# Implementing a global IT Infrastructure policy through projects
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## A study of policy realisation at SCA

### Abstract

This Thesis was realised during the spring of 2005 as a Case Study at T&I Service at Svenska Cellulosa Aktiebolaget (SCA). The focus of our study was a centralisation initiative within three business groups. This demanded a compulsory common IT Infrastructure Policy. The implementation was executed through projects and the thesis purpose was to investigate *how a global company implements an IT Infrastructure policy through projects.* Through extensive interviews with key persons we gathered the empirical data needed to analyse the problem statement. Our findings show that to succeed with a policy implementation it is vital that mid-level management know what they are supposed to do and makes sure the process is carried out. Communication concerning the goal and how to reach it are vital, and somewhat insufficient in SCAs case. By applying Corporate Performance Management the organisation brings together the business groups and secures that the organisation follows a common strategy and are better able to communicate and drive strategy down throughout the organisation which enables people to act and make decisions that support the strategic goals. The projects have been successful, even though we found them to be deficient in areas such as: internal communication, measurements and documentation. These areas should be improved to facilitate future projects and enhance the organisations maturity in developing best practices.

Keywords: Project Management, Policy Management, Policy Implementation and Corporate Performance Management.

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The writers would like to wish the reader a pleasant reading...

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# 1 INTRODUCTION

*In this initial chapter we give a brief introduction to our Master Thesis in the shape of a concise background description followed by a clarification of our chosen problem statement and discussion which finally leads to the research question. To facilitate for the reader the chapter is concluded with a model of the disposition and a description of definitions used in the thesis.*

## 1.1 BACKGROUND

Svenska Cellulosa Aktiebolaget (SCA) is a multinational paper company producing absorbent hygiene products, packaging solutions and publication paper. With annual revenues of 90 billion SEK and 53 000 employees in some 50 countries SCA is one of the world's largest players in its business. Based on customer needs SCA develops new products for consumers, industry, institutions and the retail business. SCA Technology & Infrastructure Services (T&I Services) is an independent department in SCA responsible for common business solutions and the IT infrastructure. This central IT department is located in Göteborg, lead by Lennart Hjält, and its main mission is to support the business from an IT perspective and to deliver IT solutions to assist in becoming a more competitive and profitable organisation. Through organic growth and several large acquisitions throughout the world every year the company is growing fast and exploring new markets. In this T&I Services has a central function. In the mid 1990s a decision was taken to integrate the three existing business groups Hygiene Products, Packaging Products and Forrest Products to start working as one company. Among many things this would give large financial synergies. To integrate these business groups and along with new acquisitions a new IT infrastructure policy was developed according to the IT Strategy. T&I Services is the central IT unit responsible for IT operations and have a clear picture of the policy and how it is supposed to be applied. As the business expands and new units appear future implementations and ventures are considered equally important as the previous ones. According to Stevens, Beyer and Trice (1980) the implementation phase of a policy or strategy is very unpredictable and quite hard to succeed with. T&I Services want to investigate the results of previous implementation projects and se how to improve for the

future. The thesis will further investigate how the policy realisation through projects is carried out.

## 1.2 PURPOSE, PROBLEM DISCUSSION & RESEARCH QUESTION

### 1.2.1 PURPOSE & PROBLEM DISCUSSION

The IT Infrastructure Policy is an important part of a modern organisation as it acts as the foundation for infrastructure development and processes, which increases the flexibility often demanded in a global environment. The gains of having a functional and aligned policy in form of competitive and financial advantages are well acknowledged but how are the plans actually put into realisation? The purpose of the thesis is to investigate how a global company realises their developed policies, how do they measure and control the results, and how to improve the procedure to fulfill the objectives of the chosen strategy?

This essay aims to study a real life example of an IT policy implementation in a global business with a high technology dependency. The studied organisation is currently involved in several integration processes derived from the policy implementation. Through a case study we have studied the selected IT policy; its objectives and their dependencies, the implementation process and the realisation of the policy and the involved projects, and finally how the results of the policy is measured and controlled.

### 1.2.2 RESEARCH QUESTION

The discussion held above leads us to the purpose of this thesis, our main research question:

*How does a global company implement an IT Infrastructure policy through*

*projects?*

This is further broken down into for the essay relevant sub-questions intended to support the results of the study:

- o What does the policy mean?
- o How is it implemented?
- o How are the projects managed?
- o How are the project / policy measured and controlled?

## 1.3 DISPOSITION

In the disposition (Fig. 1) a brief description of each chapter in the thesis is given, whose aim is to assist the reader in getting an introductive view of the study.

*Figure 1: Disposition*

**Introduction**: The chapter presents the background of the thesis and its purpose, which leads to a discussion regarding the problem statement. This in its turn establishes and presents the research question.

**Methodology**: The chapter describes the methods used in the thesis research. It explains the chosen approach, the usage of the framework, the empirical material and analysis in order to achieve the purpose of the thesis. Finally we hold a discussion concerning the thesis reliability, validity and delimitations.

**Theoretical framework**: The chapter presents the theories behind the subject of the thesis. Information is gathered mainly from academic literature and supports the purpose that lead to the conclusions. It also sets the structure for the rest of the thesis and is applied in the empirical findings and the analysis.

**Empirical Findings & Analysis**: The chapter presents the primary data collected by interviews in the study. The result is at the same time analyzed with help of the theoretical framework and completed with other relevant sources. The analysis compares the respondent's diverse perspectives, and at the same time includes cross boundary connections to create a holistic view of the problem area.

**Discussion & Conclusions**: With help of the analysis the result of the thesis is discussed in order to answer the research question and achieve the purpose. Finally a suggestion to further research and recommendations is presented.

## 1.4   DEFINITIONS

The following abbreviations and expressions will appear frequently in the thesis. Therefore we feel there is a need to initially introduce these and thereby simplify and create a greater understanding for the reader.

**Business Group** – There are three business groups within SCA: Hygiene Products, Packaging Products and Forrest Products.

**CPM** – Corporate Performance Management

**CSF** – Critical Success Factors.

**EC/PC** – The Enterprise Client is the new standard software package for all desktop computers in SCA.

**ERP** – Enterprise Resource Planning system.

**IS/IT** – Information Systems / Information Technology

**ITIL** - a cohesive set of best practice to approach IT Service Management.

**KPI** – Key Performance Indicators help an organisation to define and measure the outcome of organisational goals.

**MPLS** – Multi Protocol Label Switching, network design to optimise traffic.

**MIS** – Management Information System.

**M&A** – Mergers & Acquisitions.

**OLAP** – Online Analytical Processing, a category of software tools that provides analysis of data stored in a database.  OLAP enables users to analyse different dimensions of multidimensional data. For example, it provides time series and trend analysis views.

**PM** – Project Management

**PRIME** – A project model developed by SCA, today used as a standard for all SCA projects worldwide.

**SAP** – SAP is the leading provider of ERP systems.

**SGN** – SCA Global Network for data communication.

**SMART** – PRIME definition of goals that are Specific, Measurable, Accepted, Realistic and Time bound.

**T&I Services** – Technology & Infrastructure Services is SCAs central IT department providing IT solutions to the business groups.

**TCO** – Total Cost of Ownership essentially helps a company determine whether it wins or loses from specific technology implementations.

We also feel it's important to give our definition and interpretation of the term "**IT Infrastructure Policy**". An Infrastructure Policy is a set of decision and guidelines on everything that is "in common", the infrastructure. The IT infrastructure policy includes common applications, Software and Hardware, global network architecture, and other general standards throughout an organisation.

# 2 METHODOLOGY

*In the methodology a description of the process of the thesis is presented. Motivation is given to the structure of the thesis, the taken approaches, chosen methods, selected interviewees and the whole process of realisation. The chapter is concluded with an evaluation of the thesis with critical observations and delimitations.*

## 2.1 COURSE OF ACTION

Our Master Thesis is based on a hermeneutic worldview and uses a qualitative method, a case study, to perform our research. Our case study consists of four parts (Fig. 2): 1) Choice of research area; 2) Literature Study; 3) Interviews; 4) Analysis of our findings.

*Figure 2: Course of Action*
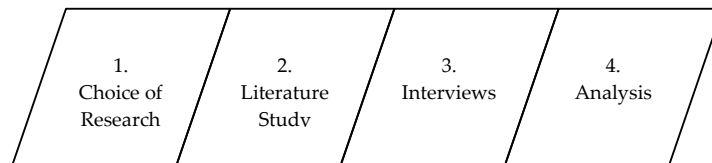


## 2.2 CHOICE OF RESEARCH AREA

As students at the department of informatics with concentration on Strategic IS/IT planning our interest of strategic implementations was given. We came through personal channels in contact with SCA T&I Services and agreed upon a problem statement and the focus of our essay. In the mid 1990s a decision was taken within the top management of SCA to integrate the three existing business groups to start working as one company. To integrate these business groups and along with new acquisitions the new IT infrastructure policy was developed. T&I Services have developed the new strategy and are on their way of implementing it within all business units. As the company continues to grow through mergers and acquisitions previous and current ventures has to be investigated to se how

to be able to improve for the future. This approach interested us and we enthusiastically accepted the invitation.

We began to investigate the chosen strategy and studied business units and SCA as a whole to better understand the company and strategy path chosen. We early on recognised the need for first hand information within the different business units and decided to perform a case study with personal interviews as our main method.

## 2.3   CASE STUDY

The study has been performed as a case study; a case study examines and considers a few objects from different perspectives (Lekwall & Wahlbin 1993). Case studies are to be preferred when the research focuses on "how" and "why" questions, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real life context (Yin 1988). This type of research is ideal when there is a need to understand a complex social phenomenon, but also when the relevant behaviours cannot be manipulated. Even though the case study involves technologies similar to those in other methods, such as the study of documents and artefacts, it also relies heavily on systematic interviews and direct observations. This ability to deal with multiple sources of evidence is the strength of the case study. Also it is an excellent method to handle empirical material, compared to statistical methods that generate quantitative data; a case study generates better qualitative data.

## 2.4   DATA COLLECTION

Gathered and compiled information constitute the empirical material which originates the analysis and the conclusions made in the thesis. To achieve our purpose it was crucial to unite reliable and relevant primary data. To access the diverse business unit's opinions and thoughts it was crucial to use a method that allowed the interviewees to freely reason and discuss the situation. We therefore concentrated our efforts on performing qualitative interviews to reach a deeper level of understanding and better ability to analyse the overall picture (Patel & Davidsson 1994). The method results in detailed answers and allows us together with the respondent to unravel the conceptions and opinions in a comprehensive matter.

Already in the initial phases we recognised that we needed access to the right people to get the information we required and therefore we early on started taking contact with key persons within the units. At the same time we began our literature study to gain knowledge about theories and precious case studies within the subject.

### 2.4.1   LITERATURE STUDY

Theory can be important to case studies in several ways (Yin 1993). This kind of study may help with case selection, specification of what is being explored, and generalisation of the results to other cases. Therefore we started a comprehensive study of literature on Policy Management, Project Management and Corporate Performance Management. This theoretical study was the starting point for our research and continued as an ongoing process during the entire study.

### 2.4.2   SELECTION

As the information we needed could be found in the management of the business units who had been affected by the strategy implementation we needed access to the right people at the right unit. As SCA consists out of several different departments that operate in total different businesses areas we wanted to include at least one person from each IT business unit. It was also our intension to include persons from different countries, as we believed the result could differ from country to country and should add further aspects to the result.  During one of our initial meetings with our SCA contractor we discussed which departments and what people we should contact. We had a pretty good idea of which persons and departments we needed to contact but wanted and needed confirmation and some name-dropping. With help of our contractor we agreed upon going for the initial suggested departments and persons. Through this discussion with our contractor within T&I Services we got contact with key persons within all three business units and established contact.

We also felt that we should try too looking outside of the company as well to get a so thorough view as possible. Therefore we contacted two other companies who fitted our profile. We made our first contact via e-mail and immediately received nothing but positive responses.

We were happily surprised when we, from all contacted persons, also received suggestions to other relevant people that they though could be of interest for our investigation.  Some of these suggestions resulted in further interviews that indulged our study. All contacted respondents showed a positive attitude

towards our approach and we booked a total of seven interviews to be performed in March 2005.

### 2.4.3   INTERVIEWS

After studying relevant theories and accessible corporate prints followed by discussions with our supervisors we started writing an interview guide to follow through the process. We believe that having a structured interview guide were the questions follows a pattern facilitates for both the respondent and the interviewer. The initial questions were of common character and our hopes were that this would make the respondent feel secure and comfortable. The questions were based upon our purpose, research question and our comprehension of the subject.

To secure a good result it was important to have clear and unambiguous questions. We were careful in not use leading or emotive words or formulations, like aimed questions. Thereby we avoided affecting the respondents and the risk that the respondents answered accordingly to what he or she thought we wanted them to answer. The procedure was thereby standardised and our reliability increased (Lekwall & Wahlbin 1993).

In all interview situations the reliability is depending on the capacity and skill of the interviewer (Patel & Davidsson 1994). This was one of the reasons that we decided to test our interview guide and ourselves by performing a test interview. The test interview was performed on a person working at SCA T&I Services. In our opinion the result was satisfactory and only some minor adjustments were made. By doing so we increased not only our confidence but also the reliability as we made sure that each question were correctly and easily understood and got a functional guide of questions.

At the performance of the interviews we started by briefly presenting our thesis and ourselves. We didn't want to reveal too much of the content of the interview in advance since we wanted the respondent to give spontaneous and unplanned answers. We also informed the respondent of the ethical guidelines of the thesis, for example that all tape recordings were only to be heard by us and later on destroyed. As some of the information and opinions from the interviews are personal, and therefore sensitive, we informed each respondent before the interview took place of the limited extent of name mentioning in the thesis. We therefore also performed the interviews on an as individual basis as possible. By performing individual interviews the opportunity for the respondent to bring up

every affecting factors and clearly state their own opinion unaffected and uninfluenced is given. This is one of the main goals with the interview approach, to get an as correct and unaffected report from the respondent's views and opinions. This information was followed by the interview questions.

Our approach to the interviews was highly standardised, which meant that the questions were identically worded in the same order to each respondent. The character of open questions adjusts well to investigations like ours as the respondent gets the opportunity to give a balanced picture of the situation and further describe relevant dimensions perceived by own experiences. The character of open questions is also an effective way for the interviewer to take control of the interview and at the same time get the respondent to creatively begin discussions (Merriam 1997).

## 2.5   DATA ANALYSIS

After accessing interviews with key persons within all business units we felt that we have covered all perspectives. We were now able to pursue the performed implementations and the interviewee's descriptions and thoughts concerning the strategy, which facilitated the possibility to achieve our purpose to thoroughly analyse the process. A total of seven deep interviews were completed. After performing each interview we used the taped material and our written notes to write a summary of each case to facilitate comparisons. We read the produced text several times to make sure we were comfortable with the text and continuously made additional changes and emphasises. During this process we searched for patterns, similarities and differences in the printed interview material. We compiled and made columns according to our headings. By presenting our empirical findings in this way we got a foreseeable coherent text of the different business units. The material transformed under the way to become our empirical findings, which creates the foundation for the discussions raised by our theory and also constitutes the foundation for our analysis that are bound to the empirical material through the theories.

## 2.6   VALIDITY AND RELIABILITY

By being well prepared at each interview we tried to increase the validity. The interviews were performed in SCA, Electrolux and British Telecom offices throughout Europe. The interviews were performed in a closed, silent milieu free of disturbing elements such as noise or interruption, which is vital for creating a

good dialogue between the interviewer and respondent (Lantz 1993). It is also vital to create a relaxed atmosphere. By taking an active interest and part in listening and following the discussion we strengthen the validity. Each interview lasted for 60 to 180 minutes. With us we had the interview guideline on which we took notes during the interview to make sure we understood correctly and later on facilitate comparisons of the different interviews.

To increase the validity we used tape recording, which permission was granted in all cases. This procedure stores the interview and makes active listening easier and in the end increases reliability (Patel & Davidsson 1994). By listening to the tape afterwards we confirmed that we had interpreted the respondent correctly in both context and details. A potential disadvantage of using tape recordings are that the respondent might feel insecure in the situation and hold back his or hers actual opinion. To avoid this we early on informed the ethical situation and during the interviews we didn't notice any such indications.

## 2.7 FURTHER CRITICAL OBSERVATIONS

There are a number of factors that influence the outcome of our study. For instance, we are aware that the respondents were recommended to us from T&I Services. However we feel that we got a well representative group of respondents who truly openly shared their thoughts without any hidden agenda. We are also aware of the fact that this is a subjective study, due to its qualitative character. Therefore the results will be some what coloured of our opinions and interpretations, no matter how objective we try to be, this is the nature of a case study.

### 2.7.1 DELIMITATIONS

The number of investigated business units is adjusted to the given time of the essay. We are aware that the study could have involved more people from different departments, which had improved our study even further. However we believe this is balanced by our careful selection of units and people who broadens the scope and makes the thesis representative and the diffusion should cover enough ground to achieve a reliable result.

Concerning the strategy it is not up to us to evaluate the by SCA chosen strategy but merely to evaluate its implementation and its consequences. However we feel free to if needed criticise or commend some parts or ideas of the strategy if needed and requested by the observed units.

There are several ongoing projects working towards a common infrastructure within SCA, however in this thesis most of the focus will be on the SGN and EC/PC projects as those are the most dominating and influential. Although the implementation involves a large SAP implementation which performance and implementation could be investigated this is not our main focus. We are aware that an SAP implementation is among the most difficult, uncertain, costly and time consuming implementations in an organisation today. Therefore this should affect the overall implementation, which we are considering throughout the investigation but not in focus.

# 3 THEORETICAL FRAMEWORK

*In the following chapter the theoretical framework is presented. Each presented theory is considered adequate and relevant for the realisation of the thesis; we describe and expound the concepts behind Policy Management, Project Management and Corporate Performance Management.*

## 3.1 POLICY MANAGEMENT

Today's society is full of different policies; the community is based on rules, plans and guidelines, which can be called policies. In a complex global information technology environment it is vital to structure and organise the business, and in this area the concerned policy type is organisational policies. There are several different definitions of what a policy can be;

*"Organisational policies provide guides to action for employees of the organisation."* (Byars 1985)

*"A plan of action adopted by an individual or social group"* (wordreference.com 2005)

A policy provides guidelines on how to act on something, guidelines that come out of one or many decisions. Two important aspect of this has the UN Food and Agriculture organisation (fao.org 2005) made clear, a policy is a set of coherent decision and they have a common long-term purpose. A policy is not limited to a certain timeframe; usually a developed policy is used *"from now on"* and does normally not have an expiration date.

### 3.1.1 POLICY DEVELOPMENT

When developing or using a policy, it can be helpful to make clear two fundamental rudiments, which are a part of and create a policy. The two important rudiments according to fao.org (2005) are Instruments and Objectives:

1. Instruments; are the necessary actions that are needed to make use of a policy, and the methods that can be used to reach the goals or objectives.

2. Objectives; are the elements that explains the enduring goals and the overall purpose. They explain where you want to reach by using the policy.

The objectives, the long-term goals, can be dependent of several different instruments. Due to this it's necessary to clearly define what instruments are and what objectives are to be able to measure the profitability and the efficiency of the different instruments in the policy. The policy should be developed to have the long-term goals with the policy, the objectives, to be aligned with the overall goals or strategies for the organisation, or as Byars explains:

*"An extremely important consideration in policy formulation is that policies should facilitate the successful accomplishment of organisational objectives and implementation of strategy."* (Byars 1985)

### 3.1.2 POLICY IMPLEMENTATION

As defined above, when developing a policy there are two important decisions that needs to be taken regarding the implementation of the current strategy and the success of it. First of all the strategy has to be defined and what the desired outcome is. Second is the control phase, decisions needs to be taken how to measure and control the results of the implementation, to ensure the implementation process is carried out as planned (Glueck 1980).

According to Stevens, Beyer and Trice (1980) the implementation phase of a policy or strategy is very unpredictable and quite hard to succeed with. There are no real rules, guidelines, models or defined strategies that can help one to implement a policy. Also there is no guarantee that just because a decision to implement a policy has been taken, the implementation will be successful.

To succeed with a policy implementation it according to Glueck (1980) is vital that mid-level management know what they are supposed to do and the willingly will make sure the implementation process is carried out. Policies are created and the key issues are that the managers have the responsibility to implement them. What is the goal and how do we reach it, are the vital, but what management also has to make sure is not just that the policy correspond with the overall strategy, but that the policy also is possible to implement and work with, and not just a number of decisions that *"sounds nice"* (Glueck 1980). Another theory concerning policy implementation success is presented by Stevens, Beyer and Trice (1980) who says that often the mid level management is not aware of,

or can't interpret, the goals that their supervisors have set. Sometimes it can also be that they basically just refuse to implement a policy or strategy because it's against their own beliefs. The implementation success is much higher if the policy complies with the policy makers and the individuals of the organisations own beliefs. Because of this, it's clear that the organisation does not mechanically run itself, so to succeed with the policy or strategy implementation the implementation phase must be overseen by top management (Stevens, Beyer and Trice 1980).

*Figure 3:  Models of factors associated with managerial receptivity to and implementation of policies*
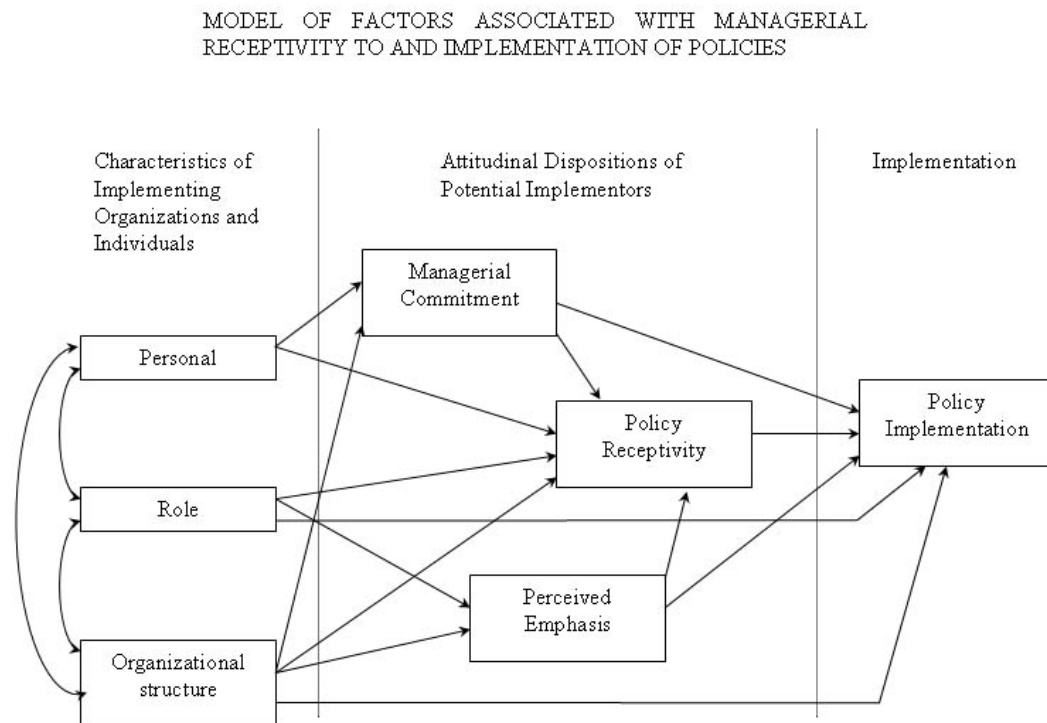


Figure 3 shows a model developed by Stevens, Beyer and Trice (1980). They present two important groups in policy implementation, dependent and independent variables.

### 3.1.2.1  INDEPENDENT VARIABLES

The independent variables that affect the implementation process of a policy are Personal, Role and Organisational Structures. One of the major independent variables is the individual attitude towards change, which will affect the process.

The organisations size for example is another variable that affects the process. Personal distinctiveness and social factors, such as group relations, age, personal background and education are factors that together with the individual's role in the organisation will affect the outcome of the process.

### 3.1.2.2 DEPENDENT VARIABLES

Policy Receptivity – The receptivity variable includes a number of factors. If the policy goals are similar to the individuals in the organisations own personal beliefs, they are more willing to work towards the goal. Factors that affect the receptivity variable are the manager's familiarity with the policy, the knowledge of the desired outcome, the business benefit they can obtain from the policy and last the amount of work that needs to be done to realise the policy.

Managerial Commitment – The managerial commitment variable is maybe the most important one for the implementation of the policy, the efficiency and actually the entire survival of the policy. In Stevens, Beyer and Trice's (1980) study they investigated the manager's commitment and willingness to stay with the organisation, given a number of different incentives (salary, responsibility, status etc.) to leave, and found that the managerial commitment is essential, but the fact of leaving or not had no significant effects on specific policies.

Perceived Emphasis - The third dependent variable, perceived emphasis, reflects the management's emphasis. Compared to the managerial commitment variable the perceived emphasis variable more focus on the middle managers perception of the top management commitment, rather that the commitment of the middle managers themselves. The implementation is more likely to be successful if managers clearly can see the importance and need for a certain policy high up in the bureaucracy.

Policy Management is for many a vital issue to deal with, for some organisations a necessity for successful business. Even though there are several definitions of what a policy is, and even more ideas for how to proceed with policy management, developing a policy and then implementing it, the key question and the tough question is often how to implement it successfully. The issue is to make sure it is realised and not just something that's on a piece of paper.

*"President Truman said to an associate just before he left the office: "Poor Ike [Dwight Eisenhower]! He'll sit there in the oval office and issue orders and nothing will happen." This must be avoided."* (Glueck 1980)

## 3.2 PROJECT MANAGEMENT

There are many declared definitions of a project that all differ some, but the core issues are practically still the same; a project is a temporary venture undertaken to create a unique value adding product or service to the customer. It implies a limited time span, a target date for completion, and an outcome different from that produced in the course of operational routine.

*"A unique venture with a beginning and an end, undertaken by people to meet established goals within defined constraints of time, resources and quality."* (Baker & Baker 1992)

*"Any undertaking that has a defined objective, a cost parameter, and a time element for its development, a cluster of activities that are pulled together to deliver something of value to a customer."* (Archibald 2000)

*"An endeavour in which human, material and financial resources are organised in a novel way, to undertake a unique scope of work of given specification, within constraints of cost and time, so as to achieve unitary, beneficial change, through delivery of quantified and qualitative objectives"* (Turner 1992).

The project form is today the common way of performing changes and ventures in a business, and the methods of how to manage the project process are commonly known as Project Management (PM). The core purpose of PM is the discipline of managing projects successfully. Definitions made by researchers and professionals contrast but consent in that project management can and should be applied, from the earliest stages of concept definition and throughout the project lifecycle into operations and maintenance. PM comprises the management of all that is involved in achieving the project objectives safely within agreed performance criteria's, which is needed to ensure that everything on the project is managed effectively to ensure a successful project deliverable.

*"The process of reducing project risk and uncertainty to achieve development objectives"* (Turner 1992)

*"The combination of systems, techniques, and people required completing a project within established goals of time, budget and quality."* (Baker & Baker 1992)

*"Planning, monitoring and control of all aspects of a project and the motivation of all those involved in it to achieve the project objectives on time and to the specified cost, quality and performance"* (Association of Project Management 2000).

So essentially PM guides, directs and coordinates the usage of inputs, such as human and material resources, to achieve stated objectives and thereby the desired output with in limits of time, budget and satisfaction. Hendrickson and Au (1989) exemplify the functions within PM as follows:

1. Specification of project objectives and plans; includes delineation of scope, budgeting, scheduling, setting of performance requirements and selecting project participants.
2. Maximisation of efficient resource utilisation; this comprises procurement of labour, materials and equipment according to the prescribed schedule and plan.
3. Implementation of the various operations; proper coordination and control of planning, design, estimating, contracting and construction in the entire process are central issues.
4. Development of effective communication and mechanisms for resolving conflicts among the various participants.

If all functions are well planned and carried according to the objectives not only will control projects and the likelihood of project success enhance but Rothenburg and Dooley (1999) also argue that project management activities could help the organisation to gain and learn from experience. Through looking at both internal and external projects the organisation will be able to develop best practices. The organisations development of best practices is seen as a learning process towards a higher level of maturity, which in the end produces self-regulating world-class procedures in the organisation. Learning from the best practice cases is the most effective means of understanding the principles and specifics of effective practices. Best practice benchmarking is taken externally to describe a process whereby organisations pursue enhanced performance by learning from the successful practices of others, the lessons learned are implemented and the cycle can continue anew (Neely 2002).

### 3.2.1 PROJECT IMPLEMENTATION

After a top management decision, key strategists or management must be involved or in charge of the business units in key positions to make sure that the strategy will be executed and functional (Glueck 1980). The functional strategies

and policies must be developed consistent with the strategic choice. Resources must be allocated to reinforce the choice and the organisation of the business units and corporation must reflect the strategy and objectives to make sure the strategy will be carried out throughout the whole organisation.

A project is performed in phases, performed from the project initiation until the project completion, which together form the project lifecycle. The main phases are listed below but can be broken down into further stages reflecting the project area, size and complexity (Wideman 1998).

1. Concept – where the project concept is defined
2. Definition – where the concept is verified and developed into a workable plan for implementation
3. Execution – where the implementation plan is carried out
4. Finishing – where the process is completed and documented

The process through the cycle is identified through objectives or milestones and should be separated by control points. (Patel & Morris 1999)

### 3.2.2   PROJECT REALISATION OR "WHY DO PROJECTS FAIL?"

Several surveys shows that at high percentage of IT projects fail, (http://www.it-cortex.com 2005) there are many researchers, writers and consultants that claim that they know why projects fail and how to prevent their failure. So why is the percentage still so high? Are the important issues ignored or not taken serious? A project should be seen as a well-defined process with different stages that has to be fulfilled and reviewed before moving on to the next. Most theory concerning project management can be seen as common sense logic were obvious matters, do and don'ts, are lined up and emphasised. However it seems that common sense is not very common as these obvious issues isn't considered or applied righteously.

#### 3.2.2.1   PITFALLS

Being well prepared and having a pro-active attitude towards important projects and their management improves the awareness of success factors and avoids most of the pitfalls, or at least their consequences are mitigated. Having the potential pitfalls, critical success factors and experience from lesson learned clearly in mind is a vital part of success management. Various circumstances and factors are however impossible to foresee or control (Keeling 2000).

Cautious preparation and thereby avoiding the most obvious management pitfalls is just as important for a successful project as including CSFs and often do the two areas overlap each other. The discussion concerning pitfalls and CSFs varies from project to project, organisation to organisation and situation to situation. But according to Keeling (2000), the most vital criteria's in project management and evaluation are:

1. Concept
2. Objectives
3. Quality of result
4. Cost
5. Time

Failures in the definition and specification of these important criteria's are said to be the most common reasons for project failure. Large projects means a large scope and these are notoriously known as risky ventures because of their share size and thereby complexity. The current development behind the theory of PM (such as improved techniques, training, feasibility assessment, risk analysis, planning methods and control systems) has matured but despite of the lessons learned is not always applied to projects. Keeling (2000) accentuates this fact and presents a thorough list of common causes of project failures on different levels:

o Ineffective co-ordination of resources and effort
o Poor human relations
o Poor performance related to part-time project management in client, consultant or contractor organisations
o Inappropriate organisation - when the roles, responsibility and scope of key participants contributions is not clearly defined
o Decisions on contract strategy taken too late
o Failure to assess feasibility, assess risks and make contingency plans
o Cost escalation resulting from poor control, failure of uncontrolled schedules or unplanned expansion of tasks

Management inadequacies leading to delay in completion and heavy costs include:

o Management and logistics for complex technical operations
o Ill-defined organisation structure, unclear areas of responsibility, limits of authority and the different management structures used by contractors
o Inadequacies in planning, budgeting and control

o Conflict and interpersonal problems caused by ill-defined boundaries and poor work organisation

A project performed over not only national borders but cultural borders involve even more complex variables needed to consider in project management. Keeling (2000) mentions the top six factors included in the studied cases:

1. Bad judgment
2. Difficulty in acquiring work
3. Low profit margins
4. Difficulties in cash flow
5. Lack of experience in the firms line of work
6. Lack of managerial experience

These matters remains serious throughout the project but the most impact of potential negligence will come from the early stages in the project phase. Inappropriate objectives, lack of feasibility, poor organisation structure, unsound or inadequate planning, ineffective control, poor human relations and similar symptoms of managerial ineptitude are common in projects and since a sound basis of feasibility and structure is fundamental to rational progress, management failure in the initial stages is particularly damaging. Unless errors or omissions are corrected at an early stage, it will become increasingly difficult to redeem an unfeasible or badly structured project (Keeling 2000). Different stages in the project phases are victims to a variety of different pitfalls:

The Concept phase - By project sponsors and owners:
1. Failure to devote enough time and resources to a proper feasibility study
2. Imprecise or unclear terms of reference or briefing for the feasibility study
3. Inadequate research and risk assessment at the feasibility study stage
4. Failure to secure the cooperation of all stakeholders and the agreement of public bodies or individuals who may subsequently oppose or hinder the project
5. Inadequate management backing and/or specialist capability in the initial stages

The Planning phase - By owners, sponsors or advisers
1. Invalid project purpose (for publicity or personal gains)
2. Inadequate planning capability, badly defined objectives and lack of activity planning
3. Inappropriate management structure, ill-defined delegation of authority

4. Failure to consult those directly involved with the processes, think through processes, events and timings, and plan accordingly
5. Failure to consider possible impediments, analyse risks and formulate contingency plans
6. Failure to provide adequate finance, budget and cash flow forecast, make effective resource plans or properly specify technical and quality requirements
7. Poor contract negotiation

**The Project implementation phase -** By sponsors, manager and team leader
1. Poor selection of specialists, team leaders and managers
2. Inappropriate leadership styles
3. Inadequate monitoring and control by managers and team leaders
4. Poor coordination of activity, and inability to achieve full cooperation of project personnel and/or contractors
5. Inattention to training and team development needs
6. Poor resource provision, late delivery of essential materials or equipment
7. Materials or equipment not up to technical or quality specification
8. Failures in communication of reporting procedures
9. Reluctance to take remedial action when actual results fall short of planned targets
10. Failure to conduct regular reviews and (were necessary) project revision
11. Meddling or interference by politicians or senior members of the owners organisation

**The Termination Phase -** By senior project personnel:
1. Failure to complete on time
2. Failure to reach required quality standards
3. Inadequate handover arrangements
4. Inadequate project evaluation and follow up
5. Lack of sustainability for project objectives.

### 3.2.2.2  *CRITICAL SUCCESS FACTORS AND BEST PRACTICES*

So what distinguishes a successful project, and how did it get there? The objective of the project manager is basically to finish on time, on budget and achieve acceptance, which can be used as a definition of success. That definition however is one-dimensional and assumes that all the customer needs for satisfaction are known and have been described, which rarely is the case. A more effective way of define success are to ask the people responsible for the project what they expect from the project and how they define success.

Even though preventative actions are taken, such as best practices developed, pitfalls, CSFs and lessons learned are discussed and handled to the greatest extent possible there is no guaranty that a particular project is successful. But by looking at former projects, benchmarking and experience gathered some common factors of successful projects can be outlined (Keeling 2000).

- o Adequate and suitable organisational structures
- o Adequate planning and suitable control mechanisms
- o Commitment by parent organisation, client and project manager to:
    - o Establish activity schedules and control procedures
    - o Established budgets and control of expenditure
    - o Technical goals and milestones linked to time and cost
- o Organisation structures suited to the nature of the project
- o Team participation in planning and determining methods, schedules and budgets
- o Absence of legal encumbrances
- o Minimising the number of bureaucratic public or governmental agencies involved
- o Enthusiastic public support

## 3.3 CORPORATE PERFORMANCE MANAGEMENT

IT investments and the management decision making process are no longer only about lowering IT unit costs but also about expanding IT service delivery capabilities in anticipation of future business needs. Today, IT management must control the allocation of limited resources to deliver better near term value and mitigate future risk, Corporate Performance Management (CPM) is one method to do just so. The term CPM is equivalent to Business Performance Management, Enterprise Performance Management and Strategic Performance Management etc. Gartner Inc., who is a leading provider of research and analysis on the global IT industry, defines CPM as:

*"An umbrella term that describes the methodologies, measures, processes and technologies used to monitor and manage the business performance of an enterprise"* (Gartner Inc.).

*CPM is an area within Business Intelligence that involves the use of methodologies, processes, metrics and technologies to manage and report on business performance* (Gartner Inc.).

CPM finds its background in the evolution of Enterprise Resource Planning (ERP) solutions and data warehousing, but is more currently in relation with Business Intelligence (BI), which provides analytic power to organisations (Gartner Inc.). CPM combines BI with performance management and essentially refers to a management philosophy wherein the performance of a business process is controlled and measured by a KPI that is assiduously monitored to ensure that the process will reach a forecast goal. Simplified CPM can be said to act as a framework for methods, processes, and systems used to supervise and govern an organisation (Lindwall 2004).

CPM is thereby a modern approach of classic financial control. The main change in approach is to connect the traditional means of control with information technology and by doing so attaining a more holistic view concerning the organisation. Supervising and governing is often conducted separately within different Business Areas and Units. Decisions are thus made on an individual basis, based on information relevant only for the individual department, which might not be optimal for the entire organisation. By applying CPM the organisation brings together the Business Areas and Units and secures that the organisation follows a common strategy (Zrimsek & Geishecker 2002). CPM

therefore improves strategy execution and provides an analytical process and data to help the organisation improve decisions throughout the business. This is illustrated when Kaplan and Norton's (2003) five key elements of the Strategy Focused Organisation are applied into the discussion:

1. Translation of strategy to operating terms
2. Aligning the organisation to the strategy
3. Making strategy everyone's job
4. Making strategy a continual process
5. Mobilising change throughout the organisation

CPM makes these five elements operational by using an organisations decision types to facilitate a company's focus on strategy. Every company is routinely required to make three hierarchies of decision throughout its business cycle; these are strategic, tactical and operational (Samuelsson 2001). To achieve Norton and Kaplan's (2003) components an integration of the decision making process are needed so a harmony exists between the hierarchies, the company must be aligned with its strategy and the management processes must operate as efficiently as possible. CPM includes various applications for assessing an enterprises performance such as the use of analytic metrics, strategic planning, and a data warehouse approach to accessing and analysing information (Urban Ask, Lecture 2005-02-18). The method must be regarded as an ongoing process with the overall picture in focus and an ambition to prevent decision-making that only benefits specific parts of the organisation. In a well functioning CPM organisation the company has established performance objectives that are consistently and frequently communicated throughout the organisation to ensure cross-functional alignment. The objectives are examined for linkage to business processes and their KPI (Moncla 2004).

### 3.3.1 THE CONTENT OF CPM

According to Buytendijk et al. (2004) there are four major parts of CPM: Methodologies, Measures, Processes and Technology. However the three core components are methodologies, process, which includes management processes and a balanced set of measures, the third component, technology, enables the links between the first two together.

*Figure 4: Core components of CPM*
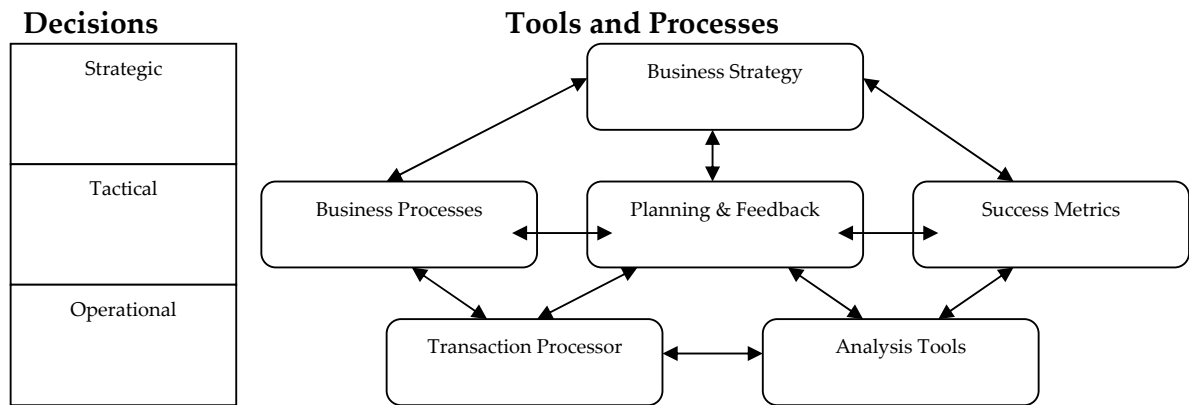


### 3.3.1.1 METHODOLOGIES

The most occurring methodology is the Balanced Scorecard, other examples are: Six Sigma, EFQM and Active Base Costing (Urban Ask, Lecture 2005-02-18). The balanced Scorecard is a holistic strategic measurement tool developed by Norton and Kaplan (2003). It provides an internal and external view of the organisations performance through four quadrants or focus areas; financial, customer, internal processes and learning and growths. Implementation of the Balanced Scorecard requires that management identify objectives, measures, targets and initiatives aimed at improving company performance in the specific focus area.

### 3.3.1.2 PROCESSES

Most in focus are the Management Process, which includes the strategy formulation, budgeting and forecasting, goal setting, performance feedback and business activity monitoring, and basic planning, monitoring analysis and reporting (Urban Ask, Lecture 2005-02-18).

### 3.3.1.3 MEASURES

Measures or Metrics can include financial and non-financial, short term and long term, qualitative and quantitative, lagging and leading and aligned metrics. The correct measures are developed by braking down the vision and main strategies into CSFs, which should act as the essential measures to govern the organisation (Gartner Inc.).

### 3.3.1.4 TECHNOLOGY

Technology enables the links between the components and is needed for a successful CPM. Examples are Consolidation engines, ERP, OLAP tools, Data warehousing and Data marts. Without appropriate tools to gather and analyse

information CPM can't be implemented or get the most out of the IT solutions. CPM systems totally integrate the planning, budgeting, forecasting, consolidation, reporting and analysis processes and support methodologies for linking strategy to the allocation of financial and non-financial assets (Geishecker & Rayner 2001).

### 3.3.2   ADVANTAGES AND DISADVANTAGES

Advantages given by CPM are for example that the organisation knows that diverse IT functions or processes are measured, it is easier to execute and carry through new management decisions, as a awareness are created in the company in that management looks at diverse KPIs. Further the largest advantage with CPM is the creation of a solid foundation of decision making for future decisions and measures.

The tangible benefits from CPM are improvements in planning cycle times and resource hours dedicated to planning or other management processes. The intangible benefits are better analysis capability, organisational alignment or increased speed of reporting and finally better decision making. The problem can be to motivate and value the intangible benefits. Organisations that deploy a CPM system are better able to communicate and drive strategy down throughout the entire organisation in a way that enables people to act and make decisions that support the strategic goals (Gartner Inc).

# 4 EMPIRICAL FINDINGS

*The subsequent chapter portrays the empirical findings of the thesis related to the framework. To facilitate for the reader a case description is introduced followed by the actual empirical data found.*

## 4.1 EMPIRICAL CASE INTRODUCTION

We have conducted our empirical study within the three different SCA business units and within their different departments. All studied objects have been part of the implemented strategy and have faced central decided implementation projects to align their business with the rest of the organisation. All interviewed business units have different backgrounds and thereby different cultures, working procedures and attitudes which affects their readiness and willingness to change.

To broaden the empirical findings for this thesis contact with other companies were also taken to see how implementation projects are executed in other organisations. Selected organisations were the Swedish company Electrolux, the world's largest producer of appliances and equipment for kitchen, cleaning and outdoor use, and British Telecom, a leading provider of communication solutions throughout the world. The two comparison companies have both been involved in a similar transformation process that includes centralisation and thereby drastic changes in the IT infrastructure. They are large multi national corporations with similar problems and possibilities and match the studies purpose.

### 4.1.1 THE NEW STRATEGY

The need for IT solutions; computers, applications, communication possibilities etc., is a necessity for SCA employees, no matter what region or business group they belong to. Therefore creating a common and standardised IT infrastructure and policies is an essential part of the new IT strategy.

In 1998 SCA management took the decision to integrate the three business groups Hygiene Products, Packaging and Forrest Products, from an IT

perspective. This would include a common network, one ERP system, IT Security, standard hardware and applications. Since 2003 T&I Services is the central SCA Group IT unit who provides all infrastructure solutions to the business groups within SCA. The goal is to become more cost-efficient and more competitive through shorter communication processes.

### 4.1.2   THE IMPLEMENTATION

The new strategy is carried out into the business groups through different projects. All interviewed business units have been affected by the policy and the centralisation strategy but are in different phases in the transformation of the implementation process. Different projects included in the transformation has either been successfully implemented, started or are schedule to start within a nearby future.

One of the first major integration projects that are mentioned in this thesis is the common network, SCA Global Network, SGN. Having one worldwide network would be a lot more cost-efficient than three separate ones. Another and more recent mentioned project is the Enterprise Client project, EC/PC. The EC/PC client is a new standard client software package for desktop workstations/laptops. According to the policy the organisation should use a standard hardware, and the EC/PC is the Windows XP based software package. There are several ongoing projects working towards a common infrastructure, however in this thesis most of the focus will be on the SGN and EC/PC projects as those are the most dominating and influential.

The different business groups have not integrated the projects at the same time and have therefore not reached equally far in the process, therefore we believe our empirical findings where we by interviews with representatives from the different groups, in different locations, with different cultural backgrounds, will give us a broad perspective on how the policy implementation process is handled in a global organisation like SCA.

## 4.2   CASE PRESENTATION: CASE A.

### 4.2.1   BUSINESS UNIT – ACQUISITIONED CARTER HOLT HARVEY

SCAs largest acquisition during 2004 was purchasing the tissue and fluff operation of the New Zeeland based company Carter Holt Harvey. The acquisition also included Carter Holt Harvey's 50% share in Sancella, a company jointly owned with SCA. The businesses purchased operate in Australia and New Zeeland, and together with other units in Asia they form SCA region Australasia. During the second half of 2004 the process for integrating this acquisition into SCA started.

Our interview with the IT director and regional IT manager for Australasia were focused on this acquisition and its integration process. Before the purchasing process was complete and approved by local authorities very few "hands-on" tasks could be performed, mostly management meetings were held to discuss how the complete integration process would be handled. The process contained three major steps. The first major issue was to create *"…their own identity…"* and cut loose from Carter Holt Harvey, then consolidate fully with Sancella and then integrate the business with SCA.   Early in this process the dialogue and cooperation between regional experts and T&I Service specialists started to in the best possible way cut loose from Carter Holt Harvey. On request by Australasia management T&I Service had staff present on site during the process and this joint operation worked very well according to the respondents. The communication between central T&I units and regional management worked very well.

### 4.2.2   IT INFRASTRUCTURE POLICY

The previous IT Infrastructure in Carter Holt Harvey was very similar to the SCA infrastructure, except brand names etc, but the way of running the IT business at Carter Holt Harvey was very much alike SCAs. The respondents believe that SCA management main goal with the IT infrastructure policy is to achieve a low total cost of ownership. Secondary goals are to prevent duplication and also protect information assets. Even though the policy fairly much meets the expectations they feel it's not executable in this form. Also T&I Services never put a total implementation plan in place, and the existing IT Infrastructure Policy was not clearly discussed. What was seen as very positive though was that the respondents very much feel that they can affect and express their thoughts on the

policy, and those thoughts are taken into account. An informal but clear leadership was early established, with local representatives as well as central T&I Services representatives. This made the communication a lot more uncomplicated, and issues that came up were quickly solved. The major positive thing that helped this entire project through was to have T&I Service staff working on site. One T&I Services person was relocated to Melbourne to support the process and also to be the local speaking partner towards T&I Services. Also T&I Services had specialists on site for shorter periods. The presence of T&I Services staff is according to the respondents the major contributing factor to the successful outcome of the integration process. One of the few negative issues was T&I Services incapacity to deal with time zones. The big time difference caused problems, probably mostly because the integration of the Australasia region is kind of a pioneer project, first of a kind, when it comes to this matter.

If the integration project would be redone the respondents identified a few things that could have been done differently. First of all, all kind of communication should be more formalised. There should have been regular meetings between T&I Services and local management which would have enabled them to resolve open issues as quickly as possible. Another pitfall that clearly caused some problems was the timeframe. A six months timetable is too short for this size of project, and also it's very important that when a transition dare is decided upon, it's a business owned date. This will make the transition much easier. In this case for example IT management saw that the IT cost would drop 20%, which strongly motivated the business to get through the integration process as quickly as possible.

What also should be improved in the future is exceptions, and how to handle those. It would be at to great help if there were templates and guidelines how to handle exceptions. Exceptions made should be well documented to aid reuse for future projects where the IT infrastructure policy is implemented. What should be remembered for the future is that a steering committee should be created as early as possible. This will give the project a solid leadership, useful both within the project and to the surroundings.

### 4.2.3 MEASUREMENT & CONTROL

There are today a few measurement and control processes. First of all this early after the transition the short-term measurements that can be made are for example to compare the outcome of the integration process compared to the timeline. When it comes to key performance indicators (KPI) this is a more long-

term benchmarking method. For the moment the IT cost is around 1.8%, however the two IT managers from Australasia expect this to decrease to around 1.4% for the second half of 2005. This kind of indicator could be useful to control and measure the IT performance. This figure could be compared to other department in similar situations concerning the IT infrastructure policy to get a clear view of efficiency and effectiveness. The major issue is *"the dollar benefits to SCA in the whole"*.

## 4.3 CASE PRESENTATION: CASE B.

### 4.3.1 BUSINESS UNIT – FORREST PRODUCTS: SCA GRAPHIC SUNDSVALL

The Ortviken paper mill in Sundsvall Sweden manufactures and delivers publication papers to Europe and other parts of the world. The Ortviken paper mill and the Östrand pulp mill in Timrå together form SCA Graphic Sundsvall that is a part of the SCA Business area Forest Products, which, in addition to publication paper and pulp also produces solid wood products and forestry-based fuels. Forest products also manage SCAs extensive forest holdings, supplies SCAs Swedish plants with wood raw material and offer transport solutions to SCA units.

Our interview with the representative for business group Forest Products were focused on the ongoing integration projects for the business unit. The respondent has a leading position at SCA Graphic Sundsvall and is active in the local IT department at Ortviken paper mill. The local IT department's main mission is to support Graphic Sundsvall and the production at Graphic Sundsvall and make sure that everything works and flows at the mill as it is supposed to through the whole chain. According to the respondent this mission is not descriptive for all SCA units, there are two major differences.

*"We have more of an advising role towards the production departments"*.

In certain SCA department you are more integrated, the IT department handles with all activities (even the infrastructure at the production side), which is not the case in Sundsvall. The focus is more on the line organisation where the production units themselves are responsible for their production systems. The local IT department is more focused on making the larger picture work. The respondent means that the IT department can't decide for the IT personnel at the production units which application works best for them. The second difference is that the organisation has a very high IT dependency and is more or less dependent on their systems, as IT is a very central part of the whole production process.

The organisations culture is described as bohemian. The personnel work very individually in their own area and invent and operate their own solutions,

causing many personalised and by definition ad hoc solutions. The organisation structure is said to be flat and has been so for a very long time, the IT Manager is more of a project leader of the IT department, everyone are more or less self-governing. One reason mentioned is the low personnel turnover within the IT department and the fact that there has not been any change in the organisation (in the IT department) since the 1980s. The personnel and their knowledge remain at the same location and therefore you don't need to restructure the hierarchy, the documentation, the responsibilities or the communication. The milieu is said to involve no IT centralisation what so ever, partly because of the existing culture of independence.

The respondent considers his influence on both the IT departments' activities as well as towards other regional departments to be very high, achieved by always having motivated issues and needs and also by having the capacity to argument the cause / case. The organisation is said to be very susceptible and if you have relevant issues with relevant foundation there is no problem to make the organisation act.

*"As long as you have useful opinions with a solid basis there is no problem. "*

The influence on the more central T&I Services is clearly not as great as in the regional parts but it's clearly there. Mainly the communication and influence is achieved through personal contacts. The respondent thinks that he can make himself heard and that someone is listening and considering the raised issues, but this is probably thanks to the person's own personality. The relations between the central functions and the local department are non-formal, and the existing relations are created and based in ongoing projects. There are no centralised IT functions like in the "hygiene departments". There are no natural central relation and hardly any cross border cooperation, with the exception of the regional departments who have joint support agreements and joint functions such as networks, mail and servers etc.

Some form of dialogue has although been established through the creation of the T&I Council where at least one person from each Business Unit is represented. The major discussions, established cooperation and relations however are mainly constructed via different joint projects that include people from different Business Units. And if there is a pending need (for example networks) a dialogue is created but there are no natural cooperation routes.

## 4.3.2   IT INFRASTRUCTURE POLICY

The respondent believes that SCA management's main goal with the IT infrastructure policy is to make it act as a framework, to make the whole organisation work in the same direction and by doing so creating competitive advantages. As well as a description of security handling and the decision-making progress, this is recognised as very important issues.

The infrastructure is said to have no real value in it self but is an aid for all producing systems. However it's definitely not the centre of the IT departments business that the rest of the IT functions are build around. The policy itself and other administrating systems are not that central and important for the department. It is the production systems that are critical and therefore also vital for the department and the mission of the business. This is where the department differs from other business units, the IT concentration is very high but the infrastructure itself isn't seen as vital.

In the IT department it is generally regarded that the central top management and other units' focuses too much on the IT infrastructure and demands that IT system should be built and adjusted to fit the infrastructure and not the other way around. In reality in more production focused departments the decision of which production machine or system should be purchased isn't depending on which applications fit the infrastructure, which is sometimes hard to explain and get approved. This tendency is part of what the respondent mentions as the common *"Us against them"* philosophy that noticeably colours the different business units. The indication is that it is often too much "Hygiene" politics, and decisions are made in their favour, especially from T&I Services that originates from the old Hygiene Products division. This causes problems as the solutions often fit Hygiene Products units and their business philosophies but can't be applied to the rest of the units.

The implementation, context and meaning of the new policy are poorly communicated and thereby no dialogue between the IT department and T&I Services concerning the policy exists. The new central IT Infrastructure Policy hasn't been well communicated and the policy's context and its fundamental elements are moderately known but not in detail.

*"I know that it exist but I don't know if it's been communicated."*

Thereby the department hasn't really implemented the whole strategy and are not really following or adjusting their job manners according to the policy. The policy hasn't affected the departments work procedures at all. However parts of it such as security details about rules and guidelines for the use of computers, networks, e-mail and the internet, which is a part of the IT policy, has been more clearly communicated, discussed and introduced into the department.

In this context the respondent raises a question: You need guidelines to direct in what way the organisation should work, like some standards. The policy is basically a good thing and describes the wider picture but how is it applied?

*"The policy itself is a good thing, but unfortunately you can't apply it in your daily work."*

The policy doesn't say that much in it self, it describes the grand scale in general but the question is how do we use the policy? It doesn't solve the problem encountered in the daily routines or a lack in the security on the other hand it describes how we should work. Then the question is: When taking out standards you take support in the policy, but how do you create these standards? Is there a process to create these standards? Preferably more of the progress of the process should be in focus here, and the department's needs must be more in focus and part of the decision process in standards and the policymaking. As an example of this the respondent mentions that today:

*"Nobody ask what do you want, what does your department need?"… "It just suddenly pops up a paper on the web."*

### 4.3.3   PROJECT MANAGEMENT

The IT department hasn't really noticed or been affected by the whole integration process, some projects however has been rolled out and the respondent has taken part in the EC/PC Project, which is a part of the overall package of centralising and uniting projects. The project has taken place since 2003. The involvement from the IT department has mainly been limited to one person, the respondent. The result so far has been good and the cooperation has worked well, much thanks to the form of a project were communication has been a lead word. No major crises have evolved and no serious conflicts have appeared. The project has an implementation plan but hasn't been well communicated to the units. The respondent thinks that the leadership has been well performed even if it has been lead from Göteborg, though the request that more parts was spread out into the projects parts are mentioned.

When switching focus into discussing specific things that has worked well and things that hasn't worked well two major positive issues are brought up. The major positive thing that helped the entire EC/PC Project was the PRIME project model and the existing positive atmosphere within the project group. The fact that the team worked according to a model, and in this case PRIME, was one important reason to the result. On the other hand the communication hasn't been as good as required, the policy document are an excellent example of this, the units are supposed to work according to the document but it isn't thoroughly communicated into the units which is a immense problem. Also from the business units (IT department) side more resources and people should have been involved, not just one person. In that way there is no project understanding in the rest of the department and only one person's views and opinions are revealed. As a final point the respondent brings up the fact that the project is driven by and from the central division in Göteborg, which is mentioned as a somewhat bad thing as there is no understanding for other department's issues and problems which increases the earlier mentioned "*Us against them"* feeling.

The most important thing when introducing implementations is insurance that the whole corporation and all business groups are well represented within the project. The project team must consist of the accurate people who gets time appointed to be able to actively work at the project so that not just fictive names and time schedules are being written on a piece of paper. Time is mentioned again as an often very dangerous and common potential pitfall:

*"It always takes more time than scheduled and planned; there are always time consuming grey zones and black holes in such a large project."… "Sometimes you tend to forget that it is a large organisation and that it takes time to implement changes."*

Another key criterion is that you have something to measure the result against; otherwise you have no idea at what you are aiming towards and if the final result is successful. Furthermore SMART goals is mentioned, the importance of acceptance and to make sure you sell in the concept throughout the organisation. The potential pitfalls cited is that the whole project and T&I Services functions are influenced by the "Hygiene" culture and don't match the need of other units. The management needs to take a better look at the whole infrastructure projects and accept other cultures and differences.

*"It is like a LEGO-block that doesn't fit with the other blocks."*

### 4.3.4   MEASUREMENT & CONTROL

The respondent can't say that the policy is followed at the IT department. The main reason given is:

*"Our focus is not on infrastructure; our focus is on producing paper."*

The department doesn't feel that the policy is taken as serious as it should be. The department doesn't really care if there is an infrastructure or not. If we don't produce paper, nothing else matters, that's the natural priority here, that's why they pay us. The respondent also questions whether it's being controlled or measured today. In the IT department these activities are mostly measured from case to case. When you start a project there is a reason for the project, efficiency gains, less costs etc and that is were you set your parameters. You must know what the wanted result of a project is and when it is over you measure how close you came, or to what extend you achieved the initial goals. In the case of the integration of the EC/PC Project its result is easy controlled and measured; the goal is to after the rollout terminate the old system and have all users using the new systems.

When KPIs are mentioned once again we get the comment that it's the total tons of paper produced that is the KPI measured. The business is to produce paper and that is their main KPI of their business goal. TCO could be used, in some stereotyped version. But here you have to consider and accept existing diversity between production units and administrative units. And when exceptions are made although there are clear directions, nobody takes notice or care and that becomes a standard, to ignore the rules.  No actions are taken to make sure that actually everyone follows the standards and there is no documentation on the reason of the exception. And in that way the respect and follow ness are questioned. If one project skips the set standards and the next project builds on the first, the whole chain becomes un-useful.

## 4.4  CASE PRESENTATION: CASE C.

### 4.4.1  BUSINESS UNIT – SCA PACKAGING, BRUSSELS

SCAs second largest business unit is SCA Packaging. SCA Packaging is one of the world's leading producers of packaging solutions, such as Containerboard, Corrugated board and Specialty packaging. SCA Packaging has over 320 factories in more than 30 countries around the world. The head office is in Diegem outside Brussels, Belgium. SCA Packaging Europe has divided its 220 European production plants into five regions as a start to get more centralised. Before this regionalisation a global decision was impossible to make, now it's just negotiations with five different wills.

Our interview with the IT Infrastructure Manager based in Brussels was mainly focused on the ongoing implementation-projects of the IT infrastructure policy within SCA Packaging. Since 1996, about the same time as the respondent started working for SCA; there have been ongoing integration projects within SCA where the goal has been a common infrastructure. The respondents major responsibilities as an IT Infrastructure manager for Packaging is to make sure the integration of the heavily decentralised Packaging division is carried out the right way, and to be a link or speaking partner between the five regions in Europe and T&I Services in Göteborg, or *"center-of-excellence"* as the respondent refers to it.

The communication always has its ups and downs; however it has improved a lot over the last few years. Thanks to this it has made the implementation projects a lot easier. A working dialogue between the units and T&I Services has always created a little frustration because there is a very different way of thinking since T&I Services often have solutions that maybe are to much focused on the Hygiene business group, and not too much on the packaging situation where it often are small production units working after the *"selling to your neighbour"* concept. Business is very local, which of course is hard for the centralised T&I Services to create solutions for. As an intermediate between these local business and T&I Services can then create a bit of frustration. It's not something they have chosen, but it's just to accept and make sure it works.

### 4.4.2  IT INFRASTRUCTURE POLICY

When it comes to the IT infrastructure policy the respondents explains how he was a part in developing this. As a speaking partner for Packaging he reviewed and had quite a bit on influence on the outcome, which formed the SCA IT Infrastructure Policy. Since Packaging had a high involvement in this the organisation are well aware of the meaning of it, even though it is hard to convince some of the small local production plants about the benefits with it when it was distributed to them. However, the central instance in Brussels have made it clear that this policy is not optional, it's mandatory to follow it to be a part of SCA Packaging. Even though it's mainly developed and owned by "*center of excellence*" in Göteborg, local opinions are taken into account and this unit feel they are a part of it. When it comes to the goals with this policy, our respondent believe that there are two main goals that the SCA management want to achieve, and that is first of all to get a clear picture and have control over all units within SCA, and maybe especially the heavily decentralised Packaging business group with small factories with their own wills. Also of course there is a primary goal to lower the TCO. With a centrally developed and owned infrastructure policy there are many large-scale benefits to make, and a lot of funds to save. It's very difficult to get acceptance to implement something that isn't cost effective, and to make the policy comply with Packaging overall business strategies and cost levels they have interpreted the policy in a way that works for them and suits their needs.

### 4.4.3  PROJECT IMPLEMENTATION

Our respondent has been involved in two major implementation projects that has been a part of the current IT infrastructure policy. The first project was about a common network infrastructure, SGN. This project took place in the end of the 1990s, but even though there was large cost-saving benefits with it this project it was a big struggle from the very first start. The organisation was 100% decentralised with very independent production units, more or less using IT they way they want to. Even though the infrastructure policy was mandatory, at the time the Packaging organisation wasn't ready for it, it's as simple as that and that's the reason for this project being "*a struggle from the very beginning*".

The other major project the respondent has been involved in is the EC/PC project. From the early start of this, Packaging has had representatives in the project team, which have given the influence needed. Their opinions have been taken into account, and therefore this integration project from a Packaging point of view has been much more successful than the SGN project. One of the major

success factors in this project has also been the cooperation and communication. Thanks to this problems and disagreements have been solved quickly without hard feelings. However, the cultural and organisational differences between the Packaging business group and the central functions should not be neglected. They exist and sometimes they are the cause for issues.

### 4.4.4   MEASUREMENT & CONTROL

When starting to talk about measurement and control, the respondent first says that the policy is not yet obeyed, but it will be. The message give to the business is "*We're going down this road, fit, or you will not fit in the organisation*". There is today not really any control how policies etc. are obeyed; basically the central functions in Packaging trust the regional infrastructure managers and their work. For the future there is a desire to have more control and measurement where they are provided with solutions to support this, such as IBM direct for example. With one way of ordering, no equipment that doesn't comply with the standards can be purchased. To control and measure a wish is to be provided with statistics from central T&I Services functions. With this, there is from the Packaging business group's perspective a dual benefit. First of all they can measure and control their users, but also the services they acquire from T&I Services. For the business the total cost for IT is very important, as well as the user satisfaction. The user is the customer for the provided services, and with different methods, such as mail surveys, statistics etc, and new future solutions of higher quality that fulfil the users needs, the user satisfaction can be controlled and ensured. The respondent closes the interview by again making clear that their actual function in the business is "*to be here to help the business to their work*".

## 4.5 CASE PRESENTATION: CASE D

### 4.5.1 BUSINESS UNIT – SCA PACKAGING UK & IRELAND

SCA Packaging UK & Ireland has along with the rest of SCA Units been involved in a reshaping of their business. Along with the rest of worldwide Packaging units Packaging UK have integrated Information systems and applications according to given central lines. Today they have more or less standardised and stabilised their structure and can now harvest the benefits given by the new structure.

In 2000 and before Packaging UK had a very complex Infrastructure and organisational structure with inconsistency in roles, responsibilities and skills. The complexity created a lot of noise within the organisation and basically poor quality in all areas. For example unnecessary major system installation programs and people working towards different goals without control and alignment. The situation resulted in bad service, bottlenecks, continuous fire fighting, inefficient resource use, a high IT support cost, poor budget control, low morale and a high pressure for more control of resources.

By reshaping according to the basic line of keeping it simple with core values such as consolidation, simplification and consistency the noise and the problems mentioned above disappeared. The organisation was reshaped and became more of a unified team and got more flexibility in their business. By standardisation control was obtained and instead of endless re-actively fire fighting they now can focus on pro-active projects continuously improving the work procedures. As the noise went out from the business the organisation are more easily able to align new acquisitions, perform re-structuring and execute new ventures.

The contact with the central T&I Service is mostly based in project form. Although there isn't a perfect clear and continuous dialogue there is clearly a communication line between management. Most major issues and most effect on central business is effectively reached and coordinated through SCA Packagings main office in Belgium. The existing gaps between the organisations could however be improved. T&I Service must stand close to the business units to be able to understand and support the business.

### 4.5.2  IT INFRASTRUCTURE POLICY

The goal with the infrastructure is seen as a way of getting consistency, simplification in processes and the organisation in order to shape the business. The policy plans were initially discussed through telephone conferences and Packaging has been a part of the whole process, although much on their own initiative and the dialogue has been there through the process. The policy definitely works on a higher level and is expected to create more visibility and better services. So far the policy does meet the expectations and will in the future affect the department to the better by for example broaden the team.

### 4.5.3  PROJECT IMPLEMENTATION

The SGN project is a part of the standardisation process and is regarded as the less successful one. The leadership was consoled through T&I Services but influence was possible from regional departments. The SGN implementation team were quite small and had a time scope of nine months, Packaging UK were more or less left in the dark as no implementation plan guided them. The MPLS could have been much better communicated and managed and the whole project should have been performed with more pro-active communication. The collaboration with BT is also mentioned as a thing that didn't work as well as supposed.

The EC/PC project had a well functional mixture of people including regional people; this created the right level of ownership and in the end a functional and effective project. The time scope is two years before rolled out completely. In the project the design phase, the whole approach, the pilot and the common structure is mentioned as very successful parts. Future projects like should have the same structure as EC/PC, with local ownership of support and leadership an example is the common mail project that should be performed in the same way as the EC/PC project.

Important issues for success are said to be: team, education and communication. Communication is the key to success and it is also important to don't loose touch with business. For the regional and local departments it is important to understand the broader T&I Services perspective just as much as the other way around. It is also a key to build on your success, like in the EC/PC project, and take those things that went well and repeat them and at the same time learn from your mistakes. According to the respondent you must always remember that in the end it is all about people, to be able to utilise and use the local people. The team should consist not only of right skilled people but also for their unit / role

key people involved in the team. To have a successful project you have to keep it close to the people and at the same time to the business and try to keep up the motivation, create understanding through communication and discussions and finally be able to delegate the responsibility. Also to understand the support needed for business, which is achieved through communication, and don't promise solutions that can't or won't be delivered. Through hard work and keeping commitment with realistic time schedules and goals you reach the goals of an implementation: "*The goals are in the end depending on the people*".

### 4.5.4   MEASUREMENT & CONTROL

Today there is no measurement or control, as that stage hasn't been reached yet. Nor are there any directives or KPIs given. KPI could how ever be monthly reports such as number of support calls or etc. The outcome could be measured and controlled through pro-active reports on performance. To measure the success of the implementation you take the original plan, its benefits, costs, efficiency and then post project review the result compared with these initial values.

## 4.6   CASE PRESENTATION: CASE E1

### 4.6.1   COMPARISON – BRITISH TELECOM

The BT Group is one of Europe's leading providers of telecommunication solutions with about 100 000 employees and an annual turnover of over £18 billions. Our respondent currently acts as One IT Transformation Director, responsible for implementing the new IT strategy within the BT Group worldwide. The transformation involves a huge restructuring worldwide with actions such as change of structure, rationalising, rescaling, contracting the value chain, subcontracting, going offshore, and outsourcing.

### 4.6.2   IT INFRASTRUCTURE

The infrastructure in BT is very complicated at the moment. With many previous acquisitions, the organisation has grown almost out of control with duplication and information problems and often with the wrong people located in the wrong place. Therefore a new strategy has been developed and is currently about to be implemented. The main purpose is to cut cost, however since BT has a *"job for life"* guarantee, this program will focus on further developing people to fit in to the new organisation doing new tasks. Not necessarily where you are located right now, a move might become necessary to have your skills where it's needed. Doing so puts a lot of pressure on the company, but the hope is that even though an employee might have to relocate, with this program that includes a lot of training for the new job, the employee will feel needed for the company. This is a quite radical program of change management, but the BT Group has a need to cut costs, lower the risk and do more *"re-skilling"*, increasing the skills among the staff, which in the long term will add a higher value to the business. Even though the BT Group is a telecom provider, a future strategy is *"to get out of telephony"*. However at the present time main focus is to try to keep up as much turnover as possible in this field.

The strategy program also has a very interesting perspective in the risk cutting aspect. Lowering the risk can be done by cutting the output failures from the departments, such as time and cost consuming projects that cost a fortune of £ for example. To make internal projects more efficient, a new way of working has been developed. The main idea is that all projects must deliver every 90 days, or they will be closed.

When it comes to things that have worked well with the strategy implementation so far one of the things the respondent mentions to do it fast and that you shouldn't try to solve all problems before hand. It's more important to get the project started and then solve problems when they appear.

On the negative side, the respondent feels that they have a tendency to *"reinvent the world they came from over and over again"*, instead of taking use of previous work in the BT Group. This causes a lot of extra work, which could have been avoided. Secondly, another thing to improve is the contact with the business. To better suit the business and its requirements, it's very valuable to invest in communication outside of the IT department and with the business itself. So far they haven't had enough personal contacts. This is also mentioned as a major pitfall. *"You can't over communicate"* the respondent says, and to do this you need to use several different channels. The contact with people and the contact with the business always have to be maintained and improved. To make people feel positive to the change just sending a newsletter via e-mail is not enough, the personal presence has to be there to enhance understanding and explanations of what's going on in the company and why, the use of additional communication channels such as Questions and Answers meetings, web TV and internal TV, presentations can assist on the way. Another pitfall that was identified during this project was the start-up phase. According to the respondent it this time took too long to appoint the project management team. When the strategy proposal was approved by the board there had been little pre-planning done, which is seen as very important for the success of a project. The fact that this initial phase took quite long delayed the launch of the project. The next time they must aim *"to get the ball rolling right away"*.

To be successful you need a strong team of pre-dedicated people and a strong leadership that spread inspiration and bring the people through the process. Unfortunately IT people aren't that well recognised as great leaders. The visibility of senior management must also be present and they must focus on not just talking to themselves but out into the organisation. Dedication and commitment throughout the project is very important, the people should be dedicated enough to work long days, nights and even weekends.

### 4.6.3   MEASUREMENT & CONTROL

The measurement and control process of the policies could be improved. Today they primarily use audits, targets, bonuses and statistics. However the policies

are basically only followed when they are told to. Most work is made manually today and this should of course be improved, and one necessity the respondent identifies is to have a better Management Information System (MIS) that would support this work. After a new implementation has taken place, to measure the success of the implementation one can compare the cost saving analysis that was made before hand. Has the project reached its initial goal? In many of BTs situations the success can also be measured by customer satisfaction through different programs or questionnaires. Head-count the respondent also mentions as another possibility.

# 4.7 CASE PRESENTATION: CASE E2

## 4.7.1 COMPARISON- BRITISH TELECOM

The BT Company changed their strategy about three years ago as a part of becoming more of one company; this meant a more rationalising approach in all business areas. Three former rather independent divisions, Global, Retail and Wholesale were aligned into a global company. Working independent of each other meant integrating three different structures and cultures. The cultures dealt with are described as: Global have entrepreneurs "*gun-ho*" mentality, Retail has the same entrepreneur's sale focus that clearly differs from Wholesale who is more protective. These are however not the only cultures that need to be taken under consideration, BT are a huge world wide company that more and more starts to grow by M&As, to integrate these companies are more and more becoming a vital part of the IT department role.

The IT unit (ONE IT) interviewed was practically formed two months ago. Its major task is to bring the business together into one global company with their own systems on a global scale. In the IT environment the first approach is to establish a global IS structure and environment that supports users all around the world. When integrating, ONE IT tries to consider the smaller companies solutions and if they are better than BTs own they allow them or even adopt these. The respondent mentions the need of an awareness of potential problems arising from being large that often is inherited into the culture, structure and behaviour. Smaller companies are often more flexible and often have the luxury of skipping several stages in evolution and development which can't be ignored by the larger company.

## 4.7.2 IT INFRASTRUCTURE

The IT Infrastructure has become more and more centralised since the new approach was approved and one reason mentioned from management is cost regulation. BTs management wants to maintain the cost base and have more control over the organisation. With visibility comes control over costs and gains. BT acts in the ever-changing telecom business and has a high technology base and basically is depending on the same product that they sell to customers the situation becomes extra complicated. The personnel must have a clear view of what solutions or products / systems that are vital for their own business (such as

"secrets" etc) and therefore should be for internal use only and which products / systems should enter the sales market.

The timescale are on a high level with plans to complete the integration within two years within BT. An existing and strictly followed implementation plan do not really exist but for each task a plan are taken into consideration for each new time (project), the situation can be seen as a cyclic one with small bits and steps that walks together to a common goal. The cross border communication has worked well considering the different cultures between countries, departments and people involved. The management has really tried to understand the differences and take all aspects into consideration.

### 4.7.3   PROJECT MANAGEMENT

The projects have been completed with help of ITIL as a framework. This is a British type of best practice considering Service management and Infrastructure management. The framework is a good tool for IT departments but its downsides are its lack in a linkage with the remaining business and their goals. Therefore you can't follow the guideline in each and every aspect. Important areas for success are discipline, i.e. getting old systems etc turned of in the right time so that you don't end up with unnecessary systems whose gains are eaten by support cost etc. Also getting the right ownership in the business, i.e. the right level of ownership is seen as an important issue. The major pitfall mentioned by the respondent are the risk of holding back the merged company profits, this by changing a functional and well working infrastructure into a, for the company, unsuitable structure and thereby hinder the potential gains from the acquired business. At the same time the merged business development and integration into the buyer must not stand still, things must be taken care of as soon as possible to make things happen. The key criteria are to maintain the sales growth and keeping the profit up, and to: *"Get hearts and minds onboard"*.

### 4.7.4   MEASUREMENT & CONTROL

The most important thing is to add value to the business; however you can't hide behind statistics that easily can be manipulated to appear better than reality. As the project is in its initial phase no measurement or control has been implemented yet. Historically there hasn't been very much measurement or control within BT, this however is about to change. The measurement in the future has to be pushed into a business perspective. First of all by understanding how the business measure it self and how IT (IT support or the project itself) does add value to the business and its measurement.

## 4.8   CASE PRESENTATION: CASE F

### 4.8.1   COMPARISON – ELECTROLUX IT

The organisation is worldwide and is part of the leading companies in the appliance industry in US, Europe and Australia. Electrolux has a past of having a decentralised and flat organisation structure but has for the last 10 years strived towards a more centralised organisation, which has affected the IT department and the main IT structure. Today the development trends are standardisation (networks, operations) and consolidation towards centralisation government. The focus has also turn to product development and the trend is to reduce the number of applications and focus on the core business on a global scale. The company grows both by organic growth and M&A, which creates certain problems. Previous large acquisitions have caused inheritance of the merged companies IT Infrastructure that cause duplication, which has to be dealt with, and reduced. Despite this fact in the case of a new M&A there are no demands on change in systems etc. but demands on the way of group reporting.

The respondent mainly works within the Electrolux IT department with solutions and applications in supply chain for white goods, which are sold to the end consumer. The unit has previously worked after a profit model but has recently changed their approach to a Cost model. The unit's main assignment is to deliver services to the organisation.

### 4.8.2   IT INFRASTRUCTURE

Every project is unique in its own way, with the importance of consideration to the people in place to avoid potential resistance and *"not-invented here"* mentality. There is initially often a resistance to change and the success of overcoming this resistance is very much depending on the people you bring along and their attitudes. It is necessary to get commitment from local management and visibility in the discussions from the start. Also it important to take into considerations the different cultures and be aware and not underestimate the language barrier that often exists in a multinational company.  To be well prepared is also said to be very important to be able to obstruct the potential problems, which is done by consistent having a dialogue between local and central management.

Electrolux IT has special units involved in constructing new factories that have built a "Tool-box" (a standard package implementation plan) based on previous

experience. When building a new plant existing plants are in a sort of satellite strategy where an existing plant becomes a master factory to the new plant. Skilled people from the master are used in the building and development of the new plant and bring their experience and culture into the new factory. One current problem at new plants is the lack of Electrolux culture and knowledge about the company, this is partly solved by having the master plants people actively working on site and introducing the knowledge and culture to the new employees that has to be trained from scratch. For the involved people preparation in the team is necessary, both local and central, and on an early stage free people from their regular line assignments and instead focus on the new project.

Successful actions taken have been a strong management commitment that the department utterly has improved from previous projects. Earlier on there were less visibility and commitment but this has been solved by improved awareness from management.

### 4.8.3   PROJECT MANAGEMENT

It's important not to let the centralisation process kill the local power of initiative and to secure the synergies wanted.  Also, to be on place from the beginning and carefully mind the language barrier, at least same level of English, is considered necessary to succeed. Commitment is mentioned as a very important key criterion, both from management and also the team, equally locally and centrally. As well as management commitment it's will increase the success rate if there is a lot of persistence from the project leader. His or hers experience in similar previous projects are also important factors.

### 4.8.4   MEASUREMENT & CONTROL

Measurements are mostly made in the daily operations but could definitely be improved; the financial parts however are much better controlled. There is a lack of measurement of the level of use after an IT project (e.g. applications). The success of projects is mostly measured by deliverance according to time schedule, budget and made changes. Examples of other performed control and measurements are Customer Attitude Surveys, and within the infrastructure / operations area mainly KPIs regarding availability of the common network, the level of use of servers, CPU, disc covering in the machine ware.

# 5   DISCUSSION

*In the concluding chapter we answer our initial research question with support from the*

*analysis of the empirical material and theoretical framework we previously presented.*

The purpose of our thesis was to investigate how a global company realizes a policy through projects and how to improve the procedure to fulfill the objectives of the chosen strategy.

The purpose and problem statement were followed with the research sub-questions: 1.) What does the policy mean? 2.) How is the policy implemented? 3.) How are the Project managed? 4.) How are the project / policy measured and controlled?

## 5.1   POLICY MANAGEMENT

*How is the policy created?*
*How is the policy implemented?*

The policy is created by the top management of SCA, and was developed through the T&I council in cooperation with the different business units. The strategy's vision is top controlled and pushed downwards into the organisation. The diffusion downward of the strategy and its goals is from the business unit's point of view is said to be inadequately performed. The goals, meaning and purpose of the strategy are regarded as somewhat un-communicated. Reachable, specific and well-known goals are a fundamental condition for success and the evaluation of the results. This is regarded to be caused by deficiencies in the communication needed for commitment building and acceptance throughout the organisation.

From our study of the current situation in different SCA departments we see that the top-level *management commitment* is high as well as the support for the new strategy. The management has clearly declared that when it comes to the IT

infrastructure policy there are no exceptions, this is the decided policy and all SCA units should act according to it. But the diffusion of the commitment downwards in the organisation falls short.

In some parts the *perceived emphasis* of the mid-level management's knowledge about the top management commitment is satisfactory, but far from perfect. The commitment and guidelines must be communicated and spread downwards to increase the perceived emphasis and this is where a shortage is evadable. The communication routes must go straight from the top to the bottom, through top management to middle management at the business units and from middle management to the people in the line to create understanding, acceptance and commitment throughout the organisation for the change. Doing this will create excellent possibilities for a smooth transition to implement the new policy.

The lack of perceived emphasis affects the *policy receptivity*, as some business units are clearly resistant to the policy and sees no major reason for implementing it. Others impressions we got were that some projects came off to a sluggish start before the greater picture of the vision with reasons and goals were commonly affirmed and accepted.

If the receptivity isn't at a desired level the *policy implementation* is affected negatively. The implementation in SCAs case is a success, the projects have been successfully implemented, all units are currently part of the SGN for example, and the EC/PC project is so far within units considered to be a useful and well-performed project. However if the perceived emphasis had been stronger, the result could have been a greater acceptance and awareness around the policy and its objectives, which outcome would be a higher success rate, larger synergy gains, higher efficiency and faster implementation. All of the above mentioned factors have the root cause in the lack of communication and presence of the managerial commitment. As first stated, it is there, there is a clear commitment among top-level management, but it needs more attention and to be shown and visible and presented to the organisation. Doing so will create a positive apprehension around the strategy and significantly increase the acceptance of the policy.

A good example of this is the implementation and integration of SCA Hygiene Australasia was the coordination has been coloured by a joint attendance around the core values and the co-workers have been positive to the merger and its vision. The T&I Services man on site is a good example of one way of proving the

managerial commitment to the department. By sending personnel to Melbourne the presence is visible and facilitates the communication and dialogue necessary.

In the Packaging cases the use of local people and thereby local knowledge shows itself valuable. By having a shared ownership of the projects and thereby adding the local commitment and shared visions the projects success is secured.

## 5.2   PROJECT MANAGEMENT

*How are the Projects managed?*

Project form is the basic shape of the policy implementation. As the new strategy and policy requires several different ventures there are a number of projects that need realisation and implementation. SCA use the PRIME model in all projects, which gives a methodical work plan that facilitates the procedure.

When the policy was established through cooperation the finished result was declared on the intranet. Thereafter it is pretty much up to the business units themselves to take initiative to deployment. The cooperation continues after the development through a dependency between the T&I Service and the rest of the business units. This turns the cooperation into more of a forced dependence, as no project can be deployed with out of the approval and assistance of T&I Services. T&I Services has to be a part of the integration but does not provide the business units with any clear implementation plan, time schedules or objectives to take into consideration, nor does the central management. It is up to the business units to gather the team and allocate resources and time to the project, which creates on one hand a requested and appreciated level of ownership but at the same time causes irritation. In the study the respondent appreciates and requires a high influence on the process and wants to have the right level of ownership in the projects.

As the central unit is the only one that has performed this implementation before, in other units, they should have some experience and know how to share this with the business units. We found that some departments ran into problems right away, as the organisations readiness to change was inadequate. To perform this kind of extensive change project the organisations flexibility and ability to change must be taken into consideration. This is also a part of the different cultures that's exists within SCA. Departments with very high own culture show a lower degree of willingness to change and therefore demand more attention and more time for the projects to be performed.

A problem that arises when working towards constant improvements of the efficiency is how to perform benchmarking and how to apply the results in your

own organisation. Relevant benchmarks can be found both internally and externally. Internal comparisons are probably the easiest perform, as SCA is a large worldwide company with successful projects, procedures and processes constantly being performed on a world market that should provide useful lessons and develop gain-winning best practices. To learn from your own success in one area and apply it in another should be the first step before pursuing the enhanced performance by performing external benchmarking.

One effective way of making sure that the project adds value and the goals are reached was found in BTs 90 Days Model. By assuring that results are shown within certain time frames the team is always aware of what time limit exists and what the current goals are. Every 90 days the project has to deliver something of value, or it will be terminated. Motivation and commitment should be increased by the model and the goals become clearer and in the end efficiency gains should be obvious since long project that just cost money and doesn't deliver won't exist.

## 5.3   CORPORATE PERFORMANCE MANAGEMENT

*How are the project / policy measured and controlled?*

Today there are no measurement performed neither on if the whole policy is followed or how the different implementations has evolved and been carried out. There haven't been any clear defined measurable goals or sub-goals (objectives) to compare to, thereby neither the financial or non-financial gains of the implementation can be totally and correctly valued. As the goals communicated to the business units initially are vague there cannot be any clear measurements of the level of success or failure of the implementation. The question raised is what should the business units measure, what should T&I Service measure? Management must ask the following questions and make sure that the answers are communicated and creates a dialogue:

1. What objectives lie behind the policy?
    a. What do we want to do and were does it lead?
2. How to (and shall we) implement the policy?
3. How can and shall we measure and control the result?

To be able to measure the level of success or failure we need to return to the policy development and ask what the reason for the policy is. The management must decide what the objectives with the infrastructure policy are, not only to find an effective solution but also to be able to measure its effectiveness.  The most obvious reason of a central IT policy is to decrease integration costs i.e. remove non-integrated systems or so-called information islands and ending up with a common infrastructure. Current status analysis is needed to find out were the organisation finds itself today, is this status acceptable or even wanted. Where does the organisation want to be? If for example the total IT cost is 1.5 % of the annual revenues, is this acceptable, good or bad, what should, or could, the total IT cost be? Benchmarking with internal departments or external companies should be performed to illustrate the situation.

Thereby the management must break down the policy in smaller and easier understandable parts to be able in different levels construct measurable elements to be able to follow up the result of the implementation. When braking down the

policy in objectives it's important to define KPIs and CSFs along the way, if you know the demands for success it's a lot easier to get there. After identifying objectives management must try to visualise the objectives, preferably graphically, to easier be able to create a dialogue between central and local departments. Basically you can't just appear with a blank paper and order; you are supposed to do it this way! By clearly illustrating the plan it's easier to spread the vision downwards into every level of the organisation to facilitate the overall understanding and acceptance of the vision.

Once the policy and strategy are well constructed, structuralised and the way of implementation of the policy is decided it must be thoroughly communicated into the whole organisation, to departments, department management, personnel, in order to establish a dialogue. For an implementation to be successful all people involved must be aware of the reason of its realisation, its purpose, how the realisation should be carried out with its benefits and value. In the dialogue pitfalls, CSFs, measurement and data must be discussed.

What measurements should be used then? To avoid this potential problem it is important to initially discus what to focus the measurement on, how to with help of identified KPIs in an efficient matter create a functional model. What KPIs should be used depends on what goals the management have with the implementation, the organisations structure and vision and what the objectives are. The main goal is to create a harmony within the organisation as different platforms or application environments, databases, hardware and software demands different competencies within the personnel and increase the costs. Instead with a similar demand of competencies the cost of personnel should decrease and the effectiveness increase. Thereby the frequency of competences could be one potential measurement.

Other examples could be:
- Integrated vs. un-integrated systems
- Share IT personnel vs. administrative personnel
- Share IT personnel vs. regular personnel

Physical measures to prevent un-controlled infrastructure growth
- Number of platforms in the organisation
- Number of databases
- Number of competencies within the IT sector

Tools for measurements:

- Strategy Maps
- Balanced Scorecard – (Cascading i.e. braking down goals to objectives.)

Summarised there aren't any clear directives on measurement of the result of the projects today. The lack of measurements is one of the reasons for the inadequate follow up performed today. The weak documentation surrounding the policy and performed implementations causes a risk of doing the same mistake again. The company doesn't learn from either their mistakes or successes, which hinder the development of best practices and impacts the organisations development, maturity and efficiency.

Standardised project reports could be one way of increasing the attention on success or failures factors from the separated business units to the whole organisation and thereby create best practices and competitive advantages. Also more documentation concerning the entire process of the policy could improve future ventures. Not only the post-project documentation earlier mentioned but from the initial phases as well. Today there isn't a clear implementation plan nor any time schedules and the opinions from the business units concerning the policies objectives is unclear.

Exceptions are another example of what should be documented and visible for all to increase the credibility of the policy. If there are exceptions made at one department but no visible explanation the integrity of the policy will be undermined and in the end not taken for granted by the rest of the units.

# 6 CONCLUSIONS & FURTHER DISCUSSION

*Finally we present the final conclusions drawn from our study. We also give some recommendations and present a discussion of the contribution of our thesis and examples of further research.*

## 6.1 CONCLUSIONS

**Based on our study, we conclude that:**

A - First the strategy has to be defined and what the desired outcome is, second decisions needs to be taken how to measure and control the results of the implementation. When developing the policy the instruments or the actions taken by SCA to make use of the policy are clear. However the objectives that explain the enduring goals, the overall purpose and its measurements aren't as perceptible as possible throughout SCA. Today the diffusion of the strategy and its goals downwards in the SCA organisation is somewhat un-communicated. Reachable, specific and by all well-known goals will greatly improve the outcome of the implementation.

B – The implementation is not only depending of the defined and desired outcome from the policy but also from mid-level management's comprehension of what to achieve and their ability to correctly interpret and implement the desired goals and vision, which affects both the independent and dependent variables. Today the top-level management commitment is high as well as the organisations support for the strategy. Although the perceived emphasis is not yet perfect, improving this is for SCA, as well as all organisations, a key success factor. To be able to change, the organisation itself must want to change. Therefore the perceived emphasis has to be even more visible. The management team has to show that they believe, even if they don't! A high management commitment will create a confidence in the management team.

C - The policy is realised in project form, PM is used to ensure the success of the ventures. The project management must be said to be successful as all projects has been performed and are up and running. However the specification of the

project objectives and the development of effective communication are deficient. To counteract this tendency all performed projects should play a part in gaining and learning from experience. Additional post-documentation from involved team members, middle management and project leaders should be a part of the organisations strive towards developing best practices and learning from both mistakes and successes and thereby reaching a higher organisational maturity.

D – Executing the implementation project in a standardised format results in better structure, less confusion and a more efficient way passed tollgates or milestones, towards the goal, this no matter where in the world the project is executed nor the project members origin and business culture.

**The performance can be improved even more by:**

A – In the concept phase the project sponsors and owners must secure the cooperation of all stakeholders and secure adequate management backing and capability in the initial stages. To succeed with a change management task it's vital that the affected user is positive to the change and to achieve this it's important that the user sees the coming benefits in one way or another. Otherwise the change is most likely not to succeed in the long run because of the user.

B – Also the planning phase is affected through ill defined or communicated objectives and deficiency in consulting those directly involved with the processes. If SCA were able to increase the usage of local knowledge the process would improve even more. There is no one that knows the business better than the local representatives. When making changes to a local unit, using their knowledge could greatly improve the quality of the outcome, and also result in a smoother transition and improve the future relations since the local organisation feel they are a part of something.

C – Communication is always equally important and can always be enhanced. In SCAs case improving the internal communication can be seen as especially important to enhance the progress of achieving desired ventures. Creating communication channels through personal contacts and specialists located "out there" greatly helps the process, creating shorter lead-times, more efficient work-flow and also a better atmosphere, which positive organisational effects shouldn't be neglected.

D – The final phase of the process must be improved partly by documentation and also by improving the Control and Measurement of the results. Today there are hardly any clear measurements or control of the projects. Showing results, especially when being supervised or controlled in one way or the other drives the human being. Therefore, improving the CPM will result in higher efficiency and effectiveness. To be able to use CPM to its full capacity the goals and objectives must however be clear and well communicated. By applying CPM the organisation brings together the Business areas and Units and secures that the organisation follows a common strategy and better able to communicate and drive strategy down throughout the entire organisation in a way that enables people to act and make decisions that support the strategic goals.

## 6.2 THE CONTRIBUTION OF THE STUDY

**The thesis theoretical contributions are:**

o On an empirical level the study analyses the support and commitment existing in the changing organisation and allows comparisons between the relationship of project implementation and realisation.
o An empirical case study concerning policy implementations lead to a greater understanding of how an organisation moves in the by management wanted direction and brings up reactions and opposition that could be of assistance in developing future best practices.
o An evidence of what is called common sense isn't that common and things often are taken for granted.

**The thesis practical contributions are:**

o A "Best Practice" of important things such as key criteria's and major pitfalls taken into consideration for future ventures within SCA, as well as for other large similar corporations.

## 6.3 FURTHER RESEARCH

After studying the performed and ongoing policy implementation projects at SCA we found several interesting approaches to further studies.

We therefore would like / recommend completing a further research study of the following two issues;

o A follow up research after the full completion of the current ongoing projects.

o Follow a new implementation project from the very beginning to the very end. Which could be conducted by following the projects current not yet started and investigate how the project is taken form and are applied.

Our study has a focus on the management perspective and doesn't focus on the consequences of the implemented policy for the average employee. It would be interesting to take a more organisational approach to include the effect on workers in the factories and offices etc. for instance the individual's ability to adapt to new working ways etc.

In our thesis we see the importance of the perceived emphasis from the management perspective. We would like to further study how to achieve the emphasis and how to communicate and spread the emphasis further down into the organisation as a part of a study of how to improve management and the learning of an organisation and its management reflection and learning.

We also mention the importance of valuing and including local knowledge into projects. A further study of the importance of local knowledge would be an interesting aspect: as it could accentuate its value and show how an organisation could nurture its knowledge base through knowledge management.

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www.fao.org/wairdocs/ilri/x5547e/x5547e05.htm 2005-04-12 11.00

Gartner Inc. – www.gartner.com 2005-05-12 17:15

IT Cortex - http://www.it-cortex.com/Stat_Failure_Rate.htm  2005-05-03 13:10

Wordreference.com  –  www.wordreference.com/definition/policy  2005-04-12 10:00

## 7.4 INTERVIEWS

| Date | Time | Name | Title | Company | Interview Location |
|------|------|------|-------|---------|--------------------|
| 2005-02-18 | 09:00 – 10:00 | Urban Ask | Senior Lecturer | School of Economics and Commercial Law, Göteborg | School of Economics and Commercial Law, Göteborg |
| 2005-02-23 | 09:00 - 10:15 | Gerard Guinane | IT Director SCA Australasia | SCA Hygiene Growth Markets, Melbourne | SCA Göteborg |
| 2005-02-23 | 09:00 - 10:15 | Andrew Deeker | Regional IT Manager SCA Australasia | SCA Hygiene Growth Markets, Melbourne | SCA Göteborg |
| 2005-02-28 | 13:15 - 15:00 | Per Sehlin | IT Coordinator SCA Forest Products | SCA Graphic Sundsvall AB | SCA Graphic Sundsvall Ortvikens pappersbruk Box 846 851 23 Sundsvall |
| 2005-03-11 | 09:00 - 12:00 | Yves Boelpaep | Infrastructure & H.O. Support Manager | SCA Packaging, Brussels | SCA Packaging Head Office Culliganlaan 1D 1831 Diegem Belgium. |
| 2005-03-21 | 09:30 - 12.00 | Nigel Blenkinsopp | IS Manager UK & Ireland | SCA Packaging, Aylesford | UK Central Office Papyrus Way Larkfield, Aylesford Kent ME20 7TW UK |
| 2005-03-22 | 17:00 - 19:00 | David Butcher | Director One IT Transformation British Telecom | British Telecom | BT Centre 81 Newgate Street London EC1A 7AJ UK |
| 2005-03-23 | 14:30 - 16:30 | Adrian Dunbar | Head of Strategy and Programs | British Telecom – One IT | BT Centre 81 Newgate Street London EC1A 7AJ UK |
| 2005-04-04 | 14:00 – 16:00 | Anders Hjelmblad | Supply Chain | Electrolux IT | Stockholm |
| 2005-04-05 | 10:00 – 11:30 | Marie Andersson | Strategic Control | SCA Strategic Control and IT | SCA Head office Stockholm |

# 8  APPENDIX

## 8.1  QUESTIONNAIRE

Name:
Company / Dept:
Title:

Interview Date:
Location / Time:
Duration:

**Part A – Our introduction**
Brief introduction to: Who we are, our purpose etc.
Information on: anonymous, not a test etc.

**Part B – Who are you?**
Can you please briefly tell us about yourself and your assignment?
- o  Which role do you have in your IT department?
- o  How can you affect your IT department?

What kind of contact do you have with T&I Services in Gothenburg?

**Part C – Organisation**
What is your department's main assignments/mission?
How would you describe your department's culture?
What does your department organisational structure look like?
How has it evolved over time?
- o  What do you think of this, better/worse?
- o  Why, exemplify!

What does the relationship between your IT department and central SCA T&I functions look like?
- o  Is there a dialogue?
- o  Do you feel you can have an effect on the situation?

**Part D – IT Infrastructure and Policy**

Can you please describe what IT infrastructure is to you and what it means?

- o How does this correspond with the actual infrastructure in SCA?

Within SCA there is a central IT Infrastructure Policy,

- o Can you tell us what the fundamental elements are?
- o What do you think SCA management wants to achieve with this?
- o How has this policy been distributed/communicated to you?
- o Has a dialogue around this been created?
- o What character do you feel the policy has?
- o How has this character developed over time?
- o Does the IT infrastructure policy meet your expectations? (Personal or department view?)
- o Do you feel you can affect it?
- o How has this new policy effected your department? (Better or worse, why?)

Does the IT infrastructure policy correspond to the other overall major business strategies?

Can you describe the process for the implementation project; from the decision was take/communicated to the closure of the project.

- o Who was involved from your department?
- o Who was involved from T&I Services?
- o What was your role?
- o How has this cooperation worked, how has the communication been?
- o What time perspective did this project have?
- o Was there an implementation plan, if yes, what did it look like?
- o Can you give us some examples of things that have worked well?
- o Can you give some examples of things that haven't worked as well?
- o Is it your opinion that you were able to influence the situation during the implementation process?
- o Can you describe the distribution of power / leadership during this process?
- o How has conflicts been handled?

If you would redo this project today, what would you like to change or do differently?

- o What pitfalls are there to avoid?

- o What can one learn from this?
- o What key criteria's has to be fulfilled in order to have a successful implementation project?

How does one reach the goals with the IT infrastructure policy?
- o What are they depending on?

## Part E – Measurement and controll

Do you experience that the policy is obeyed? - Why / Why not?
- o Are there exceptions?
- o How is this controlled today?
    - o From your departments side?
    - o From T&I Services side?
- o How CAN this be controlled?

How can one measure the success of the implementation?
- o Are there any directives or how do you do today?
- o Key Performance Indicators?
- o How do you think the outcome can be measured and controlled?

Now afterwards, is there any ongoing work for improvements?

*Thank you for your time, would you mind if we mentioned your name in our work?*