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CHAPTER 9

E-BUSINESS

INTRODUCTION:

E-business is known as electronic business. It involves any form of business transaction including abstract and real object. It is any business that takes place via digital process over a network. It is also an enabling technology that allows business entities to increase the accuracy and efficiency of conducting business. The impact of the network economy is felt more in developed economies where virtually all transactions are conducted electronically. This is possible due to the availability of requisite infrastructure. But developing countries suffer from inadequate ICT infrastructure, affecting their electronic readiness and have pushed far behind the level of application of the network economy.

Techniques of the Network Economy

E-business involves more than just selling online. The driving force behind e-business is the **Network Economy,** in which the customers position is central. Customers access to the network or internet is a prerequisite. This puts countries where access to internet is limited in a special position.

Basics of E-business:

1. The parties (actors) you are dealing with, they include the customers, suppliers, competitors, government.

2. The resources you (should) have at your disposal, they include investment funds, technology infrastructure, organization and personnel, strategy and policy, (external) rules and regulation.

3. The business function to be performed, which includes delivery, providing information, acquisition and sales, promotions etc.

Critical Success Factors For E-business In the Developing World

1. It fills a need of a group of users.

2. The users have sufficient means (financial resources) to make use of the services.

3. The necessary equipment and infrastructure is adequate in relation to the physical and geographical environment and accessible for a sufficient number of uses.

4. The target group has sufficient know-how-to make use of service,

E-business Process Cycle

1. AWARNESS (Vision): An overall vision of the organization is needed, including a clear image of the future structure of the e-business. It is very important that the different initiatives toward e-business are co-coordinated and will lead to the achievement of a shared goal.

2. AMBITION (Scope): The goal here is stated in terms of what kind of product will be sold to whom using the internet as a channel, and in what time frame that it must happen.

3. CONCEPT (Road map): This helps to anticipate each phase as described in growth model. The objective, the process, the concept of the changes must be stated.

4. REALIZATION (On the road): This is the actual implementation of (the changes within) the e-business phase.

5. EXPLOITATION: This is the absorbed changes by the (core) business of the organization.

E-COMMERCE

This means electronic commerce, which involves the buying and selling of goods and services on the internet especially World Wide Web. E-commerce includes retail shopping, banking , stock and bonds trading, auctions, real estate transactions,airline booking etc. E-commerce can be divided into;

1. E-tailing or Virtual Storefront and the Virtual Mall: The Web is rapidly becoming a multi-billion dollar source of revenue for the World's business. It is a place for direct retail shopping with its 24hour availability and is reached globally.

2. Market Research: This is the gathering of data about prospects and customers in unprecedented amounts through site registration, questionnaires etc.

3. Elactonis Data Interchange (EDI):This is the exchange of business data using an understood data format. It involves data exchange among parties that know each other well and make arrangement for one to one connection usually dial-up.

4. E-mail, Fax and Internet Telephony.

5. Business-to-Business buying and selling.

6. The security of business transaction.

ELECTRONIC TRADING

This is sometimes called e-trading and is a method of trading securities (such as stocks and bonds), foreign currency and exchange traded derivatives electronically. It uses information technology to bring buyers and sellers together through electronic media to create a virtual market place.

CHAPTER 10

MANAGING TRANSITION: FROM START-UPTO GROWTH

TRANSITION IN BUSINESS:

This is defined as a process in which a business undergoes a change and passes from one form of stage to another. There three major forms of business organization:

1. Single proprietorship, which is owned by an individual who is liable for the business liability and his death results in the termination of the venture.

2. Partnership, this is owned by a number of individuals who are collectively liable for the business liability and death of any of them results in the termination of the business.

3. Cooperation, here there is limit to the number of owners. The liability of the owner is limited to the amount invested and the death of any owner does not affect the continuity of the business.

TRANSIT IN FAMILY BUSINESS

A family business is a firm of any size in which the majority of direct and indirect decision-making right is in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouse, parents, child or children's direct heirs, and at least one representative of the family or kin is formally involved in the governance of the firm.

1. Transfer To Family Members: It is a difficult task to transfer a business to family members because it involves both financial and emotional stress. It is advisable for an entrepreneur to start early to hold family business meetings and prepare business succession plan. Such family business meeting gives an opportunity for family members to come together on a regular basis to discuss issues of interest to those family members involved in or who have an interest in business. Such meetings is very important especially in a situation where there is no obvious successor, it also helps to build family relations and builds stronger family.

2. Transfer To Non-Family Members: In this case, the entrepreneur who wishes to retire from the business may transfer the business to an employee or hire a manager to run it. The entrepreneur may decide to transfer the business to an employee if he intends to retain a share in the business. The employee may negotiate to hold a controlling share of the business if he has enough financial capital to make all necessary settlement. If an agreement is reached, then the entrepreneur may become the minor owner, a stock holder or a consultant. The entrepreneur may decide to hire a manager if the family intends to continue family succession in future.

3. Transit for Growth:
   A business can grow internally or externally. Internal growth involves cutting down cots, i ncreasing sales revenue thereby increasing profit and a better strate. In the alternative the e ntrepreneur will resort to either acquisition or merger, both of which are external growth st rategies.Acquisition is the purchase of all or part of another business fir by an entrepreneur . A merger is similar to acquisition but the major difference is that in merger, there may be just aninsignificant outflow or none at all. The offeror company acquires the offeree comp any's share by giving its own shares in exchange in full consideration.

Personal Discipline in Business

Also known as Self Discipline. Microsoft (2009) defines this as the ability to do what is necessary or sensible without needing to be urged by someone else. The ability of the entrepreneur to stick to the right code of conduct or behaviour in spite of his personal desires largely depends on his trait, attitudes and habits.

i.Traits: A significant portion of the variance in personality traits across people is accounted for by their genetic endowment according to Loehlim, (1992). Five of this personality traits have been identified and they include:

a) Extraversion: This refers to personality traits that deal with sociability, talkativeness, assertiveness and ambition.

b) Openness to experience: This trait manifests in a person who is open to novel experience and ideas as well as imaginative, innovative and reflective.

c) Agreeableness: This manifests in someone who is cooperative, trusting, forgiving, tolerat, courteous and soft-hearted.

d) Conscientiousness: This trait confers dependability, hard work and perseverance, all ofwhich enable the entrepreneur to be systematic.

e) Emotional Stability: This trait is especially important for those starting new business which usually accompanied by much stress, hard work, high risk, social isolation, pressure, insecurity, and personal financial difficulties.

ii.Attitudes: Attitude is the way we think or act. The relevant attitudes are considered below

a) **Career Attitudes:** This is the pattern of lifestyle an entrepreneur has towards his or her career, goals and business.

b) **Mental Attitudes:** The personal characteristics and mental attribute of individuals have a si gnificant impact on their work.

iii.Habits: This refers to things we do usually. Discipline is building good habits into reflexes which become part of life. Consequently, new habits may have to be substituted for old habits in order to help the entrepreneur prepare for future success. Planning, Decision-making and Managing business in Transition Situation

Planning, Decision-Making and Managing Business in Transition Situation

1. **Planning in Transition Situation:**

   Strategic planning is continuous, a three to fiveyear plan that includes all functions of the organization with the following outline.

   a) Business mission
   b) Situation analysis
   c) Internal environment analysis – includes a discussion of the venture's strength and

   weakness

   d) External environmental analysis – includes a discussion of the venture's opportunities and threats (industry and competitive analysis) in the market place

   e) Goal formulation
   f) Strategy formulation
   g) Formulation of programmes to meet goals
   h) Implementation
   i) Feedback and control

2. **Decision Making in Transition Situation:**
   Decision making may be defined simply as the process of making choices or reaching conclusions. It involves identifying and choosing alternative solutions that lead to a

desired state of affairs. Generally, an entrepreneur’s decisions are often influenced by the need for action, short decision window, a willingness to assume risk, and a few decision constituencies and have a short time span in terms of opportunity commitment.

3. **Managing business in transition situation:**
   By synergy the entrepreneur tries to integrate the newly acquired entity by harmonising it with the existing business in order to achieve the desired growth and high performance. Specific valuation enables the entrepreneur determine the present value f the company which is as follows:

   Present Value of the company, $$v=\frac{R(1+r)^{n}ap}{(1+d)}$$

   Where: R= current revenue level, r= expected annual rate of growth of revenue,

   K= expcted amount of required capital, n= expected number of years between now and the liquidity date, also known as the holding period, a= expected after tax profit margin at

the time of liquidity, p= expected price/earnings ratio as of the liquidity date, d= discount rate. N ote, (1+d) is present value factor. To price he deal, divide the required capital (K) by the present c ompany value (V) to obtain the minimum ownership for the investment required.

Stress and Pressures, and Various Resources Constraints Associated with Transition Stage of Business Growth

Stress may be simply defined as a person’s adaptive response to a stimulus that places excessive psychological or physical demands on that person. The stimulus also known as stressor refers to anything that induces stress. The stressor can be excessive for a particular individual for stress to result. This implies that each individual has his own threshold for stress.Stress emanating from a

good source, for example political appointment, getting a promotion is called

eustress while negative stress from sources such as pressure is called distress.

Resource constraints and business transition

Resources gap in business refers to lack of information, knowledge, inputs and physical assets or evenworking capital which could induce stress. Transit in business could also induce stress theref ore in order to manage stress in business one can apply the following:

i. Exercise

ii. Relaxation

iii. Time Management

iv. Role Management

v. Support groups