...ategy making the business strategy an output from the p...

1.4.4. Strategic Planning Cycle

E-business competitive strategy is normally formed and implemented according to a planning cycle which is called **strategic planning cycle**.

There are four stages in this planning cycle as shown in **figure 1.15**:

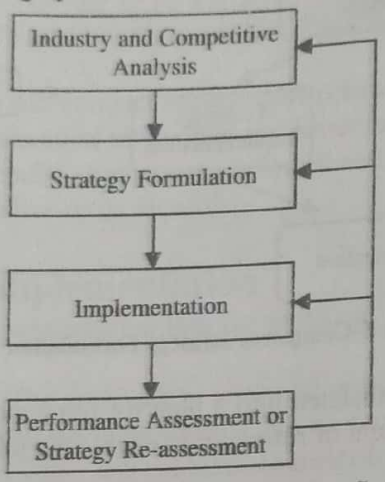

Figure 1.15: Strategic Planning Cycle

1.4.4.1. Industry and Competitive Analysis

It aims to identifying those factors on which the success of an electronic commerce project or business would depend. One way of doing that is to carry out SWOT analysis and study your business as well as the business of competitors. Analysis of online competitor businesses is relatively easy since they are just a few clicks away on the web.

1.4.4.2. Strategy Formulation

Based upon study of internal and external business environment and in light of a company's strengths and weaknesses, a competitive business strategy is formed. It may be a strategy of cost leadership, product differentiation or focus. One can also identify ways how information technology can be used to implement/ enforce such strategy.

The inputs to the strategy formulation process are the results of evaluating e-commerce technology, the business environment, capabilities of the organisation plus the existing business strategy.

These inputs to the strategy formulation process, together with the subsequent steps of implementation and evaluation are shown in **figure 1.16**.

The strategy formulation stage can be a somewhat unstructured process with interest groups lobbying for their favoured options and alliances forming and reforming. There is no set pattern to the process as it is so dependent on the personalities involved. Some organisations will hire consultants to give advice or to gather the evidence in an impartial manner. The process is liable to include stages of identifying options, evaluating options and then selecting the strategy that is to be adopted.

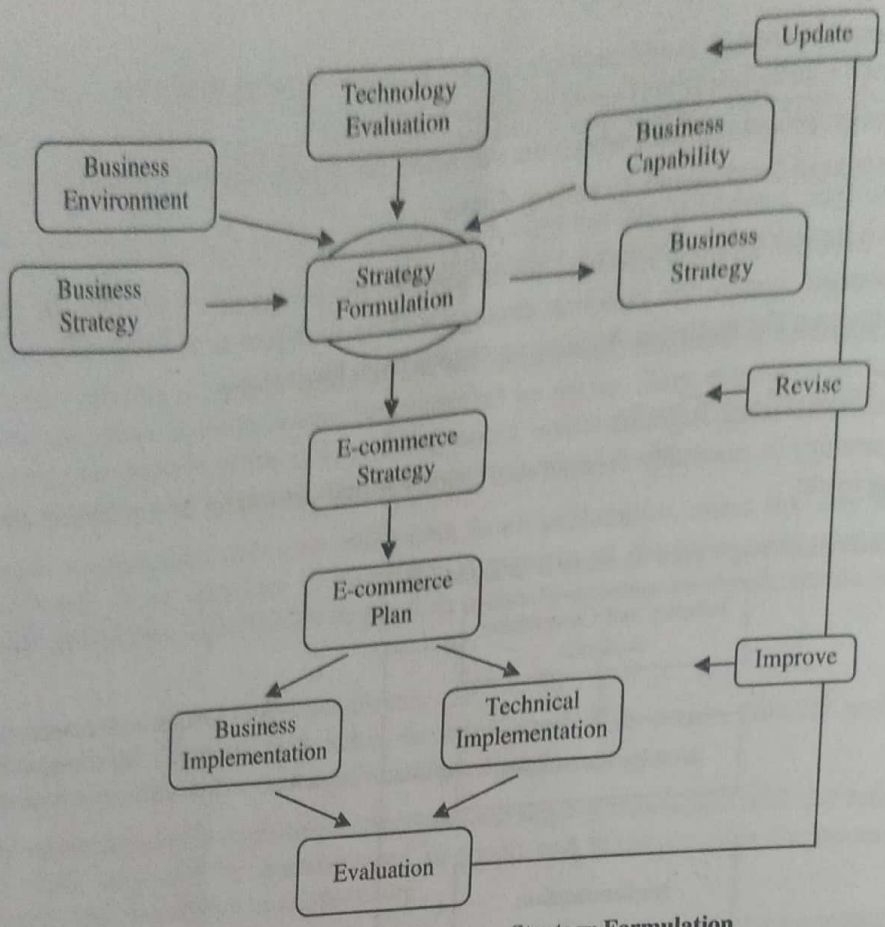

Figure 1.16: E-Commerce Strategy Formulation

The strategy once adopted then needs to be translated into a plan for implementation. This needs to include a time table for jobs to be done and the commitment of resources to enable the jobs to be done.

1.4.4.3. Implementation Planning

In the implementation stage, one build a plan to identify steps needed to put the strategy into action and practically take those steps. **For example,** where your strategy is to pursue differentiation in terms of quality of service by using/arranging a web-based call centre through which the customers can immediately register their complaints; then you will have to select appropriate individuals who are suitable for the job in the implementation stage.

Creating a web team and defining the role/ responsibility of each member of the team is a critical component of implementation stage. **For example,** one defines that this person would be the team leader; this would be in the technical staff (web master etc.) or the management staff. Note that involvement of key persons from marketing, accounting, finance, human resource, IT, customer relations etc. will be important in decision marking as to how a particular implementation plan can be executed.

A strategic plan can be at times initially implemented in terms of a pilot project before launching it to a full scale. **For example,** an automobile manufacturer in America had implemented a plan/scheme which allowed the potential customers to have scheduled test drives before buying a particular car. Initially, this scheme was introduced to four American states but later it was implemented all over the country.

Another point is to consider whether one should build own infrastructure for execution or outsource the task of execution of a strategic plan. **For example,** where a strategic plan requires a particular web design, one can either mange own team of web designers or outsource this task to an outside firm having expertise in this area.

Strategic Planning Tools

1) **SWOT Analysis:** It is a methodology that surveys external opportunities and threats and relates them to internal strengths and weaknesses.
2) **Competitor Analysis Grid:** It is a strategic planning tool that highlights points of differentiation between competitors and the target firm.

3) **Scenario Planning:** It is a strategic planning methodology that generates plausible alternative futures to help decision-makers identify actions that can be taken today to ensure success in the future.

4) **Balanced Scorecard:** It is a management tool that assesses organisational progress toward strategic goals by measuring performance in a number of different areas.

1.4.4.4. Strategy Assessment

Results of implementation plan are monitored and assessed so that any corrective measures or expansion plan can take place. Basically, one want to assess whether strategy has delivered what it was supposed to deliver; whether strategy is still viable/workable in the ever changing environment. In strategy assessment phase, one can learn from mistakes and do future planning. In case of electronic commerce project has been a failure, one can identify the problems and try to remove them.

Some of the corrective measures can be to property train web team, establish or review security or privacy policy, review or reassess web design content, reconsider marketing plan etc.

For the strategy assessment, one can conduct surveys, collect information and receive feedback from different groups of people so that he/she has solid input from people coming from a variety of background. Sometimes, one has to entirety give up a particular strategy one followed and formulate a new strategy or set of strategies in light of the company's main objective or its mission.

1.4.5. E-Commerce Implementation

The strategy diagram divides implementation into the technical and the business aspects and these are briefly considered below:

1) **Technical Implementation:** The approach to technical implementation of an e-commerce system depends on the business objectives, business requirements and technologies that have been selected. It is noted that many internet e-commerce systems are cobbled(repaired) together rather than designed and that is often apparent. It is important that the design process considers:
   i) **Ease of Use of System by Intended End Users:** Always an important factor in system design but crucial if the end users are to be members of the public with perhaps limited computer literacy and the option to switch to an alternative website if not satisfied.
   ii) **Functionality that Users Need:** This has to be what the users want rather than what the organisation thinks they need. Users of e-commerce are not a captive audience that can be interviewed and evaluated like the users of a traditional IS development.
   iii) **Back Office Systems:** Customers of an online service quite reasonably expect a rapid response and back office systems need to be able to meet this requirement. For a volume e-commerce system this requires that the customer front-end integrates with the IS systems.

   The approach to design for an internet e-commerce system would sensibly be based on a prototyping lifecycle as the design of the user interface is crucial to the success of the overall project. That is, the use of prototyping is not intended to be an excuse for the absence of design.

   A thorough evaluation of each stage of the transaction lifecycle is a good starting point to make sure that the full requirements are included.

2) **Business Implementation:** Building its e-shop (or other e-commerce facility) the organisation needs to:
   i) Put in place the business infrastructure to support the new e-commerce facility.
   ii) Market the new e-commerce facility to the intended users.

   Most organisations moving into e-commerce will take a staged approach. Initial implementations may have limited functionality and be offered to a limited audience. Full implementation of e-commerce can have a considerable effect on the shape of the business and the way it does business.

1.4.6. E-Commerce Evaluation

All new information system (IS) systems should be properly evaluated after implementation and this is particularly important for a system that is used by people outside the company.

Evaluating an e-commerce system will include the internal stakeholders but crucially there needs to be a way of assessing customer reaction to the system (and potential customers who gave up before completing a transaction are particularly inaccessible).

Loopback (test) from the evaluation is shown at three levels:

1) **Improve it:** Implementing an e-commerce site remains an inexact science (if there is much science to it at all). Feedback from customers and testing using people not involved in the site development can indicate where changes are needed; the site can be improved.

2) **Revise it:** Business results from the use of e-commerce may indicate the need to change the e-commerce strategy and the implementation plan; the planning can be revised.

3) **Update it:** Developments in the competitive position, changes in the company or the emergence of new e-commerce technologies may indicate the need to re-visit the strategic process; the strategy can be updated.