Net Ready - Strategies for Success in the E-conomy
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Abstract

Net readiness dictates how ready or how capable your company is to succeed in the E-conomy. Net Ready leadership starts by empowering every corner of the organisation, from the CEO on down, to think and act in E-conomy terms, to use e-Business tools, and to hold each person accountable in clearly measurable ways.

Create an overarching leadership message that your organisation is a Web culture from top to bottom, and everyone is empowered to support and propagate business focused on that culture. The leader's job? Promulgate and demonstrate that message. Tasks your leaders must accomplish to succeed:

- **Solve your business process problems first.**
  Your fundamental goal is to define how to better address customer requirements, and your team must resolve any internal process issues that distract you from those requirements. This takes precedence over internally focused projects, including the IT infrastructure.

- **Create a high tolerance for ambiguity and even chaos.**
  Today, the game belongs to teams that can think and act nimbly. Only a few years ago you could use past behaviour as a reliable guide for the future. No longer. Advantage accrues to your team when it can learn from the past and also adapt to the reality that the E-conomy is about change and movement.

- **Live e-Business from top to bottom.**
  Net Ready companies have leaders who embrace the Web and extend it to every corner of the organisation. John Chambers of Cisco, for example, believes that everything Cisco does belongs on the Web and asks his organisation to live that belief. Such leaders not only embrace the Internet, they actively push it throughout the organisation.

- **Avoid incrementalism.**
  E-conomy leaders realise that they cannot inch their way to Net Readiness.

- **Be early.**
  Net Ready leaders tend to be risk takers. Not all risks work, but when you demonstrate your beliefs by taking risks and moving with speed you are making a valuable statement.

- **Engage in counterintuitive thinking.**
  The E-conomy makes mincemeat of many sacred business values. Success is not pursued directly, it comes as a side effect of focusing on customers and partners and serving them meticulously.

- **Communicate well.**
  All this is new, and brings new electronic tools to communicate with. Net Ready leaders use these tools and help team members communicate with each other.

- **Share more information with everyone.**
This always feels risky at the start. At Cisco, leaders took a tremendous risk that has since proved to be visionary. The company has cultivated a culture of sharing information with employees, partners, and customers, and has been rewarded with excellent partnerships.

Your team will always need guidance, and governance provides the set of rules and the structure that you use to determine the way your organisation is built and works. It is one of the most problematic issues to resolve when they move to the E-conomy. Governance is the operating model that defines the nature of your organisation.

"Without a good model, your organisation will waste time, people, and money instead of directly exploiting creative energy."

Without a good model, your organisation will waste time, people, and money instead of directly exploiting creative energy. You use the structure to guide people, not control them, but you need that structure. E-Business may look like anarchy, but the successful companies channel their energy carefully. Providing guidance and boundaries will determine the ability of your business to pursue your e-Business strategy.

Tasks your team must accomplish to succeed:

- **Create a governance framework, a structure for success.**
  This framework defines the roles, responsibilities, authorities, and structures for the business, and it must be clear. The framework is not in place to add bureaucracy, but to streamline decisions. Web-born companies may know these things intuitively, but companies moving to the Web have to structure and learn them.

- **Establish a governance model and body.**
  The model is the set of rules that define the purpose and the structure of the body that manages e-Business across the organisation. The body can consist of executive ownership, but may be best as a federation that represents the entire business. This governing body acts as a board of directors. It sets direction but does not get involved in execution.

- **Clarify decision processes.**
  These define the decision-making and funding mechanisms for ongoing planning and management. These include decision mechanisms, the funding models, and the escalation and appeals processes.

- **Promulgate policies and standards.**
  These are guidelines for implementation of recommendations and for monitoring performance. The standards are behavioural, not technical. Your standards should demand attributes such as ethical behaviour, engendering trust, and results within 3 months, not 12. The reason for monitoring performance is to set and enforce service levels.

- **Set and enforce goals and metrics.**
  Net Ready companies measure ruthlessly, make corrections, and then measure again. They do not work on faith, but on usable results. This does not mean measuring Web site hits, a measurement that is not
useful, but measuring real metrics such as sales transactions and dollars, cost reduction, and customer reach and satisfaction. If you want to do serious E-conomy, you need serious metrics.

Competencies determine the way that Net Ready organisations respond to changes in the world, exploit available resources and opportunities, and accommodate themselves to emerging realities. Since the details of e-Business are still emerging, your team will need to acquire an understanding of the unfolding (and changing) complexities underlying the E-conomy. Net Ready executives must be able to think concurrently about the effects of numerous events.

This ability to multi-task is essential for success in the Net Ready world. Then your organisation must evolve ways to co-ordinate these elements if it expects to deal successfully with the complexity that results from waves of economic, technological, political, and social change. Competencies your team must have to succeed:

- **Manage complexity and change.**
  Where business used to be constrained by physical limits, these are released in a virtual world. Now the constraint is complexity; the limits are the ability of humans to manage increasingly complex, interrelated, and fast-moving activities. Pricing is an example. In the past, you could price by geography, but in a virtual market pricing must be tied to creating long-term value. Your success will be determined by how well your teams can manage this complexity.

- **Manage more things concurrently.**
  In the Net Ready economy, everything happens at the same time. Discontinuities are common, processes are nonlinear. Multi-tasking becomes a prime virtue of Net Ready managers.

- **Create coherence and set boundaries.**
  Coherence defines the integrity of an enterprise. Your team needs to know what your organisation stands for. Boundaries keep your organisation from wandering.

- **Lead connectivity.**
  Managing Knowledge is a prerequisite for Net Readiness, and connectivity is a requirement for sharing knowledge. The issue is not technical, it is an historic tendency of people to hoard information. But information is different from money or tools. Knowledge can be sold or given away and still be retained. Connectivity is a question of attitude, and that starts with the leadership.

- **Create and maintain coordination.**
  Partnerships matter; they increase speed and knowledge. To create powerful win-win strategies, it is critical to have partnerships between emerging Net businesses and larger companies with established brands. Exquisite co-ordination is required for both partners to make explicit their objectives, contributions, and responsibilities.

The purpose of technologies in Net Ready organisations is not to have them for their own sake, but to have them as enablers. The right technologies are part of an architecture that is robust and comprehensive. It must not have artificial limits that get in the way of rapidly implementing e-Business.
The right architecture allows your team to add or replace tools whenever appropriate. The actual tools will not be very important, but the ability to move recently acquired tools out and bring in newer tools is critical to support scalability and changing requirements. Net speed makes individual technology decisions obsolete very quickly. One advantage to this is that, with a good basic architecture, it is difficult to make a bad individual technology decision. The shelf life of the implementation is too short. That implies that buying technology is more advantageous than building it. Why strive for the 99th percentile of elegance if the product or application will be replaced in 24 months?

Instead, the value to you is in quick implementation and faster time to a stable application. Technology is not an IT-only function. The IT team must understand the business drivers, but the business people must also understand the technology drivers. What's essential is to make this debate subordinate to a strong business leader who welcomes the input of technical managers but who keeps all eyes on the prize: creating value for the business and customers.

Technology skills that your team must have to succeed:

- **Build and drive standards across the enterprise.**
  Standards-based infrastructure will support scaling and speed the implementation of new concepts.

- **Demonstrate scalability.**
  Test that scaling before you need it.

- **Maintain a business-driven technological strategy.**

- **Maintain an enterprise view of business and how technology supports it.**
  Consider structures to bring IT and the business groups together, including mutual accountability, co-locating the teams, and common MBOs.

- **Drive to simplicity.**
  Your team will feel many pressures to move towards complexity, creeping elegance, and nonstandard implementations. Stamp them out. Use a business-driven buy vs. build decision process.

- **Resist pressures to build a more elegant solution than is commercially available.**
  Take the versioning philosophy to this discussion as well.

**Drivers of Success and Barriers to Success**

Net Ready organisations exhibit certain characteristics that are essential to success in the E-conomy. A different set of characteristics are typical of organisations that are less successful or that have failed. These two sets of principles are the flip sides of a coin that is surprisingly common.

**Drivers of Success:**

- **Ruthless execution.**
  Your business must be able to identify and act quickly on opportunities. Set a window of three months or less to produce results from activities. If you can't execute that quickly, learn how.
- **Be metrics driven.**
Emphasize activities that you can measure, and give incentives to reach the metrics. If you can't measure it, ask why you are doing it.

Focus on immediacy. Don't build a perfect solution over a year; build a good solution in a quarter. Adopt a "versioning" philosophy. Consider no process or product to be complete. Instead, release versions that you can build on quarter after quarter.

- **Be customer focused and technology enabled.**
You must have, and must keep your company's focus on, a clear and customer-driven value proposition. What is the purpose of technology? It is a tool to provide more value to customers. It is only a tool.

- **Create scalable and standardised architectures.**
You cannot afford the distraction of technical infrastructure issues. Your organisation must create a foundation by which you can add value-creating applications without worrying about disparate systems, data formats, and scalability issues.

- **Create and be driven by a vision.**
While you are executing three-month plans, you must keep the plans in line with a portfolio of business solutions that support (and communicate) an articulate vision of perhaps 12 to 18 months. Barriers to Success: The "Field of Dreams" syndrome. The illusion that if you build it, customers will come.

- **Inadequate architectures for applications and networks.**
Companies fail to lay down a foundation or a scalable infrastructure. They often have to come in later with a forklift to rip out previous work and install a larger infrastructure. Putting lipstick on a bulldog. "Webi-fying" old business practices or models by sticking on a Web front end without regard to underlying process issues.

The company ends up with a broken and inefficient process that has a pretty user interface (a good-looking bulldog).

- **Islands of Webification.**
Creating discontinuous and non-synergistic applications or pockets of e-Business, that often are redundant, without driving toward an overall direction. This characteristic is endemic to most companies of any reasonable size.

- **"Me too" strategies.**
Copying or following the moves of competitors keeps you in reaction mode. This strategy is a losing proposition that ensures second-class status. Although benchmarking provides insights and allows you to catch up, "me too" strategies too often are just a fast path to mediocrity.

**Conclusion**
- **One-time-effort mentality.**
Under the old IT paradigm, IT got a project, went away, came back with something two years later and
said, "What's next?" This model will no longer do. E-Business projects cannot be developed in isolation. Intimate, on-going participation with end-users is required. Complete projects in three months or less. Most importantly, never see the project as done. E-Business initiatives are always in a state of redevelopment.

- **Thinking too small.**
Be wary of over-dependence on incremental progress. You can't increment your way to success.

Be willing and ready to take big steps.