

# Shark tank movie review

[Literature](#), [Russian Literature](#)



Summary of the business Philadelphia-native sisters Jorrae and Kelly Beard of LuLu Bang seek \$150, 000 for 10 percent equity. Their business venture involves the manufacturing and distribution of a variety of customised barbeque sauce that is suitable to complement and enhance the flavour of almost any food dish. The packaging of the sauce is glass bottles with a label of the name of the business “ Lulu Bang” in a square and almost faded font that resembles Asia and Chinese or Japanese food. The sauce industry is very competitive. There are also numerous competitors that could serve as a threat to Lulu Bang, as there are thousands of different sauces in the industry, each owned by a different competitor. Lulu Bang doesn't make many sales online.

This could be because people can't taste sauce online. Low online sales serves as a threat for Lulu Bang because in modern times, technology is the way to go and if the business can't benefit from online sales, it could hamper the success of the business in the long term as this gives their competitors a competitive advantage. However; by selling the sauce to restaurants, Lulu Bang has the potential to gain a competitive advantage as the sauce is being tasted and introduced to the customer first, and then if customers are satisfied by the sauce, they might want to purchase it to take home which will increase the sales of the business and therefore; ultimately improve their profitability. The fact that customers can try the sauce first is a big strength of Lulu Bang and by selling the product to different restaurants is a very big opportunity as the number of distribution channels of the business is increased. The distribution and sales of the sauce started on a very small

scale, from starting to cater the immensely enjoyed commodity to restaurants, to now being sold to 170 Walmart branches.

They first pitched their product to Walmart during a manufacturing summit. The core business idea of “ Lulu Bang” is to share their mothers’ traditional recipes with people and to promote and uphold family traditions. The cost to manufacture the product per unit ( one bottle of barbeque sauce ) is \$1, 90 and the selling price is \$3, 99, which means \$2, 09 profit is made on each bottle sold which amounts to a mark-up price of 110%. Lulu Bangs’ strategy to gain market share included word of mouth by many people who complemented their sauce and showed a great interest in purchasing it. Management and Entrepreneurship The business was founded by 2 sisters, making Lulu Bang a family business that promotes family values and an ethical decision-making process.

### **Entrepreneurship**

“ Entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any other risks in order to make a profit. The most obvious answer of entrepreneurship is the starting of a new business.” (WebFinance Inc. , 2014) Jorrae and Kelly Beard are the entrepreneurs of Lulu Bang. They are the founders of the business. They have developed the business, organized the business, and they manage the business as well as calculate potential risks of the business to make a profit. They satisfy the want of enhancing the flavour of almost all food dishes.

Management Management is the continuous process of controlling and directing the business to achieve success. To be a good manager, one must

have a number of entrepreneurial skills. These skills include resiliency, focus, and to invest for the long term. The entrepreneurs of Lulu Bang are resilient.

We see this when they get turned down by the sharks (investors), and they say that are still determined to succeed and proceed with their business venture. They took the interview as an opportunity to better the business and improve their profitability. The entrepreneurs are focused on achieving their goal and they are also passionate about what they do. However; a skill they do not possess is investing for the long term. On average, per week, according to the episode, they told the investors that they only sell 2, 5 bottles to every Walmart store. This does not guarantee sustainability for the business and the long term success for the business can be questioned due to low sales. The vision of a business describes where the company aspires to be in the future. In the post-episode interview, the entrepreneurs told the audience that they aspire to get their sauce in every household across the world. A mission statement of a business refers to how the business plans on reaching their mission, in other words what needs to be done for the business to achieve their goals. The owners of Lulu Bang have to try to use various strategies in order to increase their sales and achieve their vision. One of the entrepreneurial tasks is to plan. This is a task that should be completed to ensure sustainability of the business. Effective planning of Lulu Bang has not been done because their sales are very low, and at this current rate, the business will not continue to operate for very long in the future as the business will not be profitable. Finance Finance of a business refers to the profitability of the business, which refers to whether or not the business income exceeds their expenses.

The cost for Lulu Bang to produce one bottle of sauce is \$1, 90 and at a selling price of \$3, 99 (according to scene). This is a very high profit margin of 110% on each bottle of sauce (one unit). If everything goes according to plan and if the sales of the business were high, Lulu Bang would make a 110% profit. However, although they sell sauce to 170 Walmart stores (according to scene); on average, they only sell 2, 5 bottles of sauce to each store per week. This is a very big problem and could lead to expenses exceeding their income due to low sales levels. This could also lead to cash flow problems as not a lot of cash is generated from these stores. Cash flow refers to how easily and quickly money comes in and out of the business. Due to low sales volumes, Lulu Bang will struggle with this because only 10 bottles are being sold to each Walmart stores every month (on average). These low sales levels could lead to the business making a loss because their costs aren't covered with only selling 10 bottles per month to each Walmart store. Another factor that could affect the profitability of Lulu Bang is that sauce has an expiry date. Barbeque sauce has a shelf life of 1 month and if this stock is not sold on time, Lulu Bang could make a very big loss. Also, the fact that the sauce is packaged in glass bottles makes transportation extremely difficult and bottles are very likely to break, which could also contribute to the loss of Lulu Bang. Fixed costs are costs that remain the same regardless of the number of units produced. This could be the rent of the factory and insurance of the factory where the sauce is produced. Variable costs are costs that vary, or change according to the number of units produced. This could be the ingredients used in the sauce, the bottles and stickers for the bottles. A feasibility study is research obtained by

entrepreneurs before a business is started to determine the potential profitability of the business. The entrepreneurs don't look as if they have performed one judging from their low sales levels.

### **Marketing**

Marketing refers to the activities performed by the business in order to achieve a competitive advantage. This business function includes the marketing mix which is compiled from the product of the business; the price of the product; the place or distribution channels between the business and the consumer and the promotion strategies used by the business in order to increase sales and ultimately improve profitability. Product The product of Lulu Bang is manufacturing and selling/distributing a variety of different barbeque sauces to enhance the flavor of almost any type of food. This makes the product flexible because it is suitable for all foods. Lulu Bang is experiencing low sales volumes because the product is not unique and sauce is a commodity, it is not a consumer need. Price Lulu Bang sells their barbeque sauce at \$3, 99 while their cost price is \$1, 90 (according to the entrepreneurs during the interview), and a mark-up of 110% is used.

The business has to do market research to determine if consumers will buy the sauce at this price. Judging from their low sales levels, Lulu Bang did not do market research to determine if customers would pay this price for the sauce, they rather took compliments from people who already tried their sauce and went ahead with their business venture. Place The distribution channels the product (sauce bottles) goes through are from the business (Lulu Bang), to a retailer (Walmart and restaurants) and then to a final customer. A problem comes in because the sauce is in a glass bottle, and

breakages are inevitable. The distribution channel is too long for this type of product because a loss can occur during transportation. Promotion Lulu Bang relies on the word of mouth from consumers who have already tasted the sauce to promote and 'advertise' their product. The perception of the brand could also be uplifted because the product is sold at Walmart, a reputable company. The packaging for the product is ineffective because it gives the impression that the product is Asian. This could narrow down the target market to people who like Asian food and sales could be lost due to this.

### **Conclusion**

To improve the business proposal from Lulu Bang, market research should be conducted to know the correct amount consumers are willing to pay for the sauce, this should form part of the feasibility study and will determine the actual demand of the product rather than focusing on a small percentage of people that have tasted the sauce. The business should decrease their selling price so that more products can be sold and this could lead to profitability of the business. Free samples should be given out so that people can actually taste the sauce before purchasing it. The business should also change the logo of 'Lulu Bang' because it narrows down the target market to people who enjoy Asian cuisine, when in fact, the target market is all people who enjoy sauce and the enhancement of food.

The packaging should be of a universal, standard font and eye catching to attract consumers who are actually part of the desired target market, and should not be associated with a specific type of cuisine, because the product is suitable for all types of food and cuisines. By increasing the demand on a physical platform and making the brand well known (improving the brand) to

people by physically letting them taste it, the business could gain market share and expand by selling the sauce online which will help the business to gain a competitive advantage by improving convenience to the target market. By using technology to expand, it will ensure sustainability of Lulu Bang because technology is the way to go and will be more dominant in the near future. This will increase the sales of the business as it becomes more convenient to the consumer and the business would be taking advantage of the opportunity of utilizing technology. To avoid and minimize breakages of the sauce bottles, the bottles should be bubble wrapped and protected.