

KATHMANDU UNIVERSITY
End Semester Examination
May/June, 2019

Level : B.E.
Year : IV

Course : CIEG 405
Semester: I

Examination Roll No:

Time: 30 Mins

F.M. : 10

Registration No. :

Date 03 JUN 2019

SECTION "A"

[20 Q × 0.5 = 10 marks]

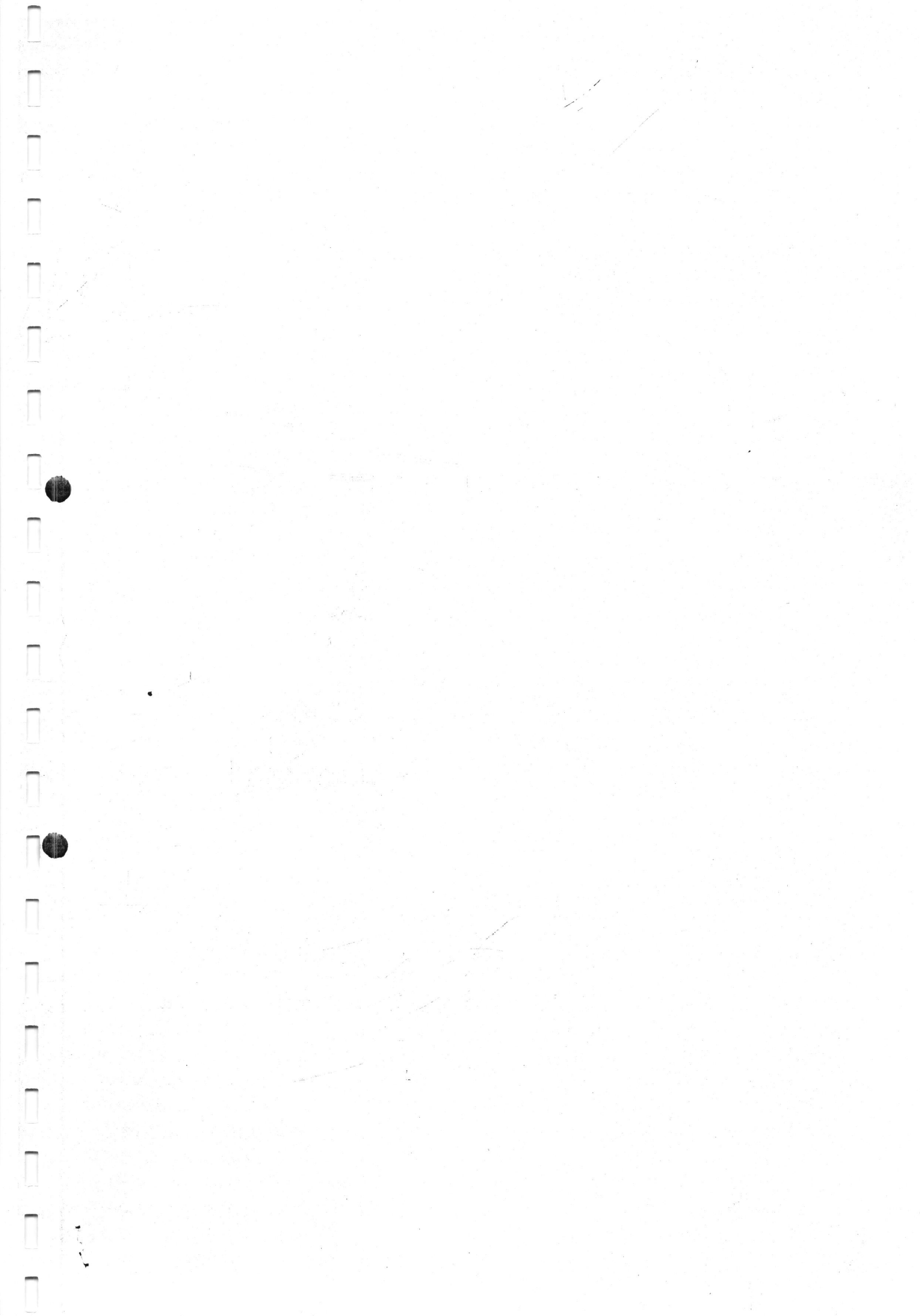
Encircle the most appropriate answers among the given choices.

1. Ms. Jasara Naaz Javali owns a chain of handbag shops across England and Wales. She has spotted a good location to set up a shop in Edinburgh but her handbags are not well known in Scotland and there is quite a lot of competition. She thinks it is worth a try anyway and decides to undercut the competition, at least until she gets known. What pricing strategy is Miranda following?
a. Market skimming
b. Captive Pricing
c. Market penetration
d. Product line pricing
2. Mr. Ram Lal Shrestha is the product manager for a fruit drink. Competition is building and so his strategy is to encourage existing customers to become more regular purchasers and to build brand loyalty. He is introducing different flavors, different sized bottles and low calorie options. He is trying hard to keep the price down and this has helped him to find more distribution outlets for his product. It sounds like this drink is at what stage of the product life cycle?
a. Introduction
b. Launch
c. Growth
d. Maturity
3. Which of the following layout strategy is followed by Big Mart in Nepal?
a. Grid layout
b. Free Flow Layout
c. Boutique Layout
d. Product Layout
4. Which of following location does not fall under Special economic Zone (SEZ) in Nepal?
a. Biratnagar
b. Jumla
c. Gorkha
d. Birgunj
5. Hira foods buy their fruit straight from the farm. They then make it into jam and other products and sell it on to wholesalers who in turn sell to retailers such as Big Mart. How many levels are there in this supply chain?
a. 0
b. 1
c. 2
d. 3
6. The Quick Heat Company sells all sorts of standalone fires (e.g. paraffin heaters and electric fan heaters). Most of their customers are businesses who have a short-term problem such as a heating breakdown. In order to increase sales, they have decided to try and persuade people who live in rented accommodation, and who may want to increase the warmth of their homes without investing in the property, to buy these fires. Who should be the primary target audience for their marketing communications campaign?
a. Landlords of rented property
b. People who live in rented accommodation
c. Heating engineers
d. Homeowners

7. Some fast food chains have detailed instructions about how staff should prepare the food. There are timers to tell them when the chips are cooked and even painted footprints on the floor to show where they should stand. Which element of the marketing mix are they trying to control?
- a. Process b. Physical evidence c. Packaging d. Place
8. According to the text, which is the proper sequence of events in developing successful business ideas?
- a. Opportunity recognition, feasibility analysis, development of a business plan
b. Feasibility analysis, opportunity recognition, development of a business plan
c. Development of a business plan, opportunity recognition, feasibility analysis
d. Feasibility analysis, development of a business plan, opportunity recognition
9. Ninety-percent of Lotus Cafe total sales of \$600,000 are on credit. If its year-end receivables turnover is 5, the average collection period (based on a 365-day year) and the year-end receivables are, respectively:
- a. 365 days and \$108,000 b. 73 days and \$120,000
c. 73 days and \$108,000 d. 81 days and \$108,000
10. R.K Clothing Store is applying for a loan to remodel the storefront. The Bank asks Mr. Raj Kumar for a detailed balance sheet, so it can compute the quick ratio. Rajkumar's balance sheet included the following accounts: Cash: Rs. 10,000, Accounts Receivable: Rs. 5,000, Inventory: Rs. 5,000, Short Term Investments: Rs. 1,000, Prepaid taxes: Rs. 500, Current Liabilities: Rs. 15,000
- a. 1.43 b. 1.07 c. 1 d. 0.67
11. When the costs of supplies increase in an industry, the low-cost leader may?
- a. Continue competing with rivals on the basis of product features
b. Lose customers as a result of price increases
c. Be the only firm able to pay the higher prices and continue to earn average or above-average returns
d. Make it difficult for new entrants to the industry to achieve above-average returns
12. The concept of limited liability in relation to a company means:
- a. The company is liable to a limited extent for its debts and obligations
b. The members are liable to a limited extent for its debts and obligations
c. When necessary, the company has the right to demand that further capital be contributed by members
d. If a company goes into liquidation before a member has paid for his shares in full, liability to pay for them ceases at that point
13. Which of these examples of a mission statement's focus area is not effective?
- a. AT&T focuses on communication rather than telephones.
b. Himalayan Java focuses on the café experience rather than coffee.
c. Ncell an Axiata Company focuses on oil and gas rather than energy.
d. Universal Studios focuses on entertainment rather than movies.

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14. The AMB Corporation of China is in the process of establishing its long-term objectives. These objectives will be used to guide the corporation toward achieving prosperity in its future years. Which of the following areas would these long-term objectives need to address?
- The ability of the firm to invest in capital equipment this year
 - The corporation's view of its responsibility to the public
 - The ability of the firm to attain acceptable levels of profits
 - The corporation's plans for methods of increasing development of its employees
15. Laxman is the owner of a company Agni Groups that specializes in a variety of floor waxing and polishing products. His company managers are in the process of finding answers to such questions as: How well is our current strategy working? And what is our current situation? Which one of the following will best answer his questions?
- Analysis of strengths and weaknesses
 - SWOT analysis
 - Analysis of weaknesses and threats
 - Strategic brainstorming session
16. What is the conditions that a company must satisfy in order to be able to enter an industry are best referred to as its?
- Economies of scale
 - Barriers to entry
 - Differentiation
 - Competitive environment
17. In Nepal after the completion of three years the Sole proprietorship having Capital of more than 3,00,000 but less than 5,00,000 must pay a renewal fee of?
- 500
 - 800
 - 1200
 - 900
18. The strategy of choosing one attribute to excel at to create competitive advantage is known as?
- Unique selling proposition
 - Positioning
 - Segmentation
 - Targeting
19. Given fixed costs is Rs 1,00,000 selling price per unit is Rs 10 and variable cost per unit is Rs 6. If variable cost increase by 10% and fixed cost decrease by 10%s , B.E.P will
- Increase by 1,471 units
 - Decline by 1,471 units
 - Increase by 4,171 units
 - None of the above
20. After deducting COGS (Cost of Goods Sold) from Sales revenue, which of the following is obtained?
- Net Income
 - Gross Profit
 - EBIT
 - EAT



KATHMANDU UNIVERSITY
End Semester Examination [C]
May/June, 2019

03 JUN 2019

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

Course : CIEG 405
Semester: I
F.M. : 40

SECTION "B"

[4Q. × 6 = 24 marks]

Attempt *ANY FOUR* questions.

1. How can an entrepreneur seeking funds to launch a business convince potential lenders and investors that a market for the product or service really does exist?
2. Mr. Anamol K.C lives in a town of approximately 100,000 in Western part of Nepal. There isn't a furniture store in the town and Mr. Anamol is thinking about starting one. He has good business and marketing skills and is confident he can run the store, but he's not sure whether the furniture store industry is a good industry to enter. You as a student of Entrepreneurship, recommend Mr. Anamol to clear his thoughts.
3. How do a company's core competencies help shape their business model? Explain the statement with an example of a Nepalese start-up "Tootle".
4. Why do many entrepreneurs avoid value-based pricing, especially when they first get into business? Discuss the connection between the price a company establishes and the image it portrays for the company?
5. Why is it important for an entrepreneur to build a strong ethical culture for his or her firm? What are some of the specific steps that can be taken in an entrepreneurial venture for the purpose of building a strong ethical culture?
6. One manager says, "When a company provides great service, its reputation benefits from a stronger emotional connection with its customers, as well as from increased confidence that it will stand behind its products." Do you agree? Explain.

SECTION "C"

[2Q. × 8 = 16 marks]

Attempt *ALL* questions.

7. A company has total annual sales (all credit) of Rs. 400,000 and a gross profit margin of 20 percent. Its current assets are Rs. 80,000; current liabilities, Rs. 60,000; inventories, Rs. 30,000; and cash, Rs. 10,000. Assume the company operates 360 days in a calendar year then find;
 - a. How much average inventory should be carried if management wants the inventory turnover to be 4? [4]
 - b. How rapidly (in how many days) must account receivable be collected if management wants to have an average of Rs. 50,000 invested in receivables? [4]

8. Read the Case carefully and answer the following questions.

Joost: Why it's important to be Sensitive to All Aspects of your Business Model

Joost was a hot start-up when it launched. Joost launched in 2006 as a premier online video service that aggregated and streamed premium video online. It quickly struck partnership agreements with media companies including CBS and Viacom. It raised \$45 million in funding from top-tier venture capital firms such as Sequoia Capital and Index Ventures. It also generated incredible buzz. It was what everyone was waiting for - a service that allowed people to watch high-quality content online rather than on a television set. It also had successful celebrity founders, Niklas Zennstrom and Janus Friis, who started Skype and just a year earlier sold it to eBay for \$2.6 billion.

Incredibly, just three years after Joost launched, in mid-2009, it failed. It remained in business by licensing its technology to cable, satellite, and other Web sites, but laid off the majority of its employees and set its original vision aside. What went wrong for this firm after what appeared to be such a successful and promising beginning?

Several things went wrong with Joost. The most obvious problems are that the firm grew too big too fast, and never behaved like a start-up. From day one, according to technology blogger Om Malik., it felt more like a large company than a small company, with all the bureaucratic trappings that large companies have. It was also based in multiple geographic locations-New York, London, and the Netherlands. Maintaining a good communication flow across multiple locations is difficult for all firms-particularly new ones. Joost also may have suffered from too much hype too soon. Start-ups rarely launch perfect product or services; they often have to adjust based on customer feedback. Joost had many people signed up for the beta version of the site alone. However, lots of people quickly became upset with some early technical hiccups. Buzz can quickly turn into buzz kill when a hyped-up company fails to deliver on its promises.

But Joost's more critical mistakes dealt with subtle aspects of its business model. Its core strategy wasn't focused. Instead of building an online service that streamed sporting events, for example, it built an online service to stream any content-from sporting events to television shows to full-length movies. In terms of customer interface, rather than being a browser-based service, like YouTube was at that time, it asked its customers to download clunky piece of software. It was also slow to fix technical problems, an error that frustrated its users. Joost's biggest problems, however, resulted in the way it configured its partnership network. First, in a rush sign up partners, some observers feel that Joost signed unfavorable deals giving it little ad inventory to sell to generate revenue. The weakness of these agreements may have done Joost in when Hulu (the competitor) came along.

Joost was blindsided by Hulu, which was backed by NBC, Universal, News Corp, and Disney. Hulu was better than Joost on almost all metrics. It was browser-based rather than requiring a download, had more premium content than Joost did, and because of the richness of its premium content, could sell more ads and pass along more revenue to its content providers. When Joost's partners compared what they could get from Joost versus Hulu, many abandoned Joost for Hulu.

Questions

- a. In regard to putting together an effective business model, what are the lessons you can learn from Joost's failure? [3]
- b. What do you think was Joost's single biggest mistake? [2]
- c. One point made in the feature is that Joost grew too big too fast, and never acted like a start-up. In what ways can growing too big too fast and not acting like start-up hinder a start-up firm? [3]