

FACULTY OF SCIENCE & ENGINEERING

DEPARTMENT OF ELECTRICAL & ELECTRONIC ENGINEERING

MAIN EXAMINATION

DECEMBER 2016

TITLE OF PAPER: ENTREPRENEURSHIP

COURSE CODE: EE511

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

1. THIS PAPER CONSISTS OF SECTION A AND SECTION B.
2. SECTION A (CASE STUDY) IS COMPULSORY.
3. ANSWER ANY THREE QUESTIONS FROM SECTION B.

YOU ARE REMINDED THAT IN ASSESSING YOUR WORK, ACCOUNT WILL BE GIVEN OF THE ACCURACY OF LANGUAGE AND THE GENERAL QUALITY OF EXPRESSION, TOGETHER WITH THE LAYOUT AND FINAL PRESENTATION OF YOUR FINAL ANSWER.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

SECTION A: (COMPULSORY)

Question 1 – Read the case and answer the questions that follow:

LEADERSHIP IN THE FIELD

Liberty Life

Donald Gordon is an example of a brilliant innovator. He started a huge life insurance business, which has been successful for more than 60 years.

Donald Gordon completed matric in 1947 with a first class pass and with distinction in mathematics, physics and geography. He studied chartered accountancy and qualified as a chartered accountant in 1953. After that, he accepted a partnership with Kessel Feinstein, an accounting company.

Even though friends and family advised him it would be too difficult to start an insurance company when there were so many big insurance companies around, he still wanted to start his own insurance company. He made a careful study of the insurance industry and decided that the industry needed management expertise and innovation which is the development of new ideas and concepts, and that there was a gap for a company that would provide these qualities. He resigned from his job at Kessel Feinstein.

In the 1950s, R100 000 was the statutory capital required in South Africa before an insurance company could be registered. Donald Gordon says that finding this money was the most difficult and frustrating task he has faced during his career. For nine months, he looked for people to invest in the life insurance company that he wanted to start. At one point, he wanted to give up and return to accountancy work.

However, he persevered, and managed to get the capital together. Liberty Life was registered. Since then, Liberty Life has become one of the very big companies in South Africa.

Liberty Life has been the first insurance company to offer different services in South Africa. Liberty Life was the first South African insurance company to

introduce retirement annuities, the first insurance company to list on the Johannesburg Stock Exchange and the first to develop new ways for people who did not qualify to join pension funds to save for their retirement via tis means.

Questions:

- a. Identify all the important personal characteristics of an entrepreneur displayed by Donald Gordon.
(15 marks)

- b. Which five broad approaches would have guided Donald Gordon in his techniques for generation of small business idea?
(10 marks)

- c. If you were Donald, what methods would you enforce in developing and improving your creative abilities (cultivating a creative attitude)?
(15 marks)

SECTION B: Answer any three (3) questions from this section.

Question 2

Mlamuli, Irvine, Lindokuhle and Nkosivile have just graduated from Engineering School and decided to start a business called POWER SOLUTIONS in Manzini. They agreed to be jointly liable for all debts incurred by the enterprise.

- a) What form of enterprise will be most suitable for POWER SOLUTIONS?
Give two reasons
(4 marks)
- b) Discuss the benefits and disadvantages of this form of business (10 marks)
- c) In what circumstances would you consider starting a private company (6 marks)

Question 3

As an entrepreneur you should know that your business cannot exist in isolation. Its activities are influenced by certain controllable and non-controllable variables. These variables occur in the environment in which the business operates and can present opportunities or threats to the business. Discuss about these variables. (20 marks)

Question 4

Write short notes on the following legal terms in business (where possible also give examples):

- a) Patents (5 marks)
- b) Copyrights (5 marks)
- c) Trade marks (5 marks)
- d) Trade secrets (5 marks)

Question 5

Generally most business plan users such as banks, investors, advisors etc. complain that plans are poorly prepared by entrepreneurs and may fail to invest or lend to the business simply because the plan presented is inadequate. Discuss the most common factors that result in poorly prepared business plan.

(20 marks)