Lifecycle Management

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The lifecycle of a business is an integration of several factors that are pertinent to the business' existence. The objective of most proprietors and investors is that their businesses survive to 'infinity.' However, due to the market dynamics and evolving times, different businesses have different lifecycles. Some businesses have never diminished since their inception while there are others that did not even survive a fiscal year. Therefore, different businesses have different lifecycles. The operations management and nature of a business are the two main factors that determine the lifecycle of a business. A business can be short-lived because it is not well-managed. At the same time, a business can flourish and have a long lifecycle because of its excellent operations management. Regarding the nature of a business, the service or product that a business deal in can play a significant role in determining its lifecycle. For instance, the lifecycle of the businesses that used to sell VHS cassettes ended because their product was out-phased by technology.

Lifecycle of Business

The business idea from the previous modules was to trade in film and gaming merchandise. As outlined in the introduction, the lifecycle of this business would be determined by its operations management and the nature of its products. Considering the nature of the business, gaming and film merchandise are quite dynamic. They are highly dependent on technology, modernity, and trends (Oliver, 2012). However, in the business plan, it was outlined that the business would be dealing in products like 3D glasses, caps, T-shirts, and Virtual reality computing (VR) equipment. These items would be stocked based on the trends in the gaming and film industry. For instance, if a new model of 3D glasses emerged, say 3D 2018, there would be no point of stocking previous versions or models like 3D 2017. Therefore, the nature of this business idea would have limited implications on the business' overall lifecycle. This is because the business is technologically dynamic, adaptable, and flexible.

Operations management is the most crucial structure of a business. Every decision or activity that a business undertakes is based on its operations management. This is singly the most significant determinant of a business' lifecycle. Based on my business idea, there are several pertinent aspects of the business' lifecycle that are embedded in operations management. Identifying manufacturers and suppliers would be an important aspect of the business' operations management. These manufacturers and suppliers would play an important in propagating the life of the business. The 'contact' between a business and its suppliers/manufacturers is established through the supply chain (Braithwaite & Christopher, 2015).

Through our product design team, orders would be placed to the various manufacturers and suppliers. For instance, it is an order on the supply of T-shirts and caps, and the product design team will design the graphics, sizes, and colors. Afterward, this information will be passed to the management for approval and budgetary allocation. The management will place an order through mail, e-procurement or any other methods that will be convenient at that time. Once the manufacturers are ready to supply, the products will be placed on transit. This will mark the first stage of the active supply chain. The structure of the supply chain will vary in the different lifecycles of the business. During the inception stages, the chain will be simple and short. This is because there will only be one operational retail store. From the manufacturer, the products will be relayed to the retail store by a hired transporter.

As the business advances in its lifecycle, more retail stores will be opened. This is the point where a more complex and comprehensive supply chain systems will be adopted. When the business grows to a point where there are several retail stores, the first supply chain method that will be adopted will be the Third Party Logistics (3PL) supply system. Through this system, the business will accord the responsibility of bridging the gap between the manufacturers and retail stores to a third party (Streten, 2016). This is very important because it will enhance the rate of business growth as well as stratification of duties and responsibilities. When the business reaches this point of its lifecycle, there will be the need for the segmentation of operations. This segmentation will help in the division of labor and the institution of a general element of liability and responsibility.

With the involvement of the third party logistics (3PL), the distribution chain will lengthen by one entity. The opening of multiple retail stores will not be the only expansion endeavor as the business advances in its lifecycle. Apart from our merchandise being retailed at our stores only, we will partner with other stores to retail our products. This means that the operations of the business will scale up to a regional level and beyond (Sonnemann & Margni, 2015). To increase our market command, we will have to intensify how our products reach stores and customers. At the same time, it is crucial to keep in mind that this business idea is not entirely based on retailing gaming and film merchandise at specific stores. During big movies premiers or the launch of games, our marketing teams will be placed strategically to promote our merchandise.

For the merchandise to reach individual customers, the supply chain will have to be elongated again. This will include shipping services and the employment of sales representatives. Therefore, during the exponential growth phase of the business cycle, the business will have a long supply chain that will be occasionally dynamic. For instance, on a typical business day, the supply chain will begin from the manufacturer to the supplier (third party logistics '3PL'). From the supplier, the products are taken to the various retail stores. When the merchandise arrives at the retail stores, the supply chain can take different courses.

The first course is that once the products arrive at the retail stores, they are sold to the customers directly. This means that the customers visit the various retails stores that sell our merchandise and make direct purchases from there. The second course is that once the products are at the retailers' stores, customers make purchases from online platforms and have the products shipped to them. Therefore, the chain will include a secondary supplier who will have the responsibility of shipping ordered products to their respective customers (Stark, 2015). The last course that the supply chain can take from the retail stores will involve sales representatives.

As noted before, during big events, marketing agents and sales representatives will be deployed to strategic locations so that they promote the merchandise of the business. Based on this model, once the merchandise reaches the retail stores, the sales representatives will be centered in the supply chain between the retailers and the customers. Another important aspect of operations management that pertains to the lifecycle of the business is the configuration of the products before they are retailed. For the sake of consistency in the information systems, the products will have to be restructured and configured into our systems.

The use of bar codes and Radio-frequency Identification (RFID) tagging will be the primary methods that will be employed when configuring the products into our information systems. It is also during this activity that inventories will be taken. There will be the employment of technology to create a database that shows the flow of products within the different retail stores. There will be both brick and mortar operations as well as e-commerce. The clients who will opt to purchase their merchandise directly from our stores will utilize the traditional brick and mortar setups while those that prefer online shopping will also have a platform to do the same (Meyer, 2016). The eventual decline of the business will be through a merger or acquisition. Depending on the business situation and its market performance, the cycle of the business will end when it is bought or when it merges with a competitor.

Profit Generation

The value of the profit generated will vary from one lifecycle of the business to another. Just like any other business startup, the profit generation in the early stages of a business' cycle is usually minimal. This is because the business is usually establishing its space and position in the market. The profit generation model will be structured within three elements. The first one is based on minimizing the expenditure and running costs of the business. The second structure is based on minimizing the cost at which merchandise is acquired. Structure three is the expansion and dominance of the business. The three elements are embedded in the operations management of the business, and they will advance along the different phases of the business' lifecycle.

To minimize the operation cost and expenditure, it is crucial first to understand the expenses incurred by this business model. At the initial stages of the business' lifecycle, only one retail store will be operational. Considering this initial setup, the expenditure on the business will include salaries, rent, and other peripheral bills of utility services. To minimize these expenses, there will be extreme control of such utilities like running water, electricity, and etcetera. At the same time, we will intensify on technology to reduce the amount of salary and remuneration expenses. Regarding the rent, we will take our time to ensure that we secure the best possible deal possible. As the business progresses in its lifecycle, the same approach will be used but on a larger scale.

Purchasing stock is an inescapable business operation. It is through the purchase of products that business comes to life. To increase the profit generation of the business, the first step will be to identify reliable manufacturers and suppliers to pact with. Afterward, every purchase or order will be strategic. First, all the all orders will be placed in bulk. Through bulk buying, the business will be able to enjoy the merits of economies of scale. For instance, sit will help cut on the costs of transport and other bureaucracies involved in the chain of supply. Apart from the economies of scale, buying in bulk will be open a viable platform for the business to negotiate for discounts. These two approaches will play a significant role in optimizing the profit model of the business.

Expansion is one of the markers which show that a business is progressing well. Expansion is synonymous with growth, and it is an important element of increasing profitability. However, it is important to understand that the expansion of a business is often determined by its success during the formative stages. Therefore, expansion will take place slowly and progressively as the business advances in its lifecycle. Another crucial thing about expansion and its relation to profitability is that expansion increases the market footprint of a business (Gilkey, 2014). By increasing the market footprint, a business achieves its command of the forces of demand and supply; which further implies that it increases its profitability.

Phase-out-plan

The phase-out-stage of a business is the lifecycle phase that most proprietors don't like to think about. However, it is an important aspect of a business that is occasionally inescapable for many business setups. A phase-out-plan usually involves the removal of a product or a business from the market (Carroll et al., 2017). If a business specializes in a particular product, the phasing out the product means that the business is also phased out. Assume that the business operates in selling bicycles. When it stops selling the bicycles, it does not mean that the bicycle business will end. Other sellers will continue with their business of selling bicycles. Therefore, despite the business having been out-phased, the product it was dealing in is still in the market.

On the other hand, consider a business which is the proprietor of a particular product. Take the example of Sony's PlayStation. When Sony decides to out-phase its gaming console, Sony PlayStations will cease to exist in the market. Therefore, this there will be complete closure since Sony PlayStations will cease to exist. These two illustrations will set the basis for the rationale of my phase-out-plan. Retailing products like 3D glasses, caps, T-shirts, and Virtual reality computing (VR) equipment is the backbone of this business idea. However, the business will not be involved in the manufacture of the products. The only main contribution is in the product design. Therefore, what applies to my business idea is 'phasing out the business' and not 'phasing out the product.'

My phase-out-plan will be through a merger or acquisition of the business. There are several reasons why this is contextually the best plan. First, this business idea is not based on an innovative idea or an exclusively new product. Therefore, whether it stops retailing gaming and film merchandise or not, the industry will continue to exist. The other reason is that it would be a wrong approach to close a business for the sake of 'checking out.' Therefore, considering all of these factors, the best phase-out-plan will be through the business being acquired or merging with another business. In the case of the merger, it is this business that will be the 'silent partner.' Therefore, there will be no active involvement in various business operations. In the case of an acquisition, it will simply imply that the business will be bought. For the right amount, the business will change ownership; something that may result in its total tear down and reconstruction.

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