

Small business v large competitor essay samples

[Business](#), [Company](#)



Business

Competing with the larger and more powerful competitors is not an easy task for the management of the smaller business. There are several ramifications or consequences for the smaller companies as compared to the larger competitors in competition. The main ramification is that the smaller companies do not have large amount of investments as compared to the larger companies. Therefore, when the smaller companies are approached by the big clients, then it is highly probable that the small companies will raise funds from the debt financing or joint ventures. (" Business Competition - The Good and Bad Effects for Businesses Large and Small", 2012)

In the relation to the competition with the larger companies, another disadvantage to the smaller companies is that the clients or customers feel that the integrity in the larger companies is much higher as compared to the smaller companies. Therefore, it is difficult for the smaller companies to satisfy their clients easily and to maintain their market share. (" Business Competition - The Good and Bad Effects for Businesses Large and Small", 2012)

As compared to the larger companies, it is difficult for the smaller businesses to get raw material on favorable credit terms. The unfavorable credit terms restrict the management of the business to make purchases on cash and the timing of cash outflow is difficult to control.

Another main thread for the smaller businesses is that if the management of smaller businesses take excessive risks, then it is highly probable that the business will suffer losses. However, in the case of larger companies, they have proper risk management team. (Conner, 2013)

The main advantage or the opportunity for the small businesses in competing with the larger competitor is that the smaller companies try to produce quality product which can replace the product of the competitor in long run. For example, if the prices of powerful competitor are high, then there is a chance that the customers of larger company consider the products of smaller company by considering them the alternative products. (Conner, 2013)

References

Business Competition - The Good and Bad Effects for Businesses Large and Small. (2012, December 13). Retrieved December 16, 2014, from <http://bn92.hubpages.com/hub/Business-Competition-The-Good-and-Bad-Effects-for-Businesses-Large-and-Small>

Conner, C. (2013, April 3). The '8 Great' Challenges Every Business Faces (And How To Master Them All). Retrieved December 16, 2014, from <http://www.forbes.com/sites/cherylsnappconner/2013/03/04/the-8-great-challenges-every-business-faces-and-how-to-master-them-all/>