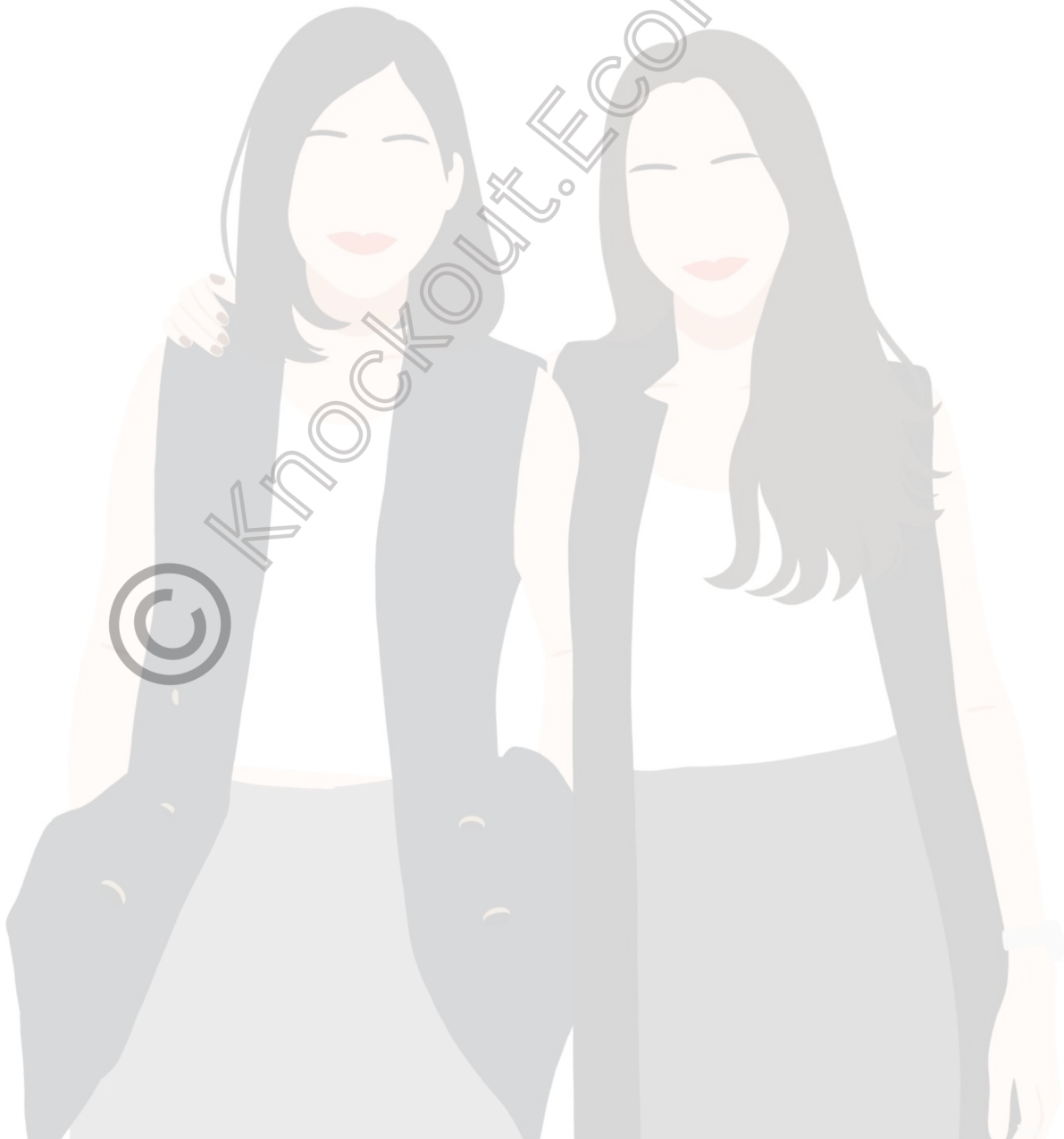


Chapter 6 Organic growth

Key terms

1. Franchising: a business model where a business owner(the franchisor) allows another person(the franchisee) to trade under their name.
2. Retained profit: profit after tax is ploughed back into the business.
3. Stake: a financial interest in a business which entitles the investor to part-ownership.



Organic growth; growing by building its strengths to increase sales

1.) Method of growing organic growth

1. Increasing new customer
2. Creating are products
3. Finding new market

Advantages of organic growth

1. Less risk
2. Relatively cheaper
3. Keep control
4. Avoid diseconomies of scale

Disadvantages of organic growth

1. Slow pace of growth
2. If businesses lack of access to resources, It prevent the businesses to expand production.
3. A business that grow slowly may left behind in the market.
4. A business maybe unable to fully exploit economies of scale