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CHAPTER NINE

E-Business

There are various aspects of this network economy such as e-business, re-commerce and e-trading. While e-business involves any form of business transaction including abstract and real objects, e-commerce deals directly with the exchange of goods and their fragment facilitated by electronic transaction. E-trading deals with the selling of financial instruments such as stock, bond and treasuries. These aspects are further categorized to more specific details-

TECHNIQUES OF THE NETWORK ECONOMY

The driving force behind e-business is the Network Economy. As opposed to the supply chain economy, in which the product has a central position and consumers choices are strongly determined, the consumers, position is central. The individual wishes drive the activities of the total demand network. This can also be described as a push verses full strategy in the traditional, “supply-driven” economy, consumers can be pushed by retailers towards certain products in a full economy, it is demand as consumers decide where on the interest they decide to go, and pull is only those products that they specifically wants. The essence ofnetwork economy is the position of the consumer. E-commerce involves internal processes like production, inventory management, product development, risk management, fiancé, strategy development, knowledge management and human resources.

BASICS OF E-BUSINESS

Certain basics of e-business need to be known:

1. The parties (actors) you are dealing with:
(a) Customers
(b) Supplies
(c) Competitors
(d) government
2. The resources you should have at your disposal:
(a) Investment funds securing up
(b) Technology infrastructure
(c) Organization and personnel
(d) Strategy and policy, apply your resources
(e) (external) rules and regulations; setting boundaries
(3) The business functions to be performed
(a) Delivery: fulfillment and customer trust
(b) Finding information
(c) Procurement
(d) Promotions

(e) Product service development (including technology)
(f) Management
(g) Operations

E-BUSINESS PROCESS CYCLE

(1) Awareness(vision)
(2) Ambition (scope)
(3) Concept (road map)
(4) Realization (on the road)
(5) Exploitation

E-COMMERCE

It is the buying and selling of goods and services on the internet especially world wide web.

e-commerce can be divided into:

(1) E-tailing or virtual storefronts on websites with online catalogues, sometimes gathered into a virtual.
(2) The gathering and use of demographic data through web contacts.
(3) Electronic data interchange (EDI), the business to business exchange of data.
(4) E-mail and tax and their use as media for reacting prospects and established customers (for eg, with newsletters)
(5) Business-to-business buying and selling
(6) The security of business transactions

ELECTRONIC TRADING

Sometimes called e-trading is a method of trading securities (such as stocks, and bonds, foreign currency, and exchange traded derivatives electronically. It uses information technology to bring together buyers and sellers through electronic media to create a virtual market place. The NASDA, new York stock exchange (NYSE) Arca Nigeria stock and Globex are examples of electronic market places exchanges that facilitate electronic trading are regulated by the securities and exchange commission, while the majority of retail trading probably now happens over the interest, retail trading volumes are dwarfed by institutional, inter-dealer and exchange trading. The increase of e-trading has had some important implications:

- Reduced cost of transactions
- Greater liquidity-greater competition
- Increased transparency-tighter spreads

The key instruments for evaluating potential success of e-commerce in a specific region is head count, consumerism and mobile flow of capital.

CHAPTER TEN

MANAGING TRANSITION FROM START-UP TO GROWTH.

Business growth can be achieved through acquisition, merge and internal expansion, on the other hand the life cycle of and industry or fir is often depicted as an s-shaped curve. The life cycle is made up of four states. The first stage is, experimentation period in which sales and profits grow slowly following the introduction of a new product or firm. The second stage is the exploiting of sales, high profitability, and acceptance of product. The third stage is maturity during which the rate of growth is dependent to a large extent upon replacement demand. The fourth and final stage is decline during which time the firm faces the appearance of substitute products technological and managerial obsolescence, and saturation of demand for its goods. At a point in the life of many new ventures, transition must occur either for the reason of retirement or death of the owner, or expansion of the business whether the business is family owned or not, each case requires a succession or transition plan. A succession plan is a process in which leadership, and eventually ownership is transferred to a successor. According to European federation of accountants (2002) a succession plan should contain the following ten elements:

i. A statement of the distribution of ownership.
ii. The identity of the new leader or leaders.
iii. How the new leaders are to be trained for their roles.
iv. A definition of the roles of other key members of the business during the transition.
v. Mechanics for the purchase of sale of stakes in business.
vi. Taxation and legal consideration.
vii. Financial consideration
viii. A procedure for monitoring the process and dealing with disputes and problems.
ix. A timetable .

TRANSIT IN FAMILY BUSINESS

(1) Transfer to family members. As well, there are three general categories of factors that play a vital role in effective transition they include:
i. Preparation level of business heirs
ii. Ownership among family and business members, and
iii. Planning and control activities
(2) Transfer of non family members
(3) Transit for growth.

According to Emmanuel and Ugoji (2008), business combining are regulated in Nigeria by a number of legal instruments such as the investment and securities Act

(ISA) 2007, the companies and Allied Matters Act (CAMA) 1990, and the rules and regulations of the securities and exchange commission made pursue and to the ISA.

PERSONAL DISCIPLINE IN BUSINESS

The ability of the entrepreneur to stick to the right code of conduct or behavior in spite of his personal desires largely defends on his traits, attitudes and habits

(1) Traits-five of this personality traits have been identified Barrack et al (19991) and they include: extraversion, offenses to experience, agreeableness, conscientiousness and emotional stability

(2) Attitude however, entrepreneur attitude orientation, according to Stimpson et al (1991) consists of it broad dimensions such as achievement, self esteem, personal control and innovation. The three widely used valuation methods include: asset, cash flow and earning. Specific valuation enables the entrepreneur determine the present value of the company i.e valuing the company based on its future sales and profits. The formula for this calculation is as follows:

Present value of the company, $V = \frac{R(1+r) \cap ap}{(1+d)}$

Where R = current revenue level

r= expected annual rate of growth of revenue

K= expected amount of required capital

□= expected number of years between now and the liquidity date, also known as the holding period

n= expected after-tax profit margin at the time of liquidity

p= expected price/earnings ratio as of the liquidity date

d= discount rate

note, (i+d) is present value factor. To price the deal, divide the required capital (k) by the present company value (v) to obtain the minimum ownership for the investment required.