



"Investing in Africa's Future"

**COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND
GOVERNANCE**

**MPM304/MMS401 ENTREPRENEURSHIP AND SMALL BUSINESS
MANAGEMENT**

END OF SECOND SEMESTER EXAMINATIONS

MAY 2018

LECTURER: T MASESE

DURATION: 3 HRS

INSTRUCTIONS

Answer **ALL** in Section A and any **THREE** questions from Section B

Total possible mark is 100%

Start **each** question on a new page in your answer Booklet.

The marks allocated to **each** question are shown at the end of the section.

Show all your workings.

Credit will be awarded for logical, systematic and neat presentations.

Section A: Case Study

Read the following case study in which a company looking for financing pitches a business idea to potential investors and answer the questions that follow.

Company: PharmaJet

Web: www.pharmajet.com

Business Idea: Administer injections using a needle-free injection system.

Pitch: Administering injections is an integral part of both preventative health care and the treatment of sickness and disease. Traditional injections use a needle to penetrate the patient's skin and insert the vaccine or medicine. While this has been a staple practice in medicine for decades, it has drawbacks. Patients of all ages have a fear of needles, and for some the fear is so acute they avoid necessary injections. Needles are problematic for health care workers. Their sharp points require special containers to dispose of safely, and all health care workers worry about receiving an inadvertent needle "stick," which may contaminate them with someone else's blood and as a result, potentially someone else's disease.

In one fell swoop, PharmaJet addresses these problems with the development of a simple, safe needle-free injection system that's cleared for sale in the United States. Instead of using a needle, it delivers intramuscular or subcutaneous injections through a high velocity fluid jet that penetrates the skin in one-third of a second. The device is spring powered, so there are no gas canisters to dispose of. Many of the earlier iterations of needleless syringes used bottled gas to power the syringe, which was costly and cumbersome. The PharmaJet system is environmentally friendly in that two of its four parts are consumable and the other two are reused. The consumable components consist of the needle-free syringe and a filling adaptor. The reusable components consist of the injector and a reset station. The only component that comes in contact with the patient's skin is the needle-free syringe, which is disposed of and replaced after each use. While a PharmaJet injection isn't painless, it's gentler than a needle stick for most patients. For most patients, the pain is analogous to being snapped by a small rubber band.

An ancillary benefit of the PharmaJet system is that there are an estimated 16 billion needle injections given each year in developing countries. In many instances, needles are reused. Because of this practice, the World Health Organization estimates that 50 percent of needle-syringe injections are unsafe, and that 21 million people contract hepatitis, HIV, and other diseases each year from previously used needles. Once used, the

PharmaJet syringe auto-disables and cannot be reused. This feature may make it particularly attractive to nongovernmental organizations (NGOs) and other organizations that provide health care assistance in developing countries.

The PharmaJet system may also be attractive in select niche markets. For example, detention facilities and prisons struggle with the use of needle syringes because needles are contraband in a detention setting.

After reading the above case study answer the following questions

- a. What is a business plan? What are the main reasons and advantages of preparing a business plan for a new venture like Pharmajet? Explain your answer. **(5 marks)**
- b. There are basically 3 ways to identify an opportunity. Briefly explain each of them and outline the one that was used by founders of Pharmajet. Explain briefly the four essential qualities of an opportunity. What type of a business idea is the Pharmajet needleless injection? Explain your answer **(15 marks)**
- c. Suppose you are asked to serve as a judge for a local business plan competition where the above idea is to be pitched. In preparing for the competition, the organizer has asked you to write a very brief article titled "What the Judges of Business Plan Competitions Look For" that she plans to pass along to the entrepreneurs who enter the competition. Write a short article to accommodate this request. **(7 marks)**
- d. Based on the material covered in this course, what 5 questions would you ask the firm's founders before making your funding decision? What answers would satisfy you? **(8 marks)**
- e. If you had to make your decision on just the information provided in the pitch, would you fund this company? Why or why not? **(5 marks)**

Section B- Answer Any Three Questions From This Section

Question One

- a. Suppose you have been asked by your local chamber of commerce to teach a two-hour workshop on how to write an effective business plan. The workshop will be attended by people who are thinking about starting their own business but don't currently have a business plan. Write a one-page outline detailing what you'd cover in the two-hour session **(15 marks)**
- b. What is the difference between the industry analysis and the market analysis sections of a business plan? **(5 marks)**
- c. Write brief notes on each of the following concepts: (i) opportunity (ii) window of opportunity (iii) corridor principle (iv) Type C business idea (v) business model blind spot **(5 marks)**

Question Two

- a. Discuss the primary push and pull reasons why people go into entrepreneurship (13 marks)
- b. Identify and discuss the four environmental trends that are most instrumental in creating business opportunities. Give examples of how changes in these environmental trends provide openings for new business and product opportunities. (12 marks)

Question Three

- a. Outline the main organizational and individual supervisory actions and behaviors that encourage and discourage creativity among employees (11 marks)
- b. What is a feasibility analysis? What is it designed to accomplish? Briefly describe each of the four areas that a properly executed feasibility analysis explores and the primary issues that a proposed business should consider in each area. (14 marks)

Question Four

- a. A friend has just informed you that the company he works for is being sold and you express interest to buy it. Explain the issues you will consider and analyze when carrying out the due diligence. What are the other non-quantitative factors you would consider in evaluating the business? (12 marks)
- b. Explain franchising and how it differs from other forms of business ownership. Describe the differences between a product and trademark franchise and a business format franchise. Discuss the advantages and disadvantages of buying a franchise. (13 marks)

Question Five

- a. Business ethics, practiced throughout the deepest layers of a company, become the heart and soul of the company's culture and can mean the difference between success and failure. Define entrepreneurial ethics and integrity. Describe the framework for integrity in small businesses and discuss ways to incorporate ethics and integrity into business practices (16 marks)
- b. What is the purpose of a First Screen analysis in the process of carrying out a feasibility analysis for a business idea? Describe the purpose of a buying intentions survey and how it's administered. (9 marks)

Question Six

- a. Use the 3 circle model to describe the various relationships that exist in a family business. Discuss the 4 reasons why family members especially children commit or join family business clearly. **(10 marks)**
- b. Identify and briefly discuss a business model's four major components. **(8 marks)**
- c. Explain what is meant by social entrepreneurship. How does social entrepreneurship differ from traditional entrepreneurship? How do social ventures differ social consequence ventures? **(7 marks)**

END OF PAPER