

EASTERN UNIVERSITY, SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT

DEPARTMENT OF COMMERCE

Second Year-Second Semester Examination in Bachelor of Business
Administration/ Bachelor of Commerce-2014 / 2015 (July 2017)

(Proper/Repeat)

DED 2013 SMALL BUSINESS MANAGEMENT

Answer all questions

Time: 03 Hours

01. Helping Small Businesses Grow

This interview features Kumari Akka whose company “**Kumari Candle**” is in candle manufacturing business and is based in Trincomalee. She discusses many issues including lessons learned in the start-up process. Read it carefully and answer the questions below.

What prompted you to start the venture?

I have always wanted to work for myself eventually, manufacture a product on my own and market it. I was re- searching on a product that is simple and easy to manufacture, yet cannot be easily replicated in the market. After careful consideration of the long term goals, I considered candle manufacturing as the best choice and put together a business plan.

What were your primary concerns?

The main concern was of course the initial capital. It felt like a big risk to invest money up front with no industry experience. As I was new to the industry, I was also very worried about choosing the right raw materials and adhesives.

How did this differ from reality?

My concerns were all true! Soon I realized I had a lot to learn in order to get on top of doing business. I also thought that in manufacturing unlike trading I would have more spare time, but the reality was not like that at all.

What have been your major challenges?

Learning the industry and keeping up to speed are always the biggest challenges! Bringing my products to European standards by upgrading the production process with the latest technology was the most recent challenge I faced.

Have you sought the advice of a mentor?

Yes, I participated in the business management training of the Start and Improve Your Business Association of Sri Lanka and I had a mentor through this. Following the training program, I was able to set up regular mentor/planning contact with Competency based Economies through the Formation of Enterprises (CEFE) of Eastern University, Sri Lanka which provides ongoing support in my business planning.

If so, did you find this helpful?

Very much so, the advice and support were very practical and offered tangible benefits. It was good to set aside time to add some structure and I was able to learn about management tools and how to implement them in day-to-day business activities.

What are some of the main lessons you have learned?

There are lessons to learn every day. I think positive attitude and forward planning take you a long way in doing your own business.

I also found it helpful to talk to others, who have been successful as well as have been through hardships, and researching as much as possible about new ways of marketing the product.

How has it affected your work / lifestyle balance?

Apart from managing my business, I am a wife and a mother. I consider myself fortunate to be able to find a balance between my career, personal and social domains.

As hard as it is, it is sometimes important to switch off work at 5.30 pm and reward yourself time with family. It gives me that edge to keep me motivated and enjoy what I do!

List your top business tips:

- Be honest and practice good business ethics in your work, do not give way to tax avoidance, bribes and commissions.
- Invest in getting some help with financial planning and management training from the start. Do not take loans and credit in amounts you cannot bear.
- Respect your customers, employees and suppliers, and they in turn will respect your business.
- Never underestimate the power of market research and learning about customer's needs. This will help in continuous improvement of the business operations.

Questions:

- (i) What is a Business Plan? Why did Kumari Akka prepare one?
- (ii) When did Kumari Akka prepare the business plan?
- (iii) What are the components of a business plan?
- (iv) How will a market research help in continuous improvement of the business operations for Kumari Akka?
- (v) What is marketing for Kumari Akka?
Explain the different marketing strategies Kumari Akka can adapt to increase her sales and profit.
- (vi) What are obstacles do young entrepreneurs like Kumari Akka will face in Trincomalee in starting a small business?
- (vii) Based on the interview above, what are the advices you will offer to undergraduates of EUSL about to start a business?

(28 Marks)

02. "Marketing has been a major problem identified by small businessmen in the Eastern Province of Sri Lanka. It is an observed phenomenon that many of the small business ventures fail due to the marketing problems encountered by them".

- (i) What is marketing? Briefly explain it, in the context of businesses.
(06 marks)
- (ii) Elaborate the marketing problems faced by a small businessman in your province. Briefly explain how 4P's of the marketing mix could be used in facing these problems?
(06 Marks)
- (iii) What are the promotional strategies adapted by small business ventures in promoting their products or services? Briefly describe the promotional strategies mostly adapted by a small businessman in your province.
(06 Marks)

(Total 18 Marks)

03. "There are many sources to finance the small business ventures in Sri Lanka. Particularly Commercial Banks are the primary providers of debt capital to small business ventures in Sri Lanka".

(i) Briefly describe the major source of financing available for small businessman in Sri Lanka?

(06 Marks)

(ii) What are the financial schemes recently introduced by commercial banks for starting a new small business or to expand an existing small business in Sri Lanka? Give the details.

(06 Marks)

(iii) Both parties the borrowers (small businessmen) and lenders (bankers) have to face some problems in obtaining loans from commercial banks in Sri Lanka. Justify this statement with suitable examples.

(06 Marks)

(Total 18 Marks)

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 are the risks faced by a small businessman when operating a small business venture? Briefly explain.

(06 Marks)

(ii) What are the basic ways to cope with risk in a small business venture?

(06 Marks)

(iii) "Shoplifting" is one of the risk faced by a small businessman in operating a small business ventures in Sri Lanka and elsewhere in the world. What are the various anti- shoplifting tactics to be taken by the small business ventures to minimize shoplifting?

(06 Marks)

(Total 18 Marks)

05. "Beside many other methods, cost - plus pricing is an easy method adaptable by small business people in fixing the price for their products".

(i) Briefly describe three other pricing methods.

(06 Marks)

(ii) What are the main components of cost in the cost of production of a good?

(03 Marks)

(iii) Preparation of "Rice and Curry" is known by all. The following are the material requirements for the preparation of 10 parcels of rice, with dhal curry, fish curry, rasam and a pappadam.

Ingredients	Requirement	Price
Rice	2 measure	Measure 85/-
Dhal	½ kg	Kg - 220/-
Coconut	3 nuts	35/- per nut
Fish	½ kg	1 kg - 450/-
Rasa Masala	-	50/-
Pappadam	10 discs	1.75 per disc

You may assume other relevant costs.

Further time needed for the following activities is listed below.

Purchasing 1 Hr

Rice cooking	} 4 Hrs
Dhal curry cooking	
Fish curry cooking	
Rasam preparation	
Pappadam frying	

Packing and distribution by bicycle 1 Hr

Calculate the cost of production of a parcel of rice with fish curry, dhal curry, rasam and pappadam

(09 Marks)

(Total 18 Marks)