



**COLLEGE OF BUSINESS & ECONOMICS
JOHANNESBURG BUSINESS SCHOOL
DEPARTMENT OF BUSINESS MANAGEMENT
SUPPLEMENTARY EXAMINATION**

MODULE: Business Management 3A
CODE: BMA3A01 & BMA13A3
DATE: July 2018
TIME ALLOWED: 180 Minutes
TOTAL MARKS: 130

EXAMINERS: Dr M Bounds
Dr H Boikanyo

MODERATOR: Mr Ludolf Smit
NUMBER OF PAGES: 12

INSTRUCTIONS:

- This is a closed-book assessment.
 - Question papers must be handed in together with your answer books.
 - Read the questions carefully and answer only what is asked.
 - Answer all the questions:
 - Answer **Section A** at the back of the answer sheet. Indicate the correct answer as per the instructions.
 - Answer **Section B** in the answer book.
 - Number your answers clearly.
 - Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
 - Structure your answers by using appropriate headings and subheadings.
 - The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
-

SECTION B**[100 MARKS]****QUESTION 1****[82 MARKS]**

Refer to the case study “Passion filters into local coffee brand” and answer the questions.

Sihle Magubane says nothing makes him happier than watching young people creating jobs for themselves instead of waiting for the government to empower them or provide handouts. Had he waited for someone to employ him, he would be still sitting at home, jobless and despondent. Instead, he says he decided to make his own opportunities.

Magubane is the founder and sole owner of Sihle's Brew, a company that produces ground coffee and caters for elite coffee lovers and connoisseurs across the country. It is SA's first individually black-owned coffee brand.

"My biggest challenge was starting a business from scratch. I had to wait for clients to pay before placing another order," he says. "I knew what I wanted, but it was difficult to execute and raise to the next level — especially with the limited capital and resources. That was my major problem." Magubane is passionate about ground coffee and wants to fire up people's tastes and passion for the brew until it equals their interest in excellent food or wine.

Like most people his age, Magubane struggled to find work after finishing school.

"In 2003, I was offered a part-time job to work at the Hilton Art Festival near Pietermaritzburg with my friend, where we served cappuccinos for four days. By God's grace, I was given a chance to further my studies and I was interested in learning more about different kinds of coffee," he says. "The manager of the company, Roberto Monterrage, saw potential in me and decided to give me an opportunity to further my studies. He told me that if I wanted further training, I needed to relocate to Johannesburg. I immediately packed my bags and left Durban for Johannesburg," says Magubane.

He attended a college in Johannesburg, where he studied how to make coffee and worked part-time at different coffee shops. His studies done, he became a barista trainee at the Ciro Coffee Academy, where he obtained an International Barista Skill certificate.

"During my apprenticeship, I learnt that coffee lovers are a discerning lot, and they really understand their stuff. You cannot easily fool them into accepting substandard service, so you have to be on top of your game all the time," he says.

In 2012, he quit his job as a product specialist at Pick n Pay, where he assisted with the openings of the company's concept stores nationwide. His coffee company specialises in roasting and blending coffee beans to deliver an experience like no other.

Four years on, Sihle's Brew is headquartered in Randburg, Gauteng, and the brand is available at selected Spar stores, Fruit and Vegetable stores, Food Lovers Market, hotels, and bed and breakfasts across the country.

Sihle's Brew also provides a full service of mobile barista solutions. They will set up counters, coffee machines and all accessories including branded cups, milk, sugar, and stir sticks for clients. The company also supplies coffee shops with coffee beans, and will train clients' staff to ensure that the best methods are adopted during the brewing process.

Sihle's Brew is one of the few South African coffee brands to align with the Speciality Coffee Association of Southern Africa, a non-profit organisation dedicated to the interests of specialty coffee, and partners in the South African Barista Championships.

"Through intensive staff training, we have helped stores and coffee shops to improve their services.

We do this all the time and we have seen remarkable changes in quality of coffees being offered," Magubane says.

Magubane says his stint as a manager at Pick n Pay taught him a lot that he uses in his business today, especially customer service and handling products. "I was fortunate that I was part of management at Pick n Pay, and every year, we had to complete different training...".

"I've learned that as a businessman, you must be humble and respect everyone you come across, because you never know what the future holds for you. Don't do a job for the sake of getting paid, but love and respect whatever you are doing."

Although Magubane struggled in the first few years after launching his business, the company is now thriving and starting to grow. "I will be happy if my brand does well in SA, and is eventually sold abroad and recognised as one of the best South African brands," he says. Magubane went back to his desk after he was offered a scholarship through the Massmart group to study at the University of Pretoria's Gordon Institute of Business and Science. In March 2016, he graduated with a business diploma.

"Today's challenges are different to those faced by our parents. We need to be educated to start our own businesses, to create jobs, and make a difference. There are more opportunities for young people in this country," he says. "I'd love to see young people making a difference, no matter where they come from, their race or gender," says Magubane. "What displeases me is when people complain and say they don't have jobs, yet they have hands, feet, and brains."

Magubane's biggest highlight so far, was making coffee for former president Kgalema Motlanthe in 2013. "He really loved it."

- 1.1** Explain how the individual learning contributed to Sihle Magubane, and identify the cyclic organisational learning process. Substantiate your answer with examples from the case. **[16 Marks]**

Marks will be allocated for listing each step with a brief outline and for the examples used to substantiate each step.

- 1.2** Critically discuss theory relating to becoming a learning organisation in terms of 'Sihle's Brew'.

Substantiate your answer with examples from the case. **[20 Marks]**

Marks will be allocated for listing the mechanism used and other marks will be awarded for the application and evidence of the mechanism in the study.

- 1.3** Critically discuss the strategic issues that Sihle is likely to face if he decides to expand his business into the rest of Africa. **[20 Marks]**

List the issue and discuss in detail. Provide examples.

- 1.4** Discuss three strategic options that Sihle can employ to grow his company from within. Advise him about what he can do for each option. **[9 Marks]**

- 1.5** There are four generic distinct generic competitive strategy approaches, namely cost leadership strategy, differentiation strategy, focus strategy and best cost provider strategy. Give a brief description of each strategy and provide practical examples of how Sihle can use each strategy. Which one will be the best for his company? Give a reason for your selection **[17 Marks]**

Marks will be awarded for the brief description of each strategy and the practical examples that are provided for each.

QUESTION 2

[18 MARKS]

Critically examine the strategic management process in an organisation of your choice and make recommendations on how the process can be improved. **[18 Marks]**

The discussion should be based on the three main elements of the strategic management process: strategy formulation, strategy implementation and strategic control.

END OF ASSESSMENT