E-commerce and Enterprise-system
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Abstract: The E-commerce’s concept, content, characteristic, function and its effect on Enterprise-system have been discussed in this paper. The main point of reforming Enterprise-system, which is adapted to Chinese modern Enterprise-system in the age of E-commerce, has been suggested.

Key Words: E-commerce; Internet; Enterprise-system

1. The enlightenment of E-commerce

At present, it is known that E-commerce is the business of commercial transaction which turns the function of passing information using high-speed electronic into the multiple-function network. E-commerce is comprised of the two key contents: Internet as a carrier, and its customers done business online.

Internet is a network consisted of many physical network, its function is a wide, dynamic zone with the following characteristics:

First, it is a virtual network based on protocol online. Network technologies use Internet protocol (IP) which contacts all networks in some layer to arrive at protocol end-to-end continuously and create mutual environment among systems. This network belongs to virtual mutual environment built by protocol system logically.

Second, it is a whole network with complicated structure. On the whole individual network is dynamic. Permitted by some management institution and abided by the related stipulation, any user’s network could become a part of Internet to connect Internet. Disconnected with Internet, any network will be more timely and freely. The whole mutual network of a dynamic layout will be formed because the types of individual network are not confined which leads to complexity and change of Internet internal structure.

Third, it is the high protocol system that has overall and independent individual network. Different structures among individual Internet is confined below Internet layer, forming overall environment which the user’s applied system reaches and independent of next layer’s individual network of different structures.

So, Internet is the fundamental source by which the enterprise enters and does E-commerce business.

2. The role of E-commerce on Enterprise’s production and management

The development of Internet has resulted a new-economic revolution all over the world. The model of profit and economic operation of industry economics have been over-all changed the common consumables production and trade. As a result, the time
of E-commerce has arrived, which has large influence on production operation of the industry –Enterprise and exert positive effect. Lots of enterprises want eagerly to enter Internet.

Theoretically, E-commerce gives great convenience to the Enterprise production-operation and promotes the work efficiency and reduces the cost and liberates the Enterprise from traditional complicated operation.

2.1 Reducing the cost of Enterprise production-operating and raising sale profit. After the enterprises are online, their marketing model on the Internet tends to be flattened. Buyer and seller will contact directly and all kinds of transaction costs will be reduced during the circulation. The buyer enjoys the wholesale preferential prices, if one purchases raw materials, the product costs could be lower. And the seller spends less time on bargaining with more customers and raises the sale profit greatly. Traditionally, the time of price information reflecting the end-user needs 6 days, while the processing of information transformation is calculated by every minute online, which reduces 13-38% costs estimated by American institution.

2.2 Widening Enterprise market and strengthening the fair of Enterprise competition. Internet is wide and its organization structure is complicated. It’s an opening market. Whatever the customer is near or far, enterprise can negotiate online and reach agreement at last. It can widen enterprise’s market and increase the fair competition. In fact, enjoying E-commerce is the marketing strategy for the modern enterprises.

2.3 Quickening communication and innovation of the technology and improving product the quality. On the Internet, commercial private secrets, customer groups, high technology will appear in your brain. It is uses enterprise’s technology innovation and raising products quickly.

2.4 Realizing zero-inventory and speeding up Enterprise capital turnover. E-commerce operating model is the processing of “individual order---- limit produce --- ----sending goods “ which is the customer as a center. Enterprise can buy material as a plan and organize production as a purpose, sale goods as a goal and recover capital as a plan, so it quickens capital turnover and the development of the enterprise.

2.5 Simplifying the operating structure and function of Enterprise that includes raw material supply and products sale. Traditionally, the two departments cover 5-30% staffs in the enterprise, which has a large quantity of labor cost. Moreover, the structure model of enterprise organization is matrix-type, especially in the large-scale enterprise, the staff has to accept the double leaders. Entering E-commerce, department function will be simplified and online data will be very important. And the system runs quickly and efficiency is raised on the Internet.

3. The fundamental condition of Enterprise entering E-commerce

Internet has the characteristics based on virtual network of protocol-network according to E-commerce. In order to adapt to system and living environment, virtual enterprise will realize digital management. That is to say, Enterprise’ s management activity will realize virtualization and information based on computer and network technology. It is the fundamental condition of Enterprise entering E-commerce.
3.1 Transformation of Enterprise operation model

Before Enterprise’s entering E-commerce, the olive-type operation model, which emphasizes products management among traditional R&D and products production and marketing, will be changed into the dumbbell-type one which emphasizes R&D and marketing of products at present. E-commerce is a new operating model of “individual order ---- production --- sending goods “Under this model, products capacity and scales is not a key point for the development of an enterprise. Direct communication between customer and enterprise will be more important in order to let customers make orders according to their needs and obtain goods on time. Enterprise can entrust others to produce if their production capacity is not enough. All orders and transportation need large scales system traditionally, while they will use Internet to let other enterprise supervise the whole processing of order, material purchases, production, delivery and payment. So the emphasis on enterprise operating is R&D of products and marketing, also is R&D of E-commerce. It’s goal is how to produce new products which satisfy customer’s needs.

3.2 Transformation of Enterprise management system.

The first is the transformation of enterprise management system. General manager responsible for the enterprise will be turned into CEO----Entrusting-acting system. It’s known that Internet has characteristics of overall and independent high protocol system. To adapt to this environment, structure of internal logic system has to be arranged to restrict and stimulate managers in order to satisfy the cooperator’s benefit and realize cooperator’s goal. Entrusting-acting is a system arrangement of responsibility, authority and benefit, which includes stockers, board of directors, managers and staffs, that is to say, it is the organization structure of legal owner of property. It is necessary for the operation of E-commerce.

The second is the transformation of enterprise operating system. Economic responsible system or contract responsible system will be changed into E-commerce operating. Under entrusting-acting system, what entruster cares is how to choose, supervise, and encourage the operating staff, especially CEO. Miller had said, “how to ensure the manager to gain the capital enough and to reach the goal? What is the standard for the manager to operate the enterprise? Who evaluates the managers whether they use the source reasonably? Or else, who will decide to substitute? “ It seems that E-commerce operating can resolve two internal basic questions. One is how to stimulate the staff to increase output under the given output which the collective endeavour and individual contribution is difficult to measure. The other is to choose what system can guarantee the excellent person as a manager.

The third is to create a highly flexible design management structure of designer because of individual order. Whether product design or organizing production or sending goods, the challenge of the environment changes to the enterprise management and it should be considered. Management structure should be quickly
adjusted with environment change and create the new one which is adapt to the new environment and exert the market’s advantages, such as enterprise technology center, economic development center, the user’s service office, etc. The flexible management structure will ensure the enterprise’s ability to keep the flexible change and producing the customer’s service and to defend the market’s risk.

2. Creating Enterprise's integrated information system
Internet information system is the necessary condition for the enterprise entering E-commerce. Internet depends on each other, especially in the same product making-chain. Related enterprise production and service is named as highly cooperated system. Unity and competition of different enterprise management standards and technology standards promote and strengthen product liaison. On the contrary, it perhaps weakens and destroys the liaison. So enterprise penetrates its kinds of standards and marketing strategy and integrate the management through creating their own information system. Under the good support of information system, the enterprise’s business model will be protected and utilized.

4. Main points of Enterprise system reforming in E-commerce time
According to the analysis of E-commerce on Enterprise system, the first task is creating Chinese characteristic modern Enterprise system. Why does the modern enterprise system need Chinese characteristics? Because it exists the coordinated question between “the old three member” and “the new three member” in Chinese enterprise system. The three corresponding relationship is the union party and supervising board, the staff representative committee and the stockholder representative congress, Party committee and Board of directors. How to coordinate and integrate the three aspects is the key point. In any case, it must observe the E-commerce law and request reforming to the traditional enterprise.

4.1 Creating CEO system
CEO is the highest executor of enterprise management and the core acting of enterprise management structure, who owns the supreme power. Who will hold it? Board of director, general manager or Party committee? It depends on enterprise situation. In a word, reforming principle is that only one person to take on CEO who is the condutor of E-commerce web which allows one order. Restraint between Board of director and general manager cannot be strengthened by marketing control. Theoretically, legal representative should be cancelled instead of Board of director and general manager. It is suitable for general manager to act.

4.2 Creating entrusting-acting, leader system
For the state-owned enterprise, the entruster is the state government and the state asset management, while the acting is the CEO. At present, reforming has taken many times in our country but relationship between power and liability is still ambiguous. President of the board is the supreme leader appointed by government, who has no risk for enterprise operating. The general manager takes the specific production operating activity, supervising and stimulating system to the enterprise leader, such as
the supervising structure, the supervisor, the staff congress exist only in name. Although “year – salary system” is tested in the enterprise, it is no stimulation but result in conflict between manager and staff. So, in the E-commerce age, the key is completely taking the reforming of enterprise leader system which is also a property right revolution, which the state-owned enterprises fear to do. Entrusting-acting leader system must be created. A set of law, culture and system of enterprise control power and resident demand power will be created. Different managers, especially CEO, can be chosen, supervised and stimulated. Under the given output which collective endeavor and individual contribution is difficult to measure, every one will be encouraged to try to raise the enterprise output and struggle for the enterprise mission. So the enterprise will replace the market, substitute organization behavior and market control for the internal source of price system to reduce transaction cost. Its cost is based on the cost of the acting appearance and restraining stimulation. Apparently, the cost of stimulation is far less than that of transaction. Its reforming is reasonable.

4.3 Creating operating management model based on customers
The establishment of customer-centered operating management model requires enterprise to set flexible production and management structure based on the Internet to keep the high adaptation to the customers. Enterprise reforming is spreading out all over the word in the age of E-commerce. Although it is not confined to one or several models, some basic principles and technology methods are comparatively clear. So the enterprise must take overall and coordinated reformation to create customer-centered operation management system and realize its plan relying on Internet.

4.3.1 Enterprise development based on its market advantage
Advantages should be distinguished. In other words what can provide valuable service for the customers? For example, what kind of products, packaging, specification, quality, trademark, reputation, technology, transportation, organization management, etc. Based on these, all reformation based on customers will be practiced.

4.3.2 Analyzing Enterprise existing and potential source advantages
By analyzing the Enterprise existing source advantages will be found. Extension of the existing source will be the potential one. To enlarge the market advantages to gain attraction to the customer. All reformation based on customers should be practiced.