

KABARAK



UNIVERSITY

UNIVERSITY EXAMINATIONS

2014/2015 ACADEMIC YEAR

FOR THE DEGREE OF BACHELOR OF EDUCATION ARTS

BMGT 214: BUSINESS ENTREPRENEURSHIP

DAY: MONDAY

DATE: 13/04/2015

TIME: 14.00 – 16.00 P.M.

STREAM: Y2S1

INSTRUCTIONS:

- **Answer Question ONE and any other TWO Questions**

Question 1(case study)

CLEARING HURDLES

When it comes to the hurdles that every startup faces, eight –year-old biolife has already cleared a few. Its sole product-quick relief (QR), a patented powder that stop bleeding within seconds –is unlike anything else out there and has impressed several hard to impress gatekeepers, including wal-Mart,the nations largest retailer, and CVS stores ,the drugstore chain. Both have already given QR valuable shelf space in several thousand stores. Plus the head athletic trainer of the Los Angel’s lakers has been seen using QR on national TV. But the hard part of CEO DOUNG Goodman’s job is really just beginning: now he needs to figure out the best way to convince the world to give QR a try.

It was back in 1999 that Jim Patterson and John Alf Thomson first developed QR. The two men were long –time research scientist who formed Biolife with the goal of discovering a new way to purify water. They never solved that puzzle but one day while working in the lab, Patterson either pricked his finger accidentally or sliced its on purpose (the story has changed several times, Goodman concedes), leading to the discovery of QR a patented combination of resin and salt, the two components Patterson had been experimenting with at a time.

In 2002 the company sent some samples of QR to Garry Vitti, the head trainer for the lakers. After testing it for several weeks during the off-season, Vitti used QR one day during a regular-season game, prompting the on-air announcers to wonder why Vitti was sprinkling pepper on one of his players. QR was never mentioned by name, but it was the products first appearance on TV, and started to create some buzz for the company, at least among the

sports fans. Wooing Vitti made sense Goodman says, because the product is especially useful to the NBA, which allows only a 30-second timeout to stop a player from bleeding. Vitti estimates that he gets around 100 requests a week from “different snake oil salesmen” hoping to get him to try out their magic potion on [lakers players]. But there was something about QR that managed to catch his attention. At the time, he was using another product that neither he nor the players were particularly crazy about because it stung and left dark stains on the skin. “I gave this a try, and I was really surprised” says Vitti. “This one popped out because it was so different.”

In fact, Vitti liked the product so much that he now has a part-time job selling QR to other trainers at the professional and college level. Goodman estimates that as many as 75 percent of the teams in the national hockey league and NBA use QR regularly. Without real missionaries like Vitti, as well as several prominent doctors on the west coast of the Florida, Biolife might not have had any sales at all. In 2002, the year QR was launched, Biolife had revenue of \$150,000. In 2003, after convincing more health care providers to try QR, Biolife’s sales increased tenfold. The company began by training 16 pharmacists at CVS stores in the Tampa Bay area figuring that people often ask pharmacists for medical advice. But after an initial bump in sales, interest in the product, which cost between \$5 and \$10 a box and comes in four different packages design for different uses, such as nosebleed QR, quickly died down.

The company has experimented with its packaging in an attempt to not look like a typical medical product. On the kids QR package, for example, Goodman’s eighty-year son, Bakie, is seen riding his bike and kicking a soccer ball. Actually, all of QRs boxes feature employees or investors. On a new package of urgent QR, an extra-strength version of the product, Charlie Entenmann (Biolife main financial backer), 74, is shown rappelling down a mountain. Eventually, Goodman hopes that ordinary consumers will be as enthusiastic about QR as Vitti has been. If that ever does happen, a box of QR just might replace the box of band –Aids that most people have in the back of their medicine chests.

QUESTIONS

- (a) Which type of start-up is illustrated by Biolife LLC based on its QR product? Explain clearly. (10marks)
- (b) Most new business ideas come from personal experience, hobbies, accidental discoveries, or a deliberate search. From which of these sources did the idea for Biolifes launch come from? Explain clearly your answer. (10 marks)
- (b) Considering what you have learnt about this start-up and its development, would you say founders followed more of an outside –in or an inside out approach to identify this business opportunity and launch the company? Explain your answer. (5 marks)
- (c) Conduct a SWOT analysis of the company. What are the most significant strengths, weaknesses, opportunities and threats? (5 marks)

Question 2;

- a) When tracing the origin of entrepreneur and entrepreneurship, some views hold it that entrepreneurs are born while others maintain that they are made. What is your position on this matter? Support your argument with known academic literature. (10 marks)
- b) Describe how an entrepreneur can utilize the following emerging trends to increase the scale of their operations for his/ her business;
- i) E-commerce (3marks)
 - ii) Business process outsourcing (BPO) (3 marks)
 - iii) Globalization (2 marks)
 - iv) Trade Fairs (2 marks)

Question 3

- (a) As an Entrepreneurship consultant, discuss the challenges faced by Small and Medium Enterprises currently in Kenya and recommend appropriate interventions. (12 marks)
- (b) Discuss the importance of innovation as a dimension of Entrepreneurship. (8 marks)

Question 4

- (a) In order to make Entrepreneurship develop rapidly in Kenya, it requires the concerted efforts of more than one participant. Explain. (10 marks)
- (b) Discuss the ways in which Franchising form of business arrangement can be beneficial to young upcoming Entrepreneurs in Kenya. (10 marks)