

Entrepreneurship

Module 3

Legal forms of business

- Sole Proprietorship
- Partnership
- Joint Stock Company

Private company

Public company

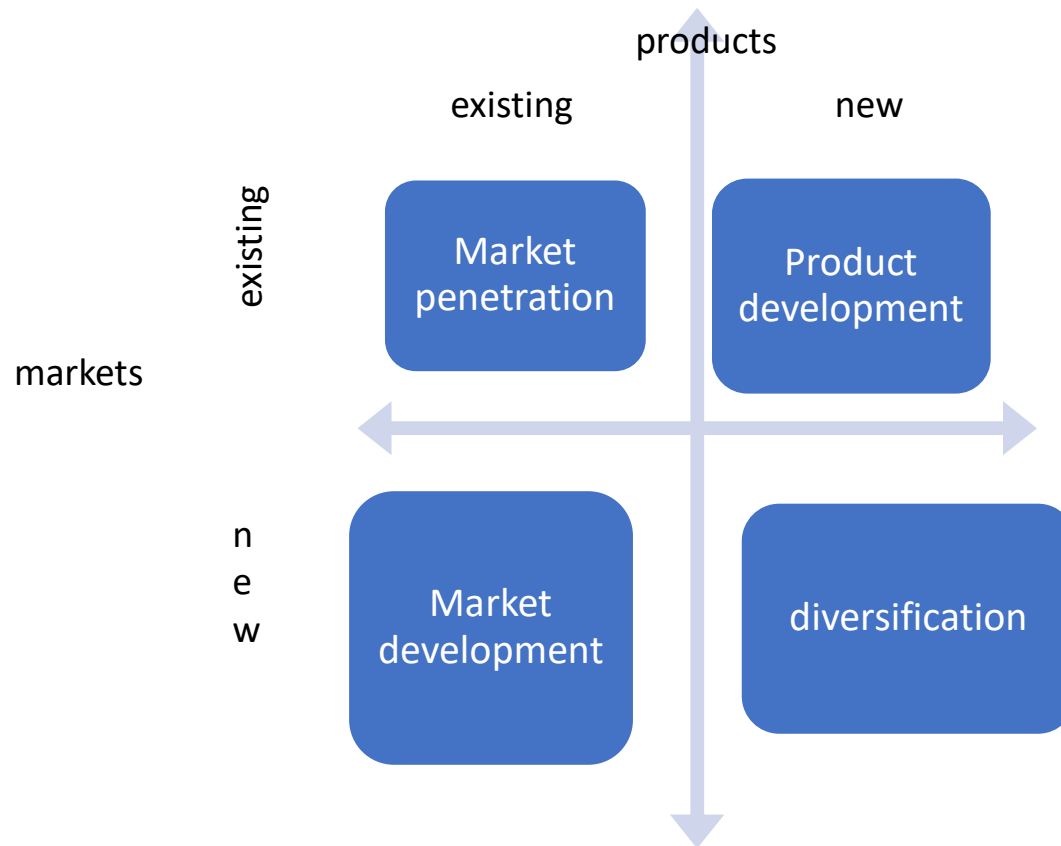
Cooperative enterprises

Public Sector company

Expansion and diversification

- Expansion: the process of increasing production capacity or entering new markets
- Diversification: the process of increasing the variety of products or services offered

Expansion and diversification strategies



Merger and Acquisition

- Merger: when two companies merge to form a new company
- Acquisition: when one company acquires or purchases the other company. The purchasing company will retain its identity and the vendor company will come to a halt and will lose its identity.
- Types: horizontal, vertical, conglomerate, congeneric

Franchising

- Easy to expand business
- Building brand name
- Pre-established brand name
- Saves money required for training
- Exclusive rights

Disadvantages

No control

Payment to be made to franchisor

Loss of goodwill

Trade secret

Intellectual property

- Patents: innovation/discovery
- Copyright: artistic things like music, writings, videos
- Trademarks: symbols, brand name, package etc
- Licensing: permission

Sources of Capital

- Personal fund
- Bank loan
- Venture capital funding
- Angel investors
- Crowd funding