



FACULTY OF MANAGEMENT
DEPARTMENT OF BUSINESS MANAGEMENT
FINAL SUMMATIVE ASSESSMENT

SUBJECT: Entrepreneurship & New Venture Creation 3
CODE: ENVC301
DATE: 23 November 2016
TIME ALLOWED: 180 Minutes
TOTAL MARKS: 100

ASSESSORS: Mr J Davids
MODERATOR: Mr L Bekink (practicing entrepreneur)
NUMBER OF PAGES: 4

INSTRUCTIONS:

1. This is a closed-book assessment.
 2. Question papers must be handed in together with your answer books.
 3. Read the questions carefully and answer only what is asked.
 4. Answer all the questions in the answer book.
 5. Number your answers clearly.
 6. Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
 7. Structure your answers by using appropriate headings and subheadings.
 8. The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
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SECTION A**[40 MARKS]****QUESTION 1****[20 MARKS]**

- 1.1 **Define** entrepreneurship. (2)
- 1.2 **Compare** a small business and an entrepreneurial venture in terms of start-up motivation, growth potential, innovation and strategic orientation. (8)
- 1.3 New venture creation involves entrepreneurs who recognise opportunities and take appropriate actions to create a new venture. **Identify** and **describe** the five (5) major steps of the entrepreneurial process. *Mark allocation is as follows 1 mark for naming the element and 1 marks for describing it.* (10)

QUESTION 2**[20 MARKS]**

- 2.1 The form of organisation that an entrepreneur chooses has far reaching effects on the functioning of the organisation. **Differentiate** between any five (5) forms of organisation on the basis of liability for debt, continuity and financing possibilities. *1 mark for factor description per form.* (15)
- 2.2 When the entrepreneur compiles the business plan for the new venture, it is useful to set goals for the business. **Describe** the five (5) requirements of clearly defined and executable goals. (5)

SECTION B**[60 MARKS]****Read the following scenario and answer question 1.**

Estimations based on scientific study suggest that 20 000 people are potential tourists in the Bushbuck region. Four students have identified a opportunity in the adventure sector. They plan to buy the piece of land and to set a base camp from where they plan to offer adventure packages to the thrill seekers. There are 5 000 adventure seekers in the area. The student entrepreneurs have established that there is only one adventure business called Eagle Wings operating in the market. Adventure offerings are seasonal and an average package costs R10 000.

The students decided to name their new venture Zoom-Zoom adventures. They only have one other concern that is none of them is familiar with the Bushbuck region. The team has a complimentary skill-set including a Chartered accountant, a Biologist, Lawyer/outdoor fanatic and trained field guide. Each student will contribute R50 000 toward starting the venture. The students also have the support of their families who have offered to borrow them some money if they needed it. The land has been secured and costs of R50 000, the base camp will be built for R90 000 and basic office equipment expenditure amounts to R5 000. Other costs for the season (three months) are wages and salaries: R40 000, materials: R30 000 and water & electricity: R2 000.

The Zoom-Zoom team have recently learnt that a new business called Vuka adventures will enter this market sometime in the next five years and also that the Bushbuck region has been declared an official heritage site.

QUESTION 1**[20 MARKS]**

- 1.1 **Calculate** the total market potential for adventure seekers in the region. (3)
- 1.2 **Calculate** the market share for Zoom-Zoom adventures. (3)

- 1.3 **Calculate the** total start-up capital requirement for Zoom-Zoom adventures by using a start-up balance sheet. **Indicate** how much money must be borrowed from family members. (10)
- 1.4 **Do** a SWOT analysis for Zoom-Zoom adventures by identifying examples of each element from the scenario. (4)

QUESTION 2**[27 MARKS]**

Discuss in detail the nine (9) standard sections of a business plan. *Mark allocation is as follows 1 mark for identifying the section, 1 mark for describing the section and 1 mark for indicating what each section contributes towards the overall business plan.*

QUESTION 3**[13 MARKS]**

- 3.1 **Explain** what is meant by the term 'corporate entrepreneurship' (4)
- 3.2 **Discuss** the importance of corporate entrepreneurship for an existing large organisation. (9)

END OF ASSESSMENT