



*“Investing in Africa’s future”*

**COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE  
(CBPLG)**

**MMS401: ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT**

**END OF SEMESTER FINAL EXAMINATIONS**

**APRIL/MAY 2019**

**LECTURER: MR T. MASESE**

**DURATION: 3 HRS**

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**INSTRUCTIONS**

Answer **QUESTION 1** from **Section A (COMPULSORY)**

Answer any **TWO** questions from **Section B**

DO NOT repeat material.

Write legibly.

Credit is given to application of theory and practice

## **SECTION A: COMPULSORY (40 MARKS)**

### **Question ONE**

Breakaway Bicycle Company (BBC) is a small Zimbabwean manufacturer of high-end bicycle frames. It was formed to build both mountain bike and racing bike frames for sale primarily to professional bicycle racers. However, increasing interest in mountain biking as a competitive sport and the exposure that bike racing received because of the oncoming All Africa Games to be hosted by Zimbabwe in 2020 have provided BBC with an opportunity to expand its business. Right now, a small number of BBC's frames are sold to non-professional riders who want the very best equipment available, regardless of price.

In order to better serve this emerging market, BBC proposes to add additional workstations and designer/builders to increase its capacity for custom frames. You have been appointed as a consultant to prepare BBC's business plan envisioning making better use of existing leased space and leasing additional space to meet its needs. In addition, the frame-building equipment necessary to create three additional workstations must be acquired.

- a. Explain why the executive summary, or overview, is often thought to be the most important section of the business plan. Prepare an Executive summary for BBC business plan **(7 marks)**
- b. Outline the main sections you would include in the business plan, briefly explaining the contents of each section **(14 marks)**
- c. You recently visited a friend who knew you had taken a small business course when you attended college. During your visit, she made the comment, "I plan to open a business this summer. I will not be applying for a bank loan to fund this company, so I do not have a business plan. Do I need one?" Advice your friend **(5 marks)**

## **SECTION B: CHOOSE TWO QUESTIONS ONLY (60 MARKS)**

### **Question Two**

Enara, who has considerable experience in the home security industry, is planning to launch a firm that will sell a new line of home security alarms that she believes will be superior to anything

currently on the market. Enara knows how to develop a concept statement and administer a buying intentions survey helpful in assessing the likely demand for her product. She also wants help to conduct a feasibility analysis. Enara knows you just finished a course in Entrepreneurship and has turned to you for help. Explain to Enara how she would go about conducting a feasibility analysis. In your explanation, outline the major components of a feasibility analysis and what you include in the first screen. **(30 marks)**

### **Question Three**

List four reasons for buying an existing business, and describe the process of evaluating an existing business. What are some of the non-quantitative factors you would consider when conducting due diligence for an existing business **(25 marks)**

### **Question Four**

- a. Persons interested in becoming entrepreneurs must have the ability to generate a large number of ideas so that at least one of the ideas has the potential for a business opportunity and adopt a series of steps to finalize it into a profitable business. Using appropriate examples, discuss the three main types of business ideas and the three main approaches to identifying opportunities. **(15 marks)**
- b. In family firms, when the founder turns over the reins of leadership (most often, to a new generation), the continuity of the business depends, in large part, on those next generation family members and their level of commitment to the business. Recent research suggests that family members entering a family business do so for a variety of reasons, and these reasons shape the strength and nature of their commitment to the company. Briefly discuss the four main reasons why members commit themselves to family business **(10 marks)**

### **Question Five**

- a. Social entrepreneurship is often described as ventures with a heart. Define social entrepreneurship clearly outlining the concept of double or triple bottom line. How does social entrepreneurship differ from traditional entrepreneurship? Briefly discuss the differences among socially responsible ventures, social ventures and enterprising non-profits. **( 12 marks)**
- 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 and explain the benefits to small businesses. Discuss ways small business owners can incorporate ethics and integrity into business practices **(13 marks)**

### **Question Three**

The Business Model Canvas (BMC) categorizes the processes and internal activities of a business into nine separate categories, each representing a building block in the creation of the product or service. Outline and discuss the various business activities BMC, outlining how each is important to the success of any business venture **(25 marks)**

### **Question Six**

- a. Discuss the qualities and characteristics of successful entrepreneurs and give relevant examples **(8 marks)**
- b. What is an opportunity? Identify and explain the four essential elements of an opportunity **(5 marks)**
- c. Explain what a feasibility analysis is and what it is designed to accomplish. Discuss each of the four elements of feasibility analysis **(12 marks)**

### **Question Seven**

- a. Motivating factors for entrepreneurship can be divided into necessity or opportunity-based factors. Briefly explain at least four factors each that may pull or push people into entrepreneurship **(15 marks)**
- b. What are the main characteristics or traits associated with entrepreneurship? Briefly describe six such traits **(10 marks)**

### **Question Eight**

- a. A growing number of organizations, including Chicken Slice, Zuva Petroleum, and Spar Supermarkets have turned to franchising to expand their businesses. What is franchising? What are the two major forms taken by these franchises? Explain the upsides and downsides of this approach for these organizations and those clients who buy the franchises. **(15 marks)**
- b. Opportunity recognition is a key part of the entrepreneurial process. What is an opportunity and what are the essential qualities of a good opportunity? Briefly explain the three basic types of business ideas from which most startups are launched **(10 marks)**

**-END OF PAPER-**