Po E (SVIT) Unit-2 - Poe

POE (Swami Vivekanand Institute of Engineering and Technology)

UNIT - II
Financing and managing the new ventures: sources of capital, record keeping, recruitment, motivating and leading teams, financial controls. Marketing and sales controls. E commerce and Entrepreneurship, internet advertising – new venture expansion strategies and issues.

2.1 Financing and managing the new ventures:

Typically, financing a new venture employs a combination of debt and equity financing. Debt is presumed to be lower-risk capital because it is repaid according to a set schedule of principal and interest. Debt financing involves an interest-bearing instrument usually called a loan.
New ventures need financing.
Without sufficient funding, many brilliant ideas have met stumbling blocks and come to a sad end despite holding great potential.
This concept helps to understand some aspects of start-up costs, and alternative funding sources available to finance new start-ups.

- Estimating your start-up costs will help you answer this question.
- Start-up costs are costs incurred in setting up a new venture.
- It may vary depending on the industry and the type of business.

Where Do Entrepreneurs Get Their Money?

1. Their own money (owners' equity or loans to the business.)
2. Debt: cash now for repayment (with interest) later.
3. Equity: cash from others for a piece of the business.
4. Bootstrapping: piecing it together on your own.

Nine categories of Financing needed in new ventures:

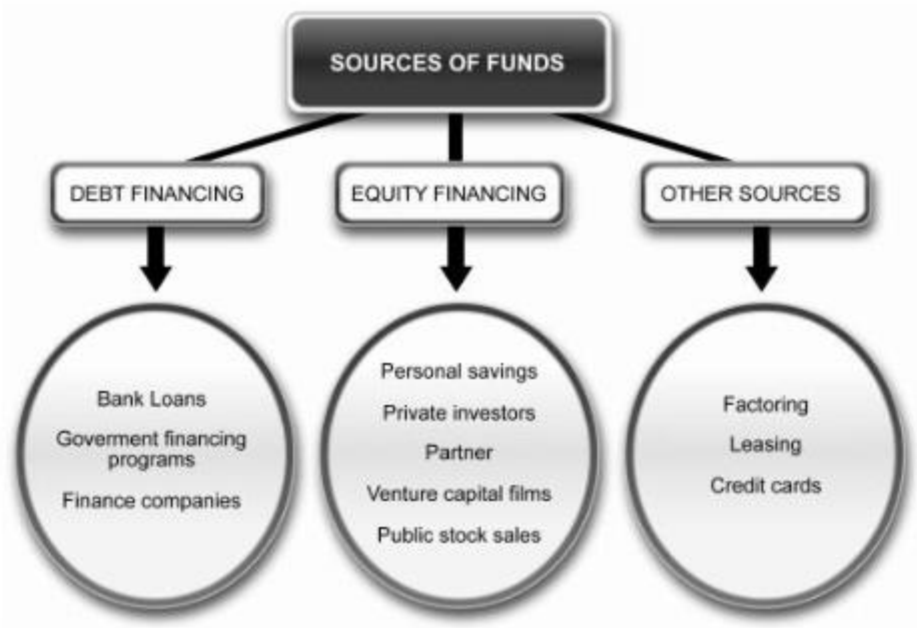
2.2 Sources of capital:

There are various types and Sources of Financing for Start-up Businesses:

Financing is needed to start a business and ramp it up to profitability. There are several sources to consider when looking for start-up financing. But first you need to consider how much money you need and when you will need it.
The financial needs of a business will vary according to the type and size of the business. For example, processing businesses are usually capital intensive, requiring large amounts of capital. Retail businesses usually require less capital.
Debt and equity are the two major sources of financing. Government grants to finance certain aspects of a business may be an option. Also, incentives may be available to locate in certain communities or encourage activities in particular industries.

Sources of capital:

1. Equity share capital
2. Preference share capital
3. Bonds
4. Debentures
5. Long term loans



1. **Equity:** Cash for a piece of the business Such as
   - ✓ Investment
   - ✓ Angel Investment
   - ✓ Venture Capital
   - ✓ Share purchase (IPO)
   - ✓ Friends and Family (“love money”) – may also be considered a loan or charity

I) **Debt Financing:** Debt financing is financing that must be paid back with interest. It is stated as a liability in a company’s balance sheet.

1. **Bank Loans:** The commercial banking system is always relied upon as a source of credit for small businesses. Short-term loan such as commercial loans and line of credit, and longer term loans such as instalment loans are but some of the products available for business funding.

When giving out loans, banks tend to rely upon provisions for instance, whether there is a market for the business, the value of the collateral, the credit record of the applicant, the ability of the business to repay the loan, the knowledge and capability of the business owner or manager, and of course the macro factors such as the general economic situation of the country.

2. Government Financing Programmes: The government has a variety of financing programmes for small businesses. The range of financial assistance rendered aims to help SMEs improve their workforce, develop products or technology, promote their product or services and restructure their debts.

2. **Finance Companies:** Commercial finance companies are an alternative source of debt financing when loan applications of new ventures are rejected by commercial banks. Finance companies are primarily interested in financing high risk business ventures and tend to charge higher interest rates as compared to commercial banks.
3. **Other Sources of Debt:**
   There are several other options for debt financing which are not very popular. However, they may also be considered in times of need. For example, there are asset based lenders who are willing to provide loans to entrepreneurs with a condition that idle assets such as inventory or accounts receivables to be pledged as collaterals.

Trade credit is another option with which entrepreneurs can extend their credit in the form of delayed payment. Entrepreneurs can also turn to insurance companies, stock brokerage houses, or credit unions for loans.

b) Equity Financing: Equity financing is obtained through investment made by investors in exchange for ownership. Unlike debt financing, it does not have to be paid back with interest. Instead, investors receive dividends based on the company's performance. Equity capital is also referred to as risk capital because the investors bear the risk of losing their investment if the business fails.

Equity: Cash for a piece of the business Such as

- ✓ Investment
- ✓ Angel Investment
- ✓ Venture Capital
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1. Personal savings: Personal savings is a common form of equity financing and is usually the first place entrepreneurs look for funding. In fact, most investors and lenders would expect to see entrepreneurs devote some of their own money to the business before investing theirs.

Personal Contribution: Either in the form of either:

a) Owners' equity – to be drawn out at a later time.

b) As a loan to the business – to be repaid at a later time.

c)

2. **Private Investors:** Friends and family members are often more than willing to come forward to provide financial assistance. However, it is important to take note that failed business ventures may strain these relationships. It is always better to settle the details up front, create a written contract, and prepare a payment schedule that should go well with both parties.

3. Angel investors: Angels are another form of private investors. These wealthy individuals back up emerging entrepreneurial ventures with their own money and harbour hopes of earning high profits when the ventures become successful. The only challenge is finding them. Here, networks of resourceful contacts play an important role.

4. Partners: Forming partnerships allow accumulation of additional resources. Entrepreneurs who come together as partners will pledge to jointly contribute to their venture in terms of funding, knowledge or activities and share the risks and rewards of running a business. There are active partners and sleeping partners. two types of partners.

(i)Active partners are dynamically involved in managing the business and have unlimited liability, meaning that their personal assets are subject to attachment and liquidation to pay for the business debts.

(ii)Sleeping partners (also known as silent partners) contribute capital for a business but relinquish any management responsibility, and unlike active partners, sleeping partners shares of losses are limited to the amount of their invested capital.

5. Venture Capital Firms: Venture capital firms are companies that invest money in small businesses operating in particular industries, in which they are familiar with and have high growth and profit potentials. Venture capital firms also look for business with competent management and competitive edge. In return, they expect a significant ownership interest in the business, which is typically 20 to 40percent of a company.

4. **Public Stock Sales:** A company can also raise capital by selling shares of its stock to the public. Stock sales can be public (stocks sold to everyone through the stock market) or private (stocks sold to specific individuals). Going public paves the path for large amount of capital. However, the founder must be prepared to accept dilution of ownership and loss of control.

Other Methods: Below are the other sources of funding.

(a) Factoring: In most cases, a company's cash is trapped in the form of accounts receivable-credit extended to customers for purchases made. These are assets as the money will be received in the future. Factoring involves the selling of account receivables at a lower price than the face value of the account.

(b) Leasing: Purchasing assets such as equipment or machinery are expensive and most new start-ups may not have the necessary funds to do so. Therefore, new start-ups can resort to leasing these assets at the initial stages to reduce the need for additional funding. In analogy, this is similar to finding a house to live in. If you cannot afford to purchase a house, you can rent one instead.

(c) Credit cards: Small businesses also rely on credit cards to finance their business. It is becoming a popular alternative as credit card companies are usually not concerned about how you spend your money, as long as the bills are settled.

❖ **Angel Investors:** An angel investor is an individual who provides capital for a business start-up, in exchange for convertible debt or ownership equity. The capital provided by Angel Investors may be a one-time investment, or it may fund money during initial stage to support and carry the company through its early stages.

Advantages of Angel Investors:

1. Availability of Funding -Angel Investors bear high risks and provide funding to new avenues. They invest their funds, unlike others. One can get loans from angel investors when banks and other financial institutions are not ready to offer a loan.

2. Flexibility -Banks and financial institutions are very strict about the criteria that the companies have to meet to obtain a loan. But Angel Investors are more flexible.

3. Expertise and Contacts-Apart from providing funds, angel investors also provides business expertise and contacts for a startup firm. 4. Better Success Rate-The firms which got funding from angel investors have higher survival rates, faster growth rates as compared with others.

Disadvantages of Angel Investors:

1. Investor Expectations -Angels take more risk while investing money and they expect high returns on their investments. They expect profits around ten times of their initial investment.

2. Loss of Control -After the investment in a business, angel investors almost become part-owners of a business. They have some control over the business, and they have their influence on the strategic decisions. So the entrepreneur will feel that there is a loss of control over the business.

Angel Investors in India: There are many angel investors in the country at present. A few active angel investors are Ratan Tata, Sunil Kalra, Sharad Sharma, Rajan Anandan, Krishnan Ganesh, Meena Ganesh, Anupam Mittal

❖ **Venture capital:**

Venture capital is money provided by professionals who alongside management invest in young, rapidly growing companies that have the potential to develop into significant economic contributors.

Venture Capitalists generally:

- ✓ Finance new and rapidly growing companies.
- ✓ Purchase equity securities.
- ✓ Assist in the development of new products or services.
- ✓ Add value to the company through active participation.

Advantages:

- ✓ It injects long term equity finance which provides a solid capital base for future growth.
- ✓ The venture capitalist is a business partner, sharing both the risks and rewards. Venture capitalists are rewarded by business success and the capital gain.
- ✓ The venture capitalist is able to provide practical advice and assistance to the company based on past experience with other companies which were in similar situations.

- ✓ The venture capitalist also has a network of contacts in many areas that can add value to the company.
- ✓ The venture capitalist may be capable of providing additional rounds of funding should it be required to finance growth.
- ✓ Venture capitalists are experienced in the process of preparing a company for an initial public offering (IPO) of its shares onto the stock exchanges or overseas stock exchange such as NASDAQ.

Venture capital funds in India:

Venture capital funds in India can be categorized into following five groups.

1. Those promoted by the Central Government controlled development finance institutions.
   For example:-ICICI Venture Funds Ltd.-IFCI Venture Capital Funds Ltd (IVCF)-SIDBI Venture Capital Ltd (SVCL)
2. Those promoted by State Government controlled development finance institutions.
   For example:-Punjab Info tech Venture Fund-Gujarat Venture Finance Ltd (GVFL)-Kerala Venture Capital Fund Pvt Ltd.
3. Those promoted by public banks.
   For example:-Canbank Venture Capital Fund-SBI Capital Market Ltd.

4. Those promoted by private sector companies.
   For example:-IL&FS Trust Company Ltd-Infinity Venture India Fund.

5. Those established as an overseas venture capital fund.
   For example:-Walden International Investment Group-HSBC Private Equity management Mauritius Ltd

2.3 Record keeping:

Record keeping is important in a business for it is the only way to inform the entrepreneur how the business is doing. In order to analyze the ‘health’ of your business you need data! Therefore, a systematic process of gathering data and recording it should be set up.

The following documents should be kept:

- ✓ Production records;
- ✓ Operation records such as labour, farm inputs, tools and equipment costs;
- ✓ Cash transactions.

Record keeping is the art of recording and disclosing financial transactions. It requires expertise and tactics to help maintain the organization's image and help obtain funding and bid the tenders of business. You need good records to monitor the progress of your business. Records can show whether your business is improving, which items are selling, or what changes you need to make. Good records can increase the likelihood of business success

For small business owners everywhere, recordkeeping is a necessary and sometimes tricky part of making sure a business runs smoothly. Keeping clear records of income, expenses, employees, tax documents and accounts isn’t just good business. It can bring you peace of mind, help you monitor progress toward goals and save you time and money.

Basic records include:

1. Business expenses
2. Sales records
3. Accounts receivable
4. Accounts payable
5. Customer list
6. Vendors
7. Employee information
8. Tax documents
9. Invoices
10. Purchase orders
11. Receipts
12. Banks statements
13. Contracts

Importance of Record Keeping:

It is important to keep records for the following reasons:

- Future reference;
- Keeping track of business transactions;
- Filing of taxes;
- Compiling final accounts.

In order to fulfil the needs identified above you will need different sets of records. An entrepreneur should maintain records to meet his or her business requirements.

Types of Records:

The following are examples of records that can be maintained:

- Credit records
- Debtors records
- Production records
- Cash book
- Purchases records
- Stock records
- Assets records

2.4 Recruitment:

Recruitment means to employ staff as when required. in broad sense recruitment is the process of acquiring at the right time , in the right number, for the right position, persons with right qualifications. Thus , scientific recruitment co-ordinates number, time, position and qualifications.

Recruitment is the process of actively seeking out, finding and hiring candidates for a specific position or job. The recruitment definition includes the entire hiring process, from inception to the individual recruit's integration into the company.

Recruitment is the process of searching for prospective employees and stimulating and encouraging for the job."

"Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force."

Why is recruitment important?

Employees are the lifeblood of companies, so finding and attracting the best candidates possible is of utmost importance. A poor recruitment effort can result in unfilled jobs and a loss of revenue, while successful recruitment will bring in the right candidates on a timely basis, ensuring a business is able to continue to move forward.

Internal recruitment: Internal recruitment can be a massive time-saver because there isn't a protracted interview and on boarding process. The downside is that keeping everything close to home can stymie new ideas, innovation and diversity.

External recruitment: External recruitment brings in new ideas, a fresh approach and renewed energy. But it is a costly and time-consuming process. Candidates have to be sourced, interviewed, assessed and verified before making a hiring decision.

Recruitment types:

a) Planned: Arises from changes in organization a retirement policy.

b) Unexpected: Arises during resignations, deaths, accidents and illness.

c) Anticipated: Refers to those movements in personnel which an organization can predict by studying trends in the internal and external environments.

Features of Recruitment:

- It is a process rather than a single act or event. Positive activity to seek out eligible persons from which suitable ones are selected.
- To locate the sources of people required to meet job requirements.
- Ability to match jobs to suitable candidates.
- A two way process between recruiter and recruited.

- A complex job that involves lots of factors like image of the company, nature of jobs offered, organizational policies, working conditions etc.

Methods of Recruitment: Recruitment methods are the means by which and organization attempts to establish contact with potential candidates, provides them necessary information and encourages them to apply for jobs.

1. **Direct Methods:** Under this method scouting, manned exhibits and waiting lists are used.
   - **Scouting**-where a company representatives may be sent to educational and training institutions.
   - **Manned exhibits-**Where representatives sent to seminars and conventions where they can establish their mobile offices to go to desired centres.
   - **Waiting lists** of candidates who have indicated their interest in jobs in person through mail over phone.

2) Indirect method: Advertisements in newspapers and journals, radio, television used to publicize vacancies. This helps to enable the candidates to assess their suitability so that only those possessing the requisite qualifications will apply.

3) Third party methods: Various agencies, public employment exchanges and private consulting firms are used to recruit personnel. In addition friends and relations of existing staff deputation can be used

Types of Recruitment:

1. Direct advertising: Placing job adverts on your careers site, job boards, social media and industry publications is an excellent way to find lots of applicants. It also gives exposure to your employer branding and boosts your company's reputation. The downside is that external advertising can be very expensive. Also, if you don't target the placement of your ads well, you could attract unsuitable applicants, or get too few applications. Discover how Recruitee can help you in promoting jobs to new talents efficiently.

2. Talent pool databases: You should always search your talent pool databases for applicants and candidates that were not hired but were suitable enough to save. Most hiring decisions involve deciding between at least two or three candidates.
When a new vacancy comes up, search your talent pool for similar skills and experience. You could save yourself a lot of time.

3. Employee referrals: Most companies have some kind of employee referral program in place. Employee referrals is a combination of internal and external recruitment. Existing staff are encouraged to refer people they know for vacancies. The value is that it's cost-effective, quick and you can trust that employees won't refer unsuitable candidates. Also, the new hire will already know more about your organization than an outside hire.

4. Boomerang employees: Rehiring past employees is gaining popularity. Known as boomerang employees, these are people who worked well at a company but then left on good terms for a myriad of reasons. Employers are seeing the value of rehiring them because they know their abilities and the employee knows and fits into the company culture. Bringing a boomerang employee back on board reduces time to hire, eliminates the risk of a bad hire and reduces cost per hire.
Check out our interview with Brian Westfall from Software Advice on his research on Boomerang employees

5. Promotions and transfers: Promotions and transfers aren't quite the same thing, but the concept is the same. Internal employees are identified to fill open roles. A promotion means that the person moves up the ladder and is given more responsibilities and also a pay increase. A transfer usually doesn't involve greater responsibilities or more money and is a horizontal move.
Staff can be transferred to the same role in another branch or region, or they can take on a similar position in a different department or division.

6. Employment exchanges: Although not available in all countries, employment exchanges are mandatory in others. An employment exchange is a government-run initiative that keeps record of unemployed job seekers.

Employers submit new vacancies to the exchange and are given the details of suitable candidates. Using an exchange is cost-effective but mostly suited to more junior, factory, agricultural and artisan roles.

7. Recruitment agencies: You can outsource your hiring process through a recruitment agency/Job Consultancy. Agencies manage full cycle recruiting on your behalf. Although the cost of using an agency is high, it frees up your time to focus on more pressing matters. Recruitment agencies are a great option for hard-to-fill positions and for companies that don't have the internal HR resources to focus on hiring.

You can also contract an external recruiter to make contact with specific people that you would like to attract to your company. You might know of a passive candidate who'll be a perfect fit for your role, but they work for your opposition. So you don't want to make direct contact. An executive search recruiter, or head-hunter, would be the perfect choice.

8. Professional organizations: When you need to fill a highly skilled position, professional organizations can be an excellent source of candidates. Many professions require that on qualification, people register with the appropriate professional association.

There are also other organizations where registration is voluntary, but it adds to the credibility of a candidate's qualifications. Partnering with these associations and organizations can put you in touch with top talent.

9. Internships and apprenticeships: Offering internships and apprenticeships is an excellent way to get to know the strengths of individuals and can be considered to be a working interview. During the contact period, line and hiring managers can evaluate the potential to identify interns and apprentices who can be upskilled and developed to fill future roles.
Future leaders have to start somewhere, and they will all be hired in an entry-level position to begin with. Well managed internship and apprenticeship programs are fertile ground for recognizing future talent and leaders.

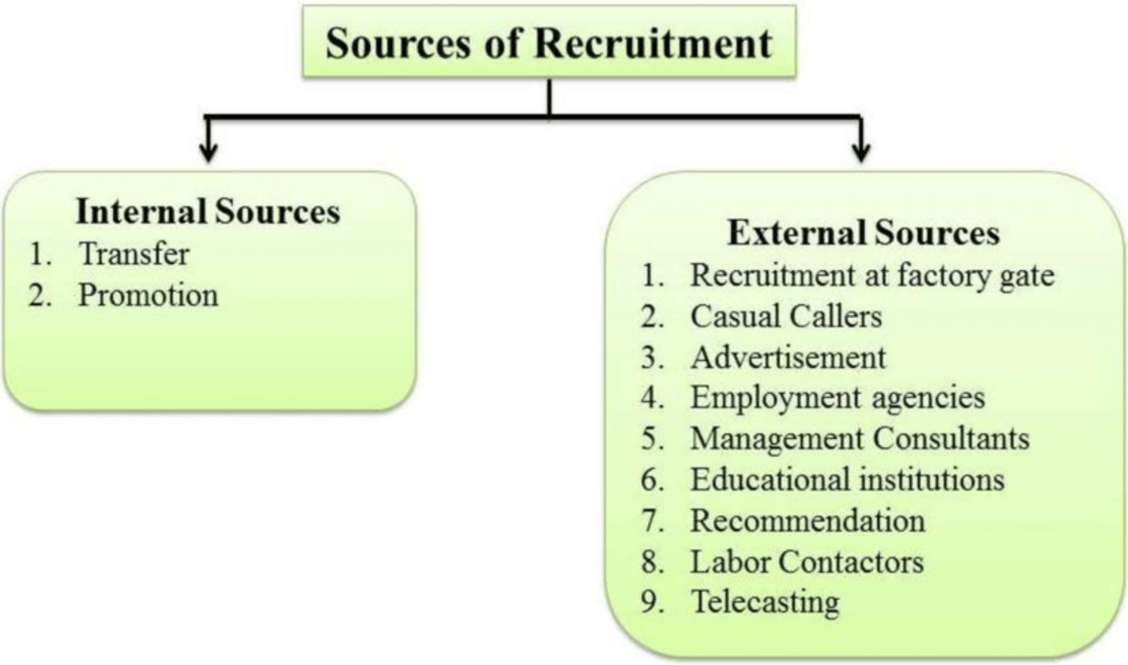
10. Recruitment events: For big organizations, or companies planning expansion, recruitment events are perfect for attracting the type of people you need. Events can range from hosting open days to being at job fairs, holding a hackathon and graduate recruitment drives on campus. Events can be costly.

To ensure that you get the best ROI, you must know precisely what type of candidate you want to attract and what your employer value proposition is.
Job shadowing is another great way to get to identify potential candidates. It's also an excellent means of promoting your employer brand and letting people know that your company supports developing talent.

11. Word of mouth: Big brands and multinationals can easily use word of mouth methods of recruitment because unsolicited job seekers approach them daily. Their employer brand is established, and they're recognized as an employer of choice. All they need to do is put the word out that they're hiring and they will get a good response.

This method can also work, though in outlying areas where single companies employ a substantial percentage of the local population. An example would be mining companies and sawmills. And in small towns high-street businesses can also attract applicants by spreading the word through the local grapevine.

12. Bulletin boards: There are still jobs that can be advertised on bulletin boards. Factory and agricultural jobs are typical examples. Unemployed people often wait at factory gates for day or contact jobs to be announced. In agriculture, seasonal workers gather at local markets or co-ops to see job lists put up by local farms.



2.5 Motivating and leading teams:

Motivation is crucial for achieving exceptional performance. Both intrinsic and extrinsic motivation can be beneficial, so it's important to consider both in your management style.

Motivation is the reason or reasons why a person behaves or acts in a certain way. Generally, a person's desire to do something is fuelled by their motivation. This is a crucial element in attaining goals in one's life. These goals can be personal, competitive, and based on society. A lack of motivation can lead to depression and other mental illnesses.

Entrepreneurial leadership involves encouraging and motivating your employees to do their best work in addition to establishing a profitable business. Your leadership style as an entrepreneur can have a significant impact on the output, engagement, and general performance of your team. In this blog, we will examine important tactics and methods for inspiring and motivating your team while promoting an environment that values creativity and quality.

Types of motivations:

1. **Extrinsic.** Doing an activity to attain or avoid a separate outcome. Chances are, many of the things you do each day are extrinsically motivated.
2. **Intrinsic.** An internal drive for success or sense of purpose.
3. **Family.** Motivated by the desire to provide for your loved ones.

Intrinsic motivation: Intrinsic motivation is most easily defined as those things that motivate a person with the aim of being rewarded internally. This is any activity based on personal gratification or just for the fun of it without expecting external praise. There are so many activities that are done daily and are dictated by intrinsic motivation. It could be going to the gym, learning new skills, playing games or sports, or helping someone cross the road because it gives you pleasure or a sense of purpose.

Extrinsic motivation:

Extrinsic motivation stands for all the things that serve as an external drive, which is classified into two categories: compensation and punishment. For compensation, it can be salary, bonuses, goods, money, and an appraisal. Punishment might include fines, blame, judgment, and many others. This side of extrinsic motivation is usually mistaken to be negative, but it has quite a lot of positivity.

Extrinsic motivation is shown when an employee does his job well and gets fairly paid. At the same time, he comes to work on time because he knows if he comes late, he will lose money or even be fired. Also, he will be able to get a bonus from the supervisor if he achieves the goals set for him. Either way, extrinsic motivation comes from someone or something else outside of the person being motivated.

Differences between Intrinsic and Extrinsic motivations

The main differences between these two groups of motivation.

Intrinsic Motivation	Extrinsic Motivation
Can be positive and negative.	Can be positive and negative.
Comes from inside.	Comes from external (outside) subjects.
Hard to stimulate or foster.	The reward is an automatic booster.
Sustained for a longer time.	Limited hold on the individual.
Hard to apply to a group or individual.	Easy to apply to a group.

Here are some ways entrepreneurs can motivate and lead their teams:

- **Set clear goals:** Provide a sense of purpose and direction for your team by setting clear objectives and expectations. This includes defining key performance indicators, developing a success roadmap, and setting short-term and long-term goals.
- **Communicate effectively:** Regularly communicate with your team and provide feedback.
- **Recognize contributions:** Reward your team for their efforts.
- **Encourage teamwork:** Foster collaboration and inclusivity.
- Provide opportunities for development: Invest in continuous learning and development.
- **Support your team:** Provide tools to help your team achieve their goals, check in with them regularly, and offer professional growth opportunities.
- **Schedule team-building activities:** These activities can help your team develop communication skills, work on their leadership skills, and solve problems.
- **Lead by example:** Demonstrate the behaviors you want your team to exhibit

Leading teams in entrepreneurship:

A team leader provides guidance and instruction to a working group about a project or portfolio of projects. They are in charge of delegating work, overseeing progress towards goals, and coaching team members as needed. Team leads often serve as de-facto mentors for the team, even if they don't have a manager title.
Leaders provide direction and vision, motivate and inspire others, and help create an environment conducive to success by promoting communication and collaboration among team members. In short, leadership and strong management are essential for any organization that wants to achieve its objectives.

Team Management: “People acting together as a group can accomplish things that no individual acting alone could ever hope to bring about.” – Franklin Delano Roosevelt

Team: A team can certainly be described as a group of people organized to work together, or a group who do similar work or who report to the same person. Teams are not all alike when it comes to their design or their demands on team members.

a) **Functional Team:** An organizational group that reports to a single boss and that may or may not have to work together to meet the group’s goals.
b) **Cross-Functional Team:** A group made up of team members from different functions across the organization whose time is dedicated partially to the team’s efforts and partially to other functional responsibilities.
c) **Tiger Team:** A group made up of team members from different functions across the organization whose time is totally dedicated to the team’s efforts.
d) **Ad-Hoc Team or Task Force:** A temporary group put together to solve a particular problem or explore a particular opportunity.
e) **Committee:** An ongoing group that develops and monitors a particular philosophy, policy, or set of practices.
f) **High-Performing Team:** A group of people with complementary skills who interact to achieve a common objective. A group of people committed to a common purpose, common performance goals, and an approach for which they hold themselves collectively responsible.

5. High-Performing Team - a group of people with complementary skills who interact to achieve a common objective 2: a group of people committed to a common purpose, common performance goals, and an approach for which they hold themselves collectively responsible.

- **Lead by example:** Working alongside your team builds trust and respect. When employees see their leaders working as hard as they do, it can motivate them to succeed.
- **Encourage feedback:** Asking for feedback can help you identify areas for improvement and understand your strengths as a leader.
- **Communicate with your team:** Transparent and consistent communication helps ensure your team understands what's expected of them.
- **Cultivate a collaborative culture:** Encourage open communication, transparency, and shared ownership among team members.
- **Attract top talent:** Communicate benefits and opportunities for professional growth to current and potential employees.
- **Democratic leadership:** Seek out team input when making decisions.
- **Business management skills:** These skills can help you plan, organize, direct, and control an organization's resources.

2.6. Financial controls, marketing and sales controls:

2.6.1 Financial controls: Financial, sales and marketing control techniques are used in companies to evaluate their strategies and accordingly make the much needed alterations to their sales goals. To help the company grow consistently, team should get the right amount of feedback and stay on track. There financial, sales and marketing controlling techniques can be implemented to grow the company.
Financial controls are the procedures, policies, and means by which an organization monitors and controls the direction, allocation, and usage of its financial resources. Financial controls are at the very core of resource management and operational efficiency in any organization. Financial controls are important to the operational efficiency and resource management of an organization. This is because financial mechanisms prompt businesses to reduce waste through a proper examination of financial resources, decreasing operating and transaction fees where possible
Financial controls are: (1) the balance sheet, (2) the income statement (sometimes called a profit and loss statement), and (3) the cash flow statement.

1. Cost analysis: Business owners use cost analysis to analyse the cost of marketing strategies and those that didn’t work. Based on that, the budget is forecasted. A cost analysis should have the current costs, total costs of marketing, inventory costs, a breakdown of the return on investments and distribution costs. After that a comparison is made between the previous and current costs.

2. Performance levels: The performance levels of the sales team should be monitored from time to time. Also ensure that you revise the expected performance levels, and ensure that the sales team is informed about this well in advance.

3. Database control: Keep a track of who has access to your database and who doesn’t. Also make sure whether it is confidential or not. All the data should be protected and company controlled. Personal information shouldn’t be shared unless and until it is through the company.

4. Social media: Business accounts for social media should be owned by the company. The email addresses, passwords, and written policies should be taken care of as well

5. Efficiency control: Efficiency control is basically improving the efficiency of various marketing elements like sales force, promotion, and distribution. It majorly deals with profits earned.

6. Sales contracts: Several disputes tend to arise with sales team members. To avoid glitches, ensure that the contracts and agreements are cross checked well in advance with your attorney. It is better to keep things clear rather than entering a conflict at a later stage.

7. **Competitor analysis:** To retain customers and welcome new ones, business owners need to know how their services are compared to the competitors at a regional, national, and probably international level. Knowing this, various market segments can be looked into. It also helps in avoiding similar mistakes made by others in a similar industry

8. Feedback: Both qualitative and quantitative feedback will give insights into customers' needs.Customer feedback is a marketing control used to evaluate customers' opinions of existing products or services. An organisation can conduct surveys and use focus groups to engage in a feedback exercise

9. Lead quality: Strong leads lead to strong sales. Lead generation activities should be taken up for the right marketing methods. Finally the conversion potential of leads can be checked.These methods are sure to help your team and company grow and improve simultaneously.

2.6.2 Marketing: Marketing control refers to the measurement of the company's marketing performance in terms of the sales revenue generated, market share captured, and profit earned. Here, the actual result is compared with the standard set, to find out the deviation and make rectifications accordingly.

In the simplest of terms, marketing is building awareness of your organization and brand to potential customers. Sales is turning that viewership into a profit, by converting those potential customers into actual ones

Sales Control: Sales control is one of the functions of sales management which ensures the sales achievement and profit objectives of the company by coordinating effectively and efficiently the different sales functions.

Importance of Sales Control: Every business function needs a control mechanism. Sales management is a broad field and consists of various aspects and functions. Like all other process control set of procedures need to be established, performance should be evaluated periodically and digression from the standards should be addressed swiftly.

Sales control process can be executed either through Behavioral aspects like sales efforts or by allocation of selling time or through cost aspects like performance expenses and sales-function administration. Sales personnel need to be trained sufficiently to maintain a consistent effort in sales and also productivity of the sales person should be maintained. Sales control doesn't focus only on managerial action related to sales, it also encompasses all activities which ensure the even flow of products or services from the producer to the consumer. Sales control is one of the functions of sales management which ensures the sales achievement and profit objectives of the company by coordinating effectively and efficiently the different sales functions.

Goals of Sales control:

a. Optimize number of sales
b. Maximize profit
c. Control revenue

Importance of Sales Control: Every business function needs a control mechanism. Sales management is a broad field and consists of various aspects and functions. Like all other process control set of procedures need to be established, performance should be evaluated periodically and digression from the standards should be addressed swiftly.

Sales control process can be executed either through Behavioral aspects like sales efforts or by allocation of selling time or through cost aspects like performance expenses and sales-function administration. Sales personnel need to be trained sufficiently to maintain a consistent effort in sales and also productivity of the sales person should be maintained.

Sales control doesn’t focus only on managerial action related to sales, it also encompasses all activities which ensure the even flow of products or services from the producer to the consumer.

Types of Sales Control: Sales budget and sales programs are the basic available tools to control the efforts. Other available tools are

The above tools can be used in identifying the strength and weakness of the internal processes and opportunities and threats from the external environment. Further it will help the management in locating the defect in the functioning of the sales department and take corrective measures.

Sales Budget

Sales budget creates a overall constraint for the sales team to operate within. Budget in terms of expenses and efforts spent can control the sales activities well and align them with company's sales objectives and profit targets. A sales team may be able to perform well and meet sales target but if the cost spent to achieve the same is very high then the profit would be less. Hence companies assign a sales budget for the sales activities.

Sales Programs

Sales program are a set of activities, training and best practices which a company follows for performing sales activities. A sales program can train the sales force well on the companies values so that the sales team follows them when they go on field to sell the products and services. Through a program it can be ensured that all the sales team members follow similar approach and system to achieve it.

Sales Audit

Sales audit is the systematic and unbiased review of the basic objective and policy of the selling function of an organization. Sales audits help in improving the effectiveness of the sales arm of the organization. Audits normally examine six aspects such as

1. Objective of the company
2. Internal policies

3. Structure of the organization
4. Sales methods
5. Procedures
6. Sales personnel

Sales Analysis

Sales analysis is the study of sales volume operations to find the sales and profit trend. It helps in achieving better sales performance. It also provides insights on the sales territories, type of customers and products.

What is Market Segmentation?

Market segmentation is a process of dividing the entire market population into multiple meaningful segments based on variables like demographics, geographic, psychographics, lifestyle, benefit, occasion, income etc. It can be used by a company to sell their product/service more effectively. Once an entire population is divided into market segments or groups, companies can target them more accurately and design their positioning accordingly collectively known as STP (Segmentation, Targeting strategy and Positioning).

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Importance of Market Segmentation

Market segmentation is an important aspect for any business as it helps them slice the market into smaller groups or segments, which can then be identified based on their needs and can be catered to. It reduces the population in the market and gives a much more addressable audience rather than giving random groups of people. Having similar groups would enable companies to be more focused in terms of their product offerings, product differentiation strategies, marketing strategies, pricing strategies etc.

This would help companies mitigate unnecessary risks, reduce costs, target customers better, have better retention and generate more profits. Hence, segmenting the entire population of market is essentially critical and important for any business to prosper.

Market Segmentation Types

The most important variables in market segmentation are based on demographics, geographic, psychographics & behavioral. These are explained in detail below:

1. Demographic Segmentation

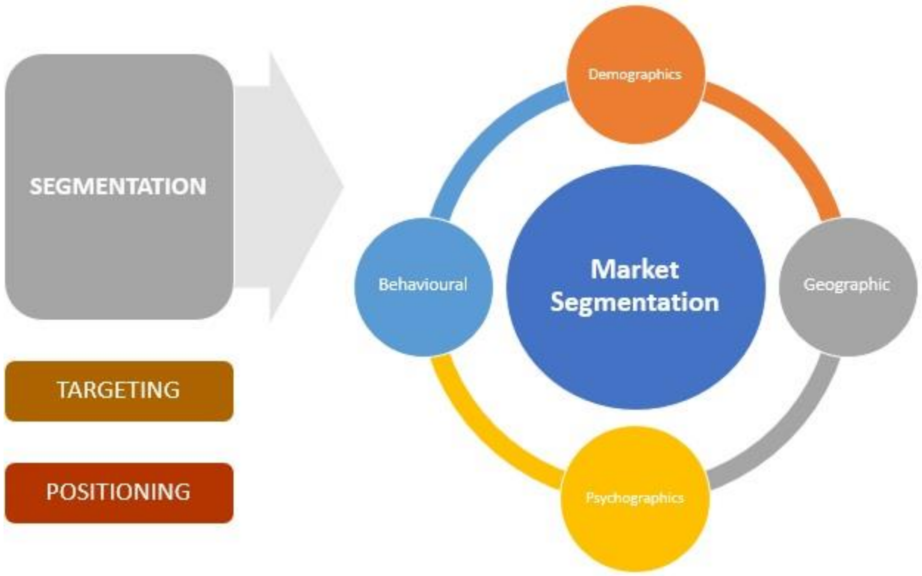
Slicing the market on criteria based on demographics like age, gender, income, family members, educational qualification, socio-economic status etc., is called demographic segmentation and it helps in profiling the customers based on demographic parameters & help to form homogeneous groups.

2. Geographic Segmentation

When a population is divided on the basis on geographies i.e. country, state, city, village, region, postal code etc., it is referred to as geographic segmentation. This helps form clusters based on location, topography, location etc.

3. Psychographics Segmentation

Market segmentation done based on personality of people, their characteristics, their lifestyle, social status etc. is called as psychographic segmentation.



4. Behavioral Segmentation

When companies divide the market based on the customer behavior or usage patterns, it is known as behavioral segmentation and considers the past behavior of consumers.

Advantages & Disadvantages of Market Segmentation

Market segmentation can have many benefits for companies which can benefit their business. Some are discussed below:

1. Segmenting a market gives focus to company as it helps to understand the market better

2. Unnecessary costs are avoided as only the required population can be tapped

3. Segmentation can help companies identify newer markets where existing products can be launched

4. If certain overlapping markets are identified, companies can create new products to capture them

5. Once proper segmentation is done, after identifying target groups accurately, advertising & marketing can be more effective rather than having loosely created ad campaigns

6. Homogeneous groups can themselves promote the products or services even more if they like it

7. It helps in market expansion and also helps in customer retention

Apart from the several advantages, there are also certain drawbacks of market segmentation. Some disadvantages are:

1. A company having multiple segments would have to cater to them separately i.e. more costs

2. Giving products/ services to multiple segments can be a time-consuming process for companies

3. If a company selects a wrong segment, their entire business can collapse

4. Smaller clusters/ niche markets often get neglected in the bigger scheme of things.

2.6.3 Sales controls:

2.7 E commerce and Entrepreneurship:

E-commerce entrepreneurship is the process of establishing a new company that sells products or services online. E-commerce businesses can be small, home-based operations or large, multimillion-dollar enterprises.

Definition:

E-commerce, or electronic commerce, is the practice of conducting business online. It involves the buying and selling of goods and services, as well as providing services to customers and collaborating with business partners. E-commerce includes both retail trade between businesses and consumers (B2C) and business-to-business (B2B) trade.

Electronic commerce, or e-commerce, is the buying and selling of goods and services over the internet. E-commerce can be conducted on computers, tablets, smartphones, and other smart devices.

E-commerce (electronic commerce) is the exchange of goods and services and the transmission of funds and data over the internet. E-commerce relies on technology and digital platforms, including websites, mobile apps and social media to make buying and selling possible.

Some tips for starting an e-commerce business:

- ✓ **Research:** Consider the e-commerce model, market, target audience, competition, and expected costs.
- ✓ **Plan:** Create a business plan that outlines your objectives, finance, operations, and marketing.
- ✓ Register: Choose a legal structure, apply for necessary permits and licenses, and register your business.
- ✓ **Design:** Choose a name and brand identity, and design your e-commerce website.
- ✓ **Source:** Source and develop your products or services.
- ✓ **Market:** Use as many channels as you can to market your business.
- ✓ **Launch:** Launch and market your business.

Examples of E-Commerce

1. Amazon.
2. Flipkart.
3. EBay.
4. Olx.
5.. Quikr

6. Shopify

Types of ecommerce are:

- **Business-to-Consumer (B2C):** This type of ecommerce is what most entrepreneurs are familiar with, selling products to the public. B2C e-commerce is the most popular e-commerce model. Business to consumer means that the sale is taking place between a business and a consumer, like when you buy something from an online retailer.

- **Business-to-Business (B2B):** B2B ecommerce covers ecommerce transactions between two business entities. B2B e-commerce refers to a business selling a good or service to another business, like a manufacturer and wholesaler, or a wholesaler and a retailer. Business to business e-commerce isn't consumer-facing, and usually involves products like raw materials, software, or products that are combined. Manufacturers also sell directly to retailers via B2B ecommerce.

- **Business-to-Employee (B2E):** Business-to-employee (B2E) electronic commerce uses an intra-business network which allows companies to provide products and/or services to their employees. Typically, companies use B2E networks to automate employee-related corporate processes.

- **Consumer-to-consumer (C2C):** There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell thanks to online payment systems like PayPal where people can send and receive money online with ease. eBay's auction service is a great example of where person-to-person transactions take place every day since 1995. C2C e-commerce refers to the sale of a good or service to another consumer. Consumer to consumer sales take place on platforms like eBay, Etsy, Fivver, etc.

- **Direct to Consumer (D2C):** Direct to consumer e-commerce is the newest model of ecommerce, and trends within this category are continually changing. D2C means that a brand is selling directly to their end customer without going through a retailer, distributor, or wholesaler. Subscriptions are a popular D2C item, and social selling via platforms like InstaGram, Pinterest, TikTok, Facebook, SnapChat, etc. are popular platforms for direct to consumer sales.

- **Consumer to Business (C2B):** Consumer to business is when an individual sells their services or products to a business organization. C2B encompasses influencers offering exposure, photographers, consultants, freelance writers, etc.

Advantages of E-Commerce:

- No checkout queues
- Reduce prices
- You can shop anywhere in the world
- Easy access 24 hours a day
- Wide selection to cater for all consumers

2.5 Internet advertising:

Internet advertising is a set of tools for delivering promotional messages to people worldwide, using the Internet as a global marketing platform.

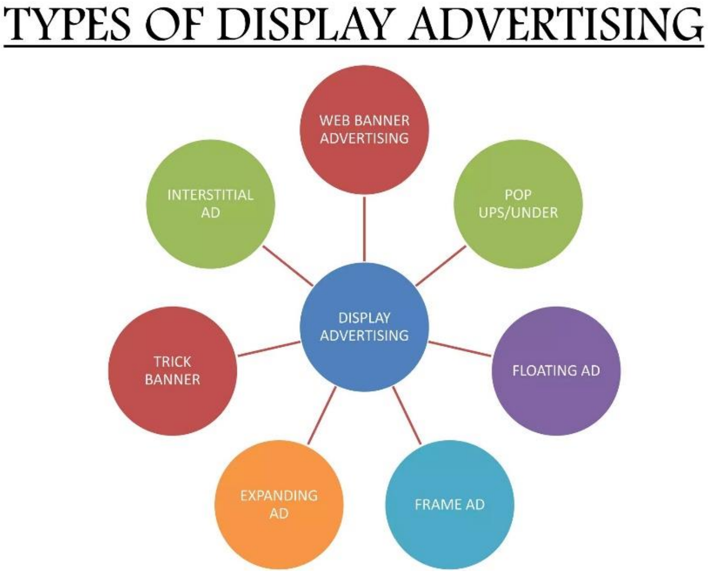
Online advertising, also called Internet advertising, uses the Internet to deliver promotional marketing messages to consumers.

It includes Email Marketing, Search Engine Marketing, Social media marketing, many types of display advertising including Web banner advertising and mobile advertising. Like other advertising media, online advertising frequently involves both a publisher, who integrates advertisements into its online content, and an advertiser, who provides the advertisements to be displayed on the publisher's content.

Other potential participants include advertising agencies who help generate and place the ad copy, an ad server who technologically delivers the ad and tracks statistics, and advertising affiliates who do independent promotional work for the advertiser.

Methods of delivery Display Advertising:

Display advertising conveys: Display advertising conveys its advertising message visually using text, logos, animations, videos, photographs, or other graphics. As advertisers collect data across multiple external websites about a user's online activity, they can create a detailed picture of the user's interests to deliver even more targeted advertising. This aggregation of data is called behavioural targeting. Advertisers may also deliver ads based on a user's suspected geography through Geo targeting. A user's IP address communicates some geographic information (at minimum, the user's country or general region). For example, with mobile devices, advertisers can sometimes use a phone's GPS receiver or the location of nearby mobile towers.



- **Web banner advertising:** Web banners or banner ads typically are graphical ads displayed within a web page. Many banner ads are delivered by a central ad server. Banner ads can use rich media to incorporate video, audio, animations, buttons, forms, or other interactive elements using Java applets, HTML5, Adobe Flash, and other programs. Frame ad (traditional banner).Frame ads were the first form of web banners. The colloquial usage of "banner ads" often refers to traditional frame ads. Website publishers incorporate frame ads by setting aside a particular space on the web page.

- **Pop-ups/pop-unders:** A pop-up ad is displayed in a new web browser window that opens above a website visitor's initial browser window. A pop-under ad opens a new browser window under a website visitor's initial browser window.

- **Floating ad:** A floating ad, or overlay ad, is a type of rich media advertisement that appears superimposed over the requested website's content. Floating ads may disappear or become less obtrusive after a preset time period.

- **Trick banners:** A trick banner is a banner ad where the ad copy imitates some screen element users commonly encounter, such as an operating system message or popular application message, to induce ad clicks. Trick banners typically do not mention the advertiser in the initial ad, and thus they are a form of baitand-switch.

- **Interstitial ads:** An interstitial ad displays before a user can access requested content, sometimes while the user is waiting for the content to load. Interstitial ads are a form of interruption marketing

- **Text Ads:** A text ad displays text-based hyperlinks. Text-based ads may display separately from a web page's primary content, or they can be embedded by hyperlinking individual words or phrases to advertiser's websites. Text ads may also be delivered through email marketing or text message marketing. Text-based ads often render faster than graphical ads and can be harder for ad-blocking software to block.

- **Search Engine Marketing (SEM):** Search Engine Marketing or SEM, is designed to increase a website's visibility in search engine results pages (SERPs). Search engines provide sponsored results and organic (nonsponsored) results based on a web searcher's query. Search engines often employ visual cues to differentiate sponsored results from organic results.

- **Sponsored search:** Sponsored search (also called sponsored links or search ads) allows advertisers to be included in the sponsored results of a search for selected keywords. Search ads are often sold via real-time auctions, where advertisers bid on keywords. In addition to setting a maximum price per keyword, bids may include time, language, geographical, and other constraints. Search engines originally sold listings in order of highest bids. Modern search engines rank sponsored listings based on a combination of bid price, expected click-through rate, keyword relevancy, and site quality.

- **Social media marketing:** Social media marketing is commercial promotion conducted through social media websites like facebook, orkut, LinkedIn, MySpace. Many companies promote their products by posting frequent updates and providing special offers through their social media profiles.

- **Mobile Advertising:** Mobile advertising is ad copy delivered through wireless mobile devices such as smart phones, feature phones, or tablet computers. Mobile advertising may take the form of static or rich media display ads, SMS (Short Message Service) or MMS (Multimedia Messaging Service) ads, mobile search ads. Mobile advertising is growing rapidly for several reasons. There are more mobile devices in the field, connectivity speeds have improved (which, among other things, allows for richer media ads to be served quickly), screen resolutions have advanced, mobile publishers are becoming more sophisticated about incorporating ads, and consumers are using mobile devices more extensively.

- **Email Advertising:** Email advertising is ad copy comprising an entire email or a portion of an email message. Email marketing may be unsolicited, in which case the sender may give the recipient an option to opt-out of future emails, or it may be sent with the recipient's prior consent.

- **Online classified advertising:** Online classified advertising is advertising posted online in a categorical listing of specific products or services. Examples include online job boards, online real estate listings, automotive listings, online yellow pages, and online auctionbased listings. OLX and eBay are two prominent providers of online classified listings

- **ADWARE:** Adware is software that, once installed, automatically displays advertisements on a user's computer. The ads may appear in the software itself, integrated into web pages visited by the user, or in pop-ups/pop-unders.

Internet Advertising Advantages and Disadvantages:

There are more than four billion internet users all over the world. This gives a huge boost to internet advertising. People look for products by using search engines, following their favorite brands in social media, and subscribing to their campaigns via email and push notifications. Advertising opportunities are enormous, but using them correctly is not that easy. So, let's have a closer look at the advantages and disadvantages of internet advertising.

Advantages of internet advertising:

1. Easy global coverage: Nowadays, people have a habit of searching for information about products and services via search engines like Google, Bing, and others. Internet advertising is a way to demonstrate your offers in front of over 4.3 billion web users around the globe. You can easily target the entire world via the Internet.

2. Affordable for any budget: According to Seriously Simple Marketing, the minimum cost to reach an audience of 2,000 is three times cheaper than traditional advertising methods, so any company from a small family business to a huge enterprise can utilize online ads and get the most out of their financial resources.

3. Drives traffic to a website: The more visitors you get to the site, the more potential customers you have, which will result in increased sales. Internet advertising aims to attract users' attention and send them to your website. The offers displayed in the digital ads should arouse curiosity and give people a good reason for clicking through your site.

4. **Allows targeting:** Unlike traditional marketing media that advertises to everyone without filtering, internet advertising tailors the message to a specifically targeted audience — people who are most likely to convert into customers. For instance, a travel equipment company may use social media ads for advertising to users who are keen on travel, encouraging likes and shares.

5. Enables retargeting: Internet advertisements are a way to say, "hey, looks like a couple of days ago you checked out this toaster. I've got a marvelous one for you here!" If many prospects visit your household appliances online store without buying anything, remind them about your brand with banner ads displayed on websites they browse.

6. It allows you to create various touch points with your audience: Internet advertising helps you to appear in the right place at the right time to communicate with your audience. If you own a small bakery, use socials like Instagram and Pinterest to demonstrate the products. To share news, and build long-lasting relationships with your audience, reinforce them with email marketing. By mixing different types of digital advertising wisely, you can show that your company is always present and ready to be of service.

6. **It is measurable:** Unlike offline marketing, where the cost and effectiveness are somewhat approximate, you can precisely track the return on your efforts and internet marketing efficiency with web analytics platforms like Google Analytics.

Disadvantages of internet advertising:

1. **High competition:** Of course, this depends on your niche, but if you haven't invented something new, you'll have to compete for clients' attention. This market is oversaturated, especially for e-commerce businesses, so you need to put your customers' needs upfront and regularly improve your product to make it competitive.
2. **Mistakes are expensive:** Targeting wrong people, selecting highly competitive keywords, and leaving your ad campaign running after turning it off are the most common mistakes that can cost you a fortune. To eliminate these mistakes, you need either a top specialist or a lot of experience. Both variants require investments.
3. **Complicated analytics:** To analyze the performance of your ads, you need a third-party platform like Google Analytics and some experience to interpret the results correctly. Medium-sized enterprises and big brands have analysts to make the ads more targeted and effective.
4. **Ad blindness:** This term is related to banner blindness. Users see advertising almost every time they open a web page. For this reason, they simply ignore banners without even noticing them. To fight this, make sure that your banners target the right people who need your offer.

2.6 New venture expansion strategies and issues:

A business or a company follows the expansion strategy when it wants to achieve a certain high growth level compared to the previous performance. When a company plans to achieve a certain growth level, it employs methods like increasing its business operations to target a more significant customer market and technological tools. The goal and reason behind the business expansion strategies may vary from business to business. It could be increasing the social benefits, increasing the market share, achieving economies of scale, prestige, and higher profit. Only those businesses follow the expansion strategy whose managers and supervisors are ambitious. They're willing to take risks and grow.

Expansion Strategy – Meaning, Types & Examples

Businesses and companies use different methods and techniques to stabilize their earnings. It's also one of their goals is to grow their business and become more prosperous. They call it expansion. Today, we'll discuss business expansion strategy and its different types in detail with examples.

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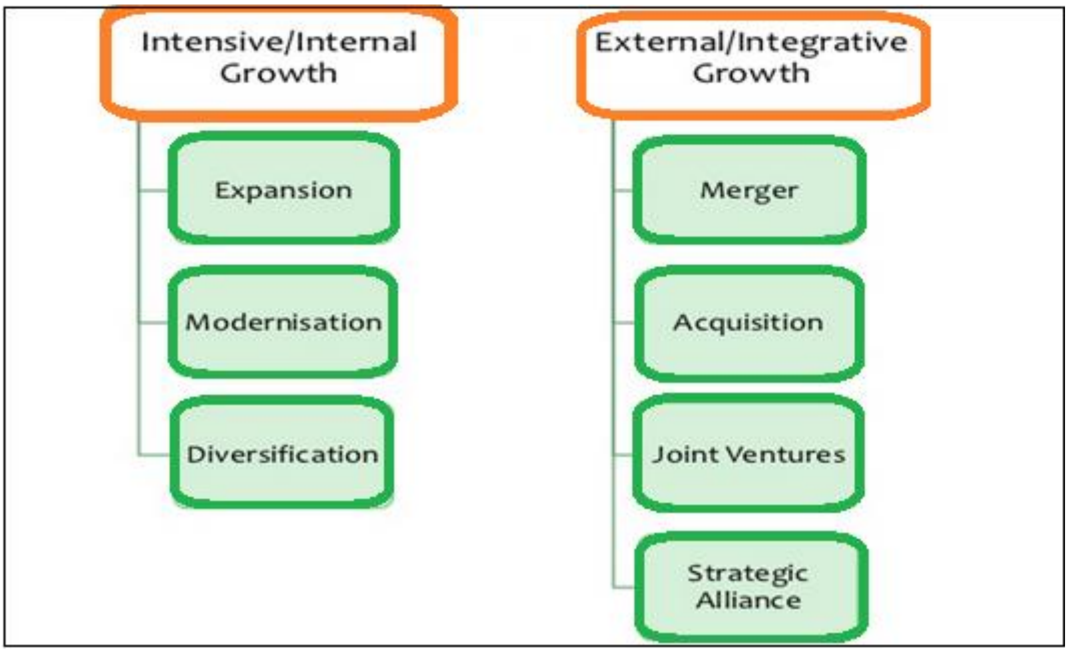
Types of Strategies:



Expansion through Concentration: Expansion through concentration is the grand level strategy, and it requires an investment of a plethora of capital and resources in a specific product line. It's to satisfy the needs of the target market with the specific verified technology.

In other words, when a business or a company invests its capital and resources into one or more product lines and businesses, the purpose is to satisfy the needs and wishes of customers. However, businesses and companies employ concentration strategy by any of the following methods;

1. Product Development: Here you launch some new products in the existing market to increase the product line of your business.

2. Market Development: Expand your market and attract more customers by using the existing and current product line.

3. Market Penetration Strategy: The focus of your business is on the current market by using the existing product line.

Businesses and companies utilize concentration strategy because they're already familiar with the field and product niche. They don't have to make any structural changes in the company. It is because they already know their business.

The reason the concentration strategy is risky is due to the over-dependence on one industry. If the country's economy falls, it would drastically impact your business. Some businesses have made a plethora of investments in one sector. Any latest technological development would make their product obsolete.

Example: McDonald's, Subway, Starbucks, etc., all employ the concentration strategy.

Expansion through Diversification: Through diversification, expansion is when a company changes its business type by either entering into the new market or launching the new product. Businesses and companies follow the diversification strategy during the economic recession period.

The purpose of a business diversification strategy is to recover the company's losses by making a profit from the other business. The economy and market have affected its profit and earnings. The diversification strategy has two main types;

1. Conglomerate Diversification: When a company expands into other businesses regardless of their relevancy or irrelevancy to its core niche, we call it conglomerate diversification. In other words, conglomerate diversification is when a company acquires other business or product/service (relevant or irrelevant) to increase its product/service portfolio.

2. Concentric Diversification: Concentric diversification is when a company acquires a product/service closely relevant to its core product/service range. For instance, a shoe production factory acquires a leather company to increase its sales and customer market share.

Example: Google has diversified its business into various businesses like Android, Chrome, Google Map, Google Earth, Adsense, Gmail, YouTube, etc.

Expansion through Integration: Through integration, expansion is when you combine/join various current operations of the company without changing the target customer market. Businesses and companies use a value chain system for integration.

The value chain is the process of related activities that a company performs, from the raw material's procurement to the finished good. The company increases or decreases the number of steps in the value chain system and develops the product to satisfy customers' needs.

The expansion through integration has two main types:

1. Horizontal Integration: Horizontal integration is when a company overpowers the competitor by offering the same products/services and marketing strategy. For instance, a pharmaceutical company overcomes the competitor brand by providing similar products.

2. Forward Integration: Forward integration when a company opens up its brand retail stores and directly approaches the final customers and offers them the product/service. For instance, the outlets of Apple, Samsung, Huawei, etc.

3. Backward Integration: Backward integration is when a company goes back to produce its raw material for its finished products/services. For instance, a shoe factory also makes the leather, raw material, for its final products.

Expansion through Cooperation:

1. Strategic Alliance: The strategic alliance is when two or more businesses integrate to execute their business operations coactively and work independently to achieve their individual goal. The purpose of the strategic partnership is to exploit any of the companies' human resources, technology, and expertise.

2. Joint Venture: A joint venture is when two or more companies plan to execute their business operations jointly. The purpose of the joint venture is to utilize the strengths of the two companies. Businesses and companies go on a joint venture to achieve a particular task or goal. A joint venture is a separate entity involving two or more participants as partners. They involve a wide range of partners, including universities, businesses, and the public sector.It results due to the increase in business risks, hyper-competition, and failures.

Types of Joint Ventures:

a) Joint venture for cooperative research
b) Joint venture for research and development
c) Joint venture in University and industry
d) International joint ventures

Benefits of Joint Ventures:

- The joint venture can have a low cash requirement.
- The joint venture provides ready access to new international markets.
- Such a venture causes less drain on a company's managerial and financial resources than wholly owned subsidiary.

3. Takeover: A takeover is when one company buys the other company and becomes responsible for the operations of both. A takeover is a process where one company (the acquirer) makes a successful bid to take control of or buy another one (the target). This can be done by acquiring a significant stake in the target company and meeting the controlling ownership threshold which is 50% of the shares in issue, or by striking a deal with the board of directors and shareholders.

4. Merger: A merger is when two or more companies integrate where one company buys the other's assets for cash. Both companies get dissolved and form the new company. The acquisition is the buyer company, and the merger is the acquired-company.

5. Acquisition: An acquisition is the purchase of a company or a part of it in such a way that the acquired company is completely absorbed and no longer exists. Acquisitions can provide an excellent way to grow a business and enter new markets. A key issue is agreeing on a price. A prime concern is to ensure that the acquisition fits into the overall direction of the strategic plan.

Advantages of Acquisition:

- Established business
- The acquired firm has an established image and track record.
- The entrepreneur would only need to continue the existing strategy to be successful.
- Location is already established.
- Existing employees
- Established marketing structure
- An important factor that affects the value of a firm is its existing marketing channel and sales structure.
- The total cost of acquiring a business could be lower than trying to buy a franchise.
- More opportunity to be creative-More time can be spent assessing opportunities to expand or strengthen the business.

Expansion through Internationalization: Expansion through internationalization is when a company goes beyond the country's national border and market. The reason for internationalization is when the company has utilized all the opportunities in the domestic market. Now the brand expands into the global market to exploit opportunities in the international market.

1. Global Strategy: Global strategy is when a company follows the low-cost approach and offers its product/service to a particular foreign market where lower-cost is available. The company provides the same low cost manufactured product to the rest of the world.

2. Multi-domestic Strategy: A multi-domestic strategy is when a company provides a customized product/service relevant to the foreign market conditions. It's a costly strategy because of its research and development cost, market, and manufacturing costs by following the local markets' needs in different countries.

3. International Strategy: International strategy is when a company offers its product/service to those markets where they don't have access to it. It requires strict controls over the operations in the other countries and offering them the same standard product.

4. Transnational Strategy: A transnational strategy when a company follows the global system and multi-domestic process at the same time. Here the company offers customized and low-cost products/services to the local market by following their environmental conditions.