

Maagone A Mpone Christelle Claude Babette

PECULIARITIES IN OPENING AND IMPLEMENTING ONLINE BUSINESS PROJECT: CASE STUDY OF SERVICE BROKER BETWEEN COUNTRIES

Experience in opening and implementing online business project is shared with emphasis on service broker's activity in Internet. The step by step process is described, including utilizing instruments of the project management as well as collecting empiric data. Fig. 6, ref. 19.

Key words: e-business, export performance, intermediary company, broker, entrepreneur, small business, private business, e-regulations, international business, maritime law, privacy act, shipping goods

Introduction. Online businesses have turned out to be a trendy activity. For distinct reasons, companies and individuals use this means to promote their business, communicate with potential customers and expand their activity to different part of the world. This contributes in building partnership, create a client's portfolio and several other things all related to business.

The purpose of this research is to highlight the peculiarities in opening and implementing online business project. Why starting a business online? Is it valuable? Are there any differences existing between an online business (click and order) and a "physical" business (brick and mortar)? What is the uniqueness of this project? How do Laws regulate such type of business? To answer those questions, I had to make an analysis of the researches done by others on almost the same topic, i.e. the differences and peculiarities in starting an online business.

Online business was adopted mostly by home maids who were busy with their domestic chores and taking care of their toddlers and in the 21st century, pro homebased job seekers and other entrepreneurs found more advantageous to start and run their business online, even when some amongst them have a brick-and-mortar business. Therefore, it is valuable to stay proactive about career and business and using network(s) can greatly help. To the question whether differences exist between online and street businesses, the answer is "yes". Here is a list of some of following peculiarities.

- *The location of the business:* What location will be good for your business? How can you make your products or services appealing enough to customers so that they will spread the word? Furthermore, Cheaper rates can be found for locations that have less traffic, so you will have to determine whether or not your business will benefit enough from a good location to justify the cost.

- *The legitimacy:* Yes, because having a physical presence increase the legitimacy of the business. According to Brian Lang (1), "people are more willing to trust businesses that have a physical place that they can walk into. Additionally, being able to speak with your potential customers face to face can be helpful as well."

- *The budget:* Having a brick and mortar business entails more cost, since it is all about renting a place and hiring employees (see the legislation section).

- *The working hours:* Unlike online business, owners of physical business have to work longer, since they cannot leave their business run them from far, unless they have hired an assistant to conduct face-to-face talks.

- *The marketing strategy*: Online business requires more promotional efforts. Indeed, the fact that this type of business has no physical location makes it more difficult to attract customers. This leads to intensive marketing of your products, services and website or else, no one will know that you exist.

- *The sales of services or products*: Because of the opening and closing time, there is a difference of at least 10 to 15 hours between online and offline businesses. The latter can sell only when they are open while online business is running 24/7.

However, there are some businesses that require and use internet as a tool (sometimes exclusively) to complete their activities. Yassen Dimitrov (2) evokes the case of e-commerce, in the sense that products can be purchased, stored and sold by the sellers using an online platform that displays their products.

It is fair enough to say that the uniqueness of an online business or e-commerce lies in there. Indeed, there are some services that do not require any rented store to keep physical products. The list of those services is quite vast:

- online teaching;
- all services related to Information Technology (web designer, SEO consultant (service engine optimisation);
- freelancer (writer, copywriter, recruiter etc.);
- broker or intermediary contractor (import, export etc.);
- online clicking or legit jobs (3).

The conclusion to their studies is that the differences or peculiarities are becoming less and less, the lines are blurring between online (e-commerce) and offline retail through a network of stores. In the opinion of Alex Senn (4), "the difference lies in the means of end distribution". Also, there is this new form of online business, called "omnichannel retail", which combines offline and online businesses (5).

- Regulations are quite clear as regarding the legal obligations of online businesses. It is all about:

- *the privacy* of your contacts and the personal information from your customers. If you save their data, you are required, under the Privacy Act 1988, to make your customers aware of what you are collecting and clearly explain how you will use their information (6). It is worth mentioning that under that Law, information can only be collected if it is relevant to the business' functions;

- *the intellectual property*, where you may encounter issues when running an online business such as potential copyright and trademark infringements.

Research Method. To conduct this research, two types of interviews were used: Face-to-face and direct calls. Moreover, two questionnaires were presented and the purpose was to know how many people are ready to start a business online, either sensitive one or not and if entrepreneurs met problems while doing so. Brian Lang, young online business owner came to the conclusion that to start a click and order business, you need to set an online marketing plan, i.e. "come up with a plan to market it".

Advantages and disadvantages of online business. Everyone can start a business online. Sometimes, it does not require a huge budget, just a business plan. It is all about pouring your heart into something that really matters to you. When you have a business portfolio, either made in advance or which just came opportunely, seize it to spread information about your activity, the services that you provide and keep in mind that you can do more with just a little. Statistics helped us to reach the conclusion that networking sites either social or professional may be organised like any other business outside there, with a founder, a team management, a public relation department, a customer service desk. It is all about how you set up your project.

Like a physical corporate body, there are many things to be considered; the only differences lie on the cost of expenses entailed to find the company and the laws observed (if or/and when there is any). International trade business market, Maritime Law, Contract Law, professional website, social ones and most of all, knowledge in Information Technology will be a plus in implementing an online project. There are many sites that can help us build our desired web page and this, free of charge. And subscription, which is optional does not cost an arm.

People who think that online businesses is just a package of risks probably have never into an online business and same is the case with the persons thinking that internet business is only a profit-making machine. Just like any other business, it takes lot of hard work and patience to earn success in an online business. According to the research made by Murtuza (7), the knowledge of these pros and cons would help you to decider in a better way on how to start an internet business.

Advantages:

- No need of land to open an office if you maintain all of the working online only.
- The structure of online business is very flexible as compared to the normal businesses being run from office or a shop.

- You don't have to be in the office to take any step; you can be in any part of the world with a laptop and internet connection. This type of business can be managed on the go as well.

- You don't have to worry about huge initial cost while thinking about how to start an internet business.

- *Connecting* - Via the Internet, business owners and employees can connect to customers and other members of the community easier than ever. Instead of having to call or visit the store to obtain information about its product or service, customers can email the store to get an answer. The growth of social media has given business owners another easy way to connect with customers, who can follow the business's Twitter page or "Like" the business on Facebook.

- *Information* - If you try to learn the store hours of a business without a website, you may have to call several times and get transferred to an operator just to get an answer to your simple question. If the business has a website, however, you can obtain this information quickly and easily. Business websites can provide customers with a wealth of relevant information, including contact information, product description and company history (8).

- *Sales* - Having a website that offers customers the ability to shop online can quickly help improve a company's financial bottom line. Many consumers prefer shopping online because of its ease and convenience; they can shop when they want, with no lines and with no visiting the store in person. Online stores are also ideal for consumers who don't live within a reasonable distance from a store. Through the Internet, these consumers can still shop at the store.

Disadvantages:

Though there can occasionally be disadvantages to using this type of technology, the advantages typically outweigh the negatives. The Toronto-based journalist William McCoy (9), who has been writing since 1997 comes to the conclusion that the only arguable disadvantage to the proliferation of the Internet in modern-day business is that some of the correspondence between customers and businesses can become *impersonal*. Prior to the Internet, a customer with a complaint could contact the store manager and voice her concern in person. When this person now voices her concern

through an email, she may receive a form letter back, which doesn't give her the satisfaction of dealing with a human.

The other possible cons running an online business are that:

- Your business idea is comparatively more highly prone to duplication. Someone might cheat your business idea until you do not have copyrights bought for it.

- A lot of training and patience is required to see real profits coming your way.

- Punctuality and self-realisation of importance of work are important aspects of online business as there is no boss to guide you or make you realize of the deadlines.

Something for sure is that you should have within you, the passion and the patience, necessary to carry on with your online business. This also determine the life of your activity.

How to start and launch an online company. I am going to show you how to start an export online business and deal with a potential client, based on my own experience. I took the simplest way.

A- Create a web page. To have an idea of the exact page you want, train on a free webpage design site www.jj-cltd.com. The above website is free of charge and the subscription, which is optional may cost \$1, a type of welcoming gift. This \$1 helps to upgrade the membership and to customise it by including your business or brand name in the link of the website. Thus, you will end up with a personalise domain.

B- Design your business card. You may ask yourself, what is the need to have a business card, when your company is online? Well, there are two main reasons for that.

B1. Credibility- For more credibility, you can design your own business card. I recommend you go on www.vistaprint.com, a professional website where you can freely create your card and save it in a data bank. This will help you to have an overlook of how you really want your business card to look like. All the designs are made by professionals and you only select amongst them and while writing on the one you have chosen, you pay attention to the style, the size, the placement of the components of the letters etc. You may even add a picture to illustrate your card.

B2. Global social network events- After all, the purpose is to make your business attractive, appealing, unusual as it will stand out of hundreds and thousands of already seen businesses and projects. Every year, there are international events gathering owners and representatives of startups and other online companies to meet and discuss about improvements, novelties and opportunities on the markets.

See some of my business cards below.



Fig. 1. Personnal business cards examples

The back side of the above cards have similar spaces that you can fill in with whatever phrases you want or feel valuable to add.

Now you have two choices:

1) Either to contact the website via telephone or email to order the cards you designed online. The web staff will issue and deliver you the cards.

2) or to design your card, to screen shot it, to paste it on a word format (doc.), then to transform the latter on pdf format and to create a file for it on your computer. Thereafter, you can print it at any secretarial service centre on an appropriate preselected paper!

To close this section, I will say that there are some links that give free access to creation of one's web page without the intervention of a "pro" web designer, but with templates ready to be updated at your convenience. Those templates are designed by a team of professionals.

C- Launch your business

Even launching an online company may require a business plan. When you visit www.jj-cltd.com, you clearly see the social networking sites where you can share your activity (see the picture below). Unlike brick and Mortar activities, you can reach more than 50, 2000 and even 10,000 people in a single click.

If you use a site like Facebook to launch your business, you can review your settings to safeguard the confidentiality of your activity and reduce the number of people who will have access to whatever you will be doing. Those people might be your direct contacts or the contacts of your contacts...The chain is endless. The law is said to be carefully watched and everyone subscribing abide by the rules of the used network. Multiple offers are made to you to boost your business online and this can only be possible through wire transfer. From \$10 to \$120, you reach almost 15,000 people around the world.

Steps:

1. Find a client;

2. Send samples of the requested product according to the specifications sent by the client;

3. a)- If the product is not accepted, we end the collaboration right here.

b)- If the product is accepted,

4. Discuss the terms of your contract and packaging alongside with money transfer

5. See after the type of shipment and paper work with the local regulations of the departing port (what are the expected shipment measures etc.).

To keep your web page alive, you should:

- constantly update the products that you supplied, add when necessary and remove when the products are not in your chain of delivery.

- assure loyalty of your clients with discount policy over annual contract (maybe from 5% to 15% every 3 to 6 months) of the same product.

Before we move forward, you may have asked yourself: why make ONLY export business? What is its origin and its importance? What are the types of export? What are its limitations?

To present the different steps in the form of a WBS (Work Business Structure) for any broker willing to start an export business, see the diagram below.

Business plan of an online business. Although a business is made online, it still required to come up with a business plan. Knowing what it entails financially, materially and or humanly will help forecast the expenses, benefits and even losses over a couple of years. If it is all about paying for the designing of your webpage, the maintenance of it, the constant boost of your online business via an annual and

automatic subscription, the multiple functions that a premium status can offer, then yes, a business plan is necessary.

Furthermore, like any other street business, you need to designate people to fill in position. Depending on the nature of your page, you may need an editor, a manager (who is in most cases the founder and CEO), a content designer, a copywriter, a social media specialist, an online customer service representative. If well carried out, you may turn to be all these, if you have enough skills to cover all these areas. If not, then you can hire, at least temporarily (on freelance for example). It is worth mentioning that as the main Manager of the commercial webpage, you are free to select or and remove the other members of your staff. The latter as such will be entitled to full access of the page without unless the main manager decides otherwise.

Graphically, we will have something like the scheme down below, Work Breakdown Structure or WBS. This is just an approximate idea of what I considered to be the most essential points to considered when thinking about starting an online business. The list is not exhaustive and you may add as much positions as you think useful for the good management of your activity.

This WBS can work for a blog and or any commercial webpage. I used the same to start my own business online and in less than a week, I could draw the attention of at least 250 people without using any of the financial boosters often offered on social networking websites (fig. 2).

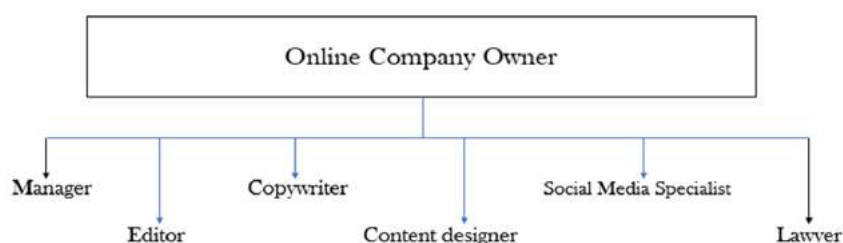


Fig. 2. WBS of a blog or a small online business activity

You may find partners or people willing to join you in that business of yours. You will be constantly connected with them and the more you share your activity, the more followers will carry out the social networking campaign by liking, commenting, sharing as a sign of encouragement. We all know how useful the modern technologies have been for small and even big companies whether off or online.

During one of my numerous jobs, I have been an editor for a blog (10) and while doing that I have discovered many other positions in that activity. Indeed, I were supposed to proofread and or edit every article before its publication taking place once every week and 4 times a month. I ended up, replying to the comments and questions of the followers of the blog. I also made promotional campaigns for the launch of events organised by the founder of the blog. I shared the page on almost all social networking pages, i.e., Twitter, Facebook, YouTube, Instagram. I even used Skype, WhatsApp, Viber, Ooveo and imo. I turned to be Editor, Social Media Specialist. Do we add Public Relation Manager and Marketing Manager as well? What do you think?

Case Study Of An Online Export Activity: JJ & C Ltd.

Project Planning. **JJ & C Ltd** is one of my business projects, but certainly the closest to my heart for personal reason. It took me at least 2 years to think about it and form it in my mind without setting it on a paper. Then from time to time, I was adding one or two things, editing some points while studying my surroundings. By

surroundings, I mean the export area at first and the educational field later. To better understand the environment, I intended to start my business in and the mentality of those I would be called to deal with, I accepted the positions of Export Manager at SMM Group (Middle-East company) and at Green Lion Ltd (Indian company).

Residing during that period in Ukraine, these were strategic positions offering me the role of intermediary contractor for my foreign clients.

My responsibilities were:

- to make a survey of the Ukrainian market in terms of agricultural products and to interact with Ukrainian farmers. The language barriers forced my clients to empower me with the right to negotiate on their behalf, to sign contracts and other delivery agreements for them after a daily report via Skype and cold calls. I was their full representative in Eastern Europe and thus, I had to comply with the local regulations regarding international trade and the Maritime Law.

- To follow the transactions;

- To follow the banking transfers;

- To verify the conformity of the specified product before it is loaded on board the boat;

- To witness the load of goods on board the boat.

While making so, I discovered that each international port has its own custom rules. For example, in July 2015, I was approached by an Egyptian client. His specifications were as such:

- Type of product: Wheat bran;

- Proteins: Between 11.5% and 12% (the ONLY type allowed by Egyptian custom authorities), raw without treatment, big seed or powder, no pellets;

- Packaging: 50 KGS (bags);

- Quantity: 10,000 metric tons per month

- Destination: Port of Suez and Port of Alexandria (Egypt)

- Delivery: Every 30 days

- Contract duration: 2 years

- Cost: According to the port of delivery*

This is the example of specifications you must expect from a potential client.

So, before starting a long term and reliable export business relationship with a client online, here are the paramount and foremost milestones you should have in mind.

Quality, Quantity and Cost.

- Specifications from the client,

- Design of the packaging (type of material used for the packaging)

- Label (Yes/ No?)

Liquid

- Packaging 1, 2, 3, 5, 1000

- Flex tank

Containers

- 20 feet

- 40 feet (24 Metric tons)

Seeds (bags)

- 25 kg

- 50 kg

Type of payment: LC and CAD. The *Letter of Credit*, also known as *LC* is a written commitment to pay, by a buyer's or importer's bank (called the issuing bank) to the seller's or exporter's bank (called the accepting bank, negotiating bank, or paying bank) (11).

So, when a client says for example that he wants to work with LC, the future supplier understands that he will not receive money in cash, but by notification from his bank that the money has been transferred to his company's account. Then he handles the documents allowing the client to enter in full possession of his goods at the destination point or the port of delivery within a fixed timeframe.

In *JJ & C Ltd vs Greenway Trading Ltd* (July 2017), the client represented by the foreign broker company *JJ & C Ltd* sent the following specifications:

- Product: Sunflower Oil
- Packaging: 1L bottles in boxes/ Flexi tank
- Mode of shipment: CIF*
- Expected rate: \$200 (bottle) per ton
- \$590 (bottles in boxes) per ton
- \$490 (flexi tank) per ton
- Money transfer: LC
- First shipment is a minimum of one 20 feet Container
- *Terms will be discussed after the acceptance of samples.

Type of delivery: CIF FOB. In the previous example, CIF was mentioned as a mode of shipment, which is also a type of delivery (fig. 3, 4).

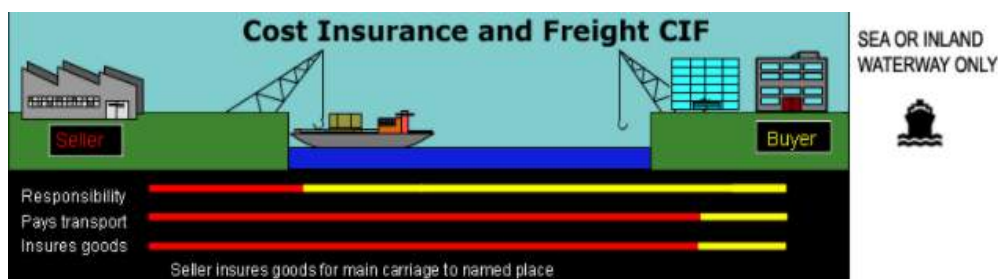


Fig. 3. Functioning of CIF

Earlier, we used the word “flexitank” to designate the type of packaging our client desired. It is a safe, time tested and proven, cost-effective and secure technology to transport non-hazardous liquid and dry cargo (12).



Fig. 4. Sample of flexitank

Process observed in our case study or looked to be observe is as such: START - Send specifications - Receive samples - Accepted - Offer - Discuss terms and packaging along with money transfer - Counter offer - Shipment and paper work - END.

According to the above chain, the next point should be the counter offer made by the supplier. In our case, it is *Greenway Trading Ltd.*

The counter offer of our supplier, Greenway Trading Ltd was as followed:

Packaging: 1L bottles in boxes

Mode of shipment: CIF*

Expected rate: \$200 (bottle) per ton

\$740 - 755 (bottles in boxes) per ton

No flexitank

Money transfer: CAD

First shipment at the supplier's price counteroffer per ton and the subsequent shipments will be at the client's initial offer. Thus, it will show the good will of the supplier and its/his hopes to establish a long-term duration business partnership.

The shipping will be made in 20 feet Container, which is the minimum size (13).

There are other parameters to take into consideration as well, when planning your mercantile activity. Interviewing professionals and or already existing broker company in that domain will not hurt you in any aspect. On the contrary, this may help you avoid undesirable expenses and could save you some precious time.

Other ways could be to write a questionnaire, going out of your comfort zone to outside sources and find solutions to improve your online export business.

At the end of the day, our project planning will look as on fig. 5.

Samples of questionnaires. These questions are not exhaustive and can be edited by the reader. I just want to show you a glimpse of what any entrepreneur may think of when planning a commercial activity. This is also a little brainstorming for anyone reading this article, as it leaves your imagination in a constant questioning regarding the success of such business.

I wrote a questionnaire directed to an entrepreneur lambda and another one addressing the online customer.

Online business demographic survey:

1. What are the main problems met when opening an online business?
2. When to start an online business?
3. Is there any judicial factor that prevails?
4. Will you make a survey before setting up a business online? How do you intend to conduct that survey? Is it worth making it?
5. Where, how and to whom will you get your information (farmers, other broken company (primary))?
6. Will you use marketing channels to promote your online business?

Questionnaire for online customers:

1. How far (in your opinion) are people likely to start a business online?
2. Rate the credibility of online businesses on the scale of 10.
3. Do you think it is easier to run a click and order business?
4. Do you trust the privacy rule of online businesses?

To illustrate this work, using diagram might actually help the reader to fully realize the impact of the phenomenon (online businesses) on our society and the way it is perceived by it (fig. 6).

Synthesis of E-business in the Export Domain Involving parties with Different cultures and Economic realities. The work above tended to show you how to start your own online export business, how to deal with e-regulations and how interact with customers and potential partners.

In this part of my work, I would like to come up with the conclusions of researchers in the same domain (e-business export), what difficulties did they encountered and how they were able to handle it or rather, what tips were they willing to share as to how to avoid possible disruption in the negotiation process with a well electronically equipped supplier.

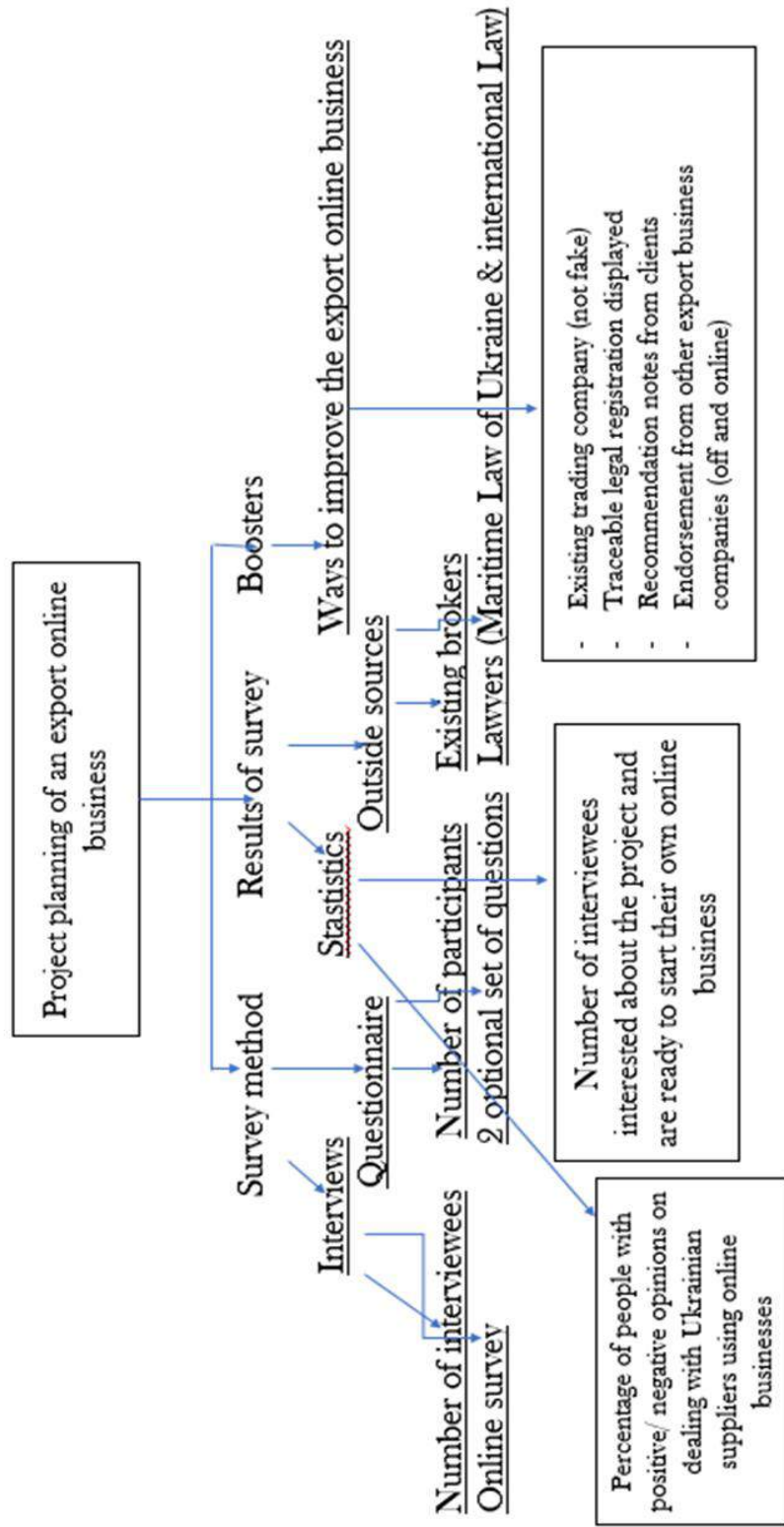


Fig. 5. Project scope planning of JJ & C Ltd

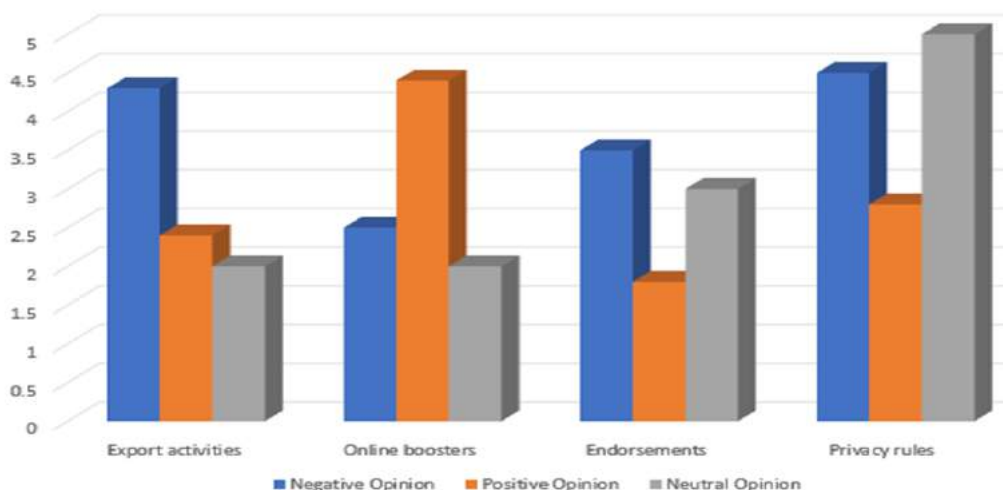


Fig. 6. Diagram resulting from the survey through questionnaires and interviews

To start with, I would like to bring on the research of Mr. Lal on doing business with Indian firms. Although it is not an African firm, I think some of their realities are not far from those African firms meet when it comes to online exporting using online tools of communication. His paper identifies and analyses the factors that have influenced the performance of firms in the post-liberalization era of the Indian economy. The findings of the study suggest that the performance of firms in international markets has been better for those that have adopted more advanced e-business tools (17).

Knowing how difficult it is to have a proper network coverage mostly in the sub-Saharan region of Africa, using tools alongside the electronical ones become a necessity. Fax are therefore of better suggestion in this context. The exchange must fluctuate, be constant as well as the postal services, which after sometimes will turn to be more expensive and thus incur expenses on both ends of the transaction. The African client should therefore be well equipped, at least possess an e-mail address and steadily keep in touch with its/his representative, the broker agent overseas, who in turn will forward the information to the already-well-equipped-supplier.

The results of this approach may not seem ambitious from a western perspective, but could contribute to the solution of real-life and development of e-business in African societies.

However, according to Moodley' study, international food and furniture buyers are using the internet to transform the way they do business and by which they collaborate with trading partners (18), although he was questioning the efficiency of e-business in Africa in his work (19).

Conclusion. We can easily come to the conclusion that researchers, although aware of the difficulties met by international buyers in developing countries when trading with overseas suppliers, they still look for ways to develop their online businesses. The attempts and means used to propel those e-activities might be archaic, but for some reasons they work. Steadiness, fluctuation, constant communication between the parties make the right information to reach the right people and in time. Following the Privacy Act of 1988, the customers looking for brokers will be at peace, knowing that their confidential information are kept and used in a very careful manner.

GLOSSARY

The *Privacy Act 1988* is an Australian law dealing with privacy. Section 14 of the Act stipulates a number of privacy rights known as the Information Privacy Principles (IPPs).

CIF- or Cost Insurance and Freight is used for situations where the seller has direct access to the vessel for loading, e.g. bulk cargos or non-containerised goods. This is also a rule that is restricted to goods transported by sea (14). For illustration, see picture 4 above (15).

FOB- or Free On Board is term of sale under which the price invoiced or quoted by a seller includes all charges up to placing the goods on board a ship at the port of departure specified by the buyer. Also called *collect freight*, it is used in shipping to indicate that there is no charge to the buyer for goods placed on board a carrier at the point of shipment (16).

REFERENCES

- (1) “*Brick and Mortar Vs Online Businesses*” by Brian Lang, Online business entrepreneur since 2002.
- (2) “*What is the Difference Between E-commerce and Retail Business?*”, promoted by Quora. Yassen Dimitrov is Co- Founder of Intelligence Node - Innovation in Retail Technology. Octobre 6th, 2016
- (3) “*20 Free Online Jobs From Home Without Investment*” by Pritam Nagrale, Decembre 13, 2016
- (4) & (5) “*What is the Difference Between E-commerce and Retail Business?*”, promoted by Quora- “Retail Technology to grow retailers store sales”. Alex Senn, Septembre 29th, 2016.
- (6) “The Privacy Act 1988”, from the Australian Legal Institute.
- (7) “*Advantages And Disadvantages Of Online Business*” by Murtuza Abbas, 2012.
- (8) “The Advantages & Disadvantages of a Business Using the Internet for Business Activity” by William McCoy.
- (9) McCoy is specializing in topics such as sports, nutrition and health. He serves as the Studio's sports and recreation section expert. McCoy is a journalism graduate of Ryerson University.
- (10) “I Love My Difference” by Natalie Catanese, French blogger for tall women since May 2017.
- (11) Definition of Letter of credit (L/C) by the business dictionary.
- (12) Definition of Flexitank by www.beflexi.com
- (13) Details by Alexander Guba, Sales Manager for Greenway Trading Ltd (Ukraine), July 2017.
- (14) & (15) The Incoterms Rules 2010.
- (16) Definition of Free On Board (FOB) by the business dictionary.
- (17) “E-Business and Export Behavior: Evidence From Indian Firms” by K. Lal, Available online 22 January 2004.
- (18) “E-Commerce and Export Markets: Small Furniture Producers in South Africa” by Sagren Moodley- Journal of Small Business Management May 2003 41(3), pp. 317-324.
- (19) “E-Business in the South African Apparel Sector: A Utopian Vision of Efficiency?” by Sagren Moodley, March 2002.

LINKS

- (1) <http://www.smallbusinessideasblog.com>
- (2) www.quora.com
- (3) www.moneyconnexion.com
- (4) & (5) www.orkiv.com
- (6) Full text of the Privacy Act 1988, http://www7.austlii.edu.au/cgi-bin/viewdb/au/legis/cth/consol_act/pa1988108/
- (7) www.warriorforum.com
- (8) www.smallbusiness.chron.com
- (10) www.ilovemydifference.fr
- (11) www.businessdictionary.com
- (14) & (15) www.incotermsexplained.com
- (17) <https://doi.org/10.1016/j.worlddev.2003.10.004>
- (18) & (19) <http://onlinelibrary.wiley.com>