



EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
SECOND YEAR/ SECOND SEMESTER EXAMINATION IN BACHELOR OF COMMERCE/
BACHELOR OF BUSINESS ADMINISTRATION 2007/2008 (FEB '2009)
DED 2224 ENTREPRENEURIAL COMPETENCIES

Answer all questions.

Time: 03 Hours

01

Entrepreneurship- Luck or Persistence

When Theepan was 17 years old, he sampled ice cream at a store and thought that he could make it better. He made his own recipe and began selling ice cream bars, cones, and cups in his hometown of Batticaloa. People began asking him for more. Theepan got himself trained at Colombo and developed skills to prepare ice cream of different flavours and compositions. Using meagre profits and his mother's kitchen, Theepan began making large batches of ice creams. He then designed his own wrappers and developed a commission system for friends who sold ice creams at several schools.

Business was so good that it became an obsession. Theepan worked after university, weekends, and holidays, and aside from a brief period when the health department suspended his operations until he obtained proper permits to make ice creams, he made different types of ice creams by trying his own methods until he graduated from university. At first, he could meet the demand without purchasing special equipment or sacrificing other activities, but when he began providing ice creams for university fund raising events and fun fairs, demand exceeded capacity, and Theepan found himself buying professional equipment, hiring helpers, and purchasing bulk supplies.

Looking back, Theepan recalled the obsession, the long hours, and the drive to learn about business. Theepan set about placing orders with local stores and developing contracts with dozens of schools, universities, caterers, hotels, and civic organizations. His business soon consumed his entire family and closest friends; he registered the company and set up an ice cream parlour. During the first month, he had 18000 orders, and by the time he graduated, Theepan was distributing specially ice creams to retail stores in three districts.

At the age of 26, Theepan repositioned his company as a major distributor of specialty ice creams and began planning a chain of upscale ice creams parlours which would complement his current ice cream manufacturing and distribution system. When he paused to think about his plans, he realised that to launch a regional or national chain would mean major changes in his organization. He and his family could not handle all the responsibilities, and the nature of Theepan's ice cream business would change. Although the idea of pursuing a major business was exciting, Theepan would not help feeling apprehensive.

Reflecting upon his business, Theepan realised that many people considered his success to be no more than the luck of a personable young man who made good ice creams and had accidentally stumbled upon a few good markets. In fact, he had worked extremely hard to attract clients. Most of his customers had not been comfortable buying from a young school student, and customers seldom took him seriously until they had dealt with him for a long time. Winning over customers had always been a challenge to Theepan, not a roadblock, and creating unusual ice creams had been exciting.

He has not anxious to become a corporate manager, and although he had always worked well with others, Theepan liked being independent. Running a company would mean sacrificing his autonomy, yet the idea of a chain of stores selling his specialty ice creams had been a dream for years. At the same time, expansion would mean financial risk, and Theepan had always avoided debt; he dealt in

cash and had always carefully calculated his expenses to avoid even the slightest loss. He realised that he was at a major crossroad in his young career. The choice seemed to be whether to follow his dream and expand or to be content with his existing business.

Questions.

- i. Identify the entrepreneurial characteristics of Theepan. How do they match the characteristics described for successful entrepreneurs? Justify your position. (06 Marks)
- ii. Take a position regarding the decision facing Theepan on whether to expand into a chain of ice cream parlours? (04 Marks)
- iii. Based on what you know about Theepan and what you believe his characteristics to be, would you say his success was due to luck or persistence? Explain. Do you believe that luck play a role in any new venture. Explain. (10 Marks)

(Total 20 Marks)

02 Select the correct answer for each question and write down the number of the answer in the answer book.

- i. Business planning is useful
 - a. For large and small businesses
 - b. For every large businesses only
 - c. For retailers only
- ii. The first thing to do in marketing is to
 - a. Put all your skills into making your products the way you like them
 - b. Try to make the same products or services other businesses make
 - c. Find out as much as possible about your customers and what they need and want
- iii. The most important people for your business are
 - a. The customers who buy your products when you have something on special offer
 - b. The customers who often and regularly buy your products.
 - c. The customers who buy your products now and the ones you hope will buy your products in the future.
- iv. Market research is important because it helps you to
 - a. Learn more about your employees
 - b. Decide what products or services to sell
 - c. Do costing for a product or services
- v. Buying well can help your business to
 - a. Increase costs
 - b. Reduce costs
 - c. Sell at a higher price than other businesses



- vi. Stock control helps your business to
 - a. Avoid running out of stock
 - b. Sell less goods on credit
 - c. Get discounts for advertising
- vii. A written order is better than a spoken order because
 - a. It is a quicker way to order
 - b. It is a proof that you made an order
 - c. It is a neater way to order
- viii. Check the goods against the delivery note or the invoice
 - a. Immediately when you get the goods
 - b. When you make your order
 - c. When you count your stock at the end or at the end of the month
- ix. A voucher is
 - a. A way of always writing the amount in two different columns in your record book
 - b. A receipt or any other proof of transactions with the same number as an entry in the record book
 - c. A simple way of calculating profit
- x. A customer pays cash for a bag of sugar. The store owner immediately writes it down in the
 - a. Customer's account record
 - b. Record book
 - c. Daily cash record

(10×01 = 10 Marks)

- 03
- i. What is a business plan?
 - ii. "There are four types of businesses which are most suited for micro and small scale entrepreneurs" What are they?
 - iii. Briefly explain the SWOT analysis?
 - iv. What legal responsibilities are to be considered before starting a business?
 - v. What are the five abilities included under achievement competencies?
 - vi. What are the steps to follow when you buy goods, raw materials, equipments or other things your business needs?
 - vii. What is stock control?
 - viii. What are the advantages of a good business plan?
 - ix. Where do find information for your business plan?
 - x. In which ways we can conduct field research effectively and efficiently?

(10×03 = 30 Marks)

- 04 i. "A Good Business idea in the foundation for a successful Business"**
- ii. What do you mean by a term "Business idea"? What are the four things that the business idea tells you?
 - iii. Explain the two methods used to analyze a good business idea?
 - iv. "There are different techniques normally used to generate good business ideas" what are they? Briefly explain those techniques.
 - v. How will you investigate your environment to develop a good business idea? Explain any three of them.

(04×05 = 20 Marks)

- 05 i. "Entrepreneurship is a key to the successful launching of a new business venture"**
- ii. Who is an Entrepreneur?
 - iii. Explain the Characteristics of Entrepreneurship?
 - iv. What are the Rewards and Drawbacks of Entrepreneurship?
 - v. What are the Characteristics of an Entrepreneur?
 - vi. Explain the causes of slow growth of Entrepreneurship in Srilanka?

(05×04 = 20 Marks)