

Building the People Infrastructure for your E-Business

In late 2000, Forrester Research predicted that Net commerce, both B2B and B2C, would expand at "hypergrowth" in Asia Pacific over the next three years. From US\$64 billion in 2000, it would reach US\$1.7 trillion by 2004 – a rate of 130% to 150% each year. These are extravagant numbers – especially when you consider that this is in a region where 50-80% of the workforce is employed by small and medium enterprises, where technology infrastructure is patchy and inconsistent, and where IT literacy rates are still cause for concern among ageing workforce populations.

IT literacy among older workers and in SMEs is a serious issue. The gains and benefits of e-business rely absolutely on connecting a critical mass of participants in the supply chain. It's no good having a \$30 million ERP system if only four or five of your bigger suppliers are connected to it. You need to be able to see four or five companies deep into the value chain before you can realise the radical benefits that the connected economy brings. And you don't have to go many steps down the chain before you find the small enterprise.

It isn't an option to stay out of the e-business game if you are serious about business. Sure, you can stall, you can manoeuvre, and economic trends will give you breathing spaces here and there. But the terror of the connected economy simply put is that the technology makes it possible for anybody among your competitors to e-enable their business, and when they do that successfully, they will be operating at margins that far out-perform yours – and your customers will abandon you. While the Old Economy Empire fights back and NASDAQ reels, everybody talks about the crazy dot com days as if the old economy rules somehow got re-validated for another fifty years. They didn't... while ostriches examine the soil between their toes, the wise are quietly building their e-capabilities together with their technology.

The problem is more than one of IT literacy though. E-Business is a radically different ball-game from traditional business. For one thing, your reach is much bigger – your marketplace expands dramatically, whether it be a marketplace for corporate buyers, suppliers, or consumers. That means, in its simplest terms, that you can't just change a bit of your business at a time – you have to do it all at once. It's no good having a storefront that can reach millions if you haven't

worked out your payment, logistics and fulfilment to cope with millions as well. It's no good having a multi-million dollar ERP system plugged into a Net Market if your procurement guy is still making the deals on the phone with the same ten local suppliers he has been working with for the past fifteen years. It's no good having just-in-time manufacturing if you don't have real-time visibility into the requirements of your buyers' buyers' buyers.



"It's no good having a multi-million dollar ERP system plugged into a Net Market if your procurement guy is still making the deals on the phone."

What this means is that the first big problem in transforming your business is that you have to do it all at once, and you have to do it fast. E-Business is just not compatible with the old ways you did things. Jobs and job processes change dramatically. The inventory clerk's job is going to change. From keeping track of static objects in his care – focussed on accounting for what he can see around him, he's going to become a contracts manager focussed on keeping things moving – a traffic policeman with a high sense of timing, concerned only that objects remain in his care for as short a time as possible.

The customer service officer is going to become virtually extinct as online customer service management processes kick in, user interfaces become much more sophisticated, and as performance support tools are deployed to help customers at the point of the problems. When Cisco Systems implemented its Customer Connection Online system in 1994, it was able to save over 600 customer support posts. The customer service people that survive are doing much more complex jobs. Today over 40% of the Cisco customer service staff have Masters' degrees, because the role has evolved into a much higher

level function, dealing with issues that the online systems cannot anticipate.

So not only do you have to make the right strategic decision, buy the right technology to implement it, and then manage all the different bits of your business into radically different ways of doing things, you also have to make sure that practically everybody in your organisation changes what they do in fundamental ways. In some ways the technological awareness of staff is less important – few employees now work without using some kind of technological tool, and the user interfaces are becoming more intuitive and easier to use.

The real problem is a change management problem, and it is a learning problem. Everybody in your organisation has to discover and learn new ways of doing things all at once, very fast, and with little scope for mistakes, all the while keeping your current customers happy and your current revenue streams rolling in.



"Everybody in your organisation has to discover and learn new ways of doing things all at once, very fast, and with little scope for mistakes, all the while keeping your current customers happy and your current revenue streams rolling in."

Small wonder then that for all the talk of "learning organisations", for all the change management seminars attended, for all the vast investment in training and development, very few organisations that develop e-capabilities do it by physically migrating their labour force through a learning cycle. Most e-businesses get started from scratch, or they get spun off as separate entities.

MPH sets up MPH Online as a separate organisation. OCBC sets up finatiQ.com, and the closest they ever get to each other is that on Fridays the OCBC guys get a little daring and go to work in polo shirts. It's a fair bet that few if any of the 40% of Cisco customer service operatives who have Masters' qualifications migrated to that educational level from the pre-1994 customer service job. They were recruited with them, and a lot of the old operatives lost their jobs. While externalising the human resourcing of your e-business may be fine as a short-term solution, it puts the burden of learning outside the traditional workforce, and out into the talent marketplace, where you create serious talent inflation. There just aren't enough people out there who know about how the marriage between technology and business works – and so you have a lot of people who know a lot about one and a little of the other, hopping through a series of high intensity, high failure, and high reward jobs.

The parent company cannot live this dual existence for long. The tension between the "e-business bit" and the traditional business demands resolution, and sooner or later the embarrassing discontinuity between e-business showpiece projects and the underlying capabilities of the organisation will come to embarrassing light. While DBS Bank promotes internet banking and partners with BeXcom to provide access to internet marketplaces, it de-automates its POSBank customer queuing systems and demonstrates a stupendous inability to devise a queuing system that will stem the flow of angry correspondence in The Straits Times.

I'm probably being too cruel. The reality is that the e-business challenge is a terrible problem for organisations. If you are not small or a start-up, it's practically impossible to create an e-business from your existing business. But you have to try, because if your competitors get there before you do, you'll be like the guy on the bicycle just after your neighbour invented the motorbike. All you'll see is exhaust.

And while mature incumbents might have stemmed the flow a little and absorbed some senior management know-how of e-business by spinning off new entities, the next competitive advantage is going to come from the incumbents that manage to grow the e-capabilities of their workforce across the traditional enterprise and into every job. If the Forrester predictions are to be met, then recruiting e-business talent from the marketplace is not going to satisfy this demand. Nor will e-business wait for the next generation of tech-savvy Polytechnic

and University graduates to get a bit of business experience in the workplace. We have no choice, we have to use the people we have got.

There are precious few resources to help us. E-Business awareness is pitiful even at senior management level in most industries. It is the more pitiful when senior managers consider that you need a couple of experts on staff, a reliable technology vendor and a couple of months of Big Five consulting to "do" your e-business for you. The only thing that keeps these people in their jobs is the sheer momentum of the companies they work for.

E-Business will succeed most where there is a pervasive awareness of what e-business means at the level of jobs and processes throughout the enterprise. And organisations are now beginning to realise that. In the last year the PSB's Institute for Productivity Training teamed up with HP Education to offer an e-business awareness course, partly online, partly offline, and combining practical workshops and mentoring. Supported by SDF, this programme is aimed at SME strategic decision-makers, is extremely flexible and focuses heavily on the Singapore environment (<http://www.e-geneducation.com>). Singaporean/French e-learning company ICUS has an e-business course co-developed with Nokia and Insead which is taken completely online, but also has online coaching support (<http://www.icus.net>). My own company Knowledge Platform this week releases the self-study version of a completely new 12 hour e-business 101 course to be taken and assessed online (<http://www.knowledgeplatform.com>).

The links with spreading knowledge of e-business through e-learning are not poetic. Remember that the three biggest challenges of spreading e-business through the enterprise are the challenges of speed, scale, and novelty. It's all new stuff. At the very least we need to have everybody in our organisation roughly on the same page at roughly the same time. Our learning content is changing frequently, people need to learn as much from each other as from the courseware, and they need to know when they have acquired valuable experience



to pass on to their colleagues. As e-learning develops – driven largely by the new economy demand for fast and pervasive change – it increasingly draws on knowledge management and performance support tools and techniques, with structured courseware playing the role of focus, stimulus and launching pad.

If we are indeed to grow our business in the virtual marketplace by between 130% to 150% per year as Forrester predicts, then our people need to be expanding their awareness and their capabilities at roughly the same rate. Classrooms alone won't achieve that, nor will programmes aimed at the privileged few. E-Business change poses great challenges. E-learning will not completely solve those challenges, because only determination, skill and focus can do that. But intelligently used, it promises to scale our people's capabilities far more than we can currently deliver, and so long as we give our people the chance to learn collaboratively, they will make the next set of rules for us, and they will ensure that we get our share of the e-business pie.

This article was first published in *The Business Times*, Singapore, March 21, 2001.