

FACULTY OF SCIENCE & ENGINEERING
DEPARTMENT OF ELECTRICAL & ELECTRONIC ENGINEERING
MAIN EXAMINATION
DECEMBER 2017

TITLE OF PAPER: ENTREPRENEURSHIP

COURSE CODE: EE511

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

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

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 FINAL PRESENTATION OF YOUR FINAL ANSWER.

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

SECTION A (COMPULSORY)

Read the case and then answer the questions that follow.

Boss lady

She gets up at 4.00 in the morning to make "the rounds" on the farm before the business activities of the day begin. Her name is Dudu Dlamini, but only her mother and husband call her that. The labourers call her boss lady, the market women and everybody else calls her Sis' Dudu. She first checks the four chicken sheds which collectively stock about 25,000 broilers at a time. She ascertains the daily mortality rates which is mostly due to the extremely cold winter weather. Using diplomatic questions, she tries to find out if the labourer kept the fire going and did not fall asleep that night. Each chicken shed is assigned an employee who is not allowed to visit other sheds in the compound to prevent the spread of diseases. The previous cycle had been wiped out by the Bird Flu.

As daylight begins, she moves to the vegetable garden to give the labourers instructions on the day's activities, including what needs to be harvested and crops to be watered or weeded for the day. Water had especially become problematic as the number of households increased in the area. All households wanted running water in their houses and the current water system was simply insufficient. She goes back to the house, cleans up and readies herself for going to the market. She collects produce and leaves the house to ensure that by 6.30 a.m she is at the market place selling fresh produce to the retail market ladies and street vendors. The road is muddy and slippery after the heavy rains but she perseveres with the help of bystanders who give the bakkie the push it needs to get out of the mud.

After the market place, it is time for her to stock up on the supplies. This activity depends on the cycle of the business. When it is the beginning of the broiler cycle, it can include placing orders for the delivery of day old chick, buying and delivery of sawdust and veterinary supplies. She is lucky that the supplier of day old chicks delivers them to her farm. At the end of the cycle, it may consist of delivery of chickens to the market, which are varied and diverse, including a chicken slaughter house, butcheries and individuals. Either way, Sis Dudu is always busy. She owns and manages the whole business by herself.

She may also find herself at the bank, trying to convince the bank manager to extend her overdraft, which is always a struggle as she does not document any financial or other information about her business, claiming that she remembers all the details. The bank had also been trying to convince her to register the business as a company. She is however, wary of attracting too much attention to her business due to the new tax regime implemented by the newly established and eager Swaziland Revenue Authority, which seeks to tax agricultural businesses. Of late she has also been consulting an NGO which has convinced her to advertise her chickens in the media, and designing a logo for the business. Competition is stiff in the chicken industry and she is hoping that advertising will give her an edge over her competition.

She had been wary of the fiscal challenges faced by the Government, expecting sales of chicken to fall, but that had not yet happened. It seemed that consumers could not forego buying chicken. It was only the competition that worried her. Too many players kept the selling price too low and profit margins very narrow. Hence huge stock numbers were necessary. But selling then became a problem. She remembered the good days when the Fresh Produce Market agents used to take all the chickens and sell them in Mozambique for the farmers. She did not have to go all over the country looking for buyers then.

Once she had completed all the business activities for the day she went back home to start cooking for her family, which should be sufficient for that days dinner and lunch the following day. Her family did not like food cooked by anybody else but herself. As soon as the vehicle approached the farm gate, labourers scattered as the security guard shouts "Boss lady"!

Questions

- (a) Ms. Dlamini's business is affected by several variables from both from the internal and external environment. Identify and explain how these variables impact her business. (20 marks)
- (b) How do you think she should address these variables? (10 marks)
- (c) Considering the aspects or features that define an entrepreneur, does Ms. Dlamini qualify as a true, successful entrepreneur? Give reasons for your answer. (10 Marks)

Question 2

Upon completion of their studies, most students may be engaged in wage employment before starting their own businesses. As graduates of entrepreneurship studies, students are expected to exhibit an entrepreneurial spirit and behaviour even within the organizations in which they are employed. There is a difference in the culture of a corporate organization that promotes entrepreneurial behaviour and one that adheres to traditional management styles. Compare and contrast the factors that distinguish one from the other. (20 marks)

Question 3

Explain the functions and value of the following components of the financial plan (as part of the business plan):

- a) The pro-forma income statement
- b) The pro-forma cash flow statement
- c) The capital budget
- d) Break-even analysis

(20 marks)

Question 4

- a) Explain how market research could benefit the small business owner. Briefly discuss the process through which you will do when conducting a marketing research.
(15 Marks)
- b) Mention the five C's of credit and explain why entrepreneurs should pay special attention to them.
(5 marks)

Question 5

- a) Compare debt and equity financing as a source of start-up capital for a new business.
(8 marks)
- b) Explain the significance of each of the following in business:
- i) Intellectual Property
 - ii) Liquidation
 - iii) Franchising
 - iv) Limited liability
- (12 marks)