



**COLLEGE OF BUSINESSES AND ECONOMICS
JOHANNESBURG BUSINESS SCHOOL
DEPARTMENT OF BUSINESS MANAGEMENT**

FORMATIVE SUPPLEMENTARY ASSESSMENT

SUBJECT: Entrepreneurship 3B
CODE: INT3B01/ETS23B3/EMT3B01
DATE: **NOVEMBER 2020**
TIME ALLOWED: 3 HOURS
TOTAL MARKS: 150

ASSESSORS: Mrs A Bosch, Prof T Tselepis, Dr C Diniso
MODERATOR: Prof Chiliya
NUMBER OF PAGES: 4

INSTRUCTIONS:

1. This is an open-book assessment.
 2. Download this paper and upload your completed **version on November 2020 (exact date and time to-be announced)**.
 3. Read the questions carefully and answer only what is asked.
 4. Answer all the questions on a separate word document to be submitted to this exam paper by typing on this document in the provided spaces.
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SECTION A**[100 MARKS]**

Consider the following scenario:

Think of a business that you would like to start as an entrepreneur or an intrapreneur. You would like to start-up within the next few months. You would like to start-up despite the uncertainty in the economic environment. Given the times we currently live in you have realised that a more agile approach to business planning is needed. Hence you will focus your thinking and planning on the most important aspects of your ideation process.

Think of your business in terms of an opportunity to offer something (product and/or service) innovative that will add value to a specific market. In addition your idea needs to be well thought through and all the elements of your idea need to align.

- 1.1 Use the **provided front page template** and for your “business plan” and then write one paragraph to describe your innovative business idea on the first page. (20)
- 1.2 Use the BMC below and select **at least 2 relevant questions under each section** to answer about your business (larger picture is available in the PowerPoint presentation on Learning Unit 3- see BlackBoard). Select the questions carefully to suit your idea. Populate your own BMC on an A4 Word document (use a table to duplicate). Make sure that your canvas is understandable with one glance (select fonts, colour and or icons strategically to make it professional and understandable). (80)

Business Model Canvas		Designed for: Startup Name	Designed by: Name1, Name2, ...	Date: DD/MM/YYYY	Version: X.Y
Key Partners  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS: Optimization and economy, Reduction of risk and uncertainty, Acquisition of particular resources and activities</p>	Key Activities  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CATEGORIES: Production, Problem Solving, Platform/Network</p>	Value Propositions  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>CHARACTERISTICS: Newness, Performance, Customization, "Getting the Job Done", Design, Brand/Status, Price, Cost Reduction, Risk Reduction, Accessibility, Convenience/Usability</p>	Customer Relationships  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p>	Customer Segments  <p>For whom are we creating value? Who are our most important customers? Is our customer base a Mass Market, Niche Market, Segmented, Diversified, Multi-sided Platform</p>	
Key Resources  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships Revenue Streams?</p> <p>TYPES OF RESOURCES: Physical, Intellectual (brand patents, copyrights, data), Human, Financial</p>		Channels  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p>			
Cost Structure  <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>IS YOUR BUSINESS MORE: Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing), Value Driven (focused on value creation, premium value proposition).</p> <p>SAMPLE CHARACTERISTICS: Fixed Costs (salaries, rents, utilities), Variable costs, Economies of scale, Economies of scope</p>			Revenue Streams  <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <p>TYPES: Asset sale, Usage fee, Subscription Fees, Lending/Renting/Leasing, Licensing, Brokerage fees, Advertising</p> <p>FIXED PRICING: List Price, Product feature dependent, Customer segment dependent, Volume dependent</p> <p>DYNAMIC PRICING: Negotiation (bargaining), Yield Management, Real-time-Market</p>		

Designed by: The Business Model Foundry (www.businessmodelgeneration.com/canvas). PowerPoint implementation by: Neos Chronos Limited (<https://neoschronos.com>). License: CC BY-SA 3.0

SECTION B

[50 MARKS]

2.1 Elaborate with one to two paragraphs more detail on the **Value proposition**. Use this part to explain to the reader: Who, what, why, how. Make sure that this part aligns to what you have done in the BMC. (20)

2.2. Illustrate and explain how you will go about searching for information in order to do market research

Who will you target?

What are the needs of this target market?

How will you establish if these potential consumers are relevant?

How will you determine the feasibility of the market?

Where will you find secondary information to assist you with your feasibility study? (20)

2.3 Do a Break-even analysis to illustrate how many products/service packages you need to sell per month to break even. “Play” around with cost, revenue etc. to make your idea feasible before you do your final calculation (for example drop cost where you can or find other ways to sell more; but always align with the rest of the elements in the BMC). (10)

$$\text{Break Even Point} = \frac{\text{Fixed Costs}}{\text{Total Sales Revenue} - \text{Cost to Make Product (Contribution Margin)}}$$



Submit your completed document to Blackboard.