

Introducing the Work of Bernard van Eikema Hommes

Over the 2 years that it has taken Bernard van Eikema Hommes to complete his MBA program at Rushmore University, I have had the privilege of watching him grow—both as a student and as a businessperson who can apply what he has learned to real-life business problems. It is in this latter area particularly, that Bernard has distinguished himself. As you read the papers in this collection, I have no doubt that you will also see this growth; and like me, be looking for the even greater things to come.

Gary J. Smith
Managing Partner
Smith, Scott&Associates
26 July 2010

Professor
Rushmore University

Capstone Paper,

by B.N. van Eikema Hommes

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Executive Summary

Dear reader,

Here I am sitting behind my desk, re-thinking the last two years that I spent in the process of getting my master's degree in business administration (MBA). I remember that at first I was reluctant to start online study at Rushmore University because I doubted the idea that one could get a master's degree over the internet. However, as soon as I determined the quality and experience of the Rushmore faculty I was convinced that this was the opportunity to get even with myself. In 1988 I started to study economics at the Erasmus University in Rotterdam and this endeavor did not succeed, due to a lack of discipline. Now, twenty years later, I got the opportunity I had looked for by starting online study at Rushmore University. At Rushmore, students have to apply the theory from the books to practical cases instead of learning only dry facts. The University uses its own version of the Oxford tutorial method in which a student gathers knowledge by doing research and writing course papers, while at the same time having one-on-one communication with a professor by using e-mail, Skype or telephone. Looking back at my time on the Erasmus University, I cannot remember that I had a one-on-one conversation with my tutor. I only remember the moments when I was surrounded by six hundred fellow students, listening to a professor who stood in front of us on a podium with a microphone.

At this moment, while writing this capstone paper, a strange feeling comes over me. I realize that the process of studying will soon come to an end, and this means that the evenings of reading and writing will also come to an end. What will happen to all these papers I wrote? Most likely they will end up in a forgotten place on the book shelf or in a basement underneath a stack of books covered with dust. Perhaps someday somebody will find time to take notice of what I wrote during the past two years and will appreciate it. But all this for me is of no great importance. It was the process of studying itself that gave me most satisfaction, after all.

In the next part of this paper I will give a summary of the courses that were part of my MBA study. The fundamental part of MBA consists of the following nine disciplines:

Marketing, Ethics, Accounting, Organizational Behavior, Quantitative Analysis, Finance, Operations, Economics and Strategy.

Every discipline will be discussed briefly and each course I took will be placed in one of these nine categories or disciplines.

Problems and Proposed Solutions

Marketing

Within this discipline the need of the consumer plays a central role. A company can manufacture a product but when there is no market for it, no profit will be made. This is why a famous marketing quote is as follows: “It is better to have a market, then a factory.”

This discipline was covered by the following courses I took:

2214 Kapferer on Brand Management / Strategic Brand Management

2216 Kawasaki on Marketing

1144 Overview of Business Administration / The Ten Day MBA by Steven Silbiger

1111 Website Development / Make Your Site Sell by Ken Evoy

Ethics

Because anyone running a business also has to deal with ethical dilemmas, it is important for a manager not to overlook the consequences of his decisions. Over the course of centuries several ethical systems have been developed to give an answer to the question of what is good or bad. In the course that I took, the Golden Rule is used to give an answer to this.

The following courses covered this discipline:

1116 Maxwell on Ethics

1144 Overview of Business Administration

Accounting

In fact accounting can be called the language of business. It is the way a company communicates with the outside world (stakeholders). Accountants have been around for a long time and their job is to record, summarize and analyze business activity. For internal use, accounting is used to control, evaluate and plan operations.

I took the following courses at Rushmore University:

2307 Livingstone on Finance and Accounting

2410 Finkler on Finance and Accounting

Organizational Behavior

This discipline deals with the human capital of an organization. A manager can develop a perfect organization on paper, but in reality this organization can fail as a result of employees' behavior. It is important for an organization to work with motivated people so that the goals of a company can be achieved.

The following courses were taken:

2086 Fitz-Enz and Philips on Human Recourses

1144 Overview of Business Administration

Quantitative Analysis

This is an important discipline within the MBA curriculum; it provides the statistical tools that are used in Finance, Accounting, Marketing, and Operations. Quantitative Analysis is used to give a manager objective information on which he can base his decisions to solve business problems.

To cover this discipline I took the following courses:

2087 Anderson on Statistics (Statistics for Business and Economics)

1202 Booth on Research II

Finance

Finance can be divided into an investment part and a financial management part. The investment part deals with the question of how to earn a profit by owning a share of a company. If there is a higher risk involved in an investment, then investors demand a higher return and vice versa. Financial management, on the other hand, is concerned with the questions of how to fund a company and seeks to maximize the return on money that is raised from shareholders and creditors.

2307 Livingstone on Finance and Accounting

2410 Finkler on Finance and Accounting

Operations

Operations is the discipline that deals with making products and providing services, the most important purpose of a business. Optimally, this should be done in the most effective way against the lowest costs possible. The following five issues play an important role when manufacturing a product or service:

- Capacity – How much can I produce?
- Scheduling – How am I going to do it?
- Inventory – How much inventory is there and how can I reduce it?
- Standards – What do I consider efficient production and quality output?
- Control – Is the production process working?

I took the following course:

2420 Handfield on Supply Chain Management

Economics

This discipline deals with the allocation of limited resources. Economics can be divided into Micro economics and Macro economics. Micro economics examines the economic behavior on a company level, while Macro economics is concerned with issues affecting an entire economy such as unemployment, inflation, economic growth and monetary and fiscal policy.

2037 Friedman on Economics

Strategy

“Strategy is the process of determining how the company should expect to be positioned at some time in the future and what steps should be taken in the near term to move toward that positioning.” Lee E. Hargrave, JR

I found the above description so accurate that I took it from course 2002 – Hargrave on Strategy.

The following courses were taken as part of this discipline:

2002 Hargrave on Strategy (How to write a Strategic Business Plan)

2027 De Bono on Innovation (Lateral thinking)

The following grade report has been submitted:

Course: 1005-Capstone Paper

Course Type: Capstone

Program: MBA

OtherProgram:

Editor: Laurel Barley

Date: 07/26/2010

Session: Summer 2010

Credits: 1

LetterGrade: A

NumericGrade: 4.0

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Grader Comments:

Bernard,

Very well done!

Congratulations on completing your MBA program!

Gary J. Smith

Professor

Rushmore University

Publish Paper: Yes

Conclusion

The multidisciplinary approach gives the MBA its real value. An organization consists of a lot of different facets and these facets stand in a certain relation to each other, so if one facet is not functioning optimally then the organization as a whole is not functioning optimally. It is therefore important for a manager to look at the whole picture instead of looking from only one point of view. I remember vividly that my professor at Erasmus University when I was studying economics told me and my fellow students that it was not good to look at a certain matter with nine glasses on at the same time. He was wrong in expressing himself, I understand now, because one should look at a certain matter each time with a different pair of glasses, to look at the subject from different angles. The economic reality is complicated and it isn't easily captured by one theory. To manage a business correctly one must be an all-rounder, who knows a lot about anything concerning a company, and in this lies the real value of an MBA. However, I am convinced that entrepreneurs are not made but are born and a person with this mystical part shows "the touch" or, as the Germans so nicely call it, "Das Fingerspitzengefühl".

"Nothing that is worth knowing can be taught." Oscar Wilde

Make your site sell

B. N. van Eikema Hommes

- Course Number and Name: 1111 K. Evoy Make your site sell
- Program/Major: MBA no major
- Submission Date: August 14, 2008
- Date Course was Started: July 10, 2008
- Date Program was Started: July 2008
- Type of Course: Practical
- Practical Problem: How to make my Champagne site sell
- Number of Words in the Body of the Course Paper: 1886
- Graphics in Your Paper: none
- Number of Hours Spent on this Course: 41
- Advisor: Alan Guinn
- Date of Last Edit / Editor: August 14, 2008 / Laurel Barley
- English Spelling Used: US
- Permission to Publish on the Rushmore Website: Yes
- Your Website Address: <http://eikemahommes.co.nr>
- Resources: MYSS, Traffic and Product E-books by K. Evoy
- Reasons for taking this course: Broaden my knowledge in the field of e-commerce.

Executive Summary

For this course I studied the following e-books written by Ken Evoy:

- MYSS 2002
- Traffic
- Product

Mister Evoy is a well known man in the world of e-marketing. He started with developing toys, but in the late nineties he developed Penny Mining Investing software called Pennygold and managed to sell thousand of copies of this investing program over the internet. Later on, he started to write and sell books in which he explains the patterns he followed to become successful as an e-marketer. I chose these books to broaden my knowledge in the field of e-commerce.

The main topics in these three books can be summed up this way:

- Choose a good product that sells over the internet
- Create a site that sells
- Attract targeted traffic

I really enjoyed reading these books and they dramatically changed my point of view about e-commerce. SEO (search engine optimization) has now become a science in its own right. It is very important nowadays for a company to ensure its site can be found easily on the internet and the art of doing so is called SEO. E-commerce is a booming business and missing this opportunity is like missing an important market. That's why I think every manager should possess a reasonable knowledge of e-commerce, so that he is able to make the appropriate decisions in this field.

There are enormous opportunities on the web; it makes our world shrink to the scale of a little village. HTML, combined with ASP technology, makes the internet interactive so that even a complicated product can be sold over the internet to a customer on the other side of the planet, without the intervention of a sales manager.

The sky is the limit and it surely is for the internet!

Beside these books, I studied and used the following internet sites:

- Google AdWords
- Webobjectives keyword density analyzer

These sites were important in the process of developing the right keywords and themes to create traffic to my own websites. More about that later.

Problems, Proposed Solutions and Implementations

The problem I would like to solve dates back almost eight years. At that time I was very interested in having a store on the web. I learned HTM and constructed a few simple sites on Geocities (a free provider). Then when I thought I had enough knowledge, I built my own web store (<http://home.planet.nl/~eikem018/champagneoud>) which was supposed to sell Champagne. I made contact with a Champagne producer and was ready for a successful business. But this was not the way it went. Afterwards it is easier to analyze the points where it went astray. At that time I was more like a technician and my site was not really sales orientated. But the most important reason why it did not work out in the first place was because I did not attract traffic, so after a few months without success I abandoned my e-commerce project. I was only phoned once by a potential customer who was interested in buying a reasonable number of bottles of Champagne. My overall feeling was that the whole project was not set up in a professional way and that's why it failed.

To make things change, it was necessary to look at the matter from another perspective. This is what I did after reading Ken Evoy's books. The following part of this course paper will be about the solutions of this problem and the implementation of the solutions.

The three main points outlined in the books, as I said before, were:

- A good product
- Make a site that sells
- Draw targeted traffic

When you succeed in passing these three hurdles, you are ready for a successful future on the internet.

I would like to discuss the solutions and implementations according to these three main points.

A good product

A good product for selling over the internet is a digital product. It is easy and fast to deliver and can be downloaded by the customer at any time of the day. There are no costs for stocking this product so there is minimal risk involved. When you even produce the software yourself, the costs are low and the relative margin on the product is high.

On the other hand, I choose a physical product. Champagne is a luxury good and can be sold for high prices on the internet. Stocking costs can be avoided when you ship directly from the producer to the customer and that is what I intend to do. When the ratio between the transport costs and selling price is reasonable you will still be able to sell this product over the internet, especially when it is an exclusive product as is Champagne. My feeling is that I don't have the best product to sell on the internet; digital products, books and CDs might be better. But still, on the scale of one to ten, I would give it a seven. So that's good enough I should say.

Make a site that sells

The next step after you choose a product that could sell well on the web would be to create a site that sells. This means that the customer has to be triggered to make the Most Wanted Response (MWR) on your sales orientated site: buy your product. We are here supposing that the potential customer has already found himself on your site. Drawing traffic will be discussed later. First of all I registered a short free domain name (<http://champagne.co.nr>) at <http://freedomain.co.nr> instead of the long domain name where my actual files are located (<http://home.planet.nl/~eikem018/champagne>). This looks more professional and gives the visitor a feeling of trust. Secondly it is important to create a website that downloads quickly. The average surfer is in a hurry, and when downloading takes too long he or she clicks on the back button and could end up buying your competitor's product. So I created a completely new site (<http://champagne.co.nr>) without a lot of pictures; it downloads quickly and is functional. It is very important that the site is easy to navigate and that the visitor is drawn step-by-step towards your page with the Most Wanted Response (MWR), the order page where he clicks to buy your product. To make the potential buyer feel comfortable, I put up a testimonial page and a "money back" guarantee of satisfaction is mentioned on the terms and conditions page. Three information pages (History, Region and FAQ) were added to give the potential buyer the idea that the seller knows what he is talking about. The overall impression of the site, the background with the Champagne bubbles and the picture with the glasses, is professional and makes the visitor thirsty for Champagne. People can pay with all major credit cards and for these transactions I make use of a third party merchant named CCnow. All their transactions are sent over an SSL encrypted link and all this is well mentioned on the terms and conditions page. Most visitors won't buy the first time they visit a site, but will come back several

times before they do so. If the Most Wanted Response (MWR) is not honored you will need a back-up response to keep in touch with your potential customer. I made a back-up response form (Response O Matic) on the contact page. This fairly short form asks for the visitor's name and e-mail address and gives him/her the opportunity to receive a free newsletter.

An invisible web tracker from Activemeter was put on the home page to monitor all the visitors closely. I am able to track where they came from and which keywords they used on the search engine to get to my site. A web tracker is very important, because it makes you aware of your Conversion Rate (CR). This ratio tells you what percentage of your visitors made the MWR on your sales site. If your Conversion Rate (CR) is low (the average on the web is five percent), then you should adjust your pages to improve it.

Keywords are not an important issue on your sales site. What matters is that your visitor is eager to make the MWR, namely to buy your product. Keywords are of the utmost importance in the last topic I want to discuss, namely drawing targeted traffic to your site.

Draw targeted traffic

You can have a beautiful sales site, but if there is no one out there on the web to find it, all your efforts are in vain. So how to attract visitors to your site? Most web surfers use search engines to find what they are looking for. So the question that remains is, how do I get my page listed on the first two pages of the search engines? To answer these questions, one has to know how search engines work. A search engine wants to please its customers with the best results for a given keyword or keyword combinations. This means that a person who used the keyword "champagne" should not arrive at a site for baby diapers, but on a Champagne related site with high quality content. Search engines nowadays look for a certain theme on your site and if this theme is not very clear you will get a low ranking or will not be listed at all. For a sales site it is difficult to be theme related, because this site is focused on getting the sale. So one should create satellite sites around the actual sales site which offer high quality content and are theme related. The Most Wanted Response (MWR) for these sites is to convince the surfer to click through to your sales site. How to develop sites that are theme related? In my case, for the "Champagne Company" it all came down to picking the keywords carefully. The keyword "champagne" is far too general and the supply (my competitors in this market) is high. Although this keyword is used a lot (high demand) on the search engines, I have little chance of getting a high listing so I used Google adWords to find keyword combinations with a high demand and a low supply, a so-called niche.

These are the ones I chose:

- What is champagne
- Making champagne
- Types of champagne
- History of champagne

In total, these four keyword combinations are used almost seven thousand times each month on Google.

As a result of these keywords I created the following sites:

- <http://whatischampagne.co.nr>
- <http://makingchampagne.co.nr>
- <http://typesofchampagne.co.nr>
- <http://historyofchampagne.co.nr>

As you can see, each site has its own domain name, although each site is linked to the others to give the impression of one single site. As mentioned before, the keywords are well placed within the sites to optimize the themes for the search engines. Each of the four sites is listed at Google and Yahoo, so it will only be a matter of time till the first visitor comes along. The result of the theme related satellite sites can be monitored very well by the web tracker on the sales site and it will be soon transparent which of the four sites delivers the most traffic.

Appendix

<http://home.planet.nl/~eikem018/champagneoud>

<http://champagne.co.nr>

<http://whatischampagne.co.nr>

<http://makingchampagne.co.nr>

<http://typesofchampagne.co.nr>

<http://historyofchampagne.co.nr>

The 7-S Mc Kinsey model

B.N. van Eikema Hommes

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- Submission Date: September 12, 2008
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- Type of Course: Practical
- Practical Problem: Problems within the Wilaard organization
- Number of Words in the Body of the Course Paper: 1747
- Graphics in Your Paper: no
- Number of Hours Spent on this Course: 34.5
- Advisor: Gary J. Smith
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- English Spelling Used: US
- Permission to Publish on the Rushmore Website: Yes
- Your Website Address: [Http://eikemahommes.co.nr](http://eikemahommes.co.nr)
- Resources: The Ten-Day MBA by Steven Silbiger
- Reasons for taking this course: Introduction of MBA disciplines