

May/June 2020

ETP2601

Entrepreneurial Skills

70 Marks

Duration: 3 Hours

This paper consists of six (6) pages.

Instructions:

- (1) Submit your answers as a **single document** in **PDF format**. It is preferable for you to type your answers (Font: Arial 12) and then convert your document to PDF format for submission. However, if this is not possible, you may also write your answers down and scan them to a PDF file. Please write legibly.
- (2) Start with a cover page stating the **module code (ETP2601)** and your **student number**.
- (3) This should be followed by your answers to the questions. Note that **all three questions are compulsory**. There are no elective questions.
- (4) There is no need for a table of contents, introduction, conclusion or list of references (as was required in your assignments). Simply answer the questions asked.
- (5) Make sure that each question and subquestion is clearly numbered.
- (6) While you are not required to cite your sources, this does not mean that you can simply copy information from any source. You need to answer the questions in your own words. **Plagiarism will not be tolerated and may result in disciplinary action** if detected.
- (7) Please ensure that you submitted a declaration of honesty on myUnisa.
- (8) Please ensure that your PDF document is NOT encrypted to a “secured” mode and that it is NOT password protected as these files cannot be marked. Virus infected files will also not be marked.
- (9) Submit your answers in one PDF document by using the **Assessment Info** tool on myUnisa. Detailed instructions are provided in Tutorial Letter ETP2601/102/1/2020.

QUESTION 1

Read the following case study and answer question 1

SPARK SCHOOLS: The female entrepreneur behind this big idea

Spark Schools is a disruptive educational business model that has garnered so much investor interest, its founder, Stacey Brewer, has secured R200 million in funding. Here's how she's turning a traditional, entrenched industry on its head to solve real problems and bring about systemic change.

In 2012, Stacey Brewer raised R4,5 million in her first round of funding. It gave her an 18-month runway to focus on launching her low-fee private school model, SPARK Schools. This was followed by R28 million from an international fund, the Pearson Group's Affordable Learning Fund. The business's most recent round of funding was a Series B round that raised R150 million in 2016, taking SPARK's overall funding to R200 million.

Let's take a step back to how the idea for SPARK Schools originated. Stacy was studying an MBA in Entrepreneurship at GIBS (The Gordon Institute of Business Science). During her economics lecture, she discovered that although a high percentage of South Africa's budget is allocated to education. South Africa still ranks amongst the worst education systems in the world. "I wanted to understand what was going wrong, and to research what the solution could be," she says. Stacey wasn't planning on launching a new and disruptive education model, but she did need a theme for her thesis, and she wanted to address the real problem. "At the time I had no plans to start a business, which meant funding wasn't even a thought, but I found a very supportive mentor who is passionate about business and education as I am." Stacey also knew that she wanted to determine her own destiny, her personality was very much linked to making her own decisions and not having to report to somebody else.

"Dave Gibb and I had incredible discussions around the problem, and what the solution needed to take into account. I still had no concrete ideas of launching a school, but I was on a path that clearly showed we needed to create something completely new. Tweaking the current model wouldn't be enough. The MBA and my thesis also forced me to take a deep dive into my research. I'm not sure start-ups always do this, and certainly not to the level I took it. But it's been a very important success factor for us. The research I conducted while completing my thesis has allowed us to position ourselves very well within our market. More importantly, it helped us get from what to how?" Thanks to Dave's and her own tenacity, she was also developing a strong network in the educational space. "Dave introduced me to the blended learning model in the US. He then offered to fund a trip overseas so that we could evaluate if the tech the blended model is based on would be feasible in South Africa."

Source: Online available and adapted from <https://www.entrepreneurshipmad.co.za/advice/success-stories/lessons-learn/sparkschools-adapting-at-the-speed-of-scale/>

- 1.1. In 2012, Stacy became an entrepreneur. Identify from the case study and discuss the five (5) characteristics she possesses. (10)

- 1.2 The motivation of entrepreneurs influences the direction and nature of business ventures. Identify the four (4) types of entrepreneurial motivation and provide examples from the case study. (8)

- 1.3 There are certain qualities that distinguish leaders from non-leaders. Identify and discuss three (3) qualities that Stacey possesses. Provide examples from the case study. (6)
- 1.4 Creativity is the production of novel and useful ideas and for creativity to take place, expertise, creative thinking ability and motivation need to be in place. Using examples from the case study briefly discuss the component of expertise. (6)

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QUESTION 2

Read the following case study and answer question 2.1

“With the passion that I have for my community and the love I have for craftwork, I don’t think I will create jobs for everyone, but I will spark the mind of the individuals who can create more jobs in my community to alleviate poverty,” says Tony Mabaso, founder of Alex Art Market and Alex Fashion Week. He was born in Alexandra and raised by his grandmother, who taught him how to design clothing; later he was given an opportunity in South Africa’s high-profile television and theatre shows. “I understand the challenges that are faced by my community and the reality of lack of skills; and even those who do have skills, of producing products; and those who don’t have a platform, to showcase their products. That dream led to the establishment of Alex Art Market,” he says.

The Alex Art Market was established in 2016 by Mabaso and his business partner Lungelwa Mtitshane, who both work in the TV, film and theatre industries. Mabaso is responsible for the daily running of the place, fundraising, creating marketing opportunities, upskilling creative SMMEs that are housed at the market, and finding opportunities for those SMMEs by linking them with government agencies and the private sector. He works with 10 creative SMMEs that employ more than 120 people.

Alexandra is one of the poorest townships in Johannesburg and is situated next to Sandton, the biggest economic hub in Africa. “Alexandra has been a bucket market, where money comes in at the end of the month, but by the 15th it’s gone back to the rich neighbourhood and is being spent in malls around Johannesburg, where people get charged high costs having to use transportation to access those places, which doesn’t benefit our community. So, we created the Alex Art Market space to convince our community to create more jobs and attract tourists, as well to contribute to our GDP,” he says.

- 2.1 Creative people come from all walks of life and have many different characteristics. Using examples from the case study discuss the five (5) characteristics of creative people. (10)

Read the following case study and answer question 2.2

Precious Nduli is head of technical marketing at Discovery Insure, reporting directly to the chief executive. In this role, she is a point of contact for internal and external stakeholders, while also working to create new business propositions for the organisation. Mhlari started Rikatec in his first year of university. His company's vision is to leverage Artificial Intelligence and Big Data to become the dominant player in the Internet of Things.

- 2.2. Differentiate between Precious and Mhlari in terms of the kind of entrepreneurship they are pursuing in their different capacities. (4)

Read the following case study and answer question 2.3

Tebogo is an entrepreneur who is struggling with his time management. He feels "always very, very busy", a perennial issue for many living the mythicised entrepreneurial lifestyle. Yet all his hustling was failing to bear fruits. Upon further investigation, under his underlying business progress, major concerns surfaced: Insufficient progress with the design of his app, and continuous struggles in managing his developers. A haphazard fundraising process, with lots of leads but no structured approach. Tebogo, being a creative, had only amassed a limited understanding of his business underlying financial performance. Tebogo was getting drowned in urgent tasks, such as answering e-mails, fretting about minor design tweaks and attending various meetings and conferences he was invited for. A lot of these tasks are symptomised by being short term, offering a sense of instant gratification and the buzz of always going at 100 miles per hour. The founder attempted to be omnipresent, concerned that his lack of his involvement with any particular part would result in suboptimal results as "only I know the true vision for the business". Needless to say this attitude had been stifling progress and demotivating key staff – at a time when he was very keen to grow his team.

- 2.3 Learning to manage one's time effectively does not happen overnight. Using the three (3) P's of time management, advise Tebogo on how he can better manage his time. (6)

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QUESTION 3

- 3.1. When starting a business, entrepreneurs often develop a vision, mission and goals for the business. Provide a vision and mission for your existing or chosen business. (4)

Read the following case study and answer question 3.2 and 3.3

Magwaza has built a business making women look their best by crafting hats to suit them and the occasion. And currently, the occasion is likely to be next Saturday's Vodacom Durban July, a day when the fillies in their frocks and fascinators eclipse the horse racing action. Apart from always delivering on deadline, Magwaza attributes her success – she has a regular clientele of dress designers and her own shop – to hard work and faith. She credits God with inspiring the creations she puts together in her mezzanine workshop from sinamay, vivid-coloured fabric and feathers. Establishing her business has clearly been a long haul. It began around 2009, when she quit her job. “I was working at Steers as a cashier when I said to myself, let me start doing fashion.” The 36-year-old reckoned it was in her blood because her mother and grandmother were creative and gogo was a dab hand at sewing. Magwaza signed up with the Lindiwe Kuzwayo Academy of Fashion Design, in Durban, for two years, where she had to design dresses for July fashion shows. One of her outfits needed a hat to accessorise it and she ended up making it herself.

Soon Magwaza was making hats for other students and later taking orders from more established designers. After graduating she started small, subletting space from a dressmaker in a sixth-floor building in central Durban. “To get exposure was not easy,” says Magwaza. Apart from customers calling at the dressmaker, there was little passing trade, but Magwaza was no slouch at drumming up business. She took her hats to church to show the other women there and printed flyers with pictures of her work, which she pasted up at hair salons. Orders trickled in, but without a place she could truly call her own, Magwaza would sometimes have to meet a client on the street to receive commissions. She took advantage of opportunities to attend business fairs and other shows with the support of the eThekweni municipality and the KwaZulu-Natal department of economic development – a marketing tool she still uses.

Business grew and, in time, Magwaza was able to rent her own premises, this time on the fourth floor of the same building. From there she moved to the aptly named Lockhat Arcade, subletting space in a shop that sold mainly saris and other Eastern attire. Two years later, the sheriff came knocking and the sari shop closed. “I had to find a place. I was about to lose my clients,” Magwaza recalls. “It was a short space of time.” She was able to lease a shop of her own in the same complex. This was vital, as she built up a regular following, including dressmakers who called with clients when they were in the

precinct, visiting its many fabric suppliers. Apart from the Durban July, Magwaza says she was kept on the hop crafting hats for churchgoers. Easter was particularly busy. Weddings and funerals were money-spinners too. She believes hats have remained in fashion over the years and have received a lift from the decade's two big British royal weddings. Clients often come in inspired by the Windsor circus or clutching a picture from a magazine or Google. But what exactly are they after? "The ladies, they want something different. They come for unique things. "The older ones want the dignity. The mothers of the bride and groom, they like the big ones ... and for funerals to hide their faces." And for race day? "For young ladies I make fascinators," she says, referring to the decorative headpieces. "Young ladies like small ones. They don't want to hide their faces." Nor should they.

- 3.2 With reference to the case study, identify and discuss the five (5) factors that an entrepreneur needs to take into consideration when deciding on a promotional mix. Your answer should include examples from the case study. (14)
- 3.3 Discuss how Magwaza used networking in her business? (2)

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TOTAL: 70