



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	Johannesburg Business School
<b>DEPARTMENT</b>	Business Management
<b>CAMPUS</b>	APK / APB
<b>MODULE NAME</b>	Entrepreneurship 3A
<b>MODULE CODE</b>	EMT3A01 & ETS13A3
<b>SEMESTER</b>	First
<b>ASSESSMENT OPPORTUNITY, MONTH AND YEAR</b>	Final Summative Assessment May 2019

<b>ASSESSMENT DATE</b>	May 2019	<b>SESSION</b>	
<b>ASSESSOR</b>	Dr H Boikanyo / Ms C van Tonder		
<b>MODERATOR</b>	Dr J Le Roux		
<b>DURATION</b>	180 min	<b>TOTAL MARKS</b>	150

<b>NUMBER OF PAGES OF QUESTION PAPER (Including cover page)</b>	5
---	---

#### INFORMATION/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:
- Number your answers clearly.

**STUDENT NUMBER :** .....

**QUESTION 1****[71 MARKS]**

Soweto Gold was a premium microbrewery in the township of Soweto, South Africa. In 2011, one of its co-founders got the idea to start a craft brewery while on an advanced brewing course in London. After a period of soul-searching and research, in 2013, he found a partner to begin producing and marketing a new craft beer. They found early success by focusing their efforts on getting to know the craft beer market and creating a sustainable value proposition. However, by 2016, they faced questions regarding how to grow the market for their iconic brand. How could they better reach some of their untapped markets and cement the brand in the minds of consumers? Should they contract out the brewing to a larger company outside Soweto in order to expand production? The challenge was to act boldly but not make any mistakes.

Source: <https://www.gibs.co.za/about-us/faculty/Documents/GIBS-Case-Studies-booklet-1617.pdf>

- 1.1 List all the factors involved that Soweto gold has to consider when planning to expand their business. (7)
- 1.2 As a young business looking for growth opportunities, would an *alliance* or *exclusive agreement* work better for Soweto Gold? Motivate your answer (4)
- 1.3 Soweto Gold can consider to attract an investor to grow the business. Explain to Soweto gold the process that should be followed to attract investors. (5)
- 1.4 The process of growth needs to be planned and controlled. List and discuss the factors that are required to do so. (6)
- 1.5 Would you consider Soweto Gold business as an entrepreneurial business or a small business? Motivate your choice based on the information in the case study. (2)
- 1.6 Considering the venture life cycle, identify and discuss the stages of growth. Where would you map Soweto Gold. Motivate your answer (12)
- 1.7 Soweto Gold is planning to grow their business, but this requires specific managerial actions. Discuss the factors that Soweto Gold's management has to consider during their growth stage. (8)
- 1.8 Describe two growth strategies that Soweto Gold can consider (4)
- 1.9 Discuss the forms of both the identified growth strategies in 1.10 that Soweto Gold can follow and give practical examples of what they can do to expand. (23)

**QUESTION 2****[32 MARKS]**

Read the case study below and answer the questions that follow:

**Awethu project: values-driven decisions for profit and social impact**

The Awethu Project (Awethu) was a South African-based social enterprise that operated as a venture capital and investment firm for small, medium, and micro-sized enterprises. The company was widely acknowledged for its social mission of creating jobs and benefiting society while maximising profit. In March 2016, Awethu's leaders signed an agreement with a prominent South African corporation, which could allow Awethu to operate within a higher segment, bringing the company closer to fulfilling its strategy. But Awethu continued to wrestle with a number of challenges, such as its socioeconomic environment and strategic focus decisions, and the question of how to continually attract capital and deliver on the company's vision. Finding themselves at an important moment in their company's history, Awethu's leaders considered how the new partnership could help Awethu address these looming challenges, while creating sustainable profit and value.

Source: <https://www.gibs.co.za/about-us/faculty/Documents/GIBS-Case-Studies-booklet-1617.pdf>

- 2.1 Would you advise Awethu to consider Crowdfunding initiatives to attract more capital? Firstly define the term crowdfunding and then give reasons for your answer based on the information from the case study. (2)
- 2.2 Advise Awethu to compile a business plan for internal purposes, by listing the factors that this business plan could offer Awethu. (5)
- 2.3 List and discuss the sources of short-term finance that Awethu can consider to attract capital (4)
- 2.4 List and discuss the types of networks and explain which network you think would work best for Awethu, considering the type of business? Substantiate your answer with examples from the case study. (9)
- 2.5 Awethu's leaders signed an agreement with a prominent South African corporation. Considering business support required by entrepreneurs, discuss the potential support that the corporation could offer Awethu in terms of:
  - Business counselling
  - Business mentoring (12)

*Remember to include the definition, the aim and objectives in your answer.*

**QUESTION 3****[30 MARKS]**

Read the short advert below and answer the questions that follow:

**Owning a Sorbet Franchise feels just as fabulous as walking out of one. Promise.**

So it's time. You've been there, done that and you're still yawning. You want more. More colour. More smile. More la-di-da – with a whole lot of feel good to go. Cue bubbles. Turn up the house lights. Yoo-hoo! We're here. Can you say "Sorbet Franchisee?"

Sorbet is that awesome, fun and fabulous salon culture you've been holding out for! Launched in 2005, we've been delivering head-to-toe confidence across South Africa all this time. We currently have over 200 outlets and growing.

Sorbet Beauty Salons have grown to be every city gal's (and guy's) answer to feeling fabulous, fast. Our fresh and professional approach to beauty for the modern day woman and gent has evolved to a guest-following of over 500 000 loyalty members – and counting. Our Sorbet Salon revolution has spread its love across the country and continues to seek out new store opportunities.

Sorbet Dry Bars are our newest Franchise craze to hit the city – a professional walk-in- strut-out hair styling salon that offers convenient and funky hair fixes for the Sorbie that wants to look fabulous, in a hurry. As a Sorbet Franchisee, feeling good no longer has to be an achievement; it's a way of life. Join our franchise family today and change the face of beauty in your city, one Sorbie Moment at a time.

Source: <https://www.sorbet.co.za/franchising/>

- 3.1 Maggie is considering to buy Sorbet. Explain to Maggie **HER** advantages when buying a franchise (12)
- 3.2 It is important to know how one would go about in terminating the agreement. Explain to Maggie the process that has to be followed to terminate a franchise agreement? (4)
- 3.3 It is important to note that Sorbet has certain responsibilities. Discuss the role of the Sorbet's responsibilities. (12)
- 3.4 Based on the advert of Sorbet, would you buy a Sorbet franchise? *Motivate your answer* (2)

**QUESTION 4****[17 MARKS]**

Read the case study below and answer the questions that follow.

**Ocean Basket was launched with R800 and a dream**

"We convinced all of our suppliers to let us pay them with post-dated cheques, and then we worked like hell to make enough money that month to ensure they didn't bounce."

Fats Lazarides founded Ocean Basket in 1995 with R800. Today the nation-wide brand has system-wide sales of over R1 billion.

Ocean Basket was launched from a 118 m2 store in Menlyn Park with some crazy restrictions, because the centre management had assured their current clients there would be no more restaurants in the centre. They could only serve five proteins and two starches. They weren't allowed to serve salads, desserts or coffee, and only one red and one white wine by the glass. Doors had to be closed by 7pm.

For every restriction, Fats Lazarides found an advantage. "We focused on the lunch-time trade. Meals were cooked and served quickly. Bar stools set up against the wall saved space and let single shoppers eat without feeling lonely." Soon, families would deliberately eat an early dinner before the store closed. "An entire family of four could eat for R60 because we let them bring their own salads, wine and even desserts."

Source: <http://www.leader.co.za/article.aspx?s=1&f=1&a=5916>

- 4.1 Ocean Basket is a success story. List and discuss **THREE** factors that could have determine the success of Ocean Basket. *Include examples from the case study* (6)
- 4.2 List **FIVE** signs of distress that Fats Lazarides had to look out for. (5)
- 4.3 Assume that the strategy used by Fats Lazarides did not work, discuss the potential options Fats had besides a turnaround strategy? (6)

**End of Question Paper**