Driving SME Transformative Change: Leveraging the SME IT-CMF

Abstract

No one would argue that change is becoming a necessary part of organizational life. A successful business model now requires better matching between the capabilities of the organization and the competitive environment. This brings many challenges for organizations, both large and small, but in the case of SMEs the ability to sense and respond to changes and opportunities within the market will be acutely impacted by a continuous struggle to acquire the right resources. For many SMEs technology can be a game-changer in terms of developing a *sense and respond* capability. Through better resource management, SMEs can develop the necessary capabilities to help drive their business models in becoming successfully competitive.

KEYWORDS: SME, SME IT-CMF, transformational change

Introduction

Change is never easy – especially when it's transformational in nature. The very meaning of the word *"transformational"* requires the organization undergoing this type of change to alter the very way it operates and engages with its market. This has a significant impact on how things are currently done, and how they will need to be done in the future. Engaging in transformational change activities requires individuals to move out of their *"comfort zones"* in terms of the tasks and roles they perform. Within large enterprises this disruptive pattern can be dampened somewhat through the availability and possible redundancy of certain resources (people, finance, equipment, etc.). This in itself can cause a problem as organizations, to their detriment, can become less responsive to environmental change, and therefore, can miss significant market opportunities.

SMEs on the other hand, seldom have access to an oversupply of resources to help buffer them against the need to fundamentally transform parts of their business. Therefore, SMEs need to be more attuned to their operating environments. However, simply sensing changes in the environment is not enough. SMEs must also be able to quickly mobilise and realign their resources to meet these challenges. Anyone managing an SME is acutely aware that having a good product or service is not enough – you must be able to bring that product or service to market; and if the market demand is continuously changing, SMEs need to be able to change and pivot their products and services accordingly. This, however, is not an easy thing to do.

Building Responsiveness into Business

Acquiring, developing, and growing resources is a timely and costly activity. Therefore, SMEs need to know (or at least have a very good idea) as to what resources are important to them for current and future survival. At a fundamental level SMEs need to ask themselves the following:

- What resources (tangible and intangible) do I have?
- How am I employing these resources?
- Are they the right resources for now...and in the future?
- Do I have any resources that my competitors would find difficult to replicate?

It's important that SMEs understand the answers to these questions. Resources cost money and time. If you don't actually need them then you want to make sure you're not wasting time and money developing them. The problem is that in an increasingly complex organization it can be difficult to know how exactly your resources are being utilized. Who's using them, and what impact are they having on the organization as a whole? Without this resource-based view of the organization it can be very difficult to align the strategic vision and goals with a practical and achievable business plan. This inability to respond to the challenges and opportunities through a failure to align appropriate resources can cause uncertainty for the organization, and result in unnecessary change projects across the organization. This in turn can have a significant impact on employee morale, energy, and the belief in management's ability to orchestrate successful change.

From a Reactive to Proactive Approach to Change

By taking a capability-centric view of the organization, the key decision makers need to identify what capabilities they require in order to achieve their strategic objectives. By taking this view SMEs can then better identify what resources, including management practices, are necessary to build capability. It is worth noting that it is very difficult to develop and maintain a unique resource, but through the addition of leadership, management, and the organization's cultural alignment with the resource it is possible to develop a unique, and difficult-to-replicate capability. It is this ability that is setting many SMEs apart as market leaders. Access to technology, skills, and to some degree finance is an open market. What separates successful SMEs is their ability to pull these resources together into integrated capabilities that are appropriate to their strategy and market needs.

What are your Capabilities?

Knowing what capabilities you need is a very positive step forward. However, this won't get you very far unless you can also assess the level, or maturity, of that capability, and then understand what you need to do to improve it (should you decide it is critical to your strategic intent). Using the SME IT-CMF can provide an excellent starting point in understanding how key technology-influencing and influenced resources are being employed across the business. The SME IT-CMF has been developed to focus on helping SMEs identify the current level of performance relating to ten core capabilities:

- Business Planning
- Business Process Management
- Funding and Financing
- Relationship Asset Management
- Risk Management
- Service Provisioning
- Solutions Delivery
- Sourcing
- Strategic Planning
- User Experience Design

SMEs can use the SME IT-CMF to determine the maturity levels of these capabilities and the value they bring to the organization as a whole. From there SMEs can use the framework to develop a road map for improving those capabilities they consider to be critical to the ongoing performance of the organization. In effect, the framework will provide the SME with a road map of the changes necessary to best align, build, modify and employ the right resources for building capability. However, driving transformational change will be resisted and management need to prepare the organization for what is to come, if the change is to be accepted, and embedded across the organization.

Developing a Change Capability across the Organization

Understanding the impact change will have is vital if the change initiative is to be successful. This will require the SME to do three things:

- Develop a more holistic view of how it operates *(what and where are its value networks?)*
- Develop a capability view of how it aligns critical resources to making the organization competitive (*on which capabilities do the value networks depend?*)
- Develop a *sense and respond* capability to support the deployment of any major change projects (*are the right changes being implemented in the right way?)*

However, there are other key considerations and prerequisites that the organization must also meet in terms of operationally preparing for any change programme. It is important to understand the impact the change will have on the culture, work practices, and even the political balance of power across the organization. The organization must:

- Develop a clear and visible link between the change project and the SME's key strategic priorities, including agreed measures of success.
- Ensure there is tangible and accountable senior management ownership and leadership attached to the project.
- Ensure the priority and need for the change is effectively communicated to all stakeholders in terms that makes sense to them.
- Ensure there is effective engagement with all key stakeholders.
- Engage individuals to manage and drive the change with the necessary skills and proven approach to project management and risk management.
- Break down the change initiative so that small wins can be realized and communicated throughout the project.
- On completion of the change initiative, assess the impact of change in terms of performance improvement.
- On completion of the change initiative, make sure the change has been embedded and accepted as the new *standard* practice.

Conclusion

Managing change is a risky endeavour, and for many SMEs failure is not an option. Resources are scarce, expensive, and take time to develop, so SMEs need to make sure they are selecting the right resources for their critical capabilities. In order to ensure they do this successfully they must understand how their capabilities support their overall strategic objectives. Once they know this they can use a framework, such as the SME IT-CMF, or the more comprehensive IT-CMF, to assess how effectively the capabilities are delivering value to the organization as a whole.

In summary, effective strategically-driven change is dependent on successful alignment with and development of key resources in a way that builds capability. However, before an organization invests in building that capability it must understand what capabilities are needed, and how best to develop those capabilities that will drive the necessary performance for the development of competitive advantage.

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