Knowledge Sharing and Organizational Change in a Leading Telecommunications Equipment Vendor: A Case Study on Southern Networks

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EXECUTIVE SUMMARY

In 1999 Southern Networks deployed the Open Text Livelink knowledge management system (KMS). Livelink allowed for the centralization of key corporate applications and associated content at a global, regional, line-of-business, departmental, and personal level. Prior to the implementation of Livelink on an enterprise scale, the corporation’s 94,500 employees relied on fragmented departmental Web pages that were scattered across 11 different Web servers, making the task of finding information very difficult. This article describes how the process of knowledge transfer at Southern Networks changed with the deployment of Livelink, and how it enabled the automation of workflows through the company’s Web-based Intranet. The article also provides an insight into how KMS empowered employees, at least until the organization significantly downsized in 2001. The importance of this article is in highlighting the role of people in the success of KMS and to provide examples of knowledge sharing dynamics.

Keywords: document management system; information in organizations; knowledge management; organizational change; IS downsizing; organizational culture

ORGANIZATION BACKGROUND

The Early Days

Southern Networks Corporation, formerly known as SouthTel Limited, is a leading telecommunications equipment manufacturer with headquarters in Texas, USA. It has a long history dating back to the First World War when it manufactured radios and, thereafter,
television sets. In the 1960s, SouthTel began to manufacture digital switching systems, supplying operators throughout North America. They dominated circuit-switching technology in the public and private network space for decades until the rise of Internet protocol (IP). SouthTel had an employee base of about 60,000 people located in more than 150 countries by the mid-90s. However, in 1998, a strategic decision was made by the CEO to make a “right-angle turn” towards IP infrastructure, and merger plans were announced between SouthTel and Fiber Networks, instantaneously growing the workforce to 95,000 employees. While the new company, Southern Networks, profited from the timing of the merger in the short term (as stock market speculators predicted massive profits), the price of the company’s shares plummeted from $99 to $0.40 (monetary figures are in U.S. dollars) within a two-year period. In real terms, Southern Networks’ capitalization fell from $420 billion in September 2000 to less than $10 billion in August 2002. A saturated market and unrealistic business plans were blamed for the downturn (Figure 1). More recently accounting scandals have been reported.

**Organization’s Structure**

The organization is divided into three regions for administrative purposes: the Americas (containing both North and South America), Europe and the Middle East (EME), and Asia (including Australia and New Zealand). Each region has a president who is in charge of the sales performance for each country within that jurisdiction. Each country has account teams and business development managers who are tied to a given product portfolio and report to a country manager. The support functions include: pre- and postsales engineering, global professional services, global customer care, supply chain operations, human resources, information services, finance, marketing, and legal. The process from the point of getting business to the point of delivery can be seen in Figure 2.

This case is written from the perspective of the network planning (NP) team located in Australia between 1995 and 2005. The NP team reported to the professional services support cluster under customer care Asia, and the broader service provider and carrier group (Table 1).

**The Workforce**

Today Southern Networks employs about 33,000 people, two-thirds of which are engineers. This is far from the burgeoning figure it employed at its peak of 94,500 in December 2000, when it acquired more than 16 companies in a single quarter. At that time, the market for skilled and scarce resources was so competitive that the company was prepared to pay its employees $3,000 for successful referrals (in addition to the new hire receiving a healthy lump sum to begin work immediately). In well-known high-tech valleys in the United States, competing companies were so aggressively poaching staff that a policy-based “ceasefire” was declared between a number of leading organizations, preventing an employee from joining a competing firm within a six-month period. Expansion was in the air, with large budgets allocated to the refurbishment of lavish office space and off-site employee team-building exercises. Authorization levels also were relaxed and sign offs for amounts of $5,000 could be done by any manager without approval from higher-ups. The reins were pulled back in February of 2001, when executives realized
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