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CHAPTER SUMMARY OF CHAPTER 9 AND 10

Chapter 9: E-business

E- Business is an aspect of network economy that deal with transaction made possible by electronic means. Here the use of internet is very paramount. In a layman view, E-business (electronic business) simply means trading online, this doesn't mean only selling and buying online. E-business ranges from commercial exchange of goods, services to exchange of information and ideas. This kind of business is more efficient in developed countries where the basic environment such as strong and accessible internet is available. This has enable trading to be easy and fast. One does not need to travel miles before one can buy his or her desired goods. It is a collapse of space and time between business partners.

Basics of E-business

Before an organization moves into electronic business, the following must be understood by the organisation.

- The parties (ACTORS) which involve customers, suppliers, competitors and government.
- The resources you have at your disposal; investment fund: setting up, technology infrastructure, organisation and personnel, strategy and policy: applying your resources, (External) rules and regulations: setting boundaries.
- The business functions to be performed; Delivery fulfilment and customer trust, providing information, Acquisition and Sales Promotions, procurement, and product or service Development (including technology), management, operations.

The Essence of E-business

This answer the question: why E-business? Since we live in a vast world where technology is the only fast way we communicate, E-business is necessary. E-business does not only mean selling of goods, it can also be selling of ideas.

Critical Success Factor for E-Business in the Developing World

The success of an e-business depends on at least the following factors:

- It fulfils a need of a group of users.
- The users have sufficient means (financial resource) to make use of the service.
- The necessary equipment and infrastructure is adequate in relation to the physical and geographical environment and accessible for a sufficient number of users.
- The target group has sufficient know-how to make use of the service.

E-Business Process Cycle

This covers the process of setting a business platform, progress of the business, development of the business, technology requirement, security and many others. Under this, there are five stages as follow:

- Awareness (vision); this is the vision of the organization clearly stated.
- Ambition (scope): what does the business covers, the goal of the business in market economy.
- Concept (roadmap): this help to anticipate each phase of growth model of the business.
- Realization (on the road): this is the actual implement of the e-business phase.
- Exploitation: once the implementation has taken place the changes should be absorbed by the (core) business of the organization.

E-commerce

This entails buying and selling of goods and services on the internet, especially the World Wide Web. This is strictly different from E-business. E-commerce can be divided into:

- E-tailing or virtual storefront on Websites with online catalogues, sometimes gathered into a virtual wall.
- Electronic Data interchange (EDI), the business to business exchange of data.

- E-mail and fax and their use as media for reaching prospects and established customers (for example, with newsletters).
- Business-to business buying and selling.
- The security of business transactions.

E-Tailing of Virtual Storefront and Virtual Mall

This is a kind of online shop where customers book for goods and services. It is more of retail shopping and it is available in 24 hours.

Electric data interchange (EDI)

EDI is the exchange of business data using an understand data format. It is liken to a phone call between two parties arranging to meet on one to one. From research, soon or next, EDI will be replaced by XML format such as ebXML.

Business-to-business buying and selling

Here companies all over the world interact with other companies and share information.

The security of business transactions

In business, security is top-most because an easy way to your business secret can cripple your business. One of the world widely-used security technologies is the Sockets Layer (SSL), built into most leading browsers like opera mini.

Electronic Trading

Electronic trading, sometimes called e-trading, is a method of trading securities (such as stocks, and bond foreign currency) and exchange traded derivatives electronically. Here the trading is basically asset under the regulation appropriate Securities and Exchange Commission. Here the use of information technology is really helpful being that it brings people together to buy and sell their asset on the virtual market. Under E-trading we have broadly two types -

- Business to Business (B2B) trading: where large investment banks and brokers trade directly with one and another, transacting large amounts of securities.
- Business-to-Customer (B2C) trading: where retailers sell directly to consumers in relatively small amount.

Before the advent of E-trading, businessmen use their various dressing code to denote the kind of business they do. E-trading has helped in the following ways.

- ❖ Reducing the cost of transaction
- ❖ Create greater competition
- ❖ Increased transparency
- ❖ Tighter spreads: the 'spread' on an instrument is the difference between the best buying and selling prices being quoted; it represents the profit being made by the markets.

Practical Application of e-techniques in business, commerce and trading

Some of the areas where e-techniques has helped to facilitate business are

- ❖ Electronic Banking: people can do all kind of transaction online.
- ❖ Usage of virtual terminal network (VTN) where one can easily make purchase online or even through the use of GSM mobile phone. Money can safely be transferred from VTN account of buyer to that of merchant or person to person transfer.

E-Readiness

Electronic readiness is a measure of the degree of readiness, willingness or preparedness of a country, nation or economy to obtain benefits that arise from information and communication technology (ICT). This measure is often used to gauge how ready a country is to partake in electronic activities such as e-commerce and e-government. In most times, e-readiness is rated by the number of telephone lines per 100 people, or the percentage of GDP spent on IT infrastructure. The results are usually tabulated and can be used to measure comparisons between countries in the form of ranking as well as longitudinal studies within countries.

For a country to raise its E-readiness, she must give a proper intension to ICT's development and awareness. One way is to initiate fair ICT policies that will favour not only ICT personnel but the entire population. Some of the ways are listed below:

- ❖ Raising public awareness of the role of ICT in development and providing training in ICT skills.
- ❖ Providing affordable and quality access to the internet and other technologies.
- ❖ Promoting ICT among small and medium-sizes enterprises.
- ❖ Putting in place a legal framework for online transactions and etc.

Catalyst for the E-Commerce Revolution

The following suggestions can quicken the development of e-technique.

First and foremost, as the retail industry gets organized in Nigerian, the overall supply chain infrastructure will see a significant improvement with a solid supply chain infrastructure in place, distributors will be able to fulfil online orders more efficiently. Secondly, organized retailers will push for standardization across manufacturers and fulfilment partners. If we look at categories such as clothes and shoes, one of the bigger reasons consumers do not like shop online is that they do not know what they are getting in terms of size, quality and fit. However, as standardization begins to emerge in the quality as well as attributes of products, consumers will feel more confident in purchasing online, without needing to touch and feel the physical product. This is currently the reason why the most popular online retail items for now are GSM airtime and books.

Chapter 10: Managing Transition: from start-up to growth

The chapter discuss how a growing business can be managed from start-up to growth. Business has three stages: start-up – where you plan on how to start the business, Growth stage – here your business expands and spreads, and finally exit stage or transition – where you decide to close the business, sell it off or handle over it to your family or a manager on a fair agreement.

First and foremost, let us see what transition in Business is. In accordance with Azubike Achike – the writer of the chapter, 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. This means business has stages. Azubike stated that there are four stages in business transition – the first stage is experimentation period in which sales and profits grow slowly following the introduction of a new product. The second stage is the exploitation period in which the firm enjoys rapid growth of sales, high profitability, and acceptance of product. The third stage is maturity during which the rate of growth of sales begins to slow down where 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. Business transition is not one day thing as explained by Azubike; it is a critical thinking that results in fruitful harvest. If you fail to plan for your business, your business may collapse.

Transition in business revolves around internal and external growth. Internal growth is achieved in the normal course of business by strategically cutting down costs, increasing sales revenue thereby increasing profit. Part of the profit is ploughed back into the business increase the plant capacity, procure more assets, motivate employees, advertise products or services, etc, thereby generating much more profit and the cycle continues. On the other hand, the owner, being subject to some constrain, may decide to merge (combine with other strongly businesses to form a single firm) or acquire those smaller business. This is what is referred to as external growth.

Now that the business is growing, we need continuity to maintain such growth. This is where personal discipline in Business comes in. Azubike explained what personal discipline is by referring to Microscope (2009) definition as ‘Ability to do what is necessary or sensible without needing to be urged by somebody else.’ Azubibe identifies some significant terms that keeps or stop on entrepreneur growing. They are:

- Traits: This is genetic make-up; which includes extraversion: dealing with sociality, talkativeness, assertiveness and ambition. Openness to experience: willing to learn from others; agreeableness: manifests in someone who is cooperative, trusting, forgiving, tolerant, courteous and soft-hearted; conscientiousness and finally emotional stability.
- Altitudes: also called career altitude, concern with how an entrepreneur thinks, mental altitude which is concern about personal characteristics and mental picture regarding your business.
- Habits: the things we do often or regularly.

Now after understanding transit for growth, it is expedient that an entrepreneur knows the exact time for planning, decision making, and managing business in transition situation.

1. Planning in transition situation

Planning is the management function that involves setting goals and deciding how to best achieve them. Azubike made us to understand that planning is a process not instantaneous decision. If a business must be transited successfully, the place of planning cannot be left out. A good transit plans must have the following

- Business Mission
- Situation analysis
- Internal environmental analysis: includes a discussion of the venture's strengths and weaknesses
- External environmental analysis: includes a discussion of the venture's opportunities and threats (industry and competitive analysis) in the market place
- Goal formulation
- Strategy formation
- Formation of programmes to meet goals
- Implementation, feedback and control.

2. Decision making in transition situation

For a good and successful transition, an entrepreneur should treat the decision making process with caution. Decision making revolves around the choices made regarding a particular matter.

Azubike noted; according to European Federation of Accountants (2002) a succession plan should contain the following ten elements.

- A statement of the distribution of ownership
- The identity of the new leader or leaders
- How the new leader are to be trained for their jobs
- A definition of the roles of other key member of the business during the transition.
- Mechanics for the purchase or sale of stakes in business
- Taxation and legal considerations
- Retirement considerations
- A procedure for monitoring the process and dealing with disputes and problems.
- A timetable.

3. Managing business in transit situation

In family business, transfer to successors induces several changes both in the owing family and in the firm. An entrepreneur has to learn a more effective way of managing the transfer of the business. Various techniques can be used to manage transit. Some of the outlined ways are

- Employing family protocol which is a system of principles and rules that can help to regulate family relationship. Family meeting is another tool that can help the business to grow.

Now let us see how business is transited. Azubike identified transit in family Business. The idea is how a family business is peacefully and successfully transferred. The reason why it is important to look into this is because several cases of family fighting over an inherited business has surface over the year. Family business can be transit to family members; where family fully take responsibility of managing of the business. Family business can as well be transfer to non-family members. Here the owner of the business look for an appropriate and a qualified manager to manage the business. This may be because there is no strong tide among family members which is best known to the owner.

Furthermore, the issue of business growth is paramount not only that it is needful but that a static business is not a business at all. A business is needed to be transited for its continuity. When a decision has been taken to acquire a business, primary concern of the entrepreneur will be to determine a fair price for the business. This will take into consideration the past and present earnings of the business.

STRESS AND PRESSURES, AND VARIOUS RESOURCES CONSTRAINTS ASSOCIATED WITH TRANSITION STAGE OF BUSINESS GROWTH

Meaning of stress

In the words of Gibbon, Ivancerich and Konnelly (1998) as stated in Azubike (2011), stress simply means a person's adaptive responsive to a stimulus that places excessive psychological or physical demands on that person. What causes stress is called stressor which can be physical as in stress as a result of hard work and psychological as in emotional stress. Stressor has various measures of management which differ in individual. Stress can also be positive or negative.

A positive stress is for good. An example is a manager being promoted to a director which calls for more stress but good. A negative stress is a stress that brings negativity. An example is increasing the working hour of labourers in a company without an increment in their salaries.

Resources Constraints and business transition

Resource gap in business organisation may take various forms such as lack of information, knowledge, inputs and physical assets or even working capital. For a business in the growth stage cash flows and working capital are very important. Hence the firm will need outside financing.

Ways of managing stress

Stress can be managed by the doing the following:

- Exercise
- Relaxation
- Time management
- Role management: the entrepreneur needs to focused and firm in the performance of his duties especially where it concerns what is convinced about.

- Support groups: refer to a group of family members or friends can help in managing stress.