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# 1

# Start an Online Business

*So you want to run your own online business?*

*This chapter will explore whether you've got the determination to succeed, help you assess in which areas you may need assistance, and empower you to ask the right questions.*

# Preparing Yourself

## It's So Easy

The media loves to over-simplify online success stories and if you've watched the news or read a newspaper over the last few years you'd be forgiven for thinking that all you need for a successful e-business is a desk, an internet connection, an idea, and within a matter of months you'll be selling the business for millions or floating on the stock market.

It seldom works like this. Although you will need a place to work (a garage is fine, or a kitchen table will do), an internet connection and an idea, a whole lot more goes into getting an online business off the ground and into profitability. There are numerous pitfalls to avoid and a lot of knowledge that you must gather and apply to ensure that your online business not only starts, but succeeds.

## Prepare for Success

*Start an Online Business in easy steps* will show you how you can be one of the success stories rather than one of the statistics. You'll learn how you can get your idea to market quickly, which features your website should include, and how to market your website effectively. Whether you're intent on working full time on your business from day one, or whether you're looking to improve your work/life balance and secure a second income with a business on the side, this book will walk you through the steps to creating and running a sustainable and profitable online business.

The key to a successful online business is a clear, straightforward plan, a determined entrepreneur at the helm, and a dogged determination to succeed. If the answer's so simple, why is there any need to read on? Well, paradoxically, building a successful online business that is both clear and straightforward is difficult and fraught with problems. Not in terms of coding or development issues, but because we like to believe that everyone thinks like we do. They don't.

Your online business needs to appeal to customers and clients possibly from a whole variety of countries, age groups, and social demographics. If you're venturing into retail, then you will also need to appeal to your potential suppliers and manufacturers.



Planning a business is hard work – be prepared for late nights and frustration.

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Whatever your online business, you need to stand above the competition and give your website users a very good reason to become consumers. It doesn't stop there; once they've bought from you or used your services once, you need to get them back again and again and for them to tell their friends all about you.



Life is all about learning. The resources listed in Chapter 8 are there to help you.

### Using this Book

So how do you use this book? Well, you won't go far wrong reading it from cover to cover. Alternatively, you can dip in and dip out depending on which stage you are at with your online business; it really doesn't matter. The structured approach contained within is there to guide you through to online business success. Even if your budget is modest, implementing just a handful of concepts from this book will improve your online business and will help you realize your ambitions.

**Good luck on your new, exciting adventure!**



No matter what your background, with the right tools you can succeed.

# Is it Right for You?

Who can start an online business? The simple answer is *anyone*.

This book is intended for entrepreneurs, employees, employers, mums, dads, students, existing website owners – in fact, anyone interested in starting a business online no matter what their level of experience. It is for the non-techie who wants to be involved with every facet of setting up and running their own e-business – this book will show you how to research, prepare, and run your own online business and will also give you the tools and the confidence to be able to explain to other staff members, clients, potential suppliers, and, of course, customers about what your online business is, and what it can do for them.



Starting an online business is not *easier* than an offline business – it's just different.

Starting an online business is by no means easier than starting a regular offline business – it still has to be well planned, it will require some funding to get you off the ground, and it definitely requires hard work and determination. However, the beauty of launching online is the immediacy of your proposition being brought to market, your potential reach and access to an audience of millions all around the world. A fully-functioning, all-singing all-dancing fully-transactional website will cost money, but nothing compared to trying to set up one or more retail units or establishing a fully-functioning comfortable office in a city-center location.



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Online versus Offline:

- Relatively inexpensive to create and maintain an online presence.
- Opportunity to attract a worldwide or geographically targeted audience.
- Easy to give the appearance of being well established, even if you're a new business.
- Possible to compete with larger players through a clever online marketing strategy.

Although there are a raft of formal qualifications available in business administration and these courses are without doubt valuable, they are not a pre-requisite to business success. Successful business owners share two things in common: the desire to succeed and the determination to turn their dream into reality.

Regardless of your socioeconomic background, your work experience, your education, or your current knowledge of the online marketplace, if you have the desire and determination you can run your own successful online business.



# Some Friendly Help

## Starting a Business with a Friend, Colleague or Partner

Many hands make light work, so the phrase goes, and it's true: having another person on board will reduce your individual workload and provide both of you with additional input, ideas, inspiration, and energy.

The Positives:

- Having worked with a colleague or former colleague before, you know each other's strengths, weaknesses, skills, and work ethic.
- Running a business can impact the time you have to spend with your partner and family – if you're both involved, you're able to enjoy time together, even though it's work.
- With friends, colleagues, or your partner, you have trust in each other – vitally important for the challenges you will face when running your business.
- Complementing your own skills with those of a friend, colleague, or partner can complete the skill sets you require to launch and run a business without having to hire externally.



Just because you get on well as friends doesn't mean you will get on well as colleagues.



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Don't mix business with pleasure, so the phrase goes, and it's important to stress that although you might have a great personal relationship, this doesn't always transfer seamlessly into the business environment – even with colleagues who you may have spent many hours with; when it's your own venture, it's a different animal.

The Negatives:

- Problems with the business can affect your relationship with these people.
- If the business fails, so too could the relationship.
- Business problems will affect your personal relationship and vice versa – it's impossible to completely separate the two.
- Personal commitments or enthusiasm for the business can change with time – those changes may not always be compatible.



You can always invite a partner into the business once it's established.



If you do decide to run a business with a friend, family member, partner, or former colleague, formalize the business relationship from the start – list the responsibilities, investment requirements, the split of ownership, remuneration levels, and what happens if the business and/or the relationship should fail. It's not a pleasant experience, but just blind faith that everything will be fine is dangerous for the business and for you as individuals. Protect yourselves and your business.

# Why Start a Business?

## Why on Earth would you want to start an Online Business?

Well, other than the potential financial returns, running an online business is hugely rewarding, and, once established, it can offer you a plethora of additional benefits in addition to income. Many online businesses begin in the owner's home, significantly reducing travel time and cost. The time saved from not commuting plus the freedom to work the hours you choose will also drastically improve your work/life balance. Working for yourself by definition puts you in charge of your own destiny. Creating something from scratch is tough, but launching your own venture is emotionally rewarding and instills a tremendous feeling of accomplishment. The path you are about to embark on will be a challenge, but if you've got the required determination, anything is possible.



Choose one evening a week for non-work activities – and stick to it!



The work/life balance comes with time. Initially it's going to be more work than rest!



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## A Reality Check

If all you need is desire and determination, surely anyone can run a business? Not really; running your own online business is hard work. There's no way to gloss over this fact, and it would be naïve to believe that all that stands in your way of online business success is a matter of time.

Preparing, launching and running your online business will stretch your resolve. When things are going well, it's easy to be positive and to be optimistic about the future. But life and business isn't that straightforward; you're going to take knocks even during the business planning stage, and it takes a certain character to be able to react to these situations and still find the determination to proceed.

Your relationships with friends and family will change, not least because of the time you will need to dedicate to the business. If you're running the business in addition to paid employment then all that leisure time you enjoyed in the evenings or weekends will now be spent hunched over a laptop or spreadsheets. If you're working on the business full time, then it really does mean full time – emails and calls will remain unanswered unless you're there to communicate. Running your own business is not 9-5, five days a week. Support from friends and family is essential to your business success, and their understanding of your commitment and goals are essential.

Running a business means working to a budget, both professionally and personally. It's unlikely in the first few years of operations that you will be able to afford (the cost or the time) holidays, meals out, an extensive new wardrobe, or your usual monthly treats. Your new business will take over your life!

Still think that running your own online business is for you? Great – well let's get started.



Friends will be happy to support you – if you remember to ask!



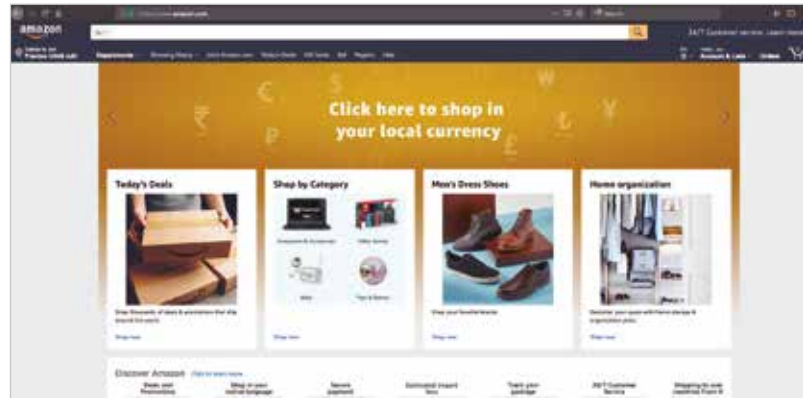
Your niche doesn't have to be original, it just has to be targeted.



One USP (Unique Selling Point) isn't enough – you need to appeal to customers on multiple levels.

# Carving Out a Niche

With the best will in the world, saying “I want to be the next Amazon” is not going to happen overnight. Amazon enjoys huge market share, incredible buying power, and offers a vast range of products and services across a number of verticals. It wasn't always that way. Amazon had to start somewhere and it started by selling books and only books. The behemoth you see now is the expansion of an online book retailer that became expert in analyzing a market, building supplier relations, investing in technology, processes and customer services, and marketing. Only when the model was proven through books was the company able to expand into new products and services.



Amazon filled a niche – and that niche was to offer customers the largest possible range of book titles (over 1 million at the time) that dwarfed even the largest physical bookstore, offering some 100,000 titles.

What will ensure the success of your online business is your clear understanding and obsessive approach to the product or service niche you intend to dominate.

Less is more, and deciding upon a niche empowers your entire business – the marketing, the positioning, the branding, and the messaging to customers. Specializing in a specific product or service range allows you to dominate – spread yourself too thin and your business will be a jack of all trades, master of none.

# Defining Your USPs

No business is truly unique, the same way that no movie plot is truly original. What makes a successful movie is the unique combination of great script, cast, crew, market conditions, and the right budget and marketing. It's the same for successful businesses. As a business owner, you will be providing services or products online. The same products or services are already available on the market. Your job is to sell or provide those products in a different way to all of the other competitors on the market. You will still need to get the basics right – great website, great sales and marketing, customer services, and, of course, provide a quality product or service... but how you define your business as being different to all the others, and how you market those differences in the form of Unique Selling Points is what will give your business the unique combination it needs for success.

- Faster or cheaper (or free!) shipping.
- The most comprehensive product or service offering.
- Specialist, industry-recognized or expert knowledge in your field.
- Fully qualified staff.
- x-number of years' offline experience.
- Generous/interest-free or innovative payment terms for clients.
- Hand-made or limited edition products.
- Cheapest or most exclusive pricing.
- Money-back guarantee.
- Price match promise.
- Invite-only membership/registration.

Even if there are thousands of competitors selling the same or similar, even if they have been operating for a lot longer than you, and even if they command larger marketing budgets, your business will gain customers if you can clearly identify the USPs that differentiate your business from the competition and help you carve your niche. Your USPs may not be immediately obvious to you – don't worry, this is all part of the business planning process.



Check out what the competition is offering – is there something you can do better?



If you negotiate too hard, you run the risk of alienating potential suppliers – be firm but fair.

# Good Times, Bad Times

## Is the Time Right?

The economy is both part of, and the cause of, a constant cycle, which means there will always be “good times” and “bad times”. Current economic circumstances are trying indeed. Banks are being very cautious with their depleted cash reserves, and for those of you looking for business loans there is simply less to go around. Risk-averse lenders demand more security and will scrutinize business plans in more detail. This is not necessarily a bad thing – the additional pressure to work on your numbers until they are right can only help ensure you’ve planned your business well, have researched your market sufficiently, and the bank agrees with you that your business has a reasonable chance of success.



There is an argument that businesses started during an economic downturn are in a far stronger position to weather any future slumps and, because they’re built leaner and smarter, can capitalize on growth opportunities when things are on the up.

A depressed economy also means that any services or products you require to set up and run your business can be found more competitively priced; vendors will often enhance their service to win and retain your business, and as cruel as it may sound, you can benefit from other failing businesses by buying up their liquidated stock, hiring their staff, or picking up reasonably priced office and technical equipment to get your own business off the ground.

Is the time right? If you are planning to sell a product or service that customers need or want, yes it is.



# Knowing Your Skills



Paying for outside assistance isn't a weakness – it's good business strategy.

We can all multitask and through experience, education, and human nature we possess lots of skills that will help us to run an online business. But no one is an expert in all aspects and whatever your expertise, you will require additional assistance with the planning, development, and deployment of your online business.

Knowing and understanding your skills and, more importantly, recognizing the gaps in your knowledge is a sometimes painful self-assessment, but one that done correctly will reap rewards throughout your entrepreneurial experience.

Although it's critical for your cash flow – especially during the start-up phase – to manage your costs, accepting your limitations and paying for expert help when necessary will not only get your project moving forward quickly, but will ensure that your project stands the best chance of success, now and in the future. Just like with building a house, a solid business is built on solid foundations.

Being a successful business owner does not always mean doing everything yourself – in fact, being a successful business owner means knowing how and when to make the decision to “do it yourself” or to “manage internal/external resources”.

# Understanding Business

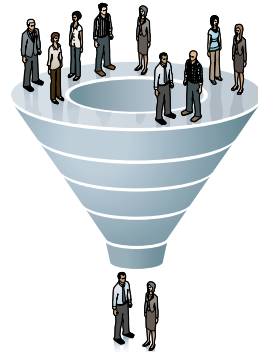
Let's look at the major functions of a business. Of course, depending on the product or service you wish to provide online, your focus and requirements will differ, but every business will require skills and elements of the following disciplines:

## Sales, Marketing, & PR

Often lumped together, Sales, Marketing, and PR (Public Relations) are complex disciplines that must be deployed successfully for your business to succeed. As a service provider, finding prospects, communicating your offering, and closing the sale are your business's chief concern. You may well be an accomplished accountant or insurance broker, but if you're shy, better with numbers than words, or lack the necessary "people skills" to close a deal, your business will not grow.



Marketing your website is a huge task – you're probably going to need help.



If you're providing products or services to businesses or consumers, you're going to need to let your target audience know you exist through both on- and offline marketing strategies. Customers want information, prices, images of the products, guarantees that the product will arrive and it will work. If you're busy shipping products or dealing with customer service issues, who's managing your Google AdWords campaign, or copywriting a press release?

Analyze your strengths and weaknesses in Sales, Marketing, and PR. Will you require additional assistance now or in the future? If so, research some of the services on offer from other companies, and research the salaries being paid to staff in these disciplines and what sort of skills they could bring to your business. Keep notes – you're building up vital data to help with your business plan and financial projections.

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## Front-end Development, Back-End Development, Hosting, Systems Administration, Database Development & Administration

By nature of the fact that your business is online, there will be a technical component to your business; at the very least, a website and an email account. How deep you want to be involved with the technical function will depend mainly on your background and interest. It is completely possible to operate an online business with absolutely no knowledge of the internet market or the technologies required. If you're not sure what exactly some of the skills listed above actually are, chances are you'll be employing a third party to develop and maintain your website. This is very sensible and far more effective than trying to teach yourself HTML and the complexities of server configuration and maintenance. Outsourcing your technical functions will cost money, but if you get the "online" bit of your online business wrong, well, the future's not very bright.

In your search for a technical partner, it's imperative that you make it clear how much or how little technical involvement you require in building, deploying, and maintaining your website.



It's totally possible to run a successful online business even if you're not "technical".





Look for legal document templates on the web, but customize them for your own specific needs.



Don't cut and paste terms and privacy policy from another site – create your own.

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## Legal

The legal peculiarities of the internet deserve a book in their own right. Although the internet embodies and empowers everything we understand about globalization and free trade, sadly someone forgot to tell the lawmakers.

Operating an online business has legal implications for both you and your business. Depending on where the company is registered, where and what you sell, and to whom you sell (consumers or business) makes every online business at least partially unique. It's strongly recommended you seek professional legal help when creating your online business to make sure you and your company stay on the right side of the law. No matter what your product or service, as a bare minimum you will need to display website terms and conditions and your privacy policy. If you're selling products overseas, you'll need to be aware of countries you are forbidden to trade to because of government embargoes and, depending on the products you are selling, which territories you are licensed to trade within, especially in relation to consumer electronics and entertainment/media products.

## Finance

The heart and soul of each and every company, the effective management and reporting of financial matters makes the difference between a good idea and a great business. It is fairly common to be successful without being an economist, but without doubt, knowing your numbers makes for more accurate forecasts, effective cash flow and long-term success.

As a limited company you are obliged to submit annual accounts, and it is strongly recommended you employ an accountant to manage this process if you have little or no experience in this field.

Engaging an accountant from the point of just planning your business affords you access to advice, recommendations, and financial strategy, which can radically improve your business plan, assist with raising finance, and ensure your personal income tax and company sales tax/VAT liabilities are correctly measured and accounted for.

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## Operations, Supply Chain, & Distribution

If you're planning to sell physical products through your online business, this is an enormously important aspect of your business. The sourcing, storing, pricing, and distribution of products becomes ever more complex the larger your range and the larger your customer base.

Don't overlook how long it takes to receive, bin, pick, pack, and ship individual products. Your storage facility needs to be fit for purpose, and if you're planning to operate the business alone, what happens if there's a delivery and you're out at meetings all day, or you receive customer orders but you're on holiday all week?

Hiring staff or employing a warehousing and distribution firm needs to be considered.



If you're planning to store stock in your home, ensure the area is dry, clean, and secure.

## Customer Services, Account Management, & Customer Relationship Management

Often overlooked by start-up organizations, your commitment to customers speaks volumes about how customers will perceive and engage with your business and invariably will influence your long-term success. Communicating with customers, liaising about existing projects or orders, and maintaining customer relationships now and in the future takes a significant amount of time and effort. If you're dealing with customer service issues you're not chasing new prospects, and vice versa. Start thinking about your strategy and how you will manage this aspect of your business. Again, you can hire staff or utilize third-party customer service solutions. This needs to be budgeted for, and the research and costs reflected in your business planning.

# External Help & Advice



If you're based outside the UK or USA, check your own government's website for details about what help is available to new businesses.



The UK government provides limited assistance to new business owners through its website ([www.gov.uk/business-support-helpline](http://www.gov.uk/business-support-helpline)). The US government also provides support from its website (<https://www.grants.gov>). Accessing these web pages will give you access to information regarding financial help through government-backed schemes, help with tax, regional help with exporting, advice on writing a business plan, or submitting applications for grants and financial help. Take a look also at the Federation of Small Businesses ([www.fsb.org.uk](http://www.fsb.org.uk)) and the British Chamber of Commerce ([www.britishchambers.org.uk](http://www.britishchambers.org.uk)) as well as the very useful <https://smallbusiness.co.uk/> website, which hosts a wealth of information covering everything from sales to financing to leadership.

## Social Network Help

Social networking websites such as LinkedIn and Xing are incredibly useful, both in terms of sourcing potential suppliers, partners and customers, and because of the Groups function, which offers the chance to become part of a group of like-minded industry players. There are groups for start-up entrepreneurs, groups that cater for specific industries or products, and groups that focus on online marketing and e-commerce, etc.

The best advice regarding using social network groups is to listen first. Answer questions that you know the answers to – that way, when it comes to asking your own, group members will be far more inclined to answer you.

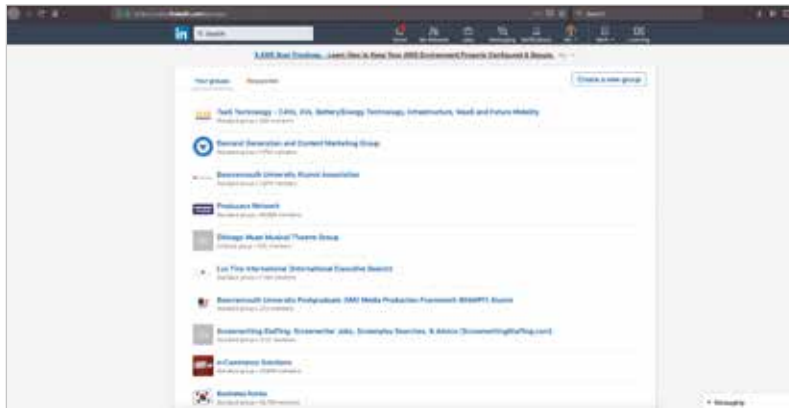


Whenever you're seeking advice, only release the minimum amount of information required.



If you contribute to forums a lot, you tend to receive better responses to your own questions.

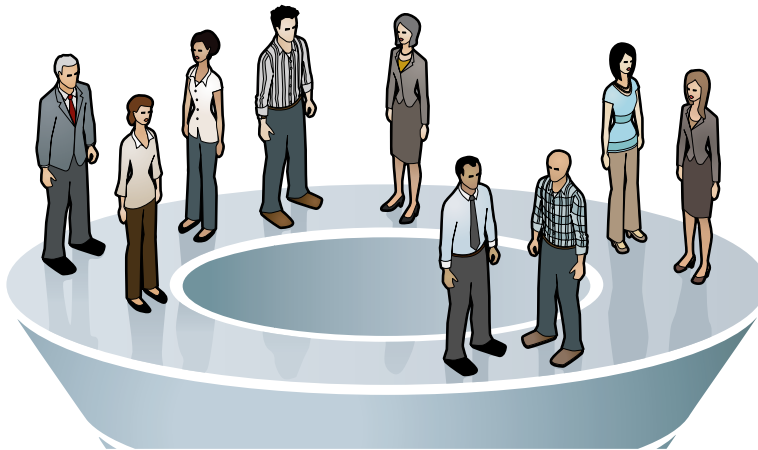
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Make sure your LinkedIn profile is complete and up-to-date.

Don't be afraid to ask for help or advice. There is no shame in approaching others – they were all in exactly the same position as you. The worst thing somebody can say is “no”.

The world is full of useful and helpful people and if you search hard enough, it's quite possible to find answers to your questions and concerns, completely free of charge.



An informed entrepreneur is a successful entrepreneur and without a shadow of a doubt, the hours you put into finding out information now will make the process of planning, launching, and operating your online business all the more fluid.

# Summary

- Starting an online business is tough, but with determination, and a complete understanding of what you want to do online, it's possible.
- Prepare yourself and your family/friends for the time commitment starting a new online business requires.
- However, remember to allow yourself some free time, so you don't alienate your nearest and dearest.
- Seek and accept assistance from whomever and wherever you can, be it free, paid for, or bartered.
- The online marketplace is busy – differentiate yourself from the competition with clear USPs, and carve out a niche for yourself.
- Starting an online business requires a lot of skills, some of which you won't have. Pay professionals to keep your project on track.
- Working with a partner can reduce the workload, but proceed with caution.
- New businesses can prosper during hard times if you negotiate hard for any products, services or skills you require.
- Remain customer-focused at all times, or you won't run a business for very long.
- Know and understand your numbers – the heart and soul of every business are the financials.
- If you're planning to sell products online, budget accordingly for the resources required (time, money, and staff) of receiving, storing, and distributing stock.