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Case Studies: Operating Business and Venture Business

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OPERATING BUSINESS

Wayne, Phil and Newt are the owners of a gun shop in Washington, D.C. who have developed a new type of "cop-killer" bullet. They are excited about this development, and believe that the product has the potential to be marketed nationwide. Their ambitious growth plans will require them to obtain substantial bank financing, and to lease or acquire a manufacturing facility. Although they are excited about their anticipated profits, they are concerned about the possibility that their good intentions will be misunderstood, and that left-wing law enforcement officials who are unappreciative of their efforts will seek retribution through litigation.

VENTURE BUSINESS

Will, Katie and Sarah are college students and self-confessed computer geeks who are looking to find a way to harness their computer programming talents in order to avoid having to go to law school. They have developed a new software product that would allow America's frequent travelers to keep track of the billions of points that accumulate unused (and unremembered) in frequent flyer and other frequent traveler accounts. A developmental version of the program they have written works great with Windows '95, and can be integrated with off-the-shelf word processing and database software. However, none of them have any business expertise, and they are looking for someone to help them finance a new company that would be able to continue the development and marketing of this exciting new product. They realize that in order to attract venture capital financing, they will need to provide special considerations to any investor.