



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF MANAGEMENT, HUMAN SCIENCES AND EDUCATION

DEPARTMENT MANAGEMENT

QUALIFICATION : BACHELOR OF BUSINESS ADMINISTRATION	
QUALIFICATION CODE: 07BMAR	LEVEL: 7
COURSE CODE: BEM 711S	COURSE NAME: SMALL AND MEDIUM ENTERPRISE MANAGEMENT
SESSION: JUNE 2022	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions in the answer book provided.2. Write clearly and neatly.3. Number the answers clearly.4. Indicate your lecturers name on your answer sheet.

THIS EXAM 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.

- 1.1 Which of the following is an advantage of doing a business valuation.
- a. the securing of a business loan is much easier.
 - b. it helps to determine whether there is a fit between the entrepreneur and the business.
 - c. costs that you have to incur later in terms of rectifying situations may be prohibited.
 - d. a and c
 - e. b and c
- 1.2 In order to achieve growth, the venture's ability to attract new..... is important.
- a. customers.
 - b. resources.
 - c. people.
 - d. markets.
 - e. attention.
- 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 Determine the objective of backward integration:
- a. to control the purchase of material
 - b. to control the sale of material
 - c. to control the organising of material
 - d. to control the supply of material
 - e. to control material

- 1.5 When a venture integrates a business that is on the same level of value addition as itself. Then it is an example of
- Lateral integration
 - Horizontal integration
 - Forward integration
 - Backward integration
 - Vertical integration
- 1.6 In succession it is better if
- a child first gains experience elsewhere.
 - a child grows up in the family business.
 - it depends on the situation.
 - A and B.
 - none of the above.
- 1.7 One of the most critical issues in the succession process is
- transparency of the process.
 - selecting the eldest son.
 - handing over as fast as possible.
 - A, B and C.
 - all of the above.
- 1.8 If the existing owner wants to retire and the new leader is still too young to take over on his or her own, the owner can
- appoint a care-taker manager.
 - appoint a mentor to the new leader.
 - neither of the above
 - A and B
 - A, B and C

1.9 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

1.10 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

[10 x 2 =20]

SECTION B

[MARKS 80]

QUESTION 2

Irrespective of the monetary evaluation the potential buyer and seller may use to evaluate a business to buy, it is of utmost importance (according to Timmons, 1999) to be aware of certain traps when buying an existing business. Identify and explain six of these traps potential buyers should be aware of. (12)

QUESTION 3

The franchise concept gives an entrepreneur the opportunity to start a business that has been proven in the marketplace. Argue the case for franchising from the viewpoint of the franchisor, by stating and explaining any 5 factors. (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.

Velti 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 minimize issues that commonly arise.

The business has enjoyed considerable growth since Velti 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 evening companies were scaling back.

4.1 Discuss six (6) internal growth methods the entrepreneur may embarked on. (12)

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

QUESTION 5

5.1 State four (4) fundamental causes of trouble that may leads to business failure. (4)

5.2 Which principles must be adhered to, to ensure a successful turnaround of a ailing business. Elaborate on these principles (10)

5.3 List four (4) harvesting alternatives that an entrepreneur may embarke on (4)

QUESTION 6

Elaborate on seven (7) challenges faced by Namibian small and medium export businesses. (14)

QUESTION 7

The dawn of the internet not only opened new opportunities for major businesses in Namibia, but also for potential or existing entrepreneurs (Nieman & Niewenhuizen, 2015)

7.1 Has the internet changed the basic principles of starting a business? Discuss. (4)

7.2 Evaluate if consumers will acquire expensive jewelry over the Internet?

Why? (6)

END OF EXAM

