



STRATHMORE BUSINESS SCHOOL
BACHELOR OF FINANCIAL SERVICES
END OF SEMESTER EXAMINATION
BFS 2204: ENTREPRENEURSHIP AND INNOVATION

DATE: Friday, 13th December 2024

TIME: 10:30 – 12:30

INSTRUCTIONS:

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

Question One

Mini Case: EcoBrew

Background: Founded in 2018, Eco Brew emerged from the collaborative vision of four young entrepreneurs passionate about sustainability, ethical business practices, and community empowerment. Recognizing the detrimental impact of conventional coffee production on both people and the planet, they set out to create a coffee brand that embodies their values. EcoBrew sources its beans from smallholder farmers in Central America, emphasizing fair trade, sustainable farming, and community development.

Mission: EcoBrew's mission is to produce high-quality, environmentally friendly coffee while uplifting farming communities and promoting social and environmental sustainability. Their goal is not only to serve great coffee but to create lasting positive change in the coffee supply chain.

Business Model: EcoBrew operates using a dual revenue model: Direct Sales: Eco Brew sells its coffee products through its online platform and local cafes, ensuring a strong direct-to-consumer relationship. This model enhances customer engagement and loyalty. Subscription Service: Their monthly coffee subscription service allows customers to receive curated selections of coffee, providing consistent revenue and helping customers discover new flavors while enjoying a discount. Social Impact-Fair Wages: By sourcing directly from farmers and engaging in fair trade practices, EcoBrew guarantees that farmers earn 30% more than the market rate, significantly improving their quality of life and economic stability. Community Projects: EcoBrew commits 10% of its profits to funding local community initiatives, including building schools, providing scholarships, and improving access to healthcare services., Environmental Conservation: With a strong commitment to sustainability, EcoBrew plants a tree for every bag of coffee sold, contributing to reforestation efforts and helping to mitigate climate change. Challenges: Despite its successes, EcoBrew faces several challenges: Scaling Operations: As demand for their products increases, maintaining quality and ensuring fair sourcing from farmers becomes more complex.

The company must balance growth with its core values. Market Competition: The coffee industry is highly competitive, with larger brands often overshadowing smaller enterprises. EcoBrew needs to carve out a unique market niche and build brand loyalty amidst fierce competition. Supply Chain Management: Ensuring a reliable supply chain while adhering to sustainable practices is crucial. Any disruptions can affect product quality and availability.

- a. Outline **five** criteria that would make eco brew to be categorized as a social enterprise. **(10 marks)**
- b. Describe **Four** customer segment that Eco Brew could focus on in its Business Model Canvas **(8 marks)**
- c) Explain **six** reasons that could have contributed to the idea of starting Eco brew by the four young entrepreneurs. **(12 marks)**

Total 30 marks

Question Two

- a) You intend to invest in an IT business and are concerned about the risks that are associated with the technology. Explain **Five** methods that you would adopt to mitigate against such risks. **(10 marks)**
- b) Hassan recently graduated from a local university and intends to start a business. He has several business ideas and has consulted you on the criteria he could use to validate the ideas. Advise him on **five** such criteria. **(10 marks)**

Total 20 marks

Question Three

- a) June an upcoming entrepreneur is in the process of choosing a source of finance. Explain to her **five** factors that she should consider in selecting a source of finance and **five** criteria that banks consider in lending. **(10 marks)**
- b). Explain **five** strategies that an Entrepreneur can stimulate creativity and encourage it among employees in order to foster culture of innovation in the organization. **(10 marks)**

Total 20 marks

Question Four

- (a) You are the owner of Sunlight Ltd. As a small business owner, explain the steps you would take to encourage prompt payment of invoices. **(10 marks)**
- (b) Describe **Five** basic forms of intellectual property that an entrepreneur should protect. **(10 marks)**

Total 20 marks

Question Five

a) You are concerned about smooth succession of your business venture. Describe **five** key aspects that must be considered for an effective succession. **(10 marks)**

b) Describe **Five** strategies that you would advise an entrepreneur to adopt so as to avoid becoming a failure statistic. **(10 marks)**
Total 20 marks