KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2011/2012

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF MECHANICAL ENGINEERNG AND WATER ENGINEERING

EMM 308: ENTREPRENEURSHIP FOR ENGINEERS

DATE: Friday 13th April, 2012 **TIME:** 2.00 p.m. – 4.00 p.m.

Instructions: **Question one and two is compulsory**
Answer any other two questions

Question one (30 marks)

This question comprises of the business plan that you have been working on since the start of the semester. Ensure you hand in your plan to the examination invigilator together with the answer booklet to the other questions you have answered. If you don't comply with this requirement you will be deemed not to have done the question.

Question Two (20 marks)

a) Case study

The following is a statement of an entrepreneur in which he attempts to explain and justify his orientation toward slow growth in his business: I limit my growth pace and make every effort to service my present customers in the manner they deserve. I have some peer pressure to do otherwise by following the advice of experts that is, to take on partners and debt to facilitate rapid growth in sales and market share. When tempted by such thoughts, I think about what I might gain. Perhaps I could make more money, but I would also expect a lot more problems. Also, I think it might interfere somewhat with my family relationships, which are very important to me.

Questions

i. Should this venture be regarded as entrepreneurial? Is the owner a true entrepreneur?

ii. Do you admire or dislike the philosophy expressed here? Is the owner really doing what is best for his family?

iii. What kinds of problems is this owner avoiding?

(10 marks)

b) Explain the importance of industry analysis in the process of business planning and explain any six major elements that should be considered for analysis.

(10 marks)

Question Three (20 marks)

a) "The entrepreneur is mostly like the distance runner who runs mainly to try to better his or her previous time over distance". Discuss this statement.

(5 marks)

b) With examples in the Kenyan context, explain the economist's view of entrepreneurship

(5 marks)

c) Describe briefly the factors that influence the choice of location of a business

(5 mark)

d) Explain the entrepreneurial concept as postulated by David C. McClelland

(5 Marks)

Question Four (20 marks)

a) Discuss convincingly the most appropriate pricing strategy for a new product in a high growth market

(4 Marks)

b) Explain the variables used for market segmentation. Would small firms use the same as large firms? Qualify your answer.

(6 Marks)

c) Describe the three legal forms that are available for entrepreneurs in structuring their ventures.

(6 marks)

d) Explain the criteria that must be met by a good business opportunity

(4 marks)

Question five (20 Marks)

a) If the income statement in a business plan shows the business will be profitable, what is the need for cash flow forecast?

(3 marks)

b) Explain the various sources of entrepreneurial finance.

(9 marks)

c) Describe each of the four financial statements that are mandatory for inclusion in the financial segment of a business plan indicating the relevance of each

(8 Marks)