

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
FOURTH YEAR/ FIRST SEMESTER EXAMINATION IN
BBA/ BCOM/ BECON – 2004/2005 (PROPER & REPEAT)

COM 4044 SMALL BUSINESS MANAGEMENT AND ENTREPRENEURSHIP

Answer all questions

Time: 03 hours

01. Mrs. Romi Gurusighe

Mrs. Romi Gurusinghe is an entrepreneur in the truest sense. At the age of 18, she combined an idea on how to improve a service with a steely determination to succeed. In 1988, the business she opened from the basement of her mother's home had two locations in Colombo city with sales revenues that were expected to top Rs.350, 000.

Her business, Bow-Wow Boutique, Inc., is an award-winning grooming and pet supply service for the pampered dogs and cats of Colombo city. To date, Bow-Wow Boutique's success story has been featured in numerous national trade publications, on many television news programs, and in few radio Interviews.

Entrepreneurial activity is nothing new to Romi. To promote her child-hood lemonade stand, Romi said, "I would ride my bike around the neighborhood with this silly hat with lemons all over it." At the age of 14, she was honing her sales skills by selling Fuller Brush products door-to-door.

Bow-Wow Boutique had its genesis in Romi's work experience at other grooming shops. Disappointed with what she saw at other shops as a "lack of knowledge, courtesy, and cleanliness," and bothered that the "professionals" were not taking the time to educate clients on proper pet care, Romi began thinking about how she could offer a better service.

She planned to provide a clean, attractive atmosphere, and the safe, healthy, and unique gifts for pets and pet lovers alike. But the foundation of Romi's business would be superior customer service. "I knew I could do it better," she said.

To finance her business's startup, Romi worked three jobs until she had saved Rs.1,000. "Things were definitely tight," she said. "I had absolutely no knowledge of projections, key assumptions, or business plans-but I had chutzpa. I knew I could never be happy unless I took the risk."

After opening her first shop, Romi ran headlong into one of the obstacles facing young entrepreneurs today. "Not too many people took me seriously," she said. "I was an 18-year-old female with absolutely no business knowledge. Salesmen would call on the shop, look me over, and ask for the manager."

But Romi was not about to let her lack of knowledge stop her. She took an assertiveness training course, read management books, attended management seminars, and "even started to read the business section of the Daily News paper" to sharpen her business skills. Romi said, "I wasn't really sure what cash flow was, but I was going to learn!"

What makes Bow-Wow Boutique special? Besides the superior service that Romi provides, the boutique carries pet gifts that you would expect to find only in the most spoiled pet's home. Doggie tuxedos and top hats, hand-finished cherry waterbeds, and white gamma mink coats are just a few of the extravagant pet gifts found at Bow-Wow Boutique.

Do not, however, expect to find Romi resting on her past success. "Actually, I feel I've just touched the tip of what I will call personal success. I have not yet achieved my business or financial goals." Her ultimate goal? "To be the Mary Kay of the pet industry," said Romi, who is now 28 years old.

Questions

1. Explain the entrepreneurial characteristics of Mrs. Romi Gurusinghe and state which factors contributed to her success.

(10 Marks)

2. Briefly explain the challenges faced by Mrs. Romi Gurusinghe in the particular business.

(07 Marks)

3. If you are the manager of this particular business how can you strengthen this venture?

(08 Marks)

(Total 25 Marks)

02. (a) Cite the differences between an entrepreneurship and small business.
- (b) What is a business idea?
- (c) What are the methods normally used by a person to generate business ideas?
- (d) What are the personal entrepreneurial characteristics required for a successful entrepreneur?
- (e) How a business plan can help in starting a business?
- (f) List out the important components of a good business plan.
- (g) Where to find information for your business plan?
- (h) Why would an entrepreneur prefer to launch an entirely new business rather than buying an existing business?
- (i) Why most of the small scale entrepreneurs prefer to get funds from informal sources in Sri Lanka?
- (j) What are the risks faced by an entrepreneur when operating a small business firm?
- (k) What are the basic ways to cope with risk in a small business?
- (l) What are the various precautionary measures to be taken by the small firms to minimize "shoplifting" risk?
- (m) Most of the entrepreneurs prefer to start a retailing business rather than a manufacturing firm, why?
- (n) Highlight the differences between an entrepreneur and a small business man.
- (o) What factors should be considered by an entrepreneur in selecting the location of a new manufacturing firm?

(Total 15 x 03 = 45 Marks)

03. "Many entrepreneurs finance their firm in its early years in part by "bootstrapping" – that is, getting the money any way they can."

(a) Briefly describe the major sources of financing available for small business entrepreneurs in Sri Lanka?

(05 Marks)

(b) What are the financial schemes introduced by state banks for starting a new business or to expand an existing business in Sri Lanka?

(05 Marks)

(c) Both parties the borrowers (entrepreneurs) and lenders (bankers) have to face some problems in obtaining loans from state banks in Sri Lanka. What are they?

(05 Marks)

(Total 15 Marks)

04. "Entrepreneurship and small business firms serve the economy by providing jobs and producing goods and services for customers in this country and around the world."

(a) Exhibit the differences between an entrepreneurship and a small business.

(05 Marks)

(b) What are the aspects to be emphasized in judging the scope of small businesses in Sri Lanka?

(05 Marks)

(c) In which ways do entrepreneurs contributed to Sri Lankan economy?

(05 Marks)

(Total 15 Marks)