

Communicating about organizational transformations in an Online Learning Community - Case Study at Lapland UAS

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1 Introduction

The private and public sector are facing profound transformations because of global tensions, globalization, savings, aging population and shortage of competent staff capable of change management processes in several organizations. Where are the changes directing us, can new business models deliver value to customers and organizations? How can training organizations assist the organizations with the transformations and educate competent-ready graduates who are not only able to follow but also lead others in the transformations in their future positions. Creating a reflective learning community where the students can communicate about changes is extremely important for students who study from the distance, without their peers. Simultaneously the students learn to collaborate in virtual communities despite of the location.

The paper reviews the contributions and learning efforts made by a group of adult online students in a Finnish course Transformations in Public Organizations, and more specifically, the English course Communicating about Change and Developments. The paper was co-written by Sakari Nokela, an online student and Seija Jäminki, the teacher in charge of communication processes course. The core issues and opinions of the entire class are added to the findings.

2 Implementation

The online course "Communicating about Change and Developments" (2 points) is an integrated course of a module related to new business models (5 points), Swedish language studies (2 points) and English language studies. The pedagogical approach was based on the principles of Problem Based Learning (Poikela & Poikela 2005) and authentic learning criteria by Herrington, Reeves and Oliver (2010). These approaches highlight the importance of linking the theoretical background into the real-life, complex cases. Data was gathered by interviewing professionals in charge of transformations and additionally the students shared their experiences as employees and clients about changes.

The course was divided into six general main topics. During the synchronous sessions the students first discussed the topics in small teams and then summarized the group findings for the co-students. Additionally, some of the findings were summarized and reported in personal blogs created for the main subject 'Changes in Public Organizations'. The topics for synchronous sessions were:

Synchronous iLinc-sessions and the topics

1. Foreseeing changes and developments
2. Society and transformations in public administration
3. Implications for Public sector
4. Competences and change management
5. Networking and development
6. Successful cases or solutions of transformations

2.1 Theoretical background

Can the students learn to foresee changes and take the knowledge to their organizations? A survey made by 500 US leaders showed that responsiveness to change is an attribute for graduates the organizations are seeking for (Holmes 2012). Anticipating changes in the society is an ability that is extremely important, however, foreseeing changes has become difficult because of the pace of transformations. The most prominent catapults

for changes are global interdependency with growing tension, sustainability and environmental issues, aging population and, more importantly, technology (Sitra 16). Some of the changes in the Public Sector are predictable; for example, reforms and alterations in legislation as well as the municipal mergers have an impact on organizations and competences. In rural, sparsely populated area distances require new and modern ways of working. Additionally, there are no single changes, changes will present themselves in clusters and what used to be public, will be privatized (Saranne 2016).

What is obvious is the fact that the changes will affect both the staff and citizens. In other organizational forthcoming changes foreseeing various trends and weak signals is needed. According to Elina Hiltunen (2007) ranking of good sources for weak signals varied slightly according to the areas of life and professionals and "ordinary" people relied on different sources but her studies showed that human sources were the most appreciated in all areas of life. Therefore, it is important that actors communicate about the changes and the catapults.

Can we learn how to identify the change drivers and the directions the changes are taking us? Individuals, teams and entire organizations adapt and prepare for changes; in fact, organizations have no choice but to change (McQuire, Palus, Pasmore and Rhodes 2015). The participants in Hiltunen's (2007) study emphasized several behaviors that contribute to changes. Interaction, openness and discussion; i.e. keeping one's eyes open, sensitivity to changes, creativity, intuition and curiosity to weak signals as essential behaviors for identification of changes. These skills are important qualities for innovation management and the staff as well as students should be trained in the mastery of the skills.

In most real transformations new business models can assist in opening the core transformation processes and Kaplan (2012) stresses that successful business model innovators function as inspiration accelerators. People are committed to what they are passionate about. Kaplan (2012) also points out that managing transformations is always hard. We have to make it easier by creating the conditions for ongoing experimentation. It's easy to sketch a new business model on the whiteboard but it is much harder to take the concept off of the whiteboard and put it in to the real world. Ansoff (1981) clearly states the weak signals theory is primarily intended for "complex

organizations in turbulent environments". How public training organizations are predicting or coping their future? Some public organizations in Finland such as universities and research institutes are complex organization's and are living in an unpredictable business environment and are under constant changes. Weak signals theory should be applicable for public organizations too.

3 Findings and Observations

3.1 Organizational changes

The students' findings proved that the world really is in the hands of transformations. It became clear that transformations are difficult to implement just like the experts of transformations and innovations, for example Kaplan (2012) claim. It was stated earlier that organizations have no choice but to change and the respondents shared the opinion. Padmasree Warrior (2010) reflects on the transformation of the next Generation Collaborative Enterprise. Some of the key characteristics of the organization include a geographically distributed workforce, the innate ability to embrace innovation both inside and outside the organization's boundaries and, perhaps most importantly, a culture of openness and innovations. Whenever a business enterprise is established, it either explicitly or implicitly employs a particular business model that describes the design or architecture of the value creation, delivery and capture mechanisms it employs. The essence of the business model is in defining the manner in which way the organization delivers value to customers and becomes more customer-centric.

Context plays an important role in change management in the Public sector. Finland is a sparsely populated country and providing services for all the citizens has become impossible and expensive. Public organizations need to find new ways if they want to be able to serve their customers and address the customer needs in an efficient and economical way. The findings and results from the interviews proved that both the clients and employees had faced and are facing a lot of changes in their organizations and most respondents experienced that the changes were badly managed and poorly prepared. Only a minority expressed the change to be a positive experience, leading to something better. The results indicate that there are a lot of missing or 'failing' characteristics in the transformation process. Interaction, openness and participation are missing elements; changes are forced to the staff without consulting the staff's or

customers' opinions. McQuire, Palus, Pasmore and Rhodes (2015) point out that organizational change requires leaders to change and new mindsets, not just new skills.

3.2 Business-modelling in public sector

There is a growing consensus of students' opinions, that the Business Model Canvas helps public organizations conduct structured, tangible, and strategic dialogue around new businesses or existing services (Osterwalder 2010). The BMC-model describes why we need to understand different business models. It describes visually, in nine blocks, the rationale of how an organization creates, delivers and captures value. With this model new business models can easily be created and analyzed & updated for any existing business model. The model starts with the *Customer Segments* with description on which customers and users the company is serving. Customer Segments block also describes jobs customers really want to get done. The *Value Proposition* block describes what we offer to our customers, what problems we solve and how we create value for them. *Channels Segment* describes through which interaction points our customers want to be reached and *Customer Relationship* describes what kind of relationship we have established with each customer. *Revenue Stream* tells us what customers are really willing to pay us and how. *Key Resources* describes which assets are essential and *Key activities* which activities we need to perform well. *Key Partners* describes which partners and suppliers we need to rely on and *Cost Structure* includes elements which drive our costs. The model was perceived widely very useful among the students and some students wanted to add one additional and important block, *Competition*, to the model. This is many times missing in the public sector business models today. Competition is essential in public sector organizations as it can really help organization to differentiate. The competition block usually describes who is competing with us with the same service or product. Competition block with public sector can be used to observe if the similar tool or service already exists, and who is delivering it and with what price.

3.3 Co-creating value with customers

Reflections on the success stories in public sector show that digitalization is strongly linked to organizational processes, especially to improved customer service. Latest studies have argued that the classic supplier-customer relationship building and customer care are losing approach, especially when it comes to selling complex and large-scale business-to-business solutions. In these studies, Dixon & Adams (2011) surveyed 2400 customers and discovered that the most important for digital era value co-creation are new ideas to help customers either make money or save time and money in a way they didn't even know were possible before. Customers today are looking for suppliers to challenge their thinking and teach them something they don't know yet. The typical customer of an expert organization buys either information, new knowledge or any kind of problem solving services. Understanding the customer needs, their pain points and challenges in detail is crucial when trying to figure out the prompt solution to the problem and when building the business model on how to deliver value to customer. If customer perceives good experiences in service delivery, the customer relationship can continue, grow and improve. The customer value and service experience can be measured via customer surveys when consuming or experiencing the service delivered. Customer surveys consist data such as satisfaction indications and perceptions which can be gathered through different systems, for example via direct feedback systems, via voice of the customer, or via billing and sales records. The results indicate that public organizations do not utilize well this kind of customer data compared to the situation in the private sector companies. With digitalization the amount of customer data available today is exploding more than tenfold in coming years. There will be enough customer data for all interest groups. Those private sector companies who are the best in utilizing customer data are potentially the winners in customer value generation.

3.4 Weak signals and initiatives in public sector

Quite recently the Council of Oulu region has taken an initiative to define a new web-based tool, "*Radar*", which public organizations can use to collect and to analyze weak signals for future. Weak signals in Radar-tool are collected by utilizing crowdsourcing principles. This method is a key when building an up to date and diverse picture of future changes in our business environment. Public sector organizations can utilize

these weak signals in their business or projects in anticipation for future. The latest weak signals included an indication of an artificial intelligence. The artificial intelligence can double the economic growth in Finland in 2035 by changing the nature of the work done by the people, as well as the relationship between people and machines. At the same time, labor productivity can grow up to 36 per cent in Finland. To avoid missing out on this opportunity, policy makers and business leaders must prepare for, and work towards the future with artificial intelligence. They must do so not with the idea that artificial intelligence is simply another productivity enhancer. Rather, they must see it as the tool that can transform our thinking about how growth is created. (Pardy & Daugherty 2015.)

3.5 Challenging customer thinking of business models

New computing technology and communications, and the establishment of new reasonably open global trading regimes, led to a situation where the customers have more choices and supply alternatives are more transparent (Teece 2010). Markowitch and Willmott (2014) claim that customers have been spoiled: they now expect every organization to deliver products and services swiftly, with a seamless user experience. In hard competition, the question is differentiation. Competing organizations need to find both new possibilities to capture value from providing new services for example by increasing sales via new sales channels and to improve the level of customer service.

Netflix and Apple are among the top companies in renewing their business models and Apple is widely considered as the most innovative company in the world. With Apple the shift was not only a matter of product innovation; the idea was to create, deliver, and capture value. For instance, the iPod and iPhone would not have had nearly as much impact if they hadn't been matched with iTunes and the App Store respectively. Systemic innovation integration is at the heart of Apple's success. Apple works across traditional industry boundaries to create a successful innovation-friendly ecosystem.

Can we learn anything from these successful innovations? Tommi Rissanen (2015) lists three main issues that could be used by other organizations:

1. Don't design a product and a new business model for the product. Develop the existing business model all the time.

2. Be ready to do things differently than other companies. Concentrate on issues that customers later or sooner want to have.
3. Focus. Keep the focus of your operations in mind.

To sum up Rissanen's recommendations, we can conclude that we should know what we are doing and focus on serving our customers.

3.6 Successful cases or solutions of transformations: B2b e-commerce

Punakivi, Yrjölä and Holmström (2006) argued that one of the biggest challenges in business-to-business e-commerce value creation is the so-called "last mile" of the home delivery service for the customers. The authors' simulations suggest that the unattended reception of goods reduce home delivery costs considerably, by up to 60 percent and creates additional value for the customers such as just-in-time deliveries. According to expert interviews (Kangas 2016) doing things differently and creating value is key for Finnish start-up Smartbox Ltd. This company offers a new digital tool of fully automated e-commerce system for picking up or leaving deliveries. It is applicable in different type of private business environments and public organization. For example, in variety of suppliers such as stores, pharmacies, tool and machine renting, servicing facilities, office & workplaces and public service facilities. The usage of this new co-sharing model is easy: 1) ordered items or deliverable goods are left in an empty slot of the box by a supplier. 2) a secure opening code is sent to customer via SMS message, and 3) the item/goods can be picked up by customers at any time, 24/7. How does this work in practice when ordering paint from the K-STORE online shop? The customer orders red paint from the online web store. The K-STORE will get an order and places ordered goods to empty slot of the smart box. He also puts a pair of new paint brushes to the slot, without any additional costs, with additional marketing greetings to the customer. A new SMS message with opening code pops up to customer. When customer picks up goods ordered, he will be positively surprised of free gifts. Good customer service and satisfaction is guaranteed. Supplier, K-STORE, can optimize preordered deliveries with Smartbox and this gives him time to concentrate on more important tasks in the shop. End customer is free for queuing, and the whole digitalized last mile delivery is smooth and fast while goods are free to pick up when convenient to the customer.

3.7 Successful cases or solutions of transformations: Public training organization

Students mobility has become more and more important over the last decades. Today, most of the Finnish universities are internationally recognized, independent and accountable for higher education. They are marketed as multi-field regional institutions focusing on highly recognized activities with working life and on regional development. The latest successful examples of transformation of learning is where public teaching organization extends to beyond the physical region or country. Every year universities are welcoming exchange students to study for three months, a full semester or an entire academic year in Finland (Finell 2010). Similarly, every year these institutes send out students on study exchange or work placements to partner universities around the world.

3.6 Conclusion

The discussions and expert interviews all pointed to the same direction: organizations are facing constant cluster transformations and technology has a huge impact on transformations. The results from Hiltunen's (2007) emphasized several behaviors that contribute to changes: interaction, openness and discussion; i.e. keeping one's eyes open; likewise, the members of this learning community relied on several sources when they looked for catapults and working solutions in transformations. Despite the complex issue of the topic, the core findings can be summarized. The majority of interviewees were frustrated about the constant transformations and claimed that the changes are pushed from external change drivers. Therefore, the staff was not in control of the change management processes and did not always find the change processes motivational. However, a couple of the respondents found the changes advantageous and they were motivated to work for the outcome. As the biggest reason for failing transformations, according to the respondents the exclusion of the staff, poor management of the processes could be mentioned. Badly working infrastructure and obsolete tools reflecting the old-fashioned working practices were believed to be among the causes to failure. In the public sector as well as in municipalities the customer service processes are transferred online. The students mentioned the Vero.fi and Hämeenlinna websites as positive examples of transformations to the citizens; not only information was placed online but there were also a lot of interactive customer service elements

integrated on the platform. It was for example possible to get help from a so-called Virtual Assistant who replied to the questions and gave advice on various issues the customers needed to know. It is believed that Cities will be Smart cities. Smart city 1.0 is technology-driven, 2.0 technology embedded or city-led and 3.0 Citizen co-created (Mindtrek 2016). All the changes seem to focus on engaging users and serving customers.

4 Reflections

The results show that a learning community where the students are able to share ideas, argument and reflect on opinions lead to a deeper awareness of the complex issue. The results also show that the students studying from the distance are capable of identifying the change drivers and transformations in the society even though the topic itself is difficult even in Finnish. Training organizations have transformed a lot during last five to ten years. The transformation of Finnish public sector is still far from the highest levels of the best private sector examples such as for example Apple, but the direction is clear. The transformation is on its way, it is happening already today and should not be left unattended.

As examples used in this paper, the digitalization has a large change potential to make the operation of a public sector more agile and efficient, while increasing customer value through modern and interactive digital services. By educating graduates who can foresee changes the organizations both in the private and public sector are able to master the transformations.

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