

Chapter 2.2.

A Strategy for Developing an Extension E-Commerce Education Program for Rural Small Businesses

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Abstract

The Internet is a new way to expand business opportunities. It does more than simply provide alternative shopping sites to brick and mortar stores; it can also expand existing markets and even create new ones providing the smallest of businesses, and those in rural locations new growth possibilities. However, many small businesses face barriers to adopting e-commerce. There is a critical need for unbiased e-commerce educational and technical expertise to assist these businesses. The Mississippi State University Extension Service (MSU-ES), through the Food & Fiber Center, is currently addressing many of the e-commerce needs of rural small businesses. This chapter provides an overview of the process that evolved into Extension e-commerce programs for small businesses in Mississippi, and examples of these programs.

Introduction

There's no doubt about it. The way we buy and sell consumer goods is changing -- and it's changing quickly! The reason for the big change can be explained with one word, *Internet*. Currently more than 513 million people are online worldwide, with the United States and Canada accounting for about 180 million of the users. ([NUA Internet Surveys](#)) Forecasts indicate that by the year 2005 the global Internet population will reach about 1.2 billion. ([eMarketer](#)) In a report released by the [U. S. Department of Commerce](#), U.S. retail e-commerce, or e-tail, sales for 2001 were 1.0 percent of total retail sales. E-commerce grew to \$600 billion in 2001, a 68 percent increase from 2000. ([IDC](#))

Table 1

How Many Online as of August, 2001	
World Total	513.41 million
Africa	4.15 million
Asia/Pacific	143.99 million
Europe	154.63 million
Middle East	4.65 million
Canada & USA	180.68 million
Latin America	25.33 million

Compiled by NUA Internet Surveys: http://www.nua.ie/surveys/how_many_online/

What does all this mean to small business? It means the Internet is a new way to expand business opportunities. E-tailing does more than simply provide alternative shopping sites to brick and mortar stores; it can also expand existing markets and even create new ones. E-commerce is proving to be a great equalizer, allowing the smallest of businesses, and those in rural locations, to access markets and have a presence that allows them to compete on equal footing with larger businesses in more populated areas. It also means businesses and economic developers should watch this trend carefully and develop strategies to position themselves in the new Internet economy. While the traditional ways of doing business should not be totally abandoned, current trends and predictions indicate that businesses should embrace the use of the Internet as a vehicle for sales. The businesses that position themselves now for a technology-driven future increase their chances of survival.

The Situation

Many small businesses face barriers to adopting e-commerce, including a lack of knowledge about the technology and its costs, insufficient information about the benefits of e-commerce and applicable business models, shortage of technically trained employees, complex and user-discouraging e-commerce implementations, the absence of unbiased qualified assistance, and lack of funds. Most small businesses have little or no knowledge of the technological infrastructure required to meet their current needs, much less their future needs when it comes to e-commerce. This lack of knowledge sometimes leads to unwise decisions in hiring and unsound investments in technology. In addition, many businesses are not prepared to address the management and marketing decisions associated with selling products and services via the Internet. Businesses interested in e-commerce need access to educational and technical expertise, but there is a critical lack of unbiased educational information and technical expertise to assist them with the where, what, why, when, and how-to's.

Institutions of higher learning within the land-grant system have traditionally been a source of research-based knowledge, providing educational and technical assistance to business and industry through their outreach or Extension programs. Connectivity, infrastructure, e-commerce, and other technology related issues require educational institutions to develop new expertise and programs if outreach efforts are to be valued by today's businesses and communities. The question then becomes, "Is the land-grant system, specifically the Extension Service, prepared to address e-commerce issues effectively?"

Some states are gearing up for this challenge. The Mississippi State University Extension Service (MSU-ES), through the Food & Fiber Center (a unit in the Enterprise and Community Resource Development program area), is currently addressing many of the e-commerce needs of rural small businesses. This chapter provides an overview of the Extension e-commerce program that targets small businesses in Mississippi.

The Strategy

Four factors have contributed to the development and implementation of Extension e-commerce educational programming in Mississippi: listening to requests for assistance by clientele, using and building in-house expertise, securing extramural funds, and obtaining administrative support.

Requests and Expertise

In 1998, requests from small business clientele for assistance with e-commerce issues began coming in through the existing small business program. The majority of requests were from existing successful businesses or new business start-ups that wanted information on how to enter the business-to-consumer or electronic retailing market channel. In response to the rapidly increasing number of requests for information and assistance, Extension used existing in-house expertise to develop educational programs and materials to meet the needs. In-house experts were given the opportunity and support to further develop their e-commerce skills and expertise. In addition, in-service training opportunities were made available to county Extension professionals and specialists to create awareness and prepare an educational base within the system.

A two-hour awareness seminar titled **E-Commerce: Selling on the Internet** was developed and made available at the local level through county Extension offices. The seminars targeted small businesses, and many Extension offices partnered with local chambers of commerce, small business development centers, and local economic development boards to offer the seminar within their communities. A corresponding virtual guide was made available through the Extension web site at www.msucares.com. The seminar is updated on a regular basis and continues to be offered throughout the state.



Extension's early programming efforts in e-commerce led to Extension being recognized as a leader in the e-commerce arena and solidified an existing reputation for having expertise in small business e-commerce. Credibility and visibility have encouraged partnering agencies, such as chambers of commerce and small business development centers, to refer their clients to Extension for assistance in this area. In addition, Extension is called upon to provide

professional development and in-service training opportunities for small business assistance providers in the state.

Another response to the seminars has been the ongoing requests from businesses and communities for individual, one-on-one assistance. Responding to the specific needs of these businesses, in-depth web site analysis is available for small businesses and government entities through the MSU-ES small business program. Web sites are analyzed from a usability and electronic retail standpoint and a written evaluation of the site is provided. Assistance is continued as sites go through redesigns. Assistance is also provided to new business that need guidance with business plan development for Internet-based and virtual companies.

Extramural Funds

Extramural funds were secured in 1999 and 2000 to develop the Virtual Training Center and Virtual Entrepreneurial Education & Training Project. Both were funded jointly by the [Appalachian Regional Commission](#) (ARC) and MSU-ES. The project targeted entrepreneurs with an emphasis on business and e-commerce skill development in the 22 Mississippi ARC counties.

The extramural funds facilitated the development and implementation of a portable electronic classroom at the Research and Extension Center in the ARC region of the state. The classroom contains state-of-the art equipment and software for teaching entrepreneurs (both adult and youth) e-commerce technology skills.

As part of the project, a 16-hour in-depth specialized e-commerce training course, **E-BIZ**, was developed for small businesses and implemented in spring 2001. The curriculum consisted of four hands-on workshops:

- \$Small Business E-Commerce Overview and Site Analysis,
- \$Web Store Development I,
- \$Web Store Development II, and
- \$Web Site Marketing.

Thirty small businesses participated in the pilot course. These businesses ranged from heavy equipment manufacturers to printers to medical professionals to retail gift shops. Participant evaluations were excellent and follow-up indicates that a majority of the business have either initiated web sites or made improvements to existing web sites. Plans are to repeat the course in 2002.

Challenges Encountered

There was a wide variation in the computer skill level of the participants.

Response: To accommodate this situation there were three technology assistants (in addition to the instructor) who worked one-on-one with participants during hands-on phases of the workshop.



Some participants wanted to work on their web sites between workshop sessions.

Response: Access to the computer lab was made available during the week.

Some participants desired more instruction after workshops were completed.

Response: When the course is repeated it will be lengthened from four to six workshops.

In addition to the training course, the project included the development of a web site that promotes Mississippi products, www.mississippimarketplace.org. Seventy-five small businesses within the Mississippi Specialty Food Industry were targeted for the first phase of the web site development. Expansion into additional product categories is planned for 2002.

Another part of the project focused on an *E-Tail Case Study* that began in spring 2001. A small business owner received one-on-one intensive training on how to take her existing 10-year old business into a new electronic commerce market channel through the development of a real-time transactional electronic retail web store. The business owner attended five all-day one-on-one training sessions at the Extension Center at Mississippi State University. The retail web store is now fully operational and profitable! The business owner is managing the site and it can be viewed online at www.cjsbows.com. The case study will conclude in December 2002. The importance of the case study to the continued development of in-house expertise has been critical. A process and a system are now in place to provide in-depth assistance to additional small businesses. Additional businesses are now being assisted in using this model (current projects include www.handyliftaid.com and www.dixiecraft.com).

Challenge Encountered

This process is time intensive.

Response: Commitment from administration is essential. Historically the MSU-ES Food & Fiber Center has worked one-on-one with businesses and manufacturers on time intensive projects such as feasibility studies, business plans, financial analysis, etc. Now that the expertise is in place, the decision was made to offer e-commerce assistance in the same format on a selective basis.

Administrative Support

Building upon early momentum, Extension Administration at MSU decided to focus on and become a leader in e-commerce education in the state. Under the leadership of the Extension, teaching, research, and outreach faculty with expertise and interest in e-commerce meet regularly to discuss e-commerce issues, focusing on formal and informal educational needs of students, consumers, and businesses in Mississippi. The [group includes representation](#) from the College of Business and Industry, School of Human Sciences, Department of Agricultural Economics, Extension Food & Fiber Center, and Extension county level professionals. Membership is designed to be inclusive and open to any faculty interested in e-commerce issues. The group was officially sanctioned in the fall of 2000 by University administration as the Mississippi State University E-Commerce Research, Development, and Outreach Task Force, with leadership and an operating budget provided by the Extension Service.

The Task Force defined its purpose as follows: to facilitate a collaborative teaching, research, and extension approach in the identification of educational needs of Mississippians in the area of e-commerce, and programs for addressing those needs. Discussions have focused on identifying and prioritizing e-commerce needs and on developing partnerships and collaborations to address those needs. Initial results from this group include two e-commerce conferences jointly sponsored by Extension and the College of Business and Industry held in the fall of 2000. The first conference was titled, **E2000: Preparing for E-Commerce**. This one-day conference targeted Mississippi businesses and focused on an overview of the key business-to-business issues involved in creating, implementing, and sustaining an e-commerce initiative. Seventy-five business representatives attended the conference on the main campus of Mississippi State University. The second conference was titled, **Electronic Retailing: Selling on the Internet**. This conference was designed for existing and new businesses that want to sell products and services to customers through a retail web site. The conference was held on the main campus of Mississippi State University at the Extension Center and transmitted live through interactive video to five locations in the state (local sites were facilitated by county Extension professionals.) Two-thirds of the 96 attendees represented small businesses, one-sixth represented chambers of commerce and other government agencies, and one-sixth represented educators.

The Task Force designed and implemented a [University e-commerce web site](#) (work in progress) and has written and submitted several proposals for extramural funds to address the e-commerce needs of businesses in the state. In addition, business-to-government issues, such as ways in which local companies can establish e-commerce initiatives with federal, state, and local governments, are being discussed.

Summary and Conclusion

In response to requests from small businesses and communities, MSU-ES developed and implemented e-commerce educational programming. While the base program is now in place, it is only a beginning. Requests from clientele for e-commerce assistance continue to increase in number and complexity. Effective response to these requests requires additional staffing and expertise. Continued growth and expansion of the program are dependent on increased funding and support by administration. Each state is different, and approaches to addressing e-commerce issues will be different. [Note: There are several states currently addressing e-commerce issues through unique and innovative Extension programs. Examples and links to many of these programs can be found at the [National Land-Grant E-Team website](#).] However, the bottom line is the same. Businesses need and want access to credible e-commerce educational and technical information. If Extension is to be valued by businesses and communities in the 21st century it must prepare itself to address the broad range of technology-related issues. To accomplish this may require a shift in Extension program strategy and corresponding reallocation of funds. Through Extension outreach efforts, educational institutions have the opportunity to be leaders in the development of expertise and programs that support businesses and communities who need assistance with connectivity, infrastructure, e-commerce, and other technology-related issues. It is up to Extension to take advantage of this opportunity!