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Summer Semester 2013

Business Planning

Course No. 20624

Final Exam

July 30, 2013

The total time for this exam is 60 minutes. The exam consists of three questions. Each question is composed for approximately 20 minutes answering time. Accordingly, each question offers the possibility of obtaining 20 points. The importance of the sub-questions is indicated by the points that you can achieve. The maximum number of points that you can achieve in the exam is 60. Only answers in the predetermined boxes and graphs will be graded. The back sides of each page can be used for auxiliary calculations. It is not allowed to open the binding. Note your name and student identification number in the box below.

Admitted Aids: Non-programmable pocket calculator; dictionary without handwritten notes.

Name:..... Student identity number:.....

Q1	Q2	Q3	Total	Grade

Question 1:

The managers of a soft-drink company are planning their production strategy for the next summer. The demand for the company's products is closely related to the weather. An analysis of weather forecasts suggests the following probability distribution for the time period of June to August:

$$P(\text{Hot and Dry})=0.25 \text{ and } P(\text{Cold and Wet})=0.75.$$

The following table shows the estimated profits (in thousands of Euros) that result from different combinations of production strategies and weather conditions:

	Hot and Dry	Cold and Wet
High Output	400	-100
Low Output	200	100

a) Suppose, the managers wish to maximize their expected profit. Which production strategy should they choose? How high is their expected profit? **(6)**

Answer:

Suppose, before they make their strategy decision, the managers have the opportunity of purchasing a meteorological report, which provides them with a clear forecast of "H" (Hot and Dry) or "C" (Cold and Wet). The forecasts of the meteorologists are known to have a quality, given by the following relative frequencies:

	Hot and Dry	Cold and Wet
H	0.8	0.2
C	0.2	0.8

b) Suppose the forecast "H" is given. How high is then the conditional probability P(Hot and Dry|H)? **(3)**

Answer:

c) Suppose the forecast "C" is given. How high is then the conditional probability P(Hot and Dry|C)? **(3)**

Answer:

d) How high is the probability of receiving a forecast "H"? **(3)**

Answer:

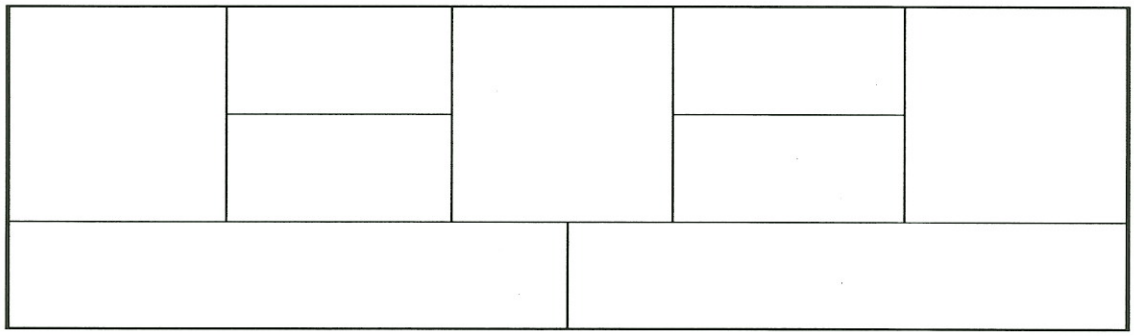
e) Suppose the managers plan a high output, if they receive a forecast "H", and a low output, if they receive a forecast "C". How high will their expected profit then be? **(5)**

Answer:

Question 2:

Consider the business-model approach of Osterwalder & Pigneur (2010).

a) Name the nine components of a business model in the canvas below. **(4)**



b) Explain the similarities and the differences between the business models of Gillette (Shavers) und Apple (iPod/iPhone). In your explanation use the business model components from above. **(8)**

Similarities:

Differences:

c) Explain the similarities and the differences between the business models of Google (Search Engine) und Nintendo (Wii). In your explanation use the business model components from above. **(8)**

Similarities:

Differences:

Question 3:

Consider the following approaches to entrepreneurial development emphasized by Wickham:

a) the *Life Cycle Approach*

b) the *Evolutionary Approach*

c) the *Teleological Approach*

Relate these three approaches to

- Keeney's concept of value-focused thinking ☐
- Porter's concept of competitive advantage ☐
- Greiner's concept of firm growth ☐

by entering the appropriate letter in the box behind each concept. **(2)**

Explain the entrepreneurial development approach behind each concept:

Keeney's concept of value-focused thinking: **(6)**

Porter's concept competitive advantage: **(6)**

Greiner's concept of firm growth: **(6)**