MGT602 - ENTREPRENEURSHIP

FINAL TERM MOST IMPORTANT QUESTIONS

PREPARED BY: SIR MUGHAL (ADMIN BS ZOOLOGY ANNOUNCEMENT)

GROUP LINK: https://chat.whatsapp.com/BjC6W0jZx8o9yaC2ISh1Gu

1. Differentiate between Market Strategy and Differential Strategy.

A **Market Strategy** is a broad plan that defines how a business enters, competes, and sustains itself in a market by targeting the right audience, positioning its brand, and optimizing its marketing mix. In contrast, a **Differentiation Strategy** focuses on making a product or service unique through innovation, superior quality, or exceptional customer experience. While market strategy is about competing effectively in a market, differentiation strategy ensures a business stands out.

2. Discuss about NABC.

The **NABC (Need, Approach, Benefit, and Competition) framework** is a structured method used in entrepreneurship and innovation to evaluate and refine business ideas. It helps entrepreneurs create compelling value propositions by addressing four key aspects.

- ***Need*** – This refers to identifying a real and pressing problem faced by customers. Entrepreneurs must understand their target market's pain points and unmet demands to ensure their solution is relevant and valuable.
- ***Approach*** – This defines how the business plans to address the identified need. It includes the product, service, or technology being developed and the unique methodology or strategy used to deliver the solution.
- ***Benefit*** – This highlights the tangible and intangible advantages customers will gain from the proposed solution. It should clearly communicate why the product is valuable and how it improves customer experiences, efficiency, or cost-effectiveness.
- ***Competition*** – This assesses existing solutions and alternative options in the market. Entrepreneurs must analyse their competitors, differentiate their offering, and identify their competitive advantage to ensure long-term sustainability.

3. Briefly explain Pilot of Plane principle of effectuation.

The **Pilot of Plane Principle** in effectuation refers to the idea that entrepreneurs control the future through their actions, rather than predicting it. Just like a pilot steering a plane, entrepreneurs actively shape their path by leveraging available resources, making decisions based on what they can control, and adapting as they go, rather than relying on predetermined plans or forecasts. This principle emphasizes flexibility, adaptability, and taking action with the resources at hand.

4. What is principal of Effectuation?

The **Principles of Effectuation** are key concepts introduced by Saras Saraswathi to describe how expert entrepreneurs make decisions in uncertain environments. The five core principles are:

- ***Bird-in-Hand Principle*** – Start with what you have. Entrepreneurs leverage their existing resources, skills, and network rather than waiting for ideal conditions.
- ***Affordable Loss Principle*** – Focus on what you're willing to lose rather than on potential gains. This helps manage risk by making decisions based on affordable losses rather than expected returns.
- ***Crazy-Quilt Principle*** – Build partnerships with stakeholders who can contribute to the venture. Collaboration with others reduces uncertainty and opens new opportunities.
- ***Lemonade Principle*** – Embrace surprises and setbacks as opportunities. Entrepreneurs remain flexible and adapt their plans in response to unexpected events.
- ***Pilot-in-the-Plane Principle*** – The future is created through actions. Entrepreneurs focus on what they can control, actively shaping the outcomes rather than relying on predictions.

5. Differentiate between Institution Based Market & Consumer Market.

An **Institution-Based Market** involves organizations, businesses, or government entities as the primary buyers. In this market, transactions typically involve bulk purchases, long-term contracts, and a focus on meeting institutional needs such as supplies, services, or equipment. The decision-making process is more formal and rational, often involving multiple stakeholders and a structured procurement process.

Consumer Market focuses on individual buyers who purchase goods and services for personal use. The decisions in this market are more influenced by emotional factors, brand preferences, and personal needs. Consumers usually make quicker purchasing decisions and are more driven by price sensitivity, convenience, and lifestyle preferences.

6. Write benefits of Business Idea.

A strong business idea offers several benefits, both for the entrepreneur and the market. Here are some key advantages:

- ***Direction and Focus*** – A well-defined business idea provides clarity on the product, market, and target audience, guiding the entrepreneur's efforts and decisions toward a specific goal.
- ***Value Creation*** – A good business idea addresses customer needs, solving problems or improving lives, which creates value for customers and establishes a competitive advantage.
- ***Innovation and Differentiation*** – A unique business idea can differentiate a company from competitors, offering something new or improved in the market, which attracts customers and builds brand loyalty.
- ***Market Opportunity*** – Identifying an unmet need or niche market through a business idea opens opportunities for growth, scalability, and profit potential.
- ***Attracting Investment*** – A compelling business idea can attract investors, as it demonstrates clear potential for success and financial return, making it easier to secure funding.

7. Write benefits of well written business planning?

A well-written business plan provides several significant benefits, making it an essential tool for entrepreneurs:

- ***Clarity and Direction*** – A detailed business plan helps define the company's vision, mission, and goals, providing clear direction for decision-making and strategy implementation.
- ***Attracting Investors and Funding*** – A comprehensive business plan demonstrates to investors or lenders that the business has a solid strategy, financial projections, and risk management, increasing the chances of securing funding.

- ***Risk Management*** – By outlining potential risks and challenges, a business plan allows entrepreneurs to anticipate and plan for uncertainties, reducing the likelihood of costly surprises.
- ***Resource Allocation*** – It helps identify the resources required, including finances, personnel, and technology, enabling efficient allocation to maximize productivity and growth.
- ***Focus and Accountability*** – A business plan acts as a roadmap, helping the entrepreneur stay focused on key objectives and hold the team accountable for reaching milestones.
- ***Market Analysis and Competitive Edge*** – Conducting market research as part of the plan provides insight into customer needs, trends, and competitors, allowing the business to identify opportunities and gain a competitive edge.
- ***Improved Decision Making*** – With a structured approach to planning, entrepreneurs can make more informed and strategic decisions, considering long-term goals rather than reacting impulsively.

8. Differentiate between vision and mission.

A **vision** is a forward-looking statement that defines what the business aspires to become or achieve in the future. It represents the long-term goals and the ultimate impact the organization hopes to have on its industry, community, or the world. A vision provides inspiration and a sense of purpose, helping to align the organization toward a common goal. For example, a company might have the vision to "become the global leader in sustainable energy solutions."

A **mission**, on the other hand, defines the business's current purpose and the specific actions it is taking to achieve its vision. It outlines the company's core purpose, values, and the reason for its existence. A mission statement focuses on what the business does, who it serves, and how it delivers value. For instance, the mission of the same company could be "to provide affordable and renewable energy to communities worldwide through innovative technology and sustainable practices."

9. Mention any 6 reasons why brand is important.

A strong brand is essential for several reasons:

- ***Recognition and Recall*** – A well-established brand helps customers easily identify and remember a company's products or services.
- ***Trust and Loyalty*** – A reputable brand builds trust, fostering customer loyalty and repeat business.
- ***Differentiation*** – A unique brand helps a business stand out from competitors in a crowded market.
- ***Premium Pricing*** – Strong brands can command higher prices due to perceived value, quality, and reputation.
- ***Emotional Connection*** – A compelling brand connects with customers on an emotional level, strengthening relationships and brand advocacy.
- ***Business Growth*** – A strong brand attracts new customers, partnerships, and investment, supporting overall business expansion.

10. According to Garnier at which phase of business growth, crisis of a growth occur and what strategy would be adopted?

According to **Garnier's Model of Business Growth**, a **crisis of growth** typically occurs in the **"Rapid Growth Phase"**. This phase is marked by quick expansion, where the business struggles to maintain control and manage its increasing operations, resources, and personnel. The challenge lies in adapting the structure, processes, and culture to handle the rapid scale.

To overcome the crisis of growth, the strategy that would be adopted is to **formalize and streamline operations**. This involves implementing more structured processes, improving organizational efficiency, and possibly decentralizing decision-making to allow managers to take more responsibility. Additionally, businesses may need to strengthen leadership, invest in technology, and refine communication channels to maintain quality and consistency during growth. Balancing innovation with operational efficiency becomes crucial at this stage to avoid burnout and maintain sustainable growth.

11. Write three means of business startup?

There are several ways to start a business, and three common means include:

- ***Starting from Scratch*** – This involves creating a completely new business idea, developing a unique product or service, and building the company from the ground up. Entrepreneurs with a strong vision, innovation, and market research often choose this approach.
- ***Franchising*** – This means purchasing the rights to operate an established business model under an existing brand. Franchising provides a proven system, brand recognition, and support, making it a popular option for those looking to minimize risk.
- ***Buying an Existing Business*** – This involves purchasing a pre-existing business, which already has an established customer base, operational systems, and financial history. It can offer a faster entry into the market but requires careful evaluation to ensure it's a good fit.

12. Define Liability. Difference between current and long-term liability.

Liability refers to any financial obligation or debt that a business owes to external parties, such as loans, accounts payable, or other forms of financial commitments. It represents an obligation to settle debts in the future, typically involving cash payments.

Difference Between Current Liability and Long-Term Liability:

- ***Current Liability:*** These are short-term financial obligations that a business must settle within one year or within its operating cycle, whichever is longer. Examples include accounts payable, short-term loans, and accrued expenses. Current liabilities are typically settled with the company's current assets.
- ***Long-Term Liability:*** These are financial obligations that are due after more than one year. These liabilities are typically larger, more strategic, and include long-term loans, bonds payable, and pension liabilities. Long-term liabilities are settled over a longer period and are generally financed with long-term assets.

13. Difference between effectuation and caution leadership statement.

Effectuation is a mindset where entrepreneurs focus on controlling what they can and using available resources to create opportunities, even in uncertain conditions. The approach encourages flexibility, experimentation, and adapting to unforeseen circumstances, with the belief that the future is shaped by actions taken today. Effectuation is rooted in the idea that entrepreneurs can create their own path through the resources at hand, partnerships, and collaboration.

Caution Leadership is characterized by a more conservative approach, where leaders prioritize risk management and careful decision-making. Caution leadership focuses on minimizing risks, avoiding uncertainty, and making calculated decisions based on thorough analysis and predictions. This type of leadership may delay taking action until more information is available and risks are deemed acceptable, focusing on stability and controlled growth.

14. Define Management communication mix. Write three components of it.

Management Communication Mix refers to the blend of communication channels used to manage and share information within and outside the organization.

Three Components:

- ***Internal Communication*** – Communication within the organization (emails, meetings, intranet) to align teams and share updates.
- ***External Communication*** – Communication with stakeholders (advertising, PR, social media) to build and maintain brand image.
- ***Interpersonal Communication*** – Direct communication (one-on-one meetings, feedback sessions) to foster relationships and understanding.

15. Differentiate between need and want.

Need refers to something essential for survival or basic functioning, like food, water, shelter, and healthcare. These are fundamental requirements for life.

Want, on the other hand, refers to desires or preferences that enhance comfort or lifestyle but aren't essential. For example, a luxury car, branded clothing, or vacation trips are wants, not needs.

16. Differentiate between sale and profit.

Sale refers to the total revenue a business earns from selling its goods or services. It is the money received from customers before any costs or expenses are deducted. For example, if a store sells 100 items at $10 each, the total sale would be $1,000.

Profit, however, is the amount of money that remains after all the business's expenses—such as production costs, salaries, rent, taxes, and utilities—are subtracted from the total sales revenue. Profit represents the actual financial gain or loss of a business.

17. How does the factor of complexity effect the extent of a business plan document?

The **complexity** of a business affects the length of its business plan. More complex businesses, such as larger companies with multiple products or markets, require detailed plans covering various aspects like operations, financials, and risks. Simpler businesses with fewer products or in less competitive markets need shorter, more straightforward plans. The more factors involved, the more detailed the plan.

18. Explain five personal barriers in creativity and innovation.

Here are five personal barriers to creativity and innovation:

- ***Fear of Failure*** – The fear of making mistakes or facing failure can prevent individuals from taking risks and trying new ideas, stifling creativity and innovation.
- ***Lack of Confidence*** – Without confidence in their abilities, people may hesitate to share or act on their ideas, limiting their potential for creative solutions.
- ***Fixed Mindset*** – A fixed mindset, where individuals believe their abilities and intelligence are static, can hinder learning, growth, and openness to new ideas.
- ***Perfectionism*** – Striving for perfection can lead to overthinking and delaying actions, preventing the execution of innovative ideas.

Prepared by: Sir Mughal
0313-2310940

- ***Complacency*** – Being comfortable with the status quo and not seeking new ways to solve problems can stifle creativity, as individuals may resist change or improvements.

19. What is Bird in Hand principle of effectuation?

The **Bird-in-Hand Principle** of effectuation emphasizes starting with the resources you already have, rather than waiting for ideal conditions or external factors. It suggests that entrepreneurs should use their existing skills, knowledge, networks, and resources to begin their venture and create opportunities. Instead of focusing on what they lack, they should focus on what is available to them right now to take action and move forward with their business. This principle encourages a practical and resourceful approach to entrepreneurship.

20. Nishat Linen is a renewed brand offering clothes, jewelry, bedding. Which kind of organizational strategy should they use?

For a well-established brand like **Nishat Linen**, which offers clothes, jewellery, and bedding, the most suitable organizational strategy would likely be a **Differentiation Strategy**. This strategy focuses on offering unique products that stand out in the market, allowing the company to charge a premium price. Here's why:

- ***Brand Identity:*** Nishat Linen already has a strong brand identity, which can be leveraged to create distinct products that appeal to specific customer preferences. Differentiation helps in maintaining this brand's uniqueness in a competitive market.
- ***Product Variety:*** Offering clothes, jewellery, and bedding requires creating specialized products that meet the tastes of different customer segments. By differentiating their product range, they can target diverse market needs while reinforcing their brand's reputation for quality and variety.
- ***Quality and Innovation:*** Nishat Linen can emphasize quality, design innovation, and customer experience, making its products more attractive to consumers who are willing to pay more for exclusivity.

21. Elaborate two components that affect the extent of business plan.

Two key components that affect the extent of a business plan are:

1. ***Business Complexity:*** The more complex a business is in terms of its size, operations, and scope, the more detailed the business plan will need to be. For example, a business with multiple products, services, or locations requires a comprehensive plan to cover all aspects, including operational processes, financial projections, and management structures. A simpler business with a single product or service will need a shorter, more focused plan.
2. ***Market and Industry Factors:*** The level of competition, market maturity, and industry regulations also influence the depth of the business plan. In a competitive or highly regulated market, the plan will need to include detailed market research, competitive analysis, and strategies to address industry challenges. Conversely, in a less competitive or emerging market, the plan may be more straightforward and less complex.

22. What is Market Based Organizational Structure vs Geographical Based Organization Structure.

Market-Based Organizational Structure and **Geographical-Based Organizational Structure** are two different ways of organizing a business, each focusing on specific operational priorities.

1. ***Market-Based Organizational Structure:*** In this structure, the organization is divided based on different customer segments or product markets. The focus is on catering to specific market needs, such as consumer products, business services, or luxury items. This structure allows companies to develop specialized teams that are better equipped to meet the demands and expectations of different customer groups. For example, a company might have separate divisions for retail, corporate clients, and online sales.
2. ***Geographical-Based Organizational Structure:*** This structure divides the company based on geographic regions, such as continents, countries, or cities. It is typically used by multinational corporations with operations in various locations. The advantage is that it allows the business to adapt to local market conditions, regulations, and customer preferences. Each geographic division operates almost like an independent entity, with decision-making powers tailored to its region.

23. Explain Communication in business plan document.

Communication in a business plan ensures clarity, understanding, and alignment with stakeholders. Key aspects include:

- ***Clarity:*** The plan should be clear and easy to understand.
- ***Target Audience:*** Tailor the content to the audience, whether investors or partners.
- ***Persuasiveness:*** Effectively persuade stakeholders about the business's potential.
- ***Consistency:*** Ensure all sections align with the overall business goals.
- ***Visuals:*** Use charts and graphs to communicate data effectively.

24. Differentiate between Want and Demand.

Want refers to something that a person desires or wishes for but does not necessarily need to survive or function. It's driven by personal preferences, such as wanting a luxury car or the latest smartphone.

Demand refers to the desire for a product or service backed by the ability and willingness to pay for it. It is a more specific and actionable form of want, shaped by economic factors like income and market conditions.

25. What are 2 key values that make up a strong value preposition statement in a business method.

Two key values that make up a strong value proposition statement in a business method are:

1. ***Customer Benefit:*** This highlights the specific value or benefit that the customer will receive from the product or service. It answers the question, "What problem does the product solve, or how does it improve the customer's life?"
2. ***Differentiation:*** This emphasizes what sets the product or service apart from competitors. It explains why customers should choose this offering over others, showcasing its unique features or advantages.

26. What role does marketing intelligence play in navigating institutional market?

Marketing intelligence plays a crucial role in navigating the institutional market by providing businesses with valuable insights into market trends, customer behaviour, and competitor strategies. It helps companies make informed decisions by:

1. ***Identifying Market Opportunities***: Through gathering and analysing data, marketing intelligence helps businesses spot emerging trends, unmet needs, or gaps in the institutional market, allowing them to adapt their offerings accordingly.
2. ***Competitive Advantage:*** It enables businesses to understand competitors' strengths, weaknesses, and strategies. This knowledge helps in positioning products and services more effectively, ensuring a competitive edge in the market.
3. ***Customer Segmentation:*** Marketing intelligence allows for a deeper understanding of institutional customers, their preferences, and buying patterns, leading to more targeted and personalized marketing efforts.
4. ***Risk Mitigation:*** By keeping track of regulatory changes, economic factors, and market shifts, marketing intelligence helps businesses anticipate challenges and reduce risks when entering or expanding in the institutional market.

27. Differentiate between Market Leader and Market Niche.

1. ***Market Leader:*** A company that holds the largest market share in its industry, leading in sales, innovation, and brand recognition. It sets trends and often influences market direction. For example, companies like Apple or Coca-Cola are considered market leaders in their respective industries.
2. ***Market Niche:*** A company that targets a specific, smaller segment of the market, focusing on specialized products or services. Instead of competing with larger companies, niche businesses cater to the unique needs of a particular group of customers. An example would be a company selling eco-friendly products or luxury custom goods.

28. Differentiate between utility of a business plan for external and internal users?

The **utility of a business plan** differs for **external** and **internal users** in terms of purpose and focus:

1. ***External Users:*** For investors, banks, and potential partners, the business plan provides information about the company's viability, financial health, and growth potential. It helps them assess the risk, profitability, and feasibility of the business, guiding their decision to invest or collaborate.
2. ***Internal Users:*** For management and employees, the business plan serves as a roadmap for operations, goals, and strategies. It helps align the team's efforts, track progress, and ensure that the business stays focused on its mission and objectives. It can also be used to make informed decisions regarding resources, marketing, and growth strategies.

29. Write five characteristics of Soul Proprietorship Business.

Five characteristics of a **Sole Proprietorship Business** are:

1. ***Single Ownership:*** The business is owned and operated by one individual who has full control over decision-making and operations.
2. ***Unlimited Liability:*** The owner is personally responsible for all debts and obligations of the business, which means personal assets are at risk.

3. ***Simple Formation:*** It is easy to start with minimal legal requirements and costs, making it ideal for small businesses.
4. ***Complete Profit Control:*** The owner retains all profits from the business without sharing them with others.
5. ***Limited Life Span:*** The business typically ends with the owner's death, retirement, or decision to dissolve the business.

30. What are competitive advantages? Name any three competitive positions.

Competitive advantages are unique strengths or features that allow a business to outperform its competitors, offering greater value to customers or achieving superior performance in the market. These advantages can stem from factors like brand reputation, cost structure, customer service, or technology.

Three competitive positions are:

1. ***Cost Leadership:*** The business focuses on being the lowest-cost producer in the industry, often by reducing costs through economies of scale, efficient operations, or innovative processes.
2. ***Differentiation:*** The business offers unique products or services that stand out from competitors, allowing it to charge a premium price.
3. ***Focus:*** The business targets a specific market segment or niche, tailoring its products and services to meet the unique needs of that group more effectively than competitors.

31. Business orientation defines the extent of business plan. Briefly explain about it.

Business orientation refers to the approach a business takes towards its operations, strategy, and goals. It influences the depth and scope of the business plan, as it determines what aspects of the business need to be prioritized.

For example:

1. ***Product-Oriented Businesses:*** Focus on developing high-quality or innovative products. Their business plan will emphasize product features, development processes, and market positioning.
2. ***Market-Oriented Businesses:*** Focus on customer needs and market trends. Their business plan will include detailed market research, customer segmentation, and strategies for meeting market demand.
3. ***Sales-Oriented Businesses:*** Focus on aggressive marketing and sales strategies. The business plan will highlight sales targets, promotional strategies, and customer acquisition plans.

32. Write the 3 sub-systems of ecosystem entrepreneurship.

The three sub-systems of **ecosystem entrepreneurship** are:

1. ***Entrepreneurs:*** The individuals or teams that create new ventures, innovate, and drive the entrepreneurial process. They are the key agents of change in the ecosystem.
2. ***Organizations:*** This includes firms, institutions, and support organizations (such as incubators, accelerators, universities, and financial entities) that provide resources, expertise, and infrastructure to support entrepreneurial activities.
3. ***Institutions:*** The formal and informal rules, policies, and cultural norms that shape entrepreneurial behaviour. These include government regulations, market dynamics, legal frameworks, and societal attitudes towards entrepreneurship.

33. Differentiate between fixed costs and variable costs.

Fixed Costs are expenses that remain constant regardless of the level of production or sales. They do not change with the volume of goods or services produced. Examples include rent, salaries, and insurance.

Variable Costs change in direct proportion to the level of production or sales. The more you produce, the higher the costs. Examples include raw materials, labor costs, and utility bills tied to production activities.

34. Enlist all the 10 steps of marketing strategy.

The 10 steps of a marketing strategy are:

1. ***Market Research:*** Understanding market trends, customer needs, and competitors.
2. ***Target Audience Identification:*** Defining the ideal customer segments to target.
3. ***Set Marketing Goals:*** Establishing clear, measurable goals aligned with business objectives.
4. ***Positioning Strategy:*** Deciding how to position the product in the market to stand out.
5. ***Competitive Analysis:*** Analysing competitors' strengths, weaknesses, and strategies.
6. ***Unique Value Proposition (UVP):*** Defining what makes the product or service unique and valuable.
7. ***Marketing Budget:*** Allocating resources and setting a budget for marketing activities.
8. ***Tactical Planning:*** Developing specific actions and tactics for reaching marketing goals (e.g., advertising, social media).
9. ***Implementation:*** Executing the marketing plan and ensuring all elements are in place.
10. ***Evaluation and Adjustment:*** Measuring the performance of the marketing efforts and making necessary adjustments to improve results.

35. Write three core principles of Blue Ocean Strategy.

Three core principles of **Blue Ocean Strategy** are:

1. ***Value Innovation:*** Focus on creating new value for both the company and its customers, making the competition irrelevant by offering something unique or radically different.
2. ***Create Uncontested Market Space:*** Instead of competing in existing markets, companies should create new markets (blue oceans) where they can innovate and grow without direct competition.
3. ***Break the Value-Cost Trade-Off:*** Rather than choosing between differentiation and low cost, Blue Ocean Strategy aims to achieve both by simultaneously pursuing value innovation to lower costs and increase value.

36. What reasons should give by the competitors to increase in price?

Competitors might raise prices for several reasons, including:

1. ***Increased Production Costs:*** Rising costs of raw materials, labor, or energy may force companies to adjust prices to maintain profitability.
2. ***Improved Product Quality:*** Enhancements in product features, design, or quality may justify a price increase as customers perceive higher value.
3. ***Market Demand:*** If demand for the product increases, competitors may raise prices to capitalize on the market opportunity.
4. ***Economic Conditions:*** Inflation, changes in currency value, or shifts in the broader economy can lead to higher prices across the industry.
5. ***Regulatory Changes:*** New taxes, tariffs, or regulations might increase operational costs, prompting competitors to raise prices to cover additional expenses.

6. ***Brand Positioning:*** A company may raise prices to position itself as a premium brand, targeting higher-income customers willing to pay more for perceived exclusivity.

37. Business plan is a link between idea and physical business. Do you agree with this statement?

Yes, I agree with this statement. A business plan acts as a **link between the idea and the physical business** by providing a structured roadmap that guides the transition from a concept or idea to a fully operational business. It outlines the vision, mission, market research, financial projections, and operational strategies needed to turn an idea into a successful business. The plan also helps secure funding and ensures that all aspects of the business are thought through before execution. It serves as a crucial tool for both planning and executing the business idea.

38. Differentiate between Radical and Disruptive innovation.

1. ***Radical Innovation:*** Refers to breakthroughs that create entirely new markets or drastically change existing industries. It introduces novel concepts or technologies that are fundamentally different from what currently exists. Example: The invention of the personal computer.
2. ***Disruptive Innovation:*** Involves innovations that start in a niche market but eventually disrupt established markets by offering simpler, more affordable alternatives. These innovations often improve over time and displace market leaders. Example: The rise of smartphones replacing traditional mobile phones.

39. State Lemonade Principle of Effectuation.

The **Lemonade Principle** of effectuation is about embracing unexpected challenges and turning them into opportunities. It suggests that instead of being discouraged by unforeseen events or setbacks, entrepreneurs should adapt and leverage these situations to create new avenues for growth. Just as lemonade is made from sour lemons, entrepreneurs can use the "lemons" (unexpected obstacles) they encounter to improve their business and create value.

40. What are 3 pricing objectives?

Three common **pricing objectives** are:

1. ***Profit Maximization:*** Setting prices to generate the highest possible profit by balancing costs, demand, and competition.
2. ***Market Penetration:*** Setting a lower price to attract a large customer base quickly and gain market share, with the goal of increasing sales volume.
3. ***Skimming:*** Setting a high price initially to maximize profits from early adopters before gradually lowering the price to attract more price-sensitive customers.

41. What are Personal and Venture assets before starting a business?

Personal Assets and **Venture Assets** are two important categories of resources entrepreneurs consider before starting a business:

1. ***Personal Assets***: These are the resources an entrepreneur owns individually, such as savings, property, or investments. These assets may be used to fund the startup or secure loans. They reflect the entrepreneur's financial capacity and willingness to invest in the business.

2. ***Venture Assets:*** These are the resources that are directly tied to the business itself, including intellectual property, equipment, inventory, or any other assets that will be used in the operations of the business. These assets are typically acquired or developed once the business starts and grow with the company.

42. How a business experience can add a value in a business?

Business experience adds significant value by enhancing decision-making, risk management, and operational efficiency. Experienced entrepreneurs can make informed, strategic decisions based on past lessons, effectively identify and mitigate risks, and streamline business operations to reduce costs. Moreover, seasoned business owners often have established networks that offer opportunities for collaboration and growth. Their leadership skills also contribute to managing teams, fostering a positive culture, and improving employee performance. Overall, business experience equips entrepreneurs with the knowledge and skills necessary to navigate challenges, capitalize on opportunities, and build a sustainable business.

43. Explain dynamic ecosystem of Entrepreneurial.

The **dynamic ecosystem of entrepreneurship** refers to the ever-evolving network of interconnected elements that support the creation, growth, and success of entrepreneurial ventures. It includes various components such as entrepreneurs, investors, organizations, institutions, and resources that interact and influence each other. These elements are constantly changing due to factors like technological advancements, market shifts, regulatory changes, and social trends.

44. Write names of 4 mergers.

Here are the names of four notable mergers:

1. ***Exxon and Mobil** (1999) –* The merger of two major oil companies to form ExxonMobil, one of the largest publicly traded oil and gas companies in the world.
2. ***Disney and Pixar** (2006) –* Disney acquired Pixar, a leading animation company, strengthening its position in the animation and entertainment industries.
3. ***Daimler-Benz and Chrysler** (1998) –* The merger of the German car manufacturer Daimler-Benz and the American automotive company Chrysler, creating DaimlerChrysler.
4. ***Amazon and Whole Foods** (2017) –* Amazon acquired Whole Foods to expand into the brick-and-mortar grocery business and strengthen its position in the retail market.

45. Write two questions that an entrepreneur needs to answer in NABC framework.

Two key questions an entrepreneur needs to answer in the **NABC framework** are:

1. ***Need:*** What is the specific problem or need in the market that the business addresses?
2. ***Benefit:*** How does the product or service offer a compelling solution or benefit to the target customers?

46. Write five stages of business plan.

Five stages of a business plan are:

1. ***Executive Summary:*** An overview of the business, including its mission, vision, and objectives, offering a snapshot of the plan.
2. ***Business Description:*** A detailed explanation of the business, including its products or services, target market, and value proposition.

3. ***Market Analysis:*** Research on the industry, target market, competitors, and customer needs to understand market trends and opportunities.
4. ***Organization and Management:*** Outlining the business structure, key team members, and their roles and responsibilities.
5. ***Financial Plan:*** Financial projections, including income statements, balance sheets, and cash flow statements, to demonstrate the business's financial viability.

47. What are Logistics ways of business?

Logistics in business refers to the process of managing the flow of goods, services, and information from the point of origin to the final customer. Key logistics methods include:

1. ***Inbound Logistics:*** Managing the acquisition of raw materials, components, and resources needed for production. This involves transportation, warehousing, and inventory management.
2. ***Outbound Logistics:*** Handling the distribution of finished goods to customers, including storage, packaging, transportation, and delivery.
3. ***Third-Party Logistics (3PL):*** Outsourcing logistics functions to specialized third-party providers who manage storage, transportation, and delivery services.
4. ***Supply Chain Management (SCM):*** Overseeing the entire process of production, from sourcing raw materials to delivering products to end customers, ensuring efficiency and cost-effectiveness.
5. ***Reverse Logistics:*** The process of handling returns, recycling, or disposal of products after they reach the customer.

48. Enlist three phases of strategy management.

Three phases of strategy management are:

1. ***Strategy Formulation:*** In this phase, businesses define their vision, mission, and goals, conduct market analysis, and develop strategies to achieve their objectives.
2. ***Strategy Implementation:*** This phase involves putting the formulated strategy into action by allocating resources, establishing processes, and managing organizational change to ensure successful execution.
3. ***Strategy Evaluation and Control:*** In this phase, businesses assess the performance of implemented strategies, measure results against goals, and make adjustments as necessary to stay on track and address challenges.

49. Why Entrepreneur move the institutional market outward the consumer market?

Entrepreneurs often move from the **consumer market** to the **institutional market** for several reasons:

1. ***Higher Volume and Stability:*** Institutional markets, such as businesses, government agencies, and large organizations, typically offer larger and more stable orders, leading to consistent revenue streams.
2. ***Less Price Sensitivity:*** Institutions are often less price-sensitive than individual consumers, allowing entrepreneurs to sell at higher prices or offer premium products/services.
3. ***Long-Term Contracts:*** Institutions may offer long-term contracts or partnerships, providing a more secure and predictable business environment.
4. ***Larger Market Potential:*** Entrepreneurs may find that the institutional market has broader, untapped potential, especially if their product or service meets the specific needs of businesses or organizations.
5. ***Diversification:*** Expanding into institutional markets helps entrepreneurs diversify their customer base, reducing dependency on the consumer market and spreading business risk.

50. Write two primary statements about financial income.

Two primary statements about financial income are:

1. ***Revenue Generation:*** Financial income refers to the earnings a business generates through its core operations, such as sales of products or services, interest income, or dividends.
2. ***Profitability Indicator:*** It serves as a key indicator of a business's profitability, helping to assess how effectively the business converts its operations into financial returns.

51. Write two main types of Guerrilla marketing.

Two main types of **Guerrilla Marketing** are:

1. ***Ambush Marketing:*** This strategy involves associating a brand with an event or campaign without officially being a sponsor, often in a creative or unconventional way, to attract attention.
2. ***Experiential Marketing:*** Focused on creating memorable experiences for customers, this type of guerrilla marketing engages people through interactive and immersive campaigns that leave a lasting impression.

52. Differentiate between Blue Ocean Strategy and Red Ocean Strategy.

Blue Ocean Strategy and **Red Ocean Strategy** are two distinct approaches to business competition:

1. ***Blue Ocean Strategy:*** Focuses on creating new, untapped market space (blue oceans) where competition is minimal or irrelevant. Companies pursue innovation and differentiation to offer unique value, aiming for uncontested market leadership and higher profitability.
2. ***Red Ocean Strategy:*** Involves competing in existing, saturated markets (red oceans) where businesses fight for market share. The focus is on outperforming rivals through pricing, marketing, or improving product offerings, leading to fierce competition and often lower profit margins.

53. Differentiate between Flat Structure and Tall Structure.

Flat Structure and **Tall Structure** refer to different types of organizational hierarchies:

1. ***Flat Structure:*** This structure has fewer hierarchical levels, with a wide span of control, meaning that managers supervise a large number of employees. It promotes quick decision-making, better communication, and more autonomy for employees but can lead to role ambiguity and less managerial oversight.
2. ***Tall Structure:*** In contrast, this structure has multiple hierarchical levels, with a narrow span of control. Managers oversee fewer employees, which allows for more control and specialization but can result in slower decision-making, higher costs, and potential communication barriers due to the many layers of management.

54. Which innovative structure is in Amazon?

Amazon primarily adopts a **hybrid organizational structure**, combining elements of both **flat** and **matrix structures**. This allows for flexibility and innovation while maintaining clear lines of authority and responsibility.

1. ***Flat Structure:*** Amazon encourages a culture of empowerment and autonomy, particularly within its teams and smaller divisions. It has fewer hierarchical layers, promoting quicker decision-making and innovation at the operational level.

2. ***Matrix Structure:*** Amazon also employs a matrix structure in some areas, where employees may report to multiple managers (e.g., functional and project-based). This helps foster cross-functional collaboration and facilitates the fast-paced innovation Amazon is known for, particularly in its product development and technology teams.

55. State Crazy Quilt Principle of effectuation.

The **Crazy Quilt Principle** of effectuation emphasizes building partnerships and collaborations with stakeholders, rather than waiting for perfect conditions. It suggests that entrepreneurs should leverage existing resources and relationships to co-create opportunities and shape the future of their business. By working with others who bring different expertise, networks, and resources, entrepreneurs can reduce uncertainty and create shared value. Essentially, this principle is about forming alliances and using those connections to test and grow a business in unpredictable and evolving markets.

56. Differentiate between Packaging and Labeling with example.

Packaging and **Labelling** are two distinct but related components in product presentation:

1. ***Packaging:*** Refers to the materials used to enclose or protect a product for storage, transportation, and sale. It is designed to safeguard the product, attract customers, and provide information about the product's features. Packaging also plays a role in branding. *Example*: A bottle of shampoo with a plastic container designed to protect the contents and display the brand's logo.
2. ***Labelling:*** Involves the information provided on the packaging, such as product details, instructions, ingredients, warnings, and branding. Labels help customers understand the product's contents and usage. *Example*: A label on the shampoo bottle providing the list of ingredients, instructions for use, expiration date, and safety precautions.

57. What is the difference between Horizontal Merge Company and Vertical Merge Company.

1. ***Horizontal Merger:*** Occurs when two companies in the same industry, at the same stage of production, combine to form one entity. The goal is to expand market share, reduce competition, and achieve economies of scale. *Example*: A merger between two smartphone manufacturers like Apple and Samsung (if it were to happen) to dominate the mobile phone market.
2. ***Vertical Merger:*** Involves the combination of companies at different stages of the supply chain within the same industry. This type of merger aims to increase control over the production process, reduce costs, and improve efficiency. *Example*: A merger between a car manufacturer and a tire company, where the car company acquires a supplier of tires to control its supply chain.

58. What is the effect on the Entrepreneur after closing the business?

After closing a business, the **entrepreneur** can experience a range of effects, both emotional and practical:

1. ***Emotional Impact:*** Entrepreneurs may face feelings of disappointment, failure, or loss, especially if the closure is due to financial difficulties or unfulfilled expectations. On the other hand, if the closure was a strategic decision, they might feel relief or readiness to move on to new opportunities.
2. ***Financial Consequences:*** Entrepreneurs may incur personal financial losses, especially if they invested personal savings or took on debt to fund the business. They may also need to settle outstanding liabilities or legal issues.

3. ***Reputation and Relationships:*** The closure may affect the entrepreneur's reputation with customers, suppliers, and employees. Maintaining professionalism during the process is crucial to preserving these relationships for future ventures.
4. ***Legal and Administrative Tasks:*** Entrepreneurs will need to handle the legal and administrative process of winding down the business, including notifying stakeholders, selling assets, and dissolving contracts or partnerships.
5. ***New Opportunities:*** While the closure may feel like a setback, it can also open doors for new opportunities, as the entrepreneur may gain new insights, experiences, and contacts that can be valuable for future endeavours.

59. Give three strategies in Strategic Management.

Three common strategies in **Strategic Management** are:

1. ***Cost Leadership Strategy:*** This strategy focuses on becoming the lowest-cost producer in an industry, allowing a company to offer products or services at a competitive price while maintaining profitability. It involves optimizing operational efficiency and cost reduction.
2. ***Differentiation Strategy:*** Companies following this strategy aim to offer unique products or services that stand out in the market. By focusing on quality, features, or customer service, businesses create a distinct brand identity that allows them to charge premium prices.
3. ***Focus Strategy:*** This strategy targets a specific market segment or niche, focusing on catering to the unique needs of a particular group of customers. Companies may either pursue cost leadership or differentiation within their chosen segment to gain a competitive edge.

60. Strategic Incremental applied of the Luxury Watches belong the elite class. Write three statements in this favor.

Targeted Market Segmentation: Strategic incremental growth for luxury watches focuses on targeting a specific, affluent market segment. By gradually expanding their presence in high-income consumer segments, these brands maintain exclusivity while growing steadily within the elite class.

Brand Value Enhancement: Luxury watch brands apply incremental strategies by continually enhancing their brand value through limited editions, exclusive partnerships, and refined craftsmanship, thus ensuring they cater to the evolving tastes and preferences of elite customers without diluting brand prestige.

Selective Expansion and Distribution: Luxury watch brands use strategic incremental growth by selectively expanding into high-end markets and retail outlets, ensuring that their products remain rare and desirable among elite clientele. This approach balances growth with the preservation of exclusivity.

61. What is Historical and Pro-forma financial statements?

Historical Financial Statements: These statements reflect the actual financial performance and position of a business based on past transactions. They include documents like the income statement, balance sheet, and cash flow statement that provide a snapshot of the company's financial health for a specific period in the past. They help assess how well the business has performed and are often used for decision-making, audits, and tax purposes.

Pro-forma Financial Statements: These are forward-looking financial documents that project a company's future financial performance based on assumptions, forecasts, or planned business activities. They typically include pro-forma income statements, balance sheets, and cash flow statements, and are used for planning, budgeting, and to show potential investors or stakeholders the expected financial outcomes of business strategies or new ventures.

62. Differentiate between Products and Service.

Products are tangible items that are manufactured, stored, and sold to consumers. They can be physically touched, seen, and possessed. Examples of products include electronics, clothing, food, and vehicles. Products are usually standardized, meaning that they are created in bulk and sold in uniform versions, although some customization options may be available. The production and consumption of products are separate processes, as they are made ahead of time and sold to customers at a later stage. The tangible nature of products allows for easier comparison, assessment of quality, and satisfaction before purchase.

Services are intangible offerings that cannot be touched or physically possessed. They are performed or provided for the benefit of the consumer and are consumed at the time of delivery. Examples of services include education, healthcare, legal advice, and entertainment. Unlike products, services are often tailored to meet the specific needs of individual customers, making them more personalized. The production and consumption of services often happen simultaneously, such as in the case of a customer receiving a massage or attending a concert. The intangible nature of services makes them harder to assess before purchase, and customer satisfaction is typically influenced by the service provider's skills and the quality of the experience.

63. What is Congeneric merger extension? Define with examples.

A **congeneric merger extension** refers to the merger of two companies that operate in related but distinct industries. The firms involved typically share some common characteristics, such as similar customer bases, products, or technological capabilities, but they do not directly compete. This type of merger allows companies to diversify their product offerings and expand into new areas, while leveraging existing strengths.

Example: A company that manufactures smartphones might merge with a company that produces tablet devices. Both companies are in the consumer electronics sector and share similar target markets but are not direct competitors. Through this merger, the companies can extend their product lines, strengthen their market position, and benefit from shared technology or distribution channels.

64. Differentiate between Sustaining innovation and back through innovation.

Sustaining Innovation and **Breakthrough Innovation** are two types of innovation that differ in their impact and approach:

1. ***Sustaining Innovation:*** This type of innovation involves making incremental improvements to existing products, services, or processes. It focuses on enhancing the performance, efficiency, or features of a product to meet the evolving needs of existing customers. Sustaining innovation usually occurs within established markets and helps companies maintain or grow their market share by offering better versions of their existing offerings.
   Example: Upgrading a smartphone with better camera quality or longer battery life is an example of sustaining innovation.
2. ***Breakthrough Innovation:*** Breakthrough innovation refers to creating entirely new products, services, or business models that disrupt existing markets or create entirely new ones. These innovations are often radical and can dramatically change the way industries operate. Breakthrough innovations usually involve high risk but have the potential for significant rewards if successful.

Example: The development of the first smartphone that combined a phone, computer, and media player was a breakthrough innovation that disrupted multiple industries, including telecommunications and computing.

65. What does "Born Firm" mean in Entrepreneurship?

In entrepreneurship, the term **"Born Firm"** refers to a company that is established with the intention of scaling rapidly and achieving growth from the outset. Unlike traditional startups, which may evolve gradually over time, a born firm is often designed with a scalable business model and has a strong focus on innovation, competitive advantage, and capturing market share quickly. These companies tend to focus on niche markets, rely heavily on technology, and are often built with global expansion in mind from the beginning.

Example: Companies like **Uber** or **Airbnb** are considered born firms because they were designed with the goal of rapidly disrupting existing industries and scaling across various markets right from their inception.

66. Which section of business plan refers to the gateway of contents? What is its significance?

The section of a business plan that refers to the **"gateway of contents"** is typically the **Table of Contents**. It provides an organized listing of the sections and subsections of the business plan, helping readers quickly navigate the document and find the information they are looking for.

Significance: The Table of Contents is important because it acts as a roadmap for the business plan. It helps to structure the plan clearly, ensuring that all key areas (such as the executive summary, market analysis, financial projections, etc.) are easily accessible. It also sets the tone for the document, showing that the business plan is well-organized and professional, which is crucial for attracting investors, stakeholders, or partners.

67. Discuss five strategies of individual's creator process.

The individual creator process involves five key strategies:

1. ***Idea Generation:*** Creating innovative solutions by identifying market opportunities or problems.
2. ***Prototyping and Experimentation:*** Testing ideas through prototypes or small-scale experiments to refine them.
3. ***Resource Mobilization:*** Gathering financial, human, and technological resources to bring the idea to life.
4. ***Market Testing and Feedback:*** Collecting customer feedback to validate and improve the product or service.
5. ***Scaling and Growth:*** Expanding the business by increasing operations, production, and customer reach while maintaining quality.

68. Describe Magnitude. How it effects the health of healthy business plan?

Magnitude refers to the scale or size of the business plan in terms of its scope, complexity, and potential impact. It can affect both the growth and sustainability of a business. A business plan's magnitude determines how far-reaching and ambitious the goals are, as well as how detailed and comprehensive the plan needs to be.

In terms of its impact on the health of a business plan:

1. ***Ambitious Goals:*** A larger magnitude often involves more ambitious goals, which can be both motivating and risky. A well-defined and realistic business plan with large objectives is essential to navigating the complexities and potential challenges.
2. ***Resource Requirements:*** As the magnitude increases, so does the need for resources (financial, human, and technological). A healthy business plan must clearly outline how to acquire and manage these resources to avoid inefficiencies.
3. ***Market Reach and Competitiveness:*** The magnitude of the plan also affects its market reach. A broad market focus may require more strategic efforts to differentiate from competitors and create value.

69. Which stage of BCG has neither relative market share nor growth. What should you adopt to get out of this phase?

The **"Dogs"** stage of the **BCG (Boston Consulting Group) Matrix** refers to products or business units that have low market share in a low-growth industry. These entities neither have significant market share nor growth prospects, making them less attractive in terms of profitability and investment.

To get out of this phase, a company could adopt the following strategies:

1. ***Divestment:*** If the product or unit is not expected to turn around, the company may choose to sell, close, or phase it out, freeing up resources for more profitable ventures.
2. ***Repositioning:*** In some cases, a company might try to reposition the product, targeting a different market segment or improving its features to increase demand and market share.
3. ***Cost Reduction:*** Streamlining operations or reducing costs to improve profitability, even with lower market share, could help improve the performance of products in the "Dogs" quadrant.

70. Why leveling is important? Explain with an example.

Leveling is important in entrepreneurship as it helps ensure fairness, consistency, and clarity in team structures, compensation, and expectations. It provides a clear understanding of roles and responsibilities within an organization, facilitating growth, motivation, and alignment of goals. For example, in a startup, if a junior developer is promoted to a senior role without proper leveling, it could lead to confusion about their responsibilities and expectations, potentially affecting their performance and the overall team dynamics. Proper leveling would set clear milestones for skill development and compensation, ensuring that promotions are based on merit and experience.

71. Differentiate Consumer Product and Industrial Product.

Consumer products are goods intended for personal use by individuals or households. These products are usually purchased for direct consumption, such as food, clothing, or electronics. In contrast, industrial products are goods used by businesses for production purposes, such as machinery, raw materials, or tools. They are not for direct consumer use but are essential for the operation of a business. While consumer products typically involve lower volume purchases and more frequent transactions, industrial products often involve larger quantities, longer purchase cycles, and a focus on functionality and durability.

72. What is Cash Flow type?

Cash flow types refer to the different categories of cash inflows and outflows in a business. The main types are:

1. ***Operating Cash Flow:*** Cash generated or used by the day-to-day operations of the business, including sales revenue and payments to suppliers, employees, and other operational costs.

2. ***Investing Cash Flow:*** Cash involved in the buying or selling of long-term assets like property, equipment, or investments.
3. ***Financing Cash Flow:*** Cash flows related to borrowing or repaying debts, issuing shares, or paying dividends.