Strategic E-Business Management through a Balanced Scored Card Approach

Fen Wang
Central Washington University, USA

Mahesh S. Raisinghani
Texas Woman's University, USA

Manuel Mora
Autonomous University of Aguascalientes, México

Xinbao Wang
Washington State Department of Enterprise Services, USA

INTRODUCTION

E-business has rapidly developed from being a vision of the future world of business to being 'the' way of doing business (Whelan & Maxelon, 2001). This business opened new channels for communication and selling, a new source of data on customers and competitors, and changed the face of competition tremendously (Koutsoukis et al., 2000; Porter, 2001). Emerging trends such as Web 2.0, Internet of Things (IoT), Big Data, and cloud computing are fast creating a revolution in the way e-business is used and procured by organizations across the globe (Atukuri et. al., 2012; Kryvinska & Strauss, 2013; Asllani, 2015). Clearly, business processes in the information age must be more efficient and dynamic to build and sustain value across the organization, though having a dot-com presence does not necessarily point to success. As Raisinghani and Schkade (2001) pointed out: "perhaps, one of the best ways to succeed in the world of e-business is to start off with a dynamic and new e-business strategy" (p. 601).

E-business is far more about strategy than technology. An effective e-business strategy is an elaborate and systematic plan of action that incorporates different organizational levels, different parties, different elements, and growth pattern features (Bakry & Bakry, 2001). Unlike traditional business strategy, e-business strategy considers a company's business management architecture and how it can be improved, integrated and automated by instant and global Internet communication. Indeed, the Internet has spawned new e-business strategy and radically transformed existing models (Pant & Ravichandran, 2001; Basu & Muylle, 2002). These new models incorporate Internet technology, universal connectivity, and Web browser capabilities to integrate business processes within and beyond an enterprise. As a result, old business models should be adapted to the new conditions, and companies worldwide should develop an effective e-business strategy to fit the new conditions (Whelan & Maxelon, 2001).

What distinguishes many of the dot-coms from traditional organizations is not their new technical power, but their innovative and imaginative new business models (Hamel, 2000). This study proposes a balanced scorecard based e-business framework for the development and assessment of e-business strategy in this new age. Aided by this innovative and comprehensive e-business framework, managers can identify the major decision factors involved in their e-business strategies, specify the direct and indirect relationships among the factors, and generate strategies that would improve overall business performance.

DOI: 10.4018/978-1-4666-9787-4.ch027

BACKGROUND

A commonly cited reason for e-business failure has been the lack of a workable and concrete strategic business model to guide e-business efforts (Paper et al., 2003). While a comprehensive framework for strategic e-business management seems desirable, there are few studies that offer complete and integrated views of e-business strategy (Dubosson et al., 2001). In the business model literature, many academic studies have provided a theoretical basis for, and some empirical testing of, the models (Horsti et al., 2005). These studies fall into two broad categories. The first group develops subsystem models in support of a specific aspect of e-business applications, while the second group involves generic frameworks to reflect e-business reality.

Table 1 provides a brief overview of the existing subsystem model studies. As this table demonstrates, although each of the subsystem models involves operationalized views of a particular aspect of e-business, none offer a complete and integrated view of e-business strategy as a whole.

Among the generic e-business strategy models, Whelan and Maxelon (2001) proposed a five-element e-business architecture. The five elements are product, channel, customer management, resource management, and information. Afuah and Tucci (2001) presented a more detailed list of model components including scope, customer value, revenue sources, connected activities. Like Whelan and Maxelon (2001), these researchers did not specify the interrelationships and causality between these components. Hamel (2000) offered a more complete model than the others. This researcher used a four part framework that describes links between model components (e.g., "Configuration" to connect the "Core strategy" and "Strategic resources"). Similarly, Dubosson et al. (2001) used a framework to analyze e-business with four principal components: product innovation, customer relationship, infrastructure management, and financial aspects. Damanpour (2001) also identified four elements of e-business from a systematic perspective: business/financial models, relationships, commerce, and responsiveness. Still another e-business model is composed of a value cluster, marketing offering, resource system and financial model (Rayport & Jaworski, 2001). Going beyond the segment frameworks, De et al. (2001) developed a pragmatic framework that offers a series of different perspectives for the analysis of e-business: transaction costs, switching costs, infrastructure investment, revenue models, and other elements.

Table 2 summarizes the scope and model components of the generic e-business frameworks. As this table illustrates, no operational generic models have been offered, or implemented, by the proponents. The generic frameworks, instead, provide theoretical guidance on components that could be included in a comprehensive and integrated e-business strategy model. One exception is the high level e-business framework, with preliminary empirical evidence, proposed by Hasan and Tibbits (2000). These researchers developed a BSC-based case study for e-business management in an Australian state-government utility. The researchers, however, did not identify and formulate the goals, measures, and targets in each scorecard perspective.

As Tables 1 and 2 indicate, then, the literature has not offered a comprehensive and concrete model of e-business strategy. The Electronic Business Balanced Scorecard (EBBSC) model proposed in this study attempts to close that research gap by linking business strategies to a broad range of measures, examining important business issues facing e-business managers, and providing a complete and integrated view of e-business management.