



Chapter IV

The Metamorphosis to Dynamic Trading Networks and Virtual Corporations

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A process of turbulent change is taking place in which companies shape up to deal with the unremitting global competition for which there is an uncertain outcome. Businesses have to look at the wider horizons and dynamics of both their supply chains and markets to discover new ways of working with both customers and suppliers to grow and remain viable. The diverse industrial, commercial and operational practices and processes need to be remolded and target the collaborative aspects of relationships to the advantage of company performance and creation of new opportunities. This chapter outlines some of the constraining forces and suggests the parameters in which a business strategy and a course of action can be devised as a pathway to the future.

INTRODUCTION

Over the last decades of the twentieth century a large number of companies faced the future with trepidation while others lacked a good strategy. This had not happened overnight but had crept upon them over a period of time. Competitive pressures had always been there and many things had been tried, some with success, to stem the loss of market share and even provide market growth. Changes had taken

place in the approach to product quality, working practices, and greater customer awareness but making money was becoming more and more difficult. It was a time and climate for dramatic new approaches (Goldman, Nagel & Preiss, 1995). New technologies were replacing old at a faster rate and information technology provided better management and control vision, albeit on a limited local scale. And, push to pull manufacturing (Mertins, 1996) distinctly changed the approach to customers and service. Above all the global reach of customers, manufacturers and service providers keen to exploit the wealth of opportunities in established markets further increased both competitive and economic pressures. Moreover, even players only operating in local markets could not resist the tide of change. As a result many companies and economies (Hutton, 1995) were in a state of upheaval and as a consequence some fell by the wayside. Large companies had to gear up to face the incessant global competition through reorganization, or by stripping to core competencies, or by forming new strategic alliances, or by reducing their product life-cycles, or through changing combinations of these. This was a climate in which start-up companies could flourish and take on the larger, established companies by their sheer agility in markets, their ability to create new markets and their fast use of new technology, their astute design, and their agile management approaches, and at the same time were encouraged by the increasing wealth of venture capital available.

Toward the end of the century it was into this melting pot that a new communications and information technology, pioneered by Tim Berners Lee in 1989, emerged. By 1993 the World Wide Web was to produce an environment for a much-needed revolutionary change in industrial approach that was to be far from the former stepwise, cautionary, evolutionary tendency. But like all revolutions a period of chaos exists before a more normal but obviously changed environment is created. During this period of confusion and turbulence there will be survivors and there will be newcomers, the latter entrepreneurial with new ideas and technology to grow their businesses. It is this turbulent period of massive change and uncertainty with its many possible outcomes that is the focus of this chapter; moreover it is the survivors of the old order that are particularly stressed.

METAMORPHOSIS

Metamorphosis as applied here is a process of change from an existing now obsolete way of doing business to a new form but non-predestined state. This is expected to be characterized by an expanding global economy, greater collaboration in supply networks, better deployment of knowledge, greater dynamism, versatility and opportunities in markets, highly dynamic processes, new standards of customer service excellence, and the better use of both capital and human resources.

Philosophical Insights

The greatest obstacle to making progress is complacency. C.G. Zamit states “vested interests and apathy have been the foes to advancement, so strong is the reluctance to

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