

E-Business Planning

E-Business

For more information, contact:

The Business Link

Edmonton:

10160 103 Street NW
Edmonton, Alberta T5J 0X6

Calgary:

250 – 639 5 Avenue SW
Calgary, Alberta T2P 0M9

Toll-free: 1 800 272-9675

Fax: 780 422-0055 (Edmonton)
403 221-7817 (Calgary)

Email: buslink@canadabusiness.ab.ca

Website: www.canadabusiness.ab.ca

A Member of the Canada Business Network



The Business Link is a not-for-profit organization supported by the Governments of Canada and Alberta, as well as other organizations committed to serving Alberta's small business community.

Canada 

Government
of Alberta 

Disclaimer:

The information presented in this document is intended as a guide only, and while thought to be accurate, is provided strictly "as is" and without warranty of any kind. **The Business Link**, its employees, its directors and members, its agents or contractors will not be liable to you for any damages, direct or indirect, or lost profits arising out of your use of information provided within this document, or information provided within **The Business Link's** websites.

This material may be used, reproduced, stored or transmitted for non-commercial purposes; however, **The Business Link's** copyright is to be acknowledged. You may not use, reproduce, store or transmit this material for commercial purposes without prior written consent from **The Business Link**.

© 2010 **The Business Link**

Contents

I. Introduction	2
II. Strategic Planning	2
a) Traditional Strategies	2
b) Developing a Strategic Plan	4
c) The Core Business Model Strategy	5
III. E-Business Planning	8
a) Why do you need an E-Business Model?	8
b) Is E-Business Right for My Business?	9
c) Brainstorming: Research Your Options	9
d) Writing Your Plan of Action	10
e) Key Issues in Business Planning	10
f) Are You Ready to Get Started?	13
IV. Developing an E-Business Plan	14
a) Incorporating the 'E' into Your Business Plan	14
b) Key E-Business Plan Components	15
b) Elements of a Good Business Plan	16
V. PLANNING YOUR ONLINE STORE	18
a) First Steps	18
b) The E-Business Plan	18
<i>E-Business Business Plan Resources</i>	20

I. Introduction

Internet technology is fast becoming a necessary component to building a competitive and successful business in today's "connected" economy. Yet, successful e-business adoption requires carefully outlined strategies that address both the opportunities and challenges of the technologies being considered. In fact, e-business strategies are most effectively developed during the overall business planning phase.

An e-business plan is simply a plan that outlines how you will use Internet technology to build and grow your business. A well developed plan will enable you to identify how you will incorporate e-business, how much e-business adoption will cost you, and what results you should expect to generate. In short, it will outline your e-business processes and identify and mitigate risk.

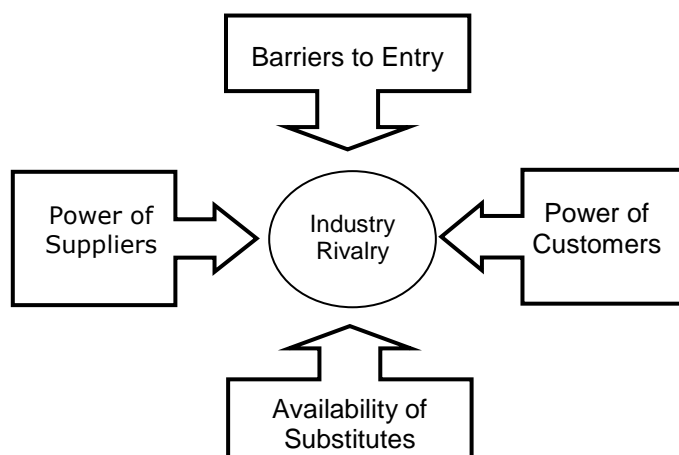
This Info-Guide is designed for beginners. It will outline the importance of planning in any business endeavor. It will explain how e-business activities can be readily incorporated into a typical business plan. It will teach you how to identify e-business opportunities and challenges, and integrate appropriate e-business activities into your own business plan. Finally, it will provide more resources to help you get started.

II. Strategic Planning

a) Traditional Strategies

A number of strategy models have been developed to help analyze organizational and business issues in a company, and to determine an effective strategic plan.

Competitive Analysis Model



Source: Michael E. Porter

How Competitive Forces Shape Strategy

The Model examines the influence of five specific forces on competition:

1. Barriers to entry

If the barriers to enter the industry are low, threat to existing competitors that new firms will enter the market is increased. These new competitors will fight for a share of the market and often acquire substantial resources from the industry.

2. Power of suppliers

Suppliers want to charge the highest possible prices for their products, leading to a power struggle between firms and suppliers. The advantage is held by the side with less to lose when the relationship is terminated. For example, a supplier that sells a unique product to many customers holds a strong position. On the other hand, a supplier that produces most of its output for a single customer is in a weak position, especially if there are substitute products available from other suppliers.

3. Power of buyers

Similar to the power of suppliers, buyers can be powerful if they can dictate prices. This can occur when there are many suppliers and only a few buyers.

4. Availability of substitutes

Companies must assess the potential threat posed by substitute products and be aware that these threats do not always come from traditional competitors. For example, postal services compete with couriers and even fax machines.

5. Industry rivalry

All of the above converge in the fifth force, rivalry. As a result, firms may choose to compete aggressively, coexist, or cooperate in a close alliance. The direction that a firm chooses depends on the relative strengths and weaknesses of the factors involved. For example, it is often the threat of substitutes that leads to the formation of strategic alliances.

While this approach gives an analysis of the current industry, it does not address new entrants that may come into the market with different assumptions about the industry and market orientations.

SWOT Analysis

A SWOT analysis evaluates the strengths and weaknesses of the organization and the opportunities and threats to the organization in the industry. It is often used as a basis for strategic planning.

Strengths and weaknesses are internal components of an organization and can be difficult to identify. Often, organizations themselves simply do not understand their own strengths or weaknesses.

Opportunities and Threats are external. Organizations must find opportunities to leverage an advantage over the competition and identify potential threats to their own business. Identifying threats can be a problem, as they often come without warning.

SWOT analysis is a useful technique but the questions used during the analysis phase must be carefully structured to ensure that the resultant strategy is based on sound information. This model, too, does not address opportunities and threats that are based upon a new set of business assumptions that involve technology and the Internet.

Resource Based View

The Resource Based View (RBV) of a company builds on the above strategies but takes a wide view of all the resources available. RBV recognizes that companies are not all alike—they have different experiences, skills, and cultures. A company will succeed if it has the necessary resources. These may be physical items, such as buildings, telephones, or computers. Or they may be intangible items, such as ability, knowledge, and/or intellect.

b) Developing a Strategic Plan

A strategic plan aligns an organization's goals, values and activities, to create a sustainable competitive advantage. It focuses on the long-range goals of the business and defines how the goals will be reached. Strategic plans include the definition of missions, visions and objectives, which provide the basic direction and focus of the organization.

When developing a strategic plan, you first need to answer these questions:

- What business are you in?
- What should be the geographical scope of your operations?
- What are your research and development goals?
- How should products be sourced?
- Where are your organization's weaknesses?
- Where are your organization's strengths?

Bridging the Gap between Traditional and Pure-Play Models

An increasing number of businesses are finding that in order to optimize their business offering, they can no longer rely solely on traditional business models, or on the existing pure-play strategies. These businesses have become hybrid companies that borrow strategies from both model types.

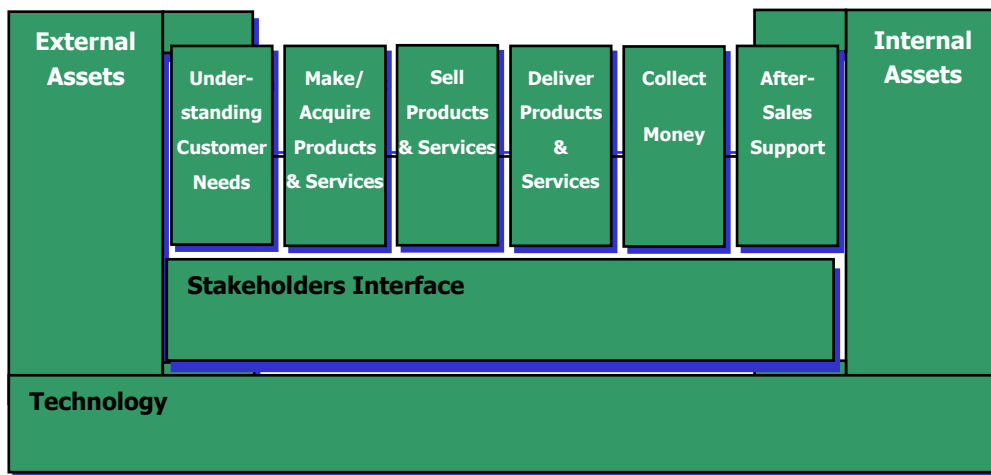
A “Pure-Play” E-Business Model dictates that a business’ primary mode of operation is via the Internet. This includes matters of order processing and remediation. In the e-business world, pure-play companies are decreasing, as they discover that the Internet alone cannot effectively sustain every level of their business delivery. For example, Amazon.com began with a pure-play model, but because this model did not effectively support the company’s buying and distribution process, Amazon eventually opened its own bricks-and clicks distribution centers to increase efficiency.

A Business Web is an elaborate network of suppliers, distributors and customers that conduct business via the Internet and other electronic media. A business web is the generic model for wealth creation in the digital economy and is quickly replacing traditional corporate models of the industrial economy.

The industrial economy was characterized by mega corporations that were directly involved in every aspect of the business process, from product creation and sales, to product distribution. Business webs challenge every aspect of this traditional approach to business. They are rapidly emerging as the new corporate form, characterized by businesses coming together to create value for customers, and wealth for shareholders.

The Core Business Model was developed to overcome the limitations of the traditional and pure-play models, to bridge the gap between them, and to develop a sustainable competitive advantage in the Internet economy.

c) The Core Business Model Strategy



Classic business models do not fully address the unique advantages and challenges presented by the Internet. The Core Business Model (CBM) is a new business model specifically designed to assist companies in developing their e-business strategy.

The Core Business Model exploits existing assets (both tangible and intangible) to maximize productivity, or they are leveraged into new opportunities through carefully planned deployment using technology.

It is important to develop a strategic plan that includes Internet related goals or objectives. Having strategic goals or objectives that clearly define your organization's Internet or web enablement goals will ensure that they do not conflict with the existing strategy. The Core Business Model assists firms to implement the Internet strategy while still meeting the current practices of the firm.

The model asks what intangible assets a firm holds in several key areas, including:

- The firm's understanding of its customer requirements
- How it makes/acquires products or services
- Selling its products or services
- Delivering the products or services
- Collecting money from customers
- And providing after sales support (if applicable)

These key areas make up the core business process of most companies with varying degrees of activity in each of the areas.

The main advantage of the Core Business Model is its ability to provide a cross functional view of the elements that comprise your business, and assess the Internet-enablement potential of each.

The Core Business Model makes the following assumptions about a business:

- It will remain in its current lines of business
- It wants to lever existing investments
- Information delivery is important
- It wants to produce a model for sales channel coexistence

Best practices associated with web-enabling each step of the business process will be examined along with some specific requirements of each step.

Understand Customer Requirements

Companies can gain a better understanding of their customers' requirements by creating interactive web sites where customers can offer advice on product or service design and delivery. Techniques such as online surveys are quick and easy ways to obtain feedback directly from customers.

Make or Acquire Products or Services

Some companies have implemented their own online procurement system to manage the purchase of everything from pencils to computers. Rather than completing paper requisitions for office supplies, employees choose items from a web catalogue, which is electronically sent to approved vendors. This method allows the company to capitalize on volume purchases and to find the best deals available. Of course, you don't have to invest in your own system to achieve savings. The Internet provides access to a wide range of products and services, as well as the means to compare prices.

Sell Products or Services

As with any business, to sell a product or service on the web, you need an edge. The 24 hour a day, 7 day a week access provided by the Internet is not enough. You need to provide additional services or added value, such as comprehensive after-sales support.

Some types of goods are ideal for selling over the Internet; others are less suitable. For example, Amazon.com aims to make book buying fast and easy. Most people buy books based on the information contained on the jacket, or after reading a book review. Or, they may simply like the previous work of the author. Because all of this information can be displayed effectively on an e-business site, selling books over the web works well. Other products offer a greater challenge. How would you sell made-to-measure suits, for example?

People buy goods over the Internet if there is an advantage, such as convenience, cost, or speed. But they still need to know what they're buying. This is one important reason why the combination of an online and traditional retail outlet works well. Customers can view information online and then visit the retail store, or they can check out the goods on display in the store and then buy online.

Deliver Products or Services

Dell Computer Corporation provides an excellent system for customers to check the status of their orders. The Dell system provides an increased level of support while reducing the costs. Using the Internet, customers check the status of their orders by specifying order and verification information. Like all Internet-based services, the system is available 24 hours a day.

Single or multiple orders can be tracked to obtain information, such as:

- Build-to-order status
- Estimated shipping date
- Carrier shipping status

Collect Money

In order for a company to find a suitable online payment system that effectively meets its business needs and the needs of its customers, there are a number of things to consider, including technical issues, cost, security, and tax implications. Currently, the two most popular methods of online payment for consumers are credit card payments, and micropayments. Even though credit card payment is the ruling method of payment on the Internet today, it is not suited for every kind of online transaction.

Credit card payment transactions are best suited for high value payments, which are generally over \$10. Customers submit their order, along with their credit card details, to the seller. Before the seller fulfills the order, the customer's credit details are sent to a trusted third party (typically the credit card company), who verifies the transaction, and charges the seller a processing fee.

From the customer's point of view, there are valid concerns about the security of credit card purchasing over the Internet. Not all credit card payment systems offer an acceptable level of security. In a secure credit card transaction, a credit card company serves as a trusted third party, and the buyer and seller are authenticated by personal identification numbers sent through a secure web connection. If a trusted third party isn't used, the credit card information is sent directly from the buyer to the seller in an encrypted and signed form. Unless the level of encryption is sufficiently high, uninvolved parties can gain access to the credit card information.

Provide After-Sales Support

Customer support is instrumental to the long-term success of any business. Often firms focus on customer acquisition, which costs substantially more than customer retention. Because of this, the tactic of replacing dissatisfied clients with new ones does not support long-term growth. It's important to keep in mind that people who do business over the Internet are inclined to expect service 24 hours a day. In addition, they expect to get at least the same quality, speed, and effectiveness of service that they would if they walked into a store, or placed an order over the phone.

Regardless of the type of e-business, effective customer service is marked by certain characteristics. For example, an after-sales support system should strive to solve customer problems, while anticipating difficulties before they arise. Effective customer support also provides customers with quick responses to their concerns, and gives them the ability to track the status of product orders.

External & Internal Assets

In the Core Business Model, the steps within the business process need to be leveraged with respect to the external and internal assets of the company. Internal assets include not only tangible resources, but also intangible resources such as an employee's skills and knowledge. External assets include all other resources available to your company. For example, a co-branding relationship you have with another company is an external asset.

In the Core Business Model, these assets are exploited to provide additional products or services, enhance efficiency, or build customer loyalty through the careful use of the Internet. A key aspect of the Core Business Model is that existing assets are leveraged, not damaged, by web-enabling your business.

Stakeholders Interface

Stakeholders in your company can include anyone who has an interest in the success of the business. This may include customers, shareholders, and employees. In the Core Business Model, the interface between stakeholders and the company, along each step of the business process, is examined to focus on the advantages technology can offer. For example, the Internet might be used to facilitate communication between the company and its customers, shareholders, and employees.

The Core Business Model also addresses the interface between stakeholders and your company's assets. For example, communication with potential employees or business partners might be facilitated using web technology. By posting desired employment traits or partnership criteria on your web site, you could facilitate a dialogue with valuable resources that you might otherwise never have begun.

Technology

In every phase of your business process, the potential use of primarily Internet technology is analyzed. However, the analysis should also include other potential enablers, such as:

- Intranets
- Virtual private networks (VPN)
- Personal digital assistants (PDA)
- Telephony systems such as interactive voice response (IVR)

The distinction between different types of technology, however, is becoming blurred. For example, cell phones now provide access to the web. With the growth in the convergence of technologies, these distinctions will continue to dissolve.

III. E-Business Planning

a) Why do you need an E-Business Model?

More and more companies are focused on learning more about e-business. Many firms embark on e-business because their competitors are practicing it or their customers want it. Often very little strategic planning is done before beginning this venture. As with any project or strategic initiative, firms need to ensure their e-business initiative is aligned with their corporate strategy—and that it does not conflict with the current goals, objectives, and values of the firm.

Many existing models do not work well for businesses that have a mix of traditional and e-business components. These types of hybrid businesses are often referred to as bricks-and-clicks, or mouse-and-mortar companies. The Internet and the growth of e-business are changing the rules of distribution, sales, industry boundaries, relationships, and competencies, providing small and medium-sized businesses the same opportunities previously available only to large corporations. In addition to the new opportunities, e-business also poses new challenges. Channel competition, brand erosion, and life cycle compression require strategies that have yet to be developed.

The main reason why management tools fail is owing to a lack of alignment with the corporate strategy. These management tools are often adopted in isolated regions of the company, with little regard to the intended strategic direction of the organization. For example, if your corporate strategy focuses on driving customers into your successful retail store chain, it doesn't make sense to sell your products online at a discount. If the products you produce usually get to your customers through a successful channel market, you would be undercutting the channel by selling online.

Businesses that have failed to align their activities with their strategy have experienced severe consequences, such as reduced profitability, loss of competitive advantage, and even bankruptcy.

b) Is E-Business Right for My Business?

E-business is not just about selling or promoting your business online. It is also about incorporating Internet technologies into your day-to-day business activities.

Canada is a progressive nation in terms of technology. Studies show that more than half of Canadian households have high-speed Internet in their homes which they use daily. This tells us that the Internet is fast becoming an integral part of our lives – we use it for entertainment, communication, and research. It follows that using the Internet for business is a natural next step.

Using the Internet to conduct business might mean using email as the first point of contact with your potential clients, or using an Internet application to keep track of your leads and sales, or perhaps building a website that advertises your product or service. When viewed in this light, most entrepreneurs realize that they will in fact use Internet technology to conduct business.

Therefore, instead of asking: "Is e-business right for my business?" Ask: "To what level should I consider adopting e-business practices?"

c) Brainstorming: Research Your Options

Before getting down to the business of writing, you'll want to do some research. Consider what processes you can streamline and what goals you can achieve by using Internet technology. Can you automate to increase proficiency and sales and reduce costs?

For example:

- You've been in business for a number of years. You have a store-front location, but you notice your in-person sales are dwindling due to competition in the area. You need to find a new sales channel. Have you considered using the Internet to promote and sell your product to a wider market online?
- You are a new business owner with a large product line that changes often. A print catalogue would be expensive and time consuming to develop and manage. Have you considered developing a website which houses your catalogue online? This would allow you to quickly and cost-effectively update your product pictures and descriptions, and get information out to your customers immediately by simply by referring them to your site.

d) Writing Your Plan of Action

Below, you'll find a discussion of select elements of a typical business plan. This is not a comprehensive template that you can cut and paste to develop your own plan. It was designed simply to illustrate how e-business can be readily integrated into the components of any business plan. In each section, we've suggested examples of key e-business issues you'll want to consider. These examples will help you learn what kind of e-business related information you should include in your own plan in order to write an effective guiding document.

In addition, only adopt technologies that will help to further your business goals. If the technologies are going to be too expensive, or to difficult to build and maintain, don't use them.

e) Key Issues in Business Planning

Industry, Market and Competitor Analysis

Analyze your industry. Identify your customers and their needs. Can you serve an existing or new market online? The global nature of the Internet requires business owners to think more broadly about their customer base. It goes without saying, if you know who ALL of your customers are, then you can better target your marketing efforts to them. If you neglect to research the online channel, then you lose out on the opportunity to explore potentially viable new markets.

Questions to consider in this section of your plan:

- **Industry** – How large is your industry in dollar and unit terms? Is your industry growing or contracting and by how much? What are the usual distribution systems in your industry? Are there any technology trends that will affect your industry?
- **Market** – Who is your target market on and offline? Are they different? If so, how? Where are they located?
- **Competition** – Who are your leading competitors on and off the Internet? If they are different, how so? How are they using the online channel to their advantage?

Marketing and Sales Strategies

When you evaluate your product or service, you should consider whether it could be effectively marketed on the Internet. Most likely, you'll decide that the online channel would be a viable means to grow awareness about your product or service. For most businesses, a marketing strategy that includes an online component (however small) can only benefit their business efforts.

In this section of your plan, you'll want to outline how you plan to market and/or sell your product online. This may be as simple as developing a basic brochure style website that provides information about your product or service. Or, it may be as complex as developing, for example, a comprehensive Internet marketing strategy that includes a well-optimized, e-commerce website, and an online advertising campaign including banner and affiliate advertising.

To develop your online marketing strategy, consider your target market, your product and your long-range goals. What do you want to achieve online? Also, consider your budget. How much do you

have to spend on the online portion of your marketing strategy? If you're on a tight budget, you may want to develop a long-range plan of action which outlines a step-by-step approach to grow your revenue.

Website Development

If you are going to develop a website, you'll need an action plan for the task. This plan can be included in the marketing section of your business plan.

Your website plan will want to address:

1. **Purpose of the website** – Review your reasons for bringing your business online. Is it to increase awareness and sales, decrease costs, improve public relations, and develop a qualified list of prospects, or perhaps to sell products directly from your website? The purpose of your site will determine how the site will look and function.

Questions to consider: Do you require a static, brochure site or e-commerce functionality? What will the site contain – catalogues, forms, press releases, surveys, etc? Will you use it to take orders and respond to inquiries? Will you need to translate into other languages now or in the future?

2. **Style** – How will your website look and feel? This will depend on your target market and how you want to position yourself vis-à-vis your competitors.

Questions to consider: What colors, fonts and graphics will you use? What tone and language style will you adopt? What kind of organizational structure will the site have?

3. **Site evolution** – This will spell out how your site will evolve over time. What are your plans for your website in the long term? Do you intend to build a low-cost brochure website to begin, and later, when the business grows, redevelop a new site from scratch which incorporates more complex attributes? Or do you intend to build on your original site over time?
4. **Domain names and hosting** – What will your domain name be? Who will host the site? Or, will you buy and run your own server and host it yourself?
5. **Security** – What security measures will you use to protect your customers privacy and your business records online?

Operations

In this section of your plan, you'll want to consider how e-business strategies can help to automate aspects of your business operations. How can you use e-business to streamline your operations and collect and use customer information to your advantage? Think about customer relationship management software, accounting software, shipping software, database and email applications, and the following:

1. **Implementation schedule** – Set out what Internet related activities need to be completed, by whom, and by when. Consider what might happen if and when tasks aren't completed on time.
2. **Evaluation and metrics** – Address how your website traffic and e-business activities will be evaluated and monitored. Consider different types of software and determine who will be responsible for monitoring tasks. Also consider what actions will be taken as a result of e-business activity analysis.
3. **Logistics** – If you are selling products, address how you will ship your products to their destination. How will your shipping expenses be reflected in your pricing? Are there additional costs and regulations to consider such as duties, tariffs, labeling, and inspection? Have you considered how you will deal with product returns?
4. **Review and updates** – You'll also want to implement a schedule for reviewing and updating your plan as your business grows and changes.

Budget

Your budget will need to be estimated each year and then tightly managed to ensure your e-business spending is on track with your plan. The e-business aspects of your budget should be addressed in the same way you would budget traditional items. You may allocate an e-business activity as a unique item (such as website) or you may spread it across other departments (as in Internet marketing integration into overall marketing costs).

Keep in mind a budget is not a static thing, yearly revisions will be necessary, as you may have upfront costs, such as initial website development, which will not be spread out over the long term. And similarly, you may have maintenance costs, such as website testing, updating, and enhancing, which will not come into play in year one.

Estimating costs for e-business adoption may be the most difficult aspect of developing your business plan. To start, you can certainly seek out quotes from suppliers to estimate what your costs might be.

Then, you'll want to use a systematic process to estimate your costs that outlines one-time and recurring costs for development, maintenance, and upgrades. Here is an example using a website development project.

Estimating Your E-Business Costs

Identify the upfront and recurring components and related costs to develop and run your website over a 12-month period:

- Define the individual parts of website development and maintenance, such as domain name registration, the design of website graphics, website architecture and development, copywriting, testing, hosting, maintenance, upgrades, etc.
- Determine which functions will be outsourced and which ones will be handled in-house by yourself or hired staff. For example, you'll probably want to register your domain name(s) yourself and hire a designer and developer to take care of the technical aspects of the project.
- Apply an average cost to each component based on your research and quotes.
- Don't forget to factor a contingency into your overall budget to allow for unexpected costs.

If you determine you need to borrow capital to finance online aspects of your business, you'll want to outline exactly how much capital you'll need to build, maintain, and grow your online operations, especially during the critical start-up phase.

To help you develop the financial portion of your business plan, visit:

- **The Business Link:** Methods of Financing Your Business
<http://www.canadabusiness.ab.ca/index.php/financing/172-methods-of-financing-your-business>
- Canada Business: Financing Your Business
<http://www.canadabusiness.ca/eng/125/142/>

f) Are You Ready to Get Started?

Before getting started, you'll want to consider your level of readiness to adopt e-business strategies into your new or existing business. You'll need to learn what e-business technologies are available to build and grow your particular business, how you can assess, integrate, and maintain appropriate technologies, and what challenges may arise.

Do you require training? Check out local universities and colleges for continuing education courses in e-business and the Internet for small business operators.

If you expect to rely heavily on Internet technology, you may also want to consider hiring a private e-business or web consultant to help assess your needs, and assist you with the technical aspects of e-business adoption.

You may also want to read sample business plans to help you understand how the development of each component of a plan (e.g. researching your target market, determining your niche, etc.) and external trends that may completely change the nature of the business itself.

For sample business and e-business plans visit:

- *The Business Plan and You:*
<http://www.canadabusiness.ab.ca/docs/The Business Plan and You - .pdf>
- BPlans.com:
<http://www.bplans.com>
- Sample Business Plans:
<http://www.referenceforbusiness.com/business-plans/>

IV. Developing an E-Business Plan

The e-business planning process is similar to any other business planning initiative. The process involves a careful review of the business concept and a detailed plan to turn that concept into reality through an analysis of issues such as financial statements, market opportunities, product mix, pricing strategy, and other key variables.

The only substantive difference is that an e-business business plan places a greater emphasis on the Internet and the World Wide Web as a marketplace, communications medium and business channel than a traditional business plan.

As with other corporate plans, the e-business plan has two audiences. These audiences, according to New Art Technologies, a North American-based e-commerce consultancy, are management and staff.

Management is responsible for developing the concept behind the e-business dream, and ultimately making it happen. The staff is the avenue through which the plan is executed to materialize results.

Although writing a plan doesn't actually guarantee success, an e-business plan provides a critical game plan and road map. It highlights management and staff responsibilities and milestones to meet "the business" objectives.

a) Incorporating the 'E' into Your Business Plan

These days, when conceptualizing a new venture, we are less likely to draw a line between our traditional business practices and our Internet related activities. As a result, business planning activities put emphasis on technology and the Internet as a vehicle to enhance business operations. For most of us, e-business strategies will be integrated right into our general business plan.

Therefore, when writing your business plan, consider how you can incorporate e-business technologies in key areas of your business. How can you use the Internet as a marketplace, a communications medium, and a business channel to reduce costs, improve efficiencies and increase revenue?

Keep in mind that there is no cookie-cutter template for developing e-business strategies. The features of every plan differ, depending on the business itself. Nonetheless, your planning goal should be to produce a solid "guiding" document for your business that you can review and update regularly.

b) Key E-Business Plan Components

Based on a review of leading e-commerce plans in Canada, the following provides a brief overview of the key components you should include in your e-business plan. The descriptions also include the questions that need to be asked and answered in each section.

Description of the Business

This section includes background information on your company. Key questions include: How and why the organization was started? Who are the players on your management team? What products and services do you provide? What solutions, benefits and features do you offer?

Purpose of the Web Site

This reviews your E-business objectives. Are your objectives to increase sales, decrease costs, improve public relations, develop a qualified list of prospects, sell products directly from the web site? Other reason(s)?

Audience Analysis

This studies who you are trying to reach on the Internet. Key questions include: What is your target market? Where are your customers located? What are the leading market segments?

Market Research

This analyzes the industry in which are you operating on the Internet. Questions include: How large is your industry in dollar and unit terms? Is your industry growing or contracting and by how much? Who are the leading competitors?

Implementation Schedule

This sets out what e-business related activities have to be completed and by when. Key questions include: Which manager and staff are responsible for which tasks? What happens if tasks are not completed on time?

Evaluation and Metrics

This reviews how your web site traffic and e-business activities will be evaluated and monitored. Key questions include: What software will you use to measure your site activity? Who will be responsible for monitoring your site activity? How will the results be reported back to senior management? What actions will be taken as a result?

Server and Internet Service Provider Checklist

This covers what type of server you will buy or lease, and what you will expect from your Internet Service Provider (ISP). Key questions include: What type of server (brand, speed, hard disk capacity, memory) should you use? What combination of price, service, and reliability are you expecting from your ISP?

Style Guide

This section addresses your web site's "look and feel." Key questions include: What will be your domain name? What photos and graphics will you use? What font will you use? What forms or mechanisms will you use to get orders or customer response?

Site Evolution Plan

This spells out how your site will evolve over time. Key questions include: What new upgrades and changes will be made to your site over the next three months? Six months? One year? How will your site adapt to fluctuating market conditions and changing customer needs?

Logistics

This reviews how products and services sold through your e-business may need to be physically shipped to customers in Canada, North America, and worldwide. Key questions include: How will your transportation expenses be reflected in your pricing? What tariffs, labeling, inspection, and other border paperwork and regulations will have to be met to transport your products across international borders? How do you deal with products that are returned or exchanged?

Translation/Localization

This covers your plans to translate and localize all or parts of your site to target to customers from other countries. Key questions include: what languages should you offer on your site? How do you customize your site to appeal to specific international cultures and tastes?

Financials

This reviews your financing requirements to maintain and grow your e-business. Key questions include: Exactly how much capital will you need to finance your e-business operation, especially during the critical start-up phase? How and over what period do you intend to repay debt and over what term?

b) Elements of a Good Business Plan

Business plans will vary from company to company reflecting their different needs. For example, an established business looking at adding an online component will be able to focus on integration between the physical store and the online store. A pure player, a business operating solely on the Internet, will use its business plans to demonstrate its market analysis and seek funding. Regardless of use, good business plans generally consist of an executive summary, a market analysis, a description of the company and its management, a marketing and sales strategy, and a description of products and services offered. If necessary, business plans can include funding requests and necessary financial information.

The Executive Summary

Although it appears first, you should write the summary last. Once the entire e-business plan has been worked through, it will be easier to write a concise summary. An executive summary normally consists of the following:

- Mission statement
- Date business began or will begin
- Description of facilities
- Products and services rendered
- Names of founders and functions
- Number of employees
- Summary of company growth
- Location of business
- Banking relationships and current investors
- Summary of management's future plans

Market Analysis

- **What is the likelihood that your products will sell online?**
Not all products will sell well over the Internet. By understanding the buying habits and preferences of your target market before you jump online, your plan stays focused.
- **Are there potential sales channel conflicts that you need to be concerned with?**
Businesses that distribute their products through retail stores may find their associates sensitive to the fact that they are going to be bypassed through direct sales online.
- **How will your online store differ from others? Will you focus on a niche market?**
Many people believe that one of the keys to success on the Internet is coming up with a business plan that targets a very specific market rather than a broad market. Big businesses who attempt to cover the whole market often leave gaps that can be exploited. By specializing on a particular market, you may have a better chance of success.

The Company Description

This area of your e-business plan includes a look at how your physical store and online store fit together. It is important that you set up your online business so that it aligns with your physical business – bricks & mortar – from an accounting, inventory, and pricing perspective. By integrating, you use a business-proven system already in place and ensure consistency in customer service and accounting. Integration will prevent you from selling products that are no longer in stock or at prices that have changed.

Organization and Management

Included under this heading are organizational structure and management profiles. Establishing clear and specific roles in a business ensures nothing is overlooked or unnecessarily duplicated. For example, when the orders are placed, a business must be prepared to package and ship the products. It is important to evaluate the skills your organization has available to it and update them when necessary. Companies should be prepared to outsource in areas they cannot adequately address. In e-business, small businesses often outsource the development of their website, the hosting of their website, and the maintenance of their website. Larger companies are increasingly outsourcing order fulfillment processes to third parties.

Marketing and Sales Strategies

E-business plans identify strategies for promoting websites and products. They can also be used to identify retention strategies to ensure customers return. Since there is no single right way to approach a marketing strategy, several ways to market your online store will be suggested in the following chapters.

Products and Services

This section should outline the benefits received by your potential and current customers of shopping online. By focusing on the areas where you have a distinct advantage, you demonstrate an understanding of your strengths and of market opportunities. For example, your business may be able to deliver the widest variety of fishhooks with overnight shipping.

V. PLANNING YOUR ONLINE STORE

a) First Steps

Before you start your e-business plan, you should identify your goals, make a commitment, and evaluate yourself.

Identify Your Goals

It is important to clearly understand your business' goals and expectations before setting up your online store. Once a plan is developed and goals are set, it is easier to see the steps involved.

Make the Commitment

Setting up an online store involves a commitment of finances and time. If you want to be successful, you may have to sacrifice personal time to get your online business up and running.

Evaluate Yourself

You should not only evaluate your business, but yourself. Once you have looked at yourself and your business, you can evaluate trends, voids and opportunities related to the market and competition.

b) The E-Business Plan

In e-commerce, business cycles reflect the Internet's speed and efficiency. Bold competitors take advantage of the "wait and see" attitudes of others. An e-business plan can help businesses move quickly and decisively by allocating resources and measuring results. A sound business plan acts as:

- A reality check
- A performance tool
- A message sender
- A Motivational tool
- A management development tool

- A road map

An e-business plan should focus on your target customers. Who are they? How will you attract them? How will you retain them?

Identify Your Objectives

Who is the audience for the e-business plan going to be and what do they need to know about your company? Different details will be required if your objective is to obtain financing, develop an e-commerce site, or provide a roadmap for yourself.

Outline Your Business Plan

Once your objectives are identified, you can prepare the outline of your e-business plan. Outlines can be as general or as specific as you like. The more specific a plan is, the easier it will be to write.

Write Your Plan

A sound business plan includes historical financial information and market research. Financial statements determine which strategies are feasible and market research dictates whether your strategy will succeed.

Review Your Plan

When reviewing, it may be helpful to have someone, other than yourself, review your business plan. If they are familiar with planning and business management, they will be able to provide constructive criticism.

E-Business Business Plan Resources

- ***The Business Link***: Business Planning
<http://www.canadabusiness.ab.ca/index.php/start-up>
- BPlans.com: How to Write a Business Plan
<http://articles.bplans.com/writing-a-business-plan>
- Developing Your Business Plan
<http://www.canadabusiness.ca/eng/125/138/>