



Chapter Two

The Key Elements of eCommerce

Objectives

In this lesson, you will learn about:

- ✦ The key steps of planning and implementing an eCommerce strategy for your organization
- ✦ Guidelines for an eCommerce strategy
- ✦ How to use the methodology as a blueprint for your companies strategy

A strategic perspective is required in order to create a sustained competitive advantage through eCommerce. Taking this perspective ensures that attention is paid to considerations essential to the success of an eCommerce plan. These considerations include:

- Clear articulation of your eCommerce goals and expectations
- Realistic assessment of your organization's current Internet strategy
- Identification of realistic time frames and resources required to implement the plan.
- The competitive eCommerce landscape

Beginning the Process

To help start the process, one should begin by addressing the following issues:

- What business are we in?



- What value do we provide our internal and external constituents?
- What is the competitive landscape?
- Who are our competitors, and what are their strengths?
- What are the current and potential industry and economic forces that shape our business?
- What are related industries and companies experiencing?
- What are your company's core competencies?

eCommerce Strategy Guidelines

To help address these issues, we'll review a few guidelines to assist your key decision-makers understand your industry position, articulate your organizations current and desired strategy, map out your companies primary value chain, and align your organizational goals.

Before we get to the detailed guidelines, we need to analyze our organization, as it is today, using the following steps:

- Understanding your Industry position is an essential first step to create and sustain a successful eCommerce strategy. Think about how the following factors affect your business:

Barriers to entry

Competition

Supplier Power

Customer Power

Substitutes

- Any strategy will benefit from an assessment of the current strategy, as well as the possible directions your company could pursue. The following questions will help you make that assessment

What capabilities or competencies give your organization a unique position in the industry?

To what extent is your company:

- seeking to enter new markets?
- making an effort to change/improve your products and/or services?
- focused on cost reduction?
- seeking to improve the efficiency of its processes?



- Describe the relationships and exchanges involved in the value chain -- the interdependent activities that bring a product or service to market:
 - Inbound logistics - activities used to get inputs from suppliers to your organization
 - Operations - Activities used by the organization to transform inputs into products/services
 - Outbound logistics - Activities used to get products/services to customers
 - Marketing/Sales - activities used to collect, package, disseminate and analyze information on products/services
 - Service - Activities used to assist customers with products/services after they have purchased them
- Identify the opportunities presented by emerging Information Technology to transform your organizations value chain!

Key Steps in Planning an eCommerce Strategy

We will now identify the steps relative to your 'customer' - business partner, end consumer, internal partners, employees, etc.

Process	Steps
Build your value proposition	<ul style="list-style-type: none"> • Who is your target customer • What are the benefits to this customer • What is the product/service being offered from the customers perspective
Match the capabilities afforded by eCommerce technologies with your value proposition	<ul style="list-style-type: none"> • Communities • Interactivity • Direct communication • Immediacy • Richness • Accessibility



Identify legacies and constraints	<ul style="list-style-type: none">• Audit and assess Information technology: hardware and software• Identify manpower infrastructure• Understand organization culture• Analyze past change experiences• Assess availability of resources
Identify key players	<ul style="list-style-type: none">• Identify resource holders• Identify opinion makers• Identify decision makers• Identify champions• Identify implementation team
Scenario planning	<ul style="list-style-type: none">• “What if” scenarios for your organization• “What if” scenarios for your industry• “What if” scenarios for the technology• Cross-industry “what if” scenarios• Global “what if” scenario
Implementation plan	<ul style="list-style-type: none">• Build the system• Address legacies• Measure success• Monitor progress

How to Use these guidelines

You will use the template tool in two ways:

1. As an aid to organize your thinking, ideas, and insights you gain throughout this class. As we discuss each case study and provide more depth on the issues and challenges of eCommerce strategies, you may want to jot down your ideas and suggested approaches for your own organization.



2. You will find the eCommerce Strategy guidelines a useful tool to follow when you are back in the office; to provide to team members; and as an idea generator for future projects.

Lesson Summary

In this lesson, you have learned what the eCommerce Strategy Template is and how it will be used in this class.

You have reviewed the steps of the planning phase and the implementation plan phase and understand that the requirements for a successful eCommerce strategy include:

- technology (hardware & software)
- human resources
- organization culture that can embrace and adapt to change
- management and resource commitment

Something to think about

So far, you have received an overview of eCommerce and why it's critical to businesses in order to sustain a competitive advantage. You've also reviewed the process of successfully planning and implementing an Internet commerce strategy. What are the biggest challenges you expect to face in your own organization? What strategies can you think of to overcome the barriers?