

Module 2: E-commerce business tools & supply chain

E-entrepreneur

STRATEGIC PARTNERSHIP IN THE FIELD OF YOUTH



This project has been funded with support from the European Commission. This publication reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

**Project ID: 2019-2-DK01-
KA205-060317**



Funded by the
Erasmus+ Programme
of the European Union



E-commerce business tools & supply chain

Contents

1. Project Management	3
1.1. What is a project?	3
1.2. The project's customer	3
1.3. The five dimensions of a project	4
1.4. Project Management tools.....	6
2. Time Management	9
2.1. Planning your activities	9
2.2. Tools.....	11
3. Risk Management	15
3.1. Assessing risks within the e-commerce field.....	15
3.2. Risk management strategies	15
3.3. Tools.....	17
4. Accounting	20
5. Supply chain	24
5.1. Dropshipping	24
5.2. Improving supply chain's efficiency.....	24



1. Project Management

Project management is the application of processes, methods, skills, knowledge and experience to achieve specific project objectives according to the project acceptance criteria within agreed parameters. Project management has final deliverables that are constrained to a finite timescale and budget.¹

A key factor that distinguishes project management from just 'management' is that it has this final deliverable and a finite timespan, unlike management which is an ongoing process. More than this, project management is about reaching that end point predictably, which usually means to a given cost and within a planned amount of time.

1.1. What is a project?

A project is really a very simple concept that many professional and academic books spend pages and pages defining. Essentially, a project is a task with a known end point. For example, building an e-shop/online marketplace is a project, the end point being when the website is built and fully functional in terms of products display, payment process and so on. Similarly, creating a new piece of computer software is a project, as is launching a new product for a business. Projects can be used to complete many different types of tasks.²

Nonetheless, most of the projects fulfil some clear pre-defined objective, in a planned period of time, and to a planned cost. Once the project is complete something will have changed – for example, you have a new house, a new computer system or a new product.

1.2. The project's customer

Every project is done because someone wants it to be done. The person who wants it to be done is called, in project management terminology, the project customer. The customer may be

¹ *APM Body of Knowledge, 7th edition*, Dr. Martin Barnes

² *Project Management Step by Step*, Richard Newton

yourself, your boss at work, someone who buys products and services from you, or anyone else you work for or with.

The customer may be one person or a group of people. In projects it is important to understand who the customer is and to work closely with them. Project customers have some specific responsibilities in projects. They will be involved in determining why you are going to do a project and what it will produce, for giving you access to resources such as people and money, and for making various decisions through the life of the project.

1.3. The five dimensions of a project

Below we are going to highlight one of the fundamental concepts of project management. It is quite straightforward, but very useful and powerful. We recommend that you spend a few minutes to make sure you understand this.

Imagine a very simple project – you are going to redecorate some rooms in your house. So you sit down and do some thinking about this decorating and decide that you will decorate your front room and your dining room, that you will use three coats of paint on every wall. You do some sums and find out that the paint will cost you £100, and it will take you four days to do the work using normal paint brushes. A friend has a machine that can spray the walls, which is much quicker. Unfortunately, it does not always work and is liable to spray paint all over the place, including any uncovered nearby furniture, so you choose not to use it.

The information here has defined some important things about your project:

- You have defined the **scope**. Scope is the project manager's word for what your project encompasses. In this case your scope is to paint the front room and dining room.
- You have defined the **quality**. You have decided to use three coats of paint on all the walls. Quality is a complex concept and depending on what a project produces, the way quality is measured will vary considerably. However, most deliverables can be created in some way with different levels of quality. By changing the level of quality, you make more or less work to produce the deliverables. Quality can be a nebulous but important concept: other examples of quality could be how robust or reliable a deliverable is, or how well presented a deliverable is.
- You know the **time** it will take – four days.

- You know the **cost** – £100.
- You understand the **level of risk** you want to take – you are choosing the low-risk option (painting by hand). There is an alternative high risk option of doing it with the spray painting machine. If you choose to use this machine, you may do the work more quickly, but there are risks to your furniture and it may not work.

You may be thinking at this point – so what? The ‘so what’ is that these five pieces of information are not independent facts but interdependent variables. Change any one of these and you may impact the others. So for example, change your scope and add your hall to be painted as well, and you will increase the time and the cost. However, if you subsequently reduce the quality so you use only two coats of paint on the walls, or alternatively take the risky option and use your friend’s spraying machine, you may still be able to do it in the original time and cost but with the increased scope. Alternatively, by spending more money and getting in a couple of professional decorators, you may be able to reduce the time and increase the quality of the end result. There are a vast number of ways you can juggle between these five dimensions of your project.³

Business projects are more complex than this but the principle still holds. Once you understand these five dimensions, you can trade them off to get the optimal result you need. For example, often in projects there are conditions set, such as the project must be done for £10k or less, or it must be completed before Christmas. If you do not think you can achieve this, then by looking at changing the scope, or the quality of your deliverables, or taking a higher-risk approach, you may be able to meet these conditions.



Figure 1. Project dimensions (source: www.bitrix24.com)

³ *Project Management Step by Step*, Richard Newton

1.4. Project Management tools

This chapter will put together a comprehensive list of online project management tools targeted for youth workers and educator who want to dig deeper in the field of e-entrepreneurship and online sales.

Each of the tool comes with a short description of its functionalities, top features, pricing plan and a link where you can sign up in case you want to give it a try.

We strongly believe that these tools can help any youth entrepreneur that wants to pursue a business within the e-commerce sector.

Basecamp

This online project management tool is being used by thousands of project teams who enjoy its modern social media-like interface and carefree team collaboration feature. Go to their homepage by clicking [here](https://basecamp.com).

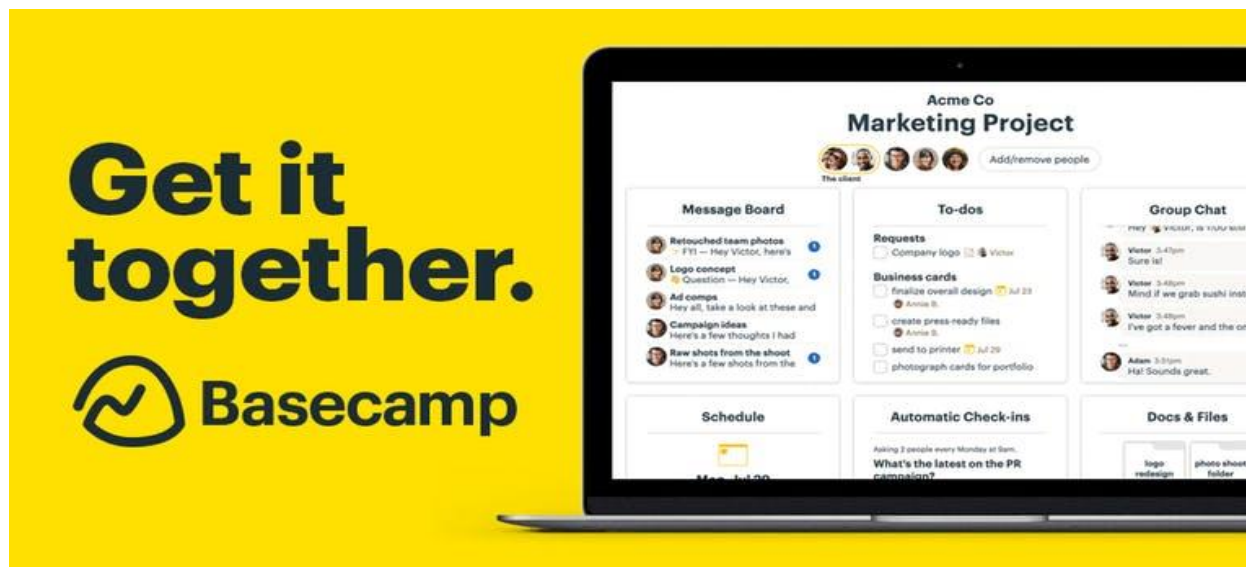


Figure 2. Basecamp logo (source: www.basecamp.com)

Top features:

- ✓ Projects to manage multiple users' work
- ✓ Message boards for discussing new projects or ideas
- ✓ In-app collaboration with team
- ✓ Reporting on project performance
- ✓ Separate dashboard for showing to clients
- ✓ Email and desktop notifications

Pricing:

- ✓ **FREE** for teachers, educators and students!
- ✓ 99\$/month for all other users.

Asana

This online software combines elements of project management, file storage, communication and collaboration, helping to manage projects across a team without the need of sending emails. You can check them out [here](#).



Figure 3. Asana promotional logo (source: www.asana.com)

Top features:

- ✓ Break your work down into tasks, and assign it to team members
- ✓ Organize your tasks into projects for roadmaps and timelines
- ✓ Review milestones, and check on your team's progress
- ✓ Get notified about projects updates
- ✓ Use project dashboards to get a quick overview

Pricing:

- ✓ **FREE** version with limited functions, however good enough to give it a try.
- ✓ Starting from 11€/month/user

ClickUp

This is a project management platform that is focused on efficient task management. Built for teams of all sizes and industries, ClickUp's fully customizable features make it a must-have for agile teams that want to keep everything from design to development in one intuitive place. You can find more about them [here](https://www.clickup.com).

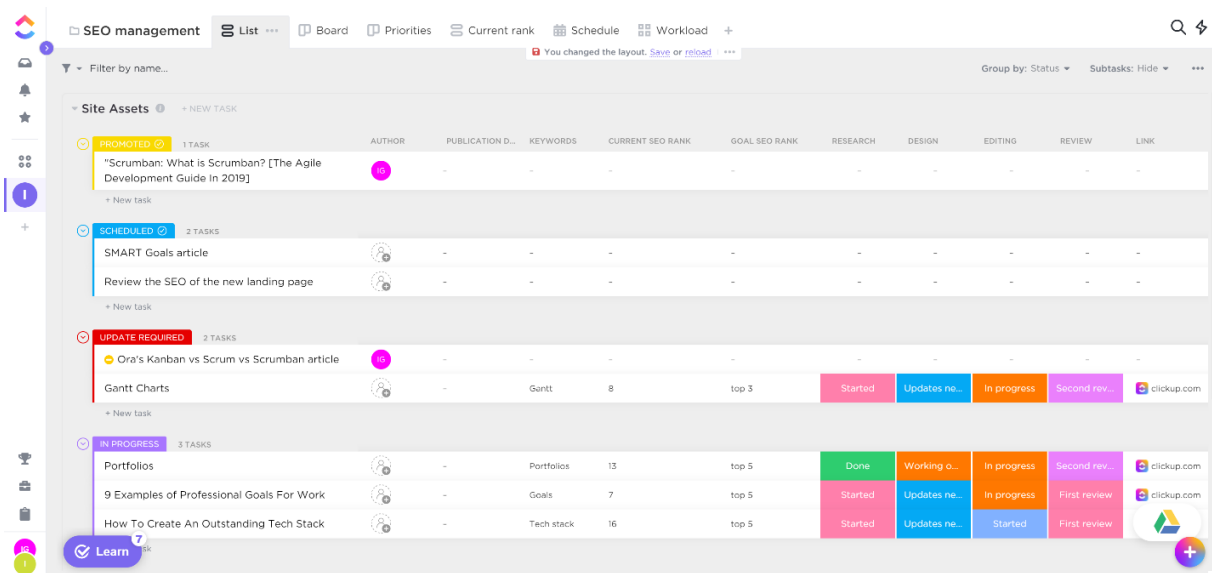


Figure 4. ClickUp demo (www.clickup.com)



Top features:

- ✓ 3 different views (Board, Box, List)
- ✓ Assign comments
- ✓ Plenty of customizable features for each project (Statuses, Assignees, ClickUps)
- ✓ Elegant hierarchy to keep projects simple as they grow
- ✓ Tools like 'Smart Search' and 'Smart Estimates' make you more productive over time

Pricing:

- ✓ **FREE** version with limited functions, up to 100 MB of file storage.
- ✓ Starting from 4€/month/user

2. Time Management

Time management is the process of organizing and planning how to divide your time between specific activities. Good time management enables you to work smarter – not harder – so that you get more done in less time, even when time is tight and pressures are high. Failing to manage your time damages your effectiveness and causes stress.

It seems that there is never enough time in the day. But, since we all get the same 24 hours, why is it that some people achieve so much more with their time than others? The answer lies in good time management.

The highest achievers manage their time exceptionally well. By using the time-management techniques in this section, you can improve your ability to function more effectively – even when time is tight and pressures are high.

2.1. Planning your activities

Good time management requires an important shift in focus from activities to results: being busy is not the same as being effective. (Ironically, the opposite is often closer to the truth.)

Spending your day in a frenzy of activity often achieves less, because you're dividing your attention between so many different tasks.

Nevertheless, time management also refers to the way you organize and plan how long you spend on specific activities.

Speaking of e-entrepreneurship in the field of youth, it may seem counter-intuitive to dedicate precious time to learning about time management, instead of using it to get on with your work. However, we invite you to check the benefits of efficiently planning your time:

- Greater productivity and efficiency.
- A better professional reputation.
- Less stress.
- Increased opportunities for advancement.
- Greater opportunities to achieve important life and career goals.

On the flip side, failing to manage your time effectively can have some very undesirable consequences:

- Missed deadlines.
- Inefficient work flow.
- Poor work quality.
- A poor professional reputation and a stalled career.
- Higher stress levels.

Spending a little time learning about time-management techniques will have huge benefits now – and throughout your entrepreneur career.



Figure 5. Time Management tips (source: www.corporatefinanceinstitute.com)

2.2. Tools

This chapter will put together a comprehensive list of time management tools targeted for youth workers and educators who are willing to organize and plan their time in an efficient manner while developing their own e-commerce business.

Each of the tool comes with a short description of its functionalities, top features, pricing plan and a link where you can sign up in case you want to give it a try.

Scoro

This online platform gives you all the tools you need for efficient time management, including time tracking, billing, work reporting, project & task management. In addition, it combines time tracking with project management and CRM, enhancing collaboration and making it easy to



manage all your business processes in one place. For more information, feel free to access their website by clicking [here](https://www.scoro.com).

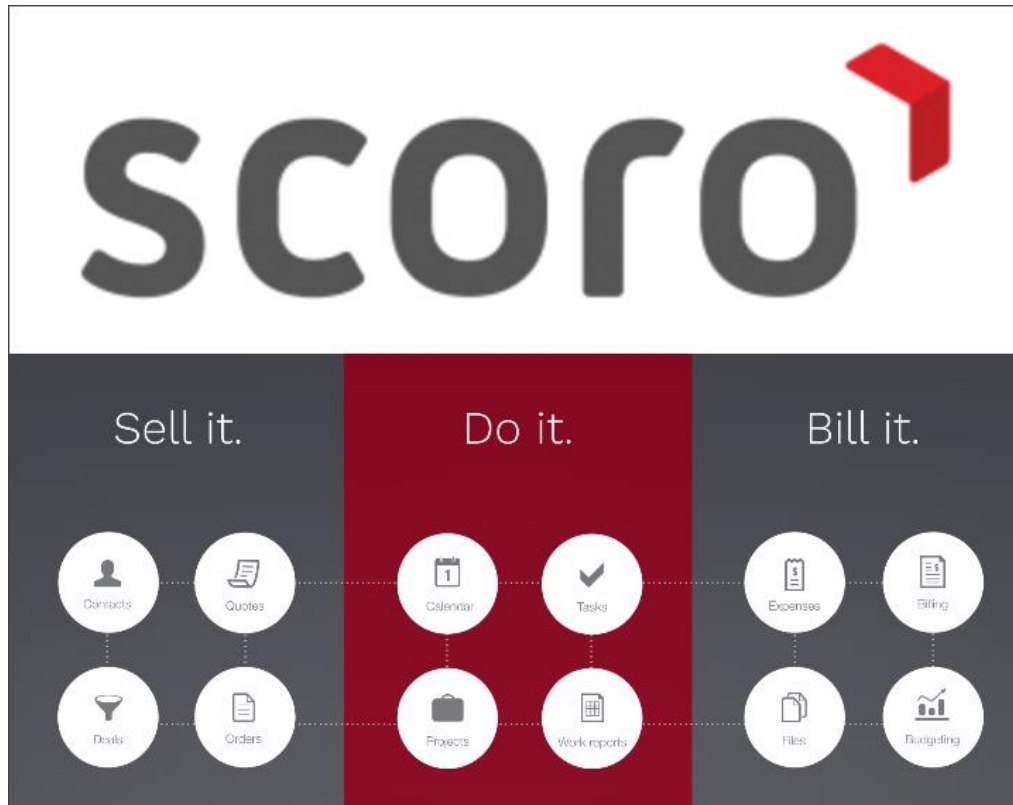


Figure 6. Scoro demo (www.scoro.com)

Top features:

- ✓ Track both actual and billable time and transfer the hours to an invoice
- ✓ Automate late invoice reminders, scheduled and recurring invoicing
- ✓ Email invoices to clients based on the hours worked
- ✓ Extensive project, task, and client management
- ✓ Reporting on work, sales performance, budgets, etc.

Pricing:

- ✓ Starting from 19€/month/user
- ✓ Discounts for small businesses apply



Timecamp

This software uses time-tracking for billing clients, measuring project profitability, or paying employees at the end of the month. In addition to billing clients, Timecamp makes it easy to also calculate income based on time worked. Want to know more about this tool? Click [here!](#)



Figure 7. Timecamp logo (source: www.timecamp.com)

Top features:

- ✓ Automatic billable & non-billable time tracking
- ✓ Integrated payment gateway
- ✓ Budgeting in \$ or time
- ✓ Powerful reporting
- ✓ Mobile & desktop apps

Pricing:

- ✓ **FREE** for one user – Solo plan
- ✓ Starting from 6€/month/user for larger teams.



Hubstaff

Hubstaff helps you to track the time spent on work as well as your team's leisure time. It's a great option for organizations looking to track all the time spent at work (not just the time spent on tasks). In addition to the time worked, Hubstaff also tracks the time spent on various websites and desktop applications. You will get reports on your team's time usage and can monitor how they spend their time.

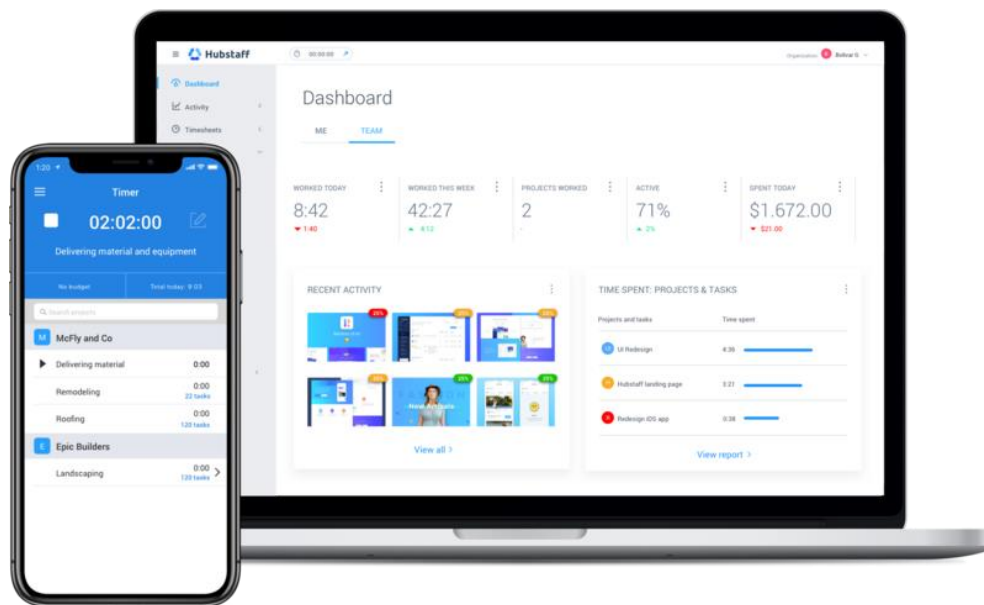


Figure 8. Hubstaff presentation (www.hubstaff.com)

Top features:

- ✓ Tracking the time spent on tasks with screenshots
- ✓ Billing clients for projects
- ✓ Reporting on the team's time usage
- ✓ Emailing custom reports to clients
- ✓ Making payments to employees based on the time worked

Pricing:

- ✓ Starting from 5€/month/user
- ✓ Discounts for small businesses may apply.



3. Risk Management

To begin with, risk management is the process of identifying, assessing and controlling threats to a business' capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters.

3.1. Assessing risks within the e-commerce field

IT security threats and data-related risks, and the risk management strategies to alleviate them, have become a top priority for digitized companies. As a result, a risk management plan increasingly includes companies' processes for identifying and controlling threats to its digital assets, including proprietary corporate data, a customer's personally identifiable information and intellectual property.

By implementing a risk management plan and considering the various potential risks or events before they occur, youth entrepreneurs can save money and protect their future. This is because a robust risk management plan will help a company establish procedures to avoid potential threats, minimize their impact should they occur and cope with the results. This ability to understand and control risk enables organizations to be more confident in their business decisions. Furthermore, strong corporate governance principles that focus specifically on risk management can help a company reach their goals.

Other important benefits of risk management include:

- Creates a safe and secure work environment for all staff and customers.
- Increases the stability of business operations while also decreasing legal liability.
- Provides protection from events that are detrimental to both the company and the environment.
- Protects all involved people and assets from potential harm.

3.2. Risk management strategies



All entrepreneurs, youth workers and educators who are thinking of starting an e-commerce business should develop their own strategy of identifying and neutralizing potential risks. Therefore, we suggest the following step-by-step guide:

- **Establish context.** Understand the circumstances in which the rest of the process will take place. The criteria that will be used to evaluate risk should also be established and the structure of the analysis should be defined.
- **Risk identification.** The company identifies and defines potential risks that may negatively influence a specific company process or project.
- **Risk analysis.** Once specific types of risk are identified, the company then determines the odds of them occurring, as well as their consequences. The goal of risk analysis is to further understand each specific instance of risk, and how it could influence the company's projects and objectives.
- **Risk assessment and evaluation.** The risk is then further evaluated after determining the risk's overall likelihood of occurrence combined with its overall consequence. The company can then make decisions on whether the risk is acceptable and whether the company is willing to take it on based on its risk appetite.
- **Risk mitigation.** During this step, companies assess their highest-ranked risks and develop a plan to alleviate them using specific risk controls. These plans include risk mitigation processes, risk prevention tactics and contingency plans in the event the risk comes to fruition.
- **Risk monitoring.** Part of the mitigation plan includes following up on both the risks and the overall plan to continuously monitor and track new and existing risks. The overall risk management process should also be reviewed and updated accordingly.



- **Communicate and consult.** Internal and external shareholders should be included in communication and consultation at each appropriate step of the risk management process and in regards to the process as a whole.

3.3. Tools

Below we are listing several risk management tools specially targeted for young entrepreneurs that want to pursue an e-commerce business. We strongly recommend you to consider those tools when developing your business plan, as they can significantly mitigate risks.

Probability and Impact Matrix

It helps prioritize risk, which is important, as you do not want to waste time chasing a small risk and exhaust your resources. This technique combines the probability and impact scores of individual risks and then ranks them in terms of their severity. This way each risk is understood in context to the larger project, so if one does occur, there is a plan in place to respond or not.

The matrix is a box, broken up in probability on the left, ranging from rare on top to very likely on the bottom. The top is the impact, going from trivial on the left to extreme on the right. The individual boxes then are colored, so that the top left corner is green for low risk. The middle, rising from the bottom left corner to the top right corner is yellow for medium risk. The bottom right corner is red for high risk. This provides a road toward reaching a priority list that gives project managers the head's up as to when to act and when they can keep a risk on the backburner of a project.



		Impact				
		Trivial	Minor	Moderate	Major	Extreme
Probability	Rare	Low	Low	Low	Medium	Medium
	Unlikely	Low	Low	Medium	Medium	Medium
	Moderate	Low	Medium	Medium	Medium	High
	Likely	Medium	Medium	Medium	High	High
	Very likely	Medium	Medium	High	High	High

Figure 9. Probability Impact Matrix (source: www.causalcapital.blogspot.com)

SWOT diagram

SWOT, or strengths, weaknesses, opportunities, threats, is another tool to help with identifying risks. To apply this tool, go through the acronym.

Begin with strengths and determine what those are as related to the project (though this can work on an organization-level, too). Next, list the weaknesses or things that could be improved or are missing from the project. This is where the likelihood of negative risk will raise its head, while positive risk come from the identification of strengths. Opportunities are another way of referring to positive risks and threats are negative risks.

When collecting SWOT, illustrate your findings in a four-square grid. The top of the square has strengths to the left and weaknesses to the right. Below that is opportunities to the left and threats to the right. The left-hand side is helpful to achieving the objective of the project and those on the right-hand side are harmful to achieving the objective of the project. This allows for analysis and cross-reference.



Figure 10. SWOT diagram example (source: www.worldstream.com)

Root Cause Analysis

Root cause analysis is a systematic process used to identify the fundamental risks that are embedded in the project. This is a tool that says good management is not only responsive but preventative.

Often root cause analysis is used after a problem has already come up. It seeks to address causes rather than symptoms. But it can be applied to assessing risk by going through the goals of any root cause analysis, which ask: What happened? How did it happen? Why did it happen? Once those questions are addressed, develop a plan of action to prevent it from happening again.⁴

⁴ www.projectmanager.com

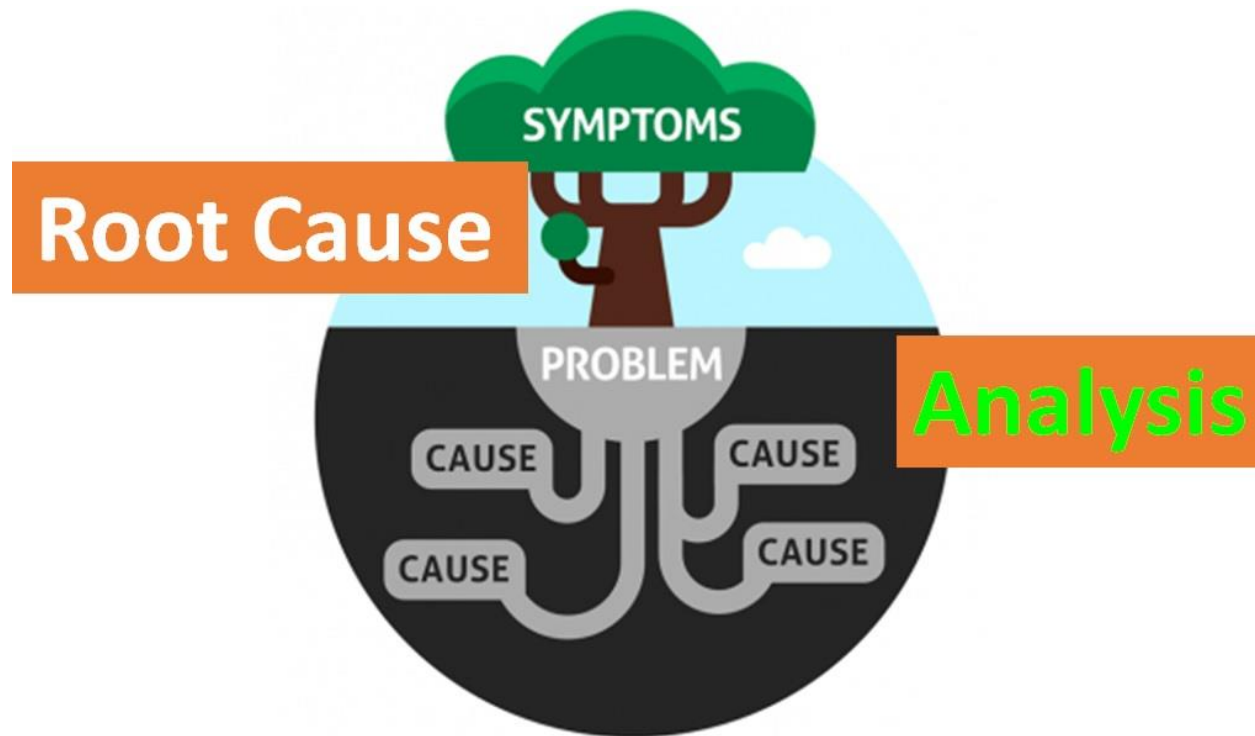


Figure 11. Root Cause Analysis (source: Google)

4. Accounting

By definition, accounting is the process of recording financial transactions pertaining to a business. The accounting process includes summarizing, analyzing, and reporting these transactions to oversight agencies, regulators, and tax collection entities. The financial statements used in accounting are a concise summary of financial transactions over an accounting period, summarizing a company's operations, financial position, and cash flows.

Accounting is one of the key functions for an e-commerce business. It may be handled by a bookkeeper or an accountant at a small firm, or by sizable finance departments with dozens of employees at larger companies. The reports generated by various streams of accounting, such as cost accounting and managerial accounting, are invaluable in helping management make informed business decisions.

Below you can find a list with the most accessible and user-friendly accounting tools which any young entrepreneur can use for its own e-commerce business.

QuickBooks

The magic of QuickBooks Online is its versatility. If you are a small business owner who despises financial mumbo-jumbo and would much rather just get on with the fun part of being an entrepreneur, QuickBooks Online can help you do just that.

On the other hand, if you are a professional accountant who lives and breathes balance sheets, invoice records, common size analysis, and profit and loss statements, then QuickBooks Online can still give you everything you need.

QuickBooks Online offers the classic suite of accounting tools for anyone and everyone: dashboards for your business's financial data and records, financial reports that you can customize according to your own needs, an invoice generator, online payment receipts, payroll processing, and the ability to turn pictures of receipts into catalogued business expenses.

Plus, QuickBooks Online syncs with your bank account and business credit cards so that your business's financial data is always up to date. And if that weren't useful enough, you can also share your QuickBooks Online with your accountant to simplify financials during tax time.

The pricing depends on which features you want and need, but it can range from 5€ a month for independent contractors to 28€ per month for a robust application.

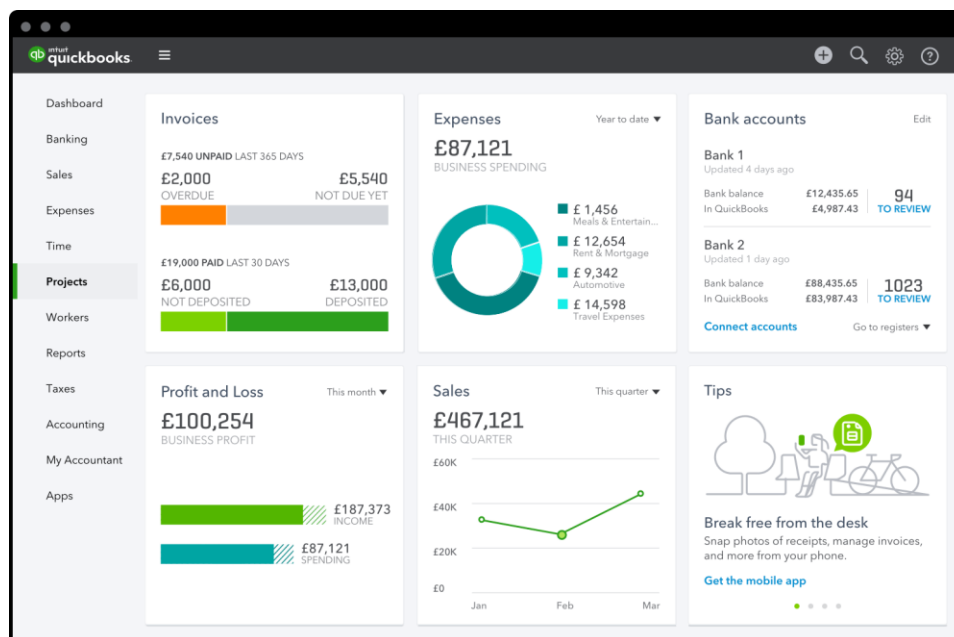


Figure 12. QuickBooks demo panel (source: www.quickbooks.intuit.com)



Xero

Xero is a free cloud-based online accounting software aimed at small and midsize businesses – it offers an easy way to handle your transactions and run your business. Using this tool, you'll be able to:

- create, process, and send out recurring invoices
- organize and categorize all your credit card transactions
- precisely schedule payments to manage your cash flow
- calculate payroll and manage subsequent taxes
- manage your 1099 independent forms.



Figure 13. Xero accounting software (source: www.xero.com)

One notable highlight of this app caters to freelance accountant needs – you'll be able to collaborate with an unlimited number of clients, as well as enjoy strong data encryption and multiple authentications.⁵

⁵ www.clockify.me

Wave Accounting

If you're looking for a free alternative to the more expensive accounting tools such as QuickBooks or Xero, you can try Wave Accounting – you will get a cost-effective invoicing and accounting app that allows card processing and handling payroll.



Figure 14. Wave accounting demo (source: www.waveaccounting.com)

With Wave Accounting, you'll get a great solution to help you:

- handle invoices
- track investments, expenses, and transactions
- handle basic financial reporting
- track your personal finances, cash balance, and invoicing status for clients
- scan receipts

Overall, the app is an effective solution for small businesses.



Perhaps as its best feature, Wave Accounting handles all client payments automatically – the system allows you to connect bank accounts with credit cards, as well as accept and process payments from all credit cards.

5. Supply chain

5.1. Dropshipping

Dropshipping is a supply chain strategy in which the store selling the merchandise online does not actually hold any of the products in stock. When a customer buys an item from the merchant, the seller arranges for the item to be shipped to the customer from directly from the supplier.

This model saves the seller from needing a warehouse and numerous staff to manage items. And it benefits the supplier by giving them an additional channel through which they can sell their goods. The dropshipper, in a nutshell, simply acts as the go-between; arranging the transaction between the customer and the manufacturer or supplier, such as a factory or importer.⁶

5.2. Improving supply chain's efficiency

Youth entrepreneur should be aware that getting inbound products and materials on-time and as ordered is a major initiative in many companies. Therefore, their objective should be to receive the product so that it can flow through to put away or be cross docked to fill orders. Accordingly, we recommend the following:

- Assess what current problems exist and what costs are absorbed in reworking non-compliant receipts in both the fulfillment center and back office.
- Determine which vendors cause the majority of the delay and cost problems.
- Implement tighter computer systems between vendors and your company through EDI.
- Implement vendor compliance programs.

⁶ www.ecommerceguide.com



- Determine what inbound and fulfillment activities such as ticketing, final inspection can be done cheaper and faster upstream in Supply Chain.
- Determine how receiving dock and truck yard congestion can be reduced or eliminated.

Lower shipping cost and delivery time

Your customers expect you to compete with your direct competitors in terms of delivery time frames. Be responsive by getting their orders to them quicker and at a lower shipping cost.

Nevertheless, you may want to investigate the multi-distribution center operation. Make sure to take into account costs to set up the operation in terms of additional facilities, staffing, and management.

Increase capacity of the existing warehouse

Moving to a new center is not always the answer. Without the proper layout and design of your distribution center, no matter the square footage, you will face capacity issues, decreased productivity, and storage inadequacies. By addressing some basic principles, your company can delay a move to a new facility.

Use current warehouse space more efficiently

Warehouses are expensive for companies to operate considering the total fulfillment costs of labor, occupancy, and storage and material handling assets. Often, warehouse space is 15 to 20% of the cost per order.

Increasing capacity of the warehouse should not be confined to changes in space use and increasing stock locations only.



Perform a space use study and determine solutions that take into account the warehouse layout, product flow, labor efficiency, storage and material handling options, safety, throughput, and warehousing system functions.⁷

⁷ www.fcaco.com