

# [Zipcar case](https://assignbuster.com/zipcar-case/)

[Business](https://assignbuster.com/essay-subjects/business/)

In theZipcarCase, Chase is an emerging entrepreneur, with hopes of starting a successful company.

They come up with the idea of timesharing a car, which will eventually get the name of Zipcar. Chase and her friend Danielson had initially funded the startup and forgone a salary for the company. While Chase and Danielson did not have a lot of experience in the car rental business, other than Danielson having some car sales experience, they sought out a lot of advice from many resources.

Chase had a lot of good professional relationships that were able to start the business. For example Holland was able to provide the start-up with valuable questions that had not yet been considered, even though he did not invest any money.

Eventually Chase was successful in obtaining $50, 000 in a convertible loan. As of early 2000, this was the only money that Zipcar had successfully received for the company. Since there had been so little funding thus far, Chase often had to turn to those that would work without charge, such as her husband.

By the end of September 2000, Chase had raised a total of $375, 000 in investments, the majority going to the technology development. Zipcar also realized that in order to be successful they needed a stronger leadership team than what was currently in place. They made a mistake of hiring a big-company executive as their CEO, who was not concerned with saving money, which was a major issue for the start-up company.

They realized this mistake and Chase was then named CEO of the company. Overall, as a potential venture, the company seems very risky.

Neither Danielson, nor Chase had much experience with car sharing or starting a business venture. Because of this the company had a lot of difficulty funding the project initially, but through Chase’s persistence and determination the company was able to successfully start. The initial business plan of Zipcar was to provide the convenience of owning a car, without actually having to pay for all the expenses of actually owning a car.

They wanted to target those that needed a car for only a few hours, as compared to renting a car for a whole day.

Chase and Danielson wanted to initially attract to those who lived in a larger city, and they decided that Boston would be the ideal location to launch their start-up. They wanted users to login to their website and be able to reserve a specific car for a specific amount of time. The initial cost of Zipcar in 1999 was a $25 application fee, $300 refundable security deposit and a $300 annual fee. In addition members would be charged per hour and per mile.

There was also a $20 late fee, and customers were expected to fill the gas tank once it reached a ? tank and then submit receipts to be reimbursed. In order to accomplish all of this, Chase needed a strong technology platform. In 2000, Chase decided to rearrange her business model. The annual fee became much lower and the hourly fee was raised depending on the area of the car. She also established a flat daily rate for users.

While the technology needed for her initial business plan had to be rearranged for zipcards to open any car at any time, Zipcar was able to adjust to the technology that was established to open in 2000.

When Zipcar launched in June 2000, not all of the technology was ready. A lot of the initial system was based largely on trust of their customers to log-in miles and hours, along with using the car on during the allotted time. The Zipcards could unlock and car at any time, and keys were kept in the glove compartment, trusting that users would not steal the keys, or would remember to return them exactly where they were left.

Customers were also trusted to record honestly on the log as well as not stealing the log that would only be collected once a month. While the technology of Zipcar was not complete for the company, the company was still very successful, receiving positive press from The Associated Press within the first month of opening.

Even so, Chase should be concerned with some of her technology issues, and that a large amount of her business is based on trust she should also be happy and excited about how successful her business initially was.

For the Springboard Forum, Chase should immediately try to capture the attention of her audience. She should use an elevator pitch such as this: “ Ever lived in a big city, without a car, but wished you had one to run a quick errand? Zipcar makes it easy to have the convenience of a car without having all of the expenses associated with one. All you have to do is reserve a car online or by phone, then open and start the car by simply using your zipcard, and be on your merry way.