



“Investing in Africa’s future”

COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

NMMS 401: ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

END OF SEMESTER FINAL EXAMINATIONS

APRIL 2023

LECTURER: MR T. MASESE

DURATION: 3 HOURS

INSTRUCTIONS

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

DO NOT repeat material.

Write legibly.

Credit is given to application of theory and practice

SECTION A

Breakaway Bicycle Company (BBC) is a small Zimbabwean manufacturer of high-end bicycle frames. It was formed to build both mountain 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 Cycling Games to be hosted by Zimbabwe in December 2023 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. Prepare an Executive summary for BBC business plan and briefly explain why the executive summary is often thought to be the most important section of the business plan.
(10 marks)
- b. Create a customer value proposition and the business canvas model for BBC **(15 marks)**
- c. Outline the main sections you would include in the business plan, briefly explaining the contents of each section for the bicycle business **(20 marks)**
- d. You recently visited a friend who knew you had taken an entrepreneurship course when you attended Africa University. 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?" Advise your friend **(5 marks)**

SECTION B

Question 1

Ulemu 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. Ulemu 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. She is aware that you just finished a course in Entrepreneurship and she turns to you for help. Explain to Ulemu how she should go about conducting a feasibility analysis for her business idea. In your explanation, outline the major components of a feasibility analysis and what you include in the first screen.

(25 marks)

Question 2

- a. Explain why you would rather buy an existing business than go for a greenfield startup 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 **(15 marks)**
- b. Discuss the main traits and characteristics of successful entrepreneurs and give relevant examples **(10 marks)**

Question 3

- 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. What is an opportunity? Identify and explain the four essential elements of an opportunity. Using appropriate examples, discuss the three main types of business ideas and the three main approaches to identifying opportunities.

(20 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 4

- 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)**
- b. Recently, a good friend of yours gave a talk to a community group about franchising. Three of the people in the audience approached your friend after the talk to seek further clarification on franchising. They want to understand the concept of franchising and the various forms of franchising that he talked about and need further explanations on the pros and cons of franchising from both the franchisor and franchisee point of view. Unfortunately, your friend has to rush off for a meeting and has asked you to help these people. In brief, what would you say in response to these people's questions?
(12 marks)

-END OF PAPER-