Free case study about databank

Business, Company

\n[toc title="Table of Contents"]\n

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Question A: Justification for shift into the new market

The reasons given by the directors to justify the shift into a new market can be seen in different perspectives. However, in overall, the main reason that justified the move was the poor performance of their business in their initial area of operation. This is perhaps explained by the fact that the Ghanaian market was nascent and had hardly grown sufficiently to necessitate the information services the company initially offered. In that context, it is imperative to appreciate the need for the company to profit so as to offset its loan while at the same time being able to pay off its expenditures including the salaries to its directors. However, it is equally not lost to us that the directors had the passion to develop and grow the market in Ghana. Their initial priority was to enable the Ghanaian market stakeholders' access information and in turn grow the market.

Based on the final reason discussed above, it is essential to appreciate the social nature of the directors. Indeed, internally they were driven by the inner desire to see to it that the Ghana market grew. This is essential to note especially in the context of their Ghanaian nationality. It is impressive that the directors had intended to improve the market conditions in the developing nation in Ghana. It is on that social reason that they were able to abandon their relatively good and well rewarding jobs in the United States of America and return home for purposes of development of the Ghanaian economy. However, that is the furthest they (read directors) were prepared to promote social goals. Otherwise, the economic elements of their activities were equally pronounced. In fact, it is on the economic argument that they reached the decision to shift from the initial function of information provision into venture capital and asset management. On that context, it cannot be singularly argued that the directors were exclusively informed by social pursuits. In the same strain, it can equally not be argued that theirs was purely social.

I fully agree with their reason for shifting into a new market. I believe the directors took the necessary considerations into account given the fact that their main drive was monetary. It is worth noting that the directors were persons with sound economic and financial management know how and that they were keen to help grow their economy while at the same time developing a niche for their company. Indeed, the same approach is what has informed economic success stories the world over be they of an individual or company character. In that strain, I fully agree with the approach.

Question B: Skills necessary for Venture Capital Operations

Venture capital enterprising remains a relatively alien concept especially in the Sub-Saharan Africa region. In fact, the experiences of Databank Company go deep in demonstrating the challenges attendant to introducing an alien concept to natives. It is the position of this paper that Databank had the skills necessary in venture capital business. While the business in its unique character does not demand of particular skills, there are some general skills that are required of entrepreneurs keen to offer services in that area.

Some of the key skills necessary include the following. Foremost is a business background and understanding. This is twofold and each of the same compliments the other. The first limb entails business background acquired through studies in school and academic setups. It is not in doubt that the pioneer three directors were well educated having attended American colleges for their studies and having undertaking specialization in business courses. It is, therefore, easy to arrive to the conclusion that the academic knowledge and skills of venture capital business was well endowed in Databank Company by virtue of its management. The second limb relates to the practical knowledge in venture capital business acquired more often through working in setups operating venture capital businesses. Again, on that account, Databank Company was safe. This is because the three directors had engaged gainfully in employment in which they served as business managers and would have probably interacted with venture capital operations.

Therefore, the answer as to whether Databank had the requisite knowledge in venture capital business is addressed in the affirmative. However, the second limb to the question as to whether it required additional knowledge assumes a mid-point answer. The paper observes that despite the excellence and exposure of the directors to venture capital business, acquisition and pursuit of more information was still necessary. This was because of the unique case the company was engaging in. In fact, it is the same that informed the decision by the directors to seek the support of the World Bank and the International Monetary Fund both of which the paper observes had the technical and practical knowhow of the Ghanaian economy and whose counsel would be invaluable to the company. In conclusion, therefore, the venture capital arm of the business would be successful with the acquisition of additional information which the paper observes would have left the company richer in knowledge than it would ever had been without the pursuit of the same information.

Question C: What would make the venture finance part a success?

The success or otherwise of the venture finance part of the company depended on the cultural and attitude change of the people of Ghana and largely of the populace within the West African region which informed the market of the company. The paper arrives at this conclusion based on the fact that the company in itself had thoroughly addressed the internal factors. The internal factors in this case included the financial and technical capacity. Interestingly, the company was able to acquire sufficient funds through its partnerships and associations. In that vein, it cannot be said that the company lacked financial resources and the muscle necessary to steer its activities into profiting. In fact, from the report, suffice to say that the company had assembled sufficient financial resources for the anticipated demands. Secondly, as fully canvassed in the previous sections, the company had sufficient manpower in the three exposed and determined directors.

However, despite the internal factors being fully met, the venture capital would still be met with challenges of an external character. This includes the cultural attitude towards loans and businesses. As captured in the report, the bigger portion of Ghanaians did not have the passion and determination for business. The few that did preferred to use alternative means of financing and were not ready to commit themselves to loans from the venture financing options. In other words, the whole concept was alien, un-cultural and by extent unwelcome. It would, therefore, require tremendous input by the company in terms of reaching out to the business community so as to get market for their venture capital products. Of course, the other option on the table was to pursue an expansionist approach so as to reach out to the larger West African populace. However, this too had its challenges and required strategic planning and the some assurance of success which could only be assessed from the performance in the Ghanaian market.

On the question of the criterion applicable to measure whether the business was progressing well, the paper observes that monthly reports and analysis of feedback was necessary. This entails consideration of the market performance and the feedback from the market. The bank had the discretion of conducting regular market research and analysis thereof to obtain a performance indicator of the venture capital arm of the business. It is often the industrial practice to use statistics contained in regular reports in assessing the progress of the company. In fact, the feedback collected from its branches and the inquiries it received would be sufficient in assessing their progress thus far. It is imperative that the business being nascent and facing its unique challenges would not postulate positive results as such, but the subtle changes and trends are necessary in predicting the trajectory.

Question D: How likely is the Venture Finance arm to succeed?

This paper elects to approach this question from a futurist perspective. This is because the business remains a going concern and continues to engage in the market. As such, it behooves any critical analyst to consider the future implications in addressing some of the posited questions. In that vein, the paper observes that the business's venture finance arm is likely to succeed. In terms of proportions, the business stands a seventy five percent chance of success.

The reasons are more than one can imagine. Foremost, the cultural changes underlying economic plans and policies in the Sub-Saharan African countries West Africa region inclusive. The change in attitude and increasing demand for venture capital for purposes of investment increases the chances of success as well as reducing Databank's main challenge. In addition, the protectionist systems in countries are slowly waning away buoyed by increased globalization and improved information communication infrastructure. In essence, the same means that more business would be ready to venture into the markets and establish trade and interactions in term necessitating the need for capital. In that drive, the business may position itself strategically to benefit from such opportunities and profit by provision of venture capital to the market. It is on such accounts that the paper assumes the position that Databank would succeed.

However, equally imperative is the subtle social approach that other diversified entities of Databank have assumed. The fact that the same company through its entities is engaging in the growth of the economy through essential areas of information and communication technology, agriculture, agro-processing, tourism and pharmaceutical means that businesses shall soon sprout from the same areas. The sprouting of such businesses comes with the inevitable desire and demand from cash streams. One main source of the same is the venture capital financing. In other words, one may observe that the approach pursued by the entire conglomerate entails the growth of the economy so that in the long run the demand for venture capital is high and stable. In conclusion, the success of this arm of the business may as well depend on the aggressiveness of its directors. The plan to launch services beyond the Ghanaian market is an example of such aggression. Through the same the entity would be able to make a brand name for itself in turn contributing to an avalanche of demand from the markets for its services to the benefit of the entire business entity. This is the essence of brand building and market synergies in operations. By assuming an optimistic approach, as demonstrated in this section, the paper remains justified in its logical conclusions.

Question E: What Databank need to do to improve their approach

The first approach requires the embrace of African technocrats and businesspersons across the region. In that context, the paper recommends that the company incorporates into its board of directors some personalities endowed with business skills from other West African region. This is necessary in creating the impression that the company is locally owned and, therefore, easily embraceable. This recommendation is given in the context of the current African geopolitical undercurrents where local businesses are promoted under the tag of being local and not foreign. This way, the penetration and market levels of the company shall increase to higher levels than is currently the case. In addition, the incorporation of more West African directors shall give the company its much needed regional characters and shed off the Ghanaian only trait it currently boasts.

The second recommendation goes into mergers and acquisitions. While the report gives a brief account of the success story of the acquisition of Gambian banks, it is essential to capitalize on such approaches if success is anything to go by. Again, this line of thought is informed by the current developments in international business operations. Times when companies started from scratch are long gone. One easily identifies developing companies that either lack sufficient technical or financial capability and then boxing the same into mergers or in extreme cases acquisitions. This way the new entrant (read Databank) is able to enjoy the benefits accrued by its predecessor in the respective market while at the same time contribute its financial and technical superiority for the fast and future progress of the new concern.

Lastly, the company must not overlook the role of diversification in the survival and continuity of entities. Despite the fact that its initial founders had specific areas of interests, the company must not close its eyes to available and emerging business opportunities. In the new international dispensation, flexibility in diversity remains the key to success and the success of Databank is essentially no exception to this international norm.

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