STRATEGY FOR DEVELOPING E-BUSINESS DESIGN

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Abstract

Strategic planning is a systematic way of understanding what your company is trying to accomplish, identifying the best ways to accomplish your company's goals and effectively communicating the specifics of accomplishing these goals throughout the corporate hierarchy. This paper puts together the information needed to initiate a highly focused e-business design aligned with a corporate goal. The strategy formulation is discussed in three phases: knowledge building helps the company understand what the customer is looking for and where the industry is going; capability evaluation defines the existing business and identifies what capabilities it has today and what capabilities it needs to have tomorrow and e-business design phase which involves developing a coherent design that lays the foundation to address the new customer needs and also help the company get where it needs to go.

Introduction

E-business technology is creating a shift in the way companies do business. Just knowing the importance and structure of e-business is not enough. It is important to create and to implement a plan that allows you to make the transition from an old business design to a new e-business design. To design an e-business strategy requires a company to be conscious of its abilities and limitations. The company builds awareness and makes a plan to create a new customer value. To do so, they need to develop a clear vision of what the customer's needs are and what the customer is looking for. The next stage defines the existing business and identifies what capabilities it has today and what capabilities it needs tomorrow. This stage allows companies to question whether they have what it takes to serve customers 'changing priorities. The third stage involves developing a coherent design that lays the foundation to address the customer needs.

Knowledge Building

As an e-business you need to get your customer to form a long-term relationship with you. You need to get your customer to fall in love with you. Customer share is as important as market share. Understanding the customer is not an easy task. To do this

job right, you need to care deeply about them. You need to access customer needs which include convenience, consistency, reliability and innovative. Customers have two types of needs: the most or explicit and unspoken or implicit. The most difficult challenge in customer analysis is understanding the unspoken needs of a customer. It is important to take time to write down the spoken and unspoken needs of the customer. For example, in the airline industry, distinctive customer needs comes down to a few basic services like efficient ticketing, polite in-flight service, convenient schedules, competitive fares, on-time arrivals, baggage that arrive when you do and so on. With the introduction of e-business, the focus is still on distinctive customer service with faster on-line booking, new computer system that speed up the boarding process, easier self service of administration of loyalty programs and easier way to record customer feedback. The next step is to consider how customer priorities are changing. Customer priorities have a natural tendency to change. Many companies find that the absolute best place to start is by improving those things that the customer will like you to improve. The customer sometimes does not buy what the business thinks it sells to them. This is because nobody actually pays for a product, what is paid for is satisfaction. But nobody can make or supply satisfaction as such, at best, only a means of attaining them can be sold or achieved. Customer priorities are defines one can work to put the means for addressing them in place.

Capability Evaluation

Before selecting its future direction, a business must first access business objectives, organizational structure and current capabilities. Every business wants results from e-business, but the type of result or change can vary. For example, E-business can be effective as a way to solve nagging problems in customer service. You may also want to create a new business opportunity that defines the rule in your business. Each of these scenarios could lead to different e-business efforts. To clarify your strategic objectives, three broad levels are defined based on the scale of impact on the organization, process, improvement, strategic improvement and business transformation.

Objective	Characteristics
Processing improvement	Reducing cost Shortening processing time Fixing specific errors Decreasing rework
Strategic improvement	Enhancing supply chain efficiencies Web-enabling strategic operations Decreasing time to market Improving customer satisfaction
Business transformation	Changing the rules of the game

	Creating a customer focus Abandoning old ways of doing business Major culture change

Table 1: Clarifying your strategic objectives

Process-improvement objectives: These are appropriate if companies face relatively low levels of uncertainty and are content with gradual change. With the process measures such as capacity utilization and on basic computer service.

Strategic-improvement objectives are appropriate for companies bringing about enterprise wide, end to end change. With the strategic approach, a company maintains a committed focus on such measures as the reduction of process variation, customer centricity and leveraging cross- business opportunities.

Transformational objectives are appropriate when the company faces significant uncertainty, is seeking to change the competitive game in the industry and must address customer, channel or competitive challenges. The company must redefine its product or market position, how it invests in technology, the configuration of its business **systems** and industry partnership.

Many companies may be tempted to try accomplishing all three objectives but the skill requirements for successfully executing any of these strategies differ. By identifying which strategy is the appropriate driver for your e-business efforts, you will arrive at the best strategic choice for your company.

E-Business Design

Once a company has completed its capability assessment, it must then identify its e-business design. The company must define the specific acts it will take to ensure that it maximizes customer value and in the process make a profit. The following is a list of common e-business designs. Some large companies attempt to accomplish several of these simultaneously.

- Category killer: this design uses the internet to define a new market by identifying a unique customer need. A accompany must be among the first to market and to remain ahead of competition by continuously innovating.
- Channel reconfiguration: This design uses the internet as a new channel to directly access customers, make sales and fulfil orders. It supplements rather than replaces, physical distribution and marketing channels
- Transaction intermediary: this design uses the internet to process purchases. It is a transactional nmod4l including the end-to-end process of searching comparing, selecting and paying online.
- Infomediary: This design uses the internet to reduce search costs. It offers customer a unified process for collecting the information necessary for making large purchase.

- Self service innovator: This design uses the internet to provide a comprehensive suite of services to the customer's employees to use directly. It gives employee a direct, personalized relationship with the company.
- Supply chain innovator: This design uses the internet to streamline the interactions among all parties in the supply chain to improve operating efficiency.
- Channel mastery: This design uses the internet as a sales and service channel. It supplements rather than replaces the existing physical call centres.

After a company selects its e-business design, it should review the questions raised in the sections knowledge building and capability evaluation. The results and requirements may vary based on the design selected. At this stage, several areas of critical questions to consider should include:

- Customer selections which customer segments do you serve? For what features are these customers looking? What capabilities do you need in order to provide these features?
- Customer experience: Are there unique experiences that you can offer your customers that competitors would be hard presses to match.
- Customer capture: How will customers be retained so that they don't migrate to more powerful competitors? What features do you need to attract and to retain customers?
- Scope of design: What are the company's critical activities and product/service offerings? Which activities will be performed in-house and which ones will be outsource?
- Ease of doing business: What process design should be embedded within the business applications to make it easy to do business with the company? Ease of doing business is a key catalyst in changing industry rules.
- Organizational system: What organizational capabilities are critical to translating the answers to these questions into market place success?

Case Study of E-Business Design E-Trade
E-trade is a provider of cost-effective financial services. It established a branded destination web site that offers self-directed investors prices and access to high-quality, real-time information. The steps towards achieving the e-business design are illustrated. There are five basic dimensions of the strategy, assumptions about customers, customer segments, customer value, resources and capabilities and product and service offerings.
Customer Assumptions: Customer assumptions determine which questions manager asks, what opportunities they pursue and how they understand risk. E-trade added

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value to the brokerage business of offering 24-hours service, a significant price discount and direct access to such information as stock quotes, news and charts. The initial goal was to optimize the quality of the information it offered and to break down barriers than others in the community. Today, it is evolving from online trading company that pushes trading to one that places a premium on asset accumulation.

Customer Segments: Many companies seek growth by retaining and expanding their customer bases. This approach often leads to finer segmentation and greater customization of product and service offerings to meet specializes needs. E-trade understands how important customer service and product depth will become as price premium decline. Competition for customers among online broker was increasing. E-trade was under tremendous pressure to keep customer from leaving. The strategy that is critical to e-trade's success in this area includes strong front end systems, automated data accumulation and management.

Customer value: E-trade compared its strengths and weakness with those of the competition and focused on building advantages. They realized early that although investing appeals to broad audience, each investor has his or her investment objectives and risk tolerance. This gave them an opportunity to create unique one –to-one relationship at a lower costs than traditional full-service brokerages.

Resources and capabilities: many companies view business opportunities through the lens of existing assets and capabilities. They assess business opportunities without bias and constraints. This approach gives them insight into where to create value for customers and how to create value quickly. E-trade has taken a clean slate approach to the brokerage business. E-trade is reinvesting a large portion of its revenue into sales and marketing, launching aggressive adverting campaigns aimed at full service and discount brokerage as customer acquisition and retention get more expensive as competition intensifies. E-trade's plan is to build a presence in the top 20 markets worldwide via partnerships. It believes that collaboration with online content companies with technology know-how will provide significant advantage and reduce its risks. E-trade is investing heavily in building brand-name recognition and adding products and services that go beyond basic trading capabilities to maintain customers.

Product and service offering: E-trade is expending by forging relationships with other financial providers in order to increase the depth of its products. For example, the company hopes to provide electronic bill payment as an option for its customers. It has also aggressively extended its services to include the ability to purchase mutual funds online and to make initial public offerings. It has also launched subscription services that provide consumers with valuable information such as sophisticated charting and model capabilities and personalized investment advice.

Future opportunities: As e-trade evolves from a start-up to a more mature company, it is creating an e-business strategy that integrates diverse parts of its operations, marketing, sales, trading, banking, product development and finance to facilitate

decision making and quick market response. Tight integration ensures that when decisions are made, the part comes together quickly to form a cohesive whole that meets customer expectations in real time.

In conclusion, it is important to revisit the company's business design often if the design seems solid. Changing customer priorities, new technology and competition are some factors that could affect the most solid e-business design. By remaining flexible and though consistence business design re-examination, companies can avoid lurking dangers. Building user-centered business and experience design practices in the unpredictable world of digital business requires diplomacy, flexibility and above all creativity.

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