



TenStep Supplemental Paper

7 January 2004

The Entrepreneurial Life Cycle

Most entrepreneurs are enamored by the prospect of building a successful and profitable business enterprise. Very often, this does not end with one business venture. Entrepreneurs, in case they fail, will continue to try their hand at new ventures until they are successful.

Like any organization or product, the entrepreneur also goes through a life cycle. This involves the entrepreneur changing roles depending on where the organization finds itself within the life cycle.

Laying the foundation

In the initial stages, it is the entrepreneur's leadership that drives the company. He wears multiple hats and is involved in various roles and functions of the organization, ranging from HR to Marketing. This is a phase during which chaos in business affairs is more or less normal. Entrepreneurs who do well at this stage are able to manage resources and troubleshoot exceedingly well. Hence, leadership and management skills are equally important and need to be well balanced.

Expanding the enterprise

Post-launch, the dust begins to settle, and problems associated with systems and routines have been resolved. The main role of the entrepreneur here is to steer the organization through a phase where goals and objectives are much clearer and the market is clearly defined. Most companies in the expansion phase have a clearly charted strategic plan that will guide the company.

The entrepreneur will have to map the human resource requirements and delegate roles and responsibilities accordingly. Delegation does not come easily and carries with it an element of risk in the mind of most entrepreneurs. However, once routine tasks have been delegated, the entrepreneur can turn his attention to expanding the venture. Some of the problems associated with this phase are have to do with not hiring quality personnel and the entrepreneur's reluctance to relinquish certain roles.

Consolidating and turnaround

This phase is characterized by the entrepreneur having to operate in a hostile market environment. Operations that are not viable may need to be sliced. This phase can be difficult because the decisions involved are the toughest.

This phase calls for survival skills on the part of the entrepreneur. His responsibilities are not limited to maintaining a "status quo;" now he must push the company into a growth phase. This could call for reinventing the product or finding new markets and entry strategies.