**Entrepreneurship CS Spring 2022**

**CASE STUDY 1**

You have finished your education and received your BS in Computer Sciences from FAST-NU last year. Now you are working for the largest bank in Pakistan. It’s an entry level job in the IT department, but things are going well. The salary isn’t that much at the start, but you will be getting a 30% raise at the end of the year, and 20% the following year. Typically first promotions occur after working for 3-4 years, and there are other benefits to working for a large bank, such as the fact after 5 years, the bank will pay for you to get your Masters in either an IT related field (in which case your career will remain within the IT department) or to get a business MBA (which allows you to diversify into the executive levels). You haven’t decided on your long-term career path yet, or even if you intend to stay with the same employer permanently.

During a visit with your relatives, you meet up with a cousin you went to school with but haven’t met since graduation. Naturally you discuss what’s current in your lives and your future plans.

Your cousin tells you that he and his best friend have a fantastic idea for a new business that the two of them are intending to set up together, as equal partners. The best friend (BF) came up with the idea, and your cousin will be developing the technical aspect of the idea.

The idea he describes sounds very promising. It appears to offer a solution to a problem that you - and many other people you know - encounter on a near daily basis. Revenue will come from a product that is both a purchasable good, and a continuing subscription service that allows the good to continue functioning. It requires both a storefront and a digital platform.

The business side of implementing the idea sounds complicated, but fascinating - and your Cousin is very enthusiastic in his description. From your cousin’s perspective at least, it appears that customers will just be lining up begging to pay money for the good and service they offer, however, he is unable to answer many of the logical questions you ask. His typical answer to your questions is that his partner knows all the details.

Then he asks if you can arrange a loan for PKR 5 million from your bank. (PKR 5,000,000, 50 lakh)

Now, one of the benefits your employer offers is a very low interest, personal loan to all their employees after their first completed year of employment. The loan is really intended to help pay for a car or put down payment for a house, and the money is deducted in easy payments from your ongoing salary. 5 million is the upper limit for the first year, but you can apply for higher loans with an additional interest.

You will be eligible to apply for the first loan in about a month.

You are taken aback by his request, and want more details about repayment options.

What your cousin is offering in exchange for the money is that he and his BF will offer you a 90% profit share in the business until the loan (plus interest) is paid off. After the loan is paid off, there will be a linear reduction in your profit share over 5 years and then you will be out of the business entirely. He refers to you as an “investor” and says that since it’s their idea and they will do all the work, this is a fair distribution.

You and your cousin both took an Entrepreneurship course as undergraduates, but from what you can recall, investors are typically offered a share (equity or “limited” Partnership) in businesses they invest in. What he is offering is more of taking a loan in order to lend that money again for a higher return.

You also remember that studies have shown that successful entrepreneurs have certain personal characteristics and traits that enhance their prospects of setting up a business and making it successful. Looking at your cousin objectively, you are not sure that he exhibits many of those traits. He is optimistic and cheerful and great company, but he was also a marginal student at best in school who would often procrastinate till the last minute on his assignments - and then either asked you for help, or did not do them at all. The one project you did together was a nightmare – he did not do the research assigned to him and you ended up doing all the work.

But perhaps his BF and future business partner has those traits required. You will have to meet him to if you want to get details of the business idea, and to assess him in terms of business potential before you make any decisions.

**Case Analysis:**

Analyze this case and prepare a report. Your analysis must answer the following questions:

1. **What are the entrepreneurial traits you will be looking for when you meet with your cousin and his friend/partner? Explain in some detail which ones are most important, and why.**
2. **You know that there are three main types of ownership and what you choose has a great impact in terms of risks, liabilities, assets and profits over the life of a business. Evaluate these categories and the issues as they apply to you personally (especially the risks) and compare with your cousin and his partner. Do his “investment” terms sound fair to you?**
3. **Of the three categories of ownership, is there one that would work best for you, that you might present as a counter offer in exchange for the risk of taking out the personal loan?**
4. **From the limited amount of information you have, what do you think about the situation and how likely are you to go into it? What are the things you would want to know from the cousin’s partner, and what would you want to research on your own? Would you involve yourself in this business?**

\*\*\*see following page for writing and submission guidelines.

**Submission Guidelines:**

**General instructions:**

* Make sure that the following information is put in the upper right-hand corner of the first page as shown:
  + Name
  + Roll number
  + Section
  + Assignment number
  + Date of submission.
* This is an individual assignment. Copying work will result in a zero for all parties identified. No appeal or re-do is possible. Each semester several students lose marks because of copying.
* Late submissions - especially after the rest have been marked - will not be marked at all.

**Submission**

* Assignments must be submitted in the folder created on the Google Class website.
* Submit a downloadable copy in either MS Word, or PDF, or other WP program.
* DO NOT submit links to Google docs, or personal Cloud drives, or any other online website.
* Ensure that your file was actually uploaded. Each semester some students get a zero because they submitted an assignment with no file attached.

**Preparing and writing:**

Try to make your assignment as businesslike as possible. Business communication is an art that will help you through your career as reports, memos and emails are standard in every industry. Every study has shown that HR and Dept. Heads consistently rank communication skills as the top skill when it comes to hiring and promotion decisions. It also helps during exams!

* In short, this means:
  + Be concise, clear and systematic. Stick to the point. Avoid excessive verbiage.
  + Organize your information logically so that your arguments flow naturally and convince the reader.
  + Use bullet points where appropriate to make reading and retention easier.
  + Avoid large “walls” of text. Break information into smaller logical paragraphs, with each paragraph only covering a single point.
  + Provide dropped space (gaps) between paragraphs, and two dropped lines between sections. Use titles and subtitles to organize and group related paragraphs together.
  + Use bullet points where appropriate.
  + Use an appropriate readable font. DO NOT use large fonts – you are not writing a book for children. Large fonts might fill in the space but they are difficult to read, irritating, and look unprofessional and childlike. Large fonts will lose you marks.
  + Use left justification.
  + Always start with the **TITLE OF THE REPORT IN UPPER CASE (CENTER, BOLD, ALL CAPS, UNDERLINE)**
    - **Primary (and Sectional) Titles Are in ‘Title Case’. (Bold, First Letter All Words Capitalized)**
    - **Sub-section titles** are in ‘sentence case’ (**Bold, only first letter in capital**)