

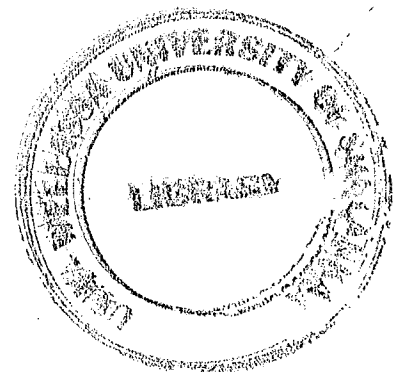
Uva Wellassa University

Faculty of Management

**Degree of Bachelor of Business Management (BBM) in Entrepreneurship and
Management**

FOURTH YEAR FIRST SEMESTER EXAMINATION – JUNE/JULY 2017

EMG 422-2 E-Business



Part B

Answer only Three (03) questions including question number One (01)

Mark Allocation: 70 Marks

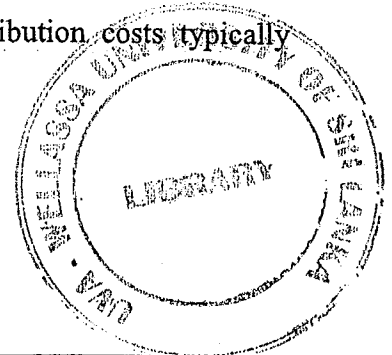
01. Custom Foot: Transforming Shoe Sales with Technology

Successfully addressing the technical issues surrounding selling-chain management does not guarantee an implementation's success. These implementations are extremely complicated. Custom Foot provides an excellent, and sobering, illustration of a company that attempted to completely reengineer its sales process by using selling-chain management technology.

The shoe industry's greatest business challenges are providing value to the customer in the form of quality, selection, and convenience at the right price while simultaneously minimizing its inventory-holding costs. Custom Foot, based in Westport, Connecticut, aimed to solve these customer value and inventory problems by implementing a selling-chain solution in which customers could have shoes made to their specifications in about 3 weeks for prices starting at less than \$100.

Custom Foot's order process worked as follows. First, the customer put his or her feet on an infrared scanner that measured foot size. The 3-D scanner translated the data of each foot's contour into one of 670 shoe sizes. Next, the customer sat at a kiosk to select the options, such as leather grade, style, color, and type of sole. Custom Foot used a sales configurator from Trilogy Software to allow its salespeople to configure orders interactively. A dynamic image of the shoes was visually displayed to the customer during option selection. Customers could also see, in real time, how their choices changed the shoe's price.

Once the customer was satisfied with the style, features, and price, the order was routed to the back-office system. The shoe specifications were sent electronically to a manufacturing plant in either Italy or Maine. Three weeks later, the shoes were either shipped to the store for pickup or delivered directly to the customer. Custom Foot hoped that this system would enable it to carry no inventory or associated stocking costs, because each pair of shoes was manufactured only after it had been specified and ordered by a customer. The goal was to eliminate 30 percent to 50 percent of the warehousing and distribution costs typically associated with retailing.



The case of Custom Foot illustrates the opportunities created by using new selling techniques coupled with new configurators. Many analysts and experts thought that Custom Foot would be an overnight success. Unfortunately, Custom Foot ceased operations and filed a bankruptcy petition on June 1, 1998.

The reasons for Custom Foot's failure vary. In attempting to reengineer its core process and implement a new business model, Custom Foot encountered a number of issues. The first problem was a conflict between shoe size and shoe-fit calculations. Initially, the company relied solely on its scanners for precise sizing. But when Custom Foot began selling its shoes, many customers complained that, although the shoe might have been the "right" size, they didn't like the fit. Some people like shoes to fit snugly, whereas others prefer a looser fit. Also, many people's right and left feet are different sizes. According to James Metscher, the company's CEO, the single biggest mistake that Custom Foot made was misjudging the importance of subjectivity in shoe fitting.

As a result, Custom Foot lost money as customers returned their custom-made shoes and demanded that the company rework their orders. To solve this problem, the company replaced the infrared scanner with a new one that offered three possible sizes for each foot measurement. Before an order was finalized at one of Custom Foot's five stores, a customer tried on left and right shoes in various sizes and expressed a preference. This tactic resulted in a sharp decline in shoe returns.

Custom Foot also had a problem with forecasting demand for various kinds of leather. Forecasting errors caused the company to frequently miss its 3-week delivery guarantee. To better predict leather demand, Custom Foot modified its forecast process to capture orders in a centralized database that tallied the forecast daily.

The experience of Custom Foot illustrates a basic e-business tenet: The flow of precise order information from customers to companies dealing in customized products or services is crucial to success. When such information is lacking or misleading, it undermines the success of the entire sales system.

Answer the following questions by referring case study.

- I. Define Selling Chain Management (SCM). (5 Marks)
 - II. Explain the importance of "Customer Foot" as a Selling Chain Management strategy. (10 Marks)
 - III. Explain the order acquisition process of "Customer Foot" and why it has failed and provide solutions. (15 Marks)
- (Total 30 Marks)**

02.

- I. "Today's customers make the rules; if organizations are to survive, they must do business in any way the customer wants".

(Kalakota,2000)

Are you agree with above statement? Justify your answer. (10 Marks)

- II. Explain the **three (03)** phases of customer life cycle with relevant examples. (10 Marks)

(Total 20 Marks)

03.

- I. Uva Electric (Pvt) Ltd is planning to build an Enterprise Resource Planning (ERP) application for their company. Advise them whether it build, buy or rent is more effective.

(10 Marks)

- II. Explain the process of e-business strategy formulation.

(10 Marks)

(Total 20 Marks)



04.

- I. "The advancement in information technology and the development of Internet impact the whole society commerce and make a big change on economies".

(Almoussa, 2013)

Explain the impact of e-business on business processes of the organization with practical examples.

(10 Marks)

- II. Discuss the problems caused by lack of integration of applications in organizations.

(10 Marks)

(Total 20 Marks)