



“Investing in Africa’s future”

COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

NMMS401: ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER 2021

LECTURER: MR T. MASESE

DURATION: 5 HOURS

INSTRUCTIONS

Answer question 1 and any other question

DO NOT repeat material.

Credit is given to application of theory and practice

Question 1

- a. John Gumbo, 17, had just finished helping his mom with a garage sale when it occurred to him that he might create a business to do the same for others and make a little money for college. The idea was to offer a service that would take the headache out of running a garage sale. John would handle all advertising and sale setup, and his experience with other garage sales in the area would allow him to coach sellers on pricing so that items would actually be purchased. He figured he could charge \$200 per job for sales that bring in \$400 or less, but he and the seller would split sales above \$400 on a 50-50 basis. John believes the greatest value added from his services would be from his pricing insights, since most people rarely have a garage sale and thus have little idea about how much to ask for items. Careful pricing would make his customers happy, since they could maximize their sales and minimize the risk that they would be left with the very items they were trying to get rid of. In fact, John planned to keep track of how much things sold for to fine-tune his pricing advice. He estimates that his startup costs would be minimal and would come mostly from the use of his truck and some fuel.
- i. How would you classify John's startup idea? Is it a Type A, B or C idea? Explain **(3 marks)**
 - ii. What was the source of John's startup idea? **(3 marks)**
 - iii. Would you recommend that he give this startup concept a try? Explain your reasoning **(4 marks)**
- b. According to John W. Mullins, the author of the highly regarded book *The New Business Road Test*, failure to properly investigate the merits of a business idea before the business plan is written runs the risk of blinding an entrepreneur to inherent risks associated with the potential business and results in too positive of a business plan. Rudo Murombo, 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. Rudo wants to carry out a feasibility analysis that might be helpful in assessing viability of her idea and avoid falling into the "everything about my opportunity is wonder" mode. If Rudo turned to you for help, what would you tell her about how to carry out a feasibility analysis? **(20 marks)**

Question 2

- a. You have been asked by the local chamber of commerce, ZNCC, to present at a two-hour workshop on how to write an effective business plan. People who are thinking about starting their own business but do not currently have a business plan will attend the workshop. Prepare a PowerPoint presentation detailing what you would cover in the two-hour session. Explain the key elements of a business plan and the critical importance of a business plan to a new start up. **(15 marks)**

- b. 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 get funding?” How would you respond to your friend’s request for feedback in not more than 3000 words? **(15 marks)**

Question 3

- a. Define entrepreneurial ethics and integrity and explain the benefits to small businesses of operating ethically and doing business with integrity. Discuss ways small business owners can incorporate ethics and integrity into business practices **(15 marks)**
- b. 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 contained in the BMC, explaining how each is important to the success of any business venture. **(15 marks)**

Question 4

- a. Joseph, a product development specialist at Zishiri Enterprises, plans to write an e-mail message to his dad asking for a loan. The purpose of the loan will be to start a company to sell an environmentally friendly line of cleaning supplies that are suitable for light manufacturing facilities. Joseph has spent the past two years developing the products in his spare time, and wants to convince his dad that the idea represents an attractive business opportunity. What is an opportunity and what makes it attractive? In your opinion, what information and insights about the company he wants to start should Joseph include in the e-mail message? **(15 marks)**
- b. Socioemotional wealth is the concept that gains and losses in nonfinancial characteristics of the relationship between the family and the business affect strategic and policy decisions regarding the family company. Members commit to family business for various reasons and socioemotional commitment of family members to the firm occurs along five dimensions. Discuss this statement and in your discussion include an analysis of why members of the succeeding generation in family firms may have emotional resistance to joining the firm **(15 marks)**

-END OF EXAMINATION -