

# **EMGT 835 FIELD PROJECT:**

**Precision Web 4 U: A Business Model for Selling Websites**

**By**

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Dedicated to Bonnie who put up with me  
over the last three years while completing my masters.

Also dedicated to my parents for pounding into my head a  
belief in higher education. They never doubted.

Special thanks to Herb Tuttle who always makes  
the difficult seem like it is going to be easy.

Special note: The use of the pronouns he, his or him is intended to be a non-gender  
specific reference.

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# **1. Executive Summary**

The Internet provides a seemingly limitless set of opportunities to conduct legitimate and profitable business. There are many types of businesses that can use the Internet in a variety of ways to sell or conduct business. This document provides a business model for one such company that will sell website development and design to small and medium-sized businesses. Most new companies (not just those on the Internet) fail within the first year. A business model is an essential tool towards establishing goals, techniques, direction, and in gaining a competitive advantage.

## **2. Introduction**

The Internet provides a seemingly limitless set of opportunities to conduct legitimate and profitable business. Through the use of well-designed websites, companies can either expand their existing business or exclusively sell online. Unfortunately, most small and medium-sized companies do not know how to create a website, let alone an effective one. They lack technical staff, expertise, and equipment. There is a need for web development companies to help other companies design and implement effective websites.

### **2.1. Background**

Greg Erhard of Overland Park, Kansas desires to open an Internet-based business to help companies design and implement websites. He wants to either create new websites for the companies, or take over their existing ones. Many website design companies are poorly managed and misdirected. Greg feels that he can offer a superior product with higher quality to surpass the competition.

Greg has retired as a director from Sprint in Overland Park and would now like to focus on a prototype company that develops websites for small and medium-sized businesses. By using family members and contractors, he will start this business to determine the viability of expanding into a larger company with permanent employees. Greg has named this company: Premium Web 4 U (Premium Web for You).

### **2.2. Market Need**

While the Internet market is certainly filled with websites and website developers, this business continues to grow each year. U.S. online sales for the fourth quarter of 2004 totaled \$21.4 billion; up 29.4% over a year earlier. During this same time, conventional retail sales only grew by a little over 8%. This growth outperformed even optimistic estimates by the US Department of Commerce.<sup>1</sup>

There are four primary needs for websites. The first involves companies that do not currently have a website but desire one. They may wish to establish a web presence to inform customers and direct them to the store; or they may wish an e-commerce solution to sell online (enhancing their current operational model).

The second need involves companies that already have a website, but find that it is ineffective. Either it has been poorly designed or does not satisfy what the customer needs. Similar to this, the third scenario involves companies that have a website, but need a new developer to maintain it.

Virtual companies constitute the final need. These companies have no physical showroom or storefront. Instead, they sell their products and services only online; directly to consumers. An example of this type of business would be Amazon.com.

### **2.3. Keys to Success**

No matter what type website service a company needs, success for Premium Web 4 U will be measured by acquiring and retaining customers. Acquiring customers is not only the result of good advertising, but also in reputation. Reputation is earned through quality and word-of-mouth. Retention is achieved through customer-perceived value.

The goal of this business model will be to find the proper target market segment for which the best web design services can be offered at the highest quality and lowest cost. Strategies will also be presented to focus Premium Web 4 U's limited resources into market segments with low competition but high need. In addition, methods for conducting the business will be analyzed and suggested.

### **3. Definition of Business**

#### **3.1. Company Name**

The company name: “Premium Web 4 U” was registered by Greg Erhard of Overland Park, KS in January of 2005.

#### **3.2. Purpose of Business**

Premium Web 4 U was founded for the purpose of doing business as a web design and development company. Concentrating on small and medium-sized businesses, Premium Web 4 U hopes to create original websites and do rework on existing websites.

#### **3.3. Legal Form of Business**

Premium Web 4 U is managed as a Sole Proprietorship.

#### **3.4. Business Location**

This business is virtual (no physical location). Various employees and contractors work from their homes.

#### **3.5. Management Team**

Greg Erhard owns and operates this business. A majority of management decisions will be made by him. Having significant influence and decision-making power is Sarah Erhard, another family member.

#### **3.6. Contracting**

Robert Myers (this author) has been hired as a contractor to establish a business model, feasibility study, and Internet presence for Premium Web 4 U. Additional

contractors and subcontractors will be hired in lieu of permanent employees until the company proves viable.

## 4. Types of Business Websites – Product Definitions

Websites represent a company's face-to-the-world on the Internet. They can offer a variety of information and services to the public. While every website is unique, they all have certain common elements that place them into approximately four categories. These four categories represent the "products" or "solutions" that customers buy from the website developers.

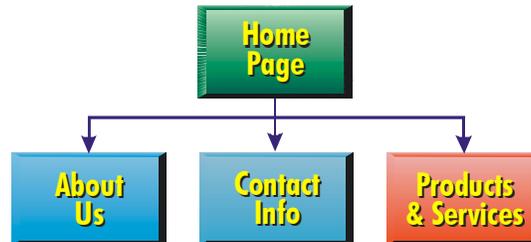
It should also be mentioned that the website types listed below run on web servers that may or may not be owned by the website's company. In the case of larger businesses, they may own the appropriate hardware to host the website - but it is more common for small and medium sized businesses to buy space from other companies. This fact doesn't concern the web developer who can place the website onto a server no matter where it is located.

### 4.1. Web Presence

Not all businesses need a website where they can sell products. A web presence is a very simple website that works like an advertisement. It tells potential customers about a company and how to contact it. Many companies use these as an extension to their ad in the Yellow Pages or media advertising. Today, more than ever, a majority of people looking for a business turn to the Internet, not the Yellow Pages or newspaper. It's vital to have an Internet presence so that potential customers can easily find a company. Without a web presence, customers will find someone else.

Having a presence on the Internet shows a level of professionalism that makes customers comfortable with a company. In these economic times, people want clear value

for their money and therefore have a lot of questions – and they go to the Internet to find the answers. A web presence site usually contains the components shown in Exhibit 1.



**Exhibit 1 - Simple Web Presence**

This type of website might be appropriate for a small company like a plumber, law firm or restaurant. Detailed information would be inappropriate or distracting on this type of website. Instead, the simple web presence is intended as an online brochure which highlights select information about a business. The features of this type of website are listed below.

### **Home Page:**

The Home Page is the page first seen by customers when visiting a website. It sets the company's identity. Usually it includes a logo, welcome message, and a brief introduction of the products and services offered.

### **About Page:**

The About Page describes something about the company. It may include the company's history, its philosophy's of operation, or biographies on the owners. About pages often include pictures of the company or employees to set up a friendly, professional atmosphere.

**Contacts Page:**

This page tells the customer how to contact the company. Typical contact methods include email, phone numbers, and addresses. Often feedback forms are included here so that customers may send messages without even using their email account. Many companies include directions and maps to their stores.

**Products & Services:**

A brief description of the products and services offered by a company appear on the Products and Services Page. It does not go into detail about each product, but it may address the major product lines.

**4.2. Advanced Web Presence**

The more information a potential customer receives, the more comfortable they feel in doing business. The Advanced Web Presence builds upon this idea by providing a website that explains all of the important aspects of a business and its products.

A camera shop, for example, might not only list information about the company and product highlights, but also in-depth product features, descriptions, user manuals, and reviews. In addition, other information like a help page, frequently asked questions or customer service information might be on the website. Customers expect to use the Internet to find out information. A typical Advanced Web Presence is diagramed in Exhibit 2.

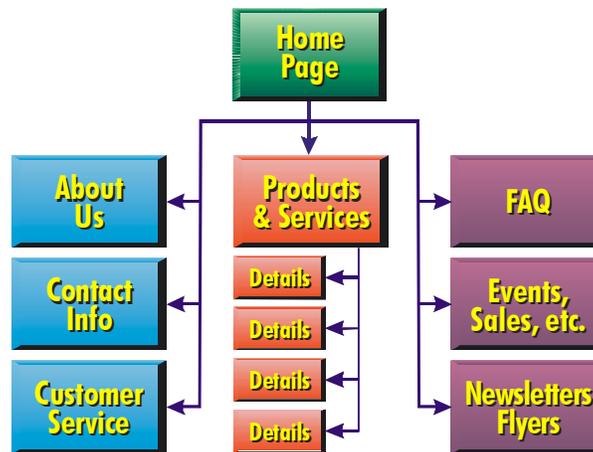


Exhibit 2 - Advanced Web Presence

In addition to the features examined in section 4.1 (Web Presence), the Advanced Web Presence can contain several more pages (a few possibilities of which are shown below). This type of website might be appropriate for mid-sized or larger companies that need to explain their products, services, or policies. A home-building contractor would not sell on the Internet, but he would want to adequately describe his business capabilities and services. Alternately, a pharmaceutical company might want to give consumer information and warnings about their drugs. Many colleges also use this type of website to provide information to new and existing students.

### **Product Details Page:**

Detailed descriptions, pictures, features, availability, and prices can be included on the Product Details Pages. These pages should provide enough information to answer a majority of consumer questions about a product to help them make informed purchasing decisions.

**Service Details Page:**

In some cases, a company does not sell products, but instead a service. The Service Details Pages should contain enough information to adequately explain these services. A doctor might want to discuss how procedures are performed, or a roofer might detail the processes of selecting a new roof for a home.

**Enhanced customer-to-business communication:**

When a consumer visits a company's website, they often would like to contact the company directly. A well-designed contacts page can provide both email and telephone contacts to individuals within a company or directly to departments such as sales, customer service, the help desk and human resources. Additionally, automated contact forms can be provide that collect very specific information required for customer service requests, service estimates, or general comments.

**FAQs:**

Many consumers are now very savvy when it comes to finding out information about a company or its products. They often expect to find a list of Frequently Asked Questions (FAQ's) on a website. The company will display common consumer questions along with the appropriate answers. While these FAQ's cannot answer 100% of the questions, they do have the benefit of being a self-service tool that is available 24 hours a day.

### 4.3. Internet Storefront (e-Commerce)

In addition to describing a company and its products, a website can be used to sell these products. Superior to a physical store, Internet stores operate 24 hours a day, 365 days a year, and with a minimum of employees. Furthermore, anyone in the world with an Internet connection can buy from the company. A typical Internet e-commerce website is diagrammed in Exhibit 3.

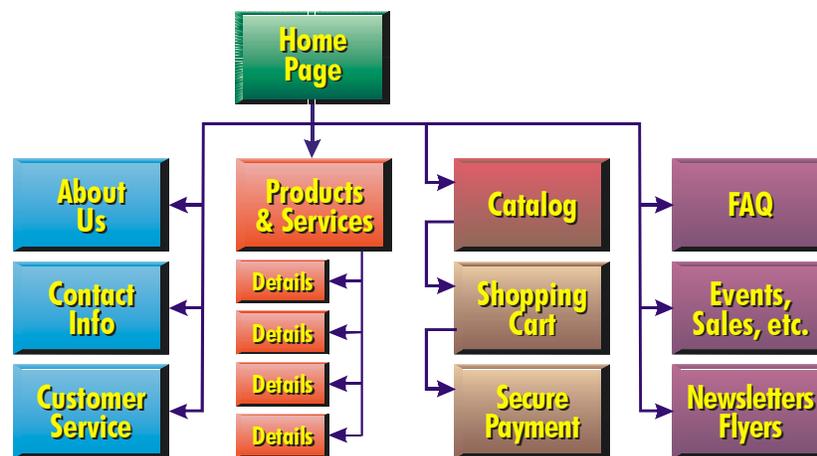


Exhibit 3 - E-commerce Website

There are numerous examples of e-commerce websites from Amazon.com to Wal-Mart. Anything can be sold whether real (like a camera) or intangible (like an electronic book). Online stores can cater to a diverse customer base with a wide variety of needs. Website features that support these purchases are discussed below.

#### Online Catalog:

The online catalog can contain a list of the store's products, descriptions, and pictures. From here, customers will add the items to a shopping cart for later checkout and purchase.

**Shopping Cart:**

The shopping cart holds all of a customer's selections from the catalog. The customer can change quantities, select shipping methods, and pay using their credit card or a variety of other secure online payment options such as e-Checks or PayPal.

**Customer Service Center:**

Customers often have questions, and sometimes things go wrong. An online help desk or customer service center provides a quick and painless way for customers to get help, updates, ask questions, or initiate returns. This part of the website might also include a real-time online chat service with a customer service representative.

**Package Tracking:**

Shippers such as FedEx, UPS, and DHL provide online shipping services for customers. The information from these companies can be integrated directly into the website so that customers can easily track their purchases.

**Administrative Features:**

Easy to use web-based interfaces make it simple to keep inventory listings up-to-date. State of the art shopping carts from trusted industry leaders such as Yahoo and PayPal provide very powerful and flexible features. Alternately, customized shopping carts can be created to serve specialized or more complex needs.

**4.4. Customized Dynamic Website**

Some companies have specialized needs that are not handled by a web presence or e-commerce website. These needs can include solutions that allow people to directly

interact with the company's website. Google is one such example. Google does not sell a product, nor does it have an e-commerce website. Instead, it allows the public to interact with its extensive database of websites. All web surfers are familiar with this type of service, which is called a "search engine." When a user communicates directly with a web application and receives customized responses, it is referred to as a "dynamic" web service. This is as opposed to a "static" web page which does not change from customer to customer.

Like Google, other companies may also want to allow access to data that their company owns. By either charging to access this data or through advertising, the company would expect to recoup its costs. These dynamic online services might be provided as part of another company function. A college might offer specialized web services as part of their courses; covered by the cost of tuition.

Dynamic services vary in complexity and usually cost premium prices to develop; often because these services are unique and unprecedented. The web presence and e-commerce sites have been done numerous times, so there are adequate models and tools that have already been developed. But specialized websites require a project development cycle that may involve many designers and programmers.

Other examples of specialized dynamic websites include looking up reviews at Consumer Reports, searching for motel rooms on Expedia.com, or downloading music from Apple Computer's iTunes. Each site has a specialized solution to handle their products. Selling a lamp is one thing, but selling information is another.

## **5. Available Markets**

To understand what products and services Premium Web 4 U should provide, and to what companies, the existing market must be considered. Uses for a website will be analyzed as well as the potential competitors who provide these services. With this information it will be easier to target the best opportunity to focus Premium Web 4 U's resources.

### **5.1. Business Uses for a Website (Potential Clients)**

There are several types of businesses that either use or need websites. And most of these businesses can use them in a variety of ways. While each has a different end-user and goal, the design and analysis is very similar. The four following business types define the most common companies that use websites.

#### **5.1.1. Brick-and-Mortar Businesses**

The term "brick-and-mortar" refers to businesses that have a physical location, such as a store or showroom. Often these businesses want to increase sales by offering merchandise for sale online. Not only is this a convenience for regular customers, but it can also introduce new market areas such as in rural areas. For example, BestBuy has hundreds of stores, but still maintains a state-of-the-art website where customers can buy all of their products. Brick-and-mortar businesses might also include a service-oriented business such as a travel agency, plumber, or educational institution.

Companies do not always want to sell a product online. Instead, they may set up a website simply to show off the products or educate the public. A restaurant may show a menu online, but that does not mean they will sell the food online. Companies might also show detailed product specifications so that potential buyers can make informed purchase decisions.

### **5.1.2. Corporate (large) Businesses**

Large corporations are less likely to sell products online. Companies like Bayer, Procter and Gamble, GM, or 3M usually depend upon retail outlets. Procter and Gamble, for example, only lists products to inform the public of their content, quality, and how to use them. Many corporations only use the web as a public relations tool or an investor's resource.

### **5.1.3. Virtual Businesses**

Virtual businesses don't actually have a physical store or showroom from which to sell their products. Amazon.com and eBay are prime examples. Amazon.com provides a wide variety of products and eBay provides a valuable auction service, but neither has a tangible location that deals with the general public. In fact, neither has a customer service phone number for talking to an employee. Service must be handled through email.

### **5.1.4. Intranets and Extranets**

Many companies, whether large or small, may find that they also have a need for an intranet or an extranet, not to be confused with the Internet. While the Internet is a global community of businesses, governments, individuals, and other organizations –

intranets are localized networks usually running inside of a company with almost no outside contact. Many companies use intranets to provide private or proprietary information only for the use of its employees. Usually less formal than its Internet counterpart, the intranet works in exactly the same manner and should be designed with the end-users' needs in mind – even if the end users are the company's own employees. Intranets might contain information about benefits, company policy, or employee newsletters. Intranets can usually be accessed only on company property or through special secured gateways into the company network.

An extranet is similar to an intranet, except that it is intended to provide information and web services to a company's business partners. For example, a contractor may check a company's extranet to look up schedules, work orders, or internal phone numbers. Extranets are usually accessed through the Internet – but require a user password for security purposes.

## **5.2. Industry Providing Web Services (Potential Competitors)**

Because of a demand for websites, there are plenty of individuals, contractors, and companies providing these services. But it must be realized that the Internet is still very new and a very fluid environment. There are few well established or well defined companies providing websites. The website development market is a confusing and undefined place. Worse yet – the virtual nature of the Internet allows many companies to form without a physical locations. Today, these companies may contain employees who work together but have never met.

To understand the competition that Premium Web 4 U must face, an analysis of who builds websites will be conducted. This insight will help to identify weaknesses in the industry that can be exploited with a capable and quality-minded company.

### **5.2.1. Individuals**

Advertisements on TV claim that a company can create a website for as little as \$4.49 per month. All a business owner must do is pay the fee and use a few simple online tools himself. In no time, his website will be up and running; attracting customers and making profit. Of course there is only limited truth in this. A website can be purchased and setup for less than \$100.00 per year, but the owner must have the skills and creativity to implement it successfully. Additionally, it is not made clear in these TV ads that these websites do not contain an e-commerce solution. These websites are only an Internet presence, used to promote the company and products – not to sell them.

Attractive as it may be, these low cost solutions have a fundamental flaw. They assume the owner will want to take the time and trouble of creating this website himself. Designing and implementing a website takes time, thought, and effort – despite what the commercials may say. A typical business owner has neither the time nor the design skills to accomplish this.

Smaller companies may choose to hire an individual or contractor to design the website. This can be a viable, low-cost solution. If the individual is suitably talented, they can make simple websites fairly quickly. Of course there is no guarantee of quality or reliability since the capabilities and skills of individuals vary widely. There is no “web development license” or other form of credentials that a business owner can check.

### **5.2.2. Internal Staff**

Companies containing even a few employees may choose to develop their websites internally. In some cases a company will train an existing employee or hire a new employee to serve as webmaster full-time or part-time, depending upon the need. Larger companies may have several employees, even an entire department to maintain the website and services. While these types of companies may use contractors to supplement their staff, they rarely use outside web development firms to create or maintain their websites.

### **5.2.3. Corporate Providers**

Companies may also choose to use large professional web providers such as Sprint, IBM or AT&T as Internet hosts. Not only do these companies provide the physical hardware to run high-performance websites, but they also develop and maintain much of the content. These services can be “overkill” for many companies who do not need all of the business-to-business features that these corporate providers offer. For example, the retail giant Target uses Amazon.com to power its website, inventory control, and back-end supplier order systems; but a small company such as the ABC Corner Grocer would not need a solution of this magnitude.

### **5.2.4. Web Design Houses (Studios)**

As an alternative to the large corporate providers, Web Design Houses are small companies dedicated to making value-added websites for various organizations. The staff is comprised of talented graphic artists, programmers, and media developers with

extensive experience in this area. Often these companies are in trendy downtown lofts or buried deep in industrial parks and pride themselves in original, outside-the-box thinking.

Turnover in these development studios are high; employees tend to be under 30; and pay is not necessarily high. Many employees look at this job as a launching point for their careers. Consequently, Web Design Houses have difficulty in finding new customers, retaining employees, providing consistent quality, and thus maintaining a constant cash flow. Few of these studios survive more than a year.

### **5.2.5. Virtual Web Design Companies**

While similar to the Web Design House, the Virtual Web Design Company eliminates much of the overhead associated with running a physical studio. All company employees work from other locations, usually their homes. The work of designing and building websites lends itself to teams that can leverage the power of the Internet and work effectively together online.

Without a central location, the cost of running the company is dramatically reduced. Employees have the convenience of working at home, managing their own schedules, and even deducting home office space from their taxes. Employee satisfaction is higher and thus retention is improved. They will even work for a little less money since they don't have the added expense of commuting to and from work.

Managing such a company is more difficult, but the ultimate rewards can be higher. With lower costs and higher employee satisfaction, the quality of produced websites goes up.

## **6. Target Market and Target Competitors (Strategy)**

After identifying the types of businesses that use websites, and the types of websites being used, an analysis can be done to determine where the greatest needs lie. The types of competitors in these markets must also be considered. With this information, a target market can be identified to concentrate Premium Web 4 U's limited resources while maximizing the chances for financial success.

### **6.1. Identifying the Greatest Need for Service**

There is a need for most companies to have websites, but the largest growing market has been the small and medium-sized businesses. While larger companies like Old Navy or Office Depot have invested into e-commerce sites, the local retailers or small franchises have not been as proactive. Many of these businesses either have no websites or ineffective ones, and they are beginning to realize the importance of having a quality website. Usually the only barrier preventing them from getting a website is the lack of knowledge on how to get one. These businesses do not understand who to contact, what to ask for, or how much it should cost them. They need to be educated.

Table 1 shows an example of various types of companies and their website needs. A value of "1" shows a relatively high need while a value of "3" shows a low need.

**Table 1 - Summary of Company Website Product Needs**

<b>Type of Company (and examples)</b>	<b>Simple Web Presence</b>	<b>Advanced Web Presence</b>	<b>eCommerce</b>	<b>Special Dynamic Site</b>
Small Startup (contractor or consultant)	1	2	3	3
Small Brick-and-mortar Retailer (local store)	1	2	2	3
Small Online Retailer	3	2	1	2
Small Service Industry (doctor, lawyer, hotel, restaurant or plumber)	1	2	3	3
Non-profit (church, charity, or other organization)	1	1	3	2
Medium Retailer (small franchise)	2	1	2	3
Medium Manufacturer (factory or importer)	2	1	2	2
Medium Service Industry (hotel chain)	2	1	2	3
National Brick-and-mortar Retailer (BestBuy or Lowes)	3	1	1	2
National Online Retailer (Amazon.com)	3	1	1	2
National Service Industry (Avis, Travelocity, or Starbucks).	3	1	2	2
Corporation (GM, IBM, or MetLife)	3	1	3	2

- 1 = High need
- 2 = Medium Need (Occasional Need)
- 3 = Low Need (Rare Need)

Premium Web 4 U does not have the resources to handle national businesses or some medium-sized ones, so they should be eliminated from the analysis. Due to the complexity and relative unknown nature of specially designed dynamic sites, they should also be eliminated as an option. The dynamic sites can take significant programming resources to implement. This leaves the following businesses to focus on (see Table 2).

**Table 2 - Target Business Type for Premium Web 4 U**

<b>Type of Company (and examples)</b>
Small Startup (contractor or consultant)
Small Brick-and-mortar Retailer (local store)
Small Online Retailer
Small Service Industry (doctor, lawyer, hotel, restaurant or plumber)
Non-profit (church, charity, or other organization)
Medium Retailer (small franchise)

## **6.2. Identifying Viable Market versus Competition**

Competition tends to be very strong when it comes to the Simple Web Presence, which is actually very simple to do for any talented web designer or small company. Many businesses may have an employee with these skills. The average high school student could probably put together a Simple Web Presence for under \$100. These sites might not be professional or adequate, but many business owners really do not know what they need or how much it should cost. They will not expect to pay the industry standard fees for this work, especially when television commercials advertise business websites for \$4.49 per month.

Premium Web 4 U should concentrate on the slightly more complex websites such as the Advanced Web Presence or e-Commerce websites. These projects will have more work and be better able to absorb the administrative fees associated with the initiation, design, and development of the website. A company wanting this more complex type of website will likely understand the costs. Additionally, the simple websites do not offer enough work to offset the administrative fees involved in procuring the contract and building a relationship with a new client.

When buying a computer, most people know they will choose between companies like Gateway, Dell or Hewlett-Packard. When picking an operating system, Apple and Microsoft are the players. But in picking a web design studio, there are no recognizable brands or companies. Competition is very fragmented and fluid. These companies are generally short-lived and unstable. Premium Web 4 U should not face any specific strong competition.

### **6.3. Summary of Target Market**

Premium Web 4 U should concentrate on providing websites that feature an Advanced Web Presence or an e-Commerce solution. These sites will provide enough work to offset administrative costs as opposed to the smaller simpler sites. Designs of these sites are somewhat standard in layout – so generalized templates can be created that greatly reduces the costs of future development. Specialized sites should be avoided due to the unknown nature of the work.

## **7. Target Market Analysis**

### **7.1. Customer Characteristics**

To understand how to interact with the potential customers, analysis into their characteristics is required. It is difficult to effectively negotiate with these businesses without comprehending their desires and motivations; also their fears and limitations.

#### **7.1.1. Personal Characteristics**

Nearly 50% of the small to medium-sized business owners are 35-55, married, male and Caucasian.<sup>2</sup> They work a long number of hours and are well motivated. However, few of them really understand what is needed to properly design a website or comprehend the work that must go into it. Education is the key. Small business owners rarely understand any of the aspects of web development. Worse yet, many are either apathetic to the Internet or fear it. Overcoming these obstacles will be discussed later.

#### **7.1.2. Business Characteristics**

The obvious way to design a good website is to provide the customer what he needs. Sometimes, whether due to ignorance or ego, many small business owners approach website development from their own perspective and not based upon what they actually need. Focusing their attention on the business can be difficult.

For example, a roofing contractor knows all aspects of the business and materials involved, but a new homeowner does not. The homeowner may wish to know the differences between different shingles and also the length of time a new roof takes to put on his house. But the roofing contractor may only want to put pictures or testimonials of

their best work to show off their talents. The contractor already knows everything about the materials and the business, so he does not find this information to be interesting or particularly important. To him it is obvious.

### **7.1.3. Financial Characteristics**

Nearly 50% of all small businesses are based out of the owner's home. A majority of these businesses provide a service (50%) while a much smaller number provides retail sales (15%). The remainder is made up of contracting, construction, and other industries.

The average sales are just under \$200,000 per business with a total sales of nearly \$3.5 trillion combined. Approximately one-third of the owners make their primary income from their business.<sup>2</sup>

### **7.1.4. Business Owner's (Client's) Drivers**

There are several things to which business owners respond favorably when developers are designing their websites. Owners want to be able to select from many different designs. Whether they like the first design or not, they always seem to want to change things; perhaps to prove to themselves that they have an element of control. They may want to move a logo by a tenth of an inch, or change the color hue by 1%. The primary benefit is that it gets them involved and gives them a feeling of ownership over their website. Despite the extra work, such involvement should be encouraged (and allowed for in the estimate). Customers usually do not know what they want, but they do know what they do not want.

Owners want to see their ideas on the website, so they must be listened to very carefully to discover the underlying theme or message that the owner is trying to

communicate. Sometimes they cannot explain in exact words what they want – so the emotion, attitude, and spirit of the site must be deciphered by the developer. Often they just need to see some good examples, such as a competitor’s website, to fuel their design ideas.

Value is also important, determined by the owner through sales. The web developer must ensure that their clients are developing websites of good value, sometimes despite themselves. Great effort must be taken to educate and coerce the business owners towards creating effective websites.

### **7.1.5. Potential Problems and Risks**

The greatest risk in working with a client is their own unfamiliarity with how the Internet works and how websites should work. Few small business owners understand the details of domain names, hosting services, and electronic commerce. Worse yet, there are plenty of bad examples on the Internet that a client may decide is a good idea. Educating and steering the client is essential.

Another problem is with cost. Clients have no idea what the value of a website is. This scares them. It is very hard to comparison shop. The prices between developers can vary by thousands or even tens of thousands of dollars. This difference can depend upon the size of the developer, their reputation, or just in how well the client’s requirements were communicated. It is not like ordering a car. There is no list of options and features to select. Instead, each developer will create a very personalized solution based upon how the requirements were understood and based upon the developer’s own tastes, philosophies, and skills.

Often a client will not understand how a website can cost more than a thousand dollars. To them it looks very simple and easy to do. They do not understand what goes on behind the scenes and how many pieces have to work together. Administrative costs and rework are often misunderstood too. Whenever a client decides they don't like a graphic – that work is thrown away – but still must be paid for.

Sometimes the client's poor taste must be overcome. They will almost always ask for something a little flashy on their homepage. Most people, small business owners included, tend to be unsophisticated when it comes to understand how websites should be designed to be effective. Brilliant colors, animated graphics, and flashy pictures only distract users and sometimes even irritate them; but owners often want these features. Perhaps they saw it on another site and thought it looked original, not knowing that the same thing has appeared on thousands of other sites. In these cases, they must be informed of the offense and offered a less obtrusive alternative.

## **7.2. Growth of Internet Businesses**

The fourth quarter retail sales, which include the lengthy Christmas Holiday Season, are used as a very good economic barometer, showing insight into the strength of the US retailer. In the fourth quarter of 2004, all retail sales rose by 8.3% over the fourth quarter of 2003 – an admirable increase. However, online (e-commerce) retail sales grew by nearly 30% over the same period. In 2004, online sales accounted for almost 2% of total retail sales.<sup>1</sup>

This growth has continued every year for the last ten years, even outperforming the optimistic estimates of experts. As the public become even more Internet savvy, this trend is expected to continue.

### **7.3. SWOT Analysis**

The strengths; weaknesses; opportunities and threats must be analyzed. This analysis can be used by Premium Web 4 U as a tool to focus business efforts and avoid pitfalls. While this list is not exhaustive, it does focus on some of the more obvious or important topics.

#### **7.3.1. Strengths**

The primary strength of Premium Web 4 U is in being well prepared for this type of business. A lot of time has been spent in analyzing the business model and in targeting the appropriate market. The start-up contractors have experience in web design and development. Premium Web 4 U management has experience in managing complex projects and in running a sole proprietorship.

#### **7.3.2. Weaknesses**

Premium Web 4 U has a number of weaknesses, basically from being a new company. While most of the employees and contractors have experience either in management or this industry, none have been directly involved in running a web development company. This inexperience can cause bad estimates and poor marketing decisions.

To be successful, Premium Web 4 U must also charge fees in line with running a fulltime business, albeit a virtual one. Many of the competing developers provide very cheap solutions – usually due to the facts that they are young, part time, or inexperienced. Regardless, they provide businesses with a cheaper solution. The fact that they might be of lower quality does not readily become apparent to the client looking for the best value. They only see a lower fee.

### **7.3.3. Opportunities**

There is great opportunity for business growth in web development. Plenty of companies have untapped potential in the online market. Whether through fear, ignorance, apathy, or insufficient funds; businesses have underutilized one of the most powerful marketing tools available to them. By educating these businesses, many can become aware of this valuable tool. Premium Web 4 U should take the opportunity to provide literature, sales meetings, or seminars in which to educate its target market.

Many companies may not know that their business lends itself to the Internet. A plumber, for example, may not see the value in having a website. Again, properly educating the client is important. He should be taught how a website provides twenty-four hour contact information, lists of services, rates, and testimonials from satisfied customers. Advantages over competitors can also be illustrated.

Opportunities exist not only in creating new websites for companies, but in taking over their existing sites. Many companies have ineffective sites, or desire to expand or remodel what they have. Premium Web 4 U must make them aware that this service is also offered.

### 7.3.4. Threats

As mentioned earlier, there are no strong competitors that threaten to rush in and overtake the market. Instead, this field is similar to publishing where there are many different businesses (both large and small) that support the market. The threat from competition is mainly that of being undersold.

One reason that many web development companies go out of business within the first year is that they undervalue their services. Inexperienced managers do not charge enough to cover administrative and development costs. They often do not realize the amount of rework and testing that must go into web development. A customer might dislike the work being done at anytime, resulting in a complete redevelopment of the project. This threat must be anticipated and allowed for in the contract of work.

Similarly, smaller companies can undercut an estimate for a variety of reasons. They may undervalue their own work; run a leaner company; or have a more efficient business. Television commercials advertise do-it-yourself websites for only \$4.49 per month. Even though it is unlikely a customer could actually use one of these cheap sites, it still serves to undermine reasonable market fees.

Another major threat is the turnover among web developers who tend to be young, cavalier, and have less disciplined lives than the average professional. They are more akin to artists in many ways. Acquiring a very talented developer is one thing, but keeping them for two years is another. Twenty-five percent annual turnover for developers is normal in this industry.

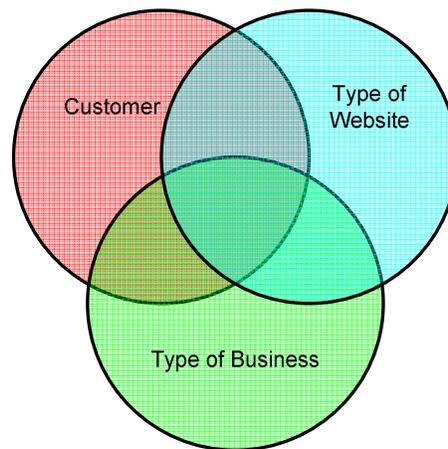
## 8. Marketing Plan

### 8.1. Target Market – To Whom to Sell

**In summary:** The more similar each website project is to the other projects, the more profitable it will be. If possible, focus on one type of business.

It is tempting to “go down the street” in order to acquire customers; selling to every type of business. However, there is a balance that should be maintained when seeking clients, which is shown in Exhibit 4. There are three business factors when doing a project:

1. **The Customer:** The individual or company requesting the website
2. **Type of Website:** Whether a web presence or an e-Commerce site.
3. **Type of Business:** What the company does: contracting, plumbing, restaurant, or doctor.



**Exhibit 4 - Balancing Project Characteristics to Minimize Work and Maximize Profit**

Ideally, only one of the three factors should vary between projects. This leads to less development time, lower prices, happier customers, more work in less time, and therefore more profit. If more than one factor changes, then new techniques, technologies

or business must be learned – requiring more time for development and additional resources.

With this in mind, the business model should focus on one of the two following strategies. Premium Web 4 U could develop the same type of website for the same type of company, for example specializing in sites for lawyers. While the customers would change, the business would be the same. Working in one industry builds expertise and reputation.

Alternately, another plan would be to vary the business, but keep the same customer. An importer might sell a variety of products requiring websites for Russian furniture, Asian gifts, and Italian ties. Each is completely different, but the customer is known, eliminating much of the administrative costs.

## **8.2. Services Definitions**

In addition to creating websites as a whole, there are other services involved with websites. Premium Web 4 U may wish to consider offering some or all of these services to its customers instead of, or in addition to, its regular work. This section details some of the possible services and alternatives.

### **8.2.1. New Websites**

The primary activity Premium Web 4 U should involve itself in is creating new websites for businesses from scratch. It is always easier to start from the foundation and build a completely new website. This service will involve the full development process of taking a business owner through the concepts of websites, through the design and development phases, and then to the rollout and implementation of the site.

### **8.2.2. Remodeled Websites**

Another primary market is in redesigning existing websites that clients find to be outdated or ineffective. Premium Web 4 U should first try to get them to scrap the old site and begin again if practical. Ultimately, this approach is cheaper rather than trying to adapt to existing designs that may conflict with Premium Web 4 U's adopted practices.

### **8.2.3. Taking Over a Website**

In some cases, clients will be happy with their existing website, but they want to change the company that manages it. Sometimes web design companies go out of business, raise their prices, or change management. This can cause a business owner to desire a change in who runs its website. The company itself may have created and run the site but now wishes to delegate this task to a contractor.

Regardless of the cause, Premium Web 4 U can certainly move into the role of administration. Usually this take-over-service involves granting access rights to the developer, regular updates, and a monthly maintenance fee.

### **8.2.4. Logos, Photos, Graphics and Diagrams**

As part of developing a website, the customer's logo, product photos, customized graphics, and possibly diagrams will be required. It is rare for a customer to provide all of this artwork. Most small companies do not even have an electronic version of their logo. This means that Premium Web 4 U will have to create the artwork, probably through the use of contract graphic artists. For example, an online media expert may be hired to provide animated advertising graphics or a photographer hired to take product photos.

The charges for this work must be estimated and included in a contract. Usually they are estimated separately and distinctly from other work. After the website has been created, clients will often desire changes that involve these services. They may not need a new webpage, but they might need another picture. New product may be added to the website requiring new photos. They are most likely to approach the original developer for these services.

### **8.2.5. Marketing**

Just because a company creates a state-of-the-art website and has a highly desirable product does not mean anyone will visit the site. The search engines cannot be depended upon to locate and categorize an Internet store without some help. There are many techniques for driving people to a website; almost all involve some form of Internet advertising. Premium Web 4 U needs to offer its services as a broker, consultant, and advertising agent to their clients.

Clients are usually less hesitant to pay for advertising than they are for the original development of the site. Partially because they want to promote their new website and also because they are familiar with the costs of traditional advertising.

### **8.3. Product Pricing**

Typical clients may be prepared to pay \$10,000 for a one-time mass mailing, but not willing to invest the same into a website that will potentially get world-wide exposure for an indefinite period. It is hard for them to realize the value of a website, especially when they are not Internet savvy. A client may insist that his business has been fine for thirty years and he certainly does not need to change it.

How does Premium Web 4 U convince clients to pay \$10,000 to \$20,000 to develop a website when the client does not see the importance in the Internet? The answer is: “They don’t.” It is often better to realize that some businesses will never understand the benefits of e-commerce or of a website. There are other potential clients, so it is best to move on.

Premium Web 4 U must make a profit. They cannot undervalue themselves, except perhaps to gain a client that may be of more value in the future. Getting in the habit of giving bargains just to gain work will be counterproductive. Resources will be spent on bargain jobs that should be working on the higher-paying jobs.

Likewise, Premium Web 4 U cannot overcharge for service. While website clients are not overly familiar with prices, chances are they have requested an estimate from more than one web developer.

### **8.3.1. Estimating**

Most clients will expect an estimate so that their cost will be known up front. Unfortunately, building a website is not like ordering a truckload of washing machines; the exact cost is difficult to determine. Premium Web 4 U must go through the standard estimating techniques used by project managers on new projects, especially those used to estimate software projects.

A written estimate should always be provided to the client and should be prepared by a senior developer. There are many methods for providing estimates; one of which Premium Web 4 U should standardize upon. Usually this will involve the determination of hours for each task – multiplied by the resource cost. An administration fee is also

added in as a percentage of the estimate of work (such as 20%). Any materials purchased, such as software, artwork licenses, and hosting fees must be considered.

A major problem with estimating is that websites are a lot like art. A developer may design a page only to find that the business owner hates it. The page must be scrapped and the work started again. But perhaps the owner will like the work the first time. Maybe they will still hate the work after five attempts. How can this be estimated?

There are two ways to overcome this problem. First, the estimator must pay close attention to what the client is requesting – asking leading questions as necessary. Clients often do not know what they want, so the information must be creatively extracted from them. The second technique to prevent rework is to involve the client in the development process as much as possible. They can be given daily or twice daily updates for review. If they are unhappy with some work, it will be discovered immediately before too much time is wasted.

A website developer may also want to charge an hourly rate for certain tasks, although clients usually protest this. But in cases where the work is based upon client preference, such as with the development of a logo, estimating is almost impossible. Usually the web developer will give the client a maximum number of hours that they think the task will take. If those hours are expended, the client must authorize further time. Clients tend to be more agreeable to designs when they are paying by the hour.

It must also be understood that the estimate is a living document. It serves the client as a menu of choices which are narrowed down through an iterative process of meetings and discussions. The estimate will be continually revised until the final version has been agreed upon and a contract negotiated.

Estimates should always have an expiration date on them, at which point the estimate expires. A sample estimate is provided in the appendix.

### **8.3.2. The Continuing Costs of Operation**

After the website has been developed, certain costs will continue regardless of whether the site is updated. A monthly hosting fee is paid to the company that houses the website on its server. While the website may be run on a company's own computer, there will still be a cost associated with managing it. This fee will vary depending upon the size of the website and the number of customers visiting it.

An annual fee is also paid for the company's domain name, such as [www.premiumweb4u.com](http://www.premiumweb4u.com). This fee is usually less than \$25.

If a company runs an e-commerce website, there will also be fees based upon running a shopping cart, merchant bank account, and online payment charges. Some of these charges are fixed, and some of them are per sale. For example, most credit card companies charge a 2.5% fee for each transaction.

### **8.3.3. The Contract**

There are many contracts that can be developed for this type of development. After locating a suitable contract template and having it reviewed by a lawyer, this contract can be used time and time again. Always attach the estimate to the contract. The estimate details the exact work to be done and provides a ready reference if the scope of work should be debated. Usually a client will think that they have negotiated much more work than they actually have. A sample contract is provided in the appendix.

### **8.3.4. Retainers**

After the website has been built, hopefully it will provide value to the business. As time goes on, the client may want changes to the website once the initial contract has been fulfilled. If this is the case, the client must renegotiate a contract with Premium Web 4 U, based upon a new estimate.

Premium Web 4 U has the option of charging a monthly retention fee (or maintenance fee) which can give the client limited updates to the website. If extensive changes are necessary, this retainer can also be used to guarantee that the client will receive preferential and priority treatment. It is not easy for a business to find someone to update their website at a later date, especially if it was built by another development company. It behooves them to maintain a relationship with their original developer.

## **8.4. How to Sell the Product (Promotional Strategies)**

The target market suggested for Premium Web 4 U includes small and medium-sized businesses whose owners do not always tend to fully understand the methodologies and capabilities of e-commerce. The primary goal in selling to this market is proper education. Potential clients must be made aware of how the Internet can help them, and only then will they be willing to pay the fees necessary to properly build an effective website.

### **8.4.1. Sales Visits**

Initially, Premium Web 4 U should focus on a local market. This has several advantages. The sales staff will gain experience in meeting face-to-face with clients which is not possible in telephone or email conversations. Additionally, clients tend to

respond favorably to a personal sales visit when dealing with a new and unknown technology.

Premium Web 4 U should first identify the types of businesses that it wishes to approach and find those companies locally. The type of product to sell them must then be chosen. Research should be done on any existing website, or lack thereof, to devise an approach strategy. A salesman should visit the company to leave sales material with an assurance that it will be given to the proper decision makers. The salesman should only ask to make an appointment to discuss the material, not try to high-pressure sell them at that time.

A large part of a sales meeting (whether scheduled or impromptu) will involve educating the client with the following information:

1. The benefits of a website.
2. How easy it is to let Premium Web 4 U build a website for the business.
3. That the owner will not need any technical expertise or even know how to use the Internet.

Sales visits should always be followed by a postal mailing that contains the same marketing material. If the salesman met with the client, the mailing should also contain a letter that thanks them for their valuable time.

#### **8.4.2. Direct Marketing**

It is unlikely that “cold-calls”, unsolicited telephone sales calls, will prove effective with this product. In fact, it will probably only prove to annoy the potential client. Instead, a mailing, such as a colorful brochure, can prove to be successful if well

designed. Unlike a telephone call, a brochure is tangible and can be left in an inbox or placed on a desk to be reviewed later. A sample brochure is provided in the appendix.

### **8.4.3. Physical Documents**

Besides a brochure, additional documentation can help sell the site. Development of a sales package, distributed in a folder, can be very effective. This package should contain material to educate the client on the benefits of a website and why Premium Web 4 U is that best choice to create it for them. Contents can include:

1. A letter of introduction.
2. A sales brochure and business card.
3. A Premium Web 4 U newsletter (see example in the appendix).
4. Reprints of articles or government reports on the benefits of the Internet and of the growth of e-commerce.

All of the physical documents should provide the Internet address to the Premium Web 4 U website. The website contains information that is more detailed than the physical documents and is intended to answer client questions. Sometimes clients feel uncomfortable voicing their questions or concerns to a salesman whereas the website is available twenty-four hours a day to dispense advice and answers.

### **8.4.4. Promotion during Business Events**

In addition to covering all sales material with the website address ([premiumweb4u.com](http://premiumweb4u.com)); the website (and subsequently the business) can be promoted in a variety of ways. Many cities have small business conventions or seminars. Not only can Premium Web 4 U attend these events, but it can also advertise in these events' program

booklets. Even if Premium Web 4 U does not attend the event, they can still usually advertise in the event literature. Not only might the attendees be interested in a website, but also the other event vendors.

#### **8.4.5. Print Advertising**

Local or national advertising in newspapers and magazines is also an option – especially media involving small business news or advice. Small ads can be placed in the classified section, possibly expanding into larger, more prominent locations if necessary. Most communities have local business journals or a chamber-of-commerce newsletter. These would be ideal for low-cost advertisement.

#### **8.4.6. Online Advertising**

There are many ways to advertise online, but most of them involve money. A company cannot count upon a search engine to find and advertise their company. While search engines like Google and Yahoo display relevant businesses with a search, they do not always properly categorize a company or a product. Additionally, a company may find that its listing in a search result is not as prominent as they would desire.

#### **Being listed on a Search Engine is not Effective Advertising**

There are three basic ways to advertise online, the first of which is to advertise directly with a search engine. What many people think is that they can pay money to a search engine to improve their position in the search listing. This is completely false. Search engines determine the prominence (or rank) of a search result based upon a mathematical algorithm that contains such things as content, relevance, popularity, and the number of websites linking to that website. Google cannot be “bribed” to raise a

result. Exhibit 5 shows the results of a typical search. The rankings are numbered (in this case) from one to five.

Search engines find pages by using automated programs called "spiders" or "bots". Bots is short for "Robots". These programs "crawl" the web looking for new web pages and updating old ones. They find web pages by looking at the URL Domain Registration services or by following links from other pages. For example, if it were to look on XYZ.com, it might find a link to 123.com – and then it would add 123.com to its list of web pages. Because of this, search engines like Yahoo tend to find web pages automatically. The owner does not need to register them. However, most search engines do have a registration page - but this is FREE.

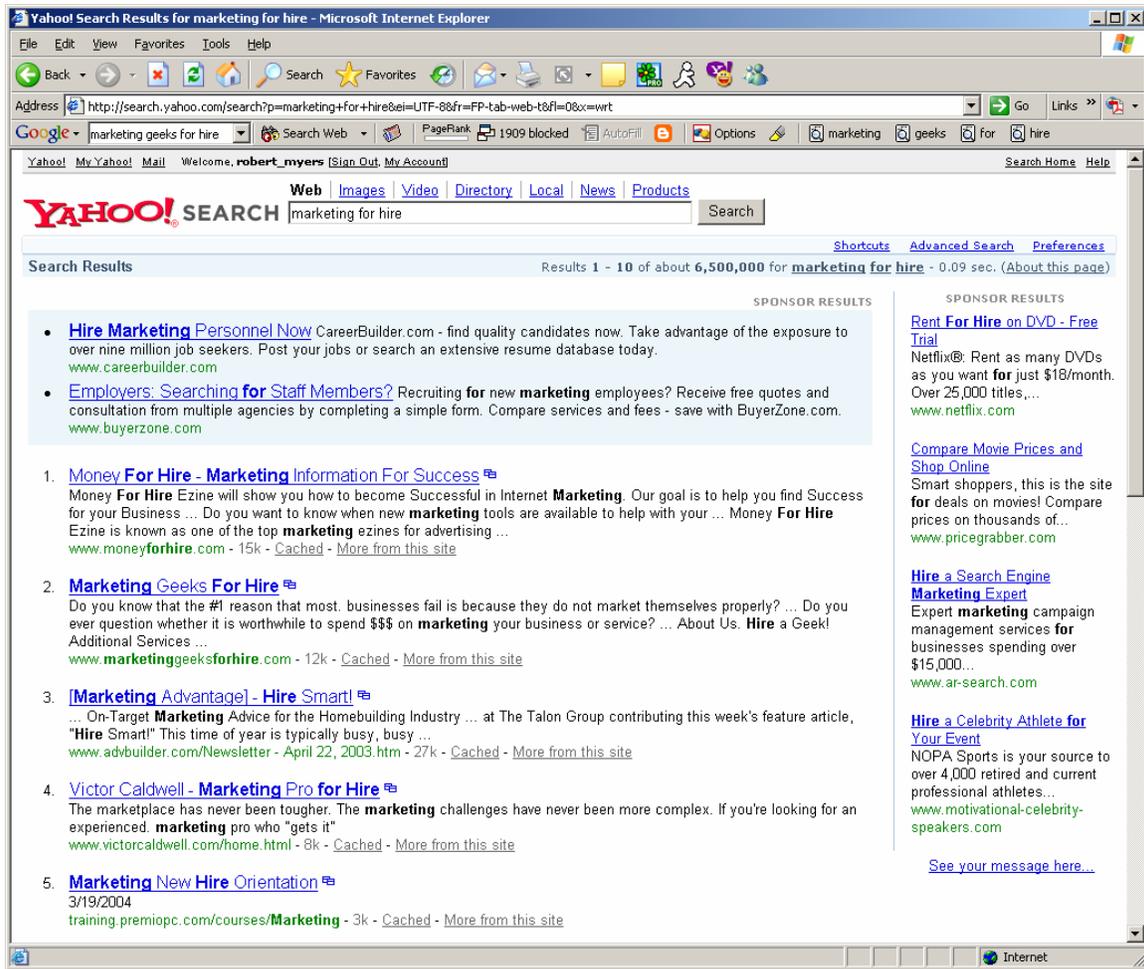


Exhibit 5 - Example Search Engine Result

## Sponsored Search Result Advertising

But there are other areas on the search page besides the rankings. Above the rankings is an area called “sponsor results,” highlighted by a blue background. It contains two companies which paid money to get that position. Along the right-hand side of the page is another four companies that also appear with the search result due to paid advertising. Yahoo calls this advertising service “Overture” and all search engines have an equivalent service. Businesses “bid” to get near the top. They pay “by the click.” Looking at Exhibit 5, this means that [www.netflix.com](http://www.netflix.com) may pay 50 cents per click, but

[www.pricegrabber.com](http://www.pricegrabber.com) may only pay 45 cents per click. Therefore, Netflix is at the top. If however, they pay the same – they will share the top two spots randomly.

Given this scenario, if a person were to click on the Netflix link– Netflix will be charged 50 cents. Each click is 50 cents. Pricegrabber would pay 45 cents each time someone clicked them. If 1000 people click per day, then netflix pays \$500.00 – even if no one buys anything from them. Of course the prices and number of allowed clicks can be managed by the business owner.

Again – these types of results are sponsored. They are paid for and they are actually a type of advertising on the search results page. These ads are referred to as context sensitive advertisements since they are relevant to the search that was performed by a web surfer. Premium Web 4 U should invest in this type of advertising.

### **Banner Advertising**

A banner advertisement is similar to taking out an ad in the newspaper or a magazine. These ads are usually included in prominent places on company websites. For example, CNN.com usually has an advertisement for the University of Phoenix Online directly on its homepage. The University of Phoenix has paid CNN enormous fees to carry this ad. There are advertising companies that specialize in this service. By paying a flat fee, these companies will make sure that the business gets exposure on websites that meet target demographics. The ad will appear on these websites with a frequency depending upon the amount paid. In some cases, three companies might share the same spot to reduce costs; any one company being displayed one-third of the time.

## **Companies that Improve Search Engine Ranking**

Many companies profess to improve the search engine result rankings of their clients. Since the algorithms on each search engine are secret and proprietary, no one really knows how to get a business to the top, or even the top ten. But there are some tricks that help. These rank-improvement companies know most of the tricks necessary to increase a business's ranking.

Most of these tricks involve making modifications to the target company's website to convince the search engine software to increase the importance of the site. This might be in providing legitimate "hints" to the search engine to allow for better classification of contents, or it might involve unscrupulous techniques discouraged by the industry. Regardless, none of these techniques can guarantee a prominent result, although they certainly do help. This service should only be used in conjunction with other advertising.

### **8.4.7. Monitoring**

No matter what type of advertising is used, a method for judging each type's effectiveness is necessary. Without this feedback, money cannot be adequately targeted to the high performance advertising areas.

## **8.5. Business Assumptions and Risks**

A series of assumptions and risks must be taken into consideration by Premium Web 4 U management when doing business. These "assumptions" have to do with the way elements are expected to behave whereas "risks" analyze the possible failures of these same elements to perform in the manner expected.

### **8.5.1. The Market**

The Internet has actually been around for several decades (since 1969), but only since approximately 1995 has it become a common household tool; perhaps even more recent than that. Growing along with the popularity of the Internet has been e-commerce and online business promotion. Although many Internet companies have come and gone, the online gross retail sales have risen dramatically each year, far outperforming the retail industry as a whole.<sup>2</sup>

The assumption by this business model is that the proliferation of online businesses will continue and that the need for Premium Web 4 U to help companies build websites will grow. The risk is that the Internet approaches saturation, and that all businesses that desire a website have already gotten one. At this time, there is no evidence of this risk.

### **8.5.2. The Customer**

Several assumptions can be made about the customer. Most will be small business owners, partners, or managers. They are somewhat familiar with the Internet, but not familiar enough to have commissioned a website previously. If they have a website, it is probably ineffective or out-of-date. They need help and do not know exactly where to turn.

Many of the customers fear doing business on the Internet because it is an unknown. They do not know how much to pay, what to ask for, or what the website needs to contain. These clients also do not understand the work or time that goes into the creation of a website and therefore may undervalue it. Conversely, some clients may feel that a website will cost much more than it will, and so they have avoided building one.

There are three primary customer risks. The first risk involves personal preference. The client may not like what the developer has done and therefore refuse to approve it. The second risk has to do with “scope creep”, the desire to add more features after the project requirements have already been agreed upon and estimated.

Non-payment is the final risk. Whether due to bankruptcy, unethical business practices, or dissatisfaction; clients may refuse to pay their invoice. This threat can be minimized through regular phased payments, but it is always a risk. A relationship with a suitable collection agency might be required.

### **8.5.3. The Contractors**

Using contractors as opposed to full-time employees clearly has its benefits, but also some risks. Contractors can be located quickly, usually have all the necessary skills, and have often done this type of work numerous times so that their estimates are quick and accurate. Their work is fast and professional. They have ideas that normal employees might not think of due to experience. Contractors do not receive benefits or bonuses.

However, contractors are usually paid a higher fee than employees, and may also receive overtime pay. Independent contractors may come and go from project to project and therefore may not provide a reliable workforce. Contractors have less loyalty to a company than an employee. While they make good supplemental employees, it can be dangerous to rely on them to handle all the development work. However, during the first year startup of the company they can prove to be an invaluable asset until the viability of the business has been substantiated.

There is an important side note to contractors. Premium Web 4 U must make sure that the contractors do not retain the rights to any of the material that they provide. They

must relinquish all rights and licenses. The client should be full owner of any materials developed for the website. It is unethical for Premium Web 4 U to attempt to retain rights to any physical, intellectual, or virtual material (such as a domain name) due to the ignorance of the client.

#### **8.5.4. The Technology**

Right now the Internet is a very powerful tool for sharing information and promoting commerce. A large number of companies have turned to the Internet to conduct some or all of their business. But ten years ago, the average person and average business did not utilize the Internet at all. Ten years from now, there may be something that surpasses the usefulness and popularity of the Internet. Changes in technology can rarely be predicted.

The assumption is that the Internet will only gain in popularity and that e-commerce will continue to grow. Therefore, businesses will continue to move some of their products and services to the web. The associated risk is that the Internet will lose popularity or be replaced with something else.

Some may say that the Internet would never lose popularity, but besides being supplanted by another technology; terrorism, spam, hacking, and government regulations could severely influence its usefulness. For example, Internet purchases are not currently taxed by the Federal Government, but bills have been proposed to add taxes and also interstate surcharges. These extra fees in addition to shipping charges could certainly cripple online commerce.

## **8.6. How to have a Competitive Advantage**

Premium Web 4 U can gain a competitive advantage in a couple of ways. First of all, they need to put a face to an otherwise anonymous online business. Meeting with clients in person will help them to feel more secure and that their ideas are being appreciated.

Secondly, education of the customer is important. As stated before, many clients do not understand the idiosyncrasies of running a website for their business. Teaching them the benefits and capabilities will help to alleviate their fears and make them more likely to invest in an unfamiliar technology.

And finally, it is important to provide a professional face in an industry largely dominated by young, long-haired and jean-wearing developers who do not know the etiquettes involved in meeting with a client. There is no doubt that the younger developers represent a huge talent, but sometimes more mature sales representatives should meet with the business owners who will be spending their hard-earned money. It will certainly give more confidence than meeting with someone that reminds them of their children.

## **9. The Business Model (Operations)**

Besides deciding who to sell to, and how to sell to them, effort must be taken to define the methods in which the business will operate. There are several considerations involved in setting up the physical infrastructure of a web design studio. Employees, contractors, hardware, and software all play a role in the company's success. Even methods in which quality is measured must be considered.

### **9.1. Required Resources**

#### **9.1.1. Administrative Team**

Initially, Premium Web 4 U will have a small administrative staff. It will be comprised of the owner and one office staff member. Together, they will make all management decisions and handle the paperwork involved in running the business. A contract lawyer and accountant will be used as necessary. This arrangement should be acceptable for the first year.

#### **9.1.2. Web Development Team**

For the first few projects, Premium Web 4 U expresses the desire to use contractors. While this is acceptable until a suitable cash flow begins, at least one fulltime developer should be hired as soon as possible. Premium Web 4 U needs a senior developer with loyalty to the company and a stake in its success.

Whether using regular employees or contractors, the development team should be made up of staff with the following skills:

1. Website design experience.

2. Web development programming skills such as HTML, JavaScript, PHP, and ASP.
3. Industry standard software experience such as Adobe Photoshop, Macromedia Dreamweaver Studio, and Cold Fusion.
4. Server management experience for managing website resources.
5. Database experience, especially with MySQL.
6. Technical and commercial writing skills.
7. Experience with various shopping carts and online payment services.
8. Skills in Graphic Arts and online Media such as Flash and Shockwave.

The simplest arrangement will probably involve a senior developer and one or two designers with different yet complementary skills. If using contractors rather than fulltime employees – the contractors should have a project team with a similar composition. All employees should be well motivated and capable of working from remote locations since Premium Web 4 U will have no offices.

A product photographer may also be required for e-commerce websites. If so, either experienced staff or a contract photographer should be used. They should already have equipment for such photos. The average price for photos is \$25 per picture. These pictures should be supplied in a digital format such as JPEG or TIFF and of sufficient quality as to be displayed in various resolutions on a website. Premium Web 4 U should make sure that the client obtains all rights and licenses to use these pictures indefinitely.

### **9.1.3. Hardware and Support**

The websites that Premium Web 4 U creates for companies must run on a web server. Premium Web 4 U does not intend to have a physical location and therefore no

place to setup hardware. Instead, they will use web servers hosted by companies specializing in maintaining websites. Alternately, some clients may choose to run their own server. Regardless, Premium Web 4 U should have someone familiar with servers, but this person will not need to manage them.

Premium Web 4 U should establish a relationship with one or two competent hosting companies with substantial resources and capabilities. Their servers should have adequate “up time” statistics, and they should have a thorough disaster recovery plan.

#### **9.1.4. Software**

Premium Web 4 U should standardize on the software used by its developers whether fulltime employees or contractors. This will help to speed development time and make future maintenance simpler. Recommended software includes Macromedia Dreamweaver Studio MX. This software contains the appropriate design tools, graphics editing capabilities, and Flash development resources to create a state-of-the-art website and is considered the industry standard.

Adobe Photoshop CS is an excellent choice for creating and editing photos and graphics. Most professional graphic artists and photographers use this software along with all of the third-party tools that it offers. Even if not creating or editing original artwork, this tool is necessary to maintain compatibility with the contracting artists.

#### **9.1.5. Facilities**

Since Premium Web 4 U intends to remain a virtual company, it will require no facilities. All employees and contractors will operate from remote locations.

Administration will be performed from the owner’s home office.

## **9.2. Gathering Client Requirements**

It will be necessary to capture the client's vision while balancing practical website development. A series of meetings will be necessary to extract these requirements from the client who often cannot adequately communicate what they are imagining.

Developers should know how to ask leading questions to elicit the client's ideas. A series of steps should be used when gathering these requirements. This task is not performed once, but instead a number of times during the website's development.

These requirement gathering meetings should be held in person if possible. Clients always feel more comfortable meeting face-to-face, and body language often helps to clear up confusion. But if necessary, conference calls can be a very valuable tool. The last resort would be communication by email.

### **9.2.1. The Concept Meeting**

Before the first estimate has even been performed, Premium Web 4 U must meet with the client to understand the scope of the project. This meeting does not detail every aspect of the website, but instead gets an overall idea of what the client hopes to accomplish. The developer will be able to understand whether the website will be a simple web presence or a more complex e-commerce site. A basic idea of the number of web pages and the content will be agreed upon.

The goal of this meeting is to help the developer create an estimate and preliminary design document which details the material covered in the concept meeting. Usually, Premium Web 4 U will be working for free at this point, hoping to recoup any expenses with administration fees during project development.

### **9.2.2. The Estimate Review**

After completing the estimate, it should be review either in a meeting or by phone. The initial estimate will contain a menu of choices (and their associated fees) determined from the preliminary meeting. Clients should choose exactly what they want for the website based upon desire and budget. Explanations of prices and capabilities will often be necessary. Sometimes a client may want something that is impossible, costs too much, or is inappropriate.

The outcome of the estimate review should be a final estimate and contract.

### **9.2.3. The Kickoff Meeting**

The kickoff meeting comprises the final estimate review and contract signing. By this time all parties should understand the goals for the website and be ready to begin work. Usually festive in nature, Premium Web 4 U may wish to provide refreshments or a meal to thank the client for choosing them. This meeting could be held over lunch.

### **9.2.4. Requirements Meetings**

At this point, detailed design requirements must begin to be collected, such as the exact text to put on pages, the colors, and the graphics required. The time used to gather requirements must be included in the estimate, sometimes hidden in the development time. The processes used to gather these requirements should include the use of facilitated sessions to allow a free-flow of ideas through techniques such as brainstorming.

The minutes from each meeting should be adequately documented and provided to all parties involved with the project. The client should be asked to verify receipt of these minutes as they may contain new website requirements.

### **9.2.5. Review Meetings**

Periodically, the developer and client must meet to discuss the current progress of the site. Depending upon the speed of development, this may be a fifteen minute daily telephone conversation or an in-person, weekly, hour-long meeting. Of course the client may be in another state thereby making physical meetings impractical. Conference calls work nearly as well.

During these meetings, the developer will get buy-off on the work so far and gather new requirements necessary for continuing work. Opinions expressed by the client are very valuable in reshaping the course of development.

## **9.3. Defining Quality**

### **9.3.1. Definition of Website Quality**

When defining website quality, there are several factors to consider, some obvious and some intangible. The primary test is whether or not the website works. Can a user navigate from page to page and find the information that they need? Are any of the links broken? Do all the pictures load properly? These questions have very straightforward yes and no answers.

If the site contains an e-commerce solution, then the sales process must be tested. Can a customer buy a product? All of these questions are answered during the Alpha Testing and Beta Testing phases discussed later in this chapter.

While harder to define, there are several aesthetic considerations defining quality as well. Does the site look nice? Does the client like it? Do all the pages flow together forming a single look and feel? These questions may be harder to answer, and the answer may vary depending upon who is asked, but eventually all parties involved will come to a general consensus.

### **9.3.2. Alpha Testing**

During development, the newly created web pages should be checked as soon as they are finished. A tester unassociated with the development of the page should review it for accuracy and aesthetics. The client can also be asked to review these pages on a daily basis. This form of testing during development is referred to as “Alpha Testing.”

Alpha testing can lead to the immediate discovery of problems that might have affected future work if left untested. For example, the client may not like a particular color. It is better to determine color preferences early in development than later when the entire website has been completed. Alpha testing can reduce the amount of rework significantly.

### **9.3.3. Beta Testing**

Once the website has been completed (or nearly so), “Beta Testing” can begin. Beta Testing involves the review of the website as a whole, not the testing of its individual parts. Sometimes a site undergoing Beta Testing is hidden from the general public, but available to everyone associated with the project. This form of testing has several goals:

1. Make sure the web pages work together towards the business objective of the website.
2. Verify that e-commerce features (like shopping carts) function properly and that transactions go smoothly.
3. Affirm the client's approval of the way the site looks and operates.
4. Test the hardware running the website to make sure it can handle customer traffic.

Preferably, Beta Testing will be performed by people who did not develop the web pages. This might be other Premium Web 4 U developers, managers, or even the client. Contractors can be hired who provide only testing as a service. Beta Testing techniques should be agreed upon with the client and the results should be documented for future reference.

Beta Testing may reveal flaws or necessary changes. If so, the modifications are made and Beta Testing continues. Once all parties have confidence that the website is working properly, Beta Testing will end and the site will be considered "live."

#### **9.3.4. Stress Testing**

In some cases a website will perform functions that require complex software or substantial computing power. For example, a new online store may expect thousands of customers per day because of the popularity of their brick-and-mortar (physical) store. To make sure the website can handle the stress of this customer load, Premium Web 4 U can simulate a similar load upon the website. Usually this is done by hiring contractors who have special software to perform this type of stress testing. Alternately, the developer can try to find dozens of people to test the website simultaneously. The benefit of a

professional testing service is the analysis and documentation that they will provide of the test.

### **9.3.5. Continuous Testing**

After release of the website, it should periodically be tested to make sure it is functioning properly. This includes that all pages are loading, software is running, email links are working, and that the shopping cart is functioning properly. There may be other features that should be checked as well. Either the client can be taught how to do this, or he can pay a monthly maintenance fee (retainer) to Premium Web 4 U to do this for him. This fee will be based upon the relative complexity of the site and the amount of time that it should take to perform the testing.

## 10. Summary

Premium Web 4 U has chosen to start a business in a relatively new and dynamic market. Despite a relative high need for these services, web development companies have struggled – trying to maintain a viable business model. There are no clear leaders or even recognizable companies providing these services.

The primary strengths that Premium Web 4 U can bring to the market are professionalism and education. Too many web development companies are run by twenty-something owners with a staff of even younger developers. While these developers have the necessary skills and talents, they lack the necessary professionalism to run a business with which a client will feel comfortable. Their lack of business experience can also destroy the finances of a company through no fault of the quality of work.

Educating the client is also a key success factor. Helping them to understand the role that a website can play within their organization is very important. The client must not fear the process of developing a website, but learn to enjoy it. They must be made to understand the costs so that they do not feel exploited. All of the capabilities and options for development must be taught to them so that they get the best website for their needs.

By following this model and utilizing the advice herein, Premium Web 4 U should have a competitive advantage and succeed where many other have failed.

## Appendix A – Website Specifications

Appendix A contains the detailed website specifications used to create the Premium Web 4 U website based upon the business model discussed in this document.

Appendix B contains screen shots of various completed pages. This website was designed and implemented between January and April of 2005 for a cost of approximately \$8000.

The website can also be viewed at <http://www.premiumweb4u.com>.

### Project: Website

This website design was created in response to a request by Greg Erhard and business associates to estimate the amount of effort and the cost of developing a website with the specific purpose of selling websites to small and mid-sized businesses. Exhibit 6 shows the high-level design for the website.

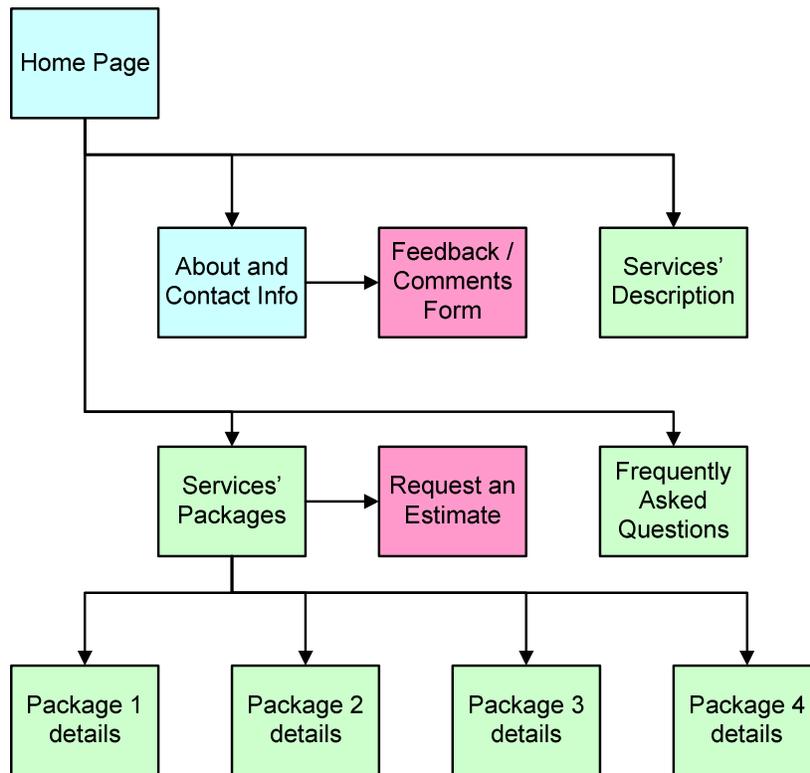


Exhibit 6 - Premium Web 4 U Websites High-level Design Concept

## Homepage

The homepage is the entry point to the website. It contains:

1. The welcome to the potential customer (hereafter referred to as the customer)
2. What the company does (concise) – perhaps a mission statement
3. The first impression of the company
4. The overall style the company wants to convey (i.e. professional, fun, laid-back, high-tech, clean-and-crisp, complex, etc).
5. Links to the major areas within the website
6. A search engine for the website (Google has a free site search)
7. A link to the privacy statement

The layout, style, and graphics on the homepage will be provided by the developer using a “simple”, clean, and professional layout. Artwork will be kept to a minimum so that the page loads quickly and is not overwhelming. Artwork can be supplied by the client – however the developer has access to some royalty-free stock artwork which will be used for the initial prototype.

The content (messages) appearing on this page (except for artwork), must be supplied by the client.

## About the Company & Contact Information

This page should give general information about the company:

1. Who owns it, runs it, or sells its services.
2. A concise statement of the company’s “goal” or mission statement.
3. How to contact the company (such as a general email account)
4. A link to a feedback form (see description below).
5. How to contact individuals within the company (email accounts).

The exact information to appear on this page will be provided by the client.

## Feedback Form

The feedback form collects specific information from customers or potential customers that will then be emailed to a particular email address. It is similar to the “Request and Estimate” form, but is used for comments, questions, or service requests. The data it would collect includes:

1. Name
2. Address
3. Phone
4. Email
5. Feedback type (selected from a list – Question, Comment, Request... etc)

6. Box to enter the comment
7. A checkbox to indicate if they want someone to call them (otherwise it would be handled through email)

## **Services' Description**

This page will contain descriptions of the services offered to the customer with detailed descriptions and bullet-points. Services can include (but are not limited to):

1. Site design
2. Logo design
3. Marketing assistance of the site
4. Shopping cart
5. Content subscriptions (like marketinggeeksforhire.com)
6. Graphical design
7. Photos
8. Chat rooms
9. Use administration
10. Hosting setup – email – FTP

The design and content on this page will be provided by the developer.

## **Services' Packages**

To help the customer understand the approximate price (before an estimate), and to make selection easier, a series of package plans can be listed. These plans will range from simple “information-only” websites up to complex e-commerce selling. Each listed package will then link to a “package detail” page that describes them in detail and gives a sample. While these packages would never be used exactly as listed, they would at least give the customer an idea of the types of websites offered, and approximately how much they would cost to develop.

An example of a page that provides various packages can be found at the DayanaHost website: [http://www.dayanahost.com/business\\_plans.cfm](http://www.dayanahost.com/business_plans.cfm)

The design and content on this page will be provided by the developer.

## **Package Detail Page (four – one for each package)**

The package detail page will give specifics of a package plan (explained briefly on the Services' Package page. Essentially, it goes into more detail than was possible when describing all the packages.

There would be one package detail page for each package offered. This page would contain a diagram showing the interrelationships of the package's pages and their descriptions.

Four such packages are suggested to present to the consumer:

1. Basic information only website (just a few pages).
2. Detailed information website (such as this estimate).
3. E-commerce website with user-configurable catalogs utilizing a tool such as PayPal Stores or Yahoo Stores. More advanced versions could include interfaces with shipping/tracking. Also subscriptions could be managed (such as marketinggeeksforhire.com).
4. Specialized information-intensive website with database interface. For example, this package could include a restaurant that wants to post a menu online, and be able to update it from a custom interface. And perhaps they want to allow customers to order take-out or delivery online. This is not standard e-commerce, but would require special custom services.

These pages will be created by the developer. It is best not to display estimated prices.

## **Request an Estimate**

This page contains a form that allows potential customers to request an estimate or to request more information. When the form is filled out, the form information will be emailed to one or more email addresses of choice using the HTML mailto feature. The client must provide an email address for this form to target.

## **Frequently Asked Questions**

The FAQs page will contain approximately a dozen common questions (and their answers) that a potential customer might have concerning the process of having a website developed for them. For example, they might want to know how much technical knowledge they will need. The FAQs document will comfort them by saying that no technical knowledge is necessary. They won't even need to know how to log on to the Internet.

One FAQ will probably need to be: "How much will this cost?" We can answer in one of two ways.

1. Give them a ballpark price for a small website, and another for an e-commerce website (along with a disclaimer that costs vary by type of business and the needs of the business).
2. Or we could just say: "It costs much less than you might think! Each company's needs are different, so please contact our sales staff for a free estimate to realize your business's full potential today!"

This page will be created by the developer.

## **Look and Feel of the Site**

The look and feel of the website is very important as it conveys an image of the company (i.e. professional, casual, innovative, etc). The simple style of design has been selected for development.

**Simple.** This style keeps the distractions to a minimum, is the cheapest to do, and is very easy to read and print. These styles usually have white backgrounds with dark text – and only a few graphics.

Examples: [www.google.com](http://www.google.com), [www.robustdecisions.com](http://www.robustdecisions.com), [www.avidoutdoors.com](http://www.avidoutdoors.com)

The look and feel includes the styles, colors, and controls (such as navigational buttons). It is usually one of the most challenging aspects of the website and may be the last piece put in place.

## Appendix B – Website

### Homepage

Exhibit 7 shows the homepage from the site. There are many other pages which can be reviewed at <http://www.premiumweb4u.com>. Some of the highlights of these pages are shown below.

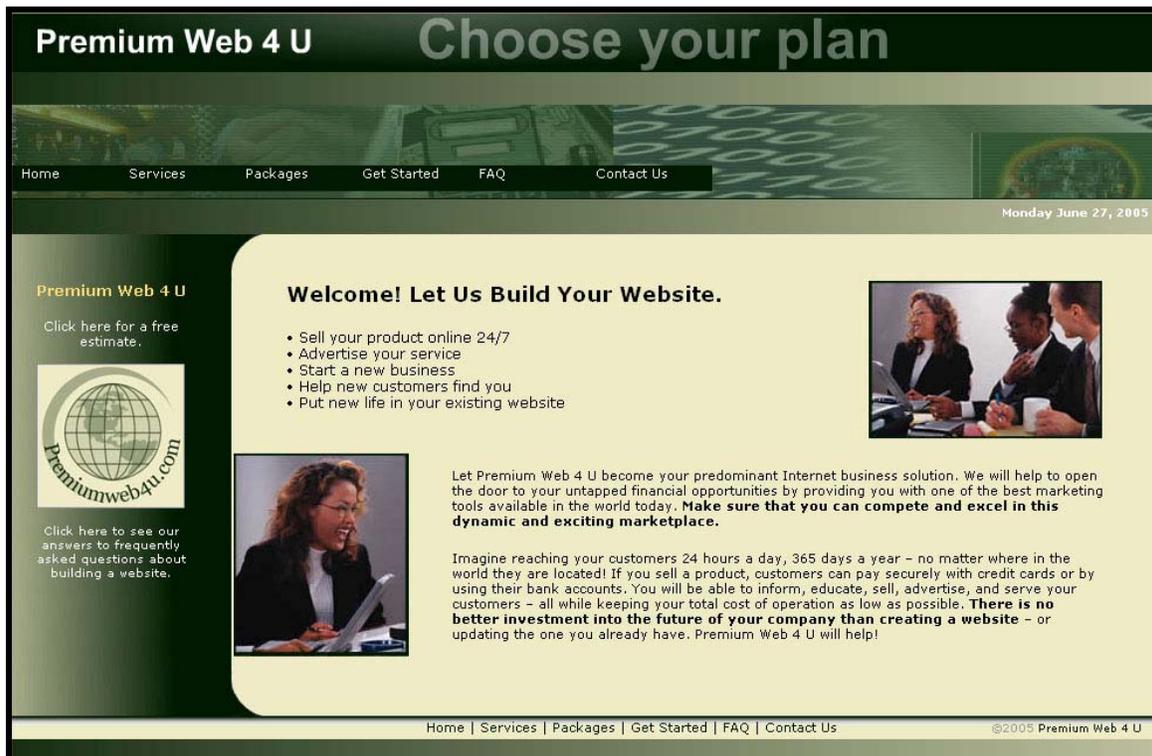


Exhibit 7 - Premium Web 4 U Homepage

### Services Page

The services page contains information about the services offered by Premium Web 4 U. A summary of this page can be seen in Exhibit 8.

**Executive Summary: Our Solutions**

Please contact us with any questions, and we will explain these solutions in detail.

**Solution Type One: Make Contact with Your Customers**

- Reach a world-wide audience.
- Get listed in search engines.
- Tell people how to contact you so they can give you their money!
- Provide phone numbers, addresses, and email contacts.
- Even provide a map with directions directly to your store!

**Solution Type Two: Add Value to Your Business**

- Online customer service or help desk.
- Detailed descriptions of your products or services.
- Answers to frequently asked questions to educate your customers.
- Provide connections to your business partners.

**Solution Type Three: Earn Money Directly**

- Sell your product or service online.
- Accept credit cards and electronic checks.
- Customers can view and buy your products 24 hours a day, 365 days a year.
- Customers can be located all over the world – millions of Internet users!

**How does Premium Web 4 U help?**

- Quality website solutions.
- Online product sales.
- Website Remodeling.
- Logos, pictures, diagrams.
- Marketing.
- Business models.

**Let us help you to excel!**



### Exhibit 8 - Services Page

## Packages Page

To help customers determine what type of website they want, a page describes packages was created (see Exhibit 9 for a partial view of this page). While this page leads to other pages with more detail, the package summary page provides a good overview that can help people understand quickly what is offered.

## Getting Started

Exhibit 10 shows the page that explains to a client how to get started. This step-by-step list is intended to inform, thereby removing the fear of the unknown.