



"Investing in Africa's Future"

FACULTY OF MANAGEMENT AND ADMINISTRATION

MMS507 :INTRODUCTION TO BUSINESS CONSULTANCY.

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER/DECEMBER 2016

LECTURER: A.M.Gumbo.

DURATION: 3 hours

INSTRUCTIONS

Study the CASE given below and answer all questions relating to it,

THEN Choose 3full ESSAY questions from Section B and answer them

SECTION A: Study the Case below and then answer the questions that follow. This Case question is worth 25 marks.

Saleh started his general shop in 2013. He was quite satisfied with the results; he had been able to get all his family's provisions without charge out of the stocks, and he had also withdrawn money from time to time for school fees, uniforms, funerals, and other emergency requirements. He had started with only \$ 60 in 2013, and by 2015 the business was worth several hundred dollars. He took stock at the end of 2015, and found out that the value of the stocks alone was \$600.

Saleh had heard a lot about the loans that the Government was giving to traders, and in January 2016 he applied for a loan of \$ 250 from the local branch of the National Bank. He was sure that he would get a loan, as a reward for so many years of successful trading.

Saleh decided that he would spend the loan on stocks of sugar, salt and maize flour, since he usually ran out of these staple items towards the end of each month. Many of his customers were paid monthly, and Saleh allowed them credit for this period. He had himself to pay cash for goods of this sort, so that when he had spent the cash he received he was unable to buy more supplies. Most of the shops in his market had the same problem, but recently one or two younger men had started shops and seemed able to avoid running out of stocks. Saleh was therefore anxious to compete with them, and he expected that the loan would enable him to do so.

The Bank's Small Business Loan Officer visited Saleh's shop before the meeting which was to decide which applicants would receive loans. Saleh gave him the information he asked for, and he was particularly proud to tell him that the stocks were worth \$600. Saleh thought that the increase from \$60 to \$600 was proof of his business skill and personal economy, and he was sure that this would guarantee him a loan. He sold about \$200 worth of goods per month, although this figure was dropping a little because customers were put off by the shortage of staples.

Saleh was therefore completely astonished when he was told some three weeks after the Board that his application had been refused and he was not going to get a loan. He at once went to see the Loans Officer and their conversation went as follows:

Saleh: "Why didn't I get a loan? Did anybody deserve one more than me? Is this all I get for so many years of hard work?"

Loans Officer: "Loans are not given to those who deserve them, but to those who need them. According to your application form you wanted the loan to buy more stocks. We felt that your \$600 worth of goods in stock is more than enough to maintain monthly sales of \$200.

Saleh: "I know that I haven't got enough stocks. Why only this morning I had to turn away customers who wanted sugar"

Loans Officer: "How often do you buy more goods?"

Saleh: "I go to my wholesaler at least once a week, and sometimes more often than that."

Loans Officer: "look at your stocks more closely. It appears that while you have more than enough stocks in total value, maybe you have not got the right stocks. On average you have enough goods to keep you going for three months without buying any more, since your stocks are worth three times your monthly sales. But you yourself say that you have not got stocks at all of some things. In a way, you and the Board are both right. Since you are out of stock of some things, you must have far more than three months' worth of others. Go and have a look. If you find large stocks of some things, in relation to your sales of them in a month, try to decide how you can get rid of them. Maybe you can "wake up" the money that is "sleeping" on your shelves now, and put it to better use by buying things that will sell quickly. You may even "wake up" more than \$250 you asked for from the Bank; and it will be yours, without any obligation to repay interest."

Question I.....CASE STUDY

As a small business consultant approached for advice by Saleh,

- (i) Do a problem analysis and identification using any of the methods covered in class to enable Saleh to see that is wrong. What is the starter problem and what is the ideal objective to be achieved by the situation. (15 marks)
- (ii) Following the Loan Officer's observation it would appear that a loan of \$250 is not the ideal solution to Saleh's problem. What would be your recommended solution and how would/should it be implemented? (10 marks)

Total 25 marks

Section B: Choose and answer any three essay questions from this section.

1. Why has Consultancy grown into a multi-billion Dollar industry in the modern era? Explain the causation relationship.
2. Discuss any **two** "tools" used in Solution Planning and Implementation giving examples/illustrations of how they are used.
3. The role and function of the Management Consultant has changed from that of "a provider of information" right through to "a developer of learning capability". Trace this development and explain why it has been necessary to so change.
4. Choose any **Three** items from the following and write 15 to 25 lines on each :

a) Questioning skills in Consultancy

b) Bicycle analogy/model of consulting skills

c) The need for a "win-win" relationship in a consultancy contract

d) The important "Principles" of Consulting excellence

e) "Solution-mindedness" in problem identification and analysis.

5. What procedures and criteria would you use to "evaluate" a Consultancy Project/Exercise?

Grand Total possible marks=100.

END OF PAPER