EBBSC: A Balanced Scorecard-Based Framework for Strategic E-Business Management

Fen Wang, University of Maryland, Baltimore County, USA
Guiseppe Forgione, University of Maryland, Baltimore County, USA

ABSTRACT

E-business is far more about strategy than technology, and the strategy of e-business is very important in today’s dynamic and competitive environment. In this article, we describe a balanced scorecard-based framework in detail and discuss its potential e-business uses. This framework enables e-business managers to plan and allocate resources more effectively and align strategic objectives with performance results. It also provides a stable point of reference for e-businesses to understand and manage the fundamental changes introduced by e-business initiatives.

Keywords: balanced scorecard; e-business strategy; strategic e-business management

INTRODUCTION

The Link of Objectives to Strategies

E-business has rapidly developed from being a vision of the future world of business to being “the” way of doing business (Whelan & Maxelon, 2001). This business opened new channels for communication and selling, a new source of data on customers and competitors, and changed the face of competition tremendously (Koutsoukis, Dominguez-Ballesteros, Lucas, & Mitra, 2000; Porter, 2001). Clearly, business processes of the 21st century must be more efficient and dynamic to build and sustain value across the organization, though having a dot-com presence does not necessarily point to success. As Raisinghani and Schkade (2001) pointed out “perhaps, one of the best ways to succeed in the world of e-business is to start off with a dynamic and new e-business strategy” (p. 601).

E-business is far more about strategy than technology. An effective e-business strategy is an elaborate and systematic plan of action that incorporates different organizational levels, different parties, different elements, and growth pattern features (Bakry & Bakry, 2001). Unlike traditional business strategy, e-business strategy considers a company’s business management architecture and how it can be improved, integrated and automated by instant and global Internet communication. Indeed, the Internet has spawned new e-business strategy and radically
transformed existing models (Basu & Muylle, 2002; Pant & Ravichandran, 2001). These new models incorporate Internet technology, universal connectivity, and Web browser capabilities to integrate business processes within and beyond an enterprise. As a result, old business models should be adapted to the new conditions, and companies worldwide should develop an effective e-business strategy to fit the new conditions (Whelan et al., 2001).

What distinguishes many of the dot-coms from traditional organizations is not their new technical power, but their innovative and imaginative new business models (Hamel, 2000). This study proposes a balanced scorecard based e-business framework for the development and assessment of e-business strategy in this new age. Aided by this innovative and comprehensive e-business framework, managers can identify the major decision factors involved in their e-business strategies, specify the direct and indirect relationships among the factors, and generate strategies that would improve overall business performance.

### BACKGROUND REVIEW

#### The Evolution of E-Business Models

A commonly cited reason for e-business failure has been the lack of a workable and

### Table 1. The first group sub-system e-business model studies

<table>
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<th>Model Focus/Purpose</th>
<th>Model Components/Factors involved</th>
<th>Sample Studies</th>
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<tr>
<td>A generalized pricing model</td>
<td>Order Unit; Territory; Customer; Price Type; Interval; Contract; Currency</td>
<td>Kelkar, Leukel &amp; Schmitz Price, 2002</td>
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<td>A demand model for variety</td>
<td>Utility structure: good variety; price</td>
<td>Kim, Allenby &amp; Rossi, 2002</td>
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<td>A model to support supply chain activities</td>
<td>A cooperative virtual network structure; A supply chain infrastructure; Change management; Organizational adaptation</td>
<td>Cheng, Li, Love &amp; Irani, 2001</td>
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<td>A statistical model e-business capacity</td>
<td>Utilization of capacity; Cost of capacity; Revenue benefits; Service quality; Operations risk</td>
<td>Goldszmit, Palma &amp; Sabata, 2001</td>
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<td>A mental cognitive model for e-customer profile</td>
<td>e-customer behavior; Web site semantics; e-services; internet marketing</td>
<td>Kwan, 2002</td>
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<tr>
<td>A five-stage model for explaining and predicting Net-based customer service (NCSS)</td>
<td>NCSS Interaction Value; NCSS usefulness; Experience Quality; Cost of NCSS Use</td>
<td>Piccoli, Brolman, Watson &amp; Parasuraman, 2004</td>
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<td>A model describing the values exchanged in an e-business process</td>
<td>Base actor (organization &amp; customer), order of value transfer (business order), order of communicative acts (process order)</td>
<td>Jayaweera, Johannesson &amp; Wehed, 2001</td>
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<tr>
<td>A shared process model for e-business transactions</td>
<td>Process speed/credibility, task independence, task synchronization, e-business autonomy</td>
<td>Park, 2002</td>
</tr>
<tr>
<td>Macro-level matching algorithms to compose a Web-based business process</td>
<td>Service capabilities and properties, activities in a process request, business requirements and objectives</td>
<td>Lee &amp; Park, 2003</td>
</tr>
</tbody>
</table>
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