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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 471**

**COURSE TITLE: SMALL BUSINESS PLANNING**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 02/04/2021 TIME: 09.00-11.00 AM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

Read case study "it is just a matter of time," and answer the following questions;

IT’S JUST A MATTER OF TIME

Yussuf has been a computer analyst for five years. In his spare time he has developed a word processing software program that is more comprehensive and powerful than any on the market. Since he does not have a great deal of money, Yussuf believes the first step in producing and marketing this product should be to get the necessary venture capital. The software program has been written and trial-tested by Yussuf and a handful of friends to whom he gave the material. Two of these friends are full-time typists who told him that the program is faster and easier to use than anything on the market. Yussuf believes that these kinds of testimonials point out the profit potential of the product. However, he still needs to get financial support.

One of Yussuf friends has suggested a meeting with a venture capitalist. "These guys have all sorts of money to lend for new ventures," the friend told Yussuf. "All you have to do is explain your ideas and yours is certain to be one of the best they have seen in a long time." Yussuf agrees with his friend but believes he should not discuss the matter with a venture capitalist until he has thought through answers to the various types of questions likely to be asked. In particular, Yussuf believes he should be able to provide the venture capitalist with projected sales for the first three years and be able to explain the types of expenses that would be incurred. Once he has done this Yussuf feels he will be ready to talk to the individual. "Right now, he told his friend, it’s just a matter of time. I will think that within seven to ten days, I will be ready to present my ideas and discuss financial needs."

1. In additional to financial questions, identify other questions that the venture capitalist is likely to ask Mr. Yussuf? [10 marks]
2. Would a business plan be of any value to Yussuf and the capital venture? Why or why not [5 marks]
3. How would you recommend Yussuf get ready for his meeting with venture capitalist?. [5 marks]
4. Describe each of five planning pitfalls Yussuf is likely to encounter [10 marks]

**QUESTION TWO**

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

**QUESTION THREE**

1. Explain the main features of a marketing plan [10 marks]
2. 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 [10 marks]
2. Explain five signs of a demotivated staff in the public sector [10 marks]

**QUESTION FIVE**

1. Explain how a business plan differs from the investment proposal? [5 marks]
2. When developing a business plan, explain the key issues to keep in mind in order  
   to come up with a winning business plan. [5 marks]
3. Describe five different target groups to whom a business plan may be sent  
   and for each group, what would be the purpose of giving it to them? [10 marks]