**Role of an Entrepreneur in Economic Development**

The entrepreneur who is a business leader looks for ideas and puts them into effect in fostering economic growth and development.

Entrepreneurship is one of the most important input in the economic development of a country. The entrepreneur acts as a trigger head to give spark to economic activities by his entrepreneurial decisions.

He plays a pivotal role not only in the development of industrial sector of a country but also in the development of farm and service sector.

The major roles played by an entrepreneur in the economic development of an economy is discussed in a systematic and orderly manner as follows.

**(1) Promotes Capital Formation:**

Entrepreneurs promote capital formation by mobilizing the idle savings of public.

They employ their own as well as borrowed resources for setting up their enterprises.

Such type of entrepreneurial activities lead to value addition and creation of wealth, which is very essential for the industrial and economic development of the country.

**(2) Creates Large-Scale Employment Opportunities:**

Entrepreneurs provide immediate large-scale employment to the unemployed which is a chronic problem of underdeveloped nations.

With the setting up of more units by entrepreneurs, both on small and large-scale numerous job opportunities are created for others.

As time passes, these enterprises grow, providing direct and indirect employment opportunities to many more.

In this way, entrepreneurs play an effective role in reducing the problem of unemployment in the country which in turn clears the path towards economic development of the nation.

**(3) Promotes Balanced Regional Development:**

Entrepreneurs help to remove regional disparities through setting up of industries in less developed and backward areas.

The growth of industries and business in these areas lead to a large number of public benefits like road transport, health, education, entertainment, etc.

Setting up of more industries lead to more development of backward regions and thereby promotes balanced regional development.

**(4) Reduces Concentration of Economic Power:**

Economic power is the natural outcome of industrial and business activity.

Industrial development normally lead to concentration of economic power in the hands of a few individuals which results in the growth of monopolies.

In order to redress this problem a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power amongst the population.

**(5) Wealth Creation and Distribution:**

It stimulates equitable redistribution of wealth and income in the interest of the country to more people and geographic areas, thus giving benefit to larger sections of the society.

Entrepreneurial activities also generate more activities and give a multiplier effect in the economy.

**(6) Increasing Gross National Product and Per Capita Income:**

Entrepreneurs are always on the lookout for opportunities.

They explore and exploit opportunities,, encourage effective resource mobilization of capital and skill, bring in new products and services and develops markets for growth of the economy.

In this way, they help increasing gross national product as well as per capita income of the people in a country.

Increase in gross national product and per capita income of the people in a country, is a sign of economic growth.

**(6) Improvement in the Standard of Living:**

Increase in the standard of living of the people is a characteristic feature of economic development of the country.

Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost.

This enables the people to avail better quality goods at lower prices which results in the improvement of their standard of living.

**(7) Promotes Country's Export Trade:**

Entrepreneurs help in promoting a country's export-trade, which is an important ingredient of economic development.

They produce goods and services in large scale for the purpose earning huge amount of foreign exchange from export in order to combat the import dues requirement.

Hence import substitution and export promotion ensure economic independence and development.

**(8) Induces Backward and Forward Linkages:**

Entrepreneurs like to work in an environment of change and try to maximize profits by innovation. When an enterprise is established in accordance with the changing technology, it induces backward and forward linkages which stimulate the process of economic development in the country.

**(9) Facilitates Overall Development:**

Entrepreneurs act as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialization is set in motion.

This unit will generate demand for various types of units required by it and there will be so many other units which require the output of this unit.

This leads to overall development of an area due to increase in demand and setting up of more and more units.

In this way, the entrepreneurs multiply their entrepreneurial activities, thus creating an environment of enthusiasm and conveying an impetus for overall development of the area.

**The role played by entrepreneurship in economic development**

   Entrepreneurship plays a significant role in the country's development.

According to Harbison, entrepreneurs are prime movers of innovation. Sayigh describes entrepreneurship as a dynamic force.  
  
Indeed, an entrepreneur is the person who perceives a business opportunity and converts it into a viable business plan culminating into a business venture ultimately.   
  
THE ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT.  
  
1. EFFECTIVE UTILIZATION OF RESOURCES:  
Entrepreneurship is all about putting to better use the resources which are considered to be of low value with an aim of earning income.

An entrepreneur comes up with ideas of how to use what others may consider waste.

This improves the economy of a country through taxes and creation of jobs which improves the standard of living of the beneficiaries.

The Kenyan sisal plant is, for example, being used by small scale entrepreneurs to weave quality bags such as “ciondo”, table mats, lamp shades etc. These items sell internationally.  
  
2. INCREASE IN PER CAPITA INCOME:   
Economic growth is measured in terms of a sustained increase in real income.

It is the entrepreneurial communities who complement and supplement the economic growth increase per capita income by identifying and establishing profitable business ventures.  
  
3. IMPROVEMENT IN PHYSICAL QUALITY OF LIFE:  
Entrepreneurs supplement the economic growth by enhancing the physical quality of life. Establishment of enterprises leads to increase in employment avenues both directly and indirectly.

Consequently, poverty is alleviated as per capita income grows. This results in improving the physical quality of life which is an indicator of economic growth.  
  
4. GROWTH OF INFRASTRUCTURAL FACILITIES:  
Entrepreneurs help in the growth of infrastructural facilities such as roads, bridges, buildings, factories, etc. which are the cornerstones of economic growth.

Establishment of factories and industries in a particular locality presupposes the growth of infrastructural facilities.  
  
5. EXPORT OF HANDICRAFT ITEMS:  
Entrepreneurs play a significant role in producing and exporting handicraft items.

They generally use the local traditional skill, traditional technology, local knowledge and experience for producing traditional art and craft and handicraft items.

Nowadays, such items are on demand in foreign markets - jewelries, carpets, stone carvings, handbags such as the world famous “ciondo”, table mats, etc.

They are both exported to foreign markets and sold locally at markets such as the Maasai Market in Kenya, which has become immensely popular with foreigners, as well as the local people.  
  
6. PROMOTION OF TECHNOLOGY:  
A few years ago, the Jua Kali sector in Kenya came up with new technology for making gas burners (jikos) that use bio fuel from cow dung.

These jikos are made from locally available materials that are truly affordable to the low income earners even at the village level, and the gas is produced through a real easy process.

This has improved many homes since the cost of fuel has become affordable for them.

A particularly recent innovation in the same line is the solar-powered LED lantern by a young 2010 CNN Kenyan nominee, Evans Wadongo who was rated among the 2010 top 10 CNN Heroes.

The thinking behind this lantern is to help light Kenyan rural homes and save on fuel costs, keep eye problems caused by smoke from tin or bottle lanterns at bay and conserve the environment.  
  
7. EXPORT PROMOTION:  
Entrepreneurs produce high quality products that attract an unusually wide market.

Some of their goods are sold in the international markets thus bringing foreign exchange to Kenya. Entrepreneurs from other countries, through exchange programmes, bring their goods here in Kenya to sell in organized exhibitions.

This gives an opportunity to the local entrepreneurs to learn and exchange new ideas with their counterparts from different countries.

There are also Kenyan entrepreneurs who have identified attractive markets in foreign countries to sell Kenyan products and culture.

One such Kenyan is Ibrah, who is operating a successful “ugali-nyama-choma” resort in USA, a favorite dish for most whites there.  
  
8. CAPITAL FORMATION:  
Capital formation is the most crucial element for economic growth.

It is always necessary to step up the rate of capital formation so that the economy accumulates a large stock of machines, tools and equipment which can be geared into production by the entrepreneur.

Besides, capital formation in the economy may be brought about by the formation and up-gradation of skills of human capital.

This is in terms of knowledge and skills which can be utilized to raise the level of productivity whereby economic growth can be accelerated.  
  
9. CREATION OF EMPLOYMENT:  
The role of entrepreneurs in establishing micro, small and medium enterprises is perceived as a powerful medium to address several socio-economic issues - the key issue being the generation of employment opportunities.

In a developing economy like Kenya, where labor supply is higher than demand, the role of entrepreneurs is well much significant.

Entrepreneurial development gives rise to economic independence through self-employment.

Creation of micro, small and medium enterprises by the entrepreneurs can lead to the creation of both self-employment and wage-employment opportunities, thereby solving the problem of unemployment in the economy.  
  
In rural Kenya, for example, some non-governmental organizations have chipped in by offering support especially to widowed mothers who have come together to start small businesses from their self-help savings while other women in urban areas have also come together to start up small enterprises to boost their income.  
  
10. EMPOWERMENT OF WOMEN THROUGH ENTERPRISE:  
Women entrepreneurs such as Mary Okello of Makini Group of Schools, Esther Passaris of Adopt A Light are the prime movers of women empowerment.

In this context, empowerment through enterprise involves access to resources and markets, actual ownership and active control.

These things lead to equity and equality among men and women and act as a lever for social stability.  
  
11. CONSERVATION AGENT:  
Entrepreneurship allows for maximum utilization of natural resources.

Mr. Peter Ruigu Kirugi of Red Hill farm, Limuru, in conjunction with the GTZ project, has turned cow waste into a profitable venture. He put up a 32 cubic meter biogas plant in March 2010 to utilize the dung produced by his dairy herd.  
  
The biogas promotion, pioneered by Promotion of Private Sector Development in Agriculture (PSDA), enables dairy farmers to get better value from the dung produced by their cows, as it is first used to produce energy before it is used as manure.  
  
Biogas can replace all kinds of energy sources like LPG, firewood, charcoal and electricity.  
  
Entrepreneurship promotes environmental friendly technologies like biogas digesters, energy saving stoves which use less firewood and also save time and money for the user, solar-powered LED lanterns, like that being developed by the 2010 CNN Heroes nominee, Evans Wadongo, etc.

**Next:** Incentives available to Kenyan entrepreneurs  
**Previous:** Factors to consider when evaluating viable business opportunities

**Incentives available to Kenyan entrepreneurs**

It is now evident in that the Kenyan government is trying to nurture the spirit of entrepreneurship in the country.

Various incentives and policies that the government has adopted towards business activities are evidenced by this aspect.  
  
The following are some of the available incentives to help in accelerating the growth of business enterprises and in encouraging aspiring entrepreneurs to venture into business activities.  
  
• Investment Allowances:   
These are financial benefits that accrue to entrepreneurs who invest in particular assets required in their businesses.

The allowances arise due to tax deductions. Entrepreneurs are entitled to these allowances depending on the assets acquired or building installation.  
  
• Import Incentive Schemes:   
The main aim of import incentive schemes is to encourage the formation of manufacturing enterprises through reduction of import tariffs on inputs such as machinery, raw materials, etc.  
  
• Export Incentive Schemes:   
They are common for export oriented businesses and industries e.g. Incentives for Export Processing Zones (EPZs), duty free imported raw materials, no Value Added Tax (VAT) on exports, capital allowances on the installed machinery - exporters are allowed to claim 20% as export compensation, etc.  
  
• Provision of Industrial Sheds:   
The government, through the Ministry of Industrialization, has constructed sheds which are used as operating premises for entrepreneurs.

Examples of such sheds are the Nyayo sheds which are meant to cater for the Jua Kali artisans and the construction of Muthurwa hawkers market.  
  
• Friendly Policies:  
The Kenyan government formulates and implements policies that are intended to promote trade and industrial development.

They include adopting new technology such as the fiber optic cable and advising entrepreneurs and assisting them to identify viable business opportunities.

Plans to have SMEs listed at the Nairobi Stock Exchange were finalized at the end of the year 2010.

It was aimed at accelerating investment in SMEs and boosting credit facilities that are accessible by SMEs, thereby supporting their continued growth.  
  
• Issuing of Trade Licenses:   
A trade license, once given, enables entrepreneurs to operate within a given area. Imports and exports licenses provide viable opportunities to venture in the global market.  
  
• Providing Training Opportunities:   
Various government institutions now offer training on entrepreneurship skills. The government has also partnered with private training institutions to provide entrepreneurial skills to entrepreneurs.

Examples of such training opportunities are the 1st phase of 2009 Jitihada National Business Plan Competition, which apart from offering invaluable training to all successful applicants to the competition, also gave cash awards to promising entrepreneurs.

The top entrepreneur received a prize of Ksh. 1 million, while the second and third best winners received Ksh. 750,000 and Ksh. 500,000 respectively.

Special awards of Ksh. 250,000 each went to the best Woman Entrepreneur and Social Entrepreneur.  
  
• Market and Networking Opportunities:   
Networking is the key activity throughout the life of entrepreneurs.

It enables them to benefit especially where they network with suppliers, customers and other business associates.  
  
• Provision of Finance:   
The government has been actively committed to providing finance to various groups of entrepreneurs.

The establishment of the Kenyan Youth Fund and the Women Enterprise Fund is a clear indication of the government’s commitment to ensuring accessibility of credit facilities to both practicing and aspiring entrepreneurs.  
  
• Fiscal and Monetary Policies:   
The government, through its fiscal and monetary policies, has been committed to boosting business activities within the country.

This has been evidenced through friendly tax system, increasing government expenditure, lowering borrowing rates, combating inflation, etc.  
  
• Reducing bureaucracies and red tape procedures in areas such as issuance of trade licenses is also an effort by the government to give the incentive to entrepreneurs.  
  
• The government’s permission to liberalize trade is yet another incentive to entrepreneurs.

**Next:** Factors that hinder the youth from being involved in entrepreneurship  
**Previous:** The role played by entrepreneurship in economic development

**Factors to consider when evaluating viable business opportunities**

WHAT IS A BUSINESS OPPORTUNITY?   
A business opportunity can be defined as a sound business idea which forms the basis upon which an entrepreneur makes a firm investment decision.  
  
FACTORS TO CONSIDER WHEN EVALUATING VIABLE BUSINESS OPPORTUNITIES   
An entrepreneur needs to determine whether the business idea they have in mind is viable or not.

When evaluating the viability of the business opportunity, the following factors need to be taken into consideration:  
  
• Potential for growth:   
An opportunity is said to be viable, when it has the ability to grow and expand.  
  
• Infrastructure:  
Easy access to infrastructure such as roads, water, electricity, telephone and postal services among others enables business enterprises easily make orders for goods and deliver them hence reducing operating expenses. With low operating expenses, profits can be maximized.  
  
• Market for the goods and services:   
An entrepreneur has to access potential and actual market for the goods and services he would like to sell. There must be a clearly defined market if the opportunity is to be considered.  
  
• Rewarding to the investor:   
The opportunity should be rewarding to the investor (cost-benefit consideration). He should consider the expected returns against the expected cost to ensure that the benefits outweigh the cost.  
  
• Price structure:  
One has to put into consideration the price-structure of the goods and services he would like to offer. Goods and services, which are subjected to constant inflation, are likely to change in terms of price.  
  
• Competition and Competitive advantage:   
Competition is regarded as a threat to business of similar kinds operating in a similar location. Although competition is a threat, it is healthy in the sense that it goes along the way in controlling price of goods offered. It is crucial for entrepreneurs to consider opportunities where competition is not high as this will enable them to get reasonable market share. They should venture where competitive advantage is.  
  
• Incentives:   
Offered by the government and Non-Governmental Organizations, incentives are legitimate business opportunities to exploit as they save on costs. E.g. duty free importation of sugar and maize, tax waivers, etc.  
  
• Legal Consideration:   
The new idea should be in line with the legal regulatory framework e.g. an idea to sell drugs may not be viable because it is illegal.  
  
• Financial viability:   
The assessment of financial viability is of significant importance when looking at the viability of the business. Capital investment requirements, break even analysis, cash flow projections, profitability of the business have to be analyzed. This is because they determine the sustenance of the business in the market-mix.  
  
• Personnel, Training and Management:   
Before starting a business, it is necessary to make an assessment of the required personnel training and management. Look at the ability, cost of hiring and training human resource. Management efficiency will enable the business to succeed.

**Next:** The role played by entrepreneurship in economic development  
**Previous:** Sources of business finance

**Sources of business finance**

DEFINITION OF BUSINESS FINANCE   
This is the amount of money you need to start your business.

It enables you to buy machinery and equipment, build your business premises, hire labor and meet daily obligations of your business. Finance needed to start your business is commonly known as capital.  
  
As an entrepreneur, the primary types of capital that you are likely to arrange for include start up capital, working capital and expansion capital.

Startup capital is the capital you will require to begin a business while working capital is the amount you would need to meet the day to day activities of the business.

Expansion capital is the capital you will require to help your business grow.  
  
SOURCES OF BUSINESS FINANCE  
1. Equity financing:  
The main source of equity financing is your personal savings. Some experts say that one half of the money needed to start a small business should come from the owner.

This may mean ‘you’, as the future owner must work and save for several years before having enough money to start the business.  
  
Another popular source of equity financing is money from your family and friends.

Equity financing can also be obtained by selling part of your business to others.

This can be done in several ways e.g. you could get one or more partners.

With the partners putting in a portion of their own money, you will find it easier to raise the total amount needed. Equity financing can also be obtained by selling part of your own property.  
  
2. Borrowing from lending institutions:   
When your sources are not enough, you have the option of borrowing from other sources. Lenders will usually lend you money for starting a business if they know and trust you.

Lenders want to be sure they will not lose their money on businesses that fail. Most lenders, therefore, will want to review your business plan carefully.

The plan should describe how the business will operate, how much money will be needed, how it will be used and when the business will be profitable.

Most people think of banks when borrowing money.

Banks lend money when the risks of losing it are extremely low. Usually, they will only lend to customers whom they have known for a long time.  
  
3. Borrowing from cooperative societies:   
If you are a member of a co-operative society, you may be able to borrow money for business use. Some loans can be obtained with just your signature.

Cooperative society interest rates are usually lower than bank rates. Commercial finance companies may lend you money to start your business.

Because they take greater risks, commercial finance companies usually charge high interest rates.  
  
Some people borrow money against their life insurance policies.

This is an easy way to obtain some of the money needed to start the business. Life insurance policy loans are based on cash that is already paid in.

Life insurance companies offer these loans at low interest rates.

If you need to buy land or building for a new business, you will be able to borrow money from a savings and loan institution.

They specialize in real estate finance. The loans they give out are called mortgages.

Their interest rates are similar to those of banks.  
  
4. Borrowing in the form of trade credit:   
This is another source of business finance. It is where a business receives, on credit, raw materials and also other goods used to start up business.

Suppliers grant credit to their clients for a period of 3 to 6 months. The seller finances the buyer who wants to start a business.  
  
5. Borrowing through factoring:   
This is a financial service designed to help a firm in managing their debt books and receivables in a better manner.

The debt books and receivables are assigned to a bank or an institution called the “factor”. The bank then advances cash to the firm.  
  
6. Bank Overdrafts financing:   
Overdrafts are allowed by banks to current account holders, who are allowed to withdraw from up to a certain limit of a given amount.  
  
7. Youth Enterprise Fund:   
This is managed by the Ministry of Youth and Sports. It mainly funds youth projects. A youth in this case is regarded as a person between the ages of 18 and 32 years.  
  
8. Kenya Women Finance Trust (KWFT):   
This is a women’s enterprise fund managed by the Ministry of Gender, Children and Social Development. Currently, it also serves men.  
  
9. Micro finance institutions:   
Examples of these are:   
• K-Rep micro finance institution.   
• Faulu micro finance institution.   
• Kadet micro finance institution.   
• Rupia micro finance institution.   
• Pioneer micro finance institution, among others.

**How to start a business in Kenya**

STARTING A BUSINESS.  
Starting a business may sometimes represent a better route to ownership than buying one.

A start-up can be cheaper, faster and less complicated. Some businesses are easy to start, particularly service businesses.

Consulting practices, real estate, sales companies, repair services, small restaurants and professional service practices (accounting, legal, financial, medical service, teaching, etc.) can all be started without substantial difficulty.  
  
If you have an exceptional idea or, otherwise, some specific personal advantage, you should examine the alternative of starting a business.

Unique ideas spark new businesses. If your idea is unique, then starting a business is the route to follow.  
  
A distinctive personal advantage might result from a patent, a location or a ready-made client or customer base.

You may possess a one-of-a-kind source of supply or some notable relationships. These unique relationships are often referred to as, “connections or networks”, and they will ostensibly ensure success.  
  
THE CLASSIC START-UP PROCESS.  
The classic process of starting a business involves three items:  
• An idea.  
• A plan.  
• The entrepreneur’s resourcefulness to carry out the plan.  
  
1. The Idea:  
The idea for the new business need not be a new idea, but it does have to be a viable or marketable idea.   
You need to challenge any new business idea by posing these questions:  
• Does the idea address a real need or want? Is there, or could there be demand?  
• Will the demand be large enough to support a business? Is the field open, or crowded with competition?  
• Can the idea actually be transformed into a business? Is the technology available? If yes, is it appropriate? Appropriate technology has to be available, affordable and suitable.  
• Do you have the capital it will take to start and, more important, sustain the new business? If not, do you have adequate information on how to access affordable credit facilities?  
• Do you have the knowledge and skills required to run the type of business you intend to venture into? Has anyone else tried this idea? What was the outcome and why?

Answering these questions will take much thought, a lot of research and highly often some institution.

Research is a sometimes maligned activity in new business development.

Research may occasionally kill a brilliant idea, but it has killed far more destructive ones.  
  
2. The Business Plan:  
A renowned Kenyan entrepreneur, Peter Kanyago, Chairman FedEx, became a licensee of FedEx through his company, East African Courier Ltd. in 1997.

In an interview with one 2010 Financial Post Magazine, he cautions that for one to be successful as an entrepreneur, they must have a brilliant idea coupled with a convincing business plan.

Formal planning and drawing up a business plan are desirable activities, as they include the following benefits:

• Fewer mistakes will be made, and the entrepreneur can take judicious decisions.  
• The entrepreneur is forced to take all the essential factors concerning the intended enterprise into account, and is therefore less dependent on purely instinctive or crisis-oriented decisions. In this way, stress is avoided.  
• He or she can take decisions for the future.  
• The planning stage is an ideal opportunity for testing ideas.  
  
3. Entrepreneur’s Resourcefulness to Carry Out the Plan:  
Entrepreneurs need to possess management skills and use advisers and or experts where necessary.

Entrepreneurs know what is needed for success in a specific enterprise, and are keen on developing their skills in these critical areas of performance.

This will help determine the success of the enterprise. If entrepreneurs do not have the necessary expertise themselves, they should appoint trained staff.

They should be able to understand the environment in which they are competing and are should be well organized.  
  
As an entrepreneur, you will usually be aware of, or soon discover, your weaknesses and strengths in terms of the enterprise you are operating or intend to operate.

It is logical that you start a business in which you can use your expertise and skills (strengths).

**Next:** Sources of business finance  
**Previous:** Stages, Challenges and the Focus of Businesses at each stage

**Stages, Challenges and the Focus of Businesses at each stage**

BUSINESS LIFE CYCLE.  
A business goes through the following stages during its life span:  
• The Seed stage.  
• The Start-up stage.  
• The Establishment stage.  
• The Expansion stage.  
• The Decline stage  
• The Exit stage.  
  
1. THE SEED STAGE  
Here, the business is just a thought or an idea. This is the conception stage or the birth of a new business.  
The focus at this stage includes:  
• Matching business opportunities with skills.  
• Finding professional advisors.  
• Coming up with an appropriate business plan.  
  
2. THE START-UP STAGE  
The business is now born and exists legally. Products and services are in production and customers are evident.  
The focus at this stage entails that the business should do the following:  
• Establish a customer base.  
• Control and conserve the cash flows.  
• Intensify marketing campaigns.  
• Improve product designs.  
• Enhance customer relations.  
  
3. THE GROWTH STAGE  
At this stage, the business has already made it and has grown into a child.

The child is now so inquisitive, and revenue is increasing, customers are increasing, and sales are also increasing. Many issues and opportunities are knocking hard. Profits intensifies and competition becomes stiff.

At this stage, the business should focus on the following aspects:

• Better accounting and management techniques.  
• Implement appropriate and proper internal controls.  
• Hire new staff to deal with the influx.  
• Run the business in a formal and professional manner.  
  
4. THE ESTABLISHED STAGE  
The business has now matured and is thriving into a company; the firm has already captured a niche in the market. It already has established loyal customers.

The sales growth is not explosive but is manageable.  
The focus at this stage should involve the following:

• Creativity and innovation to improve the quality and productivity and compete favorably in the market.  
• Acquiring better systems such as automation to facilitate quality.  
• Outsourcing to improve productivity.  
• Diversification and searching for better markets and more customers.  
  
5. THE EXPANSION STAGE  
This is a stage of rapid growth. The business at this stage is striving to penetrate new markets. It is improving its product and service lines through innovation and development.

At this stage, the enterprise increases its range of products in the same market. There are long working hours.  
The focus here entails:

• How to add new products and services to the existing market.  
• Expanding an existing business to new markets.  
• Increasing the customer range, in addition, to the already loyal ones.  
• New product packaging and design.  
• New marketing strategies.  
  
6. THE DECLINE STAGE  
This stage comes about if the revival stage is short-lived. That is, if the business does not succeed at the revival stage, then it automatically declines and finally dies.  
This stage may arise due to competition, drastic changes in the economy, society or market. At this stage, sales and profits start to decrease.  
Here, the focus should be about:  
• Searching for new opportunities or a new business venture.  
• Cost-cutting measures e.g. retrenchment and lay offs to cut on costs.  
• Finding new ways of sustaining cash flows.  
  
7. THE EXIT STAGE  
The business should focus on the following at this stage:  
• Getting the appropriate valuation or assessment for the business.  
• Making the business worthy to potential buyers.  
• Finding a business valuation partner.  
• Consulting the financial and tax advisors on the best strategy to sell off the business  
  
IT IS, HOWEVER, CRUCIAL TO NOTE THE FOLLOWING:  
  
It is worth noting that not all businesses go through the above stages in a chronological order. Some may actually miss out on some stages. Successful enterprises do not even complete the life cycle. They do not get to the decline stage. They are able to reinvent, diversify and continue growing. They will come up with new products and penetrate new markets effectively.