

Unit 42:

Planning for Growth

Unit code J/508/0601

Unit level 5

Credit value 15

Introduction

This unit provides students with an appreciation of how small and medium enterprises (SMEs) develop and grow. Students will learn about and apply techniques for identifying opportunities for growth, and appraise options for achieving growth, including via collaboration. Students will also learn about the sources of investment finance and consider how an SME attracts investors. They will gain an understanding of the options for SMEs in terms of exit or, for family businesses, succession, and be able to appreciate the importance of making informed choices when choosing routes to growth and have an understanding of the potential risks vs rewards involved with growth.

Learning Outcomes

By the end of this unit a student will be able to:

- 1 Analyse the key considerations SMEs should consider when evaluating growth opportunities.
- 2 Assess the various methods through which organisations access funding and when to use different types of funding.
- 3 Develop a business plan (including financials) and communicate how you intend scaling up a business.
- 4 Assess the various ways a small business owner can exit the business and the implications of each option.

Essential Content

LO1 Analyse the key considerations SMEs should consider when evaluating growth opportunities

Competitive advantage:

The basis of competitive advantage as a foundation for growth: resources and capabilities and core competences.

Generic strategies (Porter).

Linking competitive advantage with opportunities for growth (PESTLE).

New products and services: innovation:

The development of products and services as a basis for growth.

Portfolio strategies (Boston Consultancy Group Matrix and GE/Mckinsey matrix).

Product life-cycles.

The diffusion of innovation.

Growth options:

The main routes to growth (Ansoff's growth vectors – market penetration, product/service development, market development, unrelated diversification)

Identifying and mitigating risk.

Exploiting technology and digital platforms to expand network and generate growth.

Collaboration:

The benefits and drawbacks of collaboration, including mergers, acquisitions, joint ventures and strategic alliances and how they might be applicable growth options for small businesses.

The benefits of horizontal and vertical integration.

Partnerships in the value chain (e.g. bidding consortia).

The potential of franchising for expanding a business.

LO2 Assess the various methods through which organisations access funding and when to use different types of funding

Investment decision-making:

The main methods of financial appraisal to compare strategic or project options: payback period and net present value calculations.

Sources of finance for growth:

The main sources of finance for growth and the benefits and drawbacks of each: bank loans, crowdfunding, peer to peer lending, angel and venture finance.

LO3 Develop a business plan (including financials) and communicate how you intend scaling up a business

Strategic intent: vision and mission:

Developing a vision and mission for the organisation based on areas of strength, identified opportunities, values and ethics, and the expectations of stakeholders.

Exploring successful entrepreneurial strategies (e.g. addressing niche markets).

Preparing a business case for investment:

The key aspects of a business plan aimed at securing investment and what investors are looking for.

How to present the plan to investors.

LO4 Assess the various ways a small business owner can exit the business and the implications of each option

Exit: success and failure:

The main ways an owner-manager might exit the business.

The key reasons for business failure (external and internal) and how business failure might be prevented.

Mechanisms for exit in the event of failure.

Exit routes for successful businesses: selling or floating the business, valuing the company.

Growth and succession in the family business:

How the considerations of growth affect the family business.

Areas of potential conflict.

Succession planning.

Cultural issues.

Learning Outcomes and Assessment Criteria

Pass	Merit	Distinction
LO1 Analyse the key considerations SMEs should consider when evaluating growth opportunities		D1 Critically evaluate specific options and pathways for growth, taking into account the risks of each option and how they can be mitigated.
P1 Analyse key considerations for evaluating growth opportunities and justify these considerations within an organisational context. P2 Evaluate the opportunities for growth applying Ansoff's growth vector matrix.	M1 Discuss the options for growth using a range of analytical frameworks to demonstrate the understanding of competitive advantage within an organisational context.	
LO2 Assess the various methods through which organisations access funding and when to use different types of funding		D2 Critically evaluate potential sources of funding with justified argument for the adoption of a particular source or combination of sources, based on organisational needs.
P3 Assess the potential sources of funding available to businesses and discuss benefits and drawbacks of each source.	M2 Evaluate potential sources of funding and justification for the adoption of an appropriate source of funding for a given organisational context.	
LO3 Develop a business plan (including financials) and communicate how you intend scaling up a business		D3 Present a coherent and in-depth business plan that demonstrates knowledge and understanding of how to formulate, apply and achieve business objectives successfully.
P4 Design a business plan for growth that includes financial information and strategic objectives for scaling up a business.	M3 Develop an appropriate and detailed business plan for growth and securing investment, setting out strategic objectives, strategies and appropriate frameworks for achieving objectives.	

Pass	Merit	Distinction
<p>LO4 Assess the various ways a small business owner can exit the business and the implications of each option</p>		<p>D4 Provide critical evaluation of the exit or succession options for a small business and decide an appropriate course of action with justified recommendations to support implementation.</p>
<p>P5 Assess exit or succession options for a small business explaining the benefits and drawbacks of each option.</p>	<p>M4 Evaluate exit or succession options for a small business comparing and contrasting the options and making valid recommendations.</p>	

Recommended Resources

Textbooks

BLANCHARD, K., ONCKEN, W. and BURROWS, H. (2011) *The One Minute Manager Meets the Monkey*. London: Harper Collins, London.

BURNS, P. (2011) *Entrepreneurship and Small Business*. 3rd Ed. Basingstoke: Palgrave MacMillan.

BURNS, P. (2014) *New Venture Creation: A Framework for Entrepreneurial Start-ups*. Basingstoke: Palgrave MacMillan.

MOORE, G. (2014) *Crossing the Chasm, 3rd Edition: Marketing and Selling Disruptive Products to Mainstream Customers*. New York: HarperCollins.

WALL, S., CODAY, C. and MITCHELL, C. (2014) *Quantitative Methods for Business and Management: An Entrepreneurial Perspective*. Harlow: Pearson Education.

WILLIAMS, S. (2015) *Financial Times Guides: Business Start-up 2015*. Harlow: Pearson.

Links

This unit links to the following related units:

Unit 8: Innovation and Commercialisation

Unit 22: Product and Service Development

Unit 29: Managing and Running a Small Business

Unit 43 Tapping into New and International Markets