

1. With example differentiate between innovation and invention

SIS FOR COMPARISON	INVENTION	INNOVATION
Meaning	Invention refers to the occurrence of an idea for a product or process that has never been made before.	Innovation implies the implementation of idea for product or process for the very first time.
What is it?	Creation of a new product.	Adding value to something already existing.
Concept	An original idea and its working in theory.	Practical implementation of new idea.
Skills required	Scientific skills	Set of marketing, technical and strategic skills.
Occurs when	New idea strikes a scientist.	A need is felt for a product or improvement in existing product.
Concerned with	Single product or process.	Combination of various products and process.

SIS FOR COMPARISON	INVENTION	INNOVATION
Activities	Limited to R & D department.	Spread across the organization.

With innovation we only modify the existing products while in invention we start with a new idea.

The significant differences between invention and innovation are classified below:

1. The occurrence of an idea for a product or process that has never been made before is called the invention. The implementation of the idea for product or process for the very first time is called innovation.
2. The invention is related to the creation of new product. On the other hand, innovation means adding value or making a change in the existing product.
3. The invention is coming up with a fresh idea and how it works in theory. As opposed to innovation, is all about practical implementation of the new idea.
4. The invention requires scientific skills. Unlike innovation, which requires a broad set of marketing, technical and strategic skills.
5. The invention occurs when a new idea strikes a scientist. Conversely, innovation arises when a need realized for a new product or improvisation in the existing product.
6. The invention is concerned with a single product or process. As against this, innovation focuses on the combination of various products and services.
7. While the invention is limited to research and development department of the organization. Innovation is spread all over the organization.

QN 2; In innovation. There are two options: to be a pioneer or to be a follower. Both have advantages and risks. Differentiate between Pioneers and Followers.

Pioneers have a first mover advantage: Example analogue Television,

- owning the positive image and reputation of being a pioneer
- 1) by making new products, 2) by using a new process, or 3) by entering a new market
 - 4) Longer market live than their followers

Disadvantages of being a Pioneers

- 1) free-rider benefits to followers,
- 2) market and technological uncertainties, example inventors of analogue tv didn't know about flat screen tv also the invention of cellular/ mobile phone didn't know about smart phone
- 3) unforeseen changes in technology or customer needs, and

- 4) incumbent/compulsory inertia/inaction, which results in the gradual updating of existing technology, rather than the adoption of new and improved technologies; Requires
5. Have high cost of production and uncertainty in market
6. Time consuming and resources requirement Have high risk because customers are uneducated, poor infrastructure and market

Advantage of Followers

1. Have an opportunity to meet customers' needs
2. Have low cost in production, since he/she is doing selection of what is needed in the market
3. Have low risk in business operation ex; research costs as many information is available
4. Strength in marketing and production in case of limited resources

Disadvantages of Followers

1. Have low market share
2. There are the advantages of pioneers

2. Describe four components of the innovation process based on the Betz conceptual framework

3. Whether you are trying to lead your industry, create a new product just do things more efficiently, innovation is challenging and liable to fail. Success begins with a careful understanding of what you are trying to achieve

(a) Describe at least 5 common barriers facing innovators

People/stakeholders, Funding, Technology, Customers, Policy and Accountability i.e meeting customers' expectation.

(b) How will one be successful toward commercialization?

Meaning of commercialization is the process of introducing a new product or production method into commerce—making it available on the market. The term often connotes especially entry into the mass market, but it also includes a move from the laboratory into commerce

Requirements for commercialization

- ❖ Market research this will help to identify potential customers
 - ❖ Promotion through advertising
 - ❖ Pricing that is attractive and influencing
 - ❖ Distribution channels; product distribution through retailer or wholesaler
 - ❖ Networking with other business people and other connections with influential people, selecting suitable business partner
 - ❖ Technology
4. Imagine you have come up with a business/company and you want to build an innovation strategy for your company. Discuss the strategy formulation process you would undertake

Key issues for strategy formulation process

Set your strategic direction

- ❖ Vision
- ❖ □mission,

Carry out a situation analysis: - (self-evaluation, competitor and environmental analysis:- SWOT, PEST)

Set Objectives: -

- ❖ general and specific
- ❖ short and long term

Prepare a strategic plan. :- (describing how the objectives will be achieved).

- ❖ Activities,
- ❖ Actions,
- ❖ Responsibilities,
- ❖ Verifiable Indicators,
- ❖ Physical Achievement and
- ❖ Duration of Time
- ❖ Tools

Ensure that strategies formulated are:

- ❖ Clear stated
- ❖ Quantified outcome
- ❖ Focused
- ❖ Realistic
- ❖ Agreed by implementers

Strategy Implementation

- ❖ Prepare the implementation plan
- ❖ Turn strategy into actions in order to achieve organization objectives and goals
- ❖ Addresses the issues of who, where, when, and how.

5. The free rider problem occurs in the situations in which a person derives a benefit that he/she did not pay for. What protection methods can we use to get rid of free riding in invention(s) and innovation(s) of an individual or organization?

- Secrecy e.g trade secrecy used by COCA COLA
- Confidentiality agreement example COCA COLA employees are required to sign for preventing disclosing information in rival company
- Patents/ copy right/trade marks
- Complementary manufacturing; allowing company to manufacture the same product
- Lead time, being the first in the market can help you to protect your business.
- Complex design of products, e.g APPLE PRODUCTS

6. Competitiveness is a key challenge for most of African products in both local and international markets. How can you address competitiveness using Porter's competition Model. Innovative strategies and sound regional economic strategies. Discuss

Five porter's model

- a) Threat of new entrance
- b) Threat of substitution
- c) Power of Supplier
- d) Power of Buyer
- e) Rival's from existing competition

How to address the competitiveness: Find your niches, Focus on meeting specific customer needs, capitalize on competition look on ways to turn your competitors into customers ie. Being a wholesaler and make your competitors retailer buy from you.

AREA FOR INNOVATION

What technology are you using you may advance your technology, what product are you innovating, how are you distributing processing your product: distribution channels, marketing strategy.

7. a) Describe any two types of collaborations we use in the innovation process
Open and hierarchical, Open and flat, Closed and hierarchical and Closed and flat

b) What tools will you use to facilitate successful collaboration in the innovation process? (Discuss any two tools you will consider)
Technology- facilitates interaction and collaboration between two or more people;
Mobile phones, messaging services, file synchronization platforms, online databases
Non-technology involves books, papers,

8. After several experiments and trails in the laboratory, you have come up with the product which you want to commercialize. You have registered a company and now you are in the process of setting up your business. Discuss the 7P's that you will consider in setting up your business.
 - Product

Development, packaging, labeling etc. processing

- Pricing

Penetration, operation, competition, survival

- Promotion (Communication)

Advertisement, trade and sales promotion, personal selling, PR public relation officer (a liaison)

- Place:

Distribution (channels> wholesalers, retailers...)

- Physical Evidence:

Where the service is delivered (organization, office, business area)

- Process

Systems which assist firm's delivery of service to customers

- People

Appropriate staff recruitment

9. Discuss how the following marketing protection methods are used to protect scientific discoveries /innovations in business:
 - a) Patents
A Patent is an exclusive rights to a new product, process, substance or design
It covers an invention or new technology, enables its creator to prevent others from using, selling, manufacturing or otherwise copying the innovation without permission for a limited period.
 - b) Copy rights

Copyright is the exclusive legal right, given to artistic, dramatic, and musical works
Work is automatically copyrighted at the time of creation; however, registration is required if a business wants to sue over the use of the material by another party
Eg. business can copyright its books, reports, audio or video materials

c) Trademarks

Trademark is an exclusive right to words, symbols or other marks to distinguish goods and services

It is a recognizable sign, design, or an expression which identifies products or services of a particular source from those of others

Eg. business name, slogans, logos and other items that essentially brand the product or company

d) Confidentiality agreement

An agreement designed to protect trade secrets and expertise from being misused by those who have learned of them. It is a legal contract between at least two parties that outlines confidential material, knowledge, or information that the parties wish to share with one another for certain purposes, but wish to restrict access to or by third parties

e) Design right

10. Write short note on

a) innovation and type of innovation

Is the new way of doing things in a way that has never been done before.

Types of innovation

Change over

Modular

Continuous

Radical

b) Innovation Clusters

is a geographic concentration of competing and cooperating companies, suppliers, service providers, and associated institutions. Example Arusha is a tourists region that has numerous hotels, curio shops, tour companies.

Advantages of clusters

Decrease transport cos

Access to diverse resource

High degree of specialization in products and services

Cooperation between cluster members

Allow exchange of knowledge and ideas

c) Competitive Advantages

Is what makes your entity good or service superior to all of customers' other choices.

Or Is the attribute that allow an organization to outperform its competitors. Example to natural resources, low prices, highly skilled labor and access to new technology

d) Competitive Intelligence

Is the way of defining, gathering, analyzing and distributing key and secret information which will support managers in decision making process.

The core use is to prepare strategic plan, know key competitive issues, what is the base for competition., where the firm competes, who are your competitors.

Levels of competitive Intelligence: Strategic know the future of your competitors, Tactical how do your competitors operate and Counter intelligence protect your own strategy.

e) Supply Chain Management

Is the management of the flow of goods and services and include all process that transform all materials into final products, it involves activities and streamline of a business supply side activity to maximize customer value and gain competitive advantage in market. It attempts to centrally control or link production, shipment and distribution of products.

Supply chain- is the connected networks of individuals' organization, resources, activities and technology involved in manufacture and sale of a product.

11. **Linkages among actors within an innovation system must be purposefully stimulated and nurtured by public policies, instruments and various incentives that the government puts in place. Discuss**

12. Knowing which market segment to serve has been one of the biggest challenge for most of business worldwide. Using relevant examples, briefly identify and discuss the best approach one can use to address that challenge

- a) Study your market and customers
- b) Study your competitors and their customers
- c) Seeking preference of customers through asking questions
- d) Motivation, what motivate them to purchase your product, find out what is important to them.

13. You have been a newly appointed person responsible for managing innovation in an already existing organization. You are asked to give a convincing talk to the board of Directors on the steps that ought to be taken in making an effective innovation strategy. This is a key input to the policy making of this particular board on its new strategy in encouraging innovations, Identify and elaborate the processes that have to be taken in making innovation strategy.

REFEREE TO QN 10.

14. The success of innovation in any organization depends on building relationships with several collaborative actors who make up the company's ecology for innovation management and competitiveness. In this light describe types of collaboration, element of successful collaboration and their application to an organization of your choice. Ex NM-aist with CREATES, DAAD , WISE FUTURE and AfDB

Types of collaboration

- a) Open and hierarchical
- b) Open and flat
- c) Close and hierarchical
- d) Close and flat

Elements of collaborations

- a) Stakeholders with vested/entrusted interest in collaboration
- b) Shared vision and common goal
- c) Expertise professionals
- d) Team work strategy, ie cooperation
- e) Open communication easy communication between parties

15. a) Integration of science, Technology and Innovation (STI) is a promising path towards social and economic development in T.Z. With relevant examples discuss this remarks.

- i) Improve diagnostic; In health sector STI has benefit in organ transplant
Easy communication through electronic money transfer ex; M pesa
- ii) Has provide room for food security ex the discovery of aflatoxin in grains
- iii) Infrastructure development ex standard gauge

16. Porters' Competition Model is one among the mostly used business strategy tool worldwide. With reference to the firm of your choice, discuss the relevancy of this mode for the industry analysis and business strategy development.

Example: Establishing a fish industry in lake zone region where there are abundant suppliers.

REFEREE TO QN 13

17. Mr. Makoye, a cotton clothes businessman has been operating in Tanzanian market since 2002; he is now planning to expand his business to the Brazilian market, Assume you are a consultant with adequate knowledge and competence on competitiveness and internationalization, advise him accordingly based on the following areas:

a) What are the key issues needed to be considered by Mr, Makoye before embarking on Brazilian market?

i) Standardization strategy sell the same product just changing a little on the product

Key issues

- High level of technology; do you have adequate technology to produce the desired products
- Convergence of customer's needs globally
- Formidable adaptation cost
- Country of origin impact

ii) Adaptation strategy changing product in response to the need of the target market

Key issue

- Consumer demographic
- Culture, Local Customs and Traditions
- Price
- Climatic and other conditions of use
- Standards in different countries e.g electric appliance
- Government Regulations and Standards

b) What are the available entry modes to the international market?

i) Production in Home Country

- Export (production in home country, finished goods are shipped to overseas market)
- i. Direct Export (sell directly to importers in overseas market)
- ii. Indirect Export (sell to an export intermediary in home country who in turn sell to export market)
- iii. Complementary Export 'Piggybacking' -(use other foreign firms' distribution channel as agent/distributor)
 - Providing Offshore Services (with help of ICT e.g America's call centers in India).
- ii) Production in Foreign Country
 - Contractual Entry Mode (use of synergetic effect of partner firm and use its resources)
 - i) International Licensing (use of patents, trademarks, copyright, process technology, design, business skills)
 - ii. International Franchising (involves transfer of intellectual property right and other assistance)
 - iii. International Strategic Management Contract (provide technical and managerial expertise)
 - iv. International Strategic Alliance (two firms cooperate to achieve common strategic goal)
 - v. International Contract Manufacturing (carry out manufacturing operation in offshore location)
 - Investment Mode
 - i. Overseas Assembly/ Mixing (avoid high shipping cost and import tariff and use labor in overseas market)
 - ii. Joint Venture (use overseas partner)
 - Wholly Owned Foreign Subsidiaries (to have complete control & ownership of intern. Operation)
 - i. Acquisition (acquire a foreign company and all its resources in a foreign market)
 - ii. Greenfield Operations (create the production and marketing facilities on its own from scratch)
- a) Which entry mode would you recommend for him. Justify your choice

Production in foreign country through Invest mode.

18. Innovation refers to the entire process by which an organization or individual creates new technological ideas and converts them into novel, useful and viable commercial products, services and business practices for potential economic gain.

- a) Is it possible to build an organization to come up with new innovation? Justify your answer.

INTERNAL AND EXTERNAL INNOVATION

1. Invest in people

Employees need to feel connected to the company, they need to feel invested in it, and they need you to appreciate how invested they are in it.

Support your team in learning the skills they need to be innovative (identify x and y group and their temperament)

2. Understand your customers

It's crucial to understand your customer psychology (consumer behavior), in order to spur new ideas and encourage customer centricity; understand your customer's shoes(empathy/understanding)

3. Recognize and protect Intrapreneurs,

Develop appropriate process and offer explicit executive support and protection to the intrapreneurs' life expectancy.

4. Accept mistakes

Organization growth is tied with innovation and innovation requires taking risks. Capitalize on the learning behind their shortfalls while being tolerant.

5. Transformational leadership

A style of leadership where a leader works with subordinates to identify needed change, creating a vision to guide the change through inspiration (change is challenging), and executing change with committed members of a group(change agent).

6. Create a creative space

create a space that helps your employees be stimulated, collaborate on solving problems, reflect on their ideas and most importantly enjoy their work-space

Consider Both psychological and Physical

b) In what ways research and academic institution can transfer technology to the society and industries?

Demonstrating; seminars, workshops, Nurturing i.e training, Promote and Sustain/Withstand /endure

c) In what ways networks and collaboration facilitates innovation?

Collective thinking, sharing of ideas

Access to resources, utilization of equipment,

Costs sharing example collaboration

Risk minimization/ diversification, minimize failure

Time saving e.g through division of labor

Widening scope of operation e.g large scale business operation, having large scope of operation.

Bridging gaps (scientific/ business/ social) connectivity between organization

Communities of Innovators; a source of new ideas

Also including collaboration advantages

19. Creativity and Innovation often lies at the heart of small companies' ability to compete successfully. Discuss how entrepreneurs use the two for their competitive advantage and power?

a) Product innovation

b) Technology innovation

c) Process innovation

20. A cluster is a group of companies sharing local resources, using similar technologies and forming linkages with a wide range of actors that are part of a given sector's supply and demand chain
- a) With relevant examples, explain the roles of key actors in any named cluster of your choice;
- Tourism industries; Hotels, horticulture, Tour operators, Curio shops
Automotive industries; Engine, Label, Designer, fuel company
Aviation Agency: Travel Agency, Hostels, Owners, fuel company

b) How different companies within a cluster protect their products and markets

21. Write short on the following:
- a) Innovation
 - b) Competitive Advantage
 - c) Market
 - d) Technology transfer
22. With relevant example discuss the role of clusters and stakeholders' collaboration on the success of the enterprises in Africa.
- A high concentration of firms generate an increases market and hence more opportunities for reaching to more customers;
 - Decreased transport costs and supply chains;
 - More facile access to resources;
 - Opportunities for new companies that see new scenarios to extend in this environment ;
 - Offers a higher degree of specialization in products and services ;
 - More competitive environment that provides better motivation ;
 - Greater cooperation between cluster members
23. If you got a chance to advise the Vice Chancellor of Nelson Mandela on how the institute can become an innovative organization, what will be your argument making reference to the value chain analysis.
- REFEREE TO QN 24
24. Innovation refers to the plan made by an organization how resources can be used for desirable innovation outcome. In your own opinion, what are the key innovators needs to consider when developing a business model which will ensure success of an agribusiness innovation strategy:



25. Despite of a number of challenges, commercialization of universities research findings is very crucial for the development in Africa. Discuss.

In Agriculture sectors: Example in SUA scientist produce pesticides for protecting crops. Producing breed of high quality, Seeds that are tolerant to harsh conditions ex extreme heat.

In health sector: Ex in Muhimbili doctors come up with modern techniques for diagnosis, medicines and preventions of diseases.

In water sectors: Purification of water

In Computer engineering- telecommunication electronic money transfer, android application for searching market and selling of products.

BUSH 6005

1. Business plan is among the key aspects for entrepreneur. Describe why business plans are important and briefly why business plans are important and briefly describe some of the key components of a good business plan.

Components of business plan

- a) Vision
- b) Mission
- c) Business background
- d) Product description
- e) Market plan
- f) Competitor analysis

- g) SWOT Analysis
- h) Operations
- i) Financial planning
- j) Timeframe

Importance of business plan

1. To make sound decisions
As an entrepreneur, having a business plan helps you to define and focus on your business ideas and business strategies. You not only concentrate on financial matters, but also on management issues, human resource planning, technology and creating value for your customer.
2. To communicate your ideas with stakeholders
A business plan is a communication tool that you can use to secure investment capital from financial institutions or lenders. It can also be used to convince people to work for your enterprise, to secure credit from suppliers, and to attract potential customers.
3. Clarify Direction
The primary purpose of a business plan is to define what the business is or what it intends to be over time. Clarifying the purpose and direction of your business allows you to understand what needs to be done for forward movement. Clarifying can consist of a simple description of your business and its products or services, or it can specify the exact product lines and services you'll offer, as well as a detailed description of your ideal customer.
4. Manage Company
A business plan conveys the organizational structure of your business, including titles of directors or officers and their individual duties. It also acts as a management tool that can be referred to regularly to ensure the business is on course with meeting goals, sales targets or operational milestones.
5. Attract Financing
The Small Business Administration states, "The development of a comprehensive business plan shows whether or not a business has the potential to make a profit." By putting statistics, facts, figures and detailed plans in writing, a new business has a better chance of attracting investors to provide the capital needed for getting started.
6. Creating road market

Knowing that you have covered a course on entrepreneurship and you are a consultant, a training institution has requested you to give a lecture on the topic. Entrepreneurship revolves around having business ideas and being innovative. It also revolves around business opportunities. Because you are busy and cannot deliver the lecture physically, write down handouts on that topics and your assistant will deliver the lecture for you.

- Definition of entrepreneurship and entrepreneur
 - Characteristics of entrepreneur
 - Skills of an entrepreneur
 - Entrepreneur process
 - Advantages of entrepreneur
- i) Creating job opportunities

- ii) Provide finance
- iii) It nurtures innovation

Entrepreneurship is the incubator of the innovation. Innovation creates disequilibria in the present state of order.

- Challenges of an entrepreneur

1. Lack of financial/capital
2. Criticism
3. Customer loyalty
4. Suitable Market

2. In a conference on entrepreneurial development in Africa, one participant remarked that “Entrepreneur is all about taking risks “. Critically discuss this remark.

1. Sacrificing your own financial/capital ie. Depending on loan if not able to pay back you will be confiscated.
2. Relying on a cash flow
2. Criticism
3. Customer loyalty
4. Suitable Market

More answers

1. Competitive Risk

Competitive risk is the risk of a business facing competition from its rivals. Every business besides monopolies face competition because there are substitutes easily available in the market. New businesses have to face this risk to a higher degree because they face stiff competition from already established businesses. However, reputable businesses are not immune from this risk either. In order to minimize this risk one must run a proper SWOT analysis and come with strategies to counter attacks from competition.

2. Technological Risk

Thanks to the changing times every business has to face technological risk. This includes change in technology that are taking place at a rapid pace. What's in today goes obsolete tomorrow. It is difficult for entrepreneurs to be able to gauge the future properly.

The solution in this regard is not to plan for today but tomorrow so that you are ready with the new technology by the time it goes huge.

3. Political and Legal Risk

This risk is everywhere especially in the case of businesses that run in uncertain environments. This includes the changing political scenario including the changes in laws and regulations. Multinationals have to face this risk to a great degree because they do not only have to worry about the political and legal situation of their country but of every country they have a business in.

The right solution in this regard is to have flexible policies so that changes can be incorporated just in case the government changes any of its policies.

4. Financial Risk

Financial risk is the risk of a business running out of finances. Entrepreneurs need to have a good financial sense in order to run a business successfully. They need to manage cash flow, predict demand and supply so that financial decisions can be taken properly.

Every decision, big or small, has a significant impact on profit and a company's financial position which is why it is very important to be careful.

6. Employee Risk

The human capital is one of the most important things for a business to be successful. It is the duty of the entrepreneurs to build an impressive team of managers who can lead the employees in the right direction. No company can attain its goals without the support of its employees that act as the backbone.

Environmental Risk

Risks that are associated with the environment are called environmental risks. Most of the risks that fall under this category cannot be controlled. These include natural disasters like flood and drought. Plus, a lack of natural resources also falls under this category.

The best option to overcome this risk factor is to do proper research before opening a business

4. Given your competence in entrepreneurship, you have been engaged to evaluate whether business XYZ has been growing over time or not. In your inception report to your client you are required to describe the aspects of the business that you will evaluate in order to show whether the business has grown or not. Describe those aspects here.

a) Demand b) Profit and losses consists of Cash flow, balance sheet and income statement and d) business budget

Demand

The foundational law of “supply and demand” is foundational for a reason: Your growth potential depends in large part on how much demand there is for your business—whether that’s a service, product, or experience. Assessing your business’s demand is crucial if you’re thinking about expanding your business, or making a hiring plan.

Profit and Losses

“Profit” is your net income after essential expenses, like payroll, equipment, and inventory; and “losses” are the costs that exceed revenue. Obviously, a healthy business needs to have more profits than losses—a business with less of the former and more of the latter runs the risk of untenable debt and, potentially, bankruptcy. To determine your business’s profits and losses, you’ll need to collect a few crucial financial records, including income statements, a cash flow statement, and a balance sheet

Revenue

When you're looking for indicators of business growth, calculating your annual revenue [growth rate](#) is a good next step once you've analyzed your profit and losses. If you've been in business for fewer than three years, or are a venture-backed company that hasn't become profitable yet, cash might be tight or business might vary month to month. Revenue can help indicate growth, even if your profits aren't increasing right now

Sales

Revenue and profit usually get all the attention for indicators of business growth, but if you're tracking success, it's essential to also evaluate the sales that are driving your revenue. Your sales team is the frontline of your business, and you have insights into the trends and changes from month to month that will impact revenue. So, it's worth aligning your company's KPIs with sales goals. Especially for small business owners hoping to [increase sales](#), it's important to consistently report on sales performance

Market Share

Depending on your industry and geographical location, your portion of the local market could be an additional key indicator of how much your company has grown, and how much growth potential there is in the existing market. Observe peer companies of a similar size, or better yet, direct competitors. If it's relevant, check your competitors' recent updates, keeping an eye out for new locations, products, or partner integrations—try checking a company's blog if you need somewhere to start. A healthy competitive market will actually help your business grow, so you want to see activity in the space outside of your own business. In the case of small businesses, this indicates demand in the market for the good or service you provide.

5. Marketing is among the key success factors for businesses. Assume that you own a business. Give a description of how you would go about marketing goods and services produced by your business:

Advertisements, promotion (advertisement and offer), Place (distribution channels), Physical evidence (where the product will be provided), Pricing (discounts, offers), market target (, market segmentation (demography, geographical location)

Know the marketing mix tools and market target

6. One of the boys around Tengeru has decided to start a business after the many business opportunities that NM-AIST offers. The problem is that he does not know the possible sources of financing the business. As part of your services to the community, kindly explain with examples where he can get funds for his business and possible conditions that funding organization are likely to demand before issuing the funds.

Sources of funds:

Angel capital for shareholders

Loan/Debt from bank

Venture Capital

Money from family members and friends

Conditions for obtain the funds

Business plan is required to Angel capital, Venture, and bank.

The bank will also require a collateral (security of the loan/Amana).

7. Briefly discuss the following

a) Management- Is a process of coordination of resources in order to attain stated objectives

Characteristics of management

Manager needs not to have managerial

Is universal

b) Entrepreneurship- refers to assessment of ideas and taking risks of setting up a business entity and or expansion of a business setup.

An entrepreneur need to have : Managerial skills, good technical skills,

BASIS FOR COMPARISON	ENTREPRENEUR	MANAGER
Meaning	Entrepreneur refers to a person who creates an enterprise, by taking financial risk in order to get profit.	Manager is an individual who takes the responsibility of controlling and administering the organization.
Focus	Business startup	Ongoing operations

BASIS FOR COMPARISON	ENTREPRENEUR	MANAGER
Primary motivation	Achievement	Power
Approach to task	Informal	Formal
Status	Owner	Employee
Reward	Profit	Salary
Decision making	Intuitive	Calculative
Driving force	Creativity and Innovation	Preserving status quo
Risk orientation	Risk taker	Risk averse

Key Differences Between Entrepreneur and Manager

The difference between entrepreneur and manager can be drawn clearly on the following grounds:

1. A person who creates an enterprise, by taking a financial risk in order to get profit, is called an entrepreneur. An individual who takes the responsibility of controlling and administering the organisation is known as a manager.
2. An entrepreneur focuses on business startup whereas the main focus of a manager is to manage ongoing operations.
3. Achievements work as a motivation for entrepreneurs. On the other hand, the primary motivation is the power.
4. The manager's approach to the task is formal which is just opposite of an entrepreneur.

5. An entrepreneur is the owner of the enterprise while a manager is just an employee of the company.
6. A manager gets salary as remuneration for the work performed by him. Conversely, profit is the reward for the entrepreneur.
7. An entrepreneur's decisions are driven by inductive logic, courage, and determination; that is why the decision making is intuitive. On the contrary, the decision making of a manager is calculative, as they are driven by deductive logic, the collection of information and advice.
8. The major driving force of an entrepreneur is creativity and innovation. As against this, a manager maintains the existing state of affairs.
9. While entrepreneur is a risk taker, the manager is risk averse.

Similarities between entrepreneurship and management

- Entrepreneurship and management are both concerned with business growth, no matter the growth is in a short or long run. The growth of business is crucial for both of them, since entrepreneurs want to grow bigger their wealth as well as social reputation, and managers want to promote their way to a better success.
- Entrepreneurship and business managers are both decision makers. The entrepreneur makes the final decision-making for the overall business project; but the manager makes some important decision makings in some details prior to the final judgment. For example, managers could make decisions in human resources in the organization.
- They both have the similar way to manage the team and project the target. That is maybe the entrepreneur had used to play a manager role in another entrepreneur's company and receive the similar approach or experience as what the current manager does.
- They should also have the similar quality of accupation. They should present a sort of powerful culture. They should react to public as a quick listener and a great communicator. A successful entrepreneur doesn't necessary to learn a second language, but he or she must literally understand what a foreigner is trying to talk, even the foreigner holds a broken accent

b)creativity and Innovation

c) Market and Marketing

Market refers to a place where buyer and sellers can come in contact with each other either directly or indirectly, so as to trade goods and services for value.

Its main function is to determine the price of the commodity, with the help of demand and supply

Marketing is the set of activities geared towards introducing and creating value for products/service for potential customers.

Key Differences Between Market and Marketing

The important points of differences between market and marketing are indicated below:

1. The market is defined as a physical or virtual set up where the buyers and seller need to proceed exchange of goods and services. Marketing is a set of activities that identifies, creates, communicates and supplies consumer needs.
2. A market is a place, i.e. physical or non-physical. On the other hand, marketing is an act (abstract) of creating a utility of the product.
3. The market is a process which sets the price of the product with demand and supply forces. Conversely, Marketing is a process which analyses, creates, informs and delivers value to the customers.
4. The concept of marketing is wider than the concept of a market.
5. The market varies by product, place and other factors. As opposed to marketing, the philosophy can be consistently applied, irrespective of product, place and any other factor.
6. Market facilitates trade between the parties. Unlike marketing, that creates a link between the customer and company, to provide the right product at a right time at right place.

d)Need, Want and Demand

Need - necessity. Something that is required to survive or to sustain. For example, food, water, shelter etc.

Want - desires. Things without which we can survive, but we need them for higher satisfaction. For example, i want iphone 6S, though I can do without it. (Human wants are unlimited! As one want is satisfied, a new one is created.)

Demand - willing and able to buy. Things that you want to buy/consume and your pocket allows its consumption, i.e you can afford it, thus you demand that thing.

Need are permanent

Wants are not permanent they change regularly

Need are essential for survival, want are not essential for survival

Want is something that is always desired

BASIS FOR COMPARISON	NEEDS	WANTS
Meaning	Needs refers to an individual's basic requirement that must be fulfilled, in order to survive.	Wants are described as the goods and services, which an individual like to have, as a part of his caprices.
Nature	Limited	Unlimited
What is it?	Something you must have.	Something you wish to have.
Represents	Necessity	Desire
Survival	Essential	Inessential
Change	May remain constant over time.	May change over time.
Non-fulfillment	May result in onset of disease or even death.	May result in disappointment.

Key Differences Between Needs and Wants

The following points are noteworthy so far as the difference between needs and wants are concerned:

1. The term 'needs' is defined as an individual's basic requirement that must be fulfilled, in order to survive. Wants are described as the goods and services, which an individual like to have, as a part of his caprices.
2. An individual needs are limited while his wants are unlimited.

3. Needs are something that you must have, in order to live. On the contrary, wants are something that you wish to have, so as to add comforts in your life.
4. Needs represents the necessities while wants indicate desires.
5. Needs are important for the human being to survive. As against this, wants are not as important as needs, because a person can live without wants.
6. Needs are those items, that are required for life and does not change with time. As opposed to, wants are those items, that are desired by an individual either right now or in future. Therefore, wants might change over time.
7. As needs are essential for life, non-fulfillment may lead to illness or even death. In contrast wants are not essential for living and so non-fulfillment, does not have a great impact on a person's life, however, disappointment may be there.

7. The SMEs nomenclature is used to mean small and medium enterprises. It is sometimes referred to as micro, small and medium enterprises(MSMEs). Discuss the categories of SMEs in the context of Tanzania.

Categories	Employees	Capita Investment (Millions TShs)	Turnover (Millions TShs)
Micro-enterprises	1-4	Up to 0.5	12
Small enterprises	5-50	5.1 up to 200	150
Medium enterprises	51-100	201 up to 800	300
Large enterprises	101+	Above 800	300

8. Financing planning is an important exercise for sustainability of any business venture. Define financial planning and explain at least five sources financing business ventures.

REFEREE TO QN

9. With the use of business related examples, discuss the tools for sales promotion.

Distributing free sample

Offering free sample

Exhibition and fair

Money and warrant Offers

Exchange offer

10. Discuss the four major functions of management

Planning

Organizing

Controlling

Leading

11. Distinguish between Income statement and cash flow

a) **Income statement**- Statement compares the profitability of the firm to prior years i.e Total (yearly) revenues minus total (yearly) expenditures

Cash flow- statement shows beginning cash balance, cash inflows, cash outflows and ending cash balance

b) **Value proposition and Invention**

Is the process or activity that a company add value to the product, process and output.

Invention

Invention is about making new items, or finding new ways of making items. Innovation involves bringing this new idea to the market, that is, turning an **invention** into a product. The BBC owns the copyright of all the content on BBC websites. A **business** can use the law to protect its **business** idea

12. The operation of business organization may be constrained or influence by a number of factors found in the marketing environment. Companies can experience these factors at the micro and /or macro dimensions but regardless of the level/dimensions, their impact on business can be significant. Discuss the influence of macro environmental factors on the performance of businesses operating in the science or technology industries.

a. Macro environment forces (PESTEL)

Political: ideology, peace and stability

Economic: Exchange rate, Inflation, Depression e.t.c

Social Factors: reference group, family, tradition, social class

Technology : availability, compatibility

Environmental: climate

Legal: policies , laws, regulations

b. Micro environment factors

Competitors

Customers

Distributors

Suppliers

13. It is argued that a business plan is an organizational selling tools which requires careful consideration of the various aspects of the business. Despite of its potentiality, most companies in different industries not produce it.

i) What is the rationale for companies to continue using Business plans
At least two reasons.

ii) Discuss the essential elements of business plan.

14. It argued that, employing of middlemen in the distribution functions affects the final customers because their existence and desire to get profit out of this function lead to high prices of the products they are distributing. Regardless of this shortcoming, most companies in different industries use middlemen in this function. Discuss the rationale for companies to continue using middlemen despite of this cry from customers.

a) Burden Sharing, Cost

Intermediaries may share many manufacturer responsibilities such as taking care of storage, stock management, setting up sales offices in strategic locations and add-on services (and their associated costs). They also share costs incurred in promotion of products and offer financial programs such as easy payments to customers. Intermediaries operate at much lower costs than manufacturers who try to manage the entire process. Delivery time is also saved because of the expertise and experience of intermediaries.

b) Time Saving

c) Reduce cost for product distribution to firms

d) The consumers of a product are scattered throughout the country. It is, therefore, not possible for a producer to contact each buyer personally. The middlemen, thus, help the producers by distributing their products to the consumers living in different places.

e) The wholesalers, as middlemen, buy in bulk quantities from the manufacturers. Thus, a high inventory turnover is made possible because of the presence of middlemen.

f) The consumers usually buy in small quantities. The wholesalers sell in small quantities to the retailers and thereby enable still smaller quantity sale.

g) The retailers, as middlemen, provide even 'door delivery service' to their consumers. The consumers can book their orders also by phone. Some retailers have also introduced 'internet' placement of orders.

h) The wholesalers, who are bulk buyers, maintain their own godowns. They store large quantities of goods in such godowns and sell to the requirements of the retailers.

- i) Provision of credit is another important service of the middlemen. The wholesalers provide credit to the retailers and many retailers, these days, accept credit cards of their customers.
- 15.A product is complex and it has three dimensions/ levels that can be distinguished. Discuss the three dimensions /levels of a product

a) Core product

The core benefit is the fundamental need that the customer satisfies when they buy the product.

It is important to think of the core benefit from the customers perspective. The easiest way to do this is to ask yourself, “Fundamentally, why is the customer buying this product?”.

For example, the core benefit of a mobile phone is to provide a mechanism to make telephone calls when away from your home or office.

Note that products are rarely marketed using the core product. This is because core products offer no competitive advantage. Imagine how ridiculous it would seem if a mobile phone was advertised these days on its ability to make phone call

Example: When purchasing a TV the core product is obviously the need to watch television programmes. As stated previously, the core product is rarely used as the basis of a marketing campaign.

b) Actual product

The actual product is the product features and its design. Products typically have lots of features but very few actual benefits (core benefits) to the customer.

Returning to our mobile phone example, then the actual product consists of the design and features of the phone, including:

Dimensions.

Color.

Screen size.

Bluetooth compatibility.

App ecosystem size.

Packaging.

Examples: The actual product is the TV itself and its features. This will include such things as the size of the screen, it's weight, what apps come pre-installed, ease of setup, connectivity options etc.

Also included in the actual product is the brand name. Whether the brand is perceived as a premium brand or a budget brand will form part of the actual product. In the case of TVs, Sony is considered a premium brand whereas TCL is considered a budget brand.

c) Augmented product

The augmented product is any non-physical parts of the product. Typically, the augmented product includes such things as warranty and customer service. The augmented product can be an important way to tailor your product to meet the needs of specific customers.

Looking at our phone example once more, the augmented product could include a 12-month warranty for all customers. Business customers may additionally receive a 24-hour replacement service for broken phones.

Adjusting the augmented product is a great way to add value to a product. It is very common to see product advertising campaigns focusing on the augmented product. This is because its one area where its possible to be different from your competitors, which helps you to stand out in the marketplace.

Example: The augmented product for our TV might include:

0% financing.

3-year warranty.

The company's reputation for post-sales support.

A QR code on the side of the box which takes you directly to the installation instructions.

Donating 1% of revenue to plant trees, helping offset the environmental impact of manufacturing TVs.

How one TVs augmented product differs from another can have a major impact on persuading a consumer to purchase one product over another.

16. i) Define concept Management

ii) Discuss any three types of potential leaderships styles in the management of organizations existing in the science and technology industries. Why chose to apply them. REFEE TO MODULE 2

a) Autocratic leadership

Advantages

- Get job done
- High productivity

-

b) Democratic/ participatory leadership

c) Laissez-faire leadership

In selection which leadership style to use it depends on the conditions of the area.

17. With the use of business related examples, explain the forms/types of business ownership.

a) Sole Proprietor

A sole proprietorship is the easiest and simplest form of business ownership. It is owned by one person. There is no distinction between the person and the business. The owner shares in the business's profits and losses. Since the sole proprietor is self-employed, self-employment taxes must be paid. There is no liability protection for the owner. The owner is liable for all debts. If the individual is sued and loses, the business and personal property may be seized to pay obligations. Sole proprietorships do not have perpetuity. If the proprietor sells the business, quits, or dies, the business ceases to exist.

Advantages

- ☐ Easy to form
- ☐ No documents to file with state
- ☐ One level of taxation

Disadvantages

- ☐ No tax breaks for company benefits
- ☐ Unlimited personal exposure
- ☐ Liable for all debts incurred
- ☐ No perpetuity of business

b) Partnerships

In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The Partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted to the partnership, how partners can be bought out, or what steps will be taken to dissolve the partnership when needed; Yes, it's hard to think about a "break-up" when the business is just getting started, but many partnerships split up at crisis times and unless there is a defined process, there will be even greater problems. They also must decide up front how much time and capital each will contribute, etc.

Advantages of a Partnership

- Partnerships are relatively easy to establish; however time should be invested in developing the partnership agreement.
- With more than one owner, the ability to raise funds may be increased.
- The profits from the business flow directly through to the partners' personal tax returns.
- Prospective employees may be attracted to the business if given the incentive to become a partner.
- The business usually will benefit from partners who have complementary skills.

Disadvantages of a Partnership

- Partners are jointly and individually liable for the actions of the other partners.
- Profits must be shared with others.
- Since decisions are shared, disagreements can occur.
- Some employee benefits are not deductible from business income on tax returns.
- The partnership may have a limited life; it may end upon the withdrawal or death of a partner.

c) Corporations

A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique entity, separate and apart from those who own it. A corporation can be taxed; it can be sued; it can enter into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

Advantages of a Corporation

- Shareholders have limited liability for the corporation's debts or judgments against the corporations.
- Generally, shareholders can only be held accountable for their investment in stock of the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.)
- Corporations can raise additional funds through the sale of stock.

- A corporation may deduct the cost of benefits it provides to officers and employees.
- Can elect S corporation status if certain requirements are met. This election enables company to be taxed similar to a partnership.
- Disadvantages of a Corporation
- The process of incorporation requires more time and money than other forms of organization.
- Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations.
- Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible from business income, thus this income can be taxed twice.

Disadvantages of a Corporation

- The process of incorporation requires more time and money than other forms of organization.
- Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations.
- Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible from business income, thus this income can be taxed twice.

18. In the electronic business particularly the mobile handset market there is a newly introduced mobile handset of iPhone. In our local market environment, this product is believed to belong in the introduction stage of the product life cycle. From your understanding of product concepts, discuss the characteristics of this product at this stage of the product life cycle and appropriate strategy /strategies which may be used to sell this product in our local market.

19. For an aggregate of people (individuals/ companies) to be a market, they must meet four requirements. Briefly discuss them.

- a) There should be a buyer, seller/supplier, product and means of transaction (could be by barter trade or monetary)

Differentiate between

a) Tangible resources include:

☐ Financial Resources

☐ Physical Resources:

☐ Technology

b) Intangible resources

Intangible resources (more valuable > less visible, sustainable CA)

□ Human Resources::

□ knowledge, trust, managerial capabilities, organizational routines *f*

□ Innovation Resources:

□ ideas, scientific capabilities, capacity to innovate, intellectual property

□ Reputational Resources:

□ reputation with customers and suppliers, brand name, perceived product quality, durability, and reliability

20. Write short notes on resistance to organization change

Individual Resistance : attributed by human needs, personality and perception

Economic Reason –related to reduced work hours & consequently less pay, unemployment, demotion & thus reduced pay.

Fear of Loss- e.g losing their jobs, status ,security , Peer Pressure

Disruption of Interpersonal Relation- employees may resist change that threatens to limit meaningful interpersonal relationships on the job.

Social factors- disturbance of the existing social relationships.

Psychological :

Organizational Resistance

Resources constraints or scarcity e.h HR, finances, raw materials, technology e.t.c

Structural inertia : e.g bureaucratic structure

Threat to expertise or specialization change

Balance of power

BUSH 6005

1. Distinguish between Creativity and Innovation

BASIS FOR COMPARISON	CREATIVITY	INNOVATION
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Meaning	Creativity is a act of creating new ideas, imaginations and possibilities.	Innovation is the introduction of something new and effective into the market.
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Process	Imaginative	Productive
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Quantifiable	No	Yes
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Related to	Thinking something new	Introducing something new
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Money Consumption No Yes

Risk No Yes

b) Business Model Canvas and Business plan

The business model is the mechanism through which the company generates its profit while the business plan is a document presenting the company's strategy and expected financial performance for the years to come.

As you can see, the business model is at the center of the business plan.

The business model describes how the company is positioned within its industry's value chain, and how it organises its relations with its suppliers, clients, and partners in order to generate profits. The business plan translates this positioning in a series of strategic actions and quantifies their financial impact.

Components of business plans:

c) Value proposition/ value chain and Invention

Is the process or activity that a company add value to the product, process and output.

Invention

Invention is about making new items, or finding new ways of making items. Innovation involves bringing this new idea to the market, that is, turning an invention into a product. The BBC owns the copyright of all the content on BBC websites. A business can use the law to protect its business idea.

2. I) What do you understand by the term market?

Is a place where people obtain what they want through exchanging product and service OR
an area or arena in which commercial dealings are conducted.

ii) Describe the four requirements that an aggregate of people must meet in order to be a market

Product and services

3. Financial planning is an important exercise for sustainability of any business venture. Define financial and explain at least five sources of financing venture.

Sources: Equity, Debt/loan, Angel, Venture, and Growth capital.

4.

Paper 2

Distinguish

a) Business planning

The process of determining a commercial enterprise's objectives, strategies and projected actions in order to promote its survival and development within a given time frame.

Business planning typically has two key aspects, one focused on making profits and the other focused on dealing with risks that might negatively impact the business

Advantage of business planning

is an effective means of defining your goals and the steps needed to reach them. It spells out your purpose, vision and means of operation. It also serves as your company's resume, explaining your objectives to investors, partners, employees and vendors

Business plan

A business plan is a written document that describes in detail how a business, usually a new one, is going to achieve its goals. A business plan lays out a written plan from a marketing, financial and operational viewpoint. Sometimes, a business plan is prepared for an established business that is moving in a new direction.

Followed by components of business plan: Mission, Vision, Background Information , Marketing plan. Product description, financial planning

A business plan has two primary purposes. First, and foremost, it should be used to help run your company with a more cohesive vision. It is your roadmap. By truly analyzing your plan for marketing, sales, manufacturing, website design, etc., you greatly improve your chances for success.

Marketing Is the process that individual get Involves by creation, promotion and delivery of goods and services to consumer and business.

Aims

Satisfying customers and gain profit.

For sustaining the business

Product promotion and attract customers

Market is a

b) Incremental budgeting

A budgeting approach that assumes the starting point for each budget item is the amount spent on it in the previous budget

The new budget is seen as last year's +/- a specified increment

Less costly but may not be strategically sound

Example: The government of Tanzania parliament budget.

c) Zero base budgeting

A budgeting approach that assumes the starting point for each budget item is zero

Essential feature is a review of the necessity of each expenditure element/activity as part of the budgeting process

More costly but more strategically sound

Example: Individual budget or departmental budget.

2. a) Define Organization Change

refers to any modification or transformation of the organization's.

Organization change can be Structure: e.g operations and working ours, Processes: e.g production layout and Products (goods and services

b) Briefly describe the major types of organization change

Planned changes

Planned change occurs when leaders in the organization recognize the need for a major change and proactively organize a plan to accomplish the change. Planned change occurs with successful implementation of a Strategic Plan, plan for reorganization, or other implementation of a change of this magnitude.

Note that planned change, even though based on a proactive and well-done plan, often does not occur in a highly organized fashion. Instead, planned change tends to occur in more of a chaotic and disruptive fashion than expected by participants.

Unplanned/ unforeseen changes:

Unplanned change usually occurs because of a major, sudden surprise to the organization, which causes its members to respond in a highly reactive and disorganized fashion. Unplanned change might occur when the Chief Executive Officer suddenly leaves the organization, significant public relations problems occur, poor product performance quickly results in loss of customers, or other disruptive situations arise

Routine changes day to day activities

Strategic changes

People oriented changes : people change themselves to become loyal to the company

Process oriented changes

Altering

5. A successful medium sized company in Nigeria decided to have a 5 years' strategic plan for their company and appointed you to undertake that task. Discuss key steps to be used in order to come up with the company's strategic plan.

Is a plan on how to locate different resources so as to meet organization goal

Ans: Referee to Module 1 6005 slide 32 to 37.

6. With reference to any organization of your own choice discuss the four major functions of management

Planning

Controlling

Organizing

Leading