



STRATHMORE INSTITUTE
DIPLOMA IN ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION – AL JAMEA
DE 1202: CUSTOMER DISCOVERY AND BUSINESS PLANNING

DATE: December 9th, 2022.

Time: 2 Hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

QUESTION ONE (30 MARKS)

Andrew is the founder of *Glow* a company that makes beard oil for men. Andrew realized that there was a gap in the market when he himself could not find a variety of products to use on his beard. Compared to women's grooming products, Men's grooming products occupy less than 3% of the supermarket shelf space. A quick google search indicated that men were interested in more options when it came to hair and beard care. Andrew decided that he would make a product for men in the early-twenties men who want to look good and would be interested in premium organic products. Andrew imagined selling through the supermarket since that is where he bought his products.

With these thoughts, Andrew immediately contracted a cosmetologist and the two started experimenting with different formulation. Four months down the road, Andrew had a couple of products that he gave his friends to sample. The feedback was amazing. He then contracted a marketing team to work on branding and social media awareness.

November was the perfect time to launch since it coincided with *Movember an annual event involving the growing of moustaches during the month of November to raise awareness of men's health issues*. In November 2021, Andrew launched his company with so much flair, to the extent that the launch was featured as a news item on a National Television Channel.

A year later, the company is struggling to meet its sales goals and almost running out of money. Andrew has just hired a new sales and marketing team and spent a lot of money on rebranding. He is hopeful that this November, things will turn around for *Glow*.

- a) Draw and use examples from the case study to explain the product development approach Andrew engaged in. **(10 Marks)**
- b) Identify five flows associated with the product development approach **(5 Marks)**
- c) Draw and explain the customer development model approach that Andrew should have used **(10 Marks)**
- d) A successful startup starts out by focusing its development and early selling efforts on a very small group of early customers who have bought into the startup's vision. This group of customers is known as "Earlyvangelist". Identify five characteristics of this group. **(5 Marks)**

QUESTION TWO (15 Marks)

- a) Define a start-up **(2 Mark)**.
- b) Identify the five factors that affect Start-up success according to Bill Gross. **(5 Marks)**
- c) Peter Drucker identified four sources of innovation that originate from inside of the enterprise or industry. Using examples, explain the four sources **(8 Marks)**

Question Three (15 Marks)

- a) Using examples, explain three benefits of starting your business with a team as opposed to doing it all alone **(6 Marks)**
- b) Identify three myths that are associated with venture capital **(3 Marks)**
- c) When it comes to creating financial projections and fund-raising, first-time entrepreneurs are prone to some common errors. Discuss any three errors first time entrepreneurs are likely to make. **(6 Marks)**

Question Four (15 Marks)

- a) You are planning to prepare a business plan that will help you get investors. Explain the four "tests" your business plan needs to pass from an investors perspective so that you can secure investment. **(12 Marks)**
- b) Identify three barriers to creative problem solving **(3 Marks)**

Question Five (15 Marks)

An international non-Government organization is accepting business plans based on the need to improve food security in your country. The organization wants the entrepreneurs to focus their business plans on one of the two problems: (1) low farm production levels or (2) harvested product getting spoiled before reaching the market.

- a) Using one of the problems stated in the question, demonstrate how you would use design thinking to come up with a solution **(10 Marks)**
- b) Explain Crowdfunding process and identify 2 advantages and 2 disadvantages associated with this approach of raising funding. **(5 Marks)**