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(University of Choice)

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY

(MMUST)

MAIN CAMPUS

UNIVERSITY EXAMINATIONS 2022/2023 ACADEMIC YEAR

SECOND YEAR EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: BCB 204

COURSE TITLE: ENTREPRENEURSHIP

DATE: TUESDAY, 13TH /12/2022

TIME: 3:00 – 5:00PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

QUESTION ONE

INSTRUCTIONS:

Read the following case study and answer the questions below.

“I Can’t Believe It’s Yogurt!”

“I can’t believe it’s yogurt,” an outburst by an obscure customer, became the founding name of one of the nation’s most successful new ventures. The company – the I Can’t Believe It’s Yogurt! – is the result of hard work and solid planning by founders Julie and Bill Brice. In 1979, Julie and Bill were students in Dallas, Texas. Julie had only recently completed her introductory courses in business at Southern Methodist University, and the brother-and-sister team were busy working at a local ice cream shop to help pay college costs. Before the year ended, they had purchased the shop and converted from ice cream to yogurt. The idea came to them as their friends and students became preoccupied with low-calorie foods and health-conscious diets. Yogurt fit the bill.

Julie and Bill worked 70 to 80 hours a week in their store, expanded to a second store, and managed to carry a full load of courses at SMU. Both graduated with honors and soon set about creating Brice Foods, Inc., the parent firm of their current system of franchise operations. During those early years, however, the Brices behaved more as students running a pair of small businesses than entrepreneurs trying to create an integrated company. They admit that they did little planning beyond ways to make ends meet. The venture was little more than a classroom exercise in entrepreneurship and the Brices only had \$10,000 tied up in equipment when they started. The weekly income from sales returned that investment quickly.

After they graduated and began thinking about their careers, the notion of Brice Foods as an expanding franchise business pushed them into systematic planning. For both, planning was the most difficult part of business, and it consumes much of their time today. Nevertheless, planning has paid off.

The first stage of planning focused on creating a small chain of dozen stores. Franchising was not yet a consideration but costs were. The cost of buying yogurt mix for a chain was too high to provide good profit margins, and through careful cost analysis, the Brices decided to build their own factory to produce the mix. Within a year after accomplishing this feat, they found themselves trying to manage too many locations and decided to franchise, an effort that meant major expansion and a new corporate format. By 1985 they had made the transition and had opened franchises in

nearly 20 states. This expansion also created a distribution problem, so further changes resulted in plans for a fully integrated company.

Today, Brice Foods, Inc., includes a European purchasing network for yogurt ingredients, a large dairy that provides millions of gallons of milk needed for ICBIY stores, yogurt production facilities, and two distribution systems. One is directed at franchises and the other supplies a wholesale market for the ICBIY producers to major grocery chains such as Safeway, Krogers and Skaggs.

Julie and Bill Brice are innovators who have expanded into cookies and other food lines to complement yogurt. They have a franchise network of nearly 200 stores and expect to triple in size during the 1990s. Ranked among the top ten "under -30 entrepreneurs" in the United States, the Brices point to an extraordinary record of having no franchise failures. Success, they conclude, is due largely to comprehensive business planning and training provided to franchisees.

The Brices have a vision for success and they are determined to be the best in their field.

They want every customer in every store to be 100 percent satisfied, and they instill this philosophy in their franchisers. Both are also active in community affairs and sponsor a nationwide scholarship contest for "new business plans" through the Association of Collegiate Entrepreneurs. They attribute their success partly to excellent business planning, and although they did not plan their initial venture, planning was paramount to building the company beyond their first two shops near SMU.

Sources: Roger Thompson, "Business Plans: Myths and Reality," *Nation's Business*, August 1988, pp.16, 20. Also Julie Brice, "Focus on Youth," Keynote address at the Association of Collegiate Entrepreneurs convention, Washington, DC, March 12, 1988.

REQUIRED;

- a) What form of business enterprise is ICBIY? (3marks)
- b) Identify entrepreneurial characteristics exhibited by Julie and Bill which correspond to characteristics described for successful entrepreneurs. (8marks)
- c) What planning challenges faced the Brices in the beginning when they defined the business as more than two local shops? (8mks)
- d) Bring out what you feel to be the key success factors for Brice Foods. (8marks)

- e) Based on what you know about Julie and Bill, were they innovators? Explain your position. (3 marks)

Question Two

- a) Ms Zora Hassan a TV actress has just been retrenched and feels that starting and managing her own business is now the way forward. She has requested you to advise her on how she can get business ideas and select the best to pursue.

Required;

Advise Ms Zora Hassan by writing a comprehensive report on business idea generation and the screening to select the best idea from the list. (10 mks)

- b) How has Abraham Maslow's hierarchy of human Needs at each of the five levels influenced entrepreneurial opportunities among Kenyan businesses? (10mks)

QUESTION THREE

- a) In your own opinion, why do you think entrepreneurship is an important driver for economic growth and development in Kenya (10 marks)
- b) Jane Robins a Bachelor of Commerce student at Masinde Muliro University of Science and Technology opened a small business enterprise in Kakamega town centre. One year later, the business closed. Discuss some of the factors that could have led to the closure and possible mitigations that could save Jane's business from collapse. (10 mks)

QUESTION FOUR

- (a) Identify and explain key traits that define entrepreneurial personality (12 marks)
- (b) There are several sources of business finance to aspiring entrepreneurs for startups. What factors should they consider in selecting an appropriate source? (8mks)

QUESTION FIVE

- a) Explain any five challenges of Sole Proprietorship (5 Marks)
- b) One of the very first steps an entrepreneur must undertake is translating an idea to paper in form of a Business plan. Define a Business Plan and discuss five components of a business plan.

(15mks)