

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION
ACADEMIC YEAR 2008/2009

TITLE OF PAPER: Small Business Management
DEGREE : Bachelor of Commerce
COURSE NUMBER: IDE/BA 415
TIME ALLOWED: Three (3) hours

INSTRUCTIONS

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDY SECTION (A) IS COMPULSORY
3. ANSWER ANY THREE QUESTIONS FROM SECTION B

NOTE: You are reminded that in assessing your work, account will be given of the accuracy of language and the general quality of expression, together with the layout and presentation of your final answer.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

GOOD LUCK!!!

SECTION A

Ms Thandeka Simelane graduated from UNISWA with a B.Comm degree and began applying to the large local accounting firms. Frustrated after receiving several rejections, she found employment with a small prep company tutoring and preparing students who wanted to take the AAT exam, an additional qualification that accounting firms preferred. There, she received training in teaching basic testing skills and began teaching math to students several times a week. Her experience as a teacher for the prep company helped her when she began studying for her AAT exam. She knew how to study efficiently, to organize her notes, and to practice for the various sections. She was one of the 25% who passed the exam on the first attempt. She was struck by the number of her colleagues who were unable to pass the exam. Convinced that she was not only skilled in the accounting and finance principles, but also in knowing how to study effectively, she decided to start her own prep business teaching specifically for the AAT exam. She was convinced that students would benefit from a full service program that gave them full classes and individual attention. TS Tests Prep Pty Ltd was born.

In order to study for the exam, most students typically purchased books, software or an online course. Materials usually provided and overview of the tested material, study guides, practice test questions and exam simulation tests. Students were advised to give themselves four months to study. Several colleges offered an initial one week review classes to help students prepare, after which they had to study on their own.

UNISWA under the IDE program, gives students the option of books, software and online testing on all areas covered in the exam. Students also have a toll free number to call if they had questions as well as online chats with UNISWA lectures. It also offers a free repeat course if students did not pass. UNISWA boasts of a 75% pass rate. The course is priced at E10,000 to E15,000 depending on the services students select.

With a national 25% pass rate for first time takers, TS Prep was convinced that there was an opportunity to provide a comprehensive program to ensure that students pass on their first attempt. She designed a full time program that lasted six weeks and was three to six hours per day. She hired professors to give live one hour lectures per day. She also taught test taking techniques and organizing skills necessary to easily assimilate the huge amount of information that students needed to know. She provided audio tapes of lectures, several timed mini tests that she graded and provided feedback on them. She also held bi-weekly meetings with each student to gauge progress and answer questions. In addition, she was available to students on the phone, e-mail at all times and promised to respond within 24 hours to each enquiry. Since CPA test were held in May and November, she held the sessions in March and September, three month prior to exams. Pricing for her course was E11,000 per student.

It took her a year to prepare the business material and create a marketing plan for her business. She placed advertisements on UNISWA and SCOTT faculties of commerce notice boards, distributed flyers to all business schools in Mbabane and Manzini, alerted local accounting firms

to encourage employees to take her class if they intend to sit for the exams. On the first year she had 10 students who all passed. The following year she had 45 students and the pass rate was 70%. The last session she had 105 students with a 80% pass rate. However, most of the students had taken the exam before and TS Prep was not sure whether the pass rate could be attributed to her more intensive prep program. Many students did not attend classes but opted to listen to audio tapes at home.

With only 10% market share TS Prep sought to increase the number of students and gain more market share. She also realized that she had neglected to calculate her break even point and was not too sure at what point she could begin to realize profit. TS costs were as follows:

Professors salaries (1,200 hrs per year)	E75/hr
Office space	E2,000 p.m
Utilities	E1,000 p.m
Materials	E 600 per student
Printing	E 500 p.m.
Marketing	E 400 p.m
Travel	E 200 p.m

- (a) Calculate TS Preps break even point (20 marks)
- (b) TS Preps main competition is UNISWA. List the advantages TS prep has over her competitor and describe ways by which she can overcome this competitor and increase her market share (20)

SECTION B

Choose any three

Question 1

Some believe that entrepreneurs are born and not made. Do you subscribe to this belief? Explain your reasons for your stance. What factors can be influenced and manipulated in order to cultivate an entrepreneurial attitude and aptitude? (20 marks)

Question 2

Most economies are actively pursuing and promoting the establishment and expansion of a vibrant entrepreneurial sector. Why do you think this sector is important? What sets it apart from other types of venture undertakings? (20 marks)

Question 3

Identify the critical entrepreneurial and strategic skills that are needed to effectively manage the growth of the new venture. (20 marks)

Question 4

Swaziland Poultry Producers Ltd has identified a business opportunity in Mozambique and wishes to establish a depot in that country to facilitate the sale of chicken products in that country. Discuss the factors they need to consider when making the decision whether or not to start a business across the border. (20 marks)