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Fingering The Factors Ahead Of Time

By Liz Sara

This has been pegged as the year for electronic commerce (EC). We're talking the real deal here – business-to-business Web based ordering. Recently, the business-to-consumer EC market has dominated the general media and consumers' interest, and with good reason. This unique means of shopping, checking stock prices and auctioning goods is one of the most innovative ideas to hit the consumer marketplace this century. It's easy and widely accessible, and many companies offer numerous incentives for online purchasing.

Now, thanks to the widespread acceptance of online buying in the consumer market, savvy companies are realizing that they also can reap the benefits of EC – increased sales, real-time transactions, increased customer satisfaction and decreased order processing costs – through business-to-business Web-based order management. As we quickly move to widespread horizontal adoption of Web commerce, the future is looking bright, both for Web commerce vendors and businesses looking to put their supply chains on the Internet.

In fact, business-to-business Web commerce represents the most fundamental shift to the business practice paradigm since the invention of the telephone. Large businesses in such key sectors as manufacturing, electrical parts and components, telecommunications and automotive are engaging in this sweeping business revolution. Step by step, here's how it works.

Let's say that a large electrical parts distributor has an extensive supply chain comprised of thousands of resellers and trading partners. In the old model of doing business, the sales reps and trading partners conducted business manually, via fax and phone. Some systems were accessible via computer, but none via the Internet and certainly not with one succinct click of the mouse. Mistakes were made, orders were lost and the opportunity costs were high.

Competitive pressures and the fast moving adoption of Web commerce forced the distributor to rethink its business model. After all, in order to turn a profit, the folks down the supply chain need to be able to quickly and efficiently order products from the distributor, moving the goods along to eventually reach end-users.

When distributors use an EC application, an order can be placed, warehouse inventory can be checked and shipping status can be confirmed – all in real time. Sales reps can lock in deals faster, all with the click of a mouse. This revolutionary means of placing orders means a cost savings of up to 75 percent or more for the company, with productivity increases that allow customer service reps to be re-deployed into more sales-driven activities, while sales reps can make more sales more quickly. The trading partner can place orders faster and easier as well, which means improved supply chain relationships and ultimately significant enhancements to customer service.

The EC application is linked, in real-time, to the critical back-end systems of the distributor. These systems house such important data as product inventory, customer account information and shipping details. With Web-based functionality in place, this information is pulled from these back-ends, funneled through the Web and made readily available in a seamless, easy-to-use front end. The person placing the order is identified uniquely with a special password and may see particular price breaks and product information specific to his or her buying needs and habits. The order-entry system is matched to the distributor's existing Web site and has the same look and feel as the rest of its Web-based services. All the reseller or trading partner needs is a Web browser.

With these types of results, it's easy to understand why so many companies are jumping on the bandwagon. However, before getting started, corporations need to understand the critical success factors that contribute to a company's overall success in implementing an extranet commerce system ahead of time. After all, this truly is a revolution, and one which will not go unnoticed in any area of the company's enterprise, staff or customer base.

Therefore, CEOs considering EC options need a thorough understanding of the hurdles their management teams will encounter prior to flipping the switch on a Web-based ordering system. These critical success factors involve several issues.

- **Process Issues.** Writing and implementing a project plan; selecting and ensuring the cooperation of a diverse, cross-disciplinary team; outlining the processes to manage the transition from paper- and telemarketing-based order processing to an automated, self-service system; outlining how to respond to trading partner barriers or objections; and perhaps most importantly, building in a no-fault process for re-evaluating initial assumptions.

- **Technical Issues.** Considering the need – short- or long-term – for dual systems; determining trading partner support options; reviewing security issues; anticipating user issues; managing the integration of internal legacy systems with the new Web-based ordering environment, including links to enterprise resource planning and financial systems; determining the importance of open standards-based architectures; and exploring how the automation of existing business processes affects the output of the entire enterprise.
- **Implementation Issues.** Developing a clear understanding of a company's EC requirements; evaluating the build-versus-buy dilemma; establishing a methodological criteria for evaluating software vendors; securing early buy-in from customers and suppliers; anticipating technical and cultural barriers; developing a roll-out promotional plan to overcome these objections; and measuring what conditions or actions determine success.

Of course, these issues are simply stated. Any one of the items listed above plague experienced management executives, typically in the form of permanent migraines. However, while the challenge appears daunting, the need to address these issues is very real and very timely, and soon will be driven by competitors' initiatives – ready or not.

At long last, the state of EC is moving from a state of confusion to a state of readiness, from early-stage exploration to early majority adoption. Today's new technology will benefit user's corporate operations as well as their customers – from supply chain partners to end-user consumers. ■



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