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E-Commerce For Distribution Management

By Steve Epner

E-commerce is such a changing target that anyone attempting to create a single definition for all users is doomed to failure. So is any individual who attempts to find the one process or path that everyone can use to be successful.

Having said that, I have repeatedly been asked to do the impossible. This is a first pass at developing a foundation to help us discuss the issues.

Let us begin by adopting some basic definitions. First, just because someone is on the web does not mean they are doing e-commerce. An Internet site is not automatically an e-commerce site. E-commerce does not require a web site at all. E-commerce is that part of e-business related to transaction processing (as opposed to e-marketing that creates interest in a product or service; and e-selling which creates the desire to generate a transaction). These are the actions that must take place to make a sale or other business information exchange take place.

E-commerce does not require an electronic catalog. E-catalogs often play a role in the process that leads to the use of e-commerce. Again, they are not e-commerce by themselves.

It is also important to recognize that not all e-commerce transactions are similar. Based on the customer base, different needs must be met. A manufacturer needs to provide different interfaces for reps, distributors, direct customers and field service organizations. Distributors must support the needs of OEMs, MRO applications, contract purchasing and retail sales.

OEMs, for example, will want to have a direct interface between their "MRP" system

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and a distributor's order entry system. They do not want to push a shopping cart and fill it with parts that they order on a regular basis in large quantities.

By the same token, an MRO facility may want to access an electronic catalog for product. It is just that they only want to see the approved parts that their people can order from the distributor. As part of this customized catalog, they do not want to see any prices, only availability – in real time – from the distributor's warehouse.

Implementing e-commerce just because it sounds neat is the wrong reason to take this path. It will be expensive, take time and can have negative results as well as positive. E-commerce should be used because it gives you a competitive advantage. E-commerce can reduce the cost of processing an order, it can reduce the time needed to get an item "out the door" and it can reduce the number of errors in any situation.

To do it right, any e-commerce initiative must include a certain amount of experimentation. Every system is different. Every customer has different needs and expectations. Nothing will go 100 percent right the first time.

Select a good trading partner. It can be a supplier or a customer. Make sure it is someone with whom you are comfortable. Someone who will tell you what they like and do not like, someone who can accept glitches in a controlled environment. Experiment together. Learn and correct until you have a smooth running process. Then prepare to roll it out to the rest of your trading partners.

Steve Epner has been directing traffic on the information super highway since 1966. A highly regarded industry expert, Epner is widely published and has provided comment for national business publications including the *Wall Street Journal*. His experience in business, technology and strategic planning makes him a nationally renowned technical speaker. Epner can be reached at sepner@bswllc.com.

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