Tutorial 4 Business Plan and Marketing Plan (B)

1. Using an IT product (e.g. Hand phone, Personal Computer, Camera etc.) as an example, briefly

discuss THREE (3) marketing advantages of a strong brand.

Improved perception of product performance

§ Greater loyalty

§ Less vulnerable :

- To competitive marketing actions

- To marketing crises

§ Larger margins

§ Customers more price inelastic to price increases

2. Is a sole proprietorship an appropriate form of ownership for an aggressive software entrepreneurial

firm? Explain and defend your answer.

YES

3. Describe the purpose of a competitor analysis. Make your answer as complete as possible.

Quality § Price § Selection § Location § Speed § Personal service

Competitive analysis - Product selection - Market share - Product quality - Advertising & Promotion - Pricing - Workforce - Financial condition - Equipment/Technology – Capacity

4. Define technology licensing. Using the example of Intel® Corporation, briefly explain how does

Microsoft make full use of licensing agreement in increasing firm’s sales.

* **Licensing:** customer pays to get permission to use the company’s intellectual property

5. Describe the differences between direct competitors, indirect competitors, and future competitors.

Competition

- **Direct competition**

§ solutions hat compete head-to-head with start-up’

s.

- **Indirect competition**

§ solutions that are substitutes to the start-up’s.

- **Incidental competition**

§ occurs when he start-up is trying to penetrate a market and there

is already a major established player who has the required

network of customers & resources to execute the start-up’s

model with little or no effort.

6. What is the purpose of brand management?

Distinguish your product/service from others offered to

your market segment.

**Companies monitor the integrity of their brand through brand**

**management**

**§ Brand management is a program used to protect the image and value**

**of an organization’s brand in consumers’ minds.**

**§ E.g. Sunkist were discovered that some of its oranges weren’t fresh, it**

**would take immediate steps to correct the problem**

§ Goal: clearly communicated how your product/service

differs from competitors.

§ Positioning statement:

Ex: (General Motors) is the (leading US automobile

maker) that (provides affordable cars) to (American

families)

7. How can entrepreneurial firms benefit by developing and using a business model? (Jan 2008)

* *A* [*business model*](https://www.moneycrashers.com/unique-nontraditional-business-model-examples/) *is simply a plan describing how a business intends to make money.*
* *It explains who your customer base is and how you deliver value to them and the related details of financing.*
* *the business model canvas lets you define these different components on a single page.*
* The business model canvas is a strategic management tool that lets you visualize and assess your business idea or concept.
* It’s a one-page document containing nine boxes that represent different fundamental elements of a business.
* The business model canvas beats the traditional business plan that spans across several pages, by offering a much easier way to understand the different core elements of a business.

8. How does an understanding of the value chain help explain how business models emerge?

9. Briefly describe the difference between equity funding and debt financing. Describe the most common

sources of equity funding.

**Debt Financing**

- Bank loans

- Federal government loans

- State and local government programs

- Finance companies

**§ Equity Financing**

- Personal funds

- Private investors

- Partners

- Venture capital firms

- Stock sales

10. Describe what is meant by “venture capital.” Where do venture capital firms get their money? What

types of firms do venture capitalists commonly want to fund? Why?

If a start-up is looking for more than R&D money, they should consider approaching government-backed venture capital companies. - Key agenda for govt venture funds à how the project will benefit the economy and the country. - Having the govt as a shareholder can open doors and provide credibility for the new company