created an evolving population that became capable of dealing with environmental changes brought on by technological innovation. The adaptation of these changes created those positive outcomes and improved efficiencies. Without organizational learning, specifically the creation of a learning organization, many innovations brought about by technology could produce chaos and instability. Organizations generally tend to suffer from, and spend too much time reflecting on, their past dilemmas. However, given the recent phenomenon of rapid changes in technology, organizations can no longer afford the luxury of claiming that there is simply too much else to do to be constantly worrying about technology. Indeed, Lounamaa and March (1987) state that organizations can no longer support the claim that changes that are too frequent will inhibit learning. The fact is that such changes must be taken as evolutionary and as a part of the daily challenges facing any organization. Because a learning organization is one that creates structure and strategies, it is positioned to facilitate the learning of all its members during the ongoing infiltration of technology-driven agents of change. Boland et al. (1994) shows that information systems based on multimedia technologies may enhance the appreciation of diverse interpretations within organizations and, as such, support learning organizations. Since learning organizations are deliberately created to facilitate the learning of their members, understanding the urgency of technological changes can provide the stimulus to support planned learning.

Many of the techniques used in the Ravell case study are based on the use of learning organizational techniques, many of which were pioneered by Argyris and Schön. Their work focuses on using “action science” methods to create and maintain learning organizations. A key component of action science is the use of reflective practices—including what is commonly known among researchers and practitioners as reflection-in-action, and reflection-on-action. “Reflection-with-action” is the term I use as a rubric for these various methods involving reflection in relation to activity. Reflection has received a number of definitions from different sources in the literature. Depending on the emphasis, whether on theory or practice, definitions vary from philosophical articulation (John Dewey, 1933; Jürgen Habermas, 1998) to practice-based formulations, such as Kolb’s (1984) use of reflection in the experiential learning cycle. Specifically, “reflection-with-action” carries the resonance of Schön’s (1983) twin constructs: “reflection-on-action” and “reflection-in-action,” which emphasize reflection in retrospect and reflection to determine what actions to take in the present or immediate future, respectively. Dewey (1933) and Hullfish and Smith (1978) also suggest that the use of

reflection supports an implied purpose: individuals reflect for a purpose that leads to the processing of a useful outcome. This formulation suggests the possibility of reflection that is future-oriented—what we might call “reflection-*to-action*.” These are methodological orientations covered by the rubric.

Reflective practices are integral to Responsive Organizational Dynamism because so many technology-based projects are event-driven and require individuals to reflect before, during, and after actions. Most important to this process is that these reflections are individually driven and that technology projects tend to accelerate the need for rapid decisions. In other words, there are more dynamic decisions to be made in less time. Without operating in the kind of formation that is a learning organization, IT departments cannot maintain the requisite infrastructure to develop products timely and support business units—something that clearly is not happening if we look at the existing lateness of IT projects. With respect to the role of reflection in general, the process can be individual or organizational. While groups can reflect, it is in being reflective that individuals bring about “an orientation to their everyday lives,” according to Moon (1999). “For others reflection comes about when conditions in the learning environment are appropriate” (p. 186). However, IT departments have long suffered from not having the conditions to support such an individual learning environment. This is why implementing a learning organization is so appealing as a remedy for a chronic problem.

Communities of Practice

Communities of practice are based on the assumption that learning starts with engagement in social practice and that this practice is the fundamental construct by which individuals learn (Wenger, 1998). Thus, communities of practice are formed to get things done by using a shared way of pursuing interest. For individuals this means that learning is a way of engaging in, and contributing to, the practices of their communities. For specific communities, on the other hand, it means that learning is a way of refining its distinctive practices and ensuring new generations of members. For entire organizations, it means that learning is an issue of sustaining interconnected communities of practice, which define what an organization knows and contributes to the business. The notion of communities of practice supports the idea that learning is an “inevitable part of participating in social life and practice” (Elkjaer, 1999, p. 75). Communities of practice also includes assisting members of the community, with the particular focus on improving their skills. This is also

known as “situated learning.” Thus, communities of practice is very much a social learning theory as opposed to one that is based solely on the individual. Communities of practice has been called learning-in-working where learning is an inevitable part of working together in a social setting. Much of this concept implies that learning in some form or other will occur and that it is accomplished within a framework of social participation, not solely or simply in the individual mind. In a world that is changing significantly due to technological innovations, we should recognize the need for organizations, communities, and individuals to embrace the complexities of being interconnected at an accelerated pace.

There is much that is useful in communities of practice theory and that justifies its use in Responsive Organizational Dynamism. While so much of learning technology is event-driven and individually learned, it would be short-sited to believe that it is the only way learning can occur in an organization. Furthermore, the enormity and complexity of technology requires a community focus. This would be especially useful within the confines of specific departments that are in need of understanding how to deal with Technological Dynamism. That is, preparation for using new technologies cannot be accomplished by waiting for an event to occur. Instead, preparation can be accomplished by creating a community that can assess technologies as a part of the organization’s normal activities. Specifically, this means that through the infrastructure of a community, individuals can determine how they will organize themselves to operate with emerging technologies, what education they will need, and what potential Strategic Integration they will need to prepare for changes brought on by technology. Action in this context can be viewed as a continuous process, much in the same way that I have presented technology as an ongoing accelerating variable. However, Elkjaer (1999) argues that the continuous process cannot exist without individual interaction. As he states:

Both individual and collective activities are grounded in the past, the present, and the future. Actions and interactions take place between and among group members and should not be viewed merely as the actions and interactions of individuals. (p. 82)

Based on this perspective, technology can be handled by the actions (community) and interactions (individuals) of the organization as shown in Figure 4.2.

It seems logical that communities of practice provide the mechanism to assist particularly with the Cultural Assimilation component of Responsive Organizational Dynamism. Indeed, Cultural Assimilation

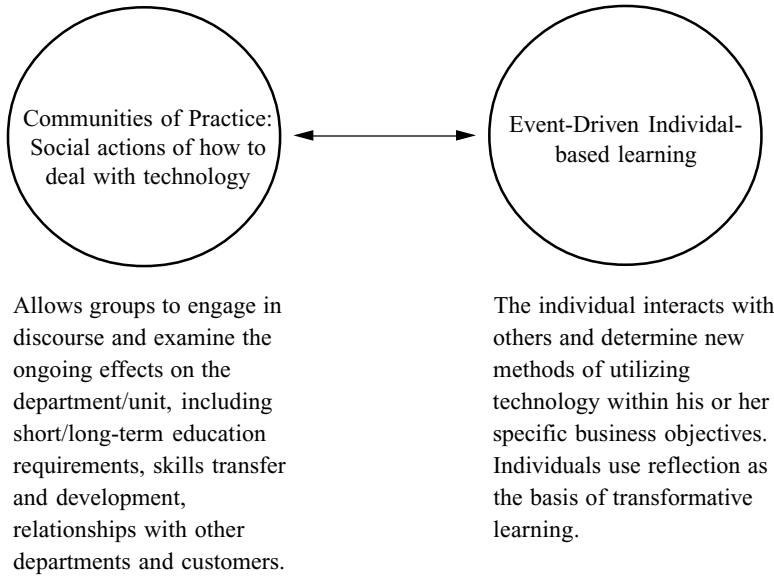


Figure 4.2

targets the behavior of the community and its need to consider what new organizational structures can better support emerging technologies. I have in many ways already established and presented the challenge of what should be called the “community of IT practice” and its need to understand how to restructure in order to meet the needs of the organization. This is the kind of issue that does not lend itself to event-driven individual learning, but rather to a more community-based process that can deal with the realignment of departmental relationships.

Essentially, “communities of IT practice” must allow for the continuous evolution of learning based on emergent strategies. Emergent strategies acknowledge unplanned action. Such strategies are defined as patterns that develop in the absence of intentions (Mintzberg & Waters, 1985). Emergent strategies can be used to gather groups that can focus on issues not based on previous plans. These strategies can be thought of as creative approaches to pro-active actions. Indeed, a frustrating aspect of technology is its uncertainty. Ideas and concepts borrowed from communities-of-practice can help departments deal with the evolutionary aspects of Technological Dynamism.

The relationship then between communities of practice and technology is significant. Many of the projects involving IT have been traditionally based on informal processes of learning. While there have been a

number of attempts to computerize knowledge using various information databases, they have had mixed results. A “structured” approach to creating knowledge-reporting is typically difficult to establish and maintain. Many IT departments have utilized ISO 9000 concepts. The International Standards Organization (ISO) is a worldwide organization that defines quality processes through very formal structures. It attempts to take knowledge-based information and transfer it into specific and documented steps that can be evaluated as they occur. Unfortunately, the ISO 9000 approach, even if realized, is challenging when such knowledge and procedures are undergoing constant and unpredictable change. Technological Dynamism creates too many uncertainties to be handled by the extant discourses on how organizations have dealt with change variables. Communities-of-practice provides an umbrella of discourses that are necessary to deal with ongoing and unpredictable interactions established by emerging technologies.

Support for the above position is found in the fact that technology requires accumulative collective learning that needs to be tied to social practices; this way, project plans can be based on learning as a participatory act. One of the major advantages of communities-of-practice is that it can integrate key competencies into the very fabric of the organization (Lesser et al., 2000). IT’s typical disadvantage is that its staff needs to serve multiple organizational structures simultaneously. This requires that priorities be set by the organization. Unfortunately, it is difficult if not impossible for IT departments to establish such priorities without engaging in communities-of-practice concepts that allow for a more integrated process of negotiation and determination. Much of the process of communities-of-practice would be initiated by Strategic Integration and result in many Cultural Assimilation changes—that is, the process of implementing communities-of-practice will necessitate changes in cultural behavior and organization processes.

As stated above, communities-of-practice activities can be initiated via the Strategic Integration component of Responsive Organizational Dynamism. According to Lesser et al. (2000), a knowledge strategy based on communities-of-practice consists of seven basic steps as shown in Table 4.1.

Lesser (2000) suggests that communities of practice are heavily reliant on innovation. “Some strategies rely more on innovation than others for their success . . . once dependence on innovation needs have been clarified, you can work to create new knowledge where innovation matters” (p. 8). Indeed, electronic communities of practice are different than physical communities. IT provides another dimension to how technology affects organizational learning. It does so by creating new ways in

Table 4.1 Extended Seven Steps of Community of Practice Strategy

Step	Communities-of-Practice Step	Technology Extension
1	Understanding strategic knowledge needs: what knowledge is critical to success.	Understanding how technology affects strategic knowledge and what specific technological knowledge is critical to success.
2	Engaging practice domains: where people form communities of practice to engage in and identify with.	Technology identifies groups based on business-related benefits. Requiring domains to work together toward measurable results.
3	Developing communities: how to help key communities reach their full potential.	Technologies have life cycles that require communities to continue. Treating the life cycle as a supporter for attaining maturation and full potential.
4	Working the boundaries: how to link communities to form broader learning systems.	Technology life cycles require new boundaries to be formed. This will link other communities that were previously outside of discussions and thus expands input into technology innovations.
5	Fostering a sense of belonging: how to engage people's identities and sense of belonging.	The process of integrating communities: IT and other organizational units will create new evolving cultures which foster belonging as well as new social identities.
6	Running the business: how to integrate communities of practice into running the business of the organization.	Cultural Assimilation provides new organizational structures that are necessary to operate communities of practice and to support new technological innovations.
7	Applying, Assessing, Reflecting, Renewing: how to deploy knowledge strategy through waves of organizational transformation.	The active process of dealing with multiple new technologies that accelerates the deployment of knowledge strategy. Emerging technologies increase the need for organizational transformation.

which communities of practice operate. In the complexity of ways that it affects us, technology has a dichotomous relationship with communities of practice. That is, there is a two-sided issue: (1) the need for communities of practice to implement IT projects and integrate them better into learning organizations; and (2) the expansion of electronic

communities of practice invoked by technology, which can in turn assist in organizational learning, globally and culturally.

The latter issue establishes the fact that a person can now readily be a member of many electronic communities and in many different capacities. Electronic communities are different in that they can have memberships that are short-lived and transient, forming and reforming according to interest, particular tasks, or commonality of issue. Communities of practice themselves are utilizing technologies to form multiple and simultaneous relationships. Furthermore, the growth of international communities resulting from ever-expanding global economies has created further complexities and dilemmas.

Thus far, I have presented communities of practice as an infrastructure that can foster the development of organizational learning to support the existence of Technological Dynamism. Most of what I have presented impacts the Cultural Assimilation component of Responsive Organizational Dynamism, i.e., affecting organizational structure and the way things need to get done. However, technology, particularly the Strategic Integration component of ROD fosters a more expanded vision of what can represent a community of practice. What does this mean? Communities of practice through the advent of Strategic Integration have expanded to include electronic communities. While technology can provide organizations with vast electronic libraries that end up as storehouses of information, they are only valuable if they are allowed to be shared within the community. Although IT has led many companies to imagine a new world of leveraged knowledge, communities have discovered that just storing information does not provide for effective and efficient use of knowledge. As a result, many companies have created these “electronic” communities so that knowledge can be leveraged, especially across cultures and geographic boundaries. These electronic communities are predictably more dynamic as a result of what technology provides to them. Below are examples of what these communities provide to organizations.

- Transcending boundaries and exchanging knowledge with internal and external communities. In this circumstance, communities are not only extending across business units, but into communities among various clients—as we see developing in advanced e-business strategies. Using Internet and Intranets, communities can foster dynamic integration of the client, an important participant in competitive advantage. However, the expansion of an external community, due to emergent electronics, creates yet another need for the implementation of Responsive Organizational Dynamism.

- Creating “Internet” or electronic communities as sources of knowledge (Teigland, 2000) particularly for technical-oriented employees. These employees are said to form “Communities of Techies”: technical participants, composed largely of the IT staff, who have accelerated means to come into contact with business related issues. In the case of Ravell, I created small communities by moving IT staff to allow them to experience the user’s need; this move is directly related to the larger and expanded ability of using electronic communities of practice.
- Connecting social and workplace communities through sophisticated networks. This issue links well to the entire expansion of issues surrounding organizational learning, in particular learning organization formation. It enfolds both the process and the social dialectic issues so important to creating well-balanced communities of practice that deal with organizational-level and individual development.
- Integrating teleworkers and non-teleworkers, including the study of gender and cultural differences. The growth of distance workers will most likely increase with the maturation of technological connectivity. Video conferencing and improved media interaction through expanded broadband will support further developments in virtual workplaces. Gender and culture will continue to become important issues in the expansion of existing models that are currently limited to specific types of workplace issues. Thus, technology allows for the “globalization” of organizational learning needs, especially due to the effects of Technological Dynamism.
- Assisting in computer-mediated communities. Such mediation allows for the management of interaction among communities, of who mediates their communications criteria, and of who is ultimately responsible for the mediation of issues. Mature communities of practice will pursue self-mediation.
- Creating “flame” communities. A “flame” is defined as a lengthy, often personally insulting, debate in an electronic community, which provides both positive and negative consequences. Difference can be linked to strengthening the identification of common values within a community, but requires organizational maturation that relies more on computerized communication to improve interpersonal and social factors to avoid miscommunications (Franco et al., 2000).
- Storing collective knowledge in large-scale libraries and databases. As Einstein stated: “Knowledge is experience. Everything else is just information.” Repositories of information are not knowledge, and

they often inhibit organizations from sharing important knowledge building blocks that affect technical, social, managerial, and personal developments that are critical for learning organizations (McDermott, 2000).

Ultimately, the above communities of practice are forming new social networks, which have established the cornerstone of “global connectivity, virtual communities, and computer-supported cooperative work” (Wellman et al., 2000, p. 179). These social networks are creating new Cultural Assimilation issues, changing the very nature of the way organizations deal with and use technology to change how knowledge develops and is used via communities of practice. It is not, therefore, that communities of practice are new infrastructure or social forces, but rather the difference is in the way they communicate. Strategic Integration forces new networks of communication to occur (the IT effect on communities of practice), and the Cultural Assimilation component requires communities of practice to focus on how emerging technologies are to be adopted and used within the organization.

In sum, what we are finding is that technology creates the need for new organizations that establish communities of practice. New members enter the community and help shape its cognitive schemata. Aldrich (2001) defines cognitive schemata as the “structure that represents organized knowledge about persons, roles, and events” (p. 148). This is a significant construct in that it promotes the importance of a balanced evolutionary behavior among these three areas. Rapid learning or organizational knowledge brought on by technological innovations can actually lessen progress because it can produce premature closure (March, 1991). Thus, members emerge out of communities of practice that develop around organizational tasks. They are driven by technological innovation and need constructs to avoid premature closure as well as ongoing evaluation of perceived versus actual realities. As Brown and Duguid (1991) state:

The complex of contradictory forces that put an organization’s assumptions and core beliefs in direct conflict with members’ working, learning, and innovating arises from a thorough misunderstanding of what working, learning, and innovating are. As a result of such misunderstandings, many modern processes and technologies, particularly those designed to downskill, threaten the robust working, learning, and innovating communities and practice of the workplace. (p. 20)

This perspective can be historically justified. We have seen time and time again how a technology's original intension is not realized, yet still productive. For instance, many uses of e-mail by individuals were hard to predict. It may be indeed difficult, if not impossible, to predict how a technology will eventually impact an organization and provide competitive advantages. However, based on evolutionary theories, it may be beneficial to allow technologies to progress from Driver to Supporter activity. Specifically this means that communities of practice can provide the infrastructure to support growth from individual-centered learning, i.e., to a less event-driven process that can foster systems thinking, especially at the management levels of the organization. As organizations evolve into what Aldrich calls "bounded entities," interaction behind boundaries heightens the salience of cultural difference. Aldrich's analysis of knowledge creation is consistent with what he calls an "adaptive organization"—one that is goal-oriented and learns from trial and error (individual-based learning)—and a "knowledge development" organization (system level learning). The latter consisting in a set of interdependent members who share patterns of belief. Such an organization uses inferential and vicarious learning and generates new knowledge from both experimentation and creativity. Specifically, learning involves sense-making and builds on the knowledge development of its members. This becomes critical to Responsive Organizational Dynamism, especially in dealing with change driven by technological innovations.

Learning Preferences and Experiential Learning

The preceding sections of this chapter have focused on organizational learning, particularly two component theories and methods: learning organizations and communities-of-practice. Within these two methods, I have also addressed the approaches to learning; that is, learning that occurs on the individual and the organizational level. I have advocated the position that both system and individual learning need to be part of the equation that allows a firm to attain Responsive Organizational Dynamism. Notwithstanding how and when system and individual learning occurs, the investigation of how individuals learn must be a fundamental part of any theory-to-practice effort, such as the present one. Indeed, whether one favors a view of learning as occurring on the organizational or on the individual level (and it occurs on both), we have to recognize that individuals are, ultimately, those who must continue to learn. Dewey (1933) first explored the concepts and values of what he

called “Experiential Learning.” This type of learning comes from the experiences that adults have accrued over the course of their individual lives. These experiences provide rich and valuable forms of “literacy,” which must be recognized as important components to overall learning development. Kolb (1984) furthered Dewey’s research and developed an instrument that measures individual preferences or styles in which adults learn and how they respond to day-to-day scenarios and concepts. Kolb’s Learning Style Inventory (LSI) instrument allows adults to better understand how they learn; it helps them understand how to solve problems, work in teams, manage conflicts, make better career choices, and negotiate personal and professional relationships (Kolb, 1999). Kolb’s research provides a basis for comprehending the different ways in which adults prefer to learn, and it elaborates the distinct advantages of becoming a balanced learner.

The instrument schematizes learning preferences and styles into four quadrants: *Concrete Experience*, *Reflective Observation*, *Abstract Conceptualization*, and *Active Experimentation*. Adults who prefer to learn through Concrete Experience are those who need to learn through actual experience or compare a situation with reality; in Reflective Observation adults prefer to learn by observing others, the world around them, and what they read. These individuals excel in group discussions and can effectively reflect on what they see and read. Abstract Conceptualization refers to learning based on the assimilation of facts and information presented and read. Those who prefer to learn by Active Experimentation do so through a process of evaluating consequences; they learn by examining the impact of experimental situations. For any individual, these learning styles often work in combinations. After classifying an individual’s responses to questions, Kolb’s instrument determines the nature of these combinations. For example, an individual can have a learning style in which s/he prefers to learn from concrete experiences using reflective observation, as opposed to actually “doing” the activity. Figure 4.3 shows Kolb’s model in the form of a “Learning Wheel.” The Wheel graphically shows an individual’s learning-style inventory, reflecting a person’s strengths and weaknesses with respect to each learning style.

Kolb’s research suggests that learners who are less constrained by learning preferences within a distinct style are more balanced and are better learners because they have available to them more dimensions in which to learn. This is a significant concept; it suggests that adults who have strong preferences may not be able to learn when faced with learning environments that do not fit their specific preference. For example, an adult who prefers group discussion and enjoys reflective conversation

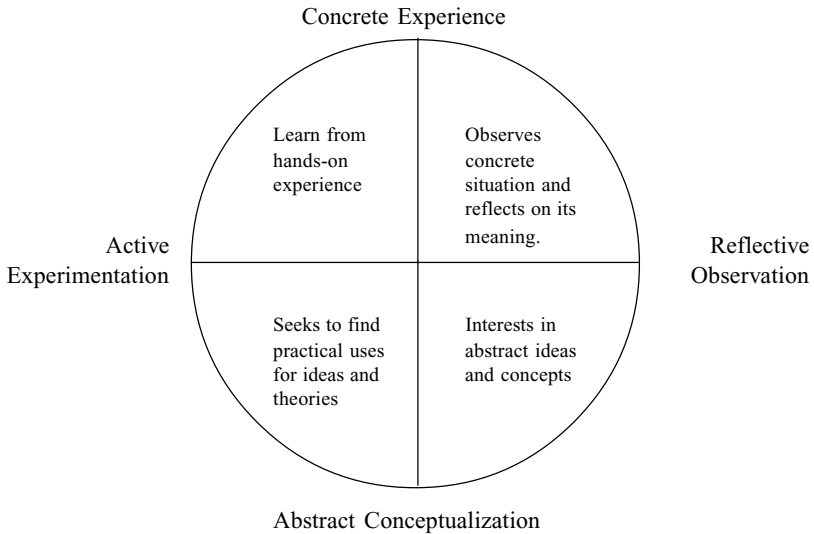


Figure 4.3 Kolb's Learning Style Inventory

with others may feel uncomfortable in a less interpersonal, traditional teaching environment. The importance of Kolb's Learning Style Inventory is that it helps adults become aware that such preferences exist.

McCarthy's (1999) research furthers Kolb's work by investigating the relationship between learning preferences and curriculum development. Her Learning Type Measure (4Mat) instrument mirrors and extends the Kolb style-quadrants by expressing preferences from an individual's perspective on how to best achieve learning. Another important contribution in McCarthy's extension of Kolb's work is the inclusion of brain function considerations, particularly in terms of hemisphericity. McCarthy focuses on the cognitive functions associated with the right hemisphere (perception) and left hemisphere (process) of the brain. Her 4Mat System shows how adults, in each style-quadrant, perceive learning with the left hemisphere of the brain and how it is related to processing in the right hemisphere. For example, for Type One learners (Concrete Experience and Reflective Observation), adults perceive in a concrete way and process in a reflective way. In other words, these adults prefer to learn by actually doing a task and then processing the experience by reflecting on what they experienced during the task. Type Two learners (Reflective Observation and Abstract Conceptualization), however, perceive a task by abstract thinking, and process it by developing concepts and theories from their initial ideas. Figure 4.4 shows McCarthy's rendition of the Kolb learning wheel.

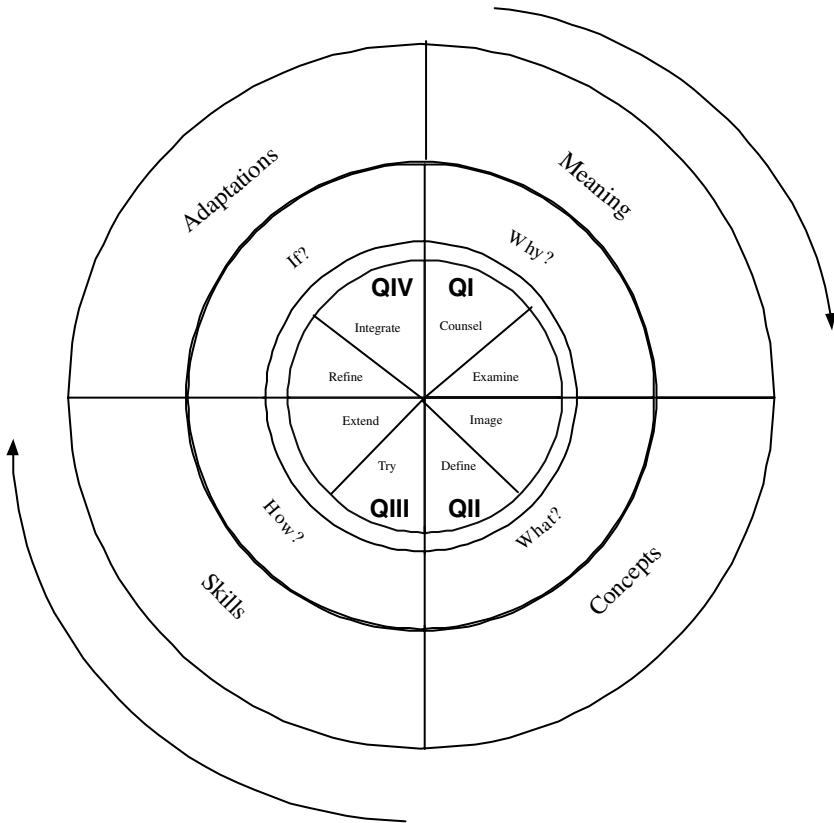


Figure 4.4

The practical claim to make here is that practitioners who acquire an understanding of the concepts of the experiential learning models will be better able to assist individuals in understanding how they learn, how to use their learning preferences during times of transition, and the importance of developing other dimensions of learning. The latter is particularly useful in developing expertise in learning from individual reflective practices, group learning in communities of practice, and participating in both individual transformative learning and organizational transformations. How then does experiential learning operate within the framework of organizational learning and technology? This is shown Figure 4.5 in a combined wheel, called the Applied Individual Learning for Technology model, which creates a conceptual framework for linking the technology life cycle with organizational learning and experiential learning constructs.

Figure 4.5 expands the wheel into two other dimensions. The first quadrant represents the feasibility stage of technology. It requires communities to work together to ascertain why a particular technology might be attractive to the organization. This quadrant is best represented by individuals who engage in group discussions to make better connections from their own experiences. The process of determining whether a technology is feasible requires integrated discourse among affected communities who then can make better decisions, as opposed to centralized or individual and predetermined decisions on whether to use or not use a specific technology. During this phase, individuals need to operate in communities of practice as the infrastructure with which to support a democratic process of consensus-building.

The second quadrant corresponds to Measurement and Analysis. This operation requires individuals to engage in specific details to determine

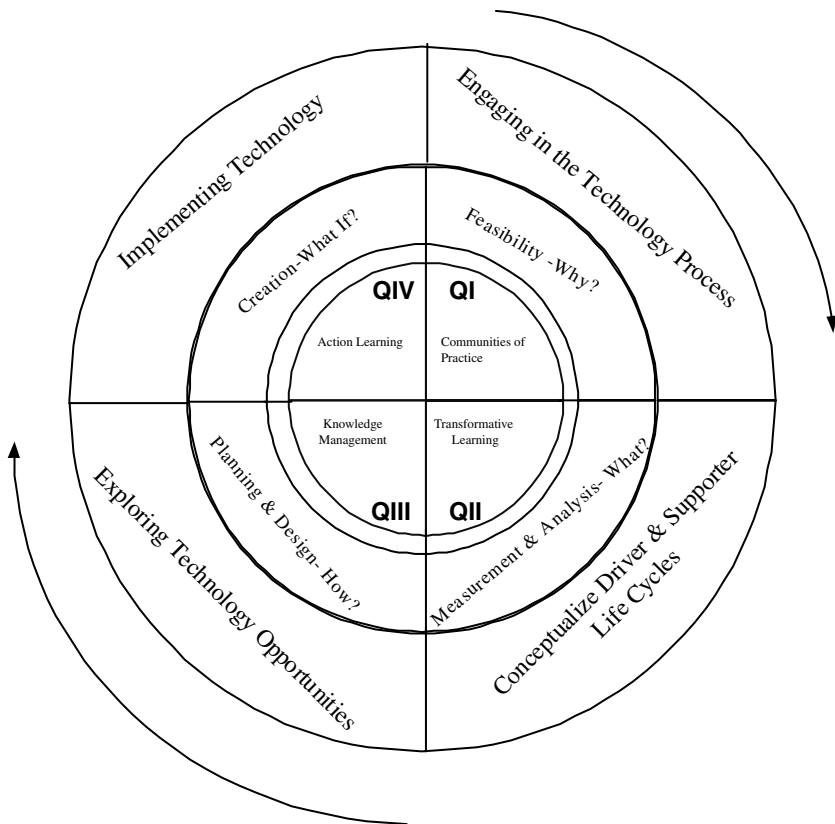


Figure 4.5

and conceptualize Driver and Supporter life cycles analytically. Individuals need to examine the specific details to understand “what” the technology can do and to reflect on *what* it means to them and their business unit. This analysis is measured with respect to *what* the ROI will be and *what* Driver and Supporter functions will be used. This process requires transformation theory that allows individuals to perceive and conceptualize *what* components of the technology can transform the organization.

Quadrant Three, Design and Planning defines the “How” component of the technology life cycle. This process involves exploring technology opportunities after measurement and analysis have been completed. The process of determining potential uses for technology requires knowledge of the organization. Specifically, it needs the abstract concepts developed in Quadrant Two to be integrated with tacit knowledge to then determine possible applications where the technology can succeed. Thus, knowledge management becomes the predominant mechanism for translating what has been conceptualized into something explicit (discussed further in chapter 5).

Quadrant Four represents the Implementation and Creation step in the technology life cycle. It addresses the hypothetical question of “What If?” This process represents the actual implementation of the technology. Individuals need to engage in action-learning techniques, particularly those of reflective practices. The implementation step in the technology life cycle is heavily dependent on the individual. Although there are levels of project management, the essential aspects of what goes on inside the project very much relies on the individual performances of the workers.

Social Discourse and the Use of Language

The successful implementation of communities of practice fosters heavy dependence on social structures. Indeed, without understanding how social discourse and language behave, creating and sustaining the internal interactions within and among communities of practice is not possible. In taking individuals as the central component for continued learning and change in organizations it becomes important to work with development theories that can measure and support individual growth and can promote maturation with the promotion of organizational/system thinking (Watkins & Marsick, 1993). Thus, the basis for establishing a technology-driven world requires the inclusion of linear and circular ways of promoting learning. While there is much that we will use from reflective action concepts designed by Argyrus and Schön, it is also crucial to incorporate other theories such as marginality, transitions, and individual development.

Senge (1990) also compares learning organizations with engineering innovation; he calls these engineering innovations “technologies.” However, he also relates innovation to human behavior and distinguishes it as “disciplines.” He defines *discipline* as “a body of theory and technique that must be studied and mastered to be put into practice, as opposed to an enforced order or means of punishment” (p. 10). A discipline, according to Senge, is a developmental path for acquiring certain skills or competencies. He maintains the concept that certain individuals have an innate “gift”; however, anyone can develop proficiency through practice. To practice a discipline is a lifelong learning process—in contrast to the work of a learning organization. Practicing a discipline is different from emulating a “model.” This book attempts to bring the arenas of discipline and technology into some form of harmony. What technology offers is a way of addressing the differences that Senge proclaimed in his work. Perhaps this is what is so interesting and challenging about attempting to apply and understand the complexities of how technology, as an engineering innovation, affects the learning organization discipline—and thereby create a new genre of practices. After all, I am not sure that one can master technology either as an engineering component or a discipline.

Technology Dynamism and Responsive Organizational Dynamism expands the context of the globalizing forces that have added to the complexity of analyzing “the language and symbolic media we employ to describe, represent, interpret, and theorize what we take to be the facticity of organizational life” (Grant et al., 1998, p. 1). ROD needs to create what I call the “language of technology.” How do we then incorporate technology in the process of organizing discourse, or how has technology affected that process? We know that the concept of discourse includes language, talk, stories, and conversations, as well as the very heart of social life, in general. Organizational discourse goes beyond what is just spoken; it includes written text and other informal ways of communication. Unfortunately, the study of discourse is seen as being less valuable than action. Indeed, discourse is seen as a passive activity while “doing” is seen as supporting more tangible outcomes. However, technology has increased the importance of sense-making media as a means of constructing and understanding organizational identities. In particular, technology, specifically the use of email has added to the instability of language and the ambiguities associated with metaphorical analysis—that is, meaning-making from language as it affects organizational behavior. Another way of looking at this issue is to study the metaphor as well as the discourse of technology. Technology is actually less understood today, a situation which creates even greater reason than before for understanding its metaphorical status in organizational discourse—particularly with respect

to how technology uses are interpreted by communities of practice. This is best shown using Grant's schema of the relationship between content and activity and how, through identity, skills, and emotion, it leads to action (Figure 4.6).

In order to best understand Figure 4.4 and its application to technology, it is necessary to understand the links between talk and action. It is the activity and content of conversations that discursively produces identities, skills, and emotions, which in turn lead to action. Talk, in respect to conversation and content, implies both oral and written forms of communications, discourse, and language. The written aspect can obviously include technologically fostered communications over the Internet. It is then important to examine the unique conditions that technology brings to "talk" and also its corresponding actions.

Identity

Individual identities are established in collaborations on a team, or in being a member of some business committee. Much of the theory of identity development is related to how individuals see themselves, particularly within the community that they operate in. Thus, how active or inactive we are within our communities shapes how we see ourselves

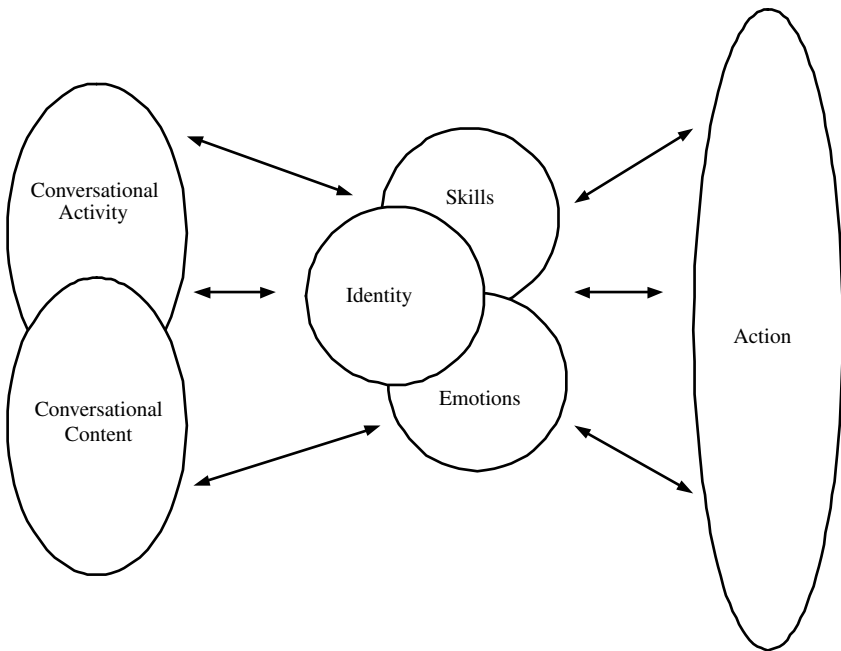


Figure 4.6

and how we deal with conversational activity and content. Empowerment is also an important part of identity. Indeed, being excluded or unsupported within a community establishes a different identity from other members of the group and often leads to marginality (Schlossberg, 1989).

Identities are not just individual, but also collective, which to a large extent contributes to cultures of practice within organizational factions. It is through common membership that a collective identity can emerge. Identity with the group is critical during discussions regarding emerging technologies and determining how they affect the organization. The empowerment of individuals and the creation of a collective identity are therefore important in fostering timely actions that have a consensus among the involved community.

Skills

According to Hardy et al. (1998), conversations are “arenas in which particular skills are invested with meaning” (p. 71). Watson (1995) suggests that conversations do not just help individuals acquire “technical skills,” but also help develop other skills such as being persuasive. Conversations that are about technology can often be skewed towards the recognition of those individuals who are most “technologically talented.” This can be a problem when discourse is limited to who has the best “credentials” and can often lead to the undervaluing of social production of valued skills, which can affect decisions that lead to actions.

Emotion

Given that technology is viewed as a logical and rational field, the application of emotion is not often considered a factor of action. Fineman (1996) defines emotion as “personal displays of affected, or ‘moved’ and ‘agitated’ states—such as joy, love, fear, anger, sadness, shame, embarrassment”—and points out that they are socially constructed phenomena. There is a positive contribution from emotional energy, as well as a negative one. The consideration of positive emotion in the organizational context is important because it drives action (Hardy et al., 1998). Indeed, action is more emotion than rational calculation. Unfortunately, the study of emotions often focuses on its negative aspects. Emotion, however, is an important part of how action is established and carried out and therefore warrants attention in Responsive Organizational Dynamism.

Identity, skills, and emotion are important factors in how talk actually leads to action. Theories that foster discourse and its use in organizations, on the other hand, are built on linear paths of talk and action. That is to say, talk can lead to action in a number of predefined paths. Indeed, talk is typically viewed as “cheap” without action, or as is

sometimes said, “action is valued,” or “action speaks louder than words.” Talk from this perspective constitutes the “dynamism” of what must occur with action science, communities of practice, transformative learning and, eventually, knowledge creation and management. Action, by contrast, can be viewed as the measurable outcomes that have been eluding organizational learning scholars. However, not all actions lead to measurable outcomes. Marshak (1998) established three types of talk that leads to action: tool-talk, frame-talk, and mythopoetic-talk.

1. *Tool-talk* includes “instrumental communities required to: discuss, conclude, act, and evaluate outcomes” (p. 22). What is most important in its application is that tool-talk be used to deal with specific issues for an identified purpose.
2. *Frame-talk* focuses on interpretation to evaluate the meanings of talk. Using frame-talk results in enabling implicit and explicit assessments, which include symbolic, conscious, pre-conscious, and contextually subjective dimensions.
3. *Mythopoetic-talk* communicates ideogenic ideas and images (for instance, myths and cosmologies) that can be used to communicate the nature of how to apply tool-talk and frame-talk within the particular culture or society. This type of talk allows for concepts of intuition and ideas for concrete application.

Furthermore, It has been shown that organizational members experience a difficult and ambiguous relationship between discourse that makes sense and non-sense—what is also known as “the struggle with sense” (Grant et al., 1998). There are two parts that comprise “non-sense”: the first is in the difficulties that individuals experience understanding why things occur in organizations, particularly when their actions “make no sense.” Much of this difficulty can be correlated with political issues that create “non-learning” organizations. However, the second condition of non-sense is more applicable and more important to the study of Responsive Organizational Dynamism than the first—that is, “non-sense” associated with acceleration in the organizational change process. This area comes from the taken-for-granted assumptions about the realities of how the organization operates, as opposed to how it can operate. Studies performed by Wallemacq and Sims (1998) provided examples of how organizational interventions can decompose stories about non-sense and replace them with new stories that better address a new situation and can make sense of why change is needed. This phenomenon is critical to changes established or responded to by the advent of new technologies. Indeed, technology has many “non-sense” or false generalizations

regarding how long it takes to implement a product, or what might be the expected outcomes, etc. Given the need for Responsive Organizational Dynamism—due to the advent of technology—there is a concomitant need to reexamine “old-stories” so that the necessary change agents can be assessed and put into practice. Ultimately, the challenge set forth by Wallenmacq and Sims is especially relevant and critical since the very definition of Responsive Organizational Dynamism suggests that communities need to accelerate the creation of new stories—stories that will occur at unpredictable intervals. Thus, the link among discourse, organizational learning, and technology is critical to providing ways in which to deal with individuals and organizations facing the challenge of changing and evolving.

Grant’s research showed that sense-making using media and stories provided effective ways of constructing and understanding organizational identities. Technology affects discourse in a similar way that it affects communities of practice, that is, it is a variable that affects the way discourse is used for organizational evolution. It also provides new vehicles on how such discourse can occur. However, it is important not to limit discourse analysis to merely being about “texts,” emotion, stories, or conversations in organizations. Discourse analysis examines “the constructing, situating, facilitating, and communicating of diverse cultural, instrumental, political, and socio-economic parameters of ‘organizational being’” (Grant, 1996, p. 12). Hence, discourse is the essential component of every organizational learning effort. Technology accelerates the need for such discourse and language in becoming a more important part of the learning maturation process, especially in relation to “system” thinking and learning. I propose then, as part of a move toward Responsive Organizational Dynamism, that discourse theories must be integrated with technological innovation and be part of the maturation in technology and in organizational learning.

The overarching question is how to apply these theories of discourse and language to learning within the Responsive Organizational Dynamism framework and paradigm. First, let us consider the containers of Types of Talk discussed earlier by Marshak as shown in Figure 4.7.

These Types of Talk can be mapped onto the Technology Wheel so that the most appropriate oral and written behaviors can be set forth within each quadrant and development life cycle as shown in Figure 4.8.

Mythopoetic-talk is most appropriate in Quadrant I where the fundamental ideas and issues can be discussed in communities of practice. These technological ideas and concepts deemed feasible are then analyzed through frame-talk where the technology can be evaluated in terms of how it meets the fundamental premises established in Quadrant I. Frame-

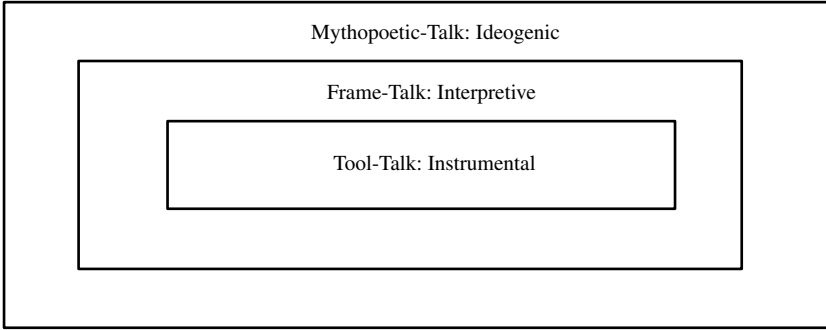


Figure 4.7

talk also reinforces the conceptual legitimacy of how technology will transform the organization while providing appropriate ROI. Tool-talk represents the process of identifying applications and actually implementing them. For this reason, Tool-talk exists in both Quadrant III and

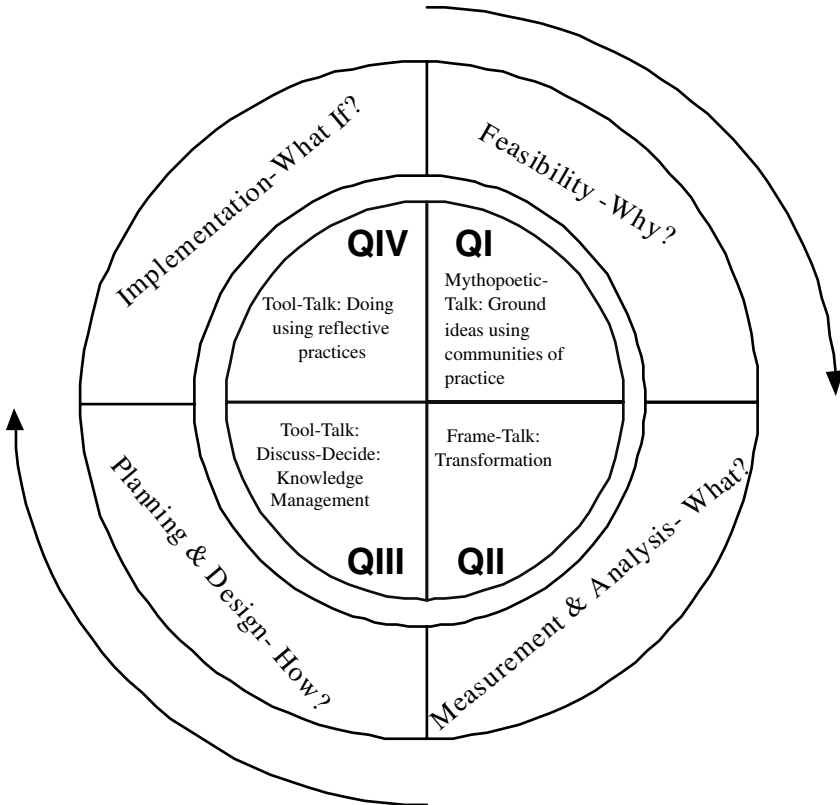


Figure 4.8

Quadrant IV. The former Quadrant represents the Discussion-to-Decision portion and the latter represents the actual doing and completion of the project itself. In Quadrant III, table-talk requires knowledge management to transition technology concepts into real-options. Quadrant IV transforms these real-options into actual projects where reflecting on actual practices during implementation provides an opportunity for individual- and organizational-level learning.

Marshak's concept of containers and cycles of talk and action are adapted and integrated with cyclical and linear maturity models of learning. However, discourse and language must be linked to performance, which is why it needs to be part of the Discourse and Language Learning Wheel. By integrating discourse and language into the wheel, individual and group activities can use discourse and language as part of reflective practices to create an environment that can foster action that leads to measurable outcomes. This process, as explained throughout this book, is of paramount importance in understanding how discourse operates with Responsive Organizational Dynamism in the information age.

Linear Development in Learning Approaches

Focusing only on the role of the individual in the company is an incomplete approach to formulating an effective learning program. There is another dimension to consider that is based on learning maturation. That is, where in the life cycle of learning are the individuals and the organization? The best explanation of this concept is the learning maturation experience at Ravell. During my initial consultation at Ravell, the organization was at a very early stage of organizational learning. This was evidenced by the organization's dependence on event-driven and individual reflective practice learning. Technology acted as an accelerator of learning—it required IT to design a new network during the company's relocation. Specifically, the acceleration, operationalized by a physical move, required IT to establish new relationships with line management. The initial case study concluded that there was a cultural change as a result of these new relationships—Cultural Assimilation started to occur using organizational learning techniques, specifically reflective practices.

After I left Ravell, another phase in the company's evolution took place. A new IT Director was hired in my stead who attempted to re-instate the old culture: centralized infrastructure, stated operational boundaries, and separations that mandated anti-learning organizational behaviors. After six months, the line managers, faced with having to revert back to a former operating culture, revolted and demanded the removal of the IT Director. This outcome, regrettable as it may be, is critical in proving the original study's conclusion that the culture at Ravell had indeed

evolved from its state at the time of my arrival. Below are two concrete examples that support this notion:

1. The inability of the new IT Director to “roll-back” the process to a former cultural state was unsuccessful, showing that a new evolving culture had indeed occurred.
2. Line managers came together from the established learning organization to deliver a concerted message to the executive team. Much of their learning had now shifted to a social-organization level that was based less on events and was more holistic with respect to the organization’s goals and objectives.

Thus, we see a shift from an individual-based learning process to one that is based more on the social and organizational issues to stimulate transformation. This transformation in learning method occurred within the same management team, suggesting that changes in learning do occur over time and from experience. Another way of viewing the phenomenon is to see Ravell as reaching the next level of organizational learning, or maturation with learning. Consistent with the original study’s conclusion, technology served to accelerate the process of change, or accelerate the maturation process of organizational learning.

Another phase (Phase II) of Ravell transpired after I returned to the company. I determined at that time that the IT department needed to be integrated with another technology-based part of the business—the unit responsible for media and engineering services (as opposed to information technology). While I had suggested this combination eight months earlier, the organization had not reached the learning maturation to understand why such a combination was beneficial. Much of the reason it did not occur earlier can also be attributed to their inability to manage Responsive Organizational Dynamism, which, if implemented, would have made the integration more obvious. The initial Ravell study served to bring forth the challenges of Cultural Assimilation to the extent that the organization needed to reorganize itself and change its behavior. In Phase II, the learning process matured by accelerating the need for structural change in the actual reporting processes of IT.

A year later yet another learning maturation phase (Phase III) occurred. In Ravell Phase III, we see the next stage of learning maturation which allowed the firm to better manage Responsive Organizational Dynamism. After completing the merger of the two technically related business units discussed above (Phase II), it became necessary to move a core database department completely out of the combined technology department and to integrate it with a business unit. The reason for this change was compelling, and brought to light a shortfall in my conclusions

from the initial study. It appears that as organizational learning matures within Responsive Organizational Dynamism there is an increasing need to educate the executive management team of the organization. This was not the case during the early stages of the case study. The limitation of my work then was that I predominately interfaced with line management and neglected to include executives in the learning. During that time, results were encouraging, so there was little reason for me to include executives in event-driven issues—as discussed earlier. Unfortunately, lacking their participation fostered a disconnection with the Strategic Integration component of Responsive Organizational Dynamism. Not participating in Responsive Organizational Dynamism created executive ignorance of the importance that IT had had on the strategy of the business. Their lack of knowledge resulted in chronic problems with understanding the relationship and value of IT on the business units of the organization. This shortcoming resulted in continued conflicts over investments in the IT organization. It, ultimately, left IT with the inability to defend many of its cost requirements. As stated earlier, during times of economic downturns, firms tend to reduce support organizations. In other words, executive management did not understand the Driver component of IT.

After the move of the cohort of database developers to a formal business line unit, the Driver components of the group provided the dialogue and support necessary to educate executives. However, this education did not occur based on events, but rather on using the social and group dynamics of organizational learning. We see here another aspect of how organizational and individual learning methods work together but evolve in a specific way, as summarized in Table 4.2.

Another way of representing the relationship between individual and organizational learning over time is to chart a “maturity” arc to illustrate the evolutionary life cycle of technology and organizational learning. I call this arc the Responsive Organizational Dynamism Arc. The Arc is designed to assess individual development in four distinct *sectors* of Responsive Organizational Dynamism, each in relation to five developmental *stages* of organizational learning. Thus, each sector of ROD can be measured in a linear and integrated way. Each stage in the course of an organization’s learning developmental reflects an underlying principle that guides the process of ROD norms and behaviors: specifically, it guides organizations in how they view and use the ROD components available to them.

The Arc is a classificatory scheme that identifies progressive stages in the assimilated uses of Responsive Organizational Dynamism. It reflects the perspective—paralleling Knepfelkamp’s (1999) research—that individuals in an organization are able to move through complex levels of

Table 4.2 Analysis of Ravell's Maturation with Technology

Learning	Phase I	Phase II	Phase III
Type of Learning	Individual reflective practices used to establish operations and line management learning	Line managers defend new culture and participate in less event-driven learning	Movement away from holistic formation of IT into separate Driver and Supporter attributes. Learning approaches are integrated using both individual and organizational methods and is based on functionality as opposed to being organizationally specific
Learning Outcomes	Early stage of learning organization development	Combination of event-driven and early stage social organizational learning formation	Movement towards social-based organizational decision making relative to the different uses of technology
Responsive Organizational Dynamism: Cultural Assimilation	Established new culture; no change in organizational structure	Cultural Assimilation stability with existing structures. Early phase of IT organizational integration with similar groups	Mature use of cultural assimilation based on IT behaviors (Drivers and Supporters)
Responsive Organizational Dynamism: Strategic Integration	Limited integration due to lack of executive involvement	Early stages of value/needs based on similar strategic alignment	Social structures emphasize strategic integration based on business needs

thinking and to develop independence of thought and judgment as their careers progress within the management structures available to them. Indeed, assimilation to learning at specific levels of operations and management are not necessarily an achievable end, but one that fits into the psychological perspective of what productive employees can be taught about ROD adaptability. Figure 4.9 illustrates the two axes of the Arc.

STAGES OF INDIVIDUAL AND ORGANIZATIONAL LEARNING

Sectors of Responsive Organizational Dynamism	Operational Knowledge	Dept/Unit View as Other	Integrated Disposition	Stable Operations	Organizational Leadership
Strategic Integration					
Cultural Assimilation					
Organizational Learning Constructs					
Management Level					

Figure 4.9 Reflective Organizational Dynamism Arc Model

The profile of an individual who assimilates the norms of Responsive Organizational Dynamism can be characterized in five developmental stages (vertical axis) along four sectors of literacy (horizontal axis). The Arc characterizes an individual at a specific level in the organization. At each level, the Arc identifies individual maturity with ROD, specifically Strategic Integration, Cultural Assimilation, and the type of learning process (i.e., individual versus organizational). The Arc shows how each tier integrates with another, what types of organizational learning theory best applies, and who needs to be the primary driver within the organization. Thus, the Arc provides an organizational schema for how each concept-component of organizational learning applies to each sector of Responsive Organizational Dynamism. It also identifies and constructs a path for those individuals who want to advance in organizational rank, that is, it can be used to ascertain an individual's ability to cope with ROD requirements as a precursor for advancement in management. Each position within a sector, or *cell*, represents a specific stage of development within ROD. Each cell contains specific definitions that can be used to identify developmental stages of ROD and organizational learning maturation. Figure 4.10 represents the Responsive Organizational Dynamism Arc with its cell definitions. The five stages of the Arc are outlined as follows.

1. *Operational Knowledge*: Represents the capacity to learn, conceptualize, and articulate key issues relating to how technology can impact existing processes and organizational structure. Organizational learning is accomplished through individual learning actions, particularly reflective practices. This stage typically is the focus for operations personnel, who are usually focused on their personal perspectives of how technology affects their daily activities.
2. *Department/Unit View as Other*: Indicates the ability to integrate points of view about using technology from diverse individuals within the department or business unit. Using these new perspectives, the individual is in position to augment his/her understanding of technology and relate it to others within the unit. Operations personnel participate in small group learning activities using reflective practices. Lower levels of middle managers participate in organizational learning that is in transition from purely individual to group level thinking.
3. *Integrated Disposition*: Recognizes that individual and departmental views on using technology need to be integrated to form effective business unit objectives. Understanding that organizational and cultural shifts need to include all member perspectives before formulating departmental decisions, organizational learning is

Sector Variable	Operational Knowledge	Department/Unit View as Other	Integrated Disposition	Stable Operations	Organizational Leadership
Strategic Integration	Operations personnel understand that technology impacts strategic development, particularly on existing processes	Individual beliefs of strategic impact are incomplete; individual needs to incorporate other views within the department or business unit	Recognition that individual and department views must be integrated to be complete and strategically productive for the department/unit	Changes made to processes at the department/unit level formally incorporate emerging technologies	Departmental strategies are propagated and integrated at organization level
Cultural Assimilation	View that technology can and will affect the way the organization operates and that it can affect roles and responsibilities	Changes brought forth by technology need to be assimilated into departments and are dependent on how others participate	Understands need for organizational changes. Different cultural behaviors new structures are seen as viable solutions	Organizational changes are completed and in operation. Existence of new or modified employee positions	Department-level organizational changes and cultural evolution are integrated with organization-wide functions and cultures
Organizational Learning Constructs	Individual-based reflective practice	Small group-based reflective practices	Interactive with both individual and middle management using communities of practice	Interactive between middle management and executives using social discourse methods to promote transformation	Organizational learning at executive level using knowledge management
Management Level	Operations	Operation & Middle Management	Middle Management.	Middle Management & Executive	Executive

Figure 4.10

integrated with middle managers using communities of practice at the department level.

4. *Stable Operations*: Develops in relation to competence in sectors of ROD appropriate for performing job duties for emerging technologies, not merely adequately, but competitively with peers and higher-ranking employees in the organization. Organizational learning occurs at the organizational level and uses forms of social discourse to support organizational transformation.
5. *Organizational Leadership*: Ability to employ sectors of Responsive Organizational Dynamism to multiple aspects of the organization. Department concepts can be propagated to organizational levels, including strategic and cultural shifts relating to technology opportunities. Organizational learning occurs using methods of knowledge management with executive support. Individuals use their technology knowledge for creative purposes. They are willing to take risks using critical discernment and what Heath (1968) calls “freed” decision-making.

The Responsive Organizational Dynamism Arc addresses both individual and organizational learning. There are aspects of Senge’s “organizational” approach that are important and applicable to this model. I have mentioned its appropriateness in regard to the level of the manager—suggesting that the more senior manager is better positioned to deal with non-event learning practices. However, there is yet another dimension within each stage of matured learning. This dimension pertains to timing. The timing dimension focuses on a multiple-phase approach to maturing individual and organizational learning approaches. The multiple-phasing of this approach suggests a maturing or evolutionary learning cycle that occurs over time, where individual learning fosters the need and the acceptance of organizational learning methods. This process can be applied within multiple tiers of management and across different business units.

The Responsive Organizational Dynamism Arc can also be integrated with the Applied Individual Learning Wheel. The combined models show the individual’s cycle of learning along a path of maturation. This can be graphically shown to reflect how the wheel turns and moves along the continuum of the Arc (Figure 4.11).

Figure 4.11 shows that an experienced technology learner can maximize learning by utilizing all four quadrants in each of the maturity stages. It should be clear that certain quadrants of individual learning are more important to specific stages on the Arc; however, movement through the arc is usually not symmetrical—that is, individuals do not move equally

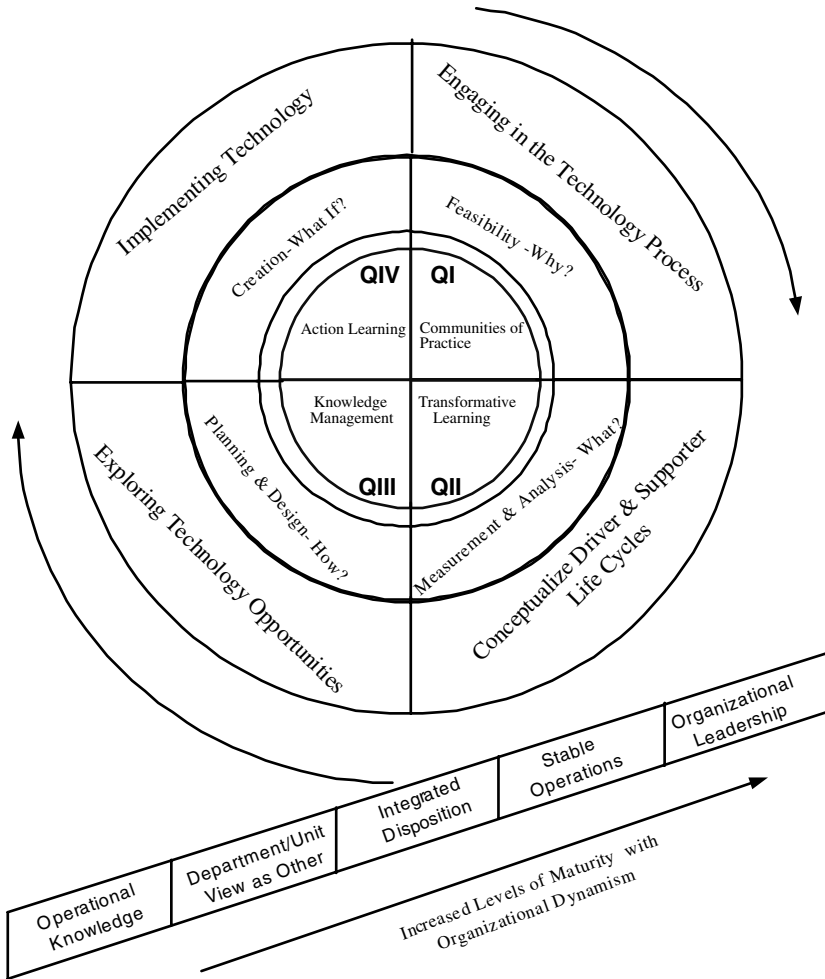


Figure 4.11

from stage to stage within the dimensions of learning (Langer, 2003). This integrated and multi-phased method uses the Applied Individual Learning Wheel, with the Arc. At each stage of the Arc, an individual will need to draw upon the different types of learning that are available in the Learning Wheel. Figure 4.12 provides an example of this concept, which Knefelkamp calls “multiple and simultaneous” (1999), meaning that learning can take on multiple meanings across different sectors simultaneously.

Figure 4.12 shows that the dimension variables are not necessarily parallel in their linear maturation. This phenomenon is not unusual with

Dimenison Variable	Operational Knowledge	Department Unit View as Other	Integrated Disposition	Stable Operations	Organizational Leadership
Strategic Integration					
Cultural Assimilation					
Organizational Learning Constructs					
Management Level					

Figure 4.12

linear models, and, in fact, is quite normal. However, it also reflects the complexity of how variables mature, and the importance of having the capability and infrastructure to determine how to measure such levels of maturation within dimensions. There are both qualitative and quantitative approaches to this analysis. Qualitative approaches typically include interviewing, ethnographic-type experiences over some predetermined time period, individual journals/diary, group meetings, and focus groups. Quantitative measures involve the creation of survey-type measures; they are based on statistical results from answering questions that identify the level of maturation of the individual.

The learning models that I elaborate in this chapter are suggestive of the rich complexities surrounding the learning process for individuals, groups, and entire organizations. This chapter establishes a procedure for applying these learning models to technology-specific situations. It demonstrates how to use different phases of the learning process to further mature an organization's ability to integrate technology strategically and culturally.

5

MANAGING ORGANIZATIONAL LEARNING AND TECHNOLOGY

The Role of Line Management

IN CHAPTER 1, THE RESULTS OF THE RAVELL case study demonstrated the importance of the role that line managers have for the success of implementing organizational learning, particularly in the objective of integrating the IT department. There has been much debate relating to the use of event-driven learning. In particular, there is Senge's work from his book, *The Fifth Discipline*. While I am overall consistent with his theories, I believe there is a need to critique some of his core concepts and beliefs. That is, Senge tends to make very broad generalizations about the limits of event-driven education and learning in organizations. He believes that there is a limitation of learning from experience because it can create limitations to learning based on actions—as he asks: “What happens when we can no longer observe the consequences of our actions?” (Senge, 1990, p. 23). My research has found that event-driven learning is essential to most workers who have yet to learn through other means. I agree with Senge that not all learning can be obtained through event-oriented thinking, but I feel that much of what occurs at this horizon pertains more to the senior levels than to what many line managers have to deal with as part of their functions in business. Senge's concern with learning methods that focus too much on the individual perhaps is more powerful if we see the learning organization as starting at the top and then working its way down. The position, however, particularly with respect to the integration of technology, is that too much dependence on executive-driven programs to establish and sustain organizational learning is dangerous. Rather, it is the line management—or middle

managers who fundamentally run the business—who are best positioned to make the difference. My hypothesis here is that both top-down and bottom-up approaches to organizational learning are riddled with problems, especially in their ability to sustaining outcomes. We cannot be naïve—even our senior executives must drive results in order to maintain their positions. As such, middle managers, as the key business drivers, must operate in an event- and results-driven world—let’s not underestimate the value of producing measurable outcomes as part of the ongoing growth of the organizational learning practicum.

To explore the role of middle managers further I draw on the interesting research done by Nonaka & Takeuchi (1995). These researchers examined how Japanese companies manage knowledge creation by using an approach, which they call “middle-up-down.” Nonaka & Takeuchi found that middle managers “best communicate the continuous iterative process by which knowledge is created” (p. 127). These middle managers are often seen as leaders of a team or task in which a “spiral conversion process” operates, and which requires both executive and operations management personnel. Peters and Waterman (1982), among others, often have attacked middle managers as representing a layer of management that creates communication problems and inefficiencies in business processes that resulted in leaving U.S. workers trailing behind their international competitors during the automobile crisis in the 1970’s. They advocated a “flattening” of the never-ending levels of bureaucracy responsible for inefficient operations. However, executives often are not aware of details within their operating departments, and may not have the ability or time to acquire those details. Operating personnel, on the other hand, do not possess the vision and business aptitudes necessary to establish the kind of knowledge creation that fosters strategic learning. Middle managers, or what I prefer to identify as line managers (Langer, 2001b) possess an effective combination of skills that can provide positive strategic learning infrastructures. Line managers understand the core issues of productivity in relation to competitive operations and return on investment, and they are much closer to the day-to-day activities that bring forth the realities of how and when new strategic processes can be effectively implemented. While many researchers, such as Peters, found them to be synonymous with backwardness, stagnation, and resistance to change, middle managers are the core group that can provide the basis for continuous innovation through strategic learning. It is my perspective that the difference of opinion regarding the positive or negative significance middle managers have in relation to organizational learning has to do with the wide-ranging and variety of employees who fall into the category of “middle.” It strikes me that Peters is somewhat on target with

respect to a certain population of middle managers, though I would not characterize them as line managers. To justify this position it is important to clearly establish the differences. Line managers should be defined as pre-executive employees that have reached a position of managing a business unit that contains some degree of return on investment for the business. In effect, I am suggesting that focusing on “middle” managers, as an identifiable group, is too broad. Thus, there is a need to further delineate the different levels of what comprises middle managers and their roles in the organization.

Line Managers

These individuals usually manage an entire business unit and have “return-on-investment” responsibilities. Line managers should be categorized as those who have middle managers reporting to them—they are, in effect, managers of managers, or as in some organizations, they serve a “director” function. Such individuals are in many ways considered future executives and perform many low-end executive tasks. They are, if you will, executives in training. What is significant about this manager level is the knowledge it carries about operations. However, line managers are still very involved in daily operations and maintain their own technical capabilities.

First-Line Managers

These individuals manage non-managers, but can have supervisory employees who report to them. They do not carry the responsibility for a budget-line unit, but for a department within the unit. These managers have specific goals that can be tied to their performance and to the department’s productivity.

Supervisor

This is the lowest-level middle manager. These individuals manage operational personnel within the department. Their management activities are typically seen as “functions,” as opposed to managing an entire operation. These middle managers do not have other supervisors or management-level personnel reporting to them.

We should remember that definitions typically used to characterize the “middle” sectors of management, as described by researchers like Peters, Nonaka, and others, do not come from exact science. The point must be made that middle managers cannot be categorized by a single definition. The category requires distinctive definitions within each level of stratification I presented above. Therefore, being more specific about

the “level” of the middle manager can help us determine the manager’s role in the strategic learning process. Given that Nonaka and Takeuchi provide the concept of middle-up-down as it related to knowledge management, I wish to broaden it into a larger subject of strategic learning as a method of evolving changes in culture and organizational thinking. Furthermore, Responsive Organizational Dynamism, unlike other organizational studies, represents both situational learning as well as ongoing evolutionary learning requirements. Evolutionary learning provides a difficult challenge to organizational learning concepts. Evolutionary learning requires significant contribution from middle managers. In order to understand the complexity of the “middle manager” all levels of the organization must be taken into consideration. I call this process Management Vectors.

Management Vectors

Senge’s work addresses some aspects of how technology might affect organization behavior. As he states, “the central message of the Fifth Discipline is more radical than ‘radical organization redesign’—namely that our organizations work the way they work, ultimately because of how we think and how we interact” (Senge, 1990, p. xiv). Technology aspires to be a new variable or catalyst that can change everyday approaches to things—to be the radical change element that forces us to reexamine norms no longer applicable to business operations. On the other hand, technology can be dangerous if perceived unrealistically as a power that possesses new answers to organizational performance and efficiency. In the late 1990’s we experienced the “bust” of the dot.com explosion, an explosion that challenged conventional norms of how businesses operate. Dot.com’s sold the concept that brick-and-mortar operations could no longer compete with new technology-driven businesses and that “older” workers could not be transformed in time to make dot.com organizations competitive. Dot.coms allowed us to depart with our commitment to knowledge workers and learning organizations—which is still true today. For example, in 2003, IBM at its corporate office in Armonk, New York laid off 1,000 workers who possessed skills that were no longer perceived as needed or competitive. Rather than retrain workers, IBM determined that hiring new employees to replace them was simply more economically feasible and easier, in terms of transforming their organization behaviors. However, in my interview with Steven McDermott, CEO of ICAP ETC, it became apparent that many of the mystiques of managing technology were incorrect, as he stated, “managing a technology company is no different from managing other

types of businesses.” While the technical skills of the IBM workers may no longer be necessary, why did the organization not provide enough opportunities to migrate important knowledge workers to another paradigm of technical and business needs? Widespread worker replacements tell us that few organizational learning infrastructures actually exist. The question is whether technology can provide the stimulus to prompt more organizations to commit to creating infrastructures that support growth and sustained operation. Most important is the question of how we establish infrastructures that can provide the impetus for initial and ongoing learning organizations. This question suggests that the road to working successfully with technology will require the kind of organizational learning that is driven by both individual and organization-wide initiatives. This approach can be best explained by referring back to the concept of Driver and Supporter functions and life cycles of technology presented in chapter 3. Figure 5.1 graphically shows the relationship between organizational structure and organizational learning needs. We will also see that this relationship maps onto Driver and Supporter functionality.

Figure 5.1 provides an operational overview of the relations between the three general tiers of management in most organizations. These levels or tiers are mapped onto organizational learning approaches, that is, Organizational/System or Individual. This mapping follows a general view based on what individuals at each of these tiers view or seek as their job responsibilities; and what learning method best supports their

Management/ Operational Layers	Driver/Support Life Cycle Involvement	Learning Approach	Organizational Learning Method
Executive Tier	Driver	Organization System	Knowledge Management
↑			
Middle Management Tiers	Driver/Support	Organization/ System on DriverIndividual on Support	Communities of Practice (Driver) Reflective Practices (Supporter)
↓			
Operations Tier	Support	Event Driven Individual	Reflective Practices

Figure 5.1 Three-Tier Organizational Structure

activities within their environment. For example, executive learning focuses on system-level thinking and learning because executives need to view their organizations in a longer-term way (ROI, for example) as opposed to viewing learning on an individual, transactional event way. Yet executives play an integral part in long-term support for technology as an accelerator. Their role within Responsive Organizational Dynamism is to provide the stimulus to support the process of Cultural Assimilation, and they are also very much a component of Strategic Integration. Executives do not require as much event-driven reflective change, but they need to be part of the overall “social” structure that paves the way for marrying the benefits of technology with organizational learning. What executives do need to see are the planned measurable outcomes, linked to performance from the investment of coupling organizational learning with technology. The lack of executive involvement and knowledge will be detrimental to the likelihood of making this relationship successful.

Operations, on the other hand, are based more on individual practices of learning. Attempting to incorporate organizational vision and social discourse at this level is problematic until event-driven learning is experienced individually to prove the benefits that can be derived from reflective practices. In addition, there is the problem of a learning program’s credibility. Workers are often wary of new programs designed to enhance their development and productivity. Many question the intentions of the organization and why it is making the investment, especially given what has occurred in corporations over the last 20 years: layoffs and scandals have riddled organizations and hurt employee confidence in the credibility of employer programs.

Ravell shows us that using reflective practices during events produces accelerated change driven by technological innovation, which, in turn, supports the development of the learning organization. It is important at this level of operations to understand the narrow and pragmatic nature of the way workers think and learn. The way operations personnel are evaluated is also a factor. Indeed, operations personnel are evaluated based on very specific performance criteria.

The most complex yet combined learning methods relate to the middle management layers. Line managers within these layers are engrossed in a double-sided learning infrastructure: on one side, they need to communicate and share with executives what they perceive to be the “overall” issues of the organization. Thus, they need to learn using an organizational learning approach, which is less dependent on event-driven learning and uses reflective practice. Line managers must, along with their senior colleagues, be able to see the business from a more pro-

active perspective and use social-oriented methods if they hope to influence executives. Details of events are more of an assumed responsibility to them than a preferred way of interacting. In other words, most executives would rather interface with line managers on how they can improve overall operations efficiently and effectively, as opposed to dealing with them on a micro, event-by-event basis. The assumption, then, is that line managers are expected to deal with the details of their operations, unless there are serious problems that require the attention of executives—such problems are usually correlated to failures in the line manager’s operations.

On the other side are the daily relationships and responsibilities managers face for their business unit(s). They need to incorporate more individual-based learning techniques that support reflective practices within their operations to assist in their staff’s personal development. The middle management tier described in Figure 5.1 is shown at a summary level and needs to be further described. Figure 5.2 provides a more detailed analysis based on the three types of middle managers that I have described above. The figure shows the ratio of organizational learning to individual learning based on manager type. The more senior the manager, the more learning is based on systems and social processes.

Knowledge Management

There is an increasing recognition that the competitive advantage of organizations depends on their “ability to create, transfer, utilize, and protect difficult-to-intimate knowledge assets” (Teece, 2001, p. 125). Indeed, according to Bertels and Savage (1998), the dominant logic of the industrial era requires an understanding of how to break the learning barrier of comprehending the information era. While we have developed powerful solutions to change internal processes and organizational structures, most organizations have failed to address the cultural dimensions of the information era. Organizational knowledge creation is a result of organizational learning through strategic processes. Nonaka and

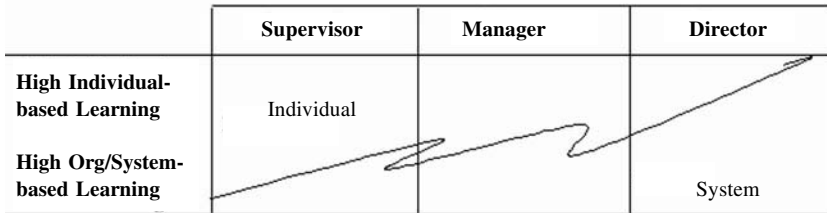
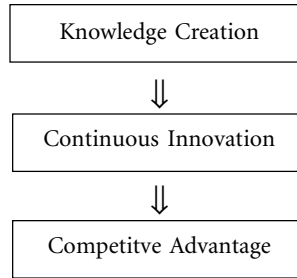


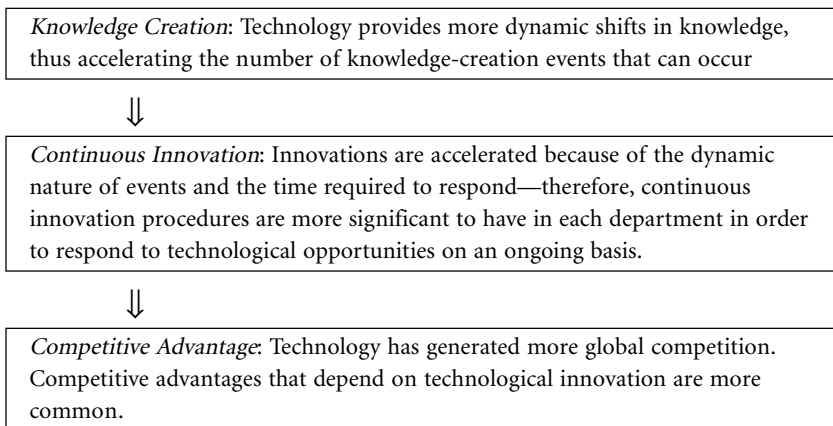
Figure 5.2 Organizational/System vs. Individual Learning by Middle Manager Level

**Figure 5.3**

Takeuchi defines organizational knowledge as “the capability of a company as a whole to create new knowledge, disseminate it throughout the organization, and embody it in products, services, and systems” (p. 3). Nonaka and Takeuchi used the steps shown in Figure 5.3 to assess the value and chain of events surrounding the valuation of organization knowledge.

If we view the Figure 5.3 processes as leading to competitive advantage, we may ask how technology affects the chain of actions Nonaka identifies. Without violating the model, we may insert technology and observe the effects it has on each step as shown in Figure 5.4.

According to Nonaka, to create new knowledge means to recreate the company and everyone in it in an ongoing process that requires personal and organizational self-renewal. That is to say, knowledge creation is the responsibility of everyone in the organization. The viability of this definition, however, must be questioned. Can organizations create personnel that will adhere to such parameters, and under what conditions will senior

**Figure 5.4**

management support such an endeavor? Once again, technology has a remarkable role to play in substantiating the need for knowledge management. First, executives are still challenged to understand how they need to deal with emerging technologies as it relates to whether their organizations are capable of using them effectively and efficiently. Knowledge management provides a way for the organization to learn how technology will be used to support innovation and competitive advantage. Second, IT departments need to understand how they can best operate within the larger scope of the organization—they are often searching for a true mission that contains measurable outcomes as defined by the entire organization, including senior management. Third, both executives and IT staff agree that understanding the uses of technology is a continuous process that should not be utilized solely in a reactionary and event-driven way. Finally, most employees accept the fact that technology is a major component of their lives at work and at home, that technology signifies change, and that participating in knowledge creation is an important role for them.

Once again, we can see that technology provides the initiator for understanding how organizational learning is important for competitive advantage. The combination of IT and other organizational departments, when operating within the processes outlined in Responsive Organizational Dynamism, can significantly enhance learning and competitive advantage. In order to expand on this point I will now focus on the literature specifically relating to tacit knowledge and its important role in knowledge management. Scholars theorize knowledge management as an ability to transfer individual tacit knowledge into explicit knowledge. Kulkki and Kosonen (2001) define tacit knowledge as an experience-based type of knowledge and skill, and as the individual capacity to give intuitive forms to new things, that is, to anticipate and pre-conceptualize the future. Technology, by its very definition and form of being requires this anticipation and pre-conceptualization. Indeed, it provides the perfect educational opportunity in which to practice the transformation of tacit into explicit knowledge. Tacit knowledge is an asset, and having individual dynamic abilities to work with such knowledge commands a “higher premium when rapid organic growth is enabled by technology” (Teece, 2001, p. 140). Thus, knowledge management is likely to be greater when technological opportunity is richer.

Because evaluating emerging technologies requires the ability to look into the future, it also requires that individuals translate valuable tacit knowledge and creatively see how these opportunities are to be judged, if implemented. Examples of applicable tacit knowledge in this process are here extracted from Kulkki and Kosonen (1998):

- Cultural and social history
- Problem-solving modes
- Orientation to risks and uncertainties
- Worldview organizing principles
- Horizons of expectations

I approach each of these forms of tacit knowledge from the perspective of the components of Responsive Organizational Dynamism as shown in Table 5.1.

It is not my intension to suggest that all technologies should be, or can be, used to generate competitive advantage. To this extent, some technologies may indeed get rejected because they cannot assist the organization in terms of strategic value and competitive advantage. Indeed, as Teece (2001) states, “information transfer is not knowledge transfer and information management is not knowledge management, although the former can assist the latter. Individuals and organizations can suffer from information overload” (p. 129). While this is a significant issue for many firms, the ability to have an organization that can select, interpret, and integrate information is a very valuable part of knowledge management. Furthermore, advances in IT have propelled much of the excitement surrounding knowledge management. It is important to recognize that learning organizations, reflective practices, and communities of practice all participate in creating new organizational knowledge. This is why knowledge management is so important. Knowledge must be built on its own terms—which requires intensive and laborious interactions among members of the organization.

Change Management

Because technology requires that organizations accelerate their actions, it is necessary to examine how Responsive Organizational Dynamism corresponds to theories in organizational change. Burke (2002) states that most organizational change is evolutionary, however, he defines two distinct types of change: planned versus unplanned, and revolutionary versus evolutionary. Burke also suggests that the external environmental changes are more rapid today and that most organizations “are playing catch up.” Many rapid changes to the external environment can be attributed to emerging technologies, which have accelerated the divide between what an organization does and what it needs to do to remain competitive. This is the situation that creates the need for Responsive Organizational Dynamism. The catching-up process becomes more difficult because the amount of change required is only increasing given ever-new technologies. Burke suggests that this catching up will likely

Table 5.1 Mapping Tacit Knowledge to Responsive Organizational Dynamism

Tacit Knowledge	Strategic Integration	Cultural Assimilation
Cultural and Social History		How the IT department and other departments translate emerging technologies into their existing processes and organization.
Problem Solving Modes	Individual reflective practices that assist in determining how specific technologies can be useful and how they can be applied. Utilization of tacit knowledge to evaluate probabilities for success.	Technology opportunities may require organizational and structural changes in order to transfer tacit knowledge to explicit knowledge.
Orientation to risks and uncertainties	Technology offers many risks and uncertainties. All new technologies may not be valid for the organization. Tacit knowledge is a valuable component to fully understand realities, risks, and uncertainties.	
World Views		Technology has global affects and changes market boundaries that cross business cultures and requires tacit knowledge to understand existing dispositions on how others work together. Review of how technology affects the dynamics of operations.
Organizing Principles		How will new technologies actually be integrated. What are the organizational challenges to “rolling out” products, and to implementation timelines? What positions are needed and who in the organization might be best qualified to fill new responsibilities. Identify limitations of the organization: that is, tacit knowledge versus explicit knowledge realities

(Continued)

Table 5.1 Continued

Tacit Knowledge	Strategic Integration	Cultural Assimilation
Horizons of Expectation	Individual limitations in the tacit domain that may hinder or support whether a technology can be strategically integrated into the organization.	

require planned and revolutionary change. Such change can be mapped onto much of my work at Ravell. Certainly, change was required; I planned it, and change had to occur. However, the creation of a learning organization using many of the organizational learning theories addressed in chapter 4 supports the eventual establishment of an operating organization that can deal with unplanned and evolutionary change. When using technology as the reason for change, it is, then, important that the components of Responsive Organizational Dynamism be integrated with theories of organizational change.

History has shown that most organizational change is not successful in providing its intended outcomes because of cultural lock-in. Cultural lock-in is defined by Foster and Kaplan (2001) as an organization's inability to change its corporate culture even when there are clear market threats. Based on their definition then, technology may not be able to change the way an organization behaves, even when there are obvious competitive advantages to doing so. My concern with Foster and Kaplan's conclusion is whether individuals truly understand exactly how their organizations are being affected—or are we to assume that they do understand. In other words, is there a process to ensure that employees understand the impact of not changing? I believe that Responsive Organizational Dynamism provides the infrastructure required to resolve this dilemma, by establishing the processes that can support ongoing unplanned and evolutionary change.

To best show the relationship of Responsive Organizational Dynamism to organizational change theory, I use Burke's six major points in assisting change in organizations:

1. *Understanding the external environment:* What are competitors and customer's expectations? This is certainly an issue, specifically when tracking whether expected technologies are made available in the client/vendor relationship. But more critical is the process of how emerging technologies, brought about through external

channels, are evaluated and put into production. That is, having a process in place. Strategic Integration of Responsive Organizational Dynamism is the infrastructure that needs to facilitate the monitoring and management of the external environment.

2. *Evaluation of the inside of the organization:* This directly relates to technology and how it can be best utilized to improve internal operations. While evaluation may also relate to a restructuring of an organization's mission, technology is often an important driver for why a mission needs to be changed, e.g., expanding a market due to ecommerce capabilities.
3. *Readiness of the organization:* The question here is not whether to change, but how fast can the organization change to address technological innovations? The Responsive Organizational Dynamism Arc provides the steps necessary to create organizations that can sustain change as a way of operation, blending Strategic Integration with Cultural Assimilation. The maturation of learning: moving toward system-based learning also supports the creation of infrastructures that are vitally prepared for changes from emerging technologies.
4. *Cultural change as inevitable:* Cultural Assimilation essentially demands that organizations must dynamically assimilate new technologies and be prepared to evolve their cultures. Such evolution must be accelerated and be systemic within business units to be able to respond effectively to the rate of change created by technological innovations.
5. *Making the case for change:* It is often difficult just to explain why change is inevitable. Much of the need for change can be supported using the reflective practices implemented at Ravell. However, such acceptance is directly related to the process of time. Major events can assist in establishing the many needs for change as discussed by Burke (2002).
6. *Sustaining change:* Perhaps the strongest part of Responsive Organizational Dynamism is in its ability to create a process that is evolutionary and systemic. It focuses on driving change to every aspect of the organization and provides organizational learning constructs to address each level of operation. It addresses what Burke calls the "prelaunch, launch, postlaunch, and sustaining" in the important sequences of organization change (p. 286).

Another important aspect of change management is leadership. Leadership takes many forms and has multiple definitions. Technology plays an interesting role in how leadership can be presented to organizations,

especially in terms of the management style of leadership, or what Eisenhardt and Bourgeois (1988) have coined as “power centralization.” Their study examined “high-velocity” environments in the micro-computer industry during the late 1980’s. By “high-velocity,” they refer to “those environments in which there is a rapid and discontinuous change in demand, competitors, technology, or regulation, so that information is often inaccurate, unavailable, or obsolete” (p. 738). During the period of their study, the microcomputer industry was undergoing substantial technological change, including the introduction of many new competitors. As it turns out, the concept of high-velocity is becoming more the norm today given the way organizations find themselves needing to operate in constant fluxes of velocity. The term “power centralization” is defined as the amount of decision-making control wielded by the chief executive (CEO). Eisenhardt and Bourgeois’s study found that the more the CEO engaged in power-centralized leadership, the greater the degree of politics, which had a negative impact on the strategic performance of the firms examined. This finding suggests that the less democratic the leadership is in high-velocity environments, the less productive the organization will be. Indeed, the study found that when individuals engaged in team learning, political tension was reduced and the performance of the firms improved.

The structure of Responsive Organizational Dynamism provides the means of avoiding the high-velocity problems discovered by the Eisenhardt and Bourgeois study. This is because ROD allows for the development of more individual learning, as well as system thinking, across the executive ranks of the business. If technology is to continue to establish such high-velocities, firms need to examine the Eisenhardt and Bourgeois study for its relevance to everyday operations. They also need to use organizational learning theories as a basis for establishing leadership that can empower employees to operate in an accelerated and unpredictable environment.

Change Management for IT Organizations

While change management theories address a broad population in organizations, there is a need to create a more IT-specific approach to address the unique needs of this group. Lientz and Rea (2004) established five specific goals for IT change managers:

1. Gain support for change from employees and non-IT managers
2. Implement change along measurements for the work so that the results of the change are clearly determined

3. Implement a new culture of collaboration where employees share more information and work more in teams
4. Raise the level of awareness of the technology process and work so that there is less of a tendency for reversion
5. Implement an ongoing measurement process for the work to detect any problems

Lientz & Rea's position is that when a new culture is instilled in IT departments, it is particularly important that it should *not* require massive management intervention. IT people need to be self-motivated to keep up with the myriad of accelerated changes in the world of technology. These changes occur inside IT in two critical areas. The first relates to the technology itself. For example, how does IT personnel keep up with new versions of hardware and software? Many times these changes come in the form of hardware (often called "system") and software upgrades from vendors who require them to maintain support contracts. The ongoing self-management of how such upgrades and changes will ultimately affect the rest of the organization is a major challenge and one that is difficult to manage top-down. The second area is the impact of new or emerging technologies on business strategy. The challenge is to develop IT personnel who can transform their technical knowledge into business knowledge, and as discussed earlier, to take their tacit knowledge and convert it into explicit, strategic knowledge. Further understanding of the key risks to the components of these accelerated changes is provided below:

- *System and Software Version Control*: IT personnel must continue to track and upgrade new releases and understand the impact of product enhancements. Some product-related enhancements have no bearing on strategic use; they essentially fix problems in the system or software. On the other hand, some new releases offer new features and functions that need to be communicated to both IT and business managers.
- *Existing Legacy Systems*: Many of these systems cannot support the current needs of the business. This often forces IT staff to figure out how to create what is called "workarounds" (quick-fixes) to these systems. This can be problematic given that workarounds might require system changes and/or modifications to existing software. The risk of these changes both short- and long-term need to be discussed between user and IT staff communities of practice.
- *Software Packages (Off-the-Shelf Software)*: Over the past decade, the use of pre-programmed third-party software packages has

become a preferred mode of software among users. However, many of these packages can be inflexible and do not support the exact processes required by business users. IT personnel need to address users' false expectations about what software packages can and cannot do.

- **System or Software Changes:** Replacement of systems and/or software applications is rarely 100% complete. Most often, remnants of old systems will remain. IT personnel can at times be insensitive to the lack of a complete replacement.
- ***Project Completion:*** IT personnel often miscalculate when their involvement is finished. Projects are rarely finished when the software is installed and training completed. IT staff tend to move on to other projects and tasks, and lose focus on the likelihood that there will be problems discovered or last-minute requests made by business users.
- ***Technical Knowledge:*** IT staff members need to keep their technical skills up-to-date. If this is not done, emerging technologies may not be evaluated properly, as there may be a lack of technical ability inside the organization to map new technical developments onto strategic advantage.
- ***Pleasing Users:*** While pleasing business users appears to be a good thing, it can also present serious problems with respect to IT projects. What users want and what they need may not be the same. IT staff members need to judge when they might need assistance from business and IT management because users may be unfairly requesting things that are not feasible within the constraints of a project. Thus, IT staff must have the ability to articulate what the system can do and what might be advisable. These issues tend to occur when certain business users want new systems to behave like old ones.
- ***Documentation:*** This, traditionally, is prepared by IT staff and contains jargon that can confuse business users. Furthermore, written procedures prepared by IT staff members do not consider the entire user experience and process.
- ***Training:*** This is often carried out by IT staff and is restricted to covering system issues as opposed to the business realities surrounding when, how, and why things are done.

The above issues essentially define key risks to the success of implementing technology projects. Much of this book, thus far, has focused on the process of organizational learning from an infrastructure

perspective. However, the implementation component of technology possesses new risks to successfully creating an organization that can learn within the needs of Responsive Organizational Dynamism. These risks, from the above issues, along with those discussed by Lientz and Rea are summarized below:

- *Business-User Involvement*: Continuous involvement from business users is necessary. Unfortunately, during the life of a project there are so many human interfaces between IT staff and business users that it is unrealistic to attempt to control these communications through tight management procedures.
- *Requirements, Definition, and Scope*: These relate to the process where IT personnel work with business users to determine exactly what software and systems need to accomplish. Determining requirements is a process, not a predetermined list that business users will necessarily have available to them. The discourse that occurs in conversations is a critical to whether such communities are capable of developing requirements that are unambiguous in terms of expected outcomes.
- *Business Rules*: These rules have a great effect on how the organization handles data and transactions. The difference between requirements and business rules is subtle. Specifically, business rules, unlike requirements, are not necessarily related to processes or events of the business. As such, the determination of business rules cannot be made by reviewing procedures; for example, all account numbers must be numeric.
- *Documentation and Training Materials*: IT staff members need to interact with business users and establish joint processes that foster the development of documentation and training that best fits user needs and business processes.
- *Data Conversion*: New systems and applications require that data from legacy systems be converted into the new formats. This process is called “data mapping,” where IT staff and key business users review each data field to ensure that the proper data is represented correctly in the new system. IT staff members should not be doing this process without user involvement.
- *Process Measurement*: Organizations typically perform a post-completion review after the system or software application is installed. Unfortunately, this process measurement should occur during and after project completion.

Individual Self-Development

IT change management poses some unique challenges to implementing organizational learning, mostly because managers cannot conceivably be available for all of the risks identified above. Furthermore, the very nature of new technologies requires that IT staff members develop the ability to self-manage more of their daily functions and interactions, particularly with other staff members outside of the IT department. The need for self-development is even more critical because of the existence of Technological Dynamism, which focuses on dynamic and unpredictable transactions that often must be handled directly by IT staff members, and not their managers. Finally, because so many risks during technology projects require business user interfaces, non-IT staff members also need to develop better and more efficient self-management than they are accustomed to. Technological Dynamism, then, has established another need for change management theory. This need relates to the implementation of self-development methods. Indeed, part of the reason for the lack of success of IT projects can be attributed to the inability of the core IT and business staffs to perform in a more dynamic way. Historically, more management cannot provide the necessary learning and reduction of risk.

The idea of self-development became popular in the early 1980's as an approach to the training and education of managers and managers-to-be. Thus, the focus of management self-development is to increase the ability and willingness of managers to take responsibility for themselves, particularly for their own learning (Pedler, Burgoyne, and Boydell, 1988). I believe that management self-development theory can be applied to non-managers or to staff members who need to practice self-management skills that can assist them in transitioning to operating under the conditions of Technological Dynamism.

Management self-development draws on the idea that many people emphasize the need for learner-centeredness. This is an important concept in that it ties self-development theory to organizational learning, particularly to the work of Chris Argyrus and Malcolm Knowles. The concept of learner-centeredness holds that individuals must take prime responsibility for their own learning: when and how to learn. The teacher (or manager) is assigned the task of facilitator—a role that fosters guidance as opposed to direct initiation of learning. In many ways, a facilitator can be seen as a mentor whose role it is to guide an individual through various levels of learning and individual development.

What makes self-development techniques so attractive is that learners work on actual tasks and then reflect on their own efforts. The methods

of reflective practice theory, therefore, are very applicable and can be integrated with self-development practices. Although self-development places the focus on the individual's own efforts, managers still have responsibilities to mentor, coach, and counsel their staffs. This support network allows staff to receive appropriate feedback and guidance. In many ways, self-development relates to the professional process of apprenticeship, but differs from it in that the worker may not aspire to become the manager, but perhaps just to develop better management skills. Workers are expected to make mistakes and to be guided through a process that helps them reflect and improve. This is why self-development can be seen as a management issue as opposed to just a learning theory.

A mentor or coach can be a supervisor, line-manager, director, or an outside consultant. The bottom line is that Technological Dynamism requires staff members who can provide self-management to cope with constant project changes and risks. These individuals must be able to learn, be self-aware of what they do not know, and to possess enough confidence that they can initiate the required learning and assistance that they need to be successful (Pedler et al., 1988). Self-development methods, like other techniques, have risks. Most notable is the initial decrement in performance followed by a slow increment, as workers become more comfortable with the process and learn from their mistakes. However, staff members must be given support and time to allow this process to occur; self-development is a trial-and-error method founded on the basis of mastery learning (learn from one's mistakes). Thus, the notion of self-development is both continuous and discontinuous and must be implemented in a series of phases, each having unique outcomes and maturity. The concept of self-development is also consistent with the Responsive Organizational Dynamism Arc, where early phases of maturation require more individual learning, particularly, reflective practices. Self-development, in effect, becomes a method of indirect management to assist in personal transformation. This personal transformation will, inevitably, better prepare individuals to participate in group- and organizational-level learning at later stages of maturation.

The first phase of establishing a self-development program is to create a "learning to learn" process. Teaching individuals to learn is a fundamental need before implementing self-development techniques. Mumford (1988) defined learning-to-learn as:

1. Helping staff to understand the stages of the learning process and the pitfalls to not learning

2. Helping staff to find their own preferences to learning
3. Assisting staff in understanding their present learning preferences and how to deal and overcome learning weaknesses
4. Helping staff to build on their learning experience and apply it to their current challenges in their job

The first phase of self-development clearly embraces the Kolb Learning Preferences Inventory and the Applied Individual Learning Wheel that were introduced in chapter 4. Thus, all staff members should be provided with both of the above learning wheels, made aware of their natural learning strengths and weaknesses, and provided with exercises to help them overcome their limitations. Most important is that the Kolb system will make staff aware of their shortfalls with learning. The Applied Individual Learning Wheel will provide a perspective on how individuals can link generic learning preferences into organizational learning needs to support Responsive Organizational Dynamism.

The second phase of self-development is to establish a formal learning program, in which staff members:

- Are responsible for their own learning, coordinated with a mentor or coach
- Have the right to determine how they will meet their own learning needs within available resources, timeframes, and set outcomes
- Are responsible for evaluating and assessing their progress with their learning

In parallel, staff coaches or mentors:

- Have the responsibility to frame the learning objectives so that they are consistent with agreed-upon individual weaknesses
- Are responsible for providing access and support for staff
- Must determine the extent of their involvement with mentoring and their commit to assisting staff members achieve stated outcomes
- Are ultimately responsible for evaluation of individual's progress and success

The above program must also have a formal process and structure. According to Mossman and Stewart (1988), formal programs called Self-Managed Learning (SML), need the following organization and materials:

1. Staff members should work in groups as opposed to on their own. This is a good opportunity to intermix IT and non-IT staff with similar issues and objectives. The size of these groups is (typically) from four to six members. Groups should meet every two to three weeks and should develop what is known as learning contracts. Learning contracts specifically state what the individual and management have agreed upon. Essentially, the structure of self-development allows staff members to experience communities of practice, which by their very nature will also introduce them to group learning and system-level thinking.
2. Mentors or coaches should reside over a group as opposed to residing over just one individual. There are two benefits to doing this: (a) there are simply economies of scale where managers cannot cover staff on an individual basis, and (b) facilitating a group with similar objectives benefits interaction among the members. Coaches obviously need to play an important role in defining the structure of the sessions, in offering ideas about how to begin the self-development process, and in providing general support.
3. Staff members need to have workbooks, films, courses, study guides, books, and specialists in the organization, all of which learners can use to help them accomplish their goals.
4. Typically learning contracts will state the assessment methods. However, assessment should not be limited to just individuals, but should also include group accomplishments as well.

An SML should be designed to ensure that the learning program for staff members represents a commitment by management to a formal process that can assist in the improvement of the project teams.

The third phase of self-development is evaluation. This process is a mixture of individual and group assessments from Phase Two coupled with assessments from actual practice results. These are results from proven outcomes during normal work-day operations. In order to garner the appropriate practice evaluation, mentors and coaches must be involved in monitoring results and noting the progress on specific events that occur. For example, if a new version of software is implemented, we will want to know if IT staff and business users worked together to determine how and when it should be implemented. These results need to be formally communicated back to the learning groups. This process needs to be continued on an ongoing basis to sustain the effects of change management. Figure 5.5 represents the flow of the three phases of the process.

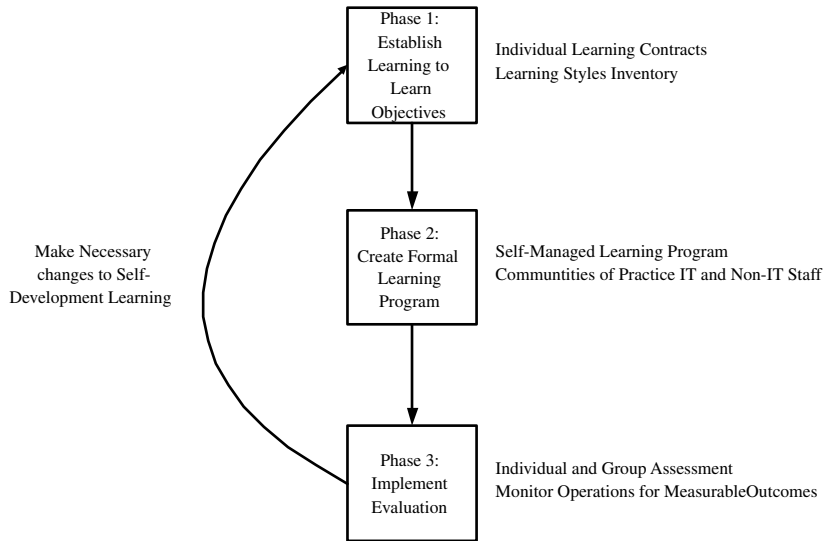


Figure 5.5

The process for self-development provides an important approach in assisting staff to perform better under the conditions of Technological Dynamism. It is one thing to teach reflective practice; it is another to get staff members to learn how to think in a manner that takes into consideration the many risks that have plagued systems and software projects for decades. While the role of management continues to play a major part in getting things done within strategic objectives, self-development can provide a very strong learning method that can foster sustained bottom-up management, which is missing in most learning organizations.

The Ravell case study provides some concrete evidence on how self-development techniques can indeed get results. Because of the time pressures at Ravell, I was not able to invest in the Learning-to-Learn component at the start of the process. However, I used informal methods to determine the learning preferences of the staff. This can be accomplished through interviews in which staff responses can provide a qualitative basis for evaluating how specific personnel prefer to learn. This helped me to formulate a specific training program that involved group meetings with IT and non-IT oriented groups.

In effect, Phase II at Ravell had two communities. The first community was the IT staff. We met each week to review progress and to set short-term objectives of what the community of IT wanted to accomplish. I acted as a facilitator, and although I was in a power position as their

manager, I did not use my position unless there were clear signs of resistance in the team (which there were in specific situations). The second community was formed with various line manager departments. This is where I formed “dotted-line” reporting structures, which required IT staff members to also join other communities of practice. This proved to be an invaluable strategy because it brought IT and business users together and formed the links that eventually allowed IT staff members to begin to learn and to form relationships with the user community; and this fostered reflective thinking and transformation.

As stated earlier, there are setbacks at the start of any self-development program, and Ravell was no exception. Initially, IT staff members had difficulty understanding what was expected of them; they did not immediately perceive the learning program as an opportunity for their professional growth. It was through ongoing, motivated discourse in and outside of the IT community that helped achieve measurable increments of self-developmental growth. Furthermore, I found it necessary to integrate individual coaching sessions with IT staff. While group sessions were useful, they were not a substitute for individual discussions that at times allowed IT staff members to personally discuss their concerns and learning requirements. I found the process to be ultimately very valuable, and I maintained the role of coach, as opposed to that of a manager who tells IT staff members what to do in every instance. I knew that direct management only would never allow for the development of learning.

Eventually self-development through discourse will foster identity development. Such was the case at Ravell, where both user and IT groups eventually came together to form very specific and interactive communities of practice. This helped form a clearer identity for IT staff members, and they began to develop the ability to address the many project risk issues that I defined earlier in this chapter. Most important for the organization, was that Ravell Phase I built the foundation for later phases that required more group and system thinking among the IT ranks.

Evaluation of the performance at Ravell (Phase III of self-development process) was actually easier than expected, which means that if the first two phases are successful, evaluation will naturally be easy to determine. As reflective thinking became more evident in the group, it was easier to see the growth in transformative behavior; the IT groups became more proactive and critical by themselves, without necessarily needing my input. In fact, my participation fell into more of a supporter role; I was asked to participate more when I felt needed to provide a specific task for the group. Evaluation based on performance was also easier to determine, mainly because we had formed inter-departmental communities and because of the relationships I established with line managers.

Another important decision we made and one that nurtured our evaluation capabilities, was the fact that line managers often joined our IT staff meetings. So getting feedback on actual results was always open for discussion.

Viewing self-development in the scope of organizational learning and management techniques provides an important support method for later development in system thinking. The Ravel experience did just that, as the self-development process inevitably laid the foundation for more sophisticated organizational learning, required as a business matures under Responsive Organizational Dynamism.

6

ORGANIZATIONAL TRANSFORMATION AND THE BALANCED SCORECARD

THE PURPOSE OF THIS CHAPTER is to examine the nature of organizational transformation, how it occurs, and how it can be measured. Aldrich (2001) defines organizational transformation along three possible dimensions: as changes in goals, boundaries, and activities. According to Aldrich transformations “must involve a qualitative break with routines and a shift to new kinds of competencies that challenge existing organizational knowledge” (p. 163). He warns us that many changes in organizations disguise themselves as transformative, but are not. Thus, focusing on the qualifications of authentic or substantial transformation is key to understanding whether it has truly occurred in an organization. Technology, as with any independent variable, may or may not have the capacity to instigate organizational transformation. Therefore, it is important to integrate transformation theory with Responsive Organizational Dynamism. In this way, the measurable outcomes of organizational learning and technology can be assessed in organizations that implement ROD. Most important in this regard is that organizational transformation, along with knowledge creation, be directly correlated to the results of implementing organizational learning. That is, the results of using organizational learning techniques must result in organizational transformation.

Organizational transformation is significant for three key reasons:

1. Organizations that cannot change will fundamentally be at risk against competitors, especially in a quickly changing market.

2. If the organization cannot evolve, it will persist in its norms and be unwilling to change unless forced to do so.
3. If the community population is forced to change and is constrained in its evolutionary path, it is likely that it will not be able to transform and, thus, will need to be replaced.

Aldrich established three dimensions of organizational transformation. By examining them we can apply technology-specific changes and determine within each dimension what constitutes authentic organizational transformation.

1. *Goals:* There are two types of goal-related transformations: (a) change in the organization's market or target population; (b) the overall goal of the organization itself changes. I have already observed that technology can affect the mission of an organization, often because it establishes new market niches (or changes them). Changed mission statements also inevitably modify goals and objectives.
2. *Boundaries:* Organizational boundaries transform when there is expansion or contraction. Technology has historically expanded domains by opening up new markets that could not otherwise be reached without technological innovation. E-business is an example of a transformation brought about by an emerging technology. Of course, business can contract as a result of not assimilating a technology—technology, too, can create organizational transformation.
3. *Activity Systems:* Activity systems define the way things get done. They include the processing culture, such as behavioral roles. Changes in roles and responsibilities alone do not necessarily represent organizational transformation unless it is accompanied by cultural shifts in behavior. The Cultural Assimilation component of Responsive Organizational Dynamism provides a method with which to facilitate transformations that are unpredictable yet evolutionary. Sometimes transformations in activity systems deriving from technological innovations can be categorized by the depth and breath of its impact on other units. For example, a decision could be made to use technology as part of a total quality management (TQM) effort. Thus, activity transformations can be indirect and need to be evaluated based on multiple and simultaneous events.

Aldrich's concept of organizational transformation bears on the issue of frequency of change. In general, he concludes that the changes that follow a regular cycle are part of normal evolution and "flow of organizational life" (p. 169) and should not be treated as transformations. Technology, on the other hand, presents an interesting case in that it can be perceived as normal in its persistence and regularity of change, while at the same time being unpredictable in its dynamism. However, Aldrich's definition of transformation poses an interesting issue for determining transformations resulting from technological innovations. Specifically, under what conditions is a technological innovation considered to have a transformative effect on the organization? And when is it to be considered as part of regular change? I refer to Figure 6.1 first presented in chapter 2 on Driver and Supporter life cycles to respond to this question.

The flows in this cycle can be used as the method to determine technological events that are normal change agents versus transformative ones. To understand this point, one should view all Driver-related technologies as transformational agents because they, by definition, affect strategic innovation, and are approved based on ROI. Aldrich's "normal ebb and flows" represent the "mini" loops that are new enhancements or sub-technologies, which are part of normal everyday changes necessary to mature a technological innovation. Thus, Driver variables that result

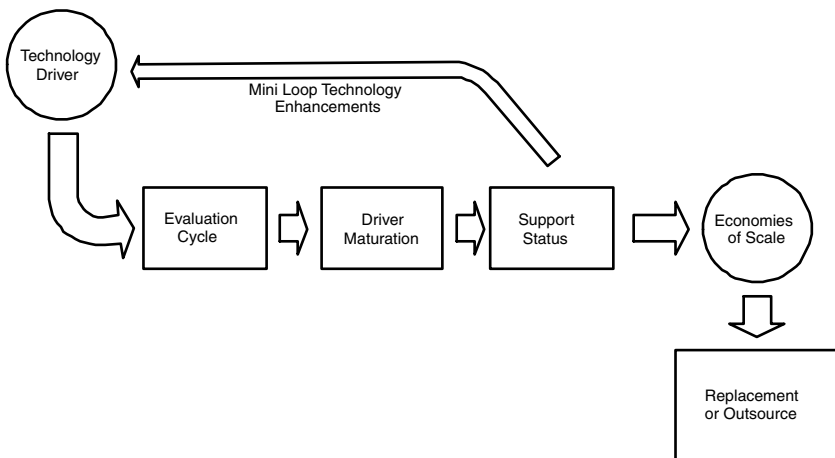


Figure 6.1

from “mini” loops would not be considered transformational agents of change.

It is important to recognize that Aldrich’s definition of organizational transformation should not be confused with theories of transformative learning. As West proclaims, “The goal of organizational learning is to transform the organization” (1996, p. 54). The study of transformative learning has been relevant to adult education and has focused on individual as opposed to organizational development and learning. Thus, transformative learning has been better integrated in individual learning and reflective practice theories than in organizational ones. While these modes of learning are related to the overall learning in organizations, they should not be confused with organizations that are attempting to realize their performance objectives.

Yorks and Marsick (2000) offer two strategies that can produce transformative learning for individuals, groups, and/or organizations: action learning and collaborative inquiry. I have covered action science in chapter 4, particularly reflective practices, as key interventions to foster both individual and group evolution of learning, specifically in reference on how to manage Responsive Organizational Dynamism. Aspects of collaborative inquiry are applied to later stages of maturation and to more senior levels of management based on systems-level learning. As they state, “for the most part the political dimensions of how the organization functions is off limits, as are discussions of larger social consequences” (p. 274).

Technological innovations provide acceleration factors and foster the need for Responsive Organizational Dynamism. Technology also furnishes the potential tangible and measurable outcomes necessary to normalize York and Marsick’s framework for transformative learning theory into organizational contexts as follows:

1. Technology, specifically e-business, has created a critical need for organizations to engage with clients and individuals in a new interactive context. This kind of discourse has established accelerated needs, such as understanding the magnitude of alternative courses of action between customer and vendor. The building of sophisticated Intranets (internal Internets) and its evolution to assimilate with other Internet operations have also fueled the need for learning to occur more often than before and at the organizational level.
2. Because technology can produce measurable outcomes, individuals are faced with accelerated reflections about the cultural impact of their own behaviors. This is directly related to the implementation

of the Cultural Assimilation component of Responsive Organizational Dynamism, where individuals determine how their behaviors are affected by emerging technologies.

3. Early in the process of implementing Strategic Integration, reflective practices are critical for event-driven technology projects. These practices forces individuals to continually reexamination their existing meaning perspectives (specifically, their views and habits of mind). Individual reflection-in, -on, and -to practice will evolve to system-level group and organizational learning contexts as shown in the Responsive Organizational Dynamism Arc.
4. The process of moving from individual to system-level learning during technology maturation is strengthened by the learner's ability to comprehend why historical events have influenced their existing habits of mind.
5. The combination of Strategic Integration and Cultural Assimilation lays the foundation for organizational transformation to occur. Technology provides an appropriate blend of being both strategic and organizational in nature, thus allowing learners to confront their prior actions and develop new practices.

Aldrich also provides an interesting set of explanations for why it is necessary to recognize the evolutionary aspect of organizational transformations. I have extended them to operate within the context of Responsive Organizational Dynamism as follows.

- *Variation*: Defined as “change from current routines and competencies and change in organizational forms” (p. 22). Technology provides perhaps the greatest amount of variation in routines and thereby establishes the need for something to manage it: Responsive Organizational Dynamism. The higher the frequency of variation, the greater the chance that organizational transformation can occur. Variation is directly correlated to Cultural Assimilation.
- *Selection*: The process of determining whether or not to use a technology variation. Selections can be affected by External (outside the organization) and Internal (inside the organization) factors such as changes in market segments or new business missions, respectively. The process of Selection can be related to the Strategic Integration component of Responsive Organizational Dynamism.
- *Retention*: Selected variations are retained or preserved by the organization. Retention is a key way of validating whether or not organizational transformation has occurred. As Aldrich states:

“transformations are completed when knowledge required for re-producing the new form is embodied in a community of practice” (p. 171).

Because of the importance of knowledge creation as the basis of transformation, communities of practice are the fundamental structures of organizational learning to support organizational transformation. Aldrich also goes beyond learning; he includes policies, programs, and networks as parts of the organizational transformative process. Figure 6.2 shows the Aldrich’s evolutionary process and its relationship to Responsive Organizational Dynamism components.

Thus, we see from Figure 6.2 that the relationships between the processes of creating organizational transformation, the stages required to

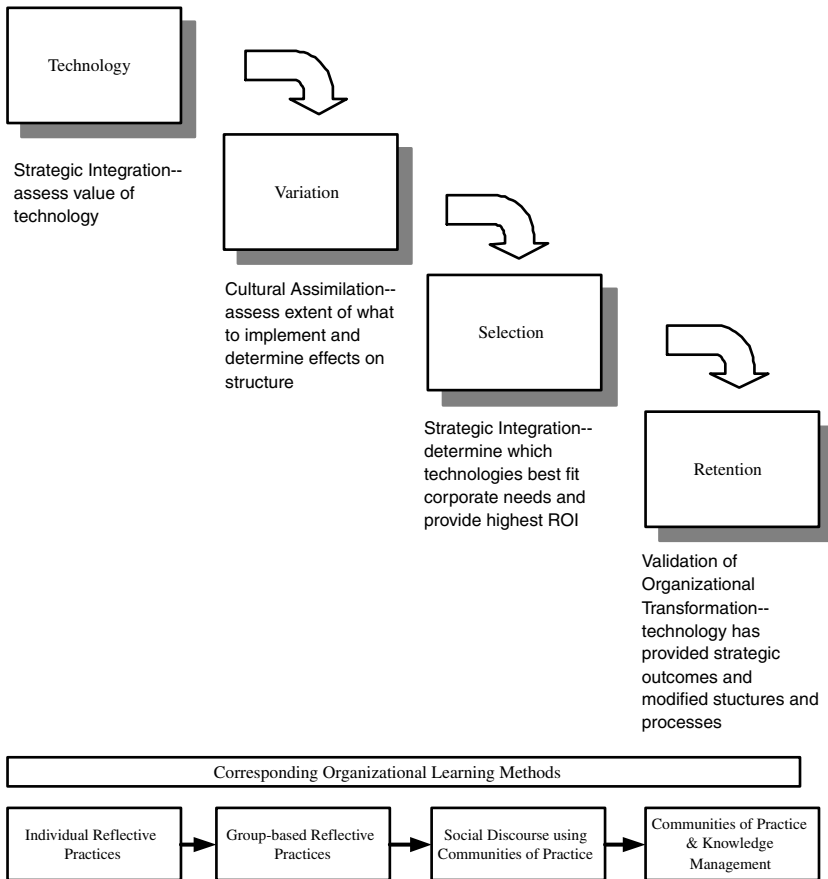


Figure 6.2

reach it, the Responsive Organizational Dynamism components in each stage, and the corresponding organizational learning method that is needed. Notice that the mapping of organizational learning methods onto Aldrich’s scheme for organizational transformation can be related with the Responsive Organizational Dynamism Arc. It shows us that as we get closer to Retention, organizational learning evolves from an individual technique to a system/organizational learning perspective. Aldrich’s model is consistent with my Driver versus Supporter concept: he notes, “when the new form becomes a taken-for-granted aspect of every day life in the organization, its legitimacy is assumed” (p. 175).

Hence, the assimilation of new technologies cannot be considered transformative until it behaves as a Supporter. Only then can we determine that the technology has changed organizational biases and norms. Re-presenting the Driver and Supporter Life Cycle to include this important relationship is shown in Figure 6.3.

METHODS OF ONGOING EVALUATION

If we define organizational transformation as the retention of knowledge within the body of communities of practice, the question to be answered is: How is this retention actually determined in practice? The possibility often occurs that transformations are partial, or in some phase of completion. This would mean that the transformation is incomplete,

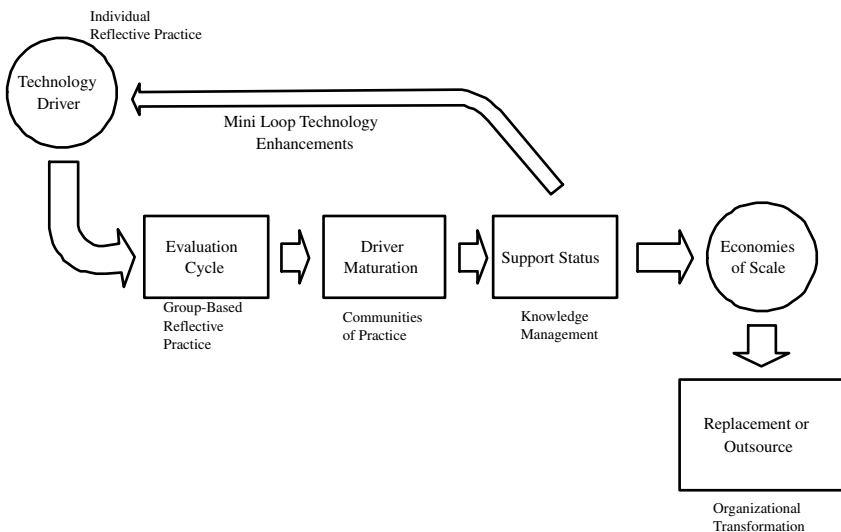


Figure 6.3

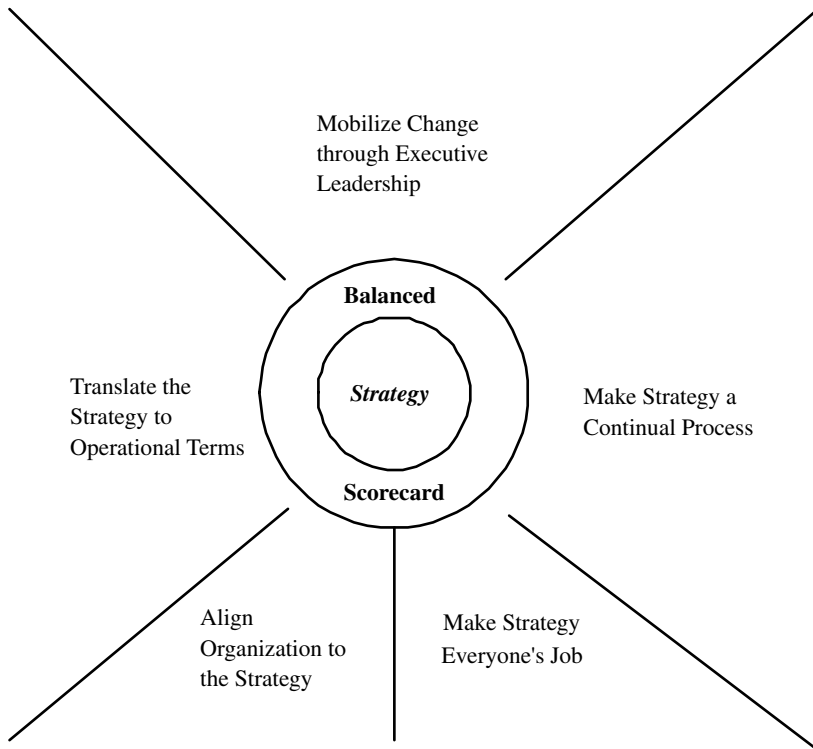
or needs to continue along some phase of approach. Indeed, Cultural Assimilation does not occur immediately, but rather over periods of transition. Much of the literature on organizational transformation does not address the practical aspects of evaluation from this perspective. This lack of information is particularly problematic with respect to technology, since so much of how technology is implemented relates to phased steps that rarely happen in one major event. Thus, it is important to have some method of ongoing evaluation to determine the extent of transformation that has occurred and what organizational learning methods need to be applied to help continue the process towards complete transformation.

Aldrich's *Retention* can also be misleading. We know that organizational transformation is an ongoing process, especially as advocated in Responsive Organizational Dynamism. It is very probable that transformations continue and move from one aspect of importance to another—so a completed transformation may never exist. Another way of viewing this concept is to treat transformations as event milestones. Individuals and communities of practice are able to track where they are in the learning process. It also fits into the phased approach of technology implementation. Furthermore, the notion of phases allows for integration of organizational transformation concepts with stage and development theories. With the acceptance of this concept, there needs to be a method or model that can help organizations define and track such phases of transformation. Such a model would also allow for mapping outcomes onto targeted business strategies. Another way of understanding the importance of validating organizational transformation is to recognize its uniqueness, since most companies fail to execute their strategies.

The method that can be applied to the validation of organizational transformation is a management tool called the Balanced Scorecard. The Balanced Scorecard was introduced by Kaplan and Norton in the early 1990s as a tool to solve measurement problems. An organization's ability to develop and operationalize its intangible assets has become more and more a critical component for success. As I have already expressed regarding the work of Lucas (1999), financial measurement may not be capable of capturing all IT value. This is particularly true in knowledge-based theories. The Balanced Scorecard can be used as a solution for measuring outcomes that are not always financial and tangible. Furthermore, the Balanced Scorecard is a "living" document that can be modified as certain objectives or measurements require change. This is a critical advantage because as I have demonstrated, technology projects often change in scope and in objectives as a result of internal and external factions.

The ultimate value, then, of the Balanced Scorecard, in this context, is to provide a means for evaluating transformation, not only for measuring completion against set targets, but also for defining how expected transformations map onto the strategic objectives of the organization. In effect, it is the ability of the organization to execute its strategy. Before explaining the details of how a Balanced Scorecard can be applied specifically to Responsive Organizational Dynamism, I offer Figure 6.4 that shows exactly where the Scorecard fits into the overall picture of transitioning emerging technologies into concrete strategic benefit.

The generic objectives of a Balanced Scorecard are designed to create a strategy-focused organization. Thus, all of the objectives and measurements should be derived from the organization's vision and strategy (Kaplan & Norton, 2001). These measurements are based on the fundamental principles of any strategically focused organization and on alignment and focus. Kaplan and Norton defined these principles as the core of the Balanced Scorecard:



Source: Kaplan & Norton (2001)

Figure 6.4

1. *Translate the Strategy to Operational Terms:* This principle includes two major components that allow an organization to define its strategy from a cause-and-effect perspective using a strategy map and scorecard. Thus, the strategy map and its corresponding Balanced Scorecard provide the basic measurement system.
2. *Align the Organization to the Strategy:* Kaplan and Norton defined this principle as favoring synergies among organizational departments that allow communities of practice to have a shared view and common understanding of their roles.
3. *Make Strategy Everyone's Everyday Job:* This principle supports the notion of a learning organization that requires everyone's participation, from the CEO to clerical levels. To accomplish this mission the members of the organization must be aware of business strategy, individuals may need "personal" scorecards and a matching reward system for accomplishing the strategy.
4. *Make Strategy a Continual Process:* This process requires the linking of important yet fundamental components including organizational learning, budgeting, management reviews, and a process of adaptation. Much of this principle falls into the areas of learning organization theories that link learning and strategy in ongoing perpetual cycles.
5. *Mobilize Change through Executive Leadership:* This principle stresses the need for a strategy-focused organization that incorporates the involvement of senior management and can mobilize the organization and provide sponsorship to the overall process.

Using the core Balanced Scorecard schematic, I have modified it to operate with technology and Responsive Organizational Dynamism as shown in Figure 6.5.

1. *Evaluation of Technology:* The first step is to have an infrastructure that can determine how technology fits into a specific strategy. Once this is targeted, the evaluation team needs to define it in operational terms. This principle requires the Strategic Integration component of Responsive Organizational Dynamism.
2. *Align Technology with Business Strategy:* Once technology is evaluated, it must be integrated into the business strategy. This involves ascertaining whether the addition of technology will change the current business strategy. This principle is also connected to the Strategic Integration component of Responsive Organizational Dynamism.

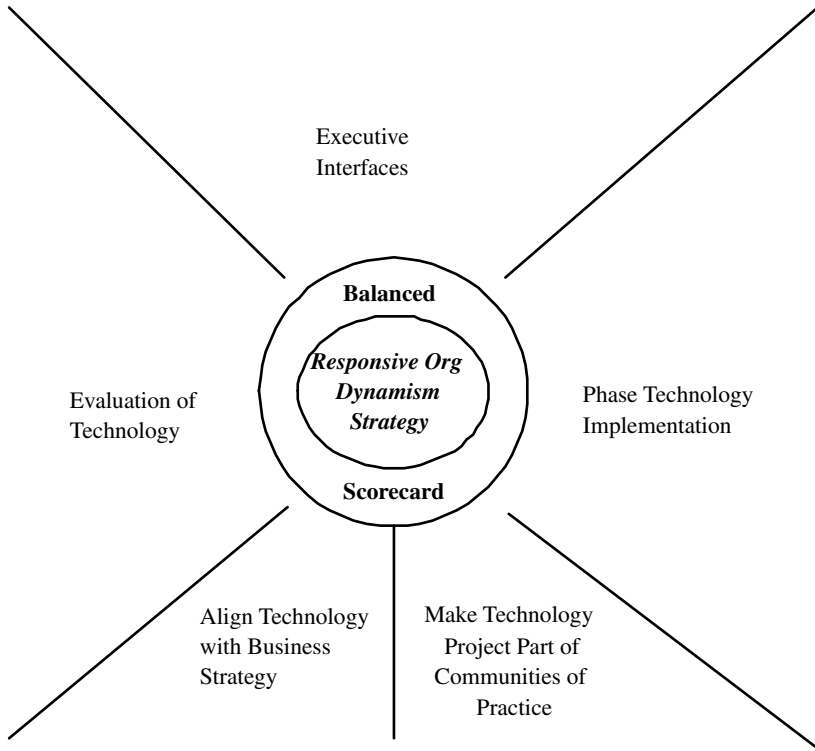


Figure 6.5

3. *Make Technology Projects Part of Communities of Practice:* Affected communities need to be strategically aware of the project. Organizational structures must determine how they distribute rewards and objectives across departments. This principle requires the Cultural Assimilation component of Responsive Organizational Dynamism.
4. *Phased-In Technology Implementation:* Short- and long-term project objectives are based on Driver and Supporter life cycles. This will allow organizational transformation phases to be linked to implementation milestones. This principle maps onto the Cultural Assimilation component of Responsive Organizational Dynamism.
5. *Executive Interface:* CEO and senior managers act as executive sponsors and project champions. Communities of practice and their common “threads” need to be defined, including middle management and operations personnel, so that top-down, middle-up-down, and bottom-up information flows can occur.

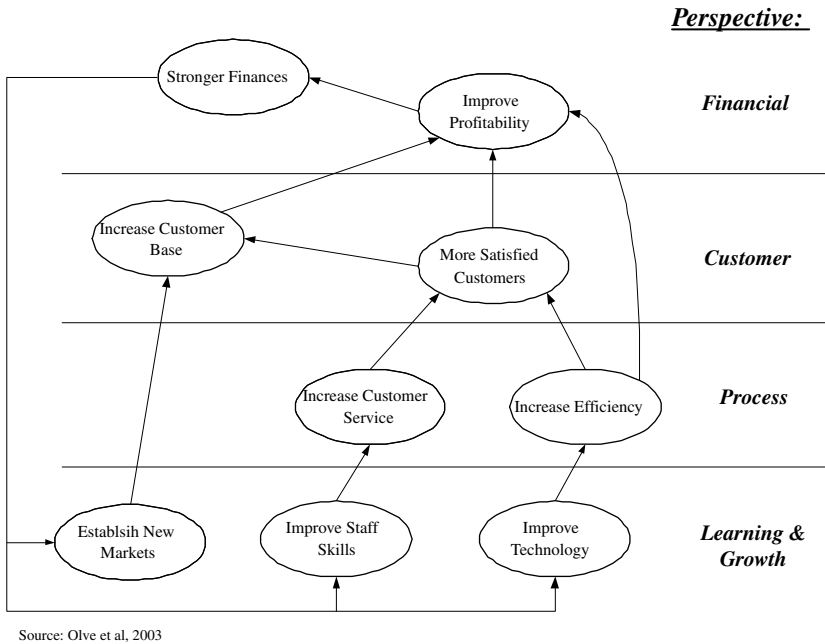
The Balanced Scorecard ultimately provides a framework to view strategy from four different measures:

1. *Financial*: ROI and risk continue to be important components of strategic evaluation.
2. *Customer*: This involves the strategic part of how to create value for the organization's customers.
3. *Internal Business Processes*: This relates to the business processes that provide both customer satisfaction and operational efficiency.
4. *Learning and Growth*: This encompasses the priorities and infrastructure to support organizational transformation through Responsive Organizational Dynamism.

The above generic Balanced Scorecard framework needs to be extended to address technology and Responsive Organizational Dynamism. I propose the following adjustments:

1. *Financial*: Requires the inclusion of indirect benefits from technology, particularly as Lucas (1999) specified, in non-monetary methods of evaluating ROI. Risk must also be factored in based on specific issues for each technology project.
2. *Customer*: Technology-based products are integrated with customer needs and provide direct customer package interfaces. Further, Web systems that use the Internet are very dependent on consumer use. As such, technology can modify organizational strategy because of its direct effect on the customer interface.
3. *Internal Business Processes*: Technology requires business process reengineering (BPR), which is the process of re-evaluating existing internal norms and behaviors before designing a new system. This new evaluation process will address customers, operational efficiencies, and cost.
4. *Learning and Growth*: Organizational learning techniques, under the umbrella of ROD, need to be applied on an ongoing and evolutionary basis. Progress needs to be linked to the ROD Arc.

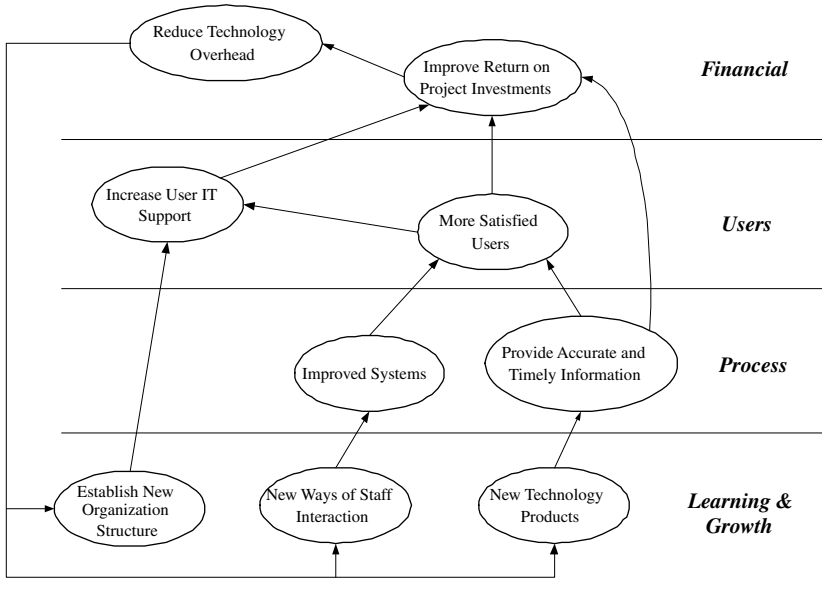
The major portion of the Balanced Scorecard strategy is in its initial design, that is, in translating the strategy or, as in the Responsive Organizational Dynamism Scorecard, the Evaluation of Technology. During this phase, a strategy map and an actual Balanced Scorecards are created. This process should begin by designing a Balanced Scorecard that articulates the business strategy. Remember, every organization needs to build a strategy that is unique and based on its evaluation of the external

**Figure 6.6**

and internal situation (Olve et al., 2003). To clarify the definition of this strategy it is easier to consider drawing the scorecard initially in the form of a strategy map. A generic strategy map essentially defines the components of each perspective, showing specific strategies within each one, as shown in Figure 6.6.

We can apply the generic strategy map above to an actual case study, Ravell's Phase I, as shown in Figure 6.7.

Recall that Ravell Phase I created a learning organization using reflective practices and action science. Much of the organization transformation at Ravell was accelerated by a major event—the company relocation. The move was part of a strategic decision for the organization, specifically, the economies of scale for rental expense, and an opportunity to retire old computers and replace them with a much needed state-of-the-art network. Furthermore, there was a grave need to replace old legacy applications that were incapable of operating on the new equipment and were also not providing the competitive advantage that the company sought. In using the above strategy map, a Balanced Scorecard can be developed containing the specific outcomes to achieve the overall mission. The Balanced Scorecard is shown in Figure 6.8.

Perspective:**Figure 6.7**

The Ravell Balanced Scorecard has an additional column that defines the expected organizational transformation from Responsive Organizational Dynamism. This model addresses the issue of whether a change is truly a transformation. This method also provides a systematic process to forecast, understand, and present what technology initiatives will ultimately change in the Strategic Integration and Cultural Assimilation components of ROD.

There are two other important factors embedded in this modified Balanced Scorecard technique. First, Scorecards can be designed at varying different levels of detail. Thus, two more Balanced Scorecards could be developed that reflect the organizational transformations that occurred in Ravell Phase II and III, or the three phases could be summarized as one large Balanced Scorecard or some combination of summary and detail together. Second, the Scorecard can be modified to reflect unexpected changes during a technology's implementation. These changes could be related to a shifting mission statement or to external changes in the market that require a change in business strategy. Most important, though, are the expected outcomes and transformations that occur during the course of a project. Essentially, it is difficult to predict how organizations will actually react to changes during an IT project and transform. The Balanced Scorecard provides a checklist and tracking

Mission: To accelerate investment in technology during the company's relocation for reasons of economies of scale and competitive advantage.

Strategy Map Perspective	Measurable Outcomes	Strategic Objectives	Organizational Transformation
Financial	<ul style="list-style-type: none"> • Improve Returns on Project Investments • Reduce Technology Overhead Costs 	<ul style="list-style-type: none"> • Combine IT expenses with relocation and capitalize entire expense • Integrate new telephone system with computer network expenses • Leverage engineering and communications expenses with technology • Retire old equipment from financial statements 	Combination of expenses requires formation of new communities of practice, which includes finance, engineering, and IT
Users	<ul style="list-style-type: none"> • More Satisfied Users • Increase User IT Support 	<ul style="list-style-type: none"> • Increase access to central applications • Integrate IT within other departments to improve dynamic customer support requirements • Provide new products to replace old e-mail system and make standard applications available to all users • Establish Help-Desk personnel 	Process of supporting users requires IT staff to embrace reflective practices. User relationship formed through new communities of practice and Cultural Assimilation with user community. New culture at Ravell established.
Process	<ul style="list-style-type: none"> • Provide Accurate and Timely Information • Improved Systems 	<ul style="list-style-type: none"> • Improve Decision Support for improved reporting and strategic marketing • Upgrade new internal systems including CRM, General Ledger and Rights and Royalties 	Strategic Integration occurs through increased discourse and language among communities of practice engaged in making relocation successful. New knowledge created and needs knowledge management

(Continued)

Figure 6.8 Ravell Phase I Balanced Scorecard

Strategy Map Perspective	Measurable Outcomes	Strategic Objectives	Organizational Transformation
Learning & Growth	<ul style="list-style-type: none"> • New Technology Products • New Ways of Staff Interaction • Establish New Organization Structure 	<ul style="list-style-type: none"> • Investigate new voice-messaging technology to improve integration of email and telephone Systems • Physically relocate IT staff across departments • Modify IT reporting structure with “dotted-line” to business units 	IT becomes more critically reflective, understands value of their participation with learning organization. IT staff seeks to know-less and understands view of the “other”

Figure 6.8 Continued

system that is structured and sustainable—but not perfect. Indeed, many of the outcomes from the three phases of Ravell were unexpected, or certainly not exactly what I expected. The salient issue here is that it allows an organization to understand when such unexpected changes have occurred. When this does happen, organizations need to have an infrastructure and a structured system to examine what a change in their mission, strategy, or expectations mean to all of the components of the project. This can be described as a “rippling effect,” where one change can instigate others, affecting many other parts of the whole. Thus, the Balanced Scorecard, particularly using a strategy map, allows practitioners to reconcile how changes will affect the entire plan.

Another important component of the Balanced Scorecard, and the reason why I choose to use it as the measurement model for outcomes, is its applicability to organizational learning. In particular, the Learning and Growth Perspective shows how the Balanced Scorecard ensures that learning and strategy are linked in organizational development efforts.

Implementing Balanced Scorecards is another critical part of the project—who does the work, what the roles are, and who has the responsibility for operating the scorecards. While many companies use consultants to guide them, it is important to recognize that Balanced Scorecards reflect the unique features and functions of the company. As such, the rank and file need to be involved with the design and support of Balanced Scorecards.

Every business unit that has a scorecard needs to have someone assigned to it, someone accountable for it. A special task force may often be required to launch the training for staff and to agree on how the

scorecard should be designed and supported. It is advisable that the scorecard be implemented using some application software and made available on an Internet network. This provides a number of benefits:

- Reduces paper and/or local files that might get lost or not be secured
- Allows for easy “role-up” of multiple scorecards to a summary level
- Access via the Internet (using an external secured hookup); allows the scorecard to be maintained from multiple locations. This is particularly attractive for staff members and management who travel.

According to Olve et al. (2003), there are five primary responsibilities that can support Balanced Scorecards:

1. *Business Stakeholders:* This is typically a senior manager who is responsible for the group that is using the scorecard. This individual is an advocate of using scorecards and requires compliance where deemed necessary. Stakeholders use scorecards to help them manage the life cycle of a technology implementation.
2. *Scorecard Designers:* These individuals are responsible for the look and feel of the scorecard, as well as its content. To some extent the designers set standards for “look and feel,” text, and terminology. In certain situations, the scorecard designers have dual roles as project managers. Their use of scorecards helps them understand how the technology will operate.
3. *Information Providers:* These people collect, measure, and report on the data in the Balanced Scorecard. This function can be implemented with personnel on the business unit level or from a central services department. Reporting information often requires support from IT staff, so it makes sense to have someone from IT handle this responsibility. Information Providers use the scorecard to perform the measurement of project performance and the handling of data.
4. *Learning Pilots:* These individuals link the scorecard to organizational learning. This is particularly important when measuring organizational transformation and individual development.

The size and complexity of an organization will ultimately determine the exact configuration of roles and responsibilities that are needed to implement Balance Scorecards. Perhaps the most applicable variables are:

- *Competence*: Having individuals who are knowledgeable about the business and its processes, as well as knowledgeable about IT.
- *Availability*: Individuals must be made available and appropriately accommodated in the budget. Balanced Scorecards that do not have sufficient staffing will fail.
- *Executive Management Support*: As with most technology projects, there needs to be a project advocate at the executive level.
- *Enthusiasm*: Implementing Balance Scorecards requires a certain energy and excitement level from the staff and their management. This is one of those intangible, yet invaluable variables.

Balanced Scorecards and Discourse

In chapter 4, I discussed the importance of language and discourse in organizational learning. Balanced Scorecards require ongoing dialogues that need to occur at various levels and between different communities of practice. Therefore, it is important to integrate language and discourse, and communities of practice theory with Balance Scorecard strategy. The target areas are:

- Development of Strategy Maps
- Validating links across Balance Scorecard perspectives
- Setting milestones
- Analyzing results
- Evaluating organizational transformation

Figure 6.9 is a community of practice relationships that exists at a company. Each of these three levels was connected by a concept I called “common threads of communication.” This model can be extended to include the Balanced Scorecard.

The first level of discourse occurs at the executive community of practice. The executive management team needs to agree on the specific business strategy that will be used as the basis of the mission statement for the Balanced Scorecard. This requires conversations and meetings that engage the CEO, executive board members (when deemed applicable), executive managers like the COO, CFO, CIO, etc. Each of these individuals needs to represent their specific area of responsibility and influence from an executive perspective. The important concept is that the Balanced Scorecard mission and strategy should be a shared vision and responsibility for the executive management team as a whole. In order to accomplish this task, the executive team needs to be instructed on how the Balanced Scorecard operates and on its potential for accom-

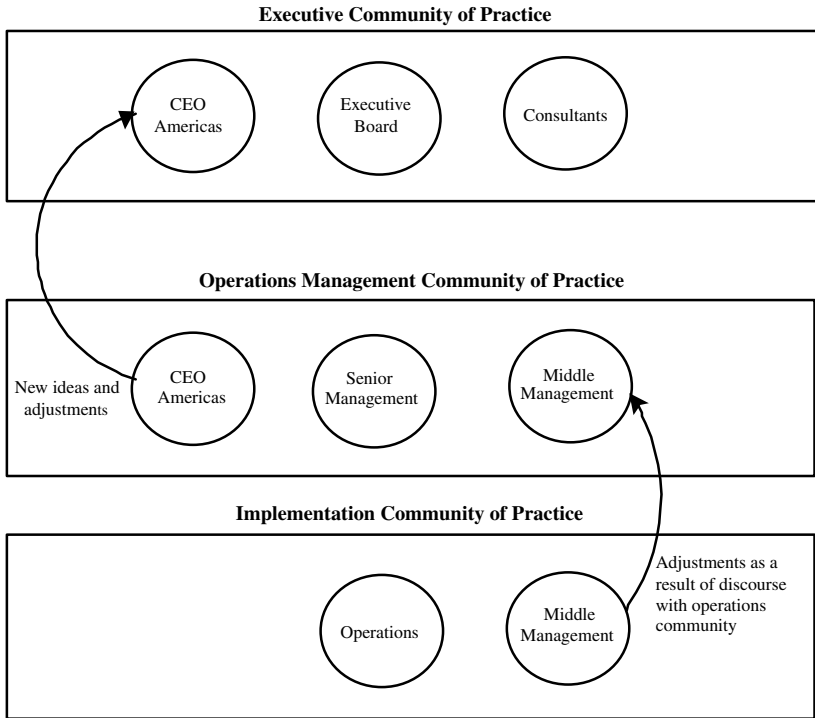


Figure 6.9

plishing organizational transformation that leads to strategic performance. Ultimately, the discourse must lead to a discussion of the four Balanced Scorecard Perspectives: Financial, Customer, Process, and Learning & Growth.

From a middle management level, the Balanced Scorecard allows for a measurable model to be used as the basis of discourse with executives. For example, the strategy map can be the vehicle for conducting meaningful conversations on how to transform executive-level thinking and meaning into a more operationally focused strategy. Furthermore, the scorecard outlines the intended outcomes for strategy and organizational learning and transformation.

The concept of using the Balanced Scorecard as a method with which to balance thinking and meaning across communities of practice extends to the operational level as well. Indeed, the challenge of making the transition from thinking and meaning at the executive level of operations is complicated, especially since these communities rarely speak the same language. The measurable outcomes section of the scorecard provides

the concrete layer of outcomes that operations staff tend to embrace. At the same time, this section provides corresponding strategic impact and organizational changes needed to satisfy business strategies set by management.

An alternative method of fostering the need forms of discourse is to create multiple-tiered Balance Scorecards designed to fit the language of each community of practice as shown in Figure 6.10.

The diagram in Figure 6.10 shows that each community can maintain its own language and methods while establishing “common threads” to foster a transition of thinking and meaning between it and other communities. The common threads from this perspective look at communication at the organizational/group level as opposed to the individual level. This relates to my discussion in chapter 4, which identified individual methods of improving personal learning and development within the organization. This suggests that each Balanced Scorecard must embrace language that is common to any two communities in order to establish a working and learning relationship—in fact, this common language *is* the relationship.

Knowledge Creation, Culture, and Strategy

Balanced Scorecards have been used as a measurement of knowledge creation. Knowledge creation, especially in technology, has significant meaning, specifically in the relationship between data and information. Understanding the sequence between these two is interesting. We know that organizations, through their utilization of software applications, inevitably store data in file systems called databases. The information stored in these databases can be accessed by many different software applications across the organization. Accessing multiple databases and integrating them across business units creates further valuable information. Indeed, the definition of information is “organized” data. This organized data is usually stored in data infrastructures called *data warehouses* or *data marts*, where the information can be queried and reported on to assist managers in their decision-making process. We see in the Ravell Balanced Scorecard that decision-support systems were actually one of the strategic objectives for the *Process* perspective.

Unfortunately, information does not ensure new knowledge creation. New knowledge can only be created by individuals who evolve in their roles and responsibilities. Individuals, by participating in groups and communities of practice, can foster the creation of new organizational knowledge. However, in order to change or evolve one’s behavior, there must be individual or organizational transformation. This means that

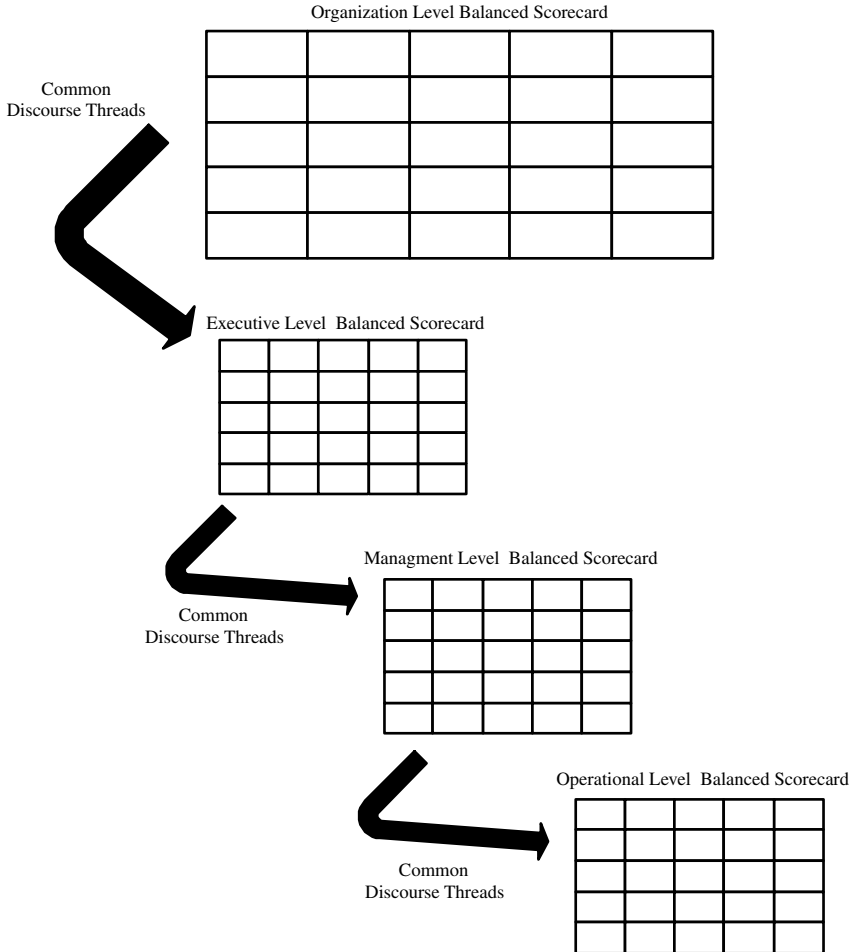


Figure 6.10

knowledge is linked to organizational transformation. The process to institutionalize organizational transformation is dependent on management interventions at various levels. Management needs to concentrate on knowledge management and change management, and to act as a catalyst and advocate for the successful implementation of organizational learning techniques. These techniques are necessary in order to address the unique needs of Responsive Organizational Dynamism.

Ultimately, the above process must be linked to business strategy. Responsive Organizational Dynamism changes, through the process of Cultural Assimilation, the culture of an organization. Thus, there is an

ongoing need to reestablish alignment between culture and strategy, with culture being altered to fit new strategy or strategy first, then culture (Pietersen, 2002). We see this as a recurring theme, particularly from the case studies, that business strategy must drive organizational behavior, even when technology acts as a dynamic variable. Pietersen identifies what he called six myths of corporate culture:

1. Corporate culture is vague and mysterious.
2. Corporate culture and strategy are separate and distinct things.
3. The first step in reducing our company should be defining our values.
4. Culture cannot be measured or rewarded.
5. Our leaders must communicate what our culture is.
6. Our culture is the one constant that never changes.

Resulting from these myths, Pietersen established four basic rules of success for creating the right starting point to creating the balance between culture and strategy:

1. Company values should directly support strategic priorities.
2. They should be described as behaviors.
3. They should be simple and specific.
4. They should be arrived at through a process of enrollment (motivation).

Once business synergy is created, sustaining the relationship becomes an ongoing challenge. According to Pietersen, this must be accomplished by continual alignment, measurement, setting examples, and a reward system for desired behaviors. In order to lead change, organizations must create compelling statements of the case for change, communicate constantly and honestly with its employees, maximize participation, remove ongoing resistance in the ranks, and generate some wins. The Balanced Scorecard system provides the mechanism to address the culture-strategy relationship while maintaining an important link to organizational learning and Responsive Organizational Dynamism. These linkages are critical because of the behavior of technology. Sustaining the relationship between culture and strategy is simply more critical with technology as the variable of change.

Ultimately, the importance of the Balanced Scorecard is that it forces an understanding that everything in an organization is connected to some form of business strategy. Strategy calls for change, which requires organizational transformation.

7

SYNERGISTIC UNION OF IT AND ORGANIZATIONAL LEARNING

THIS CHAPTER PRESENTS CASE STUDIES that demonstrate how IT and organizational learning occur in the real corporate world. It examines the actual processes of how technological and organizational learning can be implemented in an organization, and what management perspectives can support its growth so that forms of Responsive Organizational Dynamism can be formed and developed. I will demonstrate these important synergies through three case studies that will show how the components of Responsive Organizational Dynamism, Strategic Integration and Cultural Assimilation, actually operate in practice.

Siemens AG

The first case study offers a perspective from the Chief Information Officer (CIO). The CIO of Siemens of the Americas at that time was Dana Deasy and his role was to introduce and expand the use of e-business across 20 discrete separate businesses. The Siemens corporation worldwide network comprised of over 150 diverse sets of businesses including transportation, healthcare, and telecommunications. Deasy's mission was to create a common road map across different businesses and cultures. What makes this case so distinct from others is that each business is highly decentralized under the umbrella of Siemens corporate. Furthermore, each company has its own mission; the companies have never been asked to come together and discuss common issues with regard to technology. That is, each business focused on itself as opposed to the entire organization. Deasy had to deal with two sectors of scope and,

hence, two levels of learning: the Americas as a region, and the global firm, internationally.

The challenge was to introduce a new e-business strategy from the top-down in each business in the Americas and then to integrate it with the global firm. Ultimately, the mission was to review what each business was doing in e-business and to determine whether there was an opportunity to consolidate efforts into a common direction

IT was, for the most part, viewed as a back office operation—handling services of the company as a support function as opposed to thinking about ways to drive business strategy. In terms of IT reporting, most CIOs reported directly to the chief financial officer (CFO). While some IT executives view this as a disadvantage because CFOs are typically too focused on financial issues, Deasy feels that a focus on cost containment is fine so long as the CIO has access to the CEO and others who ultimately drive business strategy. So the real challenge was to ensure that CIOs had access to the various strategic boards that existed at Siemens.

What are the challenges in transforming an organization the size of Siemens? The most important issue was the need to educate CIOs on the importance of their role with respect to the business as opposed to the technology. As Deasy stated, “business must come first; and we need to remind our CIOs that all technology issues must refer back to the benefits it brings to the business.” The question then is how to implement this kind of learning?

Perhaps the best way to understand how Siemens approached this dilemma is to understand Deasy’s role as a corporate CIO. The reality is that there was no alternative but to create his position. What drove Siemens to this realization was fear that they needed someone to drive e-business, according to Deasy—fear of losing competitive edge in this area, fear that they were behind the competition and that smaller firms would begin to obtain more market share. Indeed, the growth of e-business occurred during the dot.com era, and there were huge pressures to respond to new business opportunities brought about by emerging technologies, specifically the Internet. It was, therefore, a lack of an internal capacity, such as Responsive Organizational Dynamism, that stimulated the need for senior management to get involved and provide a catalyst for change.

The first aspect of Siemens’ approach can be correlated to the Strategic Integration component of ROD. We see that Siemens is concerned about whether technology is properly being integrated in strategic discussions. It establishes the Deasy role as a catalyst to begin determining the way technology needs to be incorporated within the strategic dimension of the business. This process cannot occur without executive assistance, so

evolutionary learning must first be initiated by senior management. Unfortunately, Deasy realized early on that he needed a central process to allow over 25 CIOs in the Americas to interact regularly. This was important in order to understand the collective needs of the community and to pave the way for the joining of technology and Strategic Integration from a more global perspective. Deasy established an infrastructure to support open discourse by forming CIO forums, similar to communities of practice, in which CIOs came together to discuss common challenges, share strategies, and have workshops on the ways technology could help the business. Most important at these forums was the goal of consolidating their ideas and their common challenges.

There are numerous discussions regarding the common problems that organizations face as they apply to IT expenditures, specifically the approach to its valuation and ROI. While there are a number of paper-related formulas that financial executives use (e.g., percentage of gross revenues within an industry), Deasy utilized learning theories, specifically communities of practice to foster more thinking and learning about what was valuable to Siemens, as opposed to using formulas that might not address important indirect benefits from technology. In effect, Deasy promoted learning among a relatively small but important group of CIOs who needed to better understand the importance of strategic innovation, and the value it could bring to the overall business mission. Furthermore, these forums provided a place where CIOs could develop their own community—a community that allowed its members to openly participate in strategic discourse that could help transform the organization. It was also a place to understand the tacit knowledge of the CIO organization, and to use their knowledge to summarize common practices and share them among the other members of the community.

Most of the CIOs at Siemens found it challenging to understand how their jobs were to be integrated into business strategy. Indeed, this is not a surprise. In chapter 1, I discuss the feedback from my research on CEO evaluation of technology; I found that there were few IT executives who were actually involved in business strategy. Thus, the organization sought to create an advocate in terms of a centralized corporate headquarter that could provide assistance as opposed to forcing compliance. That is, it sought a structure with which to foster organizational learning concepts and develop an approach to create a more collective effort that would result in global direction for IT Strategic Integration.

In order to establish credibility among the CIO community, Deasy needed to ensure that the CIOs of each individual company were able to interact with board-level executives. In the case of Siemens this board is called the President's Council. The President's Council consists of

regularly held meetings in which each president attends and receives presentations on ideas about the regional businesses. Furthermore, there are quarterly Chief Financial Officer (CFO) meetings as well, where CIOs can participate in understanding the financial implications of their IT investments. At the same time, these meetings provided the very exposure to the executive team that CIOs need. Finally, Deasy established a CIO advisory board that is comprised of CIOs who actually vote on the common strategic issues and, thus, manage the overall direction of technology at Siemens. Each of these groups established different types of communities of practice that focused on a specific aspect of technology. The groups were geared to create better discourse and working relationships among these communities to, ultimately, improve Siemens competitive advantage. The three communities of practice at work in the Siemens model—executive, finance, and technology—suggest that having only one general community of practice to address technology issues may be too limiting. Thus, theories related to communities of practice may need to be expanded to create discourse among multiple communities. This might be somewhat unique for IT, not in that there is a need for multiple communities, but that the same individuals must have an identity in each community. This shows the complexity of the CIO role today in being able to articulate technology to different types and tiers of management. Figure 7.1 shows the inter-relationships among the CIO communities of practice at Siemens.

Another way to represent these communities of practice is to view them as part of a *process* composed of three operating levels. Each level represents a different strategic role of management that is responsible for a unique component of discourse and on the authorization for uses of technology. Therefore, if the three different communities of practice are viewed strategically, each component could be constructed as a process leading to overall organizational cooperation, learning, and strategic integration as follows:

Tier 1: CIO Advisory Board: This community discusses issues of technology standards, operations, communications, and initiatives that reflect technology-specific areas. Such issues are seen as CIO specific and only need this community's agreement and justification. However, issues or initiatives that require financial approval, such as those that may not yet be budgeted or approved need to be discussed with group CFOs. Proposals to executive management (that is, the President's Council) also need prior approval from the CFOs.

Tier 2: CFO Quarterly: CFOs discuss new emerging technologies and ascertain their related costs and benefits (ROI). Those technologies that are already budgeted can be approved based upon agreed ROI

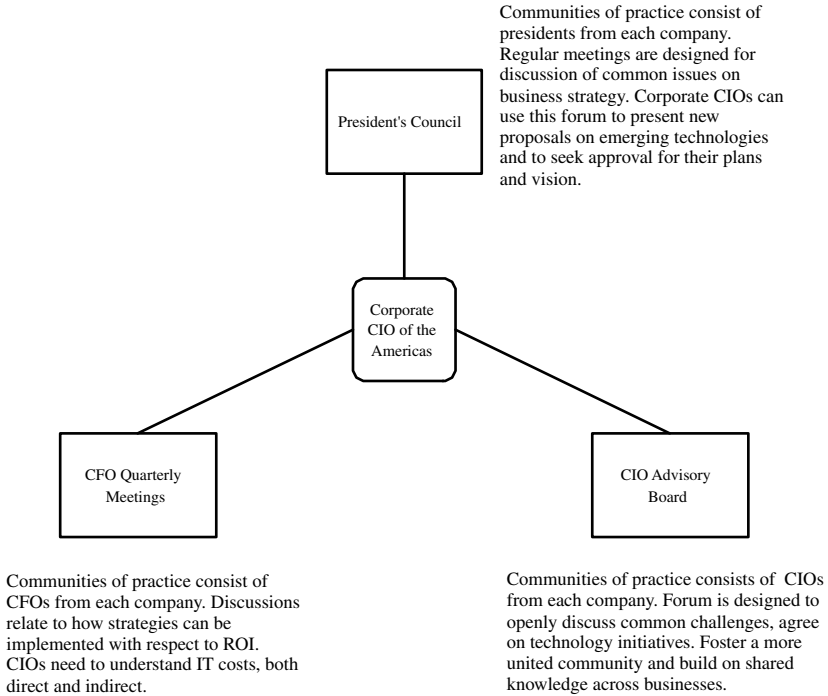


Figure 7.1

scenarios. Proposals for new technology projects are approved in terms of their financial viability and are prepared for further discussion at the President's Council.

Tier 3: President's Council: Proposals for new technology projects and initiatives are discussed with a focus on their strategic implications on the business and their expected outcome.

Deasy realized that he needed to create a common connection among these three communities. While he depended on the initiatives of others, he coordinated where these CIO initiatives needed to be presented based on their area of responsibilities.

Graphically this can be shown in Figure 7.2 as a linear progression of community-based discussions and approvals.

The common thread to all three tiers is the Corporate CIO. Deasy was active in each community; however, his specific activities within each community of practice were different. CIOs need to establish peer relationships with other CIOs and share their tacit knowledge and contribute ideas that can be useful to other Siemens companies. Thus, CIOs need to transform their personal views of technology and expand it to a group-

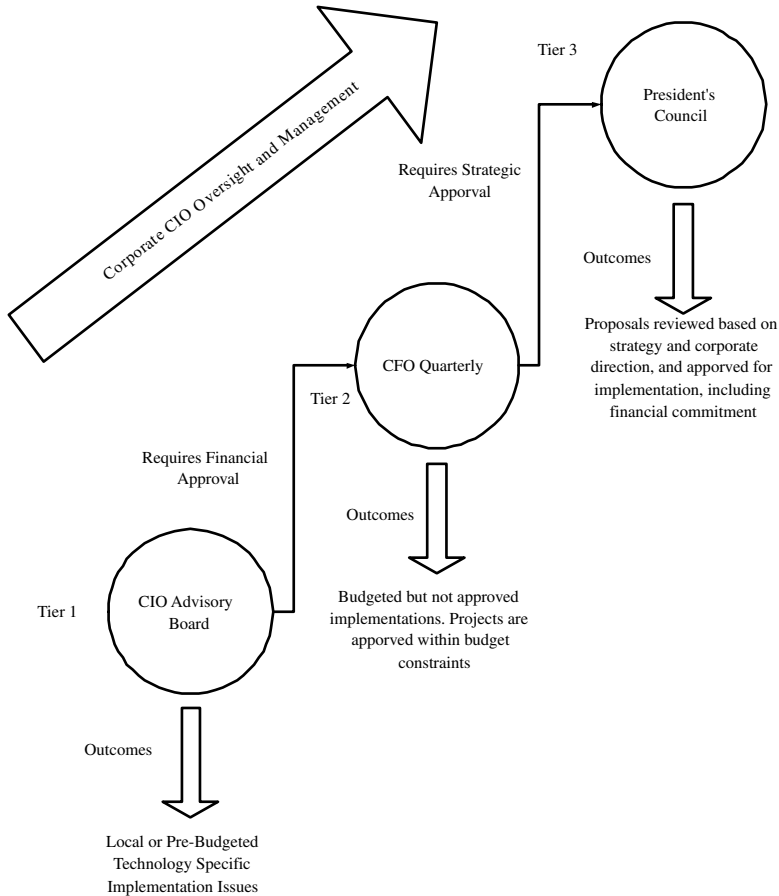


Figure 7.2

level perspective. Their challenge was to learn how to share concepts and how to understand new ones that emanate at the CIO Advisory Board level. From this perspective they can create the link between the local strategic issues and those discussed at the regional and global levels as shown in Figure 7.3.

Using this infrastructure, Siemens organizational learning in technology occurs at two levels of knowledge management. The first is represented by Deasy's position, which effectively represents a top-down structure to initiate the learning process. Second, are the tiers of communities of practice when viewed hierarchically. This view reflects a more bottom-up learning strategy, with technological opportunities initiated by a community of regional, company CIOs, each representing the specific interests of their companies and/or specific lines of business. This

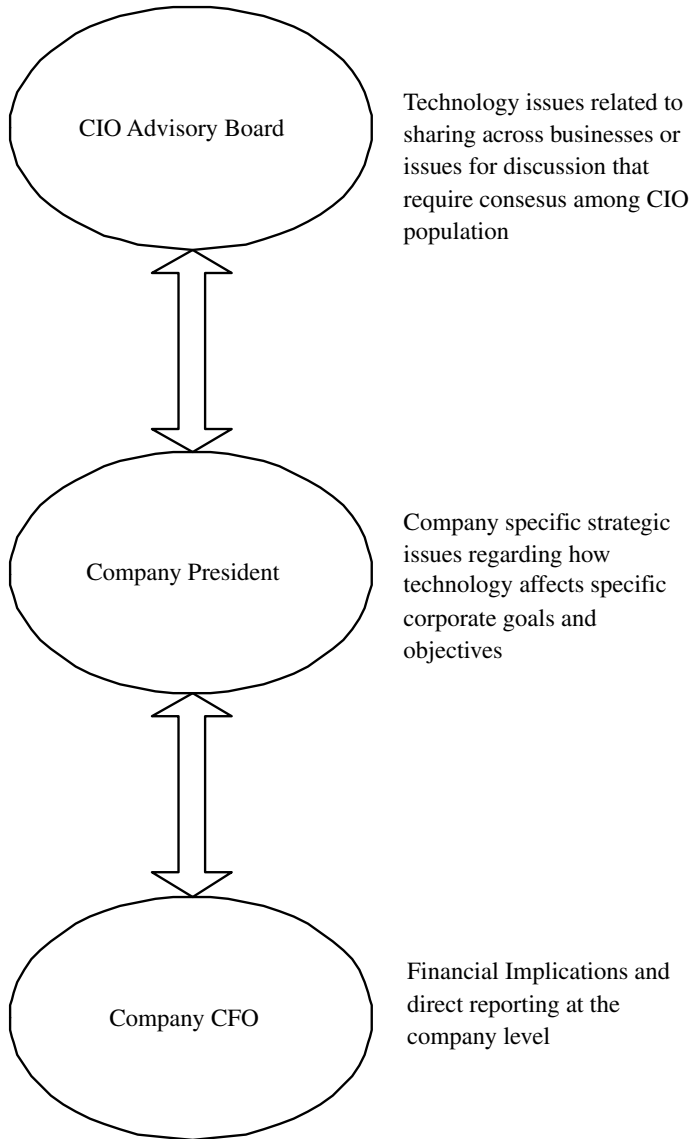


Figure 7.3

view can also be structured as an evolutionary cycle, where top-down management is used to initiate organizational learning from the bottom-up, the bottom in this case being represented by local operating company CIOs. This means that the CIO is seen relatively in this case as the lower of the senior management population. Figure 7.4 depicts the CIO as this “senior lower level.”

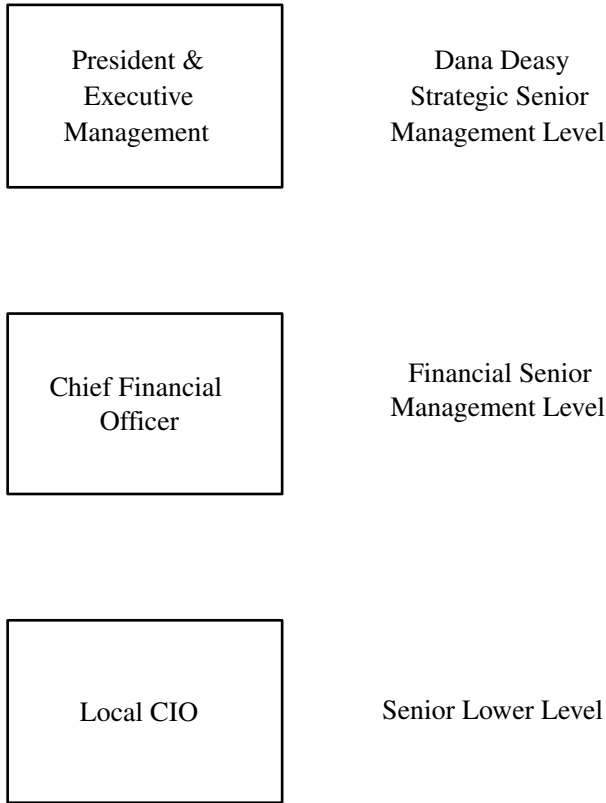


Figure 7.4

From this frame of reference, the CIO represents the bottom-up approach to the support of organizational learning by addressing the technology dilemma created by Technological Dynamism—specifically in this case e-business strategy.

The role of IT in marketing and e-business is another important factor in Siemens' model of organizational learning. The technology strategy at Siemens is consistent with the overall objectives of the organization: to create a shared environment that complements each business by creating the opportunity to utilize resources. This shared environment became an opportunity for IT to lead the process and become the main catalyst for change. I discuss this kind of support in chapter 5, where I noted that workers see technology as an acceptable agent of change. Essentially, the CIOs were challenged with the responsibility of re-branding their assets into clusters based on their generic business areas, such as hospitals, medical, and communications. The essence of this strategic

driver was to use e-business strategy to provide multiple offerings to the same customer base.

As with the Ravell case discussed in chapter 1, the Siemens case represents an organization that is attempting to identify the Driver component of IT. In order to create the Driver component, it became necessary for executive management to establish a corporate position (embodied by Deasy) to lay out a plan for transformation through learning and through using many of the organizational learning theories that are presented in chapter 4.

The Siemens challenge then was to transform their CIOs from being back office professionals to proactive technologists focused primarily on learning to drive business strategy. That is not to say that back office issues became less important; they became, instead, responsibilities left to the local CIOs internal organizations. However, back office issues can often become strategic problems, such as with the use of email. This is an example of a Driver situation even though it still pertains to a support concern. That is, back office technologies can indeed be Drivers, especially when new or emerging technologies are available. As with any transition, the transformation of the CIO role was not accomplished without difficulty. The ultimate message from executive management to the CIO community was that it should fuse the vital goals of the business with their technology initiatives. Siemens asked its CIOs to think of new ways that technology could be used to drive strategic innovations. It also required CIOs to change their behavior by asking them to think more about business strategy.

The first decision that Deasy confronted was whether to change the reporting structure of the CIO. Most CIOs at Siemens report directly to the CFO as opposed to the CEO. After careful thought, Deasy felt that where the CIO reported was less important than giving them access and exposure to the President's Council meetings. It was Deasy's perspective that only through exposure and experience could CIOs be able to transform from back-office managers to strategic planners. As such, CIO training was necessary in order to prepare them for participation in communities of practice. Eventually, Siemens recognized this need and, as a result, sponsored programs, usually lasting one week, in which CIOs would be introduced to new thinking and learning by using individual based reflective practices. Thus, we see an evolutionary approach similar to that of the Responsive Organizational Dynamism Arc presented in chapter 4, that is, one that uses both individual and organizational learning techniques.

Deasy also understood the importance of his relationship and role with each of the three communities of practice. With respect to the CEOs

of each company, Deasy certainly had the freedom to pick up the phone and speak with them directly. However, this was rarely a realistic option, as Deasy knew early on that he needed the trust and cooperation of the local CIO to be successful. The community with CEOs was then broadened to include CIOs and other senior managers. This was another way in which Deasy facilitated the interaction and exposure of his CIOs to the executives at Siemens.

Disagreement among the communities can and does occur. Deasy believes in the “pushing-back” approach. This means that, inevitably, not everyone will agree to agree and, at times, senior executives may need to press on important strategic issues even though they are not mutually in agreement with the community. However, while this type of decision appears to be contrary to the process of learning embedded in communities of practice learning, it can be a productive and acceptable part of the process. Therefore, while a democratic process of learning is supported and preferred, someone in the CIO position may need to ultimately make a decision when a community is deadlocked.

The most important component of executive decision-making is that trust exists within the community. In an organizational learning infrastructure, it is vital that senior management share in the value proposition of learning with members of the community. In this way, members feel that they are involved and are a part of decision making; as opposed to feeling they are a part of a token effort that allows some level of participation. As Deasy states, “I was not trying to create a corporate bureaucracy, but rather always representing myself as an ambassador for their interest, however, this does not guarantee that I will always agree with them.” Disagreements, when managed properly require patience, which can result in iterative discussions with members of the community before a consensus position may be reached, if it is at all. Only after this iterative process is exhausted does a senior overarching decision need to be made. Deasy attributes his success to his experience in field operations similar to those of his constituents. As a prior business-line CIO, he understood the dilemma that many members of the community were facing. Interestingly, because of his background Deasy was able to “qualify” as a true member of the CIO community of practice because of his experience. This truth establishes an important part of knowledge management and change management—senior managers who attempt to create communities of practice will be more effective when they share a similar background and history with the community that they hope to manage. Furthermore, leaders of such communities must allow members to act independently and not confuse that independence with autonomy. Finally, managers of communities of practice are really champions of

their group, and as such must ensure that the trust among members remains strong. This suggests that CIO communities must first undergo their own Cultural Assimilation in order to be prepared to integrate with larger communities within the organization.

Another important part of Deasy's role was managing the technology itself. This part of his job requires Strategic Integration in that his focus is more about uses of technology, as opposed to community behavior or Cultural Assimilation. Another way of looking at this issue is to consider the ways in which communities of practice actually transform tacit knowledge and present it to senior management as explicit knowledge. This explicit knowledge about uses of technology must be presented in a strategic way and show the benefits for the organization. The ways that technology can benefit a business often reside within IT as tacit knowledge. Indeed, many senior managers often criticize IT managers for their inability to articulate what they know and to describe it so that managers can understand what it means to the business. Thus, IT managers need to practice transforming their tacit knowledge about technology and how to present it effectively as it relates to business strategy.

Attempting to keep up with technology can be a daunting if not an impossible task. In some cases, Siemens allows outside consultants to provide help on specific applications where there is not enough expertise within the organization. The biggest challenge, however, is not necessarily in keeping up with new technologies, but rather in testing technologies to determine exactly the benefit they have on the business. In order to address this dilemma, Deasy established the concept of "revalidation." Specifically, approved technology projects are reviewed every 90 days to determine whether they are indeed providing the planned outcomes, whether new outcomes need to be established, or whether the technology is no longer useful. The concept of revalidation can be associated with my discussion in chapter 1 which introduced the concept of "Driver" aspects of technology. This required that IT be given the ability to invest and experiment with technology in order to fully maximize the evaluation of IT in Strategic Integration. This was particularly useful to Deasy, who needed to transform the culture at Siemens to one that recognized that not all approved technologies succeed. In addition, he needed to dramatically alter the application development life cycle and reengineer the process of how technology was evaluated by IT and senior management. This challenge was significant in that it had to be accepted by over 25 autonomous presidents, who were more focused on short and precise outcomes from technology investments.

Deasy was able to address the challenges that many presidents had in understanding IT "jargon" specifically as it related to benefits of using

technology. He engaged in an initiative to communicate with non-IT executives by using a process called “storyboarding.” Storyboarding is the process of creating prototypes that allow users to actually see examples of technology and how it will look and operate. Storyboarding tells a story and can quickly educate executives without being intimidating. Deasy’s process of reevaluation had its own unique life cycle at Siemens:

1. Create excitement through animation. What would Siemens be like if . . . ?
2. Evaluate the way the technology would be supported.
3. Recognize implementation considerations about how the technology as a business driver is consistent with what the organization is doing and experiencing.
4. Technology is reviewed every 90 days by the CIO Advisory Board after experimental use with customers and presented to the President’s Council on an “as needed” basis.
5. Establish Responsive Organizational Dynamism with Cultural Assimilation, that is, recognize the instability of technology and that there are no guarantees to planned outcomes, instead, promote business units to understand the concept of “forever prototyping.”

Thus, Siemens was faced with the challenge of Cultural Assimilation, which required dramatic changes in thinking and business life cycles. This process resembles Bradley and Nolan’s (1998) “Sense and Respond”—the ongoing sensing of technology opportunities and responding to them dynamically. This process disturbs traditional and existing organizational value chains and therefore represents the need for a cultural shift in thinking and doing. Deasy, using technology as the change variable, began the process of re-inventing the operation of many traditional value chains.

Siemens provides us with an interesting case study for Responsive Organizational Dynamism because it has so many diverse companies (in over 190 countries) and over 425,000 employees. As such, Siemens represents an excellent structure to examine the importance of Cultural Assimilation. Deasy, as a corporate CIO, had a counterpart in Asia/Australia. Both corporate CIOs report to a global CIO in Germany, the home office of Siemens. There is also a topic centered CIO responsible for global security and application specific planning software. This position also reports directly to the global CIO. There are regional and local CIOs who focus on specific geographical areas and vertical lines of business, and operating company CIOs. This organization is shown in Figure 7.5.

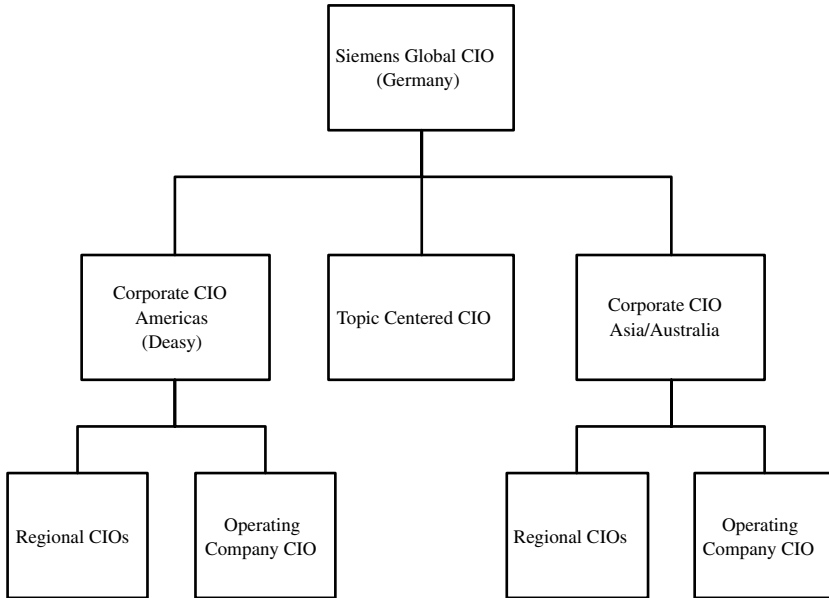


Figure 7.5

Deasy's operation represents one portion (although the most quickly changing and growing) of Siemens worldwide. Thus, the issue of globalization is critical for technologies that are scalable beyond regional operating domains. Standardization and evaluations of technology often need to be ascertained at the global level, and as a result introduce new complexities relating to cultural differences in business methods and general thinking processes. Specifically, what works in one country, may not work the same way in another. Some of these matters can be legally based (such as licensing of software or assumptions about whether a technology is legally justified). To a large extent, solving legal matters relating to technology is easier than cultural ones.

Cultural Assimilation matters about technology typically occur in global organizations with respect to acceptability of operational norms from one country to another. This becomes a particularly difficult situation when international firms attempt to justify standards. At Siemens, Deasy introduced three "standards" of technology which defined how it could be used across cultures and communities of practice:

1. Corporate Services: These are technologies that are required to be used by the business units. There are central service charges for their use, as well.

2. **Mandatory Services:** Everyone must comply with using a particular type of application, that is, mandatory software based on a specific type of application. For example, if you use a Web browser, it must be Internet Explorer.
3. **Optional:** Technologies related to a specific business and used only within a local domain. There may be a preferred solution, but it is not required to use it.

The above matrix of standards allows for a culture to utilize technologies that are specific to its business needs when justified. Standards at Siemens are determined by a series of steering committees, starting at the regional level, and which meet two to three times annually. Without question, implementing standards across cultures is as Deasy phrases it: “a constant wrestling match which might need to change by the time a standard is actually reached.” This is why Strategic Integration is so important; that is, given the reality that technology cannot always be controlled or determined at senior levels. Organizations must be able to dynamically integrate technology changes parallel to business changes.

Deasy’s longer-term mission was to provide a community of CIOs who could combine the business and technology challenges. It was his initial vision that the CIO of the future would be more involved than before with marketing and value-chain creation. He felt that “the CIO community needed to be detached from its technology-specific issues or they would never be a credible business partner.” It was his intent to establish organizational learning initiatives that helped CIOs “seize and succeed,” to essentially help senior management by creating vision and excitement, by establishing best practices, and by learning better ways to communicate through open discourse in communities of practice.

Three years after his initial work, I reviewed the progress that Deasy had made at Siemens. Interestingly, most of his initiatives had been implemented and were maturing—except for the role of e-business strategy. I discovered, after this period, that the organization thought that e-business was an IT responsibility. As such, they expected the CIOs had not been able to determine the best business strategy. This was a mistake; the CIO could not establish strategy, but rather needed to react to the strategies set forth by senior management. This means that the CIO was not able to really establish stand-alone strategies as drivers based on technology alone. CIOs needed as Deasy states, “to be a participant with the business strategist and to replace this was inappropriate.” This raises a number of questions:

1. Did this occur because CIOs at Siemens do not have the education and skills to drive aspects of business strategy?
2. Did the change in economy and the downfall of the dot.coms create a negative feeling toward technology as a business driver?
3. Are CEOs not cognizant enough about uses of technology and do they need better education and skills to better understand the role of technology?
4. Is the number of communities of practice across the organization integrated enough so that IT can effectively communicate and form new cultures that can adapt to the changes brought about by emerging technologies?
5. Is their too much impatience with the evolution of technology? Does its assimilation in an organization the size of Siemens simply take too long to appreciate and realize the returns from investments in technology?

I believe that all of these questions apply to some extent and are part of the challenges that lie ahead at Siemens. The company has now initiated a series of educational seminars designed to provide more business training for CIOs, which further emphasizes the importance of focusing on business strategy as opposed to just technology. It could also mean the eventual establishment of a new “breed” of CIOs who are better educated in business strategy. However, it is inappropriate for non-IT managers to expect that the CIOs will be able to handle strategy by themselves; they must disconnect e-business as solely being about technology. The results at Siemens only serve to strengthen the concept that Responsive Organizational Dynamism requires that Cultural Assimilation occur within all the entities of a company.

ICAP

This second case study focuses on a financial organization called ICAP, a leading money and securities broker. When software development exceeded 40% of IT activities, ICAP knew it was time to recognize IT as more than just technical support. Stephen McDermott provided the leadership, leaving his role as CEO of the Americas at ICAP to become CEO of the Electronic Trading Community (ETC), a new entity focused solely on software development. With this new post came a host of new challenges, from coordinating ETC’s goals with ICAP’s traditional business model to shifting from the management of a global financial enterprise to management of an IT community. This IT community needed to be

integrated with a very traditional business model that was undergoing significant change due to emerging technologies, in this specific case, the movement from voice to electronic trading systems.

This case study reflects many aspects of the operation of Responsive Organizational Dynamism. From the Strategic Integration perspective, ICAP needed to understand the ways electronic trading could ultimately affect business strategy. For example, would it replace all voice related business interactions, specifically voice trading. Second, what would be the effect on its culture, particularly with respect to the way the business needed to be organizationally structured? This study focuses on the role of the CEO, as a pioneer in re-examining his own biases, which favored an old-line business process and for developing a realization to manage a major change in business strategy and organizational philosophy. Indeed, as McDermott states, "it was the challenge of operating at the top, yet learning from the bottom." This sentiment essentially reflects the reality of a management dilemma. Can a CEO, who, without question, had substantial knowledge of securities trading, learn to lead a technology-driven operation for which he had little knowledge and experience?

In order to better understand the impact of technology on ICAP's business, it is important to have some background information. Since 1975, ICAP's use of technology was limited to back-office type operations. Brokers, the front-end or sales force of a trading business communicated with customers via telephone. As such, processing transactions were always limited to the time necessary to manually disseminate prices and trading activity over the phone to a securities trader. However, by 1997, a number of technological advancements particularly with the proliferation of Internet-based communication and the increased bandwidth available, technology enabled brokers and dealers to communicate bidirectionally. The result was that every aspect of the trade process could now be streamlined, including the ability for the trader to enter orders directly into the brokers' trading systems. The technological advancements and the availability of capital in the mid 1990's, made it difficult to invest in computer operations. Specifically, the barriers to investing in technology had been high, as developing proprietary trading systems and deploying a private network were all costly. The market of available products was scarce, filled with relatively tiny competitors with little more than a concept than an integrated product that could do what a company like ICAP needed to do to maintain its competitive position. The existing system called the ICAP Trading Network application was far from being a trading system that would compete against the newer emerging technologies. The goal was to develop a new trading system that would establish an electronic link between the back-office systems of ICAP, and its

clients. The system would need to be simple to use, as the traders were not necessarily technology literate. It would need to be robust, include features that are specific to the markets, and easily installed and distributed. Additionally, as ICAP decided to fund the entire project, it would have to be cost effective, and not burden the other areas of the business. As competitive systems were already being introduced, the new system needed to be operational within three to six months for ICAP to remain competitive.

McDermott recognized that designing a new product would require that IT developers and business matter experts learn to work together. As a result of this realization, a representative from the operation was selected to see if a third-party developer could modify an existing product. After exploring and evaluating responses, the search team concluded that off-the-shelf solutions, prohibitive in cost, were not available that would meet the critical timing needs of the business. However, during the period when IT and the business users worked together, these groups came to realize that the core components of its own trading system could be modified and used to build the new system. This realization resulted from discussions between IT and the business users that promoted organizational learning. This process resembles the situation in the Ravell study, in which I concluded that specific events could accelerate organizational learning, and actually provide an opportunity to embed the process in the normal discourse of an organization. I also concluded that such learning starts with individual reflective practices, and understanding how both factions, in this case IT and the business community, can help each other in a common cause. In Ravell, it was an important relocation of the business that promoted integration between IT and the business community. At ICAP, the common cause was about maintaining competitive advantage.

The project to develop the new electronic trading application was approved in August of 1999 and a new entity was formed called Electronic Trading Community (ETC). The new entity included an IT staff and selected members from the business community who moved over to the new group. Thus, because of Technology Dynamism, it was determined that the creation of a new product established the need for a new business entity that would form its own Strategic Integration and Cultural Assimilation. An initial test of the new product took place in November and it successfully executed the first electronic trade via the Internet. In addition to their design responsibility, ETC was also responsible for marketing, installing, and training clients on the use of the product. The product went live in February of 2000. Since its introduction, the ETC product has been modified to accommodate 59 different fixed-income

products, serving more than 1,000 users worldwide, in multiple languages.

While the software launch was successful, McDermott's role was a challenge, from coordinating ETC's short and long-term goals with ICAP's traditional business models to shifting from management of a global financial enterprise to management of an IT community. The ICAP case study examines the experiences and perceptions one year after the launch of the new entity.

The first most daunting result after a year of operations was the significant growth of the uses of technology in the business. Initially, McDermott noted that electronic trading was initially about 40% of operations and that it had grown over 60%. He stated that ETC had become without question the single most important component of the ICAP international business focus. The growth of electronic trading created an accelerated need for transformation within ICAP and its related businesses. This transformation essentially changed the balance between voice or traditional trading and electronic trading. McDermott found himself responsible for much of this transformation and was initially concerned whether he had the technical expertise to manage it.

McDermott admits that as a chief executive of the traditional ICAP business, he was very conservative and questioned the practicality and value of many IT investments. He often turned down requests for more funding and looked at technology as more of a supporter of the business. As I explain in chapter 3, IT as a Supporter will always be managed based on efficiencies and cost controls. McDermott's view is consistent with this position. In many ways, it was ironic that he became the CEO of the electronic component of the business. Like many CEOs McDermott initially had the wrong impression of the Internet. Originally looking at it as a "big threat," he eventually realized from the experience that the Internet was just another way of communicating with his clients and that its largest contribution was that it could be done more cost-effectively, thus leading to higher profits.

One of the more difficult challenges for McDermott was developing ETC's mission. At the time of the launch of the new product, ETC's mission was unclear. With the assistance of IT and the business community, the mission of ETC has been developing dynamically, in which the business is first trying to protect itself from outside competition. Companies like IBM and Microsoft and others might attempt to invade ICAP's business market. Thus, it is important that ETC continue to produce a quality product and keep its competitive edge over more limited competitors that are software-based organizations only. The concept of a dynamic mission can be correlated to the fundamental principles of

Responsive Organizational Dynamism. In fact, it seems rather obvious that organizations dealing with emerging technologies might need to modify their missions to parallel the accelerated changes brought about by technological innovation. We certainly see this case with ICAP where the market conditions became very volatile because of emerging electronic trading capacities. Why, then, is it so difficult for organizations to realize that changing or modifying their missions should not be considered that unusual? Perhaps ICAP's approach in starting a completely separate entity was correct. However, it is interesting that this new organization is operating without a consistent and concrete mission.

Another important concept that developed at ETC, was that technology was more of a commodity, and that content, i.e., the different services offered to clientele, was more important. Indeed, as McDermott often states, "I assume that the technology works, the real issue is the way you intend to implement it; I want to see a company's business plan first." Furthermore, ETC began to understand that technology could be used to leverage ICAP businesses in areas that they had never been able to consider before the advent of the technology and the new product. McDermott knew that this was a time to, as Deasy often states, "seize and succeed" the moment. McDermott also realized that organizational learning practices were critical for ideas to come from within the staff. He was careful not to require staff to immediately present a formal new initiative, but he allowed them to naturally develop a plan as they matured the process. That is one of the reasons that ETC uses the word "community" in its name. As he expressed it to me during a conversation:

Now that is not my mandate to grow into other areas of opportunity, my initial responsibility is always to protect our businesses. However, I will not let opportunities go by which can help the business grow, especially things that we could never do as a voice broker. It has been very exciting and I can see ICAP becoming a considerably larger company than we have been historically because of our investment in technology.

McDermott also was challenged to learn what his role would be as a chief executive of a software technology organization. In the early stages, he was insecure about his job, because for the first time he knew less than his workers about the business. Perhaps this provides organizational learning practitioners with guidance on the best way to getting the CEO engaged in the transformative process, that is, getting them to understand their role in an area that they typically do not have expertise. McDermott represents an executive who reached that position coming up through the ranks. Therefore, much of his day-to-day management was based on

his knowledge of the business—a business that he felt he knew as well as anyone. With technology, and its effect as Technological Dynamism, CEOs face more challenges, not only because they need to manage an area they may know little about, but because of the dynamic aspects of technology and the way it causes unpredictable and accelerated change. McDermott realized this and focused his attention on discovering what his role needed to be in this new business. There was no question in McDermott's mind that he needed to know more about technology, although he also recognized that management was the fundamental responsibility he would have with this new entity:

[Although] I was insecure at the beginning I started to realize that it does not take a genius to do my job. Management is management, and whether you manage a securities brokering firm or you manage a deli or manage a group of supermarkets or an IT or an electronic company, it is really about management, and that is what I am finding out now. So whether I am the right person to bring ETC to the next level is irrelevant at this time. What is more important is that I have the skills that are necessary to manage the business issues as opposed to the technological ones.

However, McDermott did have to make some significant changes to operate in a technology-based environment. ETC is now destined to become a global organization. As a result, McDermott had to create three senior executive positions to manage each of the three major geographic areas of operation: North America, Europe, and Asia. He went from having many indirect reports to having just a few. He needed four or five key managers. He needed to learn to trust that they were the right people, people who had the ability to nurture the parts of each of their respective divisions. "What it leaves now is being a true CEO," he states, "and that means picking your people, delegating the responsibility and accepting that they know the business." Thus, we see Technology Dynamism actually realigning the reporting structure and social discourse of the company.

My presentation in previous chapters focused on helping organizations transform and change. Most important in organizational learning theories is the resistance to change that most workers have, particularly when existing cultural norms are threatened. ICAP was no exception to the challenges of change management. The most significant threat at ICAP was the fear that the traditional voice broker was endangered. McDermott understood this fear factor and presented electronic trading not as replacement but rather a supplement to the voice broker. There was no question that there were certain areas of the business that lent themselves more to electronic trading, however, there are others that

will never go electronic or at least predominately electronic. Principles of Responsive Organizational Dynamism suggest that accelerated change becomes part of the strategic and cultural structure of an organization. We see both of these components at work in this case.

Strategically, ICAP is faced with a surge in business opportunities that are happening at an accelerated pace and are, for the most part, unplanned, so there is little planned activity. The business is feeling its way through its own development, and its CEO is providing management guidance, as opposed to specific solutions. ICAP represents a high velocity organization similar to those researched by Eisenhardt and Bourgeois (1988), and supports their findings that a democratic, less power-centralized management structure enhances the performance of such a firm. From a Cultural Assimilation perspective, the strategic decisions are changing the culture and requiring new structures and alignments. Such changes are bound to cause fears.

As a result of recognizing the inevitable changes that were becoming realities, McDermott reviewed the roles and responsibilities of his employees on the brokering side of the business. After careful analysis, he realized that he could divide the brokers into three different divisions, which he branded as A, B, and C brokers. The A brokers are those who are fixed on the relational aspect of their jobs, so voice interaction is the only part of their work world. Such individuals can do things in the voice world that electronic means cannot reach. They are personal experts if you will, who can deal with clients requiring a human voice. Thus, the A broker will exist as long as he wants to work—and he will always be needed because a population of clients want personal support over the phone. This is similar to the opposition to the Internet where we find that some portion of the population will never use e-commerce because they prefer a live person. The B broker is called the hybrid broker—an individual who can use both voice and electronic means. Most important, these brokers are used to “convert” voice-based clients into electronic ones. As McDermott explains:

Every day I see a different electronic system that someone is trying to sell in the marketplace. Some of these new technologies are attempting to solve problems that do not exist. I have found that successful systems address the content more than the technology. Having a relationship for many of our customers is more important. And we can migrate those relationships from voice to electronic or some sort of a hybrid combination. The B brokers will end up with servicing some combination of these relationships or migrate themselves to the electronic system. So I believe they have nothing to fear.

The C brokers, on the other hand, represent the more average voice brokers who will probably not have a future within the business. They will be replaced by electronic trading because they do not bring the personal specialization that the A broker does. The plight of the C broker does raise an important issue about change management and Technological Dynamism: change will cause disruption that can lead to the elimination of jobs. This only further supports the fears that workers have when faced with dynamic environments. For McDermott, this change must be openly discussed with the community, especially for the A and B brokers, who, in essence, will continue to play an important role in the future of the business. C brokers need to be counseled so that they can appropriately seek alternate career plans. Thus, honesty brings forth trust, which inevitably fosters the growth or organizational learning. Another perspective is that the A and B brokers understand the need for change, and recognize that not everyone can adapt to new cultures driven by Strategic Integration. So they understand why the C broker is eliminated.

In chapter 2, I discussed the dilemma of IT being a “marginalized” component of an organization. This case study provides an opportunity to understand how ICAP’s traditional IT staff made the transition into the new company—a company in which they represent a direct part of its success. As noted earlier, ICAP considered the IT department as a back-office support function. In the new organization, it represents the nucleus or the base of all products and careers. Hence, McDermott expects ETC employees to be technology proficient—no longer are IT people just coders or hardware specialists—he sees technology people as lawyers, traders, and other businesspeople. He relates technology proficiency in a similar way that his business used to view an MBA in the late 1980s. This issue provides further support for the Cultural Assimilation component of Responsive Organizational Dynamism. We see a situation where the discrepancy between who is and is not a technology person beginning to dwindle in importance. While there is still clear need for expertise and specialization, the organization as a whole has started the process of educating itself on the ways in which technology affects every aspect of its corporate mission, operations, and career development.

ICAP has not been immune to the challenges that have faced most technology-driven organizations. As discussed in chapter 2, IT projects typically face many problems in terms of their ability to complete projects on time and within budget. ICAP is also challenged with this dilemma. Indeed, ICAP has no formal process, but focuses on the criterion of meeting the delivery date as the single most important issue. As a result, McDermott is attempting to instill a new culture committed to the importance of what he calls the “real date of delivery.” It is a challenge to

change an existing culture that has difficulty with providing accurate dates for delivery. As McDermott suggests:

I am learning that technology people know that there is no way that they can deliver an order in the time requested, but they do not want to disappoint us. I find that technology people are a different breed from the people that I normally work with. Brokers are people looking for immediate gratification and satisfaction. Technology people, on the other hand, are always dedicated to the project regardless of its time commitment.

McDermott is striving to attain a mix or blend of the traditional culture with the technology culture and create a new hybrid organization capable of developing realistic goals and target dates. This process of attainment mirrors the results from the Ravell case, which resulted in the formation of a new hybrid culture after IT and business staff members were able to assimilate one another and find common needs and uses for technology and the business.

McDermott also understands his role as a leader in the new organization. He realized early on that technology people are what he calls more “individualistic,” that is, they seemingly are reluctant to take on responsibility of other people. They seem as McDermott observes, “to have greater pleasure in designing and creating something and they love solving problems.” This is different from what CEOs experience with MBAs, who are taught more to lead a group, as opposed to being taught to solve specific problems. Yet the integration of both approaches can lead to important accomplishments that may not be reachable while IT and non-IT are separated by departmental barriers.

Ultimately, the cultural differences and the way they are managed lead to issues surrounding the basis of judging new technologies for future marketing consideration. McDermott understands that this is a work in progress. He feels strongly that the issue is not technology, but that it is, instead the plan for using technology competitively. In other words, McDermott is interested in the business model for the technology which defines its benefits to the business strategically. As he puts it, “tell me how you are going to make money, tell me what you can do for me to make my life easier. That is what I am looking at!” While McDermott feels that many people are surprised by his response, he believes its reality is taken too much for granted. During the dot.com era, too many investors and businesses assumed that technological innovation would somehow lead to multiples of earnings—that simply didn’t happen. Essentially McDermott realized that good technology was available in many places,

and that the best technology is not necessarily the one that will provide businesses with the highest levels of success.

Judging new technologies based on the quality of the business plan is an effective method of emphasizing the importance of why the entire organization needs to participate and understand technology. This inevitably leads to questions about the method in which ROI is or should be measured. The actual measurement of ROI for ICAP is remarkably simple, yet effective. There are four methods of determining ROI. The first and most significant was whether the technology would increase volume of trades along the different product lines. The second is the amount in dollars of the securities being traded, that is, did technology provide a means for clients to do larger dollar trades. The third factor could be an increase in the actual number of clients using the electronic system. The fourth might be alleviating existing bottlenecks in the voice trading process, whether it is a legal issue or the advantage provided by having electronic means. We see here that some of the ROI factors are direct and monetary in nature. As expected methods, one and two are very much direct monetary ways to see the return for investing in electronic trading systems. However, as Lucas (1999) reminds us, many benefits derived from IT investments are indirect in nature, and some impossible to measure. We see this with methods three and four. Increasing the number of clients indirectly suggests more revenue, but does not guarantee it. An even more abstract benefit is the improvement of through-put, or what is typically known as improved efficiency in operations.

While all of the accomplishments of ICAP and McDermott seem straight forward, they were not accomplished without challenges—perhaps the most significant was the approach, determination, and commitment that were needed by the executive team. This challenge is often neglected in the literature on organizational learning. Specifically, the executive board of ETC needed to understand what was necessary in terms of funding to appropriately invest in the future of technology. In order to do that, they needed to comprehend what e-commerce was about and why it was important for a global business to make serious investments in it to survive. In this context then, the executive board needed to learn about technology as well, and found themselves in a rather difficult position. During this period, McDermott called in an outside consultant who could provide a neutral and objective opinion. Most important was to define the issue in lay terms so that board members could correlate it with their traditional business models. Ultimately, the learning consisted in understanding that technology and e-commerce was about expanding into more markets that ICAP could not reach using traditional approaches. There was a realization that ICAP was too focused on its existing

client-base as opposed to reaching out for new ones—and there was also the reverse reality that a competitor would figure out a strategy to reach out to ICAP's client-base. What is also implied in expanding one's client base is that it also means going outside one's existing product offerings. This had to be a carefully planned, as ICAP did not want to venture outside of what it was—an intermediary brokering service. So expansion must be carefully planned and discussed first among the executive members and then presented as a challenge to the senior management, and so on.

This process requires some modifications to the organizational learning process proposed by such scholars as Nonaka and Takeuchi (1995). Specifically, their models of knowledge management do not typically include the executive boards, thus, they are not considered a part of the learning organization. The ICAP case study exposes the fact that their exclusion can be a serious limitation, especially with respect to the creation of Responsive Organizational Dynamism. In previous chapters, I have presented a number of management models that could be used to assist in developing and sustaining organizational learning. They focused fundamentally on the concept of whether such management should be top-down, bottom-up, or as Nonaka and Takeuchi suggested “middle-up-down.” I laid out my case for a combination of all of them in a specific order and process that could maximize each approach. However, none of these models really incorporates the outside executive boards that have been challenged to truly understand what technology is about, their approach to management, and what their overall participation should be in organizational learning.

Perhaps the most significant historical involvement of executive boards was with the Y2K (Year 2000) event. With this event, executive boards mandated that their organizations address the potential technology crisis at the turn of the century. My CEO interviews verified that, if anything, the Year 2K crisis served to educate executive boards by forcing them to focus on the issue. Boards became unusually involved with the rest of the organization because independent accounting firms, as outside objective consultants, were able to expose the risks for not addressing the problem. ICAP's handling of e-commerce is in many ways similar, but also suggests that executive boards should not always wait for a crisis to occur before they get involved. They, too, must be an important component of organizational learning, particularly in Responsive Organizational Dynamism. While organizational learning fosters the involvement of the entire community or workers, it also needs advocates and supporters who control funding. In the case of ICAP, organizational learning processes without the participation of the executive board would not have been ultimately been successful. ICAP's experience also suggests

that this educational and learning process may need to come from independent and objective sources, which integrates another component of organizational learning that has not been effectively addressed, that is, the role of outside consultants as a part of a community of practice. Figure 7.6 depicts the addition of the ICAP ETC executive board and outside consultants in the organizational learning management process.

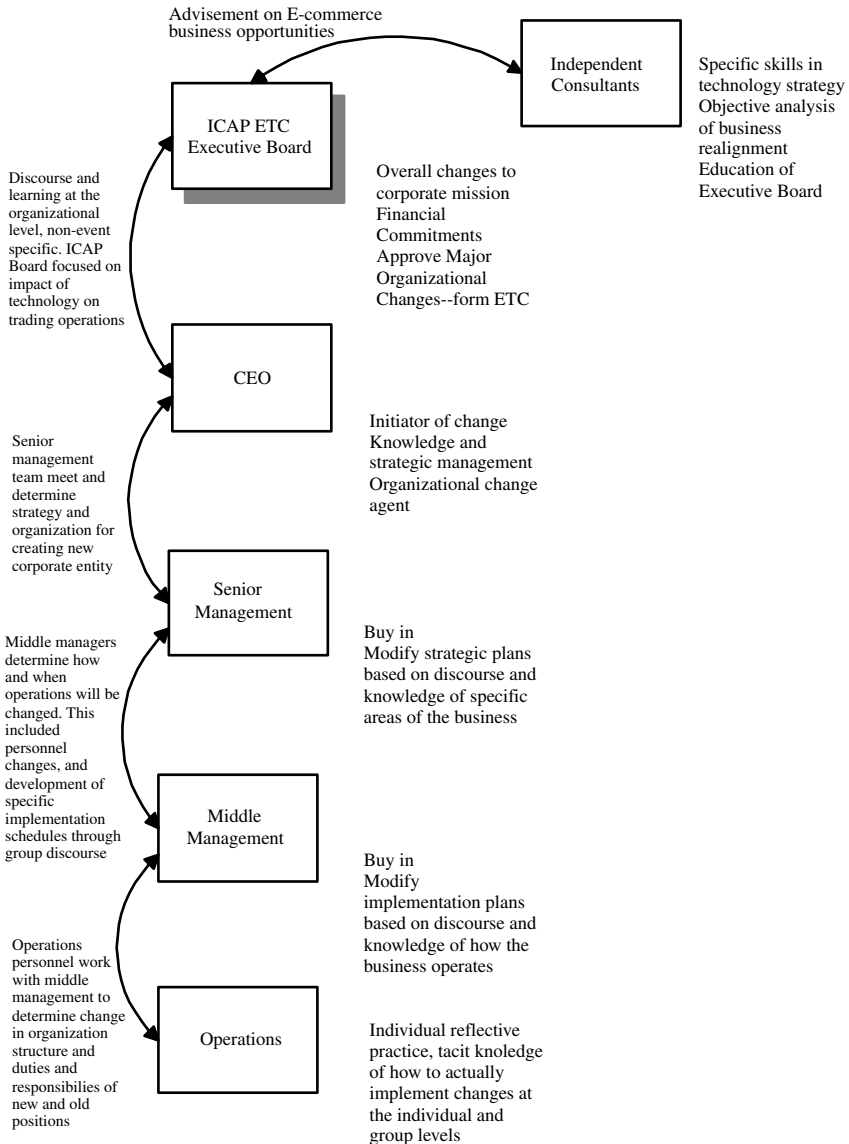


Figure 7.6

Table 7.1

Step	Learning Entity(s)	Learning Activity
1	CEO Americas	Initiates discourse at board level on approaches to expanding electronic trading business
2	Executive Board	Decides to create separate corporate entity ETC to allow for the establishment of a new culture
3	Outside Consultant	E-commerce discourse, ways in which to expand the domain of the business
4	Executive Board	Discussion on corporate realignment of mission, goals, and objectives
5	CEO/Senior Management	Establishes strategic direction with senior management
6	Senior Management/ Middle Management	Senior management meets with middle managers to discuss and negotiate details of the procedures to implement
7	Middle Management/ Operations	Middle managers meet with operations communities to discuss impact on day-to-day processes and procedures.

The sequential activities that occurred among the different communities are shown in Table 7.1.

While Table 7.1 shows the sequential steps necessary to complete a transformation toward Strategic Integration and Cultural Assimilation, the process is also very iterative. Specifically, this means that organizations do not seamlessly move from one stage to another without setbacks. Thus, transformation depends heavily on discourse as the main driver for ultimate organizational evolution.

Figure 7.7 shows a somewhat messier depiction of organizational learning under the auspices of Responsive Organizational Dynamism. The changes brought on by dynamic interactions foster top-down, middle-up-down, and bottom-up knowledge management techniques—all occurring simultaneously. This level of complex discourse creates a number of overlapping communities of practice, who have similar, yet unique objectives in learning. These communities of practice overlap at certain levels as shown in Figure 7.8.

As stated above, organizational learning at the executive levels tend to be ignored in the literature. At ICAP, we find the creation of an important community of practice, which create a language-discourse essential to their overall success in dealing with Technological Dynamism brought on by technological innovation in electronic communications. Language is critical at this level; ICAP is a U.K.-based organization and as such has an international board. As McDermott explains:

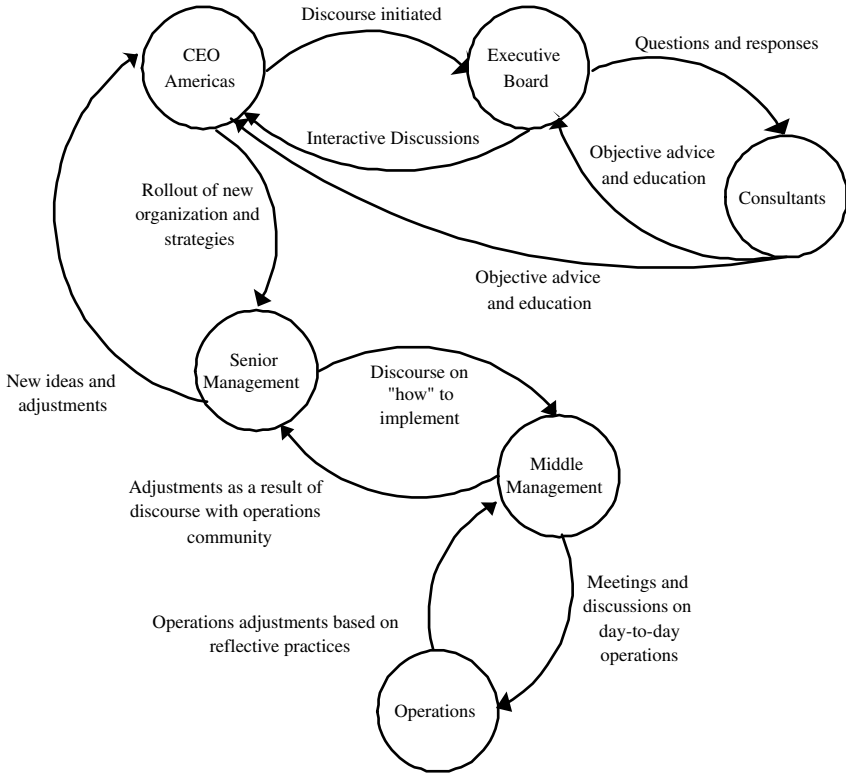


Figure 7.7

As you know, from traveling anywhere around the world, cultures are different. And even the main office for our company, ICAP in England, and even with the English, we are separated by a common language, as we often say. There is a very, very different culture everywhere in the world. I will tell you that information technology in our company is separated from electronic trading—there is a difference.

Thus, McDermott’s challenge is to establish a community that can reach consensus, not only on strategic issues, but also on the very nomenclature applied to how technology is defined and procedures adopted among the international organizations within ICAP. That is why outside consultation can be effective, as it provides independent and objective input that can foster the integration of culture-based concepts of technology, strategy, and ROI. Key to understanding the role of executive

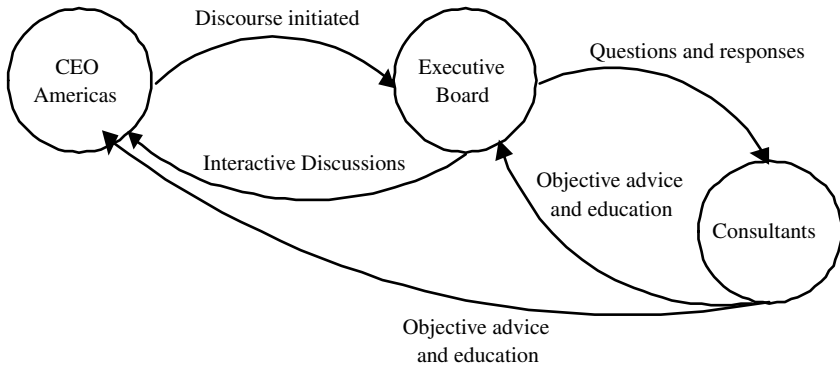


Figure 7.8

communities of practice is their overall importance to organizational learning growth. Very often have we heard, “can we create productive discourse if the executive team cannot discuss and agree on issues themselves?” Effectively, ICAP created this community to ensure consistency among all the levels within the business. Consistent with the Responsive Organizational Dynamism Arc, learning in this community is at the “system” or organizational level as opposed to being based on specific events like Y2K. These concerns have a broader context and they affect both short- and long-term issues of business strategy and culture.

Another community of practice is the operations management team, which is the community responsible for transforming strategy into a realistic plan of strategic implementation. This team consists of three levels as shown in Figure 7.9.

We see in this community of practice that the CEO is common to both this community and the executive community of practice. His participation in both provides the consistency and discourse that point to three valuable components:

1. The CEO can accurately communicate decisions reached at the board level to the operations management team.
2. The operations team can provide important input and suggestions to the CEO who can then provide this information to the executive community.
3. The CEO interacts in different ways between the two communities of practice. This is critical because the way things get discussed, what language is used, and the processes of consensus are different in each community.

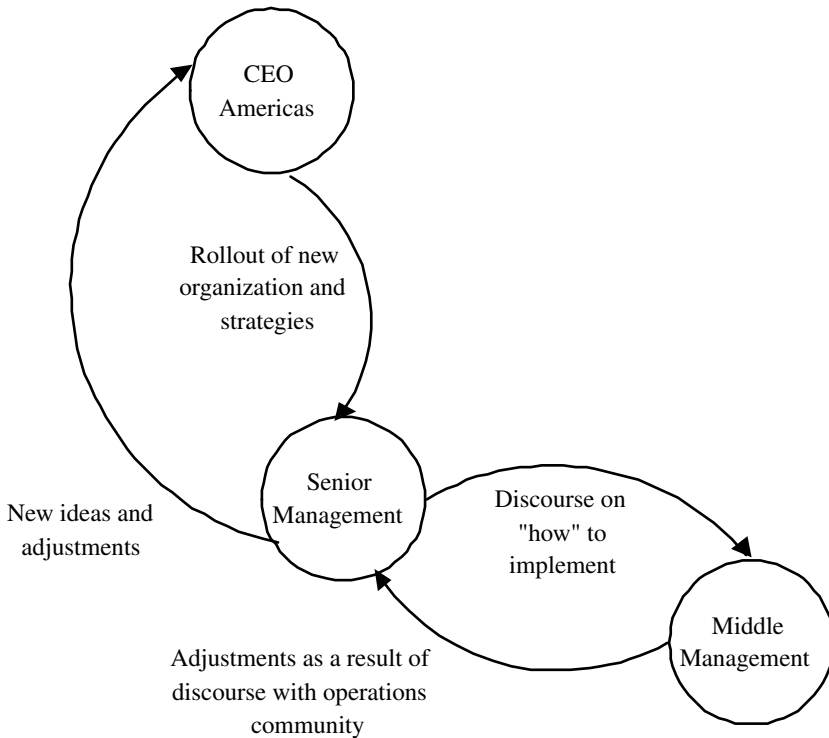


Figure 7.9

The operations management community is not at the detailed level of implementation, rather it is at the conceptual one. It needs to embrace the strategic and cultural outcomes discussed at the executive community, suggest modifications if applicable and eventually reach consensus within the community and with the executive team. The operations management community, because of its conceptual perspectives, uses more organizational learning methods as opposed to individual techniques. However, because of their relationship with operations personnel, they do participate in individual reflective practices. Notwithstanding their conceptual nature, event-driven issues are important for discussion. That is why middle management must be part of this community, for without their input, conceptual foundations for implementing change may very well have flaws. Middle management participates to represent the concrete pieces and the realities for modifications to conceptual arguments. As such, middle managers can indirectly affect the executive board community, since their input could require change in the operations management community, which in turn can foster the need for

change requests back to the Board. This process provides the very essence of why communities of practice need to work together, especially with the dynamic changes that can occur from technological innovations.

The third community of practice at ICAP is at the operations or implementation tier. It consists of the community of staff that need to transition conceptual plans into concrete realities. In order to ensure that conceptual ideas of implementation balance with the concrete events that need to occur operationally, middle managers must be part of both the operations management and implementation communities as shown in Figure 7.10.

Because of the transitory nature of this community, it is important that both organizational learning and individual learning occur simultaneously. Thus, it is the responsibility of middle managers to provide the transition of organizational-based ideas to the event and concrete level so that individuals understand what it ultimately means to the operations team. As one would expect, this level operates on individual attainment, yet through the creation of a community of practice, ICAP can get its operations members to begin to think more at the conceptual level. This provides management with the opportunity to discuss conceptual and system-level ideas with operations personnel. Operations personnel can review them and under a managed and controlled process can reach consensus. That is, changes required by the implementation

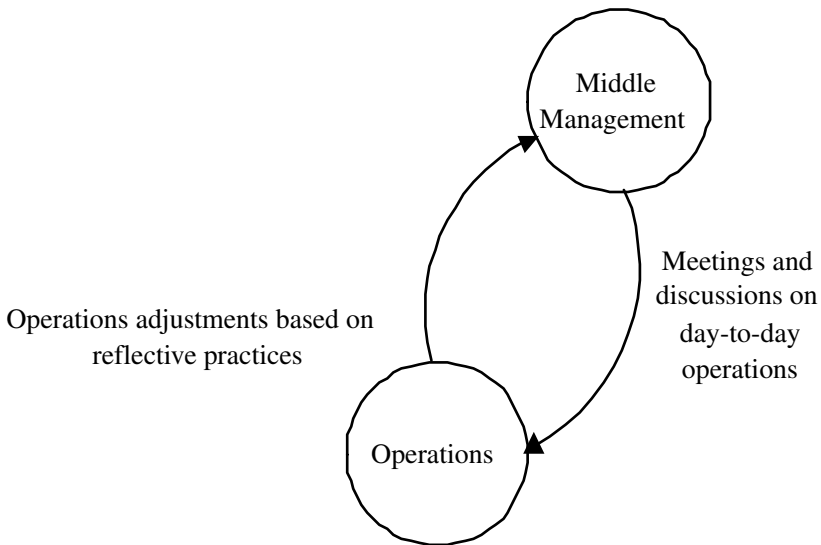


Figure 7.10

community can be represented to the operations management community through middle management. If middle management can, through discourse and language, reach consensus with the operations management community, then the CEO can bring them forth to the executive community for further discussion. We can see this common thread concept among communities of practice as a logical process among tiers of operations and management and one that can foster learning maturation as identified in the Responsive Organizational Dynamism Arc. This is graphically shown in Figure 7.11.

Figure 7.11 shows the relationships among the three communities of practice at ICAP and how they interact, especially through upward feedback using common threads of communication. Thus, multiple communities must be linked via common individuals to maintain threads of communication necessary to support Responsive Organizational Dynamism and learning across organizational boundaries.

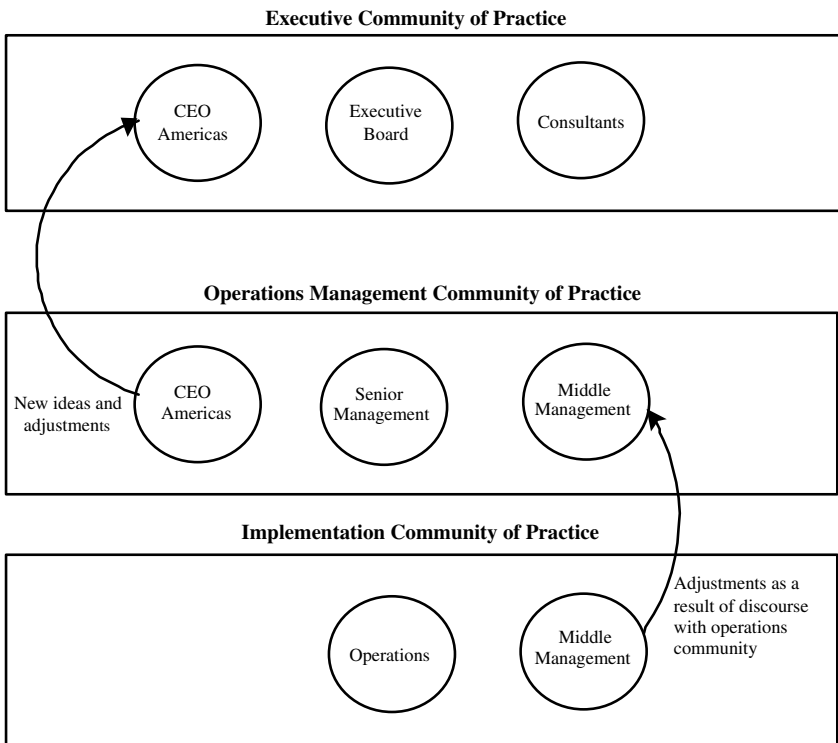


Figure 7.11

Another important observation is the absence of independent consultants from the Operations Management and Implementation communities of practice. This does not suggest that consultants are not needed or used by these communities. The independent consultant in the executive community provides organizational level learning, as opposed to the consultant who is, for example, a specialist in database design or training.

This case study provides an example of how an international firm dealt with the effects of technology on its business. The CEO, Steven McDermott in this case, played an important role, using many forms of Responsive Organizational Dynamism, in managing the organization through a transformation. His experience fosters the realization that CEOs and their Boards need to reinvent themselves on an ongoing basis. Most important, this case study identifies the number of communities of practice that need to participate in organizational transformation. The CEO continues to have an important role; in many ways McDermott offers some interesting advice for other chief executives to consider:

1. The perfect time may or may not exist to deal with changes brought on by technology. The CEO may need to just “dive in” and serve as a catalyst for change.
2. Stay on course with the fundamentals of business and do not believe everything everyone tells you—make sure your business model is solid.
3. Trust that your abilities to deal with technology issues are no different from managing any other business issue.

As a result of ICAP’s commitment and process for adapting technology, it has realized many benefits, such as:

- *Protection of tacit knowledge*—By incorporating the existing trading system, ICAP was able to retain the years of experience and expertise of its people. As a result, ICAP developed an electronic system that better served the needs of broker-users; this ability gave it an advantage over competitor systems.
- *Integrated use*—The combination of the new system and its compatibility with other ICAP legacy systems enabled the organization to continue to service the core business, while increasing access for new clients. This resulted in a reduction of costs and an increase in its user base.
- *Transformation of tacit knowledge to explicit product knowledge*—By providing an infrastructure of learning and Strategic Integration, ICAP was able to bridge a wide range of its employees’ product

knowledge, particularly of those outside of IT with a very specific understanding of trading system design, and to transform their tacit knowledge into explicit value that was used to build onto the existing trading systems.

- *Flexibility*—Because multiple communities of practice were formed IT and non-IT cultures were able to assimilate. As a result ICAP was able to reduce its overall development time, and retain the functionality necessary for a hybrid voice and electronic trading system.
- *Expansion*—Because of the assimilation of cultures, ICAP was able to leverage its expertise so that the design of the electronic system allowed for it to be used with other third-party trading systems. For example, it brought together another trading system from ICAP in Europe, and enabled concurrent development in the U.S. and the U.K.
- *Evolution*—By incorporating existing technology, ICAP continued to support the core business, and gradually introduced new enhancements and features to serve all of its entities.
- *Knowledge creation*—By developing the system internally, ICAP was able to increase its tacit knowledge base, and stay current with new trends in the industry.

ICAP continues to evolve its organization as a result of its adoption of technology and its implementation of Responsive Organizational Dynamism. The company recently reinvented itself again. McDermott has become the Chief Operating Officer (COO) for what are now three business units in the Americas; all specific business lines, yet linked by their integrated technologies, and assimilated cultures. In addition, ICAP has purchased a competitor electronic trading product and as a result is in the process of integrating their combined technologies and assimilating them into a new organization. Business revenues have risen from \$350 million four years ago, to over \$1 billion. The company has more than 2,800 staff members and operates from 21 offices worldwide. Much has been attributed to their investment in electronic trading systems and other emerging technologies.

HTC

HTC (a pseudo-acronym) is a company that provides creative business services and solutions. The case study involving HTC demonstrates that changes can occur when technology reports to the appropriate level in an organization. This case study offers the example of a company whose CEO became an important catalyst in the successful vitalization of

information technology. HTC is a company of approximately 700 employees across 16 offices. The case involves studying the use of a new application that directly affected some 200 staff people.

The company was faced with the challenge of providing accurate billable time records to its clients. Initial client billings are based on project estimates, which then need to be reconciled with actual work performed. This case turned out to be more complex than expected. Estimates typically represent the amount of work a client has agreed to. Under-spending the budget that the client has agreed to, however, can lead to lost revenue opportunities for the firm. For example, if a project was estimated at 20 hours, but the actual work took only 15 hours, then most clients would seek additional 5 hours of service because they have already budgeted 20 hours in total. If the reconciliation between hours budgeted and hours worked is significantly delayed, clients may lose their window of opportunity to spend the remaining 5 hours (in the example situation). Thus, the incapacity to provide timely reporting of this information resulted in the actual loss of revenue as well as in upsetting clients. If clients do not spend their allocated budget, they stand to lose the amount of the unused portion in their future budget allocations. Furthermore, clients have expectations that vendors are capable of providing accurate reporting, especially given that present-day technology can automate the recording and reporting of this information. Finally, in times of a tight economy, businesses tend to manage expenditures more closely and insist on more accurate record keeping than at other times.

HTC objective was to transform its services to better meet the evolving changes of its client's business requirements. While the requirement for a more timely and accurate billing system seems straight forward, it became a greater challenge to actually implement than it otherwise seemed.

The first obstacle for HTC to overcome was the clash between this new requirement and the existing ethos or culture of the business. HTC provides creative services; 200 of its staff members are artistically oriented and are uncomfortable with focusing on time-based service tracking—they are typically engrossed in the creative performance required by their clients. Though it would seem a simple request to track time and enter it each day, this projected change in business norms became a significant barrier to its actual implementation. Project managers became very concerned that reporting requirements would adversely affect performance and, thus, inevitably hurt, the business. Efforts to use blunt force—do it or find another job—were not considered a good long-term solution. Instead, the company needed to seek a way to require the change, while at the same time demonstrating the value of focusing on time management.

Many senior managers had thought of meeting with key users to help determine a workable solution, but they were cognizant of the fact that such interactive processes with the staff do not always lead to agreement on a dependable method of handling the problem. This is a common concern among managers and researchers working in organizational behavior. While organizational learning theorists advocate this mediating, interactive approach, it may not render the desired results in time, and can even backfire if staff members are not genuinely willing to solve the problem, or if they attempt to make it seem too difficult, or a bad idea. This is where the intervention of the CEO of HTC together with the change in time reporting methods, directly involving IT, made a significant difference in overcoming the obstacle.

IT History at HTC

When I first interviewed the CEO, I found that she had little direct interaction with the activities of the IT department. IT reported to the CFO, as in many companies, because it was seen as an operational support department. However, the CEO subsequently became aware of certain shortfalls associated with IT and with its reporting structure. First, the IT department was not particularly liked by other departments. Second, the department seemed incapable of implementing software solutions that could directly help the business. Third, the CFO did not possess the creativity beyond accounting functions to provide the necessary leadership needed to steer IT's activities in a more fruitful direction. As a result, the CEO decided that IT should report directly to her. She was also concerned that IT needed a more senior manager, and hired a new CTO (Chief Technology Officer).

CEO's Interactions

My research involving 40 chief executives showed that many executives are unsure about what role they need to take with their chief IT managers. However, the CEO of HTC took on the responsibility to provide the financial support to get the project underway. First, the CEO made it clear that a solution was necessary, and that appropriate funds would be furnished to get the project done. Second, the new CTO was empowered to assess the needs of the business and the staff and to present a feasible solution for both business and cultural adaptation needs.

The CEO was determined to help transform the creative-artistic service business into one that would embrace the kinds of controls that were becoming increasingly necessary to support clients. Addressing the existing lag in collecting time records from employees, which directly affected billing revenue, seemed like the logical first step in which to engage the

IT department in the design and implementation of new operating procedures and cultural behavior.

Because middle managers were focused on providing services to their clients, they were less concerned with the collection of time sheets. This need was a low priority to the firm's creative workers. Human Resources (HR) had been involved in attempting to address the problem, but their efforts had failed. Much of this difficulty was attributed to an avoidance by middle managers to give ultimatums as a solution—that is, simply demanding that workers comply. Instead, management subsequently became interested in a middle-ground approach that could possibly help departments realize the need to change, and to help determine what the solution might be. The initial thinking of the CEO was to see if specialized technology could be built that would (1) provide efficiency to the process of recording time, and (2) create a form of controls that would require some level of compliance.

With the involvement of the CEO, the embattled IT department was given the authority to determine what technology could be employed to help the situation. The existing application that had been developed by the IT department did not provide the kind of ease of use and access that was needed by operations. Previous attempts to develop a new system, without the intervention of the CEO, had failed for a number of reasons. Management did not envision the potential solution that software was capable of delivering. They were not motivated in getting the requisite budget support; no one was in position to champion it, to allocate the needed budget. Ultimately, they were not convinced of the importance of providing a better solution.

The Process

The new CTO determined that there was a technological solution that could provide greater flexibility of the application, while maintaining its necessary integrity, through the use of the existing e-mail system. The application would require staff to enter their project time spent before signing on to the email system. While this procedure might be seen as a punishment, it became the middle-ground solution for securing compliance without dramatically dictating policy. There was initial rejection of the procedure by some of the line-managers, but it was with the assistance of the CEO, who provided the necessary support and enforcement, that the new procedure took hold. This enforcement became crucial when certain groups asked to be excluded from the process. The CEO made it clear that all departments were expected to comply.

The application was developed in three months and went into pilot implementation. The timely delivery of the application by the IT

department gave IT its first successful program implementation and helped change the general view of IT among its company colleagues. It was the first occasion in which IT had a leadership role in guiding the company to a major behavioral transformation. Another positive outcome that resulted from the transition occurred in the way that resistance to change was managed by the CTO. Simply put, the creative staff was not open to a structured solution. The CTO's response was to implement a warning system instead of immediately disallowing e-mail access. This procedure was an important concession, as it allowed staff and management to deal with the transition, to meet them half way.

Transformation from the Transition

After the pilot period, the application was implemented firm wide. The results of this new practice have created an interesting internal transformation: IT is now intimately engaged in working on new enhancements to the time-recording system. For instance, a "Digital Dashboard" is now used to measure performance against estimates. More important, however, are the results of the new application. The firm has shown substantial increases in revenue because its new time-recording system enabled it to discover numerous areas in which it was under-billing its clients. Its clients, on the other hand, are happier to receive billing statements that can demonstrate more accurately than before just how time was spent on their projects. Hence, the IT-implemented solution proved beneficial not only to the client but to the firm as well.

Notwithstanding the ultimate value of utilizing appropriate technology and producing measurable outcomes, IT has also been able to assist in developing and establishing a new culture in the firm. Staff members are now more mindful and have a greater sense of corporate-norm responsibility than they did before. They have a clearer understanding of the impact that recording their time will have and of how this step ultimately contributes to the well-being of the business. Furthermore, the positive results of the new system have increased attention on IT spending. The CEO and other managers seek new ways in which technology can be made to help them—this mindset has been stressed further down to operating departments. The methods of IT evaluation have also evolved: there is now a greater clarification of technology benefits, a better articulation of technology problems, less trial and error, and more time spent on understanding how to use the technology better.

Another important result from this project has been the cascading effect of the financial impact. The increased profits have required greater infrastructure capacity. A new department was created with five new business managers whose responsibility it is to analyze and interpret the

time reports so that line-managers, in turn, can think of ways to generate greater profit through increased services. The project in essence has merged the firm's creative performance with new business initiatives, resulting in a higher ROI.

In analyzing the HTC case study, we see many organizational learning techniques that were required to form a new community that could assimilate multiple cultures. However, while the organization saw the need it could not create a process without an advocate. This champion was the CEO who had the ability to make the salient organizational changes and act as a catalyst for the natural processes that HTC hoped to achieve. This case also provides direction on the importance of having the right resource to lead IT. At HTC, this person was called the CTO; in actuality this has little bearing on the overall role and responsibilities that were needed at HTC. At HTC it became more apparent to the CEO that she had the wrong individual running the technology management of her firm. Only the CEO in this situation was able to foster the initial steps necessary to start what turned out to be a more democratic evolution of using technology in the business.

Companies that adapt to Technological Dynamism find that the existing leadership and infrastructure may need to be enhanced or replaced, as well as reorganized particularly in terms of reporting structure. This case supports the notion that Strategic Integration may indeed create the need for more Cultural Assimilation. One question to ask, certainly to avoid if possible, is why the CEO waited so long to make the changes. This was not a situation of a new CTO that inherited resources. Indeed, the former CTO was part of her regime. We must remember that CEOs typically concentrate on driving revenue. They hope that what is considered "back-end" support issues to be handled by other senior managers. Furthermore, support structures are measured differently and from a specific frame of reference. I have found that CEOs intervene in Supporter departments only when there are major complaints that threaten productivity, customer support, sales, etc. The other threat is cost, so CEOs will seek to make Supporter departments more efficient. These activities are consistent with my earlier findings regarding the measurement and role of Supporter departments.

In the case of HTC, the CEO became more involved because of the customer service problems, which inevitably threatened revenues. Upon her review of the situation, she recognized two major flaws in the operation:

- The CFO was not in a position to lead the organizational changes that were necessary to assimilate a creative-based department.

- Technology established a new strategy (Strategic Integration), which necessitated certain behavioral changes within the organization (Cultural Assimilation). The creative department was also key to make the organizational transition possible.
- The current CTO did not have the management and business skills that were necessary to facilitate the integration of IT with the rest of the organization.

HTC provides us with an interesting case of what we have defined as Responsive Organizational Dynamism, and it bears some parallels to the Ravell study. First, like Ravell, the learning process was triggered by a major event. Second, the CTO did not dictate assimilation, but rather provided facilitation and support. Unlike Ravell, the CEO of the organization was the critical driver to initiate the project. Because of the CEO's particular involvement organizational learning started at the top and was thus system-oriented. At the same time, the CTO understood that individual event-driven learning using reflective practices was critical to accomplish organizational transformation. In essence, the CTO was the intermediary between organizational level and individual level learning. Figure 7.12 depicts this relationship.

Summary

This chapter has provided three case studies that show the ways technology and organizational learning operate and lead to results through performance. The Siemens example provided us with an opportunity to see a technology executive formulate relationships, form multiple communities of practice, and create an infrastructure to support Responsive Organizational Dynamism. This case provides a method in which IT can offer a means of handling technology as new information and through the formation of communities of practice, it can generate new knowledge that leads to organizational transformation and performance.

The case study regarding ICAP again shows why technology, as an independent variable provides an opportunity, if taken, for an international firm to move into a new competitive space and improve its competitive advantage. ICAP was only successful because it understood the need for organizational learning, communities of practice, and the important role of the CEO in facilitating change. We also saw why independent consultants and executive boards need to participate. ICAP symbolizes the ways in which technology can change organizational structures and cultural formations, the very heart of why we need to understand Responsive Organizational Dynamism. The creation of a new firm, ETC, shows us the importance of these changes. Finally, ICAP

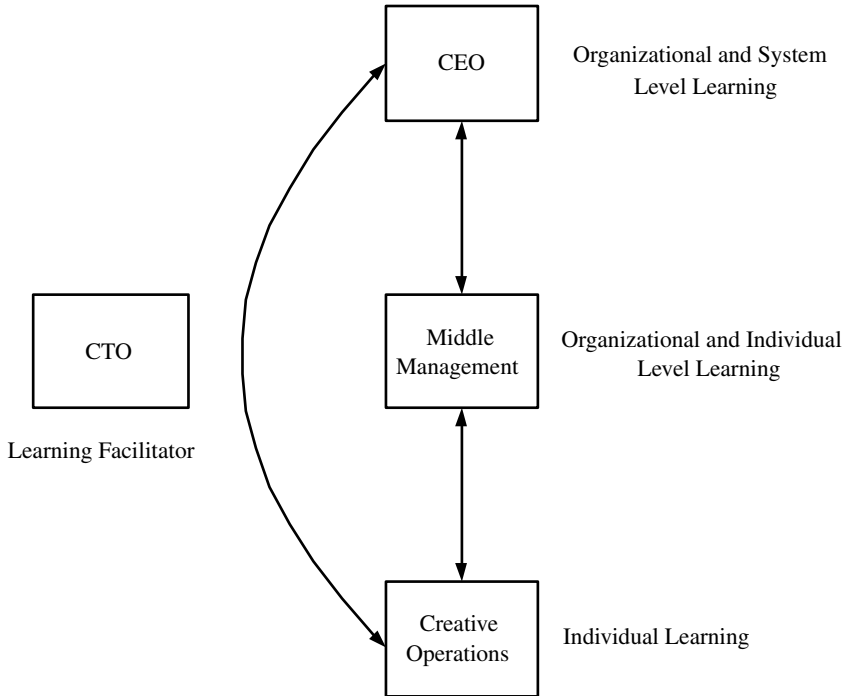


Figure 7.12

provided us with an example of how technology came to the forefront of an organization and became the major driver of performance.

HTC, on the other hand, described two additional features of how Responsive Organizational Dynamism can change internal processes that lead to direct returns. The CEO, as in the ICAP case, played an important yet different role. This case showed that the chief technology officer could also be used to facilitate organizational learning, becoming the negotiator and coordinator between the CEO, IT department and creative user departments.

All three of these cases reflect the importance of recognizing that most technology information exists outside of the organization, and needs to be integrated into existing cultures. This result is consistent with the findings of Probst, Büchel, and Raub (1998) which show that long-term sustained competitive advantage must include the “incorporation and integration of information available outside the borders of the company” (p. 247). The reality is that technology, as an independent and outside variable, challenges organizations in their ability to absorb external information, assimilate it into their cultures, and inevitably apply it to their commercial activities as a function of their existing knowledge base.

These case studies show that knowledge creation most often does not get created solely by individuals. It is by using communities of practice that knowledge makes its way into the very routines of the organization. Indeed, organizational learning must focus on the transformation of individual skills into organizational processes that generate measurable outcomes. Probst, Büchel, and Raub's work also shows that the development of organizational knowledge is mediated via multiple levels. Walsh (1995) further supports Probst et al.'s findings that there are three structures of knowledge development in an organization. The first is at the individual level, where interpretation is fostered through reflective practices that eventually lead to personal transformation and increased individual knowledge. The second structure is at the group level, where individual knowledge of the group is combined into a consensus leading to a shared belief system. The third structure resides at the organizational level, where knowledge emanates from the shared beliefs and the consensus of the groups, which creates organizational knowledge. It is important to recognize, however, that organizational knowledge is not established or created by combining individual knowledge—this is a common error, particularly among organizational learning practitioners. Organizational knowledge must be accomplished through social discourse and common language interactions so that knowledge can be a consensus among the communities of practice.

Each of the case studies supported the formation of tiers of learning and knowledge. The individuals in these cases all created multiple layers that led to structures similar to those suggested by scholars. What makes these cases so valuable is that technology represented the external knowledge. Technological Dynamism forced the multiple structures from individual-based learning to organizational-level learning, and the unique interactions among the communities in each example, generated knowledge leading to measurable performance outcomes. Thus, as Probst and Büchel (1996) concluded, "organizational learning is an increase in organizational knowledge base, which leads to the enhancement of problem-solving potential of a company" (p. 245).

However, these case studies also provide important information about the process of the interactions. Many tiered structures tend to be viewed as a sequential process. I have presented theories suggesting that knowledge management is conditioned either from the top-down, middle-up-down, or bottom-up. It has been my position that none of these processes should be seen as set procedures or methodologies. In each of these cases, as well as in the Ravell case, the flow of knowledge occurs differently, and in some ways unique to the culture and setting of the organization. This suggests that each organization must derive its

own process, adhering more to the concept of learning, management, and outcomes, as opposed to a standard system of how and when they need to be applied. Table 7.2 summarizes the different approaches of organizational learning of the three case studies.

Such is the challenge of leaders who aspire to create the learning organization. Technology plays an important role because, in reality, it tests the very notions of organizational learning theories. It also creates so many opportunities to measure organizational learning and its impact on performance. Indeed, technology is the variable that provides the most opportunity to instill organization learning and knowledge management in a global community.

The case studies also provided an understanding of the transformational process and the complexities of the relationships between the different learning levels. It is not a single entity that allows a company to be competitive, but the combination of knowledge at each of the different tiers. The knowledge that exists throughout a company is typically comprised of three components: processes, technology, and organization (Kanevsky & Housel, 1998). I find that of these three components, technology is more variable than the others, and as stated many times in this book, at a dynamic and unpredictable fashion (that condition called Technological Dynamism). Furthermore, the technology component has direct effects on the other two. What does this mean? Essentially that

Table 7.2 Summary of Organizational Learning Approaches

Subject	Siemens	ICAP/ETC	HTC
Knowledge Management Participation	CIO as middle-up-down	Top-down from CEO and Bottom-up from Operations	Top-down from CEO Middle-up-down from CTO
Community of Practices	President's Council CFO CIO Advisory Board	Executive Board Operations Management Implementation	CEO/CTO CTO Operations
Participating Entities	Presidents CFOs Global CIO Corporate CIOs Regional CIOs Operating CIOs Central CIOs	Executive Board Outside Consultants CEO Senior Management Middle Management Operations	CEO CTO Middle Management Creative Operations
Common Thread	Corporate CIO	CEO, Senior Management, Middle Management	CTO

technology is at the core of organizational learning and knowledge creation.

This chapter has shown the different ways in which technology has been valued and how, through organizational learning, tacit knowledge is transformed into explicit knowledge and used for competitive advantage. We have seen that not all of this value creation can be directly attributed to technology; in fact this is rarely the case. Most value derived from technology is indirect and it must be recognized by management as maximizing outcomes. Two of the case studies looked at the varying roles and responsibilities of the CEO. I believe their involvement is critical. Indeed the conclusions reached from the Ravell case shows further support that the absence of the CEO will limit results. Furthermore, the CEO is crucial to sustaining organizational learning and the Responsive Organizational Dynamism infrastructure.

Much has been written about the need to link learning to knowledge and knowledge to performance. This process can sometimes be referred to as a value chain. Kanevsky and Housel (1998) created what they called a “Learning-Knowledge-Value Spiral” comprised of six specific steps to creating value from learning and ultimately changing product or process descriptions as shown in Figure 7.13.

I have modified Figure 7.13 to include “technology,” that is, how technology affects learning, learning to knowledge, etc. Table 7.3 is a matrix that reflects the specific results in each phase for the three case studies.

Table 7.3 reflects the ultimate contribution that technology made to the Learning-Knowledge-Value Chain. I have also notated the ROI

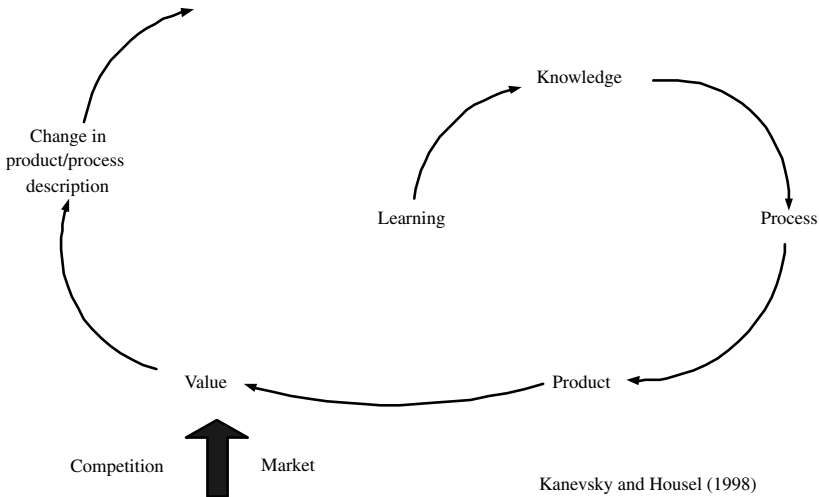


Figure 7.13

Table 7.3

Company	Technology	Learning	Generated Knowledge	Process	Product	Value
Siemens	e-Business	Communities of Practice	Consensus across multiple communities on how to relate tacit knowledge about technology to strategic business processes	90-day “reinvention” life cycle method	Consolidated e-commerce Web sites providing consistency of product and service offerings	Leveraging of same clients—providing multiple product offerings to same client base
ICAP	Electronic Trading	CEO/Executive Committee Leveraging Independent Consultants Group Learning Multiple Communities of Practice	Ability to provide and integrate business and technology knowledge to create new product	Establish new company, ETC to support cultural assimilation and evolution	Electronic Trading	ROI: Indirect Created most competitive product in the financial industry Infiltration into new markets ROI: Direct
HTC	E-mail learning using	CEO at organizational level. Individual group. reflective practices	Understanding how to integrate IT department with creative management record client	Establish new procedures for using e-mail to billable hours	New Client Billing system	Clients happy More competitive. Additional revenues ROI: Direct

generated from each investment. It is interesting that two of the three cases generated identifiable direct revenue streams from their investment in technology.

This chapter has laid the foundation for chapter 8, which focuses on the ways IT can maximize its relationship with the community and contribute to organizational learning. In order to accomplish this objective, IT must begin to establish best practices.

8

TOWARD BEST PRACTICES

THE PREVIOUS CHAPTERS PROVIDE the foundation for the formation of “best practices” to implement and sustain Responsive Organizational Dynamism (ROD). First, it is important to define what we mean by best practices, and specify what components comprise that definition. Best practices are defined as generally accepted ways of doing specific functions or processes by a particular profession or industry. Best practices, in the context of ROD, are a set of processes, behaviors, and organizational structures that tend to provide successful foundations to implement and sustain organizational learning. I defined Responsive Organizational Dynamism as the disposition of a company to respond at the organizational level to the volatility of advancing technologies—technologies that challenge the organization to manage a constant state of dynamic and unpredictable change. Second, best practices are those that need to be attributed to multiple communities of practice, as well as to the different professions or disciplines within a learning organization. However, these multiple tiers of best practices need to be integrated and to operate with one another in order to be considered under the rubric. Indeed, best practices contained solely within a discipline or community is limited in their ability to operate on an organization-wide level. It is the objective of this chapter, therefore, to formulate a set of distinctive yet integrated best practices that can establish and support Responsive Organizational Dynamism through organizational learning. Each component of the set of best practice needs to be accompanied with its own maturity arc, which defines and describes the stages of development and the dimensions that comprise best practices. Each stage will define a linear path of continued progress until a set of best practices is reached. In this

way, organizations can assess where they are in terms of best practices, and determine what they need to do to progress. Ultimately, each maturity arc will represent a subset of the overall set of best practices for the organization.

The discipline that lays the foundation for Responsive Organizational Dynamism is information technology. Therefore, the role of the chief IT executive needs to be at the base of organizational best practices. As such, I will start building the organizational best practices model with the chief IT executive at the core.

Chief IT Executive

I will use the title “chief IT executive” to name the most senior IT individual in an organization. Because of the lack of best practices in this profession, there are a number of different titles that are used to describe this job. While these titles are distinct among themselves, I have found that they are not consistently followed in organizations. However, it is important to understand these titles and their distinctions, particularly because an organizational learning practitioner will encounter them in practice. These titles and roles are listed and discussed below.

Chief Information Officer (CIO): This individual is usually the most senior IT executive in an organization, although not every organization has such a person. The CIO is not necessarily the most technical of people or even someone who has come through the “ranks” of IT. Instead, this individual is considered an executive who understands how technology needs to be integrated within the organization. CIOs typically have other general IT executives and managers who report directly to them. As shown in the Siemens case study, there can be a number of alternate levels of CIOs, from corporate CIOs to local CIOs of a company division. For the purposes of this discussion, I look at the corporate CIO, who is considered part of the senior executive management team. My research on CEO perceptions of technology and business strategy shows that only a small percentage of CIOs report directly to the CEO of their organization, so it would be incorrect to generalize that they report to the most senior executive. In most cases, the CIO reports to the Chief Operating Officer, or the CFO. As stated above, the role of the CIO is to manage information so that it can be used for business needs and strategy. Technology, then, is considered a valuable part of knowledge management from a strategic perspective as opposed to just a technical one.

Chief Technology Officer (CTO): This individual, unlike the CIO, is very much a senior technical person. The role of the CTO is to ensure that the organization is using the best and most cost-effective technology to achieve its goals. One could argue that the CTO is more of a research and development type of position. In many organizations, the CTO reports directly to the CIO, and is seen as a component of the overall IT infrastructure. However, some companies like Ravell and HTC only have a CTO, and view technology more from the technical perspective.

Chief Knowledge Officer (CKO): This role derives from library management organizations because of the relevance of the word *knowledge*. It also competes somewhat with the CIO when organizations view technology from a more knowledge perspective. In larger organizations, the CKO may report directly to the CIO. In its purist role, the CKO is responsible for developing an overall infrastructure for managing knowledge, including intellectual capital, sharing of information, and worker communication. Based on this description, the CKO is not necessarily associated with technology, but is more often considered part of the technology infrastructure due to the relevance of knowledge to technology.

In order to define best practices for this function, it is necessary to understand the current information and statistics about what these people do, and how they do it. Most of the statistical data about the roles and responsibilities of chief IT executives is reported under the auspices of the CIO. According to CIO magazine in March 2002, 63% of IT executives held the title CIO, while 13% were CTOs; there were little to no specific statistics available on the title of CKO. This report further supports the claim that there is limited use of the CKO title and function in organizations at this time.

From a structural point of view, 63% of IT organizations are centrally structured, while 23% are decentralized with a central reporting structure. However, 14% are decentralized without any central headquarters or reporting structure. From a spending perspective, organizations spend most of their budgets on integrating technology into existing applications and daily processing (36% of budget); 26% relate to investments in emerging or new technologies, 24% based on investing in e-commerce activities, and 24% is spent on Customer Relationship Management (CRM), which is defined as applications that engage in assisting organizations to better understand and support their customer base; 25% is spent on staff development and retention.

Compensation of IT chief executives still comes, predominately, from base salary, as opposed to bonus or equity positions with the company. This suggests that their role is not generally viewed as top management or based on a partner in the business. This opinion is supported by the results of my CEO study discussed in chapter 2. The issue of executive seniority can be determined on whether the chief IT executive is “corporate” driven or business unit driven. This means that some executives have corporate-wide responsibilities as opposed to a specific area or business unit. The issue of where IT departments provide value to the organization was discussed in chapter 3, which shows that there are indeed different ways to manage and structure the role of IT. However, in general, corporate IT executives are responsible for IT infrastructure, shared technology services, and global technology architecture, while business unit CIOs concentrate on strategically understanding how to use applications and processes to support their business units. This is graphically depicted in Figure 8.1.

From a best practices perspective, the following list has historically suggested what chief IT executives should be doing. The list emphasizes teambuilding, coaching, motivating, and mentoring as techniques for implementing these best practices.

- *Strategic Thinking:* Understanding the company’s business strategy and competitive landscape to apply technology in the most valuable way to the organization.

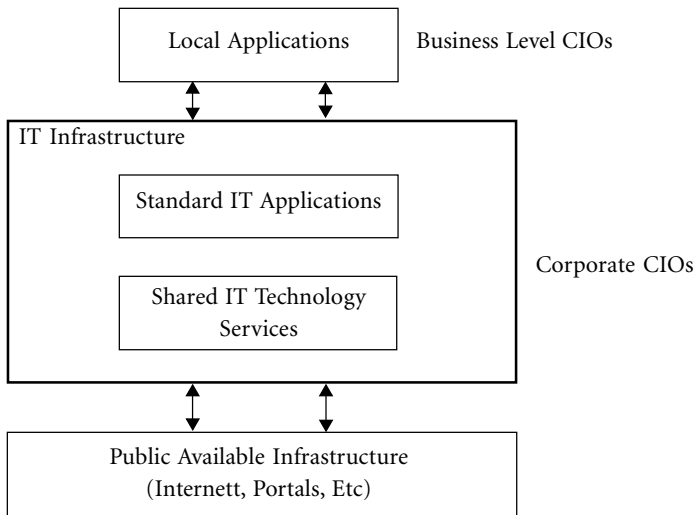


Figure 8.1

- *Industry Expertise*: Must have the ability to understand the product and services that the company produces.
- *Create and Manage Change*: Ability to create change, through technology, in the organization's operating and business processes in order to gain efficiency and competitive advantage.
- *Communications*: Ability to communicate ideas, to give direction, to listen, to negotiate, to persuade, and to resolve conflicts. Must be able to translate technical information to those who are not technologically literate or are outside IT. Chief IT executives also need to be comfortable speaking in public forums and in front of other executives
- *Relationships Building*: Ability to interface with peers, superiors, and customers by establishing and maintaining strong rapport, bond, and trust between individuals.
- *Business Knowledge*: Ability to develop strong business acumen and have peripheral vision across all functional areas of the business.
- *Technology Proficiency*: Knowledge to identify appropriate technologies that are the most pragmatic for the business and can be delivered quickly, at the lowest cost, produce an impact to the bottom line (ROI), and have longevity.
- *Leadership*: Must be a visionary person, inspirational, influential, creative, fair, and open-minded with individuals within and outside the organization.
- *Management Skills*: Ability to direct and supervise people, projects, resources, budget, and vendors.
- *Hiring & Retention*: Ability to recognize, cultivate, and retain IT talent.

While the above list is not exhaustive, it provides a general perspective, and one that appears very generic; that is, many management positions in an organization might contain similar requirements. A survey of 500 CIOs (performed by *CIO* magazine, March 2002) rated the top three most important concerns among this community in terms of importance:

1. Communications—70%
2. Business Understanding—58%
3. Strategic thinking—46%

What is very interesting about this statistic is that only 10% of CIOs identified technical proficiency as critical for their jobs. This finding supports the notion that CIOs need to familiarize themselves with business

issues as opposed to just technical ones. Furthermore, the majority of a CIO's time today has been recorded as being spent communicating with other business executives (33%) and managing IT staffs (28%). Other common activities reported in the survey were:

- Operate the baseline infrastructure and applications
- Act as technology visionary
- Implement IT portions of new business initiatives
- Design infrastructure and manage infrastructure projects
- Allocate technology resources
- Measure and communicate results
- Serve as the company spokesperson on IT-related matters
- Select and manage product and service providers
- Recruit, retain and develop IT staff
- Participate in company and business unit strategy development

The above results serves to further confirm that chief IT executives define best practices based on understanding and supporting business strategy.

This survey also reported common barriers that chief IT executives have to being successful. The overarching barrier that most IT executives face is the constant struggle between the business expectation to drive change and improve processes and, at the same time, to reduce costs and complete projects faster. The detailed list of reported problems by rank was:

	Ranked <u>1st</u>
1. Lack of key staff, skills sets and retention	40%
2. Inadequate budgets and prioritizing	37%
3. Shortage of time for strategic thinking	31%
4. Volatile market conditions	22%
5. Ineffective communications with users	18%
6. Poor vendor support and service levels and quality	16%
7. Overwhelming pace of technological change	14%
8. Disconnection with executive peers	12%
9. Difficulty proving the value of IT	10%
10. Counter-productive office politics	6%

Chief IT executives also feel that their roles are ultimately influenced by two leading factors: (1) changes in the nature and capabilities of technology; and (2) changes in the business environment including

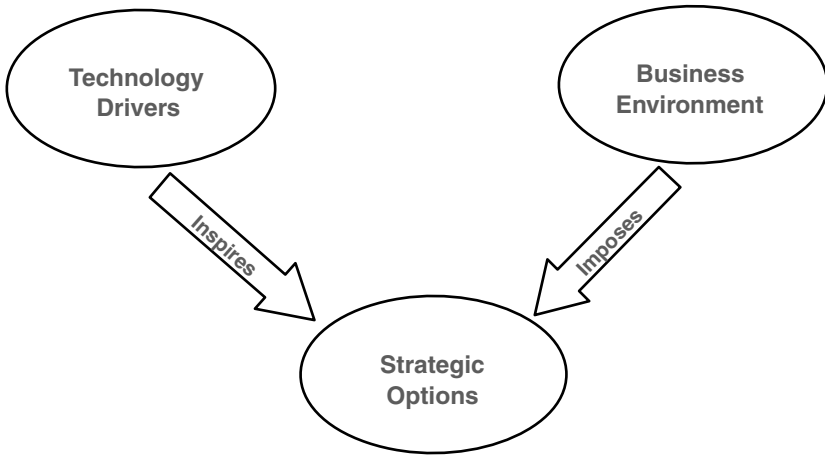


Figure 8.2

marketplace, competitive, and regulatory pressures. This can be graphically viewed in Figure 8.2.

Figure 8.2 has a striking similarity to the diagram I presented in chapter 3 outlining Responsive Organizational Dynamism. That diagram represented technology as an independent variable creating the need for Responsive Organizational Dynamism, which is composed of Strategic Integration and Cultural Assimilation, as shown in Figure 8.3.

Figure 8.3 shows many similarities to Figure 8.2. The difference between these two diagrams defines what is missing from many best practices: the inclusion of organizational learning practices that would enable chief IT executives to better manage business and technology issues. In effect, if organizational learning techniques were included they could reduce many barriers between business and IT. Thus, the solution to providing best practices for the IT community rests with the inclusion of organizational learning along the constructs of Responsive Organizational Dynamism.

The inclusion of organizational learning is crucial because the best practices, as reported among the community of chief IT executives, has not produced the performance outcomes sought by chief executives. I refer back to chapter 2, where I first defined the IT dilemma. While many IT initiatives are credible, they often fall short of including critical business issues. As a result, IT project goals are not completely attained. This suggests that the problem is more related to the process and details of how to better implement good ideas. As further support for this position, The Concours Group (an international executive managing consulting

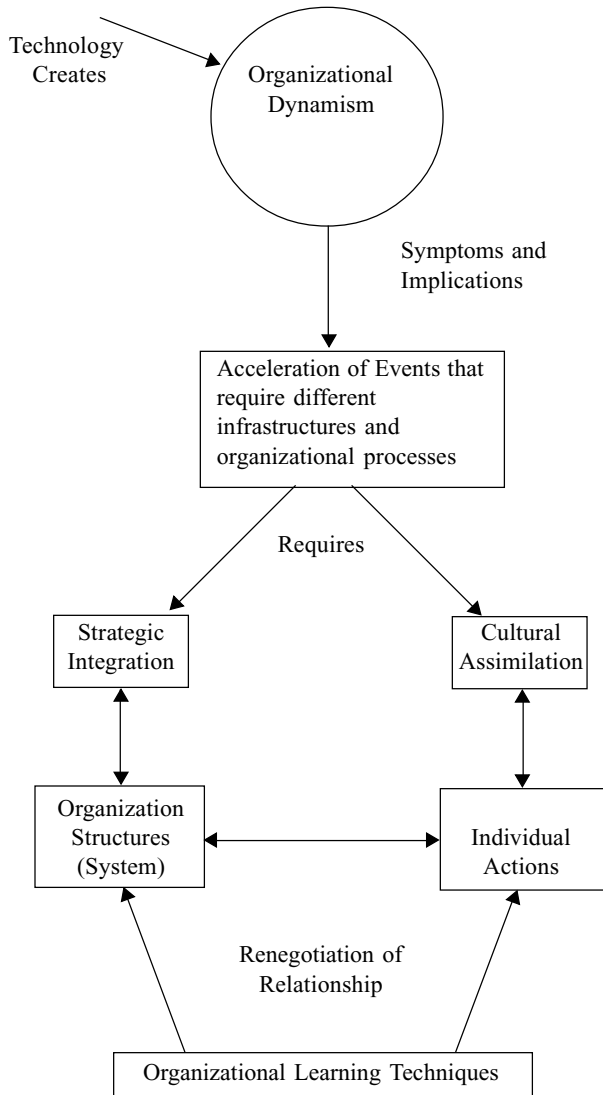


Figure 8.3

organization) recently published a list of emerging roles and responsibilities that chief IT executives will need to undertake as part of their jobs in the near future:

- *Shared Services Leader*: More companies are moving to the shared services model for corporate staff functions. CIOs' experience may be invaluable in developing and managing these organizations.

- *Executive Account Manager:* More companies today are involving the CIO in the management of relationships between the company and its customers.
- *Process Leader:* As companies move toward organizing around major business processes, a CIO is in a good role to temporarily lead this effort since applications and databases are among the business resources that must be revamped to implement process management.
- *Innovation Leader:* A CIO is starting to act as the corporation's innovation leader when a company is seeking to achieve substantial improvements in process performance, operational efficiencies, or to implement information technology since innovation may center on the application of information technology.
- *Supply Chain Executive:* Purchasing, warehousing, and transportation are among the most information intensive activities undertaken by a business. As companies look to improve these overall processes, the CIO may become the most knowledgeable executive about supply chain.
- *Information Architect:* Companies are recognizing the benefit from a consolidated view of customers, vendors, employees, etc. CIOs are finding themselves taking on the leadership role of information architect by cultivating commitment and consensus around this challenging task.
- *Change Leader:* CIOs are playing an increasingly important role in business change management. Their role is either in direct change leadership (developing new business models) or, more often, indirect, i.e., change process is behind-the-scenes (get other leaders to think about new possibilities).
- *Business Process Outsourcing Leader:* CIOs tend to have some of the most extensive experience in company outsourcing. This makes them a logical internal consultant and management practice leader in business process outsourcing.

The above issues all suggest that the role of the chief IT executive is growing, and that their need to become better integrated with the rest of their organizations is crucial for their success. Much more relevant, though, is the need for Responsive Organizational Dynamism, and the role that the chief IT executive has as a member of the overall community. In order to create best practices that embrace organizational learning and foster ROD, a Chief IT Executive Maturity Arc needs to be developed that includes the industry best practices presented above integrated with organizational learning components.

The Chief IT Executive Best Practice Arc

The Chief IT Executive Best Practices Arc is an instrument for assessing the business maturity of chief IT executives. The Arc may be used to evaluate a chief IT executive's business leadership by using a grid that measures competencies ranging from essential knowledge in technology to more complex uses of technology in critical business thinking. Thus, the Chief IT Executive Best Practices Arc provides executives with a method of integrating technology knowledge and business by presenting a structured approach of self-assessment and defined milestones.

The model measures five principal facets of a technology executive: cognitive, organization culture, management values, business ethics, and executive presence. Each dimension or sector is measured in five stages of maturation that guide the chief IT executive's growth. The first facet calls for becoming reflectively aware about one's existing knowledge with technology and what it can do for the organization. The second calls for "other centerdness" in which chief IT executive's become aware of the multiplicity of technology perspectives available, e.g., other business views of how technology can benefit the organization. The third is "Comprehension of the Technology Process" in which a chief IT executive can begin to merge technology issues with business concepts and functions. The fourth is "Stable Technology Integration" meaning that the chief IT executive understands how technology can be used and is resilient to non-authentic sources of business knowledge. Stage four represents an ongoing implementation of both technology and business concepts. The fifth is "Technology Leadership" in which chief IT executives have reached a stage where their judgment on using technology and business is independent and can be used to self-educate from within. Thus, as chief IT executives grow in knowledge of technology and business, they can become increasingly more other-centered, integrated, stable, and autonomous with the way they use their business minds and express their executive leadership and character.

Definitions of Maturity Stages and Dimension Variables in the Chief IT Executive Best Practices Arc

Maturity Stages

1. *Technology Competence and Recognition:* this first stage represents the chief IT executive's capacity to learn, conceptualize, and articulate key issues relating to cognitive technological skills, organization culture/etiquette, management value systems, business

- ethics, and executive presence needed to be a successful chief IT executive in business.
2. *Multiplicity of Technology Perspectives:* This stage indicates the chief IT executive's ability to integrate multiple points of view about technology from others in various levels of workplace hierarchies. Using these new perspectives, the chief IT executive augments his or her skills with the technology necessary for career success, expands his or her management value system, is increasingly motivated to act ethically, and enhances his or her executive presence.
 3. *Comprehension of Technology Process:* Maturing chief IT executives accumulate increased understanding of workplace cooperation, competition, and advancement as they gain new cognitive skills about technology, and a facility with business culture/etiquette, expand their management value system, perform business/workplace actions to improve ethics about business and technology, and develop effective levels of executive presence.
 4. *Stable Technology Integration:* Chief IT executives achieve integration with the business community when they have levels of cognitive and technological ability, organization etiquette/culture, management values, business ethics, and executive presence appropriate for performing job duties not only adequately, but competitively with peers and even higher ranking executives in the workplace hierarchy.
 5. *Technology Leadership:* Leadership is attained by the chief IT executive when he or she can employ cognitive and technological skills, organization etiquette, management, a sense of business ethics, and a sense of executive presence in order to compete effectively for executive positions. This chief IT executive is capable of obtaining increasingly executive level positions through successful communication and workplace performance.

Performance Dimensions

1. *Technology Cognition:* Concerns skills specifically related to learning, applying, and creating resources in information technology, which include the necessary knowledge of complex operations. This dimension essentially establishes the CIO as being technically proficient and forms a basis for movement to more complex and mature stages of development.
2. *Organizational Culture:* The knowledge and practice of proper etiquette in organizational settings, with regard to dress, telephone and in-person interactions, punctuality, work completion, conflict

resolution, deference, and other protocols in workplace hierarchies.

3. *Management Values*: Measures the individual's ability to articulate and act upon mainstream organizational values credited with shaping the work ethic: independent initiative, dedication, honesty, and personal identification with career goals based on the organization's philosophy of management protocol.
4. *Business Ethics*: Reflects the individual's commitment to the education and professional advancement of other employees in technology.
5. *Executive Presence*: Involves the chief IT executive's view of the role of an executive in business and the capacity to succeed in tandem with other executives. Aspects include a devotion to learning and self-improvement, self-evaluation, the ability to acknowledge and resolve business conflicts, and resilience when faced with personal and professional challenges.

Figure 8.4 shows a graphical view of the Chief IT Executive Best Practices Arc. Each cell in the Arc provides the condition for assessment. The complete arc is provided in Figure 8.5.

CHIEF EXECUTIVE OFFICER (CEO)

When attempting to define CEO best practices, one is challenged with the myriad of material that attempts to determine the broad, yet important role of the CEO. As with most best practices, they are typically based on trends and percentages of what most CEOs do—assuming of course that the companies they work for are successful. That is, if their organization is successful, then their practices must be as well. This type of associative thinking leads to what scholars often phrase as “false generalizations.” Indeed, these types of inadequate methods lead to false judgments that foster business trends that are misinterpreted as best practices. Reputation is what would better define these trends, which usually after a period of time can become ineffective and unpopular. We must also remember the human element of success—certain individuals succeed based on natural instincts and talent, hard work and drive, etc. These components of success should not be confused with theories that are scalable and replicable to practice; that is what best practices need to accomplish.

This section focuses on technology best practices of the CEO. These best practices will be based on my research, as well as other positions

DEVELOPMENTAL DIMENSIONS OF MATURING

Dimension Skill	Technology Competence and Recognition	Multiplicity of Technology Perspectives	Comprehension of Technology Process	Stable Technology Integration	Technology Leadership
Technology Cognition					
Organization Culture					
Management Values					
Business Ethics					
Executive Presence					

Figure 8.4 The Chief IT Executive Best Practices Arc

Dimension Variable	Technology Competence and Recognition	Multiplicity of Technology Perspectives
Technology Cognition	Understands how technology operates in business. Has mastered how systems are developed, hardware interfaces, and the software development life cycle. Has mastery of hardware, compilers, run-time systems. Has core competencies in distributed processing, database development, object-oriented component architecture, and project management. Is competent with main platform operating systems such as UNIX, WINDOWS, MAC. Has the core ability to relate technology concepts to other business experiences. Can also make decisions about what technology is best suited for a particular project and organization. Can be taught how to expand the use of technology and can apply it to other business situations.	Understands that technology can have multiple perspectives. Able to analyze what are valid vs. invalid opinions about business uses of technology. Can create objective ideas from multiple technology views without getting stuck on individual biases. An ability to identify and draw upon multiple perspectives available from business sources about technology. Developing a discriminating ability with respect to choices available. Realistic and objective judgment, as demonstrated by the applicability of the technology material drawn for a particular project or task and tied to functional/pragmatic results
Organization Culture	Understands that technology can be viewed by other organizations in different ways. Uses technology as a medium of communication. Understands that certain technological solutions, Web pages, and training methods may not fit all business needs and preferences of the business. Has the ability to recommend/suggest technological solutions to suite other business needs and preferences	Seeks to use technology as a vehicle to learn more about organization cultures and mindsets. Strives to care about what others are communicating and embraces these opinions. Tries to understand and respect technologies that differ from own. Understands basic technological needs of others.

Figure 8.5

Comprehension of Technology Process	Stable Technology Integration	Technology Leadership
<p>Has the ability to relate various technical concepts and organize them with non-technical business issues. Can operate with both automated and manual business solutions. Can use technology to expand reasoning, logic, and what-if scenarios. Ability to use the logic of computer programs to integrate the elements of non-technological tasks and business problems. Ability to discern the templates that technology has to offer in order to approach everyday business problems. This involves the hypothetical (inductive/deductive) logical business skill.</p>	<p>Knowledge of technology is concrete, accurate, and precise, broad and resistant to interference from non-authentic business sources. Ability to resist or recover from proposed technology that is not realistic—and can recover resiliently.</p>	<p>Methods and judgment in a multi-dimensional business world is independent, critical discernment. Knowledge of technology and skills in technology can be transferred and can be used to self-educate within and outside of technology. Can use technology for creative purposes to solve business challenges and integrate with executive management views.</p>
<p>Can deal with multiple dimensions of criticism about technology. Can develop relationships (cooperative) that are dynamic and based on written communication and oral discourse. Ability to create business relations outside of technology departments. Has an appreciation of cyberspace as a communication space—a place wide open to dialogue (spontaneous), to give and take, or other than voyeuristic, one-sidedness. Ability to produce in teamwork situations, rather than solely in isolation.</p>	<p>Loyalty and fidelity to relations in multiple organizations. Commitment to criticism and acceptance of multiple levels of distance and local business relationships. Ability to sustain non-traditional types of inputs from multiple sources.</p>	<p>Can utilize and integrate multi-dimensions of business solutions in a self-reliant way. Developing alone if necessary using other technical resources. Can dynamically select types of interdependent and dependent organizational relationships. Ability to operate within multiple dimensions of business cultures, which may demand self-reliance, independence of initiative and interactive communications.</p>

(Continued)

Dimension Variable	Technology Competence and Recognition	Multiplicity of Technology Perspectives
Management Values	<p>Technology and cultural sensitivity. Global communication, education, and workplace use of technology can be problematic—subject to false generalizations and preconceived notions. Awareness of assumptions about how technology will be viewed by other organizations and about biases about types of technology (MAC vs. PC).</p>	<p>Can appreciate need to obtain multiple sources of information and opinion. The acceptance of multi-dimensional values in human character</p>
Business Ethics	<p>Using technology with honesty re: privacy of access and information. Development of ethical policies governing business uses of the Internet, research, intellectual property rights and plagiarism.</p>	<p>The use of information in a fair way—comparison of facts against equal sources of business information. Compassion for business information for which sources are limited because of inequality of technology access. Compassion for sharing information with other business units from a sense of inequality.</p>
Executive Presence	<p>Has accurate perception of one's own potential and capabilities in relation to technology in the business—the technologically realizable executive self.</p>	<p>Understands how other executives can view self from virtual and multiple perspectives. Understands or has awareness of the construction of self that occurs in business. Focuses on views of other executives in multiple settings. Understands that the self (through technology) is open for more fluid constructions, able to incorporate diverse views in multiple settings.</p>

Figure 8.5 Continued

Comprehension of Technology Process	Stable Technology Integration	Technology Leadership
<p>Can operate within multiple dimensions of value systems and can prioritize multi-tasking events that are consistent with value priorities. Ability to assign value to new and diverse technology alternatives—integrating them within a system of pre-existing business and technology values.</p>	<p>Testing value systems in new ways due to technology is integrated with long-term values and goals for business achievement. Some concepts are naturally persistent and endure despite new arenas in the technological era.</p>	<p>Use of technology and business are based on formed principles as opposed to dynamic influences or impulses. Formed principles establish the basis for navigating through, or negotiating the diversity of business influences and impulses.</p>
<p>Consistent values displayed on multiple business communications, deliverables of content, and dedication to authenticity. Maintains consistency in integrating values within technology business issues.</p>	<p>Technology is a commitment in all aspects of value systems, including agility in managing multiple business commitments. Commitment to greater openness of mind to altering traditional and non-technological methods.</p>	<p>Technological creativity with self-defined principles and beliefs. Risk-taking in technology-based ventures. Utilizing technology to expand one's arenas of business freedom. Exploring the business-liberating capacities of technology.</p>
<p>Operationalizes technology to unify multiple components of the self and understands its appropriate behaviors in varying executive situations.</p>	<p>Has regulated an identity of self from a multiplicity of executive venues. Methods of business interaction creates positive value systems that generate confidence about operating in multiple business communities.</p>	<p>Acceptance and belief in a multi-dimensional business world of the self. Can determine comfortably the authenticity of other executives and their view of the self. Can confirm disposition independently from others' valuations, both internally and from other organization cultures. Beliefs direct and control multi-dimensional executive growth.</p>

and facts that provide a defensible context of how and why they appear to be effective. However, as with the chief IT executive model, best practices cannot be attained without an arc that integrates mature organizational learning and developmental theories. Many of the CEO best practices reconcile with my interviews with CEOs and, in particular, with the two CEO case studies (ICAP and HTC) discussed in chapter 7. Other published definitions and support will be referenced in my presentation.

In February 2002, Hackett Benchmarking, a part of Answerthink Corporation issued its best practices for information technology. Their documentation states: "In compiling its 2002 best practices trend data, Hackett evaluated the effectiveness (quality and value) and efficiency (cost and productivity) of the information technology function across five performance dimensions: strategic alignment with the business; ability to partner with internal and external customers; use of technology; organization; and processes."¹ Their findings as they apply to the CEO function provide the following generalizations:

- There was an 85% increase in the number of CIOs that reported directly to the CEO. This increase would suggest that CEOs need to directly manage the CIO function because of its importance to business strategy.
- CEOs supporting outsourcing did not receive the cost-cutting results they had hoped. In fact, most broke even. This suggests that CEOs should not view outsourcing as a cost-cutting measure, but rather foster its use where there is identifiable business benefits.
- CEOs have found that IT organizations that have centralized operations save more money, have less help-line calls than decentralized organizations, and do not sacrifice service quality. This suggests the CEOs should consider less business-specific support structures especially when they conduct their business at multiple locations.
- CEOs are increasingly depending on the CIO for advice on business improvements using technology. As a result, their view is that IT professionals need advanced business degrees.

¹Hackett Benchmarking has tracked the performance of nearly 2,000 complex, global organizations and identified key differentiators between world-class and average companies across a diverse set of industries. In addition to information technology, staff functions studied include finance, human resources, procurement and strategic decision-making, among others. Study participants comprise 80 percent of the Dow Jones Industrials, two-thirds of the Fortune 100 and 60% of the Dow Jones Global Titans Index. Among the information technology study participants are Agilent Technologies, Alcoa, Capital One Financial Corporation, Honeywell International, Metropolitan Life Insurance, SAP America, and TRW (Source: *PR Newswire*, February, 2002)

- CEOs should know that consistent use of IT standards has enabled firms to trim IT development costs by 41%, which has reduced costs for end-user support and training operations by 17%.
- CEOs need to increase support for risk management. Only 77% of average companies maintain disaster-recovery plans.

As we can see from the above generalizations, they are essentially based on what CEOs are doing and what they have experienced. Unfortunately, this survey addresses little about what CEOs know and exactly what their role should be with respect to overall management, participations, and learning of technology. These “best practices” are particularly lacking in the area of organizational learning and the firm’s abilities to respond to changing conditions as opposed to searching for general solutions. Let’s look at each of these generalizations and discuss what they lack in terms of organizational learning.

CIO Direct Reporting to the CEO

The fact that more CIOs are reporting directly to the CEO shows an escalation of their importance. But what is more relevant as a best practice is what that relationship is about. Some report about how often they meet. What is more important is the content of the interactions. What should the CEO know, how should they conduct themselves? What management and learning techniques do they apply? How do they measure results? My CEO interview research exposed the fact that many CEOs simply did not know what they needed to do to better manage the CIO and what they needed to know in general about technology.

Outsourcing

Outsourcing can be a very tricky endeavor. In chapter 3, I introduced the concept of technology as a Driver and a Supporter. I presented a model that shows how emerging technologies are initially Drivers, and need to be evaluated and measured using similar models embraced by marketing-oriented communities. I then showed how through maturation emerging technologies become Supporters, behaving more as a commodity within the organization. I explained that only then can a technology be considered for outsourcing because Supporter operations are measured by their economies of scale, reduced costs, increased productivity, or both (efficiency). Figure 8.6 shows that cycle:

Thus, what is missing from the survey information is the knowledge of where such technologies were with respect to the above technology life cycle. Knowing this dramatically affects what the CEO should be expecting, what organizational learning concepts and factors of

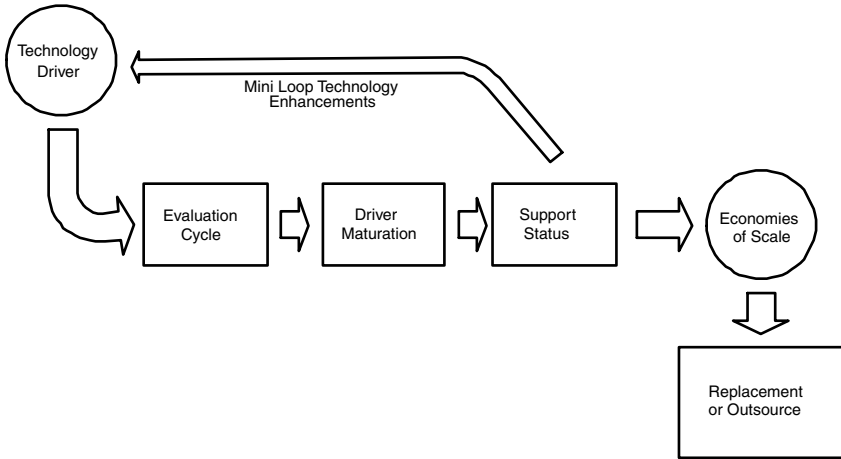


Figure 8.6

Responsive Organizational Dynamism are needed to maximize benefit to the organization.

Centralization versus Decentralization of IT

The entire question of how IT should or should not be organized must be based on a business that implements Responsive Organizational Dynamism. ROD includes the component called Cultural Assimilation that provides a process, using organizational learning, to help businesses determine the best IT structure. To simply assume that centralizing operations saves money is far too narrow; the organization may need to spend more money on a specific technology in the short-term to get long-term benefits. Where is this included in the best practices formula? My research has shown that more mature uses of technology in organizations requires more decentralization of IT personnel within the business units. The later stages of IT organizational structure at Ravell support this position.

CIO needs Advanced Degrees

I am not sure that anyone could ever disagree with the value of advanced degrees. Nevertheless, the survey failed to provide content on what type of degree would be most appropriate. It also neglects to address the issue of what may need to be learned at the undergraduate level. Finally, what forms of education should be provided on the job? What exactly are the shortfalls that CIOs need to know about business? And equally important is the consideration over what education and learning is

needed by CEOs and whether should they be so dependent on advice from their CIO.

Need for Standards

The need for standards is something that most organizations would support. Yet, the Siemens case study shows us that too much control and standardization can prove ineffective. The Siemens model allowed local organizations to use technology that was specific to their business as long as it could be supported locally. The real challenge is to have CEOs who understand the complexity of IT standards. They also need to be cognizant that standards might be limited to their specific organization's structure, its business, and geographical locations.

Risk Management

The survey suggests that CEOs need to support risk management because their backup-recovery procedures may be inadequate. The question is whether the problem stems from a lack of support or from a lack of knowledge about the topic? Is this something that the chief IT executive needs to know, or is it just about the CEO's unwillingness to spend enough funds? The best practice component of risk management must be broader and answer these questions.

By contrast to the survey above, we may consider a report issued by Darwin Research (*CIO* magazine, "A CRM Success Story," November 1, 2002), which cites the recommended best practices of Christopher Milliken, CEO of Boise Cascade Office Products. He offers the kind of in-depth view of best practices that I feel is needed to be consistent with my research on Responsive Organizational Dynamism. Milliken participated in the implementation of a large-scale Customer Resource Planning (CRM) system needed to give his customers a good reason to choose Boise. The project required an investment of more than \$20 million. Its objective was to provide customers with better service. At the time of the investment, Milliken had no idea what his ROI would be, only that the project was necessary to distinguish Boise Cascade from a myriad of competitors in the same industry.

After the successful implementation of the project, Milliken was now in a position to offer his own thoughts about technology-related best practices that a CEO might want to consider. He came up with these six:

1. *The CEO must Commit to a Technology Project:* Milliken was very keen to express the reasons why the CRM project was important; he was intimately involved with its design, and made it clear that he had to

be consulted should there be any delays in the project schedule. KPMG (a major consulting firm) was also hired as a consultant to help implement the schedule and was held to the same level of excellence. What Milliken accomplished, significantly, was to show his interest in the project and his willingness to stay involved at the executive level. Milliken's best practice here lies in his commitment, which is consistent with McDermott from ICAP and the CEO from HTC. They both realized, as Milliken did, that the CEO must have an active role in the project, and not just allow her management team to get it done. Milliken, as did McDermott and HTC's CEO, issued specific performance-related requirements to his employees and consultants. His participation sent a valuable message: that the CEO is part of the supporting effort for the project and is also part of the organization's learning process. Indeed, the situation that Milliken faced and resolved, i.e., to jump in without knowing the expected returns of the project, is exemplary of the core tenets of Responsive Organizational Dynamism, which requires the ability for an organization to operate with dynamic and unpredictable change brought about by technology. In this case, the technology was crucial to distinguishing Boise Cascade, in the same way that electronic trading was for ICAP, and the billing system was for HTC. Yet, all three of these situations required a certain behavior and practice from their CEO. Thus, the most important best practice lies in the commitment and learning to the learning organization format.

2. *Think Business First, then Technology*: In order to understand why a technology is needed, there must first be a supporting business plan; that is, the business plan must drive the technology, or support its use. This best practice concept is consistent with my research. Indeed, Dana Deasy from Siemens realized it after a three-year investment in e-business, and McDermott clearly advocated the importance of a business plan over embellished technology. Another interesting and important result of the business plan was that it called for the creation of a centralized CRM system. Therefore, it became necessary to consolidate the separate business units at Boise into one corporate entity—providing central support and focus. This is another example of how Responsive Organizational Dynamism operates. The CRM project, through a validation process in a business plan, provided the Strategic Integration component of ROD. The strategy then influenced Cultural Assimilation and required a reorganization to implement the strategy or the new CRM system. Furthermore, Boise Cascade allowed its staff to experiment in the project, to make mistakes—without criticizing them. They were in effect implementing the Driver-related concepts of technology. These Driver concepts must be similar to the way organizations

support their marketing activities, where they accept a higher error ratio than when implementing a Supporter activity. The CEO wanted everyone to give it their best and to learn from the experience. This position is a key best practice for the CEO: it promotes organizational learning throughout the business.

3. *Handcuff Business and Technology Leaders to Each Other:* Milliken understood that technology projects often fail because of a lack of communication between IT and other business entities. The project represented many of the IT dilemmas that I discussed in chapter 2, particularly relating to the new CRM system and its integration with existing legacy applications, and, at the same time, creating a culture that could implement the business strategy. To address this, Milliken first appointed a new CIO to foster better communication. He also selected a joint project leader from the business side, thus creating a joint project leadership team. What Milliken did was to form a new community of practice that did not exist before the project. The project, as with Ravell, represented an event that fostered the creation of organizational learning opportunities. As with ICAP, they enlisted the support of executive-level consultants to help finalize the business plan and marketing strategy as well as assist with change management. What exactly did Milliken do that represents a best practice? From an organizational learning perspective, he created communities of practice between IT and the business. That then is a true best practice for a CEO.

4. *Get the Show on the Road:* There was a not-to-be-questioned deadline that was instituted by Milliken. As I noted in chapter 4, this type of management seems undemocratic, but it should not be confused with being non-participatory. Someone had to get this going and set expectations. In this case both IT and business users were set to make things happen. Senior management endorsed the project and openly stated that it represented what could be a one-time opportunity to “do something of great magnitude” (Dragoon, 2002). From a best practices perspective this means that the CEO can and should provide the leadership to get projects done, and that part of that leadership could be setting strategic dates. However, CEOs should not confuse this leadership with power-centralized management over IT related projects. Communities of practice still need to be the driving force for inevitable success in ROD. Another important factor was Milliken’s decision to create dual management over the project. Thus, Milliken was able to create an environment that required discourse between IT and the business.

5. *Win Over the Masses for Massive Changes:* As stated earlier, the business plan called for a reorganization of other business units. This also required executives to rethink job descriptions and titles in relation

to new processes. It also eliminated six redundant management-level jobs. Milliken engaged employees in a massive “external-internal” marketing campaign. Employees participated in ad campaigns, and brochures were created for all staff. A video was also produced that defined the benefits to Boise customers. In essence Milliken was committed to communication and training. Similar to my experience at Ravell, not everyone is comfortable with change, and resistance in the ranks is inevitable. As a result, the education and training programs at Boise were not enough. What was lacking was true organizational learning and knowledge management. There are two best practices that were defined from this experience. First, the CEO needs to engage in actively showing the importance that technology has to the organization, not just from an economic perspective, but also from a staff development point of view. The second best practice comes from the example of what Boise Cascade did not do enough of: that is, provide organizational transformation through knowledge management, reflective practices, and communities of practice. This suggests that CEOs need to better understand and incorporate organizational learning concepts so that they can be the catalyst for change as they are in other areas of the business. We saw support for this concept from both ICAP and HTC, where the actions of the CEO came from an organizational learning perspective.

6. *Know that Technology Projects Never End*: Responsive Organizational Dynamism assumes by definition that technology is a variable, albeit an insistent one. Milliken’s experience further supports this notion, in that he realized that Boise Cascade must continue to assess the impact of the CRM application. Another way of saying this is that the technology will continue to be viewed as a means to transform the business on an ongoing basis. Indeed, Milliken is planning to spend another \$10 million on the next phase. So from a best practices perspective, CEOs must recognize that technology investment never ends, but it moves to other phases of maturation, similar to the Driver/Supporter life cycle. Finally, the buy-in to this reality assures the recognition of Organizational Dynamism.

Based on the case studies and research presented thus far in this book, I can now formulate a list of 11 key planks that represent the core of what constitutes a technology CEO’s set of best practices:

1. The chief IT executive should report directly to the CEO.
2. CEOs should be actively committed to technology on an ongoing basis, as opposed to a project-by-project involvement.
3. CEOs should be willing to be management catalysts to support new technology-driven projects. They, in effect, need to sometimes play the role of technology champion.

4. CEOs should focus on business concepts and plans to drive technology. In other words, technology should not drive the business.
5. CEOs should use consultants to provide objective input to emerging technology projects.
6. CEOs should establish organizational infrastructures that foster the creation of communities of practice. They need to create joint ownership of IT issues by fostering discourse between IT, and business managers, and staff.
7. CEOs may need to take control of certain aspects of technology investments such as setting milestones and holding management and staff to making critical project dates.
8. CEOs need to foster Cultural Assimilation, which may lead to reorganization since technology changes processes.
9. CEOs need to understand organizational learning and knowledge management theories and participate in organizational transformation.
10. CEOs need to understand how the technology life cycle behaves, with specific attention to the transition from Driver activities to Supporter functions. To that end, CEOs need to understand the short- and long-term investments that need to be made in technology.
11. CEOs should create organizations that can effectively operate within Technological Dynamism. This process will educate management and staff to handle the dynamic and unpredictable effects of emerging technologies. It will also foster the development of both middle-up-down and bottom-up management of technology.

The issue is now to provide a linear development model for CEOs that enables them to measure where they are in relation to Responsive Organizational Dynamism and the best practices outlined above.

The CEO Best Practices Technology Arc

Similar to the Chief IT Executive Arc, the CEO Best Practices Arc is an instrument for assessing the technology best practices of CEOs. The Arc evaluates a CEO's strategic uses of technology and leadership by using a grid that charts competencies ranging from conceptual knowledge about technology to more complex uses of technology and business and how they are integrated in strategic business planning.

As with all arc models, the CEO version measures five principal stages of a CEO's maturity with respect to business applications of technology: conceptual, structural, executive values, executive ethics, and executive leadership. Each dimension or sector is measured in five stages

of maturation that guides the CEO's executive growth managing Technological Dynamism. The first stage is in being reflectively aware about their conceptual knowledge with technology and what it can do for the organization. The second is "other centerdness" where CEO's become aware of the multiplicity of business uses of technology and the different views that can exist inside and outside the organization. The third is "Integration of Business use of Technology" where a CEO can begin to combine how business plans foster the need for technology. The fourth is "Implementation of Business/Technology Process" meaning that the CEO understands how business applications and technology are used together and is resilient to non-authentic sources of emerging technologies. Stage four represents an ongoing commitment to implement both technology and business applications. The fifth is "Strategic uses of Technology" where CEOs have reached a stage where their judgment on using technology and business is independent, and can be used to self-educate from within. Thus, as CEOs grow in knowledge of business uses of technology, they can become increasingly more understanding of the multiplicity of uses, more integrated in how they conceptualize technology, can manage its implementation from an executive position, and can apply strategies to support new applications of technology in the organization.

Definitions of Maturity Stages and Dimension Variables in the CEO Technology Best Practices Arc

Maturity Stages

1. *Conceptual Knowledge of Technology:* This first stage represents the CEO's capacity to learn, conceptualize, and articulate key issues relating to business uses of technology, organizational structures available, executive value methods, executive ethical issues surrounding technology, and leadership alternatives needed to be successful with technology applications.
2. *Multiplicity of Business Perspectives of Technology:* This stage indicates the CEO's ability to integrate multiple points of view from management, staff, and consultants about technology applications in business. Using these new perspectives, the CEO augments his or her conceptual skills with technology, has an expanded view of what organizational structures might work best, expands his or her executive values about technology uses, is increasingly aware of the ethical dilemmas with technology, and enhances his or her leadership abilities.

3. *Integration of Business uses of Technology:* Maturing CEOs accumulate increased understanding of how technology can support the business, provide more competitive advantage, and a more integrated understanding of how to use their conceptual skills about technology, the alternative organizational structures available, how to combine their business executive value and ethical systems, and develop effective levels of executive leadership.
4. *Implementation of Business/Technology Process:* CEOs achieve integration when they can regularly apply their conceptual knowledge of technology, organization structures, executive values and ethics about technology, and executive leadership appropriate for performing their job duties not only adequately but at a level that provides a competitive advantage for the organization.
5. *Strategic Uses of Technology:* Leadership is attained by the CEO when he or she can employ conceptual skills, develop new organizational structures as necessary, establish new values and ethics that are appropriate for the organization, and create a sense of executive presence in order to lead the organization strategically. This CEO is capable of having new vision about how business and technology can be expanded into new endeavors.

Performance Dimensions

1. *Technology Concepts:* Concerns conceptual skills specifically related to understanding how technology can be used in the business. This dimension essentially establishes the CEO as being technically proficient conceptually, and forms a basis for movement to more complex and mature stages of business/technology development.
2. *Organizational Structures:* The knowledge of the alternative organizational structures that can support the application of emerging technology in corporate settings, with regard to roles, responsibilities, career paths, and organizational reporting alternatives.
3. *Executive Values:* Measures the CEO's ability to articulate and act on mainstream technological values credited with shaping the work ethic: independent initiative, dedication, honesty, and personal identification with career goals based on the organization's philosophy of management protocol.
4. *Executive Ethics:* Reflects the CEO's commitment to the education and professional advancement of organization's behavior as it relates to business uses of technology.

5. *Executive Leadership*: Involves the CEO's view of the role of an executive in business and the capacity to succeed in tandem with his/her organizational resources. Aspects include a devotion to organizational learning and self-improvement, self-evaluation, the ability to acknowledge and resolve business/technology conflicts, and resilience when faced with personal and professional challenges.

Figure 8.7 shows a graphical view of the CEO Technology Best Practices Arc. Each cell in the Arc provides the condition for assessment. The complete arc is provided in Figure 8.8.

MIDDLE MANAGEMENT

Middle management, which comprises a number of tiers, is perhaps the most challenging of best practices to define. In chapter 3, I stratified the different types of positions that make up middle managers into three tiers: Directors, Line-Managers, and Supervisors. What is most important at this point is to determine the set of technology best practices for managers so that they can effectively operate under Responsive Organizational Dynamism. That is, technology best practices must be designed to contain the insights and skills for effective management of technology. This must include:

1. Working with IT personnel
2. Providing valuable input to the executive management team including the CEO
3. Participating and developing a technology strategy within their business units
4. Effectively managing project resources, including technical staff
5. Leading innovative groups in their departments
6. Incorporating technology into new products and services
7. Proactive methods of dealing with changes in technology
8. Investigates how technology can improve competitive advantage

As with CEO research, there is a myriad of best practices that have been offered as a method of dealing with the subject of "technology management." Unfortunately, these practices usually are vague and intermingle management levels and departments, that is, it is difficult to know whether the best practice is for the Chief IT executive, the CEO, or some other level of management. We know from the research from Bolman and Deal (1997) that middle managers feel torn by conflicting

DEVELOPMENTAL DIMENSIONS OF MATURING

Dimension Skill	Conceptual Knowledge of Technology	Multiplicity of Business Perspectives of Technology	Integration of Business Uses of Technology	Implementation of Business/Technology Process	Strategic Uses of Technology
Technology Cognition					
Organizational Structures					
Executives Values					
Executives Ethics					
Executive Leadership					

Figure 8.7

Dimension Variable	Conceptual Knowledge of Technology	Multiplicity of Business Perspectives of Technology
Technology Concept	Understands concepts and definitions about technology and how it relates to business. Has conceptual knowledge of the software development life cycle. Understands high-level concepts about distributed processing, database development, and project management. Understands the definition and role of operating systems such as UNIX, WINDOWS, MAC. Has the ability to relate technology concepts to other business experiences. Understands that different technology may be required for a particular project and organization. Can conceptualize how to expand the use of technology and apply it to business situations.	Seeks to manage by appreciating that technology can have multiple perspectives. Able to manage a process that requires validation about different opinions about business uses of technology. Can manage the different objective ideas from multiple technology views without getting stuck on personal biases. Has an ability to identify and draw upon multiple perspectives available from business sources about technology, particularly from independent sources. Developing a discriminating ability to create an infrastructure that can operate with multiple views. Committed to creating an organization that can learn through realistic and objective judgment, as demonstrated by the applicability of the technology material drawn for a particular project or task and tied to business outcomes.
Organizational Structures	Understands that technology can be viewed by other organizations in different ways and may need different organizational structures. Can use technology as a medium of communication. Understands that certain technologies may need to be managed differently and need specific types of structures and expertise. Has the ability to comprehend recommend/ suggested technological solutions to suite business needs and preferences.	Seeks to manage technology as a vehicle to learn more about what alternative organization structures are available from others. Strives to create a learning organization that cares about what other staff perceive as solutions. Committed to Cultural Assimilation that can change the need to restructure the organization. Tries to understand and respect technologies that differ from what the organization is currently using. Understands that the organization has multiple and different technological needs.

Figure 8.8

Integration of Business Uses of Technology	Implementation of Business/Technology Process	Strategic Uses of Technology
<p>Creates an organization that has the ability to relate various technical concepts and organize them with non-technical business issues. Can manage by operating with both automated and manual business solutions. Can use technology to expand business reasoning, logic, and what-if scenarios. Establishes business templates that allow technology to offer everyday business solutions. This involves the hypothetical (inductive/deductive) logical business issues.</p>	<p>Organization's use of technology is concrete, accurate, and precise, broad and resistant to interference from non-authentic technology business sources. Ability to resist or recover from faulty uses of technology that is not realistic without a supporting business plan.</p>	<p>Methods and judgment as a multi-dimensional CEO is independent, has critical discernment. Conceptual knowledge of technology can be transferred and can be used to self-educate within and outside of technology. Can use technology for creative purposes to create new business initiatives and integrate them with short- and long-term business goals.</p>
<p>Can deal with multiple dimensions of criticism about how technology can be used in the organization. Can develop relationships (cooperative) that are dynamic and based on written communication and oral discourse about how business can drive technological investments. Ability to create new business relations using technology with new and existing customers. Has an appreciation of cyberspace as a new market—a place wide open to dialogue (spontaneous), to provide new opportunities for business growth.</p>	<p>Commitment to open discussion of alternating opinions on technology and acceptance of varying types of structures to accommodate technology opportunities. Ability to sustain dynamic organizational structures.</p>	<p>Can design new structures to integrate multi-dimensions of business and technology solutions. Can dynamically manage different types of interdependent and dependent organizational relationships. Ability to manage within multiple dimensions of business cultures, which may demand self-reliance and confidence in independence of initiatives.</p>

(Continued)

Dimension Variable	Conceptual Knowledge of Technology	Multiplicity of Business Perspectives of Technology
Executive Values	Understanding of technology and cultural differences. Conceptually understands that global communication, education, and workplace use of technology can be problematic—subject to false generalizations and preconceived notions. Management awareness of responsibilities to address assumptions about how technology will be viewed by other departments and customers.	Sets conditions that foster the need to obtain multiple sources of information and opinion about how technology values. The propagation organizationally of acceptance that there can be multi-dimensional values in human character.
Executive Ethics	Understands that there is a need to use technology with honesty re: privacy of access and information. Supports the development of ethical policies governing business uses of the Internet, research, intellectual property rights, and plagiarism.	Committed to creating an organization that uses information in a fair way—comparison of facts against equal sources of business information. Understands and is compassionate that business and technology information may have different levels of knowledge access. Recognizes the need for sharing information with other business units from a sense of inequality.
Executive Leadership	Conceptualizes the need to have a leadership role with respect to technology in the business—the business and technologically realizable executive self.	Understands how other executives can view technology leadership differently. Understands or has awareness of the construction of self that occurs when taking on the integration of technology in business operations. Focuses on views of other CEOs in multiple settings. Understands that the self (through technology) is open for more fluid constructions, able to incorporate diverse views in multiple technology settings.

Figure 8.8 Continued

Integration of Business Uses of Technology	Implementation of Business/Technology Process	Strategic Uses of Technology
<p>Can manage multiple dimensions of value systems and can prioritize multi-tasking events that are consistent with value priorities. Ability to assign value to new and diverse technology business alternatives—linking them to legacy systems and processes.</p>	<p>Managing value systems in new ways because technology changes long-term values and goals for business objectives. Recognition that some concepts remain unchanged despite emerging technologies.</p>	<p>Management of technology and business are based on formed principles as opposed to dynamic influences or impulses. Formed executive principles establish the basis for navigating through, or negotiating the diversity of business opportunities and impulses for investment in technologies.</p>
<p>Consistent management values displayed on multiple business goals, mission, and dedication to authenticity. Maintains management consistency in combining values regarding technology issues.</p>	<p>Business and technology are a commitment in all aspects of management value systems, including agility in managing multiple business commitments. Commitment to greater openness of mind to altering traditional and non-technological management methods.</p>	<p>Technology management creativity with self-defined principles and beliefs. Risk-taking in technology-based ventures. Utilizing technology to expand one's arenas of business development. Manages the business liberating capacities of technology.</p>
<p>Manages technology to unify multiple parts of the organization and understands how the process behaves in different business situations.</p>	<p>Has developed an executive identity of self from a multiplicity of management venues. Method of management creates positive value systems that generate confidence about how multiple business communities need to operate.</p>	<p>Acceptance and belief in a multi-dimensional business world of how to lead with technology. Can determine comfortably, authenticity of organization's executives and their view of the self. Can confirm disposition on technology independently from others' valuations, both internally and from other organizations. Beliefs direct and control multi-dimensional leadership growth.</p>

signals and pressures they get from both senior management and the operations that report to them. “They need to understand the difference in taking risks and getting punished for mistakes” (p. 27). According to a 2003 study performed by SRI Consulting Business Intelligence, best practices for middle managers need to cover the following areas:

1. Knowledge Management
2. Alignment
3. Leadership and Commitment
4. Organization
5. Human Resources
6. Opportunity Management
7. Leveraging
8. Performance Assessment

Their study covered more than 400 companies in the following eight areas of concern: I extracted 10 middle management-related best practices from their study results and concluded that middle managers need to:

1. Understand how to take a strategy and implement it with technology; that is, they need to create tactics for completing the project.
2. Establish team-building measures for linking technology with staff’s daily operations.
3. Foster the aggregation and collaboration of business unit assets to form peer groups that can determine joint efforts for implementing new technologies.
4. Stimulate their staffs using innovative strategies of value propositions and reward systems.
5. Create multi-functional teams that can focus on particular aspects of how technology affects their specific area of expertise.
6. Follow common project management practices so that multi-tiered and department projects can be globally reviewed by senior management.
7. Form project teams that can respect and perform on an action basis, that is, teams that are action oriented.
8. Understand how to communicate with and use IT staff on projects.
9. Have a systematic process for gathering intelligence relating to pertinent technology developments.
10. Understand that customers are the drivers for technology tools provided by the organization.

Upon reviewing the different aspects of middle manager best practices with technology research it appears that there are two focal points: (1) those best practices that address the needs of senior management, the CIO, and the CEO; and (2) those that are geared toward the management of the staffs that need to implement emerging technology projects. This makes sense, given that the middle manager, notwithstanding whether they are a director, line-manager, or supervisor, needs to deal with executive productivity related issues as well as staff implementation ones. They are, as Bolman and Deal stated, “torn” by these two competing organizational requirements. Table 8.1 represents the combined list of technology-based best practices organized by executive best practices and implementation best practices:

Table 8.1 exemplifies the challenge that middle managers have in order to balance their priorities. In accordance with the research, the above best practices are implemented using methods of knowledge management, alignment, leadership and commitment, human resources, opportunity management, leveraging, and performance assessment. As with the other best practices, the middle manager technology best practices are limited because they do not address the specific needs of Responsive Organizational Dynamism particularly organizational learning theories (with the exception of knowledge management). This shortfall is integrated into another developmental arc model that combines these theories with the best practices defined above.

The Middle Management Best Practices Technology Arc

This Arc, as with others, can be used to evaluate a middle manager’s strategic and operational uses of technology by using a grid that measures competencies ranging from conceptual knowledge about technology to more complex uses of technology and business operations.

The five principal stages defined by the arc determine the middle manager’s maturity with business implementations of technology: cognitive, organization interactions, management values, project ethics, and management presence. There are five stages of maturation that guide the middle manager’s growth. The first is becoming reflectively aware about one’s existing knowledge with business technology and how it can be implemented. The second is the recognition of the multiplicity of ways that technology can be implemented on projects, e.g., other business views of how technology can benefit the organization. The third is “Integration of Business Implementation of Technology” in which a middle manager can begin to combine technology issues with business concepts and functions on a project basis. The fourth is “Stability of Business/Technology Implementation” in which the middle manager has

Table 8.1

Executive-Based Middle Manager Best Practices	Implementation-Based Middle Manager Best Practices
1. Provide valuable input to the executive management team including the CEO	1. Understand how to communicate with and use IT staff on projects
2. Incorporate technology into new products in services	2. Effectively manage project resources, including technical staff
3. Participate and developing a technology strategy within their business units	3. Lead innovative groups in their departments
4. Have proactive methods of dealing with changes in technology	4. Understand how to take a strategy and implement it with technology, that is, they need to create tactics for completing the project
5. Focus on how technology can improve competitive advantage	5. Establish team-building measures for linking technology with staff's daily operations
6. Have a systematic process for gathering intelligence relating to pertinent technology developments	6. Foster the aggregation and collaboration of business unit assets to form peer groups that can determine joint efforts for implementing new technologies
7. Understand that customers are the drivers for technology tools provided by the organization	7. Stimulate their staffs using innovative strategies of value propositions and reward systems
	8. Create multi-functional teams that can focus on particular aspects of how technology affects their specific area of expertise
	9. Follow common project management practices so that multi-tiered and department projects can be globally reviewed by senior management
	10. Form project teams that can respect and perform on an action basis, that is, teams that are action oriented

integrated business/technology as a regular part of project implementations. The fifth is “Technology Project Leadership” in which the middle manager can use their independent judgment on how best to use technology and business on a project-by-project basis. Thus, as middle managers grow in knowledge of technology and business projects, they can

become increasingly more open to new methods of implementation and eventually autonomous with the way they implement projects and provide leadership.

Definitions of Maturity Stages and Dimension Variables in the Middle Manager Best Practices Arc

Maturity Stages

1. *Technology Implementation Competence and Recognition:* This first stage represents the middle manager's capacity to learn, conceptualize, and articulate key issues relating to cognitive business technological skills, organizational interactions, management value systems, project management ethics, and management presence.
2. *Multiplicity of Business Implementation of Technology:* Indicates the middle manager's ability to integrate multiple points of view during technical project implementations. Using these new perspectives, the middle manager augments his or her skills with business implementation with technology career advancement, expands his or her management value system, is increasingly motivated to act ethically during projects, and enhances his or her management presence.
3. *Integration of Business Implementation of Technology:* Maturing middle manager's accumulate increased understanding of how business and technology operate together and affect one another. They gain new cognitive skills about technology, and a facility with how the organization needs to interact, expand their management value system, perform business/technology actions to improve ethics about business and technology, and develop effective levels of management presence.
4. *Stability of Business/Technology Implementation:* Middle manager's achieve stable integration when they implement projects using their cognitive and technological ability, have organization interactions with operations, have management values with their superiors, peers, and subordinates, possess project ethics, and have the management presence appropriate for performing job duties not only adequately, but competitively (with peers and higher ranking executives in the organization hierarchy).
5. *Technology Project Leadership:* Leadership is attained by the middle manager when he/she can employ cognitive and technological skills, organization interactions, management, a sense of business ethics, and a sense of management presence in order to compete

effectively for executive positions. This middle manager is capable of obtaining increasingly executive level positions through successful interviewing and organization performance.

Performance Dimensions

1. *Business Technology Cognition: Pertains to skills* specifically related to learning, applying, and creating resources in business and technology, which include the necessary knowledge of complex operations. This dimension essentially establishes the middle manager as being “operationally” proficient with technology and forms a basis for movement to more complex and mature stages of development when managing technology projects.
2. *Organizational Interactions: Focus on the knowledge and practice* of proper relationships and management interactions during technology projects. This pertains to in-person interactions, punctuality of staff, work completion, conflict resolution, deference, and other protocols in technology projects.
3. *Management Values: Measures the middle manager’s ability to articulate and act upon mainstream corporate values* credited with shaping technology project work ethic: independent initiative, dedication, honesty, and personal identification with technology project goals based on the organization’s philosophy of management protocol.
4. *Project Ethics: Reflects the middle manager’s commitment to the education and professional advancement of other persons in technology and in other departments.*
5. *Management Presence: Involves the middle manager’s view of the role of a project-based manager during a technology project implementation and the capacity to succeed in tandem with other projects.* Aspects include a devotion to learning and self-improvement, self-evaluation, the ability to acknowledge and resolve business conflicts, and resilience when faced with personal and professional challenges during technology implementations.

Figure 8.9 shows a graphical view of the Middle Management Technology Best Practices Arc.

Each cell in the Arc provides the condition for assessment. The complete arc is provided in Figure 8.10.

The challenge of the Middle Management Best Practices Arc is whether to emphasize executive management concepts (more organizationally intended) or event-driven concepts (project oriented). This arc focuses on project implementation factors and deals with best practices that can

DEVELOPMENTAL DIMENSIONS OF MATURING

Dimension Skill	Technology Implementation Competence and Recognition	Multiplicity of Business Implementation of Technology	Integration of Business Implementation of Technology	Stability of Business/Technology Implementation	Technology Project Leadership
Business Technology Cognition					
Organizational Interactions					
Management Values					
Project Ethics					
Management Presence					

Figure 8.9

Middle Management Technology Best Practices Arc

Dimension Variable	Technology Implementation Competence and Recognition	Multiplicity of Business Implementation of Technology
Business Technology Cognition	Understands how technology operates during projects. Has conceptual knowledge about hardware interfaces, and the software development life cycle. Has the core ability to relate technology concepts to other business experiences. Can also participate in the decisions about what technology is best suited for a particular project. Can be taught how to expand the use of technology and can apply it to other business situations.	Understands that technology projects can have multiple perspectives on how to implement them. Able to analyze what is valid vs. invalid opinions about business uses of technology. Can create objective ideas from multiple technology views without getting stuck on individual biases. An ability to identify and draw upon multiple perspectives available from project sources about technology. Developing a discriminating ability with respect to choices available. Realistic and objective judgment, as demonstrated by the applicability of the technology material drawn for a particular project or task and tied to functional/pragmatic outcomes.
Organizational Interactions	Understands that technology projects require the opinions of other departments and staff in multiple ways. Understands that certain technological solutions and training methods may not fit all project needs and preferences of the business. Has the ability to recommend/suggest alternative technological solutions to suite other business and project needs and preferences.	Seeks to use technology projects as a vehicle to learn more about organization interactions and mindsets. Strives to care about what others are communicating and embraces these opinions on a project basis. Tries to understand and respect technologies that differ from own. Understands basic technological project needs of others.

Figure 8.10

Integration of Business Implementation of Technology	Stability of Business/Technology Implementation	Technology Project Leadership
<p>Has the ability to relate various technical project concepts and organize them with non-technical business issues. Can operate with both business and technical solutions. Can use technology to expand reasoning, logic, and what-if scenarios. Ability to discern the templates that technology has to offer in order to approach everyday technology project problems. This involves the hypothetical (inductive/deductive) logical business and technology skills.</p>	<p>Knowledge of technology projects are concrete, accurate, and precise, broad and resistant to interference from non-authentic business and technical project sources. Ability to resist or recover from proposed technology that is not realistic—and can recover resiliently.</p>	<p>Methods and judgment in multi-dimensional technology projects are independent and use critical discernment. Operational knowledge of technology and project management skills can be transferred and can be used to self-educate within and outside of technology. Can use technology for creative purposes to solve business and project challenges and integrate with executive management views.</p>
<p>Can deal with multiple dimensions of criticism about technology-based projects. Can develop relationships (cooperative) that are dynamic and based on discourse. Ability to create project relations with IT, other departments, and customers. Has an appreciation of project communication—to foster open dialogue (spontaneous), to give and take, or other than voyeuristic, one-sidedness about the project. Ability to produce in teamwork situations, rather than solely in isolation.</p>	<p>Loyalty and fidelity to relations in multiple organizations. Commitment to criticism and acceptance of multiple levels of IT and business relationships. Ability to sustain non-traditional types of inputs from multiple sources during projects.</p>	<p>Can utilize and integrate multi-dimensions of project solutions in a self-reliant way. Developing alone if necessary using other technical and non-technical resources. Can dynamically select types of interdependent and dependent organizational relationships. Ability to operate within multiple dimensions of business cultures, which may demand self-reliance, independence of initiative and interactive communications during project implementations.</p>

(Continued)

Dimension Variable	Technology Implementation Competence and Recognition	Multiplicity of Business Implementation of Technology
Management Values	Technology and cultural sensitivity during project implementations. Global communication, education, and project use of technology can be problematic—subject to false generalizations and preconceived notions. Awareness of assumptions about how technology will be viewed by other departments and staff and about biases about types of technology used (MAC vs. PC).	Can appreciate need to obtain multiple sources of information and opinions during project implementations. The acceptance of multi-dimensional values in human character as value during project design and completion.
Project Ethics	Using technology on the project with honesty re: privacy of access and information. Development of ethical policies governing project uses of the Internet, research, intellectual property rights, and plagiarism.	The use of information in a fair way—comparison of facts against equal sources of project information. Compassion for differences in project information for which sources are limited because of inequality of technology access. Compassion for sharing information with other business units from a sense of inequality.
Management Presence	Has accurate perception of one's own potential and capabilities in relation to technology projects—the technologically realizable manager.	Understands how other managers can view self from a virtual and multiple perspectives. Understands or has awareness of the construction of self that occurs in projects. Understands views of other executives and managers in multiple project settings. Understands that the self (thru technology projects) are open for more fluid constructions, able to incorporate diverse views in multiple settings.

Figure 8.10 Continued

Integration of Business Implementation of Technology	Stability of Business/ Technology Implementation	Technology Project Leadership
<p>Can operate project within multiple dimensions of value systems and can prioritize multi-tasking events that are consistent with value priorities. Ability to assign value to new and diverse technology project alternatives—integrating them within a system of pre-existing business and technology project implementation values.</p>	<p>Testing technology value systems in new ways during the project implementation is integrated with long-term values and goals for business achievement. Some project concepts are naturally persistent and endure despite new arenas in the technological era.</p>	<p>Use of technology and business during project implementation are based on formed principles as opposed to dynamic influences or impulses. Formed principles establish the basis for navigating through, or negotiating the diversity of business influences and impulses during the project.</p>
<p>Consistent values displayed on multiple project communications, deliverables of content, and dedication to authenticity. Maintains consistency in integrating values within technology business issues during project implementation.</p>	<p>Technology is a commitment in all aspects of value systems, including agility in managing multiple project commitments. Commitment to greater openness of mind to altering traditional and non-technological methods on project implementations.</p>	<p>Technological project creativity with self-defined principles and beliefs. Risk-taking in technology-based projects. Utilizing technology to expand one's arenas of project freedom. Exploring the project management liberating capacities of technology.</p>
<p>Operationalizes technology projects to unify multiple components of the self and understands its appropriate behaviors in varying management situations.</p>	<p>Has regulated an identity of self from a multiplicity of management venues. Method of project interaction creates positive value systems that generate confidence about operating in multiple organizational communities.</p>	<p>Can determine comfortably, authenticity of other managers and their view of the self. Can confirm project-related disposition independently from others' valuations, both internally and from other department cultures. Has direct beliefs and controls multi-dimensional management growth.</p>

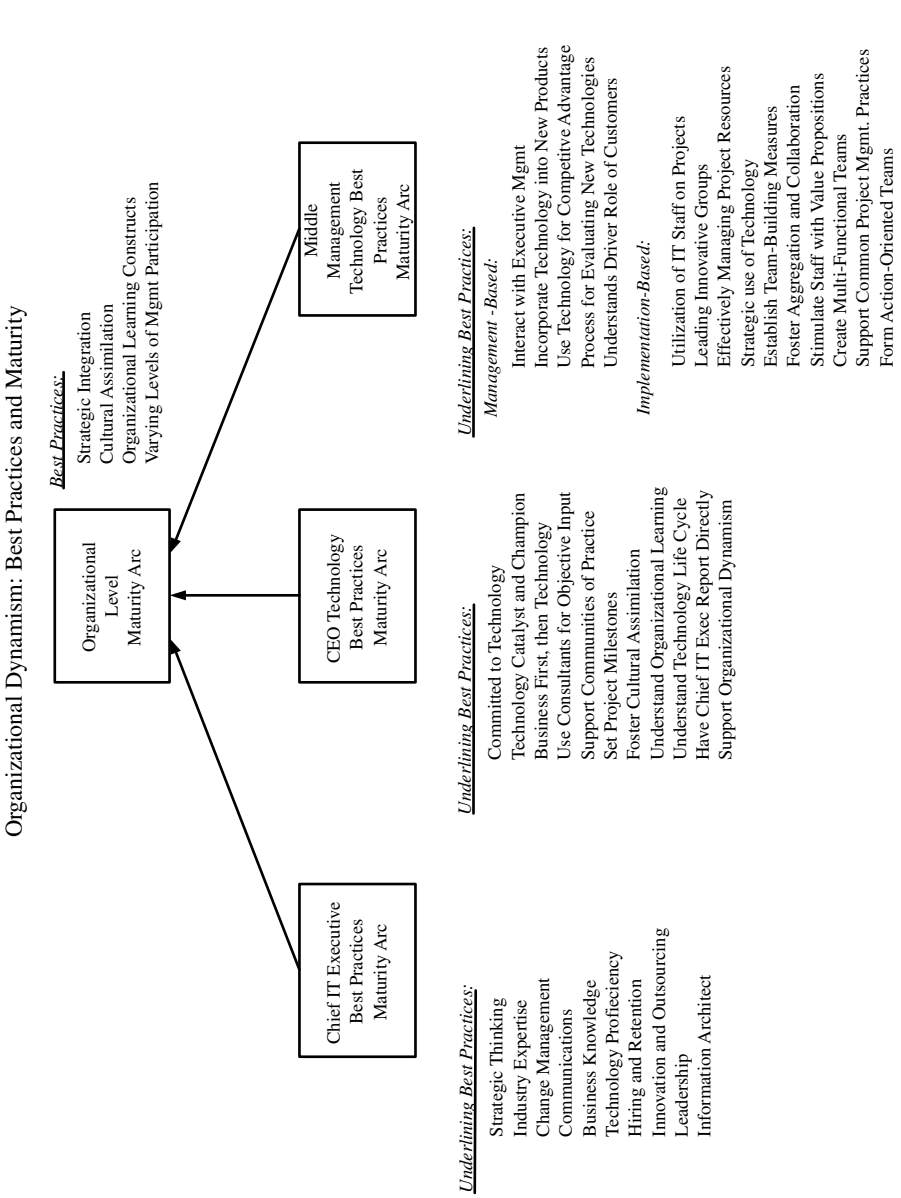


Figure 8.11

balance executive pressures with implementation realities. I suggest that senior middle managers, at the director level, who do not participate in implementation, set their best practices based on the CEO Maturity Arc. Indeed, creating a separate arc for upper management would contain too many overlapping cells.

Summary

The formation of best practices to implement and sustain Responsive Organizational Dynamism is a complex task. It involves combining traditional best practice methods (that is, what seems to work for proven organizations and individuals) with developmental theory on individual maturation. The combination of these two components provides the missing organizational learning piece that supports the attainment of Responsive Organizational Dynamism. Another way of comprehending this concept is to view the Responsive Organizational Dynamism Arc as the overarching or top-level model. The other maturity arcs and best practices represent the major communities of practice that are the subsets of that model. This is graphically depicted in Figure 8.11.

Thus, the challenge is to create and sustain each community and, at the same time, establish synergies that allow them to operate together. This is the organizational climate created at ICAP, where the executive board, senior and middle managers, and operations personnel all formed their own sub-communities, while at the same time had the ability for both downward and upward communication. In summary, this particular model relies on key management interfaces that are needed to support Responsive Organizational Dynamism.

CONCLUSIONS

THIS BOOK HAS EXPLORED many conceptual aspects of information technology and organizational learning and how they can be utilized together to help firms compete in a rapidly changing world. Case studies were presented to show how these concepts, and the theories they derive from, could be implemented into practice. It is most important, however, to remember that each organization is unique and that the implementation of organizational learning methods must, therefore, be tailored to the particular dynamics at play in a given organization. Hence, there can be no boilerplate methodology for the strategic employment of technology; such an approach could never guarantee maximum benefit to the organization. The position I have come to involves employing various organizational learning methods that must be carefully chosen and implemented based on the projected audience being targeted and on the particular stage of growth the organization happens to be at, and also, based on its mature use of technology.

In my study of CEO perceptions of IT, I found that the role of IT was not generally understood in most of the organizations I surveyed, especially at the CEO level. There appears to be inconsistent reporting structures within the IT organization, and there is a lack of IT-related discussion at the strategic and senior executive levels. Furthermore, most executives are not satisfied with IT performance, and while most agree that technology should play a larger role in marketing, few have been able to accomplish this. The general dilemma has involved an inability to integrate technology effectively into the workplace. Certainly, a principle target of this book is to answer the question of what chief IT executives need to do and in what directions their roles need to evolve regarding

IT. Other concerns center on general organizational issues surrounding who IT people are, where they report, and how they should be evaluated. IT must also provide better leadership with respect to guiding a company through the challenges of unproven technologies. While technology behaves dynamically, we still need processes that can validate its applicability to the organization. Another way of viewing this is to accept the idea that certain technologies need to be rejected because of their inappropriateness to drive strategy.

IT is unique in that it is often viewed from a project perspective; for instance, that which is required to deliver technology, along with the cultural impact it has on the organization, tend to be measured by project deliverables, due to the pressure to see measurable outcomes. From a project perspective, IT staff members typically take on the role of project managers, which requires them to communicate with multiple business units and management layers. They need to establish shorter project life cycles and respond to sudden changes to the requirements. No longer does a traditional project life cycle with static dates and deliverables work with today's fast-paced businesses. Rather these projects are living and breathing entities that must be in balance with what is occurring in the business at all times. Most important is that project measurable outcomes must be defined, and seen in balance with expected organizational transformations.

I began my explanation of the role of technology by establishing it as a dynamic variable, which I termed Technological Dynamism. Responsive Organizational Dynamism represents my attempt to think through a range of responses to the problems posed by Technological Dynamism, which is an environment of dynamic and unpredictable change resulting from the advent of innovative technologies. This change can no longer be managed by a group of executives or managers; it is simply too complex, affecting every component of a business. A unilateral approach does not work; the problem requires an environmental approach. The question is how to create an organization that can respond to the variability of technologies in such a way that its responses become part of its everyday language and discourse? This technological state of affairs is urgent for two major reasons. One, technology is not only an accelerator of change, it requires accelerated business responses. Organizations cannot wait for a committee to be formed or long bureaucratic processes to act. Two, the market is unforgiving when it comes to missing business opportunities. Every opportunity missed due to lack of responding in a timely fashion can cost an organization its livelihood and future. As stated by Johnson, Saveri, and Schmid (1995):

The global marketplace requires constant product innovation, quick delivery to market, and a large number of choices for the consumer, all of which are forcing us to rethink the way we structure our business organizations to compete. Indeed, many businesses are finding their traditional structure cumbersome—the way they work is more of an obstacle than help in taking advantage of global opportunities. (p. 1)

While Responsive Organizational Dynamism is the overarching approach for a firm that can perform in a dynamic and unpredictable environment, there are two major components to that approach that I raise for further consideration. I discuss how technology, as a variable, is unique in that it affects two areas of any organization. The first is the technology itself and how it operates with business strategy. I call this the Strategic Integration component of ROD. The challenge here is to have organizations create processes that can formally and informally determine the benefit of new and emerging technologies on an ongoing basis. The second component is Cultural Assimilation, which is about managing the cultural and structural changes that are required when new strategies are adopted by the organization.

Creating an environment of Responsive Organizational Dynamism requires processes that can foster individual and organizational level thinking, learning, and transformation. Organizational learning techniques best fit the need, as they contain the core capabilities to assist organizations in reinventing themselves as necessary, and to build an organization that can evolve with technology, as opposed to one that needs to be reorganized. I have presented many organizational learning concepts and modified them to provide specific remedies to the challenges required to create Responsive Organizational Dynamism. I have also presented the complex vectors that determine which learning theory should be applied and integrated with others so that every aspect of individual and organizational evolution can be supported. I choose to use the term “vector” to describe this force or influence because of the different ways in which these learning methods can help in creating and sustaining firm-wide responses to Technological Dynamism. Perhaps the most important learning process among these is that of linear development, leading to maturation. My use of maturity arcs permits me a framework for the development and integration of models that can measure where individuals and organizations are in their trajectory toward the integration of emerging technologies in their business strategies. These maturity arcs provide a basis for how to measure where the organization is, what types of organizational learning methods to consider, and what

outcomes to expect. Indeed, providing measurable outcomes in the form of strategic performance is the very reason why executives should consider embracing this model.

I also discuss a number of methods to manage organizational learning, modifying theories of knowledge management and change management so that they specifically addressed the unique aspects of change brought about by new technologies. I looked at how the CEO needs to become more knowledgeable in technology, and, based on case studies and research, I have provided sets of “best practices” to suggest that staff members cannot become part of a learning organization without the participation of the CEO and his or her executive committees. On the other hand, I investigated the interesting work of Nonaka and Takeuchi, and their Middle-Top-Down theory of middle management. I modified Nonaka and Takeuchi by complicating the strata that can be used to define the “middle,” and I established three tiers of middle management and integrated them into organizational learning theories. Finally, I use the Ravell case study to show how operations personnel continue to play an important role in organizational learning, and how the maturity arc can be used to transform individual learning practices into less event-driven learning at the organizational level. I formulate best practices for each of these three major organizational structures along with corresponding maturity arcs to lay the foundation of what each community needs to do in order to properly participate in the transformations indicated for Responsive Organizational Dynamism. To this end, I have proposed certain road maps that, if followed, could provide the mechanisms that lead to the kind of organizational transformation that is empowered to handle the challenges of new technologies. This process is summarized in Figure C.1.

I have taken a strong position regarding the debate over whether learning occurs best on the individual level or at the system-organizational one, particularly as learning affects the establishing and sustaining of Responsive Organizational Dynamism. My response to this debate is “yes”—yes in the sense that both are very much needed and part of a process that leads to a structured way of maturing an organization’s use of organizational learning to improve strategic performance. I believe the Ravell case study provides an example of how learning maturation operates in a dynamic environment. We see that operations personnel tend to rely on event-driven and individual-based reflective practices before being able to think at an organizational level. My prior research (Langer, 2002) on reflective practices clearly shows that many adults do not necessarily know how to reflect. The important work of Argyris and Schön on introducing and sustaining individual learning, specifically

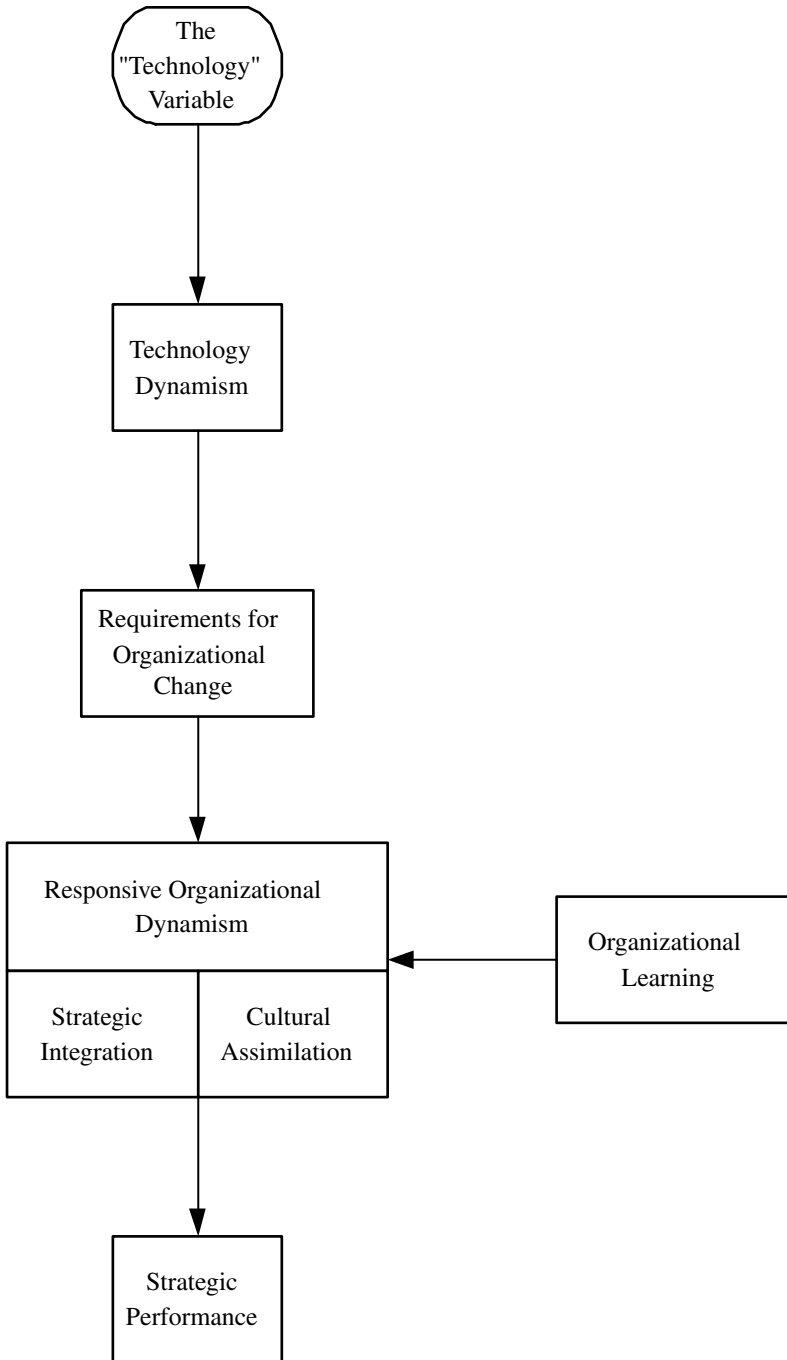


Figure C.1

using double-loop learning, should be used when implementing an organizational learning program. Ravell also showed us that time is an important factor for individual development, and that political factions are part of that process. With patience and an ongoing program, group-learning activities can be introduced to operations personnel, supporting, thereby, the kind of system-level thinking proposed by Senge.

A critical part of organizational learning, in particular the necessary steps to establish a learning organization, is the formation of communities of practice. Communities of practice in all of the case studies were the cornerstones in the transition from individual-based learning to group learning. Communities of practice begin the maturation process of getting organizations to change to learning based on organizational goals. This is critical for Responsive Organizational Dynamism because technology requires planning and vision that are consistent with business strategy. While much of the literature integrates the notion of communities of practice with knowledge management, I expanded its use and defined the community as the single most important organizational structure for dealing with emerging technologies. The reason for this is the very challenge facing IT organizations today, that is, to be able to integrate their efforts across business units. This has been proven to be the most difficult challenge for today's CIOs. This was further supported by the Siemens AG case study, where Dana Deasy, the Corporate CIO of the Americas, provided a detailed picture of the complex world of a CIO in a global firm with over 400,000 employees. Yet it was the creation of multiple layers of communities of practice that enables firms to create what I call "common threads" of communication. Thus, the linkage across communities of practice is a central theme of this book, providing guidance and education to organizations to establish processes that support their evolution in a responsive way.

The key word that I have used here is "evolution." In the past, information traveled much slower and there was more time to interpret its impact on the organization. Today, the travel time is shrinking and therefore evolution can and should occur at a quicker pace. Indeed, organizational evolution is intertwined with the dynamics of community legitimization (Aldrich, 2001). Technological development for a particular population has widespread consequences for the rest of the organization. In these cases, technological innovations represent a form of collective learning that is different from direct learning from experience alone (Miner & Haunschild, 1995). There are many scholars who believe that change management must be implemented through top-down management approaches. However, I hope this book demonstrates that leadership through top-down management will never be solely sufficient to

establish the organizational structure needed to handle technological innovations properly. Many such efforts to reorganize or reengineer organizations have had disappointing results. Many of these failures, I believe, are attributable to a dependence on management intervention as opposed to Strategic Integration and Cultural Assimilation. Technology only serves to expose problems that have existed in organizations for decades: the inability to drive down responsibilities to the operational levels of the organization.

My case studies provide, I trust, a realistic and pragmatic view toward the attainment of Responsive Organizational Dynamism, assuming the appropriate roles and responsibilities are available. Furthermore, the case studies also reflect that progress toward organizational learning and maturity is a gradual one. As such, I determined that organizational transformation must be addressed along the same basis; that is, transformation is a gradual process as opposed to a planned specific outcome. I showed that organizations could and should look at transformation in much shorter “chunks,” as opposed to long-term “big bang” approaches that rarely work and are difficult to measure. Measurement was applied to organizational transformation via the implementation of the Balanced Scorecard. The scorecard model I modified is tied to the “chunk” approach.

Another important concept in this book is the reconciliation between control and empowerment. As organizations find that their traditional structures are cumbersome when dealing with emerging technologies, they realize the need to empower employees to do more dynamically. With this empowerment, employees may make more mistakes or seem less genuine at times. When this occurs, there may be a need for management controls to be instituted and power-centralized management styles to be incorporated. Unfortunately, too many controls end any hope of creating a learning organization that can foster the dynamic planning and needs of Responsive Organizational Dynamism. It also blocks the molding of communities of practice that require common threads of discourse and language. Indeed, it is communities of practice and discourse that lay the foundations for addressing the dilemma of employee control versus empowerment.

We are really beginning to experience the results of emerging technologies, particularly for products traded internationally. We have seen an unusual trend occur where off-shore product development and maintenance is at an all-time high, local employment is down, and corporate earnings are growing. The advent of this cycle lays a foundation for the new trends of global worker operations, many of which are shifting from a labor-intensive process to needs for thinking, planning, and management.

Unskilled or less-skilled workers, partly because of new technological automation are allowing organizations to displace higher-costing local labor to international outsourced operations. This means an increase in management learning relating to supervision and coordination in a technology-driven world. We must be aware of the concern expressed by O'Sullivan (2001), "new technologies have created unemployed workers with no rights" (p. 159). The way individuals communicate or the rules of their engagement are quickly changing, particularly in the need to create more research and development (R&D) infrastructures that can respond quicker to innovation opportunities brought about by emerging technologies. We saw this dilemma occur at Siemens, where business strategy and technology became a major investment, and the realization that e-business was more about business than just technology.

To address the lack of understanding of the technology life cycle, I presented my concept of Driver and Supporter functions and mapped them onto evolutionary transformation. This life cycle is one that ties business strategy into technology and should be used to convey Responsive Organizational Dynamism to executives. Driver functions explain why Strategic Integration is so important and present a case that requires more marketing-based philosophies when investing in technologies. This means that early adaptation of technology requires, as Bradley and Nolan call it, "sense and respond" approaches, where IT organizations can experiment with business units on how a technology may benefit the business. Siemens and ICAP provide good examples of different ways of creating infrastructures that can support technology exploration, including Deasy's 90-day program, where technology investments were reviewed periodically to see what adjustments are required to maximize the investment. It also provided a way to cancel those investments that were not paying-off as originally forecasted. Understanding that changes along the way are needed, or that there are technologies that do not provide the intended benefits must become a formal part of the process, and one that CEOs must recognize and fund. On the other hand, the Supporter role is one that addresses the operational side of IT, such that executives and managers understand the difference. I treat the concept of Supporter as an eventual reality; the reality that all technologies once adapted by operations must inevitably become a commodity. This realization paves the way to understanding when and how technologies can be considered for outsourcing based on economies of scale. The adaptation of this philosophy creates a structured way of understanding the cost-side of the IT dilemma, and requires business units to integrate their own plans with those offered by emerging technologies. The Supporter

aspect of technology became the base of Cultural Assimilation because once a technology is adapted by operations there must be a corresponding process that fosters its impact on organizational structures and cultural behaviors. It also provides the short- and long-term expected transformations, which ultimately link technology and strategic performance. The Driver/Supporter philosophy also shows the complexity of the many definitions of technology, and that executives should not attempt to oversimplify it. Simply put, technology must be discussed in different ways and chief IT executives need to rise to the occasion to take a leadership role in conveying this to executives, managers, and operations through organizational learning techniques. Organizations that can implement Driver/Supporter methods will inevitably be better positioned to understand why they need to invest in certain technologies and technology projects. My initial case study at Ravell exposed the potential limit of only operating on the unit levels and not getting executives involved in the system thinking and learning phases.

These general themes discussed above can be formulated as a marriage between business strategy and technological innovation and can be represented as follows:

1. Organizations must change the business cycles of technology investment; technology investment must become part of the everyday or normative processes, as opposed to specific cycles based on economic opportunities or shortfalls. Emerging technologies tend to be implemented based on “stop and goes,” or breakthroughs followed by discontinuities (Tushman & Anderson, 1997).
2. The previous experiences that organizations have had with technology are not a good indicator for its future use. Technology innovations must evolve through infrastructure, learning, and process evaluation.
3. Technology is central to competitive strategy. Executives need to ensure that technology opportunities are integrated with all discussions on business strategy.
4. R&D is at the center of systems/organizational level thinking and learning. Companies need to create R&D operations not as separate entities, but as part of the evaluation processes within the organizational structure.
5. Managing technology innovations must be accomplished through linkages. Thus, interfaces across communities of practice via “common threads” are essential to have learning improve the organization’s ability to operate within Responsive Organizational Dynamism.

6. Managing intellectual capital is an exercise of linking the various networks of knowledge in the organization. Managing this knowledge requires organizational learning in order to transfer tacit knowledge to explicit knowledge. The Cultural Assimilation component of Responsive Organizational Dynamism creates complex tacit knowledge between IT and non-IT business units.
7. There are multiple and complex levels of management that needs to be involved in Responsive Organizational Dynamism. Successful management utilizes organizational learning practices to develop architectures, manage change, and deal with short- and long-term projects simultaneously. Strong leadership will understand that the communities of practice among the three primary levels (executive, middle management, and operations) constitute the infrastructure that best sustains the natural migration toward Responsive Organization Dynamism.

This book looked at business strategy from yet another perspective, beyond its relationship with emerging technologies. Because organizational learning is required to foster Responsive Organizational Dynamism, strategy must also be linked to learning. This linkage is known as strategic learning, which if implemented helps organizations to continually adapt to the changing business environment, including changes brought about by technology. However, due to the radical speed, complexity, and uncertainty, traditional ways of doing strategy and learning can no longer ignore the importance of technology. The old methods of determining business strategy were based on standard models that were linear and “plug-in.” As stated earlier, they were also very much based on projects that attempted to design one-time efforts with a corresponding result. As Pietersen explains, “these processes usually produce operating plans and budgets rather than insights and strategic breakthroughs” (p. 250). Technological Dynamism has accelerated the need to replace these old traditions, and I have emphasized that organizations that practice Responsive Organizational Dynamism must:

- Evaluate and implement technology in an ongoing process and embed it as part of normal practices. This requires a change in integration and culture.
- Comprehend that the process of Responsive Organizational Dynamism is not about planning; it is about adaptation and strategic innovation.
- The process must feed on the creation of new knowledge through organizational learning that leads to strategic organizational transformation.

Many scholars might correlate strategic success with leadership. While leadership, in itself, is an invaluable variable, it is just that. To attain ongoing evolution, I believe we need to move away from relying on individual leadership efforts and move toward an infrastructure that has fewer leaders and more normative behavior that can support and sustain Responsive Organizational Dynamism. Certainly, this fosters the important roles and responsibilities of CEOs, managers, and boards; but to have an ongoing process that changes the thinking, and the operational fundamentals of the way the organization functions is more important, and more valuable than individual leadership. That is why I raised the issues of discourse and language, as well as self-development. Therefore, it is an organization's ability to transform its entire community that will bring forth long-term strategic performance.

What this book really commits to is the importance of life-long learning. The simple concept that adults need to continually challenge their cultural norms if they are to develop what Mezirow (1990) calls "new meaning perspectives." It is these new meaning perspectives that lay the foundation for Responsive Organizational Dynamism, so that managers and staff can continually challenge themselves to determine if they are making the best strategic decisions. Furthermore, it prepares individuals to deal with uncertainty as well as the ongoing transitions in the way they do their jobs. It is this very process that ultimately fosters learning in organizations.

While on-the-job training is valuable, Ravell shows us that movement, or rotations of personnel, often supports individual learning. Specifically, the relocation of IT personnel to a business unit environment during Ravell Phase I served to get IT staff more acclimated to business issues. This relocation helped IT staff members to begin to reflect about their own functions and its relationship to the overall mission of the organization. Ravell Phase III showed yet another transition: taking a group of IT staff members and permanently integrating them in a non-IT business specific department. Ravell also teaches us that reflection must be practiced; time must be devoted to its instruction and it will not occur automatically without interventions from the executive rank. The executive must be a "champion" who demonstrates to staff that the process is important and valued. Special sessions also need to be scheduled that make the process of learning and reflection more formal. If this is done and nurtured properly, it will allow communities to become serious about best practices and new knowledge creation.

Although I have used technology as the basis for the need for Responsive Organizational Dynamism, the needs for its existence can be attributed to any variable that requires dynamic change. As such, I suggest that readers begin to think about the next "technology" or variable that

can cause the same needs to occur inside organizations. Such accelerations are not necessarily limited to technology. For example, we are experiencing the continuation or organizational downsizing from acquisitions. These acquisitions present similar challenges in that organizations must be able to integrate new cultures and “other” business strategies and attempt to form new holistic directions—directions that need to be formed very quickly in order to survive. The market *per se* also behaves in a similar way as technology. The ability to adjust to consumer needs and shifting market segments is certainly not always related to technological change. My point is that Responsive Organizational Dynamism is a concept that should be embraced notwithstanding whether technology seems to have slowed down or not having an effect on a specific industry at a particular moment. Thus, I challenge today’s organizations to develop new strategies that embrace the need to become dynamic throughout all of their operations, and to create communities of practice that plan for ongoing Strategic Integration and Cultural Assimilation.

This book has looked upon the advent of technology to uncover a dilemma that has existed for some time. Perhaps a more general way of defining what Responsive Organizational Dynamism offers is to compare it to another historical concept called “Self-Generating Organizations.” Self-generating organizations are known for their promotion of autonomy with an “underlying organic sense of interdependence” (Johnson et al., 1995). Based on this definition, a self-generating organization is like an organism which evolves over time. This notion is consistent with organizational learning because they both inherently support inner-growth stemming from the organization as opposed to its executives. The self-generating organization works well with Responsive Organizational Dynamism in the following ways:

- Traditional management control systems do not apply.
- Risks are higher given that these organizational workers are granted a high degree of autonomy and empowerment which will lead to processes that break with the norms of the business.
- Adjustments and new processes should be expected.
- These organizations tend to transform political activity into strong supporting networks.
- Leadership definitions do not work. You cannot lead what you cannot control.

Self-generating organizations have scared traditional managers in the past due to the fear they have of losing control. Responsive Organizational

Dynamism provides a hybrid model that allows for self-generating infrastructures while providing certain levels of control fostered by organizational learning. Specifically, this means that the control is not traditional control. Responsive Organizational Dynamism, for example, embraces the breaking of rules for good reasons; it allows individuals to fail, yet to reflect on the shortfall so that they do not repeat the same errors. It also allows employees to take risks that show promise, lead to increased critical thinking, and to strategic action. Indeed, management and leadership become more about framing conditions for operations, observing the results, and making adjustments that maintain stability. Thus, seeing Responsive Organizational Dynamism as a form of self-generation is the basis of sustaining innovative infrastructures that can respond to dynamic variables like technology.

I have emphasized the need for organizational learning as the key variable to make Responsive Organizational Dynamism a reality. While I have modified many of the organizational learning theories to fit this need, I must acknowledge that a portion of the “learning” should be considered “organizing.” Vince (2002) provided an analysis of how organizational learning could be used to sustain an “organized” reflection. He provides an interesting matrix of how the two theories can be integrated. After reviewing many of the ways in which organizational learning affects Responsive Organizational Dynamism, I have developed a modified chart of Vince’s original framework as shown in Table C.1.

Table C.1 shows the three kinds of reflective practices that can operate in an organization: individual, group, and organizational. I emphasized in chapter 8 that the extent of organizational learning maturation is directly related to the sophistication of reflections among the communities of practice. The more learning that occurs based on individual reflection, the earlier the stage at which organizational learning maturity occurs. Thus, more mature organizations reflect at the group and organizational level. Becoming more mature requires a structured process that creates and maintains links between reflection and democratic thinking. These can be mapped onto the Responsive Organizational Dynamism Arc, showing how, from an “organizing” perspective, reflective practices serves as a process to “outline what is involved in the process of reflection for learning and change” (Vince, 2002, p. 74). Vince did not, however, establish a structure for implementation for which Responsive Organizational Dynamism serves that very purpose, as shown in Figure C.2.

Figure C.2 graphically shows how organized reflection maps to the linear stages of the Responsive Organizational Dynamism Arc (the Organizational Level Maturity Arc), which, in turn, maps onto the three

Table C.1

	Individual	Group	Organizational
	<i>Relations between the person, role, and the organization-in-the-mind</i>	<i>Relations across the IT boundaries of self or other and of sub-departments within IT</i>	<i>The relations between IT and other business units</i>
<i>Peer Consulting Groups</i> (nonmanagerial self-governing IT groups of at least three individuals)	Making connections for the self: review and reflection within IT community by friendship and mutuality of interests and needs	Making connections in small groups with "others" across IT organization Develop interpersonal communication and dialogue within IT communities	Making connections with the entire organization: reflection on ways that technology affects other groups in the organization
<i>Organizational Role Analysis</i> (linking individuals with "others" inside the IT organization)	Organizational role analysis: understanding the connections between the person, the person in IT, and his or her role in organization	Role analysis groups: the ways in which technology roles and the understanding of those roles interweave within an IT community or department	Technology role provides the framework within which the person and organization are integrated
<i>Communities of Practice</i> (groups of individuals united in actions that contribute to the production of IT ideas in practice)	Involvement: providing personal experience as the vehicle to organize the use technology	Engagement: experience is used to apply technology across IT organization. Understanding of importance of IT inter-department communication.	Establishment: experience of power relations as they react and respond to technology uses among communities of practice
<i>Group Relations Conferences</i> (reveal the complexities of feelings, interactions, and power relations that are integral to the process of organizing technology implementations)	Experiencing and rethinking technology authority and the meaning and consequences of leadership and follower-ship	Experience of defensive mechanisms and avoidance strategies across IT departments. Experience of organizing, belonging, and representing across IT organizations	Experiencing the ways in which IT and the organization become integrated using collective emotional experience, politics, leadership, authority, and organizational transformation

Organizational Dynamism & Organized Reflection: Best Practices and Maturity

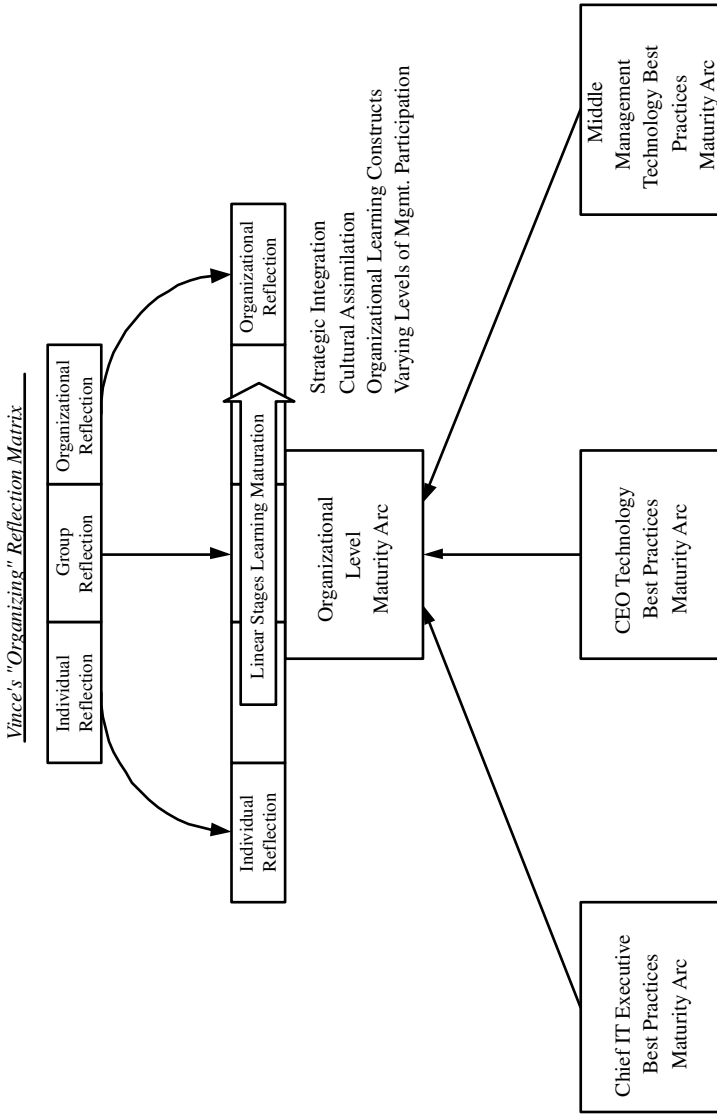


Figure C.2

best practices arcs discussed in chapter 8. Each of the management arcs represent a level of management maturity at the organizational level, with Vince's matrix providing the overarching concepts on how to actually organize the progression from individual-based thinking and reflection to a more comprehensive and systems-level thinking and learning base. The emphasis, overall, is that individual learning alone will undermine collective governance. Therefore, the movement from individual to organizational self-management remains a critical part of understanding how technology and other dynamic variables can foster new strategies for competitive advantage.

GLOSSARY OF TERMS

Technology Definitions

Branding is the process of determining how an organization wants to be viewed by its customers. Branding includes not only the visual view, but also includes the emotional, rational, and cultural image that consumers associate with an organization, its products, and services.

Business Process Reengineering is a process that organizations undertake to determine how best to use technology to improve business performance.

Customer Relationship Management (CRM) is the development and maintenance of integrated relationships with an organization's customer base. CRM applications provide organizations with integrated tools that allow individuals to store and sustain valuable information about their customers.

Data Mapping is the process of comparing the data fields in one database to another or toward a new application database.

Decision Support Systems (DSS) assist managers to make better decisions by providing analytical results from stored data.

Enterprise Resource Planning (ERP) is a set of multi-module applications that supports an entire manufacturing and business operation, including product planning, purchasing, maintaining inventories, interacting with suppliers, providing customer service, accounting interfaces, and tracking order shipments. These systems are also known as enterprise level applications.

Garbage Can is an abstract concept for allowing individuals a place to suggest innovations brought about by technology. The inventory of technology opportunities needs regular evaluation.

Internet is a cooperative message-forwarding system that links computer networks all over the world.¹

Intranet is a network confined to a single organization or unit.²

ISO 9000 refers to a set of quality assurance standards published by the 91-nation Organization for International Standards. ISO 9000 requires firms to define and implement quality processes in their organization.

Legacy is an existing software application or system that is assumed to operate. By definition, all applications in production become legacies.

Storyboarding is the process of creating prototypes that allow users to actually see examples of technology and how it will look and operate. Storyboarding tells a story and can quickly educate executives without being intimidating

User Interface is the relationship with end users that facilitates the process of gathering and defining logical requirements.

User Level is the tier of computer project experience of the user. There are three levels: (1) Knowledgeable, (2) Amateur, and (3) Novice.

Web (World Wide Web) is loosely organized set of computer sites that publish information that anyone can read via the Internet using mainly HTTP (Hypertext Transfer Protocol).

Year 2K represented a monumental challenge to many organizations due to a fear that software applications could not handle the turn of the century. Specifically, calculations that used the year portion of a date would not calculate properly. As such, there was a huge investment in reviewing legacy systems to uncover where these flaws existed.

Organizational Learning Definitions

Action Science pioneered by Argyris and Schön (1996), was designed to promote individual self-reflection regarding behavior patterns and to encourage a productive exchange among individuals. Action science encompasses a range of methods to help individuals learn

¹Downing, D., Covington, M., & Covington, M. M. (2003). *Dictionary of Computer and Internet Terms* (6th ed.). Barron's Educational Series, Inc., p. 239.

²Downing, D., Covington, M., & Covington, M. M. (2003). *Dictionary of Computer and Internet Terms* (6th ed.). Barron's Educational Series, Inc., p. 242.

how to be reflective about their actions. A key component of action science is the use of reflective practices—including what is commonly known among researchers and practitioners as reflection-in-action, and reflection-on-action.

Balanced Scorecard provides a means for evaluating transformation, not only for measuring completion against set targets, but also for defining how expected transformations map onto the strategic objectives of the organization. In effect, it is the ability of the organization to execute its strategy

Communities of Practice are based on the assumption that learning starts with engagement in social practice and that this practice is the fundamental construct by which individuals learn. Thus, communities of practice are formed to get things done by using a shared way of pursuing interest.

Cultural Assimilation is a process that focuses on the organizational aspects of how technology is internally organized, including the role of the IT department, and how it is assimilated within the organization as a whole. It is an outcome of Responsive Organizational Dynamism.

Cultural Lock-In is an organization's inability to change its corporate culture even when there are clear market threats (Foster & Kaplan, 2001).

Double-Loop Learning requires individuals to reflect on a prior action or habit that needs to change in behavior and change to operational procedures. For example, people who engage in double-loop learning may need to adjust how they perform their job as opposed to just the way they communicate with others.

Drivers are defined as those units that engaged in front-line or direct revenue generating activities.

Experiential Learning is a type of learning which comes from the experiences that adults have accrued over the course of their individual lives. These experiences provide rich and valuable forms of "literacy," which must be recognized as important components to overall learning development.

Explicit Knowledge is documented knowledge found in manuals, documentation, files, and other accessible places and sources.

Flame is defined as a lengthy, often personally insulting, debate in an electronic community, which provides both positive and negative consequences.

Frame-talk focuses on interpretation to evaluate the meanings of talk.

Knowledge Management is the ability to transfer individual tacit knowledge into explicit knowledge.

Left-Hand Column is a technique in which individuals use the right-hand column of a piece of paper to transcribe dialogues that they feel have not resulted in effective communication. In the left-hand column of the same page, participants write what they were really thinking at the time of the dialogue, but did not say.

Management Self-Development increases the ability and willingness of managers to take responsibility for themselves, particularly for their own learning (Pedler, Burgoyne, & Boydell, 1988)

Mythopoetic-Talk communicates ideogenic ideas and images that can be used to communicate the nature of how to apply tool-talk and frame-talk within the particular culture or society. This type of talk allows for concepts of intuition and ideas for concrete application.

Organizational Knowledge is defined as “the capability of a company as a whole to create new knowledge, disseminate it throughout the organization, and embody it in products, services, and systems” (Nonaka & Takeuchi, 1995, p. 3).

Organizational Transformation is defined as changes in goals, boundaries, and activities. According to Aldrich (2001) organizational transformations “must involve a qualitative break with routines and a shift to new kinds of competencies that challenge existing organizational knowledge” (p. 163).

Reflection-with-Action is the term used as a rubric for the various methods involving reflection in relation to activity.

Responsive Organizational Dynamism is the set of integrative responses by an organization to the challenges raised by Technology Dynamism. It has two component outcomes: Strategic Integration and Cultural Assimilation.

Single-Loop Learning requires individuals to reflect on a prior action or habit that needs to be changed in the future, but which does not require individuals to change their operational procedures with regard to values and norms.

Strategic Integration is a process that addresses the business-strategic impact of technology on organizational processes. That is to say, the business-strategic impact of technology requires immediate organizational responses and, in some instances, zero latency. It is an outcome of Responsive Organizational Dynamism, and it requires organizations to deal with a variable that forces acceleration of decisions in an unpredictable fashion.

Supporters are units that do not generate obvious direct revenues but rather are designed to support front-line activities.

Tacit Knowledge is an experience-based type of knowledge and skill, and has the individual capacity to give intuitive forms to new things, that is, to anticipate and pre-conceptualize the future (Kulkki & Kosonen, 2001).

Technological Dynamism characterizes the unpredictable and accelerated ways in which technology, specifically, can change strategic planning and organizational behavior/culture. This change is based on the acceleration of events and interactions within organizations and which in turn create the need to better empower individuals and departments.

Tool-talk includes instrumental communities required to discuss, conclude, act, and evaluate outcomes.

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INDEX

Page numbers in *italic* refer to Figures or Tables.

A

Abstract Conceptualization, 85, *86*
Acceleration
 change, 5
 characterized, 5
Action
 communication, 93–97
 frame-talk, 94
 mythopoetic-talk, 94
 tool-talk, 94
Action science, 15, 76
 defined, 266–267
Active Experimentation, 85, *86*
Activity, Grant's schema of conteny
 relationship, 92, 92–97
Activity systems, organizational
 transformation, 134
Adaptive organizations, 85
Analysis, 89–90
Applied Individual Learning for
 Technology model, 88–90, *89*
Applied Individual Learning Wheel,
 Responsive Organizational
 Dynamism Arc, 104–105, *105*, *106*
Architecture, 51
 defined, 52
 Responsive Organizational Dynamism,
 52

B

Balanced Scorecards, 140–150, *141*
 benefits, 140
 defined, 267

 implementation, 148–150
 language, 150
 levels of detail, 146
 measures, 144
 middle management, 151
 modified, 146
 objectives, 141
 organizational learning, 148
 principles, 141–142
 Ravell Corporation, 145–146, *147–148*
 responsibilities, 149–150
 Responsive Organizational Dynamism,
 142–143, *143*, 144
 value, 140–141
Belief systems, organizational learning, 73
Best practices, 250
 Chief Executive Officers, 212–225
 Chief Information Officers advanced
 degrees, 220–221
 cost, 218
 developmental theories, 218
 information technology, 218
 information technology centralization
 vs. decentralization, 220
 information technology standards,
 219, 221
 mature organizational learning, 218
 outsourcing, 218, 219–220, *220*
 principles, 224–225
 reporting, 219
 risk management, 219, 221
 role, 212
 survey, 44

- Best practices (*continued*)
 - communities of practice, 201
 - components, 201
 - defined, 201
 - Directors, 228
 - Line Managers, 228
 - middle managers, 228–245
 - executive-based, 236
 - implementation-based, 236
 - organizational learning, 207, 208
 - Supervisors, 228
 - tiers, 201
- Best principles, 44
- Billable time records, 189–194
- Board members, *see* Executive boards
- Boundaries, 82–83
 - organizational transformation, 134
- Branding, defined, 265
- Brokers
 - change, 174–175
 - divisions, 175–176
- Budgeting, 42, 42
 - information technology, 203
- Business analyst, 30–31
- Business plan, judging new technologies, 177–178
- Business process engineering, 32–33
- Business process impact, 51
- Business Process Reengineering, defined, 265
- Business rules, 125
- Business strategy
 - Chief Information Officers, 157–158
 - communities of practice, 158–163, 159, 160, 161
 - information technology discussions, 40, 41
 - Responsive Organizational Dynamism, 256–257
 - Siemens, 158–163, 159, 160, 161
- Business synergy, 154
- C**
- Case study
 - Citibank, 63–64
 - Electronic Trading Community, 169–188
 - HTC, 188–194
 - ICAP, 169–188
 - Ravell Corporation, 13–28
 - Siemens AG, 155–169, 252
- Change, 7, 71–72
 - acceleration, 5
 - advocating, 121
 - brokers, 174–175
 - chief information technology executives, 206–207, 207
 - inevitable, 121
 - inhibiting learning, 76
 - innovation, 135
 - mechanisms, 3–4
 - new paradigm of dynamic change, 1
 - organizational learning, 73–75
 - organizational transformation, 135
 - Ravell Corporation, 76
 - reinstating old culture, 97–98
 - resistance, 174
 - Responsive Organizational Dynamism, 7
 - sustaining, 121
 - technology, 47–48
 - types, 118
- Change agent, Chief Executive Officers, 45
- Change management, 7, 118–122, 252–253
 - ICAP, 174–175
 - information technology-specific approach, 122–125
 - leadership, 121–122
 - risk, 122–125
- Chief Executive Officers, 33, 170–188
 - best practices, 212–225
 - Chief Information Officers advanced degrees, 220–221
 - cost, 218
 - developmental theories, 218
 - information technology, 218
 - information technology centralization vs. decentralization, 220
 - information technology standards, 219, 221
 - mature organizational learning, 218
 - outsourcing, 218, 219–220, 220
 - principles, 224–225
 - reporting, 219
 - risk management, 219, 221
 - role, 212
 - change agent, 45
 - communities of practice, 183
 - executive knowledge, 35, 36
 - HTC, 193–194
 - information technology role, 247
 - interviews, 35–45
 - power centralization, 122
 - responsibilities, 198
 - role, 170, 172

- roles, 198
- software technology organization, 173–174
- support, 190–191
- Technological Dynamism, 173–174
- Chief Executive Officers survey, 35–45
 - “best practices” guidelines, 44
 - evaluation, 41–43, 42
 - management issues, 40, 40–41
 - measuring information technology performance, 41–43, 42
 - perception of information technology role, 37–40, 38
 - strategic importance to business planning, 38, 39
 - strategic issues, 40, 40–41
- Chief Executive Officers Technology Best Practices ARC, 225–228, 229, 230–233
 - dimension variables, 227–228
 - maturity stages definitions, 226–227
- Chief Financial Officers, 158
- Chief Information Officers, 40, 40, 155–169, 202
 - advanced degrees, 220–221
 - business strategy, 157–158
 - Chief Financial Officers, 158
 - communication with non-information technology executives, 165–166
 - communities of practice, 164–165
 - communities of practice disagreements, 164
 - communities of practice relationship, 163–164
 - communities of practice role, 163–164
 - Cultural Assimilation, 166–169, 167
 - decentralized, 155–156
 - internationally, 156
 - reporting, 156, 163
 - reporting to Chief Executive Officers, 219
 - Responsive Organizational Dynamism, 166–169, 167
 - role, 156
 - senior lower level, 161, 162
 - Strategic Integration, 156–157, 165
- Chief Information Technology Executives, 202–209
 - abilities, 205–206
 - activities, 206
 - barriers, 206
 - change, 206–207, 207
 - compensation, 204
 - leadership, 210
 - responsibilities, 204, 204–205, 208–209
 - roles, 206–207, 207, 208–209
 - time spent, 206
- Chief Information Technology Executives Best Practices Arc, 210, 213, 214–217
 - dimension variables, 211
 - maturity stages definitions, 210–211
 - principal facets, 210
- Chief Information Technology Officers, 190, 191–192, 193, 203
- Chief Knowledge Officers, 203
- Citibank, case example, 63–64
- Coach, self-development, 127, 128
- Collaborative inquiry, 136
- Collective knowledge, storing, 83–84
- Communication, 15–16
 - action, 93–97
 - Chief Information Officers with non-information technology executives, 165–166
 - emotions, 92, 93–97
 - frame-talk, 94, 95–96, 96
 - identity, 92–93
 - information technology department, 54
 - intermediary, 30–31
 - mythopoetic-talk, 94, 95–96, 96
 - Responsive Organizational Dynamism, 94–95
 - skills, 92, 93
 - synergy, 23
 - Technology Wheel, 95, 96
 - tool-talk, 94, 95–96, 96
- Communities of practice, 77–85
 - advantages, 80
 - best practices, 201
 - business strategy, 158–163, 159, 160, 161
 - Chief Executive Officers, 183
 - Chief Information Officer, 164–165
 - Chief Information Officer disagreements, 164
 - Chief Information Officer relationship, 163–164
 - Chief Information Officer role, 163–164
 - common threads of communication, 150–152, 151, 153
 - consultants, 187
 - continuous process, 78, 79
 - Cultural Assimilation, 78–82, 84
 - defined, 267
 - dependence on social structures, 90

- Communities of practice (*continued*)
- goals, 77–78
 - ICAP, 185, 185–186
 - ICAP relationships, 186, 186
 - individual interaction, 78, 79
 - information technology relationship, 79–80
 - innovation, 80–82
 - level of discourse, 150–152, 151, 153
 - operations management team, 183–185, 184
 - organizational learning, 181–183, 182, 183, 251, 252
 - Responsive Organizational Dynamism, 181–183, 182, 183
 - roles, 77
 - Siemens, 158–163, 159, 160, 161
 - Strategic Integration, 82–84
 - strategy, 81
 - technology extension, 81
- Computer-mediated communities, 83
- Computer-supported cooperative work, Cultural Assimilation, 84
- Concrete Experience, 85, 86
- Consequential interoperability, Strategic Integration, 51
- Consultants, 37–39, 38
- communities of practice, 187
 - Electronic Trading Community, 178
 - organizational learning, 179–181, 180, 181
 - Siemens, 165
- Content, Grant's schema of activity relationship, 92, 92–97
- Control
- empowerment, reconciliation, 253
 - self-generating organizations, 258–259
- Core business, information technology, 2–3
- Corporate culture
- HTC, 189, 192–193
 - myths, 154
 - starting point, 154
- Cultural Assimilation, 44
- characterized, 54
 - Chief Information Officers, 166–169, 167
 - communities of practice, 78–82, 84
 - computer-supported cooperative work, 84
 - defined, 267
 - global connectivity, 84
 - implementation, 60
 - individual learning, 73, 74
 - movement of traditional information technology staff, 54–56
 - organizational learning, 73, 74
 - Responsive Organizational Dynamism, 7, 119–120, 153–154, 249
 - Responsive Organizational Dynamism Arc, 101, 103, 106
 - Siemens, 166–169, 167
 - sub-categories, 54
 - Technological Dynamism, 48
 - relationships, 49
 - technology personnel, 1
 - virtual communities, 84
- Cultural lock-in
- defined, 120, 267
 - organizational change, 120
- Cultural transformation, 26–27
- Ravell Corporation, 16
- Customer demands, Strategic Integration, 52
- Customer Relationship Management, defined, 265
- Customer Resource Planning system, 221–224
- D**
- Data, information, sequence between, 152
- Databases, 83–84
- Data conversion, 125
- Data Mapping, defined, 265
- Data marts, 152
- Data warehouses, 152
- Deasy, Dana, 155–169, 252
- Decision making, information technology staff, 8
- Decision Support Systems, defined, 265
- Design, 90
- Development schedules, implementation, 60
- Discipline
- defined, 91
 - practice, 91
- Discourse, *see* Communication
- Discourse analysis, 95
- Documentation, 124, 125
- Dot.coms, 31, 112
- Double-loop learning, 16
- defined, 267
- Drivers, 52, 90, 254–255
- defined, 62, 267

- functions, 62
- life cycles, *135*, 135–136, 139, *139*
- outsourcing, 219–220, *220*
- sense and respond behaviors and activities, 62–63
- Siemens, 163
- Dynamic, defined, 4
- Dynamism, defined, 48
- E**
- E-business, 52, 61–62
- E-business strategy, 156
 - Siemens, 162–163
- E-commerce, 31
- E-commerce systems, 7
- Economies-of-scale, 65
- Electronic communities, 82, 83
- Electronic trading, 170–188
- Electronic Trading Community, 194–195, *197*
 - board members, 178
 - case study, 169–188
 - consultants, 178
 - executive team, 178
 - formation, 171
 - mission, 172–173
 - organizational learning, 173, 179–181, *180*, *181*
 - purpose, 171
 - responsibility, 171
 - software development, 170–188
 - software launch, 171–172
 - Technology Dynamism, 171
 - transition into new company, 176
- Emotions, communication, *92*, 93–97
- Empowerment, control, reconciliation, 253
- Enterprise Resource Planning, defined, 265
- Evaluation
 - Chief Executive Officers survey, 41–43, *42*
 - Garbage Can model, 35
 - information technology, 34–35
 - information technology non-monetary methods, 34–35
 - information technology staff, 18–19
 - line managers, 18–19
 - organizational transformation, ongoing methods, 139–150
- Event-driven learning, line managers, 109
- Evolution, 188, 252
- Executive boards
 - best practices, 228
- Electronic Trading Community, 178
- information technology discussions, *40*, 41
- organizational learning, 179–181, *180*, *181*
- Siemens, 157–158, *159*
- Y2K (Year 2000) event, 179
- Executives, 59, 114
 - Responsive Organizational Dynamism, 99
 - trust in decision-making, 164
- Expansion, 188
- Experiential Learning, 85–86
 - defined, 267
- Explicit Knowledge, defined, 267
- F**
- Feasibility, 89
- Feasibility process, *57*, 57–58
- Fifth Discipline, 112
- First-line managers, 111
- Five Pillars of Benefits Realization, 51
- Flame, defined, 267
- Flame communities, 83
- Flexibility, 188
- Frame-talk
 - action, 94
 - communication, 94, 95–96, *96*
 - defined, 94, 267
- Functional users, 59–60
- G**
- Garbage Can model, 58, *59*
 - defined, 266
 - evaluation, 35
 - information technology, 35
- Generalizations, 21
- Global connectivity, Cultural Assimilation, 84
- Global organizations, 160–188
 - senior executives, 174
- Global worker operations, 253–254
 - off-shore product development, 253
- Goals, 25–26
 - organizational transformation, 134
- H**
- HTC, 195, *197*
 - case study, 188–194
 - Chief Executive Officers, 193–194
 - Chief Executive Officers interactions, 190–191

HTC (*continued*)

- client's business requirements, 189
- corporate culture, 189, 192–193
- information technology history, 190
- Learning-Knowledge-Value Chain, 198–200, 199
- obstacles, 189
- process, 191–192
- reporting, 188, 190
- Responsive Organizational Dynamism, 194
- Technological Dynamism, 193

Hybrid culture, 26

I

IBM, 112–113

ICAP, 194–195, 197

- case study, 169–188
- change management, 174–175
- communities of practice, 185, 185–186
- communities of practice relationships, 186, 186
- executive team, 178
- high velocity, 175
- impact of technology, 170
- implementation, 185, 185–186
- information technology projects, 176–177
- Learning-Knowledge-Value Chain, 198–200, 199
- new trading system, 170–188
- organizational learning, 179–181, 180, 181
- Responsive Organizational Dynamism, 170, 179
- software development, 170–188
- Strategic Integration, 170
- transition into new company, 176

ICAP Electronic Trading Community,

112–113, 169–188

Identity

- communication, 92–93
- development, 92
- self-development, 131

Implementation, 57, 60–61, 90

- Balanced Scorecards, 148–150
- challenges, 60
- Cultural Assimilation, 60
- degree of scope changes, 60–61
- development schedules, 60
- estimating completion time, 61
- ICAP, 185, 185–186
- project management, 60–61

responsibilities, 61

standards, 61

Individual difference, 30

Individual learning, 250–251, 257

- Cultural Assimilation, 73, 74
- learning preferences, 85–90
- Responsive Organizational Dynamism, 73, 74
- sociological positions, 72–73, 74
- Strategic Integration, 73, 74

Information

data, sequence between, 152

definition, 152

knowledge creation, relationship, 152

Information technology, 12

- accumulative collective learning, 80
- both Driver and Supporter, 63
- broadening dimension of business life, 1–2
- budgeting, 203
- business strategy role, 33–34
- communities of practice relationship, 79–80
- core business, 2–3
- cost allocations based on overhead formulas, 34
- cost of doing business, 53
- defined as commodity, 8
- defining identity, 21–23
- direct returns, 52–53
- Driver component, 99
- Driver functions, 63
- evaluation, 34–35
- evaluation techniques, 5
- evolutionary related change, 69–70
- executives' level of involvement, 40, 41
- Garbage Can model, 35
- history, 3
- importance, 3, 38, 39
- indirect benefits, 5
- integration, 3
- Investment Opportunities Matrix, 35
- job titles, 202, 203
- judging new technologies, 177–178
- literacy, 8
- marginalized, 3
- marketing, 42, 42–43
- mission, 3, 37, 38, 43
- non-monetary benefits, 5
- non-monetary evaluation methods, 34–35
- operational strategy, 33–34
- organizational context, 31–32

- organizational control, 32
 - organizational development role, 1
 - organizational learning, reliability, 6
 - organizational learning modified models, 6
 - organizational learning relationship, 2
 - organizational learning validity, 6
 - organizational structure, 32–33
 - potential, 73–75
 - priorities set by organization, 80
 - productivity, 42, 42–43
 - recent background, 31
 - relation to other departments, 13
 - reporting, 40, 40, 43, 45, 156
 - responsibilities, 64–66
 - return-on-investment, 34
 - role changes, 38, 39–40
 - roles, 3, 64–66, 247, 248
 - significance, 29, 32
 - structural point of view, 203
 - as subculture, 33
 - Supporter functions, 63
 - theories, 6
 - use of term, 12
 - user tiers, 58–60
 - viewed from project perspective, 248
 - Information technology departments
 - assessing progress, 18–19
 - clear goal, 25–26
 - commitment to quality, 26
 - communications, 54
 - culture transformation, 26–27
 - dealing with crisis situations, 24
 - identity, 21–23
 - information technology teaching, 24
 - integration with another technology-based unit, 98–99
 - integration with core business, 14–18
 - internal political division, 16
 - learning for organization, 25
 - marginalized, 14
 - new culture, 123
 - political aspects, 70
 - Ravell Corporation, 14, 18–27, 70, 97–99
 - reinstating old culture, 97–98
 - satisfaction, 41, 42
 - structural transformation, 14
 - teaching staff “not to know,” 26
 - wholesale termination, 15
 - Information technology officer, most senior title, 40, 40
 - Information technology projects
 - business-user involvement, 125
 - completion, 124
 - cost, 72
 - definition, 125
 - failure, 7, 8, 72
 - ICAP, 176–177
 - latency in performance, 7
 - programmatic efforts, 7
 - quality, 7
 - requirements, 125
 - scope, 125
 - Information technology staff
 - assimilation, 29–30
 - characteristics, 30
 - decision making, 8
 - dislike of other employees, 14
 - evaluation, 18–19
 - isolation, 29
 - movement into other departments, 54–56
 - on-site, 17
 - organizational learning, 5
 - reflective action, 18
 - reporting, 17
 - re-structuring, 17, 18
 - self-governance, 18
 - self-reflection, 20–21
 - Innovations, 91
 - change, 135
 - communities of practice, 80–82
 - continuous, 116, 116
 - managing, 255
 - organizational transformation, 135
 - Intermediary brokering service, 160–188
 - International Standards Organization, 80
 - Internet, 31, 37, 38
 - defined, 266
 - Interviews, 15–16
 - Investment Opportunities Matrix, information technology, 35
 - ISO 9000
 - concepts, 80
 - defined, 266
 - Isolation, 54
- K**
- Knowledge
 - learning, link, 198
 - organizational transformation relationship, 152–153
 - performance, link, 198
 - tiers, 196

- Knowledge creation, 115–116, *116*, 152–154, 188, 196
 competitive advantage, 116, *116*
 information relationship, 152
- Knowledge development, 68
- Knowledge development organizations, 85
- Knowledge management, 115–118, 196–197
 defined, 267
 organizational learning, 160–162, *161*
 Siemens, 160–162, *161*
- L**
- Language, 90–97, *see also*
 Communication
 Balanced Scorecards, 150
 Technology Dynamism, 91
- Language of technology, Responsive
 Organizational Dynamism, 91
- Leadership, 177
 change management, 121–122
 Chief Information Technology
 Executives, 210
 Responsive Organizational Dynamism,
 257
- Learning
 knowledge, link, 198
 tiers, 196
- Learning-Knowledge-Value Chain
 HTC, 198–200, *199*
 ICAP, 198–200, *199*
 Siemens, 198–200, *199*
- Learning-Knowledge-Value Spiral, *198*,
 198–200
- Learning maturation, 250
 phases, 97–99
 Ravell Corporation, 97, 98–99, *100*
- Learning organizations, 75–77
 defined, 13, 75
 evolution, 75
 improved learning, 75
 organizational memory, 13
 systematic thinking, 13
 techniques, 76
- Learning Style Inventory, 85, 86
 Abstract Conceptualization, 85, *86*
 Active Experimentation, 85, *86*
 Concrete Experience, 85, *86*
 Reflective Observation, 85, *86*
- Learning styles, 72, 85–90
- Learning-to-Learn, 127–128, 130
 defined, 127–128
- Learning Type Measure (4Mat)
 instrument, 87–88, *88*
- Left-hand column technique, 20–21
 defined, 268
- Legacy systems, 123
 defined, 266
- Life cycle, new technologies, 64–66, *65*
- Life-cycle maturation, Strategic
 Integration, 50–51
- Life-long learning, 257
- Line managers, 59, 114–115, *see also*
 Specific type
 best practices, 228
 characterized, 20, 111
 defined, 111
 enlisting support for change, 17–18,
 19–20
 evaluation, 18–19
 evaluation of information technology
 staff, 17
 event-driven learning, 109
 importance of support, 19–20
 middle managers contrasted, 110–111
 organizational/system vs. individual
 learning, 114–115, *115*
 Ravell Corporation, 97–98
 role, 109
- Literacy, forms, 85
- M**
- Management
 tiers, *113*, 113–115
 vectors, 112–115
- Management self-development, 126–132
 defined, 268
- Marginalization, 14, 54
 negative impact, 14
 physical, 14
- Marketing, 177–178
 information technology, *40*, 41, *42*, 42–
 43
 Siemens, 162–163
- Mattering, 14
- Maturation with learning, organizational
 learning, 97, 98, *100*
- Maturity arc, 99
 axes, 100–104, *101*
- McDermott, Stephen, 169–188
- Measurement, 57, 58, 89–90
 defined, 58
- Mentor, self-development, 127, 128
- Middle managers, 191, *see also* Line
 managers
 Balanced Scorecards, 151
 best practices, 228–245

- executive-based, 236
 - implementation-based, 236
- definitions, 111
- line managers, contrasted, 110–111
- organizational learning, 109–110
- organizational/system vs. individual learning, 114–115, 115
- role, 110
- spiral conversion, 110
- Middle Managers Best Practices ARC,
 - 225–245, 239, 240–243
 - dimension variables, 238
 - maturity stages, 237–238
- Middle-up-down approach, 110
- Milliken, Christopher, 221–224
- Multicultural organizations, 70–71
- Mythopoetic-talk
 - action, 94
 - communication, 94, 95–96, 96
 - defined, 94, 268
- N**
- Networked organizations, 32
- Networks, connecting social and workplace communities, 83
- New meaning perspectives, 257
- New technologies, life cycle, 64–66, 65
- Non-sense, 94–95
- North American cultural norms,
 - organizational learning theory, 70–71
- O**
- Off-the-shelf software, 123–124
- Operational knowledge, Responsive Organizational Dynamism Arc, 101, 102, 103, 106
- Operational strategy, information technology, 33–34
- Operations, 114
- Operations management team,
 - communities of practice, 183–185, 184
- Organizational change
 - cultural lock-in, 120
 - organizational learning, 71–72
 - Responsive Organizational Dynamism, 118, 120–122
- Organizational control, information technology, 32
- Organizational knowledge
 - competitive advantage, 116, 116
 - defined, 115–116, 268
- Organizational leadership, Responsive Organizational Dynamism Arc, 101, 103, 104, 106
- Organizational learning, 2, 45
 - approaches, 197
 - Balanced Scorecards, 148
 - belief systems, 73
 - change, 73–75
 - communities of practice, 181–183, 182, 183, 251, 252
 - consultants, 179–181, 180, 181
 - Cultural Assimilation, 73, 74
 - definitions, 266–269
 - dependence on executive-driven programs, 109–110
 - Electronic Trading Community, 173, 179–181, 180, 181
 - executive boards, 179–181, 180, 181
 - ICAP, 179–181, 180, 181
 - information technology, 2, 6
 - information technology staff, 5
 - knowledge management, 160–162, 161
 - lack, 72
 - maturation with learning, 97, 98, 100
 - methods to manage, 250
 - middle managers, 109–110
 - modifications, 179
 - objective, 67
 - organizational change, 71–72
 - performance, 68
 - political aspects, 70
 - problem solving, 190
 - Ravell Corporation, 69–70
 - reliability, 6
 - resistance, 19
 - Responsive Organizational Dynamism, 73, 74, 117, 181–183, 182, 183, 256, 259, 260–263
 - senior executives, 109–110
 - Siemens, 160–162, 161
 - Strategic Integration, 73, 74
 - success, 67
 - technology intervention, 69–70, 71
 - theories, 2, 6
 - transformative process, 173–174
 - validity, 6
 - ways individuals learn, 72
- Organizational learning theories
 - adoptive approach, 67–68
 - goal-oriented activity systems, 67–68
 - linear development in learning approaches, 97–107
 - North American cultural norms, 70–71

Organizational learning theories (*continued*)

- Responsive Organizational Dynamism, 259
 - social perspective, 68
 - technical perspective, 68
 - technical vs. social process, 68
- Organizational memory, learning
 - organization, 13
- Organizational structure, information
 - technology, 32–33
- Organizational transformation, 67, 250, 251
 - activity systems, 134
 - authentic or substantial, 133
 - boundaries, 134
 - change, 135
 - defined, 133, 268
 - dimensions, 133
 - evaluation, ongoing methods, 139–150
 - evolutionary aspect, 137–138, 138
 - goals, 134
 - importance, 133–134
 - innovation, 135
 - knowledge relationship, 152–153
 - resistance, 19
 - transformative learning contrasted, 136
- Outcomes, technology, 4
- Outsourcing, 30, 37–39, 38, 218, 219–220, 220, 254
 - drawbacks, 30
 - Drivers, 219–220, 220
 - Supporters, 219–220, 220

P

- Payback, 51
- Performance, knowledge link, 198
- Phenomenology of “not knowing,” 26
- Physical isolation, 14
- Planning, 57, 58–60, 90
- Power centralization, 122
 - Chief Executive Officers, 122
- Problem solving, organizational learning, 190
- Process measurement, 125
- Productive learning, 16–17
- Productivity
 - information technology, 42, 42–43
 - Strategic Integration, 50
- Purpose, 67

Q

- Quality, self-reflection, 26

R

- Ravell Corporation, 13–28, 257
 - Balanced Scorecards, 145–146, 147–148
 - change, 76
 - characterized, 13–14
 - cultural transformation, 16
 - department-dedicated information
 - technology person, 17
 - Driver activities, 64
 - information systems sub-departments, 14
 - information technology department
 - assessing progress, 18–19
 - clear goal, 25–26
 - commitment to quality, 26
 - culture transformation, 26–27
 - dealing with crisis situations, 24
 - identity, 21–23
 - information technology teaching, 24
 - integrated with another technology-based unit, 98–99
 - integration, 14–18
 - internal political division, 16
 - isolation, 14
 - learning for organization, 25
 - marginalized, 14
 - political aspects, 70
 - reinstating old culture, 97–98
 - structural transformation, 14
 - teaching staff “not to know,” 26
 - information technology director, 14
 - learning maturation, 97, 98–99, 100
 - line managers, 97–98
 - organizational learning, 69–70
 - self-development, 130–131
 - senior management, 15
 - Strategic Integration
 - blueprint, 16–17
 - enlisting support, 17–18
 - implementing, 23–24
 - information gathering, 15
 - key managers, 18
 - physical move of organization, 23
 - technology acceleration, 23
 - strategy map, 145
- Reflection
 - definitions, 76
 - weekly memo, 25
- Reflection-in-action, 76–77, 267
- Reflection-on-action, 76–77, 267
- Reflection-with-action, defined, 268
- Reflective action, information technology
 - staff, 18

- Reflective learning, 15–16
 Reflective Observation, 85, 86
 Reflective practices, 76–77, 250, 259, 260–263, 267
 Responsive Organizational Dynamism, 77
 self-development, 126–127
 Reflective skills, development, 21
 Reflective thinking, 45
 Reporting, 247
 Chief Executive Officers, 219
 Chief Information Officers, 163
 HTC, 188, 190
 information technology, 43, 45
 Technology Dynamism, 174
 Responsive Organizational Dynamism, 6–7, 248
 Aldrich's evolutionary process, 137–138, 138
 architecture, 52
 Balanced Scorecards, 142–143, 143, 144
 business strategy, 256–257
 change, 7
 Chief Information Officers, 166–169, 167
 communication, 94–95
 communities of practice, 181–183, 182, 183
 components, 249
 creating environment, 249
 Cultural Assimilation, 7, 119–120, 153–154, 249
 defined, 201, 268
 discourse theories, 95
 executives, 99
 foundation, 202
 HTC, 194
 ICAP, 170, 179
 individual learning, 73, 74
 language of technology, 91
 leadership, 257
 levels of management, 256
 needs, 51–52, 257–258
 organizational change, 118, 120–122
 organizational learning, 73, 74, 117, 181–183, 182, 183, 256, 259, 260–263
 organizational learning theories, 259
 reflective practices, 77
 retention, 137–138, 138
 selection, 137, 138
 self-generating organizations, compared, 258
 sense-making, 95
 Siemens, 166–169, 167
 Strategic Integration, 7, 51–52, 97–99, 119–120, 156–157, 249
 sub-components, 7
 tacit knowledge, 119–120, 119–120
 Technological Dynamism, 256–257
 transformation theory, 133
 variations, 137, 138
 Responsive Organizational Dynamism
 Arc, 99, 259–264
 Applied Individual Learning Wheel, 104–105, 105, 106
 axes, 100–104, 101
 best practices, 244, 245
 Cultural Assimilation, 101, 103, 106
 department/unit view as other, 101, 102, 103, 106
 integrated disposition, 101, 102–104, 103, 106
 management level, 101, 103, 106
 maturity arcs, 244, 245
 operational knowledge, 101, 102, 103, 106
 organizational leadership, 101, 103, 104, 106
 organizational learning constructs, 101, 103, 106
 self-development, 127
 stable operations, 101, 103, 104, 106
 Strategic Integration, 101, 103, 106
 timing dimension, 104
 Retention, 137–138, 138
 Return-on-investment, 3, 58, 157
 information technology, 34
 Risk, 51
 change management, 122–125
 Risk assessment, Strategic Integration, 53
 Risk management, 219, 221
- S**
 Santander Bank, case example, 63–64
 Selection, Responsive Organizational Dynamism, 137, 138
 Self-development, 126–132
 coach, 127, 128
 first phase, 127–128, 130
 formal process and structure, 128–130, 130
 identity development, 131
 Learning-to-Learn process, 127–128, 130
 management, 126–132
 mentor, 127, 128
 need, 126
 Ravell Corporation, 130–131

- Self-development (*continued*)
 - reflective practice, 126–127
 - Responsive Organizational Dynamism Arc, 127
 - second phase, 128, 130–131
 - Technological Dynamism, 126, 130
 - third phase, 130–131
- Self-generating organizations
 - characterized, 258
 - control, 258–259
 - Responsive Organizational Dynamism, compared, 258
- Self-governance, information technology staff, 18
- Self-Managed Learning, 128–130, 130
- Self-reflection
 - information technology staff, 20–21
 - quality, 26
- Senior management, 15
 - complaints about information technology, 33–34
 - global organization, 174
 - organizational learning, 109–110
- Sense, 94
- Sense and respond behaviors and activities, 62–63
- Siemens AG, 155–169, 194, 197
 - board members, 157–158, 159
 - business strategy, 158–163, 159, 160, 161
 - case study, 155–169, 252
 - communities of practice, 158–163, 159, 160, 161
 - consultants, 165
 - Cultural Assimilation, 166–169, 167
 - Drivers, 163
 - e-business strategy, 162–163
 - knowledge management, 160–162, 161
 - Learning-Knowledge-Value Chain, 198–200, 199
 - marketing, 162–163
 - organizational learning, 160–162, 161
 - perspective from Chief Information Officer, 155–169
 - Responsive Organizational Dynamism, 166–169, 167
- Single-loop learning, 16
 - defined, 268
- Skills, communication, 92, 93
- Social discourse, 90–97
- Software changes, 124
- Software development, 169–188
 - Electronic Trading Community, 170–188
 - ICAP, 170–188
 - Software development staff, 37–39, 38
 - Software packages, 123–124
 - Software technology organization, Chief Executive Officers, 173–174
 - Software version control, 123
 - Standards, implementation, 61
 - Storyboarding, 166
 - defined, 266
 - Strategic alignment, 51
 - Strategic Integration
 - characterized, 49, 49–50
 - Chief Information Officers, 156–157, 165
 - communities of practice, 82–84
 - consequential interoperability, 51
 - customer demands, 52
 - defined, 268
 - factors of multiplicity, 50
 - ICAP, 170
 - individual learning, 73, 74
 - life-cycle maturation, 50–51
 - managing complications, 50
 - organizational learning, 73, 74
 - productivity, 50
 - Ravell Corporation
 - blueprint, 16–17
 - enlisting support, 17–18
 - implementing, 23–24
 - information gathering, 15
 - key managers, 18
 - physical move of organization, 23
 - technology acceleration, 23
 - Responsive Organizational Dynamism, 7, 51–52, 97–99, 119–120, 156–157, 249
 - Responsive Organizational Dynamism Arc, 101, 103, 106
 - risk assessment, 53
 - Technological Dynamism, 48
 - Technological Dynamism relationships, 49
 - Strategic learning, 2, 256
 - Strategic learning cycle
 - align, 69
 - execute, 69
 - focus, 69
 - learn, 69
 - Strategic learning framework, 4
 - Strategy, technology
 - Driver vs. Support, 6
 - relationship, 6
 - Strategy map, 145, 145
 - Ravell Corporation, 145
 - Supervisors, 111–112

best practices, 228
 Support contracts, 123
 Supporters, 90, 254–255
 defined, 62, 268
 functions, 62
 life cycles, 135, 135–136, 139, 139
 outsourcing, 219–220, 220
 Survey, Chief Executive Officers, 35–45
 Synergy, communication, 23
 Systematic thinking, learning
 organization, 13
 System changes, 124
 System upgrades, 123
 System version control, 123

T

Tacit knowledge
 defined, 269
 protection, 187
 Responsive Organizational Dynamism,
 119–120, 119–120
 transformation, 187–188
 Technical knowledge, 23, 124
 Technological Dynamism, 47–48, 248
 Chief Executive Officers, 173–174
 Cultural Assimilation, 48
 Cultural Assimilation relationships, 49
 defined, 48, 269
 Electronic Trading Community, 171
 evolution, 57, 57, 61–62
 HTC, 193
 language, 91
 multiple structures, 196
 reporting, 174
 Responsive Organizational Dynamism,
 256–257
 self-development, 126, 130
 Strategic Integration, 48
 Strategic Integration relationships, 49
 Technological knowledge, sources, 55
 Technology, *see also* Information
 technology
 change, 47–48
 characterized, 47
 definitions, 265–266
 dissemination, 2
 Driver vs. Supporter, 6
 integration, 2
 life cycles, 6
 new untested technologies, 60
 non-monetary methods for evaluating,
 5

 outcomes, 4
 pace of change, 1
 potential fit of new, 4
 return-on-investment, 3
 strategy relationship, 6
 valuation, 3
 Technology acceleration, 23
 Technology-based organizations, defined, 2
 Technology business cycle, 57
 component description, 57
 cycle component, 57
 feasibility, 57, 57–58
 Technology life cycle, 254–255
 Technology literacy, 2
 Technology personnel
 cultural assimilation, 1
 as outsiders, 3
 stereotyped, 3
 Teleworkers, integrating, 83
 Timing dimension, Responsive
 Organizational Dynamism Arc, 104
 Tool-talk
 action, 94
 communication, 94, 95–96, 96
 defined, 94, 269
 Traditional organizations, 54–56
 Training, 25, 124, 125
 Transformation theory, Responsive
 Organizational Dynamism, 133
 Transformative learning
 in organizational contexts, 136–137
 organizational transformation,
 contrasted, 136
 strategies, 136
 Transformative process, organizational
 learning, 173–174
 Trust, executive decision-making, 164
 Turnover, 72

U

Unpredictable, characterized, 4–5
 User interfaces, defined, 266
 User level, defined, 266
 User satisfaction, 124

V

Valuation, 157
 technology, 3
 Value chain, 198, 198–200
 Value proposition of learning, 164
 Variations, Responsive Organizational
 Dynamism, 137, 138

Virtual communities, Cultural
Assimilation, 84
Virtual organizations, 32

W

Web (World Wide Web), defined, 266

Y

Y2K (Year 2000) event
Chief Executive Officers interviews,
179
defined, 266
executive boards, 179