

WORLD MISSION HIGH SCHOOL

TRADE: SOD, NIT, MMP

LEVEL: L5 ALL

SUBJECTS: BUSINESS ORGANIZATION

DATE: 2nd October 2026

BUSINESS ORGANIZATION HOME WORK

Q1. A student develops a business idea for a low-cost solar-powered refrigeration service. A technical study confirms that the technology works, customers are interested, and the entrepreneur can obtain the necessary equipment.

However, the projected selling price is too low to cover operating costs and provide a sustainable return.

A) Which statement is most accurate?

- A. The business is both feasible and viable because customers are interested.
- B. The business is viable but not feasible because the technology is expensive.
- C. The business may be technically feasible but economically/financially unviable in its current form.
- D. The business is not feasible because every unprofitable business is automatically infeasible.

B) Explain the difference between feasibility and viability in this situation.

Q2. A Business Plan Is Not a Guarantee

An entrepreneur prepares a detailed business plan containing:

- market research;
- financial projections;
- competitor analysis;
- marketing strategy;
- operational plans;
- risk analysis.

The entrepreneur concludes:

“Because the business plan demonstrates profitability, the business will definitely succeed.”

Which response is most appropriate?

- A. Correct, because a business plan predicts the future accurately.
- B. Correct, provided the financial projections are detailed.
- C. Incorrect, because a business plan is based partly on assumptions that may change.
- D. Incorrect, because business plans are unnecessary for new businesses.

Explain at least three assumptions that could make the financial projections inaccurate.

3. A new company enters an industry where there are:

- only two major suppliers;
- very few substitute products;
- many customers;
- several established competitors;
- relatively low barriers to entry.

Which force is likely to create particularly strong pressure on the new business because of the limited number of suppliers?

- A. Threat of new entrants
- B. Bargaining power of suppliers
- C. Bargaining power of buyers
- D. Threat of substitutes

Then explain why the existence of only two suppliers does not automatically mean that supplier power is always high.

4. A company has 10,000 customers, but each customer purchases only a small amount and changing to another supplier is easy and inexpensive.

Which statement is most defensible?

- A. Buyer power must be low because there are many customers.
- B. Buyer power may be high because customers can easily switch suppliers.
- C. Buyer power is irrelevant because the company has many customers.
- D. Buyer power depends only on the company's selling price.

Explain how the number of buyers and switching costs interact

Q5. A business-plan writer observes that sales of a particular product have increased rapidly during the last two years.

He concludes:

“The industry is attractive because sales are increasing.”

Why is this conclusion potentially weak?

- A. Historical growth does not necessarily mean future growth.
- B. Sales growth is irrelevant to industry analysis.
- C. Industry trends should never be included in a business plan.
- D. A growing industry automatically guarantees profitability.

Identify at least three additional factors that should be investigated before concluding that the industry is attractive.

6.A student wants to establish a campus delivery service. The student has access to motorcycles, delivery software, trained riders, and enough technical knowledge to operate the service. However, market research shows that students are unwilling to pay enough for each delivery to cover fuel, rider wages, maintenance, and administrative costs.

Analyze the situation.

Answer the following:

1. Is the business technically feasible?
2. Is it financially viable?
3. Can a business be feasible but not viable?
4. What changes could potentially make the business viable?

Your answer must distinguish clearly between **“Can we do it?”** and **“Can we sustain it economically?”**

Q7.A company wants to establish a new bottled-water business. Consider the following conditions:

- Several established brands already exist.
- Customers can easily switch between brands.
- Retailers have significant influence over which products receive shelf space.
- Bottled water has relatively few direct substitutes for certain consumption situations, but consumers can also drink filtered or tap water.
- Equipment and distribution networks require significant investment.
- New environmental regulations could increase production costs.

Analyze the industry using all five of Porter’s Forces:

1. Rivalry among existing competitors
2. Threat of new entrants
3. Bargaining power of suppliers
4. Bargaining power of buyers
5. Threat of substitute

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Q8.A limited-liability company owes \$100,000, but its owners invested only \$20,000. Can creditors automatically claim the owners’ personal property? Explain.

Q9. A sole trader says, “My business has a separate bank account, so my personal assets are protected.” Is this statement legally correct? Why?

Q10. Why might the owner of a limited-liability company still lose personal assets even though the company has limited liability?

Q11. A partnership makes a large loss. One partner has no money, while the other owns a house. Can the wealthy partner be affected by the business debt? Explain.

Q12. Limited liability means limited business risk.” Do you agree? Give one reason why this statement may be misleading.

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