

Assignment week 7: Growth and Exit

Learning objectives

After completing this assignment you are able to:

- Critically evaluate the strategic options for growth and understand the implications for a start-up;
- Critically evaluate the advantages and disadvantages of each growth option;
- Develop an exit strategy for a business idea matching your investors structure
- Pitch your business case

Supportive learning materials (obligatory):

- Web lectures:
 - Growing your business
 - Entrepreneurial exit
 - Exit and the phases of the entrepreneurial process
 - Exit: Trade sales
- Readings:
 - Chapter 8 of the course handbook by Paul Burns
 - DeTienne, 2010
 - DeTienne, 2015

Supportive learning materials (recommended):

- “How an IPO works” <https://www.youtube.com/watch?v=11dsrhWmvaQ>

Assignment description

Over the past few weeks you have learned to turn a business idea into a feasible business model. Now it is time to look into the future. More in particular, how are you planning to build growth potential by considering new or different markets and new or different products / services. Further, capturing part of that value of your business model also implies the development of an exit strategy. The second part of the assignment is thus centered around the development of an exit strategy matching your investors structure and personal attitude.

Product/market development

The aim of this exercise is to get you think about the future potential of your venture.

- Use the product/market growth matrix (as explained in the web lecture “Growing your business”) and list the strategies that you intend to use to grow your business in the future.
- Note the time scale that applies to these strategies and the critical success factors.

Developing foreign markets

- If your market development involves foreign markets, describe the ways you intend to penetrate these markets over time, noting any things you need to find out before making final decisions about these strategies.
- Note the time scale that applies to these strategies and the critical success factors.

Developing an exit strategy:

- Make an evaluation of the expected equity structure of your business and the aspirations of the founders involved.
- Given this input, what exit strategy seems most attractive and why?
- What will your company be worth within 5 years and how does this affect your exit strategy?

Deliverables related to this assignment: deadline is 15th of January 2016

- Team-related deliverables:
 - A report providing a description of:
 - Your growth options, the corresponding strategies you intend to use and the time scale and critical success factors that apply to these strategies.
 - (Optional) Your foreign market penetration strategies, things you need to find out before making final decisions about these strategies, the time scale and critical success factors that apply to these strategies
 - Expected equity structure, founder aspirations, company valuing and resulting exit strategy.
 - Final iteration of the slide deck on the business model

Please note: Both the report of week 7 as well as this week's iteration of the business model can be integrated into the final report. There is no need to hand in separate documents!

- Individual deliverable:
 - Reflection report:
 - What went well during this assignment? And what was your role in it?
 - What were the difficulties in developing a growth & exit strategy?
 - When reflecting upon the assignment, do you perceive this approach as effectual or rather causal? And why?
 - What did you learn about yourself during the execution of this assignment?
 - What did you learn during this assignment that could affect your behavior in a professional setting (either as an entrepreneur or employee of a company)?
 - When reflecting upon yourself as a potential entrepreneur, would you consider yourself more as effectual or causal? Why?