

UNIVERSITY OF SWAZILAND**FACULTY OF COMMERCE****DEPARTMENT OF BUSINESS ADMINISTRATION****MAIN EXAMINATION 2005**

TITLE OF PAPER: SMALL ENTERPRISE MANAGEMENT

DEGREE AND YEAR: BCOM IV

COURSE NUMBER: BA 415

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS: 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)

2. THE CASE STUDY SECTION (A) IS COMPULSORY

3. ANSWER ANY THREE QUESTIONS FROM SECTION B.

Note MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A

Mangaliso's Dilemma

Mangaliso's Dlamini sat quietly in his car, pondering why he had failed to convince Bhekiwe Zwane, managing partner of Next Century Venture Capital, to provide the startup he needed to launch the business that would launch his new high-tech medical invention. Dlamini had spent the past three-and-a-half years researching and developing the concept, and now that he had a product in hand, he was ready to take it to the market. The idea for Dlamini's new venture had been simmering for many years during his stints as a researcher for a major medical lab and as a sales representative for a medical products company. Dlamini had learned a great deal about selling medical products in his sales job, which he took after earning a master's degree. But it was during his tenure at the medical lab that Dlamini saw the importance of staying on the cutting edge of technology in the field of medicine. He also saw the tremendous profit potential of successful medical products.

Driving home, Dlamini replayed his meeting with Bhekiwe in his mind. "How could those venture capitalists have missed the tremendous opportunity right in front of them?" he mused. During his 45-minute meeting with Bhekiwe and her staff, Dlamini had spent 30 minutes explaining how the technology had evolved over time, how he had developed the product, and why it was technologically superior to anything currently on the market. "I've got them where I want them, now," he remembers thinking. "They can't help but see the incredible power of this technology." Throughout his corporate career, Dlamini had earned a reputation for his ability to explain abstract ideas and highly technical concepts to his fellow scientists. Over the years, he had made dozens of presentations at scientific professional meetings, all of which were well received.

Dlamini had to admit, however, that he was really puzzled by all of the questions Bhekiwe had asked him toward the end of their meeting. They weren't at all what he was expecting! "She never asked a single question about my product, its design, the technology behind it, or the patent I have pending," he muttered. He remembered her questioning him about a "market analysis" and how and to whom he planned to market his product. "How foolish!" he thought. "You can't forecast exact sales for a new product. Once the product is on the market and the medical industry sees what it can do, we'll have all the sales we'll need- and more." Dlamini was convinced that Bhekiwe didn't understand that new, innovative products create their own markets. "I've seen it dozens of times," he said. Mangaliso was beginning to believe that venture capital firms were too focused on revenues, profits, and return on investment. "Don't they know that those things are outcomes?" he thought. "They come.....in time."

1. Identify the possible problems with Mangaliso Dlamini's presentation of his business plan to Bhekiwe Zwane. 15 marks
2. Should potential lenders and investors evaluate new ventures that are based on cutting-edge technology differently from other business ventures? Explain. 15 marks
3. List at least five suggestions you would make to Mangaliso Dlamini to improve his business plan and his presentation of it. 10 marks

SECTION B

Question 1

What is an 'angel' Compile a brief profile of the typical investor? How can entrepreneurs locate potential angels to invest their business / 20 marks?

Question 2

What techniques can small business use to stretch their advertising budgets? Apply your answer to any specific business of your choice. 20 marks

Question 3

Why do small businesses fail? Explain how the small business entrepreneurs can avoid the pit falls that often lead to business failures 20 marks

Question 4

How much negative information can you expect the seller to give you about a business he wants to sell? How can a prospective find out such information?

Question 5

One top executive claims that to implant total quality management successfully "you have to change your company culture as much as your processes" Do you agree? Explain and motivate your answer 20 marks