e-Business Management – the particular form of management

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Abstract

Lots of business experts have great ideas about the ways in which Web technologies can be used to enhance customer/partner relationships, increase market share, enhance competitive advantage, etc. However, many of these e-business ideas never take shape simply because it was so difficult to "sell" the idea to the key business decision-makers.

What is the key to selling an e-business idea to decision-makers?

What are the strategic factors who make this idea to become real?

I think that the key is to try to understand the decision from their perspective.

Keywords: e-business systems, e-business management, IT infrastructure, business decision

JEL classification: M15

Slowly but surely, the business world is learning from its past mistakes when it comes to integrating business and the Internet. With more understanding of the Internet as a network model for business comes more realistic goals based on creating new strategies for this new medium [1]. Retrofitting once-successful business strategies with a completely different set of rules based on network principles cannot and will not work. However, if new strategies are developed that can be intertwined to support, enhance, and even supplement older, non–Internet strategies, moving from brick-and-mortar to click-and-mortar, the long-awaited but somehow elusive Internet success story may be just around the corner.

IT infrastructure—comprising mainframe, client/server, and Internet computing—are closely aligned with the business objectives. Surprisingly, technology is the easy part. The key is in taking a comprehensive approach that includes people, process, and organization.

Lots of business experts have great ideas about the ways in which Web technologies can be used to enhance customer/partner relationships, increase market share, enhance competitive advantage, etc. But not every idea take shape because the decision-makers are not convinced about the real benefits of these.

They need to know the following:

- Whether or not there will be a tangible benefits
- How much it will cost to do it
- How much it would cost the business NOT to do it
- Why this idea should take priority over other ideas

There are some e-business systems that have very tangible benefits. For example, it is often easy to prove that an e-procurement system or CRM system will save the company money. However, some e-business systems have intangible benefits such as the following:

- Increased customer satisfaction
- Increased customer retention
- Increased synergy between partner companies
- Competitive advantage

All these can be sustained with some pertinent *observations*:

1. Questionnaires and surveys, either paper-based or posted on Web site (or hosted by questionnaire-generation Web sites—see http://www.e-survey.com/) can be used to provide estimates of the amount of customer demand there is for the new features, services, or facilities to be provided by the new system.

2. Many e-business systems however, do not have customer focus, are focussed on internal processes. With these systems, it is important to look for *indirect savings* on what is spent internally in order to provide customer services/products.

3. If, by providing one system that all business partners have access to, the e-business system is expected to reduce the number of errors made within a business process.

4. Some e-business systems enable business partners to collaborate on projects so that better planning, estimating, and forecasting is possible.

5. Providing a Web site via which business partners can communicate and/or share data and documents may provide some monetary benefits.

6. Another benefit that is difficult to translate into monetary terms is the capability to make more accurate judgments and decisions because e-business systems are constantly being updated with the latest information, and therefore the data is more accurate and up-to-date.

It is well known that *determining the cost of building an e-business system can be a complex task.*

And the causes of this complex task can be:

1. Many companies are still in the position of having little or no technical architecture to support e-business systems, and hence need to take into account the costs of building a technical architecture in such estimates. These costs can be considerable, especially when being done for the first time within a company.

2. The e-business technical architecture chosen will coexist with existing systems and networks while maintaining required levels of security and access.

3. Often e-business systems are the first internal systems that a company has allowed access to from outside of the company, and it is necessary firewall, router and operating system configuration.

4. If the network infrastructure is already in place, it is still important to remember that the cost of an e-business system will include the cost of buying a Web server computer on which the system will reside.

5. Also, it must be estimated the time for analysis, design, system testing and acceptance testing and implementation. The systems can cost twice as much if these stages are not carried out or are carried out badly.

6. It is important that the businessdecision-makers are aware of the need to ensure that the technical infrastructure provides security, failover, resilience, availability, etc.

7. The business must be aware that the initial costs of the e-business system are only part of the story. They must know about the maintenance costs.

In many cases, the cost of not providing an e-business system is far greater than the cost of providing it.

An e-business system can provide competitive advantages that a company can exploit to the fullest to obtain new customers, retain existing customers, provide new services/facilities, etc.

When it is a number of different e-business system proposals but has a limited budget, it is important to be able to prioritize those systems and determine which system will provide the maximum benefit.

The factors who can prioritize the e-business system proposals must be:

- the business stakeholders who will obtain the benefits of the system must be the key stakeholders to the business,
- it is important if the extent to which the e-business system provides a new or increased revenue stream (this means to access a new market or to improve its share within that market sector),
- cost and time factors.

The formula for selling an e-business idea is the following [3]:

Success = High Payback + Low Cost + High Opportunity Cost + High Priority

e-Business management, in particular e-Commerce management, is management, not administration, web site development, or some other role in the company's digital strategy.

A quick search on a popular online job board for "eCommerce Manager" demonstrates that different companies have different ideas about just what an eCommerce manager is. Some businesses believe that eCommerce management is a marketing function, others an IT function; still others see it as a web design and development function.

For a company's eCommerce initiative to succeed, a different type of manager is needed. An eCommerce manager is just that—a manager—involved in launching and running an eCommerce web site from a *management* perspective [2]. To bring about a successful company eCommerce initiative, the eCommerce manager must be not a programmer, a marketer, or a web developer, but instead someone who is familiar with each of those functions and how to manage the personnel who provide those functions.

The eCommerce manager's job is to develop the necessary *specifications* to create and manage the company's eCommerce web site, which requires an understanding of each department's responsibilities and how that department functions in the overall initiative. *The job is management, not administration.*

An *eCommerce manager's areas of knowledge* include eCommerce strategies, technology and capital requirements, online media tactics and so on.

But the most important responsibility of the eCommerce manager is to define the company's eCommerce initiative—or redefine it, if the company's objectives have evolved and the site has to deliver a new message to the marketplace. The first question to be answered by the eCommerce manager is this: "What's the goal of our 'digital strategy'? Is it to sell products, services, information, or advertising?".

Once the eCommerce manager has a clear goal for the company's digital strategy, the most important step of all comes next: defining the company's *unique selling position*. This states what makes your business different from your competition, why a customer should buy from your business instead of your competitor, and what your company offers that the competition can't.

Once the eCommerce manager has defined the *unique selling position* of the business, a series of other questions must be considered:

- Is the web site visually consistent with the brand identity? Does it deliver on the perceived brand "promise"?
- Are online functions integrated with offline business processes? How well is the web site utilized as part of an integrated marketing campaign?
- Is there a strategy for alternate platforms? Mobile commerce (mCommerce) is growing, and any business with an eCommerce initiative should consider how they will market and sell through this online channel.
- Does the eCommerce initiative understand and address channel conflict issues? Does the site offer support for channel partners—product and information training, price lists, sales tools, and so on?

SEVEN WAYS TO INTEGRATE I.T. WITH BUSINESS STRATEGY

► Draw I.T. leaders into the company's elite decision-making circle.

► Improve communications between C.I.O.'s and C.E.O.'s. C.I.O.'s should drop the jargon and talk about revenue-producing initiatives. C.E.O.'s must listen.

► Consider appointing an I.T. head with a business background. Someone with engineering knowledge alone may not be able to think strategically.

► Adopt a team approach to I.T. projects. Teams should consist largely of members from the business side.

► Get the entire corporation behind the strategy. This can be done through demonstrations, videos and other internal public relations techniques.

► Present I.T. as a corporate priority.

► Measure I.T. success by profits, not cost. This requires viewing technology as revenue driver, rather than cost center.

Fig.1.Sursa - **V i c t o r i a Gr i f f i t h**, Making information technology strategic, 2005.

All good business managers understands that the Internet means fundamental changes in the way their company does business.

Some companies are beginning to tackle these challenges, and those that succeed will probably end up on top.
“ IT on its own cannot change the course of a company. But its intimate integration into every aspect of corporate strategy can”, affirm many business mens with success in this digital world.

Conclusion

In the end, companies large and small need to step back and rethink their e-business strategies and the role of e-Marketplaces.

The early participants made major investments in a market lottery that appeared to produce only winners. Now that the too-good-to-be-true returns of the dotcom era have proved to be just that, companies need to return to the more pedestrian task of implementing the powerful technology of the Internet.

Mid-sized companies must accept that e-Marketplaces represent more than a passing fancy and develop clear strategies to win as both buyer and seller in this new world.

In all cases, the answer lies in the economics and industry dynamics as uncovered in a thoughtful and well-executed business strategy — not in the media or the market, both prone to overreact to the momentum of the times.

The Internet has created a new set of managerial challenges in the areas of security, customer privacy issues, and intellectual property rights. The eCommerce manager must be up on these challenges and able to deal with them.

For all this, a good business manager must understand that the Internet means fundamental changes in the way his company does business.

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