

Why Your Business Needs an E-Commerce Plan

By Richard J. Hernandez

Updated July 2004

The National Federation of Small Businesses found "About 1.6 million small businesses will launch Web sites in the next year, but many will waste more money than they make. That's because a majority of the sites will be little more than electronic brochures gathering dust in cyberspace" (*USA Today*, August 28, 2001) Among minority businesses, the July 19, 2001 edition of *The Los Angeles Times* reported "Only about 13% of the nation's largest minority-owned firms use the Internet to sell products and services" and also "that 42% to 56% of the nation's largest minority-owned firms had Web sites."

Reasons For Having an E-Commerce Plan. There are several compelling reasons to develop an e-commerce plan tailored for your company:

- **Cost.** It can cost lots of money to create a Web site and online payment system. Having a plan makes sure you spend your money on making your Web site support your overall company's goals. A plan also helps reduce costly reworks.
- **Time.** Having a plan can save time because you do it right the first time. Reworks take time away from your business and allow competitors to catch up or move into a new market before you. Being first to market has advantages. An e-commerce plan can help you take the lead.
- **Business Model.** Your customer's online business model (how you make money) may be different than yours. A disconnect can cost you money.
- **Customers.** Online customers are different from offline customers.
- **Competitors.** There are new competitors to consider such as online business-to-business exchanges, aggregators, and online auctions.
- **Differentiators.** Going online opens new doors, but also means your business will be facing many new competitors. For example typing in "IT consulting" using the Yahoo! search engine results in a list of hundreds of companies. This makes it critical to have a strategy to differentiate yourself from the large number of other competitors.
- **Online and Offline Process Integration (Multichannel).** The most successful businesses are integrating their online and offline processes such as with returning a product ordered on their Web.
- **Electronic Data Format Standards.** There are over 200 different types of extensible markup languages (XML) and over 60 types of electronic data interchange (EDI) formats. Trying to use the different standards can be costly and technically complex. Outsourcing reduces these costs.

Benefits. Developing an e-commerce plan for your business typically takes about 2 weeks. Costs for a plan vary depending on scope and complexity. Having a plan ensures you get the maximum payoff from your e-commerce and information technology investments.

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