

DEAD AHEAD

THE WEB EFFECT AND THE COMING BUSINESS CRISIS

Book Proposal

by

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with Jon Samsel

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TITLE

Dead Ahead: The Web Effect and the Coming Business Crisis

ABOUT THIS BOOK

“Imagine a sales cycle without a sales force.”

“Imagine a branding campaign with no lead times.”

“Imagine customer support, with no human contact.”

“Imagine an organization designed to accommodate such a business model.”

Dead Ahead challenges you to ponder the unimaginable — every fundamental assumption that currently guides the way your business operates. If you think that the unbridled growth of the World Wide Web has limited impact on your organization, it's time to wake up and face reality. The Web is in our face — it's being adopted lightning fast. People increasingly choose it as their preferred communications vehicle and it's propagating the most dramatic discontinuity that the current generation of businesses have ever seen. It's a business crisis, dead ahead.

What business crisis, you ask?

Barnes and Noble dominated the retail book market until corporate management fell asleep at the wheel. In 1995, they were blindsided by online upstart and Wall Street darling Amazon.com. Barnes and Noble has been playing catch up to the \$400 million electronic superstore ever since.

Dell Computer, a direct seller of personal computers, figured out how to use the Web to streamline its order, inventory and sales process — growing online sales to \$3 million per day. Now Dell's competitors are desperate to emulate its online business model. The Web has shattered conventional wisdom about how computers are best bought and sold.

Toys “R” Us, the world’s number one toy company, was not immune from the Web Effect either. The little known eToys, jumped into the traditional space dominated by Toys “R” Us, offering a safe and convenient way for users to shop at home for toys via the Web. Toys “R” Us has been playing catch up ever since.

The coming business crisis is really dead ahead — for every industry.

A recent Price Waterhouse survey found that only 16 percent of CEOs in North America said electronic commerce will completely transform their industries. Yet according to International Data Corp., total purchases over the Web in 1997 alone were over \$10 billion and The Forrester Group claims that electronic commerce will grow to over \$300 billion by 2001. Many industry leaders predict those numbers to be much, much bigger. If these forecasts are to be believed, we’re talking serious business here. With this much money at stake, why aren’t more executive managers developing corporate-wide Web strategies? What risks do they face? How should they transform their organizations to take advantage of the electronic marketplace? What barriers will they face and can they overcome them?

That’s why I set out to write this book — to answer these critical path questions.

I’ll show you how software specialist, Autodesk, integrated their Technical Assistance Center onto the Web and got a 1600 % return on investment. I’ll explain how Avon Products, Inc., a \$4.8 billion direct seller of cosmetics and beauty-related items introduced online sales into their business and instead of destroying their door-to-door sales channel (as many predicted) the Web site has succeeded in giving Avon a huge competitive advantage in its market. I’ll also introduce you to Preview Travel, a TV-based travel programming company that transformed itself into one of the most comprehensive, easy-to-use and enjoyable travel destinations on the Internet. The \$101 billion U.S. travel industry is still reeling from Preview Travel’s success.

How are these companies doing it? They have embraced the concept behind the Whole Experience SM -- which is an integrated business strategy through which marketing, sales, fulfillment and customer support are facilitated simultaneously via the Web. The Whole Experience is a methodology that advocates the Web as a whole business solution -- and some of today's most forward-thinking companies are integrating the Web across their entire organizations. Companies who have already embraced the Whole Experience -- Dell, Autodesk, Avon, Cisco Systems, Amazon.com, Chemdex, eToys -- are prospering in the today's economy. They have raised the bar on what's expected of an integrated corporate Web site and their online efforts are living proof that pretty good is no longer good enough.

I've been developing customer-focused marketing strategies and programs for some of the world's leading technology companies for over 15 years. My work with EDS, Future Computing, Regis McKenna, Inc., High-Tech Communications and now my own company Cognitative, Inc., has taught me how to transform academic theories into actionable programs my clients can use. Over the past several years in particular, I began to notice an interesting trend. Many of my clients were not satisfied with what was possible with online commerce, customer satisfaction and community. They reasoned that if they could make their Web sites function as serious business vehicles, rather than mere tactical marketing mediums, they might gain a competitive advantage in the market. They were right. This book is my chance to show readers what I've learned.

I believe many businesses are hurdling towards the time where they must decide what the Web really means to their company. The Web is fast becoming the preferred information and commerce channel of the new economy, a fact which is forcing companies to look beyond their traditional business processes. The old rules about sales, marketing and customer support are being thrown out the window. Management is being asked to make decisions today will have a profound impact on the way they market, sell, deliver product and support their customers. It's a dilemma that too few companies understand or are prepared to deal with.

Funny thing is, the bigger the firm, the more they stand to lose. Getting a big company to change the way it does business is akin to the Titanic trying to change course after spotting an iceberg dead ahead. A collision is likely.

My research has shown that businesses can be categorized into five distinct groups — all of which are being impacted by the Web Effect:

First In — comprised of Web-centric startups. To these firms, the Web is their business. Examples include: Preview Travel, e-Trade, Realtor.com, Amazon.com, Chemdex and Yahoo!

Next In — comprised of companies who embraced the Web early, but who must still overcome significant organizational barriers before the Web is utilized as a whole solution across their entire org. Examples include: e.Schwab, Auto-By-Tel, Cisco Systems, Apple Computer, Microsoft, Oracle and Sun Microsystems.

Pulled In — comprised of companies who are moving portions of their businesses online, providing simplified, cost-efficient services such as transactions or brokered services. Examples include: Ford Motor Credit, Citibank, Macy's, Symantec and Primis Custom Publishing.

Forced In — comprised of big corporations entrenched into time-honored business processes who are forced into developing a Web strategy because an innovative competitor beat them to the punch. Examples include: Toys "R" Us and Barnes and Noble.

Last In — comprised of large corporations (insurance companies, manufacturing companies, government agencies), multi-level marketing companies (Mary Kay Cosmetics, Amway) and hundreds of thousands of smaller businesses that are slow to change because they

don't feel that the Web can significantly enhance their operations at this time -- or threatens their time-honored, at-home sales process.

Business Week's June 22, 1998 special edition titled "Doing Business in the Internet Age" only confirms my belief that Web business strategies and electronic commerce can and will have a major impact across all business sectors. The market potential for this book is enormous.

Dead Ahead will provide business leaders with timely and strategic business knowledge, information that will help them: position their companies for the coming business crisis; embrace the Whole Experience methodology as a real business solution; integrate the Web across various business units -- sales, marketing, fulfillment and customer support; and overcome barriers to change within their organization.

Early online innovators such as Yahoo!, Dell, AOL and Amazon.com paved the way for the rest of us -- proving that electronic commerce was not only possible, it was a way to grow their customer base and make a lot of money to boot. I firmly believe that today's business leaders must re-examine their current business strategies to capitalize on the power of the Web phenomenon and to defend their market position. Those who don't will wish they did.

I am pleased to announce that Ken Orton, CEO of online travel leader, Preview Travel, has agreed to write a special introduction for the book.

In conclusion, each chapter of the book ends with a short Indicator Assessment Test -- a practical exercise which prompts readers to mentally deconstruct their businesses processes to see the real value they have. These assessments culminate in the book's Appendix, where readers will be able to rate their organization's Web strategy according to my Whole Experience Index SM.

MARKET

Dead Ahead was written for the thousands of corporate managers and business executives who buy new strategic business/marketing/management books each month, who've previously purchased popular titles such as John Brockman's *Digerati*, *The Road Ahead* by Bill Gates, Nathan Myhrvold and Peter Rinearson and *Beyond the Chasm* by Geoffrey Moore.

All of these are among the market for *Dead Ahead* which includes:

1. Seasoned executives hungry for knowledge: This audience has deep pockets and an insatiable desire to learn. They regularly purchase business books as a part of their information gathering strategy. *Dead Ahead* will especially appeal to executives and managers in all facets of an organization -- from operations, to sales, to quality, to logistics -- who are either complacent about their existing online efforts or are not yet convinced that the Web should play in integral role in their overall business strategy.
2. Business consultants and entrepreneurs: Many experienced consultants and online entrepreneurs are looking for sound advice and untapped business strategies that can help them succeed in the connected economy. For this target audience, *Dead Ahead* is an authoritative voice in a market deluged by hype and propaganda.
3. Marketing professionals looking for the next net thing: The dynamic nature of the Internet creates an opportunity to transform marketing and communication processes from linear messaging to ongoing dialogues. Most marketing professionals are ill-prepared to deal with issues such as building brand loyalty online or personalizing user experiences via mass customization. *Dead Ahead* will provide just-in-time information for this segment of readers.

Dead Ahead is more than a book. It's an executive tool to alert business and corporate managers to the coming business crisis and to empower them with the information they need to do something about it. As a business, marketing and management primer, *Dead Ahead* is guidebook for individuals and organizations eager to implement tomorrow's best business practices into today's busy enterprise.

AUTHOR PROMOTION

Dead Ahead will be used as a marketing tool for my burgeoning consulting practice, which will help increase the visibility of the book to a much wider audience than the average author is capable of doing. I'll use the book as a giveaway at numerous seminars, trade shows and executive summits where I am scheduled to appear as a guest speaker.

I've also hired the distinguished PR firm of Hart Cooper Pittu and they have been directed to help craft a public relations strategy to coincide with the book launch — arranging press interviews, article placement and other proactive press relations activities.

SIMILAR BOOKS

Dead Ahead belongs in the emerging new category of business books that address information technology, organizational processes and business theory as they pertain to and impact the new economy. In terms of style, *Dead Ahead* most closely resembles *Crossing the Chasm* by Geoffrey Moore and *Net Gain* by John Hagel and Arthur G. Armstrong — for the way each combines honest and straightforward advice, business theory and real-life case studies.

There are only a handful of related business titles that address some of the Web-centric business issues that are explored in *Dead Ahead*, namely:

Blur: The Speed of Change in the Connected Economy, by Christopher Meyer and Stan Davis.

An well-crafted book focusing on the speed of change in a connected economy — where advantage is temporary and nothing is fixed in space or time. It's a compassionate guide (life moving fast and yes, we feel your pain) with lots of useful and inspiring stories. *Dead Ahead* is different in that it takes a focused, strategic look at the Web issues confronting corporate management.

The Digital Economy: Promise and Peril in the Age of Networked Intelligence, by Don Tapscott.

This book delves deeply into the impact of the digital revolution on society. There are some good chapters which tackle business transformation models and leaderships skills — topics we will cover in *Dead Ahead*, but with a slightly different approach. Tapscott's case studies are informative, but are beginning to feel a bit dated. *Dead Ahead* is different in that it focuses exclusively on the Web and its impact on business, rather than the broader issue of technology's impact on economic systems.

Unleashing the Killer App: Digital Strategies for Market Dominance, by Larry Downes and Chunka Mui.

This is a very good book about how killer applications (the spreadsheet, the 800-number and the Internet) have changed and continue to alter society. The book offers essential rules for creating and unleashing killer apps. Chapters 8 and 9 deal with the Web, electronic commerce and the corporate boardroom — issues that will be explored in *Dead Ahead*, but in a different context. *Dead Ahead* is different in that it doesn't try to help companies nurture the next killer app. *Dead Ahead* says, now that the killer app (the Web) is here, how is it changing the way companies are doing business and what can business leaders do to exploit it before someone else does?

ABOUT THE AUTHOR

Laurie Windham is President and CEO of Cognitative, Inc. a San Francisco-based consulting firm that works with some of the most prestigious technology companies in the industry, including Sun Microsystems, Cisco Systems, Oracle Corporation, Quantum, Sybase, Tektronix, OneSoft and WebTV Networks. Ms. Windham is the creator of the Integrated Marketing FrameworkSM and the Customer Advocacy IndexSM, both methodologies now used by numerous technology companies to develop effective customer-focused marketing strategies and programs.

Before founding Cognitative Inc. and Windham/Lang Group, Ms. Windham was Executive Vice President and Director of Client Services for Hi-Tech Communications in San Francisco. There, she worked closely with a range of technology companies and led Hi-Tech's award-winning team which captured Sun Microsystems's "Vendor of the Year" honors three years in a row.

Prior to joining Hi-Tech, Ms. Windham was partner and general manager of Regis McKenna, Inc. in Dallas where she provided strategic marketing services to EDS, KPMG Peat Marwick, Apple Computer and Convex Computer Corporation. Earlier, as Vice President of Future Computing – a division of McGraw-Hill, Ms. Windham provided research services and market analysis on value-added channels and vertical market applications to over 300 PC manufacturers and software publishers. She was also a New Product Development Manager at EDS where she developed turnkey systems solutions for financial institutions.

Ms. Windham holds a M.S. degree in Marketing and Quantitative Business Analysis from Louisiana State University, a B.S. in Music Therapy from Texas Women's University, and is certified in Healthcare Administration from University of Texas at Austin.

Ms. Windham is an accomplished writer, with over 20 published market research reports to her credit, including the following business reports published by McGraw-Hill:

- *The Fortune 1000 Personal Computer Market*
- *Value Added Reselling: Policies, Terms and Conditions*
- *Software Market Trends and Demand Forecasts*
- *Distribution Strategies of Leading Hardware and Software Manufacturers*
- *Personal Computers: A Market Overview and Demand Forecast*

She wrote and edited "Office Views," a newsletter for McGraw-Hill Information Systems and she currently is Executive Editor of Cognitative's "ActionTrack," a quarterly newsletter for technology industry professionals.

Ms. Windham has lectured at prestigious tradeshows and industry events sponsored by NASDAQ and CMP. She will moderate a panel at the forthcoming Direct Marketing Association 81st Annual Conference and Expo, and will speak at two events this Fall — the Internet Executive Forum sponsored by IDC and the Internet Commerce Expo sponsored by IDG.

CONTRIBUTING AUTHOR

Jon Samsel is a Senior Consultant with Cognitative, Inc. providing content analysis, communications program execution, Web productivity planning and workgroup leadership. Samsel has written or edited a variety of technology industry books and papers, including:

- *Writing for Interactive Media: The Complete Guide*
- *The Killer Content Workbook*
- *Interactive Music Handbook*
- *How To Write Books That Sell*

- *Interactive Publishers Handbook*
- *Silicon Valley to Hollywood: Top Ten Trends in Multiplayer Games and Online Entertainment*
- *The Multimedia Directory (7 editions)*
- *Online Entertainment Production, Partnering and Site Syndication Strategies*

Samsel holds a B.A. in Communications from California State University, Fullerton. He created Orange County's first university-level writing course for interactive media at UC Irvine, and he is a former Writer's Program instructor at UCLA.

LENGTH AND SCHEDULE

The completed book will be approximately 275 pages in length. The completed manuscript will be delivered on September 1, 1998.

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CHAPTER ONE

THE WEB EFFECT AND THE CONNECTED ECONOMY

*“The Web is a force that fundamentally rocks the very foundation of how companies do business. In fact, if it *doesn't* rock the foundation, the company is in trouble.”*

Today's businesses are hurdling towards a critical crossroads where they must decide what the Web really means to their company. Should they embrace the Web as a serious business vehicle or not? Whichever course they choose, the management decisions they make today will have a profound impact on the future of their enterprise. For today's businesses -- the signs of an impending crisis are dead ahead. To remain competitive in the rapidly evolving new economy, I believe businesses must transform all or part of their business model, re-tool change-resistant organizations and develop strategies to counter forward-thinking companies that have gotten the jump on their markets by leveraging the Web as a strategic business solution.

The coming business crisis is preceded by the Web Effect -- a term I coined to demonstrate how the Web is impacting companies across all business sectors. The Web truly is shaking the foundation of companies who have been traditional leaders in their space. IBM, Charles Schwab, The Gap, Microsoft and Toys "R" Us are prime examples. The Web is a radically different business vehicle, forcing companies -- large and small -- to look beyond traditional business processes for bold new solutions. I believe today's business leaders must re-examine their business strategies to capitalize on the power of this phenomenon and to defend their market position. If they don't, competitors will not hesitate to provide innovative solutions and steal away market share.

CHAPTER TWO

THE WHOLE EXPERIENCE

“The Whole Experience puts the visitor in the center of the universe — anticipating, stimulating and facilitating their behavior.”

Web sites are evolving from marketing support vehicles to primary business vehicles through which marketing, sales, product/service delivery and support will be achieved for many types of businesses. Today’s companies are grappling with pre-established organizational structures, distribution schemes, skills sets and funding models that were designed for a non-Web worlds. Developing an online solution that works is easier said than done.

In this chapter, I walk readers through the Consumption Cycle SM — a phrase I coined that leverages off familiar concepts in marketing theory such as product life cycle, purchase decision cycles and market diffusion curves. The Consumption Cycle encompasses all aspects of what a person is doing from the pre-shopping experience to the post-purchase and into the using experience. Large companies don’t often think about all the activities that their prospects and customers do in one logical continuum. Those that can — those that integrate marketing, sales and customer usage activities into one integrated system — have a distinct advantage in the digital economy. This holistic approach is known as the Whole Experience. Whole Experience sites leverage technology to reward desired behavior — it pulls people through the Consumption Cycle (in the absence of humans).

Ironically, companies who have already significantly invested in Web site development will have the greatest challenge as they must transform “legacy” Web sites to adapt to the Whole Experience model. Companies who don’t make this transformation and continue with a product-focused, org-chart “silo” Web presence will be left behind. To demonstrate the Whole Experience theory in action, I talk about what

companies such as Preview Travel, Onsale, Auto-By-Tel, eToys, Realtor.com, Cisco Systems, Amazon.com and Dell Computer and doing to overcome the crisis.

Part 2: Fueling the Consumption Cycle

CHAPTER THREE

MARKETING : W HEN THE C USTOMER D RIVES THE E XPERIENCE , W HO C ONTROLS THE B RAND ?

“On the Web, the experience is the message. The experience is the brand.”

The Internet is forcing many companies to re-consider what they currently think and know about marketing — in several realms. Fundamentally, the marketing challenge is different in three key ways: in a Web world, you have no control of who comes to the site and when, therefore targeting messages and programs is radically different. Secondly, when the Web is the primary marketing vehicle, it becomes the focal point for establishing and maintaining brand identity. How well the Web experience meets the needs and expectations of visitors plays a crucial role in establishing and maintaining brand loyalty. Thirdly, the Web enables sophisticated and extensive comparison shopping. Suspects, prospects and customers have a wealth of information from many companies when they make their buying decisions. These three fundamental changes enabled by the Web grossly impact strategic and tactical marketing. The implications are far reaching.

The Web is forcing businesses to devise new marketing processes which addresses users no matter where they are in the consumption cycle. What's unique about Web marketing is that for the first time, the user's online experience is as much the message as the value provided by the product or service. Furthermore, as more and more users rely on the Web as a strategic business vehicle to the exclusion of other marketing vehicles, the Web experience becomes the brand.

“In the absence of human touch, the Whole Experience fills the void left by disintermediation.”

The complacent business world is on the cusp of a new era — one in which businesses must migrate from traditional sales structures to electronically enabled or assisted sales models. Today’s electronic commerce practices are just beginning to scratch the surface of how the sales process will be impacted by the Web. To a consumer, disintermediation means empowerment. Circumventing traditional retailers, agents and brokers not only saves them time and money, they can now choose to avoid dysfunctional sales and communication processes. This has big business running scared. In fact, 59% of companies online say cutting out the middleman is a benefit, according to a recent Business Week/Harris Poll.

I discovered that electronic commerce is embraced quickest by four key segments of the population: a) Avoiders - those who dislike shopping in traditional stores, b) Boomers - those insensitive to price because their time is precious, c) Dispossessed - those who are limited in their ability to go to an actual store, d) Early Adopters - the younger generation who embrace e-commerce as the norm. I discuss this audience segmentation and what companies are doing to address their needs.

Not surprisingly, most companies today have not yet mapped out a Web-oriented sales strategy, let alone begun the difficult process of restructuring their internal processes to accommodate the numerous opportunities offered by the Internet and the connected economy. Companies locked into two-tiered distribution structures are having a difficult time transitioning — giving Web-centric start-ups the early advantage. Using actual companies InsWeb, Apple Computer, Symantec and Pioneer Electronics as examples, I talk about how the integrated sales model is a vital component of businesses looking to the Internet to grow sales, remove costs, streamline transactions and fuel the consumption cycle.

CHAPTER FIVE

FULFILLMENT : JUST -IN-TIME INVENTORY MANAGEMENT AND REAL -TIME DISTRIBUTION

“The Whole Experience is a process, not a product.”

For many industries, the connected economy has empowered them to take a bold approach to how they structure their time-honored supply-chain management systems. Many Web-centric businesses have already discovered that they can automate the process of delivering electronic products (such as software) or offer personalized services (such as delivery tracking and airline reservations) over the Internet. In this chapter, I profile companies who offer Whole Experience distribution endeavors — Chemdex, Apple Computer, Primis Custom Publishing, Dell Computer, Amazon.com and FedEx. And I provide an index of best practices for businesses considering Whole Fulfillment solutions.

Just-in-time inventories are not only possible, they'll soon be the norm. Empowering consumers in the fulfillment phases of consumption can include multiple techniques such as allowing customers to participate in the specialized configuration of their chosen products (Dell) or allowing them to check on the status of an order (FedEx).

Companies who produce products that cannot be delivered over the Internet — tangible goods — can also benefit from implementing fulfillment-related functionality into their Web sites. The key to these companies, however, is using new technology to develop smart inventory management solutions. Amazon.com is a prime example. The company proudly proclaims itself to be the Earth's largest bookstore — with over 2.5 million books in stock. Actually, the online bookstore has only a fraction of that total amount on hand at any given time. Another example is Primis Customer Publishing, a innovative unit of McGraw-Hill that lets college instructors customize course material that fits their unique needs — then publishes a custom textbook for their students.

Dead Ahead looks at these and other examples of companies who are using the Web to meet customer requirements. Businesses who are first to absorb the best business practices of their Whole Fulfillment counterparts may be better positioned to excel in the connected economy.

CHAPTER SIX

CUSTOMER SUPPORT : Customer Satisfaction, Preferences THROUGH PERSONALIZATION , CUSTOMIZATION AND EMPOWERMENT

“Superior customer service is no longer good enough. Customers in the new economy want easy to find solutions. A responsive Web site invites customers into your facility, empowers them with the tools they need and trusts them to find the answers.”

In chapter six, I tackle the subject of customer advocacy, loyalty and user satisfaction by delving to the root issue — how to please the never satisfied customer. Integrating support into the Whole Experience poses a difficult challenge since support solutions are often far removed from the other parts of the organization. Customers want to be more self sufficient and they are looking to the Web, more and more, to help give them answers.

Oracle Support Services, for example, is the online support center for computer database giant, Oracle. They've taken customer support to a higher level than most companies thought was possible. Their Whole Experience Web effort is generating high praise from clients worldwide. Not only can clients access the support services 24 hours and day, 7 days a week, the site provides clients with multiple ways of solving their problems — from user groups to MetaLink queries — all of which are all hard-wired to a central nervous system of Oracle “answers.” The Web site can also anticipate client needs through a profiling process that gets to know each client, over time, each time they visit the site looking for information. This way, the Oracle Support Services site serves as a preventative, proactive vehicle rather than reactive repair mechanism.

I've found that companies who wish to deliver integrated customer support solutions must create Web sites that make their customers productive and ensure successful use of their products. In a time-deprived world, Web users want companies to offer Web sites that are easy to do business with; provide access and support; offer services, tips, news and information; and foster a sense of community among customers. These are the critical actions for building customer loyalty in the online world.

Part 3: Delivering the Whole Experience

CHAPTER SEVEN

THE 7 COMMON BARRIERS TO IMPLEMENTING THE WHOLE EXPERIENCE -- AND HOW TO OVERCOME THEM

"A Web site is more than a series of interlocking pages -- it's a portal to your entire enterprise."

Today's businesses need to start looking beyond the traditional org-chart processes if they hope to transform classic business enterprises into Whole Experience business solutions. But real barriers stand in the way of reform. This chapter navigates through these barriers with solid strategic solutions -- arming corporate executives with the battle dress and armament they need to lead their enterprise into the digital economy.

The seven common barriers are:

BARRIER #1:

KNOWLEDGE OF WHAT CUSTOMERS /USERS WANT - All too often, companies assume they know what their customers want and need from their Web sites. They build elaborate, graphic-intensive Web

sites or spend valued resources on commerce systems that address only part of the solution, rather than the Whole Solution. The Japanese have an expression, "Ready, Fire, Aim" which describes Westerner's ill-fated approach to marketing. The art of aiming -- identifying and zeroing in on the target -- is too often performed after the site has already been developed and implemented. To sustain quality interaction with its customers/users via the Web, companies should listen, think, *then* develop. The first two steps, listening and thinking, are poorly understood simply because companies don't invest enough time, effort or value in this area (market research, focus groups, etc.) The third step, development, is the most one-sided and overemphasized of the three steps. Its the easiest step for companies to perform but has little impact on customers/users if they've have had little say in the matter.

Businesses need to invest in knowledge first, then develop a proactive Web site strategy. Only then can they hope to over come this barrier to implementation.

BARRIER #2:

EXISTING BUSINESS STRATEGIES - This barrier is particularly relevant to large corporations who are married to their current business strategies. The Web will soon turn these existing strategies on their ear.

To succeed in the new economy, executive managers must ask themselves some tough questions: How does a business transition from current business models such as multi-tier distribution schemes to disintermediated business models? What about changes in pricing models or the impact on product development and logistical models? What is the new role of direct vs. indirect sales? Are there new structures and processes for providing

customer service — and if so — how do they work? How are revenue streams shifting due to the Web strategy? How are companies deciding what to give away vs. what to charge for? The answers to these questions will determine the path a company should take in revamping their business strategies.

It is interesting to note that the value of established companies has traditionally been based on profitability. Yet start-ups in the Internet space are valued according to growth. That puts established leaders at a disadvantage — they are expected to make investments in the Web while growing profits at the same time. I believe that the way companies are valued in a connected economy must change — and it will be up to forward-thinking business leaders to help their employees and shareholders understand why.

BARRIER #3:

CURRENT ORG STRUCTURES AND FUNDING MODELS - When the Web becomes a primary business vehicle, it throws the time-honored structure of an organization into chaos. A company's Web strategy becomes the responsibility of many parts of the company: corporate marketing, product marketing, sales, customer support and product development.

The resulting work environment is often hostile and unpleasant, as "turf-wars" erupt and spiral out of control within a company. Funding of the Web initiative must now be extended beyond a single department within a firm. The Web Effect within an organization can rock the very foundation of a company.

Today's executives can overcome their organization's resistance to change by stepping up to the plate and taking a leadership roll in the process. The care and feeding of a strategic

Web initiative must be nurtured by an inspired and courageous leader with decisive leadership skills necessary to shake up an organization's planning process from the ground up, ultimately giving birth to a new operating model for the organization. A careful comparison of the new models of communication and management structure in this book helps lay the groundwork for a strategic plan of action.

BARRIER #4:

EXISTING SKILL SETS - A Whole Experience requires that typical job profiles within an organization adapt to accommodate the new organization (i.e: Chief Web Officers) — in terms of content development, strategic direction, IT support, etc. Employee skills required in the new economy are different.

I examine innovative firms that have already recognized that this “skill shift” has occurred, and show what steps they are taking to develop bold new educational initiative, in addition to new recruiting initiatives to complement the brave new workplace.

BARRIER #5:

CONTENT PUBLISHING - How do innovative companies provide the wide breadth and depth of content required for a Whole Experience site? By empowering many people across large enterprises to contribute content as a natural and routine part of their jobs. But that's not how it works in most companies today. Today's Webmasters and HTML programmers gather raw content from many locations within a company, then technically convert it into Web-ready formats. This creates a publishing bottleneck — where too much power and too much pressure is concentrated in one location within an organization. Bottlenecks must be eliminated if Web sites are to be the strategic and primary vehicle through which to disseminate content to the market.

This key organizational and IT strategic decision should be contemplated at the highest level in an organization — not relegated to some IT professional in a vacuum. Corporate content publishing solutions must be broadly adopted and easy to use, while easy to control and manage to ensure quality and acceptability across an enterprise.

BARRIER #6:

IT INFRASTRUCTURE AND ARCHITECTURE - Executive management must take action today to arm themselves with the knowledge they need to properly interface with their IT departments in leading their companies to Whole Experience strategies. The key issues that executive management must know in order to be effective leaders in the new economy will be explored in this chapter. Issues such as personalization (making user experiences unique to each individual), profiling (techniques used identify individual site visitors and why), registration systems (techniques used to entice and “tag” individual users/customers for ID purposes), immersive and interactive techniques, site maintenance and administration issues, and the difference between dynamic content (live information fed from a database in real-time) vs. static content (dead HTML templates sitting on a server) will be examined in detail.

A Web site must also have continuity across the fundamental navigation, registration, database(s), publishing standards and user interface if it hopes to emulate the overarching promise that the Whole Experience has to offer. In the absence of humans, it is critical that Web site architectures be intuitive and well-planned. Remarkably, this task is often left to an outside design firm or IT contractor to implement — firms or individuals who know little

about the long-term corporate planning initiatives of the particular business they are being asked to serve.

BARRIER #7:

INTERNATIONALIZATION - The Web knows no geographic bounds, yet the majority of U.S. firms have developed Web sites that have a distinctly U.S. focus. Implementing Web sites that speak to cultures outside the U.S. can be complicated ventures: language, cultural differences, legal restrictions and technical standards are real obstacles. Providing Whole Experience Web sites to people of different nations adds a very challenging dimension to the picture. Meeting the challenge is critical for companies who rely on sales outside the U.S.

I take a look at companies such as Symantec, Macromedia, Network Associates, Sun Microsystems, and others are accommodating the needs of Web users outside the United States. Should they create a central, all-in-one global solution or clone their sites and maintain them from a foreign server?

A Whole Experience Web site must accommodate the entire audience of potential users, rather than simply meeting the needs of a company's existing customers. Not surprisingly, the biggest hurdle in integrating a multicultural, business-to-business strategy may lie in educating corporate management of the importance of such a strategy. Pro-active solutions sound easy, but are often difficult to launch within an enterprise. Companies who have faced this challenge head on, and overcome it, will be profited.

CHAPTER EIGHT
FLYING WITHOUT A NET

“Companies who fall asleep at the wheel risk being run off the road. Look what Amazon.com did to Barnes and Noble.”

In this final chapter, I talk about the consequence of inaction — when big companies with seemingly impenetrable market position are humbled by Web-centric start-ups who've grabbed market share out from under them. Traditional businesses are not immune and in fact, may be most at risk. Who would of predicted, for example, that the nation's leading toy company — Toys “R” Us — would be playing catch up to online upstart eToys, a company with no prior experience in the toy business? The challenge, of course, is how companies can transform their organizations to embrace the electronic marketplace. This sounds easy, but is difficult to implement. Behemoth industries such as the automotive, insurance and the financial industry are especially resistant to change — after all, they were designed that way.

The wind of change is in the air. Already the \$101 billion travel industry is being challenged by Web-centric enterprises such as Travelocity, Expedia and Preview Travel. Jupiter Communication forecasts that online travel companies will capture 10 percent of the entire travel market in just a few short years. Another Web-centric firm, Auto-By-Tel, is flirting with the way consumers buy automobiles — giving consumers a no hassle car buying solution. No industry is safe in the connected economy. And companies who fly without a net may live to regret it.

APPENDIX

- Web Site Indicator Assessment Test tied to the Whole Experience Index
- Customer Advocacy/Customer Loyalty Indicator Assessment Test tied to the Whole Experience Index