

# **Tutorial Letter 201/1/2018**

## **Entrepreneurship II (Module 1): Entrepreneurship and Entrepreneurial Skills**

### **ETP2601**

#### **Semester module**

#### **Department of Entrepreneurship, Supply Chain, Transport, Tourism and Logistics Management**

**IMPORTANT INFORMATION:**

This tutorial letter contains important information  
about your module.

# CONTENTS

*Page*

<b>1</b>	<b>INTRODUCTION .....</b>	<b>3</b>
<b>2</b>	<b>CONTACT DETAILS OF YOUR LECTURER .....</b>	<b>3</b>
<b>3</b>	<b>EXAMINATION GUIDELINES .....</b>	<b>3</b>
3.1	Semester mark .....	3
3.2	Examination paper .....	3
<b>4</b>	<b>FEEDBACK ON ASSIGNMENT 01 .....</b>	<b>4</b>
<b>5</b>	<b>FEEDBACK ON ASSIGNMENT 02 .....</b>	<b>6</b>
<b>6</b>	<b>CONCLUDING REMARKS.....</b>	<b>15</b>

## 1 INTRODUCTION

Dear Student

The purpose of this tutorial letter is to provide you with feedback on Assignment 01, 02 and 03 as well as information regarding the examination.

## 2 CONTACT DETAILS OF YOUR LECTURER

Questions regarding the academic content of this module may be presented to the primary lecturer:

Ms Nthabeleng Mmako: mmakonm@unisa.ac.za

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You may refer to Tutorial Letter 101 for all other contact details.

## 3 EXAMINATION GUIDELINES

**Please note the following important information:**

### 3.1 Semester mark

Your semester mark is the mark you obtained for your assignments. You had to submit two assignments during the course of the semester. These assignments constitute 20% of your final mark, and your examination mark constitutes 80%. You must obtain a subminimum of 40% in the examination to pass, regardless of the semester mark you obtained – even if it is 80% or more. In order to pass the examination, you require a final mark of 50%.

### 3.2 Examination paper

The duration of the examination paper is two (2) hours.

Please read the following information about the examination paper carefully:

- All chapters of the text book are covered in the examination paper. The questions in the assignments will also help you in your preparation for the examinations.
- Some questions are specific theoretical questions, for example, definitions or explanations of the meaning of important concepts in the study material.
- The examination paper is not easy, and you have to study and have a good knowledge of the work. Please spend time preparing for the examination. Read the textbook a few times, summarise the important concepts and make sure you understand them.

- Please read each question carefully before answering it. Take note of key words like “list” or “explain” and do what the question requires you to do. If you only list things when you also have to explain them, you will only get part of the marks.
- Keep in mind that you are not studying the work for examination purposes only. You have to know and internalise the information to ensure a successful business.
- The examination paper is set in English.
- The examination question paper counts a total of 70 marks and consists of two sections. **Section A** (30 marks) is compulsory and the questions will be based on a case study. **Section B** (40 marks) will consist of three questions (20 marks each) of which you will have to answer two of the three questions.
- The Examination Department will notify you of the examination date and time.
- The memoranda to Assignment 01, 02 and 03 are also included in this tutorial letter. Make use of these model answers to assess your own work.
- Please be informed that the supplementary examinations will take place in October/November 2018.

#### 4 FEEDBACK ON ASSIGNMENT 01

1. Option 3 is the key. The origin of the word entrepreneur is derived from the word French word *entreprendre*, which means to “undertake. An entrepreneur is someone who undertakes the risk of a new enterprise. **Refer to page 5 of the prescribed book.**
2. Option 2 is the key. Someone who relentlessly peruse an opportunity in either a new or existing business, to create value while assuming risk and reward for his/her efforts may be described as a/an entrepreneurs. This person is able to combine creative ideas with the necessary skills, resources and people to form a successful business. **Refer to page 5 of the prescribed book.**
3. Option 2 is the key. Edwin is displaying the “locus of control” entrepreneurial characteristic because he prefers to be in charge of his life, and in control of his own venture and business activities. **Refer to pages 8 of the prescribed book.**
4. Option 4 is the key. Tebogo may be described as a micro-entrepreneur. Micro-entrepreneurs employ between zero and nine people. They are able to obtain operating licenses from local authorities but have difficulty obtaining loans from the bank. This description is in line with that of Tebogo. **Refer to page 12 of the prescribed book.**
5. Option 4 is the key. Marothi may be described as a subsistence entrepreneur. A subsistence entrepreneur is someone who is involved in independent income generating activities operating as a small-scale vendor Subsistence entrepreneurs include street vendors selling fruits and vegetables at a stall. **Refer to page 12 of the prescribed book.**
6. Option 1 is the key. Johanna may be descried as a basic survivalist. Basic survivalists operate businesses until they find a job in the formal sector. Johanna is operating a business until she finds a job. She may therefore be described as a basic survivalist. **Refer to pages 12 of the prescribed book.**

7. Option 2 is the key. Small-scale entrepreneurs operate in a formal sector and employ between 10-49 people. Most of these entrepreneurs qualify for bank loans because they can provide collateral security to the bank. This description is in line with that of Nathi. **Refer to page 12 of the prescribed book.**
8. Option 2 is the key. Entrepreneurial skills are the combination of the skills and abilities of the entrepreneur to perform well. **Refer to page 27 of the prescribed book.**
9. Option 1 is the key. A transformational leader uses his/her charisma to motivate others to make a meaning contribution in realising the vision of the business. **Refer to pages 33 of the prescribed book.**
10. Option 4 is the key. Controlling as a basic management skill refers to evaluating the achievement of goals against the set standard. **Refer to pages 36 of the prescribed book.**
11. Option 4 is the key. Goals are desired results in which efforts and aims are directed. As a result, it is important to set goals in order to turn entrepreneurial visions into a reality. **Refer to pages 44 of the prescribed book.**
12. Option 1 is the key. Self-efficacy refers to an individual's belief in their own abilities and skills to perform tasks. Therefore, high level of self-efficacy generally determines business performance, which in turn results in success for entrepreneurs. **Refer to page 44 of the prescribed book.**
13. Option 1 is the key. Family brand is when the seller uses the same brand on an entire line or mix of product items, e.g. Apple sells all its products like iPad and iPod under the Apple name. **Refer to page 117 of the prescribed book.**
14. Option 3 is the key. Leadership is ultimately concerned with making sure that organisations achieve their goals and objectives. **Refer to page 75 of the prescribed book.**
15. Option 4 is the key. Entrepreneurs need to bring their vision to life by communicating it to stakeholders. This makes the ability to sell a vision a very important part of the functions of leaders. **Refer to pages 79 of the prescribed book.**
16. Option 2 is the key. Creativity refers to the generation of ideas or the new use of existing ones to solve existing problems **Refer to page 91 of the prescribed book.**
17. Option 3 is the key. Business model is the overall plan of how a business proposes to create value for its customers by satisfying their needs from its innovation and make revenues from its operations. **Refer to page 100 of the prescribed book.**
18. Option 2 is the key. The promotion strategy involves the seller's communication of information to the potential target market and relevant others to influence their attitudes and buying behaviour. **Refer to page 123 in the prescribed book.**
19. Option 2 is the key. If the company's initial name reservation application is not approved, then it needs to apply for new names. It may apply for between 1 and 4 names during each application process. **Refer to page 156 of the prescribed book.**
20. Option 2 is the key. An enterprise breaks even when its revenues equal its total expense. In other words, neither a profit nor a loss was made. **Refer to page 186 of the prescribed book.**

**TOTAL MARKS:**

**(20 x 1 mark)**

**[20]**

## 5 FEEDBACK ON ASSIGNMENT 02

### QUESTION 1

- 1.1. **Entrepreneurs are encouraged to start businesses that they have a passion for. With reference to the case study, explain “passion” as a characteristic of an entrepreneur. (4)**

**Refer to page 6 of your prescribed book.**

Entrepreneurs should start businesses that they are passionate about. (1)

They are more likely to succeed in pursuing a business that they find interesting and fascinating. (1)

**Application to the case study:**

Referred to as a born salesman; Geldenhuys’s passion for selling and getting the product out there paid off for his business as it worked as a motivating factor to succeed in the venture. (1)

Despite not having appropriate resources to make the products, he focused on getting the product out there, which is another important characteristic of successful entrepreneurs, to persevere against all odds. (1)

- 1.2 **No business can survive without sales. This is evident in the above case study. Explain how managing the buyer/seller relationship could have influenced the success of USN. (8)**

**Refer to page 129 of the textbook.**

The seller must always ensure that he or she manages the sales process professionally to satisfy the buyer. (1)

**Questioning skills:** Effective selling is about asking the customers the right questions at the right time. (1)

**Planning for sales calls:** salespeople must adequately plan for sales calls, as this will help them to gain customer commitment. (1)

**Presentation skills:** Good presentation of the product improves sales (1)

**Gaining commitment:** Salespeople gain customer commitment through effective selling and willingness to take action to improve the sales process. (1)

**Application to the case study:**

Geldenhuis credits his background in sales as playing a vital role in him being able to grow his business drastically in its first few years. (1)

He focused on being out there, selling the product and making profit. (1)

His strategy of targeting anyone improved customer relationship and trust. (1)

**1.3 In today's ever-changing business environment, networking is a tool that can be used to identify new market opportunities through information exchange and sharing.**

**1.3.1 Provide a definition of the term "networking". (2)**

**Refer to page 59 of the textbook.**

**Networking** is the process of meeting people, building relationships that can benefit all those involved, sharing information and ideas and getting one's business on the map. (2)

**1.3.2 Geldenhuis explains that he was able to leverage his existing connections, built during his previous tenure working at the Hatfield Health & Racquet Club. This may be regarded as business networking. Explain what business networking is. (4)**

**Refer to page 61 of the textbook.**

**Business networking** is the practice of creating a mutually beneficial relationship with other business people and potential clients or customers. (1)

The network links two or more people for a specific purpose for each person involved. (1)

This could be networking for new customers, business partners, potential suppliers, tenders and contracts, and information to get access to new markets. (1)

In the case of Geldenhuis, the networks he made while working at Hatfield Health and Racquet Club assisted his business to expand to potential clients and new markets. (1)

**1.3.3 What benefits did Geldenhuis derive from networking? (12)**

**Refer to page 63 of the textbook.**

Access to information and knowledge about his products. (1)

Opportunities for funding or investment to grow his products. (1)

Exposure to new market opportunities such as Europe and the United States. (1)

Networking is cost effective; saving time and money. (1)

Through the networks that Geldenhuys created during his previous tenure working at the Hatfield Health & Racquet Club, the product was able to have a market, saving him time and money. (1)

Fast method of communication anytime, anywhere. (1)

Networking assisted Geldenhuys in getting the word out there about his products quicker. (1)

Ability to reach a large number of audience (1)

Geldenhuys's footprint in South Africa quickly expanded to other countries such as Europe, Australia, and USA. (1)

Networking gave Geldenhuys immediate response with participants (1)

As you have conversations with customers and potential customers, you are able to receive immediate response. (1)

Easy to use; no need for training. Talking to people does not require formal training, which makes it easy. (1)

**[30]**

## QUESTION 2

**2.1. The terms “small business” and entrepreneurship are often used interchangeably but do not mean the same thing.**

**2.1.1 Differentiate the terms “small business” and “entrepreneurship”. (4)**

**Refer to page 19 of your textbook.**

Small businesses are independently owned and do not operate with diverse lines or innovative practices. (2)

Small business owners prefers to remain stable and do not grow; small businesses are not necessarily entrepreneurial (2)

**2.1.2 Describe the two (2) characteristics that differentiate an entrepreneurial venture from a small business. (4)**

**Refer to page 20 of your textbook.**

**Innovation:** Small businesses focus on delivering an established product to customers (1)

While entrepreneurial ventures thrive on innovation (new way of producing or offering a new product or service). (1)

**Potential for growth:** Entrepreneurial ventures have more potential for growth than small business does. A small business operates in an established industry. (1)

An entrepreneurial venture sets its strategic objectives relating to market targets, market development, market share and market position. (1)

2.2 **Learning to manage one's time effectively does not happen overnight. Discuss the three P's of time management. (12)**

**Refer to page 38-39 of your textbook.**

**Planning:** Failing to plan is simply planning to fail. Entrepreneurs need to identify what it is that they need to work on. (1)

If you do not plan, you go blindly into executing your tasks. This might lead you not to achieve what you had set out to achieve. (1)

Planning helps the entrepreneur to achieve a clearer sense of what it is that has to be done and how it should be done. (1)

Planning should not be overwhelming for the entrepreneur. Planning should be broken down into smaller action items. (1)

**Prioritising:** It is easily possible for the entrepreneur to become overwhelmed by what he or she has to do. (1)

One needs to determine what is important and what should be attended as a priority. (1)

Prioritising to achieve efficient time management. (1)

One can use categories such as Important but not urgent, Important and urgent, urgent but not important to prioritise activities and manage time. (1)

**Procrastinating:** procrastinating is putting off doing something important in favour of doing other things that are more pleasurable. (1)

Things should not be put off for long because when they build up they can lead to being overwhelmed and therefore negatively affect execution of the task. (1)

The entrepreneur should periodically review how they are using their time and if they are achieving their goals. (1)

Entrepreneurs can create reminders such as daily to do list, weekly-planning schedule, calendar reminders. (1)

**[20]**

### QUESTION 3

Entrepreneurs need to be guided by the goals they set for their businesses. Discuss in detail, the guidelines for goal setting. (20)

#### Refer to page 46-47 of your textbook

Choose a business that interest you: One should set goals that are important to oneself and relevant to the type of business one is in. (1)

If one sets goals that are not important or inspiring, little interest in the outcome of these goals is inevitable. (1)

Set specific, measurable, attainable, relevant and timeous (SMART) goals: goals should be achievable. (1)

Goal setting should be aligned to the overall business picture. (1)

The goals should be measurable. Goals should not be set with an indefinite timelines (1)

Write it down: writing your goals is the key to success. By so doing you will remember them and will focus on achieving them. (1)

Identify the purpose: Identifying the purpose of your goals helps you instantly recognise why you want that particular goals and whether it is worth working towards realising it. (1)

Knowing why you want to achieve something serves as a motivation to see the goal through to finalisation. (1)

Commit: it is useful for entrepreneurs to write down what they are committing to and how they are committing to their goals. (1)

Without strong commitment you are unlikely follow your goals through. (1)

Stay focused: you may not know how you will reach your goals but when you make a daily practice of focus, they become easier to reach. (1)

If you happen to lose focus, you can get back on track by refocusing. (1)

Plan your action steps: being clear about what you want, knowing your purpose, writing your goals down, committing to them and staying focused. (1)

You may not know all the steps ahead of time but you will know the next steps that take you in that direction. (1)

No time like the present: start now with achieving your goals, even if it is something small like making a call to gather information about your goal. (1)

The desire to start now can keep one motivated because a simple step to start can reinforce previous steps and move the entrepreneur towards the desired goal. (1)

Accountability: the entrepreneur has to hold himself or herself accountable when things get tough. (1)

In the end, the goal is yours to achieve and the responsibility lies with the entrepreneur. (1)

Review: the entrepreneur needs to keep his or her goal alive. Goals should be reviewed and if necessary, corrective action should be taken. (1)

Doing this helps the entrepreneur to monitor the progress and detect the goals that are lagging behind. (1)

[20]

**TOTAL MARKS:**

[70]

## 6 FEEDBACK ON ASSIGNMENT 03

(Do not submit this assignment)

### QUESTION 1

1.1 In business, risks are involved, as valuable resources must be committed to a venture. Describe the four (4) types of risks involved in a business. (8)

**Refer to page 16 of your prescribed textbook.**

Financial risk: entrepreneurs invest money in the business expecting to make sufficient profit with the investment. (1)

Good financial decision and sound cash flow management practices need to be followed to minimise financial risks and financial pitfalls. (1)

Personal risk: the entrepreneur invest too much energy and time in the business (1)

When time and energy is invested, the joys of family and social life in sacrificed. (1)

Career risk: this can be caused by leaving a successful career to start a business. (1)

If the business fails, the entrepreneur might have difficulty in finding other employment and might have to rebuild his career. (1)

Psychological risk: sometimes an entrepreneur allocates many hours to the business without taking time to eat healthily and exercise regularly. (1)

He should be aware of the factors that can cause stress, e.g. finance, social issues and the need to be successful. (1)

1.2 In table format, describe the basic management functions. (12)

**Refer to page 16 of your prescribed textbook.**

<p><b>Planning</b> (1)</p>	<p>Creating a detailed strategy to achieve the goals of the organisation. (1)</p>	<p>Deciding what should be done. Example: Planning a road show for a new product. (1)</p>
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<b>Organising</b> (1)	Coordinating resources to ensure the successful execution of tasks. (1)	Deciding how It should be done. Example: Allocating tasks to team members. (1)
<b>Leading</b> (1)	Providing direction to employees to ensure the success achievement of organisational goals. (1)	Management says when it should be done. Example: providing guidance to team members about their tasks and how to successfully achieve them. (1)
<b>Controlling</b> (1)	Evaluating the achievement of goals against the set standard. (1)	Management ascertain whether the task has been done satisfactory. Example: Chairing a debriefing meeting to ascertain whether the road show was successfully executed. (1)

[20]

## QUESTION 2

2.1 **Entrepreneurs are driven by a great need for achievement. Discuss the importance of goal setting.** (10)

**Refer to page 45-46 of your textbook**

Setting goals, helps develop a blueprint for the success of the business. (1)

Setting goals ensures that a detailed plan of action is in place for the entrepreneur. (1)

Setting goals sharpens entrepreneurs' focus. (1)

Setting clear, specific and measurable goals helps entrepreneurs to sharpens their focus. (1)

Setting goals sets in motion an entrepreneur's plan. (1)

A bib vision can be overwhelming for the entrepreneur .However; realistic goals allow the entrepreneur to make incremental steps towards his or her desired future. (1)

Goals help measure and track progress. (1)

In line with the entrepreneurs' desired vision for himself. Setting goals can help the entrepreneur to measure and track progress towards the desired goals. (1)

Goals setting helps the entrepreneur discover knowledge about the business and self. (1)

Everything will not always go according to plan. Pursuing goals may be a journey of learning and self-discovery for the entrepreneur. (1)

2.2.1 **Provide a definition of the term networking.**

(2)

**Refer to page 59 of your prescribed book**

Networking is a process of meeting people, building relationships that can benefit all those involved, sharing information and ideas and getting one's business on the map. (2)

**2.2.2 Explain the four (4) networking spheres. (8)****Refer to page 60 of your prescribed book**

First contact: family members. (1)

They are often the first point of contact and day-to-day communication. (1)

Second contact: friends. (1)

Friends can play a role in networking by sharing information about your business with others. (1)

Third contact, colleagues, church members, classmates and neighbors. (1)

They are the people you talk to everyday just like family. (1)

Fourth contact: business associates, referrals, mentors. (1)

These are people you do not talk to on a daily basis, but play a very important role in your networking circles. (1)

**[20]****QUESTION 3****3.1 Discuss the seven (7) steps to ethical leadership. (14)****Refer to page 84-85 of your prescribed book**

Acknowledge and openly discuss the complexities involved in making ethical choices. (1)

Openly discuss the ethical grey areas and acknowledge the complexity of work life with subordinates. (1)

Make ethics part of the da-to-day business. (1)

Leaders must make it clear to their employees that ethics is the order of the day at the organisation. (1)

Promote respect and trust. (1)

Build a culture of respect and trust. (1)

Ethical behaviour goes beyond just following laws and regulations. (1)

Ethical leaders need to take action and show stakeholders that they actively engage with ethical issues in an appropriate manner. (1)

- Expect and demand high ethical standards. (1)
- When it comes to ethics, do not allow for excuses. (1)
- Celebrate positive ethical moments. (1)
- Become a proactive ethical leader by taking time to celebrate positive ethical choices. (1)
- Constantly remind all stakeholders of the importance of ethics. (1)
- Integrate ethics into every action of the business. (1)

**3.2 Discuss any three (3) characteristics of creative people. (6)**

**Refer to page 101 of your prescribed book.**

**1. Seeing possibilities:**

- They see possibilities that others do not see. (1)
- They are not the average thinkers, they are game changers and they set their own rules and help solve complex problems. (1)

**2. Quest for knowledge:**

- Information is a powerful tool for entrepreneurs. (1)
- They therefore continuously seek new information and knowledge. This helps them to stay ahead of their competitors. (1)

**3. Insatiable desire for solution:**

- Successful entrepreneurs have a desire to work towards finding solutions for existing and future problems. (1)
- The world's best innovators started with a dream that later developed into ideas to solve a particular problem or achieve a particular goal. (1)

**4. Imaginative:**

- Imagination sets your mind free from the restrictions that may prevent you from conceiving the best ideals to solve the most complex problems. (1)
- Think outside the box. (1)

**5. Future oriented:**

- Creative people are always focused on the future. (1)
- They are forward thinkers who uses today's solutions to solve tomorrow's problems. (1)

*(Any 3x2 marks)*

**[20]**

## **7 CONCLUDING REMARKS**

We trust that you have found the feedback and information valuable. Do not hesitate to contact us if you have any questions regarding the assignments, the feedback or the examination guidelines provided in this tutorial letter.

We wish you all the best with your examinations.

Ms. Marcia Lebambo

**ENTREPRENEURSHIP AND ENTREPRENEURIAL SKILLS (ETP2601)**