KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2018/2019

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BBA 877: BUSINESS PLANNING

DATE: Thursday, 4th April, 2019 **TIME: 5.30p.m. - 8.30p.m.**

INSTRUCTIONS:
Answer Question ONE and any other THREE Questions

Read the case below and answer the questions that follows:

THE RESTRUCTURING OF AILO BENZ

In a 1966 address to the stockholders and friends of Ailo -Benz, the CEO reviewed the position of the diversified company. He started by saying; "1995 was a drastic year in the history of Ailo-Benz". It was also a year that the Board of management made a major break with the past.

Ailo-Benz, with more than 300,000 employees worldwide consists of four major groups. First by the biggest and most successful group is Mercedes-Benz with about 200,000 employees. It is best known for its passenger cars and commercial vehicles. Second was the AFG Ailo-Benz is in the business of rail systems, microelectronics, heavy diesel engines, energy systems technology and automation." The third the Aerospace group in the aircraft business (the company has more than one third interest in the Airbus Consortium), space systems, defense and civil systems, and propulsion systems. Forth, the interservices (debis) group consists of "systemshaus" financial services insurance brolerage trading, marketing services, mobile communications services and real estate management.

The Company went through various development phases from 1985, to 1990, Ailo-Benz diversified into aerospace and electrical engineering. The aim was to become an integrated high-technology group.

This diversification was further consolidated in the next phase that extended from 1990-1995, under the new leadership of Jurgen Schremp the core business was redefined and strategy refereed. in 1996, top management re-evaluated the company position and its 1995 unsatisfactory results from its operations. It was discovered that the company was exposed to current fructuations that affected profitability. The company image was also blurrea because of the ventures into many different kinds of industries.

Q1.i. In your opinion, why do you think the company's performance decreased. (10 marks)

ii. If you took over from the current CEO, how would you re-organize the company with its many lines of industries. (10 marks)

iii. In your opinion, do you think this diversification would have resulted in the challenges that the company seems to face and why? (10 marks)

Q2. As an entrepreneurship expert explain the various sections of a good business plan to an upcoming entrepreneur who has sought your advise. (10 marks)

Q3. Explain the reasons why a financial institution would require a business plan before advancing finances to an entrepreneur. (10 marks)

Q4. Explain the reasons why the executive summary of a business plan is the last one to be prepared and also what it contains. (10 marks)

Q5. Many of the SMES started in developing their third birthday according to (Bird 1989). Why would an entrepreneur use a business plan to prevent his/her business from failing. (10 marks)