Small Biz Benefits from Internet Tools

By Robyn Greenspan

The Internet has been instrumental in helping small businesses to operate, while also contributing to their individual success, according to a pair of surveys.

Of the 501 small business owners/managers with less than than 100 employees that were surveyed for the OPEN Small Business Network 2002 Monitor from American Express, 66 percent revealed that they have integrated the Internet as a tool to help them run their businesses.

Other common online business activities include:

- Making travel plans/purchasing office supplies, equipment or other business services (tied at 36 percent)
- Conducting industry or market research (34 percent)
- Marketing or advertising (29 percent)
- Networking with other entrepreneurs (24 percent)
- Purchasing goods from wholesalers (22 percent)
- Managing accounts and making payments (16 percent)

"Many small businesses are embracing technology, particularly the Internet, which can be a convenient tool for small business owners. Using the Internet specifically for business functions provides them with the 24-7 access and flexibility they need to better manage their businesses," said Kerry Hatch, executive vice president and general manager, OPEN: The Small Business Network from American Express.

Among those who do not use the Internet for their small businesses, 39 percent said they prefer dealing with people face-to-face. This sentiment was felt most strongly in the South compared to other regions of the country. Eighteen percent of those that do not incorporate the Web into their business activities felt that searching the Internet was too time consuming.

Internet usage positively impacts the bottom line for 61 percent of those that responded to a survey conducted by Lewis, Mobilio & Associates for Homestead Technologies, Inc. Of the 976 full or part owners of U.S. small businesses with 20 or fewer employees that were polled, 58 percent said their Web site has played an important role in the success of their small business.

Additionally, 77 percent agree that a Web site is a "must have" for small business in 2002; 60 percent said they wish they had built a Web site for their business sooner;

and **85 percent would also advise other small business owners to have a Web site** in 2002.

"Small business owners are embracing the Internet and clearly see the value in having a Web site," said Lynne Mobilio, partner of Lewis, Mobilio & Associates.

The survey also revealed:

- 86 percent of small business owners felt optimistic about the future of their small business and only 9 percent feel that they will do worse in 2002.
- 67 percent of respondents extended their rosy outlook to the U.S. economy, feeling that improvement is on the horizon, but only 23 percent thought the economic situation would noticeably improve for the country as a whole by June.
- 39 percent of those surveyed planned to market their business on the Internet or Web in 2002, with **51 percent viewing the Internet as more cost-effective** than other marketing methods, and 29 percent that the Internet is the most cost-effective method. Considerably **fewer respondents believe that direct mail, newspapers or magazines or yellow pages advertising are the most cost-effective marketing plans**.

"**In addition to adding to the bottom line, survey respondents cited easier communication with customers, name recognition and credibility as the main benefits of a site.** These advantages explain why the Internet is the most popular choice for marketing among small businesses for next year," said Mobilio.

While technology can help small businesses to succeed, it can also be detrimental to unprepared small and midsize businesses (SMBs) that rely heavily on it. Gartner Inc. approximates that two out of five enterprises that experience a disaster will go out of business within five years of the event, estimating that only 35 percent of SMBs have a comprehensive disaster recovery plan in place and fewer than 10 percent of SMBs have crisis management, contingency, business recovery and business resumption plans.

"Many SMBs don't believe they will ever be affected by a disaster the magnitude of what happened on September 11. But the reality is that it's the hundreds of comparatively minor vulnerabilities, such as an e-mail virus or a sustained power outage, that pose the biggest threat to derailing normal operations because of their greater likelihood of occurring," said Jim Browning, vice president and research director for Gartner.

Gartner research shows 80 percent of mission-critical application service downtime is directly caused by people or processes failures. The other 20 percent is caused by technology failure, environmental failure or a disaster.

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