

Tutorial Letter 201/1/2020

ENTREPRENEURIAL SKILLS

ETP2601

Semester 1

Department: Applied Management

IMPORTANT INFORMATION

This tutorial letter contains important information about your module.



CONTENTS

	<i>Page</i>
1 INTRODUCTION	3
2 LECTURER(S) AND CONTACT DETAILS.....	3
3 EXAMINATION GUIDELINES	3
4 FEEDBACK ON ASSIGNMENTS.....	4
5 CONCLUDING REMARKS.....	11

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 101/3/2020.

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
Ms WT Sami Primary Lecturer	samiwt@unisa.ac.za

Details of other lecturers in the Section: Entrepreneurship are as follows:

Lecturer	e-mail address
Ms TP Baadjie Secondary Lecturer	baadjtp@unisa.ac.za

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. Study the example below to see how the assignment mark (the weighted mark of the two assignments) will contribute to the final assessment mark.

3.2 Examination Paper

Study the following valuable information on the examination paper carefully:

- ❖ The examination paper may include some of the questions that appeared in the assignments.
- ❖ Short, direct and/or indirect case studies will be included in the examination.
- ❖ 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 only case study questions and you will be penalised for giving only theory answers.
- ❖ 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 Assignments 01 and 02 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

Question 1

The correct answer is 3. See page 5 of the prescribed textbook.

The word entrepreneur is derived from the French word “entreprendre” which means to undertake.

Question 2

The correct answer is 2. See page 5 of the prescribed textbook.

An entrepreneur is someone who relentlessly pursues an opportunity in either a new or existing business to create value while assuming risk and reward for his or her efforts.

Question 3

The correct answer is 2. See page 8 of the prescribed textbook.

Locus of control – entrepreneurs prefer to be in charge of their lives and in control of their own ventures and business activities, they do not like to be told what to do and have a high degree of autonomy.

Question 4

The correct answer is 4. See page 12 of the prescribed textbook.

Microentrepreneur, someone who is a formal sector entrepreneur with no employees or up to ten employees.

Question 5

The correct answer is 4. See page 12 of the prescribed textbook.

Subsistence entrepreneur, someone who is involved in independent income generating activities operating as a small-scale vendor.

Question 6

The correct answer is 1. See page 12 of the prescribed textbook.

Basic survivalist, someone who operates as an entrepreneur to survive until he or she obtains a job in the formal sector or an entrepreneurial opportunity.

Question 7

The correct answer is 2. See page 12 of the prescribed textbook.

Small-scale entrepreneur, someone who is a formal sector entrepreneur with 11-49 employees.

Question 8

The correct answer is 2. See page 27 of the prescribed textbook.

Entrepreneurial skills are the combination of the skills and abilities of the entrepreneur to perform well.

Question 9

The correct answer is 1. See page 32 of the prescribed textbook.

Transformational leaders are often charismatic and use their charisma to motivate followers to make a meaningful contribution in realising the vision of the business.

Question 10

The correct answer is 4. See page 36 of the prescribed textbook.

Controlling evaluates the whole management function from the setting of standards and goals to checking whether these goals have been achieved.

Question 11

The correct answer is 4. See page 44 of the prescribed textbook.

Goals are desired results to which effort is directed and require effort and commitment to achieving them.

Question 12

The correct answer is 1. See page 44 of the prescribed textbook.

Self-efficacy is an individual's belief in his or her own abilities and skills to perform tasks.

Question 13

The correct answer is 1. See page 117 of the prescribed textbook.

Family brand where the seller uses the same brand or an entire line or mix of product items.

Question 14

The correct answer is 3. See page 75 of the prescribed textbook.

Leadership is fundamentally concerned with making sure that organisations achieve their goals and objectives.

Question 15

The correct answer is 4. See page 79 of the prescribed textbook.

Communicating the vision alone is not enough they need to communicate it effectively and get acceptance or buy-in from stakeholders.

Question 16

The correct answer is 2. See page 91 of the prescribed textbook.

Creativity is the generation of new ideas or the use of existing knowledge to solve existing problems.

Question 17

The correct answer is 3. See page 100 of the prescribed textbook.

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 is a business model.

Question 18

The correct answer is 2. See page 123 of the prescribed textbook.

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.

Question 19

The correct answer is 2. See page 156 of the prescribed textbook.

If a company's initial name reservation application is not approved then it needs to apply for new names.

Question 20

The correct answer is 2. See page 186 of the prescribed textbook.

The breakeven point refers to a situation where the enterprise is neither making a profit nor realising any loss.

Assignment 02**Question 1**

1.1. The business plan is a written document which spells out where the business is heading ✓ and explaining in detail how it is going to get there. ✓ (page 17)

1.1.1. Creating a strategic document for an existing or new business

In this case, the business plan should serve as a road map to co-ordinate or lead the business towards clearly identified objects ✓.

This type of business plan should include the following:

The vision and mission statement ✓

The business objectives ✓

An explanation of the businesses competitive advantage ✓

How to reach objectives ✓

How to implement performance ✓

How to control performance ✓

How to implement corrective action if necessary ✓

1.2.1. Ntombenhle Khathwane used her own capital to start her business ✓

1.2.2. Own capital (page 177)

A common way of funding a business is to use your own capital/personal funds. ✓

This can be used for short-term and long-term working capital. ✓

There is little red tape involved in acquiring the funding. ✓

However, the disadvantage of this type of funding is that the investment risk lies solely with you. ✓

This means that if the business fails, you can lose everything you have invested. ✓

1.3. page 114-115 (14 marks)

Market size, you need to determine the size of the market that you are interested in serving, also check if the market is big enough to sustain your business. ✓

Natural hair care products were not easily accessible therefore Ntombenhle decided hers would be sold in national retail chains.✓

Expected growth, determine whether the target market is promising to grow and if not, consider another market✓

In 2014 her product was stocked in Game stores. Soon another retail store will stock her products.✓ The hair care market is a growing one and this is evident in the case study.✓

Competitive positions identify the competitors operating in your market segment to position your product and whether you can compete against them.✓

There are already natural haircare products that are available and Ntombenhle conducted extensive research into this field.✓ She has established better distribution channels, they positioned the brand as one that African women and African progress.✓

Cost of reaching the market, it is important to choose a market segment that you can easily reach through promotional activities.✓

When revising her business plan, Ntombenhle realised that there were natural products available that were geared towards natural hair care, but they weren't easily accessible.✓ That's when she decided that she wanted to build a brand that would be sold in national retail chains✓.

Differentiate your product or service so that your product looks different or differentiate your market offering to make sure you provide benefits that are highly valued by customers.✓

We do what other leading brands in the market don't do, we use our voice to influence and contribute to the development of women and Africa.✓ AfroBotanics bottles African wisdom, which is enhanced by science. Africa is central to our brand.✓

Positioning, this refers to the way consumers perceive a product in terms of its characteristics and advantages, its competitive positioning. This gives the product or service a distinctive identity.✓

That's when I decided that I wanted to build a brand that would be sold in national retail chains.✓ We have purposely positioned ourselves as a brand that celebrates African women and African progress.✓ We do what other leading brands in the market don't do, we use our voice to influence and contribute to the development of women and Africa.✓

Question 2

2.1. Leave out this part

2.2. types of entrepreneurs (11 marks, page 12)

Basic survivalist

This refers to entrepreneurs who operate a business to survive until such time that they get jobs in the formal sector or good entrepreneurial opportunities.✓

Such entrepreneurs are unaware of their capabilities and it is therefore not easy to unlock their potential.✓

Examples include: tradesman looking for work through advertising their trade on boards outside a hardware store.✓

Pre-entrepreneur

This person operates as a social entrepreneur, where profit is not the motive for running the business.✓

Examples include people who run stalls at markets, selling similar products to many other stalls at the same market.✓

Vendors selling memorabilia to tourists outside a museum.✓

Subsistence entrepreneur

This refers to a person running an independent business at a small scale to generate an income.✓

This type of entrepreneur is often inexperienced and requires support and skills to run the business more effectively.✓

Examples would be people who have stalls on street corners selling chips, cold drinks, cigarettes, airtime and clothing.✓

Micro-entrepreneur

This is a formal sector entrepreneur with between zero to nine employees.✓

This type of entrepreneur obtains an operating license from the local authorities, but has difficulty obtaining a loan from the bank.✓

A home-based mechanic is a typical example of this type of entrepreneur.✓

Small-scale entrepreneur

This refers to someone operating as an entrepreneur in a formal sector and employing between 1- to 49 employees.✓

Most of these entrepreneurs qualify for bank loans because they can provide collateral security to the bank.✓

A typical example of this type of entrepreneur would be someone who runs a bookkeeping entity.✓

3.1. This part is marked out of 4 instead of 6

Skills (page 27)

Entrepreneurial skills are the combination of the skills and abilities of the entrepreneur to perform well.✓ No one is born with a complete skill set; however, skills can be improved and are constantly developed through training and from experience.✓

Expertise (page 28)

Expertise is a sound knowledge of what things are and how they work, and this knowledge supports idea generation and creativity.✓ Intellectual ability is required to put ideas into context, to see linkages between things, redefine problems and envision and analyse possible practical solutions.✓ Knowledge can be acquired through interactions with other experts, practical experience or formal education.✓ **(any 2)**

3.2. Leave out this part

3.3. page 16-17, 9 marks (any 3)

Identify and evaluate the opportunity

An opportunity is an idea for a new product or service entering a market where there is a willingness to pay for that product or service.✓ The entrepreneur should first ask if there is an opportunity worth investing in and assess whether a specific product has the returns needed compared to the resources required.✓

The entrepreneur must ask five basic questions when evaluating an opportunity to start a business:

- Is there a sufficiently attractive market opportunity?
- Is your proposed solution feasible both from a market perspective and a technology perspective?
- Can we compete: is there a sustainable competitive advantage”
- Do we have a team that can effectively capitalise on this opportunity?
- What is the risk/reward profile for this opportunity?✓

Develop the business plan

The planning of the venture takes place in this step where one has to develop the strategy for the venture✓; type of business to be established; strategic, operational and tactical plans, and determine who the competitors in the market are as well as the target customers and how to reach them.✓ A compelling vision is necessary to inspire investors, recruit and motivate employees and to excite customers and partners.✓

Determine the resources required

The resources to address the opportunity must be determined and acquired in a timely manner.✓ More funds will be needed to finance the growth of the business.✓ The owner needs to identify alternative suppliers of resources along with his or her needs and desires.✓

Start and manage the enterprise

After resources have been acquired, the owner must use them to implement the business plan.✓ Operational problems of the growing enterprise must be examined✓. A control system must be established to identify and resolve any problems identified✓

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 studies.

Enjoy the journey!

Ms WT Sami – Primary lecturer for ETP2601