

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ELECTRICAL AND ELECTRONIC ENGINEERING

MAIN EXAMINATION

DECEMBER 2013

ACADEMIC YEAR 2013/4

TITLE OF PAPER: Entrepreneurship

COURSE NUMBER: EE511

TIME ALLOWED: Three (3) hours

INSTRUCTIONS

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDIES SECTION (A) ARE 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

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 the information he should have gathered for the goat production business that would have assisted him to develop a proper business plan **(20 marks)**
- (b) Develop a marketing plan for Sabelos goat production business using the 4 Ps of marketing. **(10 marks)**
- (c) How do you think Sabelo should manage the project in terms of human resources? Give reasons for your response. **(10 marks)**

SECTION B

Question 1

In order to ascertain the viability of a business, it is essential to calculate potential income. To do this, one needs to first determine the selling price of the products or services. The selling price is normally based on the cost of producing each unit of ones products. Calculating the total costs per unit it is important to classify them into variable, fixed, direct and indirect costs. Use examples to define these types of costs, and another example to demonstrate how they are used to calculate the total cost per unit.

(20 marks)

Question 2

There are three different types sales middlemen; Wholesalers, retailers and sales middleman. Describe the differences between the three types of middlemen and discuss the different categories of retailers. **(20 marks)**

Question 3

The biggest question in advertisement planning is “where do I place my Ads? One need to consider costs of advertising, geographic concentration of the target audience, type of target audience and other factors in selecting the advertising media. Identify the various types of media and discuss them in relation to cost and the type of the target audience. **(20 marks)**

Question 4

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)**