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QUALIFICATION: Bachelor of Business Management	
QUALIFICATION CODE: 07BBMN	LEVEL: 7
COURSE: Small and Medium Enterprise Strategy and Leadership	COURSE CODE: BSL712S
DATE: November 2024	SESSION: PAPER 1
DURATION: 3 Hours	MARKS: 100

FIRST OPPORTUNITY EXAMINATION PAPER

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MODERATOR: Dr Chris van Zyl

INSTRUCTIONS TO CANDIDATES

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 5 PAGES (Including this front page)

SECTION A**[20 marks]****Question 1****[10 x 2 = 20 marks]**

Choose the correct option and indicate your choice (A-D) next to the appropriate number in the examination book provided. For example 1. B.

1. Tesla motors has entered a mature market with their electrical vehicles and has succeeded in a highly competitive market. This is an example of a _____.
 - A. product development strategy
 - B. concentrated growth strategy
 - C. cost leadership strategy
 - D. joint venture strategy

2. The _____ in the Business Model Canvas represent the route to market. In other words, the pathway that is used to communicate, market, sell and distribute its products or services.
 - A. strategy
 - B. elements
 - C. structure
 - D. channels

3. Durable Ceramics, Inc., provides inexpensive ceramic tile to builders of institutional buildings such as schools, prisons, and public administration buildings. It has always competed on a cost leadership basis. Most of its products are purchased by a few commercial construction firms, so it is fairly dependent on these construction firms for selling its product. Durable Ceramics' next-most-efficient competitor, Cost-Less Ceramics, Inc., earns average returns, whereas Durable earns above-average returns. The commercial construction firms are putting pressure on Durable to reduce its prices. If Durable reduces its prices below those of Cost-Less's prices, it is likely that _____.
 - A. both Durable and Cost-Less will devise additional ways to become more efficient in their production processes.
 - B. Cost-Less will go out of business, and Durable will gain higher power over its customers.
 - C. Durable will be unable to absorb the lower cost and will go out of business.
 - D. both Cost-Less and Durable will go out of business, leaving the customers with fewer alternative sources of low-cost tile.

4. An analysis of the economic segment of the external environment would include all of the following EXCEPT:
 - A. interest rates.
 - B. trade deficits or surpluses.
 - C. inflation rates.
 - D. income distribution.

5. Strategic options available for maturing industries are the following:
 - i. Get rid of slow-selling products.
 - ii. Trim costs.
 - iii. Increase sales to current customers.
 - iv. Introduce innovation in the value chain.
 - v. Increase selling price of products.
 - A. i, ii, iii & iv
 - B. i, iii & v
 - C. ii, iv & v

- D. All of the above
 - E. None of the above
6. Effective strategic leaders will base their decisions on ...
- i. honesty
 - ii. trust
 - iii. integrity
 - iv. intuition
 - v. shrewdness
- A. i, ii & iii
 - B. iii, iv & v
 - C. i, iv & v
 - D. All of the above
 - E. None of the above
7. The following are components of a mission statement:
- i. Product/service
 - ii. Market
 - iii. Technology
 - iv. Staff competencies
 - v. Growth
- A. i, ii, iii & v
 - B. ii, iii, iv & v
 - C. i, iv & v
 - D. All of the above
8. Reporting on the triple bottom line is referred to as ... reporting.
- A. sustainability
 - B. financial
 - C. honest
 - D. predictable
9. As part of evaluating the technological environment, an organisation must be aware of technological changes that might influence its industry in order to avoid which of the following impacts?
- A. Loss of goodwill
 - B. Loss of profit
 - C. Obsolescence
 - D. Loss of market share
 - E. Technical debt
10. What does AS stand for in the QSPM?
- A. Alternative strategy
 - B. Active score
 - C. Analysis strategy
 - D. Attractiveness score

SECTION B

[60 Marks]

Question 2

[40 Marks]

Read the case below and answer the questions that follow.

Buddy Industries Case Study

Buddy Industries is a Namibian software technology company specialising in customer communication and experience management. Through its innovative app-based platform, Buddy Industries connects vendors—such as service providers, small businesses, and individual sellers—with customers. Vendors use Buddy's platform to list their products and services, and Buddy Industries manages communication between vendors and their customers. The platform has grown to include several sub-brands, such as YelloBuddy, TravelBuddy, BusinessBuddy, and ConciergeBuddy, each catering to different types of vendors and service providers.

Consider this hypothetical scenario: Buddy Industries is launching a new **AI-driven customer communication platform** designed to automate interactions between vendors and their customers. The AI platform will manage inquiries, provide automated responses, and offer real-time solutions, aiming to make communication more efficient. By offering 24/7 service, the platform has the potential to improve response times and reduce the need for human consultants, allowing vendors to focus more on their core business.

However, there are challenges. Buddy Industries has built its reputation on personalised service and real-time human support, and many vendors rely on these personalised interactions to communicate effectively with their customers. With the shift to AI, some vendors may feel that they are losing the personal touch, which could impact customer satisfaction. Vendors might be concerned that the AI system won't understand the unique needs of their customers, especially in handling more complex or sensitive inquiries.

At the same time, the introduction of AI presents significant opportunities. By leveraging AI, Buddy Industries could help vendors improve their efficiency and reach more customers. Namibia's growing digital market provides the ideal environment for Buddy Industries to expand its services. However, there are external factors that need to be considered, such as the readiness of some vendors to adapt to AI-based systems and the potential reluctance of certain customer groups to engage with automated services.

- 2.1. Describe two internal factors that could either help or challenge Buddy Industries as it introduces the AI platform. (10)
- 2.2. Describe two external factors in the Namibian market that Buddy Industries must consider ensuring the success of the AI platform. (10)
- 2.3. Describe the key components of Buddy Industries' current business model based on the information provided. (10)
- 2.4. Considering the introduction of the new AI-driven customer communication platform, suggest two ways Buddy Industries could adapt its business model to ensure continued growth and customer satisfaction. (10)

Question 3

[25 Marks]

Calculate the **SPACE Matrix** coordinates for Shoprite Holdings Limited from the information provided in the table below. Plot the vector and indicate which strategies might be feasible for Shoprite Holdings Limited. (25)

Axis x	INTERNAL STRATEGIC POSITION	EXTERNAL STRATEGIC POSITION
	Competitive (CA)	Industry (IS)
	<i>(-6 worst, -1 best)</i> -1 Product quality -1 Market share -3 Customer loyalty -3 Product life cycle	<i>(+1 worst, +6 best)</i> +6 Growth potential +4 Profit potential +6 Technological know how +5 Resource utilisation
Axis y	Financial (FS)	Environmental (ES)
	<i>(+1 worst, +6 best)</i> +4 Return on investment +4 Liquidity +4 Cash flow +4 Risk involved in business	<i>(-6 worst, -1 best)</i> -5 Technological change -3 Demand variability -3 Competitive pressure -3 Price range of competing products

Question 4

[15 Marks]

- 4.1. Explain 5 key responsibilities of a strategic leader. (5)
- 4.2. Many organisations face difficulties when attempting to implement their chosen strategies. These difficulties are often linked to a lack of managerial competencies, which are critical for translating strategic plans into action. Explain five barriers to strategy implementation that can arise due to a lack of managerial competencies. (10)

100 MARKS

END OF PAPER

