

Chapter II

Enterprise Configurations

INTRODUCTION

The new economy requires a new enterprise organization. It obligates most companies to redefine their mission, goals, and strategy. The emerging 21st century enterprise is a more complex organization than the 20th century industrial enterprise. Since the enterprise consists of small teams running their affairs from a single office, the lean organization is also a subject of the emerging trend of outsourcing and creating partnerships. Managing those relationships will be the key strategy of the IT support.

Enterprises that once handled everything internally now find they must concentrate on their core competencies, so they outsource much more than they once did. Moreover, many of the new relationships are international and global. In 1995, the Institute for the Future in Menlo Park, California, found that the number of international joint ventures has grown 25% a year since 1990.

Time to reach market is critical when products have a competitive life span of one year, one month, one week, or one afternoon, as in the case of some products in financial services. Innovation, rather than access to resources, plant, and capital, is what counts most.

ENTERPRISE CLASSIFICATION

The enterprise organization can be classified by many criteria. For the purpose of this book we will apply two criteria: the geographic criterion and the IT criterion.

According to the geographic criterion, one can distinguish the following types of enterprise:

- A local enterprise, whose area of sales is limited to a given city or region (e.g., a state, like Spartan Stores),
- A national enterprise, whose area of sales is within national borders (like Kroger Food),
- An international enterprise, which has an international division, which manages its operations in selected countries (like Steelcase),
- A multidomestic enterprise (multinational enterprise – MNE, or multinational corporation – MNC) allows each of its foreign country operations to act with some autonomy, by designing and producing in Italy for the Italian market and in South Korea for the South Korean market,
- A global enterprise (multinational enterprise – MNE, or multinational corporation – MNC) integrates its operations that are located in different countries. In this enterprise, the development of capabilities and the decisions to disperse them globally are essentially made in the enterprise's home country (e.g., Royal Dutch/Shell Group, General Electric, Toyota Motor, Ford Motor, Nestle, Unilever, and so forth)¹.

According to the IT criterion, one can distinguish the following types of enterprise:

- Off-line enterprise, in which data processing operates in a batch mode, not on-line and not in real-time,
- On-line enterprise, which processes information on-line through computer networks,
- Integrated enterprise, which applies a common, enterprise database for the majority of applications,

- Agile enterprise,
- Informed enterprise, which applies knowledge management systems in decision-making,
- A communicated enterprise,
- Mobile enterprise,
- Electronic enterprise,
- Virtual enterprise, which applies communication technology in connecting different worker locations, when the workers very often operate from their own home, a hotel, a car, or a customer's location².

The above sequence of the enterprise evolution is a simplified model, as each model is. In practice, some components of these enterprises can appear in just one enterprise and very often in a sequence different than the evolutionary model. However, very often such enterprise having a piece of each configuration can be considered as an unfinished solution with questionable benefits of information technology. The purpose of the enterprise evolution is to know its requirements for each configuration's architecture, budget, developmental skills, and the timeline.

The combination of solutions in different enterprises is provided in Table 2-1.

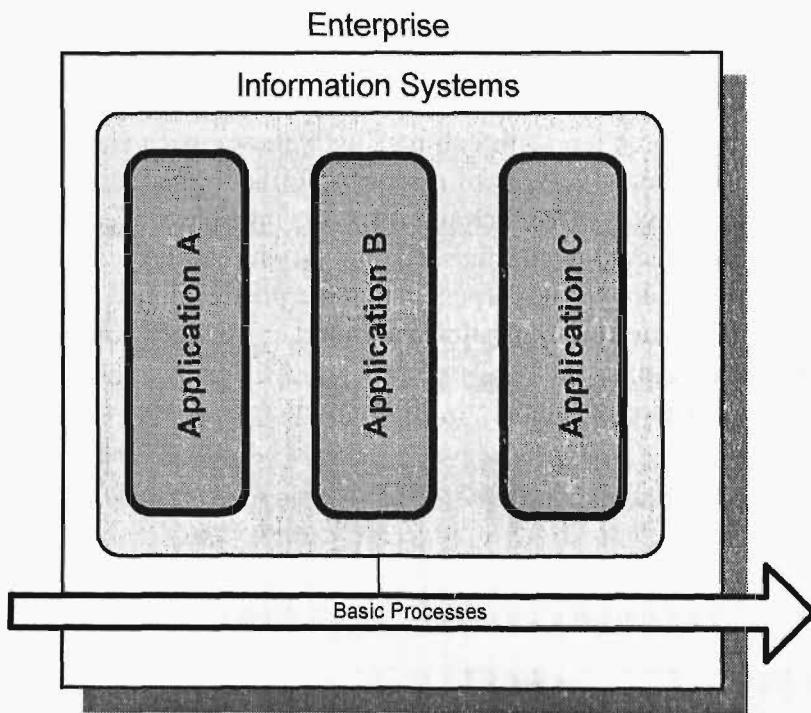
Table 2-1: The Combination of Solutions in Enterprises

	<i>Local</i>	<i>National</i>	<i>International</i>	<i>Multi-domestic</i>	<i>Global</i>
Off-line	Yes				
On-line	Yes	Yes	Yes	Yes	
Integrated	Yes	Yes	Yes		Yes
Agile	Yes	Yes	Yes		
Informed	Yes	Yes	Yes	Yes	Yes
Communicated	Yes	Yes	Yes	Yes	Yes
Mobile	Yes	Yes	Yes	Yes	Yes
Electronic	Yes	Yes	Yes	Yes	Yes
Virtual	Yes	Yes	Yes	Yes	Yes

OFF-LINE ENTERPRISE

The off-line enterprise is a typical solution for the industrial enterprise, which operated in the 1950's and 1960's. Several applications such as payroll, stock control, production control, and customer orders had been processed independently and their data were provided in batches. Rooted in the 1980's and 1990's, such data processing modes can be found in small enterprises, such as small retail stores or small repair shops. A model of such an enterprise is shown in Figure 2-1.

Figure 2-1: A Model of Off-line Enterprise



ON-LINE ENTERPRISE³

The organization of an on-line (networked) enterprise is based upon computer networks such as Local Area Network (LAN), Metropolitan Area