



MANICALAND STATE UNIVERSITY OF APPLIED SCIENCES

FACULTY OF AGRIBUSINESS AND COMMERCE

DEPARTMENT: BUSINESS MANAGEMENT

MODULE: FAMILY AND SMALL BUSINESS MANAGEMENT

CODE: BMAN 221

SESSIONAL EXAMINATIONS

NOVEMBER 2022

DURATION: 3 HOURS

EXAMINER: MR. S. MUPARANGI

INSTRUCTIONS

1. Answer *All* questions in Section A
2. Answer *any three* questions in Section B
3. Start a new question on a fresh page
4. Total marks 100
5. Credit will be given for appropriate use of examples

Additional material(s): None.

SECTION A: COMPULSORY

(Answer all questions in this section. Section A carries 40 marks)

Question 1

Read the following case study and answer the questions that follow

Sheila's turn to success

Sheila works as a departmental manager responsible for all non-food products in a store close to where she lives. She has a team of eight people working for her and they appear highly motivated and consider Sheila a good manager. Although Sheila loves her job, her ambition has always been to start her own business and she feels that the time is now right to plan a future in self-employment. Over the past few years Sheila has saved regularly, putting a small amount of money aside each month into a bank savings account. This has built up and will provide Sheila with some investment capital. She is, however, fully aware that she will have to raise additional funding if she is to realise her dream and create a viable business that will support herself.

Sheila is very keen on cycling and is seen as something of a local 'hero', having won a couple of high profile professional races two years ago. Sadly, last year she was involved in an accident and damaged her left knee. Following this accident, she had to retire from racing, but luckily she was insured and has recently been awarded a small payout. Sheila plans to invest all of this payout in the new business. Although she can no longer ride professionally, Sheila is still very keen on cycling and believes there is a great opportunity in the local town to open a bicycle shop, selling new and second-hand bicycles and providing a high-quality repair facility.

Her vision is to open a bicycle shop close to the town centre, with sufficient

showroom space to display a range of high-quality new and second-hand bicycles and also with sufficient room, either behind the showroom or next door, to repair bicycles. Sheila's unique selling point (USP) is to offer a 24-hour turnaround service for customers, together with a pick-up and delivery service. These premises and the associated services will not be cheap. Sheila has some funds from her savings and from the insurance payout, but she will need to raise some additional investment capital to secure the appropriate premises, fixtures, fittings, equipment, and a van. She will also have to select, train and employ staff, and fund the numerous other business costs during the critical start-up and development stages.

Although Sheila is at the very early planning stage, she knows that she must research and evaluate the financial, operational, marketing, legal and control aspects of this proposition in detail. She must also secure the various consents and adhere to the numerous laws and regulations, if she is to have any chance of securing additional finance for this venture. Now she needs to start putting together her business plan.

Required

- a) Discuss the significance of any 2 factors, which will be instrumental in Sheila's success (10 marks)
- b) Assess the relevance of Sheila's unique selling point in reference to its ability to create competitive advantage. (10 marks)
- c) Explain 2 push factors and 2 pull elements behind Sheila's entrepreneurial decisions. (10 marks)

- d) Advise Sheila on factors to consider in selecting an opportunistic entrepreneurial team. (10 marks)

[Total Marks: 40]

SECTION B

(Answer any 3 questions from this section. Each question carries 20 marks)

Question 2

The fundamental psychological conflict in family businesses is rivalry, compounded by feelings of guilt. Discuss **[20 marks]**

Question 3

During presentation at an SME symposium, Ryan Maps delivered his opening remarks amid growing pressure on his leadership strategy. Ryan opened his speech on what he termed as unpopular opinion in which he referred SMEs as doyen of innovation and creativity in sharp comparison to established firms. The whole auditorium shook their heads in disbelief.

Using entrepreneurial, logical reasoning and practical examples, exonerate Ryan.

[20 Marks]

Question 4

The reluctance to formalise the informal sector is a function of institutions and individual laxity. Discuss **[20 Marks]**

Question 5

Samson, the first born in family of eight took over the reins at ‘*Dig ahh Dig*’ limited after the resignation of their father in 2008. ‘*Dig ahh Dig*’, a small, family-owned business specialising in computer repair has grown in leaps and bounds but has managed to with stand environmental pressures since its formation in 1970. After taking over, Samson decided to start on a clean patch forfeiting his parents’ footprints. Despite all this, ‘*Dig ahh Dig*’ performance has been on a downward and it’s only a matter of time before the unthinkable happen.

Identify the pattern of ineffective succession facing ‘*Dig ahh Dig*’ and explain its implication to the business’s quest for survival. **[20 marks]**

Question 6

In the wee hours of a restful Saturday, Peter the last born in a family of 6 confronted his father over the affairs of their family business. He did not even mince his words and told him that he needed to plan on the next heir to the throne. Peter’s father, a nonagenarian was so furious at his son. “So you have already started planning about my afterlife. Which throne are you talking about when I am still alive”. Despite working in a family business, Peter has never been in a leadership position.

- a) Which CEO exit strategy does Peter’s father exhibit. Justify. (10 Marks)
- b) If somehow, Peter’s father decided to exit, explain the significance of any 2 pitfalls to avoid in succession. (10 Marks)

[Total: 20 Marks]

END OF EXAMINATION