

# The Case of E-Commerce

In e-commerce Web sites, the guts are as important as the glamour.

By  
Jamie Swedberg

When a company sets out to revamp its e-commerce Web site, it can be because the design needs a boost, or the back-end processes that support the site are in need of an overhaul. Here we've found three cases in which the latter was true. These companies were operating at different levels of e-commerce, ranging from none at all to moderate sophistication. But in every case, they were able to improve efficiency and better serve a variety of markets by working with an Internet consulting firm and rethinking the way they did business on line.

The three companies—Caldrea, Tricam Industries, and Evergreen Industries—illustrate perfectly that there is no one approach to e-commerce that suits every organization. Some products are sold primarily through retail outlets. Some are sold directly, but are extremely high-touch. Some must compete in markets where nimbleness is key. So how can Internet sales serve them all? Take a look.

## Caldrea: From Outsourcing to Insourcing

[caldrea.com](http://caldrea.com) • [mrsmeyers.com](http://mrsmeyers.com)

Caldrea, a Minneapolis manufacturing company founded in 1999, has long been an enthusiastic Internet seller in both the business-to-business and business-to-consumer spaces. In 2003, it contracted with Digital River, Inc., in Eden Prairie to sell its premium earth-friendly home care products on line. Digital River built an e-commerce site for Caldrea, then handled all the order management, fraud prevention, online marketing, customer

service, and product fulfillment. But more recently, when it was time for a redesign, Caldrea's executive team decided they wanted to do more than update the surface appearance of the site. In fact, they decided they'd prefer to insource fulfillment. And what's more, they wanted to automate the shipping process in order to fulfill orders with lightning speed. So after a search, they engaged Bloomington-based InSite Group, a strate-

gic technology planning firm.

It was important to set out the company's goals for the site from the outset, says David Nas-

sif, Caldrea's finance and IT director. There were actually two sites involved: the one for Caldrea and the one for Mrs.

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Meyer's, the company's second brand. Both needed to be operated via tools that would allow non-IT employees to react to customer needs without involving programmers.

"As with any project involving vendor partnerships, we had to clearly define our specifications and expectations to ensure everyone was on the same page," Nassif says. "This helped to create a workable plan, as well as a smooth execution and delivery."

The new sites import Web orders directly into Caldrea's accounting system. From there, they flow to the InSite shipping software. If the product is in stock and there's a person standing ready to grab it, the package could theoretically be on the dock and scheduled with UPS or FedEx within five minutes.

The new e-commerce setup also allows for the addition of a B-to-B component in the future. Caldrea and Mrs. Meyer's products are currently being sold to approximately 2,000 retail companies with as many as 5,000 outlets, so supplying those sellers makes up a significant proportion of the company's business.

The new efficiency would not have been possible without some back-end reconfiguration. InSite offered advice on the best layout for the shipping area. "We had to help them configure what's called a single-pick environment, where they're actually picking the individual item and packing it for e-commerce," says Brian Strojny, president of InSite. "Prior to that, their business was all cases and pallets [because Digital River was doing the order fulfillment]. Nearly every company wants to do individual Internet sales because it can be more profitable, but the trick is to do it without having to change a lot of your internal processes or add

a bunch of staff. We helped them with that optimization."

One of the most significant challenges of Caldrea's e-commerce initiative has been the company's extremely promotion-driven nature. There's always some kind of sale or gift-with-purchase going on. "One of the things that they needed was some fairly robust promotion tools," Strojny says. "We have a promotion engine in our software. There are some basic promotions built in, and we added some of their unique promotion types into the tool, so that the client can deploy them without having to call one of our programmers. That's fairly typical—on an average project, about 70 percent of the functionality is already part of our software, and the other 30 percent would include tailoring the user interface to suit the client and any unique business rules they might have."

The entire planning and implementation process took about three months, Nassif says, and the details are revisited periodically whenever the sites undergo a redesign. "Integrating a Web site with any back-end accounting process is always tricky, but InSite is very good at this [type of] challenge."

"The point of it was time and money," Strojny says. "They wanted to reduce the amount of time it took to ship an order. An e-commerce order, by nature, should be the most profitable order in the company [by being the least expensive to fill]. In most companies, it's getting touched by an individual as it's reentered into the [enterprise resource planning] system. Then it's getting printed out and carried around, so it's fairly labor-intensive. The goal here was to cut some of the manual processes out of e-commerce."



### Tricam Industries: The Gorilla in the Room

[gorillaladders.net](http://gorillaladders.net)

Until a couple of years ago, Eden Prairie-based Tricam Industries' only Web site was a simple piece of corporate brochureware—which is to say, it had practically no online presence at all. At the time, the company sold its popular multi-position Gorilla Ladders solely through The Home Depot.

But then, in 2006, the time came for a change. "Our market research was telling us that most people do research on line before making a purchase, whether they're purchasing an item on line or at a home center—or anywhere else, for that matter," says Jeff Skubic, Tricam's vice president of marketing. "But when people went to do research on multi-position ladders, they really couldn't find anything on Gorilla Ladders except what Home Depot had on its own Web site, which was pretty limited. We needed to provide product information and features, as well as customer service and support for customers who had bought Gorilla Ladders in the past."

Selling the ladders on line wasn't a major part of the initial concept. After all, the shipping on a ladder is significant, and it seemed like the sort of thing that was best purchased in person.

But that turned out to be an incorrect assumption.

"[The demand] kind of surprised us," Skubic confesses. "Initially, the e-commerce portion of our Web site was a secondary focus for us. We just knew that if you are going to be serious today at retail, you have to have information available on line. But we found that one of our competitors had been selling product on line and had established itself as a real destination. We were getting left behind."

Tricam began to search for a full-service Internet solutions firm to bring its online presence up to speed. After interviewing several firms, its executive team selected Aware Web Solutions in Minneapolis.

The resulting site is mostly business-to-consumer, but Tricam also sells to a few small businesses on line. There was a moderate amount of back-end work that needed to be done before online selling could commence. Tricam provided Aware with the information needed to interface with its internal network and its product information databases. For the time being, however, Tricam decided not to tie the Web site directly to its inventory and sales databases.



Orders would be generated on line, then manually filled and input into the company's accounting and financial software.

The process is plenty efficient for Tricam now; orders usually ship within an hour of the time they are received. Still, will Web sales one day be fully automated? Probably, Skubic says.

E-commerce systems should be built flexibly so they can be adapted and improved over time, says Jeremy Ziegler, CEO of Aware. "One of our core principles is to implement a foundation that we can build around later," he notes. "When we set out, we don't really know what the end consumer wants, or what our client wants. Our clients tell us all the time what they want, but we've known over the years that they don't really know until they get it up and running. So we make it scalable. You launch it, you get a few orders, you work through the process. Then, over the next year or so, you start tweaking it around and making it more automated. You can't just do that out of the gate, both for budget reasons and because you can't anticipate every scenario."

For now, the main focus of the e-commerce site is ease of use—

on all sides. Skubic says he wanted it to be extremely easy for end users to select the Gorilla Ladder of their choice. But he also wanted it to be very easy for Tricam employees to manage the site's content. Indeed, with the software that Aware recommended and installed, employees can not only edit current items, but also add new ones or even change the way product lines are marketed, all without calling for IT assistance. Skubic calls it "one of our biggest victories."

Another point of pride is the innovative live chat (or instant message) connection available on the site, a capability that some firms have struggled with. "When we launched the site, we wanted to provide people the ability to get instant answers," Skubic says. "We understand that when customers have an issue, they don't want to call an 800 number, they don't want to be on hold, they don't want to leave a voicemail, and they don't want to send an e-mail and wait for a response. So we found a way to manage it and to set hours that someone would be available. We've gotten a tremendous amount of positive feedback on it."

## Evergreen Industries: Seasonal Sales

[evergreenindustries.net](http://evergreenindustries.net)

When you see local Boy Scouts, students, or church groups selling holiday wreaths and swags, chances are you're looking at greenery produced by Inver Grove Heights-based Evergreen Industries. The 43-year-old family-run company sells the majority of its goods wholesale for fundraising by organizations such as these. It's an industry that's extremely high-touch: Nearly every client requires a phone call to help nail down the prizes, incentives, and other details of the campaign.

So what did president Joe Ahern hope to gain by updating Evergreen's admittedly amateurish Web site? Better service for existing customers—and potentially new revenue streams.

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### SPECIAL FOCUS E-COMMERCE

In 2004, Ahern contracted with St. Paul-based Voyager I.T., a Web site strategy, branding, design, and development firm. Voyager has the capability to create highly automated, extremely glossy sites. But this particular contract was an exercise in restraint. Ahern needed to see results before he was prepared to commit a big chunk of his budget.

"The first thing we did was simply make a better-looking Web site—one that was still brochureware, but professional-looking," says Voyager President Suzanne McGann. "A year after that, he was able to quantify, through some of his metrics, how much new business he had gotten through the Web site. It was something like a third of his business revenue for the year. It was definitely a year where he really saw the value of his professional Web presence. So when he and I met to discuss that information, we started to think about some new business angles."

McGann set out to redesign the site as a true e-commerce site. However, she still proceeded slowly. Initially, Web customers were asked to print out pdf files and fax them in. (In fact, in the off season, that's still the way the fundraising sales are handled.) Eventually, they were given the option to use a basic online shopping cart.

"We still allowed for pdf files and faxing, but this really simplified it," McGann says. "He now has a person on staff who sees all the e-mails come in, and that person can [advance the sale] accordingly. He's tried to make it a pretty painless integration. You place an order, you get some sort of feedback, and they're on it within just an hour or so."

In the third year, the site was redesigned again to address not only the fundraising market, but also corporate and retail sales. And in the fourth—the 2007 holiday season—Evergreen enthusiastically agreed to venture into the brave new world of search engine marketing. Voyager closely watches Web site analytics and formulates search engine optimization and pay-per-click programs designed to maximize selling cycles.

"We're heavily involved in the Internet and search engines," Ahern says. "As a result, we've developed new customers and sources of revenue. We've seen a substantial increase in new customers, and conversion rates are higher than we had in prior years."

Twice a year, the Voyager team sits down with Ahern's staff to tweak the site based on its metrics. "We'll evaluate which search engines are bringing orders in, which generate the most leads, and then devise a strategy," Ahern says. "We may decide to add a few items to our product base, or simply change pictures and update our Web site."

"It's not that he just has an [online] store," explains McGann. "It's that he has a business that has radically changed to include another 10 to 20 percent more revenue through some new channels. He was able to bring in some substantial business in some areas that would have previously been unnoticed." **TCB**



Jamie Swedberg is a freelance writer and a frequent contributor to *Twin Cities Business*.