

**BOTSWANA COLLEGE OF DISTANCE
AND OPEN LEARNING**
In collaboration with
THE VIRTUAL UNIVERSITY
FOR SMALL STATES OF THE COMMONWEALTH
(VUSSC)

Bachelor Of Business And Entrepreneurship

INTRODUCTION TO ENTREPRENEURSHIP
IE211

Sessional Examination

Marks – 100

Time allowed: 3 hours

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1. The examination consists of four sections: A, B C and D.
 2. Begin each answer to a new question on a new page.
 3. Answer questions according to instructions given in each section.
 4. Write answers in the answer booklet provided.
 5. Write in grammatical English.

SECTION A - MULTIPLE CHOICE QUESTIONS

[10 MARKS]

Answer ALL questions.

Each question carries ONE (1) mark.

1. Which of the following is not a characteristic of the typical entrepreneur?
 - A. confidence, in their ability to succeed
 - B. value of money over achievement
 - C. desire for immediate feedback
 - D. a future orientation

2. The primary cause of most business failures is _____.
 - A. lack of capital
 - B. management incompetence
 - C. poor location
 - D. improper inventory control

3. _____ is an entrepreneur's best insurance against launching a business destined to fail or mismanaging a potentially successful company.
 - A. Bankrolling the business with plenty of startup capital
 - B. Creating a solid business plan
 - C. Spending lots of money on marketing and advertising
 - D. Hiring a team of accountants and attorneys as advisors

4. _____ define a company's overall direction and answer the fundamental question, "Why am I in business"?
 - A. Goals
 - B. Strategies
 - C. Objectives
 - D. Key performance factors

5. Which of the following questions should be in the marketing strategy section of the business plan addresses?
- A. Who are my target customers?
 - B. How many potential customers are in my company's trading area?
 - C. What should be the basis for differentiating my business from its competitors in my customers' minds?
 - D. All of the above
6. The aggregation of factors that sets a company apart from its competitors and gives it a unique position in the market is its _____.
- A. mission statement
 - B. competitive advantage
 - C. competitive profile
 - D. strategic plan
7. Shere Vincente operates a travel service that specializes in arranging trips for women, giving special attention to their needs and preferences from security and comfort to activities and events designed to appeal to her target customers. Vincente is pursuing a _____ strategy.
- A. cost leadership
 - B. differentiation
 - C. focus
 - D. positioning
9. Successful marketing requires a business owner to _____.
- A. understand what her target customers' needs, demands, and wants before her competitor can
 - B. offer customer products and services that will satisfy their needs, demands, and wants



- C. provide customers with service, convenience, and value so that they will keep coming back
- D. all of the above.
10. Which phase of the product life cycle is characterized by sales volume climbing, but profits peaking and then beginning to fall as competitors enter the market.
- A. Introduction
- B. growth and acceptance
- C. maturity and competition
- D. market saturation

SECTION B – TRUE/FALSE QUESTIONS

[10 MARKS]

Answer ALL questions. Each question carries ONE (1) mark.

State whether each of the following statements is TRUE or FALSE.

1. Good entrepreneurs are risk avoiders, not risk takers.
2. To be effective, the small business manager should limit strategic analysis to only the two or three most significant opportunities facing the firm.
3. "Improving the company's cash flow" is a good example of an effective objective.
4. Before an entrepreneur can build a successful strategy, they must establish a clear mission, goals, and objectives in order to have appropriate targets at which to aim their strategy.
5. An entrepreneur is one who creates a new business in the face of risk and uncertainty, for the purpose of achieving profit and growth by identifying opportunities, and assembles the necessary resources to capitalize on those opportunities.
6. Research has isolated a set of characteristics that can predict who will succeed as an entrepreneur.
7. The foundation of every business is satisfying the customer.
8. It is important to develop a list of criteria that a potential business acquisition must meet.

9. Without a clear picture of its target market, a business will try to reach almost everyone and usually ends up appealing to almost no one.
10. Entrepreneurs do not accept failure as part of what they do, and ignore it for their next project.

SECTION C – SHORT ANSWER QUESTIONS

[50 MARKS]

Answer all questions

1. Briefly explain the advantages a partnership offers the entrepreneur over forming a sole proprietorship? **(10 marks)**
2. a. What is an "executive summary?"
b. Why is the executive summary often called the most important part of a business plan? In your answer, explain any 5 most important uses of a business plan **(10 marks)**
3. Distinguish between equity capital and debt financing. **(10 marks)**
4. Explain five reasons why entrepreneurs embark on trading globally. **(10 marks)**
5. Briefly describe the following terms:
a. Window of opportunity **(3 marks)**
b. Feasibility Analysis **(3 Marks)**
c. Business Ethics **(2 Marks)**
d. Creativity **(2 Marks)**

SECTION D

[30 MARKS]

ESSAY QUESTIONS

ANSWER ANY ONE QUESTION IN THIS SECTION

QUESTION 1

30 MARKS

Karabo operates the gift and framing shop she started eleven years ago as a sole proprietorship. From a small part-time operation, Gift N' Frame has grown into a successful business with more

than P1,2 million in sales. Karabo has several part-time workers (most of them students from the local college), and her husband Modise and daughter Pearl have helped her with the business for the past several years. Modise has kept his full-time job as a purchasing manager at a local manufacturing company, but has considered working full-time for Gifts N’ Frames, especially since it has grown so fast over the last three years. Pearl who recently graduated from college and has been working as a buyer of gift items for a large department store would like to come back home and help her mother expand the line of gift items Gift N’ Frame offers. Karabo wants to bring both Modise and Pearl into the business and create an ownership interest for both of them. Further, Karabo would like to turn the business over to Pearl when she decides to retire.

“This company has already grown since I first started it as a part-time business to generate a little extra income,” says Karabo. If I had more managerial help, I believe we could grow faster. Right now, the primary constraint on Gifts N’ Frames’ sales is my time. There are only 24 hours in a day, and I can do only so many things in the course of those hours. That’s why I want Modise and Pearl to join the business full-time, I believe they can help us move to the next level.”

Karabo has invested most of her salary and earnings from the business, and the value of her investments now total more than P375,000.00. She also has set-up a self-employed retirement plan that has a balance of approximately P255,000.00. She and Stefan own their own home and are buying a second home in a nearby mountain resort area.

Karabo knows that she must reorganize her company to provide for additional owners, to protect the assets she has accumulated, and to enable her to pass the business on to Rose with minimum of difficulty. She wants to maintain control over the business for several more years until she and Stefan reach retirement age. She wonders which form of ownership would be best to help her accomplish these objectives.

INSTRUCTIONS:

Using the case study above, answer the following questions:

- a. Briefly explain any seven (7) important factors Karabo should consider as she thinks of a new form of ownership for her business. **(15 marks)**
- b. Recommend one form of business ownership to Karabo and give a detailed explanation why you recommended it. **(15 marks)**

QUESTION 2

30 MARKS

Briefly explain any five (5) most important benefits why people want to or do not want to open up their own businesses.