

K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,
Vidyavihar, Mumbai- 400077

Program: PGDM –A & B (Batch2017-19), Trim III
Subject: Entrepreneurship Management
(End Term Exam)

Maximum Marks: 50

Duration: 3 hours

Date: 27th March, 2018

QUESTION I: Read the executive summary of the business plan given below and
answer the questions given below: 15 Marks

Sunrise Bakery

Sunrise Bakery is a new organic bakery specializing in gluten, wheat and dairy free products. The promoters are planning to launch its first retail outlet in south Mumbai and scale it up later on to other areas of Mumbai and other cities. The mission of the start-up is to provide for healthy, delicious bakery products to its consumers and become a leader in this segment.

It is found that in the last three years there have been significant increases in demand for these bakery products. This can be explained to a large degree by the fact that up until recently people could not identify their food allergies clearly. It has been only in the last few years that medical doctors have begun to diagnosis food allergies correctly. Allergies related to gluten, wheat and dairy are rising at an alarming rate. At the same time they are a manageable ailment that can be easily dealt with through modification of diets. This is very positive for both those people that are affected as well as bakeries such as Sunrise that specialize in these products.

The Products

Sunrise offers a wide range of exciting products such as breads, muffins, and pastries. Instead of wheat, spelt is used as there are far fewer people that are allergic to this grain. It also offers yeast free breads. Dairy free muffins and pastries are offered for vegans. Lastly, egg free breads, muffins, and pastries are offered.

Customers

Sunrise will focus on three distinct customer segments. The first group is the Allergy group. This segment is growing at 15% a year with 30,000 potential customers across India. The second niche is the Doctor group. This segment is also growing at 11 % with 14,200 potential people across India. The last group is the Dieters group. This segment is typically making modifications to their diet based on their desire to lose weight. This niche also is growing at 22% with 1,20,000 possible customers across India.

Management team

Sunrise has a strong management team. Mr. Dinesh Pathak who will take the responsibility as CEO has 12 years of manufacturing experience in automobile sector. His wife, Ms. Anuja Pathak will look after human resource management. She was heading the HR in a medium scale textile unit before joining this venture. The start-up has recruited two fresh MBAs from a very reputed management school who have two years of earlier experience in IT and Banking respectively. The start-up will employ chefs from a reputed catering college to develop new products in the selected category.

Investment

The start-up has taken a loan of Rs. 40,00,000 to invest in retail shop in south Mumbai. Besides this Mr. Pathak is investing his own saving of Rs. 30,00,000 to acquire machinery and get the start-up started. The start-up is expecting to get the revenue of Rs. 12,00,000 in the first year and increase the same by 10 to 15 per cent every year.

Business model

The start-up will target the niche consumer segment such as those who are allergic to gluten, wheat and dairy and who can afford to pay a premium price. It will also target weight conscious consumers. The market survey shows that this consumer segment is rising very fast. The pricing strategy is to charge a premium. For instance, if the regular price of a loaf of bread is Rs. 30 to Rs. 40, the start-up will charge Rs. 80 per loaf. The start-up will take a shop on rent in posh locality in South Mumbai and sell freshly baked products every day. It will not compromise either on quality and the taste.

Marketing strategy

The start-up will collaborate with doctors and hospitals to create awareness related to their products. It will also use social media effectively to generate awareness and create brand value. It will build an alliance with some popular cine star as a brand ambassador to promote its brand.

Competition

Currently there are two bakeries that produce and sell non-wheat bread in Ghatkopar area. They do not target retail customers and have tied-up with hospitals in nearby areas. They do not produce other gluten and dairy free products.

Expansion

The start-up will expand its operations to other parts of the city and to other mega cities like Pune, Chennai, Delhi and Kolkata in the near future. It will expand through franchising.

Financials:

The initial investment is Rs. 70,00,000. It will be used for setting-up the facility and renting a shop. The return on investment is assumed to be around 30 per cent in the next three to four years. The start-up intends to invest in bringing new products continuously in order to compete with emerging competition.

Questions

- a. What are the strengths and weaknesses of the business idea?
- b. How would you evaluate the idea using seven domain model?
- c. What additional information is required for scrutinizing the idea from investor's perspective?

Q 2: Write short notes on any three 15 Marks

- a. Customer value proposition as one of the building blocks of the business model
- b. Conventional Vs social entrepreneur
- c. Sources of generating new ideas
- d. Sources of finance for a startup

QUESTION III: answer any one of the following 10 Marks

- a. Evaluate the entrepreneurial abilities of any one person you know personally or any well-known entrepreneur by looking at his/ her life journey, challenges taken, contribution made and value created in their respective field.
- b. Analyze the unique features, business model and the value created by any new start-up you know about.

QUESTION IV:Read the situation given below and answer the questions given below 10 Marks

Your parents have been running a boutique of readymade garments in a sub-urban locality of a small town on a high way. It basically caters to the needs of middle income group residents from nearby areas and college students from the neighborhood colleges. There are few marriage halls on the high way. Over the years, your start-up has developed a niche segment in wedding attires for the entire family. But this business is only seasonal. One of the great assets of your start-up is the loyal employees and the customers. Your parents have built a very good relationship with both by having a personal touch and identifying the individual needs. The start-up has a winning stick with your father having a strong control on quality of the products and your mother having a strong hold on customer relationship. The brand 'Elegance' has become quite popular in the neighborhood.

You are likely to inherit it. It has come to your notice that the township is undergoing lot of changes. First of all, the state government has declared it as an IT industrial zone and numbers of IT companies are likely to invest in this area. It has further generated new investment in modern hi-tech residential zones. Most of the marriage halls are getting themselves geared-up for opening as conference/ meeting places. You have also heard from some unofficial sources that IT companies require a vendor to provide uniforms in a bulk quantity.

- a. What changes you would make when you take over?
- b. How would you still retain the original value?