



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

**DATE: 11<sup>th</sup> December 2023**

**TIME: 15:30-17:30**

**INSTRUCTIONS:**

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

**QUESTION ONE**

**(30 MARKS)**

Chris, you look exhausted! remarked Chris's Mum on a Sunday morning after Chris visited her to have a quick breakfast with her before going to church. Chris had been very busy developing an e-commerce platform after launching his Innovate lab. He has been doing this as a side project alongside his full-time employment in Ecuador's busy Information Technology-based (IT) firm. The innovation lab had been set up as an incubator where other innovators could develop their prototypes in a shared space with a shared internet connection and a chance to brainstorm with each other on various ideas.

At his full-time employment, the CEO requested Chris to chat about a prototype he was developing for the company that week. He wanted to know when they could launch the product in the market. Still, Chris was of the opinion that instead of developing and launching immediately, they find a way of collecting feedback from some audience and adjusting the prototype until it gained acceptance. The CEO, however, felt that that would waste a lot of time. The CEO also wanted to find out how he could engage all staff in the firm for a better ideation process to ensure that they would not be disrupted without being aware.

**Required;**

- a) Illustrate to the CEO the steps of the Lean start-up innovation methodology that Chris was trying to explain to him. **(8 marks)**

- b) Suggest to Chris five indicators he can share with the CEO as warning signs that the IT firm is about to be disrupted. **(5 marks)**
- c) Explain the concept of hybrid entrepreneurship and three challenges that Chris needs to be aware of in hybrid entrepreneurship. **(8 marks)**
- d) Suggest four benefits of involving a larger audience of employees in the Ideation process. **(4 marks)**
- e) Explain five advantages of entrepreneurship and innovation to a firm and a developing country like Kenya. **(5 marks)**

## **QUESTION TWO**

**(20 MARKS)**

50% of start-ups do not see their third birthdays. A solution suggested by corporate entrepreneurs is to establish a win-win open innovation strategy with established firms, especially multinationals. Established firms have been described as less entrepreneurial as they are not quick to anticipate and adjust to environmental changes. Through open innovation, they are always at risk of being disrupted even when successful. However, most firms still prefer a closed innovation approach.

### **Required;**

- a) Explain four benefits that may accrue to a start-up from partnering with a multinational **(4 marks)**
- b) Distinguish between open and closed innovation **(4 marks)**
- c) Explain six benefits associated with open innovation **(12 marks)**

## **QUESTION THREE**

**(20 MARKS)**

Wanyoike and his wife are the owners of Sishtuki Supermarket Ltd (SPL), which they started 25 years ago. The successful hypermarket has over 15 branches spread throughout the major cities of Urasia. Wanyoike's wife has been discussing a lot about having a board to assist with decision-making. This issue is urgent as 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 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. He feels this 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 wonders about the board of directors the wife has been discussing. He contacts you as a family business consultant for advice on putting the business in order before it's too late.

### **Required;**

- a) Explain to Wanyoike the differences between a fiduciary board and an advisory board. **(4 marks)**

- b) 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)**
- c) Suggest to Wanyoike three ways he can start engaging the next- generation to ensure they are ready to take over the business. **(6 marks)**

#### **QUESTION FOUR**

**(20 MARKS)**

“Not another brainstorming session!” Kamau exclaimed after opening his email. The healthcare team in Maua Hospital was tired of the many brainstorming sessions on improving patient experience as these sessions yielded the same answers, and they did not see the need for more sessions. They wanted a different experience. Otherwise, they felt the sessions were a waste of time. Maua Hospital was started by Alex Tom, a renowned entrepreneur who owns more than five establishments in health care and manufacturing in various parts of the country. Maria, the team lead, consulted you to lead the ideation 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) Alex Tom is a renowned entrepreneur with more than five establishments. With explanation, classify the type of entrepreneur that Alex Tom is. **(4 marks)**

#### **QUESTION FIVE**

**(20 MARKS)**

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 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 prices in developing countries.

- a) Explain five drivers of reverse innovation/ frugal in multi-national corporations. **(10 marks)**
- b) Suggest five benefits of frugal innovation to organizations and society. **(10 marks)**