

I,102.1.00

Business Administration
Introduction and Fundamentals

Question Sheets and Example Solutions

Number of pages including cover: 18

Maximum number of points: 180

Time: 180 minutes

1	MULTIPLE-CHOICE QUESTIONS	90
	<p>Answer all questions on the included multiple-choice answer sheet. Only answers on the multiple-choice answer sheet will be considered!</p> <p>The exam contains two types of questions:</p> <p>Questions with just one correct answer (indicated with: <i>tick only one answer</i>)</p> <ul style="list-style-type: none"> There are three potential answers in each case (a, b, c) You get one point (+1) for a correctly placed mark If there is more than one mark or the mark is on the incorrect answer, the question is graded with zero points Thus, one point can be achieved in these questions <p>Questions with multiple answers possible (indicated with: <i>multiple answers possible</i>)</p> <ul style="list-style-type: none"> There are four potential answers in each case (a, b, c, d) One or more of these four answers could be correct A half-point will be awarded for each correctly placed mark and for each square that was correctly left empty (+½) A half point will be deducted for each incorrectly placed mark and for each square incorrectly left empty (-½) In total, $4 \times \frac{1}{2} = 2$ points can be achieved on these questions. A question is not graded with fewer than zero points. 	
1.1	Business processes and marketing concept	8
1.1.1	<p>What is a value chain? (tick only one answer)</p> <ul style="list-style-type: none"> a) A value chain is a sequence of process steps that are strung together and create value. b) A value chain is an arrow display which contains all valuable transaction interfaces of an organization. c) A value chain is an illustration of all process steps which are performed in the marketing department of an organization to increase customer value. 	1
1.1.2	<p>How can net added value be calculated? (tick only one answer)</p> <ul style="list-style-type: none"> a) Volume x (Price – Discounts) b) Turnover – Preparatory Work – Depreciation c) Turnover – (Rebates + Discounts) 	1
1.1.3	<p>What are the elements of the triple-bottom-line? (tick only one answer)</p> <ul style="list-style-type: none"> a) B2B, B2C, C2C b) Economy, society, nature c) Normative, strategic, operative 	1

1.1.4	<p>What configuration does the value chain of a car manufacturer like Renault have? (tick only one answer)</p> <ul style="list-style-type: none"> a) Layer player model b) Integrated model c) Orchestral model 	1
1.1.5	<p>Which elements are necessary for the direct determination of customer value? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Quality and price acceptance range b) Contribution margins and free cash flows c) Willingness to pay and willingness to complain d) Relative perceived costs and relative perceived benefit 	2
1.1.6	<p>The term marketing is used in a variety of contexts. In what different ways can marketing be defined? (multiple answers possible)</p> <ul style="list-style-type: none"> a) as a function b) as a management philosophy c) as a market-based communications strategy d) as market-focused management of the entire enterprise 	2
1.2	Market analysis	8
1.2.1	<p>Which of the following statements about market types is correct? (tick only one answer)</p> <ul style="list-style-type: none"> a) On institutional markets, a purchase decision is often made by several persons or by individuals who must justify their decisions in front of entire committees. b) On institutional markets (also called A-markets), transaction costs are fundamentally lower than on consumer markets (also called C-markets). c) On community markets, purely material cost-benefit considerations are much more relevant than on institutional markets, because corporations usually have higher purchasing power. 	1
1.2.2	<p>What research method is most useful when trends are to be identified by interpreting specific signs or ways of expression? (tick only one answer)</p> <ul style="list-style-type: none"> a) Delphi method b) Semiotics c) Trend scouting 	1
1.2.3	<p>What describes a market situation with coopetition? (tick only one answer)</p> <ul style="list-style-type: none"> a) Several consumers cooperate to form a sufficiently large group to be able to influence the design process of a product. b) Various stakeholders cooperate to improve labor market conditions with the help of a political petition. c) Different companies within a business ecosystem act both competitively and cooperatively at the same time. 	1

1.2.4	Which of the following statements about the "SOR model" is correct? (tick only one answer) a) The "SOR model" is a simplified, unidirectional model of customer behavior under uncertainty. b) The "SOR model" includes both internal and external inputs that affect individual decision-making. c) The "O" in the "SOR model" stands for object— that is, the product offering to be assessed by the subject.	1
1.2.5	Which of the following elements explain the increasing profitability of a customer relationship over time? (multiple answers possible) a) Additional purchases via cross-selling b) Contribution to the acquisition of new customers via word of mouth c) Loyalty discounts and membership programs to retain customers d) Increasingly critical attitude	2
1.2.6	What are typical elements of so-called customer systems? (multiple answers possible) a) Co-decision-makers b) Co-collaborators c) Co-authors d) Co-customers	2
1.3	Marketing strategy	8
1.3.1	What do marketing objectives need to be derived from? (tick only one answer) a) Market place, size and news b) Public relations, affairs and opinions c) Corporate objectives, policies and strategies	1
1.3.2	What happens in a consolidating market? (tick only one answer) a) Due to the increased number of startups in a market, the incumbent companies are getting smaller and smaller. b) The average company size in a market increases due to market exits or mergers and acquisitions. c) The number of companies is increasing because the market is growing even faster than the average company in this market.	1
1.3.3	Which statement on marketing is correct? (tick only one answer) a) Relational marketing is all about building long-term relationships with customers. b) Transactional marketing is all about maximizing the number of transactions per client. c) Transformational marketing is all about transforming customers into co-producers or employees.	1

1.3.4	<p>What is a proven process to develop a market positioning for a product or service offering? (tick only one answer)</p> <ul style="list-style-type: none"> a) Market analysis, design of the marketing mix, alignment of business processes, controlling and innovation b) Market segmentation, choice of a target market, positioning of offering, differentiation of the product or service c) Market research, market testing, market innovation, market penetration, marketing controlling 	1
1.3.5	<p>Markets can be segmented in various ways and over several stages. Which of the following criteria are useful? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Motives b) Socio-demographics c) Geographic characteristics d) Psychographic characteristics 	2
1.3.6	<p>When selecting appropriate criteria for market segments of the e-bike market, several characteristics should be considered. Which statements regarding these selection criteria are correct? (multiple answers possible)</p> <ul style="list-style-type: none"> a) The selected criteria should be temporally stable because planning and execution of corresponding operations take time and funding. b) The selected criteria should be easy to understand for the marketing department and the customers. c) The selected criteria should allow for maximum granularity (intensity) with regard to segment sizes. d) The selected criteria and resulting segments should be accessible via communication and distribution channels. 	2
1.4	Product design	8
1.4.1	<p>In which phase of the product life cycle does the growth of turnover typically begin to decline? (tick only one answer)</p> <ul style="list-style-type: none"> a) Maturity phase b) Deceleration phase c) Saturation phase 	1
1.4.2	<p>What is the key question for the configuration of the vertical business area of a company? (tick only one answer)</p> <ul style="list-style-type: none"> a) Make versus buy b) Depth versus breadth c) Supply versus demand 	1

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1.4.3	Which conceptual level of a product is called "augmented" (according to Kotler)? (tick only one answer) a) A system of physical add-ons that are available for a specific product b) Additional service elements that enhance the value of the good or service c) All the components that are accessible to a customer for potential use	1
1.4.4	A watch manufacturer decides to radically narrow down the breadth of its product range. What strategic program policy decision is behind this move? (tick only one answer) a) Standardization b) Specialization c) Differentiation	1
1.4.5	Why is production and demand management particularly important for services? (multiple answers possible) a) Because services cannot be produced on stock. b) Because there is a lot of heterogeneity in the production of services. c) Because there is congruence of production and consumption. d) Because service staff is often very unreliable.	2
1.4.6	What are distinctive characteristics of many digital products? (multiple answers possible) a) High fixed development costs (and the resulting problem of sunk costs) b) Low production and distribution costs (zero marginal costs) c) Network effects and the resulting tendency towards monopolies d) Decreasing marginal utility with increasing marginal costs	2
1.5	Pricing, communication, distribution	8
1.5.1	What price elasticity do we speak of if the quantity sold reacts very strongly in percentage terms compared to the percentage price change? (tick only one answer) a) Low price elasticity b) High price elasticity c) Low demand elasticity	1
1.5.2	What phenomenon in distribution systems is reinforced by the internet? (tick only one answer) a) Intermediation b) Influencer marketing c) Multi-channeling	1
1.5.3	Which classical communication instrument addresses the general public? (tick only one answer) a) Public relations b) Public-private partnership c) Advertising	1

1.5.4	<p>What is product placement? (tick only one answer)</p> <ul style="list-style-type: none"> a) A tool that uses public spaces like city squares to present a new product or service. b) A tool based on paid promotional space that allows for direct distribution (placement) of products and services. c) A tool with which products and messages are placed via third parties like, for example, film productions. 	1
1.5.5	<p>What are typical examples of a dynamic view of price determination? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Skimming strategies b) Penetration strategies c) Competition strategies d) Framing strategies 	2
1.5.6	<p>Which of the following statements about planning the marketing mix and its instruments are correct? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Planning a marketing mix is complex because the individual instruments affect each other in their effect. b) In distribution, we decide for either an intensive or an extensive approach. c) In pricing, we differentiate particularly between neoclassical and behavioral economic approaches. d) Promotion has different roles like experience, acquisition and service functions. 	2
1.6	Controlling and innovation	5
1.6.1	<p>How can the contribution margin III (CM III) be calculated? (tick only one answer)</p> <ul style="list-style-type: none"> a) Contribution margin II + variable costs b) Contribution margin II – divisional fixed costs c) Contribution margin I + contribution margin II 	1
1.6.2	<p>Why is marketing controlling relevant? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Because it allows for insights which can ultimately lead to innovation. b) Because it eliminates the qualitative tendency of marketing projects. c) Because social media campaigns tend to get out of control. d) Because marketing is not covered by the internal audit. 	2
1.6.3	<p>Which statements about innovation are correct? (multiple answers possible)</p> <ul style="list-style-type: none"> a) The return on innovation cannot be calculated mathematically. b) Adequate cultures, team structures, management systems and core competencies strengthen the ability to innovate. c) Innovation can be stimulated by market needs ("pull") or by technical knowledge ("push"). d) Inventions are novelties that are not put on the market (yet). 	2

1.7	Management and management models	8
1.7.1	<p>The St. Gallen Management Model (SGMM) was developed over several generations. The current version can be described as the fourth generation. Which statement about the development of the SGMM is correct? (tick only one answer)</p> <ul style="list-style-type: none"> a) The first-generation SGMM was based on a technical understanding and the idea of the organization as a machine. b) The second-generation SGMM was based on a market-based view and the image of organizations as cost-minimizing entities. c) The third-generation SGMM was based on new findings in business studies and added a process-oriented view of the organization. 	1
1.7.2	<p>What are the four key dimensions of integrative management according to the St. Gallen approach? (tick only one answer)</p> <ul style="list-style-type: none"> a) External integration, internal integration, integration over time, integration within management b) Horizontal integration, vertical integration, lateral integration, diagonal integration c) Societal integration, natural integration, technological integration, economic integration 	1
1.7.3	<p>In what phase of company formation is a startup that relies on an incubator and funding from business angels? (tick only one answer)</p> <ul style="list-style-type: none"> a) Kick-off phase b) Seed phase c) Growth phase 	1
1.7.4	<p>Which network type provides highest stability through redundancy? (tick only one answer)</p> <ul style="list-style-type: none"> a) Star network b) Grid network c) Mesh network 	1
1.7.5	<p>How are organizations to be understood according to the St. Gallen Management Model? (multiple answers possible)</p> <ul style="list-style-type: none"> a) As complicated systems b) As complex systems c) As socio-technical systems d) As socio-demographic systems 	2
1.7.6	<p>What are structuring forces in the St. Gallen Management Model? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Stakeholders b) Governance c) Strategy d) Media 	2

1.8	Decisions and communications	8
1.8.1	<p>Communication is based on messages. What are the four sides of a message (according to Schulz von Thun)? (tick only one answer)</p> <ul style="list-style-type: none"> a) Factual information, formal identification, freedom of expression, decoding b) Factual information, self-revelation, relationship, appeal c) Sender, encoding, recoding, receiver 	1
1.8.2	<p>What kind of decision needs to be made if there are different options with high risk but known probabilities of success to choose from? (tick only one answer)</p> <ul style="list-style-type: none"> a) Simple decision b) Complicated decision c) Complex decision 	1
1.8.3	<p>Which variant is usually chosen in a decision tree procedure? (tick only one answer)</p> <ul style="list-style-type: none"> a) Variant which occurs with highest probability b) Variant which minimizes risks c) Variant which has the highest expected value 	1
1.8.4	<p>There are different epistemological paradigms. Which statement on "constructivism" is correct? (tick only one answer)</p> <ul style="list-style-type: none"> a) According to constructivism, knowledge is based on objectively perceptible and verifiable findings. b) According to constructivism, knowledge is not objective reality but only a subjective "invention" or perception of reality. c) According to constructivism, knowledge is developed with the help of controversial decisions. 	1
1.8.5	<p>What are prerequisites for effective organizational decisions? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Clarifying participation expectations (who can participate?) b) Defining the decision scope (how many alternatives are prepared?) c) Setting up a detailed business plan (who does what?) d) Finding coalitions (who will vote with whom?) 	2
1.8.6	<p>What are requirements of the "business judgement rule"? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Decisions should be made within the applicable legal framework (within the law and jurisdiction). b) Decisions should be made after all the necessary information has been obtained. c) Decision-makers should select the option with highest possible returns and minimal risk. d) Decision-makers should act unencumbered by conflicts of interest. 	2

1.9	Strategy and development modes	8
1.9.1	<p>Why does groupthink need to be considered during strategy development (so-called "strategizing")? (tick only one answer)</p> <ul style="list-style-type: none"> a) If there is too much conformity and too little conflictual discourse, suboptimal strategies might be selected. b) If there is no participation of employees from lower levels, the resulting strategy will only be supported by the leadership group. c) If there is too much groupwork involved in the development of a strategy, too much time will be wasted in the process. 	1
1.9.2	<p>Which tool is best suited for managers to formulate and systematize alternative strategies for a company? (tick only one answer)</p> <ul style="list-style-type: none"> a) Porter's five forces framework b) Blake and Mouton's managerial grid c) Ansoff's product-market matrix 	1
1.9.3	<p>Organizational change can be of varying intensity. What is involved in the development mode of renewal? (tick only one answer)</p> <ul style="list-style-type: none"> a) Search for effect b) Search for efficiency c) Search for effectiveness 	1
1.9.4	<p>The term "strategy" has been defined very differently by various authors. Which statement on organizational strategy is correct? (tick only one answer)</p> <ul style="list-style-type: none"> a) Strategies can be agile or passive. b) Strategies can be resource-based or market-based. c) Strategies can be urgent or emergent. 	1
1.9.5	<p>Which of the following statements reflect an implicit and intuitive approach to strategy work that is done inside an organization and happens evolutionary, opportunistic and emergent? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Everyone is responsible for their own strategy. b) Strategy is a matter for the expert. c) The boss is responsible for the strategy. d) Strategy is a managerial task. 	2

1.9.6	Which statements about strategic crises are correct? (multiple answers possible) a) Turnover is in steep decline b) Profitability is still high c) Competitiveness is lacking d) Turnaround is inevitable	2
1.10	Structure and culture	8
1.10.1	Organizations today are highly differentiated because of economic growth and increasing specialization, often resulting in strong organizational fragmentation. Which formal definitions should be congruent in any case within the framework of the organizational structure? (tick only one answer) a) Tasks, competencies, responsibilities b) Organizational chart and organizational culture model c) Functional barriers, hierarchical barriers, operational islands	1
1.10.2	What statement reflects an instrumental understanding of the term "organization"? (tick only one answer) a) An organization is an organization. b) An organization is organized. c) An organization has an organization.	1
1.10.3	What can functional specialization and hierarchical differentiation result in? (tick only one answer) a) Operational islands b) Large management spans c) Work hard play hard culture	1
1.10.4	When is the network planning technique usually applied? (tick only one answer) a) When distributed organizational units of a network organization need to be linked b) When individual processes and process steps have to be coordinated in terms of time c) When complex value chains are to be coordinated within a cross-border ecosystem	1
1.10.5	Which of the following statements about organizational culture are correct? (multiple answers possible) a) Organizational cultures materialize in artifacts such as symbols, structures and observable behavior. b) Organizations are like icebergs: Only the formal structure is visible, the culture remains hidden. c) An organization's culture is its way of life, the way organizational members handle topics and make decisions. d) Different industries have different cultures, and the corporate cultures of the companies within an industry are identical.	2

1.10.6	<p>Multinational organizations and international managers are often confronted with many different national cultures. What are (according to Hofstede) typical dimensions by which cultures differ? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Punctuality versus unreliability b) Individualism versus collectivism c) Masculinity versus femininity d) Efficiency versus effectiveness 	2
1.11	Leadership and governance	8
1.11.1	<p>A sales outlet abroad repeatedly misses its sales targets. The management at headquarters reacts by increasing the success bonuses. Nevertheless, the results are not achieved. There is even a creeping reduction in motivation. What should happen from a motivational point of view? (tick only one answer)</p> <ul style="list-style-type: none"> a) Financial incentives still seem insufficient and should be further increased until the desired effects are measurable. b) The probability of achieving the objectives seems too low; the objectives should be adjusted. c) The employees apparently function according to the model of theory X and should be replaced. 	1
1.11.2	<p>Which of the following describes a participatory leadership style? (tick only one answer)</p> <ul style="list-style-type: none"> a) The supervisor identifies the problem and defines the limits and the scope of the decision; the group then makes the decision. b) The supervisor presents the problem to the group and then decides based on the group's inputs and suggestions. c) The supervisor decides but organizes a question and answer (Q&A) session for the employees to ensure their acceptance and conviction. 	1
1.11.3	<p>A manager disregarded guidelines by issuing expensive invitations to clients and their families and paying their own relatives at inflated rates for consultancy services. These breaches were discovered by the internal audit review of expense receipts and fee statements. Which "line of defense" was effective in this case? (tick only one answer)</p> <ul style="list-style-type: none"> a) Second b) Third c) Fourth 	1
1.11.4	<p>Which of the following statements on governance is correct? (tick only one answer)</p> <ul style="list-style-type: none"> a) The governance of an organization cannot be captured in writing, as it mainly lives from implicit definitions and informal background knowledge. b) The outer triangle of corporate governance consists of managers, shareholders and customers. c) Central elements of corporate governance in Switzerland are regulated in the Swiss Code of Obligations. 	1

1.11.5	<p>What are content theories of motivation? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Intrinsic and extrinsic motivation according to Deci and Ryan b) Two-factor model by Herzberg (hygiene factors and motivators) c) Valence-instrumentality-expectancy model by Vroom d) Generations Y and Z by McGregor 	2
1.11.6	<p>What are the characteristics or rules of good corporate governance? (multiple answers possible)</p> <ul style="list-style-type: none"> a) Application of fencing techniques b) Delegation of strategy to the CEO c) Prioritization of agents over principals d) Appropriate risk management 	2
1.12	Environment and interaction issues	5
1.12.1	<p>Why is organizational value creation dependent on the environment? (tick only one answer)</p> <ul style="list-style-type: none"> a) Because the environment provides both resources and demand for the created products and services. b) Because the environment allows to start controversies with various stakeholders and create interaction issues. c) Because the environment demands economic, social as well as ecological change. 	1
1.12.2	<p>Which of the following statements about the normative-ethical stakeholder concept are correct? (multiple answers possible)</p> <ul style="list-style-type: none"> a) A relevant stakeholder is potentially anybody – irrespective of their potential to influence the organization because of power or status. b) Relevant stakeholders are selected based on the normative horizon of meaning and their environmental legitimization. c) A relevant stakeholder is characterized by its potential to strongly influence the environment and controversies surrounding an organization. d) Relevant stakeholders are defined based on their economic power. 	2
1.12.3	<p>Why do organizations emerge, exist and grow? (multiple answers possible)</p> <ul style="list-style-type: none"> a) According to the neoclassical theory, the optimal size of a firm depends on the cost-minimizing configuration of labor and capital for a given technology. b) According to the resource-based theory, the survival of an organization depends on its success in mining and agriculture. c) According to the behavioral theory, the survival of an organization depends on whether it succeeds in creating cohesion among its stakeholders. d) According to the customer value-based theory, the optimal size of a firm depends on the number of customers' buying cycles. 	2

2	<p>CASE STUDY QUESTIONS</p> <p><i>The questions have to be answered on the included sheets. If there is not enough space for your answers, use both sides of the answer sheet.</i></p> <p><i>If you do not find all the information in the case study text that you need to answer the questions, make assumptions as necessary. Name and briefly justify your assumptions.</i></p> <p>Hint: <i>The questions are structured along the twelve modules of the course.</i></p>	90
	<div data-bbox="512 631 1072 864" data-label="Image"> </div> <p>A team of HSG students is working on a new startup. They already came up with a name: GROW NOW. The group consists of Hanna, a student in the Assessment Year, Sven, a student in the Bachelor's program in computer science, and Giulia, who is studying law on the Master's level. What unites the three is their expertise in plants and gardens. While Sven and Giulia are passionate about their home-grown spices and vegetables, Hanna even holds a professional certification in gardening as she completed an apprenticeship before her studies at HSG.</p> <p>The group is fascinated by the trend of urban gardening. More and more of their colleagues are starting to grow vegetables and fruits in pots on their balconies or, to the surprise of their fathers and mothers, in the parents' gardens. Some friends even lease their own garden plots (so-called "Schrebergärten" or family gardens). Others set up sophisticated indoor farms with dedicated lighting and controlled nutrient feeding. These "hydroponic" farms rely on water, nutrients, and light and grow year-round without any need for natural soil or chemical pesticides.</p> <p>It seems clear to the team at GROW NOW that sharing their expertise in gardening by offering advice to beginners and intermediates would not be a feasible business model. After several iterations, the three students therefore decide to move along the customer journey: They want to include a delivery platform for gardening supplies including exclusive organic seeds, accompanied by tasty recipes. Furthermore, they plan to include social elements that allow customers to interact with each other, ask for advice and share success stories. In the longer term, the group would also like to explore expansions into the area of sensors and data. They believe that gardening can be facilitated and optimized by smart sensors that gather data on humidity, temperatures, lighting, nutrients and more.</p>	

GROW NOW was able to secure some initial funding by participating in a sustainability ideation contest. This allowed the team to substantiate their project and develop a proof of concept. Based on this, the group was able launch a market test, which was very encouraging. Thanks to rapidly growing demand on their test website, they were able to raise seed funding of CHF 150 000 and secure a strategic partnership with a certified supplier of organic seeds. Furthermore, the startup was able to team up with a pottery manufacturer that supplies customized planting pots. One year after the start of the platform, GROW NOW is already serving more than 10 000 regular customers, who have purchased supplies for their family gardens, balconies or indoor gardens.



Family garden (Schrebergarten)

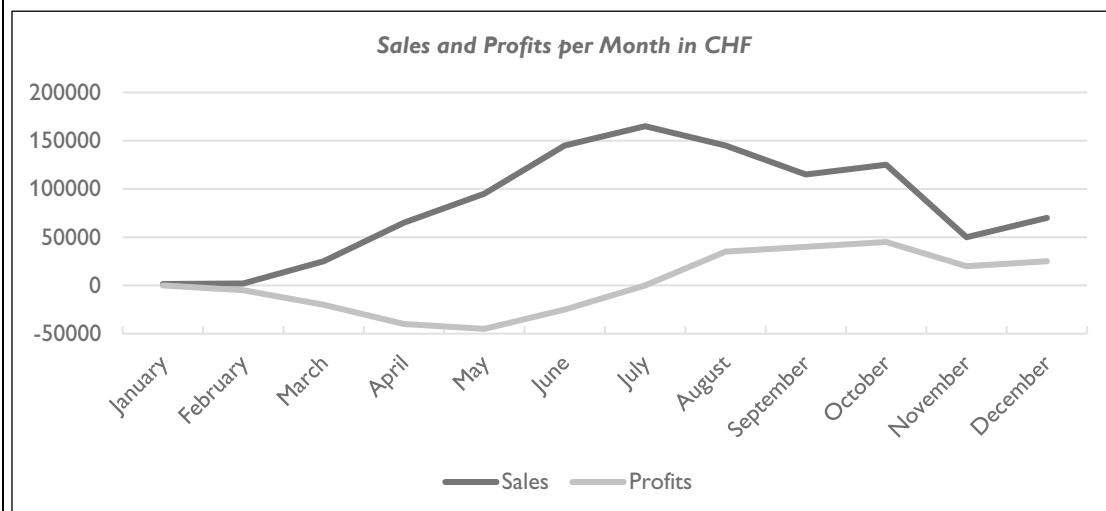


Balcony plants (planting pot)






Indoor garden (hydroponic)

After one year, the startup has already been able to achieve revenues of slightly more than one million Swiss Francs (CHF) and generate a tiny profit. While looking at the sales numbers of the first year (see figure), the founders discuss how to improve revenue in the colder months. Furthermore, they debate about the long-term protection of their market position and customer lock-in. While Sven argues for a membership-based subscription with monthly payments, Giulia prefers sticking to the pay by use model with payments per order of supplies. Hanna suggests expanding the product range by adding indoor products that are in demand regardless of the season, such as cactuses and bonsai trees as well as their own hydroponic system (indoor garden).



Hanna does some market research to explore the available offers and system types. Focusing on indoor gardens and indoor crops would make their business independent of seasonality and weather and could at the same time generate continuous revenues from selling dedicated seeds and substrates to support the gardens.

	IKEA Krydda / Växer 	AEROGARDEN Farm 24XL 	AGRILUTION Plantcube Basic 
Price	CHF 220	CHF 950	CHF 3500
Features	<ul style="list-style-type: none"> ▪ Adjustable LED lights ▪ Three planting levels 	<ul style="list-style-type: none"> ▪ Adjustable LED lights ▪ Touchscreen control ▪ Reminders via app 	<ul style="list-style-type: none"> ▪ Adjustable LED lights ▪ Automatic watering ▪ Climate-controlled ▪ Accessible via app
Capacity	up to 45 plants	up to 24 plants	up to 18 plants
Size	75 x 40 x 20 cm	116 x 92 x 36 cm	84 x 60 x 62 cm
Designed	in Sweden	in the USA	in Germany
Notes	No longer available at Ikea; no information on new release	Currently only shipped to addresses in the United States and Canada	Manufactured by Miele; currently available, shipped within 14 to 21 days

Sven and Giulia agree that there are certain trends that indicate further growth in urban farming and the spread of vertical farms – both small scale for private users and industrial scale for commercial producers. They decide to explore options to either develop a simple, modular indoor system, like the one from IKEA, or alternatively try to become an official distributor of an existing system like the one from AEROGARDEN, which is currently not available in Switzerland. However, since they all want to continue to pursue their studies at least part-time, it is challenging to both maintain the existing offering and customer base while also developing the new business. The founders therefore decide to recruit two new collaborators who would support them with the daily operations of GROW NOW.

Sources: familiengaertner-sg.ch, baldur-garten.ch, ikea.ch, aerogarden.com, agrilution.com, Nov. 2021; logo via looka.com

Part I	Case study	45
2.1	a) While scaling their platform, the founders of GROW NOW were mostly absorbed by solving operational issues. By employing two new collaborators, they hope to gain some time to reflect on normative and strategic issues, too. Mention the different goals of the three horizons of meaning and develop for each of them a specific and realistic objective for GROW NOW.	4
	b) Regarding the configuration of the value chain of GROW NOW, what kind of platform does the startup form? Provide the reasoning behind your classification.	2
2.2	a) Which megatrends and derived demand trends are behind the increasing interest in urban gardening? Provide three megatrends and three related demand trends that are relevant for GROW NOW.	3
	b) Provide GROW NOW with a rough estimation of the market potential for hydroponic indoor gardens for home use in Switzerland. Assume a price of CHF 500 for an average garden when quantifying the market potential. Make your assumptions transparent and calculate the market potential in Swiss Francs.	3
2.3	a) When the founders of GROW NOW revised their marketing plan, they saw that they should refine their market segmentation based on the customer data they gathered during the first year of business. What statistical method could they apply to their data to identify relevant segments? Explain the logic behind your suggestion.	4
	b) Develop a positioning for GROW NOW based on three relevant characteristics or dimensions. Illustrate it with the help of a semantic differential.	4
2.4	a) Assume GROW NOW secured the exclusive right to distribute AEROGARDEN'S hydroponic systems in Switzerland. AEROGARDEN supplies its FARM 24XL at a reseller price of CHF 1000. Because of the bulky format, GROW NOW has storage costs of about 10%. Furthermore, delivery to Switzerland costs CHF 500 per order. GROW NOW expects to sell around 250 units of the AEROGARDEN FARM 24XL next year. Calculate the optimum order quantity.	5
	b) Classify the program policy decision that is behind the introduction of indoor gardens to the assortment of GROW NOW. Briefly explain your classification.	2
2.5	a) GROW NOW wants to continue its growth story and adjust its marketing mix accordingly. Suggest a specific action per tool of the marketing mix to foster this growth.	4
	b) Make an estimation of costs per suggested action in the marketing mix and calculate the resulting total marketing spending that GROW NOW needs to budget for the coming year. Define the use of resources over the year (in months) per suggested action.	5
2.6	a) Name the six elements that define a business model and can be used to explain a startup like GROW NOW in a comprehensive way.	3
	b) Describe the business model of GROW NOW by addressing all the six dimensions.	6

Business Administration – Introduction and Fundamentals

<i>Part II</i>	<i>Case study</i>	<i>45</i>
2.7	<p>a) The founders of GROW NOW reflect on the value creation of their company. What is its primary and its additional value? Briefly differentiate primary from additional and mention two examples of additional value creation for GROW NOW.</p> <p>b) Think about the stakeholders of GROW NOW that benefit from the additional value. Name at least one stakeholder per example of additional value creation.</p>	<p>3</p> <p>2</p>
2.8	<p>a) While analyzing their business statistics, the team behind GROW NOW saw that due to seasonal effects, sales start to drop as soon as the summer is over. How could the team tackle this problem? Draft a problem-solving process with at least five steps, complementing the analysis of the situation. Briefly illustrate the suggested steps of the problem-solving process.</p> <p>b) What communication platform would you recommend to GROW NOW for decision-making in their problem-solving process? Briefly explain your suggestion.</p>	<p>5</p> <p>2</p>
2.9	<p>a) Before entering the market for indoor gardens, GROW NOW asks you for a second opinion. How attractive is this market in your view? Base your evaluation on Porter's five forces framework for competitive analysis. Make assumptions if necessary.</p> <p>b) Based on Porter's matrix on competitive strategies, which of the three options would you recommend for GROW NOW? Briefly explain your suggested strategy.</p>	<p>6</p> <p>3</p>
2.10	<p>a) While discussing the future development and structure of GROW NOW, the founders mention network effects. Where do you see economies of networks at play? Can you also identify applications of economies of scope, scale and learning in the business of GROW NOW? Mention one possible example per economic effect.</p> <p>b) Due to expected growth, GROW NOW needs a formal organizational structure. Draft a fitting structure that can accommodate up to 20 employees. Label the relevant elements of your suggested organizational structure.</p>	<p>4</p> <p>5</p>
2.11	<p>a) GROW NOW has several interesting candidates for the newly opened support positions. How should the team proceed with the applicants? Draw a feasible recruitment process up to the onboarding of the best two candidates.</p> <p>b) What leadership style would you consider appropriate for a growing GROW NOW? Explain your proposed style and your rationale.</p>	<p>3</p> <p>3</p>
2.12	<p>a) Like every company, GROW NOW is embedded in an organizational environment. Mention three environmental spheres and one possible interaction issue per sphere.</p> <p>b) After one year of business, GROW NOW is already making a small profit and sustaining itself. Provide possible explanations for the persistence and growth of GROW NOW based on three different theories of the firm.</p>	<p>3</p> <p>6</p>

Write all your answers on the pre-printed answer sheets.

EXAMPLE SOLUTIONS

I,102.1.00

Business Administration
Introduction and Fundamentals

Answer sheets

Last name:

First name:

Matriculation number:

Evaluation

Number of points achieved

I	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	2.10	2.11	2.12

**Response Sheet****Multiple Choice Exercises**

Maximum total points: 90 ☒

See question sheet for guidelines

Exercise 1.1	a)	b)	c)	d)
1.1.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.1.2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.1.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.1.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.1.5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1.1.6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Exercise 1.2	a)	b)	c)	d)
1.2.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.2.2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.2.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.2.4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.2.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.2.6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Exercise 1.3	a)	b)	c)	d)
1.3.1	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.3.2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.3.3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.3.4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.3.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
1.3.6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Exercise 1.4	a)	b)	c)	d)
1.4.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.4.2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.4.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.4.4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.4.5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.4.6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Exercise 1.5	a)	b)	c)	d)
1.5.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.5.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.5.3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.5.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.5.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.5.6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Exercise 1.6	a)	b)	c)	d)
1.6.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.6.2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.6.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Exercise 1.7	a)	b)	c)	d)
1.7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.7.2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.7.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.7.5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.7.6	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Exercise 1.8	a)	b)	c)	d)
1.8.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.8.2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.8.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.8.4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.8.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.8.6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Exercise 1.9	a)	b)	c)	d)
1.9.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.9.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.9.3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.9.4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.9.5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.9.6	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Exercise 1.10	a)	b)	c)	d)
1.10.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.10.2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.10.3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.10.4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.10.5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.10.6	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Exercise 1.11	a)	b)	c)	d)
1.11.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.11.2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.11.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1.11.4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1.11.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.11.6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Exercise 1.12	a)	b)	c)	d)
1.12.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1.12.2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.12.3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

2.1	<p>a) While scaling their platform, the founders of GROW NOW were mostly absorbed by solving operational issues. By employing two new collaborators, they hope to gain some time to reflect on normative and strategic issues, too. Mention the different goals of the three horizons of meaning and develop for each of them a specific and realistic objective for GROW NOW.</p> <p><i>Point distribution:</i></p> <p>4 points:</p> <ul style="list-style-type: none"> • 1 point for mentioning all goals with correct terms (½ point if one or two goals are mentioned) • 1 point per reasonable objective with case-reference (max. ½ point if not clearly linked to case or not specific) <p><i>Sample solution:</i></p> <ul style="list-style-type: none"> • Normative: Legitimacy/viability => We want to bring healthy greens to the people. / Push healthy living narrative in the society, etc. • Strategic: Competitiveness/potential for success/effectiveness (doing right things) => We want to develop a unique brand by doing X. • Operative: Economic viability/Added value/success/liquidity/efficiency (doing things right) => We want to generate 3 million of profits after one year. <p>b) Regarding the configuration of the value chain of GROW NOW, what kind of platform does the startup form? Provide the reasoning behind your classification.</p> <p><i>Point distribution:</i></p> <p>2 points:</p> <ul style="list-style-type: none"> • 1 point for mentioning double-sided platform • 1 point for clear and correct reasoning: <ul style="list-style-type: none"> ◦ Mentioning different players and interactions; Community interacts via platform, purchases products, provides peer advice, etc. <p><i>Sample solution:</i></p> <p>Double-sided platform: platform features product from different producers; users meet on the platform and can get (peer-)advice.</p> <p><i>Not counted: e.g.: Fixed value chain, One-sided platforms, One-to-one coordination, Layer Player Model, Integrated Model</i></p>	<p>4</p> <p>2</p>
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2.2	<p>a) Which megatrends and derived demand trends are behind the increasing interest in urban gardening? Provide three megatrends and three related demand trends that are relevant for GROW NOW.</p> <p><i>Point distribution:</i></p> <p>3 points:</p> <ul style="list-style-type: none"> 1 point for megatrend and related meaningfully derived demand trend (½ point if one part was missing / parts were not related) <p><i>Sample solution:</i></p> <ul style="list-style-type: none"> Technologization: demand for virtual assistants/communities/companions Individualization: demand for personal services and niche hobbies Scarcity of natural resources: demand for sustainable products 	3
	<p>b) Provide GROW NOW with a rough estimation of the market potential for hydroponic indoor gardens for home use in Switzerland. Assume a price of CHF 500 for an average garden when quantifying the market potential. Make your assumptions transparent and calculate the market potential in Swiss Francs.</p> <p><i>Point distribution:</i></p> <p>3 points:</p> <ul style="list-style-type: none"> 1 point per meaningful/reasonable step in the calculation. Clear answer and calculation steps required (without reasoning: max. ½ points). <p><i>Sample solution:</i></p> <p>Market capacity: every household in Switzerland (4 million), Interest in gardening (2 million), living in urban areas (1 million), willing to pay 500 = 400.000</p> <p>Market potential => quantification: 400.000 x CHF 500 = CHF 200 million (example)</p>	3

2.3	<p>a) When the founders of GROW NOW revised their marketing plan, they saw that they should refine their market segmentation based on the customer data they gathered during the first year of business. What statistical method could they apply to their data to identify relevant segments? Explain the logic behind your suggestion.</p> <p><i>Point distribution:</i></p> <p>4 points:</p> <ul style="list-style-type: none"> • 1 point for method, • 2 points for explanation, • 1 point for relation to case <p><i>Sample solution:</i></p> <p>Grow Now could apply the method of cluster analysis to their existing customer data from the 1st year. => Through cluster analysis the data will be segmented into homogeneous customer groups, the aim being to achieve the maximum possible degree of homogeneity within a group (or cluster). Likewise, the greatest possible degree of heterogeneity (difference) should be achieved between the different clusters. Clusters will be arranged based on motives, purchase behavior, preferences, or socio-demographics. => This method will help facilitate decisions for Grow Now when it comes to selecting which customer segments should be targeted.</p> <p>b) Develop a positioning for GROW NOW based on three relevant characteristics or dimensions. Illustrate it with the help of a semantic differential.</p> <p><i>Point distribution:</i></p> <p>4 points:</p> <ul style="list-style-type: none"> • 1 point per meaningful differential <ul style="list-style-type: none"> ○ Differentials need to be product-related: if target-market-related max. ½ points ○ Differentials need to be bipolar (contrary), otherwise max. ½ points • 1 point for meaningful positioning on all three axes <ul style="list-style-type: none"> ○ If Grow Now is positioned wrongly within the differentials: max. ½ points <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><i>Sample solution:</i></p> <p>Industrial - - - - x - Organic Do-it-yourself - - x - - - Prefab Trendy -x- - - - Traditional</p> <p><i>Further valid differentials (among others):</i></p> <p>Leisure - - x - - - Professional Natural - x - - - - Artificial High quality - x - - - - Low quality High price - - x - - - Low price</p> </div> <div style="width: 48%;"> <p><i>Not accepted:</i></p> <ul style="list-style-type: none"> • Interesting/boring • Time consuming/not time consuming • Interest in gardening/no interest in gardening • Attractive/not attractive • Exclusive/available • High income/low income • High potential/low potential • High materiality/low materiality • Conservative/liberal • Nature lover/non nature lover • Online website/in-person delivery • Wooden/in metal • Male/female • Useful/not useful </div> </div>	4
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2.4	<p>a) Assume GROW NOW secured the exclusive right to distribute AEROGARDEN'S hydroponic systems in Switzerland. AEROGARDEN supplies its FARM 24XL at a reseller price of CHF 1000. Because of the bulky format, GROW NOW has storage costs of about 10%. Furthermore, delivery to Switzerland costs CHF 500 per order. GROW NOW expects to sell around 250 units of the AEROGARDEN FARM 24XL next year. Calculate the optimum order quantity.</p> <p><i>Point distribution:</i></p> <p>5 points:</p> <ul style="list-style-type: none"> • 1 point per correctly applied element of the formula • 1 point for optimum amount <p><i>Solution:</i></p> <p>Calculation of optimal order quantity [formula from slides]</p> $Q = \sqrt{((200 \times F \times S)/(C \times P))} = \sqrt{((200 \times 250 \times 500)/(10 \times 1000))} = 50$	5
	<p>b) Classify the program policy decision that is behind the introduction of indoor gardens to the assortment of GROW NOW. Briefly explain your classification.</p> <p><i>Point distribution:</i></p> <p>2 points:</p> <ul style="list-style-type: none"> • 1 for correct classification • 1 point for meaningful explanation <p><i>Sample Solution:</i></p> <p>Breadth of range => vertical diversification</p> <p>Instead of just providing seeds, the startup is now also distributing substrate and installations to facilitate the growth of the seed all year round. Thereby, Grow Now is including new products along the existing added-value chain (vertical diversification), while solving a different problem than before (breadth of range).</p>	2

2.5	<p>a) GROW NOW wants to continue its growth story and adjust its marketing mix accordingly. Suggest a specific action per tool of the marketing mix to foster this growth.</p> <p><i>Point distribution:</i></p> <p>4 points:</p> <ul style="list-style-type: none"> 1 point per tool with specific action to foster growth <p><i>Sample Solution:</i></p> <ul style="list-style-type: none"> Product: adding personalized pots to the assortment Price: introducing discounts for loyal customers (customer club) Placement: set up direct ordering/sales channels on social media Promotion: organize a pop-up garden at central train stations 	4
	<p>b) Make an estimation of costs per suggested action in the marketing mix and calculate the resulting total marketing spending that GROW NOW needs to budget for the coming year. Define the use of resources over the year (in months) per suggested action.</p> <p><i>Point distribution:</i></p> <p>5 points:</p> <ul style="list-style-type: none"> 1 point per correct action budget (time and money), 1 point for meaningful total budget <p><i>Sample Solution:</i></p> <ul style="list-style-type: none"> Product: January to December; costs of new assortment set-up: CHF 7000 Price: January to December; annual costs for set-up and re-pricing: CHF 5000 Placement: January to December; ongoing costs for sales channel: CHF 9000 Promotion: May, September; costs for two events (stand, salaries, etc.): CHF 40'000 <p>Total marketing spending from January to December: <u>CHF 61'000</u></p>	5

2.6	<p>a) Name the six elements that define a business model and can be used to explain a startup like GROW NOW in a comprehensive way.</p> <p><i>Point distribution:</i></p> <p>3 points:</p> <ul style="list-style-type: none"> • ½ point per element of the framework <p><i>Sample Solution:</i></p> <ul style="list-style-type: none"> • Value proposition/ Service concept • Value creation/ Value creation concept • Value communication and transfer (channels)/ Channels • Value capture/ Profit model • Value dissemination/ Value distribution • Value development/ Development concept <p><i>Not counted:</i></p> <ul style="list-style-type: none"> • Strategy, culture, process, organization, innovation, management • Customer process, customer retention, customer acquisition, repeat purchase process, etc. • Target market, communication tools, resources, profitability, sustainability • Stakeholder, management, organization, environmental spheres, resources <p>b) Describe the business model of GROW NOW by addressing all the six dimensions.</p> <p><i>Point distribution:</i></p> <p>6 points:</p> <ul style="list-style-type: none"> • 1 point per element with meaningful explanation applied on Grow Now (½ points if it is only a general definition) <p><i>Sample Solution:</i></p> <ul style="list-style-type: none"> • Value proposition: organic gardening supplies with community support • Value creation: creating a community platform for likeminded people <i>Not counted: Based on strategic partnerships with supplier; Buying the goods from the supplier and then selling them to their customers</i> • Value communication and transfer (channels): on- and offline community, website • Value capture: sale of products and membership subscriptions <i>Not counted: Customers' needs to keep buying supplies for the garden</i> • Value dissemination: value for customers, employees, suppliers, society • Value development: growth of network by adding new products 	<p>3</p> <p>6</p>
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2.7	<p>a) The founders of GROW NOW reflect on the value creation of their company. What is its primary and its additional value? Briefly differentiate primary from additional and mention two examples of additional value creation for GROW NOW.</p> <p><i>Point distribution:</i></p> <p>3 points:</p> <ul style="list-style-type: none"> • 1 point per definition, • ½ point per example <p><i>Sample Solution:</i></p> <p>Primary value creation:</p> <ul style="list-style-type: none"> • Is the purpose of the firm which is create customer value. • Organization fulfills a “core function” that results from their basic purpose <p>Additional value creation:</p> <ul style="list-style-type: none"> • Is created beyond primary value creation • Organizations impact society (pay taxes, create/destroy jobs), contribute to location attractiveness, have (positive/negative) ecological impacts <p>Examples:</p> <ul style="list-style-type: none"> • Taxes • Clean air • Healthy population • Employment <p>b) Think about the stakeholders of GROW NOW that benefit from the additional value. Name at least one stakeholder per example of additional value creation.</p> <p><i>Point distribution:</i></p> <p>2 points:</p> <ul style="list-style-type: none"> • 1 point per stakeholder with example <p><i>Sample Solution:</i></p> <p>Taxes: authorities</p> <p>Location attractiveness: inhabitants of a city / general public</p> <p>Jobs: inhabitants of a city / (potential) employees</p> <p><i>Not counted: customers, suppliers</i></p>	<p>3</p> <p>2</p>
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2.8	<p>a) While analyzing their business statistics, the team behind GROW NOW saw that due to seasonal effects, sales start to drop as soon as the summer is over. How could the team tackle this problem? Draft a problem-solving process with at least five steps, complementing the analysis of the situation. Briefly illustrate the suggested steps of the problem-solving process.</p> <p><i>Point distribution:</i></p> <p>5 points:</p> <ul style="list-style-type: none"> • 1 point per step with explanation (½ point for step only; max 2.5 points) <p><i>Sample Solution:</i></p> <p>Problem-solving process:</p> <ol style="list-style-type: none"> 1) Analysis of the situation/ Identify the problem: sales drop in autumn 2) Goals/ Figuring out a solution: keeping sales up during colder months 3) Measures: increasing range of indoor products 4) Resources: find new products and suppliers 5) Execution/ Implementation: with accompanying marketing campaign 6) Result evaluation: check whether goals can be achieved 	5
	<p>b) What communication platform would you recommend to GROW NOW for decision-making in their problem-solving process? Briefly explain your suggestion.</p> <p><i>Point distribution:</i></p> <p>2 points:</p> <ul style="list-style-type: none"> • 1 point for platform • 1 point for explanation <p><i>Sample Solution:</i></p> <ul style="list-style-type: none"> • Meeting/workshop: Since it is a serious issue meet in a semi-formal setting, discuss solutions and progress <p><i>Other possible solutions:</i></p> <ul style="list-style-type: none"> • Spontaneous Exchange: Idea Testing, Risk Assessment, Self-Coordination • Coffee Break, After-Work Drinks: Sensemaking, Thinking out of the Box • Dialogue Platforms: Roundtables, Conferences, Sounding Boards • Reglementary Platforms: Board/Executive/Divisional/General Meeting 	2

2.9	<p>a) Before entering the market for indoor gardens, GROW NOW asks you for a second opinion. How attractive is this market in your view? Base your evaluation on Porter's five forces framework for competitive analysis. Make assumptions if necessary.</p> <p><i>Point distribution:</i></p> <p>6 points:</p> <ul style="list-style-type: none"> • 1 point per dimension (max. 5) • 1 point for overall evaluation • 1 point for every dimension with assessment and explanation (max. ½ point for dimension if element or relation to case is missing) <p><i>Sample Solution:</i></p> <ul style="list-style-type: none"> • Bargaining power of suppliers: relatively high (only very few suppliers) • Bargaining power of buyers: relatively low (only limited range of products) • Threat from new providers: moderate (product development seems difficult) • Threat from substitute products: moderate (currently not available) • Intensity of rivalry in the market: moderate (only a few active providers) • Conclusion: market seems relatively attractive <p>=> see Porter's Five Forces Framework for competitive analysis (market attractiveness)</p>	6
	<p>b) Based on Porter's matrix on competitive strategies, which of the three options would you recommend for GROW NOW? Briefly explain your suggested strategy.</p> <p><i>Point distribution:</i></p> <p>3 points:</p> <ul style="list-style-type: none"> • 1 point for strategy • 1 point for relation to matrix • 1 point for relation to case <p><i>Sample Solution:</i></p> <p>Concentration on focal point: restriction to one segment; the startup is focusing on a niche segment of urban gardeners</p> <p>=> see Porter's matrix on competitive strategies (differentiation/cost leadership/concentration on focal points)</p>	3

2.10	<p>a) While discussing the future development and structure of GROW NOW, the founders mention network effects. Where do you see economies of networks at play? Can you also identify applications of economies of scope, scale and learning in the business of GROW NOW? Mention one possible example per economic effect.</p> <p><i>Point distribution:</i></p> <p>4 points:</p> <ul style="list-style-type: none"> • 1 point per economic effect related to the case <p><i>Sample Solution:</i></p> <ul style="list-style-type: none"> - Economies of networks: community element of the platform, increasing value with increasing number of members (decreasing marginal costs, increasing marginal utility) - Economies of scope: wide variety of products can be sold over platform to customer base and facilitate cross selling; Seeds can be sold via platform, or used to grow plants to sell (more advantageous in combination) - Economies of scale: increasing number of sales via platform can lower the costs per item sold and procured through increasing order/delivery size (average costs decrease with increasing number of units) - Economies of learning: lowering costs thanks to experience from work with growing number of customers; experience in growing plants reduces resources needed <p>b) Due to expected growth, GROW NOW needs a formal organizational structure. Draft a fitting structure that can accommodate up to 20 employees. Label the relevant elements of your suggested organizational structure.</p> <p><i>Point distribution:</i></p> <p>5 points:</p> <ul style="list-style-type: none"> • 1 point for name of structure • 1 point per meaningful element (element = level/depth; max. 4) <p><i>Sample Solution:</i></p> <p>Sketch of a line-staff organization with labelled executive management, executive staff, departments, or functions (logistics, marketing, finance, IT)</p> <p>Accepted alternative approaches (if illustrated and labelled clearly):</p> <ul style="list-style-type: none"> - Division-based Line-Staff Organization - Function-based Line-Staff Organization - Matrix Organization - Process Organization - Network Organization 	<p>4</p> <p>5</p>
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2.11	<p>a) GROW NOW has several interesting candidates for the newly opened support positions. How should the team proceed with the applicants? Draw a feasible recruitment process up to the onboarding of the best two candidates.</p> <p><i>Point distribution:</i></p> <p>3 points:</p> <ul style="list-style-type: none"> • ½ point per step of the process or funnel <p><i>Sample Solution:</i></p> <ol style="list-style-type: none"> 1) Longlist of possible candidates 2) In-depth checking regarding requirements 3) Shortlist of possible candidates 4) Assessment center 5) Interview 6) Signing of contract 7) Onboarding 	3
	<p>b) What leadership style would you consider appropriate for a growing GROW NOW? Explain your proposed style and your rationale.</p> <p><i>Point distribution:</i></p> <p>3 points:</p> <ul style="list-style-type: none"> • 1 point for naming reasonable style • 1 point explaining style • 1 point for relation to case <p><i>Sample Solution:</i></p> <p>Participatory style: leader presents the problem to the group and decides based on the group's suggestions; leader of company consults with department/function heads, heads consult with team members® ideal as GN is a rather small company (ideas and proposals of the employees can and should be listened to), employees motivated (theory Y)® letting them participate in decision-making increases motivation</p> <p>Accepted alternative styles: patriarchal, consultative, advisory, participatory, delegating, transformational, transactional</p>	3

2.12	<p>a) Like every company, GROW NOW is embedded in an organizational environment. Mention three environmental spheres and one possible interaction issue per sphere.</p> <p><i>Point distribution:</i></p> <p>3 points:</p> <ul style="list-style-type: none"> • ½ point per relevant sphere • ½ point for interaction issue (must be relevant and plausible) <p><i>Sample Solution:</i></p> <ul style="list-style-type: none"> • Society: discussing pay and job security with employees; trend of urban gardening may disappear, etc. • Nature: discussing issues of degradation of soil quality and biodiversity; climate change, scarcity of resources, seeds causing damage, etc. • Technology: discussing critical elements of sensor data and privacy, technological patents, new tech of competitors which the company does not have, high costs of adapting to new tech, etc. • Economy: competitors arising, supply problems (due to pandemic), recession, tension between profitability and sustainability, etc. • Legal and political environment: import restrictions, compliance with existing or new law, less emphasis on climate change, etc. <p>Further accepted environmental spheres (if with relevant and plausible interaction issue): science, media, ethics</p>	3
	<p>b) After one year of business, GROW NOW is already making a small profit and sustaining itself. Provide possible explanations for the persistence and growth of GROW NOW based on three different theories of the firm.</p> <p><i>Point distribution:</i></p> <p>6 points:</p> <ul style="list-style-type: none"> • 1 point per theory • 1 point for explanation <p><i>Sample Solution:</i></p> <ul style="list-style-type: none"> • Neoclassical theory: the company has a feasible operating size for its industry; achieve economies of scale; production optimum: marginal cost = marginal return • Transaction cost theory: the company has a plausible reach in the value chain; make vs buy; aiming for minimum transaction costs • Resource-based theory: the company has the relevant resources and capabilities • Behaviorist theory: the company is able to maintain stakeholder cohesion • Customer value-based theory: the company manages to generate sufficient value for the customers 	6