



Internet and E-Business

The Internet offers radically new possibilities for conducting business more efficiently. Just look at what you can do now that you couldn't have done (or done easily) before:

- You can display much more information about your company and products—and sell them—on a web site operating 24 hours a day, 7 days a week.
- You can purchase more effectively because you can use the Internet to identify more suppliers, put out requisitions online, buy on market exchanges, and hunt for bargains on online auction markets and used goods markets.
- You can place orders, transact, and make payments to suppliers and distributors faster and at a lower cost by setting up extranets with your partners.
- You can recruit more effectively using online job listing services and e-mail interviews.
- You can supply better information and training to employees and to your dealers through the Internet.
- You can set up an intranet to facilitate communication among your employees, as well as between them and headquarters and your mainframe computer. The intranet can feature

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newsletters, personnel information, product information, e-learning modules, company calendars, and so on.

- You can promote your products over a much broader geographical area.
- You can more efficiently research markets, customers, prospects, and competitors by tapping into the wealth of information on the Internet and by carrying out focus groups and surveys on the Internet.
- You can send ads, coupons, samples, and information to requesting or targeted customers.
- You can customize offerings, services, and messages to individual customers.
- You can substantially improve your logistics and operations using the Internet.

The Internet provides a brilliant new platform for communicating, buying, and selling. Its benefits will only grow over time. Business leaders have lauded its potentials:

- Jack Welch of GE admonished his people to produce more than a web site: **“Embrace the Net. Bring me a plan how you are going to transform your business beyond adding an Internet site.”**
- John Chambers, CEO of Cisco, aims to Web-ify Cisco’s entire business: **“Every customer interaction provided by a Cisco employee that does not add value to the business ought to be replaced by a Web-based function.”**
- Bill Gates, chairman of Microsoft, sees the Internet as indispensable to companies: **“The Internet is not just another sales channel. The future company will operate with a *digital nervous system*.”**

By embracing the Internet early, companies have greatly reduced their costs compared to late-adopting competitors:

- Dell, by selling customized computers through low-cost telecommunications and Web channels, has a much lower cost of doing business than HP/Compaq, IBM, and Apple. Dell has grown at twice the rate of the rest of the industry and is now the leading personal computer seller in the United States.
- GE claims to have saved hundreds of millions of dollars of its purchasing budget by establishing its Trading Process Network and requisitioning products over the Internet.
- Oracle ran an ad claiming to have saved over a billion dollars by using its Internet-based systems in running its own business.

Although the main benefits of the Internet are many and varied, it was e-commerce and not the other applications that caught most of the public's attention. E-commerce meant the opportunity to convert the Internet into a selling channel. E-commerce dot.coms started by selling books, music, toys, electronics, stock buying, insurance, and airline tickets, and soon added furniture, large appliances, home banking, home food delivery, consulting, and almost everything else. The new dot.coms instilled fear in every store-based retailer. Would the availability of online products spell the kiss of death for stores?

Smart store-based retailers such as Barnes & Noble, Wal-Mart, and Levi's took no chances and set up separate online sales channels. Instead of staying only "brick and mortar," they moved to "brick and click."

But many dot.coms collapsed in the late 1990s, having made the mistake of collecting "eyeballs" instead of revenues. One dot.com start-up told the venture capital supplier: "Revenues are a distraction that I cannot afford." These dot.coms lacked not only an e-business strategy but even a business strategy.

No wonder so many dot.coms turned into dot.bombs. When the dot.com bubble burst, many store-based businesses gave a sigh of relief. Yet smart retailers and businesses did not ignore the potentials of the Internet and added an online presence.

Every company needs a web site today that reflects the company's quality. One warning: Don't let your web site be designed by a techie who wants to illustrate his or her technical prowess. Customers can't wait for all the downloading of pretty pictures. They want information, not show time. They want a fast download, a clear and uncluttered initial screen, easy passage to other screens, clear information, an easy ordering procedure, and no intrusive advertising.



Leadership

All managers should be leaders, but most are administrators. If you are spending most of your time on budgets, organization charts, costs, compliance, and detail, you are an administrator. To become a leader, you need to spend more time with people, scanning opportunities, developing a vision, and setting goals.

Your chief executive officer (CEO) should be the firm's architect; and your chief operating officer (COO) should be the firm's engineer who optimizes within the firm's architecture. To do their respective jobs well, both should have selling skills. They need to sell their ideas to their investors, peers, and staff. Leaders need to be teachers and teach others to be leaders.

Bad managers, in contrast, rely on command and control to get their ideas carried out.