



**PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT MANAGEMENT

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

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Dr DJ DU PLESSIS (Full-and Part Time) Mr F VAN WYK (Distance)
MODERATOR:	Mr E Mbanga

INSTRUCTIONS
1. Answer ALL the questions in the answer book provided. 2. Write clearly and neatly. 3. Number the answers clearly.

THIS QUESTION PAPER CONSISTS OF 8 PAGES (Including this front page)

SECTION A

[20 MARKS]

QUESTION 1

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.

1.1 How can advisory boards help family businesses?

- A They make the family business more formal.
- B They support entrepreneurial behavior.
- C They act as “referee” in quarrels.
- D a and c
- E b and c

1.2 During which stage of growth must the entrepreneur learn to manage time and to delegate?

- A Start-up
- B Growth
- C Maturity
- D Decline
- E Rejuvenation

1.3 The gaining of advantage through being the most efficient operator and competing in the market on the price advantage that is available as the result of this, is known as

- A differentiation.
- B cost leadership.
- C specialisation.
- D economies of scale.
- E price leadership.

1.4 The signs of failure are probably the same for businesses of any size, although the measurement and visibility of these signs might be hampered due to a lack of _____.

- A records
- B size
- C trading
- D success
- E sales

- 1.5 Which one of the following is not a reason for the internationalisation of an enterprise's business?
- A Expansion of sales
 - B Resource acquisition
 - C Diversification
 - D Maximisation of competitive risk
 - E Saturated markets
- 1.6 Which one of the following factors does not affect Namibia's foreign trade pattern?
- A Political factors
 - B Degree of sophistication
 - C Unemployment
 - D Emergence of service-oriented economies
 - E Economic conditions in foreign markets
- 1.7 Which one of the following products or services has the lowest probability to sell online?
- A Books
 - B Clothes
 - C Expensive jewellery
 - D Movie tickets
 - E Tinned food
- 1.8 Banners are best to use to
- A create awareness of the company or product.
 - B attract current clients to the site.
 - C inform registered users of the site about new products.
 - D a and c
 - E a and b
- 1.9 Which of the following statements is true?
- A Without innovation there can be no creativity.
 - B Innovation initiates entrepreneurship.
 - C Entrepreneurship and creativity are prerequisites for innovation.
 - D Creativity and innovation are prerequisites for entrepreneurship.
 - E Entrepreneurship and innovation are prerequisites for creativity.

1.10 Which one of the following statements regarding the distinction between innovation, creativity and entrepreneurship is true?

- a Creativity involves implementing ideas.
- b Innovation involves getting ideas.
- c Creativity and innovation take place by means of entrepreneurship.
- d Entrepreneurship and innovation are necessary for creativity.
- e Entrepreneurship and creativity are necessary for innovation.

(10 x 2 =20)

SECTION B

[80 MARKS]

QUESTION 2

“Only 30 per cent of family businesses are successful into the second generation”. (Nieman and Nieuwenhuizen, 2009).

2.1 Explain the reasons why so many family businesses cannot be successfully transferred to the next generation. Support your answer with examples in the Namibian context.

(10)

2.2 Identify four (4) management styles that may impact succession.

(8)

2.3 Which one of these styles of management may have a positive impact on succession? Why?

(2)

[20]

QUESTION 3

Fabupharm announces expansion

Theresia Tjihenua (The Namibian)

NAMIBIA'S LEADING PHARMACEUTICAL COMPANY, FABUPHARM HAS ANNOUNCED THAT IT HAS EXPANDED ITS BUSINESS WITH A NEW RANGE OF PRODUCTS EXPECTED ON THE MARKET SOON.

According to the company's sales director Carl Brinkmann, the new products expected on the market soon include supplementary as well as skin and health care products such as Suplimax Charcoal Capsules, Suplimax Joint Pain Relief, Suplimax Fibrelle Capsules as well as the Fabupharm Plus cream range.

“We have also, planned launching a new brand of baby products called Ideal For Baby such as Ideal Baby Bottom Baby Balm designed specifically for babies,” he said.z

The company, established in 1989, prides itself on being a wholly-Namibian company and says it plans creating more jobs. “Current investments increased jobs from 35 to 65% with additional investments estimated by 35% growth in jobs. The current investments have enabled the launch of our new product range and we expect a further expansion of products with additional investments,” Brinkmann said.

Brinkmann said the company also plans to invest in the expansion of staff changeover rooms with lockers and toilet facilities that are expected to be completed by August. He also explained that the company has plans for investing in a heat, ventilation and air handling system, air handling extension, bottling plant, filling and capping, conveyers installation, water purifying plant and a steel container.

Fabupharm's managing director Fanie Badenhorst said that the company currently has a range of other new products that are also expected to come on the market soon such as oral rehydration salts and diabetic care products. He said the company has shown a 57% growth in its previous financial year. "We have also spent N\$3,4 million in the 2013 fiscal year to comply with the Good Manufacturing Practice requirements," he said.

According to Badenhorst, the company has also recently invested in clean room technology, internal and external production division, air handling system for air pressure and cooling, sachet filling machine and blending machine and capsule polisher. "Opportunities exist to export our products to surrounding African countries and to growing the market locally. We are also adding value to Namibia by procuring materials locally such as Devil's Claw, Hoodia and Mancetti Oil. Our decision to expand is based on the fact that health care is a growing market," he said

He noted, however, that exporting to South Africa is, unfortunately, impossible due to the ban on the export of medicinal products from Namibia to South Africa. "We are in talks with the relevant stakeholders about lifting this ban, but it remains one of our key challenges," says Brinkmann.

The company currently supplies leading retailers such as Shoprite, Checkers, Pick 'n Pay, Woermann & Brock, Spar, OK Foods and Metro. "However, there are still some foreign retailers that do not purchase Fabupharm products such as Clicks, JetMart, Edgars, Ackerman's, which is unfortunate" said Badenhorst. He said Fabupharm is currently the only Namibian manufacturing facility to produce medicinal products under license from the Namibian Medicines Regulatory Council.

3.1 Identify the main the stages of growth a business may go through in its life cycle. Explain what one can expect to happen during each stage of growth in a business life cycle. (10)

3.2 Business growth and development may be seen from four perspectives. Assess the four interdependent types of growth a business may experience. (8)

3.3 Briefly discuss the key factors that the entrepreneur needs to address during the growth stages of its business venture. (8)

[26]

QUESTION 4

CHRISTINA WALLACE, CURRENT VICE-PRESIDENT OF BRANDING AND MARKETING AT STARTUP INSTITUTE AND FORMER COFOUNDER OF QUINCY APPAREL

After her startup Quincy Apparel with former Harvard Business School classmate Alex Nelson shut down, Wallace stayed in bed for three weeks. She tells *Fast Company* about that hard period of time:

"At this point there weren't any levers left to pull: going without my (measly) salary wouldn't make a dent and my credit card limits weren't close to enough to float us until the next season launched. One of the difficult parts of fashion is the cyclical nature of sales around the seasons—and the cash required to launch the spring season was far more than we had left. I took a train from the Valley up to San Francisco and met with two mentors, who agreed that it was the end of the road for Quincy. After it was all over I spent three weeks straight in bed. Then after 21 days of sleeping, crying, I put on my big girl pants and rejoined the world."

"And I learned to be as open about my failure with my friends and family as I was willing to be about my successes. Startups are not just what you read in the press. The real story is much more volatile and human, and we do our community a disservice pretending otherwise. I don't celebrate failure for failure's sake, but I think there is something amazing about trying to do something at the edge of possibility and potentially failing at it. Senator McCaskill recently said at a *Politico* conference that 'winners are those who are willing to lose.' I really like that mentality."

Source: <http://www.fastcompany.com/3029883/bottom-line/11-famous-entrepreneurs-share-how-they-overcame-their-biggest-failure>

4.1 Identify and briefly explain the principles of restructuring (turnaround) to ensure a successful turnaround process. (10)

4.2 State the options if a turnaround is not practical, because the business venture already slipped too far down the failure slide. (3)

[13]

QUESTION 5

5.1 Did the Internet change the basic principles of starting a business? (5)

5.2 Would movie tickets be a good product to sell over the Internet? Why? (4)

[9]

QUESTION 6

Give a brief overview of the opportunities that exist in Namibia that can advance international trade efforts of Namibian small and medium Export businesses. (12)

[12]

END OF EXAMINATION PAPER