

Case 3: the o-fold innovation for preventing wrinkles

[Technology](#), [Innovation](#)



Case 3: The O-Fold Innovation for Preventing Wrinkles The O-Fold Innovation for Preventing Wrinkles: A Good Business Opportunity 1. Select which business model Alex should pursue and defend your answer. I choose for Alex to pursue the business model which employs the Crawl-Walk-Run Strategy. With this strategy, he can actually utilize some of the aspects of the other strategies to operate and profit from his business idea. The Crawl-Walk-Run strategy has a three step process of growing a company. The first phase is the crawl phase in which Alex and his brother can produce the O-Folds themselves.

They can market and distribute them locally, online or door-to-door. He can gather some market data to back up his business idea and also get a feel for things to expect when starting up a small business. This also will help with getting angel investors to get on board which will begin in the next phase. The walk phase is pitching the idea to angel investors, have a patent, a developed distribution channel and a marketing strategy. This may provide an exit strategy for investors and also for other companies to want to buy the O-Fold.

The run phase would be the phase that Alex decides to continue with the company or sell his interest in the company. He also at this point would have to be producing large quantities. This strategy will allow Alex to make decisions at any of the three phases and he would have to restrict himself to only one. 2. Perform a SWOT analysis for the business model you selected. The following SWOT analysis captures some of the key elements that may strengthen or hinder the progress of O-Fold: Strengths Innovative and

practical design; light weight and easy to carry • With the increase in airline cost and the cost of luggage, having a carry-on that is spacious and convenient can do the trick. Weaknesses • The company and product is new and doesn't possess the consistent capital needed. Opportunities • The product is relatively new to the market. • There is a wealth of untargeted consumers and business opportunities. Threats • Established, larger, more experienced companies that have already captured the commercial target market. Is the target market substantial enough to make a profit? 3. As a part of the management team, how would you handle distribution and marketing of the O-Fold? As a member of the Management team, I would start distributing locally. Going door-to-door to local residents; speaking to local luggage stores; establish a website and sell some there; place ads in the local paper. Once enough revenue comes in then we can advertise in travel magazines; airline catalogs and on airline websites.

Another possible suggestion would be to open a small store at the airport where we can have our target market right at our finger tips. 4. What is the exit strategy for your selected business model, how long will it take you, and what key points will signal the time to exit? As a part of the management team, I would suggest that between 4 to 5 years or once there are new entrants to the market, Alex should sell his interest and allow another more experienced company to acquire the company. 5. Research on your own how angel investing deals are designed.

Then outline and defend the features of the deal that you would pitch to investors (funds provided, interest rate, equity, etc.) The product of O-Fold is

an innovative design that can be convenient for business professional during their travel. It is also made for anyone who has had trouble with wrinkles while travelling. Our strategy is focused differentiated with a cost that is high end. We believe that by year 5, interest rate can be about 6%; a return on equity of about 10% and revenue of averaging \$100K. 6. At what points should Alex consider bringing on additional management?

What positions should he fill and in what order? Defend your answer. Alex should bring on additional management at the Walk stage. He is going to need a lawyer; an accountant; a marketing manager and an assembly manager. At this stage, he can assess the progress of the company and decide if he wants to continue with building the company or exit. His management team can also guide him in making those crucial decisions. 7. What are some pricing strategies you would consider utilizing in order to get the O-Fold to market? Do you agree with Alex's pricing point?

I believe that O-Fold should be a luxury line and the price should be reasonably high. I say this because the target market would be business professionals and persons who would require their attire to be wrinkled free. I do believe that Alex's pricing point is reasonable and can give him a profitable margin if he is catering for a wider range of the market target to include basically everyone that travels. Reference: Thompson, A. , et al (2010). *Crafting & Executing Strategy: The Quest for competitive advantage* (8th ed.). McGraw-Hill Irwin