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Evaluating the Modern Business - Best Practices and Their Impact on The Revenue Generation

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Business in The Modern World

Introduction

A company has no universally accepted formula, which works for all. It often requires experimentation and copying of the proven strategies. The reason is that ventures are a road facet that encompasses both local and international spectrum. Hence, such an observation leads to the emergence of questions on critical areas, such as business ideas, startups, international business, sustainable development, successful ventures in the recent history, corporate crime, industry taxation, and entrepreneurship.

Business Idea to Successful Startups

Turning a business idea into a successful venture requires innovativeness and bravery to execute the concept. One must be aware of the problems to be solved within a given setting, which helps to provide a sense of direction on the provision of goods and services (Pozin, 2012). One must develop a market niche to target by evaluating consumer demographics. A founder must find adequate support in the form of partnerships since starting alone can be challenging financially and idea-wise. It is crucial to develop a practical financial model by evaluating the design and creation of the product, marketing, and the supply chain to the consumer. It is imperative to find a source of subsidy and at the same time, build a minimal viable product to help garner feedback on the potential commodities to be provided (Pozin, 2012). Following these recommended steps, even if not in the same order, can lead to the implementation of a concept into a successful startup.

Role of International Business

Participating in international trade is significant to the host country and the consumers in equal measure. It allows nations to leverage their comparative advantage regarding their access to affordable land, labor, capital and other factors of production in creating unique products and services ("What is International Business?", n.d.). The multinational spectrum also increases the available products and services at an affordable rate, which forces the manufacturers to improve quality as a means of remaining relevant in such a range. The international business also fosters domestic competition, which introduces investment opportunities in these regions. This type of business structure leads to innovation and efficient utilization of resources ("What is International Business?", n.d.). The increased opportunities, especially in the mother nation, helps to improve the standard of living of the citizens and increase the exposure to new concepts and access to emerging technologies.

Sustainable Development

Sustainable development (SD) aims to balance the environmental, social, and economic needs within a given set, as shown in figure 1 (Svetlačić, 2016, p.3). The roles of SD are notable in its main principles. These guidelines include respecting and caring for the immediate communities, bettering the quality of life, protecting global vitality and diversity, curtailing the exhaustion of non-renewable resources, and enforcing the boundaries of earth's capacity. SD is also involved in changing and improving personal outlooks and practices, creating global unity, motivating communities to be considerate of their environments, and creating a social structure to protect the environment and foster development.

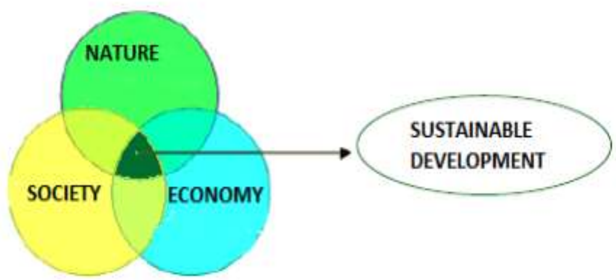


Figure 1. How sustainable development encompasses nature, society, and economy.

Successful Businesses Between 19th And 22nd Century

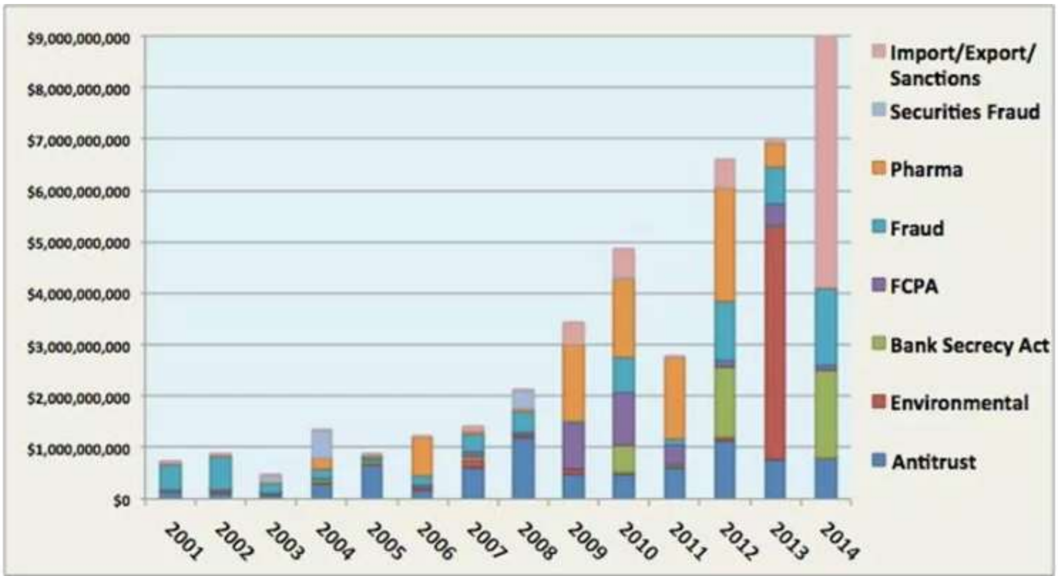
Reviewing the most successful ventures from the 19th to 21st centuries requires one to consider the entrepreneurs involved in their formation. In the 19th century, famous founders included Colonel Sanders, Henry Ford, Luis Vuitton, Enzo Ferrari, and Harry Warner. These individuals were responsible for the formation of KFC, Ford motor company, Luis Vuitton fashion house and luxury ventures, Ferrari automobile marque, and Warner Bros respectively (“19th Century Business People”, n.d.). In the 20th century, founders such as Jeff Bezos, Steve Jobs, Bill Gates, Walt Disney, Jack Ma, and Larry Ellison. These businessmen founded Amazon, Apple, Microsoft, Walt Disney, Alibaba, and Oracle respectively (“Famous 20th Century Entrepreneurs”, n.d.). Even though most of the mentioned businesses were initiated in the 19th and 20th centuries, their success extended into the 21st century.

Corporate Crime and Consequences

Corporate crime has been on the rise, but this fact does not reflect accordingly on the prosecuted cases. Further, from the existing legal matters, only a few have been convicted (Garrett, 2014, p.5). The size of these large corporations engaging in corporate crime, has led to the phenomenon of ‘Too Big to Jail,’ as shown in figure 2. Most such organizations are rarely threatened by government action, mainly due to their systemic importance (Werle, 2018, p.5). Instead of pushing the culprits, most governors often discipline the entire organization, mostly by requiring them to pay hefty fines. The so-defined problem limits a prosecutor’s ability to punish the culprits adequately. Reliance on monetary deterrence forms means that the judge has minimal mandate to execute and require structural reforms on the part of the corporation.

Figure 1. The problem of 'Too Big to Jail' depicted by corporations.

The post-2007 financial crisis was affiliated with the society calling out for prosecution of Wall Street sized corporations since their role in the situation should not be underestimated. The use of fines has led to an increased prevalence of corporate crime, which is evidenced by a rise in the number of penalties in the entire industry and a decrease in prosecuted cases shown by figure 3 and Garrett (2014, p.43 & 68). Despite the millions of dollars in fines, these measures have not deterred corporate law-breaking, which renders the approach ineffective.



Size of corporate criminal penalties by year (figures for 2014 are for fines thus far). (Source: Brandon Garrett)

Figure 2. The rise in the number of penalties affiliated to corporate law-breaking.

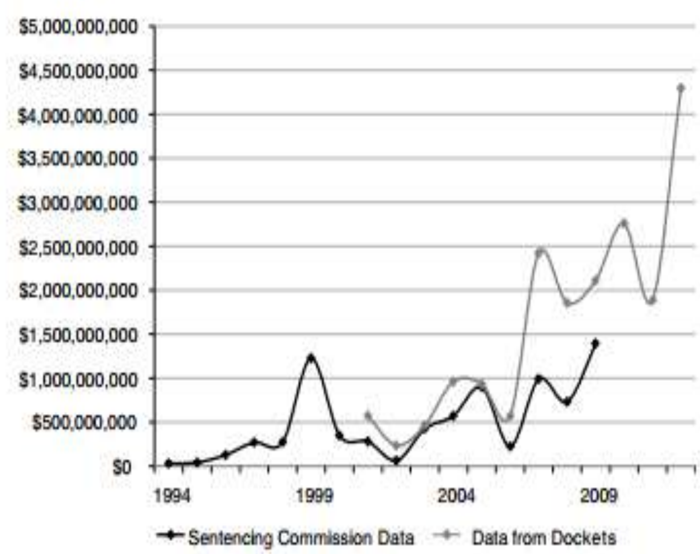


Figure 3. Data on corporate prosecutions against the value of fines.

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Impact of Taxation on Small Businesses

The central government requires revenue for development, provision of public services, policing, national defense, and other relevant activities. Taxation is used as the primary source of income to fund these activities. Studies have shown a strong negative relationship between the size of a firm's tax bill and its subsequent size (Plum Consulting, 2018, p.18). For new startups and small firms, they spend a sizeable chunk of their profits paying taxes as highlighted by figure 5. These firms have low profit-margins, considering the cost of growth, financing, and stocking up to foster expansion. Therefore, taxation consumes a considerable part of their profits, which acts as a barrier to growth. Besides, some tax does not depend on profit made, which means taxing the organization's finance, which hinders further growth and may threaten the survivability of such a firm. Even though the aim of taxation is noble, it is deemed unfair to small business enterprises.

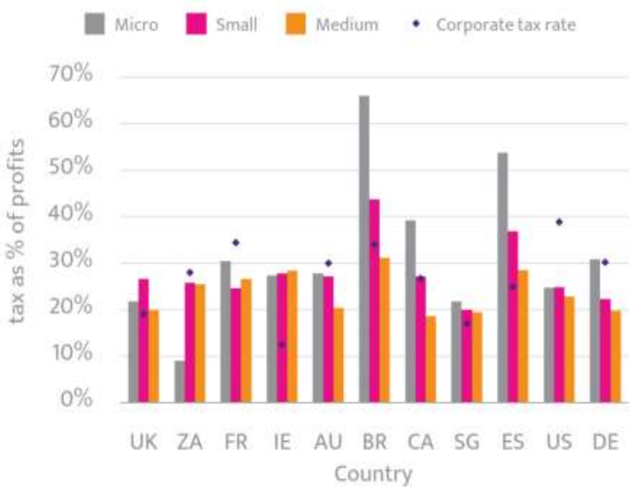

Figure 4. The comparison of unfair taxes paid by SMEs in comparison with corporations against their profits.

Starting a Business Started Without Money

Contrary to the popular opinion that money is integral to a startup, one can engage in business without necessarily having a source of funding. The typical business idea that befits such an approach is mostly service-based, unlike a product-based one, where one must have upfront cash (Westwood, 2014). Adopting strategies such as pivot, hard work, and creativity can help one start a corporate endeavor without money. Pivoting entails providing services for cash and using the so-earned funds to fund the venture (Westwood, 2014). Working hard by seeking those opportunities where business prospects can be found is also instrumental in starting a cash-strapped venture. One must actively find opportunities until the potential market believes in one's ability to deliver the promised product or service (Westwood, 2014). Even if one does not have the cash to fund a startup, funding sources are always available if one gets creative enough. Using the available resources in innovative ways, applying for a credit line, getting incubators and accelerators, and crowdfunding can be essential ways of getting the required money for a business. Therefore, the lack of cash in hand to start a venture should not restrict one from being an achiever.

Entrepreneurship vs. Family Business

Many myths exist regarding family businesses, especially when compared to entrepreneurship. The former has been viewed as conservative and limited by its boundaries of idealistic family attachments and the inability to revolutionize and reinvigorate the business idea (Miller, 2015). Based on such an argument, family ventures are unlikely to survive for long as they eventually become obsolete. Determining the actual truth regarding the misconceptions can help provide insight into the differences between the two types of ventures. The truth regarding the mentioned information is that most businesses, entrepreneurship included initially have family involvement, whether direct or indirect, mostly in the form of funding and moral support.

In the founding phase, both family businesses and entrepreneurship are mostly funded by family members, which dispels the notion that the involvement of family obstructs investment from external partners (Miller, 2015). If an entrepreneur starts the venture single-handedly, then he or she is likely to suffer from the 'liability of newness,' a factor that may obstruct the expansion of the enterprise. In the growth phase, family ventures trump the idea that involvements in family matters inhibit long term investment. The comprehensive source of capital ensures resourceful investments, which lead to further expansion and survivability of the business (Miller, 2015). Family projects are often fruitful since members do not typically rush to reap profits. Comparably, in entrepreneurship, the owners often do not accord the business adequate time to become profitable, which limits its growth. When innovative opportunities arise, the family may decide to divest or diversity and use the old company to fund the newer venture, which ensures continuity (Miller, 2015). Entrepreneurship, on the other hand, must keep reinventing itself, failure to which makes it irrelevant, leading to loss of profit margins and capital. The latter has less room for experimenting and risk-taking, which may limit its potential.

Conclusion

Turning a business idea into a successful venture is feasible but requires the practicality of approach, while starting one without money necessitates one to adopt a service-based approach. International business is beneficial to consumers and the participating nation. Sustainable development balances environmental, social, and economic facets through its unique principles. Most successful ventures from the 19th century onward are denoted by their founders, which reiterates the importance of entrepreneurial skills. Corporate crime has become prevalent, fuelled by fining of organizations. Taxation, despite its importance, does not favor small businesses. The differences between entrepreneurship and family business are apparent in their founding, growth, and innovation and renewal phases.

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