

4. List down your asset, liabilities, revenue and expenses for your new business venture.

Asset:	Liabilities:
Revenue:	Expenses:

5. Case study

PARTNERING FOR SUCCESS

Organizing Buying Groups to Cuts Costs and Maintain Competitiveness

One challenge that businesses confront is cutting cost in ways that don't erode their ability to remain competitive. Many cost-cutting techniques, such as scaling back on hiring, lowering marketing expenses, or reducing inventory, may save money but may also decrease a business' chances to remain competitive. One technique that can help to conserve a product-based business' financial assets without adverse side effects is to join or organize a buying group.

A buying group, or buying co-op, is a partnership that bands small business and start-up firms together to attain volume discounts on products and services. An example is the independent supermarket consortium Copernic, a not-for-profit European grocery buying group that combines the buying power of retailer in Belgium, France, Switzerland, Germany and Italy. The cost of running the organization is split among the members, as is the savings made on grocery products. A similar buying group is the U.K.-Based United Aftermarket Network, which supplies its members in the vehicle trade with parts from leading motor manufacturers that have been bought at a group discount.

In Thailand, Stockbuz is another successful example of a group-buying operation, which has solved a problem for both yarn producers and manufacturers of apparel. The clothes makers forecast demand based on sales data, seasonality, and retailer feedback and buy fabrics in bulk from the yarn producers. This, in turn, helps

3. In an effort to improve the financial position of their firms, do you think the majority of entrepreneurs spend an equal amount of time focusing on (1) cost cutting and (2) increasing revenues? If not, which of the two do you think they spend more time on and why?