AN HONORS THESIS

by

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AN ENTREPRENEURIAL LOOK AT THE (NEAR) FUTURE

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INTRODUCTION

The objective of this paper is to help establish the foundations for a new business endeavor. I will attempt to delineate the major considerations, potentials, assets, and drawbacks involved in the undertaking of an entrepreneurial project of this nature. This thesis has served as a useful format to conduct research and help in the development of this potential business enterprise. It has been found that this project is highly viable, and even though several problem areas do remain (as should be expected), the chance for success would seem to be high enough to merit further developmental efforts and the eventual launching of this firm.

GENERAL CONCEPT OF FIRM

It has been said the computer will have more influence on what people do than all of the effects laid at the door of both fire and the wheel. I would tend to agree, and a fascination with the boundless potential offered by computers led me into a desire to develop an enterprise related to this "infant" industry (we have not even seen the "tip of the iceberg" as to what computers will eventually do in the respect of how we live our lives). Sheer fascination with the dawning of the computer age, however, was only part of the consideration. From an economic standpoint, the prospects for phenomenal growth and profitability in sales and related services cannot be easily overlooked. The majority of the first Ford and first RCA television dealers found themselves in a highly enviable position. For those willing to take a degree of risk and carefully plan for the future growth of this industry, the potential rewards are many. The time to capitalize on the increasing level (seemingly daily) of computer awareness, interest, and consideration of purchase, is now.
As envisioned, the firm will cater to markets which are currently being ignored or are not deemed within the operational scope of the already established computer manufacturers and selling organizations (such as IBM or franchised dealers such as Computerland). It has become obvious that potential customers lying outside of major metropolitan areas (such as Indianapolis, around which initial operations will be centered) have little choice if they are even remotely interested in the possibility of utilizing a computer system for their business or personal use. They can either go to the "city" or patiently wait for someone to come to them (which for many smaller-scale customers may entail a "considerable" wait). Examples of these types of customers include small businesses, farm corporations, individuals, etc. These types of computer prospects cringe at the thought of a $10,000 to $20,000 system which would never be financially productive in their situation. This is usually the typical price range for systems available through manufacturer selling organizations and major independent sales outlets. It may be true that smaller customers in the outlying areas receive little or no attention because of their smaller financial resources, but it could also be a simple matter of logistics. There is so much business potential in the major metro areas that the established firms have little reason to extend their markets any further. Regardless of why these customers are receiving little marketing attention, the fact is that a large and potentially highly profitable "little guy" market exists. It is these smaller scale customers to which company efforts will be directed.

COMPANY PERSONNEL

Any company is only as good as those who operate it, so the personnel for this enterprise are a key element to its overall chance for success. As president and manager, I will be responsible for several aspects of day-to-day operations
including all general management duties, sales force management, merchandise and equipment purchasing, and recruiting of a hopefully growing sales and operation force. At present, two close associates have joined with me to create the nucleus of the company. They are Lisa A. Snyder and Donna J. Schulze, Ball State University graduates in May of 1983, majoring in Accounting and Finance, respectively. They also both offer the great asset of having a minor in Computer Science. They have proven highly proficient in their work with computers, and it should be noted that the equipment they have trained on is much more sophisticated than most of that which we will be using in our business setting.

Both women have distinctive personalities and individually unique qualities that will serve this enterprise well. Ms. Snyder will logically assume responsibility for all areas related to financial record keeping, payroll procedures, billings, etc. Ms. Schulze will be able to find the best available alternatives for financing new projects and handling all types of credit procedures. Her abilities could also be utilized in the area of investment of profit revenues in the best available outlets “should overwhelming business success” necessitate such action.

It is highly significant that both women are already highly skilled in computer functions and applications. Their college experience with computers far exceeds the typical qualifications necessary to fully understand and operate personal home and small business computers, and they are both very willing to perfect their techniques for computer work of this nature. Their programming abilities are also well-refined, and represent yet another considerable asset. Neither profess to have all the answers to any question related to personal computers or their associated programming, but both are willing to dedicate themselves (as am I) to constantly upgrading their knowledge and continually learning how to better serve our customers.

With the expansion of services and a progression to a profitable level of operations will come a need for a larger base of sales and educational personnel.
An excellent potential source of new employees may turn out to be Ball State University students. Students majoring in Computer Science, Marketing, and other areas might prove to be highly valuable additions to the firm, even if only on a temporary basis (because of their educational and other employment responsibilities). Juniors and seniors might be able to earn some collegiate credit as an intern or on a practicum basis. This possibility will be further explored as the need develops, but it should be noted that I will constantly be seeking people with that certain "spark" that I feel is necessary to be a part of this organization.

OPERATIONAL OBJECTIVES

EDUCATION

Computers. Some people now own them. Many people are interested in owning one. Eventually, nearly everyone probably will own one. All of this is true, but the fact remains that most people are quite simply "scared to death" of computers. Very few individuals who have the available funds to purchase a home computer or a system for their occupational interests have had the opportunity to attain any type of computer training. Until recently, few high schools offered any type of computer education, and in college, only those who were studying computer science came anyway near a unit. Considering then that most potential computer owners are totally "computer illiterate", a viable market for computer education itself exists. This will be the first area of concern of this firm.

Educational seminars of varying lengths, including one day "intensive" training courses or week-long classroom settings, will be the means by which we will attempt to reach this market. Using materials provided by computer manufacturers, attained from secondary sources, and developed internally, our staff will be able to produce a coordinated program stressing the benefits, versatility, and ease of use in owning a computer.
In staying with the original concept of targeting individuals outside of major metropolitan areas, we will travel to the smaller towns, and using local media sources, establish an "educational and sales branch office" for a certain length of time. High schools and local organizations such as the Chamber of Commerce should be willing to cooperate in helping us establish a temporary location for our educational setting.

The educational presentations will emphasize hands-on use of computer units and systems and should help all participants feel very comfortable with the thought of eventual ownership. It must be stressed that this market for education is very large and potentially highly profitable in itself. But the presentations will also be designed to help establish a close relationship between the firm and all participants, and this will be directed at potential conversion into purchase intentions through the firm. No "high pressure" selling will ever be necessary (or would be allowed by me), in part because the seminars will be profitable on their own. But more importantly, our targeted customers will be very demanding in terms of the sincerity of our intentions and any ulterior motives we might have. Many of our potential customers will not be anything like a stereotypical "young, white collar worker who is on the way to the top and can't wait to get his hands on a computer". It is felt that many of our customers will be very conservative individuals who are used to a somewhat different pace of life than their counterparts in "the city". The overall point here is that we will be very conscious of who our customers really are and do our best to understand their way of thinking and what their true needs really are.

COMPUTER SALES

As currently envisioned, no retail outlet per se is planned at this time (however, sales through the home office, which will be discussed at a later point, are probable). A sincere emphasis on customized, to-your-door service will be the
methodology for reaching potential customers. This will be the second major rational objective of the firm. The custom service the firm will provide will be its major selling point and represents a significant differential advantage. Our customers will be able to attain a complete computer "package" - the hardware, software, and education on how to use the system for their own unique needs to its fullest potential.

It is felt that in going directly to the consumer and providing a completely thorough package, we will meet with considerable success. Few potential customers from rural areas or small towns will have the desire to travel to the nearest available computer sales establishment in a distant city. And they will also be wary of what kind of service they will get after the sale from a retailer which is located many miles away. It will be one of our major objectives to go to a customer's location and remain there until all of the "bugs" are worked out and the buyer feels secure with his purchase. Consumer dissonance should be drastically reduced using these techniques and word-of-mouth advertising (which is a highly significant factor in this setting) should be very favorable and highly beneficial. This type of service will obviously by no means be "cheap", but the additional costs to the customer will be insignificant in relation to the user's ability to immediately feel secure in his operating knowledge. It is felt that our target customers will be very willing to pay the price for the level of service we intend to offer. Specific target markets will be established and will be serviced accordingly.

RELATIONSHIP WITH COMPUTER MANUFACTURERS AND SUPPLIERS

Our firm will rely heavily on the support of the established computer and software manufacturers and their associated distributors. This will be a necessity in the areas of hardware and software availability, service, educational materials, and
up to date knowledge of new developments which may have an effect on our enterprise. It is hoped that these firms will be receptive to our needs and will give us a sufficient level of support.

Dealership arrangements have been established with the following companies: Commodore, Atari, Texas Instruments, Sanyo, Panasonic, and also several software manufacturers. Most of the products will be channeled through distributors, but some purchases will be made on a factory-direct basis (however, our small initial volume will not make this a typical arrangement in the early stages). It is desirable to have many different brands available for both the educational setting and for the actual sales of the systems. It is felt that many of the computer firms will be very cooperative, not only in the area of computer sales per se, but also in their support of our educational market objectives. It is hoped that this support will take the form of inexpensive leasing or "loaner models" arrangements in supplying our firm with the necessary hardware and software. The manufacturers are well-aware that whatever brand of computer a person has his initial learning experience with (such as in our classroom setting), he is more likely to choose that same brand when he decides to make a purchase.

We will constantly be searching for the best available products at the most reasonable prices. Certain brands will fit our needs for specific tasks better than others, such as Commodore for farm systems, or Sanyo for small businesses for example. We will also attempt to establish dealership authorization with several other firms including Apple, Osborne; and others. The relationship between the manufacturers, distributors, and our firm will be very important to our overall success, therefore significant time will be spent further developing a close working relationship. Although some firms may not be anxious to do business with us due to our small size and relative inexperience, I believe a little "personal marketing" will help establish the contacts we will need to operate successfully.
Specific target markets have been developed and the marketing techniques to service each specific target group will continue to be refined. One large market which appears to be virtually untapped at this time is that of the medium to large scale farming operations. A computer system could provide a bountiful supply of benefits to a farmer in several areas. We have begun preliminary development of programs to handle the following typical farm applications: grain inventory control, market reports, livestock feed consumption, seasonal records, dairy production, overall cost records, and breeding records. This is a small representation of the programming abilities we will attempt to provide the farmer. Specific programs will be customized for each different situation.

We will attempt to establish a close rapport with leading farmers and especially with the local farm organizations. It is felt that if we cultivate a close working relationship with organizations such as the local Farm Bureau and the County Extension Service, the benefits of quick word-of-mouth advertising will be significant.

Another target market will be that of small businesses. Working in conjunction with the local Chamber of Commerce or business affiliated groups will be a major objective. Once again, specific programming capabilities will be developed for each individual customer.

Other markets will include educational personnel, managerial and professional personnel, and, of course, the general public. We will do our best to segment the available market carefully and adjust our techniques accordingly to each target group. It is hoped that many potential customers will initially be reached through our educational seminars, and these seminars may be offered to groups (such as farmers or business leaders) at reduced fees or free of charge.
Several "little" things will need to be worked out before this firm could be launched— in fact, probably more than can be listed here. For instance, a well-chosen company name is a definite necessity. The name should reflect our genuine ability to customize our services to meet a customer's specific needs and problems. For several reasons, a home office or base of operations will be necessary. In the early stages of operations, my father's small consumer electronics store near Greensburg, Indiana, may provide what we need, but this would only be a temporary arrangement. Storage and office space would be available, a computer showroom could be established, and a permanent phone number and address could be used in our promotional endeavors. Transportation would also be available with the use of my father's company van.

Hardly an insignificant concern is the area of operating capital for the firm. It is felt that we can operate on a very strict and low budget while the company is in its early stages. All profits would be immediately reinvested in the company. Initial capital will be sought from all partners and other outside sources. Family members have also indicated tentative support for our efforts, and one outside investor has already pledged his support. We will attempt to develop our funds internally as much as possible, for I do not intend to have any bankers on my "Board of Directors". If the computer manufacturers are supportive in our product arrangements, then we should be able to develop this firm on a highly conservative budget.

TEST MARKET

After much more extensive planning and careful development of our operating system, it is felt that a test market would be highly advisable and useful in finding out specific strengths and weaknesses of our firm. The Greensburg area
which is my hometown) may serve as an excellent area to test some of our procedures. A test market, by definition, should allow a firm to institute its overall marketing program, study the results of these efforts, and apply these results to a generalized view of other geographical markets. However, using the Greensburg area will not be totally unbiased for the test, and the results of our preliminary efforts will therefore not be entirely transferrable. The advantages of using the Greensburg area (actually, Decatur County would be more accurate) are many. The community is small and close-knit, and I will be able to capitalize on my personal relationship and reputation (and my family's, which is excellent) with several influential people in the area. Free publicity from the local newspaper and radio station is not merely a possibility, but a near certainty. We will also have the asset of a nearby office and storage facility. It is obvious that the results of our initial efforts will not be a completely accurate reflection of what to expect in other geographic areas because of these special circumstances. But the advantages of beginning operations in this area will far exceed any potential negative aspects. We will be able to experiment with, alter, and improve our operations, and will be able to learn much from early successes and failures. The best lesson for all involved will come in the form of learning how to deal with people who are not traditional target customers at this stage of the industry's life cycle. And also, importantly, people may be more cooperative and anxious to give the "home town kid" a chance, when a total "stranger" might be less inclined to willingly receive a presentation from someone who is obviously young and possesses little experience (which accurately describes our entire staff). Regardless of how it is attained, any opportunity to gain experience and improve our prospects for success will be taken.

POTENTIAL PROBLEM AREAS

Many problem areas do exist, and there are undoubtedly many more which remain unforeseen at this time. It is not a certainty that enough operating capital will
Our relative inexperience could offer significant disadvantages. Consumer acceptance may be nowhere near our projections in these target market areas. We may not be thoroughly adept in all areas of programming that will become necessary. At this time, we have no qualified service technician on our staff. All of these represent potential problems which must be given careful consideration and advance planning. The way we react to problems will be crucial in determining overall success or failure of the firm.

SUMMARY REMARKS

By no means is this paper all-encompassing in terms of the information and research necessary to actually launch this enterprise. This brief analysis does not reflect the great volume of knowledge I have attained while developing this project; it has simply been impossible to put all of my findings on paper. However, a majority of the positive and negative aspects, and the overall potential for this firm have been considered here. Many problem areas still remain, but all seem to be within controllable limits. In spite of the many positive aspects of attempting to launch this venture, I will not be hasty in making any decisions or rush the planning process. In many ways, there could never be a better time to undertake a project of this nature. The market is ripe and will only continue to grow, and preliminary research seems to indicate a strong possibility of success. But also, importantly, I am young and willing to take some risk, endure many frustrations, and am prepared to accept whatever outcome develops. For these reasons, I will continue with cautious optimism in further developing this project. Lord willing, this entrepreneur’s dream may someday become reality.