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Executive Summary

There is no question that the future of business is online. So what can you do to ensure that your eBusiness survives this eTransformation? The most significant skills you will need are simply the willingness to change and to make the process of change one that does not disrupt daily business.

“Internet time” requires frequent and speedy evaluation, adaptation, and deployment of business strategies. Delay in adapting to change is a sure route to business failure. The advent of eBusiness makes that route an expressway.

This white paper will discuss seven changes that eBusinesses need to make this year in order to remain competitive and to gain ground on those businesses that are less willing to adapt their strategies and processes.

Implement these changes as soon as possible. Ignore them at your peril.

Change #1: Manage All Relationships

Customer relationship management (CRM) is so widely adopted that it is very nearly standard business practice in the year 2000. The basis of the concept is to prioritize business relationships and contacts and then to deliver a consistent experience to all customers while providing enhanced service and attention to your best customers, thereby enhancing profitability of the enterprise.

The reason CRM has taken hold so quickly is because business managers have correctly perceived a shift in power from company to customer. The customer's needs and desires now drive businesses rather than the older model of supply and marketing driving the relationship.

The key change that you must make in the eBusiness environment is to apply CRM strategies to all of your business relationships. In fact, the term CRM has evolved to become eCRM, reflecting the addition of Internet and other electronic technologies to managing customer relationships and doing commerce on the Internet. Business-to-business (B2B) relationships as well as customer-to-customer (C2C) relationships need to be as actively managed, using eCRM, as business-to-customer (B2C) relationships.

This means that you need to use the same eCRM techniques of prioritizing relationships and contacts, automating routine transactions, leveraging technology to improve the contact experience, and capturing and distributing customer data in real time throughout the enterprise in all three modes of commerce (B2C, B2B, C2C).

Consider the use of eCRM techniques in a B2B relationship.

The need to automate recurring or repetitive transactions exists in B2B relationships as well as in business-to-customer relationships, using eCRM techniques to make these transactions uniform. A consistent contact experience can result in a stronger relationship between you and your suppliers or partners. The benefits of smoothly functioning commerce and of accumulated goodwill are as significant in business relationships as they are in customer relationships. And in today's eBusiness environment where relationships are virtual and may never result in face-to-face contact, it is imperative that they be managed effectively online.

Bottom Line

Use eCRM to manage all relationships, with both partners (suppliers and distributors) and customers, and you will not only strengthen those relationships, but you will be better able to capture information that will give you an advantage over your competition.

Change #2: Make Real-Time Service Your Standard

One of the primary attributes of eBusiness, in contrast to traditional business, is real-time information processing. The data networks have not only made the dissemination of information more rapid, they have also created an expectation of instantaneous information transfer. Because of this, you need to make real-time processing and service the standard for your business practices.

Use real-time processing to streamline your procedures, increasing efficiency and productivity while satisfying your customers' demand for consistent, high-quality service. Many businesses have found that by distributing the information within their organization obtained from every customer contact and doing so in real time, they are able to accomplish several things at once.

Let's say that a customer calls you to order an item. Real-time processing sends the details of the order to several departments involved in the sale, specifically, inventory, shipping, and billing. In addition, the data should be posted to the customer's profile, which is stored in a database that can be accessed at a later time to customize service for that particular customer. In this example, inventory would immediately notify the sales agent as to availability of the item in question as well as update the supplier of the item for restocking purposes. Shipping provides the name of the shipper, a tracking number, and anticipated delivery date. Invoicing and payment can be accomplished at the same time with the customer's account number or credit card number routed for approval while the customer is still on the line. In short, the entire transaction, involving all relevant resources within the enterprise (and some, such as credit card authorization, outside the enterprise), is accomplished smoothly and seamlessly in real time.

Also consider the advantages of real-time service in moving your customers from a “help” context to a “buy” situation. By offering products and services that respond to the customer’s immediate needs, you can help the customer solve a problem as well as make a sale. Thus the customer relationship is extended and enhanced.

It should also be noted that although real-time information distribution and improved customer service have significant business advantages, the factor that makes them mandatory is the competitive situation. Because the concept of real-time, personalized customer service is so powerful and because customers have demonstrated their preference for it, you can be sure that your competition will employ these practices as well. Make sure that you remain one step ahead of your competition and make real-time service your standard. Those businesses that can not provide real-time service at this time will be forced to adopt it shortly. Complete your changeover this year, and force the competition to keep pace.

Bottom Line

Real-time information distribution is mandatory in today’s business environment. It allows businesses to act in concert, creating efficiencies throughout the enterprise. Not only does it provide the level of service that customers prefer and will come to demand, it also gives you the ability to seamlessly move the customer from a help context to a buy situation.

Change #3: Think Small

One of the most significant advantages of doing business over the Internet is that your trading area becomes unlimited. Wherever there is a phone line and a Web browser, there is a point of contact to your enterprise. Global businesses are able to function more efficiently. And smaller businesses that had been constrained to regional commerce are freed up to make the leap to worldwide commerce. However, there is much to be said for rethinking the global model and using the Internet and eBusiness strategies to address vertical and niche markets.

Use the Internet to focus on a specific industry. By addressing vertical industry markets and consumers that are geographically dispersed, you can aggregate what may be a relatively small number of customers into an attractive source of business.

Customize both the content of your Internet marketing and the look and feel so that they will appeal to your niche customers. Reject the one-size-fits-all mentality that pervades the Web, and deepen your focused offerings so that you are the best at what you do. This differentiation by quality of service is one of the most powerful strategies you can employ.

Consider linking to micro-marketplaces that are focused on specific industry niches that you can also service. The prospects you get through these sources are self-selected and qualified. Sites that appeal to too broad a universe of buyers will only dilute your marketing efforts.

Bottom Line

Use the Internet and other electronic communications networks to develop niche markets on a global basis. Exploit the nongeographical nature of online commerce, and aggregate markets of geographically dispersed customers.

Change #4: Learn to Profit From Competition

Let’s be frank—the Internet is going to squeeze your margins. It increases competition and Econ 101 tells you what that does to prices. So how do you adjust to the hypercompetitive, low-price, slim-margin eBusiness environment?

You automate.

If you can automate a process, do so. If you can get the customer to agree to self-service, do so. But, don’t make the customers’ experience feel automated.

Make automated or self-service processes so adaptive to customers’ needs and preferences that those customers will actually prefer the experience. For example, use database systems in conjunction with self-service voice systems

or conversant systems to eliminate “corporate amnesia.” That’s the too frequent phenomenon where the customer enters a long account number only to be routed to an agent whose first question is “May I have your account number, please.” A well-designed self-service system that remembers the customer, their past history, and preferences will be welcomed by that customer. The fact that such a system is more efficient and productive for you, resulting in higher profits, isn’t a concern to customers because their needs have been met and their expectations exceeded.

Automated systems also free you to deploy your human resources where they are needed most. That means you can assign agents to high-value transactions and automate transactions under a predefined level. It means you can personalize service to high-value accounts and you can respond to key customers faster and more effectively because your agents aren’t bogged down with lower-margin accounts.

Some managers worry that automation depersonalizes the customer experience. Done right it can actually result in a more satisfying customer experience that is independent of whether there is an agent/customer interaction or a self-service contact.

Bottom Line

Automation is the surest way to increase productivity and to focus your resources on your most profitable accounts. Avoid depersonalizing the customer experience. Make self-service the preferred channel for lower-margin accounts, thereby increasing your net revenue.

Change #5: Be Media Neutral

As important as the Internet is to eBusiness, be careful not to devote so much of your energy and attention to it that you neglect other contact media. Let your customers choose the medium of contact rather than being restricted to any one medium: phone, Web, e-mail, or fax. In other words, be media-neutral.

Configure your system so that all media are treated relatively equally. Take into consideration customer preference for one contact channel over another, but don’t make decisions about equipment, training or staffing based on your existing systems. Find a system such as those based on open standards that can easily integrate all media.

Many managers are also budgeting and planning for blended media contacts, if indeed they are not already installing such systems. Technology now allows the blending of voice and IP contacts such that an agent can interact with a customer on the phone and on the Web at the same time. This is a particularly effective technique for up-selling and cross-selling.

Let’s say that your customer sees an item on your Web site and clicks on a “Call Me” button. Your agent phones the customer, and they continue their transaction using both the Web and the phone. The agent can even send demonstration software or photos or videos directly to the customer to illustrate specific products and their benefits.

Make available several contact media because it is your customers who will decide which medium they prefer and they will go to the vendor who offers it.

Bottom Line

Apply eCRM to all contact media so that you provide a consistent customer experience regardless of the medium your customer chooses. Use these techniques to retain customers. Retaining existing customers with eCRM techniques is inexpensive compared to the cost of attracting new customers.

Change #6: Increase Team Cooperation

The advent of a new sales channel has the potential to bring conflict to your sales organization. “Old media” salespeople will see the “new media” salespeople as a threat, looking to cannibalize existing business. You can defuse this situation, but it will require a dramatic realignment of traditional compensation schedules. You’ll need to reward teams, rather than individuals, for reaching sales goals and do so independent of the channel.

The first step is to increase cooperation by distributing information in real time to everyone on the team. This requires an investment in your technology infrastructure, but more than that, it requires a new conceptualization

of the sales organization. The new sales team is focused on the customer and finds how the customer wants to interact with the sales team, be that by Web, phone, face-to-face contact, e-mail, or fax. Then all team members pull together so that the customer receives the information and service that result in increased sales.

Reward the team for acting like a team. Internet technology that allows them to share information is the key.

Bottom Line

Information-sharing knowledge bases link your staff together in a way that was not previously possible. Be sure that all members of the team want to cooperate. Be creative in rewarding the team to achieve that goal and reap the increased profits.

Change #7: Create a Mini-Strategy for Maxi-Customers

The 80/20 rule is as true in eBusiness as in traditional commerce. The rule says that 80% of your revenue comes from 20% of your customers. It may not be accurate to the last decimal, but every retailer knows the truth in that statement. Find the 20% of your customer base that is generating the bulk of your revenues and design a mini-strategy to serve them best.

Your strategy should have eCRM at its core. Use the information you've gathered from prior contacts with your clients to:

- Prioritize their business
- Focus on their needs
- Discover seasonal buying patterns
- Proactively respond to the client
- Offer a contact experience that encourages repeat business

Your mini-strategy can key off your larger business strategies and goals, but make sure that you protect the revenue from your largest and most profitable customers. The competitive environment of eBusiness allows them to shop their business at any time. In fact, increasing numbers of purchasers use intelligent Internet agent software to search the Web for sites offering goods and services at the best price. Don't give your customers a reason to employ such technology—cater to their preferences, and they will return time and again.

Bottom Line

Cater to your best customers by using information technology to find what it is that they want from you—a product, service, or combination of the two. Then use an eCRM solution to deliver product and experience to your high-profit accounts.

Seven Changes/Four Principles

The seven changes we've discussed here boil down to four primary principles. They are easily remembered as the acronym ADAM.

- **A**utomate the transaction process.
- **D**istribute information in real time to all units of the enterprise.
- **A**utomate repetitive processes for efficiency and consistency.
- **M**anage relationships from end to end.

Technology enables you to get closer to your customers, and to know their habits and preferences better. It also allows you to streamline your business practices, resulting in cost efficiencies, higher productivity, and better use of your human resources. This synergy of information, processes, and people can help you succeed in eBusiness even as other companies struggle unsuccessfully. Make the seven changes and prosper in the coming year.



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