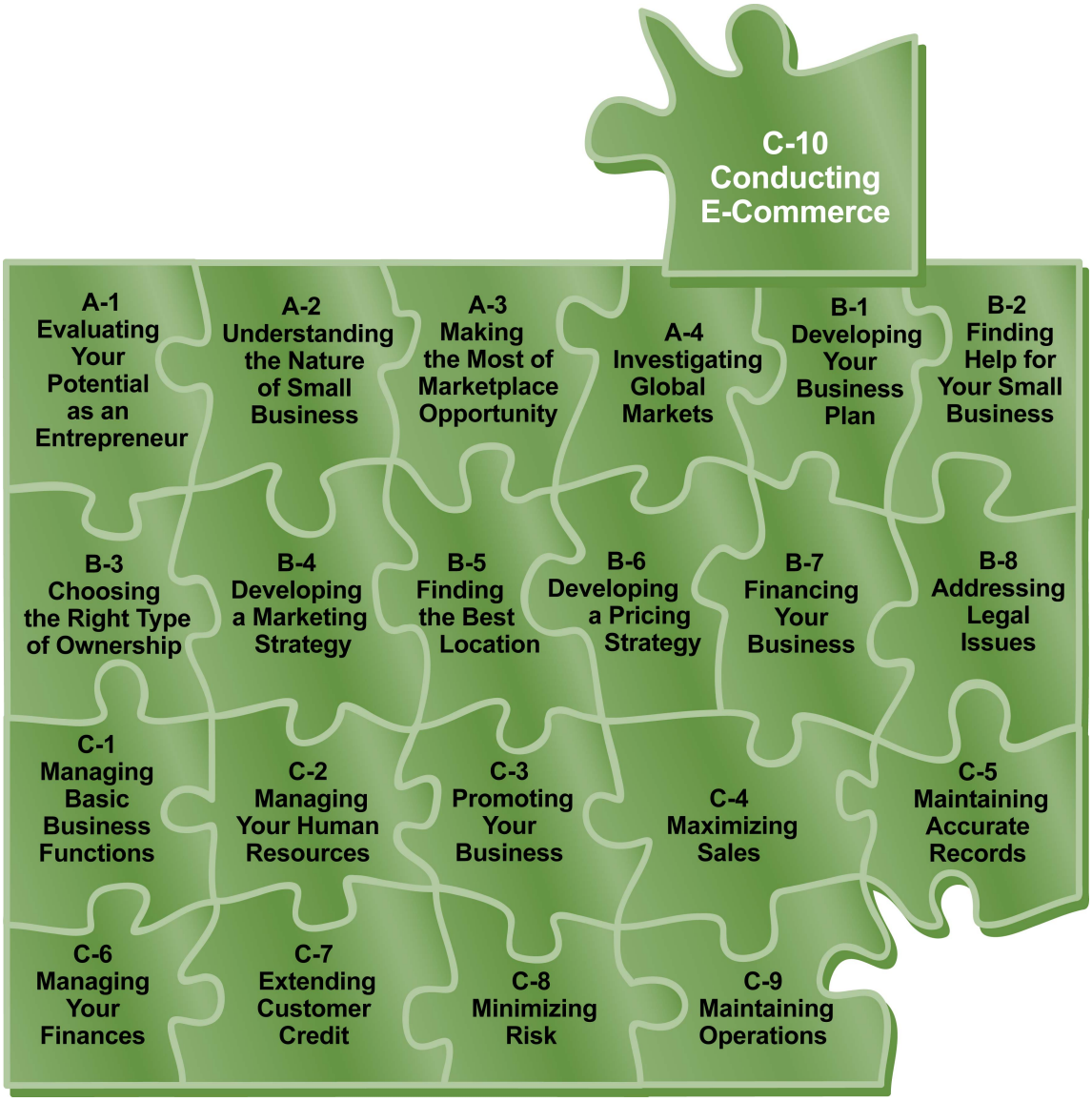
PACE
Fourth Edition

Program for Acquiring Competence in Entrepreneurship



THE OHIO STATE UNIVERSITY

CENTER ON EDUCATION AND TRAINING FOR EMPLOYMENT

COLLEGE OF EDUCATION AND HUMAN ECOLOGY

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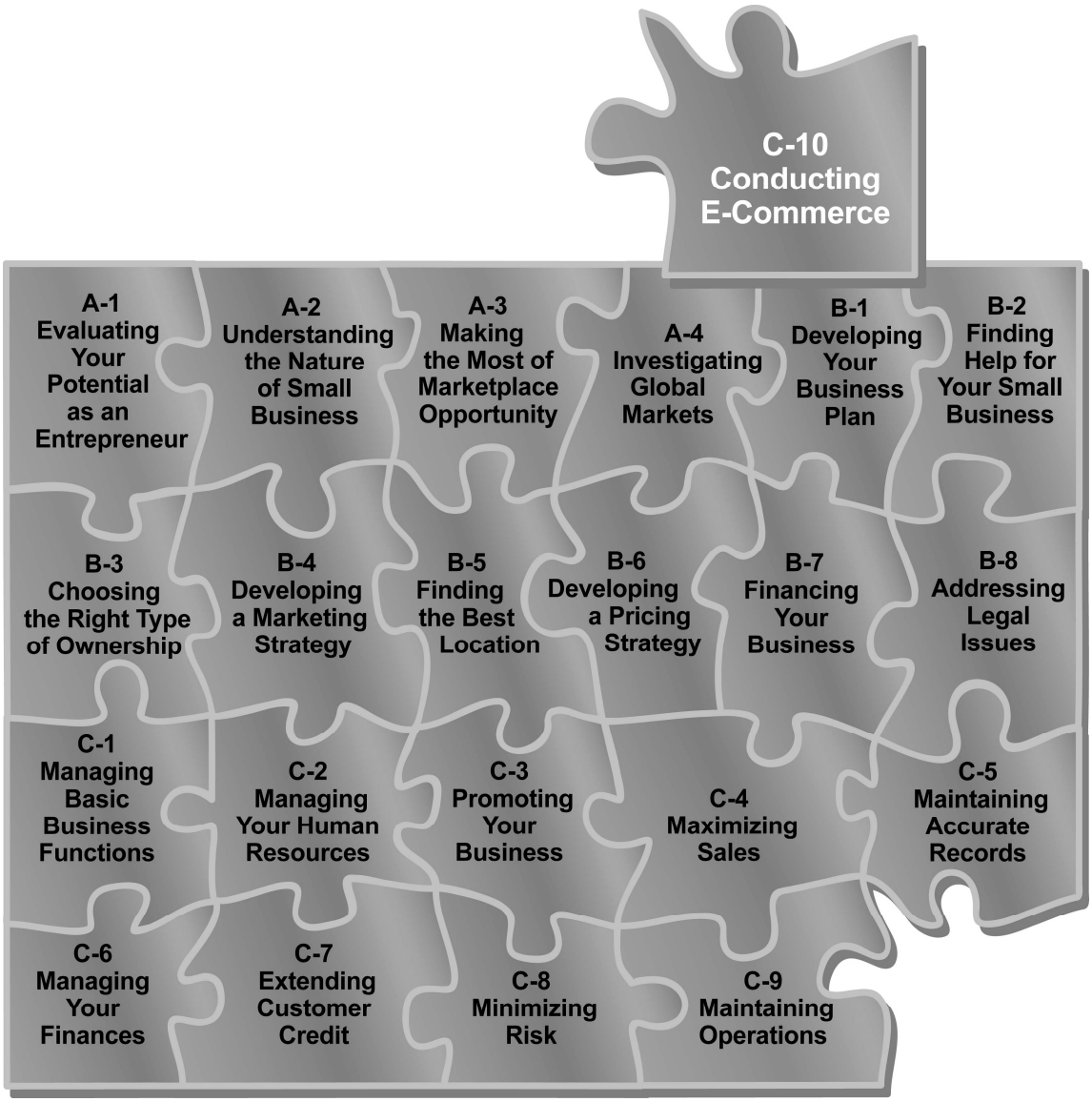

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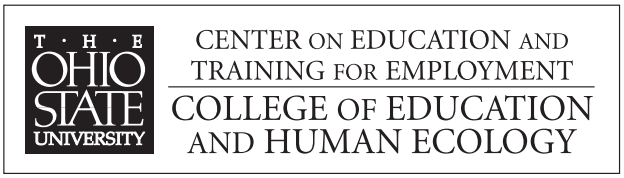

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Foreword

I am pleased to introduce you to the Fourth Edition of the Program for Acquiring Competence in Entrepreneurship (PACE). PACE represents our continuing effort to respond to the needs of the education and business communities. At no other time in history has understanding entrepreneurship been as important. For one thing, promoting entrepreneurship carries the societal imperative as small businesses as a whole contribute much to the growth and renewal of regional and national economies.

When first published in the late 1980s, PACE properly emphasized that entrepreneurship was based as much on sound planning as having products and services that were responsive to the marketplace. Through its various revisions, PACE continued to focus on the general importance of planning and managing the startup of a small business.

The current PACE edition represents a necessary break from past versions in both its format and some content. For one thing, the text format has been substantially changed from paragraphs to a series of related sections with subheadings. This change allows readers to have greater accessibility to the information, whether it is delivered via a printed booklet or a technology-based approach. And the format allows the instructor/facilitator to have greater flexibility in selecting content to accommodate the needs of various audiences and settings.

In terms of the content, PACE continues to emphasize the importance of planning and managing of a small business. But it now includes a renewed emphasis on meeting customer expectations. Any business cannot exist without a comprehensive understanding of who receives its products or services. In this sense, PACE introduces the topic of conducting e-commerce. Until recently, the entrepreneurial horizon may have been limited to serving local customers only. The advent of the Internet offers the promise of serving many more customers, but not without the accompanying challenges.

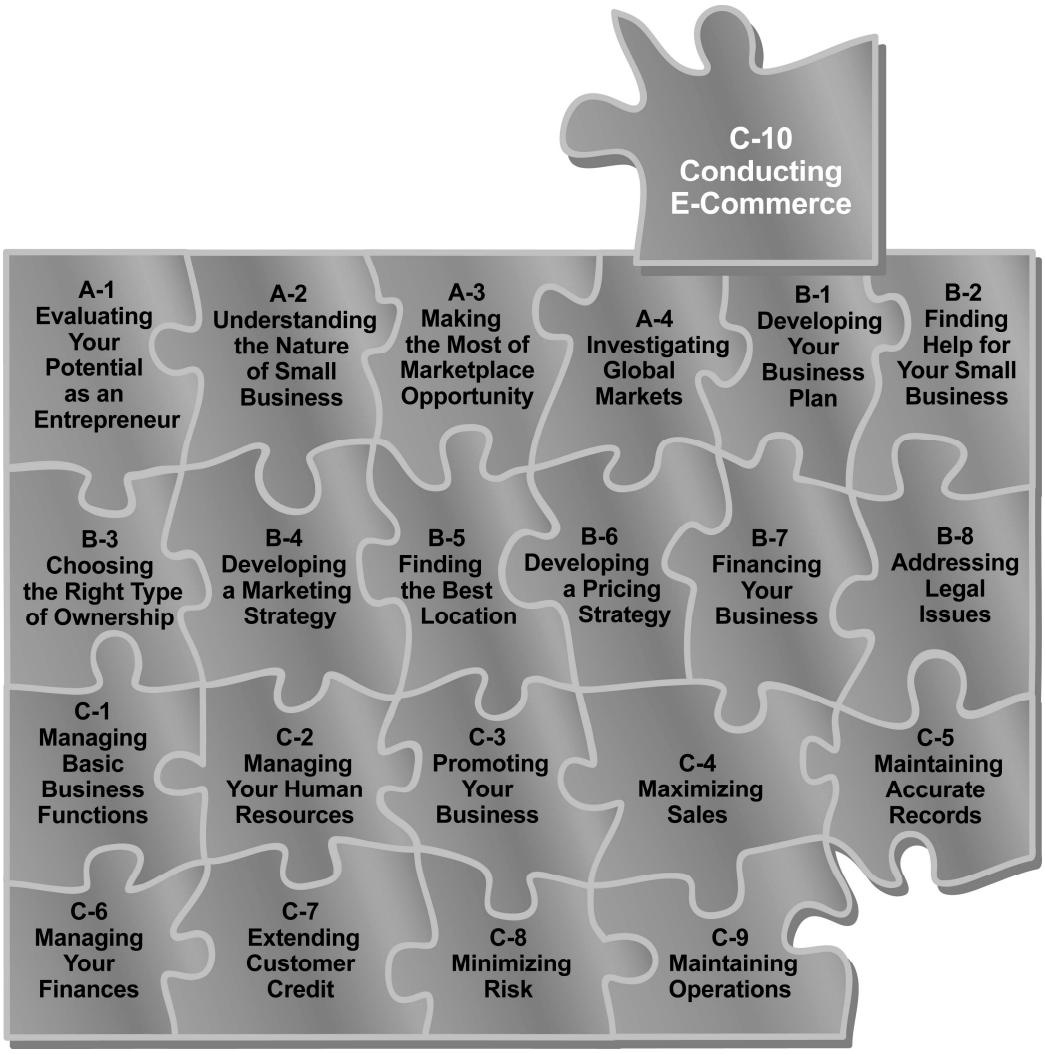
This edition was supported in part by a grant from OSU Extension and in partnership with OSU South Centers – Piketon. We hope that PACE will provide you with the understandings necessary to help you to achieve your entrepreneurship goals.

Ronald L. Jacobs
Director
Center on Education and Training for Employment

Overview

Introduction

E-commerce has become a vital part of business. Having the ability to conduct e-commerce is a valuable opportunity to attract customers and ultimately increase business. The Internet has fundamentally changed the ways of doing business and serves as a unique way for entrepreneurs to access customers.



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Overview, Continued

Rationale

While a storefront in your local community gains access to residents in that geographic area, a storefront on the Internet provides access to customers around the globe. E-commerce represents an important aspect of conducting business that every entrepreneur needs to evaluate for his or her business.

Objectives

By the completion of this module, you will be able to:

- Understand the nature and benefits of e-commerce.
- Determine your business website needs.
- Analyze the technology and skills needed for e-commerce.
- Determine if managing your own website is practical.
- Understand the process of online order handling and payment methods.
- Understand the need for network security.
- Determine customer service needs.

Relevant NCSEE standards

This module aligns with the following National Content Standards for Entrepreneurship Education (NCSEE):

E.14 Communicate by computer.
E.17 Explain the nature of e-commerce.
E.18 Describe the impact of the Internet on business.
E.19 Develop basic website.
L.31 Manage online services
L.56 Analyze technology for use in the sales function.
L.57 Manage online sales process.

More information on the NCSEE is available at: http://www.entre-ed.org/Standards_Toolkit.

Continued on next page

Overview, Continued

Topics

The topics in this module are:

Topic	See Page
E-commerce vs. E-business	4
Website	6
Order Processing	18
IT Strategy	21
Customer Service	28

Exhibits

The exhibits in this module are:

Exhibit	See Page
Website Planning Tool	8
Website Development Checklist	13
IT Strategy Checklist	26
Maintenance Checklist	29

Before you begin

After reviewing the above objectives for this module, determine whether you can already meet those objectives and consult your instructor if you can.

E-Commerce vs. E-Business

Introduction

What is the difference between e-commerce and e-business? And what is that "E" all about anyway?

"E" is for electronic!

"E" is for electronic! We live in a society heavily dependent on technology. While entrepreneurs are typically self-motivated go-getters, they would be naive to think that technology has no role in their business. Whether it's a financial consulting business, a free-lance woodworking business, or a malt shop, technology plays a vital role in the life of any business.

The entrepreneur needs to utilize technology to streamline the flow of business operation and improve quality of products and services. Technology can help improve profitability. All businesses rely on some form of electronic-based technology. Therefore, every entrepreneur participates in e-business.

What is e-business?

E-business is the process of using electronics for your business operations. Many people like to think e-business is a separate part of a business. However, e-business should be thought of not as a separate category of the business but as an integrated aspect of your business processes.

"E" is for everyone!

"E" is for everyone. Everyone uses electronics in his or her business. Consider a dairy farmer who milks cows twice-a-day. Technology may not appear relevant. However, the farmer uses software to track feed rations and weekly milk fat contents. And, this same dairy farmer may claim, "I don't have time to play around with electronics, so what makes you think I conduct e-business?" Business is business. It involves money, marketing, and management. It is rare to find an entrepreneur that does not use electronic solutions to maximize all three.

Continued on next page

E-Commerce vs. E-Business, Continued

"E" is for everywhere!

E-business can be something as simple as online banking for your business. If you use the Internet to maintain partnerships, to tap into a demographic database, or for customer follow-up information, you are conducting e-business. Consider electronics an enabler of business performance. Multitudes of technology-based solutions serve as the backbone for successful businesses. From basic computing to software solutions, pocket personal computers (PCs), cameras, scanners, and printers – electronic solutions are everywhere. "E" is for everywhere; and, most likely, electronic solutions are a vital part of your business. In what ways are you conducting e-business?

What is e-commerce?

You *can* conduct e-business without e-commerce. Collaborating with colleagues and business partners is a prime example of e-business. However, collaborating with business partners over the Internet is *not* e-commerce. While a transaction of data is taking place over a telecommunications network, no funds are being exchanged.

E-commerce requires a business transaction, or financial event, to be made over the Internet. It is a monetary-based exchange of goods or services via telecommunications networks. Therefore, you cannot conduct e-commerce without first doing e-business. Entrepreneurs use e-business strategies to make a connection, a product to entice customers, and e-commerce to seal the deal, by making a financial transaction.

Every entrepreneur has the potential to conduct e-commerce. Read on to learn more about the various aspects of e-commerce.

Website

What makes a good website?

A website is an integral part of e-commerce; it represents your online storefront.

Have you ever considered that your website can be thought of as a buffet? In many respects your website is a buffet, built in the digital, easily accessible, information age. You're open 24 hours, seven days a week, all-you-can-consume.

As an entrepreneur you want your customers to keep consuming, or clicking, on your website. In fact, you may simply make more money if they keep clicking. Let's face it, if they do not want to consume frequently, something is definitely wrong! It is your job in managing a website to keep your customers consuming, coming back, and wanting more.

Core menu

In order to do that, you must decide on a core menu. These are the basics that customers or potential customers would naturally expect of your website.

For example, customers for an online pet store may expect a wide variety of pet foods and brands. They may also expect to shop for specific products for their type of animal. They may expect to easily find your pricing information and contact information. Contact information, inventory, pricing, and a secure server for payment processing should be the core elements of any e-commerce website.

Beyond the core menu

However, to make a website relevant to customers, most entrepreneurs cannot stop with only the core elements. They must continually develop the daily specials, appetizers, and the dessert bar. Online appetizers for a 24-hour, 7-day-a-week pet store may include fun facts about certain animals scrolling down the side, enticing customers to click. The dessert bar might consist of a kid's section, with pet care instructions, puzzles, and games.

Continued on next page

Website, Continued

Keeping the core up to date

As with most websites and businesses, the core pieces never change. **Who and what your business stands for will remain the same.** However, it is imperative that you adapt to the changing online climate just as you must adapt to the changing business world. And the Internet world is changing frequently.

For instance, continuously updating your appearance, providing new information, and making new additions are vital to keep a website alive. These types of improvements to your website are an important reason your web-browsing customers will keep coming back for more. Every entrepreneur likes it that way. Every entrepreneur wants it that way. So let's get started on better understanding how to create your digital, all-you-can-consume, online buffet.

Design is everything

Have you ever planned a vacation in a certain area and identified places to visit – and then arrived at those places only to find that they were not what you envisioned?

Can a website have the same feeling? If you're like most customers, you base decisions on your first impression, and you trust your gut feeling. Most customers will not enter a storefront that appears unkempt. Likewise, your e-commerce storefront needs to project a desirable image to attract customers inside. Therefore, website design is vital for your business.

The most cost-effective time to consider your website design is during the early stages of development. Doing so can significantly reduce excess costs and loss of valuable time spent designing and redesigning, over and over again. Investing in a design upfront can also avoid potential profit loss resulting from launching a website that sends the wrong messages to potential customers and discouraging them from returning. While some design updates will naturally occur, many dramatic changes can be avoided by using good design techniques.

Website planning tool

The Website planning tool on the next page can help you identify key components of the website you are planning.

Continued on next page

Website, Continued

Website planning tool

Complete the website planning tool below to identify key components of your website.

Website Planning Tool

Continued on next page

Website, Continued

Some key terms Some key e-business and e-commerce terms are defined below. You can refer back to these as you read the following discussion of website design.

Term	Definition
Note. Words in *italics* in these definitions are also defined in this table.	
Domain name	A name that identifies one or more *IP addresses*. Domain names are used in *URLs* to identify particular web pages.
E-business	The process of using electronics for your business operations.
E-commerce	E-commerce requires a business transaction, or financial event, to be made over the Internet.
Encryption	The translation of data into secret code to achieve data security.
External hard drive	A peripheral, cable-connected memory device that allows you to save data and then store it in a separate place.
Firewall	A preventive security measure, encapsulating a collection of security tools that prevent unauthorized users from accessing computer network data and the sensitive, private data of your e-business network that is being transferred.
IP address	An identifier for a computer or device, similar to an address, which is used to identify it on a computer network.
ISP	Internet Service Provider – A company that provides access to the Internet.
Order tracking	Order tracking allows customers to log in at anytime to view their order and account information.
Secure server	A secure server ensures that the information sent is encrypted and hacker safe. It is important for customers to feel that their shopping experience and personal information are kept private.
URL	Uniform Resource Locator – In popular terms, a string of characters used to identify a resource on a network, typically the Internet.
Virtual shopping cart	Virtual shopping carts allow customers to add and remove selected items as they shop online.
Website host	The website host provides the infrastructure for a computer service.
WYSIWYG	"What you see is what you get." – An environment that allows you to clearly see what the final production will look like.

Continued on next page

Website, Continued

Basic rules for website design

- Keep the customer Number 1.
- Define who your customer is.
- List your customer's expectations.
- Develop a 10-second message.
- Develop a customer-driven site.

Customer-driven websites

The best e-commerce sites are *customer-driven sites*; that means they are conceptually designed from the user's perspective. Answer the questions below to start off on the right foot.

Who are my customers?

It would be hard to have a profitable business without customers. Business is good when customers are kept as the top priority in your web design. An effective web design is based on constantly evaluating and assessing customer needs and drafting a plan to meet those needs. It is critical to talk with customers of your e-business. These may be different customers than those customers that do not buy from your website.

In order to attract those customers, you must target them and tailor your message so it attracts them specifically. It is the way to differentiate yourself on the busy Internet competitive market.

What are my customers' expectations?

Understanding *who* your customers are and *what* they want will allow you to develop an inviting, user-friendly site that keeps current customers coming back for more and attracts new ones.

Suppose your typical customer is age 60, with a dial-up Internet connection. You should not create a high-tech, flashy graphics site. You must consider that flashy graphics might be unappealing to that age group and take too long to load on that type of Internet connection.

On-the-other-hand, if you are targeting children and your target audience is expecting an interactive, flashy graphics site, they will probably have the connection speed to explore your site. Know your customer. Poll existing customers, brainstorm from their perspective, and envision everything you want your site to be.

Continued on next page

What are my customers' expectations? (continued)

When you identify your customers' expectations, it is possible to customize your website's message based on their needs and interests. Utilizing technology, you can tailor your website to specific interests of customers.

For example, using a customer log-in screen helps you find out who you are servicing and tailor the page to meet the individual customer's needs. Another approach is to track the IP addresses of website visitors, so when customers revisit, you will notice the same IP and include items they may like on the front page. An IP address is an identifier for a computer or device, similar to an address, which is used to identify it on a computer network. Amazon.com does a great job at tailoring their website to the specific interests of customers.

What is my 10-second message?

Ever remember sitting through a boring or confusing presentation? If you are like most people, you lose interest in the topic and do not listen attentively. On the Internet, customer's losing interest results in a click away from your website. You want your site to draw people in and not turn them away.

Once you understand your customer, developing a 10-second message is simple. Your 10-second message represents the most important things you want your customer to know about your business, like these:

- Just do it!
- Your way, right away!
- Everything you love . . .
- Making a difference one day at a time.
- What is best for kids.

Having a clear 10-second message is crucial in any business, especially your e-business. The average web surfer usually glances at homepages and decides in 3-5 seconds whether to continue browsing the site or go back to the search engine. You probably know what it is like to be searching the Internet for specific information, a product, or a service. Many of us decide at first glance whether or not a site meets our needs. Users will either click on a web page or leave immediately; seconds do not last long. The 10-second message is your tag-line, or call-to action, which causes the users to stay and click.

Continued on next page

Website, Continued

Development

Once you have clarified your target audiences, it is time to actually develop the website and the related technologies. But site development is not an easy task.

The two primary ways to develop a website are to develop it yourself or hire an outside designer. Once you define the target audiences and design elements, you need a website plan. A website plan will provide a clear map for developing your e-business website.

Your website plan should be developed during the design phase. It is best to answer these questions prior to development:

1. What will be my site's purpose?
2. What technology do I have? What technology do I need to acquire?
3. What do I want to deliver to my audience?
4. What are core elements of my website?
5. What colors, graphics, and layout will I use?
6. What type of accessible and meaningful navigational system will I use?
7. Who will host my site and provide technical support?

Whether the work will be done in house or contracted, identifying answers to these questions will help mitigate setbacks and concerns during the development phases.

Website hosts and domain names

The website host provides the infrastructure for a computer service. For example, there are many website host companies that can host files, programs, applications, or even a website for companies and individuals.

A domain name is a name that identifies one or more IP addresses. Domain names are used in URLs to identify particular web pages.

For example, in the URL *http://www.pcwebopedia.com/index.html,* the domain name is *pcwebopedia.com.*

Website development checklist

The website development checklist on the following page can be used to plan a website for either e-business or e-commerce.

Continued on next page

Website Development Checklist

Area	Task	Completed	Scheduled	Action Needed
Website Technology	1. Ensure computer system is no more than three years old.			
	2. Obtain security software solutions.			
	3. Register domain name.			
	4. Acquire a website host.			
	5. Estimate the size of your website (catalogue).			
	6. Purchase necessary space from your web host.			
Website Design	7. Select colors.			
	8. Select layout.			
	9. Select special features.			
Website Development	10. Build template.			
	• Buy software, build yourself *or*			
	• Purchase template.			
	11. Provide content.			
	• About			
	• Products			
	• Services			
	• Order and process statements			
	• Contact information			
	• Catalog			
	• Graphics			
	• Pricing			
	• Order information			
Website Promotion	12. Develop Web Marketing Strategy			
Website Launch	13. Publish your website to your host.			
Website Maintenance	14. Schedule updates.			

Continued on next page

Website, Continued

Doing it yourself

To develop a website for your business in-house, there are three fundamental questions:

- Do you have the skills and abilities to use the technology?
- Do you have the time or is your time more appropriate doing other aspects of the business?
- Can you hire the expertise you need?

There are many software packages available that can assist in the creation of your website. These types of applications allow you to develop your site in a WSYWIG environment. This environment allows you to clearly see what your customer will see. These software packages also provide an array of other project management-related features. Here are some web development software packages:

- Macromedia Contribute
- Macromedia Dreamweaver
- Microsoft Frontpage
- Microsoft Expression

Pros and cons of developing your website in house including the following.

Pros	**Cons**
• Update and maintenance are easier. • In-house development is more cost-effective. • You can control the timeline during development and launch.	• Time spent here may deprive other aspects of your business. • Some software packages require a steep learning curve.

Continued on next page

Website, Continued

Contracting with a web developer

If you do not intend to use in-house resources to develop your website, you should consider contracting with a web developer. To help determine what developer meets your needs, you must do some research. Check out the developer's website and other websites the developer has helped develop.

It would also be a good idea to call the companies who have contracted with the developer for previous work to gain insight regarding the process, the contractor's performance, and the customers' overall satisfaction. Keep in mind that your site will need to be maintained by someone. Shop around to find out who has the best maintenance practices and the estimated fees.

Pros and cons of contracting a web developer include the following.

Pros	Cons
• Time may be spent elsewhere. • You will not have to purchase web development software, unless you wish to maintain it yourself. • You will be involved in the process without doing the actual programming work. • Your must do research to find a good developer. • You will not have to learn programming or website code.	• The website could be costly to develop. • Either you must be trained to update the website yourself or you must pay the developer a fee to maintain it. • If the developer is making updates, you must contact someone else to make changes and updates. • You must adhere to the developer's time constraints.

Launch: going live!

When building a house, you need to purchase land and acquire a street address. To live on the Internet, you must have an address too.

There are a variety of hosting packages available. Some hosting packages contain basic web development software and templates you can access online. Determining which choice will best suit your needs should be outlined in your development plan.

Continued on next page

Website, Continued

Maintenance: keep it fresh!

It is not enough to have a website. It is necessary to keep the website current and up to date. Therefore, it is imperative that you formulate a website maintenance schedule. This schedule should outline regular site updates (text, graphics, etc.) to ensure that information does not become outdated. This schedule can be as simple as the checklist you take to the grocery or as detailed as your checkbook.

Obviously, there is some information, such as company name and vision, that will never change on your site. Your maintenance will most likely consist of addressing product promotions, company news, product updates, and customer reviews. No matter what is posted on your site, it will be your responsibility to update and maintain in order to continue servicing current customers and attract future customers.

Website continuation plan

As an entrepreneur, you understand the value of a vision. What do you want your site to be after it has already been established on the web? After what period of time will you commit to an upgrade? Of course, website maintenance is ongoing, but how do you picture your e-business future today? Take sometime and write down your vision of your website and its future potential. Visit other websites to learn what might be useful for your website.

Example

Your website should easily walk the customer through the process described here.

Howie wishes to purchase flowers for his girlfriend, so he browses www.buyflowers.com to find a bouquet she will like. He selects a bouquet and clicks to add the item to his shopping cart. He then clicks to view his shopping cart. Virtual shopping carts allow customers to add and remove selected items as they shop online. Once Howie sees his shopping cart, he clicks, Proceed to Check Out.

Next, he is prompted to Enter a Username and Password or select New User. Most e-commerce websites require customers to log in for purchases so the website can track the order, which provides the business with valuable information to help meet the customer's needs. Order tracking also allows customers to log in at anytime to view their order and account information. This is Howie's first time visiting the site, so he registers as a new user and hits the Log In to Secure Server button.

Continued on next page

Website, Continued

Example (continued)

A secure server ensures that the information sent is encrypted and hacker-safe. It is important for customers to feel that their shopping experience and personal information are kept private. Once Howie enters his name, address, and phone number, he clicks the Proceed button.

The screen prompts him for a shipping address, and he selects the address he entered to register. He clicks Continue and is immediately prompted to Select a Shipping Option. Shipment options allow customers to choose the timeline. Good e-businesses only list options they know they can fulfill. Howie selects the One-Day Shipping option and clicks Continue. Then he is prompted to Choose a Payment Option and enter his information.

Credit cards are the most common payment method used. Howie clicks Continue after selecting the credit card option and entering his billing information. The order summary appears with instructions to review and click Continue to finalize his order. This allows customers to change their mind if they wish or to confirm that they accept the charges to process the order. Howie continues and a Thank You screen appears.

The screen confirms his order has been placed and that a confirmation e-mail will be sent shortly. This is the e-business's acknowledgement that a business transaction has occurred. The e-mail will follow as a reminder once the customer leaves the e-commerce website. Satisfied, Howie logs off the site and checks his e-mail to see if his order has been confirmed. After he receives the e-mail, he waits to hear from his girlfriend tomorrow.

Once the order has been placed, it is time to deliver the product or service.

Order Processing

Introduction

Order processing is a key component of all e-commerce sites. While it is the part of e-commerce that customers do not see, it is the conversion of their online order into a real-world product or service. Many essential steps must take place between the time your customer browses and commences to order.

The need for fast order processing

Processing orders is no easy task, and it requires many steps to occur. Remember, your customers have a need or a demand, and they want it met quickly.

In the Internet world, time is compressed. Orders must be synchronized so that orders can be quickly packaged and shipped. Your ability to meet or supply that need in a timely fashion will affect future business with that customer. You will be reviewed on how efficiently you were able to meet that need. Benjamin Franklin was absolutely right when he stated, "Time is money."

Three components of order processing

To satisfy your customers' expectations, you should structure your order processing to save time and operate most efficiently. Entrepreneurs can save time and improve customer service by providing the three electronic components as part of the overall order processing system:

- Delivery timeline
- Order log
- Inventory update.

Delivery timeline

Delivery Timeline – This is the amount of time you have to fulfill this purchase. It is imperative to have steps to meet this goal efficiently. Many online transactions offer same-day delivery or delivery within less than 48 hours. It is important to adhere to the commitments your business establishes.

Continued on next page

Order Processing, Continued

Order log

Order Log - This will be a means of tracking all the orders for your e-commerce. A simple spreadsheet program, such as Excel, can assist you with this. Order logs should consist of important attributes, such as the customer's name, address, products requested, quantities, shipment option (with expected delivery date), and the date the product was shipped. Creating a customer database and storing orders placed is another option.

Inventory update

Inventory Update – Initially, your inventory is the most continuously updated portion of your e-commerce. However, if your e-commerce does well, eventually your customer list will be the piece that is frequently updated. It is your responsibility to ensure that your customer list grows.

The last thing you want to do is promise a product that you can not deliver. Database solutions, such as Access, and online e-commerce software solutions are available to assist you in managing your inventory.

Elements of online order processing

Online order processing requires the following elements:

- Shopping cart
- Secure server
- Shipment options
- Payment options
- Order tracking
- Customer profiles
- Confirmation
- Inventory

There are four ways to provide each of those elements:

- Use a third-party services such as PayPal, Amazon Web Services, or GreenZap.
- Purchase an e-commerce software package such as LiteCommerce or MS Expressions.
- Pay to use an online software packages such as Nexternal, Netsuite, or Lagarde.
- Have an in-house developer create each component.

Continued on next page

Order Processing, Continued

Order processing and information technology management

Many large companies have an information technology (IT) department that supports the entire business's technology infrastructure. If you are like many entrepreneurs, you are probably thinking, "How can I reduce my technology headaches and costs while still providing a quality, streamlined service to my customers?" The following are ways to accomplish this task:

- Use an online e-commerce software solution or a third-party service.
- Maintain appropriate inventory.
- Choose the most cost-effective shipment option for your suppliers and your customers.
- Adhere to your established timeline.

There are software options available to ease the flow of order operations. However, you can also enlist the services of companies, such as PayPal & NetSuite, to help process your orders. Regardless of the choice, you must ensure that things are kept simple for the customer. These third party options offer everything from a simple shopping basket to an array of customer resource management tools (i.e., tracking last orders placed, e-mail payments, inventory updates, etc.) that help enhance the customer's experience. It is your job to ensure the simplicity of the order process. With that said, many small businesses choose to use a third party to process orders.

IT Strategy

Efficient and reliable IT

An efficient and reliable information technology system is imperative to maintain quality order processing and customer service. There are several key areas entrepreneurs should address before embarking on an e-commerce journey. The following items must be considered when developing an IT strategy for your e-business.

Management and staff

Technology is the backbone, or the facilitator, of your e-business. Naturally, some important decisions have to be made.

Based on the scope of your business, what are your staffing needs? You need to project the activity your site will receive (i.e., the number of hits). Of those hits, you also need to project how many customers will make purchases. It is also helpful to project the amount of customers that will require tech support. All of these things should be taken into account before hiring an IT administrator and related positions.

Entrepreneurs have other options if they decide not to hire someone in house. They may contract the services of another party. If your e-commerce operation uses a third-party solution, choose one that will meet the most technical needs without breaking the bank. However, it is important to make sure that their company aligns with the Payment Card Industry (PCI) Data Security Standards. These standards are formed to protect your e-commerce and consumers from fraudulent activities.

For example, instead of choosing a server software solution for the free templates, find a server software solution that provides templates, inventory updates, a secure server (for payment processing), flexible shipping cost calculators, and tech support. The goal is to improve the bottom line, so do not stretch your dollars or your time. Do a little research and find the most cost-effective solution for you.

Continued on next page

IT Strategy, Continued

Hardware and software needs	Minimal hardware and software requirements must be met before an entrepreneur can conduct e-commerce. The hardware and software will support the e-commerce and sustain growth. You do not need a top-of-the-line computer system to run most small business operations. But you do need a good, reliable system from a quality manufacturer. It is important to consider not only cost but also customer support for the equipment purchase. It may be a good idea to purchase products from a local store that provides next-day support. If your small businesses will not have in-house expertise, the extra cost for technology support may be worth it.
Firewall	Firewall protection is needed to protect credit card holder information. A firewall is a preventive security measure, encapsulating a collection of security tools that prevent unauthorized users from accessing computer network data and the sensitive, private data of your e-business network that is being transferred. Your ISP is not required to have a firewall. Therefore, it is recommended that your e-business network have firewall protection to avoid vulnerability.
Secure server	A secure server is needed for processing credit card purchases. A secure server is an Internet computer server that allows data encryption of information supplied by Web site users. Third-party credit card processing services provide this in their packages.
Back-up	You must keep a back-up of all the important aspects of your e-business. These back-ups may include: Accounts Receivable, Customer Database, Inventory, Order/Shipping Log, Partner Profiles, etc. It is a good practice to save throughout the day, and back-up core information every day. Total system back-ups can be scheduled on a weekly basis. Your e-business timeline and needs determine the frequency of your back-ups.

Continued on next page

IT Strategy, Continued

Back-up devices

An external hard driver is a good option for creating back-ups for your e-business. An external hard drive is a peripheral, cable-connected memory device which allows you to save data and then store it in a separate place.

A compact disk/digital videodisk (CD/DVD) burner, or combo drive, is your other option for creating back-ups. A burning device allows you to copy data to a disk; it is the most cost-effective way to create system back-ups.

A back-up power supply is great to have in your e-business office. In the event of a power surge, these power supplies enable your system to continue running and assist in allowing your system to finish creating back-ups.

Peripherals and connections

Keep in mind that printers, faxes, a camera, and connection cables are other needs you may have for conducting e-business. You may also find it helpful to visit a technology consultant to fully outline your needs. Prior to this visit, it would be wise to sit down and have a clear plan to describe your goals so equipment can be identified.

Software solutions

Software plays a role that is similar to – and just as important as –hardware in supporting and sustaining the life of an e-business. Entrepreneurs' software needs rely heavily on decisions made about which aspects of their e-business they wish to conduct in house.

The decisions should be based on skills and knowledge of the entrepreneur and other staff. Keep in mind that while some e-commerce software solutions are standard for any business, others, like more complicated web development software packages, can require a steep learning curve.

The entrepreneur's time must be carefully allotted to the various aspects of the e-business. There are many simple server web development solutions that only require an Internet connection, account set-up, and fee. Office solutions software, such as Microsoft Office or Open office, provide spreadsheets, word processor, and presentation tools.

Continued on next page

IT Strategy, Continued

Database software

You may also wish to maintain a customer database or inventory database. You can make your website customized by maintaining a customer database. This will help you analyze your customer demographics and needs based on past purchases. This will help determined what products you keep in stock and what promotions you have. Your database will serve as a log of when, what, and how much each customer has ordered.

This will require a database software solution, such as Access or Oracle. Most software solutions come with a list of system requirements for your computer. Check your system to ensure that you can run the desired software packages.

Network security

It is important that your customers feel safe. Assuring them that their personal data is protected is one way to build customer loyalty. As an entrepreneur, how can you give the customer the "warm fuzzies" over the Internet? Think of a *real* storefront environment for a second – how do you let your customers know that you have their best interest in mind?

Imagine that a customer inquires about a consultant service, and an associate says, "The information shared in this meeting is confidential and will only be used for our consultant records."

Think about your virtual business now. Many businesses will use words like "secure-server" and "hacker-safe" to assure the customer that information is kept private.

Every e-business should have a form of security enabled in house. This ensures that all the data is encrypted when sent over the Internet. Software solutions, such as Norton AntiVirus, and MacAfee Virus Scan are available to aid small business entrepreneurs.

Security is a must for all e-businesses, since you are constantly transmitting sensitive packets of information over the network. Security software solutions will ensure that your system data is translated into a secret code through encryption and will check for bugs or viruses in your system. After you have activated this security, it is imperative that you keep this software up-to-date to avoid information leakages, which are a direct result of system vulnerability.

Continued on next page

IT Strategy, Continued

Maintenance

The need to maintain your technology infrastructure is a direct result of electronics-based solutions being the backbone of your e-business. Entrepreneurs risk profit loss and gain reliability issues when their e-business technology infrastructure is not kept up-to-date.

Technology advances

Technology advances continue to increase at an exponential rate. A few years ago it was standard to replace computer systems every five years without risk of falling out of the loop.

Today, many information technology departments recommend three years. Entrepreneurs may avoid the reliability and compatibility issues of outdated technology by purchasing reasonably priced systems and then replacing them when the 3-year warranty has expired.

How old is the computer system you are using now? When was your last operating system upgrade? These are good answers to have when beginning maintenance.

IT strategy checklist

The IT Strategy Checklist on the following page can help you plan an IT strategy for your e-business and e-commerce.

Maintenance checklist

The Maintenance Checklist on the page after the next can help you plan a strategy to keep your e-business and e-commerce systems up-to-date.

IT Strategy Checklist

Area	Item	Yes	No	N/A
Hardware and Software	**Personal Computer**			
	1. Is your PC in good condition?			
	2. Current processor?			
	3. Sufficient memory?			
	4. Current operating system?			
	Basic Office Software			
	5. Do you have word processing software?			
	6. Do you have spreadsheet software?			
	7. Do you have presentation software?			
	Other Software			
	8. Do you have database software for inventory and customer databases?			
	9. Do you have website development software for initial development or updates?			
	10. Do you have anti-virus software?			
Network	11. Do you have the minimum recommended Internet connection (56K dial-up)?			
	12. Is website security activated?			
Security	13. Do you have a firewall?			
	14. Do you have a secure server?			
	15. Is anti-virus software installed and updated?			
Maintenance	16. Is your system up-to-date?			
	17. Are important software and security updates installed?			
	18. Do you have a back-up schedule?			

Continued on next page

Maintenance Checklist

Area	Item	Yes	No	Action Needed
Hardware	1. Is your hardware more than three years old?			
Software	2. Have you installed all updates to critical software solutions?			
	3. Have you updated your core site elements?			
Website	4. Have you formulated a schedule for additions, template upgrades, and news?			
Back-ups	5. Is your system backed up at least once a day during off-peak service hours?			
Maintenance	6. Do you have a regular maintenance schedule?			

Customer Service

What makes good customer service

"Right or wrong, the customer is always right!" is a phrase coined by the late American department store owner Marshall Field. Many disgruntled shoppers are quick to remind store employees of this when things are not going their way.

Many entrepreneurs learn quickly that if something is not right, they can make it right. Customer service is a vital part of your e-business and e-commerce operation.

E-business or e-commerce customers are not in your store exclaiming, "I'm right!" That does not mean they are not satisfied. They may communicate their dissatisfaction by complaining about your business on consumer websites or simply by never returning to your website.

Customer rights

Your customer has the right to:

- Browse easily.
- Process orders easily.
- Conduct a secure transaction.
- Receive a timely delivery.
- Receive the actual items purchased.
- Contact company with concerns.
- Provide feedback.

Your website experience

The primary means you have to communicate with online customers is through your website. Make it a positive experience. Assume they are right and tailor your services to keep them right.

Technology allows customer feedback to jump outside their circle of friends to the whole world of prospective customers. Following are some ways that you can keep your customer happy while keeping your e-business in line.

Continued on next page

Customer Service, Continued

Target new customers

Who are your prospective customers? Describe the kind of customer you wish to attract. Then design graphics, portals, and promotions to appeal to those customers.

Graphics – If you want to attract 10-year-olds, you might include a funny flash skit intro to your website. If you want to attract the well-established individual looking to retire, you would incorporate relaxing hammock and beach pictures on your site. Of course, you will have to ensure that whatever the picture is, it correlates with your product and identifies with your customer.

Portals – Many large commercial websites, such as www.nike.com, do an excellent job providing an array of website portals (services) for different customers. When it comes to customers, small business entrepreneurs can tailor their site to have a couple different portals: one to service existing customers, and one to service new customers.

Promotions – Web promotions are another way to target new customers. As business networks become increasingly important, small businesses entrepreneurs are learning to work with online partner sites to promote products and services.

For example, ABC Foods has a special sale on healthy alphabet soup and wishes to market it to new customers. Company ABC has partnered with XYZ Healthcare to sponsor the Good Health 5k Run. ABC Foods asks XYZ Healthcare to list a special ad for ABC's healthy alphabet soup on XYZ's website, and ABC agrees to provide ad space on its website site for XYZ. The more partners you have, the better. A simple give and take ad can help you enlarge your territory.

Continued on next page

Customer Service, Continued

Provide technical assistance

Will you provide 24-hour customer service for customers who have questions while shopping online? If you do not provide customer service yourself, will you higher a third party for order processing assistance? What will be the hours of this assistance? If you want your customers to return, it is wise that you provide the technical assistance necessary to keep your e-business on task.

It is standard for many entrepreneurial small businesses to post contact and customer service information on every page of their website. It is important that customers feel at ease if they don't understand something.

Listing contact and customer assistance information on every page assures customers that the answer is only a phone call away. This lifeline serves the same purpose as the brick-and-mortar sales associate who answers questions in person at your store.

Ask for feedback

Customer feedback helps your business evolve. And in an ever-changing environment like the Internet, your business depends on your ability to continuously learn from your customers and use technology to improve your web presence. Therefore, ask for it on your site.

It is a good idea to have an online survey to rate your website performance, the timeliness of your deliverables, and overall customer satisfaction. Be sure to include some open-ended questions to invite the customers to use their own voice.

Continued on next page

Customer Service, Continued

Kinds of feedback questions

Here are a few kinds of feedback questions that will help your e-business:

- **Rating scales** – Customers are asked to rate their satisfaction on a scale of 1-5, with 1 being low satisfaction and 5 high satisfaction.

  Example: Please rate your overall satisfaction with our service.

- **Open-ended questions** – Customers are asked to provide an answer beyond Yes or No.

  Examples: What did you like best about the purchasing process on our site?
  What did you like least about the purchasing process on our site?

- Yes/No questions – Customers are asked to answer Yes or No to questions.

  Example: Was our site inviting and easy to navigate?

Use feedback for improvement

Keep in mind that simply acquiring feedback is not enough. What matters most is how your e-business makes the necessary changes. Use the feedback as a stepping stone to your e-business success!

Continued on next page

Customer Service, Continued

Follow-up

If you did not show your chocolate lab, Rover, some love he might just stop greeting you at the door. And it is no secret that your customers also need to feel that they are valued.

One way to improve your customer service is to assure each customer that you value his or her business by following-up after the delivery of a product. The easiest way to do this is by sending an e-mail link to a short survey with 3-7 questions or to send a promotional e-mail for new items. Keep in mind that a merchant-customer relationship is always a give-and-take. If your customer provides you with feedback, it is a good idea to reward them – for example, with a special coupon promotion code to be used on their next purchase.

Consider any suggestions that your customers have to improve your performance. Maintaining your customer base will be as simple as meeting a need and striving to improve your service through periodic follow-ups. Follow-up with them and your customers might just keep greeting you at the digital door.

PACE

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