

Mid Term Assignment (Spring 2020)

Program: MBA-90

Semester: 4th

Course: Entrepreneurship

Lecturer Name: Zaighum Abbas

Assignment Submitted By: Ali Latif Awan

Roll No: 15319

Q1.

Explain the four dimensions of entrepreneurship along with the recent examples which makes the concept clear for the readers. (15 Marks)

Answer:

Dimensions of Entrepreneurship

New Venture Creation

Creation of something completely unique or at least difficult to copy which serves market demands by adding value to both businesses and customers provides long term benefits. Resource availability, planning and management is key to success for the implementation of such idea or creation of such product. For example, if a particular market has a large demand for a product or service, a business venture will be created to meet this demand.

Four Dimensions of Entrepreneurship

Analysis Opportunity

Opportunity is understanding and making use of the situation when it's the right place and the right time. Good opportunities are only useful when the right time i.e. external market conditions are seen by a well-prepared entrepreneur and when they are ready to respond to this change. It is easy for entrepreneurs to respond to the changing markets as it's easy for them to configure and manager their resources with the changing market conditions or needs. For example, if a country cuts prices, a car manufacturer can export its cars into a new market, increasing sales and market share.

There are seven sources of opportunity to look for in the environment.

The Unexpected: We live in the world of uncertainty – who knew that COVID 19 will come and change the course of how we work and operate to this extent.

The Incongruous: With the ever-changing world economics dynamics and business competition, it is possible for businesses to make more sales but less profit either to compete with similar industries or just to survive the changing market conditions.

The Process Need: Process improvement is key to business improvements and hence profit margin increase. These opportunities are usually identified and created by subject matter experts or researchers who define how issues in a process can be fixed or a new process can be developed to fix a problem. An example might be a restaurant that identifies that people wait too long for their starters and so decides to hire another chef to speed up creation times.

Industry and Market Structures: We live in a world where technology is developing at a pace that no one ever imagined. This is revolutionizing the things are done – industries who keep up with this pace can only survive as more efficient ways of doing the same things have been developed. At the same time, consumer behavior is changing in the new world of social media and information.

Demographic: Demographics play a key role in success of any business. It basically defines the selling criteria for a product or service in any region. For example, the age, sex, health, employment status defines what kind of product or service is needed. For example in a country with old population – old age homes will be in greater demand than kindergartens.

Changes in Perception: Different people see things differently. It is true when it comes to buying a product or service too. Their perception plays a critical part in their buying decision. For example when salesmen of Electronics Store try different approach/techniques with a customer to sold the specific product and increases their sales.

New Knowledge: Knowledge is important but using that knowledge to make decision is critical for entrepreneurs. These decisions are about what product to make, how to make it and most importantly, what time to make it and sell it. For example the Textile industry of Ladies Lawns manufactures, who before 6 months take a decision that what kind of patterns have to make and what designs and colour scheme is to carry and on which time launched in market.

The Individual:

One's personality is of paramount importance to become a successful entrepreneur. Entrepreneurs are risk takers, mentally strong, have good habits and most of importantly believe in their ideas. At the same time, their network, the people whom they are connected to also plays a key role in setting up their initial business.

Business ethics: Business decision that can convince its buyer that their money is worth spending for a particular product.

Ethical decisions: The Ethical decision can be clarify in below three points.

1. Providing all the information about the product and service, including benefits and problems of using the product
2. Help customer in understanding the information and decision making
3. Making sure that customer becomes loyal to the organization by its product or service quality.

The Environment:

For any new venture, with opportunity there are also threats. These threats can be in different forms for example resources, politics, culture, money, technology, market entry barriers etc.

The Organization:

The ultimate goal of any entrepreneurial start up is to create an organization with its own set of unique values, people, strategy and operating model. This makes it different from other businesses.

Below are the 5 different type's organisations:

1. Transcendent
2. Product based
3. User based
4. Manufacturing based
5. Value based

The Transcendent Approach:

This is based on organisation's core purpose for example in a restaurant a customer would expect high quality meal with high quality service. If the restaurant is not providing this then it is not serving the organisation's purpose.

Product-Based Approach: This focuses on uniqueness of its products compared to its competitors. This uniqueness for example can be held in high regard.

User-Based Approach: Focus on what users or buyers prefer and making a name among these buyers mean that they will prefer the product they perceive good even if a similar product is present in the market. This type focuses on better branding in the market to make sure user its products superior.

Manufacturing-Based Approach: This approach focuses on high quality standards or stream lined manufacturing processes to make sure the product quality is not compromised. People see these products as better quality and sometimes willing to pay premium for their products. For example Japanese products are considered better than Chinese products due to their high manufacturing standards.

Q2.

Mention the five entrepreneurs crafting and evaluating strategies which enables the entrepreneur to draft his business resources and asses the opportunity. (15 Marks)

Answer:

CRAFTING AND EVALUATING STRATEGY

The most significant components for entrepreneurial achievement appear to be speed in taking advantage of lucky breaks and dispensing with unpromising thoughts, a focus on significant issues, and the utilization of reasonable and unconstrained activities.

Entrepreneurial success can only be achieved by:

- Excluding ideas that are unusable or only lead in time waste
- Identifying opportunities as they arise
- Focusing on issues important to the success
- And acting swiftly to make things happen

Recommendation:

- Get rid of unpromising ideas
- Be quick to respond
- Make sure resources are available
- Timely action is important
- Understand data and information for decision making
- Clearly outlined business rules
- Focus on important things only Example
- Opportunity is in retail, location will be a "go/no go.
- Regulatory approval and licensing will be the key.
- Act as soon as information becomes available or actionable – don't wait for all questions to be answered
- Know your customers
- Keep collecting and analyzing data to reconfigure if required
- Change your plan if required

Opportunity assessment has five different stages:

Stage 1: Identification

Stage 2: Capabilities

Stage 3: Competitive Advantage

Stage 4: Strategy

Stage 5: Feedback

Stage 1: Identification

The very first step is to identify the opportunity and understanding if it is possible to implement and if the below types of resources are available.

- Financial
- Physical
- Human
- Technological
- Reputational
- Organizational assets.

Understand your resources configuration by understanding their attributes.

Four attribute: Is the resource under investigation

- Rare, - how easily available it is
- Valuable, - how expensive or worthy it is
- Hard to copy, and – is it easy to be copied
- Non sub-stitutable.- are there any other substitutes available in the market

Stage 2: Capabilities

Capabilities are important to manage and plan resources and how these resources interact with each other to deliver business goal. Mostly it's easy for new firms to configure these resources to achieve their business goal compared to existing businesses who already have this configuration set and hard to change. Also understanding common routines and then individual skills and abilities is important too.

Stage 3: Competitive Advantage

A firm must make sure that it creates competitive advantage over other firms so that its business is sustainable over others and also, hard for other business copy or enter the market.

Stage 4: Strategy

A solid strategy is critical for business's success. This strategy underlines how the firm will have competitive advantage, how it will create and market its products and how it will respond to its customers' needs and external factors.

Stage 5: Feedback

It is important for a business to keep collecting feedback on its performance, resources and customers satisfaction. This helps the firm to reassess its strategy and operating models make sure it covers gaps in future rounds.

Goal consistency test. Does the strategy help the firm to accomplish its goals?

Yes a firm's strategy is developed to ensure that the firm's goals are met and helps alignment of its long term thinking with its goals.

Frame test. Firm working on the right issues? Resource issues and alignment with the environment?

This is to ensure that the organizations assets are put resources into the correct territories and they line up with its condition

Competence test. Firm have the ability to carry out the strategy?

This means that the firm must have the capability and resources to implement its strategy.

Workability test: legal and ethical?

Making sure that whatever is produced or delivered is legal and ethical. It does not break any rules or harm humanity.