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**Fourth Semester MBA Degree Examination, June/July 2011**  
**Entrepreneurial Development**

Time: 3 hrs.

Max. Marks:100

**Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.**  
**2. Question No. 8 is compulsory.**

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| 1 | a. Distinguish between Entrepreneur and Intrapreneur.<br>b. Explain the functions of an entrepreneur.<br>c. Examine the entrepreneurial decision making process.   | (03 Marks)<br>(07 Marks)<br>(10 Marks) |
| 2 | a. Write a note on creativity.<br>b. Explain the various methods of generating ideas for new venture.<br>c. Examine the new product development process.   | (03 Marks)<br>(07 Marks)<br>(10 Marks) |
| 3 | a. What is meant by brain storming?<br>b. Explain the scope and value of a business plan.<br>c. Discuss the sequential stages of project formulation.  | (03 Marks)<br>(07 Marks)<br>(10 Marks) |
| 4 | a. What is single window system?<br>b. Describe the role of entrepreneurship in economic development.<br>c. Examine the objectives and functions of IDBI.  | (03 Marks)<br>(07 Marks)<br>(10 Marks) |
| 5 | a. What is Hindu undivided family?<br>b. Bring out the 3 circle model of family business.<br>c. Examine the responsibilities and rights of a family shareholder of a family business.                        | (03 Marks)<br>(07 Marks)<br>(10 Marks) |
| 6 | a. What is boot strap financing?<br>b. What are the similarities and differences between international and domestic business management?<br>c. Explain the current forms of Indian venture capital industry. | (03 Marks)<br>(07 Marks)<br>(10 Marks) |
| 7 | a. What is corporate venturing?<br>b. What is risk? What are the types of risks? How the risk can be minimized?<br>c. Explain the different venture expansion strategies.                                    | (03 Marks)<br>(07 Marks)<br>(10 Marks) |
| 8 | Case Study:  |  |

When she was eleven years old, Kim Merritt sampled chocolate at a candy store and thought she could do better. She made her own recipe and began selling small candy bars in her home town of Cumberland, Maryland. The effort was much like that of many youngsters who open lemonade stands to earn a few dollars to spend at the movies. However, people began asking her for more. Using meager profits and her mother's kitchen, Kim began making large batches of candy, then designed her own wrappers and developed a commission system for friends who sold chocolates at several schools.

**Q8 Contd...**

Business was so good that it became an obsession. Kim worked after school, weekends and holidays and aside from brief period when the health department suspended her operations until she could obtain proper permits to cook candy, she made candy by hand until she graduated from high school. At first, she could meet demand without special equipment or sacrificing other activities, but when she provided candy for a school fund raising event demand exceeded capacity and Kim found herself buying professional equipment, hiring helpers and purchasing bulk supplies.

Looking back, Kim recalls the obsession, the long hours and the challenge to learn about business. Always on the initiative, Kim set about placing order with local stores and developing contracts with dozens of schools and civic organizations. Her business, Kim's chocolate, soon occupied her entire family and closest friends and she registered the company and set up a chocolate boutique. During her first month, she had 18000 orders and before graduating from high school, Kim was distributing specialty chocolate to retail stores in three states.

At the age of 21, Kim repositioned her company as a major distributor of specialty candies and began planning a chain of upscale chocolate shops. The chain would complement her candy manufacturing and distribution system, but it would also mean major changes in the organization. She paused to think about her plans, realizing that to launch a regional or national chain would mean a corporate endeavor. She and her family could not handle all the responsibilities and the nature of Kim's chocolates would change. This was not a pleasant thought, although the idea of pursuing major business was exciting.

Reflecting on her business, Kim realized that she had fun and made a great deal of money, but many people considered her success no more than the luck of a personable young lady who made good candies and accidentally stumbled into a few good markets. On the other hand, Kim knew that she had worked extremely hard to attract clients. Most of her customers had not been comfortable buying from a young high school student and she was seldom taken seriously by customers until they had dealt with her for a long time. Winning over her customers had always been a challenge to Kim, not a roadblock and creating unusual candies had been a joy, not a job.

Thinking about her plans, she was not anxious to become a corporate manager and although she had always worked well with others, Kim liked the feeling of independence. Running a company would mean sacrificing her autonomy, yet the idea of a chain of stores selling her specialty candies had been a dream for years. At the same time, expansion would mean financial risk and Kim had always avoided debt. She dealt in cash and had always carefully calculated her expenses to avoid even the slightest loss. She realized that she was at a major cross road in her youth career and the choice seemed to be whether to follow her dream and expand or to be content with her existing business.

**Questions:**

- a. Identify the entrepreneurial characteristics of Kim Meritt and how they correspond to characteristics described for successful entrepreneurs. (07 Marks)
- b. Take a position regarding the decision facing Kim whether to expand into a chain of stores. Explain your position in terms of personal objectives you perceive essential to Kim and in terms of her perceived abilities. (07 Marks)
- c. Based on what you know about Kim and what you believe her characteristics to be, would you say her success was due to luck or persistence? Explain your position and how luck plays a role in any new venture. (06 Marks)

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