
Defining a Web-Enabled Business Strategy

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While anyone can create and implement a web site, operating a web-enabled business is a very different matter. To get there, you need a web-enabled business strategy resulting from re-thinking, re-engineering and re-vamping your business model. Technology must no longer be seen as an operational element but as integral to the success of your business.

Many people mistakenly see The Web as a mere point of information but in fact it's much more than that: advertising medium, distribution channel and customer service vehicle, all presenting wholly new opportunities. Involvement on The Web provides many benefits at once: a global presence, reduction of time to market, minimization of order-processing costs, testing capability for small volume products and an automatic collecting of customer data. Your choice of technology then acts as an enabler, magnifying these results when used wisely.

One inherent element of strategic planning is the identification and definition of data elements (and their sources), required of information systems if they are to fully support the organization's processes. This leads to the development of a "technology architecture," which provides a road map for the organization and guides the decision-making process to take greater advantage of the World Wide Web.

Technology architecture is critical in delivering enterprise-computing systems, providing a control point for managing complexity and for maintaining system integrity. Its unifying and coherent structure systematically organizes people, process and other essential components, and generates rules for growing the system. It protects an enterprise system, typically greater than the sum of its components, from the danger of its complexity exploding unmanageably.

Creating Your Strategic Plan

The creation of a strategic plan has always been an essential ingredient to long-term success. Now, with the explosive growth of the Internet and the dramatic impact it is having on the global economy, strategic planning is an urgent activity. So how can it be effectively done?

The first step is to understand that strategic planning requires a hierarchy of information, beginning with the organization's mission. Based upon your mission statement, a vision for the future can be formed, along with specific goals, and also performance measures developed to track progress towards each goal. This leads next and naturally to the formulation of specific actions to improve performance. A last step is to identify initiatives which will drive your actions and enable you to meet your goals.

Major Components of a Business Strategy

The science of strategic planning requires strong product or service definition as a prerequisite. Once core product or service features have been defined, your strategic plan will lead the way to profitable sales channels and improved operational efficiencies.

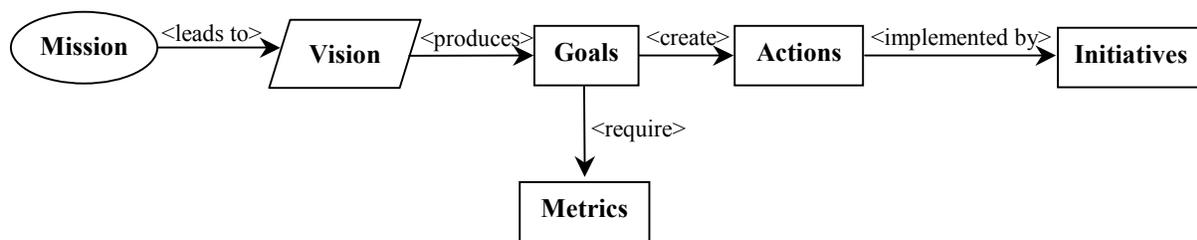
Mission Statement: The creation of a powerful web-enabled business strategy requires a guiding mission statement that **defines and justifies your organization's existence.** Everyone needs to comprehend the



mission since it will form the basis for organizational decision-making. Each level and functional group within the organization should restate the mission in its own terms, defining its individual purposes and ways in which it plans to contribute to achieving the overall mission.

Your corporate mission statement should encompass the entire organization, and also specify high-level criteria for success. Though The Web need not be specifically reflected in a mission statement, keep in mind that the Internet can provide you with instant global visibility within a fiercely competitive arena. It's a wise idea for your mission statement to reflect this reality.

For example, a mission statement might read, "The place to go to get connected to anything or anyone" or "To be the best place to find, research and buy any product or service." Another example: "To strengthen and broaden our brand, our customer base and our expertise as we build the world's number one on-line destination."



The Sequence for Creating a Web-Enabled Strategy

Vision Statement: Your "vision statement" documents **how your organization intends to fulfill its mission**. Vision statements motivate, provide clear direction and form the bases for clear policies and decision-making. To effectively identify a vision, questions such as the following should be asked and answered. What is our business? (Think globally!) What skills and capabilities are needed? (Consider technological implications!) Who are our competitors? (Stretch far outside the box!) How can we stay competitive? (Be afraid... be very afraid!)

Your vision statement might also reflect your organization's values, that is, ethical and social bases for driving your organization toward its vision. Values such as these define boundaries of conduct for the organization in pursuing its mission as well as suggest internal processes and ambitions. For example, vision statements might read,

- Become the fastest-to-market (product or service) company in the world.
- Encourage employee innovation, experimentation and prudent risk-taking throughout the organization.
- Become the supplier of the best available products and services that enable our customers to meet and exceed their needs.
- Provide our shareholders with an attractive return through sustained growth.
- Recognize and reward excellence in the company by sharing financial success with our employees.

Business Goals and Objectives: The best business strategies provide a set of business goals and associated requirements that are **expressed in terms of customer needs** as governed by your organizational mission statement and corporate vision. As your business strategy defines whom your



organization serves, what needs it satisfies, and how it operates, your goals will afford guidelines for managing, measuring and tracking the success or failure of these aspirations. Examples of goals include:

- Fully automated order-tracking process
- Ability to accept customer orders on our web site
- Commitment to regularly provide improved information to our employees and suppliers

While goals are high-level definitions of what will be accomplished, objectives are much more detailed, specifying HOW goals will be accomplished. As with goals, objectives must support the organization's mission and further its vision, applying four main criteria: (1) a direct connection to a business goal, (2) a clear means of measuring progress toward the goal, (3) a target to be achieved, and (4) a timeframe for accomplishment.

By being aggressive and thinking broadly, some of these objectives may lead to "breakthroughs," i.e., dramatic performance improvements. Of course, breakthrough objectives can be unsettling and transforming-- they create upheaval! But by finding ways to integrate The Web into your objectives, and forming project teams to achieve them, your end results should be worth the trouble.

Examples of breakthrough objectives:

- Redefine and automate a manual process to reduce cost by 60% and time by 50%, web-enabling it so it can be run from anywhere! Meet this objective by 7/1/2000.
- Drive 33% of customers to our web site for both sales and service in order to reduce costs by 75% and provide faster 24x7 response. Meet this objective by 12/31/2000.
- Implement self-help systems for employees and suppliers, leveraging The Web to empower our human assets while reducing costs by 25%. Meet this objective by 4/30/2000.

Metrics: For an organization to be successful in moving toward its vision, it must be capable of measuring progress. Your strategic plan should thus provide appropriate performance measurements that can be applied to your high-level business goals. It will also include a list of required product and service features designed to meet your customers' needs. In this way, your plan focuses on what your organization specifically needs to do to satisfy its goals, needs and requirements.

Advice: Establish long-term, quantifiable stretch targets that managers and employees believe are achievable. Working toward such targets will create a shared understanding of business strategy organization-wide as well as a holistic model of the strategy that focuses your change efforts. Two examples of such stretch measurements within a web-enabled strategy might be:

- A commitment to generating 5% of sales on The Web in Q1, 15% in Q2, 25% in Q3 and 33% in Q4.
- A resolve to reduce calls to support lines by 10% in Q1, 20% in Q2, etc.

Actions: Actions represent specific activities required to achieve one or more goals. Though your goals, especially when voiced as stretch targets, may sometimes appear to be impossible dreams, by breaking them down into a set of cohesive actions, with assigned roles and responsibilities, you will make them feel realistic and attainable. If your business goal, for example, is to generate 20% of sales over The Web within the next six months, actions for achieving this goal might include re-launching the web site, introducing a marketing campaign, creating new product offerings, etc., all very achievable.



When rolling out your actions, seek commitment throughout the organization and hold everyone accountable for his or her assignment.

Initiatives: We call specific projects undertaken in order to execute one or more actions “initiatives.” Using the example above (generating 20% more sales over The Web), an initiative in support of introducing a marketing campaign might be to “engage an advertising firm.” Likewise, an initiative in support of creating a brand new product offering might be to “launch a new product development project using a highly focused team.”

To avoid excessive complexity and minimize risk, let all your initiatives function as independently as possible. Sometimes it happens that several initiatives have to complete successfully if the original goal is to be achieved. For that reason, try to plan all concurrent initiatives in such a way they can complete independently to the greatest extent possible. When initiatives are tightly coupled, the risk of time delays and cost overruns increases dramatically.

Web-Enabled Plan for Success

Ultimately, for a web-enabled business strategy to be genuinely successful, **four principle requirements must be satisfied:**

- An executive management actively engaged in the strategic planning process and totally committed to turning the resulting plan into action, even though the company will be treading new waters.
- An organization that is willing to take risks, and large ones at that, since many companies now report (through hard experience) that the biggest risk of all may be underestimating The Web’s impact.
- The right people available to fully participate in the process as a team. Because of this, strong project management principles must be applied.
- A realization that time is of the essence! “Internet time” will not permit you to sit back and wait for all your planning activities to complete. Once breakthrough objectives begin emerging, you’ve got to go, go, go! You’ll undoubtedly make some mistakes as you sprint but at least you and your organization won’t be left behind.

In summary, **remember that the purpose of strategic planning is not simply to develop a business strategy but to push your business strategy into action.** The decision to up the ante by planning a Web-enabled strategy therefore benefits the whole process by illuminating and crystallizing new opportunities for the application of technology. This in the end creates exciting, unexpected new value propositions that your organization might otherwise never have found.

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