IDEA GROUP PUBLISHING



701 E. Chocolate Avenue, Hershey PA 17033-1117, USA Tel: 717/533-8845; Fax 717/533-8661; URL-http://www.idea-group.com **ITB7015**

Chapter XVI

Evaluating the Success of **Virtual Corporations With CONECT: Basic Procedural Indications and Practical** Application

ight Idea Group Inc. Oliver Wohlgemuth and Thomas Hess Georg-August-Universität Göttingen, Germany

A fundamental condition precedent to strategic decisions of virtual corporations and their partners is a profound knowledge of the cooperation's success. This paper discusses different evaluation methods and elaborates a specific technique for multidimensional appraisals of success. It reports the first outcomes and implications of its practical use at a consultancy network.

INTRODUCTION

Virtual corporations (VCs), as a means of a company's strategic reorientation, have received a growing attention in both theory and practice since the beginning of the 1980s. The concept of the VCs features a specific variety of cooperations, in which at least three companies cooperate with the purpose of achieving mutual objectives, without giving up their own legal independence (e.g., Miles & Snow, 1986, pp. 64-65).

This chapter appears in the book, Managing Virtual Web Organizations in the 21st Century: Issues and Challenges by Ulrich Franke. Copyright © 2002, Idea Group Publishing.

On the basis of a long-term partnership, these companies undertake projects in different assemblies. In practice, VCs appear in various sectors. For a long time, virtual Web organizations were considered as prototypical in the car delivery industry. At the beginning of the 1990s, especially in the IT-services sector, the "virtual company" was introduced as a new type of VC. Recently, the supply chain network in trade and logistics has particularly enjoyed popularity. Apart from these popular examples there are a number of sectors in which virtual Web structures for cooperations have been used for a long time. The building industries can be referenced as an example.

The more intensively the partner company involves itself in the value-added chain of a network, the greater becomes its dependence from the cooperation. In extreme cases the survival of a participating company can even depend upon the economic success of the cooperation. This results almost inevitably in the necessity for the success of the cooperation to be measured.

The aim of the following is to show practical possibilities for measuring the success of a cooperation. For this purpose, in section 2, applicable procedures will be introduced and their possibilities of appliance in VCs will be evaluated. On that basis, section 3 is based upon a specific procedure which is approved for networks–the so-called CONECT-method (Collective Network Efficiency Control Tool). Section 4 describes the application of the method, using an example from the consulting sector, in order to test its practical suitability. The article ends in part 5 with an overview of the results and further research needs.

APPROACHES TO A METHODICAL EVALUATION OF SUCCESS

An Overview of Established Evaluation Methods

The structure of an evaluation procedure is closely related to the understanding of the term "cooperation success." The perception has generally been accepted that this term refers to the results of continuous cooperative work and not to a single, communal, processed assignment. Therewith evaluation of success belongs to the strategic level of management and controlling activities in VCs, which spans over single assignments. Apart from this commonness, the conceivabilities of the material "scope" of the term are very different. According to the number of success figures covered, a difference between unidimensional (pure quantitative) and multidimensional (mixed quantitative-qualitative) success definitions can be made.

Unidimensional approaches rest upon a single economic objective. However, there exist a number of different views in the literature with regard to the underlying time spread of the objective analysis: The classic approaches are oriented upon conventional, short-term measurements of success. From a narrow point of view, the characteristic "costs" are dealt with. Often these costs are interpreted in 24 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: <u>www.igi-</u> global.com/chapter/evaluating-success-virtual-corporations-

conect/26070

Related Content

Virtual Reality (VR) for School Children With Autism Spectrum Disorder (ASD): A Way of Rethinking Teaching and Learning

Giuliana Guazzaroniand Anitha S. Pillai (2019). *Virtual and Augmented Reality in Mental Health Treatment (pp. 141-158).*

www.irma-international.org/chapter/virtual-reality-vr-for-school-children-with-autism-spectrumdisorder-asd/215827

Mediating Complexity: Facilitating Relationship Building Across Boundaries in Start-Up Virtual Teams

David J. Pauleenand Lalita Rajasingham (2004). *Virtual Teams: Projects, Protocols and Processes (pp. 255-279).*

www.irma-international.org/chapter/mediating-complexity-facilitating-relationship-building/30903

VR Presentation Training System Using Machine Learning Techniques for Automatic Evaluation

Yuto Yokoyamaand Katashi Nagao (2021). International Journal of Virtual and Augmented Reality (pp. 20-42).

www.irma-international.org/article/vr-presentation-training-system-using-machine-learning-techniques-for-automatic-evaluation/290044

Seeking Accessible Physiological Metrics to Detect Cybersickness in VR

Takurou Magakiand Michael Vallance (2020). International Journal of Virtual and Augmented Reality (pp. 1-18).

www.irma-international.org/article/seeking-accessible-physiological-metrics-to-detectcybersickness-in-vr/262621

Lessons Learned from the Design and Development of Vehicle Simulators: A Case Study with Three Different Simulators

Sergio Casasand Silvia Rueda (2018). *International Journal of Virtual and Augmented Reality (pp. 59-80).*

www.irma-international.org/article/lessons-learned-from-the-design-and-development-of-vehiclesimulators/203068