Chapter 2.7
SMEs ECT Reality:
From Ad-Hoc Implementation to Strategic Planning

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ABSTRACT

Lack of strategic planning in e-commerce and subsequently e-business adoption within small-to medium-sized enterprises (SMEs) has been strongly reported in literature. This chapter presents SMEs' Web presence implementation patterns and unravels the reasons behind the lack of strategic planning when adopting Electronic Commerce Technologies (ECT). The chapter presents findings from semi-structured interviews from 11 SMEs in the Northwest of the UK. Findings reflect the difference in development and management practices of Web presence, between the more able Need Pull SMEs that identified the need to adopt ECT, and the less able Technology Push SMEs that were mostly influenced by change agent diffusion and awareness efforts. Over time, each group of SMEs reflect a different pattern in ECT implementation. This chapter depicts the issues that hinder SMEs, particularly in micro and small, in moving beyond Web site adoption.

INTRODUCTION

Research has strongly stressed the importance of adopting Electronic Commerce Technologies (ECT) as a driving force for competition and the importance of strategic planning to achieve competitive edge. The majority of SMEs now do own a Web presence (DTI, 2003). However, SME Web sites are strongly criticised for their simplicity and lack of business objectives and planning. Recent research shows that despite the hype on e-commerce and the technology facilitating improved business practice, a number of SMEs have not capitalised on this new mode of conducting business (Fillis, Johansson, & Wagner, 2004). Although there might be numerous success stories of e-commerce adoption where SMEs were able to use e-commerce to increase their profitability, the amount of failure has been extremely high (Olson & Boyer, 2003). SMEs that developed e-commerce capability have not done so strategically and have yet to enjoy significant

cost and time savings (Quayle, 2002). In the United Kingdom, the Department of Trade and Industry (DTI) benchmarking report indicates that micro and small businesses are questioning the value of their Web presence and are "clicking off" (DTI, 2003). Among the reasons for adoption failure is the influence of Web site effectiveness and development on individual users' acceptance of new technology and SME Web presence (Olsen & Boyer, 2003).

A number of models have addressed SMEs adoption and implementation of ECT. Poon and Swatman (1997) proposed an earlier three stage model which describes the route for SMEs using the Internet to improve their strategic process. The transformation process starts with the interorganisational level as an entry point to the Internet. Integration with the business processes occurs subsequently; with full Internet-to-internal process integration ultimately presenting the greatest benefit to a company. However, these benefits would only be achieved following significant organisational process adjustment within the company and across the business sector it operates. Grant (1999) presented a five stage model of e-commerce maturity: immaturity, on the Internet, e-commerce strategy decided, ready to implement, and integrated and effective e-commerce. Grant's model focuses on the internal characteristics and readiness of the small business. Gide and Soliman (1999) proposed a three stage model for Internet implementation. The three stages are distinct and interrelated. The first stage is concerned with creating a Web presence which provides corporate information and delivers marketing and promotional material to potential customers. The second is the e-commerce stage, where the company conducts some of their transactional operations via the Web presence. Finally, the e-business stage, when the company decides to embark on full-scale business activities using the Internet.

Willcocks and Sauer (2000) proposed a four stage e-business model "moving to e-business"

that aids the evaluation of company's e-business strategy. They argue that though Internet systems are important, value rises once businesses use their knowledge and experience to produce outputs accessible through the Internet. The potential for transformation emerges once businesses recognise the need to reorganise processes and focus on core competencies. Initially companies use some basic Internet tool such as Web pages, before moving to stage 2—transacting business. At stage 3, companies recognise that changes to processes, structures and skills are necessary to exploit the new technology. Stage 4 is only reached once they see the business can transcend its existing products and use the Internet to develop new markets and products. A similar but less detailed model is used by the DTI UK. The DTI uses the "e-adoption ladder" to model the transformation from basic access to ICTs through to more sophisticated use (DTI, 2002). Companies go through a number of steps from using e-mail for messaging, to Web site for online-marketing, to e-commerce for online ordering, to e-business for online payment, and finally transformed organisation where e-commerce supports the business relationship between a customer and a supplier.

All of the above models provide a generic description of the different stages in adopting varies aspect of ECT. However, they do not explore the factors influencing implementation of ECT within the business, or the actual factors that influence the transition from the initial stage of Web site adoption to more advanced stages. For example, the DTI model provides a useful sense of technological progression, however, it is criticised for being rather too linear to fully describe processes that are often nonlinear and complex (Gray & Lawless, 2002). Sparrow (2001) argues that there is no evidence that the DTI ladder represents evolutionary steps in the processes by which SMEs transform themselves into e-businesses. Neither does the model provide an account of how ICT alters the scope of what SMEs can do, or the human resources, or the financial dimensions that are vital for successful adoption.

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