



"Investing in Africa's Future"

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

MMS401 ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

END OF FIRST SEMESTER EXAMINATIONS

MAY 2017

LECTURER: T MASESE

DURATION: 3 HRS

INSTRUCTIONS

Answer **Question 1** and **any other TWO** 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. Imagine you just received an e-mail message from a friend. The message reads, "Just wanted to tell you that I just finished writing my business plan. I'm very proud of it. It's very comprehensive and is just over 100 pages. The executive summary alone is 9 pages. I plan to start sending it out to potential investors next week. Do you have any words of advice for me before I start sending it out? Be honest—I really want to get funding." How would you respond to your friend's request for feedback? **(7 marks)**
- b. Explain the purpose of a business plan and discuss the three primary reasons for writing a business plan. **(6 marks)**
- c. Explain why the executive summary may be the most important section of a business plan. **(6 marks)**
- d. Explain why the "Management Team and Company Structure" section of a business plan is particularly important. **(6 marks)**

Question Two

- a. What are the advantages and disadvantages of establishing a franchise system? **(9 marks)**
- b. What are the principal advantages and disadvantages of buying a franchise? **(8 marks)**
- c. Describe the differences between a product and trademark franchise and a business format franchise. Provide at least two examples of both types of franchise arrangements in Zimbabwe. **(7 marks)**

Question Three

The debate as to whether entrepreneurs are born or made will never be resolved, but it is now widely recognized that suitable training and other supports can improve the performance of entrepreneurs. As Harper (1996) observes, the 'raw material' will still have to be 'born', but better results can be 'made'. It is also argued that successful entrepreneurs possess certain traits which are common among them. Discuss this statement clearly supporting your arguments. What are the common characteristics found in most successful entrepreneurs? **(25 marks)**

Question Four

- a. Researchers have identified several characteristics that tend to make some people better at recognizing opportunities than others. List and discuss the personal characteristics that make some people better at recognizing business opportunities than others. **(15 marks)**
- b. Briefly explain the following concepts **(10 marks)**
 - a. Corridor concept
 - b. Entrepreneurial alertness
 - c. Total Entrepreneurship activity
 - d. Product opportunity gap

Question Five

- a. Entry into entrepreneurship is a "calling" for most entrepreneurs but others end up there due to unforeseen circumstances often beyond their control. Discuss this statement clearly explaining differences between necessity-based and opportunity based entrepreneurship. Outline the major pull and push motivations of entrepreneurship clearly explaining some of the major motivations for choosing entrepreneurship as a career. **(15 marks)**
- b. 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. Outline the framework for integrity in small businesses and discuss ways small business owners can incorporate ethics and integrity into business practices **(15 marks)**

Question Six

- a. There are many routes of entering entrepreneurship which include Greenfield startups, franchising, joining a family business or buying a going concern. Each route has its benefits and downsides. Why would you prefer to buy a franchise rather than start a new business or buying an existing business? **(15 marks)**
- b. Family businesses are usually plagued by conflict among family members. Briefly explain problems that exist in family businesses. What are some of the best practices in running a family business that help minimize this conflict? **(12 marks)**

END OF PAPER