



Chapter XVI

Evaluating the Success of Virtual Corporations With CONNECT: Basic Procedural Indications and Practical Application

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A fundamental condition precedent to strategic decisions of virtual corporations and their partners is a profound knowledge of the cooperation's success. This paper discusses different evaluation methods and elaborates a specific technique for multidimensional appraisals of success. It reports the first outcomes and implications of its practical use at a consultancy network.

INTRODUCTION

Virtual corporations (VCs), as a means of a company's strategic reorientation, have received a growing attention in both theory and practice since the beginning of the 1980s. The concept of the VCs features a specific variety of cooperations, in which at least three companies cooperate with the purpose of achieving mutual objectives, without giving up their own legal independence (e.g., Miles & Snow, 1986, pp. 64-65).

On the basis of a long-term partnership, these companies undertake projects in different assemblies. In practice, VCs appear in various sectors. For a long time, virtual Web organizations were considered as prototypical in the car delivery industry. At the beginning of the 1990s, especially in the IT-services sector, the “virtual company” was introduced as a new type of VC. Recently, the supply chain network in trade and logistics has particularly enjoyed popularity. Apart from these popular examples there are a number of sectors in which virtual Web structures for cooperations have been used for a long time. The building industries can be referenced as an example.

The more intensively the partner company involves itself in the value-added chain of a network, the greater becomes its dependence from the cooperation. In extreme cases the survival of a participating company can even depend upon the economic success of the cooperation. This results almost inevitably in the necessity for the success of the cooperation to be measured.

The aim of the following is to show practical possibilities for measuring the success of a cooperation. For this purpose, in section 2, applicable procedures will be introduced and their possibilities of appliance in VCs will be evaluated. On that basis, section 3 is based upon a specific procedure which is approved for networks—the so-called CONECT-method (Collective Network Efficiency Control Tool). Section 4 describes the application of the method, using an example from the consulting sector, in order to test its practical suitability. The article ends in part 5 with an overview of the results and further research needs.

APPROACHES TO A METHODOICAL EVALUATION OF SUCCESS

An Overview of Established Evaluation Methods

The structure of an evaluation procedure is closely related to the understanding of the term “cooperation success.” The perception has generally been accepted that this term refers to the results of continuous cooperative work and not to a single, communal, processed assignment. Therewith evaluation of success belongs to the strategic level of management and controlling activities in VCs, which spans over single assignments. Apart from this commonness, the conceivabilities of the material “scope” of the term are very different. According to the number of success figures covered, a difference between unidimensional (pure quantitative) and multidimensional (mixed quantitative-qualitative) success definitions can be made.

Unidimensional approaches rest upon a single economic objective. However, there exist a number of different views in the literature with regard to the underlying time spread of the objective analysis: The classic approaches are oriented upon conventional, short-term measurements of success. From a narrow point of view, the characteristic “costs” are dealt with. Often these costs are interpreted in

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