

7 Steps to Starting a Profitable Online Business



by Steve Strauss

Q: Steve: I am looking to start an online business. This stuff is all new to me and I am not even sure where to start, but my first question is this: Where do I find products to sell? I don't know any distributors. Who do I call? I don't want to look like a dummy. Thanks for any help you can give me. — Dory

A: Consider these startling statistics:

According to Forrester Research retail sales rose 2.5% in 2009. While that is surprising enough, consider this: Online sales rose 11%.

If you are looking to start a business, even a part-time business, you would be hard-pressed, in this economy, to find a sector growing at an 11% clip. Forrester forecasts that e-sales in the U.S. will go from about \$173 billion this year to about \$250 billion in 2014. That's booming China kinda growth my friends.

So the answer is yes, starting an online business is a smart move.

Here are the pros and cons:

Pros: The cost of entry is low; you have access to global markets; it is an automated, 24/7 profit center; you can look every bit as big as the big boys; the overhead is low (more on that in a minute); and the profit potential is large.

Cons: It takes work to get people to learn of the site; there is no personal contact as with a retail store; creating credibility (and thus customers) can be a challenge; it takes time to get things really cooking; and customers cannot physically see or feel your products.

The pros definitely outweigh the cons.

Here are **7 Steps to Starting a Profitable Online Business:**

1. Create a great site: This is No. 1 for a reason. You have to have a great-looking, intuitive, easy-to-navigate site if you are going to be taken seriously by potential e-customers. Your site must look professional. Pictures and content must load quickly. There can be no dead links. Have a robust "About" page.

The good news is that it is easy and affordable to create a great site – look for online hosts that have pre-made templates you can customize.

Web surfers who come to your site will judge it in about three seconds. That's all you've got. You better impress them the moment they hit it.

2. Pick your products: I have a buddy who owns an antiques store. His business success

motto is: "It's all in the buying." He knows if he can find the right product at the right price, he will make a profit. The same is true for you.

Where do you find great, inexpensive products? It depends on what you plan to sell. It may be a matter of spending weekends at yard sales and on Craigslist picking up some good, cheap stuff. If you want a more formal arrangement, there are wholesalers and distributors for almost any product you need.

3. Have an online catalog or store: When you shop online, there is usually a catalog of products to choose from: Tiny pictures with product descriptions. That is what you have to do. Happily, you do not have to create this from scratch. Your e-commerce site host (see below) will offer a store creation tool, with point-and-click ways to add products, pictures, and descriptions.
4. Have the ability to process payments: This issue is two-fold: The financial ability to process credit card payments comes when you have a merchant account. Search for that term online. The physical ability to process such payments is, again, something your host will offer. Search for "online merchant services" or "E-commerce hosting."
5. Market and promote your site: All these steps are important, but this one may be a little more important. People have to find your site. No matter how nice it looks or how cool your products, if no one knows about the site, it is a waste of time, money, and effort.

Master search engine optimization (SEO) techniques. Engage in viral marketing. Tweet. Have a Facebook fan page. Try pay-per-click. Advertise.

6. Fulfillment: You have to deliver what you sell, on budget and on time. Don't forget to add the cost of shipping to your prices.
7. After-sales support: How will you handle returns? What should you upsell? Support is the difference between a one-time sale and creating a customer for life.

--

Steven D. Strauss is a lawyer, author and speaker who specializes in small business and entrepreneurship. Steve's business column, Ask an Expert, appears weekly on USAToday.com. Visit his web site at www.mrallbiz.com or follow him on Twitter at www.twitter.com/stevestrauss. Copyright 2010 Steven D. Strauss.

http://www.score.org/seven_steps_online_business.html