

# CARTOGRAPHY OF VIRTUAL BUSINESS

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## ABSTRACT

Virtual organising resolves itself into the initiating and generating of causing impulses preventing the creation of temporary relation concentrations in the network. Their long term monitoring and navigating are bound to fail existing.

In the virtual organisation all hitherto implements, methods and techniques of organising governing and managing prove ineffective. That results from the fact of the subject anonymity of networks, which once created are submitted to processes of dynamic and permanent reconfiguration causing fast dying away of the subject system

The basic promise of the entry into the network is the possibility to create the coalition of resources consisting of the basic distinctive competences of the network participants.

**Keywords:** network participants, microspace, chaos theory, vivisection

## MAPS OF BUSINESS PLANES

We must agree with the fact that there is an infinite number of universes which are independent and penetrating each other simultaneously. Each of them according to the fractality rule, reflects in each. A similar situation might be observed at the microcosmos level where we encounter the worlds of culture, art, politics, religion, economy and social life.

Each created kind of business independently of its form and scale, constitutes a characteristic and unique world where there are different specific principles of functional and decision – making processes. Archetypes of workings here come into particular existence as well as the codes of value.

Maps of business planes are an attempted static reflecting the configuration of the firm functioning. They may comprise any quantity of parameters which describe history, tradition, current persistence of a company and the prognosis of its development.

The reliability of the business map is a relative category. Excessive preciseness of the map resolves itself into taking into account more and more parameters and makes the

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picture indistinct. Consequently it does not constitute an appropriate bases for taking strategic decisions. Therefore using the quality categories is a much better variant than using the quantity categories. Since the former a vivid reflection of the management area.

The classical map of business has a two dimensional scheme where different factors are estimated in the dual system:

- effective - ineffective,
- positive trend – negative trend

which perception significantly limits the preciseness of the business world.

### **MANAGEMENT CARTOGRAPHY**

In the cartographical approach we use the quality vectors describing the management area of an economic unit. The vectors enable locating a company or its 'microspace'. Coming into being, becoming or coming into existence are more important here than a vague pursuit of the profit which is in fact quite an abstract category in itself having an external and future reference system. Basic discrepancy arises here and something that is outside cannot be absorbed or assimilated.

The quality vectors describe in the blurred systems the internal management area which generates some essential rules for its organisational "actors". That is the reason for the most recent concepts of postmodernist as well as personal marketing.

The internal business cartography is more important than the cartography of the environment which belongs to a different world. Where the entry costs exploiting are much higher than the costs of operating its own resources.

Our business constitutes a hermetic reference system for us. Improvement in the management interior to some extent for us is more significant than desperate attempts to match some companies which are on top of different surveys. One might be a leader when they create specific values which are difficult to imitate. If one follows somebody else or tries to match other economic units, then they must change the configuration of their own business cartography, they must leave your own space: corporate culture, basic and auxiliary processes, behaviour, activities and decisions. What is more they must by means of educational harmonise with a different unfamiliar marketing area processes for many years.

Hasty leaving own's one hitherto existing management area, for example an industry, because of one parameter such as: in profit or demand a decrease makes such a small wandering business unable to build its own identity. It results from the fact that the small business tries to fit into someone else's, that is already stocked marketing areas continuously fit.

Possessing one's own identity makes it possible to survive in unfriendly circumstances and constant development at the boom time. In this context we should comply with some new business concepts climed at the management of its identity or value whose basis consists of intangible assets. Knowledge staff education the specific information codes or the procedure of team work.

## LIMITS TO THE ULTRAMODERN ECONOMY

In management in the conditions of ultramodern economy businessmen and managers must realise there are some new type limits:

a) *The lack of a settled centre for national governing*

There is a strong tendency towards the limitation of powerful the influence exerted by the central decision making authorities such as: the parliament government and other central institutions, which will gradually limit themselves to informational function only.

b) *Limitation of the external knowledge influence.*

Borrowed knowledge is less valuable than the knowledge generated individually. Therefore modern comprise of the future will be the isles of individually generated knowledge.

c) *Linear killed time.*

One lives “here and now”.

Creation of knowledge within The economic trade and service processes is the joy in itself. It is its real consumption at the present time. We fail to create goods and services for the future, but their consumption takes place at the real time in knowledge factories in which according to clienting rules – CRM – and other postmodernist marketing concepts customers participate as rightful organisational actors.

d) *Rejection of reasons*

Knowledge factories are characterised by network structures of a jagged type. Their environment is difficult to identify because of its high disorder level the structures of type function basing on the theory of chaos, where the reason principles do not exist.

The present economic structure clearly demonstrates some jugged structure features. Therefore the classic implements of economics basing on the reasoning principles cannot “cure” the economic situation of a country.

## VIRTUAL ORGANISATION VECTORS

At the strategic level we encounter the following virtual organisation vectors<sup>1</sup> (fig.1)

- interaction with a client
- asset configuration
- support with knowledge

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<sup>1</sup> Venkataraman N., Henderson J. Real strategies of virtual organising. Sloan Management Review: , Fall 1998. (fig1)

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The vector of cooperation with a client is based on the clienting implements (CRM) and other modern marketing tools. The virtual clienting communities are created here however appears resulting from the fact an essential paradox, that modern marketing is directed towards a single client and not a group or a client community, with whom direct psychological relationships are built. This is the opposite to an anonymous client service within the internet trade. That why there is a conflict between two worlds (fig. 2):

- of an individual client, who is made a subject to whom strong signals with some immaterial features (psychological and behavioural) are addressed.
- an anonymous client, who is one of the links of electronic business network

The above worlds are independent existences from a point of view of client service procedures. A client is not only anonymous in the cybernetic space of trade and services. It refers to supermarkets as well, where the processes of client service take paradoxically much more time than in an average self-service shop and the global costs of acquisition are higher.

In both the worlds factors of processes, costs and value added appear differently (fig. 3).

Workings in the virtual network is mainly informational: information is sold and bought and it is a basic good, which additionally is a value in itself. A physical client, a producer and a tradesman are to a different extent engaged into the transfer information non-tangible assets and then knowledge of extent.

Therefore virtual organising reduces itself to the internal space configuration of (fig. 4):

- client community
- producer community
- tradesman community
- relations in the network
- virtual expert appraisements

Here occurs the translocation of two systems: of subject and of relation. The former is less important and more anonymous than the latter.

At the moment the network begins “to live its own life”. The dominant function of a network initiator disappears and his original integrator function is moved to the limited time intervals by other subjects and first of all by the temporary concentration of intranetwork relations such as: temporary groups of project, product, and eventually groups of idea diffusion, value, knowledge and discussion.

In the network there is an inevitable escape from the subject system into the direction of the relation system. Here takes place the incessant knowledge development which is achieved by virtual expert appraisements and an increase in the computer system capacity. The significance of the original subject system falls in value for the benefit of the anonymous relation system.

### **FRIENDLY AND ABSORBING NETWORK**

In the virtual organising the basic dilemma is to solve the question whether “to enter or not to enter” the network. Networking of firm limits its freedom. Admittedly the entry into the friendly network increases the chance to generate a value added, but in the conceptual phase of taking the kind of decision it is by no means easy.

All types of network show absorbing tendencies which indicates the gradual interdependence of each company in the network and antonymous creation of exit barriers. It is relatively easy to get married but it is much more difficult to get divorced. The situation of different network organisations seems to be quite similar.

Very friendly and powerful impulses are generated and sent to the environment and what is more, they encourage to enter the network. The costs of entry practically equal zero, for example, we can sign an agreement with a mobile phone network (such as: Idea, Era, Plus) paying nothing or almost nothing. However, the costs of exit from the network are relatively high (contractual penalties).

The companies which had begun internet trade and then started suffering losses cannot withdraw at once without incurring additional costs, losing their image clients or distribution. Consequently, before a firm takes a decision to enter the business it must analyse the network basing on parameters shown in the table no. 1.

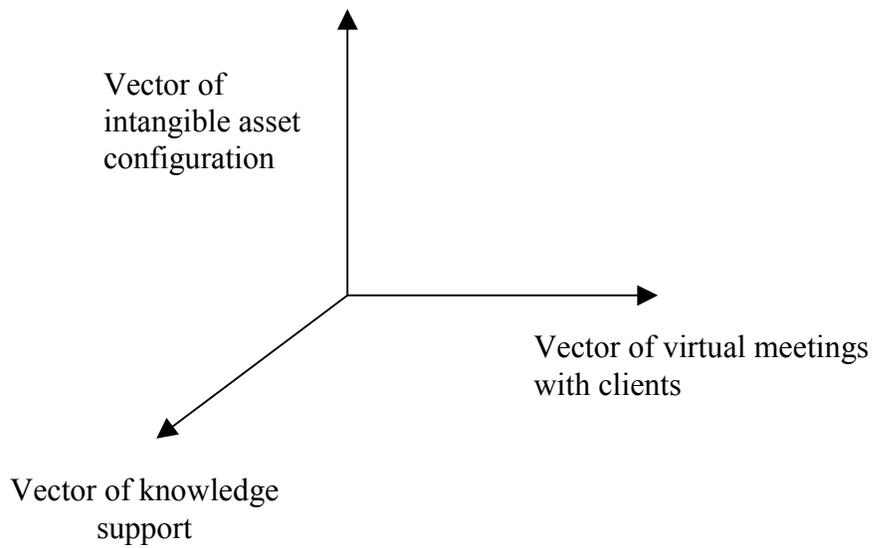
### **ANTISYNCHRONICITY OF NETWORK VERSUS TRADITIONAL MANAGEMENT TOOLS**

Harmonious development of a society, economy and operating subjects is a total illusion. In fact this kind of assumption leads to organisation stagnation. Dynamic development of necessities, products and technology proceeds in the antisynchronous system.

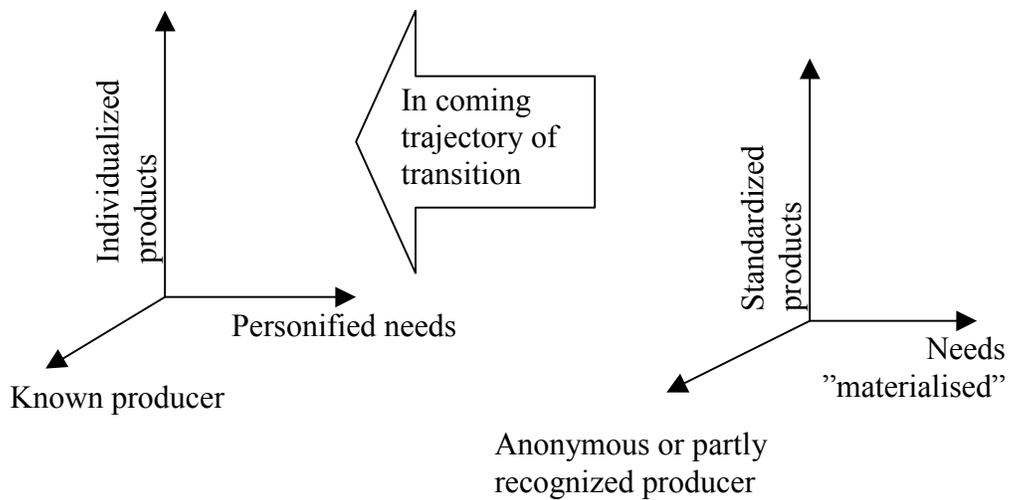
Therefore in the virtual organising the traditional scientific instruments about management should be rejected

- a) in the network it is impossible to create visions and this development
- b) neither global nor holistic planning makes no sense in shaking economy
- c) In the creating network process organising comes down to the causing impulse initiation. “Amway” company came efficiently into the Polish market. Creating a fast growing direct sale network and then lost the control over it.
- d) The basic motive of subjects which enter the network and work in it is sharing essential competences, which enables them to achieve the synergic effect.
- e) Coordination concerns people, whereas the relation concentrations establish temporary internal coordination mechanisms.
- f) In the internet network there are three processes of: gaining, transformation and sharing information. Therefore the traditional function of gaining and managing resources does not exist here.
- g) In the network people cannot control each other. Even temporary demotivating by the blockage of the entry into the network or temporary relation concentrations by typically computer science related blockage such as: “fire walls: prove to be ineffective.

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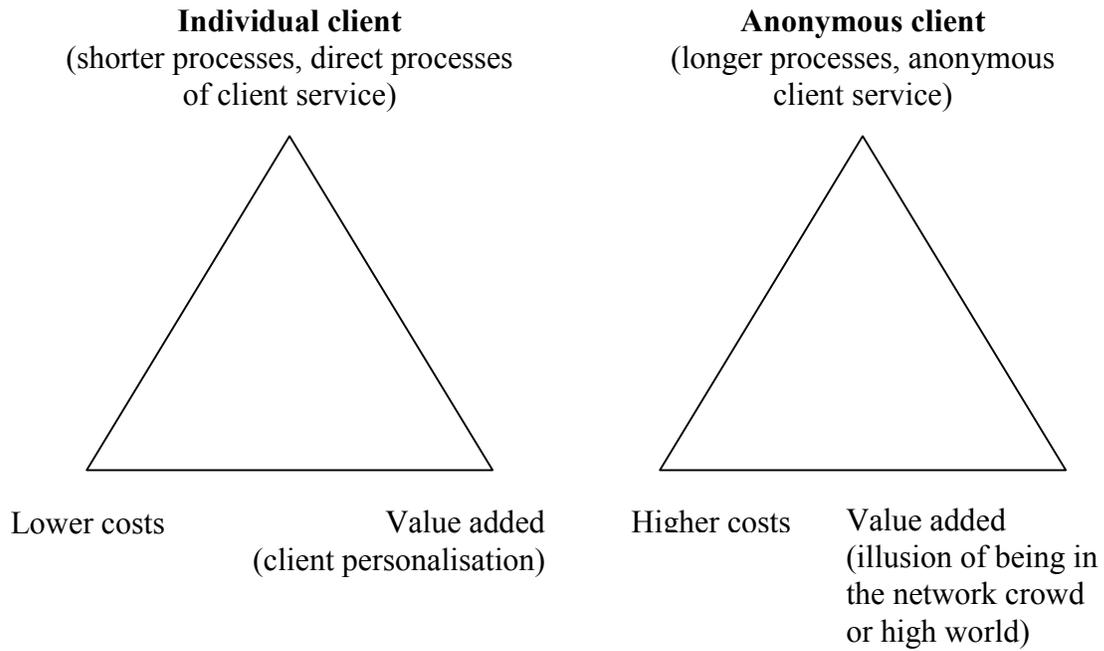


**Fig. 1 The space of virtual organising**  
Source: the author's own description



**Fig. 2 The worlds of an individual client**  
Source: The author's description

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**Fig. 3 Triad: processes – costs – value added**  
**Source: The author's own description**



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**Table 1. Friendly and absorbing networks**

Features	Network	
	Absorbing	Friendly
1. Motivating system	Negative barriers of exit	Constant development in the network
2. Thermodynamics	Hermetic system increase in entropy	Harmonious development
3. Complexity	Complexity increase in processes	Simplification
4. Development tendencies	Monothematic subjects	Multivariation
5. Reality picture	One – dimensional	A lot of superimposing pictures. Hypertextual organisation.
6. Behavior models	Imitation	Creating
7. Understanding of processes	Qualification of processes	Understanding processes
8. Knowledge of driving mechanisms	Latent	Open
9. Reasons	Activity – possible attempt at interpretation	Explanation, creating, activity
10. Consumption attitude	Consumption hedonism	Cognitive hedonism
11. External perception	Network for network	Network among other networks
12 . Limits	Entry blockages	Virtual limits
13. Fluctuation	Statistics	Dynamics
14. Changes	Practical	Revolutionary
15. Organisation changes sources	Closed command center	Integrator firm
16. Degree of monopolisations	Knowledge monopoly of network initiator	Free knowledge diffusion
17. Protective mechanisms	There is no life without network	Enjoying knowledge distribution
18. Network energy	Accumulation blockage of outflow	Knowledge outflow and its gradual completing permanent
19. Historical premises	Messianism of network	Creating overtime values
20. Basic paradigm	Uniqueness of network	Free choice of network selection and change

### Qualities of the organisation description in the latest management concepts.

Everything changes together with all organisation existences which causes considerable methodological confusion from the point of view of adequate instruments of their measurement.

The most recent theories concepts and management models attempt to formulate first of all essential paradigms (Table 2) of economic organisation functioning in the conditions of chaos which is not structured and makes it difficult for the organisation to:

- move in the turbulent environment
- build and implement long – range strategies
- predict the future
- create the permanent values as reference points for companies and organisational actors (fig. 5)

In the modern company management, the imagination of both the management and employees plays the most important role which results from structure flattening and enables:

- free internal and external communication
- equivalent treatment of all workers in the organisation
- courageous expression of opinions
- dynamic creation and diffusion of values

The above principles constitute the exemplification of the modern organisation functioning mechanisms.

The most interesting suggestions of the contemporary organisation descriptions were presented by Gareth Morgan <sup>2</sup>, who transferred organic forms from the nature world into the organisation world as metaphors (Table 3).

Organisation description suggestions included in G. Morgan's which have recently appeared in the business publishing market.

The author does not confine himself to enumerating suggested metaphors, but accomplishes their vivisection at the deepest organisation levels. For example, treating the organisation as a spider – plant picture: distinguishes several detailed structures such as:

- central pot
- navel rats with ramifications; vision, values, responsibility, resource flow, information systems, prizes
- hybrid – spider – plant
- six – model spider – plant

Another advantage of G. Morgan's work is not only the interpretation of organisation pictures, but also the methodology of designing new structures and processes, basing on the metaphors from the worlds of nature, politics, culture and sport.

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<sup>2</sup> Morgan G. Wyobrażenia organizacyjna, PWN, Warszawa 2001.  
as above, p. 97 - 117

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The modern organisation is temporary condensation of strategic resources in the economic space. In another formulation it may be treated as a temporary information and energy concentration. Modern organisations are in fact, organisational existences, which transform information. Therefore the instruments taken from the communication theory and information technology are the most appropriate to describe them.

Modern organisations assume the character of information networks which transform information streams. In order to describe them the following parameters<sup>3</sup> may be used:

- range of relations
- variety of connections
- accessibility coming into contact
- content of the information in the network
- here vanishes reciprocity of information exchange here ravishes

The intrasubject system of the organisation, which becomes the structure of relations, links and connections etc.

Organisations change their character from the subject system towards the system of energy, information, value, which have a quality dimension and are difficult to measure. It means that the decision makers in a situational approach where there are no reference points, must rely on themselves, which results in increasing domination of taking decisions infinitively. An example of that may be observed in particular management concepts (Fig. 5)

The lack of permanent reference points comes that in the organisation description, which is presented by the latest management concepts (Table 4): the following may be used:

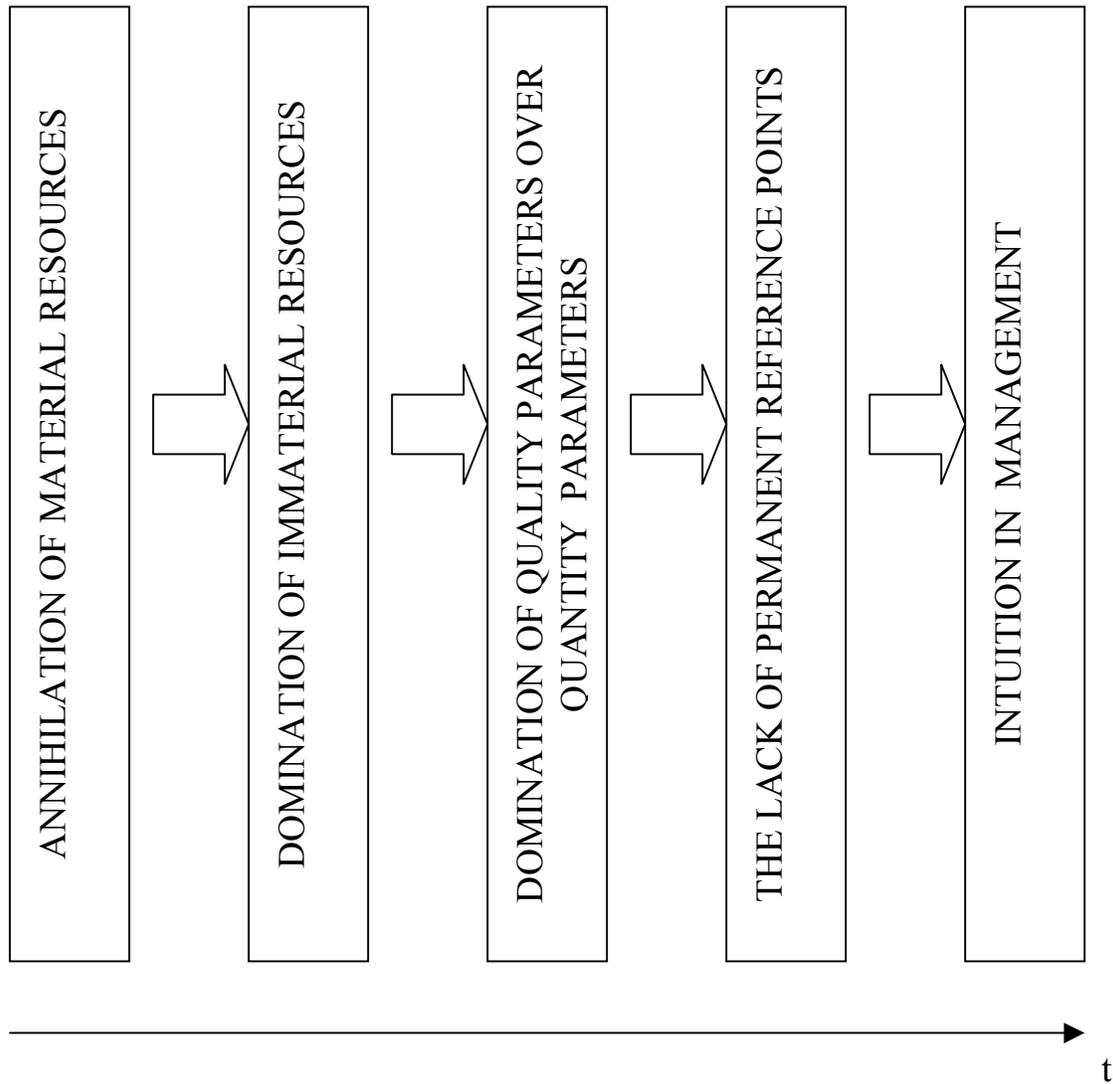
- metaphors
- intuitive approach
- definitions and implements of the communication theory
- adopted measurement tools from natural, social and formal sciences
- situational approach.

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<sup>3</sup> Nizard G. The metamorphosis of a firm, PWN, Warszawa 1998 p. 139

**Fig. 5 Intuition in management as a result of “burning out” of permanent enterprise foundations.**

**Source: In the author’s description**



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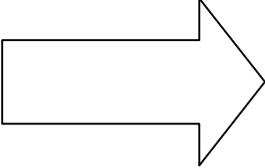
**Table 2. The classic and modern paradigms of the organisation description**  
**Source: The author's own description**

Paradigms	
Classic	Modern
Predictability	Unpredictability
Equality	Variability
Order	Chaos
Limits	The lack of limits
Statics	Dynamics
Certainty	Uncertainty
Homogeneity	Differentiation
Linearity	Discontinuity
Quantity increase	Quality jumps
Known environment	Unknown environment
Distinct structures	Ragged structures
Linear time	Parallel time
Atomism	Process quality
Absolute values	The lack of values
Creating	Destroying
Coinciding points	Scattered points
Simple economic account	Blurred
Organizing	Selforganising
Transparent management systems	Dull management systems
Monolithic quality	Network
Mechanical picture of the world	Chaos theory
Analytical look	Synthetic look
Open systems	Closed systems
Open information	Prevention of information outflow
Information as a universal good	Information as a commodity
Open knowledge	Closed knowledge
Hierarchical quality	Heterarchical quality

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**Table 3. Organisation description by means of metaphors**

Source: Elaborated leasing on G. Morgan: "organisation imagination" PWN, Warszawa 2001

Organisation	Metaphor
Organisation as 	Termites
	Plants
	Spiders
	Bumble – bees
	Football
	Brain
	Culture
	Politics
	American Football
	Energy
	Yoghurt
	Tortoise
	Gramophone
	Boat without rows
	Fire brigade
	Octopus
	Headless rider
Pyramid	

**Table 4. Distinctive features of the organisation description in the latest management concepts**

**Source: The author's own description**

Management concept	Distinctive features of the organisation description
Self – driven organisation	Autonomous of immaterial resources
Fractal organisation	Micro describes macro and vice versa
Virtual organisation	Description of the organisation by means of immaterial value chains
Intelligent organisation	“The firm means me” – for each organisational actor
Loaming organisation	Common language and value system
Knowledge management	Basic competences
B and R	Basic and auxiliary processes
Process management	Time – costs – quality
Integrated management	Areas of success potentials
Network organisation	Information diffusion
Outsourcing	Number of separated management areas
Benchmarking	Borrowed genetic codes

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