



**STRATHMORE UNIVERSITY BUSINESS SCHOOL**  
**BACHELOR OF FINANCIAL SERVICES**  
**END OF SEMESTER EXAMINATION**  
**BFS 2205: ENTREPRENEURSHIP AND INNOVATION**

**DATE:** Thursday, 8<sup>th</sup> December 2022

**TIME:** 2 Hours

**INSTRUCTIONS:**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE**

Alex, Anthony and Claire completed their Bachelor of Financial Services degree at a famous University in the country of Ecuador one year ago and are now management trainees in one of the leading manufacturing companies in the region. The CEO of this firm has been trying to deliberate about innovation after learning that the mortality rate for established companies is very high and the risk of being disrupted in this technology era grows daily, in an executive education forum recently. The company is now in the process of developing a new product to add to its product portfolio and the three were invited by the CEO to share their ideas on the development of this new product. Claire was of the opinion that they needed to develop a sleek product that the customers would not say no to once it got to the market. Anthony however, felt that it was important to collect information from the customers as soon as possible and keep altering the product as they learn, a point that Alex agreed with and also added that there was a need to have a larger audience that was ideating on this development beyond just the three of them as the more the ideas that flow from employees the better the innovation process.

The CEO was appreciative of their input but was skeptical about engaging a larger audience- “it would waste a lot of time” he remarked. He also felt that the attention and commitment of the majority of his employees was elsewhere as majority had part time entrepreneurial ventures that

they were focusing on. “They think we don’t know but we do” he added. He however decided to use the town hall forum that engaged production and direct staff team to further ideate. He requested the trio to do more homework on innovation methodologies and the points he raised in this meeting and report to him before the town hall.

### **Required**

- a) Illustrate to the CEO an innovation methodology that the company could adopt in order to learn from their target market as they develop their product (8 marks)
- b) Suggest to the CEO five indicators that could be warning signs that the company is about to be disrupted (5 marks)
- c) Explain the concept of hybrid entrepreneurship and three motivations that drive hybrid entrepreneurship (8 marks)
- d) Suggest four benefits of involving a larger audience of employees in the Ideation process (4 marks)
- e) Explain five macro benefits of entrepreneurship and innovation to a firm and a developing country (5 marks)

### **QUESTION TWO**

Established firms have been described as less entrepreneurial as they are not quick to anticipate and adjust to the environmental changes. They therefore are always at a risk of being disrupted even when they are successful. Some multinationals have embraced the concept of open innovation for example through partnering with start-ups to embrace an innovation culture. However, most firms still prefer a closed innovation approach

### **Required**

- a) Explain four benefits that may accrue to a firm from partnering with a start-up (4 marks)
- b) Suggest three reasons why most firms would rather have a closed innovation instead of an open innovation. (6 marks)
- c) Explain five benefits associated with open innovation (10 marks)

### **QUESTION THREE**

Wanyoike and his wife are the owners of Sishtuki supermarket Ltd, which they started 25 years ago. The successful hypermarket has five branches spread throughout the major cities in the country of Urasia. A medical diagnosis has had Wanyoike concerned about the continuity of his business when he's not energetic enough to run it. He feels that his children, who are not engaged in the business have no interest and furthermore, are ill equipped to manage the business. One of his sons feels that the business owns his parents and not the other way round as they are always busy. This he feels is made worse by the fact that the business does not have even a five-year plan. Wanyoike also wonders how his children would co-exist with each other in running the business since some of them are married with children. He has consulted you as a family business consultant for some advice on how to put the business in order before it's too late

#### **Required**

- a) Suggest and explain to Wanyoike five examples of organizational and strategic professionalization aspects that he needs to put in place in his business (10 marks)
- b) Explain to Wanyoike five hindrances of intergenerational succession in family firms (10 marks)

### **QUESTION FOUR**

“Not another brainstorming session!” Andrew exclaimed after opening his email. The health care team in Masike hospital was tired of the many brainstorming sessions on how to improve patience experience as these sessions yielded the same answers. Maria, the team lead consulted you to lead the brainstorming session for the team cautioning you on this challenge she was facing with her team.

#### **Required**

- a) Suggest four ways in which you can improve the brainstorming session so that the employees can ideate better. (8 marks)
- b) Explain four other techniques that you can use to improve the ideation process (8 marks)

- c) Explain to the management the benefits of having an Ideation software to manage the ideation process (4 marks)

### **QUESTION FIVE**

A modern trend in innovation and entrepreneurship is to develop and test products in developing and emerging countries and then sell them to developed countries. Many multinationals now view this reverse innovation as a more cost effective and likely to be successful than the traditional method of developing products in developed countries and then removing certain features to position them at lower price in developing countries.

- a) Explain three drivers of reverse innovation in multi-national corporations (6 marks)
- b) Explain the linear entrepreneurial process/ script that underpin the development of a product/ business (14 marks)