

Chapter 6.12

Reorganizing People in Customer Knowledge Management Change

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ABSTRACT

The transition to knowledge-intensive customer-centric enterprise is important, but never easy. Reorganizing people is likely to face critical structural and cultural change issues related to people. Addressing these issues is essential for the continued success of customer-value-building services and products. In light of today's competitive business environments and changing power of customers, organizations need to be able to deal with people-based issues in order to secure high quality customer service and long-life and profitable customer relationship. The chapter presents a recommended solution to deal with people change management in competitive business environments, viz. to 'reorganize people' in a customer-centric networked organization. 'Re-

organization of people' is operationally defined by three sub-interventions: a) reconfiguring structure, b) reshaping culture, and c) rehabilitating people.

INTRODUCTION

Today's fast-changing business world is witnessing aggressive fluctuations, higher degrees of uncertainty, and fierce competition. The changing nature of business environments requires high organizational requirements as well as high involvement from people. The increasing dominance of knowledge as a basis for improving efficiency and effectiveness of organizations triggered many companies to find new ways of utilizing knowledge they have gained in devising or improving their business practices (Awad and Ghaziri, 2004). A knowledge-based customer-centric strategy is centered on the creation of DCC based on customer

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knowledge with the aim of creating sustainable competitive advantage (SCA) for the business. As the long-term objective of business competitive strategies is to build SCA, focus should be on 'difficult-to-imitate' resource-based capabilities (Salck et al., 2006). The competitive advantage of imitable resources is short-lived; it may soon be rapidly imitated by a capable competitor or made obsolete by an innovation of a rival.

This paper seeks to examine the role of people in the implementation of customer knowledge management (CKM) strategic change. The ability of an organization to compete in rapidly changing business environments is contingent upon its ability to develop competitive strategies that enable leverage of distinctive core competencies and delivery of value-adding products or services to customers. Once the knowledge-based customer-centric competitive strategies have been identified, a plan is developed to 'reorganize people' in order to enable the CKM change strategy. 'Reorganizing people' is used in this paper to refer to transformation of organizations from hierarchical to networked organizations, restructuring of units in which people operate into self-controlled teams and assignment of 'case managers', and changing the corporate culture and leadership style of the newly formed organizations.

Two basic perspectives are used to relate to the process of reorganizing people: structure and culture. It is true that sometimes terminologies are used in a vague or contradicting manner. As of the term 'reorganizing', it could mean different things to different people. For instance, Weiss (2001) offered a contribution which explained three approaches to reorganization: restructuring, reengineering, and rethinking. Restructuring involves the redesigning of organizational units through initiatives such as downsizing, reengineering refers to attempts to introduce dramatic change in business processes, whereas rethinking involves the redesign of thinking and mindset through initiatives such as the learning organization.

Role of People in CKM Change

People refer to human resources, such as front-line staff, support staff, business managers, as well as general managers, as well as knowledge workers who are involved in CKM activities. Knowledge workers are those employees who can think or work with ideas. Knowledge workers add value to a company's products and services and have direct impact on the efficiency and productivity of the work process by capturing, applying, sharing, and disseminating their knowledge within the organization are called knowledge workers (Awad and Ghaziri, 2004). A knowledge worker is the 'product' of experience, values, processes, education, and the ability to be creative, innovative, and in tune with the culture of the company. Knowledge worker is the one who wants a challenge and to be on a winning team. Examples of knowledge workers are managers, lawyers, engineers, system analysts, strategic planners, market analysts, and accountants (Awad and Ghaziri, 2004). Other remaining categories of employees may be considered as support to knowledge workers.

People in Structural Change

Organizational system and its components can be analyzed using the analogy of human body. De Wit and Meyer (2004) offered a way to divide organizational systems into three parts: anatomy (structure), physiology (processes), and psychology (culture). Salaman and Asch (2003) classified organizations based on three components through which the capability of organizations is produced, i.e. organization structures, organization systems and processes, and organizational cultures.

Due to the dynamics of today's business environments, and the shift towards knowledge-based customer-centric organizations, the above classifications may not suffice to analyze organizational dynamics, and thus need to be expanded. In line with the proposed CKM framework, Figure 1 presents a seven sub-system classification of or-

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