

Department of Electrical Engineering
Final – Assignment Spring 2020
Date: 24/06/2020

Course Details

Course Title: Entrepreneurship
Instructor: Dr. Shahid Latif

Module: _____
Total Marks: 50

Student Details

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Student ID: 13684

Note: Attempt all of the following questions.

Q1.		Business Plan is heart of any new project and without a detailed plan, no business can be successful.	Marks 10
		Describe in detail how Business Plan is written, highlighting contents of its different components with giving example for each section?	CLO 2
Q2.	(a)	Consider yourself an “Entrepreneurship” and you want to start a new business. Prepare a “<u>Business Plan</u>” for your new venture detailing and describing all the steps required to start this business. (Business Plan for any Product or Service).	Marks 10
			CLO 2
Q3.	(a)	What are the three main forms of business organization, and what factors should a company’s owners consider when selecting a business form?	Marks 5
			CLO 2
	(b)	What are advantages and disadvantages of a business venture when operated as a partnership?	Marks 5
			CLO 2
Q4.	(a)	Growth Strategies are based upon Knowledge of Product or Market, discuss in your words? Describe four growth strategies with giving example of each strategy.	Marks 10
			CLO 2
Q5.	(a)	Draw a block diagram showing the Marketing System for a new business by highlighting external and internal environmental factors.	Marks 10
			CLO 2

Q1. Business Plan is heart of any new project and without a detailed plan, no business can be successful. Describe in detail how Business Plan is written, highlighting contents of its different components with giving example for each section?

Ans: A written document explaining all applicable internal and external components, and plans for starting a new venture. The plan should be prepared by the entrepreneur in consultation with other sources.

MAIN POINTS IN BUSINESS PLAN

1. Executive Summary:

It is a quick overview of your plan and entices investors to read more of your plan. It may include a table of contents, company background, market opportunity, management overviews, competitive advantages, and financial highlights. It's probably easiest to write the detailed sections first and then extract the cream to create the executive summary.

2. Company Analysis

This section provides a strategic overview of the company and describes how the company is organized, what products and services it offers/will offer, and goes into further detail on the company's unique qualifications in serving its target markets. Company Analysis should also give a snapshot of the company's achievements to date, since the best indicator of future success are past accomplishments

3 Products and Services:

It Reviews what you sell and what you're offering your customers. A brief description of your company's products or services, with a special emphasis on what makes them unique.

4. Market Analysis:

Describes your customers and the size of your target market. This section evaluates the playing field in which the company will be competing, and includes well-structured answers to key market research questions such as the following:

- What are the sizes of the target market segments?
- What are the trends for the industry as a whole?
- With what other industries do your services compete?

5. Strategy and Implementation:

Provides the details of how you plan on building the business. It detail the internal strategies for building the venture from concept to reality, and include answers to the following questions:

- What functions will be required to run the business?
- What milestones must be reached before the venture can be launched?
- How will quality be controlled?

6. Management Team:

An overview of the people behind the business and why they're the right team to make the business a success.

The Management Team section demonstrates that the company has the required human resources to be successful. The business plan must answer questions including:

- Who are the key management personnel and what are their backgrounds?
- What management additions will be required to make the business a success?
- Who are the other investors and/or shareholders, if any?
- Who comprises the Board of Directors and/or Board of Advisors?
- Who are the professional advisors (e.g., lawyer, accounting firm)?

7. Financial Plan:

- It provide the numbers that back up everything you described in your analysis sections. Include conservative projections of your profit and loss statements, balance sheet, and your cash flow statements for the next three years. These are forward-looking projections, not your current accounting outputs.

Q2(A): Consider yourself an “Entrepreneurship” and you want to start a new business.

Prepare a “Business Plan” for your new venture detailing and describing all the steps required to start this business. (Business Plan for any Product or Service).

Ans :

Business plan

Poultry Faming

Proposed Business Name

Benny & Co. Poultry Farm. (Chicken Meat, Eggs and Chicken Production).

Proposed Business Location

Ring Road, Pesahwar KPK Pakistan.

Date

24 June 2020

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- *The proposed business name*
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EXECUTIVE SUMMARY

Poultry farming in Pakistan is probably one of the most lucrative in the world especially when it is set up and managed properly. This aspect of livestock farming present one of the finest opportunity for us as entrepreneurs to make good money in Pakistan within the shortest period of time possible due to the quick maturity of chickens. In the same vain, the multifaceted business (poultry production and sell) prepare plans, strategies and financial estimation that shielded the activities of the business from any risk or threat. The business is set to involve the capital investment of about ~~PKR~~12, 495,000 including the assets, expenditure and other expenses involved in running the business.

BACKGROUND AND HISTORY

The important fact we consider in this business is that food is basic human need and a necessity for human life. In Pakistan we have over 200 million people which you will probably find 100 million consumers in the country who buy poultry product on daily basis.

After conducting an effective external environment evaluation in Ring road and Hayatabad, we found out that there is no even one poultry farm in the surrounding poultry product are imported from other parts of Pakistan. This increases the cost of sales and transportation. Sometimes they find it difficult to meet the consumer's need.

Considering all these factors, this makes our idea viable and feasible.

DESCRIPTION OF THE BUSINESS

This enterprise is designed to produce poultry products; chicken meat, eggs and other subsidiary products which include; incubation/hatchery, fertilizers for farmers and brooding, young chickens for sale etc. However, the broilers comprise of both fast-grower broilers and cockerels which provide white meat with low fat content which coincide with the high growing need of low-fat white meat as a result of doctor's prescriptions and proscriptions.

The Uniqueness of the Product

Thought, the existing poultry product in market do prevail, the products of this industry will be an excellent choice of the consumers due to it;

- i. Un –epileptic, continuous and regular provision which may not be the same with the far away industries that provide the product in a black and white manner i.e. we have the product today, but tomorrow we don't have.
- ii. Maintaining a hygienic ethic ology; the products being flushed now are surely unhygienic and prone to contamination of diseases. But ours will be different in neatness, hygiene and covers all what will be required for public health and hygiene.
- iii. Pricing; the price of our product despite our cost of production will maintain a favorable and simple price to both customers/consumers and the business organization itself.

MARKET DESCRIPTION

The main igniting and fueling element behind the establishment of the competent and prestigious business organization to be are the lucrative opportunities that do prevail in the area, which include;

1. High demands of poultry products; the immediate community and other surrounding communities have a very pressing need of chicken meats and eggs and the existing poultry product supply fail to meet their needs.

2. Land availability and suitable climate; the cost of land in the area is favorable and the condition of moderate rain fall during the rainy season and moderate cold during the winter favors the activities of poultry farming.
3. Rapid growth of population; continually increasing number of teachers (lecturers), student, and all other officials and non-official personnel is a great opportunity that serve as a targeted market that can support the business even in the future.
4. Absence of poultry farming entrepreneurs; in the whole Hayatabad area, no any single poultry farmer is in existence- meaning all poultry products consumed by the consumers is brought from places like remote area of Peshawar which in turn increase the price of the product.
5. Increased awareness of health implication of real meat; there is high demand of especially white meat due to some health problem pertaining red meat and birds (poultry) are of the sources.

Nature of the Industry

The business we plan; is a type of business that is designed to satisfy the poultry products need of the whole country. But for the early development it will encompasses;

1. The immediate HAYATABAD community; at the initial stage, the focus of this business will center on the meeting the needs of the surrounding population of HAYATABAD .

List of Product to be produced

First Segment Products

At the first level the business will start by products that include;

- a. Chicken meat
- b. Eggs
- c. Breeding incubated chicken.

After 18 months of commencement, the business will extend its wing to engage in things like;

- a. Eggs and meats processing, packaging and marketing.
- b. Poultry feed production
- c. Poultry equipment manufacturing.

Objectives, Target and Goals

The objectives, targets and goals of this business are;

- i. Income generation and self-reliance for economic independency.
- ii. Provision for decent and healthy poultry products to promote public hygiene.
- iii. To reduce the economic expenditure of the consumers thereby producing poultry products of affordable and favorable price.

Vision of the Business

The business is set in a way that in 5-10 years to come, the whole of the Hayatabad region will taste the Aroma.

Firstly, the first bullet is to capture HAYATABAD area.

Secondly, is to capture and cover Gombé state with our products.

Thirdly, is to extend the distribution of the products to all parts of Peshawar

Mission Statement and Purpose

To establish the ultimate and nationwide poultry farming industry that can solve problem of poultry production meet the need of the society and bring about sustainable development of creating employment opportunities.

Equipment and Appliances Involved In the Business

- i. Feeders
- ii. Drinkers
- iii. Crates
- iv. Lighting system
- v. Brooders
- vi. Cages, coops, perches, nests
- vii. Egg trays
- viii. Buckets
- ix. Brooms

- x. Wheel barrows
- xi. Incubators or hatching boxes.

Assets Involved;

- i. Land
- ii. Fencing material
- iii. Transport vehicle
- iv. Buildings
- v. MD. Office
- vi. Marketing office
- vii. Store.

MARKET CONSIDERATION

Any production industry, be it a small or large scale is finally fed-up with the market. Market is a medium that allows the buyers and sellers to interact in order to facilitate exchange, is the target point of any producer.

Our poultry farming is not an exception. Some factors we take into consideration in regard to where we intend to sell our products. The proximity of market, in relation to other factors of production was put in place. The following are factors we consider in relation to the market of our products. Thus;

- i. The location of the business: the business main unit will be located in HAYATABAD not far from the university campus. The location significantly makes the business near its first target market. More also, in the future development, the good road network that linked HAYATABAD with other towns and even the state capital will be a good opportunity to be used to reach the second target market and likewise the target/consumers.
- ii. Current and potential demand: the residents of HAYATABAD as well as students and staff of the universities are in high demand of poultry product especially eggs and meat. In

addition the existing restaurants, student center, tea and bread vendors and drinking joints are also demanding and consuming our products. Furthermore, the rapid increase in the students' population increase in the people of the community is a gift that will support the future development of the business.

- iii. Societal characteristics or culture: the religions, the beliefs, the norms and all ethical phenomena of the immediate community, secondary community and the tertiary community do not prohibit or exempt people from eating poultry products, rather it even encourage-our products to be consumed by all and sundry.
- iv. External economy benefit: since the base of our business is in society of HAYATABAD, the shit of the poultry will serve as a fertilizer to farmers which will generate extra income for the industry, and in reverse the farm produce from farmers can also be used by Benny & co. for the manufacturing of poultry feed.

4

MANAGEMENT TEAM

Management team is a team of individuals at highest level of organization management who have the day- to- day responsibilities of managing an industry, company or cooperation. These poultry farm management teams are individuals who are responsible for day- to- day running of the farm which include monitoring the welfare of feeding them and ensuring they are in good health.

The key management team are as follows;

- i. Poultry farm manager (CEO)
- ii. Assistant farm manager
- iii. Poultry stock man
- iv. Poultry finance/account manager
- v. Executive marketing and sales manager
- vi. Production manager
- vii. Part timer workers/cleaners.

Responsibilities and Others

Poultry farm manager/CEO; the farm manager is responsible for planning, organizing and managing the activities of the farm.

Duties;

- Planning finance and production to maintain farm process against budgets and parameters.
- Planning activities for trainee staff, mentoring and monitoring them.

Assistant farm manager; the assistant farm manager will responsible for the management of the poultry farm. This will means responsibility for health, welfare and the performance of the poultry unit.

Poultry stock man; stock man is responsible for supporting the husbandry of the farm's birds. This will include insuring they are fed, watered and locked after feeding in other to meet health and welfare requirement as well as growth targets for birds bred for meat, or egg production for layers.

It is the duty of stock man to ensure the health status of the chickens in other to enhance a good a product.

Finance/accounting manager; the account manager; manage the key account head office, on farm and steering communities were required. He develops and implements sales and marketing plans and meet sales target, handle negotiation at higher level with head office and technical nutritionist. The account manager identifies and develops business opportunities in existing channel patents, increase sales in a manner consistent with company policy and goals.

Executive marketing and sales manager; the marketing and sales managers manage and assign territory of product line to maximize sales revenue and meet cooperate objectives, review sales progress, develop specific plans activities to ensure revenue growth.

Some duties of the sales manager include

- He is in charge of calling customers.
- Maintenance and extension of sales territory.
- Increasing sales line, image, and building and developing product knowledge.

Production manager; the production manager is responsible for managing the production, operating to ensure that the achievement of production target within the specialized quality, environmental standard and budget.

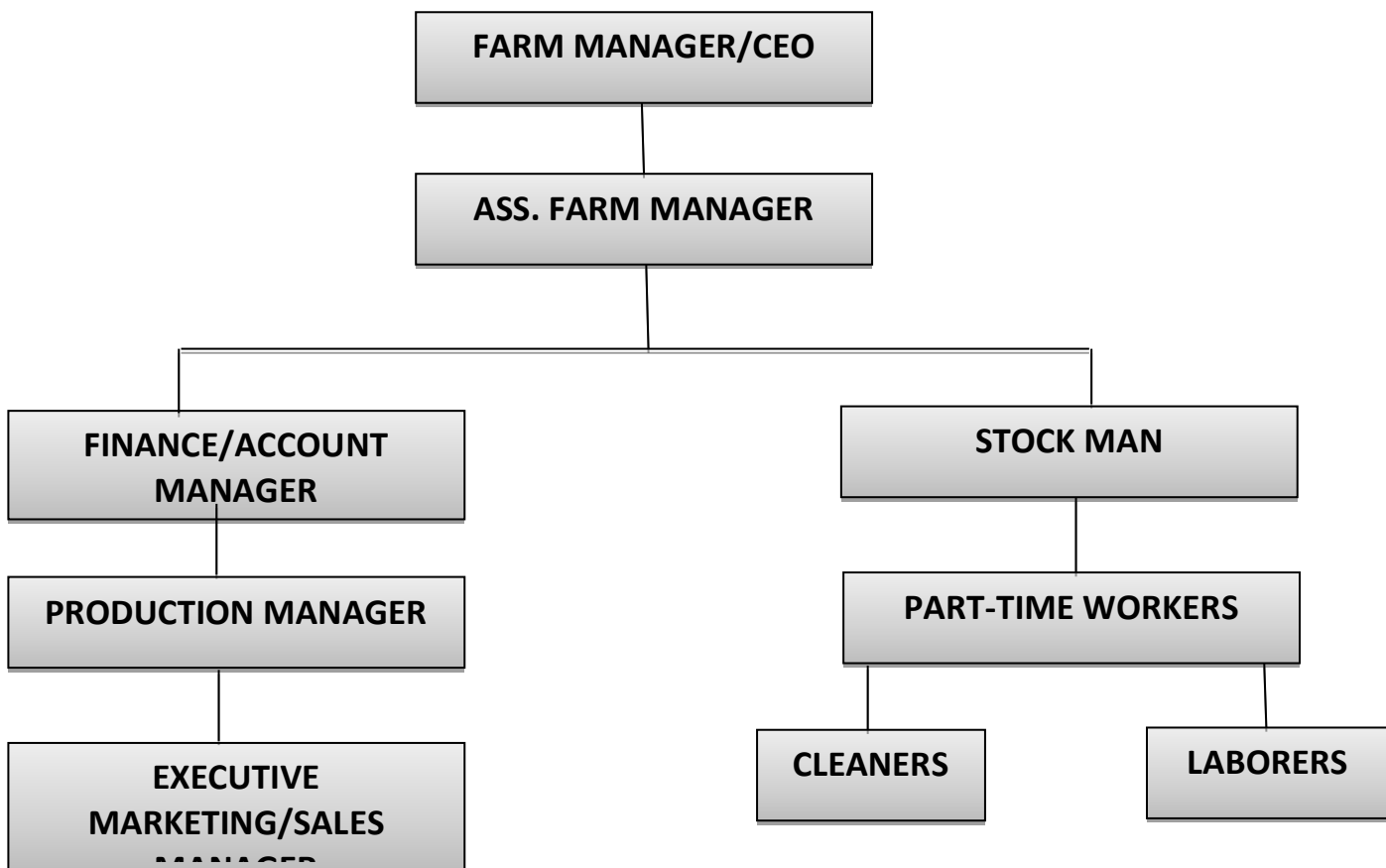
- It is his duty to manage the production team.

- Adherence to plan.
- Adherence to site and business protocols.

Part-time workers/cleaners; part-time workers are workers who work time to time not regularly. They also take part in cleaning to ensure that the farm is clean and to prevent and check farm products from contacting diseases.

Skills and Experience of the Management Team

The management team will be individuals of high skills due to undergoing training on how to handle the business, to ensure the progress of the business by minimizing cost and maximizing profit. They will be also individuals, who have experience because they may have been engaged in the business several times before they have experience of how to run the business and prevent the farm from uncontrollable factors which may do harm and affect the progress of the business.



Poultry farming industry is covered by hazards; risk and disease outbreak which if not handled properly brings dangers and threats to not only the laborers in the industry but to the whole community.

With the high growing danger of bird flu epidemic condition, all over the world and global concern about food related diseases of humans, it is a must to establish a decent poultry farm that will be free from any intimidation to health.

Benny & co. poultry farm has designed some pre-causative strategies that will serve as a shield that prevents or set the farm under the reliable protection against any threat of public health. The key points competently planned are as follows;

- 1) Employing specialized skilled employees
- 2) Good management
- 3) Checking The poultry health status properly and timely
- 4) Proper supply of vaccines and medicines

Employing Specialized Employees: The labor force of any business, industry/organization has a great impact on the operations of that very business and it is one of the factors that occur within the organization internal controllable factors.

This great poultry farming industry and business organization has set a plan in which specialized and skilled managers and other workers will be employed.

One of them is Mr. AMIR who is a degree holder and studied BSc. Agriculture in Agriculture uNiv. .

Other employees and their specialization details are outlined below;

Mr.Alhasan Umar-----degree in veterinary

Mr. Saqlain degree in agricultural management

Tauqeer Mohammed----degree in agricultural science (domestic live stock

Good Management: Assigned staff can be able to manage or lead the management team to manage the farm well. Because he possessed the skills, knowledge and the working experience of 3 years.

Checking the Poultry's Health Statues and Condition properly and timely: the management team will be inspecting the health status of the poultry at all times since good health of the birds means more profit and fewer losses.

Proper Supply of Vaccine and Medicine: vaccine is a preventive medicine which stimulates the feathers and other body parts of an animal (bird specifically) which can promote the immune and resistance system to protect against a particular disease or parasite.

In this business, lives vaccine –usually given in the drinking water. By aerosol spray or injection and inactivated vaccines-usually giving by uninterrupted given to the birds by the specialized workers in charge.

Other antibiotics or synthetic chemicals are given in water or feed. Medicines will be administered accordingly if it happens to be an outbreak of disease.

The order of the vaccines and medicines will be in anticipation to be catastrophe.

Moreover, the medicines to be ordered must come with detailed manufacturers instruction and how to use them.

Extensive test will be performed to make sure that no harmful residues’ of the medicine remain in the poultry meat or eggs-Mel-maximum residue limit must be calculated in order to guarantee the withdrawal period for each product.

In the slaughter house, the inspectors will examine all chickens intended for human consumption for evidence of disease or injury.

6

MARKETING PLAN

The poultry farms average client will be a slaughterhouse, farmers market, or chicken distributor in the business’ focus audience.

Marketing Promotion Plan

The poultry village plans to maintain intensive technique. Below is an overview of the marketing techniques and goals of the company.

Promotion Objectives

We plan to establish connections with vets, regional plants and chicken supplies throughout the focus audience.

- ✓ Implement a regional technique with the business regional newspaper ads, and testimonials advertising.

- ✓ Develop an online business by developing a website and placing the business name and get in touch with details with online directories.

Promotion Strategies

We plan on using a variety of selling techniques that will allow the poultry village to easily focus on buyers within the focus audience. These techniques consist of traditional print ads and ads placed on Google on the internet. Below is information on how the organization plans to promote its solution to the community. The poultry village will also use online techniques. This is very important as many people looking for regional solutions such as chicken plants for the internet to conduct their initial searches. We will register the poultry village with online portals so that prospective client can easily reach the organization. The company will also create its own website show casing, the service, it inventory of poultry, initial costs details, and get in touch with details. Finally we will create ongoing recommendation connections with vets that regularly work with owners of farmers of poultry. As time advance, these of recommendation connections will become a valuable source of income for the organization.

7

RISK MANAGEMENT AND CONTROL

Poultry farming is surrounded by risks all over which affect both small and large scale operators. Along this line, we have foreseen, forecast and predict some possibly occurring risk that our business and or industry may face and we carefully provide matching solutions to the risks and dangers.

The risks might include:

- 1) Personal risks.
- 2) Production risk.
- 3) Financial risk.

PERSONAL RISKS:

Personal risks arise from events affecting the personal lives of the farmer and or his partners which may in turn affect the operation of the business.

In this instance we predict some personal risks (catastrophic events) such as fire, flood or death. It can also include variation of goals and objectives between the high desk and the low desk.

Control and Management

- ✓ In the first instance of fire, flood and death the business organization has planned to register all its works to the insurance services, in order to minimize or even obliterate some risks that might be faced in that regard.
- ✓ Establishing a common understanding of the business goals among the partners.

PRODUCTION RISK:

Many factor from outside of the business environment and from inside as in (1) above are likely to put the industry and the whole of its productions in risk. Poultry farming has sensitive risks to weather conditions that are in the farming environment e.g. sunlight, rainfall, humidity, temperature and others can include insects' diseases and pests.

Control and Management

- ✓ We intend to grow disease resistant varieties of poultry that can absorb and sustain the shock of infections
- ✓ We intend to use preventive means of insect and predators control such as nets to protect the chickens.

FINANCIAL RISK:

Most risk that are related to finance result from inadequate cash flow to meet obligations which may in turn cause shut-down of the business. It may be caused by high or mortgage payments and assets or as a result of personal or production problems.

Control and Management

In order not to fall in trap of financial risk, Benny & co. plan the following ways:

- ✓ Diversification of the business: we planned to engage in different niche of poultry farming so as to escape the misfortune. When someone have two niche involve, when one collapsed 50% of the business fail, but if you have ten niche involved and one happen to have problem, it will be only 10% that will be affected.
 - ✓ Acquiring tools and equipment of simple cost: due to expensiveness of some equipment, the business will center on hiring, renting or even with neighboring farms (if exist)
- Nevertheless, we planned not to tie our capital on equipment that will have a low of usage.

- ✓ We plan not to buy things until when the need arise.
- ✓ Saving in the bank: since keeping money at home or in business place is so risky we plan to equipped our business with banking (e-banking in particular). So also, the profit earned will be saved in the band where, the interest will be an add-up benefit to our activities.

8

FINANCIAL AND ECONOMIC PLAN

Sources of Capital;

The business will source its capital through;

- i. Bank loan; the loan will be pursue in the First Bank where the 81% of the capital involved will be secured.
- ii. Contribution from partners; since the business is a group entrepreneurship oriented business; the partners will contribute about 1% of the capital involved.

Equipment and Assets Management

In order to minimize the risk of damaging and vandalizing the organization owned assets, skills workers are employed and the following measures will be taking;

1. Washing the equipment and other tools regularly especially after use.
2. Storing them in a shady and dry place.
3. Immediate repairing of the spoiled and shaping them worn ones.

Fiscal Analysis of Equipment, Assets and Management

S/N	ITEMS	NO. OF ITEMS	ESTIMATED COST IN PKR
1	Land	2 plots	1,000,000
2	Building and fencing	-	1,500,000
3	Water sources	1 borehole	350,000

4	Wheel barrows	Five	45,000
5	Lighting system	-	300,000
6	Waste disposal system	-	200,000
7	Cleaning equipment & tools	-	200,00
8	Cages, coops, perches & nets	-	1,500,000
9	Feeders	500	120,000
10	Crates/egg trays	500/50	170,000
11	Heaters/incubators	50/30	600,000
12	Broiler starters (chicks)	1500	375,000
13	Starter layer	1500	375,000
14	Cockerels	750	150,000
15	Medicine/feed	-	350,000
16	Workers payment	-	2,500,000
17	Transport vehicle	-	1,000,000
18	Maintenance	-	1,000,000
19	Other expenditures	-	500,000
20	Risk anticipatory (insurance)	-	260,000
21	Grand Total	-	12, 495,000

CONCLUSION

From the above business plan it is clear that poultry farming is viable and feasible in HAYATABAD.

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Q3(A): What are the three main forms of business organization, and what factors should a company's owners consider when selecting a business form?

Ans: Three forms of Business Organization:

- **Sole proprietor:** A **sole proprietorship** is the most common form of business organization. It's easy to form and offers complete managerial control to the owner. However, the owner is also personally liable for all financial obligations of the business.
 - **Partnership:** A **partnership** involves two or more people who agree to share in the profits or losses of a business.
 - **Corporation:** **corporation** is a legal entity that is created to conduct business. The corporation becomes an entity-separate from those who founded it-that handles the responsibilities of the organization
-
- **FACTORS SHOULD A COMPANY'S OWNERS CONSIDER WHEN SELECTING A BUSINESS FORM?**

1. Owner's liability for firm's debts

In a sole proprietorship, the sole owner of a business will be held responsible in the event of a legal issue. In a limited liability partnership or corporation, individuals can only be held liable to a certain extent. If the business accumulates a significant amount of debt, the personal property of the individuals cannot be seized in order to resolve the debt.

2. The ease and cost of forming the business:

Sole proprietorships are the easiest business structures to establish. Setting up a sole proprietorship is usually as simple as opening a checking account at your local bank. Partnerships are also relatively simple to set up, but you will have to follow additional rules and guidelines. Corporations are the hardest business structure to establish, and they involve strict adherence to state and federal laws. Setting up a corporation is also expensive, time-consuming, and complicated.

3 The ability to raise funds

A lack of capital is enough to run any companies out of business. Corporations and partnerships are capable of raising capital with the greatest amount of ease. The owners of sole proprietorships normally raise capital by using their own assets as collateral.

4 The taxes

Many states levy taxes on individual businesses. This issue is more common with limited liability companies, but it is still important to understand local tax laws before choosing a business structure.

5. The degree of operating control the operator can retain:

If you like the idea of having complete control over your business, you should establish a sole proprietorship. If you are comfortable with having a lesser degree of control, you should consider forming a corporation or partnership. In a corporation, only the members of an executive board will have decision-making rights.

6. The ability to attract employees

Sole proprietorships and partnerships do not depend on talent from outside. The owner has this in abundance. Firms eventually grow in sync with the capabilities of the owner while in a company form of business, professional talent is needed time and again. You have to get qualified people and give them freedom to do things on their own.

Q3(B) What are advantages and disadvantages of a business venture when operated as a partnership?

Ans: A **partnership** involves two or more people who agree to share in the profits or losses of a business.

ADVANTAGES

- **Ease of formation:** very easy to establish under partnership act.
- **Availability of capital:** both partners can contribute according to business need.
- **Diversity of managerial expertise:** both partners excel in their own field, one may be good in finance while the other partner is good at marketing.
- **Flexibility to respond to changing business conditions:** dynamic to change of external environment.
- **Relative freedom from government control:** Government has less interest in sole and partnership business, they are more focused on companies.

DISADVANTAGES:

- **Unlimited liability for general partners:** the partners are personally liable for debts and losses incurred. So if the business runs into trouble, your personal assets may be at risk of being seized by creditors, which would generally not be the case if the business was a limited company.
- **Potential for conflict between partners:** Disagreements and disputes can not only harm the business but also damage the relationship between the individuals involved. Conflict can be a major distraction, absorbing the partners' time, energy and money.
- **Limited life:** a combination of unlimited liability, lack of funding opportunities and a lack of commercial status which could lead to a limited span of business.

- **Sharing of profits:** Sharing profits equitably can raise difficult questions. How do you value different partners' respective skills? What happens when one partner is seen to be putting in less time and effort into the partnership, but still taking their share of the profits.
- **Difficulty in leaving a partnership:** Options for the partners eventually to exit the business and profit from it can be complicated, particularly if it's possible for the departure of one partner at an earlier date to destroy the business.

Q4(A) Growth Strategies are based upon Knowledge of Product or Market, discuss in your words? Describe four growth strategies with giving example of each Strategy.

Ans: Growth is the goal of every business. Whether it's moving into a larger venue or taking your product global, creating a vibrant business that produces new products, services, sites, and jobs is the ultimate goal of a business owner. Determining the best way to grow your business takes a strategic plan and a solid understanding of how businesses grow.

FOUR TYPES GROWTH STRATEGIES :

1: MARKET PENETRATION STRATEGY

It involves increasing market share in an existing market. Common methods include lowering prices or using techniques like direct marketing to create customer awareness of your offerings.

Example: **FACEBOOK**

The company used a market penetration growth strategy

It started by focusing on a narrow target customer base, then expanded gradually. Here's how Facebook did it.

- **Start small:** Facebook began in the Harvard dorm room of Mark Zuckerberg. Consequently, the initial customer base was Harvard students.
- **Expand gradually:** Once Facebook gained traction at Harvard, it gradually expanded to other colleges. This allowed the company to grow using the same success model employed at Harvard.
- **Increase growth when you're ready:** After Facebook spread to colleges, it opened up to non-students. Its measured expansion allowed Facebook to focus on adjusting the product to the needs of each new customer segment. As a result, it avoided the growth challenges that led to MySpace's decline.

2: MARKET DEVELOPMENT STRATEGY

Its about entering a new market with existing products. A new market can refer to a different geography (for example, international expansion), a new segment of customers, or a new channel to reach customers, such as adding an online store to complement your brick-and-mortar location.

EXAMPLE: **DOLLAR SHAVE CLUB**

It employ a market development growth strategy

The key to Dollar Shave Club's success is that it could offer a lower-priced alternative to the leader by selling direct to the consumer, which represented a new market for razors at the time.

- **Identify a new market:** Gillette sold its products to retail outlets. Dollar Shave Club used the internet to employ a direct-to-consumer model that allowed it to sell razors for as little as a dollar.
- **Offer an improved customer experience:** Dollar Shave Club worked with manufacturers in Asia to produce razors, eliminating any markup from a middle man. These cost savings could be passed on to consumers who flocked to its low-cost offering.

3: PRODUCT DEVELOPMENT STRATEGY

It involves creating new products for existing markets. This can be as simple as an ice cream shop offering a new flavor, or as complex as introducing an entirely different product line, like if the ice cream shop began selling sandwiches.

Example: GOOGLE

It used a product development growth strategy

Google started as a business-to-consumer (B2C) company offering a search engine. But it needed a source of revenue. To achieve that revenue, it developed a new product, AdWords, targeted to businesses that had to pay to advertise.

- **Tailor the product for the customer:** Going from a B2C to a business-to-business (B2B) product required a new set of capabilities designed for its B2B audience.
- **The new product should complement existing products:** Google made sure its new AdWords product fit seamlessly into the experience of its B2C product. It had to safeguard the speed of its search engine, so it offered text ads, which loaded quickly, and looked like the other search engine results. This guaranteed the consumer experience was not degraded by advertising, ensuring that consumers would continue using the search engine.

4: DIVERSIFICATION GROWTH STRATEGY

It holds the greatest risk of failure. Creating new products for new markets means the business is a trailblazer. As a result, it's challenging to know how to succeed, although the rewards are higher if you do.

Example: AMAZON

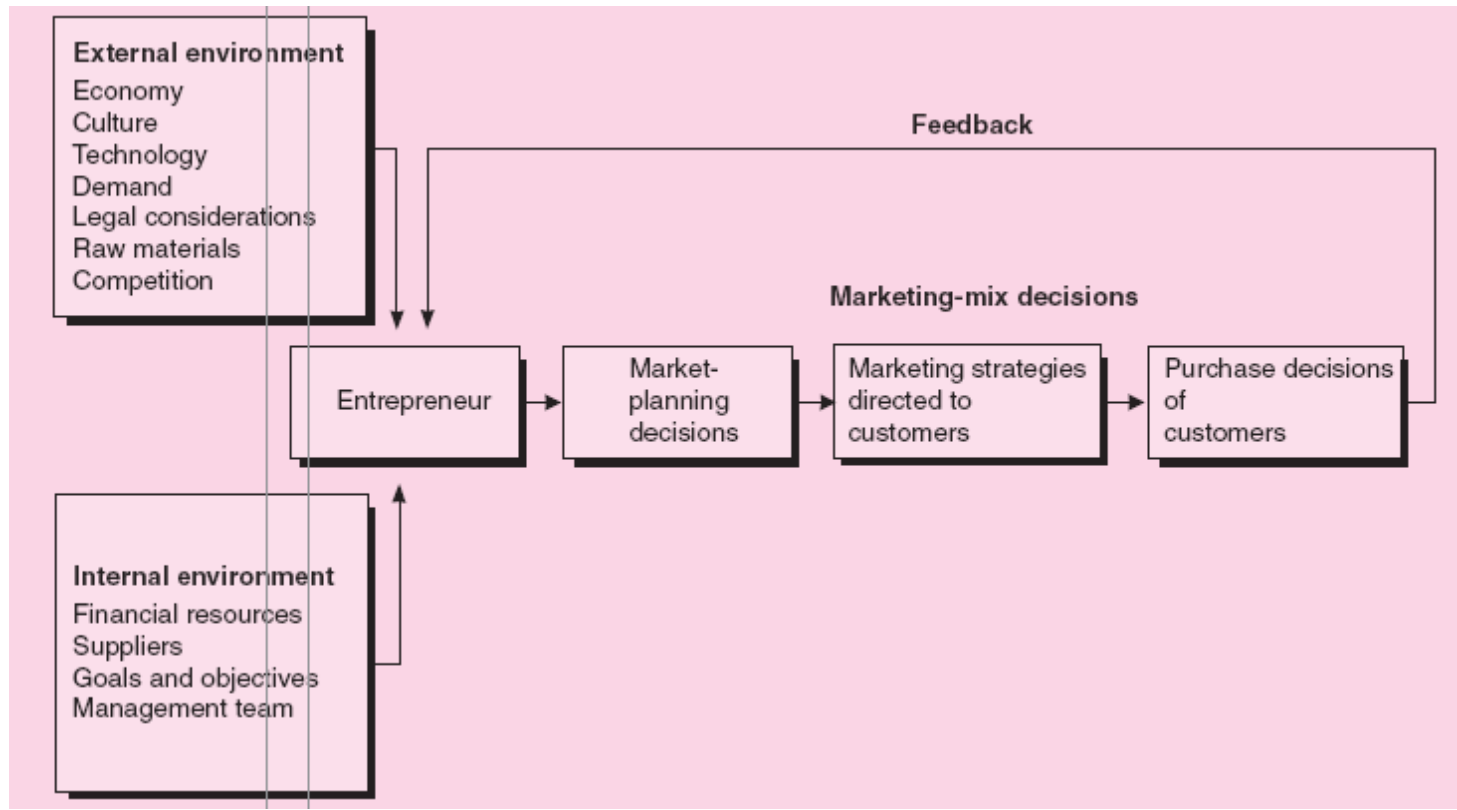
They Adapted Diversification growth strategy

Amazon was among the earliest online retailers, offering the ability to buy online (a new concept at the time) in a new market: the internet. Here's the growth strategy approach Amazon took.

- **Offer an improved customer experience:** It started by providing customers a larger selection of books than was available in brick-and-mortar bookstores. Being online, Amazon did not have the limits of shelf space. Also, customers could check the site and know right away if a book was in stock. This convenience allowed Amazon to succeed over larger brick-and-mortar booksellers.
- **Rinse and repeat:** Amazon then used its proven model in books to expand into adjacent markets, such as DVD and electronics sales. It continued to grow its offerings, and now it has spread into groceries and even healthcare.

Q5(A) Draw a block diagram showing the Marketing System for a new business by highlighting external and internal environmental factors.

Ans:



EXTERNAL ENVOIRNMENT

ECONOMY: The key factor in determining demand. E.g. many marketing objectives have been changed as a result of the recession. Factors such as exchange rates would also impact objectives concerned with international marketing.

CULTURE: The Immense Impact of **Culture** in Global **Marketing**. **Culture** refers to the influence of religious, family, educational, and social systems on people, how they live their lives, and the choices they make. **Marketing** always exists in an environment shaped by **culture**.

TECHNOLOGY: Consumer and other markets are now affected by rapid technological change, shortening product life cycles and creating great opportunities for innovation. These have to be taken into account when setting marketing objectives.

DEMAND: Customers need something to communicate with their family member outside their countries, they want to a smartphone which can perform multi-function; however, they cannot afford that smartphone with a limited budget. Therefore, their demand is just a typical phone which can perform basic functions. If your company is not able to figure out what are your customer demands, you will face difficulty in how to make your products consumed by customers.

LEGAL CONSIDERATIONS: There are some countries which their laws prevents the development of some certain industries. that can be a threat to the company. on the other hand, some industries receive positive and continuous support from local government via their rules and regulations.

RAW MATERIAL: services needed to complete the production process. Some **examples** are inputs like raw material, The **factor** can be purchased and sold, and they're needed in order for the goods and services **market** to complete a finished product since you are relying on external world to supply keeping your good relation as to complete the whole production process.

COMPETITION: Marketing objectives have to take account of likely / possible competitor response. E.g. an objective of increasing market share by definition means that competitor response will not be effective.

INTERNAL ENVOIRNMENT

FINANANCIAL RESOURCES: The financial position of the business (profitability, cash flow, liquidity) directly affects the scope and scale or marketing activities.

SUPPLIERS: Suppliers are the persons from whom the material is purchased to make a finished good and hence are very important for the organization. It is crucial to identify the suppliers existing in the market and choose the best that fulfills the firm's requirement.

GOALS AND OBJECTIVES : As with all the functional areas, Goals and objectives are the most important internal influence. A marketing objective should not conflict with a these objectives.

MANAGEMENT TEAM: The owners have to consider carefully set up a system to work smoothly within the company. Whether it is a centralized or decentralized system, the most important thing is how effective the structure is when applied for the company. The heads of departments need to make sure that the information flow is widely conveyed to all customers. Suitable rules and regulations are being applied to ensure the benefits of employees, and the business as well.