



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

DATE: 4th December 2019

Time: 2 Hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.
3. Do not write on the question paper.

QUESTION ONE (1) (30 MARKS)

Cyril has been reading magazines on healthcare informatics for the last couple of months. He has come up an idea on how he can invent an app based system that allows for the exchange of patient information across care settings. This means information from your check-up is visible to the surgeon operating you and the information from both sources is available to the post-surgery care doctor. This app would be similar to one he read about in the magazine that is said to be “revolutionizing” healthcare in Japan.

In order to for Cyril to proceed with his innovation, he needs to decide whether to outsource the app development to a team in India or whether to create a founding team that includes a tech co-founder. On discussing the idea his family, his parents are excited and willing to support him with a loan small loan to get him started. His older sister is willing to also join in and help with marketing and branding activities.

His mentor however advices him on not proceeding without conducting some research to check if his idea is viable in the market. He also cautions Cyril regarding family involvement in the start-up. His mentor asks him first to make sure that the app can work in the local environment. Cyril is motivated to do whatever it takes to make the idea come into being.

Required:

- a) Each successful entrepreneur brings to their venture an important set of three elements that drives their entrepreneurial dream. Discuss the three elements (**6 Marks**)

- b) Evaluate three of the PESTLE factors that Cyril should consider when evaluating his business concept **(6 Marks)**

- c) A Feasibility analysis is a set of tools and process for examining a business concept in a way that gives you confidence about the conditions under which you are willing to move forward. Discuss the four elements of a feasibility analysis, identifying two questions an aspiring entrepreneur should seek to answer under each category. **(12 Marks)**

- d) Identify three advantages would Cyril would have in deciding to start the business with a founding team. **(3 Mark)**

- e) Identify three rules for friends and family that Cyril should keep in mind in deciding whether to work with is family **(3 Marks)**

QUESTION TWO (2) (15 MARKS)

The life of an entrepreneur is filled with temptations to do wrong. Entrepreneurs live under constant pressure to stretch the truth, flout the law and otherwise engage in unethical behavior.

- a) Define Business Ethics **(1 Mark)**

- b) Discuss the four principles of holistic ethical management an entrepreneur should practice **(8 Marks)**

- c) Explain three reasons for unethical behaviour in entrepreneurs, providing an example of each **(6 Marks)**

QUESTION THREE (3) (15 MARKS)

- a) Illustrate two ways in which a new business can benefit from the “Start-up Ecosystem”. **(2 Marks)**

- b) Explain the difference between debt and equity financing? **(2 Marks)**
- c) Describe the venture capitalist business plan evaluation process **(4 Marks)**
- d) Discuss two advantages and two disadvantages of raising funding from crowd funding platforms **(4 Marks)**
- e) State three venture capital myths **(3 Marks)**

QUESTION FOUR (4) (15 MARKS)

- a) Explain the three ways in which an entrepreneur can segment the market **(6 Marks)**
- b) State the steps taken in conducting a market research. **(5 Marks)**
- c) Discuss any two biases associated with surveys **(4 Marks)**

QUESTION FIVE (5) (15 MARKS)

- a) Michael Porter outlined the three primary ways companies achieve a sustainable competitive advantage, popularly referred to as the generic strategies. Using a grid diagram, discuss the three ways. **(6 Marks)**
- b) Discuss the three steps you would take to select the correct generic strategy for your organization. **(6 Marks)**
- c) In writing and presenting a business plan, there are five aspects of the credibility criteria. Identify any three aspects of credibility criteria. **(3 Marks)**