

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER

MAY, 2016

TITLE OF PAPER : FOUNDATION OF ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

COURSE CODE : BA 00I

TIME ALLOWED : THREE (3) HOURS

- INSTRUCTIONS :**
- (1) TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS SIX (6)**
 - (2) THE PAPER CONSISTS OF SECTION A AND SECTION B.**
 - (3) ANSWER THE QUESTION IN SECTION A WHICH IS COMPULSORY AND ANY THREE (3) QUESTIONS IN SECTION B.**
 - (4) THE MARKS ALLOTTED FOR A QUESTION /PART OF A QUESTION ARE INDICATED AT THE END OF EACH QUESTION / PART OF QUESTION.**
 - (5) WHERE APPLICABLE, ALL WORKINGS / CALCULATIONS MUST BE CLEARLY SHOWN.**

NOTE: MAXIMUM MARKS WILL BE AWARDED FOR GOOD QUALITY LAYOUT, ACCURACY, AND PRESENTATION OF WORK.

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

SECTION A: COMPULSORY**QUESTION 1: Read the case and answer the questions below:****CASE: A healthy recovery**

A few years ago, when organic food was still a fad and most health shops stocked pills and potions rather than fresh produce. Mark and Marry-Ann Shearer's small health-food store was a thriving concern. Being very health-conscious, Mary published two very successful recipe books and gave many cooking demonstrations in her small shop in Johannesburg. It was not long before her husband Mark quit his job in the fast food industry to help his wife expand her business. In 1993, they moved to new premises and sold a 50% stake in the business to fund the move. The new shop was also highly successful, with the whole family becoming involved. When the Shearers were approached by two developers, they were encouraged to open a further two stores. Opening Within two months of one another, the new stores placed enormous financial strain on the couple. The total turnover of the three stores amounted to R750 000 a month, and they employed 40 people.

Unfortunately, the Shearers began falling behind on their rents. While all three shops were breaking even, they needed a period of grace to solve their cash-flow problem. Prospective investors became nervous; two new stores were forced to close. The landlord of their original store agreed to forget about their arrears if they would stay. A new lease was drawn up and two new partners contributed R200 000 each for a 50% value of the shop. These partners, however, had put all the equipment into their own names and taken everything for themselves. Turnover, from R360 000 a month to a miserable R50 000 a month in just over a year before the shop had to close for good. The Shearers lost nearly everything as they settled with their creditors.

Now, two years later, the Shearers are back on their feet with turnover of about R 140 000 a month and six staff. Their new business - a wholesale health shop and consultancy - is run from an old house. They now have plans for a 'healthy' fast food concept and are supported by their old customers.

Questions:

- a. Prior to closing down their stores, should the Shearers have embarked on an aggressive advertising campaign? If so what should this have been? **[10 marks]**
- b. Explain the five factors that would have influenced them in the choice of advertising media

[20 marks]

- c. Explain the advantages of using E-mail marketing.

[10 marks]

[Total marks 40]

SECTION B

Answer any three (3) questions from this section.

QUESTION 2

A great variety of activities occur within your small business enterprise in the process of providing goods and services. These activities can be systematically divided into smaller groups called functions. Discuss the eight independent main functions to be managed in your enterprise.

[20 marks]

QUESTION 3

Since creativity is the ability to consider a topic in various ways and come up with something new. Demonstrate how you would cultivate a creative attitude in order to identify new or better small business ideas that will distinguish you from other competitive small businesses.

[20 marks]

QUESTION 4

Explain each of the following concepts with examples:-

- | | |
|----------------------------------|-----------|
| a. Expected market share | [4 marks] |
| b. Fixed costs | [4 marks] |
| c. Break-even point | [4 marks] |
| d. Variable costs | [4 marks] |
| e. Administrative overhead costs | [4 marks] |

Total Marks [20 marks]

QUESTION 5

Using relevant examples, explain the different choices on the types of packaging available to the business owner for his/her products.

[20 marks]

QUESTION 6

Discuss important personal characteristics displayed by successful entrepreneurs. [20 marks]