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DEPARTMENT: COMPUTER SCIENCE

COURSE: BUSINESS DEVELOPMENT AND MANAGEMENT (CED 342)

Summary of chapter nine and ten of the text book
Topic: E-business and Managing Transition: from start up to growth

E-business is any form of commercial transactions that comprises sharing information's across the internet. This business is a kind of globalized economy in the sense that one can join irrespective of geographical location. Aspects of network economy includes e-business, e-commerce, and e-trading. The network economy is usually observed in developed country where all transactions are conducted electronically. This kind of process is effective in such countries because of availability of infrastructure or what is referred as degree of electronic readiness. The degree of electronic readiness is measured by some variables. These variables includes the number of persons per 100 that have access to internet ,number of persons per 100 who possesses computer, the percentage of gross domestic product that is spent on ICT information etc. One of drawback of network economy in developing economies is lack of ICT infrastructure.

Push versus a pull strategy is the technique used in network economy whereby the individual's wishes drive the activities of the total demand network. The impacts of E-business could be in converging form or diverging channels.

Fundamentals of E-business includes the followings:

1. The parties (actors) you are dealing with: customers, suppliers, competitors, government.
2. The resources you (should) have at your disposal: investment funds: setting up technology, infrastructure, organization and personnel, strategy and policy: applying your resources, (external) rules and regulations: setting boundaries.
3. The business function to be performed: Delivery: fulfillment and customer trust, providing information, acquisition and sales, promotions, procurement production or service development (including technology), management, operation. The essence of E-business is that technology tells the business what can be done in smarter ways. Therefore-business needs craftsmanship,

strategic insight and entrepreneurial skills. The success of an e-business depends on some factors including:

1 .It fulfills a need of a group of users;

2. The users have sufficient mean (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 for a sufficient number of users;

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

Again, E-business has a process cycle which is called E-business process cycle. It is like a model used to progress from one stage of growth model to another. The process cycle a continuous process of development and renewal and not a time framed project. The cycle involves five stages namely:

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

E-COMMERCE OR ELECTRONIC COMMERCE (EC):
It is an aspect of network economy where buying and selling goods and services are on the internet, especially the World Wide Web. E-commerce can as well include banking, retail shopping, stocks and bonds trading, auctions, real estate transactions, airline booking, movie rental etc.
E-commerce can be further be divided into:
1. E-tailing or virtual store fronts on websites with online catalogue, sometimes gathered into a virtual mall.
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 fax and their use as media for reaching prospects and established customers (e.g. with newsletter).
5. Business-to-business buying and selling.
6. The security of business transactions.

ELECTRONIC TRADING (E-TRADING)
It is a method of trading securities (like stocks and bonds), foreign currency, and exchange traded derivatives electronically. Exchanges that facilitate electronic trading are regulated by the Securities and Exchange Commission.
In financial markets, there are two types of trading namely:
1. Business-to-business (B2B) trading and
2. Business-to-consumer (B2C) trading.
Some implications of E-trading includes the followings:

A.Reduced cost of transactions.
b. Greater liquidity
c. Greater competition
d. Increased transparency.
e. Tighter spreads.
Some of the practical application of e-techniques in business, commercial and trading are:
A.Electronic banking (use of ATM machines, use of debit and credit cards, deposits and withdrawal etc.).
B. Online displays of goods and services such as vehicles, machineries, books, jewelries etc.
C. Payment of institutional tuitions and examination fees (NECO, WAEC, JAMB etc.), registration of courses online.
D. In tourism sector, local tourism provider use the internet to market their offers directly online. The e-techniques removes queuing and other time wastages associated with such activities previously.
E. Outstanding and VTN (Virtual Terminal Network).

E-READINESS

It is a measure of the degree of wiliness or preparedness of a country, nation or economy to embrace electronic activities. The e-readiness is represented in terms of indices and countries are rated based on some criteria's which includes; the number of telephone lines per 100 peoples, or the percentage of GDP spent on IT infrastructure. Usually, the results are tabulated and can be used to measure compares between countries in the form of rankings, as well as longitudinal studies within countries. VTN processes transactions made online. Money is safely transferred from VTN account of buyer to that of merchant or person to person transfer.

There are some lapses of network economy which includes the followings:
1. Poor ICT infrastructure
2. Low income.
3. Lack of awareness of e-business, e-commerce and e-trading issues.
4. Inadequate legal and regulatory framework.
5. Absence of trust
6. Network payment and secure transaction services etc.

Therefore, there is a need to create strategy in order to reduce the setup and operational costs for business. These are:
1. Reduce the requirements for participating in e-business by separating the trust, secure transaction from the network payment services.
2. Target the businesses in the supply industry with trading partners in industrialized countries where there is an adequate ICT infrastructure and payment services etc.

Catalysts for the E-Commerce Revolution: These are some of contributions to support the development of e –techniques:
1. Solid supply chain infrastructure
2. Technology automation across the value chain
3. Standardizing across manufacturers and fulfillment partners.
4. Standardizing our payment system along with global trends.

MANAGING TRANSITION: FROM START-UP-TO GROWTH

TRANSITION IN BUSINESS

Transition in business refers to stages or changes that a business passes through. The transition could be external or internal in its stage of growth.

FORMS OF BUSINESS

There are three major forms of business organization namely:

1. Single proprietorship
2. Partnership
3. Cooperation

1. Single proprietorship is owned by an individual who liable for the business liability and his death leads to the closure of the business.
2. Partnership is owned by a number of persons who are collectively responsible for the business liability and the death of any of them leads to closure of the business.
3. Cooperation has no limit to the number of owners and the liability of the owners is limited to the amount invested and death of any owner does not affect the continuity of the business.

Business growth can be achieved through acquisition, merger, and internal expansion. The life cycle of an industry or firm is made up of four stages: experimentation period, exploitation period, maturity and decline. Reasons why transition occurs are retirement, death of the owner, expansion of the business.

TEN ELEMENTS OF SUCCESSION PLANS ARE:

1. A statement of the distribution of ownership.
2. The identity of the new leader(s).
3. How the new leaders are to be trained for their roles.
4. A definition of the roles of other key members of the business during the transition.
5. Mechanics for the purchase or sale of stakes in business.
6. Taxation and legal considerations.
7. Retirement considerations.
8. Financial considerations.
9. A procedure for monitoring the process and dealing with disputes and problems.
10. A timetable.

TRANSIT IN FAMILY BUSINESS

A family business is a firm in which the most of direct or indirect decision making rights is in the possession of the natural persons who has acquired the share capital of the firm, or in the possession of their spouses, 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. One major concern of this form of business is CONTINUITY.

1. TRANSFER TO FAMILY MEMBERS: Here, family meetings are held in which it help improve family relations, communicate a positive message to the employees, and build a stronger family. The meeting helps the entrepreneur decide on possible alternatives like choosing a non-family successor or selling off the business.

FACTORS CONSIDER IN SUCCESSION PLAN.

1. The role of the owner in the transition stage: will he or she continue to work full time, part time, or retire?
2. Family dynamics: Are some family members unable to work together?
3. Income for working family members and shareholders.
4. The current business environment during the transition.
5. Treatment of loyal employees.
6. Tax consequences.

For effective business transitions, factors such as;

1. Preparation level of business heirs;
2. Relationships among family and business members and
3. Planning and control activities are being considered

2. 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.

3. TRANSIT FOR GROWTH: The business may grow internally or externally .Internal growth is obtained by cutting down costs, increasing sales revenue thereby increasing profit.

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 depends on his traits, attributes and habits.

1. TRAITS: variance in the who becomes an entrepreneur and personal traits is accounted for by genetic factors. The five personality traits are extraversion, openness to experience, agreeableness, conscientiousness, emotional stability.

2. ATTITUDES: Human beings are said to have stable set of attitudes. It consist of four dimensions namely: achievement, self-esteem, personal control, innovation. Attitude can also be career attitudes and mental attitude.

3. HABITS: refers to what we do regularly.

PLANNING, DECISION MAKING AND MANAGING BUSINESS IN TRANSITION SITUATION.

Planning in transition situation, planning is a continuous process in business. This helps in the organization to move in a focused direction. These are some criteria in planning process; mission of the business; situation analysis, internal environment analysis, external environment analysis, goal formulation, strategy formulation, formulation of programs to meet goals, implementation, feedback and control.

Business planning enables the entrepreneur to have the right information at the right time in order to make the right decisions. Successful businesses will need to prepare and review contingency plans for transition, either to transfer the business to a family member or to expand the growing business or even sell it.

DECISION MAKING IN TRANSITION SITUATION

Decision making is a process of making choices or reaching a conclusion. It includes identifying and choosing alternative solutions that leads to a desired state of affair. The process begins with a problem and ends when a solution has been chosen. Any decision being made in a business should consider other persons within the family system including owners and workers so as to avoid conflict. So it is vital to consider the aims and objectives of all family members to ensure peaceful and successful transition. Another difficult dilemmas encountered by entrepreneurs is passing the baton from one generation to the next because it is a decision that has fiscal, equity and control implication as well as emotions dimension. So to avoid such problem, it is advisable to hold a family meetings to communicate the process of selection with a clear plan to avoid conflict. Therefore, process of making a good or bad decision in business transition affects the entire business, its transition and every other persons involve.

MANAGING BUSINESS IN TRANSITION SITUATION

Some vital competences are required to manage the transition and ensure continuity of the family business. The firm can employ a number of tools in management of the family business in transition situation. Such tools may be to form a holding company to strengthen family control of the business and avert hostile takeover. This method help to raise funds without losing control over the firm. Family protocol can as well be adopted. Family meeting can also be a management tool involving the entire family in transition process. It encourages health family relationship and opens communication which is essential for success. Selection of family leader is a sensitive issue but can be controlled by employing the technique of family business meeting and also family protocols.

Another issue is the management of family assets. This require a sound policy of assets allocation. Another issue is composition of the board of directors of a family business. This must strike a balance between proper representation and competent membership. In other words, transition for growth may involve creation of mergers and acquisitions. When this is created, the entrepreneur focuses on a new venture. Some considerations includes: valuation of the firm, synergy, specific valuation method, structuring the deal, legal consideration, and plans for managing the acquired entity. When a decision has been taken to acquire a business, the entrepreneur’s interest is on a fair price for the business. This will take into consideration the past and present earnings of the business, the assets, ownerships equity, stock value and customer base, strength of distribution network, personnel and image. The three widely used valuation methods include: asset, cash flow and earnings.

STRESS AND PRESSURES, AND VARIOUS CONSTRAINT ASSOCIATED WITH TRANSITION STAGE OF BUSINESS GROWTH.

There are some difficulties / resource gap encountered in cause of transition and business growth.

1. Lack of information
2. Lack of knowledge
3. Lack of inputs and physical assets
4. Lack of working capital.

For a business in the growth phase, cash flows and working capitals are very important. Hence, the firm will need outside financing

ORGANIZATIONAL STRESSORS

Factors in the work place that can cause stress such as Task Demand Stressors, Interpersonal demands, conflict, working under stress leads to a number of consequence which may be either positive or negative. The result of positive stress may be more energy, enthusiasm, and motivation while result of a negative stress will affect performance like making a faulty decisions or become irritable and difficult to work with. There are some strategies in which stress should be managed especially in transition situation: exercise, relaxation, time management, role management, and support groups