



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF MANAGEMENT SCIENCES**

**DEPARTMENT MANAGEMENT**

<b>QUALIFICATION: BACHELOR OF BUSINESS ADMINISTRATION</b>	
<b>QUALIFICATION CODE: 07BMAR</b>	<b>LEVEL: 7</b>
<b>COURSE CODE: BEM 711S</b>	<b>COURSE NAME: SMALL AND MEDIUM ENTERPRISE MANAGEMENT</b>
<b>SESSION: JANUARY 2019</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>SECOND OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER(S)</b>	Dr DJ DU PLESSIS Mr F VAN WYK
<b>MODERATOR:</b>	MR E MBANGA

<b>INSTRUCTIONS</b>
<ol style="list-style-type: none"><li>1. Answer ALL the questions in the answer book provided.</li><li>2. Write clearly and neatly.</li><li>3. Number the answers clearly.</li></ol>

**THIS QUESTION PAPER CONSISTS OF 6 PAGES (Including this front page)**

**SECTION A**

**[20 MARKS]**

**Choose the correct option and indicate your choice (a-e) next to the appropriate number in the examination book provided. For example 1.1. B.**

**QUESTION 1**

**1.1 Which of the following restraints may be placed on the franchisee?**

- i territorial restraints.
- ii price restraints.
- iii restraints with regard to products and sales.
- iv restraints relating to the franchisee's right to advertise.

A i, ii, iii

B ii, iii, iv

C i, iii, iv

D i, ii, iv

E i – iv

**1.2 Assess which two of the following statements are correct?**

- i The lump-sum payment is usually an initial payment for the right agreed in terms of equipment, assistance, training and advice.
- ii A franchise agreement may provide for additional levies related to specific services of the franchisor.
- iii The royalties may be fixed amounts which are payable periodically.
- iv The franchisee may not be obliged to pay the franchisor an amount for marketing or advertising campaigns.

A i, ii

B i, iii

C i, iv

D ii, iii

E ii, iv

**1.3 The purpose of a self-audit is not to**

- A identify the type of business you will be happy in and make a success of.
- B identify the strengths and weaknesses of the entrepreneur.
- C determine if there is fit between the entrepreneur and the business.
- D create a list of criteria which the business must meet.
- E A and B

**1.4 Where will you start looking for a business to buy?**

- A Businesses on the market
- B Businesses not on the market
- C Suppliers
- D Trade organisations
- E All of the above

**1.5 Businesses on the market are**

- A known businesses for sale.
- B listed in the newspaper and advertised through brokers.
- C in the majority of instances, sold by the owner.
- D all of the above
- E none of the above

**1.6 One advantage of finding a business to buy in the hidden market is**

- A the business is not necessarily in trouble or struggling.
- B people that you trust told you about the business.
- C the business will stay in the hands of the owner because there is no real intention to sell the business.
- D A and C
- E A and B

**1.7 During a \_\_\_\_\_ the irregular cash flows associated with trouble in the previous phase become worse and are constantly negative for long periods.**

- A boom
- B crisis
- C bull
- D bear phase
- E bull phase

**1.8 The first of the five keys to business success is to have an \_\_\_\_\_ and be motivated to achieve.**

- A answer
- B economic model
- C attitude of drive
- D attitude of approach
- E attitude of success

**1.9 \_\_\_\_\_ is your refusal to give up or to let go of your objectives.**

- A Perception
- B Positioning
- C Placement
- D Perseverance
- E Processing

**1.10 Which one of the following statements best describes online demand?**

- A Demand is equal to the number of online users in a country.
- B Online demand is equal to offline demand.
- C Online demand is equal to the online target market size.
- D None of the above.
- E A and C

**(10x2=20)**

## SECTION B

[MARKS 80]

### QUESTION 2

Mr Bohama, recently retired wants to start a business, but due to his lack of business experience prefer to buy into a franchise business. As business consultant outline to him the types of franchise business options available and give practical examples from the Namibian context (9)

### QUESTION 3

A potential entrepreneur approach you, as business consultant, about starting a business from scratch or to rather buy an existing business. Give reasons why it is better to rather start a business from scratch than buying an existing business (10)

### QUESTION 4

**STUDY THE FOLLOWING CASE STUDY AND ANSWER THE QUESTIONS THAT FOLLOW.**

*Velti Events stands as a prime example of how building a business to meet big ambitions can deliver results, no matter how humble its beginnings.*

When Paul Velti started Velti Events in 2009 he never wanted it to be small or even a medium sized business. "My goal was to become the biggest, best and most well-regarded events company in the industry within the next five to six years" he says. He's well on his way to achieving that goal, with corporate clients and events that include the likes of MTV's first-ever Durban July event, Vodacom, Playstation, Proctor & Gamble and MINI, among many others.

Paul started small, but set up the business to meet its ambitious growth targets. "Even though the business was initially just me, I knew I had to create a brand that would be perceived by big corporate to be in line with what they were looking for. Before I launched the business I made sure that the brand guidelines were in place, the marketing material was printed and the website was developed." He's also invested in infrastructure and systems, such as sophisticated tracking software to streamline the events process and minimise issues that commonly arise.

The business has enjoyed considerable growth since Paul started it from home four years ago. Within three months he'd put together a team of four and moved into offices, and by the end of the first year he had ten staff members on board and had quadrupled the turnover. By the end of 2012 he more than quadrupled the turnover again and employs 25 full-time and 25 part-time staff.

Not bad for a business started in the middle of a credit crunch at time when most corporate were cutting back significantly on event and marketing budgets, and many eventing companies were scaling back.

**4.1** Discuss three (3) external growth methods Paul may opted for. **(6)**

**4.2** Wickham, (2006) states that growth of an organisation, due to the multifaceted nature of organisations; entrepreneurs must constantly view the growth and development of the organisation from the perspectives of four types of growth.

**4.2.1** List the (four) 4 types of growth their venture may experience. **(4)**

**4.2.2** Explain the type of growth that characterised Paul's business **(4)**

**4.3** In which stage of growth is Paul's business. Give reasons to support your answer **(4)**

#### **QUESTION 5**

The primary source of returns occurs at the end of the relationship of the entrepreneur and the business, when they want to "cash out" and harvest the profit.

**5.1** Identify and explain other reasons why an entrepreneur may wish to harvest **(6)**

**5.2** During which stage of growth of the business is the best time to harvest the business. Explain **(5)**

**5.3** Identify four (4) examples of harvesting options **(4)**

**5.4** Which principles should be adhere to ensure the maximum return on the harvest of the business **(14)**

#### **QUESTION 6**

Elaborate and give practical examples of seven (7) challenges faced by Namibian small and medium export businesses. **(14)**

**END OF EXAM QUESTION PAPER**