

Author: Zoran Vaupot

Title: “Drama: Reengineering of information systems”

Main Part: Company Management

Date: 15 July 2001

In Slovenia ERP (Enterprise Resource Planning) is fashionable. This phenomena which follows the global and European boom from the middle of the 90's, is spreading more and more, even in Slovenia. Despite numerous and often negative experiences with introducing ERP systems into Slovenian companies, the growth of this market segment is irrepressible. The mostly “computerised” approach of ERP introduction into companies, besides profit, also brings numerous problems, but above all it contributes to non-integration and ineffective operation of ERP systems in the complete information system (IS) of the company.

The experience of our international group, which as one of the leading international consultation companies, has helped to define the view point content of the organisation of IS in companies for many years now, shows a relatively high reliability for the prediction of events. There are those mistakes which we have already predicted (which have already occurred or are actually happening at the very moment), but also there are those which will sadly occur since our companies like to learn from their own mistakes (instead of those of others).

The main mistake with regard to the discussion of information systems in Slovenian companies is their distinctive partial appearance. This is not the only thing that demonstrates the current previously described trend in connection with ERP systems. There are very few organisations on our soil that have prepared a long term and complete strategy for the development of information systems for the next 5 to 10 years.

It is true that this strategy is actually a support for the overall business strategy of a company, and that it cannot be done with quality or is not sensible without the former if it exists for its own purpose. In our experience, the majority of the more respected companies in Slovenia already have a written business strategy for their organisation and we can conclude they are set at too much of a general level when they give answers to questions such as WHAT (defining goals) they wish, but not HOW (definition of sources and support functions) they will achieve this.

The described situation shows the desire to avoid conflict situations. Conflict situations, by definition, bring different, usually contradicting views for the approach to resolving of open issues.

Because at any given moment one option has to be chosen, even though it may be a compromise, it simultaneously means the assumption of responsibility for achieving the goals which we set ourselves and the methods for their achievement. The avoidance of resolving conflict situations, therefore, is nothing else but the shirking of responsibility. This cannot be put off forever, as the business world around us is getting better, more competitive and more demanding. If we do not adapt to it, we will fall behind. If we fall behind today, then tomorrow we might no longer exist.

Therefore, a clear IS strategy is necessary in the context of a complete company business strategy. Since the appointment of an IS strategy represents a clear support function,

which concerns practically all the main and all other business support functions within a company, its arrangement is therefore a very subtle task for the company management in the developed world, and increasingly more and more in Slovenia; the management would not start a business without the cooperation of an external consultant company.

One of the content complexes in which we write the actual assignments associated with the development of IS in a time span which the IS strategy refers to is the so-called reengineering of IS. Since IS is the definition of actual assignments of certain responsible individuals, time deadlines, and financial resources their realisation, during the drafting of this part of the strategy inside the company, we can certainly expect resistance from individuals or non-formal groups which will protect different kinds of existing or desired and/or expected interests.

To overcome the resistance of IS reengineering, the consultants of Cap Gemini Ernst & Young help the management of the company through the following three steps: (1) to understand why resistance actually occurs; (2) in what forms the resistance manifests itself so we can identify it; (3) how to most efficiently overcome resistance.

To understanding why resistance occurs, we have to originate from the general realisation that changes usually induce fear, which can become manifested for different reasons; but in our practical work we most commonly meet with the following: the loss of prestige, the limiting of promotion, the deterioration of relations with responsible individuals, the loss of employment, the exclusion from a group of co-workers, and the loss of self respect and control.

The forms of expressing the resistance towards IS reengineering are very different, but can be categorised with a content analysis into five basic forms:

- 1.) A direct attack (on an individual or project),
- 2.) "I would like to know all of the details...",
- 3.) "The demands of our company (department) are so specific...",
- 4.) "We don't have the time...",
- 5.) Silence (no answer).

The effective resolution of resistance towards management firstly requires the awareness that it is a natural human reaction which should not be taken personally, or as an assault on our professionalism. Only after, when in truth we grasp the resistance of co-workers, can we start to resolve the conflict. The consultants recommend the execution of measures to the company management that are divided into three phases: (1) identification and understanding of the forms in which the resistance manifests itself; (2) acknowledging and determining the different forms of resistance; (3) The total "emptying of the rebels" and patient arguing for the need of IS reengineering.

Identifying and understanding of the forms can be effective especially under the condition that we trust more in what we can see, as opposed to what we hear. In moments of doubt you can depend on your own personal instinct, but you have to be alert for repeated statements especially if they are uttered by different individuals.

Certainties concerning the understanding of forms and carriers of resistance are followed by the direct confrontation of points of view. The often noticed shirking of management representatives to confront individuals in direct dialogue, concerning the initial idea only makes matters worse in time. The immediate identification of the form of resistance and its carriers is of key importance, to which the objective, non-aggressive, “win-win” mode has to be introduced as our understanding of their resistance to changes.

With the effective execution of this second phase for overcoming resistance we actually established the terms for an efficient, non-conflict communication. This way we are able to definitely “empty” the person you are talking to or group of rebels without the unnecessary burden of emotions and irrational explanations of the resistance against the changes. Altogether, it can also end with the acceptance of some of their ideas which could already be included at the start of the consideration of IS reengineering.

All of the three phases are repeated until consensus on the introduction of changes is achieved, or until the moment when we evaluate the (long term) profits of the introduction with the use of managerial power to overcome (long term) expenses of the latent opposition against the introduced changes. The latter is, in our experience, best to be avoided.

In conclusion, we can summarise that the management representatives have to be aware of their role which will have to be played by the effective IS in the business operations of the whole company. If the IS does not have this role, it is sensible to ask ourselves about the means of expenses of its existence in the current organisational form. In the case the role of IS, in connection with the main and other support business processes of the company, is as it should be then this is only an additional reason to undertake all the changes in their entirety and with the support of all involved co-workers. The reengineering of IS is not a task for “individuals in white coats, of serious boffins who work in the air-conditioned office of the AOP department”, but the representatives of the highest company management.