

KATHMANDU UNIVERSITY
End Semester Examination [C]

11 April, 2023

Marks Scored:

Level : B.E.

Year : IV

Exam Roll No. :

Time: 30 mins.

Registration No.:

Course : CIEG 405

Semester : I

F. M. : 10

Date :

SECTION "A"

[20Q. × 0.5 = 10 marks]

Encircle the most appropriate alternative from each set of choices.

- The process of creative _____, in which entrepreneurs create new ideas and new businesses that make existing ones obsolete, is a sign of a vibrant economy.
a. production
b. innovation
c. destruction
d. implementation
- An entrepreneur is one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and _____ the necessary resources to capitalize on them.
a. assembling
b. identifying
c. measuring
d. qualifying
- Entrepreneurs are _____ takers.
a. wild risk
b. adventure risk
c. calculated risk
d. fluke risk
- _____ is the result of a disciplined, systematic process of applying creativity and innovation to needs and opportunities in the marketplace.
a. Innovation
b. business
c. Entrepreneurship
d. Creativity
- Small businesses create innovations _____ in response to customer feedback or changing market conditions,
a. gradually
b. reactively
c. proactively
d. responsibly
- The _____ assessments help an entrepreneur more efficiently and effectively examine multiple ideas to identify the solution with the most potential.
a. business
b. financial
c. feasibility
d. idea
- A useful tool for analyzing a specific industry's attractiveness within the competitive environment is the _____ of Porter.
a. Financial model
b. Business model
c. Five forces model
d. Profit model
- Compelling value _____ must clearly define the problem that target market is facing.
a. problem
b. Proposition
c. Position
d. Profit
- A customer-driven _____ strategy is a powerful weapon for any company that lacks the financial and physical resources of its competitors.
a. Distribution
b. Production
c. pricing
d. marketing

10. Business owners pay fees and royalties to a company in return for the right to become identified with its trademark, to sell its products or services, and often to use its business format and system in _____ business.
- a. Partnership b. Ownership c. Franchise d. Limited
11. _____ is the key customer benefit of a product or service that sets it apart from the competition; it answers the critical question every customer asks: "What's in it for me?"
- a. Ultra selling profit c. Unique selling proposition
b. Ultra satisfying product d. Unique selling product
12. An effective _____ offers a specific solution to a specific market segment.
- a. Marketing plan c. Value proposition
b. Product promotion d. Product feature
13. A _____ can be defined in many ways, including by geography, customer profile, product, product usage, and many others.
- a. Market b. Customer c. Niche d. Target
14. Creating a meaningful presence on the Internet requires an ongoing investment of resources—time, money, energy, and talent where establishing an attractive Web site brimming with catchy photographs and descriptions of products is the _____.
- a. E-commerce c. Presence
b. Online-marketing d. Beginning
15. From an entrepreneur's viewpoint, price must be compatible with customers' perceptions of _____.
- a. Image b. Benefit c. Product d. Value
16. _____ sends an important signal to customers about a company, its brand, its position in the market, the quality of its products and services, the image it wants to create, and other important concepts.
- a. Marketing b. Selling c. Pricing d. Advertising
17. The time lag between paying suppliers for merchandise or materials and receiving payment from customers is called _____ cycle.
- a. Product life c. Turn-over
b. Product flow d. Cash flow
18. The time lag between paying suppliers for merchandise or materials and receiving payment from customers is called _____ cycle.
- a. Product life c. Turn-over
b. Product flow d. Cash flow
19. _____ of goods sold represents the total cost, including shipping, of the merchandise sold during the accounting period.
- a. Price b. Cost c. Price d. Profit
20. Evaluating the feasibility of a business idea, an analysis of the industry and targeted market segments serves as the starting point for the remaining three components of a _____ analysis.
- a. Feasibility b. Stress c. Financial d. Marketing

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Level : B.E.
Year : IV
Time : 2 hrs. 30 mins.

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Semester: I
F. M. : 40

SECTION "B"

[6Q. × 4 = 24 marks]

Attempt *ANY SIX* questions.

1. Describe in detail Porter's Five Forces Model.
2. Explain the differences among creativity, innovation, and entrepreneurship.
3. Describe the four components of a feasibility analysis.
4. What form of intellectual property do patents, trademarks, and copyrights protect?
5. Explain the difference between social entrepreneurs and traditional entrepreneurs.
6. Explain the basic strategies entrepreneurs should follow to achieve success in their e-commerce efforts.
7. What advantages can an entrepreneur who buys a business gain over one who starts a business "from scratch"?

SECTION "C"

[2Q. × 8 = 16 marks]

Attempt *ANY TWO* questions.

8. Please explain how an ethical entrepreneur can apply gender equality and social inclusion matters in business context.
9. Financial ratio analysis is an important tool for businesses. How does an entrepreneur interpret financial ratios? Explain.
10. Study the following case and answer the questions below.

The Automobile Film Club of Nepal

Ram Lama, owner of The Automobile Film Club of Nepal in Satdobato, Lalitpur, operated a true niche market business. Lama's business rented vintage and specialty cars for use in movies and television shows filmed in the Kathmandu valley area. The Automobile Film Club of Nepal had been operating since 2053. Although the business suffered in the aftermath of 2072's earthquake, it survived that setback, and Lama was able to rebuild the company as film and television production returned to Kathmandu.

At its peak, the business grew to 14 full-time employees who helped support the more than 300 cars the company rented for film and television productions. However, over the next few years the business faced more challenges. The company lost the lease on the lot it used to store the cars, and Lama could not find a lot large enough to keep his entire inventory, forcing him to sell off many of the cars. Revenues declined, and soon the

business could support only him and his wife on the payroll. When border blockade hit in, the company took another financial hit due to damage to its property and lost business.

However, the worst was yet to come.

When Flood hit in 2075, the storm surge flooded his car lot and garage, completely submerging almost all of his cars in salt water. The cars and much of his equipment were a total loss. The building he used for offices and car maintenance also was severely damaged by the flooding. He estimated that the total loss was more than Rs. 40,00,000. The only insurance he carried on the business was for liability, so there was no coverage for his lost property.

Lama, who is 60 years old, must decide whether he is willing to use his personal assets, including his home, as collateral and attempt to secure a business loan to restart his company.

Eat Whatever

Janaki Rana, Australia returnee working for an interior design company in Patan City, wanted to start a business and leave her corporate career. She had noticed that a popular breath-freshening product sold in Australia was not available in Nepal. The product was a gel cap made from meat byproducts, but Rana decided to make her product from organic peppermint oil and parsley seed oil. Much of the source of bad breath is in the stomach, not the mouth, so the gel caps were very effective. However, she knew that Nepali consumers were used to sucking on breath mints. She decided that she would package the gel cap with a breath mint, so consumers could suck on the mint after swallowing the gel cap. She would market her product as Eat whatever.

Rana outsourced product formulation and production to a contract manufacturer. She hired a packaging designer to create a package that displayed the product in a clear and attractive way. Eat whatever is marketed as "2 Steps to Kissable Breath."

Although customers loved her product, she had a difficult time getting contracts with large retailers. She had success selling online and in specialty shops, but it was not enough to fund the growth of the company. Cash was tight. In fact, cash was so tight that she did not have enough to pay for marketing or for a new production run.

Rana met Ananda Sharma, an angel investor and former CEO in the candy industry. Sharma liked the product and offered to invest Rs. 2,50,00,000, connect Rana with people he knew in the industry, and give her a salary on top of the investment in the company. In return, he would take 75 percent ownership in the business. Rana could earn back 15 percent of the company if revenues met certain targets. Although her friends urged her not to accept his terms, she was concerned that her business would not succeed unless it got the cash and connections Sharma offered her.

- a. Which of the funding sources described in this subject do you recommend that Ram Lama and Janaki Rana consider for financing their businesses? Which sources do you recommend that they should not use? Why?
- b. What can entrepreneurs do to increase the probability that bankers will approve their loan requests?