

EASTERN UNIVERSITY, SRILANKA
FACULTY OF COMMERCE AND MANAGEMENT
DEPARTMENT OF COMMERCE



Second Year Second Semester Examination In Bachelor of Business Administration/Commerce
2009/2010 (December 2011) (Proper/Repeat)

DED 2013-Small Business Management

Answer All Questions

Time: 03 Hours

01. Mini - Mart

Dilloni and Charles first met in 2001, when they were both University students studying tertiary education. They found that they shared many interests. After graduations both are married. Now they are international school teachers.

One of their shared interests was cooking and eating only naturally grown organic foods. They created several original recipes, which they served at their wedding in the summer of 2004

The wedding menu was so popular with their guests that in the fall of 2004 they opened a small restaurant – Mini Mart- near the Majestic City. It offered mostly take away food and had seating for only eighteen persons. With both Diloni and Charles teaching, the restaurant was open only for dinner. Starting with just Rs.60, 000 they were only able to afford second –hand equipments and occasional part- time help.

With in the first five month operation, however, sales revenues more than doubled; Mr.charles left his teaching position to work full time at the restaurant. They now were opened for both lunch and dinner, and they expanded their take – away service Ms. Charles kept her teaching position as insurance in case the new business failed.

The restaurant soon became one of the most popular near the university capitalizing on the trend toward healthy dieting and non-chemically treated foods.

Repositioning of the Business

In the summer of 2006, their cousin, a business professor at Ottawa University, visited them and became impressed with the success of their operation. He spent two months with the Charles. Together, they prepared a business plan to reposition Mini-Mart from a restaurant to a manufacture of organic goods.

The restaurant was sold, and the proceeds used to purchase processing and packaging equipment and to rent manufacturing space.

The business plan included extensive marketing research, financial projections, and marketing strategy. It was decided to sell the line of food product to distributors only, as the company could only afford a one person sales force – Mr.charles. They were able to hire and train several of their

restaurant employees to assume production positions, as Ms. Charles managed the manufacturing process and Mr. Charles called on natural food distributors across the country

In its first years, the company had only three natural, organically grown food products, which were sold to national distributors. In 2008, Mini Mart entered one of these products – soy burgers in a natural food competition sponsored by Lanka Monthly Digest magazine. It won the first place and brought recognition to Mini Mart.

Since those early years, the company has added eight more organically grown, natural food products which are widely distributed in India, Pakistan, and several countries in South East Asia. The Charleses still run the organization, along with help from some of their original employees, who have been promoted to managerial positions.

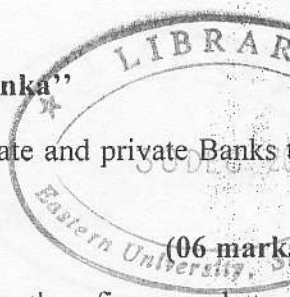
For 2010, the company posted sales revenues of Rs 19.6 million and earned before –tax profits of Rs 1.2 million on sales.

Questions:

- a. Identify the key factors that made Mini Mart a Successful Venture?
(10 marks)
 - b. What personal factors made Dillon and Charles to be a successful entrepreneurial team?
(10 marks)
 - c. Identify some possible areas for future expansion and diversification for Mini Mart?
(08 marks)
- (Total 28marks)

02. "Small business and Entrepreneurship seem as important sector for country's development"

- I. Differentiate between entrepreneurship and small business.
(06 marks)
 - II. What are the Current Roles and challenges of small business in srilanka?
(06 marks)
 - III. What are the aspects to be emphasized in judging the scope of small business in srilanka?
(06 marks)
- (Total 18marks)



03. "There are many Sources to finance the small business ventures in srilanka"

I. Outline and briefly describe the major types of loans offered by state and private Banks to small business in Srilanka

(06 marks)

II. Government provides many other services to small business other than finance what are they? Explain with Suitable examples

(06 marks)

III. What are the problems faced by an entrepreneurs when obtaining loans from banks in srilanka? And what remedial actions would you suggest?

(06 marks)

(Total 18marks)

04. "It may seem self-evident that entrepreneurs are aware of all risks, especially those that could affect the survival and growth of their venture"

I. What does risk mean to an entrepreneur? Classify and explain 6+the major risk in small business?

(06marks)

II. Explain the four ways of handling risk? Give an example of each

(06marks)

III. "Shop lifting" is one of the risk. How would you minimize the shop lifting?

(06marks)

(Total 18marks)

05. "An essential step in getting a new venture off the ground is the preparation of a business plan".

I. Explain the need for a business plan from the perspectives of an entrepreneur and an investor?

(06marks)

II. Differentiate between Sales and Costs plan and Cash flow plan?

(06marks)

III. Where do you find information for the preparation of a business plan?

(06marks)

(Total 18marks)