

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
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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

Case Study 1

A kitchen aid division employee David Whitman thought up a company specializing in home cooking classes taught by a network of branded chefs. The company “inspired chef” was launched and funded by Whirlpool, and expanded to 33 states in America.

David Whitman, CEO and chairman of Whirlpool, wanted crazier ideas and more creative brainstorming. As a stimulus, he reserved 20% of Whirlpools capital budget for innovation in 2002. Because corporate entrepreneurship is likely to occur in an environment that encourages it, Whirlpool has formed a network of mentors around the world to contribute to ideas and remove obstacles to developing and implementing innovations. There are now 35 full time innovation consultants and 177 part-time innovation mentors at the disposal of any employee with the next great idea. Once the idea is ready for financing, the employee and their innovative consultant are given 100 days to and \$100,000 to develop prototypes (a sample product that is made so that other products may be based on it), and conduct customer research.

The number of ventures continue to increase. The Kitchen Aid division is set to introduce a line of outdoor grilling equipment and Whirlpool is testing mini fridges that can be turned into an oven to cook the meal all controlled via the internet.

Question

Whirlpool is an entrepreneurial company. Why do you think the company is successful in introducing innovation? How is it applying the leadership features for corporate entrepreneurship? (20 marks)

Case study 2

Ray was an early starter on the road to entrepreneurship. While he was in school at Hatfields Primary, his first idea came at a school fundraiser. People were paying 50c to see if they could score a penalty past him. He realized that there was some money to be made from this scheme and the entrepreneurial penny dropped. He continued to get people to take penalties for money during normal school hours and turned the scheme into a regular earner.

As he grew older, Ray became interested in music. He gained inspiration from other peoples music which later led him to his producing his own songs. While attending Boys High, he worked as a DJ at the school functions. Ray worked at various jobs and saved money to purchase the equipment he would need for the production of music. This included working in Germany for a summer at a time when Rays father was living there. It proved to be a great opportunity for Ray. He developed greater independence and earned money cutting the grass on an airfield. The money he made from odd jobs enabled him to buy music production equipment.

Playing as a DJ means that as well as gaining experience, you also get to meet people who are involved in the music scene and interested in the same things. Ray feels that some of his personality traits were pushing him towards being his own boss. A love of music and a strong dislike for being told what to do led Ray to take steps to become an entrepreneur. He feels that owning his business is a way of truly being in control of his life.

At the age of 17, Ray decided he wanted to stage an event in a club. That would give him an opportunity to showcase his own songs as well as making some money, unfortunately it did not go well. The night itself was poorly attended and the event was badly organized. In spite of this, Ray saw the night as a great success because of the invaluable knowledge he gained from the experience.

Question

Critically discuss the entrepreneurial characteristics exhibited by Ray. **(20 marks)**

SECTION B

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. Discuss the factors they need to consider when making the decision whether or not to start a business across the border. **(20 marks)**