

The Stages of Enterprise Development

The **pre-venture** stage refers to a nonexistent or nascent product or service. Opportunities for new products or services are identified, but the supply chain and market outlet are unclear and “proof of concept” is not yet established. Planning and research through, for example, testing recipes at the [Food Venture Center](#), writing a business plan, and finding start-up funding are the primary activities of the pre-venture stage of enterprise development.

The **start-up** stage is characterized by launching the business, hiring the first employee(s), setting up organizational systems, achieving break-even sales targets, building a customer base, and establishing a track record for product quality and service. This stage of development can last many years depending on how long it takes to firmly establish the business in the marketplace. Technical assistance that can assist farmers and entrepreneurs in this development stage include incubator programs, equipment sharing, mentorship programs, pilot or demonstration projects, specific market feasibility studies, and efforts to organize and promote the market.

Enterprises in the **growth** stage experience an expansion in overall sales volume and in the number and variety of customers, an expansion of products or services offered, and an established brand identity in the marketplace. They hire more employees, improve infrastructure

and equipment, make improvements to internal systems, and improve their efficiency and productivity. However, business expansion requires more than just increased sales and employment. It often requires an assessment and adjustment of the organizational structure; the delegation of management control; and the development of longer-term strategies for human resources, access to capital, and expansion through a strategic planning process.

Mature companies have achieved a solid business that, because of either market conditions or the preferences of owners, appears sustainable. However, without dramatic change, companies in this stage are unlikely to expand significantly. Even though they have achieved strong brand recognition, and a solid repeat customer base, mature businesses often face many challenges. Sustaining themselves in a rapidly changing and competitive marketplace or in the face of declining sales can be difficult. A focus on problem solving, leadership, and quality improvement is often necessary for a mature business to maintain its position in the marketplace. Sometimes, planning for the succession of leadership or creating an exit strategy for the business is an appropriate strategy.

A **revitalization** stage arises when external or internal activities (or both) force a mature business to a tipping point. A downward trend may ensue, or innovative “challenger firms” may introduce new ideas, products, or services to revive the sector. Taking action in the maturity stage can send an organization in new directions. Innovation and diversification can lead to new products and new markets. Companies can be reorganized to provide the flexibility needed to meet the new challenges associated with new directions, markets, and products.