

# Business rules essay



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What happens if we do nothing? This is well worth investigating. But to get a handle on this I suggest you look deeply into two key areas. The first area for consideration is your customers or business partner's (see eSelling below). What are your best and most profitable customers doing? Spend some time with them discussing their plans and use of the Internet. Secondly look at your competition. Two groups are important here, your existing marketplace competitors and second your new Marketplace competitors.

However it is important to remember that you are playing in a global marketplace. So the competitors you should review are not just Irish ones but the 'best in class' in Internet terms. For example if you are in banking it may be more appropriate to compare yourself with Citibank or Wells Fargo than just looking at your nearest physical competitor. A recent study comparing online banking services was conducted as part of an ongoing project by students in the telecommunications and e-commerce program at Vanderbilt University's Owen Graduate School of Management. The study is available free of charge at SupportZone. com (<http://www.supportzone.com>), which is an online resource designed to help e-

businesses improve the responsiveness of their online customer interactions.

How are your competitors using the Internet to reach the online nation?

What new business models are emerging, probably in California, which might rewrite the business rules of your business? The Opportunity search Look at the online business cycle for your business. Where are the opportunities to reduce cost, improve efficiency, find more customers or personalise your products for your customers or discover new profit streams? Take a closer look at all the activities in your commerce chain such as: eMarketing: How

can we exploit the technology to help our customers solve their problems and thus build stronger relationships? This will mean taking a customer view of the problems they want solved or the information they are seeking. For example Bank of Ireland has a very innovative Savings & Investment section on its web site to help customers discover the right savings and investment products.

Potential customers can then locate an advisor, email them or book a call at the desired customers time. This resource can be found at <http://www.boi.ie/save-invest/index.html>. eSelling: How big is our online selling marketplace? Should we sell directly to customers or enable our channel partners to sell online? The objective is to build up important customer information? Who else is selling our products online today? Do we still want these new e-tailers to be doing this or not? Could we launch affiliate programs and give our channel revenue recognition online or re-intermediate our channel in the marketplace? Look at [www.](http://www.)

[imediation.com](http://www.imediation.com) a company providing a solution for building large-scale affiliate networks. eService: How could we use this new communications medium to give our customer support 24 hours a day and seven days a week? E-mail is one effective medium to address this customer service interaction. Egghead.com, has implemented the Brightware intelligent email product to provide complete email customer service for the more than 7 million shoppers that visit its site each month.

This boosts customer satisfaction and lower costs by automatically composing and answering 40% of incoming customer emails and doubling

staff productivity by routing the remaining 60% to appropriate employees with suggested replies for rapid review. eBuying. The more effectively a company buys the better the bottom line. A recent two-month study by Grainger Consulting Services, a division of W. W.

Grainger, Inc confirms that e-commerce procurement is a significant benefit to both buyer and seller. The study shows that Buyers who made investments to acquire and implement e-procurement methods averaged a return on their investment of between 245 and 400 percent, while sellers showed gains of 10 to 15 percent. Sellers did, however, receive the additional average benefit of a 300 percent increase in sales. eFeedback: How can we get the customer feedback on our products and services into the hands of the people who are designing them? We can often dramatically improve our existing products or even create new ones. Customer feedback is not a new idea, it's just that the net can get this vital information to the people who can do something about it as in the Egghead case above.

National Semiconductor “ has done an outstanding job of connecting its Web site to the rest of its business. Leads from the Web site flow directly into the opportunity management system. Customers' e-mails are answered by any of 8, 000 employees” according to Patricia Seybold. (More on [www.customers.com](http://www.customers.com))

eBusiness: Explore how we might create entirely new profit pools by tapping into the Marketplace and devising offers which regenerate our income streams into the future. This is an important management task and often gets neglected in the everyday rush of business. Just look at the

stream of IPO's rushing to create new value in the Marketplace. Have a look as [www.witcapital.com](http://www.witcapital.com) who started in brewing and are now raising capital in the marketplace for tomorrow's aspiring information corporations.

Think in terms of 'Option creation' as Larry Downes and Chunka Mui suggest in 'Unleashing the Killer App'. This book is also available online at <http://www.killer-apps.com> Build 'the doomsday' competitor. Let's have some real fun.

Imagine that you were leaving your current business because you were really annoyed at how you were treated. You want to construct the nightmare competitor to wipe out your existing business and make them pay! How would you use the Internet to Amazon them? What activities would you drop, what new ones would you invent, how would you grab customers in the online environment? For example Eagle Star Direct put their offer on the Internet and offered the customer a 15% discount if they did all their business online. In this case both the customer and the company were winners, with lower prices and lower operating costs. Of all the options cited above I like this the most. Present the results to the senior management and knock their socks off. A famous strategist Sun Tsu once wrote 'You should first ensure your own invulnerability'.

The competitor from hell is the output of this activity. Best do it before the competition does, and more than likely it will be a new entrant, rather than one of your existing competitors. So keep all your 'options' open. One company has recently undergone a dramatic transformation in their

business, from being a bricks based retailer to being totally bits based. Egghead.

com is now a leading Internet-based discount retailer of computers, software, accessories, and peripheral devices. Egghead has completed an unprecedented year long transition becoming the first national retailer to move its entire business from bricks and mortar to the Internet. “ Our performance for the year and in the fourth quarter demonstrates the emerging power of Web commerce,” George Orban, Egghead. com chairman and CEO said.

“ It was absolutely the right decision. Our brand now is among the strongest on the Internet and our new business model is taking shape,” Orban said. “ We believe that the future of e-commerce is bright.” Conclusion and Next Steps The digital economy is emerging, brawnpower will be displaced by brainpower and bits will displace bricks.

In this Marketplace different companies will be impacted differently. (For a more complete discussion see Quinn & Sviokla below). But one thing is clear, managers must be able to think and act both in the marketplace and the marketplace. It is important that we are prepared for this new landscape because both the rules and the game are changing. Gary Hamel has suggested that “ somewhere out there is a bullet with your company’s name on it. Somewhere out there is a competitor, unborn and unknown, that will render your business model obsolete.

” (Gary Hamel and Jeff Sampler, Fortune, Dec 7th, 1998). This article has identified how technology is redefining the marketplace, new virtual

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competitors are emerging, customer knowledge is poor and the best customers are going online. A recent presentation in Dublin by Gartner researcher Alexander Drobik forecasted that ‘ to year end 2001, over 70% of multinational enterprises will have failed to plan a coherent approach to eBusiness leading to a significant loss of competitiveness.” We need to discover where we can act, that is what our strategic degrees of action are and then to act in the action zone, before others do.

Internet strategy is a fundamentally discovery process. There are no right answers, but I hope this article has provided some useful guiding questions. The three scenarios of ‘ Do Nothing’, ‘ Opportunity Search’ and ‘ Doomsday Competitor’ are devices to assist you map your route in the as yet undefined territory of the Marketplace. May the forces be with you. Michael Quinn is an eStrategy consultant who specialises in Internet strategy discovery.

He was formerly the Strategic Planning and Alliances Manager at Digital’s European Software business in Galway. He has worked with Professor John Sviokla of the Harvard Business School and has authored a HBS case study exploring Internet Strategy in the Banking Industry. He lectures widely on Ecommerce and provides board level Internet Strategy advice and briefings. He can be reached by e-mail at [email protected] or on 086-814-9819.

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