

PAC UNIVERSITY
CEN301/ BUE3123: INNOVATION AND ENTREPRENEURSHIP EXAM
ONLINE

ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS

QUESTION 1 **COMPULSORY** **(10 MARKS)**

Read the case study below and answer the questions that follow.

SALMA'S TOTOS' HAVEN

How much thought goes into selecting a baby care for one's child? Some parents will begin the search even before the baby is born, others when their baby is only a few days old while others will be thinking of this when the mother is on maternity leave and no assistance is forthcoming. This was not the case with Salma, a former banker who was determined to find just the right environment for her "beloved" baby's care, in her absence. Salma's quest for the right baby care took her beyond her expectations and today she is the proud proprietor of the famous **SALMA'S TOTOS' HAVEN**.

Salma did not intentionally venture into baby care business. Immediately she got her first child, she extended her maternity leave by taking an unpaid leave for one year. This unpaid leave, she reasoned, would help her bond well with the baby before she resumed duty. During this period, mother and child became so attached to each other - they were inseparable. This strong attachment brought lots and lots of worry to Salma. She wondered what would happen to her baby the day she would report back to work. She knew that she had the options of employing a nanny but their cruelty and uncaring behavior discouraged her.

A friend advised her to consider the baby care services around her place of residence and to Salma's disappointment, these institutions did not meet her expectations. She did not know what to do. In the middle of this confusion, a thought struck her:

Why don't I start a Baby care centre?" She asked herself.

Salma decided to discuss this with her husband Mr. Mabonga. She even suggested to him that she would resign from her well-paying job so as to manage the business herself. According to her, this would be the only way she could see to it that the qualities and features lacking in such services would be found in her venture. She wanted to give customers the best and make her baby care just another home for the babies.

To her disappointment, this idea did not go well with her husband Mr. Mabonga who felt that business startups and the actual operations were too demanding and he made it clear to Salma that he would not be comfortable to expose his young family to these demands. He also argued that there was no need of Salma resigning from a well-paying and stable job as self-employment though appealing, also had its own share of risks. Salma on the other hand tried to make her beloved husband see that self-employment was the way to go for it comes along with myriad of benefits to the proprietors and the community at large. Salma and her husband never seemed to

Innovation and Entrepreneurship

be agreeing on this issue and their relationship was slowly strained. Reluctantly and for the sake of peace in this relationship Mr. Mabonga reluctantly gave in to Salma's request. On her part, Salma assured her husband that she would not go wrong for she was even ready to seek the services of a business consultant to carry out a feasibility study to determine the viability of the proposed business. True to her words, she engaged the services of Biashara Consultants who determined that the proposed venture would be viable. The Consultants also gave a rough figure on the amount of capital needed for start-ups of such a business, something which was way above Salma's expectations. This report on the needed capital did not deter her for in less than one month, Salma had organized a fundraising and invited both friends and relatives to help her raise funds for the proposed venture. The turnout of the fundraising was good for almost exactly what Biashara Management Consultants had suggested was raised. So come January 2010, Salma's Toto's Haven opened its doors to the residents of Syokimau and its environs.

The business started very well for the response of the targeted customers was quite impressive; almost 10 babies at inception and before the end of the first three months. Salma's Toto's Haven was already attending to 50 babies and still young parents and guardians were asking for services as far as Mlolongo and Kitengela.

The growth was quite fast and Salma attributed both the success of entry and rapid growth to the Entry and Growth Strategies recommended by Biashara Consultants. By the third year of operation, **SALMA'S TOTO'S HAVEN** was the talk of town.

Required:

- (a) Explain **TWO** factors that could have contributed to the entrepreneurial behavior exhibited by Salma. **(2 Marks)**
- (b) According to Salma, self-employment is more beneficial compared to paid employment. Discuss **TWO** of these benefits. **(4 Marks)**
- (c) Explain **TWO** risks that Mr. Mabonga feared his wife Salma would face in the process of running her business. **(4 Marks)**

QUESTION 2 **(10 MARKS)**

- (a) Rose is an upcoming entrepreneur who is seeking support on ways to identify an opportunity for her venture. As an established entrepreneur, suggest to her **TWO** factors that she should consider when evaluating a business opportunity. **(4 Marks)**
- (b) "Successful entrepreneurship ventures are highly dependent on innovation." Discuss this statement and provide relevant examples. **(6 Marks)**

Innovation and Entrepreneurship

QUESTION 3 **(10 MARKS)**

- (a) A business plan is a must have document for any entrepreneur. Discuss **TWO** perspectives that an entrepreneur should consider when preparing the plan. **(4 Marks)**
- (b) Felix is putting together an idea for use in his business venture. Suggest to him **THREE** factors that must be evident for his idea to be classified as an opportunity for wealth creation. **(6 Marks)**

QUESTION 4 **(10 MARKS)**

- (a) Feasibility analysis is a critical process for any entrepreneur. Discuss any **TWO** forms of feasibility analysis that an entrepreneur may need to prepare in the process of starting their business venture. **(4 Marks)**
- (b) Explain **THREE** factors that an organization needs to consider as part of its growth strategy. **(6 Marks)**

QUESTION 5 **(10 MARKS)**

- (a) Social Entrepreneurship is a phenomenon that is taking root in many societies across the world. Explain any of its **TWO** functions. **(4 Marks)**
- (b) James wants to set up a computer college. Advise him on any **THREE** factors that he should consider when looking for a location for the business. **(6 Marks)**

QUESTION 6 **(10 MARKS)**

- (a) Explain **TWO** ways in which organizations that embrace information technology can create an innovation culture. **(4 Marks)**
- (b) Chris Kirubi was one of the most successful entrepreneurs of his time. Discuss **THREE** personal competencies of such an entrepreneur. **(6 Marks)**

End of Exam