



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	Johannesburg Business School
DEPARTMENT	Business Management
CAMPUS	SWC
MODULE NAME	Entrepreneurial Growth Strategies
MODULE CODE	EGS01B1/EGS0B01
SEMESTER	Second
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Final Summative Assessment November 2019

ASSESSMENT DATE	9 November 2019	SESSION	8:30-11:30
ASSESSOR	Mr Lawrance Seseni		
MODERATOR	Prof David Poee		
DURATION	150 Minutes	TOTAL MARKS	125

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	9
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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** on the scanner sheet provided. Indicate the correct answer as per the instructions on the scanner sheet.
 - 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 A**[20 MARKS]****Answer all questions****QUESTION 1**

Failure requires _____ strategies to return the business to the growth road.

- A different
- B same
- C none of the above
- D all of the above

QUESTION 2

To recover from a _____ position, one needs to understand motivation, strategy, finance, marketing, operations and all the other functions within a business venture.

- A successful
- B challenging
- C winning
- D failing

QUESTION 3

When the business is _____ the owner/shareholder becomes more involved in it.

- A big
- B medium
- C small
- D profitable

QUESTION 4

Divesting alternatives are pursued when the options of _____ or turning the business around are not viable.

- A harvesting
- B diagnosing
- C strategising
- D integrating

QUESTION 5

The Fourth Industrial Revolution was first introduced in the year _____.

- A 2000
- B 2009
- C 2011
- D 2016

QUESTION 6

Which of the following jobs will emerge in the Fourth Industrial Revolution era?

- i. Accountants and auditing
- ii. Data specialists and organisational development specialists
- iii. Sales and marketing professionals
- iv. Business services and administration managers

- A i; iii
- B ii; iii; iv
- C ii; iv
- D ii; iii

QUESTION 7

Which of the following skills will be required in the Fourth Industrial Revolution era starting from 2020?

- i. Quality control
- ii. Active listening
- iii. Emotional intelligence
- iv. Cognitive flexibility

- A i; ii
- B iii; iv
- C i; iii
- D ii; iii

QUESTION 8

_____ is the biggest challenge that will be posed by the Fourth Industrial Revolution.

- A Education
- B Technology
- C Privacy
- D Travelling

QUESTION 9

_____ is a soft-employability skill that will be required in the Fourth Industrial Revolution era.

- A Communication
- B Self-reflection
- C Theorising
- D Brainstorming

QUESTION 10

The Fourth Industrial Revolution was adopted in the year _____.

- A 2011
- B 2018
- C 2013
- D 2016

QUESTION 11

Turnaround is difficult to _____ and even more so in the case of micro and very small business in South Africa.

- A achieve
- B strategise
- C plan
- D capitalise

QUESTION 12

The management team is crucial, as a _____ business normally consists of the entrepreneur and possibly a financial controller.

- A small
- B micro
- C medium
- D survivalist

QUESTION 13

Stabilising the venture focuses on straightening out the management teams, controlling the costs and improving the _____.

- A income statement
- B balance sheet
- C cash budget
- D cash flow

QUESTION 14

The faster the process can be completed, the better for the venture, shareholders, stakeholders and _____.

- A personnel
- B money
- C equipment
- D raw material

QUESTION 15

The earlier the signs of trouble and failure are _____, the more likely it is that the turnaround process will be effective.

- A recognised
- B planned
- C actioned
- D ignored

QUESTION 16

In Zone _____, there is little likelihood of being able to turn the business around and the risks are great.

- A A
- B B
- C C
- D D

QUESTION 17

Once the decision has been taken to turn the business around, it should be _____ as soon as possible.

- A evaluated
- B reviewed
- C implemented
- D stabilised

QUESTION 18

A(n) _____ business is like a festering wound.

- A ailing
- B healthy
- C strong
- D successful

QUESTION 19

The management team is crucial, as a micro business normally consists of the entrepreneur and possibly a _____.

- A stock broker
- B human resource manager
- C financial controller
- D marketing manager

QUESTION 20

Diversification can sometimes totally _____ an entrepreneur who hopes that the move will allow him to raise additional income.

- A advance
- B ruin
- C build
- D mend

SECTION B**[105 MARKS]****Read the case study below and answer Questions 1 to 9 that follow:****Organican (Pty) Ltd****Founder: Mr Ben and Mr Kgaogelo****Established: June 2019**

Organican (Pty) Ltd was founded by two Wits alumni, Mr Ben and Mr Kgaogelo. Mr Ben serves as the chairperson and Mr Kgaogelo is the CEO of the organisation. Mr Kgaogelo is trusted with the day-to-day operations of the business, while Mr Ben's job is to support and guide the CEO.

Organican (Pty) Ltd is a business that provides university students with healthy and organic energy drinks and snacks. This business came after founders have noticed that many students at Wits were not eating healthy snacks while studying. The founders then saw it fit to provide students with healthy food that would help them.

The business is growing rapidly and it is achieving all its goals. When Organican (Pty) Ltd started, it was only providing snacks and energy drinks to students who are based at Wits main campus. In less than a month, the business started getting orders from other Wits campuses. University of Johannesburg students have started placing orders as well.

The buy the products they sell from a wholesaler. The products are not produced in South Africa. The founders are planning to produce their own organic drinks and snacks made from South African raw material. They believe that this will create many jobs for South Africans and it will also help to preserve the culture of the country.

The founders have not yet decided on the growth plan for the business that they will establish soon. They do not know which strategy will be best between going public, licensing and private equity. The founders fear is to fail in business. They will do anything to avoid it.

By Lawrance Seseni 2019**QUESTION 1****[15 MARKS]**

Failure has different levels when evaluated in a business environment. List and discuss the levels of failure in a venture, and provide an example for each level of failure. Your example must be related to Organican.

QUESTION 2**[14 MARKS]**

Graphically illustrate the sequence of failure signs and their relationship to the levels and key issues.

QUESTION 3**[7 MARKS]**

Turnaround has three zones of risk. Identify and discuss the zone that Organican falls under and provide evidence to support your answer.

QUESTION 4**[8 MARKS]**

Licensing is a way to grow a firm without investing large amounts of capital in plant, equipment and employees. List and discuss the four types of licence agreements that Mr Ben and Mr Kgaogelo must be aware of should they consider licensing their business.

QUESTION 5**[14 MARKS]**

A licence agreement or contract that defines the terms and conditions of the agreement should be drawn up between the licensor and licensee. Identify and discuss seven clauses that Mr Ben and Mr Kgaogelo will have to include on a licence agreement.

QUESTION 6**[9 MARKS]**

In the PE (private equity) market, stakeholders are divided into primary and secondary stakeholders. Identify and discuss three primary stakeholders of the private equity market that Mr Ben and Mr Kgaogelo should be aware of should they seek it and provide an example for each primary stakeholder.

QUESTION 7**[8 MARKS]**

The initial public offering (IPO) is generally referred to as “going public” or even “being listed”. It is quite often the ultimate way of raising growth capital. Identify three advantages and five disadvantages of initial public offering (IPO)/going public that Mr Ben and Mr Kgaogelo should be aware of before choosing it as an option of growth.

QUESTION 8**[20 MARKS]**

Define the following terms:

- a) Corporate governance (5)
- b) Risk management (5)
- c) Stakeholder (5)
- d) Elevator pitch (5)

QUESTION 9

[10 MARKS]

Graphically illustrate an integrated risk management framework.

END OF ASSESSMENT