

Small Business Management in Digital Age

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ABSTRACT

Small business plays a vital role in the society and economical development of the country. It also concentrates in the development of the economy growth with its efficient, flexible and innovative entrepreneurial spirit. This sector helps to reduce the problems of poverty, insecurity, unemployment in the situation of over population of modern world. Colleges and universities are interest in training the students for taking up of small businesses and motivating the students to start their small business.

1. INTRODUCTION

Every person in our society has “wants”. The wants may differ for person to person like food variety, dressing, entertainment, travel and so on. Wants can be satisfied by making use of (or consuming) goods and services. If the demand for the goods and services were not available then not be able to satisfy our wants. The business activity is essential because it satisfies wants through goods and services are provided.

A small business is a business that is encourages the person to implement their own ideas, knowledge and manage it with minimum number of employees and relatively low volume of sales. According to Small Business Amendment Act, 2003, small business is “a separate and distinct business entity, including cooperative enterprises and non-governmental organization, managed by one owner or more which, with its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy”¹.

The main criteria used to define small business are its size. Size refers to the scale of operations. Size may be measured in the following ways:

- Total capital investment
- The value of total assets or (fixed assets)
- Total investment in plant and machinery
- The total number of persons employed
- Volume/value of production and Volume /value of sales turnover

According to Haney² “business is a human activity directed towards producing or acquiring wealth through buying or selling good. The two words “Business” and “Management” put together mean a specific process of planning, coordinating, motivating, directing and controlling the efforts of the people manning the different business activities with an aim to attain the predetermined objectives of the business”.

The world has undergone far reaching societal, cultural and economical changes based on the increasing dominance of digital media and tools. This has led to the current period being

characterized as the “digital age”. Digital is an evolving approach to business practice, customer interactions and employee behaviours. It is present throughout any business and in the everyday lives and interactions of employees. The impact of the rapid growth in digital has meant that organizations have had to adapt to new market expectations. Business functions, where communication and customer dialogue is crucial, have been early adopters of digital technology such as marketing, communications and customer service.

2. STARTING A SMALL BUSINESS

Starting and managing a business takes motivation, desire and talent. It also takes research and planning. Like a chess game, success in small business starts with decisive and correct opening moves. Small business managers have to manage and management is the process of ensuring that the business achieves its goals and objectives. The success of any business depends on the individuals involved in the organization. There is no way to eliminate all the risks associated with starting a small business. However, we can improve the chances of success with good planning and preparation. A good starting place is to evaluate the strengths and weaknesses as the owner and manager of a small business.

Self-Starter: It is the owner and not someone else telling to develop projects, organize time and follow through on details.

Different Personalities: Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers and professionals such as lawyers, accountants or consultants.

Decisions Making: Small business owners are required to make decisions constantly, often quickly, under pressure and independently. The physical and emotional strength helps to run business in a successful way. Business ownership can be challenging, fun and exciting.

Plan and Organize: Research indicates that many business failures could have been avoided through better planning. Good organization of financials, inventory, schedules and production can help avoid many pitfalls.

Motivation: Running a business can wear been down. Some business owners feel burned out by having to carry all the responsibility on their shoulders. Strong motivation can make the business succeed and will help to survive slowdowns as well as periods of burnout.

Business and Life: During initial years, of business start-up may be hard on family life. The strain of an unsupportive spouse may be hard to balance against the demands of starting a business. There also may be financial difficulties until the business becomes profitable, which could take months or years and that has to adjust to a lower standard of living or put family assets at risk.

3. SMALL BUSINESS GROWTH

A classic study by Churchill and Lewis identified “Five stages of small business growth³: existence, survival, success, take-off, and resource maturity. Each stage has its own challenges.

•**Stage I: Existence.** This is the beginning. The business is up and running. The primary problems will be obtaining customers and establishing a customer base, producing products or services, and tracking and conserving cash flow. The organization is simple, with the owner doing everything, including directly supervising a small number of subordinates. Systems and formal planning do not exist. The companies that stay in business move to Stage II.

•**Stage II: Survival.** The business is now a viable operation. There are enough customers, and they are being satisfied well enough for them to stay with the business. The company's focal point shifts to the relationship between revenues and expenses. Owners will be concerned with (i) whether they can generate enough cash in the short run to break even and cover the repair/replacement of basic assets and (ii) whether they can get enough cash flow to stay in business and finance growth to earn an economic return on assets and labor. His organizational structure remains simple. Little systems development is evident, cash forecasting is the focus of formal planning, and the owner still runs everything.

•**Stage III: Success.** The business is now economically healthy, and the owners are considering whether to leverage the company for growth or consider the company as a means of support for them as they disengage from the company. There are two tracks within the success stage. The first track is the success-growth sub stage, where the small business owner pulls all the company resources together and risks them all in financing growth. Systems are installed with forthcoming needs in mind. Operational planning focuses on budgets. Strategic planning is extensive, and the owner is deeply involved. The management style is functional, but the owner is active in all phases of the company's business. The second track is the success-disengagement sub stage, where managers take over the owner's operational duties, and the strategy focuses on maintaining the status quo. Cash is plentiful, so the company should be able to maintain itself indefinitely, barring external environmental changes. The owners benefit in definitely from the positive cash flow or prepare for a sale or a merger. The first professional managers are hired and basic financial, marketing, and production systems are in place.

•**Stage IV: Take-off.** This is a critical time in a company's life. The business is becoming increasingly complex. The owners must decide how to grow rapidly and how to finance that growth. The owner delegate responsibility to others to improve managerial effectiveness and there be enough cash to satisfy the demands of growth. The organization is decentralized and may have some divisions in place. Both operational planning and strategic planning are being conducted and involve specific managers. If the owner rises to the challenges of growth, it can become a very successful big business. If not, it can usually be sold at a profit.

•**Stage V: Resource Maturity.** The company has arrived. It has the staff and financial resources to engage in detailed operational and strategic planning. The management structure is decentralized, with experienced senior staff, and all necessary systems are in place. The owner and the business have separated both financially and operationally. The concerns at this stage are to (1) consolidate and control the financial gains that have been brought on by the rapid growth and (2) retain the advantage of a small size (e.g., response flexibility and the entrepreneurial spirit). If the entrepreneurial spirit can be maintained, there is a strong probability of continued growth and success. If not, the company may find itself in a state of ossification. This occurs when there is a lack of innovation and risk aversion that, in turn, will contribute to stalled or halted growth. These are common traits in large corporations".

4. IMPORTANCE OF DIGITAL MARKETING FOR SMALL BUSINESSES

AFFORDABLE

- The small business owner can very well understand the importance of money. For a small business owner, it is very important to utilize the allotted funds carefully.

- Digital marketing is certainly more economical than traditional marketing. Advertising in a newspaper or in TV is a costly affair. The same advertisement can be done in a cost effective manner via a social media campaign or by dropping an email.
- Social media campaigns are a great way to reach to a large audience.

5. HIGHER DEGREE OF CUSTOMIZATION IS POSSIBLE

- One of the biggest advantages of digital marketing is that higher degree of customization is possible.
- Advertisements & e-mailers can be customized as per the interests & desires of individual customer.
- Custom designs, marketing campaigns and messages, and can boost conversions as well as build brand recognition.

6. HIGHER REACH WITH LIMITED BUDGET

- It is no hidden fact that in today's digital age, traditional marketing has lost a huge audience. Today, not many people actually sit down and read the newspaper, nor do they pay attention to the advertisements coming on the TV.
- Furthermore, the news they read is either on iPad, tablet or on a Smartphone. This clearly states that marketing has now moved from only 'marketing' to 'digital marketing'.
- To reach to the top in the business world, we need to be quick in implementing the ideas and strategies.
- With digital marketing, small businesses can quickly bring their innovative ideas into action. Going live with some particular idea does not require as much efforts as in offline marketing; neither does it require the kind of time.

7. MAINTAINING A CONSTANT CONNECT WITH THE CUSTOMERS

- 1 To run a business successfully we need to gather clients and also need to remain in constant touch with them.
- 2 Before the digital era, connecting with customers was possible only via phone or hardcopy newsletters. Though now, the digital age has allowed the businesses with convenient alternatives such as SMSes, e-mails, social media updates and personalized messages on mobile apps⁴

8. CONCLUSION

Now days people are setting their own small business because it convenient to create ideas, implicating new methods, low investments and flexibility for the function in the business. In particular, today's people need to under standard the enterprise activity when working for others and when starting up their own business. The government financial supports the young people to being their business.

9. REFERENCES

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