

Based on the Lifecycle Theory of High and New Technology Enterprise Financing Strategy Research

Ma Meng

Xi'an University of Architecture and Technology , NO 13 , Yan Ta Road , Bei Lin District , Xi'an City ,
Shan Xi Province , 710055 China
mameng1004@163.com

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Abstract. The Twelfth Five-Year Guideline came on stage, which promoted the transformation of the mode of economic development. In the implementation of innovative national strategy process, High and new technology has become the main growth point to the economic development of our country. However, Based on their own characteristics, it is difficult for high and new technology enterprise to obtain the funds required for the enterprise development by the traditional way. This will seriously restrict the development of the enterprise. Based on the life cycle theory as the foundation, this paper deeply analysed high and new technology enterprise' stage characteristics in the life cycle and put forward the suitable financing strategy , aiming at Each stage different characteristics.

High and new technology enterprise and characteristics

High and new technology enterprise is the company, registered in China more than a year. It continually conducts research and development and technology achievements transformation in high-tech fields of state key support, finally forms the enterprise core independent intellectual property rights, and based on that to promote business activities . High-tech fields of state key support include: electronic information technology, biological and new medical technology, aerospace technology and so on.

High-tech enterprise has some different characteristics with the traditional enterprise. Compared with the traditional enterprise, High-tech enterprise has a relatively low level for relying on natural resources . However, it has much higher. level for depending on capital input . As far as high and new technology enterprise development is concerned, it shows better high growth than traditional enterprise , but can't get rid of the characteristics of the high risk, such as : Technology risk, Management risk, Market risk and so on. Due to the existence of these risks, to a large extent, it also cause the high and new technology enterprise financial difficulties problems. Therefore, in the new and high technology enterprise development process, How to properly solve the funds needed for its development becomes the key to the problem.

High and new technology enterprise life cycle and the stage characteristics

Marshall , the british economist , thinks that enterprise has the life like organisms and exists stable life cycle. That is. all enterprise will experience a law of life from low to high, naive to mature. They all have their own different stage of birth, growth, maturity and decline and each stage closely linked, which forms the complete process of life change of the enterprise. The process of enterprise birth, growth, maturity and decline is enterprise life cycle.[1] According to the enterprise life cycle theory, the development of high and new technology enterprise can be generally divided into six stages as follows.

Research and development stage

For high and new technology enterprise, this is the planning stage, the company has no formal product, sales revenue and channels . Enterprise faces huge technical risk. Project has a high failure rate and the main task of company is to determine the possibility of technical and commercial.

Entrepreneurial stage

During this phase, enterprise has developed products. Enterprise is facing the huge market risk.. The demand for funds increases significantly. In order to meet the market demand, sometimes the company even needs to inject large sums of money. In this stage, the enterprise's main goal is to realize the profit and loss balance as soon as possible, and solve survival problems.

Early growth stage

Through the development of entrepreneurial stage, resource superiority of enterprise's technology has been established. With the technical improvement and market development, enterprise's technical risk have a certain degree of release. Various aspects is tending to perfection. The company needs to further expand the size of the market and needs more money to increase equipment, etc, In this stage, self financial accumulation of the enterprise is less .To meet the needs of the enterprise management, the company must finance once more.

Accelerated growth stage

In this stage ,High and new technology enterprise has begun to take shape. It has low technology risk, and operational risk and market risk reduce gradually. Enterprise forms the core competitive ability basically. With the market development, enterprise's profit amount increase quickly. But it Faces many problems. Such as the expansion of production scale and further development of the market., improvements of the product quality and economic benefit, the perfection of management. The solution of these problems will require a large amount of capital investment. In this stage, if money can not be supplied continually, the company will lose the opportunities of accelerated growth, might even stop the growth or be merged or purchased by other company. But we should see that enterprise has a certain allure to investors, since it has overcome survival crisis, and has a promising future. Enterprise image and product brand have certain popularity and good reputation in the society.

Stable growth stage

After the accelerated growth stage, Leading products have been determined. The production market is expanded. Market share is gradually improved. Its products and services have already been accepted for broad consumer. Enterprise core competition or resource advantage has been formed. With the constant expansion of market, business performance steadily rise. Management mechanism is tending to perfection. Enterprise has professional manager. Work efficiency is also improved.

Maturity stage

After the growth of previous phases, product has large share, but no longer has the monopoly. and profit also gradually tends to the average profit. Venture capitalist 's investment gets completely return. The value of the company is further confirmed. Enterprise focuses on organizational innovation. to adapt to the requirements of the scale of development and innovation. Enhancing and reconstructing management system of the innovation is to look for a new business opportunity.

High and new technology enterprise financing strategy

The financing strategy of research and development stage

In this stage, project or product is just a "idea". Enterprise hasn't put into normal production and management and has a low demand for capital quantity. In the contrary, it has a high preference for capital demand. The sources of enterprise capital mainly gives priority to private capital, such as self-owned capital, entrepreneurs self-raised and private investor, etc.

The financing strategy of entrepreneurial stage

Due to the enterprise without business record, meanwhile, with very big the risk, and high failure rate, so it is usually difficult for them to get loans from the bank. In the circumstances, enterprises can solve part funds problem from the internal channels (such as the main investors). In addition, the more effective way is to take strategy of absorption risk investment, choose informal financing, or all kinds of government and social supportive funds, such as science and technology innovation fund for small and medium-sized enterprises.

The financing strategy of early growth stage

After start-up phase , enterprise's technical resource advantage has been confirmed, and the production of products has been gradually accepted by market .The enterprise has had certain sales revenue. Profitability has started to compensate for the cost money at startup place. In the stage, enterprise main financing way is equity financing. Risk investment is still the major source of funds, And enterprise begin to pay attention to the internal financing. Simultaneously, high and new technology enterprise also should consider other financing methods and select diversified financing strategy to lay the foundation for the future financing.

The financing strategy of accelerated growth stage

In this stage, since operating performance increasingly is reflected, technology risk, market risk begin to drop, and enterprise has begun to take shape, so enterprises obtains capital channels increased. In the phase , financing modes of high and new technology enterprise are the internal financing, equity financing and debt financing. Enterprise's capital source is mainly retained earnings, and then is the risk capital and credit funds.

The financing strategy of stable growth stage

Enterprises can take equity financing and debt financing mode in the capital market and property market to carry out assets management activities, because kinds of risks enterprise faces are greatly reduced, enterprise operating performance is good, and profit and loss also reach basic balance. In addition, with the expansion of the scale of the enterprise, mortgage assets are increased. Therefore, the financing strategy is mainly equity financing in this stage.

The financing strategy of maturity stage

Entering the mature stage, various risks of business activities have been reduced to the minimum. The financing channel is becoming more and more wide. Enterprise may raise money from bank loans, main board market, or growth enterprise market ,even finance in the international securities market and other channels to meet the demand for capital of enterprise development.

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