RESPONDING PROACTIVELY TO CHANGE

Forging a competitive edge through information management

By Professor Don Marchand (December 2007)
People often find that they have too little of the right information and/or too much of the wrong. Without the appropriate information, how can anyone make educated business decisions and respond proactively to change? We must start looking at information in a new way. Manage it effectively to successfully navigate change and uncertainty by creating efficiencies and adding value. Here’s how.

Effective information management involves a holistic and integrated approach to leveraging people, processes and technology systematically to optimize performance and operate efficiently. But what’s involved in effective information management?

**Information orientation framework**

To help you identify and map the critical business practices, we have developed an information orientation framework for management that consists of three capabilities, collectively called “information capabilities”:

- **Information behaviors and values:** A company’s ability to instill and promote behaviors and values, such as integrity, control, transparency, sharing and pro-activity in its people for the effective use of information and IT.

- **Information management practices:** A company’s ability to manage information effectively over its life cycle, including sensing, collecting, organizing, processing and maintaining information.

- **Information technology practices:** A company’s ability to manage appropriate IT applications and infrastructure effectively to support operations, business processes, innovation in products and services, and management information and business intelligence.

To develop a mature information orientation, you must continually develop all three information capabilities across your company. This holistic, ongoing approach is difficult for competitors to replicate, thus it provides a competitive advantage for those that can.
The IC optimization effect

When extended across the organization, the real power of information orientation lies in its unique ability to make other business capabilities more efficient and effective. It also frees up resources that can be used to add value, identify new opportunities and proactively respond to change. We call this the IC optimization effect.

Here, we outline various areas that demonstrate how information capabilities can optimize the five other business capabilities – people, processes, organizational structure, external relationships and financial management. By developing effective information capabilities, you can learn how to manage people, technology and processes to achieve superior business results and outperform the competition.

Five crucial areas

Any industry or business can adopt the IC optimization effect to help it develop mature information capabilities to get the most out of its business.

Organizational Structure

Mature information capabilities can streamline processes, minimize layers, facilitate communication and improve monitoring, thereby creating more agile and flexible organizational structures. A flexible organization can make decisions faster and proactively react to rapid market changes.

Processes

Companies are continually looking to re-design processes to make them more efficient and ultimately more effective. These efforts frequently focus on processes such as manufacturing, order processing, customer servicing and new product creation, as well as on back-office processes.
People

People are a critical resource – they are ultimately the ones who capture, manage and use information to execute the company’s business plan. With the changing labor landscape, it will be critical for companies to optimize their people resources by investing in information capabilities.

With the right people, technology and processes, companies can reduce the number of people needed to achieve the same desired business results. Information capabilities can also reduce information-processing costs by standardizing ways of collecting and communicating information, generating more efficient project management and control of functional tasks.

Companies with mature information capabilities monitor people and performance more closely in real time, decreasing the required number of direct managers. Investing in information capabilities can reduce human capital costs and increase people’s efficiency. Information capabilities can also enhance people’s jobs by increasing communication, coordination and access to information and knowledge.

External Relationships

External relationships, such as those with customers, partners, suppliers, joint ventures and/or alliances, have become increasingly important in establishing a competitive advantage, creating the flexibility required to deal with rapid change and being able to reach global markets.

Financial Management

Here, we are talking about a company’s ability to manage its money (i.e. cash flow and working capital) efficiently and effectively. Successful financial management is all about data, so it makes sense that the companies that effectively manage information are most often the ones that are superior at tracking and monitoring their financial performance.
The benefits

1) Information management is not just about how you collect and share information, it is also about what information you organize and how it is processed and used. It requires the continuous development of the three information capabilities – behaviors and values, management practices and technology practices.

2) Mature information capabilities enable companies to optimize their other business capabilities and operate more effectively and efficiently. Companies that capture, analyze and share the right information are best positioned to respond to change and its associated uncertainties, and forge that sought-after competitive edge.

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