

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION
ACADEMIC YEAR 2008/2009

TITLE OF PAPER: Small Business Management
DEGREE : Bachelor of Commerce
COURSE NUMBER: IDE/BA 415
TIME ALLOWED: Three (3) hours

INSTRUCTIONS

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDY SECTION (A) IS COMPULSORY
3. ANSWER ANY THREE QUESTIONS FROM SECTION B

NOTE: You are reminded that in assessing your work, account will be given of the accuracy of language and the general quality of expression, together with the layout and presentation of your final answer.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

GOOD LUCK!!!

SECTION A

Lazee Cook Meals

Too many household have two incomes with both parents working on a fulltime basis. They battle over the cooking roster after a long day at work and find supermarket lines and decisions on what to cook cumbersome. However, the nostalgia for home cooked meals versus eating out remains. Enter Lazee Cook Meals Pty Ltd. Jacob Kunene a bachelor living in Mbabane with his steady UNISWA graduate girlfriend, tired of fast food and fighting over whose turn it was to cook, thought it would be great to have the meals planned and ingredients at his fingertips. After months of marketing research, and business planning, Lazee Cook Meals was established. The product is a combination of menu planning and grocery delivery. A complete package of groceries and recipes for a week's meals is delivered to a customer's door. The target market consists of young urban professionals living in two income household with limited leisure time, high disposable income.

The objective is to develop a customer base of 400 households by the end of the third year after start up. The level of operation will produce a new income of about E120,000 per year. The capital required to establish the project is E258,000. Mr. Kunene will invest E183,000 from personal savings. The remainder will be financed through bank loans.

The product consists of a meal planning and grocery shopping and delivery. It offers a limited selection of preplanned five dinner packages. The criteria for meal packages will be balanced nutrition, premium quality. The most efficient method for preparing the meal shall be presented with recipes requiring no more than 20 minutes preparation time. The enthusiastic response and positive market research results led Mr. Kunene to believe that he had a good and innovative idea. He is already considering future growth strategies for the business.

Other businesses in the Mbabane area dealing in grocery supplies and meals consist of supermarkets, restaurants and delivery pizza chains. The marketing strategy consists of advertising in the local newspapers, radio, an internet web page and a direct mail brochure. Sales promotions will offer large discounts to first time customers for the first six months.

Mr. Kunene is convinced that he is onto a winning idea and is already exploring various options for business growth and expansion in order to increase sales. He is already thinking of expanding his customer base by opening a branch in Manzini.

- (a) Describe the nature of the competitive environment using a SWOT analysis of the business versus its competitors (10 marks)
- (b) Because of the newness of the product, the promotion and advertising will be essential at start-up. Analyze the market strategy in terms of sufficiency for a new product. (20 marks)
- (c) Discuss the ways by which Mr. Kunene can attain his objective or desire to grow and expand the business. (10 marks)

SECTION B

Question 1

"Artists are the only creative beings" Do you believe this statement? Describe the role of creativity in entrepreneurship. (20 marks)

Question 2

It is often said that bigger is better, and most entrepreneurs seem to accept this belief: They want to see their companies grow rapidly. There are various ways of expanding a business including joint ventures, mergers and acquisitions. Discuss why one would opt for these strategies instead of merely increasing ones investment into the business? (20 marks)

Question 3

You wish to start an agro-processing business in Swaziland. Describe the finance options available and potential sources of funding. Which are the most suitable and why? (20 marks)

Question 4

What marketing control techniques would you engage for a **baby toys** company? (20 marks)