

# The Stages of Business 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, establishing products, building a customer base, perhaps hiring the first employee(s), setting up organizational systems, achieving break-even sales targets, 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, business planning or feasibility studies, and efforts to organize and promote the market.

Enterprises in the **growth stage** experience a significant expansion in overall sales volume and in the number and variety of customers or markets. They may expand the products or services offered, and usually have an established brand identity in the marketplace. Due to this growth they hire more employees, improve or invest in new infrastructure and equipment, make improvements to internal systems, and improve their efficiency and productivity. Growth stage is often between \$250,000-\$2M in sales for working lands businesses and may require an assessment and adjustment of the organizational structure; the delegation of management control typically moves away from a sole operator to a management team including key employees; and access to additional capital - possibly investment capital - for expansion.

**Mature** companies have achieved a solid business model 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 may have achieved strong brand recognition, and a solid repeat customer base, mature businesses often face challenges, including sustaining themselves in a rapidly changing and competitive marketplace. A focus on problem solving, leadership, and quality improvement is often necessary for a mature business to maintain itself. Sometimes, planning for leadership or ownership succession 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 innovating competitors 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.