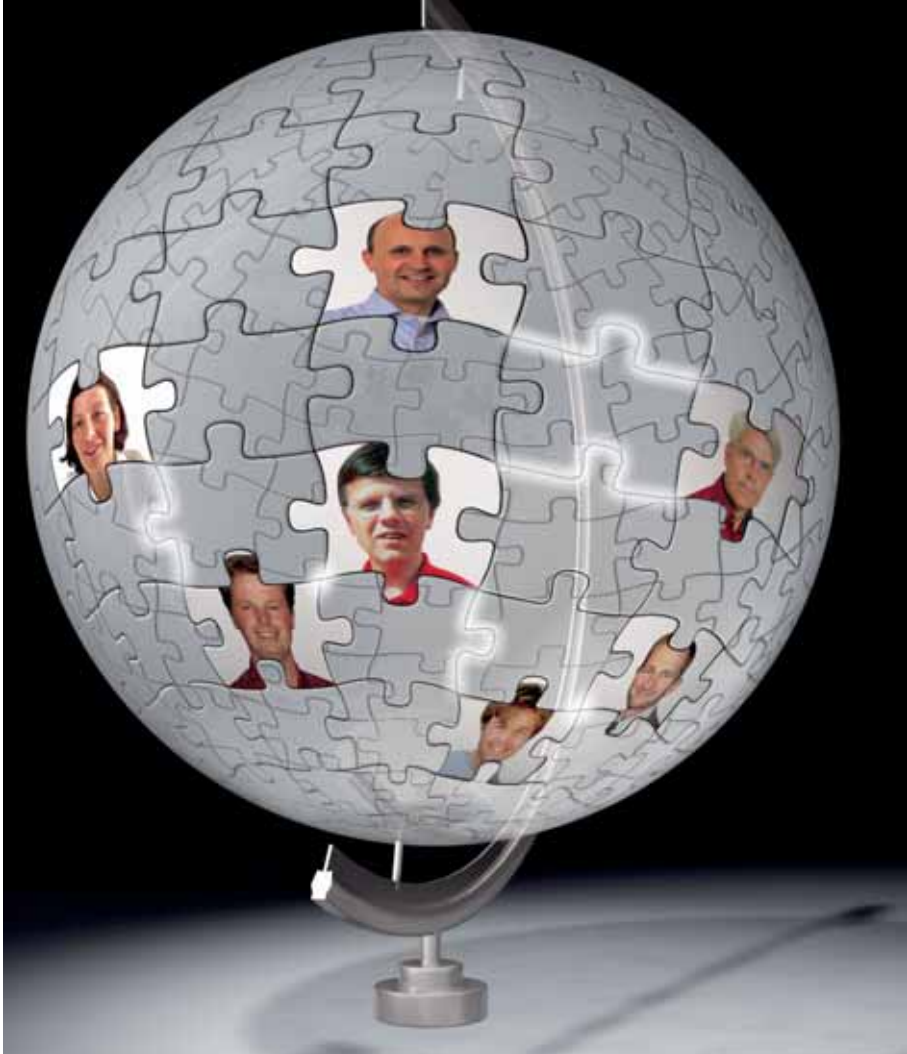




Education and Culture

Leonardo da Vinci

INHOLLAND University



About analogue life in a digital world

**How Cyber Commotion impacts your
business' and private life**

Professor Frans van der Reep (ed) and
Peter van den Heuvel (eo)

The Ocean Fours.....roll, guts and enterprise!

Rolling waves on the River Meuse... can be towering waves on the North Sea and the Atlantic ocean. Just imagine the courage it takes to brave those waves with four in a rowing boat!

With vision, guts and enterprise, a team of four former-Erasmus University students ventured the crossing from New York to Rotterdam: after 60 days and 16 hours non-stop rowing, they arrived safely on the rolling waves of the River Meuse.....



The Internet lets us surf happily, but also causes waves and sometimes big rollers of change in our lives and work. In this book physical waves meet Cyber Commotion. This book offers you a preview: beyond the waves and excitement the perspectives of the good things that the waves of change may bring about. Courage is necessary, team spirit and personal enterprise to take up these challenges. Sometimes against the flow. Often riding on the waves. Like the rowers of the Ocean Fours.....

About analogue life in a digital world

**How Cyber Commotion impacts
your business' and private life**

E-business centre of excellence INHOLLAND University Rotterdam
"Impact of the Internet on life and work"

November 2005



Education and Culture

Programme

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* translation in the 20 European languages

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Preface e-business centre of excellence

INHOLLAND University Rotterdam

What does the Internet have to do with entrepreneurship and with you and me? And why is that an interesting question? This book comprises our Rotterdam reply why this is actually a relevant and challenging question and formulates a beginning of an answer to that. “Cyber commotion” in Rotterdam: no wave too high! Hopefully a daring impetus and therefore the Rotterdam way. If we send you barking up the wrong tree with that, it is alright. There is no getting away from it. We come across the Internet in various capacities. As a civilian who wants information from the government. As a tourist who wants to book a trip. As a student searching for interesting subjects or wanting to do a remote study. As an entrepreneur who wants to sell, buy, advise or produce through the Internet. As friends and acquaintances, who, chatting or voiping keep contact. In all those identities, regardless of your age, the Internet plays an increasingly large and increasingly compelling role for you.

This book deals with the way in which you come across the Internet in your various roles and how it affects your work and life. It contains results from researches carried out about this within INHOLLAND University Rotterdam’s e-business centre of excellence. That is about educational institutes, which more and more have to prove their values. That is about students getting in touch with chain reversal and therefore also have to give much more shape to their own study careers. That is very directly about the impact of the Internet on marketing and sales within companies. About the way we communicate through the Net.

The thread is formed by the conclusion that the Internet compels us to, much more than we used to, shape our own lives. The Internet forces us all to “make the next move” and to take up our own marketing and to think about how to bring out our values in the open for other people, lifelong. The Internet compels, urges, forces individuals and companies into stressing their distinct features and to take action. That creates a lot of commotion! The books form the report of two years of centre of excellence e-business in Rotterdam. It is not about technology but aims at the broad social, economical and personal impact of the Internet. The way in which this book came into being is illustrative for its contents. We created collaborations in many fields, to which everyone contributed from his own strength and brought mutual benefits.

We hope that the contents may inspire you and make its way to you, to the education and to the politicians and the trade and industry.

Rotterdam, October 2005

Frans van der Reep

Professor in e-business, INHOLLAND University Rotterdam

Preface Leonardo da Vinci project, E-business tools in SME in agriculture and food processing industries

It's our pleasure to present to you the book **"About analogue life in a digital world"**
How Cyber Commotion impacts your business' and private life.

This book was set up to give all participants in the Leonardo da Vinci project "E-business tools in SME, in agriculture and food processing industries" and others an insight in the state of the art of internet use.

Internet is all around us. Internet changes the way of communication. This affects making business in supply chains. Due to the internet there's a further change in demand- driven entrepreneurship, we believe this impact to lead to new forms of sales and marketing.

Professor Frans van de Reep from INHOLLAND University, presents in this book a new market segmentation model as a consequence of the E-reality. You will find examples of "reality-pull" demand that show the acceleration of the chain reversal process. It supplies us with ideas about organizing business for each of us.

With this book we hope to have contributed to an effective discussion on how people think of and react on internet use in their daily lives and within their business opportunities.

We hope that you'll find this book a big pleasure to read and to get inspired!!!

November 2005

Ing. Lucas Vokurka

INHOLLAND University Delft

Projectmanager Leonardo da Vinci project, E-business tools in SME in agriculture and food processing industries

Structure of this book

This book wants to link vision and entrepreneurship and to appeal to one's imagination. The image of the Jacob's ladder ascending to heaven, which creates vistas and vision but at the same time remains on firm ground. "Down to earth!". Once again the image of commotion, excitement, dynamics and nerve that forces to determine the course.

The book consists of three parts: vision, research results and culture.

The vision as formulated in chapter 1, "Connected Future", is concretely examined and checked on the basis of quantitative and qualitative research. In chapter 2 we deal with the optimisation issue for the set-up of the management. "one-way" versus "un-must". The trick will be to choose a data processing principle or in other words process driven that fits the nature of the management. "Who's my PAL?"

The corresponding theoretical model proved to be a great basis for our research into 3C segmentation. The results of this research can be found in the chapters 3 and 4. The results of the researches about the importance of chatting and informal ICT communication on the shop floor can be found in chapter 5. In chapter 6, the research results are described about e-business and youngsters marketing. In chapter 7 you will find the results of practical examples about demand driven education and health care.

We conclude with a contribution about culture, company values and we share with you possible educational and research perspectives for the future.

Vision

*“where people only co-operate because of benefit and production,
homesickness for the origin will come up”*

1 Connected Future¹, *What the Internet does with us*

Frans van der Reep

This book is about you. Are you, as a customer, as an entrepreneur, as an individual, ready for the Internet and e-business? Do you see the possibilities and do you actually use these? Do you have an idea of where it will end? Did you ever list how the Internet changes your life as an entrepreneur? And, do you make the next move or do you let it all happen to you?

About the fact that the Internet is much more than e-mail, shopping, chatting and searching. About how the Internet as a driver of e-business changes the set-up of your company or educational institution and maybe your very business in a very positive and still “e-secure” way: marketing & sales, operations, purchasing, recruitment & selection, e-HRM. We go through six related trends with you, without pretending to be complete.

New opportunities for market communication. *Presence management*: how do you want to be reached by your customers and what do your customers themselves want? Phone, mail, chat, sms? How do you make sure you are seen? As an entrepreneur, do you choose your own broadband TV, pop-ups, contextual advertising, blogging?

Voice-over IP and mobile broadband internet with *flat fee* price structures for a few Euros per month are on their way and ensure that your customer even physically compares prices and offers with you in the shop. Are you going to help him by, as a service, putting a WiFi hotspot at his disposal so that he comes off cheaper with you? By the way, how do you provide the best supply and made-to-measure work without additional work? Formal process descriptions (ISO) will be complemented, maybe replaced, by (external) links, communities, portals and other forms of distributed teamworking. Especially knowledge workers will organize themselves through communities and peer-to-peer systems and focused on “the next practise” and will bring their offer to the market through a clever mix of online and onsite service. Reality pull instead of schedule push will become the standard.

¹ This chapter is an updated version of the speech Frans van der Reep as his contribution made, together with fellow-professor e-business Vincent Kouwenhoven on 27 October 2004 when accepting the position of professor e-business, INHOLLAND University. This speech has been included in *Kouwenhoven, V. and F. van der Reep (2004), Connected Future, E-business in Balans*, INHOLLAND University

It will cost your customers only a few seconds through the Internet to determine whether or not you have the best offer for them. Now, they still do that at home. Soon mobile, with you in your shop. Both the business customer and the consumer more and more determine their shortlist through the Internet. Therefore you also should search through the Internet for the best offer for yourself, just like all those others. If not, you will pay too much. In this way, e-business forces you very clearly to define your offer. Literally work of seconds. Much more than five years ago, the company has to compare itself with *out there* (Hungary, Poland, China), reduce costs and restrict itself to whatever it makes it the top. Insight into the own "A+'s" and the ability to drop activities in which the company does not form the top, becomes a strategical competence and requires great leadership. Offshoring, partnering and outsourcing are the visible results.

Companies hardly get the time to get their messages across in the real-time economy. Seven seconds for your homepage for instance. Thus, attention is the new scarcity. This put high demands on your market message. Branding, focus on own strength and winner's image with which customers and business partners also want to associate, are absolute keys in that.

More competition hopefully will lead to a "compassionate capitalism" and not to a "piranha-economy". A tremendous political challenge! "Get in or get lost!".

Therefore, this book is about you. Have you determined your position? That is what we want to discuss in this book. Not only abstractly about e-business and what the papers say about it. That is nice and safe. But about you and e-business. About how the Internet brings you, as a breadwinner in the "real-time networked economy", into the position of a market vendor who has to make three decisions: where do I put my stall, what do I put in it at which price and how do I make sure that people know where I am. About how the Internet is the cause that you, as a customer, no longer want to be confined in the complexity and regulations of big companies. How you are going to search, without respect of persons, for the best offer for you. And, finally, how the Internet enables you to become a member of a multitude of communities of like-minded people somewhere in the world with the same target. That is to say, if you have something on offer for such a club.

We come across the Internet from the various identities that we have. At home, as a friend with friends, as a consumer, as a tourist, in our jobs. That is here to stay. The question is how we, in all these capacities, can make proper use of the web. This book describes how we come across the Internet in a number of roles.

In this chapter we outline, on the basis of examples, the individual, the business and the social perspective of the internet. We show how far the Internet has already permeated our private and public lives. By now, in almost all social roles you play, you come across the Internet. That is exciting. Then, a new evolutionary process comes into being in which he who has most adapted to the Internet will maximally benefit. That goes for individuals, organizations and perhaps also whole countries. What we want to discuss with you is to what exactly we will have to adapt. What does the Internet with us, with our identities, with our companies, with our families, our jobs, with the Netherlands? In which does the Internet have a role and in which absolutely not?

The Internet directly affects our personal lives, if only because of e-mail, electronic banking, information supply, online shopping, chatting, the way in which we learn. An example: How do you feel if the organization where you work, as a part of perfect recall, starts to tally who is calling whom and who is e-mailing whom. In itself, that is a reasonably simple exercise. Then, however, it will show in which networks you really are. And whether you are really “partaking”. Do you feel up to that? Could this be the reason that very many people, especially managers, keep reading and replying their e-mails during their holidays? Would the Internet definitively put you on a par with the social relations you have? With a Google-premium on popularity like in the search algorithms of search engines? Existing is co-existing. Or is that too cynical?

Of course, we were a little pulped by the Internet after the hype. We are not really impressed by it if we look at the budget and the resilience of, for instance, the Dutch Innovation Platform, but it does happen and fast and at the same time a little bit under the skin. The Internet converts our world at high speed. There is hardly any aspect of society in the Netherlands and abroad that is not profoundly affected by the Internet and the digital world. The Internet increasingly gives shape to our personal life, to objective and set-up of profit and non-profit organizations, business-to-business communication, society, the way in which decisions “arise” and to “politics”. The Internet has consequences for you, whether or not you are online.

To an increasing extent, social information supply, internal business communication, but also the organization of family parties run through the Internet. The Internet is considered as a social and relatively cheap information medium and in the communication between you and companies, government, relatives and acquaintances it is impossible to imagine life without it².

You have the possibility, but that goes for companies too, to be real time virtually present everywhere and always: everyone can, if desired, start a broadband “TV channel” without considerable costs, with live, worldwide broadcasts. If required with billing features and combined with instant messaging, voice over IP and photo sharing. Do you opt for your own broadband TV broadcast³? A technological possibility, by the way, requiring a short-term recalibration of all governmental supervision of communication.

Many new words, such as “safety leak”, “identity theft” or “spam”, which ten years ago were still unknown, both the word and its meaning, have by now been generally adopted and become a mental category: these form part of your *Sitz im Leben* and certainly of that of the kids. The words blog and scam are already much used. Just a bit longer and countries, companies and individuals must realize: “Get in or get lost!”.

Much is possible. At the same time, this kind of things only happen if it has a concrete value for the parties involved. Not everything possible also happens. We still read the paper version of the newspaper and we do not sit behind our computers at home to do that. As it is, we sit passively in front of the TV but interactively behind the computer. A subtle, still existing difference in mental position, to be seen in our use of language and choice of words. But not only online activity is growing⁴. We also do more and more funshopping. Complicated.

A few examples: The use of all electronic means of communication is growing: at the same time, the English fellow man, for instance, listens more to the radio, phones more, is present on the Internet longer and longer and watches more (digital) TV⁵.

² For an example, see chapter 5 of this book.

³ On 21 September 2005, The Dutch Prime Minister Balkenende presented an ambitious implementation plan to take government communication in hand with digital means through an own chat, umts and digital channel. The government commissions the design of an “internet-architecture” and starts to experiment with new digital channels such as MSN, UMTS, i-mode and SMS-attention-drawing.

⁴ For instance, see chapter 6 with research results about channel choices by youngsters.

⁵ Source: Ofcom, The communications Market 2004 Overview, www.ofcom.org.uk

In Japan, for example, nine out of ten households have access to the Internet. Phoning with the Internet is very strongly increasing under the leadership of Yahoo! 90% of the cell phones has Internet facilities⁶. Some practical matters as examples that go beyond an done-up website. You can establish your office anywhere on the face of the world and have the telephone answered there and the mail sent without taking one step outdoors, for example via the site www.e-office.net.

Presence management or “swarming”, for who you do or do not want to be accessible with which part of your identity, what you do or do not want to tell whom, and following naturally from this, “personal opinion management”, stand out as an individual core competence of the future and is on the brink of outgrowing the status of leisure activities⁷.

Consequently, Microsoft and Google (Blogger.com) see weblogging or blogging, keeping personal diaries via the Internet and make these accessible for a selected public, as big business⁸. A bit of reversed hide-and-seek: if you are not seen, you are off. By now, 65% of the Dutch people sometimes visits a weblog⁹. Will weblogs, for instance, take over the function of the local newspaper through “civil journalism”? With Google, you will not only have an unlimited personal archive at your disposal through their mail, soon you will also be able, through Google Talk, to phone free of charge. Google is going to include weblogs in the register, currently there are 17,1 million of these worldwide! What do you do already with James Burkes’ KnowledgeWeb project: “an interactive educational tool, the Knowledge Web not only informs about the scientists, artists, innovators, and explorers of history, but also reveals the connections between them”¹⁰. One more to finish: developments in the sphere of context-bound knowledge management, with which you can educate your own software, for instance with www.irion.nl, or contextual advertising à la Google reward those who show a focused, consistent searching behaviour and obviously know what they are looking for and what they want. Then does not only the number of hits and links to your site will make you popular. Do you realize how much power the Googles actually have, for that matter? Search engines increasingly determine what you find on the Internet. With this, we are brought back to the contents.

⁶ See for example BusinessWeek online, “Where netphones are really ringing”, 20 October 2003, www.businessweek.com

⁷ See for example www.eyebies.com and chapter 8 in this book.

⁸ A recent example of this is www.feedburner.com

⁹ Source: marketing online 05-09-2005.

¹⁰ www.k-web.org/. This web was created to stimulate the innovate use of education technology.

Combinations of CRM and data mining either or not in combination with in-store marketing in which this type of techniques is implemented, make nice offers especially for you possible, moreover in your language and wording. Partly because of the enormous performance improvement of technology¹¹. Besides, with in-store marketing, companies get the possibility within other companies to recommend their goods. Producers of A-brands within supermarkets, for instance. You will soon experience this type of developments personally as a customer of your supermarket.

We have only a limited idea of where this all is going to lead any company and where society will lead us to in the longer term. What, for instance, does the development of software mean that aims at steering individual social action. Software deriving information from your individual wording, sentence structure, the power, speed and amount of corrections with which you type on your keyboard, your voice intonation and your contact list¹². With which “Big Brother” also files all your digital and digitalisable correspondence in a lifetime archive¹³. What does this mean for the idea of privacy with which we grew up? What will it mean if maybe in due time the DNA profile of every baby is recorded in view of issues such as social safety, personal responsibility for one's own health and determination of individual learning capacity. The first concrete initiatives, which it is true do not have the ambition now but do have the potency to make this possible in principle and to get to a national reference file, are already in progress¹⁴. What is the Internet going to mean for our identity formation as human beings, for the meaning of role models in our education? What will happen if our Internet identity and “real world identity” get more and more mixed up and experimenting behaviour through the chat will actually lead to group rape as it recently did in Rotterdam? What does it mean if we no longer learn to wait and therefore almost everything needs to be interactive in the real-time society, and we no longer know or appreciate the pleasure of postponed consumption?¹⁵ What will be its substitute? Will there be a little pill for everything? If you know, just say so. It is exciting, though.

¹¹ The introduction of the 20 Gigahertz “superchip”, making computers twice as fast, is scheduled for early 2007. WIMAX promises 70 megabit wireless connectivity over a range of 30 miles. See Gartner, (2004). “Prepare for a world that links people, places and objects”, 9 April; P.M. Magazine (2003) March.

¹² See for instance: www.blinkx.com

¹³ Google offers you free e-mail with a free and unlimited archive.

¹⁴ See for instance the Alter Ego project of the Telematica Instituut, Twente Technical University. A second initiative, interesting in this connection, is E-Trax, stemming from the Next Generation Infrastructure Group, www.nginfra.nl

¹⁵ See chapter 5, increase of speed in informal communication.

McLuhan¹⁶ was convinced that the very rectangular shape of the book page influenced the way in which we stored and understood the relevant information. The medieval messenger or troubadour did different things with your brain than the book did afterwards.

In this respect, too, the Internet as a dominant source of information substantially affects the way in which we are informed and what we consider important and not important. Multimedial communication with sound and vision will no doubt become the standard, with which in expressing ourselves, as a person or a company, we will have to realize more and more strongly that we have disappeared with one click. You must have what it takes to tempt others to wait for you.

To quote Jos de Mul - recently in the Dutch newspaper NRC - "Would the world really turn into one big database with the Internet as central library in which historical notion has no additional value, goes astray in data files and therefore disappears evolutionarily"? And in which anything and anyone you come across is a scratch card for you: have a quick glance to see if you are a winner and most of the time discard it? Einstein did not accept that creation and development of the universe was a chance process no matter how much logic pointed into that direction. Would the Internet turn our lives into a series of scratch cards? More about that later.

Digital Trends

In the following pages, we go through six related trends with you, without pretending to be complete.

Trend 1: back to the middle ages

Since, with the Internet, place and time, and to a large extent also costs, more or less cease to be major factors in the process of information transfer, all kinds of parallels come into being with medieval structures, organizations and methods of working. More than that, drawing these parallels offers opportunities for trade and industry, education but for instance also for policy makers, to understand, faster and more thoroughly, new developments and to qualify these as important or unimportant in their own policy choices.

¹⁶ McLuhan, M. (1967), "the Medium is the Message: an Inventory of Effects", Hammondsworth.

The small community of the Middle Ages, where everyone knew everything about everyone (perfect recall) and rumours spread like wildfire, is replaced by large databases through which we maybe know even more about each other. Webcams and Google as modern manifestations of the “omnipresence” and “omniscience” that used to be attributed to church and religion. Via e-mail, time and distance have been ruled out, even an anonymous hacker somewhere in Germany or the Philippines is detected in no time, the world as *global village*. Ebay as a staple place and goods-goods exchange! The pestilence is back. In the present era, viruses spread with the same devastating speed, while also virus scanners can only follow and not prevent. Possessions can no longer be protected, even by copyright and the law, from border crossing pirates and gangs of robbers. City walls come back as firewalls. The pillory, too, appears on the Internet: the police and civilians publish photographs of “suspected persons” and blacklists of for example less safe aviation companies and defaulter have been spotted in the meantime. By the way, do you also live in a fortified castle with your own lancers on your forecourt, the gated community with its own safety guards? We predict you an increasing number of crusades, a great future for the liege, the franchisee and, I’m afraid, a strong guild of rummaging robbers. The Dutch criminal justice in the year 2005 seems to get medieval features again with the extension in the implementation of the conspiracy ban and the period of custody. The Internet will re-establish the respect for the craft. Since the customer has a choice, you, as a supplier, just have to become good at your trade again. Old guild structures will revive again because of that. It just has a different name (incrowd, virtual community, closed user group, certified RC, RI, RA, MBA, Rotary, etc.).

Just like in the guilds, master-professionals educate trainee-professionals and settle, in spite of everything, simply physically close to each other. Increasingly, trade and industry take over the direction in education and the “baker street” comes back in the form of region-bound economical activity (Silicon Valley). We experience a revival of the maecenate as a result of a withdrawing government.

Another one, then. As, at the end of the Middle Ages, the rising citizenry pushed out the reigning class of nobility that had reigned until then (for instance think of the Di Medici family), in that way we are waiting for the citizenry to once again overtake the political class, or even outstrip through political initiatives, through the rise of the direct referendum, or through the elected burgomaster. Actually, behind this trend there is another one, namely that with the acceleration in communication, story-telling experiences a revival.

Trend 2: inside is outside

Via the Internet, customers have less and less trouble to establish whether or not you have the best offer for them. And that is exactly what customers do, increasingly, for more and more types of products and services. Market transparency and internationalisation of competition necessitates the much sharper formulation of the offer than until recently was required. And that may well be about cents¹⁷. Consequently, the Internet brings back the cent.

The Internet dramatically reduces social transaction costs and the costs related to the arranging of cooperation. Therefore, it compels the company to reduce its internal transaction expenses and, much more than five years ago, to compare itself with outside. Cooperating within the company should be realised more cheaply than that the market outside is able to. If not, then the company does not have a competitive offer.

The Internet enables more and more parts of the market to quickly and firmly draw this conclusion about a company. If a company does not take up these questions, the customer will, if only because customers more and more determine their shortlists through the Internet with a growing number of purchase types.

Companies hardly hold secrets anymore for the market and putting on a different appearance than you really are is punished with lightning speed. That means that you, as a company, as an entrepreneur, but also as an educational institute, should more and more strongly ask yourself what your report marks with the customer look like and what your "A's" are. In short, where inside is at least as good as outside. With that, a core competence for companies becomes the organization of the insight into one's own A's and the ability to drop activities in which the company does not form the top. In order to build up this ability, it is important that the leadership in the company keeps a sharp eye on their own performances to keep abreast of interventions from the market in that way. Here, the ability is also essential to build giants with other excelling companies on the market, from one's own power, from one's own A's, to enter a cooperation with companies that are an A in their field. And by that I really mean cooperation and not parallel self-interest or a temporary non-aggression pact of two competitors.

¹⁷ See for instance: www.unitedconsumers.com or the initiative of Athlon Car Lease on 10 August 2005 with a summary of the cheapest and most expensive petrol pumps per region.

Trend 3: if you are not seen, you are off

The company will get less and less time at the customer to submit his message in the real-time economy. This puts high demands on the communication of the market message. For instance, you get 3000 messages per day to deal with. That means that attention from you as a consumer is the scarce factor for a company. Therefore, marketers will diligently look for better ways to reach you as a consumer, and then preferably at the moment you make the decision to buy.

The “Bond van Adverteerders” (Dutch Advertisers Association), concluded early 2005 that the existing mass media rapidly loose effectiveness. On the one hand, consumers have not started to spend more time on media consumption and within that, also spend less and less time on commercial messages. A drastic rise in advertising budgets in the years to come fit in this pattern. Branding, focus, repetition aimed at market reputation, think for instance of the rise of city marketing, with many images, a winner’s image with which customers and business partners are willing to associate, are absolute keys in that. The increasing importance of collaborations among companies has a direct impact on marketing. Winner’s image becomes even more important. People do not like losers. You want to proudly show your new “capture” to your family and friends. The Internet makes “unknown” even more unloved, as it were.

So, the Internet forces not only to an objective determination of market power of the company. Both consumer-to-business and business-to-business marketing aimed at the creation of a fitting winner’s image is a second requirement to get access to a successful business community. The Internet makes your front yard and branding, with which you determine how you want to be seen, and with that an association with popularity and success, and your network capacity (even) more important. The classic desk research marketing will therefore loose more and more territory in favour of smart, cheap and interactive relation-oriented sales. The way in which the company styles interaction with the customer seems to be more qualifying for market segmentation than the traditional classification into branches or company scale¹⁸. In brief: “to be seen is to be seen¹⁹”.

A second point is that the digital world has a tendency to “the winner takes all”.

This means that the Internet, as part of a market strategy and setting the standard will be present more dominantly.

¹⁸ See for instance Siebelink, J. (2005), “Opzij Kotler”, In: Tijdschrift voor Marketing, September 2005, p. 22 a.f.

¹⁹ For the results of the research into this, see chapter 3 of this book.

The frequently available free download through the Internet as an “amuse” for the real stuff directly results from this. That does not only require consistence and focus of your community, but also mass. At the same time, follower strategies are not successful if “the winner takes all” applies: if you follow you will become second at the most. Therefore you should not (only) strive for better on the market. In other words, the successful incorporation of product renovation or a total shift of the course within the available core competence is probably more successful. In brief, this is where a totally new market lies for real innovators.

At a more subtle level lies the acceptance of organizations, companies and jobs as being finite. They come and they go. Of course it had always been that way. But the Internet will substantially magnify the creative destruction. Consequently, an interesting research topic is the development in the marketing functions and marketing organization in a company, with an increasing internal and external interest of that company²⁰.

Trend 4: “one-way“ becomes “all-ways”

If we look at the set-up of profit and non-profit organizations, then we see that practically all business functions are affected and some even replaced by the Internet. E-marketing, e-sales, e-procurement, e-HRM, including an annual statement of your income and a digitalized resignation, to mention a few examples. The chief learning officer, too, responsible for managed change and the corporate e-learning governance has already been spotted. To a lesser and lesser extent, organizations need fixed organization structure to get the right man at the right job. Thanks to the Internet, individuals, but also companies with specific competences are able to find each other and demand and supply meet each other at a far lower cost than they used to. In stead of a smart Taylor-inspired hierarchy and ditto functional organization, comes the talent to spot talent and the ability of individuals and companies to increasingly organize themselves through networks or communities, on a concrete target or customer case. In this enumeration fit, for instance, the implementation of competence management and demand steering or chain reversal. With for a visible result reality pull, chain reduction and a strong decrease of overhead and related cost. It is fascinating to find out, within this framework, whether an intranet of an organization is actually used to this end. Or whether it is only used as a cheap medium now to exact the use of prescribed process regulations in the company.

²⁰ For the results of this research, see chapter 4 of this book.

It is also interesting to analyse, in trade and industry, within which internal business activities the communities and demand driven become the dominant organization form and where the fixed organization structure remains implemented. Where organization acupuncture is aimed at process-wise flowing and where departments are aimed at controllable clotting. Among other things, that has to do with whether we have to do with information-controlled or goods-controlled business processes. As far as that is concerned, a shift is going on from “hardware”-based towards “software”-based solutions. Queue detection used to be done with gantries and cameras, a hard infrastructure. In future, queues will be measured and traffic flows managed through orientation (GPS, possibly RFID) via cellular phones in cars. Then, it is true you still need things. But far less, mind you. The formal framework of that activity also plays a role. Sarbanes Oxley and the necessity at e.g airline companies maintenance department to separately account for each and every little screw, for instance, still forces to a hierarchic organization structure. As always, it is about the balance, about the optimal mixture. Furthermore, it is often a matter of view and portrayal of man, the old theory X and theory Y²¹. You can send off your outdoor employees with GPS in their cars with tight top down organized routes. Then you choose “one-way” communication aimed at demand in control. You can also choose the concept of reality pull instead of scheduled push, implement chain reversal and have the employee compose his own job and his own routes. That is “all-ways” communication aimed at creating networks, the organising principle implemented by Homecare Utrecht²². Time will tell which one is more productive, choosing for “counter” or “encounter”, for demand and control or for finding your “PAL”, your ability to pull, ally and link and find your own partners.

For companies, both cost reduction and customer focus are a topic. This challenge is unprecedented, from an organizational point of view. Consequently, one of the core assignments of every organization is to learn to really understand. Understand the market and the customer, understand the colleague. Without understanding no connection and without connection no cooperation and no giant. However, to really understand you’ve got to have the nerve to re-stand, to take a different stand. Listen differently. As a pupil, for instance, in stead of as a teacher. Re-stand should also be possible in the structure of the organization.

²¹ Theory X and Theory Y are further explained in chapter 8.

²² The principle of chain reversal is discussed in chapter 8 and the practical situation Homecare Utrecht has been described in chapter 7.

Trend 5: inergy: the whole is more than the sum of the parts

One of the fascinating aspects of the Internet is that we do no longer need coordinating action to find one another and to form a one-interest-community. More and more, the Internet takes over the position of hierarchies and related top down control in this. Unbundling, outsourcing, but also new forms of short cyclic capacity planning are the direct consequences. The evaporating, for part of the business activity, of hierarchy in favour of virtual communities is about all kinds of things and is an accelerating process. That may be about distribution strategy: the 100 people who want to fly from Amsterdam to New York and who arrange a plane together without intervention of a travel organization. The charter as a temporary community and more customer-friendly successor of the scheduled flight. That may be about scheduling of capacity-controlled organizations: customers who directly contact the service mechanic without intervention of a back office or garage planning board, like KPN realised this with their servicemen's organization: a community of service mechanics. That may be about demand-controlled education within INHOLLAND University. But that can also be about driven innovation: software developers who find each other as peers via the Internet and who together develop software as it originally went with Linux²³.

Virtual communities have existed since the rise of mass media. A somewhat longer existing, very practical community, for instance, is that of "Dutch celebrities", who each continue the value of their own community through clever PR. In that way, TV announcers and news-readers generate a value. The Internet, however, creates far more quickly and far more diverse communities. Travellers communities, mechanics communities, communities of software developers, students, and one more current example, of investors in a certain share. Other examples of Inergy can be found in many new verticals. I shall name some examples. A typical "inergy vertical" for instance is the combination of branch fellow craftsmen, related communication media and enterprise prizes that they award each other. Inergy aimed at being seen and continuation. It is, I think, no coincidence that the coming of the Spinoza prize as a vertical of the Dutch Organization for Scientific Research, NWO, universities, communication media and scientists more or less coincides with the coming of the Internet. "Idols" is something different from the Spinoza prize. The underlying mechanism is the same. It is to be hoped that the political government of the Netherlands and adjoining institutes and institutions manage to resist the tendency to become a vertical and thus to be "seen". Whether the Internet stimulates social networking or restricts verticals ("guilds") through Inergy being created is a thrilling issue of research.

²³ See, for instance, Nonaka, Ikujiro and Hirotaka Takeuch (1997). "The knowledge-creating company", Scriptum.

In fact, your organization does already exist as a community. It is the informal organization existing within the company, within the Netherlands or within an even wider context. If you “want something with e-business and INHOLLAND University” and would reach one of the members of that community, you will have access to the complete operational power and creativity of that community. That requires little organization, only our website. If companies use such a community as a regulating system, they could save very many organization costs (“overhead”) in doing so and tacit knowledge could maximally be put at the business’ disposal. If a company chooses community-controlled production of software or an educational institution to develop in that way the minor “digital organization”, then that has some more benefits. The most important benefit results from the fact that for professionals, nothing works as motivating as a little compliment from his peers and the access to the community (a big IT-player did not like his first contribution to Linux being rejected. That did not happen a second time).

Peer-to-peer review as a core value for community driven producing is the best quality guard and guarantees good results. Besides, professionals like that. How it works? Get to work in the community automatically means that you are asked to do jobs at which you are a real master. This way of working puts you in your power as a professional. And that gives energy, in our terms. Of course that does mean very tritely that you really have to be good at something. Otherwise you will not be asked and you will certainly not become a peer. You just have to be known as a real professional and first deserve your place as a trainee. In that, it does not matter whether you have a broad or a narrow competence profile. Value will find its way. No value, no member of the guild and no being asked for contributions. Initiatives in this field are www.linkedin.com, for instance, or the open business club. Therefore, the Internet leads through the intermediate step of communities towards the absolute necessity of being just good in your craft again: “back to basics”.

For the organization that dares to take the step towards back to basics, some interesting business perspectives will come up. In the first place, that company may expect a substantial cost reduction in double figures. After all, a large part of the overhead has become superfluous. In the second place, the company organizes itself in this way much closer to the customer or to the student, according to your organization. Direct contact with the peers’ community brings the customer at the controls already in the company. Therefore, the company will have more value to the customer and the customer more value for the company. Customer inwards, overhead outwards. Do you recognize it?

Trend 6: The Internet makes you entrepreneur

This may well be the most far-reaching trend for many. As organizations have to search for “A’s” in their offer, the same goes for you and me, to an increasing extent. The Internet turns you into the project manager of your own career. It is your move. Internet makes you an entrepreneur. As companies should develop profiles to be seen and to be a winner, the same way will go for you and me, to an increasing extent. It will become the trick to find a connection with your peers from your own power and to set off together to make your point. Here, you may think less and less in years or months. You will have to think in weeks, days, and in some cases in seconds, have the guts to choose a position and to make decisions. The good news, therefore, is that the Internet offers you the perspective of a made-to-measure life. No beaten tracks but your own creation in connection with who you are. You, not your boss, create your own perspective, as a steward of your own talents. You become a self-employed person and you have to carry out your own personal marketing. The bad news is that then you must have something on offer. You should have an insight into your own offer and talent and to act with a focus on that. The “Let the cobbler stick to his last” never was so relevant before.

For an educational programme about the consequences of the Internet and the digital world or for the impact of the Internet on the business areas, these are important elements for setting up the curriculum. Not only technology, marketing, e-learning tools and web design belong here. But also communication, communication and communication. The Internet compels companies and individuals, but also students, to take up their powers and to increasingly shape their own lives²⁴. Through the building of giants, each from his own power set up a top performance. In that world there is no room for unnecessary ego-controlled complexity and costly lack of cooperation that would immediately price a company out of the market. This is the world of focus, implementation power, leadership and cooperation. In that sense, the common reproach that society is individualizing further may still be out of place and the Internet might also mean a stimulus for a new humanization of organizations. Driven by economical reasons, that is about real-time connection of vision and entrepreneurship.

²⁴ See also Intermezzo II in which this topic is elaborated for education.

Finally

The trends described here indicate the enormous business transformation lying ahead of us. The trick will be to keep the worlds connected of one way and all-ways communication with their difference in business rhythm and human characters, within companies and between companies. Leadership should create the conditions on which these treat each other respectfully and with business focus on their way towards a winning team to the market, “from power struggle to armed force”. That goes for Europe, for organizations, for you and for me. Only on that condition e-business produces more.

We started this chapter with the sentence “This book is about you”. Perhaps the above-mentioned trends seem far away to you. In our opinion, you are in the thick of it!

Intermezzo I: *The storyteller*

Frans van der Reep

Good storytellers are people who can captivate their audience. Not only because of the way in which they tell stories, but also because they can often put a number of seemingly isolated topical facts and developments in a causal connection in a fascinating way. And manage to weave a story around it. This creates an insight with the audience: why is happening what is happening. A storyteller sees developments and trends and with that sketches a picture of the future.

Successful business leaders are storytellers. They can paint a strategical perspective and it matters less whether he is 100% right. Anyway, his picture sharpens your thinking, compels the audience to choose a position of their own, to formulate concrete business scenarios and helps the company to get a picture of important developments and patterns more quickly.

You can see developments in this way: in the Netherlands, the number of accidents because of toppled trucks is growing, the degree of loading of airplanes is decreasing, Airbus tries to find it in larger airplanes than Boeing and TPG Mail does not really see a substantial decrease of scale of the season's greeting mail in spite of the e-mail.

Now the connections with the help of an example, like the group ticket the Dutch Railways used to offer, a basic example of a purchase combination, which made it possible to travel the same route cheaper with several travellers. Suppose you want to travel from A to B tomorrow. Of course you can buy a ticket then at the ticket office. However, you can also try, via the Internet, to find other people who want to travel the same route and to rent a bus together with them or buy a group ticket. That will make the journey much cheaper for everyone. It is essential that forming such a community of people has become feasible because of the Internet. With the Internet, this is a matter of minutes.

Because it has become much easier is exactly why people with a common interest will more and more manage to find each other via the Internet. They start to form purchase combinations and force pinch-work solutions on the market that are interesting for them. An example of this is the Dutch Internet community www.unitedconsumers.nl with currently 180,000 members who together fill up fuel cheaply: the Internet brings back the cent!

How could the image of the group ticket fit in with aviation and road transport? After all, a charter is nothing but a community, a kind of group ticket in aviation transporting us from point to point. Here lies the chance for charter companies to give customers the opportunity to form a temporary community to arrange their own point-to-point transport. In this way, flying more and more becomes “air-dating”. A kind of group ticket offered through a fly-date site seems obvious. I predict to you that this will happen within three years and that aviation will soon “charterize”, community-controlled. People will get used to it: charters are made-to-measure, scheduled flights are bulk. A great future for the Easyjets and Ryanairs and other low-cost operators who will actually and hopefully safely do this.

For airlines, it will therefore become more interesting to directly take travellers who organize themselves in purchase combinations to their destination in stead of through “hubs”, a modern word for staple places. Obviously, that has consequences for main port strategies of airports.

To be able to implement that strategy, you, as an air carrier, do need mass for the necessary point-to-point operational impetus. Obviously, this strategy is better practicable if you can put in many somewhat smaller airplanes. Bigger airplanes will have a structurally lower degree of loading and occupancy and become too expensive for many routes. Would the difference in the plans for the future of Boeing (small airplanes) and Airbus (even bigger airplanes) have anything to do with that? By now, the first supersonic business jets are in production.

Even four years ago, storytellers foresaw that for flower and fruit auctions, communities generating much road transport, that all activity will be dealt with through the Internet using webcams and certification of producers involved. After which the goods are driven straight from seller/producer to the purchaser. Now, it is indeed reality.

This makes the challenge for companies to identify the potential “group tickets” of their customers, to get these operational as a community through clever marketing and to integrate these as a form of Customer Relationship Management in their marketing and distribution strategies in their management.

The nice thing about the auction example is that it makes clear why the Internet does not reduce the physical mobility but even increases it. This paradox, virtual fosters physical, can also be seen, for instance, with outwork, also a made-to-measure solution. Outwork proves to not reduce the number of commuter kilometres – and therefore mobility – but even increase it. Because of outworking, people involved often settle farther from their work. It is true they will come less often to their work, but still they travel more kilometres: the Internet makes made-to-measure living possible.

This paradox is a truth we often do not (want to) see. “Virtual fosters physical”, or the more Internet, the more old economy through increased mobility and made-to-measure work. The more physical goods we have on our desks and carry with us, the more physical offices we build, the more PCs we install, the more paper we print... The more CDs you sell the more audience visit your concert: the CD as a virtual carrier of the concert as a physical event. Once you see this connection, you will see it everywhere! And thus it could happen that the Internet as the driving force of the old economy did still help TPG Mail get season’s greetings-mail again. It started with e-mail. Then it became the e-card. And finally, we still want a handwritten card on our walls. And that is what will happen once again next year.

Isn’t that true....

Research results

"if you want to shine you have to polish"

2 “Who’s my PAL?”, Cooperation as a core competence

Frans van der Reep

A company, seen as collaboration between people and means, derives its existential right from the fact that it is faster & better & cheaper than the market who can organize cooperation. It should be possible to cheaper realize cooperation “within” the company than that the market “outside” can do that. If not, then the company does not have a competitive offer. The transparency of the Internet enables larger and larger parts of the market to quickly and firmly draw this conclusion about a company in the piranha economy in which we more and more find ourselves.

At the same time, the Internet dramatically reduces social transaction costs and the costs related with the arranging of cooperation. Consequently, it compels the company to reduce internal transaction costs and, much more than five years ago, to compare itself with “outside”. If a company does not take this initiative, the customer will, if only because customers determine their shortlists of an increasing number of types of purchase more and more through the Internet. Within companies, this does not only lead to a great interest for “best practices” studies and Business Balanced Score Card approaches. It also forms a compelling event for a company to face the question what its core business is, where it has a competitive offer and thus a future and where it does not. In brief, where “inside” is at least as good as “outside”. In this way, the piranha economy forces companies to restrict themselves to that business activity in which it is an “A” or an “A+”. An “A-” on the report is good, but not good enough if the market has an “A” on offer!

In the present Dutch economy, approximately 80% of the coordination costs are transaction costs related to finding, creating and dragging information. Not surprisingly, here lies a major driver for changes of the market and doing business.

What does this mean? To make the most of the opportunities the Internet offers, a company must search for its own “A’s” and “A+’s”. At the same time, its own business activities that could not stand the test of the market should be left to other excelling companies: outsourcing, off-shoring of activities and business partnering. All forms of business communities of companies, which are all top of the bill in what they specifically contribute: symptoms that go together with unbundling and the creation of new cooperation patterns.

In the years to come, with individual companies will be evaluated on their ability to organize the price-performance ratio across the *companies*. In other words: safeguard the competitive ability by goal-oriented B2B (international) cooperation. In brief, communicational excellence.

With this, a new core company competence becomes visible: from a real assessment of one's own power and operating capabilities build up a win-win with other companies.

Who's my PAL, with whom are you going to Pool, Ally and Link?

Examples of companies that have found their PALs are: Cisco, Philips & Sara Lee and Philips & AOL, Smit International. A recent example of a new combination is Shell who provides 500 greenhouse growers in the Westland area with 95 million m³ carbon dioxide per year. A fantastic combination with only winners! And what about the arrangement that INHOLLAND University students are to write user's manuals for Philips to advertise Philips' brand value "simplicity"? Or about the go-together of e-Bay and Skype, typical example of customer-pooling.

Consequently, it is to be expected that the (international) outsourcing market will continue to boom and broaden in the years to come. Not only as regards the outsourcing classics HRM, IT and financial administration. Soon, also sales and marketing will belong in this list.²⁵

The increasing importance of collaborations between companies has a direct impact on marketing. The building up of a winner's image for the company is getting even more important. People bet on potentially winning horses. The Internet therefore does not only forces an objective assessment of market power of the company: the creation, both B2C and B2B marketing-oriented, of a fitting winner's image and having straightened out your "front yard" is a second necessity to get access to a successful business community. Therefore, the Internet makes branding and association with success (even) more important.

Now about the effects of the Internet towards the internal set-up of the company. Data processing processes *within* companies and *among* companies will more and more resemble each other. B2B on the market, for instance through collaborative commerce and within the company distributed team working through the Intranet, have the same ratio, namely to realize the necessary decrease, caused by the Internet, of the internal coordination and transaction costs.

²⁵ E.g. www.salesforce.com

The Internet makes the view of Galbraith, the famous American economist, utterly relevant that companies basically are information processing units. In his terms, apart from the hierarchy as a solution for data processing and coordination, with the intranets, extranets and the Internet, a way of data process and process driven has now been added²⁶. Hierarchy has got itself a competitor in the arranging of the coordination, namely the Intranet. Internal coordination arrangements, based on the organization picture, and formal process descriptions can more and more be replaced by (external) links, communities and portals.

This means that in the set-up of the management a new optimisation issue has been added: where should you implement which information processing mechanism? Where do you opt for hierarchy and command and control ("one-way") as a coordination solution, where do you opt for organical networks ('all-ways')? The "one size fits all" in the method of set-up, staff and tools provision of the company is over. It becomes the trick to choose information processing principle and/or process management that fits the nature of the business²⁷. Hierarchy and the hierarchic organization as a control solution belongs to strongly control- and stability-oriented process driven in which stability and safeguarding are essential (e.g. the judiciary!), networking and network organizations better belong in rapidly changing environments²⁸.

²⁶ Galbraith, J.R. (1973), "Designing Complex Organizations", Adisson-Wesley.

²⁷ See for instance, Applegate, M.L. et al, (2003) "Corporate Information Strategy and Management", The Challenges of Managing in a Network Economy.

²⁸ For the analysis of this see chapter 4 of this book.

Organize the business activity in four playing fields:

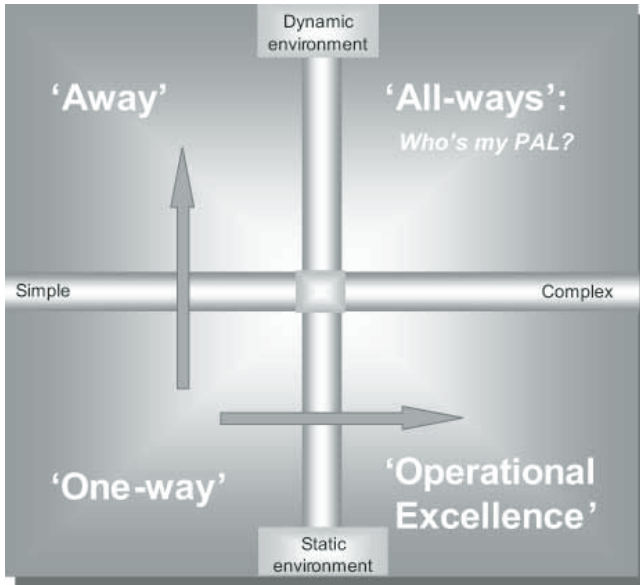


figure 1

Differentiating and simultaneously retaining/preserving the connection between the various playing fields, especially in the profile of IT and HRM solutions, for instance in accordance with the four quadrants in the figure above becomes one of the core assignments of the leadership of companies in the next three years. The leadership will have to radiate, that the organizing in accordance with fixed routines (“one-way”) is fine, but only for those business activities that lend themselves for such a thing. Conversely, it applies that only “all-ways”, networking capabilities are also too one-sided, since for good reasons, operational impetus will usually be organized in accordance with the military reference book (“one-way”).

For HRM this means concretely the challenge that certain parts of the business activity will have to be organized on stability, other ones just on your capability to manoeuvre. And that therefore the individual match on characters and competences of employees will have to be made: who fits where. Some people just are more matter-attached in the words of Peter Robinson (www.robertsconsulting.com) and feel more at home in the stable world of rules and clear structures. Others are more people-attached by nature and just aimed at innovation and flexibility.

An approach like “spiral dynamics”²⁹ probably has a great future here. This type of HRM models enables management on diversity and the corresponding tools can be web based. In markets and customers, companies are already used to differentiate. The trick will now also be to differentiate by internal playing fields and characters of employees and to search for a consistent match. Far more than five years ago, the challenge for companies is to also make sure that totally different individual characters keep seeing the additional value in each other and keep searching for cooperation. Consequently, the Internet makes HRM utterly important.

An example of a win-win between “one-way” and “all-ways” is the world of the magazines. For many years, the “heart beat” physically determinate logistical process, which lets your magazine drop in your letterbox in time (“one-way”), has been linked, for mutual benefit, to the creative, information-controlled process of the journalist (“all-ways”). The creative journalist too has an interest in a physically timely delivered magazine. A real win-win.

An example where a mismatch might develop, is the hierarchic organization, based on fixed organizational structure, of the police organization (“one-way”) versus the criminal network organizations. No matter what restructuring in their “organization chart” and reinforcement of control, they do not bring “the law” and the police into the position to be able to follow the rapid movements of criminal network organizations. Then, the consequences of the “one size fits all” and the organising of all activities from command and control and hierarchy have a high price. Therefore, the conclusion can be that also the judiciary and the police, and with these many other profit and non-profit organizations as well, will have to start differentiating in the way of organising and the way of governing.

ERP suppliers and ICT trend-watchers predict that because of the business opportunities and the necessity of improvement in business performance, the “one-way”-quadrant will grow at the expense of the “all-ways quadrant. Of course, these parties have a good reason for that. It increases their market. Their analyses is that software remains the good instrument to deal with and to solve business complexity. Isn't the opposite far more likely? That solving complexity will become human work again? “one-way” organizations because of the requirements of control, will remain wherever it is really necessary and the rest will largely become “all-ways, networked organizations.

²⁹ See for instance www.managementdrives.com

Usually, this is possible in information-controlled processes. And that is possible in very many places. So, the “all-ways quadrant will grow at the expense of the “one-way” quadrant. The reason is simple. ERP compartmentalizes and discourages a company. The first four concrete business courses where the business process had been organized on reality pull and related chain reversal supplied savings of 40% on the back office³⁰.

Another observation: management teams of (big) companies do not only find themselves facing the challenge to improve the internally-oriented traditional control from “one-way” towards “operational excellence”. At the same time, the new “internet control”, forced by the market, must be implemented. This means that at the same time you should both reinforce control and let it go (“away”) to leave schedule push and connect to the market and the customer by implementing reality pull. In my opinion, this challenge is “unprecedented” from a management point of view.

Consequently, many companies struggle with this issue: how do you achieve synergy between the reinforcement of the supply-controlled internal structure, collaborations (B2B) and the demand-controlled chains (C2B). The company, who manages to really achieve the synergy of stable, efficient, supply-controlled ERP and dynamic, effective, demand-controlled CRM, can combine the economy of scale and scope and really communicates, wins the customer.

Stronger: as long as you are in the “command and control” mode towards others or only for yourself (and that goes for many of us Westerners!), it is psychologically almost impossible to listen. This goes for companies but also for individuals. That makes you as a company extremely vulnerable to find your place in a winning B2B business community and to find your “PAL”: to encounter requires stop countering.

This is, we think, the big business transformation lying ahead of us. The trick becomes to keep connected those worlds of “one-way” and “all-ways with their differing business rhythm and human characters, within companies and between companies. Leadership should create respect between those with business focus, as real PAL’s on their way to a winning team towards market.

Communicating with customers already was essential. Communicating with other companies is added now. The real Business Process Redesign starts now!

³⁰ See chapters 7 and 8 of this book.

3 The new market segmentation: 3C, *Holland “fit for the future”³¹”?*

Peter van den Heuvel and Frans van der Reep

That the Internet in the past 35 years has had an enormous influence on the way in which we communicate, share information, cooperate and present ourselves is clear by now. The Internet is still a major driving force behind the innovation of organizations, both as regards the set-up and in business scope. More complex situations and more rapidly changing demand force us more and more to once again ask old questions and choose again. Now what does this mean to you? And do you also see the world change more rapidly and become more complex within and outside your company, or will it last your time?

We have examined whether the Internet has an impact on the way in which we should classify the market. Does Kotler’s view on market segmentation still hold or is this view due for a recalibration?³² Conclusion of our research, carried out on the basis of a representative random check is that with eleven choices, the market can still be divided into four segments, albeit other ones than those of Kotler. Statistically significant. We will show you that this has value, for instance in the choice of the sales script and the selling points presented. We like to invite you to unravel, with childlike curiosity and amazement, this simple model and to really see what this means to you and your environment from every conceivable perspective.

Market segmentation, the three C’s

C1: [Customer] stands for the way in which organizations see the customer and the customer demand. Is the customer an individual customer, does it merge into the market or is it a work order number in the process and is the customer demand simple or complex.

C2: [Coordination] is formed by the way in which organizations set themselves up after the environment and the customer demand interpreted in this.

C3: [Choice] is determined by market research and expresses the choice of decision makers on eleven questions.

³¹ A previous version of this article was published in: INCROWD “*The new market segmentation: 3C, Holland fit for the future?*”, July-August 2005, p. 13-14

³² See Siebelink, J. (2005), “Opzij, Kotler (Out of the way, Kotler)”, In: *Tijdschrift voor Marketing*, September 2005. p. 22 etc.

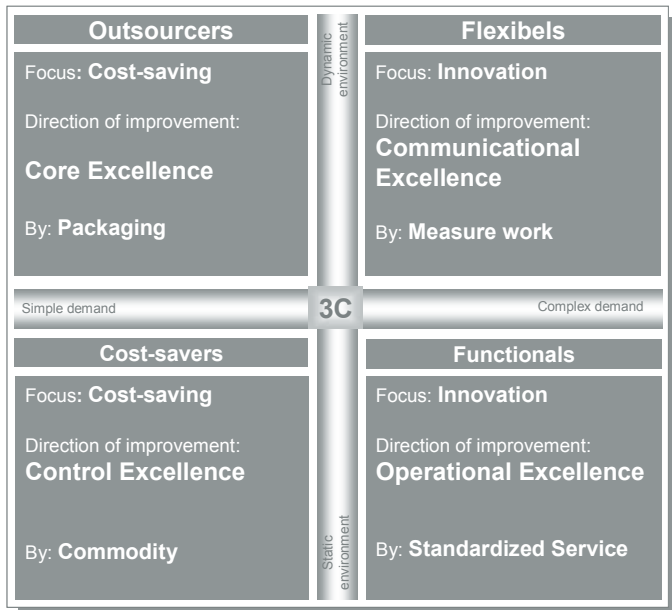


Figure 1, 3C model

Outsourcers		Dynamic environment	Flexibels	
Standardization	96%		Individual need	97%
Outsourcing	94%		Make own set of requirements	91%
Proven technologies	87%		Better price/performance	77%
One party arranges innovation	87%		ICT in own staff	74%
Performance optimization	85%		Proven technologies	71%
Continuity	85%		Innovation	70%
Simple maintenance	79%		Arrange innovation yourself	65%
Make own set of requirements	70%		Flexibility	61%
Fixed costs	68%		Performance optimization	61%
Cost saving	62%		Functionality	55%
Better price/performance	62%		Fixed costs	52%
Simple demand		3C	Complex demand	
Cost-savers		Static environment	Functionals	
Cost saving	96%		ICT in own staff	94%
Make own set of requirements	93%		Standardization	91%
ICT in own staff	93%		Better price/performance	88%
Continuity	92%		Functionality	88%
Proven technologies	90%		Make own set of requirements	86%
Standardization	90%		Proven technologies	78%
Arrange innovation yourself	79%		Continuity	78%
Simple maintenance	77%		Arrange innovation yourself	78%
Performance optimization	74%		Performance optimization	74%
Fixed costs	67%		Fixed costs	71%
Saving instead of price/perform.	62%		Innovation	69%

Figure 2, 3C model choice ICT decision makers

Scope of the research

How fast does the market evolve and what do we see of that in organizations? Can and do organizations in the Netherlands want to adapt to rapidly changing circumstances: pace of the market, new technologies and customer demand? Is reality-pull only the new buzz-word or a condition for survival? Do the existing ideas about market segmentation actually still apply?

To test this, a number of choices were put before 300 different companies with over 200 employees in this “rebellious little test” within the framework of an ICT research. Do you opt for continuity or for flexibility, do you opt for cost saving or innovation. The results were plotted on the model³³ as introduced in chapter 2 and as shown in figures 1 and 2 in this chapter and provides a new significant market segmentation. We call this the 3C segmentation.

Characterization of the 3C segmentation

We will describe for you the characteristics as mentioned in the model of market segmentation and go through them with you.

Feature 1. There are four types of organizations that can statistically be identified and provide a new market segmentation and also can be plotted as statistically significant in the basic model of figure 1. The choices distinguish these four maximally from each other. The four types or organizations are named after the most important distinguishing feature and therefore are called the “Flexibles”, “Functionals”, “Cost-savers” and “Outsourcers”.

Feature 2. The segmentation is independent of company size and branch! These relations are so totally absent in organizations with over 200 employees, that we assume that this also goes for companies with less than 200 employees. The follow-up research that in the meantime was carried out, about which will be reported in the next chapter, has now statistically confirmed this assumption.

³³ For the description of this model see chapter 2 of this book (“Who’s my PAL?”)

Feature 3. Organizations have a focus on either innovation or cost-saving. The “Flexibles” and “Functionals” have a focus on innovation and functionality, possibly specifically aimed at the need of the user. They represent 58% of the population and can be plotted on the right-hand segment “complex demand”. They also indicate more often that they intend to invest more. The “Outsourcers” and “Cost-savers”, the remaining 42%, have a focus on cost-saving and standardisation and indicate more often that they intend to invest less. They have been plotted on the left-hand segment “simple demand” (figure 1). In the follow-up research among those people commercially responsible, this ratio is 50/50.

Feature 4. In relation to the environment and the coordination principle (C2), 60% proves to organize themselves on stability and 40% on movement. In the choice for movement, more often the choice of outsourcing is made. In the choice for stability, more often “do it yourself” belongs. In the follow-up research among those people commercially responsible, this ratio is 50/50.

The lower two types in figure 1, the “Cost-savers” and “Functionals”, see themselves as fit for purpose in a static world. Here, complexity and coordination are managed with the help of fixed routines and structures. Here, business planning, task and job descriptions will be used. In this type of organization, management and control play first fiddle and in the customer contact, “schedule push” is the default response: the customer should adapt to the structure and organization of the company (supply driven processes, inside-out). The “Outsourcers” and “Flexibles” see the world as dynamical and organize themselves on that. These are the organizations in the upper half of the model. The time horizon will be smaller and planning takes place bottom-up on the basis of demand driven processes.

The dynamics with which these organizations work, are among other things caused by the developments in the field of the Internet and e-business. In these organizations, networking, usually with the help of the Internet, is the default enabler for the internal coordination. These companies interact with their customers not on the basis of “schedule push”, but through “reality pull”: they are equipped to bring in the real customer demand (outside-in).

There is no value judgment on the various 3C segments. Everyone can be good “in his own way”.

How do you recognize the four different types of organizations?

“Cost savers” obviously will more than other 3C segments opt for cost-saving. Price/performance is secondary as a standard for decision making and ICT is a cost centre. Standardisation, simple management and a conservative approach in the implementation of new techniques are among others the identifiers with which you can send off your salesmen to determine which script they have to pull from their bags. In this type of organization, the product/work order is at the focus. The order or commission should be processed in this as cheaply as possible.

“Functionals” more or less put up with the complexity of the customer demand. You recognize these organizations for instance by the functional organization structure and standardized service. ICT departments are on an average somewhat larger than with all others, but they do form a cost centre. Contrary to “Cost savers”, a majority of “Functionals” chooses innovation instead of cost saving. With the focus on market/process, the complex demand is interpreted into standardized service. Just like with the “Cost savers”, cost benefits are achieved by standardization.

“Outsourcers” are characterized among other things by standardization, cost-saving and use of proven techniques. In this type of company, the product/market process is at the focus, in which standard products and standard packages for a large group of customers are processed. ICT is a cost centre and is often organized through outsourcing. There is no innovation focus. They handle the dynamic world just by sourcing out and by standardisation. Organization and ICT advisory consultants have the best chance of doing business in this target group. 30% let themselves be advised on the set-up of the set of requirements, in relation to an average 10% in the other three segments.

The last 3C segment is formed by the “Flexibles”. With these organizations, the focus lies on flexibility and innovation and ICT is not aimed at standardisation, but on the need of company and employee. Not continuity and cost-saving, but flexibility is the survival strategy. They seem to be more enterprising and venture upon more risk. As it is, 48% of this 3C segment chooses for more own risk and variable costs. This is more than with the other 3C segments. The customer/service is at the focus and the interpretation of the ICT facility is therefore aimed at the individual need of company and employee. In this, ICT is clearly a profit centre. Furthermore it is interesting that “Flexibles” more often opt for innovative ICT.

We give a few examples

“Google” shows that this traditional segmentation is still amply present. We all still neatly distinguish between SME (small- and medium-scaled enterprises) and the big ones and see branch as distinguishing. But is that really so logical? As if every MKB-business would want a standard product and every bank in the financial sector would be the same, for instance. Our results show that market segments can better be defined on the basis of how the company sees the customer and expresses that interaction.

Take the hotel business, a service branch with various interpretations. A top class hotel delivers made-to-measure work for a “complex” customer demand. Adapting these hotels to the ever changing demands of “King” Customer requires an innovative approach. It delivers made-to-measure work by a flexible organization and good staff who listen well to what the customer wants before, during and after their stay (reality pull). What does such a hotel want from its supplier? Rapid performance optimisation and solutions aimed at the specific need. This hotel knows the exact wishes and creates its own list of demands and wishes. This determines how you, as a supplier, connects best with this innovative customer and which script you have to produce. In our 3C market segmentation model, we call this market segment “Flexibles”.

In that same hotel business you also find standardized made-to-measure work. Many facilities in this hotel chain, such as the menu, cleaning, arrival and departure times were planned long ago and also leave little room for flexibility. Contrary to the “made-to-measure” hotel, more is standardized and planned here, a static approach of the complex customer demand.. Just like the “Flexibles”, this target group, the “Functionals”, tries to interpret a complex customer demand with service, but has standardized more. Complexity and interaction with the customer are managed by focus on management and control, various standardized processes (schedule push) and with an open eye for innovation. It is only logical that this company will opt for standardized products and services with a good price/performance ratio. As a supplier, you will then know what to do to appease this customer.

On the left-hand side of the horizontal axis is the simple customer demand. Simplicity, standardisation and cost-saving predominate with hotels with a “schedule push” focus. Yield requires far-reaching standardisation: strip frills and choose cheap locations.

No flexibility and no innovation. Adjustments in the supply to the customer is much too expensive here and the customer does not expect that either. Management is about cost reduction. Guess with which script you now approach these so-called “Cost-savers”.

If this commodity offer is not sufficient for the future guest, the hotel may feel compelled, because of the customer demand, to upgrade its service (reality pull), the “Outsourcer” will enlarge the dynamics by packaging with other parties, which complete the offer or make it cheaper. This can for instance be done by cooperation with other parties in the field of entertainment, transport, recreation etcetera. This brings us to the fourth market segment. They outsource everything that someone can do cheaper and are characterized by standardisation, simplicity and cost-saving. For this segment, too, a fitting proposition can be made. In the hotel business, this classification seems to go together with the number of stars of the hotel.

Also suitable for consumers' markets³⁴

A customer wants a piece of furniture for his home:

Flexible. A customer makes a design himself and goes to a flexible furniture maker with that who makes the piece to measure.

Functional. A customer and many with him want the same piece of furniture. He searches for a functional supplier with a standardized process who makes this piece according to specification as a standardized made-to-measure work.

Cost-saver. A customer wants a cheap piece of furniture and searches for a supplier with a standardized and optimized production process that is geared to large numbers, in which much has been learnt from many feedbacks. The customer cannot influence this. That would only make the process more expensive.

Outsourcer. A customer wants a furnished house and searches for a party who designs the interior and searches for matching furniture or has it made. The outsourcer makes a design and searches for matching furniture.

³⁴ Article Siebelink, J. (2005), “Opzij, Kotler (Out of the way, Kotler)”. In: *Tijdschrift voor Marketing*, September 2005, p.22 etc.

Then where are the customers of the consultants?³⁵

The type of passionate outsourcer. That is what the organization consultant or the ICT-supplier needs these days. But where do you find that? Suppose you do a research, as an accountmanager of a firm of consultants, into a company. In order to book this as a prospect. Does it strike you that their product/market process is at the focus? That they handle standard products and packages for a large group of customers? That ICT to them is a cost centre and is organized through outsourcing? And that they do not have a clear innovation focus? Start phoning those blokes! Good chance that you are in luck there.

Division

Since the 3C research, the world has been divided into “Flexibles”, “Functionals”, “Cost-savers” and “Outsourcers”. Salesmen can now get going with scripts to identify potential customers as being one of the four. For instance, a salesman will recognize a “Cost-saver” by his standardized service and functional organization structure. This one will want to produce as cheaply as possible and does not let the customer intervene in that process. Easy to find because on the Internet or in the shop this will look quite different from that of the Flexible. That one will let the customer take full control. Furthermore, a Functional will care more about innovation than about cost-saving but will interpret the complex market demand into a standardized product.

But now the segment of the “Outsourcer”, the land of milk and honey for advisors. Just as the Flexibles, they see the world as dynamic and with that they organize themselves. Their time horizon is small and planning takes place bottom-up on the basis of demand driven processes. They are characterized by standardization, cost-saving and use of proven techniques. They control the dynamic world by outsourcing and standardization. In this target group, consultants make the best chance of doing business. “30 Percent has itself be advised on setting up a set of requirements, in relation to an average of 10 percent in the other three segments”.

Disappointment

Not surprisingly, the disappointment will be big if it turns out that the Outsourcers’ willingness to invest is not so big. With the Cost-savers they belong to the frugal type. Therefore, if you as a business consultant really want to sell packages, beside advice, you had better aim at the Flexibles and Functionals.

³⁵ See footnote 34.

To them, ICT is a profit centre and they gladly will opt for innovative solutions. But then, they like advice less...

In fact, you can put any customer demand in the 3C model and you can typify any company with this. Have you already decided which type you want to be? And who you then want to have for customers?

New perspectives for research

Our research offers the user the opportunity to segment any organization within 3C. This can be either outside-in, by assessing how this organization deals with its customer demand and environment, or inside-out, by putting choices before the organization. Also a combination as in 3C is possible. This is useful for decision makers, salesmen and marketers, who have to be able to identify and distinguish themselves or someone else. That has a value in its own right.

There are indications that the customer, therefore the reality, is getting more fickle and, in terms of the segmentation schedule, is moving upwards. For instance, have a look at developments in the field of e-commerce, the use of online trading places and communication techniques based on Internet technology. An increasing importance of reality pull requires increasing organization on flexibility, is our opinion. It is interesting to find out whether this will also happens in the years to come and whether organizations will take up their own innovation.

Mind you, flexibility turns out to also be a wish of both “Outsourcers” and the “Functionals” in relation to the behaviour of their suppliers. Reality pull, bringing in the customer-demand, is necessary to keep pace with the real change in customer-demand and environment. A follow-up research question can be why this is being forced upon others, but thus far is considered unnecessary for the own organization. By the way, there are examples where they do let the customer take over control and where this lead to 30% to 70% improved efficiency³⁶. After that, the organization may decide to once again choose the best fit within this perspective for made-to-measure work, outsourcing, standardized service or cost-saving. There will be no time for unnecessary complexity and control then and will neither be needed with the use of internet technology.

³⁶ See chapter 5 of this book.

From the increasing importance of flexibility we expect that organizations will more and more start to behave like a collection of small entrepreneurs and communicational excellence will be the critical success factor. A golden future for the franchise.

About evolution and survival, Charles Darwin said: "Those most responsive to change are most likely to survive". Against this background, less than a quarter of the Dutch organizations seem "fit for the future". That is bad news for the chance of success of the Lisbon agenda in the Netherlands. In a time where people discuss the Netherlands innovation land as a survival strategy in the dynamic market, is there still room for schedule push and should reality pull not be the default response? Would this be different in other countries? We will keep you informed. By the way, you as an entrepreneur choose your own 3 C's. It is your move.

4 What you see is what you get, *the Internet turns everyone into a salesman*

Peter van den Heuvel, Frans van der Reep and Jessica Loudon

What you see is what you get is a familiar saying when it is about computer and internet, often abbreviated to WYSIWYG. It enables, when creating for instance an Internet site, the editor or programmer to see what the result will finally look like on the screen. Of course it would be great if you could see, real-time, the result of your organization changes with the WYSIWYG principle, with a direct response from your customers. The Internet offers you that opportunity and the question is how companies use the possibilities of the Internet and which influence this has on the various tasks in the organization. Did you already develop a vision on that, which is geared with and to the external market? And have you got everybody in your organization in sight and “aligned” who has to operate this vision? For you, we examined which shifts can be seen in the commercial positions in the organization as a direct result of the “(Inter)nettization” of the market and the management. Here, we look at the set-up consequences for Marketing and Sales and the shifts in HRM and in competence profiles.

This time, 323 companies with over 20 employees were interviewed, to whom once again eleven options were put³⁷. Once more, this produces four statistically significant segments with the distinction by outsourcing, flexibility, functionality and cost-saving, independent of sector and size of category. The first time, the assumption was that this also applied to companies with less than two hundred employees, but this time we can whole-heartedly substantiate it statistically.

The positions of the respondents vary from Marketing manager/ director (27%), Commercial manager/director (20%), General Managing Director (22%), to Sales Manager (13%), Manager further (8%), Executive Board general (4%), Manager Marketing and Sales (3%) and remaining (3%).

³⁷ See chapter 3 of this book.

Set-up of the commercial organization

The new 3C picture can be found in table 1. We put the choices by the persons commercially responsible next to the choices by the ICT decision makers.

The figures express the percentages of the choices within the segment.

Outsourcers			Com %	ICT %	Dynamic environment	Flexibels			Com %	ICT %
Standardization	78	96	Individual need	73		97				
Outsourcing	79	94	Make own set of requirements	86		91				
Proven techniques	97	87	Better price/performance	77		77				
One party arranges innovation	85	87	ICT by own staff	55		74				
Performance optimization	81	85	Proven techniques	67		71				
Continuity	76	85	Innovation	90		70				
Simple maintenance	33*	79	Arrange innovation yourself	58		65				
Make own set of requirements	86	70	Flexibility	77		61				
Fixed costs	74	68	Performance optimization	40*		61				
Cost-saving	93	62	Functionality	75	55					
Better price/performance	50	62	Fixed costs	52	52					
Simple demand					3C	Complex demand				
Cost-savers			Com %	ICT %	Static environment	Functionals			Com %	ICT %
Cost-saving	63	96	ICT by own staff	72		94				
Make own set of requirements	100	93	Standardization	43*		91				
ICT by own staff	100	93	Better price/performance	100		88				
Continuity	71	92	Functionality	100		88				
Proven techniques	81	90	Make own set of requirements	94		86				
Standardization	58	90	Proven techniques	34*		78				
Arrange innovation yourself	97	79	Continuity	100		78				
Simple maintenance	27*	77	Arrange innovation yourself	82		78				
Performance optimization	81	74	Performance optimization	65		74				
Fixed costs	81	67	Fixed costs	28*		71				
Saving in stead of price/perform.	35*	62	Innovation	97		69				

* Deviation choices Commercial staff in relation to ICT-staff

Table 1

Do you see the similarities and differences? Do you recognize yourself in these choices?

Insufficient alignment ICT and business

The 3C table (table 1) and various other researches³⁸ show that the pressure on ICT-personnel to adopt an attitude as commercials is getting higher and higher.

This is caused by the more and more direct link of IT and business. ICT-personnel choose controllability, where the commercials choose ability to earn, as shown below.

³⁸ Synstar and BMC Software, research December 2004; 71% of the respondents in this Dutch research indicates that there is no Business – IT alignment.

ICT chooses

Proven techniques
Simple maintenance
Fixed costs
Standardisation
Cost-saving

Commercial chooses

New ICT technology
Functionality
Variable costs
Individual need company/employee
Price/performance ratio

For ICT decision makers it is, of course, very useful to standardize as much as possible and to choose for proven techniques, since that makes control cheaper and easier to implement. If one sees the environment change rapidly and the impact is large, then the customer will intervene more in the organization and the commercial choices will become more and more guiding.

Entrepreneurs react differently to the changes they see

Companies do not react to reality, but obviously to their perception of reality. We examined whether that perception differs per segment and how the company then sees the impact on his company. From that assessment of the impact, it has been examined to which adjustments this leads in the task division between the departments Marketing and Sales. It has also been examined in which communication and business application investments were made and for which reason.

The following table (nr. 2) shows how the perception of increasing speed and the increasing impact on the organization relate to each other.

		impact of these changes on your organisation			speed: % respons
		low to moderate	high	very high	
perception of speed of external changes that influence is....	low to moderate	63%	19%	5%	34%
	high	37%	66%	18%	52%
	very high	0%	15%	77%	14%
		100%	100%	100%	100%
	impact: % repsons	36%	57%	7%	

Table 2

Figure 3 shows how the speed of the changes in the environment is perceived by the various 3C segments.

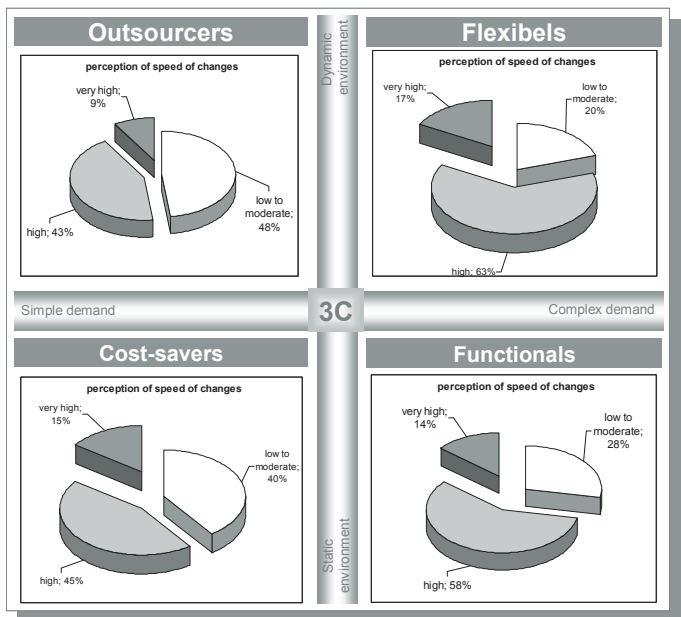


Figure 3

Indeed, the figures show that the perception of speed corresponds with the assessment of the impact. Besides, the 3C segments perceive the speed of changes differently. This is in itself nothing new and exciting. The results this has on the direction of decision-making within the company with regard to the commercial positions, however, are substantial. As it is, the figures indicate that the company's functions product development, distribution policy and product policy³⁹ will rather lie with Sales as the impact of the changes on the organization increases. An increasing impact of the Internet on business policy therefore leads to evaporation of the classic marketing department: "everyone becomes a salesman".

³⁹ By the way, at a low speed of changes, these activities often take place externally.

In the following table (nr. 4) we give some more examples.

	perception of speed and impact of the changes is...			
	low to moderate	high	very high	
some examples where changes apply...	mainly responsibility of and carried out by...			% respons
	Marketing or extern	Marketing & Sales	Sales	
speeds up innovation process as a result of the Internet	34%	42%	61%	40%
turnover responsibility e-business lies with Internet-responsible	25%	37%	52%	34%
customer and organisation use one website for steering	5%	14%	17%	11%
applies innovative ICT technology	23%	31%	52%	30%
opts for variable costs	30%	46%	52%	41%
stimulates cooperation .. (Who's my PAL)	25%	38%	48%	34%

Table 4

What do the various 3C segments do with this?

Functionals indicate the most that because of the Internet, the innovation process of the products and services portfolio is sped up. If it depends on those commercially responsible, this will go together with investing in new ICT technology and cooperation tools.

Anticipating on speed and dynamics, important for the commercial Flexibles, leads to increasing communication from both sides and the “(inter)nettization” of the organization. Consequently, Flexibles often have a contact centre, in which speech, e-mail and Internet meet. Outsourcers do not have this and invest more in the existing organization with for instance e-Procurement, to make purchasing processes cheaper.

E-HRM and ERP, for example, are mainly implemented as cost-saving process measures, which do not really innovate the organization, but do make it cheaper. Therefore, the Cost-savers are the ones who will invest in e-HRM. However, ERP-staff, more than the non-ERP-staff, feel that the Internet increases the price pressure and also think that more additional value should be delivered as a result of the Internet. In the standardized ERP-environment, however, this will not be an easy task and therefore the question comes up whether this will offer a real cost-saving solution⁴⁰.

⁴⁰ See chapter 2 “Who’s my PAL?”: ERP compartmentalizes, discourage and is far too expensive.

Probably, the perception of change and the measures taken to that, will go together with the choice to innovate or save costs, respectively the right-hand quadrants and left-hand quadrants of the 3C segmentation. The focus on cost-saving means essentially that everything remains the same, but then cheaper. No qualitative changes. Entrepreneurs with a limitedly changing environment can afford this way of solution. The right-hand quadrants are aimed at innovation. They usually perceive the change as big and therefore are actively in search of new solutions. In brief: what you see is what you get! If you see much change, then you change. If you see little change, then you do not change.

Competences must change along.

It is interesting that in the research especially with a change perceived as very big, a shift in desired HRM competences is mentioned. Creativity, customer-orientedness, cooperation, stimulate cooperation, propagate vision, bear responsibility, be flexible and result-oriented, are made explicit. Interpersonal sensitivity, coaching and judging do become increasingly important, but are mentioned less often. Furthermore, flexibles indicate more often that “taking the initiative” becomes more important. You may quite expect something from them.

Our conclusion is that HRM competences, which enable the company to function as a network organization, are gaining importance. Because of the Internet, the front of the organization disappears, more interaction comes up and the individual is to make the next move. Everyone turns into a market vendor⁴¹, who, as described in the vision, has to make three decisions. Where do I put my stall, what do I put in it at which price and how do I make sure people know where to find me. The competences mentioned are indispensable in this.

“End of the front”⁴²

As a brief intermezzo and in connection with this section, here is an interview with a reaction from the trade and industry.

The Internet is the cause that the sales organization as the “traditional front” of the organization disappears.

With this, Mr. Beker, Marketing Director Business Market of KPN, Dutch Incumbent Telephone Company, reacts to the thesis that Marketing and Sales, as a result of the Internet, integrate.

⁴¹ See chapter 1, vision of Frans van der Reep.

⁴² Peter van den Heuvel, Interview with drs. Robin Beker, KPN Director Marketing Business Market

So the answer goes beyond Marketing and Sales only. The customer is the integration point for the *whole* organization. *Everyone* who has a contact with the customer is actually a salesman as well as the one who has printed “salesman” on his business card. Consequently also the serviceman, the planner, the man from the accounts department, the manager, the marketer and the product manager. See an organization as a house in an environment with innumerable different stakeholders who influence that organization, Customers, consultants, suppliers, shareholders, and partners form quite a skin of parties around that “house”. They communicate at different levels with the organization and exchange information. The Internet makes that these relations come into being differently and that there really is no longer a “front door”.

The 3C model states that under the influence of the Internet, branding and brand preference are getting more and more important and you position yourself first and only then segmentate the market. But is that really the case?

As we talk, the following cycle is coming on the board:

customer's need → what do I have/want to know → effect on the organization
→ what is the target → etc.

At a high abstraction level, the customer's need does not change. He gives an example outside the own work field. Private persons, when buying a house, still want a mortgage, which provides money and security to the consumer. The basic need does not alter. The form in which they get it and the coming about of the relation with the customer however does change more and more. The Internet plays a major role of importance in this domain.

Because of the rapid changes in the environment, there are more and more issues at which you have to be good or very good. As a company, you choose the level at which you want to be very good and with that you choose the level at which you want to fill the customer's need. The promise I do after that in the market must be realized by every individual in the organization. Here, policy, values, standards and behaviour directly influence the positioning of your brand. This also relates to the Internet and the way in which everyone in the organization deals with this. For instance, think of the web shop, the e-mailing with a helpdesk, the various web services, information shown on the Internet.

The 3C segmentation suggests that it is a static model, but ever again, companies will have to make the choice whether there is a change of dynamics and whether also the complexity of the demand changes. We always did business in this way, the environment changes and becomes more complex and we realize that we have to change to survive. In ten years time, what we now think of as complex may well be considered as quite simple. For example, we have gathered different parties A, B and C, who together can handle the complexity. It is actually a cycle, in which you keep assessing and possibly changing the dynamics and the complexity.

In order to assess, within this framework, at what you want to be good, it is interesting to note down your history and the context of that history. What was your target and what was your message in every stage of the company? In this, you see something happen, time after time, that closely relates with the spirit of the ages, the environment, the people and the name of the man "at the top". Know your past, then you know how the people in your organization think. That is important for the effectivity of achieving your future targets. The cycle from customer's need to target did not change. The Internet does change, however, the way in which organizations interpret this.

Who decides in big and small companies?

We also examined who makes commercial decisions in big and small companies and whether there is a development pattern in this. In the response, a significant relation between the position name of those commercially responsible and the size of the company. These vary from General Managing Director with small companies up to 50 employees, the Commercial General Managing Director with somewhat bigger companies and from 100 employees, it is mainly the Marketing Manager/ General Managing Director who is commercially responsible. The smaller the company, the more the commercial responsibility will be directly with the entrepreneur. These smaller companies more often opt for flexibility. Bigger companies far more organize a Marketing department as an answer to commercial issues. Besides, they more often opt for standardisation. We also see this pattern with regard to the commercial responsibility for the Internet. With big companies, this usually lies with Marketing and with small companies with the entrepreneur. It is especially the small companies up to 50 employees who opt for innovative ICT technology. For companies between 50 and 100 employees this might well be too large and too complex. They, on the contrary, prefer to choose one party who arranges the innovation for them. The Internet speeds up the innovation process, but this is independent of the

company size.

An acceleration in the change lies the next move with the entrepreneur. There where bringing back the entrepreneurship matters, the introduction of the franchise formula is interesting, perhaps for that reason. Though we did not examine this, Toffler's⁴³ prosumership may stand out here for the future as an answer to organize optimal entrepreneurship and ability to response. Time will tell. Anyway, our analysis in figures does point to that direction.

More speed, more entrepreneurship, more interaction

The relation between the perception of change and the set-up of the organization has already been shown. Increasing speed also demands a more dynamic form of organizing, that is a flexible and dynamic network. Logic result of the step from “one-way” to “all-ways” as a coordination principle within the company is obviously an increase in communication from both sides between customer and company and communication within the company⁴⁴. Consequently, this tendency can be recognized in the use and the direction of investing in communication and business applications by companies.

communication and business applications	impact of these changes on your organisation			% respons
	low to moderate	high	very high	
customer and organisation use one website for connection	5%	14%	17%	11%
uses e-Learning	13%	27%	26%	22%
has communication run through call centre	18%	32%	48%	28%
has communication run through contact centre	15%	23%	35%	21%
uses cooperation tools	9%	12%	26%	12%
purchases via e-Procurement	31%	38%	57%	37%
reason: shorten time to market	11%	19%	30%	18%

Table 5

Shortening “time to market” is often mentioned in combination with “service improvement”, “customer-oriented producing” and “cost-saving through virtual network organizations”. Cooperation is the key here. Consequently, people invest in cooperation tools for that reason.

⁴³ See Toffler, A. (1980), The third wave. New York City; William Morrow & Co. Inc.

⁴⁴ See chapter 1, digital trends.

The Internet plays a major role in the organization of internal cooperation. Therefore it is concluded that this is necessary because the Internet compels the organization to provide more added value in services. The figures also show that contact centres mainly are used to improve the service and the meeting with the customer. By using these applications and means, the customer will get deeper and more directly in the organization and increasingly take over control of management: prosumership.

“The customer chooses the channel”⁴⁵

As a brief intermezzo and in connection with this section a second interview with a reaction from trade and industry.

The customer prefers direct and real-time payment and cash management together, but in the Netherlands, the customer is not yet used to pay for these basic things. We are at the table with mrs.drs. Lisette van Breugel, Manager ING Group, Sales Management SME & Private Banking. Indeed, bank affairs, in which we make a little sidestep now and then, apart from the ING Group, to the Postbank (one of the ING brands), where she worked previously. The two banks, both part of the ING Group, can clearly be distinguished by on the one hand the personal made-to-measure approach and on the other the innovative internet approach.

The Internet mainly changed the orientation process.

Where the customer used to phone first, he now enters the Internet for information and arrives well-prepared at the first interview. You might expect that therefore an interview has become much shorter, but measurements have shown the opposite. More information produces more questions and besides, the customer will sooner open negotiations about the price.

With the Postbank, the Internet is far more leading. By trial and error, the right note is searched. ING Bank rather chooses the personal approach and therefore does not have all their products available through the Internet.

But for ING Bank, too, the Internet and Intranet are of vital importance. The customer information is sooner available all around the organization through internet technology and besides, there are less interpretation differences, enabling a more effective and efficient anticipation on the individual customer and the changing market demand.

⁴⁵ Interview with drs. Lisette van Breugel, Manager ING Group, Sales Management SME & Private Banking. By Peter van den Heuvel assisted by Jessica Loudon.

You must understand how the Internet works with the customer.

We did watch at the customers' homes how they bank and this produces wonderful insights. How people use the Internet and what the customer thinks of himself. "I am not such a good customer since I am often in the red" and "I do so little bank business that I have to ask for a new password over and over again". How do we see the customer and how does the customer see us, that is what it is all about. Through the Internet, much more is possible, but that is exactly where you have to keep thinking from the customer's point of view, with an eye for costs and benefits of course.

You can stimulate customers to use a certain channel such as the Internet. The golden rule remains of course: "the customer chooses the channel!"

The Internet as a channel is ideal as regards variable costs, but investments for this are high. With ING, customer satisfaction is essential. An order should be awarded to you. Comfort, reliability apart from speed and operational excellence with personal attention are the ingredients for this. The Internet should minimally be okay. Fair pricing, but not necessarily the cheapest. The personal nature can be conveyed on the Internet. For instance, ING has introduced the so-called web box, where in a closed environment one to one communication with the customer and financial advisor can take place. The customer sees the photograph of the advisor on the web box.

Increasing complexity requires more efficiency.

The enormous amount of legislation, such as for instance the Financial Services Act, is growing. This involves enormous costs. Not to mention the differences within Europe. In Italy it is quite common for a customer to have to pay two hundred to three hundred Euros per year, only to maintain a bank account. And conditional sale of products is allowed in Spain and not in the Netherlands. Customers themselves choose the product with the highest yield. This requires more and more efficiency measures.

Does the Internet have an influence on the role division between Marketing and Sales?

Everyone in the chain must add value. Marketing and Sales are already closely cooperating here and do not need any more integration. Sales is directly engaged with the customer. Marketing collects information about customer satisfaction, missed deals, market share, customer's need etcetera and develops service concepts.

Newly developed concepts are tested by Sales. Apart from that, product development, pricing and risk analysis and product management are marketing issues. The transparency of prices and the comparisons on the Internet compel all of us and especially Sales to try harder. That requires a customer-oriented and pro-active attitude. The power of your brand can well support you here. Yet another task for Marketing.

The Internet certainly offers opportunities. Increasing the market reach, the customer's behaviour becomes measurable on the site, more efficient service and handling bank affairs yourself, online research and voice-integrating on the Internet.

You can directly phone from the site you visit and ask your questions in order to purchase a product afterwards. The increase of the importance of the Internet as a channel results in the need for your company of pro-active communication about hackers and frauds. You see, that is an example of the various influences the Internet has on our organization. A difference in implementation remains: with the Postbank, the Internet is primarily a selling channel, with ING it is the offices.

What do you wish to achieve?

The Internet has various applications and underlying objectives for the organization. Do you want to organize cooperation, to communicate with the customer or to share information or all this together? Anyway, the Internet increasingly plays a dominant role in all these fields. The general tendency we see is that more and more business activities are going to fall directly under the direction of the market. We see that pattern in the motivation of ICT decisions, we see it in the reallocation of the commercial position in Marketing & Sales that is going on. We also see that in the shift of commercial decisions from the Marketing department to the entrepreneur. Somewhat metaphorical, but this is actually what we meant by the subtitle: everyone is turned into a salesman. How this will go on, we do not know. We are just as curious as you. Still, it is clear that, in the necessary striving of companies to be fit for purpose and the evolutionary adjustments involved in this, thinking outside-in is a better point of departure for capability to earn and company continuity than thinking inside-out.

For many companies, the Internet speeds up the product development process and makes it easier to communicate with the customer about this. Innovation, too, will accelerate more and more and therefore, these companies indicate that because of the Internet, the customer relation and Sales with that become more important. With that, top-down supply-driven Marketing shifts towards bottom-up demand-driven Sales, as the figures show.

Speed and shortening the time to market prove to become more and more important, also as a measuring tool for decision making. For that reason, companies, usually the smaller ones, that is, invest in synchronous communication media such as instant messaging as an addition to a-synchronous media such as e-mail. However, e-mail is often misused as a seemingly synchronous medium⁴⁶, when we sit and wait for an answer. In the rapidly changing environment in which time is precious, we cannot afford that. When e-mail is really used as an a-synchronous medium, you can quite well spend a day without it. What you want to achieve, in the communication and with your purposiveness, strongly depends on how you perceive the change in the environment. As it is, you make objectives and improvement directions dependent on your perception and the necessity to change that you see. 3C provides you with the tools to determine which choices your customers make and how to react to that. Still, 3C does not determine what the environment and your customer is like. That is for you yourself to determine. And if you are not on the right track, the customer may have decided that for you. The next figure (figure 6) shows the cycle and relations of the changes we described above.

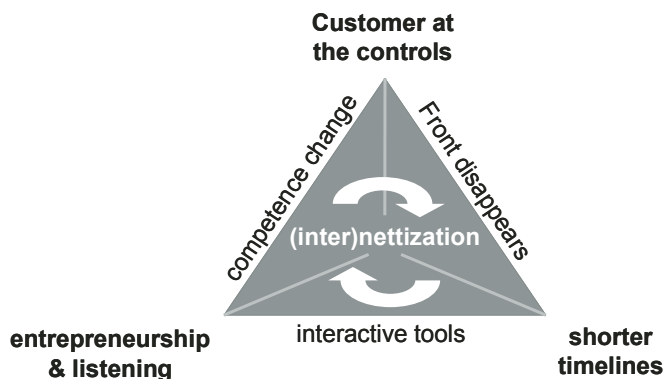


Figure 6

⁴⁶ See chapter 5, Peter Lems about the use of e-mail.

Finally

The research results show what the previously described vision and “Digital Trends”⁴⁷ bring about in practice. The Internet compels us more and more to connect with the customer, personally and/or through the Internet. Inside is outside. And if not, then the difference in perception between you and your customer may well have a disadvantageous result for you. In that sense too “back to the Middle Ages”, in which everyone knew everything about everyone. Do business like the butcher’s on the corner, who knows which sausage you like and that you like to have an extra thick slice of meat. And if you want it just a little bit different, then the butcher will have it ready and waiting for you the next time. In that sense, the Internet brings us more and more towards the personal approach: one to one.

The perception of speed of change of your environment has proven to be the modifying factor for the set-up of your organization. Besides, you have little time to make your message clear in the market. Consequently, 70% of the companies agrees that as a result of the Internet, the role of Marketing is more and more geared to communication and branding. If you are not seen, you are gone. Connecting also means that “one-way” becomes “all-ways”. Under the influence of the Internet, “one-way” in the sense of a tightly organized hierarchy increasingly is replaced by meeting the customer in the (inter)net-worked organization. That “networked” organization does not only bring in the customer, but also provides “Inergy”. The Internet as a connecting link between everyone, inside and outside the company, in virtual communities who together fill in the need of the customer. Finally: 3C gives you an insight into the choices of your environment and your own organization and maybe offers a new perspective. Whether you are an entrepreneur, an employee or a buyer, “what you see is what you get”. The Internet gives you the next move. To you the choice to give this a follow-up. Anyway, we will look along with you and keep following you, personally and through the Internet.

To be continued.

⁴⁷ see chapter 1: “Digital Trends”.

Intermezzo II: Cyber Commotion in education, Internet and personal age

Frans van der Reep

Are you, as a student, tutor or as a manager of an educational institute ready for the Internet and e-business? Do you see the opportunities and do you actually use them? Do you have a picture of where education is going to? Did you ever list the items of how the Internet changes your educational life? And is the next move yours or do you let it happen?

Dutch State Secretary Rutte stimulates demand-driven education with concrete measures, for instance through the little backpack full of money that every student will get and from which he or she can compose and finance an own study programme. Therefore it is urgent for the tutor and the educational institute to be at the top of the student's list. After all, the student now has the choice. He can choose between A-educational institutes and B-educational institutes. And between A-tutors and B-tutors. That choice has been embedded in the financing system. The game is about to start.

The Internet is more than e-mail, shopping, chatting and searching. It can change, as a mainspring of e-business, change objective and set-up of education. For instance, the Internet compels institutions to think about management and control, about marketing & sales, operations, purchasing, recruitment & selection. The Internet does not only create public hit parades of companies and hospitals; educational institutions will have to face that, too.

The Internet means presence management: how do you want your students to reach you and what do your students themselves want? Phone, mail, chat, sms, video-conferencing? Will the student still be coming to you later? You may be an excellent tutor with a wonderful subject, but if students do not know that, you are gone. So how will you, as a tutor, handle your personal marketing? And what do they think of your brilliant differentiation minor? Besides, students do not want to be shut in in the complexity and rules of large educational institutes. They unerringly choose the best offer and through the Internet it will cost them only a few seconds to determine whether or not you have the best offer for them.

Sharper

And that is only the beginning: comparative sites about for instance national and international minors are being prepared. That is why e-business compels you to sharper formulate your offer. An educational institute will have to compare itself, far more than five years ago, with "outside" (fellow-institutes, competitors from abroad). Your educational product is put in the international shop-window. That means that you will have to learn to restrict yourself to that at which you are really a topper. The Internet forces you to clarify your added value. That means: a good offer in the eyes of the student, insight into your own "A's" (talents) and the ability to drop activities in which you are not a topper, will become a personal strategic competence of you as a tutor and of the management. That requires great leadership. Many people, tutors not excepted, derive their security from who their boss is, or what the position in the organization is. That is going to change. Through the Internet and other modern media, anybody can communicate with anybody. Your achievements as a tutor are taken to the streets. Your security will soon depend on what you achieve, not on your position in the organization. That takes a bit of getting acquainted, but it creates opportunities for anyone who really has something to offer. Performance rewarding as a tempting perspective..

Students, too, will have to think well about what they want and where their passion and talent lie. If they do not know that, they've got a problem and maybe they will solve that by choosing the fixed education production lane (a lesson programme according to a fixed schedule). Will this become the difference in quality of the institutions for higher education?

What will educational institutes look like in this situation? Will there still be room for overhead-controlled bureaucratic institutes? This type of educational institute belongs to stable specialist and well-organized "production lanes". But the market is not stable. Students and the professional field are changing. Speed, flexibility and new forms of cooperation form the trend. That means to educational institutes that they have to react with flexibility, in small result-oriented teams with the best tutors in ever changing collaborations to the demand of the student, the market, if they want to be able to keep the good student as a customer.

5 A research into the impact of the Internet on (informal) communication in the business arena

Peter Lems

Introduction

When my grandmother used to visit us at home (in the fifties) to phone, then that had something special. A black wall phone with dial on the wall. Bolt upright she stood there and spoke in brief, stiff sentences. Waiting a little while after every sentence, since surely you could not talk at the same time through the telephone! Just as with a “radiographic” connection. There they finished each sentence with “over”. And at the end: “roger”.

That picture of my granny on the phone came up again, when I first saw my children chatting: brief sentences, special abbreviation jargon and after every sentence wait a while for reply, to avoid “crossings”. They thought it practical and especially great fun, to me it seemed rather long-winded....

Still, with youngsters, chatting has expanded enormously in recent years, in spite of these apparent disadvantages in relation to (mobile) phoning and e-mailing and it has established a central position in their communication pattern. Partly at the expense of the telephone but especially of e-mail. At the same time, chatting has only scantily found acceptance in business and the e-mail channel is still favourite.

Whence this difference in appreciation and spreading? Merely a matter of generation difference in the adoption of newer ICT-communication possibilities? Or the difference between private and work worlds? How do we deal with the growing number of means of ICT communication anyhow? And if, within the not too distant future, the online-picture communication becomes generally accepted, what kind of influence will that have then? And conversely: does the influence of the Internet on the organization implicate other forms of cooperation and communication? Previous in this book⁴⁸ much is postulated on this point: the core competence to cooperation, internally and as a companies' network; the ability to “pooling, allying and linking” the ability to both coordinate through hierarchy, the “one-way” mode and through organic networking, the “all-ways mode.

⁴⁸ See chapters 1 and 2 in this book.

If all this becomes decisive for the impetus and the continuity of the company, then the ability to communicate becomes crucial: both internally and externally, both vertically and horizontally. That implies many skills, not in the last place an effective, efficient and inventive use of the enormous possibilities of ICT-communication means. In brief: a successful company is characterized by “communicational excellence.”

Apart from the influence of the Internet there is still a world to be won anyhow in the field of productivity improvement. Employees consider 17 hours of the average 45 working hours as non-productive, with for the major culprit: lack of communication within teams (32%). Furthermore, 69% of the employees indicate that the average 5.6 meeting hours per week are inadequate and not productive⁴⁹.

Plenty of reasons for us to do further research. The cause was the remarkable development of chatting and what that means to a business organization in relation to phoning on the one hand and e-mailing on the other. The background was formed by the above mentioned developments and the objective was to obtain a broader insight into the (future) use of ICT-communication means in order to create “communicational excellence” with that.

The research took place this spring by research fellows of the INHOLLAND University e-business centre of excellence through desk research, a representative poll with users and decision-makers as well as a number of depth-interviews. In this enclosure we inform you about the results of this research and we combine that with various observations and conclusions from other sources to a concluding observance with recommendations. First of all, we orientate ourselves briefly on the phenomenon chatting⁵⁰ and then consider the experiences in business according to the research.

You chat at home and not in your job!?

Apparently, chatting in relation to e-mailing and phoning has only disadvantages: it takes more time, is more restricted, not or hardly mobile, no nuances through voice intonation, no cc's/bcc's, no filing, no 24/7 accessibility.... Nevertheless, it is extremely popular among youngsters. Among the youngsters aged 10-17, 96% has access to the Internet and 84% chat almost daily with each other.

⁴⁹ Source: large-scale research in 200 countries spring 2005 by Constat Inq., commissioned by Microsoft.

⁵⁰ By chatting we mean the use of synchronous communication channels through the Internet with the help of programs such as MSN, ICQ etc., both 1 to 1, 1 to more and each-with-each in public (topic-bound) chat boxes. Either or not linked to other software applications (e.g. presentations, meeting, brainstorming).

They make appointments after school at the virtual schoolyard, since there you feel at home, you meet each other and you make new friends. That makes chatting a “social medium”, which guarantees optimal accessibility and “be found”. Public meeting places like Cu2.nl with tens of thousands of personal (interest) “profiles” of youngsters are an example of this. New groups of friends, communities, relations easily come into being. It is easier for youngsters to remain “connected, joined”. It is all about contact, contact, contact, preferably permanent. Having a chat with your friends is preferably done one on one by your GSM and, via chatting, also group-wise. On the screen you can see at any moment you want in the day (or night!) which group members are online and which are “in the virtual community centre” and who can or want to be addressed. Unavoidably there are also disadvantages: sometimes it costs excessively much time, (pocket)money, lack of sleep, lack of physical exercise, (very) undesirable loverboy-relations, etc. But on balance, certainly the positive, social and communicative effects predominate, also because of self-regulating mechanisms (filters, exclusions). And anyway, who would want to (be able to) reverse the chatting? It’s a fact of life!.

That last statement does certainly not apply to chatting in business environments. “Unknown, unloved” and the non-productive image that the concept of “chat boxes” evokes, will surely be the fault. Though a downright negative attitude (which on the basis of discussions was initially expected) did not show from the research. Of the companies examined, 42% offered their employees the possibility to chat during work. Of the business users, only 29% indicates to chat during work, while 54% does chat at home. Of the business decision makers, also only 28% indicates that chatting has been generally adopted. With 14% of the companies, it was recently facilitated and with 58% there is no possibility to chat during work at all. As the main reasons are mentioned: “risk of productivity loss”(22%), system risk (virus, worm), 22% and “costs of introduction and management”(27%). This last one is remarkable, since the companies who do chat expect/experience a phone expense decrease of 10%.

The question is whether these communication habits in the private world are relevant for business life. In our opinion, they certainly are. The generation that is growing up now with Internet, SMS, MSN and such and who “does not know anything else” successively enters the trade and industry and with that brings its communication habits and expectations.

That will become more dominant every year. Of the generation 18-24-year-olds, only 5% has never used the Internet, at 42% with the 55-64-year-olds⁵¹. These figures, it is true, regard the whole population, therefore also the non-working people, but nevertheless they are indicative. These things also show from our research. Of the users that use the chat possibility at and for their work, it was clear that younger employees chat more. In other words, the increase will come automatically. That has consequences for the way of communication and cooperation in companies. New generations have, as the research of colleague Bruinsma⁵² shows, marked preferences how they want to be approached through ICT channels (SMS, chat, skype, e-mail), which indicates a deliberate or critical use of the specific possibilities per channel. That is at the same time the second reason why this trend is relevant for trade and industry. Youngsters might quite well be right with regard to effective communication. Not impeded by inhibitions or prejudices, they sooner see the opportunities and “communicative richness” of ICT-channels. As natural early adapters of new (ICT) trends, they are the uninhibited recognizers and users of new chances and opportunities of communication.

Chatting considered more closely: prejudices?

The high popularity of chatting makes it probable that in practice the abovementioned supposed disadvantages will be less than expected. The slower reaction in relation to the telephone proves to be an advantage: it is less confronting, your reaction can wait, which in a phone call would be experienced as an annoying or embarrassing silence: the discussion flags. With chatting, it will keep “flowing”, you will not easily be lost for words. You can mind your words more easily. It runs more smoothly and probably therefore creates more fun, humour. The restriction in relation to e-mail, that the other one has to be online, is considered to be an advantage: you have real “contact”. Chatting through the computer is fully-fledged synchronous channel contrary to e-mail. It is true you can send a mail 24 hours per day, but whether a reaction will come to that, you just have to wait and see⁵³. The most important thing is considered to be the personal “contact”, contrary to e-mail and other/more characteristic than in a phone call. An advantage considered as important, is that chatting can be done group wise. In which you yourself can vary the extent of active participation.

⁵¹ Source: CBS-research dated 13 June 2005.

⁵² see chapter 6 in this book about youngsters marketing.

⁵³ Research by market research agency Morph in 2004 showed that 43% of incoming mails is not answered. Of the 98 interviewed organization, among which companies such as Shell, Unilever, KLM, Center Parks, Vodafone, only 20% answered all mails, 33% did not react at all.

Another advantage is the presence-function: you see beforehand, who is online. "No reply" is out of the question. Where phone calls sometimes form a disruptive "infringement", here it is: welcome to the (virtual) clubroom. After all, you yourself decide who to give access to the close-user group. Therefore, chatting pre-eminently is a tool for community-forming. Finally: with chatting, nothing is recorded, it can never be "used" in favour of or against you. It has a high relaxing, "all-ways character, with which undeniably the "all-ways, the real contact is stimulated. About the disadvantages that were mentioned: loss of productivity by idle babble and gossip more later.

In the research, the users assessed the advantages of chatting as follows:

- with several people at the same time: 47%
- it is informal, nothing is recorded: 27%
- real personal contact: 16%
- you can (if desired) communicate anonymously: 9%

From the point of view of the organization (by managers/decision-makers), in another research⁵⁴, as advantages were listed:

- enables real-time communication: 81%
- promotes cooperation: 51%
- decreases being dependent of e-mail: 44%
- facilitates multitasking: 35%
- reduces telephone costs: 35%

As regards this last item, our own research has shown that the companies who allow chatting, expect a telephone cost reduction of 10% and for 14% of the companies, the (expected) cost saving is the main reason to introduce chatting.

Furthermore, it turns out that the disadvantages are mainly expected with companies who did not introduce chatting. With the companies who did, the abovementioned advantages are obviously experienced. Still, there is some displacement in relation to other communication channels. With 30%, chatting leads to less use of the phone, with 3% to far less and with 67% it remained the same. Nowhere did phone or e-mail increase. This indicates a more deliberate and critical use of communication channels, which obviously "pays", in view of the advantages of costs and effectivity.

⁵⁴ Source: Sybari software, (2004) in: *Computable* nr 46, 3.12.2004.

The advantages experienced and the specific characteristics point at a frequent use of chatting and that therefore chatting is suitable for informal communication (at a distance). Consequently, there lie the opportunities to use it optimally. The distinction between formal and informal communication requires some explanation.

Formal & informal communication

We call communication formal when rules, regulations, and procedures apply and there is a hierarchical authority. We have to account for what, is communicated with whom and when. Things are recorded, tracked and documented. Within a certain context, this is very functional and necessary. Here, ICT-communication, such as e-mail, is extremely effective and cheap and therefore is used intensively. The low barrier, however, encourages wrongful and excessive use, thus making e-mail traffic dysfunctional. Many times more often than copies used to be sent by mail, the (b)cc button is pressed. To put a copy in an envelope, stamp and mail it was a very effective brake on unnecessary communication growth! Just like many more documents are saved on the hard disk than we used to take the trouble to store a copy in a file. Though, apparently it does not cost anything extra, this “better safe than sorry” motive and this bolting formalisation has considerable disadvantages. Firstly, it creates much non-communication and ditto loss of time and energy. Everyone knows the experience of overflowing e-mailboxes. You never got that much mail before! Should we really have so much more to say? The non-response to the messages that do matter, increases relatively, as research has shown. Secondly, e-mail traffic creates a risk- and fear-effect: “You should have known! You did get a cc then and then?” Files can be composed, it can be “used against you”. This encourages non-open, incomplete or incorrect communication, avoidance- and cover-against-it behaviour (cc-culture) and excessive adaptation behaviour. It goes without saying that the effectivity and purposiveness of an organization are strongly affected negatively by that. E-mail can cause stress: PPMT (Pre and Post Mail Tension Syndrome). In a research⁵⁵, more than half of the 26,000 people interviewed indicated that immediately after having pressed the send-button, they were seized with doubt and stress: “Will the receiver really understand the message? Looking back, do I not cut a sorry figure?” To 62%, whispering colleagues mean sleepless nights: suppose that the content was intercepted by colleagues and spreads like wildfire? This also involves personal (pillory)dangers. Personally-tinged e-mail, which goes around the world within 24 hours and cost employees their job.

⁵⁵ Research Yahoo (2004). “E-mail will cause stress”.

Many problems arise because much communication that is now formalized through e-mail, is in fact informal communication, which officially should have to be dealt with more effectively through an informal communication channel. Normally speaking, that is the personal meeting in the corridor at the coffee machine, in the corridor chat, as a break during work, during lunchtime or in the coffeebreak. The arrival of the Internet and e-mail creates and stimulates the working and communicating at a distance, and thus reduces the natural informal contact moments and traditional informal channels, with the result of a formalisation of the communication.

Informal communication is “without obligations”, is not recorded, does give little or no risk, does not have a checking authority, nor procedures. In every community, wherever people work together, the need and necessity exist of informal communication and therefore that is, within a certain context, extremely functional. It is essential to community forming, for the we-feeling, as the “lubricant” in the machinery of cooperation.

The use of this informal communication flows is often underestimated and dealt with as “gossip circuits” that do not belong in a business environment and certainly should not be legitimised or facilitated. In practice, gossiping has usually a negative connotation. Which, however, is without good reason because it can also be functional⁵⁶. It is not done, but still we (almost) do it and usually like doing it too (unless we ourselves are the ones to be talked about). The functional is in the bonding effect it has and the information that is obtained this way: about what someone is like, about the balances of power, for whom you should watch out, where the borders are, about other people's opinions, the state of affairs. In this way, you keep yourself informed and “connected”.

Obviously, there is also a negative side. If rumour-making leads to slander, sows discord, sets or plays off people against each other, then gossip will work extremely destructively. By the way, the cause to form a rumour will only seldom be “an exciting gossip”, but usually a reaction to messages that regard (almost) all employees and are open to more than one interpretation. In a relatively closed organization culture, where hierarchy predominates and secrecy and competition are prevalent, relatively many harmful circuits are created. For want of a natural informal communication channel, this is often dealt with by e-mail with a large risk of escalation and social destruction. The “lubricant” for cooperation will then become “filthy”.

⁵⁶ Current research by University of Amsterdam by G. van Kleef and B. Beersma, article in AD 8 March 2005.

Therefore, the trick is to keep open the natural communication channels and to bridge the “distance” with an informal ICT-communication channel. Chatting proves to be very appropriate for this. Though telephoning is in principle also very suitable, practice still teaches us that chatting as a channel is more and more preferred⁵⁷. The research also shows that with companies where chatting has been generally adopted, that has happened at the expense of the telephone.

Use the chat

This makes chatting the replacement for the original (physical) forms for informal communication and therefore it can be very useful for the business organization. It ought to be considered to see whether an explicit use can be created by using the informal communication flows. For instance:

- prevent or adjust the formation of rumours by timely provide certain groups with the same informal information (tom-tom function);
- test planned decisions (tentative proposal function).

Comment and feedback will sooner be obtained (since safer) and the management can better stay informed in this way about what is going on, how it feels, how it is discussed, what is considered important (thermometer function). The direct use can be that decision-making and formal communication can timely be adjusted and therefore become more effective.

Our research showed, that the organizations where chatting had been introduced, use these opportunities only very restrictedly.

46% indicates that the management does not participate at all in the informal circuit

19% says that the management does participate “to promote the informal contact”)

25% of the organizations uses the chat function “to stay informed about what is going on”

10% of the organizations uses the chat function “to test ideas”

A marginal note here is required since the question may have been too suggestive.

To the question: “what is your opinion about chatting as a “virtual coffeemachine”?”,

63% reacts neutrally, cannot be prevented, or they will start phoning, mailing.

31% positively, because such a thing is necessary for the team spirit.

6% negatively, only gossip and drivel.

⁵⁷ Winston Gerschtanowitz (TV-presenter) in an interview Sept. 2005: “That chatting really is fantastic! I have a friend in Hong Hong. Before I go to the office, I have a little chat with him. Question and answer within 5 seconds”. So remarkably enough, he does not use the phone!

Because comparable previous research is lacking in this issue, and therefore we are not able to compare, we still can carefully conclude, in our opinion, that people have started to recognize, respectively use, the positive effect of chatting as an informal communication channel.

In our research into use and implementation of ICT-communication channels and especially into chatting as an informal channel, we also checked whether significant differences occur in the “channel use” between companies who can be classified in the various quadrants of the 3C-segmentation model⁵⁸.

The respondents in the research were not the same as those for the research for the 3C model. In view of the general validity of the model that needed not be a problem, only in this research we did not have enough data for all respondents to be able to classify them unambiguously in one of the quadrants. Representative conclusions were not feasible because of that, however there were reasonably reliable indications. Those indications point at a clear overrepresentation of chatting in the “all-ways quadrant at the upper right-hand side and of e-mailing in the two lower quadrants. This confirms the picture that companies who search their right of existence in cooperation, in flexibility and demand driven processes, use more informal communication than companies who are rather controlled by “control” and procedures and in that lean on more formal communication channels. Anyway, this does not implicate any qualitative judgement. According to the market situation, a choice or combination of control forms can be justified.

Specific application possibilities of chatting

1. Informal communication inside: “virtual coffee machine”

As argued above, the Internet elicits an over-formalisation of communication because of the low barrier of e-mail, with all its adverse consequences. To prevent or correct these consequences, the thing is to stimulate chatting internally. Wise management will also actively participate in this, as indicated above. Furthermore it is important that a deliberate choice of a formal or informal communication channel is stimulated, as by nature and objective of the communicative action.

⁵⁸ See chapter 3: the 3C market segmentation model.

2. Informal communication outwards

As indicated elsewhere⁵⁹ in this book, the Internet in many cases causes far-reaching changes in our relation with the outside world.

Demand-controlled working often means that we (personally) know the customer.

The 4P-marketing will more and more be replaced by the 3R-approach (Reputation, inteRchange, Relation!) What would be more obvious than that account managers maintain a personal and informal contact with “their” customer through chatting and thus keep a valuable relation. That will come easily to the coming generation of account managers. They have the experience of the virtual schoolyard, where you make new friends and maintain existing friendships. Is doing business not often a case of informal “chat”, too?

The new core competence of companies that becomes marked out⁶⁰ is to be able to create a win-win situation with other companies, from a realistic assessment of the own power. The ability to create the best price-performance ratio in and by cooperation with others. Crucial here is the question: “Who’s my PAL?”. PAL: with whom am I going to Pool, Ally and Link?

Such connections are not created with directive instructions and procedures or distributing large batches of paper. You do create that through trust, openness and by informal contact. Here, too, a crucial role for chatting is granted.

3. Outworking / (tel)e-working

In the recent past, great expectations were harboured of the phenomenon outworking. Because of the increase of ICT-communication possibilities, a big increase was predicted with ditto advantages: decrease of accommodation costs (work station sharing), larger productivity (longer work hours, no travelling time, larger responsibilities), flexibility/availability, environmental profit (less car kilometres). However, the practice fell very short of the expectations and outworking has remained relatively limited. The major reason is, that the existing communication channels fail to sufficiently give the outworker the feeling of “being a member of the club”, a very important factor for work motivation and work satisfaction. The absence of the chat at the coffee machine was too big. Use of informal, richer means of communication, such as chatting, could drastically alter this picture.

⁵⁹ See chapter 8: chain reversal in your organization.

⁶⁰ Chapter 2, “Who’s my PAL?”.

Another aspect here is, that very recent research⁶¹ demonstrates, that approx. 65% of the working population wants to work more hours, provided they can work at home and/or set their own working hours. A great opportunity for flexibilisation of the work, provided we can cope with that communicatively! Something comparable applies to (re-)entering women and men: approx. 72% would like to start working provided they can work at home (35%) or set their own working hours (37%). From a social point of view, an enormous challenge to substantially enlarge this opportunity of larger work participation of large parts of the population. Here, too, flexible business organizations are required, which are able, in spite of physical distance, to hold on to the employees as team players and know how to create effective, informal communication flows.

Knowledge / innovation

The importance of this for the economy of the EU, of the Netherlands, is evident (Lisbon agenda, innovation policy, development of sophisticated knowledge service economy, competition of China and India). With that, it is both about creation of new knowledge (by innovation, research etc.) and about collecting existing knowledge and making it accessible. In practice, this last thing is often obstructed because existing knowledge is present but “scattered” somewhere in the organization and people have a tendency to not want to part with that because they do not want to give away, just like that, their position and influence because of the knowledge lead. Informal ICT-communication means such as chatting, knowledge sharers like Wikifora, Wikipedia or brainstorm-software like Crealogic combined with chat functions could mean a very sensible contribution here⁶².

Channel selection

Like the younger generation indicates through which channel they want to be approached by marketers, so should organizations deliberately deal with the “channel selection” for communication. The last 20 years, the offer of ICT-communication possibilities has enormously increased and still increases. Soon, the various forms of video image communication (by streaming and broadband) will be added to that, which will come close to a very high “richness” of the face-to-face communication.

⁶¹ www.21minuten.nl, large-scale research by McKinsey & Co.

⁶² A particularly interesting though to put down certain barriers at this point was made in the article Bryan, L. (2004): “Making a market in knowledge”. In: Holland Management Review, 99/2004. A proposal for internal market working in copyright and rewarding system through reputation points à la e-Bay.

Still, every new communication channel will each create its own demand⁶³. It is the luxury and the dilemma of the choice. It is just as with travelling, where we, after having chosen our destination, speed, comfort and costs, choose between taking the car, metro, train and plane. In case of a wrong choice, we arrive too late or not at all or at a too high expense. In the same way, we will also have to create clarity with communicative actions as regards the target we wish to achieve. A wrong choice will increasingly result in not reaching the person or target group or in the communication not being realized or leading to disproportionately much inefficiency and costs⁶⁴. The more options, the more selective the receiver, the larger the risk of a wrong choice.

Therefore it is strongly recommended to formulate a policy about this issue in the company, by agreeing on rules and setting up instruction manuals, organizing training sessions in ICT-communication skill.

In our research, we have checked whether the interviewed companies pursue a policy:
55% says to have no policy whatsoever about this issue

41% has "something" like guidelines and only

4% indicates to pursue a policy with instructions and training sessions.

To the same question, but then aimed at the prevention of improper use, 67% thinks to have no problems at this point,

27% indicates, upon asking, that there is sufficient clarity and mutual control with them.

26% says to have a well-working code of conduct.

Supposedly, this will usually be aimed at the control/prevention of excesses (= private use) and not at the optimisation of ICT-communication. Such a defensive approach, however, will be little or not effective in inciting to the right channel selection and to effective communication.

⁶³ For instance: the possibility to be reached by mobile phone anywhere, anytime, creates the expectation to the demand that you actually can be reached. Independent of the necessity to be reached. "Was your cellular phone not on? I have tried to reach you for an hour?!"

⁶⁴ Source: research Consat Inq. Commissioned by Microsoft in 200 countries.

It once more clarifies the need of a pro-active policy at this point. Initially, these may be relatively simple rules and measures. Because of incidents in practice, we make a number of suggestions, without pretending to be complete or claiming general validity:

- when e-mailing, only send a cc if you would have thought it worthwhile to send it by mail
- in case of (threatening) conflicts, or “noise on the line”, do not use e-mail. You can phone, chat or have a face-to-face meeting.
- one e-mail-free day every week
- if you want to communicate with someone synchronously, thus expect a direct response, do not e-mail then (= a-synchronous channel) but chat. Email is not a telephone.
- consider to install filters for outgoing e-mail traffic⁶⁵
- chatting/gossiping can be very useful within the framework of creating relationships, but only if a business target is served
- exchanging bits of news about people is fine, provided you need not feel ashamed if (s)he hear or read it by accident
- if you dare not put something on the front page of a paper, then do not put it in an e-mail either⁶⁶
- confidential information only by letter-mail
- chatting with nicknames only if that serves a target (anonymity during brainstorming or peer-assessment)

Concluding remarks

The number of ICT-communication possibilities is increasing and will soon offer a great range, from simple to very rich communication means, including the image video communication (mobile, multiscreen, large screen), the wireless broadband networks and the decreasing costs. Not one communication channel will disappear entirely, but be used by its specific, distinguishing features⁶⁷. ICT-communication will never be able to equal the physical meeting and the personal discussion as the richest⁶⁸ form of communication. Still, it will be able to come close to it. This will lead to a more selective use of the (relatively expensive) physical meeting. More time and attention will be available for real personal contact.

⁶⁵ See footnote 62: with American companies, already over 60-70% of the outgoing mail is filtered.

⁶⁶ Quote from “De moderne schandpaal, de gevaren van persoonlijke e-mail op het werk (The modern pillory, the dangers of personal e-mail at work)”. In: Dutch Newspaper NRC, dated 20 July 2005.

⁶⁷ Even the time-honoured postcard has been able to hold its own in spite of e-card etc.

⁶⁸ The “richness” of a communication channel is determined by the number of added expression forms, which enlarge the chance that the message “comes through” and/or is understood and the target of the communication is achieved. (writing/pictures, speech/intonation and non-verbal expression forms such as environment/set-up/ temperature/sound/music or mimic/body language/smell/clothing/touch or the physical presence).

“Virtual fosters physics” will apply here, too, albeit that travel expenses can be reduced, because travels will be made more selectively. The importance of informal communication forms such as chatting will increase both in the present forms and in additional functions in other forms of exposure. The development and integration of PDA, blackberries and smart phones will enhance the mobile aspect of communication, but form no really new communication channels. Both efficiency and effectivity necessitate a deliberate selection of communication channel and tool in relation to the objective of the communication action. The developments in the market force to communicate professionally in the way it indicates. The formulation and implementation of adequate policy and codes of conduct, facilities and providing training sessions are necessary.

Finally, something about successful cooperation as a core competence of companies in relation to informal communication. Successful cooperation requires first of all clarity in the objectives of that cooperation (= major motivator with teamwork), but also mutual equivalence, empathy, mutual trust and the skill to be able to communicate well. Trust implicates informal communication. Without (b)cc! But not only in the “horizontal dimension” of mutual cooperation structures, also in vertical relations, where usually people communicate formally, does informal communication have a place. A research⁶⁹ into influencing tactics of managers in 12 different cultures showed that with Dutch managers consulting and cooperating scored as first respectively second as regards effectivity (rewarding through favours and presents scored lowest), while that as an average in 12 countries scored as second and seventh. Conclusion is that Dutch managers are cooperative consulting people. Real polder-people! It would be unwise to be condescending about this. This national consultation structure should be appreciated as a distinguishing strength, which we can use and enhance. It is the Internet that forces us to do so and the importance of the continuity in the future that requires that.

But it is just as much a lesson from the past⁷⁰: the counts of Holland, who, in the 11th and 12th century, entered a direct collaboration, excluding nobility, with the farmers.

⁶⁹ Koopmans & Boonstra in: Management & Organisatie, nr. 4 July/Aug, 2005. Effectiviteit van beïnvloedings-tactieken van managers uit 12 verschillende landen/culturen (Effectivity of influencing tactics of managers from 12 different countries/cultures).

⁷⁰ Lendering, J. (2005). Polderdenken, de wortels van de Nederlandse overlegcultuur (Polder-thinking, the roots of the Dutch consultation culture), Polak & Van Gennep

That on one hand led to freedom and property rights for the farmers and on the other hand to successful cultivations and reclamations and a very innovative consultation and cooperation model in the form of water boards, because of which for centuries our country has been able to survive and flourish. A very contemporary version of this is e-Choupal ("electronic village meeting place") in India, where grain farmers started to cooperate per village and because of which they can largely rule out the corrupt distributive trade cartel and bring about substantial improvements of their fate, thanks to direct internet access to the market and the possibility to share knowledge. The blocking vertical hierarchy was broken down by the horizontal, informal cooperation in the e-Choupal system, transforming the value chain, preventing corruption, forcing more suitable products and efficiency profit for the buyers. This results in better prices for the farmers with more self-esteem and trust, because they are now in direct contact with the rest of the world. More examples can be read in the book by C.K. Prahalad, in which he describes fundamental social and economical value transformations that may lead to enormous quality improvements. Applicable to "the bottom of the pyramid", but also to the privileged little top, in which we (hopefully continue to) remain. The Internet makes much possible, but it only becomes effective through cooperation and communication.

6 Youngsters choose their own preference channel, *Dutch Youngsters marketing through the Internet*⁷¹

Rigdje Bruinsma

Summary

How can companies use the ICT-behaviour of youngsters to hold on to them? And in which way do youngsters want to be approached online and/or by mobile by a business relation? On the basis of desk research and exploratory qualitative preliminary investigation on the basis of 50 interviews with a commercial service provider in the financial work field, it turns out that youngsters in the age of 12-14 prefer the use of SMS and MSN. The age group 15-18-year-olds prefers e-mail, whereas youngsters aged 19-21 prefer skype and umts. Age, copying behaviour, costs and image of the medium are marked out in this exploration as an explanation of the differences in preference found. We conclude with suggestions for follow-up research.

Youngsters and ICT-developments

Youngsters find themselves in a luxury position if it is about “online” experience. For 84% of the youngsters, the Internet is one big playground⁷². Besides, 98% of the 14-year-olds possesses a mobile phone, which to a major extent is used for SMS. An important function has been added to the original function of the GSM - telephone -, Apart from prepaid mobile phoning, now also WAP, MMS, image telephone and TV on the mobile phone are part of the possibilities. Youngsters of today grow up (and therefore along) with new trends and developments, they hardly know better than that “new media” have always been there. Besides, the spending margin of youngsters has increased enormously, making them one of the largest and most lucrative target groups for companies and institutions. They are the consumers of the future and the sooner they are customers, the better...⁷³. And both online and mobile they seem to be easily approachable.

⁷¹ Acknowledgement to Sophie Wittgen and Arlette Vos. This article was created after a communal initiative of Dr. Pauline Naber, centre of excellence Living Environment of Youth, INHOLLAND University (www.kenniskringjeugd.nl) and the centre of excellence e-business Rotterdam

⁷² Source: Sociaal en Cultureel Planbureau (Social and Cultural Planning Office), (2003), *Rapportage Jeugd 2002* (Report Youth 2002). The Hague: SCP

⁷³ Duivestijn, H.H., K. van Steensel, J. Verveen and J. Boschma (2003). *Voorbij Label en Lifestyle. Jongerenmarketing in volwassen perspectief* (Beyond Label and Lifestyle, Youngsters Marketing in a grownup perspective). Den Haag: SMO

Use and determine ICT behaviour

In this article, the question is at the focus: How can companies use the ICT behaviour of youngsters to hold on to them? Background of this question is the experience that youngsters cannot be approached “like that”, but open themselves selectively for information that connects with their desires and needs. And though youngsters marketing is professionalized at high speed, at least 80% of all products and campaigns intended for youngsters fails⁷⁴. In which way do youngsters want to be approached online and mobile?

The price does not determine everything

“Free” seems to be the magic word with youngsters. An e-mail address of Gmail, gaming on Zylom, chatting through Messenger, make new friends with Cu2, download the newest music via edonkey: a diversity of information comes on the screen in little time via the super-fast technology of Google. As long as parents pay for the broadband, you, as a youngster have unlimited free fun. At the same time, so many possibilities will make youngsters critical. You do not have to take your chance with the first the best when you know that a few mouse clicks further, the competition may have a better offer. Comparison sites mushroom. Whether it is about the cheapest mobile subscription or the lowest print costs, there are sites that summarize the benefits and disadvantages for you. The price is a major guideline, but certainly does not determine everything. Because of the critical attitude of the youngsters, not every message is swallowed. The commercial approach of youngsters is sometimes laid on so thick that a ignoring behaviour occurs. Youngsters are advertisement-wise. They are their own boss of their online experiences and can easily stop certain messages⁷⁵.

In which way do you approach youngsters?

In recent years, experience with children and youngsters marketing has led to a number of rules of thumb for the approach of youngsters⁷⁶. Make sure that your product or service is alright. It sounds trivial, but in the commercial practice it turns out to be not obvious... Offerers rather mention the extent of hipness, of not being one of them if do not buy or do it, about all the luck that will come to you when you buy this bargain.

⁷⁴ Idem.

⁷⁵ Wittgen, S. (2005) “Webmarketing for Screenagers”.

⁷⁶ See e.g. Tiggelaar, B. (2001), *Strategie 2.0. Person education*, uitgeverij BV Amsterdam.

Besides, “target group-thinking is dead. That does not work anymore with the present generation”, says editor and column-writer Jan Hoek of Spunk.nl, the online youngsters magazine of newspaper NRC-Handelsblad. Youngsters individually determine what's good for them and with what they wish to be associated. Here it applies that they are in search of an own identity. Youngsters do not want to be found by the marketers, youngsters want to find themselves. This requires a new approach. That is why the three Rs, Reputation, Relation and inteRchange, as introduced in this country at the end of the eighties by prof.C.M. Storm find a new content⁷⁷. The reputation of the product offered provides the distinguishing capacity that is essential to come to relationship forming and interchange processes.

What's in it for them?

How are you found and what do you do once you as a company have been found? Here, marketing is involved. This gives the tools to get visitors to the website, to amuse them and to make them return. Core words here are: dynamics, topicality, interactivity, integrity and entertainment. A combination of these core words provides the added value and creates the breeding ground for the viral effect of the Internet. Reaching the target group takes place through exponential growth. Think here of fun, free products and services, prize contests etc. Especially youngsters like to share this with contemporaries in their social networks.

Gratification of the need of the target group is at the focus: “What's in it for them?” must be the basis for marketers. For youngsters and therefore heavy users of (an average of over 6 hours per week online), this is essential⁷⁸.

Do's and don'ts

The present generation of youngsters is self-confident, attaches value to authenticity and is confident about their own abilities and the future. They are used to multitasking and multishopping, and at the same time they seem hard to access and elusive for marketers. The youth is self-willed, media-wise, critical and used to the best. Nor can they be so easily classified into subcultures, in youth target groups and market segments.

⁷⁷ Prof. Storm was at the University of Tilburg as a Marketing Tutor until the early 90s and the initiator of Marketing College, the post-graduate study Marketing at TIAS, Catholic University Brabant.

⁷⁸ Source: CBS.

To reach this generation, it is important to keep in mind the following 10 do's and don'ts.

Do's and don'ts

- Do: Opt-in and opt-out with mobile telephony; offers them the possibility to choose
- Do: Be yourself, then you'll be your normal idiotic self
- Do: Create interaction: what do the youngsters want?
- Don't: No boxes, let them determine for themselves
- Do: Offer extras, such as ringtones, logos, etc.
- Do: Cause a "Buzz"⁷⁹; make them talk about you and especially SMS.
- Do: Use other media for support
- Do: "Always Win" Concept; stimulate them to participate
- Do: Game on; reach youngsters with their favourite pastime
- Do: Honesty is the best policy; do not hide your true intentions

Research at a commercial service provider

In May 2005, two students from the School of Communication & Media of INHOLLAND University Rotterdam performed an exploratory qualitative preliminary research among 50 youngsters who use the services of a commercial service provider in the financial work field. This shows that SMS, MMS, chatting, Skype but especially e-mail can contribute to enhancing the contact between the commercial service provider and youngsters. A possible trend that can be derived from the research is, that as youngsters are getting older, they react more positively to innovative channels, like chatting with the bank, UMTS and Skype. Besides, the youngsters indicate with which objective they want to be approached through which channel. This ranges from receiving information about the product or the service, to be informed about a campaign relating to the product or the service or to get the opportunity to directly purchase the product or the service.

⁷⁹ Young Works (2004), Top 40, Plug and Play, "the 40 belangrijkste hits in jongerencommunicatie (the 40 most important hits in youngsters communication); Young Works BV, office for youngsters communication.

Table 1.1: Preference in medium channels with youngsters in the age category 12-21 years, subdivided by objective of the message

	Information	Campaigns	Purchase
SMS	62%	42%	n.a.
MSN	18%	100%	2%
Chatten	58%	n.a.	36%
Skype	32%	n.a.	18%
UMTS	28%	n.a.	24%
MMS	62%	44%	n.a.
WAP	40%	14%	22%
E-mail	74%	76%	62%

Furthermore, it turns out that especially the younger respondents (12-14-years-olds) are more positive about receiving campaigns by sms, mms and e-mail than the other age categories (15-21-year-olds).

Assessment of medium channels by youngsters

A majority of the respondents (62%)⁸⁰ wants to receive **SMS**-messages that inform them about for instance bank balance or other affairs that matter to them individually. Apart from that, more than 50% of the 12-14-year-olds reacts positively to campaigns per **SMS**. In the other age categories, this percentage is lower. All youngster think **MSN** a suitable channel for advertising. Further, they only think it suitable for communication with friends. Approximately 58% of the respondents would be willing to **chat** with the commercial service provider for information. More than half (64%) does not want to use this channel to ask for products or services. The main reason for this is that they do not consider this channel as sufficiently reliable. For more than half of the 19-21-year-olds (71%), **Skype** is suitable for information supply. Almost half (47%) of the youngsters in the same age category is willing to purchase something via **Skype** and they are positive towards the use of **UMTS** by their commercial service provider. Approximately 62% of the respondents is positive towards getting an **MMS** from the commercial service provider with personal information.

⁸⁰ Though it regards a qualitative research, in this article an expression in percentages and not in absolute figures was chosen, for presentation's sake. However, we emphasize that this is about small numbers and that the subgroups per age category are limited.

Just as with SMS, the majority of the 12-14-year-olds (52%) votes in favour of receiving campaigns per MMS. In all age categories, the majority of the youngsters is willing to receive an MMS for information. Striking is that in the age category of 15 to 18 years, the large majority, 76%, is willing to receive an MMS for this purpose. Just as for SMS, the youngsters in the age category 12 to 14 years are positive towards receiving an MMS for offers (56%).

Wapping and e-mail

The majority (60%) of the interviewees indicates that they do not want to wap with their commercial service provider for information. It is remarkable that the older age category, 19 to 21 years, is more open to applying for products or services via wap in comparison to the other age groups. The channel e-mail stands out very positively from the research. The large majority of the interviewees, 74% wants to receive an e-mail with personal information (if you don't personify, then it works against you), even 76% wants e-mail to be used for offers and campaigns. Furthermore, e-signing can be a great success and the majority is positive towards applying for and purchasing products and services through e-mail. Especially in the age category 19 to 21 years, the interviewees are positive towards this; 76% has the intention to apply for something. For all age categories together this regards a majority.

Sms

The popularity of sms with the category of 12-14 year-olds is very high. Sms has a certain "cool-factor", has a low barrier and has personal experience aspects, which connect with the world of adolescents, their own micro world. Copying behaviour – doing the same as friends and classmates – is not unusual with the 12-14-year-olds.⁸¹

Chat

The popularity of chatting amongst 15-16-year-olds can be explained from the grown self-confidence within this age group and the need to use business contacts in a relaxed, own way. Apart from that, the popularity of Skype and UMTS with youngsters of 18-21 years can be explained from a possibly larger, and more frequent, need for information that connects with a widening of the social environment as youngsters grow older. Business contacts increase and usually are formally arranged via grown-up, financially attractive channels. The status of the information channel will also play a role.

⁸¹ Haig, M. (2002). Mobile Marketing, the message revolution, Kogan Page, London 2002, p.96

Conclusion and recommendations

In which way can youngsters between the ages of 12 and 21 be approached when it is about offering information, products and services through new media? To which conclusion did our research lead? Here we make a classification into three age categories, in line with the research results.

Youngsters aged 12-14

With youngsters of 12-14 years old, it is important to choose sms and e-mail for supplying product information and offers. Besides, msn scores high as an offer channel. The youngsters approached think of these media as handy, fast and nice, provided one gears to their personal desires.

Youngsters aged 15-18

With youngsters of 15-18 years old, e-mail and chatting score high as an information and offer channel. The need for contact with service providers increases and most youngsters find it efficient to directly receive an answer to their questions at any moment of the day. E-mail also scores high. Some short comments here are: the message must be catching, smoothly written, the lay-out must be businesslike, not too many pictures and especially well-organized. Sms is seen as a personal and rather childish medium. The need for a separation between formal and informal information increases with this group.

Youngsters aged 19-21

With youngsters aged 19-21, the medium Umts and especially Skype scores high. Cheap telephoning is direct, handy and not laborious. Possibly, these medium channels with a more innovative and serious image connect better with this age group. The same youngsters indicate that they see sms and msn as channels with which you reach friends and with which you have fun.

Follow-up research

The youngsters approached seem to be very much aware of the channel along which they want to be approached. The increasing flow of information necessitates companies to keep gearing to ict-behaviour of youngsters, if they want to reach them with marketing messages. Follow-up research among youngsters into the channels they prefer is essential here. For instance through qualitative research in other workfields such as the leisure industry or other commercial service providers in the financial world.

Besides, as a follow-up to this small-scale, qualitative research, a survey among a larger group of youngsters could be carried out, with an extension of age groups 9-12 and 21-25 years. An important question for further research is whether the age-specific preference we found for the use of new media is confirmed. And will differences occur between boys and girls of varying education and cultural backgrounds? But no matter which research and which marketing strategy is chosen, involve youngsters with the preparation. As critical empirical experts, they can save you a lot of time and money.

7 Demand driven education and social service

Two real-life cases

Piet Alblas and Rogier van Boxtel

In chapter 4 you already got acquainted with the concept of reality pull, chain reversal and demand-driven solutions. This regards the choice of processes, means and planning of the processes by the customer, from his specific target and special situation.

Reality pull affects everything

Reality pull implemented by demand-driven business processes affects all aspects of an organization. For instance it requires an other organization of the IT, another attitude of the employee, a control adjusted to that and possibilities for external communication via, for instance, an interactive website.

Working in accordance with the principles of demand-driven processes and reality pull is so far-reaching that it can only function if the policy of the organization bears it.

The management should see the value of it and dare to drop non-fitting control and planning and scheduling structures. It is essential that also the professional has the right attitude towards it. He will direct his own work and he will enable control afterwards.

Of course these issues are also related to the culture and structure of the organization, the set-up of planning and control and the way individual accountability is taken care of. IT must enable this other way of dealing with planning, scheduling and taking care of individual responsibility.

Speed of market development is another factor that puts high demands on an organization. Different ideal models of organizations have been reviewed in the course of time with their own control mechanisms. From the small agricultural company with direct control to the strongly functionally differentiated industrial organization that is controlled and monitored top-down ("one-way"). Because this hierarchic model is well able to function in stable complex environments, but is hardly compatible with the flexibility of many markets, the matrix organization was seen as an ideal model for many years. One of the problems with the matrix organization form is the control: because persons in various hierarchic units work with conflicting priorities, this model was not really a success⁸².

⁸² Applegate, M. et.al. (2004), *Corporate Information Strategy and Management*, McGraw-Hill, 2004 (sixth edition)

Applegate shows how organization models grow towards smaller independent units that have the benefits of being small-scale, but also can make use of the benefits of a large organization. Benefits like direct contact with the market, knowledge of one's own primary processes and the ability to operate flexibly go together with the benefits of the large organization such as a good data/knowledge/infrastructure and volume advantages. Applegate calls this the network organization. In this book this model is referred to as "all – ways". The responsibility and the necessary information go to a lower position in the organization so that a direct and flexible reaction to the customer demand is possible. In this way, demand control becomes also possible in a large organization.

Essential with demand-driven operations are not the tools, the resources, but the attitude of the one who demands: the customer or employee and the attitude of the one who reacts to the demands. That is what we call reality pull. In that, you might distinguish several stages:

- 1 the statement that the vision on demand-driven processes is shared
- 2 deliberately wanting to shape concrete processes in accordance with this principle
- 3 a completely internalized attitude regarding demand-drive with the corresponding behavioural pattern.

Characteristic for a demand-driven company is a pro-active attitude, taking the initiative and bottom-up thinking. The Internet enhances that bottom-up attitude of thought. Students start a company of their own on the Internet, patients unite in a patients platform and professionals find each other in communities. In the schedule below Frans van der Reep visualizes this trend of bottom-up thinking and acting.

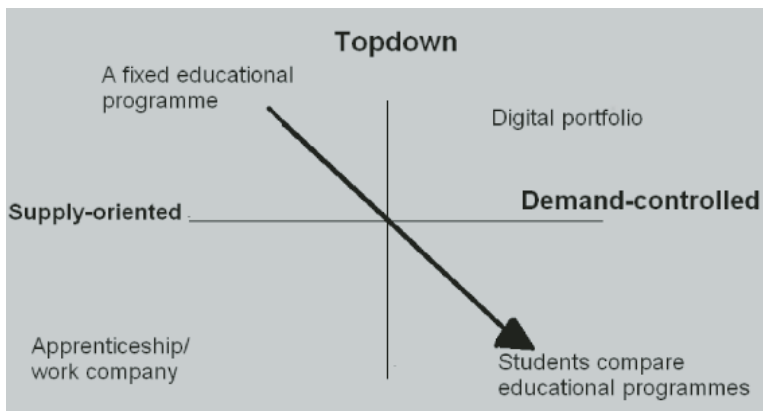


Figure 1

All three stages of implementing reality pull and demand-driven processes can be distinguished at both the management levels and the level of the employee and the customer. As partners in demand-controlled processes do not function in stage 3, demand driven processes will proceed very poorly on both sides of the process (supplier-customer). In other words: demand driven processes needs to be learnt.

As an illustration of demand driven processes, two very different examples from practice are worked out below: one from the field of education and one from the field of health care. In the first example from practice you will find the elaboration of a pilot in which students shape their own education within the knowledge field of e-business. The second practice description regards a pilot in the care sector in which the professionals (employees) take care of their own work planning.

Case 1 *Demand driven Higher Professional Education*

Introduction

In the Higher Professional Education, demand driven processes in policy-making plays a major role. The education is going to aim more at the desires and needs of the customer, the student. See for instance, Backbone INHOLLAND⁸³. And a publication of the Digital University: From Trend to Transformation⁸⁴. There, the customer will have to manage his education through a Personal Development Profile in a Digital Portfolio. Minors are being developed from which the student, inside and outside the institution, also worldwide, can pick and choose. Another form of demand driven processes is to offer students more possibilities inside a module that are aimed at their specific study wishes. This form is further elaborated here in this case study. Students from the 4th year MER (Management, Economics and Law) of INHOLLAND University Rotterdam were enabled, within the e-business module, to shape their own educational learning process in accordance with a pre-agreed upon plan.

This pilot was carried out by the e-business centre of excellence of INHOLLAND University Rotterdam. The e-learning centre of excellence, also from INHOLLAND University participated in this to determine how you can coach with digital tools.

⁸³ INHOLLAND University (2004) *Backbone, Good practice, about process and result of educational innovation*. Internal publication INHOLLAND University

⁸⁴ Veen, M. van der en M. van der Wende (2005). *Van trend naar transformatie, ICT-innovaties in het Hoger Onderwijs*. (From trend to transformation, ICT innovations in higher education), Wolters Noordhoff

In this pilot the goal was:

1. to learn how student driven processes work in education
2. to learn in which way IT can be used to realize this.

We choose the participating form of research, in which the communication is recorded in logs and analysed afterwards, the communication is analysed via the websites and the experiences with the students and tutors was discussed afterwards. The result is not representative but does give an experience from which one can learn.

Set-up of pilot

The pilot was set up in such a way that the students get room in the programme to shape their own education from the perspective that e-business has or will have for their professional environment. To this end, an optional subject e-business was offered. During ten weeks, three days a week, students can shape their own education (“demand driven”) with tutor/coaches and the centre of excellence in the background.

The students were invited to apply with a challenging mail: “Do you want to steer your own education? Does e-business have your interest? Then apply for a place in the optional subject e-business.” The students were selected on the basis of motivation (application) and on their proposals to get started with e-business. The condition of participation was a good, purposeful plan. In groups of two or three students a plan of action was set up. One product requirement was that for a (self-chosen) target group, valuable knowledge regarding e-business would be transferred. Together with trade and industry (Digital Port Rotterdam⁸⁵) a content-wise kick-off was organized and the students could get started.

The experiences

Making a concrete feasible plan of action that produces a concrete target group-based result within ten weeks proves to be an awkward process for the students. With additional time and feedback, the plans have reached an acceptable level. They themselves have defined the final product and the road towards it and set a target group. Previously, no concrete external question or commission had been issued apart from their own.

⁸⁵ Digital Port is the independent information centre for entrepreneurs in Rotterdam who want to know what ICT can mean for their business management. An initiative of the Chamber of Commerce and the Municipality of Rotterdam. Started in 2004.

Little initiative was taken to ask the tutors for support for instance in the form of a workshop, though the website did contain several examples. Is the being absent of a concrete offer of lessons accepted as a *fait accompli* and not as a stimulus for initiative? At the final interview, the students indicated that the necessity of planning in the pilot involved a learning effect for the graduation period, in which an even larger amount of time had to be structured with a concrete plan.

The students and the contents (domain e-business)

It was noticed that the students are soon satisfied about the contents as they found these, at least according to the assessment of the tutors. At the start, all participating students were given basic texts about e-business. Furthermore, much was searched and various contents-based discussions were held.

Remarkable matters:

- In the plans we hardly see critical observation beforehand in which a choice and focus is substantiated. Students quickly proceed to elaboration of the optional subject. Students usually do not critically deal with the answer of the consulted experts. The limited basic knowledge about e-business may have played a major role in this. Also a check/evaluation with the target group, “did we deliver what we wanted to deliver” is lacking in the papers.
- With the contacts with the tutors after the plan stage and in the mutual communication between the groups via the website, the emphasis was mainly on the organization and check, not on the contents-wise aspects of e-business.
- At the discussion afterwards, it turns out that students have the idea that if you discuss contents openly with each other too soon, you might “betray” your secret. Then you cannot score anymore at the final presentation.

Coaching

The role of the coach and the initiative of the student already started during the application. Besides, tutors have intervened in their role of coach at moments when they saw too little of the contents.

Use of new media

In this project, an intranet site in Sharepoint (Microsoft®) was used as a communication tool and as a source of content. Students have rights there to place news, links and documents, open discussions. They also can set alerts on mutations within this site. The Internet proves to be a very familiar medium as a source of information for these students.

The community website with contents and e-business news was often consulted. However, little use was made of the possibility to contribute something to it. It is significant that only one working group independently put their own paper on the site. Actively presenting yourself on a community site with many members (80 during the pilot) was hardly done by the participants in the pilot. The tutors invited to do so do this little or not at all.

Alerts were limitedly set by students and tutors. This is possibly also because of the limited habituation of Sharepoint.

In two groups, MSN turns out to act somewhat as a communication medium too. One group used an own workspace with functionalities like news, discussion lists, links, shared documents. Here, too, News was used to communicate about organizational aspects and photographs.

Retrospect

For these students, pro-actively taking in their own hands their learning course in an open situation is still one step too far. It is clear that this has to be learnt. We can conclude that the students do share the vision on demand driven education, as shows from their application and enthusiasm, but that they are not yet up to giving it shape in a deliberate learning way. For tutors too, it is searching for an other role/other competences. What to do if students do not ask anything? Do the students understand what we mean? Students know what we can provide so it is not necessary to present our possibilities. Or do tutors also have to show pro-actively what they have to offer to the students, set up their showcases?

The abovementioned experiences give food for thought in view of the broad policy in higher education towards demand driven education. Even though we worked here with well motivated, independent students in the final stage of their study and we worked with motivated, expert tutors, still it turns out that demand driven education will not automatically succeed by including it in the policy. A mind shift is required in which students want to and can take the initiative and in which the tutor and the organization clearly show what they can mean to students (e.g. showcases of tutors) to achieve the goals and to obtain the competences.

The role of the management was in this pilot facilitating since the importance of this pilot was acknowledged. In fact, the management should participate actively in this type of pilots to learn how it does or does not work.

In brief, the following conclusion seems justified:

“More learning, top-down and bottom-up, before the Higher Professional Education introduces demand-driven education top-down”.

Case 2 *Demand driven social service*

Introduction

In the middle of 2004, TIBCO Software Inc. and KPN entered discussions with Homecare City of Utrecht (1200 employees) about the process of planning, scheduling and registration. Reasons to observe these processes were:

- *Flexibility*: alterations in the legislation and highly increasing competition necessitate homecare organizations to become much better at breathing along with the demand for household help and care/nursing. Straightening out the scheduling process and making it controllable (which employee helps which client) is obviously one of the most important keys to a solution here.
- *Customer-satisfaction*: on an average, the customers of this homecare institution were very satisfied. A number of issues, however, could well do with an improvement. People mentioned, among other things, the one-time altering of the day or time when the client will get care. The institution found it very hard to comply with this type of requests. Besides, this type of requests when they were granted led to a more than average number of errors (such as the employee forgetting the client).

- **Costs:** the processes planning and registration were mainly “paper processes”. The planning was done with planning boards, the registration with forms, which the data entry department entered in the financial systems. Consequently, the costs of both processes were relatively high because a (too) large number of people was engaged daily with these processes (in stead of giving care).

TIBCO Software and KPN proposed the homecare company to set up the scheduling and registration processes according to the reality pull principles of demand driven processes, because it was expected that in doing so, the problems found could best be solved. Concretely, a proposal came up in which new processes, new supporting means and the impact of new processes on employees and management were discussed.

Point of departure with the interpretation of the processes around the planning was that the performing employee (help, nurse) gets the planning process in his/her hands. The objective of that is that the employee will be able to optimally aim at the desires of the customer.

The basic planning is the point of departure. Then, all alterations and disruptions to that are principally solved by the employees themselves. Planners (and team managers) will only take care of the real exceptions (escalations) and of team-exceeding problems such as hiring a temporary worker or transfer of orders to another team. Briefly summarized, the process looks like this:

- In the basic planning, for each client is registered when (s)he is taken care of by whom. So a client will always get his own regular employee.
- If there are any disruptions of the basic planning (for instance because of sickness of an employee or a one-time client's request for alteration), then the intention is to solve this within the team, for example because employees help an additional client. Planners and team managers will only intervene if there are problems, such as too much work for too little staff and differences of opinion between employees.
- The employees perform the activities they planned.
- Immediately after having carried out the activities, the employees report that activity as completed, so that everyone knows that the client has been helped. Any particulars can be stated in this report.
- As final activity of a working day, each employee accounts for non-client-bound activities (travels, meetings). At the end of the working day it is known which clients received what care and which activities were carried out by each employee.

This method of working strongly resembles the way things were done long ago within many homecare institutions: employees arrange the work distribution between them. However, there is one big difference. Thanks to the (mobile) supporting technology it is *always* and to *everybody* known who is planning to do what, who does what and who has done what. Where this way of working is sometimes considered as “Liberty Hall”, rather the opposite is true. Per week and month, the team manager observes two performance indicators, namely productivity and customer-satisfaction. Because the score on both indicators is known of each employee individually and of the team as an average, it is very simple to regularly discuss it with all employees and if necessary take measures, such as less successful employees being coached by successful employees.

Obviously, the abovementioned processes can only work if supporting means are available. Core of the supporting means is the Business Process Management Suite by TIBCO Software. All requests for care are daily read in in this suite and then put in workboxes. There are two types of workboxes: the personal ones and the group workboxes (shoebox). A personal workbook contains all requests for care and further activities that an employee has to carry out that day.

The group workbook (shoebox) contains all requests for care of a certain team for that day to which no employee is yet linked or of which the regular employee is not available. As indicated above, employees of the team are in principle responsible themselves for a timely emptying of this workbook by picking up activities from the group workbook towards the own workbook. Besides, planners can for instance fill the group workbook if problems occur with an individual employee. Planners and team managers can approach the system with the help of a computer (through the Intranet), the performing employees have a smart phone (PDA) on which all information is visible, including a summary or the medical information about the clients in their own workbook. This telephone synchronizes with the central server of TIBCO through GPRS, so that the information on telephone and server is always the same.

The pilot

After an agreement had been reached about the contents of the solution, it was decided that during two months in one district the work would be carried out according to the reality pull, by 25 employees, 2 planners and 2 team managers.

The pilot would have to prove whether the following objectives were feasible:

- Decrease of costs by
 - reduction of planning and data entry departments by 50%
 - increase of productivity by 3%
- Increase of employee-satisfaction
- Increase of customer-satisfaction

The design, construction, carrying out and evaluation of the pilot were dealt with as follows:

- During three workshops, with some employees, planners and team managers supervised by two consultants from TIBCO Software the design for the process was made including the supporting system, within the frameworks of reality pull and demand driven processes. Therefore, design and construction were carried out in close interaction with the various groups.
- After that, the planners and team managers were trained. There, not only the use of the new processes with the new supporting system was at the focus, but also the new way of working and their tasks and responsibilities. Team managers had to become, more than they used to, coaching executives, planners had to intervene not too soon and not too late when real problems arose,
- Performing employees were trained to work in accordance with the new processes and especially in the use of the smart phone. For part of the employees, the use of this type of tools is not natural. Consequently, extensive attention was paid to learning well to use the phone.
- Immediately after the training sessions, a practising week was started: everyone was allowed to work with the help of the new processes and supporting tools, but the formal method of working and registration was still done in the old way. This week gave employees and planners the opportunity to practise and make mistakes that did not need correction.
- Really working in the new way: during eight weeks everyone worked in the new way. During these eight weeks, two evaluation workshops were held with the group who also participated in the design workshops. The recommendations from these workshops were introduced immediately where possible.
- Evaluation meeting: immediately after the period in which the work had been done in the new way, an evaluation workshop was held in which every participant in the pilot was present. During the first part of the meeting, the experiences were discussed, then everybody filled in an extensive questionnaire about the pilot.

- All information from the pilot and the various evaluations is finally summarized in an advice to the management team of the institution.

Results of the pilot

The various evaluations of the pilot clearly show that the expected cost savings actually occur in practice too. In the second place, the employees on an average are satisfied about the new method of working and they prefer this above the old way of working. 60% of the employees is enthusiastic, 30% is positive towards the method but has some trouble with using the phone and 10% of the employees finds the use of the phone so annoying that they prefer the old method above the new one. Finally the customer-satisfaction: though the new method had no direct influence on the customers, they indirectly noticed that the work was done differently. Especially the number of mistakes decreased significantly. Clients especially noticed that appointments were less often “forgotten”.

Summarizing it can be said that the new process leads to significant improvements in the field of costs, employee-satisfaction and customer-satisfaction. Besides that, it leads to far better insight into processes and performances. Finally, the organization is better able to react to changes, such as new legislation.

Lessons learned

The case clearly shows that putting “employees at the controls” in the right way leads to a number of significant improvements. Major success factors in the pilot were:

- Concept/vision: it is very important that as a first step, a clear description of the problem and the chosen solution is drafted, in which a concept like demand driven processes fits seamlessly. The top management drafts this concept and then has to be able to make this concept clearly understandable to everyone.
- Commitment: from the start, the management has to communicate very clearly about why what is happening. Besides, it is important that it is clearly communicated what has been determined and what still has to be filled in in consultation with a representation of users. Finally, it should be clearly communicated what the consequences are for those involved. If, for instance, there are objectives for the reduction of the number of people in certain departments, that must be put clearly, including the solutions (such as natural wastage, back to performance etc.).

- Design together: very important for the acceptance of the complete solution is the fact that from the start representatives of all users' groups are involved in the design and construction of process and system.
- Training and coaching of management and employees is crucial for the success of the project. In order to control the costs in a roll-out, more use will be made of the train the trainer principle (super-users) and of the fact that in each team there are some employees who can deal with e.g. the telephone better than average (help each other).
- Constantly keep improving: both the process and the supporting system should regularly be held up to the light critically and where necessary adjusted. Besides, it is wise to not want to do everything at once. During the pilot, a start with the core of the necessary functionality was chosen, during the pilot it was already slightly completed and for the roll-out, some more functionality will become available. This approach ensures that results become rapidly visible at low costs.

Furthermore, it offers the basis to observe opportunities to offer clients even more direct influence on the process, so that clients "are at the controls". Finally, clients should have the opportunity, for instance through a portal (possibly operated by a call centre agent) to directly indicate that they want adjustments, one-time or during a certain period (other day, other/additional care).

With a roll-out, getting the management, planners and employees on your side is considered as the major challenge. The change will only succeed if the management (team managers and management) will actively back the new method of working. Besides, part of the management will have to perform a different leadership. A directive, prescribing style of leadership will, wherever present, have to be replaced by a more coaching style of leadership. Advising and coaching are at the focus. Only where it really gets out of hand, an intervention is required. Planners will not only get much less work, their work will also considerably change. Where previously everything ran along planners, now planners will have to focus on the real exceptions. Besides their attitude towards the implementation should become far more supportive. On an average, the employees have no trouble with the new method; with them, the pain lies especially in the use of the supporting software on the smart phone. Though the pilot showed that, with sufficient support, everyone can learn it (finally, all employees learnt to work with the phone), it did become clear that a large minority needs (additional) support to reasonably learn to use the phone.

Finally, do demand driven processes bring the initiative to the professional?

With the homecare we see that a larger appeal is made on the employee's professionalism because he now has to steer his own processes and gets more responsibility. In the education pilot, the challenge of the tutor's professionalism has increased because he has to work from the questions of the students and not from his own lesson preparation: how can I react in the best way to the questions of the student, what do I have on offer, at what am I good? Certainly when the student will also be able to choose the tutor (or the minor from another institution), it will have to be clearly visible where the tutor can offer an additional value.

Essential is a clear concept of the method of working, accepted by everyone: what space do we offer to each other, what can and can't we expect from each other and how do we justify ourselves?

In the pilot in the HBO we see that this concept still has to grow, whereas in the homecare all participants very deliberately worked on it.

We also see in both cases that demand driven processes do not automatically succeed but have to be learnt. The participants: customers, students, professionals and management, have to opt for it and have to be able to implement it.

The IT infrastructure is here merely a condition. The people make the difference.

Culture

'organizations do not change, people change'

Intermezzo III: *Agenda Dictatorship and Sign Management*

Frans van der Reep

You enter the supermarket during your evening-off and again you cannot find the sugar. How do you feel then? You are fed up but so is the staff of the supermarket. The supermarket assistants do not only have to tell the customer but also each other where the sugar is this week and you have to spend more time on your shopping. The supermarket sees the costs rise (more staff) and the sales fall (customers stay away). What to do. A large sign at the entrance? For a single article, such a sign is no problem. If it is about more articles, then you drive the customers away from the shop. The sign-solution has another consequence for the shop. It becomes necessary to appoint a sign manager. Someone who is not there to sell stuff to customers and, cynical but true, has an interest in many signs. Because the sugar is moved to another location time after time, the shop staff will often have to consult with the sign manager as well about where the sugar is put this week. In short: full agendas, communication problems and especially many misunderstandings.

The good thing is, that the customers and the staff of supermarkets and many other companies try to achieve the best result, with a lot of devotion and expertise (that sometimes goes very far). The challenge for improvement is that often we keep ourselves busy tremendously and that obviously companies grant us that room. The tragedy is, to stick to the picture of the supermarket, that some colleagues are so eager to sell that sugar to the customer, that they start a little sugarshop inside the supermarket. Great initiative but this does make running a supermarket even harder. In the end we hold each other in that vicious circle with (too) high costs, (too) much overhead and (too) little customer-satisfaction.

The vicious circle outlined above is not solved by only changing the organization structure or by once again describing or improving the processes. That will have the effect of: "We don't do anything wrong... but oh, that structure". Or some other excuse: "the Approach". Or the ultimate alibi, "the Culture".

And as regards “the culture”: in our opinion there is only one way to change that and that is to change your own behaviour. How did we put it again: If you want to change the world, start with yourself. It is free, you can start it today and you don’t need anyone else. Of course there will always be possibilities to better organize any company. All that organizing produces overflowing agendas. Please let’s not think that by organizing, the job will be done.

Why do we all have such overflowing agendas? Why do we let that happen. Why do we trudge from meeting to meeting and do not get any further than “sign management”. Are full agendas a sign that we are needed in the company? Conversely, do empty agendas disquiet us? An entrepreneur who wants to anticipate rapidly and adroitly to new opportunities, rules himself out beforehand by being fully booked for the next three weeks. Independent of the organization structure or approach, we should lift ourselves beyond that very human insecurity and rely on our own strength: self-reliance as a key to cooperation and making speed.

If each of us has the guts to take that step, the full agendas will disappear and we will release a load of energy to face the future of ourselves and our business with trust. Then we will also create the conditions for real cooperation, which is something else than sitting together in a meeting-room time after time. Then we will really dare to make ourselves independent from each other, really dare to team and to take the step from words to actions.

If we take that step, our companies will become more flexible and adroit because we ourselves have become flexible and adroit, our performance towards customers will be better, our processes cheaper and our jobs (even) more fun!

8 Chain-reversal in your organization, *From Schedule-push to Reality-pull*⁸⁶

Frans van der Reep

Competitor for hierarchy

For many companies, the Internet wipes out the schedule push-oriented hierarchy and with that this type of control as a way to manage “stuff” and “staff” within the company and to purposefully deploy them. As it is, for many branches of sport hierarchy has simply become too expensive and for many information-driven gearing jobs simply no longer necessary. Today, we have the Internet for that. That is much cheaper. With this, also the work involved with maintaining the hierarchy will disappear. Especially in the corporate environment that will bring about a major change towards the company in the next five years. I do not suppose a change with even more ERP-controlled chain integration but rather the reverse: become a project manager of your own work and chain reversal.

This brief contribution, meant as a rebellious challenge to you, deals with what this Internet development could mean to you, the work processes in your company and your ICT investments in future.

The theory

How was it again in theory. The internal coordination costs of the company should be lower than the external transaction costs. After all, companies exist because they can organize cooperation cheaper than the market.

What does that have to do with the Internet? Very much. The Internet as an information coordination mechanism is much cheaper than the hierarchy instrument, because the Internet dramatically reduces those costs of internal coordination. See for yourself how you find your new second-hand car and a growing number of other things through the Internet in no time. How many people with you find a new job via the Internet. Just see for yourself how aviation company Ryanair enables you to find 200 people who also want to fly to, for instance Rome today or tomorrow and who are willing to form a temporary community with you in order to also do that concretely via a low-budget charter.

⁸⁶ Reep, F. van der (2005). “Van Schedule push naar reality pull”. In: INCROWD, 2005, February-March p. 12-13.

The question is whether KLM will be there, for instance with their response to make tickets for European flights 40% cheaper. That 40% does give a hunch to the scale of cost-saving forced by the Internet.

Just like you as a consumer find your second-hand car via the Internet, you can also find your own work via the same Internet, very cheaply and in any case much cheaper than by applying hierarchy and internal (Taylorian) structures involved.

Because the Internet reduces searching costs and with that the costs of cooperation, the company will have to reduce its internal coordination costs. Otherwise that company will not have any additional value. Within this framework, there are lots of examples of business models that have been totally changed by the Internet if not wiped out.

The question is now whether you will manage to implement the necessary cost reduction with the concept of schedule push and hierarchy only. Or whether other transformations are required for that.

By the way: the Internet furthermore compels companies to not only reduce the costs but also to do exclusively that at which they are very good and to leave the other activities to excelling business partners. In this way outsourcing and business communities come into being: leave the bookkeeping to bookkeeping experts and the catering to those who know all about that. The Internet enhances outsourcing.

The solution for cost reduction: more schedule push or otherwise?

The costs have to be lowered and the focus sharpened. Then, the company has two “paradigms” to do this. You can choose the standard route of improving the existing internal structures and the reorganization and reconstruction involved with that.

Today, that means in practice hierarchy and control being enhanced and cutting jobs.

In this vision, this enhancement is similar to enhancing the efficiency and therefore cost reduction. The idea is that, by bringing together even smarter all information about the company at one point in a back office via one central database and streamlining the work processes, the company will be able to also link stuff and staff smarter and cheaper.

This route is supported from the ICT world through ERP software with fancy names such as “integral business suites”. In this solution, the whole information flow within the company is formalized and coded. In principle, there is no room for tacit knowledge to control the company.

You, as an employee, are in fact put to work on the digital conveyor belt, through clearly defined and fixed routines or work processes, monitored from the control function, on the basis of a clear job description within the HRM structure.

By choosing the type of “work of the boss” solution, all information and all complexity of the company should be ingrained in the software, through the creation of fixed structures and work processes. Whoever implemented ERP in practice sometime knows what I’m talking about: *structure follows ERP*.

What results is a company in which the work processes are ingrained in the software, hard-coded. For some types of industry that is great, especially when you operate in a very stable world where tomorrow will be the same as today, or when you work in a formal framework (law court) or in for instance the real manufacturing industry.

Another result of this solution direction is that the overhead as carrier of the structure of the company controls the company and not the “enterprising human”. That is if your business operations will become cheaper, since we are talking here about the implementation of very complex and expensive software, which then steers a substantial reorganization. Because this solution concept lies the next move with the overhead, it will also be the question whether you will keep connected to the market. Apart from that, ERP has the objection that it compartmentalizes companies and disinspires organizations, since employees will loose their view of the entity. Too much of this medication and your company will efficiently go bankrupt.

Another solution for cost saving: chain reversal

Are there no alternative routes to make the internal (information) coordination cheaper and at the same time not run the risk to loose the connection with the market? Yes, there are.

That other way of solving is the implementation of the reality pull within your company. In that other way of solving, called chain reversal or demand-driven chains, you do not try to code all knowledge and intelligence of your company in central databases and to congeal these in fixed structures. No, just the opposite. You leave that knowledge and intelligence nicely in the heads of colleagues and you try to make a path from the actual customer request, this is the reality pull, to those who can respond to or carry out the request.

Why do I call this chain reversal? The reversal of the chain lies in the fact that in the set-up of the work you do not start to reason at the internal structure of the company but at the actual customer request: reality pull. So you start at exactly the other side.

By directly linking the customer to the one who will deliver to that customer with the use of the Internet, you no longer need all coordinating in-between layers and back offices that now make the company so rigid and expensive, and much simpler software will suffice.

A typical example of the “old” thinking is the work order. Master Pete tells his servant John: “On Wednesday morning, you have to do that!” First very much time and money is put in the collection of customer data at one place, the back office with the back office manager. Then, again much time is put in the distribution of all those data among the people who have to earn the money by performing that order: the centrally controlled scheduling.

With chain reversal, the “schedule push” is broken in order to let “reality pull” do its beneficial work instead. No longer will all information go through a central control.

In fact we will use the same “pick and choose” mechanism inside the company as we also do that as customers on the market. When you go and buy sugar at the supermarket, you do not send a message to the back office first to ask permission to do so. So chain reversal means that not the boss of the back office, but the customer determines what he buys/does/chooses. The mechanism of the work order is replaced by the market place where the work offer is put into a basket and where the colleague can choose for himself which order he picks.

In these demand-driven solutions, customer orders land as it were in an electronic shoebox, before the internal coordination problem and the connection of stuff and staff. Consequently, employees themselves make appointments with the relevant customers without intervention of backoffices. In doing so, they make sure to carry the right things where relevant. After all, working without the right equipment is not in his interest. If an order overruns its time unexpectedly, that same employee will then sooner be willing to work longer that day, since he personally made the appointment with the customer. In this vision, employees contact the customer themselves and determine, in interaction with the customer, what, when and how will be delivered exactly. Customer order and order performance will come very close to each other in this way and therefore produce an optimal result. That is the essence of chain reversal. You no longer plan ahead.

You start with the actual request. Mind you, you can no longer plan either, since you do not know anymore what the request will be tomorrow. In stead of the push it is the pull again, or what does the market want. The practice almost always deviates from the planned schedule. The value of chain reversal is in starting from practice.

Chain reversal has more aspects still. The set-up of the delivery process to the customer is now still dominated by the supplier and the congealed structures of work he chose. But increase of competition, also because of the highly enlarged transparency of the market because of the arrival of the Internet, puts the customer in a position in which he can very easily change supplier. Therefore, companies will more and more have to work customer-oriented. This causes the customer request to determine the processes of the supplier. For this, too, chain reversal offers a solution.

Chain reversal as company vision

Chain reversal is not just another catchword; it means a totally different way of working. It means a total change of the world in which first everything had to be traced out according to fixed rules within integrated chains towards a world in which the customer, in dialogue with (for instance) a serviceman or the homecare employee or the container loader, takes the initiative. In the practical cases in which the principle of chain reversal has been applied, for instance at Homecare Utrecht, these things prove to be not a theory, but to provide a factual reduction of over 50% on the scheduling-bound functions.

In fact we speak here once more about the contrast between theory X and theory Y as formulated by Douglas McGregor in 1960 and quoted by Robert Ardrey⁸⁷: “Theory X states that executive boards base their strategies on the basis that people are lazy and do not want to bear responsibility. People obey out of fear. Theory Y states that the employee should be consulted, released of his specialisation, should get, as much as possible, the control of his own work, to be incited to learn other work and to be enabled to identify himself with the final product of his labour. Theory Y implicates the death of the most sacred of all institutions: the conveyor belt”. So theory X will lead to traditional structure-driven solutions. Theory Y implicates chain reversal. In his book, Ardrey mentions various concrete examples of implementation of theory Y in the business arena with reported production growth of 30% and decrease of customer complaints of 70%.

⁸⁷ Ardrey, R. (1971), *De Mens bij de wilde beesten af*, A.W. Sijtoff Leiden, 1971, p. 158-164 quotes McGregor, D. (1960), *The Human Side of Enterprise*, MIT.

A quote of the previously mentioned Robert Ardrey⁸⁸ should not remain unmentioned in this book "About analogue life in a digital world".

It is a nice Dutch example: "In 1964, Willem James led an oil refinery in Rotterdam. Theory Y did not fully apply to the activities in an oil refinery, but he turned it into a version that could be implemented to his company. The hourly wage was replaced by a monthly salary. People who reported sick were not checked anymore, apart from making sure they were fully recovered when they reported back again. Since a refinery does not have a conveyor belt, the leading principle became: "target management". Wherever it was possible, working groups were formed within the departments that were assigned a target but were left totally free in the choice of the means to achieve that target. People could obtain advice, but the management became rather an advisory body than the boss. The job belonged to the group. "Labour expansion" perhaps was the most critical reformation, since every man, as soon as he had obtained a skill, was urged to learn a new one. The more a man was able to do, the more he earned, but that did not seem the ultimate thing about reward. The adventure, the challenge, a reason to take a venture were introduced in the life of the industrial labourers. In Rome, James told me (Robert Ardrey, ed.): "You cannot tell from the figures, and it may sound foolish, but we have a happy oil refinery. The guys come and work with us because they take pleasure in it." Still, those figures are amazing. A reduction of 49% of manpower was realised, the productivity per man had increased by 172%. If one goes back to 1962 and sets the production of that year at 100, then the production of 1967 is 272 and the labour turnover during those years had decreased to 2%. That does say much about James' "happy refinery".

For the differentiation: of course activities will remain, within a company, that have to be carried out along established lines. Think for instance of the administration with its fixed bookkeeping rules. Not all chains will be reversed. And in "industry", chain integration obviously remains the device. But every company might make the analysis sometime for which business activities the customer may be put at the controls.

Everybody will sense that this system works better for many processes than the old, planned, solution of chain integration where everyone often felt himself especially to be the victim of someone else's appointments, having to do his job from a rigid corset. The employee has more freedom and finds himself less often in the awkward situation of arriving at a customer's for nothing.

⁸⁸ Ditto, p. 160-161.

The customer is happy because the passing-through time of problems is strongly decreased and the company has less costs and receives less complaints. A win-win situation arises for everyone. At a company level, both the effectivity and the efficiency have increased, and because of the shorter lines, the employee can much easier and faster make adjustments in the planning. Therefore, the possibilities of change in this chosen method lie much closer to the desire of the customer. Improvements for customers, company and employees go hand in hand.

By the way, chain reversal does not mean totally abandoning every form of management, it does mean a shift of its attention. Chain reversal puts the management directly, and therefore faster, in the position to measure reality. Faster intervention and settlement is therefore possible. "Liberty Hall" is not an issue.

Finally

This story restricts itself to chain reversal as a tool for cost reduction. In that, we thus far passed over various other tools, especially the impact of chain reversal on the various quality aspects of the company.

Because of the necessity to drastically reduce the organization costs and to enhance the focus, a business transformation is expected from companies: no longer only organizing on established routines, must, control and management. Large companies also should test the concept of chain reversal also for the work processes that lend themselves for that and teach themselves to behave like self-employed persons. With a matching cost level. No formal chain or process integration, with big underlying technical complexity and rigidity but simple cooperation. That is what it is all about.

Companies who get the drift and start to differentiate the set-up of their work processes, will have a future, I think. Companies who keep reducing the costs exclusively through top-down structure-steered efficiency improvements and who do not further change their internal work method and with that their attitude towards the customer, will have a big problem in the years to come.

To use a pun: to encounter the customer, it is necessary to stop to counter. Command and control approach towards the customer makes close encounters impossible. So: abandon unnecessary rules. Do you recognize it?

9 Adequate entrepreneurship, *Values give a perspective...*

Frans van der Reep

Company values are on the business agenda. And rightly so. Values will get you somewhere. After all, values are “points of departures for behaviour”, create frameworks and steer strategy, policy and action in interaction with the environment, which requires worthy behaviour from us. This is often done unintentionally and implicitly, usually a sign of authenticity. If they are made explicit, then that is usually at the level of the obligatory mission-statement. There, high-flown moral notions like reliability and responsibility will be sported then. That is great, but it does have a high state-the-obvious content and a large general validity. In order to be able to react adequately to the rapidly changing environment and its expectations with regard to our behaviour and attitude, we (also) have a (greater) need of a practical vision. A vision with insights that we can interpret in concrete behavioural points of departure, in attitudes that help us to be adequately and worthy enterprising.

Mind you, that is not only about customers, markets and money, but also about you and me, about ourselves. Then it is about a deep understanding of what you are good at and of what you are not (“pretence = competence”). This goes for the company as a whole but also for the individual colleague inside it. This requires lasting attention. As it is, values are about the core of the company. Having no attention means investing in what was good in the past. Usually that will not have a happy ending for that company.

So, concretely: what do we put on the business balance score card in this era of acceleration in business dynamics and internetization of the business management? We make a first move with a number of statements and interpret these into keywords. These statements mainly deal with the interaction with the customer and one by one have concrete implications for Set-up and Operations, for ICT solutions and for HRM profiles. They may serve as a basis for prioritisation, for instance with project selection, investment decisions, individual assessments or with the selection of new colleagues. Statements 1-3 deal with customer- and market-focus. Statements 4-7 deal with the issue of how we internally aim at that market.

1. To the customer, the company feels like a small company.
2. We are assessed by our supply in the market.
3. We operate on a buyers' market: help the customer to buy.
4. The customer goes before the boss.
5. Dare to be teacher and pupil.
6. Pay for performance, promote for ability.
7. Also the supporting role of the hairdresser is on the credit titles.

Ad 1. Of course we already did do relation management in the company. But we should not only embed that in the structure of the company, but also in the little figures: B2B = P2P (Business-to-Business is People-to-People). However, there are more and more indications that also MZM (Mid-Business Market) customers find this important and are prepared to pay for that. Just like your regular car mechanic or your regular financial advisor forms an interpretation of "preferred banking" for you. ICT makes it possible to make this a selling point for every company and in this way, at the same time give more customer focus to the company.

Keyword: brand value

Ad 2. The market is/becomes even more the standard. That decides the added value of a company and with that its continuity. That means that, with regard to our ideas on added value, earning power and customer desire, we have to listen to the market and not to ourselves. Customer focus and really listening are essential issues here. In this statement, it is obviously not only about what but also about how. A clumsy putting away of a good offer does not work either. So that also means that the organization should closely "chafe" the market with an open eye for what the market wants to pay for the supply with a high "do as you promise" content.

Keyword: customer focus

Ad 3. The more transparent the market, the more king the customer will be. In a business where a long-lasting relation with the customer is desirable, the approach of the bags-seller on Gran Canaria, who has to score now and here, is no use. Companies who put a long-lasting customer relation at the focus, often do not need sales anymore but consultative selling. This requires a certain humility, great listening skill, empathy, patience and the ability to win the customer's trust. It is the attitude of the butcher at the corner, who combines the desires of yesterday, of today and of tomorrow of his individual customer in the supply that he, as a company, provides. Driven by customer value, consequently.

Keyword: consultative selling

Ad 4. The customer pays my wages. This goes directly and very palpably in a one-man business. This also goes, though less palpably, for large companies. More and more, a conflict may arise between the boss, who assesses me and the customer who pays my added value. This means that the loyalty will more and more shift from the employer towards the customer. According to this guideline, you will therefore opt for the customer. This movement becomes very visible in the chain reversal, where the customer will control the company, with spectacular effects for turnover and costs.

Keyword: customer at the centre

Ad 5. If you experience yourself solely as a teacher and not as a pupil, then that will result in your not learning anything anymore. This is a dangerous situation for the business, the more so because usually you do not notice that as a teacher. Even though it will be difficult, the only remedy is to call each other to account for that. 360 degrees assessments help to prevent this.

Keyword: living organization

Ad 6. We pay for performance, but someone's possibilities for the business determine his earning power. Therefore, avoid promote for performance. We discover the possibilities through the development of competence passports and real interest for the colleagues. The talent to spot talent is one of the determining factors for continuity of the company.

Keyword: talent spotting

Ad 7: Out of sight, out of mind is a powerful mechanism but does not promote real cooperation. To put down real performances in the market we will have to "build giants" by daring to stand on each other's shoulders. Trust each other, grant each other the honour, pats on the back for every visible or less visible contribution form the basic attitude and condition to create real cooperation. Just as in sports: also he who gives the assist, deserves applause.

Keyword: respect

Finally: “understand = re-stand”

One of the core assignments of every company is in our opinion to learn to really understand. Understand the market, the customer, the colleague. Without understanding no connection. And without connection no cooperation. To really understand, you have to be able to and to dare to understand: stand in a different way, sometimes literally.

To be able to see and listen from a different position. From the pupil's role in stead of the teacher's role for instance. Observe a problem or situation through someone else's glasses, the customer, the colleague, the stakeholder. Re-stand should also be possible from the structures of the company. When in a company everything is organized according to fixed procedures and is locked up through fixed routine structures, people included who then work on the conveyor belt, then such a company can not re-stand and therefore not understand. Such a company will then have a problem. If everything is a must there is no chance to meet, no colleagues, no customer and no one else.

For companies it will be one of the major assignments or challenges to regain this ability to (under)stand. If you can, you may stay. If you can't you will pass. To understand and to keep creating a lasting meeting with the market and the customer you need the meeting with yourself. And for the meeting with yourself, it is necessary to have an insight in your own value(s). That makes it possible to keep going in the stir of the “changes caused by the Internet in life and work”, the study assignment of our centre of excellence.

Stir or flood, do you let yourself be flooded or will you happily go surfing on the Internet? It is totally up to you!

10 And further...

Frans van der Reep

We conclude this book with some words about the future plans. The e-business centre of excellence INHOLLAND University focuses on *the impact of the Internet on life and work*. Consequently this is the topic of "About analogue life in a digital world" and that is with what we continue, both in education and in research.

What can you expect from us?

In the field of educational development, we interpret the contents of this book in a minor "digital organization" that will be offered to students and interested people from trade and industry.

As regards follow-up research, there are two tracks. The first track is the further research of the interaction of the Internet and social networking as the carrier of communities of both business and friendly contacts. This research does not only deal with the business arena but also with the social impact of this. For instance, we will observe the possibilities of newspapers per postal code area. Very concretely: do regional papers have a chance of success or is the national or local news that sells? Does the internet really enlarge social networking as a result of information transparency, or is it on balance limited through the rise of new information verticals? A new form of compartmentalisation? Do we use the newly offered space to really occupy our positions as market vendors or are we ultimately afraid of this space and do we encase it through new bureaucratic rules and control? Both tendencies can be observed. What the real situation is? We will find out next year.

The second research track enlarges on the found new 3C market segmentation. Within the framework of this segmentation, we have two additional research questions. In the first place we will see whether there is a pattern in successful and failed mergers, which can be reduced to the characteristics of the segments of the partners. Specifically: should a Cost saver find a Cost saver or rather a Flexible? And the question is whether the characteristics of the Customer Relationship Management mix (CRM) of a company are specific for the segment to which that company belongs.

Concretely: how important are the customer satisfaction, the degree of retention and the financial value of the individual customer for the companies from the various segments and therefore, how much should they have to invest in that? Does, for instance, CRM look different for a Cost saver than for an Outsourcer or a Flexible? For further questions, we gladly let ourselves be inspired by all our fans, meaning you.

And next year a new book, of course.

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Curriculae Vitae, of those who contributed to the creation of this book

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Peter Lems gained, after his study at the Fachhochschule in Rosenheim (Germany) 21 years of experience as an entrepreneur in an interior building company and seven years as a management-consultant and interim-management of which three years with a large number of companies in developing countries.

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Drs. Frans van der Reep started, after having been a lecturer of philosophy (then KHT) and general economics (KUN) his KPN career in 1986 where he is now a senior strategist. Since 2003, he is also a professor of e-business of INHOLLAND University Rotterdam. He is a frequently invited speaker and published, among other things, in Economisch Statistische Berichten, Intermediair, Tijdschrift voor Onderwijsinnovatie, Tijdschrift voor Marketing, Informatie (NGI), CSC Research Services Journal and Logique et Analyse. In 2003, the Financieel Dagblad devoted a portrait to him.

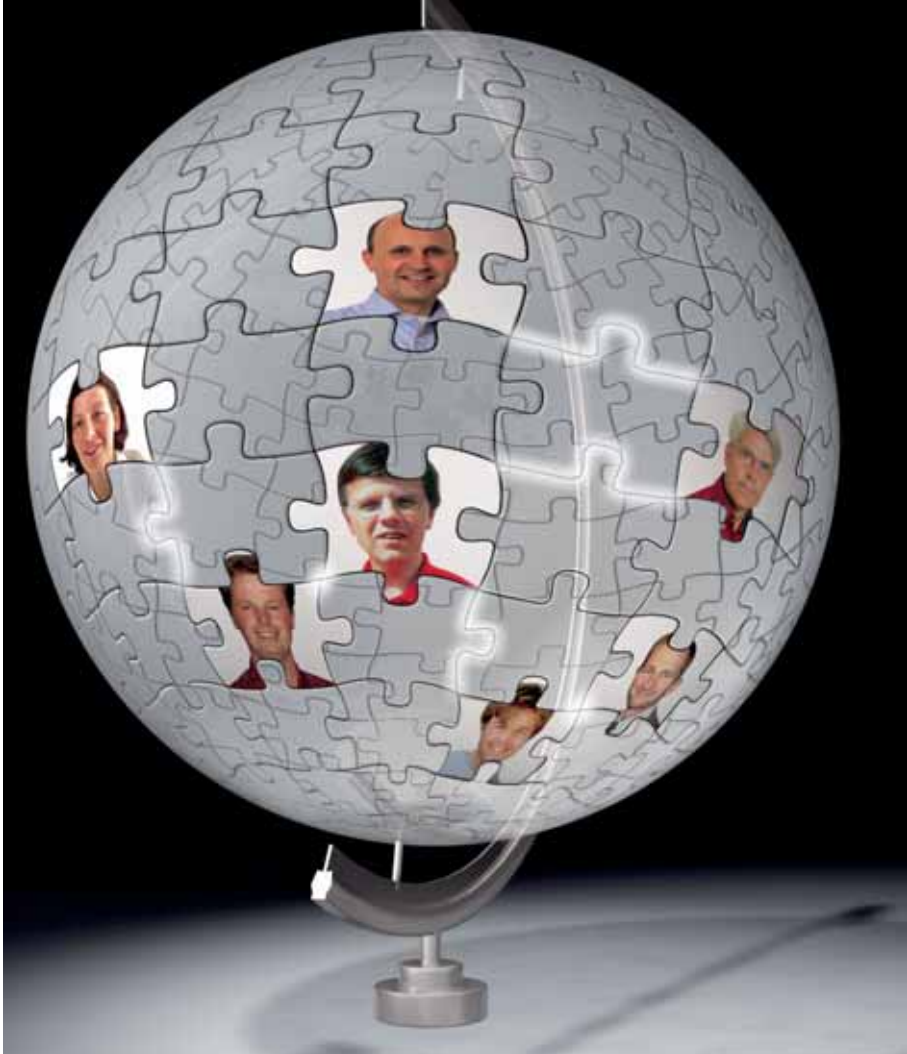
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Education and Culture

Leonardo da Vinci

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About analogue life in a digital world

**How Cyber Commotion impacts your
business' and private life**

Professor Frans van der Reep (ed) and
Peter van den Heuvel (eo)