**MAGNETIC 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. Hence, a business can transit:

Externally with regard to form. Or

Internally

There are three major forms of business organization:

1. The single proprietorship
2. Partnership
3. Corporative

The single proprietorship is owned by an individual who is liable for business liability and his death results in the termination of the venture.

The 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 formation of the business

Corporation- there is no limit to the number of owners, the liability of the owners is limited to the amount invested and the death of any owner does not affect the continuity of the business.

Business growth can be achieve through, acquisition, merger and internal expansion. On the other hand, the life cycle of an industry or firm is other depicted as an S-shaped curve. The cycle is made up of four stages.

1. **Experimentation period-** the sales and profits grow slowly following the introduction of a new product or firm.
2. **Exploitation period-**the firm now enjoys rapid growth of sales, high profitability and acceptance of product.
3. **Maturity-**the rate of growth of sales begins to show down where growth is dependent to a large extent upon replacement demand.
4. **Decline-**during which times 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, transit 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. Statement of the distribution of ownership
II. The identity of the new leader or leader
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 or sale of stakes in business
VI. Taxation and legal considerations

VII. Financial consideration
VIII. Retirement consideration
IX. A procedure for monitoring the process and deals with dispute and problems
X. A timetable

**Transit in family Business**

A family business is a firm of 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 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 firmly involved in the governance of the firm.

In sole proprietorship the entrepreneur, has the right to sell or transfer any assets in the business, but in partnership, the partner, may or may not sell or transfer his interest depending on whether he is a general or limited partner.

**Transition to family members**- transferring a business to family members involves both financial and emotional stress. Therefore, it is important to start to hold family business meetings and prepare business succession plan.

In its simplest forms a family business meeting is an opportunity for family members to come together in a regular basis to discuss issues of interest to those family members involved in or who have an interest in the business. To transfer a business to family members, an effective succession plan needs to consider the following critical factors:

- In the role of the owner in the transition stage: that is; will he or she continue to work full time, part time or retire?
- Family dynamic: Are some family members unable to work together?
- Income for working family members and shareholders
- The current business environment during the transition
- Treatment of loyal employees
- Tax consequences.

There are three general categories of factors that play a vital role in effective business transitions. They include

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

**2. Transfer to non-family members**

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 the arrangement will depend on the ability of the entrepreneur and the employee to agree in such sensitive issues as ownership and control.

4. **Transit for growth**

The business of an entrepreneur may grow in two forms.

1. Internal growth-This is achieved in the normal course of business by strategically cutting down costs, increasing sales revenues thereby increasing profit.
2. External growth- in this, the entrepreneur will resort to either acquisition or merger both of which are external growth strategies. Acquisition is the purchase of all or part of another business firm by an entrepreneur. 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. An entrepreneur resorts to acquisition or merger either to protect his business against dwindling capital or to profit the business in order to survive completion in the industry.

**Personal discipline in Business**

Another term for personal discipline is self-discipline- personal discipline or self discipline can be defined as the ability to do what is necessary or sensible without needs to be urged by somebody else. Starting any enterprise is a difficult entrepreneurial act. It may involve any of the following;

1. Creation of new product or service
2. Creation of new uses for existing products or services;
3. Creation of new delivery system for existing products or sources;
4. Creation of new locations for existing business
5. Creation of new environment for existing products or services.

The entrepreneurial act may include a combination of two or more of the possibilities. This will require the entrepreneur to be flexible and imaginative, plan well, take risks, make decisions and implement actions to achieve their goals. 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;

I. Traits
II. Attitude
III. Habits

Trait- a significant portion of the variance in personality traits across people is accounted for by those genetic endowments according to leohlim (1992). Also significantly portion of the clearance in who becomes an entrepreneur “accounted for by genetic factors or traits

Five identified personality trails include;

- Extraversion
- Openness to experience
- Agreeableness
- Emotional abilities

**Extraversion-** This refers to personality traits that deal with sociability, talkativeness, assertiveness and ambition. This trait enables the entrepreneur to interact with investors, employee and customers.

**Openness** to experience-This trait manifests in a person who is open to novel experiences and ideas as well as imaginative, innovation and reflective. The entrepreneur needs these characteristics to explore new ideas and device innovative methods for development of products and organization of business.

**Agreeableness –** This manifests in someone who is cooperative, trusting, forgiving, tolerant, courteous and soft-hearted. But such a trait does not favour entrepreneurship because it does not enable 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.

**Conscientiousness**-This trait confers dependability, hard work and perseverance, all of which enable the entrepreneur to be systematic and thoughtful to achieve his goals. The trait is also needed to overcome obstacles.

Emotional stability- the 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 stressful and unorganized environment without demarcation between family life and work life.

1. **Attitude**

Attitude differs across individuals. Attitudes are not permanent feature, for instance; attitude towards achievement in general is different from attitude towards achievement in entrepreneurial setting. However, entrepreneurial attitude orientations consist of four broad dimensions, such as; achievement, self-esteem, personal control and innovation.

a. **Attributes of personal control**

Career attributes- Attitude is the way we think or act. At the outset, entrepreneurs select a career which will allow then 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. They need to know much about their chosen career and always try to improve. With positive mindset, they are satisfied with past accomplishment and strive to create new goal as a source of self improvement.

b. Mental attitude- Entrepreneurs are mature individuals who have developed a way of viewing all experience in a healthy manner their minds serve as a powerful tool, hence setting aside a certain time daily for reflective thinking allows them to engage in thoughtful activities. Positive mental attitude helps entrepreneur’s discus on desired activities and events as well as the potential results. They treasure every experience because of their belief that even in negative experiences, there is something positive to learn. In order to develop a Good market attitude, entrepreneur are careful to be involved only in positive activities and select positive objects in their work they avoid working under metal stress by taking quick decisions and implementing them immediately.

2. Habits- habits refer to the things we do usually or regularly discipline is building good habits into reliance which become part of our life. From time to time, the entrepreneur will need to review his habits in relation to his future goals.

## 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. Setting goals and developing plans helps the organization to move in a focused direction. Planning may be strategic, operational or tactical.

A strategic planning is a general plan outlining decisions of resources allocations, priorities and action steps necessary to reach strategic goal.

Tactical plan is a means of supporting strategic plans developed by middle management using internal data, covering a period of 1-3 years period.

Operational plan is developed by the lower level management with a time frame of less than one year to guide the day-to-day operations.

Successful business 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.

## 2. DECISION MAKING IN TRANSITION SITUATION

Decision-making may be defined simply as the process of making alternative solutions that lead to a desired state of affairs. the process begins with a problem and ends when a solution has been chosen

Entrepreneur’s decisions are often influenced by the need for action, short decision windows, a willingness to assume risk, and a few decision constituencies and have short time span in terms of opportunity commitment.

## 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. For instance, family transition often results in what is called generational draft 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 general draft is “cooling off” which means that the relationship between family members become loser and as a result, their identification with the firm is reduced.

Besides generational draft, family business in a transition situation are confronted with organizational, financial and managerial changes due to competitive pressures and growth.

## STRESS AND PRESSURE, AND VARIOUS RESOURCES CONSTRAINT ASSOCIATED WITH TRANSITION STAGE OF BUSINESS GROWTH

### STRESS

The word stress can be defined as a person’s adaptive response to a stimuli 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 physical or psychological and must be excessive for particulate individual for stress to result. This means that each individual has his own threshold for stress; hence, what is excessive for an individual may be tolerable for another.

Stress may be positive or negative. When stress emanates from a good source, for example getting a promotion or political appointment, it is called eustress. But negative stress is called distress that is excessive pressure, unreasonable demand on our time, bad news, and so forth. 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 organization may take various firms such as : lack of information, knowledge, inputs and physical assets or even working capital. Organizational stressors are factors in the work place that can cause stress. Entrepreneurs may be affected by task demand stressors which are association with the specific job a person is perform. For an entrepreneur, security is an important task demand that can cause stress. Working under stress gives rise to a number of consequences. Which may be either positive or negative?

The following are coping strategies in managing stress.

1. Exercise- exercise improves health and reduces the chances of a heart attack which is often associated with prolonged stress.-
2. 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
3. **Time-management**-This is a good way to manage stress. Everymorning, the entrepreneur should make a list of the things to be done well arranged in their order of important tasks and delegate the trivial or optional ones.
4. **Role-management –**the entrepreneur needs to be focused 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.
5. **Support Groups**-support groups which refer 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 stres

**SUMMARY**

**E- BUSINESS**

E-business is also known as electronic business. This is taking over from the supply chain economy where products look the central place and determined market and market place. In E-business, the consumer takes the central place; the customers' wishes drive the activity of this demand network.

There are various aspects of this network economy such as e-business involves any form of business transaction including abstract and real objects. E- Commerce deals directly with the exchange of goods and their payment facilitated by electronic transaction. E-trading deals with the selling of financial instruments such as stock, bonds and treasuries

**E-BUSINESS AND ITS IMPACT**

There are many definitions of E-business

1. The commercial exchange of goods, services, information and/ or ideas between two or more parties enabled by an electronic medium.
2. A collapse of time and space between business partners.
3. The transition to the 'new world', the network economy, having impact on how businesses are organized and deal with their customers and partners.
4. Creating the Web Enabled Enterprise. The web enabled enterprise defines the changes that web-technology will bring to organizations.

Chances enabled by a technology plan converging channels

The enabling technology comprises the supply-side of the equation. Many of new technology channels are converging into a single medium: This convergence will have on the way we do business.

1. Communication media such as fax, data, voice and video.
2. Access to educational content from geographically distant schools and universities.

**Diverging channels**

Through improve interfering mechanisms; the same digital information can be accessed from different devices (computers, faxes, mobile phones, handheld devices etc). 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 can be apathy describes as:**

1. Application of electronic network technology to relevant business processes
2. Replacement of paper-based, human-agent based or telephone-based personal transaction.

E-business include external-oriented processes while E-commerce involves internal processes like production, inventory management etc.

**BASIC OF E-BUSINESS**

i. The parties (actors) you are dealing with:
  a. Customers
  b. Suppliers
  c. Competitors
  d. Government.

2**. The resources you should have at your disposal:**

a. Investment funds: setting up

b. Technology Infrastructure

c. Organization and personnel

d. Strategy and policy: applying your resources.

e. Rules and regulations: setting boundaries.

3**. The Business Functions to be performed**

a. delivery: fulfillment and customer trust

b. providing information

c. Acquisition and sales

d. promotions

e. procurement

f. product or service Development

g. management

h. operations

**THE ESSENCE OF E-BUSINESS**

Traditionally, the come business of an enterprise sets the rules and requirements for information systems to fulfill. Technology no longer follows business requirements, but also creates possibilities. A popular slogan says that ‘the system is the business and the business is the system’. This illustrates rates that technology is at the heart of the business operations. However, running a business including e-business still requires craftsmanship’s, strategic insight and entrepreneurial skills.

**CRITICAL SUCCESS FACTORS FOR E-BUSINESS IN THE DEVELOPING WORLD**

- It fulfills a need of a group of users.
- The users have sufficient means 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. Other factors that influence the implementation of e-business in developing countries are: distance, infrastructure and transport.

## E-BUSINESS PROCESS CYCLE

E-business process cycle is the relationships involved in the operations, and a growth model underlying e-business development, the next phase involves the implementations of e-business strategy and describes an approach to handle all interlinked issues to develop a successful e-business.

There are fine stages in E-business process cycle.

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

## E-COMMERCE

E-commerce is the buying and selling of goods and services on the internet, especially the World Wide Web. E-commerce includes retail shopping, banking, stocks, and bonds trading, auctions, real estate transactions, airline booking, movie rental nearly anything you can imagine in the real World.

E-commence can be divided into:

1) E-tailing or virtual storefronts on web site with online catalogues sometimes gathered into a virtual mall.
2) The gathering and use of demographic data through web contacts
3) Electronic Data interchange, the business-to- business exchange of data
4) E-mail and fax and their use as media for reading prospects and established customers
5) Business-to-business buying and selling
6) The security of business transitions.

## ELECTRONIC TRADING

Electronic trading also known as e-trading is a method of trading securities (such as stocks, and bonds), foreign currency, and exchange traded derivatives electronically it use information technology to bring together buyers and sellers through electronic media to create a virtual market place. Examples of electronic market place are: The NASDAQ, New York Stock Exchange (NYSE), Area Nigeria stock and Globe. Exchange that facilitate electronic trading are regulated by the securities and exchange commission E-trading is wide believed to be more reliable than older methods of trade processing, but glitches and cancelled trades do occur.

There are two type of trading in the financial markets:

- Business-to-Business trading, often conducted on exchanges, where large investment banks and brokers trade directly with one another, transacting large amounts of securities.
- Business-to-consumer: This is where retail leg. Individuals buying and selling relatively small amounts of stocks and shares) and institutional clients leg. Wedge funds, fund managers or insurance companies, trading for larger amounts of securities) buy and sell

from brokers or “dealers”, who act as middle-men between the clients and the Business to Business markets.

There increase of e-trading was had some important implications:

1. Reduced cost of transaction
2. Greater liquidity
3. Greater competition
4. Increased transparency
5. Tighter spreads

For retail investors, financial services on the web offer great benefits. The primary benefit is the reduced cost of transactions for all convened as well as the ease and the convenience.

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

Electronic banking is one area of e-commerce that has proven successful in Nigeria. Virtual terminal Network (VTM) is a very simple and secure way to make online purchases, even through the use of a GSM mobile phone. VTN’S secure payment platform, by means of which merchants in Nigeria would now make payments online or via their GSM phone without anxiety provides:

1) Real-time processing of payments online, in store or anywhere using their GSM phones
2) Secure redundant, higher-speed connectivity to VTN Irrespective of which Bank the customer uses including the unbanked.
3) Seamless integration with existing web sites on in house suite of applications or P-to-P payments
4) Persistent storage of customer payments history and data protection in accordance with the industry standard
5) Unequaled fraud prevention mechanism against phishing schemes.

**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 crisis from information and communication technologies (ICTs). This measure is often used to gauge how ready a country is to partake in electronic activities such as e-commerce and e-government.

For governments to introduce ICT policies in all spheres of society, it requires:

I. Praising public awareness of the role of ICT in development and providing training in ICT skills
II. Providing affordable and quality access to the internet and other technologies
III. Promoting ICT among small and medium sized enterprises
IV. Putting in place a legal framework for online transactions.
V. Ensuring that governments use ICT and encourage local business to do the same
VI. Supporting open content and open technology approaches, such as free and open source software
VII. Measuring and monitoring the current uses of ICT and its economic and social impact.