

Roll No: 19L-1196
Section : 4B
To: Sir salmaan Rehman

Case analysis

1. What are the entrepreneurial traits you will be looking for when you meet with your cousin and his friend/partner? Explain in some detail. (10 marks)

Ans 1: I will focus on their **motivation, creativity, persuasiveness, vision** and **versatility** about their business plan. As **motivation** is a major driving force behind every business, I will **analyze** the **motivation** my cousins and his friends have toward a **business idea**. Secondly, creativity and versatility has to do a lot with the new business plan. Creative and versatile products are more likely to be a hit in market while repeated and boring products are wrapped away. I am more likely to be convinced when they have creative business plan with shortest risk. Thirdly, my focus will be toward their vision: **strategic planning**, that can survive in competitive market. Another thing to notice is that how much **risk tolerance** they have, whether will they defend their business or retreat and leave me alone in uncertain state when business enters in crucial stage.

2. You know that the type of ownership has a great impact in terms of risks, liabilities etc. Does his ownership offer sound fair to you? Why is he offering you a partnership that will eventually come to an end? (5 marks)

Ans 2: At first sight, 90% partnership is alluring but for first five years, business will be highly in an unstable state and there is a great risk of failure. The entire liability will be on me as I would have taken the loan from bank. In other words, first five years are very **crucial** with **least profit** and **greatest risk**. Worst of all is reduction in partnership when hard time had passed away and business is going to cultivate. This is quite unfair partnership policy and I would reject it unless they have finance for reinforcement and that would be written in legal documents.

3. What are the different ownership categories that you might consider and what are the benefits and drawbacks of each option? Which one fits best in this scenario? (10 marks)

Ans 3: I will consider both **sole proprietorship** and **partnership**. But I know my cousins will not accept me owner of business as it would be their idea. Then comes the option of **partnership and corporation**. As I would have very limited investment, corporation is out of reach. Then, I will prefer the partnership which will require my shortest time and put me safe from **risk** as much as possible. For instance, I will not agree on general **partnership** in which there is generally no legal work required. Then my choice is further narrowed down to two options: **limited partnerships** or **limited liability partnerships**.

Benefits of **limited partnership** can be risk proof as I would not bear any sort of **liabilities** and entire responsibility will fall on the shoulders of my cousins. Plus, I would not have to give dedicated time to this business. The participants (my cousins and his friend) would work carefully and I would earn just a **profit**. However, there are certain **drawbacks** with limited partnership.

As I would not be actively involved, they would give me a very minor share of profit and one day they would kick me out of their business. Second draw back is that I don't have my investment, rather I would have to get a loan from bank to which I would pay interest and then ultimately I would have negligible profit. Therefore, I will not consider it as well.

Now left one Option: **Limited Liability Partnership**. In this category, participants are still responsibility holder but each person has **liabilities** of only his actions. Each person will be actively involved in business. Plus I would have an opportunity to measure the **strength and weakness of business** on daily bases. Consequently, I would earn **more profit** as compared to limited partnership. In addition, It will be much risk proof.

4. **From the limited amount of information you have, what do you think about the situation and how likely are you to go into it? What are the things you would want to know from the cousin's partner, and what would you want to research on your own? Would you involve yourself in this business?** (10 marks)

Ans 4: According to the current information from discussion with my cousin, I am less likely to get involved in the business. But I will not miss any good opportunity too. For final decision, I would certainly need some more information to join hand with them to commence the business gracefully.

First of all, I need to assess the expertise of my partners against their intended business. I would prefer if they already had good experience in that field. Their good qualification, past experience and relevant knowledge would make me more interested to collaborate with them. **entrepreneurial traits** would be the ultimate goal to search in them. I would obviously work with talented and enthusiastic worker.

Secondly, I need to know more about their financial situation. If they have finance for reinforcement then it would be a plus point, otherwise, I might suspect failure to get financial support at crucial time.

Thirdly, I would not depend entirely on their information about new business plan. I would work out myself to **analyze the trend** of people about that products or services and **feasibility of new business execution**. I would need to look into my **industry** and draw comparison with my **competitors**. I will ask all questions which are in **new venture checklist** from myself. If there seems any ray of opportunity after **questionnaires** and **surveys**, I would participate with them