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SUMMARY OF E-BUSINESS

Electronic business also known as E-Business is any business transaction that takes place via digital processes over a network. It is a network driven economy which means that the consumer takes the central place; the consumers' wishes drive the activities of this demand network. This is as opposed to the supply chain economy where the product has a central position and determines the consumers' choices, market conditions and market location. E-business is a pull economy as consumers decide where on the internet they choose to go and pull in only those products that they specifically want while the supply driven economy is a push strategy where consumers are pushed by retailers towards certain products. The prerequisite for e-business is that the customer has access to the internet and this puts countries where internet access is limited in a special position.

CHANGES ENABLED BY A TECHNOLOGY PUSH

1. CONVERGING CHANNELS

Converging channels is enabled by the supply side of the equation and involves many new technology channels converging into a new medium: THE INTERNET. Examples are seen in communication (where various communication media such as fax, mail and so on are increasingly transmitted through the same infrastructure) and in academics (where access to educational materials which hitherto were unavailable due to physical barriers are brought close to those that need them).

2. **DIVERGING CHANNELS**

Through improved technologies, the same digital information can be accessed from different devices making it simpler to obtain information. Thus, information can diverge from a source to many geographical locations and make tasks easy.

Therefore, e-business involves;

1. Applying technology to business processes
2. Replacing paper based, human interfaced transactions with telephone based and personal ones.

Basics of E-business

These are things one need to know to go into e-business irrespective of type of business. They are

1. The parties (actors): customers, suppliers, competitors and government
2. The resources you should have at your disposal: investment funds, technological infrastructure, organization and personnel, strategy and policy, external rules and regulations.
3. The business functions to be performed: delivery, providing information, acquisition and sales, procurement, promotions, product or service development, management, operations.

SUCCESS FACTORS FOR E-BUSINESS IN THE DEVELOPING WORLD

To be successful, an e-business depends on

1. Fulfillment of need of a group of users
2. Availability of users with sufficient financial resources to access the service
3. Necessary equipment and infrastructure accessible to a sufficient number of users
4. The target group has sufficient know-how to make use of the service

THE E-BUSINESS PROCESS CYCLE

This is a model that is used to progress from one stage of growth model to another. It is not time framed but a continuous process through which the company, customers, partners and employees would mentally and physically progress in the course of the business. It involves five stages:

1. Awareness (vision): overall vision of the organization of the business
2. Ambition (scope): the general goal of business and the role it will play in the network economy.
3. Concept (roadmap): states the objectives, the process, output and content of changes that will be seen in each phase of the growth model.
4. Realization(on the road): implementation of the e-business
5. Exploitation: absorption of the changes implemented by core business of the organization.

ELECTRONIC COMMERCE

This is the buying and selling of goods and services on the internet especially the World Wide Web. It differs from e-business in that it involves direct exchange of goods and their payment facilitated by electronic transaction. It is divided into:

1. E-tailing also called online retail selling which is a place for direct retail selling with 24 hour availability with online catalogues arranged in virtual malls.

2. Market research: gathering and use of demographic data through web contacts. Companies could gather information on internet due to its interactive nature.

3. Electronic data interchange: exchange of data through an understood format such as email, fax, internet telephony etc.

4. Business to business buying and selling: means companies sell their products to other companies in a quick way via the internet.

ELECTRONIC TRADING

This is also called e-trading, is a method of trading securities such as bonds and stocks, foreign currencies and exchange traded derivatives electronically and not physically on the trading floor as in pit trading. There are broadly two types:

1. Business to Business trading (B2B): where large investment banks and brokers trade directly with one another, transacting large amounts of securities.

2. Business to Consumer trading (B2C): where retail and institutional clients buy and sell from brokers who act as middle men between clients and B2B markets.

IMPLICATIONS OF INCREASE IN E-TRADING

1. Reduced cost of transactions

2. Greater liquidity that is greater number of buyers and sellers
3. Greater competition
4. Increased transparency
5. Tighter spreads: spread is profit of market makers. This is made tighter since completion, liquidity and transparency of market increases though cost of doing business is decreased.

E-READINESS

This 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. It is how ready a country is to partake in electronic activities like e-commerce. It is measured in indices such as the number of telephone lines per 100 people, or percentage of GDP spent on ICT.

In developing countries such as Nigeria, poor ICT infrastructure, low income, lack of awareness of e-business, inadequate legal and E-regulatory framework, absence of trust in network payment and secure transaction services present enormous challenges to electronic business, commerce and trading. Thus, there is need for government to create policies aimed to achieve the following strategies:

1. Target business in supply industry with trading partners in industrialized countries where there is adequate ICT infrastructure as these have the highest potential from reaping the benefits of e-business.
2. Reducing the cost for participating in e-business
3. Build scalable e-business commerce infrastructure that would be shared by multiple independent businesses

4. Provide a mechanism for sharing and transfer of e-business technologies and increasing public awareness of e-business
5. Address ICT policy and regulatory issues to provide the infrastructure framework for the deployment of e-business solutions and facilitate the transition into digital economy.

CATALYSTS OF E-COMMERCE REVOLUTION

- Organization of the retail industry in Nigeria
- Organized retailers pushing for standardization across manufactures and fulfillment partners
- Technology automation across the value chain

Standardization of the payment system along the global trends.

SUMMARY OF MANAGING TRANSITION: FROM START-UP TO GROWTH

Transition in business is a process in which a business undergoes a change and passes from one form or stage to another. It could be externally in form or internally in stages of growth and is seen in the three major forms of business: single proprietorship, partnership and corporation. The life cycle of a business is typically an S-curve divided into four major stages: Experimentation period (sales and profit grow slowly following introduction of a new product or firm); Exploitation period (firm enjoys rapid growth and sales); Maturity (rate of growth of sales begin to slow down) and the Decline (firm faces competition and saturation of market).

SUCCESSION PLAN

At a point during the business, a transit must occur and this requires a succession plan. A succession plan is a process in which leadership, and eventually ownership is transferred to a successor. It has ten elements which are:

1. A statement of distribution of ownership
2. Identity of new leaders or leader
3. Method of training of the new leaders
4. Definition of roles of other key members of business during transition
5. Mechanism of purchase or sale of stakes in business
6. Taxation and legal considerations
7. Financial considerations
8. Retirement considerations
9. Procedure for monitoring the process and conflict resolution
10. A timetable for transition

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 naturally related persons who have acquired the shared capital of the firm or in the possession of their spouses, children or at least a representative of the family. Three modes of transit are considered:

1. **Transit to family members**

To prevent stress and emotional trauma, the entrepreneur needs to start early and hold family business meetings which are an opportunity for family members to come together on a regular basis to discuss issues of interest to those family members involved with respect to the business. This helps to improve family relations, communicate a positive message to employees, build a stronger family and help entrepreneur chose his heir. The family protocols can set the set of rules and principles for the selection process while family meetings help build a consensus on this choice. Also, a family Business Constitution is prepared to provide a practical framework to explore each area of business plan and decide on a preferred direction.

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

The entrepreneur who wishes to retire may

a) Transfer the business to an employee (he retains a share in the business). Sensitive issues such as ownership and control are resolved

b) Hire a business manager (the family intends to continue family succession in future). This presents the challenge of finding a good manager.

3. **Transit for growth**

A business may grow internally or externally.

Internal growth is achieved in normal course of a business by strategic cost decrease, revenue increase or profit plough back.

External growth is achieved by acquisitions and mergers. Acquisition is the purchase of all or part of another business by an entrepreneur using physical cash while merger is the acquisition of all or part of a business by an entrepreneur using his own shares and bonds.

During acquisitions or mergers, regulation is made by government agencies, acts and guidelines such as The Financial Institutions Act of

1991 for the Banking Industry.

PERSONAL DISCIPLINE IN BUSINESS

This is the ability to do what is necessary or sensible without needing to be urged by somebody else. This is required for an entrepreneur since he is his own boss. Once he has determined his goals and how to achieve them, he should establish a daily routine to stick to the plan and be disciplined enough to do so. The entrepreneur’s ability to stick to the right code of conduct in spite of his personal desires depends on his traits, attitudes and habits.

Traits: this is according to genetic endowment and includes extraversion, openness to experience, agreeableness, conscientiousness and emotional stability.

Attitudes: the way he thinks and talks. The entrepreneur needs a positive career and mental attitude to think big and focus on strengths instead of spending time to eradicate weaknesses for the achievement of higher goals.

Habits: these are things a person does regularly or usually. Discipline is achieved by building good habits into reflexes such as waking up early to achieve more during the day. It must not be convenient.

PLANNING IN TRANSITION SITUATIONS

This involves setting goals and deciding how to achieve them. It is in three levels: strategic plan (by top level managers spanning 3-5 years), tactical plan (by middle level managers spanning 3-1 year) and operational plan (by low level managers to cover the day-to-day running of the business).

To survive in a competitive environment, one needs strategic planning that includes the business mission, situation analysis, internal and external environment analysis, goal and strategy formulation, implementation, control and feedback.

DECSION MAKING IN TRANSITION SITUATION

This is the process of making choices or reaching a conclusion. The entrepreneur needs to decide who to pass the baton to considering that the decision affects the family, the owners and the business. In passing to a family member, the major consideration is to prevent family tussle while at same time ensuring managerial capability while in passing to a non-family member, the major consideration is ownership and control.

MANAGING BUSINESS IN TRANSIT SITUATIONS

The firm can employ a number of tools in the management of a family business in transition situations. This includes family protocols, family business meetings to enable efficient selection of family leader, management of family assets and composition of board of directors of the family business.

STRESS IN TRANSIT SITUATIONS

During the transition process and growth process the decisions and processes involved will obviously lead to stress. Stress is a person's adaptive response to external stimuli that places excessive physiological or physical demands on the person. In business transition, there could be organizational stressors, task demand stressors, interpersonal demands, and conflicts in the workplace on the entrepreneur and could lead to a number of consequences. Therefore, effective stress management is required.

To cope with stress, the entrepreneur could indulge in exercises, have relaxation time, practice time management and role management and make use of support groups.