

	Course Name:	Entrepreneurship	Course Code:	MG 414
	Degree Program:	BS-CS	Semester:	Spring 2022
	Exam Duration:	180 minutes (3 Hours)	Total Marks:	50
	Paper Date:	13/06/2022	Weight	50
	Section:	6A, 4A	Page(s):	3
	Exam Type:	Final		

**Instruction/Notes:** Attempt all questions. Be concise and use bullet points whenever possible. Walls of text will not earn extra marks. Use paragraphs and provide good spacing between questions

**ENTREPRENEURSHIP – CS**

**Final Exam**

**Total Marks: 50 (Weightage 50)**

**Hint: read questions first!**

**The Entrepreneur:** Amina Shah returned recently to Pakistan after living in America for 20 years. She has two degrees in biochemistry and for 15 years she worked in the R&D (research and development) department of one of the largest health and beauty companies in the world. She specialized in developing new product lines for hair care (shampoos, conditioners, gels etc.). At this stage of her life, she is not interested in working for anyone else. She wants to be her own boss and she even has a name for her future company: Indus Valley Botanicals

**Indus Valley Botanicals (IVB):** Discussions with Amina lead you to the following summary: The idea for IVB grew out of Amina's experience that hair care products designed abroad have harsh chemicals and do not take into account the hair textures or the local conditions unique to the Pakistani environment and culture.

Amina knows that she has both the knowledge and the experience required to develop new products that cater to Pakistani women (and men). Whenever possible she wants to incorporate traditional medicines and has spent the last year acquiring knowledge from traditional medical healers (hakims). Based on this, she has developed and tested formulations (prototypes) which incorporate natural and locally grown ingredients such as coconut, sesame, amila and olive oils, gentle detergents and a minimum of chemical additives. These have been tested on her friends and (according to Amina) have earned rave reviews. On questioning, you realize that the friends she is referring to can be described as a market segment – a segment comprised of very affluent, economic recession-proof women who are used to spending a lot of money on their personal beauty regimes, and appreciate the personalized attention Amina provides to tailor her products to their individual needs. However, this segment is also very fickle, and tends to prefer foreign high-end products.

Amina feels that she can scale her informal model to become one of the major suppliers of "natural" beauty products in Pakistan. Her idea is to first open up "hair spas" like medical clinics, where women come in, have their hair and skin tested and treated and prescribed the products best suited for their individual needs – a collection of shampoos, oils, conditioners, and tonics, to be sold separately.



She also wants to sell her products through conventional hair salons, pharmacies, and retail shops.

Down the line she wants to extend into make-up and skin treatments also using local natural products.

She is vague about supply chain and distribution logistics, pricing and placement, so you take a tour through local pharmacies and stores. Your initial findings can be summarized thus: there are already two or four natural-beauty players in the market. Their products - many of which look very similar to what Amina describes - are on the shelves. A rapid on-site calculation shows that shelf space devoted to local natural beauty products is less than a tenth of the space provided to brands from well-known, international manufacturers. And more, big-name manufacturers like Unilever are also selling their own lines of natural products. Combining a lot of diverse information, you feel that this is definitely a growth industry; the question is how to break into it.

Amina's long term vision for the company is not just limited to new products, but also includes social causes. She would like to provide opportunities to poor women by employing a predominantly female workforce, use recycled materials for minimal packaging, and incorporate cutting-edge, environmentally-friendly processes to reduce any negative impact on the environment.

After meeting with Amina several times, you do your own research. Among the most pertinent findings:

- Amina's current idea falls into a business segment best described as "personalized beauty and health products". As such, this is a niche market, but to realize her full vision, she will have to enter the larger segment of the health and beauty industry that is dominated by huge corporations such as Unilever and Johnson & Johnson; recent published reports show that this is the fastest growing segment of the overall industry thanks to an increasing awareness of and demand for natural beauty products.
- Research shows that Indian sub-continent (Pakistani and Indian) women tend to place hair care near the top of their beauty priorities.
- Amina's idea appears to have the potential to being quite successful. She has a strong vision, initiative and determination, very high technical skills, but non-existent managerial (i.e. strategic and organizational) skills, especially about things like financing, marketing, and human resource management. However, she recognizes this shortcoming and by talking to you has taken the first step to remedy the lack.
- Based on feedback from her friends, she feels that the demand for her products will be high, but your research indicates that the market segment she is basing her current projections upon is not only extremely narrow, but also fickle, with a strong preference for imported goods.

In conclusion, your feeling is that her idea is viable and has the potential to be a lucrative small business on a local scale, with the possibility of becoming an extremely lucrative business on a national scale down the line if you are able to persuade retail shops and hair salons to carry the product. What it lacks is any strategy to take it into the market. Before you can develop a strategy (business plan) to present to Amina, you need to talk to her about doing a feasibility study to gather the information required to formalize the business plan.

Questions on next page

Answer the following questions in your answer booklet. (Separate answers with adequate space)

✓ 1) Explain to Amina

a. What the typical problems of a start-up are, what a feasibility study is, and why it should be conducted (benefits). (10 marks, 30 min)

b. How you would carry out a feasibility study for her idea. Use specific information provided in the case above to design and personalize all the components of a good feasibility study design. (10 marks, 30min)

✓ 2) Explain to Amina what a business plan is. Describe the types of plans, who they are written for, and why it's a good idea to have a formal plan prepared before starting any business. (10 marks, 30 min)

*hair spas saloon, product (shampoo etc) selling, makeup and skin treatment*

✓ 3) What are the three main types of business ownership? Briefly explain the chief advantages and disadvantages of each type of business. Which business structure works best for Amina? Justify your answer. (10 marks, 30 min)

✓ 4) Briefly explain the 4 'P's of marketing in terms of Amina's business, and explain what market segmentation is (give examples) (10 marks, 30 min)

5) Bonus Mark Question (3 absolute marks) (Not compulsory) – List all the products mentioned in this business case and identify them as goods or services.