Chapter VI

Electronic Business Strategic Orientation

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INTRODUCTION

This chapter addresses the current lack of empirical research into the organizational impacts of electronic business (e-Business). Any organization that delivers, or intends to deliver, Internet products or services can only be successful if its realized business process goals are operationally aligned with a set of (credible) top-level strategy goals. By introducing the concept of Aware and Enlightened organizations, this chapter posits that alignment of the organization’s (e-Business) information systems, quality, and learning strategies with the top-level e-Business strategy is a catalyst for superior e-Business outcomes. It recognizes that most organizations still attempt to achieve a fit between a financially focused business strategy and an organization structure that matches the environment and helps to meet expected performance. Hence, some traditional approaches for achieving sound strategy-process linkages are reviewed and a strategy alignment model is proposed that is judged capable of delivering superior firm performance to Internet-enabled organizations. A set of (pre-tested) instruments is then described that can be used to assess changes in alignment between the firm’s top-level e-Business strategy and its information systems, quality, and learning strategies that occur as a result of the e-Business initiative. Because it is important that the goals of the project team are also properly aligned with the top-level e-Business strategy, a project-level alignment model is also described that assesses the degree of alignment between the project deliverables and the firm’s e-Business strategy.

This chapter has relevance for practitioners and academics who wish to understand how e-Business initiatives impact the alignment of key business processes with strategic business objectives.

BACKGROUND

Electronic commerce (e-Commerce) has been variously defined as “the use of electronic transmission mediums (telecommunications) to engage in the exchange, including buying and selling, of products and services requiring transportation, either physically or digitally, from location to location” (Greenstein and Feinman, 2000). This chapter is not confined to e-Commerce, and its findings are equally applicable to electronic business (e-Business), this being a superset of e-Commerce that encompasses the many other types of business information exchanges not directly related to the buying and selling of goods and services.

There is no doubt that the Internet provides tremendous opportunities to companies that can leverage it, and there has been large growth as a result. For example, between 1998 and 1999, total Internet revenue increased by 62% from US$322,530 million to US$523,923 million, a trend that continued into 2000 with a 40% increase in revenue recorded between Quarter 1 in 1999 and 2000. Of the 1999 growth, Internet commerce saw an increase of 72% from US$99,813 million to US$171,473 million. Interestingly, over the same period revenue per (e-Commerce) employee also increased dramatically, by 37% (Anon., 2000).

While the Internet undoubtedly offers opportunities to those companies that are able to excel at delivering innovative (and relevant) products or services, its landscape is littered with the remains of those that believed a good idea was a sufficient precursor for success. By early in 2001 a major shakeout that had begun in mid-2000, of (predominantly) larger Dot.com companies, was almost complete. At the time of writing, indications are that smaller (up to 10 employees) brick-and-mortar companies are realizing modest, though steady profits from realigning their business processes to take advantage of the Internet, while simultaneously paying close attention to ‘good old-fashioned’ business fundamentals (Weintraub, 2001). It is interesting that, in an era when the number of companies implementing e-Business initiatives is accelerating, there has been little published research into the ability of e-Business initiatives to align business processes with the business strategy direction.

The Strategy-Process Linkage

Often the first major challenge that faces a would-be Internet organization is the creation of a sound Internet business model that demonstrates solid rates of dollar (or other significant strategic) return. Interestingly, even while the quest for this ‘silver bullet’ continued through the late 1990s, some authors were questioning the wisdom of financial targets as the goal of business strategy in an era of unpredictable and discontinuous change, claiming that the only sustainable strategy
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