



STRATHMORE INSTITUTE
DIPLOMA IN BUSINESS CREATION & ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION
DE 1105: CUSTOMER DISCOVERY AND BUSINESS PLANNING

DATE: 13th August 2024.

Time: 10:30 – 12:30 Hours

Instructions

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

QUESTION ONE (30 MARKS)

Quickcook is a business that supplies food vendors in large urban areas with precooked pulses (beans and lentils). Its aim is to ensure hygienically, and cost effectively pre-boiled inputs are seamlessly supplied to vendors (businesses that sell food by the roadside). The problems Quickcook wants to solve for the vendors is the costs associated with sourcing and then boiling the pulses. In an industry where supplier power is often high, Quickcook is positioned to tame this by buying pulses at a bargain due to volume discounts. This will allow the startup to pass on the cost savings to its customers. Competitively priced pre-boiled lentils allow the vendors to increase their profit margins.

The founders, Jeremy, and Sofia Mwangi are creating a startup that will disrupt the food vendor market. Studies indicate that 83% of the working population in developing countries purchase meals from food vendors.

The cost of building an actual technology system amounts to millions of shillings. To be confident about the idea before investing millions, the two founders have decided to conduct market research using a minimum viable product (MVP). Jeremy and Sofia Using a contracted team of interns and recent graduates, the startup is currently testing its model and has signed up multiple food vendors in different Urban Centers as part of its test market.

This is how the current system works; vendors place their orders for the next day's supply every evening via a WhatsApp number, they pay via mpesa and share payment confirmation. Early in the morning, after deliveries are made, the Quickcook team calls the vendors to get feedback on their experience, resolve issues and get suggestions on what Quickcook needs to do to improve on. So far, the data has been amazing. So many food vendors have signed up on WhatsApp and the organization has even received requests for its services outside Nairobi. The idea looks

promising, and the next steps would be to pitch to several investors so as secure funding for building the technology system, and also have a marketing budget to increase marketing efforts.

- a) Explain the business model testing process. **(8 Marks)**
- b) Based on the Initial Quickcook idea, complete the lean canvas by indicating one item for each block. **(9 marks)**
- c) Identify the **five** basic areas that should be covered in the pitch to investors (business plan presentation). **(5 Marks)**
- d) Discuss **four** challenges entrepreneurs face when it comes to conducting market research using a minimum viable product **(8 marks)**

QUESTION TWO (15 MARKS)

Sofia Mwangi, the co-Founder of Quickcook is a business that supplies food vendors in large urban areas with precooked pulses (beans and lentils). She has an amazing story that she shares with the investors in her pitch. Sofia's mother used money from her small restaurant to put four children to school. Sofia and her siblings spent all their free time sorting out beans and lentils. She was inspired to start Quickcook so that she can give a "break" to people like her mother who operate small informal eating places. Her pitch was impressive and has secured some money from investors towards entrepreneurial marketing.

- a) Explain **two** advantages and two disadvantage of using stories in pitching **(4 Marks)**
- b) Explain one way Sofia can use to protect her idea while pitching to investors **(1 Mark)**
- c) Using **five** points, differentiate entrepreneurial marketing from traditional marketing **(10 Marks)**

QUESTION THREE (15 MARKS)

John Mwangi, the co-Founder of Quickcook is a business that supplies food vendors in large urban areas with precooked pulses (beans and lentils). John considers Quickcooks technology platform to be a disruptive innovation inspired by changes both inside and outside of the industry. He intends to use the DICEE approach when creating the application (app) for his company.

- a) Explain Disruptive innovation **(2 Marks)**
- b) What does the acronym DICEE represent? **(5 Marks)**
- c) Giving examples for each, explain any four of Drucker's sources of innovative opportunity **(8Marks)**

QUESTION FOUR (15 MARKS)

- a) Providing examples, discuss four reasons why ethical lapses occur in new businesses **(8 Marks)**
- b) What one advantage might money from a venture capital investor have over getting financing from a crowd funding? **(1 Mark)**
- c) Innovative entrepreneurs face unique marketing challenges, discuss any three of these challenges **(6 marks)**

QUESTION FIVE (15 MARKS)

- a) Identify three benefits of creating a founding team. **(3 Marks)**
- b) Explain **four** principles of holistic ethical management new businesses should apply. **(8 Marks)**
- c) Explain three benefits of loan financing. **(3 Marks)**
- d) Identify **one** disadvantage of having a founding team. **(1 Mark)**