How Safe is Safe Water???

TEACHING NOTES

Case Synopsis
Setting up a venture altogether in new field of business is not an easy task. Doing a proper market survey in order to identify the product and find the gap in the present offerings requires lot of efforts. Once this work is done, the next stage is to decide upon the plant location, layout and finally the set up. Estimation of funds needed for capital and revenue expenditure, buying machinery and other materials consumes lot of time and energy.

After 30 years of rich experience in the area of sesame seeds and oil trade, Harsh was left with only option to hunt for new opportunities and choosing a right one to start with. Increase in raw material prices (sesame seeds) because of exports, change in customers’ flavor and liking towards refined oil and the larger slice of market being grasped by organized sector were the key factors that has led to this circumstance. He tried every possibility for restoration of his existing oil seeds business and finally decided to move in some other sector.

After doing a thorough market study, he identified the product – supply of purified drinking water. At that point of time in city of Bali, this segment was dominated by four players catering to specific set of customers.

Harsh noticed that because of its high price, the product was not able to make its presence felt in the majority of people. He was in the opinion that if it could be sold at a lesser/affordable price this would help him to reach the masses.

Harsh faced many difficulties regarding changing the mindsets and educating the people about the benefits of purified water.

Over a period of three years many players has entered into purified water which has led to price war. Harsh has also been affected from this. He is thinking upon to find out the way to move forward to increase the customer base and dealing with price issue.

Learning Objectives
The objective behind developing the case is to make student understand about the types of costs associated with a business along with the concept of break even, margin of safety and profitability. The case also highlights the challenges that an entrepreneur counters while setting up a new business.

Suggested Teaching Approach
The case is appropriate for undergraduate as well as post graduate management students for teaching subject like cost and management accounting and entrepreneurship.

The case should be given in advance to the students and can be discussed on the scheduled class.

The case fits in for written assignment.

Potential Area of Use of the Case
Cost and Management Accounting, Entrepreneurship

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Session Plan for the Case

This case can be used in sessions of Types of Costs, Cost – Volume Profit Analysis, Pricing Decision in cost and management accounting.

In Entrepreneurship, the case can be used while dealing with topics of business plan, viability, Issues and Challenges faced by the entrepreneur.

Key Issues and Points of the Case

The case highlights the issues about the decision making, sustainability, future prospectus, and to face competition in the business.