

Research article

Billionaires and undertakers

by [Vittoria Jooste](#)

What do Jeff Bezos, Mark Zuckerberg and Evan Williams have in common? Apart from their gender and nationality, that is. They are prime examples of those 21st Century '**internet entrepreneurs**' who identified an online business opportunity, seized it and derived immense benefit from it.

Fact is that online business has been on a constant **growth path** for the best part of 10 years, even in spite of the economic recession that has rocked the world in the recent months. That alone is a major attraction to anybody looking to venture down the e-avenue.

Benefits: a newbie's view

Doing business online has a number of **advantages** over the traditional brick-and-mortar model. Most of them are fairly obvious even to the newbie. Consider just the following:

- Low start-up capital
Funding, that most onerous of first steps, is hardly a hurdle in online business
- Global exposure
Access to a worldwide market with an increasing volume of potential customers
- 24/7 presence
A website remains active even when the lights are off
- Low overheads
No need for office rental, furniture, payroll, security, etc.
- Saving on travel
From a time, cost, stress and risk perspective - beating any telecommuting arrangement
- Reach and scope
Virtually unrestricted access in terms of geography, culture, demographics, language
- Immediate, quantitative feedback
Web analytics enabling the assessment of the outcome of decisions and marketing initiatives and ROI calculations
- Blogging and word-of-mouth
Customers do the marketing for you by promoting your brand
- Ease of crowdsourcing
Accessing collective wisdom for e.g. brainstorming, problem solving

And if that wasn't convincing enough, some more benefits

If used with some caution, the internet can be a powerful educational vehicle - and a fast one too, bandwidth permitting. It can also be a time machine, allowing a user to learn from past experience and explore future trends while being anchored in a present scenario. Exploring new ideas, researching topics and **acquiring knowledge** has never been easier. The wealth of available shared knowledge also means unlimited access to models, templates and competitive intelligence for new business entrepreneurs.

When it comes to business competition, the internet is a great **equalizer**. Barriers to entry have been lowered dramatically by internet business and all it affords; first and foremost a start-up investment limited to a PC with basic connectivity. **Advertising costs** are no longer a barrier, thanks to the various cost-effective options that exist, including pay-per-click (PPC) and affiliate marketing. It is largely because of the ease of entry that the online business playing field has been levelled to the point that products and services can be judged on their intrinsic value rather than some inflated or distorted perception thereof.

In such a connected global environment, the **online reputation** of a business can be built - and destroyed - overnight. The advantage with the online business environment being so open and transparent is that feedback is almost immediate. Having seen what conversations people have about their brand, businesses can promptly take whatever action is required, be it corrective or reinforcing, and thus manage their online reputation on an ongoing basis.

From a **revenue perspective**, although margins are typically smaller than in traditional business, volumes of trade can be exponentially greater due to the potential size of the target market. Moreover, given the overall optimisation that internet business provides, it is often feasible to run online businesses in parallel, which can translate into **multiple streams** of income.

The flip(ping) side of the coin

There is hardly any doubt that a website can be a phenomenal business vehicle. Moreover, a website can be flipped, i.e. bought, renovated and sold for a profit as one would do with a house.

But, like with anything in life, there are **downsides** too. Isolation and lack of human interaction being the most evident.

How often in business (of the handshake kind) do we trust our **first impression**, our gut-feel, that chemistry between human beings that is either there or isn't? Well, no matter how hard one may try, there is no surrogate for any of this when it comes to internet-based business.

Think also about the importance of that first impression which we wish to make on a potential stakeholder. The attention we pay to our appearance, the dress code - Savile Row suit and cufflinks or jeans and T-shirt. The closest to this in an online context would be the way we present ourselves through our website. Powerful though it may be, I would hardly rate it as the equivalent of a personal impression.

Internet business is a **faceless business**, one in which body language has no role to play. Most of us would have experienced situations in which the tone of an email was misinterpreted and a personal call or face-to-face meeting was required to restore clarity. Being based primarily on written text, internet communications may lend themselves to the occasional **misunderstanding**, but taking direct remedial action is not always easy.

Security of financial transaction can be a major concern when it comes to trading online. Whilst a good deal of basic faith in fellow humans and implicit trust helps to avoid paranoia, it is critical to protect oneself against **fraudulent behaviours**. And some degree of protection fortunately exists, both in the form of services and commercial software.

Good ol' common sense

Whilst there is no guarantee of instant wealth - and anybody trying to suggest this might have some ulterior motives - it is a fact that online business is experiencing a **sustained growth** in revenues which is showing no sign of abating.

Internet business can be just as **cut-throat** as many others out there in the brick-and-mortar world, and it is far more fast-paced. The pursuit of success - and achievement thereof - requires no less dedication, perseverance and commitment than traditional business.

Considering the wealth (no pun intended...) of entrepreneurs embodying the 'American dream', isn't it ironic that the term *entrepreneur* should be borrowed from nineteenth century French? If the verb '*entreprendre*' means to undertake, then logic would dictate that an '*entrepreneur*' is literally an undertaker. Which might be true in some instances, if one considers the start-up failure rates often quoted in the press.

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About the Author

Vittoria Jooste is an accredited emarketer and the owner of MV Squared Virtual Office Services. Vittoria can be reached at info@mvsquared.co.za.