

## Chapter 1

# Opening Your Own Online Business in Ten Easy Steps

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### *In This Chapter*

- ▶ Finding a unique niche for your business
  - ▶ Identifying a need and targeting your customers
  - ▶ Turning your Web site into an indispensable resource
  - ▶ Finding more than one way to market your business
  - ▶ Evaluating your success and revising your site
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**S**tarting an online business is no longer a novelty. It's a fact of life for individuals and established companies alike. The good news is that e-commerce is here to stay and thriving once again. Not only that, but the steps required to conduct commerce online are well within the reach of individuals like you and me who have no prior business experience. New software and services make creating Web pages and transacting online business easier than ever. Even online businesses that were floundering a few years ago have figured out how to work smarter and more successfully. All you need is a good idea, a bit of start-up money, some computer equipment, and a little help from your friends.

One of my goals in this book is to be one of the friends who provides you with the right advice and support to get your business online and make it a success. In this chapter, I give you a step-by-step overview of the entire process of starting an online business.

## *Step 1: Identify a Need*

"The best of anything hasn't been done yet," says John Moen, the successful e-businessperson profiled in this chapter. "The Web isn't over. Someday someone is going to invent a better Wal-Mart, and there's going to be a bigger and better store. As the technology changes, someone is going to create a business online that makes people say, 'Holy cow, that's cool.'"



E-commerce and the Web have been around for a decade now. But new products and ways to sell them are being identified all the time. Think of the things that didn't exist when the first Web sites were created: MP3s, wireless modems, DVDs, eBay. Consider my brother Mike: As I write this book, I am helping him create his own online business, lp2cdsolutions, Inc. Like many entrepreneurs, he reached a simple conclusion: "If I want this product so badly, I bet a lot of other people do, too." What he wanted was to convert his scratchy old records to clean and repackaged CDs. He spent thousands of dollars on computer hardware and software, and he got really good at audio restoration. Now he wants to make money by doing the same for others. Will he succeed because he has me to help him? I don't think success is guaranteed. It depends on you — your energy, dedication, and enthusiasm. You follow the progress of his site in this and subsequent chapters.

Your first job, accordingly, is to get in touch with your market (the people who'll be buying your stuff or using your services) and determine how you can best meet its needs. After all, you can't expect Web surfers to patronize your online business unless you identify services or items that they really need.

## A hotbed of commerce

Statistically, the Internet is a hotbed of commerce — and it just keeps getting hotter. Listen to what the experts are saying:

- ✓ **BizRate** ([www.bizrate.com](http://www.bizrate.com)) reported that online shoppers spent \$8.6 billion during the 2003 Christmas season, 24 percent more than the year before. The top categories in terms of sales were computer hardware, electronics, and entertainment. However, the categories that saw the strongest growth were food and wine (up 58 percent over the year before), gifts and flowers (up 56 percent), and apparel (up 38 percent).
- ✓ **Statistics Canada** ([www.statcan.ca](http://www.statcan.ca)), the Canadian government's central statistical agency, recently reported that e-commerce sales in Canada in 2003 rose for the fourth year in a row, jumping 40 percent from \$13.7 billion in 2002 to \$19.1 billion in 2003.

✓ **eMarketer** ([www.emarketer.com/Report.aspx?b2c\\_us\\_jul04](http://www.emarketer.com/Report.aspx?b2c_us_jul04)) cites The U.S. Department of Commerce's numbers indicating that e-commerce sales in the U.S. reached \$56 billion in 2003, compared with \$44.3 billion in 2002. Nearly one-third of 2003 sales occurred in the holiday shopping season in the fourth quarter.

✓ **Jupiter Research** ([www.jupiterresearch.com](http://www.jupiterresearch.com)) predicts that online sales of apparel and accessories, excluding shoes and jewelry, will reach \$7.5 billion in 2004, from \$6.2 billion the previous year. By 2008, the number should hit \$12 billion, accounting for 4.9 percent of all apparel sales.

Check out the *Starting an Online Business For Dummies*, 4th Edition, Internet Directory on this book's Web site (located at [www.dummies.com/go/onlinebusinessfd](http://www.dummies.com/go/onlinebusinessfd)) for links to sites where you can gather fast facts and background information on doing business online.

## *Getting to know the marketplace*

The Internet is a worldwide, interconnected network of computers to which people can connect either from work or home, and through which people can communicate via e-mail, receive information from the Web, and buy and sell items by using credit cards or other means.

Many people decide to start an online business with little more than a casual knowledge of the Internet. But when you decide to get serious about going online with a commercial endeavor, it pays to get to know the environment in which you plan to be working.

One of your first steps should be to find out what it means to do business online and to determine the best ways for you to fit into the exploding field of electronic commerce. For example, you need to realize that the Internet is a personal place; that customers are active, not passive, in the way they absorb information; and that the Net was established within a culture of people sharing information freely and helping one another.



Some of the best places to find out about the culture of the Internet are the newsgroups, chat rooms, and bulletin boards where individuals gather and exchange messages online. Visiting discussion forums devoted to topics that interest you personally can be especially helpful, and you're likely to end up participating. Also visit commerce Web sites, such as eBay, Amazon.com, or other online marketplaces, and take note of ideas and approaches that you may want to use.

## *"Cee-ing" what's out there*

The more information you have about the "three Cs" of the online world, the more likely you are to succeed in doing business online:

- ✓ **Competitors:** Familiarize yourself with other online businesses that already do what you want to do. Don't let their presence intimidate you. You're going to find a different and better way to do what they already do.
- ✓ **Customers:** Investigate the various kinds of customers who shop online and who might visit your site.
- ✓ **Culture:** Explore the special language and style people use when they communicate.

As you take a look around the Internet, notice the kinds of goods and services that tend to sell in the increasingly crowded, occasionally disorganized, and sometimes-complex online world. The things that sell best in cyberspace include four Cs:

- ✓ **Cheap:** Online items tend to be sold at a discount — at least, that's what shoppers expect.
- ✓ **Customized:** Anything that's hard-to-find, personalized, or unique sells well online.
- ✓ **Convenient:** Shoppers are looking for items that are easier to buy online than at a "real" store, such as a rare book that you can order in minutes from Amazon.com ([www.amazon.com](http://www.amazon.com)), or an electronic greeting card that you can send online in seconds ([www.greeting-cards.com](http://www.greeting-cards.com)).
- ✓ **Content-rich:** Consumers go online to quickly read news stories that are available by subscription, such as newspapers and magazines, or that exist online only, such as Web logs (*blogs*) and electronic publications (*ezines*).



TIP

Visit one of the tried-and-true indexes to the Internet, such as Yahoo! ([www.yahoo.com](http://www.yahoo.com)), or the preeminent search service Google ([www.google.com](http://www.google.com)). Enter a word or phrase in the site's home page search box that describes the kinds of goods or services you want to provide online. Find out how many existing businesses already do what you want to do. Better yet, determine what they *don't* do, and set a goal of meeting that specialized need yourself.

CASE STUDY



## Mapmaker locates his online niche

John Moen didn't know a thing about computer graphics when he first started his online business, Graphic Maps, in 1995. He didn't know how to write HyperText Markup Language (HTML), the set of instructions used to create Web pages. (Not too many people in 1995 did.) But he did know a lot about maps. And he heard that setting up shop on the Web was "the thing to do." He scraped together \$300 in start-up costs, learned to create some simple Web pages without any photos (only maps and other graphics), and went online.

At first, business was slow. "I remember saying to my wife, 'You know what? We had ten page views yesterday.'" The Graphic Maps site ([www.graphicmaps.com](http://www.graphicmaps.com)) was averaging about 30 page views per day when Moen decided to do

something that many beginners may find counterproductive, even silly: He started giving away his work for free. He created some free art (called clip art) and made it available for people to copy. And he didn't stop there: He began giving away his knowledge of geography. He answered questions submitted to him by schoolchildren and teachers.

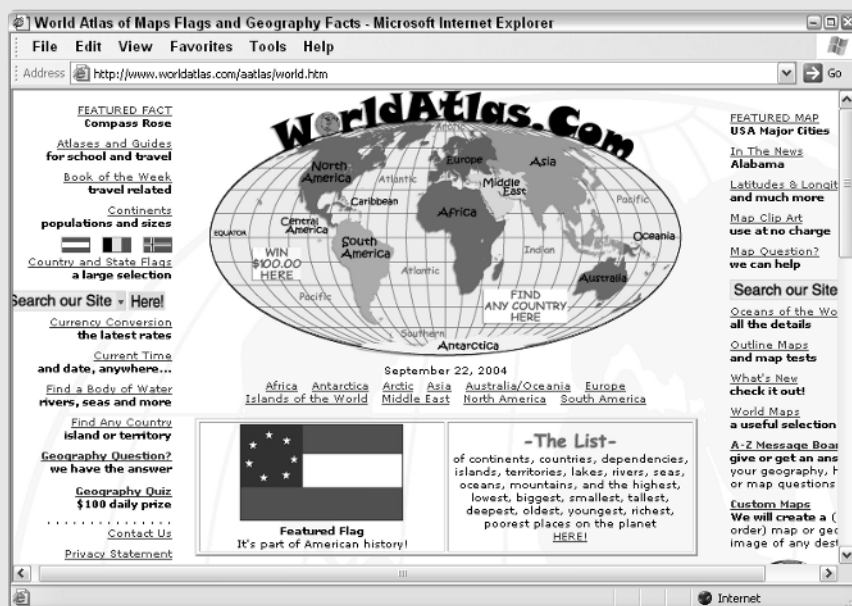
Soon, his site was getting 1,000 visits a day. Today, he reports, "We are so busy, we literally can't keep up with the demand for custom maps. Almost 95 percent of our business leads come from the Web, and that includes many international companies and Web sites. Web page traffic has grown to more than 3 million hits per month, and banner advertising now pays very well."

John now has six employees, receives many custom orders for more than \$10,000, and has done business with numerous Fortune 500 companies. To promote his site, John gives away free maps for nonprofit organizations, operates a daily geography contest with a \$100 prize to the first person with the correct answer, and answers e-mail promptly. "I feel strongly that the secret on the Web is to provide a solution for a problem, and for the most part, do it free," he suggests. "If the service is high quality, and people get what they want . . . they will tell their friends and all will beat a path to your URL, and then, and only then, will you be able to sell your products to the world, in a way you never imagined was possible."

Moen created a second site called worldatlas.com ([www.worldatlas.com](http://www.worldatlas.com), as shown here) that is devoted to geography. That site generates revenue from popup and banner ads that other companies place there because so many people visit. "It is not unusual to have 20 million impressions on that site and hundreds of thousands of geography questions a month from teachers and students who need an answer to a geography question," says Moen.

When asked how he can spare the time to answer questions for free when he has so much paying business available, he responds: "How can you not? I normally work 12-hour, and sometimes 16- or 18-hour days. If some little kid, some student, comes home from school, and says, 'Grandpa, I need to find out what's the tallest mountain in North America,' and he does a search on Google that directs him to go to worldatlas.com, we will try to answer that question."

His advice for beginning entrepreneurs: "Find your niche and do it well. Don't try to compete with larger companies. For instance, I can't compete with Microsoft or Rand McNally, but I don't try to. Our map site, graphicmaps.com, is one of the few custom map sites on the Web. There is no software yet available today that will do automatic mapping for a client. If you need a map for a wedding or for your office, we can make you one. I fill some needs that they don't fill, and I learned long ago how to drive business to my site by offering something for free. The fact is that if you have good ideas and you search for clients, you can still do well on the Web."



## *Figuring out how to do it better*

After you take a look at what's already out there, the next step is to find ways to make your business stand out from the crowd. Direct your energies toward making your site unique in some way and providing things that others don't offer. The things that set your online business apart from the rest can be as tangible as half-price sales, contests, seasonal sales, or freebies. They can also involve making your business site higher in quality than the others. Maybe you can just provide better or more personalized customer service than anyone else.

What if you can't find other online businesses doing what you want to do? Lucky you! In electronic commerce, being first often means getting a head start and being more successful than latecomers, even if they have more resources than you do. (Just ask the owners of the online bookstore Amazon.com.) Don't be afraid to try something new and outlandish. It just might work!

## *Step 2: Determine What You Have to Offer*

Business is all about identifying customers' needs and figuring out exactly what goods or services you're going to provide to meet those needs. It's the same both online and off. (Often, you perform this step before or at the same time that you scope out what the business needs are and figure out how you can position yourself to meet those needs, as I explain in the earlier section "Step 1: Identify a Need.")

To determine what you have to offer, make a list of all the items you have to put up for sale, or all the services that you plan to provide to your customers. Next, you need to decide not only what goods or services you can provide online, but also where you're going to obtain them. Are you going to create sale items yourself? Are you going to purchase them from another supplier? Jot down your ideas on paper and keep them close at hand as you develop your business plan.



The Internet is a personal, highly interactive medium. Be as specific as possible with what you plan to do online. Don't try to do everything; the medium favors businesses that do one thing well. The more specific your business, the more personal the level of service you can provide to your customers.

## Step 3: Come Up with a Cyberbusiness Plan

The process of setting goals and objectives and then designing strategies for attaining them is essential when starting a new business. What you end up with is called a *business plan*. A good business plan applies not only to the start-up phase, but also to a business's day-to-day operation. It can also be instrumental in helping a small business obtain a bank loan.

### *Drawing up a business plan*

To set specific goals for your new business, ask yourself these questions:

- ✓ Why do you want to start a business?
- ✓ Why do you want to start it online?
- ✓ What would *you* want to buy online?
- ✓ What would make you buy it?

These questions may seem simple. But many businesspeople never take the time to answer them. And only *you* can answer these questions for yourself. Make sure that you have a clear idea of where you're going so that you can commit to making your venture successful over the long haul. (See Chapter 2 for more on setting goals and envisioning your business.)

To carry your plan into your daily operations, observe these suggestions:

- ✓ Write a brief description of your company and what you hope to accomplish with it.
- ✓ Draw up a marketing strategy. (See Chapter 15 for tips.)
- ✓ Keep track of your finances. (See Chapter 17 for specifics.)



Consider using specialized software to help you prepare your business plan. Programs such as Business Plan Pro by Palo Alto Software ([www.palo-alto.com](http://www.palo-alto.com)) lead you through the process by asking you a series of questions as a way of identifying what you want to do. The program retails for \$99.95. I also refer you to *Business Plans For Dummies*, 2nd Edition, by Paul Tiffany and Steven D. Peterson (Wiley).



If you set aside part of your home for business purposes, you are eligible for tax deductions. Exactly how much you can deduct depends on how much space you use. (For example, I have a nine-room house, and one room serves as my office, so I am able to deduct one-ninth of my utility bills and other housing costs. The deduction is based on floor space, but my office takes up about one-ninth of the total square footage in my house.) You can depreciate your computers and other business equipment, too. On the other hand, your municipality may require you to obtain a license if you operate a business in a residential area; check with your local authorities to make sure that you're on the up and up. You can find out more about tax and legal issues, including local licensing requirements, in Chapters 16 and 17 of this book.

## *Step 4: Assemble Your Equipment and Set Up Shop*

One of the great advantages of opening a store on the Internet rather than on Main Street is money — or rather, the lack of it. Instead of having to rent a space and set up furniture and fixtures, you can buy a domain name, sign up with a hosting service, create some Web pages, and get started with an investment of only a few hundred dollars, or perhaps even less.

In addition to your virtual storefront, you also have to find a real place to do your business. You don't necessarily have to rent a warehouse or other large space. Many online entrepreneurs use a home office or perhaps a corner in a room where computers, books, and other business-related equipment reside.

### *Finding a host for your Web site*

Although doing business online means that you don't have to rent space in a mall or open a real, physical store, you do have to set up a virtual space for your online business. You do so by creating a Web site and finding a company to host it. In cyberspace, your landlord is called a Web hosting service. A Web *host* is a company that, for a fee, makes your site available 24 hours a day by maintaining it on a special computer called a Web *server*.

A Web host can be as large and well known as America Online, which gives all its customers a place to create and publish their own Web pages. Some Web sites, such as Yahoo! GeoCities ([geocities.yahoo.com](http://geocities.yahoo.com)) or Tripod ([www.tripod.lycos.com](http://www.tripod.lycos.com)), act as hosting services and provide easy-to-use Web site creation tools as well. When my brother decided to create his Web site, he signed up with a company called Webmasters.com, which charges him about \$14.95 per month and offers many features, including the form shown in Figure 1-1 that enables you to create a simple Web page without having to type any HTML.



**Figure 1-1:**  
Take the time to choose an affordable Web host that makes it easy for you to create and maintain your site.

4Admin(tm) Hosting Control Panel by WEBMASTERS.COM · Microsoft Internet Explorer

File Edit View Favorites Tools Help

**4admin WEBSITE BUILDER** ? HELP LOGOUT

Account: lp2cdsolutions.com

File: Home Page Create Edit Templates File Manager

To create your home page, please complete the form below and click on "Publish Page". To create additional pages, select Page 1, 2 or 3 in the "File" menu above, click on "Create", complete the form, and then click on "Publish Page". You can create as many pages as needed by entering a different name for each new file in the "Page to be created" field.

Page to be created: index.htm (Home Page)

Page title:  
(this appears at the top of the browser)  
Affordable Vinyl Restoration by lp2cdsolutions

Meta tags (optional):  
(this is used by search engines to index your site)

Description: lp2cdsolutions provides affordable restoration of

Keywords: declick,descratch,decrackle,denoise,dehum,au

Select page background color:  
(this sets the color of your entire page)

<< Control Panel Feature: Website Builder GO >>

Done Internet

In addition, the company that gives you access to the Internet — your Internet service provider (ISP) — may also publish your Web pages. Make sure that your host has a fast connection to the Internet and can handle the large numbers of simultaneous visits, or *hits*, that your Web site is sure to get eventually. You can find a detailed description of Web hosting options in Chapter 3.

In Chapter 2, I describe two methods for selling your wares online that don't require a Web site — online classifieds and auctions. But most online businesses find that having a Web site is indispensable for generating and conducting sales. And hosts like America Online and Yahoo! make it easier than ever to create your own site, as I discuss in Chapter 3.

## *Assembling the equipment you need*

Think of all the equipment you *don't* need when you set up shop online: You don't need shelving, a cash register, a parking lot, electricity, fire protection systems, a burglar alarm . . . the list goes on and on. You may need some of those for your home, but you don't need to purchase them especially for your online business.

For doing business online, your most important piece of equipment is your computer. Other hardware, such as scanners, modems, and monitors, are essential, too. You need to make sure that your computer equipment is up to snuff because you're going to be spending a lot of time online: answering e-mail, checking orders, revising your Web site, and marketing your product. Expect to spend anywhere between \$1,000 and \$6,000 for equipment, if you don't have any to begin with.



It pays to shop wisely and get the best setup you can afford up front so that you don't have to purchase upgrades later on. (For more suggestions on buying business hardware and software, see Chapter 2.)

## *Choosing business software*

For the most part, the programs you need in order to operate an online business are the same as the software you use to surf the Internet. You do, however, need to have a wider variety of tools than you would use for simple information gathering.

### **Keeping track of your inventory**

It's easy to overlook inventory and setting up systems for processing orders when you are just starting out. But as Lucky Boyd, an entrepreneur who started MyTexasMusic.com and other Web sites, pointed out to me, you need to make sure you have a "big vision" early in the process of creating your site. In his case, it meant having a site that could handle lots of visitors and make purchasing easy for them. In other cases, it might mean having sufficient inventory to meet demand.

Having too many items for sale is preferable to not having enough. "We operated on a low budget in the beginning, and we didn't have the inventory that people wanted," one entrepreneur commented. "People online get impatient if they have to wait for things too long. Make sure you have the goods you advertise. Plan to be successful."

Many online businesses keep track of their inventory by using a database that's connected to their

Web site. When someone orders a product from the Web site, that order is automatically recorded in the database, which then produces an order for replacement stock.

In this kind of arrangement, the database serves as a so-called *back end* or *back office* to the Web-based storefront. This is a sophisticated arrangement that's not for beginners. However, if orders and inventory get to be too much for you to handle yourself, consider hiring a Web developer to set up such a system for you. If you're adventurous and technically oriented, you can link a database to a Web site by using a product such as FrontPage or Dreamweaver. For more information about these products and how they work, check out *FrontPage 2003 For Dummies*, by Asha Dornfest, and *Dreamweaver MX For Dummies*, by Janine Warner and Ivonne Berkowitz (both by Wiley).

Because you're going to be in the business of information *providing* now, as well as information gathering, you need programs such as the following:

- ✓ **A Web page editor:** These programs, which you may also hear called *Web page creation tools* or *Web page authoring tools*, make it easy for you to format text, add images, and design Web pages without having to master HTML.
- ✓ **Graphics software:** If you decide to create your business Web site yourself, rather than find someone to do it for you, you need a program that can help you draw or edit images that you want to include on your site.
- ✓ **Storefront software:** You can purchase software that leads you through the process of creating a full-fledged online business and getting your pages on the Web.
- ✓ **Accounting programs:** You can write your expenses and income on a sheet of paper. But it's far more efficient to use software that acts as a spreadsheet, helps you with billing, and even calculates sales tax.

## Step 5: Find People to Help You

Conducting online business does involve relatively new technologies, but they aren't impossible to figure out. In fact, the technology is becoming more accessible all the time. Many people who start online businesses learn how to create Web pages and promote their companies by reading books, attending classes, or networking with friends and colleagues. Of course, just because you *can* do it all doesn't mean that you have to. Often, you're better off hiring help, either to advise you in areas where you aren't as strong or simply to help you tackle the growing workload — and help your business grow at the same time.

### *Hiring technical experts*

Spending some money up front to hire professionals who can point you in the right direction can help you maintain an effective Web presence for years to come. Many businesspeople who usually work alone (myself included) hire knowledgeable individuals to do design or programming work that they would find impossible to tackle otherwise.



Don't be reluctant to hire professional help in order to get your business online. The Web is full of development firms that perform several related functions: providing customers with Web access, helping to create Web sites, and hosting sites on their servers. The expense for such services may be considerable at first. The programming involved in setting up databases, creating purchasing systems, and programming Web pages can run over \$10,000 for

particularly extensive Web sites, but they can pay off in the long term. Choose a designer carefully, and check out sites they've done before. Tell them your business plan, and spell out clearly what you want each page to do. Another area where you may want to find help is in networking and computer maintenance. You need to know how to do troubleshooting and find out how to keep your computers running. Find out if you have a computer expert in your neighborhood who is available on short notice.



If you do find a business partner, make sure that the person's abilities balance your own. If you're great at sales and public relations, for example, find a writer or Web page designer to partner with.

## *Gathering your team members*

Many entrepreneurial businesses are family affairs. For example, a husband-and-wife team started Scaife's Butcher Shop in England, which has a successful Web site ([www.jackscaife.co.uk](http://www.jackscaife.co.uk)). A successful eBay business, Maxwell Street Market, is run by a husband-and-wife team as well as family members and neighbors: The husband does the buying; the wife prepares sales descriptions; the others help with packing and shipping. John Moen found some retired teachers to help answer the geography questions that come into his [worldatlas.com](http://worldatlas.com) site. The convenience of the Internet means that these geography experts can log on to the site's e-mail inbox from their respective homes and answer questions quickly. (For more about John Moen and his Web site, see the "Mapmaker locates his online niche" sidebar, earlier in this chapter.)

Early on, when you have plenty of time to do planning, you probably won't feel a pressing need to hire others to help you. Many people wait to seek help when they have a deadline to meet or are in a financial crunch. Waiting to seek help is okay — as long as you realize that you *will* need help, sooner or later.



Of course, you don't have to hire family and friends, but you must find people who are reliable and can make a long-term commitment to your project. Keep these things in mind:

- ✓ Because the person you hire will probably work online quite a bit, pick someone who already exhibits experience with computers and the Internet.
- ✓ Online hiring practices work pretty much the same as those offline: You should always review a résumé, get at least three references, and ask for samples of the candidate's work.
- ✓ Pick someone who responds promptly and courteously and who provides the talents you need.
- ✓ If your only contact is by phone and e-mail, references are even more important.



## Who are the people in your neighborhood?

Try to find an expert or helper right in your own neighborhood or town. In my own case, I work with a graphic designer who lives right around the corner from me, and he uses a consultant who lives across the street from him. Ask around your school or church, as well as other social venues. Your neighbors may be able to help you with various projects, including your online business . . . and your online business just may be able to help them, too.

Businesspeople who provide professional services also commonly recommend other consultants in the course of e-mail communications. Don't work in a vacuum. Participate in mailing lists and discussion groups online. Make contacts and strike up cooperative relationships with individuals who can help you.

## Step 6: Construct a Web Site

Although you can make a living buying and selling full time on eBay, a Web site is still likely to be the focus of your online business. Fortunately, Web sites are becoming easier to create. You don't have to know a line of HTML in order to create an effective Web page yourself. Chapter 5 walks you through the specific tasks involved in organizing and designing Web pages. Also, see Chapter 6 for tips on making your Web pages content-rich and interactive.



Make your business easy to find online. Pick a Web address (otherwise known as a URL, or Uniform Resource Locator) that's easy to remember. You can purchase a short domain-name alias, such as `www.company.com`, to replace a longer one like `www.internetprovider.com/~username/companyname/index.html`. If the ideal dot-com (.com) name isn't available, you can choose one of the newer domain suffixes such as .biz. See Chapter 3 and Chapter 8 for more information on domain name aliases.

## Make your site content-rich

The textual component of a Web site is what attracts visitors and keeps them coming back on a regular basis. The more useful information and compelling content you provide, the more visits your site will receive. By compelling content, I'm talking about words, headings, or images that induce visitors to interact with your site in some way. You can make your content compelling in a number of ways:

- ✓ Provide a call to action, such as “Click Here!” or “Buy Now!”
- ✓ Explain how the reader will benefit by clicking a link and exploring your site. (“Visit our News and Specials page to find out how to win 500 frequent flyer miles.”)
- ✓ Briefly and concisely summarize your business and its mission.
- ✓ Scan or use a digital camera to capture images of your sale items (or of the services you provide) as I describe in Chapter 5, and post them on a Web page called Products.



Don't forget the personal touch when it comes to connecting with your customers' needs. People who shop online don't get to meet their merchants in person, so anything you can tell about yourself helps to personalize the process and put your visitors at ease. For example, one of Lucky Boyd's primary goals for his MyTexasMusic.com site is to encourage people to become members so they are more likely to visit on a regular basis. His photos of music fans (see Figure 1-2) personalize the site and remind visitors that they are members of a community of music lovers. Let your cybervisitors know that they're dealing with real people, not remote machines and computer programs.

**Figure 1-2:**  
Personalize  
your business  
to connect  
with customers  
online.



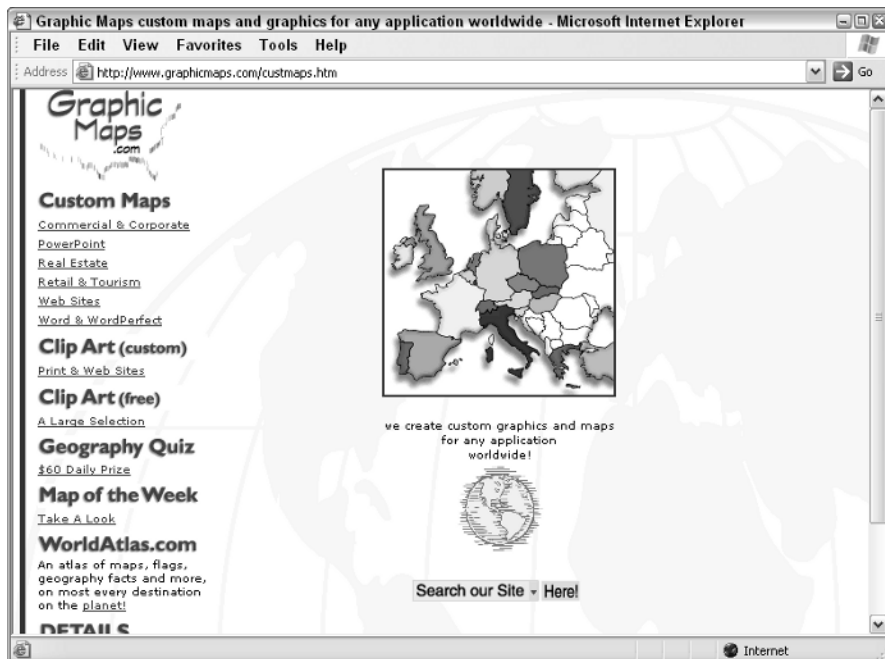


Peeking in on other businesses' Web sites — to pick up ideas and see how they handle similar issues — is a natural practice. In cyberspace, you can visit plenty of businesses that are comparable to yours from the comfort of your home office, and the trip takes only minutes.

## *Establishing a graphic identity*

When you start up your first business on the Web, you have to do a certain amount of convincing. You need to convince customers that you are competent and professional. One factor that helps build trust is a graphic identity. A site with an identity looks a certain way. For example, take a look at Figure 1-3, as well as Figure 1-4 later in this chapter. Both pages are from the Graphic Maps Web site. Notice how each has the same white background, the same distinctive and simple logo, and similar heading styles. Using such elements consistently from page to page creates an identity that gives your business credibility and helps viewers find what they're looking for.

**Figure 1-3:**  
Through careful planning and design, the Graphic Maps site maintains a consistent look and feel, or graphic identity, on each page.



## ***Step 7: Set Up a System for Processing Sales***

Many businesses go online and then are surprised by their own success. They don't have systems in place for finalizing sales, shipping out purchased goods in a timely manner, and tracking finances and inventory.

An excellent way to plan for success is to set up ways to track your business finances and to create a secure purchasing environment for your online customers. That way, you can build on your success rather than be surprised by it.

### ***Providing a means for secure transactions***

Getting paid is the key to survival as well as success. When your business exists only online, the payment process is not always straightforward. Make your Web site a safe and easy place for customers to pay you. Provide different payment options and build customers' level of trust any way you can.

Although the level of trust among people who shop online is increasing steadily, some Web surfers are still squeamish about submitting credit card numbers online. And beginning businesspeople are understandably intimidated by the requirements of processing credit card transactions. In the early stages, you can simply create a form that customers have to print out and mail to you along with a check. (The Graphic Maps site is successful without having an online credit card system; clients phone in their orders.)

When you are able to accept credit cards, make your customers feel at ease by explaining what measures you're taking to ensure that their information is secure. Such measures include signing up for an account with a Web host that provides a *secure server*, a computer that uses software to encrypt data and uses digital documents called certificates to ensure its identity. (See Chapters 7 and 12 for more on Internet security and secure shopping systems.)

### ***Becoming a credit card merchant***

The words *electronic commerce* or *e-commerce* bring to mind visions of online forms and credit card data that is transmitted over the Internet. Do you have to provide such service in order to run a successful online business? Not necessarily. Being a credit card merchant makes life easier for your customers, to be sure, but it also adds complications and extra costs to your operation.



The traditional way to become a credit card merchant is to apply to a bank. Small and home-based businesses can have difficulty getting their applications approved. Alternatively, you can sign up with a company that provides electronic “shopping cart” services and credit card payments online to small businesses. See Chapter 12 for suggestions.

If you do get the go-ahead from a bank to become a credit card merchant, you have to pay it a *discount rate*, which is a fee (typically, 2 to 3 percent of each transaction). You sometimes have to pay a monthly premium charge of \$10 to \$25 as well. Besides that, you may need special software or hardware to accept credit card payments.

In the early stages of your business, you may find it easier to take orders over the phone. Remember that most of your customers probably don’t have a second phone line for Internet access, however. They have to disconnect from the Internet to call and place their orders. Also invite them to send you an e-mail message that provides contact information and states what they want to order. Then if your business takes off, you can present your sales records to the bank and be more likely to get your merchant application approved. See Chapter 12 for more on electronic commerce options for your business.



To maximize your sales by reaching users who either don’t have credit cards or don’t want to use them on the Internet, provide low-tech alternatives, such as toll-free phone numbers and fax numbers, so that people can provide you with information by using more familiar technologies.



After much searching, Lucky Boyd signed up with a company called Gomerchant ([www.gomerchant.com](http://www.gomerchant.com)), which provides him with the payment systems that many online shoppers recognize when they want to make a purchase. First, there’s a *shopping cart* — a set of pages that acts as an electronic “holding area” for items before they are purchased. Next, there’s a secure way for people to make electronic purchases by providing online forms, where people can safely enter credit card and other personal information. The note stating that the payment area is protected by Secure Sockets Layer (SSL) encryption tells people that, even if a criminal intercepts their credit card data, he won’t be able to read it.



Safeguarding your customers’ personal information is important, but you also need to safeguard your business. Many online businesses get burned by bad guys who submit fraudulent credit card information. If you don’t verify the information and submit it to your financial institution for processing, you’re liable for the cost. Strongly consider signing up with a service that handles credit card verification for you in order to cut down on lost revenue. See Chapter 7 for more on these and other security issues.

## *Keeping your books straight*

What does “keeping your books” mean, anyway? In the simplest sense, it means recording all financial activities that pertain to your business, including any expenses you incur, all the income you receive, as well as your equipment and tax deductions. The financial side of running a business also entails creating reports, such as profit-and-loss statements, that banks require if you apply for a loan. Such reports not only help meet financial institutions’ needs, but also provide you with essential information about how your business is really doing at any given time.

You can record all this information the old-fashioned way, by writing it down in ledgers and journals, or you can use accounting software. (See Chapter 17 for some suggestions of easy-to-use accounting packages that are great for financial novices.). Because you’re making a commitment to using computers on a regular basis by starting an online business, it’s only natural for you to use computers to keep your books, too. Accounting software can help you keep track of expenses and provide information that may save you some headaches at tax time. And after you’ve saved your financial data on your hard drive, make backups so that you don’t lose information you need to do business. See Chapter 7 for ways to back up and protect your files.

## *Step 8: Provide Personal Service*

The Internet, which runs on wires, cables, and computer chips, may not seem like a place for the personal touch. But technology didn’t actually create the Internet and all of its content; *people* did that. In fact, the Internet is a great place to provide your clients and customers with outstanding, personal customer service.

In many cases, customer service on the Internet is a matter of being available and responding quickly to all inquiries. You check your e-mail regularly; you make sure you respond within a day; you cheerfully solve problems and hand out refunds if needed. By helping your customers, you help yourself, too. You build loyalty as well as credibility among your clientele. For many small businesses, the key to competing effectively with larger competitors is by providing superior customer service. See Chapter 13 for more ideas on how you can do this.

## *Sharing your expertise*

Your knowledge and experience are among your most valuable commodities. So you may be surprised when I suggest that you give them away for free. Why?

It's a "try before you buy" concept. Helping people for free builds your credibility and makes them more likely to pay for your services down the road.

When your business is online, you can easily communicate what you know about your field and make your knowledge readily available. One way is to set up a Web page that presents the basics about your company and your field of interest in the form of Frequently Asked Questions (FAQs). Another technique is to become a virtual publisher/editor and create your own newsletter in which you write about what's new with your company and about topics related to your work. See Chapter 13 for more on communicating your expertise through FAQs, newsletters, and advanced e-mail techniques.



My brother was skeptical when I recommended to him that he include a page full of technical information explaining exactly what equipment he uses and describing the steps involved in audio restoration. He didn't think anyone would be interested; he also didn't want to give away his "trade secrets." *Au contraire, mon frère!* People who surf the Internet gobble up all the technical details they can find. The more you wow them with the names and model numbers of your expensive equipment, not to mention the work you go through to restore their old records, the more they'll trust you. And trust will get them to place an order with you.

## *Making your site a go-to resource*

Many *ontrepreneurs* (online entrepreneurs) succeed by making their Web sites not only a place for sales and promotion but also an indispensable resource, full of useful hyperlinks and other information, that customers want to visit again and again. For example, the Graphic Maps Web site, which I profile earlier in this chapter, acts as a resource for anyone who has a question about geography. To promote the site, John Moen gives away free maps for nonprofit organizations, operates a daily geography contest with a \$100 prize to the first person with the correct answer (shown in Figure 1-4), and answers e-mail promptly. "I feel strongly that the secret on the Web is to provide a solution to a problem and, for the most part, to do it for free," he suggests.



The MyTexasMusic site ([www.mytexasmusic.com](http://www.mytexasmusic.com)) uses the concept of membership to strengthen connections with customers. The main purpose of the site is to make money by selling the works of Texas musicians, as well as tickets to concerts. But in order to make money, you need to give people a reason to visit your site on a regular basis.

**Figure 1-4:**  
This site  
uses free  
art, a mailing  
list, and  
daily prizes  
to drum up  
business.



The site encourages music lovers and musicians to become members: They provide information about who they are and where they live, and they create their own username and password, so they can access special content and perform special functions on the site such as selling their own CDs or posting song clips online. For an online business, knowing the names and addresses of people who visit and who don't necessarily make purchases is a gold mine of information. The business can use the contact information to send members special offers and news releases; the more frequently contact is maintained, the more likely those casual shoppers will eventually turn into paying customers.

The concept of membership also builds a feeling of community among customers. By turning the e-commerce site into a meeting place for members who love Texas musicians, those members make new friends and have a reason to visit the site on a regular basis. Community building is one way in which commerce on the Web differs from traditional brick-and-mortar selling, and it's something you should consider, too.

Another way to encourage customers to congregate at your site on a regular basis is to create a discussion area. In Chapter 13, I show you how to provide a discussion page right on your own Web site.

## *Becoming a super e-mailer*

E-mail is, in my humble opinion, the single most important marketing tool that you can use to boost your online business. Becoming an expert e-mail user increases your contacts and provides you with new sources of support, too.

The two best and easiest e-mail strategies are the following:

- ✓ Check your e-mail as often as possible.
- ✓ Respond to e-mail inquiries immediately.

Additionally, you can e-mail inquiries about comarketing opportunities to other Web sites similar to your own. Ask other online business owners if they will provide links to your site in exchange for you providing links to theirs. And always include a signature file with your message that includes the name of your business and a link to your business site. See Chapter 13 for more information on using e-mail effectively to build and maintain relations with your online customers.

**Note:** I'm encouraging you to use e-mail primarily for one-to-one communication. The Internet excels at bringing individuals together. Mailing lists and newsletters can use e-mail effectively for marketing, too. However, I'm *not* encouraging you to send out mass quantities of unsolicited commercial e-mail, a practice that turns off almost all consumers and that can get you in trouble with the law, too. You can read about a spammer who was sentenced to nine years in prison under the state of Virginia's anti-spam law at [www.pcworld.com/news/article/0,aid,118493,00.asp](http://www.pcworld.com/news/article/0,aid,118493,00.asp).

## *Step 9: Alert the Media and Everyone Else*

In order to be successful, small businesses need to get the word out to the people who are likely to purchase what they have to offer. If this group turns out to be only a narrow market, so much the better; the Internet is great for connecting to niche markets that share a common interest. (See Chapter 15 for more on locating your most likely customers on the Internet and figuring out how best to communicate with them.)

The Internet provides many unique and effective ways for small businesses to advertise, including search services, e-mail, newsgroups, electronic mailing lists, and more.

## *Listing your site with Internet search services*

How, exactly, do you get listed on the search engines such as Yahoo! and Lycos? Frankly, it's getting more difficult. Many of the big search services charge for listings. But some let you contribute a listing for free, though there's no guarantee if or when you'll see your site included in their databases.

You can increase the chances that search services will list your site by including special keywords and site descriptions in the HTML commands for your Web pages. You place these keywords after a special HTML command (the `<META>` tag), making them invisible to the casual viewer of your site. Turn to Chapter 15 for details.



John Moen and Lucky Boyd have both created multiple Web sites for different purposes. One purpose is to reach different markets. Another is to improve rankings on search engines such as Google: by linking one site to several other sites, the site is considered more “popular” and its ranking rises. See Chapter 15 for more on this and other tips on getting listed by Internet search engines.

## *Reaching the entire Internet*

Your Web site may be the cornerstone of your business, but if nobody knows it's out there, it can't help you generate sales. Perhaps the most familiar form of online advertising are *banner ads*, those little electronic billboards that seem to show up on every popular Web page that you visit.

But banner advertising can be expensive and may not be the best way for a small business to advertise online. In fact, the most effective marketing for some businesses hasn't been traditional banner advertising or newspaper/magazine placements. Rather, the e-marketers who run those businesses target electronic bulletin boards and mailing lists where people already discuss the products being sold. You can post notices on the bulletin boards where your potential customers congregate, notifying them that your services are now available. (Make sure the board in question permits such solicitation before you do so, or you'll chase away the very customers you want.)

This sort of direct, one-to-one marketing may seem tedious, but it's often the best way to develop a business on the Internet. Reach out to your potential customers and strike up an individual, personal relationship with each one.

Chapter 15 contains everything you need to know about advertising with mailing lists, newsgroups, and even traditional banner ads.

## Step 10: Review, Revise, and Improve

For any long-term endeavor, you need to establish standards by which you can judge its success or failure. You must decide for yourself what you consider success to be. After a period of time, take stock of where your business is, and then take steps to do even better.

### *Taking stock*

After 12 months online, Lucky Boyd took stock. His site was online, but he wasn't getting many page views. He redid the site, increased the number of giveaways, and traffic rose. Now, he wants to make music downloads available on his site; he's preparing to redo all of his Web pages with the Hypertext Preprocessor programming language (PHP).



HTML is a markup language: It identifies parts of a Web page that need to be formatted as headings, text, images, and so on. It can be used to include scripts, such as those written in the JavaScript language. But by creating his pages from scratch using PHP, Lucky Boyd can make his site more dynamic and easier to update. He can rotate random images, process forms, and compile statistics that track his visitors by using PHP scripts, for instance. He can design Web pages in a modular way so they can be redesigned and revised more quickly than with HTML, too.

When all is said and done, your business may do so well that you can reinvest in it by buying new equipment or increasing your services. You may even be in a position to give something back to nonprofits and those in need. The young founders of The Chocolate Farm ([www.thechocolatefarm.com](http://www.thechocolatefarm.com)) set up a scholarship fund designed to bring young people from other countries to the United States to help them find out about free enterprise. Perhaps you'll have enough money left over to reward yourself, too — as if being able to tell everyone “I own my own online business” isn't reward enough!



Money is only one form of success. Plenty of entrepreneurs are online for reasons other than making money. That said, it is important from time to time to evaluate how well you're doing financially. Accounting software, such as the programs that I describe in Chapter 17, makes it easy to check your revenues on a daily or weekly basis. The key is to establish the goals you want to reach and develop measurements so that you know when and if you reach those goals.

## *Updating your data*

Getting your business online now and then updating your site regularly is better than waiting to unveil the perfect Web site all at one time. In fact, seeing your site improve and grow is one of the best things about going online. Over time, you can create contests, strike up cooperative relationships with other businesses, and add more background information about your products and services.



Consider The Chocolate Farm, which is still owned and operated by Evan and Elise MacMillan of Denver, Colorado. The business was started when Elise was just 10 years old and Evan was 13. They began by selling chocolates with a farm theme, such as candy cows; these days, they focus more on creating custom chocolates — sweets made to order for businesses, many of which bear the company's logo. Evan, who manages the company's Web site, now updates it from his college dorm room in California. He and his sister oversee the work of 50 full- and part-time employees.

Businesses on the Web need to evaluate and revise their practices on a regular basis. Lucky Boyd studies reports of where visitors come from before they reach his site, and what pages they visit on the site, so he can attract new customers. Online business is a process of trial and error. Some promotions work better than others. The point is that it needs to be an ongoing process and a long-term commitment. Taking a chance and profiting from your mistakes is better than not trying in the first place.