

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY



FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

ENTREPRENEURSHIP – CBU 4109

Supplementary Examination Paper

August 2015

This examination paper consists of 4 pages

Time Allowed: 3 hours 15 minutes

Total Marks: 100

Examiner's Name: Dr G V Nani & Mr R Dlodlo

INSTRUCTIONS TO CANDIDATES

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

INFORMATION TO CANDIDATES

1. All questions in Section B carry **20 marks**
2. Questions may be answered in any order.
3. Credit will be given for the use of appropriate examples.
4. This paper contains seven questions.

MARK ALLOCATION

QUESTION	MARKS
1.	40
2.	20
3.	20
4.	20
5.	20
6.	20
7.	20

SECTION A

Question 1

CASE STUDY: UNEMPLOYED FRIENDS HAVE CREATED JOBS FOR ELEVEN OTHERS

Six years ago two Alexandra friends had no jobs, no money and no prospects. Today, Chris Moseneke, 39, and Mphane Tlhoale, 31, have created jobs for themselves and eleven others and own a thriving little empire with interests in cars, art, cell phones and even ice cream.

It all started with a car- wash venture that became very successful. It is patronised by celebrities, including Kaizer Chiefs and Bafana Bafana goalkeeper Brian Baloyi and radio personality Bob Mabena.

Moseneke and Tlhoale opened Eksklusive Boyz Kar Wash in 1997 because they saw no other way to escape unemployment.

Today the Boyz' names are linked with a top Joburg law firm, which is running an art competition in the township. They run an ice cream distribution business; they have ventured into the lucrative business of selling cellphone airtime; and they have plans up their sleeves.

From their informal shop on a busy thoroughfare, the Boyz charge R25 for a complete car wash. On busy days they can make up to R500.

Moseneke says people are attracted to the business because the two partners 'always listen to the customer, make them feel at home, use effective cleaning methods- and 12th Avenue is the safest corner in Alex'. Baloyi says, 'I prefer their car wash because I like their company. Also, it's safe because they respect the customer's property. For instance, if you forget things like money in the car, they will always keep it safe for you.' Unlike many successful entrepreneurs, the Boyz were not tempted to blow their takings. Instead they have ploughed their profits into growing the business. They've equipped their office with a phone, computer, fax and photocopy machine - which locals use for a small fee. Their premises also double as an exhibition space for Alex artists. The aim is to develop local talent and attract customers.

The Boyz now plan to turn their business into a tourist attraction by opening an Internet café, art gallery and coffee bar. 'We also want to empower other youth in other townships by starting a car-wash franchise countrywide,' says Moseneke. 'We can't rely on the government for everything,' adds Tlhoale. 'We want to uplift our community to show that it is untrue that Alex only produces hooligans.' The duo realised that to uplift their community, they would have to woo investors into Alex. The first company to come on board was a law firm, Webber Wentzel Bowens. Inspired by their enthusiasm, the firm partnered with the two to sponsor a young artists'

competition, the winners of which were announced this week. The Boyz' second encounter with the corporate world was with Etienne Marais, the owner of a distribution company, who helped them to secure from Nestle' the rights to distribute ice cream to shops and supermarkets in Alex. 'Starting a business from scratch is difficult, but what I liked about these men was their motivation, courage and potential,' says Marais. 'Now distributing coffee and chocolate is also in the pipeline for them.' The duo have also linked up with Mike Hoof of Plum Mobile to set up kiosks selling prepaid airtime in the township, a venture that has created six jobs. Five other people work in the Boyz' other businesses.

This Case Study was adapted from an article by Chris Nthite, Business Times, 23 November 2003.

Required:-

- a) 'Entrepreneurs enhance the lives of the community.' Using evidence from the case, evaluate this statement. **[10 marks]**
- b) From your knowledge of the term 'competitive advantage', identify Moseneke and Tlhoale's sources of competitive advantage. **[15 marks]**
- c) Show how the entrepreneurial traits possessed by Chris and Mphane have contributed to their current status. **[15 marks]**

SECTION B

Question 2

Discuss the relevance of Engineering, Marketing, Finance, Business Communication and Global Strategy to the study of Entrepreneurship. **[20 marks]**

Question 3

'Universities can no longer be towers of research that are removed from society'. What initiatives should universities take to promote social and economic development of their communities? **[20 marks]**

Question 4

Trace the typical entrepreneurial decision-making process highlighting the significance of each stage to the success of the entrepreneur's business venture. **[20 marks]**

Question 5

Why do most start-ups fail, particularly in developing countries? **[20 marks]**

Question 6

- a) Discuss the various reasons that an entrepreneur has for compiling a detailed business plan. **[15 marks]**
- b) If the Projected Comprehensive Income Statement of a Financial Plan shows that the business will be profitable, why is it necessary to provide a Cash Flow Statement? **[5 marks]**

Question 7

“Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity”(Drucker, P 1985). Show why innovation and entrepreneurship are so closely related. **[20 marks]**

END OF EXAMINATION