

Unit 8: Business Online:

Staffing, Financial & Distribution Issues A Business Organisation Operating Online Should Consider.

Staffing Issues

Potential Outsourcing of Key Functions

Developing an online presence will cause problems for staff, but it does depend on the size of the operation. Potential outsourcing of key functions, this will possibly require you to hire an agency which can help you create and develop the Clowning Around site. You may also desire to pay for a specialist hosting company. They will make sure that the Clowning Around site is secure and will regularly run maintenance checks, to identify any problems. Take into account the fact that only in large organisations do they employ specialists. Using e-marketing exports will also help to promote the site.

Use of Call Centres

Nearly every single large business organisation will have a website, examples include, Nike, Adidas, and many more. Most of these businesses have now introduced call centres, which are used to communicate with customers regarding a certain issue. This is classed as an external operation. Many organisations will also hire fully trained specialists to deal with customer problems, as a result, they will be able to give the required information to the customer, on how to resolve their problem.

Lack of Personal Contact with Customers

Once your website is up and running and you have started trading online, most of your staff will realise that they have less personal contact with customers. The majority of customers will contact the business through e-mail or alternatively call the call centre for help. As a result, this may please or upset staff.

Unfamiliarity with Technology

It is essential once you have your site operating, that you have excellent staff that knows what they are doing! Therefore before you give any member of staff responsibility of a certain area; you should make sure that they have received the correct and required training necessary for the job. If the staff does not receive excellent training, they will struggle to work well and adapt to the new technology that they now have.

Breakdown in Service

In any organisation there are always going to be problems. Problems can be loss of crucial data, software failures etc, these can all occur in any business at any time. This can be a major problem for the business. The staff will also be affected, at the same time as they will be unable to complete their own jobs. Consequently, it is imperative that you have a contingency plan to cover possible breakdowns, which will help staff to identify their role and what they need to do, in case a serious problem occurs.

Financial Issues

There are many financial issues that need to be taken into account when operating online. When setting up a small website the costs will be low, however there are more costs for businesses who wish to use their site as the main way to promote the business.

Initial Investment Costs of Hardware, Software and Program Adaptation

The cost of the Clowning Around site will all depend on whether the development of the site is through a specialist agency or in-house. The main costs that you will come across are, purchasing additional hardware requirements, such as new computers, printers, scanners, servers etc. You will also have to keep up to date with the latest software as well as the basic, for instance, Microsoft Office, web authoring tools, graphic packages etc. You will also need to adapt to different programs, which develop the database which can link with a web store. Other set-up costs will be registering your domain name, arranging for an internet service provider (ISP) to host the site. You may have to pay an agency if they have designed the website, marketing and promotional costs, this is imperative as customers will still know that the business and site exists. If staff training is required this will also be a cost.

Set-Up Expenses Offset Against Uncertain Future Revenue Streams

It does not matter what type of site that you are planning to design, it is imperative that you have made a budget before the site becomes operational, the budget must be in relation of what the aims of the business that is trading online are. It will be harder for any business to predict the future and development costs, as well as to calculate income, this will all depend on how successful the site is and how rapidly it achieves its objectives. The key performance indicators for any business trading online will be, the number of visitors to the site, action visitors have taken e.g. purchasing goods, the number of visitors who have bought off of site, the average order size per visitor and the cost to obtain each new customer.

Ability to Cope With Massively Increased Market Interest

Any business that has gone online will realise that they will be producing extra income. The only problems with having a website are that, the site may start to break down if there is a massive amount of people trying to access the site at the same time. As a result, this will stop the business from helping their customers; for example, help those regarding problems with products or help ordering a product, etc. If the site continually breaks down, it will cost the business a huge amount of money, as well as an enormous sum of customers; furthermore give the business a bad reputation.

Tax Liabilities for International Transactions

All International transactions will often include customs duties and Value Added Tax (VAT). This will significantly change the price of goods that have been bought overseas. However goods bought from within the European Union (EU) do not need import duty, but goods from all other parts of the world are. The amount of money that someone may have to pay will depend, on the type of goods that have been bought, their value and which country they are from. VAT is also included on top of the original price, but this would be at the same rate as it would be, if the goods were bought in the UK. Nevertheless you as the business can reclaim the VAT that you will use in the Clowning Around business, such as a printer. But you cannot reclaim if you desire to sell the goods on in the UK for instance shoes imported from Japan.

Distribution Issues

Setting up a website, promoting your businesses goods are the complete opposite to trying to make sure that all your order forms are filled, especially if the business is based abroad. This situation will also depend on what products the business, are selling.

Scale of Business

The scale of a business will be a vital factor, in distributing issues. Businesses that only operate within the UK will experience less distribution problems. All that the business will have to make sure is that their goods are correctly addressed and are dispatched appropriately. However a business that distributes their goods on a global basis, have many more concerns. For instance, a business will have to comply with certain rules regarding shipping overseas; the business will also have to label and package the goods accordingly, if a good is dangerous a label will have to be placed. The best method of transport will have to be made, this will depend on the goods and their destination. Lastly the business will need to protect the sender in case goods are lost.

Cost of Distribution of Physical Goods

When a business operates online, they may have to distribute their goods abroad to countries all over the world. The cost of distributing these goods will change along with the type of transportation that the business chooses to use. There are many types of transport methods, the main types, are through air mail and by sea. Whilst a business decides what method of transport should be used, they will also have to take into account the size of the product, as the cost of distribution will vary depending on the size and weight of the product. The time limit that they have, in which to send the products to their destination, will also be taken into account.

Special Requirements

When sending off products, it is imperative that particular goods are taken care of. Fragile goods are a prime example of goods that must be specially packaged before they are ready to be dispatched. This will therefore stop the goods being damaged whilst transported. Fragile goods can be packaged with polystyrene, or another type of protective substance, as this will protect the product. People, who may have to lift these types of goods, must be aware of the risks and the precautions that must be taken; this can be done, by instructions being provided with the product.

Ease of Distribution of Services

It is far easier for a business when they are only providing a service rather than actually providing products. The reasons for this are, there will be no need to physically move anything. They may perhaps still receive charges as VAT will be taken into account. However all the other costs will entirely depend on the costs of managing and administering the service, for example, online insurance quotations, booking flights and hotel rooms, applying for a job through an online recruitment site etc.

