An Analysis of the Boeing Company Internal Portal e-Business Strategy

Analysis Team
Shea Tanabe-Hines - Lisa McClary - Gene Yelden - Frank Davidson - Ken Johnson
Agenda

• Introduction
• E-Commerce Cost Models
• Five Steps for E-Commerce Success
• The Ten Deadly Sins of Wanna-Dots
• Getting from Bricks to Clicks with the Right Mix
• Assessments
Introduction

• Current State:
  – Multiple portal projects in Boeing
  – Fabrication Division portal partially implemented
  – 1 dedicated resource
  – Cost Reductions

• The goal of a well-designed intranet portal is that of a well-rounded facilitator
  – Providing content, tools, information and opportunities

• Current initiative description lacks focus

• E-Commerce analysis drives recommendations
E-Commerce Cost Models
Economies of Scale

• The team heading the Fabrication eBusiness portal initiative can achieve economies of scale and help provide global access to Boeing information

• Demand
  – the more users in a network, the more useful, or valuable, the network becomes

• Supply
  – portal project champions can help broaden the portal network and stimulate interest in the initiative
Economies of Scope

- eBusiness team can achieve economies of scope by streamlining the processes and providing value across a diverse set of customers/users

- Demand
  - increasing the number of process and product groups using the portal, the amount of information available to be accessed across divisional groups also increases
  - Information can be shared more easily with a large number of users because the portal is a central location and increases accessibility

- Supply
  - all portal initiatives should be sub-projects under an overall global portal umbrella
  - portal projects can leverage the same processes, technologies and strategies
Switching Costs

• The eBusiness team can lower the switching costs perceived by potential users of the portal

• Demand
  – If the technology is perceived as a hassle for users they will move away from it
  – Key will be to show the value of the new technology and software

• Supply
  – eBusiness team will need to use resources to obtain buy-in from the customers
  – Best practices, internal case studies and attracting the portal deployment champions
Transaction Costs

- “the searching, negotiating, monitoring and enforcement” that allow exchange between two parties²

- **Demand**
  - time employees spend searching for information and maintaining the web-delivered content
  - Information will be centralized

- **Supply**
  - the processes and code developed for implementation in one group can be leveraged
Five Steps for E-Commerce Success
Redefine Competitive Advantage

• Internal Portal purpose is:
  – Global access to Boeing information from any web based device
  – Reduced web delivery and maintenance costs
  – Infrastructure for future eBusiness capabilities

• eSCM is an external portal that attains competitive advantage by:
  – Turning transactions into electronic processes to reduce paper transaction time

• Product and Process centers need to understand that an elemental product is information
Rethink Business Strategy

- Current business and implementation strategy is implicitly ‘over the wall’ design and fabrication for both internal and external relationships
- Portal business strategy depends on development of ‘communities’ and ‘portlets’ within portal
- Goal of redesigned business strategy is to remove existing barriers to communication and interaction
Re-examine Business and Revenue Models

• Portal will serve to aid internal and external real-time integration of existing centers (Product and Process) and Supply Chain management (external portal).

• Revenue model is not revised in first generation portal. Further extension of portals could leverage information to revise revenue models.

• Initially, virtual value chain will mirror current value chain. Extension and leverage of portal information assets can lead to future revision of revenue model.
Re-engineer the Organization and Web site

• Development of portal as described is by definition a re-engineering of the organization
  – Transformation to portal model will require buy-in and dedicated, ongoing input from executive management

• Extranet (eSCM) site required to be multi-dimensional, accessing customizable pricing, delivery and scheduling information
Re-invent Customer Service

• Portal redefines ‘customer’
• Difficulty is to avoid another level of influence, regulation and control, but instead institute a genuine service that is identified as essential by portal users
• Portal must gather customer specific information (internal and external portals) to develop customized service offerings²
The Ten Deadly Mistakes of Wanna-Dots
1: Lack of focus by management and those involved in implementation.

- a plan is of the utmost importance to ensure any level of success
- Potential outcomes must be involved in the focus of a project

2: Not finding the right people and time

- Attracting champions throughout the division is essential
- Champions must also have a commitment that coincides with the eBusiness group
3: Oversimplification.

- Do not take the easy way out unless all other avenues have been examined.
- This type of tool is not a step backwards; it is a giant leap forward and should be treated as such.

4: Inappropriate and unfamiliar vendors.

- Include individuals from within the division or product/process centers.
- Too much outside input could end up with an aesthetically pleasing tool with lots of bells and whistles but with no productive value to the actual users.
5: Duplicating existing processes only.

- Potential of the Internet, eBusiness ideas, and a portal system should be endless
- Take advantage of potential new uses especially if designed by those using the system

6: Restrictive conditions, policies and procedures.

- Does it always have to come down to how much is expended for the implementation?
- Treating people a different way could be enough to entice a little more effort – lift some restrictions
7: Failure to integrate between existing business divisions.

- Portals should show some individuality but under a consistent and unified umbrella
- Those involved in the implementation and maintenance of a portal need to learn from one another

8: Failure to acknowledge new competitive avenues and/or threats.

- Look towards others’ successes, not failures
- Expand upon what has worked
- Create new benchmarks for success
9: Improper implementation and training.

- Classic rule for making a good idea look bad: botch the implementation\(^1\)
- The quantity and quality of training that is needed for success

10: Failure to acknowledge the customer.

- Portal system must be acceptable to those you want to use the product, or tool
- allow all parties that will be using the system to be active and involved from the moment the portal is accepted by a division or center
Getting from Bricks to Clicks with the Right Mix
Strategic Vision and Planning

• Needs to be an overall strategic vision for what the portal initiative is trying to accomplish
• The project team needs to establish a champion within each product/process center
• Adequate time needs to be devoted to the overall strategy for the initiative
• Participants and stakeholders need to understand that the portal initiative is a way to help them share the risks, as well as the benefits, of moving to a more integrated platform
Channel Conflict

• Potential change resistance driven by fear of portal information availability minimizing individual importance

• eSCM initiative has possible conflicts or incompatibilities with software/data transfer between participants

• Possible conflict if the Division becomes a profit/cost center and sold to non-Boeing groups
Human Resources

• Talented and dynamic leaders and experts will be required in order to enable this project to be a success
• Hire, or conscript, people to serve as the portal champions relieving them of any other duties they may have previously held
• Time and effort may be required to be devoted to staff training
Management

• The role of management cannot be underestimated
• Management needs to have the overall vision, focus and the requisite authority to motivate and guide the entire implementation process
• Common focal point of authority
Infrastructure

• Ensure that the current efforts take full advantage of the capabilities of the current IT infrastructure
• Efforts should be focused on maintaining and capitalizing on the current division’s business strengths
• Staff training will be required to foster the sense that new initiatives and abilities are not hindrances or barriers, but lay the foundation for future prospects and expansion
Assessments
Evaluation

• Reviewing the results of the analysis tools, some consistency was noticed
• Analysis solidified the need of four main steps
  – Start at the Top
  – Plan
  – Manage Change
  – Communicate
Recommendation – Start at the Top

• Success of technology initiatives require top-level support and preplanning

• Groups need to unite, form an integrated portal initiative

• Single project team of dedicated, expert resources:
  – reduces implementation time
  – requires fewer people

• Information management is a competitive advantage
Recommendation - Plan

• Focus on user requirements
• Before development or content creation, need clear documentation/direction:
  – Criteria for establishing a new Community
  – Definition and expectations of a content owner
  – Update process
  – Governance process
  – Establishment of a governance person or team
  – Definition of appropriate content
  – Identify a brand or name for the portal
  – Implementation scope and timeline
Recommendation – Manage Change

• Portal changes the underlying methodology in which employees do work
• Barriers to accepting this change include:
  – varying levels of technology savvy
  – unclear understanding of benefits
  – general fear of change
• Critical to implement the portal in a short time frame, capitalizing on momentum and to show quick results
• Initial implementation should cover a core set of functions and information needs
Recommendation - Communicate

• We recommend that the project team either:
  – include a communications specialist
  – identify someone out of a communications group to work specifically with the project

• Create a project identity

• Communicate the business case for portal
  – Especially true in time of cost reductions

• Communication Plan should include:
  – email
  – posters/bulletins
  – project website (info and previews of the new portal)
  – Information and training sessions
Managerial Implications

• Senior management must evaluate the strategic importance of the portal initiative

• Decision: provide full political and resource support
  OR
  abandon the projects

• Clearly communicate these goals to ensure success
Select References


Questions