



**FACULTY OF INFORMATION TECHNOLOGY
MST 8301: IT ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION**

DATE: 23rd May 2024

TIME: 17:00-19:00 Hours

INSTRUCTIONS:

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

The business plan, although it is often criticized as being “dreams of glory,” is probably the single most important document to the entrepreneur at the start-up stage. Potential investors are not likely to consider investing in a new venture until the business plan has been completed. In addition, the business plan helps the entrepreneur maintain perspective as to what needs to be accomplished. The development and preparation of a business plan can entail many obstacles and takes a strong commitment by an entrepreneur before it can actually be completed and then implemented. No one knows this better than Belinda Guadarrama, the president and CEO of GC Micro Corporation. Her company supplies computer hardware and software to Fortune 1000 companies as well as the defense and aerospace industry. As the entrepreneur of this now multi-million-dollar company, Belinda has been recognized by two Hispanic organizations—the U.S. Hispanic Chamber of Commerce and the Latin Business Association—as Hispanic Businesswoman of the year 2002. She also was runner-up for National Small Business Person of the year and her firm has been ranked among the 500 largest Hispanic-owned companies. Although today she is a successful entrepreneur, the journey was a long and arduous process with a number of highs and lows. After graduating from Trinity University and taking a number of graduate courses at the University of Texas at Austin, she began working for the Texas attorney general as the director of personnel and training. She later moved to California during the 1980s

technology boom to work for a mail order software company. Like many others she arrived at work one day to find a note on the door indicating that the business was closed. At that point Belinda made the decision to start her own business.

She felt it was a great time to take some risk since she had no job and prospects. In 1986 with a few former co-workers, she launched GC Micro Corporation. To raise initial capital and money for other expenses while a business plan was being developed, she sold her house and cashed in her retirement money. She made a conscious decision at this point to put everything on the line. Eventually, with business plan in hand she began knocking on doors to try to raise money for the start-up. It was then that she began to face some of the lows in the entrepreneurial process as she incurred one rejection after another. She could not even get a bank to lend her \$5,000 to keep going. Fortunately she persisted until she came upon the Small Business Administration (SBA) loan program that guarantees a large percentage of a loan through a local participating bank. After submitting her plan through this program, she received her first loan from a local bank.

Raising the start-up capital was only one of the early obstacles that she overcame. Being a woman and a Latina she had to overcome many negative stereotypes. In one meeting with a potential client she was told that as a minority woman she did not have sufficient management qualifications to represent its product line and was hence turned down. However, her hard work and persistence paid off and at the end of the first year of business the company attained revenue of \$209,000. With this success, the client that had turned her down changed its mind and she became an authorized dealer for its products. Other success followed and soon she was pursuing contracts with the US. Department of Defense. In researching this market, she discovered that many government contractors are required to include a percentage of minority-owned businesses as sub contractors. She also discovered that there were not enough minority-owned businesses, presenting great opportunities for her venture.

However, as she continued to investigate her opportunities she found she was blocked from records to which she had previously had access. She decided to pursue this in court, knowing that this could put her entire business on the line. Subsequently the case *GC Micro*

Corporation v. Defense Logistics Agency reached the courts and then dragged on for several years. During this time her business was in jeopardy since many companies stated would no longer work with her. Eventually she won her case. Her reputation as someone not afraid to take a stand and with strong leadership skills spread throughout the industry. The company has become one of the few just-in-time (JIT) system contract suppliers. In 2006 the company received the JIT Supplier Partnership Award. Guadarrama's entrepreneurial skills have also spilled over to civil minded activities, supporting such programs as the California Latino-Chicano High School Drop-Out Prevention Program, the Canal Community Alliance, the Ochoa Migrant Farm Workers I and the Gilroy YMCA. Belinda's success is a tribute to her strong entrepreneurial character. She was not afraid of the hard work required to plan her business— she was not afraid to stand up for what she felt was right. Her commitment to community has made her an inspiration to many other Hispanic businessmen and women. GC Micro Corporation now has 14 warehouses across the U.S., representing inventory of more than 280,000 products valued at more than \$2 billion. The fruits of Belinda's successful business plan now include authorized dealer partnerships with many Fortune 500 companies such as Apple, Cisco, Gateway, Hewlett-Packard, IBM, Microsoft, Sun Microsystems and Toshiba.

Adapted from "Entrepreneurship, Hisrich Robert et al. McGraw-Hill, 2010"

QUESTION 1

a) The business plan, although it is often criticized as being "dreams of glory," is probably the single most important document to the entrepreneur at the start-up stage. Comment on the statement **(5 marks)**.

b) Although Belinda turned out to be a successful entrepreneur, the journey was a long and arduous process with a number of highs and lows. Explain five such lows. **(5 marks)**

(c) Advise Belinda on the importance of scanning the marketing environment before starting an entrepreneurial venture. **(10 marks)**

Total 20 marks.

QUESTION 2

(a) Juma who recently graduated from a local university intends to start an IT firm and has consulted you on the likely risks that he could face in this endeavor. Explain to him five different types of risks that he is likely to face and how he could mitigate against those risks. **(10 marks)**

(b) Zangwema intends to extend his business venture into a foreign country. Advise him on the macro environmental factors that he should monitor to ensure successful operation of the venture in the foreign country. **(10 marks)**

Total 20marks.

QUESTION 3

TechSavvy Solutions Mini Case Study

TechSavvy Solutions, a tech startup specializing in innovative software solutions for small businesses, faced the challenge of standing out in a competitive market. Despite offering superior products, the company needed to differentiate itself and expand its market share. To address this challenge, TechSavvy Solutions implemented a range of marketing strategies. They focused on targeted content marketing, producing educational content such as blog posts and how-to guides to establish themselves as industry authorities. Engaged actively on social media platforms to increase brand visibility and connect with potential customers. They also launched a referral program to incentivize existing customers to refer new clients, fostering customer loyalty while acquiring new business and formed strategic partnerships with complementary businesses and continually optimized its software interface based on user feedback to enhance customer satisfaction. These efforts resulted in significant growth in both customer base and market share, solidifying TechSavvy Solutions' reputation as a leading provider of software solutions for small businesses.

a) Explain how TechSavvy Solutions differentiated itself from the competitors in the market. **(5 marks)**

b) Explain the ways in which TechSavvy Solutions leveraged on social media to increase brand visibility. **(5 marks)**

c) Highlight the usefulness of the feedback received by Tec Savvy Solutions. **(10 marks)**

QUESTION 4

a). You intend to start your own IT firm and you are in the process of identifying source of finance. Explain the factors you may consider in the selection of such a source of finance and factors that a financier would consider before granting such a loan. **(10 marks)**

b). Describe five ways an entrepreneur could ensure intellectual property protection **(10 marks)**

Total 20 marks