

## Impact case study (REF3b)

<b>Institution: University of Derby</b>
<b>Unit of Assessment: Business and Management Studies</b>
<b>Title of case study: Knowledge Management and Organisational Change</b>
<b>1. Summary of the impact</b>

This case study focuses upon research surrounding knowledge management (KM) practice and implementation (organisational change). The case study utilises research and impact from the Systems Thinking and Organisational Change Research Group (SYTOC), which existed in Derby Business School between 2007 and 2012.

Impact included enhanced business process and practice for many organisations through the significant dissemination of the research. The core group of SYTOC includes **Longbottom, Dexter, Marshall** and **Seddon**, visiting professor and a leading authority on change in the public sector.

<b>2. Underpinning research</b>
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The theme of knowledge management and organisational change has been one of Derby Business School's consistent research areas and was formalised when SYTOC was set up in 2007. These themes are now delivering through revised research areas (some as Centres), for instance the Centre for Leadership Development focuses heavily on transitional and leadership, and the Centre for Supply Chain Improvement builds on the practicalities of systems thinking.

The work of **Longbottom, Chourides, and Murphy** (2002, 2003) explored the benefits of proactive knowledge management in various business contexts (including HRM, TQM, IT, and marketing). Although knowledge management is recognised as an important part of business management, few companies were found to have sustainable long-term knowledge management strategies in place. The research found important information can be obscured by high volumes of data and should be avoided; they refer to this as 'swamping'. The authors advocate a **proactive approach to knowledge management**, based on distinct foci of individual functional areas (quality, marketing, and finance in this case).

**Dexter and Prince** (2007) considered the link between knowledge management and organisational change, and consider the role of educators in this process. Although central to the process of knowledge sharing, educators are found to be restricted by the company's internal politics; this is echoed by **Marshall and Olphert** (2008) when analysing shortfalls of current practices in organisational learning. Key focus on the educator's role in growing the potential of individual learners and the contribution this process makes to the organisation's changing culture.

**Marshall and Olphert** (2008) explored the process of knowledge sharing to instigate change within companies. The study identified several factors which hinder this process: 'a mixed understanding of the drivers for improvement and learning; different and opposing perceptions of the current learning climate and capability; and the dysfunctional interactions of misaligned sub-cultures or communities' (2008, p.61). The study posits that organisational learning is not linear or organic (as suggested by existing literature and practices), but contextualised in, and therefore affected by, the company's internal politics.

The establishment of SYTOC led to a particular focus on knowledge management and change within the context of service improvement. Fundamental to this is the input of **Professor Seddon** who has applied 'lean manufacturing' concepts or 'systems thinking' to the UK service sector. **Longbottom's** (2011a,b) research in service improvement in the financial sector demonstrates this line of research. His research was carried out in collaboration with the internal 'Change Management Team' within a major UK bank. The research centred on evaluating improvement and change initiatives in a 'services based' environment. The research provides insights into the critical success factors for service improvement, examining the impact of popular business models' how to deal with variety and complexity, and how to deal with the human and affect dimensions in managing the marketing and operational interface.

<b>3. References to the research</b>
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Chourides, P., Longbottom, D. and Murphy, W. (2003), 'Excellence in Knowledge Management: An Empirical Study to Identify Critical Factors and Performance Measures', *Measuring Business Excellence* 7:2, pp. 29-45. DOI: 10.1108/13683040310477977

Dexter, B.P. & Prince, C. (2007), 'Facilitating Change: The Role of Educators as Change Agents', *Strategic Change* 16:7, pp 341-349. DOI: 10.1002/jsc.804 (2\*)

Longbottom D, Chourides P, and Murphy W (2002) *Knowledge Management: an investigation to identify the critical factors for developing best practice*. 3<sup>rd</sup>. Multi-National Alliance for the advancement of Organisational Excellence (MAAOE) International Conference Paisley, Scotland, September. **\*Winner of Emerald MCB MAAOE best paper award.**

Longbottom, D., Hilton, J., and Zheng, V (2011a) 'Real Service Improvement: An empirical investigation of service improvement initiatives within a UK bank'. In Seddon, J., (editor), *Systems Thinking: From Heresy to Practice*. Palgrave Macmillan: Basingstoke. ISSN 0230285554

Longbottom, D., and Hilton, J. (2011b) 'Service Improvement: lessons from the UK financial services sector'. *International Journal of Quality and Service Sciences*, vol.3, no.2, pp.39-59. DOI: 10.1108/17566691111115072

Marshall, J. and Olphert, M. (2008) 'Organizational change in the National Health Service: lessons from the staff', *Strategic Change*, 17, pp.251-267, DOI: 10.1002/jsc.831 (2\*)

<b>4. Details of the impact</b>
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SYTOC developed a large following through over a decade of work. Their launch event attracted over 200 businesses and began on-going links with over 50 of these to develop and deliver knowledge management and organisational change research and programmes (University of Derby, 2010). In 2009, key contributor to the group, Visiting Professor **Seddon**, accepted an invitation to sit on a Government Think Tank for Systems Reform in the Public Sector.

The research conducted into use of knowledge management for cultural change was used to inform the development of a middle management development programme for *Derby City Council*. The programme ran from 2000 till 2010; from 2005, and focused on the importance of knowledge management in change and the educators' role in unlocking the individual's potential as a leader. **Dexter's and Marshall's** findings that the educator's role facilitates the organic nature of individual and organisational change was pivotal to this programme. The programme was attended by 200 middle managers from *Derby City Council* (DCC) and was designed to address weaknesses in *Derby City Council's* management (for example in terms of strategy and processes for management development). The programme was continuously updated using the research conducted by the SYTOC group and provided a mechanism in which impact could be ensured and evaluated. Research in 2003 and 2009 (by UoD) of participants' managers found that those that had been on the programme were better able to lead change, stayed longer, had more rapid progression, were in more senior roles, and were more strategically aware (**Hann**).

As the programme grew the outcomes of the emerging change initiative were fed back to the educators, who responded by amending the programme in order foster change and individual growth. The educators' role changed as well, to become more integrated with the change process in the organisation. **Dexter's** and **Marshall's** research on the sustainability of change through knowledge sharing was fundamental to the success of this phase of the programme.

The research process itself enabled the managers to reflect more on the current and potential future state of the organisation and potentially change their thinking with regard to leadership approach\style and methods for operational improvement. *Derby City Council* cited the research input and change activity delivered by SYTOC through the programme as a key part in the Council achieving an 'excellent' status in the Comprehensive Performance Assessment inspection (2006). This status impacted the Council significantly, for instance allowing then 'greater freedoms and flexibilities such as a reduction in reporting to government'. This is evidenced in a testimonial from Derby City Council's, Head of Performance and Improvement (**Greenan**, 2013).

Knowledge management research has also been disseminated through short courses on the fundamentals of a Systems Thinking approach to business and organisational improvement. Over a

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five year period the course has attracted a variety of people, primarily from within the service industry and public sector, including transformational change managers and senior managers from health, fire and police services. Practitioners have the opportunity to implement research informed service improvement methodologies to enhance service and reduce costs. To date there have been many examples of the students research and application of the methodology making a positive impact on their organisation (testimonials available). Such impact is measurable through the service level received by the customer or consumer of the service. For example, the reduction of the true end-to-end time to deliver a public service such as the installation of special equipment at the home of a person with special mobility needs. Other examples include the reduction of void times in social housing, improved efficiency in the process for the measurement of air quality (environmental agency) and process improvement for the *School Food Trust*.

The impact of the group's research in knowledge management and service improvement can also be evidenced through the direct engagement of researchers in the supervision of Executive MBA students on the Business Impact Study. For example SYTOC member **Franco** has used directly the group's critical research of the application of Systems Thinking approaches to service improvement. Illustrations include work with the Senior Manager of Children's Specialist Services to reduce the waiting times for appointments in *Nottinghamshire NHS*. Key impacts include a Quality Improvement Programme that empowered frontline clinicians to resolve demand and capacity issues by thinking differently and creatively; a reduction in waiting for assessment appointment from 12 weeks to 9 weeks, and a reduction from 46 weeks to 6 weeks for treatment over a period of 7 months and maintaining the KPI requirements. (**Aldridge**, 2013). Work with the Director of Global Field Service Engineering for *Honeywell Aerospace* lead to the introduction of chargeable services for Technical Support incorporating fully authorized Service Centres Worldwide, and the identification of growth opportunities for customers to include retrofits, modifications and upgrades for existing in-service products. Ongoing impact includes the company realigning the future support of Air Transport and a significant uplift in profits (**Alcock**, 2013).

**Longbottom's** research commenced in 2006 and focused on a centralised lending unit (processing loan applications from application to completion and subsequent account management). Funding was initially negotiated at £6000 per annum to cover the period 2006-2009. Further extensions were agreed to cover the period 2009-2012, and 2012-2015. Total funding pledged by the Bank over the period 2006-2015 is £54,000. A pilot implementation of the new methods within the centralised lending unit commenced in 2008 and involved a department of approximately 30 people. This was subsequently rolled out across the unit to other departments and involved in total approximately 250 people. Research to monitor progress and performance was conducted over the period 2009-2011. The findings show improved performance metrics in customer satisfaction, financial performance, and internal staff satisfaction (results presented in publications). Ongoing projects have now been identified to extend this work into the retail branch network of the sponsor bank (Personal references can be provided on request).

### 5. Sources to corroborate the impact

1. Alcock, P. (2013) Personal Testimonial
2. Aldridge, S. (2013) Personal Testimonial
3. Greenan, H. (2013) Personal Testimonial, 16 October 2013
4. Hann, S. HR Adviser, Strategic HR – Organisational Development, Derby City Council, Contact to corroborate <Simon.Hann@derby.gov.uk>
5. University of Derby (2010b) Business Guru Turns Video Star for Full House Talk, <http://www.derby.ac.uk/news/business-guru-turns-video-star-for-full-house-talk>