

THE START - UP PHASE OF A SMALL BUSINESS

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(MBA PROJECT)

1992



THE START-UP PHASE OF A SMALL BUSINESS

A Study of Boutiques and Tailoring Shops in Bahrain

BY

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**Project Submitted to the University of Bahrain
in Partial Fulfillment of the Requirements
for the Degree of
Master in Business Administration**

1 9 9 2 January

A B S T R A C T

This is an investigation of the actual start-up process of small firms in Bahrain. I also endeavoured to compare this process with those available in the literature.

In addition, this study identifies the major success factor in the start-up phase and recommends a simplified model which is applicable to the Bahrain environment.

P R E F A C E

I would like to express my profound gratitude and appreciation to my supervisor Dr. Mostafa Khan of the University of Bahrain for his invaluable help and guidance while I was working in this project. Thanks also go to my readers, Dr. Khalid Abdulla and Dr. T. Gursoy.

I would also like to thank my friend Mina and my sister Afsana for helping in typing this project.

Special thanks go to my family for their support and continued encouragement throughout my study years in the **M B A** program.

Title: THE START-UP PHASE OF A SMALL BUSINESS
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Supervisor: Dr. Mostafa Khan

Readers: 1 - Dr. Khalid Abdulla
2 - Dr. T. Gursoy

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CHAPTER I

INTRODUCTION

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CHAPTER I

INTRODUCTION

Start-up is a crucial phase of the life of any business. There are three possibilities in which we could define a new business. First, the term "new business" might be limited to start - ups from scratch, when all the elements of the business are put together for the first time into one coherent entity.

Second, we could say that a new business is created when a new owner takes over an old business.

Third, a new business might be of as any change in the legal form of business e.g., from a sole proprietorship to a corporation. (Adrich, Kalleberg, Marsden & Cassell, 1989).

In this research paper I would like to focus mainly on the first definition of new business, since I am interested in the actual start-up phase.

1.1 Defining Start-up

The idea behind starting a new business does not necessarily mean to have a novelty or a unique product or service as its distinctive feature. Beginning a small business might simply represent an effort to provide commonly used merchandise to a new or growing market or to serve an old established market better than, or at least as well as, the firms now located there. The premium is usually greater on improved quality, better service, and possibly lower prices in offering commonly used products and services, than on the novelty or innovation. In addition, the possibilities of failure and the need for starting capital (to offset early trial - and error costs) are lower, since the pattern of operation has been established, and the entrepreneur is more likely to possess the appropriate experience (Baumback, 1988).

There are two situations in which another business, similar to those already present in the community, may be justified. These are:

(1) Where an expanding market can support additional enterprises of the same type; and (2) where the market is not being adequately served because of the inefficient management of existing firms (Baumback, 1988).

1.2 Defining a Small Business

Each country has its own regulations about defining a small business. Some countries go on the average annual sales or revenue, or total assets. Others go on the number of employees over a twelve-month average. These are quantitative approaches to defining a small business. There is also qualitative approach, (i.e it is not a subsidiary of a large firm) and managed by its entrepreneur / owner with little or no delegation of decision making to employees. This qualitative approach has its weaknesses. An obvious one is that there are some quite large private businesses in which all major business decisions are made by family members. (Kao, 1989).

U.S. Definition of a Small Business

The main elements of this definition are taken by the Small Business Act of 1953.

"For the purpose of this Act, a small business concern shall be deemed to be one which is independently owned and operated, and which is not dominant in its field of operation. In addition to the foregoing criteria, the Administrator, in making a detailed definition, may use these criteria, among others, number of employees and dollar volume of business. Where the number of

employees is used as one of the criteria in making such a definition, for any of the purposes of this Act, the maximum number of employees which a small business concern may have under the definition, shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors" (Kao, 1981).

The elements constituting this definition may be summarized as follows:

- 1) The enterprise must be independently owned and operated.
- 2) It must not be dominant in its field of operation.
- 3) Two quantitative criteria may be applied: number of employees and volume of business (i.e. total sales), (Filion, 1990).

When the criterion of the number of employees laid down by the Act is used, the maximum total number possible for an enterprise to be considered a small business varies from one industry sector to another, to a maximum of 1500 (Filion, 1990).

Canadian Definition

The legal definition drawn up by legislators in many governments have almost all used the U.S. criteria. Canada is no exception and its legislation is more limited than U.S. legislation (Filion 1990).

R.W.Y. Kao points out that, " although Canada has a Minister of Small Business, the Canadian Government has made no attempt to legislate or officially support a definition of small business" (Kao, 1981). This is still the case some eight years later, as there is still no nationally recognized definition of what a small business is (Filion, 1990).

The Bahraini Definition

From my Investigation I have found that, in Bahrain, there is no certain definition for a small business. The Ministry of Commerce and Agriculture classifies each business according to its type of activity, and for each type of business a certain code is registered into the computer. This code will specify the amount of fees that a business should pay annually. Since there is no specific definition of a small business in Bahrain, for my research purposes I would like to use the general characteristics of a small business as a tool for selecting my sample.

The General Characteristics of a Small Business

The general characteristics of a small business can be summarized as follows (Kao, 1984):

- The business, as a rule, is managed by the owner or owners of the company. The management team of the business might consist of family members, relatives, and close friends.

- The responsibility for decision - making normally lies with one key executive, with very little or no delegation of authority.
- There appears to be a close management-employee relationship.
- Small business is an extension of the personality of the entrepreneur. - specialists, such as a full-time accountant or a personnel manager, in the organization.
- The company hires fewer than 200 and normally has no more than two levels of management reporting.
- The company's annual sales are less than \$ 2 million.
- In most cases, owner - managers are verbal communicators.
- The company often places little emphasis on long-term planning, although the owner-manager may be aware that a formal, long- term plan is necessary.
- Normally, the company's stock (share) is not listed with a stock exchange.
- Doctors, dentists, and lawyers may fit all or some of these characteristics but in most cases they are considered professionals rather than small business operators.

The Characteristics of the Bahraini Environment.

Until the first quarter of the 20th century, Bahrain retained importance as a distribution center helped by its strategic location and its harbor facilities. The growth of foreign trade encouraged expansion of the merchant sector which, by way of

duties and tariffs on imports, contributed to the major part of the national budget.

It was not until after the Second World War that trade improved significantly stimulated by the post-war international economic recovery and, by 1953, Government decision to construct a deep water anchorage at Manama to increase ship-loading capabilities. During the 1950's and 1960's Bahrain's economic and social development progressed rapidly. The main sources of imports were no longer in the traditional areas. Imports from the industrial countries increased to satisfy the changing demand generated by oil wealth as well as to meet the requirements of Bahrain's development programs. The boom throughout the Gulf generated by increased oil revenues in early 1980's, coupled with the diversification of Bahrain's economy, brought about a further revival of Bahrain's role as an entrepot trading center. The trade sector grew progressively to become an increasingly important source of income and employment.

The trade sector prospered as a part of broad based economic growth in Bahrain and in the Gulf region, and also was helped by joint Gulf state ventures operating in Bahrain. It benefited further from the land link between Bahrain and Saudi Arabia via the King Fahad causeway.

As we can see from the following tables that trade represents an important contribution to the GDP. Although, in 1984 there was a significant reduction in trade which could be seen clearly from the growth percentage table, but this was due to the economy going through a depression period.

جدول 1.1 Table

Gross Domestic Product By Type of
Economic Activity at Market Current
Prices - Million BD. (1981 - 1988)

الناتج المحلي الإجمالي حسب نوع النشاط الاقتصادي
باسعار السوق الجارية - مليون دينار -
(١٩٨٨ - ١٩٨٢)

Type of Economic Activity	السنة Year							نوع النشاط الاقتصادي
	1988	1987	1986	1985	1984	1983	1982	
Agriculture & Fisheries	15.4	16.0	16.4	16.4	16.4	16.2	14.5	الزراعة وصيد الاسماك
Agriculture	10.7	11.0	11.5	11.8	12.5	12.9	10.5	الزراعة
Fishing	4.7	5.0	4.9	4.6	3.9	3.3	4.0	صيد الاسماك
Mining & Quarrying	196.0	225.0	231.7	398.6	355.7	350.4	402.5	المناجم والمحاجر
Crude Petroleum & N. Gas	193.8	222.7	229.0	395.6	352.4	346.9	399.9	النفط الخام والغاز الطبيعي
Quarrying	2.2	2.3	2.7	3.0	3.3	3.5	2.6	المحاجر
Manufacturing	235.3	191.0	166.1	138.8	182.8	167.2	170.1	الصناعات التحويلية
Electricity & Water	23.2	21.9	20.9	25.5	24.5	22.0	19.0	الكهرباء والماء
Electricity	23.0	22.2	21.4	24.7	23.2	21.7	18.7	الكهرباء
Water	0.2	(0.3)	(0.5)	0.8	1.0	0.3	0.3	الماء
Construction	90.1	86.8	102.8	133.7	156.7	137.2	133.3	البناء والتشييد
Trade, Hotel & Restaurant	135.5	117.8	108.9	119.5	141.9	177.3	158.7	التجارة والفنادق والمطاعم
Trade	105.8	93.4	87.5	96.3	119.9	154.1	137.3	التجارة
Hotel	18.8*	17.1	14.6	16.3	15.6	17.4	17.2	الفنادق
Restaurants	10.9	7.3	6.8	6.9	6.4	5.8	4.2	المطاعم
Transport & Communication	147.3	139.9	147.9	165.9	182.3	183.3	158.4	المواصلات والاتصالات
Financial Services & Real Estate	238.6	214.0	275.3	318.2	378.9	356.2	350.3	الخدمات المالية والعقارات
Financial Institute**	72.8	68.5	72.8	73.4	79.1	67.9	66.6	المؤسسات المالية المحلية**
OBU	89.2	62.6	103.9	141.5	173.3	173.3	188.2	الوحدات المصرفية الخارجية
Insurance	7.0	14.8	25.1	10.6	7.5	6.8	7.3	التأمين
Real Estate	69.6	68.1	73.5	92.7	119.0	108.2	88.2	العقارات
Social & Personal Services	69.5	63.8	61.1	62.0	55.8	52.3	45.3	الخدمات الاجتماعية والشخصية
Social Services	58.5	54.1	52.2	53.4	48.0	45.2	38.8	الخدمات الاجتماعية
Household Services	11.0	9.7	8.9	8.6	7.8	7.1	6.5	الخدمات المنزلية
Public Administration & Defence	288.0	271.3	261.3	253.7	241.1	205.9	186.1	الادارة العامة
Less: Input Service Charge	(176.0)	(155.7)	(194.2)	(239.4)	(267.6)	(263.6)	(267.4)	ناقص الخدمات المصرفية المحتسبة
Gross Domestic Product	1,262.9	1,191.8	1,198.2	1,392.9	1,468.5	1,404.4	1,370.8	الناتج المحلي الاجمالي

*Includes Furnished Flats Activity.

**Includes Commercial Banks, BMA & Exchange.

* يتضمن نشاط الشقق المفروشة .

** تشمل البنوك التجارية ومؤسسة نقد البحرين وخدمات الصرافة .

(Directorate of Statistics, 1990)

جدول 1.2 Table

Gross Domestic Product Growth
Percentage by Economic Activity in
Current Prices - Million BD - (1982 - 1988)

نسبة نمو الناتج المحلي حسب نوع
النشاط الاقتصادي بالأسعار الجارية
- مليون دينار - (١٩٨٢ - ١٩٨٨)

Type of Economic Activity	السنة Year							نوع النشاط الاقتصادي
	1988	1987	1986	1985	1984	1983	1982	
Agriculture & Fisheries	(3.8)	(2.4)	0.0	0.0	1.2	11.7	9.9	الزراعة وصيد الاسماك
Agriculture	(2.7)	(4.4)	(2.5)	(5.6)	(3.1)	22.9	11.7	الزراعة
Fishing	(6.0)	2.0	6.5	18.0	18.2	(17.5)	5.3	صيد الاسماك
Mining & Quarrying	(12.9)	(2.9)	(41.9)	12.1	1.5	(12.9)	(6.6)	المناجم والمحاجر
Crude Petroleum & N. Gas	(13.0)	(2.8)	(42.1)	12.3	1.6	(13.3)	(6.9)	النفط الخام والغاز الطبيعي
Quarrying	(4.4)	(14.8)	(10.0)	(9.1)	(5.7)	34.6	85.7	المحاجر
Manufacturing	23.2	15.0	19.7	(24.1)	9.3	(1.7)	(15.9)	الصناعات التحويلية
Electricity & Water	5.9	4.8	(18.0)	4.1	11.4	15.8	22.6	الكهرباء والماء
Electricity	3.6	3.7	(13.4)	5.1	8.3	16.0	22.2	الكهرباء
Water	(166.7)	(40.0)	(162.5)	(20.0)	233.3	0.0	50.0	الماء
Construction	3.8	(15.6)	(23.1)	(14.7)	14.2	2.9	26.8	البناء والتشييد
Trade, Hotel & Restaurant	15.0	8.2	(8.9)	(15.8)	(20.0)	11.7	13.5	التجارة والفنادق والمطاعم
Trade	13.3	6.7	(9.1)	(19.7)	(22.2)	12.2	15.1	التجارة
Hotel	9.9*	17.1	(10.4)	4.5	(10.3)	1.2	1.8	الفنادق
Restaurants	49.3	7.4	(1.5)	7.8	10.3	38.1	16.7	المطاعم
Transport & Communication	5.3	(5.4)	(10.9)	(9.0)	(0.6)	15.7	26.4	المواصلات والاتصالات
Financial Services & Real Estate	11.5	(22.3)	(13.5)	(16.0)	6.4	1.7	38.6	الخدمات المالية والعقارات
Financial Institute**	6.3	(5.9)	(0.8)	(7.2)	16.5	2.0	45.1	المؤسسات المالية المحلية**
OBU	42.5	(39.8)	(26.6)	(18.4)	0.0	(7.9)	58.8	الوحدات المصرفية الخارجية
Insurance	(52.7)	(41.0)	136.8	41.3	10.3	(6.9)	9.0	التأمين
Real Estate	2.2	(7.4)	(20.7)	(22.1)	10.0	22.7	8.1	العقارات
Social & Personal Services	8.9	4.4	(1.5)	11.1	6.7	15.5	(0.2)	الخدمات الاجتماعية والشخصية
Social Services	8.1	3.6	(2.3)	11.3	6.2	16.5	(2.0)	الخدمات الاجتماعية
Household Services	13.4	9.0	3.5	10.3	9.9	9.2	12.1	الخدمات المنزلية
Public Administration & Defence	6.2	3.8	3.0	5.2	17.1	10.6	19.1	الادارة العامة
Less. Input Service Charge	13.0	(19.8)	(18.9)	(10.5)	1.5	(1.4)	46.5	ناقص الخدمات المصرفية المحتسبة
Gross Domestic Product	6.0	(0.5)	(14.0)	(5.1)	4.6	2.5	5.1	الناتج المحلي الاجمالي

*Includes Furnished Flats Activity.

**Includes Commercial Banks, BMA & Exchange.

* يتضمن نشاط الشقق المفروشة .

** تشمل البنوك التجارية ومؤسسة نقد البحرين وخدمات الصرافة .

(Directorate of Statistics, 1990)

1.3 OBJECTIVE OF THE RESEARCH

The main objective of this project is to provide the Bahraini entrepreneurs with some guidelines towards a more successful start up process, and to give them more confidence for a better direction.

In my opinion, this topic is specially necessary for Bahrain since most people when they think of investing their money, their first choice is to open a business of their own.

This can be seen clearly by looking at the number of names that was registered in the last decade which is 11421 names registered in the form of sole proprietor, and 478 in other forms of small businesses from 1980 to 1989 (Al-Mousawi, 1991).

Therefore, if we assume that all these registered names have actually opened their businesses, then an average of 1190 new businesses per year are opened in Bahrain. I think that, for a country such as Bahrain, with a population less than half a million (including expatriate) this figure is not small.

Therefore, this large number of start-ups each year increases the need to provide some guidelines for a better understanding of the ways in which a business could go through its start up phase successfully.

M E T H O D O L O G Y

As I have mentioned in the definitions of small businesses, that Bahrain does not have a specific definition for a small business, and therefore I have used the general characteristics of a small business as a tool for differentiating small businesses.

For my research I have made a list of questions for my sample (see page 140). Since the chance of returning the questionnaires is very low, I have decided to interview with them personally.

For the selection of my sample, I decided to interview Boutique and Tailoring owners, so that it would represent both retail sector and service sector of small businesses. The shops' owners interviewed in the large centers located in Manama, were as follows:

- Sheraton Complex.
- Al Hadi Center.
- Yateem Center.
- Bahrain Center.

Before starting my research, I was advised both by my adviser and my reader to aim at 80 shops so that, at least, I would end up with 60 interviews.

Unfortunately I found difficulty finding the owners at their shops since most of the shops were run by the employees. Therefore I had to aim at more than 100 shops just to be able to interview at least 50 percent of the shop owners.

Since I couldn't complete the expected numbers of interviewes, I decided to visit some of the known shopping areas in Manama, to enable me to complete the expected interviews.

Although there are differences between words like owners and entrepreneurs, for the purpose of this study, I would like to use these words interchangeably in this report.

THE STRUCTURE OF THIS PROJECT

This project is mainly composed of 4 chapters. The first chapter which is the introductory chapter, gives the reader an idea about what is start-up and the different definitions of a small business. Then it gives a brief history of the Bahraini environment and economy. The next sub-heading in this chapter is the objective of the research and finally the methodology I have used to conduct my investigation.

Chapter II is the literature review of the start-up phase of a small business. This chapter begins with defining the entrepreneurship, followed by the factors leading to the success of starting up a small business. The next sub-heading is a review of the models of the start-up phase which is the focus of this study. Finally, the chapter ends with common pit falls for new enterprises.

Chapter III is the empirical findings of this study. Here I present the analyses and findings of my research, and give my personal opinion about them. It ends with the problems that Bahraini entrepreneurs are facing.

Chapter IV is the last chapter where conclusion and recommendations are presented. It ends with the problems I faced while trying to conduct my research.

C H A P T E R I I

The Start-Up Phase of Small Business: A Literature Review

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CHAPTER II

2.1 Defining The Entrepreneur

People who start and operate their own businesses are thought of as entrepreneurs. In new entrepreneurial businesses it is very clear which individual is running the show. Someone is leading, and the leader is directing the decision making (Welsh & White, 1986).

In starting a small business, the entrepreneur is the one who is making decisions, who is aware of all that is going on, and is the person to whom everyone else turns for direction. Whether he or she is soft spoken or outspoken, his presence and dominance is clearly evident (Welsh & White, 1986).

Their strong need for control and accompanying high self-confidence thrust entrepreneurs towards doing everything themselves. Entrepreneurs usually perceive the job done by others as a job done less well than they could have done it themselves (Welsh & White, 1986).

Entrepreneurship involves the process of pulling together a unique package of resources to pursue an opportunity. Because the entrepreneur never controls all of the necessary resources,

pursuing the opportunity therefore requires bridging the resource gap. Such a process requires a series of choices that must be made in a manner which is both internally consistent and externally appropriate to the environmental context (Stevenson, Roberts & Grousbeck, 1989).

To have an idea of the characteristics of an ideal entrepreneur we can say that he is an enthusiastic, creative risk-taker but also has a cool head, is good at assessing risks, and is able to make decisions calmly. He or she has a strong drive to succeed and is an assertive leader but is also friendly and good at negotiation. He is good in administration and money management skills, broad vision, and have an eye for details (Kao, 1989).

2.2 FACTORS LEADING TO THE SUCCESS OF STARTING UP A SMALL BUSINESS:

I) SELF-ASSESSMENT BEFORE START UP:

Self- assessment before start up is a must, particularly for those who are new in business. Not every one possesses all the necessary managerial skills, but by going through self-assessment the entrepreneur will become more aware of personal strengths and weaknesses. The entrepreneur can then select appropriate strategies to overcome deficiencies, e.g. if the entrepreneur recognizes personal deficiency in money management, he may try to increase awareness of the control process or might take courses in accounting and cash management at a college or university. If these two alternatives are not appealing, the entrepreneur can attend relevant management seminars offered by many colleges . Or alternatively, the entrepreneur may employ someone who is good with figures (Kao, 1984).

Most of personal assessment should be put in writing, and entrepreneurs must work through this exercise to ensure an awareness of the many personal demands that will be placed on them. The well-prepared entrepreneur will, by definition, be less likely to encounter unpleasant and unexpected shocks. A manager who has prepared carefully for the future enjoys the advantages of confidence in his or her decision making (Kao, 1984).

Entrepreneur's Background and Abilities

The ability that the entrepreneur brings to the project will certainly vary. Of key importance is the employment history of the entrepreneur and the relevance of this in terms of managerial and technical experience in the project. The support that can be obtained from family and friends may also be a critical factor (Gibb & Ritchie, 1981).

Education appears to play only a minor part. Parents give most encouragement to educational progression and achievement unconnected with business. A strong bias and preference for craft, technical, engineering, scientific, and mathematically based subjects was evident. Overall, however, it is exceedingly difficult to identify any direct relationship between prior education and present ambition and project for starting the new business (Gibb & Ritchie, 1981).

Idea and ambition for entrepreneurship were mainly crystallized in adult job alike. Most business ideas are linked back in some way with prior company employment. Relationship with previous company, usually with individuals, is an important supportive factor in developing the idea. The creation of the entrepreneurial ambitions could be seen in the ages between 25 and 35 years. The majority had formed very general desires and feelings favorable towards starting their own business before reaching their

present stage and situation in life (Gibb & Ritchie, 1981).

Abilities can change and be acquired by learning on the job or by training and education. It can be argued that such is the distinctive nature of self-employment tasks; in other words there is no real previous experience which is wholly appropriate as preparation for those who have previously been in employment. Therefore, abilities can only really be tested and developed by doing (Gibb, 1987). "The fact is that entrepreneurs are just people who learn more, then work harder" (Richman, 1988).

Motivation And Determination

Different entrepreneurs might have different motives for starting up a new business, but motivation and commitment can grow substantially and change in nature. There are those, for example, who enter into business because they are forced to do by external circumstances in order just to make a living. But this basic motivation may soon go into one of acquisition of wealth, power or status. There are however, on the other hand, those who seek wealth, power and status through independent business who, on its establishment, find alternative outlets for their drive and modified ambition. There are those who seek self employment, but may well find themselves changing in motivation as their business takes off and is successful (Gibb, 1987).

One could never say which motive is stronger than the other motive, or which motive might lead to a more successful business. This is because many other factors also contribute to the success of the business (Kao, 1989).

But one thing could be said about motivation, and that is that it should be strong enough to make the entrepreneur work hard to achieve his first goals and objective. Because, a strong motive will lead to self-discipline, honesty and commitment which are the major first steps in starting any business (Kao, 1989).

II) MARKET IDENTIFICATION AND MARKETING:

Perhaps the outstanding problem that the entrepreneur has to deal with in moving through all the stages of start-up is that of the market place. It is found that for most entrepreneurs, the market is a dynamic factor, and is likely to remain so in the foreseeable future (Gibb & Ritchie, 1981).

The real learning about the market place takes place once the entrepreneur has got into it. A large majority of entrepreneurs found the market potential to be different in quantity and quality from that anticipated. Given the limited amount of prior knowledge and experience, therefore one of the major capabilities required to start a business was the ability to turn oneself over to discover of the environment and to remain with all the associated uncertainty until this become clear. In other words, there is a significant need for flexibility and the response to chang-

ing conditions, when starting-up a business (Gibb Ritchie, 1981).

The importance of Assessing Product/Service Viability

In order to ensure start-up success, a simple initial screening should be conducted. The entrepreneur should design a set of questions such as: who will buy this product or use this service? Does it comply with all legislation? Who are the Competitors? Why should consumers buy it from me? How do I pursue the business? How do I explain to potential customers how to use the product? How is the product going to be serviced? Is the product/service perfected? Is the undertaking feasible? These and other similar questions should be asked before the entrepreneur makes a serious commitment and proceeds with the venture (Kao, 1984).

If the entrepreneur had already conducted a self-assessment, most likely he or she would have ready answers for these questions and would feel much more confident about the product or service and its usefulness. It is extremely important to ensure that a new product is marketable and that quality and cost are maintained (Kao, 1984).

However, one thing should be clear, and that is, that the idea of the segment that you are serving may be redefined and developed over time, and will be particularly subject to change once the product or service enters the market-place. For it is only through contentious customer feedback that market needs are finally and completely satisfied. And, even during the process of start-up, the idea itself can be radically changed as more is found out about customer needs (Gibb, 1987).

Market Research

In opening up any kind of business we need to conduct market research in order to determine the feasibility of the business, and properly conducted research will help in (Kao, 1989):

- Reducing the business risk
- Identifying the problem areas before entering into the market.
- Identifying problem areas in the entrepreneur's current market.

An entrepreneur, starting a new venture, can get the necessary - information quite inexpensively by turning to simple methods. Not all market research needs a sophisticated forecasting model, computerized simulations, or other expensive finding may not even be relevant to small enterprises. Examples for less costly techniques are taking the opinion of other similar firms, consulting services offered by universities, and Government agencies, or using less costly market research agencies.

Evaluating The Opportunity

An opportunity has several critical dimensions (Stevenson, Roberts & Grousbeck, 1989):

- Size of market
- The time span over which it is projected to exist
- The rate of which is expected to grow over time.

The size of the market is naturally a critical dimension because it would have a direct effect on the sales volume and, in return on the financial performance. Although large markets are more attractive but this is not always the case. Sometimes smaller niche markets are more hospitable.

Growth rate is also very important and a market with high growth rate is much more attractive than a market with low growth rate. Also the entrepreneur should know the time span over which the opportunity grows. This is because some products' life span ends in a few months whereas other products might take years for their

life span to end. Therefore, the entrepreneur should know the life span and at which stage of the life cycle the product or item is.

The risk and reward potential of an opportunity are also likely to vary over time. Certain parts of the economic life of the opportunity may have greater potential than other parts of the economic life.

One key to exploiting the opportunity is to understand the forces that are creating it. Technological change, Government regulation, and shifts in consumer preferences and market demand can all create opportunity.

An opportunity must earn a sufficient return to justify taking an entrepreneurial risk. Sufficient return means it should be earned at the right time, have acceptable risk, and the return is attractive compared to other alternatives.

A successful product meets a real need in terms of functionality, price, distribution, durability, and/or perceived quality. A new venture must convince potential customers of the need and the benefits of its products and services in a reasonable period of time, and at an affordable marketing and selling cost.

Competitive Forces

The entrepreneur should be aware and familiar with the competitive forces, because these forces might limit his profit margin and return on investment. Therefore, before entering a particular industry, he has to carefully analyze the competitive forces and estimates its effects on the new business performance.

The competitive forces are as follows (Welsh & White, 1986):

- 1) Rivalry among existing firms in the industry.
- 2) The threat of new firms entering the industry.
- 3) The bargaining power of suppliers to the industry.
- 4) The bargaining power of the buyers from the industry.
- 5) The threat of substitute products or services.

III) RESOURCE NEEDS:

Assessing The Required Resources

The resource demands of the business are important through out the stages of start-up and not just the negotiation stage, because of the immediate impact upon personal income. Own resources are obviously important to the ability to raise additional finance. The importance of acquisition of physical assets in respect of the start-up stage obviously varies with the nature of the business. For example, the availability of suitable premises and location is often very important especially in service and retail businesses (Gibb & Ritchie, 1981).

The entrepreneur should find ways to bridge the gap between the resources it has and the resources it needs, and try to avoid the mistake of mismatching between the resources he is controlling, and those required to pursue the opportunity successfully (Stevenson, Roberts & Grousbeck, 1989).

The resources required will include:

- Financial
- Marketing and Sales
- Personnel
- Managerial
- System .

The entrepreneur must know how the needed resources can be obtained. And he should also decide on how much of a given resource is optional, versus the absolute minimum requirement. These are all very important because the maintenance of competitive advantage depends on sufficient amounts of the right resources (Stevenson, Roberts & Grousbeck, 1989).

Start-up Financing

When the business is in the start-up phase, it is at its riskiest point. Therefore, equity capital is usually an appropriate source of financing during this period. This does not mean that other sources of finance are not available such as debt capital, however, some equity is usually required to get a business "in the first gear". This does not mean that the capital or part of

capital should be from the person's pocket, i.e he might be borrowing it from friends. The important fact is that, when the money goes into the business, it does so as equity, not as debt to be repaid (Stevenson, Roberts & Grousbeck, 1989).

Resource needs can also change as different business development strategies are pursued, great personal familiarity with the process of marketing the product is gained, and greater understanding developed of different ways of financing the business (Gibb, 1987).

Financing Problems

Under-capitalization is typical of new firms, and, along with the disasters that result from attempts to bypass the incubation and development stages, it can prove to be a main factor in business failure. The following are some of the potential financing problems (Kao, 1984):

1) Inadequate start-up capital:

Many entrepreneurs are aware that they are undercapitalized, but they allow their emotional commitment to the project to overcome this knowledge. Underfinancing is a serious threat to cash flow, and if the entrepreneur has no second means of financing, the situation can become serious.

2) Underestimating Capital Costs:

Every item of capital equipment, from factory equipment to production machinery, from company vehicles to office typewriters, could cost more than anticipated. The tendency to underestimate costs is magnified during inflationary periods when prices rise regularly but by unpredictable amounts.

3) Ignoring or underestimating working capital in the Cash Flow Forecast:

In business, every cost is greater than expected, and it is strategically desirable for the entrepreneur to expect the unexpected. Too often, entrepreneurs underestimate their potential expenses, either by failing to recognize the existence of certain expenses, or by underestimating costs during forecasting. Expenses such as utilities, salaries and wages, outside services, rent, insurance, freight and delivery charges, and many incidentals may not be taken into account. Underestimation of these and other expenses also can have serious effects on the firm's cash position. If the cash flow problem is not resolved, other difficulties can arise. One of these is that the company can be forced into receivership.

4) Lack of Backup Capital:

Many entrepreneurs exhaust their sources of financing to get their ventures off the ground. Because there is no assurance that the initial stage of the operation will secure immediate success, it is always advisable that the founders of the venture

prepare themselves for a further infusion of capital (either investment or term funds) should the need arise.

IV) THE RIGHT LOCATION:

One criterion to guide the entrepreneur in selecting a location is the same for every business-locate in an area that will draw customers and generate sales. A bad choice will all but guarantee failure, whereas a good choice can lead to success. If entrepreneurs have learned about demographics and about the competition and traffic patterns, they are well prepared to choose a store or restaurant site. This information is needed before any decision can be made. It is also important that entrepreneurs investigate such factors as:-

1) The Performance Of Existing Merchants:

An entrepreneur considering a certain store site for a new venture should observe how other merchants in the area are doing, and, if possible, have a talk with some of them about their businesses. Particular attention should be paid to bankruptcies, and the site should be assessed to determine whether or not it is suitable for the business. It certainly would be unsuitable to locate a ladies hairdresser shop next to a fish market (Kao, 1984).

2) Governmental Rules and Regulations

In certain areas opening certain types of businesses might be restricted for the reason of competition or other reasons. Therefore, before planning to locate business in a particular place, he should make sure from the relevant Ministry that there is no restrictions in opening a business in that particular area (Kao, 1984).

Choosing a retail or restaurant location at best, is a risky undertaking, but assistance is available. The local Chamber of Commerce and the local University may have small business consulting services that charge a fraction of the fees demanded by professional consultants (Kao, 1984).

V) PREPARING A BUSINESS PLAN:

The business plan is a concise summary of the detailed activities surrounding the creation or expansion of a business (Welsh & White, 1986).

Planning provides a carefully thoughtful course of action to achieve a goal. In carefully thinking through the course of action, you cannot help but consider alternatives. You are quite naturally led to consider what might be alone if things do not go exactly as planned. Becoming aware of some things that might go wrong provides an opportunity to "scheme" around the difficulty

before it arises (Welsh & White, 1986). "A plan without contingencies and reserves is no plan at all." (Stevenson, Roberts & Grousbeck, 1989).

A business plan is a tool to improve the probabilities of successfully building a viable business of your own. Preparing a business plan will improve your chances for achieving financial independence and the freedom of being your own boss (Welsh & White, 1986).

1) How To Prepare A Business Plan

Welsh & White (1986), have suggested seven steps for preparing an effective business plan. These steps are as follows:-

- 1) Mention the mission statement.
- 2) Describe the type of product or service that you want to offer.
- 3) Identify precisely and describe in detail your potential customers.
- 4) Analyze the competitive environment and demonstrate a realistic knowledge of the obstacles to success created by competitors.
- 5) Plan the marketing activities that are going to be carried out like promotion, advertising, distribution, and all the direct and indirect elements of selling.

6) Plan the management functions needed to make this business succeed.

7) Examine the proposed series of transactions in sufficient detail to feel confident that this business will thrive. This part of business plan is usually called the projections. The projections begin with a sales forecast. Then the expenses that will be incurred to achieve those sales are listed and subtracted from the sales to see if the business concept is viable.

VI) STRATEGY FOR START-UP BUSINESSES:

"The most successful start-up businesses are those whose founders integrate their personal goals into the strategy and ongoing operation of the company" (Mitchell, 1988).

Developing a strategy for a new business begins with this simple question: "Where do I want the business to end?" By answering this question, you will be developing the mission statement. The definition of the owner's personal goals for a company allows those goals to be the driving force behind the planning that follows.

When developing a strategic plan at the start, you have to keep it in sight as the company grows, and fine-tune it as circumstances change. Refinements are necessary as the company increases in size and sophistication.

The development of the all-important statement of "end goals" for the business occurs by answering the following basic entrepreneurial questions:

- What do I want from this business?
- How will I measure its success?- What are my priorities - money? services? How much of each?
- How far am I prepared to push the company and myself to achieve the goals? (Mitchell, 1988).

The ultimate objective of the goal to be achieved must be defined early. Then a strategy can be built that will carry the business forward, objective by objective.

But, continual reorganization, and frequent discontinuation of existing products in a rush to introduce new ones as the business is growing, are signs that the company has lost sight of its original goals and objectives. And the emergence of these symptoms is a warning of disaster ahead.

There are a variety of measures that exist to determine the success of one's strategy. One measure, i.e return on investment (ROI), cuts right to the core of a business enterprise, and setting a reasonable (ROI) depends on several factors. One major component to consider is what are the alternative investment opportunities.

Industry standards also dictate the parameters of a reasonable ROI. What return are your competitors enjoying? There are national industry associations that have figures applicable to the industry as a whole. These sources provide guidelines to ensure that one does not set one's sights too high or low.

Competitive Strategies

There are 3 main strategies that any company could pursue against its competitions in the market place (Welsh & White, 1986):

- a) Focus or segmentation
- b) Differentiation
- c) Cost leadership

The three strategies differ in more than their functional distinction. Implementing them requires different skills, resources, organizational arrangements, control procedures, and incentive systems. They may also require different styles of leadership and can lead to very different corporate cultures. Different kinds of people will be attracted to each.

Strategies for Success

Once the action plan has been devised, the entrepreneur should try to put the strategies according to the plan. Making step-by-step progress in carrying out a plan is the most powerful

method, an entrepreneur can use to obtain success. The entrepreneur needs to monitor the environment and revise the action plan as the business grows, and when changes in direction are indicated.

In developing a successful business, the entrepreneur needs a network of contacts and good relations with outsiders, such as customers, suppliers, bankers, and professional support services.

However, these individuals are taking some amount of risk in dealing with business that has not yet proved its place in the market, and to do so, they need to feel they are dealing with a winner (Timmons, 1990).

Steady step-by-step progress toward defined goals, combined with meeting those goals on or ahead of schedule, all build credibility in the eyes of outsiders.

In all operational situations that have any significant risk, it is wise to keep alternative solutions or backdoors available. An example is keeping available alternative suppliers, another example would be keeping good relations with a second banking source, even though the main bank is very happy with its relationship with the business.

Revenue and derived profit are one of the essentials for a business success. Revenues come from sales in the market place, and the entrepreneur needs to understand the market place well and spend time in contact with it regardless of who else is involved with sales and marketing. Any other mode of operation for a new venture needs an overwhelming rationale for proper strategic justification.

VII) OTHER FACTORS NECESSARY FOR A HEALTHY START-UP: (Ministry of Development & Industry in Bahrain)

These factors include:-

- 1) Insurance (Booklet No. 10)
- 2) Cash Management (Booklet No. 7)
- 3) Credit Control (Booklet No. 7)
- 4) Stock Control (Booklet No. 7)
- 5) Keeping Records (Booklet No. 6)

1) Insurance

A small business is nearly always short of cash, particularly in its early days. To survive, you will have to cut non-essential costs to the minimum. Proper insurance is very important and must be obtained.

Obviously, you cannot insure against everything. Each risk covered costs money; so you will have to be selective. The important thing is that you should sit down with a competent professional adviser, and go through all the different risks to which your business may be exposed. He will explain the range of policies available and how much each one will cost. You can then decide which risks you wish to insure, and which you prefer to carry yourself.

Make sure the insurance company official explains each policy in detail so that you know exactly where you stand. If he is reluctant to explain, find another one. It is advisable to insure right from the start, perhaps not the full range of policies, but enough to cover what you have.

2) Cash Management

The first essential for financial control is to keep a close eye on the cash position of the business. This is not the same as profitability. Many profitable businesses have failed because they ran out of cash. Profit is the measure of success in business, but the cash position dictates its ability to function and to survive. If you cannot pay the bills, nothing else matters.

The working capital requirements is often surprisingly large, compared to the investment in fixed assets. It will tend to increase as the business expands.

The first essential is to know exactly where you stand. You should prepare a detailed cash flow projection, based on your sales, and order targets for the year ahead. This is an estimate of the cash deficit or surplus on each month's trading. The cumulative cash deficit at the end of each month gives you the working capital requirement.

If the projected figure for any month is higher than your permitted overdraft, then action is called for either: (i) you must bring in more money before that date, (ii) reduce your costs, or (iii) negotiate a higher overdraft or term loan with the bank.

The projection should be month-by-month for at least six months into the future, and quarterly after that, for as far ahead as you can make reasonable estimates. Even if there is no crises in sight, you should sit down at the end of each month, and compare the actual turnout for the month with what had been projected.

The working capital demand will not be constant through the year, even if sales are fairly steady. Variations should be built into the cash flow projections. You may then be able to juggle payments to reduce the peaks in cash demand, and to schedule some spending for periods when you will have a cash surplus.

3) Credit Control

It would be advisable that the entrepreneur sets a fixed credit policy and supervises it himself. The standard credit term will obviously depend on the going rate in the trade. The entrepreneur should go through his list of regular customers from time to time, dividing them into categories for credit purposes. A typical system is to have four categories: reliable customers, reliable but slow in payment; doubtful customers, and those to whom you do not wish to extend credit at all.

New customers should be asked for credit references, and these should be carefully checked. You may sometimes have to choose between relaxing your credit terms and losing a customer. That must be judged on the circumstances of the case.

Invoices

A good invoicing system is essential for credit control. The invoice should include sufficient information about the customer and the goods he has purchased. Invoices should go out on delivery of goods, or at least the day after. Each day your invoice is delayed costs you one day's overdraft interest, and is your delay, not the customer's.

4) Stock Control

Ideally, you should be able to deliver on demand any product which may be required. In practice, you have to compromise. It costs money to hold stock. You should organize the system so that anything required can be delivered within an acceptable period.

5) Keeping Records

Every business has to keep certain minimum records, right from the start. It may seem unnecessary but it is absolutely essential. Unless basic information is recorded systematically, it will be impossible to analyze the progress of the business, and track down areas where money is being lost or wasted.

It is up to you to decide on what form the records should take. You must have easy access to whatever figures you will need to compare the profit margin on different products, check on cost control in various areas, and so on.

S U M M A R Y

In summary, there are seven factors that lead to the success of starting-up a small business:

- I** Self-Assessment before Start up.
- II** Market identification and marketing
- III** Resource needs.
- IV** The right location.
- V** Preparing a business plan
- VI** Strategy for start-up businesses
- VII** Other factors necessary for a healthy start-up.

I Self-Assessment before Start-up:

Self-assessment is very essential before starting-up a business because the entrepreneur will become more aware of his personal strengths and weaknesses.

The abilities that the entrepreneur brings to the project will certainly vary, depending on his or her employment background. But abilities can be changed and acquired by learning on the job or by training and education.

Different entrepreneurs might have different motives for starting-up a new business. But these motives should be strong enough to make the entrepreneur work hard to achieve his first goals and objectives.

II Market Identification and Marketing

The major real learning about the market place takes place once the entrepreneur has got into it. In order to ensure start-up success a simple initial screening should be conducted. Market research is very important in order to determine the feasibility of the business.

An opportunity must earn a sufficient return to justify taking an entrepreneurial risk. The entrepreneur should be aware and familiar with the competitive forces, because these forces might limit his profit margin and return on investment.

III Resource Needs

The entrepreneur should find ways to bridge the gap between the resources it has and the resources it needs, and try to avoid the mistake of mismatching between the resources he is controlling and those required to pursue the opportunity successfully.

IV The Right Location

One criterion to guide the entrepreneur in selecting a location is the same for every business-locate, is an area that will draw customers and generate sales.

V Preparing a Business Plan

A business plan is a tool to improve the probabilities of successfully building on viable business of your own. Becoming aware of some things that might go wrong provides an opportunity to "scheme" around the difficulty before it arises.

VI Strategy For Start-Up Businesses

The most successful start-up businesses are those whose founders integrate their personal goods into the strategy and ongoing operation of the company.

VII Other Factors Necessary For a Health Start-Up:

- 1) Insurance.
- 2) Cash management.
- 3) Credit control.
- 4) Stock control.
- 5) Keeping records.

Models of the Start-Up Phase

There are academic authors who have attempted to put all these success factors together in building models.

In the literature there are 3 such models which I would like to present:

- Allan Gibb and John Ritchei's model.
- William B. Gartner's model.
- John Welsh and Jerry White's model.

Allan Gibb and John Ritchei (1981) in their article " Understanding the process of starting a small business", have suggested 4 key components in the successful development of a new business.

These are as follows:

- Motivation and Determination
- Idea and Market
- Resources
- Ability

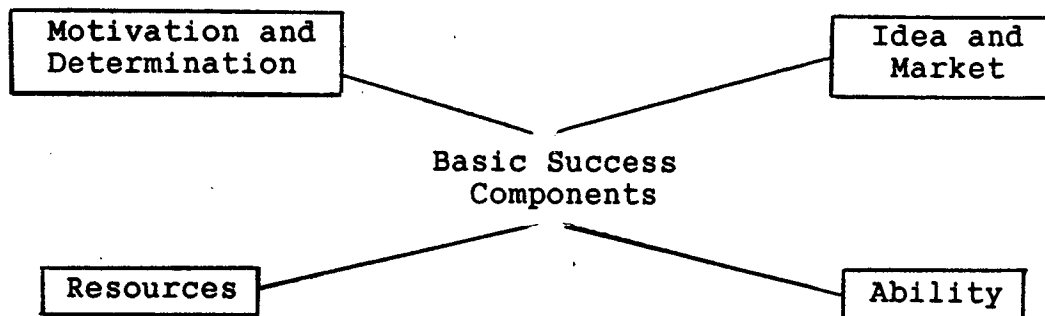


Figure 2.1 : Key components in the successful development of a new small business.

Motivation and Determination

The authors suggested that the support of family, partners, and track record in the start-up phase of a business would be a critical factor for motivating the entrepreneur. Motivation may increase or moderate as attempts are made to move the projects ahead.

Idea and Market

Another key component is the idea of the market. Here the authors have insisted on having a viable idea. And the viability of the idea can be proven through answering the following questions such as:

- Whether it can be demonstrated that it works?
- How it is better than others?
- Who are the customers and how many of them are there?
- And what is the competition?

Resources

Here the authors suggested that the entrepreneur should be aware of the physical resources needed, (premises, plant, materials, labor), and the financial resources available and needed.

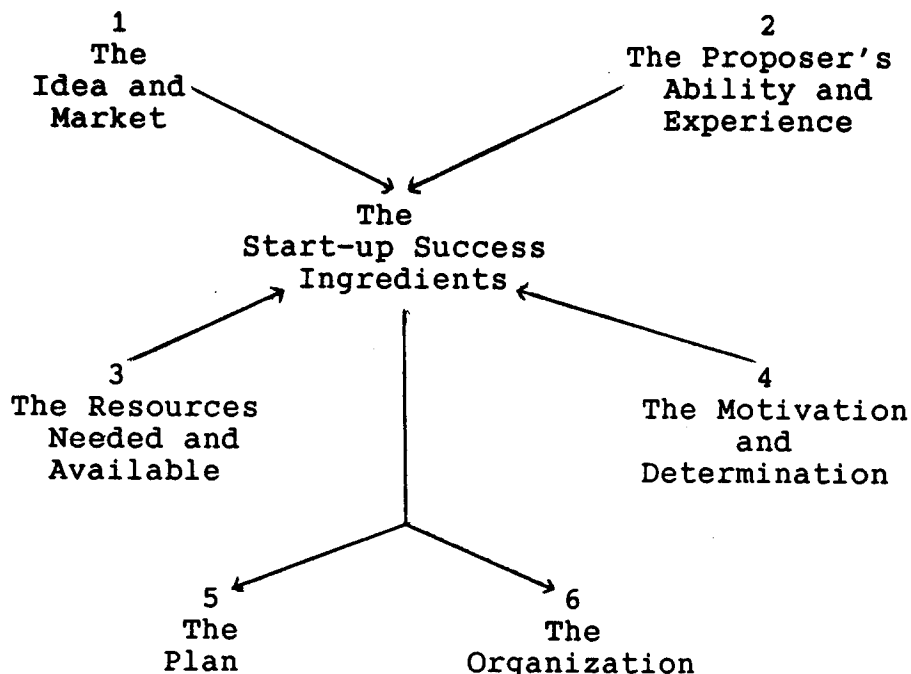
Ability

The last (but not the least) is the enterprenuer's ability and personal experience that he is bringing into the business (i.e. employment and associated knowledge and skill) and its relevance to the business. This also includes the ability and experience of the family and others that are involved (see figure 2.2)

Figure 2.2:

START-UP PROCESS

A SIMPLE AUDIT FRAMEWORK



Factors 1 to 4 influence the potential success of the start-up. Each proposer will bring a different mix of these, and each proposition will almost certainly need a different mix. The exploration of these factors should help identifying problems opportunities in achieving a successful start-up by identifying where the client is now indicating, where he has to get to, to be in business and, as a result, pointing at the barriers he has to overcome.

Factors 5 and 6 are part of the process of helping the proposer pull together his proposal and deal with the administrative problems of getting into business.

The Start-Up Process Itself

Watkins (Watkins, 1976), in identifying a number of stages, has stressed that in reality the process will not be one of scientific and logical progress but frequently one of trial and error. He emphasized the likelihood of irritation as blockages are encountered at various points in time, sometimes causing the would-be starter to return to earlier stages (see table 2.3).

T A B L E 2.3

S T A G E S O F S T A R T I N G A B U S I N E S S

Acquiring Motivation	Finding the stimulus and commitment to pursue the objective of setting up a business (for the individual, related group community and family).
Finding an Idea	Finding an idea which seems reasonable to spend time evaluating further. Or an alternative means of getting into business (franchise licence, buying a business, etc.
Validating the Idea	Testing the product/service (technically and with the customer). Protecting it. Test the market.
Identifying the Resources	Developing the plan of how to get into business. Identifying: the detailed resources required; the timing; the quality of suppliers materials, indentifying sources of assistance.
Negotiating to get into Business	Applying the plan. Negotiating for finance, premises, contracts subcontracts, etc. Selecting the type of company and registering it.
Birth and Survival	Developing the necessary ongoing systems to keep a business in operation. Coping with all the the statutory requirements. Building relationships with professionals who can help. Establishing clear ties with customers and suppliers (and the workforce)

William B. Gartner (1985) has suggested a framework for describing new venture creation.

This framework describes 4 key elements :

- a) Individual(s) - the person(s) involved in starting a new organization.
- b) Organization - the kind of firm that is started.
- c) Environment - the situation surrounding and influencing the new organization
- d) New venture process - the actions undertaken by the individual(s) to start the venture (see figure 2.3)

Individual(s)

The entrepreneur is overwhelmingly perceived to be different in important ways from the non entrepreneur, and many researchers have believed these differences to lie in the background and personality of the entrepreneur. Some researchers have found it fruitful to look at the entrepreneur's background, experience, and attitude.

The following psychological characteristics have been used in many studies and may have some validity in differentiating among the types of entrepreneurs (Brokhaus, 1982):

- 1 - Need for achievement
- 2 - Focus of control
- 3 - Risk-taking propensity

Process

Theorists have attempted to differentiate the entrepreneurial function from other more routine functions such as the managerial function.

Eight researchers (Cole, 1965; Kilby, 1971; Maidique, 1980; Shumpeter, 1934; Vesper, 1980; Leibenstein, 1968; Peterson & Berger, 1971) who have enumerated certain actions that an entrepreneur performs in order to create a new venture.

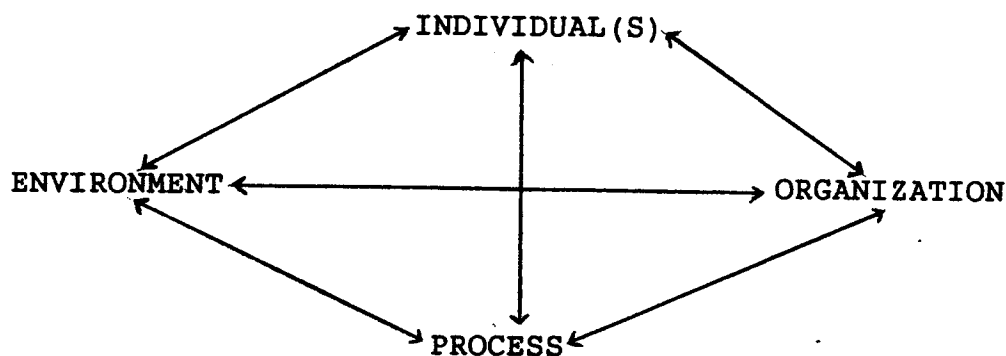


FIGURE 2.3 : A FRAMEWORK FOR DESCRIBING NEW VENTURE CREATION.

The similarities in their views are summarized here; six common behaviors are listed:-

- 1) The entrepreneur locates a business opportunity
- 2) The entrepreneur accumulates resources

- 3) The entrepreneur markets products and services
- 4) The entrepreneur produces the products
- 5) The entrepreneur builds an organization
- 6) The entrepreneur responds to government and society.

Environment

Under this, Gartner (1985) expresses the views of different authors about the environment. In an overview of 17 research papers on environmental variables that influenced new venture creation, Bruno and Tayebjee (1982) found 12 factors that they judged stimulated entrepreneurship, these are:

- 1 - Venture capital availability
- 2 - Presence of experienced entrepreneurs.
- 3 - Technically skilled labor force.
- 4 - Accessibility of suppliers.
- 5 - Accessibility of customers or new markets.
- 6 - Government influences.
- 7 - Proximity of uninvested.
- 8 - Availability of land or facilities.
- 9 - Accessibility of transportation.
- 10- Attitude of the area population.
- 11- Availability of supporting services.
- 12- Living conditions.

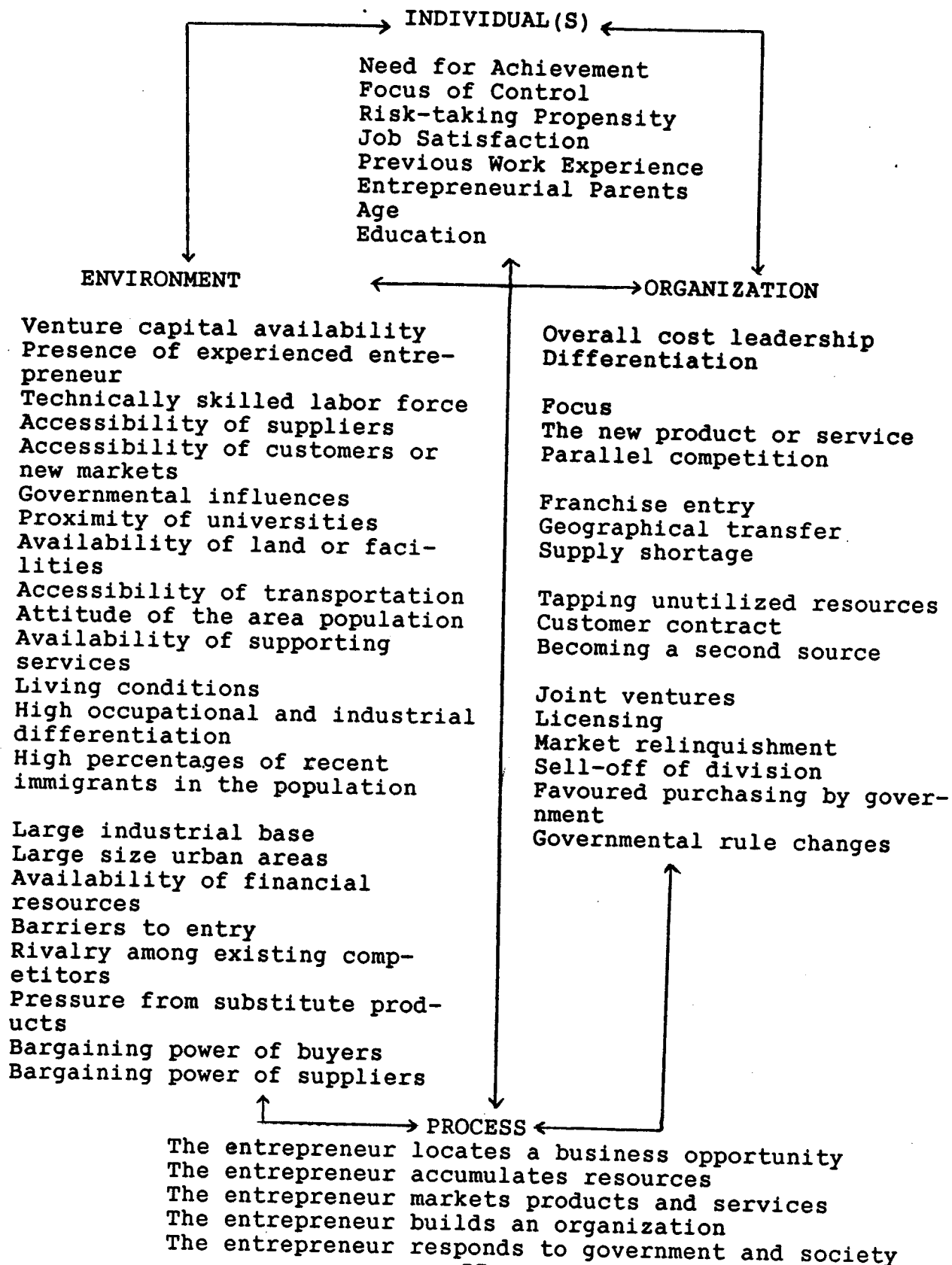
Organization

Many research samples in entrepreneurship studies are selected, for example, without regard to type of firm (i.e. manufacturing service, retail, wholesale). Even those studies that have indicated the type of firm, they made no attempts to compare the type of firm studied to other types of firm to determine what different types of firm might make in the process of new venture creation.

Strategic choice variables are treated as characteristics of the organization. Porter (1980) identified three generic competitive strategies that firms may "choose":

- a) Overall cost leadership
- b) Differentiation
- c) Focus.

Figure 2.4 Variables in new venture creation.



John Welsh and Jerry White (1986) have suggested three principal components to success in the birth and growth of a new business. These three components are:-

- The entrepreneur
- The business concept
- Access to venture capital

Welsh and White suggest that these three principles are constrained in time.

The Entrepreneur

The entrepreneur has a particular set of physical, mental, personality, behavioral, and emotional characteristics. These however, are not enough to identify a potentially successful entrepreneur. Sufficient experience and business skill need to be acquired to ripen the potential entrepreneur and prepare him or her for the adversity that will certainly arise in the business.

On the other hand, if that person waits too long, other constraints may arise that would diminish the probability of winning. Some of these might be family responsibility or commitment to a work activity that is emotionally and intellectually consuming.

The Business Concept

A business concept is a proposed series of transaction and behavior that can be described in terms of cost, space, equipment, labor, promotion, transportation, and all the items in the complete detailed financial report. It, too, is constrained by time because a product or a service that might succeed in one decade could be a total failure in another. Technology and manufacturing capabilities place stringent time constraints on any particular product or service concept.

Access to Venture Capital

There must be access to adequate capital. Capital comes in many forms. One of the most important is the time and labor of the entrepreneur. Another is the credit extended by landlords, lawyers, accountants, and other suppliers. However, some hard cash is needed. It may be provided by the entrepreneur's friends and relatives, or professional purveyors of capital in the form of debt or equity. This access of capital, too, is constrained by time. Sometimes it is readily available. At other times, it is not.

Access to venture capital depends on the availability of the cash and the investor's intimate knowledge of the entrepreneur.

The Launch Window

The three components were viewed as three axes or coordinates of a time-space. The entrepreneur is viewed as rising along the vertical axis. The business concept is viewed as passing to the right on the horizontal axis, and the entrepreneur's access to venture. Capital is portrayed as perpendicular to these two access.

Each of the axes would have a short segment indicating its time of usefulness in contributing to the success of a new business. The figure below implies that the entrepreneurs could position themselves within such a cube they could greatly increase the probability of succeeding in the attempts to create a new business. And to do so, they would have to understand the three components, be able to identify the position of themselves and their business concept along these time lines, and then time the launching of their new business within the cube (see figure 2.5).

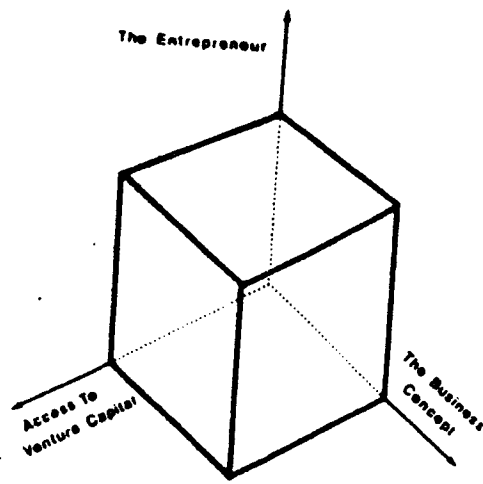


FIGURE 2.5 The Three-Dimensional Launch Window for a successful Entrepreneurial Business.

I have also presented other factors that are necessary for a healthy start-up. This part was taken from a booklet that was made by the Ministry of Development and Industry, and it contains around 12 small booklets about the procedures and methods for starting and running Industrial Projects in Bahrain. This part, in my opinion, was necessary to include since it was made for the Bahraini entrepreneurs who are interested in starting an industrial project. Therefore I thought that it was beneficial to include some literature that considered the Bahraini environment.

COMMON PITFALLS FOR NEW ENTERPRISES

It is helpful to point out some of the common pitfalls that any entrepreneur could make. Going through this list might make the entrepreneur better aware of the mistakes that might lead to his business failure. A list of the reasons for management failings are shown below (Kao, 1989):

- Improper pricing (too high or too low)
- Lack of knowledge about product (or service) costing.
- Inability or unwillingness to plan
- Inadequate insurance against fire, theft, and public liability
- Domestic pressures distracting the owner/manager
- Poor retail location (actually a part of the market identification problem)
- Lack of self-discipline; weak motivation
- Dishonesty.

In addition, the reasons for business failure could be grouped in three categories (Kao, 1989):

- Managerial incompetence, as shown by lack of accounting knowledge, cash flow problems, lack of marketing skills, lack of education, and/or lack of strategic planning, and of specific goals.
- Non-controllable or environmental factors, such as government regulations, taxes, high interest rate, economic recession, and/or competition.

- Entrepreneurial failings such as bad judgement, lack of entrepreneurial values, and/or risk aversion. Any or all of these failings can strike a given business, and each one can spell disaster.

CHAPTER III
FINDING AND DISCUSSIONS

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3.1 General Characteristics of the Shop Owners

Before I report the results of the survey, I would like to clarify one thing, and that is, if the total number of the answers is more than 40, the reason for this is because the interviewees selected more than one answer. On the other hand, in cases where the total number is less than 40, then the reason for this is that some of them did not answer that particular question.

By going through the questionnaire I have found that the average age of the entrepreneurs, who started their own business, is 35 years.

It has already been mentioned in the methodology that I have chosen only 2 types of business for collecting data which include: Boutiques and tailors. Out of the 20 boutiques I have interviewed, 5 were female owners and 15 were male owners. And, out of the 20 tailors that I have interviewed, 7 were male owners and 13 were female owners.

Table 3.4: Showing the Ownership of the Firm by Sex.

Type of Business	owners		Total
	Female	Male	
Boutiques	5	15	20
Tailors	13	7	20
Total	18	22	40

Table 3.4 shows that the number of female owners is almost half the number of all owners. I think that this number is high due to the type of business chosen for this research. In other words, we cannot assume that almost half of the small businesses opened in Bahrain are owned by women. But we could say that the number of women ownership is high, in this case, due to the preference of most women for this type of business, since they understand the taste of the customers (other women), or because they are familiar with their needs.

Table: 3.5 Showing the Dates in which the Firms were Established:

Date of Establishment	1980-1985	1986-1991	Total
Tailor Shops	10	10	20
Boutiques	10	10	20
Total	20	20	40

By looking at Table 3.5 we can clearly see that around 20 firms were established from 1980 to 1985, and an additional 20 other firms were formed during 1986 to 1991. These figures were accidentally equal. In other words, I did not plan to select equal number of firms from 1980 to 1985, and from 1986 to 1991.

3.2 - Self-assessment before Start-up

Table: 3.6 Educational Background of the Owners

Educational Background	Boutique Owners	Tailor Shop Owners	Total Number of Owners
Below high school	1	1	2
High school certificate	9	11	20
Took Business courses	2	2	4
Took other courses	-	2	2
Diploma in Business	2	3	5
Diploma in others	1	1	2
B.Sc in Business	3	-	3
B.Sc in others	1	-	1
Master Degree in Business	1	-	1
Total	20	20	40

19 out of 40 respondents thought that their educational background was helpful in starting their businesses.

It was interesting to note that half of the owners I interviewed had only high school certificates, and only 5 owners had college degrees.

If we compared these findings with the theory part, we can clearly see that the level of education of the entrepreneurs in the developed countries is higher than the Bahraini entrepreneurs. As mentioned before, although most of the entrepreneur's educational background was not in business, they had degrees in engineering, science, technical and mathematically-based subjects. This implies that the owners in the developed countries have a higher educational level than the Bahraini owners, though direct relationship between education and present ambition for starting a business was difficult to identify .

Table: 3.7 The Owner's Employment Background

Employment Background	Boutique Owners	Tailor Shop Owners	Total Number of Owners
Had employment background	14	13	27
Had some experience in family business	3	1	4
Did not have employment background	3	6	9
Total	20	20	40

21 respondents out of 40 thought that their employment background or experience in family business helped them in starting their business.

Table: 3.8 Self-assessment before Start-up

	Made self Evaluation		Weaknesses Found		How to overcome them
	Yes	No	Yes	No.	
Boutiques	11	9	6	5	4 said they consulted friends or family, and 2 stated they employed skilled people
Tailors	12	8	3	9	2 said by experience
Total	23	17	9	14	

Although around 23 owners stated that they had made self-evaluation, but I don't think that they were as serious in evaluating themselves as they should have or as the theory part suggests.

This is because firstly, none of the owners has actually written down their strengths and weaknesses or even wrote what were their needs. Although there is no indication of this sort in my questionnaire, since I was interviewing, I asked them whether they did write anything, and none of them appeared to have done anything about them.

Secondly, around 61% or 14 owners out of these 23 owners stated that they did not find any weaknesses, which sounded a bit odd to me, especially with the educational background most of them have.

Even those who found weaknesses in themselves, 4 out of 9 consulted their friends or family to overcome their weaknesses, and 2 mentioned they overcame their weaknesses through experience. This, in my opinion, really means that once they found weaknesses while operating their business, they tried on their own to eliminate or overcome those weaknesses.

In addition, some of these whom I interviewed were surprised by this question, and said that "we know ourselves why we should make self-assessment, what purpose will that serve".

So, overall, I can say that self-evaluation in the start-up phase in Bahrain is not thought of as an important step or even a step that an entrepreneur has to take before starting his business.

Table: 3.9 Motives for Starting a Business

	Boutques	Tailoring shops	Total
a) Due to family pressure	5	7	12
b) The need for self employment	6	7	13
c) Ambition for wealth and power	6	8	14
d) Lack of job opportunity	1	3	4
e) Displacement/fired/dismissed	-	-	-
f) Other motives	6	6	12
Total	24	31	55

It is obvious that the main reasons were either due to family reasons or the need for self-employment or ambition for wealth and power.

Most of the other motives the owners mentioned was either they were interested in opening a particular type of business, or it was a hobby or they wanted to fill their time.

Table 3.10: Reasons for choosing a particular type of business (for Boutique owners)

	Botiques	Tailoring shops	Total
a) familiarity with product and/or market	8	5	13
b) high growth rate	-	1	1
c) no competition	2	4	6
d) family reasons	1	4	5
e) size of the market	6	3	9
f) more attractive than other alternatives	-	1	1
g) just wanted to get into any business	-	1	1
h) other reasons	8	11	19
Total	25	30	55

The answers from Boutique owners is concentrated in points (a), (e) and (h) of Table 3.10.

But for Tailoring shop owners, half of the answers are scattered around the points, and the other half chose point (h).

The majority, whether they were tailoring shop owners or Boutique owners, chose point (h) because they either liked this type of job or it was their hobby since childhood.

There are many reasons why entrepreneurs choose a certain type of business, but are these reasons strong enough to make that choice?

By looking at Table 3.10, let us start with the points that are important and, at the same time, they were not the main reason for many owners to start their business, like point (b), which is high growth rate, and point (f) which is having to choose the type of business because of its attractiveness compared to other alternatives.

I think the main reason why either of these two points were not considered is due to lack of proper educational background. In other words, as we have seen from questions 4 and 5, only 4 owners out of 40 had University Degrees, one Masters in Business, and most of the others had only a high school certificate. Another reason could be having high savings.

Therefore, I think that, most of the owners did not know what were the important factors to look for to ensure their success when starting their business.

Even if we assumed that estimating growth rate of a business is difficult to predict, what about their ideas about the size of the market. Only 9 out of the 65 answers suggest that market size was one of the reasons for choosing this type of business. This is contrary to what the theory suggests , i.e. market size is one of the major critical dimensions for evaluating any business opportunity. I personally expected that more than a half would consider the size of the market as the major reason or, at least, one of the reasons for preferring a particular type of business.

In addition, the size of the market is a critical dimension because it would have a direct effect on the sales volume and, in return, on the financial performance (Stevenson, Roberts & Growsbeck, 1989).

And final point (c) i.e. no competition. I think that most of the owners did not choose this point as one of the reasons for starting up their business, not because they neglected it or did not have any idea about it. On the contrary, because Bahrain is well-known for being a "copycat" market. Once a person opens a business with a new idea, people start thinking that he is doing well, and they will start opening a shop next to his shop. The more shops opened, the more people get encouraged to start similar businesses which intensifies competition, and nothing can stop them unless the government puts a limit, and stop giving permission.

Motives leading to the entrepreneur's full commitment

About 46% of the entrepreneurs stated that the most important motive that would lead them to full commitment was how seriously they want their business to be successful. In other words, the more desperate one is for having a successful business, the more he will be committed to operating his business himself.

The next motive was to increase the income or to have another source of income, and this represented around 33% of the entrepreneurs.

In addition, 9% of the entrepreneurs stated, they have interest in the business, 6% stated it was raising the standard of living, and the final 6% stated it was self-employment, which was the main motive.

3.3 - Market Identification and Marketing

Table: 3.11 Market Research before Start-up

	Market Research		Total
	Yes	No.	
Tailor shops	5	15	20
Boutiques	7	13	20
Total	12	28	40

Table: 3.12 The Type of Market Research Conducted

	Tailor shops	Boutiques	Total
a) Referred to some statistics	-	2	2
b) Took advice of some agencies	-	-	-
c) Use services offered by universities and governments	-	-	-
d) Made questionnaire & distributed them	-	-	-
e) Took advice of similar firms	4	6	10
f) Other ways	-	-	-
Total	4	8	12

Table: 3.13 Difficulties Faced when Conducting the Market Research

	Difficulties Faced		Total
	Yes	No.	
Tailor Shop	-	5	5
Boutiques	1	6	7
Total	1	11	12

Table: 3.14 Reasons Behind the Market Research Difficulties

	Tailor shops	Boutiques
a) Cost	-	-
b) Time consuming	-	1
c) Low rates of response (if questionnaire used)	-	-
d) Hard to obtain the information needed	-	1
e) Other difficulties	-	1

From the above findings I have found out that 28 owners out of 40 have not conducted any kind of market research before starting their business. From Tables 3.11 and 3.12 it is clear that, out of the 12 owners who said "yes", 5 were owners of tailor shops, 7 were owners of Boutique shops, and 10 out of the 12 took the advice of similar firms (i.e. point e), and only 2 Boutique owners referred to some statistics (i.e point a).

When referring to their educational background, one of the two Boutique owners had Masters in Business Administration, and the other had Advanced Diploma in Banking.

In addition, 3 out of the 40 owners interviewed had their Bachelors in Business, and out of those 3, 2 said that they did their market research by taking advice from similar firms. This, in my opinion, shows how the entrepreneur's educational background helps him in taking better steps in starting a new business.

Therefore, I can conclude that 70% of the owners did not do any market research, while the remaining 30% thought they had some idea about how similar firms were doing in their busi-

ness. I think the owners who took the advice of similar firms did not do so because they thought that market research was not a necessary first step, but just to have a rough idea about the market, and how much income to expect.

In other words, this means that the aim was not to find other ways to serve the market, or to find the market needs, or how else to be different from others, but the aim was to see if they could do a similar activity and, then what should they expect. Unfortunately, they missed one important point, and that is, when they open a shop, they actually take some market share of the other similar shops. So neither the existing firms would be doing well, nor the new firms could do well as the existing firms simply because the market is divided between more suppliers.

Table: 3.15 The Owners Knowledge of the Competitive Forces

Alternatives	No. of Owners		Total
	Boutique	Tailor shops	
a) Suppliers	13	12	25
b) Buyers	12	11	23
c) Competitors	9	9	18
d) New firms	7	4	11
e) All of the above			
f) None of the above	4	4	8
Total	45	40	85

On the whole, looking at the findings (Table: 3.15), I can say that most of the owners (i.e 25 owners) did have some information about the suppliers, since most of them had to deal with foreign suppliers, therefore some basic information was necessary to be able to deal with them.

Concerning the other competitive forces, although 70% of the owners did not make any market research, 80% said that they did have information on two or more of the competitive forces.

Now, for me, the response is contradictory. The only explanation I can think of is that the owners had very rough or basic ideas about these competitive forces through either family or friends in the same business.

Table: 3.16 Threats Imposed by the Competitive Forces

Alternatives	No. of Owners		Total
	Boutique	Tailor Shops	
a) Supplier	2	-	2
b) Buyer	3	3	6
c) Competitor	5	5	10
d) New firms	2	6	8
e) All the above	-	-	-
f) None of the above	9	7	16
Total	21	21	42

As you can see from Table 3.16, 16 out of 40 owners did not think that any of the competitive forces imposed any threat on their business.

I don't think that it is possible to operate a business successfully in a competitive market, and that none of the competitive forces impose any threat on a business.

This, in my opinion, is due to lack of knowledge about what is going on in the market. As long as the owner is making some profit, he thinks that everything is under control, and there is no need to worry about anything, eventhough the profit may have reduced over the previous years.

This also shows lack of planning on the owner's part. This is dangerous because when the owner thinks that there is no threat in a highly competitive market and there is no barrier to entry (i.e. in the case of Boutiques); if he did not plan for future contingencies, I think that he would have little chance for survival.

The replies of the remaining owners, concerning which competitive force imposed a threat to their business, were as follows:-

10 owners said competitors (i.e. point c)

8 owners said new rivals (i.e. point d)

6 owners said buyers (i.e. point b)

These results could be explained because of the fact that their market is very competitive. Buyers can buy the same product from many shops, or use the same services from many tailoring shops. Therefore, the owners have to find ways to attract new customers or to maintain old ones, either by providing better services, or by differentiating their products.

In addition, only 5% of the owners said that suppliers imposed a threat to their business. The reason for this is that in Bahrain we do not have factories for making clothes (although some small garment factories have been started, especially for men's wear, but they still are very small both in number and in the quantity

they produce) and most of the Boutique owners bring imported goods. Again, there are many foreign suppliers who can supply the Boutiques in Bahrain, whether high quality, medium or low quality products.

Furthermore suppliers do not impose a major threat for the Tailor Shops, since their major activity is to provide customized services to the customers. Therefore, the suppliers, in general, do not play an important role in the running of Tailor shop business.

3.4 - Resource Needs

Table: 3.17 Obtaining Resources in Bahrain

Resources Difficult to Obtain in Bahrain	No. of Owners		Total
	Boutique	Tailor Shop	
a) Financial	5	9	14
b) Finding the right place	7	3	10
c) Employing the right - skills	4	11	15
d) Other difficulties	-	-	-
e) No. difficulty	9	4	13
Total	25	27	52

Concerning the difficulty in obtaining resources, 36% of the Boutique owners stated that they did not have any difficulty in obtaining the resources whether it was financial location, or employing the right skills.

But those who had faced difficulties, found that location or the right location was difficult to obtain. The main reasons for this difficulty, as the owners believed, were as follows:-

- They have to pay for the right place.
- Good locations have high rents.
- When there is too much demand for a particular place then they have to pay more.
- It is difficult if they were looking for a particular place.
- They have to find an attractive location.

On the other hand, only 4 Tailor Shop owners stated that they did not face any difficulty in obtaining any of the resources. Those who had difficulty in obtaining resources found that employing the right skill was their major difficulty. This was obvious since tailoring is a service, and therefore, employees are crucial for the success of the business. In other words, the quality of the labour might be one of the major factors for the success or failure of any tailoring shop, since one of the reasons for customers to be attracted to any particular tailoring shop is the services offered by its tailors .

The main reasons for these difficulties, as mentioned by the owners, were as follows:

- Most of the workers are foreigners and they are not skillful enough.
- 80% to 85% of the sales depend on having the right employees.
- They get cheated because they bring labours who are supposed to be skillful but find that they only have some idea of the job. Therefore, they have to spend extra time and money training them.
- Ministry of Labour creates some difficulty in bringing foreign labour.

Table: 3.18 Resources Needed at the Start-up Phase

	No. of owners		Total
	Tailor Shop	Boutique	
a) Good financial back up	20	17	37
b) Good location	15	15	30
c) Right employee skills	12	14	26
d) Market information / relevant skills	7	7	14
e) Others	1	-	1
Total	55	53	108

Almost all the owners found good financial back-up as a major resource that any entrepreneur needs when starting his or her business. Next in importance came the right location, then obtaining the skilled employees, and finally having market information.

Table: 3.19 Financial Problems when Starting a Business

	Yes	NO.	Total
Tailor Shops	10	10	20
Boutique	5	15	20
Total	20	25	40

Table 3.19 shows that 62% of the owners stated that they did not face any difficulty when starting their business, but those who did, the main reasons were as follows:

1- With regards to Tailor Shop Owners, most of the respondents stated that they underestimated the expenses. The main reasons for this according to them was that they did not expect to pay attractive salaries and the employees rights were too many when they wanted to leave. Not only their salaries were high, but other expenses were high as well e.g. tickets, residential expenses, and procedures involved in Governmental formalities and so on.

2- For boutiques, the main reasons for financial problems were underestimating working capital. In other words, they needed more money to put in merchandise than what they expected.

Table: 3.20 Ways of Solving the Financial Problems

	Tailor Shop Owners	Boutiques	Total
Through Bank	2	3	5
Through Savings	3	1	4
and working within budget	2	2	4
Through family	2	2	4
Total	9	8	17

31% of the owners who did face financial problems, their first choice to overcome their difficulties were through bank (see Table: 3.20).

23% of the respondents stated that they had opened savings account, and whenever they needed extra cash, they withdrew from that account.

Another 23% of the respondents stated that they tried to work within the budget and reduce expenses whenever possible, and the final 23% stated that their only choice was to borrow from family.

Table:3.21 Plans made for Shortages in the Working Capital Requirements

Alternatives Chosen	Number of owners		
	Boutique	Tailor	Total
Have no plan for such a thing to occur	5	6	11
Borrow from family	3	4	7
Take loan or overdraft from bank	5	1	6
Take from their savings account	5	1	6
Buy on credit from the supplier	3	2	5
Try to reduce expenses	1	4	5
Total	22	18	40

3.5 - The Right Location

Table: 3.22 Research for Site Selection

	Yes	No.	Total
Tailor Shops	11	9	20
Boutiques	11	9	20
Total	22	18	40

Table: 3.23 Location being an Important Factor for Business Success

	Yes	No.	Total
Tailor Shops	18	2	20
Boutiques	18	2	20
Total	36	4	40

It is evident from Table 3.22 that around 22 out of 40 owners stated that they made some research in the selection of their sites, and most of them made personal research about the availability of customers and other features.

On the other hand, the rest (i.e.18 out of 40 owners) stated that they did not make any research for site selection, although Table 3.23 shows that 90% of the owners stated that location was very important for the success of a business. Therefore, I think that, although most owners know for certain the importance of location, what they actually lacked was information about the sources that they can refer to or use, to make the right choice of location.

Generally, for site selection what owners do is that they either look for a main street or they choose a shop located in a center or complex, e.g. Al-Hadi Center, Yateem Center or Sheraton Complex. Therefore, they feel by doing this they are certain to get a lot of customers.

There is nothing wrong with method of site : entrepreneurs used other sources for selectin' they might do better because, the shops or centers are limited in number, so it might b shops there, at the time that one is looking

In addition, because the demand on those entrepreneurs might have to pay high possession fee to not to mention the high rents that you have to be paid after securing the shops. All these might not be practical for an entrepreneur who has just started his business and needs every extra additional money for purchasing merchandise (in the case of Boutiques) or buying machines (in the case of Tailors).

Therefore, I think that most entrepreneurs are unaware of the professional advice offered by the University, and at a minimal cost, in this direction.

Although professional advice is offered by the Ministries of Commerce in developed countries, it is not offered by the Ministry of Commerce in Bahrain. Therefore , it would be advisable if the concerned Ministry would form a committee specialized in giving professional advice for the owners, with minimal cost. This would eliminate the chances of business failures .

In the theory part, it is clearly mentioned that entrepreneurs should observe how other merchants in the area are doing and, if possible, have a talk with some of them about their businesses. Particular attention should be given to bankruptcies (Kao, 1984).

By observing how other merchants are doing is perhaps the only research that most owners carried out whether the purpose was to have an idea about the market or to see if the location was good or not.

But I don't think that much attention was given to bankruptcies, especially these days, with the economy being in the recession phase. I would like to advice all the entrepreneurs who are starting any kind of business to see how many of them became bankrupt, in the type of business that they were involved, and try to find out, if possible, the reasons behind it, not only for the sake of site selection but also for the sake of actually going into that type of business.

I think if this is done by most of the entrepreneur who want to start a business, they could reduce the chances of failure that might otherwise occur.

3.6 - Preparing a Business Plan

Table: 3.24 Business Plan at the Start-up

	Yes	No	Total
Boutiques	16	4	20
Tailor Shops	14	6	20
Total	30	10	40

It is clear that some kind of planning has to be done before starting a business, but I noticed that it was very primary planning. Examples of the kind of plan that most entrepreneurs are making are as follows:-

- How much capital is needed to start the business.
- How many workers needed.
- Which location to choose.
- What type of goods to bring or services to offer

Planning for the above issues is essential but it is not enough. Entrepreneurs should think of planning for other important issues as well. These other issues are clearly mentioned in the theory part, and they are as follows:-

- Identifying the potential customers.
- Analyzing the competitive environment.
- Planning the marketing activities.
- Planning for the management functions needed.

- Making projections about the level of sales and the possible expenses that might occur.

3.7 - Strategy for Start-up Businesses

Table: 3.25 The Competitive Strategies Pursued by the Owners

Alternatives	no. of owners	
	Tailoring shop	Boutiques
a) Focussing / segmentation	-	1
b) Differentiation	10	5
c) Cost leadership	4	4
d) Two of the above	3	4
e) All of them	1	5
f) None of them	2	1

Table: 3.26 In answering point (d) the priority for pursuing the competitive forces were as follows:-

Tailoring shops	Boutiques
a, b	c, b
a, c	c, b
b, c	b, c
	a, c

a,b | Focussing/Segmentation and Differentiation

a,c | Focussing/Segmentation and Cost leadership

b,c | Differentiation and Cost leadership

c,b | Cost Leadership and Differentiation

Table: 3.27 In answering point (e) the priority for pursuing the competitive forces were as follows:-

Tailoring shops	Boutiques
- Not given	b, c, a
	b, c, a
	b, c, a
	c, a, b
	b, a, c

b,c,a | Differentiation , Cost leadership and Focussing/Segmentation

c,a,b | Cost leadership , Focussing/Segmentation and Differentiation

b,a,c | Differentiation , Focussing/Segmentation and Cost leadership

By referring Tables 3.25, 3.26 and 3.27 it is clear that most of the answers were concentrated in point (b), i.e. most of the owners were pursuing differentiation as a competitive strategy, even those owners who were pursuing more than one strategy; most of them gave priority to differentiation as their main competitive strategy.

I think the main reason for this is, because of the intensity of the competition leading to prices being as low as possible, there is little scope in reducing prices. I think that the owners see differentiation as the only alternative to maintain their regular customers or to obtain new customers.

Concerning focussing and segmentation, it is clear that only one owner was pursuing this strategy as marketing strategy, and around 5 owners were pursuing it with other strategies.

In my opinion, focussing and segmentation are not being widely used, since Bahrain is known for being a "copycat" market. Owners really don't think of starting a business in a special or specific segment. This is also due to their lack of educational background. They probably think why not serve the whole market and get a bigger share than to risk it and go for a smaller piece of the pie? Since not many have done it before, they are afraid of the risks they have to take. Also another reason could be that the Bahrain market is small and this is why most owners may not regard focussing and segmentation as a strategical option.

I think that for them to pursue focussing and/or segmentation as the only strategy, would be like groping in the dark! This is because, as we will see later, market research is almost neglected by those Bahraini entrepreneurs who want to start a new business. In my opinion, focussing and segmentation strategies need careful study of the market before pursuing them. In other words, one has to see which segment he wants to serve, and whether it would be worth the effort since Bahrain is not a large market. Therefore I think these are the main reasons why this strategy is not given too much weight by the Bahraini entrepreneurs.

3.8 - Other Factors Necessary For a Helthly Start-Up

Table: 3.28 Insurance Policies

	Yes	No.	Total
Boutiques	13	7	20
Tailor Shops	5	15	20
Total	18	22	40

Most of the Boutique owners have taken insurance policies, but most of the Tailors have not taken any kind of insurance policy, as is clearly shown in Table 3.28. But overall, 18 shop owners out of 40 have taken some kind of insurance policy, and 22 shop owners have not. Four owners out of these 22 shops has some kind of insurance policy, but not any more.

Table: 3.29 The level of Bad Debts

	Boutiques	Tailor Shops	Total
a) Very high	1	3	4
b) Reasonable	1	4	5
c) Very low	7	6	13
d) None	11	7	18
Total	20	20	40

The level of bad debt is almost negligible for most of the owners. The main reason for this is that all the owners I have interviewed sell on a retail basis. If you are a retailer then it is very common to sell on cash basis and not to accept credit.

This is why either there is no bad debt at all or the level is very low. Those few exceptional cases revealed that they had very high level or reasonable level of bad debt, the reason for this being that they used to sell on credit.

But the market doesn't require them to sell on credit. The market only requires the wholesalers to sell on credit and not if you are a retailer. Therefore, those retailers who do sell on credit and have either high levels or reasonable levels of bad debt, should stop selling on credit and start dealing with their customers on a cash basis.

3.9 - The Bahraini Environment

The Owners Opinion about the Bahraini Environment

Suppliers

Generally most of them are good and they do supply on credit, but there are some suppliers who sell at high prices, thereby, forcing the retailers to sell at low margin of profit.

Customers

Customers are also good but they do not have high percentage of disposable income, and their standard of living is low. Therefore their purchasing power is limited, and most of them are looking for good qualities but at low prices.

Competitors

Most business owners stated that their competitors are friendly with them and in return, they are also friendly with their competitors. But there are some who try to gain more customers by reducing their prices, or bringing similar products. But this is a natural course of action in a competitive market. Entrepreneurs should therefore, be aware of the possibility of such a situation to exit and should have plans and policies to react.

New Rivals

New rivals are many in number. They affect the market with their entrance, especially the rivals who are illegal, but most do not survive because they expect too much income in a short period.

Access to Finance in Bahrain

Regarding obtaining capital, about 73% of the owners agreed that one has to have some kind of security to be able to take a loan from the Bank. If the Bank refused to give loan, then there was no other source for the entrepreneur to obtain capital. Therefore, he has to rely on either his family or friends.

Table: 3.30 The Bahraini Environment for Starting a Small Business

The Bahraini Environment	No. of Owners		Total
	Boutique	Tailor	
Encouraging	9	6	15
Not encouraging	8	12	20
Do not know	2	3	5
Total	19	21	40

Those owners who stated that the Bahrain environment was not encouraging for starting a small business had the following reasons in general:

- Market is saturated because of too much competition.
- The market is small in size.
- Low percentage of disposable income, and the standard of living of the customers is low.

On the other hand, those owners who found the Bahrain business environment encouraging, stated that there are very few rules that restrict the entrepreneur from starting and operating his own business in Bahrain, being a trading centre.

Table: 3.31 Government Support For Small Businesses

	No. of Owners		Total
	Boutique	Tailor	
Supporting	10	8	18
Not supporting	12	10	22
Total	22	18	40

Those owners who stated that the government is supportive, mentioned that there were easy rules and regulations which did not restrict an entrepreneur from starting any type of business he wanted.

The other reason they mentioned was that it was very easy to get permission for opening a business by new entrepreneurs.

On the other hand, those owners who found the government not supportive, stated that the government did not provide any kind of assistance, advice or help (e.g financial help) for someone who wanted to start a new business.

In addition, they also stated that giving permission easily was bad for the existing entrepreneurs because it resulted in too many rivals in the market, and the market cannot bear such a number.

In my study I have found that government rules and regulations are very easy, and there is no complications when you want to start a boutique or a tailor shop. When you apply to open a shop, the Ministry of Commerce and Agriculture gives you an application form, with all the requirements needed. From question 13, I have found that all the owners knew or had an idea about these procedures before starting their business.

Table: 3.32 The Level of Success of the Firms

	Boutique owners	Tailor Shop owners	Total
Very successful	4	2	6
Successful	15	18	33
Unsuccessful	1	-	1
Total	20	20	40

We can see from Table 3.32 that most of the owners have placed themselves in the middle position, that is, being successful. The general reasons they gave was having reasonable income, regular customers, right prices, demanding products, good location and goodwill.

In addition, 3 boutique owners and 4 tailor shop owners stated that they were very successful before, but because competition was increasing, and the economy was in recession, business was not as it used to be. So they positioned their business as successful.

Those owners who stated that they were very successful, the common reasons they mentioned were differentiated products and services, having high quality products and goodwill.

The owner who believed that his business was unsuccessful, thought that this was because of tough competition in the market.

C H A P T E R I V

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CONCLUSION AND RECOMMENDATION

This is the last chapter of this project. Based on the findings presented in chapter 3 a summary and conclusion has been provided here. In addition, the limitations encountered in conducting this study, as well as the implications and recommendations, have also been presented in this chapter.

4.1 Summary And Conclusion

The Characteristics of the Boutique and Tailor Shop Owners

- 1) The average age of the Bahraini owner is around 35 years. This implies that owners do not think of starting a business of their own immediately after graduation.
- 2) The educational background for most of them is high school certificate. This suggests that most of the owner's educational background is not as high as the owners in the developed countries.
- 3) More than two-thirds of them have same kind of employment background before starting their own business. This indicates that the individuals with past employment experience have a better chance of opening their own businesses than individuals who have just graduated from either high school or Universities.
- 4) Usually no serious attempt is made by the entrepreneurs for evaluating themselves before starting their business. This means that the entrepreneurs do not consider self evaluation as an

important step that should be taken before starting a business.

5) The main motives for starting a new business were:

- Ambition for wealth and power.
- The need for self employment.
- Family reasons.

6) The decision on choosing a particular type of business was mostly based on the entrepreneur's familiarity with the product/market, or on his special interest to operate in that particular type of business.

However, few of these owners thought about the other more essential factors for choosing a particular type of business, such as size of the market, growth rate, competition and the attractiveness of going into a particular type of business compared to other alternatives. This means that most of the owners lack the knowledge of the essential factors that will have a large contribution to the success of a business, if this aspect is considered.

7) Most of these owners (15 out of 40 owners) pursue differentiation as a competitive strategy. This is because of the intensity of competition which gives them little room for pursuing cost-leadership as a strategy, and their inability to pursue focussing or segmentation, since it needs market research and a careful study of the market; in addition, Bahrain is not a large

market and therefore it might not be worthwhile to focus on a certain group.

8) Most of the owners (i.e. 70%) neglected doing any market research and the remaining thought of just having some idea of what similar firms think of their business. This implies that owners either do not think of market research as an important tool for discovering the market, or they do not know how to make a market research if they really wanted to.

9) More than half of the owners had some information about the suppliers, since this was necessary because they had to deal with foreign suppliers. Therefore, some basic idea was necessary. In addition, most of the entrepreneurs had very little idea about the other competitive forces, while the remaining (i.e. 3/4 of the owners) chose different sources like borrowing from family or taking loan from bank or taking from their personal savings, or buying on credit from the supplier, or reducing the expenses.

10) Around 38% of the owners thought that, none of the competitive forces impose any threat to their business. This was due to their lack of knowledge of the market, while the remaining owners (i.e. 62%) thought that competitors, new rivals and buyers (respectively) imposed some threat to their business. The main reason for this was the intensity of the competition in the market.

11) Concerning resource\difficulties, most of the Boutique owners had difficulties finding the right location, whereas most of the Tailor Shop owners had difficulty in employing persons with the right skills.

12) Almost all of the owners found good financial backup as a major resource any owner needs when starting his or her business. Next in importance was the right location and then obtaining skilled employees.

13) Although most of the entrepreneurs agreed that location was a crucial part for the success of a business, yet they lacked the knowledge of the appropriate sources that they can refer to if they wanted to make any research for site selection, e.g. the services offered by the University.

14) More than half of the Bahraini owners did not face any financial problems when starting their business. Those entrepreneurs who did face financial problems were either due to underestimating expenses (in the case of Tailor Shops), or due to underestimating working capital (in the case of Boutiques).

15) Most of these financial problems were solved through either Bank loans, personal savings, borrowing from family, or trying to work within the budget, and not exceeding the limits put in the first place.

16) Less than half of the owners had insurance policies, but the rest did not take any kind of insurance policy. This implies that not all owners think that having insurance policies is important for security reasons.

17) Only one-fourth of the entrepreneurs did not plan what action to take, if they found shortages in their working capital requirement. The remaining entrepreneurs chose either to borrow from family, or to take loan from bank, or from their personal savings, or on credit from suppliers or to reduce their expenses.

18) Although one-fourth of the entrepreneurs did not make any kind of planning, still some kind of planning was made by the remaining entrepreneurs, but many important issues were not included such as :

- Identifying the potential customers.
- Analysing the competitive environment.
- Planning the marketing activities.
- Planning for the management functions needed.
- Making projections about the level of sales and possible expenses that might incur.

19) The level of bad debt for most entrepreneurs is either very low or they do not have any bad debts at all, since retail selling is made on a cash basis. Therefore, bad debt does not represent a threat to the business owners.

20) The main motive that leads to the entrepreneur's full commitment for operating his business, is how serious he is in wanting that business to be successful. The next most important motive is to have a source of income.

21) Obtaining capital in Bahrain is very difficult, unless there is some kind of collateral to be able to borrow from the Bank. Otherwise, one has to rely on family or friends for raising capital.

22) Half of the owners found the Bahraini environment is not encouraging because of high competition, the small market size and non-availability of finance.

On the other hand, 15 owners found it encouraging since Bahrain is a trading center and there are very few rules that restrict the entrepreneur in starting a new business.

The remaining 5 owners did not have the knowledge whether the Bahrain environment was encouraging or not. This represents a serious weakness in the ability of the owners to know the environment that they are operating in.

23) Opinions were clearly divided between the two groups as to whether the government is supporting or not supporting, the idea of starting a small business.

24) Most of the entrepreneurs (i.e. 83%) see their business as being successful for having reasonable income, regular customers, having demanding products and goodwill.

4.2 LIMITATIONS

In this part, I would like to mention some of the hardships I faced as well as the constraints within which I had to work to cover this study.

For identifying my population, I had to visit the Central Statistical Organization (CSO) to get the names of those who have registered for starting new businesses for 1987, 1988 and 1989. Since the number of registered names were large for each year, the computer assistant (Mr. Gothi) decided to give me only the names those registered in August of each year. Consequently , I had around 150 registered names of all types of business for each year.

Originally, I decided to focus only on 2 types of retail businesses which were selling ready-made clothes and all types of food items, and 2 types of service business which were involved in installing electric equipment and Tailor Shops (ladies or gents).

From the list of the registered names for the years 1987, 1988 and 1989, I chose 20 names for each type of activity. Therefore, I was aiming for interviewing 80 businesses, 40 of which were in the retail sector, and the other 40 were in the services sector. All were in the business of sole proprietorship.

Then, I sent the list of names to Batelco to get the telephone numbers. When I received the list of names with the numbers, I found out that there were many names that did not have any telephone numbers. So I decided to phone those who had and arranged an interview with them.

Unfortunately, my problems started here. While I was calling I found out that the telephone numbers for many names were a residential number. I had to ask them if they had or their husbands had any kind of business, and the answer was no.

Not only that, the worst part was that, since I was a woman arranging to have an interview and, on the other end, most of them were men, they did not think that I was serious in what I was saying, and they had unethical thoughts.

Therefore, after around 10 telephone calls I decided that my methodology was not suitable for somebody in my position. I had to adopt another method for selecting my samples. Therefore, without any previous appointments, I went to the shop owners and interviewed them. Based on consultations with my supervisor, I decided to concentrate only on 2 types of businesses, i.e. Boutiques and Tailoring Shops.

Some of the difficulties and unexpected events that I faced while trying to interview the shop owners included the following:

- 1) The unavailability of many shop owners in their shops. When I asked for the owners, many of the employees looked worried and gave me papers to prove that what they were doing was legal.
- 2) Some owners were very reluctant to give the interview with me; even though I explained very clearly the reason for the interview they still asked me if I was going to publish what they have said in a newspaper or magazine.
- 3) Some owners did not agree to be interviewed eventhough I told them not to answer any questions they didn't like, but they still refused. One shop owner denied that he was the owner when he found out that I wanted to ask him some questions.
- 4) Around 99% of the interviewees could not answer the questions unless I translated them into Arabic.

This shows that if I had decided to distribute the questionnaire, then I wouldn't have got even one back simply because they couldn't read English, not to mention the low rate of response to the distribution of the questionnaire.

4.3 RECOMMENDATION

After presenting the theories and the models of the western countries and discussing the factors that are essential for the western entrepreneurs, I would like to give my personal recommendation regarding the factors that are essential for the Bahraini owners when starting his or her own business.

By looking at the success factors in the theory part there is a certain sequence that we have to follow. For example, an entrepreneur, when thinking to start a business, should firstly make a self-assessment, then identify what market he wants to serve and how he wants to serve it. Then the resources needed, the right location, preparing a plan and putting the strategy according to the plan have to be worked out.

Although all these factors are both essential and applicable for the Bahraini entrepreneur, yet, in my opinion, the sequence and the degree of importance of each factor differs for the Bahraini owners.

Therefore, I would like to present the following success factors for the Bahraini entrepreneur:

4.3.1 Availability of the financial resources needed

Financial resources is the first step necessary to start any business in Bahrain. The reason for this importance is that one cannot find many alternatives to obtain financial resources in Bahrain.

In Bahrain, there are two choices to start a business: either one should have the amount of capital needed (whether from your own savings or borrowings from family or friends) or you have to have some kind of guarantee to secure the loan if you want to borrow from a bank.

In the developed countries this is not the case because if you have an idea of what market you want to serve, and what you are planning to do, the banks study your proposal very carefully, and if they see the probability of success is high, and it is a good idea, then they might accept giving you the loan without asking you for securing that loan.

The Banks in Bahrain, on the other hand, are not interested in the project that a person wants to involved. In other words, they do not study the proposals to see whether it is promising or not. The Bank's interest is in securing the loan and making money out of it. Even if they have some idea that the probability of success for the project is very low, they might still

consider giving the loan since there is the necessary security to back it. Therefore, this is one alternative sources of finance that the Bahraini entrepreneur does not have unless he meets the needed requirements.

In some countries, e.g. Saudi Arabia, the government provides financial assistance to entrepreneurs who want to open a new business, with a very flexible loan facilities, with very low interest rates. The entrepreneur does not have to worry about repaying the loan as much as he could, if he had taken loan from the bank.

This is also a good idea for the Ministry involved in Bahrain, to allocate a certain budget, at least for the new and innovative projects. In this way, not only the government provides some kind of financial services to the entrepreneur, but also people might be more encouraged to venture new enterprises and to open new types of businesses. This is one way of preventing to have a "copycat" market.

Therefore, I would like to conclude that some countries (e.g. some of the developed countries and some of the Gulf countries) have more alternatives for obtaining financial resources than Bahrain, while the Bahraini entrepreneur has less alternatives for obtaining the financial sources, when wanting to start a business.

I would also like to add that the above conclusion is only applicable for the Bahraini owners because entrepreneurs in the developed countries are able to raise funds through many different sources. This is why the model that I have presented at the end, is different (in structure more than content) from the models presented by the western authors.

4.3.2 Market Identification and Marketing

While I was conducting my research, I found out that the Bahraini entrepreneur seriously ignores identifying the market he wants to serve and using different strategies to better serve the market.

Therefore, I chose this factor as the second and most important factor for the Bahraini owner. Under this comes many important issues that the Bahraini entrepreneur neglects.

What the Bahraini entrepreneur does when wanting to start a business is that he first chooses the type of business without conducting any market research; then he decides in what price range he wants his product or service to be, he then chooses the location for his business and, finally, attends to the legal procedures. All the above steps are taken without any research or study.

Therefore, I would like to recommend to the Bahraini entrepreneur that, in order for him to have a better understanding about the market to ensure a more successful start-up process, he should carryout the following steps:

- Assess the product/service viability
- Do a market research.
- Evaluate the opportunities.
- Be familiar with the competitive forces, and estimate their effects on the new business performance.

4.3.3 Organization

Designing a System for the Business Operation

Before starting a business, I would like to recommend to the Bahraini owner, to follow some kind of a system for running his business operations.

This is necessary because by doing this it will have a better cash flow control, and a better record keeping.

Cash flow control is important because it will reduce the chances of under-estimating expenses or working capital, and this is very important especially in the start-up phase.

Stock control, of course, is more applicable for those who sell products rather than services. This is important because the

owner would know approximately how much he needs to order, or by having a cash flow control, can easily adjust the quantity to be ordered, so that he is able to pay his bills on time and also maintain a regular stock.

In keeping records, I am not suggesting to have a complicated system of accounting records. On the contrary, the entrepreneur should decide on the form of keeping the records. The only thing that is important in record keeping is that, when referring to these records, one should be able to find easily the figure he is looking for, because this is the only way that one could judge the progress of the business, and track down areas where money is being wasted or lost.

Preparing a Business Plan.

As it is seen from my findings the Bahraini owners do not plan for many important business issues which they should. Therefore, I would strongly advice them to plan properly, because a business plan is a tool to improve the probabilities of building a successful enterprise.

I would like to suggest therefore preparing a business plan should be a part of the system the entrepreneur has designed for his business operations.

4.3.4 Environment

To open any kind of business in Bahrain, it is very important that the entrepreneur is aware of the surrounding environment in which he wants to operate.

There are 11 environmental variables that influence the start-up of businesses in Bahrain. These variables may represent either opportunities or threats to the new business. Therefore, careful assessment of these variables is required to be able to capture the available opportunities and, as much as possible, to avoid the threats.

These environmental factors are as follows:

- 1 - Availability of financial resources.
- 2 - Availability of skilled labour force.
- 3 - Availability of suitable location.
- 4 - Government rules and regulations and its services.
- 5 - Barriers to entry and the existing competition.
- 6 - Availability of supporting services such as Universities and professional firms.
- 7 - The economic situation.
- 8 - Living conditions.
- 9 - Accessibility and bargaining power of buyers.
- 10 - Accessibility and bargaining power of suppliers.
- 11 - Availability of new markets.

Personally, I would like to give some suggestions for the services that are offered by the government for starting a small business in Bahrain.

In most of the developed countries, if a person has a project and apply for permission of starting a business, the proposal is carefully studied and analysed. The authorities have guidelines and, accordingly, they provide advice to the new entrepreneurs.

For example, if one applies to open a certain type of business in a certain location, after a careful study, he might get the permission to open that type of business, but the location that he chooses might be refused. At the same time, other good and approved locations are suggested to him.

In addition, if the whole project is not approved, other projects and ideas that have been carefully studied, are suggested to the entrepreneur.

This policy, if applied in Bahrain, would both help the entrepreneur to make a better choice, and eliminate the probabilities of having an over-supplied (copycat) market in which both the existing firms and new firms suffer.

Unfortunately, we do not have this kind of service for the Bahraini entrepreneur. Although there are certain types of businesses for which permission to open is not given any more, one can go to a certain street in Bahrain and see around 10 Tailor Shops next to each other, providing the same type of services, not to mention the others in nearby streets.

Some countries (e.g. Oman) have certain rules that if, e.g., a supermarket is opened in one place, then if another one wants to open a super market, it has to be so many kilometers away. In this way, the success of the existing businesses and the success of rival businesses can be ensured and, at the same time, have same kind of competition to ensure the customer benefits as well.

Therefore, I would strongly recommend having a committee in the relevant Ministry where it will carefully study the types of business that an entrepreneur wants to open, the location and the number of similar type of businesses already existing, in addition to having new and more promising ideas for starting a successful business.

This is because, I am sure, many Bahraini entrepreneurs lack having new ideas or at least approaching new marketing techniques. And this is why, when thinking of starting a new business they look at what is already available in the market and copy it.

4.3.5 Motivation and Determination

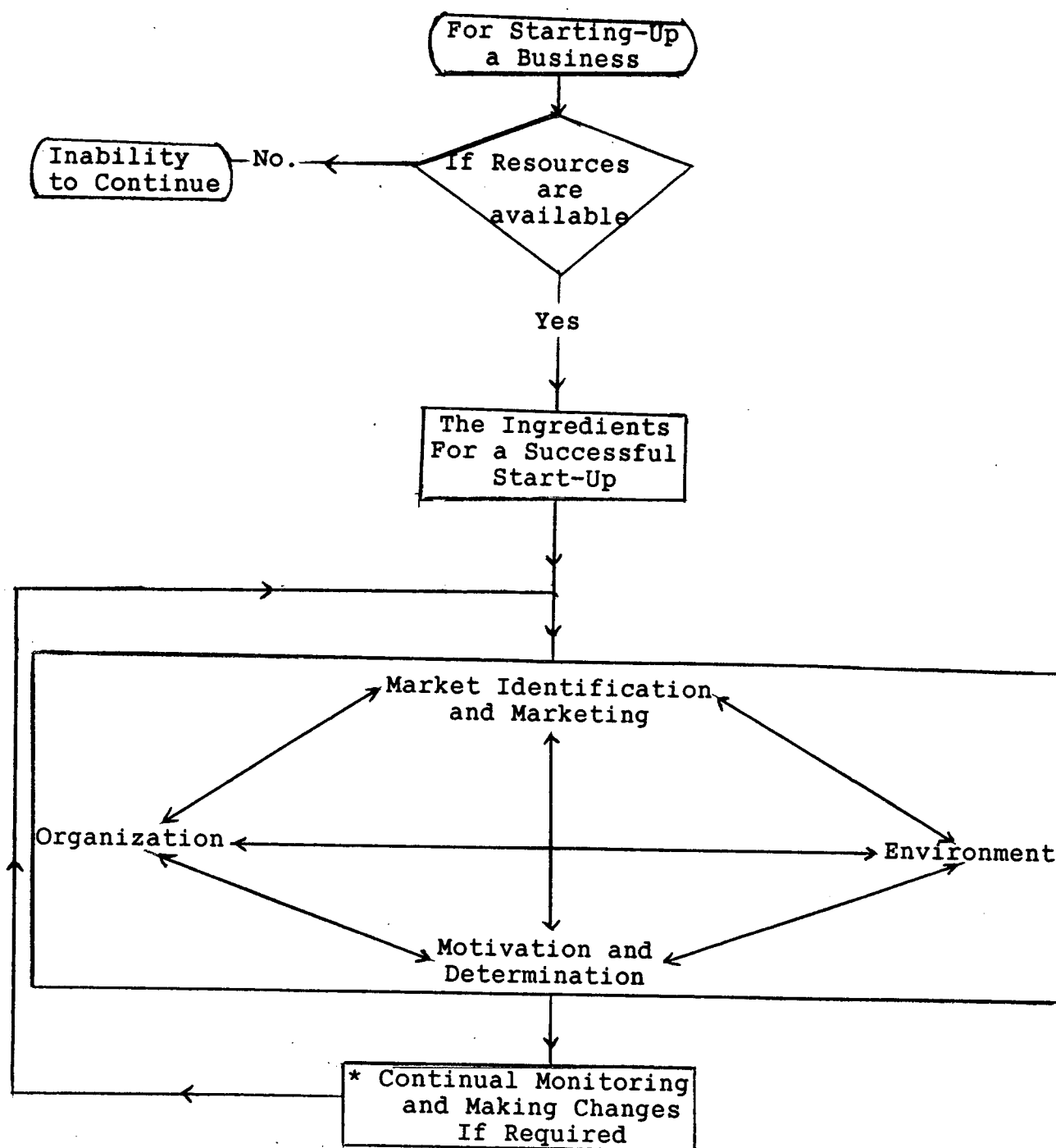
The Bahraini entrepreneur does not lack motivation for giving his full commitment to operating his business. But, what he lacks is self-assessment or self-evaluation before starting his business. And it is better if he does this in writing. Honesty is the most important factor in self-evaluation.

Before starting a business, I would recommend to the Bahraini entrepreneur that he should write down his personal strengths and weaknesses. Then he should choose the appropriate strategies to overcome the weaknesses and make use of the strengths.

There are many other ways that one could overcome his weaknesses like: taking business courses, or taking advice of family and friends (if they are in the same line of business), or taking advice from Universities or consulting professional agencies, or employing skilled labor.

Finally, I would like to present the recommended success factors in the form of a model that can be used by the Bahraini entrepreneur.

Figure: 4.6 The Key Success Factors for Starting a Small Business in Bahrain.



* After starting up a business, there is a significant need for flexibility and the response to changing conditions.

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ASSUMPTIONS

The main assumptions that I have based my questionnaire on, are as follows:

Any entrepreneur has certain background, experience and ability when starting his business. But do entrepreneurs make any self-assessment before starting their business, and how does their ability, experience and background help in starting their business? Also what motives pushes the entrepreneur towards opening their business?

To start a new business the entrepreneur needs to evaluate the opportunities and the resource availability, and needs to be aware of the market and environment that is surrounding his business.

Finally what is the entrepreneur's perception about the Bahraini environment regarding:-

- The resource availability- How encouraging it is to start a small business.
- And the government support.

QUESTIONNAIRE

Please tick the appropriate answer and number them in priority,
if needed:

- 1) Name.....
- 2) Age...../Sex.....
- 3) Date of establishment.....
- 4) Educational background.....
- 5) Did it help you in starting your business ?

a) Yes

b) No

If yes , how ?

- 6) Employment background ?

- 7) Did it help you in starting your business ?

a) Yes

b) No

If yes, how ?

- 8) Have you made any self-evaluation before starting
your business?

a) Yes

b) No

9) If yes, what weaknesses did you find? and how did you try to overcome them?

- a) By taking training programs
 - b) By attending to seminars
 - c) By employing skilled people
 - d) By consulting friend or family
 - e) By other ways (state)
-
-

10) What made you think of starting a new business?

- a) Due to family pressure
 - b) The need for self-employment
 - c) Ambition for wealth and power
 - d) Lack of job opportunity
 - e) Displacement/Fired/Dismissed
 - f) Other motives (state)
-

11) Why did you choose this type of business? a) Familiarity with product and/or market

- b) High growth rate
 - c) No competition
 - d) Family reasons
 - e) Size of the market
 - f) More attractive than the other alternatives
 - g) Just wanted to get into any business
 - h) Other reasons (state)
-

12) There are 3 competitive strategies that any business could choose. Which one are you pursuing?

- a) Focussing or segmentation
- b) Differentiation
- c) Cost leadership
- d) Two of the above (a,b) or (a,c) or (b,c)
- e) All of them
- f) None

13) What are the government rules and regulations that you need to be aware of before starting your business ?

14) Did you conduct any market research before starting your business?

- a) Yes
- b) No

15) If yes, what type of market research did you use?

- a) Referred to some statistics
- b) Took advice of some agencies
- c) Used some of the services offered by Universities and Government.
- d) Made questionnaire and distributed them.
- e) Took advice of similar firms.
- f) Other ways (state)

16) Did you face any difficulty when conducting your market research?

a) Yes

b) No

If yes , what were the reasons ?

a) Cost

b) Time consuming

c) Low rates of response (i.e if questionnaire is used)

d) Hard to obtain the information needed

e) Other difficulties (state)

17) On which of the following did you have information?

a) Supplier

b) Buyer

c) Competitor

d) New firms coming into the market

e) All of the above f) None of the above.

18) Which one of the above imposed the biggest threat for your business ?

19) What resource or resources did you find difficulty to obtain in Bahrain?

a) Financial

b) Finding the right place

c) Employing the right skills

d) Others (state)

e) No difficulty

And what do you think are the reasons behind it ?

20) What do you think are the needed resources that any entrepreneur should have when starting a new business?

- a) Good financial back-up
 - b) Good location
 - c) Right employee skills
 - d) Market information/Relevant skills
 - e) Other (state)
-

21) Did you make any research for site selection before choosing the site of your business?

- a) Yes
- b) No

If yes, through which of the following sources?

- a) Consulted professional firms
 - b) Consulted the Ministry of Commerce
 - c) Took advice from the local University
 - d) Asked similar firms located there
 - e) Made personal research about the availability of customers and other features
 - f) Other ways
-

22) Do you think that location is a crucial part of your business success?

- a) Yes
- b) No

23) Did you face any financial problems when starting your business?

- a) Yes
- b) No

If yes, which of the following is the reason?

a) Inadequate start-up capital

b) Underestimating the capital cost

c) Ignoring or underestimating working capital in the
cash flow forecast

d) Other (state)

24) How did you solve your financial problem?

25) Did you take any kind of insurance policy?

a) Yes

b) No

26) What are you planning to do if you find shortage in
your working capital requirements?

27) What is the level of bad debt that you have?

a) Very high

b) Reasonable

c) Very low

d) None

28) Did you make any kind of plan before starting your business?

a) Yes

b) No

29) What motive in your opinion leads to the entrepreneur's full commitment for starting a new business ?

30) Give your opinion about the Bahraini environment concerning:

- a) Supplier
- b) Customers
- c) Competitors
- d) New rivals

31) How did you find the Bahraini environment regarding having access to resources?

32) Do you think that the Bahraini environment encourages starting small businesses ? Why?

33) In what ways do you think the government is supportive to starting small businesses ? And in what ways it is not ?

34) Do you think your business is

a) Very successful

b) Successful

c) Unsuccessful

Why ?