SUMMARY OF E-BUSINESS AND MANAGING TRANSITION FROM STARTUPS TO GROWTH

The network economy is developing rapidly all over the world. This is made possible by the availability of requisite infrastructure or what is referred to as degree of electronic readiness.

Developing economies suffer from inadequate ICT infrastucture. This has affected their electronic readiness and has pushed far behind the level of application of the network economy.

TECHIQUES OF THE NETWORK ECONOMY

E-business is any business transaction that takes place via digital processes over a network. It involves more than just selling products online. It is also an enabling technology that allows business entities to increase the accuracy adn efficiency of conducting business. The driving force behid e-business is the Network Economy. Consumers' choices are strongly determined by the product positioning, in the netwrodk economy. This can also be described as a push versus a pull strategy.

In the traditional, "supply-driven" economy, consumers can be pushed by retailers towards certan products. In a pull economy, it is demand that drives consumers towards certain products, as consumers decide where on the internet they decide to go, and pull in only those products that they specifically want. Therefore, the type of services provided by e-business in developing countries need to take these factors into account and provide alternative sales mechanisms.

In response to the changes involved in the network economy, organisations are inventing new ways of marketing, selling adn partnering as new business models are required to address customer demands. Due to improved interfacing mechanisms, the same digital information can be accesse from different deveices (computers, faxes, mobile phones adn other handheld devices). This also makes it increasingly simple to obtain information, to order a product or simply to do a task, irrespective of one's geographic location.

E-BUSINESS AND ITS IMPACT

E-buisness can be looked af from different points of view adn as a consequence, there are many definitions:

1. The commercial exchange of goods, services, information adn/or ideas between two or more parties enabled by an electronic medium.
2. A collapse of time and space between business partners. This is a fresh way of looking at e-business.

3. The transition to the ‘new world’, the network economy, having impact on how business are organised and deal with their customers adn partners.
4. Creating the Web Enabled Enterprse. The web-enabled enterprise defines the changes that web-technology will bring to organisations.

CHANGES ENABLED BY TECHNOLOGY PUSH

Converting Channels

The enabling technology comprises the supply-side of the equation. Two common examples point out the effect this convergence will have on the way we do business. First, communication media such as fax, data, voice and video can increasingly be transmitted through the same infrastructure. Second, access to (for example) educational content from geographically distant schools and universities brings learning materials and opportunities closer to those that were previously excluded.

DIVERGING CHANNELS

Through improved interfacing mechanisms, the same digital information can be accessed from different devices (computers, faxes, mobile phones, handheld devices, etc). Therefore, e-business can be aptly described as:

- Application of electronic network technology to relevant business processes.

- Replacement of paper-based, human-agent based or telephone-based personal transaction.

E-business is not e-commerce which involves exhanges aong customers, business partners adn the vendors. E-business include these external-oriented processes. E-commerce involves internal processes like production, inventory management, product development, risk management, finance, strategy development, knowledge management and human resources.

BASICS OF E-BUSINESS

They include:

1. The parties (actors) you are dealing with – customers, suppliers, competitors and government.
2. The resources you (should) have at your disposal – Investment funds: setting up, technology infrastructure, organisation and personnel, strategy and policy applying your resources and (eternal) rules and regulationns: setting boundaries.
3. The busiesss functions to be performed – Delivery (fulfillment and customer trust), providing information, acquisition and sales, promotions, procurement, product or service development (and technology), management and operations.

THE ESSENSE OF E-BUSINESS

Today, technology positions itself in a far more prominent place. Technology no longer just follows business requirements, but also creates possibilities. The system is the business and the business is the system. In e-business, technology tells the business what can be done in smarter ways. A careful balance between business needs and technology possibilities is required to be successful in e-business. Technology not only can make business more effient but also can make business more effective in targeting and reaching markets.

CRITICAL SUCCESS FACTORS FOR E-BUSINESS IN THE DEVELOPING WORLD

They include:

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

Distance – ICTs can help overcome (physical) barriers such as distance.

E-BUSINESS PROCESS CYCLE

This describes an approach to handle all interlinked issues. This model can be used to progress from one stage in the Growth Model to the next. The five stages are:

1. Awarenes (vision): To start an overall vision of the organisation is needed, including a clear image of the future structure of the e-business.
2. Ambition (scope): An organisation must identify what kind of role it wants to play in the Network Economy.
3. Concept (roadmap): A roadmap can help anticipate each phase as described in the Growth Model. In this roadmap the objective, the process, the output as well as the content of the changes should be stated.
4. Realization (on the road): This is the actual implementation of (the changes within) the e-business phase.
5. Exploitation: Once the implementation has taken place the changes should be absorbed by the (core) business of the organisation.

E-Commerce

E-Commerce (electronic commerce or EC) is the buying and selling of goods and services on the internet, especially the World Wide Web. For online retail selling, the term e-tailing is sometimes used. E-commerce includes retail shopping, banking, stocks and bonds trading auctions, real estate transactions, airline booking. E-commerce can be divided into:

- E-tailing or virtual storefront and the virtual mall
- The gathering and use of demographic data through web contacts

- Electronic Data Interchange (EDI), the business-to-business exchange of data
- The security of business transactions
- Business-to-business buying and selling
- E-Mail, fax, and internet telephony

Electronic Trading (e-trading) is a method of trading securities (such as stocks, an 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. There are broadly two types of trading in the financial markets:

- Business-to-business (B2B) trading
- Business-to-consumer (B2C) trading

The increase of e-Trading has some important implications:

- Reduced cost of transactions
- Greater liquidity
- Greater competition
- Increased transparency
- Tighter spreads

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 technologies (ICTs).

Catalysts for the e-Commerce Revolution

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

1. As the retail industry gets organised in Nigeria, the overall supply chain infrastructure will see a significant improvement.
2. Organised retailers will push for standardization across manufacturers and fulfilment partners.
3. Technology automation across the value chain.
4. A conscious effort to standardize our payment system along with global trends – specifically, universally accepted instruments such as Visa and MasterCards should be adopted as secure means of online payment.

MANAGING TRANSITION 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. From a technical and legal standpoint, there are three major forms of business organisation: the single proprietorship, the partnership and thecorporation. The single proprietorship is owned by an individual who is liable for the business liability and his death results in the termination of the venture. Partnership is owned by a number of individuals who are collectively liable for the business liability and the death of any of them results in the termination of the business. In the case of corporation, there is no 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. Business growth can be achieved through the acquisition, merger and internal expansion.

The life cycle of an industry or firm is often depicted as an s-shaped curve. The cycle is made up of four stages. 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 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 sales begins to slow down, where grouth 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. 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.

TRANSIT IN FAMILY BUSINESS

A family business is a firm or any size in which the majority of direct or indirect decision-making rights is in the possession of the natural person(s) who has/have acquired the share capital of the firm. Many entrepreneurial ventures are established as a sole proprietorship or partnership family businesses. One major concern of this form of business is continuity.

TRANSFER TO FAMILY MEMBERS

Transferring a business to family members is a difficult task that involves both financial and emotional stress. In order to avoid crises, the entrepreneur should start early to hold family business meetings and prepare business succession plan. A family businesss meeting is 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 the business. The scope of membership in the meeting varies from family to family. It also affords the parents the opportunity to ascertain the committment of their children before effectinng certain changes.

An effective succession plan needs to consider the following critical factors:

i. The role of the owner in the transition stage: will he or she continue to work full time, part time, or retire:
ii. Family dynamics: are some family members unable to work together?
iii. Income for working family members and shareholders.
iv. The current business environment during the transition
v. Treatment of loyal employees
vi. Tax consequences.

In the event where the family will continue to hold ownership in the business and/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. There are three general categories of factors that play a vital role in effective business transitions.

i. Preparation level of business heirs;

ii. Relationships among family and business members; and

iii. Planning and control activities.

TRANSFER TO NON-FAMILY MEMBERS

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 adopts the option of transferring the business to an employee if he intends to retain a share in the business. In this case, he selects a competent employee to manage the affairs of the business. The success of this arrangement will depend on the ability of the entrepreneur and the employee to agree on such sensitive issues as ownership and control.

TRANSIT FOR GROWTH

The business of an entrepreneur may grow internally or externally. Internal growth is achieved in the normal course of business by strategically cutting down costs, increasing sales revenue therey increasing profit capacity. But even with a high profit retention ration, the entrepreneur may not be able to achieve much growth due to the growing hyper competition. In the which are external growth strategies.

Acquition is the purchase of all or part of another business firm by an entrepreneur. Acquisition according to Jennings Offeror (acquiring) company to the offeree (acquired) company’s shareholders as consideration for their holdings. A merger is similar to acquisition but the major difference is that in merger, there may be just an insignificant outflow or none at all. The offeror exchange in full consideration. An enterpreneur resorts to acquisition or merger either to protect his business against dwindling capital or to fortify the business in order to survive completion in the industry.

PERSONAL DISCIPLINE IN BUSINESS

Another term for personal discipline is self-discipline. Microsoft (2009) defines this as the ability to do what is necessary or sensible without needing to be urged by somebody else. An entrepreneur is a person who has ability to see and evaluate business opportunities; gather the necessary resources to take advantage to them; and initiate appropriate action to ensure success. Success of the entrepreneur depends on his willingness to accept responsibility for his work.

Being an entrepreneur is more tha a job or a career. It is a challenging lifestyle that requires certain principles. This is because an entrepreneur being the boss is in total control of himself and his business activities. Hence without personal or self discipline he is bound to abuse his freedom. But with self discipline it is possible to forgo instant and immediate gratification and pleasure, favour of some greater gain or more satisfying results in business even if this requires effort and time. Starting an enterprise is a difficult entrepreneurial act. It may involve any of the following: creation of new product or service; creation of new uses for existing products or services; creation of new delivery system for existing products or services; creation of new environment for existing products or services. Expanding a business makes it tend towards a more structured organisation. The ability of the entrepreneur to stick to the right code of conduct or behaviour inspite of the personal desires largely depends on his traits, attitudes and habits.

1. **TRAITS**

   a. Extraversion: this refers to personality traits that deal with sociability, talkativeness, assertiveness and ambition. This is an important trait that enables the entrepreneur to interact with investors, employees and customers.

   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. The entrepreneur needs this characteristic to explore new ideas and device innovative methods for development of product and organisation of business.

c. Agrrableness: this manifests in someone who is cooperative, trusting, forgiving, tolerant, courteous and soft-hearted. But such a someone to pursue his own self-interest, drive difficult bargains, or use others to achieve his objective. Such a person has tendency to be more skeptical than others.

d. Conscientiousness: this trait confers dependability, hard work and perseverace, all of which enable the entrepreneur to be systemative and thoughtful to achieve his goals. The trait is also needed to overcome obstacles.

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. It enables the entrepreneur to work in streesful and unorganized environment without demarcation between family life and work life.

2. ATTITUDES

Human beings are said to have stable set of attitudes. It consists of 4 broad dimensions such as achievement self esteem personal control and innovation.

a. Career Attitudes: Attitude is the way we think or act. Entrepreneurs select a career which will allow them the freedom to express themselves creatively as well as permit personal and professional growth. When starting their career they pattern out their actions after successful entrepreneurs who are in the same kind of business. Entrepreneurs easily adapt to the changing conditions and allow use the change to motivate themselves for achieving higher goals.

b. Mental attitude: The personal characteristics and mental attributes of indivuals have a significant impact on their work. Good entrepreneur use their imagination to expand their thoughts and think big. Positive mental attitude helps entrepreneurs focus on desired activities and events as well as the potential results.

3. HABITS

Habits refer to the things we do usually or regularly. Discipline is building good habits into reflexes which becone part of our life. However, good habits are difficult to master, but once acquired they become invaluable especially during transition. The transition between early development and growth is a dangerous time for companies and entrepreneurs. Everthing changes during time. Everything is in flux.

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. Planning may be strategic, operational or tactical. A strategic plan is a general plan outlining decisions of resource allocation, priorities and action steps necessary to reach strategic goals. It applies to the entire organization and is developed by top management in consultation with board or directors. On the other hand tactical plan is a means of supporting strategic plans developed by middle management using internal data covering a period of 1 – 3 year period.

   Planning is a process that has no end in any organization. As the venture evolves from an early start-up to a mature business, planning will continue as management seeks to meet its shor-term or long-term business goals. Planning at the early stages of the business assumes that not important decision will be made without the knowledge and consent of the entrepreneur. Business planning enables him to have the right information at the right time in order to make the right decisions. At this stage, planning is generally limited to cash forecasts and the major business focus is ensuring that the company has sufficient cash flow to meet obligations as they come due.

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 alternatives solutions that lead to a desired state of affairs. The process begins with a problem and ends when a solution has been chosen. To achieve a successful transition, a framework is required for decision making within the three realms of family business, namely: the family, the owners, and the business. The decisions affect not only the owners and workers directly involved in the transaction but everyone within the family system.

3. Managing business in transition situation: in a family business, transfer to successors induces several changes both in the owning family and in the firm. Family transition often results in what is called generational drift which is a natural phenomenon that can produce fragmentation in the ownership of a family business when it is not controlled by specific succession policies. This may lead to managing the exit of some family members. Another possibility of generational drift is “cooling off” which

means that the relationships between family members become looser and as a result, their identification with the firm is reduced.

A complex family business may form a holding company to strengthen family control of the business and avert hostile take-over. This method can be employed to raise funds without losing control over the firm. Family protocol which is a system of priinciples and rules can help the family to regulate family-firm relationship. Selection of family leader is a sensitive issue but can be managed effectively by employing the technique of family business meetings and also family protocol.

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

Meaning of stress

In the words of Gibson, Ivancerich & Konnelly (1998) stress may be simply defiined as a person’s adaptive response to a stimulus that places excessive psychological or physical demands on that person. The stimulus also known a stressor refers to anything that induces stress. Stress may be positive or negative. When stress emanates from a good source, it is called eustress. But negative stress is called distress. But it is important to note that stress can either be good or bad, it can motivate or stimulate and can lead to any number of dangerous side effects.

RESOURCE CONSTRAINTS AND BUSINESS TRANSITION

Resource gap in business organisations may take various form 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. At this stage, the firm strives to maintain and protect its market share little or no growth especially in a competitive market. Organisational stressors are factors in the workplace that can cause stress. Entrepreneurs may be affected by Task Demand Stressors which are associated with the specific job a person is performing. Stress generally increases throughout an organisation during a period of layoffs or immediately following a merger with another firm. Another entrepreneur in his organisational setting.

Working under stress gives rise to a number of conseqences which may be either positive or negative. An entrepreneur can apply the following coping stategies in managing stress in his business especially in transition situations:

i. Exercise: exercise improves health and reduces the chances of a heart attack which is often associated with prolonged stress.

ii. Relaxation: the entrepreneur is encouraged to go on vacation periodically. Most importantly, he should take regular break daily to rest during his normal work day.

iii. Time management: this is a good way to manage stress. Every morning, the entrepreneur should make a list of the things to be done well arrangement in their order of importance. The entrepreneur will personally perform the important tasks and delegate the trivial or optional ones.

iv. Role Management: The entrepreneur needs to be focuses and firm in the performance of his duties especially where it concerns what is convinced about. He should say no where that is the best answer.

v. Support groups: support group which refers to a group of family members or friends can help in managing stress. Interacting with such people, for example playing or talking with them will go a long way to reduce stress.