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CHAPTER NINE : E-BUSINESS:

Electronic business is any business transaction that takes place via digital processes over a network.

Network economy has some aspects such as e-business, ecommerce and e-trading. These aspects looks alike apparently but when deeply examined, there are some difference between the three of them; e-business involves any form of business transaction including abstract and real objects, e-commerce deals with the exchange of goods and their payment facilitated by electronic transaction while e-trading deals with the selling of financial instruments such as stock, bonds and treasuries.

E-business is flexible in practice (it enables everyone in any geographical location to take part in business around the world without having the initial barriers like distance, etc.

There is a rapid growth of network economy all over the nations of the world but the impact is mostly felt in developed countries where virtually all transactions are conducted electronically.

In as much as there are so many benefits and contributions of e – business to developed, developing and underdeveloped economies, there are some requisites like what is called electronic readiness for electronic business to take place in a country. This electronic readiness is the measure of the degree of readiness, willingness of a country, nation or economy to obtain benefits that are being presented by information and communication technology (ICTs).

For a nation to be considered ready for the benefits of information and communication technology, there must be the ability of such nations to partake in e-business, e-commerce and or e-trading. This is represented in usually in indices and nations are rated in areas such as the number of telephone lines per one hundred people, or the percentage of GDP(Gross Domestic Product) spent by each nations on IT infrastructure, the number of persons per hundred that have access to internet, the number of persons per one hundred that possesses computer and many other factors.

The gap between the developed and developing economies from benefiting from the importance of e-business is the lack of or inadequate IT infrastructure in developing economy which has affected their electronic readiness and have pushed the developing nations or economy far behind the level of application of network economy.

Nigeria as a developing economy lacks adequate of infrastructures that facilitates the use of network economy. For example; in Nigeria, the mostly used means of transaction is the Automated Teller machines (ATMs) which operations are limited by so many constraints.

In network economy, the consumers are not pushed by retailers towards certain products rather the consumers are driven by their demands of a particular product. The consumer decides where to go on the internet and pull in only those products that they specifically want.

The essence of the network economy is the position of the customer. However , a prerequisite is that the customer has access to the network, in this case , to the internet.

Due to the lack of the infrastructures for network economy in developing nations, there is need for alternative mechanisms other than those used in the developed economy (or western worlds).

Another problem of the network economy in developing countries is that many potential customers are not in one geographical location; they can be located anywhere on the globe and since ebusiness should address not only the needs of the local customers but also the demands of broader markets therefore, there is need for more or adequate infrastructure.

Distance is not a barrier to e-business as ICTs helps to overcome every physical barriers.

For an e-business to be successful, it must undergo the following life cycles:

1. Awareness.
2. Ambition.
3. Concept (roadmap).
4. Realization.

As there are a lot of benefits to nations that have all it takes to run e-business and as well have majority of people making benefits from e-business, the developing nation's government should embrace e-business by introducing ICT policies in all the spheres of society which requires the following:

1. Raising public awareness of the role of the ICT in development and providing training in ICT skills.
2. Providing affordable and quality access to the internet and other technologies.
3. Promoting ICT among small and medium-sized enterprises.
4. Putting in place a legal framework for online transactions.
5. Ensuring that governments use ICT and encourage local business to do same.
6. Supporting open content and open technology approaches, such as free and open source software.

7. Measuring and monitoring the current use of ICT and its economic and social impact.

CHAPTER TEN: MANAGING TRANSITIONS FROM START-UP TO GROWTH:

Transition in business may be defined as a process in which a business undergoes a change and passes from one form or stage to another.

As long as a business is existing, it is at a point in its life cycle and at any point in the life of any venture both new and old, there must be need for transit either for the reason of retirement or death of the owner, or expansion of the business.

Any form of business whether family-owned or not, each case requires succession plan because at any point, change or transition can occur for positive or negative reasons. A succession plan is a process in which leadership, and eventually ownership is transferred to a successor of which there are many steps involved. This plan requires a long time, perhaps a year to be effective and for this reason, the entrepreneur must start planning in advance and the plan must contain the following:

a) A statement of the distribution of ownership.

b) The identity of the new leader or leaders.

c) How the new leaders are to be trained for their roles.

d) A definition of the roles of other key members of the organization during the transition.

e) Mechanics for the purchase or sale of stakes in business.

f) Taxation and legal considerations

g) Financial considerations

h) Retirement considerations

i) A procedure for monitoring the process and dealing with disputes and problems.

j) A timetable.

In family business (a firm of any size in which the majority of direct and indirect decision-making rights is in the possession of the natural person(s) who have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heir; and at least one representative of the family or kin is formally involved in the governance of the firm), transfer to a family member is a difficult task that involves both financial and emotional stress.

One of the entrepreneur's most difficult dilemma is passing the baton from one generation to the next because it is a decision that has fiscal, equity and control implications as well as emotions dimension.

Unless it is clearly indicated who the next manager of the family business will be, some members may question the rationale for any choice made.

During this family meeting, the parents have the opportunity to ascertain the commitment of the children before affecting certain changes, like expansion.

Other importance of family business meetings are:

a)It helps to determine a successor where there is no obvious one.

b)It also helps in building strong family relationship.

c)It also communicates a positive message to the employees.

d)It also helps to build stronger family.

e)It also helps the entrepreneur in deciding on possible alternatives like whether to choose a non-family successor or to sell off the business.

In the case of a family business, the transition or succession plan should have the following:

a)The role of the owner in the transition stage.

b)Family dynamics.

c)Income for working family members and

shareholders.

d)The current business environment during the transition.

e)Treatment of loyal employees.

f) Tax consequences.

The above are the contents of a family business transition plan but in a situation whereby the family will continue to hold ownership of the business or a new generation is entering the business, a ‘Family Business Constitution’ document is prepared to provide a practical framework in which to gradually explore each of the areas in the business plan and define the preferred direction. It should also contain the family’s common goals/values/philosophies and ground rules agreed upon.

Transition is fastened if the heir of the family has received formal education and training, and has gained work experience working in different areas of the firm.

However, the heir must be motivated with good incentives and sees himself as a leader.

For succession to take place in family business, there should be effective communication policies and channels and all concerned be allowed to communicate their own idea about the future of the firm. There should also be the atmosphere for mutual trust and should be created among the family members and workers and they should be committed to the course of the business and be loyal to the leadership.

When the transfer is to non-member of the family, the entrepreneur who wishes to retire from the business may transfer the business to an employee or hire a manager to run it. The success of this arrangement depends on the ability of the entrepreneur and the employee to agree on such sensitive issues as ownership and control. The employee may negotiate to hold a controlling share of the business if he has enough financial capacity to make the necessary settlements and if there is an agreement then the entrepreneur may become a minor owner, a stockholder, or a consultant.

For a business to grow internally there should be strategic cutting down of cost which will lead to increment in the sale of products which as well will increase the profit. When the profit or part of the profit is ploughed back into the business, it will increase the plant capacity, procure more assets, motivate employees, advertise products or services, etc thereby generating much more profits, and cycle continues but when this is not achieved, the entrepreneur will resort to either acquisition or merger, both of which are external growth.

An entrepreneur resorts to acquisition or merger either to protect business against dwindling capital or to fortify the business in order to survive completion in the industry.

The major concern of an entrepreneur is not for momentary happiness, gain or merriment rather for greater gain and sustainability of business in even the nearest or farthest future and this is met only when an entrepreneur has personal or self discipline.