The transition to knowledge-intensive customer-centric enterprise is important, but never easy. Reorganizing people is likely to face critical structural and cultural change issues related to people. Addressing these issues is essential for the continued success of customer-value-building services and products. In light of today’s competitive business environments and changing power of customers, organizations need to be able to deal with people-based issues in order to secure high quality customer service and long-life and profitable customer relationship. The article presents a recommended solution to deal with people change management in competitive business environments, viz. to ‘reorganize people’ in a customer-centric networked organization. ‘Reorganization of people’ is operationally defined by three sub-interventions: a) reconfiguring structure, b) reshaping culture, and c) rehabilitating people. [Article copies are available for purchase from InfoSci-on-Demand.com]

**Keywords:** Customer-Centric Strategy; Knowledge-Intensive Organizations; Reconfiguring Structure; Rehabilitating People; Reshaping Culture

**ABSTRACT**

The transition to knowledge-intensive customer-centric enterprise is important, but never easy. Reorganizing people is likely to face critical structural and cultural change issues related to people. Addressing these issues is essential for the continued success of customer-value-building services and products. In light of today’s competitive business environments and changing power of customers, organizations need to be able to deal with people-based issues in order to secure high quality customer service and long-life and profitable customer relationship. The article presents a recommended solution to deal with people change management in competitive business environments, viz. to ‘reorganize people’ in a customer-centric networked organization. ‘Reorganization of people’ is operationally defined by three sub-interventions: a) reconfiguring structure, b) reshaping culture, and c) rehabilitating people. [Article copies are available for purchase from InfoSci-on-Demand.com]

**INTRODUCTION**

In order to function effectively in rapidly dynamic and complex business environments, it is inevitable for forward-looking organizations to adapt to change, add value to customers, reward and capitalize on creative ideas and distinct capabilities, create new business opportunities, and develop an atmosphere that is conducive to continuous life-long systemic-based learning. Today’s fast-changing business world is witnessing aggressive fluctuations, higher degrees of uncertainty, and fierce competition. The changing nature of business environments requires high organizational requirements as well as high involvement from people.

The increasing dominance of knowledge as a basis for improving efficiency and effectiveness of organizations triggered many companies to find new ways of utilizing knowledge they have gained in devising or improving their business practices (Awad and Ghaziri, 2004). A knowledge-based customer-centric strategy based on customer knowledge with the aim of creating strategic advantage for the business. As
the long-term objective of business competitive strategies are to be built on ‘difficult-to-imitate’ resource-based capabilities (Salck et al., 2006). The competitive advantage of imitable resources is short-lived; it may soon be rapidly imitated by a capable competitor or made obsolete by an innovation of a rival.

This article seeks to examine the role of people in the implementation of customer knowledge management (CKM) strategic change. The ability of an organization to compete in rapidly changing business environments is contingent upon its ability to develop competitive strategies that enable leverage of distinctive core competencies and delivery of value-adding products or services to customers. Once the knowledge-based customer-centric competitive strategies have been identified, a plan is developed to ‘reorganize people’ in order to enable the CKM change strategy. ‘Reorganizing people’ is used in this article to refer to transformation of organizations from hierarchical to networked organizations, restructuring of units in which people operate into self-controlled teams and assignment of ‘case managers’, and changing the corporate culture and leadership style of the newly formed organizations.

Two basic perspectives are used in this section to relate to the process of reorganizing people: structure and culture. It is true that sometimes terminologies are used in a vague or contradicting manner. As of the term ‘reorganizing’, it could mean different things to different people. For instance, Weiss (2001) offered a contribution which explained three approaches to reorganization: restructuring, reengineering, and rethinking. Restructuring involves the reconfiguring of organizational units through initiatives such as downsizing, reengineering refers to attempts to introduce dramatic change in business processes, whereas rethinking involves the redesign of thinking and mindset through initiatives such as the learning organization.

People in Organizations

People refer to human resources that are involved in CKM activities, such as front-line staff, support staff, business managers, as well as general managers. Within the general body of employees, there is a group called ‘knowledge workers’. People who use IT in conducting day-to-day business, add to a company’s products and services, and have direct impact on the efficiency and productivity of the work process by capturing, applying, sharing, and disseminating their knowledge within the organization are called knowledge workers (Awad and Ghaziri, 2004).

A notable category of people in organizations is knowledge workers. A knowledge worker is the ‘product’ of experience, values, processes, education, and the ability to be creative, innovative, and in tune with the culture of the company. Knowledge worker is the one who wants a challenge and to be on a winning team. Examples of knowledge workers are managers, lawyers, engineers, system analysts, strategic planners, market analysts, and accountants (Awad and Ghaziri, 2004). Other remaining categories of employees may be considered as support to knowledge workers.

Managing People Changes in CKM

People represent a very important factor in the success of any business project. In the CKM change specifically, people do the following (Buttle, 2004):

- People develop the change strategy
- People select the ICT solution
- People implement and use the ICT solution
- People coordinate with each other across functions to make change work
- People create and maintain the customer database
- People design the marketing, selling, and service processes
- People may need to change established work practices
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