

**Shaping the Future: Business Design through Information Technology** by Peter G.W. Keen

(Harvard Business School Press and McGraw Hill Book Co., 1991). pp.xi + 264, \$AUS70.00, ISBN 0 87584 237 2.

Keen introduces his book with some of the "almost certain business realities of the 1990s".

- Between 25 and 80 per cent of companies' cash flow is processed on line;
- Electronic data interchange is the norm in operations;
- Point-of-sale and electronic payments are an element in every electronic transaction processing system;
- Image technology is an operational necessity;
- Companies are directly linked to major suppliers and customers in electronic partnerships;
- Reorganisation is frequent, not exceptional; and
- Work is increasingly location-independent.

All of these realities, say Keen, represent a challenge for all managements, many of whom being ill-prepared.

It is these business realities that set the scene for Keen's book, appropriately titled *Shaping the Future*. In his nine chapters (including quite a long introductory chapter), Keen effectively makes the case for continued investment in Information Technology (IT) for businesses that desire to remain in business throughout the 1990s and beyond. Those that fail to invest in IT will lose any advantage they may have had, and indeed, are more than likely to go out of business altogether.

Keen considers that those managers who feel uncomfortable with IT, usually reflect an organisation which has not judged the IT investment option adequately, particularly in assessing the economic benefits. He points out that managers must change their thinking, especially when most are concerned with revenue-focused business models, treating profit as the bottom-line rather than as a top-line consideration.

Keen categorically states that IT will pay its way if it is treated as the top-line in all business consideration. It is the reduction in profit margins (deregulation, says Keen, has accounted for a cut in margins per unit of revenue of up to 30 per cent), that should bring about the refocussing of management towards the top line.

The stated aim of this book is "to help managers exploit the opportunities IT creates for business design — running their business better, in terms of the top line, competitive strength and organisational health" (p.15). Chapters two through eight attempt to show managers what they must do, after pointing out their key responsibilities in chapter one.

The book is well provided with case studies (as is the Harvard mode) demonstrating what is possible through the use of IT by successful firms. The usual cases cited are American Airlines (SABRE airline booking system) McKessons (pharmaceuticals), Merrill Lynch (cash management), McDonalds and other so-called success stories.

One of the strengths of the book is the chapter five on "Redeploying Human Capital". Too often firms seem to place emphasis on adopting IT merely to see how many people within the organisation they can replace. While this will no doubt continue to be the case, Keen emphasises that

It is imperative that firms have strategies for managing the human as well as the technical side of IT. This means rethinking many of the standard assumptions and management practices concerning jobs, careers, career development, human resource management, and education (p.119).

The chapter focuses on the need for continued education (Keen suggests 10 per cent of a person's time may be devoted to continued education) and the development of new skills to meet the challenges of the 1990s that continued change will necessarily bring about. It is IT that is demanding the creation of new jobs and re-definition of old ones. It is particularly education that will assist people adjust to new and changing work environments. Without the recognition of the investment in education needed, IT will not be successfully implemented, and any gains short-lived.

Keen is very critical of managers' ability to manage the costs and benefits of information technology. For every dollar spent on the development of systems (capital investment in IT), a further 20 cents will be required for operations and 40 cents for maintenance. In many cases, says Keen, senior executives feel that IT costs may be getting out of control. Chapter six provides some useful guidelines for executives in how to manage expenditure on IT, particularly in making sure that all that needs to be included in the initial investment decision is included.

The book concludes with two chapters, one covering the importance of ensuring that appropriate standards are adopted in choosing the IT platform i.e., in ensuring, for example, that the hardware and the software choices (the technical strategy) are in line with the business strategy of the firm.

The final chapter, *Aligning Business and Technology*, emphasises the need to properly "take charge of change" within the organisation, not just to manage it. This is particularly so because much of the pace of changes in IT, says Keen, is akin to making it "indistinguishable from magic" (p. 212).

This book very much continues the theme set in an earlier book by Keen called *Competing in Time* (revised edition 1988). To this end, Keen has updated much of the information included then, and added some new material necessary for keeping pace with the changes occurring in the IT field.

In some ways the book is a little disappointing for readers who expected something new, innovative and exciting. Perhaps this field has been well and truly been covered in other books on the essential reading list, e.g., Michael Porter's epic works. This is not to say that Peter Keen has little to offer — certainly not. To be fair, the book is aimed at senior executives (and those aspiring senior executives) who must wonder if their IT expenditures are being spent wisely, and whether they will achieve the desired goals (of improving their top line). The chapter on the importance of education is quite useful, as is chapter seven on ensuring an appropriate IT platform is chosen (principally ensuring uniform standards are adopted). While only commonsense, many firms ignore such advice and end-up with incompatible systems.

There is much useful information in the book which could have been presented in a more coherent way. It is not the book that one would pick up and not want to put down, although given the market it is aimed at (busy executives), it perhaps should be. I would not discount purchasing the book for an executive's Christmas stocking, but it would not be high on the list of must read books.

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