Change by Successful Projects - IT and Change Projects in Hungary

CSABA DEÁK, Ph.D.
ASSOCIATE PROFESSOR

E-mail: szvmimo@uni-miskolc.hu

SUMMARY

The article's attempt is to answer the management and organizational questions arisen about Hungarian change projects. The objectives of my research* were to uncover special areas concerning change management and reengineering projects and to investigate the conscious, organizational change for improving performance in the Hungarian economic environment.

An effective change project cannot be reached without an IT support, requiring the demands of the age, because it plays an important role either in analyzing preparations of decisions, or in the realization of the change. The development of informatics in Hungary shows some deficiency both in the aspect of quality and in reliability. The imperfect development of informatics ruins the effects of changing projects. In general, though it depends on the nature of the project and the kind of work you do; you might have to engage in a variety of tasks you haven't tackled before, such as assembling a team to complete the project on time and on budget, mapping out a plan and monitoring your progress at key steps along the way, using appropriate planning tools such as project management software or wall charts and keeping your team motivated and on target.

In the research special Hungarian characteristic features were emphasized and a methodology of process change projec was created regarding the domestic circumstances. New and original statements were made, which deal with the achievement of change, the role of information technology, objectives and results of change projects in Hungary.

INTRODUCTION

Reengineering was looked at some new curiosity by management science in the first part of the last decade, but since then it has found its place in the management theories thanks to the continuous improvement and to the fact that companies take a growing interest in it nowadays.

The dramatic increase in performance and effectiveness, and the intervention plans are topical activities for all who lead changes consciously in Hungary. The fast advance of the transnational and international companies also contributed to the increasing use of reengineering in practice, which must be focused on.

To investigate this topic in the domestic practices is a noble goal. In the empirical research various research instruments were used: a survey by questionnaires, case studies, interviews in Hungarian companies and organizations. The objective of them was to find and collect the domestic specialties, failures, results and effects.

In the research the special Hungarian characteristics were emphasized and a change management methodology was created regarding the domestic circumstances.

Furthermore new and original statements were made, which deal with the achievement of change, the role of information technology, objectives and results of reengineering and the role of reengineering in Hungary. In general, reengineering is present together with other approaches (e.g. TQM) or as part of it in practice in our country.

METHODOLOGY BASED ON RESEARCH

Similar to most of the management innovations, the Business Process Reengineering also went through the hardships of a chaotic experimental phase. As soon as the companies recognized the significance of the BPR projects the advisors were ready to fulfill the need with „proved" methods.

With the development of BPR many models evolved abroad. These models are adjusted to the conditions and characteristics of certain regions or countries and of course cannot be applied successfully to other places. However, the failure is not because of the method, but in most cases because of the implementation. Moreover, the method does not show all the break-through, it only helps to find a radical change leading to competitiveness. The methodologies are the highest levels of problem solving methods. Methodology is the combination of problem solving principles and problem solving methods (Checkland 1981). The method carried out in this study is a series of set steps and activities leading to the required result.

THE METHODOLOGY OF BPR PROJECT

After the analysis of many international and well known methodological approaches applied by consultants - with respect to both the common and country specific characteristics – a new project was born that can be applied in Hungary as series of methodological steps. The steps can be used as phases of a project in practice. Each level means a milestone in the project and all the levels can be further itemized. Table 1. contains the steps and the main tasks of the project.

Table 1. Steps of the Reengineering project (based on the research)

Steps	Tasks
1. Preparation	- Recognizing the need for changes - Forming the leading guiding committee - Vision, general aims - Forming the team responsible for planning - Team development, team education - Accepting the operation model of the modification
2. Situation inquiry, identification of processes	- Detailed determination of the customers' demand - Identification of processes - Determining the business strategic needs - Initial success - Preparing the flow chart
3. Understanding and analyzing processes	- Understanding the structure of processes and procedures - Determining the value of increasing activities - Benchmarking - Problem solving processes
4. Aims of processes	- Assessing the opportunities - Detailed definition of aims - Approval of the leading committee
5. Planning new processes	- Structure of the new process - Analyzing the demand of information - Choosing the appropriate alternative
6. Technical planning	- Technical planning - IT planning - Defining the establishment - Introduction plan
7. Planning of human resources	- Determining the tasks and labor demand - Determining the needs for management and directing - Planning the new organization and sphere of activity - Communication of changes - Education plan - Planning the changes of the system of incentives - Planning the temporary organization
8. Implementation	- Continuous communication - Assessing the inclination to changes of the employers - Implementation of the technical planning - Education - Plans of control and implementation - Experimental introduction - Gradual or complete introduction
9. Assessment of the changes	- Analyzing and assessing the changes - Systematic research of further BPR opportunities

The steps were planned as phases of a change project for a more successful practical use. (The author's dissertation contains the tasks with complete details, which have to be prosecuted in each of the steps and the applicable techniques for change actions.)

Furthermore, there are plenty of techniques to apply. There is a system of criteria in each stage, which help to find the right technique. Table 2. contains the main groups of techniques and the system of criteria.

Table 2. Main groups of techniques and system of criteria

Techniques to apply	
Groups	**Criteria of choices**
1. Project management 2. Teambuilding 3. Analyzing the demand of the client 4. Fantasy – stimulating methods 5. Problem solving and situation analysis 6. Operation analysis and modeling 7. Efficiency calculations 8. IT analysis and planning 9. Organizational development 10. Changing the behavior 11. Measuring and directing the process	a. Task according to its size and complexity b. Delimitation of the situation or operation inquiry c. Setting different opinions d. Determining the direction of the inquiries e. Forming the parameter of analysis f. Way of assessment g. Condition of application h. Contributory method i. Characteristics of the quality system j. Principle of comparison k. Appearance of the quality system l. Dimensions of comparison m. Members of the analytical team

An effective change project cannot be reached without an IT support, requiring the demands of the age because it plays an important role either in the analysis preparing the decisions, or in the realization of the change.

THE ROLE OF INFORMATION TECHNOLOGY IN THE PROJECTS

It can be generally stated that information technology (IT) can play an important role in the change projects. An enterprise that is not able to change its point of view concerning its information system cannot be successful in reengineering.

IT means new strategic possibilities for such organizations that reevaluate their mission and function. Automation can provide new products to sell for the organization. E.g. several airlines developed or brought to the market reservation systems that they passed over to travel agencies to make bookings. The same happens in the field of medicine wholesale in Hungary, where the ordering between distributors and pharmacies occurs via an online system. Information systems offer competitive advantage for societies as they have reduced the cost of workforce, have provided further information to the competition; and have helped to transform organizations in the interest of facing the changing environment more effectively.

The rapid progress changes the application potential of the reachable information technology, nearly from month to month. This includes the change of approach in what is possible or what will be possible in one or two years. In projects the application of IT has a direct benefit in the following areas:

➢ Helps the workout of the organization model with describing the organization or some of its parts, recording it in the documentation (Füstös, 1998)
➢ Helps in the optimal utilization of means and resources
➢ Can help in the workout, design, control, and documentation of work processes
➢ The organizational model(s), the work processes and the required devices can be assigned together
➢ Data and results of the processes can be recorded, and become part of the means of the global communication
➢ The adequate information is available anywhere and anytime
➢ The recording of information happens where it is originated
➢ Pieces of information can be related to each other that belong primarily not together
➢ Decision-preparation, helping, modeling, analyzing, and the graphical appearance of business processes are aids at all levels of the management
➢ The direct user becomes an important part of the process, the flexible device-system can offer a customized and situation fitting solution
➢ By the workout of relevant connection points, external information sources can be involved in the system easily, giving a proper base for the preparation of the strategic decisions.

Fine methodology and combination of IT means leads to great possibilities of process- improvement or reengineering. Until now, IT was taken into consideration only in case of processes' automation. Some business processes were planned and analyzed with the use of IT possibilities. Actually, most of the business processes

were developed before the appearance of modern computers and telecommunication. On the other hand, e.g. the possibilities of Electronic Data Interchange (EDI) resulted totally new processes in the field of ordering from suppliers (e.g. ECR project of Unilever, Pátkai et al., 1999); distribution and marketing processes have been transformed in the wholesale trade stock-management. Indirect computerized diagnostic tools and telecommunication have changed some correction and maintenance processes. It is unquestionable, that IT can play a central role in the innovation of business processes, and it is difficult to reach significant improvements in performance without utilizing its potential.

However, domestic experiences in this field are rather mixed. In Hungary, up to now, it can also happen, that a large amount of enterprises use IT only for performing subtasks. It also happens that IT is fully forgotten, the representatives of this profession are not involved in the change and coordinating team. The reason for this is that the organization and the task it performs fall beyond the traditional manufacture and service processes, and are not viewed as part of the value-chain. Many high executives have a skeptical opinion about the work and efficiency of IT areas. Nevertheless, it is also a fact that this area is not able to show instant results, and the effectiveness of the investments is questionable. (Füstös, 1998)

NEW FACES IN THE PROJECT TEAM

The duty of IT departments and professionals within Hungarian enterprises is highly transforming: in the future, they can be the initiatives or inventors of change, or part of the execution team. It is not efficient any more for the IT to interpret its duty as transforming the detailed description of activities into feasible systems. IT professionals should understand the business strategies of the organization as a whole. Only after it they will be able to utilize their technical skills in the interest of realizing the future purpose of the enterprise. IT managers have to organize instructional conferences for other managers about how IT could help to realize the strategy of the enterprise. In addition to all these, IT has to play a prominent part in developing flexible and massive infrastructure for the enterprise to meet the future challenges. This involves setting fundamental rules on standards, operating systems, data references, and other factors. IT will be judged increasingly by its value-addition ability, and not by its ability of process automation. IT function should develop an open way of thinking.

By change concerning the information technology, the following simple rules should be kept: on the one hand, the adequate staff must be provided from either outside or by educating the internal professionals. Their knowledge, capabilities, insight, and experiments mean invaluable worth for Hungarian enterprises. On the other hand, it is absolutely necessary for this field to be involved in the continuous control system; and it is necessary also here to keep up with the recent solutions.

However, let us not forget that developing IT is only one part of the total solution, though it helps the management to collect, store and analyze data more effectively, to communicate more efficiently, and to distribute information in a better way. Successful application of information technology requires also the transformation of management- and organizational culture.

CHANGE AND REENGINEERING PROJECTS BY THE HUNGARIAN ORGANIZATIONS

The most important statements of the research are the following:

1. The owners, following a conscious strategic behavior, take a primary and significant role as initiators of radical changing projects inside the organizations in Hungary. The cancellers co-operate especially in the planning and the realization of the change.

2. The leaders of the Hungarian companies grant less hard tools to decrease the resistance successfully. Consequently, the acceptation of changing is based on communication, arguing, training and discussion. On the other hand, threatening and manipulation are rarely used.

3. In Hungary there is a connection between the change of processes and the motivation system.

4. An effective change cannot be reached without support of informatics, requiring the demands of the age because it plays an important role either in analyzing preparations of the decisions, or in the realization of the change. The development of informatics in Hungary shows some deficiency both in the aspect of quality and reliability. The imperfect development of informatics ruins the effects of the changing projects.

5. The perfect IT developments add less countable, but very good results to the increase of the output. In connection with this, the level is widening among the employees, because their work is an integral part of the process and through them, their cooperation has influence on the whole project. The same work is required from them, than from other types of workers of the project. Consequently, the experts of informatics move from the role of a separate specialist to the direction of the expert of a heterogeneous group.

6. Not depending from the original aim – the change has an affect on other factors (aim, technology, processes, structure, people) of the company, too. In case of Hungarian companies the change projects

start with the aiming to change the structure and after they deal with the processes.

7. The decrease of the dealing levels realized by the reengineering – do not exist in Hungary.

8. Among the aims of the Hungarian reengineering projects the decrease of prices and the profit are the most important aims. The results appear in the area of market surviving, better financial checking and the exact information; less appears in the increase of the employees' level of motivation.

UTILIZATION OF THE ACHIEVEMENTS OF THE RESEARCH

While the leading consulting companies' methods helped in the development of practical methods, only a few theoretical researches were done. This research concentrates on one hand on the Hungarian application of the project; on the other hand, it helps to the company leaders, too. The model gives a useful help in preparations of action plans' steps and in technologies that require the demands of the project. If the company intends to do the change independently with the help of these results, it can use the consulting services to solve the upcoming problems. As a result of the research one thought comes to the surface: experts can help a lot in the success of reengineering-projects if they have appropriate abilities. This way, they can profit from the modeling, establishing of prototypes and planning area.

The achievements of the research can be utilized in practice, in higher education and in further researches as well. The developed methodology can help towards project teams to fit with their mission and in building up a higher level of confidence in the reengineering process. Additionally, the attitude accepting change and continuous learning will increase in the corporate culture. The key statements and theses of the research can act as guidelines for further research and practice as well.

The picture of the ideal change project changes itself, but methods and technologies of the present research, can be a good basis of the further experiences.

REFERENCES

CHECKLAND, P.(1981): Systems Thinking, Systems Practice, John Wiley and Sons, Chicester

DEÁK CS. (1996): Adalékok a Business Process Reengineering témaköréhez. MicroCad International Computer Conference. Miskolc.

DEÁK CS. (1997): The Relationship Between TQM and Reengineering International Coference. Miskolc

DEÁK CS. (2000): Change, Change Management, Reengineering in Hungarian Corporate Practice, PhD dissertation, Miskolc

DOBÁK M. (1999): Folyamatok fejlesztése és változásvezetés. Harvard Business Manager, 3/1999

FRENCH, ZW. L., - BELL, C. H. JR. (1984): Organization Development: Behavioral Science Interventions for Organization Improvement, 3rd ed. Englewood Cliffs, N. J.: Prentice-Hall.

FÜSTÖS J. (1998): Az informatika a reengineering szolgálatában; MicroCad In-ternational Computer Conference, Miskolc.

GÖRÖG M. (2003): A projektvezetés mestersége Aula Kiadó Budapest

HAMMER, M., - CHAMPY, J. (1993): Reengineering the Corporation: A Manifesto for Business Revolution, HarperCollins, New York.

JÁNOSSA A. (1998): A Workflow Management Conference of Business Process Management '98 Budapest

JÁNOSSA A. (1998): A Workflow Management Előadásjegyzet, Üzleti folyamat-menedzsment konferencia '98 Budapest

PÁTKAI Z. – BUKVAI L. – TÓTH A. (1999): Az ECR helye az UNILEVER straté-giájában; A stratégia, termelés, logisztika és minőség menedzsmentje konferencia, Konferencia kiadvány, Veszprémi Egyetem

Összefoglaló

A cikk megkísérli azon szervezetei és vezetési kérdésekre megtalálni a választ, amelyek a magyar változtatási projektek kapcsán felmerülnek. Kutatásom célja volt felfedni azokat a speciális területeket, amelyeket a változtatás menedzsment és a reengineering projektek érintenek, továbbá megvizsgálni azokat a tudatos szervezeti változtatásokat, amelyeket a magyar gazdasági környezet teljesítményének javítása érdekében hajtottak végre. Hatékony változtatási projekt nem hajtható végre a kor igényei által megkövetelt IT támogatottság nélkül, mivel mind a döntés-előkészítésben mind a változtatás megvalósításában fontos szerepet játszik. Magyarországon az informatika fejlesztése a minőség és a megbízhatóság területén is komoly hiányosságokat mutat. Az informatika tökéletlen fejlődése a változásmenedzsment hatásait lerontja. Általában, bár ez a projekt természetén és az általunk végzett feladat típusán múlik: esetleg olyan feladatokkal találhatjuk magunkat szemben, amelyekkel eddig nem találkoztunk, pl. egy olyan csapat összeállítása, aki időben és a költségkereten belül kivitelezi a projektet, terv kidolgozása és a folyamat kulcslépéseinek nyomon követése a megfelelő tervezési eszközökkel, mint például a project menedzsment software, valamint a project team motiváltságának fenntartása. A kutatásban a speciális magyar jellemzők kaptak hangsúlyt, és a folyamatváltoztatási projekt módszertana került kialakításra a hazai körülményeknek megfelelően. Új és eredeti megállapítások születtek, amelyek a változás megvalósításával, az információs technológia szerepével, a célokkal és a magyarországi változtatási projektek eredményeivel kapcsolatosak.

Резюме

Статья пробует найти ответ на те управленческие и структурные вопросы, которые появились в видоизменённых проектах. Цель данного исследования найти те специальные сегменты, которые касаются изменяющегося менеджмента и реинжениринга проектов. В дальнейшем статья исследует также те сознательные изменения в структуре предприятий, которые возникли в силу повышения производительности венгерской экономики.

В исследованиях нашли своё отображение специальные венгерские атрибуты, описана методология изменения процесса, а также их основные черты. В статье описаны новые определения, которые связанны с осуществлением изменений, роль информационных технологий, целями и венгерских изменений процессов.