

## What is & Why do we need an Intranet?

The problem for most organisations today is that much of their knowledge resides in their people. Analysts estimate that between 1%-10% of the sum of a company's knowledge is properly documented and the remaining 90%-99% is undocumented and therefore not easily accessible. In addition to making company information available online and providing advanced ways of retrieving it, the intranet also needs to capture the way the business works (workflow) to be able to harness the knowledge and use it for business benefit.

Information and content management is not an end in itself. There is no point in managing information that the company does not need or in a format that does not meet the requirements of the business. The company needs to understand its business objectives and model its business processes (knowing how things are done in the company), to get the biggest benefits from an Intranet.

- Getting the right information to the right people at the right time
- Managing the way the business is organised to meet objectives (could be project or process based as well as department based)
- Managing key business processes to meet objectives
- Meeting customer requirements
- Solving real business problems

Focusing on processes rather than departments is a widely hailed business trend. Management gurus are helping companies move away from vertical, hierarchical organisational lines towards horizontal, process-oriented groups that link cross-functional teams focused on the same set of business tasks. The trouble is that this requires significant interaction between departments, functions, and even countries. The Intranet is an ideal vehicle for creating and empowering process-based teams.

Successful process-oriented Intranets look and work as differently as the processes they enable, but they share several common characteristics. First they are built on smart information design. Second, they focus on tasks, not documents, and aim to integrate those tasks into distinct processes. Finally, the best Intranets encourage collaboration by creating shared and familiar areas that reflect the personality of the company and create a common ground for all employees.

## Tasks

A successful Intranet is more than a collection of documents. Whilst documents are important, they are usually a means to an end. People use documents to complete tasks. Tasks might include fulfilling orders, checking a customer's invoices, preparing a customer statement, or collaborating on product development. To complete these tasks effectively, people need to have the related documents and tools close at hand.

For example, when you sit down to begin a task such as producing a new price list each month, you will have a variety of information and tools to hand. You might use a spreadsheet as a tool and have last month's price list, sales reports and currency exchanges rates as your relevant information. These things need to be next to each other in order to produce the new price list. Similarly, the tasks of the users rather than the classification of documents or tools should dictate the structure of the Intranet.

If an Intranet is designed effectively around tasks rather than documents, it can dramatically improve efficiency and productivity. For example, to save an employee time when producing a credit rating for a customer, information such as invoice history, current statement and credit checking information (even links to an external credit checking agency web site) should be placed near the credit rating forms.

## Processes

Tasks are usually part of a bigger process. Intranets should model the actual business process by bringing together all the tasks that make up that process. Some processes may be relatively simple, such as tracking deliveries, or getting approval for documents. Or, they may be more complex, such as developing or selling products. The most important processes in a company are those that create value for a customer and these are the central processes that every Intranet should help employees accomplish to deliver real business benefit.

Even simple processes can become more efficient when incorporated into an Intranet. For example, when a computer-networking manufacturer implemented an Intranet, the company included an application to help geographically dispersed managers authorise purchase requisitions. Where previously there were long delays in getting authorisation to raise a purchase order, involving the potential for lost documents and delays physically reaching the managers for a signature, this process is now centralised in an efficient electronic process. In some cases, delays in raising purchase orders were causing customer dissatisfaction and many wasted hours chasing for authorisation.

More complex processes can also be effectively integrated into an Intranet e.g. an entire post sales process. Each phase of the post sales process has to be represented on the Intranet with relevant information and tools. So, the section on the initial stage of the post sales process would include links to sample maintenance agreements, contacting the Technical Assistance Centre procedures and numbers, invoicing procedures etc. By organising an Intranet to model a business process, companies can more easily track the progress of each customer in the process.

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## Virtual Teams

Intranets can break through departmental walls to help accomplish business processes more efficiently. Whilst a lot of information may remain within departments, there are processes that cut across those walls and there may be projects that cut across those walls. For example, a customer complaint might involve people and information from the sales, technical and accounting departments. By creating the opportunity for cross-departmental collaboration, the Intranet can help employees collaborate to efficiently carry out the central processes of the company, and cut costs by avoiding meetings and even employee reallocation.

Intranets and Extranets can save significant costs by bringing together employees and partners who are geographically dispersed to work on common problems. Travel costs are eliminated, and employees can increase their productivity by sharing knowledge and collaborating in a way that is very flexible. Using an Extranet for this allows people to access information at any time so worldwide collaboration and time difference is made more practical. For example, complex transactions with solicitors and multiple parties rely on access to, and modification of, key documents. Rather than emailing documents in this process, an Extranet would provide much tighter revision control and the document could be checked-in and checked-out at each stage.

## Intranet Design

The organisation and design of information on an Intranet should map out the key business processes of a company, and provide employees with access to the information and people necessary to carry out those processes.

A truly effective Intranet creates new channels of communication that overcome inefficient organisational structures and can foster new forms of collaboration.

Building an effective intranet means thinking about how documents can be used to accomplish tasks, how tasks can be organised into processes, and how those processes can be carried out collaboratively by virtual teams. The effective Intranet is not only a tool, it is also a model for an efficient, process focused company -a an effective way of doing business.

At the same time, using an Intranet to change the way work is done in a company requires a cultural change within the company. Unless there is a clear commitment from senior management to have employees collaborate across departments to more efficiently accomplish key business processes, the Intranet may have only limited application and benefit. Even after the Intranet is designed to encourage collaboration, marketing the Intranet to employees remains essential. As the Intranet creates new forms of collaboration, it will challenge traditional ways of doing work and obtaining information. For the Intranet to be successful, it must provide ways of empowering employees, offer real benefits for employees to use it, and be process focused to deliver business benefit.

The process focused Intranet models the way the company works. And this is where graphic design, tone and standards emerge as vital to the Intranet's success. Because the public doesn't see an Intranet, design for Intranets often receives little attention. Employees are assumed to already have knowledge of the business processes and to be able to easily locate information on

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the Intranet. So, whilst a company web site usually has a lot of input from the marketing department, design and structure of the Intranet is often relegated to the IT department.

By default, an organisational chart of the company is often used to organise information on the Intranet. Whilst it might seem an obvious choice for the structure of the Intranet, an organisational chart works against the collaboration the Intranet is meant to foster and reinforces those departmental walls.

An Intranet that reflects the culture of its company will make employees feel more at home. It will help geographically dispersed employees feel that they share the same space, and will encourage collaboration and communication around the processes they support.

## **Business Benefits**

Customer Satisfaction A computer company with offices worldwide used their Intranet to ensure the latest technical manuals were available to their engineers worldwide. They also put bulletin boards on the Intranet for up-to-date advice on bug fixes and links from the Intranet to enable downloads of the latest versions of software. Engineers in all of their locations could reach the information they needed, when they needed it and didn't have to wait until they could contact the engineers in the US. They also implemented an Extranet for their customers to be able to log support calls. With username and password access, this meant that only customers with a valid support contract could use this system for fast track support. This led to a reduction in time lag to resolve problems and greater customer satisfaction.

Analysts say that 65% of customers who experience no problem with a product are likely to purchase from that manufacturer again, but 80% of customers who experience a problem that is fixed promptly are likely to purchase from that manufacturer again.

Cost Reduction Analysts estimate that 18% of corporate printed material becomes outdated within 30 days. Documents that are printed and mailed, such as internal phone books, policy and training manuals, requisition forms and marketing materials, can be put on an Intranet and updated for a fraction of the cost of reprinting material. It is not only the publishing but also the updating of information that leads to significant savings. Intranets allow information to be rapidly and economically deployed to a dispersed group of employees.

Cost savings can be made in disk space requirements - reduction in multiple copies emailed to a distribution list and even in filing space requirements.

Cross company collaboration that is enabled and encouraged by a well designed Intranet can save significant costs in travel, hotels, subsistence and time wasted by the collaborators. People can contribute from all over the world without incurring huge expense.

Companies often want to keep their partners up-to-date with the latest company news, product launches, product developments and incentives. Often, costly Partner Packs are produced on a monthly basis and mailed to partners. By producing all of this material on an Extranet, companies can ensure that partners have the latest information whenever they need it in a very

cost-effective manner. They can also use an Extranet for gathering invaluable feedback from their partners by using electronic surveys or questionnaires when partners log on.

Competitiveness: An Intranet can make a company more competitive in many ways - by increasing customer satisfaction or by reducing costs as shown above. An Intranet can also be used to streamline activities such as a new product launch. Offices worldwide can have access to the launch material – marketing collateral, press releases, logos, pricing, competitor analysis and the world-wide launch plan, all at the same time. And the head office can change and finalise the details at the last moment without delaying the launch.

Expanding Market Reach: Companies can expand their market reach by allowing key partners access to their Intranet and treating them as an extension to their sales force. Partners in far places can become a virtual sales force and with an Intranet, time difference and hands-on management of that partner is less of an issue. An Intranet will make that partner more self sufficient, better informed and more able to represent the company.

Offering a New Service: An Intranet can enable a company to offer new services where they would have previously been unable to. For example, a company may have previously ruled out a 24-hour service offering because the costs of having sufficient staff working 24 hours was prohibitive. An Intranet can enable “follow the sun” support delivery or enable the company to share the 24 hour support costs with a number of partners who already offer that service.

Productivity: A well designed Intranet will have all the tools and information needed to complete a process to hand and so speed the overall process. It can also be used to launch many process steps in parallel to reduce the time taken even further.

By having the information they need to hand, companies can save the time wasted by employees searching for the right person, the right document and increase productivity.

A company offering a pension scheme to its employees introduced the application process on the Intranet. Next to the application forms, they placed all the information an employee would need - a description of the scheme, a tool for analysing each individual’s benefits, Frequently Asked Questions and even links to external web sites for discussion and advice around pensions. This reduced the need for one-to-one meetings with the HR resource and the need for producing lots of printed material.

Business Decisions: An Intranet can provide outlying offices up-to-date information on company strategy, sales figures, market intelligence that enables those remote offices to make faster business decisions and ensure that they are in line with the overall company strategy.

Directors can use an Intranet as the single place they need to go to for information on which to do quick analyses on the business – by product category, by product line, by region, by department, thus keeping their finger on the pulse world-wide. Better information in a timely manner will enable better business decisions.

## Getting Approval

There are many areas where you could use an Intranet to improve areas on the business, but how do you move from where you are now to where you want to be in the future? The key is to focus on the crucial business processes and to set priorities. Make the improvements your company needs in the order of highest return on investment and choose a flexible Intranet system that allows you to easily introduce more business processes further down the road.

Defining your business objectives, analysing your business and modelling (and reviewing) your business processes is the first step to take. This enables you to put a value on your processes and helps you to set your priorities. Many areas of the business may be causing frustration and disruption, but always keep in mind what improving that particular process will bring you – cost savings? better customer satisfaction? more sales?

Select the most promising areas and carry out a more detailed feasibility study to determine where the biggest return on investment will be and hence set your implementation sequence.

The key data that you need in building a business case for implementing an Intranet include the following:

1. The tactical and measurable benefits that will be achieved
2. The strategic or soft benefits that will be achieved
3. The real costs of implementing an Intranet and the risks

### The tactical benefits will include:

- Productivity improvements – more can be achieved with the same number of staff.
- Competitive Gain – better customer service will help you retain customers and gain new customers.
- Cost savings – printing, copying and mailing costs can be reduced, and disk space and physical filing requirements can be reduced.

### The strategic benefits that are harder to measure will include:

- Improved customer service
- Reduced production cycles
- Improved knowledge management
- Improved management information
- Collaborative team working
- Improved quality
- Increased sales

Traditionally, accountants will not attach a cost figure to the strategic benefits. But, if your business analysis establishes that these strategic benefits are vital to and you have senior management backing to achieve them, you are in a much stronger position. You could as a starting point compare the costs of implementing an Intranet to achieve these benefits versus the cost of achieving them in another way – usually by employing more staff. In most cases, you

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will be able to demonstrate that an Intranet will be a far more cost effective and flexible way of achieving your objectives.

The real costs in investing in an Intranet will include some or all of the following:

- Cost of procurement – third party consultancy and the time expended by the internal project team.
- Specific hardware costs – a separate server to run the system on and may even include a scanner if that is a requirement of the system.
- Software costs – per user costs, concurrent users costs, system costs – suppliers tend to price their system in difference ways.
- Development costs – per day, per project – a tight specification is required to ensure that the required functionality is achieved on budget.
- Infrastructure upgrade costs – some systems may require all clients to be running a particular version of software.
- Conversion costs – moving to an electronic system may require some historical information to be brought into the system – scanning or data entry.
- Project management costs – mainly the internal project team, but may include supplier's costs in complex projects.
- Training and documentation – train administrators or “power users” to keep training costs as low as possible for a large number of users.
- Maintenance – usually an annual maintenance contract to ensure the system is always available to users – hardware and software.
- Contingency – it is always a good idea to add 10-20% contingency costs.

To gain approval, your business case should include the following:

- Why the company should invest in an Intranet
- What the system will cost – with a breakdown of the cost components
- When the company will start to see a return on investment
- The savings that will result over the project life
- Additional strategic benefits that are more difficult to quantify.
- Optimistic and pessimistic projections

To put a firm figure on cost savings related to staff and space or overhead, you may need to obtain agreed figures from the Finance department. Otherwise, you will waste time debating the basis of your cost analysis and divert attention from the presentation of your business case.

As part of your business case, you can present:

- The cost of doing nothing
- The cost of investing in the system
- How long it will take for the system to pay for itself in savings – breakeven
- The full savings over the project life

If the project life is say 5 years, you should look for a breakeven point of less than 2 years. Because very few projects come in under budget, you should add 10-20% contingency. A good business case will stand 20% additional costs before it begins to look marginal.

If there is a strong business case, the quantifiable benefits will provide a good return on investment and the strategic benefits can be regarded as a valuable bonus that should make a compelling case for investment.

If the case is more marginal, you will need strong senior management backing to help you prove that the strategic benefits have a greater value than the cost of achieving them. This is increasingly the case.

## **Early Successes**

By focusing on your priorities for the system, you can keep your investment low and derive the biggest benefits in a phased implementation plan. Publicise your early successes to gain management approval for further investment. Get the early users to enthuse about the system to their colleagues so that everyone will want to use it. An Intranet that gains buy-in from both its users and senior management will start to have a life of its own and ensure its successful implementation.