

Reflections: Building Success in e-Commerce



Copyright © Detmar W. Straub, 2001
All rights reserved.





Lecture

▼ Agenda

- Key Managerial Guidelines: Fourteen Best and Three Worst Practices

▼ Worst of Breed Practices



Worst Practices

1

✓ Let others lead the way

- Cycle times are shortening
- Variation: Stay just behind the bleeding edge
 - The bleeding edge is the experimental edge; this is where the market leaders will be!

Worst of Breed Practices

- "Stay just behind the bleeding edge" would have been good advice 5 years ago



Worst Practices

2

✓ Ignore strategic & marketing issues in setting up Web sites

- This activity is essentially not a technical issue
 - Web pages can be created in a relatively short period of time by competent programmers
- Image is all

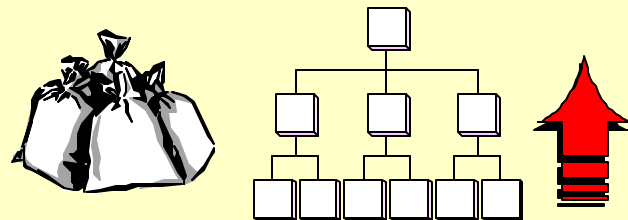
Best of Breed Practices



Best Practices

1

- ✓ Appoint your e-Commerce manager to as high a position as possible in the firm
- ✓ Commit significant resources to the effort



Best of Breed Practices

- The most effective organizations placed e-Commerce high up in the organizational hierarchy

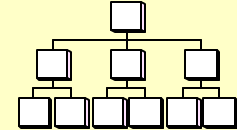
A high visibility role with decent political clout better allows the group to bring sufficient resources to bear

The key driver of the vision is the manager in charge of the group--choose this person well!!!



Best of Breed Practices

- Savvy organizations placed e-Commerce high up in the organizational hierarchy
 - One Fortune 500 firm named the role: "Vice President of Electronic Marketing"
 - Another \$2B firm named the role: "Vice President of Electronic Commerce"
 - Still others assigned these responsibilities to the VP of Public Relations, the VP of Marketing, or the CIO



Best of Breed Practices

- Top-flight managers took positions where senior management already saw the need to transform fundamental thinking in the organization

or...they educated senior management in the dramatic changes e-Commerce will induce (ongoing education, in many cases)



Best Practices

2

- ✓ Senior management needs to determine which strategic goals are to be addressed by the Web & EDI initiatives and in what order
 - But...many top managers do not have sufficient knowledge about the effects and capabilities of these new technologies to make good decisions about its applicability
 - Thus, executive education at these top levels is being carried out by a number of firms to remedy this situation

Best of Breed Practices

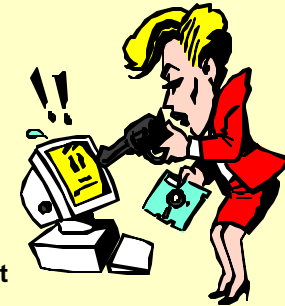
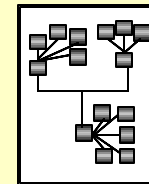
- Induce top management to move into the 21st century
- Move culture of change to culture of experimentation



Best Practices

3

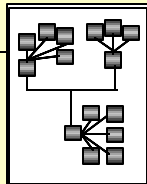
✓ Start with an Intranet



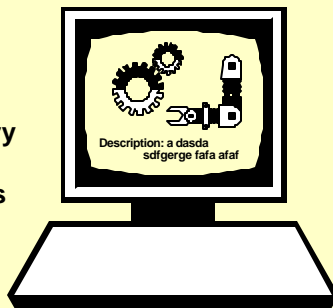
Best of Breed started with an Intranet; saw it as a learning opportunity which would not embarrass the firm if things went awry!

Best of Breed Practices

Looked ahead by focusing on value-added applications, not necessarily the easiest ones to put up

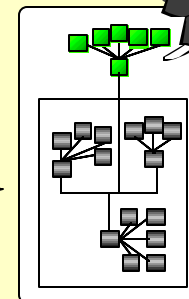
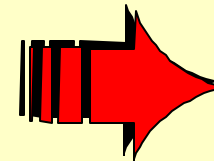
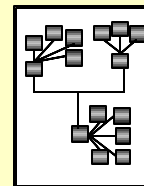


In one case, GUI inventory information (pictures as well as text and data) was deployed first to internal users like salespeople



Best of Breed Practices

- This kind of value-added Intranet leads naturally to an Extranet, where customers are linked to the same information via the Internet



Best of Breed Practices

- Extranets will fall at various places along the e-Commerce Value Chain

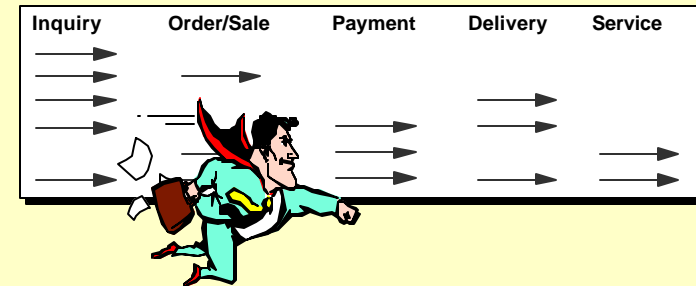
.....as will EDI.....
.....therefore.....



Best Practices

4

- Push along the e-Commerce Value Chain
 - Start with Inquiry and Service and then work on bringing the order, payment, and delivery components on board



Best Practices

5

- ✓ Implement *long term* plans to gather customer information
 - Each customer encounter should be viewed for its data gathering potential
 - Whereas customers may object to answering a lengthy questionnaire, the same information can be gathered effectively over time
 - Prioritize the criticality of the information you want to gather
 - Build in testing questions to upgrade currency of information ("Do you still live at...?")



Best Practices

6

- ✓ Involve a variety of roles and functional areas in Web development
 - IS can supply the technical know-how or the management of vendors with that know-how
 - Marketing, advertising, public relations provide knowledge of the lay-out of the site and the relations with customers
 - Business units provide knowledge of the content



Best Practices

7

- ✓ Include in the design those site features that allow your designated users (Intranet, Extranet, or Internet) the ability to alter the data they own
 - Accessible data needs to be password controlled and limited, but this proves to be a useful feature that invites return visits
 - Customers, for example, should be able to update their own mailing address and phone number and their own *email address!*



Best Practices

8

- ✓ Start collecting email addresses of your customer base
 - Utilize this lower tech vehicle for useful communications
 - Tap into their needs and be responsive
- ✓ Exploit this advantage by gathering additional information from them whenever possible
 - This will become the basis for a proprietary database that will give you information asymmetries with your competitors



Best Practices

9

- ✓ Invent reasons for users to re-visit your site & become a part of your "community"
 - Measure re-visits (cookies, straight-forward questions)
- ✓ Never ever let your Web pages become "Ghost Towns"
- ✓ Create sense of internal community and responsibility so that employees or systems are responsible for updating the data that users are seeking



Best Practices

#10

- ✓ Exploit and anticipate your customer base
 - Most people are not presently on the Web
 - But there is now an "elite" group of well-heeled users
 - Sell immediately to them
 - The up-and-coming group of computer-savvy teens will be in their "buying" 20s in ten years
 -and they will be moving into management positions
 - Get ready for them!





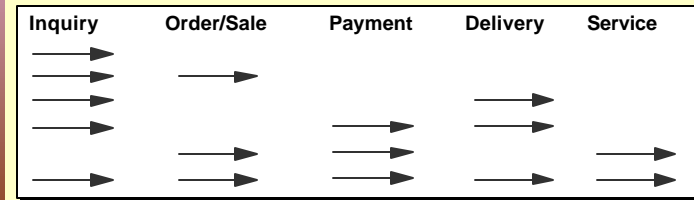
Best Practices

#11

- ✓ Measure information asymmetries between yourself and your competitors
 - Web pages at a given point in time can be the archival data needed
- ✓ Exploit these asymmetries by focusing on these differences in your sales prospecting
 - See Progressive's Web site as an example; they stress the inability of competitors to perform certain services on-line

▼ Best of Breed Practices

- The number of points of contact with customers in the electronic value chain may be a rough surrogate



Best Practices

#12

- ✓ Devise new measures of success
 - Revenue growth, market share, and revenue per employee may still be too far removed from the immediate systems effect
 - Measures of market penetration may be useful
 - Gaining customers outside the firm's usual customer profile would satisfy this criterion
 - Customer loyalty & sense of community as it develops through e-Commerce connection is a powerful measure



Best Practices

#13

- ✓ Design your EDI, EFT, and Web-based systems carefully
 - ...with sufficient security features chosen from among already available in the marketplace
 - Use 128 bit encryption, if at all possible
 - ...with few features that require long download times for 28.8 bps systems





Best Practices

#14

- ✓ If you do not have internal expertise in developing EDI, EFT, and Web-based systems, hire it
- ✓ Try to learn as much as possible about the process so you can eventually bring these activities in-house
 - Retain strategic (core) IT assets

