

KATHMANDU UNIVERSITY
End Semester Examination
February/March, 2019

Level : B. E./ B. Sc./B. Pharm./B. Tech.
Year : IV
Time : 2 hrs. 30 mins.

Course : MGTS 402
Semester: I
F. M. : 40

SECTION "B"
[6 Q × 4 = 24 marks]

Attempt *ANY SIX* of the following questions.

1. Describe why innovation is considered to be an integral part of entrepreneurship.
2. Rojesh Hamal owns a small chain of fast-food restaurants in Kathmandu, which sell sandwiches, soups, wraps, and desserts. In general, his restaurants are successful, but he feels they are getting "stale" and could benefit from new ideas. Suggest him some ways to generate new business ideas for his restaurants.
3. Explain how threat of new entrants has the potential to suppress an industry's profitability? Highlight your claim on behalf of the five major sources of barriers to entry.
4. Co-founders of Ben and Jerry's Homemade Inc. states "Our customers don't just like our ice cream, they like what our company stands for. They like how we have differentiated from our competitors." Ben & Jerry claims further, "We are not only selling ice cream but are reaching millions of hearts through our state-of-the art dine-in facilities at various cities." Explain Ben and Jerry's sustainable competitive strategy.
5. List and explain various sources of debt capital.
6. Explain the significance of big three of cash management for a startup venture.
7. Write short notes (*ANY TWO*):
 - a. Pricing strategy
 - b. Financial ratios
 - c. Venture capital

SECTION "C"
[2 Q × 8 = 16 marks]

Attempt *ALL* questions.

8. Read the following case and answer the following questions:

After a trip to Italy in the early 1980s, Howard Schultz was inspired to transform Starbucks - then just a handful of coffee shops in Seattle - into a chain of European-style coffeehouses. His vision wasn't based on selling only gourmet coffees, espressos, and lattes. However, he wanted to provide customers with what he called a "third place" - a place away from home and work.

It wasn't long before Starbucks became a household word - a power-house premium brand in a category that previously consisted of only cheaper commodity products. In 20 years'

time, Schultz grew the company to almost 17,000 stores in dozens of countries. From 1995 to 2005, Starbucks added U.S. stores at an annual rate of 27%. At one point, Starbucks opened over 3,300 locations in a single year - an average of 9 per day. In one stretch of crowded Manhattan, a person could get their caffeine fix at any of five Starbucks outlets in less than a block and a half. In fact, cramming so many stores so close together caused one satirical publication to run this headline: *"A New Starbucks Opens in the Restroom of Existing Starbucks."*

However, Starbucks' steam engine of growth started to slow. Then it started running in reverse. By the end of 2008, the 20% annual growth had dropped to 10%, with existing store sales decreasing by 3%. Total company profits dropped by a scalding 53% for the year. And for a second year in a row, Starbucks' stock value dropped by 50% to around \$10 a share. In 2008, Schultz announced store closures - first 600, then 300 more.

One issue often mentioned from the experts was that, Starbucks had developed an identity crisis with respect to its target customer. In its early years, the Starbucks customer profile was clearly defined. The typical customer was wealthier, better educated, and more professional than the average American. The customer was far more likely to be female than male, predominately between the ages of 24 and 44. It was this customer who fell in love with the Starbucks Experience. She was very loyal, often visiting a store every day or even more than once a day. She loved the fact that the barista greeted her by name when she came in and chatted with her while making her custom coffee drink, not caring if it took a while. She lounged on the comfy furniture, enjoying the perfect mix of music that always seemed to fit her mood. She met friends or just hung out by herself reading a good book.

But the more Starbucks grew, the more the Starbucks Experience began to change. With more stores, the place wasn't quite so special. As each location filled with more customers, baristas had more names to put with faces. As the menu expanded with more options, the number of combinations for coffee drinks grew into the hundreds, leaving baristas less time to chat with customers. With all these changes, Starbucks progressively appealed less to the traditional customer and more to a new customer. This customer shift was inevitable; there simply were not enough traditional customers around to fuel the kind of growth that Schultz sought. The new breed of customer was less affluent, less educated, and less professional. Not only was Starbucks drawing in different customers in places where stores already existed, but it was also putting stores in different neighbourhoods, cities, and countries.

As the customer profile evolved, the Starbucks Experience grew to mean something different. For the new customers, it was a place to meet and then move on. The more accessible the Starbucks was, the better. Speed of service was more important than a barista who wanted to talk current events. This new customer came in much less frequently than the traditional customer, as seldom as once a month.

Starbucks management believed that efforts to recapture that soul would get the company back on track. Starbucks set out to put some water on the fire and get some of its customers back. It added labour hours and time-saving automated machines to stores. It focused on the quality of its coffee with a Coffee Master training program for its baristas and a new line of ultra-premium whole-bean coffees. It even tried free Wi-Fi service and sold its own music. But none of these actions seemed to address the core problem. Although Starbucks still charged a premium price, it was no longer a special place.

- a. Describe market segmentation and target market of Starbucks during the initial years of operation. [3]
- b. Explain the primary reason for the downfall of Starbucks. [2]
- c. Suggest various ways that could help Starbucks to improve its market position. [3]

9. As a student of science and technology, you want to start a new business in your field of interest. Describe the importance of preparing a business plan. Outline the essential elements/components of a business plan.

OR

List and explain common forms of business ownership. Also describe the advantages and disadvantages of each.

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Semester : II
F.M. : 55

SECTION "B"

1. Explain *ANY FIVE* of the followings, [5 × 2 = 10]
 - a) Strategic management
 - b) Competitive Strategic options in pricing
 - c) Features and benefits in a product
 - d) Marketing Strategy
 - e) Potent forces in pricing
 - f) Difference between vision and mission
2. Explain/Define *ANY THREE* of the following terms: [3 × 1 = 3]
 - a) Leveraging
 - b) Statement of cash flows
 - c) Cash budget
 - d) Balance score board

SECTION "C"

[5Q × 4 = 20 marks]

Attempt *ANY FIVE* questions. Assume suitable data where necessary.

3. Describe critical components of your business plan and what you will do avoid the risk of failure in your business venture.
4. What is and, why we should do feasibility analysis?
5. Discuss how to build competitive edge in marketing including relational marketing.
6. For your new product launching elaborate the list of (types) capital needs and how you will handle them.
7. List the challenges you face while introducing a new product including pricing and how you will tackle them?
8. Proper cash flow and its management is even more important than making profit. Elaborate this statement, if you agree with this statement.

SECTION "D"

[1Q × 7 = 7 marks]

9. Your competition continues to lower price of the product you share the market with and it appears s/he wants to get into price war. How will you handle the situation without losing customers or facing bankruptcy? Will you get into price war or not?

OR

Management experts suggest in today's knowledge economy, intellectual capital and innovation are critical components for survival and growth. Briefly explain creativity, intellectual capital and how you will enhance creativity and innovation and what will you do to promote creativity- individually and organizationally.

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Semester : II

F. M. : 10

Date : _____

SECTION "A"

[20 Q. \times 0.5 = 10 marks]

1. Which of the following is a commonly experienced drawback to being an entrepreneur?
 - a. Lack of creativity and innovation
 - b. ☒ Long hours required
 - c. Lack of contribution to society
 - d. Ability to earn a large income
2. Why are creativity and innovation so critical to an entrepreneurs' survival?
 - a. Creativity and innovation allow small companies with limited resources to compete with larger competitors.
 - b. Creativity and innovation help the entrepreneur to secure financing for start-up capital.
 - c. ☒ Creativity is having a new idea on how to look at a problem or opportunity, while innovation is the ability to apply the creative idea.
 - d. Creativity and innovation keeps entrepreneurs focused on the initial business development period.
3. Which of the following is a method for enhancing organizational creativity?
 - a. Maintain the same location or scenery
 - b. View issues as potential problems
 - c. Initiate a controlling structure within the organization
 - d. ☒ Encourage curiosity among your employees
4. Which is NOT a perspective to consider in using a balanced scorecard for performance?
 - a. Goals for durability, service, and reliability
 - b. ☒ Financial standards do not contribute to the overall review of a strategy
 - c. Continue to innovate
 - d. Goals for productivity and cycle time
5. Which is the best strategy to use in an environment wherein sellers are trying to differentiate themselves from the competition?
 - a. Produce products for many categories
 - b. Increase price without improving the product
 - c. ☒ Build customer loyalty
 - d. Focus on profit margins
6. What is the purpose of conducting a feasibility analysis?
 - a. ☒ The feasibility analysis helps you to determine whether your idea is a viable foundation for a successful business.
 - b. The feasibility analysis helps you to discern whether you will be able to gather enough capital to start the business.
 - c. The feasibility analysis will allow you to qualify for governmental loan programs.
 - d. The feasibility analysis determines whether there are governmental constraints that will not allow you to start your business.
7. When delivering a business plan presentation to investors and creditors, it is a good idea to _____.
 - a. be as detailed as possible, covering all of the points of the business plan
 - b. allow all of the founders of the business an opportunity to present their contributions to the venture
 - c. improvise as you present your speech to emphasize your personality
 - d. ☒ keep it simple and use visual aids

8. In general, what would cause a business owner to select one form of ownership over another?
- Pressure from the business owner's advisory board
 - b. Tax, liability, and how big and profitable
 - State governmental policy that dictates what forms are legal
 - Image within the community
9. What is this meaning of the phrase "piercing the corporate veil"?
- Courts sometimes hold entrepreneurs personally liable for claims against the corporations because they co-mingle personal and corporate assets.
 - Competitors occasionally come into your business and act as customers to elicit competitive information.
 - Entrepreneurs occasionally see the benefits of sole proprietorship over corporate structure.
 - Entrepreneurs sometimes gain access to secret documents of their competitors.
10. Time compression management includes the following principles EXCEPT:
- Speed in which products are brought to market
 - Reducing administrative time to fill an order
 - Shortening customer response time in delivery
 - d. Payment flexibility
11. Which of the following is agreed upon by most marketing experts as the biggest marketing mistake that small businesses make?
- a. Failing to clearly define the target market to be served
 - Spending too much on media advertising
 - Carving out too narrow of a target niche
 - Spending too much on marketing during the first year
12. How can price lining help to generate sales?
- Price lining complicates making goods available to a wide range of shoppers.
 - b. Price lining allows the entrepreneur to capture many target markets with different needs and income levels.
 - Price lining helps to add an extra profit margin cushion from the higher price level.
 - Price lining allows the customer to know what your competitors are charging for a similar product.
13. _____ is the first step to creating a set of pro-forma financial statements.
- a. Determining a reasonable sales level
 - Estimating the expected volume of sales
 - Listing the various start-up expenses
 - Researching competitors' cost levels
14. Leverage ratios show _____.
- how well the firm is performing in customer opinion relative to competitors
 - the ability of a firm to use short-term versus long-term debt
 - c. the extent to which the company uses debt capital to finance operating expenses, capital expenditures, and expansion costs
 - how efficiently assets are used to generate sales for the firm

15. Why is carrying too much inventory a strain on the business?
- a. Because inventory is taxed again at the end of the year if not sold
 - b. ☒ Because inventory ties up cash and generates zero return
 - c. Because excess inventory can cause the business to believe that it is selling goods that it really is not
 - d. Because inventory may make the back office area messy
16. What is a company's cash flow cycle?
- a. The amount of time between the start of the business and the point at which it can support its needs through sales generated.
 - b. The amount of cash that the company goes through in an average month.
 - c. The period between the receipt of cash from a customer and the outflow of that cash to support the development of another unit.
 - d. ☒ The time between the payment for merchandise and materials from suppliers and the receipt of payment from customers.
17. What is an angel investor?
- a. ☒ A wealthy individual who invests in businesses for an equity stake
 - b. A small business that puts its extra income into other small businesses
 - c. An investor that leaves a majority interest of his estate to small businesses
 - d. An investor that puts her money into nonprofit organizations
18. What is the most important criterion, from a lender's perspective, of a firm that applies for a loan?
- a. the industry that the business operates within
 - b. the profitability of the business
 - c. ☒ the management team at the helm of the business
 - d. ☒ the ability of the business to produce cash through its business model
19. What is the concept of trade area size?
- a. It is the size of the trading floor of the local area merchant exchange.
 - b. It is the distance between your firm and the nearest indoor or outdoor mall area.
 - c. ☒ It is the size of the region from which a firm can reasonably expect to draw customers.
 - d. It is the distance between your firm and its nearest three competitors.
20. What is NOT a factor in a manufacturing layout?
- a. Type of product
 - b. ☒ Cost of moving executives
 - c. Economic considerations
 - d. Type of production process

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SECTION "A"

[20 Q. × 0.5 = 10 marks]

Choose the most appropriate answer.

1. Customer experience management is about:
 - a) Collecting data on customer feed-back
 - b) Watching/recording spending habit
 - c) Ensuring positive experience in customer interactions
 - d) Providing discounts even below the cost
2. Business prototype means:
 - a) A final product ready to ship to market
 - b) A proven product
 - c) A defective product
 - d) Testing business/product in small scale before committing full resources in production.
3. Benchmarking marketing means:
 - a) Builds customer loyalty by marketing in an unique way
 - b) Builds customer loyalty by advertising in a different way
 - c) Builds customer loyalty by becoming a price leader in comparison with others
 - d) Comparing product/services with a golden standard in industry/services.
4. Critical numbers in "business plan" signify:
 - a) When the numbers are moving in right direction, a business is on track to reach its objectives.
 - b) It guarantees a profit of over 5% per annum
 - c) The owner's equity
 - d) Cost of the product
5. Revenue at risk is:
 - a) Sales revenue loss when customers leave because of poor quality of a product
 - b) Sales revenue loss when customers leave because of poor reliability of a product
 - c) Sales revenue loss when customers leave because of poor service
 - d) Sales revenue loss when customers leave because of poor marketing
6. Preemptive rights means:
 - a) Right of general stock holders to buy unlimited share of company's stocks
 - b) Right of original investors to split stocks as they wish
 - c) Right of original investors to purchase enough shares of future stock to maintain original percentage of ownership of the company
 - d) Right of stock holders to buy shares of other companies as they wish

7. What is one advantage of a partnership over a proprietorship?
 - a. A partnership is easier to establish than a sole proprietorship
 - b. A partnership allows for each partner's skills and abilities to complement each other, whereas a sole proprietor is responsible for all functions
 - c. A partnership allows for more control over decision-making than a proprietorship
 - d. A partnership allows for limited liability among its general partners
8. Which of the following form of ownership is associated with limited personal liabilities?
 - a. Corporation
 - b. Partnership
 - c. Sole proprietorship
 - d. Joint venture
9. Which of the following conditions would make an industry more threatening to new entrants?
 - a. Less presence of economies of scale
 - b. High capital requirements
 - c. Buyers with low brand loyalty
 - d. Laissez-faire governmental policies in the market
10. Which of the following is agreed upon by most marketing experts as the biggest marketing mistake that small businesses make?
 - a. Carving out too narrow of a target niche
 - b. Spending too much on media advertising
 - c. Spending too much on marketing during the first year
 - d. Failing to clearly define the target market to be served
11. What is one competitive edge that small businesses can excel at, because of their size?
 - a. Lower pricing strategies
 - b. Innovation
 - c. Market research gathering
 - d. Supplier relationships
12. What is the marketing mix?
 - a. The right mix of advertising and pricing to attract your target market
 - b. The major elements of a marketing strategy - product, place, price, and promotion
 - c. The set of decisions that must be made before deciding upon which target market to address
 - d. The way that your customer sees themselves in the mixture of your entire marketplace
13. A market penetration pricing strategy is most appropriate to use when:
 - a. the company can clearly differentiate its products from competitors' offerings
 - b. the entrepreneur is trying to convey his product's clear superiority to competitors
 - c. it is difficult to differentiate your new product from other similar offerings in the marketplace
 - d. the product is revolutionary and there is little competition
14. What information does a balance sheet provide to an entrepreneur?
 - a. It provides owners with an estimate of the company's worth on a given date.
 - b. It shows owners what the company needs in terms of cash for the remainder of the period.
 - c. It tells owners which products are selling more than others.
 - d. It allows owners to understand whether they need to bring in new investors to the business.

15. Why is a low average inventory turnover ratio less than ideal?
- Because customers will shy away from patronizing companies with low inventory turnover rates
 - Because inventory is valuable and could be converted immediately instead to cash
 - Because inventory turnover shows that a company's products are not valuable in their current form
 - Because inventory is expensive to store and may not necessarily have value in the market
16. The three primary areas of cash flow problems are:
- current assets, sales, and net income
 - unemployment insurance, workers' compensation, and severance pay
 - utility bills, sales tax, and income tax withholding
 - accounts receivable, accounts payable, and inventory
17. How might leasing improve an entrepreneur's cash position?
- Leasing allows entrepreneurs to gain access to needed equipment without the large down payments that would normally be required to finance the purchase of the same equipment.
 - Leasing allows the entrepreneur to go for several months at a time without making a payment on the equipment the entrepreneur is using.
 - Leasing allows entrepreneurs to pay only when they first begin turning a profit.
 - Leasing allows entrepreneurs a chance to profitably sublease the equipment.
18. What is an angel investor?
- An investor that can make an investment within a typical 48-hour turnaround time
 - A wealthy individual who invests in businesses for an equity stake
 - A small business that puts its extra income into other small businesses
 - An investor that puts her money into nonprofit organizations
19. Why might it be beneficial for an entrepreneur to locate her business near a competitor?
- It would allow for increased profitability through reduced transportation costs for distributors.
 - It would not be beneficial for an entrepreneur to locate her business near a competitor.
 - The offerings of both businesses may attract more customers to the vicinity.
 - It could help the entrepreneur improve her image by being associated with the competitor.
20. Why are incubators so helpful to small startups?
- Incubators provide financing for startup firms that seek their assistance.
 - Incubators are high-traffic areas and bring a great number of customers to a startup.
 - Incubators write business plans for startups that they can present to investors.
 - Incubators allow the startup to focus upon product development, manufacturing, and sales, as opposed to directing resources into building firm operating infrastructure.

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SECTION "B"
[4Q × 10 = 40 marks]

Attempt *ALL* the questions. Answer in your own words supported by the theories you have studied in the course.

1 *Read the following case and answer the questions that follow*

Anita Perella was the third of four children in one of the few Italian immigrant families in Littlehampton, England. Her mother steered her into the teaching profession, but her craving for adventure was too strong to keep her in the classroom. After a year in Paris in the library and another year in Geneva working for the UN, she hit what she calls "the hippie trail," traveling through Europe, the South Pacific and Africa. During her journeys, she became acquainted with the rituals and customs of many Third World cultures, including their forms of health and body care.

When she returned to England, she met Gordon Roddick, a kindred bohemian spirit who wrote poetry and loved to travel as much as she did. The couple married in 1970, and shortly thereafter, opened a bed-and-breakfast hotel and later started a restaurant. In 1976, Gordon decided to fulfill a long-standing personal goal: to ride a horse from Buenos Aires, Argentina, to New York. Admiring her husband's pluck, Anita agreed to sell their restaurant to finance his trip.

To support herself and her daughters in her husband's absence, Roddick decided to open a small shop where she could peddle some of the back-to-nature cosmetic knowledge she picked up during her travels. With Gordon's help, she obtained a \$6,500 loan, contracted with a local herbalist to create her all-natural cosmetics, found a site in the seaside resort of Brighton, and opened her first Body Shop.

Everything was done on a shoestring budget with no concession to aesthetics. She painted the shop green because it hid everything, even the damp spots on the walls. She offered discounted refills to customers who brought back their empty containers, and used minimal packaging to keep costs as low as possible. Customers were allowed to choose from an array of perfume oils to scent their purchases (which were fragrance-free) because it was cheaper than adding expensive perfumes to every bottle of shampoo or lotion. And she eschewed advertising, relying instead on well-placed interviews promoting her social causes and in-store pamphlets to sell products.

The combination of unique products, good public relations, a highly trained staff and a well-defined sense of values quickly generated a buzz. Word spread, and within a year, Roddick's business had grown so large that she opened a second store. When Gordon returned in the spring of 1977, The Body Shop had become so popular that the Roddicks began selling franchises. By the fall of 1982, new Body Shop stores were opening at the rate of two per month.

To capitalize on the massive expansion, the Roddicks took The Body Shop public in 1984. After just one day of trading, the stock doubled in value. It would continue to rise throughout the late 1980s, as hundreds of Body Shop franchises sprung up throughout Europe and the United States.

One of the key ingredients in Roddick's success was her social activism and also set the company apart from its competitors and generated a loyal customer base. People felt good

about buying Body Shop products because they felt good about Roddick's efforts. They wanted to be part of the positive action-and that translated into sales. By the end of 1992, there were more than 700 Body Shop stores generating \$231 million in sales. However, as The Body Shop's profits and name-recognition grew, the Roddicks began paying more attention to social causes than their business, launching an array of environmental projects rather than revamping the company's aging product line. Better-run imitators, such as The Bath & Body Works, ate into The Body Shop's customer base. And critics on the left who were once Body Shop allies suddenly started attacking the company for "hypocritical practices," generating a wave of negative press. As a result, sales fell and profits dulled.

By 1996, it was clear that a change was needed. The Roddicks stepped back from running day-to-day operations and installed managing director Stuart Rose, who promptly restructured the company, bringing in other professional managers, installing tighter inventory control and streamlining processes. The changes failed to have the desired effect, and sales continued to decline. After a dismal first quarter financial performance in 1998, Roddick ceded her post as CEO to Patrick Gourney, a professional manager from a French food conglomerate, and farmed out her flagging U.S. franchises to the Bellamy Retail Group. In January 1999, the company announced it was giving up manufacturing to focus on retail, and that projections were good. But whether The Body Shop can regain its dominance in the market, only time will tell. Nevertheless, Anita Roddick's story remains one of the great tales of the late 20th century. She grew a single shop into an international empire and proved that a company can gain loyal customers and succeed by simply providing product information rather than employing high-powered advertising and high-pressure selling. [Source: <https://www.entrepreneur.com>, retrieved on 08/08/2017]

Questions

- Would you reckon Anita Roddick as an entrepreneur? Elaborate in terms of the traits she does/does not possess (based on the case information). [3]
- If you see her as an entrepreneur, what process (entrepreneurial process) do you see in her life to become an entrepreneur? If you do not see her as an entrepreneur, what she would have done differently? [3]
- Do you see any creativity and innovation in her business? Explain. [2]
- Explain the various sources of financing adopted by Ms. Roddick and list out the advantages of these financing schemes. [2]

2 Read the following article and answer the questions that follow

CNN has placed Nepal's 'Raksi', an alcoholic drink in World's 50 most delicious drinks. Describing 'Raksi' CNN has written, 'Made from millet or rice, Raksi is strong on the nose and sends a burning sensation straight down your throat that resolves itself into a surprisingly smooth, velvety sensation'.

Recognition of Raksi by CNN is expected to attract food and drinks lovers from far and wide. Nepal has more to offer in culinary and drinks segment, most of them being indigenous with unique way of making.

This home brew drink is taken auspicious to celebrate festivals, which itself is the reason to celebrate. Raksi is ranked 41 in the list supersedes popular drinks such as Mango lassi (India), Guinness (Ireland), Fanta (Germany), Red Bull (Austria). Top on the list is global drink- water.

Few things unite tourists and locals like sitting down with a local bevvie.
[Source: <http://www.travelbiznews.com>, retrieved on August 8, 2017]

Questions

- Although Nepali Raksi is ranked among 50 most delicious drinks in the world, its market coverage is significantly less and concentrated mainly within rural areas. As an entrepreneur explain what could be missing with this product. [2]

- b. It is important for Nepali Raksi industry to pinpoint the target market. Explain how you can pinpoint the target market. [3]
- c. Develop a marketing mix including all the identified strategies to promote and increase sales of Nepal's Raksi within Nepal and export to other countries under various segments. [5]

3. *Study the following article and answer the questions that follow*

Agni Energy, the authorised distributor of Mahindra Vehicles for Nepal, launched its latest all-electric car, e2o sportz, in the Nepali market on Tuesday. The new car is an upgraded version of e2o model. Mahindra e2o sportz has been designed with focus on safety, convenience and enhanced performance, said Dharmendra Mishra, head of sales and marketing at Mahindra Electric. The model available in Nepal is same as the one that Mahindra exports to the UK, meaning the car being sold in the country meets EU safety standards. Mishra told the Post on the sidelines of an event organized to launch e2o sportz.

The e2o sportz, which costs Rs 2.6 million, runs solely on electric power. The car comes with 72-volt lithium ion battery and runs up to 127 km once fully charged. One of the drawbacks of owning an all-electric car in Nepal is absence of fast charging stations. These stations, powered by 50-kilowatt (kW) DC electricity, can charge batteries in as less as one-and-a-half hours. But because of lack of this infrastructure, Nepalese who drive electric cars have to resort to their power sockets at home, which supply around 3kW AC electricity, and take up to nine hours to fully charge the car's battery. Despite these barriers, more and more people in Nepal are purchasing electric cars. "I see electric mobility becoming the norm even in Nepal. The day is not too far when electric vehicles will be dominant," said Mahindra Electric CEO Mahesh Babu, who handed over keys of newly launched four-wheelers to three customers on Tuesday.

The three-door hatchback comes with dual airbags, anti-lock braking, air conditioning system, Android powered touch screen infotainment centre, reversing camera and automatic gear transmission. The car can be remotely monitored via mobile application named e2o remote. This app can remotely start or stop charging and pre-heat or cool the car. The car's steering is mounted with audio controls and switches that control front windows and side mirrors. The car, with a seating capacity for four persons, attains speed of up to 60 km per hour in just 8.8 seconds. Unlike previous e2o model, the new e2o sportz launched in Nepal comes with faux leather seats, rapid charge port and rear windscreen wiper. The car and its battery come with three-year or 60,000km warranty. [Source: kathmandupost.ekantipur.com, retrieved on August 08, 2017]

Questions

- a. Based on the information provided in the article, perform SWOT analysis of e2o sportz in Nepal. You can also use your personal experience if you have any in your answer. [3]
- b. Perform industry and market feasibility analysis of e2o sportz in Nepal and suggest CEO Mahesh Babu whether there exists market for e2o in Nepal. [5]
- c. Identify the strategic option adopted by e2o sportz based on case information? If you think this is the best possible option, explain why and if you do not think it to be the best option suggest the best strategic option for e2o sportz. [2]
- 4 a. Explain the factors you need to consider choosing a form of ownership. [3]
- b. Manufacturers see layout as an opportunity to increase efficiency and productivity and to lower costs. Explain with suitable examples the various types of manufacturing layouts. [2]
- c. Developing cash budget is very important and provides benefits to an entrepreneur. Explain some of the benefits of cash budget and also highlight how an entrepreneur can develop a cash budget. [5]

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SECTION "B"

[6Q × 4 = 24 marks]

Attempt *ANY SLX* questions:

1. Describe the protection of intellectual property through patents, trademarks, and copyrights.
2. What is a competitive advantage? Explain how a small business can build a sustainable competitive advantage in the market.
3. Discuss the steps involved in subjecting a business idea to a feasibility analysis.
4. Explain the advantages and disadvantages of the corporation.
5. What marketing potential does the World Wide Web offer small businesses?
6. What do you understand by customized pricing? How can such pricing help a business to increase profitability.
7. Define financial management. Explain the elements of a balance sheet.

SECTION "C"

[2Q × 8 = 16 marks]

Attempt *ANY TWO* questions:

8. Explain the differences among creativity, innovation, and entrepreneurship. Discuss techniques for improving the creative process.
9. What is strategic management? List and describe the strategic management process.
10. List and explain the stages in the product life cycle. Describe how a small firm can extend its product's life.

make a fusion
and explain
nature.

Explain why

KATHIMANDU UNIVERSITY
End Semester Examination
July/August, 2017

Marks Scored:

Level : B.E./B. Sc.

Year : IV

Exam Roll No. :

Registration No. :

Time : 30 mins.

Course : MGTS 402

Semester : II

F. M. : 10

Date : / /

SECTION "A"

[20 Q. \times 0.5 = 10 marks]

Select the most appropriate answer for the following questions:

1. The benefits of entrepreneurship include the following EXCEPT:
 - a. Opportunity to reach your full potential
 - b. Opportunity to make a difference
 - c. Opportunity to take significant risk with other's money
 - d. Opportunity to contribute to society
2. Which of the following is a method for enhancing organizational creativity?
 - a. Initiate a controlling structure within the organization
 - b. Maintain the same location or scenery
 - c. Encourage curiosity among your employees
 - d. View issues as potential problems
3. Which of the following shows the proper order of select steps in the creative process?
 - a. Preparation, implementation, verification, illumination
 - b. Preparation, verification, implementation, illumination
 - c. Preparation, illumination, verification, implementation
 - d. Preparation, implementation, illumination, verification
4. Which of the following are types of intellectual capital?
 - a. Human capital, creativity capital, and innovation capital
 - b. Human resources capital, economic capital, and creativity capital
 - c. Intelligence capital, innovation capital, and creativity capital
 - d. Human capital, structural capital, and customer capital
5. Which is the best strategy to use in an environment wherein sellers are trying to differentiate themselves from the competition?
 - a. Increase price without improving the product
 - b. Focus on profit margins
 - c. Build customer loyalty
 - d. Produce products for many categories
6. What financial statements are necessary to include in a business plan for either an existing business or startup?
 - a. Monthly sales forecast, income statement, balance sheet
 - b. Balance sheet, operating ratio statement, break even statement
 - c. Balance sheet, income statement, cash flow statement
 - d. Ratio analysis, balance sheet, income statement

7. Cycle billing means (to smooth cash receipts);
a) Billing to customer every week
b) Billing every three months
c) Billing every two weeks
d) Billing each day
8. Equity capital/financing means
a) Bank loans
b) Funds from angel investors
c) Foreign company investment
d) Personal investments
9. Working capital represents:
a) Funds for growth
b) Funds to buy fixed assets
c) Investments in other businesses
d) Capital for short term needs
10. Balance score cards looks at
a) Finance, growth, history, revolutionary products
b) Evolutionary products, finance, growth, price/cost leadership
c) Maximizing profits, advertising, first to market a product
d) Finance, people, innovation, customer and growth
11. Copreneuers mean
a) Every member of a family is an entrepreneur
b) Every family member has financed the business
c) All family members have equal stake in profit and loss
d) Couple work together as co-owners of a business
12. Time compression management in marketing is based upon are
a) Shortening delivery time of a product
b) Shortening production time of a product
c) Speeding product, shortening customer response time, reducing administrative time
d) Speeding product, shortening customer response time, reducing customer interaction time
13. To prove that a product meets customer's needs and wants it is recommended that
a) Business growth is shown
b) Financial stability is shown
c) Quality, reliability is proven
d) Prototype be delivered for evaluation
14. Which one of these is not the significant reason for developing business plan
a) Reality test
b) Competitive test
c) Excellence test
d) Value test
15. Porter's five forces for corporate strategy does not include.
a) Threat of substitutes
b) Rivalry among competition
c) Business financing
d) Power of suppliers
16. A product "feature" is
a) Diagram, drawing, illustration, description
b) Defines reliability of a product
c) Defines competitive advantage
d) Aesthetic look of a product

17. Which one of these is not one of the deadly mistakes to avoid
- a) Poor location
 - b) Poor marketing effort
 - c) Managers with no academic degrees
 - d) Failure to develop strategies for the business
18. An example of benefit from the product is:
- a) Lowers energy bill
 - b) Faster access to data and speed
 - c) It is more beautiful, has superior looks
 - d) Both a and b are correct
19. "Image" in pricing means
- a) Differentiation
 - b) Focus
 - c) Customer acceptance of the assigned price
 - d) Maximization of profit by overcharging
20. This is not one of the deadly mistakes to avoid when starting a business.
- a) Poor financial control
 - b) Poor location
 - c) Weak marketing efforts
 - d) Recover investments within six months