

Business vs. business

Business



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In the world of business, big business continues to thrive in all aspects of growth. While small business must continue to suffer in profit loss, lay offs, bankruptcy, etc small businesses must stay ahead in order to keep out of the shadows and in the mainstream.

More than in any other occupation, starting a business requires considerable lying down of the proper plans and goals. Additionally entrepreneurs must be psychologically and mentally prepared since “ success or failure in business is caused more by the mental attitude even than by mental capacities” as Walter Scotts puts it.

A basic understanding that should be in everybody wishing to set up a business is that the entity will exist solely and most importantly to make a profit. All the efforts and energies should be channeled towards achieving profit oriented goals not unless the business has another motive besides that.

In this particular hypothetical situation, the business to be started is a grocery store in a busy neighborhood primarily dealing with household goods and stuffs. The neighborhood is highly populated and inhabited by midlevel income earners with a considerably high purchasing power. This is the most vital part of formulating and implementing a business plan. The success of any person in business sometimes boils down to the choice of business line to specialize in. Capital alone is not the sole determinant of a business line; factors such as the market availability and business environment have to be put into consideration.

Different options should be laid on the table and brainstorming takes place to evaluate on the appropriate income earning activity to be engaged in. The expertise of the business handlers on the specific field to be chosen is also important and will go to a greater extent in influencing the choice of the activity. One might be possessing special skills like tyre retreating that he/she would wish to put into practice and hence his/her choice will have been re-enforced by this knowledge.

It is important to set realistic and achievable goals and objectives. While it is important for business to channel its efforts towards profit maximization, the means to achieve these needs to be clear and defined. A grocery store would be aiming to ensuring that its customer's base is increased at a rate of more than 10% per month. It might have a goal of emerging as the favorite "mom and pop" shopping facility in the neighborhood by encompassing good and efficient business practice and hoping to introduce additional facilities and services not priorly existing so as to establish itself in the market. With the right goals and proper planning to back them up, any business can excel in America. America has been hailed over time as a land of opportunities.

People of all races, tribes' gender and religion come to this land to pursue the American dream. However this is not the land of opportunities only. It is full of challenges that ensure to a greater extent that only the best pulls through. Key business knowledge is essential to guarantee a success. This knowledge must be combined with other vital elements. A business to survive and establish itself in the market must have established the proper decorum befitting its nature of activities. The key idea behind business etiquette is in knowing how well to treat the stakeholders in the trade. There

would range from the suppliers, creditors and most importantly the customers. They are the most important in the entity and their contribution will be vital in ensuring the success of the business.

Business knowledge equips one with the ability of how to manage these key entities, managing them in a way that will maximize profit and minimize the costs incurred both economic and social. A grocery serving the immediate neighborhood requires a large and fair share of effective customer management. This is because it will be patronized by a clientele that in most cases than not will be interacting with the sales persons daily because of the nature of the business. Hence it will require that customer service be maintained at peak levels or risk losing out altogether.

Knowing the line of business activities to engage in one thing, deciding on the nature of products is another. Different types of business carry out different types of products either service oriented or tangible products. The type of business products traded in two entities but of the same line may differ. Products are shaped and packaged in line with the organizations and customer's preferences. It is the nature of the market system that dictates the types of products to be rolled out. These are the key issues to consider when developing a business portfolio. An overall business plan has to be laid out properly.

This will dictate different interactions in the business. It will act as the basic guideline on the various aspect of the trade. It will define the scope of the business, stating clearly what the business can or cannot engage on depending on the prevailing circumstances. The idea has already been conceptualized and now the next step will be on how to implement it. Both

conceptualization and implementation of the idea are important most ideas however done go beyond the formulation stage. Implementation requires a properly guided and laid out strategy backed by scarce resources such as human and financial wherewithal.

Skills in financial management are a vital resource, this is coupled by the ability to maintain and document proper financial records. Books of accounts are not only important to the debtors and tax department but rather for the management own use. They are meant to indicate the financial status of the business as well as laying out the various business obligations as they fall due. The performances of the entire business can be judged from merely taking a look at the financial statements. This will be an important tool, as it will inform the proprietor of the various aspects that comparatively are doing well and which areas held to be improved.

Budgeting will help the business entity to plan for its future financial obligations and income as well as how that cash is expected to be used towards achieving the business visions and goals. The next step is in implementing the business idea will revolve around the form of business whether to embrace a partnership or to break the ground alone. Each of the above forms of business have their strengths as well as weaknesses. A sole proprietorship is a one-man/woman business. There is a sole financier and a sole decision maker. Keeping this type of business would enable the individual to reap all the rewards (profits) alone. Decision making process is rather fast as one is his/her own boss and does not need to consult outside the box. The management flows on smoothly and is not met with major power struggles and squabbles.

However, this form of business is encountered with a myriad of disadvantages. Businesses strength is measured by the intensity of financial capability. It is rather hard for an individual to pool resources and be able to front a formidable force in terms of financial capital, this means that most often than not the sole proprietorship will be experiencing financial limitations. Being the sole decision maker also will have disadvantages of not combining human resources to emerge with the best alternative. Any business requires well thought out plans and strategies for it to emerge competitive. This maybe lacking in a sole proprietorship. A partnership too has its main weaknesses in that all the subsequent proceeds have to be shared among the members; decision-making process is rather slow, as all partners have to be in agreement on any expected strategy. The procedure of starting a partnership business is also more elaborate than in a sole proprietorship (www.residual-rewards.com).

Agreements and contracts have to be entered in stipulating how the business income is to be shared out, alongside other sensitive issues. It has though several major strengths. The first important advantage emanates from the fact that the business will be able to pool resources from the various angles strengthening its capital base. It will be in a position to undertake more risky and profitable ventures. The pooled resources too put it in a better position to solicit for funding due to the readily available security from the members assets. Decisions too, though slow are made after a thorough brainstorming and hence ensure only the fool proof strategy sails through. The diversified managerial skills of the members are also put into proper use and geared towards accomplishing the firm's visions and

goals. Most businesses prefer the partnership because of the above reasons and strengths in comparison to the sole proprietorship.

The conduct of business is dictated by the laid down ethics. They are the ones that broad line defines the moral issues and practices within a business entity. These may revolve around core values such as integrity, honesty and fairness. Although the major drive in a business is profit maximization, other key factors such as customer satisfaction and employees welfares have also to be put into consideration. A business entity does not exist to exploit the consumers but rather it is there to represent fair exchange of goods and services and in the process reap a reasonable amount of profit (www.management.org).

Honesty and integrity would also dictate the quality of the business products. This is where an entity avoids at all costs to malpractices or for example knowingly selling expired products. The welfare of the customers has to be safeguarded at all times so as to protect and consolidate the clientele. The ethics not only defines the relationship within an organization but it also ensures that a cordial relationship with the public is maintained in line with the company's objectives and goals. The level of competition in the different aspects of business is an indicator that a business has to be on its feet to try and counter competition from the rival businesses. Effective strategies have to be put in place.

One key way that a business can maintain as competitive edge is through provision of super-quality products and well as being updated in any technological advances. Today's modern world is seeing tremendous and revolutionary business practices being introduced. One of it is the e-
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commerce advances in e-commerce is likely to provide a business with a competitive edge unrivalled by no other. This system is revolutionizing trade and business transactions at a phenomenal level. Through e selling, e buying, advertising and e marketing. With such advanced tools being at play in the business field, the players have limited options but to go with the trend and take up the novel initiatives and practices wholeheartedly or risk going under altogether (www. thetimes100. co. uk).

In these days of free market systems where allocation of incomes and resources is dictated by supply and demand, only the best in the business game dare stay afloat. As Sandra M. puts it:

.... only through full and free competition can free markets, free entry into business and opportunities for the expression and growth of personal initiative and individual judgment be assured .(Small business policy and American creed, pg 44)

Small businesses are the major victims, as they have to compete with financially endowed big corporations. A simple grocery has to compete with a large multi chain store next door in the same neighborhood. There are economic as well as political factors that contribute to the unenviable situation of a small business. Big corporation have a lot of economic power due to their perceived economic benefits and contribution to the national income in terms of taxes. Through investing in lobbyists they are able to influence formulation of friendly policies at the expense of the small businesses (www. henrygeorgesf. org).

They have a higher access to credit many folds more than the small businesses next door. They are more attractive to financial institutions as they have strong security for the loans. They are also able to access the state of art technology in addition to the best human resource available in the market. Small businesses cannot afford these luxuries and act merely as training grounds for the big corporations. The future does not look promising either for small business with opinions and attitude having been () by economic theorists, and other critics to mean that large businesses are more effective than small ones.

These are the realities that businesses have to contend with in their day-to-day activities, they are faced with a mountain of a task to ensure that they stay afloat and claim their fair share of market. By combining the marketing tools within their reach they can in one-way or another, they possess a cost effectiveness per space aspect that the big corporations lack in themselves. The continued onslaughts by these corporations have to be fought if the small businesses have to survive. Trends in the market field spell doom to the small business. More and more big corporations one taking up the small space priory patronized by the small businesses.

One of the ways that this competitive edge by businesses can be maintained is through proper customer care and management. The biggest challenge to all businesses both small and big is to find a way to maintain their customer base and level. One of the key ingredients to maintaining the existing clientele is through provision of quality services. Customer psychology studies indicate that most people are critical of the quality services that they receive

in business premises. Some will be willing to forego advance to buy at a cheaper price and go quality service (www. managementhelp. org).

Customer loyalty more or less indicates that a certain group of individuals have identified with a particular business and have made it their practice to be making their purchases from those particular premises. To maintain customer loyalty is a big task. It requires good strategies and an efficient customer relation's team. Royce K. advises:

... loyalty can be regained with good produce, good service and a lot of one to one attention to customers (The Washington times)

Customers are also known to value thoroughness and speed. A business organization has to invest heavily to reduce transactional time, this is the amount of spent from the time a customer has placed an order and to the time it is delivered.

Many people would prefer business organizations that speedily act to meet their needs rather than those that take eternity to serve them. The price of the offered products too have to be put in check, with the above being in place, and the level of competition being high, caution was to be put in place to ensure reasonable prices are put for the available products. High prices even with effective customer service system can drive customers away. The business entity has to put a balance between profit maximizations and customer's considerations. It should not aim to maximize its profits at the expense of the customer as in the end it might find itself with no customers to serve.

No matter the change in time and context, honesty and integrity remain the most dynamic business principles that have an ability to propel any business to greater heights of professionalism. Trends today are in disfavor of these the key principles. Business organizations are continuously compromising these fundamental doctrines and philosophies in pursuit of profit maximization, throwing all morality to the window and opting for quick bucks.

The major scandals emerging in the big corporations are an attestation to this. The most notorious aspect of business practice is where corporations have been known to manipulate their financial statements to reflect incorrect share earnings especially in cases of mergers and take over. This results to extra-ordinary and skyrocketing share prices when these stocks hit the market eventually. Some business also engages in unfair business practices especially when they have taken and consolidated a large proportion of market share. These unfair practices are at the expense of small and upcoming businesses. Some businesses organizations have been known to enter into unscrupulous and corrupt dealings to ensure that they are awarded tenders and contracts.

This is mostly evidenced in the developing world. Big corporations have been known to bribe or corrupt officials in their bid to win big tenders and contracts especially in Africa where procurement procedures have not been harmonized to ensure fair play and also to meet international standards. Lobbying is another by practice that has been found to be unfair to small business. The intensity of these companies financial endowment makes them afford the luxuries of trying to woo contracts. Big

corporations finance politicians in America so that they can secure big contracts especially in defense department and other government sectors. Small business cannot afford this and have to contend with the effective ways of coping with constraints in the market.

As times change, so do business practice. The act of trade has undergone major transformations over the years from the days of barter trade to today's world of e-commerce. Business organizations have also had to undergo these adjustments to be in line with the changing trends. Culture is one factor that is known to affect businesses. Different variations of culture require equally varied approaches in terms of business strategies. Culture has an impact of different aspects of business ranging from within the organization itself and the range of products produced. Most importantly it is able to shape consumers tastes and preferences to these products.

The dynamics of consumer's tastes are what impacts on business policies regarding the market. Any entity that fails to change with the moving trend risks being surpassed by events. One way that a business can cope with today's modern trend, and dynamic culture is investing more on appropriate technology. Today's businesses are conducted over the Internet. To cope with these trend organizations need to invest in tools such as websites and retaining their staffs to cope with these changes. The issue of business cards and social networking as a key to business expansion.

To compete with big corporations, small businesses have to take up diversified measures too to cope with the diversities in the business culture and environment. Business social networking and lobbying can be a great idea towards expanding their market, coupled with modern tools such as e-

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marketing. A diversified nation like America presents each day with renewed opportunities to cope with the ever-rising dynamites in the market. The free flow of information ensures that opportunities are exploited as they arise. Businesses have to be equipped with the right professional expertise and know how to cope with these diversifications, dynamisms as well as the rising opportunities.

One of the forms of business that is threatened by extinction as new big corporation viciously attack the market are the traditional and everyone's favorites "mom and pop" stores. As Royce k says:

.. big chains arrive like new kids on the block and many small shop owner are having a tough time competing(The Washington times)

This phenomenon is not only in the U. S only but also evidence across the globe. The big chains and banks are not only consuming the market but even the facilities. One the big business set camp in the neighborhood; the rent flares up and the small business are thrown out because they can't put up with the high prices. At stake, thoughts are thousands of livelihoods that totally depend on these stores for their living. In the end the () that characterized the neighborhood with the cost as national retail storer and big banks more in.

Many have expressed concern and opposition to the growing invasion of the neighborhood. Wal Mart has of late been facing hostile reception whenever it tries putting up businesses. New York City Council has been contemplating lowering taxes for the small businesses to try and level the playing field. This

will revive entrepreneurship. It will also help maintain a charming and exciting environment that we have all been used to.

Conclusion

The neighborhood has been invaded by a formidable onslaught of big corporations. The mom and pop stores, neighborhood banks, drug stores, and gas stations are losing out in this big fight. But what makes these big businesses thrive so well a shoulder above the small business. They have quick access to financial facilities, economies of scale are on their side, and they have access to state of the art technology and a professional marketing and advertising team small business file in comparison.

Starting any business requires proper arrangement of the tasks to be achieved and setting accomplishable goals. An individual should be equipped with the appropriate business knowledge to help him/her maneuver through the obstacles in business, financial planning and management skills. The decision on how to go into the business has also to be made, either in partnership and pool resources or sole proprietorship and enjoy all the profits alone. Every business organization too has to have a business ethics defining how to conduct the business. Competition has also to be countered through effective customer relations.

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