

Lessons Learned from e-Commerce

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Introduction

The growth and frequent failures of e-commerce ventures has served to write new chapters in the history of business and organization. Whether you were actively involved in these ventures or just watching interestedly, you are probably aware of the debates that occurred over more traditional rules of business models and emerging internet rules, in which speed and opportunity was key.

While the market was at its high, the arguments of internet rules seemed to outweigh any thoughts to the contrary. The euphoria of IPOs seemed to be the only requirement to drive an e-commerce venture, regardless of earnings, cash flow, or solid business models. As the market began to fall, we also saw the values of many of these venture vaporize. Others held on, and it is clear that e-commerce is still the future for many businesses.

From those of us who worked to create organizations and compete in this incredibly volatile environment, the experience was rich with challenges and learnings. Many of these tended to reinforce the wisdom of basic organization theory, while others tended to highlight existing barriers in organization philosophy and practice. In this paper, I will attempt to share my learnings that both build on and reinforce lessons from socio-technical designs and highlight the need for fast and simple, as well as point out areas of emerging interest in organization development.

Working to Design the Organization

The reasons to come together in an e-commerce venture are varied. While we saw a clear difference emerge in the “B2B” (business to business) and “B2C” (business to consumer) arenas, there was still a consistent thread of purpose. Basically, e-commerce sought to increase profits and create new business by bringing together people and technology and increasing speed to market. Each has its own opportunity, whether through reducing supply chain costs or partnering to create a broad range of competencies or reengineering or creating a new business process. However, the B2B tended to point out the stark differences between existing organization cultures and business models. Another consistent thread of these ventures is in the difficulties of putting them together quickly and well.

My work in organization designer and development was truly eye-opening. A typical scenario was to have some incredibly bright and motivated people come up with an idea, define the opportunity, then immediately pull together a consortium to begin creating it. Then the fun began. It was one of my most profoundly exiting times to work with this sort of energy and creativity. The wide-open attitude of bringing different companies together to create a collaborative venture was truly amazing. The speed and openness also served to highlight some areas very clearly.

Difficulties

- Different business models – Each of the different companies brought with it an implicit and explicit business model. The problems were in the implicit rules of business. Only

after each business began to get clear on their current business models and developed a shared vision of the future business model could they actually make progress.

- Hierarchical systems – In the B2B sector, all of the companies with whom I worked were established and had mature organizations. All of them had a deeply hierarchical background. When things went well it made no difference. It became almost laughable when conflict began to emerge, as all companies would resort to their own hierarchy as solutions. The issue became very clear; hierarchy only carries authority within its own organization. When creating a B2B model, the process transcends hierarchy and those people who operate within that must create new ways of problem solving and conflict resolution.
- Different expectations and intentions for the model – Invariably, as the process began to unfold, we would find that each business entity had different intentions for the eBusiness venture. Sometimes they were completely incompatible. I found that it is an essential early and continuing exercise to define the intention of the model and continually revisit that to check progress and make decisions.

Enablers

- Clear agreement on the business model – Once the business model was specified and codified, it became much easier for everyone to reach consensus and to move through conflict. It also became a clear determinant for some organizations as to whether to continue involvement.
- Service level agreements – When hierarchy failed, it became clear that each company was in the business of providing service to each other. Clearly defining the nature of that service, the quantity, timing, and commitment only served to make the process much faster in the long run.
- Working agreements – When the team came together for design, they made a number of agreements around how they would operate. These included how information would flow from company to company, how much time they would commit, how they would schedule themselves together, how they might suspend their own internal work practices in service of the team, and other significant ways of enabling team time. All of this was in service of the venture and temporarily becoming part of a separate organization.
- Behavioral agreements – Different companies means different culture. That means the participants carry a set of unspoken behavioral agreements that trace back to their home organization. To create this new venture, the required behaviors for design and implementation must be made explicit. Creating agreements on items such as decision style were absolutely essential. Also helpful were agreements around how to give and receive feedback, meeting practices, and conflict resolution techniques.

Lessons Learned

- Spend the time required to clarify the business model.
- Shared intent is a powerful force
- Hierarchy just doesn't help
- Take it to the market – you cannot always wait for larger organizations to deliver
- The meta-rules of business are fairly inflexible
- Defensiveness is death
- Large group processes are often incredibly helpful.
- Sometimes it just won't work

The major lesson for me is that I became impressed with the depth and quality of the research of the existing practice area of organization development. In my experience, eCommerce did not write new rules of organization. It simply reinforced what we already knew by stepping outside the boundaries of traditional organizations and removing many of the time delays that tend to mask organization problems.