



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF MANAGEMENT SCIENCES**

**DEPARTMENT OF MANAGEMENT**

<b>QUALIFICATION: BACHELOR OF BUSINESS MANAGEMENT</b>	
<b>QUALIFICATION CODE: 07BBMA</b>	<b>LEVEL: 7</b>
<b>COURSE CODE: BES712S</b>	<b>COURSE NAME: SME STRATEGY</b>
<b>SESSION: JANUARY 2020</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>SUPPLEMENTARY / SECOND OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER(S)</b>	<b>DR. CHRIS VAN ZYL</b>
<b>MODERATOR:</b>	<b>MR. RAINER RITTER</b>

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

**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]

(b) Assume you are the main decision-maker of company "B" in the **international bus passenger industry** as indicated in the table. Explain exactly what you will do to improve the competitiveness of company "B" relative to companies "A" and "C". Be specific with regards to your improvement strategies considering the mentioned industry. [15 marks]

CPM: COMPETITIVE PROFILE MATRIX		A		B		C	
CSF's (critical success factors)	IR	PR	WS	PR	WS	PR	WS
1 Access to working capital	0.25	3	0.75	2	0.5	4	1
2 Located in a busy shopping center	0.07	1	0.07	2	0.14	4	0.28
3 Employee skills and experience	0.08	2	0.16	1	0.08	3	0.24
4 Marketing of products and services	0.15	4	0.6	2	0.3	1	0.15
5 Profitability	0.03	4	0.12	3	0.09	2	0.06
6 Target market and revenue model	0.10	4	0.4	1	0.1	2	0.2
7 Brand value	0.09	2	0.18	3	0.27	4	0.36
8 Application of high-tech equipment	0.05	1	0.05	2	0.1	3	0.15
9 Customer satisfaction	0.06	4	0.24	1	0.06	2	0.12
10 Environmental sensitivity and sustainability	0.12	3	0.36	1	0.12	4	0.48
	1.00		2.93		1.76		3.04

**QUESTION 2**

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\$1 550 000. The company has a yearly turnover of N\$2 110 000 dollars; their share price is currently N\$53 per share; the number of outstanding shares is 23 500 114; the bank interest rate is 14% and the company's tax rate is 28%. 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 8% of the required amount and 92% of the required amount from the selling of more shares, or d) taking out a loan from the bank for 73% of the required amount and 27% 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 3**

Calculate the **SPACE Matrix** coordinates from the information provided in the table below. Plot the vector and list the suggested alternative strategies. Which specific strategies would you implement if the enterprise operates within the small stock farming industry?

		Rating:	Resultant:	Coordinates:
<b>FS:</b>	Access to capital is a problem	2		y-axis
	The exchange rate is deteriorating	2		
<b>CA:</b>	High quality services provide competitive advantage	-4		
	Located favourably in the center of town	-3		
	Highly qualified and experienced team	-5		
<b>IS:</b>	Reluctance of companies to pay for services rendered	1		x-axis
	Business environment is highly disruptive currently	3		
<b>ES:</b>	Very few competitors are active in this segment of market	-2		
	Low GDP figures are forecasted	-6		

[25 marks]

**QUESTION 4**

Consider the following information. Interpret and plot the relevant coordinates onto an IE Matrix. Which alternative strategies are recommended? If you are the owner of a broom manufacturing enterprise, convert the suggested alternative strategies into specific and realistic strategies. [25 marks]

IFE: INTERNAL FACTOR EVALUATION				
KPI's (key performance indicators)				
		IR	PR	WS
<b>STRENGTHS</b>	1 Offers a high quality value proposition	0.25	3	0.75
	2 Sufficient access to start-up & working capital	0.15	4	0.60
	3 Owner-manager is well experienced in business	0.10	4	0.40
<b>WEAKNESSES</b>	1 Employees are not reliable	0.20	2	0.40
	2 The equipment old and require regular servicing	0.18	2	0.36
	3 Factory rent is very high	0.12	2	0.24
		<b>1.00</b>	<b>CWS:</b>	<b>2.75</b>
EFE: EXTERNAL FACTOR EVALUATION				
KPI's				
		IR	PR	WS
<b>OPPORTUNITIES</b>	1 The export market is lucrative	0.31	4	1.24
	2 Access to many potential customers	0.15	4	0.60
	3 Barriers of entry for this product is high	0.20	4	0.80
<b>THREATS</b>	1 Political uncertainties in potential target market	0.16	1	0.16
	2 Export markets are highly volatile	0.08	1	0.08
	3 Distributors need large storage facilities	0.10	1	0.10
		<b>1.00</b>	<b>CWS:</b>	<b>2.98</b>

TOTAL MARKS: 100