Issues and Challenges in Entrepreneurial Education in Nigeria

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Chapter 23

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ISSUES OF UNDERSTANDING THE NEED FOR BOTH MANAGEMENT AND BUSINESS SUCCESSION PLANNING

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Introduction

The major aim of enterprises is to build a strong market position and an organization capable of producing successful performance despite foreseeable events, potent competition, internal and external organizational problems (Nimmanphatcharin, 2003). Organization are built around resources of which human resource play a pivotal role in coordinating all other factors of production for achievement of required organizational success-profitability, sustainability, and meeting or exceeding stakeholder's objectives. Unfortunately, most enterprises focus on the profitability objective and often relegate the other objectives of business for lack of purposeful leadership and inability to focus on long-range plans.

The planning spectrum is often short-tenured with little or no attention paid on those key success factors that maintain organizational fluidity and sustainable existence. The situation accounts for why businesses die no sooner than their originators are no more. The founders of businesses often dwell on the erroneous illusion that they will outlive their business empires and as such, do not make deliberate plans to institutionalize leadership by grooming successors to continue their role. Thus,

the overall process by which organizations prepare structured plans, develops their plans and implement a smooth transition in leadership is referred to as 'Management Succession Planning'. In exercising the management succession planning role, management must come to terms with certain imperatives of normal work life. Examples of unavoidable occurrence are ill-health, termination of appointment, transfer of service to other organizations, retirement, long leave of absence, death among others. Management Success Planning allows an institution to keep moving forward when the inevitable occurs'-Rhonda Cooke telling an America Community Banker. Thus, MSP ensures a smooth transfer of power under an ideal condition. Entrepreneurs should consider succession planning as key in their operations not only to transfer skills, but also to allow their legacy and visions to be sustained after a long effort of nurturing.

Every organization comprises an assemblage of individuals with various skills and competences for the attainment of corporate goals. The skills of individuals would have to be evaluated from time to time in order to identify through a process of scrutiny all those that have potentials to move up in the management ladder to enable them occupy managerial positions. To ensure quality of persons being considered at this level, skill identification, training and development are important considerations that must be given top priority by the organization. Staff training and development if well coordinated, build formidable capabilities in employees to improve on their present roles and helps to position them to take up organizational responsibilities when due.

Management Succession Planning

Management Succession Planning (MSP) should be seen as a deliberate process of choosing suitable workforce from the pool of existing manpower for continuity of visions and missions of the organizational founding fathers. It encourages the development of staff towards stardom by offering staff the opportunity to take-up strategic leadership positions in the future. It encourages talented staff to remain focused on organizational ideals rather than diversionary tendencies that may mar the prospects of their future opportunities to occupy leadership positions.

Organizational successors could be sourced internally or externally. Internal sourcing confers an advantage of continuity of corporate values and transfer of organizational learning in a pragmatic manner.

A written succession plan is fundamental in achieving a good management transition as it provides a documented direction for enterprise continuity in the event of exit of the business owner or other members of top management by termination, retirement, death or other foreseen or unforeseen event. A written succession plan clearly depicts the structure of changes that will take place in corporate leadership on a generalized basis. Such continuity plans are necessary to ensure a continued existence of the enterprises. Typical benefits of the continuity plans include retention of key personnel, reduction of the amount payable on tax, maintenance of assets and stock values during the period of management or ownership transition. A major benefit of the succession plan is that it provides better assurance for business owners to anticipate organizational growth, continuity and sustainable income for

personal emolument and financial obligation of business owners to their families.

Quite a number of enterprises especially the family-owned business lack a structured succession plans. Only about 45 to 50 percent of business owners come to terms with real life events in terms of personal mortality. The owners are often reluctant to choose their successors while alive. In some cases, the business owners do not want or conceive their business to live beyond their lifetime.

Studies have shown that fewer than 33 percent of family businesses survive transitions from first to second generations while only 13 percent remain in the family for more than 60 years. "Succession transition is the most agonizing change I have ever seen CEO's and top management confront" remarks Ernesto J. Pozza, president of an Ohio-based family business consulting firm.

It is argued that up to 40 percent of America businesses may be having unresolved issues of succession planning at any given time. This percentage is likely to be higher in the African continent because of the relatively low formality of businesses and the lack of strategic plans in particular, as these are fundamental in entrenching a culture that permits succession planning.

Planning For Management/Business Succession

As business owners approach the age bracket of 45 to 50 years they should consider the need for succession as imperative especially where they expect to retire in the next 15 to 20 years. Generally speaking, succession planning is not an emergency plan, it is done systematically and developed over a long period of time. Learning and incorporating international best practices are necessary inputs to update earlier plans in order for them to align positively to current organizational realities and perspectives. As such, succession planning requires strategy, time and commitment of intellectual resources to bring to bear all emotional attributes that could make or mar the entire plan.

Business owners find it difficult to deal as they often consider it as burdensome and diversionary from their day to day roles. There are quite a number of consulting firms in organizational succession planning and these afford an opportunity for busy Chief Executives to out source this task and further leverage on the advantages of independence in the planning spectrum.

Succession plans can take as much as 2 years to develop while their implementation could take as much as 10 years. It is a thoughtful process that involves a lot of planning, resources commitment and time.

Succession plans must be business specific and must relate to management ideals, organization culture, visions and missions. It varies among organizations and aims at meeting particular goals and aspirations of an enterprise. When completed, it should further be reviewed by a company lawyer or accountant in order to verify content relevance in terms of compliance with organizational culture, operational philosophy and strategy. Succession Planning could be embarked at any time, but most scholars and practitioners recommend the time period of organizational profitability. The justification for this is that the corporate position or status of a business is more

significant as it transits from 'Start-up' phase to a phase of 'Self Sustenance'.

During this later phase, the business becomes a source of income and prosperity to all stakeholders including the business owners and their families, employees and their families, and also to the suppliers and strategic business partners.

Business owners owe a responsibility of initiating their business/ management succession plans and would need to write down their plans, communicate plans and any changes as they evolve with time. The business owners also have to assure their employees that the succession plans are enterprise-friendly and protect their continued prosperity in the event of his discontinuance from active management of the organization.

Business Succession Planning involves all the related processes in developing and implementing a workable plan for self replacement or those of other top members of an organization, should their services seize on account of retirement, resignation, health, disability, death or any other form of disengagement from service.

It is therefore imperative for businesses to foresee or anticipate a discontinuance of top management with time and must consciously plan for such through the development of a succession training initiative. Additionally, a strategic financial planning that seeks to make a budgetary provision for anticipated future expenses should be established in event the unexpected happens.

Succession planning involves the following considerations;

(a) Financial allocation to purchase a deceased partners share of the business if the business is a partnership.

(b) Plans must be made for the inevitable exit or departure of some customers especially in situation where the departed or retired is the key driver or motivator of the customer retention in the organization.

(c) Budgetary planning and financial allocation for business liquidity during the trying period of the organization in event of exit of key members of the organization the successor would at this period begin to build new client base including the development of new client relationship in order to create citizenship and ensure customers retention.

Strategies for Business Succession

The task of business succession planning is not an easy one. It could however, be made easier through a robust succession selection and training programme.

The major secret to a good succession planning is the desire to be proactive and not reactive. Succession planning is a set of deliberate procedures and guided actions aimed at an objective of replacing exiting top management with capable leadership as successors. It is not a last minute response to an unplanned contingency. Succession planning actually commences at every recruitment of new talent. The recruitment offers a fresh opportunity to evaluate the new employee for future succession training.

Opportunity is given to new employées to exercise initiative, and develop their potentials through creative abilities, discretions, and exhibition of ingenuity and independence.

Employees that show exceptional managerial promise are further introduced to the organizations major clients in order to build trust and consolidate already existing relationship. The clients are assured of continuity of existing goodwill and business sustainability. It is now trendy for retired staff to check on key clients or customers occasionally to ascertain maintenance of service quality of the new leadership. The retired staffs are willing to intervene where necessary in order to sustain business trust and mutual benefits.

The organization would need to utilize financial products like 'life and disability insurance' or 'structured annuities' to help the business offset unforeseen expenditure following the exit of the business founders.

Smooth business succession often involve good financial planning to assuage liabilities as the retirement or death of the business owner can occur at periods of poor economic health of the organization. Financial planning for succession would ensure a smooth transition and organizational stability until the business migrates into economic prosperity.

Stages of Business Succession

From the background report and general discussions, it can be said that business succession planning is a process and not an event. This position is also widely held by both scholars and practitioners in 'Small Business Administration'.

There are basically four distinct stages in management succession planning process – initiation, selection, education and transition.

Initiation Phase: This stage affords the possible successors the opportunity to learn the business. They are given necessary orientation on the broad areas of business: - business ideals, operational philosophy, organizational culture, strategic plans for competitive advantage. During the training sessions, the would-be successors are afforded the opportunity of direct interaction with the business owners in a friendly atmosphere that enables information flow and exchange for maximum impact. The successors are further groomed on the 'principle of business' with a view that knowledge gained would take them to the next generation of succession

Selection Phase: - This is a stage in which the business successor is chosen from the lot and shortlisted for the position. It is a difficult stage for family businesses where succession is often times based on personal considerations devoid of merit. The candidate that meets the specifications most is then selected and this is supposed to mark the end of rivalries as the selection is based on merit and superior abilities. The selection process helps business owners to allay fears relating to the credibility, capability and suitability of the successor. The successor is declared early to all organizational members and customers to assist them adjust themselves to the new leadership.

Training Phase: The selected successor is subjected to a rigorous program that seeks to groom him or her to meet predetermined corporate goals and to cope with increasing responsibility associated with the new position. The training period also subjects the successor to trial performance by way of

planned absences of the business owner in order to afford him the opportunity of hands-on-experience though, for limited periods of time. This phase provides a platform for the business owner or the Board Of Directors (BOD) to appraise the decision making processes, inter-personal skills, leadership abilities of the successor including his ability to perform optimally under pressure. The successor is also introduced to the business owner including his external linkages – business associates, customers and bankers to familiarize him with the existing network of relationships for business continuity and improvement.

Transition Phase: This period marks the actual takeover of responsibility and role. It is assumed that the business owner has retired formally and the successor has practically taken – over leadership. Bowman – Upton (1991) states that ' the business owner can make the transition smoother for the company by publicly committing to the succession plan, leaving in a timely manner, and eliminating his involvement in the company's daily activities completely'.

Overview of Succession Planning Algorithm

Management Succession Planning could be sometimes problematic and painful. It is however, vital to guarantee organization continuity and flow overtime, especially following the departure of the business owner. Many leaders find it extremely difficult to confront true life realities of their eventual exit someday. They often live in erroneous illusion of perpetuity and immortality. Succession planning must be seen as an imperative and inescapable organizational reality.

Marshall (1997) declares that "Succession planning should reach deeply into an institution's management ranks to prepare managers at all levels for career advancement, perhaps to the very top".

Arnoff and John (1992) outline the following as important steps organizations should follow in preparing for succession:-

i. Establishing a formal policy regarding participation in the business.
ii. Providing solid work experience for all employees to ensure that succession is based on performance rather than heredity.
iii. Creating a family mission statement based on member's beliefs and goals for the business.
iv. Designing a leadership development plan with specific job requirements for the successor.
v. Developing a strategic plan for the business
vi. Making plans for the preceding generation's financial security.
vii. Identifying a successor or determining the selection process.
viii. Setting-up a succession transition team to keep decision makers informed about their role in the changes.
ix. Completing the transfer of ownership and control.

Arnoff and John (1992) noted that communication is the key for the development of a workable succession plan. Turpin (1997) highlights the following as crucial steps in crafting a succession document:-

i. Gathering information on both the personnel involved and the company itself.
ii. Choosing advisers including continuity specialists and people who will be involved internally.
iii. Deciding upon the company's objectives, including financial and personal goals, as well as those related to ownership and control.
iv. Laying-out the components of the plan.
v. Preparing the formal documents and obtaining needed funding.
vi. Reviewing the plan every 1 - 3 years, or whenever the company's personnel or structure changes

A final note in business succession planning is to determine in advance what the business owner or the CEO would be doing after retirement; this is important for a successful transition. Barrie Greiff, a psychiatrist says "it's so much easier to let go something, when you have a new direction in which to move"

Reasons for Corporate Formations

The reasons for corporate formations include the following:-

Limited Liability for Shareholder

Corporations are known to offer the strongest protection from liability by business owners or shareholders. This is based on the principle of corporate veil which aims at separating a business from the owners. Legally speaking, corporations are separate entities from ownership. There are legal provisions in which personal assets are not at risk in meeting corporate obligations from owner's creditors.

Shareholders to a business cannot be held personally liable for business obligations so long as the corporations operate in true separate entities. However, if there is evidence that the corporation willfully defrauded any creditor or undercapitalized in a deliberate bid to defraud a lender, the corporate veil could be pierced by a court of law, and the shareholders or business owners held personally liable for their actions, debts and obligations of the business.

Raising Capital

A corporation offers an incredible flexibility of ownership where the business seeks finances from sources outside the business as quite a number of stocks can be issued and sold to finance a business. This business structure makes corporations attractive for businesses with robust plans for growth and expansion and with a strategy to funding their operations through external borrowing.

Flexibility of Ownership

Corporations have great ownership flexibility as shareholders could be individuals, foreign or domestic investors. Also, other corporations or legal entities can own stocks in a corporation. Corporate stocks are held in trust. Anyone can be a shareholder of a corporation and this enables it to seek partners and capital from sources that other business cannot.

Fiscal Year/Income Splitting

Unlike other forms of businesses, corporations can set a fiscal-year end dates and this structure allows them to leverage

on their tax liabilities by choosing their 'tax year ends'. This flexibility also opens the door to financial management opportunities as money can be saved on taxes by moving the business income between entities from one tax year to another.

Perpetual Duration

Corporation unlike other business formations have perpetual life. Most forms of businesses cease to exist in the event of bankruptcy, withdrawal or death of the owners. Corporations are separate from those who own them, and as such, they outlive their owners. The oldest corporation still in active business today is Hudson Bay Company formed in 1670.

Corporate Deductions

Corporations have other advantages like ability to offer deductable employee benefits, employee and officer health plans and a number of other benefits. Staff of a corporation can obtain payment for their medical bills unlike other forms of business.

Credibility

Operating a business corporation portrays the business as viable and attractive to creditors and other investors.

Transferability of Ownership

Corporations offer immense flexibility on the aspect of transferring business ownership either along family structure or outright sale.

Central Management and Corporate Structure

Corporation is known for offering the strongest management structure with clear role definition and decentralization of authority, thus ensuring effectiveness and superior performance.

Asset Protection

Corporations are used as vehicles for business asset protection. The legal structure of a corporation allows for a leveraging that maximizes the protection of company assets.

The Value of Business Continuity and Perpetuity

Business continuity comprises a set of activities performed by an organization to ensure that critical business functions remain available to customers, suppliers, regulators, and other entities that are expected to have access to those functions. The activities may include daily business chores such as:- project management, systems back-ups, change control and help desk. It is recommended that business continuity plans should not be implemented during periods of disaster. Business continuity is also viewed as those activities performed daily by an organization to maintain service, consistency and recoverability.

If an organization faces a major threat concerning its corporate existence and there is no business continuity plan on ground or perhaps unimplemented the situation may deteriorate to a condition of bankruptcy. A timely implementation of the business continuity plan, would consolidate the firm for survival.

The foundations of business continuity are the standards, project development, and supporting policies. Also, data protection is a major requirement for business continuity. It has a major effect on how planning should be carried out and also in

determining who is to manage the business continuity plan development. It is important to involve the expertise of technical person for business continuity planning to achieve expected success.

The continuity planner needs key technical skills that would enable him or her to offer advice to the procurement unit for continuity of hardware infrastructure components that are employed in the firm's operations.

Businesses take time to nuture and a reasonable amount of input resources are committed in their establishment. The major objectives of business are: - often-profit ability, sustainability and meeting or exceeding stakeholder's objectives.

The profitability element is required to keep the business fluid by meeting the short, medium and long-term financial obligations of the enterprise. Businesses are also expected to operate profitably in order to sustain existence over time and secure return on investment. To achieve this, the product and service quality of the business must be attractive and competitive to ensure continued patronage and customers' loyalty. Sustained customer relations would guarantee business profitability and prosperity of the management and staff.

The desire for a perpetual sustainability of business profitability is a legacy of inestimable value which most business owners would want to pass on to their successors. Thus, businesses are ideally established to operate in an infinite circle and life-span of economic prosperity and perpetuity.

Exit Planning

The primary purpose of exit planning is to help business owners set, sort through and achieve their exit objectives. It is a set of processes that enables owners to leave their companies when they want and with an assurance of continuity in their businesses despite their absence.

Quite a number of entrepreneurs focus on their business growth and often forget the need to plan for their exit. Exit planning is a vital component of any good business plan, and as a business progresses and matures, exit planning is sometimes a neglected role. The reality is that exit planning is a critical imperative of any business and as such, requires deliberate attention and planning just like other elements of business.

Howbeit, business owners would like to exit their businesses even where there is planning deficiency in the exit. They would also want their exit in accordance to their own terms and conditions including the choice of their successor.

In sum, a good business plan has an exit plan component. The exit plans serve as a road map to their retirement from active service by addressing all challenges that are likely to confront the business owner at the time of exit. It serves as a guide to the entrepreneur by its structured attempt in articulating the challenges of a business. Exit plans are flexible and amenable to changes in event of any contingency arising from both the internal and external environments of the business – social, economic or political. A sound exit plan must also accommodate changes in owner's objectives depending largely on his strategies and priorities. Thus, exit planning encompasses

establishing exit objectives and goals for the purpose of a smooth vacation of the owner from active participation in business.

Business Failure and Resuscitation

A business is said to have failed when it ceases from operations as a result of its inability to make profit or generate enough revenue to cover its expenditure. A profitable business can fail when it does not generate adequate cash-inflow to meet its cash-out flow commitments.

General Reasons for Business Failure

The following constitute general reasons for business failure- poor management, high taxation, high interest rates on borrowed capital, poor marketing, lack of competitiveness of products, recessions, wars, etc.

Some businesses close down prior to an expected failure date while some go through a long terminal end. On closure, a business can formally be dissolved by having its assets redistributed after filing articles of dissolution.

Some businesses operate in several locations and may choose to close down those locations that are under performing by their failure to contribute positively to the overall development of the enterprise. The unprofitable branches and by so doing constitute costs instead of income. In the case of manufacturing, the business may close or cease the production of those goods that are poorly demanded.

A publication by the Small Business Administration (SBA), states that seven out of ten new employers establishments survive at least two years and 51percent survive at least five years. This aligns with the common belief that 50 percent of business fail in the first year and 95 percent fail with five years.

Let us specifically highlight some of the reasons why a well conceived business may fail viz:

Starting Business on a Wrong Motive

When a business is started on a wrong premise, e.g

(a) To make sufficient money instead of contributing to value

(b) To afford owners more time with their family

(c) Unwillingness to be answerable to a superior.

Businesses that are started on the basis of the above mentioned mindset would unfortunately not survive for a longtime because they are not founded on the virtues of sustainability, service, competitiveness and value creation. They lack the motive of service and as such are self serving. Sound businesses are founded on the following premise:-

a) Passion for the business based on an educated study and investigation of the demands of the business. The product or service to be rendered must emanate from perceived need from the consumers or end-users.

b) Ability to utilize your physical fitness and mental stamina in order to withstand the enormity of challenges that are associated with day-to-day working.

c) Drive, determination, patience and positive attitude to succeed and make a difference even where others fail.

d) Positive thinking and sound attitude, since failures do not defeat a person. The hallmark of business success is to learn from mistakes and use the lessons to record resounding success at next available opportunity.

e) Ability to excel independently and take charge when a creative or intelligent solution is required.

f) Honest dealing and integrity in all interactions with others.

Poor Management

Poor management is commonly cited as the single most important factor that leads to business failure. Many business owners lack experience in the art of managing enterprises especially the prudence required in financial management of all ramifications of the business. Quite a number of business owners lack capacity to manage a cross-section of workforce with varying behavioral attitudes and cultures. It is necessary that the aforementioned managerial deficiencies are remedied and help may be available through formal and informal education and human capacity development.

It is important for the entrepreneurs to deal decisively with issues of fraudulent practices in the organization to avoid businesses from failure no sooner than they are started. The entrepreneurs would need to spend quality time and bring their managerial experience to bear in developing and growing the business. They are expected to monitor closely all aspects of the business and avoid tendencies that lead to business neglect as doing so would destabilize their enterprise and may serve as early warning signal to eventual business failure.

For businesses to thrive on a sustainable basis, adequate attention must be paid on all elements of management – planning, organizing, staffing, motivating, controlling. Environmental scanning must be conducted regularly in order to study the market environment, the product or services with respect to their current level of competitiveness in the market place. Market research is key and should be given prominence as a deliberate business survival strategy.

A major important consideration of business management is the quality of leadership. A good leader commands influence; he is a detribalized person who creates an enabling environment that constantly motivates staff into higher productivity and corporate goal attainment.

Insufficient Capital

A common problem of most businesses is inadequacy of funds to meet short-medium term financial commitments of the business. Example includes money required for the purchase of industrial raw materials or semi-finished goods for industrial processing. A lot of business owners cannot estimate the amount of working capital for business start-up till a break-even point. Another pitfall is unrealistic projection of revenue earnings expected to accrue from the sale of products or services rendered. It is important for entrepreneurs to properly ascertain the amount of money they would require for successful operation of their businesses and at all stages of their enterprise development. Businesses are known to have different gestation periods and break-even points, and by this, sufficient funds are required by the owners until the stage where the businesses beings to pay for running costs.

Location

Location is a fundamental requirement for business development and success. A good business location can survive an apparently struggling enterprise. Conversely, a bad location can terminate a business with even the best management team. Some important factors in the location of a business include:-

(a) Concentration of customers
(b) Traffic, accessibility, parking, lighting
(c) Security
(d) Location of competitors
(e) Source of raw materials, suppliers, subcontractors, etc.
(f) Conditions and safety of business premises
(g) Local incentives for business start-ups in specific target area.
(h) Community receptiveness of new businesses.

Lack of Business Planning

The need for a thoughtful, methodical business planning cannot be over emphasized as it is a major driving force for business survival and sustainability.

Lack of planning acumen by business owners implies an early endorsement for eventual business demise and failure. Businesses are expected to have a good and robust business plan as a deliberate road-map for long term survival. The business plans must be comprehensive and should show-case all the fragments of a business and their relationships, the input resources in terms of quantity, quality and scheduling. A lot of businesses fail because of structural problems as such, business plans must be realistic and not over-ambitions statements of unreasonable targets and projections. It must emphasis the real and not the ideal. The fundamentals must be based on attainable results and achievable targets. A good business plan must be based on accurate, current information and informed projections into the future.

The following comprise the list of items in a good business plan:-

(a) Description of the business in terms of visions, missions, goals and key success factors
(b) Workforce requirements
(c) Potential problems, challenges and solutions
(d) Financial projections – capital equipment and supply list, balance sheet, income statement, cash flow analysis, sales and expenditure forecasts.
(e) Analysis of levels of competition
(f) Marketing, advertising and promotional activities
(g) Budgeting and growth management.

Over-Expansion

Over expansion is one of the leading causes of business failure. A slow and steady growth in business is preferred to a radical growth that lack supportive resource – backing and managerial capacity for sustainability. A good pace for business is set when a business attains the status of "strong customer base" coupled with good cash backing.

Unfortunately, quite a number of entrepreneurs are in a hurry to set-up additional business outfits or outlets at premature stages of business development circle. For a business to be a considered for expansion, the current activity must be

sustainable and planned expansions must critically appraise the additional resource commitment in-terms of manpower, technology and finance, while meeting other legal, socio-eco-political requirements.

The cash flow to sustain the expanded operations must be duly considered in order to meet short term financial demands like of material input, labour requirements and equipment commitments to meet the increased production capacity. Strong customer loyalty and formidable market share are also pre-requisites for business expansion.

Certain features of a business operation will signal the need for its expansion when it becomes extremely difficult for a business to meet customers order for products and services, thus indicating in equilibrium between demand and supply. The gap created between product or service demand and supply would need to be filled and doing so would naturally necessitate adjustment of current scope and this is effected by expansion of current level of operations.

Retainership of customer loyalty is a key success factor in businesses and as such, efforts must not be spared by business owners to maintain the status-quo.

Lack of a Dedicated Business Website

Today's world of business is growing very fast as a result of the robust opportunities created by information technology. Businesses have now gone beyond the level of specific geographical locations to a wider or universal platform that enables international transactions and buying or selling through the internet. E-commerce as it is technically called is a very convenient way of reaching to a larger population of consumers of a product or service. These imply larger volume of transactions with huge opportunities for increased revenue or profit. Studies reveal that over 77% of US population use the internet for one purpose or the other, and of course e-commerce facility. Transactions in US in the year 2010, amounted to $165.4 Billion US Dollars, using the e-commerce platform, according to a report issued by the US Department of Commerce. It is expected that the volume and worth of transactions will increase as the years go by considering greater efforts made by government and wide acceptance of the e-commerce facility for business dealings. Thus, for businesses to thrive or expand beyond local borders they are expected to deploy fully and take advantage of a well articulated and professionally hosted website to showcase their products, services and corporate brands.

The growing acceptance and adoption of information technology as platform for a more profitable business imply that businesses that do not have a deliberate IT policy or facility e.g dedicated websites are likely to suffer economic limitations and may eventually lead to business failure for lack of product or service competitiveness in the global arena.

Fall in Demand for Products or Services

A business may fail as a result of fall in demand for the product or service. Fall in demand for a product or service may be due to any or combination of the following factors:

a. Poor quality
b. High price
c. Inappropriate marketing strategy

A decline in sales volume perhaps due to poor demand for a product reflects the businesses inability to cope with the level of competitiveness for quality in the industry served, as businesses are constantly required to provide improved products or services to remain competitive and relevant among best of class.

High product or service pricing may create low demand for a product or service that have competitors or alternatives. Consumers are focused on best quality at least price. Entrepreneurs must be at alert in price monitoring for their products or services else, they will end-up warehousing products that cannot be purchased as a result of lack of price competitiveness.

Inappropriate product marketing strategy can create an unprecedented low demand for a product or service. Aside from product quality and pricing mechanism, product promotion and marketing strategy can mar the level of acceptance of the product among consumers.

Products must be communicated to consumers through the most efficient and economic means. A well engineered product, with low pricing may remain in the custody of the manufacturers if the product has a poor promotion or marketing strategy. It is only when the product reaches the final consumer that the entire product production and marketing processes is said to be really consummated.

Rise in Cost/Defective Cost Control:

The following factors can lead to a rise in production cost.

a. Increase in wages
b. Increase in the price of raw materials for a product.
c. Cost of complying with the demands of a new legislation operational standards.
d. Increase in the cost of components e.g spare parts of machines or equipment.
e. Cost of capital
f. High tariffs, import or excise duties.

It is the responsibility of the entrepreneur to anticipate or plan for the above mentioned factors and harness them economically in order to produce quality products at a competitive price. The factors are no excuses for high cost of products as they are inevitable in every production concern

A failed business can bounce back to life if proactive measures are embarked upon courageously to resuscitate it. The entrepreneur must be willing to learn from the experiences that led to the business collapse in the first instance. A positive mindset aimed at doing things right at the next available opportunity must be developed as this is the only way the entrepreneur can convert the weaknesses of the past to strengths and whatever threats he had in the time past to new opportunities. The business owner is directly responsible for not only the success of the business he has founded but also its long term sustainability. It is apt to mention that a good entrepreneur sees failure as a pedestal to rise coupled with a renewed determination to succeed if given a second chance. Business failure is therefore an experience that creates an opportunity to

learn and grow.

In order to resuscitate an ailing or failed business, all issues that led to the business being sick or failed business, all issues that led to the business being sick or that contributed to its eventual failure must be objectively articulated and positively re-appraised.

Proactive measures are then taken devoid of sentiment to correct all issues one after the other to reverse the direction of failure to one that strongly re-positions the business or organization to occupy strategic leadership among contemporaries and best of class. This is the way to remain competitive and remain sustainable over time.

The following specific issues would require detailed attention among others if a business should resuscitate.

a. Description of the business, goals, visions, missions and key success factors.
b. Material and manpower requirements
c. Equipment and machinery requirements.
d. Potential problems militating against business growth with matching solutions probatively applied.
e. Re-appraisal of financing structure and cost control mechanisms. A detailed look at material supply list; assessment of the balance sheet, income statement, cash-flow analysis, sales and expenditure forecasts.
f. Analysis of level of competition for products or

services in the industry

g. Marketing, adverting and promotional service for strategic re-alignment and positioning.

h. Strategic budgeting/budget review

i. Managing growth vis-à-vis resource commitment and organizational capacity

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