BUILDING AN ITSM PROCESS OWNERSHIP FUNCTION IN A CASE COMPANY

Lappeenranta–Lahti University of Technology LUT

Master's Programme in Industrial Engineering and Management

2023

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Examiners: Associate professor Marita Rautiainen

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ABSTRACT

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Master's thesis

2023

74 pages, 6 figures and 4 tables

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Keywords: IT service management, ITSM, process function, organizational changes, process management

The subject of this research is the building of an ITSM process ownership funtion in a Case Company, and it was carried out during 2023.

IT service management is a significant qualitative factor in the operations of companies that produce or extensively utilize IT services, and the process management of IT service management is of significant importance in ensuring production quality, service development and business continuity. Often, high-quality IT service management is also seen as a competitive factor by customers and partners.

The Case Company is a Finnish IT service provider that provides various IT outsourcing services to its customers. The customers are typically medium-sized or large companies from Finland or Northern Europe.

The organizational change to establish the ITSM process function was led by models similar to project management, even though it was not actually a project. In terms of research, organizational change was viewed through several different theoretical frameworks, the most significant of which were the organizational change narrative, which is the structural backbone of the research results, the theory of organizational change management, the best practices of IT service management development, and the best practices of project management.

The project-led organizational change was implemented in the stages of conceptualizing, planning, executing, closing and evaluation. The guidelines defined in the initial phase were refined with subsequent new information, but in the planning phase there was enough information to achieve the executing phase of a high-quality organizational change.

The end result of the actual change was the new structures created in the organization to support process management, the established process function, new roles and responsibilities, and the determination of the capabilities of the persons acting in the roles.

From the point of view of the research, the essential findings are the importance of resourcing in process management, the dependencies of processes and the required capabilities, the dependence of the high-quality outcome of organizational changes on the inclusion of individuals and consideration of the organizational culture, and the importance of change management in organizational changes and the implementation of new ways of working.

The final results of the organizational change were seen as favorable and successful in the target company. The research supports previously identified conclusions in that consideration of the needs and characteristics of individuals is of paramount importance in organizational change, ITSM process management requires a variety of structures in the organization to support its operations, management's commitment to the change and the involvement of senior management contribute to the success of the change, and project management practices are important in project-based activities.

TIIVISTELMÄ

Lappeenrannan–Lahden teknillinen yliopisto LUT

LUTin insinööritieteiden tiedekunta

Tuotantotalous

Olavi Sorvari

IT-palvelunhallinnan prosessitoimiston rakentaminen kohdeyrityksessä

Tuotantotalouden diplomityö

2023

74 sivua, 6 kuvaa ja 4 taulukkoa

Tarkastaja(t): Tutkijaopettaja Marita Rautiainen ja Tutkijatohtori Noora Heino

Avainsanat: IT-palvelunhallinta, ITSM, prosessitoimisto, organisaatiomuutokset, prosessijohtaminen

Tämän tutkimuksen aiheena on IT-palvelunhallinnan prosessitoimiston rakentaminen kohdeyrityksessä, ja se toteutettiin vuoden 2023 aikana.

IT-palvelunhallinta on merkittävä laadullinen tekijä IT-palveluita tuottavien tai laajasti hyödyntävien yritysten toiminnassa, ja IT-palvelunhallinnan prosessijohtamisella on suuri merkitys sekä tuotannon laadun varmistamisessa, palveluiden kehittämisessä ja liiketoiminnan jatkuvuudessa. Usein laadukas IT-palvelunhallinta nähdään myös kilpailutekijänä asiakasyritysten ja kumppaneiden toimesta.

Kohdeyritys on suomalainen IT-palvelutuottaja, joka tuottaa erilaisia IT-ulkoistuspalveluita asiakkailleen. Asiakkaat ovat tyypillisesti keskisuuria tai suuria yrityksiä Suomesta tai Pohjois-Euroopasta.

Organisaatiomuutos IT-palvelunhallinnan prosessifunktion perustamiseksi johdettiin projektinhallinnan kaltaisilla malleilla, vaikka varsinaisesti kyseessä ei ollutkaan projekti. Tutkimuksellisesti organisaatiomuutosta tarkasteltiin useiden eri teoreettisten viitekehysten kautta, joista merkittävimmäksi muotoutuivat tutkimuksen tulosten rakenteellisena selkärankana oleva organisatorinen muutosnarratiivi, organisaation muutosten johtamisen teoria, IT-palvelunhallinnan kehittämisen parhaat käytänteet sekä projektinhallinnan parhaat käytänteet.

Projektinomaisesti johdettu organisaatiomuutos toteutettiin tavoitemäärittelyn, suunnittelun, toteutuksen, lopetuksen ja arvioinnin mukaisissa vaiheissa. Alkuvaiheessa määritellyt suuntaviivat tarkentuivat myöhempien uusien tietojen myötä, mutta suunnitteluvaiheessa tietoa oli riittävästi laadukkaan organisaatiomuutoksen toteutusvaiheen saavuttamiseksi.

Lopputuloksena varsinaisessa muutoksessa olivat organisaatioon luodut uudet prosessijohtamista tukevat rakenteet, perustettu prosessitoimisto, uudet roolit ja vastuut sekä rooleissa toimivien henkilöiden kyvykkyyksien määrity.

Tutkimuksen kannalta olennaisia löydöksiä ovat resursoinnin merkitys prosessijohtamisessa, prosessien ja vaadittavien kyvykkyyksien riippuvuudet, organisaatiomuutosten laadukkaan lopputuloksen riippuvuus yksilöiden mukaan ottamisesta ja organisaatiokulttuurin huomioimisesta, sekä muutosjohtamisen merkitys organisaatiomuutoksissa ja uusien toimintamallien jalkauttamisessa.

Organisaatiomuutoksen lopputulokset nähtiin kohdeyrityksessä suotuisina ja onnistuneina. Tutkimus tukee aiempia tunnistettuja päätelmiä siinä, että yksilöiden tarpeiden ja ominaisuuksien huomioiminen on ensiarvoisen tärkeää organisaatiomuutoksessa, IT-palvelunhallinnan prosessijohtaminen vaatii toimintansa tueksi monenlaisia rakenteita organisaatiossa, johdon sitoutuminen muutokseen ja ylimmän johdon mukaan ottaminen edesauttaa muutoksen onnistumista, sekä projektinhallinnan käytänteet ovat tärkeitä projektiluontoisessa tekemisessä.

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1 Introduction

The current paradigm is the IT organizations shift from technology-focused towards a more service-oriented view. This requires conscious efforts from organizations, and to succeed, one required element is to provide process owners with adequate resources and support. (Tan et. al., 2007) The transition towards more service-oriented IT delivery organization was the single most visible challenge in Case Company, which eventually lead to the execution of the research covered in this report. The development to become more service-oriented has been globally visible for some time, in several different industries and businesses (Kindström, 2010)

Process implementation is not achievable solely through best practices, but instead an organization must pay attention to roles and responsibilities in order to align ITSM process efforts with organization's strategy. The complexity of organization's needs requires IT management roles which have the authority and capability to customize and develop processes further. (Kardan & Akbarnejad, 2014) The role enforcing and clarification for ITSM process ownership are part of a larger re-design of roles, since when appointing and resourcing individuals to perform process ownership activities, the organization simultaneously appoints the related responsibilities clearly to process owners, leaving more time for other individuals to focus on their core responsibilities. This supports also the corrective measures for another identified challenge; service development has often been missing clear roles as well (Kindström, 2010).

IT transformations, including functions, are a global phenomenon in different sized organizations and industries. IT management is also subject to transformations. Organizational characteristics affect the adoption of best practices, and end results are varying. The focus commonly in these transformations is in the adoption of operational processes instead of the tactical or strategic levels. It is eminent, that the adoption of standards throughout whole organization in providing IT services is critical for effective and business-aligned IT service production. (Marrone et. al., 2014)

The Case Company was facing a critical need to renew its process ownership and to standardize their IT operations alongside modernizing their ITSM structures and other ways of working. This case study describes that transformation, from planning, through implementation to evaluation, taking best practices and organizational development into consideration in each phase.

This report consists of theoretical framework, research methodology and data analysis description, case study environment introduction, organizational change narrative description and conclusions. The following chapters will describe in detail the selected theoretical frameworks and the motivation behind the selection, including the theory behind the method of conducting this research. The research methodology, data collection and analysis methods are described and the motivation behind selecting these exact methodologies is provided. The organizational change narrative section contains the whole transformation journey which the Case Company was subject to, aligned in the structural and content related requirements of the used research methodology. The end results are also evaluated using theoretical frameworks as the basis for quality evaluation regarding the results and the transformation itself.

Conclusions are made based on the initial assumptions aligned with the new information obtained during the transformation, which naturally means that during the transformation, the goalposts of the transformation were dynamic and moving, based on the best assumptions available at the time. Conclusions also show the findings in organization culture and psychology affecting organizational development. However, those are not in the scope of the theoretical framework, which means that the threshold for identifying these notable findings were based on the personal interests and non-professional capabilities of the researcher.

In a nutshell, this report describes a transformation where an IT service provider is taking its vital steps to move from being technology-oriented towards being more service oriented,

using a “bottom-up" approach (Keel et. al., 2007) where technologies, tools and tasks have been in the focus of service delivery in the past, and eventually ITSM processes, services and business processes will be at the focus of the attention.

1.1 Objectives and limitations

The objective of this report is to provide an accurate and academically backed understanding of the transformation that the Case Company was subjected to, with respect to the different aspects that need to be considered when performing actions in a complex organizational and business environment.

The research was conducted to ensure maximized value for the organization in the defined transformation scope, with minimal disruption for the well-being, motivation and comfort of the employees, as well as for the business. The theoretical framework used in this report, as well as the concrete ways of working and methodologies that were followed in the transformation were also selected with these values in mind.

There are some ITSM technical elements described in the report, but the main purpose is not to provide accurate information on how process owners should work, or what is a good ITSM process, but instead to describe topics such as what enables efficient process ownership, how transformations should be seen and managed and what needs to be considered when planning a transformation of this size.

The sections where ITSM terms are used, and where process technicalities are included and described in more detail, are selected to provide context and examples of the topics that were discussed during the transformation for a reader who may be inexperienced in the ITSM area.

As stated, the stakeholders and their needs were at the center of the transformation planning and implementation, and therefore they are very visible in the report as well.

Detailed descriptions of interviews, proposals, decisions or individual opinions are on purpose left out, and the level of detail is aligned to provide enough understanding of the situation, but not enough for the individuals involved to feel uncomfortable.

As described later, the transformation was considered a project, even though it was not officially recognized as one in the Case Company. Therefore, the value-related elements of the "project" are described, and the success of the transformation is evaluated partially as project would be, but normal project management details, project management processes and other related topics and structures are left out intentionally.

Dua to the context described in the previous chapters, the research question of this study can be seen an "How to establish process ownership structures in an organization, and how to involve individuals in the transformation, in order to achieve permanent results?"

1.2 Case study execution

Ther research conducted was a qualitative study. The data collection was based on interviews and focus group work, in addition to document reviews and observations. The data analysis was based on the organizational change narrative and document analysis.

As mentioned, the main method for analysis was an organizational change narrative. The phases of the method are writing the opening story, description of the context of the study, creating the progression story, gathering reports, writing the change narrative, description of the change process.

It should be noted that in the method as it is described, there is a additional phase for "Negotiation of change narrative" before the last phase, where the narrative is reviewed and commented by the individuals that participated in its creation (Laitinen, 2004). Unfortunately, due to the timing of this study, the individuals were unavailable for negotiation since the researcher's access to the organization had reached its conclusion.

The theory and more detailed motivation for organizational change narrative is described in detail in the chapter "Methodology" of this study.

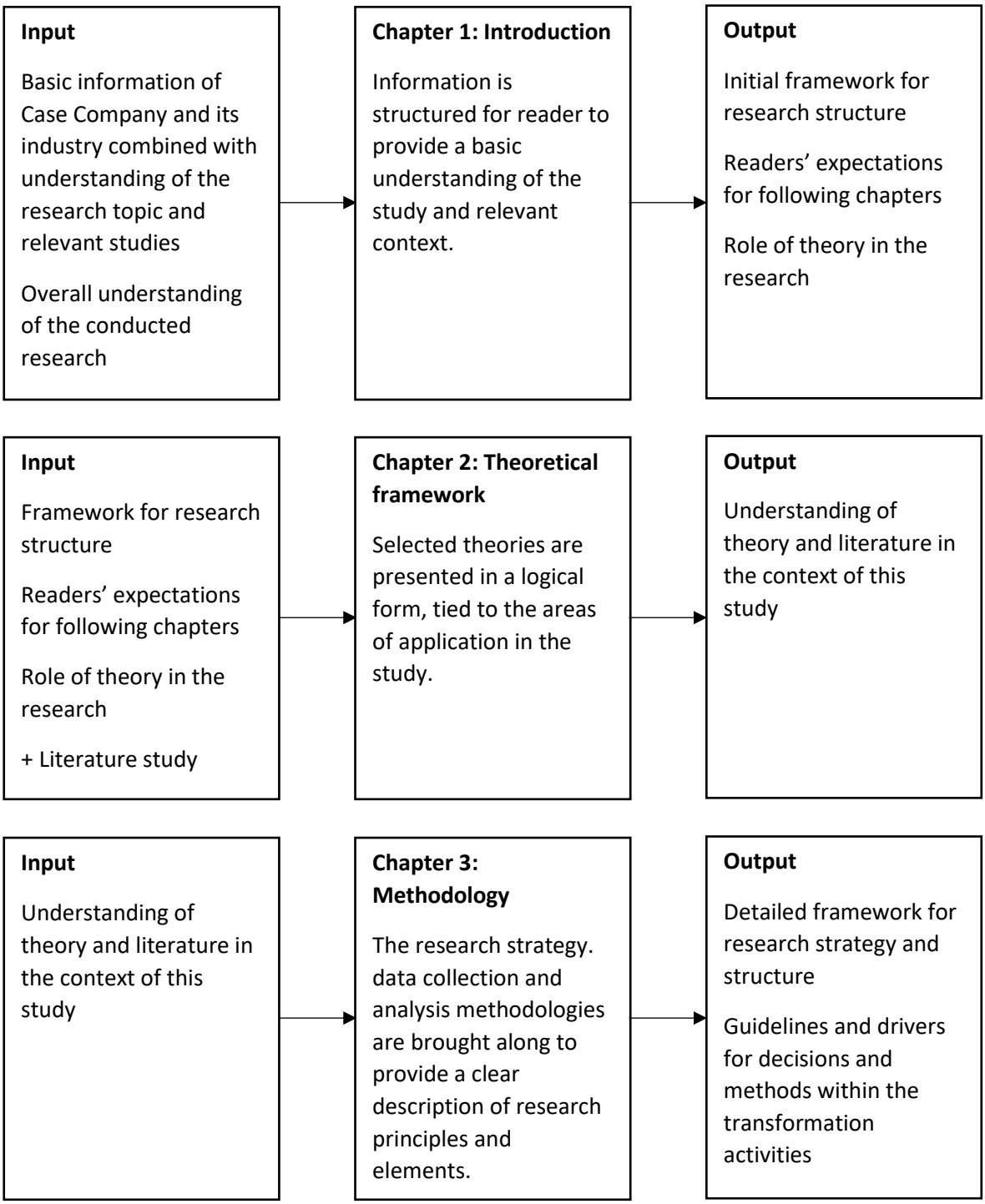
The beginning of this study took place at a time when Case Company identified that actions need to be taken, but the nature of those actions were still not known. During the period the study was conducted, the activities and changes forming the content of the transformation were identified, the transformation was planned and executed, several different changes to organization and structures were implemented and the "facilitating and developing capability" -phase (Băeșu & Bejinaru, 2013), i.e., the final phase of organizational change from leadership perspective took place for approximately one month period. This means that the evaluation of the long-lasting changes and other findings related to the stability of the newly formed organizational structure were performed based on relatively short period of time.

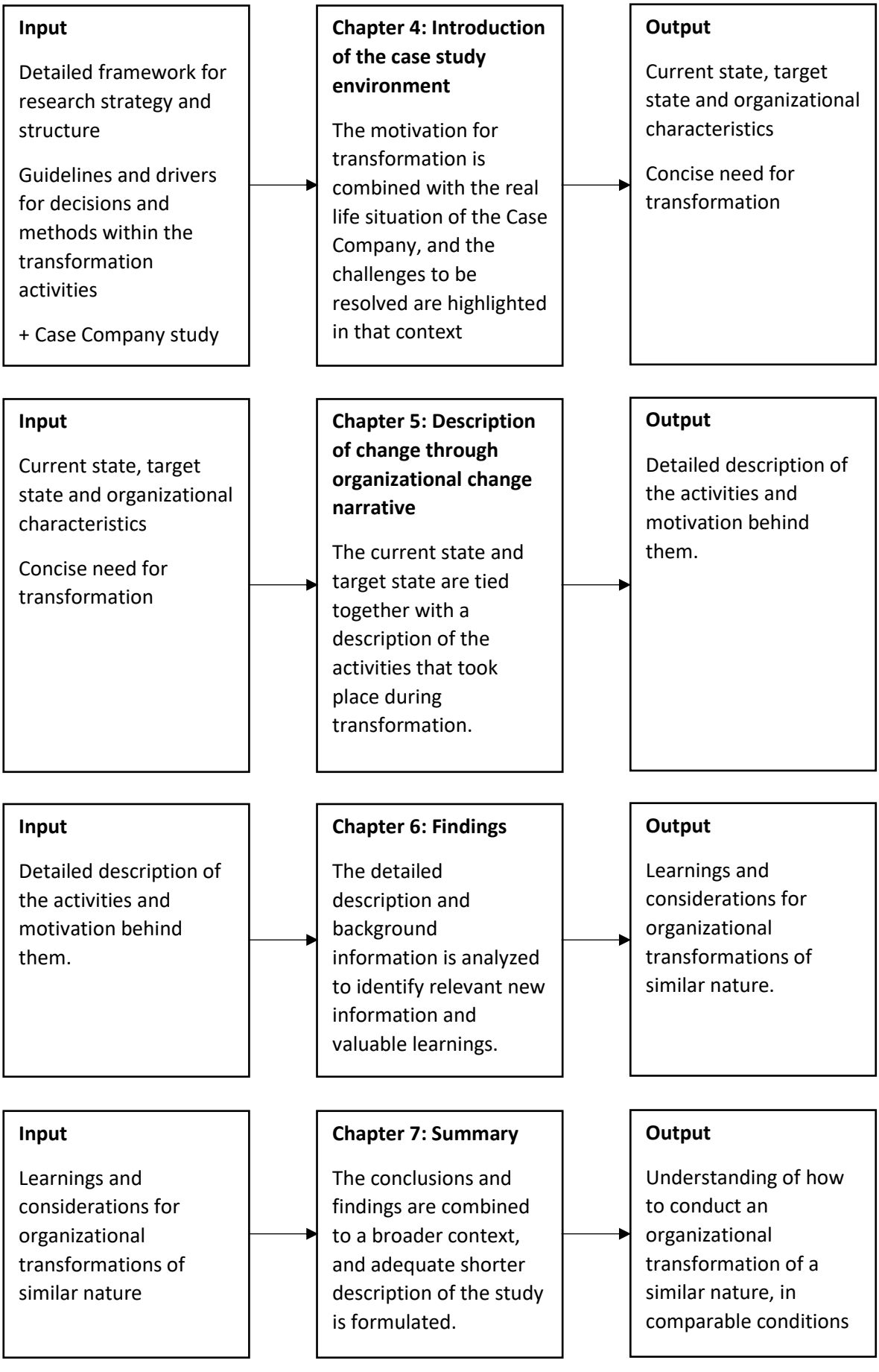
1.3 Structure of the report

The structure of this report is quite linear, starting from case study background, presenting the theoretical framework used, describing the actual change narrative and proceeding to the findings and conclusions. One should however notice, that due to the use of the methodology organizational change narrative, the concrete value this study provides may be present in the actual content of the narrative, as well as in the conclusions, which are providing additional viewpoints and interpretations to the narrative and other areas of this report.

Below is a input/output chart describing the report structure and the refinement of information.

Table 1. Input/output chart of the study




Input
Detailed framework for research strategy and structure
Guidelines and drivers for decisions and methods within the transformation activities
+ Case Company study
Chapter 4: Introduction of the case study environment
The motivation for transformation is combined with the real life situation of the Case Company, and the challenges to be resolved are highlighted in that context
Output
Current state, target state and organizational characteristics
Concise need for transformation
Input
Current state, target state and organizational characteristics
Concise need for transformation
Chapter 5: Description of change through organizational change narrative
The current state and target state are tied together with a description of the activities that took place during transformation.
Output
Detailed description of the activities and motivation behind them.
Input
Detailed description of the activities and motivation behind them.
Chapter 6: Findings
The detailed description and background information is analyzed to identify relevant new information and valuable learnings.
Output
Learnings and considerations for organizational transformations of similar nature.
Input
Learnings and considerations for organizational transformations of similar nature
Chapter 7: Summary
The conclusions and findings are combined to a broader context, and adequate shorter description of the study is formulated.
Output
Understanding of how to conduct an organizational transformation of a similar nature, in comparable conditions

2 Theoretical framework

The theoretical framework used in this case study consists of several levels.

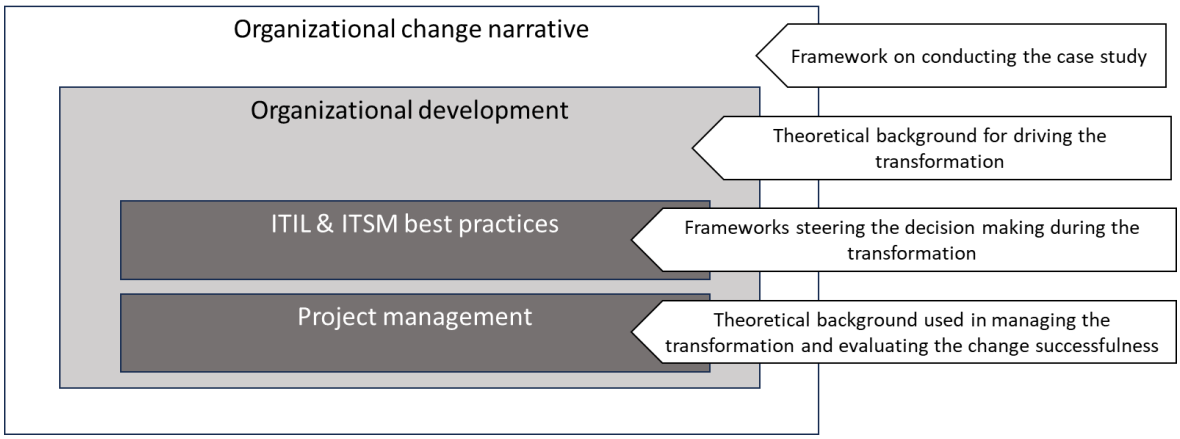


Figure 1. Theoretical framework

2.1 Organizational development

Since the Case Company had already established its organization with defined roles and responsibilities, it was important to involve individuals in planning the new organization and the process function. The existing process owners were especially involved and heard during the planning phase.

The beginning of a successful organizational development, from the perspective of "diagnostic mindset" is dependent on successful diagnosis of organizational current state. The diagnosis provides understanding of actual concerns and problems that exist within the organization. (Bushe & Marshak, 2016)

Second key element that needs to be incorporated to enable successful change, is the understanding that there is a "social field of forces", which either promote or resist the change. Resisting forces can be reduced by participation in decision making (Bushe &

Marshak, 2016). Since the promoters can already be utilized in aiding the successful change, planning should be more focused on the resisting parties.

To involve individuals in decision making, one should respect democratic and humanistic values, and understand the need for a collective learning process. Good methods for this are small groups participating in facilitated research processes, and the participating individuals should be those that are impacted by the change. (Bushe & Marshak, 2016)

A third core element in diagnostic mindset emphasizes the need for alignment of organizational elements, such as mission, strategy, structure etc. (Bushe & Marshak, 2016). The change described in this document is affecting structure, leadership and culture, not so much strategy or mission.

In addition to the more traditional "diagnostic mindset", a more modern "dialogic mindset" provides additional premises, that have been recognized and respected when planning and implementing the organizational change. The key premises are described as follows:

1. Reality and relationships are socially constructed.
    - There exists no single objective reality, but instead several diverse voices and actors need to be recognized and encaged.
2. Organizations are meaning-making systems.
    - Reality and truth are continuously created and re-created, activities in organizations are more influenced by the way individuals interact and make meaning, instead of objectively external factors and forces
3. Language, broadly defined, matters.
    - Change is achieved and sustained by changing the meaning of symbols and words, and by defining what symbols and words are used.
4. Creating change requires changing conversations.

- The social construction of reality is defined by the daily communication between individuals. Affecting the structures that allow dialogue, conversation topics and enabling creation from conversations leads to action.

5. Structure participative inquiry and engagement to increase differentiation before seeking coherence.
    - Involving individuals in decision-making needs to maximize diversity and bring forward several perspectives and motivations, thus allowing convergences and coherence to emerge.
6. Groups and organizations are continuously self-organizing.
    - Organizations need to be viewed as continuously developing and changing systems, which cannot be stopped.
7. Transformational change is more emergent than planned.
    - Transformation holds an intention, and the outcome is always more or less unknown.
8. Consultants are a part of the process, not apart from the process.
    - When somebody is driving and enabling a change, they are affecting the outcome just by their presence. (Bushe & Marshak, 2016)

How the referred list above is considered in the change planning and implementation, is described later in this document.

During an organizational change, it is notable to mention that, among several of the mentioned factors, the “meaning-making machine” nature of an organization, mentioned in the list above, is a complex topic which would deserve more research also as a standalone topic. It can however be elaborated as a bi-fold phenomenon, where especially discursive practices are involved in an organizational change through discourse phronesis, and the fact that there may be several different discursive practices within the same organization when undergoing an organizational change. (Jansson, 2014)

Changes most commonly fail due to employee resistance (Lauer, 2021). Although there are many types of resistance, in an organizational change such as the one being planned and implemented in Case Company, this cannot be overlooked. Dialogical mindset (Bushe & Marshak, 2016) is a good framework in mitigating the risk of employee resistance affecting results.

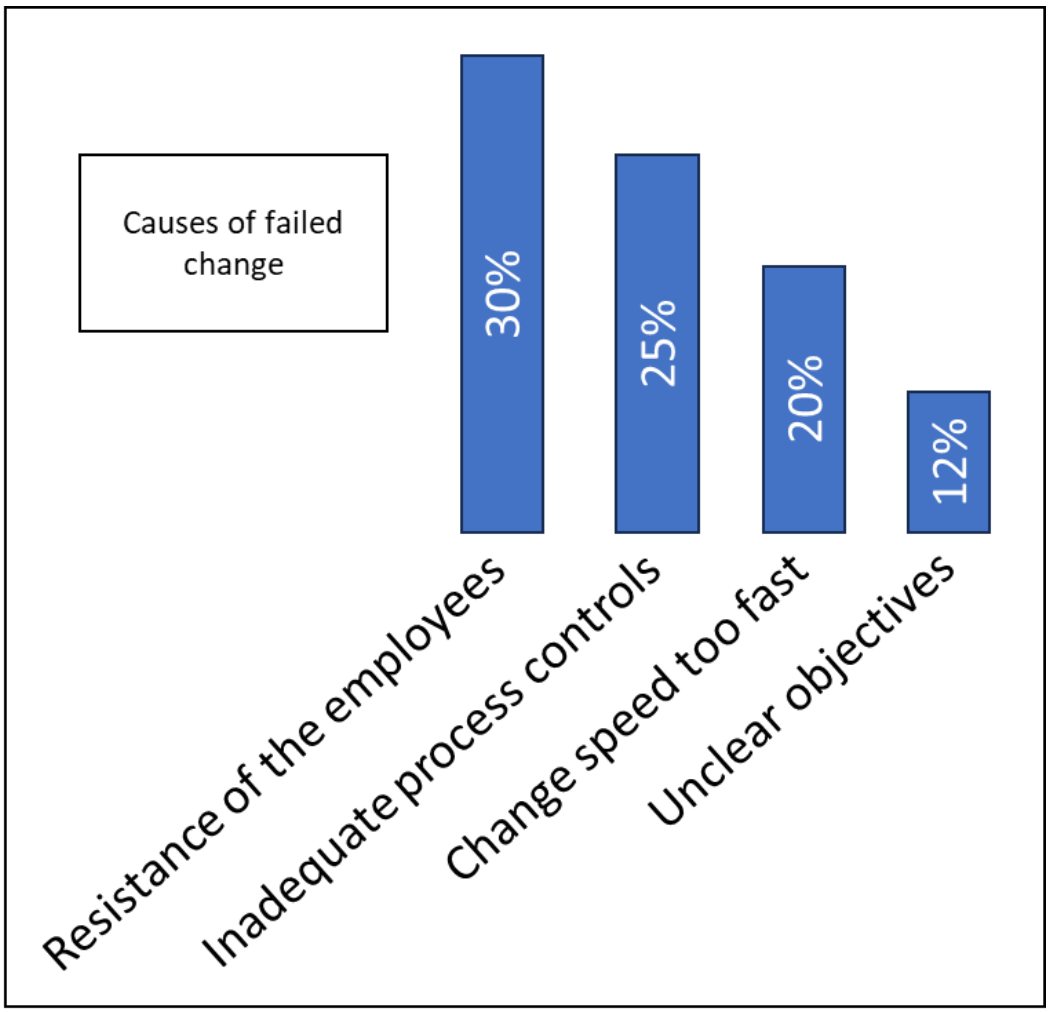


Figure 2. Causes of failed change (Lauer, 2021)

2.2 ITIL & ITSM best practices

Since organizations are relying more and more on technology, there are also management methodologies aimed at managing technologies, and separate technologies for managing business-providing technologies. Some definitions are required for clarity.

ITIL is globally accepted as the best practice framework for IT Service management. It is a very extensive collection of information, and therefore, it cannot be covered in full in this report. However, to describe the essential substance best practices, there are some higher-level views described in ITIL without going too much detail into the process specifics.

IT service management or ITSM is “the practice of planning, implementing, managing and optimizing information technology services to meet the needs of end users and help organizations achieve their business goals.” (IBM, 2023)

Modern day IT needs also technology for managing different types of activities. “IT Service Management (ITSM) tools enable IT operations organizations, specifically infrastructure and operations (I&O) managers, to better support the production environment. ITSM tools facilitate the tasks and workflows associated with the management and delivery of quality IT services.” (Gartner, 2023)

These topics form the IT service delivery backbone which are at the core of the Case Company value provision for their customers. In a way, the transformation described in this report is creating value through the improvement of these elements.

2.2.1 ITIL Framework

There are seven guiding principles, and they are described below.

First principle is “Focus on value”. It means that the activities conducted by any organization should link back to the value provided for different stakeholders.

Second principle is described as “Start where you are”. To improve the current state, one should not discard what has been built before, but instead the current state should be investigated to identify opportunities that would reuse existing practices.

Third principle is “Progress iteratively with feedback”. It means that work should be organized into smaller manageable sections which can be completed within an agreed schedule, and larger entities are consisting of the smaller sections and they are performed iteratively.

Fourth principle is “Collaborate and promote visibility”. The fourth principle means that the right individuals must be involved in right activities, and engagement must be enabled in an appropriate manner.

“Think and work holistically” is the fifth principle. The activities of an organization must be focused on the delivery of value, and there usually are no standalone activities. There are several dimensions which participate in service delivery, and the end-to-end approach needs to be respected.

Sixth principle is “Keep it simple and practical”. In practice, one should aim to perform a minimum number of steps to reach an objective. Solutions should be practical and unnecessary elements and steps need to be eliminated.

Seventh and final principle is “Optimize and automate”. Optimization and automation maximize the value of work, which is carried out by human and technical resources. (Axelos, 2019)

2.2.2 ITSM

There are concrete proposals on preparing the organization for efficient and standardized IT Service management and to the change that is leading the organization towards the target state. (Esposito et. al., 2013)

Transformation

To nurture the change, the organization must have proper awareness training and education. Even those individuals that are not directly involved in executing the change, need to be aware of what the transformation is about. This covers also common lexicon, context and rationale behind the transformation, and promoting active participation and dialogue. (Esposito et. al., 2013)

The understanding of the current service offerings is a key to identify the direction where the change should be taking the organization. To obtain understanding of the current service offerings, the organization must identify the types of activities where the staff is engaged, and the amount of time used for different activities. Additionally, the efficiency of activities needs to be understood, which may be complicated especially if activities are non-measurable. (Esposito et. al., 2013)

The activities where staff is engaged and the time and efficiency regarding said activities can be understood thoroughly only if the organization deepens the understanding towards more detailed level. The detailed understanding starts with understanding the resourcing needs and reviewing all existing service delivery documentation. Through this basic analysis, the organization needs to identify and engage stakeholders from key functional areas and agree on process workflows. Current state assessment needs to be standardized as well. Eventually, workshops for building understanding can be planned and facilitated, and the results are discussed with the business. (Esposito et. al., 2013)

In addition to the previous, the creation of logical cost categorization schema to understand the cost structure of service delivery is also proposed (Esposito et. al., 2013). However, due to the nature of the Case Company core business, this was not included in the work, thus it is also not covered in the theoretical framework of this report.

Validation

To validate which parts of the current delivery model are viable and which are to be developed, several key stakeholders need to be engaged in the transformation. The groups mentioned are firstly business management, secondly process owners, product managers and finance, and thirdly customers, end-users and technical staff. (Esposito et. al., 2013)

All of the stakeholders are included in facilitated discussions, to participate in assessing the current services and how they are impacting business operations. The services and value components are categorized from essential, to value-added and finally to marginal. (Esposito et. al., 2013)

Steering

An ITSM steering committee is recognized as the single most important component in designing and implementing the renewed service management model. The members will facilitate and enforce the standardized service and process design, testing and deployment. (Esposito et. al., 2013)

The topics under ITSM steering committee's authority are extensive. The role of ITSM steering committee consists of ensuring cross-organizational representation, from Finance to Operations. Additionally the committee defines and communicate the committee's responsibilities, scope and objectives and plans and implements procedural operations of the committee. In practice, the committee defines procedures for exception requests, non-concurrence, decision escalation and other similar items, communicates all decisions to relevant staff and leadership, defines and enforces service and process standards and resolves

conflicts between ITSM functions and roles. Additionally, the ITSM steering committee enables service and process improvement opportunities through prioritizing, funding and orchestrating, establishes a timeframe for completion and defines set of deliverables and plans and implements periodic evaluation model for committees performance. (Esposito et. al., 2013)

Target state

As the organization's strategy has been defined and communicated by the Board and CEO's vision statements and long-term goals, all activities should be able to be linked to the strategy. However, the detailed planning for the target state needs to be completed before any actions are taken. The conclusion of the authors is that in order to reach a concrete target state definition, one needs to be able to accomplish a vide variety of responsibilities. Firstly, the organization needs to communicate company's vision and mission statements and list the strategic goals of the organization. Once those are accomplished, the organization creates an organizational strategic plan that includes the ITSM transformation and defines objectives that are specific, measurable, achievable, realistic and scheduled. Naturally, tasks are identified to achieve the objectives. The task identification is followed by detail interactions and relationships of the target state through an IT ecosystem creation.

The target state is depending on the ITSM system development and suitability. Therefore, it is crucial to ensure that ITSM system can effectively support service delivery and agreed SLAs, achieve compliance with architectural policies, principles and guidelines and hold defined interfaces and integration points for people, processes, tools and information. (Esposito et. al., 2013)

The authors also provide instructions to creating IT Strategic and Tactical plans, defining organizational roles and responsibilities, development standardization and other topics such as process planning, but they are not included in the scope of this case study, and therefore they are left out from the theoretical framework of this report.

Governance

For all major ITSM related development, one needs to evaluate and develop the governance model as well. There are three important activities to consider when governing IT are “direct”, “evaluate” and “monitor”. (Clifford, 2016)

Direct means that strategy and policies for service provision needs to be in place. Evaluate is the assessment of proposals and plans from service providers. Monitoring aims to assess service performance and conformance to documented expectations. (Clifford, 2016)

The topic of governance is very broad, and it is recognized as an integral part of this case study. It depends on organizational characteristics and is heavily varying between organizations. It was not the focus of this work, but instead one of the implemented areas. Therefore, the governance substance related theory is not very relevant, and is left out from the report. The three important activities, however, are respected in the transformation and described in required level in the following chapters.

2.3 Project management

Even though the transformation described in this report is not an official project, this chapter provides the theoretical framework supporting the statement that it was by nature a project and was managed as one.

Project Management Body of Knowledge (PMBOK) is a widely recognized standard for managing projects. The projects in scope are not limited by the organization’s industry, size or the nature of the project. Project management processes, tools and techniques to manage a project towards successful outcome are described in the standard. (Project Management Institute, 2008)

Project is a temporary endeavour undertaken to create a unique product, service, or result. A specific example is “Effecting a change in the structure, staffing, or style of an organization.” (Project Management Institute, 2008)

Project management best practices identify 5 different process groups, which contain all 42 project management processes. All project management processes will not be described here, but the process groups are defined as:

1. Initiating – Processes which are performed to define a new project or a new phase in an existing project
2. Planning – Processes which are required when establishing a scope for the project, refining objectives and defining the course of action
3. Executing – Processes performed for to complete the defined work
4. Monitoring & Controlling – Tracking, reviewing and regulating projects progress and performance
5. Closing – Processes required to formally close a project or a phase. (Project management institute, 2008)

Project management process groups are all represented for their relevant parts throughout the whole lifecycle of the project. The lifecycle of a project consists of several phases, which can be named quite descriptive as:

1. Conceptualize and initialize – A clear goal is defined for the project
2. Develop project charter and plan – Objectives, resources and controls are planned for the project
3. Execute and control project – Design, development and delivery of project’s result
4. Close project – Work is completed as agreed by the team, sponsor and other stakeholders
5. Evaluate project success – Project is evaluated based on whether the defined project’s goal was achieved (Marchewka, 2012)

The illustration below highlights the repeatability of the process groups in every lifecycle phase.

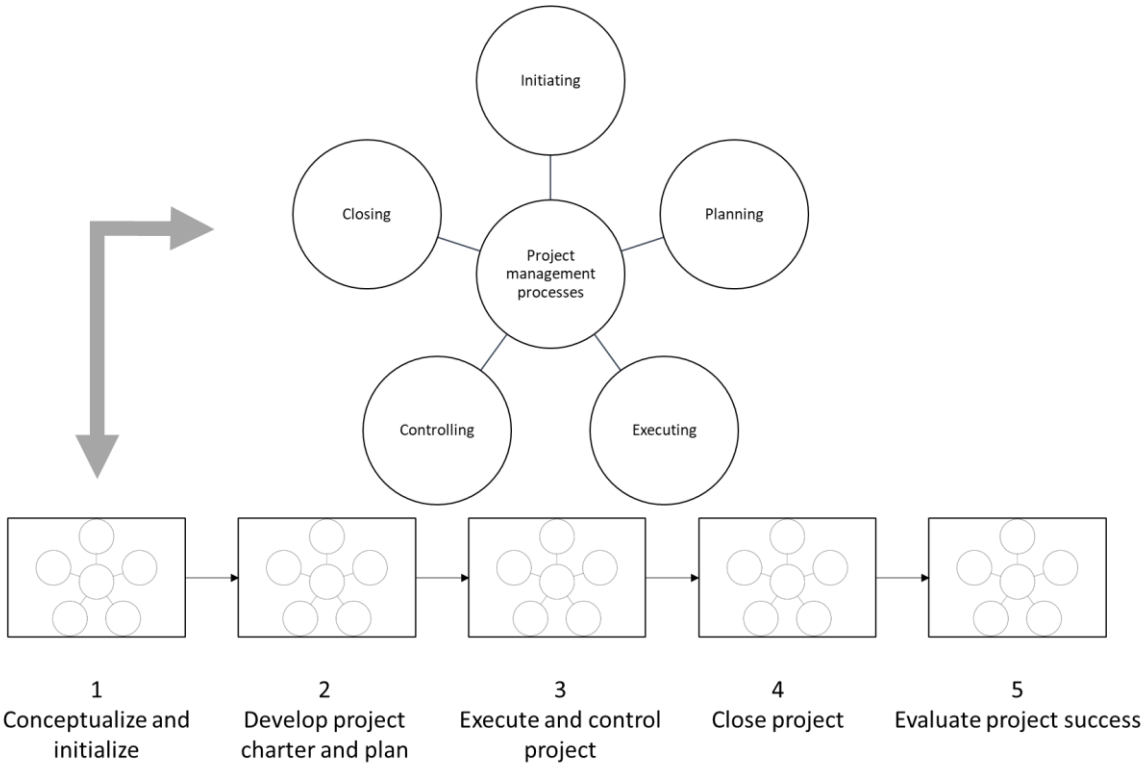


Figure 3. Project process groups and lifecycle (Marchewka, 2012)

The process groups will not be described in this report in detail. Also, the lifecycle phases will not be covered through theory but instead only as part of the empirical chapters of this report. The reason for including them in this theoretical framework is solely to provide a basis on the decision to treat the transformation as a project. How the process groups and lifecycle phases were represented in the transformation will be described later in this report. The only exception for this is the project success evaluation, which is covered in more detail also from theoretical standpoint in the next section, because it affected the whole relevancy of this research.

2.3.1 Project successfulness evaluation

Since the transformation was indeed similar to a project, and regardless of the fact that it was not officially projectized in the Case Company, it certainly can be measured as one. The transformations suitable characteristics that allow evaluation as a project are described elsewhere in this report, but the basis for evaluation can and should be based on theories. If the defined target state is interpreted to deliver projects measurable organizational value (MOV), the project success can be also evaluated through whether that added value was achieved.

Project MOV should be defined in the beginning of the project. Project defines its measure of success, and aligns with organizations mission, vision and strategy to deliver real value.

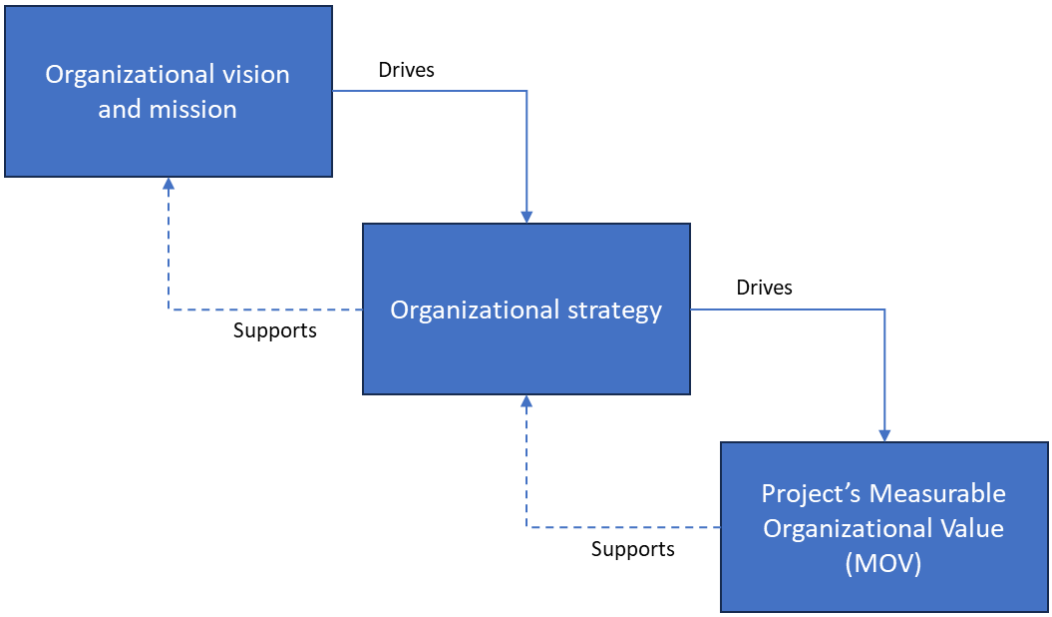


Figure 4. Project alignment (Marchewka, 2012)

There are requirements for MOV. In a nutshell, MOV must be measurable. Additionally, there is no MOV if project does not provide value. The MOV must also be agreed upon by stakeholders and it needs to be verifiable, and must be verified at the end of the project (Marchewka, 2012)

Even with the guidelines above, the definition of MOV is not necessarily simple. The definition of value is not necessarily simple. In project context, it can also include external actors, and be defined in a way it also contains the strategic objectives of the contractor, not just the customers. (Kerzner & Saladis, 2009)

To define the MOV, one should consider incorporating six different phases into the thought-process. Firstly one needs to perform identification of the desired area of impact. Secondly there needs to be determination of the desired value of the project, and thirdly a development of an appropriate metric must be considered. Fourth phase is setting a time frame for achieving the MOV. Last two phases are verification of MOV by stakeholders and summarization of MOV in a clear statement. (Marchewka, 2012)

Project success evaluation can be conducted by several people, since the view can vary regarding the type of stakeholder the evaluator is. The review should however focus on two questions:

1. Was the MOV achieved?
2. Is the sponsor satisfied? (Marchewka, 2012)

The use of stakeholders to evaluate project success is reasonable from the perspective that value often is something what the customer perceives to be worth paying for. (Kerzned & Saladis, 2009)

3 Methodology

This chapter describes and outlines the approach and techniques used in conducting the research. In a nutshell, this research adopts a qualitative approach through an descriptive case study, where the used methodologies are a combination of organizational change narrative, focus groups, interviews, document analysis and secondary data analysis.

3.1 Research strategy

This research adopts a qualitative approach (Hesse-Biber, 2010) through a descriptive case study (Tellis, 1997), where the used methodologies are a combination of focus groups, interviews, document reviews and observations as data collection methodologies, and organizational change narrative and document analysis as data analysis methodologies.

The research process contained a also literature review, where existing research and information was used to provide context, to develop a theoretical framework which guided the research, to provide methodological insights and to justify the importance of the research and the decisions made during the process. (Knopf, 2006)

Since the research question is “How to establish process ownership structures in an organization, and how to involve individuals in the transformation, in order to achieve permanent results?”, the study aims to provide a detailed description of the case with limited ambitions for broader description of the related phenomenon. The characteristics, events and context of the case are described in detail, but the broader connections to a larger issue are handled only through the findings of this single case. The involvement of individuals however provides information that can be applied to similar transformations in other organizations.

This design is suitable for the research due to the nature of the transformation. As the way of working was similar to a project, focus groups were identified naturally and their participation was clear for all stakeholders even before the transformation was detailly planned. Interviews were another natural way of collecting data, since the researcher entry to the organization required onboarding, and the researcher was in a position where individuals were required to share their insights of different topics.

Document analysis was selected as a method due to researchers role and the nature of the transformation topic, and documentation was easily available and accessible for the researcher. Use of documentation was also evaluated as part of the study, so the content of the documentation was a good source for data, but the existence or lack of documentation was a important finding by itself.

The secondary data analysis was selected due to the large amount of data available created by the existing ITSM system, and it was used to provide insight into the decisions about process ownership motivation, needs and adjustments.

Sampling was conducted as a purposive sampling, meaning in this case that the individuals for interviews and focus groups were selected based on their role in the organization and their professional capabilities. A broader audience was involved from information sharing perspective, but for data collection, the sample size was controlled. The individuals in interviews and focus groups are described in more detail in the following chapter.

3.2 Data collection

As mentioned in previous chapter, the data collection methods were focus groups, interviews, document reviews and observations.

The focus groups were either process related, managerial, service related or ITSM tool related. Process related focus groups consisted of 4-6 process owners and the ITSM tool owner. Managerial focus groups consisted of 2-4 team leads and 2-3 department heads. Service related focus groups consisted of team lead, 2-4 specialists and a service owner. ITSM tool related focus group consisted of ITSM project manager, ITSM tool owner and 2-4 technical specialists.

The focus group based data collection was initiated by scheduling of workshops by the researched. The group members received the invitation two weeks before the meeting, and the agenda was shared as part of the meeting invitation. Workshop duration was 2 hours, and there were 2-4 workshops per focus group.

The focus group workshop was facilitated by the researcher, and facilitation material was prepared as a powerpoint file by the researched. The opinions, feedback, suggestions and gathered data was documented to powerpoint and excel files in a descriptive way, as a combination of written descriptions and illustrations. The selected file formats were used due to their ease-of-use, as well as for their capability in using the documentation later on to describe the workshop-created data for other stakeholders.

The procedure for the data-collection was question and topic based, where researcher had prepared the agenda and related facilitation material distributed in to topics, which were divided in to sub-topics and actual questions. All participants had their turn to share their information and ideas, and the documented data was reviewed and approved by all participants at the end of the workshop or at the beginning of the next workshop, if there was another workshop for the same topic. Workshops were held via Microsoft Teams, without cameras as an audio-only.

Interviews were conducted 1-to-1 and initiated by a Microsoft Teams invitation sent by the researched. The individuals interviewed were 6 process owners, ITSM tool owner, 4 service owners, COO, ITSM project manager, service desk manager and 4 technical specialists.

Calendar invitations for the interviews contained the interview subject, but no detailed agenda. The researched had prepared a questionnaire beforehand, which was covered verbally in the interview. Information provided by the interviewees were documented to powerpoint and excel files as a written descriptions and illustrations. Cameras were used at some interviews, but majority of them were conducted as audio-only. The data provided by the interviewees and the documentation was not reviewed and approved by the interviewees, but instead researchers professional capabilities were the sole-responsible for ensuring data quality.

Document reviews were in a key position to obtain a clear view of the Case Company current state, which is the reason it was conducted in the beginning of the study. The information was not used to support the research or to have an actual effect on the conclusions, but to provide understanding of the activities that need to be undertaken in order to achieve successful transition in the Case Company. However, as part of the study, and especially on the context of the organizational change narrative, this data collection method was a key element.

Documents were accessed through cloud-based document repository solutions, and they were part of the organizations process management model mandatory deliverables. Researcher reviewed the documentation and took notes, but the information contained within those documents was not refined nor was it modified for academic purposes. The researcher utilized the information only in the context of the transformation planning, and the value of said documentation was realized through the professional capabilities of the researcher, not so much as a part of an academic endeavour.

Other observations, in a similar fashion as the document review, were conducted to support the concrete activities that were performed as part of the organizational transformation. Majority of the used data was IT service delivery related data directly exported from the

organizations ITSM system, and it was used to provide additional justification for the proposed development, as well as to guide the researcher in planning the activities.

The raw data used was refined to allow analysis, but the findings were documented in researcher's work documentation. Some findings from the data analysis were illustrated to powerpoint presentations, that were used to share information and to facilitate leadership decision making. The data analysis is seen as part of the observational data collection method, since the used data was an actual representation of individuals' activities in producing IT services, and the data was not handled in a scientifically accurate way, or as one could say, quantitatively.

3.3 Data analysis

As mentioned in the previous chapter, the data that was collected through focus groups and interviews was in descriptive text and illustrations in Powerpoint and Excel. Since the research was qualitative, the data contained information, individual opinions and views about current state of processes, challenges and observations in current environment and opinions and views about possible improvements and future processes, structures and management approaches.

The collected data was distributed thematically into separate lists depending on the nature of the data. Improvement proposals were distributed to process specific documents, structure and management approaches were combined and refined in to target state description, which was analyzed further to identify gaps between current and target state, leading to identification of the transformation activities to be undertaken. Secondary data was used to justify statements about processes' current state.

Improvement proposals were additionally categorized to “must have” and “optional” categories, and the most important ones were implemented during the transformation, and majority of the optional category proposals were logged in backlog for future evaluation.

Opinions and personal views were separated from more factual information, and they were kept as background information during the transformation, but not refined or analyzed further.

3.3.1 Organizational change narrative framework

Organizational change narrative is a story about what the organization has gone through in a specific change, such as a project. In addition to describing the events that took place, organizational change narrative also contains a description about how the individuals participating in the change have viewed and experienced the change. (Laitinen, 2004)

Organizational change narrative provides the change process description to the case study report, which is beneficial from academic standpoint. Often case studies do not cover the change process in detail, which dilutes the understanding the reader receives from the research. The use of organizational change narrative can also be justified by the increased credibility of the study. (Laitinen, 2004)

The phases of organizational change narrative with a description of activities can be found on the table below.

Table 2. Organizational change narrative phases (Laitinen, 2004)

Phase	Content

Writing the opening story	Describe how the researcher accesses the environment
Description of the context of the study	Describe the environment of the change
Creating the progression story	1. Collect material related to the change process 2. Select episodes from material 3. List episodes in chronological order
Gathering reports	1. Select key episodes 2. Gather reports from individuals that participated in episodes
Writing the change narrative	Progression description based on the episodes is corrected and focused with material from reports
Description of the change process	Begin with the opening story

The organizational change narrative starts with writing the opening story. The opening story describes how the researcher has accessed the environment where the change takes place and can be quite personified instead of clinical. The opening story also contains the role which the researcher accepts when approaching the subjects of the study. (Laitinen, 2004)

Next phase is the context of the study. The context describes the environment of the change process. In addition to the actual tangible environment, it is paramount to go through also the contextual and abstract environment, e.g. leading to description of changes affecting the customers, competition or legislature (Laitinen, 2004), or as in this report, organizational culture, structures and value creation.

After the context phase, a progression story is written describing the changes that will or already have happened. The creation of the progression story happens in phases; collection of material related to the change process, and collection of selected episodes organized in

chronological order. The progression story does not need to contain details, but it is merely a rough list of activities in a timeline. (Laitinen, 2004)

The material gathering in creating the progression story depends on the nature of the study. If the researcher is present in observing the change happening, the material can be collected in a more direct manner than in a scenario where the narrative is prepared after the change. (Laitinen, 2004) In this report, the researcher was present during the change process.

Following the progression story with the episodes, reports are gathered regarding the observations of individuals. In practice, in every episode, there is a interview, commentary or other researcher-observable content to enrich and provide individual perspective to the actual events that took place. (Laitinen, 2004)

Finally, the actual change narrative is created based on the progression description and the episodes, which are corrected and enriched with material from reports. (Laitinen, 2004)

In the organizational change narrative framework, the reports would be negotiated with the individuals that participated in the change. In practice this would mean review and commentary iteration, followed by a discussion. (Laitinen, 2004). This is, however, not possible in this study, as mentioned earlier.

The motivation behind selecting the organizational change narrative framework as the foundation of this report is the clarity it provides for the change process extending for a long period of time.

3.4 Evaluation of research quality

The data from interviews and focus groups was varying in quality. Since the topics discussed were relating to individuals' personal views on their own and colleagues' work, it was quite evident that there were high levels of personal characteristics affecting the data. Data analysis was not taking personal opinions and limitations into consideration, but the activities and overall transformation plans were conducted in a way that best practices and proven approaches were respected over individual views in cases where the best practices and individuals' proposals were clearly conflicting. The reliability of the data was good but affected by personal opinions.

The research design and used methodologies had several limitations. Since the research was a descriptive case study with a single case, and the topic of the research is highly organization specific, the data was used to identify best solutions for this specific case, and it most likely is not suitable for other organizations directly. It however provides a view on this specific case. The generalizability of the data and the whole research is limited, but the research conducted provides good information for other, more comparative case studies.

4 Introduction of the case study environment

This case study was conducted in Finland, partially as an external consulting assignment and partially as in-house development. There have been several similar transformations globally and locally, but each organization is different, and every business has its specific needs. Therefore, it is important to identify the characteristics of the Case Company which have an effect on the research.

4.1 Background and Case Company

The Case Company is a medium sized managed service provider originating in Finland. The company has over 300 employees and is operating mainly in Finland. The customer base consists of companies of different sizes and industries, from Finland and northern Europe.

Case Company provides various services to its customers, from traditional IT outsourcing such as service desk and end user computing, to capacity services, data center and network services. Most of the employees are technical experts.

4.1.1 Case Company current state

IT service management has been seen as a mandatory task, without realizing its potential in supporting the company's core business and acting as a commercial motivation towards potential customers instead of an optimized value delivering component.

Process ownership has been distributed to various parts of the organization, commonly to individuals who are already under heavy operational workload.

Due to strong process ownership missing, the process end-to-end expertise is also missing. Reporting is difficult because the personnel responsible for service production reporting are not experts regarding the processes.

Diluted process ownership, lack of process expertise and complex reporting causes management to be unable to have clear visibility in the daily operations, in all levels of management.

Naturally, KPIs and operational metrics cannot be defined clearly due to all previously mentioned. As KPIs are non-existent, setting goals for improvement regarding performance or quality are hard to define and implement.

4.1.2 Case Company target state

The organization wishes to move towards core ITMS process ownership centralization with good resourcing achieved through organizational changes. Establishing a process function, with a high performing process owner team.

The process owner team will focus on selected core processes, and other process's ownership and their leadership development will be achieved through new governance, structures and practices.

New structures also enable more efficient throughput of process development and ITSM system development initiatives through more focused and knowledgeable process owners.

It is also seen needed to allow supporting management-initiated target setting by providing a logical counterpart in performance and quality discussions, i.e., the process owner team.

This would allow understanding IT production through expertise and visibility, providing input for possible improvement areas.

For evaluation purposes, the value that the target state delivers which the current state is missing, is achieved through the activities that are undertaken to reach the projects MOV.

5 Description of change through organizational change narrative

The execution of the transformation was conducted as a combination of external and internal assignment, conducted by the same researcher in both situations. Often the organizational change narrative is written in 1st person, but to improve clarity for reader, all the stories and descriptions are written in this report in 3rd person.

5.1 Opening story

The researcher was familiarized with the Case Company through consulting assignment, with the scope of evaluating ITSM maturity and providing support for ITSM system implementation project, which is later referred to only as “ITSM project”. During the work, the researcher was employed by the organization, without any major changes in the roles and responsibilities.

In the initial consulting assignment, the researcher was invited to the ITSM project workshops and planning meetings, where the role of facilitator quite quickly was appointed to him. In addition to the ITSM project, the researcher conducted a series of interviews with key personnel, from executive level to process and service owners and IT production specialists.

During the interview-phase and as the project was ongoing, it became clear that the organization would face drastic challenges in the future, if the ITSM project was seen only as technological implementation project, and if the development would not be extended to organizational and cultural areas.

Leadership was informed of all findings, and a larger transformation need was recognized and decided.

5.2 Context of the study

There were 300 employees working in the organization in total, and a majority were IT service delivery specialists in different roles. Employees were of all ages and backgrounds, majority in service delivery were Finnish.

The organization was a liked employer, and many employees had a long history in the service of the organization. Employees skills were regularly trained in the technical areas, however the ITSM area was understaffed and in need of modernization.

The core business of the Case Company was to deliver IT outsourcing services for small, medium, and large sized Finnish and northern European companies.

The company has a high customer satisfaction rating, business is performing well and new customer cases are won in the market segment that is defined in the strategy.

5.3 Progression story

The change was planned and executed in a controlled order, where the information obtained in the beginning was utilized to enable a satisfactory outcome in the later phases.

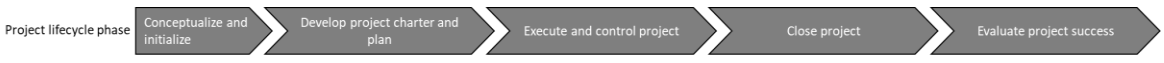


Figure 5. Project phases

From the organizational change narrative perspective, the phases in the image above represent the episodes.

The phase “Conceptualize and initialize” was an integral part of the overall change, even though the full magnitude of the changes required was not known when the work started. However, it was an important part of the whole change process and provided valuable input for later phases as well as vital plans for the whole transformation. The work was conducted by interviewing process owners, service owners, technical specialists and team leads, company leadership and process managers. Available process and service documentation was reviewed for current state understanding.

“Develop project charter and plan” phase holds the actual planning of the transformation including the definition of what would be the target state and the methods to be used. Internal interviews were held in situations where previous discussions left questions open, and additional interview rounds were conducted with process owners to ensure capabilities and willingness to continue with similar responsibilities in the future. Based on the analysis, an external recruitment process was started to increase process owner capabilities. ITSM process workshops were held to define future processes and identify gaps compared to current state.

Resourcing changes through establishing a process function were implemented, aligned with setting up the appropriate governance structures in the “Execute and control project” phase. The execution phase also holds the implementation activities of the new ITSM system, which were time-wise aligned with the organizational change.

The phase for closing of the project was a brief confirmation from stakeholders that the transformation goals were met, required capabilities were built and target state was reached.

Lastly the transformation quality and target state suitability was evaluated through the selected methodology of project successfulness evaluation and feedback gathering.

5.4 Gathering reports

As mentioned earlier, there were several interviews in the first phase, where participants quite freely described their own role within the organization, their view on the current state and the change that they would like to see take place in the organization or in their own area of responsibility. The gathered reports written below are meant to provide additional information regarding the change itself, and to provide additional input on how the change was seen by individuals (Laitinen, 2014), the first episode of the narrative will not be covered in this section due to the fact, that the individuals, researcher and the organization were not aware of the change that will take place, thus it was not discussed. Additionally, the last two phases are described in detail in the change narrative, but is left out from this chapter.

5.4.1 Episode: Develop project charter and plan

The organization and process planning episode consisted of several interviews and workshops, and selected reports are written below.

Incident management and service request fulfillment process owner interviews

The process owner sees current resourcing challenging for process owner responsibilities, due to the fact that the same individual holds other operational responsibilities as well. Process owner responsibilities are by nature more focused on management and development activities, and it is necessary to prioritize the operational tasks at hand.

The target state for incident management is defined as task based and more streamlined. Process should enable several teams and specialists to work simultaneously with the same incident, and since the ticket volumes are very high, the ITSM tool should enable more automation of manual and repetitive tasks, as well as allow specialists to identify their work more easily and efficiently.

The service request fulfillment target state leans towards the development of self-service portal, where users can submit their requests by themselves, using a pre-defined service request catalog. The work to fulfill the requests should be divided into workflow-driven tasks. Current manual ticket assignments should be decreased in volume due to the mentioned standardization development, however it is recognized that all customer needs cannot be anticipated beforehand.

Process development initiatives, development steering and targets from management is a challenge where organizational changes are seen needed. Development initiatives are ITSM system focused, and there is not a clear idea management process to handle, prioritize and refine incoming initiatives. Management does not provide targets for ITSM processes, and therefore process development cannot serve the business needs efficiently.

Own skillset and knowledge of the processes in own responsibility area is seen as poor, because operational tasks are prioritized over process owner tasks. The planned change and the target state is warmly welcomed, and the process owner is eager to decrease the amount of operational task and move to full-time process owner work.

Change management process owner interviews

The change management process owner is happy with current responsibilities, which consists of standard change management, ticket cleanup and re-assignment activities and customer specific standard change development. Normal changes are used only in separate internal changes, and emergency changes are seldom used in major incident and disaster situations. Working time is used in operational tasks, and process level management or development activities are not prioritized nor seen necessary for prioritization.

Target state for change management process is difficult to define. The process owner and management views are conflicting regarding the areas of improvement. However, there is

no objection to any standardization efforts if the current way of doing things is not drastically renewed. Normal changes are not seen as an important area of development.

Process owner view of process development is limited, and most improvement initiatives are on ITSM system detail level. Customer and service specific development is accepted as normal operations. Service production specialist responsibilities are on good level, and the need to change responsibilities or to develop roles is not recognized. Management is not aware of the change management process content, nor able to provide targets for process performance or development. The situation is accepted as normal.

The process owner is happy with current state, own skillset and responsibilities. The process owner hopes that things remain as they are, with minimal changes.

Management interviews

Management responsible for operational excellence and service production, emphasizes standardization, automation and harmonization for company production and development. Tool development must be more tightly knit to process development, and overall organization needs a more structured governance model.

Process target states are scoped out from the interview, but management states that process owners and researcher have their trust for quality outcomes. ITSM tool project however is seen as a strategic initiative, but management does not necessarily identify the transformation as a program level renewal, but instead a technology implementation project.

Capabilities of technical experts are trusted, but process owners' skillset is not clear for management. It is known that there are different workloads and responsibility areas, but the target state for process ownership organization and governance is not clear. The identification of needed steps is left for planning.

Management is semi-comfortable with the current state but acknowledges that the development initiatives support business strategy and are well welcomed, if not critical.

ITSM system implementation project management interviews

The individuals responsible for the ongoing ITSM system implementation project are responsible for facilitating and enabling the technical requirements gathering, development and implementation of the new ITSM system. They see the responsibilities clearly limited to the technical side, and do not want to engage themselves to the actual process requirement gathering, capability related communication and training and stakeholder engagement.

There is an assumption that the process requirements will be provided as an input for the project, however the person responsible for gathering the requirements is not identified at the beginning of the project.

Technical expertise among the developers is trusted to be of a high-enough level, even though there is a possibility to utilize outside expertise as well.

Project management has several other responsibilities as well, and the system implementation project is not prioritized over others, even though it is seen as mandatory and important task.

The project management has no experience in a similar project, and the organization does not provide the support they need.

5.4.2 Episode: Execute and control project

The implementation episode consisted of several interviews and workshops, and selected reports are written below. There is not a clear chronological point where the “Develop project charter and plan” phase was completed and “Execute and control project” phase began, but it can be placed on the timeline within an error margin of couple of weeks. Additionally, it is not relevant in the context of this report.

Management interviews

Due to the process owner capability challenges which were identified in the earlier phases, management has decided that outside expertise is required in the form of recruitment. There is a dire need for an experienced ITSM process owner, which can support the development of capabilities regarding other process owners.

There is also a recognized need for some adjustments in the ownership and resourcing of certain processes, and they can be promptly executed when possible. The process ownership function itself is seen as a positive change, even though the possibilities it provides and the functions role in the organization is not clear for management.

The individuals in management are accepting, somewhat hopeful but not necessarily eager to see all the planned changes happening. The scope of the change and the work yet to be done is becoming clearer every day, and there are some uncertainties and doubts about the overall development.

Metrics and reporting are prioritized, and stakeholder management and communication is highlighted as a development area for the whole transformation.

Management does not see ITSM processes as important as they have been defined in the motivation of the transformation, and their role as sponsors may require some clarification.

ITSM implementation project management interviews

ITSM implementation project management recognized the meaning of process ownership development already in the beginning of the planning, but in the implementation phase of the project has really underlined the meaning of the transformation for the project. It has been made very clear that processes, either in the scope of the ITSM system or in wider service production perspective, are really in key position, and no technology can cover if something is missing on process level. The roles and responsibilities are the key for good processes, and project management has seen the difficulties that non-functioning process ownership causes.

5.5 Change narrative

The change narrative contains the whole description of the change, as it was conducted in the Case Company. The figure below in this chapter shows how the overall change was seen as a "project", which was aligned with the schedule of the ITSM system implementation project. The overall transformation, however, did not have all the required elements for projectization, but still it was very much seen as one. The transformation did not have a budget, project reporting or project manager per se, but it was a temporary organization with a common goal to create something new, which made it quite logical to see it as a project.

The tactical & strategic development activities are the ITSM transformation phases, which were seen needed since the problematic situation had been accepted for a very long time, meaning that management really needed to be included in planning the new approach to increase their understanding and to facilitate a management buy-in for the upcoming changes.

Activities are the main changes and concrete happenings where something tangible was reached.

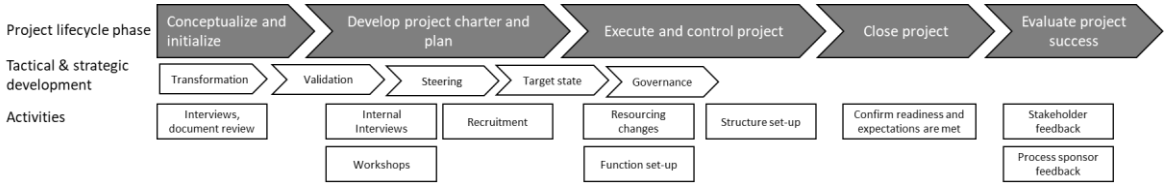


Figure 6. Project phases and activities

5.5.1 Conceptualize and initialize

The Case Company had information from various sources that the current way of delivering, developing and managing services was not sufficient, but overall the way forward was not clear at this phase, nor was the organization ready to define the target state.

Management and stakeholder interviews

Often when entering a new environment, the first discussions are held with management. So it was also at Case Company. The initially identified need for change was scoped more towards service specific service delivery models, and not so much about ITSM processes. There were several management level comments about the capabilities of certain services, whether they had a future in the offering of the company, or if the individuals responsible for them qualified in their area of responsibility.

Management provided the researcher with a list of names and roles, which were identified as the most important counterparts in the work to come. These individuals were greeted in a short 45-60 minute non-structured discussions, their initial ideas and views were recorded to researchers notes, and overall a bigger picture of the organization and IT services was being formulated using the knowledge and views of a bigger amount of individuals. Most individuals were met based on their role, e.g. process owners, but some were selected due to their long history in the service of the Case Company. The list of individuals in the initial analysis phase is the following:

- CIO

- COO
- Incident management and Service request management process owner
- Change management process owner
- Knowledge management process owner
- Configuration management process owner
- ITSM system implementation project manager
- ITSM system solution owner
- Quality manager
- Customer facing business directors
- Development manager
- Service Desk manager
- Device lifecycle management owner

All individuals that were met in the initial analysis phase were happy to hear that some changes are coming and liked working in the Case Company. Since the content of the future development was not yet clear, all individuals interpreted the development needs from their own standpoint. The underlying needs were however similar: less manual work, more harmonization and standardization, scalable solutions and drastic update to the ITSM system.

IT service production and capability analysis

IT service production, ways of working and ITSM processes were analyzed through interviews and existing documentation. The findings of this work steered the efforts of the researcher more towards IT service management development and organizational changes. There was a good amount of process documentation available, which for some part was unfortunately outdated and not complete. An external consulting company had conducted an

ITSM process evaluation a year earlier, but it's results were non-conclusive due to the findings being on a process task or ITSM system level, not on a higher organizational capability or management level.

In addition to the previously mentioned stakeholders' familiarization meetings, more detailed discussions were held with ITSM process owners and service desk manager. The discussions were free of structure, but the researcher gathered all necessary information through questions which were prepared beforehand based on existing documentation and previous discussions. The main findings from transformation perspective were the following:

- ITSM process owners too occupied elsewhere to know what is happening in their responsibility area
- ITSM tool not suitable for current or future needs of services or processes
- Management level participation through goal setting or other methods not existing
- Process trainings not held
- Process documentation or instructions not available for wider audience in suitable format
- Processes contain unnecessary manual steps or are modeled in a way that relies on manual work
- User self service unavailability increasing demand for specialist resources
- Customer and service specific customizations more of a rule than an exception

There were naturally many more industry and organization related findings, but for the sake of report clarity, the list above contains the most relevant in the scope of this study.

Re-alignment of the development and inclusion of management

There had been regular meetings with management responsible from the beginning. These regular meetings were used to report findings and provide management with the lates information about the possibilities from the transformation perspective. It was evident after the previous phases, that the scope of the transformation must be larger than previously planned, and that organizational changes need to be made.

Management quite quickly accepted the re-aligned goals, and provided a mandate to progress further in identifying the direction for transformation, and to engage in more detailed planning. A week later, a material was created highlighting the findings of the researcher, thus including the wider audience from management in the Transformation-phase of the ITSM development model. This was seen as a critical phase, since the whole management team needs to be on board, due to the fact that the new ways of working are only implemented through individuals' willingness and commitment, and the work of these individuals is managed through the decisions of the extended management team. So in a nutshell, if the management would not believe in the upcoming transformation, nobody else would either.

Management however was not fully convinced that the need for the change is as critical as was described for them. The researcher however prepared to continue this work later on, and the re-alignment had already officially happened, so the work was able to be continued.

Future IT Service delivery model and validation

After the findings had been communicated and management was provided the material describing the situation and proposing the transformation principles, the future of ITSM processes and IT Service delivery needed to be taken in to a more detailed level planning.

As previously mentioned, the ITSM system implementation project was ongoing at the same time with this work, the researcher was invited to participate in the ITSM process specific workshops. In these workshops, it became evident from the beginning that since the project

team consisted of technical specialists, and the invited persons were process owners with limited amount of knowledge in their own responsibility area, the researcher had to step up and facilitate process requirements gathering for the ITSM system implementation.

The process specific workshops were conducted in a way, that the current state was briefly discussed, and the target state was drafted based on the identified needs and the expertise and experiences of the participants. An example high-level list of the main development needs affecting the IT service delivery model per process are described in the table below.

Table 3. Development need examples per process

Process	Development needs
Incident management	• Reduce the amount of manual tasks in ticket management
Service request management	• Ordering forms need to be created for standard service requests • Self-service portal to be published for all external and internal customers • Standard changes need to be delivered through service requests
Change management	• Implement normal changes aligned with ITIL framework • Implement standard changes aligned with ITIL framework • Shift responsibilities in change management towards specialists instead of dedicated change coordinators
Problem management	• Remove possibility to continue incident investigation in problem management without a workaround

Service level management	• Need to standardize customer contracts and onboarding to enable standard measurement model of SLAs
Configuration management	• Shift responsibilities towards domain owners and specialists in maintaining data and providing development demand towards CMDB

Naturally there were hundreds of lines of requirements in a very detailed level as the outcome of the workshops. However, for the sake of the clarity of this document and for the scope of this report, the selected list contains the high-level needs affecting the whole IT service delivery organization and management.

The process and production needs were discussed through in a detailed level with several technical production specialists, and a proposal was conducted aligned with their views and comments.

The findings of the process workshops were presented to management with a solution proposal. The proposal was unanimously approved.

Looking back at the required stakeholders in the delivery model validation (Esposito et. al., 2013), the facilitated discussions in project and with technical specialists and the management presentation with the approved proposal completes the validation-phase. The value components, tool functionalities, process steps and tasks which were deemed as unnecessary or possibly harmful in the current way of working, are the ones categorized as marginal in the theoretical value component categorization. The new needs which have been identified and were part of the approved proposal, are categorized as essential, along with the existing components that will not be changed.

In addition to the process specific development needs, an organization and resourcing related list of requirements was included in the proposal. This was however not discussed with process owners or technical specialists due to the nature of the development needs. The list can be found below.

- Main operational ITSM processes must be owned by full time process owners.
- Same process owner can own multiple processes, as long as the amount is feasible
- Process owners should also own the process related requirements of the ITSM system
- No system development without process owner approval
- Recruitment of a new experienced ITSM process owner should be conducted as soon as possible
- Full-time process owners should form a separate team under appropriate supervision
- Data must be made available through standard approach for all required stakeholders
- Management must begin to at lead partially lead based on the production data
- New customer onboarding must contain tasks for process owners to enforce standardization
- Change management shift in responsibilities towards production specialists must be acknowledged and considered in their resourcing
- Management support is required to enforce process owner role

The activities and analysis described in this chapter can be seen to provide a successful diagnosis of organizational current state, as required from the perspective of the diagnostic mindset. The interviews also provided understanding about the second requirements of the mindset, thus enabling the identification of individuals that either promote or resist the change.

5.5.2 Develop project plan and charter -phase

The initial round of process workshops had been conducted, management and technical specialists had approved the initial proposal and the organizational and resourcing related requirements had been initially approved by the management. At this point, a more detailed material was needed for planning and communication.

Process planning and resourcing was conducted through a separate set of process specific workshops in addition to process owner interviews where individuals' capability and willingness for process ownership duties was mapped. Majority of the process owners were willing to continue in their work, few were eager to shift their duties towards full-time process ownership and let go of their other responsibilities.

Since there were several eager process owners, and a need for three full-time process owners, it was decided that all of the process owners that did not want to continue as owners were moved to their other duties full-time, and their processes were decided to be transferred to the ones that were willing to work as a full-time owner. This was possible due to pure luck since the process combinations were by change suitable by their close relevance for a single owner. To enforce the capabilities in process ownership, an external recruitment announcement was published, and the recruitment was carried out.

The new process owner team was planned to be established directly under the COO due to the low hierarchy of the organization and to enforce their position among powerful service domains.

The detailed plan which now included individuals and their roles, their positioning within the organization and management structure was not sufficient to enable lasting benefits after implementation, unless the whole organization recognized the new process development authority and management was fully on board of the transformation goals. An ITSM steering committee was formed as two-fold structure, where the proposals were discussed between

the COO and the acting process function lead, and finally decisions and management proposals were taken jointly to the management team. This ensured full transparency from the transformation perspective, as well as it provided management the possibility to ask questions, align the development and to understand the resourcing needs and other effects that the transformation would have to their organizations.

Plans for future processes, organizational changes and supporting structures were ready on operational level. The target state of the tactical and strategic development was not. As this understandably may sound a bit backwards, the operational plan supported the mandatory objectives, which were not under discussion, and the details and complementing decisions were still up for decision makers to have their say. The target state -phase of the tactical and strategic development did provide the majority of the ITSM development requirement described in the theoretical framework chapter of this report, with the small exception of vision, mission and strategic goas, which were scoped out from the decision making. The made decisions are not described here, since their actual content is not relevant in the context of this case study.

In addition to the clear description of the target state, the plan and list of activities to perform in the “execute and control project phase”, along with more detailed schedule was the output of this phase. However, to enable the clarity of this report, the detailed plan is not included here.

5.5.3 Execution and control -phase

The implementation phase triggered the visible changes in the organization. The ITSM system implementation project which was aligned with the whole transformation schedule was not implemented at this point, since the organizational change implementation takes a longer time to be fully implemented, compared to technical implementation which is a short activity in total.

The first visible element was the renewed responsibilities of certain process owners, and the actual transfer for two individuals to the newly founded process function. The third member of the function was externally recruited and started on the same day as the internally transferred individuals. The establishment of the team was communicated widely across the organization, and new meeting structures were built to enforce their role as the process owners.

Another visible change was the shift in process responsibilities, which consisted of transferring some processes away from their previous owners into the process function. There were also part-time owners which continued to work in their previous teams, and there were no changes in their area organizationally.

Simultaneously with the organizational change, a strong mandate which the owners hold regarding their respective areas was communicated, highlighting the control the process owners have, and marketing the new structures allowing other stakeholders to provide their development needs through renewed structures including demand submitting channels.

Since the tool implementation was not conducted yet, the management needs for data and production quality visibility were fulfilled by temporary manually provided reporting by the process owners, enforcing their role further in the eyes of the management team.

The ITSM transformation governance requirements in tactical and strategic development area was respected through publishing policies directing service provisioning, establishing structures enabling cross-functional discussions and demand submissions and previously mentioned temporary mandatory reporting.

5.5.4 Close project -phase

The project closing was conducted in a very informal manner, although relevant parts were discussed and covered well enough. In practice, the phase consisted of discussions regarding readiness and expectations, how they had been met and the satisfactory outcome of the transformation.

Timewise, this phase was overlapping with the previous and next phase, but by duration was merely couple of weeks. After the phase, relevant stakeholders were heard and aware that the transformation phase was ending. Also, from the viewpoint that the transformation was in large parts a project, this was the only actual phase of project lifecycle that was not planned and scheduled in detail while planning for the whole transformation.

5.5.5 Evaluate project success -phase

Due to internal scheduling and prioritization, the planned metrics implementation was unfortunately postponed due to the organizational transformation reaching its end before the renewed ITSM system was implemented. The evaluation of the transformation was mainly conducted through the following criteria:

- MOV
- Management feedback
- Process owner feedback
- Other stakeholder feedback

As stated in the theoretical framework, projects measurable organizational value, or MOV, should be defined in the beginning of the project to ensure alignment with the organizations strategy. However, since the transformation was not an official project, the MOV in this case is an unofficial statement combining different promises and decisions made in the analysis

phase. The MOV was not clearly documented or communicated, but the acting process function lead and several other stakeholders validated the unofficial MOV through several discussions. For the sake of this report, the MOV can be written down as:

“Process function will be deployed during agreed timeframe without business or production disturbance and with required capabilities and resourcing.”

The MOV was deemed to be reached and it was validated by all major stakeholders in a separate discussions, where also feedback gathering and discussion was part of the agenda.

Feedback in general was good, and throughout the organization all individuals were at least aware of the new function. The stakeholders that had not been prioritized or so heavily involved in the transformation naturally had no accurate understanding of the functions responsibilities or their planned effect on IT Services, but key stakeholders saw that the outcome was as planned.

The value for different stakeholders is indicated in the table below, and it was generally accepted that the value was deliverable after the transformation.

Table 4. Value per stakeholder

Stakeholder	Value
Leadership	• Data available • Process development counterparts for strategic objective alignment • Indicators for IT Service production challenges available
Management	• Delivery teams process support available • Expectations and responsibilities regarding own area more clearly available and communicated

	• Service development support available
Technical specialists	• Process trainings and support available • More responsibility in complex areas, more standardized tasks in simple deliveries • Less manual repetitive tasks through increase in automation
Customers and business	• Services available for ordering in a more standardized way • Service delivery standardization shortening throughput time • Service development coverage increased
Process owners	• Clearer expectations regarding own responsibilities • Process development needs aligned to organizational strategic and tactical objectives • Support, steering and governance in a standardized way • Resources to focus on process ownership responsibilities

5.5.6 Organizational change considerations during transformation

In the previous chapters of this report, the activities and decisions executed during the transformation were described, but the organizational change methodology behind the selection of activities or proposals that led to the decisions have not been described to increase the clarity of the report for the readers convenience. They are however described here.

The additional premises described in the dialogic mindset were respected in numerous ways. The interviews were held both as one-to-one, and also in a wider facilitated manner. In the beginning of the work, a common lexicon and description of the meaning of used terms were clarified, and temporary meeting structures were created to manage dialogue, spread information, enable participation, and decrease change resistance.

Individual non-transform related discussions were encouraged to include the topics affected by the transformation, and regular feedback, need for communication material and demand for separate walkthroughs and discussions were identified and held with a low threshold.

New roles and responsibilities were designed in a way that would support the individuals' personal development, interests and the identified strengths of their character, in some cases, even over substance expertise.

All proposals were discussed with several stakeholders before actually bringing them for management for decision. This allowed for fine-tuning of proposals, involvement and buy-in from possible change-resisting individuals, information sharing and additional preparation to take place before actual decisions were made.

To ensure changes are long lasting, support structures, feedback channels and organization-wide communication was performed before and during implementation to ensure individuals are feeling involved also in the actual target state, not just the transformation.

In addition to employee resistance, other listed possible causes for change failing were also considered during the work. The risk of inadequate process controls, which is a common reason for failure, was mitigated by creating several structures with the sole purpose of promoting visibility and communication, presenting proposals for right stakeholders and facilitating decision-making when decisions were due. Escalations and steering needs were

brought forward using standard channels, and the work and it's progress was followed and discussed regularly.

The risk of change speed being too fast and unclear objectives, which were also listed in the theoretical framework as possible causes for failure were more difficult to mitigate, since the principles and needs steering the efforts were somewhat static, meaning that the target state was to be reached in a set timeline, and the unclear objectives were recognized to be within tolerated limits. Unclear objectives were something that the transformation was forced to accept since the detailed planning of the objectives was part of the transformation itself.

5.5.7 ITIL principles in the transformation

The seven principles described in the ITIL framework need to be considered when planning activities such as those described in this report. As described in the theoretical framework-chapters, the best practice frameworks are not to be adopted as-is, but instead every organization must evaluate the suitability and select those parts that are providing additional value in their organization, and plan the implementation to suit their needs. Below is the description of how the seven principles were considered in the Case Company, and how they affected the goals and activities in the transformation.

1. Focus on value – The identified new and changed ways of providing IT services were planned to benefit the service delivery organization in efficiency or quality, to bring the services closer to customers and more available, to improve management quality or information availability, or a combination of several these. The value was provided to one or several stakeholders, and the plans were discussed with the affected stakeholders to ensure proper understanding of their needs.

2. Start where you are – The planning of the organizational transformation was conducted in a way that would allow maximizing the wishes and needs of the individuals and with minimum disruption for existing roles. The organizational elements which were most affected were built using existing materials and descriptions as much as possible with minimal changes, and before any new planning the existing way of working was thoroughly evaluated.

3. Progress iteratively with feedback – The transformation was divided into manageable sections as much as possible. Since the transformation was not an actual project, the planning and implementation were not possible to be understood beforehand fully, but efforts were made to create structure with iterations and feedback, which can be seen especially through the steering structure and stakeholder involvement.

4. Collaborate and promote visibility – Communication was prioritized from the beginning, and several non-mandatory meetings and other sessions were held to provide individuals with information and a setting where they can participate and be heard. Whenever a discussion need was identified in a workshop, and action point was taken down and another session was held with a smaller crowd.

5. Think and work holistically – The defined target state did in fact aim to understand the value creation activity chains end-to-end, and every identified future activity was evaluated for its worth and relevance. Operational and developmental synergies were identified, and several activities which previously were conducted separately for each need, were now planned to be conducted only once, which then was copied for others as per e.g. renewed data-models enabled.

6. Keep it simple and practical – The transformation aimed to build a foundation for future development, which made this principle quite self-evident. It was not possible resource-wise to plan and implement anything but the essentials, and as a basic

principle, the minimum requirements created were by design meant to allow future development based on the new identified needs after the transformation.

7. Optimize and automate – The use of resources and the amount of non-service delivery related personnel were optimized, service provisioning was automated as much as possible, and all renewed processes were analyzed to identify possibilities for automation.

6 Findings

The findings of this case study have been collected based on their relevance for the Case Company. Since the theoretical framework was used to formulate and direct the transformation, the findings regarding the suitability and relative accuracy of the theory has been left out.

6.1 Key findings

The resourcing of process ownership, which has been deemed crucial also in other sources, was perhaps the most important and visible change in the Case Company. When comparing the current state of ITSM processes to the reached target state, one can state that appropriate resourcing is a key factor in ensuring the success of IT service delivery and the development of services. Process ownership needs to focus in understanding and familiarity with the current ways of working regarding a wide range of different stakeholders and needs, in order to be able to efficiently develop the processes to better serve the operations and eventually, the business. This requirement of understanding and familiarity is only possible through providing the process owners with the required amount of time to focus on leading, developing and gathering information about the process.

Process ownership role foundations can vary between organizations, but there seems to be three key elements in efficient process ownership: mandate to perform ownership activities, structures enabling process development and the selection of processes per process owner.

The mandate to perform ownership activities is depending on the role description of process owner, and how it is communicated. When there is proper power provided to make decisions and steering about the owned processes, and if it is communicated sufficiently for the rest of the organization, it is likely that possible process violations can be handled without escalating the issues further, steering and guidance is received with respect to the role and

responsibilities of the process owner, and the rest of the organization is aware that process owners have the mandate to manage, lead and develop the processes that they own. The mandate was required already before implementation, and several stakeholders believed that in addition to resourcing, process owner mandate was one of the major contributors in the poor current state.

The structures that enable process development rely on identifying the roles of different stakeholders regarding process development. Service production, service owners and management each have their own interests and needs towards processes, but from process perspective all the demands for process development need to be able to be gathered to the same funnel. This requires channels for demand gathering, adequate meetings structures, standardized way to provide refined process requirements forward to ITSM system developers and an iteration and feedback loop to refine and agree technical development proposals before taking them in to production. The need for structures became evident already before implementation, when new needs, alignments or steering was emerging and a clear and standard way or progressing them was required.

The process selection per owner is organization specific, but there are some guidelines that can be identified. Naturally for resourcing perspectives, an individual process owner cannot hold too many processes without the quality of work being affected. The processes owned by an individual owner should also be close to each other either by their need for abstract understanding, their role in either provisioning or maintaining services, or their nature in supporting other processes. These can certainly be mixed as well, but only to a certain extent. The importance of process selection was clearly visible when facilitating process owner onboarding and the way individual process owners experienced the new responsibilities.

ITMS tool implementation project management is a major role when building process capabilities. As described earlier, the ITSM processes and their development have a direct link in enabling organizations to reach their tactical and strategic goals. Therefore, ITSM tool implementation projects cannot be seen as technological implementation projects, but instead they should be recognized and handled as a service delivery transformation changes,

where the key aspect is in identifying the capabilities that the selected technological solution should be able to provide. In a nutshell, similarly with majority of technology, there is no value in technology alone, but instead the added value comes from the capabilities that the technology can deliver or perform. The need to handle technical projects from different perspectives was especially clear when project was unable to facilitate requirement gathering from processes, since the actual expertise was too technical.

Organizational transformation and the incorporated changes were challenged, and discussions were needed to create proper understanding for key stakeholders. This is a challenging combination, where the motivation to establish a organizational function is based on specific expertise, and the individuals either making the decisions about organizational structure or being affected by changes in it may not hold the required understanding. It would generally be beneficial and would have been helpful in the Case Company as well, if the basic understanding about the topic would have been offered to the individuals before providing proposals regarding drastic changes. However, it remains unsure if that would have been realistically possible, especially since there was a real schedule where this transformation was to be implemented.

The researcher was in a key position to evaluate and study individuals' behavior during the transformation, since majority of the communication, discussions and demands were passed through the researcher or at least discussed while researcher was present. Therefore, an interesting observation worth mentioning is the individuals' clear need for the mechanisms mentioned in several theoretical frameworks. Regardless of if the project management methodologies suggest structures, or organizational change management best practices suggest ways in supporting dialogue and involvement to decrease change resistance, a large amount of the theory-based suggestions and best practices were needed by different stakeholders.

6.2 Evaluation of results

The results of the study are clear, but non-comprehensive. The findings, observations and notable mentions can be used to identify possible challenges when similar development is being planned in another organization. The study however lacks the foundation where organizational characteristics would have been recognized, and their affect in the planned and selected activities would have been respected.

The process owner role and the study results in enabling it is also debatable, since the role requirements are also dependent on the organization, and especially by the nature of business and the consistency of the IT delivery ecosystem.

Based on the good results of the transformation, it would be recommended that further steps towards standardization and process management modernization should be taken, e.g. in business processes. Similar transformation may not most likely be needed, but enforcing roles and responsibilities to support strategy-aligned development would most likely be beneficial. An initial analysis in a similar way that was described in this report could provide required information whether other areas besides ITSM are experiencing similar challenges.

7 Summary

In this case study, an organizational transformation to establish an ITSM process function was conducted in a Case Company. The transformation was planned and implemented by the researcher and the approach supporting the academic process was selected for this study to be organizational change narrative. The main methodologies were interviews and focus groups.

The theoretical framework selected consisted of both organizational transformation supporting theories and ITSM implementation and best practices. Even though the transformation was not formalized as a project, it was treated as such in the Case Company and this report.

The process function, supporting structures and other required elements were successfully implemented. In theory, the findings were aligned with assumptions based on the theoretical framework and it can be also assumed, that the recommendations and approaches proposed in several of the source articles, were partially responsible for the successful concrete results of the transformation.

In many of the used literature sources, the role of individuals in planning and implementing an organizational transformation was emphasized, and the involvement of individuals in a respective and inclusive ways was clearly stated as a crucial element for suitable results. This research clearly supports that statement as well. It was widely seen as a good way to manage the organizational transformation, in addition to bringing valuable insights into the project planning and management.

The transformation was not fully planned in the beginning of the work, and it was a challenge for the whole effort to plan the required activities and to communicate the target state and objectives to stakeholders when there was no clear direction and path identifiable in the

beginning. Therefore, the dialogue with several stakeholders, as well as presenting ideas and proposals was in a critical position when ensuring that the organization wide changes were implemented in a way that individuals would respect the made decisions and start working aligned with the new guidelines and structures.

In practice, the defined ways of working, the new way to manage, lead and develop processes and the newly created structures to enable efficient leadership and process development were a success. New ways of delivering IT services were implemented and accepted from the beginning, and additional value can be seen directly and interpreted from the positive feedback. Since the industry best practices were followed quite comprehensively, they seem to be suitable and well adjusted for IT service management. However, it must be stated that this kind of research does not allow the researcher to make solid conclusions on the factors behind the success, but it is merely an assumption that the best practices utilized had their part in the suitable outcome of the transformation.

The organizations leadership was satisfied with the results of the transformation, which is conflicting with the theories suggesting that ITSM development and other extensive efforts need to be linked with the company strategy and the sponsorship of the leaders. Even though it was communicated towards leadership that this effort is in fact supporting the strategic goals, and even critical for reaching them, the top management did not necessarily yet share that view. In this case, the success of this effort cannot be stated to be directly or indirectly enabled by the strategy, but was a success, nevertheless.

The transition from current to target state was not clear in the beginning, but when individuals are looking back on the steps already taken, the path seems clear and motivation behind the made decisions can be understood by all main stakeholders. This and other success evaluations are mainly based on extensive feedback, since due to timing, new data to back up these claims was unavailable during the period the research was conducted.

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