



"Investing in Africa's Future"

FACULTY OF MANAGEMENT AND ADMINISTRATION

MMS401 ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER/DECEMBER 2016

LECTURER: T MASESE

DURATION: 3 HRS

INSTRUCTIONS

Answer **ANY THREE** questions in this paper

Total possible mark is 75

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.

Question One

- a. One of the main aspects ensuring the survival of family business is succession. What are some of the barriers to good succession in family businesses (5 marks)
- b. Briefly explain the following concepts:
 - i. Corporate venturing (1 mark)
 - ii. Necessity based entrepreneurship (1 mark)
 - iii. Nascent entrepreneurial activity (1 mark)
 - iv. Total early-stage entrepreneurial activity (1 mark)
 - v. Locus of control (1 mark)
- c. Briefly explain some of the business challenges that are unique to women entrepreneurs (5 marks)
- d. Entrepreneurs enter into business for a number of reasons. Discuss the major benefits owning a business (5 marks)
- e. A small business owner must have a number of attributes and skills in order to properly plan his business and make it successful during the first hard years of its operation. Discuss any 5 characteristics that are common among entrepreneurs (5 marks)

Question Two

- a. Buying an existing business may be considered low-hanging fruit for an entrepreneur but the process may be fraught with pit-falls if not handled with proper due diligence. Briefly explain the advantages and disadvantages of buying an existing business (8 marks)
- b. What are some of the quantitative and non-quantitative issues you would consider when doing due diligence for the purchase of an existing business (12 marks)
- c. Explain the three main methods of valuing a business on sale (5 marks)

Question Three

- a. Briefly explain what is meant by the following terms; business opportunity, opportunity recognition and entrepreneurial alertness? (3 marks)
- b. Briefly explain what is meant by social entrepreneurship and explain the main forms of social ventures (4 marks)
- c. With the aid of suitable examples explain how the following can create business opportunities;
 - i. Solving a problem (3 marks)
 - ii. Observing emerging trends in economic forces, social forces, technological advances, political action and regulatory changes (4 marks)
 - iii. Extensive travelling (2 marks)
 - iv. A good understanding of economics and the economy (2 marks)

- d. Briefly explain the 3 categories of types of start-up ideas (3 marks)
- e. Explain the concepts of creativity, innovation and invention. Outline the importance of creativity and innovation to an entrepreneur (4 marks)

Question Four

- a. What is franchising? How does it differ from the other forms of business ownership? (3 marks)
- b. Discuss the three main forms of franchising (8 marks)
- c. What are the principal advantages and disadvantages of buying a franchise? (7 marks)
- d. Briefly explain the advantages and disadvantages of franchising as a method of business expansion (7 marks)

Question Five

- a. For most new ventures, a business plan is a dual purpose document used both inside and outside the firm. Define a business plan and explain its dual purpose. Discuss the 3 primary reasons for writing a business plan (6 marks)
- b. Who reads a business plan and what are they looking for? (3 marks)
- c. What is an executive summary and why, despite it being one of the first things appearing first in the business plan, should it be written last? Why is it considered the most important section of a business plan (4 marks)
- d. Samantha is thinking about opening a high-end fashion boutique in the affluent suburb of Murambi in Mutare. She contacts you wanting advice on how she can write a business plan. Advise Samantha on what sections she should include in her business plan briefly explaining to her what should be contained in each section of her plan (12 marks)

Question Six

- a. With the aid of the three circle model explain the main relationships in a family business and how the contrary dynamics of business and family systems create tension in the family business (6 marks)
- b. Lank (2000:15) lists special problems of family businesses. Briefly explain the major problems that characterize family businesses (8 marks)
- c. Commitment to a family business is driven by a number of factors. Explain the four main basis for one's commitment to join a family business (6 marks)
- d. 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. Explain ways to incorporate ethics and integrity into business practices (6 marks)