telling that management decision making is the matter of managers (or even owners). They are responsible for the success of the SME and must think about solutions for arising problems. A good employee is the one who knows only what he or she needs to know. Well, what are the results of such approach to PM? Clearly it is social conflict, even if it is a latent conflict in most cases.

Conclusions

The results of pilot research of PM made in Lithuanian SME confirmed the following hypotheses, which can also be applied to other post-Soviet countries:

There is a necessity to develop PM activities in Lithuanian SME due to contemporary requirements of changed environment inside/around the country. So there is a need to work out more suitable principles and methods in management literature to faster development of PM activities in SME, especially such as job analysis, training and development, career development.

There is a necessity to provide the SME's line managers with specialized education in the PM area. So there is a need to propose the more suitable training programs for SME's line managers.

Finally, there is a necessity to change the approach to PM in SME. So there is a need to discuss modern approaches to PM in SME suitable for Lithuanian and other post-soviet countries, first of all, in management literature.

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Opportunities for Electronic Intermediation and Intramediation

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Abstract. The technological developments in the areas of information and communication technology have generated worldwide business opportunities for firms which carry out coordination tasks as a service for other enterprises. To begin with, several implications of this devel-

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opment for the fundamental shaping of economic activities and the structure of markets will briefly be discussed. Built upon that, the present contribution will develop a segmentation for the opportunities and the potential for electronic intermediation and intramediation, which will become the basis of assessment for the opportunities provided by both business models. This segmentation is based on the type of dependencies to be coordinated (pooled, sequential, or reciprocal), as well as on the scope of the performed coordination. The main result is the fact that first intermediaries should concentrate on less complicated coordination tasks (pooled and sequential dependencies) due to their limited capabilities. Intramediaries should concentrate on the more demanding and complex market segments (reciprocal and sequential dependencies), since their business model seems less suitable and therefore bears less potential for performing simpler coordination tasks.

Key Words: intermediation and intramediation, coordination, types of dependencies.

1. Introduction

E-commerce creates independent business opportunities for coordination which can be taken advantage of by appropriately oriented and specialized enterprises. These enterprises take over part of the coordination tasks of client firms in the hope of reducing the coordination and transaction costs of these firms. Depending on whether this service is provided for two independent client firms or for the coordination of dependencies within an enterprise or an alliance, either intermediation or intramediation will be spoken of in this paper.

Two criteria can be derived as being decisive for the coordination performance of this service provider, who is especially active in the elimination of information asymmetries between the areas or enterprises which are to be coordinated: the scope of the achieved coordination and the type of dependency. It will be shown that an appropriate classification was offered as early as 1967 by Thompson (Thompson, 1967), who introduced differentiation in the coordination of pooled, sequential, and reciprocal dependencies into the discussion. This contribution examines the effects of these determinants on the opportunities for both business models of electronic coordination performed as a service.

Above all, the question is in which part of the market the appearance of intermediaries can be predominately expected, and where in contrast to this, intramediation is the model which promises more success. To put it another way, the question is how to set up a framework for the evaluation of opportunities and potential for electronic intermediation and intramediation. Electronic intermediaries offer their services in an appropriately specialized, electronic marketplace. They represent the most widespread example of such enterprises today. They limit the scope of their services to providing coordination between producers and consumers (intermediation).

The second business opportunity, not yet opened up to this extent, is the provision of electronic coordination services *within* enterprises and alliances*: intra*mediation. Traditionally, many of those who provide services to business clients, as well as those who provide and operate telephone networks or offer computer software for the support of business processes, can be understood in terms of it. A systematic opening up of this area, especially through automation of mechanisms toward internal resource division and transfer pricing through internal markets, cannot be observed at this time to the same extent as intermediation. This can surely be traced back to the greater importance of more complex forms of dependencies and the lower degree of standardization (higher transaction specificity) of the firm-internal coordination tasks in question.

2. Changes in enterprise coordination as a business opportunity

2.1 Change of economic rules through electronic coordination

Coordination, very broadly understood as the management of dependencies, is fundamental for almost all economic activities. As soon as at least two individuals or parties participate in an economic activity, and this is mostly the case, the question of appropriate coordination mechanisms in the common use of resources, common fulfillment of tasks, and in every type of relationship between producers and consumers must be answered (Malone/Crowston, 1994).

Coordination often requires exchange of information, i.e. communication (not necessarily personal). These coordination forms are of special interest in connection with e-commerce, because the clearest changes are emerging here. This becomes especially evident with a look at two determinants of the efficiency of information exchange, which exist in a competitive relationship with each other (Evans/Wurster, 1997): the range and the variety of communication relationship. As a result of the well-known technical developments in computer performance, telecommunications and in the internet, the range and spectrum of communications in the last two decades has increased enormously (see Butler et al., 1997).

This development should however not mislead one: interactivity and the specifics of demand are still the bottleneck in the general development of the exchange of information. The development of these elements is not primarily determined by technical progress, and has not been able to keep pace with it. These limitations become less important only to some extent and only in those domains of the exchange of information in which standardization of content has successfully taken place, i.e. their transaction specifics has been reduced. As long as access to an automatic analysis of the meaning of the content of information continues to be denied even in the foreseeable future, a dialogue with differentiated (in the most extreme case context-sensitive) information is, as usual, restricted to a relatively small group. As a matter of fact its interpretation remains to a great extent between the sender and the receiver.

2.2. Business opportunities with electronic coordination

According to rather broad understanding of the term, intermediaries are enterprises which are involved in an exchange process between at least two other economic actors (Breuer, 1993). Intermediaries thus coordinate dependencies in the form of producer-consumer relationships. Depending on the type and extent of the exchange process, they could be involved in one or more phases of the exchange process: in the opening, matching, clearing, monitoring, and in the adaptation phase. Transaction costs for these elements of the exchange process arise according to special qualities of the exchange.

The function of the intermediary is to reduce the transaction costs in such exchange relationships. Alongside with transport costs, these costs are incurred especially for the reduction of informational asymmetries (information search and processing costs; contract, negotiation, and monitoring costs) as well as (potential) costs of opportunism. The reduction of these transaction costs is the economic reason for the existence of intermediaries, i.e. they basically make the occupation of intermediary possible.

According to these preliminary considerations, electronic intermediation is an expansion of the typical e-commerce business model by adding elements of the exchange process in the increase of his/her added value. At the same time relatively little-standardized application areas are newly emerging, new types of intermediaries who represent and offer specialized functions within the exchange process are emerging.

At this time, such specialized opportunities, especially in the area of the qualified reduction of informational asymmetries ("*information-intermediaries*") seem to be arising (Butler et al. 1997; Dümpe/Satzger/Will, 1998). For these intermediaries, which concentrate on decreasing the

costs involved in the reduction of informational asymmetries, Hagel and Rayport have coined the term "*infomediaries*" (Hagel/Rayport, 1997).

If *intermediaries* concentrate their energies on the coordination of dependency between producer and consumer, *intramediaries* occupy themselves with the broad field of dependencies resulting from the common use of resources and the common fulfillment of tasks within enterprises. For example, telecommunications and software for supporting business processes fall – at least in their focal points – into the area of common task management, as does software in reference to the support of work spread out over time and space. Due to very specific demands, enterprises in this area often provide only a general infrastructure which can then be used in a standardized manner by the participant (like in, e.g., telecommunications). The necessary customization requires the intensive support of each individual case, which is characteristic of the project business.

The most interesting area of application is the coordination of commonly used resources in internal markets. The contribution of an external electronic intramediary could be made in the area of transfer pricing, for example in the support of internal auction processes for resources and output. Such auctions are used today by financial service providers, as in the allocation of their equity by auctioning it on an internal market (Klein, 1998).

However, the appropriate services are not (yet) produced by external service providers. Whether or not a market for electronic intramediaries will really develop here is obviously decisively dependent on the extent to which joint actions on the one hand, and the necessary special knowledge, on the other, result from the coordination of internal output and resources. This would in turn economically justify an independent service offer.

3. Segmentation

Different models of electronic coordination through intermediaries can be differentiated according to two main characteristics. The first can be derived from the definition of the coordination type.

This dimension relates namely to the form of the dependency to be coordinated, which in turn is strongly determined by the characteristics of the resource which is to be coordinated, especially by its ability to be standardized. The second main characteristic refers to the multi-staged coordination process. As the scope of the performed coordination increases, different stages will be covered (see Figure 1). In the following section, both of these structure-giving characteristics will be explained briefly (see Lindstädt/Wiegand, 2002, for a more detailed explanation of this segmentation).

3.1. Types of dependencies

On the basis of the definition of coordination as the management of dependencies, coordination problems can initially be differentiated according to the type of dependency on which they are based (Thompson, 1967). There are dependencies between *sequential* activities (flow), dependencies due to the *pooling* of resources used (sharing), as well as dependencies in which, through different activities, a common resource is produced (fit) (Malone/Crowston, 1999). In this last, most complicated form, the activities are mutually dependent on each other, that is why this dependency is also called *reciprocal*.

A pooled interdependency, also termed indirect, is present when different activities fall back in common on limited resources, but these activities do not however have a direct input-output relationship to another. Except for this use of common resources the activities operate autonomously, almost like those of individual corporations within a holding-company structure whose dependency lies mainly in the common use of personnel or capital.

In contrast to this, in sequential dependencies input-output relationships which follow each other successively are found. The second activity can begin or is allowed to begin only after

the first activity has been completed. Such dependencies normally occur within value-adding processes like assembly line production or a transport chain.

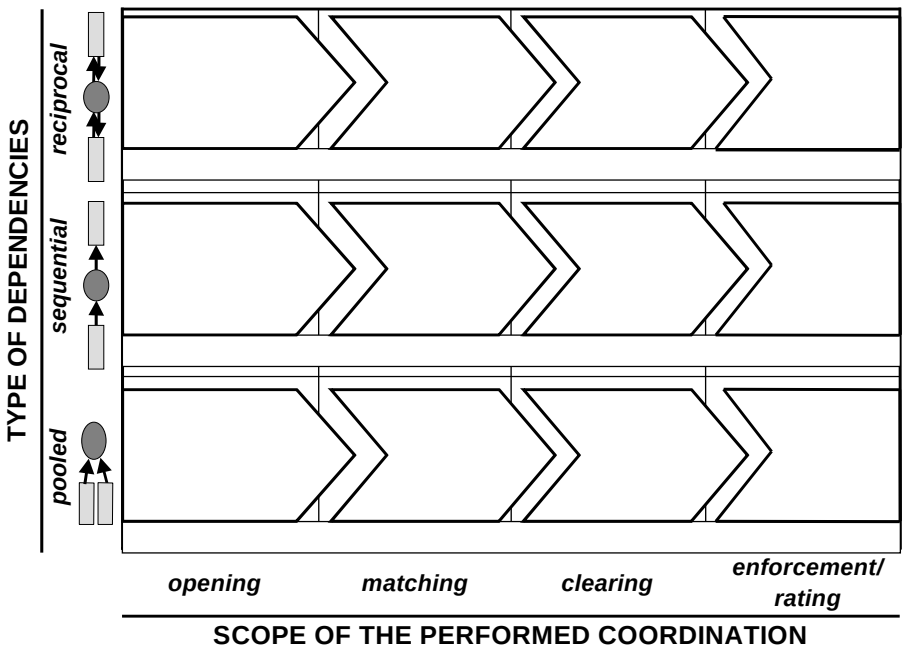

Fig. 1. Segmentation of electronic coordination services

In reciprocal dependency however, such chronological order is not present, i.e., clear input-output relationship cannot be determined. A successive procedure with several stages is not possible anymore. The coordination problem requires a simultaneous solution. At the beginning of the coordination process it is often necessary for reciprocal dependencies to first adopt assumptions about the particular character of one of the activities.

The type of dependency is principally determined by the transaction specificity of the commonly used resource. The lower this specificity is, the greater the number of opportunities for using appear to be (Merz, 2002, p.606f). So that pooled dependencies could exist, the resource must be sufficiently unspecific in order to be used by different activities. With sequential dependencies as well, the resource must still be unspecific enough so that the first activity would require no information about the second one, and vice versa. Otherwise the dependency would not be sequential. In case of highly specific resources, reciprocal dependencies are the rule.

It is unanimously recognized that in comparison with both of the other types, the demands on the coordination of reciprocal dependencies are the greatest, and the expense of coordination is the highest. Concerning the issue of whether lower coordination demands exist with pooled or sequential dependency, there exists a variety of interpretations (Grandori, 1997, p.903). The direct input-output relationship of sequential dependencies speak in favour of it having more demands than pooled dependencies with its indirect relationships.

3.2. Scope of the performed coordination

The coordination of a (enterprise-internal or enterprise external) producer-consumer relationship can be represented as a multi-stage process. For general coordination, an information search and beginning (*opening*) phase are required, as well as an agreement and negotiation

(*matching*) phase, and a wind-up (*clearing*) phase, and also probably a post-coordination (*enforcement and rating*) phase. A prerequisite for the necessary coordination between the producer and the consumer is an information exchange between the two economic actors.

A typical example of an electronic intermediation in the opening phase of the exchange process is a so-called "virtual blackboard," the simplest form of electronic intermediation. The intermediary only makes the information necessary for the opening phase visible. Through such offer, the costs of the information search, also called opening costs, can be reduced for both producers and consumers (Feltz, 1999, p.38f).

In the matching phase that follows it is determined how the coordination problem is to be solved. In the exchange of goods, supply and demand are adjusted to each other in the following way: the seller and the demand specify the transaction. In this stage of the coordination, matching costs arise (Merz, 2002, p.609, Feltz, 1999, p.39). The more complex the dependencies to be coordinated are, and the more specific the resources involved are, the more expensive the matching phase becomes. Longer agreement and negotiation phases arise with direct dependencies within an input-output relationship, especially in cases where they are reciprocal.

After agreement there comes the clearing phase. Monitoring and probably also adaptation costs are connected with this, especially namely it becomes necessary to deviate from an initially agreed-upon solution. The probability that adaptation costs come about is obviously high, when the transaction itself has a marked specificity. Monitoring costs primarily arise if physical exchange takes place parallelly to information exchange. As a rule, the physical exchange of goods must be examined for the correctness of the specification of the goods and the agreed-upon exchange conditions, for example, the agreed-upon delivery date.

Even after the transaction has been wound up, the intermediary has the opportunity to take advantage of further "coordination-like" tasks. Such post-coordination can become necessary in the enforcement of guarantee claims. It is called *rating* when the service provider evaluates the exchange partner after the transaction, for example, in order to create a reputation effect and thus pave the way for later transactions, even with other actors if necessary.

It becomes clear that a provider of one of these stages can in general offer and wind-up meaningfully only when he/she has already been involved in the previous coordination stage: due to the high cost for producers and consumers which would be connected with coming in at a later point in time, a concentration of the business model on subsequent phases hardly makes sense. According to which coordination stage the activity of the service provider *maximally* covers, the extent of his/her coordination activity can be organized into one of the four ideal type categories: opening, matching, clearing, and enforcement and rating.

3.3 Examples of electronic intermediation and intramediation

3.3.1 Intermediation of pooled dependencies

One of the first electronic marketplaces in the energy economy was Altra Energy Technologies, Inc.. In the meantime, the North American energy exchange for trading gas, electricity, etc. covers a broad spectrum of services within the coordination process (Laseter et al., 2001). The most well-known European energy exchange is the Norwegian *Nord Pool ASA*, which however limits itself only to trading in electricity. Nord Pool is considered to be the pioneer for this business model in Europe. In the now merged electricity exchanges European Energy Exchange in Frankfurt/Main and the Leipzig Power Exchange, Nord Pool also has a Central European pendant. Energy exchanges all achieve high growth rates, and cover practically all of the stages of the coordination process with their offer.

As the name of the European pioneer implies, in electricity exchange primarily pooled dependencies occur. The coordination process itself is thus comparably simple, and well-suited for Internet-based price determination. In energy trading, great significance is placed on transparency and the equality of competitors. It is thus exactly the independence of the intermediaries from the energy producers which here forms a competitive advantage.

The success of such energy exchanges can be traced back to the characteristics of the goods traded, and the market. Above all, electricity is an extremely homogeneous and therefore a very easily-standardized good. Determined by the physical characteristics of the good electricity, and the liberalization of the industry, price takes place in the foreground of most of the transactions.

3.3.2. Intermediation of sequential dependencies

One of the most well-known examples of electronic intermediation in the transport market segment is the loading space exchange *TELEROUTE*. Founded in 1984, it has the typical characteristics of a virtual blackboard, and is clearly the market leader in this segment. Despite this, TELEROUTE has an almost insignificant share of the total market for transport services. Especially well-suited to being traded on electronic markets, standardized transport services are unattractive to forwarding agents because they yield relatively low margins (Alt, 1997, p.201). Accordingly, it regularly comes to a supply surplus of transport services, which runs counter to the capacity-equalizing function of loading space exchanges (Erdmann, 1999, p.99).

Loading space exchanges support only the information search and opening of transactions, and make transaction-cost intensive ruptures in the transfer of information through telephone and fax necessary (Erdmann, 1999, p.99). Such ruptures in information transfer media become necessary primarily when a minimal networking of the transport exchange on other information and communication technologies such as *electronic data interchange* are offered (Alt, 1997, p.202).

The obstacles to the electronic intermediation of transport chains can be made clear using the example of electronic transport exchanges. As already implied, in this case it is a question of the coordination of *sequential* dependencies. The idea of the transport exchange is to make unused loading space in a transport chain able to be used by others, i.e., to combine two otherwise separately-occurring activities. Through this, transport costs are reduced, while, as a counter move, the demands made on coordination rise. One difficulty exists in that transport-economic services they display a comparatively low ability to be standardized.

3.3.3. Intramediation of reciprocal dependencies

Covisint LLC is considered one of the manufacturer-linked, consortially-managed electronic marketplaces of the auto industry. There, suppliers trade automobile parts with auto manufacturers. Covisint is thus not independent, and rather than being a separate electronic intermediary for the automobile industry, it is more of a common purchasing channel within an alliance of auto manufacturers who finance Covisint. The activities of Covisint thus correspond more to those of an intramediary within an enterprise alliance.

Despite their comparatively small minority share (5%) in the B2B-marketplace, such dependent intermediaries are paid close attention to and are accredited with a high chance for success because of the enterprises which stand behind them, usually market leaders (Laseter et al., 2001, p.3f).

In the automobile industry, partial standardization plays an especially important role. Different from the *pooled* dependencies of the electricity exchanges, here both the development of industry standards and still the broadest spectrum possible of information on the complex products traded are required. The balance between parts ordered and parts manufactured, which is necessary to achieve this standardization, shows that here *reciprocal* dependencies of the activities are involved.

Therefore, the proximity of the industry to the producing enterprises can be economically advantageous in comparison to possible independency: independency would make gathering information and developing industry standards considerably more difficult. With such complex input-output relationship, the future of independent intermediaries who cover broad areas of the coordination process in a manner which makes sense, can be accordingly judged skeptically: *"We do not believe that independent e-Marketplaces can succeed in the Full Service model. Though some*

consortia, like Covisint, may eventually create seamless links among the services and thereby dominate an industry, such aspirations would be impossible for an independent" (Laseter et al., 2001, p.10).

4. Result: a simple framework for assessing opportunities and potential in electronic intermediation and intramediation

In an ongoing examination of examples such as those referred to, it becomes clear that the positioning of intermediaries and intramediaries within the segments is absolutely not accidental, but rather determined by the demands put on them in each case. On the other hand, in order for a service provider to make a successful appearance as an intermediary or intramediary in a particular segment he/she must basically be capable of mastering the coordination task (*capabilities*).

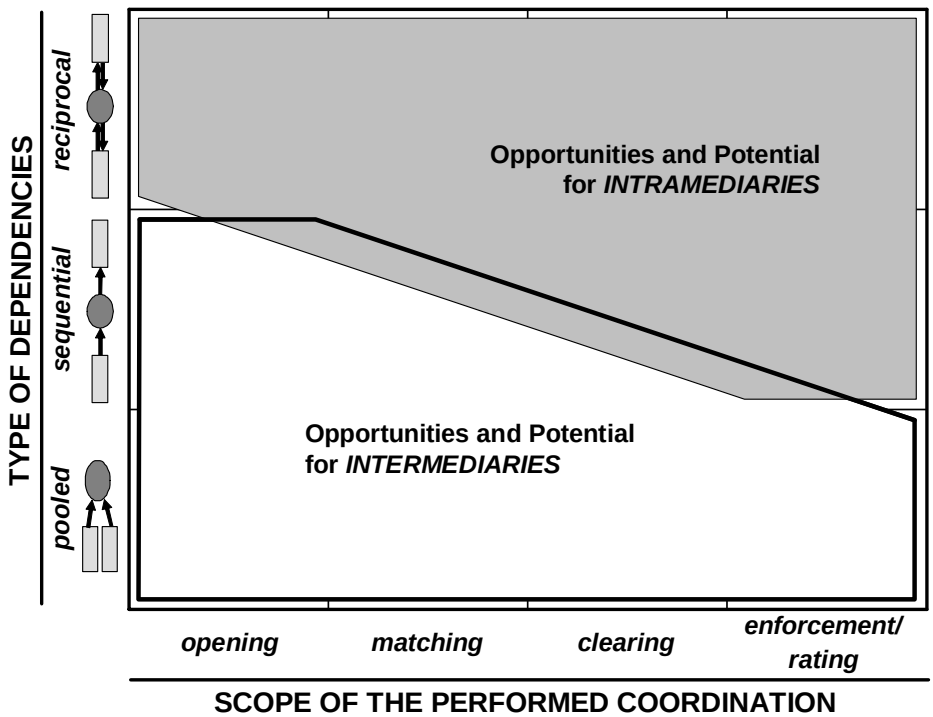

Fig. 2. Opportunities and Potential

On the other hand, a business opportunity for an independent service provider exists only if the enterprise or the alliance cannot realize the coordination task on its own or in case the cost is not acceptable (*potential*). *Only segments in which capabilities and potential come together can be attractive for independent intermediaries and intramediaries* (see Figure 2).

4.1. The limited capabilities of intermediaries

Transaction specificity is normally low in the coordination of pooled dependencies. Otherwise, the activities had to be in a direct input-output relationship to each other, as in the case of reciprocal dependencies. The complexity of the coordination task to be performed increases from the lower left to the upper right section of the segmentation (see Figure 2). Intramediaries can master this higher complexity as opposed to intermediaries, in that they diminish the high specificity of reciprocal dependency through standardization. Intermediaries are accordingly unable to coordinate reciprocal dependencies satisfactorily.

As seen from previously mentioned example of the energy industry, in general it is possible for intermediaries to coordinate pooled dependencies to the fullest extent.

For sequential dependencies a different picture arises. The possible extent of the coordination by intermediaries is dependent here on the specificity of the resource to be coordinated and thus on the complexity of the coordination task for the individual case. Hereby, the opening, the first stage in the process, will hardly cause any problems.

4.2. The limited potential for intramediaries

Just as increasing complexity from lower left to upper right limits the opportunities for intermediaries, a decreasing complexity from upper right to lower left means a reduction in potential (see Figure 2): in case of pooled dependencies the value which is caused by the intramediary who simply coordinates an enterprise or alliance is normally too low to justify and secure the value added required by an independent enterprise in order to stay in business. It can be assumed that in case of reciprocal dependencies the complexity of the coordination is high enough to provide sufficient potential for an intramediary. However here the question is to what extent an independent intramediary displays a superior ability to take over coordination tasks if compared to a possible employer, i.e., the matter is if he/she can carry out coordination with systematically lower transaction costs and whether outsourcing is allowed from the strategic viewpoint of the enterprise. The considerations based on this resemble those of make-or-buy decisions.

In a reverse analogy to the opportunities of the intermediary, for sequential dependencies the extent to which sufficient potential for independent intramediation exists is dependent in each concrete case, on its resource specificity and coordination complexity. Concentrating only on the opening phase would however in general not be sufficient.

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Customer Relationship Management: Luxury or Necessity in an Economic Downturn?

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Abstract. Customer relationship management (CRM) is a tool that has begun to be used by many companies over the last number of years. Firms have found that by analysing the data they have about their customers, they can retain and increase their loyal client numbers as well as generate increased profits and cash-flow. In times of economic downturn however, spending money on this kind of activity is often viewed as a luxury. The aim of this paper is thus to investigate in an exploratory way how CRM consultancy firms can react appropriately to the problem of reduced spending in this area by offering customised and value-for-money products and services. The methodology used is an examination of both academic and other literature in the area as well as interviews with employees of an international CRM consultancy firm based in Dublin, Ireland. The product developed by the firm is presented and its advantages discussed. Analysis of the information indicates that the potential rewards can outweigh the costs as long as the client's particular requirements are met. The paper concludes that the requirements of end-user customers should be continually assessed and examined in order that the CRM software developed is appropriate to their own particular needs and not just be an 'off the shelf' product. For the consulting firm it is important to be flexible and very aware of individual client requirements and this is how firms in this area will both survive an economic downturn and ultimately grow.

Key Words: Customer Relationship Management, Ireland, luxury, necessity

Introduction

The use of customer relationship management (CRM) within the context of the knowledge economy has become more prevalent in Ireland in the last five years. Financial, telecommunications, retail and other organisations are increasingly realising the value of retaining their loyal client base, and are expanding their market by carrying out customer analysis using data management techniques. Many firms have found that having an integrated approach to business and loyalty-based management can help generate increased profits and cash-flow by improving both customer and employee acquisition and retention (Reichheld, 1996).

As with other quality, process and organisational systems such as Total Quality Management (TQM) and World Class Manufacturing (WCM), CRM although having many of its roots in academic research has not yet developed a grounded academic framework (Ling and Yen, 2001). In common with other practitioner systems and technologies, most of the literature consists of

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