

# How to Justify an eCommerce Solution to Your Management Team

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eCommerce is playing an increasingly important role in the way that people are purchasing products. It isn't limited only to retail; more and more B2B buyers are also turning to online sources. With an online store, customers can do everything on their own, at a time and place that is convenient for them. Forrester estimates that B2B eCommerce alone will top 1.1 trillion in the US by the year 2020. A well thought out eCommerce strategy is vital to your organization's success; however, management might still be apprehensive. To get them on board, you need to present a solid plan that will demonstrate the value an eCommerce channel can bring to your company.

To develop your proposal, you'll need to establish a few things about your business. Start by determining your organization's DNA. Company DNA refers to a set of goals and values that your organization regards as important. While each business is unique and fits into more than one category, they tend to lean one way or the other. There are three Company DNA types: Operational Excellence, Product Leadership, and Customer-Centric.

Businesses that fall in the Operational Excellence category aim to operate in the most efficient way possible. A typical organization in this category will strive to find an optimal cost model, establish efficient warehousing and shipping methods, strategize to improve their internal systems, and reward cost-reduction initiatives. Reducing operational and logistical costs so that they may emerge as leaders is something they actively try to accomplish. These companies will have a VP or Director of Operations. If they are nationwide, they will have multiple warehouse locations and sell high volume, low margin items. An excellent example of an Operational Excellence focused business is Walmart.

A Product Leadership organization is always innovating;



think Apple. They have many product managers whose roles are to improve their product lines, making sure that they are exemplary. There will often be a VP of Research and Development tasked with creating newer and better versions of their product. They pride themselves on the quality and craftsmanship of their offerings. There will often be supporting items so they may upsell or cross-sell. Reducing time to market is a high priority. They aim for high-velocity sales to fund the R&D for the next generation of products and utilize social media and videos to extend market reach and recommendations of their products.

Customer-Centric businesses like Amazon are always striving to improve the customer experience. They believe that a happy and loyal customer is the best kind of customer, relying heavily on engagement and creating brand advocates in the process. Their Net Performer Score (NPS) is crucial to them. They don't just want people to buy their products; they want them to keep coming back for more. These companies

often have a VP or Director of Customer Service. Their culture orbits around putting the client first and aligning their sales and service processes. They have invested in some form of Customer Relationship Management (CRM) system.

Now that you have an idea about Company DNA and the kind of business you have, you're ready to come up with an investment plan that will resonate with your management team's central vision. An online store can serve each one of these types well, and based on their ultimate goals, there are different approaches you can take when justifying the return on investment.

What should your investment plan contain? Here is a list of all the components to make sure it is well rounded:

- Project Description
- Executive Summary
- Solution/Goal
- Summary of Benefits
- Investment Summary
- Return on Investment
- Timeframe
- Risks
- Summary
- Formal Decision Request and Approval

An effective investment plan will provide an understanding of the benefits and value of an eCommerce solution to company leaders, will be based on facts and profitably objectives, and contain clear communication of the proposed new business model. Based on your business' culture, you may want to focus your stance to be either on the factual side (cutting costs) or contain a more human aspect (improving employee's day-to-day routines).

Your Company DNA comes into play when demonstrating the Return on Investment (ROI). If your business prides itself on Operational Excellence, show how an eCommerce channel will help improve operations and reduce costs. For a Product Leadership organization, demonstrate how it will be faster to market. Customer-Centric businesses can improve customer relationships by engaging with them. Provide calculations and stats to show the ROI it will ultimately bring to your organization. Here is a rough estimate:

**(Benefits/Resources) x Results**



Let's say you want to establish the ROI by reducing your time with your online store. You wouldn't have to go through the distribution process and, depending on your product, you eliminate the need to train resellers or your sales force. You stand to increase your revenue, and you could demonstrate that with the following:

Projected revenue over 1 year: \$100,000  
Reduction in time to market: 6 months  
 $\$100,000 / 12 \text{ months} = \$8,333$   
 $\$8,333 * 6 \text{ months} = \$50,000 \text{ in extra revenue}$

When you are writing your plan, keep in mind that there are only three ways to grow your business; by increasing revenue, increasing margins, or increasing market share. Map your Company DNA with the values you need to justify the ROI by attaching one of the three growth principles listed. Take action! Get approval, find your partner, and deploy your strategy.

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