**IBM and Accenture Use Technology to Create Virtual Organizations**

1. According to Woodward’s theory, what type of technology do IBM and Accenture employ?
2. Which degree of task complexity (Perrow’s theory) characterize these organizations?
3. Which type of task interdependence (Thompson’s theory)?
4. Which structural solutions has been found at IBM and Accenture?

Accenture, a global management consulting company, has been one of the pioneers in using IT to revolutionize its organizational structure. Its managing partners realized that since only its consultants in the field could diagnose and solve clients’ problems, the company should design a structure that facilitates creative, on-the-spot decision making. To accomplish this, Accenture decided to replace its tall hierarchy of authority with a sophisticated IT system to create a virtual organization. First, it flattened the organizational hierarchy, eliminating many managerial levels, and set up a shared organization-wide IT system that provides each of Accenture’s consultants with the information they need to solve clients’ problems. If consultants still lack the specific knowledge needed to solve a problem, they can use the system to request expert help from Accenture’s thousands of consultants around the globe.

To implement the change, Accenture equipped all its consultants with state-of-the-art laptops and smartphones that can connect to its sophisticated corporate intranet and tap into Accenture’s large information databases that contain volumes of potentially relevant information. The consultants can also communicate directly using their smartphones and use teleconferencing to help speed problem solving. For example, if a project involves installing a particular kind of IT system, a consultant has quick access to consultants around the globe who have installed the system. Accenture has found that its virtual organization has increased the creativity of its consultants and enhanced their performance. By providing employees with more information and enabling them to confer with other people easily, electronic communication has made consultants more autonomous and willing to make their own decisions, which has led to high performance

and made Accenture one of the best-known of all global consulting companies.

Similarly, IBM, which has been experiencing tough competition in the 2000s, has been searching for ways to better utilize its talented workforce to both lower costs and offer customers specialized kinds of services its competitors cannot. So IBM has also used IT to develop virtual teams of consultants to accomplish this.

IBM has created “competency centers” around the globe that are staffed by consultants who share the same specific IT skill; its competency centers are located in the countries in which IBM has the most clients and does the most business. To use its consultants most effectively, IBM used its own IT expertise to develop sophisticated software that allows it to create self-managed teams composed of IBM consultants who have the optimum mix of skills to solve a client’s particular problems. To form these teams, IBM’s software engineers first analyze the skills and experience of its consultants and input the results into the software program. Then they analyze and code the nature of a client’s specific problem and, using this information, IBM’s program then matches each specific client problem to the skills of IBM’s consultants and identifies a list of “best fit” employees. One of IBM’s senior managers then narrows down this list and decides on the actual consultants who will form the self-managed team. Once selected, team members assemble as quickly as possible in the client’s home country and go to work to develop the software necessary to solve and manage the client’s problem. This new IT allows IBM to create an ever-changing set of global self-managed teams that form to solve the problems of IBM’s global clients. In addition, because each team inputs knowledge about its activities into IBM’s intranet, then as at Accenture, consultants and teams can learn from one another so that their problem-solving skills increase over time.