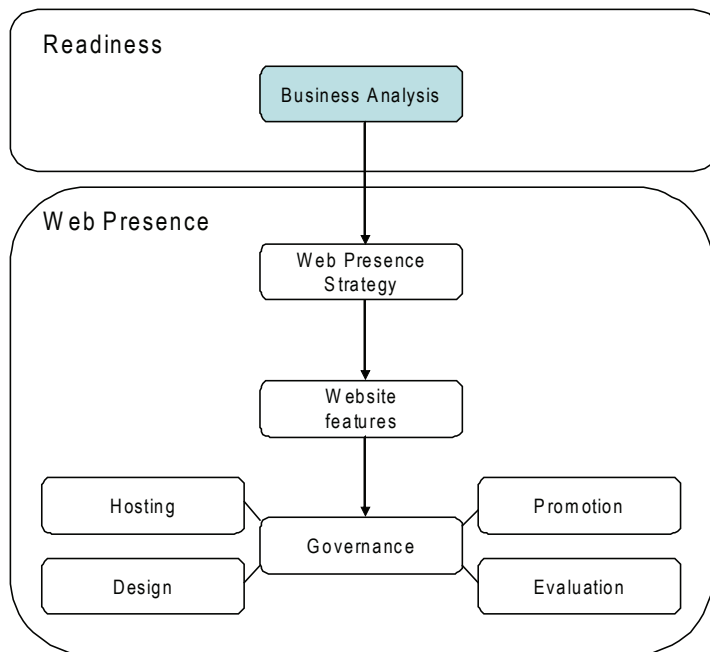


Chapter IV

Business Strategy and Planning



INTRODUCTION

In the previous chapter we highlighted the importance of planning for an effective Web presence. In fact, the existence of a disciplined planning approach is seen as an enabler for the effective use of ICTs and e-commerce in small businesses,

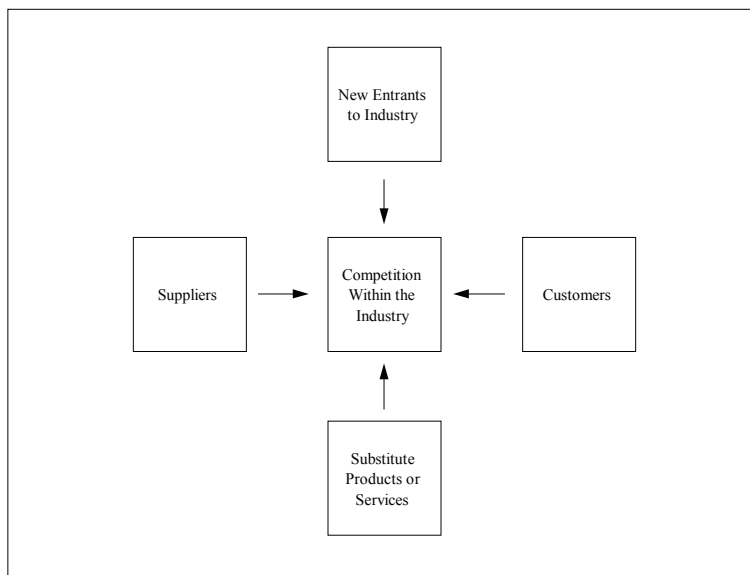
whilst short-range management perspectives and lack of planning are viewed as barriers.

This chapter builds on the tenets identified in the previous chapter to examine how a small business might prepare itself for a Web presence. We believe that small business operators/ managers should know their strategic business direction before they consider establishing a Web presence. We will commence by investigating some basic business theory.

COMPETITIVE FORCES

It is necessary for a small business owner/manager to understand the environment in which the business operates and exists. More than twenty years ago, Porter and Millar (1985) proposed a model that related to competitive forces (refer Figure 1) in an endeavour to assist managers to identify strategic information and communication technology opportunities. Although this model was suggested in a time when ICT adoption was nascent, the basics of the model still tend to hold today. Indeed, Porter in 2001 updated the model in the *Harvard Business Review* to take into account the value of ICTs. He suggested that that it had become evident that for many businesses it was not whether to deploy ICT, but how to use the technology

Figure 1. The five competitive forces model (adapted from Porter & Millar 1985)



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