

## **Web ROI: Web Site Investment Assessment for Small Businesses**

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The assessment of return on investment should be part of any decision that requires spending money, or whose intent is to save money. The web is a problematic field for this kind of analysis, partly because of its wild-card history and the perceptions that have grown up about the web, and partly because it is a fluid medium whose essential character is technical. You have to be a techno-geek to understand even what you're looking at, much less what to make of it or how to assess the benefits and risks of web initiatives.

I believe the internet is in a similar state to that of Dodge City when Virgil Earp and his brother Wyatt were the law. Lawlessness and disorder swirled around a core of orderly, law-abiding citizens who live by rules of order, and refer to outside entities (in Dodge, it was the county, the state, or the federal government) for validation. Business may be risky, but can be very profitable. There are shady characters who will pick your pocket, skim your profits, even rob your bank.

Yet, with all the drawbacks, Dodge City was the place many people chose to live. Similarly, the internet is vastly attractive, as the wild west was, and many choose it as a place to do business. The simile breaks down where the mass of information is concerned: Dodge City wasn't noted for its library.

So the railroad barons and business types who saw growth opportunities in the dusty streets decided the possibilities were worth the risks. How do you make a similar assessment?

Many small business owners (the majority, in our experience) are still under the impression that websites should be cheap to produce, and that the web is a cheap way to make a lot of money if only you find the right angle. Paying thousands of dollars for new storefront windows and a new door are easy for them to consider, even with no way to tell until later whether the investment would make a significant return. But suggest to a small business owner that spending several thousand dollars on a website would be a wise investment, and you'll get a shocked silence and a polite thank you, and you'll probably never hear from them again. We roll out our success stories, partly because they are simple successes, no flukes, and partly because they are the proof of what we say and do. Many businesses still just aren't ready to hear it.

### **Success Stories**

**Success No. 1** Our favorite story involves a web client who told his own customers that his website was of little value to him (he was probably right at the time). On the persistent advice of some of his associates, he spent several thousand dollars on a new site with online signups for his events, and a back end for managing event listings on the site, as well as his contact database. Less than two years after the launch, the site had closed the sale on over \$2 million in event registrations.

**Success No. 2** Another client brought us in to do a marketing package for their seacoast inn in Maine. It was open from June into October, less than five months, with July and August being the real tourist season. Our involvement began when their season had already begun, and it looked to be a repeat of the last season's stagnant showing. The owners were considering closing it, and taking the loss on their construction of a beautiful post-and-beam main lodge. Their existing website had been up for over five years. It was purely informational, with no interactivity outside of email links. Analysis of their visitor statistics showed a surprisingly high number of visits to the home page, indicating that their web visibility was high. The majority of visitors clicked through to the rates and packages page, and exited after a very short time. Because the season was ahead of them, and they were facing enormous losses if they continued last year's performance, they agreed to invest several thousand dollars in a new website with the capacity to make reservations. Because their web visibility was so high, the day the website was launched, they began to get reservations. That season was their most successful. They turned their break-even projection into a significant profit, completely based on their website.

These are not corporate web company success stories, but success stories from a small (three people) web firm in Maine. Overcoming misinformation about the web among our clients is our major hurdle. We have developed a way to help our customers understand the value of their present sites and to assess the value of a CMS for them (it isn't for everyone). The ability to make sense out of the often bewildering welter of information and gut reaction about web performance is something our customers value highly.

Part I introduces eight questions to help you assess your current website, and gives some thoughts on the answers and the implications of those answers. The point of this section is to assess how well your website is performing for your organization.

Part II suggests a method for assessing ROI for both your current website and for the installation of a content management system (CMS).

A major issue among web owners is the agility of the information on their sites. Slow updates or stagnant information slows down business, and may damage credibility. The ability to keep content fresh, whether by the cooperation of a competent web firm, an inhouse web person, or a CMS, can be of inestimable value in the long run. We have provided a way to quantify a subjective response through what we call the Freshness Factor. After the basic numbers covering basic costs are in, you assign a value between one and ten rating the timeliness (T) of updates for your present site. Slow updates get a low score, quick ones a high score. The Freshness Factor is 1 plus the value divided by ten. For a score of 2,  $T=1.2$ . For a score of 8,  $T=1.8$ . The maximum T is 2. Simple. Our assertion is that the value of timely updates is of very high value for an organization that does business on the web, directly or indirectly. We multiply your projected profit by T. A low score doesn't add much to the total. A high score may nearly double the projections.

## **Part I**

### **Eight questions to assess your website**

These eight questions will give you an enormous amount of information if they are answered honestly and clearly. The questions themselves can help guide your efforts if you are considering a rebuild or major expansion of your website, and can help you identify areas of possible improvement in your long-term approach to managing your web presence. We are leaving out search engine optimization on purpose, because of the many different approaches, and the rapidity of change in how search engines rank websites.

So here are the eight questions about your website:

1. Is it up to date?
2. Is it easy to bring up to date?
3. If you answered no to No. 1, chances are the answer to No. 2 is no as well.
4. Do your web visitors complain of “Page Not Found” errors (also called 404 errors, for the techno-geek error code)?
5. Is it easy to navigate?
6. Is it compatible with all or most browsers?
7. How easy is it to add information, sections, and pages?
8. Is your website accessible to visitors who use assistive technologies such as screen readers and keyboard commands to navigate websites?

### **About the Questions**

Your answers to these questions will give you a lot of information about the state of your website, and will give you at least a starting point to think about your web strategy in the short term and the long term.

1. Most businesses will address question 1; it’s easy to answer because it’s simply factual and reasonably easy to act on (depending on No 2).
2. Question 2 is more difficult. What are the reasons for the ease or difficulty? If you have in-house web staff with time to work on the website, you’re in the best position. If you hire a web company or person to handle your website, you may experience lag times and loss of Freshness in your message. If your webmaster is difficult to find, and hard to communicate with (it’s surprising how often this is the case), you’re in trouble.
3. Question 3 suggests a switch that can tell you if your web strategy needs changing. Answer yes to 1, and it’s pretty certain you answer yes to 2. Answer no to 1, and it’s pretty certain the answer to 2 is also no. If the website is easy to update, you will do it. If it isn’t, you won’t. That’s where most businesses are.
4. Question 4 is a side issue that can impact your visitors’ perception of your competence, but can also be a symptom of website woes. It really addresses

- Question 1, because if the site is up to date, that includes broken links. Up to date means no broken links.
5. Question 5 gets deeper into the design of your site. Questions 1 through 4 address the site itself. Question 5 addresses your customers' experience. If your customers can get around your site easily, they're more likely to find what you offer, get answers to questions and return another time. If the answer to Question 5 is no or a conditional yes, you have identified a possible area of improved revenue.
  6. Question 6 addresses the potential size of your customer base, as well as their ease of navigation. Some kinds of navigation work great in one browser, and are questionable or broken in all the rest. The competence of your webmaster is proportionate to the number of browsers in which your site looks and functions properly. If your site looks great in Internet Explorer, but the navigation doesn't work in Firefox, you're closing your doors to a large proportion of web visitors.
  7. Question 7 addresses your business imperatives and how well your website conditions respond to those imperatives. Your site should be extensible, that is, it should grow as your business grows. It should be future compatible, able to incorporate or work with new technologies.
  8. Question 8 addresses an increasingly important issue, and one which is being ignored by the vast majority of businesses and web developers. Websites built in part with funds provided by the US government must be accessible to visitors with visual, motor or cognitive disabilities. Now the requirement is being extended to apply to other websites as well. The situation is exactly analogous to adaptive requirements for buildings open to the public, including businesses. Accessibility has yet to gain widespread acceptance, and its importance for the business owner is obscure, but lawsuits against commercial companies whose websites are not accessible will bring the matter into the public eye. A yes answer to Question 8 is not so difficult to come by, but retrofitting your site that was built in 1998 will not be so easy.

## **Part II Assessing ROI for your website**

Now that you have answered the questions and acquainted yourself in perhaps some new ways with your present website, you are ready to answer a few more questions that will address the financial aspects of the eight questions.

We'll rephrase the list of questions for this exercise, and number three, which was a summary of 1 and 2:

1. Is your website up to date? How much has it cost you to get there?
2. How much will it cost to bring up to date?

- a. How much does it cost per change on average, or how much does it cost to make these changes: text, image, files for download, product in online store.
3. Do your web visitors complain of “Page Not Found” errors (also called 404 errors, for the techno-geek error code)?
4. Is it easy to navigate? How much will it cost to make it easy to navigate? Will it require structural changes (relatively high cost), addition of menus (moderate cost), or a few tweaks to navigation elements or images (low cost)?
5. Is it compatible with all or most browsers? How much will it cost to make it so? The answer to this is based on technical information about the compatibility of the background code for your site with the different approaches different browsers use for display of that code.
6. How easy is it to add information, sections, and pages?
  - a. If your site is made of pure HTML pages, not dynamically displayed from a database, the answer to this one is likely to be higher. Information added to a page may need to appear on many pages for cross-referencing purposes. Links created on one page may need to be duplicated throughout the site. Links to the new pages and sections may need to be duplicated throughout the site.
  - b. If your site is dynamically displayed from a database of information and files, adding information and pages is more likely to be simple. Adding sections to the site may be more costly, but not as costly as in a pure HTML site, and with a well-designed CMS, it could be simple and inexpensive.
7. Is your website accessible to visitors who use assistive technologies such as screen readers and keyboard commands to navigate websites?
  - a. The legal questions surrounding this issue are numerous and are being answered this year and in the next couple of years. Considering that the web as we know it is only a little over 10 years old, two years is a long time. However, considering that websites are more complex and important to the bottom line than they were ten years ago, a year or two is about how much time it takes to establish a web presence and see solid marketing results.
  - b. On the visitors’ side, the features that make websites accessible are for the most part a boon to those without disabilities. Well-structured information, lean code controlling browser display, and clear messages on navigation throughout the site help everyone. Accessibility as a strategy is easier to implement at the outset of a project than in the middle, or as a retrofit, but the benefits are still there.

- c. On the marketing side, being able to say your website is accessible to visitors with disabilities is a very positive statement. Quantifying its value is impossible, but like any positive message, the good PR adds up.

Assessing ROI for a site rebuild is much easier than for changes to an existing site. Let's begin with a site rebuild, as the simplest scenario, then dive into the issues involved in changes to an existing site.

### **Assessing ROI for a Website Rebuild**

1. How much did it cost to get your website to its present state?
  - a. Add up all the costs associated with your website, including design, extra programming, maintenance fees, hosting charges, and routine updates. Divide it by units of time, and you've got a cost per unit of time. You can break it out in as much detail as you want, but the overall cost per unit of time is similar to the cost per square foot of residential building. It's a number you can think with.
  - b. Do you expect similar costs as you continue?
    - i. Most web companies have a minimum charge, to keep themselves from getting "nickel and dimed" by an excessive number of small changes. This makes sense for them, but not for their client businesses. For them, a comma out of place may make an important difference in the message, and an incorrect price or service rate may cost hundreds or thousands of dollars.
    - ii. Businesses compromise by holding off on less essential changes and making essential changes when needed, collecting a number of small "inessential" changes to be submitted at one time. This makes the best of a bad situation, but is not ideal by any means.
    - iii. Costs for this approach to updating a website have to do with how often an organization makes changes and on the scope or amount of the information that changes.
2. What would it cost to build a database-driven content management system (CMS), and how does that compare with building a "standard" HTML site?
  - a. Hosting and databases
    - i. Low-cost hosting including databases is easily available at low cost. MySQL is the most prevalent, as most hosting is on Linux-type servers, for which MySQL was created. MSSQL is a standard database type for sites hosted on Windows servers.
  - b. HTML

- i. A highly competent web developer can implement a large-scale website in pure HTML at a reasonable cost.
- ii. Such people may be easy to find, but usually they're already employed by someone else. The HTML site requires code to be entered and uploaded to make changes, and that is an activity that incurs cost on an ongoing basis.
- iii. A less competent developer can handicap the site by improper coding, unclear design strategy, lack of information design, and lack of experience in up-to-date web standards.
- iv. Day-to-day changes may be handled by software such as Macromedia (now Adobe) Contribute, which acts like a browser, then like a website editor. It requires strict controls on what can be edited on a website, and can be used to create new pages if the new pages are based on existing pages.
- v. File upload capabilities, password-protection of sections of the site, including editorial control, and other special functions require extra programming or involvement by the developer/webmaster, adding cost.
- vi. Functions not integrated by their association with a relational database may be more difficult and therefore more costly to coordinate, update, and improve.

c. CMS

- i. Don't look only at the cost of the CMS software. Free open-source CMS are surprisingly complex and competent, but have a steep development cost and a steep learning curve, because of their complexity. One of the drawbacks to open source is that it has been agglomerated over time by many developers, and often lacks a cohesive strategy. This single factor makes development costs very high for "free" software.
- ii. Truly simple CMS are very hard to find. Most are in two categories: those geared either toward the raw do-it-yourselfer, and provided as a loss leader by hosting companies, and those geared toward larger organizations. A CMS that meets your immediate needs and allows for growth is the ideal.
- iii. Sometimes the needs of a business are so specific that a custom-programmed CMS is the answer.
- iv. Can you or a consultant make your own updates to the site? The cost savings involved in updating your own site are easy to pinpoint (just add up the webmaster's bills for changes last year).

The implications for your business may not be so obvious, but are very real.

1. Once employees are comfortable with using a CMS, their involvement gives them a deeper connection to the well-being of the company.
2. Agility in your web message can be something both you and your customers can come to count on. If your customers see you respond online to their needs, they're more likely to return to you for more.
3. You can refine your web message with the help of a consultant who specializes in web marketing, and test pages for effectiveness. Editorial rights can be given to the consultant, with publishing rights retained by the owner of the site.
4. Your web developer can contribute code for special formatting or display not within the purview of the CMS.

When you have answered your questions, launch and fill out the ROI assessment (Excel spreadsheet) included. The white fields are for entering information. Please do not other fields. If you can, please take a moment to let us know what you think about the concepts and the assessment. We welcome feedback.

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Richard Merrill is one of the owners of Autograff, and has been designing and building websites for over eight years. He did graphics and design engineering for high-tech firms on the old Route 128 in Massachusetts before moving to Maine, where he was a building contractor until his body said stop. He lives in the coastal village of Brooksville, one mile as the crow flies (or 35 minutes by meandering road) from Castine.