

## What Strategies should be Adopted for Small Level Business in the Prospective of Entrepreneurship?

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### Abstract

In this article it is tried to find best strategies for small level businesses. For this purpose articles of different authors studied and ideas of different scholars also studied. There are three dominations discussed in this article which are marketing strategy, financial strategy and competitive strategy. It is examined that how financial matter effect on small business and how can it cover. Marketing hardships also discussed and their solutions also provide. It is also discussed how a small business can get competitive advantage.

**Keywords:** Strategy, Small Business, Entrepreneurship, Marketing Strategy

### 1. Introduction

Strategy means a way to doing something or a plan in which you decide to achieve your selected goals and business is name of legal activity in which someone or group of people deals in goods or services or both for taking of benefits or financial benefits. Entrepreneur is self derived person who invest in business and take risk and get opportunity for benefits or financial benefits. Now in this article we will discuss in what way an entrepreneur can achieve his destination with in live his legal boundary. Every business has different aspects and different dominations according to its target market and its nature of business. But here we will discuss only a few dominations in which an entrepreneur can perform better. Here we will discuss financial strategy, marketing strategy and competition strategy. For getting best output I took literature reviews. I study different articles and readings of different authors. Here there is most important point is the nature of business matter a lot. I study the consumable goods. It may highly possible that the others products may demand for different type of strategies. I examined that small level business always bear the difficulties of finance. I observe an entrepreneur who reinvest his capital as soon as possible he gets more and more and one's who did late or do not invest one's profit in business always bear hardships in business. Here one point is also noted that entrepreneur has to face problems and stress therefore an entrepreneur who deals with patience and tolerance always find the way of success. Another factor is that it is tuff for an entrepreneur to compete his competitors in market. Market is the place of battlefield where everyone wants victory before sunset because nobody knows the next morning what will bring for him therefore strong companies and big competitors never want to give a single chance to any small level entrepreneur to win. Here, I observed a successful entrepreneur always ready for bask in the sunshine. Whenever he gets a single chance of opportunity he responds quickly and gets benefit. Here, I find that target market and area which select for lunching your product play a vital role. Small level businesses almost have low finance therefore the advertisement at large level is not possible. I saw a lot number of entrepreneur failed due to over spend in advertisement as they not chose right place and right time for advertisement.

### 2. Literature Review

According to (Namiki 1988) it is very difficult for small business to lead in market where a numbers of suppliers already exist. Main focus should be at its existence in every way it should be remain in market. According to (Joynt and Welch 1985) it is very hard to manage a growing business because whenever new small business grows it require more investment and more professional. The expenses of business ultimately increase and it also possible that the short run profit of an organization also decrease. Mostly organizations do not understand the phenomena this circle and goes to low level or stay at small level. According to (Hallberg 2000) in small business management team is a main factor. According to him entrepreneur's trust in market also plays a vital role in small level business. Further he said sales also necessary for small level business. Because when the sales increase the profit of business also increase. He said if the management team will efficient then it will observe the quality of product and niche market of product. There are no black and white rules to run a business. Every situation demands its own solution. And it is management team who respond as situation demands. Our plans may not fulfill the requirement of the time. According to (Bell, Crick et al. 2004) entrepreneur is the most important element to run a successful business. Entrepreneur's experience and his strategy about his business

help him getting profit and make the stable growth of his business. Here the entrepreneur's formal and informal education matter a lot. According to (Beal 2000) the owner of small business must be known what type of strategy he needed. As they know the requirement of strategy then they will be able to find success. (Berger and Udell 1998) stated that qualities of a manager or owner who showed innovative, risk taker and have past training were most successful in their small business. He also found that customer treatment, good product, good treatment with employ increase the goodwill of your business. (Meyer and Roberts 1986) argues for the training and development in business can be beneficial for business. But major thing how can we manage it and what type of training is facilitated. According to (DeLone 1988) management's education from the decision making perspective is play a vital role in business. If management has education about decision making then management will work efficiently. If they have less education then it will be tough for business to give good output. According to PP Powell finance is major element in small level business. He elaborates that small level business always faces the music regarding to finance. He suggested the supplier should gain from that supplier who give you time to clear your payment and the product should be sold at cash so that that extra capital should be collected for investing in business. According to Judith (DeLone 1988) entrepreneur should find his niche market to launch his products. As finance is less in small level business therefore overall launching of a product is very difficult. (Morris, Koçak et al. 2007) observed the small business and found that the problem that small business had to face is planning. He further said that small business mostly make long term plans but unfortunately the circumstances change in every movement and mostly small business unable to change according to the demand of time. Because small level business has less investment therefore it is very tough to change because of high risk. According to (Dyer and Singh 1998)

Small level business had to face a number of financial barriers. In only way in which they can get success is reduce its expense and increase its income. But expecting of high return on investment make products costly while large competitors have heavy machinery and latest technology, because of this their products are cheaper as compare to small level business 'product. According to Eugene price war is not suitable for small business. It should be avoided. It is very harmful for small business. Competitors can easily win this war because they have more resources as compare to small level business. According to (Ward, Bickford et al. 1996) small business mostly fail to identify its niche market as result it face hard time in business and mostly reduce their investment because of loss. He further put reference of small business which failed in the period of 1995 to 2000. He said 40 percent business failed in USA due to adopt this type of strategy. (Stanworth, Stanworth et al. 2004) conclude that small business should launch exclusive products so that the competition level can be minimized. He also explains that small level should launch new product for new customers. In this way the chances of failure reduce and fear of competition also reduce. He further says drop the products which require high maintenance so the burden of business reduces. And try to add value added services in products. According to (Wiklund, Davidsson et al. 2003) growth is major factor in any business. When small business gets growth the business portfolio require high investment. And small level business has low investment then there is a chance to drop. In this critical situation the handling of business is very tough due to shortage of investment. Wiklund also explore that small level business required reinvest in business so the deficiency of capital can be minimized. Wiklund used the method of BCG matrix and point out that the position of question mark and star is very dangerous. New small business can easily go to dog. And it is very difficult for small level business to mature its products as cash cow. If a small business one or two cash cow products then it should promote one question mark or star. And dog products should be sold out rather than time by time investment in dog products. According to B Micheal Andchris when small business gets growth it requires a set of professionals to managing the growing business. At this level business require more attention and investment. Managers have to manage growth as well as investment. In this critical situation entrepreneurs and managers have to face the music in small level business.

### 3. Discussion

After studied the literature I observed that different authors recommend different strategies for small level business. First of all we will discuss about marketing strategies. Some authors say marketing team should be very strong and should consist of highly professionals while the other say highly professionals will demand for high pay and that is not possible for small business. Some authors recommend that small business should be focused on niche market rather than to launch its product in whole market, and some other author who is against this they say if a product will launch in small market the growth will be minimum and profit will also decrease. And this is also possible that you may have made a mistake in finding of your niche market.<sup>1</sup> Mostly authors agree on one point that is small business should be avoided from price war. Because of its heavy competitors who can easily win this war. Many authors say business's finance generate by market. And market generates sales and sales ultimately generate profit. So it is very important for small business to increase its sales. But one point is that because of

<sup>1</sup> <http://sbinformation.about.com/cs/bestpractices/a/aa112402a.htm>

competition the margin of profit is very low as compare to strong competitors. Heavy competitors earn more because of their latest technology and heavy investment.<sup>1</sup> Therefore some authors gave solution of this to drop low margin goods and try to find new products for new customers. And give attention to those products that give you good return.<sup>2</sup> Some authors not agree the strategy of discount for increasing the business sale. Because customers sometimes take it wrong and your sale decrease instead of increase. Now we will further discuss the financial strategy for small business. Financial matters closely attach with sales and marketing. There is no blinking the fact is that small businesses always bear the hardships of financial matters. Small businesses always required well trained financial managers or good financial entrepreneurs to control cash management in business. Whenever small business grows it require more cash flow. Mostly authors tried to point out this critical situation. In this condition which business handles this situation with good strategy it earns profit as well as growth. Other businesses face difficulties in managing its growth and profitability.<sup>3</sup> Some authors recommend small business should reduce its expenses and try to hire the professionals who receive less salary and kick out white elephants from business.<sup>4</sup> Some others say it is best to buy supplies on credit in small business but it is not best to sale out your products on credit. Some authors proved it is best for small business to reinvest its capital and should not take out profit immediately. Reason is that small businesses almost always need of capital. Most of authors are agree on it. One thing is that highly profitable goods makes business strong financially. Now we come to competitive strategies. Many scholars believe it is very tuff for small business to get competitive advantage. But many others say small business can get competitive advantage by lunching new product for new customers.<sup>5</sup> An entrepreneur can get competitive advantage by begin closer to his customers by giving them best services and good quality of products.

#### 4. Conclusion

From all over above and examined the ideas of different scholars I lean some points about small business. First of all I observed, it is very tuff for small business to convert into a large business. Entrepreneur has to work hard for existence of his business. Small business always faces problems regarding finance. According to my personal point of view entrepreneur should high risk taker and should not be avoided from opportunity. Entrepreneur should adopt the change quickly. From market point of view I suggest small business find out their niche market. Once it overcome in niche market then it should go out for searching further markets. Step by step expending of business will reduce the chances of failure and the investment will also cover. Because whenever a business overcome its niche market it earns high profit and this profit help business to go in new markets. Small business leaves the market where the competitors are heavy. Entrepreneurs and managers should find market where they can easily sale out their products. New products for new customer should be lunched so that the competition fear reduces. One thing is that small business cannot afford the huge expense of advertisement therefore the local media should use rather than the national media. And that media should use which target your niche market. Another factor is that entrepreneur's social relation matter a lot in small businesses, therefore entrepreneur should social so that the ultimate impact on business can positive. From financial point of view I observed small business always need the finance so the profit of business should reinvest in business, and should not be taken out immediately. Small business should do care of its expense and should drop out these products which demand for high cost maintenance. Products quality should high so that the expense of after sale services can be reduced. Now we come on competitive strategy. According to my observation small business can get competitive advantage by lunching new products for new customer. Entrepreneur can get competitive advantage by his social relation while this is not possible for huge organization. Another factor is that small level business can lunch its product at small level and can easily accessible services to his customers.

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<sup>3</sup> <http://sbinfocanada.about.com/od/startup/a/financingsolonh.htm>

<sup>4</sup> <http://smallbusiness.chron.com/financial-strategies-business-plan-5107.html>

<sup>5</sup> <http://ezinearticles.com/?Competitive-Strategy-for-Small-Businesses:-How-do-you-Compete-Against-the-Big-Companies?&id=260593>

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