Chapter 2.3
E-Collaboration:
A Dynamic Enterprise Model

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INTRODUCTION

Over the last 10 years or so, we have been witnessing a major paradigm shift from the information age to the relationship age (see Table 1). According to Galbreath (2002), the relationship age is truly about the value of the relationships a firm maintains and manages. Customers, employees, suppliers and partners all contribute synergistically to the economic output of the firm. Ashkenas, Ulrich, Todd, and Kerr (1995) put it more formally by saying that many organizations were faced with a rate of change that exceeded their capability to respond, and that they had to attempt to retool their organization in order to meet an entirely new set of criteria for success. Hence, a firm carrying out business in the Relationship Age is essentially focusing on improving one or more of the success factors such as speed of execution, process and product flexibility, knowledge integration, and ability to innovate new and profitable processes, products, or services (Ashkenas et al., 1995).

The primary focus of the information age firms was internal integration of resources and information. The companies evolving in the relationship age are different because they also focus on external integration with its partners, suppliers, employees, regulators, customers, investors, market analysts, trade associations, and other entities that influence the general business climate in which a given firm operates (Galbreath, 2002).

The concept of the relationship age is an important one because it underscores the many changes that have been prompted by the Internet and global competitiveness requirements. It also highlights the need for an organization to develop new competencies in the areas of internal and external collaboration. In order to be able to develop a collaborative organization, it is important to understand what it should look like. To this affect, Logan and Stokes (2004) state that a collaborative organization comprises the following characteristics:

Table 1. Characteristics of the various economic ages (Source: Galbreath, 2002)

Characteristic	Industrial Age	Information Age	Relationship Age
Basis for value creation	*Products*	*Information*	*Knowledge*
Strategic Planning Cycle	*5 years*	*3 years*	*Continuous*
Management Structure	*Centralized*	*Decentralized*	*Virtual*
Key investments	*Land & Machines*	*IS, IT and network/telecom infrastructures*	*People and knowledge tools*
Primary Strategic Resource	*Raw materials*	*Information*	*Relationship Assets*
Nature of production	*Mass production*	*Specialization*	*Mass Customization & personalization*
Economic output	*Goods*	*Services*	*Experiences*
Marketing, Sales and Service	*Uniformity (push)*	*Segmentation*	*1-to-1 relationships*
Pricing	*Fixed*	*Flexible*	*Dynamic*
Nature of competition	*Distrust + Barriers to entry*	*Cooperation & Loose affiliations*	*Trust & Collaboration*
Basis for market valuation	*Book value*	*Revenue/earnings multiples*	*Market-to-book ratio and market capitalization*

1. The values and objectives of employees and management are aligned
2. A climate of mutual trust and respect exists
3. The knowledge of all the staff, customers, and suppliers is shared and pooled to optimize the organization's operations and opportunities
4. Decision making is more decentralized than it is in most current organizations and more stakeholders in the organization play a role in defining the direction in which the organization moves
5. Hierarchical structures are kept to a minimum; the company is managed democratically by consensus rather than by command and control

Browne and Zhang (1999) also define the collaborative organization and its context:

Today's organizational boundaries are blurring, partnerships with suppliers, clients and even competitors are commonplace, and quality and efficiency issues extend well beyond the traditional enterprise boundary. […] Information flow between business partners can be seamlessly and effectively facilitated. Individual companies work together to form inter-enterprise networks across the product value chain, in order to survive and achieve business successes.

Furthermore, most current approaches to e-collaboration seek to promote some or all of the following:

- The leveraging of partners business capabilities to achieve flexibility or performance within operations
- Decisions are business driven and not technology driven
- The use of cross-organizational processes
- The use of the Internet and Web technologies as process and capability enablers
- Tighter relationships with customers and suppliers to improve overall market economics and business performance

These similarities are not a coincidence; they are a "natural reaction to today's business environment!" (Champy, 2002). In line with the seminal works on interorganizational collabora-