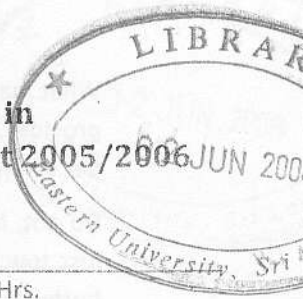


Eastern University, Sri Lanka
Faculty of Commerce and Management
Third Year / Second semester Examination in
Commerce / Specialization in Enterprise Development 2005/2006
November/ December - 2007
DED 3243 Entrepreneurship



Answer all questions

Time: 3 Hrs.

(1) Case study

Pet, Pen and Ken Botique

Arun is an entrepreneur in the truest sense. At the age of 18, he combined an idea on how to improve a service with a steely determination to succeed. The business he opened from the basement of his mother's home had two locations with sales revenues that were expected to top Rs 35,000,000/-.

His business, Pet, Pen and Ken Boutique, is an award-winning, grooming and pet supply service for the pampered dogs and cats. To date, Boutique's success story has been featured in numerous local trade publications and in radio interviews.

Entrepreneurial activity is nothing new to Arun. To promote his childhood lemonade stand, Arun said, "I would ride my bike around the neighbourhood with this silly hat with lemons all over it." At the age of 14, he was improving his sales skills by selling fresh fruit products door-to-door.

Pet, Pen and Ken Boutique had its genesis in Arun's work experience at other grooming shops. Disappointed with what he 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, Arun began thinking about how he could offer a better service.

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

To finance his business's start up, Arun worked three jobs until he had saved Rs.100,000. "Things were definitely tight," he said. I had absolutely no knowledge of projections, key assumptions, or business plans – but I had courage. I knew I could never be happy unless I took the risk."

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

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

What makes Pet, Pen and Ken Boutique special? Besides the superior service that Arun provides, the boutique carries pet gifts that you would expect to find only in the best pet's home.

Do not, however, expect to find Arun resting on his 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," His ultimate goal? "To be the king of the industry," said Arun who is now 28 year old.

Questions

1. To what do you attribute Arun's success? (05 Marks)
 2. What role did education play in Arun's success? (10 Marks)
 3. Comment on Arun's ultimate goal "to be the king of the pet industry." (05 Marks)
- (Total 20 Marks)**
- (2) (i) What are factors of production? And describe the rewards from the economy for each of the factors.
- (i) Define the term entrepreneur and entrepreneurship
 - (ii) What are major problems faced by small business people in Sri Lanka.
 - (iii) What is a cash flow forecast? Discuss its importance to a business.
 - (iv) Define marketing in the context of small scale entrepreneurs
 - (v) List the components of a business plan and briefly describe each of them.
 - (vi) In what ways are entrepreneurs necessary to the economy
 - (vii) How do entrepreneurs differ from managers?
 - (viii) Profit is not the only goal of an entrepreneur. Discuss this statement.
 - (ix) "Risk and profit are directly related" explain this statement with an example.
- (Total 10x2=20 Marks)**
- (3) What entrepreneurial competencies? List the main competencies and describe how each of the competencies listed is important in starting and running a business successfully. (20 Marks)
- (4) (i) Define 'exports' and 'import' related to a business (06 Marks)
- (ii) Describe the export procedures to be followed for exporting a non-traditional product. (14 Marks)
- (Total 20 Marks)**
- (5) (i) What do you understand by the viability of a business (05 Marks)
- (ii) How do you assess the viability of a business (05 Marks)
- (iii) Taking the production of mixture as an example prepares a business plan for the business. Give your assumptions. (10 Marks)
- (Total 20 Marks)**