Evolving from Traditional to E-Commerce to an E-Business organization

DHL has close to two million customers globally and 250,000 hits per week on its corporate website. The business opportunities of the Internet are being adopted at different speeds by different customers and regions worldwide. Establishing a balanced approach to the transition from a traditional (non-Internet) business to being an e-business is more than an issue of what is the best type website to offer to the customer. DHL believes that the solution is the education and managed transition of all functions of a business to integrate new technology and processes in a manner appropriate to the business’s strategic objectives.

Business transformation is a constant part of business life. To remain competitive all businesses must be aware of their internal and external environment, identify trends and new value positions and change their mode of operation to exploit the business advantages they identify.

In the past, change was relatively slow and managed over years. With the emergence of the Internet and its impact on business and consumer (private and business) behaviour, change has accelerated and placed increasing strains on existing methods of business change management and processes.

Irrespective of the speed of change, value to the consumer, internal and external, remains paramount to the success of any business initiative. Essentially the basics of business have not changed but the speed and expectation of change in business processes and value propositions have.

Core business value evolution

Successful businesses represent a set of traditional values and value propositions that are appreciated and continuously purchased by their consumers. This market group represents the main source of business revenue and profitability.

It is essential that any evolution to new methods of trading or product offering seeks to maintain and manage traditional markets whilst extending the values and value propositions to those seeking to trade in new ways with the business.

Businesses that fail to achieve the correct balance between traditional and emerging market groups will ultimately fail to survive. This balance is unique to each business and must form the key cornerstone of any strategy of change.

Core service capability evolution

Most existing businesses have multiple channels of projecting their offer to the market and servicing the product or service demand generated. The success of their channel strategy is measured by the efficiency of each channel in generating sales, providing attractive and sustainable levels of customer satisfaction whilst operating cost effectively in support of required profit levels. A general characteristic of channel management success is the availability of similar and equivalent service fulfillment, customer satisfaction and operating efficiencies across all the service channels.

The introduction of a new channel is an enormous challenge to a business. New technology, means of operation and metrics often mean that new channels, especially those using Internet technologies, are considered a new paradigm or business model. This may be so in terms of customer contact, mean of order taking and fulfilment. What is not different is the need to reflect the service and brand values via the new channel.

The reason it is essential to maintain similarity and equivalence across channels is quite simple. When a new channel is opened to the market it
represents a new and more cost market servicing means for the business. For the consumer it represents, at first, something to be experimented with, then used in parallel with existing channels and then, on establishing personal or corporate comfort with the offer and service value, the major means of trading with the business.

It is critical for a business to realise that the transition from existing to new channels is governed by the consumers acceptance of the channel, the quality of service and value and the additional benefits (speed, time, efficiency, price) that they gain from using it.

Increasingly it is becoming evident that businesses achieving the most success in transforming core service capabilities and evolving their core service capabilities are those who have managed to establish a seamless cross channel capability in support of the consumer. Businesses that have a physical infrastructure (warehouse, retail, direct sales, catalogue, franchises) and open an on-line channel aligned, cross supported and complimentary to the traditional channels offer the comfort of the traditional trading means whilst offering support and encouragement to those customers, old and new, wishing to adopt the new channel for trading. Establishing this balance and cross support is a key business skill that is required by any business in the new economy.

**Technology in the process**

Technology not business value has been a major focus of businesses in the initial drive to commercialise the Internet and evolve businesses to be E-Businesses.

The seductive vision of serving the world by Implementing some relatively simple technologies often blinds businesses to the real business challenges of managing the customer relationship and ensuring consistent service irrespective of the channel of service fulfilment.

The technologies are relatively simple, cheap and easy to implement. The integration of these technologies to an established business however is far more complex. It is here that many businesses encounter severe difficulties and indeed outright failure.

Any technology must operate and be adopted in a business not a technology context. The business must fully analyse what they wish to achieve, in an integrated manner, for internal and external users and then ruthlessly insist on the technology delivering to those business objectives. Failure to do this will commit a business to post implementation service, quality, management and returns problems.

A business embarking on such a project must be realistic and must establish the exact credentials of the supplier that they seek to use. Failure to fully agree the absolute requirements of todays business and a pathway to ongoing service improvement will condemn the project to failure.

The final outcome for a business should be that they can effectively, consistently and in a managed fashion acquire, manage, evolve and provide consistent service value to internal and external consumers through a single set of integrated technical applications. That is the essence of an E-Business and one yet to be fully realised.

**Steps in Evolution**

There are some essential steps that any business must take in the process of evolving to be an e-Business.

1. Analyse and codify the core values that your brand, services and product must represent
2. Identify the key metrics against which these are measured to provide consistent real satisfaction data
3. Identify and document known shortfalls in existing channel integration and cross channel support
4. Identify new channel opportunities and integrate these
Evolution: 3

to the existing channel gap analysis
5. Analyse and document the application sets and integration challenges that exist today
6. Identify and document the key deliverables for service access, projection, support and integration
7. Identify top level changes required to existing processes to align channels and processes
8. Establish and agree the key business changes, benefits and realistic timelines for the changes
9. Plan to back integrate new channel efficiencies into existing traditional channels
10. Establish a transition plan designed to provide channel choice and encourage consumer use of new channels
11. Establish and empower a top manager responsible at board level responsible for the process of integration.
12. Integrate the best internal experts and driven individuals to support the project.
13. Rely on people as internal drivers of change rather than externally by consultants.
14. Clearly define the process and the deliverables from the project
15. Define manageable, logical, realistic, cumulative, sequenced deliverables
16. Inform and educate all personnel as the project proceeds

Success: A Shifting Horizon

As any business realises, the market and competitive environment is constantly changing. Evolving to an E-Business is an ongoing process driven, as in today’s environment, by internal innovation, competitive pressures, market demands and the possibilities offered by technology. The pace is faster, the underlying business values remain the same.

Any business embarking on the process has to realise that once initiated the process must be continuous, integrated and focused. It is not a single effort, done in a single budget cycle or embracing a single new channel. It involves long term planning, accelerating internal change and constant back integration of newly established efficiencies to existing channels and services to achieve continuous ongoing total business change.