

# UGANDA MARTYRS UNIVERSITY

## FACULTY OF BUSINESS ADMINISTRATION

### BA EDS II and BSC. ECONOMICS II

### YEAR TWO, SEMESTER I EXAMINATIONS 2013

### BASIC SKILLS OF ENTREPRENEURSHIP

DATE: 12<sup>th</sup> December 2013

Time: 2:00PM-5:00PM

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#### Instructions

- a) There are six questions in all
  - b) Answer only Four (4) questions.
  - c) Question one (1) is Compulsory
  - d) Do not write on question paper
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#### Question One (Compulsory)

##### CREATING A BUSINESS THAT GIVES YOU CONSTANT CASH FLOW-SUDHIR

Sudhir Ruparelia is a businessman and entrepreneur in Ugandan. He is the Chairman and majority shareholder in the companies of the Ruparelia Group. His investments are mainly in the areas of banking, insurance, education, broadcasting, real estate, floriculture, hotels and resorts. He owns a quarter of the buildings strategically located in Kampala's central business district.

He owns Crane Chambers on Kampala Road, City House on Luwum/William streets; Raja Chambers, Baumann House, the building housing the police headquarters and Development House – all located on Parliamentary Avenue. He also owns Platinum House on Market Street. He has built a few, but most of his buildings have been acquired from people who default on loans from his money lending services.

His business empire includes hotels: Speke Resort Munyonyo, Kabira Country Club, Speke Hotel on Nile Avenue and Tourist Hotel on Dastur Street. He owns Crane Bank, Crane Forex Bureau, Meera Investments and Gold Trust Insurance Company.

He is also into agri-businesses like flower growing (Rosebud) and the education sector, running schools like Kabira International School and Kampala Parents School. While speaking to eager young

entrepreneurs and enthusiasts at the 3600 Network Ask the Entrepreneur forum in 2011, the businessman shared a few secrets to investment success.

I do business which suits my lifestyle. I don't do business because someone is successful in it. I own hotels because I'm outgoing and love meeting people. I am into education because I didn't have much so I want to make good schools in Uganda to educate people.

My father's grandfather came to Mombasa in 1897 from India. They were traders. They were dealing with workers on the railway site. In 1903, they reached Uganda. My father was born in Uganda in 1932 and I was born in 1956 in Kabatooto, Kasese to a middle class father, not rich, not poor! I could afford two pairs of School clothes a year.

In 1972, when I was 16, I followed my parents to UK. When I landed in UK, I had to support myself in London while my parents lived up north. The first thing I wanted was to have my own house, so I took on two jobs and evening class.

No job was too small or too big for me. I worked as a baker/butcher in a supermarket and drove a taxi during the weekend. In 1985, I decided to come back to Uganda-Africa was in my blood! I came back from the UK with capital worth \$25,000.

It took me two years to find out what I really wanted to do. The first thing I had to do was pay rent. Then I needed something to do. In 1986, I opened the first shop on Kampala Road. I started with salt – it was the most selling commodity at the time and by the end of the year I made \$5000 profit.

Then I started dealing in beers – my capital was limited so I was buying from people who used to import it. I then partnered with someone, built a trust and made good friends. We started importing beers ourselves. We basically created a cash flow- this is important because it is the stepping stone to many other things. You need to create a business that gives you constant cash flow.

In 1989, the beer business came to a standstill. The small stock shop evolved into wholesale. Then I started foreign exchange within six months, all banks started foreign exchange. The government legalized the foreign exchange dealings but levied heavy charges for transactions.

That's when we looked at Plan B – Banking. We needed business capital which we had – we were lending money to business people. In 1995 Crane Bank opened with six expert staff and twenty auxiliary staff. We made profits from banking and spread out to real estates, hotels, and other investments.

My passion was Munyonyo but it needed a lot of money. I started investing everything in it: I remember my 7 – year old son asking me: Dad, is Munyonyo going to bankrupt us? what Munyonyo has become is beyond my expectations!

Sudhir noted that every field is successful. The economy is enormous – there is opportunity everywhere in the areas of IT, trading, agriculture, industry, commercial firms, food – every field is open. Uganda is a virgin country. Sudhir's definition of work value is that; Time is not quantifiable; what dictates his day is when problems come.

**Required:**

- (a) Explain how Sudhir's attributes as a business founder are portrayed in the case study. **(5 marks)**
- (c) Using the concept of strategic window of opportunity, identify and explain techniques that Sudhir has employed to 'measure his window of opportunity'. **(10 marks)**
- (d) Outline eight personal characteristics that have made Sudhir a successful entrepreneur. **(8 marks)**
- (e) Using Prof. Geert Hofstede concept of national culture, explain how Sudhir uses it to manage his businesses. **(5 marks)**
- (f) In spite of Sudhir's road to entrepreneurship, explain the barriers that may inhibit his creativity **(12 marks)**

**Question Two**

- (a) All entrepreneurs are presumed to be managers, but not all managers are entrepreneurs. Discuss this statement in line of extended functions of entrepreneurs. **(12 marks)**
- (b) Explain reasons for early failures of business in Uganda today. **(8 marks)**

**Question Three**

- (a) Differentiate between a Franchisee and a Franchisor **(2 marks)**
- (ii) With examples explain the benefits of a Franchise to a Franchisee **(8 marks)**
- (b) Ugandans have started various businesses and it makes it difficult for some people to venture due to fear of getting support or customers. However people have to get started and survive. Why do you think existing businesses/ entrepreneurs leave a gap in the market?. **(10 marks)**

**Question Four**

- (a) Entrepreneurs are rediscovering the benefits of starting family businesses and working at home. The continuously good performance of the economy followed by a change in lifestyles buoys well for the home-based entrepreneur. Many people now want to combine their careers with families, opting out of the rat race to spend more time with their families and take a more proactive part in raising their children. The technological innovations in the past decades have also made working with family members and at home easier and more feasible.

**Required;**

Based on the above facts, explain reasons why it pays

- (i) to run a family business. **(5 marks)**

(ii) to work at home. (5 marks)

(b) Give reasons why it better to have a buyout than other alternatives. (10 marks)

**Question Five**

"It is argued that the emergence of entrepreneurs is entirely an economic function." Discuss.

(20 marks)

**Question six**

(a) With reference to the business of your choice, explain how social entrepreneurship may alleviate Uganda's economic challenges (8 marks)

(b) Using examples, discuss key considerations that retailers evaluate before selecting a business location. (12 marks)