

Ans 1 . Stages of new product development :

- 1) Idea Generation : Company comes up with many different and unique ideas based on both internal and external sources, which are in-house researches and competitor innovations, customer wants, distributors and suppliers.
- 2) Idea Screening : focus on ideas which are 'in-line' with the company's customer value and financial goals. Also filtering that are poor or not feasible.
- 3) Concept Development & Testing : good product ideas must be developed into detailed product concepts that are conveyed in consumer oriented terms.
- 4) Marketing Strategy Development : company tries to make come up with strategies to introduce a promising product with price of potential revenue figures.
- 5) Business Analysis : to ascertain projected sales and revenues, assess risk whether product is financially feasible.
- 6) Product Development : working on the product to make a functional prototype of product concept.
- 7) Test marketing : how product is advertised, produced, packaged, distributed and eventually sold.



8) Commercialism : either decide to go ahead with the launch of the product or put it on the back burner.

Ans 2. There are 3 decisions that financial managers have to take :

- a) Investment Decision
- b) Financial Decision
- c) Dividend Decision

Dividend Decision : is the financial decision concerned with deciding how much the profit earned by the company should be distributed among shareholders (dividend) and how much should be retained for the future retained earnings. It should be taken keeping in view of maximizing overall shareholder's wealth.

Factor affecting dividend decisions :

- ↳ earnings of company.
- ↳ stability of dividends
- ↳ Growth prospects
- ↳ cash flow positions.
- ↳ preference of shareholders.
- ↳ Taxation Policy.