

Chapter 11

E-Business

Abstract

The management of a small business requires many processes which promote a smooth and efficient operation. Internally, these processes relate to inventory, accounts payable, accounts receivable, and payroll. Externally, there are processes which support the small business interaction with customers and suppliers. As a small business matures so should the management processes. Sophisticated technology, such as the Internet, will add further benefits to applying e-business to the management processes. This chapter discusses the benefits of this application.

INTRODUCTION

E-business is a way of conducting business in an electronic form which employs the facilities of the Internet. Recall from Chapter Eleven – E-commerce that electronic commerce involves the sale of products and services on the Internet via the website of a business. E-business includes E-commerce. But, it goes beyond and extends E-commerce to both pre-sales and post-sales services. E-business puts the business in closer contact with its customers, through Customer Relationship Management systems, which improves customer service and loyalty as a consequence.

The other major initiative involved in E-business relates to Supply Chain Management. This facility allows a business to manage all processes involved in the acquisition and distribution of products. Again, it puts the business in closer contact

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with suppliers. Both Customer Relationship Management and Supply Chain Management promote interaction with external entities. This focus positively impacts performance through improved customer service and efficiencies in the supply chain.

This chapter is organized as follows. To start, the term E-business is defined along with various perspectives. In general, E-business involves internal management processes and external information systems based on the Internet. Next factors which facilitate the adoption and use of E-business are presented. These factors include the level of information systems knowledge in the business and the system's perceived usefulness. There are also organizational factors related to internal management processes. Then, benefits related to the adoption of E-business involve improved performance and contribution to competitive advantage. The chapter concludes with a presentation of the E-business stages which form one of the three dimensions on the Balanced Maturity framework discussed in Chapter Twelve. The E-business stages include Basic, Silos, Internal Integration, and External Integration.

ELECTRONIC BUSINESS

Van Hooft & Stegwee (2001) define E-business as follows:

A secure, flexible and integrated approach to delivering differentiated business value by combining the systems and processes that run core business operations with the simplicity and reach made possible by Internet technology. (Van Hooft & Stegwee, 2001, p. 44)

Schlenkar and Crocker (2003) investigated how the Internet could contribute to increased value for small business. Good use of technology will support current operations of the small business and contribute to its long-term success (Schlenkar & Crocker, 2003). They defined the following terms:

- Information Technology: "...the use of management and processing of information, traditionally within the confines of a company or institution." (Schlenkar & Crocker, 2003, p. 9)
- Internet Technology: "...the use of both public and private telecommunications networks to extend and interconnect information technologies inside the organization and out." (Schlenkar & Crocker, 2003, p. 10)
- E-business: "...the use of Internet technologies to produce business value. (Schlenkar & Crocker, 2003, p. 10)

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