

UGANDA MARTYRS UNIVERSITY, LUBAGA CAMPUS

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

DEPARTMENT OF MANAGEMENT SCIENCES

**BSC ACC & FIN III, BPSCM I, BSC ACC & FIN I, BSC IT III, SWSA I,
BAEM I, SEMESTER TWO 2018/19**

COURSE UNIT: BASIC PRINCIPLES OF ENTREPRENEURSHIP

DATE: 10TH MAY 2019

Time allowed: 3 HRS

Instructions to Candidates:

Read the following before answering the examination questions.

- 1) Do not write anything on this question paper.
- 2) Write neatly and show all workings clearly.
- 3) Start every question on a new page
- 4) Clearly state the question number & sections attempted
- 5) Answer **any Four** questions
- 6) Question one is **Compulsory**
- 7) Answer **Any Three** from Section B

Section one: Question One: Compulsory)

Case: Start own business

'Most successful companies generally enter the market second and learn from their competitors' mistakes,' says the young founder of University Compare

Starting a business at university is one of the hardest things you'll do, but it's also the best time in history for young people to set up a business. At university, you also have the gift of time, and research facilities on your side. A recent Santander Universities UK report revealed how 24 per cent of current university students are running a business venture of some sort.

If you're reading this then you may be looking at taking the plunge into running with an idea that you've been dwelling on for months. It can be daunting at first, especially when it comes to parting with cash. But, I can assure you, years from now, it'll be something you won't regret.

First things first, If you're thinking of starting a business, it means you have an idea and, more likely than not, this product or service is already out there and is already trading. But, this doesn't mean it's not a future billion-dollar company. Most successful companies generally enter the market second and learn from their competitors' mistakes, and market validation is a great way for you to save your two most valuable resources: time and money.

If you've assessed your competitors and feel like you still have a significantly different and better product or service, then it's about time you map out the business in a viable way where it's easy to assess each area of the market. You'll soon realize there are a number of problems you are going to face in the early stages of your set up. Whether it be lack of capital, knowledge, or support - if you are able - quickly prioritize what's required. That way, you'll be able to cater for your weaknesses and have a much stronger company start.

Once you have a very basic business plan in place - and have calculated your customers, competitors, and clients - you'll most likely notice it requires a substantial amount of time to make this idea a reality and, more importantly, a viable and profitable business.

Being a previous dorm-room company starter myself, I realized the best time to embark on your venture while at university is in the midst of your second year. Not only do you have less term-time scheduled lectures, but you should also be a more independent adult than you were the previous year. This combination of being more responsible with extra time will allow you to look at the bigger picture and begin your journey of entrepreneurship.

A few questions I get asked on a regular basis are: 'How did you get funding for your idea?' and 'I have a great idea, how can I get that too?' These questions are commonly aimed at entrepreneurs and they always get the same answers.

Capital investment very rarely (almost never) invests in ideas. Funding goes to entrepreneurs that are trying to create a business which means they have already spent their own money trying to make their idea a reality. It also boils down to the same question: if your idea is so good, then why are you not pursuing it yourself to maximize your own return?

If you are serious about your venture, assess your market, create a small business plan, and then source extra capital (whether it be through friends or family, or a bank loan) to make your idea a reality. There are actually university entrepreneurial loans you can access too. Unfortunately, you or your idea will never be taken seriously unless you've at least attempted to make it work with what you've got. The real challenge is this: you'll have to do this on minimal income while at university, bringing the true entrepreneurial spirit out to play.

Back in late 2010 when my website - higher education comparison site University Compare - was a mere beta version, I spent my entire first term second year loan on a few web developers (something I would NOT recommend), developing my first concept of the site. Once the site was live, I began looking into analytics, understanding my user, and joined the online education website, Lynda.com, a website dedicated to educating users in digital, social marketing, and business management. From there onwards, every problem I faced, I went to Lynda to learn about the problem so I could fix it myself.

I worked extremely hard over the next two years, with many late nights drinking Red Bull and weekends staying in developing University Compare so that it was one step ahead of the competition. Eighteen months later, I met my very first angel investor through a co-worker and received a £20,000 investment at a £100,000 valuation. The rest, as they say, was history.

What people don't see is that it took risk, hard graft, and vision to achieve my first milestone. From spending my term loan - when it should have been used for rent - missing my first four months of student socials, and then continuing to work on a product when many people were telling me it was a "waste of time."

Starting a business at university isn't easy but it provides the best building blocks for any future entrepreneur. Early on, you'll learn the art of mastering time-keeping - and you'll never have a time in your life where you have minimal responsibility, independence, and some of the best facilities on your doorstep.

At the end of the your first university year, the institute will prepare you to begin thinking about your future career so never forget that entrepreneurship, as a career, is always a serious option. After all, it never did Mark Zuckerberg any harm, did it? Twitter: @OwenONeill_HE

- a) What are entrepreneurship qualities identified in the case study? **(8 marks)**
- b) Discuss any seven questions you would ask yourself before pursuing a business idea as graduate who has just completed your course of entrepreneurship **(7 marks)**
- c) If you were in the position of Owen, what strategies would you come up with to make or groom a potential and successful entrepreneur? **(13 marks)**
- d) Describe the strategies you could use in setting the price of a new product. What objectives should the strategy seek to achieve?**(12 marks)**

SECTION TWO:

ATTEMPT ONLY THREE (3) QUESTIONS IN SECTION TWO.

Question 2

- a) Explain why every entrepreneur should create a business plan as well as the benefits of developing a plan? **(10 marks)**
- b) How can an entrepreneur seeking funds to launch a business convince potential lenders and investors that a market for the product or service really does exist? **(10 marks)**

Question 3

- a) Throughout the world growing numbers of people are realizing their dreams of owning and operating their own business. Explain the forces that are driving the growth in entrepreneurship in Uganda **(10 marks)**
- b) Explain how the entrepreneurs exhibit the entrepreneurial spirit? **(10 marks)**

Question 4

- a) Identify 10 common mistakes of Entrepreneurship and explain how you can avoid them to increase chances of success in your new venture? **(10 marks)**
- b) Explain the benefits and the drawbacks of buying a franchise **(10 marks)**.

Question 5

Some entrepreneurs choose to buy existing businesses rather than start their own. People buy businesses for different reasons. In a typical year, between 500,000 to one million businesses are bought and sold. Purchasing an established business can offer many advantages—if the entrepreneur knows what they are really buying and if the business is priced right.

- a) Explain, what are the advantages and disadvantages of buying an existing business **(20 marks)**.