



## **Chapter XIII**

# **A Prototype E-Business Model to Create a Competitive Advantage in SMEs**

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## **Abstract**

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*This study explores new ways for SMEs to create a competitive advantage through the use of e-business. It examines the level of ICT use in SMEs and identifies the drivers and barriers which owners/managers face in adopting e-business. Furthermore, it explores the degree of awareness amongst SMEs of the opportunities available to them for developing their employees, their business strategies, and their attitudes toward the range of initiatives and options, on the use of e-business. Industry behaviour and organisational culture in relation to the creation of competitive advantage through e-*

*business also are explored. Case studies and literature review are used to collect information from and about SMEs in the UK. The results of these are employed to propose a prototype business model, named CATE-b – “Competitive Advantage Through e-business.”*

## Introduction

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The economic environment in which businesses find themselves today is perhaps the most turbulent in history. It is dominated by three powerful influences: globalisation, knowledge and information revolution, and structural change of organisations (Booz Allen Hamilton, 2002). Therefore, in this new era of the e-economy, the traditional starting point for strategic business thinking in **small and medium-sized enterprises (SMEs)** is no longer appropriate. Small Business Services statistics show that SMEs are the backbone of the UK economy (99.8% of all UK businesses), yet, they are slow to adopt e-business as the basis for business communications and transactions (DTI, 2003). This may inhibit their current and future operational efficiency and innovation by limiting the competitive advantage that e-business could bring to their businesses.

## Aims and Objectives

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Thus, this chapter focuses on the following areas:

1. Review both academic and practitioner literature related to IT, e-business, and different business models, which have arisen due to recent technological advances.
2. Identify the drivers and barriers which owners/managers face in adopting e-business.
3. Investigate the degree of awareness amongst SMEs of the opportunities available to them for developing their employees and their business strategies.
4. Analyse attitudes toward the range of initiatives and options, and the degree of take-up, on the use of e-business.
5. Develop a competitive advantage through e-business (CATE-b) prototype model for SMEs to facilitate organisational effectiveness and speed in the new era of e-economy.

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