

SET A**New Summit College****Faculty of Management****PRE-BOARD EXAMINATION - 2080****Program: BBM****Level: Fifth Semester****Subject: Principle of Small Business Management****Full Marks: 60****Pass Marks: 30****Time: 3 hrs.***Candidates are required to give their answers in their own words as far as possible.***Group A****(6x1=6)**

Brief answer questions

1. Define partnership business.
2. What is product distribution franchise?
3. Who are limited liability companies?
4. What are the features of human resource management?
5. Define environmental law?
6. Define operation management.

Group B**(6x3=18)**

Descriptive answer questions

1. What are the economic significance of the small business sector in a developing economy?
2. State and explain the factors leading to success and failure of sole trading business.
3. State and explain the major features of Limited Liability company
4. What are the various steps involved while carrying out market research? (✓)
5. What are the Procedural steps when starting a business venture? (✓)
6. Define operation management and its importance for a business.

Group C**(4X6=24)**

Analytical answer questions.

1. Proper management and structure is very crucial for a success of business. Considering this define business structure and Issues to be consider before going into business.
2. Marketing is the art of selling product and services. Saying so define marketing mix and explain them in brief.
3. Write a business plan for a business which suits today's contemporary business scenario. (✓)
4. What are the major differences between equity financing and debt financing?

Lower
top level mgmt &
not planning.

Group D

Read the following situational and answer the questions that follow:

(4x3=12)

Dikshya and her sister Rakshya are about to launch a business that specializes in kid's parties. Their target customer is upscale families who want to throw unique, memorable parties to celebrate special occasions for their kids between the age of 1 and 10. Dikshaya has leased a large building with 700 Square meter land and have renovated it to include many features to attract kids. They can offer simple birthday parties and special theme parties as elaborate as the customer wants. Company will provide many cultural programs and other entertainment too. They have invested NRs. 1.5 million each to get the business ready to launch. Based on the quality of their business plan and their preparation, Ms. Dikshya negotiated an, Rs2.5 million bank loan with Nepal Investment Bank Ltd. Because they both have families and they want to minimize their exposure to potential legal and financial problems, a large portion of their startup cost went to purchase a liability insurance policy to cover the business in case a child is injured during the party. If their business plan is accurate, the company will earn a small profit in its first year (about NRs. 150,000) and a more attractive profit of NP 750,000 in its second year of operation. Within five years, they export their company to generate much as NR55 million in profits. They have agreed to share the profits and the work load as per their expertise. If the business is a successful as they think it will be, they eventually want to franchise their company. That, however, is part of their long term plan. For now, they want to perfect their business system and prove that it can be profitable before they try duplicate it in the form of franchises. As they move closer to the launch date for their business, they are reviewing the different forms of ownership and promotional activities of the company.

Questions:

- a. The given case has only pointed out optimistic scenario, and it appears that negative factors have not been considered. Find out the possible adverse factors they should consider in their plan?
- b. State and explain the best promotional activities to attract customers.
- c. What risks are involved in the venture mentioned in the case?
- d. What prompts the entrepreneurs to become optimist towards the success of the venture?

(contingency
+ emergency
planning)