

Advantages and disadvantages of e-business



**ASSIGN
BUSTER**

Using Internet technology to provide improved customer service, make more efficient business processes, increase sales, and reduce wastage is called E-business.

E-business uses the internet tools such as websites, online banking, and web based customer relationship.

Advantages of E-Business:

There are many benefits an organisation can get with having an E-Business solution for the business.

Worldwide Presence: The major advantage of engaging business online, to have presence nationwide or worldwide. IBM uses the e-business term to provide services to the customer and was one of the first companies uses this term. Dell Inc. and Amazon are the other success stories using E-Business to flourish their business.

Cost Effective Marketing and Promotions: using internet to market products is a very nominal method which guarantees the worldwide reach. Pay per click advertising is a effective technique which ensure the business only pay for the advertisement that actually viewed.

Better Customer Service: E-Business has change the customer services image enormously. Number of customers can visit or the website at same time. Some website have online chat feature to help the customer to find out more about the product they are interested in. moreover orders can be placed online by processing payments securely over the internet and

products can be shipped to the customer. In this case customers even do not have to leave the house.

Disadvantages of E-Business:

Even above mentioned advantages there are some disadvantages of the E-Business. Some of them are listed below.

Sartorial limitation: the main disadvantage of E-Business is lack of growth in some sectors i. e. food. Consumer prefers to look the food products physically before buying.

Costly maintenance: substantial recourses are required to setup online business which requires computer upgrade, personnel trainings and website upgrade. This can be a disadvantage for some organisation.

Security concern: The security concerns also lead to privacy issue. There are many examples of contact lists and personal details were hacked or exposed due to weak E-Business system security.

Virus threat.

Physical products constrain.

Perishable goods.

Types of business organisation:

There are two major types of the business.

Private sector:

Private firms are owned and run by private individual. There is further classification in private sector firms.

Sole traders:

A sole trader owns and runs a business. They contribute capital to start the enterprise, run it with or without employees, and earn the profits or stand the losses of the venture. Sole traders are found mainly in the retail trades (local newsagents), small scale service industries (plumbers), and small manufacturing and craft industries.

Advantages:

Easy to setup

Can keep all the profits

Make key decision.

Flexibility

Disadvantages:

Unlimited liability

Limited access to capital

Pressure of being solely responsible.

Partnership:

Partnership is defined as ' the relation who subsists between persons carrying on a business in common with a view of profit'. A partnership is not a separate legal person distinct from its members; it is merely a ' relation' between persons. Each partner (there must be at least two) is usually personally liable for all the debts of the firm.

Advantages:

Greater access to capital

Shared responsibility

Easy to setup.

Disadvantages:

Unlimited liabilities

All partners liable for the debt of each other.

Partnership dissolves on death of one partner.

Potential of conflict.

Limited companies:

Limited companies are essential to be register at companies house.

Company must issue a memorandum of association that includes nature of business and structure of the company. Limited companies also called Limited Liabilities Company. Shareholders have limited liabilities, if company winds up shareholders do not have to pay anything. Limited companies are further categorised in two types.

Private limited company (LTD)

A private limited company is one where the liability is limited to the value of the shares issued. This means that any debts are debts of the company, not of the owners. Company is owned by 1 to 50 shareholders and must have at least one director. Accounts have to prepare and submit to the companies house annually. Legally company can sue and can be sued.

<https://assignbuster.com/advantages-and-disadvantages-of-e-business/>

Public limited company (PLC)

A Public limited company the one which can issue and trade their shares in the stock exchange for general public. Therefore ownership is open to anyone who wants to buy shares. There can be minimum two owners but no maximum numbers. Company must have at least two directors and a fully qualified company secretary.

Public sector:

Public sector businesses are owned by government. Government holds majority of the stakes in public sector industries. In last twenty years number of government owned firms reduced massively. Very few examples remain for instance: Royal mail, Royal Bank of Scotland.

Aims of an organisation:

An aim for any business organisation is a long term goal, something to be achieved over a significant period of time. These aims based upon a planned management strategy. For instance for a private company, aims might include

To survive

To achieve profitability by a certain time

To increase profits

To achieve technical excellence

To improve quality of our products

To be leader in the market

<https://assignbuster.com/advantages-and-disadvantages-of-e-business/>

To improve market share

To enter global market.

P 1. 2:

Stakeholders:

Stakeholders are group of people who have an interest in a business organisation. There are a number of groups and individual who can be describe as stakeholders in any business.

The Business

Owners Managers Staff

Customer

Suppliers

Community

Government

Figure above shows the possible stakeholder in a business activity. Some of the stakeholders are internal, some are external.

Internal Stakeholders:

Internal stakeholders are those who are members of the business organisation. For instance:

Owners

Manager

Staff and employees

External Stakeholders:

External Stakeholders are not a part of the firm and have an interest in the business. For instance:

Customers

Suppliers

Community

Government

I will discuss the stakeholder in respect to my business later on in my business plan.

P 1. 3:

Organisational Functions:

Organisations arrange their resource recourses into different business functions. All organisations, whatever their business nature is have to manage the following business functions.

Finance

Human Resources

Sales and Marketing

Administration

Research and Development.

<https://assignbuster.com/advantages-and-disadvantages-of-e-business/>

Each of the function needs to work tighter so the organisation can achieve their goals.

Finance Function

The financial section of the organisation will keep manual/electronic records of money received and paid out by the organisation. This information will then be used to produce various financial statements for tax purposes and to comply with legal requirements. The information will also be used to produce management accounts to enable senior managers to plan and review business strategy.

The finance department or unit may also be responsible for administering employee expenses and salaries. For payment of wages the finance department will need to take into account statutory deductions such as tax, and employee contributions such as pension or loan repayments.

Human Resources Function

Human resources or Personnel's main responsibility is the recruitment, selection, training and development of staff. This will involve developing staff to maximise their potential in a manner that furthers the organisation's objectives.

Human resources may also need to comply with legislation applicable to the country in which they are based. For example in the UK employers will need to maintain accurate personal records in a manner that is compliant with the UK Data Protection Act 1984.

Human resources often adopt a welfare role which includes looking after employees whilst they are at work. They may also create policies that balance organisational needs with those of the employee. They will also interpret employee welfare legislation and ensure that the organisation is complying with the applicable legislation.

Sales and Marketing Function

The marketing department will research customer needs to develop strategy and product to satisfy that customer need. In its research, the marketing department will investigate the market they are aiming at; the type of consumer making up the market (age, background sex etc) and the preferences of the consumer within that market. The marketing department will then need to marry consumer preferences with producing a product that is profitable. Once the product has been designed by the production department marketing will then need to package, advertise, and promote the product. Sales are responsible for persuading the consumer to purchase the end product, manufactured through marketing's research. The Sales Department's selling strategy could involve mailshots, travelling sales representatives, telephone sales and devising the sales interview.

Administration

This involves dealing with all administrative tasks including mail handling, dealing with enquiries/complaints, catering, and computer services. They will also produce documents (eg forms, stationary, and newsletters) for the organisation and maintain the organisation's premises and equipment. This function although not always recognised is vital, as it is the glue that holds the organisation together. Without an administrative department, customer

complaints would not be resolved, customer orders may not be processed, and the workforce may not have the tools they need to complete their tasks.

Research and Development Function

The aim of research and development is to improve existing products, create new and better products, improve production methods, and create effective processes. This will enable the organisation to reduce costs, increase profitability and remain ahead of the competition. As not all research will lead to new/improved products/processes companies will need to allocate a specific portion of their budget to research and development activities.

P 2. 1:

E-Business impact on consumer:

E-Business brings the merchandise information to the online consumer's home wherever they are. The choice available through E-Business to the consumer is enormous. Usually visiting a store physically means trek around, looking for the item consumer wants. E-business made it easy for the consumer to access the stores online to find their relevant item. Online shopping websites like theonlineshoppingtown.co.uk illustrate how e-business provides the consumer vastly increased variety of products available 24/7, both physical goods as well as services such as finance and insurance.

P 2. 2:

E-Business impact on Business:

E-business has made a deep impact on society. People can now shop online in the privacy of their own homes without ever having to leave. This can force larger brick and mortar retailers to open an online division. In some

cases, it can also force smaller businesses to shut their doors, or change to being completely online. It also changes the way people look at making purchases and spending money. E-business has changed the face of retail, services, and other things that make our economy work. Undoubtedly, it will continue to influence how companies sell and market their products, as well as how people choose to make purchases for many years to come.

P 2. 3:

Market Research:

Market research is the procedure of using a variety of methods to collect, analyzes, and report data about possible consumer groups. Market research is used as a marketing strategy. Formal market segmentation requires comprehensive market research.

The market research will helps to identify quantitative and qualitative patterns in consumer groups. Quantitative consumer data refers to numbers such as age, income, and family size while qualitative data relies on characteristics such as education, occupation, and personality. There are several ways you can go about segmenting a population to target a market. Some are more relevant to your business than others. The following describes different aspects of market segmentation used for marketing research that will help you in identifying a niche and maximizing business marketing.

Types of Market Research:

Surveys are the most commonly used and least expensive market research method available. They can be conducted online, in person, or by phone.

Focus groups are a method by which companies gain feedback on products by asking questions in an interactive group setting. This method might also be used to gain feedback on services, concept, advertisement, ideas, or packaging.

Technology:

Apart from surveys and questioners there are few tools available on internet that are used to collect data of the consumers accessing specific business over the web. I tried to access the tools to collect current data of particular business but all of them where required to have a paid membership. I used Google web analyser to analyze website traffic.

Another tool which can help finding information about the anchor text used by the linking sites is SEO Book's Back Link Analyzer (<http://tools.seobook.com/backlink-analyser/>). It Supplies multiple output data including backlink status, link text, page title, outbound links, links on page, IP address, link type and Google information.

P 2. 3:

Market Research impact on E-Business:

Today we are living in vibrant world where numbers of things are changing very rapidly. Therefore it has become very complex to predict anything. Business is also a part of this rapid changing world and it is very difficult to predict any next move of market or customers respectively. However, to achieve success in the business world, it is very significant for any business to have full information about the market progress and the customer's

behaviour. Therefore, business requires a solution which can help them to gather these facts and figures.

A most effective solution for this problem resides in the form of market research, that provides a great possibility to identify the numerous trends in the market and customers need.

Market research is a combination of few methods like surveys, analysis, trends, prediction. Adopting the effective market research method can help business to identify new market trends, their competitor activities, acceptability of their products in market, scope for new products, and reason behind failure of products.

A large numbers of business organisation have made market research an essential part of the organisation. However, many others take the help of external agencies and advisors. Mode of doing market research may be whatever but one thing is clear that market research significantly help organisations in making right moves at the right time.

By making market research an integral part of companies work structure, companies can easily avoid number of shocks coming from market and increase their success rate considerably. Therefore, in simple words we can say that by getting the help of market research, it is possible for any organisation to succeed in the business world.

Chapter 2: Online Business Development:

Introduction:

Handyman online is a website which will provide wide range of repair and maintenance services around the home. This idea for the e business is not unique but in a way it is different from recent trend of customer services.

The idea comes through my mind when I required some paint and patch work need to be done around the house. It was not a very large area so there was no need to hire professional contractors as a most people are fear of lengthy process and expensive labour. In search of the person who can carry out this small job I search in the local yellow pages, unfortunately I could not find any person. I browse the internet to search for the right person for the job. I narrowed down my search to 3 persons who carry out this kind of jobs in that area. When I called 2 of them refuse to come and visit the site due to lack of time and one of them promised to visit and never turned up.

I have a degree in civil engineering in which I spent three years to learn about construction and its requirements before I come into the IT field. As per my pervious knowledge in the specific area I visited the (do it yourself) DIY stores like Homebase and B&Q. I browsed for my required material and the actual work didn't take not more then 3 hour to finish.

This draws my attention to the market potential and lack of required skilled staff in this area. People like me spend enormous amount of time over the internet to search person to carry out such a small tasks like assembling a cupboard, hang out a curtain or change the lock. In my case I was very

disappointed about the response of the persons to carry out my required work.

In my opinion there is a lot of potential in this market which I will discuss later in my report.

Mission Statement:

Mission is to reach and provide the customer high standard handyman services in quick and efficient way and creates employment opportunities.

Goals:

Create over 20% of business from repeat customers.

Generate steady revenue per year by the end of year two.

Develop the business into full-time employment within 12 months.

P 3. 1:

The Market research:

Handyman Online's target market has been divided into two segments: home owners and property managers. There are 1, 340 potential customers in the property manager segment. This group is growing at a 4% annual growth rate. There are 25, 190 potential customers in the home owner segment. This group has a 5% annual growth rate.

Competition

Handyman online will receive competition from several sources. The most well-known competitors are detailed below:

Handymen

Fix-It-Up: This is a one man company that is specialized in electrical problems and plumbing. Painting and patios are not serviced. When speaking with the customers regarding their experience with this company their expression was mixed.

Handymend. com: This is a handyman company that employs three different workers as handymen. This is a large company (for handymen) with a far less intimate customer experience. If a customer used this service on four different occasions, they are likely to receive four different people on the service calls.

Contractors (General)

Raj Contractors: This is a full-service general contractor. The organization is large with 17 employees. This company does a mixture of commercial and residential work. This company has an eight hour minimum contract.

MF Contractors: This is a small sized contractor of five employees. They concentrate on residential jobs and have a smaller minimum of four hour projects.

P 3. 2:

Market Analysis Summary

Handyman online has identified two different market segments, home owners and property managers. As I discussed earlier, like in my case the most important segments as they are the customers who often have small repairs. These repairs are too small for to hire a contractor and complicated enough for the owner to perform themselves.

<https://assignbuster.com/advantages-and-disadvantages-of-e-business/>

Customers often call the service provider who they are familiar with, regardless of the suitability. For this reason, word of mouth referrals will be very important. Possible customers normally ask neighbours or friends and any other property managers for advice on handyman service providers. Handyman online will take advantage of word of mouth marketing by providing exceptional services to keep customers satisfied. Excellent service will result in new and repeat business.

Market research outcomes:

As I discussed earlier, I divided the potential market into two distinct customer groups:

Home owners

The value of the homes ranges generally between £160, 00 – £655, 00.

48% of home owners try to make small repairs themselves; they often start the repair and later realize that they do not have the appropriate skills to complete the repair. The remaining 52% do not attempt to repair it, they call a professional person to perform the repair.

62% have owned their home for more than two years.

73% of the customers wait until several small problems accumulate before they call a handyman for repair. This behaviour can be explained by not wanting to incur a large upfront charge just to have someone fix one thing.

Property managers:

Typically do not have their own in-house repair man in an effort to reduce overhead expenses.

<https://assignbuster.com/advantages-and-disadvantages-of-e-business/>

The range of monthly rental costs of their units is £350-£675.

Market Analysis

Year 1

Year 2

Year 3

Year 4

Year 5

Potential Customers

Growth

CAGR

Home owners

5%

24, 090

25, 295

26, 560

27, 888

29, 282

5. 00%

Property managers

4%

1, 234

1, 283

1, 334

1, 387

1, 442

3. 97%

Total

25, 324

26, 578

27, 894

29, 275

30, 724

P 3. 3:

Company:

Handyman online will be formed as a Limited Liability Company (LLC) by myself. i will be the sole employee and owner of the company and I will hire the staff time to time according to the nature of the job. The company will

<https://assignbuster.com/advantages-and-disadvantages-of-e-business/>

incur certain start-up costs, primarily tools, detailed in the Start-up Summary section.

Start-up requirements:

Handyman online will incur start-up costs related to start of the business.

The following table details the start-up costs as well as indicated the needed capital for initial operations. Stan will be using his personal tools for jobs but will need to purchase the following additional equipment/tools:

Assorted plumbing tools including: slip wrenches, snakes, teflon tape, and assorted caps, nuts, and bolts.

Electrical tools including: electrical gauge meters, wire cutters, various wires and wire caps, and soldering iron.

Painting material including: paint brushes, paint roller, pneumatic paint sprayer, air compressor, sand papers, spackle tools and masking tape.

Pressure washer.

Various general tools.

Assorted power tools (drill, saw, sander, Dremel).

Assorted nails, bolts, screws, and fixtures.

Laptop with portable printer for mobile invoice printing and submission.

Mobile phone.

Start-up Expenses

Legal

£800

Accountant

£600

Brochures

£250

Insurance

£250

website registration

£25

Website hosting

£75

webpage development

£500

Total Start-up Expenses

£2, 500

P 3. 4:

Details of cost:

Start-up Assets

Cash Required

£20, 500

Other Current Assets

£0

Long-term Assets

£8, 000

Total Assets

£28, 500

Total Requirements

£31, 000

Start-up Funding

Start-up Expenses to Fund

£2, 500

Start-up Assets to Fund

£28, 500

Total Funding Required

£31, 000

Assets

Non-cash Assets from Start-up

£8, 000

Cash Requirements from Start-up

£20, 500

Additional Cash Raised

£0

Cash Balance on Starting Date

£20, 500

Total Assets

£28, 500

Liabilities and Capital

Liabilities

Current Borrowing

£0

Long-term Liabilities

£31, 000

Accounts Payable (Outstanding Bills)

£0

Other Current Liabilities (interest-free)

£0

Total Liabilities

£31, 000

Capital

Planned Investment

Investor 1

£0

Other

£0

Additional Investment Requirement

£0

Total Planned Investment

£0

Loss at Start-up (Start-up Expenses)

-£2, 500

Total Capital

-£2, 500

Total Capital and Liabilities

£28, 500

Total Funding

£31, 000

Loan required

£31, 000

P 4. 1:

Company Services

Handyman online will provide repair and maintenance for home owners and property managers. All type of services will be provided from just £40 per hour plus parts. Handyman online will give every customer at least one hour of work at their property.

All work is “ handyman” work, for larger nature of jobs that require a contractor; Handyman online will search an experienced service provider free for the customer.

By providing only handyman services, handyman online will always attempt to repair the problem first, replacement is only an option if the item cannot be repaired. This differs from a contractor philosophy which is generally to replace everything first.

Repairing items is far less expensive for the consumer. Handyman online will offer a one year guarantee for all of their repair and maintenance work, The goal is to not have any unsatisfied customers.

Offered services include:

Minor plumbing

Leaky faucets, repair/replace fixtures, sprinkler repair, minor drain problems, garbage disposal install, install ice maker lines.

Minor electrical

Ceiling fan repair and install, electrical plugs and switches, vanity lights, motion lights, cable and phone line installation.

Fence repair

Metal and wood fence repair and install, electric dog fences, gate and latch install.

Window, wall and door repairs

Small hole repair, door installation, window maintenance and repair.

Decks and patios

Deck repair and maintenance, chemical cleaning, pressure washing, wood replacement, handrail installation.

Painting

Interior and exterior (short of an entire exterior of a house).

Weather proofing

Weather stripping, caulking.

Flooring

Carpet and hard wood repair

Company Ownership:

I am the founder and owner of Handyman online. The company will remain a one-man operation for the foreseeable future.

P 4. 2:

Market Analysis Summary

Handyman online has identified two different market segments, home owners and property managers. As I discussed earlier, like in my case the most important segments as they are the customers who often have small repairs. These repairs are too small for to hire a contractor and complicated enough for the owner to perform themselves.

Customers often call the service provider who they are familiar with, regardless of the suitability. For this reason, word of mouth referrals will be very important. Possible customers normally ask neighbours or friends and any other property managers for advice on handyman service providers.

Handyman online will take advantage of word of mouth marketing by providing exceptional services to keep customers satisfied. Excellent service will result in new and repeat business.

Marketing strategy:

Website Marketing Strategy

The marketing strategy will employ two distinct mechanisms:

Search engine submission: This will be most useful to people who are unfamiliar with handyman online but are looking for a local handyman. There will also be searches from customers who may know about handyman online but are seeking additional information.

URL on all printed material: For every printed piece of material that we offers, the site's Web address will be listed, encouraging a visit to the site.

Website Development Requirements

The site will be developed by me because I have an experience to develop a website. I will seek help from a friend to develop some aspect of the website.

The value of the development will not increase more then £600, it will not have to be listed as a payout of 1099 income for tax purposes.

P 4. 3:

Sales Forecast

The sales forecast has been developed in a conventional way to increase the possibility of achieving the sales goals. The forecast sales breaks down is based on the activities that Handyman online will perform.

Required parts to replacing the faulty ones will be invoiced separately, there consumables such as nails, caulk, and etc., that will be used will be included in the £40 hourly fee. These consumables are captured in the direct costs of

goods as a percentage of the overall service charge. The different services have different percentages assigned to each type of service.

Handyman online will perform a wide range of jobs, that will be billed at the same hourly rate. The competition typically bills out electrical work at a higher rate, and painting at a lower rate. Company has chosen a single hourly rate to encourage customers to use the services for more than one repair on the same visit.

Sales Forecast

Year 1

Year 2

Year 3

Sales

Plumbing

£4, 250

£12, 500

£16, 550

Electrical

£3, 698

£10, 875

£14, 399

Fences

£782

£2, 875

£3, 807

Windows

£1, 360

£4, 000

£5, 296

Decks

£945

£4, 500

£5, 958

Paint

£2, 508

£7, 375

£9, 765

Weather proofing

£1, 403

£4, 125

£5, 462

Parts

£850

£2, 500

£3, 310

Floors

£1, 615

£4, 750

£6, 289

Total Sales

£17, 410

£53, 500

£70, 834

Direct Cost of Sales

Year 1

Year 2

Year 3

Plumbing

£298

£875

£1, 159

Electrical

£185

£544

£720

Fences

£23

£86

£114

Windows

£109

£320

£424

Decks

£38

£180

£238

Paint

£226

£664

£879

We