NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF MANAGEMENT

QUALIFICATION: BACHELOR OF BUSINESS MANAGEMENT	
QUALIFICATION CODE: 07BBMA	LEVEL: 7
COURSE CODE: BES712S	COURSE NAME: SME STRATEGY
SESSION: NOVEMBER 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	DR. CHRIS VAN ZYL
MODERATOR:	MR. RAINER RITTER

INSTRUCTIONS
1. Answer ALL the questions.
2. Write clearly and neatly.
3. Number the answers clearly.

PERMISSIBLE MATERIALS

1. Business calculator

THIS QUESTION PAPER CONSISTS OF 3 PAGES (Including this front page)

QUESTION 1

(a) Rank the **critical success factors** (CSF's) provided in the table below according to the most important through to the least importance. Do you agree with the allocated importance ratings (IR's) in the table? If so, why do you agree? If not, change the importance ratings according to your own perception(s) of what should be the most important to what should be the least important. Justify all your decisions for the changes that you suggest.   **[10 marks]**

CPM: COMPETITIVE PROFILE MATRIX		Petrus		Me		Anna	
CSF's (critical success factors)	IR	PR	WS	PR	WS	PR	WS
1 Communicates in English	0.14	4	0.56	2	0.28	3	0.42
2 Graduate in Business Management	0.07	1	0.07	2	0.14	4	0.28
3 Young and energetic	0.05	4	0.2	2	0.1	3	0.15
4 Able bodied	0.04	4	0.16	2	0.08	1	0.04
5 Access to start-up funding	0.20	4	0.8	3	0.6	2	0.4
6 Creative and innovative	0.10	4	0.4	1	0.1	2	0.2
7 Knowledge of Business Models/Plans	0.09	1	0.09	3	0.27	4	0.36
8 Technology savvy	0.12	1	0.12	2	0.24	3	0.36
9 Drive to succeed in life	0.08	4	0.32	1	0.08	2	0.16
10 Knows where to find start-up support	0.11	3	0.33	1	0.11	4	0.44
	1.00		3.05		2		2.81

(b) Assume you are "Me" in the table above, what exactly would you do to improve your competitiveness relative to "Petrus" and "Anna" respectively? Where do you have a competitive edge on "Petrus" and "Anna"? What should you do to maintain or improve on the competitive edge that you currently have on "Petrus" and "Anna"? **[15 marks]**

QUESTION 2

Consider the information in the table below. Calculate and plot the relevant coordinates onto a Grand Strategy Matrix. Which alternative strategies are recommended? If you are the owner/manager of a fish farming enterprise, convert the suggested alternative strategies into at least 5 specific and practical fish farming strategies.   **[25 marks]**

		Rate:	Coordinates:	Axis:
RMG:	The market is loosing steam (very poor sales)	1		
SMG	The market is contracting with an estimated growth of 0, 7%	-5		y-axis
SCP:	The company is the dominant player in the market	4		
WCP	The sales of the company dropped by 23%	-6		x-axis

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QUESTION 3

A public company listed on the NSX has to decide which option of financing would be the best for obtaining funds for investing in a very lucrative project. The amount of funds needed to invest in the project is N$5 000 000. The company has a yearly turnover of N$28 750 000 dollars; their share price is currently N$1228 per share; the number of outstanding shares is 14 500 000; the bank interest rate is 16% and the company's tax rate is 21%. Calculate which alternative would be the best option to obtain the funds for the investment: a) selling more shares for the full amount, or b) taking out a loan from the bank for the full amount, or c) taking out a loan from the bank for 35% of the required amount and 65% of the required amount from the selling of more shares, or d) taking out a loan from the bank for 85% of the required amount and 15% of the required amount from the selling of more shares? Show all your calculations and indicate how you interpret the findings in each situation.

[25 marks]

QUESTION 4

Determine the Relative Market Share Position (**RMSP**) and the enterprise Growth Rate Percentage (**GR%**) as coordinates from the available information which is provided in the table below. Plot A, B, C & D on a **Boston Consulting Group Matrix (BCG)**. Identify the most appropriate strategies for "**A**". Assume "A" is an enterprise in the **clothing manufacturing industry**. Which 5 specific strategies would you be able to formulate for "A", considering the suggested alternative strategies from the BCG Matrix plot above?

	A	B	C	D
Sales turnover (N$):	35	40	10	25
Growth %:	-10	-5	15	5

[25 marks]

TOTAL MARKS: 100

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