



NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

DEPARTMENT OF APPLIED BIOLOGY AND BIOCHEMISTRY
BACHELOR OF SCIENCE HONOURS DEGREE
MSc APPLIED MICROBIOLOGY AND BIOTECHNOLOGY

ENTREPRENEURIAL SKILLS SBB 6213

JUNE 2011

3 HOURS 15 MINUTES (100 MARKS)

INSTRUCTIONS

Answer Section A, Two (2) Questions from Section B and 1 Question from Section C. The mark values for each question are given in brackets.

SECTION A

Question 1: Compulsory

Drew Pearson Companies: Super Bowl Champ Puts a Cap on Success.

When Drew Pearson, a wide receiver for the Dallas Cowboys, played in his third Super Bowl, he had no idea he'd become the CEO of one of the nation's top designers and manufacturers of sports caps. *"When I left professional football, it was hard to imagine that my earning power off the field would ever eclipse my earning power on the field,"* Pearson reveals. But in the mega buck business of logo-licensed headwear, Drew Pearson Companies (DPC) has racked up some impressive statistics since it was formed in 1985. Sales have skyrocketed from \$3 million in 1985 to \$10 million in 1989 to \$77.5 million in 1993. DPC is one of only six companies to have scored licenses with the National Football League (NFL), National Basketball Association, Major League Baseball, and the National Hockey League . Equally impressive is the fact that DPC is the only company to have exclusive worldwide rights with the Walt Disney Company.

Nickname *"The Clutch"* during his Cowboy days, Pearson was accustomed to making spectacular plays. But DPC's superstar rise in the headwear industry hasn't been without a few fumbles along the way. *"Of course, being a former NFL player, I thought the natural thing would be to approach the NFL first,"* Pearson says. "Roger

Staubach, who was an initial investor, and I went to New York to meet with NFL Properties. The meeting lasted maybe 35 minutes. They just told us no."

In time, Pearson proved that OPC had the financial resources and capabilities to produce quality products, and it became the first minority -owned business to secure a licensing agreement with NFL. But more important, OPC discovered its competitive edge. *"What's really set us apart from our competition is our innovative design."* Pearson admits. Colourful, intricately stitched hats with names like "The Jagged Edge "are OPC's trademark. Early on, OPC embraced technology to create its fashion-forward caps. *"We were able to bring together in our creative services area the first computer that generated art that could show three -dimensional variations in designs- forward looks, backward looks - things that our competition had no clue as to how we were generating. While they were trying to figure out the technology, we were gaining market share,"* OPC president Ken Shead explains.

In 1995, OPC shipped 30 million trendsetting caps to 7,500 retailers throughout the United States, making it the industry's fastest growing headwear company.. The company's aggressive growth has been the payoff for Pearson's winning vision. *"We knew that the sports licensing industry, especially in the headwear category is very competitive. We had to do something to set ourselves apart."* OPC began courting the entertainment industry and was rewarded with lucrative licensing rights to feature Mickey Mouse, Looney Tunes characters, the Flintstones, Barney, Garfield , and other pop-culture icons on OPC headwear. *"Our number-one-selling hat is Mickey Mouse, "* Pearson says. *"It outsells the NFL; it outsells Major League Baseball; it even outsold the Chicago Bulls with Michael Jordan.'*

Impressive sales in the domestic market have served as a catalyst for OPC's expansion worldwide. *"OPC is a global company. We made that decision to focus on the international market worldwide approximately three years ago."* Mike Russell, executive vice president of marketing, says. *"From the standpoint of developing products to sell internationally, we're somewhat unique in our industry since Mickey Mouse doesn't change whether he's sold in the Far East or Central America. We have a definitive line of products that transcend international markets, and the demand for American logo products is continually growing internationally."*

With new products and new markets on the horizon, Orew Pearson Companies is poised to extend its winning streak well into the next century. But the formers NFL star

turned CEO knows his team can't rest on its laurels. *"When you win a Super Bowl, you're not necessarily satisfied with winning one Super Bowl. You want to go back and win it again. You like the adulations and the accolades that come along with success. We try to implement that same feeling, that same strategy at the Drew Pearson Companies. No matter what level of success we reach, we know there's more to attain.*

There's more to garner. We are not the number one headwear company in the world, and that's a goal of ours."

- a) What myths in entrepreneurship does DPC and Drew Pearson seem to M debunk? (15 marks)
- b) Describe the schools of entrepreneurial thought that may apply to Drew Pearson and his venture. (25 marks)

SECTION B

Answer any two questions from this section.

- 2. The rationale of using family labour in business has been ... that any social relations engendering confidence and trust are essential to the development of entrepreneurship. This is often the case where kin ties prevail because they are necessarily embedded in strong societal and clearly defined norms and in heavy loads of affection . The formula of family labour seems particurly workable in less developed countries where many business are still small scale and wage labour frequently uncommitted to business ventures. Speaking of Kenya , Peter Marris and Anthony Somerset (1971, p.135) comment" .. a *relative treats you business as his own, puts his hand in the till, comes and goes as he likes. And above all, he will not take orders. "*
 - (a) Why do African entrepreneurs continue to employ relatives despite such bad experiences? (10 marks)
 - (b) Discuss the reasons why the relatives display little loyalty to the members of their family who own businesses? (10 marks)
- 3. Recently a government minister came to you. He told you that a white man was selling his farm, a huge farm with many trucks, lots of cattle and so on . The minister wanted you to advance him US\$2 million. The farm cost US\$4 million

You said "You need a letter of agreement between the seller and him. You also need a balance sheet and a business plan. You need all these documents. If you give him \$2 million how is he going to pay the balance?" He did not like all these questions. He felt he was a minister and you should give him the money.'

(a) Speaking as a banker, advise him on the necessity of these documents. (20 marks)

4. Some people see franchising as a "safe" way of owning a business as they are in business "for themselves but not by themselves." Discuss. (20 marks)

(a) In your own words, what is an intrapreneur? (10 marks)

(b) Discuss some of the business pressures that have led to intrapreneurship. (10 marks)

5. Identify and discuss core competencies and enterprenurial activities associated with each competency. (20 marks)

SECTION C

Answer one (1) question from this section

6. Briefly describe the EIGHT intellectual property rights (IPRs) that are recognized under the TRIPs (Trade Related Aspects of Intellectual Property Rights) agreement. (20 marks)

7. "Biosafety regulations on environmental release and monitoring of genetically modified organisms are hampering/obstructing the adoption of biotechnology innovations in developing countries". Discuss. (20 marks)

END OF EXAMINATION

