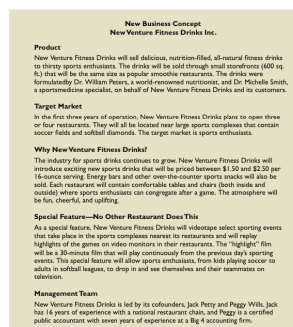


ENT 2112 Homework 3

Gus Lipkin

Application Questions

20. Jackson Reed, a friend of yours, just told you an interesting story. He was at his parents' house over the weekend. While there, his father saw the entrepreneurship textbook that is being used in one of the classes Jackson is taking this semester. He looked through the book and spent a bit of time studying the chapter on feasibility analysis. After doing so, he said to Jackson, "When you were growing up, I launched and sold three successful businesses and never once completed a feasibility analysis. What do you think the authors of the text would say about that?" What would you suggest that Jackson say in response to his father's question?
- o "Well I drive without a seatbelt on all the time and I've never been in a car crash and died." It's great that Jackson's father was able to launch three successful businesses without doing a feasibility analysis, but that doesn't mean that doing one wouldn't have helped or that his business couldn't have been more successful even with one.
21. In a recent entrepreneurship class, Steven Milton has been given an assignment to conduct a product/service feasibility analysis. He is to propose a product or service that might be useful to students on campus, and the analysis should include an assessment of its overall appeal. Steven should include the following questions in his analysis to determine its appeal: Does the product/service make sense? Does it solve a problem or fill a gap in the market? Is now a good time to introduce the product/service? Are there any flaws? As Steven's friend, help him to propose a suitable product/service to the intended target market and conduct a feasibility analysis based on his proposal.
- o Steven should offer a service where students can rent single-occupancy sealed office spaces for school purposes. These spaces should be automatically sanitized between occupants to prevent the spread of COVID-19. The spaces can be marketed towards students who want a quiet study space, students who want a space they can take their mask off in, and students who have online classes but don't have time to commute home to a quiet location. This isn't a particularly feasible idea for a few reasons, but the service makes sense, it fills a gap in the market, and it's a great time to introduce such a product.
22. If you were one of the recipients of New Venture Fitness Drinks' concept statement, as presented earlier in the chapter, what type of feedback would you have given the company about the viability of its product idea?



- o The target demographic looks good. The geographic location of this is very important as it would not work as well in a region where outdoor sports are not a year-round activity. The target market goal seems like a bit of a reach, but with the founders' experience, that should be okay. What has me most worried is the pricing and special features. I think it will be difficult to create and sell a fitness based drink at such low costs in a restaurant environment unless they have incredibly high sales. Assuming a cost of \$0.20 for materials for each drink, they need to sell nine drinks per hour that they pay one employee \$15/hr and that doesn't account for any costs besides materials and labor. The special feature is the most worrying because video editors are very expensive for labor and each store would need to have their own employed full time to go through and edit all the video. In

addition, they would need to get the video from somewhere which is another added cost or hurdle. Overall, I like the idea but don't think it's very viable.

23. Linda Toombs, who has considerable experience in the home security industry, is planning to launch a new line of home security alarms that she believes would be superior to other products in the market. Linda knows how to develop a concept statement and administer a buying intentions survey but is less clear about the type of library and Internet research that might help her assess the demand for her product. If Linda asked you about this, what advice would you give to her about how to conduct successful library and Internet searches?
 - I would recommend that Linda begin by looking at her competitors' websites to see what services they offer and the markets they serve. Once she has a good idea for the kinds of services people want, then she can begin to research areas that would most benefit from a service with her distinguishing features being brought to market.
24. Marie Finn is planning to start a business in home cleaning services. List the potential methods of market feasibility analysis that Marie should conduct for her new venture.
 - Marie should conduct a market analysis to see if there is demand for a new cleaning service, operational analysis to see if she can actually make it happen, and financial analysis to see if she will be able to profit off a new service given her expected client pool size.
25. If you were interested in opening a musical instruments store near the college or university you are attending in order to sell guitars, drums, and other types of musical instruments, what online resources would you draw on to conduct secondary research regarding the industry/target market feasibility of your business idea?
 - I would probably look at the number of other nearby music stores and try and find a history for any others that may have existed in the area in the past and why they failed. I would also look for resources on the kinds of instruments that college students are most likely to buy and similar models both above and below the average college student budget.
26. You bumped into your ex-colleague Allen Smith at a nearby supermarket. You struck up a conversation, and he spoke enthusiastically about his upcoming business. He is in the middle of plans to open a fitness center in your neighborhood. Throughout your conversation with him, you noticed that he did not mention a proper financial feasibility analysis. It seemed that he was blindly forging ahead with no proper planning, especially on financial matters. As a friend, advise him on the most critical financial issues he should consider when completing this analysis.
 - Gyms don't need to do a financial analysis except to see if they have a lawyer. Gyms are notorious for being hard to cancel a membership at, have a generally low operating cost, and charge an arm and a leg to go to. Unless there are many other gyms in the area, it should not be difficult for Allen to do well without an analysis. However, should he choose to do an analysis, he should look at the cost of initial investment in the equipment as well as recurring costs for labor, rent, and insurance.
27. If you were considering the possibility of launching a website that you've developed in order to sell sports apparel for petite women, what are some specific actions you could take to collect feedback regarding the usability of your website?
 - Market research studies are a great way to get feedback. However, if you're savvy enough to make your own website, you can probably add some analytics that will track how people use the site and then you can use A/B testing to figure out which layouts are best for your customers.
28. What are some of the red flags that would suggest that the overall financial attractiveness of a proposed new venture is poor? Which of the red flags you identified would suggest that realistically, a proposed venture isn't feasible?
 - If a new venture doesn't have enough cash to ride out the initial operating costs, if similar business have failed recently in the area, or if the financial risk is too high. To me, the lack of on-hand cash is the biggest red-flag as any business will need cash to ride out rough times (such as a pandemic).
29. The owner of a small restaurant has been looking at new ideas to attract additional table bookings. She has created a landing page on the restaurant's website with some basic copy and a link for visitors to type in their email address. Each person that emails is sent a copy of the menu and the owner's cell phone number to make a booking. After a month, the owner has had 349 customers input their email address and has received 63 bookings. She is delighted with the response with so little effort and cost. How would you advise her to increase her exposure to potential customers?
 - Using Google and Facebook ads would increase the amount of the public that is aware of her business. She could advertise her bookings on the ads and then, when clicked on, they could take users straight to her booking page

to book a table. In addition, many people do not like making phonecalls so an online reservation portal would increase engagement from those people.

Case 3.1

34. Make a list of the ways in which Hyman and Fleiss vetted their business idea prior to launch. How long was it between the initial idea for Rent the Runway and when the business launched? What does the amount of time between the two events tell you about Hyman and Fleiss' feasibility analysis process?
 1. Conducted market research
 2. Contacted an industry professional
 3. Used a minimum viable product (prototype storefront)
 4. Conducted more market research
 - The company launched in about a year. Their analysis process seems to be very thorough as they spent so much time talking to industry professionals, doing market research, and doing tests runs of their service.
35. To what degree would Rent the Runway be a different company today if Hyman and Fleiss had not conducted a feasibility analysis? Do you think the business would be as successful as is currently the case?
 - The company as it stands today would not be the same. Without the initial analysis they would not have known to change their model to meet designer needs and would have been trying to fight designers from the beginning rather than being able to work with some.
36. Identify at least two "take aways" from the Rent the Runway story not mentioned in the Lessons Learned portion of the case.
 1. Talking to industry professionals is important when you are new to the market you are trying to enter.
 2. A proper analysis pre-launch can take a while to conduct and it's best not to be too hasty with the process.
37. What can young entrepreneurs with business ideas learn from Hyman and Fleiss' experiences?
 - There's a whole section titled "Lessons Learned" dedicated to this. I can just copy-paste it if you like but it seems a bit silly to ask me this right after telling me to tell you about lessons not mentioned in the lessons-learned. In order to do that, I'd have to read the lessons-learned. There isn't anything I haven't already mentioned. They seem incredibly lucky to have found each other and been able to get their idea off the ground. The case study is too short to really talk about any struggles they may have faced and how they overcame them.

Case 3.2

38. What target market does Embrace seek to serve and how attractive is that market?
 - The Embrace serves rural markets that have premature babies. The market is very attractive for people interested in helping others, but not for people who want to make a profit.
39. What examples of primary research that Embrace's founders completed appear in the case?
 - Linus Liang traveled to Nepal to look at hospital incubators firsthand. Later on, Naganand Murty took a prototype to India to get feedback on the product and did rapid prototyping to test different variants.
40. What actions did Embrace's founders take to solicit feedback from prospective customers and what did they learn from these efforts?
 - "Linus Liang traveled to Nepal to look at hospital incubators firsthand. Later on, Naganand Murty took a prototype to India to get feedback on the product and did rapid prototyping to test different variants" (Me 30 seconds ago answering question 39). By going to location, they were able to learn about cultural differences and the nuances that would need to be overcome such as how women in India believe that Western Medicine is too powerful and so they under-dose medicines and treatments. Using this information, they changed their product from a temperature dial to a button for on and off.
41. If you were asked to conduct a financial feasibility analysis for Embrace, what issues would you consider to complete this analysis and why are those important?

- Without prior knowledge of the Little Lotus brand, the financial analysis doesn't look good. Money to do extended research trips overseas is difficult to come by, and they didn't even have a product yet. Once they do have a product, it's a very limited market, mainly hospitals and rural areas with lots of premature babies but those regions frequently don't have a lot of money. Once the government contracts dry up, there isn't a market anymore. This is why they introduced the Little Lotus.