

Web Business Success

The Entrepreneur's Guide to Web Sites That Work

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Introduction

Going Online

As Web developers, for years we have heard people say longingly, “I want to start an online business, so I can quit my crummy job and work from home.” Or business owners will tell us that they plan to put up a Web site “when they have time.”

Of course inertia being what it is, most of them have done nothing at all. Or if they have done something about getting their online business started, they spent a whole lot of money on “get rich quick” schemes that didn’t pay off.

Let’s face it: if you were planning to become a pig farmer, it makes sense to learn something about pigs before you start. Yet people seem to think that it’s different with the Internet. They think you can just pay someone to put up a Web site and suddenly untold riches appear.

The reality couldn’t be further from the truth.

We wrote this book to cut through the hype that surrounds almost everything online these days. Creating a Web business is no different than any other business: it requires work. However, because you are operating “virtually,” it means you can live more or less wherever you want. You can work from home or conduct business from the coffee shop on the corner.

Because we have operated our business largely online since 1994, we have been able to move to a remote part of Idaho. Not everyone may want to do that, but thanks to the Internet, we’ve been able to realize our dream of living where we want, far away from “the big city.” We earn a decent living from our Web sites and online ventures. It’s not impossible.

If you’re interested in taking your bricks-and-mortar business online or in starting an online business and becoming a “Webpreneur,” this book gives you the information you need to make good choices in your new venture.

Freedom vs. Security

If you are thinking of starting an online business, or any business for that matter, you need to take a hard look at yourself. As noted, we love the freedom of working from our home in the trees. But this lifestyle is not for everyone.

If you think running your own business means you can just work in your pajamas and have lots of flexibility, you're only seeing part of the picture. Flexibility is great. Freedom from the 9-to-5 cubicle-dweller existence means you can pick up your kids after school and avoid the commute. You can enjoy your family, hobbies, and your life outside of work.

Self-employment does have downsides as well.

1. Lack of a steady paycheck. It should be obvious, but some people fail to realize that until you have customers, you aren't making money. An online business takes some time to ramp up. Be prepared.
2. Loneliness. Many people need to be around other people and don't work well alone. If your friendships are mostly inside the office, when you start your own business, plan to join some organizations to get you out of the house and among people again, so you don't go nuts.
3. Self-discipline. Not everyone is self-motivated enough to work on their own. If you work from home, you have TV, kids, pets, the phone, the refrigerator, and endless busywork you can use as excuses to keep from actually getting work done. Even if your business is located in an office, you can still spend all day surfing the Internet to avoid real productive work. No boss is going to yell at you, but when you're self-employed doing no work means you make no money.

Even if you already have a business, you need to consider whether you have the time and the resources to take your business online. A Web site does not run itself. If your business is barely eking along and your systems don't work offline, rest assured, things will not improve when you add a Web presence into the mix.

When you have a Web site, you need to commit yourself to these things:

1. Answering email reliably and religiously. You need to follow up on any inquiries quickly. Many small businesses are lax in follow up. This type of poor customer service doesn't play well at all online. People are used to almost instant

gratification. Plus, most of us spend more time than we realize dealing with email. Even if you automate many of your customer communications, you must still react quickly when someone has a question or complaint about a product. Responses take time, so you must make time for it. You will soon lose your credibility (and sales) if it takes you a week to respond to email queries.

2. Committing yourself (or your staff) to education. Understanding how the Web works and learning best practices can help you spend your money wisely and avoid serious online mistakes that can hurt your business. (Buying this book is a step in the right direction!)
3. Creativity, moxie, and a willingness to sell. If you can't imagine selling anyone anything, you won't. If you love thinking up new marketing ideas and writing creative copy, your Web business will shine.

Decide What to Do and Avoid the Hype

Nothing happens without a plan. You've probably begun researching your options online. If you have read a bunch of hype from Internet "gurus," you now are probably completely confused. That dreck makes us insane.

Here's a little hint that will save you a whole lot of money. All those Internet marketing "gurus" go to the same conferences, write the same testimonials for each other, and have the exact same sales pages and Web sites. All they do is change the text a little. If you pay attention, you can spot them, and avoid them.

When you see a sales letter Web site with the same old white box on a blue background with red "important" text, scroll down to the bottom. You'll undoubtedly discover that the amazing product that will change your life is "only" \$997 and it includes 150 hours of bonus footage of the same group of gurus telling each other how great they are.

These online marketing "techniques" all started with a couple of guys who could write great direct mail copy and transferred their knowledge to the Internet. Now they sell their "secrets" in these massive thousand dollar kits. Yet realistically, you can get much of the same information from an \$11 book from Amazon.com or your public library. For example, if you go to Amazon and do a search on Dan Kennedy (one of the earliest

marketing big wigs), you'll find his book, minus the hyped-up sales letter. Yes it's a good book. No, it doesn't cost \$997.

So here's an Internet consumer tip. The next time you are falling for one of those sales letters with the same old white box on a blue background with red "important" text, just close the window. Go to Amazon and do a search. Save \$986 and line your own pockets with it instead of someone else's. Use it to buy an entire library's worth of business books.

Now let's get beyond the hype. Basically, you can make money online in four ways:

1. Sell physical products (ecommerce or eBay)
2. Sell services (consulting, Web design, writing, and innumerable other services)
3. Sell advertising (Google AdSense or affiliate programs)
4. Sell monthly services (hosting or membership sites)

Most of the sites you see are some variation of these themes. It all depends on what you're good at and like to do.

In our business, we've actually experienced all four categories. Now we sell books and software, which fall into category 1. You see the term "infoproducts" online a lot. Don't be confused; it's still a physical product, so they still fall into category 1. We've sold writing, editing, Web design and programming services for years (category 2). Our online content sites have AdSense on them (category 3), and we sold a hosted product (category 4).

Web Business Reality Check

Okay, now that you've thought about what you might want to do, it's time for a bit of a reality check.

As noted, endless hype surrounds new technology in general and the Web in particular. It's sometimes difficult to remain grounded in business reality when you are always being sold a better, faster, more "amazing" solution.

So before you invest the time and energy to create a Web site, make sure you plot out and understand your own business model thoroughly. Start with a clear business plan. Develop concrete goals that are achievable. Be certain that you can find your

customers and know what appeals to them. Once you have these business basics nailed down, you can create a Web site that supports your goals. You will also avoid many frustrating and costly mistakes.

Before we go any further, you must realize that a Web site is not magical. It will not save your business or make you a millionaire overnight. A Web site will not necessarily cost you less to operate than a bricks-and-mortar or mail order business. This caveat is especially true if your business grows beyond a size you can manage comfortably on your own.

Try to view your Web business as one more tool for marketing the products and services you provide. Make it a part of a larger business strategy. Don't expect it to be a substitute for quality products, honest salesmanship, and good customer service, and don't assume it will be a no-money-down project.

Treating Your Business Like a Business

One of the basic realities of going into business is treating your business like a business. If you are starting up an online business or adding a Web component to an existing business, you need to take into account the four areas of business operations:

- Legal - business licenses, contracts, trademarks, copyrights
- Finance - bookkeeping, accounting, taxes
- Marketing - sales, advertising, public relations, promotion
- Operations - manufacturing, shipping, business processes

Of the four, we could argue that marketing is the most important. You can put off getting a lawyer, and when you're just getting started before you have any sales, finance isn't a huge issue. Operations are generally refined into systems that develop with experience over time.

But until you start marketing and making sales, you have a hobby, not a business. When we started our business, we took an entrepreneurship course through the local adult education cooperative. In that course, the instructor had a mantra: "nothing happens until somebody sells something." It's true.

Myth vs. Reality

Before we get into the technical nitty-gritty, we'd like to spend a little time debunking a few myths. Over the past few years, we have spoken with a lot of clients who had unrealistic expectations about doing business on the Web. Here are a few misconceptions we've encountered:

Misconception #1: Technology somehow makes it easier to run a business.

That just isn't true. A Web business must solve the same problems as a bricks-and-mortar business. Yes, there are differences, but it's an open question as to whether those differences make doing business easier or harder!

Why? Because with a Web business, you still have all the same core business functions. All that has changed is your customer "interface." The Web changes the method you use for interacting with your customers. You still have marketing, operational, financial, and legal issues to resolve. These business realities never go away, no matter how much automation you employ.

If you are not technically inclined, an ecommerce Web site can actually become an obstacle between you and control of your business. In fact, the technology can make it more, not less, difficult to perform marketing functions, do order fulfillment, compute your return on investment, or collect sales tax. You simply must be prepared to learn how to do some new things if you want ecommerce to work for you.

Here are some of the basics that a responsible Web storeowner should understand:

- How to use shopping cart software to manage your product line and orders.
- How to put images on the Web, like simple digital photography and image editing.
- How online payment works behind the scenes, and how to answer questions about the security of your Web site.
- How to use a Web page authoring tool, or how to hire the right person to update your site for you.
- How to use your payment gateway software to manage credit card payments (if these functions are not integrated with your shopping cart software).

Misconception #2: Running a Web business is cheaper.

While that may be true of a garage-spun startup, you'll find that your overhead starts to keep pace with a bricks-and-mortar business as soon as you add a few employees.

For an extreme example of this, look at Amazon.com. They've been in business for many years and it took many, many of those years before they started making a profit. It takes a lot of money to operate their business and they manage a massive inventory. They also pay numerous employees, and they have an enormously complex Web infrastructure that needs to be maintained 24/7.

The ideal business for the Web is small. It doesn't require a huge staff to maintain its infrastructure and customer relations. It's best if it offers a unique product, or series of products, that can be produced on demand, either by download or through some third-party fulfillment company.

A unique product line is crucial. It is simply too difficult to compete against companies like Wal-Mart on mass-market items. You will be fighting a price war, and your shipping charges will eat up what little margin you salvage.

Producing your product on demand is best because you don't have your cash tied up in inventory. This ideal Web-based business delivers an electronic payload, like software. It gives you the most opportunities for automating your business. Your Web site can handle everything from taking the order to accepting payment, delivering the product, thanking the customer, and selling them new "back-end" products in the future.

Of course, this "ideal" business model assumes that you produce what you sell. What if you resell? Then you need to come up to speed fast on how to properly manage an inventory.

Inventory management is actually much harder than it sounds, especially if you are a one-person operation. To ship within the recommended 24 hours, you must have the items on hand. (You can try letting the supplier drop-ship directly to your customer, but resolving disputes in that scenario can be challenging.)

You must have enough items in inventory to satisfy orders, without tying up too much of your money in inventory that may never sell. (Maintaining that balance can result in manual hair loss!) Yet if you fail to exercise control over inventory, you will be at risk

for one of the most common causes of business failure during economic downturns, i.e., too much product and no buyers.

Misconception #3: ANY business can make sales online.

It would be nice if that were the case, but again, it's simply not true. Some types of businesses just don't translate well to the ecommerce paradigm.

If you sell services, especially personal or professional services, ask yourself these two fundamental questions:

- Would you search for your type of service on the Internet (as opposed to the phone book, local paper, or word of mouth)?
- Would you purchase your type of service on the Internet? In other words, would you actually hit a Buy Now button for your type of service, and then fill in your credit card information?

If the answer to either of those questions is "no," then think twice before you invest in complex ecommerce solutions. You might be better off with a three- or four-page Web site that simply explains what you do (for more on this topic, see Online Brochure Sites).

Misconception #4: Running a Web business takes less of your time.

Even though you won't spend time standing behind a counter waiting on customers, your Web business still requires hands-on maintenance. Like we said earlier, you must respond to email queries. You must process the orders you receive through your site. You must thank customers, and contact them periodically to offer them new products.

Even if you sell one simple physical product, you must prepare the item for shipping yourself. You must pack it carefully and deal with getting it safely to the shipper. I'll bet it takes you longer to do all that than it does for a clerk to put a counter customer's order into a bag and hand it to her!

And last but not least...

Misconception #5: Running a Web business should not be attempted by beginners.

After all this discussion, we don't want to sound like we're trying to discourage people from doing business on the Web. Like we said, our business has been largely Web-based since 1994.

Our goal is to make it clear that doing business on the Web is like any other business. It has its advantages, but it also has its drawbacks. Unless you have a strong desire to learn about the technology, work hard, and make adjustments as needed, you shouldn't try it. In fact, you shouldn't try any kind of business!

Before you spend many hours and dollars investing in a Web business, take a long, hard, realistic look at the issues. Understand your goals and weigh the odds. Armed with an understanding of the pros and cons, you improve your chances of success significantly.

Our Story

Now that we've explained how we earn money online, you might be wondering who we are and how we ended up writing this book.

Back in 1994, we were living in Southern California doing the standard yuppie thing. We both had reasonably good jobs, but they were unsatisfying, partly because neither of us fit the So Cal mold (we don't tan and we hate crowds). But we figured that as a programmer and tech writer, we really had to be in a big city to find a job.

We felt like we were on the slow track to nowhere, working for companies run by dishonest people (who probably should have been in jail...but that's a different story). Every day, like most people we made the 1.25-hour commute on the very scary freeways to our jobs since it seemed like the only thing to do.

To remain sane, we regularly took vacations to get away from the city. Both of us yearned for mountains and needed periodic "tree fixes" to de-stress. For us, being off in the trees is where we felt most at home. On one trip to Idyllwild, California, a tiny town in the San Jacinto Mountains, we were walking around amidst the trees letting them work their magic on us as we tried to forget about life down in the city. It was raining and as we walked along the residential streets, we noticed a few nice houses.

Really nice houses. Idyllwild has no business except tiny tourist shops and we knew from the ads we'd seen that real estate was extremely expensive. We were struck by the notion: what do these people DO that makes it possible to live up here? Then it dawned on us. We realized that some of those houses probably had a phone line connected to a modem.

And the light dawned.

Back then, the Web was new, but we realized then and there that telecommuting was the answer. If we ran our own business, we could live anywhere we wanted. We could leave Southern California with its smog, freeways, and "beautiful people." We could live anywhere. It was such a freeing thought; we couldn't get it out of our heads. We read every business book we could find and two months later, we formed Logical Expressions.

As with every business, you have to start somewhere. We wrote a business plan and Susan quit her job in January 1995 to run LE full time. At that time, we offered technical writing, design and editing services. In August, James quit his job and began doing contract-programming work. All of our clients were in Southern California, but we used email, fax, FedEx, and the occasional meetings to work with our clients. Because our clients were used to not dealing with us face-to-face, we realized that our dream of moving away from the Southland was within our grasp. So, we used our vacation time to explore various areas of the West with lots of trees and mountains. We found Sandpoint, Idaho on one of those journeys and fell in love with the Inland Northwest.

Our next project was selling our condo and getting ourselves and our business moved, which was no small task in a terrible real estate market. But again, we researched. We read everything we could about selling a house and sold our place in May of 1996. We bought an unfinished log home in Sandpoint and moved our cats and all our computer equipment to a tiny rental ski chalet on Schweitzer Mountain where we lived and worked while the house was finished. To our clients, the transition was virtually seamless with the exception of different telephone numbers.

As we became more involved in the community, we realized that we wanted to share some of our knowledge with people in the area. In Southern California, there was a successful and widely adored computer magazine that we both used to read. We

thought that with our editorial and computing background, we could create a similar magazine.

We sold ads, wrote articles, and worked with pretty much everyone over the Internet. Our writers were (and are) all over the world. We put out the first issue of *Computer Companion* in the Fall of 1999. It was extremely well received and we heard from people in Spokane that they wanted it there too. So we expanded our distribution.

By July of 2001 after the dot-bomb crash, we ended up deciding not to print *Computer Companion* anymore. Even though readers continued to love it, our advertisers were folding or cutting their spending considerably. So *Computer Companion* lives on in the cyber-realm as an online magazine at <http://www.computercompanion.com>. Advertising income now comes from Google, which is a heck of a lot easier than the old fashioned way of selling ads.

Our experience with the magazine had other great ripple effects as well. The first one was the Logical Web Publisher (LWP), which is the software that is behind all our large content sites. Using this tool, we can create these sites quickly and easily by just copying and pasting in articles.

After the success of *Computer Companion*, we used the LWP to set up ezine sites about our various interests. People liked our newspaper columns and since we owned the rights, we put them online. For years, we have been sending out ezines about computers, pets, and Sandpoint. All of them also have Google AdSense on them.

- Logical Tips - <http://www.logicultips.com>
- Pet Tails - <http://www.pet-tails.com>
- Sandpoint Insider - <http://www.sandpointinsider.com>

Now as you can tell, we are expanding into book publishing. We released a book called *Vegan Success* (<http://www.vegansuccess.com>) and this one is our second book. Again these books are sold online through our sites, Amazon.com, and BN.com. Thanks to technology, we don't have to stock inventory. They are printed "on demand" when people order them.

Our sites have always used quality writing to draw in visitors. We have never engaged in any type of “black hat” unethical techniques. We believe that the Web is about information. Good content never goes out of style.

About this Book

This book came about because of classes we’ve taught, articles we’ve written and many, many conversations we’ve had with our Web site clients over the years.

Many of our clients and students had done research online and it left them hopelessly confused. The Web is huge and when you’re just starting out, it’s easy to become completely overwhelmed. We decided to write up all the advice and information we give our clients. The result is the book you are holding in your hands.

This book is divided up into a number of sections. Because this book is about the Internet, at the end of each section, you’ll find a list of online resources you can visit for further information. These resources are generally ones we’ve used that have been around for a long time.

Here are the main sections of the book and what they contain:

Creating Your First Site

Virtually anything you do online requires a Web site, so the first section is about creating your first site. Within that section we get into the basics of Web design, content, and graphics. We also explain how to find a developer you can work with and go into some of the “extras” you can add to a Web site.

Getting Your Site Online

Once you have a site, you need a place to put it. This section goes through the ins and outs of domain names and hosting. It explains what you are getting for your money and how to find good, reliable companies.

Promoting Your Site

A Web site is useless if no one ever visits, so site promotion is a key element of Web business. This section goes into the ins and outs of search engines, optimization, linking and other ways you can get the word out about your site.

Creating an Ecommerce Site

If you ever plan to sell anything directly over the Web, you need to learn about ecommerce. This section explains the often-confusing world of merchant accounts, payment gateways, and shopping carts.

Business Operations and Practices

In the final section, we offer some final advice on how to keep your business running smoothly for the long haul.

At the back of the book, you'll also find a **Glossary** and an **Index** for reference.

Armed with this information, you can forge confidently into the world of your new Web business.

Start Up Resources

Here are a few Web resources with articles about starting a business:

- Entrepreneur Magazine - <http://www.entrepreneur.com>
- Inc. Magazine - <http://www.inc.com/resources/startup/>
- Small Business Administration - http://www.sba.gov/starting_business/
- Business Know How - <http://www.businessknowhow.com>
- Startup Journal (from the Wall Street Journal) - <http://www.startupjournal.com/>
- Service Corps of Retired Executives (SCORE) Free business counseling - <http://www.score.org>