

# Analysis of ice delight



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TOPIC: ANALYSIS OF ICE DELIGHT The perspective of establishing a franchise ICEDELIGHTS in Florida constitutes both financial opportunities and business challenges for Paul Rogers, Mark Daniels and Eric Garfield. Practically, every emerging organization, ICEDELIGHTS particularly, differs in terms of managerial decision-making, structure and operations from other existing companies, representing same industry, such as Buskin Robbins and Haagen-Dazs (Markman & Baron, 2003). As case study vividly displays, ICEDELIGHTS as an emerging company, is smaller than its competitors, lacks name recognition and does have limited resources to provide effective financial and managerial support. However, ICEDELIGHTS implemented their own store management system, established ongoing standardization of production, training and accounting. Most importantly, ICEDELIGHTS occupies its own niche in the market of ice cream, selling Italian " gelati," and company's core competence lies in ability to freeze " gelati" and sell them on the premises of each store location. From financial perspective, ICEDELIGHT constitutes a rather expensive franchise, comparing with other offers available on the market. Simultaneously, this new and unproven venture can yield significant profit in the light of the investment required. Moreover, the purchase of ICEDELIGHTS' franchise guarantees to a franchisee exclusive rights to operate in the entire state of Florida. From the critical viewpoint Rogers, Daniels and Garfield purchasing a rather unproven franchise ICEDELIGHTS risk experiencing liabilities of being new and lacking expertise in retail business. Practically, these aforementioned liabilities are characterized by the many challenges faced by new ventures, which include access to resources and knowledge capital, which larger and more established firms are more equipped to handle (Markman & Baron, <https://assignbuster.com/analysis-of-ice-delight/>

2003). Rogers, Daniels and Garfield have considerable experience in investment and finance, therefore financial assessment of the franchise both from short and long term perspective is accurate and realistic. What represents a resource problem for their organization is financing and options to acquire sufficient amount of investment. Practically, venture financing process has come to the point where the acquisition of new investment retaining 75% in equity became impossible. Other resources of the franchise remain limited. For instance, all three founders have problem assessing their real estate strategy, relying completely on ICEDELIGHTS. The problem with real estate expertise is amplified with the lack of necessary marketing information in order to form organizational short and long term objectives. The marketing data gathered by Rogers, Daniels and Garfield seemed inconclusive, thus unreliable. According to entrepreneurship literature, it is believed that firms, particularly start-ups, must be in the process of building their internal infrastructure, while still innovating and competing under adverse market conditions (Markman & Baron, 2003). Evidently, lack of adequate marketing resources, expertise and information impacts negatively on founders' ability to form a clear vision on how their business will be performing in the long run under competitive conditions.

Shane and Venkataraman (2000) indicate that entrepreneurship is the process of creating value by combining resources to exploit an opportunity. From this perspective and from personal standpoint, one should first assess the opportunity offered by ICEDELIGHTS and its business model. This opportunity, particularly competition data, analysis of substitutes, supply and demand projections, and market threats could be examined with quantitative marketing research provided for Florida retail market. Although

entrepreneurs normally make decisions based on very little information and rely on their own experiences, particularly when the new organization has no historical trend or record of past performance, neither Rogers and Daniels nor Garfield have any previous retail experience. Therefore, although this research requires additional start up expenditures, subsequent analysis based on its findings provides necessary information for franchisee's real estate strategy, risk management strategy, realistic return-on-investment estimates and possible exit strategy.

#### REFERENCES

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- Shane, S. A., & Venkataraman, S. (2000). The Promise of Entrepreneurship as a Field of Research. *Academy of Management Review*, 25 (1).