



III Semester M.B.A. (Day) Examination, January 2013
(2007-2008 Scheme)

MANAGEMENT

3.1 : Entrepreneurship and New Venture Creation

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **any six** of the following. **Each** sub-question carries **2** marks. (6×2=12)

1. a) Who are serial entrepreneurs ?
- b) What is corporate venturing ?
- c) What do you mean by incubation ?
- d) What is brainstorming ?
- e) What is feasibility study ?
- f) What do you mean by trade name franchising ?
- g) What is imitation strategy ?
- h) What is venture capital ?

SECTION – B

Answer **any three** of the following. **Each** question carries **8** marks. (3×8=24)

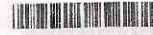
2. What are the ten deadly mistakes of entrepreneurship ?
3. How are creativity, innovation and entrepreneurship related ?
4. What are the advantages and disadvantages of franchising ?
5. Explain the steps involved in building a sound marketing plan.
6. Discuss the process of establishing intrapreneurship in the organization.

SECTION – C

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

7. Briefly outline the ten 'mental locks' that can limit individual creativity. Give an example of a situation in which you subjected yourself to one of these mental locks.
8. Define sick unit. Discuss the causes and remedial measures of sickness in small scale industry.
9. Discuss the various types of growth strategies which can be adopted by an entrepreneur.

P.T.O.



SECTION - D

10. Case study :

(1x15=15)

Read the following case and answer the questions given at the end.

Watoma Kinsey and her daughter Katrina are about to launch a business that specializes in children's parties. Their target audience is upscale families who want to throw unique, memorable parties to celebrate special occasions for their children between the ages of 5 and 15 years. They have leased a large building and have renovated it to include many features designed to appeal to kids, including special gym equipment, a skating rink, and obstacle course, a mockup of a pirate ship, a ball crawl, and even a movable haunted house. They can offer simple birthday parties (cake and ice cream included) or special theme parties as elaborate as the customer wants. Their company will provide magicians, clowns, comedians, jugglers, tumblers, and a variety of other entertainers.

Watoma and Katrina have each invested \$ 45,000 to get to business ready to launch. Based on the quality of their business plan and their preparation, they have negotiated a \$ 40,000 bank loan. Because they both have families and own their own homes, they want to minimize their exposure to potential legal and financial problems. A significant portion of their start-up costs went to purchase a liability insurance policy to cover the Kinseys in case a child is injured at a party. If their business plan is accurate, they will earn a small profit in their first year (about \$ 1,500) and a more attractive profit of \$ 16,000 in their second year of operation. Within five years, they expect their company to generate as much as \$ 50,000 in profits. They have agreed to split the profits – and the workload – equally.

If the business is as successful as they think it will be, the Kinseys eventually want to franchise their company. That, however, is part of their long-range plan. For now, they want to perfect their business system and prove that it can be profitable before they try to duplicate it in the form of franchises.

As they move closer to the launch date for their business, the Kinseys are reviewing the different forms of ownership. They know that their decision has long-term implications for themselves and for their business, but they aren't sure which form of ownership is best for them.

Questions :

- 1) Which form(s) of ownership would you recommend to the Kinseys ? Explain.
- 2) Which form(s) of ownership would you recommend the Kinseys avoid ? Explain.
- 3) What factors should the Kinseys consider as they evaluate the various forms of ownership ?