

# Evaluation of a business venturing process



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## **Introduction**

In all countries of the world, it is attractive and so straightforward to start up a new business but the genuine dispute lies in enduring the cutthroat problems associated with the development of the enterprise over the years. Most entrepreneurs face a strong time in establishing a business venture due to lack of branding techniques and correct trading design, thus only when you are able to market your products correctly to your goal segment will you be able to have income to push your business to the next level.

It is a known fact that an enterprise achievement is reliant on the concerted efforts of an individual, organization or groups of people of diverse foremost purposes, yet branding stands as a significant aspect in business venturing. Your branding efforts should be powerfully sufficient enough to assert your authority in the market, though not just to insert your business title to your segment but to conceive an influence on them. For a new enterprise, the trading and branding scheme should perfectly be adopted to establish its occurrence, conceive title acknowledgement, and construct integrity amidst the goal market segment and assist to its rank and reputation (Blanchflower 2007).

The formation of a new business enterprise is vital in the economic activities of any country though the study of the venturing process is limited in that it focuses more on the various dimensions of the business rather than the entrepreneur itself. In their analysis, P. Rodriguez, C. S. Tuggle and S. M. Hackett (2009) examined the deficiencies by adopting the internal social capital perspective and observe the effects of the family, social organizations

and ethnic context in business venturing and formation. The household was perceived as a stronghold in business formation which serves as the nest as well as the opportunity platform for most venture creation.

There are countless business venture entrepreneurs today that relies more on the internet for their business survival, rotating in the direction of the internet in alignment to start and run a very thriving business enterprise project. Basically, millions of buyers flock to the internet each day in alignment to present their buyers with everyday buyer activities and buys, while business proprietors establishing websites to sell their essentials to prospective or intending buyers on the net. With this being an unbelievable apply and really increasing to be more and more the case, there are really unbelievable numbers of entrepreneur that are liking to understand the more affiliate established enterprise achievement tips in alignment to stay competitive, comparable and thriving in the business settings. However, starting and owning a website is often certain thing that is fantasized often by those desiring to gain and get access to a rich mode of dwelling in a fast earnings, of course it is a very thriving method of embarking on a business project but the general method really takes a large deal of time and effort. Thus there should be a due diligence put upon supplying an unbelievable allowance of enterprise achievement in the process (Gregory 2002). Truly, any internet enterprise should gravely work out what their enterprise niche is in alignment to work out and how to precede forward. Basically, this is pertinent in that one should work out what they excel in and what goods and services to offer. Without such, there will often be a large deal of adversity in the enterprise ownership process. When utilising affiliate enterprise tips, one

will find out how important it is to select and affiliate with the merchandise that is applicable to your niche.

## **The concept of entrepreneurship- The Schumpeterian and Kirznerian view**

Joseph Schumpeter in his book capitalism, socialism and democracy (1942) explains the concept of entrepreneurship in its totality. He defined an entrepreneur as an agent of change, a risk taker who represented a destructive force in the economy by introducing a new product that pushes away the old one, thereby rendering it useless..... this is referred to as "creative destruction."

Schumpeter's creative destruction analysis sees entrepreneurs as an agent of change who is visionaries and innovators that brings about change in the economy.

Kirzner in his approach sees Joseph Schumpeter's view as a complimentary as his concept is just an abstract from Schumpeter's it does not negate innovation process.

## **The business venture process. An xiray and critical evaluation.**

In discussing the business venturing process, we will examine the process framework of the business venturing activities from the exploration to the exploitation of the business opportunities as well as the entrepreneur's exit. Most scholars' sees business venturing as a process(Davidsson et al 2001) while others sees it as both exploration and exploitation of business opportunities(Bhave 2004). But those frame work that adopts business

venturing as a process takes a narrow segment of the field such as corporate business venturing (Burgelman 1983).

The divergent views on the meaning of entrepreneur (individual) and entrepreneurship (process) does not necessarily negates the process of business venturing (Davidsson et al 2001). Here it is observed that entrepreneurship is a contextdependent process of creating goods and services that is a function of the exploration and the exploitation processes. In theory, entrepreneurship is regarded as the entries of new firms in the market i drives the market process and develop the economy through the following mechanisms (Davidsson 2003, 2004; Kirzner 1973):

It provides buyers with new choices of product which serves as an instant alternative.

It creates a competitive atmosphere for the existing firms in order to shape up to survive in the business

It provides for followers who will augment for the competition in the business.

### **The exploration phase**

March (1991) explains the exploration process as other activities which includes search, risk taking, discovery, experimentation, innovation among others. To the entrepreneur, discovery is the first stage of the exploration process which begins with the observation of the new opportunities. Kirzner (2003) believes alert entrepreneur will first discover the opportunity of any business venture in an imperfect market.

Opportunities arise as a result of inefficiencies in the market which invariably result in market disequilibrium that will be about individual yearning for business set up. Apart from discovering opportunities, effective and efficient use of the observed opportunity is another problem, errors occur in differentiating actual and perceived opportunities (Kirzner 1997).

Searching for information is a great task for an entrepreneur (Cooper et al. 1995) and maximum utilization of such information is another. Problems arises as a result of inappropriate use of the information at the entrepreneurs' disposal with can cause a whole lots of havoc for the business which ranges from misallocations of resources, shortage of resources or even surplus which is as a result of the entrepreneurs errors.

Welch and Young (1982) identified two generalized information sources available to the entrepreneurs as:

(a)Entrepreneurs own stock knowledge and understanding of the business enterprise;

(b)External sources of information including those available to the public and the entrepreneurs' private networks and social actors. The social actors are referred to as the family members, colleagues, business associates and professionals.

## **The exploitation phase**

March (1991) further explains the exploitation phase as the stage at which the entrepreneur takes appropriate choice in determining the best amongst the information at his disposal. To him exploitation includes refinement,

choice, production, efficiency and implementation. Here, organizing and planning of all the available resources is put into fore.

Shane and Venkataraman (2000) examine the two forms of business exploitation process available to entrepreneur which includes;

(a) the creation of new ventures/firms herein refers to as hierarchies.

(b) the sale of opportunities to the existing firms herein refers to as the markets.

The former will exist as a result of market failure, maybe the enterprise so created has got a good characteristic among the public thereby difficult to protect, though they still remain in the market due to good knowledge of the business and which is not ready to be given away.

On the other hand, the latter phase of business exploitation endears the entrepreneur to adapt to the business and improve on the basic opportunities lies in it but chasing for the exit route.

Here, they may find it difficult to convince the existing firm to buy the business without revealing the knowledge associated with the formation of the business (Mosakowski, 1991).

It is believed that once the knowledge is revealed to the buyer, he will engage in opportunistic behavior by exploiting the entrepreneurs.

### **The exit phase**

The exit phase has nothing to do in this discourse but at least we need to mention it for reference purpose as it has not been identified as a positive

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process to achieving entrepreneur aims and objective rather as a negative impact in business set up. In their analysis, Ronstadt (1986), Gimeno, Folta, Cooper and Woo (1997) defines exit as the discontinuation of business enterprise as opposed to survival or sales while another school of thought sees it as the harvesting of a new venture business (Petty 1997). It is the cessation of the entrepreneurial exploitation of the available resources and opportunities within its reach.

## **FACTORS RESPONSIBLE FOR NEW BUSINESS VENTURING: An examination of the MicroiMesoIMacro level**

The eclectic framework of entrepreneurship as proposed by Verheul, Wennekers, Audretch and Thurik (2002) and by Wennekers, Thurik and Uhlaner (2002) explains that entrepreneurship at the society level strongly depends on the level of opportunity available and provided by the population. The population capabilities and preferences coupled with the technology, economic development, culture and demographic situation plays a strong part in determining new business venturing.

In discussing the factors attributable to the creation and successful new business venturing, we will discuss the following;

### (a)The Push vs. Pull Factor

The pull factor is attributable to individual expectation of being better off as an entrepreneur. Every individual expectation is always high in that they believe entrepreneurship brings about material and non material benefits.



To Stanworth and Curran (1973), the push and pull factor is also applicable to the economic and cultural factor because every enterprise is set up upon a certain benefit, be it material or otherwise. The push factor is precedent upon individual dissatisfaction with his present state as compared to the desired state. Huisman and de Ridder (1984) explains it with individual dissatisfaction and frustration with previous wages, unemployment and personal or business crises and it is frequent with countries with lower per capita GDP.

#### (b)The Economic Factor

Blau (1987) in his general equilibrium model of self employment asserts that there are two key factors responsible for the rise of entrepreneurship in America as changes in technology and structure. The diminished comparative advantage of larger firms over the smaller ones institutes a great deal for individual to start thing of doing a business of their own instead of working for other people. Other explanation for the upsurge of the self employment includes female participation in labor force, tax rates, and unemployment among others.

#### (c)The Cultural Factor

Kroeber and Parson (1958) defines culture as " patterns of values, ideas and symbolic meaningful systems as factor in shaping human behaviours." Most researchers have looked down on the aspect of culture as a contributory factor in enhancing business venturing process until after the post materialism which adversely affects entrepreneurship. Extensive research

about culture, belief and values has instituted a fact about individual decision to become self employed.

To achieve a successful entrepreneurial venture, there should be buyer goal groundwork that is future of trading crusades and efforts in making them more thriving are put in place.

However, one of the widespread affiliates enterprising achievement tip is to construct connection with any purchasers established, thereby creating a good network. The following are the basic tips needed to achieve real business venturing and must be adhere to very strictly:

**Write down your business plan** This should be the first plan. Most entrepreneurs are negligent of this act; they undergo lots of stress and error as when opportunities are conceived they do not write them down. We are all aware of what to do yet it still needs to be written down. These should include enterprise description, design, and business plan.

**Focus on your branding** Encouraging your brand of product is a duty to you as an entrepreneur. Conceive a professionally inclined logo that will incline the organization into the minds of the people.

**Create a web presence** This is the most vital part of any business, be it large or small. At least a website of your own will strongly appeal to the buyers and create a bit of respect for the organization. It should supply the complimentary data as printed in all your brochures and published materials. Always revise and update the website, it gives a lot of respect.

Create an advertising strategy Channeling your advertising directly to the products and services you rendered. As a local business enterprise, it is unnecessary to advertise in an international media as it will not help the course of the business. Get entrenched in the local area where your services are rendered and required. Be reliable in your advocating strategy. It is advisable to involve a PR agency in your advertising strategy as it is believed that a 5 minutes jingle would conceive to a lot of people than a 30 minutes publicity films.

Business Networkingi Networking is adjudged as one of the best form of creating and spreading the good tides of the enterprise. It is the best form of promotion which involves a face to face activity. Also joining some organizations like the NGOs and chamber of commerce will institute a good form of business networking and undoubtedly improve the business as a whole.

Measure, Analyse and Decidei This is a relentless effort in a business enterprise life cycle. Preparing a good enterprise design and business plan does not necessarily make the business viable, measuring the yields that you are getting from all the efforts geared into the business is essential. Analyzing the variance and look into the difference to decide on the conclusion. In your analysis, if it is negative, investigate it for future use.

To make your enterprise project thriving, you require holding in your brain that you are the most precious asset at the disposal of the organization. By doing this character check, all your efforts will be geared towards developing the enterprise.

Also you need to hold in high esteem that as an enterprise proprietor mindset is to institute a great deal and better understanding to the enterprise thereby making the enterprise successful.

## **CONCLUSION**

It is the illusion of everyone to have a business enterprise conceived on the opportunity perceived in the society. A business venture is born on the premise of opportunities observed and utilized judiciously for a successful entrepreneurial process. Most businesses are built on the new advancement of technology which might not necessarily need all the tips for real business venturing but it is essentially important that all business ventures require a good enterprise design and branding.

It is noteworthy that searching and risk taking forms the basis for business venturing start up but determining the best choice of business plan to undertake coupled with the tips for real business venturing will make the business worthwhile. Economic and socioicultural factors are adjudged to be responsible good business venturing but in all, the push vs. pull factor is largely responsible for the swift movement of people into entrepreneurship.