



**DO NOT WRITE ANYTHING ON QUESTION PAPER EXCEPT YOUR NAME, DEPARTMENT AND ENROLMENT No.**

**POSSESSION OF MOBILE IN EXAMINATION IS A UFM PRACTICE**

Name of Student..... Enrolment No. ....

Department / School.....

**BENNETT UNIVERSITY, GREATER NOIDA**

**B. Tech II Semester, End Term Examination, SPRING SEMESTER 2018-19**

COURSE CODE: **CIE101L**

MAX. DURATION: **2Hrs**

COURSE NAME: **Foundations of Entrepreneurship**

MAX. MARKS: **40**

COURSE CREDIT: **3**

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**Read the instructions carefully.**

- Answer all the questions.
  - Be brief and to the point.
  - Do NOT make any assumptions in the case studies.
  - Answer the questions in appropriate order as mentioned under each case study.
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**I. CASE 1: POST-IT NOTES**

One-way new products are developed is to take a current product and modify it in some form. Another way is to determine how a previously developed product can be marketed or used by a particular group of customers. The 3M Company is famous for many products, among them adhesives and abrasives. In one of 3M's most famous innovative stories from the 1980s, a 3M manger, who was a member of a church choir, wanted to mark the pages of his hymnal so he could quickly find them. A bookmark would not do, because the piece of paper could easily fall out.

The manager needed something that would adhere to the page but not tear it. Back at work, the manger asked one of the members of the research and development department if an adhesive existed that would do this. One did, but it never had been marketed because the company found that the adhesive was not strong enough for industrial use. At the manger's request, a batch of the glue was prepared and applied to small pieces of paper that could be used as bookmarks.

As the manager who had requested the product began to think about the new product, he concluded it has uses other than as a bookmark. Secretaries could use it to attach messages to files, and managers could use it to send notes along with letters and memos. In an effort to spur interest in the product, the manager had a large batch of these "attachable" notes- now called Post-It-Notes-made, and he began distributing them to secretaries throughout the company. Before long, more people began to ask for them. The manger then ordered the supply cut off and told everyone who wanted them that they would have to contact the marketing department. When that department became inundated with calls for Post-It-Notes, it concluded that a strong demand existed throughout the industry for these notes, and full production began. Today, Post-It-Notes are one of the largest and most successful product lines at the 3M Company.

**Questions:**

1. How did the creative thinking process work in the development of this product? Describe what took place in each of the four steps of creative process. (3 marks)
2. Why did the manager have the Post-It-Notes sent to secretaries throughout the company? What was his objective in doing this? (3 marks)
3. What type of innovation was this-invention, extension, duplication, or synthesis? Explain each of them and defend your choice of answer. (3 marks)
4. Which of the sources of innovative ideas account for this product's success? Explain in detail. (3 marks)

**CASE 2: HENDRICK'S WAY**

When Hendrick Harding started his consumer products firm, he was convinced he had a winning product. His small compact industrial drill was easier to use than any other on the market and cost 30 percent less than any of the competitors' drills. The orders began to pour in, and within six months, Hendrick's sales surpassed his first year's estimate. At the end of the first 12 months of operation, his firm was grossing more than \$50,000 a month, and he had a six-week backlog in filling orders. The rapid growth of the firm continued for two years. Beginning about four months ago, however, Hendrick began to notice a dip in sales. The major reason appeared to be a competitive product that cost 10 percent less than Hendrick's drill and offered all the same benefits and features. Hendrick believes that, with a couple of minor adjustments, he can improve his product and continue to dominate the market.

On the other hand, Hendrick is somewhat disturbed by the comments of one of his sales-people, George Simonds. George spends most of his time on the road and gets to talk to a great many customers. Here is what he had to say to Hendrick: "Your industrial drill has really set the market on its ear. And we should be able to sell a modified version of it for at least another 36 months before making any additional changes. However, you need to start thinking about adding other products to the line. Let's face it; we are a one-product company. That's not good. We have to expand our product line if we are to grow. Otherwise, I can't see much future for us."

The problem with this advice is that Hendrick does not want to grow larger. He is happy selling just industrial drill. He believes that, if he continues to modify and change the drill, he can maintain a large market share and the company will continue to be profitable. As he explained to George, "I see the future as more of the past. I really don't think there will be a great many changes in this product. There will be modifications, sure, but nothing other than that. I think this firm can live off the industrial drill for at least the next 25 years. We've got a great thing going. I don't see any reason for change. And I certainly don't want to come out with a second product. There is no need for it."

**Questions:**

1. What is the danger in Hendrick's thinking? Explain in detail. (3 marks)
2. Could the concept of understanding the managerial versus entrepreneurial mind-set be of any value to Hendrick? Why or why not? (3 marks)
3. How would you describe Hendrick's focus? (managerial or entrepreneurial). What recommendations would you make to him? (3 marks)

### CASE 3: A PRODUCT DESIGN PROBLEM

When Billie learned that the government was soliciting contracts for the manufacture of microcomputer components, she read the solicitation carefully. Billie's knowledge of microcomputers is extensive, and for the past five years she has been a university professor actively engaged in research in this area. If she could land this government contract, Billie feels certain she would be well on her way to going into business designing microcomputer components.

Billie asked for a leave of absence, so she could bid on the microcomputer contract. She then worked up a detailed proposal and submitted it to the government. Eight months ago, she learned that she had been awarded the contract. For the next four months, Billie and two university colleagues who had joined her, worked on completing their state-of-the-art components. When private firms learned of their contract, Billie was inundated with requests for components. She realised that as soon as she completed her government contract, she would be free to enter into contracts with private firms. Two months ago, Billie shipped the components to the government. The next week, she began signing contracts with firms in the private sector. In all, Billie signed agreements with six firms to provide each of them an average of \$400,000 worth components during the next four months. Last week, the first shipment of components was delivered to one of the private firms.

In the mail delivered earlier today, Billie received a letter from the government. The communication informed her of quality problems with the components she had manufactured and shipped. Part of the letter read, "It took approximately four weeks of use before it became evident that your components have a quality flaw. We believe the problem is in the basic design. We would like to meet with you at the earliest possible time to discuss your design and to agree on which steps must be taken in order for you to comply with the terms of your contract." Billie hoped to keep this news quiet until she could talk to the government representatives and find out what was going wrong. However, an hour ago she received a call from one of the private firms. "we hear that the microcomputer components you shipped to the government had a quality flaw," the speaker told Billie. "Could you tell us exactly what the problem is?"

#### **Questions:**

1. What happened? What mistake did Billie make in terms of the new venture? (3 marks)
2. How could this problem have been prevented? Defend your answer. (3 marks)
3. What lessons about new-venture assessment does this case provide? (3 marks)

#### **II. State True/False:**

(10 marks)

1. It is necessary to register a sole proprietorship.
2. The owner of the proprietor is held responsible for the liabilities and profits generated by the enterprise.
3. It is not necessary to register a partnership firm.
4. Each partner has a personal liability in a partnership firm.
5. A private limited company is a voluntary association of minimum 2 and maximum 50 members and has a separate legal entity.
6. The liability of a member is unlimited in a public limited company.
7. A co-operative organization is a separate legal, voluntary association of 20 or more members residing or working in same locality.
8. The liability of "Karta" in joint HUF is limited.
9. A partnership firm has the merits of Limited Liability Company and flexibility of public limited company.
10. The LLP is a business organization having a legal being separate from its partners.

**ALL THE BEST**



