

**GARISSA UNIVERSITY**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF BUSINESS MANAGEMENT**

SMALL BUSINESS PLANNING (BBM 471)

**Time:** 2HOURS

Answer question **ONE** and any other **TWO** questions

**Question One**

**CASE STUDY: THE MAIN ATTRACTION OF HULUGHO STORES.**

‘’ The main attraction of Hulugho stores is price’’, says Halima, managing director of Hulugho stores. ‘’ we sell consistently at low prices. We never have a sale. Our goods are offered every day at sale prices. We offer value for money. Hulugho stores has a very low mark-up and is proud of its claim that it is the cheapest store in town.

Hulugho stores has a uniform pricing policy which ensures that an item will cost the same at any Hulugho store. Hulugho’s policy is to sell quality products at a low price to the lower-income group.

But just how does Hulugho succeed in offering continuously low prices? There are a number of contributing factors, some of which ae included below:

1. Volume bargaining power
2. Lean management structure
3. Simplified systems
4. Tight cost controls
5. Hulugho is a cash store, which eliminates bad debts and lost interest on outstanding payments. To help the consumer lacking the necessary purchasing power, Hulugho has a lay by system and also accepts credit cards.
6. Hulugho owns some of its suppliers, making cost and quality control easier
7. The staff is small but very well trained, which makes staff members effective and productive
8. The outlets are small and relatively simple
9. Hulugho is saving by curbing stock losses.

Any competitor thinking of competing against Hulugho stores will have to consider the above achievements carefully.

1. How does Hulugho price itself relative to the competition? (10marks)
2. Explain the Hulugho policy towards credit (5marks)
3. Describe factors that affected the pricing of Hulugho stores (10marks)
4. Suggest price adjustment strategies that Hulugho could adopt. (5marks)

**QUESTION TWO**

1. Business plans that look good on paper, may fail in practice’ Discuss this statement. (10 marks)
2. Describe recovery strategies that can be adopted by a business which has declining profit margins ( 5 Marks)
3. Explain the term; SWOT analysis and why it is important to a business organization (**5mks)**

**QUESTION THREE**

a) Explain the main features of a marketing plan (**10 Marks)**

b) Describe the major aspects of a financial plan of a business (10 Marks**)**

**QUESTION FOUR**

1. Describe five aspects that are indicated at the background level in a business plan (**10mks)**
2. Explain five signs of a demotivated staff in the public sector **(10mks)**

**QUESTION FIVE**

1. Office etiquette is the conduct prescribed to be observed at the work place’ described five personal behaviours that could annoy co-workers at the work place. (10marks)
2. Define the term brand? (2marks)
3. By use of a diagram, discuss the product life cycle (8marks)