UNIVERSITY OF KWAZULU-NATAL, PIETERMARITZBURG
SCHOOL OF MANAGEMENT, HONOURS PROGRAMME
EXAMINATIONS: November 2008

COURSE: Honours
MODULE: Entrepreneurship, Innovation and Venture Creation
CODE: ENTR 7B0P2

DURATION: THREE (3) HOURS

TOTAL MARKS (100)

Internal Examiner: Prof Charles O'Neill

External Examiner: Mr. Jos Welman

NB:
STUDENTS ARE REQUESTED IN THEIR OWN INTEREST TO WRITE
LEGIBLY AND IN INK.

INSTRUCTIONS:

1. ENSURE THAT YOUR STUDENT NUMBER APPEARS ON EACH ANSWER
   BOOK/SHEET IN THE SPACE PROVIDED
2. ALL EXAMINATION QUESTION PAPERS ARE TO BE HANDED IN WITH
   THE ANSWER BOOK(S)
3. ANSWER ANY FOUR OF THE FIVE QUESTIONS.

THIS EXAMINATION PAPER CONSISTS OF 3 PAGES (INCLUDING THIS
COVER PAGE). PLEASE ENSURE THAT YOU HAVE ALL OF THEM.
ANSWER ANY FOUR QUESTIONS

Question 1 (25 Marks)

a) Differentiate among the following concepts by providing a short definition of each and an appropriate example: (10)
   - Inventor (2)
   - Innovator (2)
   - Entrepreneur (2)
   - Inventrepreneur (2)
   - Franchisee (2)

b) Explain what creativity means and what existing businesses can do to enhance creativity in their businesses (10)

c) Identify a creative business in South Africa or in your home country and explain what they have done to become and remain creative (5)

Question 2 (25 Marks)

a) Describe the ideas generation technique: systematic Innovation and apply it to a new hotel in the Natal Midlands (15)

b) Should this hotel seek competitive advantage, explain what is meant by the concept competitive advantage (4) and provide guidelines on how the hotel could determine and establish its competitive advantage in the market (10)

Question 3 (25 Marks)

a) In order to determine the most appropriate price for a product or service, an entrepreneur has to consider various factors that might interact with each other. Name any eight (8) of these factors. (8)

b) If variable cost per unit is R6.98 and the entrepreneur plans to produce 100 000 units and fixed costs are R 220 000, what would the selling price per unit be? Show all your calculations. (7)

c) Describe the common methods of establishing an advertising budget. Which method is most often used? Which technique is most often used? Explain why? (10)
Question 4 (25 Marks)

You are required to design a framework for a feasibility study to an entrepreneur who plans to start either a hardware shop or a supermarket from scratch. Provide all the headings and relevant subsections of the prospective feasibility study as well as guidelines and strategic advice with regard to each sub-section.

Question 5 (25 Marks)

a) Calculate the monthly sales turnover required to breakeven in a retail business if markup percentage is 50%, and fixed costs are R 100 000 per month. Show all your calculations. (8)

b) What would the required turnover be if you would like to realize a net profit of R20 000 per month? Show all your calculations. (5)

c) Explain briefly how you would plan a scientifically based market research project, (7)

d) There are some crucial provisions to be made in a capital budget of a business that starts from, scratch. Name and explain these provisions. (5)

TOTAL: 100