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Case Study: Small Business Management al Affiliation I agree with Bonneau's decision to sell. This is the reason why. When the profit margin of a company falls because the market has consolidated in such a way that the consumers have a stronger bargaining power than was the case before, it becomes prudent for the small business owner to sell the business (Longenecker, 2014). In addition to the customers increasing their power to bargain, the retailers stocking the sunglasses had also required better terms that reduced the profit margins further. This shows that the short run period where supernormal profits were being enjoyed is over, setting the stage for normal profits.

2. The buyer retained Ed as a consultant for the following reason.

The buyer wanted to purchase the business was to set pace for further acquisition of sunglass companies. By retaining Ed as a consultant, the buyer wanted to tap the expertise and experience that Ed has since he was the one managing the family business. This means that the buyer did not want to start from scratch learning how the business was being run. He wanted to learn from Ed himself who had the knowledge. The buyer also wanted Ed around so that he could seek his advice in case the buyer encountered problems after purchasing the business.

3. There is no problem with having the son-in-law of Bonneau as the new chief operating officer of the sunglass company after selling to the new buyer for the following reason.

The son-in-law was part of a management team that handled the business before the buyer purchased it. Therefore, the son-in-law understands the business completely, and will, therefore, be instrumental in ensuring stability

of the business. Retaining some members of the former management team helps in ensuring continuity of the business after it has been sold (Wade, 2012).

#### References

Wade, J. (2012). Successful selling for small businesses: What it takes and how to do it. Brightword.

Longenecker, J. G., Petty, J. W., Hoy, F., &Palich, L. E. (2014). Small business management: Launching & growing entrepreneurial ventures.