

Entrepreneurship: a process perspective

Business



Ms Parker can start the business given her proposal.

She has planned to deal with products which are fast moving. These include jewellery, design products, decorative gifts, among other products. The suppliers to her shop will also be trade fairs and specialists. With such suppliers, constant supply will be expected. The products will also be of high quality, which will attract customers to the business.

It is encouraging that Ms Parker will be residing in the same apartment where the business will be operating. This means she will always be available and will be opening her business on time. The business objectives seem to be realistic. Sales of \$100, 000 sound a realistic figure. The gross profit margin of 40% is also attainable.

A net profit of 25% also sounds realistic and achievable. She has also kept her drawings as low as possible, which means that the business will not suffer losses. The area she has targeted has a large population, and, therefore; she will have a larger market. Ms Parker has unique selling points, which gives her an added advantage. She has links with large local organizations. This will help her market and sell her products with a lot of ease.

Specialised products and a wide range of quality merchandise are yet another selling point. Another advantage will be the fact that the business will be offering personalised services. After carrying out SWOT analysis it has been found that she has several strengths, which keep her at a competitive edge. Superior quality, specialised products, wide range of products and personal services are good strengths, which her competitors lack. The

weakness of poor location can be overcome through effective advertising of products.

As regards, expensive promotions, she can simply go for the affordable advertisements, but make sure that everybody gets the message of her new business. The fact that she will target women of ABC1 social economic class means that she will have a constant market. Increased competition will also lead to a change in the role of the entrepreneur. With increased competition, business men need to adapt new strategies Ms Parker's advertising and promotional strategies seem to be cheap and quite effective. Taking products to women organisations will help her market the products to large groups of people at the same time.

This will also cut on advertisement costs. Once these women get to know about the new products in the market, it will be obvious that they will start telling their friends about them. Cutting on newspaper advertisement is also quite encouraging since newspapers are very expensive mode of advertisement. Special gifts and seasonal promotions have proven to be effective and efficient. Ms Parker says, in her proposal, that the price offered will match the quality.

Most clients value quality more than the price. Therefore, her products still will be competitive in the market. High Street in Johnstown is known to many people and is visible while passing by. Many people will, therefore, be able to see the newly established business as they walk to the main shopping street. The equipment to be used in her business seems modern.

This includes shop display equipment and an electronic till register. At the start of the business, Ms Parker will not incur expenses such as wages since she will be assisted by her mother, and her sister with whom she lives.

Running the business personally means that it will be easy to make decisions, hence no delays. It also means that there will be no risks of pilferages. Competitive advantage comes in where we see that Ms Parker has a course in interior design. This will help her run the business smoothly without having to consult other people frequently.

She has also participated in redesigning houses, and she has skills of offering presents. Her previous employment, as a mortgage advisor keeps her at a competitive edge now that she has gained experience of running large organizations. The business budget is a good one, and her savings in her current and savings account is encouraging. She should, however, avoid overdrawing a lot of money from this account for her to accumulate her savings (Robert & Shane, 2005). Over time markets change as people's needs change.

A problem with the entrepreneurs is that they establish their businesses with a single solution, services or products. When the business grows, several people should get employed. The sole proprietor will then cease from being the sole manager and can form a partnership or even a company. Small business, like the one Ms Parker wants to start, is usually faced with problems. They lack adequate management.

This is because a single person cannot have knowledge related to all the fields such as accounting, marketing, regulation, bankruptcy, among others.

Most of these problems can be diminished through networking. An entrepreneur needs to know the environmental changes that may make his role change. For example, change in technology. This change comes along with many challenges.

An expert in that area will be needed. In case computers have been improved a change in management will be required, for example, to apply accounting packages, which are computerized. Changes in technology have affected many business ventures especially when such changes were not expected. Networking brings entrepreneurial roles to a different level. By networking, companies are formed.

This leads to a change of organization structure, hence changing role of the entrepreneur. A company needs advanced management level. The entrepreneur process is broken down giving different roles to different people. When entrepreneurs form networks, decision making process also changes. Consultation becomes vital and new ideas are brought into the business leading to increased productivity.

New resources and expertise will be needed, as well. The risk is reduced and the probability of success increases with networking. The role of an entrepreneur can change in case his business acquires a new business/ firm. This acquisition means that the business has changed through expansion. Qualified and specialised personnel will, therefore, be required to manage the expanding business.

The entrepreneur will be required to hire, for example, accountants, human resource managers, computer specialist, among others. It will also mean that <https://assignbuster.com/entrepreneurship-a-process-perspective/>

other new employees get employed. When a business expands the work load increases and an entrepreneur cannot handle all the work alone. This is where his roles changes to that of supervisory from that of his own manger. The role of an entrepreneur will also change due to changes in the products being offered.

For example, an individual may start offering services such as plaiting hair but, with time he realizes that men too would like to be shaved. He may not have the skill to shave. He will, therefore, employ somebody who will do the job. Tastes of the customers may also change, and the entrepreneur may be required to start offering new products, which he does not know well. His role would, therefore, change. This change in the role of an entrepreneur is important as it ensures that the business is growing.

A business cannot grow without such changes, and if the role of an entrepreneur remains the same for several years, it would mean that his business is not expanding, hence no growth. Again, when a business is managed by professionals, the results are likely to be positive. The management is expected to be very high, and efficient. This would automatically lead to growth. When a business grows, it means that the profits also expand. This will further lead to expansion of the business from the increased profits.

When starting up a business, entrepreneurs normally have a vision of how the business will look like. Usually, they think of positive things, which include success and good fortune. However, bad things may happen to the business. The money got from the business activity may be less to pay all

the bills. Accidents may as well occur and other bad things, which may affect the entrepreneur financially. The legal form of the business will have a great impact on the entrepreneur's financial position.

It is, therefore, important to explore all forms of legal businesses than he can establish. Every entrepreneur must put in to consideration the form of business he will establish. Since the legal form would have an impact on your level of returns, and the risks involved. It is advisable to get legal advice from the attorney before making a decision of the form of business. The likely legal forms to be considered include sole proprietorship, partnerships, companies, or corporations. A corporation is a form of business where ownership shares are given in stock form.

The stock owners have limited liability, but they have the power to double taxation. The owners can either be few or several. A sole proprietor, on the other hand, is where there is only one owner and the stock has been issued only to him. A partnership, however, is like a sole proprietor, only that there is more than one owner. Liability in this case is unlimited. Liability can be referred to as responsibility.

The responsibility depends on the form of business. Sole proprietorship and partnerships do not have the liability protection since the business is not a separate entity from the owners. In this case, the entrepreneur's personal items are regarded as part of the business. This means that in case your business is sued by a person, personal assets become at stake. The other forms of businesses are regarded as different entities from the owners. Sole

proprietor form of business is easy to start since it requires few legal formalities.

All what is required is capital. An individual does not have to go the registrar of companies for registration. The only requirement is the capital and an operating license, which can easily be got. Decision making is fast as an individual does not have to consult other people before making a decision. Little capital is required for start up of a sole proprietor form of business since it is not a large business. Partnerships also do not require a lot of capital as compared to companies.

The risk is shared in this form of business since both the losses and profits are shared in the agreed ration. Once again, few legal documents are required while starting a partnership. Large profits are earned, and risk is spread. Limited companies give the customers's confidence. Such businesses can be sued by customers as legal entities; hence the customers are assured of any uncertainty.

These businesses are not obliged to commence trading within a given period of time after incorporation. Corporations also have limited liability. Another advantage is that they of tax advantage on both health and life insurance. Different forms of business give different returns. Sole proprietor form of business usually makes little profits as compared to other form of business.

The larger the business, the more the profits it earns. This means that the business will take time to expand. Companies and corporations are likely to expand since they make huge profits not forgetting the huge capital used to establish them. For a sole proprietor business, the death, insanity or <https://assignbuster.com/entrepreneurship-a-process-perspective/>

bankruptcy of the owner will lead to closure of the business. For the other forms of businesses, companies and corporations, continuity of the business is assured. In case of losses, the owner pays them alone.

However, an advantage comes in case of profit since the profits are not shared. He enjoys the profits alone. Corporations and companies are also taxed heavily unlike sole proprietor, and partnerships. This reduces on their profits. Decision making in a company or a corporation takes time since there must be consultations with the partners/ members (Bygrave & Zacharakis, 2010).

Several strategies can be used, by a firm, to achieve growth. First, a firm can acquire products and market strategy. An entrepreneur should aim at identifying new market opportunities. This includes new services, as well as products to be offered to both new and existing customers. It also includes getting new customers to buy the existing products improving the market would also mean engaging in diversification. This is where the entrepreneur decides to deal with a variety of products.

To achieve business development business people must be willing to respond to new market opportunities. Apart from being willing, they must also have the ability to adapt to the new market. This strategy happens over a long period. Studies that have been carried out showed that many business acquired growth, using this strategy, for a period of over ten year. Another strategy to achieve business growth would be focusing on changing the production processes. A study that was conducted in London revealed that

firms that showed high growth had substantial changes in their production processes.

Those firms, which showed little growth, had made no changes in their production processes. This, however, can only take place over a decade. Such changes would include introduction of new, advanced technology within the firm, and changes in the organization of production. The extent of change in production processes varies from firm to another. The main production change would be investment change in the production processes. Another strategy for a small business to achieve growth would be “Employment and use of labour strategy”.

To most small, medium, enterprises, generation of employment is not an objective but a consequence. Jobs are, however, created through the development of competitive businesses, which succeed in increasing their sales over time. Employment changes collates with sales turnover. The best performing businesses account for most additional jobs. Change in labour also accounts for the growth of a business.

Firms that increase their labour flexibility with time tend to show significant development. However, the best performing businesses are not necessarily the ones with labour flexibility. The firms that are struggling to survive struggle to ensure flexibility of labour. The other strategy would be changes in ownership. This could be a change in management or a change of shareholders. Another change would be acquiring other firms.

A change in management is important as it reduces monotony and new ideas are brought into the business. The shareholders can also be changed

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through the sale of shares. This could be with an aim of bringing shareholders who participate actively in the business affairs. Acquiring new business can be very helpful for a business to develop. However, care should be taken because certain businesses end up incurring losses after acquisition of new firms. When a firm fails to develop economically, it is important that ownership is changed since it could lead to increased productivity, which leads to development in growth.

Organizational and management change strategy would also be quite effective. A change in management means bringing in new managers in to the business. These managers are usually people with managerial qualifications, such as human resource managers. In some other firms, they train their own managers and such firms have also proven to have developed over a period of over ten years. Small businesses should use enough time to train and develop the managers for them to manage the resources properly. Management skills are very vital for growth of any enterprise.

The ability of a firm to make organizational changes is very important as the firm is able to grow and sustain the growth. Proper management leads to increased productivity, hence growth of a firm (Kuratko & Hodgetts, 2008).