

S. S. Jain Subodh Management Institute

MBA IInd Semester, (Model Paper & Suggested Answers)

Subject: New Enterprise & Innovation Management

Paper Code: M-207

Time: 1 Hour

Max Marks: 10

****Attempt all Questions**

Q1. Explain the different phases of the entrepreneurial process. (5)

Q2. Define Innovation. Explain different types of innovation in the businesses. (5)

Model Answer Paper: The students are expected to write the following points with relevant explanation.

Sol 1: These are the 5 Critical phases of the entrepreneurial process: (Each point carries one mark)

1). Finding the Right Business Idea:

Identifying and evaluating the right opportunity is the first step to setting out as an entrepreneur. Without a business idea, you can't start a business, and without a business, you cannot be termed an entrepreneur.

Choosing just any small business idea to start up is an entire no-no. You must do a market research to know what people really need. You must also look at your inner talents to figure out if whatever you've chosen to start up is a good fit for you. No matter how lucrative a business opportunity is, if you don't have the capacity to execute it, it would end up a failure. This likely event is an important reason you must ensure the business is something you can do passionately.

2). Developing the business plan:

The next step is to have a good business plan. Having a plan doesn't entirely mean drafting a thorough business plan detailing several chapters and more. As a startup, you could write down a few points to target, as a basic plan, and make adjustments from there.

Usually when you start a new business no one has ever tried before, what you draft as a business plan would probably go down the toilet in a week or two because, whatever way you anticipated the market to react would most likely never happen. At this point, light tests, corrections, and re-tests, wouldn't just help your business succeed, but would help you make a business plan poised for growth.

3). Raising Your Seed Funding:

This phase of your entrepreneurial process is very important. By the time you've identified the problem you want to solve in a market and have drawn out a business plan for it, you'd have understood the full financial implications of the project.

At this point, your focus would be to raise seed funding for your small business idea. You could raise seed funding by getting an investment from angel investors, grants, a bank loan, amongst others.

Getting funding for your business will be one of the hardest things you do as an entrepreneur. People and institutions aren't ready to easily part with their money. You stand a better chance of getting a loan or investment from someone, if you're introduced by a similarly successful entrepreneur that they trust. Anything else, and it's a really hard nut to crack.

The best way to raise working capital for any business idea is usually from family and friends. These individuals already trust you and would either invest-in or loan you the money not because they believe in your idea, but because they believe in you.

4). Getting Paying Customers:

No business can stay afloat without customers. The different factors you need to consider are both your customer acquisition costs and your customer retention costs.

Your goal should be to acquire as many customers as possible, at the lowest cost possible, and do everything to retain them in the most efficient way possible.

Happy customer testimonials build a sense of trust in people who haven't patronized your business before. Ensure your customer support team wows your customers every single time, and they'd never stop making you money.

5). Success or Maybe Failure:

After all is said and done, you may still not succeed, or turn out an amazing success. While everyone strives for the latter, it's important to know that sometimes, your failure isn't based on the fact that you didn't put in your all, but because of other factors like pursuing a business that had no real customers, or doing something that your natural inclination wouldn't have approved.

It's important that if your small business fails, you should take a step back and revisit the events that led to its failure. Highlight what went wrong and what worked. Identify what you could do better if given a second chance, and never beat up yourself about its closure.

The entrepreneurial process could result in successes or failures. If your business model didn't work, then you never really failed, but only identified one way that doesn't work.

The same applies to success. As your business grows, highlight your big wins, small wins, and losses. Focus on how to make more customers happy, how to flush out the losses completely, and above all else, don't hide your success tips, mentor some else to increase their chances of succeeding in whatever they're doing.

Explain any 5 point (Each point carries one mark).

Sol 2: The process of translating an idea or invention into a good or service that creates value or for which customers will pay is called Innovation.

To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products. In business, innovation often

results when ideas are applied by the company in order to further satisfy the needs and expectations of the customers.

The different types of innovation in the businesses are as follows:

1. Product innovations

A good or service that is new or significantly improved. This includes significant improvements in technical specifications, components and materials, software in the product, user friendliness or other functional characteristics.

2. Process innovations

A new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software.

3. Marketing innovations

A new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing.

4. Organizational innovations

A new organizational method in business practices, workplace organisation or external relations

5. Technological innovations – based on specific technology, invention, discovery,

6. Social innovations – in critical historic periods more important than technological ones (mail, educational system, social system, health care, ...)