

Unit VIII: E-Customer Relation Management, E-Supply Chain, E-Strategy and Knowledge Management

E-CRM (Electronic Customer Relation Management):

Introduction to E-CRM:

CRM is defined as the aligning of business strategy with the corporate culture of the organization, along with customer information and supporting information technology of the customer interactions that promote a mutually beneficial relationship between the customer and the enterprise.



Customer relationship management (CRM) is an approach to manage a company's interactions with current and future customers. It often involves the use of technology to organize, automate, and synchronize sales, marketing, customer service/feedback, and technical support. The link between customer satisfaction and the return on investment is the profit for a company as shown in the figure below:



The Key Objectives of A CRM Are To:

1. Attract users.
2. Engage users' interest and participation.
3. Retain users; ensure they return to the site.
4. Learn about customer preferences.
5. Relate back to users with customized interactions.

Then, **e-CRM** or **electronic customer relationship management** encompasses all the CRM functions with the use of the net environment i.e., intranet, extranet and internet.

E-CRM Solutions:

E-CRM concerns all forms of managing relationships with customers making use of information technology (IT). E-CRM includes enterprises using IT to integrate internal organization resources and external "marketing" strategies to understand and fulfil their customers' needs.

With the integrated information, E-CRM intra-organizational collaboration can be more efficient to communicate with customers. Thus, in contrast to CRM in which Contact with the customer is made through the retail store, phone, and fax, in e-CRM, all of the traditional methods are used in addition to the Internet, email, wireless, and PDA(Personal Digital Assistant) technologies.

With the advancement in the technology and through the use of the internet, enterprises have found new ways to interact with their customers through an electronic channel, or the e-channel. With consumers buying everything, from groceries to automobiles, on the

internet and businesses beginning to shift their purchasing activities to industry-oriented virtual marketplaces, **the characteristics of customer interaction are constantly changing.**

E-CRM solutions are especially valuable to companies that face the following circumstances:

- a. Business Is Driven By Mission-Critical Customer Service Requirements
- b. Current Costs For CRM Run High
- c. Large Volumes Of Information Is Distributed
- d. Complete Customer Care Solution Is Needed.

E-CRM solutions can be deployed and managed to provide increased revenues and decreased costs for companies while improving customer service. E-CRM strategy can be viewed in three stages as follows.

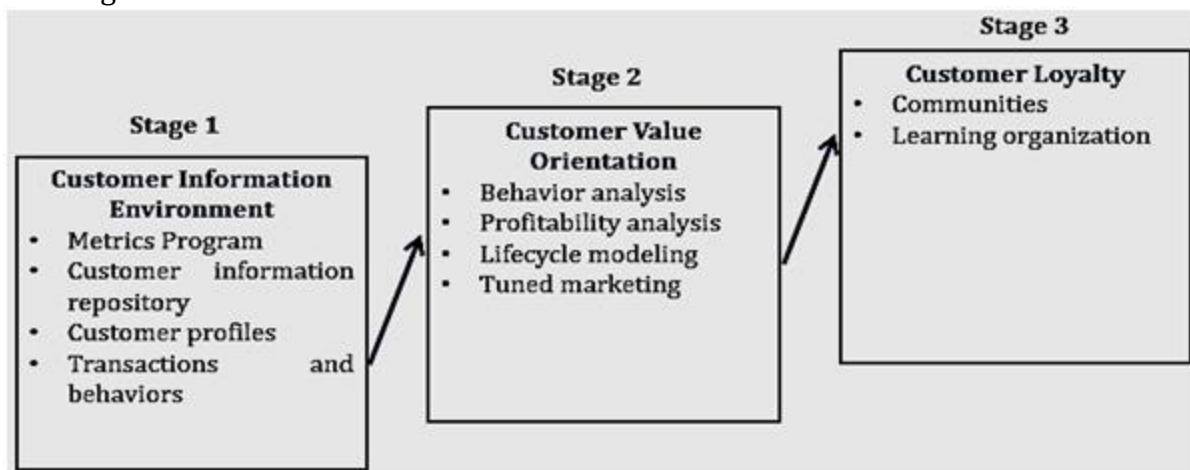


Fig: E-CRM Strategy

Stage 1: Customer Information Environment:

The customer information environment consists of Metrics programs, Customer information repository, and monitoring customer behaviours. It includes building up of a customer information environment and acting on it from the starting point.

Stage 2: Customer Value Orientation

Customers want value for their money. Customers believe that they get value when the perceived benefits they receive from something exceed the costs of owning it.

Stage 3: Customer Loyalty

The focus on the third stage is on the integration of the internal process of the an organization with the customer in creating a community. Companies today are focused on the most critical business challenge to attract and retain customers. Their focus is on the integration of the internal process of the organization with the customer in creating a community.

E-CRM Toolkits:

For customer management across the online business, it requires the e-CRM product to fulfil the following criteria.

1. Content:

Is the a system delivering the contents a customer wants to see? How is it being managed on the IT platform?

2. Storefront and Merchandising Services:

With large numbers of visitors failing to complete the transaction at the checkout, it is needed to ensure that your storefront services propel your customers to the cashpoint.

3. E-mail Management:

Are e-mail campaigns focused to provide an offer that customer cannot refuse? How are these tied in with websites so that customers enjoy a flawless experience?

4. Customer Management:

Is the company managing data across all the sales and marketing functions to its best?

5. E-Marketing:

How well, are e-marketing efforts targeted? How well do they combine with online selling operation?

6. Assisted Selling:

Assisted selling enhance the shopping experience and achieve business success. One such example is by the Dell business model. An Assisted Sales team may provide a dedicated team to the manufacturer trained experts in its products, constantly interacting with Retail Sales Associates, Store Management, and shoppers. So, it requires to identify what assisted selling approach will work best for any company.

Through assisted selling, it can help business organizations to facilitate customers in

- a. Understanding their unique needs, spending thresholds, and lifestyles
- b. Demonstrating deep, practical knowledge of the product and its features
- c. Recommending the most suitable option
- d. Answering product questions
- e. Overcoming objections
- f. Suggesting relevant product add-ons or upgrades



Fig: E-CRM Toolkits

Typical Business Touch-Points:

Business touch-points are the points of contact through which businesses reach their customer. Typical business touch-points from a consumer perspective include:

- a. Media:** TV, Radio, Newspaper And Flyers;
- b. Physical:** The Physical Plant, Such As A Showroom Or Retail Outlet;
- c. Personal:** Direct People Contact, Including Salespeople And Customer Representatives;
- d. Mail:** Correspondence, Bills, And Payments Through Postal Service;
- e. Phone:** Telephone Communications With Sales, Marketing, And Customer Service Representatives;
- f. Fax:** Facsimile Communications, Including Quotes And Invoices;
- g. E-Mail:** Communications Via Computer Regarding Orders And Services; And
- h. Web:** Information and Ordering Through the Web.

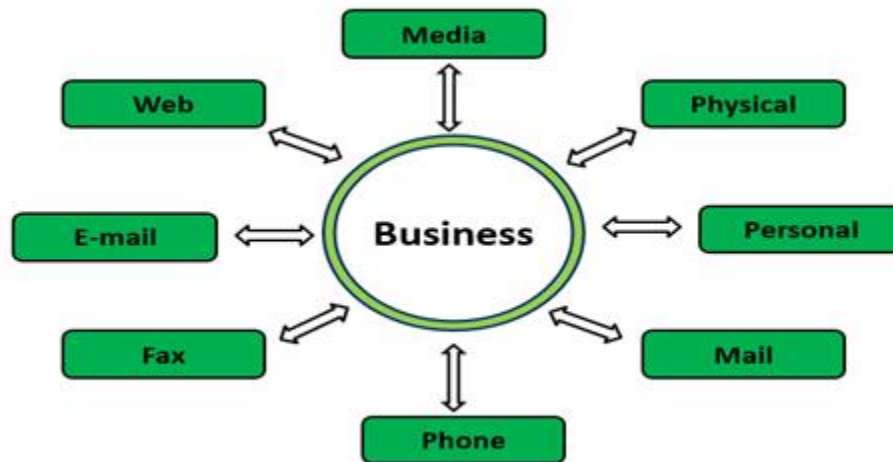


Fig: Typical Business Touch-Points

Managing Customer Value Orientation & Life Cycle:

The CRM industry has matured rapidly over the past few years. The scope of internal operation related to customer communication has widely extended. The scope of traditional front office marketing, sales and service operations have been extended to a new horizon. Further with e-CRM, new markets have been rapidly identified and the businesses have achieved new touchpoints such as the Web. Online or offline, client/server technology is one of the major factors.

The e-CRM solutions can be grouped into two categories: **Web-based solutions** and **Web-extended solutions**.

A **web-based application** is one that uses native web protocols for displaying information to a user, and allowing for data entry and reporting. It utilizes the Web as part of their platforms. The Web-based CRM solutions are designed from the bottom up, exclusively for the Internet. These are very innovative products, initially focused on the sales(e-commerce) function. It has possibilities for adding more marketing and service capabilities.

Business applications that were designed for direct PC installation is further made available via a web browser to users across the enterprise. This is called **web-extended application**. The Web-extended CRM solutions are established (primarily client/server-based) CRM suites, originally designed for enterprise users with extensions, to include web-interface functions.

The Three Phases Of CRM:

1. Acquisition:

New customers are acquired by promoting product/service leadership that pushes performance boundaries concerning convenience and innovation. The value proposition to the customer is the offer of a superior product backed by excellent service.

2. Enhancement:

Relationship can be enhanced by encouraging excellence in **cross-selling and up-selling**, which deepens the relationship. The value proposition to the customer is an advantage with greater convenience at a low cost (one-stop shopping)

An **upsell** is to get the customer to spend more money, buy a more expensive model of the same type of product, or add features/warranties that relate to the product in question.

A **cross-sell** is to get the customer to spend more money, buy adding more products from other categories than the product being viewed or purchased.

The terms cross-sell and upsell are often used interchangeably. Let's assume a customer is viewing a 4GB iPod Nano for \$169.

8 GB iPod Nano, \$229 -> Upsell, same product family, more expensive
8 GB iPod Touch, \$299 -> Upsell, same product family, more expensive
16 GB iPod Touch, \$399 -> Upsell, same product family, more expensive
Apple In-Ear Headphones with Remote and Mic, \$79 -> Cross-sell

3. Retention:

It is more important to hold the existing customers rather than just to acquire new customers. Retention focusses on service adaptability i.e. it delivers not what the market wants, but what the customer want. The value proposition to the customer enhances a proactive relationship that works well with the best interest of the customers.

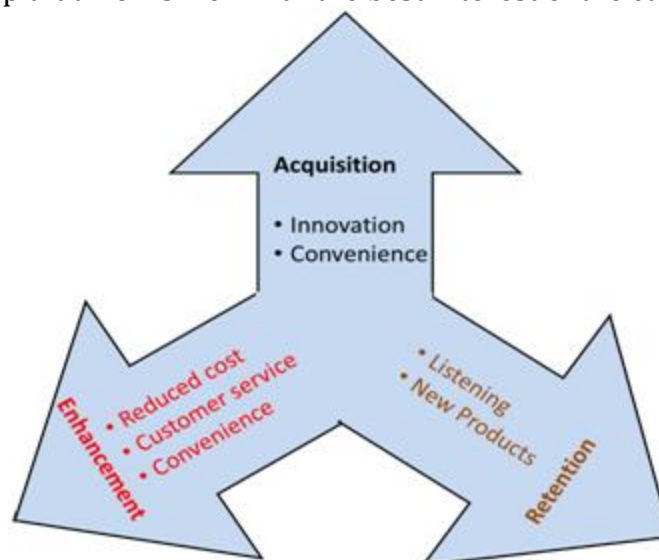


Fig: Three Phases of CRM

Customer Life Cycle:

At this stage, when CRM (and thus e-CRM) has contributed towards accomplishing the most mission-critical function of leading businesses, it has primarily played a role in attracting and retaining customers. Customer retention now has replaced cost-effectiveness and cost-competitiveness as the greatest concern of business executives today. It has been found that it costs five to ten times more to get new customers than to retain the existing ones.

For any enterprise, its capabilities can be categorized as;

1. Operational, Tactical or Strategic Capabilities, And
2. Acquisition, Retention and Expansion Of The Customer Relationship

To achieve these capabilities, from the customer's perspective, it is necessary to realize how the customer interacts with the enterprise over time, as the enterprise:

1. Acquires the initial customer relationship
2. Works to earn the customer's persisting loyalty; and
3. Expands the relationship to gain a greater share of each customer's purchasing potential.

These activities represent a cyclical process of interactions between each customer and the enterprise, represented as the Customer Life Cycle (CLC). The customer life cycle is thus a term used to describe the progression of steps a customer goes through when considering, purchasing, using, and maintaining loyalty to a product or service. Using CLC as a tool, we can see how CRM capabilities affect customer interactions at various points in the life cycle as shown in the figure.

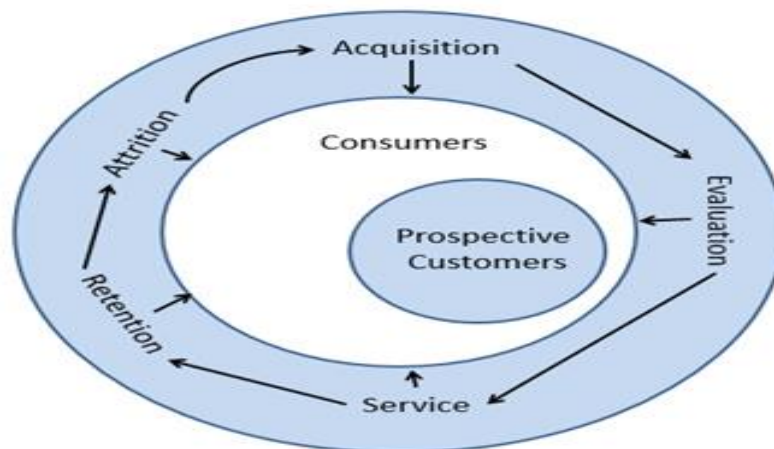


Fig: Customer Life Cycle

E-SCM (Electronic Supply Chain Management):

Introduction To E-SCM:

SCM is the management of the flow of goods and services. It includes the movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption. Supply chain management involves coordinating and integrating these flows both within and among companies.

The ultimate goal of any effective supply chain management system is to manage the flow between different stages to maximize productivity and minimize stock-outs or overstocking (with the assumption that products are available when needed).

Supply chain management flows can be divided into three main flows:

- a. The Product Flow** includes the movement of goods from a supplier to a customer, as well as any customer returns or service needs.
- b. Information Flow** involves transmitting orders and updating the status of delivery.
- c. The Financial Flow** consists of credit terms, payment schedules, and consignment and title ownership arrangements.

E-SCM may be described as the integrated approach for planning and controlling the flow of materials from suppliers to end-users using Internet technology. E-SCM refers to the complex network of relationships that organizations maintain with trading partners to source, manufacture and deliver products. It creates the organizational integration mechanisms on the internet such as discussion groups, Web forums and video conferencing that makes the e-chain processing more efficient.

The e-SCM utilizes all forms of network i.e. intranet, extranet and internet. In an **intranet**, it maintains the internal network and communications within the boundaries of a company. In an **extranet**, which connects participating companies, either customers or suppliers, a customer could have access to the ERP (Enterprise Resource Planning) system to know, for instance, his order status, while the supplier could access inventory data to support the

automatic replenishment process. With the **internet**, a company could publicize its products/services and also accept online orders from its customers.

Supply Chain:

A Supply Chain is a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities involve the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end customer. Thus, it is a process umbrella under which products are created and delivered to customers.

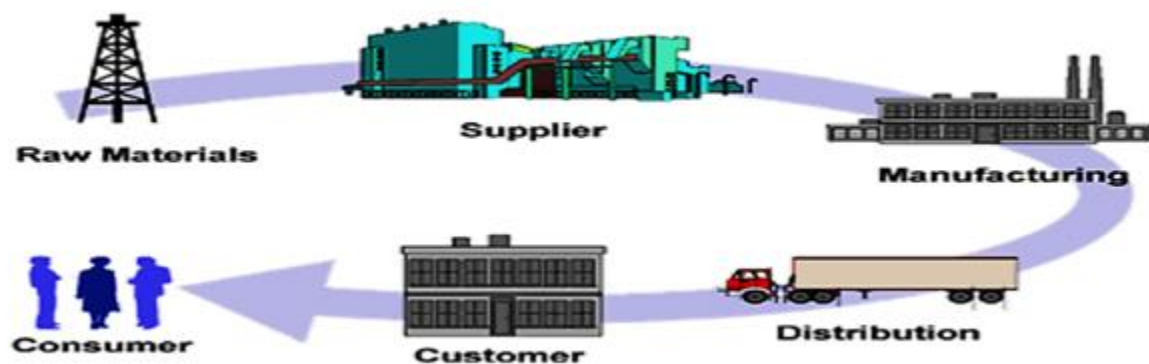


Fig: Supply Chain

The organizational process of making the product and selling it stands between supply markets and the customer markets. However, in the old way of doing things, the following seven processes were not integrated.

1. Procurement Planning
2. Production Planning
3. Demand Planning
4. Inbound Logistics
5. Capacity Utilization
6. Distribution Of Products
7. Customer Service

In the old way of managing supply and information flow, these seven processes were not integrated, and thus were conducted as separate processes.

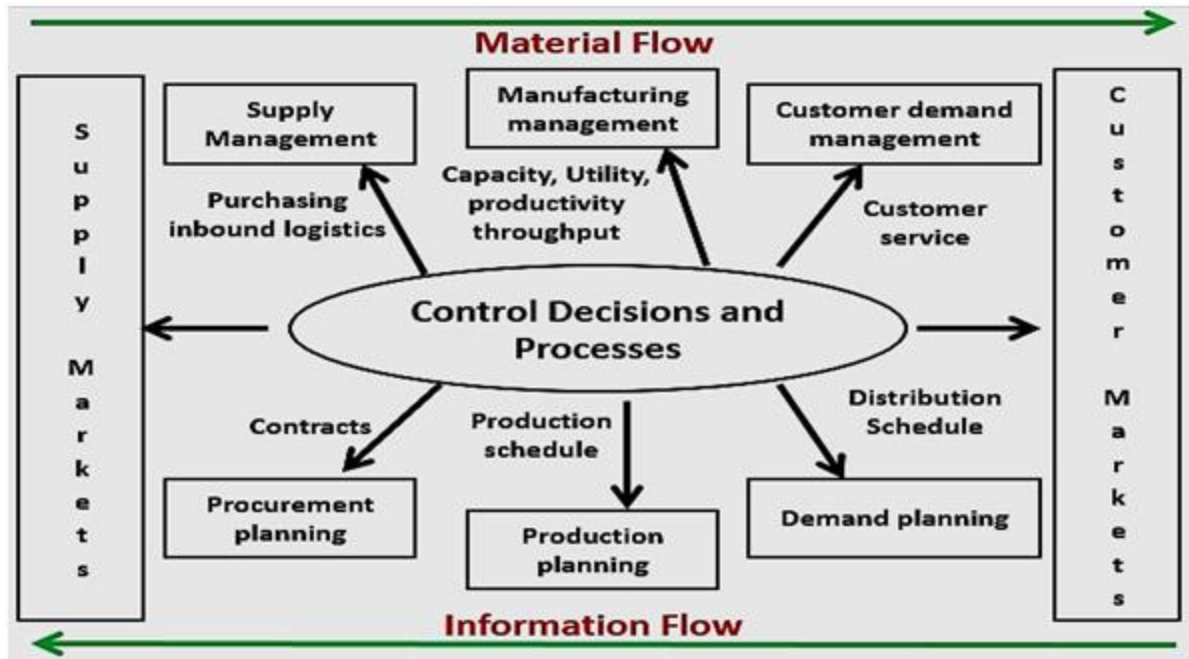


Fig: The Old Way of Managing Supply and Information Flow

The New Way:

As in the traditional way of the supply chain, there was no integration of the supply chain processes, the new method of the supply chain has incorporated the use of electronic means. The e-supply chain links the customers and suppliers throughout the world, exchanging information almost instantly.

It is the requirement of any supply chain process that *it should provide the right amount of relevant information to those who need to know it when they need to know it and in the form in which they should receive the information.*

The new methods have also provided faster access to the relevant supply chain information at low cost. It has resulted in higher quality decision-making, shorter cycle times and better customer service.

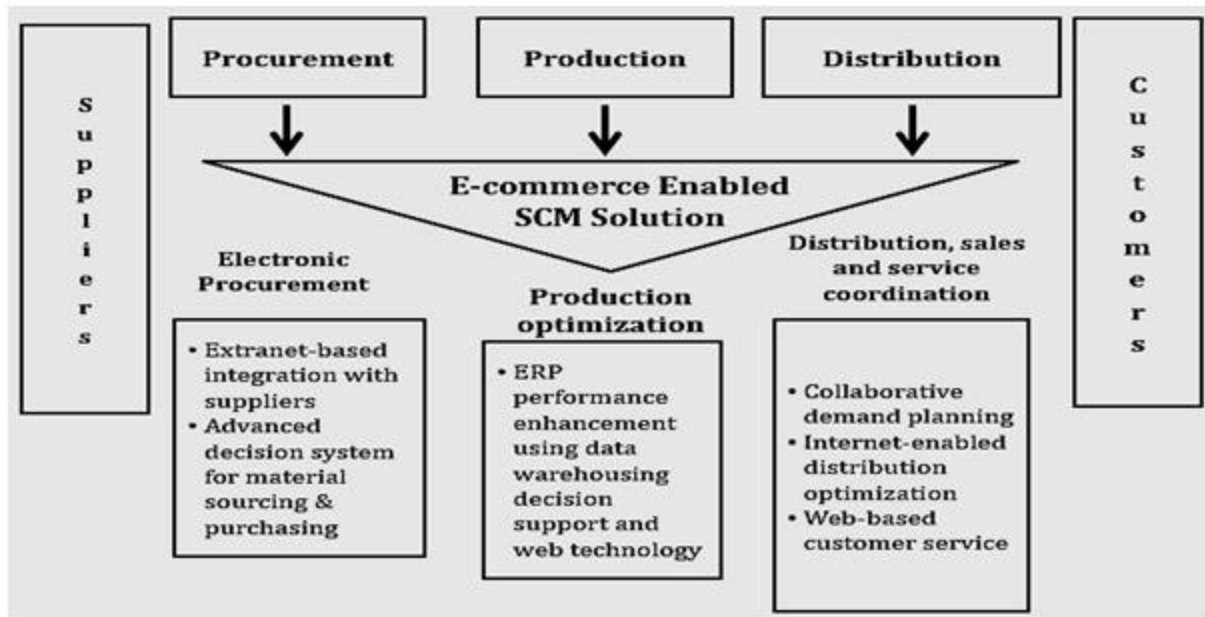


Fig. The New Way of Managing Supply Chain

Objectives of Supply Chain Management:

Before going through the e-supply chain, companies need to know why they are adopting it. Companies then need to fulfil the objectives of SCM, which further can be advanced with the use of latest technology to e-SCM. For e-SCM, the objectives could be marked with thorough and appropriate answering to the questions as follows:

1. What business opportunities are available for us to improve market presence, sales, cost of operation, service, communication, and so on?
2. Do we know and understand our supply chain priorities?
3. How should we structure web-enabled linkages with our customers and suppliers for pre-eminent supply chain performance?

4. What e-supply chain approaches can we appropriately invest in for near and longer-term business performance gains?
5. Do we have an executive-level champion providing the necessary linkage to top management for effective implementation of e-supply chain management?
6. Have we carefully defined an action plan for pre-implementation preparation activities?
7. What are the missing technical links in our current system or our choice of software?
8. What planning and implementation tasks will be accomplished and when?
9. Do we understand the real benefits of an e-supply chain vs. the cost of development?
10. What e-supply chain the strategy will give us the leverage to transform ourselves into the marketplace leaders?

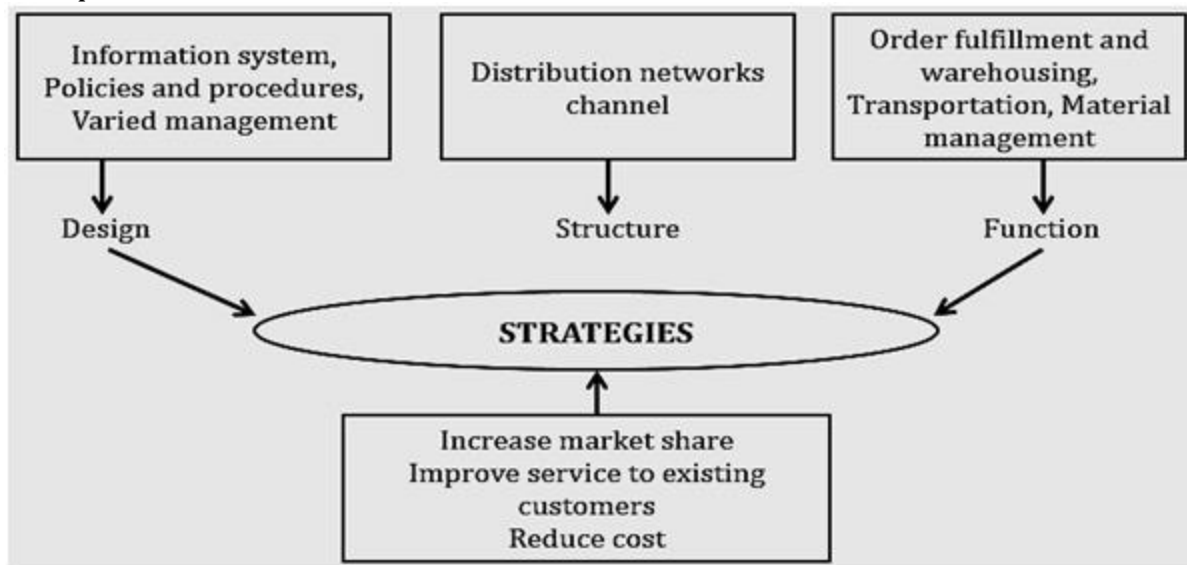


Fig: Objectives of Supply Chain Management

E-SCM – The Strategic Advantage:

E-SCM provides us with numerous real-time benefits. The power of web-based application in e-SCM allows people to communicate mission-critical and real-time information anywhere in the world instantaneously. With the emergence of internet software

applications, it has now become the strategic necessity to optimize a company's supply chain through:

- a. Global Trading Capabilities
- b. Mass Personalization And Customization,
- c. Global Knowledge Exchange,
- d. Collaborative Workflow
- e. Industry-Specific Marketplaces
- f. Enterprise-To-Enterprise Connectivity
- g. Maintain Market Share Growth
- h. Enhance Long-Term Value Of Company Brands

The Major Strategic Advantages of E-SCM Are:

1. Rapid Deployment and Scalability:

The e-SCM suite of applications is based on an "open" Internet application architecture that provides enterprise-wide scalability and rapid deployment to numerous end-users.

2. Real-Time Processing:

E-SCM creates an open, an integrated system that addresses the complex e-business and supply chain management needs and requirements by allowing the exchange of "real-time" information to take place with employees and their trading partners (customers, suppliers distributors, manufacturers) regarding product configuration, order status, pricing, and inventory availability. *This "real-time" data enables users to make informed ordering, purchasing and inventory decisions, and thereby enhances the quality and scope of customer service.*

3. Return on Investment:

In addition to increasing productivity and reducing overall operating expenses, e-SCM maximizes selling opportunities by capturing valuable customer information on their buying patterns, frequency of visits, preferences, and order history. It then uses this information for

up-selling, cross-selling and promotional opportunities. E-SCM provides the toolsets to achieve new business by reaching out to customers that we never could before.

Benefits of e-SCM:

- a. It is Web-based (client and server), not web-enabled.
- b. It incorporates broadcast and active messaging to proactively notify an individual of a condition that requires attention.
- c. It supports the exchange of “real-time” information through trading communities such as employees, customers, suppliers, distributors, manufacturers.
- d. It has open Internet Application Architecture which allows for rapid deployment and scalability, combining unlimited internal/external users in a “real-time” environment.
- e. It has an interface capability with any third-party software.
- f. It is platform-independent.
- g. It is a fully integrated system.
- h. It has Web visibility and processing capability – 24*7.
- i. It is rules-based.

E-Supply Chain Components:

1. Advanced Scheduling and Manufacturing Planning Program:

The automated program provides detailed coordination of all manufacturing and supply efforts based on individual customer orders. Scheduling is based on real-time analysis of changing constraints throughout the process, from equipment malfunctioning to supply interruptions. Scheduling creates job schedules for managing the manufacturing process as well as logistics.

2. Demand Forecasting Program:

It supports a range of statistical tools and business forecasting techniques. It constantly takes into account changing market scenarios and economic factors while making decisions.

3. Transportation Logistics Program:

It facilitates resource allocation and execution to ensure that materials and finished goods are delivered at the right time and at the right place, according to the planned schedule, at a minimal cost. It considers variables such as transportation mode and availability of each mode such as airlines, trains, and trucks.

4. Distribution Planning Program:

This module is integrated with demand forecasting, manufacturing schedules and transportation logistics to reach the customer

5. Order Commitment:

The order commitment is linked to all the other modules so that accurate delivery of goods and services can be guaranteed.

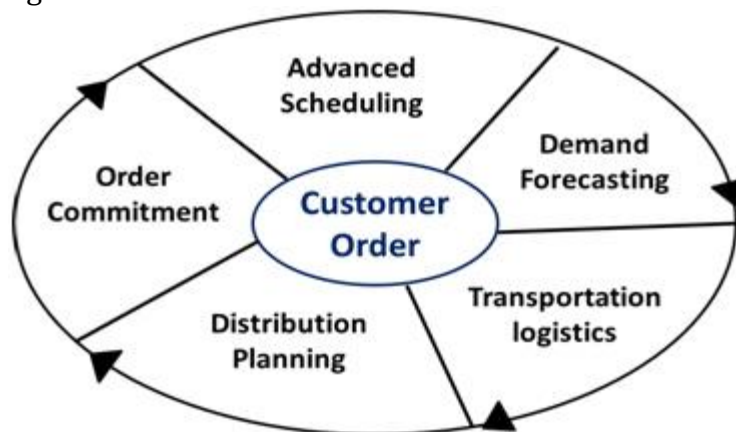


Fig: E-SCM Components

E-Supply Chain Architecture:

The initial supply chains consisted largely of separate legacy applications at the headquarters, factory, store, and distributed levels. They targeted only distinct levels of supply chain and not the entire supply chain levels. With the evolution of the new concept of

the supply chain i.e. the e-Supply Chain, it has recommended three-tier architecture for the supply chain through which the supply mechanism has advanced to new levels of speedy, reliable, collaborative and efficient services.

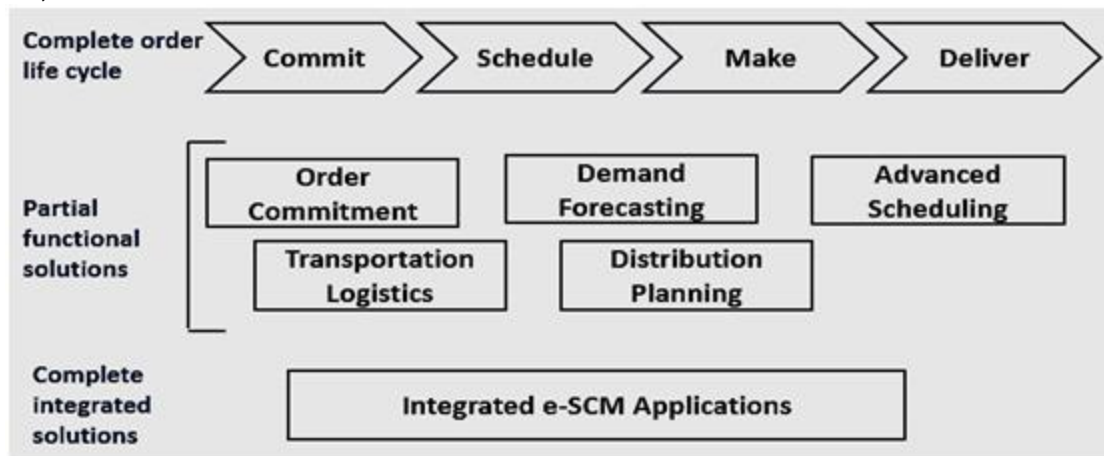


Fig: E-Supply Chain Architecture

It is obvious that for products related to food and other quick-turnaround businesses, customers look for companies that serve them fast. Thus, companies must reduce the processing time between search, selection, order entry, and order fulfilment to achieve success in the business.

E-Strategy and Knowledge Management: Introduction to Knowledge:

Knowledge can be defined as processed and meaningful inferences derived from available information. Knowledge, in other words, can be defined as “information in use” as knowledge cannot exist without information. Knowledge can be of two types: **Tacit and Explicit Knowledge**.

Explicit Knowledge can be expressed in words and numbers, and easily communicated and shared in the form of hard data, scientific formulae, codified procedures or universal principles.

Tacit Knowledge, on the other hand, is not easily visible and expressible. It is highly personal and hard to formalize, making it difficult to communicate and share it with others. Tacit Knowledge includes subjective insights and intuitions.

Knowledge Management:

Knowledge Management can be defined as the capability of a company as a whole to create new knowledge, disseminate it throughout the organization and embody it in products, services, and systems and raise its intellectual capital. It develops solutions that help capture, analyze and control explicit and tacit knowledge. It makes the process of knowledge sharing more effective through the knowledge document, process and rules, which could be done in the form of information technology.

The Various Technologies Used For Knowledge Management Are:

- a. Data Warehouse
- b. Groupware
- c. Workflow Management Systems
- d. Distribution via Internet/Intranet
- e. Web Mining

The Different Stages In Knowledge Management Is As Shown In The Figure Below:

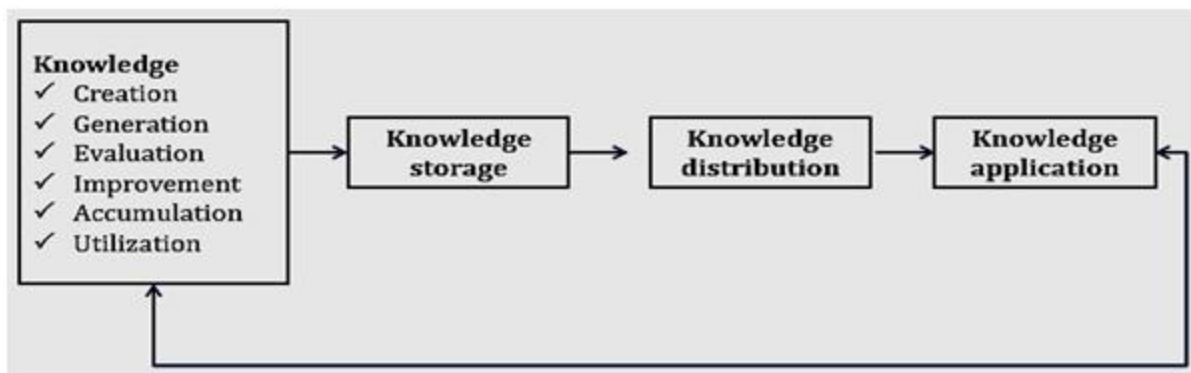


Fig: Stages of Creation of Knowledge Management

General Objectives of Knowledge Management Systems;

- a. **Improve Learning and Foster Innovation**, by streamlining information access and retrieval, putting content in context.

b. Enhance Information Organization, thus allowing enterprises to maximize the value of information, deliver products and services faster, and provide users with rich knowledge discovery.

c. Protect Knowledge Assets to reduce the duplication of work and to enable organizations to identify knowledge gaps.

d. Automate knowledge management

Importance of Knowledge Management:

a. The marketplace is increasingly competitive and the rate of innovation is rising, such that knowledge must evolve and be incorporated at an ever-faster rate.

b. Corporations are organizing their businesses to be focused on creating customer value. Staff functions are being reduced, and management structures are being pruned to bring in greater flexibility.

c. Competitive pressures are reducing the size of the workforce which holds this knowledge.

d. Knowledge takes time to acquire and mature. Employees have less and less time for this.

e. There are chances that experts may leave the organization or retire, leading to a loss of knowledge.

f. There is a need to manage increasing complexity, as more and more companies are becoming transnational in nature.

g. Loss due to high employee turnover in knowledge industries can be minimized.

h. Reduction in training cost for new employees.

i. Avoid duplication of efforts and reduce repetition of mistakes.

Knowledge as a Key Business Asset:

Organizational resources can be divided into two categories: **Tangible and Intangible**.

Typically, business assets are valued with tangible assets such as property (buildings or lands), machinery, cash, vehicles and so forth. The tangible assets do not include the value of the workforce (workers or employees), their knowledge or expertise, the way they use computer systems along with other intangible assets such as customer loyalty, brand, goodwill, intellectual rights and so on.

At recent times, more businesses are evolving based on the intangible values. We are now living at the information age where knowledge is considered as the key asset of any business. Thus the followings are considered as the **knowledge assets** for a business organization.

- a. Structural Assets
- b. Brands
- c. Products
- d. Patents
- e. Operational Processes
- f. Employee Experience
- g. Customer Relationships
- h. Employee “Know-How”
- i. Personal Relationships

Know-how is a term for practical knowledge on how to accomplish something, as opposed to “know-what” (facts), “know-why” (science), or “know-who” (communication).

Know-how is often tacit knowledge. With the integration of knowledge with the cutting edge technology, business organizations have been highly benefited and extended their reach to gather more loyal customers with more market share coverage. Knowledge is a source of a sustainable advantage as knowledge assets grow with use.

Changes in Global Business Economy:

Current business processes have been widely changed and have become more significant with the use of information and communication technologies. With the evolution of

computer networks and telecommunication technologies, this has enabled new organizational forms to develop e.g. networked organizations, virtual organizations and e-business.

Information and business activities have flourished throughout the globe. Communication is possible within and outside organizations as well. Business updates can be logged instantaneously at the point of change at real times.

Business transactions with internal business operation and payment systems have been made more flexible, convenient, secure and reliable with use new technologies. All these have led to wide market share and more revenue generation throughout the globe.

Changes in Business Application:

Business software or business application is any software or set of computer programs that are used by business users to perform various business functions. The essential motivation for business software is to increase profits by cutting costs or speeding the productive cycle. These business applications are used to increase productivity, to measure productivity and to perform business functions accurately.

Some of The Previous Business Application Software Include:

- a. CAD-CAM software (during the 1980s)
- b. Project management software
- c. Word processor like Word Perfect business software and Microsoft Word software
- d. A spreadsheet program such as Lotus 1-2-3, and later Microsoft Excel

Besides these, there are many other packaged as well as customized software applications.

With frequent change in the business requirement, technology and integration of both, the modern business environment has led to a new paradigm with ***dramatic increase in productivity, operation highly automated, instant responses to the changing market needs, flexibility to data, information and product access through network, efficient decision making and better customer services.***

It now has its inclusion in all sizes of business: **Small, Medium or Large.**

Small Size: Home Accounting Software, And Office Suites.

Medium Size: Accounting, Groupware, Customer Relationship Management, Human Resource Management Systems, Outsourcing Relationship Management, etc.

Large Size: Enterprise Resource Planning, Enterprise Content Management (ECM), Business Process Management (BPM) And Product Lifecycle Management.

These applications are extensive in scope, and often come with modules that either add native functions, or incorporate the functionality of third-party computer programs.

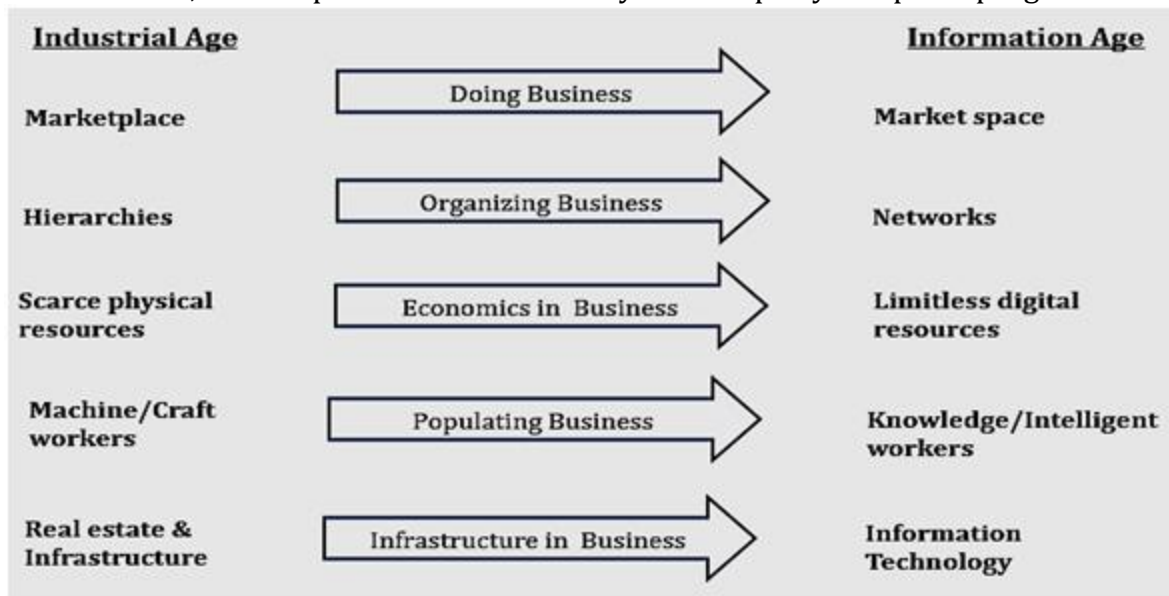


Fig: Changes in Business Application

Information and Strategy:

Information can be defined as the processed data that derives certain meaning in the context in which it is used. Information is valuable because it can affect behaviour, a decision, or an outcome. For example, if a manager is told his/her company's net profit decreased in the past month, he/she may use this information as a reason to cut financial spending for the next month.

A piece of information is considered valueless if, after receiving it, things remain unchanged. Every business today is an information business. In the information age, business organizations have utilized information to develop new strategies through which they could plan long term objectives and achieve optimum benefits.

Businesses using information do not only plan to achieve the desired objectives, rather extend opportunities by reusing or reallocating resources to implement the policies and plans, projects and programs.

Further with the integration of e-strategy, they could enhance the business processes to raise market share, better customer service and highlighted branding of the product. The business strategy could be planned for the information system, an information resource, information management and the information technology.

Information Strategy Framework:

1. Information Systems Strategy:

The *Information systems (IS) strategy* is concerned with “What” sort of systems do we need for operation. It refers to the identification and prioritization of systems or applications for development.

2. Information Technology Strategy:

It varies with the IS strategy as it deals with “How” the desired IS could be developed. It refers to the technology infrastructure or platform based on which the system will be developed.

3. Information Management Strategy:

It deals with “Who” will be involved or responsible for the development and overall operation. It provides information about the roles and responsibilities of leverages in the delivery, support and strategic development of IS and IT.

4. Information Resource Strategy:

It deals with “Where” we can look for the resources for the IS.

5. Organizational Strategy:

All these strategies are influenced by the business or organizational strategy, which is concerned with strategic intent i.e. “Why” and organizational architecture.



Fig: Information Strategy Framework

Seven Dimensions of E-Commerce Strategy:

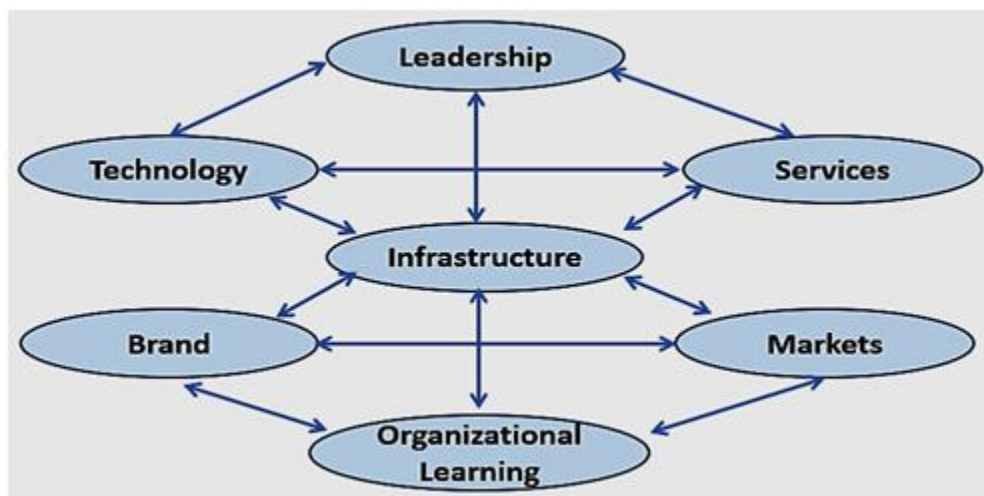


Fig: Seven Dimensions of E-Commerce Strategy

The seven dimensions of e-commerce strategy provide a reference for the systematic examination of the strategic factors involved in e-strategy. The 7 dimensions of e-strategy provide balance to all forms of organizations. It can be well understood through two major focus on:

1. Organization Structure:

Organization the structure is building a block of a successful strategy. It consists of leadership, infrastructure and organizational learning curve.

a. Leadership:

A successful strategy starts with vision and mission statement. This vision comes from corporate leadership. Corporate leadership should keep an open mind about prevailing new technology and should be flexible in changing strategy to tune with an ever-changing world.

b. Infrastructure:

Another a building block of a successful strategy is technology infrastructure. The technology infrastructure has to be adaptive to constant innovation and requirements throughout the organization. The technology infrastructure needs to be cost-effective, secure and manageable.

c. Learning:

The last important portion of organizational structure is organizational learning. An organization needs to maintain and encourage the culture of organizational learning. This prepares the company for adaption of new strategy and introduction of new technology.

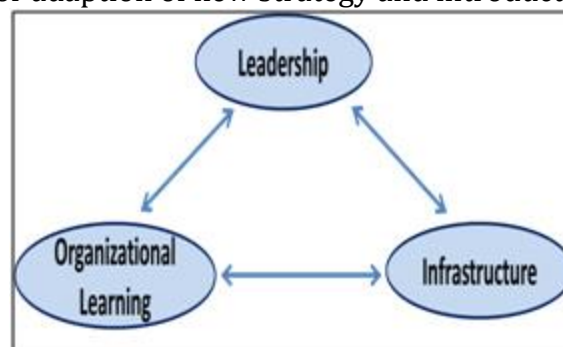


Fig: Organization Structure

2. Organizational Positioning:

The second important factor of e-strategy is the organizational positioning in technology, brand, service and market.

a. Technology:

Technology leadership provides companies with a competitive advantage. Therefore, it is important to identify an emerging trend and invest in that technology solution.

b. Brand:

The Internet has provided an alternative medium through which an organization can benefit from brand development. People are logging onto the internet more than ever. This has provided a golden opportunity for the organization to reinforce its brand leadership or create brand awareness.

c. Service:

Another the dimension of successful organization positioning is service leadership. Service includes providing the customer with delightful experience in pre and post-sales scenario. Delightful service does not translate into revenue immediately but helps in building a relationship, creating brand awareness and creating brand ambassadors.

d. Market:

Organizations have managed to achieve phenomenal growth using the internet. They have assessed market conditions preemptively and responded by providing correct market offering.



Fig: Organizational Positioning

The McKinsey 7S Framework:

Various models of organizational effectiveness have gone in and out of fashion for years, but one that has persisted is the McKinsey 7-S framework. It defines that a firm is the comprehensive sum of its parts and the internal dynamics of an organization clearly determine that organization's ability to compete.

It was developed in the early 1980s by Tom Peters and Robert Waterman, two consultants working at the McKinsey & Company consulting firm (an American multinational management consulting firm). The basic principle of this model is that there are seven internal aspects (identified as 7S) of an organization that need to be aligned if it is to be successful.

The McKinney 7S Framework Is Described As Follows:

1. Strategy:

It is the plan devised to maintain and build competitive advantage over the competition. It refers to the determination of a course of action to be followed to achieve the desired goal, position or vision.

2. Structure:

It is the way the organization is structured and who reports to whom. It defines the inter-relationship of processes and human capital to fulfil the enterprise's strategic objectives.

3. Systems:

These are the organization's information systems and infrastructure through which the organization communicates to its environment. Organization should create flexible systems infrastructure and consider the following three major dimensions;

a. Enterprise Resource Planning (ERP):

ERP is business process management software that allows an organization to use a system of integrated applications to manage the business and automate much back office functions related to technology, services and human resources.

b. Data Warehouses:

Data Warehouse are central repositories of integrated **data** from one or more disparate sources and Data Warehousing is the basis of a knowledge repository that, when used effectively, enables cost reduction strategies to be identified, added-value services to be achieved at a manageable cost, and the delivery of improved data effectiveness within the organization.

c. Knowledge Management (KM):

KM is the process of capturing, developing, sharing, and effectively using organizational knowledge. It refers to a multi-disciplinary approach to achieving organizational objectives by making the best use of knowledge.

4. Staff:

It is the human resources management which includes the employees and their general capabilities. As organizations become more knowledge-based, more value is created for an organization's intellectual assets. At recent times, outsourcing has also been a trend in many organizations for HRM.

5. Style:

It is the style of leadership adopted. It can be defined as a characterization of how key managers behave in achieving the organizational goals, and also the cultural style of the organization.

6. Skills:

It is the actual skills and competencies of the employees working for the company. It can refer to both the technical skills and relationship management skills.

7. Shared Values:

Shared values can be defined as the significant meanings or concepts that an organization utilizes to drive towards a common goal through common objectives and a common value set. To acquire shared values, it is required to provide flexibility in the process, induce lower transaction costs and achieve mass customization for the customers.

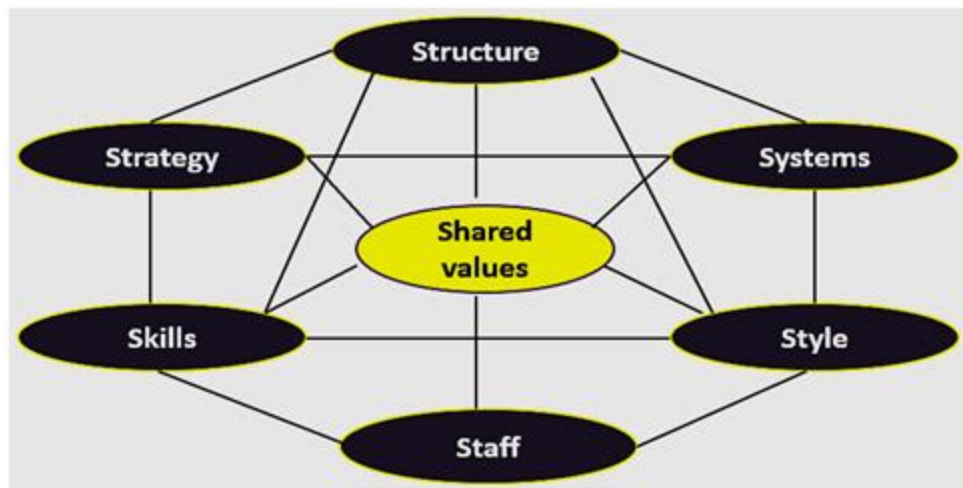


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