



**SCHOOL OF COMPUTING AND ENGINEERING SCIENCES
MASTER OF SCIENCE AND INFORMATION SYSTEMS SECURITY
MST 8301: IT ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION**

DATE: 2nd October 2023

TIME: 1700 - 1930 Hours

INSTRUCTIONS:

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

WARREN G. JACKSON, CIRCULATION EXPERT LTD.

Some experts argue that organizing and launching a business is the easiest part of getting started, while sustaining the business is the most difficult and challenging part. Businesses fail at an alarming rate, yet too often we blame lack of finances or poor management for the demise. A closer look often reveals that the real problems relate to marketing issues such as identifying the customer, defining the right product or service to meet customer needs, having a well thought out marketing mix strategy as well as having a clear understanding of the macro-environmental factors and their impact on an organizations strategic decisions.

As technology continues to change, providing easier access to extended international markets, it is significantly more important that today's entrepreneur become more focused on developing a comprehensive and detailed marketing plan. Markets are much more dynamic than ever before, making it necessary to anticipate changes in consumer needs and make the necessary changes in marketing actions. Planning entails a wide range of activities and is intended to formally detail the business activities, strategies, as well as a tool that can alert the entrepreneur to make necessary changes to avoid long term failure.

One of the most important marketing challenges facing the entrepreneur is to effectively position the venture's products or services in a highly competitive environment. Most markets already contain major players that may dominate the market and have significant resources to defend against any new venture. However, within many of these large markets there are customers who are not completely satisfied with the existing offerings. Effective marketing planning that targets and positions the new venture's products or services can meet the needs of these customers, leading to opportunity and long-term success. Such an approach was taken by Circulation Expert, Ltd a family business which officially began in 1968 and was started by Warren G. Jackson, who recognized that major newspapers were not effectively reaching the African American community.

Warren Jackson entered the newspaper business at *The New York Times* in 1952, where he eventually became an assistant manager in the circulation department. Warren

realized that his newspaper knowledge and expertise could be beneficial to media and major corporations all across the country. With his knowledge and a \$12,500 contract from *Tuesday* magazine he started Circulation Experti out of his home. Within a year of this beginning, Experti's contract volume reached \$200,000, leading Warren to move out of his home to a new small office in Hartsdale, New York. Although he was not armed with a formal marketing plan, Warren understanding and recognition of the unmet needs of a significant and growing consumer target market led Experti to become the largest and most prominent minority-owned public relations agency in the United States.

This successful company is unique- not only in the growth it has experienced over the years but also because the firm has remained a family-owned organization involving Warren's wife, Tena and their three children. The company growth could be attributed to a number of strategies including targeting new markets, new business acquisitions as well as diversification.

Over the years the company has added an advertising division (1978) and Hispanic division (1988). Both new divisions have allowed the company to offer one-stop shopping to clients looking for African American and Hispanic marketing. This effort has provided opportunities to add major clients to an already note worthy list. The Jacksons represent a unique success story dating back to Warren's recognition of a need that he felt he could meet with a marketing plan. Today the company plans and sets clear goals and objectives and continues to evaluate market opportunities to sustain successful long-term growth.

Warren's story is a testimony that many opportunities exist in a competitive environment. His efforts in creating the venture began with an understanding and assessment of the needs of a particular segment of the market and then developing an appropriate strategy to meet those needs including an understanding and assessment of the industry.

Adapted from "Entrepreneurship, Hisrich Robert et al. McGraw-Hill, 2015"

QUESTION ONE

- a) Warren's story is a testimony that many opportunities exist in a competitive environment. Explain five sources of such opportunities as informed by Drucker and outline how an entrepreneur you would validate such opportunities. **(10 marks)**
- b) From the case above outline five reasons that contribute to the failure of business ventures. **(5 marks)**
- c) Circulation Expert, Ltd a family business. Explain five demerits of this form of business **(5 marks)**
- d) Explain the macro-environmental factors that Jackson should monitor to gain a competitive advantage and the effects of those factors on organizations strategic decisions. **(10 marks)**

Total 30 marks

QUESTION TWO

Mini Case Study

The Bata shoe company had been the major supplier of shoes in the Kenyan market in the 1970s and the 1980s and enjoyed a near monopoly market position. In the early 1990s the Kenyan economy was liberalized allowing the importation of shoes and other products from the outside market.

The result was that the company had to give up a large part of its market share to small-scale traders, who purchased readymade imported shoes from the foreign markets and sold them at huge profit margins. The customers enjoyed the imported shoes as the shoes were considered durable and were available in varying designs, colours and uses. The traders availed the shoes in domestic market at prices that were far much lower than the prices offered by the Bata shoes company. The situation was further complicated by an influx of mitumba shoes at very competitive prices. The economic situation further compounded the situation. All these are risks that businesses face that the company should have monitored and mitigated against.

The Bata shoes company reduced the scale of its operations and the production of shoes. The company's profitability and liquidity positions went down significantly to the extent that the company had to lay off some staff and was even considering the next course of action to take.

Required

- a) As an entrepreneur in the Bata shoe company in the 1990s, suggest various growth strategies that you could have advised the company to use in order to remain liquid and avoid losing high proportion of its market share. **(5 marks)**

- b) Analyse five types of risks that the company faced and explain the mitigation measures that could have been adopted. **(10 marks)**

Total 15 marks

QUESTION THREE

- a) Juma recently won some money in a lottery which he intends to invest in a business venture and has consulted you on the need to come up with a business plan. Advise him on the need to develop a business plan and why it should not be a onetime document **(10 marks)**

- b) Alice intends to start her own IT firm and she is in the process of identifying source of a finance and she is seeking your advice on factors that a financier would consider before granting such a loan. Advise her **(5 Marks)**

Total 20 marks

QUESTION FOUR

Apple's Success

A focus on New Product Development (NPD) processes which show a high failure rate, making businesses to rethink over their new product and processes is essential. This has lead companies to adopt a more customer oriented approach where previously unheard voice of the customer is now taken to consideration. While launching new products, level and form of innovation that a particular market could absorb should be determined in the first place and new product or services should be launched accordingly. Once the company strikes the right combination for success, the company can further use its existing image to launch new improvements in the form of line and brand extensions.

Apples frequent usage of its brand name as in iPod, iMac and iPhone as well as in many other new products symbolizes the company's intentions of leveraging its success pattern across products and categories. It has been observed that other than costs many products fail because of a universal but largely ignored psychological prejudice, as consumer resist any distortion in their current-state-of-affairs. Shrewd companies like Apple devise strategies compressing the lifecycles of brands iPod-iPhone. Besides, the company also tries to acquire network externalities, where a customer is contained by a dominant network such as Macintosh or PC operating systems. Companies must also realize the fact that new approaches to marketing, commercialization and NPD must work coherently to maintain a sustained competitive advantage. In such a case companies must strive to adopt innovative and integrated practices by coming out of their silos and assume responsibility for new product development through using strategies such as creative marketing, lean manufacturing, flawless operations, and sophisticated use of concurrent process reengineering (rugby approach as against rally race) and corporate entrepreneurship initiatives like Apple so as to attain first mover advantage and reap the economic benefits from their new product or process innovations.

- a) Discuss the strategies that could be associated with Apple's success (5 marks)

- b) Describe the positioning strategies that Apple could use for its products (5 marks)

- c) Describe with examples creative strategies of marketing that you could suggest to apple to induce sales (5 marks)

Total 15 Marks