



1.5 Growth and evolution

Terminology exercise

Check that you understand the terminology used in this subtopic by dragging the correct word into each space.

One common business objective, which refers to the expansion of a business and can be internal or external, is

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is when a

company expands with its own resources, without considering a third party. is the expansion of the business with another party, through strategies such as mergers and .

Another way of growing the business, which is less risky, is the

. This is where a

separate business entity is created for a project and can be dissolved at the end of the project. Additionally,

is a possibility

that many entrepreneurs can use to start a successful business, by using the brand and know-how of an existing business.

A major advantage of growth is

of scale, which

reduces the unit costs of the products or services that a business produces or offers. However large businesses can also suffer from of scale, where unit costs actually increase as the business grows.

Finally, there is a new way of thinking about growth, called

business, where the business aims to develop a strong network among stakeholders, helping others to grow and develop. This builds resilience in the ecosystem of the business.

diseconomies

Internal growth

growth

joint venture

External growth

franchising

economies

acquisitions

generative

✓ Check

