Needs Of A New Business

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A. Nature of our business:

We are going to start a new business of coffee shop in the United States of America. This coffee shop would be a partnership business, whether capital would be brought by the partners and the profits and losses of this business would be shared by partners in the proportion of their invested capital. Initially, this shop would be started at a small level, but after gaining customer loyalty, we have a plan to expand this business. The business would be started by partners' capital instead of using debt facilities, later on as we have the plan to expand the business, we might require debt facilities from available sources.

B. Advantages of owning your own business:

• You can earn higher financial rewards through business ownership rather than working for someone else.

• The business owners enjoy the flexibility towards their lifestyle, they get the opportunity to spend time with their families according to their desire, but working for someone else doesn't provide this much flexibility of time schedule. (U.S. Small Business Administration, n.d.)

• The business ownership provides more personal satisfaction and opportunity for growth as compared to working for someone else.

Disadvantages of owning your own business:

• The biggest disadvantage of owning your own business is the risk of losing money. As the business startup requires a lot of money to manage the cost of material and other pre-commencement expenditures, there is always a fear that all of the amounts will be lost due to unfavorable circumstances.

• The failure of a business may lead to various health and stress issues, especially if the business is managed through a loan, creating additional pressure on loan repayment in case of business failure.

• Owning your own business requires more personal commitment in terms of time and dedication. This may badly impact your personal life and family expectations.

C. PESTEL:

PESTEL analysis is the assessment of external environmental factors of a business. This analysis consists of political, economic, social, technological, ecological and legal factors assessment. It identifies the opportunities and threats present in the environment for a given business. It helps a business to capitalize on its' potential opportunities and to minimize the threats from the external environment. It also helps in product and market positioning. PESTEL analysis provides the basis for formulating business strategies. Plans for future business activities can be based on this analysis.

A- Globalization:

Globalization is the process of conducting business in multiple countries. Under globalization, business decisions are made for the global profitability of a business rather than on a domestic profitability basis. Globalization can impact a business in multiple ways. Following are the two examples of impacts that globalization can have on our business.

1- Low cost of production:

Under globalization, production can be located in countries where the availability of resources is cheaper, hence cost of production can be minimized, and profitability can be enhanced. As we have a business coffee shop, we can locate our business mostly in the countries where we have cheaply available material and labor for coffee production. Lower rates of shop rental can also be a factor in locating shops in different countries.

2- Expansion of market:

Under globalization a business is conducted in different countries, hence the market of a business is widened. If we conduct our coffee shop business globally, we can have a bigger target market and a higher number of customers. Having a bigger target market also causes larger production, which results in low production costs as the fixed cost of production usually remains the same.

B- Suitable technology:

In today's world, every business needs technology to improve its performance. PESTEL analysis is also used to assess technological changes in the environment of a business. Technology can be an opportunity or a threat. As our business is a coffee shop, we can use e-commerce for our business. E-commerce is the use of the Internet and computer technology for conducting business. A website can be developed for any business. Although we will not solely rely on conducting business on the internet, we can use a website of our business to boost our sales revenue. Our website would provide the facility of ordering from home and getting the delivery. Besides online ordering, this website would provide a facility for reserving the tables at our shop.

Computer system technology can result in the efficiency of operations and timely decision-making. Software like "Enterprise resource planning" can be used to manage the resources of a business in an optimal way. We can maximize our return from the coffee shop by effectively using these available software technologies.

The Internet provides a vast and fast medium for advertising a business. Our coffee shop business would use the internet to capture the attention of our target customers. As our core customers would be working class of United States of America, this class uses internet widely, therefore internet would result in the most effective advertising. (Laverty & Littel, 2020)

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Your answer should go in the box below.

a. The customer analysis is one of the most important features of the successful business. The business strategy can't be successfully formulated and implemented unless the company understands its customers. The customers are considered as the most precious asset for any business. Every company, irrespective of its business nature, has to segment its market according to the customer's habits and preferences. The firm can get a competitive advantage if the firm anticipates and fulfills the needs of the customers better than its competitors. The more the firm knows its customers, the more effective the marketing efforts and the sales will be. The firm is always looking to identify Who the customers are.

What are their needs?

How can the firm fulfill its needs?

The firm cannot achieve its sales objectives if the firm is unable to segment its customers properly. The firm can stand out from its competitors if it is able to meet the customer's expectations better than its rivals.

As we are providing the coffee at low rates in the main market, so we hope that we will able to acquire a wide range of customers. Coffee is the most popular beverage in the United States of America. A person usually consumes $21 per week on coffee. The working class constitutes the major portion of the target customers of our business. The employee can release their stress and work pressure during hectic routines by enjoying delicious coffee.

(b)

The firm can attract customers either by providing the product to the customers at a low cost or by providing the product with unique and superior features as compared to other rivals within the same industry. The firm can compete better if it becomes the lowest-cost producer because it provides the opportunity for the firm to deliver its products at lower rates as compared to the other competitors. On the other end, the firm can get a competitive edge by providing a superior product in terms of features or quality. It is possible if the firm is good in its innovative ability and is renowned for product design and product innovation. This will allow the firm to charge a premium for its customers due to higher quality. However, the marketing efforts would play a critical role in the success of the business strategy irrespective of the fact the company adopted a low-cost strategy or best-value strategy.

(a)

Nowadays, ethics become one of the most important features in the business. Customers like to buy products or services from such firms that follow ethical requirements. Moreover, the company may need to face heavy regulatory damages, fines or penalties if the company is unable to follow the ethical requirements. Customers like such companies that play an active role in corporate social responsibility. The companies that follow ethical practices generate more value as compared to the companies that do not follow ethical practices because they have more dedicated employees, and thus, it increases the efficiency of the employees, which further increases the overall productivity of the firm. It also helps in acquiring new customers and improving customer loyalty. Moreover, it helps in making a positive impact on the community. Business ethics provide the basis for managing a sustainable business and long-term profit. It is possible to earn a short-term profit through any immoral or unethical business practice, but a business can't earn a long-term return.

(b)

There are various ways that show that the firm is treating its staff in an ethical way as by providing an excellent working condition and maintain adequate safety requirements in the employee workplace. The company also provides bonuses if the employee plays an active role in corporate social responsibility. The firm pays wages and salaries to its employees on time. There should be a policy in the firm to take care of the family members of the employee. Moreover, it is essential that the firm produces ISO-certified products which do not create any hazard to the health of the employee. (Bright & Cortes, 2019)

References

U.S. Small Business Administration. (n.d.). Business guide. https://www.sba.gov/business-guide

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