

# Tutorial Letter 201/2/2019

## ENTREPRENEURSHIP SKILLS ETP2601

**Semester 2**

**Department: Applied Management**

This tutorial letter contains important information  
about your module.

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## 1 INTRODUCTION

Thank you for completing Assignments 01 and 02. We know that it is not always easy to adhere to due dates, and that most of you work under a lot of pressure because of work and personal commitments.

This tutorial letter contains comments on Assignment 01 and 02 as indicated in Tutorial Letter 101/3/2019.

## 2 LECTURER(S) AND CONTACT DETAILS

### 2.1 Lecturer(s)

The contact details for the lecturer for this module are as follows:

Lecturer	E-mail address
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Details of other lecturers in the Section: Entrepreneurship are as follows:

Lecturer	E-mail address
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Only academic queries concerning the content of this module, and not administrative queries should be directed to the primary lecturer. Please have your study material with you, when contacting us.

## 3 EXAMINATION GUIDELINES

**Please note the following important information:**

### 3.1 Year mark

To pass this module, you require a final mark of 50%. The assignments will contribute 20%, and the examination 80% to your final mark. You must obtain a subminimum of 40% in the examination, irrespective of the year mark obtained. You will therefore not pass the examination if your examination mark is less than 40%. Please refer to Tutorial Letter 101, which you received when you registered for the module for more information on the calculation of the year mark. It also contains more details on the calculation of your final mark.

### 3.2 Examination Paper

Study the following valuable information on the examination paper carefully:

- ❖ The following chapters/study units will be covered in the examination paper:  
**Chapters 1-9 of the prescribed textbook.**
- ❖ The examination paper may include some of the questions that appeared in the assignments.
- ❖ You must be able to define and describe concepts; give examples and explain what is meant by certain concepts.
- ❖ Read each question carefully before answering it. Take note of key words such as “list” or “discuss”; and do what the question asks you to do. For example, if you are asked to list and discuss concepts, please do so. If you only list without discussing, you will only get part of the marks.
- ❖ The examination paper is set in English.
- ❖ The examination paper counts 70 marks and comprises two sections (Section A and B).
- ❖ Section A (30 marks) is compulsory and will be based on a case study.
- ❖ Section B comprises three questions worth 20 marks each, of which you must answer any two of the three questions.
- ❖ There will be **no** multiple-choice questions in the examination paper.
- ❖ Previous examination papers are available on myUnisa and the lecturer will not supply you with these.
- ❖ The examination department will notify you of the examination date and time.
- ❖ You are advised to study the model answers to the Assignments as part of your examination preparation.
- ❖ Comprehensive details on the administration of examinations, including criteria and dates of supplementary examinations, are available on myUnisa under **“Examinations”**.
- ❖ Several resources and tips are also available on myUnisa to assist you with stress management and other related issues during examination periods.

## 4 FEEDBACK ON ASSIGNMENTS

Assignment 01 (Please refer to the Prescribed Textbook)

### Question 1

The correct answer is **2**. See **page 16**.

Career risk can be caused by leaving a successful career to start a business. If the business fails, the entrepreneur might have difficulty in finding other employment and might have to rebuild his career.

### Question 2

The correct answer is **4**. See **page 36**.

Controlling is important in that it evaluates the whole management function, from the setting of standards and goals to checking whether these goals have been achieved.

### Question 3

The correct answer is **2**. See **page 39**.

Procrastinating is putting off doing something important in favour of doing other things that are more pleasurable.

### Question 4

The correct answer is **2**. See **page 48**.

The T in "SMART" goals refers to timeous. Goals should have a deadline.

### Question 5

The correct answer is **1**. See **page 53**.

Medium-term goals are set between 18 months and 5 years. These types of goals are set between the short and long-term goals

### Question 6

The correct answer is **2**. See **page 62**.

Creating a business profile on Facebook is an activity that represents social media marketing. The exponential growth of social media offers organisations the chance to join a conversation with millions of customers globally every day.

### Question 7

The correct answer is **2**. See **page 100**.

A 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 revenue from its operations.

### **Question 8**

The correct answer is **2**. See **page 122**.

Skimming is a technique that sets very high prices for a limited period before reducing them to more competitive levels. This strategy assumes that certain customers will pay a higher price because they view a product as a prestige item.

### **Question 9**

The correct answer is **3**. See **page 33**.

Transformational leadership motivates followers by encouraging them to put group interests first.

### **Question 10**

The correct answer is **3**. See **page 77**.

First-line managers work directly with non-management or general staff and direct operational work, e.g. supervisors.

### **Question 11**

The correct answer is **2**. See **page 38**.

Prioritising to achieve efficient time management can be done by determining various tasks.

### **Question 12**

The correct answer is **2**. See **page 100**.

Commercialisation is the process of developing new products and services from concept to its successful introduction into a given market to generate economic benefits.

### **Question 13**

The correct answer is **1**. See **page 122**.

Bundle price is a technique where the owner combines two or more products in a single price. The aim is to provide the customer with a high-value product at a better price than if he were to buy the product individually.

### **Question 14**

The correct answer is **1**. See **page 61**.

Business networking is the practice of creating a mutually beneficial relationship with other business people and potential clients.

### **Question 15**

The correct answer is **1**. See **page 5**.

The word “entrepreneur” is derived from the French word *entrepredre*, which means “to undertake”.

**Question 16**

The correct answer is **2**. See **page 36**.

Organising entails deciding who does what, when and with what resources.

**Question 17**

The correct answer is **3**. See **page 8**.

Good human relations refer to entrepreneurs that know how to work with people by motivating them and know how to build good networks that would be useful in future.

**Question 18**

The correct answer is **1**. See **page 12**.

Micro-entrepreneur is a formal-sector entrepreneur with no employees or up to 10 employees.

**Question 19**

The correct answer is **1**. See **page 59**.

Networking refers to making connections and developing long-term relationships to gain professionally or personally.

**Question 20**

The correct answer is **4**. See **page 114**.

Dividing the market according to region, size of city and climate is called geographic variables.

## Assignment 02

### Case Study

What do you do when you are too lazy to bath? Invent something that will replace taking a bath using water. That is how DryBath was born. DryBath is a gel that does all the work of a bath without water. This body sanitizer, which is applied to the skin, offer users the same hygienic protection found from bathing with water. This invention is the brainchild of Ludwick Marishane, a young South African from rural Limpopo with a passion to simplify life problems. Ludwick was in high school when he came up with DryBath. Within a year, he launched DryBath with his company Headboy Industries.

A friend of Ludwick who was too lazy to bath inspired the idea for DryBath. The friend wondered why someone doesn't invent something that you can put on your skin, making it unnecessary to bathe the traditional way. A conversation about being too lazy to take a bath resulted in not only a solution for lazy people, but also a solution to global hygiene problems experienced by the poor, especially in communities with a limited water supply – a common phenomenon in many countries in Africa. Like many entrepreneurs, Ludwick was confronted with many challenges in his entrepreneurial journey. "When I finished high school, I needed R1 million for my business, but no one would give it to me. At the time, I was really frustrated but, in retrospect, I realise that's the worst thing anybody could have done for me. The reality is that I didn't know how to handle that kind of money because I had no entrepreneurial experience." Despite this initial obstacle, DryBath was successfully launched and is currently manufactured by Western Cape based gel cosmetic specialists BioEarth Labs for HeadBoy Industries, the company that Ludwick set up to develop and market the product. About 90% of the product is sold online to the export market and more than half goes to the USA. The invention won Ludwick an award for best student entrepreneur in the world from the Entrepreneurs' Organisation. In 2011, he was rated as the best student entrepreneur in the world and, in the same year, Google named him one of the 12 brightest young minds in the world. And there's more. In December 2013 *Time Magazine* named him one of 30 people under 30 who are changing the world. He was one of only two Africans on the list.

**Source:** Adapted from Mmako *et al.* (2017)

### QUESTION 1

- 1.1. Do you think Ludwick Marishane is an innovative entrepreneur (yes/no)? Refer to the case study to motivate your answer. (2)

**Refer to chapter 2, page 29. 2 marks.**

Answer: Yes

Innovativeness is the successful conversion of ideas into new products, services or processes.

**Example:** “Marishane invented DryBath, a gel that does all the work of a bath without water.”

- 1.2. Explain how Ludwick followed the process involved in Rossman’s model of creative thinking in his DryBath business venture. (14)

**Refer to chapter 6, pages 97-98. 2 marks for the explanation of each step, including examples and references from the case study.**

**1. Observing a need or difficulty**

The creative process starts with a search for a challenge or need. The problems or needs are around us every day. In the context of entrepreneurship, this refers to opportunity finding or opportunity recognition.

**2. Analysing the need**

Gather all relevant information to help you understand the problem you are attempting to solve. Questions such as what the cause and effects of the problem are important when investigating the need.

**3. Surveying the available information**

Market research is essential. You need to examine the gathered information that will help in formulating solutions.

**4. Formulating solutions**

When you think outside the box, the problem will dictate the solutions. Seek alternatives and think from fresh perspectives.

**5. Critical analysis of these solutions for their advantages and disadvantages**

What is the best and worst thing that could happen and how do you prevent the latter from happening? What are the major benefits of the business and will the clients like the gel?

**6. Developing a new idea - invention**

At this stage, the entrepreneur needs to put together all the resources that are imperative in making the idea a reality.

## **7. Experimenting with the idea**

The purpose is to test out the most promising solution and to perfect the final embodiment, taking the idea to the market.

- 1.3. Discuss the three economic factors that affect the entrepreneurial growth of entrepreneurs and indicate how these factors affect the DryBath business venture. (6)

**Refer to Chapter 1, page 15. 2 marks allocated in identifying each factor and a brief discussion in relation to the DryBath business venture.**

### **1. Financial resources**

Finance is the life blood of any business. A business needs capital to obtain materials, equipment and machinery, and to innovate. Lack of financial resources discourages potential entrepreneurs from starting businesses.

### **2. Availability of material and know-how**

Easy availability of material attracts individuals to entrepreneurship. Technical know-how is essential for innovation.

### **3. Market**

The size of a market and its composition influence entrepreneurship.

- 1.4 Discuss the four environmental barriers that Ludwick encountered in his entrepreneurial journey. (8)

**Refer to Chapter 1, page 13. 2 marks allocated in identifying each environmental barrier and a brief discussion in relation to Ludwick's entrepreneurial journey.**

### **1. Lack of skilled labour**

Skilled labour is the most important resource in any organisation. Desired labour is the mostly lacking in many organisations and therefore causes entrepreneurship not to be fulfilled.

### **2. Lack of machinery**

Good machines are required for the production of goods and services. Small entrepreneurs find it difficult to obtain the necessary funds for installing modern machinery.

### 3. **Lack of infrastructure**

This is the major barrier in most developing economies. Infrastructural facilities include land and buildings, adequate power, proper transportation, water and drainage facilities, etc.

### 4. **Lack of funds**

Many people do not enter into entrepreneurial activities because of lack of funds. Methods by which entrepreneurs arrange funds include own savings, borrowing from friends and relatives, banks and other financial institutions.

## Question 2

2.1. Discuss the three Ps of time management. (6)

**Refer to chapter 2, pages 38-39. 2 marks allocated in identifying each P with a brief discussion.**

### 1. **Planning**

Failing to plan is simply planning to fail. Entrepreneurs need to identify what it is they need to work on. 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. Planning helps the entrepreneur to achieve a clearer sense of what it is that has to be done and how it should be done. Planning should not be overwhelming for the entrepreneur. Planning should be broken down into smaller action items.

### 2. **Prioritising**

It is easily possible for the entrepreneur to become overwhelmed by what he or she has to do. One needs to determine what is important and what should be attended to as priority.

Prioritising to achieve efficient time management can be done by determining the following about the task that needs to be done:

- Important and urgent: these tasks require immediate attention in a short amount of time. Examples: crises, pressing problems, deadline-driven problems.
- Important and not urgent: these tasks require attention but can be put off, however not indefinitely. Examples: planning, self-development/training, relationships/networking.

- Urgent but not important: these tasks are not top priority but receive immediate action. Examples: telephone/emails, reports, meetings. Interruptions.
- Not important and not urgent: these tasks are often distractions that prevent you from doing your work. Examples: petty talks/politics, pleasant but useless things.

### **3. Procrastinating**

This is putting off something important in favour of doing other things that are more pleasurable. It can be a challenge to remain committed to the plan when you encounter time wasters. Things should not be put off for too long because when they build-up they can lead to being overwhelmed and therefore negatively affect overall execution of the task.

It will be to the entrepreneurs' advantage to periodically review how they are using their time and if they are achieving their goals. Create reminders that you can see. These reminders can be:

- Daily to-do lists
- Weekly planning schedules
- Calendar reminders
- Using a year planner
- Setting reminders on your laptop, phone and tablet
- Keeping a progress journal

The entrepreneur should be cautious of getting lost in his or her thoughts and start doing what should be done today.

- 2.2. Differentiate between transformation and transactional leadership. (10)

**Refer to chapter 2, page 33. 5 marks allocated for each leadership style.**

<b>Transformational leadership</b>	<b>Transactional leadership</b>
Leadership is proactive	Leadership is responsive
Works to change the organisational culture by implementing new ideas	Works within the organisational culture
Employees achieve objectives through higher ideals and moral values	Employees achieve objectives through rewards and punishment set by the leader
Motivates followers by encouraging them to out group interests first	Motivates followers by appealing to their own self-interest
Individualised consideration: each behaviour is directed to each individual to express consideration and support.  Intellectual stimulation: promotes creative and innovative ideas to solve problems.	Management by exception: maintain the status quo: stress correct actions to improve performance.

- 2.3 Briefly explain the personal and psychological risks: (4)

**Refer to chapter 1, page 16. 2 marks allocated for the explanation of each risk.**

**1. Personal risk**

The entrepreneur invests too much energy and time in the business, consequently sacrificing the joys of family and social life.

**2. Psychological risk**

Sometimes an entrepreneur allocates many hours to the business without taking time to eat healthily and exercise regularly. He or she should be aware of factors that can cause stress, e.g. finance, social issues and the need to be successful.

**Question 3**

- 3.1. There are six certain qualities that distinguish leaders from non-leaders. Briefly discuss them. (12)

**Refer to chapter 2, page 32. 2 marks allocated for identifying the qualities and briefly discussing each quality.**

**1. Passion**

Not all leaders are charismatic. This is a common misconception about leaders. While leadership is a valued entrepreneurial trait, entrepreneurial leaders are passionate about what they do.

**2. Good communication skills**

Leaders work with people. To do this successfully, good leaders can communicate well. Successful leaders provide communication that is honest, timely and effective.

**3. Spirit of empowerment**

Good leaders empower those with whom they go on their journey. Employee needs are considered, and employees are empowered with skills and opportunities to develop their potential.

**4. Competence**

Good leaders are knowledgeable in their subject field and can lead people in that area well. Competence is what provides them with credibility among their followers.

**5. Confidence in their abilities**

Leaders believe in themselves. If they do not, they cannot convince followers to believe in what they do. Self-confidence improves their trust in their abilities to make good judgement about certain risks.

**6. Integrity**

Good leaders have strong, moral principles. Their adherence to sound moral and ethical principles inspires trust in their followers.

- 3.2. The relationship between the buyer and the seller is an important part of sales and selling skills. Discuss the four factors that are important in managing the buyer-seller relationship. (8)

**Refer to chapter 7, page 129-130. 2 marks allocated for identifying the factors and briefly discussing each factor.**

**1. Questioning skills**

Effective selling is about asking the customers the right questions at the right time. The seller must ask customers questions at every sales cycle to build a strong relationship and gain customer loyalty.

**2. Planning for sales calls**

Salespeople must adequately plan for sales calls as this will help them to gain customer commitment. This leads to increased market share. Planning sales calls also improves sales results.

**3. Presentation skills**

Good presentation of the product improves sales. Presentation skills allow salespeople to present a powerful product for customers to buy.

**4. Gaining commitment**

Salespeople gain customer commitment through effective selling and willingness to act to improve the sales process.

**[TOTAL: 70 MARKS]**

## **ASSIGNMENT 3**

### **QUESTION 1**

- 1.1 Discuss six characteristics of entrepreneur (12) **Refer to Chapter 1, pages 7-8.**
- 1.2 Differentiate between small business and entrepreneurship (6) **Refer to Chapter 1, page 19.**
- 1.3 Define business networking (2) **Refer to Chapter 4, page 61.**

### **QUESTION 2**

- 2.1 Discuss the five criteria to be taken into consideration when selecting a target market. (10) **Refer to Chapter 7, page 114.**
- 2.2 In a table format, differentiate between management and entrepreneurial leadership (10) **Refer to Chapter 5, page 75.**

### **QUESTION 3**

- 3.1 Discuss the four spheres of networking (8) **Refer to Chapter 4, page 60.**
- 3.2 Explain SMART goals (4) **Refer to Chapter 3, pages 46-48.**
- 3.3 Explain the four types of risks to the entrepreneur (8) **Refer to Chapter 1, page 16.**

**[TOTAL: 60 MARKS]**

## **5. CONCLUDING REMARKS**

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

We wish you all the best with your examination.

Regards

**Ms Shamila Ramjawan**

**Lecturer**