Chapter XIV

Change and Challenge: Managing the E-Business Organization

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Abstract

In addition to changing the ways organizations do business, the adoption of e-business forces significant changes to the organizations themselves—in culture, structure, and in what needs to be managed and how it is managed. This chapter describes characteristics of e-business that impact organizational management, focuses on four major ways in which organizational management is impacted, and offers some major guidelines for success in managing in an e-business environment. Understanding the challenges and adopting new management styles and techniques are critical success factors for the netcentric organization.
Introduction

E-business is a major disruptive force for organizations. In addition to changing the competitive landscape and introducing new ways of doing business, new products, and new ways to deliver them, the extensive and rapid deployment of e-business has caused significant changes to organizations. Net-centric organizations—those which conduct significant business on internal and external digital networks—are finding that business-to-consumer, business-to-business, and other applications and business models are converging to form the e-enterprise, in which the entire value chain, from procurement to customer service, is fully digitally integrated. Adoption of e-business thus forces many organizational changes that provide new and complex challenges for leaders and managers engaged in electronic business.

Technological, economic, and societal factors have contributed to create the modern netcentric organization. This type of organization is one that not only uses, but also clearly exploits, digitized data and the automated processes that use them effectively and efficiently. The netcentric organization uses networks to share content (data) and process within the organization and without—to customers, suppliers, and sometimes even competitors (such as with electronic markets).

The technical capabilities of the Internet, combined with intranets and extranets, enable new ways to communicate and exchange information at any time, in any place, in a variety of ways. The rapid and continuing decline in technology costs relative to productivity encourages the adoption of these technologies. Economic pressures that support the creation of network-based organizations include the development of the global economy, a competitive environment that demands better-faster-cheaper products and processes, business-to-business alliances, the fast pace of market change, and the increased power of consumers. Societal pressures include changes in the expectations of consumers and workers—for example, in the amount and types of information expected about commercial goods and commercial and government services. More and more, consumers expect 24-7 service levels accessible via the Internet. As the technology matures, mobile commerce will surely become an expectation as well.

The extent to which organizations are impacted by e-business is, of course, a function of how thoroughly and how rapidly they adopt netcentric business practices. A company that uses the Internet merely for posting an online catalog
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