

Managing & Growing Business

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Managing Business Culture

- The **goal of organization design** is
 - to match people with tasks that require and inspire their motives and abilities
 - to **design tasks and strategy that can cope with environmental demands and opportunities.**
- **Org culture**
 - serves as glue that holds people and the business organization together.
 - provides members with **a sense of identity,**
 - **generates commitment** to something larger than self-interest, and
 - helps people **make sense of what occurs** in org and the environment.
- Strong cultures serve the same control function as cultural rules we learn in childhood.
- When group of people share the same behavioural norms, there is less need for external controls and close supervision

Culture and Business Growth

- Discuss the product life cycle and strategies used.
- The entrepreneur's role in managing culture varies according to the stages of business growth.
- During **inception** –
 - business at this stage has no formal structure.
 - communication is highly informal.
 - creativity and morale are high
- During **high-growth** – the
 - org structure becomes more centralized and formal.
 - rapid growth requires more formality.
 - mgt style is more professional.
 - morale and excitement show signs of stress.

Culture and Business Growth

- During **maturity stage** –
 - business reacts to rapid growth by decentralizing structure.
 - communication becomes formal and planning becomes a common feature.
 - growth is slow and declining.
- During **decline stage** –
 - business is characterized by rigid, top-heavy, and overly complex org structure.
 - communication breakdowns are common.
- Each stage requires a different type of leadership that is capable of tackling major growth challenges.
- **Entrepreneurs should manage org culture differently at each stage.**

Culture and Business Growth

- ***At inception:***
 - culture is the glue binding business together and makes growth possible.
 - entrepreneur should elaborate, develop and articulate the cultural values.
- ***In high-growth:***
 - culture is taken for granted, but in reality it becomes more diverse as sub cultures whose values are not in the best interest of the organization.
- ***In maturity and decline:***
 - culture is dysfunctional and the entrepreneur's task is to change the culture and make it more adaptive.

Modifying Culture

- There are **two types of mechanisms** that entrepreneurs can use **to create or modify culture**.
- The **primary mechanisms – behaviour**
 - i) what entrepreneurs pay attention
 - ii) the reactions to critical incidents indicates company values
- The **secondary mechanisms – organizational**
 - i) the way in which the business is structured and designed
 - for decision-making, coordinating and reporting
 - ii) systems and procedures
 - iii) formal statements of philosophy, creeds and values.

Managing Operations

- *Operations; converting inputs into outputs*
- *Systems for conversion (Discuss in Detail)*
- *Production elements (Discuss in Detail)*
- *Make or buy decisions*
- *Controlling operations in detail (batch, mass, continuous) maintenance and repair*
- *Inventory Control in detail*

People Ethics & Social Responsibility

- Primary duty for business managers is the proper selection, placement, development and utilization of the talents of their human resource
- **Staffing comprises**
 - i) developing job requirements
 - **ii) selecting sources of supply**
 - iii) recruiting
 - **iv) selecting the desired employees**
 - v) training and development
 - **vi) maintaining the workforce.**
- Corporate social responsibility (CSR) - **obligation to constituent groups in society and beyond that prescribed by law or union contract**
- Central feature is that **an action must be voluntary** to qualify as socially responsible action.

Ethics & Social Responsibility

- **Business ethics**: two areas of concern for managers:
 - i) pressure from above; and
 - ii) discomfort with ambiguous situations.
- *Pressure from above* emanates from pressure for achieving results which can lead to blind conformity:
- By being aware of pressure, managers can
 - i) avoid putting undue pressure on others and,
 - ii) prepare to deal with excessive pressure.
- *Ambiguous situations* arising from lack of ethical guidelines cause workers to desire stated policy to guide work behaviour.
- *Personal values* play a pivotal role in ethics - honesty and integrity

Improving Business Ethics

- i) Ethics training,
- ii) ethical advocates,
- iii) ethical codes; and
- iv) whistle blowing

Next Lecture

Marketing & Global Outlook

- A **marketing plan** provides following important **benefits**:
- i) it analyses the business competitive situational
- ii) **it gives a realistic appraisal of a market's potential and uncovers new opportunities**
- iii) it suggests alternative marketing strategies
- iv) **it coordinates framework for establishing a budget**
- v) it sets objectives and responsibility for achieving them
- vi) **it improves performance reviews**
- vii) it focuses on maintaining profitability

Small Business Marketing Issues

- **Customer bases** are relatively small.
- **Resource constraints** force small businesses to spend less on marketing
- **Management styles** – small businesses tend to have personalized management styles with the owner manager involved in all aspects of management and not sharing the load with employees.
- **Uncertainty and evolution** – small businesses have to adapt and evolve as a business to survive.
- **Uncertainty** comes from lack of control of market, a small customer and product base.
 - Small businesses which survive adjust to new conditions through evolution where short-term considerations take priority over long-term planning.
 - Marketing strategies evolve and reflect the experience learned by the owner-manager and the need to adjust to its environment.

Small Business Marketing Issues

- There are **four stages of marketing evolution** for small businesses:
- **i) initial marketing activity** based on the products, pricing and delivery
- **ii) reactive selling** as demand grows
- **iii) DIY marketing approach** as business develops the need for a more positive marketing approach is realised
- **iv) integrated proactive marketing** – the emergence of a more sophisticated marketing planning coordinating the various elements of marketing mix aimed at controlling marketing forces.
- **Innovation, market niches and gaps** allow small businesses occupy niches or to serve isolated areas

Value of Market Research

- Who are my customers?
- What kind of people are they and where do they live?
- How often do they buy the products?
- Why don't they buy from my store or shop?
- What hours do they prefer to shop?
- What advertising media are likely to reach them?

Guerrilla Marketing

- **Unconventional low cost and creative marketing approach requiring creativity and ingenuity in marketing** – essentially creating and keeping a customer.
- **Guerrilla marketing strategy** should accomplish the following
 - identification of a specific target market to serve
 - determination of the customer's needs and wants through market research
 - analysis of competitive advantages and building guerrilla marketing strategy
 - creation of an appropriate marketing mix meeting the strategy
- The identification of target markets is achieved through the SWOT analysis and studying buying customer habits.
- Once the targets have been identified strategies to use are:
- **Shot – gun approach** (sales-oriented) tactics such as those used by call boys at markets - easy to use – no plans and no resources required
- **Rifle approach** – driven by customer orientation requires identification of target customer and act as in winning a big supply contract.

Marketing on the World Wide Web

- The **benefits of World Wide Web selling** include:
 - great **opportunity to increase sales revenue**
 - increased ability to expand into global markets
 - **provides an ability to remain open for business 24/7**
 - enhances capacity to use the web's interactive nature to enhance customer service
 - enhances the **ability to lower costs of doing business**
 - increases ability to spot new business opportunity and capitalize on them
 - **provides ability to grow faster**
 - gives power to track sales results

The Global Market

- *Quality of products and services*
- *Network organization*
- *E-commerce*

THANK YOU