UNIT 5

STRATEGIC EVALUATION AND CONTROL

Concept of Strategic Evaluation:

Strategic evaluation refers to the measurement and testing the efficiency of strategic decisions and the effective implementation of business strategy to achieve desired business objectives.

It is advisable to identify the corrective steps and actions to achieve business efficiency.

It is considered as the final step of strategy management process. Strategic management concentrates on formulating organizational objectives based on an analysis of the business (internal and external) environment, formulating the plans and policies, controlling and implementing the action plans to achieve the business results.

Continuous evaluation and monitoring is essential requirement of strategic management process. The strategic evaluation and controlling process indicates the organization whether the organizational objectives are achieved or not.

The evaluation system concentrates on three main aspects of strategy such as appropriate strategy, consistency and feasibility of strategy.

Strategy should be appropriate to achieve desired objectives of the organization and it should be formulated as per the available resources and analyses of the internal and external business environment.

It should be feasible which implies easy implementation of the strategic decision with available resources of the organization. Strategic management is continuous nature of management process.

Strategic evaluation is considered as the last stage under the strategy management process. If there is difference between desired objectives and achieved objectives, controlling process indicates steps for corrective actions.

Strategic evaluation and control process provides the right paths and directions to achieve desired organisational goals. The controlling process makes sure about corrective strategies and actions are required to achieve organizational target.

Definition given by Stahl and Grigsley, “Strategic evaluation and control is the process of evaluating strategic plans and monitoring organizational performance so that necessary corrective action can be taken. Today, it also indicates process of improvement in order to preclude out of control situations from occurring and to continually provide greater value to customers”.

NATURE OF STRATEGIC EVALUATION:

The business environment is the current context in quite complex, volatile uncertain and ambiguous. Change is invitable and occurs very frequently. The organisation has to continually adapt itself to adapt to the changing requirements of the environment.

Strategic evaluation is a complex system to undertake for the effective implementation of management strategy and analyses for strategic decisions. There is need of evaluation for the smooth functioning of strategic decisions and checking to achieve the set objectives of the organization. It is essential to involve and cooperation from allt he people of the management. They should understand the evaluation process for the effective implementing the strategy for the benefits of all stakeholders of the organization.

The business environment is dynamic and complex in nature. The business environments are:

- Highly sensitive and complex in nature
- Unpredictable about the future and accuracy of business environment
- Globalisation and other factors also increases the flexibility of business environment which make difficult to implement business strategies.

Richard Rumlet has suggested the four criteria's, which are applied for internal and external business environment. They are:

- Consonance
- Advantages
- Consistency
- Feasibility

The criteria Consonance and Advantages are considered for the external business environment. "Consonance" means analysing and examining the certain trends of external environment in evaluating strategies. The advantages consider the number of opportunities available in the business environment.

The criteria "Consistency" and "Feasibility" are applied for internal environment of business organization.Consistency isrequired the strategy should be consistent as per the plans and polices of the management to achieve desired goals.The internal environment of organization should favorable and consistent.

Feasibility indicates strategies should be at par with the available resources and it should not be overextended. It should be easy to handle and achievable.

IMPORTANCE OF STRATEGIC EVALUATION:

Most of the time, strategists have only concentrated their efforts to formulate strategic decisions and implementation. They might ignore or overlook the strategic evaluation and control process until situation warns. It is essential to measure the strategic decisions effectiveness and controlling process to ensure the right directions of strategic plans and policies.

The importance of strategic evaluation process may be described with the following points:

1. The strategic evaluation identifies the corrective steps and actions to achieve business efficiency and effectiveness.
2. The strategic evaluation is not only focused to measure the result but also provides the right paths and directions to achieve desired organisational goals.
3. The output of strategic evaluation is feedback which provides essential inputs for the future strategic decisions or plans and polices of the organization.
4. The strategic evaluation is also related with performance appraisal system for reward and recognitions which leads the motivation of employees and boosts the morale of the employees in the organization.
5. Strategic evaluation process is beneficial for all organizations whether small, medium, or large.

PROCESS OF STRATEGIC EVALUATION:

The process of strategic evaluation starts with formulation of strategic decisions and plans as per the available resources and analysis of the business environment to achieve the desired organisational objectives.

After the formulation of strategic plan the next step is effective implementation of strategic plans within available resources to achieve desired result within stipulated time.

The process is shown below:

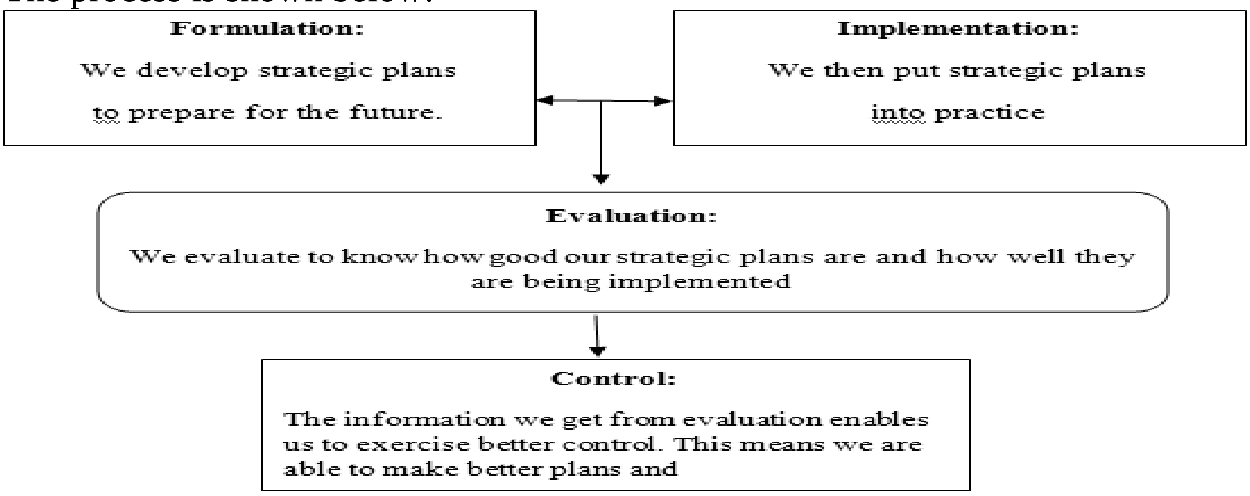


Fig: 15.1 Process of strategic evaluation

Strategic evaluation process is to measure the efficiency and effectiveness of strategic decisions. It identifies the desired results achieved by the strategic decisions.
The controlling process makes sure about corrective strategies and actions that are required to achieve organizational goals.

STRATEGIC CONTROL:

Strategic controlling is the process of monitoring and checking the performance of strategic decisions, ensuring the effective implementation of strategic plans and polices, identifying the problems and to take corrective actions whenever required for achieving the desired organizational objectives.
In other words, it describes the controlling system for the effective implementation.
Some of the definitions of strategic control are stated below:

Schreyogg and Steinmann (1987) have described Strategic Control as "the critical evaluation of plans, activities, and results, thereby providing information for the future action".

According to Robert J Mockler, "Management control implies systematicefforts to set standards to compare actual performance with the pre- determined standards, to determine whether there are any deviations andto measure their significance so as to take any action required to assure that all corporate resources are being used in the most effective and efficientway".

The above definition of Robert J Mockler has divided the controlling processin various steps as follows.

- To establish performance standards
- To measure organizational performance
- To measure the techniques
- To compare the performance with standards
- To evaluate of deviations
- To take corrective actions

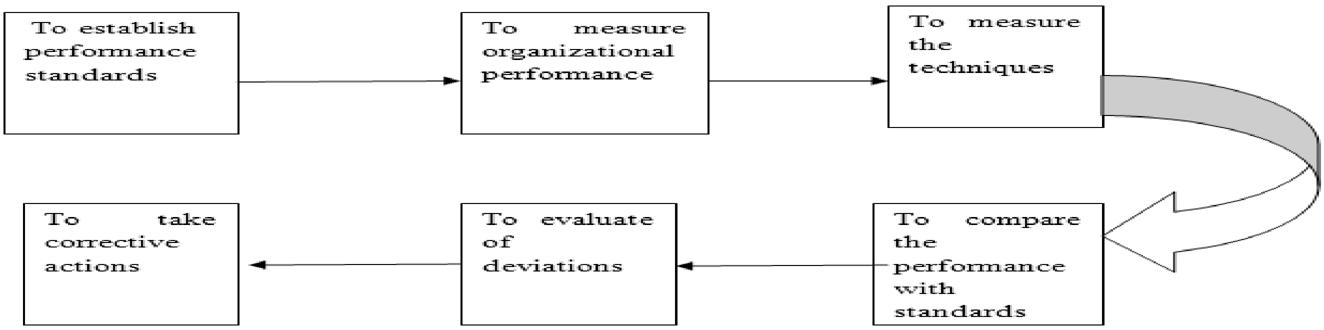


Fig: 15. 2 Strategic evaluation and Control Process

Let us discuss this steps in detail.

1.To establish performance standards:

This is the beginning steps of controlling process. The organization shoulddevelop the standards of performances. While fixing the standards, precaution should be taken about their specificity.

Some standards may be difficult to quantify in explicit terms such as morale, discipline, creativity etc. In such cases qualitative goals and design controlmechanism are useful for measuring the performance.

The following are some quantitative standards against the performance can be measured.

- **Time standard:** The time factor should be considered to completethe task or goal of the organization. It may be for measuring per hour unit of production, or in the sales, number of sales are made bythe executives in day,etc.
- **Cost Standard:** This describes the financial expenditure involved per unit of activity. It could be material cost per units, cost of distributionor selling cost on per sales call basis.
- **Income standard:** It could be sales for the months, sales generatedby sales executives in a year,etc.
- **Market share standard:** It is emphasized on to increase the shareof market. For example company wants increasing the market shareby 5 percent in the next 5 years.

Return on investment: It is one the indicators which shows the various performance of business such as turnover sales, working capital, production and operating costs and Investment.

2.To measure organizational performance:

After the finalized the goals or objectives of the organization, the next step is controlling process to measure the actual achieved organizational performance as compared the fixed goals or objectives of the organization.

3.To select the techniques:

It is one of the difficult tasks to measure the actual performance in the strategic decisions. There are various techniques to measure the efficiency and effectiveness of strategic management. What is to be measured, howto be measured, when to be measured or whether to be measured continuously or periodically etc. are important objectives. These questions provide right path for the measure the performance of strategy. The following are some of the techniques of measurement:

Financial measures :-It indicates the financial condition of the business organization. It involves various ratios, relationship of business variables to each others.

Some of the ratios which exhibit financial soundness of business are:

- Net Sales to Working Capital
- Current Ratio
- Liquid ratio
- Net profit to net sales ratio
- Net profit to Net worth ratio
- Collection period on credit sales

Production measures:-It is related with outcome of activities to the production related effort. It involves pre controls, concurrent control and post controls measures.

Pre controls: - It involves the inputs of productions activities such as men, machines, raw materials, capitals, etc. It is aimed at the control of quality of inputs for the desired objectives. It ensures the skilled personnel as per the requirement with quality of raw materials.

Con-current control:-It is also known as Production Scheduling. It involves the timeframe work for the production activity. Program Evaluation and Review techniques(PERT) facilitates concurrent control.

Post Control:-It is also known as "Feedback Controls". It measures the results of completed actions or production activities.

Marketing measures :-According to Smith, Arnold and Bizzell, there are five categories to measures marketing performance.

Sales analysis:-In this method, the actual sale is compared with projected sales. Any deviation can be analysed with volume of sales.

Market Share analysis:-It is calculation between Company's Sales volumes to competitor's sales volume. It indicates the corporate image or goodwill of the company in the competitive market.

- **Marketing expenses to sales ratio:-**It includes the sales promotions expenses such as marketing, advertising, publicity etc.
- **Customer attitude tracking:-**Customers are the centric point for every business. Without customers, no one can survive in the competitive market. It is analysed the behaviour of customers. Collected feedback with proper mechanism and maintain customer relationship management.
- **Efficiency Analysis:-**It is focused on the efficiency of all marketing efforts to achieve the desired sales in the market. It is involved theSales force, Sales promotions and techniques and distributions plansand polices etc.

4.**To compare performance with standards**:-

The next step of controlling process is to compare the actual performancewith pre determined performance with standards. If there are not specified standards performance, It would be difficult to measure the performance and to identify the efficiency and effectiveness of strategic decisions.

5.**To evaluate deviations:-**

It is essential step before the deviation is corrected. The reasons should beinvestigated. The main idea is to find the root cause for the deviations or problems therefore it would never arise in the future also. The deviations may be positive or negatives. The positive deviations are in various forms such as achievement of the target before the time with less cost actually planned.

The negativedeviations may be low quality or quantity than the standards, late schedule of production, increasing the cost of production as compared to estimatedcosts etc.

6.**To take corrective actions:-**

After the analysis and investigation, the final steps are arrived to take corrective actions for remedy of the problem. The corrective actions should be consistant to the internal and external environment of business. It should be as per the company's culture, philosophy, labour unions, rules and regulation, etc. the following guidelines should taken into consideration whiletaking corrective actions.

- Management should identify the root cause of the problem instead of focusing on time being solutions for the problems.
- It should be as per the company's philosophy and rules andregulations.

Types of Strategic Control

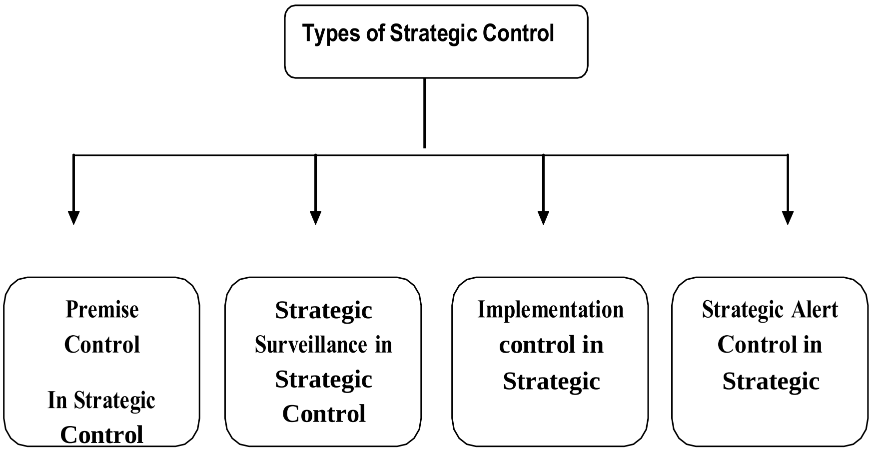


Fig: 15.3: Types of Strategic Control

1. Premise Control in Strategic Control:

Premise control is being checked continuously and systematicwhether **the premises set during the planning and implementation process is still valid.** If any premise is not suitableto the internal or external situation, the strategy would modify or changeas per the requirement. It is always established during the formulationof strategic planning process. It should be considered two basic environment factors as follow**.**

Environmental factors :It includes political, social, technological and economical factors are prevailed in the external business environment

Industry factors :It consists of Competitors, Supplier and Market conditions available for the Industry.

2.Strategic Surveillance in Strategic Control:

Strategic Surveillance is concerned within and outside of the organization of various ranges of events that would effect on strategic decisions and policies. The main aim of Strategic Surveillance is monitoring of number of information systems as well as encouragedthe untapped information and opportunities for the effective implementation of strategy.

It is also similar to the environmental scanning to identify new information's and untapped opportunity. It is also helped to safeguard the established strategy.

3.Implementation Control in Strategic Control:

Implementation control strategies are applied when the eventsare being started. It is involved numbers of events, plans; acts are implemented to achieve organsational goals. It is further divided into two types such as

Strategic thrusts or projects:-It provides relevant information that would help to frame the effective strategy decisions and plans.

Milestone reviews:-It is process to monitor and review the progress of strategy through specific intervals or milestone achieved.

4.Strategic Alert Control in Strategic Control:

It is applied at the time of unexpected events or occurring suddenly situations which would impact on management strategy. Itis special alert control system for the rapid and meticulous reassessment of strategy. Strategic alert control system is useful during the emergency situation such as natural disasters, plane crashes, product defects, hostile, chemical spills, etc.,

Importance of Strategic Control :

Strategic control is process monitoring and evaluating of strategies to achieve the desired objectives and make sure about the smooth functioning of management strategies. If the desired objectives are not achieved then the corrective steps or actions are taken into consideration. It helps the Manager to obtain quality, innovation, consistency inthe strategies, and complete the target within stipulated time. The following are the importance of controlling process.

Control and quality:

Quality of the products or Services indicates the success and progress path of the organization in the competitive environment. The feedback mechanism under the evaluation systems played crucial role for the improvement of quality of the product.

Control and Efficiency: Efficiency indicates the output and input ratio of production which includes all resources of the organization. It is involved the production and the efforts of human resources. The controlling system makes sure about everything goes as per the strategy if not the corrective actions should take for the efficiency under the production process.

Control and innovations:
Strategic control leads towards innovative and creativity through continues monitoring and implementing the effective actions to achieve desired results.Strategic decision and policies ensure the appropriate controlling system and evaluation increased the risk taking abilities and improved the skills of management.
Control and customers satisfaction:
The success of the strategic evaluation process is to measure the satisfaction level of customers. An evaluation controlling system monitors and interacted with employees through proper system and boosts the employees' morale to provide better quality and services to the customers.
Customers are the backbone of the organization and if they satisfied then our business also survived and progress therefore it is essential to maintain satisfaction level among the employee.

TECHNIQUES OF STRATEGIC EVALUATION AND CONTROL
Strategic evaluation is referred to the process of the measurements and testing the efficiency and effectiveness of strategic decisions to achieve business objectives and takingthe corrective steps and actions if desired objectives not achieved.
Techniques of Strategic Evaluation are stated below:
1.Gap Analysis: This is one of the techniques which can identify the gap between the actual achieved performance and expected performance of the organization as per the management strategy. With the various business tools and ratio analyse, it can easily indentify the gap between actual and expected performance. Under the Financial measures the gap identify with the help of various ratio, relationship of business variables to each others such as Net Sales to Working Capital ,Current Ratio, Net profit to net sales ratio, etc. Undermarketing measures, the gap identify with the analyses of Sales, Market share, Competitors performance, etc.
2.SWOT Analysis: This is one techniques of strategic evaluation to actual monitor the performance of strategic decisions. SWOT describes as organization's strengths, weaknesses, opportunities and threats.The business environment is complex and dynamic nature and consists of internal and external environment. It is an Unpredictable about the future and accuracy of business environment. Internal Environment consists of organization's

strengths, weaknesses and on other side external environment is only being provided only opportunities and threats. The Evaluation system should analyse the internal and external environment of business and plan organization's strengths, weaknesses, opportunities and threats for the effectively applicable business resources to achieve desired results.

3.PEST Analysis: This is one of the techniques used for the evaluation system of strategy.The business atmosphere is highly sensitive and complex in nature. PEST denotes Political, Economical, Social and Technological factors directly impact on the business. These are essential factors should be considered while framing the strategy. The success of strategic decisions is mainly depending on these factors. Political factors are considered rules and regulation, legislatures, and environmental norms etc. Economical factors exhibits the economic conditions prevailed in the market to identify opportunity and threats for the business. Social factors show the behavior of customers, demographic pattern of customers and about the values and tradition of people for adopted best suitable strategy. Technological factors are highly sensitive and dynamic in nature. Today technology will be stale for tomorrow exhibits the flexible or changing pattern of technology.Due to rapid changes in technology cause the obsolete our plans and business strategies, these factors should consider while framing the strategy of management.

4.Benchmarking: It is technique of strategic evaluation to identify whether the organization is achieved the expected results or not. If it is failed to achieve the expected result, then what is the difference between actual result and expected result. The organization must set the Standard performance is benchmark for the measuring actual performance.The regular monitoring and measuring the performance of strategic plan and collection of data that indicates actual result of the given activity and set the benchmark of activity.

Balanced scorecard (BSC):

HISTORY OF THE BALANCED SCORECARD

Developed by Robert Kaplan and David Norton in the early 1990s, the balanced scorecard is more than a measurement system—in fact, it's a management system.

In their book The Balanced Scorecard: Translating Strategy Into Action, Kaplan and Norton describe the balanced scorecard as a necessary move away from over reliance on financial measures. According to Kaplan and Norton, because financial measures report on the past, they offer "an adequate story for industrial age companies" but not "information age companies." In the information age, organizations must "create future value through investment in customers, suppliers, employees, processes, technology, and innovation."

A strictly financial approach for managing organizations is not complete, as it doesn't capture the landscape of the business and isn't an indicator of the future. Evaluating organizational performance in a balanced manner on the parameters that influence your business becomes crucial for better management.

Balanced scorecard (BSC) is defined as a management system that provides feedback on both internal business processes and external outcomes to continuously improve strategic performance and results. By bringing together measures around internal processes and external outcomes, a balanced scorecard supports continuous improvement at the level of strategic performance and results.

The balanced scorecard is a strategic management tool that views the organization from different perspectives, usually the following:

- Financial: The perspective of your shareholders
- Customer: What your customers experience and perceive
- Business process: The key processes you use to meet and exceed customer and shareholder requirements
- Learning and growth: How you foster ongoing change and continuous improvement

For each of these perspectives, the balanced scorecard prompts you to develop metrics, set performance targets and collect and analyze data. Your scorecard thus offers an efficient mechanism for reviewing strategy implementation based on measurement.

Balanced Scorecard Example

Department process and owner	Higher-level objective supported	Balanced scorecard category	Metric	Target level	Actual level
Change requests (quality engineer)	Compliance in all audits	Internal business process	Requests in progress	<10	3
			Action items in progress	<15	9
			Oldest open request	<30 days	21 days
Budget (manager or leader)	Meet company's expense budget	Financial	Actual vs. planned expenditures	Below budget	Below budget
Performance and staffing (manager or leader)	Complete performance management objectives and development plans on time and use to improve performance	Learning and growth	Objectives submitted on time	100%	100%
			Development plans submitted on time	100%	100%
			Mid-year reviews completed on time	100%	100%
			Significant item on all development plans executed	100%	80%, in progress
			Delinquent training occurrences	0	1
Product development support (quality engineer)	Meet revenue goals and launch schedule for new products	Customer	On-time quality engineering deliverables	90%	97%
			Document turnaround time within three business days	85%	85%

Simply put, a balanced scorecard is a popular strategic performance driver that positions individual employee performance at the intersection of four key Elements:

1. Financial: How is an employee contributing to company revenues? How does employee performance directly correlate to movement in share prices by improving business outcomes?

2. Customer: Has customer satisfaction ratings (CSAT) improved as a result of employee performance? Do other indicators of customer success (net promoter score, customer lifetime value, churn, etc.) show an uptick? Has the company successfully acquired a new customer base?

3. Internal: How did employee performance make internal processes more efficient and effective? Did an employee excel in a particular process? Was employee participation instrumental in bringing about meaningful internal transformation?

4. Capacity: Has the capability of the company undergone a change due to employee efforts? Has the company become more scalable with a greater production capacity? How many new innovations have been introduced and adopted in the measurement period?

Employees are rated on these four parameters and the cumulative result indicates their overall performance score. Some companies follow a numerical 1 to 5 system, one being entirely below the expectations and five being significantly over-reaching the expectation. Others might follow a descriptive format, assigning values like “needs improvement,” “met expectations,” and “above expectations.”

By planning each employee’s performance along these four parameters as it correlates to the overall company’s performance, you can make sure that your employees successfully deliver on the near- and long-term goals of the company.

Of course, every performance metric must be communicated clearly to employees, keeping in mind each employee’s capability and capacity, and ensuring alignment at very early stages to ensure a clear expectation setting.

THE BENEFITS OF A BALANCED SCORECARD

A balanced scorecard can help your organization both articulate and act upon your vision and strategy. Use it to:

Facilitate effective and consistent communication because everyone speaks a shared language of metrics

- Drive focus around key requirements
- Facilitate reviews on a regular basis
- Ensure organizational alignment

Issues and Challenges of Corporate Governance In India :

Corporate Governance is basically all about how corporations are directed, managed, controlled and held accountable to their shareholders. In India, the question of Corporate Governance has come up mainly in the wake of economic liberalization and de-regularization of industry and business.

With the rapid pace of globalization many companies have been forced to tap international financial markets and subsequently to face greater competition than before. Both policymakers and business managers have become increasingly aware of the importance of improved standards of Corporate Governance.

India has one of the best corporate governance laws but poor implementation together with socialistic policies of the perform era has affected corporate governance. Concentrated ownership of shares, pyramiding and tunneling of funds among group companies mark the Indian corporate landscape.
Express or implied contracts between the stakeholders and the company for the distribution of rights, duties, reward and responsibility, etc. among different sharers in the corporation.
Procedure for proper control and supervision of information flow in the company, proper operation of checks-and- balances.
Procedures for resolving and conforming the clashing interests and opinions of different participators in the corporation.
This operation ensures responsibility of the Board of Directors to all stakeholders of the corporation i.e. managers, shareholders, suppliers, creditors, auditors, controllers, workers, guests and society in general; for giving the company a fair, clear and efficacious administration. So it isn't just mere company administration but a corporate administration system. It's a code of conduct that must be followed for running and proper functioning of a corporate entity.

Aims of Corporate Governance
Good governance is an integral to the very existence of a company. It's nothing more than how a corporation is administered or controlled. Good governance inspires and strengthens investors' confidence by assuring company's commitment to high growth and earnings. The need for the growth of corporate governance concept is of course and basically deals with to achieve objects of corporate governance.
The system of corporate governance is to achieve the specific goals to fulfilling long- term strategic pretensions of owners. To taking care of the interests of employees. To consideration for the atmosphere and regional community to maintaining excellent relations with guests and suppliers. To fulfil all the applicable legal and regulatory conditions.
by using corporate governance procedures wisely and participating results, an organization can motivate all stakeholders to figure toward the corporation's goals by demonstrating the advantages to stakeholders, of the pot's success. Good governance is good business. To conclude, by and large attempt of the Board should be to take the organisation forward and to maximize future value and shareholders wealth.

Why corporate governance is important?
Changing ownership and business structure:

In recent years, the ownership structure of companies has changed a lot. Now Public financial institutions, mutual funds, etc. are the single largest shareholders in most of the large companies. They have effective control on the management of the companies.

They force the management to become more efficient, transparent, accountable, etc. They also ask the management to make consumer-friendly policies, to protect all social groups and to protect the environment. That is how the changing ownership structure has resulted in corporate governance.

Scale of business activities has grown in manifolds. For obtain the economies of growth many takeovers and mergers takes place in the business world. And corporate governance is required to protect the interest of all the parties during that takeovers and mergers.

Increased importance of corporate social responsibility:
In current scenario corporate social responsibility is given a lot of importance. As businesses gain everything from society so society also has some expectation from businesses. And responsibility for fulfilling these expectation by corporate is called corporate social responsibility. Social responsibility requires from the board to protect the rights of the every related party i.e. customers, employees, shareholders, suppliers, local communities, etc. For fulfilling all these liabilities they need corporate governance.

Increased corrupt practices in business:
In recent years, many scams, frauds, and corrupt practices have come to light. Misuse and misappropriation of public funds are happening in the stock market, banks, financial institutions, companies, and government offices at large scale. For the purpose to avoid these financial irregularities, many companies have started corporate governance.

Inactiveness of shareholders:
shareholders only attend the Annual general meeting of their companies. They are generally inactive in the management. Shareholders' associations are also not strong. Directors generally make a profit of this situation and misuse their power. So, there is an imperative need for corporate governance to protect all the stakeholders of the company.

Globalized era:
As now Indian economy had become globalized, most big companies are selling their goods in the global market. For maintaining and growing they have to attract foreign investors and foreign customers and they also have to follow foreign rules and regulations. All this requires corporate governance. Without Corporate governance, it is impossible to enter, survive in the global market.

Legal bindings:

Practice of corporate governance is also required by the law. In India SEBI and Indian companies, the Act defines the scope and process of corporate governance.

Development of Corporate Governance in India

The notion of good governance is really old in India dating back to third century B.C. Where Chanakya (Vazir of Parliputra) developed fourfold duties of a king Raksha, Vriddhi, Palana and Yogakshema. Substituting the king of the State with the Company CEO or Board of Directors the principles of Corporate Governance refers to securing shareholders wealth (Raksha), enhancing the wealth by proper use of Assets (Vriddhi), maintenance of wealth through profitable ventures (Palana), and above all protecting the interests of the shareholders (Yogakshema or safeguard).

Corporate Governance wasn't in the agenda of Indian Companies until the early 1990s and no one would find an important reference to this subject in the book of law till then. In India, weaknesses in the system such as undesirable stock market practices, boards of directors without satisfactory fiduciary liabilities, poor disclosure practices, lack of transparency, and chronic capitalism were all crying for reforms and upgraded governance.

Issues and Challenges in Corporate Governance

Selection procedure and term of Board:

The selection procedure adopted in Indian corporations is the biggest challenge for good corporate governance. Law requires a healthy mix of executive and non-executive directors, independent directors, and woman directors. Most companies in India tend to only comply on paper; board appointments are still by way of word of mouth or fellow board member recommendations. It is common for friends and family of promoters and management to be appointed as board members.

Life-term board members can pose many problems to business say fixed beliefs, power gaining etc. so no business prefers to appoint board members for life-term. And if the board is very short then they will not take long term decisions with full of their efficiency because in long run they will be changed or relieved from their duties. So the term of board must be fixed with due attention. Typically in a board of directors, directors sit for a brief term say 2 to 5 years and it is good practice to switch some of directors at a fixed time interval instead of changing whole board at a single time.

Performance Evaluation of Directors:

SEBI, India's capital markets regulator, has released a 'Guidance Note on Board Evaluation' in January 2017. Which cover all major aspects of Board Evaluation including the Subject & Process of Evaluation, Feedback to the persons being evaluated, Action Plan based on the results of the evaluation process, Disclosure to stakeholders, Frequency & Responsibility of Board Evaluation. But for achieving the desired objectives from performance evaluation, they need to make the evaluation result public and these disclosures may put the corporate in big trouble.

Missing Independence of Directors:

Independent directors' appointment was supposed to be the biggest corporate governance reform by kumar mangalam committee on corporate governance in 1999. However in reality independent directors have hardly been able to make the desired impact. Till now the appointment of directors in most of companies is made at the discretion of promoters, so it is still questionable. For providing the true success it is necessary to limit the promoter's powers in matters relating to independent directors.

Removal of Independent Directors:

Under law, an independent director can be easily removed by promoters or majority shareholders. When an independent director doesn't take the side with promoter's decisions, they are removed from their position by promoters. So to save their post directors have to work for the interest of promoters. To resolve this issue SEBl's International Advisory Board had proposed an increase in transparency for the appointment and removal of directors.

Liability toward Stakeholders:

Indian company act 2013 mandates that directors owe duties not only towards the company and shareholders but also towards the other stakeholders and for the protection of the environment. But generally, board tries to limit and escape from these kinds of accountability good idea to require the entire board to be present at general meetings to give stakeholders an opportunity to pose questions to the board.

Founder/Promoter's extensive Role:

In India, instead of separate entity of businesses, promoters or founders continuously influence the business decisions Family owned Indian companies suffer an inherent inhibition to let go of control. They affect the decisions by influencing the board and management. This is done because they had the significant portion of company's share. So to remove this issue it will be good idea to amplify the shareholder base and reduce the shareholding of founders.

Transparency and Data Protection:

Corporate governance is based on the principle of transparency but it cannot be defined what information is to be disclosed or not. In today's cut throat environment of competition it can be very dangerous if wrong information be disclosed. In digitalization Privacy and data protection is a central governance issue. For this the board must be capable of handling data and to ensure the protection of such data from potential misuse. And by looking at the importance of data and the potential cost if data be misused, we can say that organization must invest a reasonable amount of resources to protect the data.

Business Structure and internal conflicts:

Business structures also put hindrance on the way to good governance as they require many layers of management, executives and other officers. This makes it very difficult for the company leaders to receive accurate, important data from the lower levels and to command orders to lower level of the company as the data may be distorted at any point of chain. Board of executives can make much good decisions and policies. But if the internal relationship in the organization says between board and managers is not good then the implementation of decisions and policies also get affected. Rebellious managers can sabotage corporate decisions and policies at many levels of the business.

Environment of mistrust:

In recent years, many scams, frauds, misappropriation of public money, and corrupt practices have taken place and because of the doubtful practices of key executives and board members, confidence of investors and society has diminished. It is happening in the stock market, banks, financial institutions, companies and government offices. This has made the business environment distrustful

Why Small Business needs Strategy?

Strategic management is largely regarded as the rational process by which senior management identifies courses of action and responses to complex and dynamic environmental forces. It is traditionally concerned with hegemony, size, utilization of resources, achieving dominant positions and internalizing issues of control and fit. The scale, scope and complexity of the strategic management field are problematic in that there is no overarching, generic core body of knowledge. There are instead contextual understandings ofwhat is 'strategic' and a range of competing and exclusive schools of taught. This difficulty of definition prevents any conclusive diagnosis of the effectiveness of the strategic managementas an aid to organizational effectiveness, yet the methodological and theoretical difficulties with the field enable invention and reinvention of contextual understanding of what is 'strategic'.

For SME sector, Strategic planning is highly required to reinvention/ reengineering the strategy process to suit the context. A good planning helps small business to cater business risks and challenges. Figure 1 illustrates victorious Strategic flow for a small business i.e. how vision act as broad "what to do" situation; setting up Key Success Indicators ensured the "deliverables"; SWOT analysis help firm to understand the industrial positioning and afterwards the strategic Development ensured to meet vision statement of the firm.

Strategic Planning in Small Businesses

Like in medium and large scale companies, small firms also need to determine their strategies, its strategic management should blend with: (a) Core values of the firm and requisite support in terms of its corporate structure; (b) Survival strategies to reduce management inadequacies.

The major concern of small business firms includes:

- *Growth of Sales*- Larger the sales, larger shall be the growth of the firm. Small firms need to visualize the process and patterns so that their profit can be maximized using existing set of business activities
- *Cost-benefit analysis*- For long term investment and financial decisions, small firms has to undergo various cost-benefit analyses across value chains.
- *Healthy Balance sheet and cash inflows- Gearing* operations to the income statement, while ignoring the balance sheet, are all too common. Lack of concern with cash flow and the productivity of capital employed can be fatal. Managers tend to seek new funds instead of making better use of those they already have.

Figure 3 exhibit the strategic planning for small firm that blend vision with the resource mobilization considering Business processes, customer segmentation, products, supply chain and credit management into account.

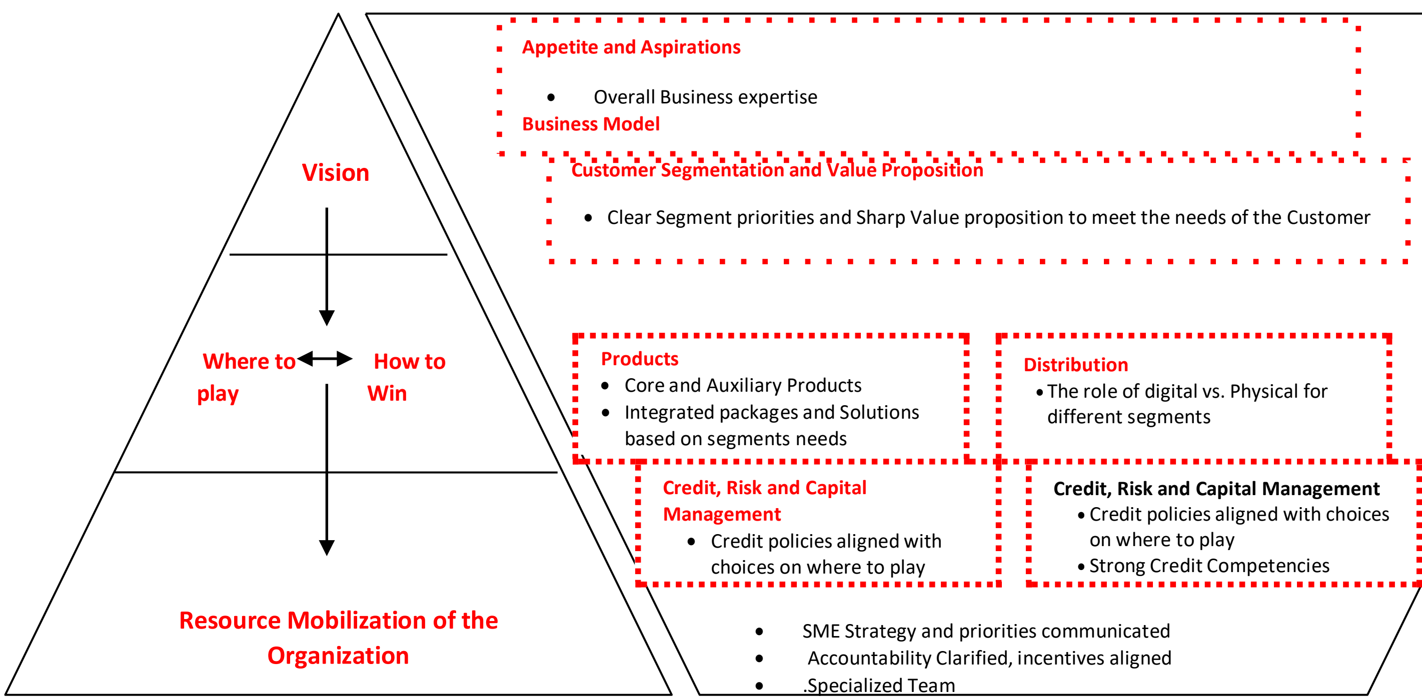


Figure 3 : Strategic Planning Framework for small businesses
(Source: Bain, 2016)

Strategic planning in small business can be in to four thrust areas:

1. To empirically confirm the presence or absence of strategic planning in small firms
2. To provide empirical evidence of the value of strategic planning
3. To examine directly or indirectly the appropriateness of specific features of the planning process

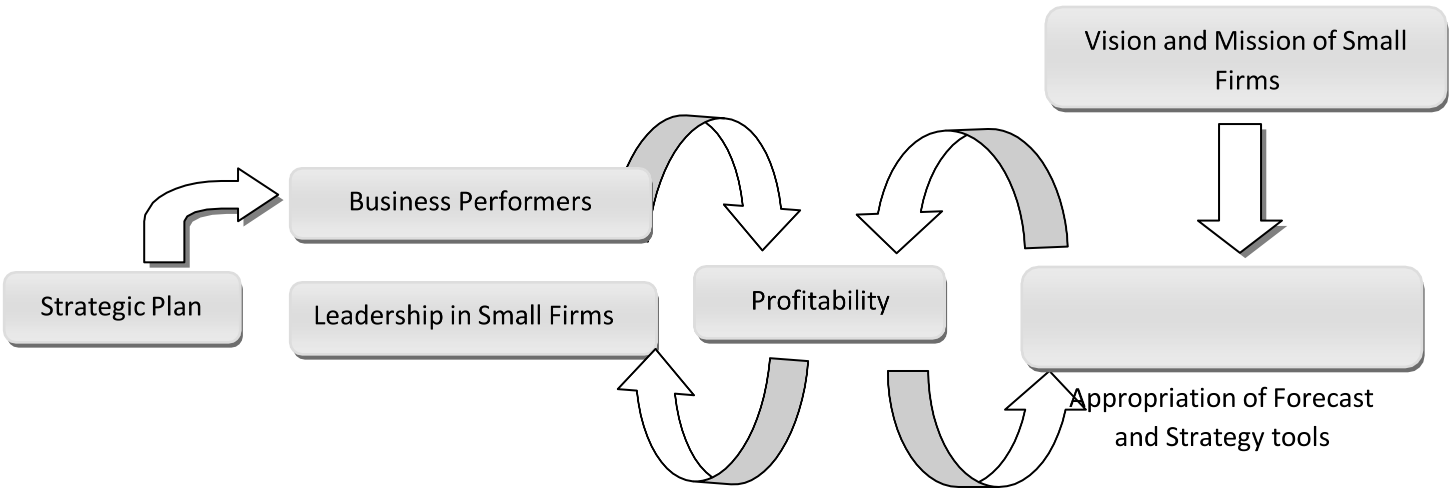


Figure 4 : Strategic Mapping and Profitability relationship among Small firms

Figure 14 illustrate the relationship between strategic mapping and Profitability. Although a causal link between planning and success has not been established, these sources favor strategic planning as a tool to build success for small business. Additionally there is little consensus on what constitutes effective planning for small business.

Growth Strategies for Small Businesses

• Selecting in-house competencies, invest to create competitive advantages, differentiate and innovate in the product or service line (Organic Growth);

• Leverage upon the market, products and revenues of other companies (In-organic Growth);

• Business expansion with the help of core competencies and sales refers to Organic Growth and is in contrast with In-organic growth approach where expansion objectives are metthrough Mergers and Acquisitions (M&A).

Organic Growth Strategy

Companies growing organically not only measure their success on financial metrics alone buttake note of other metrics like:

- Customer Satisfaction Metrics
- Product Quality Metrics
- Logistics & Supply Chain Metrics etc.

Inorganic Growth Strategy

Increasing output and business reach by acquiring new businesses by way of mergers or acquisitions.

Provides the following benefits:

- Helps reduce competition in the market place;
-

• Instantly adds new brands and product/service lines;

• Provides access to fresh customer base and adds new geographical locations and in many cases, an established marketing channel;

• Economies of scale are achieved over a period of time;

• A fresh breath of management skills (fresh blood) ;

• Time-to-market is substantially reduced which gives businesses a significant competitive edge

Why inorganic Growth Strategy

•Industry and economic factors play a crucial role

•Slowing industry growth rate, fragmented industry and too many competitors fighting for thesame market share

•An economic slump creates opportunities for cash rich companies to get hold of unutilisedcapacities of loss making competitors at attractive valuations.

Growth Strategies

The following are strategies for external growth-

• *Merger;*

• *Acquisition;*

• *Takeover;*

• *Differences between strategies often emerge in aftermath of process*

Merger-

• Two businesses of similar value are combined under common ownership;

• Generally categorized as upstream, downstream or lateral;

• Upstream merger – smaller company seeks out larger company and is acquired by it;

• Downstream merger – larger company seeks out and acquires smaller company; and

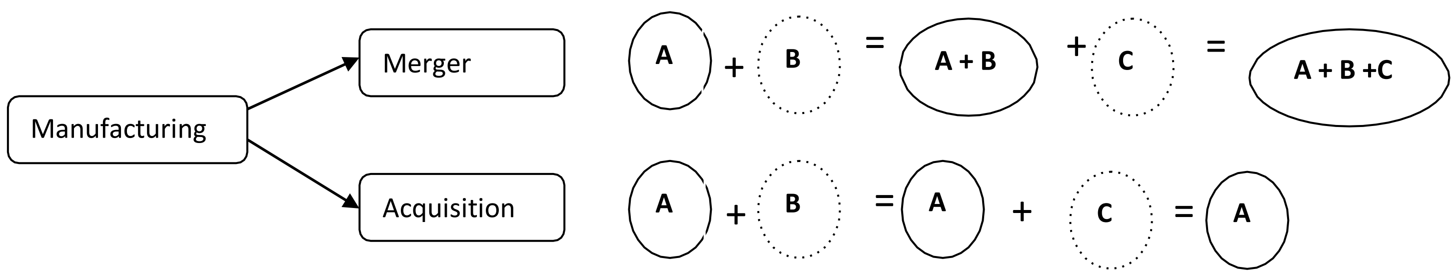
• Lateral mergers are the combination of equals

• Normal for senior management positions in new, merged entity to be shared roughly equally between the managements of the two constituent firms, taking account of skills.

• Negotiations involve the relative ownership interest each company will hold in the merged entity.

Mergers and Acquisitions (M&A)

- Negotiations focus on the relative value of each company in negotiating a purchase price.
- Implication is that while merged companies operate on a cooperative basis, an acquisition involves absorbing part or all of another company.
- Especially true concerning acquisitions of companies in the same industry.



Need of Industrial Support

Currently there is an immediate need to assist in development of small and medium enterprises is a stronger institutional support, drafting a national strategy for SMEs, supplementing of legislation, financial support, business advices etc.

The following measures are required to maintain the sustainable growth of small firms,including:

- Creating and building strategies and development programs.
- Building a suitable environment for entrepreneurship and economic activities
- Promotion of the appropriate locations for foreign investors and entrepreneurs.
- Support to SMEs.
- Promotion of local products and services.
- Ensuring access to capital.
- Development of various training forms for business.
- Cooperation among research institutions, businesses, and government.

Basic Types of Entrepreneurship:
apparently, it can be said that the starting point of entrepreneurship would define its type. The two types of entrepreneurship may be classified as:

1. **Opportunity-based entrepreneurship**- an entrepreneur perceives a business opportunity and chooses to pursue this as an active career choice.

2. **Necessity-based entrepreneurship-** an entrepreneur is left with no other viable option to earn a living. It is not the choice but compulsion, which makes him/her, choose entrepreneurship as a career.

Entrepreneur as risk bearer: Richard Cantilon defined entrepreneur as an agent who buys factors as production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future. He illustrated a former who pays contractual incomes, which are certain to land owners and laborers, and sells at prices that are 'uncertain'. He includes merchants also who make certain payments in expectation of uncertain receipts. Hence both of them are risk-bearing agents of production. P.H. Knight described entrepreneur to be a specialized group of persons who bear uncertainty. Uncertainty is defined as risk, which cannot be insured against and is in-calculable. He made distinction between certainty and risk. A risk can be reduced through the insurance principle, where the distribution of outcome in a group of instance is known, whereas uncertainty cannot be calculated.

Entrepreneur as an organizer: According to J Baptist Say "an entrepreneur is one who combines the land of one, the labor of another and capital of yet another, and thus produces a product. By selling the product in the market, he pays interest on capital, rent on land and wages to laborers and what remains is his/her profit". Say made distinction between the role of capitalist as a financer and the entrepreneur as an organizer. This concept of entrepreneur is associated with the functions of co-ordination, organization and supervision.

Entrepreneur as an innovator: Joseph A SchumPeter in 1934 assigned a crucial role of 'innovation' to the entrepreneur. He considered economic development as a dynamic change brought by entrepreneur by instituting new combinations of factors of production, i.e. innovations. The introduction of new combination according to him, may occur in any of the following forms.
(a).Introduction of new product in the market.
(b).Use of new method of production, which is not yet tested.
(c).Opening of new market.
(d).Discovery of new source of raw materials.
(e).Bringing out of new form of organization.
SchumPeter also made distinction between inventor and innovator. An inventor is one who discovers new methods and new materials. An innovator utilizes inventions and discovers in order to make new combinations. Hence the concept of entrepreneur is associated with three elements risk- bearing, organizing and innovating. Hence an **Entrepreneur can be defined as a person who tries to create something new, organizes production and undertakes risks and handles economic uncertainty involved in enterprises.**

A successful entrepreneur possesses the following **CHARACTERSTICS**:
Initiative: An entrepreneur takes an action that goes beyond job requirements or the demand of the situation.
Opportunity seeking: An entrepreneur is quick to see and seize opportunities. He/she does things before he/she is asked to work by people or forced by situation.
Persistence: An entrepreneur is not discouraged by difficulties and problems that come up in the business or his/her personal life. Once she sets a goal she is committed to the goal and will become completely absorbed in it.
Information seeking: An entrepreneur undertakes personal research on how to satisfy customers and solve problems. He/she knows that different people have different capabilities that can be of help to them. He/she seeks relevant information from his/her clients, suppliers, competitors and others. He/she always wants to learn things which will help the business to grow.
Demand for quality and efficiency: An entrepreneur is always competing with others to do things better, faster, and at less cost he/she strives to achieve excellence.
Risk taking: Are you afraid of uncertainties? Then you cannot be an entrepreneur. Entrepreneurs are not high risk takers. They are also not gamblers; they calculate their risks before taking action. They place themselves in situations involving moderate risk so they are moderate risk takers.
Goal setting: An entrepreneur sets meaningful and challenging goals for him/herself. An entrepreneur does not just dream. Him/she thinks and plans what he/she does. He/she is certain or has hope about the future.
Commitment to work: An entrepreneur will work long hours after into the night just to be able to keep his/her promise to his/her client. He/she does the work together with his/her workers to get a job done. He/she knows how to make people happy to work for him/her due his/her dynamic leadership.
Systematic planning and monitoring: An entrepreneur plans for whatever he/she expects in the business. He/she does not leave things to luck. He/she plans by breaking large tasks down into small once and puts time limits against them. Since and entrepreneur knows what to expect at anytime he/she is able to change plans and strategies to achieve what he/she aims at.
Persuasion and networking: An entrepreneur acts to develop and maintain business contacts by establishing good working relationship. Uses deliberate strategies to influence others.
Independence and self confidence: Most entrepreneurs start business because they like to be their own boss. They are responsible for their own decisions.

FUNCTIONS OF AN ENTREPRENEUR:

An Entrepreneur has to perform a number of functions right from the generation of idea up to the establishment of an enterprise. He also has to perform functions for successful running of his enterprise. Entrepreneur has to perceive business opportunities and mobilize resources like man, money, machines, materials and methods.
The following are the main functions of an Entrepreneur.

1. **Idea generation**: The first and the most important function of an Entrepreneur is idea generation. Idea generation implies product selection and project identification. Idea generation is possible through vision, insight, keen observation, education, experience and exposure. This needs scanning of business environment and market survey.
2. **Determination of business objectives**: Entrepreneur has to state and lay down the business objectives. Objectives should be spelt out in clear terms. The Entrepreneur must be clear about the nature and type of business, i.e. whether manufacturing concern or service oriented unit or a

trading business so that he can very well carry on the venture in accordance with the objectives determined by him.

3. **Rising of funds**: All the activities of the business depend upon the finance and hence fund raising is an important function of an Entrepreneur. An Entrepreneur can raise the fund from internal source as well as external source. He should be aware of different sources of funds. He should also have complete knowledge of government sponsored schemes such as PMRY, SASY,REAP etc. in which he can get government assistance in the form of seed capital, fixed and working capital for his business.

4. **Procurement of machines and materials**: Another important function of an Entrepreneur is to procure raw materials and machines. Entrepreneur has to identify cheap and regular sources of raw materials which will help him to reduce the cost of production and face competition boldly. While procuring machineries he should specify the technical details and the capacity. He should consider the warranty, after sales service facilities etc before procuring machineries.

5. **Market research**: Market research is the systematic collection of data regarding the product which the Entrepreneur wants to manufacture. Entrepreneur has to undertake market research persistently to know the details of the intending product, i.e. the demand for the product, size of the market/customers, the supply of the product, competition, the price of the product etc.

6. **Determining form of enterprise**: Entrepreneur has to determine form of enterprise depending upon the nature of the product, volume of investment etc. The forms of ownership are sole proprietorship, partnership, Joint Stock Company, co-operative society etc. Determination of ownership right is essential on the part of the entrepreneur to acquire legal title to assets.

7. **Recruitment of manpower**: To carry out this function an Entrepreneur has to perform the following activities.

- Estimating man power requirement for short term and long term.
- Designing scheme of compensation.
- Laying down the service rules.
- Designing mechanism for training and development.
- Laying down the selection procedure.

8. **Implementation of the project**: Entrepreneur has to develop schedule and action plan for the implementation of the project. The project must be implemented in a time bound manner. All the activities from the conception stage to the commissioning stage are to be accomplished by him in accordance with the implementation schedule to avoid cost and time overrun. He has to organize various resources and coordinate various activities. This implementation of the project is an important function of the Entrepreneur. All the above functions of the Entrepreneur can precisely be put into three categories of innovation, risk bearing, and organizing and managing functions.

QUALITIES OF ENTREPRENEURS:

Successful businesspeople have many traits in common with one another. They are confident and optimistic. They are disciplined self starters. They are open to any new ideas which cross their path. Here are ten traits of the successful entrepreneur.

1. **Disciplined**: These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals. They have overarching strategies and outline the tactics to accomplish them. Successful entrepreneurs are disciplined enough to take steps every day toward the achievement of their objectives.

2. **Confidence**: The entrepreneur does not ask questions about whether they can succeed or whether they are worthy of success. They are confident with the knowledge that they will make their businesses succeed. They exude that confidence in everything they do.

3. **Open Minded**: Entrepreneurs realize that every event and situation is a business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses. They have the ability to look at everything around them and focus it toward their goals.
4. **Self Starter**: Entrepreneurs know that if something needs to be done, they should start it themselves. They set the parameters and make sure that projects follow that path. They are proactive, not waiting for someone to give them permission.
5. **Competitive**: Many companies are formed because an entrepreneur knows that they can do a job better than another. They need to win at the sports they play and need to win at the businesses that they create. An entrepreneur will highlight their own company's track record of success.
6. **Creativity:** One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.
7. **Determination**: Entrepreneurs are not thwarted by their defeats. They look at defeat as an opportunity for success. They are determined to make all of their endeavors succeed, so will try and try again until it does. Successful entrepreneurs do not believe that something cannot be done.
8. **Strong people skills**: The entrepreneur has strong communication skills to sell the product and motivate employees. Most successful entrepreneurs know how to motivate their employees so the business grows overall. They are very good at highlighting the benefits of any situation and coaching others to their success.
9**. Strong work ethic**: The successful entrepreneur will often be the first person to arrive at the office and the last one to leave. They will come in on their days off to make sure that an outcome meets their expectations. Their mind is constantly on their work, whether they are in or out of the workplace.
10**. Passion**: Passion is the most important trait of the successful entrepreneur. They genuinely love their work. They are willing to put in those extra hours to make the business succeed because there is a joy their business gives which goes beyond the money. The successful entrepreneur will always be reading and researching ways to make the business better.

IMPORTANCE OF ENTREPRENEUR: The entrepreneur who is a business leader looks for ideas and puts them into effect in fostering economic growth and development. Entrepreneurship is one of the most important inputs in the economic development of a country. The entrepreneur acts as a trigger head to give spark to economic activities by his entrepreneurial decisions. He plays a pivotal role not only in the development of industrial sector of a country but also in the development of farm and service sector. The major roles played by an entrepreneur in the economic development of an economy are discussed in a systematic and orderly manner as follows:

(1). Promotes Capital Formation: Entrepreneurs promote capital formation by mobilizing the idle savings of public. They employ their own as well as borrowed resources for setting up their enterprises. Such type of entrepreneurial activities leads to value addition and creation of wealth, which is very essential for the industrial and economic development of the country.

(2). Creates Large-Scale Employment Opportunities: Entrepreneurs provide immediate large-scale employment to the unemployed which is a chronic problem of underdeveloped nations. With the setting up of more and more units by entrepreneurs, both on small and large-scale numerous job opportunities are created for others. As time passes, these enterprises grow, providing direct and indirect employment opportunities to many more. In this way, entrepreneurs play an effective role in reducing the problem of unemployment in the country which in turn clears the path towards economic development of the nation.

(3). Promotes Balanced Regional Development: Entrepreneurs help to remove regional disparities through setting up of industries in less developed and backward areas. The growth of industries and business in these areas lead to a large number of public benefits like road transport, health, education, entertainment, etc. Setting up of more industries leads to more development of backward regions and thereby promotes balanced regional development.

(4). Reduces Concentration of Economic Power: Economic power is the natural outcome of industrial and business activity. Industrial development normally leads to concentration of economic power in the hands of a few individuals which results in the growth of monopolies. In order to redress this problem a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power amongst the population.

(5). Wealth Creation and Distribution: It stimulates equitable redistribution of wealth and income in the interest of the country to more people and geographic areas, thus giving benefit to larger sections of the society. Entrepreneurial activities also generate more activities and give a multiplier effect in the economy.

(6). Increasing Gross National Product and Per Capita Income: Entrepreneurs are always on the lookout for opportunities. They explore and exploit opportunities,, encourage effective resource mobilization of capital and skill, bring in new products and services and develops markets for growth of the economy. In this way, they help increasing gross national product as well as per capita income of the people in a country. Increase in gross national product and per capita income of the people in a country, is a sign of economic growth.

(6). Improvement in the Standard of Living: Increase in the standard of living of the people is a characteristic feature of economic development of the country. Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost. This enables the people to avail better quality goods at lower prices which results in the improvement of their standard of living.

(7). Promotes Country's Export Trade: Entrepreneurs help in promoting a country's export-trade, which is an important ingredient of economic development. They produce goods and services in large scale for the purpose earning huge amount of foreign exchange from export in order to combat the import dues requirement. Hence import substitution and export promotion ensure economic independence and development.

(8). Induces Backward and Forward Linkages: Entrepreneurs like to work in an environment of change and try to maximize profits by innovation. When an enterprise is established in accordance with the changing technology, it induces backward and forward linkages which stimulate the process of economic development in the country.

(9). Facilitates Overall Development: Entrepreneurs act as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialization is set in motion. This unit will generate demand for various types of units required by it and there will be so many other units which require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units. In this way, the entrepreneurs multiply their entrepreneurial activities, thus creating an environment of enthusiasm and conveying an impetus for overall development of the area.

(10). Job Creators: People often hold a view that all those who do not get employed anywhere jump into entrepreneurship, a real contrast to this is that 76% of establishments of new business in the year 2003 were due to an aspiration to chase openings. This emphasizes the fact that entrepreneurship is not at all an encumbrance to an economy. What's more is that approximately 34 million of fresh employment opportunities were created by entrepreneurs from the period of 1980. This data makes it clear that entrepreneurship heads nation towards better opportunities, which is a significant input to an economy.

(11). Contributed towards research and development system: Almost 2/3% of all innovations are due to the entrepreneurs. Without the boom of inventions the world would have been a much dry place to live in. Inventions provide an easier way of getting things done through better and standardized technology.

(12). Creates wealth for nation and for individuals as well: All individuals who search business opportunities usually create wealth by entering into entrepreneurship. The wealth created by the same play a considerable role in the development of nation. The business as well as the entrepreneur contributes in some or other way to the economy, may be in the form of products or services or boosting the GDP rates or tax contributions. Their ideas, thoughts, and inventions are also a great help to the nation.

(13). Sky-scraping heights of apparent prospects: The individual gets maximum scope for growth and opportunity if he enters into entrepreneurship. He not only earns, the right term would be he learns while he earns. This is a real motivating factor for any entrepreneur as the knowledge and skills he develops while owning his enterprise are his assets for life time which usually, lacks when a person is under employment. The individual goes through a grooming process when he becomes an entrepreneur. In this way it not only benefits him but also the economy as a whole.

(14). It is a challenging opportunity for the people: Although entrepreneurship is a challenging task but in most of the cases the rewards it gives are much more than what one anticipates. It does not only reward an entrepreneur at financial levels but also on individual level. It provides self satisfaction to the entrepreneur.

(15). Entrepreneurship provides self sufficiency: The entrepreneur not only become self sufficient but also provide great standards of living to its employees. It provides opportunity to a number of people working in the organization. The basic factors which become a cause of happiness may be liberty, monetary rewards, and the feeling of contentment that one gets after doing the job. Therefore the contribution of entrepreneurs makes the economy an improved place to live in.

Main factors affecting new ventures

1) New Ideas and creativity

One of the most effective ways to grow your venture is by taking advantage of new opportunities. When setting up a venture, there are certain things you can expect from it, but some are and will affect, like the economy or political situation in your country.

Due to this uncertain situation, every entrepreneur must keep an open mind to make the right decision when required. Recognising patterns earlier than your competitors is one of the most affect factors in determining whether you’ll achieve success. New ideas and creativity can also mean services provided by others, which can make running your venture easier.

2) Budgeting

How you spend your money determines whether you’ll achieve your venture’s goals. You need to make sure that you have a good budgeting plan that has been appropriately implemented into your venture budget plan. You should be creating a budget – outlining your expected profits for the next six months along with possible expenditures related to marketing, advertising, payroll, office space, utilities, etc.

Deciding how much money is going towards each category as well as writing down some basic financial principles to write checks as soon as possible and avoid losing track of them. Be organized to avoid unnecessary spending.

3) Customer loyalty

If you have a venture, you will most likely rely on the customers' happiness and willingness to frequently purchase your products and services from you.

Statistics suggest that many ventures often overly focus on promoting the venture to bring in more customers when they truly should be focusing on the already existing customers.

Suppose you deliver a customer a good experience of service. In that case, they are more possibilities to keep coming back to you, particularly when you regularly offer them unique promotions and loyalty schemes. These will be the clients that will factor into your venture growth.

4) Technology

The development of technology has benefited your venture across the globe. It allows you to do many different things, from interacting with customers to doing good marketing services and products in a strategic manner and even the production of your products.

However, this can be costly, therefore, assess your needs and invest in the equipment you absolutely need. This will support your business growth as it will simplify different processes.

5) Structure and management

The organizational structure, departments, and divisions contribute to the venture's operations. As a venture owner, you will need to determine what will work and how it will work. A good structure will focus on the goals and aims of particular departments while empowering them to make some decisions.

The key is to ensure that all parts of the business work while being efficient and effective you will need the right kind of people on board. This can be done through good recruitment practices, but the ongoing training programs and development of your people is also an essential factor that affects your new venture.

6) Marketing strategy
A successful marketing strategy is a must if you want your venture to get more recognition and get successful with market competition. To get the most out of your marketing efforts, you need to target the right audience. To get the desired results from your marketing campaigns.
One of the most efficient ways to get more customers is by implementing a digital marketing strategy. Social media marketing is an excellent way of getting more exposure for your venture. Regularly posting promotional videos and visually interesting photos or interacting with people will boost engagement and help create a bond with your customers.
7) Brand image
Creating a recognizable brand image will help you connect with the customers, and it’s essential for a venture that wants to grow and expand.
By working on your brand image, you will be able to boost your venture, attract new customers, create a name in the market and make more sales. You need to make sure that the venture’s brand identity is consistent across all of its marketing channels.
8) Sustainable and green practices
Nowadays people are becoming aware of environmental issues and are making conscious efforts to reduce their carbon footprint in the world. It’s essential for every business that wants to grow to adopt sustainable practices. By increasing awareness, you will be able to reach new customers worldwide and build their loyalty.
Eco-friendly solutions can help you cut costs while gaining profit in the long venture run. You could even turn these eco-friendly practices into a new opportunity for business growth by offering products and services that promote sustainability or making it a part of your brand image.
Whether it’s a small step, like using less printing paper or focusing on creating a more energy-efficient office space, it’s always great to do something for the environment.
9) Social Responsibility
There is a connection between your venture and social responsibility and how it can impact your new venture's growth. However, studies show that businesses that hold social responsibility and support their communities in positive ways are more likely to grow and succeed.
10) External factors
Although factors affect the business growth that you can analyse and adjust, sadly this is not always the case, as some external factors are outside your management's control.
For example, cultural issues or current economic situations. You can put all the measures in place to promote your venture and make sure it develops, but if the country is in a difficult financial situation, it is very unlikely that customers' purchasing power will change and will affect your venture.