



SOUTH EASTERN KENYA UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

FIRST SEMESTER EXAMINATION FOR THE MASTER OF BUSINESS ADMINISTRATION

DSM 508: ENTREPRENEURSHIP

DATE: 5TH DECEMBER, 2016

TIME: 9.00-12.00PM

INSTRUCTIONS:

Answer Question ONE and any other THREE Questions

QUESTION ONE [30 MARKS]

Business ventures often fail even when market demand is demonstrated and evaluated by peers, and when the project team is capable of producing the work. Most entrepreneurs enjoy reading the success stories of technology companies and their leaders, both local and global. Depending on the entrepreneur's disposition, these stories can be motivational, such as when the entrepreneur can identify with the hero, or they can add pressure, such as when the hero sounds less capable than the entrepreneur perceives themselves to be. Stories of success are so captivating that we forget that most of what we do as a technology entrepreneurs will be classified as failure.

If an entrepreneur is in this game for the long haul, they will fail so many times that they will no longer differentiate failure from success, because like any human endeavor that improves with practice, the art of business building is a steady march of preparation, timing, execution, and aftermath. And while the current opportunity landscape lets us attempt more experiments than were possible in the past, this only means that we can fail faster and cheaper, ultimately failing more often.

Validation Is Not Enough

Regardless of the size of the team, we routinely seek out the counsel of others when determining the potential value of a new venture. We support this idea culturally with business incubators, angel and venture capital investments, and strategic partnerships or ecosystem development. In many ways we are seeking permission, from people with experience, from informed business theory, and from ourselves, to invest a significant amount of time, effort, and money developing our vision. The thinking goes: if our plan is validated, it stands a much higher chance of succeeding, and the sacrifice is worth the risk.

But validation is not enough. In many ways, the act of validation is a brilliant way to postpone the hard work, because it takes you out of the details of delivery and you become engaged in a socially acceptable form of pretending through financial forecasting, customer and market analysis, and partnership development. These are important tasks that I believe fit further down the spectrum, certainly after the initial launch stage, where validation is no longer on the radar. When you are in the thick of it, there is some small solace in knowing that other people approved and believed in your vision, but putting too much stock in others' armchair business development keeps you in your own metaphorical armchair, away from making real progress that can be validated by paying customers, or a lack thereof.

Mockups Are Not Enough

The reality is that front-end work is one of the most challenging details of a business, because it is the most obvious to the customer. It is easy to take great design for granted, and that is half of the trap, believing that it is an afterthought. It is not the pudding, it is the proof. The lesson is that you cannot know the generic without attempting the specific. I now recommend to everyone that there are two very specific stages that you should go through before you spend a cent on graphic design. The first is using a mockup tool (or a good pencil and pad of graph paper) to outline every screen of your application, even those that seem obvious to you. Make copies, and then assemble them into "decks" that represent tasks your customers need to perform, such a "sign up for an account" and "upload a new video".

Mockups are not enough. They are a great mental exercise, but they do not go far enough in preparing you to truly know what you need from a graphic designer. Instead, you should build a live interaction system, which is essentially the entire application, using an unremarkable, unbranded theme.

Going Alone May Not Be Enough

I have always been an advocate of solo entrepreneurship. I consider myself a "code soloist", someone who has the imagination to solve a problem and the broad base of technical and communication skills needed to build it with their bare hands, with the exception of graphic design, which should never be left to software developers or other mere mortals. Yet, over time, I have learned that certain categories of problems need teams, no matter how ambitious or capable the soloist. It is more a question of simple human dynamics than it is about the character of the person. People are energetic beings, and we cannot sustain a high degree of intensity or capacity for work indefinitely without encouragement and consistent feedback, which are impossible to provide for yourself.

Building a technology business is a grind. Like any stressful, all-consuming journey, you need supporters, both for accountability and momentum. They cannot be the kind of supporters that do not understand the problem space you are trying to tackle, have their own focus and projects, or are able to separate themselves emotionally and financially from any challenges that come up. Those kinds of supporters are called "friends", and while they are essential for your well-being, they are not enough. Your true supporters need to be in it for the long haul, and take on as much risk as you.

Scratching Your Own Itch May Not Be Enough

A lot of the time, we take colloquialisms at face value because we expect a "truism" to be true. That is why it is easy to read and believe sentiments like "scratch your own itch" - the idea that a virtuous circle is created by the entrepreneur that is simultaneously solving a problem that they themselves need solving, while at the same time being uniquely suited to solve it. There are clear benefits to this strategy beyond capability, especially as an antidote to the mistake of "going it alone", since the creator is intrinsically motivated by a real frustration where they can see a

solution and are capable of producing it. Often what we want for ourselves is not generally useful to others, at least not in numbers high enough to justify the time and cost necessary to see an idea through.

Big Ideas May Not Be Enough

Sometimes the big vision we have cannot be solved well for all of the people, all of the time. This is a curious property of big ideas: they all start with an optimistic burst of energy that seeks to topple the status quo, but their proponents forget that the existing solutions did not spring up out of a lazy person's mind, and it is a mistake to take any of them lightly, no matter the apparent gap between a new idea and their reality. To maximize your chance of success, when faced with a big vision that cannot be solved well for all of the people, all of the time, the correct response is to shrink the vision, or get a new one.

Required

- a) “If an entrepreneur is in this game for the long haul, they will fail so many times that they will no longer differentiate failure from success, because like any human endeavor that improves with practice, the art of business building is a steady march of preparation, timing, execution, and aftermath” .explain the statement by discussing the characteristics of a successful entrepreneur. (10 marks)
- b) Discuss the importance of reinventing organizations as described in the case above. (10 marks)
- c) Identify the major challenges faced by small businesses. (10 marks)

QUESTION TWO [10 MARKS]

What is the rationale for studying entrepreneurship within the context of small businesses? Can a country such as Kenya develop entrepreneurship using other vehicles other than the small businesses?

QUESTION THREE (10 MARKS)

Most small businesses don't qualify because of their small nature and business owners must be within to give part of the ownership and prepare a business plan. Discuss the statement by explaining the critical components to be considered in preparing a business plan? [10Marks]

QUESTION FOUR (10 MARKS)

- a) A small business that is independently owned and operated and not dominant in its operations are faced with many problems. Explain such problems. (6 Marks)
- b) What are the critical factors to be considered in preparing a business plan .(4Marks)

QUESTION FIVE (10 MARKS)

- a) Successful entrepreneurs are effective leaders. Discuss the role of leadership in enterprise growth and profitability. (6Marks)
- b) Discuss the importance of risk-taking in entrepreneurship development. (4marks)