**Mini-Case – LECTURE 1**

Read the case text, then answer the questions. Explain why you choose your option.

Just saying question one’s answer is B is not enough you have to explain why you choose answer B.

Eli Moneybags works for Second Commercial Bank, one of the largest banks in the Southwestern U.S. He is a loan officer, specializing in mortgages. Tio Jaime, Eli's favorite (and wealthiest) uncle, passed away last month and left him a sizable amount of money. Eli is looking at the best way to invest his newly acquired wealth. He is considering many options, ranging from simply putting the money into a savings account to the possibility of starting his own business. Although his bank job pays well and offers pleasant working conditions, Eli is frustrated because he has little freedom or flexibility to deal with customers since every decision he makes must be approved by his supervisor. He is also a bit bored and looking for a new challenge. He thinks he might get a lot of satisfaction from owning his own business. Eli has not made a definite decision yet, but has talked to a lot of people searching for a good idea for a new business. If he can come up with an idea he likes, he might just quit his current job and use his inheritance to go into business for himself!

1) As he starts his research, Eli notices that some opportunities appear to be riskier than others. When considering various opportunities, Eli should keep in mind that

A) he will be better off picking a low-risk business opportunity, since the safest ones are usually the most profitable as well.

B) even though some opportunities appear riskier than others, the level of risk actually varies little from one opportunity to another.

C) high-risk business opportunities often have the potential for high returns as well.

D) government regulations are in place to protect investors and entrepreneurs from failure, so there is no need to worry about risk.

2) Eli's frustration with his lack of freedom at work indicates that Second Commercial

A) prefers the use of cross-functional teams rather than individual initiative.

B) has not adopted a strategy of empowerment.

C) knows that the best way to ensure good customer service is to closely monitor its lower-level employees.

D) is trying to please customers as well as other stakeholders.

3) Two of his friends approached Eli with a proposal to start a language school. Eli is fluent in English and Spanish, and also has an education degree. He is strongly considering the idea but wants to know if there is a growing demand for his services. He learns that an important demographic trend is

A) the service sector is likely to decline in significance in the next few years.

B) the number of young children in the U.S. will decrease significantly over the next few years as the population of the country levels off.

C) the number of immigrants from South and Central America is increasing steadily in his area and across the nation. Professionals in hospitals and schools need to know how to speak Spanish. Immigrants need to know how to speak English.

D) the number of retirees is decreasing, making way for a younger generation.

4) As he explores his options for starting a new business, Eli has looked into the tax implications and government regulations that he would encounter. He wants to maintain an office in a different location from his home. He has discovered that some nearby communities offer tax credits and lower taxes than his town. His decision will be influenced by the \_\_\_\_\_\_\_\_ environment.

A) demographic

B) technological

C) socio-religious

D) economic and legal

5) If Eli starts his own business, his firm's activities and policies will impact many different groups of stakeholders, including employees, customers, creditors, suppliers, and people living in the community where his business is located. Which of the following statements represents how Eli should deal with these various groups? Eli should

A) take the needs of all of these groups into account, and try to satisfy each group as much as possible.

B) concentrate on meeting the needs of his customers, since they are crucial to the success of his business, but ignore the needs of other groups in order to keep costs low.

C) satisfy whichever group complains the loudest, using the "squeaky wheel gets the grease" philosophy.

D) concentrate on maximizing his own profits and let everyone else look out for themselves.