

**KABARAK**



**UNIVERSITY**

**EXAMINATIONS**

**2008/2009 ACADEMIC YEAR**

**FOR THE DEGREE OF BACHELOR OF COMMERCE AND  
BACHELOR OF COMPUTER SCIENCE**

**COURSE CODE: BMGT 414/214**

**COURSE TITLE: BUSINESS ENTREPRENEURSHIP**

**STREAM: Y4S1 & Y2S1**

**DAY: THURSDAY**

**TIME: 2.00-4.00 P.M.**

**DATE: 11/12/2008**

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**INSTRUCTIONS:**

1. Answer question ONE and any other TWO questions

**PLEASE TURN OVER**

## **QUESTION ONE (Compulsory)**

Read the following hypothetical case and answer the questions that follow.

Everlyne Tobiko, the owner of Podium Restaurant in Nakuru town, did not grow up dreaming of owning a restaurant. Originally from Marigat, she began a career there as a primary school teacher. In 2004 she came to Kabarak University to obtain a Bachelor's in Divinity with the intentions of returning to Marigat to continue her career.

Meanwhile, her parents who live in Marigat played matchmaker and arranged for her to meet a man named Tom Kesho. Tom had moved to Nakuru to work as a Chemical engineer with Naku-Chemical Company. Everlyne and Tom eventually met and after a short courtship became engaged. Everlyne also enrolled with KASNEB to study accounting, realizing that accounting positions usually paid more than teaching. Upon completion of CPA(K), Everlyne accepted a job with Ernst & Young.

In 2007, Everlyne and Tom became part of a partnership and opened Podium Restaurant. The partners did not get along, though, and by January 2008, the partnership no longer existed. Everlyne then 35 years old, resigned her job at Ernst & Young and took over as the sole owner of Podium Restaurant. The large restaurant maintains a modern atmosphere but serves gourmet Kenyan dishes from five provinces: Rift Valley, Western, Nyanza, Central and Coast. Managing this restaurant was not an easy job. There are few female bosses in Kenyan restaurants and several chefs refused to listen to Everlyne's directions. Problems with chefs caused profits to be low but Everlyne persisted. Eventually a good chef was hired, and after several other changes, the restaurant became profitable.

Everlyne's diversified background is a benefit in running the restaurant. Because of her accounting training, she is able to handle all the financial aspects of the business as well as manage the kitchen and seven employees. She also serves as hostess and can serve as a cook if necessary.

Often referred to as the "Boss Lady", Everlyne ensures that her employees follow her directions and leaves no doubt that she is in charge. She will however, do everything possible to help her employees, many of whom are recent clash victims. If necessary, she takes them to hospital or gets them to work with time off. Serving as an excellent role model, she warns employees not to waste their lives.

Everlyne's restaurant is not her only interest. Tom and Everlyne have two children, and Everlyne insists that her home life is her number one priority and that her marriage is the best thing in her life. Everlyne also has another interest, watching movies and reading which she often does after coming home from the restaurant. She enjoys reading books on the economic policies of Kenya.

### **QUESTION ONE (30 Marks)**

- (a) Does the above case reveal anything to do with entrepreneurship? Explain briefly. **(4 marks)**
- (b) To what extent can you argue that Everlyne is a successful entrepreneur thus fits the profile of the right business character? **(4 marks)**
- (c) Do you think Everlyne's decision to marry Tom was an asset or liability to her business prospects? Comment briefly. **(4 marks)**
- (d) What more does the case reveal about a family type of business? **(2 marks)**
- (e) Assuming that Everlyne intends to bequeath the restaurant to one of her children, what problems might she encounter in this process? How can she overcome these problems? **(4 marks)**
- (f) Everlyne has been referred to as an "excellent role model". Do you agree with this statement? Why or why not? **(4 marks)**
- (g) In what ways does Everlyne's "other interests" conflict with or compliment her business interests? **(4 marks)**
- (h) If Everlyne wants to expand her business concepts, how can she do it? Support your answer with concrete reasons. **(4 marks)**

### **QUESTION TWO**

"Developing a business plan is a tedious and time-consuming task. After all several entrepreneurs have made it without a business plan."

- (a) Discuss this statement in the light of creativity and business start-up. **(12 marks)**
- (b) List and briefly discuss the contents (parts) of a business plan **(8 marks)**

### **QUESTION THREE**

A friend by the name Sina Taabu has approached you for advice. He is contemplating starting a bookshop to serve Kabarak University fraternity.

- (a) What will you tell him concerning a suitable business name? Give examples of good possibilities. **(8 marks)**

- (b) Give an appropriate location for such a business and recommendations for its interior layout **(12 marks)**

#### **QUESTION FOUR**

Finance is the lifeblood of every business and must be well managed.

- (a) Outline **Four** types of business records that a firm should keep to ensure a sound financial management. Why is record keeping important to a small business? **(8 marks)**
- (b) Identify and critically analyze the main sources of funds available to an entrepreneur who intends to venture into business in Kenya. **(12 marks)**