

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

ENTREPRENEURSHIP - CBU 4109

FINAL EXAMINATION – FEBRUARY 2010

TIME ALLOWED: 3 HOURS 30 MINUTES

INSTRUCTIONS TO CANDIDATES

Answer question **One** and any other **Three** questions from section B.

INFORMATION TO CANDIDATES

- (i) All questions in **SECTION B** carry **20** marks each
- (ii) Questions may be answered in any order
- (iii) As much as possible, use relevant examples
- (iv) This paper contains **Seven** questions.

SECTION A

QUESTION I – COMPULSORY

Case Study

Well Data Ltd

Welldata is an IT support-based company incorporated in 1999, representing the visions of its founder – Phil Clayton. Phil had more than 20 years experience in the IT industry working in project and associated management roles for major IT installations including many blue chip organizations.

Experiencing difficulties in recruiting staff and in team management issues, Phil concluded that there had to be a better way, and decided to set up WellData Ltd. A great deal of IT expertise and innovative approach to IT issues had earned him much praise and stature within the industry, but he had little experience in running a business. Nevertheless he embarked on his journey which proved to be both painful exhilarating.

From its inception in March 1999 the business grew rapidly based on the results of a mail-shot aimed at UK IT installations. The immense interest and subsequent take up

of contracts led to frenzied recruitment of activity in an effort to offer the support promised to clients. This saw the employment of 12 IT experts within a nine-month period whose primary role was to support client systems both on-site and remotely and remotely. The organisation's recruitment, financial structure and operational systems were put under severe strain although this was never apparent to clients.

The events of 9/11 had a dramatic impact on the company as clients sought stability and consolidation as opposed to innovation. A 'batten down the hatches' approach was prevalent fuelled by the virtual collapse of staff movement owing to uncertainty and stability in the job market. Additionally potential clients were not willing to commit to changes such as outsourced resources while the world recovered from the attacks.

WellData found this period very difficult with falling client numbers and a newly appointed workforce of highly paid staff. This led inevitably to redundancy and a battle to convince existing clients to hang on. To further compound these issues the company bankers were unhappy about borrowing in view of the low asset value such a service-based enterprise and general world uncertainty.

The company has weathered the storm, recruited again and is now financially secure with a solid customer base. Phil has now recognized the importance of strategy in matching internal resources to external opportunities and is now an extremely competent entrepreneur.

The general understanding of world events and their effects on business (large or small); a strong financial grasp; the importance of putting right people in the right place at the right time; the creation of appropriate structures and systems and the needs for vision and planning have been valuable lessons. Phil now feels that he has the blueprint for success and understands his role to provide direction and stewardship for his vessel through whatever storms may prevail – *working on the business and not in it is the secret...*

Adapted from Lowe R and Marriott S (2006) **Enterprise: Entrepreneurship and Innovation**. Elsevier, Oxford pp 129-130

From Lowe and Marriot page 130

Required:

- (a) What is the major weakness that you can identify at the formation stage of WellData? **[10 Marks]**
- (b) Comment on the observation that Phil's strategy did not match internal resources to external opportunities. **[10 Marks]**

(c) Using this case show how the 9/11(September11, 2001) events illustrate the impact that world events can have on businesses internationally.

[10 Marks]

(d) What is the significant trait that shows that Phil was an entrepreneur?

[10 Marks]

SECTION B

QUESTION 2

Discuss the relevance of the study of Entrepreneurship to the disciplines of Finance, Marketing, and Communication and Global strategy.

[20 Marks]

QUESTION 3

Discuss the impact of various micro and macro economic factors that can affect the entrepreneur today?

[20 Marks]

QUESTION 4

Identify a role model entrepreneur of your choice and discuss his / her characteristics that match those of a “typical” entrepreneur.

[20 Marks]

QUESTION 5

Discuss the challenges that entrepreneurs in emerging markets face with particular reference to Zimbabwe.

[20 Marks]

QUESTION 6

‘Entrepreneurship does contribute very significantly to economic development and innovation’. Discuss.

[20 Marks]

QUESTION 7

With appropriate illustrations, discuss the three key financial statements that you should include in the Business Plan for your start-up operation.

[20 Marks]

END OF EXAMINATION