

# [Traditional business practices](https://assignbuster.com/traditional-business-practices/)

(Lee) in his article describes a five steps process for transforming traditional business practices into an e-commerce framework which are as follows: (1) Redefine competitive advantage: E commerce has changed the rules of distribution. A Company has to update its system with the change of technology. (Browning and Reiss, 1999).

(2) Rethink business strategy: It is very simple to set up a Web presence but quite difficult to create a Web-based business model (Ghosh, 126-35).(3) Re-examine traditional business and revenue models: (Rayport and Sviokla, 75-85) describe participating in e-commerce as competing in both the marketplace and the market space. (4) Re-engineer the corporation and Web site. A Web site should not simply be used as a channel of providing marketing and company background information (i.

e. brochureware). It should be a channel to collect customer information through interactions, transactions, and/or personalization. The most effective Web sites are also able to foster a feeling of community among customers (Armstrong and Hagel, 134-41). (5) Re-invent customer service: The strategic and fundamental changes brought by the Internet are affecting every company’s relationship with its customers and the value propositions for many companies.

Companies must take advantage of e-commerce’s disruptive attributes and be able to build cost-effective total experience and loyalty-enhancing relationships with the most profitable customers. Using the Internet internally: Cisco is a company that has made maximum internal use of the Internet. The rapidity of communications made possible by the Internet allows Cisco managers to make and communicate decisions with a speed that would astonish many more traditional organizations. Cisco use the Internet not only for taking orders but for hiring staff-this alone means that the cost of hiring is 40 percent lower than the industry average-and then training them. Given Cisco’s intimate involvement with the Internet, using the net internally sends out a powerful message to customers. Although Cisco deals in cutting-edge technology products, in many ways it is a traditional organization as those products are tangible things, and not the more intangible services that many Internet-related companies have been set up to supply.

There is considerable business sense in being the supplier of the hardware to an expanding tool such as the Internet. Stauffer claims that Cisco in 2000 was the fastest growing firm in the history of the world, having taken only 12 years to reach a market capitalization of $100bn. Achieving this at a time when many Internet companies (especially the dote-com operations) were struggling is no mean achievement. While huge growth has been predicted for the Internet economy (in 1999 it accounted for $507bn and 2. 3 million jobs) it may still be some time before the average person feels comfortable with making a majority of their purchases online. Security of payment is often quoted as being a major barrier.

The companies that are trading successfully online- Amason. com is one of the bet known-do not find that getting into profit is easy. However, as a supplier of the resources necessary for Internet operations, Cisco does not face that problem. If Internet trading has been slower than predicted, Internet use is growing at a fantastic rate.

With over 2000 new Web sites being registered each month there is ample evidence that little, if any traditional companies are ignoring the Internet. While a Web address on business cards, letter heading, or on the side of a delivery truck would have been rare even as late as 1996, now there might be comment if it were not present (Cartwright, 27-33). Porter’s five Forces: A Company’s particular combination of opportunities and constraints often dictates the processes it chooses. Cisco, Autodesk, Lego, and Yahoo! Began with strategies in which product innovation was dominant, but their emphases diverged. Cisco’s new opportunities lay in the many new networking technologies that were emerging, but the company lacked the time and engineering talent to develop them all.

In contrast to technology-rich and stock-price-poor Autodesk, which focused on spinouts, Cisco-with high market capitalization-found that acquisitions was the way to go. The company wanted to exploit content and commerce opportunities but needed a lot of partners. Many were too big to acquire, so it created partnerships. (Eisenhardt et. al) Vision It is rare to fine a growing company that is not populated by people with vision and a sense of mission.

Chambers certainly finds this important. Part of the importance is the internal motivation that mission and vision provide, but they also transmit good feeling to customers and potential customers. They may well, as an added bonus, scare competitors. The CEO needs to be the one who holds the vision tight and disseminates it through the organization. Once the buzz starts it can be quickly transmitted both to employees and those out with (a much-used Scottish word that is very appropriate here) the organization. CustomersNo organization can exist without customers and hyper-growth is impossible without the co-operation of the customer base.

Cisco works hard at maintaining its customer loyalty- a loyalty that no organization, however large, can ever take for granted. Putting the needs of the customer first is a key to growth. The only sustainable growth is through the customer. Neglect the customer and growth cases. Chambers is one of those who believe passionately in listening to the customer.