BuSH 6008 - UE – October – 2021:

Question 1:

Distinguish between the following terms

(a). Tax and Levy

A tax is a compulsory financial charge or some other type of levy imposed on a taxpayer (an individual or legal entity) by a governmental organization in order to fund government spending and various public expenditures (regional, local or national).

A levy is a legal seizure of your property to satisfy a tax debt. It is imposed in the event that the taxpayer fails to make a tax payment. Tax authorities can also levy other assets such as bank accounts, rental income, or retirement accounts.

Tax compliance refers to policy actions and individual behavior aimed at ensuring that taxpayers are paying the right amount of tax at the right time and securing the correct tax allowances and tax reliefs.

(b). Financial Performance and Profits

Financial performance refers to a complete evaluation of a company's overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability. It's measured through various business-related formulas that allow users to calculate exact details regarding a company's potential effectiveness.

Profits refer to financial gain especially the difference between the amount earned vs the amount spent in buying, operating, and producing something. It is usually recorded after removing the tax.

Alternatively, **Profits** can be defined as the difference between the revenue that an economic entity has received from its outputs and the opportunity costs of its inputs. It is equal to total revenue minus the total cost including both explicit and implicit costs.

(c). Tacit and Explicit knowledge

Tacit Knowledge is also known as intuitive knowledge and know-how which is rooted in context, experience, practice, and value, hard to communicate, and resides in the mind of the practitioner. It's transferred through socialization, mentoring, etc.

Explicit Knowledge: this is codified knowledge found in documents, databases, etc. Here IT is essential for transfer and storage.

Knowledge Management: It's a process of creating, sharing, using, and managing the knowledge and information of an organization /entity. It refers to a multidisciplinary approach to achieving organizational objectives by making the best use of knowledge.

(d). Personal financing and public financing

Personal financing refers to the financial management that an individual or family unit performs to budget, save and spend monetary resources over time, taking into account various financial risks and future life events. It encompasses budgeting, banking, insurance, mortgages, tax, and estate planning.

Public financing refers to the management of a country's revenue, expenditure, and debt load through various government and quasi-government institutions. A country's financial position can be evaluated in the same way as a business's financial statements.

Question 2

Write short notes on the following terms;

(a). Defensive Strategy:

Aimed at defending an industry position, protecting competitive resources from imitation, and sustaining an existing advantage by lowering the risk and weakening the impact of rival firm offensive attacks.

Involves moves that reduce the ability of rival firm strategies to threaten the firm's competitive strength or organizational resources

Often they protect competitive advantage: e.g market share, profitability, image, positioning e.t.c

Examples;

- Retrenchment
- Retaliation (denying/ preventing new entrant)
- Commitment (discourage rivalry's attack)
- Government intervention (political and legal tactic)
- Strategic flexibility (in moving away from declining market)
- Avoidance (focus on market segment which has little or no interest of
- rival)
- liquidation

(b). Offensive Strategy;

Involve strategic moves that improve the firm's own position relative to that of rival firms in the industry:

Used to build a new or stronger market position and create a competitive advantage

Examples:

- neutralize, match, or exceed the competitive strength of rival firms
- turn competitive attention to the weaknesses of rival firms
- throw rival firms off balance with multiple tactics (new product introductions, increases in advertising, and reductions in price)
- lead to a first-mover advantage in unnerved or uncontested markets by maneuvering around rival firms
- secure a first mover advantage that is difficult to imitate with initiatives such as expanding capacity beyond current market demand and securing pricing advantages with long-term supply contracts

(c). Adaptation Strategy;

In; i.e making changes in a product in response to the need of target market

Factors influencing adaptation strategy

- Consumer demographic
- Culture, Local Customs, and Traditions q Price
- Climatic and other conditions of use
- Standards in different countries e.g electric appliance
- Government Regulations and Standards

Benefits of adaptation strategy (Pro)

- Increasing market share and sales
- Fulfill customers' expectation
- Widening their market
- Local image and specification

Cons

High cost, time-consuming, flexibility, wide market demand

(d). Competitive Intelligence;

This refers to the action of defining, gathering, analyzing, and distributing key and secrete information about issues/items which support managers in the decision-making process such as products, customers, competitors, and the business environment.

The competitive intelligence process aids the firm in systematically obtaining, processing, analyzing, disseminating, and interpreting competition information in order to react accordingly.

Focus on the external business environment.

The core of competitive strategy and preparation of strategic framework

Aim to determine key competitive issues such as:-

- What is the basis of competition
- Where the firm competes
- Whom does the competitor compete against
- How does the firm compete
- What are risks and opportunities)

(e). Standardization Strategy;

Standardization refers to a standardized marketing strategy that can be used internationally in different markets. This strategy focuses on high-quality content and brand consistency in every single market. A localization strategy centers on approaching each market at an individual level.

Factors that favor standardization strategy;

- High level of technology
- Convergence of customer's needs globally
- Formidable adaptation cost
- Country of origin impact

Benefits associated with standardization strategy (Pro)

Projecting global image of the product/services, Catering for customers globally, Cost saving via economies of scale, Aid development of the global brand, economies of scale, faster setup time, easy monitoring of communication

Cons

Low effectiveness of advertisement, limited flexibility

Question 3: (Slide 37 Module-5 Value Delivery from Innovation)

Protection Methods:

1. Trade Secret

- Not known: formula, practice, process, design, instrument, pattern, or commercial method.
- Business can obtain an economic advantage over competitors or customers
- Protection of chemical formulae, recipes, and industrial processes Eg. Coca Cola and Pepsi

2. **Confidentiality agreement – non disclosure agreement**

- An agreement designed to protect trade secrets and intellectuals from being misused
- It is a legal contract between at least two parties that outlines confidential material, knowledge, or information: wish to share with one another for certain purposes, but restricts access to or by third parties.

3. Patents

- A Patent is an exclusive right to a new product, process, substance, or design.
- It covers an invention or new technology,
- Enables the creator to prevent others from using, selling, manufacturing or, copying the innovation without permission for a limited period
- The patent owner discloses details of the innovation behind the invention as during pathe tent application.

4. Trademark

- Trademark is an exclusive rights to words, symbols or other marks to distinguish goods and services.
- It is a recognizable sign, design, or an expression which identifies products or services Eg. business name, slogans, logos and other items that essentially brand the product or company

5. Copyright

- Copyright is the exclusive legal right, given to artistic, dramatic, and musical works
- However, registration is required if a business wants to sue over the use of the material by another party Eg. business can copyright its books, reports, audio or video materials

6. Complementary manufacturing

- This occurs when I company gives rights to another company to manufacture similar products
- It is mostly practiced in the medicine Eg. A company in Europe gives right to manufacture similar drugs to a company in India
- Allow that kind of drugs to be sold with cheaper price in the third world countries

7. **Lead time**

- An innovative firm gains rewards by being first on the market before its rivals can catch up with imitations of the innovation
- By constantly innovating relatively faster than its competitors, a firm can keep ahead of the imitators, uphold its —leading position

8. Complex design of products

- Using complex designs is another protection mechanism which can potentially block competitors from direct imitation or reverse engineering
- Imitators would have to work the whole innovation process and spend substantial time and resources.

Question 4: (Slide 6 Module-5 Value Delivery from Innovation)

How to create an innovative organization/company

1. **Develop your innovation approach** - Leadership's willingness to make the right moves θ Often innovation involve broad changes and the cumulative effect of many decisions. Developing your own unique approach to innovation. Develop a unique approach that works and fits the culture of the company Eg. Amazon's approach centers around customer obsession. Apple is famous for their innovation through its design approach. Toyota's approach historically had been around continual process improvement

2. Build societal value - "Innovation is a series of steps that begins with human imagination and creativity and results in the creation of something of value for society to enjoy". Focus on creating offerings that create value and improves customers' experiences. Are you truly enhancing value for a user? Are you creating something that would make your life or the lives of your loved ones better?

3. Make innovation everyone's job - You can't create the most innovative company in the world by making innovation the job of a few people. Every employee has the ability to innovate but very often are afraid to do it, or believe it's someone else's job. Innovation has to be everybody's job and everyone has an opportunity to do something innovative in the process

4. **Invest in people** - Employees need to feel connected to the company, they need to feel invested in it, and they need you to appreciate how invested they are in it. Support your team in learning the skills to be innovative.

5**. Understand your customers** - It's crucial to understand your customers' psychology in order to spur new ideas and encourage customer centricity, Walk a mile in your customer's shoes

6. **Recognize and protect Entrepreneurs** - Develop appropriate process to nurture their entrepreneurial talent, offer explicit executive support and protection to the entrepreneurs' life expectancy

7. **Accept mistakes** - Organization Growth is tied with innovation and innovation requires taking risks and capitalize on the learning behind the shortfalls.

8. **Transformational leadership** - Style of leadership where a leader works with subordinates to identify needed change, Creating a vision to guide the change through inspiration, Executing the change depends on committed members.

9. **Create a creative space** - Create a space that helps your employees be stimulated, Collaborate on solving problems, Reflect on their ideas. Most importantly enjoy their work-space Psychologically and Physically

Question 5:

With relevant examples, explain the Importance of national competitive advantage in relation to academia.

National Competitive advantage;- Is the ability of a nation to produce goods and services at a lower cost than its competitors. The country's advantage is based on the Country's resources (natural, human, capital resources & technology)

1. Free education
2. Research and Development – Incubation Centers
3. New costly programs – eg oil refining courses
4. Attract new projects to improve research
5. Inventions eg nano filters
6. Income generation to the gvt
7. Brings about development
8. Promoting a country's academic institutions

Question 6:

Briefly discuss three phases in process of aiding to discover customer's needs and wants for designing specialized product and services.

Inspiration:

This first phase is dedicated to learning from your customers. Rather than develop products based on preconceived notions about what you think they want, you take the time to discover what they actually want firsthand.

The inspiration phase requires empathy—the capability of understanding another person's experiences and emotions. You need to put yourself in your users' shoes and ask questions to determine what products they're currently using, why and how they're using them, and the challenges they're trying to solve.

Ideation:

The inspiration you gather in the first phase will lead you to the second: ideation. During this step, you want to brainstorm as many ideas as possible based on the feedback you gathered. Remember that, when brainstorming, there are no bad ideas. The only way to derail the process is if you ignore your users' needs.

As you start to narrow down your ideas to what's most feasible and viable, build out a prototype you can put in people's hands and get feedback on. It could be as simple as a paper wireframe or PowerPoint presentation. The objective is to test your ideas, gather input, iterate on those ideas, and then test them again until you've developed an ideal solution.

Implementation:

The final phase of the process is bringing that ideal solution to market. You should first consider where your users are and how they would prefer to be marketed to. Yet, as you roll your product or service out to a broader audience, continue to solicit and analyze feedback.

The iteration process should never end because your customers' wants and needs will continue to evolve. Your goal is to adapt to meet them. Keeping humans at the center of the development process will ensure you're continuously innovating and achieving product

Question 7:

Discuss the impact of Covid-19 pandemic on development in modern world threat and opportunities for technological innovation and entrepreneurship.

Technological Innovation

Threats:

1- Challenges in the transport (air) –
2- Loss s of jobs
3- Loss of income
4- Supply chain disruption

Opportunity

1- Accelerated adoption of digital technologies and tools for STI
2- Invention of software and platforms for online meetings, voting, learning, business etc.
3- Telemedicine or telehealth
4- Digital and Contactless payments
5- Remote working
6- Online entertainment

BuSH 6004 - UE – October - 2021

Question 1

What do you understand by the following terms?

(a). National Competitive advantage.

Also referred to as the Porter Diamond Theory of National Advantage, is a model that is designed to help understand the competitive advantage that nations or groups possess over other nations/groups elsewhere due to certain factors available to them, and to explain how governments can act as catalysts to improve a country's position in a globally competitive economic environment. The model can also be used by businesses to help guide and shape strategy regarding how to approach investing and operating in different national markets.

Porter Diamond Framework

The unique Porter Diamond framework consists of four attributes/factors. If all these four factors are favorable, companies will innovate and stay competitive. This domestic competitiveness prepares them to excel in international markets as well. Besides, the role of government and chance or unpredictable external events also influence competitive advantage.

1. Company strategy, structure, and rivalry;

This aspect of the theory focuses on the competition in the native markets that businesses have to excel against. The region in which the firms operate determines the structure and strategies to be framed to compete in the home market. As a result, the strategies differ from nation to nation. For example, Italy, known for its fashionable clothing, will definitely have a different approach than Greece, which emphasizes tourism and related facilities.

2. Factor conditions

Factor conditions include resources available to businesses that help them perform well. The availability of resources could be influenced by the skillset, strategies, infrastructure, or nature. For example, Italy performs well because of its ability to choose better fabrics; Greece's tourism market is influenced by the weather, which might keep changing. Natural resources constitute the basic factors, while infrastructure, skilled experts, and capital form the advanced factors.

3. Demand conditions

The demand for a particular product or service also plays an essential factor. Porter Diamond model's third attribute indicates how the increase in demand for an item among local customer boosts the growth of a brand or business. When customers want a product, businesses strive to improve the quality and live up to their expectations. As a result, they become competent enough to acquire the number one position on the global platform.

4. Related and supporting industries

Another factor that influences business growth is the complementary services that lend support to the companies of national advantage. For example, the tourism services in Greece would never be the best if the accommodation facilities and food units over there did not support the industry.

5. Government

The government also plays a vital role in developing and retaining the competitive advantage by offering a conducive environment for businesses to flourish. This includes developing a robust infrastructure, ensuring fair market practices, developing education institutions, etc.

6. Chance

In addition, chance or luck may also contribute to competitive advantage or disadvantage. For instance, unpredictable events like wars, natural disasters, political situations, etc., can positively or negatively impact an industry or nation, creating a competitive advantage or wiping it off.

(b). Competitive strategy.

A competitive strategy is a long-term action plan of a company that is directed to gain a competitive advantage over its rivals after evaluating its strengths, weaknesses, opportunities, and threats in the industry. This strategy is focused to achieve an above-average position and generate a superior Return on Investment (ROI). This strategy is very important when firms are having a competitive marketplace and several similar products available for consumers.

For example (Case Study), Apple Inc. is the manufacturer and marketer of computers and consumer electronic products including tablets, smartphones, and music players. The company has attained a distinct position in the industry through its competitive strategy which is innovation and premium pricing policy. Apple has a consistent practice of developing new products and its ability to make product complement each other strengthens customer loyalty and helps in creating a barrier for competitors in the market.

The company also sets premium prices for its products. The aim of the company is to offer a high-quality product with unique features and uses higher prices to reinforce the perception of added value along with maintaining profitability.

(c). Product and process innovation.

Product innovation is the development and launch of a new product or service that directly affects the market it sells in. It can also develop improved versions of existing products in a market, enhancing the functionality or desire for an item by taking consumer feedback to make improvements or discovering additional features and technology to add. Most often product innovation is achieving an improvement on existing products, though creating a true invention also happens. Examples include; automobiles, cellular phones, watches, televisions, computers, etc.

Process Innovation refers to the application or introduction of new technology or improved method for doing something that helps an organization/business remain competitive and meet customer demands. It typically increases production levels and decreased costs.

Process innovation happens when an organization solves an existing problem or performs an existing business process in a radically different way that generates something highly beneficial to those who perform the process and those who rely on the process. For example, the introduction of a completely new sequence to an existing production process that speeds production by 100%, thereby saving the organization money and time, could be considered a process innovation.

(d). Technological innovation.

Technological innovation is the process where an organization (or a group of people working outside a structured organization) embarks in a journey where the importance of technology as a source of innovation has been identified as a critical success factor for increased market competitiveness. Technological innovation reflects the business consideration of improving business value by working on technological aspects of the product or services. It starts with the ideation process and ends up with the commercialization of a viable product or service, in response to a proven market need. It is driven by an entrepreneurial /intrapreneurial spirit, supported by internal/external funding.

Question 2

Write short notes on the following terms:

(a), (c), (d), and (e) - Already done – Refer to UE-6008-October-2021, Qn. 2.

(b). Competitive Framework

A competitive framework is a model or tool marketing professionals use to compare their business plans or marketing strategy with their competitors. This model can create a visual structure for a marketing competitive analysis. A competitive framework describes a company's competitors and provides detailed information about their sales, business strategies and marketing efforts. A framework gathers the information from the analysis in an organized way.

Benefits of using a competitive framework:

- Identify market gaps within an industry
- Find market trends and patterns
- Analyze effective marketing strategies
- Identify measurable goals
- Organize analysis data
- Make data more visually appealing
- Focus on a specific marketing area.

Question 3

With relevant examples discuss key factors to consider when determining national competitive advantage.

Solution: - Refer to Qn. 1 - up above.

Question 4

The knowledge of collaboration and networking is useful in your research and career in general. By using vivid examples discuss.

Collaboration is the process of two or more working together to complete a task or a goal

- Opening up opportunities
- Access to resources - if you know someone and you need something.
- Time-saving - You don't need to go through all processes
- Lower cost of production - since you share the cost of production
- Bridge gaps in scientific, social, and business - what you don't know someone else knows
- Efficient output - good results - eg Mduma app demo
- Realize your own objectives - eg sim-banking is a result of collaboration between banks and telecommunication companies.
- Risk minimization - sharing of losses
- Collective thinking
- Facilitate international and local trade
- Expanding knowledge
- Easily work

Question 5:

Creating an innovative organization is of paramount importance for the organization growth, employees' satisfaction and motivations- With examples explain the key factors for creating an innovative organization/institution.

Solution: - Refer to Qn. 4 in **BuSH 6008 - UE – October – 2021:**

Question 6

Technology transfer is important for taking the product or services to the commercialization are to solve societal and industrial problems for market. The purposes of technology transfer and improving quality of processes and encourage entrepreneurship. Using vivid examples outline any four (4) technology transfer methods in commercialization process.

Technology transfer refers to the movement of data, designs, inventions, materials, software, technical knowledge or trade secrets from one organization to another or from one purpose to another. The technology transfer process is guided by the policies, procedures and values of each organization involved in the process.

Technology transfer can take place between universities, businesses and governments, either formally or informally, to share skills, knowledge, technologies, manufacturing methods, and more.

Technology Transfer methods Include:

1. Licensing

Licensing is an agreement under which the owner of a patent, trademark or other intellectual property rights gives permission to another company to use the technology developed in a certain area during a certain period of time. There are two main types of licenses: one that grants an exclusive right to use the technology and another that grants with non-exclusive right to use the technology. The licensing agreement could include a sublicensing clause which permits the licensee to grant to someone else the right to use the technology. The advantage of buying a license/patent is that it has lower costs, compared with other technology transfer methods. The purchase of a license requires sufficient knowledge, experience, relevant expertise and manufacturing base for technology implementation.

2. Support Contract

According to this agreement, the technology owner participates in the technology implementation, providing at each stage of the transfer technical support, as well as personnel training.

The involvement of technology developer in the technology transfer process ensures a closer cooperation between two parties which favors a complete transfer of all knowledge and skills related to the technology. In this way, the support contract may be a part of the licensing agreement, in order to improve the transfer efficiency.

3. Joint Venture

A joint venture is an agreement concluded between two or more companies in order to execute a particular business. The joint venture implies mutual assets, management, risks, profit sharing, co-production, services and marketing. Benefits from a joint venture in case of technology transfer are the following: long-term cooperation between the parties, lowers costs, Risks sharing, etc. The disadvantages of a joint venture include; The different vision and goals of both partners, Inability to be independent in management, Companies are not always able to determine objectively the value of capital contributed.

4. Franchising

A franchise is a type of business structure where in exchange for a fee, the owner of a business (franchisor), will license a third party, called a franchisee the right to operate a business using their name, brand, business plan, and operation techniques. It is adopted by an organization as a strategy for business expansion. The buyer of the franchise starts manufacturing and selling the goods according to the seller's (Franchisor) specifications. The main advantage of franchising is the fact that the franchisee gets an already-made brand.

5. Strategic Alliance agreement

A strategic alliance agreement is usually concluded between two or more big companies in order to use specific skills of each of them in the development of new innovative technologies. A strategic alliance could be; Joint laboratories, Research programs, production, and promotion of a new product. Mutual efforts of different partners give better results than independent development of new technology. Each company can get the needed experience in new areas and in different forms of management. The major weakness is the complexity of managing companies with different cultures. The companies may have different goals and strategies in the business development of the new technology.

6. Turnkey Agreement

In the case of a turnkey agreement, the general contractor is responsible for all the procedures related to technology transfer, such as technology design, financing, equipment supply, construction, and commissioning.

The advantages of a turnkey agreement are that the company concludes a contract only with one supplier who takes full responsibility for the project execution; except a force majeure, the project will have a fixed price; the supplier guarantees the performance and the efficiency of technology.

7. Foreign Company Acquisition

A company may acquire/purchase a foreign startup that is developing new technology, as a result, the company will not only get the technology, but also a team capable to develop it in the future. The acquisition of a foreign firm automatically places the company on the new international market. The main risks of buying an existing firm;

- The possibility of resignation of key employees after the acquisition.
- The founders of the successful startup; sells the company only for a price significantly higher than the market Price.
- This increases the risk of profitability in the future.

8. Direct foreign Investment

Direct foreign investments is one of the main methods of technology transfer at the state level. A foreign company invests in developing countries in order to create a new market, remove export barriers and get an access to cheap labor. In this case, a developing country gets all the benefits, Technology transfer, particularly the development of its own research environment and also it is a way to create new jobs and raise taxes.

9. Buyback Contract

A buy-back contract is a form of agreement between developing countries and large foreign companies. Under this agreement, a foreign company supplies industrial equipment in exchange for profits derived from the sale of raw materials or goods produced on this equipment. This kind of technology transfer is often used in the construction of new plants in the developing countries

For a developing country, it helps to get high-tech equipment without direct investment in it. The foreign company is responsible for the performance of supplied technologies

10. Original equipment manufacture

It is considered as a form of subcontracting, where a local firm starts manufacturing according to the foreign company's specifications. A foreign company transfers a part of its technologies and equipment. The foreign company sells produced goods through its own channels and under its own trademark. OEM agreement enables local companies to absorb new technologies and to reorganize the production. With new equipment and skills, the firms can produce new goods for the domestic market under its own brand.

Question 7

During the academic year 2020/2021 through your research activities, you have come up with what you consider an innovative product/service and you would like to commercialize it. University management nominated you to present your business in front of the global venture capitalist to compete for commercialization seed money of two hundred thousand USD (200,000 USD). Using Porter's generic strategy, discuss with vivid examples how you are going to penetrate and create a competitive advantage for your product or service into the market.

Porter's five forces analysis

Rivalry among existing competitors

Bargaining power of buyers

Bargaining power of suppliers

The threat of new entrants

The threat of substitute products

1. The first step is to analyze your competition. - What type of competition exists in your target market, and what impact will it have on the firm's ability to gain a competitive edge?

The uniqueness of your firm's product or service, the number of competitors, the size of your competitors, the overall demand, and the price will all be key factors in your gaining the competitive edge.

2. Market Development. - This opportunity is characterized by a firm attempting to sell its current products or services to new markets (i.e opening your business in a new geographic area or advertising in different media to attract new customers).

3. **Market position** - The identification of your firm's strengths and weaknesses is an important task that needs to be accomplished before any competitive edge can be developed. Try to analyze these factors from outside sources since perception (how you are perceived by others) is really the key. To determine your position in the market, you must ask many open-ended questions of various types of sources.

4. **Build raw material reserves** - The level of raw material reserves may play a major role in minimizing costs associated with production and the delivery of your products to market. In the wake of increased demand, potential price increases and raw material availability may have a significant impact on product cost. In order to minimize this impact, many companies will build

up raw materials reserves. An example of this would be paper companies trying to control lumber reserves.

5. Physical Plant. The actual location of your plant may have an impact on your ability to deliver your products to the market. If your plant is located close to your suppliers and/or market, this strength may prove to be a competitive edge allowing you to minimize your freight cost and delivery time. Well-located plants are usually a strength, while poorly located ones may be a significant weakness.

6. Patents - If you possess a patent for a basic process in the manufacture of your product, this may provide a distinct advantage over the competition. It may force your competitors to substitute processes that are inferior or more costly and time consuming. Your possession of a patent will usually provide you with a competitive edge in selling your product.

7. Build a strong Brand. If your firm has developed a group of loyal supporters, it may be difficult for other competitors to invade your market. Brillo soap pads provide an example of this type of brand loyalty. Late-comer S.O.S. had a tough fight for market share, because the name Brillo was synonymous with soap pad throughout most of the twentieth century.

8. Hiring Skilled People. A skilled sales force would be a definite strength that could be used as a competitive advantage in selling your product. A salesforce without contacts or know-how would be a distinct disadvantage. Do your employees have the education and training they need? Do you reward exceptional performance?

9. Customer Service. Many service-oriented companies develop competitive strategies involving the customization of their product or service to meet individual customer needs. They rarely try to compete on price. If your firm wishes to gain a competitive edge through customer service, the following factors should be considered: flexibility in service delivery, ensuring that your employees have proper training, ensuring that an infrastructure exists to provide customer service, etc.

BuSH 6008 - UE – December - 2020

Question-1

What do you understand by the following terms?

(a). Entrepreneurship is the process of developing, organizing, and running a new business to generate profit while taking on financial risk. In a broader sense, entrepreneurship is the process of transforming the status quo by solving the most pressing problems and pain points in our society, often by introducing an innovative product or service or creating new markets. It focuses on studying ideation, new venture creations and profit driven models.

An entrepreneur is someone who has an idea and who works to create a product or service that people will buy, as well as an organization to support that effort. An entrepreneur takes on most of the risk and initiative for their new business, and is often seen as a visionary or innovator.

Pros and Cons of Entrepreneurship:

Pros:- work flexibility, ability to follow your passion, total control, creativity, unlimited earning potential.

Cons:- Financial risk, long hours, greater responsibility, high competition, unreliable income, etc.

(b). Disruptive Innovation:

In business theory, disruptive innovation is innovation that creates a new market and value network or enters at the bottom of an existing market and eventually displaces established market-leading firms, products, and alliances.

(c). Value Chain:

A value chain describes all the business activities it takes to create a product from start to the end (e.g., design, production, distribution, etc.).

A value chain analysis gives businesses a visual model of these activities

Identifying the primary and support activities is the first step in creating a value

chain analysis

There are five primary activities- all the actions that go into the creation of a business offering :

1. Inbound Logistics

This is how materials and resources are gained from suppliers before the final product or service can be developed

2. Operations

Operations are how the materials and resources are used resulting in a final good or service

3. Outbound Logistics

Once a product or service is finished, it needs to be distributed

Outbound logistics describes this delivery process

4. Marketing and Sales

This is how your product or service is presented and sold to the ideal target market.

5. Services

This is the support a business provides for the customer:

(d). Knowledge Management:

Knowledge management (KM) is the process of creating, sharing, using, and managing the knowledge and information of an organization/entity. It refers to a multidisciplinary approach to achieving organizational objectives by making the best use of knowledge.

(e). Budgeting:

Process of creating a plan to spend your money. This spending plan is called a budget. It indicates the amount and timing of future financing needs.

The formalized plan, stated in financial terms, describes how the organization expects to carry out its activities and meet the established financial goals over a given time frame.

Provide a basis for performance evaluation and corrective measures if budgeted and actual figures do not match.

Deals with income/ revenue, expenses, and savings.

Purposes of Budgeting

- Management planning
- Evaluation
- Control of resource and activities.
- Communication
- Coordination of activities
- Motivation
- Evaluate managers' performance

Question-2:

Distinguish between the following terms:

(a). Already done – Refer to UE-6008-October-2021, Qn. 1(d).

(b). Transaction and transformative leadership;

Transactional leadership focuses on results, conforms to the existing structure of an organization, and measures success according to that organization's system of rewards and penalties. Transactional leaders have formal authority and positions of responsibility in an organization.

Transformative leadership is leadership by inspiration, inspiration, or empathy to engage followers. They are known to possess courage, confidence, and the willingness to make sacrifices for the greater good.

Authentic Leadership style is a pattern of leadership behavior embedded in a style that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, and fostering positive self-development.

Quantum Leadership style - a quantum leader is a person with awareness of being a 'co-creator' of every moment of reality and, as such, is able to co-create and influence it continuously. This is done through their ideas, mental states, beliefs and goals. Mentor and Coach.

(c). Start-up and Spin-offs

A startup or start-up is a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable business model. While entrepreneurship refers to all new businesses, including self-employment and businesses that never intend to become registered, startups refer to new businesses that intend to grow large beyond the solo founder. In the beginning, startups face high uncertainty and have high rates of failure, but a minority of them do go on to be successful and influential. Startups typically begin by a founder (solo-founder) or co-founders who have a way to solve a problem. The founder of a startup will begin market validation by problem interviews, solution interviews, and building a minimum viable product (MVP), i.e. a prototype, to develop and validate their business models. The startup process can take a long period of time (by some estimates, three years or longer), and hence sustaining effort is required.

A Spin-off - is a type of corporate action where a company "splits off" a section as a separate business or creates a second incarnation, even if the first is still active. Spin-offs are divisions of companies or organizations that then become independent businesses with assets, employees, intellectual property, technology, or existing products that are taken from the parent company. Shareholders of the parent company receive equivalent shares in the new company in order to compensate for the loss of equity in the original stocks.

(d). Closed and Open Innovations

Closed Innovation:

Closed innovation relies on the idea that internal expertise has the ability to produce new businesses and new opportunities.

It's the idea that the responsibility to innovate lies solely within the business, from start to end. By keeping all innovative processes in-house—the development stages, testing, marketing, etc everything happens with the team.

It also means that all intellectual properties, technology, marketing materials, etc, belong to the company and therefore hold no risk of external control.

Open Innovations:

Unlike closed innovation, it's based on the belief that knowledge and creativity aren't confined to the four walls of a company, and that experts from outside the business can also contribute to its innovation.

When companies open their innovation, they also welcome intellectual property to be shared both ways, the more knowledge comes in, the more educated decisions can be.

When companies choose open innovation, the capacity for improvement is considerably higher compared to if they were to choose closed innovation.

By tapping into more knowledge and more expertise, leaders can take innovation management to the next level.

Innovation:

Innovation is the practical implementation of ideas that result in the introduction of new goods or services or improvement in offering goods or services

Innovation often takes place through the development of more-effective products, processes, services, technologies, art works or business models that innovators make available to markets, governments and society. Innovation is related to, but not the same as, invention innovation is more apt to involve the practical implementation of an invention (i.e. new/improved ability) to make a meaningful impact in a market or society, and not all innovations require a new invention. Technical innovation often manifests itself via the engineering process when the problem being solved is of a technical or scientific nature.

Question 3:

Entrepreneurship and innovation are key drivers for economic transformation. Critically analyze.

1. Entrepreneurship creates new jobs and opportunities - A large number of new jobs and opportunities are created by entrepreneurship. Entrepreneurship creates a huge number of entry-level jobs that are very much important to turn unskilled jobholders into skilled ones. It also prepares and provides experienced workers to large industries. The increase in the total employment of a country largely depends on the rise of entrepreneurship.

2. Promotes research and development - As we all know, innovation is the greatest pillar of entrepreneurship, and that's why you will see entrepreneurs with lots of innovative ideas that they test through experiments. Entrepreneurs often create new technologies, develop new products and services or process innovations, and open up new markets. There are many examples of radical innovations introduced by entrepreneurs at the end of the 20th century such as eBay, Google, Oracle, SAP, Microsoft, Apple, etc.

3. Entrepreneurship brings about competition - By establishing new businesses, entrepreneurs intensify competition for existing businesses. Consumers benefit from the resulting lower prices and greater product variety. New business formations have an indirect competition-enhancing effect by pushing established firms to improve their performance and boost productivity hence providing better goods and services.

4. Entrepreneurs Raise Standards of Living - Entrepreneurs observe a need in the marketplace and use their innovative talents to search for a solution. They start a new business and recruit employees. The workers earn a salary, which they spend in the local economy. All of this creates wealth for the population and raises the standard of living for anyone involved.

5. Entrepreneurship contributes to national income - Businesses pay taxes on their profit, and later employees pay taxes on their salary. The government takes this income and spends it to stimulate the economy. Improving gross domestic product is a very important goal for economic development because each individual is becoming more productive and earning more money.

6. Infrastructural Development – Entrepreneurial ventures open up infrastructural development in their localities. Starting up businesses often leads to the development of transport and communication networks, driven by the need for infrastructure created by these businesses.

7. Identifying existing opportunities in the market - Through the production and distribution of goods and services, entrepreneurial ventures seek to satisfy client needs and improve livelihoods. Constant market research provides insights into existing customer needs that inform decisions to provide goods and services.

8. Economic Independence - Entrepreneurship plays an important role in national self-reliance. Industrialist always makes efforts to produce umpteen substitutes for previously imported products and thus, helps to reduce the dependency for goods on other foreign nations. Also, these goods are exported to other nations and assist the nations to maximize their foreign exchange for the nation.

9. Raise foreign Capital - Entrepreneurs not only attract funds from domestic investors but also raise their investment from individuals and institutions situated in foreign countries. In such a way, it increases the flow of foreign capital in the nation and results in economic development.

10. Innovative solutions to problems - To cope with the familiar problems of a nation, the business firm engaged in the concerned field always tries to figure out a novel solution. An entrepreneur can test new approaches that have not even been used before and this is a highlighted point that leads to the economic growth of a nation. The solution to such problems can be in the form of services or goods.

11. Development of regions - Regional disparities are easily removed by these public and private Enterprises to maintain balance in economic development. They establish industries in remote areas to get benefits of various concessions as well as subsidies as provided by the central and state government of a nation.

Question 4

Leadership is directly connected with motivational theories for enhancing organizational success.

(a). Analyze transaction and transformation leadership theories of motivation.

(b). In small emerging businesses what would the most appropriate leadership style would you recommend?

Question 5:

Features:

Market segmentation

Market targeting

Market Positioning

Marketing tools

The Benefits of Having a Marketing Plan:

1. Identifies your Target Market

Through market segmentation, an effective Marketing Plan will enable you to identify and understand your ideal customers, their needs, problems, and values; and how your product/service meets their needs or addresses their problems in a way that creates value.

2. Identifies your Competitors

An effective Marketing Plan includes the identification of your competitors from a SWOT perspective so that you can determine how you can improve or augment your offering to be favorably compared to the offerings of your competitors.

3. Defines your Unique Selling Position

An effective Marketing Plan requires the definition of how your brand, products and services will be positioned in comparison to your competitors in the market, in such a way that makes your offering unique and preferable in comparison to your competitors in the eyes of your target customers.

4. Supports ROI on Marketing Spend

An effective Marketing Plan includes the definition of specific and measurable marketing goals, time-frames, and activities. This ensures that you only invest in promotional activities that drive a positive ROI, ie: promotional activities that match your target market's purchase behaviors, etc.

5. Sets out a Strategy to Target Ideal Customers

An effective Marketing Plan utilizes market research to map out a strategy to reach your target audience, including the messages, channels and tools that you will use. Again, this will prevent investment in marketing activities that don't support your defined strategy.

Question 6

With reference to any organization of your choice discuss critically the following;

(a). Why is change management important?

1. External factors

External factors play a big role in organizational change. Globalization and the rapid developments in new digital solutions are forcing organizations to respond. Ignoring such external factors is likely to jeopardize your organization's success.

Nokia was once the biggest mobile phone company in the world, but it almost went out of business. That's because it didn't keep up with changes in mobile technologies. As a result, Nokia's products didn't appeal to consumers and its market share rapidly declined.

2. Making ideas succeed

Many organizations use change management methodologies to enable ideas to succeed. Working alongside project managers who deliver new capabilities into an organization, change managers and change agents help ensure staff is able to fully utilize the new capabilities.

3. Enabling cross-functional changes

Almost every functional unit within a modern organization relies on change management to enable it to:

- Align the change plan to the business's overall strategy;
- Improve internal and external services and requests;
- **Track and resolve issues.**

4. Engaging people with the change process

A key part of managing change in an organization is to engage those people affected by a change initiative. Staff will be involved in the change process eventually, therefore communicating and engaging with staff about a change plan early helps lay the groundwork for its later success.

5. Preparing for organizational transition

Change managers are often appointed to make organizational change go smoothly. They use change management models to make changes such as:

- Restructuring job roles;
- Restructuring business processes;
- Implementing new technologies.

6. Decreasing resistance to a change initiative

Resistance is inevitable in any change initiative because people often find it unsettling to be asked to work in new and different ways. So, change managers can often expect a denied reaction from the staff. It takes time to overcome those reactions. When change managers are transparent from day one, the less resistance they are likely to face.

7. Improving performance and productivity

When an organization adapts to improved ways of working, it tends to increase productivity. At the same time, it encourages innovation.

As a result, it guarantees improved performance and places an organization in a healthier environment better able to succeed.

8. Reducing costs

When positive change is applied correctly, it helps to reduce waste and therefore reduce costs. Effective change management helps an organization make smart choices. It increases productivity, decreases risks, and helps to improve the profitability of an organization.

(b). What are the possible determinants of change management?

- Technology
- Government policies
- Political instability
- Pandemic
- Social change
- Competition – market congestion
- Leadership changes
- Natural disasters
- Innovative trends – eg zero emissions
- Global recession
- PESTLE

Question 7:

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