



THE MOST DIFFICULT CHOICES ENTREPRENEURS HAD TO MAKE – AND HOW THEY TURNED OUT

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Abstract: In this research I will explain how hard to make decision to the entrepreneurs for their business success and what kind of consequences are waiting them after their decision. Moreover, there will be analysis of their decision for the growth of their business or negative impacts. There will be several famous companies and different industries that increased or decreased of their value in the market in order to making their owners or CEO's decision. In short, usually it is hard to make decision because it is so risky even it gives more profit while it gives loses.

Keywords: decision making, strategy, entrepreneurship, taking risks, challenges, implementation, types of decision making.

Literature review

Decision making in the business plays pivotal role because it involves all the hard and risky decisions in the unexpected situations which indicates the success or failure of the business. There are several types of decision making and explanations why they are challenging and hard at making decision. Financial decision is mostly happened in business sphere which make stress to entrepreneurs by giving multiple choices like investing for savings or maintaining loans. Regarding to the decision on people, it is really hard to make true decision at that situation because it is about relationship and emotions in hiring and firing process. Beside that there some real-life cases in order to support my research about decision making in unexpected situations. About real cases, there will be Amazon and Netflix companies' examples which are developed by the true decisions of their CEO or owners.

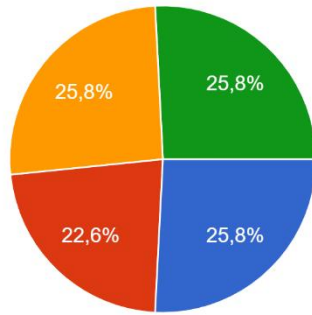
Research methodology

This research methodology covers primary and secondary research collections about decision making by primary research there, survey analysis about decision making which mixed of questions for the qualitative and quantitative information and secondary research, there some cases by collecting data from companies' official sites and their annual and quarter reports as well as journals.

There, the primary research results according to the certain questions about decision making.

How should entrepreneurs handle layoffs in the crisis period?

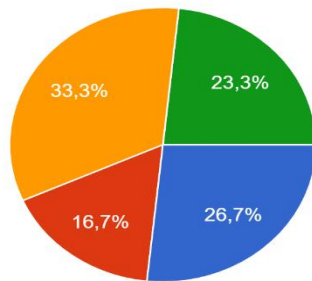
31 ответ



- provide just severance packages
- communicating with empathy and transparency
- offers support for finding new opportunities
- focus on preserving company's financial stability

what kind of financial challenge is common for entrepreneurs?

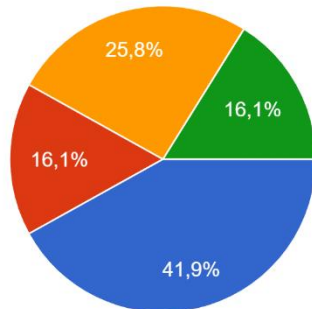
30 ответов



- whether to use personal savings or take loans
- cutting costs in bad situations
- balancing the risk of investment versus financial stability
- measuring operations with limited resources

what factors impacts to reject lucrative offers to sell entrepreneurs businesses?

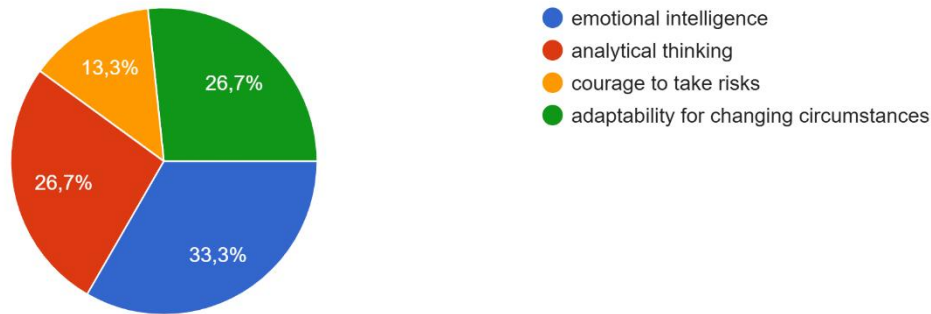
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- belief for the long term potential of their company
- desire for keeping control and independence
- commitment for specific vision and mission
- concerns for well being of workers and customers

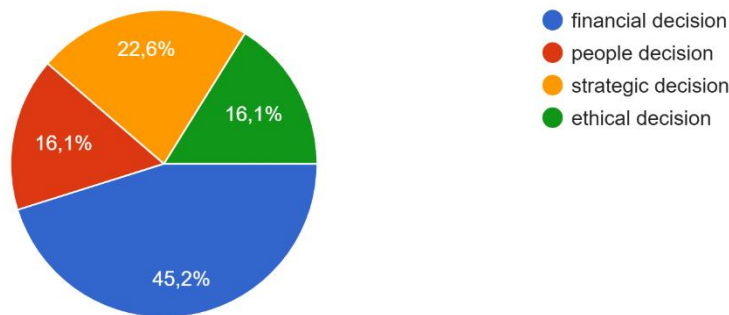
What is the most valuable trait for entrepreneurs when facing hard decisions?

30 ответов



what do you think which type of decision is hard?

31 ответ



Introduction

Entrepreneurship is the complex process that involves opening the business and making investigation, developing the business at the same time it has different risks and tough choices. It is obvious that every success and failure comes after the tough decisions. And entrepreneurs should make hardest decisions in order to make improve their business even in uncomfortable, risky situations. According to the statistics, there 75% start-ups that face failure because of the wrong decision making at the beginning of 5 years in the business sphere (Gleeson, 2016). The prime reason is wrong forecasting of market demands and wrong decision making in order to the wrong measuring the demand. In order to prevent that kind of failure businessmen should consider the main principle like making long-term strategies and making true, appropriate decisions. Those survived businesses are survived because of the calculated decision making. There will be always challenges for businessmen at decision making. Because making tough decision is operating the uncertain process and balancing of personal and professional risks and usually it requires to go untraditional way. Statistics showed that most of the businesses fail because of the delayed decisions or hesitations about making decisions like being uncertain and those factors impact negatively. Most of the time, businessmen should make decision during the trade off and at that time they should choose the long-term benefit by sacrificing only short-term (Zhou, 2022).

Types of the hard decisions entrepreneurs face

Financial decisions

Making financial decision is one of the tough decisions for the business owners and it is more challenging. According to the financial decision, it is fact that entrepreneurs often should spent or invest their collected funds in order to reach development of their business or they can take significant loans for their business` development (Blunck, 2024). There several statistics and insights about financial decision:

It is fact that the owners of the small businesses spent their collected funds actually, their personal savings to their businesses in the United States of America (Adams, 2020). Furthermore, approximately 20% of the small businesses could not survive in the starting year in order to the mistakes of financial operations.

Why it is challenging?

Financial decisions may be seen personal because it is risk to their money and it may lead to possible failure. Losing the invested money or collected funds significantly impact to the entrepreneurs personal and professional life for long times. Beside that it can affect to family relationships when the entrepreneur involved the personal resources.

People decision

This decision is emotionally tough for the humans but in the business sphere it should not be like that in order to prevent the failures of the business. Because it is the main point of the entrepreneurship by hiring the new candidates namely, workers or breaking off contacts with partner companies or if not firing the workers. By making decisions, businessmen should not be emotional at that point even it is hard to make decision on them.

According to some statistics and insights, most of the business face failure because of the wrong hiring decision and it leads to poor performance of workers because of they do not fit of the company's culture. And the numbers showed that 82% businesses fail the same reason (Zhou, 2022). In addition, Human Resource Management community made survey and that survey numbers indicated up to cost 30% of salary by firing the worker and it covers hiring and training and other staffs.

Why it is challenging?

As I mentioned before, it is about making decision on humans and it is quite hard because it involved human relationships not only indicators of the business. Sometimes entrepreneurs feel guilty about their decision on their workers but firing the wrong workers even personally close to the entrepreneurs, serve to long success of the company and plays the key role for their development.

Strategic decision

Based on this decision, entrepreneurs make changes in the variability of their products or services in the market or stopping the current production and entering the untapped areas of the market. It serves the main part of developing and also by that strategic decision most of the companies achieve long term success even it requires significant shifting of the business (Trivedi, 2023).

Coming with statistics 50% of the start-up businesses are failed because they are unable for adapting the shifting market. Unfortunately, 70% of them are strategic changing for direction of the business (Rosenzweig, 2015). There McKinsey indicated that the businesses which are operating their businesses more that 3 years and reached increasing point of their products and occupying it place in the market, have chance for long- term success at 20 % than others.

Why it is challenging?

Making pivot means that that strategy does not work properly and it requires to admit that model does not suit for the company anymore. The hard point is opinions of the investors or the workers as well as customers impact to entrepreneurs' sense and they fear of investor's backlash from them. If you fail in making decision about strategy it can damage your status and your financial position in your business.

Ethical decision

Ethical factors can be challenging because entrepreneurs face mostly when it comes to profitability and some of them choose lower quality suppliers in order to reduce cost while other choose to be true for the ethical standards and they keep doing for their future of their company. Accordingly, there customers who pay more money for the companies which are eco-friendly and harmless for environment. Statistics showed that according to the global consumer willingness for paying more money to those kind of companies' products made up 66% (Bhaduri, 2023). Beside that there some statistics which are researched by Deloitte showed that 76% of businesses are under pressured about social corporate responsibility in order to put first place the ethical standards to their businesses.

Why it is hard to make ethical decision?

Ethical decision is between for the short success and profit and long term of success and benefit as well as it impacts to value of the company's brand status and it requires balance between them. If entrepreneur go against ethical standards, they have to consider trust of their customers for their companies and it may lead

to financial losses not only that but also it serves as a barrier for the increasing the company's long term success. For maximizing the profit, sometimes businessmen should overshadow the ethical standards' importance so that it is hard for choosing the one side to entrepreneurs.

Downsizing

In the business sphere, entrepreneurs should have to be ready to downsize their employee` numbers because of the changing their business model or starting other business according to the market demands. And most of the times pandemic period or quarantine times most of the businesses have to cut their workers` number. There is statistics about downsizing of small businesses which operates in United States of America which made up 27 % and it showed the crisis in the pandemic COVID-19. According to the research of Fenix University, downsizing directly impacts to workers` performance as well as their motives to work by 40 % which means it is bad for company`s total performance.

Why it is challenging?

Hard point is for making decision here is if you make wrong decision, you may lose good worker at the first hand and it directly impact negatively to company`s productivity. After wrong decision it is really tough to keep the productive environment not only that but also it leads to financial challenges and legal complexity when entrepreneurs made wrong decision about firing namely downsizing.

Rejecting offers

There always worthy and significant offers in the business and businessmen should take into consideration all of them because those offers comes to their business namely entrepreneurs usually receive offers for their businesses for the good costs and making decision as much harder than others types of the decision because it plays the crucial role for businessmen. And making rejection sometimes good as well.

Some statistics indicated that selling business or merging is not always good because 90% of them could not reach the expected point in order to the differs in the culture or uncertainty of the sales strategies for after sell. According to the data which provided by the "PitchBook", sales is increased significantly among start-ups by 20% during 5 years from 2015 but that percentage did not proof the success in order to the small portion of them achieved success after sales.

Why it is hard to make that kind of decision?

Sometimes this kind of offers seem to the only way for the entrepreneurs who facing crisis or lose situation in their business and those businessmen accept the offer easily in order to their financial status or uncertain challenges. Because at that time they fell themselves under the pressure of financial sides and that pressure force them to take the financial help by accepting offers. However, it did not work mostly because starting new business or opening new service is really hard actually starting from nothing it takes time and great afford and rejecting those offers will work sometimes for company`s long-term success and helps to achieve great rewards.

Case studies

Thinking about future growth instead of immediate benefit

Jeff Bezos opened Amazon by quitting Wall Street

According to the behind of this success story, Jeff Bezos worked in Wall Street as a position of senior vice president in some of the big fund in New York at the beginning of 1990s. He had great respect from his colleges not only respect but also, he had high paid job position and certain career path in Wall Street. At that time, he had a lot of ideas on his mind and once he realized some tendencies for starting Amazon because of the developing internet significantly and behind of internet there were a lot of opportunities and chances but not tested or experienced (Montoya, 2024).

Jeff Bezos`s decision

At that time Jeff Bezos had everything as well as there is something on his mind which is opening the Amazon. For opening Amazon costs to Jeff Bezos quitting Wall Street and stable revenue flow after that he decided to went another place which is called Seattle because he wanted to open e-book store there. His decision about opening and running online book store seem no-real to people even people who really close to him at that time and the experts also could not give certain decision about that because even their specialty, they do not know about buying books online namely, is this way can meet customers` expectation or their willingness about buying books online. There one thing to mention, at that time the possibility of financial risk was high and there was not the certain guidance to achieving success for that kind of

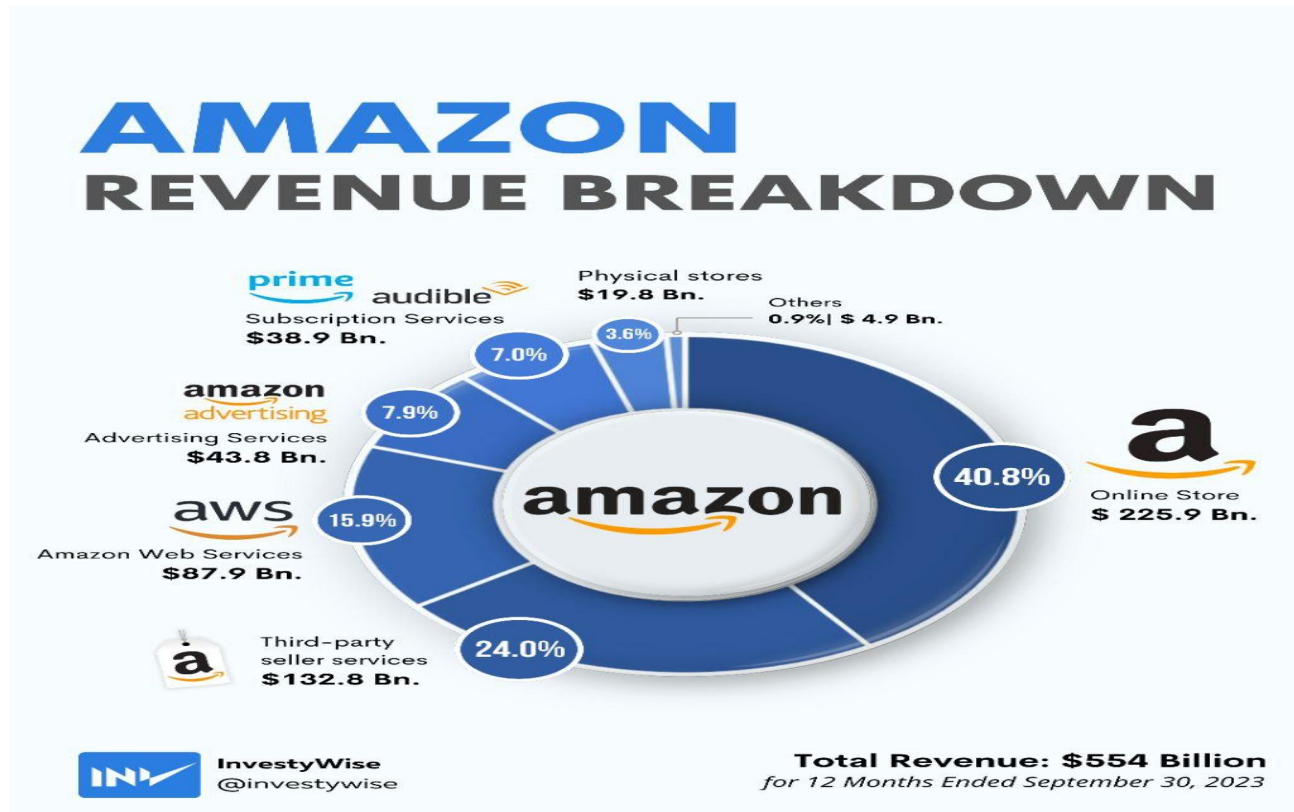
businesses (S, 2020).

Possibility of failure of his decision

Even the online market is not developed but the process of developing, Jeff Bezos took all responsibility of high risk to open new business and he was brave to quite stable profit from Wall Street. If he did not achieve his goal I mean if it did not work, he would lose everything and he would have stuck in debt. He mentioned that opening new business in his situation make hard pressure in financial and even in emotional because there was not any guarantee. Most of the experts mentioned that Jeff Bezos sought the new opportunity which was uncertain but he sacrificed comfort place and stable profit even knowing how it takes long time and energy and resources for starting new business.

Results of his decision

According to the results of Jeff Bezos` decision, the risk justified itself namely, his decision leads to success of starting Amazon and it operated as small online book store at the beginning then he decided to make product variation in other words, he added another service like Amazon Web Services which based on cloud computing in addition, there Amazon Prime Video for digital streaming which preferred most of the customers over another streaming services. In today`s world, Amazon in the list of big companies in the world which specialized for online sales and technologies. This company made more than 1 trillion dollars in the market capitalization according to the statistics` of 2024 year. Representatives of the same field insisted that Jeff Bezos` decision is one of the core points of changing consumers` buying characteristics as well as it made a great contribution for developing e-commerce and technologies over the retail industry (Montoya, 2024).



Case 2

Changing the business model

Changing of Netflix`s` model from DVD to streaming services

According to the history of this successful story, this company was set up in 1997 and it specialized for DVD rentals by satisfying customers` demands via their mail service. At the beginning, company distinguished its service among its competitors by its comfortability. However, at the middle of the 2000, the demand for the DVD was decreased significantly and Reed Hastings who is the CEO in Netflix anticipated this situation and there some solutions to meet customer`s needs again.

His decision

Considering what he anticipated, he had plans to transform DVD rents into streaming services and he made great decision as well. However, that transformation required developed technologies, infrastructures of streaming and mainly the licenses for the contents in order to cover that they need a great number of investments in addition, there hard part was waiting them which was trusting and attracting customers to buy streaming services and using streaming platform instead of buying DVD rentals. If we look backward, at that time it was really hard to believe that kind of things which was the developing of modern internet. Also, there big risks and responsibilities to them (Smith, 2022).

Why it was challenging decision?

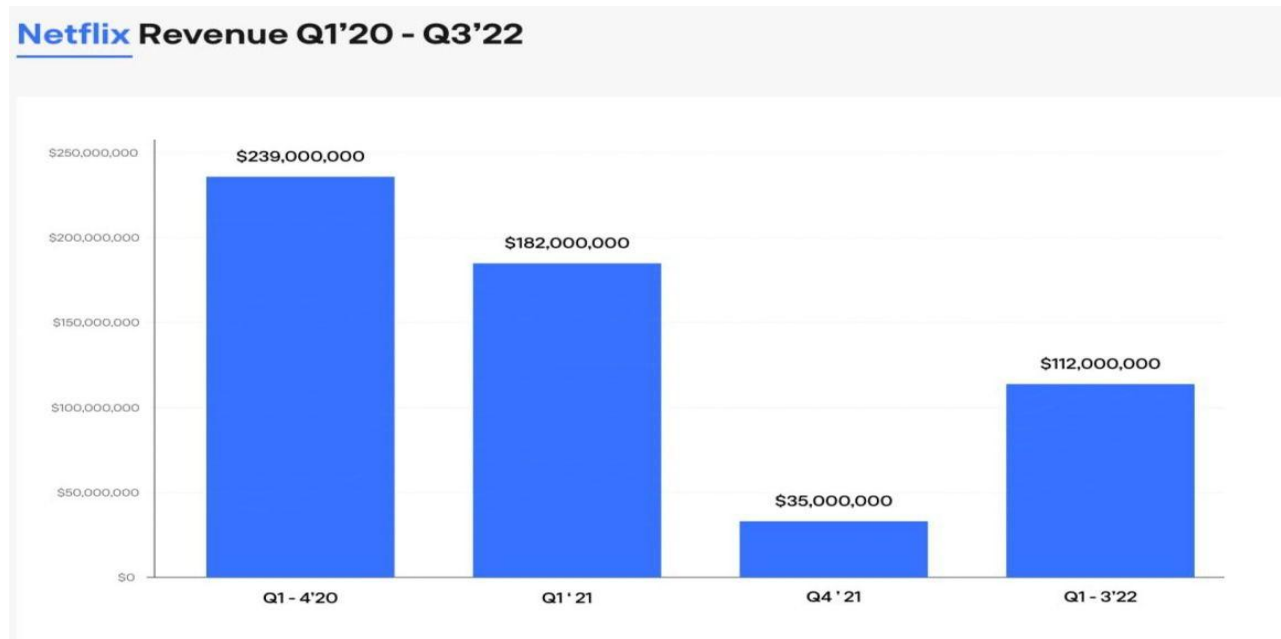
Regarding to the Netflix status at that time, they had everything namely, they had great revenue flow from DVDs and transformation required to give up that flow. There was no any current revenue from streaming service but being streaming service need much more money in order to cover the infrastructures and technologies. Beside that for transforming into streaming service they need strong servers and high-quality video stream especially, high internet speed because at that time internet was not fast as todays which may leads to complexity at providing comfort to customers. One of the challenging points for making that decision is content licenses if you making DVDs, you do not need extra things and process except from disks but in order to make streaming you need to buy rights of movies and series which is really cost more and take time because most of the companies mark their rights expensive to the companies like Netflix. There, concerning thing was workers because they trained to making DVD rentals and recruiting new workers who specialized for the streaming services cost extra money as well (Sampathkumar, 2022).

Results of his decision

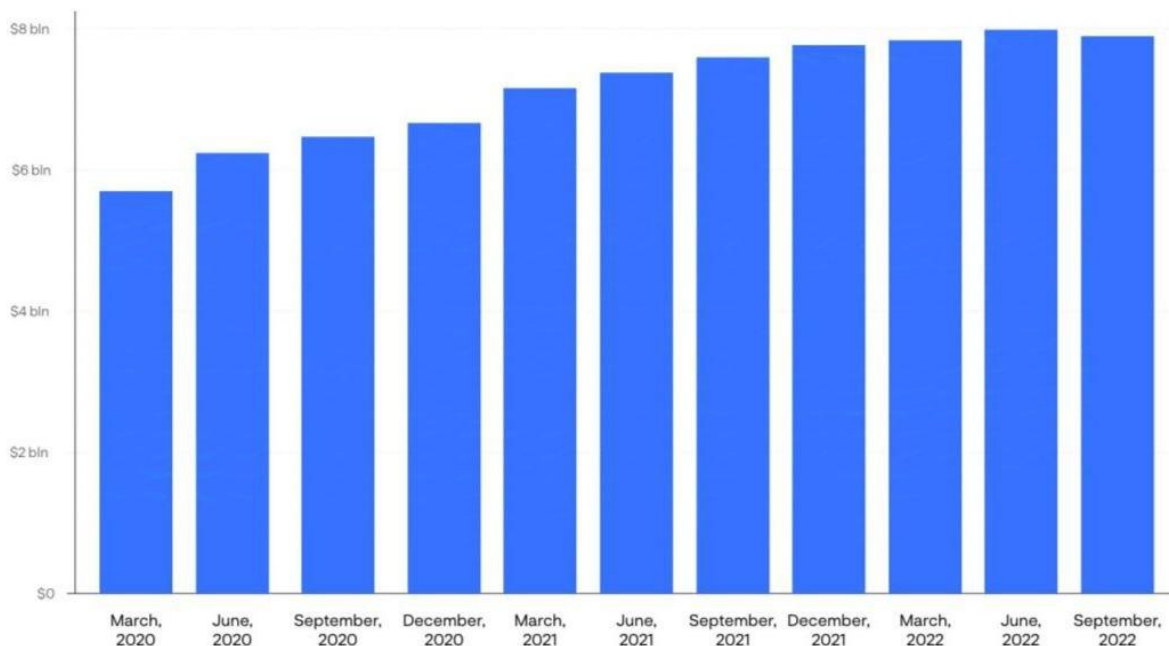
- Become global leader
- Changing entertainment industry
- Success in producing original content
- Financial success

Netflix entered the streaming sphere and achieved success by fulfilling innovations and successfully expand its services all the world. Although, Netflix made great contribution to entertainment industry. The proof is most of the people watch movies and series on streaming service platforms not on TVs namely consumers changed watching way, they do not follow traditional way anymore but not all people. According to the decision, CEO of Netflix made a true decision because they exited DVD service and decision justified itself by the long-term success strategy. Netflix made up several times more income in streaming service than DVD rentals` 10 years income. And during the pandemic period, Netflix made much more income because at that time most of the people stayed at home and they had more time namely, free time to joy.

Revenue from DVD rentals (Scott, 2023).



Netflix Stream Revenue Q1'20 - Q3'22



Conclusion

In conclusion, making decision is the beginning point of the journey which involves financial risks and prioritizing profitability or ethics not only covers types of the decision but also it covered the role of the personalities at making decisions. According to the real-life cases, making decision occurs only in immediate situations and also unexpected ones and there, lessons from the cases which explains adapting in changes and entrepreneurs should see hard decision as growing opportunity then there will be true intention. It is hard to quite stable revenue but after that you make long- term success as given cases.

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