

# Innovations for Global Relationship Management Spring 2017 Notes

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## Lecture 1 – Innovating & Changing

### Management Activities Relating Innovation

#### **Key Elements of an Innovative Organisation**

- Collaboration, ideation, implementation, value creation

#### **Organisation Development Shapes Success**

- Organisation Development: Application of behavioural science knowledge to develop/improve/reinforce strategies, structures, and processes that lead organisation to be effective and successful
- Strategic Interventions: Mergers, acquisitions, strategy change, alliances
- Techno-structural interventions: Organisation structure & design, employee involvement, work design
- Human Resources Management Interventions: Obtaining good people, setting new goals, rewarding performances
- Human Process interventions: Team building, communication, leadership

#### **Certain Management Practices make Organisations great**

- Strategy: focuses on customers, marketplace change and communicate with stakeholders.
- Execution: Good decision making = quality work + cutting costs
- Culture: Motivate people to innovate, strong values

#### **Tactics for Creating a Successful Future**

Sense of urgency → Creating the guiding coalition → Developing a vision and strategy → Communicating the change vision → Generating short-term goals → Consolidating gains and producing more changes → Anchoring new approaches in the culture.

#### **Acquiring New Technologies**

- Make or Buy → Purchase, Licensing, Acquisitions
- Internet development, purchase, contract development, licensing, technology trading.

## Lecture 2 – Outsourcing

### Outsource

<i>Objectives</i>	<i>Typical Benefits</i>
<ul style="list-style-type: none"> <li>• To bring the greatest value to customer</li> <li>• To increase productivity for the work corporation</li> </ul>	<ul style="list-style-type: none"> <li>• Increase sales opportunities</li> <li>• Reduce annual cost almost immediately</li> <li>• Enable business to focus on core competencies</li> <li>• Reduce or eliminate customer complaints</li> <li>• Increase customer loyalty</li> <li>• Free up resources</li> <li>• Increases bargaining power of buyers that lead competitive pricing</li> <li>• <u>When you don't have the time, you use an 'outsource' for example servicing a car.</u></li> <li>• <u>Storage cost a lot of money</u></li> </ul>

### Definitions

- **Outsourcing**
  - The act of obtaining services from an external source
  - Contracting external services to do an objective for you
  - Once the team and the client come to an understanding on the appropriate outsourcing model, the team refines the specifications in sufficient detail to evaluate the suitability of various products and vendors.
- **Business Process Outsourcing (BPO)**
  - BPO occurs when organisation turns over management of a particular business process/function to a 3<sup>rd</sup> party that specialises in that department/process.

### Jargon

- **Onshoring/Homeshoring:** Process of engaging another company within your country for services. In Australia, Onshore means contracting a company to supply services.
- **Nearshoring:** Contracting a company nearby country
- **Offshoring:** contract with a company graphically distant
- **Bestshoring:** Offer better communication, higher productivity and reasonable costs.

### Vendor Selection

- **Vendor stability:** staying in business over the life cycle of the product
- **Vendor support:** providing a local office, strong balance sheet, good profits, copyright protection, core group of talented employees.

### Outsourcing Process

1. **Select outsourcing model:** The organisation or team selects an outsourcing model to determine if the outsourcer is relevant or needed to the product specifications.
2. **Refine the requirements:** The team examine, revises, details, and expands the conceptual specifications.
3. **Build a comparison matrix:** Clearly state the end product and the deadline as well as the necessary resources. The matrix contains a quantitative or qualitative value for each feature of each product by vendor.
4. **Specify a rating process:** The team specifies the process to assign the value or rating for each entry in the features matrix.
5. **Write an FP:** The team may prepare a request document that includes contract terms, solution requirements, bid content, and evaluation methods
6. **Collect potential solutions:** The team may search for and identify vendors, send promising vendors the RFP, and receive bids from interested vendors.
7. **Evaluate potential solutions:** The team may conduct an evaluation of the bids with the methodology specified in the RFP.
8. **Select, justify, demonstrate:** When appropriate, the team selects and demonstrates the recommended solution to the client.

### Refine the requirements – Mandatory/Desirable Features

- **Product Features** = Functional: what it does vs. Operational: how it works
- **Functional Features** = Process/Data
- **Operational Features** = Contract compliance, cost, interoperability, laws & regulations, maintainability, performance, product flexibility, security, usability

### What process might a company use for outsourcing IT?

BPO (Business Process Outsourcing) – Occurs when an organisation turns over management of certain business process to a 3<sup>rd</sup> party organisation that specialises

1. Selecting an outsource model
2. Refine requirement
3. Build comparison matrix
4. Specify rating process
5. Write an RFP
6. Prepare and evaluate potential solutions
7. Select, justify and demo the recommended solution

Another way in which BPO contributes to a company's flexibility is that a company is able to focus on its core competencies, without being burdened by the demands of bureaucratic restraints. Key employees are herewith released from performing non-core or administrative processes and can invest more time and energy in building the firm's core businesses. The key lies in knowing which of the main value drivers to focus on – customer intimacy, product leadership, or operational excellence. Focusing more on one of these drivers may help a company create a competitive edge.

### Request for Proposal

- Request for information (RFI) – defines problem or need and asks for information.
- Request for quote (RFQ) – describes specifications, asking for process and conditions.
- Request for proposal (RFP) – describes background and specification ask how vendor will work with the client to solve problems.

### Vendor Selection

- Vendor stability – staying in business over the life cycle of product
- Vendor support – providing a local office, strong balance sheet, good profits, copyright production, core group of talented employees.
- Vendor delivery record – meeting deadlines in timely fashion

### Contract Types

- **Single station license permits:** the installation of software on one machine
- **Single user license permit:** the installation of the software on both a work and home computer
- **Network license:** permit the installation of the software on a network usually with a limit on the number of concurrent
- **Site license:** permit the installation of software on any machine associated with an organisation site may specific a maximum number of machines
- **Life time license:** the purchase or a machine receives a life time authorisation to use the software with free on-going upgrades
- **Fixed period:** permit use of the software for a fixed period of time usually for one year

### Contract Pricing

- **Fixed price:** the client pays a pre-determined price for a specified service
- **Cost plus fee:** the client pays the vendor direct cost plus on amount of profit
- **Incentive:** if the project cost less than expected, the vendor and client share the saving.