Foreword

As we enter the dawn of the first decade of the new millennium, at no point in time has it been as important as it is now for enterprises to contemplate and introspect their supply chains, identify the risks entailed in their operations, manage these risks and implement mitigating and loss control strategies. In our times, where crises outburst all over the world, no company is immune or should hope to remain unaffected. Therefore the importance of being risk aware and subsequently crisis prepared becomes an issue of critical importance and in some cases, the discriminating factor between resilience and business termination.

In that sense, this book edited by Dr. Stavros Ponis entitled “Managing Risk in Virtual Enterprise Networks: Implementing Supply Chain Principles” is contemporary and characterized by a very good timing. Furthermore, the research efforts presented in this book are, in my opinion, quite interesting, since they attempt exploring risk management applied on a rather overlooked scientific area residing in the intersection of two overlapping (for some authors, reciprocal) concepts: Supply Chain Management and Virtual Enterprises.

In our days, Operations Management is no longer confined to individual production facilities and thus intensive cooperation with supply chain partners has become an integral part of its functioning. In recent years, two further developments gained ground. On one hand, enterprises are specializing and concentrating on their core competencies with outsourcing as a consequence, on the other side globalization has widened the range of choice among suppliers. Increased dependence on suppliers asks for new forms of collaboration. Intensive partnerships between many enterprises demand a new quality of cooperative ventures. Strategic, legal and risk issues have to be considered and operations management has to include new sophisticated methods and techniques for managing contemporary supply chains increasing in both size and complexity. These developments have led to the concept of extended or virtual enterprise.

The extended enterprise depicts one of the global trends and needs for industrial evolution. Basically, the concept of the extended enterprise emphasizes cross boundary cooperation. The message is simple and clear. Without deep cooperation no single company can prosper. Neither small, local SME’s, nor huge, global players can survive on their own. Specific problems may arise due to fast changing market requirements. Partnerships are being formed and dissolved in a very short time window: “Agility” is the relevant keyword. Partnerships may be limited to specific products or components. Increasingly an enterprise may be part of several logistics partnerships, which constitute together a complicated network. “Virtuality” has become the keyword for this trend.

But many questions remain to be answered in order to successfully stand up to the challenge offered by these developments. How to establish and maintain efficient ways of cooperation with many partners? How to repeatedly modify the structures of an enterprise in a rapidly changing environment? How to improve overall operational effectiveness in order to enhance competitiveness on a world scale?
The essence of the extended enterprise is straightforward: deep cooperation opens opportunities for fast, efficient and reliable fulfillment of end customer needs throughout the whole demand chain. Even though some research communities call this phenomenon as "virtual enterprise", the fundamentals of this phenomenon are nothing but virtual: it is the question of tangible phenomena with tangible returns. The fact that information and communication technologies are preconditions for the success of the implementation of the concept, does not, however, imply that the underlying rationality was about virtual reality, but the true reality itself. As companies move from being stand-alone entities which pass product one to another, to being links in an interactive, adaptive, extended enterprise which deals successfully with rapid change, an unprecedented level of integration of people, business processes and technology is required.

In summary, supply chain management is no longer a purely reactive activity seeking to improve the capacity of the organization to absorb potential external shock waves, primarily directed along a linear supply route, whilst seeking to minimize the disruptions. It is now a more proactive activity engaging a complex enterprise network of upstream and downstream partners, seeking collectively to enhance competitive advantage, added value, lean operations, agility and profitability at the same time as managing a more complex interaction of risks. Issues are now about the benefits and risks associated with multiple sourcing, sharing the consequences of risks across the enterprise network, sharing information, building relationships and establishing trust. The expectation of enterprise network members may extend beyond the quality of the supplied resources to those of dependability, reliability, security and responsiveness of the network to mitigate any dislocations wherever they happen in the chain.

The management of risk in supply chains has now become an established, albeit fairly recently, field. The essence of this book is the capture, interpretation and dissemination of the latest developments in research, practice and policy in what is proving to be a very rapidly developing field. This book, carefully edited by Stavros Ponis, will provide a wide audience of researchers, scholars, policy makers and practitioners alike with a general view on research questions and recent advancements on the impact of risk management in virtual enterprise networks, whilst seeking to ensure that what is presented is well grounded in robust empirical methodologies and evidence or accurately represents the structures, practices and processes employed by the industry.

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