



STRATHMORE INSTITUTE
DIPLOMA IN ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION

DE 1102: INNOVATION AND TECHNOLOGY IN ENTREPRENEURSHIP

DATE: 16th August 2018

Time: 2 Hours

Instructions

1. This examination consists of **FOUR** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

QUESTION ONE – COMPULSORY QUESTION (40 marks)

You have been working for a local motor garage situated in the industrial area of your city since graduating from college for the past five years as a marketer, during which time you have gained a lot of knowledge and experience about the business.

The business provides the following services to its varied range of clients;

1. Adhoc repair works for insurance companies and individuals
2. Repainting of cars, but they do not have a painting cubicle which forces them to send the cars somewhere else for the final painting
3. Contractual scheduled maintenance service for fleets mainly owned by corporates
4. Purchase, repair and resale of grounded vehicles
5. Occasional sale of cars on commission basis mainly because of the available space that can be used as storage
6. Importation of cars from Japan and Dubai on order
7. Selling tyres but do not have tyre change equipment so they are forced to send them to a nearby petrol station

By applying the skills you learned in college and the experience from working, you have been able to improve the operations of the business quite a bit and the owners are appreciative. Nonetheless you feel unappreciated because they do not accept all your suggestions and even the ones they implement are done after a long time.

You recently proposed to them that they should concentrate on the activities that were bringing in regular income at which point they indicated that they see no future in the tyre changing/sells, vehicle painting and the scheduled maintenance businesses.

Recently, one of your employer's suppliers, who runs a spare part shop in the same area, has approached you with an offer for a job as a sales clerk which includes a fifty percent salary increase to you currently earn.

At the same time your employer has offered you a promotion to the general manager position with the option to take over as chief executive of business within the next 5 years.

Questions:

1. Assuming you have accepted the promotion and that your first task as the general manager is to implement your proposal to reduce the services being offered by the business to only 3 and then improve the remaining ones.
 - a. From the information provided demonstrate how you would decide which services to retain and which to drop? (5 Marks)
 - b. What would you do with the staff currently providing the services you drop? (5 marks)
 - c. Of the services that remain what would you invest in to make them more efficient and profitable? (5 marks)
2. After you have reduced the number of services to 3, prepare a LEAN Canvas (see attached template) as well as a 3-page business plan of your proposed new business model for presentation to the owners of the business (15 marks)
3. Of the two options open to you;
 - ☐ The promotion to GM
 - ☐ The job as a sales clerk for the spare part business

Based on the information provided, give reasons for the option you would have selected and also give reasons for why you rejected the others (10 marks)

QUESTION TWO – OPTIONAL QUESTION (10 marks)

Due to the frustrations with your employer you have been considering resigning to go into business for yourself. To prepare for this, you have been saving and now have Kes. 1,500,000/-, you also have some ideas of which businesses to go into and have done some analysis on which businesses you are considering and what it would take to do each.

Using the Decision Matrix Method & Paired Comparison Analysis templates (attached) as well as any additional processes decide on the two most ideal business ideas you should pursue. (15 marks)

Business Idea	1 st Year Costs	Living Expenses	Meet Skills Gap	Justification
Online Marketing Agency	500,000	720,000	Take online course	I have a marketing qualification
Tyre Sales & Service Centre at neighbouring petrol station	1,000,000	720,000	None	Have learned as I worked & owners want out
Spare Parts Stocking and Sales	3,000,000	720,000	None	Those in the business seem to be doing well
Partner with relative to start a chicken farm	800,000	720,000	None – only providing funds	My relative grew up on a farm, must be an expert

Take over employers fleet maintenance business	500,000	720,000	None	Operated the business and know it can be profitable
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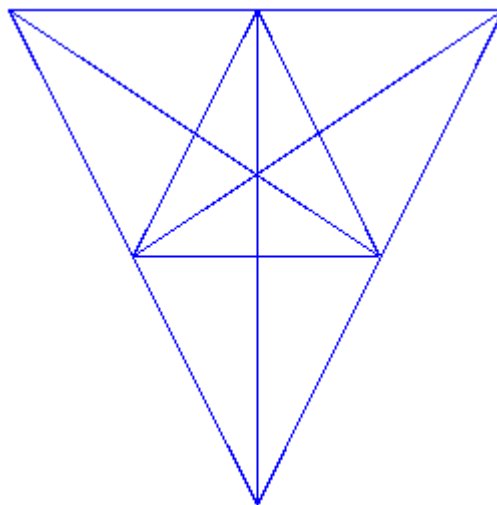
QUESTION THREE – OPTIONAL QUESTION (10 marks)

Mpesa has been a runaway success in Kenya as with most innovative products they are many inventions, innovations and technologies that make it a success. From the list below categorise the items into one of the three areas;

1. Microwave communications
2. USSD protocol
3. Virtual Money
4. Independent Agent Network
5. SMS as a confirmation
6. Internet
7. Lipa Na Mpesa
8. Mobile Phones

QUESTION FOUR – OPTIONAL QUESTION (10 marks)

In an exercise to identify nested triangles a group of 9 people were asked to individually identify how many triangles there were in the image below,



Here are the results of each individual who did the exercise;

Alphonse – 41, Jane – 30, Alice – 42, Mathew – 39, Felista – 24, Loise – 34, Antony – 28, Martin – 25, Grace – 36

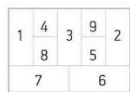
After the individuals had presented their responses the participants were randomly placed into groups of 3 each and they were asked to carry out the exercise together, below are their group results.

Group 1: Martin, Jane, Alice; – 38
Group 2: Mathew, Alphonse, Grace; – 42
Group 3: Felista, Loise, Antony; – 45

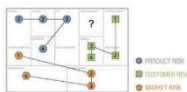
Explain why the results of the groups were different from those of the individual members.

PROBLEM <i>List your top 1-3 problems.</i>	SOLUTION <i>Outline a possible solution for each problem.</i>	UNIQUE VALUE PROPOSITION <i>Single, clear, compelling message that states why you are different and worth paying attention.</i>	UNFAIR ADVANTAGE <i>Something that cannot easily be bought or copied.</i>	CUSTOMER SEGMENTS <i>List your target customers and users.</i>
	KEY METRICS <i>List the key numbers that tell you how your business is doing.</i>		CHANNELS <i>List your path to customers (inbound or outbound).</i>	
EXISTING ALTERNATIVES <i>List how these problems are solved today.</i>	HIGH-LEVEL CONCEPT <i>List your X for Y analogy e.g. YouTube = Flickr for videos.</i>		EARLY ADOPTERS <i>List the characteristics of your ideal customers.</i>	
COST STRUCTURE <i>List your fixed and variable costs.</i>			REVENUE STREAMS <i>List your sources of revenue.</i>	

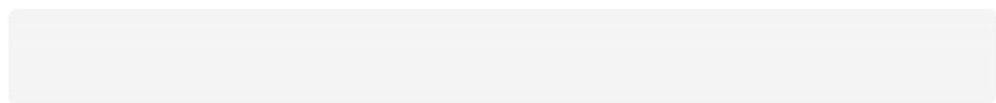
Lean Canvas is adapted from The Business Model Canvas (www.businessmodelgeneration.com) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License.



CANVAS FILL ORDER



RISK ITERATION PATH



Lean Canvas

Created by Spark59 // Online version available at www.leancanvas.com

Innovation and Technology in Entrepreneurship

Idea Evaluation: Decision Matrix Method (DMA)

Objective: To identify the 5 highest rated ideas

Rating: 0 - 5

Factors	Investment Required		Ease of Operations		Marketability		Fit with your interests		Product Differentiation		Total Score	Weighted Score
Weightage	15%		25%		25%		15%		20%			
	Score		Score		Score		Score		Score			
	Normal	Weighted	Normal	Weighted	Normal	Weighted	Normal	Weighted	Normal	Weighted		
Example Company Idea	4	0.8	2	0.3	4	1	5	1	4	0.8	19	3.9

Idea Evaluation: Paired Comparison Analysis (PCA)

Objective: To identify the 2 highest rated ideas

Rating: -3 to +3

						Total