

TFL 107 Entrepreneurship for Art Students

16/5-12 09.00-13.00

Exam – spring 2012

Instructions:

1) The exam is divided into three sections:

- Multiple choice questions (60%)
- Definitions (20%)
- Open question (20%)

2) Grades will be given according to the following:

A – 90-100 points

B – 80-89 points

C – 70-79 points

D – 60-69 points

E – 55-59 points

F (fail) – 54 points of less

3) Read questions carefully.

4) Only the use of pens is allowed when providing final answers to the exam questions.

5) Students are allowed to use bi-lingual English dictionaries during the exam (for example – English-Norwegian, English-German, etc.). All dictionaries will be checked by inspectors at the beginning of the exam.

6) All answers must be marked on the exam sheet itself. The original exam sheets with marked answers must be delivered back to the examiners.

7) Open question can be answered in either English or Norwegian on a separate page.

Part I – Multiple Choice Questions (60 points)

Answer the following 20 questions (3 points per correct answer)

- 1) Which of the following characterizes an entrepreneur?
 - a) Low management skills but high levels of creativity and innovation.
 - b) Low levels of creativity and innovation, and high management skills.
 - c) High levels of both management skills and creativity and innovation.
 - d) Low levels of both management skills and creativity and innovation.
 - e) None of the above-

- 2) Which of the following is not a dimension of entrepreneurial tendencies?
 - a) Need for achievement.
 - b) Desire for autonomy/ independence.
 - c) Risk taking orientation.
 - d) Lack of self-belief in ability to influence own destiny.
 - e) Creativity.

- 3) Why do we need to include a financial plan in a business plan?
 - a) Demonstrate value of company to investors.
 - b) Demonstrate health and value of company to credit providers.
 - c) Set a baseline for monitoring and measuring company development.
 - d) Only a and b.
 - e) a, b and c.

- 4) Which of the following can help us make a realistic financial plan?
 - a) Buyer behavior findings from customer surveys.
 - b) Financial reports of competitors.
 - c) Entrepreneur's own wishes and gut feelings.
 - d) Price offers from potential suppliers.
 - e) All except d.
 - f) All except c.

- 5) Which of the following is part of the entrepreneurial process?
 - a) Discovery of market opportunities – identifying needs.
 - b) Evaluation of market opportunities – information search and analysis.
 - c) Exploitation of market opportunities – offering solutions to satisfy needs.
 - d) All of the above.
 - e) None of the above.

6) In a firm's early stages, which of the following is the most likely source of financing it will tap into?

- a) Debt-based bank loans.
- b) Venture capital.
- c) Entrepreneur's own resources.
- d) Initial public offering (IPO).
- e) Angel investors.

7) Which of the following describes "selective specialization" targeting strategy?

- a) Offering same product to different segments.
- b) Offering different products to different segments.
- c) Offering different products to same segment.
- d) Offering same products to same segments.
- e) None of the above.

8) Venture capital funding is most likely when...?

- a) The technology is kept as a secret and not even tried before.
- b) Product/service concept proven and performs better than competitors.
- c) The entrepreneur wants to manage the business independently.
- d) Venture staff is unknown hidden talents waiting to be discovered.
- e) Markets are growing and dominated by a few key players.

9) Which of the following growth strategies is the least risky for small firms?

- a) Diversify operations into new markets and segments.
- b) Diversify product portfolio to new products and services.
- c) Diversify into both new products and new markets.
- d) Buy/ takeover competitor firms.
- e) None of the above.

10) Which of the following characterizes the "introduction stage" of the product life cycle?

- a) Little or no competition.
- b) Many competitors, no clearly dominant players.
- c) Intensive competition with clear dominant players.
- d) Few dominant competitors controlling the market.
- e) None of the above.

11) Which of the following factors influences the speed of diffusion of new products/ services/ technologies into a market?

- a) The extent to which it is easy to try the product/service/technology.
- b) The extent to which the product/service/technology is complex and difficult to present and understand.
- c) The extent to which customers recognize the need the product/ service/ technology is said to satisfy.
- d) Only a and b.
- e) a, b and c.

12) Which of the following best describes an effective target segment?

- a) Easy to identify, sufficiently large, stable or growing and reachable.
- b) Easy to influence and not served by other competitors.
- c) High quality, small quantity, and high purchasing power.
- d) All of the above.
- e) Only b and c.

13) Which of the following describes outcomes of a skimming price strategy?

- a) Tapping into maximum profits from all groups.
- b) Providing exclusive image to new released versions of products.
- c) Customers may not be willing to buy the products early and wait until its prices are reduced, or completely avoid buying it.
- d) All of the above.
- e) None of the above.

14) Which of the following situations will damage a venture's ability to get financial support?

- a) The entrepreneur is highly skilled and experienced.
- b) The product is not new or unique, and is well known in the market.
- c) The entrepreneur has invested a lot of own money and time into the venture.
- d) The entrepreneur has launched a few successful businesses in the past.
- e) None of the above.

15) Which of the following types of products are most suitable for distribution via intensive distribution channel?

- a) Mature, frequently purchased convenience product.
- b) New highly priced special products.
- c) Infrequently purchased highly technical products.
- d) Service intensive products.
- e) None of the above.

16) Which of the following is a common mistake in new entrepreneurs' business plans?

- a) Overestimating costs and time to market.
- b) Underestimating income and revenue generation.
- c) Underestimating or not recognizing existing and/or potential competition.
- d) Invest too many resources in marketing and too little in product development/ technology.
- e) None of the above.

17) Which of the following best describes the process of business plan preparation?

- a) Vision – idea description – market analyses – goal setting – strategy – finance - implementation.
- b) Vision – goals – finance – strategy – implementation.
- c) Vision – market analyses – strategy - finance.
- d) Idea description – vision – goal setting – strategy – finance – implementation.
- e) None of the above

18) What are angel investors? → ul p  irke investeringene (gjevne i styret)

- a) Mostly rich friends and family members that save our business by injecting money into it before the venture collapses.
- b) Experienced independent entrepreneurs who invest in new venture with relative minimum intervention in daily business practice.
- c) Banks providing loans to firms at low interest rates.
- d) All of the above.
- e) None of the above.

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19) Which of the following price strategy is most suitable in the maturity stage of the product life cycle?

- a) Value-based pricing.
- b) Premium pricing.
- c) Cost-based pricing.
- d) Competitive pricing.
- e) Auction-based pricing.

20) When trying to evaluate market value of a new product/ service/ technology, what is the most important thing to know?

- a) That the offering is answering a concrete customer problem, while satisfying a real need.
- b) That the amount of initial funding needed is not too high.
- c) That there are few competitors in the market segment chosen.
- d) Only a and c.
- e) Only b and c.

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50

Part II – Definitions (20 points)

Match the correct definition with each of the concepts below (4 points per correct definition):

Concepts:

- 1) Positioning – f
- 2) Segmentation - a
- 3) Income statement - g
- 4) Selective distribution - h
- 5) Skimming pricing - e

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Definitions:

- (a) The process of dividing a market into subsets of customers with common needs or characteristics.
- (b) Unsecured financing based on firm's ability to generate cash for covering debt.
- (c) Activities aimed at facilitating an exchange between two parties or more, which satisfies needs and wants.
- (d) Distribution through one intermediary in a defined market.
- (e) Price setting based on perceived value by the customer, and not based on actual costs and competition.
- (f) Price strategy used when introducing new product/service into the market, where initial price is set high and gradually decreased through time, so as to allow maximum profit making based on customer willingness to pay.
- (g) Developing a distinct image of the product/service in the mind of the consumer, while highlighting unique benefits and selling proposition versus competitors.
- (h) Financial statement representing both cash and non-cash transactions, showing health and performance of a firm with a certain period of time (year, quarter, etc.).
- (i) Distribution through a number of selected intermediaries based on their superior coverage of concrete market segments.
- (j) A Coalition of two or more organizations to achieve strategically significant goals that are mutually beneficial.
- (k) Price strategy used when introducing new product/service into the market, where initial price is set low to encourage trial, and gradually increased through time as customers are being familiarized with the product/service and its benefits.
- (l) Loan granted based on collateralized assets (accounts receivable, physical facilities, etc.).
- (m) Financial statement representing a snapshot account of the value of all the company's assets, liabilities and share holder equity in a particular point in time.
- (n) The volume of sales needed to at least cover all costs.
- (o) A situation where consumers recognize a gap between their actual state and their desired state.

Part III – Open Question (20 points)

Answer the following question based on the course materials and your course work.

The question has four sub-questions (5 points each).

Do your best not to write longer than half a page on each sub-question.

- (a) What is a business plan? And why do we need it? (5 points)
- (b) The marketing analysis is one of the most important parts of the business plan, and should include a pricing strategy, a distribution strategy, and a promotional strategy. For each of these three analyses:
- Explain what they should cover/ include?
 - Describe briefly what did you do in your own business plan concerning each of these three sections.
- (5 points for each section x 3 sections/analyses).



PART III

a) Hva er en "business plan"?

- Først og fremst er det en plan/styringsdokument som viser entreprenørens/firmaet/selskapets vei fra VISJON til ACTION/HANDLING

Denne planen er av verdi både for entreprenøren/teamet/styret og investorer for å vise de ulike og viser bl.a de ulike elementene:

Visjon	} Planen har en dynamisk karakter, dvs. at den stadig må oppdateres og forandres kontinuerlig. Beskriver et problem, for noen, og hvordan vi skal løse dette problemet!
Ide	
Beskrivelser	
Analysen	
Målsettinger	
strategier	
Økonomi	
ACTION/handling	

Målgruppen for en businessplan er både intern og ekstern.

- Intern → oss selv, teamet, styret og dagens eiere. Her har planen to hensikter, både som en prosess → som viser veien fra visjon til handling (helhet), gjør rede for gruppas kunnskap og mulighet for å generere ny kunnskap (dvs konkurransefortrinn), og som et dokument → fungerer som en oversiktlig plan over (gjørne) dagorienterte oppgaver.



Hvorfor trenger vi en businessplan?

- Uten en slik plan blir det som å gå på bærtur ~~st~~ med blind for øynene.
- vi vet ikke hvor vi er
- vi vet ikke hvor bærne er
- vi vet ikke hvor de andre bærplukkerne er.

I aller høyeste grad hjelper en slik plan oss med å planlegge nåtid og fremtiden (hordan vi når visjonen). Den gjør oss reflekterte og tydeliggjør hvordan vi skal nå et marked, kunder, forventet salg osv osv. På denne måten oppnår vi tillit hos investorer og eiere (både dagens og fremtidens).

Businessplan \approx Entreprenørens kart!



b) Strategier om PRIS bør inneholde :

- Hvilken valgt strategi man har tatt utgangspunkt i, og hvorfor nettopp denne/disse.

Noen ønsker å tjene raske penger, andre vil starte forsiktig og tjene penger på lang sikt. I aller høyeste grad bør prisen til produktet \times antall salg føre til at man er "break even", dvs. ikke dekke produksfjenskostnader og unngå ~~for~~ for store negative tall.

Eksempler på ^{noen} prisstrategier:

"Standard pricing"
 Premium pricing
 Skimming
 Penetration pricing
 Value based pricing
 Competition based pricing
 Extended Curve pricing

Har både fordeler og ulemper basert ut i fra hvilke produkter man lanserer!

Samtidig er det viktig å tenke etter hva slags produkt det er, hvem vil vi selge til, hvem er brukerne?

- HVA GJORDE vi? \rightarrow Reiseappen "MYtrip"

Vi tok utgangspunkt i spørreundersøkelsen vår der vi konkret spurte hva de kunne tenke seg å betale for det produktet vi hadde å tilby. Samtidig tok vi for oss statistikker basert ut i fra antall nedlastede apper i både kroner og mengder (for landet vi ville selge til, Tyskland). Her fant vi ut at appene som ble lastet ned hyppigst hadde en gj.snittspris (Extended Curve Pricing) på ca. 17,-



Spørreundersøkelsen viste at flertallet ville gi mellom 10,- → 20,-, Naturlig nok ble derfor vår pris 15,-. Med andre ord - pris strategien vår hadde utgangspunkt i både Valuebased pricing (kundebasert) og Extended Curve pricing (gj. snittspris). Slik unngikk vi for store tap i første års utgivelse, med tanke på produksfremtrett.

- Strategier om PROMOTERING bør inneholde:

Hvilke medier og metoder man har valgt å ta i bruk for å shape interesse og behov rundt produktet / tjenesten man tilbyr. Det finnes mange alternativer. ~~for å nå mål~~. Noe av det viktigste er å gjøre kunder / brukere bevisste på at de har et konkret problem, som vi har løsningen på. Dette kan vises gjennom ulike medier → tv-reklame, internet, radio, kino, magasinannonser ~~for å nå mål~~ ~~beveiskommunikasjon~~. Såkalte "enveis kommunikatorer".

Eller vises gjennom "flerveis kommunikatorer" slik som sosiale medier → facebook, blogger, youtube osv.

- Hva gjorde vi?

Vi tok utgangspunkt i at vi skulle skape blesst om produktet var før vi lanserte det. Her tenkte vi å benytte oss av et "testpanel" som fikk gratis tilgang til å benytte seg av appen vår, for deretter å lage en "omtale" via blogg eller youtube presentasjoner. Dette testpanelet ville først og fremst være personer med status og relevans i forhold til appens innhold. På den måten sørger vi for at produktet får sin oppmerksomhet gjennom "7ungeltelografen".



I tillegg ville vi også benytte oss av nåtidens største sosiale medie: Facebook. Gjennom annonsering her vil alle brukere (valgt land) få se en annonse for vårt produkt.

Strategier om DISTRIBUERING bør inneholde:

Hvordan man har tenkt at produktet/tjenesten skal komme seg til markedet. Gjennom M-manufacturers, Grossister og Forhandlere.

Eksempler på ulike måter

Intensive distribution → "nå hele markedet"

Selective distribution → "valgte" nisjer, spesielle målgrupper.

Exclusive distribution → "en distributør for et definert marked".

- Hva gjorde vi?

Vi valgte å få utlevert appen vår gjennom to av de største app-distributørene på markedet:

Apple: App Store og Android Market.

Her har kunden selv mulighet for å laste den ned uten at vi skal tenke på hvem som ~~kan~~ kan levere produktet rimeligst (kostnad), hurtigst, osv. Vi slipper mange "stasjoner" for å kunne selge appen vår.

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