

BUS105 Scenario

You are an inventor who enjoys working around the home, cleaning, cooking, and doing minor home repairs and remodeling. You have little financial skills and no management skills. You have a great idea for a new kind of home appliance that meets everyday consumer needs. Your net worth is not very high so you have no idea if you'll be able to "fund" this start-up. You know that currently there are similar products that meet the consumers' needs, but those products are inherently dangerous. You know nothing about manufacturing other than that it costs lots of money to set up a plant. You are convinced that this new technology idea would be applicable in a wide range of other products.

Your spouse, knowing how much time this venture will take away from family time, has asked you for an example of what you mean to make sure your idea isn't some harebrained scheme. You mention the following as two similar ideas that were developed for one application but proved to have VERY widespread applications:

- a. The "clicker" was initially invented for use with TV's, but now has widespread applications for a host of electronic applications, just like your technology could potentially do.
- b. The 3-prong power cord for electrical appliances was invented for higher quality appliances. Lower quality appliances have a 2-prong cord, which is a safety issue. Better quality power cords have the 3rd "ground" wire, so now it has widespread application, just like your technology could potentially do.

Marketplace

The market for your new product (which will use a special technology) is quite **saturated** with **annual growth** of only 2%. It is expected that the new technology in this invention will jumpstart sales growth as it will make it far easier to handle and use around the house. You fully expect that once this product's acceptance is established, the technology can be leveraged into other products and/or markets. While each of these FUTURE products and/or market opportunities is sure to generate significant sales, there will be significant new investment required for each opportunity as well as some risk.

Scenario Glossary

saturated: Every market place has a certain number of potential customers; as more and more product is sold to those customers, the market reaches a point where the only continued sales might be replacement sales; this would be considered 100% saturation; on the other hand, for brand new products like a Blackberry, iPhone, etc, the day these were introduced, the saturation rate was 0%; this concept is especially important for firms introducing products to a market already having a number of suppliers supplying this product category.

annual growth: usually used when describing the growth rate of a particular product category; for example, until this year, the auto industry was growing about 4% per year; the housing industry was growing a little faster. Both of those industries growth rates have not only slowed, but have also seen a downturn or negative growth.