Quicker, Cheaper and Better Thanks to the Net
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The impact of the net has become evident in the way companies do business with their customers or suppliers, making transactions easier and creating additional value. However, on very few occasions is the effect these changes have on the way operations are carried out described. For this reason, many companies continue to operate in the traditional manner, without taking advantage of the opportunities or without being aware of the threats that exist.

The changes which the Internet has brought about in companies can be grouped in four categories: those which affect the structure of the supply chain, those which have an influence on the product, those which affect decisions regarding purchases or manufacture and those which determine the form of management.

On the one hand, if we analyse the flows which exist in both directions between a supplier and a customer (whether external or internal), we find flows of materials, of services and of information. Many of these flows involve movements of tangible goods, but many others may be digitalised in order to benefit from all the possibilities the net offers with regards to their execution. From this point of view, many intermediaries are merely efficient agents dressed up as companies or departments and charging a price or cost to carry out activities which can currently be carried out free of charge on the net.

Hence some of the stages of the chain may disappear in the short or medium term. Since the flows usually bring an accumulation of stocks throughout the chain, the elimination of these stages implies a notable reduction to the size of stock. On many occasions, the reduction of these costs associated to the stocks greatly exceeds the operational costs associated to the reduction of the chain. If this chain reduction is not carried out in many sectors at the expected speed, it is due to the inertia of the existing system and the power which each of its elements has upon the distribution chain. But these considerations cannot justify their long-term permanence.

Secondly, the changes brought about by the net affect the product itself. As of the moment that there exists a direct relation between the end consumer and the manufacturer, the transaction times are reduced considerably and the possibility to personalise the product comes about. Although in the traditional manufacture process the flow time from raw material to end customer lasts several months, the productive process itself seldom lasts more than a few hours. The majority of the time is spent manufacturing large batches in which each unit is waiting for the process for the other units to finish before it may advance to the next stage. For this reason, when we manufacture few units upon request, these units can be dispatched within a few hours or days. Obviously this personalisation is possible thanks to the evolution which, since the 1980s, has taken place in lean manufacturing, through working with smaller batches and thanks to the development of swift transport companies.
One important change is that the net has made distance irrelevant. Thus, the company may contemplate customers or suppliers on a global scale and not simply those located within its traditional area of influence. This aspect has an important effect on the decisions regarding outsourcing, in other words, on the decisions regarding purchases or manufacture. Since the market is global, it is much easier to find companies that can replace the stages not directly related to the potential nucleus of the company. Equally, the company may, on analysing the global offer, discover that some of its differential competences are not as were believed and can also be outsourced.

**Innovation**

Finally, the net obliges companies to innovate their products and their supply, manufacture and sales processes. Hence, as many companies are currently based on the efficient realisation of their daily activity, their future depends on the success of the innovation projects which they should put into operation. But a radical innovation project in a traditional hierarchical organisation represents an organisational anomaly and many companies cannot afford to allow their future to depend on the anomalous success of a project. These companies must learn to manage their projects in order to control and reduce their execution periods and to carry their advantages to the market more quickly.