

△ Strategic FYI

A brief about issues affecting your business

Business Strategy Triumphs in E-Commerce

E-commerce can be a useful part of a marketing mix, but competitive advantage—and the resulting long-term profits—is a function of wise strategy, not e-commerce.

Obviously, e-commerce allows access to many more **customers** than can storefronts or a sales force. Since there are no significant barriers to entry, however, when it comes to basic e-commerce, the risk of new competitors joining your market is high as well. In the end, this expanded marketplace is not a competitive advantage, for although it is **valuable**, it is **rare** nor **inimitable** or **sustainable**. See the article “Analyzing Your Company” (www.robert-mckinney.com/Documents/CompanyAnalysis.pdf) to learn how to determine a competitive advantage.

Where you may have a competitive advantage using your traditional distribution channel or well-trained sales force, going online can put you in competitive parity with everyone else. Unfortunately for their companies, most executives and entrepreneurs believe that the only way to compete in e-commerce is through first-mover advantage and **price**. Repeated research in the *Strategic Management Journal*, however, has shown that the first-mover advantage tends to not be an advantage at all.

When these companies move online they are often disappointed in their sales numbers and they become less profitable because they cut **price** and begin a race to the bottom. In a certain desperation and lemming mentality, companies then begin looking to such **promotional** fads such as Web 2.0 and corporate blogs to enhance their marketing. But this too shall pass.

Instead of management-by-gut and fads, competitive markets require true business strategy. This means analyzing your markets using proven business strategy tools to carefully segment your customers and develop a strong market mix based upon competitive advantage.

To help manage strategically, look to our free resources. You can find them on our website at www.McKinneyStrategicManagement.com.

And if you want to maximize your business, contact us at The McKinney Group, LLC. We are intellectual capitalists that use analytics and true Business Strategy to put you at the top of your market while your competition fiddles with fads on their race to the bottom.

-See Reverse for More on Business Strategy-



Business Strategy

True business strategy is the use of analytics and proven strategic tools and tactics to develop competitive advantage.

True business strategy is far more than “strategic planning.”

Strategic planning is merely a form of budgeting. It can be useful, but strategic planning is often subjective and by the gut. This is why great-looking strategic plans for entering new markets, developing new products, and enacting new promotional activities tend to promise high sales and large profits, but often become marginal investments when it comes time to actually enter the market.

In the end, mere strategic planning often becomes just another long-forgotten PowerPoint presentation.

Strategy is a buzzword right now, but not at The McKinney Group, LLC.

We are business strategists versed in application of analytics and proven strategic tools and tactics. Nobody at The McKinney Group, LLC will ever have the title “Strategist” without having specific training in true business strategy from a top-50 business school. Furthermore, all Strategists in the company believe in Maximizing Value Creation through developing competitive advantage and Good Business Run Wisely.

The intellectual capitalists at The McKinney Group, LLC will help you analyze the data and crunch the numbers so that you target the right Customers with the right Products and services, at the right Place, and at the right Price. We call it “Maximizing Value Creation” through “Good Business Run Wisely.” And since we believe in eating our own cooking, we believe in getting paid for results, not time. So contact us.

The McKinney Group, LLC.

Tell us your story. Δ



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