Chapter 16

Disruptive Technology, Value Proposition, and Business Model Change Management in a Multi-Faceted SME: Towards an Analytical Framework

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ABSTRACT

Disruptive technology, or disruptive innovation, is undeniably one of the most significant concepts to emerge from management theory in the last three decades. Both its theoretical and practical impact has been far reaching. Notwithstanding this stellar impact, it seems unlikely that a small hyper-conservative, risk-averse SME with limited management training in concepts that have little immediate return on investment would choose to embark upon a radical change of direction sparked by new technology and innovation. Using an interpretivist, inductive, approach based on interview material and personal observation, this chapter examines the realities of business strategy, how disruption is perceived, management decisions made, technologies introduced, and change management enacted in this family-run business. The chapter concludes that change perception and change management are related to efficiency and threat responses rather than disruption to business models or technology availability.

INTRODUCTION AND BACKGROUND

TPG DisableAids Ltd is a provider of equipment for the elderly and disabled. This is a "second-generation" family business, run by Alastair Gibbs (managing director) and his sister Amanda Harrold (finance director). The company is a value-added distributor of a wide portfolio of products ranging from devices to allow arthritis sufferers to safely utilise various household products and equipment, through to customised mobility equipment and equipment for healthcare professionals. They also provide after-

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sales support and maintenance for mobility, stairlift and lifting equipment to private and public sector customers. The company also undertakes multi-site contracts to install, maintain and repair public sector equipment and provide disability equipment for entire healthcare facilities. Turnover in 2019/20 was £3.9m. The company employs 51 staff.

In 2004, the company embarked on an IT strategy project that established the foundations for recent investment in, and implementation of, digital technologies. Senior management took the view that a new approach was required to reduce costs, increase productivity, ensure product traceability and provide enhanced service levels for an enlarged customer base. Existing information systems were centred on three software packages – Sybiz Vision, Sybiz Vision Service Manager (VSM) and Sage Payroll. Sybiz was Australian owned and not supported in the UK very well, giving rise to upgrade, integration and performance problems. There were also multiple updates of key corporate data entities (notably customer and product data), hampering provision of key management information. Having been trading for over twenty years business processes had become well established, having been influenced by the capabilities and limitations of Sybiz Vision and VSM software. This resulted in silo-like processes that were self-contained and highly departmental and were tuned to the operation of the software rather than to the most effective and efficient methods for the company. In general the main financial, sales and order processing and inventory system (Vision) had sufficient management reporting facilities, but those of VSM were poor, inaccurate or very basic so not useful indicators of performance either within their own right or combined. Furthermore, the products from Sybiz were based on old database technology (FoxPro/dBase) with hard storage limitations that were close to rendering software inoperable. The overarching objective was to develop an IT strategy and then implement a set of new integrated systems (Wynn et al., 2009).

After a review of options, the company board elected to pursue a "best of breed" new information systems programme on the basis of their intent to minimise investment at a time of uncertainty, and concern about the degree of process change required in staff managerial and computer skills. With limited success, a further review was undertaken in 2019 and a new SQL based offering was made available by the same Australian software provider. The potential for facilitating not only state-of-the-art management reporting but also more effective and immediate enhancement of all core processes was significant. The company replaced its entire core software and core processes to position itself for future needs. At this time it was now poised to proceed with enhancements and changes that it had long perceived as desirable but until now had been otherwise unable to strategize about. Over the next two years, the company focussed on data cleansing the migrated data which was inconsistent due to the lack of controls in the old systems. By the end of 2020, the company had dealt with issues of data import and access to key financial legacy data and was poised to focus on newer state-of-the-art features absent from their old system.

Almost immediately thereafter, the COVID-19 pandemic occurred. Everything changed. Pressures from all of the company's resource base (private customers, business-to-business customers, supply chain, legal requirements) were unprecedented. Where normal disruption within its core industry (semi-medical disability/daily living aids) would be a shallow curve, the accelerant of the COVID-19 pandemic had far-reaching economic and operational impacts and steepened the curves of disruption beyond normal experience of the board of directors.

Following this introduction, the next section provides a brief overview of relevant literature and the core concepts used in the remainder of this chapter. The research method is then briefly outlined, and findings are presented and analysed. The next section puts forward an analytical framework for technology deployment and business model disruption based on the case study findings. The conclusion

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