

Answers to Self-Assessment Questions

1. Some of the motivating factors that affect an entrepreneur's decision to exit the venture include:
 - (a) the desire to accumulate money,
 - (b) investors exert pressure to sell,
 - (c) disagreements and conflicts,
 - (d) the receipt of a attractive unsolicited offer,
 - (e) the founder is tired of work and needs a break,
 - (f) poor health,
 - (g) new and aggressive competition enters the market,
 - (h) the business is not performing well enough to survive.

2. Some of the options available to an entrepreneur to dispose of the business include:
 - (a) management buyout,
 - (b) selling to employees,
 - (c) merger,
 - (d) acquisition,
 - (e) outright sale,
 - (f) public offering and
 - (g) passing control to a family member.

3. Some factors that affect the disposal process include: (a) maximise profitability, (b) resolve all problems, (c) streamline all procedures and (d) keep your eye on the ball.

4. The key stages in the selling process are:
 - (a) determine the company's value,
 - (b) develop a list of candidates,
 - (c) play the role of a 'reluctant suitor',
 - (d) obtain more than one serious candidate,
 - (e) determine best candidates and
 - (f) carry out due diligence

5. When negotiating you should try to use your influence to get a better deal, rather than simply taking what the other side will voluntarily give you. You should always seek to agree rather than fight openly, give in, or break off contact. When you negotiate, you should expect some give and take.