Management of small business

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Introduction

It's a research which is made on the study of small business or start ups. In this research the availability and shortage of investment issue is mainly concerned and possible solution of these issues are tried to solve.

The advantage and limitation of the theory given in this research is also described below but as compared to limitation advantage is more considerable and more effective.

Body

In the current era of research and innovations there is lots of new ideas and innovations are coming but in order to make those innovations possible one of the major limitation is availability of resources, in which mainly economic resources i.e. investment amount. So this research is made mainly to reduce or overcome investment issue.

As per traditional way most of the new comer just come into the market with a small amount of investment they directly invest their amount into the business and try to build a name into the market which is quite difficult with a small investment let's consider that investment amount as x.

Now as per research Consider x /2 as amount to be paid to the bank on behalf of the loan and now that loan amount will be the investment amount for that business, which is approx more than 4 times than x if the interest rate of loan is about 15%.

The calculation is shown in the following picture:

2nd major issue found while making study on small business is strength to stand after any storm or unfortunate condition in business, so here is the strategy for that:

Let us consider 4.33 x amount as y.

Now in 4.33 x i.e. y investment amount, only y/2 should be invested and keep rest amount as a backup amount to stand in case of any kind of storm in business.

Let us suppose if any kind of mishap happens then rest y/2 amount will be used to run the business again.

Now point of difference in both the business strategies:
Let us consider 7% monthly profit with respect to the final investment amount, see the difference as follows:

Profit by usual way	Profit by research way
Investment amount is just x only	While in this way initial available investment amount will be 4.33 x, which is more than 4 times than the usual way.
$x \times 7/100 = 0.07$ x (profit per month)	$y/2 \times 7/100 = 0.15155$ x (profit per month) Note: $y = 4.33$ x
In most of the cases, there is rare availability of funding to cope with any kind of storm in the business, and if it is kept then investment will reduce more, which is quit unpractical to come into the market with such a small amount of capital.	In this case the y/2 this amount is kept to cope up with the storm which is actually 2.165 x which is still more than double as compared to the capital of usual way of business

Strategy to pay loan amount the bank:
1. For the 1st two year business man is not required to worry about the payment of loan interest because he taken that loan on the ground of x /2 not complete x.
2. As per above comparison it is seen that profit per month is also almost more than double as compared to usual method so the extra profit per month i.e. 0.15155 x – 0.07 x $= 0.08155$ x

    Annual extra profit will be 0.08155 x $\times 12 = 0.9786$ x (as per research way)
    And this extra profit will be submitted to the bank and as the business profit will increase slowly the rest loan amount will be submitted to.

Advantage of research:
1. Investment amount is getting more than 4 times.
2. Back up amount is also available to deal with any kind of storm in business which is not available in usual way of business.
3. Annual profit is $0.151550.84$ x $\times 12 = 1.81860$ x, Amount required to pay to the bank as an interest is 0.50 x, so rest 1.31860x amount will be available to pay to the bank for the base loan amount out of interest amount. In this way business man is not required to worry about the payment of loan amount slowly it will also be paid, because after some time profit percentage will also increase.
4. In comparison business will be in vast way which attracts more customers so ultimately profit will increase.
5. In comparison business firm will have more variants available which will also attract more customers.

Disadvantage of research:
1. Requirements of banks for loan and its availability to the business man.
2. Traditional thought issue.
3. Pressure of loan.

Conclusion:
At last it can be concluded that doing business with the way which is found in research is more profitable and easy, loan amount will also be submitted to the bank with this strategy easily after a moment of time. it has also the facility to cope up with any kind of unfortunate condition if it is coming while running the business. This way of business is more customers attracting to. With very least limitation.