FDE Casebook
Volume 1

Ashesi University

Foundations of Design and Entreprenuership
(FDE)

Editor
Dr. Gordon Adomdza

Publisher

Ashesi University

1 University Drive

Berekuso, Eastern Region, Ghana

PMB CT3, Cantonments, Accra

Editor's Contact

gadomdza@ashesi.edu.gh or +233547047047

Cover Design

Jay-Ford Company

ISBN 978-9988-3-0880-3

Dedication

This coursebook is dedicated to all the pioneering students, teaching assistants and faculty of the first Foundations of Design and Entrepreneurship class, from where the experiences and insights were captured for these case studies.

Acknowledgements

We acknowledge the Ashesi community for supporting the FDE course that produces the kinds of projects written about in this volume

Authors

Dr Gordon Adomdza

Ms. Emefa Dako

Mr. Ebow Spio

Ms. Nepeti Nicanor

Ms. Rose Dodd

Dr Sena Agbodjah Agyepong

Sample Reference

Author's Lastname, Initial (2020) "The Title of the Case" In Adomdza, G. K (Ed.), FDE Casebook Volume 1 (starting page no - ending page no) Ashesi Institutional Repository, ISBN 978-9988-3-0880-3

Table of Contents

Introduction

Dr Gordon Adomdza and Michael Asiedu

The experiential nature of the course, Foundations of Design and Entrepreneurship (FDE), provided the opportunity for students to explore real-world problems of interest, run a business simulation on the solutions concepts while going through the motions that start-up goes through in setting up. Despite being first-year students, the structure of the course made them encounter actual challenges around team formation, supply chain management, production, marketing, finance etc., where they had to make decisions considering a variety of factors.

To capture some of these decision scenarios for teaching purposes, the following teaching case studies were written. Specific areas of business were identified for each case and to draw out the illustrations needed to meet the teaching objectives, some of the challenges were embellished and some of the storylines adapted for illustrative effect. The names of the characters in the cases have been altered to protect the identity of the students.

The cases can be used at the undergraduate level and below. Some specific cases may be used at the graduate level if the context is of importance to the instructor. However, since the operations of the student teams were business simulations, they do not have very informative appendixes or exhibits to support a graduate school level course.

In the following, we provide a navigational overview of the different business areas of interest represented in the cases. The first area of focus is team formation. This was one of the contentious areas of engagement for team members as, for many of these students, this is the first time they were participating in a project team with real outcomes. A business is only as good as the people working for it, and without a cordial and harmonious relationship, a chaotic outcome will ensue. To explore issues of teamwork, which determines whether an investor will be interested in funding, the case of Teamware outlines steps the team went through to bond and deliver value to make their business concept investible. Another case study on team formation focused on the motivation to perform.

As the saying goes, a product is only as good as the attitude of the people that make them, and in the case of Ripple, the importance of human resource management became evident. The

CEO of Ripple had to ensure that team members felt motivated since they developed an apathetic and lackadaisical attitude towards work. The team members needed work rules and regulations. They needed to have a sense of direction and purpose. The message here was that products are not the only driving force of a business, people are as well. Thus, businesses need to invest in people, and TIPS was another case study exhibits this notion. In the case of Mollia Dormir, the team had a pending conflict which threatened the success of their business simulation. All parties involved believed they were on the right, which led to no progress. A conflict resolution process had to be implemented to curb the situation from escalating and to ensure progress and performance.

Moving on from team formation to the venture development process, the case of Instalight Enterprise illustrates the 6 chronological stages of new product and business development. The team had an initial concept in mind, however, after the prototype production, they had to reevaluate certain activities they had undertaken as they spent more time and money than expected. The case modelled how to iterate and make changes as and when they are needed during the development process.

When a solution concept has been developed and tested, there is the need to explore avenues for resources needed to exploit that business opportunity. The CompressiBowl case is an illustration of one of the FDE readings titled *"Raising Money For New And Emerging Companies*". This reading focuses on how the life cycle of a business determines the funding source to target. It further focuses on the factors to understand when raising money for a business, specifically for an emerging business such as CompressiBowl. The case, therefore, provides a good overview of how funding works.

Despite the funding available for a business, there is also the case of viability which is one of the three parts of determining a potentially successful business: desirability, feasibility and viability - as the students are taught. A business might be desirable and feasible, however, without viability, the business might not succeed in the long term. This was evidenced in the case of Easy B. This case illustrates a business concept that was constantly in search of resources as they were caught in a spending spiral with no incoming funds. The case considers whether the business was viable in the first place.

There are a few other cases that we have not commented on here but hold promise for teaching on various topics in an undergraduate class as noted earlier. We hope that through these scenarios, you will be able to teach your students and your teams some valuable skills about how to tackle everyday business challenges and how to succeed in the process.

After Nine Effect: A Case on Human Resource Management and Job Design - Dr. Gordon Adomdza

This case was prepared by Dr. Gordon Adomdza, Associate Professor , Foundations of Design and Entrepreneurship, Ashesi University with the help of Mr. Mawuli Adjei as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation

PROLOGUE

Kwamina was seated in the left corner of a lecture hall. He was draped in his favourite V-neck cardigan because he was so sure that it would get colder at night, and he had been right. The thick fog that hovered around the environs of Berekuso, explained the intense chill that lingered in the atmosphere of Ashesi University. But Kwamina did not only enjoy the warmth his thick jumper gave him, but he also enjoyed the silence and peace of his present surroundings that was much needed for him to study. He checked his time and realized it was past 11 pm. He'd been studying for close to three hours already and now, he was really hungry.

He lifted his head from his books to observe his other colleagues who were studying in the lecture hall as well. Most of them were yawning and stretching as they rose up from their seats. Kwamina was positive that they were yawning out of hunger and not because they were sleepy or tired, and that they were getting out to search for food. Kwamina knew this because he'd observed the situation ever since he stepped foot on the Ashesi campus from his first year. He felt sorry for the poor hungry students who may probably not find anything to eat when they step out of campus because of the time, or who may end up eating some undesirable snacks just to curtail the hunger.

If only there were food delivery services on campus that would operate this late after the school canteen closes, students would be happier and more than willing to patronize these services to satisfy their growling stomachs. Suddenly, Kwamina had a perfect idea – a perfect solution.

Introduction

Kwamina looked at his watch. It was a quarter to nine. On any other Friday night, such as this one, he'd be scurrying about with the rest of his team, trying to make sure that the food the students in Ashesi University had ordered was coming in on time. Luckily for him, the school was on its mid-semester break and most of the students had left campus for their much-needed rest, meaning he could get some rest as well while sorting a few pertinent issues out.

However, he had barely gotten any rest. He had opted to stay in school to have the tranquillity in planning for the second half of the semester. His food delivery company, *After Nine Effect*, had been hugely successful over the course of its first year, and this initial success had continued into the first half of the current semester. Kwamina was aiming to continue this winning streak by sorting out arrangements to boost patronage and the company's profitability. He and his teammates had put together a discount package for a combination of two of the most frequently ordered food items and one of the least ordered items based on the results of a survey they had conducted right before the mid-semester break started. It looked promising, but the new package and the business as a whole would not even be able to run unless he fixed the other problem he had set out to solve over the mid-semester break. The problem was that he had to settle on which food businesses to partner with.

After-Nine Effect had tried out two approaches to obtaining a supply of their food in the past. The first approach they used earlier was working with one supplier on a contractual basis only. This came with attractive benefits that were set in stone but also brought restrictions on minimum order quantities and working with any other fast food restaurant. The second approach was working with many fast food suppliers without any contractual obligations. This came with the freedom to switch from supplier to supplier at any time but was coupled with higher logistics costs. Both approaches had been successful to some extent, and each had also had its challenges. This is what made his decision such a difficult one to take. His intention was to plan for the long-term and that meant choosing one of the approaches to getting fast food to offer the customers and committing to it. But the heavy question that lingered was, which one would be better?

Kwamina thought through the experiences that the business had had with both approaches. Both of them had their peculiar pros and cons, and this made choosing a single approach so difficult. Which would be better over the long term, and would ensure an optimal growth in profitability? He had spoken to *Papa's Pizzeria* about a new contract and had sent a proposal earlier during the week. The management of *Papa's Pizzeria* had promised to respond by close of the day on Friday, but it was 8:47 pm and the email from them still hadn't dropped in his inbox. He wondered if it would be right to forego dealing with many other suppliers on a day-by-day basis and committing to a single supplier of Fast Food in the entity that was *Papa's Pizzeria*? Whatever the answer to that question was, it remained elusive to him without reasonable doubt. Nonetheless, he still had to figure out what to do very quickly, because the contract that would be presented to them by Papa's Pizzeria would have an expiry date. Even more importantly, by the next Monday, school activities would have resumed and the students would be expecting the *After Nine effect* to run their evening food delivery service and quell their hunger at night.

The weight of expectation loaded down on Kwamina, as he realized how dire the situation was. Both the long and short-term success of the company rested on the decision of which approach to take to sourcing the fast-food his company would offer and deliver to its customers. He started to reflect and consider the pros and cons of each approach again. He could feel a slight headache setting in.

Industry Research

The global food delivery industry is a growing one. Many companies have emerged over the last few years to serve the growing need of people for cooked meals they can eat on the go, without having to go through the trouble of cooking themselves. This need is largely found in urban areas where people have busier schedules and tighter budgets. Aside from cooked food, the food delivery industry also covers the needs of people who would rather cook food themselves but still want to avoid the stress and hassle of buying groceries on their own. As a result, many food delivery companies have been set up, such as *GrubHub*, *Gooble*, *Good Eggs*, *Blue Apron*, *Hello Fresh*. Also, new entrants with greater capacity and resources such as *UberEats* and *Amazon* have entered the market, and have brought advanced technology such as the use of drones and GPS location technology. All of these companies come together to form the food delivery industry that is worth about $30 billion.

In Ghana, the same conditions that create the kind of consumer who would require the services of a food delivery company exist. An increasingly growing population that lives in urban areas have occupations that take them away from their homes more than 8 hours every day and leave them with less time to cook during the day due to their busy schedules. From statistical information about Ghana's population of 24 million, 41% of Ghanaians are above the age of 24 and of these, 61% are employed in some manner of gainful economic activity. This group is largely made up of workers and students and as a result of their lifestyles, they readily patronize food delivery companies. Also, due to the identified need, many restaurateurs and fast food companies offer their own delivery services. For example, companies like *Papa's Pizzeria* have dispatchers who send the ordered food to the doorsteps of their consumers. This convenience has made the food delivery service providers more pervasive in Ghana, anywhere a large number of workers or students are, from the main city centres to even the remote hills of Berekuso.

However, unlike in the more developed parts of the world, the offering of the service of fast food delivery is often held within the companies that produce particular types of fast food. Very few individual companies, such as *Runners Delivery Limited*, *3A's delivery service*, *HelloFoods Delivery Services*, and *Gainesville Restaurant Delivery*, take it upon themselves to offer the service of delivering any fast food of the consumer's choice to them at a service charge. In most other cases the fast-food company delivers their food themselves, with no extra charge to their customers as a value proposition. For example, fast food companies like *Pizza Inn*, *Papaye Fast Food*, *Basilissa*, and *Koffee Lounge* have employed dispatch riders who take food ordered by their customers from their point of preparation to the doorsteps of their customers. This has been a means of delivering the value of convenience to each customer and by taking up this window of opportunity, many fast-food restaurants have expanded their profits, their capacity and have made the Ghanaian food delivery industry larger and stronger than it was before.

Background: The After Nine Effect

Set in Ashesi University, the *After Nine Effect* was born out of very peculiar circumstances and consumer needs. All too often, students would step out of lecture halls very late at night or in the very early hours of the morning, between 11 pm and 2 am, surprisingly very wide awake especially given the time of the night that this would usually happen. As they stepped out into the cold, they'd clutch at their stomachs rather than warm themselves up by rubbing their hands or shoulders. The problem was, due to the students' system of staying up late to have group meetings and complete assignments; they were often left very hungry during very odd hours. The school's main cafeterias closed down at 9 pm every day and the nearest food vendors were located quite a distance away from campus since they had no authorization from the school authorities to operate on the school premises. Most of the time, the students would prefer to remain hungry rather than to bear the inconvenience of walking that distance so late in the night or early in the morning, just to get a meal.

Apart from the opportunity that the incessant nocturnal hunger of Ashesi students presented to the *After Nine Effect*, the location of Ashesi University made the service that they offered even more important to the consumers in Ashesi University. With the university sited in Berekuso, a village in the Eastern Region of Ghana, there is a considerable distance of 23km from Ashesi University to Accra, the capital town of Ghana. This far proximity to town creates a hassle for students in Ashesi in getting access to their desired fast food places to cater to their cravings. Given the terrible nature of the road linking Berekuso to Accra and the tightly packed schedules that the students had, leaving school just for the sake of getting the fast food they are used to would be a very uncomfortable and costly venture.

The Establishment: After Nine Effect

As such, the *After Nine Effect* was established by Kwamina and his team of fellow students to bridge the gap created by the two aforementioned situations in the Ashesi University community. What they offered was the delivery of fast food to students after 9 pm. Via, text messages and through the company's website, members of the Ashesi campus placed their orders for the fast food that was on offer for delivery and by 9 pm that evening, their food would be delivered to them upon which payment for the food would be made with an additional service charge of GH¢ 7. With this system, they were able to serve the consumer need for food at night on the Ashesi campus.

Their product offering from the onset was pizza and soft drinks, sourced from *Papa's Pizzeria* in Accra. Due to the students' familiarity with the pizzas and products from *Papa's Pizzeria*, the *After Nine Effect* got off to a great start, selling an average of GH¢ 2900 worth of pizzas a week during the first 6 months of operation. In addition to the familiarity *Papa's Pizzeria* held, they had a wide variety of flavours and toppings for their pizzas, catering to the different cravings of the large number of students in Ashesi. These factors led to a high demand for the *After Nine Effect's* services. However, the real advantage of having *Papa's Pizzeria* as a partner was the cost-saving benefit is presented.

The Dilemma: The After Effects of Dealing with Many or Few Suppliers

Dealing with One Supplier – Too Much of a Mouthful?

Papa's Pizzeria is one of the leading pizzerias in Ghana. Its mouthwatering combinations of flavours and toppings, in addition to the overall quality of their products, have made it one of the best places to get pizza in Ghana. Coupled with this, their many branches in and around the capital city, Accra, have helped boost their popularity and familiarity among the people who dwell in Accra. And this made them a great choice as a supplier of fast food to students in Ashesi, most of whom were already accustomed to having their pizzas from *Papa's Pizzeria*.

From the business perspective, the main benefit of dealing with *Papa's Pizzeria* for the *After Nine Effect* was the fact that delivery services were already a part of their product offering. This meant that they had already specialized in food delivery and had the resource and capacity to deliver pizza to people in and around the city, by dispatching the orders in the branches closest to the customer. They both worked out a 6-month deal where *Papa's Pizzeria* used one of its cars to bring the pizzas up the Berekuso hills, leading to the university campus. As such, the *After Nine Effect*, in their dealings with *Papa's Pizzeria* eliminated having to bear the dreaded cost of transporting ordered pizzas over the distance and the terrible road leading to Berekuso.

However, this partnership came in the form of a contractual agreement that bound the *After Nine Effect* to *Papa's Pizzeria* and the six-month duration of the contract also barred them from offering students on-campus food from other fast-food companies. In addition to this, the *After Nine Effect* had to ensure that they got orders worth at least GH¢ 500 each day that they had to deliver to students, for *Papa's Pizzeria* to incur the cost of transporting the pizza's to Berekuso. Meeting these targets proved to be problematic in the long term as later on in the semester, when students had less cash in hand, demand for the pizzas fell. In the end, the *After Nine Effect* had to use many marketing tactics like promotions and special offers to get people to buy their products.

Dealing With Many Suppliers – Is Variety Really the Spice of Life?

As a result of the increasing difficulty in getting orders for pizzas from *Papa's Pizzeria*, during the last two months of the duration of the contract *After Nine Effect* had with Papa's Pizzeria, Kwamina and his team decided to bring new fast food options to the Ashesi community to raise demand for the *After Nine Effect's* services. As such, they chose not to renew the contract with *Papa's Pizzeria* because their contracts bound *After Nine Effect* to exclusively source food from them. Instead, they moved to explore the opportunities that provided different fast food from different sources each day had to offer. They chose to start bringing in food from *Comet Kebab*, a popular restaurant that specializes sandwiches and shawarmas; *KCC,* a fast food joint that served packs of unique tasting fried chicken; *Teddy's Pizza*, a popular pizzeria that focused on giving their customers a very wide range of toppings and flavors to choose from and also acted as *Papa's Pizzeria's* chief competitor; and *Chips and Ribs*, a restaurant that serves rice and fries as accompaniments to many other varieties of protein dishes- ranging from fried chicken to steak and grilled ribs.

From the onset, demand shot up and the *After-Nine Effect* started processing an average of more than GH¢ 5000 a week. By offering variety, they were able to capture the people of the Ashesi University campus who were not lovers of pizza with the new additions of sandwiches, shawarmas, fried chicken, fries and rice. In addition to that, they retained the pizza lovers with the supply of food they got from Teddy's Pizza. Another thing that made them very successful over their first three months of operating with many suppliers was the fact that, without any contractual obligations to meet with regards to demand, the *After Nine Effect* could choose to alternate which food was supplied on over the course of the week. They had the freedom to order different amounts each day and this gave them the chance to pull off many promotions and special packages on different days. Demand for the *After Nine Effect's* services was kept high through these and the packages that they provided generated a lot of discussion and hype around the *After Nine Effect* on the Ashesi University campus.

However, this bubble did not last long after the first three months of working with many suppliers. The increase in demand for their services plateaued during the third month of operation and the subsequent months saw the start of a precipitous fall in the demand for their services, from an average of GH¢ 5000 a month, to GH¢ 4320 over the same period and then finally about GH¢ 3200 a month. This was coupled with increases in their operational costs due to the fact that they had to incur transport costs that amounted to about GH¢ 1800 a month.

In addition, dealing with different food suppliers and coordinating the processing of orders each day was very chaotic for the *After Nine Effect* Team and inconsistencies with the time that the orders were actually processed by the food suppliers made timely delivery of the food a problem for the *After Nine Effect*. There were a number of times when food that was ordered reached school late and this created a bad reputation of the company in the minds of the people at Ashesi University, especially towards the end of the last semester.

Decision Point – Making a Final Decision

Kwamina still sat there, contemplating as to which one of the two options the *After Nine Effect* would have to go with. He checked his time again. It was 10:45 pm yet he still hadn't received any notification that the email he was expecting from *Papa's Pizzeria* had arrived. Or maybe was there a problem with his email or the internet connection? Kwamina took his laptop and refreshed his email. Still, no new messages appeared. He started to scroll down, only to see an unread email from three days earlier titled *'Re: Papa's Pizzeria Proposal'*. The email he had been waiting for had been sitting in his inbox all this while. He quickly opened it and the attachment in it, hoping that he hadn't missed any deadlines. He scanned through the details of the contract that they had proposed. It seemed all the details were the same as the previous 6-month contract that they had signed at the start of their business. The only difference was that in this case, the management of *Papa's Pizzeria* was offering to give them a 5% discount for the duration of an entire month, each time they placed orders totalling more than GH¢ 3000 for the previous month.

He continued to study the contract, reading the fine print and rereading all the details specified in the document until his eyes landed on the date by which *Papa's Pizzeria* was expecting a reply. The deadline was that very day. He looked at his watch again. It was 11:32pm. He had roughly about 28 minutes left to decide between signing on with *Papa's Pizzeria* for another period of 6 months or choosing to stick with sourcing from many suppliers. He had to make a quick decision. There was no point in even asking for an extension on the deadline to give him more time to think and even make consultations because the semester was about to resume and he had other things on his plate. He started to think through his experiences with using a single supplier with a contract, and his experiences working with many suppliers without any contractual obligations, all over again. They all had their pros and cons. But in the end, before midnight, which option should he choose?

FINANCIAL REPORT

CASH BUDGET								
Items	**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Opening cash	100	802	882	927	968	992	1035	1090
additional cash (Grants)	800	125	100	90	75	88	100	150
Available cash	**900**	**927**	**982**	**1017**	**1043**	**1080**	**1135**	**1240**
Less cash payments	98	45	55	49	51	45	45	75
Closing cash	**802**	**882**	**927**	**968**	**992**	**1035**	**1090**	**1165**

OPERATING BUDGET								
Items	**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Revenue	**1400**	**1372**	**1303.4**	**1238.2**	**1176.32**	**1117**	**1061.1**	**1600**
Opening inventory	800	800	750	500	400	400	200	400
Add purchases	1150	1110	890	1000	1000	700	1000	900
Less closing inventory	800	750	500	400	400	200	400	30
Cost of goods sold	1150	1160	1140	1100	1000	900	800	1270
Gross Profit	**250**	**212**	**163.4**	**138.23**	**176.319**	**217**	**261.14**	**330**
Operating expenses:								
Printing and postages	8	5	5	7	8	5	5	15
Desining of logo	15	0	0	0	0	0	0	0
carpenter	40	0	0	0	0	0	0	0
Travelling expences	35	40	50	42	43	40	40	60
Total operating expens	98	45	55	49	51	45	45	75
Estimated profit	152	167	108.4	89.23	125.319	172	216.14	255

FINANCIAL REPORT FOR THE MONTH OF FEBUARY 2016

SALES BUDGET

FEBUARY TO MARCH	**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**	
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	
SALES	1400	1372	1303.4	1238.23	1176	1117	1061	1600	
15% loss as discount in week 2 due to late delivery in week 1 and 20% increment to the fourth weeek. 15% increment to week 7 and last week of operation.									
Cash received	1330	1303.4	1238.2	1176.32	1118	1061	1008	1520	95% cash sales at all times of delivery

COST PER UNIT

Flavour of Pizzas	Unit Price GHC
Jmelo	50
Americano	46
Meat Eater	48
BBQ Lover	50
Papa's Full House	54
Texas BBQ	46
Pepperoni Passion	40
Bucket of Chicken From KFC	70
DRINKS	
Coke, Fanta, Sprite and malt	3
Water	1
Transportation	50

***The unit prices are fixed prices of food from our partner eateries**

***The price per unit or sales is GHC5.00 more than the unit price**

Compressible Effect – A Case on Sources of Financing in Businesses - Ms. **Emefa Dako**

This case was prepared by Mrs Emefa Dako, Adjunct Lecturer, Supply Chain Management and Operations Management, Ashesi University with the help of Ms Susana Abraham as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation

PROLOGUE

The problem of sanitation has been an old demon that has tormented the society for as long as the CEO of *CompressiBowl* could remember. But as interested in solving this issue of sanitation as he was, he was keener to brighten the corner where he was first, before touching on the society out there. Ashesi University was that corner that needed his immediate attention concerning sanitation. As an entrepreneur, his senses were sharp in identifying gaps and creating innovative ways to close these gaps, as well as, creating opportunities for individuals in society.

This time, with the help of his team, and with much research into the exact sanitation problem in Ashesi University, they had come up with a creative and convenient way of helping the students on Ashesi Campus to maintain a clean and healthy environment. Together with his team, they will not only manage the waste in Ashesi, but they would also make lots of profits from this initiative.

CompressiBowl Case: Sources of Financing

Learning Objectives

- Understand how domestic economic conditions affect the funding decisions of the firm.
- Understand what corporate bonds and shares are.
- Types of shares and corporate bonds.
- Compare the advantages and disadvantages of the various sources of capital to the business.

"How could this be happening?" The CEO of *CompressiBowl* asked his top management with obvious frustration and concern laced with his usual calm voice. He could not believe that after two years in operation the firm was facing the exact same problem it experienced upon the launch of the business. Regardless of the high demand, they had for their product; the firm was still making losses. This was a big blow to the CEO and his top management because they had dedicated time and resources engaging in the development of a business plan which they believed were feasible. According to this business plan, the firm was to break even in the second year and make a profit thereafter. These projections were made taking into consideration the level of demand and market share which the product could generate. It was thus baffling to the CEO that their projections of the demand for their project were spot on but they were making losses instead of breaking even.

In a quest to find the root cause responsible for their deviation from the expected results, the CEO charged all departmental heads to scrutinize the operations of their department. They were to come out with problems they were facing. Even after the meeting was adjourned to a later date in the week, the CEO sat in the conference hall contemplating the hard decision ahead of him irrespective of the problem they would uncover. The business was formed with the intention of solving the sanitation problem of the students at Ashesi University who were too busy to pay particular attention to the state of their surroundings. A further exploration of the problem revealed that the bulk of the waste in the school was plastic wastes. In that waste laid a great entrepreneurial opportunity which *CompressiBowl* grabbed with the intention of making a profit as they made the environment cleaner and healthier for Ashesi students. The CEO still believed in the potential of the business venture and was not ready to give up on it yet.

Three days later, each departmental head submitted a report on what they discovered. A persistent trend that could be found in all of the reports was the lack of funding. This was particularly severe in the operations department. Even though the demand for the product was high, the operations department of the company did not have the needed capital to produce to meet that demand. The inadequate capital also meant that the company was not operating at optimal capacity which was the root cause of their inability to make enough revenue to break even. The CEO knew that identifying the problem was only half the work because he now had the responsibility of deciding where they could generate the funds. He knew that internal funds were not an option because the cash flows of the firm was currently suffering. Loans from the bank were also going to be difficult to obtain due to the lack of collateral and the risky state in which the firm was currently in. Hence, the CEO would have to make a decision between issuing a fixed income security or equity.

The task of raising capital was not going to be an easy one and the CEO was aware of the fact that there were a lot of considerations he needed to make before he could settle on the most appropriate source of capital. To make matters worse, he needed to come out with his decision in two weeks. This is because both options involved complex processes which took time and there was an exhibition in two months which the firm wanted to take advantage of. Therefore, securing the capital as soon as possible was very important.

Company Background

Product

The company *CompressiBowl* Ltd was officially launched on 11th February. It was created in response to the sanitation problem which the campus of Ashesi University faced. The initial motivation for setting up the company was to provide a way for a busy Ashesi student who needs to have a clean environment to stay healthy because he wanted to study effectively. This motivation was arrived at when the members of the company considered the point of view statement on which they were going to base their solutions. The CEO found it really interesting that the major waste in the Ashesi community was plastic waste. This is because the plastic bowls were introduced as a solution to the sanitation problem which was caused by the Styrofoam food packs that were originally used. This fact made the team more determined to come out with a solution that would not just be a replacement to the existing product but would effectively tackle the issue.

The resulting product which the whole team agreed upon was the compressible bowl. This was after various submissions of ideas in response to the question of how the company might reduce the amount of waste created in Ashesi. This was a portable and aesthetically appealing bowl which had a biodegradable inner lining. The product was seen as the best possible solution to the sanitation problem because the issue of students throwing away the bowls they used because they were too busy to wash them was solved by the biodegradable lining. Furthermore, due to the compressible nature of the bowl, even if it is thrown away, it would not take as much space as the regular bowl used in the school.

However, this final product underwent several changes due to the company's constant desire to satisfy its customers and generate profit. Before the company introduced the biodegradable liners to reduce the factor of washing, a sponge-like wipe was initially presented to potential customers for evaluation. These wipes were in actual fact supposed to reduce the element of washing. Unfortunately, the feedback received was negative, so the company had to iterate slightly, and that was the inception of the liners component. This new addition increased demand on one hand and the cost of production on the other hand. The biodegradable liners were much more expensive than the sponge-like wipe which was initially considered. Reflecting on this, the CEO realized that the company had always had the problem of not having the required capital needed to meet the demand of customers. Moreover, the capital needed to deliver the features and requirements proposed by the company to its customers was limited, making it difficult to deliver on quality as well. Hence, in an effort to deliver on the value proposition of giving customers ease in transporting bowls from their homes to the cafeteria, coupled with ease of washing the bowl, considerable capital was needed.

Stakeholders

The customer segment of the *CompressiBowl* was initially made up of Ashesi students since they were the principal respondents of the research that was carried out by the company. As a result of feedback during the launch of the business, the customer segment was extended to Ashesi staff and faculty, students outside Ashesi looking for convenience and in the long run the bulk of Senior High School students. The company also excels in establishing long-lasting relationships with its customers due to the feedback system and promotions that have been implemented. As a result, not only does the company have new customers who are willing to purchase their product, they also have existing customers that continue to patronize the product. The product is sold at cafeterias in Ashesi, as well as, retail shops. Also, the bulk of marketing and advertisement is done by these sales outlets. Again, the company mainly undertakes credit trading. Hence, their cash flows are unpredictable and inconsistent.

The company learned that the business was a viable one during the launch of their product. This is because the company was able to sell more than 75% of its stock. Again, they were able to meet their expectations of getting 50 people to visit their product stand, as well as, receiving 75% approval from the people that visited the stand, that the product was practical and applicable in everyday life. This feedback was notwithstanding the fact that the product that was used in the launch was semi-complete, that is, without the liners which were unattainable due to low capital pressure on the firm. In addition, instead of being able to procure 100 bowls, the company was only able to procure 16 bowls due to low capital as well. As such, the business took to selling delicacies like cupcakes and cookies that cost GH¢ 511 (expenses excluded) and was able to make an amount of GH¢ 860 from sales, resulting in a total amount of GH¢ 349 as profit. This amount was used as a supplement to cover the loss from the sale of the bowls which is the main business of the company.

Since the company wanted to focus on its main business, the sale of delicacies was stopped. Thus, the key resources of the company are the capital needed to procure the bowls and lining and the sales personnel within the company. The key partners needed by the company include the bowl suppliers, procurement channels, cafeterias and retail shops. The bowl suppliers have proven to be very crucial to the business because that is where most of the capital generated is spent. Initially, the bowls were acquired from American suppliers which was relatively expensive hence causing constant deficit in capital. The cost of transporting the bowl to Ghana was very high. The company had to result in foreign suppliers because the local producers were unable to produce the bowls within the given time span. However, after much research, the company found a cheaper source from China which would be able to sustain the business given the much-needed injection of additional capital. The CEO remembered that the reason why they decided against liquidation, even though they were making a profit, was the fact that people bought into their idea. He still had the same level of faith in the business now.

Industry

The industry which the company belongs to is the manufacturing company. This is because the company assembles the bowl and the biodegradable liner before it is distributed for sale. The industry contributes about an average of 25.2% to GDP. However, the industry experienced an unprecedented negative 8% growth ("Ghana's manufacturing sector registers negative growth", 2016). This growth decline has lowered investors' confidence in the performance of companies within this sector. The manufacturing industry is also very sensitive to business cycles. This means that the revenue of the industry moves in the same direction as the general economy. Hence, when the economy is suffering a recession, the industry would suffer a decline as well. The opposite is true as well. Consequently, the decision of the firm in the choice of source of capital would have to take this into consideration since the performance of the company would determine the ability of the firm to make payment to investors.

The stage in the industry lifecycle in which the manufacturing industry in Ghana is at the growth stage. This is evidenced by the fact that there is relatively little competition in the manufacturing industry and there are accelerated sales as well. *CompressiBowl* has a chance to expand within this industry. For that reason, the CEO was of the opinion that considering long term sources of capital may be more favorable since there is a higher probability for the business to do much better in the future. However, he was aware that there were other factors that should influence his decision; hence he was not quite ready to settle on that decision until he had exhausted all available information.

Competition

The biggest direct competitor to *CompressiBowl* is *Everpack Ghana Limited*. This company is not only the leading supplier of plastic bowl in Ashesi University, they are also one of the market leaders in the region. The company has a good workforce having well over 200 engineers and employees creating high-quality products. Due to their larger size and financial performance, they have more access to capital including plowed back profit and loans from the bank. Also, more risk-averse investors would be more likely to invest in a company such as *Everpack Ghana Limited*. This places them at an advantage especially in production and meet demand. The CEO found this very disconcerting because in order to even have a chance to compete, they were at a disadvantage from the start. The right choice of source of capital had to reflect whether they would be able to raise the needed amount given competition from *Everpack* for the same source of capital.

Nevertheless, *CompressiBowl* has an advantage since the bowl is highly differentiated from the products which *Everpack Ghana Limited* has to offer. This is as a result of the compressible nature of the bowls, as well as, the biodegradable lining of the container. The company can leverage this in order to attract investors to the bright prospects which the firm has to offer. Also, in relation to competition, comparative business risk must be considered. Since, *CompressiBowl* has higher variability in its earnings as compared to *Everpack*. A lower debt ratio as compared to that of its competitor would be optimal since this would make the firm more desirable to investors. This is because with a higher variability in earnings, a higher debt ratio would signal to investors that the business would be more susceptible to bankruptcy.

Domestic Economic Conditions

Ghana is considered to be a growing economy and it has been predicted by the World Bank to attain its goal of upper-middle-income status by the end of 2018. This has mainly been attributed to the discovery of oil reserves in 2007 which has played a significant role of boosting the economy. Ghana, over the years, has shown impressive results in both macroeconomic growth and socioeconomic development as it attained a status as one of the fastest-growing economies in 2012. However, in just a few years after achieving this status, many economic challenges have led to Ghana recording a relatively poor economic performance. The economic condition in the country does not only affect the performance of the firm but also affects the sources of capital which a firm can obtain and handle.

GDP Growth: The Gross Domestic Product of Ghana despite the economic downtown in recent years has still recorded positive growth. It was ranked number 11 in Africa with a GDP of $50 billion ("Top 20 Largest Economies in Africa 2016", 2015). It had maintained an average growth over the past six years but decelerated to 4.4% in 2013 as compared to 7.9% recorded in 2012 ("Top 20 Largest Economies in Africa 2016", 2015). In 2015, Real GDP increased by 3.6% as at the end of the third quarter of 2015. Real Non-oil GDP was estimated at GH¢9,366.3 million while real oil GDP was estimated at 8,822.9 million (Kai-Mensah, 2016). Although the growth rate of Ghana's GDP has reduced considerably, real oil GDP continues to increase. This trend is likely to continue as the daily production of oil increases. The positive growth in Gross Domestic Product indicates that the country is expanding. This implies that the demand for goods and services is expanding as well. Consequently, the performance of the company is expected to expand with the general economy. Thus, the firm would be in good condition to service any obligation which it may take on considering the fact that the growth in GDP is further expected to rebound in the near future. Again, as the economy expands, households have more surplus income which they may be inclined to invest given the right future benefits offered to them.

Employment: In Ghana, the unemployment rate which measures the number of people actively looking for a job as a percentage of the labor force, saw an improvement in 2013. In 2013, the unemployment rate in Ghana decreased from 5.96% in 2010 to 5.20% ("Ghana Unemployment Rate Forecast 2016-2020", 2016). As of 2015, 75% of Ghanaians age 15 and above were recorded to be economically active and employed. However, of those employed, 69% of them were considered as being in vulnerable employment. This means they were either self-employed or work as independent people in businesses of family members living in the same household. Moreover, the forecasted unemployment rate for 2016 is expected to be 8.70% ("Ghana Unemployment Rate Forecast 2016-2020", 2016). This is much higher than the unemployment rate recorded in 2013 and most of 2014. The unemployment statistics present both an advantage and disadvantage to the firm. On one hand as unemployment increases, households would have less disposable income which could be placed in investments. However, since most of the population that are employed have vulnerable employment, they might be attracted to long term investments with high returns which would provide them with income in the future when they might be out of work. Again, they might be more attracted to long term investments which may have fixed payments so they remain as liquid as possible. The CEO after evaluating this factor appreciated the fact that in order to raise the needed amount of capital for the company, he would need to marry what investors would want and what would be good for the firm.

Inflation: In 2011, the inflation rate was 8.6 percent, the lowest recorded inflation rate in about two decades. However, in recent times, the inflation rates have been rising at a disturbing rate. The inflation rate of Ghana stood at 17.7% as at the end of the year 2015 (Kai-Mensah, 2016). The inflation in the country continued to increase and as at January 2016, inflation rose to 19.0% and it is currently at 18.4 % (Kai-Mensah, 2016). The rise in inflation also means that the cost of living in the country has increased. As the cost of living increases, individuals are more inclined to have a higher propensity to consume as opposed to saving. In addition, the cost of production for the company would also increase taking into consideration that inputs would become more expensive. The high inflation rate also means that in the event that the firm issue a fixed income security, the rate of return to investors has to be higher than the inflation rate so that the real return for the investors would be high. This implies that cost of debt might be high for the firm.

Interest rates: Apart from the cost of living rising, many businesses are being affected by interest rates which have reached as high as 30%. The interest rates have also been increasing from 12.5 percent in 2011 to 26 percent in 2015 which is a double increase (Trading Economics, 2016). Ghana has recorded one of the highest interest rates in the world over the past year when the Bank of Ghana increased its prime lending from 23% to 25%. The interest rate in Ghana averaged 16.99% from 2002 until 2015. These high lending rates are deterring businesses from expanding through borrowing (Prempeh & Amissah, 2016). The forecasted figure is 27 percent by next year (Trading Economics, 2016). Currently, the interest rate on the long term government bonds average about 24%. As this is high, government borrowing could also crowd out borrowing from firms. This is due to the fact that government bonds are considered as risk-free, hence corporate bonds have to offer an interest rate which is higher than that of the government bond as it is riskier. This makes the cost of debt high for most companies especially start-ups.

Sentiments of consumers and producers: Consumer sentiment is a statistical measurement and economic indicator of the overall health of the economy, as determined by consumer opinion. It takes into consideration an individual's feelings toward his or her own current financial health, the health of the economy in the short-term, and the prospects for longer-term economic growth ("Consumer Sentiments Continue to Improve", 2016). According to the latest result of the Bank of Ghana Confidence Survey generated in January, 2015, consumer sentiments continue to improve. According to the report, consumer confidence index increased to 89.9 in December 2014 from the previous consumer confidence index of 85.6 ("Consumer Sentiments Continue to Improve", 2016). In addition, a report by Nielson revealed that among respondents, 79% of those who had discretionary funds responded that saving and investment continued to be a priority. Yet again, 71% of respondents believed the state of their personal finances was good or excellent ("Consumer Confidence Index", 2016). The consumer index indicates that Ghanaians believe that the economy of Ghana would perform better in the coming years and therefore are confident about their flow of income. This also reduces the risk aversion of consumers since they have more confidence that the market would perform well and as such they would not make losses. The reduction in risk aversion indicates that more investors would shift from risk-free securities or even safer options such as corporate bonds to equity in search of higher return.

Fixed Income Security

A bond is a long term debt security that is sold to investors. Issuers of bonds raise money from investors willing to lend them money for a certain amount of time. Corporate bonds are debt obligations, or IOUs, issued by private and public companies to raise financing for a variety of reasons geared towards improving the competitive advantage of the company. In return, the company makes a legal commitment to pay interest on the principal and in most cases, to return the principal when the bond comes due, or matures ("Corporate bond", 2016). The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. This security usually has a maturity of at least one year.

The CEO knew that even if he decided on issuing bonds as a source of raising funds he would need to consider which type of bond to issue. He was fast becoming frustrated because he was beginning to feel the time constraint and the complexity of the decision which had to make. The options of bonds that were available to him are zero-coupon bonds, irredeemable bonds and redeemable bonds. But before he could consider which type of bond he even wanted to consider, he was interested in the pros and cons of issuing a bond in general.

Since the interest paid to investors in exchange for their money is tax-deductible, it offers the company a tax shield. This essentially implies that since the interest is deducted as an expense before tax is charged, the company pays less tax than they would pay if they issued equity. Again, bondholders are just creditors to the company thus have no say in the running of the business. This gives the firm higher autonomy. This source of capital can also be issued anytime the company needs money and is much cheaper as equity holders demand a higher rate of return. In spite of all these advantages, the fact that the firm might have to make fixed payments to holders regardless of the company's performance offers serious risk to the company. This disadvantage implies that cash flows might be tied up in interest payments. Another disadvantage may be that an increase in debt shown in the books of a company, may make it unattractive for future investors and even suppliers.

Types of Bonds

Zero-Coupon Bond: A zero-coupon bond is a bond that pays no interest but instead is sold at a deep discount on its par value ("What is zero-coupon bond? definition and meaning", 2016). This means that zero-coupon bonds are sold at a price which is much lower than the maturity or redemption value which would be received by the investor upon the maturity of the bond. In addition, this bond does not have to pay interest during the period it is held. The zero-coupon bond appeals to companies that have volatile and unpredictable cash flows but have high potential for profitability and growth in the future. This is a result of the fact that the firm would not be obligated to make periodic payments of interest which may cause a drain on the company. The company would receive a relatively lower amount as compared to the other types of bonds per each zero-coupon bond sold. As such, the company would have to attract more investors as compared to the others in order to meet its capital requirements. The company would have to make a lump sum upon maturity this could substantially affect the firm adversely especially in the event that the future prospects of the company deviate from the expected.

Irredeemable Bonds: An irredeemable bond is a bond without redemption privilege and has no maturity ("Perpetual Bond Definition", 2003). It is also known as a perpetual bond. This is a bond that pays a steady stream of interest forever. This has the advantage of providing a company with the option of repaying its debt in small amounts over a long period of time instead of having to pay a lump sum which might be damaging to the company. Nonetheless, the firm would have the obligation of having to make a fixed payments for the entire existence of the firm regardless of the performance of the firm.

Redeemable Bonds: A redeemable bond is a bond that makes periodic coupon rates and upon maturity pays a redemption value to its investors. It is also a bond that affords the issuer the right to buy back the bond before maturity ("Types of Bonds", 2016). These bonds are issued to allow the issuers to hedge against interest rate risk. This is because when interest rates fall significantly in the general economy such that the firm can get debt for a lower cost than it currently has, they can call the bond. This bond helps companies to reduce their liabilities when it becomes a possibility. These bonds are usually called at a value that is slightly higher than the face value which the investors would have received if they had held the bond to maturity. Investors are compensated for this uncertainty by high coupon rates. Therefore, in order to attract investors to purchase this bond, the coupon rate must be high which would increase the cost of debt for the firm.

Equity

The company in recent times has been seriously considering turning their private company into a public limited liability company. This is because the thirteen partners of the company were eager to have limited liability, as well as, sharing of risk. The CEO knew that issuing shares could be the right choice of raising capital for the company at this time since two birds could be killed by one stone. Shares are securities that represent a claim of ownership in a company. This is issued by a public limited liability company on the Ghana Stock Exchange. The return to investors comes in the form of dividend and capital gains. The firm raises money by selling units of shares to interested investors.

An advantage of issuing shares offers an opportunity for a company that does not have a good credit rating to raise capital. That is due to the fact that the company may not be able to raise through bonds. Thus, selling stock is attractive to startups with no track record as they can attract investors with potential for growth and profit. Issuing shares would also bring accountability to the business since there would be justification of actions taken by the head of the company to shareholders. As compared to bonds, shares save on interest payment but also make the company appear more financially secure. On the downside, there is a loss of control and privacy with the issue of shares as a source of capital. The company would have to disclose assets and issue financial data on a regular basis. Another disadvantage to the company would be that the current owners would have a division of profit with more people. Finally, the incorporation of the company in an effort to issue shares may come with tax consequences. That is, the firm may have to pay higher taxes as a result of its new status as a public limited liability.

Types of Shares

Common Stock Equity: This represents ownership shares in a company where the holders have voting rights. They are also known as ordinary shares. Holders of common stock exercise control by electing a board of directors and voting on corporate policy. Common stockholders have a residual claim on the business. That is, in the event of liquidation, common shareholders have rights to a company's assets only after bondholders, preferred shareholders and other debtholders are paid in full. They are the last claimants on profit as well. This offers an advantage to the company because they do not have an obligation to pay dividends when the company does not perform well. This makes it less risky as compared to bonds in terms of liabilities driving the firm into bankruptcy. Issuing common stocks would increase the number of people that are involved in decision making and this could slow down decision making.

Preferred Stock: A preferred stock is a share that entitles the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends (Stewart, 2016). A preferred stock is a class of ownership in the company whereby the shareholders have no voting rights. This type of stock combines the features of debt and equity. With this share, the company can improve its balance sheet with equity capital without diluting the voting power of existing owners of the company. The lower risk to investors also means the cost of raising capital for issuing preference share is lower than that of issuing common share. Also, in the eye of the law, preference shareholders are seen as ownership so even though they are entitled to fixed payments, they cannot take over the assets of the company in times of bankruptcy as bondholders would.

The CEO was sure that both the bond and equity would lead to the firm raising the amount it desperately needed, but with the exhibition looming ahead he was not quite sure which of the sources and which type of the chosen source would be best for the company.

References

Consumer Confidence Index. (2016). *Nielsen.com*. Retrieved 30 July 2016, from http://www.nielsen.com/gh/en/insights/news/2016/consumers-in-kenya-ghana-and-nigeria-confident-despite-spare-cash-scarcity.html

Consumer Sentiments Continue To Improve. (2016). *Mofep.gov.gh*. Retrieved 30 July 2016, from http://www.mofep.gov.gh/?q=content/consumer-sentiments-continue-improve-%E2%80%93-bog

Corporate bond. (2016). *Drishtiias.com*. Retrieved 30 July 2016, from http://www.drishtiias.com/syllabus-upsc/images/upsc-exam-gs-resources-Corporate-bond-Issues-and-Challenges-for-its-development-in-India

Ghana Unemployment Rate Forecast 2016-2020. (2016). *Tradingeconomics.com*. Retrieved 30 July 2016, from http://www.tradingeconomics.com/ghana/unemployment-rate/forecast

Kai-Mensah, V. (2016). *Ghana records 4.9% growth in the fourth quarter of 2015*. *citifmonline*. Retrieved 30 July 2016, from http://citifmonline.com/2016/04/28/209905/

Kai-Mensah, V. (2016). *Ghana's inflation at 6-year high hits 19%*. *citifmonline*. Retrieved 30 July 2016, from http://citifmonline.com/2016/02/11/ghanas-inflation-at-6-year-high-hits-19/http://citifmonline.com/2016/02/11/ghanas-inflation-at-6-year-high-hits-19/

Perpetual Bond Definition. (2003). *Investopedia*. Retrieved 30 July 2016, from http://www.investopedia.com/terms/p/perpetualbond.asp

Prempeh, O. (2010). Ghana's oil & gas industry part 1. *Modern Ghana*. Retrieved from https://www.modernghana.com/news/287883/ghanas-oil-gas-industry-part-1.html

Stewart, W. (2016). *preference share*. *Academic Dictionaries and Encyclopedias*. Retrieved 30 July 2016, from http://law.academic.ru/6117/preference_share

Top 20 Largest Economies in Africa 2016. (2015). *Ranking Interesting Facts About Africa*. Retrieved 30 July 2016, from http://www.africaranking.com/largest-economies-in-africa/3/

TradingEconomics. (2016, 07 16). Ghana | Economic Indicators. Retrieved from Trading Economics: http://www.tradingeconomics.com/ghana/indicators

Types of Bonds. (2016). *Boundless*. Retrieved from https://www.boundless.com/accounting/textbooks/boundless-accounting-textbook/reporting-of-long-term-liabilities-11/overview-of-bonds-72/types-of-bonds-331-3729/

What is a zero-coupon bond? definition and meaning. (2016). *BusinessDictionary.com*. Retrieved 30 July 2016, from http://www.businessdictionary.com/definition/zero-coupon-bond.html

APPENDIX

FINANCIAL REPORT

Sales Report:

Compressibowl Sales Budget							**Assumptions**			
JANUARY	Wk 1	Wk 2	Wk 3	Wk 4			Each set out the bowls costs 70 cedis, the sales increase by a set every week.			
	GH C	GHC	GHC	GHC			Say 90% of sales are cash sales, 10% is credit sales.			
SALES	185	285	350	420						
Credit sales	15	28.5	35	42						
Cash Sales	170	256.5	315	378						

Operations Report:

COMPRESSIBOWL OPERATING BUDGET				
Items	Week 1	Week 2	Wee k 3	Week 4
	GHC	GHC	GHC	GHC
Revenue	800	240	0	0
Opening inventory	280			
Add purchases	0			
Less closing inventory	95			
Cost of goods sold	185	0	0	0
Gross Profit	-260	0	0	0
Operating expenses:				
Procurement of bowls	400			
Custom Charges	140			
	0			
	0			
Total operating expense	540	0	0	0
Estimated profit	0	0	0	0

Comments:

The reports above are real, with no speculative data entered. They represents the actual financial standing of the business.

The loss realized in the first week was due to need to have sample products for our launch, as such we had to import from U.S.A instead of China which was more expensive but reliable.

The profit margin should increase due to the shift of our importers from U.S.A to China.

De-Stressor Hub: A case on Using the Understanding of Consumer Buying Behaviour for Design Making - Dr. Gordon Adomdza

This case was prepared by Dr. Gordon Adomdza, Associate Professor, Ashesi University with the help of Ms. Adwoa Adobea Armah as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation

A case study on examining and using the understanding of consumer buying behavior to influence the decision of consumers to patronize the service being provided by the De-Stressor Hub.

PROLOGUE

Laura knew she was a victim of stress of late. She had constantly been battling with stress in most aspects of her life. She seemed to have a lot on her plate these days as a student, and as an executive member of about three associations on Ashesi campus. She couldn't complain, she loved everything she was doing presently. But she needed to rid herself of the burden of stress.

She had observed that stress put her mind and body in a state of dormancy and as hardworking as she was, this state made her very unproductive. As she sat on her bed in her dormitory, she pondered over the fact that she missed her period, not because she was pregnant, but mainly because of the high levels of stress that had gone all the way to cause imbalances in her hormones.

Laura sighed at the thought of all the side effects of stress that she had read on the internet. She'd also researched into things that could be done to reduce stress levels. She even signed up to receive newsletters about how to manage stress from *Stresslife*, a website of a non-profit organization, whose aim was to help the world solve issues relating to stress. She must admit that she was learning quite a lot from that site on reducing stress. She could probably share all the information with her fellow colleagues, who she was sure were also facing similar problems.

Maybe she could create an enterprise that will be set on helping students on campus combat with stress. The corners of her lips curled into a smile as the faintest thought of this initiative.

She needed to deliberate on this with her friends immediately and make headway as soon as possible.

Introduction

The *De-Stressor Hub* is a start-up social enterprise under the therapeutic recreational industry that seeks to enable individuals to deal with the issue of distress (negative stress). It addresses the problem of primarily Ashesi students who cannot find outlets to relieve themselves of stress or find stressbusters that would enable them to deal with academic commitments and other overloads. The hub assists by bringing the solution space of matching an individual's activities of interest to a varied range of destressing activities. The goal is not to completely remove stress, but to reduce it so the students do not feel overwhelmed by all they have to so. This solution came about as a result of ethnographic research. The Glass of Water analogy was used to reveal deeper insights into the main problem of stress which falls under the Mental Health umbrella. The main objective of this case study is to go through the strategies that will influence the behavior of the consumer. And allow students to discuss and understand the best way to present a new product and make it attractive to potential consumers. The steps of consumer buying behavior that they would need to study and focus on in order to sell their business.

Background

It was another 3 am study – assignment – class prep session and a group of students at Ashesi University were sitting gathered around in a group. They had gone through all the phases; the beginning seriousness, then the story-telling and insightful discussions and arguments on everything but the work at hand. Then came the exhausted, resigned feeling and wanting to give up, and finally, this stage, drawing on the final vestiges of strength and pulling together to finish. It was a never-ending cycle.

It was at one of these that, Laura, a freshman, sat up from behind her computer, took a look around and said to her friends, "You know what our problem is? We're constantly stressed out. All this running around and stressing cannot be good for anyone. I wish there was something that could be done about it." Her friends nodded in agreement and went back to finishing their work.

Days later, the thought still bugged her. A research and brainstorm session with a few of her friends later, and that is how the business began; with five students who hoped to make a social impact in their own lives and in the lives of people around them by promoting stress awareness and viable ways to reduce stress.

Laura was chosen as the CEO and coordinator of the group. This role often meant she was the final decision maker as well. This was not a problem, as she took to the role immediately. Not one to hang about and complain about a problem, she dove first into the planning and establishing of the organization. Laura had found a cause she was passionate about and was determined to make it work. At times, her excitement got ahead of her and she tried to implement ideas beyond the scope of an organization of their size, but the other team members were always available to set her straight. Naturally, there were arguments amongst the group regarding decisions that needed to be made, but Laura was always able to calm them and lead them to a compromise. Under her leadership, a promising organization emerged.

Eventually, it expanded to a group of 13, running the limited liability partnership, in line with the design of the Foundations of Design and Entrepreneurship course. The students were required to expand the businesses to the size of a regular company with various functions. A partnership between the health center and the company was established as they both encouraged the ultimate physical and mental well-being and the lifestyle of the students.

This solution came about as a result of ethnographic research particularly using the Glass of Water analogy to reveal deeper insights into the main problem of Stress which falls under the Mental Health umbrella. The target persona was constantly stressed out about academic commitments and hence could not focus on non-academic areas like socializing, recreational activities and generally partaking in his or her activities of interest. Their pain was falling sick frequently and battling with health issues like high blood pressure and insomnia as well as ruining their relationships with people. The customer segment in question was the Ashesi student body, staff and faculty who daily are overloaded with so much work and do not have time to engage in other activities.

The Product and Activities

The *De-Stressor Hub* product or service was to post weekly updates of stress facts on their social media pages, give handouts to those who were not on social media on the same stress updates and create a hub of entertainment for students. The hub provided varied activities for a student to reduce stress. As mentioned before, the goal of the hub was to reduce the stress levels of the student so they can handle the rest of their workload.

In addition to this, at the launch of the business, the group sold products that one could use to increase comfort in their own lives. These included cushions, neck pillows, blankets and smoothies made from fruits and vegetables known to contribute mental wellbeing. This retail part of the business did surprisingly well, making the company wonder if they should include it as part of the main business function. By their estimation, should they increase their sales of complementary goods, they stand to make a large amount of profit in the long run. It would however, include a rather long and expensive process of finding and arranging suppliers, negotiating the transfer of the goods and starting a whole new advertising campaign to interest the students. The resources available to the team at this point were rather limited.

The Problem

The *De-stressor Hub* was a new industry on the Ashesi campus aiming to provide its value proposition to Ashesi students, staff and faculty. The average college student is tackling on average, assignments and projects from four or five different courses per semester. These, in addition to extra-curricular activities means that often, students are dealing with a lot of work. The amount of work makes for a rather stressed group of students

The group developed a product that they believed would provide a solution to stress on the university campus. . Many of the activities that the hub offered, however, were easily accessible to the students thus, making sales from their products was difficult.

While they are set out to solve a problem, this was a business and it needed to make sales and, at the very least, break even. Even though it seemed like a viable business idea, potential investors were not completely convinced about the marketing plan and its capacity to bring in consumers.

In an initial information session held at the launch of the business, consumers showed a bit of skepticism, mainly because they did not necessarily feel compelled to patronize the *De-Stressor Hub*. To quote a concerned likely consumer, “Why would I pay to use a service that is easily accessible to me whenever I want it and is absolutely free?” This confirmed the investors’ concerns for the future of the business. The marketing department was left now with the job of figuring out the right approaches to advertising and marketing the product that draws not only interest but actual consumption of the services.

In spite of these fears, the team continued to pitch to potential investors and partners. They finally came into contact with an organization based in New York, in the United States that were interested in investing a rather large amount into the business. This organization specialized in holistic and alternative methods of mental health care and had been looking to expand into the student market like the *De-Stressor Hub* was already doing. It looked like the hub was getting a break at last. However, there was a catch. Within a month, the new organization wanted the *De-Stressor Hub* to create a new strategy to attract customers, or the investment which added up to almost a thousand dollars would go to another Africa-based establishment they had been considering. It was up to the *De-Stressor Hub* to decide if they would regroup and examine their consumer buying behavior and create a new strategy or they were would regroup and add their complementary products to boost sales. With the resources available to them, they could only go one way.

Mental Health and Therapeutic Industry

According to a report by the World Health Organization, mental health services in Ghana are available at most levels of care. However, the majority of care is provided through specialized psychiatric hospitals (close to the capital and servicing only a small proportion of the population), with relatively less government provision and funding for general hospital and primary health care based services. The few community-based services being provided are private. Until recently, the therapeutic industry was undeveloped and saw poor growth. With the emergence of more and more spas, massage and psychologist services, all geared towards relaxing and improving the physical and mental health of the average Ghanaian, the industry has grown significantly.

Marketing Strategy

The main marketing strategy of the group involved getting information about their product to the general university public mainly by word of mouth and through the sessions that were held at the official launch of the business.

The *De-stressor Hub* reached the members of its target market by providing *De-stressor* kits and creating the environments where they could have access to destressing activities. They also made use of their media platforms and emails where consumers have access to weekly updates on stress, and provide them resources on stress whether it be access to key partners like the Ashesi Health center or societies and clubs on campus.

Consumer Buying Behaviour

In order to make the right decision, the team began to look at what it would take to effectively market their goods to rack up, not just interest in their business, but their sales. This involved taking a look at the consumer buying behavior. Consumer Buying Behaviour is affected by two main influences: Personal, which includes the consumer's personal and psychological factors and Environmental influences which include the social, cultural and geographical factors. For the *Destressor Hub* to increase the customer's interest in its main product they needed appeal to each of the said factors. Their entire decision-making process would involve many facets.

The consumer buying decision-making unit that influences the consumer's choice is made up of the

- **The initiator –** a person who first suggests buying the product or service.
- **The influencer –** a person whose comments affect the decision made.
- **The decider –** the person who ultimately makes all or part of the buying decision.
- **The payer –** the one who gives out the money for the purchase.
- **The buyer –** the one who physically makes the purchase.
- **The user(s) –** the one who consumes (s) the product or service.

One person often can and does play more than one role in the decision making unit. This piece of information was important to the team members because while the target market remained the same, the market they would advertise to had opened up. It now included guardians, lecturers, guidance counselors, various health personnel and basically every individual that could influence a university student. This knowledge also gave the team a way to present a product to possible consumers. It would, after all, be absurd to present a toy to a child in a language they do not understand. It was decided that the way the team exploited this information could go a long way to determine the sales that the business makes.

Beyond the individuals involved in the consumer buying was a process of five stages:

Stage 1: Problem Recognition – where individuals realized there was some sort of deprivation or discomfort. In this case, this is where the possible consumers would acknowledge the presence of stress in their lives. This stage can be influenced by external factors, which, to some extent, the hub was doing, with their information and tips they put up on notice boards and social media. Laura felt that more could be done to accelerate the rate at which people recognized the effects of stress in their lives.

Stage 2: Information Search – consumers look for information about various alternative ways of solving the problem. At this stage, it is important for the hub to present as much information as possible for the use of the consumer. To make the information as reliable and objective as possible, they would need to support the information with non-marketer sources.

Stage 3: Evaluation of Alternative Brands – the consumer, at this stage, takes a look at all the possible solutions provided by all the different businesses to decide which one to choose. Laura and the team realize this is another area where they would need to seriously apply themselves and their marketing knowledge. They needed to make sure that their business, more often than not, is chosen when the consumer does this review. It is not enough to be the only ones in the industry, because there is always the alternative to not use the service at all.

Stage 4: Purchase – at the point where the good or service is bought, how is it packaged. The team notices that not only should there be attractive enough packaging, but the form of payment is also important. They asked themselves how they could make payment as convenient as possible for the consumer, without making a loss as a business.

And finally,

Stage 5: Post-Purchase Experience – after-sale, consumers need continuing reassurance that they made the right decision buying your product. What information is being put out to convince them to return to the same brand, in this case, the *De-Stressor Hub*?

Laura and her team need to decide quickly whether they would like to give the consumer buying behaviour another look and create a new strategy to pitch to their investors based on the new knowledge, or re-establish their business with a larger focus on the retail department. Previously, the marketing team of the hub had not taken into consideration all the things that go into the decision making of potential consumers of their service.

The team is pressed for time and are split on both sides of the problem, leaving Laura to make the final decision on which way to go. More than anything, she wants this business to succeed as providers of stress relief. She also needs to think about making a profit out of the business and make it a success in the more traditional sense of the word. What, in your opinion, is the best decision for her to make? Should she go with the New York investors? In that case, pitch the best strategy that the team would need to completely convince the investors of an understanding of the consumer buying behavior, and how to exploit it to turn a profit.

What role(s) does the team play in the decision unit and how can they use the knowledge they gathered in the market research to increase the interest in their service. What type(s) of consumer buying behavior can be identified and how does that help the decision-making process?

General Journal

Currency: GH¢

Date 2014	Description	Ref	Debit GH¢	Credit GH¢	
16-Jan	Owner Inventory Drawings	29101	1,000.00		1
	Inventory	13100		1,000.00	2
	To record inventory drawings by owner				3
					4
29-Jan	Salaries Expense	50701	600.00		5
	SSF Payable	21200		33.00	6
	PAYE Payable	21110		60.98	7
	Salaries Payable	20400		506.03	8
	To record employee basic salary				9
					10
	Employer SSF Expense	51200	78.00		11
	SSF Payable	21200		78.00	12
	To record employer 13% SSF contribution				13
					14
30-Jan	Utility Expense	52300	800.00		
	Utility Bills Payable	20305		800.00	15
	To record utility expense accrued				16
31-Jan			**2,478.00**	**2,478.00**	17

Sales Journal

Currency: GH¢

Date 2014	Customer	Invoice Number	Terms	Posting Ref	Debit Account Receivable	Credit Sales
17-Feb	Krappa Osei				25	25
24-Feb	Samantha Kyei				20	25
					45	**50**

Purchases Journal

Currency: GH¢ Sheet 1

Date 2014	Supplier	Invoice Number	Terms	Posting Ref	Debit Purchases	Credit Accounts Payable
17-Feb	Nana Oye Djan				-	55
					-	**55**

Cash Disbursement Journal

Date 2016	Details	Debit Accounts			Credit Accounts	
		Purchases	Trade Payables	Other	BANK	CASH
02-Feb	Credit			5.00		5.00
06-Feb	Cushions			15.00		15.00
08-Feb	Transportation			8.00		8.00
13-Feb	Transportation			54.70		54.70
	Cost Of T-Shirts			190.00		190.00
	Tissue			1.80		1.80
	Plastic Spoons			3.00		3.00

	Bread			5.00		5.00
	Strings			5.00		5.00
	Credit			5.00		5.00
	Plastic Cups			3.00		3.00
	Water Bottle			40.00		40.00
	Designing T-Shirts			160.00		160.00
15-Feb	Transportation			65.00		65.00
	Credit			2.00		2.00
17-Feb	3 Yards Cloth			24.00		24.00
	Transpotation			12.00		12.00
	Cost Of Cushion			65.00		65.00
	Workmanship for cuting cushions			5.00		5.00
	Fruits			52.00		52.00
	Rubber bags			1.50		1.50
	Total	**-**	**-**	**722.00**	**-**	**722.00**

Cash Budget

Items	Week 0	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
	GHC	GHC	GHC	GHC					
Opening cash	800	680	1625	2720	3965	5510	7115	8930	10975
Add cash receipts	130	1060	1210	1360	1660	1720	1930	2160	2410
Available cash	930	1740	2835	4080	5625	7230	9045	11090	13385
Less cash payments	250	115	115	115	115	115	115	115	115
Closing cash	680	1625	2720	3965	5510	7115	8930	10975	13270

Items	Week 0	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Revenue	930	1060	1210	1360	1530	1720	1930	2160	2410
Opening inventory	930	680	1625	2720	3965	5510	7115	8930	10975
Add purchases	8	8	8	8	8	8	8	8	8
Less closing inventory	680	1625	2720	3965	5510	7115	8930	10975	13270
Cost of goods sold	258	-937	-1087	-1237	-1537	-1597	-1807	-2037	-2287
Gross Profit	**672**	**1997**	**2297**	**2597**	**3067**	**3317**	**3737**	**4197**	**4697**
Operating expenses:									
Materials	50	100	100	100	100	100	100	100	100
Utilities	70	10	10	10	10	10	10	10	10
Advertising	130	5	5	5	5	5	5	5	5
Insurance	0	0	0	0	0	0	0	0	0
Total operating expense	250	115	115	115	115	115	115	115	115
Estimated profit	**422**	**1882**	**2182**	**2482**	**2952**	**3202**	**3622**	**4082**	**4582**

Operating Budget

Sales Budget

February	Week 0	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
		GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Kit Sales	0	30	50	50	70	90	110	130	150
Service Sales	0	100	100	100	100	100	100	100	100
Total Sales	930	1060	1210	1360	1530	1720	1930	2160	2410
Cash received	**930**	**1060**	**1210**	**1360**	**1530**	**1720**	**1930**	**2160**	**2410**

Easy B: A Case on Exploring Funding Options to Keep A Business Afloat - Emefa Dako

This case was prepared by Emefa Dako, Adjunct Lecturer, Ashesi University, with the help of as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation

SYNOPSIS

We all dispose of waste every day of our lives. The bottle from which we drink water and the packs from which we eat our food all end up in the dustbin in one way or the other. In this part of our world however, most people dispose of their waste improperly and without care for the repercussions that follow thereafter. It’s not uncommon to find the cities of Accra and other parts of Ghana littered with rubbers, papers, and fragments of broken objects. Could it be that people have very little knowledge about the proper disposal of waste or that they just find it more convenient to dump rubbish in the gutters and all over the streets?

This case study focuses on *Easy B*- a waste management company, whose initiative was to provide the communities of Abom and Kwabenya with effective ways of waste disposal at no cost at all. Their model was to work in tandem with the recycling companies by disposing off the waste they collected in the towns of Abom and Kwabenya.

So even though their services were free, they made some money on the principle that for every kilo of waste they sent to the recycling companies, they would make a total of seventy pesewas in revenue. This meant very little profit and not enough money to run the business smoothly.

Easy B was a social enterprise which was also aimed at making some profit from their services.

With a company like *Easy B*, it was pretty clear from the very start, that their major form of investment would be in purchasing bins and placing them at vantage points.

By their estimation, it took about one and a half days for a bin to be entirely full and to be taken to the recycling company. So, it wasn't so much the frequency with which they could take the bins to the recycling companies as it was the amount of money they made each time they took it there. Needless to say, the cost of transportation to the recycle company was probably more than seventy-five pesewas which meant *Easy B* was running at a loss.

It was time to come up with other ways to fuel the initiative and make enough money to run the business. The problem however, was that *Easy B* was established with the goal of providing free disposal of waste into their bins. Charging people in the community for disposing their waste would go against their core philosophy and would defeat the purpose of the initiative. They wanted to encourage people to get rid of their waste materials in a better way. Slapping that with a price tag would only discourage people from doing the very thing they intended them to do.

In order to garner enough money to keep the company afloat, a fund-raising program was organized which was quite a success and provided the company with just enough money to keep things running smoothly.

THE INCEPTION OF EASY B

Easy B started off with a team of about six people and their focus area was the problem of sanitation. With a little bit of research conducted through observational shadowing and interviews, they found out that the people of Abom had no dustbins into which they could dispose of their waste. So, before the company was officially launched, *Easy B* had a fund-raising program in school, in order to raise enough money from which to buy the dustbins for their sanitation initiative.

OPPORTUNITIES

It's almost hard to dispute the fact that waste disposal is a major problem in many Ghanaian communities. Take a walk down the streets of Accra or any part of the nation for that matter and most likely than not, you will find piles of rubbish and debris scattered and choked up in gutters.

As much as this issue of littering poses a major health problem and leaves our streets far from beautiful, one cannot deny the countless opportunities it creates for the proactive individual who is willing to solve the problem. It is a sad but undeniable truth that the negligence and sheer ignorance of other people should actually become a money-making opportunity for another.

Easy B saw the opportunity in creating a social impact while making some money in the process but failed because they were unable to come up with a business model that was profitable enough to keep the business running.

COMPETITORS

Quite a number of waste disposal services have come up in the last few years, the most prominent of which is the Zoom Lion Waste Management Company. They do pretty much what *Easy B* was doing but at a more profitable rate. The major difference here was that *Easy B* allowed people to dispose waste products for free and only made their revenue or profits by exchanging the waste product for some money at the recycling company.

Probably a better approach which would have made *Easy B* a more competitive company would have been to take a small monthly payment from people who used their bins. Depending only on the money they made from the recycling companies was certainly not enough to keep the company running.

CHALLENGES

One of the major challenges *Easy B* faced was the bureaucratic hurdle of having to deal with people in higher authority. The constant back and forth by the assemblyman in the areas where the bins were to be placed only made their work more difficult than it should have been. In order for Easy B to place these bins at Kwabenya and Abom, they first had to make sure the Assemblyman was fully aware of the initiative and its benefits to the community. Rather than embracing this initiative as one that would improve the livelihoods of people, he saw that as an opportunity to siphon money out of the pockets of members of the *Easy B* team.

One other major challenge *Easy B* faced was that members of the *Easy B* team were usually tasked to go out every once in a while, to monitor the bins that were placed in the various towns. There were times when a person who had been tasked to go out couldn't go because he or she was engaged in something else such as classroom work or something probably equally important. This posed a major challenge for *Easy B* because it only slowed things down and had them take a long time to do things which would otherwise have taken a shorter time.

Another major challenge was that they made very little money out of taking the waste products to the recycling companies. For every kilo of waste, they sent, they were paid just seventy-five pesewas. There was very little money to run the company with and there was not much they could do about that seeing that Easy B was a company that provided free disposal of waste for people in the towns of Kwabenya and Abom.

THE FUTURE OF EASY B

Easy B has a very poor revenue-generating model. They cannot run their company with the little money they make from the recycling companies. Probably the only way they could have made any money would have been to change their whole business model and have people pay some money for their services. Without that, they cannot survive as a business entity.

EPILOGUE

Easy B had come so far and although the thought of curling up this whole enterprise and closing down had cropped up, it was definitely not an option they could afford. They feared they will be seen as failures or that they had no clue what they were about. But of course, *Easy B* had to find a solution to their problems, concerning their profits and overall income that was needed to keep their business going.

Not all hope was lost when a stakeholder brought up a magnificent idea of how they could raise funds. First, he suggested that *Easy B* needed massive publicity through social media. Thus, they needed to activate their Facebook, Twitter, LinkedIn, and Instagram handles, to start creating awareness for the majority of Ghanaians to know what *Easy B* stood for and what they were about. There, they could create a portfolio of pictures of all their work activities for the public to see. This, he explained would serve as evidence of their true intentions and this would help build be the company's integrity. This would attract and win the hearts of people to believe in their vision of controlling and managing waste in the country.

Secondly, they would proceed to appeal for funds from the general public by creating a donation section on their website where interested persons could easily send their donations to help the company be on track. They could then think of how to show appreciation to their donors later.

This idea from the stakeholder resurrected the hopes of *Easy B* to stay in business, as this time, they planned on using the modern-day technology to penetrate into the hearts of the general public to support the vision of *Easy B.*

APPENDIX

INCOME STATEMENT

Currency: GH¢

Date 2016	Description	GH¢	GH¢	
	CAPITAL		800.00	1
	CONTRIBUTIONS		290.00	
	SALE OF MASON JARs		558.00	2
	LESS COST OF SALES		(375.00)	3
	GROSS PROFIT		1,273.00	4
	LESS EXPENSES:			5
	VODAFONE CREDIT	10.00		6
	T-SHIRT	60.00		7
	DRINKS	37.50		8
	DISPENSER	10.00		
	ICE BLOCK	25.00		9
	CUPS	26.00		10
	TRANSPORT	113.80		
	SOBOLO	13.30		11
	BISCUIT	18.00		12
	BINS	880.00	1,193.60	13
	NET PROFIT		79.40	14

BALANCE SHEET

Description	GH¢	GH¢	
FIXED ASSETS: BINS	880.00		1
CURRENT ASSETS: MASON JARS	120.00		
CASH IN HAND	272.00		2
		1,272.00	3
CURRENT LIABILITIES:			4
T-SHIRTS	60.00		5

MISCELLANEOUS	42.60	(102.60)	6
			7
TOTAL ASSETS		1,169.40	8
FINANCED BY:			9
CAPITAL	1,090.00		10
NET PROFIT	79.40		
TOTAL CAPITAL		1,169.40	11

TRIAL BALANCE

Currency : GH¢

	Description	Debit GH¢	Credit GH¢	
	CAPITAL		1,169.40	1
	PURCHASES ACCOUNT	1,079.80		2
	DRINKS	37.50		3
	T-SHIRTS	60.00		4
	CUPS	26.00		5
	ICE BLOCKS	25.00		6
	DISPENSER	10.00		7
	SOBOLO INGREDIENTS	13.30		8
	VODAFONE CREDIT	10.00		9
	SALES		183.00	10
	CASH	79.40		11
	TRANSPORT	113.80		12
	BISCUITS	18.00		13
	BINS			14
				15
TOTAL		1,472.80	1,352.40	16

LEDGER ACCOUNTS

Account Name:	***PURCHASES ACCOUNT***	***Account Number:***	
		Reporting Currency: GH¢	

Date	A/c No	DETAIL	Ref	Debit	Credit	Balance	Status
27/01/16		VODAFONE CREDIT		10.00		(10.00)	Debit
11-Feb		T-SHIRTS		60.00		(60.00)	Debit
16-Feb		DRINKS		37.50		(37.50)	Debit
16-Feb		ICE BLOCK		25.00		(25.00)	Debit
16-Feb		CUPS		20.00		(20.00)	Debit
16-Feb		DISPENSER		10.00		(10.00)	Debit
15-Apr		CUPS		6.00		(6.00)	Debit
15-Apr		SOBOLO		13.30		(13.30)	Debit
15-Apr		BISCUIT		18.00		(18.00)	Debit
14-Apr		BINS		880.00		(880.00)	Debit
Total					**-**	**(1,079.80)**	**Expense**
Total b/f							Nil
Total to Date							**Nil**

Account Name:	***TRANSPORT***	***Account Number:***	
		Reporting Currency: GH¢	

Date	A/c No	A/c Name	Ref	Debit	Credit	Balance	Status
27/01/2016		AFLAO BY VERISSA AND KAWUSARA		80.00		(80.00)	Debit
15-Apr		KWABENYA BY VERISSA AND KAWUSARA		10.00		(10.00)	Debit
15-Apr		KWABENYA BY RACHEL		13.80		(13.80)	Debit
15-Apr		KWABENYA BY JUSTICE		10.00		(10.00)	Debit
Total					**-**	**(113.80)**	**Expense**
Total b/f							Nil
Total to Date							**Nil**

Account Name:	***DRINKS***	***Account Number:*** ***Reporting Currency: GH¢***

Date	A/c No	A/c Name	Ref	Debit	Credit	Balance	Status
16-Feb		HEAVEN JUICE		8.00		(8.00)	Debit
		SOFT DRINKS		29.50			
Total							**-**

Total b/f				37.50			Debit
Total to Date							

Account Name:	***VODAFONE CREDIT***			***Account Number:*** ***Reporting Currency: GH¢***			
Date	**A/c No**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	Status
27/01/2016		PURCHASE		10.00		(10.00)	Debit
						(10.00)	Nil
						-	Nil
Total					**-**	**-**	**-**
Total b/f				10.00			Debit
Total to Date							**Nil**

Account Name:	***CUPS*** A/c No			***Account Number:*** ***Reporting Currency: GH¢***			
Date	**Column1**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	**Status**
16-Feb		PURCHASE		20.00		(20.00)	Debit
15-Apr		PURCHASE		6.00		(26.00)	Debit
						-	Nil
Total					**-**	**-**	**-**

Total b/f				26.00			Debit
Total to Date							**Nil**

Account Name:	***ICE BLOCKS***			***Account Number:*** ***Reporting Currency: GH¢***			
Date	**A/c No**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	**Status**
16-Feb		PURCHASE		25.00		(25.00)	Debit
						(25.00)	Nil
						-	Nil
Total					**-**	**-**	**-**
Total b/f				25.00			Debit
Total to Date							**Nil**

Account Name:	***DISPENSER***			***Account Number:*** ***Reporting Currency: GH¢***			
Date	**A/c No**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	**Status**
16-Feb		HIRE		10.00		(10.00)	Debit
						(10.00)	Nil
						-	Nil
Total					**-**	**-**	**-**

Total b/f				10.00			Debit
Total to Date							**Nil**

Account Name:	***SOBOLO INGREDIENT***			***Account Number:*** ***Reporting Currency: GH¢***			
Date	**A/c No**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	**Status**
15-Apr		PURCHASE		13.30		(13.30)	Debit
						(13.30)	Nil
						-	Nil
Total					**-**	**-**	**-**
Total b/f				13.30			Debit
Total to Date							**Nil**

Account Name:	***CASH ACCOUNT***			***Account Number:*** ***Reporting Currency: GH¢***			
Date	**A/c No**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	**Status**
		CAPITAL		800.00		(800.00)	Debit
		CONTRIBUTIONS		290.00		(1,090.00)	Debit

		MASON JARS PROFIT		183.00		(183.00)	Debit
					-	-	-
		BINS			880.00	880.00	Credit
		T-SHIRTS AND CREDIT			70.00	70.00	Credit
		TRANSPO RT			113.80	113.80	Credit
		REFRESH MENT FOR FIRST LAUNCH			92.50	92.50	Credit
		REFRESH MENT FOR SECOND LAUNCH			37.30	37.30	Credit
Total				1,273.00	1,193. 60	(79.40)	Debit
						-	Nil
						-	Nil
Total b/f						-	Nil
Total to Date							Nil

Account Name: ***BISCUIT*** ***Account Number:***
Reporting Currency: GH¢

Date	A/c No	A/c Name	Ref	Debit	Credit	Balance	Status
15-Apr		PURCHAS E		18.00		(18.00)	Debit
						(18.00)	Nil
						-	Nil
Total					-	-	-

Total b/f				18.00			Debit
Total to Date							**Nil**

Account Name:	***SALES***			***Account Number:***			
				Reporting Currency: GH¢			
Date	**A/c No**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	**Status**
16-Feb		MASON JARS			183.00	183.00	Credit
						183.00	Nil
						-	Nil
Total					**-**	**-**	**-**
Total b/f					183.00		Credit
Total to Date							**Nil**

Emojie: A Case on Branding Strategy (Brand Naming) - Mr. **Ebow Spio**

This case was prepared by Mr Ebow Spio, Senior Lecturer, Competitive Strategy, Marketing, and Strategic Brand Management, Ashesi University, with the help of Mr. Mawuli Adjei as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

"So Emojie *was started on the principle of feelings. We realized that people found it hard to express themselves. Of course, the easiest way to do this would be to talk about things they feel but our society doesn't make that easy. When people start to talk about how they feel, the questions that come up are, 'So what?', 'How's that important?', 'Everybody is going through something so just get over it.' But we realized that people have very serious negative emotions pent up and they have to get these things out otherwise they suffer for it." – Ariel Woode*

An Outdooring Gone Wrong

Ariel Woode walked out of the hall and allowed the retractable door to shut on its own behind him. He looked out at the lush, green courtyard that lay in front of him and wondered whether he could transfer the tranquil of the vegetation into his inner self to ease his unrest. How had everything gone wrong? The response from the attendees of the company's launch was barely encouraging. A few random people attempted to clap at the end. However, those rounds of applause were muffled at best and nothing to write home about.

The official first outdooring of the company name was tipped off to be a success from the onset. The partners had decided to have the first unveiling to professional stakeholders only; business scholars and other professional stakeholders, who had invested their time, logistic support, and professional advice to the team of entrepreneurs throughout their set up. This launch was to brief them on all the final decisions that they had taken in setting up the business. As one of these final decisions, they had decided to officially name the company *Emojie.*

All the signs and indicators suggested that the public would love the name that the partners of the company had chosen. The tests they ran on social media and the surveys they conducted showed that *Emojie* was perfect. However, at the end of the day, most of the attendees at the launch, including senior professional marketers, scholars and teachers in business theory, were left wanting more and unimpressed by the name that had just been unveiled to them. It was as though the more he spoke during his presentation about the name, the more he lost the audience's confidence. Ariel was confused and distraught.

A cool wind blew and sent chills through his spine that snapped him out of his spell of contemplation. He looked back into the room through the glass doors and saw Kalysa, the company's head of operations leading the second half of the program, taking the audience through their new supply chain management strategy. He could immediately tell that they were buying into the plans that were being laid out before them. This proved to Ariel that the problem was definitely not the audience having a bad disposition to the company in general. Their initial contempt was clearly towards the name the team had chosen for the company. He took two deep breaths and tried to regain his composure and psyche himself up to enter the hall again. As the CEO of the company, he knew that at the end of the day, he and the other partners would have to regroup and deliberate over the name that they had chosen. For the kind of impact they wanted to make, a sub-par brand name that failed to capture the attention of the public would be very detrimental by hampering their ability to reach as much of their target market as possible. There was a second launch to be had in ten days, which was to formally launch the company to the public through a highly publicized event. Ariel and his team had the opportunity of that short window to change the company name and as he reentered the hall, he resolved to make sure the team did everything in its power to make the situation favourable for them in the long run, even if it meant changing the name from *Emojie* altogether.

Market Research

Emojie is indeed a unique case. The difference between the different services that make up their product mix makes it rather difficult to pin them down into one industry. *Emojie* offers unique printed shirts, runs social media campaigns and holds talk shows to the general public as a means of creating awareness, thus placing them as a social enterprise under the fashion and entertainment industries in Ghana.

Fashion Industry

The fashion industry is possibly one of the oldest industries. All around the world, most civilizations throughout history were characterized by significant economic activity around textiles and clothing (Haupert, 2016). The many wars fought, alliances forged, explorations embarked upon and even the socio-cultural value placed on fashion by different cultures through the centuries signifies the importance that fashion has consistently held. As such, it is no surprise that from the onset of industrialization, and the invention of the sewing machine and other apparatuses, the possibility of mass-producing many different styles of apparels in terms of design, colour, patterns, materials and types, led to the continual evolution of the fashion industry, into the multibillion dollar one it is today.

The modern fashion industry refers to that which encompasses the design, manufacturing, distribution, marketing, retailing and advertising of promotion of all types of apparel, ranging from ‘high fashion’ couture which is expensive and ‘mass fashion’ industry which largely affordable (Stelle, n.d). Due to the rise of globalization, consumers of fashion rapidly follow trends that are brought up by influencers, be they celebrities and designated fashion trendsetters. As a result, at any given time, there are many trends that are being pushed forth, leading to the rapid creation of different types of clothes at a point in time, worldwide.

In Ghana, this is also the case. Fashion has held a premium value in the socio-cultural fibre of its culture and heritage. Ghana is known to be the birthplace of Kente, colourful and intricately woven textiles that have been highly coveted in time memorial, even up till now. Trade for clothing and textiles has been ongoing since. However, the Ghanaian fashion industry gained its complexity as a result of colonization and the influx of imported clothes to suit the changing culture of the time. By the end of the 20th century, the effect of globalization set in, and foreign clothing became as much in vogue as the wax prints that had characterized the Ghanaian fashion landscape for much of that century. As a result, a sector dedicated to the manufacturing of clothes emerged in Ghana. Many business entities were set up to cater for the needs and growing demand of the Ghanaian populace. From fashion designers to textile makers, to T-shirt printing, and even footwear production and sales, just to name a few, sprung up as players in the industry.

The strong demand for all forms of apparel has been quite evident. This is largely the case due to the influence of trendsetters pushing forth the agenda of reinventing traditional clothing, the infiltration of more foreign influences from Europe, America and Asia through social media, and the Ghanaian government’s attempts to create more opportunities for indigenous fashion entities with the Friday wear policy. However, in recent years the industry had been hit by several endogenous and exogenous factors that have caused it to tank severely. According to Nana (2016), the production of textiles in the country has fallen from 129 million yards to 65 million yards per annum over the last 30 years and countless workers have also been laid off as a result. The industry has been served crippling blows by the influx of cheap clothing and textiles from abroad on the exogenous side, and the soaring inflation rate and electrical power crises on the endogenous side. These challenges stand as overwhelming threats to most indigenous players in the fashion industry as it leads to increased cost of production while having to compete with importers of cheap apparel and textiles.

Entertainment Industry

The entertainment industry all around the world is a rather huge and complicated one, offering a vast array of products and services that appeal to almost every person. However, for easy classification, the entertainment industry can be said to be made up of commodities that fall under the film, print, radio, television and live performance categories. The entertainment industry, just like the fashion industry, has been with us since time memorial, from the early days of the first Olympics to today, when technology allows people to enjoy all forms of entertainment from their homes.

Growth in the industry over the years skyrocketed during the 20th Century with increased industrialization with more leisure time for people, accompanied by higher disposable incomes. This meant that people could patronize more in avenues dedicated to entertainment, leading to the development of these avenues to produce more to meet the growing demand by creating stimulating and engaging content. The advent of advanced communication technology also allowed for greater reach for content created by entertainers via electronic media.

As a direct result, the entertainment industry accounts for more than $150 billion per annum worth of expenditure in the United States of America alone (Vault, 2016). This figure would be more than triple when the rest of the world's expenditure by the entertainment industry is considered. Despite Ghana's state as a small nation, it contributes its quota to that figure with a strongly emerging industry. Technology, as earlier said, has significantly contributed to the development of the entertainment industry and this development has not skipped the Ghanaian landscape. Technology has transformed the industry in Ghana by raising very vibrant local music, film, television, theatre, radio, and print media of serving content which meet the entertainment need of the populace. However, despite the periods of growth over the last two decades, there has been a fall in the standards of entertainment in the local industry. As a result, Ghanaian residents choose to patronize entertainment from foreign sources even though such entertainment comes at a much higher cost. So much so that, primetime on the audio-visual media is often allotted to the screening of foreign films, sports, news and soap operas.

This phenomena of low standards, despite the fact that it is causing the consumers to opt for foreign entertainment content, also presents an opportunity for any local players who stand to raise the standards at which they produce. This is because Ghanaian consumers would largely want to patronize indigenous content once it meets the quality that they have become accustomed to enjoying from content sourced abroad.

Feelings Are Like T-Shirts; Everyone Has a Number of Them

Emojie unprecedentedly falls into these industries as a social enterprise within Ghana. It is indeed a unique case and this uniqueness even extends to its conception and its reason for existence. As a student in a school where entrepreneurship was highly encouraged as a means of solving problems in order to make the world a better place for everyone, Ariel had been long looking for the one business idea that would stand out, be fun to implement and have a significant social impact as well. Walking down one of the terraces in the school one day, he met a lady in a higher class than he was, sitting down on one of the numerous benches positioned at very serene parts of the school. She seemed to be deep in thoughts and looking very morose. For some reason unknown to him even up to this day, he approached her with no hesitation and asked what could be the matter.

"I really can't explain it. But with the look on her face, I just couldn't walk away. I asked her, she told me she just felt so very worried about the people whose dwelling places had been demolished in the recent demolishing exercise conducted by the AMA. Like, what are they supposed to do now?"

Upon learning her concern, he started to think up an adequate comforting and soothing statement to help her feel better. He crafted the best message he could, which turned out to be very ambiguous in the end. But right before he blurted it out, he realized that the shirt she was wearing had a face of Luther Vandross with a line from one of his more famous songs saying, "A house is not a home." He burst out laughing and pointed out the irony of the shirt's inscription to her, leading to a riveting discussion about music, followed by the problems of the mass demolishing exercise that she had highlighted. After two hours they exchanged phone numbers and parted ways, but Ariel's mind was still processing what had happened with the lady, her problem and the shirt she was wearing.

After a whole evening of thought and ideating, he had a fully-fledged business idea to provide services to people who wanted an easy way to open up about the way they feel at different points in time, even if they are not necessarily people who easily express themselves to others directly. He teamed up with others who had a passion for awareness creation and started work on ideating. After some time, the idea evolved into a more refined one; a social enterprise that gave people the ability to express themselves through affordable high-quality shirts with designs that spoke to the issues that they wanted to be communicated. After continuous business development, input from senior staff and faculty and results from feasibility tests and business simulations, the idea further evolved. In the end, talk shows and social media campaigns were added as integral parts of the company's business model and a means to have a greater social impact in line with their value proposition of "*…giving the youth the chance to express themselves more through offline and online means.*"

What's In a Name?

Fast forward through many late nights, trips out of school to meet suppliers, and the occasional heated argument, the team edged on and finally made it to the day of the first launch. Ariel reentered the hall in the middle of the second half of the presentations and took a seat far at the back where he wouldn't be too conspicuous. Kalysa was in the middle of her presentation and she still had their attention and even managed to draw out some encouraging and supportive remarks from the audience as she presented. Ariel cast his mind back to the meeting they had a week to the launch to choose the name of the company.

It was one of those days that the team just could not agree on anything. The team was split into three during the meeting about how the name of the company should be created. One side felt that the business was so unique and that they connected so much to the company that the partners should be the ones who would choose the name. The second divide felt it'd be best if they allow members of the Ashesi University Community to channel their creativity into coming up with a name for the company through a competition, and the third group within the team thought it would be best to contact a company that specializes in coming up with brand names through a scientific process.

The argument raged on for a little over an hour until Kalysa stopped the bickering by suggesting a name to the entire group; *Emojie*. The argument immediately died down. Everyone was drawn into the name. It was enchanting and it seemed to fit their mission quite well. It seemed as though all deliberations were over. However, right before the team made a unanimous decision to use the name, Ariel suggested that the team tests how their potential consumers would react to their name before the team adopted *Emojie*.

The tests were carried out on social media and ran for three days straight. The team shared the name with their fellow university students on social media and the results were staggeringly in the favour of the name *Emojie.* More than 83% of the respondents of the survey strongly agreed that *Emojie* was an effective name for the company. This gave them the confidence to settle on that name, and design brand books and logos to that regard.

However, at this point, the confidence that Ariel had in the name had fallen and he started to reconsider the name. He went through the parameters used to evaluate what qualified as a good brand name from the perspective of the consumer. He thought, *did the name educe any positive emotions in people, was it easy to pronounce, did it communicate the benefits the company stood to offer customers and is it unique?* The answers to these questions would have to be true for the company's target market before the name would qualify as effective.

A Make or Break Decision

Ariel was snapped out of his train of thought by applause emanating from the audience for Kalysa. The second half of the presentations were over and the audience was ushered out to the next room for refreshments and the rest of his team went out to exchange pleasantries with them. Alone in the hall, he thought to himself, if the name was not good, it had to be scrapped as soon as possible. There was too much at stake. All the time, energy, other resources and sacrifices would be wasted if the company was not able to reach its target market due to a poor brand name. Even more, the thought of not being able to affect the kind of social impact they were aiming for just because they couldn't find a name that worked was too unsettling for Ariel.

He knew he had to act fast. But in hindsight, he knew that calling for the name to be changed would set a lot of things in motion. It meant a new one would have to be developed. The first time that was on the table, the team could not agree on even how to get it done. In addition, a lot of time and possibly some money would have to be spent during the process. Given that they had another launch in ten days which would demand even more attention than was given to the first, deciding on a name change would be a very big and possibly unpopular decision. The lure of just sticking to *Emojie* was also attractive to some extent. There was a risk on both sides of the decision tree. Nonetheless, the reward would be great if the best possible brand name was obtained once and for all.

The internal argument within Ariel welled up. He was torn between the two decisions; either to keep the name *Emojie* or to move for the team to work on changing it for another. Remembering the disparaging looks on the faces of the professional stakeholders who had attended the launch as he unveiled the *Emojie* brand name made him want to call for the name to be changed. At the same time, the thought of the amount of work and resource that would have to be put into getting a new name made him want to lean towards settling for the name *Emojie.*

Ariel took his phone out of his pocket and typed out a text message to the team, calling for a meeting later that evening to discuss how the first launch had gone. He tapped the send button. The message he had just sent on the team's WhatsApp group chat had two ticks on it, showing that they had all received it. Tension rose up in him as he stared at the phone of his screen. The two ticks all of a sudden turned blue. They were all online and were reading the messages. He started to type out a second message that went; "During our meeting tonight, we will have to start putting measures in place to change the company name from *Emojie*. You were all witness to how our business lecturers responded to the name change. Brace yourselves, and let's get thinking." His tension rose up even more. It was a make or break moment. To press send or not?

References

Haupert, M. (2006). *The entertainment industry*. Westport, Conn.: Greenwood Press.

Nana. (2016). *Ghana Loosing Grip Of Its Fashion Industry; Can It Survive? | FashionGHANA.com: 100% African Fashion*. *Fashionghana.com*. Retrieved 29 July 2016, from https://www.fashionghana.com/site/ghana-loosing-grip-of-its-fashion-industry-can-it-survive/

Steele, V. (2016). *Fashion Industry*. *Britannica*. Retrieved 28 July 2016, from https://www.britannica.com/topic/fashion-industry/Fashion-design-and-manufacturing

Vault. *Media and Entertainment|Vault.com*. *Vault*. Retrieved 29 July 2016, from http://www.vault.com/industries-professions/industries/media-and-entertainment.aspx

APPENDIX

Statement of Financial Position (numbers 10000 - 29999)

Assets (account numbers 10000 - 19999)

Current Assets (account numbers 10000 - 16999)

10000	Cash & Bank
10100	Bank - Regular
10300	Petty Cash Fund

Owners' Equity (account numbers 27000 - 29999)

27100	Capital
28100	Profit/loss
29100	Owner Drawings
29101	Owner Inventory Drawings
29102	Owner Cash Drawings

Income Statement (account numbers 30000 - 99999)

Operating Revenues (account numbers 30000 - 39999)

30000	Revenue
30100	Sales
30200	Sales Returns
30300	Discount Allowed

Cost of Goods Sold (account numbers 40000 - 49999)

40100	Purchases
40200	Purchases Returns
40300	Carriage Inwards
40400	Discount Received

Selling and Administrative Expenses (account numbers 50000 - 59999)

50000	Selling Expenses
50100	Distribution Expense
50200	Marketing Expense
50201	Advertising Expenses

General Journal						
	Currency: GH¢					
	Date 2016	**Description**	**Ref**	**Debit GH¢**	**Credit GH¢**	
1	03-Feb	Transactions with 3 customers		100.00		1
2					100.00	2
3	10-apr	Transactions with 10 customers		250.00		3
4					250	4
5		Transactions with customers		107.00		5
6					107.00	6
7		To record sales made to customers				7
8						8
9	18-Feb	Suppliers Expense		685.00		9
10		Yaw Obeng-Marnu			60.00	10
11		Will Adapoe			375.00	11
12		Jeffrey Kowalski			250.00	12
13		To record expenses on suppliers				13
14						14
15	18-Feb	Transportation Expenses		60.00		15
16		Transport to suppliers			60.00	16
17		To record expenses made on work-related travels			-	17
18						18
19	6-apr	Supply Expense		110.00		19
20		Purchase of paints for t-shirt printing			110.00	20

21						21
22						22
23				**1,312.00**	**1,312.00**	23

Sales Journal							
Date 2014	**Customer**	**Invoice Number**	**Terms**	**Posting Ref**	**Debit Account Receivable** GH¢	**Credit Sales** GH¢	**Credit VAT Payable**
03-Feb	Sedem Banini	CUS001	0	0	25	25	-
03-Feb	Ekab Osowo-Tawo	CUS002	0	0	25	25	-
03-Feb	Jeanne-Barbara	CUS003	0	0	50	50	-
06-Apr	Kennedy Mintah	CUS004	0	0	10		
06-Apr	Nii Q	CUS005	0	0	10		
06-Apr	Elorm Dela Brown	CUS006	0	0	10		
06-Apr	Nadine Madjoub	CUS007	0	0	10		
06-Apr	Amoaba Wilson	CUS008	0	0	10		
06-Apr	Adeline Quaye Foli	CUS009	0	0	10		
06-Apr	Ato Cole	CUS010	0	0	12		
06-Apr	David Afriyie	CUS011	0	0	10		
06-Apr	Anna Lisa Hammond	CUS012	0	0	25		
06-Apr	Hairpadry	CUS013	0	0	16		
					223	**100**	-

Purchases Journal

Currency: GH¢ Sheet 1

Date 2014	**Supplier**	**Invoice Number**	**Terms**	**Posting Ref**	**Debit Purchases**	**Credit Accounts Payable**

03-feb	Yaw Obeng-Marnu	INV002			60	60
18-feb	Will Adapoe	INV001			375	375
7-apr	Jeffrey Kowalski	INV004			250	250
					625	**625**

Cash Disbursement Journal								
Currency: GH¢								
Date 2014	**Details**	**Cheque/ Receipt No.**	**Discount Received**	**Debit Accounts**			**Credit Accounts**	
				Purchases	**Trade Payables**	**Other**	**BANK**	**CASH**
18-feb	Transportation		-	60.00	-	-	-	60.00
18-feb	Refreshments		-	50.00	-	-	-	50.00
6-apr	Paint Supplies		-	110.00	-	-	-	110.00
			-	**220.00**	-	-	-	**220.00**

General Journal						
	Currency: GH¢					
	Date 2014	**Description**	**Posting Ref**	**Debit GH¢**	**Credit GH¢**	
1	20-Jan	Capital			800.00	1
2		Cash		800.00		2
3		**This is the amount given to us by the FDE team**				3
4						4
5	04-Mar	Sales			223.00	5
6		Cash		223.00		6
7		**This is the amount received from sales of shirt**				7
8						8
9		Purchases		685.00		9
10		Cash			685.00	10
11		**Amount used to buy materials for product**				11
12						12
13		Transport		60.00		13
14		Cash			60.00	14
15		**Amount used for transport to buy supplies**				15
16						16
17		Refreshments		50.00		17
18		Cash			50.00	18
19		**Amount used to purchase item 9 for launch**				19
20						20

Trial Balance as at 10th April 2016

GHC **GHC**

Purchases	685	
Transport	60	
Refreshments	50	
Sales		523
Cash	118	
Sali	30	
Kennedy	30	
Yvette	30	
Naana	30	
Nana Yaw	30	
Noella	30	
Vladamir	30	
Benjamin	30	
David	30	
Natalie	30	
Paint Supplier	110	
Capital		800
	1323	**1323**

Balance Sheet as at 10th April 2016

ASSETS	**GHC**
Cash	118
Debtors*	300
	418

EQUITY & LIABILITY	
Capital	800
Net Loss	{382}
	418

Income Statement

	GHC	**GHC**
Revenue (Sales)		523
Purchases		685
		{162}
EXPENSES		
Transport	60	
Paint Suppliers	110	
Refreshment	50	
Net Loss		{220}
		{382}

Hairpadry: A Case on Capital Investment Decisions and Investment Appraisal - Dr Gordon Adomdza

This case was prepared by Dr. Gordon Adomdza, Associate Professor , Foundations of Design and Entrepreneurship, Ashesi University with the help of Ms. Susana Abraham as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Hairpadry Case: Capital Investment Decisions and Investment Appraisal

Learning goals

- Explain the capital investment decision.
- Understand non-financial factors affecting capital investments decisions.
- Apply the basic capital investment appraisal methods to evaluate capital projects: accounting rate of return, payback period, net present value, profitability index and internal rate of return.
- Compare the usefulness and limitations of different capital investment appraisal methods.

On 11th of February, 2017, exactly a year after *Hairpadry* was established, the Finance department of the company in their monthly inter-departmental meeting was proudly presenting a PowerPoint presentation on the profit that had been made during the year. It was a great victory for the whole company since they were initially making losses due to delivery and marketing issues. The atmosphere at the meeting was that of excitement and hope for the business' future prospects. After the meeting, the thirteen partners of the company met over lunch to toast to their successes. They reminisced about the business in its beginning stages.

After numerous arguments, brainstorming sessions and false starts, *Hairpadry* was born. The business was formed to provide an innovative product for hairdressers such that their operating cost as well as their productivity could be managed to maximize their profits. Hairdressers in Ghana faced a problem of inconsistent power supply as a result of the energy crisis. This compelled most hairdressing shops to purchase low-grade generators which had high maintenance and fuel cost. Seeing as the hairdressing industry is highly competitive, the additional operational costs were creating huge losses for these businesses. Moreover, the culprit which was responsible for the constant need of electricity were hairdryers which were expensive in of themselves. Therefore, the introduction of a relatively cheaper alternative to existing hairdryers which was independent of electricity placed *Hairpadry* in a strategic position to take advantage of the opportunity in the market to make a profit.

Amongst the thirteen partners was the Head of the Finance department. He was strongly of the opinion that since the business was performing better than they could have even imagined, it was time for them to consider making some investments. He believed this was a more profitable option as opposed to just keeping their money in the bank. He raised this up with the rest of the partners. Initially, they all agreed that it was a good idea and that capital investment was the best option in their current position. This is because the owners believed in furthering the long term objectives of the business through the acquisition of capital assets which were expected to be productive over many years. However, when it was time to decide on exactly what to invest in, a serious argument ensued. The argument split the partners three ways, one group was for an investment in a Research and Development project, another thought a massive advertising campaign would be a better option, and the last group was opting for the investment to be made in new equipment for production. The argument went on for hours with none of the groups ready to back down from their preference. After a fruitless argument without reaching a consensus, the Head of Finance all of sudden realised that all eyes had turned to him. The rest of the partners decided that since the idea was his and he was the 'numbers' person, he was to submit a report to the rest of them at the bi-weekly meeting the partners held, so a decision could be taken.

The Head of Finance department, plagued with his own preference, wondered how he could generate an objective report which could be in the benefit of the company as a whole before two weeks was up.

External Analysis

Opportunities

Hair and beauty is one of the fastest-growing industries in the world and Ghana is no exception. Over the past decade, consumers have been introduced to numerous products aimed at enhancing their natural beauty. Subsequently, it was not surprising that the average Ghanaian woman was found to spend quite a substantial amount of their income every month on hair and beauty products. This trend is expected to even increase as women continue to treat themselves to branded products even in the current difficult economic climate. As a result, the development in the hair and beauty industry provides not just an opportunity for *Hairpadry* to increase sales among professional hairdressers and beauticians, but also among women who are keen on DIY methods. This is because as professional hairdressers and beauticians', customer base increases and sales revenue increase invariably, these businesses would be more inclined to take a risk in trying a relatively new product which might decrease their operating cost and maximize their profits.

Again, taking into consideration the average amount spend by women within this industry, individual consumers may also be targeted to increase sales of the company. Since there is a market for branded products within the hair and beauty industry, the company may be able to capture a niche with strong branding and advertising since they manufacture unique products which have been patented. Moreover, an investment in a hairdryer which is independent of electricity may seem attractive to targeted consumers who are willing to achieve the same level of beauty at a lower cost to their personal incomes. The growth in the beauty industry alongside the hair industry indicates that a diversification of products to include a beauty product line may yield positive returns as well.

The Government of Ghana is keen on improving the manufacturing industry in the country. This is great news with regards to the decisions which *Hairpadry* is faced with since tax cuts, which reduce operating costs, allow companies in this industry to invest potential excess capital into expansion projects. This would further reduce total cost to companies due to economies of scale. Another highly relevant government policy for the industry is the exemption of industrial plant and equipment, machinery or parts from customs import duty. Businesses have the opportunity to increase production at a much lower cost than if the exemptions had not been implemented by the government. Furthermore, as a form of incentive for research and development in technological products, the Government of Ghana has a fund set aside to provide capital needed to undertake such projects. This provides an opening for companies to undertake huge research and development projects which would have been costly or even impossible for small scale manufacturing companies.

It was upon these discoveries that the Head of Finance realised that generating the report would not be as clear cut as he had envisioned. This is because all these factors which affected the business were just as important as the financial information which his initial report would have entirely been based on. With this new understanding of the task ahead, he looked at his watch, pulled out his laptop and set off on a research mission to find other factors that would influence their decision.

Threats

Interestingly, the problem which brought about the inception of *Hairpadry* presents a danger to expansion and large-scale production. The erratic power supply has been named as the cause of the folding up of many industrial companies over the past two years. The industry, as a whole, was faced with the inability to make timely delivery of orders due to their inability to produce according to a regular planned out schedule. In addition, huge industrial generators which consume a lot of fuel during a period of constantly rising fuel prices, have caused companies to scale back production. However, some companies have taken up the challenge to research alternative sources of power to counteract the effect of erratic supply. Hence, the need for research and development has been emphasised as a result of this crisis.

Times are indeed hard on the manufacturing sector, coupled with the problem of erratic power supply, costs of utilities have risen. Due to a 59.2% increase in electricity tariffs and an 89% increase in water charges ("Ghana's electricity, water tariffs drive inflation", 2016), most manufacturing companies have been faced with hard cost-cutting decisions. These tariff increases were also the chief culprits in the inflation hike. Therefore, not only has the cost of utility increased, cost of production as a whole also increased as a result of inflation affecting the prices of inputs used in production. Therefore, the basic amenities which may be needed to support certain investment projects may be hard to provide. Even though the Head of Finance department had his own preference, he was beginning to grasp the complexity of the decision which laid ahead. This was because this threat runs contrary to the project which he strongly believed was right for the company. It was then clear that each project would have pros and cons which needed careful evaluation.

As of 2010, the Ghanaian cotton industry was said to be in a decline thus, industries that utilised cotton in their products had to result in imports of relatively more expensive cotton. To further aggravate the plight of companies that have cotton as a vital input, the year to date change in price of cotton recorded an increase of 2.23% as at the middle of the year ("Ghana Cotton Production by Year", 2016). Hence, a further increase in the domestic demand of cotton taking into consideration constant supply as cotton production has not seen growth since 2013, prices of cotton would continue to rise. Moreover, due to exportation, the prices of cotton would be greatly influenced by global market conditions. Therefore, industries that are heavily dependent on cotton as a raw material in their production have to make considerations which would alleviate potential losses or avoid production increase which would require larger quantities of cotton supply. Another affected input as a consequence of the low production in cotton coupled with the increasing price is the textile or fabric industry in Ghana. Industries which use fabric in their production have to rely on importation as well.

Competitors

With respect to competition, *Hairpadry* does not have direct competitors since they are producers of an innovative product which has been patented and is highly differentiated from what the rest of the market has to offer. However, there are companies which produce substitute goods which can be used in place of *Hairpadry's* hair drying equipment. The manufacturers of hairdryers used in Ghanaian salons are foreign manufacturing companies. These manufacturers have access to technological know-how and research and development opportunities that enables them to come out with products which are constantly improving. Also, due to large production, these companies enjoy economies of scale and therefore can afford to reduce prices in order to remain competitive. However, most of the dryers imported into Ghana are used or second-hand dryers. These are mostly imported from China and are deemed as being relatively cheap as opposed to that of the United States who are the market leaders with a 44% market share in the manufacturing and shipping of hairdryers. These hairdryers are usually purchased through wholesalers and retailers.

This presents an advantage for *Hairpadry* since they deliver directly to their customers, therefore feedback on improvement would be instantaneous. In terms of pricing, *Hairpadry* presents a much cheaper alternative with the unit selling price of GH¢ 40 after prices were increased this year to meet the cost of production. In contrast, the average cost of an imported hairdryer is above GH¢ 100. Therefore, even in the foreign market, *Hairpadry* has the chance to compete for market share due to its relatively low price. However, more research would be needed to ensure that the standard of quality is high enough to compete with foreign producers as well. Therefore, keeping in line with the company strategy concerning competitors, any decision taken must meet and outperform competition whilst maintaining the corporate image of the business.

Internal Analysis

Company profile

Hairpadry, after an analysis of the problem of erratic power supply, created a product based on the point of view that hairdressers needed a safe and reliable means of drying hair which is relatively cheaper to that of the electric hairdryer since the most part of their work that requires electricity is the drying of the hair. This served as the driving force towards the creation of the product because by creating a product which would be independent of electricity, hairdressers would be able to reduce operational costs and increase hairdressers' disposable incomes leading to higher standards of living. Consequently, lower costs would also allow hairdressers to reduce their prices thus, attracting more customers. Additionally, a product, which may work in a shorter time as compared to a hairdryer, will increase hairdressers' productivity while providing greater utility to the customer.

The crucial resource needs of the company in the production process are capital, cotton, fabric, sodium polyacrylate and human resources. Since, the business is still considered as a start-up, the use of labour-intensive method best suited the business. However, the company is currently experiencing growing demand and need for an increase in production therefore, the firm is slowing moving away from intensive labour needs towards mechanisation of the production process. The firm also faces the problem of inconsistencies in meeting delivery time and producing standardized products, it has become imperative that the firm considers the introduction of machines in their production process. The growing demand for the firm's products was as a result of a number of changes which were made to their business model as a response to results of a market survey which was carried out during the company's venture simulation activities.

Stakeholders

With respect to their customer segments the firm expanded its target from just hairdressers to anyone who was interested in beauty services. This implies that a new marketing plan needed to be developed in order to effectively attract and maximize the wider market segment. As a result, the firm also added a membership discount system such that regular patrons of the product would be eligible for an attractive discount offer. However, awareness of the product nationwide is still very limited.

In relation to customers, there was an inclusion of a feedback system in their customer relations, to ensure that the company was always working to bring more efficient products to the market. This helped the company to understand and know the preference of customers in terms of packaging especially. The company realised that upon the receipt of this feedback, the research and development department of the firm had to be very active in order to generate ideas and product modifications which would resolve consumer demands. Again, even though the research and development department were able to bring out some modifications that addressed initial shortcomings, the awareness of these changes by customers was very low since they were not advertised.

Hairpadry products were initially produced by the partners and a few other workers, however, when the feedback pointed to the fact that the products were not aesthetically appealing, the production was outsourced. This means that the firm has less control over how the products are being produced. The outsourcing has also proven to be much more expensive as compared to in-house production. The production department is of the opinion that if only the firm is able to acquire equipment that would help to produce the products, the firm would be able to cut costs in terms of the outsourcing whilst improving on efficiency. Again, the company would have a better quality control system which would be specifically tailored to suit a bulk of their consumers. Just like the decision for outsourcing was undertaken by all heads of department and the remaining partners who are heads of department, all subsequent decisions would be handled in the same manner.

The company operates on a functional organizational structure with the five functional departments being the office of the President, the research and development, marketing and advertisement, the finance department and the production department. Due to the functional nature of the company, horizontal communication is highly encouraged as well as interdepartmental sharing of ideas. Owing to this, decision making is taken as if any decision taken would affect every member of the company. As such, the interests and opinions of all department are factored into decisions in the company. The Head of Finance department believed that the background of the company should be very important in their decision since it spoke to who they were as a company and where they wanted to go.

Strengths

A major strength of the company is the fact that they have a patent on their product and therefore, they have the power to brand their product as being highly innovative. Furthermore, they are able to brand the product as being safe since it has no side effects due to care that has been taken to ensure that the sodium polyacrylate does not come in contact with users. Again, all the raw materials used in production are biodegradable and the production process does not produce any waste which is harmful to the environment during both the production stage and at the end of its useful life. The fact that the product has a patent also ensures that the company enjoys a period where competitors are kept at bay. This would help the firm to establish a strong foothold in the domestic market and grow into market leaders before other manufacturers are allowed to copy or manufacture their invention. The creation of a strong brand would also make marketing easier since they can drive brand recognition through advertisement and other marketing strategies. Consequently, the company has improved its sales revenue and in turn, its profit margins. For that reason in considering how the firm must proceed in the future, particular attention must be placed on how such strengths may be capitalized on.

Another strength that the business possesses is the company's highly motivated and committed employees who are willing to work to achieve the company's objectives and goals. Due to the fact that most of the employees were directly involved in the inception of the business, they have the passion to make the company succeed. As a result of the fact that the company allows for employee initiative and free channels of communication, employee job satisfaction is very high thus, breeding creativity among workers. Moreover, the firm saves a lot of money due to its low employee turnover since it does not spend money on recruitment and replacement of valuable qualified personnel. Consequently, the money saved is spent on on-the-job training in order to build the skills and experience of the current workers. The company has thus cultivated a workforce who are able to make the best out of any investment decision that is undertaken by the top management of the company. The business culture in the company is such that it rewards excellence. The company has benefitted from a lot of ideas that have been birthed by employees on their own. Consequently, the company has the availability of manpower and qualified personnel which can handle changes in the company.

Weaknesses

In spite of these, the firm has struggled with customer satisfaction especially with respect to delays in delivery. A current survey which was carried out by the firm in order to ascertain customer satisfaction revealed that most customers believed that the product was not living up to their expectations. They felt that there was more room for improvement especially in the long term. The top three concerns were that the products were not standardized, delivery time was slow and the size of the product could be modified to better fit the head of the average woman. In terms of the standardization, hairdressers who bought the product in bulk felt that there were too many discrepancies that could be detected from the products. This made them uneasy because they had the perception that one *Hairpadry* product would be better than another in terms of quality and functionality. The customers of these hairdressers also showed preference for the selected products that seemed superior in quality as compared to others. Thus, the ones which were perceived as being of greater quality were overworked with their usefulness deteriorating at a faster rate due to wear and tear. Therefore consideration of better working conditions, in the form of availability of needed equipment in the company which would affect product quality, is necessary.

Delays in delivery were also as a result of backed-up orders since the company, which the business outsourced to, produces for other companies. This resulted in mix-ups in the orders or delivery times when orders which were far greater than the producing company's capacity could handle, were placed. In the long term, *Hairpadry* has to take decisions which would help in curbing such supply problems since it could greatly affect their customer satisfaction, brand and invariably, sales revenue. Finally, in relation to modifications which would make the product more user-friendly, the company has been engaging in research and development. However, the research and development department has not been allocated sufficient capital for them to effectively work on coming out with the needed adjustments which would not affect the amount of sodium polyacrylate needed per product.

Apart from capital from the partners and ploughed-back profits, the firm has faced a problem of getting access to loans. This is because of the business' status as a start-up. As such, financial institutions have been reluctant to offer loans since they deem the business as risky, taking into consideration that the product is a new innovation as well. They are unwilling to grant loans when they cannot predict the future prospects of the firm. Furthermore, the firm has limited fixed assets that could be used as collateral for loans. Due to these restraints, there is pressure on the firm to increase cash flow and generate profit since it is the main source of finance for the firm. As such any project that is chosen should be one that would increase the firm's capacity to increase its cash flow and profitability. This is crucial since profitability is also one of the major goals of the firm and thus influences all decision taken in the company.

Again, with the inability to access loans, the firm is unable to undertake projects which would be instrumental for the firm since it is unable to augment the plough back profit if the project demands a relatively large initial investment. This makes it difficult for the company to undertake projects which may have positive cash flows since the initial investment may be too large for the firm to take on. However, the partners have agreed that given a project which has a relatively positive result as compared to the other available projects after a cost-benefit analysis, they would contribute additional funds which would cover the deficit in capital. Therefore, there is a need for evaluation of projects in order to ascertain which one would provide the most benefit for the firm.

Financial Information

The Head of Finance in lieu of this charged his department to come out with financial information that would help him to effectively evaluate the cost and benefits of the various proposed investment project on which he can write a report for decision-making. By the end of the week the employees of the Finance department submitted this financial information:

	GH¢	GH¢	GH¢	GH¢	GH¢
Annual Profit for the year					
Research and Development project	30,000				
Massive advertising campaign	25,000				
Investment in new equipment	50,000				
Investment Capital					
Research and Development project	40,000				
Massive advertising campaign	65,000				
Investment in a new equipment	70,000				

Value of projected cash inflows for 5 years					
Research and Development project	5,000	10,000	15,000	20,000	10,000
Massive advertising campaign	3,000	4,000	5,000	9,000	2,000
Investment in a new equipment	10,000	30,000	50,000	30,000	20,000
Cost of Capital (Discount rate)	%				
Research and Development project	15				
Massive advertising campaign	10				
Investment in a new equipment	18				

- The annual profit represents the profit which the various projects are projected to bring into the company
- Investment capital represent the initial cost of the project
- Cost of capital represents the required rate of return that would make the project worthwhile, which is compensating for the risk of the project.

Armed with the information and tools which he needs to write an objective investment appraisal report for decision making, The Head of Department of Hairpadry braces himself to work tirelessly so that the report is completed in one week's time.

References

Ghana Cotton Production by Year. (2016). *Indexmundi.com*. Retrieved 25 July 2016, from http://www.indexmundi.com/agriculture/?country=gh&commodity=cotton&graph=production

Ghana's electricity, water tariffs drive inflation. (2016). *Theafricareport.com*. Retrieved 25 July 2016, from http://www.theafricareport.com/West-Africa/ghanas-electricity-water-tariffs-drive-inflation.html

Ghana's manufacturing sector registers negative growth. (2016). *Theafricareport.com*. Retrieved 25 July 2016, from http://www.theafricareport.com/West-Africa/ghanas-manufacturing-sector-registers-negative-growth.htm

Appendix

Current Assets

Account Name: Cash Account				***Account Number: 7001 Reporting Currency: GH¢***			
Date	**A/c No**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	**Status**
30/01/16	1	Purchases			43.00	43.00	Credit
02/06/2016	2	Purchases			8.00	8.00	Credit
		Purchases			24.00	24.00	Credit
		Purchases			72.00	72.00	Credit
		Purchases			6.00	6.00	Credit
02/02/2016		Bank		100		(100.00)	Debit
02/06/2016		Bank		80		(80.00)	Debit
02/10/2016		Stationery			2.00	2.00	Credit
		Transportation			6.00	6.00	Credit
02/11/2016		Beauty Service		50		(50.00)	Debit
		Sewing			30.00	30.00	Credit
		Carriage Inwards			8.00	8.00	Credit
		Refreshments			12.00	12.00	Credit
		Refreshments			14.00	14.00	Credit
		Telecommunications			6.00	6.00	Credit
		Printing			33.50	33.50	Credit
25/02/2016		Refreshments			5.00	5.00	Credit
		Beauty Service		87		(87.00)	Debit
		Donation-Kwesi		20		(20.00)	Debit

		Receipt from Conniecomes		25		(25.00)	Debit
Balance c/d					84.50		Credit
Total to Date				**362.00**	**362.00**		**Nil**

Account Name:	*Bank Account*			*Account Number:*	*7,002.0 0*		
				Reporting Currency:	*GH¢*		
Date	**A/c No**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	**Status**
01/12/2016	1	Capital		800.00		(800.00)	Debit
15/1/2016	2	Cash			50.00	50.00	Credit
02/02/2016	3	Cash			100.00	100.00	Credit
02-Jun	4	Cash			80.00	80.00	Credit
29/02/2016		Balance c/d			570.00		
Total				**800.00**	**800.00**	**-**	**-**
03/01/2016		Balance b/f		570.00			
Total b/f							Nil

Proceeds from Beauty Services Account

Account Name:	*Proceeds from Beauty Services Account*			*Account Number:*	*7,400.00*		
				Reporting Currency: GH¢			
Date	**A/c No**	**A/c Name**	**Ref**	**Debit**	**Credit**	**Balance**	**Status**

11-Feb	1	Cash		50.00	100.00	Credit
25-Feb	2	Cash		112.00	112.00	Credit
29-Feb		Balance c/d	162.00			Debit
				162.00	162.00	Credit
01-Mar		Balance b/d		162.00		
						-

Adjusted Trial Balance

	Account	Pre-adjustment Balances		Adjustments			Post-adjustment Balances	
		Dr	Cr	Note	Additions	Deductions	Dr	Cr
		GHS	GHS		GHS	GHS	GHS	GHS
1	Purchases	159					159	
2	Stationery	2					2	
3	Transportation	6					6	
4	Sewing	30					30	
5	Carriage Inwards	8					8	
6	Refreshment	31					31	
7	Telecommunication Expenses	6					6	
8	Printing	33.5					33.5	
9	Proceeds from Beauty Services		162					
10	Cash	197.5				61	136.5	
11	Bank	570					570	
12	Capital		800					800
13	Donation		20					20
14	**TOTAL**	**1043**	**982**				**982**	**982**

Statement of comprehensive income for the period ending

Hairpadry Company			
Statement of comprehensive income for the period ending …		ending 5th April 2016.	
	GHS	GHS	GHS
Sales			0
Purchases	348.8		
Add Carriage Inwards	8		
Net Purchases		356.8	
Less Closing stock		55	
Cost of Goods Sold			301.8
Gross Loss			301.8
Proceeds from Beauty Services		162	
Donations		20	
Proceeds from Raffle Draw		53	235
			66.8
Less Operating Expenses			
Stationery		2	
Transportation		6	
Sewing		30	
Refreshment		31	
Telecommunication Expenses		6	
Printing		33.5	108.5
Net Loss			**175.3**

Statement of financial position as at 5th April 2016

Hairpadry Company		
	GHS	**GHS**
Current Assets		
Closing Stock	55	
Bank	510	
Cash	59.7	
Working Capital		**624.7**
Financed By:		
Capital	800	
Less Net Loss	175.3	
		624.7

Cash Receipt Journal

Currency: GH¢ Sheet 1

Date 2016	Details	Cheque/ Receipt No.	Discount Allowed	Credit Accounts				Debit Accounts	
				Sales	VAT Payable	Trade Rec	Other	BANK	CASH GH¢
02-Feb	Capital	1					800.00	800.00	
11-Feb	Beauty Service	2		50.00					50.00
25-Feb	Beauty Service	3		87.00					132.00
	Donation	4							20
	Proceeds from B.S	5							25

Cash Disbursement Journal

Currency: GH¢

Date 2016	Details	Cheque/ Receipt No.	Discount Received	Debit Accounts			Credit Accounts	
				Purchases	Trade Payables	Other	BANK	CASH
30-Jan	Purchases			43.00				43.00
	Purchases			8.00				8.00
06-Jan	Purchases			6.00				6.00
	Purchases					24.00		24.00
09-Jan	Purchases					72.00		72.00
	Purchases					6.00		6.00
10-Feb	Stationery					2.00		2.00
	Transportation					6.00		6.00
11-Feb	Sewing					30.00		30.00
	Carriage Inwards					8.00		8.00
	Refreshments					12.00		12.00
	Refreshments					14.00		14.00
	Telecommunications					6.00		6.00
	Printing					33.50		33.50
25-Feb	Refreshments					5.00		5.00
				57.00		**218.50**	-	**275.50**

Purchases Journal

Currency: GH¢ Sheet 1

Date 2016	Supplier	Invoice Number	Terms	Posting Ref	Debit Purchases	Credit Accounts Payable
30-Jan	Berekuso Fabric Store	1			43.00	43.00
	Berekuso Fabric Store	2			8.00	8.00
06-Feb	Berekuso Fabric Store	3			6.00	6.00
	Berekuso Fabric Store	4			24.00	24.00
09-Feb	Berekuso Fabric Store	5			72.00	72.00
	Berekuso Fabric Store	6			6.00	6.00
	Total				**159.00**	**159.00**

Ignite: A Case on Distributive and Integrative Negotiation - **Ms. Nepeti Nicanor**

This case was prepared by Ms. Nepeti Nicanor, Senior Lecturer, Foundations of Design and Entrepreneurship, Entrepreneurship and Leadership 3, Ashesi University with the help of Ms. Adwoa Adobea Armah as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Learning Goals

- Understand what the interests and identify the interest of the two parties
- Identify the benefits of integrative bargaining
- Characteristics of integrative negotiation
- Understand and apply the steps in integrative bargaining
- Generate creative alternatives and solutions to a negotiation situation

Ignite Case Study: Distributive and Integrative Negotiation

Kevin Degbotse, the CEO of *Ignite Ventures*, was clearly nervous. The tension in the room was so thick it could be cut with a knife. All he wanted was the best for the company which he started with twelve of his close friends. As he sat there trying to make eye conduct with the lawyers and executives of *Left Brain Creations*, he could not believe that his company was about to be acquired. Despite the fact that Kevin had negotiated so many times in order to gain good artists and have the best spots at exhibitions, he felt he was out of his depth this time. One thing he was sure of was the fact that he wanted to make sure that the core mission and vision of the company was not distorted in any way and the artists were properly catered for.

Ignite Ventures was initially set up as an initiative to help students who were not hitting their academic target. However, upon further research, the team discovered that the real problem which needed solving was the fact that students were not hitting their target because they lacked inspiration. The mentorship which these students needed was greatly lacking. Kevin, who was an artist found it very disconcerting that the bulk of the students who were not hitting their targets were artists like himself. Therefore, the main aim of the company was to provide access to mentorship for student artists and also help them to explore their talents in school without compromising on their academics.

A week ago, the partners concluded that they wanted to exit from the business. The passion which they had for the company had fizzled out. In addition, most of them had received job offers for occupations which they much preferred. A decision had to be made on what the next step should be. Since the company's main assets were the artists and their work, decision of liquidation as the mode of exit seemed inappropriate. Thus, the partners upon the consideration of the future prospects of the business agreed that liquidation was the best way forward. Kevin felt quite emotional because he had invested a lot of his time and resources into the business and strongly believed in the mission of the company. Coupled with this, Kevin felt very overwhelmed that he needed to negotiate as well with the unexpected offer by *Left Brain Creations* to buy out the business.

Being the leader and businessman that he was, Kevin knew he had to put his emotions in check in order to do what was best for the company. He was of the opinion that, integrative bargaining was the best approach to take. However, since he was quite used to distributive bargaining, he was aware that he had a lot to learn. *Left Brain Creations* just presented their detailed offer and he had two weeks to get back to the table and negotiate based on the offer. Kevin knew in order to come out with the best plan; he had a lot of reading and research to do.

Acquisition

Kevin was aware that the decision to begin the process of acquisition meant that they were involved in a corporate action by *Left Brain Creations* in which they would buy most, if not all, of the company's ownership stakes to assume control of the firm. *Ignite Ventures* could either be paid in cash, *Left Brain Creations*' stock or a combination of both. Ideally, a single acquisition which entailed the acquiring company buying the assets and operations of *Ignite Ventures* and absorbing what was needed was preferred by both parties. The only aspect of *Ignite Ventures* which would be discarded were the duplicated pieces of the company. Since the company was also a start-up, acquisition presented a good opportunity for the partners to receive their compensation whilst giving the company a fighting chance to succeed in the future.

One advantage of this decision to *Ignite Ventures* is if the company presented strategic value to *Left Brain Creations*, could sell for far more than the company was worth to the partners. Notwithstanding, the company also had to be careful during the acquisition process as it also comes with cons which could affect the other stakeholders of the company. One of these disadvantages, in particular, is the clash of cultures and systems which could result from merging *Ignite Ventures* and *Left Brain Creations*. Kevin understood this possibility had to be sorted out no matter the price offered by the acquiring company. The implication of this understanding was that it would be crucial to include discussions of major restructuring of *Ignite Ventures* by *Left Brain Creations* in the negotiations. It was also clear that in order for any acquisition to be successful, the goals and objectives of both companies had to be in alignment.

Company Background

Service

Thirteen partners came together to form *Ignite Ventures*, a private Limited Liability Company. The company was launched on the 11th February, 2016. It was formed as a response to the problem of underperforming student artist in Ashesi University . Most of these students lacked inspiration and motivation because they felt they were stuck doing courses they had no interest in doing. Thus, these students needed mentors to help them figure out which career was best for them. *Mynlex* which was an app that connected students to industry professionals was created. The partners of *Ignite Venture* realized that this solution could help their users by connecting them with mentors who would guide them and show them how to link what they were interested into the courses they were doing.

As the business grew, Kevin realised that student artists in Ashesi University had an even deeper problem of not being able to juggle academics with pursuing their passion. *Ignite Ventures* was accordingly created to provide these students with markets to sell their products and services while they focused on their academics. In an effort to help others to understand the operations of the company, Kevin would explain in simple terms that, artists get to know about us through our posters, website, word of mouth, social media and other advertisement channels. They contact us through e-mail, our phone numbers or through personal contact. We screen the applicants and after choosing the best, they are given a contract to fill. After which they become official members of *Ignite*. The new members are then linked to professional artists for mentoring and a showcase of their talents is later done by organizing events. This business model might provide a strategic value and bargaining tool for *Ignite Venture* because they have created a unique network between creative students and creative professionals on how to build upon their creativity and learn from each other.

Stakeholders

The primary customer base of the company is the students who are signed up for mentorship and eventually as working artists. *Ignite Ventures*, offers creative students a market they could not have accessed on their own. This led the company to the discovery that the company also had secondary customers who bought the art pieces of our creative students. Due to this, the customer segment grew from students to the addition of secondary customers. These secondary customers were crucial in designing a service that they desired and this was done through collecting constant feedback after every event. *Ignite Ventures* builds lasting relationships with its customers through email, social media and events. In addition to the common ways of reaching customers, all the art sold by *Ignite Ventures* is woven into meaningful customer experiences to ignite emotional attachment to products. This a vital aspect of the company and serves as a competitive advantage.

The company also partners with established art providers and artists who serve as the professional pool of mentors for the students signed under *Ignite ventures*. Therefore, the key partners of the company that can be used as leverage in the negotiating process are the creative students and professionals, as well as, partners such as *Rising Arts* and *Chale Wote Festival*, who are ready to mentor the creative students. These partners also provide an avenue for these students to showcase their works.

Financials

Ignite Venture's key resources include employees who serve as the support staff for the smooth running of the company, finances and logistics which mainly entails location for organizing events. The cost structure of the company is most variable in nature. This is because the expenses of the company mainly consist of advertisements, service charges for the art providers and cost of organising the event. In addition, the art supplies needed by the artists are provided by the company. All of these cost items vary with the level of production of the company except advertisement. On the revenue side, the company's revenue stream is characterized by the sales of the products of the creative students and service charges obtained from students who sign up for mentorship services of the firm. From the feedback that was gathered from the launch of the company, the products were very expensive. Thus, the firm decided to classify them into premium and classic. Premium is used for products less than GH¢ 100.00 and classic refers to product priced for more than GH¢ 100.00. Customers who are on classic are given some time to pay for the paintings, but the purchasing price is higher than buying instantly with cash. 30% from the sale of these products accrue to *Ignite Ventures* and the surplus is given to the students.

Left Brain Creations' Company Profile

Left Brain Creations is a multinational company that has branches in four countries in Africa namely Nigeria, South Africa, Kenya and Ghana. They have been in operation for 25 years and are currently the leading company in fine arts. The company provides services for both corporate and private individuals through professional art consultations. This includes selection and acquisition of art pieces, custom framing of original painting, photographs, and needlework and fabric designs. The gallery of the company holds art pieces from both local and international artists, as well as, unknown and known artists. This is in a bid to satisfy customers from all walks of life and their specific tastes and preferences. Since the firm has been in operation for a long time and spans across four geographical areas, they have wide access to the art market in Africa and have a strong brand presence.

The mission of the firm is to provide the best service to its client by meeting their specific art requirement with high sense of innovation. The company prides itself on being employee-oriented, community-conscious and reliable in terms of delivery of service.

The firm recently merged with a company that deals with the brand marketing and communication strategies of artists through the use of digital tools. The goal of that merger was to take advantage of online channels to connect individuals to the traditional retail and events channels of distribution. This is because as the firm is in its growth stage, they are more interested in targeting a new section of the market, namely young upstarts who haven't been in the workforce for a long time. The company enters international markets through acquisitions hence, all the branches they own in different countries were acquired and not created from scratch. The firm, therefore, has experience in negotiating in terms of mergers and acquisition and are quite confident in their ability to obtain the best deal possible.

Left Brain Creations, recently realised that even though the acquisition of the branding and communication company brought in a new market of young working-class people, their sales were not increasing accordingly. They realised this was due to the fact that the young working-class customers did not have any emotional pull towards the existing collection that the firm had. Therefore, with the initiative of *Ignite Venture* helping people close to their age coupled with the fact that the art collection was done by individuals that were more closely related to the experiences of these new customer segment. *Left Brain* saw an opportunity to increase sales and pull in this new market segment through *Ignite Venture*. FDE Casebook Volume 1_2015_final draft no heading

Integrative Bargaining

Kevin was well aware that he was coming to the table with people who probably knew more about the art of negotiation than he did. He saw it prudent to put aside all that he thought he knew about negotiation and learn as much as he could in the short period of time that he had. In order for Kevin to be involved in integrative bargaining, he had to have the mindset that at the end of the negotiation both companies had to mutually benefit from the outcome. Integrative bargaining was appropriate because both parties were more concerned about meeting their interest as opposed to positional goals.

Again, both parties were concerned about maintaining a relationship after the negotiation since they would both need each other in order to make the acquisition and eventual merger successful. This is fostered by integrative bargaining because trust is developed through mutual respect throughout the process. Kevin was sure this was the right approach because it was in line with the values of the company which was to create value in everything that they did. What he worried about was knowing how to undertake this process such that the best outcome could be achieved.

In the course of his research, Kevin came to the realization that in the plan he was creating for the negotiation, he had to make a list of commonalities which the two companies had. This would help him and his team to focus on commonalities rather than differences. It was also very necessary that they clarified what their interest is so that they do not end up trying to address positions. Even though addressing the interest of the company was the topmost priority, it was also necessary that the negotiating team of *Ignite Venture* were committed to meeting the needs of *Left Brain Creations* as well. *Left Brain Creations* had already started the process of free exchange of information and ideas through the report they submitted.

As the leader of the team, Kevin knew that they had to respond as such in order to facilitate the process. The problem was that as a team they needed to agree on the channel of communication which they believed would best convey their message and ideas before the week was over. This was very important so that both parties could attempt to invent options for mutual benefits. Also, in the plan they had to decide and include objective criteria which would serve as a standard of performance. This would be re-evaluated when both parties are present. Kevin thought to himself that indeed there was a lot of work that needed to be done but he also knew that for the process to be truly integrative all the elements considered earlier had to be attended to.

Kevin found it interesting that his skills in distributive bargaining were not completely redundant in the integrative bargaining process. He discovered that even though the first three stages of the integrative process were important to the creation of value, the last two steps involved distributing the enlarged ‘pie’ and claiming value. This is because in the last two stages of the integrative bargaining process, it was crucial that both parties try to gain and retain the best option in addressing their interest. Hence, even as the team were concentrating on understanding integrative bargaining, it was also important that they decided on the best distributive tactic to use at the end of the process. Kevin was of the opinion that the issue of which distributive tactics should be discovered only after the integrative bargaining process was well understood.

Integrative Negotiation Process

Identify and define the problem: Seeing as this was one of the most crucial steps in the integrative bargaining process, Kevin was dismayed that his team had overlooked it. In an attempt to start the process of negotiating, the team had assumed that everyone was on the same page in terms of the problem which they were trying to solve. However, upon asking the team what the problem was, three distinct problems were raised. First of all, this showed that defining the problem was not as easy as it sounded and secondly, their foundation for negotiating was faulty. Therefore, before both parties could agree on the problem they were trying to solve, the team had to clarify what exactly the problem is for them. The key steps in achieving that would be to define the problem in a way that was mutually acceptable to both sides. Also, the problem needs to be stated as practically and comprehensive as possible, as well as, state the problem as a goal and identify the obstacles to attaining that goal. It is also important that the problem is depersonalized and finally there was a need to separate the problem definition from the search of a solution.

Understand the problem fully: This step involves the identification of interest needs. This is very key because without an understanding of the interests that needs addressing, both *Ignite Ventures* and *Left Brain Creation* would be unable to satisfy each other’s interests. Out of the four types of interest which are substantive, process, relationship and principles, Kevin grasped that as a team they had to understand and identify which ones applied to their situation. These interests had to be the underlying concerns, needs and desires that motivates them to negotiate.

Generating Alternative Solutions to the problem: Taking into consideration the fact that *Left Brain Creations* were quite experienced in acquisition negotiations, Kevin saw it prudent for the team to generate as many alternative solutions as they possibly could. The possible approach which they could use in generating alternative solutions is logrolling which involves finding more than one issues in conflict and having different priorities for those issues. Another approach which the team could use is brainstorming. In using this approach Kevin thought it was imperative that a representative for the students, professional and support staff had to be included for a broad perspective. He also needed to create an environment where judgement was withheld and problems were separated from people. Again, they had to ensure they were exhaustive in the brainstorming process and an outsider perspective was sought. Kevin suddenly comprehended that there were a lot of things he didn't know and slowly he was beginning to feel less overwhelmed because he had an idea of what he needed to do in order to get on the right footing.

Evaluate and select alternatives: These two stages involve the evaluation of alternatives brought out during the generation stage and ultimately choosing the best option. Even though it was necessary for the team to understand the guidelines for evaluating alternatives. It was agreed that these two stages would be held off until both *Ignite Ventures* and *Left Brain Creations* were at the table together. However, it was noted that they needed to narrow the range of solutions, agree on criteria for evaluation, be alert to the influence of intangibles and be willing to take time off to cool.

Finally, taking into consideration all the information he had gathered, Kevin believed that he was in the best position to access which distributive bargaining tactic which would be used in the last two stages of the negotiation process. He was only interested in evaluating three distributive tactics which he was confident he knew about:

Sweeteners: This essentially involves saving a special concession for the close. This would sweeten the existing deal to the extent that the other party would feel compelled to settle.

Snow job: Snow job refers to a situation whereby one party tries to overwhelm the other party with too much information. This is done with the aim of confusing or distracting the other party.

Highball: With this tactic, one party demands an extremely high offer. This is done with the intention of forcing the other party to reconsider their point and goal.

Armed with all this information, Kevin felt it was time to meet with his team in order to come out with a plan which would help in the negotiation process which was fast approaching.

Appendix

Balance Sheet

DR ITEM	NOTES	AMOUNT	ITEM	CR NOTES	AMOUNT
Capital		800	**ASSETS**		
Less Net Loss		276	Cash in hand		400
		524	Cash at bank		340
Current Liabilities					
Mark		100			
		740			740

Income Statement

DR ITEM	NOTES	AMOUNT	ITEM	CR NOTES	AMOUNT
Expenses			**Revenue**		370
Performers		100	Net Loss		356
Transport		200			
Painter		80			
Drawing Canvas		30			
Speakers		100			
Advertising		40			
Performers T-shirts		176			
		726			726

Sales Journal

Currency: GH¢ Sheet 1

Date 2016	Customer	Invoice Number	Terms	Posting Ref	Debit Account Receivable	Credit Sales	Credit VAT Payable
18-Feb	Painting Sales					150	5
24-Feb	Painting Sales					100	3
09-Apr	Painting Sales					300	
					-	**550**	**8**

Cash Receipt Journal

Sheet 1

Currency: GH¢

Date 2016	Details	Cheque/ Receipt No.	Discount Allowed	Credit Accounts				Debit Accounts	
				Sales	VAT Payable	Trade Rec	Other	BANK	CASH
01-Feb	Capital						800		800
18-Feb	Paintings			150					150
24-Feb	Painting			100					100
26-Feb	T.shirts Payment						440		440
09-Apr	Painting Sales			300			300		300
				550			1,540		1,790

Cash Disbursement Journal

Currency: GH¢

Date 2016	Details	Cheque/ Receipt No.	Discount Received	Debit Accounts			Credit Accounts	
				Purchases	Trade Payables	Other	BANK	CASH
17/02	T-shirts					440.00		440.00
17/02	Transportation					200.00		200.00
18/02	Drawing Canvas					30.00		30.00
24/02	Artists					100.00		100.00
24/02	Painter					80.00		80.00
06-Apr	Speakers					100.00		100.00
			-	-	-	**950.00**	-	**950.00**

IGNITE Private Limited Company - Adjusted Trial Balance as at 29 February 2016

	IGNITE Private Limited Company Adjusted Trial Balance as at 29 February 2016		at 31 March 2016
	Ref	DR GHC	CR GHC
Capital			800
Sales			250
Artists		100	
Drawing Canvas		30	
Transport		200	
Painter		80	
t-shirts		440	
Team Members			264
Performers			176
Bank		340	
Cash		400	
		1590	1490

Instalight: A Case on New Product Development - **Ms. Nepeti Nicanor and Rose Dodd**

This case was prepared by Ms Nepeti Nicanor and Ms Rose Dodd, Assistant Lecturers, Ashesi University with the help of Ms Adwoa Adobea Armah as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Instalight Case Study

When he was chosen as the CEO of *Instaligh*t, Khayone had been excited about the prospect of leading a team and actually running a business. He looked forward to having to successful brainstorming sessions and coming up with great ideas and making the most of his teammates individual skills. He was aware that there would be setbacks on the way, but there was nothing he could not handle. That, was at the beginning of the semester. He was not so sure now. It was another five and a half weeks before the semester ended and he was at his wits' end. The initial business capital would run out in no time, the craftsmen were asking for more money in exchange for their services, the team could not agree on anything and their working prototypes had only pulled a handful of consumers; all of whom would be wanting their orders filled soon. At this point, he was desperate to optimize the production and sale process and at the very least, fill the income column in their balance sheets.

Khayone Nkosi, was a South African student who had been chosen as CEO by his teammates for his level-headedness and the ease with which he seemed to handle leadership roles. In previous group exercises, the way he was able guide the discussions and his cleverness quickly won the respect of his group members. More than anything though, he was passionate about their project from the beginning. When it was time to select someone to represent the business and make final decisions, he was the natural choice. The team members decided that while they wanted Khayone to take the lead, it would make things easier if he had a Ghanaian second-in-command who knew their way around and understood the local dialect, to advise and help him negotiate. For those purposes, the team chose Nii as Chief Operating Officer. Both young men had a strong work ethic and were committed to the success of the business.

Khayone was feeling the pressure pressing in on him from all sides. Not only was he trying to keep the business afloat, for the Foundations of Design and Entrepreneurship class, but he was under pressure to do well in all of his other classes. He was doing assignments late into the night and waking up early to attend classes. In spite of all this, he was determined to make the business a successful one. The question was, how? The product was not going down with the market as well as they had hoped it would, there was a lack of communication amongst the partners and the entire process from order to the delivery of the final product was taking far too long and costing more than they had formerly estimated.

The Main Problem and Solution Finding Process

Ask any Ghanaian about the challenges that their country faces and more than likely, the problem of unstable power supply will come up. The electrical power of Ghana is generated mainly from the Akosombo Dam and Plant on the Volta Lake in the Eastern Region of Ghana. In 2013, due to a combination of factors, the dam and plant were producing below the required amount of electricity needed to power to the entire country. This meant that the power being produced had to be rationed to the country which meant frequent, scheduled, and sometimes unscheduled power outages. The situation was aptly nicknamed “Dumsor”, which in the Akan dialect, literally means “Off-On”.

It was this problem that the members of *Instalight* sought to solve when they were first put together as part of a class exercise. The purpose of the exercise was to encourage the students to come up with creative and extreme solutions to major problem areas in Ghana. It was also a demonstration of how business ideas are born from the need to solve a problem identified in one’s environs. That is how the initial value proposition for *Instalight* came to being: **a rechargeable lamp made with simple phone battery cells that stored enough power to last an entire week.**

Over the course of the semester, they were asked to reduce the scope of their problem to one they would be better equipped to handle, given their size and resources. The team also had to consider the fact that they were establishing a business and would need to make a profit from their business. The original idea they decided on as a solution was still on their minds as a possible new product, but research showed that the costs would be too high for them to handle. There was also a problem of a lack of technological know-how. So it was back to the drawing board. Keeping their main idea in mind, they began to narrow down the scope and target market, as well as modify the solution to meet the needs of the newly discovered market.

Research and a little creativity led them to the creation of decorative light fixtures with reduced impact on the environment.

Hence, the value proposition of *Instalight* became the production and sale of customizable and environmentally-friendly decorative lighting pieces. The idea was that they would, as much as possible; cater to the consumers' exact needs by allowing them to choose the specific designs that would be most fitting for their homes or offices. The uniqueness of the products would add to its quality and endear it to all possible consumers. The team of thirteen formed a partnership and split up into departments. They had the initial capital given to every group and had to turn it into a successful product and business. The head of the Innovation department, a burgeoning artist, was responsible for coming up with the designs for the prototypes. The rest of the departments were taking over details such us sourcing and assembling the electrical parts of the lights, and locating woodcarvers and weavers to outsource the making of the wooden casing of the light fixtures. They were well on their way to developing a new product.

The Product-Making Process

The *Instalight* decorative light fixture was to be made of two parts. The electrical system, which is the light bulb and wiring, and the wooden casing for the lights. As both of these involved skill sets that they did not have, they had to contract partners who could. They partnered with Mr Osei, a craftsman and Akom, an electrician in Aburi, a town near the Berekuso.

The New Product Development Process involves steps that one needs to go through in creating and marketing a new product. The timeline for the whole process differs according to the good that is being created. If one wanted to successfully produce a new business item, this was the process they needed to follow. This was what Khayone was reading after another exhausting meeting with the *Instalight* partners. He had been looking for ways to improve their efficiency when he found the article on NPD. Call it Khayode's eureka moment, but he thought he had finally found a way to do it. He would go through each step of the product development process, reviewing the actions of *Instalight* that matched each stage, and that way, he could pinpoint where exactly things went wrong. Pulling his laptop closer and opening a note-taking application, he began. These were the most important steps he noted as relevant to their business:

Step 1: Idea Generation and Screening

As the name suggests, this is the stage where the concept of the business is birthed. A problem area is identified and a product and/or service is created to fill the gap in the community. This was what they did when they began trying to generate ideas to solve the problem of 'Dumsor'. They had narrowed the market to the Ashesi University community and had begun to market the idea.

Ashesi University is a small private university in the Eastern Region of Ghana. The entire population of the university makes up less than 800 hundred people, making it a very small market for the *Instalight* team. *Instalight* Enterprise, therefore, operated in a re-segmented market (niche) in the lighting industry, operating under the decorative lights markets, due to the fact that it is trying to solve the need of people to acquire decorative lighting systems. Lights made from bamboo and cane with a durable coloured bulb, sold at affordable prices. The advantage of having a market based within their school environment was that the potential consumers were easily accessible to the team members. Costs of advertising and spreading information would be reduced since it only needed to happen within the small, central area of the school. The proximity also meant that when they got to the prototyping stage, collecting feedback on the design of the product would be much easier. That being said, a small market like Ashesi can also present its own downsides such as a smaller profit margin. In the event of an expansion of the business to include a wider market, there would be difficulties. At this stage, Khayone felt they had done everything that needed to be done.

Step 2: Research

At the research stage, the team had conducted ethnographic research which led them to the conclusion that individuals and institutions like hotels and recreational centres needed decorative lights. They had gone around, asked questions, studied the trends and identified their target market. The lights would dispel some of the dullness of the room and inspire creativity, relaxation, or simply enhance the mood of all the people who came in contact with it. As Ashesi highly encouraged creativity and supported legitimate sources of inspiration, they became their main market.

They created a target persona who had the features in common with many of the members of the target market and began to work towards satisfying this persona's needs. Through interviews, participatory research and observational shadowing they had found the core of the persona's reduced productivity and were working towards a workable solution. As they discovered in the research stages, it is often the subtle changes and touches in the environments that affect us most. The answer was simple; decorative lights from natural resources and recyclable materials. The team made a number of products with improvements each time to come up with a product that would truly solve the problem and be affordable enough to fit the market. Once again, Khayone determined that they had been effective.

Steps 3 & 4: Concept Testing/Analysis & Product Development

At this stage the business examined the viability of the product. This involved creating a prototype and introducing it to the members of the market in order to get feedback and make any necessary changes. The introduction of the prototype had gone well, and the market had reacted positively to it. The team took down all helpful suggestions from the potential consumers. Nonetheless, it was at this stage that Khayone identified their first problem. The production of the prototype did not only take too much time, but the cost of producing was much higher than they had estimated. If Mr Osei, the craftsman, had anything to do with it, it would go even higher as he had begun to demand more money. According to Mr Osei, he had made a loss in the making of the casings of the prototype and the team needed to make up that lost amount. That, as well as the cost incurred during the launch and the high cost of transportation to and from Mr Osei's meant that their initial capital had dwindled. They could not afford to continue to commute to and pay for Mr Osei's services. While he was one of the best and the closest craftsman in the area, it was cutting into their profits. They had failed to include a down-payment system with their initial customers and thus had very little money to fall back on.

Steps 5 & 6: Test Marketing and Commercialization

At these stages, the product has been accepted as a viable business option. Now it had to be marketed to a portion of the market to judge the reception and sale of the goods. Here was where they had fallen far off the mark. Khayone admitted to himself that they had taken for granted the need to advertise the product, given the size of the market. Without realizing it, they had expected word of mouth and the launch to carry their business. They had social media pages, but those were not generating enough of a healthy buzz yet. They had previously nailed down the pricing, but the demands of Mr Osei was threatening that too.

Two hours and pages of notes later, Khayone was done. He called a meeting of the partners, relayed all his information and asked for their opinions. For another half hour, they discussed; arguments going back and forth as they examined their options. When they came down to it, they had two alternatives if they wanted their business to succeed. In the minds of a few, there was still a third alternative: to allow the business to continue the way it was operating and liquidate at the end of the semester as the course model required. That option had been dismissed at the beginning of the discussion. The way they saw it, their problems could be split into two major areas. It was agreed that the team would take a collection to tide them over till the payments for their first few orders arrived. The money would then go solving the problem area they chose to tackle because they could only devote the attention and resources to one. Mind, Khayone and the rest of his team have five and a half weeks left to turn around their new business and make the success of it if they liked. The success of this new business model was hinged on their ability to remain focused on achieving common goals, communicate and cut out the ineffective parts of the system. Frankly, it was a lot of work to take on at this point in the business.

The team was split into the parts they felt were most important in the NPD process and thus needed immediate attention. The first group felt that the main problem was in the production process. It was slow and less productive than it could be. They felt that the money raised should go to sourcing a new craftsman, who could do the work at a fair price, in less time. The other thing would be to bulk purchase the common bits of the lights rather than buying them as and when they were needed, to get them at a discounted rate. Couple this with completely cutting out their packager and taking over it themselves, by their estimation, it should cut their costs by a large enough percentage to begin to see a profit in the business. To this group, marketing was a luxury that they could not afford.

The second group was firmly in the camp of the marketing side of things. Their argument was that to use the money to source new partners and taking on packaging was taking a risk in a business that was almost sure to fail. Yes, things were difficult at the moment, but they were still chugging along just managing to stay in business. If the business was going to take a turn for the better, the customer base needed to increase. That meant intensifying the marketing strategy, exploring larger markets and appealing to consumers in a way that did not only inspire appreciation, but the need to buy the fixtures. That sort of marketing took money and effort.

Khayone can see both sides of the argument. He realizes that he will need to be the deciding vote in this situation. Which side do you reckon is more important and that Khayone should take in order to save *Instalight* Enterprise?

For further information,

Product Life Cycle Stages. (n.d.). *New Product Development Stages*. Retrieved from productlifecyclestages.com: http://productlifecyclestages.com/new-product-development-stages/

http://www.learnmarketing.net/npd.htm

http://www.business2community.com/product-management/eight-simple-steps-for-new-product-development-0560298#Yo6WeUAXbsz3dw3E.97

Instalight Enterprise Venture Report - Instalight Team

Appendix

Cash Disbursement Journal

Currency: GH¢

Date 2014	Details	Cheque/ Receipt No.	Discount Received	Debit Accounts			Credit Accounts	
				Purchases	Trade Payables	Other	BANK	CASH
30-Jan	Transportation					24.80		24.80
30-Jan	Batteries			55.00				55.00
05-Feb	Materials			49.00				49.00
05-Feb	Transportation					20.00		20.00
11-Feb	Bamboo frames			80.00				80.00
11-Feb	Transportation					35.00		35.00
14-Feb	bulbs, cables and plug			45.00				45.00
17-Feb	Coconuts					94.00		94.00
17-Jan	Wrappers					8.50		8.50
17-Feb	Transportation					20.00		20.00
10-Mar	Purchases			25.00				25.00
10-Mar	Transportation					24.00		24.00
17-Mar	Transportation					40.00		40.00
20-Mar	Purchases			28.00				28.00
20-Mar	Transportation					40.00		40.00
29-Mar	Purchases			30.00				30.00
29-Mar	Transportation					5.00		5.00
11-Mar	Purchases			120.00				120.00
17-Mar	Purchases			210.00				210.00
			-	**642.00**	**-**	**311.30**	**-**	**953.30**

Cash Receipt Journal

Date 2014	Details	Credit Accounts				Debit Accounts	
		Sales	VAT Payable	Trade Rec	Other GH¢	BANK	CASH GH¢
20-Jan	Capital	GH¢			800.0		800.0
18-Feb	Merchandise inventory				94.0		94.0

18-Feb	Donation				56.4		56.4
27-Feb	Donation				10		10
	TOTAL				**960.40**		**960.40**

Cash Disbursement Journal

Currency: GH¢

Date 2014	**Details**	**Cheque/ Receipt No.**	**Discount Received**	**Debit Accounts**			**Credit Accounts**	
				Purchases	**Trade Payables**	**Other**	**BANK**	**CASH**
30-Jan	Transportation					24.80		24.80
30-Jan	Batteries			55.00				55.00
05-Feb	Materials			49.00				49.00
05-Feb	Transportation					20.00		20.00
11-Feb	Bamboo frames			80.00				80.00
11-Feb	Transportation					35.00		35.00
14-Feb	bulbs, cables and plug			45.00				45.00
17-Feb	coconuts					94.00		94.00
17-Jan	wrappers					8.50		8.50
17-Feb	Transportation					20.00		20.00
10-Mar	Purchases			25.00				25.00
10-Mar	Transportation					24.00		24.00
17-Mar	Transportation					40.00		40.00
20-Mar	Purchases			28.00				28.00
20-Mar	Transportation					40.00		40.00
29-Mar	Purchases			30.00				30.00
29-Mar	Transportation					5.00		5.00
11-Mar	Purchases			120.00				120.00
17-Mar	Purchases			210.00				210.00

Sales Journal

Currency: GH¢ Sheet 1

Date 2014	Customer	Invoice Number	Terms	Posting Ref	Debit Account Receivable	Credit Sales	Credit VAT Payable
18-Jan	Obaa Yaa				25,750	25,000	750
22-Jan	Nana Addo				17,510	17,000	510
31-Jan					**43,260**	**42,000**	**1,260**

Purchases Journal

Currency: GH¢ Sheet 1

Date 2014	Supplier	Invoice Number	Terms	Posting Ref	Debit Purchases	Credit Accounts Payable
08-Jan	DML Ltd				29,400	29,400
09-Jan	BenAns Trading				28,000	28,000
31-Jan					**57,400**	**57,400**

INCOME STATEMENT AS AT 4TH MARCH, 2016

	Debit(GHC)	Credit(GHC)
Donations		66.4
Less Expenses		
Transportation	208.8	208.8
Net Loss		**-142.4**

TRIAL BALANCE AS AT 4TH MARCH, 2016

Details	**Debit (GHC)**	**Credit (GHC)**
	Debit GHC	Credit GHC
Capital		800
Cash	7.1	
Purchases	650.5	
Transport	208.8	
Donations		66.4
	866.4	**866.4**

BALANCE SHEET AS AT 14TH APRIL, 2016

Current assets		
Cash	7.1	
Stock	650.5	657.6
Financed by:		
capital	800	
Net loss	-142.4	657.6

This case was prepared by Dr Sena Agyepong, Senior Lecturer, Ashesi University, with the help of Mr Kingsley Agyekum and Ms Vanessa Sam as case writing assistants. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

INTRODUCTION

"Mobile Trolley strives to make life convenient for consumers by bringing the stores to their doorsteps." – **Kwame Akate**, CEO of Mobile Trolley.

Kwame Akate had reached a dead end in his professional career, or so he thought. It was 11 pm, 21st November 2015, he just arrived home from a heated meeting with his ten-member *Mobile Trolley* team. He had been CEO for this firm for over two years now. The problem now was dividing his team. Standing in his garage, with his hands clasped in supplication to a God he did not believe in, he screamed: "Where did I go wrong?! This business was supposed to work!" He never saw this coming.

It had been two years, 20th October when they started operating their door-to-door delivery service of convenience products to students, staff and faculty on the Ashesi University campus. They had expended a considerable amount of resources on market research which suggested that they were headed for success. However, their financial statements were an eyesore. Their income statement showed decreasing profits, their cash flow statements reflected a huge outflow of cash as compared to the inflows. The balance sheet, in tandem, showed a case of a company in a state of disarray. From the just-ended meeting Kwame was coming from, many decision points had been proposed by the team and he had to make a choice on them. They were;

- Liquidate the business and moving on after disbursing the funds
- Change the location of the business by moving to Comet estate; their main research centre

- Change their marketing tactics and create artificial demand for their service on the campus

With these decision points in mind and as he sat on the garage floor, Kwame Akate took his laptop and brought out all the business records on *Mobile Trolley* in a bid to find where he and his team went wrong. More importantly, he was seeking to answer the question he had been hiding from all evening: *Was Ashesi a wrong place for them to start their door-to-door delivery service of convenience products?*

THE GLOBAL MOBILE SHOPPING AND E-COMMERCE INDUSTRY

Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the internet using a web browser. Once a payment has been accepted, the goods or services can be delivered by a public postal system or a retail courier such as FedEx, UPS, DHL or TNT or the order is passed to a third-party distributor, who then delivers it to the doorstep of the customers just like what *Mobile Trolley* decided to do. Most of the times, these shoppers get their products delivered to their doorstep. Mobile commerce, which is similar to what *Mobile Trolley* was doing, describes purchasing from an online retailer's mobile-optimized online site or app. The largest of these online retailing corporations are Alibaba, Amazon and eBay.

Online shopping has become a multibillion-dollar revenue stream. Every year, more than 100 million Americans purchase goods from the online retail marketplace, one of the fastest-growing sales channels in the Unites. Since the start of the decade, revenue for the Online Retail & E-commerce industry has grown at an exceptional rate, outperforming most brick and mortar retail industries.

Online shopping and e-commerce are a huge multi-billion-dollar industry and is expected to grow by 20% this year to $1.5 trillion globally. E-commerce is constantly evolving with new technology and changes in consumer behaviour. It's increasingly becoming more sophisticated and mobile. This has made it easier than ever before for entrepreneurs, artists and creators, or small business owners to take advantage of this explosion in selling online from a blog, website or online store.

IBISWorld projects that, in the five years from 2016, revenue in the Online Retail Sales & E-commerce industry in the US will increase at an average annual rate of 9.4% to total of $291.9 billion. (https://www.ibisworld.com/industry/online-retail/)

LOCAL MOBILE AND E-COMMERCE

The Ghana Interbank Payment and Settlement Systems (GhIPSS) launched an internet payment gateway to enable holders of domestic automated teller machine cards to make payments and purchases online. The launch of GH-link e-commerce is to promote e-commerce and promote the creation of jobs as various services are needed in the e-commerce value chain.

A number of small businesses in Ghana are now on the internet. They provide a platform where goods can be bought online and delivered to the customer's doorstep. Some of the highly patronized online and mobile shopping intermediaries are Jumia, Konya and Kaymu and Tonaton

THE HISTORY OF MOBILE TROLLEY

Initially, *Mobile Trolley* was set up as a door-to-door delivery service that provided an easier way of obtaining goods from Ashesi's local convenience store, *Essentials*. Without walking to *Essentials* to make purchases, *Mobile Trolley* was a store at your doorstep. Their door-to-door delivery service was structured such that they would obtain orders, have their operations team make the order purchases from *Essentials*, and then deliver it to the specified location the customer specified on the university's campus. A few months later, in an effort to expand their services, they added a transport service for Ashesi students from the hills of Berekuso, to central destination points in Accra, during mid-semester breaks and at the end of each semester. *Mobile Trolley* was to be a business in the mobile shopping and e-commerce industry.

MODERN DAY COURIERS

Unlike global industry giant Amazon, *Mobile Trolley* did not have a warehouse where goods are stored before they are ordered. It operated solely on-demand from customers. For their major customers, students and faculty on Ashesi University's campus, there is one, just one major convenience store they patronize from. This store, called *Essentials*, was the only store given permission to run by the university's administration. Customers call the *Mobile Trolley* office, which was situated not far from *Essentials*, to place orders. They specify the time and location on the campus that they want the ordered items to be delivered to them. *Essentials* close at 7pm each day, however the team anticipated that students will go ahead to demand products from *Essentials* even after this closing time. Hence, using a chart of the daily demands, they observed the products that will be on high demand after 7pm, bought these products and waited for the customers to order these products from them. Since they did not live far away from the campus, they could promise a constant 24/7 delivery of goods. Looking at this business model, one is tempted to ask, "What could go wrong with this business?"

MARKET RESEARCH

It cannot be overemphasized how market research is crucial to any firm that is willing to launch a product or start a business. It would not be far-fetched to claim that the success of every firm depends on the effectiveness of their market research and how the firm tracks and responds to market trends. Kwame Akate had the urge of wanting extra customer service whenever he goes to buy things from shops or the marketplace. He was worried about how he had to drive an hour every week to the central market to get convenience products. Together with his team, they decided to conduct a market research to assess the need of a delivery service of products where customers would have to call on the mobile phone to make orders, a form of mobile commerce. They decided to take the sample from the people living in Comet Estates, a gated community in the Eastern region with a population of about five thousand people. The result they got was phenomenal! 85% of the residents who responded to the survey wanted such a service, a door-to-door delivery of products, especially from the grand markets in the capital like Kantamanto, 31st December Movement Women's market and Aglogoboshie. 83% of the respondents did not mind being charged a charge of more than 10 cedis for the delivery service. That was way above what they were expecting. With this positive feedback, they knew they had discovered a business gold mine.

TROLLEY ON A DIFFERENT ROUTE

Months after the research, Kwame Akate set up his team and registered the almost mobile commerce business as *Mobile Trolley.* The first place of operation was Ashesi University, a liberal arts college with a student and faculty population of less than a thousand. Kwame Akate discovered rather in a bad way, the harsh realities of business. Kwame did not have enough resources to start operating in Comet Estates. He did not allow that to stop him from starting his business. He decided to scale down his operation, to test out this delivery service in a smaller community which was closer to home and easier for him to operate. Ashesi was what came to mind. His aim was to prototype the service on the campus, assess the viability of the service business, raise enough money, then start operation at places with larger people. Kwame Akate was aware that pilot testing or prototyping provides a formal and structured process in a controlled environment for evaluating market demand, service design and delivery methods.

Prototyping allows an organization to evaluate product performance without the extensive financial investment required for a full product launch.

ASHESI – MARKET RESEARCH OUTLIER

Just like what most people do with market research, Kwame Akate and his team generalized the results from the research and concluded that Ashesi University will be a great place to prototype their service. As described in the beginning, they carried out the business operations on the campus that basically defined the business of *Mobile Trolley*.

Operations became smooth on the campus. The night delivery service was especially booming. The students were very excited they could order for snacks after 10 pm, mostly during their all-night study session. Over the weekend, those who were off-campus, who did not want to come on campus could also call in an order for anything in the *Essentials* shop. Then *Mobile Trolley* expanded their services, they could get products from stores in Accraa, getting closer and closer to their original plan. On Valentine's day, last year, they saw an increase in revenue when they got a lot of orders for the season's gift from stores. Everything seemed to be going on fine.

TROLLEY STOPS MOVING

Six months into the operation of the business, revenues start to drop. Kwame Akate, who had been to business school five years ago thought it was part of the normal cycle of business. However, as the revenues continued to decrease with large amounts each and every month and he began to get worried.

When the orders started to drop, there was an emergency meeting from management. They discussed the possible causes of the drastic reduction in orders. Majority of his team came up with the fact that the problem was coming from when they decided to scale down their operation at Ashesi University. Many of them thought it was a wrong location for the company but Kwame Akate did not think so. He thought the problem was with their marketing techniques. And oh, they had not done their best with marketing.

Mobile trolley Adjusted Trial balance

Account	Pre-adjustment Balances		Adjustments			Post-adjustment Balances	
	Dr	Cr	Note	Additions	Deductions	Dr	Cr
	GHS	GHS		GHS	GHS	GHS	GHS
Owner's equity		800	Money from FDE	nil	nil		800
Bank	400		current bank balance	nil	nil	400	
Stationery	2		bookkeeping	nil	nil	2	
Sales		36.5	deliveries made	nil	nil		36.5
Promotional T-shirts	216		launch	nil	nil	216	
Printing cost	62		(launch posters and FDE prints)	nil	nil	62	
Sweets for launch	16		launch sweets for potential customer	nil	nil	16	
Cash	120.5		Cash sales + withdrawal from bank	nil	nil	120.5	
Launch Valentine	20		Gifts to potential customers	nil	nil	20	
	836.5	**836.5**				**836.5**	836.5

General Journal

Currency: GH¢

	Date 2016	Description	Posting Ref	Debit GH¢	Credit GH¢	
1	**Feb**	**Tshirts bought for launch**	**13100**	**216.00**		1
2	**Feb**	**Books**	**13200**	**2.00**		2
3	**Feb**	**Launch (valentine gifts)**	**13600**	**20.00**		3
4	**Feb**	**Printing**	**13300**	**62.00**		4
5	**Feb**	**Sweets for launch**	**13500**	**16.00**		5
6	**Feb**	**Capital**	**12000**		**800.00**	6

7	**Feb**	**Cash**		**120.50**		7
8	**Feb**	**Bank**		**400.00**		8

Cash Disbursement Journal

Currency: GH¢

Date 2014	**Details**	**Cheque/ Receipt No.**	**Discount Received**	**Debit Accounts**			**Credit Accounts**	
						Other	**BANK**	**CASH**
18-Feb	t-shirts			216.00				216.00
18-Feb	Sweets (launch)			16.00				16.00
13-Feb	Book			2.00				2.00
/18/2016	Printing			62.00				62.00
14-Feb	Launch Valentine (gifts)			20.00				20.00

Cash Receipt Journal

Currency: GH¢ Sheet 1

Date 2014	**Details**	**Cheque/ Receipt No.**	**Discount Allowed**	**Credit Accounts**				**Debit Accounts**	
				Sales	**VAT Payable**	**Trade Rec**	**Other**	**BANK**	**CASH**
01-Jan	Capital							800	
20-Feb	Cash			37					

Statement of comprehensive income for the period ending 05/03/2016

	Note	GHS Dr	Ghc Cr
Revenue	sales		36.5
cost of goods sold	no stock or purchases		0
Gross profit			36.5
Less Expenses:			
sweets for launch	launch	16	
Promotional Tshirts	launch	216	
Printing cost	Adverts and launch	62	
Stationery	bookkeeping	2	
launch valentine	gifts for potential customers	20	
Total Expenses			**316**
Net loss			-279.5

Teaching Guide:

This case is purposed to support the teaching of Minimum Viable Product development, with a focus on how Market Research is relevant to this process. Minimum Viable Product (MVP) development, according to Ries (2011) has to do with creating the simplest version of a new product/service with the goal of testing fundamental business hypotheses and validating learning about customers and their preferences. The author will want the instructor of this case to look at it from the perspective of MVP development for both product and service development hence be appropriate for students working on a business concept with either a service or a product as its output. They will thus be prototyping their product or service delivery. The second important concept for consideration is market research and how it plays a role in MVP development. The MVP is thus the product that the venture develops to help them validate various aspects of their business models. The market research can be viewed or assessed as the research approach the venture adopts to take its MVP to the doorstep of the relevant stakeholders to collect the data required for their validation process.

Recommended readings include:

1. Chapter 3 of the ***4 Steps to the Epiphany*** by Steve Blank © 2013.
2. Chapter 6 of the ***Lean Startup*** by Eric Ries © 2011.

Learning Objectives

After discussing this case, students should be able to:

1. Explain what MVPs, prototyping and market research are, and why they are relevant to the start-up process;
2. Explain the consequences of conducting an MVP test or prototyping a product/ service in the wrong market; and
3. Explain the relevance of market trends to a product/ service launch

Exercise:

- Write a page describing their not so good marketing techniques: to create a divide when students are analyzing the case. The problem can be from the marketing strategy.
- It can come with a heading: **Et Tu Marketing?**
- Now come to the focus: Talk about why there is a high probability the problem could be about prototyping in the wrong environment

FACTS ABOUT ASHESI University

The geographical location of Ashesi University.

Describe how it is a small university.

How the *Essentials* shop is not far from anyone, not even students off-campus.

Why Akate's team members are thinking that could be the sole cause and why they thought the environment was wrong.

Mollia Dormir: A Case on Leadership and Team Conflict Resolution - Dr **Gordon Adomdza**

This case was prepared by Dr. Gordon Adomdza, Associate Professor, Foundations of Design and Entrepreneurship, Ashesi University with the help of Mr. Mawuli Adjei as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Mollia Dormir Case Study

Boriche Kuipo sat down alone in the school cafeteria. She stared at her plate and picked at her food. She was moody, and for good reason. She and her team had just had the roughest time possible and even though it seemed as though that period was over, it was becoming evident to her that a new chapter was opening up for her personally. This chapter did not seem like it was going to be an easy one either, in comparison to what she and her team had just gone through.

She had been appointed as the new CEO of *Mollia Dormir*, a student-run company at Ashesi University. The meeting in which her appointment came had ended less than twenty minutes ago. Many problems had surfaced in the company's operations over the course of the last 2 months and the biggest of which was a falling out of one of the group members with the rest of the team and how poorly it was managed by the ex-CEO. This was what necessitated the change in leadership and resulted in Boriche being elected as the company's new leader.

Under any normal circumstance, most people would have been excited about being chosen to lead due to the prestige, power and responsibility attached to the role. However, she was not enthused in the least bit. Off the top of her head, she knew that she was not a very outgoing person. She also knew that she disliked the limelight. Being elected as CEO of the company automatically thrust her into a zone of discomfort. Additionally, the timing of her election could not have been worse for her as an individual, albeit crucial for the company. This was because she would have to be directly responsible for spearheading the company's turnaround to smoothly running operations, reuniting the *Mollia Dormir* team and mitigating the social costs of the company's change in leadership.

She continued to pick at her food. Deep down she knew she could muster out her potential and be a good leader for the team. However, she wondered whether it was the right timing for her. She also wondered whether the team was even ready for a change in leadership. From what she had seen from the team's time together, she wondered whether they were just inherently incompatible and always bound to fight.

Right by her plate was the contract that would seal her acceptance of the position. She hadn't signed it yet but once she did, she would have to be totally committed to the job no matter what. She had planned to do it right before the document was due to her supervisor, and that was in about twelve minutes. The more she stared at it, the more the thought of not signing it crossed her mind. It would be a good escape for her if she didn't sign it. It would mean that she had rejected the appointment and that someone else would have to take up the burden of leading the entire team, while she would work hard and contribute her quota from the background. The reminder on her phone started to buzz, telling her that she had just 10 minutes before the contract was due to the team's supervisor. Effectively, she had 10 minutes to decide on whether to take the post or reject it. She started to think even deeper than before, to figure out what the best path for her would be.

Background: Context and Setting of Mollia Dormir – Ashesi University

Ashesi University , a Ghanaian university set in the beautiful hills of the country's Eastern Region, was the birthplace of the *Mollia Dormir* business. With its emphasis on training entrepreneurs and as a means of spurring on the African renaissance, the university introduced the Foundations of Design and Entrepreneurship (FDE) course into its curriculum in 2015. This course was to be taken by all students in their first year of study, regardless of their chosen majors, to build their problem-solving abilities and also grow their capacities to identify problems in society and come up with lasting, profitable business solutions to them.

Although Ashesi University is a Ghanaian one, many of its students come from other counties in Africa and beyond. For the 2015-2016 academic year at Ashesi University, 186 students were admitted to the university. Of the people enrolled in the class of 2019, 26% of them were from outside Ghana. This contributed to the university's already standing community of diversity, with a fair amount of representation across nationalities, gender and religious affiliation.

The Business: Mollia Dormir

Inception and Formation of Mollia Dormir

Out of the first batch of students who took the FDE course, fifteen businesses emerged, each made of fifeen students. They each stood to tackle different problems that they had identified in their environs with very creative solutions. *Mollia Dormir* was no exception. They had identified that a major problem in the Ashesi University community, especially in the students, was a lack of adequate sleep. In researching the problem, they found out that, according to Boriche, "…when students do not receive enough sleep they become very tired and unproductive. As a result, they aren't able to work at the pace they could work for if they had been more rested." With this in mind, they formed their business to provide affordable massage and facial services to the students, faculty and staff. As part of their product offering, *Mollia Dormir* gave the value of convenience by bringing the massage and facial services to the university's campus. She said, "The effects of a full body massage are equal to an hour's worth of work so then when you get the massage and you're not able to sleep as much as you should, you'd still feel more rested and able to do more work than you'd have been able to do without resting."

Operations of the Company

Mollia Dormir runs a weekly massage and facial service to the members of the Ashesi University community by contracting professional masseuses and beauty companies and having them set up on campus. Through a time, slot and booking system, patrons of their service sign up packages out of what *Mollia Dormir* was offering. One of *Mollia Domir's* main ways of making their business successful was by putting in place cost-cutting structures that made sure the students, as well as the faculty were able to afford the massage services. One such means was by removing many of the frills that established massage parlours usually offered such as refreshments and special pre-massage baths. In doing this, they were able to offer body massages and facials at a price that was about three times less than what was being charged by the already established service providers.

Industry Research

Worldwide Industry Overview

The worldwide massage therapy industry is one that has seen tremendous growth over the last few decades. As of 2015, the industry was valued at an estimate of more than $12 billion dollars, with many companies being set up to provide a wide variety of services that fall under the industry.

The need for massage therapy stems out of the nature of the world's 20^{th} and 21st-century economic structures, with the majority of workers either being employed in various forms of industrial work or sedentary jobs. These forms of employment lead to strains on the body and minds of the people who engage in them and have given rise to the need for massage therapy services as they help to ease the pain and strain picked up at work. Additionally, the massage therapy industry serves as a luxury service for people seeking recreational relaxation with added health benefits. In this vein, massage therapy service providers in the form of spa's and massage parlours. For these two needs, the massage therapy industry sprung up and its primary target market has largely been workers in the upper to middle-income bracket.

Ghanaian Massage Therapy Industry

In Ghana, the same conditions that have necessitated the emergence of the massage therapy industry exist. Long hours of physically and or mentally strenuous work have raised the amount of bodily and mental strain in the Ghanaian workforce. However, massage therapy services are mostly sought after for luxury and relaxation purposes rather than therapeutic ones. Businesses such as *Allure Spa in the City*, *Holy Trinity Spa, Spa*, *Body N Beyond*, and *White Sands Beach Resort and Spa*, are among the premier spa offerings in the country and have a huge emphasis on luxury treatment at a high cost. As a result, the majority of its clientele, as expected have come from the upper to middle-income brackets.

Mollia Dormir: The Business, the People and the Conflict

Team Composition

Mollia Dormir was a team set to win from the onset; at least on paper. The team was comprised of some of the smartest and most dexterous students taking the FDE course and had talent that stretched forth far beyond the classroom. Their CEO at the beginning was Mr Kevin Blankson, a proactive young man, who had already established and run successful businesses of his own before coming to Ashesi University . They also had Joseph Darko, an established commercial artist among his peers, who was well versed in creating a wide variety of artistic content and in the art of engaging people to patronize his products. There was also Boriche Kuipo, whose parents were seasoned and renowned marketers in Ghana, from whom she had learnt and gained practical experience from interning with. The rest of the teammates were all also very talented in their own rights, in various ways, ranging from academic brilliance, down to presentation skills. Many at times, they were touted as the ‘the FDE dream team’ due to the mix of talent in the team. Also, another distinguishing characteristic of the group was the amount of diversity in it. The team was made up of 8 ladies and 7 gentlemen, and among these there were 3 international students, with the rest being Ghanaians from all over the country. Ideally, they stood to win due to the fact that they had such a deep and broad range of skillsets, and also because their diversity would have ensured that whatever they came up with would have considerations from many viewpoints. However, not before long, it started to become apparent that their mix was probably more of a curse than a blessing.

Organizational and Management Structure

In order to keep their operations as efficient as possible, and also to ensure that they could cope with all the other school activities they had on their plates, the team came up with a threefold management system. The first part had to do with decentralizing responsibility and power within the team. This was to make sure that each member had a specific small task to complete at every point in time, which contributed to the overall completion of team milestones. As such, the team was divided into three groups; one that handled and coordinated activities with the external masseuses who were contracted to offer their services on behalf of *Mollia Dormir*, the second group was in charge of setting up each time *Mollia Dormir* was offering its services, and the third group was to handle the company’s finances and also take care of customer relations and marketing. The second control measure was scheduled meetings which served the purpose of giving the team a chance to regroup, debrief each other on the completion of assigned tasks, strategize, plan, and assign new tasks to each team member. The final piece of their three-fold system was the creation of a team charter, a document that had the team’s overall goals stated, the values that they were going to hold onto and preserve as a team, a set of rules and regulations they were all going to abide by, and the rewards and penalties the members that were going to be meted out to any team member based on how they adhered to the set rules and regulations.

The Conflict

Actions and Inactions; the Crux of the Conflict

Just a month into their operations as a business, the dream team started to experience cracks opening up within the team. It became apparent when a Rwandan student and member of the team, Dejoie Mazupilo, all of a sudden started to miss the team’s scheduled meetings. For three consecutive meetings, he absented himself without any fore notice and permission and on the fourth occasion, he called in sick. Being a key member of the group who handled the business' contracted partners, his absence from the teamwork almost resulted in *Mollia Dormir* not being able to bring masseuses on one of its announced massage service days. It took the luck and the intervention of another proactive teammate who called the contracted masseuse only to find out that Dejioe hadn't called to book her services for the following day. This incident prompted Kevin, the CEO to open an investigation into the matter with the rest of the team, only to find out that during all the times when Dejoie had absented himself, he had moved to his friend's room and had been spending his time chatting and watching movies.

As expected, the team did not take lightly to these allegations. In their next meeting, with the lead of Kevin, they moved to charge Dejoie with misconduct and paced the penalty of absenteeism as stated in the team charter; a fine of GHC15. In his typical boisterous fashion, Kevin laid out all the offences that Dejoie had committed, as well as the consequences his actions had caused to the rest of the team as the reason why the fine was being placed on him. However, this also didn't go down well because there had been instances when other people, including Kevin himself, had committed other offences such as lateness and used foul language during their team meetings. He tried to stand his ground against the penalty on the basis of fairness. At a point, while he was raising his argument, Boriche pipped in and asserted that inasmuch as he deserved to be punished for his wrongdoing, everyone else who had done anything wrong would have to account for their mistakes as well. However, the rest of the team sided with Kevin at that moment and shrugged at the thought of taking responsibility for their actions. Eventually, the weight of the combined pressure on Dejoie caused him to cede to their demands and with much internal dissent, he paid the fine.

The fine, in the eyes of the rest of the team members, was supposed to be the turning point for Dejoie with regard to his attitude in school. It was a punitive measure that was supposed to deter him from singling himself out of the group and shirking his responsibilities. However, things took a turn for the worse after that incident. In the first meeting after that Dejoie was present and on time, but barely contributed to the discussions and planning that the team was doing. In the next meeting, he came in late and at a point just waltzed his way out of the meeting room, and did not return. From that meeting, he never showed up again. At that point, the rest of the team had grown weary of his attitude. Kevin, as their leader and in the heat of the moment, proposed that the team moved on without him. They agreed and Kevin assigned the roles that Dejoie had previously been responsible for to Boriche to carry out because she had a lot of energy in her and had shown signs of being very proactive and productive.

Two weeks after Dejoie's last meeting attendance, the team had moved on, restructured and completely excluded him from the work they had to do. They had run their services four times since then, and operations were beginning to run as smoothly as they had hoped and projected them to be. It seemed as though everything was in order without Dejoie, and they could start thinking of scaling up and doing more on the Ashesi University campus, to make even more money.

<u>The Call for Conflict Resolution</u>

However, the saga with Dejoie was far from over. On a Wednesday morning, Boriche woke up to find a mail-in her inbox from the university's dean of students, requesting that she come to meet with the dean and one of the facilitators of the FDE course, who also happened to be *Mollia Dormir's* faculty advisor. During the meeting, the dean and the lecturer made it known to Boriche that they had each received reports from Dejoie about how the team had treated him unfairly, and how he had felt picked on, singled out and maltreated. He had also requested that he be transferred to another business and another team because he felt there was no way he could work with the rest of the *Mollia Dormir* team. To the dean and the faculty member, given that Dejoie was an international student in Ghana, it seemed like a case of bullying and that was totally unacceptable by the university's standards. The reason they had called Boriche, rather than Kevin, was that from Dejioe's report, she had been the only one who had taken a neutral stance and had tried to be objective during each time of conflict between him and the team. After listening to Boriche give her account of what transpired between Dejoie and the rest of the team, the dean and supervisor decided to give the team another chance to resolve this conflict with Dejoie and reestablish healthy relations between each member of the group. Boriche was to take lead of this task by acting as a mediator in a meeting where everyone would have the chance to voice their pains out and have a healthy conversation on what could be done differently to avoid locking horns. The outcome of the meeting was to be a resolution of the conflict between the team members and a complete change of leadership through a voting process for a new CEO and deputy CEO. The dean and the faculty advisor to the team placed an ultimatum for the matter to have been resolved by the coming Friday. If they weren't able to, the case would be formally investigated and brought before the school's judicial tribunal and action would be taken against the team if they were found to be guilty of bullying Dejoie.

<u>The Conflict Resolution Meeting: Solving the Problem and Charting a Way Forward</u>

Boriche made the necessary arrangements and brought the team together the next day, debriefed them and told them to prepare for a conflict resolution meeting with Dejoie, which would also have them choose new leadership for the business. She also had a separate sit down with Dejoie and explained to him what was going to happen the next day. She also asked him to prepare before coming and also consider new leadership for the team as that would be an integral part of their way forward. After those two meetings, she strategized with her team's faculty supervisor and came up with a structure for how she was going to mediate the conflict resolution meeting for an optimal outcome. In that vein, the meeting was divided into three sections; the first being a session for each side to speak its side, the second session for making amendments to the team charter to meet as many needs as possible and to ensure greater levels of fairness within the team, and the third being the nomination of and voting for the team's new leadership.

On the day of the meeting, everyone was seated in the conference room fifteen minutes ahead of time, including Dejoie. At the scheduled time, Boriche moved for the meeting to start and kicked the first session into force. Dejoie began by first apologizing for his actions, and then explained that the reason why he had been so passive during meetings was that from the very onset, he had felt very alienated in the group. Any time he had proposed ideas, members of the team including Kevin the CEO, had laughed at him and shrugged them off. There were other instances when he was outrightly told that his ideas were not good enough. He felt that it was just because he was a foreigner, he was not being taken seriously and that his importance in the team had been reduced just because he was coming from a different place.

In response to what he said, the rest of the team neither accepted nor denied Dejoie's allegations. Their main focus was on the things that he did wrong; absenteeism and neglect of duty. Before long, the meeting became very heated with Kevin and Joseph firing away one allegation after the other with reference to very specific incidents that showed that Dejoie was guilty. Boriche, the mediator kept her calm for the most part of the first session, only pointing out to teammates who overstepped their bounds by meting out foul words or insults while they were on the floor. The team tried to bring in a fellow student from outside the *Mollia Dormir* team at a point, to prove that he had been culpable to the same issues they were raising against him in other groups. However Boriche stood firm and made sure that no external person was allowed to speak either for or against Dejoie.

The exchange of words between the two sides continued as each tried to make a point against the other relentlessly. As the intensity escalated, Boriche called for the end of the first session. She had been noting the salient points that each party had raised and summarized them to the group. She made them take turns discussing how best to curb every single point that was raised. As the focus was turned away from the people and placed squarely on the points that they had raised, the discussion became more civil and more objective scrutiny was applied to each point. From the discussion, they were able to craft a new team charter that had considerations for both sides, as well as tighter rules and stricter punishments for wrongdoing. Also, the team agreed to have Dejoie reunited with them and he was given new roles and tasks to play in the team.

Boriche then called for the third session to start. She explained that the voting process would start with the nominations for a new CEO taken from the group. The only limitation was that they could not nominate the serving CEOs at the time. After the nominations, Boriche and three others came up and after the votes were cast for a new CEO, Boriche was chosen almost unanimously for the job. She hadn't been expecting it and it came as a shock to her. She had never made any effort to be the person who would vie for leadership positions of any sort. Yet there she was, with her entire team cheering her on and giving her a round of applause for winning the vote. It seemed she had their support. It was a bit surreal to her, almost like a weird dream that she had no control over. Everything actually became real for her when she was handed the appointment forms all CEOs had to fill to accept the position. She was told that in 30 minutes, *Mollia Dormir's* faculty supervisor would be expecting her to submit those forms.

The Decision Point

She left the meeting hall with the contracts in hand. She was famished from all the talking and the mental work that had gone into mediating the meeting and resolving the conflict. She headed straight to the cafeteria to get lunch before submitting the filled appointment contract. As she sat down and waited for her food to be served, she started to ponder over everything that had transpired and culminated in her being voted as CEO. It was at that point when her flashback began and she began to contemplate whether she was really cut out for the leadership role she was being thrust into. She also started to wonder if this particular team had truly settled their differences once and for all. Or, there was more drama to come? She felt she could not deal with them if the problem had truly been solved because it was bound to resurface.

She could see over the courtyard leading to the hostels from where she was sitting. The rest of the *Mollia Dormir* team were making their way to their rooms. She noticed something off about them. Dejoie was walking alone in one direction, while the rest of them had huddled up and were engrossed in a deep and hearty conversation with each other. Could it be that despite the meeting the conflict still lingered? There was no way to ascertain that at that point in time. All she knew was that, if the conflict was still there, she would not want to be CEO of the company. Nonetheless, she still had to sign the paper, or not. She looked at her watch. She had two minutes to make up her mind, fill the forms and submit them to her supervisor. It would be a make or break decision for her. What should she do?

APPENDIX

Record from Launch

Customer Name	Product	Amount Received(GHS)	Change Paid(GHS)
Amoaba	Body Part massage	10	3
Adeline Teye-Botchway	Body Part massage	10	3
Josephine Arthur	Oil massage	40	5
Clara Boateng	Body Part massage	10	3
Reshma Mawji	Oil massage	40	5
Amy Kpentey	Facial	20	5
Kennedy	Body Part & Facial	23	0
Rev. Buchele	Oil massage	80	45
Dzifa Anagblah	Oil massage	40	5
Gideon Larmie	Body Part massage	20	13
Henrika Amoafo	Facial	20	5
David K	Oil massage	0	0

OPERATING BUDGET

Items	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	
REVENUE Operating expenses:									
Transportation	100	100	100	100	100	100	100	100	
Communication	20	20	20	20	20	20	20	20	
Advertising	50	50	50	50	50	50	50	50	
Total operating expense	170	170	170	170	170	170	170	170	1360

Cash Budget

Items	Week 0	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Opening cash	800	800	1680	2720	3920	5280	6800	8605.00	10445.00
Add cash receipts	0	1050.00	1210.00	1370.00	1530.00	1690.00	1975.00	2010.00	2170.00
Available cash	800	1850	2890	4090	5450	6970	8775.00	10615.00	12615.00
Less cash payments	0	170	170	170	170	170	170	170	170
Closing cash	800	1680	2720	3920	5280	6800	8605.00	10445.00	12445.00

Cost Per Unit

COST OF PRODUCING 1 unit	
COST ITEMS	GHC
massage with oil	25
massage without oil	20
facial	5
total variable cost	170
TOTAL COST	220

CALCULATE THE COST PER UNIT	
ELEMENTS	AMOUNT(GHC)
total cost	220
Expected mark-up per unit	
massage with oil	35
massage without oils	30
Facials	15

Sales Budget

JANUARY	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
SALES	1050.00	1210.00	1370.00	1530.00	1690.00	1975.00	2010.00	2170.00
Cash received	1050.00	1210.00	1370.00	1530.00	1690.00	1975.00	2010.00	2170.00

Cost Sheet

COST	GHC	GHC
FIXED COST		
Divider	300	
T-shirt	300	
TOTAL FIXED COST		600
VARIABLE COST		
Transport	100	
Advertisement	50	
Communication	20	
TOTAL VARIABLE COST		170
TOTAL COST		770

Journal Entries

DATE	TRANSACTIONS	Debit(GHS)	Credit(GHS)
16/02/2016	Advertising costs Cash To record payment for advertising	362.50	362.50
17/02/2016	Massage station Cash To record payments for massage station	800.00	800.00
17/02/2016	Miscellaneous launch expenses Cash To record payments for miscellaneous launch expenses	74.50	74.50
18/02/2016	Salaries Cash To record payments for final launch expenses	330.00	330.0

Adjusted Trial Balance as at 17th April 2016

	Account	Pre-adjustment Balances		Adjustments			Post-adjustment Balances	
		Dr	Cr	Note	Additions	Deductions	Dr	Cr
		GHS	GHS		GHS	GHS	GHS	GHS
1	Service charges		339.00					
2	Capital		800.00					
3	Cash	547.00						
4	Bank	210.00						
5	Advertising	35.00						
6	Miscellaneous launch expense	64.00						
7	Liability(loan)		750.00					
8	Transportation	260.00	850.00					
9	Salaries(payment of masseuse)	410.00						
10	Fixtures and fittings	179.00						
11	drawings		20.00					
12								
13	Suspense				1054.00			

14								
15								
16	**Total**	**1705.00**	**2759.00**		**1054.00**		**2759.00**	**2759.00**

Cash Disbursement Journal

Currency: GH¢

Date 2016	Details	Cheque/ Receipt No.	Discount Received	Debit Accounts			Credit Accounts	
				Purchases	Trade Payables	Other	BANK	CASH
16-Feb	Advertising					35.00		35.00
17-Feb	Miscellaneous Launch Expenses					64.00		64.00
18-Feb	Salaries(payment of masseuse)			330.00				330.00
18-Feb	Transportation or masseuse					180.00		
10-Apr	Cash(fixtures and fittings)						60.00	
13-Apr	Furniture and fittings(wood)					201.00		201.00
13-Apr	Salaries(payment of masseuse)					80.00		80.00
13-Apr	Transportation or masseuse					80.00		80.00
	TOTAL			**330.00**		**640.00**	**60.00**	**755.00**

Cash Receipt Journal

Currency: GH¢ Sheet 1

Date 2016	Details	Cheque/ Receipt No.	Discount Allowed	Credit Accounts				Debit Accounts	
				Sales	VAT Payable	Trade Rec	Other	BANK	CASH
14-Feb	Capital							800.00	
18-Feb	Service charges			201.00					201.00
18-Feb	Liability(Loans)						850.00		
13-Apr	Service charges			138.00					138.00
	Total			**339.00**			**850.00**	**800.00**	**339.00**

Income statement as at 17th April 2016

Item	Amt (GHc)
Revenue	
Service Charges	339.00
Expenses	
Advertising	35.00
Miscellaneous launch expense	64.00
Transportation	260.00
Salaries(payment of masseuse)	410.00
TOTAL EXPENSES	769.00
Net Loss	(430.00)

	NOTE	AMOUNT (GHc)	
Assets			
Fixtures and Fittings	A		179.00
Cash			547.00
Bank			210.00
Total Assets			936.00
Liabilities			
Liability(Loan)	B	(750.00)	
		1,686.00	
Equity			
Capital			800.00
less loss		(430.00)	
drawings		20.00	
Total liability & Equity		1,250.00	

TLS Food Preservation System (ORDEL Odour Eliminator): A Case on Team Formation and Performance - Dr Sena Agbodjah Agyepong and Ms Rose Dodd

PROLOGUE

The Chief Operating Officer of the TLS Food Preservation Systems, David Sasraku was stressed. He had a business launch to prepare for, and his team was not ready. To top it all, the CEO, Sammy Mensah and the CFO, Frank Amoah were locked in a power struggle that was threatening the continuity of the business. The future of the business was hanging on a thin string! If they did not put this whole conflict behind them before Monday, it was going to be a disaster. "It isn't like it won't affect both of them and months of work, but they are just stubborn", David muttered to himself. He had to find a way to get them to see reason, as soon as possible.

ABOUT THE BUSINESS

Ghana's energy crisis came to a head in 2015, causing rampant power outages. This inspired a group of young men and women to found the *TLS* Food Preservation Systems Company in the same year. This mission of the business was to provide alternative food preservation solutions to Ghanaian businesses and households in the midst of unsteady supply of electricity. To do this, The *TLS* Food Preservation systems came up with a solution – the *TLS* device. The *TLS* device consisted of an anti-microbial component, a low power-consumption system of freezing, using iced mist and an odour eliminating component. Feasibility testing revealed that the funds, time and expertise necessary to develop this device, were unavailable to the team at this point in time. They, therefore, in scaling down the solution, decided to settle on solving a specific aspect of the problem – the problem of odour in refrigerators, which was also being escalated by the power outages. They created an odour eliminating device called the ORDEL, short form for the Odour Eliminator.

THE TLS TEAM AND ITS PRODUCT

In most Ghanaian homes, food is prepared in bulk and stored for use over a period - say fortnightly or monthly. This allows for cost savings and provides easy access to food ingredients at the household's convenience. Most preservation is done using refrigeration, but because of the unstable power conditions in Ghana in 2015, refrigerated food tended to go bad, generating bad odour in fridges, hence the need for an odour eliminator. The *TLS* team started off in September 2015 as a team of five individuals exploring opportunities in the energy crisis dubbed '*dumsor'* space. This team later grew to thirteen individuals in January 2016, to operationalize their business model.

The venture began operations in February 2016. Their, product, *Ordel*, is made up of activated carbon, or more simply, charcoal immersed in a specific volume of saline solution for a set period to activate it. *Ordel* comes in a plastic cuboid of about 80*40*20mm, with perforations. The user is required to place it in his/ her fridge to remove odour. After a couple of hours in the fridge, the activated carbon absorbs the bad odours in the fridge and the fridge begins to smell better. The opened pored between the carbon atoms, which is as a result of the activation, adsorbs the odorous substances.

CORPORATE GOVERNANCE STRUCTURE

At the beginning of the FDE course, five students were assigned to a team based on their common interest in '*dumsor*' and were given the opportunity to investigate the problem space and come up with a specific problem they are altogether excited about to find a working business solution to. Like the rest of their colleagues, the *TLS* group started as a team of five. This initial five were the ones who chose to concentrate on odour elimination, hence developed *Ordel*. As part of the structure of the year-long course, the business concepts that could be simulated within eighteen weeks were selected to actually simulate their businesses in the second semester of the academic year. Out of thirty-seven business concepts, fifteen were selected for the FDE venture simulations in the second semester. All freshmen were required thereafter, to sign up for one of the selected fifteen business models. The *TLS* Food Preservation business concept was one of those that were selected to be simulated; hence a team of thirteen members was formed. All original five team members stayed on, so there was an influx of eight new members.

This also meant that thirteen partners with equal shares now owned the business. This proved to be exciting news because it meant the manpower and expertise necessary to transform this wonderful wild business concept into reality had been almost tripled. As much as this upsizing was exciting, the composition of the re-formed *TLS* Food Preservation Systems team was diverse: individuals with varying personality types, and some with shared history. Group formation is always potentially volatile and interesting, especially among young people. When group members are assigned, it adds on to the complexities of team development, creating a lot of friction among others. After a SWOT analysis was undertaken, roles were assigned based on the individual's strengths and proclivities.

Even though all thirteen individuals were equal shareholders, the business was organized hierarchically with a Chief Executive Officer (C.E.O.) at the top of the hierarchy, next in line was the Chief Operations Officer (C.O.O.), and followed by the Departmental Heads of the Production Team, the Finance & Organizing Team and the Customer Development Team. In this type of organizational structure, the members of the various departments report to their respective Departmental Heads, who in turn report to the C.O.O., who forwards all information to the C.E.O, who then takes the final decisions. Likewise, any information to be transmitted from the C.E.O to any of the members of a particular department first passes through the C.O.O., who then communicates to the department head of that department the communication is targeting. The Departmental Heads then communicates to the members of their department.

For example, to set a date for production, The C.E.O. relays this information to the C.O.O. who then informs the various Head of Departments. The Heads of Departments then have a meeting to discuss measures to put in place before beginning production, be it, withdrawing money from the bank to buy materials and inputting financial transactions in the various ledgers necessary to keep accurate financial records, etc. After all departments take the actions they are supposed to take, the Departmental Heads will then report to the C.O.O. and he in turn prepares a final report to be submitted to the C.E.O. for review. Even though the flow of information was clearly vertical, the fact that all individuals were equal partners of the company meant that this particular hierarchy was more theoretical than practical.

After structuring the organization and deciding the lines of authority and communication, the new 13-man team had to decide on who will assume the various roles available. In choosing the CEO and COO, a simple method of nomination and consequent voting was employed. Names were written on small sheets of paper by every member, and the two individuals with the most nominations stood for the positions of CEO and COO. Through a majority vote, Sammy Agyeman was voted CEO of *TLS*, and David Sasraku was voted COO. Through consensus and choice, the rest of the group split into the various departments and chose Departmental Heads. One of these Departmental Heads was Frank Amoah, Head of Finance also known as the Chief Financial Officer (CFO).

BATMAN VERSUS SUPERMAN

In the TLS team were Sammy Agyeman, the CEO and Frank Amoah, the head of the Finance and Organizing team. Sammy was one of the initial five-member team, whereas Frank was one of the eight who joined in the second half of the year. Sammy and Frank were long-time friends, having attended the same high school, Presbyterian Boys Senior High School, PRESEC, Legon, together. At PRESEC, they were regular study partners, took their lunches and dinners together, and all in all were good friends. But like all great friendships, underneath the comradery and civility lay a keen competitiveness, which was not necessarily a bad thing, just that, it could reach boiling point at times. At PRESEC, if during a term Sammy was top of the class, the next term Frank would topple him and take that position. So it went, toppling each other and building a good friendship in the process.

Sammy is that type of person you might call very serious, sometimes too serious. He is smart, bossy and very fretful. He likes to be in charge and is somewhat a perfectionist, even though he is oblivious to this trait. He has a history of going for leadership roles and doing well at them. Sammy can be described as a choleric.

Frank on the other hand, is more carefree and laidback. He is also smart, sociable, with a good sense of humour. He has a hot temper though and does not take well to being pushed around. You could say he is a sanguine. Sammy as CEO meant Frank had to report to him through the COO, even though the structure was not as rigid as a classic corporate setting, it still was the agreed-upon structure for the organization.

THE BEGINNINGS OF CONFLICT

After about a month of operations Sammy was displeased with Frank's work ethics. Frank kept falling short of deadlines and would sometimes be absent from important meetings. Granted, Sammy knew Frank was one of the best at what he did, but in his opinion, Frank had to sit up and be more serious. This heralded the beginning of tension between Sammy and Frank. One particular time, almost a month to the launch date, there was a general meeting and Frank had a deliverable he needed to submit to the team. He needed to provide the official write-up for the valuation and pricing of their product, and this he did not have ready due to a number of circumstances. At this meeting, Sammy, after realizing that once again Frank had not met his deadline got angry and spoke some harsh words to him in front of the whole team. “You’re not serious, you are a deadweight pulling us down and even though you think you are good at your job, you’re complacent and ineffective most of the time”, Sammy shouted. Even though Frank understood that he was at fault in this instance, he was hurt that this chastisement had to happen in front of everyone, plus he felt Sammy particularly enjoyed humiliating him. This sentiment was not peculiar to Frank only, David Sasraku, the COO had been known to murmur at times about Sammy’s bossiness. He also had attended PRESEC and knew how Frank and Sammy could get. He never confronted Sammy personally, simply because he was of a gentle temperament and would rather avoid conflict at all costs. Despite this, people in his close confidence knew he did not like how Sammy barked orders and how insensitive he could be at times. On the other hand, David thought Frank could be better with keeping to deadlines and improving his overall work ethic in his opinion. To keep the peace, David went to Frank and managed to convince him not to take what happened too seriously and that he should just do well to be on time with his work next time. When David was asked about the conflict going on, all he said was, “Sammy and Frank are just two stubborn guys who always have to win”. The matter was forgiven but not forgotten, but altogether, peace was kept, at least for now. All this while, Sammy was oblivious to the discontent he was causing and believed he had done nothing wrong, after all, he was the CEO and had to make sure everyone was on their toes.

MORE CONFLICT

After about two weeks of almost smooth operations, albeit that now Sammy and Frank’s friendship was strained and would probably not be the same again, Sammy was at the school cafeteria trying to grab some lunch when he overhead Frank and a couple of other guys discussing him. He overheard words like bossy and “too-known” being used to describe him excessively, and he was hurt. He lost his appetite and retreated to his room, all the while mulling on the things he had heard. As much as this had hurt him, he decided that Frank and any other person who thought these things about him were just weak-minded individuals who were behaving childishly because what was obviously expected of them was demanded. If they could not take tough now, he pitied them when they had real jobs. He decided that he would not change, if anything, he would solidify his tough front as long as he remained CEO.

For a while, nothing happened, things went on as usual, preparations were being made for the launch of the product and everyone was busy. The weekend before the week the launch was supposed to happen, was upon them, and once again everyone had deliverables. Frank as CFO had to submit the accounts for everything so far, including the revenue and profits projections after launch. Again, Frank was not done. Ballistic is an understatement for Sammy's reaction. "You're incompetent and unserious", he shouted, "with this attitude you will never be good enough". All this happened in front of the rest of the financial team. Also, this came on the heels of a little tension the previous night, when the group had to conduct a peer evaluation to assess each other. Frank had carried some dissatisfaction over from that session.

This is what happened: the team had to consensually rate each team member over 100 points, and Frank felt he had scored too low, primarily because in his opinion, Sammy manipulated the team to give him that low a score. He voiced this complaint, and David Sasraku, the COO, agreed with him, to the surprise of Sammy, but the rest of the team stood by their decision. This displeased Frank, but he understood that it was a team decision, so he went with it. The last thing they had to do under the peer evaluation was to vote for who they believed was the most hardworking male and female, and here Sammy thought he should be voted most hardworking male, something which unsurprisingly, Frank vehemently opposed. In the end, David was voted most hardworking male, and Frank gloated, which unsurprisingly again, mildly annoyed Sammy. This is important to note because it shows that Frank was almost at tipping point before Sammy's outburst.

In criticizing Frank for not having completed his work, one of the statements uttered by Sammy was that, “this is the detestable attitude you continually display, but when it came to peer evaluation you think you should score higher”. At this time Frank was fuming, so he also raised his voice and shouted some things back. “Nobody likes you”, he said, “Nobody even respects you. The only place where that exaggerated importance you attribute to yourself could ever be real is in your mind”. He said this as he stormed off, he was done tolerating Sammy. The next day he called Sammy and resigned, and gave all the funds and documents on his person to David. All of this happened just two days before the launch of *Ordel*.

THINGS FALL APART

Up to this point, Frank was the one handling almost all of the financial-related issues, and he resigning meant the launch happening had become shaky, and the team could not afford this. They had already booked the venue, the promotional flyers had already been printed and sent out, and their supervisors and financiers had already been notified and had confirmed that they were going to be present at the launch. The whole team’s grades, reputation and peace of mind was on the line, this issue had to be resolved as soon as possible. As leader and CEO, Sammy was the one ultimately held liable for everything, be it a success or a failure, and he really valued his reputation. If there was any hope of finishing on time and honouring the launch date, everyone would have to be on board 100 percent, including Frank.

As the CEO, Sammy needed to make sure that his launch happened at all costs, but as a man who stood by his word and prided himself in speaking exactly what he felt, he believed Frank was completely and utterly wrong, and even owed him and the rest of the team, an apology for his attitude, but at that moment, he needed to decide what was more important: the launch or his pride?

Appendix

Cash Budget

Items	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Opening cash	800	565	380	580	295	495	310	510	325	525
Add cash receipts	200	200	200	200	200	200	200	200	200	200
Available cash	**1000**	**765**	**580**	**780**	**495**	695	510	**710**	**525**	**725**
Less cash payments	435	385	0	385	0	385	0	385	0	385
Closing cash	**565**	**380**	**580**	**395**	**495**	**310**	**510**	**325**	**525**	**340**

Cost of producing 20 units

Cost items	App. Costs (GHS)
Raw materials	252.00
Labour	50.00
Delivery	50.00
Total Cost	**352.00**

Calculating the cost per unit

Element	Amount (GHS)
Total Cost	-
Cost per Unit	-
Expected Mark-up per Unit (13.63%)	2.40
Price per Unit	**2.40**

Sales Budget

JANUARY	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
SALES	200	200	200	200	200	200	200	200	200	200
Cash received	200	200	200	200	200	200	200	200	200	200

Expected revenue in May for 50 units produced

COSTS INCURRED

ITEM	PRICE
Transport	89.8
Containers	300
Cloth	30
Suction Hooks	25
Carbon and Salt	7.50
Loan from Samuel	10
Packaging	60
Total	522.3

Total cost = 522.3

Price of 1 unit = 10.446

10.446(50) = 522.3

Total revenue = 522.3

TC-TR=0

522.3/50	10.446 per unit

We break-even at this unit price

Revenue Incurred from sold units and placed orders

UNITS	MARKET SEGMENT	TOTAL COST
11	Students, Staff and Faculty	132
2 orders, payed but not delivered	Faculty	24
1 order, payed but not delivered	Student	12
1 order, payed and delivered	Faculty	12
Total		**180**

Operational information

- 24 hours to activate carbon of any quantity provided there is an adequate amount of salt and water
- 1 day to buy and print materials for assembling and packaging
- 4 hours to produce and package 11 quantities during the first production
- 2 days to produce and package 50 units during the second production

To achieve (522.3 total revenue for 50 units of Ordel produced) till May,

	March	April	May
	10 units (10.446)	20 units (10.446)	20 units (10.446)
Total	104.46	208.92	208.92
		Equals total revenue	**522.3**

In the month of March, we anticipate selling 6 units of Ordel remaining in addition to the 10 new units at 12 cedis for one. There will be a total revenue of 72 cedis

Revenue in March from 10 units out of the 50 produced = 104.46 + 72 = 176.46

Thus, a total revenue of 172.46 to be made in March (Including 6 old units not sold)

*All prices quoted are in cedis

Ripple: A Case on Human Resource Management and Job Design - Mr. Ebow Spio

This case was prepared by Mr Ebow Spio, Senior Lecturer, Competitive strategy Ashesi University with the help of Mr. Mawuli Adjei as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Introduction

Araba sat on the cold, bare ground with her legs crossed, huddled over her computer screen in the early hours of the morning. The numbers were very discouraging and the charts told the same story. Her company, *Ripple*, was losing revenue precipitously. It had only been seven months into their operations but with the revenue figures that *Ripple* was making, it could have very well been on the verge of collapse. As the CEO, Araba was rightly worried over the company's current position and racked her brains to figure out what to do to revive it.

Ripple was originally set up as a food delivery service to members of the Ashesi University community and was a huge success in its first few months. Set on the hills of Berekuso, a small village in the Eastern Region of Ghana, the Ashesi University campus had many eateries in and around it. However, the hilly terrain was far in distance to cafeterias and busy schedules of people in the Ashesi community and this made walking for food an inconvenient task and a dreaded hassle for them. This is what made *Ripple* a needed service and brought so much success to it at the onset.

As Araba analyzed the data, she realized that nothing aside the number of completed food deliveries and the revenue were falling. The average number of weekly food delivery orders that *Ripple* had to process, was still the same at 93. This indicated that demand was still as high as it always had been. Why then was the revenue falling? Her head started to throb. All she could come up with from the information she had was that the employees of *Ripple* were just not serving the demand of their customers! Araba had long suspected that the employees who handled the deliveries were not pulling their weight but it was only at that point that the data started to give her the signs that pointed in that direction.

As the CEO of the small start-up, Araba was solely responsible for taking the company's strategic decisions. These ranged from location decisions, service design decisions, to human resource management decision. She knew that in order to turn the company's fortunes around, she had to make a strategic change that would boost the productivity within the firm. However, due to the state of the firm's finances, she didn't have the luxury to experiment until she chanced upon the solution. Any decision she made would have to be a one-time-fix-all solution. The more she thought about it, the worse her headache got. "Someone should have told me how stressful leading a start-up would be, maybe I wouldn't have taken it up," she said to herself. As soon as she completed that thought, she quickly chastised herself. "I can't possibly be thinking like this. I will solve this problem. I was picked to do this job for a reason. I can do this!" And with that resolve, she got back to reviewing the figures on her screen, while trying to think up possible solutions to the problem at hand.

Okay. I'm really good at organizing people and I can get people to get their job done and I'm also good at making people realize their common goal. Araba thought.

Market Research

External Analysis

The food delivery service industry has been booming over the last decades. Initially starting out as the preserve of fast food chains like pizza joints and small Asian restaurants in developed countries, the industry has grown into a multi-billion dollar one in the 21^{st} century and has expanded its scope of operations to delivering other fast-food meals, restaurant meals, groceries and even half-cooked meals. The necessity of the food delivery service industry is created by the changing lifestyles of students and workers across, who find the opportunity cost of setting time aside to buy groceries, cook, or visit the restaurant so great that they happily patronize delivery services at a price. In the words of a top executive in the food delivery industry "convenience always wins the heart of the customer". As such, while people expected the industry to fail, it has gained grounds and traction, and has developed into a variety-filled industry with some of the service deliverers using telephone calls as the mode of ordering while others make use of the internet in harvesting orders from their customers. In some very special cases, ultra-modern technology is being utilized with unmanned drones being used to carry out drop offs of ordered food right at the doorstep of the customers.

In Ghana, the food delivery service has only recently picked up steam in the last decade. The same conditions that make the food delivery service so successful in other countries also exist in Ghana. Many students and workers, busy with their tightly packed schedules do not want to bear the inconvenience of having to spend time getting food. Ranging from married couples to students living in hostels, and workers during working times, the market that the food delivery services serve is quite large. As such, the few firms that have ventured out into the food delivery business in Ghana, such as *Pronto Food Delivery Ltd* and *Runners Delivery Ltd*, have been very successful despite the fact that they do not use the same level of technology that is used outside the country.

Internal Analysis

Ripple forms a part of the Ghanaian food delivery service industry. However, it is a unique case because it only serves the needs of a few people within the Ashesi University community which has a radius of less than half a kilometre. This is unlike most of the other food delivery business who work across towns and sometimes cities. *Ripple* was initially set up by a team of students to cater for the needs of busy students in the university whose class schedules and extracurricular activities made walking to the popular eateries in the town; *Charlotte's Kitchen* and *Big Ben's Grill* unbearable. Eventually, their market expanded to capture the faculty and staff in the Ashesi community who also needed food to be delivered to them. They are also set apart from the rest of the players in the Ghanaian food delivery industry because they take orders solely via the internet and in turn, communicate with the eateries to prepare the food ahead of time. Part of their early success can be attributed to the fact that their mode of ordering, which was via the internet, was a tool that the people in the community were already familiar to. The tech savvy staff, faculty and students, who had free access to the internet while on campus, felt right at ease with the mode of placing orders and wholeheartedly adopted the service as fast as anticipated, leading to high levels of profitability in *Ripple's* first few months of operation.

Cooking Up a Winning Team

Ripple's value proposition is to provide "steaming-hot meals to all customers, not more than 15 minutes after the time it is expected to be received." To meet this high standard, *Ripple* has a dedicated team that deploys an intricate set of strategies and techniques that strive for the company's success. There is a dedicated team that constantly checks on its website for delivery orders that have been placed, schedules deliveries with the pick-up and drop-off personnel, communicates with the staff at the various eateries, to have the food prepared and packaged on time, and finally has staff that takes care of the final pick-up and delivery. To manage its operations, *Ripple* has a laid out functional organizational structure that has a CEO as the head decision-maker and four departments that serve as the driving force of the company. These departments are the Operations Department, Customer Development Department, Sales and Marketing Department and Finance Department. Each department has specific roles in ensuring that the company is able to deliver value to the customers. The sales and marketing team works to market the company and ensures that customer satisfaction is always at its optimal. *Ripple's* Customer Development Department's task is to increase the company's customer base, while the Finance Department handles the recording of all transactions, disbursements and payments that have been made with the company's funds. Last but not the least, the Operations Department, which is deemed by some of *Ripple's* employees to be the lifeline of the company, works to monitor the website for orders and scheduling pick-ups and deliveries with both the eateries and the personnel handling the transportation of the food to the final consumer. All these intricacies in the organizational structure of the company, according to Araba, was to ensure efficiency within the company, which would lead to them being able to "…provide a convenient way of getting food, not only in Ashesi, but eventually have this model duplicated in other universities that have a similar constraints."

Despite the fact that the company had dedicated roles to each department, there was no set department that had its employees to be responsible for making the final deliveries. The company was started by a group of 13 students at Ashesi University in response to the obvious need that existed within the community. Due to financial constraints that prevented it from hiring external labour to handle the food delivery, the 13 students who started the company were also in charge of working deliveries. *Ripple* had a shift system for each person to handle deliveries that were designed based on each student's class schedule and these shifts ran throughout *Ripple's* working hours. Each shift was set to last for an hour and a half and during each shift, the delivery staff walked to and from the eateries bringing the much needed steaming hot food to the doorstep of the customer, not more than 15 minutes after the expected time.

Causing a Ripple Effect with A Business Solution

Ripple was set up in response to a genuine problem that existed among members of the Ashesi University Community. Before setting up, the team conducted market research that proved beyond reasonable doubt that there would be a significant demand for a food delivery service. The use of design thinking approaches also led the company to formulate a system made up of resources that the customers would adopt and ease into using without any tension. These resources included the use of an internet-based ordering system, as well as the use of hotlines in case of poor internet connectivity in the community. However, despite the surety that the market research and design thinking approach provided, the business was set to fail from the beginning. Araba and her team were warned that their service did not truly solve the problem that the customers faced. In actuality, what *Ripple* did was to transfer the burden of walking up and down the hilly terrain of the Berekuso hills for food that the members of the Ashesi Community faced and put it on the thirteen students who started the venture and made up its labour force. Under any other circumstance, *Ripple* would have been successful at doing this, however, the conundrum that lay here was the fact that the thirteen students who took up the responsibility of delivering food had the same busy schedules that all the other customers had. Also, those very students had to endure the same strenuous amount up uphill walking that their customers were trying to avoid. The logic behind the projection of *Ripple's* inevitable failure was that, if the customers and the workers formed the same demographic, it would take a large amount of incentivizing to make the employees willing to sacrifice their study, rest, or socialization periods in working food delivery shifts.

When the Steam Leaves the Team

"Yes, the delivery process is stressful because you have to walk. At this point we still don't have a vehicle. It's a start-up. We don't have much money to get a car or anything. So when the order comes in, one person goes for the food. What I've realized from delivering is that it's very tiring. You walk up and down to get the food. It's really tiring." – Araba

Araba and her team's youthful exuberance and zeal was enough to carry them through the first few months. They felt they were significantly impacting on the lives of the people in the community and this served as motivation enough for them to endure the work they had to put in. However, when the strain began to become more apparent to the employees and the reality of their academics started to factor in, the business started to experience a slump. Working shifts, which meant moving up and down the hills of Berekuso, became an unshakable and burdensome hour-and-a-half-long chore that each person had to undertake four times each week. Araba recalled one of her delivery staff complain once, "Definitely I feel like there are times when I can't take it anymore but they have to do it because their grades are at stake."

A few things started to make more sense to her after she remembered that complaint. The business' decline started with the employees walking up and down the hills at a slower pace than usual because of the strain that they faced. A lack of motivation fed into the strain and resulted in the workers becoming apathetic to the job that they had to do and hence giving rise to lateness. Ultimately, most of the customer orders started being serviced long after the 15-

minute-late standard that the company had while the rest of the orders were not serviced at all. Despite all of this, orders from the customers kept coming in. This proved that customers still valued the service that *Ripple* stood to offer. This also proved that people in the community needed *Ripple's services* and it made it even more imperative for Araba, the CEO, to find a solution to the company's slump. Else, she'd have to risk disappointing the entire Ashesi Community if the business collapsed.

<u>Making Sure Ripple's Delivery Team Delivers Results</u>

As Araba reflected on the company's operations through the course of its existence, she made two realizations from what was mentioned above. First of all, she realized that the customers' demand for the product was still very high, meaning that a lot of money was being lost as each day went by. Secondly, the fact that the employees had once been enthusiastic about the work made her know that the solution to the entire problem of low productivity on the delivery side could be found in making some human resource decisions that would boost their morale and efficiency. Upon this epiphany, she started to contemplate the various changes to the job design of the delivery personnel to find out which one will be the key factor that unlocks the full potential of the 13 students who had chosen to undertake this task.

Araba knew she had to make a strategic decision quickly. From what Araba knew about managing human resource, she became more certain that her solution had to be geared toward that direction if productivity and profitability were to be raised. Also, her experience, as well as her lack of experience before taking up the position as CEO, had made her realize that managing human resource has to be a continuous process. If not, holes in productivity such as the ones that she was having to deal with, develop and tend to widen over time and become even harder to deal with. Over time, the employees' apathy and lackadaisical attitude to work had festered within them and this made the problem even more complicated. The solution to this problem at this point, would not be as easy as just searching for those who were not being productive and addressing them with some motivational speech. Araba was not much of an orator in the first place. What Araba realized the company needed was a fundamental and systemic change in the approach the employees took to work

This fundamental change would most likely mean she would have to scrutinize the staff policies *Ripple* had put in place, pertaining to stability in each employee's job such as work schedules and work rules. Another area of scrutiny would be the tasks that have been defined and put together that constitute an individual's job; that is, the design of the employees' jobs.

In addition, from her position as the leader of the team, another area she'd have to explore is the amount of time that the employees have to work each day. As such, she set out, researching, analyzing the work and trying to figure out what to do to better her company's prospects.

"My Job Is Not To Go Easy On People. My Job is To Make Them Better" – Steve Jobs

Looking through her textbooks, advice columns written by seasoned entrepreneurs, scholars, thought leaders and human resource managers, she gained significant points and insights into the problem she had at hand. For one, she realized that the work schedules that *Ripple* had for its employees was just fine and so was the structuring of the amount of time each worker had to work each day. However, pertaining to the design of the jobs, as set out by the requirements and roles for each worker, there was a large gap and that needed work. She honed in her research specifically on the design of jobs in general and sought to make her big changes along those lines.

On one hand, Araba could choose to change the job roles and stipulations toward specialization, which involves a clear division of labor. With this, each employee would have to handle taking care of only one task and hence, the employees who would handle the deliveries would be fixed. If *Ripple* adopts this strategy, it will be able to pick the few employees who are adept at making deliveries and make them the employees in charge of deliveries only without the burden of undertaking any other tasks. This has the benefits of reducing the costs that are involved in remunerating employees for performing multitasking roles. As such, there'd be more funds to possibly incentivize the delivery personnel. Labour specialization would also result in increased skill and proficiency or dexterity in the delivery personnel due to repetition. As a result of making deliveries over a period of time, the delivery personnel are bound to pick up skills, learn quicker and better routes and even develop unique and lasting relationships with the customers. On a more contextual level, labor specialization would allow the employee, who would be doubling as an Ashesi University student, to effectively plan his or her school activities around his or her daily working hours. This will feed into his or her psyche and prevent the delivery personnel from feeling as though working for *Ripple* was a bothersome activity that was affecting his or her ability to study and make good grades.

However, labor specialization has the disadvantage of being risky. In the eventuality of the delivery personnel's absence, there would be no one as equipped as the original delivery personnel to handle the job and as such, there will be a drop in productivity for as long as the original delivery employee is unavailable. Also, there is the possibility that the monotony in the task will make the employee feel underutilized as he or she may have other skills that can benefit the firm.

Araba's other choice is to go with rather deciding to adopt a strategy which would require each personnel to take part in multiple activities or tasks. Under this decision, the employees would have added to their job description, a variety of tasks to what the employee originally had to do. This approach would give Araba the discretion to add more roles to the delivery personnel's' tasks based on what will work best for them. This has the benefit of making the employee more dedicated to the work that he or she does since each employee would view their contribution as key to the company's success. Also, since each employee has more roles, he or she would be led to having a personal interest in being more responsible for improving his or her performance.

Time to Decide

Araba believes strongly that she can rekindle the productive fire among her employees by either deciding to make her employees specialize in one task or role, or rather choosing to widen the kind of tasks each employee has to do. There is a high chance that making either decision will lead to an increment in employee performance, productivity, profitability and customer satisfaction. However, Araba still faces the puzzle of which one will be better for the company and yield optimal results.

The early morning rays start streaking through her windows into her room. It is now 6:45am. In less than 2 hours, lessons will start and members of the Ashesi University community will become hungry. The orders will start pouring in through the website again. Araba knows that unless she makes a sound HR decision, more money will be lost again. But, she is still torn between whether to choose to adopt labor specialization or job expansion. Without any answer or knowledge of what to do, she types up and sends an email calling for a general team meeting with the heading "URGENT: Changes to Job Design. Meeting at 9:30pm." At this point, she has her reputation at stake if she doesn't have a decision made before then. What choice must she make?

PERSONAL NOTES and TEACHING NOTES:

Add the fact that market research pinned the optimal price at GHS1.50 and the company cannot go above it.

Organizational structure: CEO, customer development department, operation, sales and marketing, finance.

They can’t invest in machinery like bikes and cars, and they also can’t afford to hire external employees due to their constraints.

The staff’s under-working attitude is also causing the eateries to disregard how serious the work that ripple does and this has compounded to the inefficiencies taking place.

Make sure you explore motivation and incentive structures in discussing human resource.

References

Armstrong, M. & Armstrong, M. (2011). *Armstrong's handbook of strategic human resource management*. London: Kogan Page.

Heizer, J. & Render, B. (2001). *Operations management*. Upper Saddle River, N.J.: Prentice Hall.

Rasim, T. (2008). The Role of Psychology in Human Resources Management. *Europe’S Journal Of Psychology*, *4*(4). http://dx.doi.org/10.5964/ejop.v4i4.438

Stredwick, J. (2005). *An introduction to human resource management*. Burlington, MA: Elsevier Butterworth-Heinemann.

Appendix

Trial Balance

	Account	Pre-adjustment Balances	
		Dr	Cr
		GHS	GHS
1	Capital		800.00
2	Airime(expense)	5.00	
3	Logo	50.00	
4	Bowls	120.00	
5	Cash bal/d	972.50	
6	Net Sales		347.50
7	**Totals**	**1147.50**	**1147.50**

Statement of comprehensive income for the period ending 17 March 2016

	Note	GHS	
Revenue		347.50	
Cost of goods sold		0.00	
Gross profit		347.50	
Less Expenses			
Selling and administrative expenses			
Airtime		5.00	
Logo designing		50.00	
Net Income		**292.50**	

Statement of financial position as at 18 April 20

Assets	**Note**	**GHS**
Logo		50.00
Current assets:		
Inventory	A	120.00
Total current assets		**120.00**
Total assets		
Capital		800.00
Net profit		292.50
Owner's Equity		1092.50
Note		
a means inventory = monetory value of bowls		

Cash Receipt Journal

Currency: GH¢ Sheet 1

Date 2016	Details	Credit Accounts				Debit Accounts	
		Sales	VAT Payable	Trade Rec	Other	BANK	CASH
01-Jan	Capital					800	
17-Feb	Sales						3.00
18-Feb	Sales						13.50
19-Feb	Sales						7.50
20-Feb	Sales						8.50
22-Feb	Sales						2.00
23-Feb	Sales						2.00
24-Feb	Sales						8.50
25-Feb	Sales						5.00
27-Feb	Sales						10.50
29-Feb	Sales						4.00
01-Mar	Sales						3.50
02-Mar	Sales						5.00
03-Mar	Sales						2.00
04-Mar	Sales						6.00
14-Mar	Sales						5.00
15-Mar	Sales						6.00
16-Mar	Sales						6.00
17-Mar	Sales						6.50
18-Mar	Sales						3.00
19-Mar	Sales						5.00
21-Mar	Sales						7.50
22-Mar	Sales						7.00
23-Mar	Sales						6.00
24-Mar	Sales						6.00
25-Mar	Sales						7.50
26-Mar	Sales						5.50
28-Mar	Sales						4.00

29-Mar	Sales						7.50
30-Mar	Sales						9.00
31-Mar	Sales						8.50
01-Apr	Sales						6.50
02-Apr	Sales						7.00
04-Apr	Sales						8.50
05-Apr	Sales						9.00
06-Apr	Sales						8.00
07-Apr	Sales						8.00
08-Apr	Sales						7.50
09-Apr	Sales						19.50
11-Apr	Sales						18.00
12-Apr	Sales						16.00
13-Apr	Sales						14.00
14-Apr	Sales						17.50
15-Apr	Sales						18.00
16-Apr	Sales						9.00
	Total						**347.50**

Cash Disbursement Journal

Currency: GH¢					
Date 2016	**Details**	**Debit Accounts**			
		Purchases	**Trade Payables**	**Other**	**CASH**
12-Feb	Bought 200 bowls	120.00			120.00
13-Feb	Paid for the Ripple Logo	50.00			50.00
15-Feb	Bought aitime	5.00			5.00
		175.00	**-**	**-**	**175.00**

The Safezone : A Case on Product Development - **<u>Ms. Nepeti Nicanor</u>**

This case was prepared by Ms Nepeti Nicanor, Lecturer, Foundations of Design and Entrepreneurship, Entrepreneurship and Leadership 3, Ashesi University with the help of Mr. Daniel Bempah as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

<u>THE HIGH COSTS OF MODERNIZING INDIGENOUS SOLUTIONS</u>

The *Safezone* team had met, it was a week to the scheduled launch of the Foundations of Design and Entrepreneurship. Nunana Togo, their Chief Executive Officer, was asking them, "are we still going on with *Citrosec*t as our product or are we finding something cheaper to make?"

BACKGROUND

Ghana is a tropical country located in Africa. It is warm and festive, so there are a lot of insects, especially houseflies. Ghana prides itself on its food; the famed Ghanaian jollof, the exciting waakye, and the classic and royal fufu. Ghana has a lot of eateries, not exactly restaurants; even though there are a number of those, but rather, little corner food stores we affectionately call 'chop bars' or food joints. These places are usually open-air, and time and time again, flies have been one of the major problem facing these eateries. Ghanaians enjoy their food a lot, but anyone will tell you that flies take away from the entire experience of eating out and enjoying a wonderful Ghanaian meal. One, because they are a nuisance, and two, they are carriers of dangerous diseases like cholera and typhoid, hence, a lot of these eateries seek to find a way to rid themselves of the flies. The age-old method usually employed was burning coconut husks to drive away the flies, or wiping down table tops with kerosene, but these have proven unhygienic and may drive away customers due to their irritability. More recently, mosquito coils have been added to the not-so-efficient-forte in fighting these pests, but it being harmful to the health of anyone who breathes the smoke in, does not help in making it a lasting solution.

Normal spray insecticides also are not very effective in this case simply because of the open-air nature of these eateries.

SAFE ZONE**,** MAKERS OF CITROSECT

Safezone, a student business initiative comprising of a group of Ashesi University students were tasked, as part of their Foundations of Design and Entrepreneurship course with solving an aspect of the large and very critical sanitation problem in Ghana. In narrowing the scope of their problem down, they decided to focus on issues of sanitation facing local eateries. After observation and from personal experience, they discovered the problem of houseflies highlighted above, and as their mission, they came to the conclusion that to make eating out a more pleasurable experience for consumers, the flies that plagued these eateries had to go. They realized this after sampling experiences from two eateries; *Big Ben Catering Services* and *Akorno Catering Services*, both cafeterias on the Ashesi University campus. With a team of twelve dedicated individuals they set out to create a safe and convenient product that will provide a lasting solution to the fly problem.

The business was created in November 2015, but was officially launched in February 2016. It started with a team of five but grew to twelve individuals by the time of launch.

"THE FLIES MUST GO"

Nunana Togo, Chief Executive Officer of *Safezone* had called a meeting with his team. Sanitation was important to them, but it was a broad problem to tackle and they knew it. They had evaluated the many dimensions of this problem, rubbish disposal, sanitation education, etc., but they felt all these were boring and had enough attention. The previous week they had visited the *Akorno Cafeteria* on campus, and as they deliberated on what exactly to tackle, a genius idea came to Nunana. He remembered saying to them, "you see how we are always complaining about the houseflies tormenting us when we eat here, why not solve that problem?" At first they giggled and tried laughing it off, but inception had been achieved, a great idea had been planted in the heads of his team and it was growing fast. Fast forward one week; the guys had agreed to give this idea a chance and they were meeting to discuss how to go about solving the problem. First, they scheduled a meeting with the manager of *Big Ben Cafeteria*, affectionately called Big Ben, and they enquired about what they were currently doing about the fly problem. He replied saying, "as for the houseflies, they are tiresome, whatever we try, they manage to keep coming back. In the kitchen we burn coconut husks in the corners of the room to drive the flies away, but in the main eating area, we cannot do this so we wipe the table tops with diluted kerosene every morning". About how effective these options were, he said they did not seem to make too much difference, but were still better than nothing. After this meeting, Nunana and his team were even more convicted of bringing a permanent solution to this problem, so they went to work. The rest of the team started off by researching the problem and its possible solutions whilst Nunana and his immediate vice went to see their case supervisor to bring him up to speed.

RESEARCH AND DEVELOPMENT

As the team sat down to deliberate and research, they went over the options tried already. As Big Ben said, burning dried coconut husks sometimes helped. Dried coconuts husks for one were not hard to come by, and acquiring them would be relatively cheap and almost cost free. Coconut water straight from the coconut itself were a common fixture on the streets of Accra, and the coconut vendors would most likely be happy to have the used husks taken off their hands. The main problems with this method was that even if they chose it, the coconut husks were bulky and not easily transported, also, nobody wanted smoke blowing in their face when they were eating. That being established, the team decided to relegate this option to the background. The other option *Big Ben Cafeteria* used, the diluted kerosene wiping down of the tables was a no-go for them because the health safety of that method was questionable.

As all this was going on, Nunana was sitting with the case supervisor, Dr Steve Rice, explaining the tangent the project had taken and what the team had accomplished so far. At hearing what exactly they had chosen to do, he recommended they tried using plant based essential oils, specifically citronella, since it was something he already used at home and could vouch for its efficacy. The next day the team met to compare the results of their research, and their main discoveries were;

- Disposable fly traps using sugar water (or other solutions that attracted the flies)
- Plant based essential oils that act as a repellant, and,
- Smoke as a repellant

In evaluating each of their options, they weighed the pros and cons of each method. For the disposable fly traps, the good part was that they were fairly easy to make, low cost and relatively effective. The major disadvantage was that nobody wanted to see a bunch of dead flies in a jar whilst eating. Also, since it was so easy to make, the eateries may not need them to make it for them, and remember *Safezone* was a business intent on making profit.

Smoke as a repellant had the good side of being effective and simple, but like previously stated was inconvenient and bothersome. The last major option available to them was using plant based essential oils as a repellent. It was very effective, it had low to no accompanying smell and organic, therefore safe. The main drawbacks were the difficulty in obtaining the key ingredient, citronella oil, an essential oil extracted from lemongrass, and even after obtaining the oil how to package the product for sale.

"HOUSTON, WE HAVE A PROBLEM"

After going over their options, and speaking to their supervisor, Dr Rice, they decided to go with citronella oil, even though it had the highest cost. Dr Rice leaned more towards using citronella because it was an indigenous method and it was no secret to the team that he was pro-African and advocated strongly for patronizing local commodities. The next step was prototyping and preparing for their launch, so the team went to work. They had to find a citronella oil supplier that would fairly price them and could supply them constantly, and they had to find a means of packaging that suited their product properly. After a week of searching, they had not found citronella oil on the market they could use, and the launch was getting closer and closer. One of the teammates who was sent to the market came back saying, "it was almost impossible to find, and even what I found was treated for spa use". At this point Nunana started doubting his team's decision to use the essential oils remedy. The sample the teammate had brought back was very costly, and as a student-run start-up they literally could not afford it, but they still had to have something at the assigned launch date so they went ahead to test their product.

TESTING

To test their product, they went to the *Big Ben Cafeteria* to have lunch as a team. Occupying two tables, they set up their product (which they wanted to name *Citrosect*) on one table, it was the citronella oil in a small container with the top off to allow the oil to diffuse into the air and repel the flies. And the other table was a sort of control to their experiment, so it had nothing. After about five minutes of being at the cafeteria, they realized that the houseflies, which previously were dancing all over their table trying to get at their food, had all disappeared and would hover around the area but dared not alight on the table. The other table however were in a constant battle with these houseflies as they tried to eat. After about fifteen minutes, the other table requested that the sample be transferred to them and it worked as well as it had before on the previous table. Even though the citronella oil had proven itself a good fly repellent, something happened during the testing that uncovered another problem: When the sample was passed to the other table, a waiter coming through to another table in the cafeteria bumped slightly into the table the sample was on, and it spilled, almost entering the food of one of the teammates. Even though citronella oil was organic and not harmful, nobody wanted to eat food that had oil spilt into it. So, packaging the product had also posed a challenge, compounding on the previous lack of affordable supply problem that the team already faced. Citronella oil was effective, but was it the best possible solution in these circumstances?

HIGH EFFICIENCY, HIGHER COST

About a week to the launch, after a lot of brainstorming and consultation, the group realized that the mechanism by which the oil did its job was the same mechanism air refreshers also did their job, by diffusion. So, to solve the packaging problem, they decided that they would buy air refreshers and substitute the fragrance in the centre of the containers with foams soaked with citronella oil. This was a genius idea, but the problem was, it meant more cost of production.

It was evening, the team had gathered to meet, and Nunana had put before them a question, "Do we keep *Citrosect* as our product or do we change it, because the cost of modernizing this indigenous remedy is very high, even though it's also effective".

Appendix

Cost Per Unit

Flavour of Pizzas	**Unit Price GHC**	
Jmelo	50	
Americano	46	
Meat Eater	48	
BBQ Lover	50	
Papa's Full House	54	
Texas BBQ	46	
Pepperoni Passion	40	
Bucket of Chicken From KFC	70	
DRINKS		
Coke, Fanta, Sprite and malt	3	
Water	1	
Transportation	50	
***The unit prices are fixed prices of food from our partner eateries**		
***The price per unit or sales is GHC5.00 more than the unit price**		

Sales Budget

FINANCIAL REPORT FOR THE MONTH OF FEBRUARY 2016

SALES BUDGET FEBRUARY **TO MARCH**	**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Sales	1400	1372	1303.4	1238.23	1176.3185	1117	1061.14	1600
	15% loss as discount in week 2 because of late delivery in week 1 and 20% increment to the fourth weeek. 15% increment to week 7 and increment in last week of operation.							
Cash received	1330 **95% cash sales at all times of delivery**	1303.4	1238.23	1176.32	1117.50	1061.15	1008.08	1520

OPERATING BUDGET

Items	**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Revenue	**1400**	**1372**	**1303.4**	**1238.2**	**1176.3**	**1117**	**1061.1**	**1600**
Opening inventory	800	800	750	500	400	400	200	400
Add purchases	1150	1110	890	1000	1000	700	1000	900
Less closing inventory	800	750	500	400	400	200	400	30
Cost of goods sold	1150	1160	1140	1100	1000	900	800	1270
Gross Profit	**250**	**212**	**163.4**	**138.23**	**176.31**	**217**	**261.14**	**330**
Operating expenses:								
Printing and postages	8	5	5	7	8	5	5	15
Designing of logo	15	0	0	0	0	0	0	0
Carpenter	40	0	0	0	0	0	0	0
Travelling expenses	35	40	50	42	43	40	40	60
Total operating expense	98	45	55	49	51	45	45	75
Estimated profit	152	167	108.4	89.23	125.31	172	216.14	255

Items	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
	GHC	GHC	GHC	GHC	GHC	GHC	GHC	GHC
Opening cash	100	802	882	927	968	992	1035	1090
additional cash (Grants)	800	125	100	90	75	88	100	150
Available cash	**900**	**927**	**982**	**1017**	**1043**	**1080**	**1135**	**1240**
Less cash payments	98	45	55	49	51	45	45	75
Closing cash	**802**	**882**	**927**	**968**	**992**	**1035**	**1090**	**1165**

Cash Budget

Cash Receipt Journal

Currency: GH¢

Date 2014	Details	Debit(GHC) CASH	Credit(GHC) Other
20-Jan	Capital	800	800
30-Mar	Sales	30	30
04-Apr	Sales	65	65
total		**895**	**895**

Cash Disbursement Journal

Currency: GH¢

Date 2014	Details	Debit Other(GHC)	Credit CASH(GHC)
29-Jan	Tigo credit	5.00	5.00
29-Jan	Record Book	2.00	2.00
01-Feb	Citronella	400.00	400.00
01-Feb	Carriage Inwards(Citronella)	10.00	10.00
17-Feb	Packaging	10.00	10.00
17-Feb	Carriage Inwards(Packaging)	18.00	18.00
18-Feb	Vodka	15.00	15.00
18-Feb	Miscellaneous(Toffies)	5.00	5.00
18-Feb	Vegetable oil	5.00	5.00
26-Mar	Packaging	20.00	20.00
26-Mar	Transportation	15.00	15.00
13-Apr	Packaging	42.50	42.50
13-Apr	Vegetable oil	13.00	13.00
		25.00	25.00
		23.50	23.50
		609.00	**609.00**

Trial Balance as at 19th April 2016

Account	Dr	Cr
	GHS	GHS

Capital		800.00
Cash	286.00	
Tigo Credit	5.00	
Record Book	2.00	
Citronella	349.00	
Transportation	66.50	
packaging	4.50	
Vodka	19.50	
Miscellaneous	5.00	
Sales Demonstration	19.00	
Vegetable Oil	10.50	
Cost of sales	45.00	
Finished Good Account	83.00	
Sales		95.00
Total	**895.00**	**895.00**

Statement of comprehensive income for the period ending 19th April 2016

	Note	GHS
Sales		95.00
Cost of goods sold		(45.00)
Gross profit Selling and Administration Expenses:		50
Sales Demonstration		19.00
Record Book		2.00
Credit		5.00
Transportation		66.50
Miscellaneous		5.00
Total Expenses		97.50
Net Loss		**(47.50)**

Balance Sheet

	Statement of financial position as at 19th April 20	16 Note	GHS
	Assets Current assets: Cash		286
	Inventory	B	466.5
	Total current assets		**752.50**

	Total assets Equity: **Capital**		800.00
	Net Loss		(47.50)
	Total equity		**752.50**
Note	A: It is the cost incurred in introducing our product to customers B: The inventory consist of the following Citronella		349.00
	Vodka		19.50
	Packaging		4.50
	Vegetable oil		10.50
	Finished Goods		83.00

TIPS: A Case on Challenges of Sustaining Social Enterprise Models - Dr. **Gordon Adomdza**

This case was prepared by Dr Gordon Adomdza, Associate Professor , Foundations of Design and Entrepreneurship, Ashesi University with the help of as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

TIPS **CASE STUDY**

SYNOPSIS

Education plays an immensely integral part in the development of our society. Think about the greatest and most influential people and it's almost certain that they understood, appreciated and exploited the power of education. It's an unquestionable fact that the survival of the human species is almost certainly hinged on the acquisition of knowledge and the application of this knowledge to solve every day as well as extraordinary problems. Not only have we been able to improve our modes of transportation as well as our means of communication, but through the acquisition of knowledge, deadly plagues as well as incurable diseases have been remedied. Polio, smallpox and a slew of other deadly diseases that claimed the lives of a large number of people have almost been eradicated from the human population. The importance of education cannot be overemphasized.

Even though many people understand the relevance of education, very few people in this part of our world do very little to improve its quality. The endless talk about free education from politicians with very little focus on the proper mental and problem-solving ability of students is a major problem that needs to be dealt with. Children still study under very deleterious conditions and are hardly ever given the right kind of motivation to enable them take their studies seriously. There is no use been offered a free education if it's not dispensed properly.

Teachers complain that students are not diligent and students together with their parents complain that the teachers are not teaching well enough. Everyone is pointing fingers and shirking the responsibility of the problem.

This is what led to the birth of TIPS- an initiative that was established to bridge the communication gap between teachers, students as well as parents in the rural areas in order to enable the aforementioned stakeholders understand their roles in improving academic performance.

Most companies are started on the premise of making money and improving the lives of people. It's hardly the other way round. The most successful companies lookout to solve a problem or fulfil some kind of human need while making money in the process. TIPS is the most representative example of a company based on the philosophy of changing the lives of people while making some money in the process.

TIPS' INCEPTION & IDEA IMPLEMENTATION

Long before TIPS focused on bridging the communication gap between the teachers, students and parents, the first aimed at solving the problem of illiteracy at large in rural areas. Their focus area was the town of Inkrebe. Students over there performed very poorly academically and were usually unenthusiastic about schooling. In order to solve the problem they had to view it from many different perspectives. So they viewed the problem of illiteracy from the perspective of the home, the school, the community and from the perspective of the children in question. This allowed them to narrow down the main source of the problem so as to come up with a viable and very effective solution that would serve the purpose of curbing the level of illiteracy and beefing up the enthusiasm of the students.

Illiteracy in itself consists of many different facets. TIPS' approach to analyzing and understanding the problem in better detail is what allowed them to come up with a solution that fits the bill. They could have come up with a number of plausible solutions such as providing books for the students, or even helping them with extra classes after normal school hours, but would never have been able to deal with the main source of the problem.

Their analysis of the problem is what led them to the conclusion that they needed to bridge the communication gap between the teachers, students and their parents. The reason or perhaps one of the major reasons why the students performed poorly in class came down to the fact that the students were beset with needless chores right before and after school hours. The distance from home to school is as expected, a long one. The said student gets to school late and is punished for being tardy.

The punishment – weeding, kneeling down or doing some other time-consuming activity while class progresses. The student misses the class but somehow ends up with some form of homework based on what was taught in the class while he was being punished. The student gets home only to find that there are more chores to be done and an unfinished homework he has little to no idea about. He gets to school with the assignment undone only to get punished again. The cycle just goes on and on. The student misses most of his classes because his parents do not fully understand the value of education and why their ward needs to get to school as early as possible. The ward's teacher, who is also none the wiser keeps punishing the student because he believes the ward is just lazy and needs to be straightened out.

It's easy to see the picture of exactly what's going on here. There's a total miscommunication. The student may be willing to learn but is being impeded and punished because his teachers and parents are totally out of sync with each other. The teachers are trying to set the kids straight and the parents also believe it's the child's responsibility to do some house chores before going to school mainly because they do not understand the value of education. The problem can very simply be stated as: A lack of understanding that stems from improper communication between the teachers and the wards' parents.

TIPS' idea was to create a platform that enabled teachers, students and parents to voice out their problems and to recognize their collective roles in improving the students' academic performance. Boot camps which involved the participation of students, teachers and parents were organized to better improve the level of communication between the aforementioned stakeholders.

There was also a communication logbook that allowed parents to give remarks about the student's attitude towards academics at home and also allowed teachers to give remarks of the student's level of commitment to academics at school. This helped the teachers and the parents to better assess whether or not the problem was from home, the school or the student. Once the source of the problem was identified, the parents and the teachers could then work in together in coming up with an efficient solution to help the students perform better at school.

BUSINESS OPERATIONS

TIPS is a very typical example of a for-profit social enterprise. They operate like every business organization but are more focused on the social sector. So like every business organization, they need to make enough money to run the company and to facilitate their workshops, boot camps and the events they organize in these rural areas.

They garnered income in a number of ways: they sewed shirts that they sold, they solicited for funds and they applied for grants.

The events that they organize are usually in line with the school's academic calendar. Before they come up with any event or boot camp at a particular school, they make sure to get a proper sense of what programs are to be organized by the school in that academic term. This is when TIPS comes up with its own program to supplement whatever the school has to offer in that academic term or year.

TIPS was working hand in hand with the school authorities and so had to create a committee in the environment of the heads whose main purpose was to pass information on to the parents of the wards since they already had a standing relationship with them. This also helped establish the credibility TIPS needed with the parents in order to get them fully involved without thinking the initiative was a total waste of their time. Once the parents were fully involved, it enabled TIPS to structure their program in a way that allowed the parents to have more influence on the outcome of the program.

STAKEHOLDERS & EXTERNAL CHALLENGES ENCOUNTERED

As with any business organization, the involvement of the various stakeholders can sometimes be challenging. People do not get interested or involved with a venture unless they know there's something in it for them. Even more challenging is one's ability to clearly communicate the vision of the business to various stakeholders in order to garner as much support as possible.

When TIPS started off with this initiative to bridge the communication gap between teachers, students and parents, one of their major challenges was communicating their intentions to the parents. Most of them spoke very little to no English and the TIPS team were just as bad at communicating to them through their local dialect.

TIPS have always believed in this principle: you don't design for the people; you design with the people. Which meant that the people of Inkrebe had to be actively involved in the solution; they had to bring their perspective on board so as to make the resulting solution to the problem as comprehensive as possible.

TIPS, therefore, had to identify the immediate stakeholders and then pinpoint those that needed more attention. This helped them focus their energies and resources on stakeholders who would augment and facilitate rapid progress. So for example, the Peace Corps was interested in the initiative and were supportive in coming up with suggestions on what needed to be done so as to make the program as effective as possible. So it's easy to see that the stakeholders were of two groups; one group consisted individuals who were interested and the other group consisted of people who were not just interested but also had the influence and power to make things work.

One other challenge the TIPS team encountered was transportation to the place. This problem was compounded by the fact that mobile reception and network at Inkrebe was bad and only meant they usually had to travel to the place and have face to face interactions with the people. This also implied that they spent a lot more money travelling when in actual fact they had a shaky revenue-generating system. They depended heavily on grants, donations and the sale of merchandise in order to run the company, but it's difficult, if not impossible, to run any company based solely on just that. The question to ask then is this: Could they have developed a business model that enabled them to make enough money even though they were a social enterprise?

It's not so easy to establish social enterprises that make a substantial amount of profit. Social enterprises by definition usually make more impact and focus less on how much money they make. The paradox lies in the fact that every enterprise or business organization needs money in order to effect change. So even though the conventional social enterprise focuses more on making an impact rather than making money, it's still an indubitable fact that money is what keeps the social enterprise running.

In spite of these challenges however, TIPS made an impact and were quite successful in bridging the communication gap between the teachers, the students, and the parents. If they had the right amount funding and were supported more by other stakeholders, they would have made a larger impact.

INTERNAL CHALLENGES

Every company encounters internal challenges and even more so when it's a start-up. TIPS was no different in this regard.

Perhaps the biggest challenges that plague most emerging companies is the attitude of the individuals. This is why one of the most important jobs of a CEO is in recruiting the right people and infusing them with the overall vision of the company.

TIPS was made up of a team of students who had other engagements such as going for lectures, working assignments and doing research work for school purposes. This meant that in order to make the company successful, they had to prioritize TIPS over normal school work. Of course, the TIPS initiative was school-related, but was just not as important to some of the team members as normal school work.

What made it even more challenging was the fact that this was a business that was set up outside of the school. There was the possibility they could miss other lectures or miss out on class tests or quizzes in pursuance of the TIPS initiative. Some of the team members were therefore in a quandary as to what they had to give precedence to. This led to a somewhat lackadaisical attitude on the part of some which in turn had an overall effect on their performance as a team. The CEO of TIPS has had to interact with each of the members of the team in order to get them to commit to the program and to give of their best in spite of their misgivings.

POINTS TO CONSIDER FROM THE STORY OF TIPS

TIPS is clearly a very insightful initiative. There are quite a number of things that can be learned from this social enterprise. Dealing with the level of illiteracy in rural areas and narrowing that down to the problem of communication between teachers, students and parents was well handled by the TIPS team. They tackled the problem objectively and did very well to analyze it before coming up with any form of solution. They understood that the problem of illiteracy was a broad one and therefore had to be tackled from a particular perspective.

The initial success of TIPS can be attributed to their organizational efficiency. The company was organized in a way as to allow the behaviours of the individuals to be closely monitored and checked. So right from the get-go, the characteristics of each of the team members were analyzed and used to the advantage of TIPS. There were those who were good starters but poor finishers, there were those who were good at coming up with ideas, there were those who could actually analyze these ideas and know whether or not they were feasible and there were those who were very good at executing these ideas. So the company was structured in such a way that members who fell in any of the aforementioned groups were assigned to areas that enabled them to exhibit their strengths fully. So as a team, TIPS were on top of their game even though they may have failed as a business.

THE FUTURE OF TIPS

The future of TIPS seems uncertain. The CEO, however, states that the company will dissolve. There could be a number of reasons for this. For example, with a company like TIPS, their expenses far outweigh their profit; which means they cannot make as much impact as they should with the little funds that they have. Also it’s easy to see that not all the team members are willing to go through with the company to the very end, even after they graduate. An initiative like this requires fully committed and diligent people who are willing to see things through to the very end. Put all these factors together and their decision to dissolve seems quite reasonable.

Appendix

Cost of Generating Revenue

ITEMS		PER UNIT COST	QUANTITY	TOTAL COST
Merchandise	Shirts	15	20	300
Advertisement	Posters	2.5	10	25
	Flyers	2.5	10	25
Donations	Donation box	5	5	25
	Donation card	50	0.5	25
			TOTAL COST	400

Cost structure

REQUIREMENTS		PER UNIT COST	QUANTITY	TOTAL COST
Transport	Parents, teachers and students and TIPS members	150	1	150
Food	Spring rolls	1	50	50
	juicy	free	free	free
	Water(sachet)	5	2.5	12.5
	Water(bottle)	15	1	15
Entertainment	Speakers	80	1	80
Seating	Chairs			
	Tables			
Sports equipment	Football			
	Tug of war			
	Sack race			
	Hit the bottle			
Registration stand	Paper	5	5	25
Stationary	Pencils	1	12	12
	Pen	1	12	12
	Eraser	1	12	12
	Ruler	2	12	24
	File	2.5	12	30
	Notebook	2	12	24
	Sharpener	2	12	24
Rewards	Drinks	Varies		
Extra				100
			TOTAL COST	570.5

Sales Journal

Sales Journal							
Currency: GH¢							Sheet 1
Date 2014	**Customer**	**Invoice Number**	**Terms**	**Posting Ref**	**Debit Account Receivable**	**Credit Sales**	**Credit VAT Payable**
03-Feb	Sedem Banini	CUS001	0	0	25	25	-
03-Feb	Jeanne-Barbara	CUS002	0	0	50	50	-
03-Feb	Ekab Osowo-Tawo	CUS003	0	0	25	25	
					100	**100**	-

Purchase Journal

Purchases Journal						
Currency: GH¢						Sheet 1
Date 2014	**Supplier**	**Invoice Number**	**Terms**	**Posting Ref**	**Debit Purchases**	**Credit Accounts Payable**
03-Feb	Yaw Obeng-Marnu	INV002			60	60
18-Feb	Will Adapoe	INV001			375	375
					375	**375**

Cash Receipt Journal

Cash Receipt Journal									
Currency: GH¢									Sheet 1
Date 2014	**Details**	**Cheque/ Receipt No.**	**Discount Allowed**	**Credit Accounts**				**Debit Accounts**	
				Sales	**VAT Payable**	**Trade Rec**	**Other**	**BANK**	**CASH**
03-Feb	Sales	0	-	100	0	-	-	-	100

Cash Disbursement Journal

Cash Disbursement Journal					
Currency: GH¢					
Date 2014	**Details**	**Cheque/ Receipt No.**	**Discount Received**	**Debit**	**Credit**
				Other	**CASH**
20-Jan	**Capital**			**800**	**800**
18-Feb	Transportation		-	60.00	60.00
18-Feb	Refreshments		-	50.00	50.00
	Purchases			435.00	435.00

Trial Balance as at 10th April 2016

	GHC	GHC
Purchases	685	
Transport	60	
Refreshments	50	
Sales		523
Cash	118	
Sali	30	
Kennedy	30	
Yvette	30	
Naana	30	
Nana Yaw	30	
Noella	30	
Vladamir	30	
Benjamin	30	
David	30	
Natalie	30	
Paint Supplier	110	
Capital		800
	1323	**1323**

Balance Sheet as at 10th April 2016

ASSETS	**GHC**	
Cash		118
Debtors*		300
		418
EQUITY & LIABILITY		
Capital		800
Net Loss	{382}	
		418

Income Statement

	GHC	GHC
Revenue (Sales)		523
Purchases		685
		{162}
EXPENSES		
Transport	60	
Paint Suppliers	110	
Refreshment	50	

Net Loss	{220}
	{382}

Revenue Stream

ITEM	**PER UNIT PRICE**	**ITEM NUMBER**	**TOTAL SALES**
			0
Shirts	20	20	400
			0
Sponsorship	50	3	150
Donations	Variation	Variation	200
		Total Revenue	750

Sales Budget

FEBRUARY	**WEEK 2**	**WEEK 3**	**WEEK 4**	**WEEK 5**
	GHC	GHC	GHC	GHC
SALES	550	30	140	120
Cash Received	550	30	140	120

Cash Budget

Items	**WEEK 2** GHC	**WEEK 3** GHC	**WEEK 4** GHC	**WEEK 5** GHC
Opening Cash	655	1205	725	865
Add cash receipts	550	170	140	120
Available cash	1205	1235	865	985
Less cash payments	0	650	0	0
Closing cash	1205	725	865	985

Operating Budget

Items	Week 2 GHC	Week 3 GHC	Week 4 GHC	Week 5 GHC
Revenue	550	30	140	120
Opening inventory	500	500	475	375
Add purchases	0	0	0	0
Less closing inventory	0	475	375	275
Cost of goods sold	500	25	100	100
Gross Profit	50	5	40	20
Operating expenses:				
Salaries	0	0	0	0
Utilities	0	0	0	0
Advertising	0	50	0	0
Insurance	0	0	0	0
Total operating expense	0	50	0	0
Estimated profit	50	-45	40	20

Yaro: A Case on (re)branding - <u>**Ms. Rose Dodd**</u>

This case was prepared by Ms Rose Dodd, Assistant Lecturer, Ashesi University with the help of Ms. Betty Sackey as a case writing assistant. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

THE YARO PROJECT

The *Yaro* Project had just completed redesigning their social media pages and submitted their edited business model canvas required for the Foundations in Design and Entrepreneurship (FDE) class they were taking. The initiative had achieved a lot of success since it was started by the team of seven at the start of the FDE class last fall. The biggest challenge was when a shift in the focus and offering of the project brought about the need to change its name and branding. It all started at the start of the spring semester in 2016, when the CEO, John, called the first meeting of the new and larger fifteen-member team to discuss the semester and future of the project.

“YARO!” yelled Victor, a team member of the autism-centered initiative. Over the Christmas holidays, the team had pondered on their progress so far, in relation to the problem they had identified at the birth of the initiative, and some members of the team had come into the new semester with new ideas for the project, mostly focused on branding. Discussions on this were ongoing, and as the team considered the *Yaro* idea, Victor rose to his feet to explain his reason for suggesting that there was a need to adjust the company’s brand representation and hence, adopt a new name; *Yaro*. Before he could go on, John suggested that the team take a step back to the very beginning of the project – *Autistructure* – to why it was set up, and why it was branded as that. He explained that this would allow Victor and the larger team to listen for additional points to strengthen any suggestions for the rebranding. So one after the other, the fifteen members of the team, *Autistructure* talked about the beginnings of their journey, and what brought them to their current state.

Was it absolutely necessary to rebrand? Was the team financially capable to undergo the re-branding process? What was really ‘wrong’ with keeping their old brand, but steering the company’s activities in a new direction? These are some of the questions that generally come up when the issue of rebranding is raised. In the case of *Autistructure*, there were many more.

ABOUT AUTISTRUCTURE

As first-year students of Ashesi University, the class of 2020 was enrolled in the Foundations of Design and Entrepreneurship course, a compulsory class under the school's liberal arts system. Over their first two semesters, members of the class were grouped according to topics and were tasked to apply the principles taught in class in a real-life business.

After being assigned the broad topic, *Health,* a team of seven first-year students in their FDE class were tasked to identify a need in the health sector around which they would eventually build a business. Being their first time together as a team, getting over individual differences to arrive at an agreement on what needs to focus on, was not an easy task. Further discussions over areas of interest steered the team in the direction of neurological disorders. The team agreed that the best time to pay maximum attention to individuals with neurological disorders is at the early stages of life. Hence, a decision was made to focus on neurological disorders in children, specifically autism.

WHY AUTISM?

According to the World Health Organization, Assessment Instrument for Mental Health Systems (WHO-AIMS), information gathered on the Mental Health Care system of Ghana shows that very little resources are allocated to mental health, in comparison with physical health. Even then, the resources allocated are used to cater for overhead costs rather than the actual delivery of the services. (Ghana News Agency, 2015) The most recent factual data concerning the topic was recorded in the year 2011, where it was found that only 1.4% of the government's health expenditure is allocated to Mental Health. The article reads "There are 123 mental health outpatient facilities, 3 psychiatric hospitals, 7 community based psychiatric inpatient units, 4 community residential facilities and 1-day treatment centre, which is well below what would be expected for Ghana's economic status." (Roberts M., 2014) This information points out an obvious need in the mental health sector, and this need is what drove the team in that direction.

Moving forward, what attracted the team to Autism was the numerous stories across the internet that portrayed the different facets of autism. From an article posted on the News Ghana page, autistic individuals experience the condition in diverse ways. For some, autism comes with difficulty in communication, imagination and interaction. For others, it in addition to that affects their senses. (News Ghana, 2016) The uniqueness of these experiences meant that each affected individual would require specialized and targeted care, more so for children who naturally are dependent on an adult. The current status of mental healthcare in Ghana does not pay any special attention to the needs of children, and this motivated the *Autistructure* team to focus their business venture on children.

ON THE GROUND

In order to confirm or modify the assumptions they formed via the internet and witness the level of care that autistic children receive, the team decided it was time to experience the situation on the ground. More often than not, when people try to solve a problem based on assumptions and not a practical feel of the problem, they produce an unfit solution. To prevent that, it was high on their totem pole to step out of their comfort zones and make sacrifices to be able to produce a solution of best fit for the kids.

The team decided to pay a visit to the Accra Psychiatric Hospital to witness the situation first-hand, and it was heart-breaking. Not only were they moved to tears at the sight of the conditions the children were in, but also the experiences of the caretakers. The children's ward was understaffed, having only two nurses who were very much under-equipped to care for about 20 children with neurological disorders of all forms. Where then, where all the other children across the country who needed mental care? The team realized that the situation they had on their hands was going to take all they had to give.

After the visit, the team went back to the drawing board to figure out the way forward. They determined that the problem was with the condition of the mental health system. Drawing from design thinking classes, the team decided to write up a point-of-view statement from the standpoint of one stakeholder, and come up with 'How Might We' questions. Araba passionately explained that "If we are able to solve the caretaker's problems, then we will be unconsciously improving the conditions surrounding the care of the children." With this in mind, the team proceeded into a brainstorming session. Gathered in front of a white board in a classroom at their school, members of the team jotted down their ideas of the caretaker's problem. At the time, these contributions meant that the team was leaning towards caretakers being their main potential customer segment, and subliminally, meeting the needs of parents, and most importantly, the children themselves.

This is what they came up with:

1. Unfavourable working conditions due to the unpleasant state of the facility.
2. Unavailability of equipment
3. Lack of training and re-training of staff
4. Low salaries and lack of incentives

Next, the team decided to go through the ideation process with the hopes of coming up with possible solutions, in order to form their business.

"We discovered that in order to be a viable business, there must be a portion of our value proposition that solves the respective pain points of our customer segment. This is what led us to our solution - a centre with decent facilities for the caretaker to be able to take quality care of the children, in comfortable conditions. In the end, our hope is that the children can recognize positive mental development as they are prepared to fit into society." said Clara, one of the teammates, in a radio interview about the project. "It is going to take a lot of convincing, but we will let our actions speak for us" said Clara when the issue of financing came up.

The team realized it was time to get themselves out there, create an awareness of the Autism situation in Ghana and dig up some creative ideas for revenue generation. It was time to increase the pace. From presentations, interviews to branded shirts, the team was determined to bring their ideas to life.

THE BRAND

The name *Autistructure* was the team's way of communicating that their focus was on revolutionizing the Autism Structure in Ghana – the facilities, the equipment and the personnel. Throughout their marketing, their interviews, presentations and social media posts, this is the idea they pitched. Along the line, the idea was being more and more understood and accepted by the public and eventually, *Autistructure*-labelled shirts and wrist bands were being sold as a source of revenue for the business.

Autistructure began their quest for funding opportunities both within the country and on the international platform. They initiated three projects which they pitched to the potential donors.

1. A decent autism centre with a minimum housing capacity of 100.
2. Training workshops for caretakers and nurses.
3. Provision of supplies and equipment for the center.

In order to meet these targets, *Autistructure* explored their options by entering into a number of funding competitions. Fortunately, one of their applications went through successfully. However, the institution sought more information. As a result, three members of the team were flown over to conduct a formal presentation to a renowned NGO based in the United States.

Unfortunately, *Autistructure* was not able to secure funding from the NGO, with the reason being, “We were not very convinced that you are actually solving the problem at hand, or at the very least, from the right perspective. Also, we are worried that the business has no other revenue streams, and we do not want to be solely responsible for the financial standing of the company.” The team was completely thrown back by these words and tried hard to understand what they meant. There was no time on their side to seek after explanation from the panel, and this left the team in confusion. The team decided to hold a meeting before the end of the year, in order to discuss a possible re-direction for *Autistructure* before new year.

The end of year meeting ended with a suggestion from Victor. “When we started all of this, it was the child we were concerned about. The child with autism, that’s who we are trying to help, and that’s who we should be helping. The child is the center of the situation, and all other things should be secondary. That’s what I think they meant by saying we were working from the wrong perspective.”

VICTOR’S IDEAS

After a trip down memory lane, it was finally time for Victor to explain his ideas for rebranding. He had been taking notes whilst the discussion was going on and he was positive that the future of *Autistructur*e lay in the ideas he was about to deliver. His ideas summed up into one word; *Yaro*, the Hausa word for 'child'. Victor re-echoed that the company should be looking at the problem from the child's perspective, and members of the team agreed that the child was a vital stakeholder. The goal was to help the child, and after reviewing the *Autistructure* journey, there was a greater assurance that solving it from that perspective would make a greater impact.

With this in mind, the team agreed that the business's approach to the problem was going to change, and that implied a change in the company's message, a change in the marketing strategy, a change in business activities, and a change in name. Victor explained that it is important to re-brand the company altogether, to present a stronger positioning to stakeholders. "It is not enough to just change the way we think; it is important that our audience is on the same page as we are," he said. Recalling a lecture on branding which he attended a few months ago, Victor noted that "If *Autistructure* maintains our look and logos, but change our business practices, then our look and function will not match, and that would be a problem". Clearly, maintaining the current brand of *Autistructure* would attract the wrong audience. They agreed that the company will not be able to progress if the stakeholders did not share the same vision. Victor finished off by saying "Even though our sales are on the high side now, we cannot predict a continuous rise if we continue to find ourselves confusing our messaging and branding."

"What about the cost of all of this?" was the first question thrown at Victor. The issue is, *Autistructure* is a very young start-up company without a constant revenue stream. Some members of the team argue that the company will lose its financial standing, if it has to go through this process. At the time, the only revenue stream is from the sale of shirts and wrist bands, which carry the brand representation of the company. A re-brand will mean that all of the products which have already been produced will not be sold, and causing a loss to the company. In addition to that, *Autistructure* will also incur a cost in pulling down all its advertising activities, and even redesigning its logo. "If we decide to commit to all of this, we will need to rebuild the company from the very beginning – with nothing." Victor said. "But it will be worth it." he added.

With some members of the team still wearing unconvinced facial expressions, Victor went on to share more of his ideas. According to him, a redesigned school syllabus, reading material specially made for kids with autism, and a healthy diet, are just a few of the life-transforming initiatives the team could undertake as the *Yaro* Project. These activities are centered around the child's wellbeing and mental growth. Victor reminded the team about how they felt the very first time they visited the children at the psychiatric hospital. "Those kids deserve better, and we can give them better, once we take this bold step," Victor said.

Still considering the risk involved in the financial loss of the company and uncertainty about some of Victor's arguments, some members of the team remained doubtful about the decision, whilst some bought the idea. However, the meeting had spilled over for more than an hour. The CEO urged every team member to think through Victor's presentation, consider the pros and cons backed by research, and attend the next meeting with a vote. He announced that in exactly one week, the team would gather in front of the famous fountain on Ashesi's engineering courtyard to make the final decision.

Whatever it was going to be, the team in their next meeting made a decision that highlighted the importance of branding, and changed the course of their FDE project for the rest of the year.

Bibliography

Accra Psychiatric Hospital. (2016). *Taking care of your mental health - Accra Psychiatric Hospital*. Retrieved from Accra Psychiatric Hospital: http://accrapsychiatrichospital.org

Ghana News Agency. (2015, March 25th). *Ghana's Mental Health Challenges: Does the government show enough concern?* Retrieved from Ghana News Agency: http://www.ghananewsagency.org/features/ghana-s-mental-health-challenges-does-the-government-show-enough-concern--87502

News Ghana. (2016, April 4th). *The Unbearable Plights of Autistic children in Ghana*. Retrieved from News Ghana: http://www.newsghana.com/the-unbearable-plights-of-autistic-children-in-ghana/

Roberts M., M. C. (2014, May 4th). *An overview of Ghana's mental health system: results from an assessment using the World Health Organization's Assessment Instrument for Mental Health Systems (WHO-AIMS)*. Retrieved from http://www.ncbi.nlm.nih.gov/pmc/articles/PMC4016652/

Appendix

Income and expenditure account for the year ended 2016

	GH	GH
Income		
Sales	225	
Donations	1137.1	
Capital	800	
Total	2162.1	
Expenditure		
Refreshment		190
Miscellaneous Expenses		25.2
Transportation		150
Fundraising Event		130
Purchases		216
Total		711.2
Surplus		1393.9

Footnote
Miscellaneous expenses include printing (13) and envelopes and cups(12.20)

Sales Journal

Date 2014	Customer	Invoice Number	Terms	Posting Ref	Debit Account Receivable	Credit Sales
29TH MAR	Ekab				20	5
29TH MAR	Maureen				25	
29TH MAR	Peter				25	
29TH MAR	Kwakyewaa				20	5
29TH MAR	Raymond				25	
29TH MAR	Aisha					25

29TH MAR	Stephaine					25
29TH MAR	Abena					25
29TH MAR	Ekiyor				20	5
					135	**90**

Cash Receipt Journal

Cash Receipt Journal

Currency: GH¢

Date 2016	Details	Cheque/ Receipt No.	Discount Allowed	Credit Accounts				Debit Accounts	
				Sales	VAT Payable	Trade Rec	Other	BANK GH₵	CASH GH₵
20-Jan	Capital							800.00	
01-Apr	Donations								1137.10

Cash Disbursement Journal

Cash Disbursement Journal

Currency: GH¢

Date 2016	Details	Cheque/ Receipt No.	Discount Received	Debit Accounts			Credit Accounts	
				Purchases	Trade Payables	Other	BANK	CASH
09-Feb	Printing			GH₵13.00			GH₵13.00	
04-Feb	Transportation			GH₵30.00			GH₵30.00	
05-Feb	Transportation			GH₵20.00			GH₵20.00	
10-Feb	Refreshment			GH₵140.00			GH₵140.00	
11-Feb	Refreshment			GH₵60.00			GH₵60.00	
11-Feb	Envelopes and Cups			GH₵12.20		GH₵12.20		
15-Mar	Transportation			GH₵50.00				GH₵50.00
24-Mar	Transportation			GH₵50.00			GH₵50.00	
11-Feb								
01-Apr	Fundraising Items			GH₵130.00				GH₵130.00

Statement of financial position as at 4th April 2016

YARO FOUNDATION		
Statement of financial position as at 4th April 2016		
	Note	GHS
Current assets:		
Cash	966.1	
Bank	484.8	
Total current assets	1450.9	
Capital	800	
Net Profit	650.9	
Capital Employed	1450.9	

Statement of comprehensive income for the period ending 17th April 2016

The Yaro Foundation		
Statement of comprehensive income for the period ending 17th April 2016		
	GHS	GHS
Donations		1137.1
Sales		225
Less cost of sales		
Purchases	216	
Gross Profit	1146.1	
Less operating expenses		
Selling and administrative expenses	320	
Miscellanous expenses	25.2	
Transportation	150	
Total operating expenses		495.2
Net Profit	650.9	

MISCELLANOUS EXPENSES

*PRINTING	13
*ENVELOPES AND CUPS	12.2

Trial balance for the year ended 2016

	THE YARO FOUNDATION		
	Account	Amount	
		Dr	Cr
		GHS	GHS
1	Capital		800
2	Bank	484.8	
3	Refreshment	190	
4	Envelopes And Cups	12.2	
5	Printing	13	
6	Transportation	150	
7	Fundraising	130	
8	Sales		225
9	Purchases	216	
10	Cash	966.1	
11	Donation		1137.1
8	**TOTAL**	2162.1	2162.1

Author Details

Dr. Gordon Adomdza https://www.ashesi.edu.gh/academics/faculty/2717-gordon-kwesi-adomdza.html

Ms. Emefa Dako https://www.researchgate.net/profile/Emefa_Dako

Mr. Ebow Spio https://www.ashesi.edu.gh/academics/faculty/2729-anthony-ebow-spio.html

Ms. Nepeti Nicanor http://v6.ashesi.edu.gh/academics/business-administration/faculty-pages-ba/2271-nicanor-nepeti.html

Ms. Rose Dodd https://www.ashesi.edu.gh/academics/faculty/3163-rose-dodd.html

Dr. Sena Agyepong https://www.ashesi.edu.gh/academics/faculty/2721-sena-agyepong.html

About the Editor

Dr. Gordon Kwesi Adomdza, an Associate Professor of Business Administration at Ashesi University and Visiting Professor at CEIBS Africa. Dr. Adomdza teaches courses that use design-thinking in the development of innovative new idea concepts and business models. His pedagogical philosophy of *experiential entrepreneurship* leads him to continuously develop learning and teaching materials that support experiential learning. As such he has written a number of teaching case studies, some published in the Ivey case repository. He has also published papers in leading journals exploring the nexus between the entrepreneur and opportunity, through the lens of the discovery and exploitation process for new ideas and business models.

ISBN: 978-9988-3-0880-3
9 789988 308803