

MARKET PENETRATION STRATEGY

- Selling more of the company's existing products or services to its existing customers.
- Can be done through price discounts, more aggressive promotion, distribution of efforts, and modest product improvements.



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MARKET DEVELOPMENT STRATEGY

- Selling the company's existing products to new markets.
- Can be done through targeting new geographical markets, adapting to new demographic profiles, or selling to industrial buyers.

NEW GEOGRAPHICAL MARKET

- Selling existing products to customers in new locations.

NEW DEMOGRAPHIC MARKET

- Offering the same product to a segment of the market which has different characteristics.

EXPANDING TO INDUSTRIAL BUYERS

- Small businesses start selling their products to individuals, but later graduate to providing services to industrial buyers or big retailers.

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PRODUCT DEVELOPMENT STRATEGY

- Developing new products or modifying existing products so that they appear new.
- A logical strategy for companies that understand the needs of customers.

Example: Selecta Ice Cream
In using product development strategy:

- Companies can expand their product range
- Acquire rights to produce someone else's product
- Buying in a product and "branding" it

Example: Suyen Corporation
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DIVERSIFICATION STRATEGY

- Introducing new products in new markets
- The "capital-intensive" yet the "riskiest" strategy
- Can be done through vertical and horizontal integration

Example: Universal Group of Companies

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BOLODO

Thecasesolutions.com IMPLICATIONS OF GROWTH FOR THE FIRM AND THE ENTREPRENEUR

- It derives cost advantages due to economies of scale.
- A bigger firm gains bargaining power.
- The entrepreneur gains more power and access to resources as the business grows bigger.

CHALLENGES IN A GROWING BUSINESS

- The pursuit of growth is bound to increase the pressure on the company's existing set of employees to produce or sell more.
- Growth means having to deal with greater number of concerns.
- Rapid growth could result into the company's resources being stretched too thinly.

CALDERON

CHAPTER 12

Pedigree Growth Strategy (A)

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SUCCESSION IN A FAMILY-OWNED BUSINESS

1) Start business succession planning early.



2) Involve your family in business succession planning discussions.



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3) Look at your family realistically and plan accordingly.



4) Get over the idea that everyone has to have an equal share.



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5) Train your successor(s) and work with them.



6) Get outside help with your business succession planning.



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SELLING THE BUSINESS

- Management buyout**
- Leveraged buyout
 - Employee stock ownership plan (ESOP)
 - Employee Stock Ownership Trust (ESOT)
 - Leveraged plan
 - Sale to outsiders

Ways to raise the value of the business:

- Concentrate on keeping costs under control
- Focus on getting healthy margins
- Ensure that the capital equipment are up-to-date and properly maintained
- Maintain good management team
- Get all financial statements in order
- Business broker
- Investment banker

SOLLANO

- Signs of bankruptcy:**
- Sudden departure of top people
 - Supplies and materials needed to meet orders are lacking
 - Large and increasing discounts to customers
 - Payroll taxes are not promptly paid
 - Demands from the creditors that payments be made in cash
 - Growing complaints from customers about poor service and product quality
 - Reorganization

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GROWTH STRATEGIES

EXIT STRATEGIES

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