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**A Strategic Approach to e-Business**

**By Bob MacAvoy**

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Web technology can be seductive. It is all too easy to install a Web server, generate some flashy graphics and, bingo, you have an electronic version of your core business operations. Unfortunately, successfully transitioning your company to e-business is a lot more complicated than that. E-business is not just about developing a Web site but rather changing your business model to adapt to the new economy. Simply grafting a snazzy front-end on your current business is unlikely to take full advantage of the opportunities offered by the e-business revolution and may in fact be a prescription for disaster.

The problem with this approach is that it doesn't address the important issue of whether your current business model can be improved to take advantage of new e-business opportunities. For example, suppose you have regional distribution centers across the country. Without a doubt, the Internet can speed communications between these distribution centers. But that overlooks the possibility that the Web may make it possible to serve the country from far fewer distribution centers or even that you need don't need regional centers at all any more. The nonstrategic approach to e-business also leaves a free path for a new market entrant to develop a more efficient channel structure that blows you out of the water.

What you should be doing instead is to first develop a macro level business strategy that provides a road map for adapting your business to the era of e-business. Just like developing a business strategy for the old economy, your e-business strategy should start by considering your current position in the market including strengths and weaknesses, products and distribution channels, the challenge posed by competition, new opportunities in the market, etc. But at the same time you need to consider the opportunities and challenges posed by the Internet, such as the potential to interact directly with customers to streamline distribution channels as well as the competitive threat posed by new market entrants leveraging the Internet.

The next step is mapping a path to implement that strategy while putting the primary emphasis on delivering a positive experience to your customers, channel partners and the others with whom you interact. Trying to avoid going down the blind alley of making incremental improvements to your existing business. For example, business units, with each targeting specific products and markets, may

## A Strategic Approach to e-Business

organize your company. In that case, the individual business units are doubtless thinking about how they can optimize their own piece of the pie rather than the effect of the e-business revolution on the entire company. Chances are, many of these units may be performing the same business processes in slightly different ways. In that case, there are probably serious opportunities of scale across those business units, such as using the same technology to perform processes such as sales order processing, inventory or customer service. Taking advantage of these opportunities will require a big-picture perspective that requires the involvement of top management to serve as an integrating force.

It's important that your e-business strategy the focus not on the needs of fiefdoms within your own company but rather on the experience of the user of your system, whether it's a customer, general partner or employee that is interacting with you. One of the most important areas is segmenting your

strategy to address the individual needs of different users. For example, a human resources Intranet should be subdivided so that employees are able to quickly get information on their benefits and compensation while human resources professionals are able to obtain the much more complex information that they need to do their jobs.

Personalization is often the key to providing an outstanding experience to the users of your Web site. As an example, one of our customers developed a first-generation web site that delivered a large volume of basic technical support information on their Web site but failed to impact the rapidly growing need for personal support services. The solution was developing a more personalized approach that provides important advantages over traditional technical support. Now, when a customer hits their support site, it now knows who they are, the products they own, how long they have owned them, what release they are on, what level of support services they have contracted for, etc. The support site then provides them with a customized interface that addresses their individual needs. For example, it provides the status of outstanding service requests and technical bulletins on equipment they own.

It almost goes without saying that it's very risky to rely upon your own perception of your customers' needs. A far more effective approach is to let actual customers evaluate your existing site as well as the approach you are considering on a prototype basis so they can express their opinion as to whether it meets their needs. Focus groups and usability studies provide an excellent method to determine without a major investment whether or not your site is easy to navigate, delivers the correct brand impressions, contains the features and content that your customers are looking for, etc.

Another point to consider is that no matter how good a job you do in developing your strategy, it's going to be outdated in six months. That's why it's so important to develop a flexible, scalable architecture that will allow your system to easily adapt to the future. Within a year after your site goes online, there's no doubt the competitive landscape will have changed. You may have purchased a company, been acquired, entered new markets, changed your distribution channels, etc. The use of open standards and industry standard tools can contribute to the development of architecture with real staying power. Be sure to investigate the financial strength and market position of the companies that you choose to provide components. Their ability to support you over the long term is just as important as the value of their technology.

Finally, one critical part of your e-business strategy is the use of technology in your company. Are you going to build up your own expertise to maintain your e-business? In that case, you need to develop a programming staff, graphical design studio, editorial staff for content development, etc. The other alternative is to outsource your technology development to a service provider that will maintain your infrastructure and deliver your applications as a hosted service. This approach has the advantage of allowing you to focus on your core business operations and outsource the technology issues to a specialist. Whichever approach you take, develop a strategy that takes advantage of the changes wrought by the e-business revolution and your chances of success will be high.

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### Three Planning Myths

By Denise O'Berry

Are you — like 70% of business owners — working without a plan? Here are three myths that need to be dispelled about strategic planning for small business.

1. It has to be formal — Not so. The value of a strategic plan for your small business is in putting the ideas on paper, creating action steps that will get you where you want to go and implementing those action steps.
2. I'm too small — Not so. Even a one-person business can benefit from a strategic plan. A strategic plan can help you make decisions about time management and budget. Use your strategic plan to help you determine whether to attend an event or advertise in a publication. It's a check and balance tool.
3. A strategic plan is like a ball and chain — Not so. It's your plan. Too many business owners feel like once it's on paper, it can't be changed. Wrong! It should be an active document that gets reviewed and updated at least monthly, if not weekly. You're the business owner, you wrote it, you know what's happening in your market — adjust as necessary.

Denise O'Berry helps small business owners take action to grow their business. Find out more at

Three Planning Myths

Your Very First Steps To Outsourcing

Strategic Planning Steps For Optimum Business Management

Balancing Your Legal Scorecard – Part 1

3 NIFTY WAYS TO BOOST YOUR ORDERS!

The Art of Kissing

The Buy Impulse

Faith

How Nice Guys, Shy Guys and Good Guys Finish First!

Online Dating Secrets Revealed!



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