

MASTER

EY ETM in e-business?!

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EY ETM in e-business?!

Executive Summary

**NIET
UITLEENBAAR**

EY ETM in e-business?!

Executive Summary

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Voorwoord

Voor u ligt de Executive Summary van het eindrapport, dat is geschreven naar aanleiding van een afstudeeronderzoek bij Ernst&Young Interimmanagement, een onderdeel van Ernst&Young Executive Temporary Management BV.

De afstudeerstage is het laatste onderdeel van de studie Technische Bedrijfskunde aan de Technische Universiteit Eindhoven. De gekozen afstudeerrichting waarbinnen de opdracht heeft plaatsgevonden is Marketing, onderdeel van de capaciteitsgroep Bedrijfseconomie en Marketing.

Tijdens het afstudeeronderzoek ben ik vanuit de universiteit ondersteund door drs. F.C.L. Klarenaar van de capaciteitsgroep Bedrijfseconomie en Marketing als eerste begeleider en dr. J.A. Keizer van de capaciteitsgroep Organiseerkunde als tweede begeleider. Ik wil beide heren graag bedanken voor hun begeleiding en advisering bij mijn onderzoek en voor de prettige samenwerking.

Verder wil ik via deze weg een aantal mensen binnen EY ETM bedanken voor hun steun en de prettige sfeer, die zij creëerden. Allereerst gaat mijn dank uit naar mijn bedrijfsbegeleider, Ronald Bruin, voor zijn betrokkenheid en adviezen en voor de prettige samenwerking. Daarnaast wil ik Frits Aarts bedanken, die als lasthebber het vertrouwen in mij heeft getoond, door mij een dergelijk onderzoek te laten uitvoeren en die ook immer bereid was om naar de vorderingen van het onderzoek te luisteren en eraan mee te werken. Verder wil ik graag alle collega's bedanken voor de mooie tijd, die ik tijdens het uitvoeren van mijn opdracht heb meegemaakt. Het was erg gezellig en leerzaam!

De afstudeeropdracht heeft betrekking op het schrijven van een marketingplan voor dienstverlening op het gebied van e-business door Ernst&Young Interimmanagement. In dit onderzoek wordt onderzocht of deze onderneming een mogelijke rol op de e-business markt kan vervullen en zo ja op welke wijze. Gedurende tien maanden heb ik met veel plezier aan dit onderzoek gewerkt. Ik wens de lezer veel plezier bij het door nemen van dit eindrapport.

Erwin Lips
Maarssen, april 2001

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Executive Summary

E-business is an expression that is widely used nowadays. E-business can be defined as the connection of general business operations to customers, suppliers, partners and employees by means of electronic communication technologies. The focus usually lies on the use of internet for this connection, as it does in this report, because this is the main technology that is used for e-business.

E-business includes product marketing, lead identification, order entry, inventory tracking, order fulfilment and post-sales support. Another expression that people use is "e-commerce". This expression has a narrower definition: it only involves buying and selling goods and services electronically.

Many companies are interested in the potential advantages of using the internet for doing business. Therefore a lot of companies, especially consulting firms, decided to focus on providing the interested companies with both technical and organisational services. This report shows the conduct of an examination of the (marketing) opportunities of the provision of e-business services in the temporary management market in The Netherlands.

This research has been carried out in the scope of a final project, which is the last part of the study Technological Management at the Eindhoven University of Technology. The research has been executed for a company called Ernst & Young Temporary Executive Management (EY ETM). It took place from June 2000 until March 2001. The final report has been written in May 2001. It has been written for the board and senior management of EY ETM and they can use it as a business model for providing e-business services. The chapters of this report will be discussed briefly in this executive summary.

Chapter 1 The company

Ernst & Young Temporary Executive Management (abbreviated to EY ETM) is an independent unit of Ernst & Young Nederland, which is a part of Ernst & Young International, a worldwide operating company with about 85.000 employees and a 11 billion US dollar turnover.

EY ETM has been founded in 1989 and has been growing at high rates. At the moment EY ETM is the Dutch market leader in providing other companies with temporary management. The company realised a 110 million Dutch guilders turnover in 2000, with a working force of about 120 people. The company makes use of (mostly) independent managers, carrying out the assignments at the organisations of the customer.

The target markets of EY ETM are trade and industry organisations, local and national governments and other non-profit organisations, and companies in the Professional Services market.

The services provided by EY ETM can be divided in two main groups: temporary management for financial services and temporary management for project management and line management. This report focuses on the second services.

Chapter 2 Assignment

As described before, e-business has been an interesting issue for companies, that want to use the internet for doing business in one way or another. The many articles, news messages and books about this topic, diverge greatly in their conclusions about the use of internet. Success stories on one hand and reports of failures with huge consequences on the other, have created a lot of uncertainty about the potential benefits and drawbacks of implementing e-business.

Companies are studying them now and so does EY ETM. A vision and strategy about how to act in e-business assignments was not yet defined at the beginning of the assignment. The problem definition has been formulated as:

"At Ernst & Young ETM the value of e-business has been acknowledged, but no strategy is formulated, nor a collective vision. Several account managers are manipulating the market for e-business service providing in an unstructured and inconsistent way. This resulted in a lack of clarity about linguistic usage and about the current state of affairs."

This problem definition resulted in the following definition of the assignment:

"Formulate a business model for providing services in the area of e-business, consisting of several phases, and contributing to the structural acquisition and filling-in of e-business assignments. Indicate the phases, necessary to finish the acquisition phase, from the beginning, the analysis by the commercial people of EY ETM (account managers and Grey Hairs) until the end, the delivery of a suitable interim-manager. Analyse and develop tools, that support the commercial people of EY ETM in the indicated phases, to make sure they can provide the customers with complete and satisfactory services."

The assignment is carried out for the "Interimmanagement" part of EY ETM. The part, dealing with financial services (The Interim Financials) has been left out of the scope, because the specific nature of its services.

Chapter 3 Approach

The "Tien-Stappen-Plan" has been used to create an environment, in which the assignment can be successfully carried out. This model consists of ten steps that will help the researcher to create commitment and support in the organisation, for example by communicating a lot with the people that are involved in the project.

Another important issue in deciding for an approach to carry out the research, is defining the scientific instruments that will be used. The instruments, used in this report are: study of literature, internal and external analysis (which can be combined to a SWOT-analysis), a case study and development of options and scenarios for EY ETM together with the company's management.

Chapter 4 Developments in e-business

As stated before, the internet is the most important channel for conducting e-business. The basis for the internet was founded in the sixties and the internet developed quite fast in the next decades, in terms of growth and possible applications. The main applications of internet are the World Wide Web (WWW), electronic mail (e-mail), File

Transfer Protocol (FTP), Internet Relay Chat (IRC), news and discussion groups and Telnet.

The internet can be used as a marketing instrument in four ways: providing information, communication, transaction and infrastructure (networks). A lot of companies have started projects to develop and implement one or more of these functions. To make sure that e-business will be implemented successfully, companies have to change their business processes. Enterprises like EY ETM often provide their customers with temporary change managers, this means that e-business as a driving force for change can offer opportunities for suppliers of temporary change management.

Chapter 5 SWOT-analysis

The SWOT-analysis has been used to find the strategic issues for EY ETM in relation to offering e-business services.

The internal analysis must provide insight to the strengths and weaknesses of the company. The main strengths and weaknesses of EY ETM (in relation to e-business) are:

Strengths
<ul style="list-style-type: none"> ▪ Brand name and image: EY ETM is seen as a reliable business partner. ▪ Core competences: the core competences of EY ETM are providing financial management, transitional management and change management. ▪ Number of clients: EY ETM has a large amount of customers. ▪ Structure: EY ETM is divided in several units that are market oriented and others that are functional oriented, like ICT. E-business can be fit in easily. ▪ Possibilities to invest in new, interesting developments. ▪ Employees are stimulated to study possible innovations.
Weaknesses
<ul style="list-style-type: none"> ▪ The company is relatively unknown with providing e-business services. ▪ Lack of strategy and vision. ▪ The company does not have a (strong) name in the e-business market ▪ The company does not have many activities in the top segment, while e-business often is a strategic issue. ▪ The communication between (account)managers is not always optimal, because of their independence.

The external analysis is used to provide information about the opportunities and strengths. Both customer needs and the potential competition of other companies must be examined. The main results are shown below:

Opportunities
<ul style="list-style-type: none"> ▪ Companies need help in determining how to implement e-business ▪ The size and growth of the market for e-business services ▪ As companies see e-business often as a strategic issue, they are willing to spend money in e-business and e-business services. ▪ Other suppliers of management capacity do not show a lot of activity on the e-business market.
Threats
<ul style="list-style-type: none"> ▪ Consulting firms however are investing heavily in realising new products and services for e-business problems. ▪ Resources: there are not many managers that are experienced at e-business ▪ EY ETM develops a lot of new alternatives. This threatens the possible chance of success of each alternative service ▪ There is an absolute prohibition for consulting services

Strategic issues can then be formulated by combining the results of the internal and external analysis. The strategic issues are:

- The core competences of EY ETM in project management and change management fit the needs of companies, that are willing to implement e-business.
- EY ETM can use its large customer database to start selling its e-business services. A lot of these customers have the above mentioned needs also and they know and trust EY ETM.
- To be able to provide the services, that are needed by customers, it is necessary for EY ETM to develop a vision and a strategy.
- The main threat is the competition of consulting firms. A lot of these companies are already active in the market for providing e-business. Therefore it is necessary for EY ETM to show the market, that its services differ essentially from consulting services. The “key” is the difference between the power and function of consultants and those of (temporary) managers. EY ETM does not just provide a product or advice, it offers customers a way to realize actual changes.

Chapter 6 Case study Ernst & Young Online

In Chapter 6, the case study is described, that has been executed at Ernst & Young Tax. The main purpose for using the case study is to examine the role of the interim manager in a real e-business assignment. The reason for EY Tax to “hire” the interim-manager (or programme manager) was, to implement the necessary changes in the organisation because of an e-business application.

The temporary manager started the project by removing the hype feelings of the employees at EY Tax. She then created a multidisciplinary project team and a network of involved people, also clients. The team consisted of people, specialized in different functional areas, like marketing, knowledge management and ICT. The programme manager acted as the chairman of the team and she gave directions and stayed in close contact with the involved people, to make sure everybody would contribute to the project. One of the most important issues is creating commitment, to make sure authorized people will take the necessary decisions and that the people, who will have to work in a changed business environment, will not resist (too much) to the changes. The role of the programme manager can be described as a change manager, that uses a network of involved people and companies to make sure all necessary changes will be made. This means, that the programme manager must be really good in communication, teambuilding, giving directions, taking responsibility and in thinking in general terms of change. Therefore experience with change management projects is essential for success.

The results of the case study coincide with the results of the SWOT-analysis: EY ETM can deliver the needed change management capacity. The case study has resulted in an improved insight about the activities and needed capacities of the programme manager.

Chapter 7 Positioning

In this chapter, three possible positioning options for EY ETM are discussed. The first one is the option of performing the role of a “top” player in the e-business services market: EY ETM will then have to be recognized in the Dutch market as an important provider of e-business services. This means that EY ETM will have to compete heavily with consulting firms, that, as was shown in chapter 5, already invest heavily in e-business. This option is quite dangerous, because it is most uncertain that the desired position will be reachable. The company lags (too) far behind the potential competition. Investments in marketing and communication are essential in this option, as is extensive training of account managers and interim-managers.

The second option for EY ETM is to include e-business as a possible service in the actual assortment of change management services. For this, it is not necessary for EY ETM to compete with such a fierce competition. The company can quite easily implement the new service as a new extension of the existing services on change management, one of the core competences of EY ETM. The company can use its relations with existing clients to sell e-business services.

The final option describes the possibility for EY ETM to “forget” about e-business. Although this means, that the company does not have to invest anything in e-business, it is quite a dangerous option, because clients, that can not be helped when e-business is part of the assignment, will probably find another organisation that can help them. As option 2 was judged the best suitable one by the management of EY ETM, this option will be described further in possible scenarios in chapter 8.

Chapter 8 Development of scenarios

In chapter 8 the vision of EY ETM is formulated, based on the results of the former chapters. The vision of EY ETM:

- E-business is a general name for the development of applications, that use a new medium (internet) and are made possible by technological developments.
- The new medium can be used in four ways: for communication, information, transaction and building infrastructures (networks). If a company decides to use of one or more of the mentioned functions, the business processes have to be changed, internally as well as externally.
- EY ETM can deliver managers, who can coach and implement the necessary changes of the business processes. Change management is one of the core competences of EY ETM and the company can use its experience to coach managers as well as clients during an assignment.

The decision has been made that EY ETM will implement e-business as a part of its change management services (option 2). This positioning option can be reached by several means of coaching the assignments, which are:

1. **Leading:** The counsellor of EY ETM directs the interim-manager and the client. This scenario has some resemblances with the first option of chapter 7, where the company invests in developing specific e-business solutions for customers and interim-managers have to be trained.
2. **Facilitating:** This is the traditional role of the counsellors of EY ETM. Clients as well as managers are profiting from the experience and knowledge of the counsellor in change management projects. Also the interim-manager can use the rela-

tions of the counsellor with people specialised in functional aspects of the assignment.

3. **Watching:** The counsellor of EY ETM only takes care of the acquisition and administrative issues.

The possible roles are rated by describing the marketing mix, counselling role, primary process, organisational challenges and the role of the programme manager. The conclusion is, that the second role (facilitating) suits best with demands and wishes of the company's management about costs, quality, usage of interim-managers and counsellors.

Chapter 9 Conclusions and recommendations

The most important conclusions, that can be drawn from the results of the research, conducted as described before, are:

- To be able to enjoy the (possible) benefits of internet, companies have to change their business processes. They need to make sure that their organisations can handle the new way of doing (mostly the same) business.
- There are opportunities for EY ETM concerning the market for e-business services. Companies need managers who are able to develop and implement the necessary changes.
- Other management providing companies are not (noticeable) active on the market for e-business services. Consulting firms on the other hand are very active on this market, but they do not supply management capacity. This means that EY ETM has to make clear to the market that it offers a different service, so that customers will not see consulting services as a true substitute for management.
- There are not many managers, who are capable of executing such a change management assignment, as was described in chapter 6. It is important to find the right managers and to "keep them close".
- It is expected, that companies will use the internet in the future (in one or more of the possible functions) as a normal part of business policy. This means that also specialised managers need to learn about the possible meaning of e-business in their (functional) area.

The conclusions lead to the following set of recommendations:

- EY ETM should take advantage of the opportunities in the market for management capacity.
- This could be done by adding e-business change management as a service. The position most suitable and desirable for the company is option 2 from chapter 7, "E-too". The role that the company should play, is the one described in scenario 2 (chapter 8). In this role, both the competences of the interim-managers as well as the competences of EY ETM will be used in the best possible way. Besides, this role suits the company and does not lead to big organisational changes.
- It is recommended that EY ETM will provide its managers some basic training about e-business, because of the newness of it. It is wise from a quality point of view to make sure the interim-managers understand both the possibilities and drawbacks of e-business and the issues that they will encounter, when they are busy implementing the necessary changes.
- It is recommended that EY ETM appoints managers, who will be responsible for e-business services.

- Another recommendation is to make a case history of “e-business projects” the company has sold. This can be used externally to show customers the experience of EY ETM in e-business assignments. The case history can be used internally for account managers and interim-managers to learn from assignments in the past.

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