

University of Swaziland
Faculty of commerce
Department of business administration
Supplementary examination (2)
Academic year 2015/16- June 2016

TITLE OF THE PAPER : APPLIED ENTREPRENEURSHIP & SMALL BUSINESS MANAGEMENT
DEGREE : BACHELOR OF COMMERCE

COURSE : BA 305 AND BA 405 (IDE)

TIME ALLOWED : THREE (3 HOURS)

INSTRUCTIONS:

1. THIS PAPER CONSIST OF SECTION A AND SECTION B)
2. SECTION A IS CASE STUDY AND IT IS COMPULSORY QUESTION
3. ANSWER ANY THREE QUESTIONS FROM SECTION B

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

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

Section A : Compulsory

Question 1: Read the case below and answer the questions that follow.

Read the case study and answer the questions thereafter

Mr Van Verk has been working for the electrical company for the past 18 years. At the beginning of 2014, he started an electrical and pumps business on part time basis. He appointed his relative to manage the business. The business has been growing so fast and in January 2015, he contemplated to leave his full time employees and pursue his business. He asked a consultant to assist him put up a business plan to secure a loan from the Local bank so that the business has sufficient cash to manage the business. Since its inception Mr Van Verk has been carrying out maintenance works and he was getting a lot of money thus he decided to pursue the same business.

The consultant assisted him to prepare the business plan and he submitted to the bank for loan. One afternoon his business banker called him to make some new changes in business plan and sent it again. Within two weeks he received another called from the bank that his business plan was approved and the loan of E150,000.00 was transferred to the business account. This was good news to him and his family. In February 2015, he submitted his resignation to his employer and he sent a month notice to pursue his dream.

In April 2015, he started working on his own and he has a target to make sure that costs are minimized without compromising the quality of the services. One of the key challenges was that he was a Technician not a CEO for a long time. Managing an enterprise has its own challenges. He had to recruit staff, preparation of financial statements, monitor inventory and other business controls. This was not so easy for him. At the end of 2015, he had cash flow problems rising for customers who pay the business invoices after 30 days.

To rescue the financial crisis, Mr Van Verk offer shares to Mr Smith who was running butchery. 1 share was E5.00 and he wanted to raise another E150, 000. In his personal funds he invested E100, 000 as Capital to the business, Mr Smith purchased 30,000 shares from Mr Van Verk . Mr Van Verk sometimes get projects which are demanding in terms finances and capacity. He normal enter into joint venture with local and international companies for big tenders.

Question 1:

- a) Identify and discuss four reasons why Mr Van Verk is compelled to prepare financial forecasting for his business. **10 marks**
- b) Explain any five cash flow management tools Mr Van Verk should have employed/ used to manage his finances (**10 marks**)
- c) Apart from allocating resources, negotiations and adapt to environmental changes, Mr Van Verk was expected to build good management team. Identify and discuss five factors entrepreneur should enforce when building management team that will enhance successful organizational culture. **20 Marks**

Total 40 marks

Section B: Attempt any three questions in this section

Question 2

Mr XV is ambitious business man. He has been running a roasted chicken business near the University for some years. KFC has just advertised any franchise opportunity for their outlet at Malkerns. Mr XV wants you to assist him in preparation a business plan so that he can get a loan from the bank for this new venture. In your advice please explain very clearly the factors that Mr Masuku should consider before investing in KFC Franchise? **20 Marks**

Question 3

Entrepreneurial and strategic skills are needed for managing growth of the new business venture. Identify the critical entrepreneurial and strategic skills that are needed to effectively manage the (internal) growth of the new venture. **(20 marks)**

Question four

Entrepreneur should then appoint a managing underwriter that will lead in forming the underwriting syndicate, once he realizes that the timing of going public is favorable. Identify and explain briefly five factors that the entrepreneur should consider before selecting the managing underwriter? **20 marks**

Question five

Companies can't serve all customers in the market and they need to conduct a customer analysis to segment the total market. Explain briefly the five marketing strategy processes on how the entrepreneur can select the most profitable segment and develop strategies to serve the targeted segment. **20 marks**