



STRATHMORE INSTITUTE
DIPLOMA IN ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION

DE 1205: ENTREPRENEURIAL OPERATIONS MANAGEMENT

DATE: 10th December 2018

Time: 2 Hours

Instructions

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

Question One

RealTech Limited

“RealTech” is a successful business enterprise that has had steady growth since its inception in 2012. The company, which is located in Mombasa, resells new and used computers from renowned brands in the market. It has established up-to-date technology and expertise in its operations. In 2017 the sales and net profit of the company were below the expected levels. The Director called a crisis meeting of the Board to give ideas on how to increase productivity. The board noted that the crisis is as a result of rising costs of importation of electronic products, increased transport costs, more visible new entrants and a growing wage bill from its over 70 employees. It was also noted that there has been a significant increase in competition, buyer loyalty has declined and competitor prices are significantly lower.

RealTech is associated with high quality products. This coupled with the ideal location and environment has been one of its foundations of success in the market. The company has been a market leader locally until recently when more competitors entered the market. Since it commenced operations in 2012, the company has not relied on advertising and sales promotion

to build and maintain its market share. Instead it has relied heavily on quality of its products, customer loyalty, good will, and its pioneer position in the local market.

- a) What solutions would you suggest to help RealTech regain its market share and sustain its growth? **(10 marks)**
- b) Advise them why stakeholder consultation would be important in achieving the company's growth projections. **(10 marks)**
- c) What type of controls should be established to maintain focus and achieve sustainable growth? **(10 marks)**

Question Two

- a) You have identified a brilliant business opportunity you want to invest in after completing your studies. However, you are contemplating on how to raise adequate finances. Explain five options you would consider giving two reasons for the choice of each. **(10 marks)**
- b) Explain why you would draw a budget in preparation for setting up the business and raising finances. **(10 marks)**
- c) What type of controls should be established to maintain focus and achieve sustainable growth? **(10 marks)**

Question Three

- a) After setting up and running her business for two years Wakesho is finding it difficult to accelerate business growth and improve productivity. She has sought your advice on five strategies she can adopt to achieve her objective. **(10 marks)**
- b) Explain the exit options Wakesho should consider in case the business does not achieve the planned for growth and productivity targets. **(10 marks)**

Question Four

- a) Juliet, recently graduated from a local university and intends to start a business and is committed to ensure creativity in her business operations in order to get an edge in the market. Explain five barriers that could hinder her creativity. **(10 marks)**
- b) In order for Juliet to succeed she needs to have a strategy of identifying customer needs and determining the attractiveness of target markets. Advise her on the strategies to adopt to achieve this objective. **(10 Marks)**