

# Internet Business:



**20 secrets you NEED to  
know about you, your  
business and the  
internet**

## Dedication

To Vicki with all my love.

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# Introduction

Any serious foray into this wonderful world of internet business is going to cost money. Whether that money is a huge amount or a tiny amount depends on your strategy.

There are some key questions that you and your management team need to ask yourselves. It is the intention of this mini-book to help you find out what they are.

Let's start out by asking these:

- Who is your target audience?
- What competencies can you immediately bring to the web project?
- What are the resources you are able to commit to the project?
- What are your desired outcomes? What do you want your website to deliver?
- Why even *go* online in the first place?

In addition, later on we'll also consider affiliation and people/culture change issues. But for now, let's crack on and ask our last question first:

## **Why even go online in the first place?**

# Why you should go online

Forget the media hype – the internet is here to stay, and more and more entrepreneurs and executives are getting the message. Some may be technically clued-up; others may be technologically clueless. But they understand the following reasons why they and their company *should* introduce internet technology into their business:

- **It is not an option** - it's not the latest fad, it's not some hyped up technologist's wet dream, it *IS* the way that 'doing' business is moving. Note... not *all* of business will be done via this way. Human interaction will *still* be a vital part of the process (especially within the sales process in high-invoice-value, high-product-cost marketplaces).

But increasingly in many service businesses – such as insurance, publishing, and financial services – and in many retail environments the internet is becoming the *preferred* way to conduct transactions. Today's entrepreneurs and executives cannot escape the need to develop skills in leading from within a wired-up enterprise.

- **It is a great tool for communicating with stakeholders** – not only your customers (which it can do very well and cheaper than just about any other method) but also with your employees. And your shareholders. And your suppliers. And your business partners. And your prospects. And your suspects. And your local community. And... well, I think you get the idea...
- **It is fundamental to business strategy** – a failure to embrace inter-, intra- and extranet technology will involve huge opportunity costs and leave a business open and vulnerable to competitor activity. Your competitors that will almost certainly exploit weaknesses in *their* competitors – which means you.

Internet technology allows you to communicate with the outside world – let your customers know what is going on, target new customers, interact with customers, suppliers and prospects for little cost.

Intranet technology allows you to communicate securely with your employees – put up your HR policies, your mission statements, your vision, your successes and your private documents – without the outside world being able to access it.

Extranet technology allows you to set up private areas in cyberspace where you and your key suppliers and/or customers can meet, talk and share ideas and documents in a secure environment where competitors and the outside world cannot spy.

- **You might be 'Amazoned'** – imagine the surprise when Barnes and Noble, and Borders Music and Books, two large retail booksellers, were completely outflanked in a matter of months by a startup company that took pre-existing database information and leveraged that information via a new distribution

channel that most didn't understand but is called 'the internet'. As Bill Gates often states, he is wary of his current competitors but he doesn't really fear them. But he IS scared to a state of permanent paranoia that a business that doesn't even currently exist could come out of nowhere and overnight destroy his carefully crafted empire.

- **It helps with significant cost reduction** – the OECD (Organization for Economic Co-operation and Development) report *The Economic Impact of Electronic Commerce* reports the following:

- **airline tickets** – the cost of distributing an airline ticket through traditional means is US\$8, whereas internet-based airline ticket distribution costs US\$1, an 87 per cent saving
- **bill payment** – the cost of paying a bill via the traditional system costs between US\$2.22 and US\$3.32, whereas via the internet costs between US\$0.65 and US\$1.10, savings of between 67-71 per cent
- **life insurance** – traditional means of distribution: US\$400-700; internet-based distribution: US\$200-350, a 50 per cent saving
- **software** – cost of traditional distribution: US\$15; internet-based: between US\$0.20 and US\$0.50, a 97-99 per cent saving
- **customer service/transaction processing costs** – traditionally account for about 10 per cent of a company's operating expenses; using a web-based customer service interface reduces that cost from between 10 and 50 per cent.

Furthermore, introducing a web-interface ordering process reduces both error and time to process by between 50 and 96 per cent

- **It helps create competitive advantage** – albeit short-term advantage, but *any* advantage that a company can trumpet to the marketplace makes it a worthwhile advantage. If you can find some way of creating extra value for your customers, if you can leverage the new technology to communicate with them more often and when they ask you to, if you can leverage off the new technology to reduce costs, or increase the quality or speed of output, or if you can reduce the amount of hoops a customer needs to go through to do business with you – isn't it worth doing?
- **It helps cut out the 'middleman'** – and allows you to talk directly to your end customers, without the possible 'colouring' or distortion of your message that having an intermediary in the producer-customer relationship often introduces. Quite often the message that you *want* to see end up in your end-consumers' laps is *not* the message they actually get. Along the way the intermediaries, or 'middlemen', change your message to suit their own particular needs and priorities at that moment.



- **It helps launch you into new markets** – wherever in the world they might be. The global reach of internet technology allows you to market in new territories that you wouldn't otherwise be able to reach without great expense. Want to sell your widgets in Burkina Faso? Not keen on sending out a team to set up a sales and distribution channel out there? Not sure that you are able to effectively remote-manage a local distributor, with their own culture, their own priorities, their own accounting system? Why not use internet technology to set up a sales process and message that is targeted directly to your Burkina Faso prospects?
- **It allows you to test new products** – you can quietly launch new products and test them with select target audiences without having to let your competitors know what you are doing.

Are you thinking of an extension to your current product or service line? Thinking of creating a brand new product or service but not sure whether there is a market for it? But definitely don't want your competitors to get wind of your activities until they are too late to play 'catch up'? The internet allows you to test new products and services out on highly targeted audiences in a foreign territory and keep your risk of early exposure to a minimum.

- **It allows you to accurately track your marketing and advertising** – the challenge facing most companies who market and advertise is that they never really know how successful any campaign is. Like traditional direct marketing (when done correctly), the smart use of internet technology allows businesses to accurately track their advertising and marketing efforts. They can test new headlines, new sales letters, new pricing incentives, new pricing models, how effective their resellers or affiliates *really* are, and how effective their lists are, all at very little cost (unlike traditional marketing).
- **It allows you to target your prospects in a way unimagined before** – you can target micro niches and reach into parts of the marketplace you just couldn't reach with traditional methods. For example, you can not only target used car buyers, but you can target used car buyers of a particular brand, living in a particular geographic area, who have three children, one of them still an infant, who only want a white coloured car... get the idea?
- **It allows you to communicate personally with your customers** – better than just a simple mail merge, you can send out sophisticated and highly personalised messages to your customers, even if you originally start out with a message that is very general in nature. The nature of the internet allows you to collect data about your customers and prospects to a far greater depth, quicker and at a lower cost than possibly ever before.

- **It allows a management team to effect culture change more rapidly and seamlessly** — especially useful in the larger organization that is located across several geographic boundaries. The new technology allows companies to communicate new values and cultural drivers, both inside the company and outside to suppliers, shareholders, the community and the marketplace, at a pace and with more depth than just a fleeting visit from a distant Senior Manager who arrives, prattles on in unintelligible management-speak for an hour then smiles, urges everyone to do their best and heads back to his ivory tower of an office, far removed from the front lines.

Well, that's just for starters. Add in reasons like reduced technology costs across the organization, increased opportunities to tie customers and suppliers in to you, and increased opportunities to explore new strategic avenues and you have some compelling reasons why *any* senior manager and business owner *needs* to explore the technology of the internet.

## Secret number one

There are many reasons why you should be strongly considering some sort of internet strategy. These are just a few of the reasons why you should investigate the technology of the internet and how it can affect your business. And for the bean counters, there's always the next chapter...

Just make sure that you are going to go online for the right reasons — to deliver a higher-quality service experience to your customers and/or to reduce your internal administrative costs.

And make sure you get a good consultant or consultancy team that understands *both* your business *and* the internet business to work with you.

# For the bean counters...

## But are there companies actually saving money?

Yes, is the answer. And for a great example let's use 'Big Blue' itself.

According to *CFO Magazine*, IBM began to realize during the 1990s that the internet and its technology offered tremendous potentials. By January 1999 IBM had achieved some dramatic improvements in HR payments and vendor processing productivity. Let's have a look at some areas where they made and measured improvements:

**Table 1. Performance improvements from IBM's HR Payments E-Engineering**

Performance Measure	Before	After	% Improvement
Expense Reports per Full-Time Equivalent (FTE)	14,450	78,862	446%
Pay Distribution per FTE	43,200	72,810	68%
Error Rate for Travel & Entertainment (T&E) Transactions	7.0%	0.5%	93%
T&E as a Percentage of Revenues	0.06%	0.01%	83%
Process Cost per Expense Report	\$23.00	\$2.02	91%
Payroll Cost as Percentage of Revenues	0.20%	0.01%	95%
Process Cost per Pay Distribution	\$5.75	\$1.77	69%

**Table 2. Performance Improvements from IBM's Vendor Payments E-Engineering**

Performance Measure	Before	After	% Improvement
Computer Applications Used	12	1	92%
Procurement Error Rate	34%	9%	74%
Procurement Cost as a Percentage of Purchased Cost	1.8%	0.9%	50%
Process Cost per Invoice	\$1.50	\$1.02	32%
Percentage of Suppliers Accounting for 90% of Purchases	11%	9%	18%

So you see, there *are* companies making cost savings using internet technology. The internet is not just about selling stuff to consumers, like Amazon.com, but also about using the technology of the internet to save money, communicate more effectively and improve customer satisfaction.

## An approach to financial evaluation

Now that you are considering using internet technology to either reduce costs or increase revenue, here's a seven-step process drawn directly from traditional project management that may be of assistance in conducting a financial analysis of any new technology project (hint: only tackle one project or business process re-engineer at a time!).

- 1. Map the current business process.** In order to assess the financial value of any project, it pays to understand how that project will impact on company cash flow. Mapping each and every interaction and transaction in a business process will help you understand where you currently are;
- 2. Measure the cost and time.** Once you have a 'road map' of the current process involved in your business, add in the time taken and the cost amount for each step. Be sure to include the fully loaded annual cost of each employee involved in each step – this way a more accurate total cost of output can be developed;
- 3. Map out the new process.** Even conducting the first two steps will very often allow management to identify areas for improvement, if not actual ideas that can be implemented. By studying cases of successful internet-technology/process re-engineering implementation further ideas on what new processes and how they can be incorporated or introduced into the business can be envisioned;
- 4. Estimate the time and cost of the new process.** The general idea of any new technology is to reduce the amount of human interactions that a customer has to go through to accomplish their goals. For example, introducing a web-based technical service desk might well affect how many calls a technician can handle per hour, how many technicians you need, the average time a call takes to resolve and equally importantly have an effect on the customer's overall satisfaction with your business;
- 5. Develop a plan for the project.** Call in consultants specific to each phase of the project and work with them to design a timelined, fully-costed and payment milestone project plan. That way you know what money you are up for and when;
- 6. Calculate a total cost for the project.** Include not only the costs of consultants, but also any additional software, hardware, and telecomms connections. Equally importantly don't forget to account for the fiscal cost of time for those employees diverted to the project;
- 7. Prepare an integrated cash-flow analysis of the project.** Then calculate the net-present-value of the project. Depending on the complexity of both the business and the particular project it may be useful to think of each internet-technology project as one of a series of future projects.

## “Show me the money”

The well-respected communications consulting and market research organisation, Aberdeen Group, recently released a substantial report into Financial Value Chain Management entitled, “Show Me the Money: How E-Business Will Transform the B-to-B Financial Process”.

In the report they noted that, “Buyer and seller can meet on the Net and transact business in seconds or minutes. But, after the virtual handshake of agreement and signoff, the documentation, financing, and payment aspects of the sale get mired in the back office. ...The ease of consummating transactions on the front-end creates customer expectations that cannot be satisfied on the back-end.”

They also note that deficiencies in managing the Financial Value Chain result in lost business, overly high levels of bad debt expense, high working capital requirements, and negative variances in operational expense. They also note that successful Financial Value Chain Management (FVCM) is highly dependent on the adoption of B-to-B (Business to Business) e-Commerce and its numerous enabling technologies.

There is a large move amongst businesses, including within Australia, to transact relationships online. FVCM solutions that derive the *maximum* value for both business and client will be able to handle both online and offline commerce. With the increased financial imperatives that strong FVCM offers, large buyers in the US are forcing their suppliers to, amongst other online initiatives, deliver their invoices electronically. It can only be a matter of time until the trend catches on and all businesses are required, if they want to do business with each other, to transact electronically, using the technical language of the internet.

### Secret number two

You do need to look carefully at each element of your business and think about why you need to introduce internet technology. Is it to remain competitive? To forestall potential competitors not yet even in your radar? To reduce costs?

Be assured – you DO need to look!

With that considered, let's move on to our next question:

### **Who are you aiming your website at?**

# Defining your market

Theoretically, there are as many markets out there as there are people connected to the internet.

However that's not really helpful, is it? So instead, let's consider marketing practice from the traditional off-line world.

In traditional business we break our market into segments, or niches. Such as those interested in economy cars, those interested in upmarket and imported cars, those interested in family cars, those interested in sports cars, and so on. Or those interested in dogs, those interested in cats, and those interested in koi carp.

The internet changes all of that. Now, thanks to the complexity of the global village, we have the opportunity to market to micro-niches. So, not just at those interested in family cars, but those interested in family cars from Ford that are white, 3 years old, currently driven in South Australia and equipped with tow bars. Or not just dogs, but poodle lovers in Western Australia, or German Shepherd lovers in New York.

You get my point. The internet allows for micro targeting. Sure, you can target several micro-niches at once; you can also target several niches at once. But your product or service had better be up there with the best of them in all of the segments or niches if you are not going to look foolish and blow all of your credibility. Much as you might privately down-value a company previously known for selling pens and pencils that suddenly tries to sell you expensive database and high-technology solutions, so will the guests you draw to your website similarly scoff if you try and be all things to all people.

When I've asked senior managers, "Who is the target audience for your product?" some have answered me with the simple statement, "Everybody!"

Yet really that's nonsense. No product can ever be built or designed for everybody. So it is with your website – whilst it is available to everybody, for anybody to look at, in truth it is only going to appeal to a select group of people. Such as those looking for nursing jobs in Australia, those looking for information on marketing strategies on the internet, and so on.

So it pays us to work out the makeup and demographics of our target market whilst recognizing that the internet, being the global marketing channel that it is, pulls down national and international barriers to trade and information flow. You might be physically based in Dapto, but there's no reason why someone in Nova Scotia might not be interested and want to buy what you have for sale. Similarly, you might think that your widget has only a limited number of uses, but someone in Burkina Faso might immediately see an altogether different use for it.

## Secret number three

Work out as best you can who your target market is, but remain flexible.

The internet can deliver some blindingly obvious yet still breathtaking, “why didn’t we think of that?” surprises.

Your own thoughts and comments...

# Defining your competencies

What skills can you and your team 'bring to the table' immediately? Here I am talking about not only technology skills (and they are important) but also

- marketing skills,
- design skills,
- project management skills,
- budgeting and finance control skills.

In addition, there's going to be expertise required in

- sales
- content creation and management
- site strategic direction
- overall business strategic integration (how does the site fit in with and add value to your overall business strategy?)

And that's just the website stuff. What about:

- your company's core competencies as judged by the marketplace?
- your products and their features and benefits?
- what is the perceived value of the previous two within your target market?

You have to take into account that your website stands largely unsupported when a guest first visits it and so therefore it must work hard to encourage them to perceive your company positively, as a company of strength and as one who's products are worthy of their attention.

As a side issue, you may be interested in reading our booklet on *Corporate Identity*, which you can find at:

[www.hopkins-e-strategy.com/downloads/identity\\_booklet.pdf...](http://www.hopkins-e-strategy.com/downloads/identity_booklet.pdf)



## Secret number four

It would be a good idea to sit down and map out what skills you can bring to the table immediately and what skills, including website design, building and maintenance, maybe even back-end tie-in with your existing technology structures, that you need to buy in.

Your own thoughts and comments...

# Defining your resources

It's going to cost you money, let's not be shy about it. But you don't have to spend mega-dollars to get a great result. You just have to spend **wisely**.

Of course, we have all seen the huge failures on the internet business scene. The millions spent and lost in huge websites that tried to do all things at once and ended up doing nothing.

I was involved with a website for a recruitment company that cost a small fortune yet still failed. One of the principal reasons it failed was because it tried to force the job-seeking public to fill in a lot of time-consuming and labour-intensive pages so that the company could transfer that data directly into its own candidate databases.

Guests to the site who were used to online form-filling had very little issue with this, most notably those already involved in the IT sector. But high-flying executives proved extremely reluctant to spend 45 minutes filling in the forms. Subsequent interviews with executives showed that they considered it the job of the recruiter to do the work, not the candidate, as it was the recruiter that got the commission, not them.

So the website was redesigned and its goals simplified. Rather than trying to cajole the job-seeking guest to jump through hoops in order to express an interest in a particular job, the site re-focused and acted as an enticer to draw interest. It saw a greater return on this investment than its original site. Interestingly and I believe wisely, the company was not disappointed by the failure of its first site. It saw it as a learning experience and enabled it to make a more intelligent, focused decision regarding the strategic direction of its re-vamped site.

Similarly, I know of several websites that cost little to set up yet generate for their owners many thousands of dollars per month in revenue. You've just got to know what you can spend right from the outset.

But just as importantly as your financial resources, what *human* resources will you need? What extra staff, if any? What tasks will existing staff have to forgo and what new skills will they have to learn?

## Secret number five

Evaluate what resources – people, time, knowledge, and money – you have and what resources you need more of.

# Defining your desired outcomes

## What do you want your website to *do*?

Just like human beings, no one website can do *everything*. So which of the following are you looking for your website to deliver:

- Direct revenue?
- Marketing information to the public?
- Increased customer satisfaction with your company?
- Reduced administration costs?
- Faster supplier-consumer throughput?
- Greater market reach?
- Increased in-house knowledge transfer?

Now, I'm *NOT* saying that a website can only produce *one* of these deliverables at a time (you might also want to read a free article on deliverables and deliberables, which you can get at [www.hopkins-e-strategy.com/downloads/deliberables.pdf](http://www.hopkins-e-strategy.com/downloads/deliberables.pdf)). Of course a website can do more than one thing at a time, but what is the *primary* focus of the site, the main *raison d'être*?

Because as organizational and management psychology has shown, no one person can *effectively* serve more than one master.

So it is with your website. If the primary purpose of the site is to sell things, then any additional information (aka 'content') that you provide must either work to generate the sale or support the product or service post-sale. You can't have a website that is both an information and marketing resource *and* a direct sales channel.

Well, you can, but your guests will wonder what your site is trying to do. Like human psychology, websites work best when there is continuity of identity throughout the site. Look at the best websites – they have a consistent 'look and feel' throughout the site, a consistency of image format, of text layout, of branding, of content style. They may change *some* of the colour schemes through the site to denote various sections of the whole, but overall there is consistency and continuity to that site's identity.

Much like how we view and judge people – through various visual and sub-conscious clues – so we judge businesses by the identity that they create. If you offer a mismatched hotch-potch of visual clues as to the identity of your business, you will create confusion in the minds of your guests. They will feel 'uncomfortable' at looking at your site, probably without being to identify 'why' they feel uncomfortable. The chance of your website meeting its objective is greatly reduced.

That is why you will find that many successful businesses have several websites — each performing a specific function. One will be focused at providing customer service and information; another will be focused at providing supplier and distributor channels with key stock and pricing information. Yet another will be a tightly-focused site specific to maintain discrete client relationships, such as a password-protected website specifically for one particular client and yourself to share information, engage in dialog, engage in e-procurement and e-transactions.

Each website has its own specific 'look and feel', its own formal and informal structure that is distinct from the other websites of the company, whilst still retaining the overall corporate identity. Each has its own *raison d'être*.

For more information on identity and how important it is to get right, and how it is *much* more than just a snazzy corporate logo, please read our free article on corporate identity, which you can find at [www.hopkins.com/downloads/identity\\_booklet.pdf](http://www.hopkins.com/downloads/identity_booklet.pdf).

## Secret number six

Decide what *one* thing you want your website to do and then gear whatever ancillary tasks you can onto the site, AS LONG AS those ancillary activities support your primary focus and don't dilute it or confuse your guests.

# Defining your marketing strategy

Okay; you've figured out what it is that you want your website to do. You've looked at the resources you need and how many dollars you are going to spend. Hint: double that figure and you'll have a more realistic idea of how much you'll actually spend to get it up and running.

Now, how are you going to actually make your website do what you want it to do? How, for instance, does your marketing strategy accommodate and support your new site? How are you going to get guests to come, stay and come back again? How are you going to grow your sales?

Let's look at one of the key areas – Marketing.

In the early days of the internet just *having* a website was pretty much all you needed to draw a lot of traffic. Search engines found you quickly and online communities were small, so word of a new website quickly spread.

Nowadays even the best search engines can only capture and catalogue at best 30% of the total information available. There are more sites going 'live' each day, with more and more individual pages of information, than the search engines can keep up with. No longer can you "build it and they will come."

So, how *do* you go about marketing your website? There's lots of advice out on the internet, but I'm not sure of the effectiveness of some of it.

I've found that 'tried and true' methods work – you cross-promote through all of your distribution media and you give people a reason to visit your site.

## search engines

I will go into search engines in much greater depth on page 39, but for now let me put my own spin on whether search engines are of any use.

It depends entirely on what you are looking for your website to do. If you are looking to sell a product via the internet, then search engines can be a very useful tool. After all, 55% of all e-commerce purchases are by guests who originally arrived from search engines. And as the first 10 results for any search enjoy click-through rates of around 65% or more, it makes sense to have a good placement on the search engines.

But that's easier said than done. Services which offer to submit your new site to 150+ search engines are NOT worth the bother. In not only my opinion but in the opinion of a great many other successful internet marketers there is only one tool worth using to submit your website with — [SitePromoter](#). But its not cheap and it takes a while to learn to drive effectively.

The online retailer or information-product publisher would be well-served in having a strong search engine strategy. But if you are offering a service on the net, especially in a field where online differentiation is hard to find (such as financial services, accounting, etc.) then spending time and resources on search engine rankings is not worth it.

But please read more about this in the chapter entitled *Search engines – if I build it, will they come?* on page 39.

## url

For example, you put your website address (known as the 'url' or 'domain name') on all of your stationery, including your envelopes, invoices and even cheques if possible.

Online U.S. grocer Peapod ([www.peapod.com](http://www.peapod.com)) uses this tactic in their alliance with traditional grocery giant Royal Ahold. They put the peapod url on all of the grocery bags of the Royal Ahold stores situated in upmarket neighbourhoods and sales have jumped as a result.

The U.K. grocery giant Tesco has also employed a similar branding strategy, pushing the url of [GroceryWorks.com](http://GroceryWorks.com) (in which it has a major investment) in all of Tesco's stores located in more affluent and upmarket towns.

Another important factor to remember about your url is that it is a strong *aide memoire* for your business. By choosing a **memorable and distinctive domain name** that is strongly tied in with your business name you have a considerable edge over competitors who haven't. **If you haven't retained your own distinctive domain name yet, then do so NOW!** Even if you don't put up a website for a little while, you have at least saved your domain name. Use your mouse now and go grab a memorable [Australian .com.au](http://Australian.com.au) domain name or a memorable more generic and universal [.com](http://.com) name...

## email

If you use email, you put your url on each email, most usually by having a 'signature' (aka a 'sig file') at the bottom of each email you create.

The signature is normally some text that says who you are, your phone number and url (domain name). You might also want to consider putting in a reason *why* someone should visit your site, such as free and useful information or a discounted offer on a product or service.

Over the page there are some examples that not only highlight who you are and what your contact details are, but also *why* someone might want to visit your site.

Example 1:

```
...blah blah blah
...text text text.
Regards,
John
=====
John Smith - Marketing Director - Your Company
Tel: +61 8 8388 5171 Mob: +61 410 642 052
www.yourcompany.com.au john@yourcompany.com.au
Visit our site and sign up for powerful FREE
ideas and tips on marketing your business
=====
```

Example 2:

```
=====
John Smith Marketing Director
www.yourdomain.com john@yourdomain.com
"Helping people take back control of their lives"

Visit our site for a FREE copy of our 20 page
report, 'Your Financial Freedom: what the
insurance industry doesn't want you to know"
=====
```

Example 3:

```
=====
Jeremy Lee Marketing Executive
www.yourwealthinc.com/lee Tel: (08) 8388 5171

ATTENTION: if you are sick of your job and want
to earn more money visit my site for information
on how you can build financial freedom one brick
at a time WITHOUT having to give up your day job.
Within a few years you could be firing your boss!
=====
```

Example 4:

```
=====
Michael Bloggs www.bloggsareus.com
Tel: (08) 8388 5171 Mobile: 0410 642 052

Bloggs are the latest, coolest toys around. Kids
just LOVE THEM! Visit our site to grab the latest
designs, colour schemes and accessories. There's
FREE screensavers and sound files too! Go there!!
=====
```

In each example there is a way of contacting the author via a website or email address (you'd be amazed at how emails get forwarded around the world and the original author's email address gets cut). There's also a (hopefully) compelling reason to visit the site. Experiment with different ideas for your own signature - email me ([lee@hopkins-e-strategy.com](mailto:lee@hopkins-e-strategy.com)) with them if you want a comparison opinion.

## Newsgroups

In the early days of the internet many small businesses took advantage of communities of interest that can be found in what are called 'Newsgroups'. There are over 33,000 different newsgroups, whose topics of interest range from the exotic to the esoteric.

Poodle lovers, foot fetishists, lovers and haters of particular elements of government policy – all manner of life both real and surreal can be found in newsgroups.

In the 'early' days it was relatively easy to market to these communities. But these days the newsgroups are so used to being 'spammed' by advertisers that the residents of these communities view any direct marketing activity on them as 'hostile' and react accordingly. If you want your company's email servers overloaded to the point where they break down under the strain, just try blatantly selling something to these groups, especially if you are brand new to the group and have, in their eyes, nothing of value to contribute to their discussions.

Some internet marketing consultants still advise you to 'hang out' in newsgroups relevant to your product or service. I don't – the time you have to spend contributing and building up trust to the point where the community will listen to your sales message is not, in my experience, matched by sales in the vast majority of cases. Of course, there will *always* be exceptions that disprove my views.

## Direct marketing

Like the 'real' world, you can direct market on the internet. However, unlike the real world, people take more offence at being sent unsolicited emails and they let you know in no uncertain terms! There is even legislation existing and pending in several countries limiting when, where and how companies can engage in direct marketing activities online.

Seth Godin has written a superb book on the principle of 'Permission Marketing'. He outlines the difference between 'Interruption Marketing' (i.e. traditional advertising that aims to 'interrupt' you to gain your attention, such as tv ads, magazine ads, and so on) and 'Permission Marketing' (i.e. strategies that encourage your guests to give their permission for you to market to them). His book, "Permission Marketing" is available at all good bookstores, including [amazon.com](http://amazon.com), [amazon.co.uk](http://amazon.co.uk) and [Dymocks](http://Dymocks) in Australia, and I *thoroughly* recommend that you read it before deciding to engage in any direct marketing activities.

The internet has shown that, whilst people can calmly throw direct (or 'junk') mail that arrives in their traditional letterbox away, these same people become extremely irate



when they receive 'junk' mail in their email inbox. Some report that receiving junk mail in their email inbox is like having their personal privacy violated.

If you are going to engage in direct marketing activities via the medium of the internet, then it is far better that you market to people who have actually given you permission to market to them.

Your 'strike' rate of sales, if that is what you are looking for, will also go up.

Take, for example, the online investment products shop Moneybags ([www.moneybags.com.au](http://www.moneybags.com.au)). Not only do they have a range of products and services on their website that are neatly arranged into categories, making it easy for you find what you want. Not only do they advertise in traditional offline media such as magazines and newspapers. They also have their own free newsletter that you sign up to receive (i.e. you give them permission to market to you).

They have your permission to send you sales and marketing messages, nicely wrapped up inside time-sensitive and informative articles. Sean Dostal, co-founder of the site, recently explained the marketing direction of the site to me.

"It's a strategy where we ask larger portal sites to link to us and let them drive traffic to us. We also ask other companies with large newsletter mail lists, such as Rivkin ([www.rivkin.com.au](http://www.rivkin.com.au)), to include our url in their newsletters. Players like Rivkin already have the permission of large numbers of investors to market to them. We then piggy-back on this permission, using the trust with his mailing list that he's generated, to generate trust in our site. It works well."

Which leads nicely into...

## Linking strategies

I know of many sites that use linking strategies to their advantage. The idea is very simple: you are a website that attracts very little traffic but something of interest to say or something useful to sell. You contact websites that get lots of traffic and ask them to link to you.

Obviously, most often these larger sites will not be interested in linking to you. After all, they have worked hard to get their traffic – why should they send those hard-won guests off from their site to yours?

Having a site that carries some value to the guests of the larger site obviously helps. For example, let's assume you have information of interest to MG car enthusiasts. By asking for a link from a heavily-trafficked website that attracts your target market audience, you are adding to *their* perceived value by offering their guests great information that these guests may not otherwise have known or found. They become known as a website of value, and you get the benefit of them pushing people to your site. Win-win.

Once they are guests at your website you can engage them in your own marketing process – which may include newsletters, direct mailings, and so on.

For example, Chris Burrows at [cfbsoftware.com.au](http://cfbsoftware.com.au) has used many different linking strategies to drive traffic to his site. So successful has he been that over 1,000 guests a day to his site, from which he derives around 12 sales a day of his software. The software was written once, so any sales after the first are pure profit.

Chris has been in the online selling game since 1995, so he knows his way around the traps. He initially used banners, such as those found through the [Link Exchange](#), which drove around 30 guests a month to his site. Not a terribly impressive start, but better than nothing .

Through the years he has built up his traffic and resultant sales through more effective linking strategies. He found the best shareware sites that would house his software and actively promoted himself on them, in addition to setting up several websites on different themes (including a page of links about Australian baseball clubs!) which also linked through to his sales site. As a result he was able to leave his full-time job when *he* wanted to, since he was earning more from his website than his demanding senior executive day job was paying him!

But there is a caveat necessary here – don't just think that using a linking strategy with no relevance to your actual sales site will serve you well. In truth, if you use deception and deceit to get people to your sales site (for instance, by offering non-existent free products, or using 'sex' as a selling tool when you are really selling accounting services) then you will generate great anger in your guests and they will vent their spleen accordingly.

Word will spread, as bad word always does, very quickly and no amount of retraction and pacifying gestures will save your name. Once you have deceived someone they will never come back and try you again.

## Affiliate strategies

As with linking strategies, affiliate strategies are equally (and some say more) successful in generating guest traffic. Some entrepreneurs even make their entire living through directing guests to other sites. Let's see how it works.

An affiliate relationship is simply one where, if you push people through to my site, I reward you in some way. This reward can be a simple pay-per-visitor, or even simpler pay-per-purchase system. Let's look at an example.

Amazon.com have an affiliate strategy whereby if you direct guests from your site to theirs, by using a url that is unique to you, they will reward you by sending you a cheque for 5% of the sale price of the book. The more you drive traffic to them that actually purchases products, the more you get rewarded.

Amazon's affiliate program is the reason it has enjoyed such phenomenal growth and domination of the internet in such a short space of time.

Other websites have schemes that reward greater or lesser percentages, depending on the strategy of the site owners. But how does that, you ask, generate greater traffic?

Let's consider that you have an affiliate scheme in operation on your website. You agree to reward those who send you guests who purchase goods from your site. You can't possibly reach every single member of your target audience yourself, but if you reward others to do so then they will expend effort to send them your way. You relinquish a part of your profit, but it is profit on a sale that you otherwise wouldn't have made so it's not cost you anything. In fact, you are 'up' on the deal.

Say you have a product from which you net a profit of \$80. You offer an affiliate \$40 for sending you a buyer. What is your loss? Nothing. Because you make \$40 that you otherwise wouldn't have made and the beauty is that the affiliate makes \$40 on the sale, thereby motivating them to repeat the process of sending someone your way.

Do affiliate deals work? Absolutely! I know from personal experience how well they work. I have built a network franchise site for myself that offers guests the chance to carve out a better personal financial future. The site enjoyed a little bit of traffic, but not much. Once an affiliate scheme was introduced, the site 'took off' and I am now creating a very large worldwide network organization for my guests/business partners and myself.

## Secret number seven

How you market on the web – through your website, through online advertising and/or through email – can be crucial to your total business activities. It pays to hire a consultant who knows what they are talking about and has actual experience of successful online marketing.

Your own thoughts and comments...

# Business-to-Business affiliation

Business these days can't do it alone. They don't exist in a vacuum and the wise business considers what potential partners it can link with in order to generate greater profits and increased value to its clients.

So a key question is:

## Why do you need to affiliate?

There are three main reasons why a business might want to affiliate with another. These are to share costs, to share competencies and to increase profits. Let's look at each in turn.

### To share costs

A website costs a lot to build and oftentimes even more to maintain. You not only have to pay for its design and build, but ongoing content updating, annual 'touch up' of graphics and any complex technology that needs monitoring and fixing when it inevitably breaks down for no apparent reason in the middle of the night.

So it makes sense to attempt to share the costs if at all possible.

For example, an affiliation with a technology/database solutions provider will help reduce costs for your company as well as give them a useful platform for promoting their technology or technological prowess in their marketing literature.

Or it might be helpful to defer the design costs by sharing the cost with the company that designed your site. They get to cite your site in their promotional activities; you get a slightly cheaper site.

You can often see rally and stock cars carrying the branding of sponsorship organizations. Are there any similar opportunities available to you? Perhaps a major company keen to advertise or co-brand on your site and prepared to pay for the privilege of getting greater exposure in your niche market?

### To share competencies

You may have competencies in one area – say, telephone order taking – and a value-add partner may have competencies in direct marketing. Why not consider forming an alliance between the two of you to the benefit of both?

The benefits could be that you get access to a direct marketing organization that outperforms your own marketing activities; they get access to a skilled order processing organization that can quickly process and fulfil orders placed via the website.

Or you may have a business that has recognized skills in budgeting and business plan formulation; another business has recognized competencies in technology solutions. Why not form an alliance to share a web business that offers other businesses the skills

required for composing business plans in order to secure in-house or third-party funding for technology projects? There's lots of Government and venture capital floating around waiting to be used; indeed, there's more money available post-techwreck2000 than there was before the crash. All of the venture capitalists I've spoken to say that the reason the vast majority of businesses who seek funding don't get the money is because their business plans let them down.

### **To increase profits**

Two heads are better than one, they say. I happen to agree with 'them' – I have found that whilst many heads create a camel instead of a racehorse, getting two or three keen, like-minded entrepreneurs together can be a tremendous asset. A 'brains trust' or 'think tank', if you will, but focussed on the issues that are important to your business' survival.

When two or three different heads are all moving in the same direction, there develops the opportunity to create new ideas for business and revenue generation that one mind would ordinarily probably not conceive.

If you are in a partnership or affiliate relationship, no matter how loose that relationship is, then as long as all parties stand to profit then all parties are going to want to ensure the best outcomes from that relationship. They will all want a 'Win-Win' – it's in their best interests to do so.

Another reason is to improve your bottom line with little or no effort on your part. For example, Company A might link to Company B from its website. Any business that Company B gets as a result of traffic from Company A is noted and a royalty payment duly sent.

The internet is awash with these sorts of affiliate relationships. It costs little to put in a link to another company and the potential profits are huge.

Imagine that you sell information about buying cars at dealer prices, but you have no other product or service that you can offer. Your customers have enjoyed your information and found it valuable – how can you capitalise on that goodwill? If you affiliate with a car insurance broker, for example, or a car accessories distributor, you are able to email your own customers and recommend to them the insurance broker or the accessories dealer. You provide the links in your email – the broker and the dealer then set up tracking mechanisms on their websites so that any traffic you drive their way, who subsequently purchase from them, you take a percentage of the sale.

See why affiliate relationships are so special? You get to add extra value to your clients by giving them access to information, products and services that they might otherwise never get to find out about. And you get rewarded for doing so...

## Secret number eight

Consider affiliating with other companies, either within your own industry or better still from an outside yet complementary industry. That way you get to offer your clients added value services and products, which ties them closer to you. The closer they are, the less likely they are to stray to one of your competitors.

Your own thoughts and comments...

# People and culture change issues

Incorporating the online world into your business brings with it major and minor change.

Major change comes in the form of changing work practices, changing job and role responsibilities, changing relationships and interdependencies with clients, suppliers and internal staff.

Minor change comes in the cultural impact of new technology — the invisible wall between the 'haves' and 'have nots'. While many of those that 'have' it are often simply overwhelmed then bored by it (because of the long waiting times at some sites), those who don't have it are often annoyed. It's like the toy we can't have; not being allowed to have it makes it even more attractive.

Taking into account these overarching and underlying themes can be demanding, but I feel essential if the introduction of new technology is to be successful.

Introducing any new technology (such as the internet, for example) is bound to create change. Not just in the immediate environment – i.e. the users of it – but also in the wider organizational mix.

Therefore it is essential to look at what sort of elements of your business activities are going to be impacted and what sort of issues you need to consider.

For the purposes of this chapter, let's look at the impact and the impediments to the cultural change that occurs when new technology or processes are introduced.

## What is culture?

In discussing the various impacts of new technology or processes, it is essential to discuss what 'culture' is in terms of an organization.

Every company has a 'culture', whether you realise it or not. You might have worked at the one organization for a while and become so used to it that you believe that *all* companies work in the same way. But you'd be wrong.

Ask anyone who's just joined a new company after working for many years at another company and they will tell you that there is indeed a 'culture' different from the one they were previously exposed and used to.

So what is 'culture'? Simply put, it's **THE WAY THINGS ARE DONE AROUND HERE**. If the way things are done around here ensures that you continually optimise your market opportunities, meet the aspirations of the workforce and the management team, are seen by the community within which you operate as a 'good neighbour', and satisfy the expectations of your shareholders, you have the culture that you need *for now*.

But can you honestly say that every one of your processes, every one of your technological tools, every one of your employees and management team work synergistically to create the most optimum outcome *all the time*?

What impact will introducing new processes, new procedures, new technologies, have on your existing processes, procedures, technologies and staff? Are you sure you know the answer?

## Where does culture come from?

The culture of a company is shaped by many forces, some more powerful than others, but all adding into the mix.

Here's some of the key ones:

- Dominant/charismatic leaders
- Company history and tradition
- Technology
- Products
- Services
- Customers
- Company expectations
- Information & control systems
- Legislation & the environment
- Reward systems
- Organizational design
- Resources available
- Goals, values and beliefs

Each of these elements add a little 'something' to the mix that makes up your organization.

Naturally there are some you can control, but equally there are some that are outside your sphere of influence.

As you read through the list, did they trigger any thoughts about areas of your own organization that might not be working in the most optimal way for the total organization?



## How do you find out what sort of culture you have?

Goodness, that is an easy question, isn't it? You are the boss, therefore you already *know* what sort of culture you have, don't you?

Bloody silly question, really, isn't it?!

Except that you probably *don't* know what sort of culture you have – you just *think* you do. Are you absolutely sure that the way *you* see your company is the same as the way each and every one of your employees, managers, directors, customers, suppliers, peers, local community and the marketplace sees it?

So humour me for a moment, if you will, while I ask a few questions that were once asked of me...

### **Does your organization know where it wants to go?**

Is its mission established? Are its goals defined? Are mission, values and goals communicated to all?

### **What are the values which drive the company?**

Are the values appropriate to the goals? Are they fully communicated to all of your employees? Do all employees share them? What is the evidence for your conclusion that values either are or aren't shared?

### **Are the goals meaningful in today's market/business environment?**

Are key issues recognised? Is your SWOT analysis complete and current? Are your strengths related to customer/client wants? Are weaknesses prioritised in terms of barriers to quality customer/client service? Are risks known, quantified and understood?

### **What resources exist?**

Do you have the right people? Do you have the right finance? What about materials, plant and equipment? Are these resources adequate for the changing needs of the business?

### **What is the structure of the organization?**

Is it hierarchical, either formal or informal? Matrix-managed? Boundaryless?

### **What are the required interactions?**

Between employees? Between stakeholders? Who is required to communicate with whom? Who initiates work for whom? Are the present interactions appropriate for today's market conditions?

### **What are the ACTUAL interactions?**

Who actually interacts with whom? What are the effects of these interactions?

### **What is the reward and punishment process?**

What is *actually* rewarded? What is *actually* punished? What form do the rewards take? Are these rewards actually valued by employees? Do employees believe that they can

actually achieve them? Is there enough challenge in the organization for people to experience the appropriate psychological rewards for desired behaviours?

**Are flexible and appropriate problem-solving strategies used?**

How are problems tackled? Do you rely purely on past solutions to similar problems? Are those solutions still optimal? Do you have any creative strategies for novel situations?

**Are feedback systems timely, objective and accurate?**

Does the organization rely on the past as unchangeable and rely on it to dictate future behaviour?

**How bureaucratic is the organization?**

Do goals take precedence over rules?

**What is the general psychological climate?**

Is the organization people or product oriented? Market driven? Is the orientation appropriate to the desired outcome?

**Are there any 'Change Champions' present?**

Who are they? What influence do they have? What organisational power do they have?

**How is power wielded?**

Who wields it and on what basis do they have it?

And lastly,

**Who are the opinion leaders and makers in the organization?**

On what is their influence based?

At the introduction of any new process, procedure, technology or powerful influence it may be advantageous for the management team to ask itself these tough questions.

Certainly I would strongly recommend that management ask itself these questions, and demand answers, at least annually.

A good idea would be to take the senior management team away to a location where the day-to-day operational demands cannot interfere or intrude. A two-day brainstorming session, with all comments valued and none dismissed, where hierarchy is left at the front door and all participants have an equal right to speak their mind without fear of retribution, will be invaluable. Facilitation of the event by an independent third party is also a good idea, as is bringing along a trusted secretary or administrator who can take down notes and outcomes.

## Impediments to effective change

Just as it can be tough, but essential, to introduce a change to *the way things are done around here*, so it can be tough but essential to recognise what pitfalls and impediments there might be to successfully keeping your company on track, especially after you have introduced any new technology.

Here's a few of them:

- Changing in response to the latest fad or management guru fantasy, regardless of the business realities
- Expecting quick-fix answers through superficial change
- Failure to establish and communicate clear goals
- Establishing too many or conflicting goals
- Failing to involve **all** employees in the change process
- Constantly moving goal posts
- Creating 'change overload' by trying to do too much too quickly
- Lack of management commitment – some welcome change, some don't
- Failure to monitor and adjust according to results
- Looking for instant results – they're nice if they happen, but don't expect them
- Management behaviour inconsistent with the desired outcome – don't keep behaviour in times of crisis consistent with the declared approach and you risk employees believing that games are being played
- Delegating beyond people's abilities and capacities
- Sabotage from middle management and employees
- Failure to change the structure to facilitate the new behaviours – if you keep the old processes, procedures and technologies in place while you introduce new ones the chances are that the old will still be kept while the new will be ignored and/or sabotaged.

## Conclusion

The evidence from academia points to a strong link between culture and success – and to the price, both economic and social, that everyone pays for unhealthy cultures.

Studies show that firms with healthy cultures:

- show increased revenues, stock prices and net incomes
- employ greater numbers of people
- have greater cash available for growth

- have workforces with lower rates of absenteeism and sickness
- have employees who feel good about themselves, which leads to increased productivity
- have employees who not only feel good about themselves but whose psychological well-being has an impact that reverberates beyond the walls of their organization to customers and suppliers, influencing a wider sphere of people.

There is no change in organizations without people learning. Change is impossible without learning. The difficulty has been that senior managers have often assumed that it is others who need to learn rather than themselves. But leading an organization through change is indeed a 'learning' experience – one that no amount of scholarly books and MBAs will be sufficient for.

It is a rapidly changing business environment and it demands that leaders and managers successfully re-align their organizations as quickly as the marketplace demands.

## Secret number nine

Managing change is at the core of real managing and leadership. If someone is only maintaining the status quo in an era of rapid, continuous change they are doing the equivalent of an administrative or clerical job. Managing change is fundamental to the nature and practice of management, especially in this new technology-led business environment.

With the introduction of internet technology into your business practices you would be well advised to retain the services of a skilled change consultant.

# Email is not a dirty word

## Email is the killer application of the internet

Many pundits have searched the internet, seeking for the 'killer application' that will make the internet pay for itself a zillion times over.

There's pundits hoping it's 'Voice Over IP' (phone calls over the internet); other's hope it's e-commerce and making a million by flogging stuff to foreigners. Still others hope that it's creating online marketplaces where buyers and sellers come together and a percentage of the resultant transaction flies to the market owner.

Yet the 'killer app' is already here — email.

More traffic flows around courtesy of email than any other application. It has become the indispensable tool of business.

Businesses can keep in touch with clients, with employees, with suppliers, with prospects and with suspects — all courtesy of email.

Bill Gates once famously said that he had a dream of the humble pc being 'ubiquitous', of being everywhere at once. He's almost there, but email has made more of an impact on business than he has, at least for the time being.

## But what is email good for?

With email you can:

- Keep in touch with clients
- Forge new business relationships
- Maintain a low-cost 'help desk'/'customer service' process
- Work with and manage remote employees, contractors and suppliers
- Engage in low-cost marketing — full colour, multi-page, personalised and relevant to each specific recipient
- Send different types of documents and files around the world with incredible speed and accuracy
- Keep effective and cheap-to-manage storage of business correspondence

This makes it an invaluable tool for business.

## Productivity increases

Email is useful for shortening the amount of time a process can take. For example, imagine that you have a need to contact a client, supplier or employee who is physically located outside of your time zone, or is just plain difficult to get hold of.

With email you can leave them a message on their email inbox, ensuring along the way that you get notified not only when the message gets delivered but also when they actually read it! No more endless games of telephone tag!

## Easy storage

Email itself is small, intangible and easily stored. My little PalmPilot, a computer that sits in the palm of my hand, can store thousands of text emails. My pc can store thousands more, with all of the attachments that anyone cares to send to me — documents, spreadsheets, databases, other emails, images, virtual business cards, web pages, music, speech, video, links to other websites and email addresses... the list is almost endless of what can be sent. If it can be digitised, it can be sent and stored.

On top of these benefits, I can archive all of my emails (both received and sent) cheaply and efficiently. I personally have records of all of my emails for the last few years, so that if anyone queries anything from the past I can pretty quickly give them an answer, based on archived correspondence. No more space taken up in garages and warehouses with archive box after archive box full of paperwork.

## Secret number ten

Even if you are shying away from having a full-blown website, you **NEED** to get email facilities **NOW**. Email is not just for the white-collar worker and Porsche-driving management consultant. Email is for everyone: builders, plumbers, landscape gardeners, café owners, deli owners, hairdressers, massage therapists, health food shop owners, bookstore owners, ski instructors, fitness instructors, dentists, doctors, butchers, bakers, candlestick makers...

If your business has any element of human contact in it then you need to move to email as soon as possible. It drives your costs down, it drives your contact frequency up, it makes marketing to your customers as close to personalised, 'one-to-one marketing' as you are likely to get without spending hundreds of thousands of dollars.

# Competitor activity

## Rust never sleeps; nor do your competitors

You can be sure that whilst you sleep or take in some much-needed rest your competitors are designing a new strategy, a new marketing campaign, a new killer product or a fabulous new service that will potentially wipe you out.

Your nastiest competitor might even be someone or some business that is not even in your industry yet, if even formed.

In fact, Bill Gates is so paranoid that the next major threat to Microsoft will come from 'left field' that he spends a large amount of money and human resource scouring the world for potential threats and competitor activity. He is convinced that the biggest threat to his business is likely to come from a competitor either outside of the software/internet/IT industry, or else a competitor not yet even in existence.

History has shown us recently that the business world now moves at lightening speed; what seemed farcical and a dream in a science fiction buff's mind only a short time ago now seems commonplace. Who would have thought that a major multi-billion dollar media company like Time Warner would succumb to a company that didn't exist less than a decade before? A company that offers the seemingly innocuous service of an internet connection and a place to hang out on the web after work...

## Keeping an eye on the Joneses...

The internet is a great place to keep up with what your competitors are doing. Your customers and suppliers can be contacted by email and asked seemingly innocent and perhaps not-so-innocent questions; you can create a false identity and ask your competitors directly for information; you can monitor their website and see their ego at play while they brag about their latest adventures and activities.

Similarly, you can see what *they* are using the internet for and even guess what they are hoping to get out of it.

All of which makes it easier to decide on your own internet strategy.

There are also loads of places where you can 'hang out' and keep an ear to the marketplace, where potential customers and suppliers alike will keep you informed, very often for free, on what is under development, what is no longer considered 'desirable', what the 'next big thing' is likely to be. A very valuable resource indeed!

## The secret to success – look at what everyone else is doing and do the opposite...

Consider this: only one per cent of businesses make it to their tenth birthday. Those that do have several strategies to thank for their longevity, including being noticeably

different from the 'noise' around them and also giving both measurable and intangible benefits to their customers over and above their competitors.

The internet is a great place to be able to spy on your competitors and see what they are up to. Then you can use that valuable information to formulate your own strategies that help position you as different, offering a different value proposition. And what did this information cost you?

Just time spent checking out their sites, analysing and considering their strategies, perhaps time spent talking to customers and suppliers and even pretending to be a potential customer.

At the same time you can analyse your own business' response to customer enquiries and supplier relationships. You can equally pretend to be a potential customer of your own business and see where you excel, where you are okay, and where you have room for improvement.

Sometimes the information you gather about your own business' response to customer or supplier enquiry might frustrate or disappoint you, but better to know and be able to do something about it than not know and see your competitor's steal your customers because you failed to meet your customer's expectations. And these days, because of the potential of the internet to rapidly respond to a customer's enquiry, their expectations are greatly increased.

## Secret number eleven

The internet, therefore, can help you make an informed decision about your business strategies.

You can analyse your competitors, you can analyse your own business, you can keep an eye out for competitors and you can keep an ear to the marketplace.



# What is your budget?

## Do you have a budget?

Moving onto the internet will cost you money. How much depends on what you are going to be using the internet for and what sort of activity you are planning to conduct on it.

Email is the cheapest form of activity; a fully worked-up e-commerce solution tied into your back-end processes (such as customer database and order fulfilment/manufacturing process) is probably the costliest.

In between these two extremes is a realm of fiscal possibilities. Your final cost is a delicate mix of type and level of activity, how you are going to do it, who is going to do it and for how long you and they are going to do it.

But be assured, the cost of doing business on the internet is not cheap. No one has yet come up with a multiplier that is accurate across all industries and businesses, but as a rough rule of thumb for a new entrant into the internet you could look at your initial total cost of hardware, software, storage and access and multiply it by five over a two-three year period. All of which has to be funded somehow.

How are you going to fund it?

## Total costs of ownership

Storage as a component of the total cost is relatively easy to gauge. Leading players in the storage business say that the TCO of storage is around 4x – 15x the initial cost of hard/software.

However, on top of the initial outlay costs you need to factor in such costs as 1) managing your internet activities and 2) developing your internet activities and presence, including the internal processes that will no doubt be affected by the incorporation of any internet activity into your business

How you manage and develop these activities is discussed on page 45 in the chapter entitled, *How do you manage the web?*

## Secret number twelve

As discussed in the chapter *For the bean counters* (page 6), the financial reasons for incorporating internet technology into the vast majority of businesses are compelling. But don't underestimate the costs of setting up an internet presence. It's more than just buying a domain name and whacking up a website...

# Who needs to use it?

## I want my mtv.com...

Goodness me, the internet is a fabulous place to play and hang out in! You name it, you can pretty much guarantee to find it:

- promotional videos of the latest movies out of Hollywood
- the latest video clips and music from the world's greatest musical artists and unsung-heroes alike
- the freshest news and current affairs discussions
- the latest seat availability and prices on everything from theatre and cinema to airline seats
- the raunchiest adult-only and the cleanest kid-friendly content (not usually on the same website, though!)
- music from radio stations around the world, as though you were listening to your car radio
- many of the latest and greatest adverts seen on television and in the cinema
- heated discussion, gossip and opinions presented as facts, and all about the most popular subjects and the most bizarre

Mind you, do you necessarily want your employees to be playing in this big playpen on *your* time?!

## Who really needs access?

Much like too much freedom lets children sometimes run wild and create havoc, so giving your employees unfettered access to an entertainment medium far larger than anything they've possibly known before has the potential to have a very large negative effect on productivity.

So the wise business considers exactly what they need to do with the online world and who needs to do it.

Quite often the pressure to provide everyone with internet access is daunting — and there are of course risks to not providing all of your staff with access. These include losing them to other companies who *do* provide access, because the internet can be a valuable knowledge resource for today's knowledge workers. If *you* don't provide them with the tools to keep up to date in their field, they may walk to a competitor who does.

Similarly, knowledge workers who are used to internet access may think twice about joining a company that doesn't allow access. The opportunity costs involved in not getting the best staff and losing your best staff can be huge.

So is there a workable solution? Yes — you put into place a strategy for your company's and employees' use of the internet. You have clearly defined criteria about what is and what isn't acceptable internet usage, and you have clearly defined and appropriate punishments for unacceptable internet usage.

You then ensure that every employee, both current and via new-starter indoctrination training, is made clearly aware of the rules and the punishments.

Is this enough? Probably not. So you can also set up monitoring software that keeps a check on who is looking at what, who is downloading what sort of files and sending what sort of emails.

The software isn't cheap, but it is reducing in cost each quarter.

Figuring out who actually *needs* to have access to the online world, why they need it and what the opportunity costs are if you don't provide it to them is sometimes a daunting proposition for a business — there are too many emotional decisions to be made. Perhaps bringing in an outside consultant is one way of seeing through the forest.

## Secret number thirteen

Decide, ideally through consultation with both outside consultants AND your employees, what sort of internet access is most appropriate for your business needs.

Then make sure that you formally tell everyone what those acceptable behaviours are, what behaviours are not acceptable, and what punishments are in place. But be prepared to change your policies in line with marketplace changes – it may well be that what your business' needs are now will not be exactly the same in nine months time.

What your employees need to do with the internet now may not be the same as they need to do in twelve months time.

# Search engines – if I build it, will they come?

**No, they won't.**

Many entrepreneurs and executives who are relatively new to the internet believe that a good search engine placement will drive traffic to their site and, along with the traffic, riches beyond the dreams of avarice .

Sorry – not true for the majority of web sites and search engines. Here's why.

Search engines exist for one reason and one reason only – to make a profit for their owner. Most of them work on what is known as a 'portal' model; that is, they try and generate so much traffic visiting them they are able to charge large amounts of money to advertisers.

The fly in the ointment of this strategy is that online advertising is proving to work about as well as mediocre television advertising – very expensive and with little or no measurable growth in sales. So search sites are finding it harder and harder to attract the advertiser's dollar.

As a way of overcoming this, some search engine sites have resorted to charging you and me for our sites to be placed high in the search rankings, or appear on the first pages of keyword searches. But the internet was formed on the bedrock of a 'free' culture so resistance is high to paying for anything, let alone high search engine placement.

Additionally, search engines have a fundamental need to appear 'fresh', with different websites taking the top spots in the search listings every week. They achieve this by constantly changing the 'rules' (database language) that they use to rank sites. So the keywords and page layout that works one week to deliver you a first-page listing on, say, [Yahoo.com](http://Yahoo.com), may not necessarily deliver you the same page the next week.

Which means that you need to be constantly changing your page layouts, page content and hidden keywords in order to keep up with the new rules – assuming, of course, that you know what the new rules are.

Search engine professionals DO exist, but they come with understandably large charge rates.

## Software that can help

There are also software tools available to help you sort out both your keywords for your initial submission to these search sites and the changes that you need to make to maintain your high ranking.

Two of the best that I've found are [SitePromoter](#) and [WebPositionGold](#). Both cost money to buy and both take time to learn and use effectively. And, of course, it takes time to maintain your high ranking, changing your keywords and resubmitting the pages to each search engine. But both are superb tools in the right hands.

But the question arises – even with the tools are search engines REALLY worth the trouble? Especially when the vast majority of traffic appears to come from just two or three search engines. Which, if that is not annoying enough, is on top of the fact that even the best search engines (such as [google.com](http://google.com)) can only track at best 30% of all of the websites in the world. There are more pages being put up and more sites created each day than the search engines can keep up with. So, are search engines worth the trouble?

The jury among internet cognoscenti is out – some swear by their search engine placement, some reckon it a complete waste of time and prefer to spend their time and effort on creating better linking partnerships. Anecdotal evidence from fellow internet professionals seems to suggest that most companies are 'found' in search engines by typing in their name, rather than relying on keywords to deliver endless pages to have to wade through.

But there ARE people using search engines and who swear by them.

One man, for instance, has used his search engine and linking strategy placements to great effect. Chris Burrows, of [CFB Software](#), has written a couple of excellent pieces of software that help convert vinyl albums to digital files suitable for making audio cds. He has priced them competitively and relies on high search engine placements and linking strategies with the major shareware software sites to drive traffic to his sales messages. So effective have his strategies been that he averages over 1,000 visitors a day to his site. With a 1% conversion rate of visitors:sales he makes a very tidy sum indeed. This income is automatically generated – all he needs to ensure is that his domain name and details stay near the top of the search engines and that his sales messages on his site work for him. The rest takes care of itself, leaving him free to develop new software and stronger marketing links.

My own view is that it depends on what you are looking for your website to accomplish. If you are selling a commodity that is downloadable or e-mailable, is priced at the impulse buyer, and is suitable for a large number of people then a search engine placement strategy may well be worth the effort. But if your product or service is priced at a point that requires consideration, is of interest to only a niche or micro-niche market, and requires physical distribution or face-to-face servicing, then you may be better off putting your efforts into other linking strategies.

Of course, there are as many views on this as there are people interested in conducting business on the internet. We each have our own story, and in this city of a million lives there are a million stories... (sounds like a good idea for a tv show, hey?!)

## Secret number fourteen

Forget search engines as part of your strategy. Unless you have a really hot product that is easily delivered via the internet, a search engine is useless for you. You ideally should be focussing on drawing greater 'walletshare' out of your existing clients *then* expanding your client base, rather than trying to get the world to your site first off. Have a memorable domain name instead, use your email signature to great effect and focus on delivering excellent value to your existing customers!

They will then 'word of mouth' market you to other businesses.

But if you ARE going to pursue a search engine strategy, make sure you use the right tools and get someone to show you how to use them properly, or else outsource the job. It doesn't have to be expensive to get someone to make sure that your search engine placements are high each month, if you contract them for a year at a time. Like all good business relationships, if you make the commitment to them they will in turn commit to delivering great service to you.

Your own thoughts and comments...

# Data collection, storage and protection

## Save the world

What are you going to do with all of the data you collect and send out? Indeed, do you need to save all of it? What can you effectively delete?

There is no simple answer to these questions — each business requires different answers, depending on its needs.

But without a doubt storage technology needs to be considered. Do you simply back-up your data at the end of the working day? Or perhaps the week? What technology do you use to back-up this data — zip disks, read/write cd-roms, tape, duplicate hard drives, off-site data warehouses?

And how do you get your business up and running again in the shortest possible time should something disastrous happen — such as a catastrophic failure of your storage computer, theft, a cyber attack, an act of terrorism or an act of God?

What if a virus laid waste your entire workplace systems? How would you recover from the impact and minimise the disruption? Of course, this falls under the banner of 'Disaster Recovery' and is an issue more complex than I can do full justice to here, but it is certainly something that you need to consider.

Because have no illusions about it – cyber terrorism does exist, and it's not just religious fundamentalists with an axe to grind that can do irreparable harm to your business. As we are all aware, teenage kids with mischief on their mind can hack into your computers with unbelievable ease. You can pick up the tools to do this on the internet yourself; most of them for free. They take a bit of learning to be able to drive them effectively, but once you have mastered the basics you'd be amazed at how much damage you can reap.

Every day new holes are found in computers, software and operating systems that were previously thought inviolable. Holes exist in junction boxes, in operating systems, in every day software, in cables and in wireless systems... the list of potential open doors is enormous and growing daily. So having some sort of plan and practice in place to back up your valuable data, let alone protect it from the highly competitive and unfriendly outside world, is paramount.

## Working out your tco on storage

Storage technology currently costs between 4x and 15x its initial outlay, factored over a 3-5 year period. Similarly, storage vendors currently claim that there is a worldwide growth in storage requirements of between 75% and 100% year on year.

That's a lot of storage requirement and a considerable sum of money to budget for. But at least now you are forewarned. Don't think that just buying a computer with a large hard drive will be sufficient for your needs for the next two years. Chances are it won't be.

## Keeping the wolves out

There are untold numbers of people who would love to know what you have on your computers, muck about with the information on your website, and generally play havoc with your business.

Of course there are the normal hackers who are out for some malicious fun. But there are also the industrial espionage agents. No, I'm not becoming paranoid after reading one too many spy books. Industrial espionage is alive and very well, thank you, in this wired-up world. It's just too easy these days to copy files, email confidential data, put 'back doors' into systems and generally leave your business open and vulnerable without you even having a clue.

Think that you would be immune to such activity? Don't believe that your business would be of interest to cloak and dagger agents?

How valuable would your competitors find your customer list, or your confidential price list, or data about your financial health?

Connect to the internet and you open so many secret doors to your business that you would be staggered. Which means that you need to ensure that you are protected from the elements as much as possible.

The best piece of software I have come across, apart from the mandatory anti-virus software like [McAfee](#) or [Norton](#) or [Vet](#) that protects you from the wolves, is [ZoneAlarmPro](#). The 'walk-through' to set it up is fairly simple and once set up renders your computers invisible to the outside world.

There are hackers all around the world who send out little software robots ('web bots') that look for other computers connected to the internet and try to get into them. If your computer is 'invisible' to these web bots then the hackers are not alerted to your presence and don't try and hack in. The software even tells you when someone is trying to break in, wherein you can use software like [NeoTrace](#) to find out who is 'knocking quietly on your door'.

In case you missed the message – **get anti-virus software on your computers!** Then make sure you keep the software updated. The main anti-virus software companies issue updates every few days – sometimes several a day – so make sure that you update your virus protection files at least weekly.



## Secret number fifteen

Get anti-virus software on each computer that you have – even if you don't connect to the internet with it. Then ensure that you keep the software updated regularly – certainly each week. Then make sure you have a back-up strategy for your stored data. Look at burnable cd-roms, zip drives, online storage hosts, tape drives. Losing a week or a month's worth of files could cripple your business...

Your own thoughts and comments...

# How do you manage the web?

## To inhouse or outsource, that is the question

There's no doubt that the knowledge of internet professionals comes at a price. This e-world is a fast-changing environment and the knowledge required to keep up to date with the technology and the tools used in it is often overwhelming.

Not only does it cost money to create an online presence, in even simple form, it also costs money to maintain it, develop it, grow it and even give it a spring clean and a fresh coat of paint.

To market via it is extremely cheap (surpassed in cost only by word-of-mouth) but to set up the processes and technologies, as well as write the copy and create the imagery, is not so cheap.

So early in the planning process it is wise to consider the different labour strategies available. These include deciding which activities and services need to be staffed from within your organization and which activities and services can be more effectively (from both cost and performance perspectives) managed and run from outside.

For example, do you keep in-house or contract out for:

- online presence setup and delivery?
- online presence maintenance, management and growth?
- data storage and disaster recovery?

If you keep any of these elements in-house what are the labour and on-costs? What are the costs involved in managing these staff?

If you decide to outsource, are you able to write effective and meaningful Service Level Agreements to ensure that your expectations are met?

### Secret number sixteen

Decide what competencies you have in-house and what you need. Figure out the cost of ownership of these knowledge assets and, if you believe that you are best served by 'renting' these knowledge assets then make sure you write meaningful and realistic Service Level Agreements that all parties can meet and adhere to.

# Business plans and the net

## Strategic integration of current and future business plans

Certainly a move to incorporate the online world into your business will create a sizeable impact — if not in immediate revenue then certainly on potential opportunities and costs.

However, many businesses are used to the traditional methods of strategic planning and are not yet experienced in understanding the implications of the internet on their business planning.

It's not just the financial costs of moving online, it's also the human costs, the increased opportunity for competitor analysis and the marketing possibilities that can also impact on a business' strategy. When there are new eyes watching you and new methods for getting 'your story' out to a dramatically expanded marketplace the need for careful planning becomes even more paramount.

The budget and planning process is never a smooth and simple one anyway; with the introduction of an online presence these processes are complicated even further. There are new marketing considerations to take into account; there are new costs that need to be accounted for; there are new metrics for the measurement of performance that need to be decided upon.

For example, how do you value the online contribution to your business? Is it merely online sales, or does increased exposure also get valued? Is it merely the number of guests to your website each month, or is how they actually got there important to track?

Are you tracking how much traffic comes from your affiliates and how many sales they contribute? They might send you 1,000 guests a day but if only one of those guests actually buys anything, do you value the affiliate higher or lower than someone who sends you 30 guests a day of whom 15 make a purchase?

Do you measure your online performance through customer satisfaction with your company and your service? For example, do you enquire of your guests their views regarding how they were treated whilst visiting your website?

If you have information on your site that cuts down on the amount of time your Customer Service people have to spend answering over-the-phone or via-email queries, does such information represent a valuable addition to your business?

No, I can't answer these questions for you here. Each business is unique and each would need to sit down and value the different areas of performance of their website differently.

But unless you do actually sit down and consider what benefits your website might deliver to you, including sales, cost reduction and bottom-line improvement, then you

are at risk of seeing your website as nothing more than a white elephant. Which it should most assuredly not be, if you have taken the time to think through the website's design, function and purpose.

## Secret number seventeen

View your website as *part of* your overall strategy, not as a separate business entity. It should figure in all of your business planning, not be a stand-alone product or division.

Your own thoughts and comments...

# Maintain relationships

Business is moving closer and closer to a one-to-one marketing reality. That is to say, the days of sending out tons of mail that has very little relevance to the receiver is fast approaching its end. More and more we are finding, in our letterboxes, direct mail material that is targeted to our needs, as picked up on a database somewhere.

Database marketing is becoming the standard mechanism by which we keep in contact with our existing customers and grow new ones. And online the process is very simple:

You power up your [Excel](#) or other spreadsheet programme, you enter fields like, “First name”, “Surname”, “email address”, “Suburb”, reasons why you had contact with that person (e.g. they were interested in purchasing which particular house, or which particular software package, or which particular investment, or which particular legal form), what the date of the last contact with them was, and any other information that you want to track.

Now, you can purchase extremely expensive Customer Relationship Management (CRM) software that does all this for you, or you can write your own databases in [Access](#) or [FileMakerPro](#), or you can modify [Outlook](#), or you can take the very simple and cheap Excel approach above. Whatever method you choose, you end up with a datafile that you can use to personalise every contact you have with someone.

Why would you want to do this? Because at the end of the day, all business is about relationships. Whether that relationship is a simple one-off retail one (you sell them something from your website and you don't expect to see them again), or the relationship is potentially a longer affair (such as repeat purchase or moving them up the value chain of your list of products and services). The closer the bond between your clients and your business, the healthier your business will be. People very often buy, when given a choice, from people they know and trust rather than people they don't know or don't trust.

The question could therefore be: “How do I develop and maintain a relationship with my customers and potential customers?” The answer is simple: time and contact. Repeated contact over time will help build a relationship, *as long as* the contact is one that they actually want to have. Otherwise your contacting efforts will work against you, not for you.

Let's examine this in more detail. Let's assume that you have a hairdressing business and that you have decided to keep in contact with your clientele on a regular basis. Just sending them an email or giving them a phone call every week, thanking them for their business, might be enough to keep you in their mind. But sending them jokes or information on gardening or fishing might not be what they want and so they will find your emails or phone calls intrusive.

These sorts of contacts could be classed as ‘spam’ – unsolicited, irrelevant and intrusive contact. If you give them no way of taking themselves off your ‘contact’ list you could also, depending on where you live, be breaking the law.

Yet the opposite of ‘spam’ is contact that is both requested by them AND of value to them. So, to use our hairdressing example, it is phone calls or emails that they have asked that you give them when you are running a discount promotion or get a new series of colours in. Or it is a series of emails that you send that inform *those clients who have requested it* about the ‘secrets’ of hair care, the tips and tricks that professionals like you use to keep hair in top condition and styles in great shape.

What is the value of these sort of contacts? Well, to your clients it is of some value, otherwise they wouldn’t have requested the information in the first place. But to you, the contact is invaluable. It is another opportunity for you to have contact with your client; it is another opportunity for you to show your expertise and competence.

This opportunity to show your expertise and competence is especially important with prospects and new customers. Until they have enjoyed several experiences with your service and your company they are sceptical of you and all you say about yourself. But if you can show them examples of expertise, such as your level of knowledge about your industry, or perhaps your level of understanding of *their* issues and concerns, then you are significantly closer to earning their trust. With their trust will come their repeat business.

That is why you will find many of the top businesses offer free email newsletters from their website. It gives the company the opportunity to show their expertise and knowledge, it gives the subscriber valuable information and most importantly it gives the company tremendous opportunities to repeat market to them.

As any advertising guru will tell you, it takes an average of 21 exposures to a message to actually pay attention to it and an average of seven noticed exposures before any action on that message is taken. If you can slip in brief sales or marketing messages into your information-packed newsletters, your readers are more likely to take notice of them and more likely to take action on them.

If you can go one step further and personalise each contact you make with them, so much the better. So, for example, your email newsletters aren’t just addressed to, “Dear friend,” but “Dear John,” or Fred or Mary or whoever it is receiving the email. If you can further personalise your contact with details such as when they last bought from you, what they bought, and so on, you will get even closer to them.

But that doesn’t mean that you have to sit down and personally type up 300 individual emails to the 300 people on your mailing list. Not at all. What you do is utilise the power of spreadsheets and mailmerge facilities to write one email but leave blanks where the data is sucked in from the spreadsheet. That way each email is personalised to each recipient, with data that is personal and relevant to them and that *looks like* you have sat down and personally typed an email to them.

The response rate for these sorts of emails is much higher than mere “Dear friend” impersonal contacts.

Plus, the email can be sent to just them, with their own email address in the ‘To’ component of the email. Which is a lot better and far more likely to be read than an email which is received in an inbox that doesn’t have their email address in the ‘To’ box, but just something like ‘undisclosed recipients’ or even the email address of the sender. How impersonal are they? Do they look like they have been written just for you? They *look* like something that is sent out to hundreds of thousands of people at a time. Would such an email engender *your* trust and faith in the sender if *you* received one?

What sort of tools can deliver these personalised email newsletters and other emailed messages?

There are many about, but the two that I’ve found the best are [WorldMerge](#) from ColoradoPro software and [Mailloop](#) from the Internet Marketing Centre. Add an Excel spreadsheet and you have a highly sophisticated repeat contact machine. As with all of the companies and products I’ve mentioned in this book, you can find the addresses of these sites in the last chapter.

And, of course, the cost of these messages is Nothing. Free. Nil. No postage costs, no printing costs, no delivery costs. You have a connection to the internet already, so there’s no additional costs involved. All it takes you is the time to write your messages and ‘show your stuff’.

What do you think is the value of your customer over their lifetime? Not just from their initial purchase from you, but over the average lifetime that they will purchase goods and services from you?

Do you think it worthwhile to invest a little time and effort into creating messages that are of value *to them*, that add value *to them*, that are of high perceived value *to them*? I hope you do...

## Secret number eighteen

Keep in contact with your customers regularly. Whether you do this by phone, by fax, by postcard, by personal meeting or by email is up to you. But never let more than 90 days go by without them hearing from you or reading your name. In today’s high-pressure business environment the sale often goes to the person who most recently contacted the buyer.

# Back end, back end, back end...

## Bill Harris makes over US\$3,500 a day from his website. And I know how he does it...

Bill is a very clever direct marketer who uses the internet to massively reduce his costs at the same time as broaden his reach. Bill markets a range of meditation and self-development audio material from his website, [www.centerpointe.com](http://www.centerpointe.com). And he makes US\$1million+ a year doing it.

What you sell or offer on your website should only be one of a series of products or services that you offer. You should always have other products or services that support and enhance the value of your opening offer.

Why?

Because you use the goodwill that you have earned from the initial purchase as leverage onto larger, higher-value sales.

Statistics show that purchasers are 34% more likely to repeat purchase; if you can turn the first-time buyer into a multiple-purchase buyer then you are definitely helping your bottom line.

After all, you have already spent marketing money to acquire them – any sales after the first is cream on the cake.

So what can you do if you only have one product or service that you can sell from your site?

You can add value to your offering by offering the goods or services of other high-quality vendors.

For example, let's go back to the example that we used in the chapter *Business-to-Business affiliation* on page 23. If you remember, we were selling a book on how to buy a car at just above dealer cost, but that is your only product. But you can add extra value to your clients by offering them the services of a good insurance broker, or an after-market parts and accessories dealer.

But better still is some sort of systematic product and service offering of your own that increases in both value and price.

Imagine a funnel. Once someone purchases the 'entry' product at the top of the funnel (something relatively cheap and non-exclusive), you then offer them a follow-up product or service that has a higher sale value and a higher perceived value to your customer. Once they have bought that product and had a chance to be extremely happy and satisfied with it, you then offer them a further product or service that takes the previous product or service to the next level, again for a higher price.



Let's give an example of this.

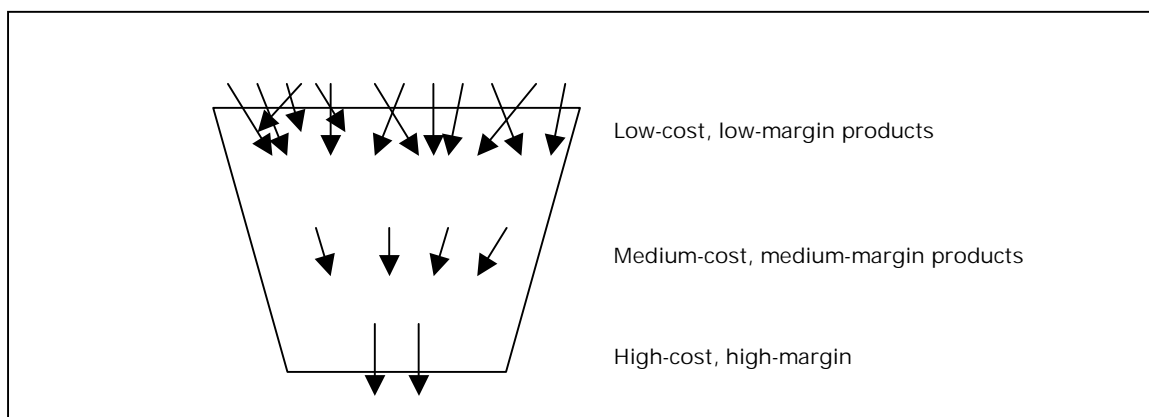
Imagine that you have a book on sales techniques for sale that is pitched at media sales people, "How to improve your radio advert sales to hot prospects" or something similar. You sell the book for \$19.95 on your site and you advertise the book in various media sales trade publications.

A month or so later you email the buyers of your book. You already know that they are 'hot' prospects for any other offerings you might have and they have pre-qualified themselves because they have already bought your first book. So now you offer them another book, "Advanced sales techniques that triple your bookings", or something like that. You price *this* book at \$29.95, confident that although you will sell fewer numbers of this book to your existing customers, you will make more because the margin is higher.

To the purchasers of your second book you then allow them a suitable time to become satisfied and happy with their purchase, then you offer them additional products and services, such as:

- cd/audio-cassette packs on sales techniques for their industry
- subscription-only newsletters with the latest tips and tricks of media sales
- videos of seminars
- live seminars
- one-on-one consultancy

Get the idea? You start off at the top of the funnel with a simple, low-cost product and then move the purchaser through a series of increasingly higher-value, higher-cost products and services.



The 'funnel' approach to successful marketing, using both a front- and a back-end

Because you have taken the time to earn their trust at the beginning with a product that delivers exceptional value, they are far more likely to want to spend further dollars with

you later on, when you offer them products and services more and more tailored to their own individual needs.

But let's assume that your business is a service offering and doesn't have any products that it can sell. How can you then start the ball rolling?

Perhaps you could offer a report or industry insight? Perhaps you could offer a '20 secrets to great hair care' report. You don't even need to sell these books or reports for money – give them away for free from your site.

Why? Because you want the person's name and email address, that's why. Use the free report as your product, then use the contact you have now made as your entry-point into selling them your consultancy services.

Can you now see the importance of having a front-end product AND a range of back-end products?

## Secret number nineteen

Think of your business as a funnel; you have lots of low-cost, low-value stuff at the top, but your customers gravitate (with your help) move more and more towards the high-value, scarce stuff at the bottom of the funnel.

You use the internet to give you a front-end product or service, then you have a stream of products or services of increasing value and cost that you systematically introduce them to. How does Bill Harris make over US\$3,500 a day from his website? Not from selling US\$3,500 worth of front-end products; he uses relatively low-cost products to systematically lead his clients through to the high-cost, high-value products down the funnel.

# What do I do next?

## Talk, talk...

There are a veritable multitude of consultants and consultancy practices that could advise you on how to put the whole box and dice together.

Interestingly, alongside the shake-out of the dotcom world so too have many of the 'cowboys' of the new frontier fallen by the wayside. The way is left open for the professionals to take control of the beast created by amateurs.

Of course I cannot advise you as to who are the 'good guys' and are the 'baddies'; but I would suggest that you look at their pedigree to determine whether they are fit to assist you. Talk with them, find out what their strengths and weaknesses are (no one is all-knowing about the internet anymore, it's just too huge a world), see who they are allied with (because the company you keep can speak volumes about you) and listen to your instincts.

## Secret number twenty

**Take heart** and take a break — nothing is so serious in internet business that it cannot be corrected.

And that's the beauty of the internet — you can always adjust your flight path in light of prevailing conditions. But you must be up in the air first before you can make your corrections.

Get online, get a great domain name, get your email marketing strategy sorted out, think about whether a search engine strategy is useful for your business, develop your own mailing lists and market to them relentlessly, offering them greater and greater value that your competitors don't.

But don't try and do it all by yourself — the internet is just too complex and specialised for any one person to have all the answers. You may be brilliant at your current business, but the technology of the internet and effective online marketing is too important and too costly to stuff up. Find someone who understands your business, or is able to quickly understand it once you explain it to them, and who also understands business on the internet, and get them to help you.

You have nothing to lose but a lot of money if you do it wrong and a lot of money to make if you do it right.

## Useful links

Here's a list of links. Some are mentioned in the book and others are sites that I have found useful – I hope that you do, too.

Click on the address below and your browser will open up and find the site...

Amazon – US

Amazon – UK

Dymocks - Australia

Moneybags

Rivkin

Chris Burrows Software

MyeBusiness

SitePromoter

WebPositionGold

ZoneAlarmPro

Mailloop

WorldMerge

Internet Names Australia (if you are looking for .com.au domains)

Internet Names WorldWide (if you are looking for .com domains)

McAfee anti-virus software

Norton anti-virus software

Vet anti-virus software

NeoTrace

Internet Marketing Centre

Robert Middleton – Professional Services marketing information and advice

## About the author:

Lee Hopkins is the Managing Director of Hopkins Strategic Internet Solutions, a strategic internet consultancy based in Adelaide, Australia.

With over a decade of international internet experience behind him, Lee is well placed to offer small businesses the guidance and expertise they need when considering incorporating the internet into their strategic plans.

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