Key Success Factors in Designing and Implementing Business Networking Systems

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Abstract

Designing relationships among business units is of growing competitive relevance. However, gaining critical participation and aligning business and technical issues are major difficulties these Business Networking Systems (BNS) have to face. On the basis of three types of BNS and the specifics of inter-business relationships, this article describes the implementation of three different BNS. The major steps are analyzed and two techniques which strongly determined the projects’ success are described. We conclude that design methodologies for BNS-projects should consider both, partner profiling and win-win situations, as integral elements which foster adoption and business orientation.

1. Relevance of Designing Business Networking Systems

The Need for Establishing Networkability

Relationships among business units are gaining momentum in a broad variety of industries. This is due to a new business model which emphasizes customer-orientation and flexible, tailored solutions on the one hand and cost-efficiency and quality on the other. To resolve the quest for more performance at lower costs new organizational paradigms suggest insourcing of all core competence activities and outsourcing of all other activities. As a consequence business networks emerge and relationships between organizational units are becoming more prevalent. As Davis/Meyer [9] put it “increasingly, value resides in information and relationships – things you can’t see at all and often can’t measure. The arrangements we are all used to, like working for money, paying for goods and services, and maintaining clear boundaries between one organization and another are all blurring.”

As coordination science shows, managing is a highly information-intensive activity and applying information technology (IT) to this area has a profound impact. Many authors
have elaborated on the effects of IT and the potentials for reducing transaction and coordination costs when organizational units cooperate (e.g. [3]). This direct interrelation of IT performance and coordination costs compensates for the additional coordination requirements within networked environments. Therefore, IT enables extended networking among business units, a phenomenon Wigand [29] calls ‘Electronic Strategic Networking Effect’.

However, many businesses have concentrated on implementing and integrating internal information systems. They only possess limited networking capabilities and modules for Supply Chain Planning, Electronic Commerce are just recently being added. The current figures for Business-to-Business Electronic Commerce, which forecast a growth from 43 bio. USD in 1998 to 1300 bio USD in 2003 [14] illustrate these strategic developments. Therefore, enhancing the facility to quickly and efficiently establish relationships with business partners becomes a strategic necessity. Along with Betts et al. [5] we will call this ability *Networkability*.

### The Adoption-Lag of Inter-Business Systems

IT can only live up to it’s enabling role if information systems are in place which provide the necessary functionality and which are used in the end by the various parties involved. There is evidence that Business Networking Systems (BNS) encountered adoption problems in the past. Relevant interorganizational systems such as Electronic Data Interchange (EDI) or electronic commerce applications are available since the 80s but only now they are spreading in the business community [10]. In the first place most companies were occupied with establishing integrated internal systems and consider extended supply chain and electronic commerce modules as consequent extensions. In parallel to this path interorganizational systems evolved along with the technological possibilities. As Figure 1 shows, both developments are in the process of approaching each other and will lead to a fundamental redesign of business we term ‘networked economy’.

The depicted evolution path also reflects that neither EDI- nor interorganizational systems received strong adoption from the business community. They were found to be afflicted with high costs and lacking or insufficient functionality and participants/users. [19] analyze the diffusion and adoption lag of EDI in the European Sector and identified several variables for explanation. According to Kalakota/Whinston [20] five factors determine the adoption lag of EDI: high costs, limited accessibility, rigid requirements, partial and closed solutions. Others ([8], [1]) found that electronic markets such as air cargo community systems and electronic transportation exchanges were failing due to

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**Figure 1: Evolution of technology- and business-driven Business Networking Systems**

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high costs, insufficient functionality and lacking network externalities on infrastructure and application level. Thus, attracting a critical mass of partners remains a main challenge in BNS.

The Gap between Business and IS Issues

In their empirical study Jimenez-Martinez/Polo-Redondo [19] confirmed that strong hub companies and senior management support were critical factors of successful EDI implementations. The electronic market systems also indicate that cost structures, functionality and connectivity to other partners did not respond to the requirements of businesses. We therefore derive the alignment of business and technological requirements as the key success factor for BNS. This is also backed by empirical research Gartner Group ([16], [15]). In a horizontal study Senior Executives and Chief Information Officers (CIO) of 700 large enterprises throughout Europe and the US were asked for the main challenges CIOs are facing. 95% of all interviewees stated their IT organisation will change soon dramatically. Only 2% (of the European companies) claimed to have a clear picture of their future IT and business vision. The research study is divided into the sections IT-Management and Technology. Both categories are used by Schnedl/Schweizer [28] to structure the main challenges from a historical (1995-1997) and a future (1998-2002) perspective. Regarding IT-management the alignment of IT and business strategy always was the foremost concern which dominated other such as strategic IT-planning, Y2K/Euro-problem or the management of distributed computing. From the technological side Client-Server architectures, Inter-/Intranet-Technologies and E-Business were considered as main challenges from 1995 to 2002. They were followed by Datawarehousing, Network Management and the Integration of applications.

These findings support the two main motivations of this paper. To close the gap between business and IT this paper proposes success factors and techniques when implementing BNS. Second, our cases illustrate the relevance of BNS for competitive strategies. We will set out in chapter 2 with the characteristics and specific requirements of BNS. These are used as basis and categorization for three case studies, which are described in chapter 3. In chapter 4 the main steps undertaken are depicted with the three techniques used. Based on our findings we summarize the key success factors in chapter 5 and derive some conclusions and recommendations for the development of BNS.

2. Characterization of Business Networking Systems

Types of Business Networking Systems

Systems that support the coordination among business units are referred to as Business Networking Systems (BNS). They always involve more than one organizational unit and often integrate business partners (customers, suppliers etc.) with a company’s information infrastructure. Prominent examples are systems for electronic commerce and supply chain management. Although Business Networking is now receiving growing management attention, various types of systems have evolved since the emergence of EDI in the 70s. As Figure 1 shows, we can distinguish two evolutions paths, an interorganizational one which encompasses EDI, Electronic Markets and
Interorganizational Systems and an intraorganizational one which describes internal systems which are enhanced with business networking capabilities.

In general, BNS link the internal systems of individual business units that have been integrated mainly in the 80s with standard packages from vendors such as SAP, Baan or Oracle. Enterprise Resource Planning (ERP) systems aim at providing efficient transaction processing by using integrated applications and data. However, implementing connections to other business in the same system offers only little flexibility and is bound to quickly reach capacity limitations. This is the starting point for three different types of BN-systems that we propose based on the previously mentioned evolution paths (Figure 2):

- **Data Sharing Systems** support the consistency of data by linking individual applications. This is the function of EDI-systems and proprietary systems, such as SAP’s Application Link Embedding (ALE) and Intelligent Documents (IDOCs) [17].

- **Extended supply chain management systems** (ESCM) or Advanced Planning Systems (APS) offer functionalities for supply network planning, demand planning and the like. Usually, they are linked to an existing ERP-system and are operated by one of the two parties involved. Examples are SAP’s APO and the products from Manugistics or i2.

- **Electronic Commerce (EC)** systems are applications which concentrate on information and contracting activities and complement supply chain systems which focus on planning, managing and controlling of material and financial flows [2]. Although ERP-systems are now extended with EC-functionalities, specific applications (e.g. Open Market, Intershop) as well as specific services (e.g. Electronic Malls, Auction Systems) have emerged which have to be integrated with internal systems.

![Figure 2: Types of Business Networking Systems](image)

**Specifics of Business Networking Systems**

To describe the specifics of BNS we will use the three dimensions of Business Engineering that represents an approach geared towards the business-oriented conceptualization of information systems. It combines various theoretical disciplines and “structures the organization, data and function dimensions at the business strategy, process and information systems levels” [24].

Concerning the organizational dimension BNS per definition support relationships between multiple organizational units. From a juridical standpoint these may be internal, e.g. within a large conglomerate, or external, e.g. to customers and suppliers. However, the blurring of organizational boundaries makes it difficult to clearly distinguish between the qualities of internal and external business networks. We therefore concentrate on the major organizational difference of BNS and (traditional)
internal information systems (Table 1). As interorganizational theory posits (e.g. [12]), governance structures with authority, autonomy and dependency patterns are different in that interorganizational relationships permit less direct influence and inherit higher conflict potentials than traditional hierarchical relationships. In addition there is usually only a lower level of knowledge about the business partner’s processes which is also a result of the more frequent change in partners (lower stability).

<table>
<thead>
<tr>
<th></th>
<th>Internal Business Systems (e.g. traditional ERP-system)</th>
<th>Business Networking Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stability</td>
<td>High</td>
<td>Middle to low</td>
</tr>
<tr>
<td>Authority and control</td>
<td>High</td>
<td>Middle to low</td>
</tr>
<tr>
<td>Autonomy of partners</td>
<td>Low</td>
<td>Middle to high</td>
</tr>
<tr>
<td>Dependence</td>
<td>High</td>
<td>Middle</td>
</tr>
<tr>
<td>Conflict potential</td>
<td>Low to middle</td>
<td>Middle to high</td>
</tr>
<tr>
<td>Process knowledge</td>
<td>High</td>
<td>Middle to low</td>
</tr>
</tbody>
</table>

*Table 1: General specifics of Business Networking Systems*

In the data and function dimension BNS – just like any other business information system – transform business data (or objects) using some business functions (or methods). However, there are some specific requirements in both dimensions that are summarized in Figure 3. In the first place, business networking processes such as collaborative forecasting require single and homogeneous signals since multiple parties base their actions on them. This is well known from the financial sector where time lags in updating stock prices heavily influence investment decisions. An effect from the production field is the bullwhip effect described by [23]. Since business partners make their decisions upon the data they receive, e.g. an automotive supplier schedules his production depending on the planning data he receives from the manufacturer, accountability is a second requirement. Finally, information systems not only have to make sure that single, accountable data are available but also that they are visible to all relevant actors, i.e. they must be accessible to partners without major additional effort.

In the functional dimension we observe that BNS are built for real time execution since business partners require immediate responses to keep their processes running without interruption and to maintain consistent data (see also [6] or [21]). Real time requires the integration of BNS and ERP systems among internal (e.g. APS or master data servers) as well as among external (e.g. electronic markets) systems. This n : m connectivity requires data and method standards which are accepted throughout a business network. They also represent an important basis for the coordination processes and techniques [25] that clearly have to be more sophisticated than in internal environments. Research of intelligent optimization algorithms which for example support simultaneous coordination of multiple actors and providing the computational capacity will continue to be important issue for BNS (e.g. [26]). These requirements concerning logic and capacity of BNS are called performance.

1 First described by Lee et al. [23], Fine [13], explains the Bullwhip effect as a "law of supply chain dynamics". It describes a phenomenon whereby the volatility of demand and inventories in the supply chain tend to be amplified as one looks further upstream.

2 For a detailed study of n : m issues of desktop purchasing systems, see [11].
Designing and implementing systems which fulfill these requirements are key challenges for the information management profession. Therefore, organizational, functional and data requirements have to be reflected in conceiving BNS.

3. Designing Business Networking Systems in three Cases

To develop perspectives for closing the business-IT-gap and the adoption lag we will describe the design and implementation of three different BNS. As Table 2 shows, each case has a different focus as it aims to highlight each BN-Type in a specific context, i.e. in interaction with internal and/or external business partners. The description of each case will follow the same structure, i.e. company profile, goals, benefits and challenges.

<table>
<thead>
<tr>
<th>Partners</th>
<th>Internal</th>
<th>Mixed</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic Commerce</td>
<td>ETA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extended Supply Chain</td>
<td></td>
<td>Riverwood International</td>
<td></td>
</tr>
<tr>
<td>Data Sharing</td>
<td>Commtech</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Positioning of the cases

Shared Data Services at Commtech

Commtech (name changed) is a worldwide operating company in the communication industry. Out of its North American Headquarters, it manages 4 business units in 45 countries. Its 130'000 employees generate a revenue of 23 billion USD. The main products are enterprise communication solutions, microelectronics for producers of communication devices and consumer products.

As a new spin-off, Commtech was in the process of reshaping its internal business network. Top management opted for independent business units to increase flexibility in the processes ‘time to market’ and ‘customer fulfillment’, as well as for central shared service centers for some common functions in order to leverage economies of scale. The
business units took responsibility for the business processes sales, logistics, distribution, controlling, material management, quality management, service management, production planning and service management. Headquarters took responsibility for overhead processes such as financing, treasury, real estate, taxing and purchasing.

The main challenge of the CIO was the design of a broadly accepted application architecture which corresponded to the new organization. The application architecture had the tasks of enabling and implementing the new organization. Homogenized master data, process standards and integration scenarios were defined to ensure coordination among the participating units. With the application architecture significant benefits were reported:

1. By implementing finance as a shared service center, the cost of finance dropped from 2% to 1% of Commtech’s revenue. Even greater savings were made due to the improved functionality in uncollected receivables, hedging and netting.

2. The redesign of real estate led to a better space utilization and a reduction of operating expenses from 6% down to 3.5% of revenue.

3. Improved accountability, visibility and real-time drill-down-transactions save taxes which amounted to 0.6% of Commtech’s revenue. A drill-down-transaction allows for instance a clerk in the headquarters to explode a summary entry to see all relevant detailed entries stored in the information systems of the business units in real-time.

4. Global purchasing cut 7.5% of the purchasing costs on a third of all purchased goods, or 0.6% of Commtech’s revenue.

These benefits which amounted to a total of 3.9% of Commtech’s revenues were used in win-win-scenarios to get the critical buy-in of the stakeholders, i.e. headquarters and all business units and regions.

**Supply Chain Management at Riverwood International**

Riverwood International is an integrated cardboard and packaging supplier located in Atlanta, USA. With its three business units paperboard, packaging and packaging machinery Riverwood generated more than 1 billion USD in 1998. Riverwood has approx. 5000 employees and approx. 2000 main customers.

In 1996 Riverwood International set out to create a new level of customer service within the industry. Improving the flow of information to and from the customers should also improve Riverwood’s competitive position. To build unique flows of information to each customer Riverwood has developed capabilities that enable small customers to process orders, inquire order status and monitor the global inventory position with direct access to its information system via an Internet solution. For large customers new global material management strategies, negotiated delivery and production schedules were conceived in addition to sales and purchasing forecasts [5].

One major challenge was the lack of information on customer processes and customer feedback on Riverwood’s products and services. The old service processes were largely manual and reactive and thus costly and slow. Information on production processes was very scant. Riverwood’s service personnel received no support in achieving sustainable customer loyalty and consequently morale sank. Riverwood started the project Enterprise Strategic Partnership to realize the following benefits:

1. Cut order to cash cycle by 60 days and order fulfillment process cycle times from 14 days to 2 hours
2. Reduce stock levels from 8 weeks of finished inventory to 2.5 weeks,
3. Reduce cost to serve by 50%,
4. increase the accuracy of invoices sent out, and
5. achieve a minimum customer service rate of 95%.

Some of the key challenges Riverwood International found itself confronted with were how to approach customers and how to arrive at a true win-win situation. Which information systems and standards should be used? Which services could and should be provided?

**Electronic Commerce at ETA**

ETA SA Fabriques d’Ebauches is a member of “The Swatch Group”, a globally operating producer of watches such as Blancpain, Omega, Rado, Longines, Tissot, Certina and the Swatch watches. The group consists of a number of individual companies, which among others focus on finished watch movements and component production and research and development. ETA SA supplies the movements for watches to all Swatch brands that organize production and distribution. As the world’s third largest manufacturer of movements, ETA has over 15 production sites in Switzerland, Germany, France, Thailand, Malaysia and China. In 1997, ETA’s production exceeded 135 million movements with more than 10,000 employees.

The main goal of the project (see [2], [4]) was improving information management from ETA to its customers, i.e. the individual brands. At the outset of the project neither standardized product data nor standardized order processes were in place. Finding out what parts were ordered was a cumbersome and labor-intensive matching process. Therefore, ETA conceived an electronic commerce solution that encompassed a Web-based electronic catalogue which enables customers to get specific information about (new) products, prices, discounts, etc. After the desired components are put into the shopping basket the EC-solution will calculate taxes, discounts, etc. After the completion of the order the customer chooses a payment method and the order is sent.

The major benefits of the EC-solution are reduced order cycle times and improved forecasting. Reducing order processing times adds additional time and buffers to the physical delivery activities. In the second place, forecasting can be improved with better knowledge of the customer’s behavior. The convergence in the information flow brings ETA closer to its customers and will allow systematic customer profiling by monitoring past order behavior. This helps ETA to develop a better understand what customers really desire and to derive demand profiles and production forecasts. Migrating the operational order entry process on the EC solution frees capacities which can be used more effectively and helps to standardize the order entry process. Providing a standardized ordering process helps to sustain the corporate identity and to reduce set-up cost for establishing ETA’s presence in a new market.

Creating a win-win situation with it’s customers was key in convincing the individual brands to participate in the EC-system. Pilot customers were involved from the beginning in designing the business network and the order process. ETA therefore expects that 30-40% of all orders will be using the electronic channel in the next three years.
4. Key Success Factors for the Design of Business Networking Systems

In all three projects similar steps were undertaken (Table 3). Starting point was the identification of the main problem and the formulation of the project’s goal in customer workshops. From this input the type of BNS was derived as a most-likely starting solution. In the next step this initial system design was verified and elaborated in more detail with partner profiling. This technique systematically supported the design of the coordination technique and delivered the main input for creating win-win situations. Since project situation and BNS have already been described we now concentrate on Partner profiling and coordination techniques (chapter 4.1) and the creation of win-win situations (chapter 4.2).

<table>
<thead>
<tr>
<th></th>
<th>Commtech</th>
<th>ETA SA</th>
<th>Riverwood International</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Goal</strong></td>
<td>Improving availability of internal process information</td>
<td>Improving information management in customer process</td>
<td>Consequently organize customer relationship</td>
</tr>
<tr>
<td><strong>2. Type of BNS</strong></td>
<td>Data Sharing</td>
<td>Electronic Commerce</td>
<td>Extended Supply Chain</td>
</tr>
<tr>
<td><strong>3. Partner profiling</strong></td>
<td>Internal / few partners (5)</td>
<td>Mixed / few partners (15 represent majority of revenues); many small partners (approx. 1000)</td>
<td>External / many partners (approx. 2000)</td>
</tr>
<tr>
<td>• Partner setting</td>
<td>Not used</td>
<td>Used in form customer workshops</td>
<td>Used for all small customers, for large customers in form of customer workshops</td>
</tr>
<tr>
<td><strong>4. Coordination technique</strong></td>
<td>Broad (multiple master data)</td>
<td>Low (material data only)</td>
<td>Medium (material, forecasting and planning data)</td>
</tr>
<tr>
<td>• Standardization tool</td>
<td>Harmonization</td>
<td>Mapping</td>
<td>Mixed (harmonization of material and mapping of forecasting and planning data)</td>
</tr>
<tr>
<td>• Degree of data standardization</td>
<td>High (same syntax, same semantics)</td>
<td>Low (different syntax, same semantics)</td>
<td>Medium (high for material, low for forecasts and plans)</td>
</tr>
<tr>
<td>• Standardization of processes</td>
<td>High (global processes)</td>
<td>Low (ordering processes only)</td>
<td>Medium (supply chain processes only)</td>
</tr>
<tr>
<td><strong>5. Win-Win creation</strong></td>
<td>Transfer payments: New project due dates, new project budgets</td>
<td>Transfer payments: Price reductions</td>
<td>Transfer payments: Price reductions, free hardware and software</td>
</tr>
</tbody>
</table>

Table 3: Main steps and topics in the cases
Setting-up Partner Profiles

Once a type of BNS was identified as starting solution the partner setting was analyzed. To ensure networkability among a large number of partners and to limit the complexities of establishing and managing relationships, detailed partner profiles were designed at ETA and Riverwood for partner classification. However, for a small number of partners (as in the Commtech case) a qualitative description proved more efficient.

Since business processes only communicate via business process outputs [24], partner profiles aim at defining standardized outputs for coordination processes. These standard patterns are then tailored according to specific partner requirements. Each individual profile contains the expected requirements in the organizational, functional and data dimension. They can be represented as tables (Figure 4) containing four components:

1. **Business relationship drivers** are generic factors with influence on the design of business relationships. According to business engineering strategic, business process and information system drivers are distinguished [24]. Figure 4 shows a customer profile used in the Riverwood case. Detailed drivers were formulated which customers or sales reps simply marked with the values ‘applicable’ or ‘not applicable’.

![Business Relationship Drivers Partner X](image)

2. **A catalog of standardized coordination outputs** shows the possible components of a business relationship on the strategy, business process and information system level. Examples for coordination outputs are “advanced shipment notice” or “order acknowledgement”. As shown in Table 4 for the three cases, outputs vary in scope and content. In addition, the catalog may also list some technical integration forms [25] such as a partner accessing internal ERP data via the Internet.

3. **Partner-specific business relationship requirements** are the outcome if partner profiles are used as structured questionnaire. They reflect the specific needs of specific partners regarding the relationship, support active partner management and serve as the basis for individualized coordination. In the ETA and Riverwood case modular and standardized types of customer relationships were defined for different customer segments.

4. Once business relationship drivers and standardized coordination outputs were defined, the partner-specific requirements direct to the **partner-specific set of coordination outputs**. Both partners implement the processes and systems, which
deal with the partner-specific set of coordination outputs. Riverwood and ETA implemented the processes and systems required for offering outputs such as advanced shipment notice, vendor replenishment, vendor managed inventory, ordering and order tracking via the Internet.

<table>
<thead>
<tr>
<th>Data</th>
<th>Commtech</th>
<th>ETA SA</th>
<th>Riverwood International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>Material, Vendor, Customer, …</td>
<td>Material</td>
<td>Material, Forecasts, Plans</td>
</tr>
<tr>
<td>Visibility</td>
<td>Credit limits, Head counts, Costs, Taxes,…</td>
<td>Inventory, Order status</td>
<td>Production Plans, Sales Forecasts, Inventories</td>
</tr>
<tr>
<td>Single signal</td>
<td>Master data</td>
<td>Inventory</td>
<td>Demand signals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Functions</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real time</td>
<td>Credit limit check, One bill to customer, Global contracts, Drill-down in taxes</td>
<td>Delivery dates, order status</td>
<td>ATP, vendor managed inventories</td>
</tr>
<tr>
<td>N:m connectivity</td>
<td>Master data management</td>
<td>Delivery dates</td>
<td>ATP</td>
</tr>
<tr>
<td>Performance</td>
<td>Performance of distributed transactions</td>
<td>Interfaces to ERP systems</td>
<td>Performance of ATP server</td>
</tr>
</tbody>
</table>

*Table 4: Requirements on information system leve*

In structuring business relationship requirements on various levels, partner profiles are the basis for conceiving a specific coordination technique. Although we cannot elaborate on alternative coordination techniques, two aspects emerge from our cases:

- Standardization of master data and processes were the main coordination techniques being used in different scopes in the cases (Table 3).
- Standardization of master data was reached by data harmonization and by implementing mapping procedures. Clearly, the former reflects closer coupling among partners.

**Creating Win-win Situations**

However, the high standardization requirements do not correspond well to the organizational autonomy inherent in business networks (Table 1). In all three projects partners had to be convinced for their participation. If the entities feel a bias of costs and/or benefits among the partners, chances for a successful implementation decline rapidly. Therefore, creating win-win situations was an important change management effort in the cases.

In the first step the impacts on setup and running costs and the benefits were explored for the networking partners. Following the concept of life cycle costs [27] we differentiate setup and ongoing costs and benefits. A partner’s setup costs encompass his total project costs and the costs due to integration effects with other projects:

- Project costs fall into costs for the designing new processes, change management, education of employees, data standardization and costs for implementing IT-based relationships.
• Costs due to integration effects reflect the networking character of networking projects. Interdependencies between networking projects and other internal projects have to be closely watched since they caused some delays.

• Costs of the new process, especially costs for designing and implementing the new coordination tasks are part of the running costs (for detailed process cost drivers see [7]).

Based on the impact of the networking project, win-win situations can be designed for each individual partner or each type of partner. The partner profile provides the win-win situation with the partner specific requirements and includes further specifics, such as feasible coordination techniques or investment power. Creating win-win situations aims at establishing reciprocity and trust which are known as essential enablers for implementation in business networks [22]:

• Different partner-specific profiles kept transaction and investment costs low and generated networking benefits which could be quantified (see case descriptions).

• Compensation for investment costs and costs due to interdependencies with other projects and protection against opportunism was reached in the cases by providing transfer payments. Examples include price reductions for the new services or hardware and software which is provided for free. In networks with hierarchical elements such as Commtech additional budgets and looser due dates for other projects ensured the priority of networking projects.

Win-win situations are easy to communicate when real examples illustrate them. For each networking project the case study companies defined a project nucleus: Within a limited time and cost effort the project partners could observe their benefits of the networking project. Quickly reaching a critical number of partners was vital for the benefit of the BNS.

5. Conclusions

Establishing Networkability is a necessity for reaching and sustaining competitive advantage. It combines enhanced and individualized relationships with increased efficiency and flexibility. Since Business Networking inherently relies on sophisticated IT, aligning business and technological requirements is of foremost importance. Evidence also shows that BNS require the participation of a critical mass of partners. Therefore, the paper’s main questions were how to ensure the participation of partners and how to align business and IT issues.

Three types of BNS were presented and illustrated in three case studies. To offer the desired customer value and efficiencies the BNS have to be configured and tailored to the relationships. Partner profiling was presented as a successful technique to reach these goals. Profiles provide a transparent view on the current partner situation and are the basis for broad and systematic partner integration. As customer profiles, they are valuable marketing and retention tools. Especially, the modular design of coordination outputs and standard relationships reduced the time for setting-up new relationships. In providing a technique for collecting information on partners, processes and systems partner profiling supported the alignment of business and IT-issues.

All case studies dealt with how to convince business partners to use the new form of coordination. Creating Win-Win Situations was a technique used to attain a buy-in from
the stakeholders. Costs and benefits were calculated on the basis of quick wins that were derived from a first pilot implementation. Both techniques, partner profiling and creating win-win situations, yielded valuable results for the design of application architectures in internal and external environments. Therefore, they should be an integral element in the management of Business Networking projects (e.g. [18]).

References


Key success factors should be a relatively small number of truly important issues. Language (Aus, Phil) Networking Services linked to global clients (Per) Service oriented attitude (Phil, Aus, Per) Quality Marketing (Aus, Can) Export plan (Can) Human capital Leadership. External. Cultural similarities (Phil) International commitments (Aus, Per). 5 critical factors to ensure that your strategic plans are successfully implemented. Strategic Planning is a process not an event. A key element in the process is the engagement of all levels of staff throughout the organization. Staff engagement generates additional input and helps build their commitment to the end plan. It is essential to involve employees in the planning of strategy and direction for the organization. One is to identify the projects that are required to ensure success in the execution of each strategy. Another is to develop a prioritization of all these projects to ensure the high priority ones have the proper resourcing to ensure success. This requires a high involvement and commitment on the part of employees to spend the time required on the projects.