

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION
ACADEMIC YEAR 2012/13

TITLE OF PAPER: Small Business Management
DEGREE : Bachelor of Commerce
COURSE NUMBER: FT/IDE: BA 305/405
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

Zondwako Farm

Sabelo is a university student doing a degree in Agriculture and while at school he read an article in the paper about goat farming. He thought this would be a good business for him as he already had money to get started, which he had won for being a top student in his class. Sabelo asked his cousin who works at the bank to do a business plan for him that would enable him to get a loan, and talked to his younger brother who agreed to manage the business. He did not have any input in writing the plan and had no idea what it contained. In no time, he had bought 40 goats and started the business. Asked if he was familiar with the business plan and had done his research he said, "I won the money because I am smart. Besides, they talk about goat farming in the media everyday so what could possibly go wrong?"

He used the bank loan to buy the breeding stock and after a year he had 80 goats and thought that he was now ready to supply markets with five goats a month. He dusted off the business plan to see where he was supposed to sell the goats only to find that the market mentioned in the plan was no longer available. He approached a local supermarket, which said they could take the goats only if they were supplied using a refrigerated van. He could not find one on short notice and was forced to sell 10 of his goats very cheaply because he now had run out of money to buy feed and medications and his younger brother was starting to complain since he had not been paid for two months.

The following month he was hit hard by a disease outbreak which took half of his remaining stock. The veterinary officer conducted a post mortem and discovered that the goats had not been properly medicated. Sabelo decided to cut his losses and sell the remaining goats and look at another business idea.

Questions

- (a) It is evident that Sabelo did not conduct any market research before he started the project. Discuss the reasons why he should have done so and how he should have gone about conducting the market research for the goat production business. **(20 marks)**
- (b) Explain the information he should have gathered for the goat production business that would have assisted him to develop a proper business plan **(10 marks)**
- (c) Develop a marketing plan for Sabelos goat production business using the 4 Ps of marketing. **(10 marks)**

SECTION B

Question 1

- (1) Buying an existing business in starting out as an entrepreneur is considered to be a good option for various reasons. These include saving time and energy, plus the benefit of acquiring a going concern that has an existing customer base, location, suppliers etc. However, there is also a myriad of disadvantages. Discuss the art of finding a good business to buy and the issues one should attend to when assessing existing businesses for sale. **(20 marks)**
- (2) Business management entails making sure that controls are in place and performance is maintained at a high level for as long as the business is in existence. Most SME owner managers tend to focus on managing operations and finances and neglect marketing management. Discuss what marketing management entails and the techniques that businesses employ to do so. **(20 marks)**
- (3) Growing companies choose to go public or to list their stock on the stock exchange in order to raise capital from the public domain. This is an alternative fundraising strategy to borrowing from financial institutions. As part of registration on the stock exchange, a document called the prospectus need to be compiled and submitted to the registrar of the stock exchange. Explain this document and discuss what it should contain. **(20 marks)**
- (4) Swaziland is a neighbor to the Republic of South Africa (RSA), sharing approximately two thirds of its border with that country. RSA is one of the most developed economies in Africa. One would envisage that Swazi SMEs would take advantage of the neighbours affluent market and sell their products to that country. However, the participation of local SMEs in this market is negligible. Discuss the challenges that prevent Swazi SMEs from exporting to its neighbor. **(20 marks)**