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2014/193403

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Summary

Chapter Nine:E-Business

Network Economy is the driving force E-business. E-business is any business transaction that takes place via digital process. It is taking over from the supply chain economy where product took the central place and determined market and market places. It involves any form of business transaction including abstracts and real objects, facilitated by electronic transaction.

There are various aspects of Network Economy. They are: E-business, E-Commerce and E-Trading.

FEATURES OF E-BUSINESS

1. It is efficiency means of conducting business.
2. The consumer takes the central place.
3. The costumer’s wish drive the activity.
4. It is flexible process that enables everyone in any geographical area to partake actively.

The network economy in developing rapidly all over the world. Its impact is felt more in developed economies where virtually all transaction are conducted electronically.

FACTORS THAT CAN DETERMINE THE NETWORK ECONOMY GROWTH IN AN AREA.

a. Number of person per 100 that have access to internet

b. The number of persons per 100 who owns computer

c. The percentage of gross domestic product that is spent on ICT infrastructure.

In network economy, the product has a central position and consumer's choice are strongly determined by he product positioning. The individual wishes to drive the activities of the total demand network. In e-business, selling o products through he internet is much more dependent on specific consumer demand. The prerequisite s that the consumer has access to the netwok i.e internet.

E- BUSINESS AND IMPACT

E-business can be looked at from different points of view and as a consequence, there are many definitions;

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 partner.
3. The transition to the new world the network economy having impact on how business are organized and deal with their customers and partners.
4. Creating the web enabled enterprise.

CHANGES ENABLED BY A TECHNOLOGY PUSH

1. Converging Channels: here many of new technology channels are converging or coming together into a single medium; internet. Eg.

Communication media can be made accessible through the same infrastructure.

2. Diverging Channels: in this channels the same digital information can be accessed from different devices in any location.

BASICS OF E-BUSINESS

a. The parties you are dealing with which involves customers, suppliers, competitors and government.

b. The resources you have at your disposal and including investment funds setting up, technology infrastructure ,Organization and personnel, Strategy and policy, Rules and regulations.

c. The business function to be performed. This includes delivery, providing information, acquisition and sales promotions, procurement, product or service development, management and operation.

E-BUSINESS PROCESS CYCLE

e-business process cycle is an approach to handle all interlinked issues (starting from a business perspectives to develop a successful e-business). There are five stages of the e-business process cycle.

i. Awareness or vision

ii. Ambition or scope

iii. Concept of roadmap

iv. Realization

v. Exploitation

E-COMMERCE

This includes the buying and selling of goods and services on the internet especially the world wide web. It saves time and energy. It is divided into;

a. E-tailing or virtual store fronts on websites with online catalogues, sometimes gathered into a virtual mall.
b. The gathering and use of demographic data through web contacts.
c. Electronic data interchange EDI, the business to business exchange of data
d. E-mail and fax
e. Business to business buying and selling
f. The security of business transaction.

E-TRADING

E-trading is a method of trading securities such as stocks and bound foreign currency, and exchange traded derivations electrically. It uses information technology to bring together buyers and sellers through electronic media to create a virtual market place.

Types of E-trading

1. Business to business trading existing between investors or buyers
2. Business to consumer trading existing between sellers and buyers

IMPORTANT IMPLICATION FOR INCREASE OF E- TRADING

a. Reduced cost of transaction.
b. Greater liquidity by enabling companies to trade with one another
c. Increase competition.

d. Increase transparency.

e. Tighter spreads.

PRACTICAL APPLICATION OF E-TECHNOLOGY IN BUSINESS, COMMERCE AND TRADING

1. Electronic banking (ATM consortium)
2. Online payments
3. Virtual Terminal Network VTN which is very simple and secures means to make online purchase, even through the use of GSM mobile phones
4. E-reading.
5. ICT

CATALYST FOR E- TECHNIQUE.

a. Organizing retail industry

b. Standardization organized retailer across manufacturer and fulfillment partners.

c. Technology automation across the value chain.

d. Standardize payment system along with global trends.

CHAPTER 10

MANAGING TRANSITION FROM START-UP TO GROWTH

Transition in business is defined as a process in which a business undergoes a change and passes from one form or stage to another.

BUSINESS ORGANIZATION:

Single or Sole Proprietorship: this owned by an individual who is liable for the business liability and his death resulting the termination of the venture.

Partnership : this 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.

The Corporation.

The life cycle of an industry or firm is often depicted as an s-shaped curve. It is made up of four stages. They are:

a. Experimentation period in which sales and profit grows slowly.
b. Exploitation period: here the firm enjoys rapid growth of sales, high profitability and acceptance of product.
c. Maturity stage: in this period the rate of growth of sales begins to slow down where growth is dependent to a large extent upon replacement demand.

d. Final stage: it decline during this time the firm face the appearance of substitute products, technological and managerial obsolescence and saturation of demand for its goods.

Ten element for a succession plan according to European Federation of Accountant (2002).

i. A statement of the distribution of ownership
ii. The identity of the new leader or leaders
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 o sale of stakes in business
vi. Taxation and legal considerations
vii. Financial consideration.
viii. Retirement considerations
ix. A procedure for monitoring the process and dealing with disputes and problem.
x. Timetable.

TRANSIT IN FAMILY BUSIN ESS

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 t least one representative of the family or kin is normally involve in the governance of the firm (European commission, Zora).

Factors that play a vital role in effective business transition (Morrie, Williams and Nel 1996)

a. Preparation level of business heirs
b. Relationships among family and business members.
c. Planning and control activities.

Business can transfer to; family or non family member.

FAMILY MEMBER

Transferring to family member is different task that involves both financial and emotional stress. In order to avoid the crises, the entrepreneur should start early to hold family meetings and prepare business succession plan. A family business constitution documents is need.

Effective succession plan needs to consider the following critical factors (Hisrich and Peter 2002).

i. The role o 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 making family members and shareholders
iv. The current business environment during the transition
v. Treatment of loyal employees
vi. Tax consequences

NON- FAMILY MEMBER

Here the owner may wish to retire and transfer to an employer or hire a manger to run it.

TRANSIT FOR GROWTH

Business of an entrepreneur may grow internally or externally. Internally growth is achieved in the normal course of business by strategically cutting down costs, increasing profits, motivating employees, advertise products or services.

PERSONAL DISCIPLINE IN BUSINESS / SELF DISCIPLINE

This is the ability to do what is necessary or sensible without needing to be urged by somebody else.

The ability of the entrepreneur to stick to the right code of conduct or behavior in spite of his personal desires largely depend on; traits, attitudes and habits.

TRAITS

This is genetic factors. There are fie personality traits (Barrick et.al 1991). They are extraversion, openness to expression, agreeableness, conscientiousness and emotional stability.

ATTITUDES

This differs across individual entrepreneurial attribute consists of four board dimensions which are achievement, self esteem, personal control and innovation. Attributes of personal control are career attributes and mental attributes.

HABITS

This refer to the things we do usually or regularly. Discipline is building good habits in to reflexes which part of our life.

PLANNING, DECISION-MAKING AND MANAGING BUSINESS IN TRANSITION SITUATION.

PLANNING IN TRANSITION SITUATION: Planning is the management function that involves setting goals and deciding how to best achieve them. It is a process that has no end in any organization. Some planning includes;

i. Business mission

ii. Situation an analysis

iii. External and in external environmental analysis

iv. Goal formulation

v. Strategy formulation

vi. Formulation of programmes to meet goals

vii. implementation

viii. feedback and control

A 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.

DECISION MAKING IN TRAN SITION SITUATION : this is a process of making choices or reaching conclusion . it involves identify and closing alternative solutions that lead to a desired state of affairs.

For successful transition a framework is required for decision making within the three realms of family business namely; the family, the owners and the business.

MANAGING BUSINESS IN TRANSITION SITUATION.: this involves how all the activities in transition of business are orderly managed for a successful transition of the business and continuation of the business.

STRESS

Stress is simply defined as a person's adaptive response to a stimulus that places exercise psychological or physical demands on that person. It could be positive or negative. When it emanates from a good source or example getting promotion or political appointment it is called eustress of positive stress. When the stress or distress excessive pressure, unreasonable demands on our time, bad news etc.

RESOURCES CONSTRAINTS IN BUSINESS TRANSITION

Resource gap in business organization may take various forms such as lack of information, knowledge, input and physical assets or even working capital.

MANAGING OF STRESS

a. Exercise
b. Relaxation
c. Time management
d. Role management
e. Support groups