



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Moving from the Tactical to the Strategic Use of Technology

Bob Loeffler

I.T. as Strategy

- Architecture and Infrastructure
- Planning
- E-commerce
- Knowledge Management

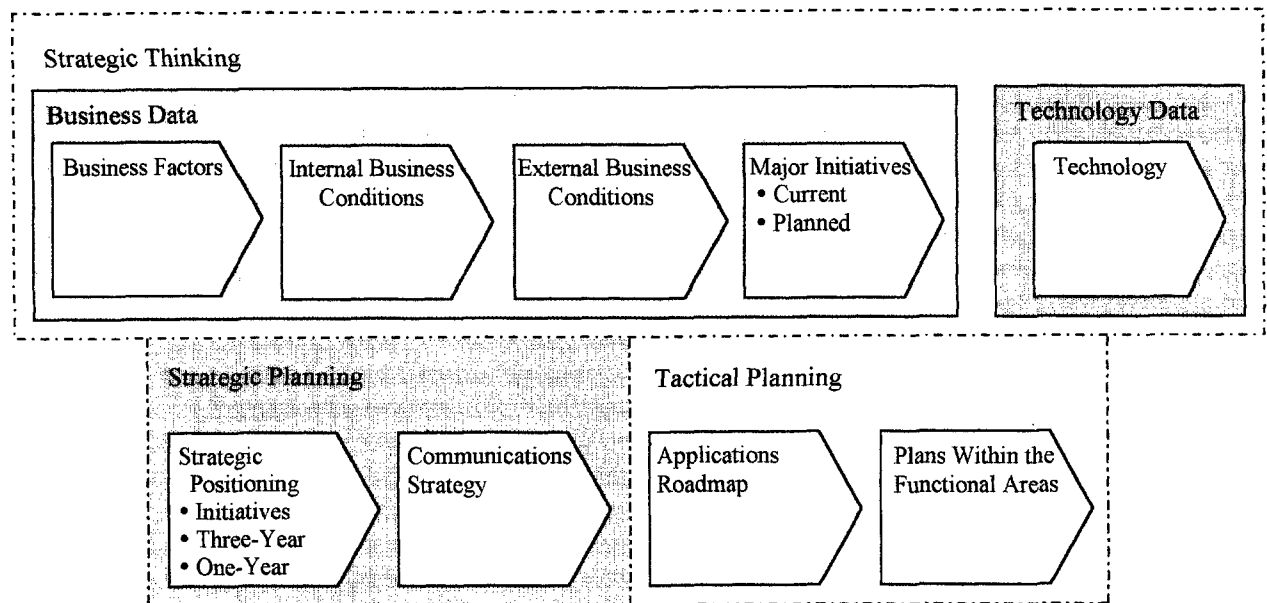
Architecture Hardware and Software

- Open
- Extendable
- Time Left in Life-Cycle
- Popular
- Reasonably Priced

Architecture Objectives

- Avoid “Noah’s Ark”-I-Tecture
- Simplicity
- Power
- Speed

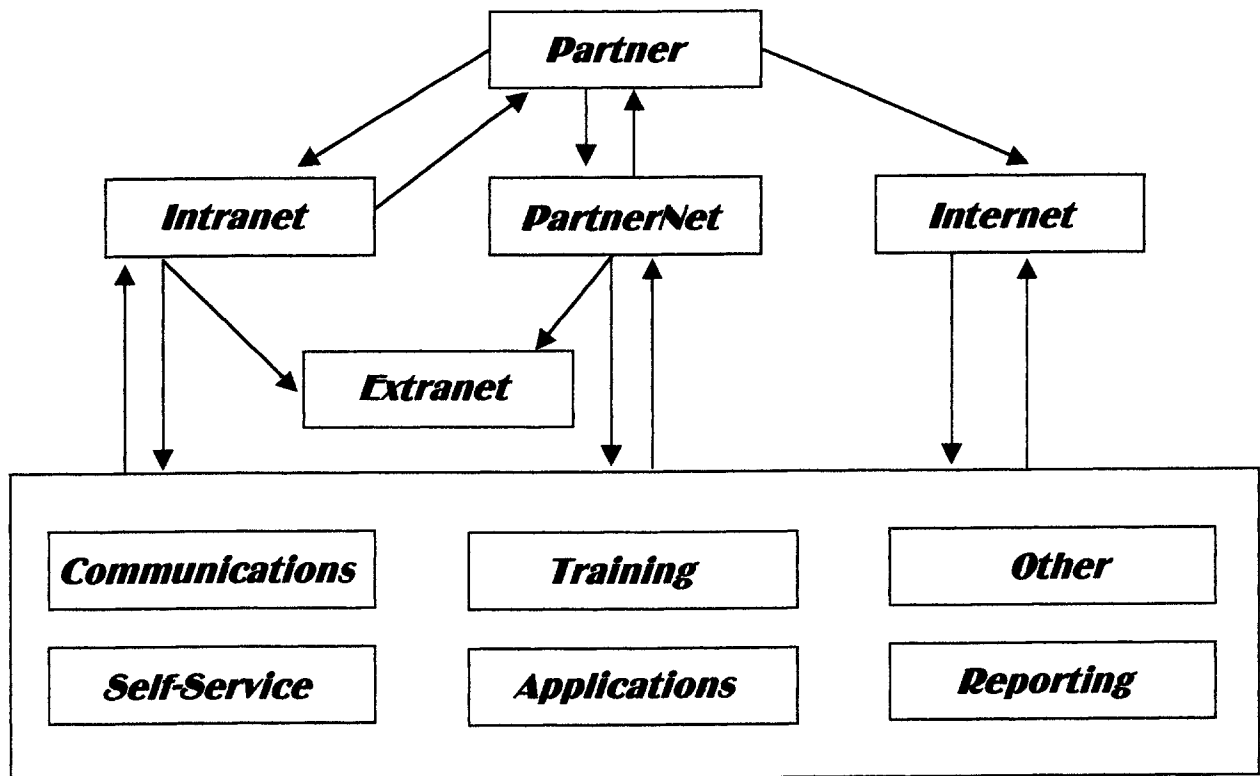
I. T. Planning



Bob Loeffler is chief information officer and president, H.E. Butt Grocery Company, Pantry and Dallas Divisions.

E-Commerce

- With Employees
- With Suppliers
- With Customers



Employee Communications

- New Product Notice/Set of Instructions
- Pick of the Week/Items to Push
- Employee Discount Programs
- Digital Video Segments
- Polls and Surveys

Self-Service

- Electronic Net Check Advice
- Online Expense Reporting
- W2 Info, W4 Data Change
- Vacation/Sick Information
- Flex Account Balances
- Job Postings and Self-Nomination
- Open Enrollment
- Address/Personal Information Change
- Savings Plan Transactions
- Credit Union Transactions

Training

- CBT Courses Delivered Via Internet
 - PC Basics
 - PeopleSoft Web Interface
- CBT Courses Delivered Via In-Store Machine
 - Retail Basics—Making More Cents
 - Produce Test
 - ACR Training Modules
 - Alcohol Sellers Training
 - Orientation Modules

Reporting

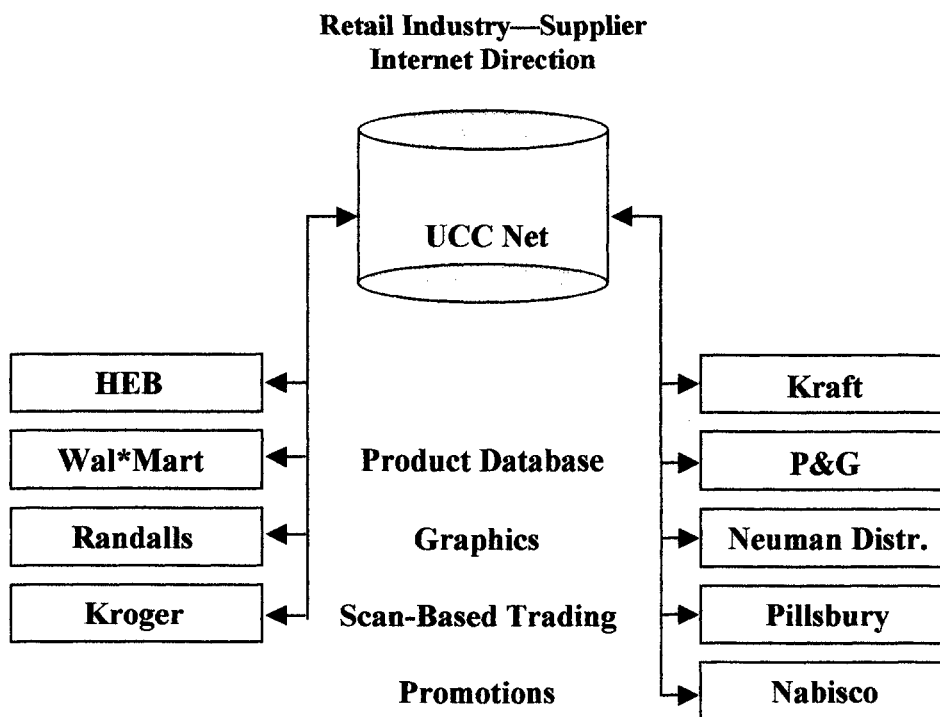
- Plan-O-Gram Changes, Cut-In Instructions
- DSS Report Access
- Daily/Weekly Sales Reporting
- Budgeting/Reporting
- Publish/Subscribe Setup for Reports You Are Authorized to See
- Knowledge Management

Key Constraints

- Web Access at the Store Level
- Network Infrastructure
- Effectiveness and “Freshness” of Presentation to Create Excitement
- Capital Needed to Get and Keep Necessary Technology
- ISPM Partner Skill Sets to Develop Solutions in New Web-Based World

E-Commerce With Suppliers

- Shortcomings of Electronic Data Interchange
- Tactical Use of Internet With Suppliers
- Industry Strategic Use of Internet With Suppliers



E-Commerce With Customer Competition

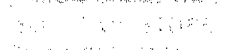
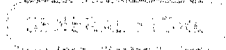
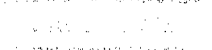
- Webvan.com
 - High Talent Management
 - More Than \$1 Billion in Investment Capital
 - Logistics Specialists—High Automation
 - Aggressive Deployment Schedule
 - Dallas Market Entry Next Year
- Peapod.com
 - 10 Years of Experience
 - Limited Capital for Growth
 - Unprofitable Model in Texas
 - Moving Toward Centralized Distribution
- Albertsons.com
 - Home Delivery of Non-perishables in Texas
 - UPS for Statewide Distribution
 - Currently Testing in Dallas
- Others



Peapod.com



homegrocer.com NO LINES. NO CARTS. NO FASSEL.



streamline.

- HEB.Com???? Or Not????



Experience the convenience of shopping on the web.

Come visit the following sites:

E-Retailing Mission (Warm & Fuzzy)

- Leverage Web Technology to Make Shopping Easier
- Provide Customers Easy Access to Information That Will Assist in Purchasing Decisions
- Provide Customers With a More Convenient Shopping Experience

Mission (Cynical Version)

- Take the Hassle Out of Shopping!
 - Let people who absolutely have a miserable time shopping at our stores get out as quickly as possible or not go at all.

Digital Strategy: The Real Opportunity

- Create a New Channel of Distribution
 - Store Pickup
 - Home Delivery
 - Mail Delivery
- Support Our Existing Infrastructure
 - “Pre-shopping” Tools
 - Brand-building
 - Kiosks
 - Community
- Both—“Clicks and Mortar”

Long-Term Planning and Analysis

- Research Full E-Commerce
 - What kind of fulfillment system do we employ?
 - What do we outsource?
 - Should we host the architecture?
 - Can we extend our brand by selling additional categories?
 - One-to-One Marketing—How do we capture and leverage customer data?
 - Central Market, Pantry, Mexico?
- Should we create an “HEB.com” organization?

In the Meantime . . .

- Customers are screaming for coupons!!



Brought to you by:
SmartSource
 Home to America's Great Brands



WebPage
 grocery coupons online

SAVE.COM

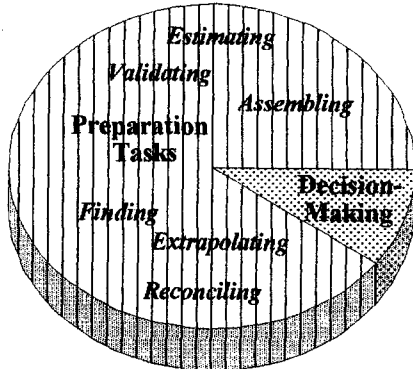
- Pharmacy is going live.
 - Online Rx Refills
 - Product Information
 - New Rx Requests



Fact-Based Decision-Making (Knowledge Management at H-E-B)

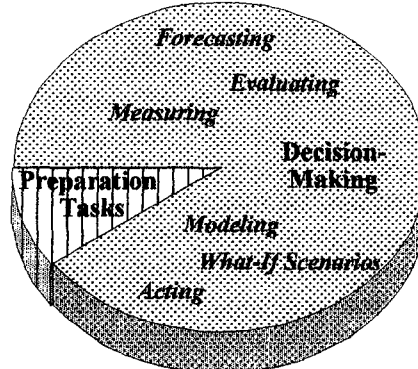
- A Paradigm Shift

Current State



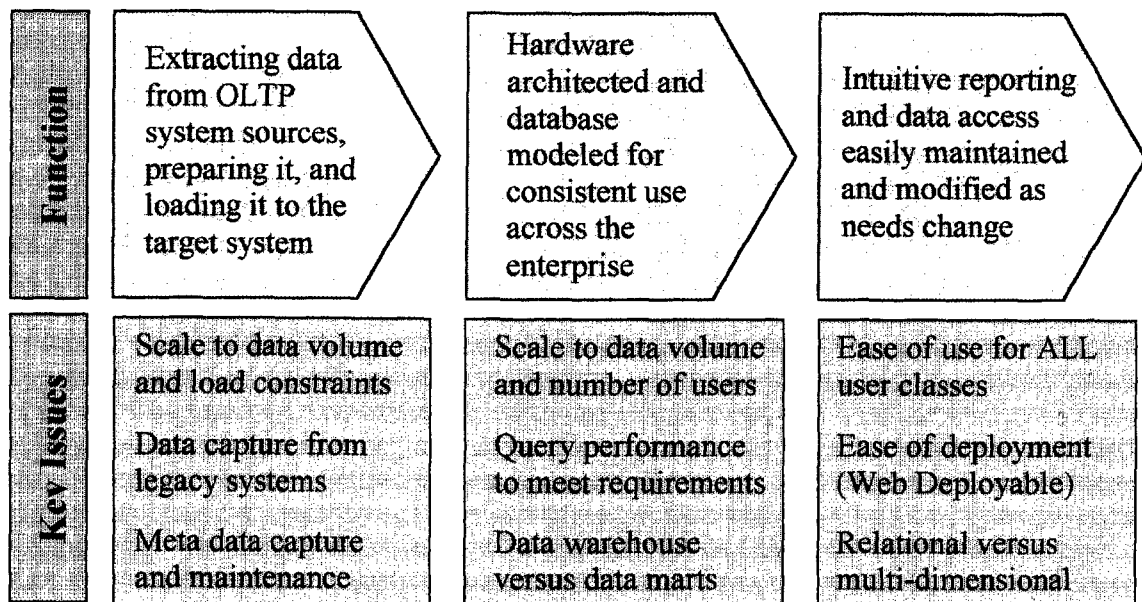
- Barriers Preclude Use of Facts
- Action in the Absence of Knowledge
- No Measurement of Decision Impact

Future State

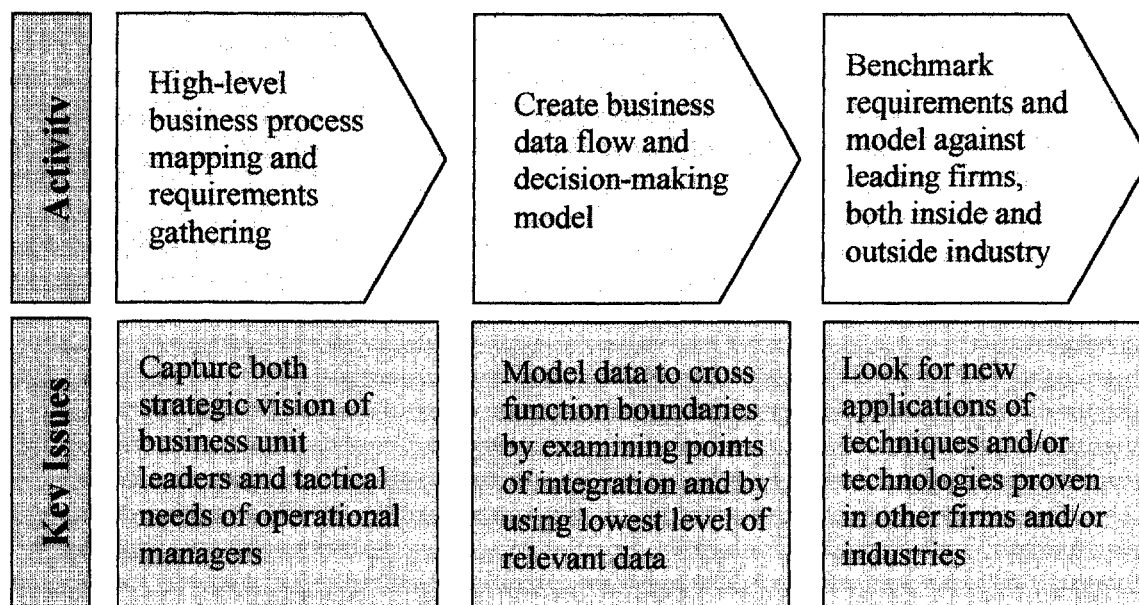


- Barriers to Facts Are Low
- Action Based on Facts
- Measurement Leads to Improvement

- Functional Infrastructure Model

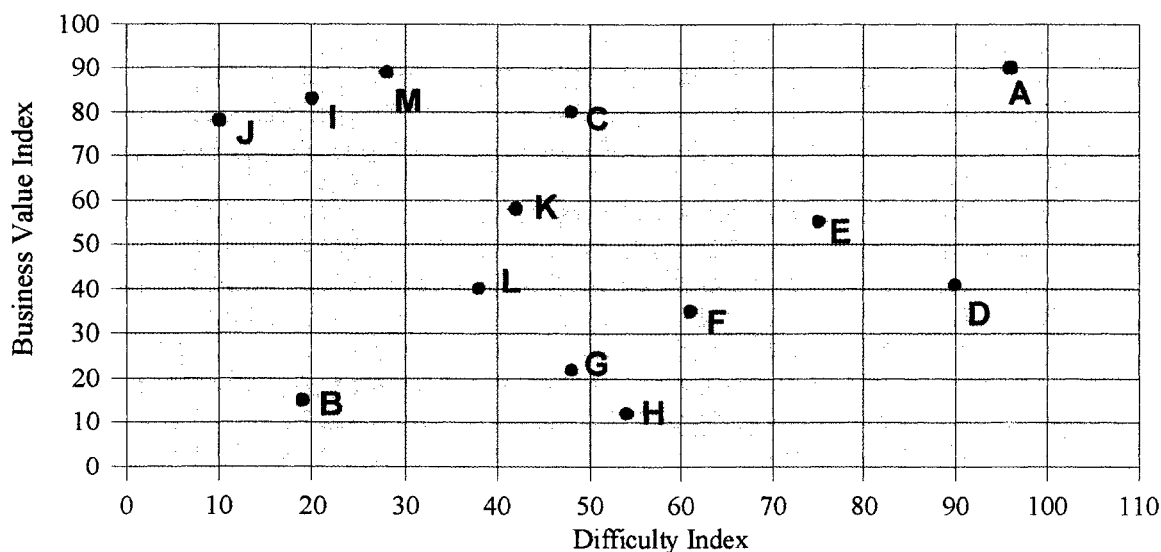


- Implementation Model



- Define and Prioritize Work

- Segment decision model into 3–6 month projects
- Quantify both value to the organization and difficulty of implementation
- Difficulty of remaining projects should decrease and value should increase



- Five Key Success Factors

- (1) Senior Executive-Level Sponsorship
(Must have significant cross-functional responsibility.)
- (2) Projects Driven by Business Needs, Not IS
(Don't assume that if you build it, they will come.)

- (3) Front-Loaded Planning to Ensure Data Accuracy, Integrity, and Cross-Functional Integration
(Design quality in rather than to inspect defects out.)
- (4) Access Tools Must Be Easy and Functional
(Strive for a 10X increase in ability to assimilate data.)
- (5) Deliver Real Business Benefit Early
(One Meal at a Time. Don't Try to Cure World Hunger.)

I.T. as Strategy

- Led by Senior Management
 - May need NERD program!
 - I.T. must be topic of discussion at every meeting
- Requires MONEY!
 - “Rolling Thunder,” not the “Big Bang”
 - Generate savings to pay for next moves
- Will Determine the Winners and Losers by 2010