# **Growth Strategies**

### **Think Critically**

- 1. What factors should you consider before deciding to expand your business?
- 2. Why is it important to control the growth of your business?
- 3. Why must a business be concerned with the life cycle of a product and with new product development?

#### True or False

- 1. To expand your business successfully, you will need to determine when and how to grow.
- 2. If you need more space even though your sales are not rising, it is time to expand.
- \_\_\_\_\_3. If the condition of your business shows that you should expand, you should next analyze the economic climate that controls the business.
- 4. If a business grows too quickly, it may not have the resources, such as money, employees, or supplies, to support the growth.
- \_\_\_\_\_5. Your expansion plan should include strategies for hiring managers and supervisors and for obtaining financing.
- 6. In the maturity stage of the product life cycle, both sales and profits begin to drop rapidly.

#### **Multiple Choice**

- 1. Determining when to expand depends on (a) the location of your business, (b) the condition of your business, (c) your product or service, (d) your fixed costs.
  - \_\_\_2. To analyze the economic climate that controls your business, you need to determine whether or not (a) demand for your product or service will remain strong, (b) your competitors plan to expand, (c) you can obtain financing, (d) all of these.
- 3. Your plan for expansion should include strategies for (a) assessing the economic condition of your industry, (b) increasing your advertising, (c) obtaining capital equipment, inventory, materials, and supplies, (d) locating your direct competition.

4.	Sales peak and profits begin to decline during the stage of the product life cycle. (a) introduction, (b) growth, (c) maturity, (d) decline.
5.	The first step in new product development involves (a) idea development, (b) idea screening, (c) financial analysis, (d) product marketing.
6.	During thestage of the life cycle, sales peak and the business starts to become less profitable. (a) decline, (b) maturity, (c) introduction, (d) growth.

## **Problem Solving**

1. List and describe stages in the product life cycle. Provide an example of a product in each stage

2. Why is it necessary for a business owner to prepare a plan before expanding her or his business?

3. The condition of a business and economic conditions indicate to the business owner that the business can expand. The business owner develops strategies for growth and writes an expansion plan. Why might the business owner decide at this point not to expand?