Streamlining – using new technologies and the internet to transform performance
by Michael De Kare-Silver

reviewed by Daniel Kathan

After the big hype about e-business and its following dramatic downturn in this sector there is again movement to observe. De Kare-Silver presents ways and possibilities to integrate the ‘e’ into the organisations and how ‘e’-technologies can be used to generate gains in productivity and cost savings. Therefore the author uses many case studies and complements them with facts and theory.

De Kare-Silver is widely acknowledged as a leading adviser in business and the area of new technologies. Trained at McKinsey and Procter & Gamble, he serves on the board at Thus plc (formerly Scottish Telecom) and heads up global e-business at PA Consulting, which actually becomes quite obvious in his recent book. Lately he was appointed Visiting Professor of Computing Sciences at Middlesex University Business School. His other books “Strategy in Crisis” and “e-shock” have been worldwide best-sellers.

While reading the introduction the reader will be reminded directly of the targets of business re-engineering, reorganisation and lean management concepts. This impression the author in fact contradicts quite strongly. He argues that streamlining-led change is different from its predecessor, re-engineering. Streamlining stands for positive change and growth and not for “downsizing” and “rightsizing”. The objectives of Streamlining are to guide organisations out of the difficult times, to show what is attainable and to point out how benefits for each company can be found. Streamlining highlights three key tools for transforming business performance. First, it shows how enabling, automating and innovation (e-a-i) can influence the business. Second, it identifies the means for working more efficient. Third, it shows how new technology tools can be employed effectively and lead to new levels of competitive advantage. De Kare-Silver explains that companies have the choice either to use the new e-technologies and become smarter, leaner and quicker or just realise short term gains but no lasting future.

Now the chapters will be analysed in more detail. In the first chapter after introduction and overview De Kare-Silver looks at seven “pioneers” in the area of ‘e’-technologies. As “pioneers” the author identifies the following rather diverse companies like Nestlé, Cisco, Oracle, Dell, Nordea Bank, Moen and Microsoft. After introducing the companies De Kare-Silver analyses profoundly how they generate value out of their ‘e’-initiatives and why they might act as models and benchmarks. Examples of the companies’ benefits are cost savings due to streamlined business processes as well as productivity gains, better communication, sharing know-how and improving education. In this context, it would have been interesting to discuss first-mover advantages and the question whether they play a key role in the success of the above listed companies. Besides, this chapter explicitly discussing “pioneers”. De Kare-Silver managed to integrate consistently suitable and instructive examples from reality throughout the entire book.

Chapter four starts with several statements from business leaders about what can generally be achieved with the World Wide Web. Subsequently the author identifies and defines the three core new technologies, which are in his opinion the Internet, wireless/mobile and interactive TV, the last being the often forgotten member of the trio. In addition to research results on key business drivers for adoption of e-business solutions the chapter maintains that internet development is passing through cycles, the so-called “s-curves”, which occurred in the same way in the auto industry, during the development of the radio and PC usage. Besides, the writer names internet-based companies which are beginning to earn profits like Monster.com, Priceline.com, Expedia.com and others.

In “getting started on e-a-i” De Kare-Silver discusses how organisations can begin streamlining. So, he identifies three particular keys for realising these opportunities. First of all, companies have to pilot and test. As ‘e’-initiatives are in general uncoordinated it is secondly important to sort out the existing “e-legacy”. Thus the author develops an e-business value audit which contains four steps. Step one involves the comparison with “best practices”. The second step is the evaluation of how technology can be integrated with process and people in the companies. This method clearly recalls McKinsey’s 7-S Model simply with three fewer “S” aspects. Steps three and four state the necessity of portfolio management and training to develop new ideas and opportunities. The third key is to figure out where the “e-a-i” hotspots are. For that reason, the company’s value chain should be mapped out, the priorities have to be determined and the company has to innovate and to establish a
disciplined change program. In this context, it would have been also attractive to analyse if companies in every industry sector can be streamlined.

In chapters six to nine the four main areas of streamlining opportunities, namely procurement, supply chain management, knowledge management and customer relationship management (CRM), are explored. But why shouldn’t the ‘e’-technologies also be used to streamline production, HR or other functions? Probably that would have been gone beyond the scope of the book. In the chapter about procurement De Kare-Silver at first presents two case studies (Eastman Chemical, Owens Corning). Furthermore the benefits of e-procurement like cost savings, improved sourcing by discovering new suppliers, reducing inventory levels, tracking delivery, and many more are listed up as well as challenges and obstacles analysed in more detail.

Opportunities for supply chain service improvements and cost reductions which have been identified by researchers are listed in chapter seven, supported by examples from reality (Mitsubishi Auto, Honeywell International, Guess? Corporation). What becomes obvious is that the historic value chain has been a linear and chronological sequence of actions. But the current and more competitive view is to see it as a collaborative and virtual network preferably supported by web portals, which provide the ability to access information held in diverse databases. In a study done by Temple University in Philadelphia, researchers identified the areas within the supply chain with the most leverage and win:win solutions. The identified areas are procurement, inventory management, transportation, e-billing, order processing and customisation, which De Kare-Silver individually examines.

The writer predicts in chapter eight a second wave of interest concerning knowledge management encouraged by the widespread adoption of the World Wide Web as the major communication and information sharing tool within companies. This time the author draws the attention of the reader to Ford and British Telecom as examples. Afterwards he cites a survey from Fraunhofer Institute showing what companies rated as most important in the field of knowledge management. After adumbrating briefly the web oriented knowledge management software market and introducing an array of software tools De Kare-Silver turns his attention to a case study of BP Amoco. As a result he identifies an arguable four step approach of knowledge sharing with which the benefits can be captured. The chapter ends with an oversimplified Knowledge Management audit, the possibilities of capitalising knowledge as well as further case studies.

In the “streamlining in CRM” chapter De Kare-Silver first gives an overview of the state-of-the-art of CRM. Of course successful companies have been doing CRM for many years but the new technology has increased the expectations. Later in the chapter the benefits of an e-CRM are listed, including cost savings in call centres, improved direct marketing campaigns and increase in loyalty. The next points examined are the strategic context, the technology impact and last but not least the key ingredients for a successful CRM implementation. For a successful implementation customer orientation, an effective cross-company team, senior management commitment, piloting and testing plus a reliable infrastructure are needed. What has to be mentioned is that none of these aspects are new to the CRM theory.

Chapter ten and eleven are presenting the applications and technologies in wireless and in interactive TV for the above stated four main streamlining areas. Because these are fast developing technologies, some parts of what De Kare-Silver wrote are no longer up to date. This becomes very obvious in the wireless interactivity chapter. There the author for example forecasts the implementation of GPRS (2.5G) in Europe by the end of 2002, but the actual implementation has been for example in Germany by O2 in January 2001 and by T-mobile in February 2001! Afterwards De Kare-Silver presents a few presumptions on outdated premises. In opposite quite interesting is the part about the rivalry between the WLAN companies and the UMTS (3G) operators as well as the author’s thoughts regarding the reasons for the delayed UMTS implementation.

The main application of iTV, for which the author predicts a big potential, is undoubtedly to reach consumers but besides that it is used by the business sector to communicate, transmit data and interact with employees. After doing an introduction about the prospects of iTV, the author analyses the market. In this part it is surprising that De Kare-Silver looks at AOL and Time Warner as separate organisations although the merger between them was already approved by the Federal Trade Commission in January 2001! Afterwards the author turns to the main hurdles and issues, which are for example the increase of bandwidth fundamental to exploit iTV successfully, the access to only a limited number of merchants, some missing “killer applications” and others.

The reasons why it is important for organisations to have an “e-learning” environment and how that could be built is presented in chapter twelve. As the American Society for Training and Development (ASTD) discovered, there is a correlation between the amount invested in this area and overall company performance. This value-add opportunity should, in the opinion of the author, bring “e-learning” up to one of the top ten boardroom issues. “E-learning” is not done by just posting a bulletin board, individual sharing of data via email or some communities of interest.
There has to be a concerted company-wide program that is personalised to individual employees. Additionally in this chapter the advantages and problems of implementing an “e-learning” environment are sorted out.

The final chapter summarises what has been discussed during the entire book. Here the lessons learnt from successful companies are merged into eight points which organisations should avoid and ten recommendations. Companies should avoid for example implementing e-business related initiatives haphazardly, refusing to cooperate or seeing payback only in the long term. On the other hand companies should risk deliberately, neutralise opponents and cooperate with supporters. Additionally companies have to develop strong “new technologies” teams, consider processes and the structure, involve partners and customers and – in some ways most important – monitor, measure and report.

De Kare-Silver considers Streamlining not as rocket science, which definitely it is not. But there are many thoughts and solution paths for companies which enable them to improve their standings. Some thoughts might be banal and many issues in Streamlining are well-known economic concepts but De Kare-Silver integrates those concepts in a thought-through manner into the context of “e-technologies. What might be criticised are oversimplifications, outdated data and some small inaccuracies like not mentioning a cross reference. Additionally a bibliography for further reading would have been quite useful sometimes.

In summa, Streamlining might be for scholars too vague and imprecise at times. But on the other hand it provides helpful ideas for organisations on their way to transforming performance by using new technologies and the internet.

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