Chapter # 03

"Enterpreneurial Strategy: Generating & Exploiting New Entries."

Short Questions

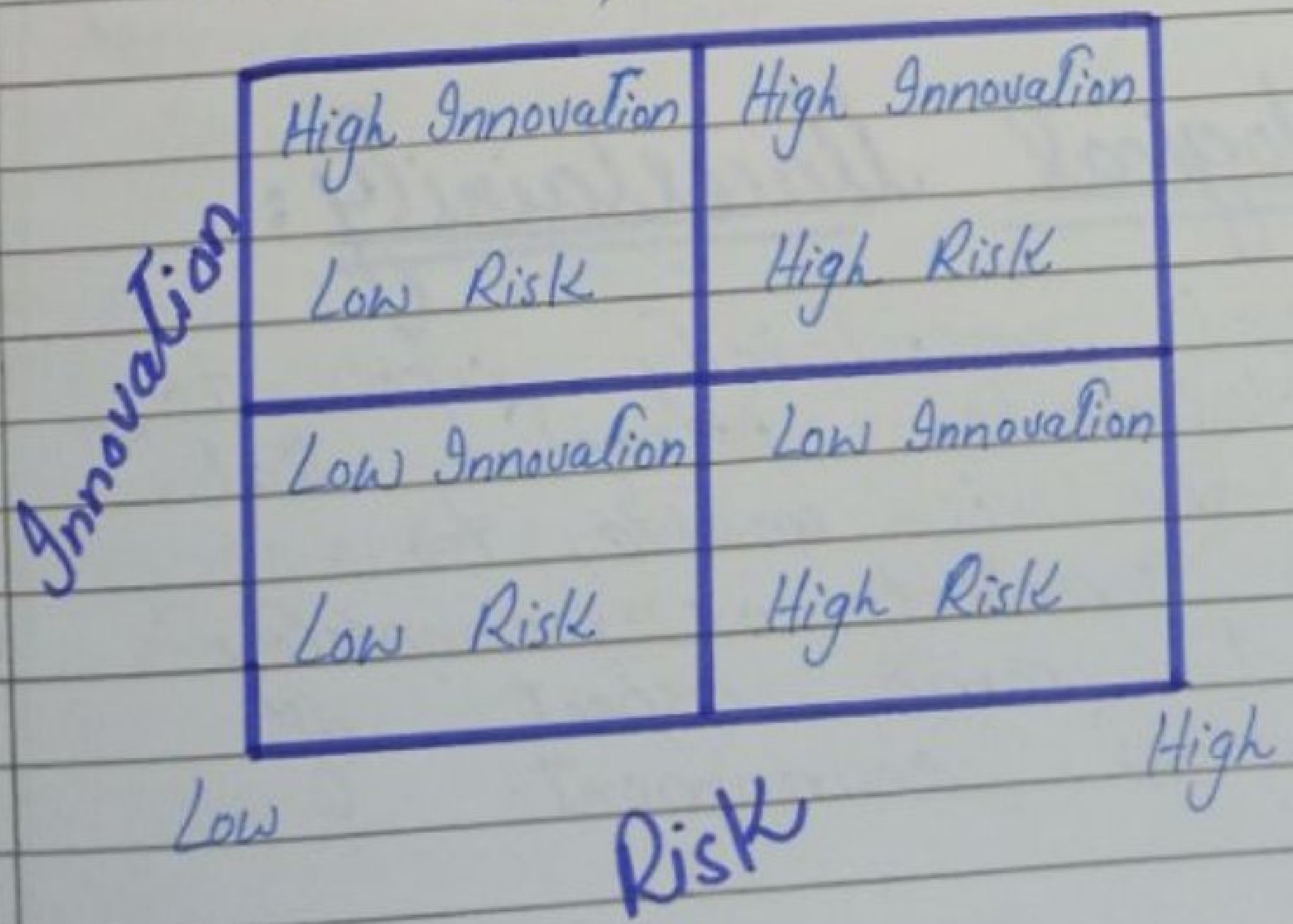
1. New Entry:

⇒ New entry refers to:

- offering a new product to an established or new market.
- Creating a new organization.
- offering an established product to a new market.

2. Enterpreneurial Strategy:

⇒ Enterpreneurial strategy is a process of developing a new products and approach in a constrained and competitive environment.



(3) Resources:

⇒ Resources are the material which have got value and used to satisfy our needs.

⇒ Characteristics of resources:

- utility.
- Value.
- Depletion or consumption.

5- Demand Uncertainity:

⇒ Uncertaining of the customer demand for a product.

⇒ Such a condition where demand for the product cannot be accurately determined, is said to be demand uncertainity.

6- Technological Uncertainity:

⇒ Technological uncertainity refers to an individual's perception that he or she is unable to accurately predict or completely understand some aspect of technological environment.

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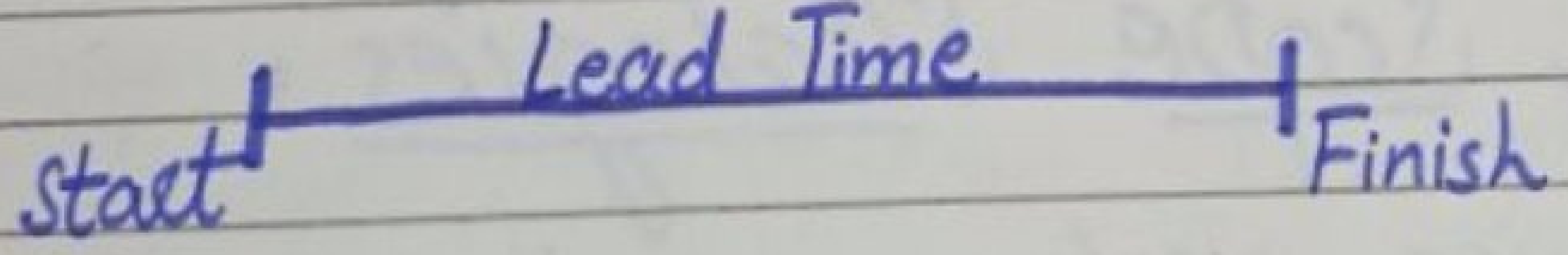
7- How to overcome customer's Uncertainity?

- ⇒ Beta Testing.
- ⇒ Informational advertising.
- ⇒ Be up front & honest with customers.
- ⇒ Provide reasoning & context to each explanation.

8- Lead Time? How to extend it?

⇒ Time b/w the initiation and completion of the production process.



⇒ May be specified in days, hours or minutes.

Q: How to extend it?

- ⇒ Create a vendor managed inventory.
- ⇒ Consider sub-assembly services.
- ⇒ Find more efficient routes.

9- ## Risk :

⇒ A situation involving exposure to danger.

⇒ e.g;
working alone away from office can be hazard, the risk of personal danger may be high.

⇒ Main types of Business risk:
- Strategic risk.
- Financial risk.
- Reputational risk.
- Operational risk.

11- ## Market Scope Strategies :

⇒ Market scope strategy deals with the coverage of market.

⇒ Three major alternatives in market scope strategy:
- Single market strategy.
- Multi market strategy.
- Total market strategy.

⇒ Focus on market coverage that how many segments are? , high level craftsmanship & high end of the market producing customized products.

⇒ Types of market strategy:

- Product strategy.
- Pricing strategy.
- Promotion strategy.
- Distribution strategy.

2. Imitation Strategy:

⇒ An overall strategic approach in which the entrepreneur does more or less what others are already doing.

⇒ Firm rushes its entry to market.

⇒ Types are:

- Piracy strategy.
- Cloning strategy.
- Mimics strategy.
- Creative adoption strategies.

1. Franchising

⇒ Acquiring a "proven formula" for new entry from a franchisor.

e.g; Dominos, KFC, McDonald's.

Mee-to Strategy

⇒ Copying exist products and attempting to build an advantage through minor variations.

e.g;
- high price, high quality
- low price, low quality.
- low price, medium quality.

	Narrow Scope Strategy	Broad Scope Strategy
13.	⇒ Requires entrepreneur to be certain about market, reduces some competition related risk but increases risk associated with market uncertainity.	⇒ Opens the firms upto many different "fronts" of competition.
	e.g; Scope: wide market.	e.g; Scope: Industry wide

Long Questions

- First mover advantages and disadvantages.

First Mover:

⇒ Firm that enters the market first.

=> Product launch at a large scale.
=> Long-term competitive advantage.
=> e.g;
Amazon and eBay are examples of companies that enjoyed first mover status.

"There must be must be a first mover existing above all, this we call God."

Advantages:

=> Reputation for being innovative and industry leaders.

=> Cost and learning benefits.

=> Opportunity to build customer relationships and customer loyalty.

=> Control over scare resources.

=> More positive brand image.

⇒ High brand recognization.

⇒ Experience curve (longer experience)

⇒ Brand loyalty and technological leadership.

Disadvantages :

⇒ Ignorance of foriegn environment, Trails and error.

⇒ Cost of educating customers.

⇒ Cost of educating suppliers / distributor

⇒ Change in regulations.

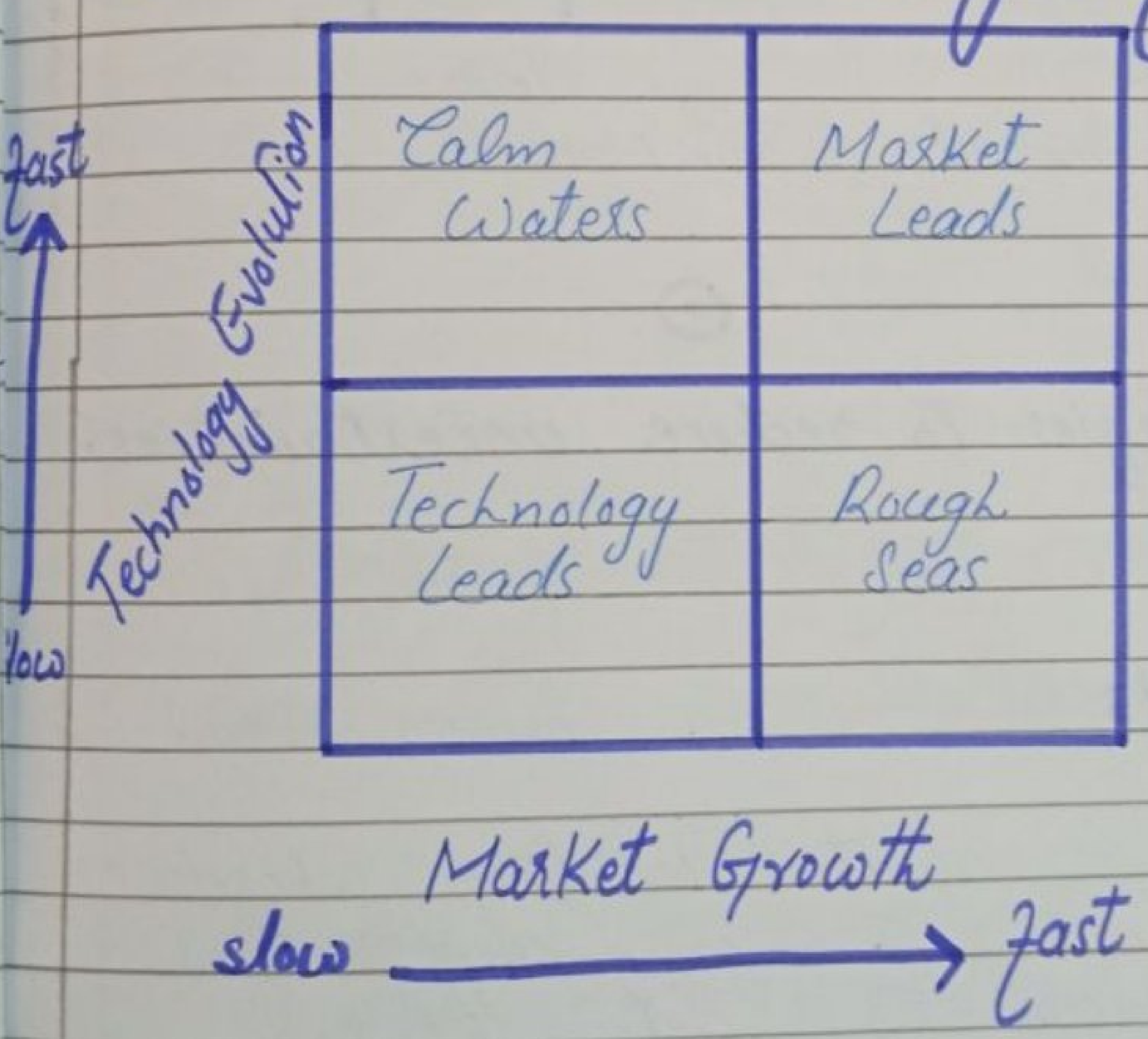
⇒ Financial and strategic risks.

⇒ High development costs.

⇒ Risk of competitors initiating innovation.

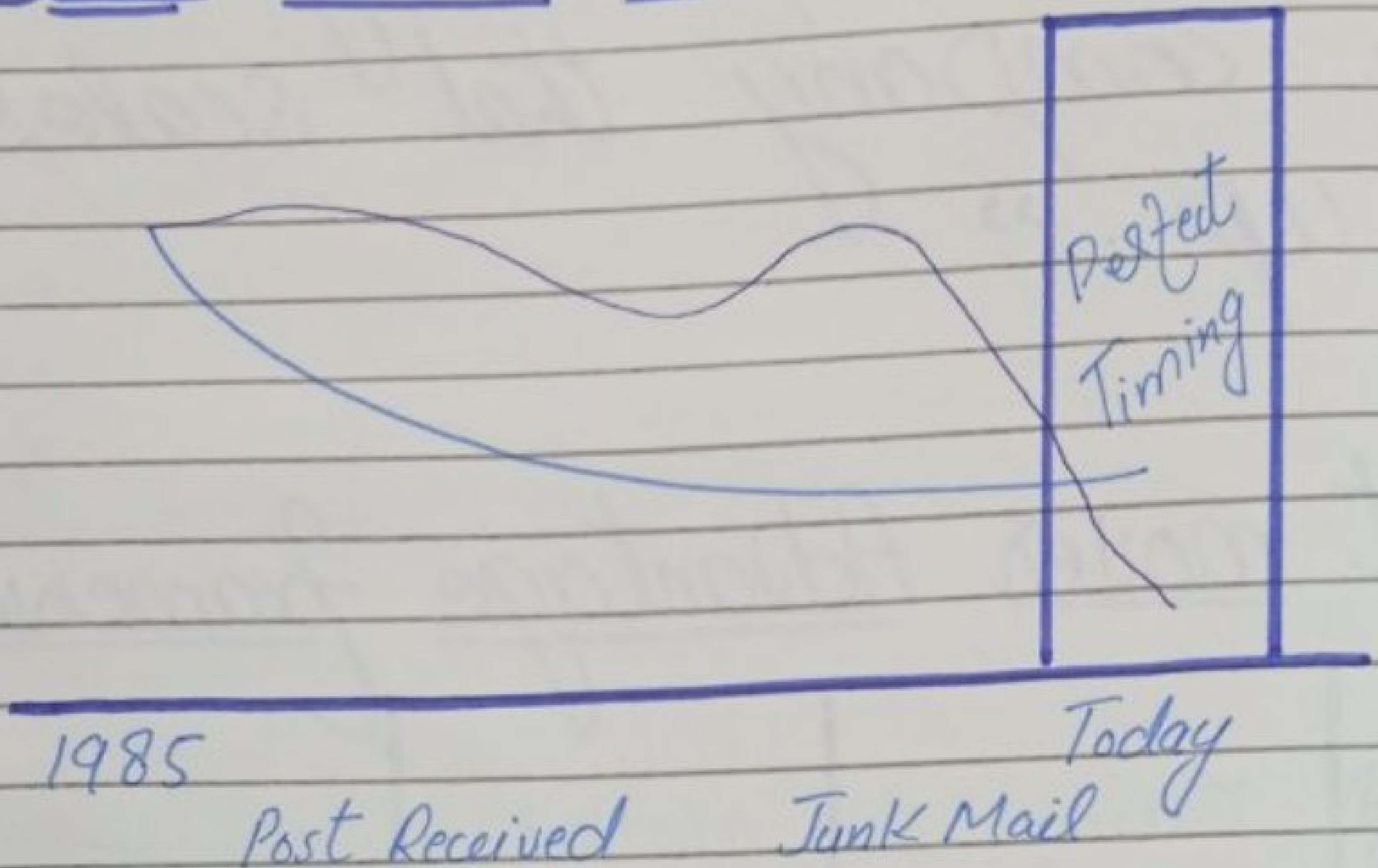
“First mover advantage does'nt go to the company that starts up, it goes to the company that scales up."

First mover Advantage framework:



"To move the world we must first move ourselves."

First mover 2019 Graph:



10. Two strategies to reduce uncertainties.

Strategy:

⇒ Strategy is about deciding where you want to go and how you mean to get there.

⇒ Strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.

"A vision without a strategy remains an illusion."

Uncertainity: refers to a situation in which businesses face risks that can't be forseen or measure.

① Uncertainty:

⇒ It is a parameter, associated with the result of a measurement that defines the range of the values that could reasonably be attributed to the measured quantity.

ties.

"There is nothing certain, but the uncertain."

"The only certainity is uncertainity."

Strategies to reduce uncertainty:

⇒ There are 3 strategies to reduce uncertainty:

- Passive.
- Active.
- Interactive.

Passive Strategy:

⇒ Passive management is an investing strategy that tracks a market-weighted index or portfolio.

⇒ The most popular method is to mimic the performance of an externally specified index by buying an index fund.

⇒ Also known as a buy-and-hold strategy.

⇒ Passive investing means buying a security to own it long-term.

⇒ Passive management is also referred to as "passive strategy", "passive investing", "Index investing."

Active Strategy:

=> An active portfolio strategy is an investing strategy that tries to generate maximum value to a portfolio.

=> Active strategy involves the on-going trading of investments.

=> Analyze, define, create and evaluate.

Interactive Strategy:

=> Interactive strategy is an integral aspect of the overall marketing strategy.

=> Involves addressing issues such as channel choice, design aspects that suits various channels, Technology and outreach constraints with in the overall plan, usability aspects including UI & UX design, among other issues.

"Hope is not a strategy."

"Strategy without process is little more than a wish list."