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It is said that dog owners and their pets come to resemble each other. The same mechanism is at work for companies and their information technology. Companies come to look like their information systems. Change the IT and the company changes its structure.

Nobel Prize winning economists have explained the primary function of a company as reducing transaction costs. The higher the transaction costs are, the greater the realm of the company and the smaller the realm of the market.

One can have a company without any production activities but not one without information activity. The company can be seen as a kind of information-processing apparatus, consisting of many nodes. Most of these elements are called people. Human organisations are slower to adapt than computer design, and find modifications harder to accomplish - although eventually competitive pressures and new opportunities bring changes.

Preindustrial companies had a simple structure. The central information-processing device was the owner/ operator. Structurally, such companies resembled a person: a head, a set of hands and a few specialised organs. This stage of business was the person model of the company.

In the industrial age, in contrast, the company resembled a well-oiled machine. Each part had its assigned responsibility, and each component was replaceable. A rigid hierarchy and clear process rules governed, and minimised the need for complex information flows. This stage was the machine model.