

Company of the Month:

SokLok

In Company of the Month we have examined many big companies. This month we are examining a very small business. The business has basically one product. The company is controlled by Paul Anderson, the inventor of the product.

First of all, let's examine the information we can find about the product and the business from the web site - [click here](#). Read the home page and look at the links to other pages.

Answer these questions:

- What is the product?
- What is it for?
- How much does it cost? (for 5 SokLoks)
- Is the web site selling the product to customers or to resellers?
- When was the SokLok company started?
- Has SokLok been granted patent approval for the product?
- Is SokLok only a UK company or they have offices in other countries?

Discuss

Have you got any SokLoks at home? Would you buy a packet of SokLoks? Why? It provides a solution to a problem – what is the problem?

Do you think many customers would buy SokLoks from this web site? Why / why not? Would supermarkets, local shops, or wholesalers distribute this product? Why / why not? Think about the business potential of the product

Would it be better to manufacture SokLoks [a] in small quantities [b] in large quantities? Why / why not?

If it is only cheap to manufacture SokLoks in large quantities, how could you sell them in large quantities?

If you can't sell them quickly, you will have a lot of your money (capital) tied up in unsold stock. Why might this be a problem?

Think about the packaging

Click on ORDER ONLINE NOW! and look at the online catalogue.
Click on MIXED COLOURS. How many different packages do they sell?
Click on SINGLE COLOURS. How many different packages do they sell? What is the total number of different packages they must keep in their warehouse?
Considering the likely profit margin on the sale of each package, is this too many or too few?

What could be the advantage of having packets of mixed colours and packages of single colours?

Larger quantities of SokLoks appear to be packaged in a simple paper roll like sweets. What other types of package could also work for this product?

Is the packaging cost likely to be more than manufacturing cost of the product contained in the package? If so, could this be a problem for the business? Why?

Discuss

If you were a business consultant, how would you suggest that SokLok should change its business? (Remember the product is already more than ten years old.)

A **patent** is a document issued by the Patent Office of a government giving someone the right to make or sell a new invention for a certain number of years. A patent protects the inventor (or the owner of the patent) because it prevents other businesses from copying or imitating the invention.

A patent is the technological equivalent of copyright of words or music which is represented by the © symbol in books, newspapers and magazines.

A patent is always limited to a certain number of years. After the patent has run out (come to the end of the protection period) the original manufacturer can continue to make and sell the product, but other companies can copy the product.

Discuss

Is patent protection good for business? Does it encourage innovation and creativity? Is patent protection good for customers? Does it encourage low prices?

In Africa and other parts of the world infected with AIDS and other serious diseases, treatment is difficult and expensive because important drugs are patented by expensive international drug companies. Should smaller drug companies be allowed to copy these important drugs even though they are protected by patents?