

we do things. It has driven consistency of processes, and has enabled us to draw consistency in approaching framework in terms of how we operate.”

Today, he notes, “We do the things the same way in Germany, Mexico and New Zealand.” As James explains, Fonterra was set up in 2000 as an amalgamation of the old dairy industry, with self-contained business functions. Fonterra consolidated its back-office functions globally within New Zealand, into a business transactional services activity based in Hamilton. James says the Hamilton operations fared well when benchmarked against BPO organizations locally and overseas. “Our model is better than most international models.” Instead of having disparate sales offices for various business units, a customer service center was set up at the Auckland’s Princes Street headquarters. This center operates around the clock, providing multilingual support for customers across the globe.

For Fonterra’s 200-member IS team, the new system means being exposed to areas of the business they traditionally would not have been. “If they worked in this part of the business under the old structure, they tended to stay in that part of the business.

But now we pool the resources together so it means they could be working on X, Y, or Z within any given period. They are given a lot more flexibility and ability to learn the various parts of the business in the new model.”

He believes this setup also helps in staff retention. “It does give us the ability to retain staff as opposed to having staff leave to go to other organizations to experience different types of skill sets.” If there is another thing James is emphatic about, it is that these days at Fonterra, “There is no such thing as an IT project by itself.”

“We sit down with the business in terms of our planning, and we align our plans to their plans.” He says there is now an “enterprise road map” that consists of all the activities the business wants to undertake over the next 18 months up to three years.

What is his primary advice for IT professionals who wish to move on to chief information officer and other C-level roles? “Make sure that you understand the business that you work with.” He adds, “Keep a watchful eye on very, very competent people that you might need to hire one day to be part of a bigger team.” They could be people in your current organization or people you meet outside, in industry functions.

Lastly, he says, “Never ever fear hiring someone in your organization that is smarter than you. You actually need a lot of smart people working around you.”

Source: Adapted from Mary Brandel, “Reinsurance Group Simplifies on Global Scale with Administration System,” *Computerworld*, March 14, 2005, and Divina Paredes, “Unifying Global Operations,” *CIO Magazine*, March 27, 2007.

## CASE STUDY QUESTIONS

1. What is the business value of these global system developments for the companies mentioned in the case? How did they achieve these benefits? What were the major obstacles they had to overcome?
2. What are the advantages and disadvantages of a full-blown versus a phased approach for system implementations in general, and global ones in particular? How do you make the decision on which road to take?
3. How important is it that all units in global organization speak the same business language, and use the same functions and business processes? How do you balance the competing needs for flexibility and consistency across operations?

## REAL WORLD ACTIVITIES

1. Both organizations featured in the case have been successful with their global rollouts. Search the Internet for examples of less-than-thriving global or international system implementations. How do they compare to the ones in the case? What differences in the approaches taken by the successful and unsuccessful organizations do you think could account for the differences? Prepare a report and a presentation to share your findings with the rest of the class.
2. Implementing major systems in global organizations, particularly when development is concentrated in one or a few country subsidiaries, can be a source of frustration for the organization. Break into small groups of 4-6 classmates to discuss which approaches you would take to ease these issues and incorporate local units into the process.