Chapter 2.7
SMEs ECT Reality:
From Ad-Hoc Implementation
to Strategic Planning

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ABSTRACT

Lack of strategic planning in e-commerce and subsequently e-business adoption within small-to medium-sized enterprises (SMEs) has been strongly reported in literature. This chapter presents SMEs’ Web presence implementation patterns and unravels the reasons behind the lack of strategic planning when adopting Electronic Commerce Technologies (ECT). The chapter presents findings from semi-structured interviews from 11 SMEs in the Northwest of the UK. Findings reflect the difference in development and management practices of Web presence, between the more able Need Pull SMEs that identified the need to adopt ECT, and the less able Technology Push SMEs that were mostly influenced by change agent diffusion and awareness efforts. Over time, each group of SMEs reflect a different pattern in ECT implementation. This chapter depicts the issues that hinder SMEs, particularly in micro and small, in moving beyond Web site adoption.

INTRODUCTION

Research has strongly stressed the importance of adopting Electronic Commerce Technologies (ECT) as a driving force for competition and the importance of strategic planning to achieve competitive edge. The majority of SMEs now do own a Web presence (DTI, 2003). However, SME Web sites are strongly criticised for their simplicity and lack of business objectives and planning. Recent research shows that despite the hype on e-commerce and the technology facilitating improved business practice, a number of SMEs have not capitalised on this new mode of conducting business (Fillis, Johansson, & Wagner, 2004). Although there might be numerous success stories of e-commerce adoption where SMEs were able to use e-commerce to increase their profitability, the amount of failure has been extremely high (Olson & Boyer, 2003). SMEs that developed e-commerce capability have not done so strategically and have yet to enjoy significant
cost and time savings (Quayle, 2002). In the United
Kingdom, the Department of Trade and Industry
(DTI) benchmarking report indicates that micro
and small businesses are questioning the value of
their Web presence and are “clicking off” (DTI,
2003). Among the reasons for adoption failure
is the influence of Web site effectiveness and
development on individual users’ acceptance of
new technology and SME Web presence (Olsen
& Boyer, 2003).

A number of models have addressed SMEs
adoption and implementation of ECT. Poon and
Swatman (1997) proposed an earlier three stage
model which describes the route for SMEs using
the Internet to improve their strategic process.
The transformation process starts with the in-
terorganisational level as an entry point to the
Internet. Integration with the business processes
occurs subsequently; with full Internet-to-in-
ternal process integration ultimately presenting
the greatest benefit to a company. However,
these benefits would only be achieved following
significant organisational process adjustment
within the company and across the business
sector it operates. Grant (1999) presented a five
stage model of e-commerce maturity: immaturity,
on the Internet, e-commerce strategy decided,
ready to implement, and integrated and effective
e-commerce. Grant’s model focuses on the
internal characteristics and readiness of the small
business. Gide and Soliman (1999) proposed a
three stage model for Internet implementation.
The three stages are distinct and interrelated.
The first stage is concerned with creating a Web
presence which provides corporate information
and delivers marketing and promotional material
to potential customers. The second is the e-com-
erce stage, where the company conducts some
of their transactional operations via the Web
presence. Finally, the e-business stage, when the
company decides to embark on full-scale business
activities using the Internet.

Wilcocks and Sauer (2000) proposed a four
stage e-business model “moving to e-business”
that aids the evaluation of company’s e-business
strategy. They argue that though Internet systems
are important, value arises once businesses use their
knowledge and experience to produce outputs
accessible through the Internet. The potential
for transformation emerges once businesses
recognise the need to reorganise processes and
focus on core competencies. Initially companies
use some basic Internet tool such as Web pages,
before moving to stage 2—transacting business.
At stage 3, companies recognise that changes to
processes, structures and skills are necessary to
exploit the new technology. Stage 4 is only reached
once they see the business can transcend its exist-
ning products and use the Internet to develop new
markets and products. A similar but less detailed
model is used by the DTI UK. The DTI uses the
“e-adoption ladder” to model the transformation
from basic access to ICTs through to more sophis-
ticated use (DTI, 2002). Companies go through a
number of steps from using e-mail for messaging,
to Web site for online-marketing, to e-commerce
for online ordering, to e-business for online pay-
ment, and finally transformed organisation where
e-commerce supports the business relationship
between a customer and a supplier.

All of the above models provide a generic de-
scription of the different stages in adopting varies
aspect of ECT. However, they do not explore the
factors influencing implementation of ECT within
the business, or the actual factors that influence
the transition from the initial stage of Web site
adoption to more advanced stages. For example,
the DTI model provides a useful sense of tech-
nological progression, however, it is criticised for
being rather too linear to fully describe processes
that are often nonlinear and complex (Gray &
Lawless, 2002). Sparrow (2001) argues that there
is no evidence that the DTI ladder represents evo-
lutionary steps in the processes by which SMEs
transform themselves into e-businesses. Neither
does the model provide an account of how ICT
alters the scope of what SMEs can do, or the hu-
man resources, or the financial dimensions that
are vital for successful adoption.
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