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**QUESTION 1**

1.1

According to Rwigema and Venter (2007:32) a business plan represents a detailed document written by an entrepreneur or the business that addresses the route to be followed in the future by an entrepreneur or the business. It describes where the business is intending to go and specify the goals and strategy to be followed. It describes all the internal and external elements involved in starting a new venture

For a start-up business this is intended to guide employees, investors, lenders, suppliers, customers and the entrepreneur by spelling out what will the entity achieve in the future. Besides describing the market, a good business plan must quantify the market in which the entity will operate (Rwigema and Venter, 2007:249).

Rwigema and Venter (2007: 249) state that the business plan analyse the competition, examine operational or manufacturing strategy, review human resources and it must bring everything together in the financial statements. A good business plan must be able to assist the entrepreneur to raise funds for launching the business.

**Benefits of having a business plan**

Business plan allows the entrepreneur to articulate the business opportunity to various stakeholders. The business signals to the investors and lenders how dedicated and prepared the entrepreneur is to the cause or the idea. Ratio analysis, trend forecast and other financial information when presented well to the investors and lenders assist the entrepreneur to sell the business (Rwigema and Venter, 2007: 251).

The financial information detailed in the business plan speaks to the investor and lender about profitability, liquidity, growth and payback of the venture. This information will determine to the investor or lender whether it is worth a while to put money on the business.

Business plan serves as a benchmark for controlling deviations. For a well-established entity it helps to compare the actual results against standard goals and objectives. This comparison will signal any under-performance or over-performance. Rwigema and Venter (2007:251) cite Timmons (1999: 368) that the business plan allows one to critically and impartially scrutinise strategies to cope with uncertainty and secure the venture’s long term future.

It presents the insight into the challenges and opportunities that the entity could face in the future (Rwigema and Venter, 2007: 251). Business plan provides the validation needed to convince potential employees to leave their current jobs for the uncertain future of a new venture. It serves as the early warning by anticipating issues before they crystallise into problems thereby helping the entrepreneur to have contingency plans (Rwigema and Venter, 2007: 252).

The milestones and goals contain in the business plan create a focus and serve to resolve arguments in case of disputes. It talk to suppliers by asking them a question as to why they should do business with a start-up business as compared to a well-established business. A well-established business plan can serve as a tool in gaining supplier’s trust and securing favourable credit terms

Some entrepreneurs may have the innate capability to outperform the others but it is difficult for funders and customers to locate and hence a convincing business plan might help. Likewise with customers a business plan can improve sales prospects by convincing prospective customers that the new entity is likely to be around for a long time to service a product (Petty, Palich, Hoy and Longenecker, 2012: 169).

The business plan helps the entrepreneur to anticipate some of the adjustments needed to a product well in advance due to the feedback obtained through the interaction with the customers before the launch of the product (Bygrave and Zacharakis, 2011: 236).

1.2

The business plan on the case study is correct to a certain extent as it helps to have business plan that is flexible and cover every aspect of the business. It should not be in pieces as it would fail to locate the exact goals or objectives of the entity. Strydom (2007:103) allude that the business plan must be dynamic instrument that needs to be updated regularly to consider the constant changes that are happening in the business environment.

There are many variables that may change in the business environment. Consider for example if the customer buying pattern move towards healthier eating, for example a trend towards low fat milk. Sometimes supplier might change from offering credit terms to accepting only cash, which could affect the cash flow of the company. This therefore means that constant and on time adaptation to the changing conditions is necessary (Strydom, 2007: 103).

It is the duty of the entrepreneur to understand that the business plan is an unfinished business as it will to move or change with the changing business environment. Until the business environment is static so it can be the business plan. According to Petty, Palich, Hoy and Longenecker (2012: 167) a business plan as well as the entrepreneur needs to be flexible due ever changing business environment.

Hence it essential that the business plan must accompanied by a great deal of action, i.e. operations. In some instances planning may pose a problem when timing of the opportunity is a critical factor. In some case becoming operational as quickly as possible may have to take priority over in depth planning (Petty, Palich, Hoy and Longenecker, 2012: 168).

**QUESTION 2**

**2.1**

As an entrepreneur, it is important to understand that starting your own business often requires one to run everything by himself; starting from servicing customers, placing orders for raw materials up to billing and banking. According to Pride, Hughes and Kapoor (2008: 175) it is essential that the entrepreneur has the following skills in order to run a successful business.

**Leadership Skills**

As most businesses aim to grow, they will have to take on employees at some stage of their development which means that unless one plans to be a one-man-show forever, they all need to have good leadership skills. One needs to be able to recognize people's talents and use that to the business' advantage.

A leader must motivate their team to perform well in order to meet the overall company objectives. Good leaders will not take forever in their decision-making and will lead the company forward in the right direction (Pride, Hughes and Kapoor, 2008: 175).

**Strategic Business Planning Skills**

As an entrepreneur, one must be able to translate their vision into an actionable plan. Learning to create a business plan will help one better figure out where they are, where they want to be and how to get there. Applying strategy in a business will help one set clear long term goals that will meet longer term objectives (Pride, Hughes and Kapoor, 2008: 176).

**Communication Skills**

Communicating effectively is a skill that successful business owners possess whether it be with their staff, directors or customers. The better you can communicate the better as an entrepreneur you will succeed in your business. Communication involves listening as well as speaking which will make it easier for others to follow your lead (Pride, Hughes and Kapoor, 2008: 176).

**Marketing Skills**

Marketing is a key skill to have and buy delivering what people want to buy is an obvious requirement to running a business but not many people truly understand how to market a business correctly. Marketing led organisations always follow recent trends and tend to produce more revenue and profits than their competitors.

**Skills in Sales and Customer Relationships**

The skills required in sales are really to understand the selling process - from initial contact to completing the sale. The customer relationship goes beyond the sale and involves the after sales and being knowledgeable about the industry that you are operating in (Pride et al., 2008: 177).

**Finance and Accounting Skills**

Understanding how the financials of the enterprise work is a must skill for an entrepreneur. This does not necessarily mean that as entrepreneur you need to be an accountant but one must be able to grasp the financial statements like the balance sheets, profit and loss statements, and be able to do basic bookkeeping.

It is essential that one understands business models and pricing. As cash is the lifeblood of any business and profitable businesses can fail and go bankrupt if they run out of cash and can't pay their suppliers or their employees (Pride et al., 2008: 178).

**Negotiating Skills.**

As an entrepreneur you will always be involved in a series of negotiations, whether it is working out favourable payment terms with a vendor, selling the product or service to customers or trying to get an employee to meet a project deadline. Good negotiation skills helps an entrepreneur to be better at bargaining prices and payment terms with suppliers and this will in turn contribute to profitability of the enterprise (Pride et al., 2008: 178).

**2.2**

According to Nieuwenhuizen (2004: 44) there are pertinent characteristics that are displayed by successful entrepreneurs. Although these characteristics are not always common to each and every entrepreneur however there is an agreement amongst researchers that they are essential to the success of an entrepreneur. Below is some of the characteristics that are common amongst entrepreneurs.

Entrepreneurs are dreamers, people who have a vision of what the future could be like for them and their businesses. What distinguishes the entrepreneurs more with their dream, is that they are able to put their dreams into practice and leave on it. Entrepreneurs are people who are decisive and do not procrastinate. (Bygrave and Zacharakis, 2011: 53).

Entrepreneurs are doers who once they have identified what they want they implement it as quickly as possible. These are excellent people who have high levels of efficiency and effectiveness. While most people try to avoid risk, entrepreneurs understand that risk is a natural part of trying to achieve goals (Bygrave and Zacharakis, 2011: 53).

Their self-confidence helps them accept the challenges of the risks they take. Most entrepreneurs are not driven by money but are fuelled by a passion for their product or service, by the opportunity to solve a problem and make life easier, better and cheaper (Robinson, 2014: 2). There is a reason to say that when people feel committed to what they are doing and when they care deeply about it, they stand a best chance of being successful at it.

According to Bygrave and Zacharakis (2011: 53) entrepreneurs are totally dedicated to their business and sometimes even to the detriment of the relationships with friends and family. They love what they do and this is this love that sustains them especially when the going gets tough. Entrepreneurs have sound human relations as they realise that they cannot succeed in isolation (Nieuwenhuizen, 2004: 45).

They are excellent in motivating their employees and are knowledgeable on how to build contacts to benefit their enterprise. They find it vital to ensure long term relationships and stay on good terms with suppliers, clients and others involved in the enterprise. The human relations characteristic of an entrepreneur tires up with the leadership skills of an entrepreneur as the entrepreneur needs good leadership skills in order to succeed.

The leadership skills is applied both internally within the organisation and during interaction with suppliers, customers, and other stake holders involved in the enterprise. Entrepreneur displays innovative and creative ability which makes it easier for the entrepreneur to adopt marketing skills. Marketing skills are needed to bring the product into the face of the customers which will contribute to the success of the entity (Nieuwenhuizen, 2004: 46).

**2.3**

Starting a business requires hard work, determination and it demands the highest level of personal and family commitment especially if one starts a new business from scratch. There is high a risk involved especially when it comes to securing capital to start a business. An entrepreneur has different paths that it can take in starting up a new business. These include franchising, buying an existing business, joint venture, acquisition and sometimes hostile take overs. (Murphy, 2006: 185).

**FRANCHISING**

Franchising is defined as an arrangement whereby the manufacturer or sole distributor of a trademarked product or service gives exclusive rights of local distribution to independent retailers. This is done in return for their payment of royalties and conformance to standardized operating procedures. The person offering the franchise is called franchisor and the person purchasing the franchise is called franchisee.

The franchisee is given an opportunity to enter into a new business with a better chance to succeed than if the person were to start a new business from scratch. Franchising provides an opportunity for an entrepreneur to expand the business and the franchisor provides a developed way of doing business, ongoing guidance, systems and assistance in return for periodic payment of fees and/or purchases (Elgin, 2014:1).

There are three types of franchising which are available to an entrepreneur. The first one is a dealership form which is commonly found in the automobile industry. The dealership acts as a retail store to the manufacturers. For example car manufactures like BMW do not sell cars directly to the users but they sell them through their approved dealers.

The second type of franchising is the one which offers a name, image, and method doing business. These include franchise like MacDonald, KFC, and others of this nature. A third type of franchise offers services and the most commonly ones are the real estate agencies. Companies like Pam Golding Properties and Re-Max are examples of such companies that offer services in the real estate environment.

In the context of franchising the entrepreneur will be provided training and support in the marketing activities by the franchisor. For example if one buys a KFC franchise, the entrepreneur will be provided with the necessary training determined by KFC. In addition to this all the marketing activities from promotions to advertising will also be provided by KFC. Buying a franchise can be a viable alternative to starting your own business but it also has its advantages and disadvantages.

Some of the advantages offered by the franchise to the franchisee include benefits such as that an entrepreneur does not bare huge costs of starting up a new business. The franchisee enjoys the benefits of the product acceptance, i.e. the franchisee enters a business that has an accepted name, product, or services (Murphy, 2006: 185).

In the case of MacDonald, any person buying this franchisee will be using the name that is well known globally and that well established with a wide network of suppliers. Thirdly the franchise benefits from the management expertise as the franchisor provides managerial assistance of how the business is run. In all cases of new franchising the franchisee always undergo an extensive training on all aspects of operating the franchise.

In the case of eLiquor franchise the franchisee is given 3 months training that covers all the ins and out of operating the franchise. The franchisee in a franchise is saved from massive capital requirements needed as a start for a new business (Murphy, 2006: 186). Franchisors like Wimpy conduct location analysis and market research of the area which sometimes include an assessment of traffic, demographics, business conditions and competition before they build franchise store.

In some cases the franchisor will pay the initial investment to start franchise operations. Some franchisors show savings in start-up in the form of pooling of monies by individual franchisees for advertising and sales promotions. Knowledge of the market comes in handy for an entrepreneur as the established franchise business offers years of experience in the business and knowledge of the market (Murphy, 2006: 186).

Knowledge of the market is particularly essential because of the regional and local differences in the markets. Most of the franchisors are constantly evaluating market conditions and determining the most effective strategies to be communicated to the franchisees.

The last advantage to the franchisee is the operating and structural controls offered by the franchisor. These are standardization that helps an entrepreneur to maintain quality standards and also support consistent image on which the franchise business depends for expansion (Murphy, 2006: 186). There are two advantages of franchising to the franchisor which are expansion of risk and cost advantage.

The franchisor can expand nationally and internationally at a much less cost than it would do without franchising. Cost advantage is realised by the franchisor by buying in large quantities which helps to achieve economies of scale that would not be possible if otherwise. One of the major cost advantages of franchising a business is the ability to commit to larger sums of advertising as each franchisee pays a portion of this amount (Murphy, 2006: 187).

A franchise offers a couple of disadvantages which some of them are little or no room for the franchisee’s creativity as the agreement dictates how the business is run. Sometimes the franchisor find it difficult to find quality franchisees. Buys into a proven business system has its benefits but one also takes the responsibility for following it and not doing so may result in the loss of a business (Murphy, 2006: 188).

Poor management despite the training and controls can still cause individual franchise failures and therefore can reflect negatively on the entire franchise system. As the number of franchises increases, the ability to maintain tight controls become more difficult. Buying a franchise means ongoing sharing of profit with the franchisor. Franchisors do not have to renew an agreement at the end of the franchise term (Murphy, 2006; 189-191)

**MERGERS**

Merger is a transaction involving two or possibly more companies in which only one company survives. The main concern that surrounds mergers is the legal of the transaction. A merger requires a sound planning by an entrepreneur. It is the duty of the entrepreneur to make sure that all the company’s management is evaluated to ensure that if retained it would be competent in developing the growth and future of the combined entity.

During the merger, it is the responsibility of the entrepreneur to make sure that a climate of mutual trust is established in order to minimise any possible management threat or turbulence. Entrepreneur can use merger as either a defensive strategy or offensive strategy. Survival, protection of the market, diversification and growth are all other motives behind mergers.

The recent example of a merger in South Africa was that of an independent South African actuarial firms Arthur Els & Associates (AE&A) and Genesis Actuarial Solutions merged to form Argen Actuarial Solutions – two mid-tier specialist companies coming together to create one of the largest independent actuarial firms in Africa. The merger can protect against market encroachment, product innovation and unwarranted takeover.

It can provide a great deal of diversification as well as growth in market, technology and financial and managerial strength. The entrepreneur can use undervalued financial strength, product or market position and new domestic or international market position to value the merger.

**BUYING A BUSINESS**

Buying an established business rather than starting a new business can be a good option for many entrepreneurs. One of the major advantages of buying an established business is that the existing business comes with an existing customer base who are already trading with the company (Barrow, 2011: 20).

Barrow (2011: 20) further states that when buying a business, an entrepreneur literally only needs to bring in their energy. In buying an existing business most of the unknown questions such as who will be your customers, how much are they willing to pay, who will be your suppliers and what equipment will one need are already being taken care of. It is worth mentioning though that one may also inherit any problems that the business has.

It is then imperative then that the entrepreneur knows exactly what is that they are signing up for, and have a clear understanding and the ability to run a business. There are couple of disadvantages of buying a business. The first one is that buying a business is a complex and time-consuming process as valuating a business is not an easy task. (Barrow, 2011: 22).

An entrepreneur will also need to check business records, plans and operations, and familiarize themselves with competitors and the industry. One will also need to check that the business has the appropriate licenses, permits and registrations and find out which ones can be transferred to them. It is imperative that one should always seek professional, legal and financial advice before signing any documents (Barrow, 2011: 23).

Although there is a couple of options available to an entrepreneur in order to get into business it is imperative to note that some business experts consider the safest and most effective way to go into business is to buy a business. One major reason is that start-up failure rate for all newly launched businesses is high, and if one is not a risk-taker, this could be hindrance.

The same is true of franchises, especially if one consider that the "turnovers" of many franchisors refer to are actually business failures. Therefore instead of starting from scratch one might consider to buy a small business with few years of verifiable financial records, tax returns that coincide with the data on the financial statements and with a record of growth.

**QUESTION 3**

**3.1**

Both managers and entrepreneurs play an important role in the business environment they operate in. Their intents are for contributing positively to their respective organizations. According to Bygrave and Zacharakis (2011: 49) an entrepreneur is someone who sees an opportunity and creates an organisation to pursue it.

There are few similarities than differences in the manner the manager run their organizations. Managers play entirely different role than an entrepreneur unless an entrepreneur is managing his own business in that case the entrepreneur takes on some traits of managers out of necessity (Bygrave and Zacharakis, 2011: 547).

Bygrave and Zacharakis (2011:547) define entrepreneurial manager as the practise of taking entrepreneurial knowledge and utilising it for increasing the effectiveness of new business venturing as well as small and medium sized business. They differ in the manner in which they view ideas, whilst the entrepreneur locates new ideas constantly, the manager of an entrepreneurial organisation leverages the core business whilst exploring the new opportunities.

The entrepreneur starts a business from scratch whilst the manger of an entrepreneurial organisation starts the business within an on-going business, i.e. they show their entrepreneurial flair within an established organisation (Bygrave et al., 2011: 547).

As entrepreneur might be alone in a business, this compels him / her to establish and implement the vision whilst the manager of an entrepreneurial organisation establishes the visions and subsequently empowers others carry it out whilst motivating them. The manager of an entrepreneurial organisation maintains the entrepreneurial ability as the organisation grows.

He ensures that culture, structure and systems are more conducive to entrepreneurship by removing or mitigating barriers to an entrepreneurial behavior. The entrepreneur on the other hand builds the whole organisation around the opportunity. The manger of an entrepreneurial organisation creates a climate that discourages groups and individualism by promoting teams, developing and guiding entrepreneurial individuals (Bygrave et al., 2011: 547).

An entrepreneur leads and inspires others within the small business as a major growth factor for the business. As the entrepreneur operates in a silo, he can only propel change in the competitive environment by bringing innovative ways of doing business and satisfying the customer needs. Whilst the manager of an entrepreneurial organisation propels change both in her / his organisation and the competitive environment (Bygrave et al., 2011: 547).

**3.2**

A traditional management is likely to maintain the status core by making sure that the current operations are maintained, whilst the entrepreneurial management leverage the core business and in addition goes on to further explore the new opportunities that its environment present. The traditional manager implements the business, i.e. they tend to be specialists in operations whilst the entrepreneurial manager opens the new business with the organization (Bygrave et al., 2011: 547).

The entrepreneurial manager does this by challenging the status core, pushing the boundaries and take the calculated risks. Traditional manager is always looking at distributing limited resources within the organisation and make them work for the organisation whilst the entrepreneurial manager builds new opportunities by expanding the framework of opportunities whilst leveraging capabilities.

Once the entrepreneurial manager has developed his / her vision he does not own it but rather empowers others to carry out the vision and make them their own. The traditional manager on the other hand carries out the basic management activities which are planning, organising, staffing, and control. An entrepreneurial manager makes the people to own the vision unlike the counterpart who uses stick to carry out the basic management activities with little effort in developing people (Bygrave et al., 2011: 547).

An entrepreneurial manger ensures that culture, structure and systems are more conducive to entrepreneurship by removing or mitigating barriers to an entrepreneurial behavior. The traditional manager on the other hand puts his effort in making sure that the organisation operates efficiently. The entrepreneurial manager on the other brings together individual and groups with different but yet complimentary skills and expertise to form winning teams which use synergy to achieve goals (Bygrave et al., 2011: 547).

Although there seem to be a major differences that exist in the manner in which these two managers carry out their jobs, it must be said though that the motive is one, which is to create the value for the organisation. The line of departure is how they interact with their environment, i.e. both internally and externally. The manner in which they interact and show the interest in developing their people plays a major role in differentiating the two.

According to Bygrave and Zacharakis (2011:49) the art of an entrepreneurship can be thought but no one can guarantee that traditional manager can definitely become an entrepreneurial manager. Entrepreneurial managers within larger organizations are called intrapreneurs. When converting the traditional managers into entrepreneurial managers, it is important to sell its benefits, characteristics, and limitations to the former managers.

Workshops and other supporting activities must be held in order to discuss modalities of the intrapreneurship. According to Rwigema, Urban and Venter (2010: 506) the creation and management of knowledge throughout the organization can enhance entrepreneurial spirit hence the traditional managers can be converted into entrepreneurial managers.

By allowing the traditional managers to cut down on bureaucracy, long communication lines, and delayed decision making into stimulating innovation and flexibility can in time change the traditional manager into an entrepreneurial manager. By allowing the traditional managers to work closely to their subordinates and peers, delegating whenever it is possible, to establish mutual trust and minimal supervision will definitely turn these managers into entrepreneurial managers (Rwigema et al., 2010: 508).

Encouraging new ideas and challenging the norm serves as a conducive environment to turn traditional manager into entrepreneurial managers. Training in the form of seminars and role playing workshops should form a cornerstone of turning the traditional mangers into entrepreneurial managers. Corporates must encourage excellence rather than perfection (Sahay and Nirjar, 2006:108).

**QUESTION 4**

**4.1**

Growth is underpin as a contributing element to success for an entrepreneur. Growth is best used to explain changes in the organization’s life cycle. According to Holt (2005: 471) growth is not strategic objective but only means to an end. An entity of venture may grow due to higher sales volumes that are necessary to increase the image of the venture.

In some instances it may be critical to the survival of the venture. The entrepreneur always finds himself or herself juggling in the process of growth from four perspectives which are financial, strategic, structural and organisational perspectives. Below we discuss all these elements in detail (Holt, 2005: 471).

**Strategic Growth**

This is when an organisation changes the manner in which it interacts and engages with its environment. This process is inevitable due to the fact that as the business expand and grows, it enters into new territories and faces more challenges and threats. During this process the business enhances its capabilities and it also creates new policies and strategies that will allow it to compete in these new territories (Rwigema and Venter, 2007: 437).

Each and every life stage of the entity there is always a new strategy that the entity adopts. For example during the inception of the company the main strategy would be survival which will differ totally during the mature stages of the company it can adopt organic growth strategy. Some companies during their decline stage of their life cycle they normally adopt M&A strategies which strengthen their presence in the market and eliminate competition.

**Financial Growth**

The financial growth is when the business grows with respect to assets, level of investment, turnover, necessary costs, and profitability. These sorts of growth in the business ultimately improves its financial worth and give rise to an increase in the economic value of the business (Rwigema and Venter, 2007: 438). The company might realise the growth increased revenue, sales growth, turnover and assets.

**Structural Growth**

According to Hill and Jones (2009: 403) structural growth refers to the manner in which the organisation changes the way in which it assigns employees to specific value creation tasks and roles. It is about how the organisation links these tasks and roles to increase efficiency, quality, innovation and responsiveness to customers. Structural growth affects coordination and integration of efforts by all employees at levels.

It affects all levels from corporate, business and functional and across a company’s functions and business units so that they work together in order to achieve specific set of strategies based on the business model. Structural growth involves grouping tasks, functions and divisions together in a manner that will allow the easy of strategy implementation.

It involves allocating authority and responsibility. This is due to the fact that as the organisation grow and produce a wider range of goods and services, the size and the number of their functions and divisions increase (Hill and Jones, 2009: 404- 404).

**Organisational Growth**

Organisational growth for an entrepreneur represents the improvement in the processes, learning, and knowledge; and predominantly belief system or culture of the business. It transpires as the improvement in the organisation’s processes, learning and belief system. Organizational growth is likely to provide the company with benefits like greater efficiencies from economies of scale.

Organisational growth means different things to different entrepreneurs which in some it could mean increased power, a greater ability to withstand market fluctuations, an increased survival rate, greater profits, and increased prestige for organizational members. Hence it is important for the entrepreneur to determine what defines growth to himself or herself.

Some entrepreneurs may use either sales, number of employees, physical expansion, success of a product line, or increased market share assess their growth. But the ultimately test of the success and growth of the venture will be gauged by how well a firm does relative to the goals it has set for itself.

**4.2**

Harvesting is an exit plan that is done or exercised by an investor after having invested in a business. This is a form of getting something by an investor after having invested in a business. In short, this is the realisation of the value of money (Hisrich and Peter, 2002: 599). Moore, Petty, Palich and Longenecker (2008: 328) emphasise that an entrepreneur needs to understand that harvesting encompasses more than merely selling and leaving a business.

They say it also involves capturing value, reducing risk, and creating future options. It involves personal and nonfinancial considerations for an entrepreneur. It is essential to both founders and investors to the firm. The investors who provide high risk capital prefer a well thought out harvest strategy are interested.

According to Moore, Petty, Palich and Longenecker (2008: 328) there are basically four ways of harvesting which are realising firm’s cash flows to its owners, selling the firm, offering stock to the public through an initial public offering (IPO) and issuing a private placement of the stock. In any harvest strategy the essential question that the entrepreneur ask himself / herself is how to value the company.

**1. Selling the Firm**

Many times the compelling reason for the entrepreneur to sell the firm is influenced by the three reasons which are either retirement or estate planning or diversification of the portfolio of investments. The sales transaction can take any of the three types which are sale to strategic buyers, sale to financial buyers and sale to employees (Moore et al., 2008: 329).

**Sale to Strategic Buyer**

A strategic buyer is always looking for synergies that can be gained by combining two or more companies. It can be done by the entrepreneur when he/she decides to move to new endeavours. It is important when the entrepreneur to take his time and plan properly when he decides to sell the business, especially if there is no pressure to do so. (Hisrich and Peter, 2002: 599).

Strategic buyers will often pay a higher value for the business based on the fact that the value of the business depends on a business as a stand-alone and the synergies obtained by combining two businesses. Strategic are essential due to the fact that small businesses are in demand from larger corporate companies who want to grow by acquisitions.

It is important that during the process of preparing a business for sale that the entrepreneur cuts down on unnecessary expenditures so that the business can be appealing to the buyer thereby earning lager profits to the seller. The critical issue on strategic buying is the strategic fit between the firm to be harvest and the potential buyer’s other business interest (Moore et al., 2008: 329).

Based on whether the prospective buyer is the competitor to the harvesting firm and also whether the acquisition would provide long term sustainable competitive advantages, the buyer of the firm harvesting will be willing to pay a premium price. Depending on the sale agreement or contract, the entrepreneur’s may either stay as part of the business for some time in order to provide smooth transition (Moore et al., 2008: 329).

On the other hand if the entrepreneur is not needed by the new owner the buy might request the entrepreneur to sign an agreement that he/she is not going to involve in similar for certain amount of time agreed upon by both parties (Hisrich and Peter, 2002: 599).

**Sales to Financial Buyer**

A financial buyer is always looking or interested in a company as a stand-alone business cash generating potential as its source of value. This value depends on the new buyer stimulating future sales growth, reducing costs or both. This in most of the instances can translate into greater pressure on entity’s personnel, resulting in layoffs that the current owner might find contestable. Due to sorts of these pressures, the financial acquisitions are not popular amongst the small business owners (Moore et al., 2008:329).

**Employee Share Option Plan**

Sometimes an entrepreneur may opt to hold on to business for a specified period of time but with intention to sell it to the employees. This may involve all employees through the employee share option plan and the business is sold to employees over a period of time which may vary from two. Or three or several years.

This option is always considered when the business is too small to support the pension plan (Hisrich and Peter, 2002: 600). According to Moore et al. (2008:329) this option is always concerned about preserving the employment and participating in the success of the business.

**2. Releasing the Firm’s Cash Flows**

The second harvest strategy involves the orderly withdrawal of the owners’ investment in the form of the company’s cash flows. Depending on whether the owner sell off the assets of the company and cease business operations, the withdrawal process can be immediate. But this option is not an economic viable option is the entity especially if the entity is earning higher rates of return (Moore et al., 2008: 332).

Harvesting by this method has two major advantages which the first is that the owners can retain control of the firm while they harvest their investment thereby gives them better control during this process. This process do not seek out a buyer or incur the expenses associated with preparing a sale. One of the disadvantages is that reducing reinvestment when the firm faces valuable growth opportunities results in lost value creation.

Secondly this could leave the entity unable to sustain its competitive advantage. This could result in unintended reduction in the harvestable value which might detract the interest of the potential buyers. Orderly liquidation may also attract tax disadvantages. Orderly liquidation requires other people in the business to be qualified to manage the business and be patient with entrepreneur who will not be interested in day-to-day business operations (Moore et al., 2008: 332).

**3. Going Public**

Going public occurs when the entrepreneur offers its shares to the general public which is sometimes called initial public offering (IPO). Entities involved in IPO generally are star performers and is sure sing of a quality business.

The process of going public involves owners deciding to go public. The financial statements of the business must be audited by the certified public accountant. The JSE Securities Exchange Commission must be informed, which will subsequently review the IPO. The management will also spend some time promoting the company to the potential investors. It is difficult to say when the best time for the company to go public is.

One of the benefits of going public is that an entity has an opportunity of being access by more investors when it needs to raise capital to grow the business. The shares traded publicly tends to be attractive to key personnel whose incentives pay includes the entity’s stock. Going public also helps top create ongoing interest in the entity and its continued development (Moore et al., 2008: 333).

**4. Using Private Equity**

This is the money provided by the venture capitalists or private investors and these are small groups of individuals who act together to invest in companies. Private equity investor offer the entrepreneur two advantages which are immediacy and flexibility. With private equity the entrepreneur’s needs are easily as the private investors are more flexible.

Private equity ownership transfer is more effective when the business is transferred within the family from one generation to the next. It has particularly important for three points goals which are liquidity for selling the family members. Secondly there is continued financing for company growth. The third goal is the desire of the buying generation to maintain control of the firm (Moore et al., 2008: 334).

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