

**Chapter XIV****Building the Professional
Services E-Practice**

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INTRODUCTION

Information Technology (IT) has played an important role in the professional services sector for many years. Professional firms such as accountants, lawyers and management consultants have used IT to increase internal efficiencies, and the expertise gained has enabled some of them to offer IT-related professional advice to their clients. Over time, IT has increased in sophistication and we have now entered the Internet or electronic age (e-age) where the letter 'e' precedes commerce, business, government, learning and so forth. The emergence of the World Wide Web (Web) on the Internet has created even greater scope for professional firms to manage their internal affairs more efficiently and effectively, and to improve client services.

The purpose of this chapter is to provide small professional services practices with an understanding of how to enter the e-age by building an e-practice. It proceeds by mapping the progress that needs to be made in moving from a previous stage of organizational development to one that is suitable for the 'virtual age.' In the transition to the mature stage of development, they need to re-engineer their practices to offer online services and to maximize their intellectual capital through technology-enabled knowledge management.

The chapter will focus on firms that are of a small to medium size because they constitute the greatest number in the professional services sector and reflect unique challenges. Much of the content is based on research carried out into small and medium accounting firms. However, the findings and discussions may have validity for other service disciplines such as law, management consulting and financial

advice because they are similar. They are characterized by a partner-oriented organizational structure in which highly trained professionals offer their services to clients at relatively high fees.

STAGES OF GROWTH

Since the introduction of computer technology into organizations in the 1960s, there have been numerous attempts to develop models of IT maturity. Amongst the earliest of these was that of Nolan (1973), subsequently refined and extended (Nolan, 1979). These 'stages of growth' models are premised on the idea that organizations pass through notional 'stages' of maturity or sophistication with respect to the way they use and manage IT to support and facilitate business activities, processes and operations. Such models of maturity may be used for descriptive or prescriptive purposes. They serve an important function to consider issues concerning the management and organization of the IT function as the organization progresses to greater sophistication in its use of IT.

In the e-age, the model developed by Venkatraman for the virtual organization (Venkatraman, 1995, referenced in Sieber and Griese, 1998) has previously been applied to chart the progress of professional accounting services firms (see Sieber and Griese, 1998). The term 'virtuality' was defined as "the ability of the organization to consistently obtain and coordinate critical competences through its design of value-adding business processes and governance mechanisms involving external and internal constituency to deliver differential, superior value in the marketplace" (Sieber and Grise, 1998, p. 170, quoting Venkatraman and Henderson, 1994). Based on this definition, three dimensions of the virtual organization model were identified in Venkatraman's (1995) model, namely market experience, competence leverage and work configuration. Within each of the dimensions, three evolutionary stages of virtual organizing are represented as an extension of Business Process Reengineering (BPR), a recreation of the organization and a recreation of value. This model is used to observe the evolution of the 'e-practice' and is reproduced in Figure 1.

As seen from Figure 1, an organization would evolve through three stages for each of three dimensions. The first stage is termed 'extension of BPR' which means that business processes are re-engineered in order to achieve modern performance expectation of speed and service. IT would be a strong enabler of this. During the second stage, 'recreation of the organization,' existing organizational structures and cultures are reviewed and challenged as to their appropriateness in the e-age. An obvious example is the move from a hierarchical

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