



**STRATHMORE INSTITUTE OF MANAGEMENT AND TECHNOLOGY**  
**DIPLOMA IN ENTREPRENEURSHIP AND BUSINESS CREATION**  
**END OF SEMESTER EXAMINATION**  
**DE 1305: STRATEGIES FOR SCALING UP BUSINESSES**

**DATE: 17<sup>th</sup> January 2022**

**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 (30 Marks)**

**To grow or not to grow is the question.**

**Obedi**, an entrepreneur in freight forwarding and logistics, has been operating the business for 20 years with his wife and a few staff members.

The founder has been getting customers business clients and finding resources to deliver value to customers. Although the business is a limited liability company, the founder has entrepreneur optimism, and *I can do all outlook*, resulting in mistrust. The founder is always reluctant to delegate responsibilities.

Obedi attended a Family business seminar organised by the business school, where one of the sessions focused on the founder's role in enabling business growth.

The highlight of the seminar was that business growth requires the owner to give up personal control over the business and learn to delegate tasks, and trust others to perform them well.

Business growth involves risks associated with service delivery, customer confidence and managing business expansion. Entrepreneurs considering growing the business should examine the risks involved and gauge their capacity to work demands and uncertainties.

Obedi talked to one of the presenters during a coffee break that his business can grow following the demand for the imported product for the construction, health, education, and manufacturing process all will require his service.

- a) As a business consultant, explain to Obedi four ways his management style hinders growth. **(8 Marks)**
- b) Outline four implications of business growth that Obedi should know. **(8 Marks)**
- c) Illustrate two market development strategies to scale the business **(6 Marks)**
- d) Explain to the founder four benefits of growing by forming the strategic alliance and joint venture **(8 Marks)**

## **QUESTION TWO (15 MARKS)**

Ndume, a dairy processing farm in Kiambu county, was founded 8years ago to process yoghurt when Kenyan market was ready to embrace the nutritional value of dairy products. The company has grown to start processing fresh milk, cheese butter, and long-life milk, among others.

In 2017 the farm started a daily farm to produce milk to supply the processing plant. Recently the farm has begun farming Hass avocados for export together with bananas.

- a) Illustrate how business can apply product development strategy **(3Marks)**
- b) Explain the benefits of starting a dairy farm for the company. **(6Marks)**
- c) Outline three marketing strategies that can make Ndume products available in many retail stores in Kenya. **(6Marks)**.

## **QUESTION THREE (15 MARKS)**

Maya has started baking cakes and cookies at home and advertising as a hospitality school graduate on her social media pages. Her major challenge is handling customer requests and deliveries.

- a) Explain to her five ways she can grow her business and keep customers delighted. **(8marks)**
- b) Advise Maya on ways of overcoming growth challenges **(7Marks)**

## **QUESTION FOUR (15MARKS)**

Ms Clean, a home and office cleaning Service Company started one year ago with a few staff members and cleaning supplies and branded transport van. The business offer cleaning services to homeowners, apartment complexes and commercial properties. The demand for the service has grown, and customers book five days in advance.

The business offers additional services like fumigation, floor waxing or exterior power washing for an additional fee.

- a) Explain five reasons contributing to the growing demand for Ms clean services. **(10Marks)**
- b) Describe five ways of managing the growing demand and keep customers delighted **(5Marks)**

## **QUESTION FIVE (15 MARKS)**

A happy event is a startup planning event for corporate and individual customers. The company is known for planning events that create lasting memories.

- a) Describe benefits of customer referrals in business growth **(3Marks)**
- b) Illustrate three ways by which the company can grow creating partnerships **(6Marks)**
- c) Describe three features of exemplary customer service **(6Marks)**