

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

SUPPLEMENTARY EXAMINATION

ACADEMIC YEAR 2014/2015

TITLE OF PAPER: Applied Entrepreneurship/Entrepreneurship & Small
Business Development II

DEGREE: FT & IDE Bachelor of Commerce/ IDE Bachelor of Education

COURSE NUMBER: FT BA305/ IDE BA405

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.

SECTION A: This section is compulsory

Read the following case and answer the questions that follow:

The Man's Best Friend (MBF) pet shop franchise was started by Phillip Simelane, a veterinarian working in Manzini. He started the first shop in Riverstone Mall, a new shopping centre in Manzini, which was situated near his practice. Although Phillip sold cat and dog food at his practice, customers were only able to make purchases at his practice during the practice's open hours. To give his customers more convenient access, he decided to start a shop to sell his pet food. The name of the shop, MBF was the result of a family discussion.

Although the shop sold all brands of pet food, it specialized in the high quality brands that sold for much higher prices. In addition, MFB sold food for all pet types as well as pet related products and gifts. Within three months, the shop broke even and two months later its profits began to soar. Phillip decided to open two more MFB shops, one in Ezulwini Gables shopping mall, and the other in Mbabane. Phillip's wife Thoko became involved in the day to day management of the three shops while he ran his growing veterinary practice.

Phillip and Thoko want to expand and have had requests from developers in other areas in Manzini, Ezulwini, Mbabane and even Piggs Peak, to open an MFB pet shop. However, Thoko feels that opening three more shops will add to her already heavy workload and that she would not be able to effectively control all aspects of the three additional shops. She and Phillip sat down and decided to investigate the possibility of expanding MFB by turning it into a franchise.

Thoko was a lecturer at the University of Limkokwing before she became a full time manager of MFB. With her knowledge of teaching and developing teaching manuals she would be able to develop training manuals and other documents required in expanding MFB into a franchise system. One matter that always frustrated Thoko is recruiting the right staff and identifying staff members that could be trained to become managers in the three existing shops.

She feels that she could use these skills to train and support the owners of the franchise outlets of MFB and would be able to recruit staff to help her in this function

Questions

(a) What are the steps that Phillip and Thoko would have to follow to develop MBF into a franchise system? (10 marks)

(b) Phillip and Thoko would like to know the benefits they would gain from franchising MBF. Advise them. (20 marks)

(c) What documents should be included in the package that they should provide to prospective franchisees? Describe the information that should be included in each of these documents (10 marks)

SECTION B: *Attempt any three (3) questions in this section*

Question 2

Mr Dlamini, a B.com graduate wishes to start a small consultancy business offering accounting services. Explain why he should write a business plan and briefly outline what should be included in this business plan. (20 marks)

Question 3

It is often said that bigger is better, and most entrepreneurs seem to accept this belief; they want to see their businesses growing rapidly. There are several ways of expanding a business including joint ventures, mergers and acquisitions. Discuss why one would opt for these strategies instead of merely increasing one's investment into the business? (20 marks)

Question 4

Sithandile, Weliswa, Dumsile and Nokwanda decided to start a consultancy called DECORS in Manzini and agreed to be jointly liable for all debts incurred by the enterprise.

- a) What form of enterprise will be most suitable for DECORS? Give two reasons. (3 marks)
- b) Discuss the benefits and disadvantages of this form of enterprise. (10 marks)
- c) In what circumstances would you consider starting a private company? (7 marks)

SECTION B: *Attempt any three (3) questions in this section*

Question 2

Mr Dlamini, a B.com graduate wishes to start a small consultancy business offering accounting services. Explain why he should write a business plan and briefly outline what should be included in this business plan. (20 marks)

Question 3

It is often said that bigger is better, and most entrepreneurs seem to accept this belief; they want to see their businesses growing rapidly. There are several ways of expanding a business including joint ventures, mergers and acquisitions. Discuss why one would opt for these strategies instead of merely increasing one's investment into the business? (20 marks)

Question 4

Sithandile, Weliswa, Dumsile and Nokwanda decided to start a consultancy called DECORS in Manzini and agreed to be jointly liable for all debts incurred by the enterprise.

- a) What form of enterprise will be most suitable for DECORS? Give two reasons. (3 marks)
- b) Discuss the benefits and disadvantages of this form of enterprise. (10 marks)
- c) In what circumstances would you consider starting a private company? (7 marks)

Question 5

- a. Elsie plans to sell colorful souvenir badges at the state fair. She can purchase these badges at 50c each with the privilege of returning all unsold badges. The booth rental is E200 payable in advance. The badges will be sold at 90c each. How many badges must be sold at breakeven?
(5 marks)
- b. Briefly discuss about any five (5) inventory management tools.
(15 marks)