

1-1-2001

## Taking Your E-Business to the Next Level!

Paul Lane

*Grand Valley State University*

Follow this and additional works at: <http://scholarworks.gvsu.edu/sbr>

---

### Recommended Citation

Lane, Paul (2001) "Taking Your E-Business to the Next Level!," *Seidman Business Review*: Vol. 7: Iss. 1, Article 8.

Available at: <http://scholarworks.gvsu.edu/sbr/vol7/iss1/8>

# Taking Your E-Business to the Next Level!

Paul Lane, Ph.D.

Marketing Department and E-commerce Team  
Seidman School of Business

**T**he world is a confusing place. This fall the President of Steelcase, Jim Hackett, spoke at the Seidman School about E-Steelcase. He described a future that was bright and different than we know today. At the same time, the popular news media are full of information on the decline of the dot-coms. As this is written, earning estimates are coming in that are below expectation and some are selling their technology stocks. What is a businessperson in Greater Grand Rapids to do? How does this all fit together?

If you are in business, you are probably on the web. About 505 of all businesses and 34% of small businesses had web sites in 1998, and the numbers are going up all the time. If local Grand Rapids MSA statistics hold true, that implies that there are almost 20,000 businesses in the area using the web. Where are you in your web development? Can you take it to the next level?

For your business, the Internet is many things, including:

- Contact
- Information
- Exchange
- Productivity

Introducing these ideas one by one will allow you to think about where you are.

## Contact

One of the powers of the Internet is the ability to be in touch with others through a new medium that is both instant and asynchronous. It is instant like the telephone or the fax. Asynchronous means that it does not have to be at the same clock time or place. One of the advantages of e-mail is that you can respond the moment you get it, while the other person need not be there at that moment to receive it. Not having been an initial e-mail convert, I now my prefer this method of working on a problem, as it does not demand that several of us break into our busy lives to continue a discussion. Rather, we can keep it going when it is convenient for each of us.

The same is true for your business. How easy is it for your customers to get in touch with you by e-mail? We still have companies in the Grand Rapids area that have chosen not to make one of these early steps toward increased customer contact:

- E-mail
- E-mail for all the logical customer contact people
- E-mail addresses easily available to customers
- E-mail on their business cards
- E-mail and phone posted on their website

You may have tried "chat" if you are in the under-25 set and probably have not if you are in the over-fifty bracket. Whether

you have or have not, it may be another powerful contact tool. The Internet and e-mail are important tools of collaboration, especially if you have several people in disparate locations who need to meet on a topic. Now you can solve business problems with teams of buyers, suppliers, and staff in your business.

Don't discount any of your market segments as to their potential use of the Internet. For example, it was originally thought that this was a young person's thing. However, more and more seniors and super seniors are spending time staring at the screen. Is it any wonder Gateway is advertising in the AARP magazine? These folks, like your market segments, find it increasingly easy to be in contact with family, friends, businesses, and much more.

## Information

If you are reading this article you probably have used the Internet for information. Many people use the web for information even if they are not transacting business over the web. As you may have found, there are more than a billion pages of information on anything you might want to know.

- Demographics of the Grand Rapids Metropolitan Statistical Area
- Number of companies per county
- Number of employees per company
- Size by sales
- Number by SIC Code
- Competitor Information
- Customer Information
- Supplier Information
- Government Regulation
- Tax Information and Compliance issues
- Maps
- Research
- News
- Use your imagination

This information can all be valuable to you in improving your competitive position, and it is one of the benefits of the web that it is now easily available to you. If you ignore it, you may be putting yourself at a competitive disadvantage. It is your choice to use the knowledge available in this information-rich period in history.

## Exchange

Where are you when it comes to making exchanges on the web? We find many people use it for information but are hesitant to buy and to sell on the web. This is an important area for you to begin to feel comfortable if you wish to be in business in the 21st century.

## Buying

Three years ago when a class of MBA students was asked how many had bought something on the Internet, about one-third had bought something, usually a book. Today almost everyone has bought something, and the list is rather amazing.

- Books
- Clothes
- Computers and Peripherals
- Education
- Food
- Shoes
- Sports Gear
- Stocks
- Travel
- Wine

When asked why, students respond that they are busy people like you, and they like the idea of being able to shop at home in comfort. This does not mean the closing of retail establishments but emphasizes the competition between non-store and in-store retailing for the future. You have seen the transformation in the role of the stockbroker and the reduced numbers; the same will follow in many other retail and Business-to-Business (B2B) industries. How well prepared is your business?

Increasingly, buyers for small and medium companies are learning what the big companies have learned, that the Internet will allow for more of a bidding process. This can cut the cost of raw materials and supplies. This can be good if you are the buyer and not so good if you are the seller. Why does this happen? It happens because, once in place, the efficiency of the transaction is added to the ability to attract bids from a more diverse population of suppliers.

Here is where the global markets begin to compete with our home markets in Grand Rapids and the Lakeshore. Suddenly you as a buyer may find that there is a supplier on your screen located in another part of the United States—or more likely, the globe—that is able to deliver the parts or supplies you need at significantly lower cost. This is where all companies can expect to feel challenged in the future. It is a myth that places like China and Mexico in manufactured goods, and India in technology goods, are not producing quality goods. Like any start-up industry, it may take time, but the improvements are dramatic each year, and the ability to compete will be enhanced by the opportunity to buy off the screen. If you don't, someone else will.

## Selling

Marketing and selling using the web is a big step for many firms. Some firms have rushed to put up a site. Many sites do nothing. Others provide a variety of functions to help potential customers. These include:

- Information
- Service
- Parts
- Custom design
- Product

Where are you in this spectrum? You should also be asking what kinds of information you are able to get off the web to help you improve your marketing:

- Who is looking at your site?
- What are they looking for?
- How long do they spend there?
- Are they looking at related products?
- When do they come?
- Where do they come from?
- What is their reaction to the site?
- What else can you do for them?
- What should you do to get action?
- How should you follow up?  
Phone? E-mail? In person? Snail-mail?

You should know clearly that you not only want to give information but get information. Many firms in our areas are still just giving out their business cards on the web. They are not getting the information from others who are visiting the site; they are not generating preference for their company; and they are not getting the sales they could. Look at our site—is it customer centered?

## Information

This is the first-level site that many of our local firms have. Here the challenge is to be sure that you have given the best information you can in order to get the maximum contacts from a limited site. There are several simple tricks:

- Is each page cut so it will fit in a small screen? Pages that do not fit on one screen require the viewer to scroll to find all the information.
- Is information current? There is a tendency to put up a web site and forget about it, especially in smaller firms where there may not be an active webmaster on duty. The problem is that, like any information tool, you need to be sure that it stays up to date. Is there a plan for this?
- Does the site load quickly? Creative pages are great. Your teenager may be able to design a fantastic page, but if people who are supposed to use it can't load it in a few seconds, they will move on to some other page and you will not get the business.
- Does the site speak to the customer directly and easily?
- Do different types of customers know where to go?
- Are you giving out contact information in an easy-to-follow format?
- Can visitors navigate quickly?

---

## Service

Beyond information, you have to ask what kind of services you can offer to those who visit your site. In observing sites, there are many interesting choices in the way this is handled:

- “Contact Us” button. When visitors click on this, they are set up with an e-mail to someone in your organization.
- “Request Form” of some sort. This allows you to collect all the information you desire, as well as to meet the need for information by the customer or potential customer.
- Client-centered private information areas. Using a code, your customers enter their own area to find out about the progress of projects, shipments, and new products destined for them. A retail example would be my private shopping cart, which may contain things that I am waiting to purchase.
- Useful information and links to other sites with good information related to the probable business of your customers. If customers find your site useful, they are likely to return again and again. Every potential contact is valuable.
- Other Grand Rapids web sites could be useful. The Right Place Program (RPP) has been a leader in the philosophy that everyone benefits whenever a company learns and grows. It has certainly helped our flourishing economy—why not the same web strategy?

What you want is to provide as much service as you can to your web clients so they will keep coming back for more and more service and, potentially, products. The service you are providing can be a powerful differentiating tool for your product line.

## Parts

What should be sold on line is often a big question for area firms, as well as how to sell it. Should it be sold by product line, or all together? Should we sell parts and not machines, or both? Should we sell wholesale and retail? Won't we be in competition with our customers? How should we design the site if we are representing more than one line with different styles or promotional strategies? Are the buyers the same for parts and machines? Will our customers even use the site?

The reason for separating our parts is that, for some firms, it is a far stretch to imagine that people will get out their platinum card and order a \$500,000 machine. However, people in operations may be ordering parts, as needed, that cost \$5 to \$5,000 for the same equipment. Could those transactions be on line and be handled automatically over the web? Think of the cost savings by not involving salespeople.

Imagine your power to improve sales by keeping information up to date. A plant manager or technician can log on and find the part, order it and download all the detailed instructions needed. Better yet, you may get another sale of complementary things that are needed for the installation.

## Product Sales On Line

For many of Greater Grand Rapids area firms, this is a huge step to contemplate. However, we can look at some of our major companies and observe that they are managing in a variety of ways. Furniture companies realize the need for flexibility offered by on-line systems that can match production and inventory to the needs of customers. There is a whole area of supply-chain management that could be discussed here.

The automotive industry is rushing headlong in this direction as the Big Three attempt to learn more and more using the power of the web. How ready are you to play in this area? Can your customers do the following?

- Place orders
- Track orders
- Pay on line
- Change information

If your customers cannot do these things, why not? This is the direction that we are all moving because of the efficiency of the system. This empowers your customers to be in touch when they have a need. It empowers them to get the information they want and to take action when they are ready.

If you are using it correctly, you may be able to get a lot of information about your customers. You can learn much more about their buying habits with the power of the web than you ever thought possible.

## Productivity

Productivity seems to be what it is all about. The reason for failure of some of the dot-coms is that they were not truly able to provide a more efficient way to deliver the product or service to the market. For those of us in business in G.R., there are three productivity factors to be watched. You should be able to see the changes on the web for your industry if you stay tuned.

### Productivity in Sales

The Internet provides the opportunity to greatly increase the productivity to the sales force. All of a sudden, they can be selling 24-7/365. What an opportunity to have your sales office open all the time all around the world. One of our local firms is doing business at the rate of almost \$25,000 a month from a website, basically selling what it produces at retail instead of through a channel.

---

Links with related products can also help to bring greater efficiency to the sales effort. Similarly the ability to keep the message fresh has the potential to increase the sales returns.

### ***Productivity in Marketing***

Imagine being able to have much more information on your customers at the push of a button. This is quite possible with the use of the Internet and a web site. Continuous research might be a way of talking about the information available off the web site on each customer. While many have focused on the sales of Internet customers, many have ignored the potential productivity from understanding the customers and what they want.

At Seidman on a number of occasions we have been able to use the Internet to put something out for customers to react to in a short period of time. This kind of quick feedback empowers a firm to react quickly and efficiently.

### ***Productivity in Manufacturing***

#### **Technology**

The world is full of technology. One way to harvest it is on the Internet. Computers combined with the Internet will give us the capability to dramatically increase productivity. This is the challenge and the opportunity. Can you do more efficiently in order to be competitive?

After the shake-out of the dot.coms, the future appears to focus on productivity increases to be generated by using technology combined with the Internet to increase productivity.

### **China and India**

Are you ready for the increasing impact of half the world's population, as represented in China, India, Indonesia, and the rest of developing Asia, to come on line in your industry? How does this relate to the Internet? It relates because now they can compete with you as they appear on the screen of the buyer at your customer's office. What is the advantage, since they are so far away? New Technology added to very low labor cost! This means you are challenged to increase your productivity. A few years ago China, in particular, was thought to be incapable of producing equipment up to the level required by U.S. suppliers, but all that is changing rapidly. The competition is here and may soon be challenging your business. Are you ready? It is the Internet that will provide these firms the access. Are you there to bid against them?

### **Conclusion**

You need to be active on the Internet. You need to learn to blend the technology of how to use the tool with the marketing strategies based on what your customers need and want. This is your opportunity to create efficiency. Where on the Internet will your customers look? How will they search? What search engines will they use? What key words will they search on? How will they evaluate their decisions? What will drive them to purchase?

Many Greater Grand Rapids area firms have only started on their journey. This is a great opportunity and a great challenge to all of us. The key is a customer-focused strategy using technology for an increase in productivity.