Business Operations Exercises
(Updated: June 16, 2017)

Discussion Questions

Please be prepared to provide written responses and/or discuss the following questions:

1) What are critical ways Human Resources (HR) helps new ventures and small businesses succeed?

2) What are critical ways Finance and Accounting (A&F) helps new ventures and small businesses succeed?

3) What are examples of how a Customer Service rep can turn an angry customer into a loyal customer?

4) Why are information technologies more important to start-ups and small businesses than ever before? (Please provide examples)

Short Essays

1) If you were an entrepreneur, which functional leader do you think would be the most important for the success of your start-up? Why?

2) Who should the leader of the Customer Service function report to? The Marketing and Sales leader? The Operations leader? The Finance & Accounting leader? Someone else? Why?

3) Select from the list below (right column of the table) the function you think is the most important for a new venture's future success. Indicate why you believe this is true.

Ability to grow revenues	**Marketing**
	Sales
	Customer Service
Ability to improve operating efficiencies	**Operations**
	Technology
Ability to enhance financial and administrative efficiencies	**Accounting**
	Finance
	Administration

Match Concepts

Please match the concepts below with the appropriate explanation.

	Concept		Explanation
1	Supply Chain	a	Cajun Coastal Restoration has been profitable for eight consecutive quarters. The Board has informed the entrepreneur that he can fill the three open vice president positions to keep the company growing.
2	"Make or Buy"	b	"I've decided to provide Cajun Coastal Restoration with the no-bid contract. They have capabilities no other firm has - at least as far as I know - and they can get started right away, which is critical if we're going to keep this project on schedule."
3	Growth Milestones	c	The decision for the entrepreneur to hire a Marketing and Sales Executive Vice President. Up until now the entrepreneur has done everything herself. But she's a technology person, and the company has grown to the point now where it needs an expert to start competing against bigger competitors.
4	Sole Source	d	"When revenues hit $10 million our investors have promised to invest another $3 million in equity to help us build a new store in our first expansion market."
5	Sustainability	e	For the cosmetology salon the hair products vendor, the fixture supplier and the payroll service.
6	Delegation	f	Cajun Coastal Restoration wants to offer its service to customers in Europe. They can either purchase a local company with operations in Germany and France to create this new division, or they can send over a team of their best people to start-up this new division.

Role Play 1

You're the Human Resources leader of a technology start-up that creates new apps. The apps your company specializes in help consumers seek "the best deals" (like the best airfare, the best restaurant in town, the best dentist, etc.).

Your entrepreneur has just asked you to make recommendations on how the company can hire new programmers to increase the number of apps you offer, while adding upgrades and features to your current apps more frequently.

Your current programming team is one team leader and four programmers, as well as some interns from the local technical college. To accomplish the goals established by your entrepreneur, you feel you'll at least have to double this team (two team leaders, maybe eight or even ten programmers).

An actual business leader will play the role of the entrepreneur. You'll play the role of the HR team leader. Be prepared to discuss the following with your entrepreneur:

1) How are you going to find candidates for these positions (both programmers and the new team leader)?

2) What forms of compensation and/or benefits do you think will be most likely to attract the best candidates?

3) If you pay signing bonuses to new programmers, does this mean you'd have to pay the same bonuses to your current programmers (even if this puts you over budget)?

Role Play 2

You're the Customer Service leader of this technology start-up. Your entrepreneur wants to learn what you're going to do keep customers happy and loyal.

An actual business leader will play the role of the entrepreneur. You'll play the role of the Customer Service team leader.

You have to decide between: a) hiring employees to serve as your Customer Service reps; b) outsourcing your Customer Service function to a third party that works with other technology start-ups?

It would be more expensive to hire / train / retain your own employees, and your company has no experience with customer service. Then again, you're reluctant to trust something as important as customer service to a vendor.

Hire Customer Service Reps	Use an Outside Customer Service Vendor
• Estimate needing three customer service reps for 12 hours a day. Together these reps will be able to handle 2,000 customer interactions per week. You expect 1,500 interactions this year, 2,000 interactions next year • Estimated salary for these reps: $40,000 each to start, raises of up to 20% each year. Benefits cost an extra 50% for each new hire • If the company expands according to plan, you estimate that after two years there will be around 4,000 customer interactions per week. You'll need to hire three more reps and a team leader. The team leader will earn $65,000. • Customer service reps will take up office space and equipment that will cost $8,000 per year each • Since these are your reps, you'll be able to customize their training to your apps. They will be among the greatest experts available	• The vendor with the highest quality ranking - a large company that has been helping tech start-ups for over ten years - will provide 24 hour customer service coverage, handling an unlimited number of customer interactions • The vendor requires a one-time $25,000 charge to train their reps • The vendor will charge you $125 per customer interaction, guaranteeing that price will stay fixed for two years, then increasing to $135 per customer interaction in year 3 • The vendor also provides two meetings a year where you and your entrepreneur can provide them with feedback on their performance • You contacted three other companies that use this vendor. Two gave highly-enthusiastic recommendations. The other said they were "OK," and that at times their service reps weren't trained on their product

Be prepared to discuss the following with your entrepreneur:

1) Will you recommend hiring Customer Service employees or using the outside vendor? Why?

2) What are the risks and benefits associated with each option?