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BUSINESS DEVELOPMENT SERVICES FOR ENTERPRISES AT THE DIFFERENT LIFE-CYCLE STAGES

The importance of the entrepreneurship role may hardly be overestimated in economies of modern countries, implementing the whole system of various types of business development services (BDS). Effective BDS may support enterprises in overcoming the crisis and finding resultative solutions. Organisation for Economic Cooperation and Development (OECD) states that BDS ‘refer to services, such as advice, training, consultancy and mentoring, aimed at upgrading the managerial skills and business practices of SME managers’ [1]. Taking into account the different levels of maturity, experience that enterprises possess, and respectively specific needs for support which they express it is appropriate to consider the whole bunk of BDS taking into account the life-cycle stage of the enterprises. The life cycle model of organizations is one of the widespread approaches to the analysis of enterprise development. This approach is based on comparing the stages of activity of organizations, companies, and institutions with biological species. It began to be used in economics at the end of the nineteenth century. In the article by I. Adizes et al. it is stated [2] that the idea of

similarity between organizations and living organisms was founded as early as 1890 by the famous economist Alfred Marshall. In his study, he compared the company to the trees in the forest, using the metaphor: "We can get an example of the young trees in the forest as they struggle upward through the doubtful shadows of their older rivals" [3]. Marshall describes young organizations in the process of fighting for growth and better positions until they reach a certain level and begin to stagnate, decline, and eventually die. The theoretical basis for the idea of the corporate life cycle was established by the biologist Ludwig von Bertalanffy. His early works of the 1920s contained the first approaches to general systems theory. However, the concrete idea that organizations go through a life cycle like living organisms was published two decades later in the work of Boulding in 1950 [4], Boulding is considered the first author to directly analyze the life cycle of an organization in this framework [4]. Bowling provided an apt list of successive stages of the life cycle of an organization: birth, growth, decline and death. In 1979, I. Adizes noted that, unlike living organisms, companies can renew their activities, rejuvenating, so to speak, and returning to previous stages. Generalizing the above approaches and taking into account the current realities of European and Ukrainian entrepreneurship, he considers it necessary to specify the main stages of enterprise development for further development. In our opinion, it is appropriate to distinguish the following stages of the life cycle of an enterprise: idea, startup or beginner, growth, maturity, stagnation.

At the conception stage, a future or existing entrepreneur decides that it is worth starting a business. At this stage, a business idea should be formed, which will later be transformed into an enterprise. Usually, each business goes through certain stages, as shown. These stages are idea, concept, minimum viable product and scaling. At the stage of the idea, the future entrepreneur needs to clearly formulate it, as well as check its viability, that is, check or validate the idea. This means that you need to gather confirmation and evidence that the idea will be in demand in the market. Research and experiments are used for this. This stage is very important because it allows entrepreneurs to find

out whether this idea will be profitable and will be in demand even before the product is developed and released. It is necessary to analyze the market conditions and test the idea, find out whether there is a market for it, and what needs this idea will solve.

After the idea stage, the startup stage begins. It is at this stage the minimum viable product is created, the search for suppliers, financial resources, personnel involvement, the help of mentors is needed, the first contacts with consumers, the first sales, etc. take place. Usually, most beginners cannot move to the next stage, the growth stage.

At the stage of growth, the sales volumes of enterprises increase rapidly, competitors appear, there is a need to attract, retain and develop personnel, to obtain additional funds to meet growing demand, etc. After the stage of growth, the stage of maturity naturally follows, which is characterized by a slowdown in the growth rates of sales of products and services, however, by the stability of income. At this stage, it is extremely important for entrepreneurs to maintain existing positions, and customers and to develop in order to be successful in the competition. The stage of maturity can last quite a long time, but under the influence of factors of the external environment, competition, changes in consumer preferences, and in case of untimely strategic reactions to them on the part of the company's management and for other, often specific reasons, enterprises enter the stage of stagnation. Stage of stagnation is characterized by a drop in volumes of sales, the outflow of customers, a decrease in staff motivation, a partial shutdown of production facilities, etc. If the company does not take measures to overcome such a situation, it will lead to closure. At each of the stages, entrepreneurs need special services for the development and support of their activities, so it is worth defining and giving a more detailed description of the services offered for enterprises at different stages of the life cycle. Fig. 1 demonstrates relevant services for the development of enterprises at various stages of the life cycle of entrepreneurship. To determine their list, the interviews with 14 experts, representatives of business associations, entrepreneurs, and business education were conducted.

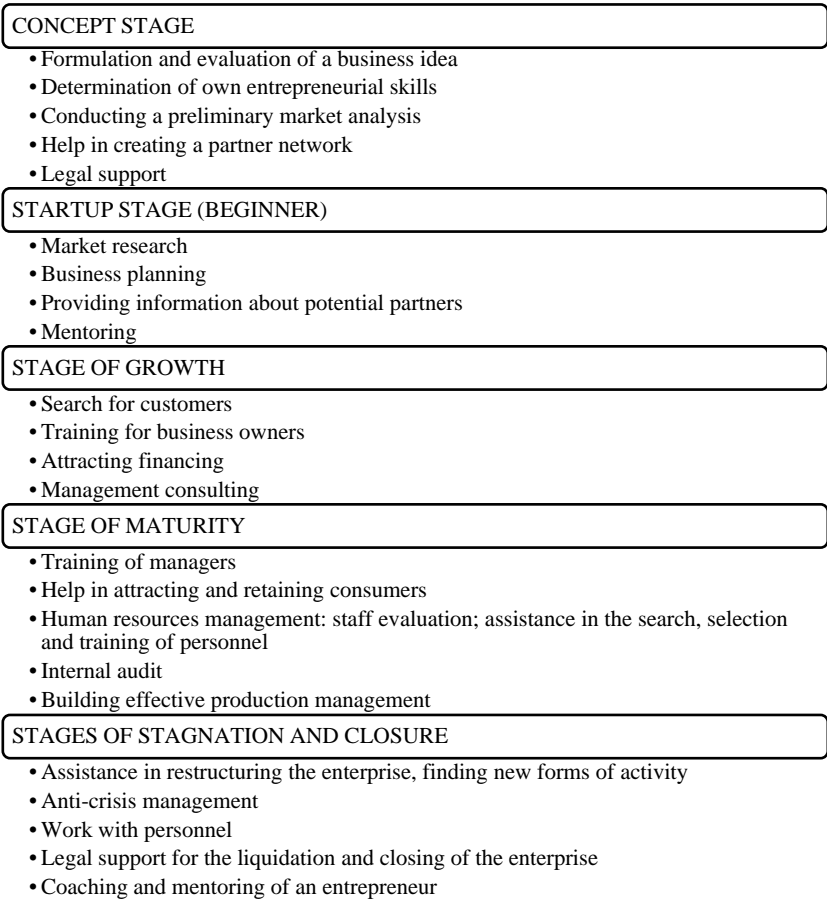


Fig. 1. Business development services at different stages of the enterprise's life cycle

Source: compiled by the authors

As Fig. 1 demonstrates at the conception stage, according to experts, the following services will be appropriate: formulation and evaluation of a business idea; determination of own entrepreneurial skills; conducting a preliminary market analysis; assistance in creating a partner network; legal support. The following services will be useful for entrepreneurs at the startup stage: market research; business planning; providing information about potential partners; mentoring.

At the stage of growth, needs change somewhat, and then the list of business development services will include the following: customer search; training for business owners; attraction of financing; management consulting. At the stage of maturity, enterprises should offer such services as training of managers; assistance in attracting and retaining consumers; human resources management; internal audit of the enterprise; construction of effective production management. Even at the stages of stagnation and closure, entrepreneurs have a need for services, including the following in particular: assistance in enterprise restructuring; crisis management; work with personnel; legal support of enterprise liquidation and closure; coaching and mentoring of an entrepreneur.

Therefore, depending on the stage of the enterprise's life cycle, there is a need for various types of services, the receipt of which will enable entrepreneurs to work stably and sustainably or to develop effectively. Similar services can be provided by both public and private entities.

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