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## How to Transform a Business Culture - an Art Form

**The process of transition requires skills that many say they have but few really possess....**

The last few years have created a business environment which is very different from the one in which most organizations have developed their operations. Today there are new issues that everyone must face: new competitive pressures; questionable customer loyalty; focus on more profitability from existing revenue streams; managed growth; improved customer service levels; better risk management; and overall cost containment. The result has been a new focus on business re-engineering.

As continued pressure is placed on technology departments to transform the business with re-engineering, there are many pretenders who say they have the "holy grail" for the re-engineering process. This has gone to the extreme of organizations spending millions of dollars to re-think the way they conduct business.

We have found the steps are not all that complex and more often than not are easily accomplished with existing in-house staff. We know that these few basic rules, when followed, produce favorable results frequently and quickly. They are:

- Integrate technology with the business culture
- Enhance the decision process
- Unleash the power of data
- Merge data environments

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## Organizations Feel No Responsibility For Existing Employees

**Is the cost of retraining greater than the value of long term employees in your enterprise?**

As the number of organizations that continue to down-size grows, there is a tendency by some organizations to focus on long term and high paid employees as an expendable resource. This is not only costly, but it is also very short sighted.

We are now facing a period where it is not uncommon for organizations to announce that over 30 to 40% of all jobs will be eliminated. In this environment many executives are driven by the need to meet these objectives without looking at the contribution and commitment of the employee base that is going to be reduced. An enterprise is more than its physical capital,

assets and retained earnings. It is also its people. This has been forgotten by many who are just looking at this period's earnings.

We have recently come across a number of situations where the very existence of the enterprise entity has been put at risk because of this attitude. Many managers do not appreciate the value of institutional knowledge nor the specter of age discrimination liabilities. Many organizations are at risk.

In one case a firm's (a Fortune 500 enterprise) very life is being threatened by an age discrimination civil action. They had no program in place to focus on the implication of downsizing, organizational responsibilities and employees affected. Because of this, they did not know that the actions they were taking had an adverse impact on a protected group -- those over 40.

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**Are Business and IS managers working as a team?**

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## **How to Transform a Business Culture - an Art Form**

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### **Integrate Technology Into Business**

In order to accomplish this it is necessary to know what the business is and how it generates revenue. Many forget that for revenue to get to McDonalds a hamburger and fries must be sold. At the same time, the Point of Sale device and supporting systems must augment customer service, not just record a transaction.

When was the last time that someone from the information services function actually generated a dollar of revenue by working in one of the store's units or customer locations? In order to do something better, we must know how it is done today. Add on to that the tendency of the larger consulting firms to sell a project to senior management with the world's best industry experts and then have "raw MBAs" and junior staff work the project.



**The race is on -- Where will you finish?**

### **Enhance the Decision Process**

As the process of re-engineering takes place it is more important to understand what it takes to get something done than what is done. That requires the creation of a number of base line parameters for all decision making. The first is that all information should be timely and accurate. In that way decisions can be made with the best intelligence possible. Otherwise, the enterprise is shooting from the hip.

Even if the information is timely and accurate, it does not mean anything if it does not help the decision making process. Therefore the second element of the re-engineered business process is that the decision is based on real information not just data. Data is created by bureaucrats and middle managers who typically do not provide any value added. Information is created and used by individuals and functions that help an enterprise serve its purpose -- to generate revenue.

One additional component is the presentation of the information. A tabular report just does not work well. Most people do not have the capability to remember more than one dozen phone numbers yet we design reports which rely on "institutional knowledge" of what is important and what can be done to impact eventual results. Graphical presentation of information with trends, forecasts and past actions are a key.

In this way an organization can make the decision making

process more functional and teachable to others. To get to an enhanced decision process all three of these factors need to be considered in the transformation process.

### **Unleash the Power of Data**

To unleash the power of data it must be made into information which people can easily access, even when the existing process does not define just what is needed. The real need is to have an information warehouse that users and developers can easily access and modify.

This requires that the time between asking the business question to the moment the information is available to help in the decision process must be very short. The time to deliver a new system or data element should be no more than one-half of an operating cycle. If the normal business cycle (i.e., annual as a growing season for a crop or business reporting cycle) is twelve

months, then it should take no longer than six months to implement a major system enhancement (or one reporting period for a new individual information source or presentation).

That is a far cry from the 18 month development time line of most system efforts. Management and operation organizations will no longer wait that long. They will extract data, no matter how inaccurate or untimely and generate misinformation to help them achieve their overall business objectives.

### **Merge Data Environments**

The greatest inefficiency in most organizations is redundant and incompatible data. The IBM mainframe database is not in tune with the IBM AS/400 data much less the local area network databases on which all of the key users are making business operation decisions. If there is one area on which emphasis should be focused, it is this.

As we have seen in our practice many organizations continue to flounder with outmoded business system planning. What they are doing is planning their way to oblivion. If they start a process using these common sense steps they will at least have an approach that they can use until a better one appears.

If there is no commitment to transform the business culture, at the very least look at how to merge the various data environments to take advantage of some of the tools, and be sure key users know what they need and want. 

## **Organizations Feel No Responsibility For Existing Employees**

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In another, the organization is actively following the path of not retraining its existing staff, knowing full well that within a short period of time the old line staff will be let go because they are no longer needed. In this case, the knowledge in the group being let go, on how and why the organization does its business, will be lost.

That is not to say that you should have all "long term" employees. Recently we were at one organization that had an average tenure of over 17 years for most of the management and key development positions. They had not brought on board enough new talent over time to get the institutional knowledge of others. Balance is the key.

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**...documentation...costs too much;  
is difficult to maintain;  
and rarely is accurate...**

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The responsible thing for these firms to do is to retrain the retrainable. At least it will give those individuals the capability to look at alternatives. The cost is not all that great when you look at the benefits these individuals offer the organization.

For example a number of years ago we were helping a firm that had moved its manufacturing facility from the Detroit area to the Southwest to get away from its "high cost" labor market. Less than 2% of the direct labor force relocated and the average tenure of those who did was less than 24 months.

The manufacturing facility was the newest and best in the industry. Try as they might the organization could not produce their product at the level of quality that the old plant achieved. After several quarters, we were engaged to look into the process. We did all of the things a good consultant had to do and could find no system problem with the process.

We then had a number of the old timers come and visit the facility. It took them less than one morning to see the problem. In the old facility the rework department was by the raw

material stores area. The only way that a defective product could get there was to move it by a hand cart. It would be tagged with a large reject sticker listing the department that made the error in manufacturing. The pride of the old time worker did not allow this to happen more than once.

How many times have you found that the same error that was made by an individual is a new employee problem, where the good manufacturing practices or policy and procedures do not cover the exceptions, but longterm employees know how it needs to be done?

The need to document is a sign of failure of an organization. That is not to say it is not required, rather it is something that should be used in adjunct to institutional learning. Remember, documentation costs too much, it is difficult to maintain and it is rarely accurate enough to be of much good.

When was the last time that you looked at all of the Method 1 forms and used them to base a decision on how something could be done? Often the knowledge necessary to do something resides within the firm. If all of the old line employees are lost to the organization, will it not have to go back and remake the same mistakes again?

Seeing that responsibility is appreciated is something that all managers should do. To help meet that objective and minimize risk of loss of key employees and potential lawsuits a number of steps should be followed.

First, understand the actual functions that are really need to be done in an enterprise. With this as a base it will be much easier to identify where institutional knowledge should be retained. Second, have a formal training program in place which will facilitate the movement of existing old line employees into new technologies. Third, have an organizational structure and job class structure which will allow for individuals to grow and be retained in the organization over time. Fourth, have an active program to insure that new ideas are injected into the organization.

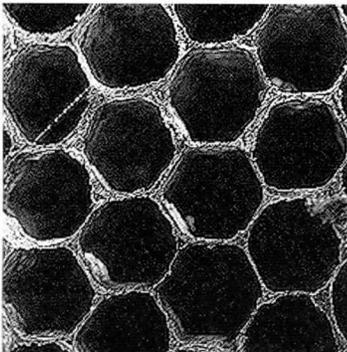
Given the time we are in, this is an area where more focus should be placed. Question --- ARE YOU? 

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# Forecast for the National Information Systems Market

**Alan Greenspan and FED policy will impact job prospects for many in the near term....**

by M. Victor Janulaitis

As we look out over the summer and fall the specter of higher interest rates and increased governmental regulation is putting the breaks on a slowly growing economy. In listening to an economist from Harvard it became very clear to me that this administration has its head and mind in the twilight zone. His statement was "...expanding at over 5% in the last two quarters, the economy was operating at near full capacity." He felt that maybe another one tenth of a percent could be squeezed out before inflation would run rampant.

Give it a break. We have not seen any inflation in last several quarters -- rather we have seen deflation. The economy is still soft in many parts of the country and higher interest rates will only continue to foster the softness. What the East Coast establishment sees is the effect on the old manufacturing industries. The statistics do not take into account the fact that we are now in a service society.

Given the move to client server technology more economic data needs to be added to include all of the non-manufacturing job sectors of the economy.

Job prospects are still reasonable for individuals who are using current technologies. On the other hand, as companies continue to down size you should be

aware of significant trends.

**DEC** - With the current layoffs RDB and VAX experience is not a real plus. Also the DEC Alpha processors are not selling anywhere as well as they should be. It seems like DEC could be the next company to face the brink of extinction. Companies will not invest in a doubtful survivor. This puts all of those technologists at risk.

**HP** - The move to its UNIX systems continues to be a source of positive momentum for the industry. Skills that are transferable to that platform are in high demand. This will continue to be the case, as this is the platform of choice in the continuing downsizing of our industry. More and more we see IBM AS/400's being displaced by HP systems.

**IBM** - The new management of IBM has only continued the dissolution of strategic platforms of choice. Companies are now wary of anything that has been defined as strategic direction by them. There will continue to be opportunities in the mainframe world as companies begin to discover that not everything can be put on client servers. In a recent forecast for a Fortune 25 firm we found that the processing requirements for mainframes will drop from 95% to 80% in the next five years. However this still means an increase in the total expenditures and staffing for the

centralized information systems function. Add to that a recent study shows success rates of CIO's results are lower now than at any time in the last two decades. The half life of a new CIO now is less than 18 months. This will continue to be an area for opportunity for many.

**Others** - The real drivers of the market will be software and tool companies. Look for Microsoft to be a primary driver of technology if Daytona and Chicago work. As a side issue Daytona is not the operational system of the future if the Beta release of 3.5 is anything to measure on. Gupta, Powersoft and others are in a life and death duel to see who will win the hearts and minds of the development community.

Always remember to ask yourself the question -- What ever happened to people and organizations that bet on Data General, Wang, CDC and all the others who led the way in the past?

The real opportunities are reaped by those that get on the right horse and do it early. Bet on the tools that will provide the best chance of success regardless of the platform on which they run. Be an innovator with an eye on integration with the world as it is. 

*Vic*



Published by:

M. Victor Janulaitis

Location	Prospects Short Term	Prospects Long Term
Northeast	Good	Good/Poor
Mid-Atlantic	Good	Good
Southeast	Poor	Good/Poor
South	Good	Very Good
Midwest	Very Good	Excellent
Southwest	Good	Excellent
West	Good	Very Good
Pacific Northwest	Good	Good
Best Location	Midwest	West / Northwest