



Oklahoma Small Business
Development Center

E-Commerce Business Plan Outline



By Bill Gregory, Regional Director

Northwestern State University OSBDC

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Introduction: This Internet business plan gives details of the proposed venture, along with expected needs and results taking into account the unique nature of electronic commerce. The business plan outlines how the company can take advantage of e-commerce to allow it to gain greater efficiencies of scale in management, marketing, and other business processes. Electronic Commerce in its broadest form incorporates the integration of public and private sector computer systems through the use of Electronic Data Interchange (EDI), Electronic Funds Transfer (EFT), Electronic Mail (E-Mail) and the Internet. The implementation of e-commerce creates an environment where a supplier can provide more value added services and all parties concerned can give a higher level of customer service.

Plan Purpose: a business plan is a proposal for a new venture. The process forces the person preparing the proposal to do thorough and effective analysis. The analysis considers various aspects, which are very important to the success of the new e-commerce venture.

Questions to be included in this analysis are:

- What is the product?
- How will be developed and marketed?
- How much will it cost to be successful?
- What are the risks?
- How much money the owner will make?
- How much money investors will make?

The plan also provides guidance for staff and gives a blueprint for implementation. The trick is to blueprint what you want while still remaining flexible and creative.

Internet business issues: The plan has to consider the new opportunities provided by Internet as well as various risks inherent in the nature of working with the Internet. Experts commonly agree that the Internet will create a frictionless global marketplace the scope of which has never been seen in the history of commerce. The number of Internet users is doubling every 100 days. Various systems such as payment systems, ad page pricing, and market demographic tracking are all in various stages of development online. Given the rate of expansion and changing processes, you will need to address how you will keep track of these are rapidly changing trends, technology, and competitors. The plan needs to address how this e-commerce activity will feed your overall business goals. Your site will turn a profit, breakeven or lose money based on its cost versus the revenues from goods and services sold as well as paying attention to this rapidly changing technology.

Executive summary: This section must concisely communicate the basics of your entire business plan. It is usually written after the rest of the plan has been completed. Be sure to include tangible benefits that occur because of e-commerce, e.g., labor efficiency reduction of cost, reduction of errors, improved cash management, easier access to procurement information, possible business reengineering, just in time/direct site delivery purchasing, etc. Be sure to also include the major cost for implementation e.g. software and hardware, upgrading, and employee education and marketing.

Business Description: This section should include a discussion of the firm's products or services along with information about the industry and the Internet. The plan should describe how the product/services in the Internet fit together or complement each other as well as speaking to what your competitive model is. It should also discuss which of your products/services make the most sense to bring online. It can further discuss how traditional businesses are organized around capital-intensive assets and expenses and fail to recognize the intricacies of the new media. Discussion in this section should also include access to the global marketplace, exponential global market growth, customers buying online from the comfort of their

home, elimination of the middleman, etc. While talking new technology please remember to keep the goals of the business simple and easily understood.

Marketing Plan: The marketing plan should discuss the target market, who we will reach with this site, identify competitors, describe the different types of product advertising, explain product pricing, delivery and payment mechanisms.

Customers: Who are your customers and how many of them exist on the Internet. Does the company have the resources in place to process online orders and keep its customers satisfied? How will encourage repeat a business? What techniques will you use to build and maintain customer interest? Some techniques being used now are:

- 1) Provide free information in any easily understood format. Publish an online newspaper. Have a frequently asked questions section.
 - 2) Update your Web pages and their content frequently so that your Web site reflects recent events or current trends.
 - 3) Provide a way for people to reach out to each other e.g. chat rooms, bulletin boards, and mailing lists conversations.
 - 4) Make a strong effort to follow up every contact, particularly with first-time visitors. At a minimum, people who place an order should be advised on its status and likely delivery date. Everyone who makes contact with you via your Web site deserves some kind of replied, some kind of additional communication, and some kind of continuing follow up. Your first follow up should be made within 24 hours of initial contact, and offer some basis for continuing contact.
- Remember that networking, referrals, and word-of-mouth are your best friends on the net.**
- For inspiration notice how Lands End, Barnes and Noble, and other successful Web based retailers keep in close contact with those who visit and those who order from their Web sites.
- 5) Your customer should be able to find what they're looking for in one or two clicks, make it convenient for the customer to buy.
 - 6) Make sure you let your customer now that you're on the Web.
 - 7) Don't be afraid to compete with the big boys, via the Web it's difficult to distinguish between GM and a mom-and-pop operation.

Competitors: Use Internet search engines to look for competitors with similar products or services to your products and services. What are your competitor's strengths and weaknesses? It's very easy to identify competitors weaknesses, but hard to identify their strengths. Take the time to learn your competitor's strengths and make sure you incorporate those in your plan.

Advertising: Plan should describe how your target markets are to be reached. Describe how the company is going to tell the Internet community about its products or services. Designing your Web pages is only a part of the puzzle. How are you going to get the word out? What is the company going to do to drive your customers to your Web site? Listing in a search engine or 10 search engines is not enough.

Pricing: How is the company setting prices for its products or services? If the product is intangible information delivered over the Internet, one should try creating some sort of pricing model to justify its prices. Again, the company can start by researching what others are charging for similar products.

Delivery and payment: How will the company deliver its product or service and get paid? Consider encryption techniques like P. G. P., or online payment services such as DigiCash.

Research and development: This is where to get into the technical aspects of your company's proposed project. What will your Web pages look like? Will you have a logo on the page? What colors will you use? What type of privacy policy will you have? How will you personalize content? How you allow for self-service? Address for the project is now, the R&D efforts that will be required to bring it to completion, and a forecast of how much the project will

cost. How will you upgrade? Who will be responsible for continuing R&D?

Operations: In this section, discuss the major aspects of the business including daily operations and physical location. Also include what equipment the business will require? Will it be using its own Web server, or will it be contracting with another company? How will accompany recruit its employees -- -- will it hire Internet knowledgeable staff, or train them in-house? What will be the cost? What features will be incorporated in this site initially and what are the plans for future expansion. Who will help design the Web site? What will be the domain name and how many will be purchased? What will be your URL or web site address? Who will take care of search engine placement? Who will determine keywords, key phrases, and Meta tags? What will they be?

Management: This segment must address who will be running the business and their expertise. What is management's level of Internet expertise? Where did they gain it? If no expertise, whom will they use as a consultant? Resumes for the management team are usually included in this section.

Risks: This section defines the major risk facing the proposed business. In addition to regular business risk such as downward industry trends, cost overruns, an unexpected entry of competitors, also include risk specific to the Internet. For example, be sure to address the issues of limited barriers to entry, computer viruses, hacker intrusions, and unfavorable new policies or legislation.

Financials: The potential investors and/or the bank will pay close attention to this area, since it is a forecast of profitability. As in a regular business plan, include all pertinent financial statements. This should include three years profit loss statements, cash flow statements, balance sheet.

Timeline: In this section you must lay out the steps it will take to make your proposal a reality and how long it will take to establish the Internet presence.

Bibliography and appendices: Include anything that will help the reader learn more. In addition the business references include Internet references and your research.