

A COMPANY'S LIFECYCLE MODEL

Companies go through different development stages overtime and nowhere is it said these phases should coincide with an industry's development stages. That's why it is very important for managers to recognise these stages and the possible challenges and obstacles they will likely face in each phase. This would help them manage change more effectively and apply different approaches to be successful.

We can identify seven development stages in a company's lifecycle. Each is unique and represents a challenge from a different perspective.

1.) Seed Stage

It starts when a business idea is born. This is when you decide to set up a company. However, before starting it, it would be reasonable to verify the feasibility of your business idea.

Discussions with other people can be fruitful, industry specialists, business associates and even family and friends can help you formulate your idea and decide on a plan of action.

An entrepreneur must imagine the whole process and make sure there is a match between the business scope and his personal background experience, skills, and passions. You will have to make several decisions related to business planning, ownership structure, staff recruitment and financing.

Having a clear idea how the venture will be financed and what resources you will need in the first months of operation is critical given that during this period the new company will likely operate producing no revenues and will incur significant costs. If you plan to contact investors, present to them a well-thought-out business plan that includes a three-to-five-year projection of financials. If everything goes well in the seed stage, you can form a start-up.

2.) Start-up

company studies have shown this is the riskiest stage over the entire lifecycle. 90% of start-up companies fail so founders must be careful in this phase. Usually during the start-up phase the firm can take one of its products or services to market and see if clients perceive it in a positive way.

Active listening allows for much-needed fine tuning and product improvement. In addition, the firm must focus on building a lasting relationship with its first clients. Using cash flow in a reasonable manner is high on the list of priorities. The time to take products to market is