



E-Business Planning: Integrating the "E" into Your Business Plan

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Introduction

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

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

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

Is E-Business Right for My Business?

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

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

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

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

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

Incorporating the ‘E’ into Your Business Plan

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

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

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

Are You Ready to Get Started

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

To learn more about e-business and assess your own readiness take advantage of this online resource:

- ebiz.enable's e-Business Readiness Diagnostic Tool
http://strategis.ic.gc.ca/cgi-bin/sc_indps/ebiz/diagnostic/ebiz2.pl

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

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

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

For sample business and e-business plans visit:

- *The Business Plan Handbook* in The Business Link's library
- The Business Plan and You
(<http://www.cbasc.org/alberta/content/busplan.pdf>)
- BPlans.com (www.bplans.com)
- Interactive Business Planner (www.cbasc.org/ibp/)

Brainstorming: Research Your Options

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

For example:

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

Conduct a SWOT Analysis

A **Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis** of your business is an effective way to brainstorm the opportunities (and challenges) that may be available online for you. For example, it can help you identify:

- Who your customers and competitors may be online and how they may be different from those offline
- What new information, products or services you may be able to offer by developing a website or adopting Internet technologies
- How your daily business operations may be improved with the use of Internet technologies
- What regulations or special issues affect the online platform that may affect your

To learn more about conducting a SWOT analysis, visit ebizenable at:

www.strategis.ic.gc.ca/ebizenable.

Writing Your Plan of Action

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

The global nature of the Internet requires business owners to think more broadly about their customer base. It goes without saying, if you know who ALL of your customers are, then you can better target your marketing efforts to them.

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

Key Issues in Business Planning

Industry, Market and Competitor Analysis

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

Questions to consider in this section of your plan:

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

- **Competition** – Who are your leading competitors on and off the Internet? If they are different, how so? How are they using the online channel to their advantage?

Marketing and Sales Strategies

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

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

To develop your online marketing strategy, consider your target market, your product and your long range goals.

To develop your online marketing strategy, consider your target market, your product and your long-range goals. What do you want to achieve online? Also, consider your budget. How much do you have to spend on the online portion of your marketing strategy? If you're on a tight budget, you may want to develop a long-range plan of action which outlines a step-by-step approach to grow your revenue.

Website Development

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

Your website plan will want to address:

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

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

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

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

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

Operations

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

1. **Implementation schedule** – Set out what Internet related activities need to be completed, by whom, and by when. Consider what might happen if and when tasks aren't completed on time.

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

2. **Evaluation and metrics** – Address how your website traffic and e-business activities will be evaluated and monitored. Consider different types of software and determine who will be responsible for monitoring tasks. Also consider what actions will be taken as a result of e-business activity analysis.
3. **Logistics** – If you are selling products, address how you will ship your products to their destination. How will your shipping expenses be reflected in your pricing? Are there additional costs and regulations to consider such as duties, tariffs, labelling, and inspection? Have you considered how you will deal with product returns?
4. **Review and updates** – You'll also want to implement a schedule for reviewing and updating your plan as your business grows and changes.

Budget

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

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

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

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

Estimating your e-business costs

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

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

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

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

- The Business Link: Financing Your Small Business
www.cbsc.org/alberta/tbl.cfm?fn=financing
- Interactive Business Planner
www.cbsc.org/ibp/

More Resources

Now that you've learned how to incorporate e-business strategies into your business plan, you'll want more resources to help you get started. Here are some useful online resources:

- The Business Link: Business Planning
www.cbsc.org/alberta/tbl.cfm?fn=startup
- Alberta E-Future Centre: Planning & Strategy Links
www.e-future.ca/alberta/ebusiness/subCate.asp?sub=37
- BDC Consulting Group: E-Business Readiness Guide
www.bdc.ca/consulting/default.asp?lang=en&surveyID=2
- Ebiz.enable
www.strategis.ic.gc.ca/ebizenable
- Interactive Business Planner
www.cbsc.org/ibp/
- BPlans.com: How to Write a Business Plan
www.bplans.com/dp/

Contact Us

The Alberta E-Future Centre, a service initiative of The Business Link, is your first stop for e-business information in Alberta. We offer free, impartial, and easy-to-understand e-business advice and information for small and medium-sized businesses. Our goal is to help entrepreneurs make more informed decisions as they adapt to technological change. If you have any questions, we are only a visit, click or a call away!

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