

Case study on frank drake business planning

People



Business planning Case study This case study has three separate sections to it. The case material is given below, and then there is:

- A worksheet based on the case study (including the development of a full business plan)
- An interactive quiz

Tactical. com Frank Drake is a software engineer with a major multinational firm and a highly experienced programmer. He is also a keen racing sailor, and for many years in his spare time he has been developing a piece of software to help racing sailors plan their tactics for a race.

The software enables you to input a wide range of variables, including the weather, the tide, the nature of the course, the boat characteristics and information about the competition. From this you can then develop a strategy for the race. After the race you can input your decisions and test them against what the software considered the optimum strategy. Frank has used it widely and found it very effective and he has also given copies of it to sailing friends for them to test.

They have frequently commented that he should sell it, and he has finally decided to leave his job and set up a company to sell and market the product. He has decided that the most effective way to distribute it would be through the internet and so he is planning to set up a sales and promotion web site called tactical. com. The software itself will be available through a CD. To make the software more marketable he will need to employ some other programmers and designers.

He is planning to work from home initially and he estimates his initial set-up costs to be as follows:

- Software costs - ? 4, 000
- E-commerce set-up and hosting - ? 1, 250
- Design costs - ? 950

He has allocated ? 3, 600 for his

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marketing budget, though he has not yet decided the most appropriate marketing methods to use. He has investigated carefully to see what other similar products are available and believes he has found a niche in the market, though there are some other sailing simulation packages, but these are mostly game-style ones and not targeted at serious sailors.

He feels that this is a premium product targeted at a small niche and so he is able to set a relatively high price. He has discussed this with sailing friends and it is clear that price is not very important in their decision about whether to buy the product. He is planning therefore to charge ? 65 for each CD produced. He expects the variable costs of each unit to be: • ? 2. 50 per CD produced • ? 5. 25 for each manual produced • ? 2. 25 postage/distribution cost

He will be starting to sell the product at the start of March 2004 and expects sales for the first year to be:

	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Sales	15	20	25	45	40	35	25	10	10	45	15	25

|| He is going to approach the bank to try to raise ? 10, 000 start-up funding, but needs some help developing his business plan. Why not have a go at the worksheet or the quiz associated with this case study. Business planning Case study - Worksheet Before starting this worksheet, make sure you have thoroughly read the case material.