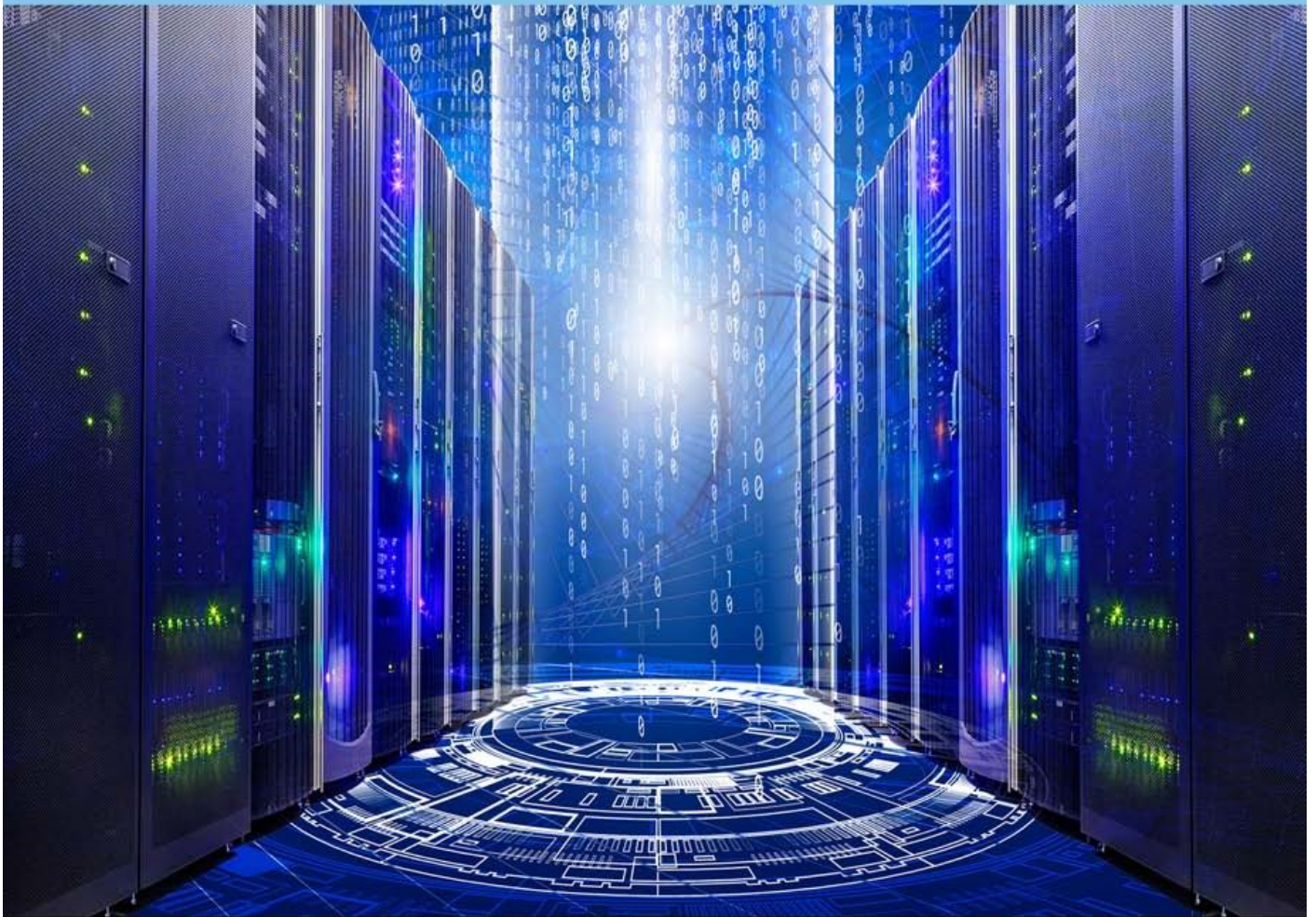


Information Technology and Organizational Learning

Managing Behavioral Change
in the Digital Age

Third Edition



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Santander versus 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 online banking. Using technology as a driver, Citibank made significant penetration into the market share of Santander because it changed the customer–vendor relationship. Online 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 accounted for its investment in online banking; it knows 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 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 that 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 elsewhere in this chapter.

Many technical products are adopted because they are able to deliver 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, by which their initial investment requires some level of risk to provide returns to the business. This initial investment is accomplished in ROD using strategic integration. Once the evaluations are completed, driver activities will prevail during the maturation process of the technology, which will also require cultural assimilation. Inevitably, technology will change organizational behavior and structure. However, 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.

Replacement or Outsource

After the technology is absorbed into operations, executives will seek to maximize the benefit by increased efficiency and effectiveness.