

**BITS, PILANI – DUBAI CAMPUS
SECOND SEMESTER 2011-2012
Comprehensive Test (Closed Book)**

Course No: BITS C432

Course Title : Entrepreneurship

Date : 12.06.2012

Time : 3 hours (12.30 to 3.30 PM)

Max Marks : 40

Weightage : 40%

Answer All questions

PART – A

1. Explain various implications of growth for the firm and how to overcome? 5
2. Explain Due diligence process by Venture Capitalists and what factors do they evaluate before final approval. 5
3. Read the attached case thoroughly and answer following two questions : 8
 - a) Identify the entrepreneurial characteristics of Kim Merritt and how they correspond to characteristics for successful entrepreneurs
 - b) Based on what you know about Kim and what you believe her characteristics to be, would you say her success was due to luck or persistence?
4. '*Customer dissatisfaction is a source of opportunity.*' Using the concept, explain with example how you, as an entrepreneur, convert customer dissatisfaction into an opportunity? 4
5. Explain Disadvantages of Franchising 3

PART – B

Write short notes on :

1. Management Buyouts (MBO) 3
2. Forward integration strategy with example 3
3. Vertical Merger with example 3
4. How to build 'Networks' 3
5. Disadvantages of Partnerships 3

Luck or Persistence?

When she was 11 years old, Kim Merritt sampled chocolate at a candy store and thought she could do better. She made her own recipe and began selling small candy bars in her home town of Cumberland, Maryland. The effort was much like that of many youngsters who open lemonade stands to earn a few dollars to spend at the movies; however, people began asking her for more. Using meager profits and her mother's kitchen, Kim began making large batches of candy, then designed her own wrap-

pers and developed a commission system for friends who sold chocolates at several schools.

Business was so good that it became an obsession. Kim worked after school, weekends, and holidays, and aside from a brief period when the health department suspended her operations until she could obtain proper permits to cook candy, she made candy by hand until she graduated from high school. At first, she could meet demand without special equipment or sacrificing other activities, but when she pro-

vided candy for a school fund-raising event, demand exceeded capacity, and Kim found herself buying professional equipment, hiring helpers, and purchasing bulk supplies.

Looking back, Kim recalls the obsession, the long hours, and the challenge to learn about business. Always on the initiative, Kim set about placing orders with local stores and developing contracts with dozens of schools and civic organizations. Her business, Kim's Khocolates, soon occupied her entire family and closest friends, and she registered the company and set up a chocolate boutique. During her first month, she had 18,000 orders, and before graduating from high school, Kim was distributing specialty chocolates to retail stores in three states.

In 1989, at age 21, Kim repositioned her company as a major distributor of specialty candies and began planning a chain of upscale chocolate shops for the 1990s. The chain would complement her candy manufacturing and distribution system, but it would also mean major changes in her organization. She paused to think about her plans, realizing that to launch a regional or national chain would mean a corporate endeavor. She and her family could not handle all the responsibilities, and the nature of Kim's Khocolates would change. This was not a pleasant thought, although the idea of pursuing a major business was exciting.

Reflecting on her business, Kim realized that she had had fun and made a great deal of money, but many people considered her success no more than the luck of a personable young lady who made good candies and accidentally stumbled into a few good markets. On the other hand, Kim knew that she had worked extremely hard to attract clients. Most of her customers had not been comfortable buying from a young high school student, and she was seldom taken seriously by customers until they had dealt with her for a long time. Winning over her customers

had always been a challenge to Kim, not a roadblock, and creating unusual candies had been a joy, not a job.

Thinking about her plans, she was not anxious to become a corporate manager, and although she had always worked well with others, Kim liked the feeling of independence. Running a company would mean sacrificing her autonomy, yet the idea of a chain of stores selling her specialty candies had been a dream for years. At the same time, expansion would mean financial risk, and Kim had always avoided debt; she dealt in cash and had always carefully calculated her expenses to avoid even the slightest loss. She realized that she was at a major crossroad in her young career, and the choice seemed to be whether to follow her dream and expand or to be content with her existing business.

**BITS, PILANI – DUBAI CAMPUS
SECOND SEMESTER 2011-2012
Test – 2 (Open Book)**

Course No: BITS C432;

Course Title : Entrepreneurship

Date : 23.05.2012(Wednesday)

Time : 50 minutes (2.50 to 3.40 PM)

Venue : Room No. 271

Max Marks : 20 ; Weightage : 25%

Answer All questions

1. How will you attract your potential lenders and investors through your Business Plan presentation? What aspects/topics will you cover in your presentation? 5
2. Read the attached case thoroughly and answer following two questions : 8
 - a. Describe the marketing objectives and the marketing plan for PTS, Inc.
 - b. What advantages and disadvantages do you envision for the "minimalist" approach? How does it change the role for an entrepreneur?
3. How will you analyze your competitors? Explain the method/process? 4
4. Assume that you are going for negotiation with a new client (potential business lead) which might lead to growth opportunity for your business. 3

How will you prepare for the negotiation meeting and what techniques will you use for successful / win-win negotiation?

A Minimum Effort Pays Off

Professional Training Systems, Inc. (PTS), produces educational software on interactive videodiscs for the health care industry. Founded in 1988 by John Hayes, PTS expected sales to break the \$10 million mark in 1989 and, with new product development, to triple by 1992. Hayes is one of the new "miminalists" who has no aspirations of creating or managing a large organization. With fewer than 30 employees, PTS relies on strategic alliances to achieve its objectives.

Staff at PTS have two responsibilities: They conceive of and plan new products, and they establish the marketing plans to succeed. John Hayes is responsible for orchestrating the strategic alliances. For example, the company's most recent product is an interactive video series of training programs for nurses. The courseware was developed for nurses lacking formal degrees who must meet new federal regulations requiring certain demonstrated skills and education mandates. Hayes and his staff had the ability to produce the programs, but not to develop program content or to market to nurses. To accomplish the task, Hayes formed an alliance with the American Health Care Association (AHCA), the Educational Testing

Service (ETS) of Princeton, New Jersey, and a Washington federation of state nursing home groups. Course content and program development were guided by AHCA, bringing to the alliance expertise on most aspects of health care as well as years as the premiere organization concerned with health care policies on Capitol Hill. In addition, ETS is a nationwide testing service famous for administering college entrance exams, SATs, and a variety of highly reputable public and private qualifications-testing systems. The role of ETS in the alliance was to administer coursework, monitoring and recording nationwide testing results from nurse study programs. The ETS stamp of approval would prove to be an exceptionally important endorsement.

With AHCA creating the program and ETS administering it, the Washington federation of nursing homes provided the initial test markets and the launchpad for mass circulation of the courseware. It remained for Hayes's organization to produce the program, manufacture the products, and implement a marketing plan. Hayes and PTS accomplished all this with a handful of staff. Production planning and control was entirely the work of PTS, but experts

were hired for video graphics, hard-copy publications, and student materials. Production, packaging, and distribution were accomplished through subcontracting.

The PTS marketing effort was coordinated by Hayes and company; AHCA was given responsibility for advertising through its monthly journals and magazines; and, in turn, the company was influential in attracting nurse organizations and nonprofit organizations to adopt the software. The Washington alliance and AHCA were also extremely well networked with health care organizations where they could encourage institutional adoptions. Thousands of organizations were reached when ETS included the program in its nationwide lists of educational services.

BITS, PILANI – DUBAI CAMPUS
SECOND SEMESTER 2011-2012
Test – 1 (Closed Book)

Course No: BITS C432;

Course Title : Entrepreneurship

Date : 04.04.2012(Wednesday)

Time : 50 minutes (2.50 to 3.40 PM)

Venue : Room No. 271

Max Marks : 25 ; Weightage : 25%

Answer All questions

1. Why Entrepreneurial thinking process is different from non-entrepreneurs? 5
Explain Cognitive adaptability and its relation with i) Comprehension; and
ii) Reflection.
2. Assume that you are planning to enter into international market for your business.5
What mode of entry will you use? Why? Justify?
3. Explain following concepts with examples? 9
 - a) Brainstorming;
 - b) Gordon method; and
 - c) Breakthrough Innovation.
4. Write short notes on :
 - a) Test marketing 3
 - b) E-commerce 3