



COLLEGE OF BUSINESS AND ECONOMICS
JOHANNESBURG BUSINESS SCHOOL
DEPARTMENT OF BUSINESS MANAGEMENT
SUPPLEMENTARY SUMMATIVE ASSESSMENT

SUBJECT: Entrepreneurship 2B
CODE: EMT2B01/INT2B01/ETS22B2
DATE: December 2017
TIME ALLOWED: 150 Minutes
TOTAL MARKS: 125

ASSESSOR: Mr J Davids
MODERATOR: Mr C Schachtebeck
NUMBER OF PAGES: 7

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 provided.
 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.
-

QUESTION 1**[47]**

Read the following scenario and answer questions 1.1 and 1.2.

Curro's ship is sailing

As private education specialist Curro Holdings moves closer to its 80:20 vision of having 200 schools on 80 campuses by 2020. The company has identified new growth vectors. Curro has the potential to operate 500 schools by 2030 – nearly five times more than its 110 schools on 47 campuses it operated for the six months to 30 June 2016. Curro's chief executive officer (CEO) Chris van der Merwe said the company's aggressive growth momentum won't be stopped when it reaches its 80:20 vision with 90 000 pupils in its stable. The company occupy 0.72% of South Africa's total school population when benchmarking its targeted 90 000 pupils in its private schools with 12.5 million pupils in the country.

"Let's say if we get to 3%, we can be three times more than the targeted 80 campuses. What we are saying is that the opportunities are there and the demand remains high," he told Moneyweb. Underscoring the opportunities for growth in private education, van der Merwe said international trends for pupils accommodated by private or independent schools is 20% while South Africa is "5% to 6%".

Bolstering affordable private schooling

Curro has a something-for-everyone approach – with its offering for different affordability segments as fees typically range from R12 000 to R90 000 annually. Van der Merwe said the company will bolster its new Curro Academy affordable offering, with fees costing about R1 700 per month, by building more schools.

One of the areas targeted is Soweto, which will add to its Curro Academies in Mahikeng in the North West, Soshanguve in Pretoria and Cosmo City in Johannesburg.

"There is also a huge demand for this product in the rural areas. We propagate affordable private schooling because we want to help South Africa and the quality of education in the country," said Van der Merwe.

Curro has an expansion pipeline of over R1.4 billion which includes nine new campuses, the expansion of existing campuses and land-banked sites for new schools.

Moves into tertiary education

Another growth avenue for Curro is the tertiary sector. Curro owns the Embury Institute for Teacher Education which is a teacher training operation, with a campus in KwaZulu-Natal (Durban) and is currently constructing a campus in Waterfall Estate in Midrand and has bought a building in Pretoria. "We want to move into this space in a controlled fashion. We don't want to lose our focus on our successful school division. We have set up a professional team on the tertiary side," said Van der Merwe. "Our professionals are trained and developed to follow the Curro-success model that ensures consistency in strategy implementation."

Curro is considering offering degrees that are beyond teacher training but it's a slow process because of the tough regulatory environment. ADvTECH is already playing in the tertiary education space with institutions such as Varsity College, The Independent Institute of Education, Rosebank College, Vega (an advertising and marketing institution) and The Business School in its stable.

Curro's inside story

Since listing on the Johannesburg Securities Exchange (JSE) in July 2011 Curro has been one of the most talked about shares in the country. The company has grown its share price by more than 700% over this time. It has been a remarkable growth story, not only because of how incredibly lucrative it has been for investors, but because of what the company does. Schooling hardly seems like an attractive business, but led by a passionate CEO such as Chris van der Merwe, Curro has proved to be the right idea at the right time.

Providing affordable, high quality education is without doubt South Africa's biggest challenge, and Curro has shown that it's not simply a problem that should be left up to the state to solve. There are real opportunities for the private sector to become involved, not simply out of charity, but because it makes good business sense.

Curro is a remarkable example of how a business can be enormously profitable and serve society at the same time. Consider that around 30,000 of Curro's 42,000 learners come from previously disadvantaged communities. Across all its schools, it maintains a matric pass rate of over 99%.

Curro employs roughly 5,000 staff members, of which 2,700 are educators. It also assists the state in the professional development of teachers. Van der Merwe explains Curro's inner workings as follows "We have a competent management team in which each manager is responsible for his or her area. The team goes through everything but spend enough time on debating new ideas until we have consensus. Our employees are also allowed the space and time for innovation and we incentivise great ideas. So what does the future hold? We don't want to move too fast, or too slowly, because if you build too many schools –as a matter of fact, as we are speaking now, we can literally go and build 52 new schools next year. We won't do that because then your J-curve is long again. So there is a calculation that we did that the ideal speed, according to us, is approximately 15 to 18 schools per annum and we will carry on at that set pace."

These are what Van der Merwe calls the "untold stories" – the meaningful way in which the company is contributing to the future of this country. The telling thing is that these cannot be separated from the success of Curro as a business.

It is such a great company precisely because of what it does. And that is a great lesson to all entrepreneurs. The first trade in Curro shares in 2011 was at R5,50 per share. They now change hands at around R40 per share.

Source: Adapted from <http://www.moneyweb.co.za/news/companies-and-deals/curros-ship-is-sailing/>

Source: Adapted from <http://yourneighbourhood.co.za/the-story-of-curro/>

Source: Adapted from <http://www.moneyweb.co.za/moneyweb-radio/curro-interims-heps-up-51/>

1.1 Perform the entrepreneurial health audit to Curro by assessing its Entrepreneurial Intensity (8 marks) and Climate for corporate entrepreneurship (10 marks). Interpret your findings and recommend whether Curro is entrepreneurial or not (4 marks). (22)

1.2 **Apply** the five-stage creative process to the conceptualisation of the 'Curro Academy affordable product offering'. [*Mark allocation: 5 marks for listing each stage, 5 marks for describing the stage and 5 marks for application.*] (15)

1.3 Entrepreneurial initiatives can be held back or derailed because of a number of shortcomings of the corporate entrepreneur. **Discuss** the four (4) methods the entrepreneur can use to overcome these obstacles. [*2 marks per method discussed and 1 mark per additional fact provided.*] (10)

QUESTION 2

[31]

2.1 The "entrepreneurial grid" presents five (5) sample scenarios that depict the variable nature of entrepreneurial intensity. It is further generally argued that the structure of an organisation follows from the strategy. An organisation's structure can be organised into one of four (4) categories. **Propose** the most suitable structure for each of the five (5) scenarios in the "entrepreneurial grid". [*Mark allocation is as follows: 1 mark for identifying the sample grid position, 1 mark for describing the structure category and 1 mark for matching a suitable structure category with each grid position.*] (14)

2.2 **Discuss** the strategic integration framework as a perspective that approaches entrepreneurship as an overall orientation that drives an organisation. [*Please note: no illustration required.*] (10)

2.3 **Describe** the concept 'strategic advantage with reference to strategy in entrepreneurship'. (3)

2.4 **List** any four (4) methods for measuring entrepreneurial performance. (4)

QUESTION 3**[21]**

- 3.1 Entrepreneurial imperatives are those aspects of strategic leadership that are inherently entrepreneurial in that they relate to the recognition and/or exploitation of opportunity. **Discuss** any five (5) entrepreneurial imperatives of a top-level executive. (10)
- 3.2 **List** five (5) creative blocks as identified by Roger von Oech (2008) that may stifle creativity. (5)
- 3.3 **Identify** and **describe** the three (3) types of failure that are applicable to organisations. (6)

QUESTION 4**[26]**

- 4.1 Corporate entrepreneurs can build adaptive organisations in several ways. **Identify** and **explain** four (4) approaches that the entrepreneurial manager can use to build an adaptive modern organisation. *Mark allocation is as follows, 1 mark for listing the approach and 1 mark per factual explanation included.* (10)
- 4.2 **Discuss** any ten (10) critical elements of an entrepreneurial philosophy of control. (10)
- 4.3 Existing organisations create new ventures for multiple reasons. However there are two sets of motives that drive the practice of internal corporate venturing.

4.3.1 **Cite** three (3) reasons why an organisation engages in corporate venturing when the overall motive is leveraging. (3)

4.3.2 **Cite** three (3) reasons why an organisation engages in corporate venturing when the motive is learning. (3)

END OF ASSESSMENT
