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A qualitative study of an E-commerce organization in transition

Steven C. Lopez

The University of San Francisco

A QUALITATIVE STUDY OF AN E-COMMERCE ORGANIZATION IN TRANSITION

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Steven C. Lopez_____May 8, 2009
Candidate   Date

Dissertation Committee

Dr. Patricia Mitchell_____May 8, 2009
Chairperson

Dr. Betty Taylor_____May 8, 2009

Dr. Rosita G. Galang_____May 8, 2009

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CHAPTER I

THE RESEARCH PROBELM

Introduction

The first decade of the new millennium finds E-Commerce a rapidly growing and evolving part of the world economy (Laudon & Traver, 2008). E-Commerce is the process of exchanging goods and services using the Internet as a medium to conduct business for profit. Where the Internet has grown and flourished, E-Commerce has closely followed. As a topic of study, E-Commerce has fascinated and frustrated both academics and business people alike.

Since SecurityEnsure was a security company, the facet of Internet technology that it was focused on was making web sites safe from intruders wishing to harm the web site in some way. Internet developers from the technology side specialized in the technology to identify vulnerabilities in web sites, and provide solutions to prevent unauthorized users from breeching those weaknesses to access private information. For example, if Facebook.com allowed customers to purchase textbooks online, then credit card information used to pay for the books would be secure. The Internet developers can be thought of as "White Hats," or hackers that work to strengthen rather than attack web sites; while "Black Hats" want to attack a web site.

The goal of most E-Commerce organizations is to either acquire smaller E-Commerce organizations, or for itself to be acquired by or merged into a larger organization. Usually this can be described as a merger or acquisition by a larger organization (Cope & Waddell, 2001; Gaughan, 1996, 2000). Mergers or acquisitions of a smaller E-Commerce organization by a larger one are usually motivated by a desire of

the larger organization to gain financial and or marketing footholds in new E-Commerce areas.

An E-Commerce organization is led to its goals of merger or acquisition by the executive level leaders. Examples of executive level leaders are the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Marketing Director roles. Executive level leaders in E-Commerce organizations play a critical transformational role in the survival and ultimate success of their organizations. Searching the key words "E-Commerce" and "executive leadership" with the Emerald and ProQuest search engines on multiple databases showed that little research has been done on the roles that executive level leadership plays within these organizations to achieve organizational goals. Results of these searches are presented in Chapter II Review of Related Literature.

The study explored the positive aspects of an organization's success, and what was done by executive level leaders to support that success. The traditional business school approach to a study is to develop case studies based on industry failures, not successes (Stockport, 2000). Few approaches have been examined that emphasize the proactive, transformational changes that need to be made within organizations to ensure survival and long-term success. Further, how leaders can take on a more transformational style of leadership in their organization has not been explored in the past.

E-Commerce organizations may be totally web-based, or a combination of web-based with some type of physical "brick and mortar" presence (Porter, 2001). For example, Bank of America offers E-Commerce services to its customers in online banking, and still maintains a physical presence in its walk-in branches. Laudon and Traver (2008) describe five types of E-Commerce: Business to Consumer (B2C),

Business to Business (B2B), Consumer to Consumer (C2C), Peer to Peer (P2P), and Mobile Commerce (M-Commerce). Each of these categories represents a distinct way that a company can operate as an E-Commerce organization. SecurityEnsure is an example of a B2B E-Commerce organization that provides Internet security services to other E-Commerce organizations.

The Internet is an important part of what E-Commerce was in the past, is today, and will be in the future. E-Commerce mirrors the growth and development of the Internet as it grows and changes, taking advantage of the new technologies to better function in a competitive marketplace. E-Commerce follows Internet growth, and Internet growth follows Moore's Law (Laudon & Traver, 2008). Moore's Law is based on the premise that the number of transistors doubles every two years, and will continue to do so for the foreseeable future. Moore's Law from an Internet and E-Commerce viewpoint translates into usage doubling every other year. This trend has offered, and continues to offer an enormous opportunity for E-Commerce growth.

Laudon and Traver (2008) describe three distinct historical phases of E-Commerce that affected E-Commerce development to its current state: Innovation, Consolidation, and Reinvention. These three historical phases mirror technological advances that allowed the Internet to take advantage of new forms of communication. The first E-Commerce phase, Innovation, began in the 1990's as the Internet became more widespread, and the number of people accessing the Internet grew rapidly. E-Commerce organizations relied heavily on innovation to exploit the abilities of the Internet to reach customers. This time frame included the explosive Internet growth characterized by a gold rush mentality that some have called the Dot-Com bubble

(Cassidy, 2002). The Dot-Com bubble ended in the early 2000's with the Dot-Com bust (Goldfarb, Hirsch, & Pfarrer, 2005). The Dot-Com bust was a catastrophic economic event, causing a $4 trillion loss on the NASDAQ, ending the first phase of E-Commerce history. The Dot-Com bust also caused the loss of over 200,000 jobs in Northern California (Dardia & Barbour, 2004).

The second phase, Consolidation, was one in which smaller E-Commerce organizations acquired other organizations, or were themselves acquired by larger organizations. In many instances the acquired organizations ceased to exist as separate entities altogether. While the first innovation phase was characterized by a gold rush attitude with a great number of new startup companies, the consolidation phase saw a solidifying marketplace. As a part of the second phase, the traditional brick and mortar organizations like Sears and Kmart began to explore an E-Commerce web presence in a more planned, organized fashion using best business practices (Rigby, 2007). Some have described the move into the Internet by these more traditional organizations as a "clicks and bricks" approach – "clicks" for the Internet navigation, and "bricks" for the brick and mortar organizations.

The latest E-Commerce phase, Reinvention, reflects the Internet's current maturity into an interactive tool using Internet Web 2.0 technology. As an interactive tool, the Internet allows businesses and individuals to work together toward common goals, whether those goals are communities of interest, or the selling of goods and services to others.

An example highlighting communities of interest was presented by Stackman, Henderson, and Bloch (2006). Through a complexity lens, they took a grounded approach

interviewing participants from three separate organizations to gather their stories. The first example was a group of nursing leaders that met annually. During the period of time between annual meetings, the nursing group formed a community of interest that used the Internet as a means of communication.

The second example of community of interests that Stackman et al. (2006) studied involved housing co-ops. The co-ops represented groups of people investing time, money, and emotion on shared housing. In addition to the legal and government regulations, there was a need for the participants in the co-ops to communicate with each other. The 2.0 capabilities of the Internet allowed a channel for this vital communication to take place.

The last example that Stackman et al. (2006) discussed was the story of a self-development practice of the Jewish faith called Mussar. Mussar was based on pairs of participants studying pre-determined traits on an annual basis. Once a week the pairs of participants met to discuss what was learned. It was difficult to coordinate the weekly learning between groups, so the 2.0 capabilities of the Internet were used. Weekly e-mails were started, and eventually grew to a web site dedicated to the community of interest's key traits.

Statement of the Problem

This research sought to explore the role that transformational leaders at the executive level play in the everyday survival, and eventual merger or acquisition of an E-Commerce organization. As an example of how these relationships played out in a practical way, a qualitative participatory research study on an E-Commerce organization called SecurityEnsure was carried out.

Bass (1985, 1990) described transformational leadership as a motivational leadership style characterized by charisma, a consideration for workers as individuals, and an effort to provide intellectual stimulation. Bass (1990) also pointed out that a transformational leadership approach can bring about superior organizational performance in a rapidly changing business environment. The transformational style of leadership in the executive team at SecurityEnsure was critical in achieving the organizational goal of acquisition.

Two key relationships between the executive leaders at SecurityEnsure were essential to reach the goal of acquisition. The first was the relationship between the executive leadership team and the customer as represented by a Customer Relationship Management (CRM) paradigm (Nadeem, 2006). The second was the relationship between transformational leadership and technology reflected as the Internet.

Purpose of the Study

The purpose of the study was to examine the role that transformational executive level leadership played in an E-Commerce organization, SecurityEnsure, in achieving organizational goal attainment. A qualitative study approach was used as a tool to carry out this study. Emphasis was placed on the roles that the executive level transformational leaders played in an organization reaching its goals. In particular, the balancing role of leadership between the Internet technology and customer focus to achieve an organization's goals was examined.

The study not only added to the level of understanding of the roles that leaders play at SecurityEnsure, but also provided some overall understanding of the transformational leadership role in E-Commerce organizations in general. The

understanding of the transformational leadership roles within SecurityEnsure offered the opportunity for a greater appreciation of the potentials of transformational leadership in the E-Commerce industry overall.

Background and Need for the Study

E-Commerce is closely tied to the general use of the Internet, and transformational leadership is closely tied to the rapidly expanding capabilities of the Internet. The dynamic operations between the Internet and E-Commerce organizations require leaders to successfully synergize interactions between technology, the market place, and customers both within and outside of their organizations. Nadeem (2006) points out that the goals of E-Commerce leaders include using the Internet in a way to add value to both themselves and their customers.

The history of the Internet is closely intertwined with the history of E-Commerce. A closer examination of the growth and evolution of the Internet provides a framework that helps to understand how E-Commerce has evolved into what it is today. Leiner, Cerf, Kahn, Klienrock, Lynch, Postel, Roberts, and Wolff (1997) provided a history of the Internet that goes from the early 1960's through the early 1990's. In 1962, J.C.R. Licklider of Massachusetts Institute of Technology envisioned a "Galactic Network" that had free and open access to all users. The network that he envisioned would be made up of independent servers acting together as nodes that covered the earth, and would serve as conduits for people to exchange information with each other. A key to achieving this reality was to provide the ability for these servers to communicate with each other to act as that "Galactic Network." The servers that power the Internet are computers (including

network and personal computers) that act as open communication nodes allowing that exchange of information.

The early Internet was called Advanced Research Projects Agency Network (ARPANET), and in 1969, the first node was connected to the University of California at Los Angeles (UCLA). By 1972, the first e-mail systems began to work between these two locations. These first e-mail systems laid the foundation that allowed the people-to-people communication, which E-Commerce later used to reach their customers.

Leiner et al. (1997) described four basic rules that were set up to guide the future growth of the Internet. The rules are important because they provided the initial grounding for E-Commerce organizations to take advantage of the Internet. First, each node or independent network connected to the ARPANET network needed to be independent from all the other nodes on the network. Second, from a network protocol standpoint, each node was held responsible for messages sent to it from another node. Third, gateways would exist between the nodes and networks that made up ARPANET. Lastly, there were no global controls of ARPANET. Changes in the network emerged as a result of a local node control dealing with other nodes.

The early users of ARPANET were government organizations. Through the 1970's and 1980's, more government entities were "brought online" into the network as government funding became available. It was also during this time period that the first commercial uses of the network came into being. IBM, XEROX, and Digital Equipment began some of the first E-Commerce applications. The technology that laid the groundwork for the network continued to mature through government, academic and private industry contributions. At this time, the major obstacle to E-Commerce was

understanding how the Internet worked, and how it could best be used to reach customers.

Leiner et al. (1997) continued their history by describing how the mid-1980's brought changes and technical advancements that allowed the Internet to evolve into what we know today. Front-end browsers like Netscape and Internet Explorer became easier to use, and additional technologies paved the way to the Internet that we recognize today. By the mid 1990's, E-Commerce was using these new technologies to better reach customers and become a strong force in the economy. As the new millennium dawned, technologies continued to mature; and a key feature of the new Web 2.0 is interactivity between Internet clients and social networking (Laudon & Traver, 2008).

The underlying transformational leadership style of the executive level management team was a central theme of the qualitative study. The executive level team members are also the major shareholders in the privately held company. Each of the owners can sell some of their shares to others at their discretion. To ensure marketing fairness, the share ownership and subsequent selling of these shares is subject to government regulation.

In the early 2000's during E-Commerce phase two, the three members of the executive level team formed SecurityEnsure. Following the B2B E-Commerce business model, SecurityEnsure offered Internet security services to other E-Commerce organizations, protecting their web sites from unauthorized individuals wishing to access personal customer data. Although the service offered was Internet security, key roles were played by treating security as a commodity and a marketing function. For example, once a customer was acquired and established, an important role of the sales force was to

follow up with that customer to further cement that relationship, and sell additional services to that established customer.

Theoretical Rationale

The theoretical rationale used in the study was based on transformational leadership. Burns (1978) introduced the concept of transformational leadership and continued to refine and develop the transformational leadership approach over time (Bass, 1989, 1990, 2007). Avolio and Yammarino (2004), and Northouse (2004) defined a transformational leader as an individual with vision that can inspire followers to achieve great things. Avolio and Yammarino (2004) describe a transformational leader as one who provides followers with a clear, aggressive (but attainable) vision, and sincere individual attention to all followers. The transformational leader inspires people to follow his or her vision by injecting energy, charisma, and enthusiasm into all their interactions with followers. Avolio and Yammarino (2004) point out that the transformational leader seeks to understand the motives of the followers, and blends them into the goals of the organization to create a synergy between the organizational goals and the followers. Northouse (2004) identified three important components of a transformational leader: an interest in followers' understanding and internalization of organizational goals, an emphasis on the individual, and the addressing higher order intellectual and moral follower needs. A more detailed grounding of transformational leadership is presented in Chapter II, Review of Related Literature.

E-Commerce is a fast paced industry within a constantly changing and transforming environment based on customer needs and technology changes. Stockport (2000) pointed out that transformational leadership is essential for success in

organizations such as E-Commerce. Cope and Waddell (2001) and Nadeem (2006) describe how the traditional emphasis on management has moved to a focus on transformational leadership within E-Commerce organizations. They point out that transformational leadership is a central theme in the success of E-Commerce organizations, and that success of an organization can be defined as a merger or acquisition by a larger organization (Cope & Waddell, 2001; Nadeem, 2006; Zorko, 2001).

<div align="center">Research Questions</div>

The research questions were intended to find out how transformational leaders contributed to the success of SecurityEnsure. Three points guided the formation of the research questions. The first point was the role that transformational leadership itself played in the success of SecurityEnsure. The second was the role that the transformational leaders at SecurityEnsure played with changes in the Internet. The third point was the role that the transformational leaders played in customer interactions. Patton (2002), Creswell (2005), and Heppner and Heppner (2004) provided guidance and definitions for qualitative studies. They were used as the foundation for the design of the questions, guidance through the dialog with participants, and the overall methodology of the research. The following research questions were used to guide the research:

1. What role does transformational leadership play in an E-Commerce organization, and how does that style of leadership help the organization succeed?

2. To what extent does the transformational leadership style of the executive group guide the organization through good and bad times?

3. How does the interaction between transformational leaders and the customers contribute to the success of an E-Commerce organization?

4. How does the interaction between transformational leaders and the Internet technology contribute to the success of an E-Commerce organization?

Definition of Terms

The following terms have been operationalized for this study:

Business to Business (B2B): An E-Commerce model in which an E-Commerce organization primarily provides goods, services, or information to another E-Commerce organization (Laudon & Traver, 2008). An example would be SecurityEnsure.com that sells Internet security services to other E-Commerce organizations. For example, SecurityEnsure.com acts as a B2B manner when it sells Internet security services to other E-Commerce organizations. The security services that SecurityEnsure sells help to ensure that malicious hackers cannot access sensitive customer information.

Business to Consumer (B2C): An E-Commerce model in which an E-Commerce organization provides services directly to a consumer. A B2C organization offers goods or services directly to consumers for purchase (Laudon & Traver, 2008). Many E-Commerce web sites sell things directly to consumers, and a great deal of attention has been paid to ensure that the customer has a productive and secure purchasing experience at these web sites. Amazon.com acts in a B2C way as it sells books to customers, and Bank of America in offering services to customers also acts in a B2C fashion.

Consumer to Consumer (C2C): An E-Commerce model in which consumers interact with other consumers to exchange goods, services, or information (Laudon & Traver, 2008). An example would be EBay.com that allows a consumer to auction goods

or services to other consumers. EBay.com charges the consumer a transaction fee to carry out the sale to other consumers. Other organizations have formed partnerships with EBay to help offer secure exchanges of goods and money.

Customer Relationship Management (CRM) – The acquisition and retention of customers to add value to both the customer and the E-Commerce organization (Nadeem, 2006).

Dot-Com Bust: The economic fallout as a result of the collapse of E-Commerce Phase One in 2001 (Goldfarb, Hirsch, & Pfarrer, 2005). An estimated 4 trillion dollars was lost from the American Economy during the Dot-Com Bust. The effects of the economic downturn were still evident in 2008, and it is estimated that the effects will last through 2010 (Dardia & Barbour, 2004).

Dot-Com Era: A term that is used interchangeably with E-Commerce Phase One (Goldfarb, Hirsch, & Pfarrer, 2005).

E-Commerce: The process of exchanging goods and services using the Internet as a medium to conduct business for profit (Laudon & Traver, 2008). The organizations participating in E-Commerce may be totally web based, or a combination of physical presence and web based (i.e., "Clicks and Bricks"). The approaches that E-Commerce takes are usually B2C, B2B, C2C, P2P and M-Commerce (Laudon & Traver, 2008). The term is used interchangeably with E-Commerce Phase One.

E-Commerce Phase One: The time period of rapid E-Commerce growth and innovation, often called the Dot-Com Era (Laudon & Traver, 2008). This first phase of E-Commerce was strongly associated with the years 1994 to 2000. As the Internet grew and began to mature, E-Commerce organizations emerged to take advantage of the changing

climate. The mentality during this time was sometimes described as a market driven by a "gold rush" mentality (Goldfarb, Hirsch, & Pfarrer, 2005).

E-Commerce Phase Two: Post E-Commerce Phase One and Dot-Com Bust until 2006. This phase was characterized by a more rational, planned view toward growth that saw consolidation of organizations. There were still new organizations taking advantage of the Internet, as many of the phase one organizations were consolidating. Traditional retailers also began to explore a web presence.

E-Commerce Reinvention: 2006 to the present day, where more interactivity with the web is enhanced with new Internet technologies and social networking (Laudon & Traver, 2008). Also called Web 2.0.

Executive Team: The core group of individuals providing leadership to an organization. Also called executive level management.

Internet: A world-wide interconnected network of computer servers that serve as open communication nodes with each other (Leiner et al., 1997). The Internet is used to exchange information between nodes, and is used by E-Commerce organizations to conduct business.

Leadership: A process within an organization that involves individuals exerting influence within that organization in a group context to achieve a clearly identified goal (Northouse, 2004).

Merger or acquisition: Two organizations combining to form only one surviving, acquiring, organization. The acquired organization goes out of existence (Gaughan, 1996).

Mobile Commerce (M-Commerce): A model in which consumers use mobile devices like a cell phone to make purchases (Laudon & Traver, 2008). An example would be if a consumer made a purchase from a vending machine by entering purchase (food choice and method of payment) information using a cell phone. M-Commerce is becoming more of a standard outside the US, and will in the future probably see a strong growth pattern within the US (Perez, 2008).

Organizational success: Success was defined by the participants as their organization, SecurityEnsure, growing quickly enough and large enough to become the acquisition target of a larger organization.

Peer to Peer (P2P): An E-Commerce model in which consumers directly interact with each other to exchange goods, services, or information (Laudon & Traver, 2008). In a P2P relationship, computers, usually personal computers (PCs), form a network with each other that allows the exchange or sharing of information. The information may be open to the network for no transaction fees, or fees may be charged. Napster is an early example of P2P in which peers shared music files. Since Napster essentially eliminated music royalty fees in the P2P networks that it formed, it was eventually forced to change its operating mode to a B2C model, where consumers paid Napster for music, and Napster paid royalties to the music companies.

Limitations

There were limits on the researcher's resources: the sample size was limited to one E-Commerce company, and the executive level leadership of that company, and the researcher was working alone. The executive level leadership was limited by three roles: the COO, the CFO, and the Marketing Director. Future research might include other

executive level roles, such as the CEO. The study was based on the view that an E-Commerce organization strives to meet the customer's needs to achieve the mutual gain of both the organization itself, and the customer. There are other views that are based on the premise that the organization creates customer needs that did not exist before that then lead to achieving mutual gain. An example for further research in the latter instance might be described as the "if you build it, they will come" approach.

The primary data collection was conducted at SecurityEnsure with the permission of executive level management. Management did not believe it necessary for the researcher to gather information in certain instances that could compromise company confidential restricted company information. For example, SecurityEnsure was in the Internet security business, and proprietary security methods and procedures were kept confidential.

The primary instrument in the gathering and analysis of the data was the researcher himself; interpretation of the data was carried out by the researcher. Patton (2002) points out that the personal biases of the interviewees can affect the responses to the interview. Other researchers could arrive at different findings from the data collected because of differing experiences.

SecurityEnsure was a B2B example of an E-Commerce organization. SecurityEnsure was also in the Internet security sector, and lessons learned from the study may not be applicable to other sectors of the Internet environment. The findings may not be applicable to other B2B organizations, or other organizations that run on B2C, C2C, P2P and M-Commerce models.

Significance

Little research in the role that leadership plays in E-Commerce has been carried out. Searches on popular search engines like GoogleScholar reveal that there is much information about E-Commerce itself as a topic and the role that management plays, but no studies involving the role of transformational leadership are apparent. For example, there are a number of books and articles about practical retailing through E-Commerce sites like EBay. And there are references to E-Commerce management, but not leadership, and in particular transformational leadership. Rather, these publications concentrate on the transitional management approaches, and not the transformational approaches. A more complete review of the literature is presented in Chapter II Review of Related Literature.

Transformational leadership within an E-Commerce organization plays an important role in the attainment of goals, specifically survival, and eventual merger or acquisition. The research increased the understandings of how leadership styles play a key role in the survival and success of an E-Commerce organization. The research also enhanced the understanding of the transformational executive level leadership role within SecurityEnsure and other E-Commerce organizations.

The focus of the research was on the team of executive level transformational leaders as they worked together at SecurityEnsure. Key learning included the importance of transformational leaders in a concern for the thoughts of people that work for them, setting examples of what they expect in others by demonstrating those behaviors themselves, and in setting a focus and clear vision for everyone to follow. The key learning's added to the body of research efforts in the area of leadership, in particular

within E-Commerce organizations. The lessons learned can also be applied from a more universal, practical business standpoint to other E-Commerce organizations in their efforts to successfully reach their goals of a merger or acquisition.

Summary

The Internet and its technology are constantly changing and evolving. From its beginnings as a "Galactic Network" (Leiner et al., 1997) to the uses today in communities of interest (Stackman, Henderson, & Bloch, 2006), it has proven that it can grow and be used for applications never thought of before. The practical applications of the Internet include E-mail, company intranets and E-Commerce.

E-Commerce has grown and matured with the Internet (Laudon & Traver, 2008). A type of E-Commerce is on-line retailing called B2C, where vendors sell goods and services to consumers. Consumers usually pay for those goods and services electronically, using personal credit cards or other methods that uniquely identify them. Black Hat hackers will mine B2C websites for vulnerabilities that allow them to steal personal consumer data. SecurityEnsure was a B2B E-Commerce organization that offered security services to B2C E-Commerce organizations to help protect their customer's personal information.

E-Commerce organizations have a common goal of survival in the Internet market place, with eventual merger or acquisition (Cope & Waddell, 2001).The executive leaders of SecurityEnsure described their goal as eventual acquisition by a larger Internet security company. That eventual acquisition would reflect the inherent value of SecurityEnsure as an organization, as well as the yearly recurring revenue from customers and expected growth over the long term (Gaughan, 2007). SecurityEnsure accomplished the goal by

identifying a new market segment, and growing as large as they could as fast as they could to become the segment market leader. As market segment leader, they would be the object of an acquisition.

There have been a number of studies about the management of E-Commerce organizations. In addition there are a number of "how to" books and studies and lists of things that a failed organization did incorrectly (Cassidy, 2002; Ledbetter, 2003). The current study sought to view SecurityEnsure's success from a positive standpoint (Stockport, 2000), looking at the positive things that the executive leadership team accomplished though a transformational leadership lens.

SecurityEnsure reached the goal of acquisition by a larger Internet security company by the actions of their executive leadership team and everyone in the organization. The transformational style of the executive team provided the vision and guidance for the entire organization to succeed. The research questions were intended to explore the aspects of transformational leadership that helped SecurityEnsure survive the competitive Internet market place, and reach its goal.

The following chapter presents a Review of Related Literature that supported the purpose of the research. The Method's Chapter provides the way in which the research was carried out, including details on data collection, preparation, and analysis. Specifically, that chapter will provide more details on how the research questions were integrated into the study. The Finding's Chapter presents the results of the research researcher's efforts. The Discussion and Recommendation's Chapter provides an examination of the findings with respect to the research questions and implications for a

deeper understanding of the role of transformational leadership in E-Commerce

organizations, and potentials for future research.

CHAPTER II

REVIEW OF RELATED LITERATURE

Overview

The fast paced, constantly changing environment that E-Commerce organizations exist in requires a transformational leadership style to succeed. In E-Commerce organizations, the transforming and changing of the individuals reflects the transforming and changing of the organizations themselves as a response to changing Internet technology and customer preferences. The goal of leadership within an E-Commerce organization is to guide the organization through a process of survival and success. The two key components that leadership uses to achieve this goal are technology, and a focus on the customer. Success can be described as the E-Commerce organization surviving, and eventually being the focus of an acquisition or merger with another larger organization (Gaughan, 1996, 2000). Technology takes the form of the Internet and its technology backbone. The focus on the customer takes the form of CRM.

This review of literature will address three essential themes of E-Commerce success. The first is leadership and the importance of transformational leadership, the second is the relationship between leadership and technology (represented as the Internet), and the last is the relationship between leadership and CRM (represented by the customer). Between these themes, there are two important relationships: the first is between executive level leadership and technology, and the second is between executive level leadership and CRM. Executive level leadership can use these relationships to enhance the value of their organizations and their products to the customer.

A brief historical perspective of leadership and management helps to provide a context from which to view the role of transformational leadership in E-Commerce. The history begins with a scientific management approach that was introduced by Fayol (1949) and Taylor (1916) to manage resources in what was an increasingly mechanical world. It was a world in which people were considered extensions of the tools that they used and "part of the machine." The scientific approach took the view that organizations could be reduced to parts, and that the parts could be engineered to work together seamlessly. Both authors took a reductionist approach toward management by breaking an organization down into smaller components like units of work, the role of authority, lines of authority.

Weber (1922) built on the scientific approach viewing the parts of an organization as a hierarchical bureaucracy with all the of parts contributing to the whole. The bureaucracy that he described extended through the work, environment, and individuals who made up the organization. Although the emphasis was on management, elements of leadership could be seen in their work. For example, Humphreys and Einstein (2003) point out that Taylor (1916) does lay the ground work for thoughts on leadership and that Fayol (1949) recognized the need for leadership in successful organizations.

The social person era, where there was more emphasis on the individual rather than as extensions of the machines that they used, was presented by Follett (1926). She emphasized that the "habit patterns" of individuals formed attitudes that were important in how they worked within an organization. The habit patterns were formed through previous individual experiences, and she pointed out that people could only follow orders if they fit with the previously set habit patterns, or they formed new habit patterns. She

pointed out that giving orders and following orders was a circular effort between managers and people working with the machines, or technology. Her efforts pointed the way to more of a leadership role where managers placed emphasis on a process, provided a vision that included organizational goals, and exerted influence on workers to take responsibility in helping to achieve those goals.

Barnard (1938) also emphasized the value of individuals in an organization. He recognized that the individual was the basic unit of an organization, and was a strategic part of a successful endeavor. Individuals are motivated by incentives, so incentives also play key roles in a successful organization. Incentives included money, prestige, and other non-monetary items. The incentives that Barnard (1938) described went beyond the scientific approaches that Taylor (1916) and Fayol (1949) described, and included persuasion as a technique that could be used to gain an individual's support. In placing an emphasis on persuasion, Barnard (1938) was looking at an element of leadership, in addition to management in achieving organizational goals.

<center>The Importance of Transformational Leadership</center>

The first important relationship is between the executive leaders and leadership itself. Leadership and management are important for an organization to survive and thrive in the business environment. While there is some overlap between the two, leadership is separate and distinct from management. Northouse (2004) and Humphreys and Einstein (2003) explained that the history of transformational leadership can be traced back to Aristotle and Confucius. Management, in contrast, became popular after the Industrial Revolution occurred in the late 19th and early 20th century. Leadership provides direction for change and impetus for movement. It is concerned with a vision to establish

organizational direction, the alignment of people to achieve goals, and inspiring and motivating people to achieve those goals. The authors explain that the role of management is to provide order and consistency to an industrial, automated process. Management can be closely tied to efforts to plan and budget, organize, and control internal organizational processes. There has been more thought, research, and writing in the area of management in E-Commerce organizations than leadership. In the dynamic, quickly changing environment that E-Commerce organizations exist in, leadership is especially important.

Kanter (2004) points out that executive leadership is important in successfully dealing with a constantly changing business environment. Bass (2007) further explains how executive leaders set the pace of an organization as it deals with the constant changes common to E-Commerce organizations. Bass (2007) points out that leadership is the product of the leader, the organization, and both the internal and external environment. In dependent thinking, a focus on the customer and intellectual stimulation are important keys to success that Bass (2007) mentions.

Bass (2007) goes on to discuss reasons why executive leaders fail and succeed. Failure is frequently associated with inflexibility and an inability to see past personal goals. Interestingly, he points out that an over emphasis on eventual merger or acquisition sometimes gets in the way of successful strategic leadership. He points out that flexibility in leadership styles, clear organizational vision, and an emphasis on people are all important in strategic leadership. Lastly, Bass (2007) points out that transformational leaders must support both a sense of continuity and change within their organizations.

Northouse (2004) provided an overview of current leadership trends that all organizations display, and he defined leadership as being made up of several important parts. First, leadership is a process within an organization. Next, leadership involves individuals exerting influence within an organization in a group context. Lastly, leadership involves goal-oriented behavior. Northouse (2004) describes two basic approaches to leadership: transactional and transformational. The former focuses on exchanges that occur between leaders and followers; and the latter, leaders interact more closely with followers to influence and intellectually elevate their level of motivation and morality. The transformational leader looks to follower needs and motivations to help them reach their fullest potentials with the organization.

Seltzer and Bass (1990) provided an example of how important initiation and consideration was in transformational leadership. The purpose of their research was to investigate the relationship between these two variables and transformational leadership. Initiation relates to how well a leader clarifies task requirements by providing information and structure to the task. Consideration relates a leader's qualities of sociability, sense of fairness, and concern about team members. They used an instrument called MLQ Form 5 to measure these qualities, with hierarchical regressions to measure responses from 138 subordinates and 55 managers. They found that the consideration aspects of transformational leadership impacted the group, while the charismatic aspects impacted individuals.

Dvir, Kass and Shamir (2004) explored the emotional bond that vision and commitment played in high-tech organizations similar to E-Commerce. They examined the specific effects that three aspects of organizational vision played in worker affective

commitment associated with transformational leadership, versus continuance commitment associated with transactional leadership. The three aspects of organizational vision were: formulation of the vision, content of the vision, and assimilation of the vision by the workers. They collected quantitative and qualitative data from 183 high-tech employees. The quantitative data gathering used a questionnaire based on the Multifactor Leadership Questionnaire (Bass, 1985). The qualitative data were gathered by interviewing CEOs from the participating organizations.

The analysis of the quantitative data by Dvir et al. (2004) supported the assumption that organizational vision was closely associated with affective commitment, and had no impact on continuance commitment. The qualitative results supported the idea that vision was directly related to affective commitment and translated into higher social oriented values. Their conclusions suggest that in a quickly changing environment like E-Commerce, a transformational leadership approach with a clear vision statement is important.

Cope and Waddell (2001) pointed out that traditional, bottom-line management thinking has moved to more of a leadership style approach that was based on quick thinking, communication, and flexibility–reflecting the rapidly changing Internet. They interviewed 45 managers from a list of 182 companies derived from a list of the top 1000 companies that was compiled by *Business Review Weekly Magazine*. They based their study on a matrix of 36 separate hypotheses, concentrating on the four hypotheses that they felt related most to leadership and the Internet. The four were: fine tuning, incremental adjustment, modular transformation, and corporate transformation. They analyzed the data, and concluded that the important leadership styles in these companies

were consultative, directive, and coercive. It is interesting to note that Cope and Waddell (2001) associated the coercive leadership style within E-Commerce organizations with times of stress when survival was at stake.

Cope and Waddell (2001) concluded that the shift towards leadership orientation was characterized by three key points that reflected the development of Internet technology: quick thinking, communication, and flexibility. The leadership styles that they identified were consultative, directive, and coercive. Most of the leadership styles they observed were consultative or directive, and tended to take on a more transformational leadership style. They found that the coercive leadership style was associated with stressors to the organization like falling sales, or a hostile economic environment like a recession. Northouse (2004) points out that coercive leadership is not a true form of leadership, because followers are forced due to threats; and Barnard (1938) points out that beyond a short timeframe, coercion is an ineffective approach.

Duffy & Dale (2002) studied key processes across E-Commerce organizations that were critical for success. They interviewed experienced consultants who had been working with E-Commerce organizations for several years using a semi-structured interview. The key processes that they identified that relate to the current research endeavor were: financial control, business processes, and consumer behavior. Financial control allows for strict control over revenue and expenditures. If the goal of an E-Commerce organization is to be acquired by a larger organization, then it must clearly demonstrate that it has solid revenue streams, and that expenses are in control. Both of these together make the organization profitable and more likely the target of an acquisition.

Awareness of key business processes by E-Commerce organizations is difficult because of the quickly changing Internet environment (Duffy & Dale, 2002). The quickly changing environment makes it difficult to establish clear business processes. Oftentimes the personnel are diverted from mapping and operationalizing business processes to concentrate on the complexities of the Internet technology itself. Lastly, Duffy & Dale (2002) cite organizational immaturity and lack of foresight in business processes not being defined.

Duffy & Dale (2002) also identified consumer behavior as a key business process. It is difficult to understand why some customers will make a purchase, and others will not. The understanding is further complicated if there is not a solid business process in place. The use of a validated sales model to identify and approach potential customers with is needed in order to exploit consumer behavior. However, due to the lack of awareness of business processes by E-Commerce organizations there is often no such model.

In a dissertation, Roi (2006) pointed out that transformational and adaptive leadership practices had a positive effect on long-term financial performance of a company. His data included responses from 94 human resource managers based on responses to a questionnaire that he designed to measure transformational leadership and organization culture norms. The financial performance of the organizations was based on long-term indicators for a time period of 11 years or longer. He used a bivariate approach and best fit regression analysis to analyze his data.

Roi's (2006) dissertation provides valuable insights into the effect of organizations. He found that there were strong relationships between the practice of

transformational and adaptive leadership, and an adaptive company culture on long-term financial performance of an organization; the more the transformational and adaptive styles were put to practical use, the better the long term financial performance. Conversely he found that the less these practices were put into use, the worse the long-term financial performance. His work emphasized the importance of a transformational leadership approach in E-Commerce organizations in achieving their goals.

Several important differences existed between the approaches of E-Commerce organizations used for the present study, and Roi's (Roi, 2006) work. First, Roi (2006) concentrated on long-term financial performance as measured by net income, and not the typically shorter term goals of survival and merger or acquisition characteristic of E-Commerce organizations. Roi (2006) concentrated on a time period of eleven years. Typically an E-Commerce organization centers in on a four to six-year time periods for planning. Second, the natures of the organizations that he studied were organizationally and culturally different than that of E-Commerce organizations. E-Commerce organizations deal with a very quickly changing technology, and customer alignment increasing globalization. Lastly, the indicators that Roi (2006) used to measure financial performance did not include the ways that CRM offers to value customer interaction. For example, one of the financial measures that Roi (2006) used in his study was stock price. The populations that the study addressed were privately held organizations with no stock issued.

Stockport (2000) used two case study examples to illustrate why leaders need to develop a transformational leadership style and integrate it into their organizational strategic plans. The first case study was a negative example of Marks and Spencer, a

British retailing firm, in which the leaders missed strategic points for transformational changes needed to survive. The second case involves a California high-tech company called Intel. In the example of Intel, the transformational leaders were able to anticipate an industry shift into E-Commerce, and continue on a successful growth pattern.

Beugré, Acar, & Braun (2006) discussed three types of transformational leadership that were driven by an volatile external business environment. They reviewed existing literature on transformational leadership, and the role that the external environment plays in the emergence of transformational leadership within organizations. The three types of emergent transformational leadership that Beugré et al. (2006) described were: revolutionary, evolutionary, and transgressor.

The volatile external Internet environment lends itself to the revolutionary type of transformational leadership. Beugré et al. (2006) describe revolutionary transformational leadership as emerging in organizations in response to an environment in which the survival and existence of an organization is at stake; and there is a high receptivity by the members of the organization to the transformational leaders. This is similar to the situation that SecurityEnsure found itself in. Beugré et al. (2006) concluded that there was more opportunity for research in the relationship between the environment and emergent transformational leadership types. In addition, they pointed out at practical use could be made when searching for successful executive leadership styles within an organization.

Leadership and Technology – The Internet

The second important relationship is between leaders and technology as represented by the Internet. As a guide for leaders interacting with technology, Stockport

(2000) provided a three motif framework that executive leaders could follow for developing a transformational leadership style, a more customer centric CRM approach, and ways to keep up with changes in technology. First, executive level leaders were encouraged to develop visionary company cultures that concentrated on continual change for survival, looking at old problems in new ways and bringing in new talent. Second, a customer centric approach emphasized continuously monitoring the environment for customer and competition changes and to take full advantage of database technology changes tracking customers. Keeping pace with technology changes like databases and new Internet capabilities were important to keep goods and services flowing to customers, and how customers are tracked. Lastly, Stockport (2000) pointed out that executive leaders must develop transformational skills. Transformational skills are essential for organizational survival in an ever-changing business environment. The application of transformational skills translates into an organizational culture that leads to a proactive, rather than reactive, response to inevitable changes. A well thought out proactive approach enhances the probability that an organization will continue on a solid growth pattern, and continue to survive.

Porta, House, Buckley and Blitz (2008) examined the ways that customers and companies interact with the Internet to provide leadership with a set of best practices. They researched 40 early adapter, large enterprises and 100 technology startups. First, they found that both the early adapter, large enterprises and the startups placed an emphasis on creating value for both the company itself and the customers. Second, they found that the early adapter, large enterprises tended to concentrate on creating new

capabilities like flexible business models and rapid collaborative innovation, while the smaller startups focused on new models and business markets.

Porta et al. (2008) identified eight best practices that Leaders could look to for creating value for the organization and the customer. The practices that relate most to the study were: embrace your customers, trust the network (technology) for information, use social networks for solutions, go beyond the 80/20 rule to seek out customers, customers seek digital content, and explore new areas of value creation. Porta et al. (2008) concluded by offering practical applications of these practices that an E-Commerce organization can use to create an innovative mind set to create value, increase survivability, and eventually attain the goal of a merger or acquisition.

Seltzer and Bass (1990) discussed transformational leadership. They highlight the differences between transactional leadership and transformational leadership by presenting the later as an extension of the former. The older transactional approach emphasized reward and management by exception; the newer transformational approach emphasized leadership charisma, consideration of the individual and intellectual stimulation. They concluded that a transformational leadership approach had a dual effect, with consideration most impacting the individual, and charisma affecting groups within the organization.

Dionne, Yammarino, Atwater and Spangler (2004) further explored the role that transformational leadership played in successful teams within organizations. To help explain the role that transformational leadership played in team performance, they mapped characteristics of transformational leadership like charisma, consideration, and intellectual stimulation to team success factors like cohesion, communication, and

conflict management against team performance. They pointed out that although it was difficult to integrate transformational leadership into measurements of team success, the effort could have a huge payoff in terms of team performance.

Forcht (2002) studied the relationship between technology and leadership as a sustainable human relationship through a hermeneutic lens. He pointed out that high-tech organizations were always a part of the global economy, and were characterized as high velocity work places. He warned that knowledge of technology by a few people can lead to a technocratic culture within an organization that puts knowledge over human relationships. Another aspect of Forcht's (2002) dissertation that is relevant to the study was his method of gathering data through interviews. The interviews in the current study were conducted in a similar fashion, but took place in only one organization.

Forcht (2002) carried out his research using a narrative, conversational approach with 13 entrepreneurial leaders within high-tech organizations in Northern California. He transcribed voice recordings and analyzed the data for emergent leadership and technology themes. His data analysis provided four emergent themes. First, he concluded that it was important for leaders to go beyond technology, and also approach leadership through an ontological perspective. The second conclusion was that time should not be equated with money, and was important in forming a future that included both the leaders and other members of the organization. Third, he concluded leaders should look into themselves as the motivators of change and model organizational culture. Lastly, Forcht (2002) found that diversity within organizations was a powerful force in successful organizations.

There were several important aspects of Forcht's (2002) study that had some relevance to the current research. This research focused on the relationship between transformational leadership and technology, as well as customers. Forcht's (2002) study examined leadership and technology, but did not mention the role that a specific style of leadership like transformational leadership plays in an organization. His study also did not address the customer component directly as CRM as a component of success.

The Importance of the Customer – Customer Relationship Management (CRM)

The third important relationship is between the executive level leaders and the customers. Nadeem (2006) pointed out that customer retention is important in E-Commerce business models. The focus on the customer, especially the acquisition and retention aspects, is an important part of the current study. In particular, the B2B and B2C models could gain competitive advantages over competition by concentrating on customer retention. He gathered data for his study through published surveys, case studies, and the Internet to show how leadership influences customer satisfaction. Customer satisfaction, in turn, added value to both the customer and the E-Commerce organization to gain a competitive advantage. He found that the cost of acquiring a new customer was five times the cost of keeping an existing customer, and that concentrating satisfying the top 5% of the customers accounted for 75% of the organization's profitability. He concluded that executive level leadership should place a short-term focus on acquiring new customers, but place a long-term focus on making sure that these customers were satisfied with the goods or services they received.

Nadeem (2006) points out that a focus on the customer brings both value to the E-Commerce organization and to the customer. As the value of the organization increases,

its likelihood of survival and ultimate goal achievement is enhanced. CRM is used to

obtain and retain customers. Nadeem (2006) looks to the obtaining and retention of

customers as sustaining a sustainable, competitive advantage (Porter, 1985, 2001) that

leads to survival and goal attainment. The ultimate goal is usually seen as a privately held

E-Commerce organization issuing an Initial Public Offering of its shares, or the privately

held shares being acquired by a larger E-Commerce company as an acquisition or merger

(Gaughan, 1996, 2000).

Kim, Suh, and Hwang (2003) examined how CRM could be used in managing

how an E-Commerce organization interacted with customers to add value. They pointed

out that it was difficult to measure tangible results of applying CRM to add value to the

customer and the organization. These tangible results were things like value

enhancement, innovation, and service improvement to the customer. To measure the

effectiveness of CRM using a case study approach, they used a tool called the Balanced

Scorecard (BSC) (Kaplan & Norton, 1996). The version of the BSC that Kim et al.

(2003) used was a customer centric concentrating on four dimensions: customer value,

customer satisfaction, customer interaction, and customer knowledge about the products

offered by the E-Commerce organization.

Kim et al. (2003) conducted their case study using an online shopping mall. Data

was collected through interviews, questionnaires, and web log analysis. The researchers

gathered baseline information about the four BSC dimensions before CRM

implementation, and after CRM implementation. They found that using the BSC as a

measurement, they were able to better quantify tangible benefits from using a CRM

approach that could be used by the leaders of the organization to measure value.

Tan, Yen, and Fang (2002) outlined key success factors for CRM in organizations. One of the success factors that they examined was CRM integration into existing and future strategic directions that the organizational leaders were taking. An important issue that they brought up was that leaders should not always look to new or better technologies alone to add value to their organizations. They suggest adding a CRM component that involves a commitment to make infrastructure and technology changes. The infrastructure changes are reflected in the way the people in the organization relate to each other and their external customers. The technology changes are reflected in the way the organization uses customer database information and the Internet as a support process to reach their customers. The improved processes, in turn, add value to the customer and to the organization. The customer will receive exactly what they need, when they need it, and the organization will retain a profitable loyal customer base.

Zeng, Wen and Yen (2003) explained the importance of both CRM and B2B, and how they can synergistically work together. They began by offering definitions of CRM and B2B, and provided examples of how they relate to each other. CRM has four parts: relationship management, sales force automation, technology, and opportunity management. The important parts of B2B are: critical mass, customer cohesion, and content and category depth of services offered. Broadening and deepening services brought value to both the customer targets and the B2B organization.

Both CRM and B2B models have things in common; the availability of Internet technology allowing customer information to be reached anytime, anywhere is a shared trait between the two. Other commonalities are marketing functions. For example, both need to be involved to customize customer approaches. Flexibility in how customer data

is stored, retrieved, and analyzed for data mining purposes is yet another example that

Zeng et al. (2003) point out.

Zeng et al. (2003) offer two different strategies that leaders can use to implement

and integrate CRM and B2B into their organizations. The first is to embed CRM under a

B2B framework. This alternative follows standard business practices that involve a

complete understanding of the organization's objectives, and precisely how CRM and

B2B can be used to reach these objectives. The second alternative is to treat the CRM and

B2B as separate applications that are linked at strategic points. The points at which CRM

and the B2B approach linked must be well defined and attainable. An advantage of the

second approach is that it is easier and faster to implement.

Nguyen, Joseph and Newby (2007) described CRM and strategies that leaders

could use to implement it in their organizations. They began by pointing out that CRM

was a process of using technology to digitize an organization's knowledge about its

customers into a database. The database was a repository for all information about a

customer, and could be used to better understand and meet the needs of a customer. The

database could be used by both the sales force in the field to respond to customer

questions, and could be integrated with other decision support systems within the

organization to make better strategic decisions.

Nguyen et al. (2007) described guiding principles and components of success that

should be integrated into the implementation of CRM in an E-Commerce organization.

The first guiding principle was customer focus with an emphasis on customer recognition

of brand value providing an overall pleasing customer experience. The components that

Nguyen et al. (2007) described focus on the strategic direction that the leaders take

toward CRM, the customer insights that they want to gain, and how that will drive business decisions.

Next Nguyen et al. (2007) provide strategies and approaches that leaders can use to implement CRM in their organizations. The focus is again on the customer: identifying who the customer is, what the customer needs from the organization, and how the organization will provide the customer with what was promised. The customer is reached through channels like the Internet, the sales force, and communication (both telephone and wireless). They also discuss the importance of leadership in integrating customer brand awareness.

Lastly Nguyen et al. (2007) point out some of the barriers and pitfalls that executive leadership must overcome in a successful CRM implementation. They provide recommendations on contacting and negotiating with CRM vendors, and evaluation strategies to determine the best organizational fit. Strong leadership and direction is important to ensure that the CRM solution chosen adds value to both the organization and the customer. They point out that the role of CRM in an organization goes beyond the implementation and must be flexible enough to accommodate technology changes, customer preference changes, and organizational strategic realignments.

Javalgi, Radulovich, Pendleton, and Scherer (2005) also discuss the importance of CRM within E-Commerce organizations. The authors speak of the importance of CRM within these organizations in maintaining a sustainable competitive advantage in the marketplace. The definition of sustainable competitive advantage is based on Porter's (1985; Porter, 2001) works where an organization gains long-term advantages over their competition that translate into survival and goal attainment. The sustainable competitive

advantage translates into an organization's operational effectiveness, and its distinctive strategies to reach the target customers. A competitive advantage manifests itself in measurable, organizational performance indicators like profitability, return on investment, and customer lifetime value.

Javalgi et al. (2005) tie the achievement of a sustainable competitive advantage in E-Commerce organizations to a customer focused approach that uses CRM to translate Internet customer behavior into measurable performance indicators. They explain how important aspects of Internet customer behavior like information search, purchase choice, and the purchasing transaction can be fed into a CRM system. The CRM system can then use current technology to communicate to the customer, better understand the customer, and deliver a value adding experience to the customer. The retention and repeat purchasing of the customer show up as measurable performance indicators, like profitability, and added value to the organization.

The volatile Internet environment requires that key account management competencies be quickly developed to attain and maintain a competitive advantage. Millman & Wilson (1996) described key accounts as customers that represent a large volume of business that a B2B organization has a long-term relationship with. As a part of a successful key account approach, they discussed the importance of earned trust between partners in the B2B relationship. In addition, they describe the importance of the development of key account management competencies such as identifying the decision makers, defining purchase situations with a model, and educating the sales force to standards.

Lunn (2002) reviewed some of the leadership issues facing E-Commerce organizations as the environment moved out of the Dot-Com bust. He interviewed participants from three organizations as a part of their study, and found five successful business models. The success models that are relevant to the current study are: become a specialized service provider, and target the right kind of buyers and sellers. A specialized service provider is a narrow and specialized role that provides a unique and necessary service to other E-Commerce organizations. Lunn (2002) also found that targeting the right kind of buyer or seller based on their needs was important for success.

An important aspect of E-Commerce successes was the revenue stream that provided income to the organization Lunn (2002). He found five strategies that were important for a successful organization, two of which relate to the present study: obtaining revenue from other value-added services, and focusing on key clients. An example of a value-added service would be a B2C online retailer purchasing security services, then using that fact to encourage the consumers to purchase more because their financial transactions are "secure" and safe from hackers.

Whittle (2002) studied the organizational, cultural impacts of mergers in an acquired organization through an ethnographic approach. To gather his data, he used an emergent design, and conducted in-depth interviews with a sample of six individuals who were working for a company six months after acquisition. He recorded the interviews, transcribed them, and met a second time with the participants to ensure that he captured their thoughts accurately. The data was analyzed through the use of triangulation (Creswell, 2005; Fraenkel, 2006; Patton, 2002) and categorized with common themes. He found that mergers and acquisitions can have negative impacts on employees' motivation,

morale, and dedication to the organization. In order to mitigate the negative impacts, Whittle (2002) improved communications and clear messages from leadership regarding merger activities.

Similar to Whittle's (2002) study, the current research gathered data through in-depth interviews, and the conduction of follow up interviews to ensure that the participants' thoughts are accurately captured. A similar format for data analysis using triangulation and categorization with common themes was also a part of the data analysis.

Summary

The review of literature examined the three key aspects of the study. The first was an examination of transformational leadership. The second was an examination of the relationship between the executive team and the Internet. The third aspect was the relationship between leadership and the customer. A good comprehension of the technology translates into a more effective management of the customer, and that, in turn, provides value to both the customer and the E-Commerce organization. That value enhances the organization's survivability and eventual goal attainment.

The Review of Related Literature focused on leadership, transformational leadership, the way in which the transformational leaders related to the customers, and the way in which the transformational leaders related to the Internet environment. The central theme of the review reflected the goal that the executive leadership team at SecurityEnsure expressed; survival, becoming the market leader in the market segment that they created, and eventual acquisition by a larger Internet security organization. That eventual acquisition would reflect the inherent value of SecurityEnsure as an

organization, and the yearly recurring revenue from customers and expected growth over the long term.

The role that leadership in the executive team played, especially transformational leadership, was critical to leading that organization to become an attractive acquisition target, with eventual acquisition. An historical overview of leadership versus management was presented in the review (Northouse, 2004). As a part of the historical review of leadership, transformational leadership themes were developed organization in relating to and growing the customer base (Humphreys & Einstein, 2003).

Specific ways that transformational leaders interacted with E-Commerce organization that they were associated with were discussed, and specific examples were provided. The importance of transformational leaders in a rapidly changing environment like the Internet (Avolio & Yammarino, 2004). The role of a transformational leadership style in creating an innovative environment were also reviewed (Porta, House, Buckley, & Blitz, 2008).

The second emphasis of the literature review was an examination of the relationship between the transformational leadership styles of executive teams and the Internet technology that E-Commerce organizations exploit to achieve their goal of merger or acquisition. The Internet and the technologies associated with the Internet are in constant flux and change. A transformational leadership style that focuses on a vision and taking advantage of a changing technology can help guide an E-Commerce organization toward success (Stockport, 2000). Transformational leadership traits like charisma, consideration for team member, and intellectual stimulation were important to keep everyone in an organization focused on technology changes and the best way to

translate them into practical business use (Dionne, Yammarino, Atwater, & Spangler, 2004).

The last aspect of the review was the relationship between the transformational leadership style, and the customer of an E-Commerce organization. The relationship between transformational leadership traits and customer was examined using a CRM model that centers in on customer needs and customer retention (Nadeem, 2006). The underlying recurring theme was to eventually become involved in a merger or acquisition. The importance of obtaining the right customers and keeping the right customers was examined (Lunn, 2002; Nadeem, 2006).

The customers and potential customers in a B2B scenario are constantly changing as the Internet environment changes; the transformational leadership style offers attributes to address these changes (Kim, Suh, & Hwang, 2003). In the case of SecurityEnsure, their B2C E-Commerce merchant customers were looking for ways to increase their revenue and profitability, and SecurityEnsure provided them with an effective tool to do that.

A focus on the customer emerged as an important theme in CRM. Knowing who the customer is, and how to reach that customer are important in finding and keeping that customer (Zeng, Wen, & Yen, 2003). Nguyen et al. (2007) pointed out that leadership played an important role in flexibility to approach customers as the Internet technology changed addressing practical applications. SecurityEnsure reflected these approaches to find, obtain, and please their customers.

The three aspects of the Review of Related Literature intertwined with each other. The review of leadership versus management set the stage for a greater understanding

and appreciation of a transformational style of leadership. The transformational leadership traits provided tools that executive leadership teams could use to address the issues of how to put new technologies into practical use by pleasing and delighting customers and potential customers. The customers themselves presented a challenge that transformational leaders could address. The innovation and vision of transformational leadership traits empowered all team members to better address customer needs.

CHAPTER III

METHODOLOGY

Restatement of Purpose

The purpose of the study was to examine the role of executive level leadership in an E-Commerce organization, SecurityEnsure, in achieving organizational survival and attaining the goal of an acquisition or merger. A qualitative study approach was used as a tool to carry out this study. Emphasis was placed on the roles that the executive level transformational leaders played in an organization reaching its goals. In particular, the balancing role of leadership between the Internet technology and customer focus to achieve an organization's goals was examined.

The study not only added to the level of understanding of the roles that leaders play at SecurityEnsure, but also provided some overall understanding of the transformational leadership roles in E-Commerce organizations in general. The understanding of the transformational leadership roles within SecurityEnsure offered the potential for a greater appreciation of the potentials of transformational leadership in the E-Commerce industry overall.

Research Design

The research design utilized a qualitative approach using narrative to examine the role of transformational leadership at SecurityEnsure in attaining the goal of an acquisition or merger. Structured interviews and site visits were included as a part of the research design, and were the primary means to collect data. The researcher formally invited each participant to take part in the study through a formal letter of invitation. A

second interview was requested to review the researcher's understanding of the answers

provided by the participants during the initial interview. Following the interviews, the

researcher sent thank-you letters to the participants thanking them for their time and

responses. Interviews took place at work place sites, or alternate sites that they chose.

The interviews were recorded and transcribed by the researcher. The researcher also kept

a journal of the data collection process, and the data analysis process. If additional

clarification was needed, the researcher was ready to request a third interview.

The interviewees provided the researcher with other data sources. For example,

the initial three interviewees suggested others at SecurityEnsure to interview. The

interviewees also provided other data about SecurityEnsure that is not publicly available

through other sources, like the Internet.

Instrumentation

The researcher in a qualitative study is the primary instrument by which data is

gathered. Patton (2002) described the researcher as an instrument in qualitative research

that is used to gather and analyze data. Creswell (2003) outlines the active role that the

researcher takes in a qualitative study, and describes how the researcher collects the data

to be analyzed, and is a part of the data analysis. The researcher is involved in a sustained

and intensive experience with the study participants, and collects data in natural settings

(Heppner & Heppner, 2004).

In this study, the researcher took an active role in gathering information, and the

interpretation of that information based on his experiences. Efforts were made to take a

neutral approach to gather meaningful empirical data in an objective, non-judgmental

way. At the same time, the researcher attempted to capture the empathy of the

participants as they told their stories and related their leadership experiences.

A series of interview questions were derived from the research questions. The

interview questions were open-ended, and intended to capture the interviewees

understanding of how transformational leadership plays a role in the success of an E-

Commerce organization. The interview questions were designed to gain a fuller

understanding of the research questions from the view of SecurityEnsure participants.

The questions were open-ended, and intended to capture the impressions and thoughts of

the participants regarding their organization's success. The questions were intended as a

guideline to help keep a focus on the research questions, other emergent questions, or

themes that may emerge during the course of the study.

The following interview questions were intended to explore the first research

question:

1. What sort of E-Commerce organization is SecurityEnsure?

2. What can you tell me about the business that SecurityEnsure is in?

3. How would you describe the overall goal of organization?

4. How long have you been associated with SecurityEnsure?

5. Can you share some of the business objectives of SecurityEnsure?

6. What would you say are some of the successes of SecurityEnsure?

The next interview questions were intended to explore the second research

question:

7. How would you describe your leadership style?

8. How does your background contribute to your leadership style, and how did you come to become the leader that you are today?

9. How does your leadership style contribute to the overall success of SecurityEnsure?

The following interview questions were intended to explore the third research question:

10. Why is a customer focus important?

11. How does this focus on the customer contribute to the bottom line?

The next interview questions were intended to explore the fourth research question:

12. How does your business fit in with the Internet?

13. Can you share some of the ways that you have used the Internet to add value to the organization?

The last interview questions were intended to ensure that complete answers to the research questions have been obtained from the participants, and to provide them with an opportunity to add any other important thoughts that they might wish to include in the interview.

14. Are there any other questions about what we talked about that you think I should have asked?

15. Are there any other things that you feel are important to understanding the success of your organization?

Data Collection

Creswell (2005) identified several important topics in the collection of data in a qualitative study. The intention of the topics that Creswell (2005) identified was to place limits to a qualitative study allowing systematic gathering of data, and help to prepare for later analysis of the data. The most relevant of these topics to the study were: the selection of interviewees, identification of the levels of permission needed to conduct the study, identification of the procedures for recording and gathering data, and recognize the administrative and ethical considerations involved in data collection. Heppner and Heppner (2004) also point out that in qualitative research, events must be observed and recorded in their natural settings.

The researcher took a non-participant role in interviewing an opportunistic sample of executive level managers at SecurityEnsure (Fraenkel, 2006). Initial interviews were conducted with executive level members of the SecurityEnsure management team, and recorded. The roles identified were the COO role, the CFO role, and the Marketing Director role. The interviews were 45-minutes to an hour long, and conducted over a period of six weeks. The initial three interviewees suggested other members of the executive leadership team to interview that they felt could contribute most to the study.

The researcher conducted the interviews in face-to-face and telephone interview settings and recorded the interviews (with permission). The researcher supplemented the interviews with written notes taken during the interview. The site visit notes were kept in a written journal. The collected data was used to form a narrative of the interviews and site visits. The entire data collection process took six weeks, with detailed transcribed interviews of the five participants and field notes as data.

Other data collection included sources were suggested by the interviewees, published materials, and the Internet. Examples of other sources included proprietary planning documents, and other supporting business planning materials associated with SecurityEnsure provided by the interviewees. Examples of published financial statements and business plans were very limited because SecurityEnsure was a privately held company. Examples of Internet sources that used included Google Alerts, the Wayback Machine (InternetArchive, 2007) and Alexa (2008).

Data Analysis

Creswell (2003, 2005) provided guidelines to follow in analyzing qualitative data. In particular, Creswell (2005) described a detailed map of the steps to be taken while using a qualitative approach to a study (p. 231). The steps were divided between iterative and simultaneous activities. The steps begin with the researcher collecting data, preparing the data for analysis (as in transcribing field notes), reviewing the notes for relevant meaning, coding the data, and extracting themes that provide meaning to the research questions. These steps are carried out by the researcher in both an iterative and simultaneous efforts to arrive at emergent themes that relate to the research questions. As part of the analysis, Patton (2002) and Fraenkel (2006) describe a process of inductive analysis and data triangulation in which data from different sources are triangulated as the investigator analyzes and interprets the data.

The narrative data that the researcher collected was transcribed and checked for a general sense of the data. The transcribed data was coded using a set of codes correlating back to the research questions. The data was triangulated, and analyzed for shared meaning using the codes. From the analysis and interpretation of the codes, several

emergent themes arose that related back to the research questions. The study used three points of triangulation: the transcribed narrative data, documents (internal and published), and the Internet. All three were combined and analyzed, and interpreted with respect to the research questions.

Human Subjects Research Protection

Human subjects' approval was obtained from the University of San Francisco Institutional Review Board for the Protection of Human Subjects (IRBPHS), and the approval letter is presented in Appendix B. The researcher proposed to follow the IRBPHS guidelines based on federal standards that included protection of participants from undue risk to their persons, personal rights, and dignity. University of San Francisco (USF) standards were also followed that included respect for persons, personal rights, and dignity. In addition, all IRBPHS guidelines for confidentiality and anonymity were closely followed.

Informed consent was obtained from participants prior to collection of data. Appendix A is a sample Informed Consent Form that was sent to all participants.

Confidentiality of Organization and Participants

Since SecurityEnsure was an Internet security E-Commerce organization, and the target of a merger or acquisition by another E-Commerce organization, it was important that all information provided by the organization and participants be kept confidential. To protect the anonymity of the organization and the interviewees, pseudonyms were used. Geographical locations of the organization and biographical information of the participants were also limited to prevent identification of the organization and the

participants. IRBPHS guidelines providing for the protection of human rights were closely followed during the study.

Profile of the Researcher

Frankel (2006) addresses validity and the role that researcher bias plays in data collection and analysis. As a part of the study, it is important to understand the background and life experiences of the researcher. The researcher is an Information Technology Specialist with 20 years of experience acting in consulting roles for San Francisco Bay Area organizations, and an adjunct professor in the Management of Information Systems program at the USF School of Professional Studies. The researcher's consulting roles have included experiences with E-Commerce, and brick-and-mortar organizations as a Project and Program manager. As an educator, the researcher's experience at the School of Professional studies has included teaching a wide variety of courses including leadership, project management, database design, E-Commerce, and statistical process control. He is a member of Phi Delta Kappa, and participates as a member of the Social Compliance Review for the California Department of Education.

As a graduate of UCLA's Anderson School of Management, the researcher holds an MBA in the Management of Information Systems, and has several years of post graduate work in the area of Management and Organizational Development. Prior to the UCLA MBA experience, the researcher worked as a post graduate student at UCLA conducting biomedical research. He also obtained an MA in Physiological Psychology from the California State University at Los Angeles, where he worked closely with faculty members to develop research approaches and curricula.

CHAPTER IV

FINDINGS

Introduction

Chapter IV presents the material findings of the case study field research and the interpretive understanding of the interviews, observations, and other data sources that included Internet resources. The research process was guided by Creswell (2005) and Patton (2002) as described in Chapter III Methodology. The findings are arranged by research questions, and by the interview questions that were meant to explore each research question. The interviews and responses to the interview questions were obtained over a six week period.

All interviews were conducted in a one-on-one setting between the researcher and the participant. The interviews were conducted as a combination of in person, telephone, and e-mail exchanges. All interviews were recorded and later transcribed. The participants in the study were all former members of the executive level of management of SecurityEnsure. The participants included a founding member of SecurityEnsure, and four others that joined the organization within the first 18 months of its beginning, including the first person that joined SecurityEnsure after the initial founding. The roles that the participants played included Chief Operating Officer, Director of Marketing, and Director of Key Accounts. Each participant was given a pseudonym for the sake of identity protection and privacy. The research findings have been arranged along emergent themes that have appeared in the data. The themes developed in the research are

transformational leadership, leadership and customer focus, and leadership and technology.

Participant's Profile

The study included five participants that were interviewed. All participants were given pseudonyms and their backgrounds disguised to ensure confidentiality. All were members of the executive level leadership team. They represented various roles from COO to Marketing Director. As true in many startups, the executive level team roles and titles were interchangeable with changing roles and titles. Once SecurityEnsure was acquired by the larger Internet security organization, the executive team stayed on as consultants. However by the first quarter of 2009, most have left their roles as consultants and either moved on, or have become permanent members of the acquiring organization.

Wayne was the COO and CEO, and a founding member of SecurityEnsure, and had previous successful Internet marketing experience. He had two significant aspects to his background that added to his leadership of SecurityEnsure. His first was a successful career as a stockbroker where he learned to judge market trends, and concentrate on sales approaches. Wayne was able to translate that into the second important aspect of his background, that of E-Commerce. Wayne was a founding member of the first organization during E-Commerce Phase One to easily sell web sites to other E-Commerce retailers. He and a team of other leaders successfully turned that organization into one of the largest web page providers in E-Commerce phase one.

Alvin was the Director of Channel Sales and joined SecurityEnsure within 12 months of its founding. He had had a previous career in sales before joining SecurityEnsure, and had worked closely with the founders previously. He had worked

with Wayne, and had provided important leadership in the previous E-Commerce One organization.

Ralph was the Director of Marketing, and was the first employee hired by the founders. Ralph brought a strong marketing background in previous Internet startups to the executive leadership team at SecurityEnsure. Ralph had a working approach to marketing that would encourage a focus on the customer. In addition, he had a history in channel sales that SecurityEnsure was intending to exploit.

Garth joined SecurityEnsure within 6 months of its founding. As SecurityEnsure grew, he began to take over roles that Wayne previously held, like the Sales Manager role, freeing Wayne to peruse other aspects of helping the organization to grow. Garth had a professional background in the consultative selling approach, and worked closely with the sales team to train them in that approach.

Ned joined SecurityEnsure with 18 months of its founding, and was the head of Key Account Sales; eventually he became VP of key account sales. He came from a strong marketing background in the Information Technology area, working for a large, successful organization. He had helped his previous organization successfully capture market share, and learned what worked in relating to customers. Although his previous experience was with a large company, he was able to translate that experience into something that could directly benefit SecurityEnsure.

Site Description

SecurityEnsure was a B2B Internet security E-Commerce organization based in Northern California that was founded in 2004, and acquired by a larger Internet security organization in 2009. Founding members included Wayne, Nelson, and Jenner. As an

Internet security organization, SecurityEnsure offered Internet security scanning and

certification services to their Internet merchant B2C customers. For a fee, the services

included a daily scanning of the Internet merchant's web site to identify vulnerabilities to

"Black Hat" hackers. SecurityEnsure would assist their customers to remediate the

identified vulnerabilities, and would issue a certification that the Internet merchant's site

was "bullet proof."

Prior to it's acquisition by a larger Internet Security organization, there were two

separate business offices in Northern California. The offices supported a sales force of

70, as well as a small technical Internet Security team that ranged in size from one person

up to four people. The sales team was made up of a trained, professional sales force. The

technical Internet security team was made up of "White Hats." Since SecurityEnsure was

an organization that relied on the Internet, it also contracted with a large Internet "server

farm" that allowed it to interact with its largest B2C Internet merchant customers.

Findings

Research Question One

What role does transformational leadership play in an E-Commerce organization,

and how did that style of leadership help the organization succeed?

Research Question One investigated the backgrounds of the executive leader

participants, the type of business environment that SecurityEnsure was embedded in, and

other factors related to the success of the organization. Emergent themes about the

leadership team and the founders became apparent as the researcher learned about the

functional capabilities that each of the participants brought to SecurityEnsure. The

research question probed the market and technology position that SecurityEnsure placed

itself within the E-Commerce Internet marketplace. Lastly, the research question was intended to bring out emergent themes from the participant interviews.

One of the respondents was a founding member, and the other four were brought on to staff to become executive level leaders within the first 18 months. Several of the executive level leaders had worked together before in another E-Commerce startup where they had invented the direct sales approach to Internet marketing.

SecurityEnsure was an Internet security B2B E-Commerce organization that used direct sales to market web site security services to online merchants. The services included a security audit that identified hacker vulnerabilities, and an online certification that a web site was "bullet proof." Once the vulnerabilities were remediated, SecurityEnsure placed a logo on the B2C merchant's web pages indicating that it was a secure site to make purchases from that vendor.

A recurrent theme that emerged in the interviews with all the participants was the unique marketing model that SecurityEnsure used to gain the attention of potential customers. Wayne summarized the model:

> A key to our success was that when the service was sold to a merchant, SecurityEnsure helped them to market this security to increase their online sales to consumers.

Ralph also described the marketing approach as:

> SecurityEnsure broke new ground by bringing to attention that a web site safe from hackers could actually increase consumer buying behavior from that web site.

SecurityEnsure took a dual approach toward its business success. It used Software as a Service (SaaS) model to provide web site security services to their B2C E-Commerce customers: the online merchants selling goods and services to consumers. And it created

a unique marketing approach to reach its potential customers and show them that having

a certification trust mark appearing on their web pages could actually increase sales. It

built its business based on a recurring revenue model in which their customers paid a

monthly fee in order to be certified as "bullet proof."

Ned described the SecurityEnsure business as:

> SecurityEnsure definitely existed in the E-Commerce Internet space. We provided a security testing solution that included assistance and support for our customers to eliminate vulnerabilities, which also included a certification. Those two things allowed our customers to basically brag about the Internet standard that they were meeting.

Garth described the marketing approach and the use of the certification trust mark

as a marketing tool to their merchant customers as:

> We broke the rules on contacting customers and our sales approach to create a very strong market presence. Internet security the way we presented it was not a perceived merchant issue, so there was a strong educational component to our approach.

Concerning the dual marketing approach, Wayne also was able to add:

> Our customers all found that when we put the trust mark on their web pages, it increased their sales. They all, frankly, wanted to be secure. However, customer interest in SecurityEnsure was driven not really so by interest in security itself, but rather their interest in increasing online revenue: their conversion rate of visitors to clients. Our customers found that if they had the BulletProof trust mark on their web pages, then their sales would increase.

All the respondents shared the same dual, common response when asked what the

goal of the organization was. They responded that the first goal of the organization was to

be acquired by a larger organization; the second goal was to provide security services that

could be marketed as increasing online sales to their Internet merchant customers. Those

goals were embodied by the founders and executive level leaders of the organization, and

they set a focus and culture of success for SecurityEnsure as it grew.

The way that SecurityEnsure intended to accomplish the first goal was to grow as big as it could and as fast as it could, to become the market segment leader; so if a larger organization wanted to enter that segment, they would have to acquire SecurityEnsure. Garth described it as:

> SecurityEnsure was based on a monthly recurring revenue model. To support this model, our goals included the acquisition of customers at a rapid pace, and the retention of those customers to grow the business. Also, branding was closely tied to the business model. The BulletProof trust mark served as the branding for our company, and appeared on our customer web sites.

The second goal was summed as a safer consumer purchasing experience would be validated by the certification trust mark, and lead to more consumers buying on merchant web sites. Alvin summed it up as:

> As a Business-to-Business E-Commerce organization: provide security services to Business-to-Consumer E-Commerce organizations that addressed customers' growing distrust of the Internet, and to provide safer purchasing experiences on the Internet.

The goals were accomplished. SecurityEnsure went from $0, with three founding members, to 75 with annual revenue of $20 million in five years. At that point, it was acquired by a much larger Internet security E-Commerce organization. It based its year after year growth on the recurring revenue model, and its marketing approach based on direct selling on the Internet, and making the online merchants aware that the trust mark certification appearing on their web site could increase their sales to consumers. Alvin described the process as:

> Well, when it came time for someone to talk to us about acquisition, one of the key metrics was the run rate. Today if we look at all the recurring revenue from everyone that you have sold the service to for 5 years, what does that add up to? If last quarter's activity of bookings and renewals, if nothing changed in the next quarter, if that number for the year is a number that the acquisition will be based on. That's an important part of

the number. Last year for SecurityEnsure that number was $20 million, starting from nothing in 2003.

The business objectives of SecurityEnsure supported the dual aspect of the overall goal of the organization to eventually be acquired by another larger organization, and to provide a scalable security certification, and a model to increase their customers' revenue and Return on Investment (ROI) through increased online purchases by consumers.

Wayne and Alvin pointed out that one of the objectives was for the SecurityEnsure certification to become a standard on the Internet. The analogy that they used was based on the Underwriters Laboratories (UL) (UnderwritersLaboratories, 2009) that sets standards and tests electrical equipment for safety. Similarly, an objective of SecurityEnsure was to have its certification and trust mark on a web site indicating a web site safe and secure from hackers no matter what the size of the B2C web site. Alvin described it as:

> SecurityEnsure's objective was to become the UL of Internet E-Commerce allowing consumers to safely purchase goods and services from E-Commerce companies on the Internet.

Garth elaborated further on this topic:

> Ultimately, our goal was to become a market leader, and be acquired by a larger company . . . the acquisition of customers at a rapid pace, and the retention of those customers to grow the business.

SecurityEnsure also had an objective to create and fill a new and unique market segment in Internet sales using its security services and certification trust mark as a way to increase their customers' revenue. Security had always been an issue with online retailers. Online fraud and identity theft in 2006 was well over $2 billion, and continues to grow annually (Admin, 2007). Prior to the SecurityEnsure approach, online retailers viewed security as simply an essential part of conducting business on the web.

SecurityEnsure expanded this view, and demonstrated that merchant has a secure web

site, as denoted by the presence of the trust mark on the web pages, demonstrated to

consumers that their secure web experience mattered, and the consumers, in turn, bought

more goods and services from the merchant, increasing the online retailer's ROI.

All respondents indicated that the greatest success was SecurityEnsure's

acquisition by a larger organization. Two of the biggest successes were mentioned by

Alvin:

> The biggest success was the acquisition of SecurityEnsure by McAfee.
> The way SecurityEnsure gained McAfee's attention was by aggressive
> growth. We grew the revenues of SecurityEnsure 100% year-over-year for
> five years. We went from $0 in revenues to $20 million a year in four
> years.

> Brand awareness was also important. For example, if an E-Commerce
> store added the BulletProof trademark, a competitor would see that on
> their web page and want it on their own web page. Another success of
> SecurityEnsure was getting E-Commerce businesses to pay to have the
> "BulletProof" logo on their pages. Usually a company pays to have their
> logo on web pages. SecurityEnsure's customers paid to have our logo on
> their pages.

The leadership of the executive level team in sharing their focus and vision, and

instilling that into the fabric of SecurityEnsure was also important. Wayne described the

importance of focus and vision:

> SecurityEnsure was also successful in recognizing and creating a market
> where there had not been one before. In the beginning, we had to cold call
> and educate potential customers about the benefits of our services. After
> the first few years we became better known in the industry, and we got
> more business from potential customers calling us to learn more about
> what we could offer them. We had a unique situation; we had customers
> that would pay us to put an ad on their web site, so we were getting a lot
> of business from that. Probably half our business came from requests from
> non-customers.

From a business standpoint, SecurityEnsure was successful in retaining all its equity. Outside venture capital funding was never used to fund its growth or operation. Consequently when it was sold, the shareholders retained all the equity. Ralph summed up this success:

> 100% of the proceeds were retained by the employees of SecurityEnsure; there was no dilution of stock by venture capitalists and outside investors – venture capital funding meant that the employees received less profit when the company was sold.

Research Question Two

To what extent did the transformational leadership styles of the executive group guide the organization through good and bad times?

The research question was intended to explore the relationship that the leadership styles of the executive leaders had on the success of SecurityEnsure. The leaders described success as survival and growth within the competitive Internet Environment, and eventual acquisition by a larger Internet security organization. The leadership qualities attributed to transformational leaders were those that showed charismatic qualities, an emphasis on vision, and a concern to challenge and fulfill the higher moral and intellectual needs of members of SecurityEnsure.

There is an emphasis on leadership, as opposed to management, in a small entrepreneurial organization like SecurityEnsure where there were relatively few employees. The organization grew from three people to 70 people in four years, and annual revenues went from $0 to $20 million. The interview questions were designed to find out more about how the transformational leadership styles of the executive level team contributed to this growth. Alvin pointed out:

In a small company typically vision and leadership come from the same people.

All respondents indicated that an atmosphere of success instilled by the founders and the entire executive team was important in SecurityEnsure's goal attainment. Efforts were made to ensure that everyone within the organization understood and internalized the goals that the executive team espoused. Focus on the way to achieve the goal was explicitly expressed at regular employee meetings. For example, Jenner and Wayne at regular meetings would reiterate the goal, and the focus on how to achieve the goal. At these regular meetings the executive leadership team would recognize everyone for their efforts, and announce promotions and stock offerings reflecting the efforts of everyone.

An emergent theme was that the transformational leadership approach that people could think for themselves and should be empowered to do so. Consequently, the leadership style of the executive team was "hands off." There was a willingness to try new approaches to new opportunities as they arose. As a founding member of SecurityEnsure, Wayne inspired and challenged the sales team to excel against then current thoughts of E-Commerce security approaches. He brought enthusiasm to the other members of the executive leadership team, letting them know that they could be successful. All the other interviewees pointed out that one of the biggest success factors at SecurityEnsure was Wayne. Wayne summed up his approach to leadership:

Success . . . is helped by the attitude of the sales people, and the whole way that the sales offices are set up. We set the culture that showed a lot of excitement, with contests, and a buzz about the sales office. It's fostering that culture, and kept growing the business.

We also recognized and promoted successful sales people to management positions. The more sales people we had, the more sales we had, so it was a mad scramble to grow the sales force over that period.

Alvin summed up his style as:

> My leadership style is one of creating a culture where people get up in the morning, rub their hands together and can't wait to get to work. It's one of working hard but having fun; and also one of personal loyalty. I have always felt that people who worked for me believed that I had their best interest at heart for them to succeed; I got back the same in return.

The background of the executive leadership team was important in the success of SecurityEnsure. All members of the executive leadership team had previous industry experience. Wayne and Alvin had experience together in a previous successful E-Commerce organization. Wayne had a previous successful career as a stockbroker prior to his entry into E-Commerce in the mid 1990's. Alvin had had a successful marketing and sales career prior to his E-Commerce experiences. Ned had successful experience and marketing training in another, larger, information technology organization that he could adapt to assist in the SecurityEnsure success story.

A common theme that emerged in the responses to this question included that leadership came naturally; that leadership was something that they all naturally possessed. Alvin described it as:

> I think that it's in the DNA. I was an 18-year old squad leader in a paratrooper infantry troop in Vietnam, and I just kind of naturally feel comfortable in leadership roles.

Leadership style also plays an important part of the success in an E-Commerce organization. Strong, charismatic leadership traits were apparent in all the interviewees. One of the focal points that the founders and executive team had was to grow SecurityEnsure quickly. Consequently they had to choose members of the team and organization carefully. Garth's style seemed to capture the approach best:

> I also look at how others deal with adverse situations and failures, and how they keep trying to overcome them. I don't stand back and be critical

of someone doing something wrong unless it is wrong for a long period of time; then it might be time to consider other measures. Mostly I try and encourage people to do their best.

As the founders grew the organization, they chose to add people and retain people who could share their focus and the culture that they wanted to perpetuate. Important parts of the success story were the members that made up the organization. Ned mentioned:

By finding driven people to work for us, there were fewer management difficulties and issues. Our successful sales people were highly motivated and professional. All I had to do was keep them motivated.

The team would model the behavior and attitude that they wanted to instill as a part of the SecurityEnsure atmosphere. Ralph also pointed out an important leadership trait of the executive team.

I interacted daily with the other members of the executive team to come up with ideas, and to get things done. We all provided examples of what needed to be done by doing those things themselves, and expecting the other employees to follow our example.

Research Question Three

How does the interaction between transformational leaders and the customers contribute to the success of an E-Commerce organization?

Research Question Three built upon the transformational leadership qualities that the first question began to uncover relating to the way in which the leaders interacted with their customers. An important part of SecurityEnsure's success was the way that the executive leaders relied on their customers for growth and revenue. The emphasis on identifying, reaching and engaging the customer were important aspects of how the organization was able to address a new E-Commerce market, and become the market

leader. The growth and dominance in the newly created market helped to make

SecurityEnsure an acquisition prospect for a larger E-Commerce security organization.

SecurityEnsure was based on a recurring sales model that depended on recurring

customer revenue. That meant that by focusing on the acquisition and retention of each

customer, they could grow revenue. Higher revenue was equated to growth, greater

market share of the market segment that they created, and a move toward the ultimate

goal to be acquired by a larger organization. Wayne described the strength of the

recurring revenue model as:

> Today if we look at all the recurring revenue from everyone that you have
> sold the service to for the past four years, what does that add up to? That
> number for the year is the number that the acquisition will be based on.

Ralph further explained the importance of the recurring revenue model to

SecurityEnsure:

> When Ford sells a car, they try and hook you up to a recurring revenue
> model saying "we are your source of service" above and beyond whatever
> warrantee is provided. Most businesses sell you the product and walk
> away. In a recurring service model it's fantastic, because every month or
> every year, assuming that they don't churn, you get some revenue.

Customer focus for any organization is important for sustained success. Customer

focus in this instance was important, because without it SecurityEnsure could not have

achieved the growth that they did over the four-year period prior to acquisition. Wayne

explained the importance of the customer relationship, and keeping the customer pleased

with the product and service that they are provided with:

> Because all the money comes from them. ... You know a lot of people talk
> about CRM and customer support and service. And really if you are not
> aiming for customer delight, you are falling short. That has to be woven
> into the whole fabric of the business. That everyone who touches
> customers does everything they can to help them. And more than just to

help them, because that customer will bring you three more, in addition to staying around to pay.

Alvin also added:

Customer focus is important because all the money, all the revenue, comes from them.

An important part of the customer focus was the sales model that served as the engine for the rapid growth of the organization. The model consisted mainly of acquiring customers by the sales people, and providing a high level of service. The most complicated and difficult to execute part of the model was the initial marketing aspect of acquiring the customer. Once the customers were acquired, then they became the responsibility of the technical team for service. While there was some customer turnover, most of the customers were very satisfied with the service that they were provided from the technical team.

Wayne described the approach as:

The focus of SecurityEnsure was to add new customers. Once we added a customer, they were usually pretty satisfied with their service. The money that they spent with us was returned much more so by an increase in their own sales to consumers. Our interaction with customers was mostly on the signing up and on boarding stage of the business. From that point on there was little contact with the customers by the sales department.

The Internet security services that SecurityEnsure offered were totally Internet based. There was no hardware or software that the online retailer customer had to possess to have their web site certified as BulletProof. Consequently, the barriers for a customer to leave were very low. Once customers were acquired, it was very important for SecurityEnsure to provide good customer service, and delight the customer with the services received. Ralph summed up the approach that SecurityEnsure adopted as:

> The barriers for customers to leave and competitors to enter the marketplace were low. Customer churn, the number of customers not renewing their relationship with our certification service, was a concern. Leaving was easy; we needed ways to keep them happy so that they would stay customers.

Ned further elaborated the importance of keeping customers pleased, and the value of SecurityEnsure's reputation as a reputable organization that keeps its promises to customers:

> When Wayne and Nelson started the company they found that 15 – 18% of the customers churn every year. So what you want to do is minimize that as much as possible. The customer focus thing also affects your word of mouth to prospects, and online retailing is a pretty small community. So people talk, and if you don't do a good job with customers, then over time it will really hurt you.

It is interesting to note that the leaders of SecurityEnsure in their efforts to grow the organization to become an acquisition target sought out to acquire customers at a rapid pace, but not all customers fit the sales model that they finally developed. As the leadership team began to put the sales and growth model into practical use they found that not all customers would fit into their growth model. For example, some customers might require a great deal of effort to support and please. And since the barriers to leave SecurityEnsure's were low, they were more likely to "churn" or to leave SecurityEnsure for other vendors. In addition, some customers would require a great deal of attention, preventing the sales force and support from reaching other potential customers. Consequently, the leadership team chose to focus on those customers that would help their organization reach its goals, and not cause problems that would slow momentum. Ned explained this approach as:

> There are customers not worth taking. Nelson would say "if a customer is really problematic during a sales talk, really demanding or argumentative, or something like that, then it is not worth taking them." That's how they are going to be. It's true; customers who were problematic during the sales

process, were problematic as customers. In that case, it is good to see them leave, they cause stress for customer support reps, and sometimes they are rude. And they are not worth keeping.

Garth also talked about approaching and gaining the right customers to avoid

potential pitfalls, and focus on overall growth:

> We kind of touch on a philosophical matter when we talk about the customer. You traditionally hear that the customer is always right, and I couldn't disagree more. The customer is not always right. And our view is that we have always gone after businesses that identified with us and ultimately the problem that we are trying to solve. And we cannot solve a problem for them that they do not believe even exists in the first place. Otherwise that would only create a problem customer for us; an intense resource hog. Where we, as a startup and a business trying to move forward, those types of customers can ultimately hold you back. I believe that my job as a sales manager is to acquire customers that we want; customers that are good for us, not customers that are bad for us. Not everyone is intended to be my customer. That's the message, and I need to sort through those and figure out who is and who isn't. In other words, get to the true customers.

Research Question Four

How does the interaction between transformational leaders and the Internet

technology contribute to the success of an E-Commerce organization?

The last research question explored what qualities of transformational leadership

helped SecurityEnsure take advantage of the Internet technology. In a rapidly changing

marketing and technology environment, a clear vision of direction and the ability to

communicate that to all team members provides a pathway to success. The way that the

leadership team communicated that vision to all team members, and ensured that they

internalized the overall goal of acquisition was another key to success. Once the goal was

accepted by each team member, they were challenged to do everything within their power

to obtain that goal of growing as large as they could, as fast as they could to become a

market leader and a target of acquisition.

It was important for the leaders at SecurityEnsure to understand exactly how they fit into the Internet environment so that they could take advantage of it to grow. SecurityEnsure was a B2B Internet security E-Commerce company that scanned customer web sites daily for hacker vulnerabilities, and placed a trust mark on their web site when the vulnerabilities were remediated. There were certain similarities between SecurityEnsure and other Internet security companies. Ned described some of the things in common with other Internet security organizations as:

> There were some similarities between SecurityEnsure and other Internet anti-virus E-Commerce organizations in that we were testing to ascertain whether or not web sites were secure. We were also similar in that we were helping our customers in getting rid of the vulnerabilities. The customer actually took the action to remove vulnerabilities, and we would tell them how to do it. Finally the BulletProof trust mark allowed them to brag about their security investment to their own competitors and increase their online sales.

The way in which SecurityEnsure delivered and marketed their service to their B2C customers was based on a new and unique model that the executive leadership team invented. Wayne described how the organization fit uniquely into the Internet environment as:

> We were rather unique; we had no competition for what we did for quite a long time. We pioneered the area of marketing a trust mark on customer web pages.

> Garth also added:

> We were trying to educate our customers about the value of a secure web site, and validate that the web site was secure from hackers. For merchants it was a new concept for them. We had to help our customers realize that security was a problem on the Internet, and what we could do to help them solve the problem. We could go a long way toward addressing that security, making it better for merchants to conduct online business transactions, and ultimately protect consumers.

Once the leaders of SecurityEnsure understood how they fit into the Internet environment, they could use that position to add value to both their organization and to their customers. SecurityEnsure was a total Internet based B2B organization that used SaaS to daily scan its B2C customers' web sites for hacker vulnerabilities. First from a technical standpoint, the daily scan was carried out through the use of Internet servers in ways not typically done. Secondly, the marketing prospects were identified through Internet directories accessed through the Internet. Lastly, SecurityEnsure used the Internet as a part of activities associated with sales through customers through what was called the A-B test. SecurityEnsure was able to harness was the ability if the Internet technology to demonstrate the effects that the trust mark had on customer retail sales to consumers.

The A-B test allowed SecurityEnsure to turn the trust mark "on" or "off" on potential customer web pages. SecurityEnsure would offer potential customers a demonstration of trust mark effect by placing the trust mark on half of their web pages, and allowing the potential customer to measure the difference in their sales with, and without the "BulletProof" trust mark. The use of the A-B test allowed potential customers to see the practical benefits of the trust mark on their own bottom line consumer sales Garth described the approach using the A-B test as:

> We showed our customers how to leverage these technologies to increase
> their sales; how we could help in marketing their business . . . We showed
> them how to measure not only what we could do for them, but how they
> could increase revenue in their business.

Ralph further elaborated on how SecurityEnsure used the A-B test with customers to show the value of the trust mark to them:

The key was being able to use our Internet technology to be able to turn the mark on and off to prove the value of our service to a client on their own site. We were not asking them to believe focus group and survey information. The customers were able to analyze the Internet activity log activity for their web site, and prove for themselves with the raw data and confirm that our mark worked. In fact many times we heard this: "I just realized that I am loosing business because half the people coming to my site are not seeing your mark. Stop the test, I'm in – where do I sign?"

In addition, there was a unique component and approach that SecurityEnsure originated. That component was using the Internet web pages of their customers for advertising that the customers paid for. Ralph described this approach:

Our customers advertised for us for free. Usually an E-Commerce organization pays advertising fees to have its logo or trademark appear on a web page. In our case, our customers actually paid us to show our BulletProof trust mark on their web pages. If a visitor clicked on the symbol, they would learn that the on-line retailer was certified and be directed to our web site to learn more about what our service could potentially do for them.

There were a few supplemental interview questions final interview questions that were intended to capture any important thoughts or findings from the participants that were not included as a part of the four research questions. Although most of the responses for these questions were integrated into the four research questions, almost all of the participants had things in common to add. First, all the participants had a passion for their work that spread through the organization. Garth described it as:

I enjoy doing this, I love this business; it's been a passion for me from the beginning. I saw the potential before anybody else could.

A second point that was mentioned by most of the respondents was the roles that two of the founders, Wayne and Nelson, had in the SecurityEnsure success story. Their history together in the previous E-Commerce experience provided them with a clear vision that they shared with everyone in the organization. Addressing a clear, attainable

goal based on passed experiences, Wayne and Nelson would provide a focus and vision

for everyone to follow. Ned described the relationship as:

> Consequently, there was this incredible feeling of cooperation. It almost
> felt like everyone in the company was going to back you. If the ship went
> down, everyone was going down together. And that contributed to
> creativity; and a sense of mission. Truly the word is "ownership;" they
> owned the company, they also owned the decisions, they owned it. So if
> something went off the track, if something was going wrong, you could go
> to Nelson or Wayne to talk to them about it. If something was going right,
> you would also tell Nelson and Wayne.

Summary of Findings

Several emergent themes reflecting the transformational leadership styles of the

leadership team manifested themselves. The founding members of SecurityEnsure had a

vision and a passion for their jobs that they could share with everyone in the organization.

Bass (1990), Seltzer and Bass (1990) and Avolio and Yammarino (2004) discuss the

charismatic aspects of transformational leadership and the critical role that vision plays.

That vision of the executive team was based on past successful experience with a

previous Internet business, and the belief that SecurityEnsure was going to succeed. The

emphasis on the individual and the willingness to try new approaches to achieve the

vision allowed SecurityEnsure to quickly adapt to the customer base and Internet

technology. The executive team was always open to new ways to approach improvements

on the model and focus that they proposed to achieve success.

The focus and vision of the executive team guided SecurityEnsure through a rapid

growth period as a stepping stone to success. The clear focus of the model that

SecurityEnsure embraced allowed it to take advantage of the rapidly growing Internet E-

Commerce business. The rapid growth was very impressive because it was accomplished

by the executive leaders without any outside venture funding. The vision and growth

allowed the organization to grow from inception to an annual revenue of $20 million in four years, and to be acquired by a larger security organization for several times that amount.

The emphasis on the customer by the transformational executive leadership team provided SecurityEnsure with the customer base that it needed to grow and succeed. The E-Commerce organization was based on a recurring revenue model that relied heavily on the acquisition and retention of customers. The vision and focus on the business model provided a direction that everyone at SecurityEnsure could internalize. The emphasis on the persons themselves, being given the freedom to try new approaches to perfect the model, also helped to perfect the model that was used to grow rapidly.

SecurityEnsure was completely dependent on the Internet: the Internet technology and its applications. Beugré et al (2006) discussed the value of transformational leadership in a rapidly changing environment like the Internet; it was constantly moving and evolving. As an E-Commerce B2B organization that relied heavily on the Internet; SecurityEnsure needed to reflect that constant movement and evolution to be successful. The transformational leadership style that placed a value on vision and the emphasis on the individual helped SecurityEnsure match the constant changes in the Internet environment to achieve the success of growing quickly, and being acquired by a larger organization.

CHAPTER V

DISCUSSION, CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS

Summary of the Study

The role of transformational leadership in the success of a B2B E-Commerce organization, SecurityEnsure, was examined. Four research questions examining the nature of transformational leadership itself, the importance of customers, and their behavior and expectations, and the importance and nature of Internet technology were explored. The research questions were addressed through a set of interview questions that were discussed between the researcher and five interviewees from the former organization Security Ensure. Once the interviews were complete, they were transcribed, and then summarized by research question. Triangulation of the data showed emergent themes that were described in Chapter IV Findings. Following is a discussion of the findings previously described.

Discussion

Research Question 1

What role does transformational leadership play in an E-Commerce organization, and how did that style of leadership help the organization succeed?

The role of leaders in the success of SecurityEnsure was pivotal. As Northouse (2004) and Humphreys and Einstein (2003) explained, leadership provides direction for change and impetus for movement within an organization. Leadership is concerned with a vision to establish organizational direction, the alignment of people to achieve goals, and inspiring and motivating people to achieve those goals. Management can be closely

tied to efforts to plan and budget, organize, and control internal organizational processes. These leadership processes were seen in SecurityEnsure as the leaders established and re-enforced a vision, a goal, and a focus to reach that goal.

As a part of the vision, Wayne recognized that E-Commerce B2C growth was being slowed by a perception that the Internet was an unsafe place to carry out business due to hackers. As a solution, SecurityEnsure sought to provide a certification that would entice consumers to increase their trust and their online purchases from B2C merchants. This required that SecurityEnsure identify and focus on a customer sales model. The sales model was based on previous successful endeavors by members of the executive leadership team.

The open, innovative, and creative culture of the company allowed the sales model and the focus to evolve into something that fueled the rapid growth of, and eventual success of SecurityEnsure. Keeping the focus on growth and eventual acquisition helped everyone internalize the goal, and to do their best to achieve it. The leaders encouraging everyone to try new things in order to perfect the sales model, and repeating that model was a key part of the success.

Research Question 2

To what extent did the transformational leadership styles of the executive group guide the organization through good and bad times?

Within SecurityEnsure we see many of the traits that Northouse (2004) defined as a transformational leadership. Northouse (2004) described a transformational leader as an individual with vision that can inspire followers to achieve great things. The three important components of a transformational leader were an interest in followers'

understanding and accepting organizational goals, appealing to the followers to place those goals ahead of their own, and addressing higher order, intellectual and moral follower needs. The executive leadership team at SecurityEnsure displayed all three of these characteristics in their daily interactions with employees. They further emphasized these characteristics in their regular management-employee meetings. Furthermore, the leaders inspired others at SecurityEnsure to follow their vision by injecting energy, charisma, and enthusiasm into all their interactions.

The transformational leadership style at SecurityEnsure also melded well with the constantly changing Internet environment. As Kanter (2004) points out, executive leadership is important in successfully dealing with a constantly changing business environment, like the Internet environment. The transformational leaders at SecurityEnsure provided a vision of a goal, and a focus to reach that goal. As the Internet E-Commerce environment changed, they provided guidance and inspiration for everyone to keep both the goal and focus in their minds as they went about their daily tasks.

The executive team brought a passion to their work. They looked forward to coming to work in the morning to try new approaches toward their business. The charismatic nature of their attitudes and leadership styles was passed on to everyone that worked at SecurityEnsure. The job at SecurityEnsure was not an easy one. Ralph pointed out that not everyone could internalize that focus and succeeds in the organization. Those that persevered eventually had a stake in the success of SecurityEnsure.

Research Question 3

How does the interaction between transformational leaders and the customers contribute to the success of an E-Commerce organization?

As an approach to key processes to success, SecurityEnsure used a direct marketing approach in contacting potential customers similar to that described by Laudon and Traver (2008) using a phone approach to reach potential customers. Using the Internet and its E-Commerce directories, SecurityEnsure was able to identify and contact potential customer via telephone. It was an Internet based approach that used a direct marketing approach. That approach combining the Internet and telephone direct sales approach had been created and implemented successfully by the founders of SecurityEnsure. The founders shared this model and a vision of success with the executive team as they built it. The executive team, in turn, weaved the focus and goal of acquisition throughout the organization.

Laudon and Traver (2008) also discussed a brand leveraging approach that SecurityEnsure used with their branded trust mark once it became established. Both the marketing approach and the leveraging approach were a central part of the focus and vision of the executive leadership team. Wayne and Nelson had originated the direct Internet marketing model from a previous E-Commerce experience, and sought to adapt it to the SecurityEnsure needs. That model served as a focus for SecurityEnsure to reach its goal of acquisition by a larger Internet security organization.

Nadeem (2006) pointed out that focus on the customer, especially the acquisition and retention aspects, was important. The focus on the model that the leaders of SecurityEnsure provided allowed them to create a new market, and a gain a competitive advantage over new competitors as they entered this market. Customer satisfaction and retention was a key in the recurring revenue business model that SecurityEnsure measured its growth by. The focus on this model added value to both SecurityEnsure and

their B2C E-Commerce merchant customers. The leaders realized that the cost of acquiring a new customer was much higher than keeping an existing customer. The focus and model that SecurityEnsure worked by concentrated on a real ROI that their customers could rely on that enhanced customer retention.

Lunn (2002) pointed out that targeting the right kind of buyer customer, and focusing on their needs was important for success. The executive team trained and encouraged their sales teams to identify the key customers that could benefit from SecurityEnsure's service the best. The sales force placed their efforts on identifying and capturing those customers and not spending any time on customers that could not benefit from SecurityEnsure's direct and value added services.

Porta, et al. (2008) pointed out that early adapter startups placed an emphasis on creating value for both the company itself and the customers. SecurityEnsure could be considered an early adapter because the leaders identified and took advantage of innovative ways to add value to both their customers and themselves. Their customers could add value by increased revenue from using the BulletProof trust mark, and SecurityEnsure could add value by gaining more customers, and moving closer to the goal of acquisition

Porta, et al. (2008) also pointed out the early adapter enterprises tended to concentrate on creating new capabilities like flexible business models and rapid collaborative innovation, a focus on new models and business markets. SecurityEnsure took many of these approaches; they developed their own models for sales, servicing the customers that were quick to respond to the market place and customer needs. In addition, strong collaborative bonds with market leaders were established.

Research Question 4

How does the interaction between transformational leaders and the Internet technology contribute to the success of an E-Commerce organization?

The Internet technology that SecurityEnsure used was based on a public domain approach that was changed and adapted to meet the needs of their B2C E-Commerce merchant customers. The technical team made changes in the way that the daily scans were carried out, and the content approach to better meet customer needs; this led to customer satisfaction in the technical product that SecurityEnsure offered. Other E-Commerce security organizations did not show the same sensitivity toward B2C customer needs that SecurityEnsure did.

SecurityEnsure and the Internet were closely tied together. Without the Internet and E-Commerce, SecurityEnsure would not have existed. The founders of SecurityEnsure believed that the Internet E-Commerce B2C sales volumes were slowing due to consumer mistrust of purchasing through the Internet. They offered their B2C merchant customers a daily scanning and certification that would transform the purchasing experiences of consumers that would increase their buying from their B2C customers. The executive team was presented with two new concepts with respect to the Internet. First, they needed to demonstrate that the bullet proof trust mark actually increased sales. Second, they needed to perfect the sales model and focus on what worked to grow the organization into a market leader and acquisition target.

The primary attribute that made SecurityEnsure different from all the other security E-Commerce organizations was the emphasis on the marketing and customer centric approach. Porta, House, Buckley, and Blitz (2008) pointed out that startups placed

an emphasis on creating new models and business markets. They also found that these E-Commerce organizations concentrated on creating value for both the company itself, and the customers. SecurityEnsure's transformational executive leadership team created a new market, and a new business model based on ROI to address that market. They established themselves in the new market as the market leader, and prevented competitors from gaining a foothold. They used an innovative and entrepreneurial mind set to perfect their model and enhance value, increase survivability, and eventually attained their goal of acquisition by a larger E-Commerce security organization.

Conclusions

This research study explored the role that transformational leadership played in the success of SecurityEnsure. Success was defined as the eventual acquisition of a startup by a larger more established organization. Key members of the executive leadership team were interviewed to learn more about their roles in SecurityEnsure's success. All the participants provided leadership and direction for SecurityEnsure in its journey to success, and provided insights into their leadership styles.

Lunn (2002) pointed out that becoming a specialized service provider can add value as a core competency. SecurityEnsure used both the SaaS service model to provide service to customers, and the recurring revenue model as a way to grow revenue are as a specialized service. Another unique, differentiating characteristic that SecurityEnsure had was in its marketing approach. The marketing approach took two directions. The first direction was a direct Internet sales model, and the second was a way to prove to potential customers that by providing a certification trademark on their web page, a merchant could increase their online sales.

Founding members and executive team members of SecurityEnsure had previous experience in creating a direct marketing approach, and a proven model to E-Commerce Internet sales to merchants. The model was originated in a previous E-Commerce organization in the late 1990's and early 2000's, and shown to be effective. The model involved finding and reaching out to Internet merchants through online catalogs, and calling on the telephone. The executive level team at SecurityEnsure knew that if the model was followed, SecurityEnsure could sell its services to Internet merchants.

Once the model was identified, it was firmly established through training in the sales force. Millman and Wilson (1996) related the training of the sales force as a competency in using key accounts as a way to maintain a competitive advantage. While recommended a recognized standardized way to train a sales force, SecurityEnsure was in a unique Internet environment and successfully created their own training approaches based on what worked in moving quickly toward their goal to grow sales as quickly as possible.

The second sales approach was based on the ability of the SecurityEnsure certification to increase the consumer buying behavior from their E-Commerce merchant customers' web pages. Duffy and Dale (2002) pointed out that key processes for success in an E-Commerce organization included clearly defined business processes and a way to approach consumer buying behavior. Lance, one of the founders, recognized that in the early 2000's the growth of online retailing in the B2C arena was not reaching its full potential due to a mistrust of Internet shopping by consumers. Lance felt that consumers perceived the Internet as an unsafe place to purchase goods and services due to hackers. He felt that if consumers were more confident that their information was secure, then

they would buy more from online B2C merchants. He proposed that the SecurityEnsure online trust mark certification would increase the purchasing rate of visitors to client web sites. The SecurityEnsure team through the use of an A-B test demonstrated that the SecurityEnsure trust mark did in fact increase consumer purchases from a merchant web site by an average of 14%.

SecurityEnsure made an active and successful effort to identify and capture key accounts. SecurityEnsure faced added challenges in the application of key account management because of the dynamic and changing nature of the Internet environment, and their efforts to identify and implement a model to take advantage of that environment. Although Ned was most closely associated with channel sales and key accounts, Alvin overlapped as head of channel sales.

As Millman and Wilson (1996) pointed out "Trust, often expressed as honesty, openness and integrity, is typically associated with particular events stretching over many years." In order to be successful, SecurityEnsure was working on a short time frame, and did not have many years to earn the trust of its clients. To build trust, the executive leadership team attended trade shows to demonstrate that they were a committed organization, and willing to build trust quickly. In addition, the BulletProof trust mark served as a figurative standard that customer trust could be built around.

<center>Implications</center>

Little research in the role that leadership plays in E-Commerce has been carried out. E-commerce business environments are in a constant dynamic change to accommodate other changes in the Internet environment, customer tastes, and even the economy (Porter, 1985). In order to survive and reach their goals, a transformational

leadership style that allows flexibility and adaptability helps an organization best create a sustainable competitive advantage as the environment changes. The transformational leadership style of the executive team at SecurityEnsure helped that organization make the changes to ensure success.

Transformational leadership within an E-Commerce organization plays an important role in the attainment of goals, specifically survival, and eventual merger or acquisition (Porter, 2001). The research increased the understandings of how leadership styles play a key role in the survival and success of an E-Commerce organization. In particular, the study enhanced understanding of the transformational executive level leadership role within SecurityEnsure and other E-Commerce organizations.

The focus of the study was on the team of executive level transformational leaders as they worked together at SecurityEnsure. Elements of transformational leadership that contributed to the success of SecurityEnsure included the importance of vision and focus, as well as a dedication to achieving a goal.

Recommendations

Recommendations for Further Research

Further opportunities for qualitative studies involving transformational leadership roles will present themselves in all areas of E-Commerce organizational management. In particular, three areas of study can provide a deeper insight into the role that transformational leaders play in E-Commerce success stories. The first area includes a continuing examination of the role that transformational leadership plays within larger E-Commerce organizations; in particular those organizations that seek to acquire other smaller organizations. The present study centered on a small privately held E-Commerce

organization, whose goal was to survive in a new market, and eventually be acquired by a larger organization. There are potentials for further research with larger organizations that typically are the larger acquiring companies, and the role that transformational leadership plays within these companies.

A second area of potential research centers on the role that customer focus plays in larger publicly traded E-Commerce organizations. In contrast to SecurityEnsure which was a small privately held organization, transformational leadership traits can also play an important role in organizations that address larger market segments. Future research with larger more established E-Commerce organizations could potentially yield a greater depth of understanding how an inspirational approach and an emphasis on the higher intellectual and moral needs of customer are manifested in successful organizations.

Lastly, an area of research in further exploring how transformational leaders relate to the constantly changing technical Internet environment could be carried out. Internet technology is constantly changing and evolving, and the charismatic and inspirational traits of a transformational leader can help foster innovation that could help keep pace with the Internet technology to find practical applications. The emphasis on the individual and their intellectual development in transformational leadership encourages team members to constantly explore new ways that the Internet technology can be applied in a business setting.

Recommendations to the Profession

The study concentrated on a B2B E-Commerce organization that was founded to address a perceived need in the Internet E-Commerce B2C market. The research effort explored the relationship that executive team transformational leadership traits had on

SecurityEnsure's success. The study concentrated on the positive aspects of SecurityEnsure's success from a transformational leadership viewpoint; negative aspects of the organizational strategy or things that the organization did incorrectly were not explored. Therefore, the recommendations to the profession and key learning's are based on the things that SecurityEnsure did that led to success, and there are no recommendations based on unsuccessful endeavors.

The goal of the company was to survive and grow as quickly as possible with the intention of being acquired by a larger Internet security organization. Consequently, a short time frame was involved. It was four years from the time that SecurityEnsure began operation to the time that it was acquired by a larger Internet security organization. During that four year period, it went from $0 in annual revenue to over $20 million in annual recurring revenue, and was acquired by a larger Internet security organization for $90 million.

There are straightforward lessons about transformational leadership that can be used by other similar E-Commerce organizations. As Northouse (2004) pointed out, these lessons include the value of a charismatic vision of a clear and desirable end state, like eventual acquisition that can be shared with others in the organization; the ability to explain the vision in a way that others internalize that vision to make it their own; and a genuine concern for all team members as individuals and their moral and intellectual needs. These transformational leadership attributes can readily be applied to other start up E-Commerce organizations. However, there are still some implications for larger, more established organizations. For example, the transformational leadership trait of a vision (Northouse, 2004) translates well in other types of organizations.

The key learning's can add to the body of research efforts in the area of transformational leadership, in particular within E-Commerce organizations. The lessons learned can also be applied from a more universal, practical business standpoint to other E-Commerce organizations to help them reach their goals. Other organizations in other business sectors in their efforts to successfully reach their goals can also apply some of the lessons learned in the study. Some of the emphasis on vision and focusing on a clear goal and clearly defined business model can add to some of the success factors that both Porta et al. (2008) and Rigby (2005) describe.

E-Commerce organizations are faced with a volatile mix of customer demands and changing needs brought by a constantly changing Internet environment. The executive leadership team needs to come to terms with the changing customer needs and Internet business environment to be successful in surviving and making the organization attractive as an acquisition target.

Concluding Thoughts

Although E-Commerce sales slowed for the first time in December 2008 (Brennan, 2008) it remains a growing part of the overall economy and will provide future opportunities for successful endeavors. E-Commerce organizations are continually faced with a volatile mix of customer demands and needs brought about by the constantly evolving Internet environment. The executive leadership team needs to come to terms with theses changes, and take advantage of opportunities that are presented to the organization in order to succeed. Transformational leadership approaches offer the executive team excellent tools to deal with theses changes and move toward a path of success.

The study provided the researcher with a greater understanding and appreciation of the direction that transformational leadership can bring to an E-Commerce organization. The researcher was impressed by the dedication and focus that the executive leadership had, and how they inspired everyone at SecurityEnsure to work toward a common goal. The emergent themes of a passion for their work, and re-enforced emphasis on a focus were also noteworthy emergent themes.

Lastly, the researcher found that one cannot overstate the value of prior successful experiences applied to forming a focus and working model to follow for success. Each of SecurityEnsure's executive leaders had prior successful experiences that helped them to guide the organization to find a model that lead to success. The previous successful experiences, as well as the SecurityEnsure success, was in large part due to their emphasis on providing a vision or focus to their work, and an ability to pass that vision on to others.

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APPENDIXES

APPENDIX A INFORMED CONSENT FORM

UNIVERSITY OF SAN FRANCISCO
CONSENT TO BE A RESEARCH SUBJECT

Steven Lopez, a graduate student in the School of Education at the University of San Francisco is doing a study on transformational leadership in an E-Commerce organization that successfully survived the Internet market place to be acquired by a larger organization.

Participation in research may mean a loss of confidentiality. Study records will be kept as confidential as is possible. No individual identities will be used in any reports or publications resulting from the study. Study information will be coded and kept in locked files at all times.

If I have any questions or comments about participation in this study, I should first talk with the researcher. If for some reason I do not wish to do this, I may contact the IRBPHS, which is concerned with protection of volunteers in research projects. I may reach the IRBPHS office by calling (415) 422-6091 and leaving a voicemail message, by e-mailing IRBPHS@usfca.edu, or by writing to the IRBPHS, Department of Counseling Psychology, Education Building, University of San Francisco, 2130 Fulton Street, San Francisco, CA 94117-1080.

I have been given a copy of the "Research Subject's Bill of Rights" and I have been given a copy of this consent form to keep.

Participation in this research is voluntary. I am free to decline to be in this study, or to withdraw from it at any point.

Sincerely,

Research Participant

APPENDIX B IRBPHS APPROVAL

From	irbphs <irbphs@usfca.edu>
Sent	Thursday, March 26, 2009 11:24 am
To	Steven C Lopez <lopezs@usfca.edu>
Cc	Patricia A Mitchell Ph D <mitchell@usfca.edu>
Bcc	
Subject	IRB Application # 08-079 - Application Approved

Mr. Lopez, all items rec'd, please see below as full IRB approval.

March 25, 2009

Dear Mr. Lopez:

The Institutional Review Board for the Protection of Human Subjects (IRBPHS) at the University of San Francisco (USF) has reviewed your request for human subjects approval regarding your study.

Your application has been approved by the committee (IRBPHS #08-079). Please note the following:

1. Approval expires twelve (12) months from the dated noted above. At that time, if you are still in collecting data from human subjects, you must file a renewal application.

2. Any modifications to the research protocol or changes in instrumentation (including wording of items) must be communicated to the IRBPHS. Re-submission of an application may be required at that time.

3. Any adverse reactions or complications on the part of participants must be reported (in writing) to the IRBPHS within ten (10) working days.

If you have any questions, please contact the IRBPHS at (415) 422-6091.

On behalf of the IRBPHS committee, I wish you much success in your research.

Sincerely,

Terence Patterson, EdD, ABPP
Chair, Institutional Review Board for the Protection of Human Subjects
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IRBPHS University of San Francisco
Counseling Psychology Department
Education Building - 017
2130 Fulton Street
San Francisco, CA 94117-1080
(415) 422-6091 (Message)
(415) 422-5528 (Fax)
irbphs@usfca.edu