



III Semester M.B.A. (Day) Examination, January 2011
(2007-08 Scheme)
MANAGEMENT

Paper – 3.1 : Entrepreneurship and New Venture Creation

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any six** of the following. **Each** sub-question carries **two** marks. (6×2=12)
- Who are copreneurs ?
 - Who is an intrapreneur ?
 - Define micro and macro enterprise.
 - What is franchising ?
 - Define sick unit as per the Sick Industries Companies Act, 1985.
 - What is penetration strategy ?
 - What is meant by 'Angel' financing ?
 - What do you understand by 'Problem Inventory Analysis' ?

SECTION – B

- Answer **any three** of the following. **Each** question carries **eight** marks. (3×8=24)
- Distinguish between managerial and entrepreneurial decision making.
 - Explain the factors influencing the selection of specific form of business organisation.
 - Explain the product planning development and process.
 - 'Selection of investment by venture capitalists is a multi step process'. Discuss.
 - Describe the important role of small business play in our national economy.

P.T.O.



SECTION - C

Answer **any two** of the following. **Each** question carries **12** marks. (2×12=24)

7. Why should an entrepreneur prepare business plan ? Discuss in detail the elements of well structured business plan with an illustration.
8. What is corporate entrepreneurship ? How to establish in the organisation ?
9. Explain the steps of the creative process. What can entrepreneur do to enhance each step ?

SECTION - D

Case study : (1×15=15)

Russell Cox dates his entrepreneurial beginnings to when he was 14 years old, and he started a greenhouse business. When he was 17 years old, his parents bought a retail picture frame shop. They had operated a trophy shop in their home, but knew nothing about framing. Russell had an eye for beauty and a gift for working with his hands, however, and he taught himself the business.

Five years later, he was ready to go into business for himself. He had been a B student at Trinity High School in Euless, Texas. He chose a distributive (marketing) education program at A and M consolidate, College Station, Texas. Russell learned the most from his distributive education classes when they had open discussion about their jobs. He was self-employed, but learned a lot from fellow students on what not to do as a business owner. A self-described natural organizer, Russell held offices in high school and vocational school that taught him how to negotiate and compromise. He was president of Distributive Education Clubs of America (DECA), captain of the gymnastics team, and a candidate for the DECA area presidency. From these early experiences, Russell learned an important fact that a traditional job would not provide him with the independence and financial opportunities that he seek. And he had observed that other members of his family enjoyed a higher standard of living through owning their own businesses. The frame shop gave him the idea for his own business; he started a wholesale version of the same business. In order to reach his goals, he knew that he must serve the larger corporate market.



From Entrepreneur magazine, he learned creative financing methods and how to draw up a business plan. His accountant helped him prepare a budget. According to industry surveys, there was corporate demand for his type of business. For financing, Russell used personal savings, bank financing, and lease-purchase agreements. He works out of a warehouse with one small office. He says clients seem to like coming out to the warehouse to see other works in progress. He stresses the creative side of his business, and he has to produce a number of different designs. Buying right is another big part of his business. In order to stay competitive, one must bypass distributors and seek out the manufacturers.

Besides himself, six people work in Russell Gallery. In the past three months, sales were Rs. 13.5 lakh. Russell put all the profits back into the business. Russell is very precise about his plans for growth. He wants to gross one crore rupees by the end of first year, and Rs. 5 crore by the end of three years, by expanding business 'horizontally' into frame molding manufacture, art publishing, and retail sales. He plans to make Russell Gallery into a broad-based wholesale/retail art and framing company.

Being in business for himself has caused Russell to sacrifice material possessions now for future rewards. He works longer and harder than his friends. Some of his hurdles are psychological like-being patient and optimistic when there is little motivation to do so. But Russell does not give up. An important failure can deal him a temporary setback, but he bounces back. He usually feels down for a day or two before he get his attitude straightened out and come back even stronger.

Question for Discussion :

- 1) What did Russell Cox learn from his early work experience and his family's circumstances ?
- 2) What natural aptitudes and abilities did Russell bring to his parents' framing business ?
- 3) How did the family framing business influence Russell's choice of his own business ?
- 4) Where did Russell learn the facts and skills that helped him in the business ?