

Issue

Industrial Economy

Knowledge Economy

Markets

Economic Development

Steady and linear, quite predictable

Volatility - exchange rate change, with explosive price changes in developed nations, and

Market changes

Slow and linear

Fast and unpredictable

Economy

Supplier-driven

Customer-driven

Lifecycle of Products and Technologies

Long

Short

Key Economy Drivers

Large industrial firms

Innovative entrepreneurial knowledge-based firms

Scope of Competition

Local

Global hypercompetition

Competition: Name of the Game

Size: The big eats the small

Speed: The fast eats the slow

Marketing: Name of the Game

Mass marketing

Differentiation

Enterprise

Pace of Business

Slow

Appreciably faster with ever-rising customer expectations

Emphasis on

Stability

Change Management

Business Development Approach

Strategy pyramid: vision, mission, goals, action plans

Opportunity-driven, dynamic strategy

Success Measure

Profit

Market capitalization (the market value of an entire company)

Organization of Production

Mass production

Flexible and lean production

Key Drivers to Growth

Capital

Per capita knowledge,

Key Innovation

Research

Research, systemic innovation, knowledge management, integration, new business creation, ve

Key Technology Drivers

Automation and mechanization

Information and communication technology, e-business, computerized design and manufacturing

Major Competitive Advantage

Access to raw materials, cheap labor, and capital for conversion; cost reduction through economies of scale

Disruptive capabilities: institutional excellence, moving with speed; human resources, customer proximity

Scarce Resource

Financial capital

Human capital

Decision Making

Vertical

Distributed

Innovation Processes

Periodic, linear

Con systems, ic innovation

Production Focus

Internal processes

Ent value se-wide in business process management and entire

Strategic Alliances

Rare, "go alone" mindset

Teaming up to add complementary resources

Organizational Structures

Hierarchical, bureaucratic, functional, pyramid structure

Intemp, flat systems, flexible, evolved,

Business Model

Traditional: command-and-control

New business model: refocused on people, knowledge, and coherence

Work Force

Leadership

Vertical

Shared: employee empowerment & self-leadership

Work force characteristics

Mainly male, high proportion of semi-skilled or unskilled

No gender bias; high proportion of graduates

Skills

Mono-skilled, standardized

Multi-skilled, flexible

Education Requirements

A skill or a degree

Cor: It's not what you know, it's how fast you can learn

Management-Employee Relations

Confrontation

Cooperation

Employment

Stable

Affected by market opportunity / risk factors

Employees Seen as

Expense

Investment

New Dimensions in Business Space