

Marks Scored:

KATHMANDU UNIVERSITY
End Semester Examination
July/August, 2017

Level : B.Sc./B. Tech.
Year : IV

Course : MGTS 402
Semester : II

Exam Roll No. : Time : 30 mins.

F. M. : 10

Registration No. :

Date AUG 21 2017

SECTION "A"

[20 Q. × 0.5 = 10 marks]

Select the most appropriate answer for the following questions:

1. Which of the following is a commonly experienced drawback to being an entrepreneur?
 - a. Lack of vacation
 - b. Long hours required
 - c. Ability to earn a large income
 - d. Lack of contribution to society
2. What is a good recommendation for forming and conducting a brainstorming session?
 - a. Throw logic out the window
 - b. Distinguish good ideas from bad ideas during the session
 - c. Restrict the guest list to only top management
 - d. Allow employees to prepare for the session ahead of time
3. The premise behind _____ is that transforming an idea into an actual model will lead to improvements in its design.
 - a. brainstorming
 - b. rapid prototyping
 - c. mind-mapping
 - d. TRIZ
4. Which answer is NOT a competitive advantage?
 - a. A set of factors that gives a business a unique, superior position in the marketplace
 - b. Maintain a positive net profit margin
 - c. Create an image based on the lowest price
 - d. Identify unique benefits of your products
5. Which of the following is the best process for a portion of the strategic management process?
 - a. Analyze competition, scan the environment, establish controls
 - b. Develop a clear vision, assess strengths and weaknesses, scan environment for opportunities
 - c. Establish controls, create goals and objectives, identify key factors
 - d. Formulate strategic options, analyze the competition, create goals and objectives
6. Which of the following is true regarding the differentiation strategy?
 - a. A company following differentiation strategy seeks to build customer loyalty by serving a specific target segment or niche.
 - b. A successful differentiation strategy depends on a small company's ability to identify the changing needs of its targeted customer group and to develop the skills required to serve them.
 - c. Companies that execute a differentiation strategy successfully can charge premium prices for their products and services, increase their market share, and reap the benefits of customer loyalty and retention.
 - d. Both a and c

7. What is the purpose of conducting a feasibility analysis?
 - a. It helps you to discern whether you will be able to gather enough capital to start the business
 - b. It helps you to determine whether your idea is a viable foundation for a successful business
 - c. It allows you to know which firm will be best to use for manufacturing your prototype
 - d. It determines whether there are governmental constraints that will not allow you to start your business

8. In which of the following legal organization forms is ownership the most easily transferable?
 - a. The corporation
 - b. The general partnership
 - c. The limited liability partnership
 - d. The proprietorship

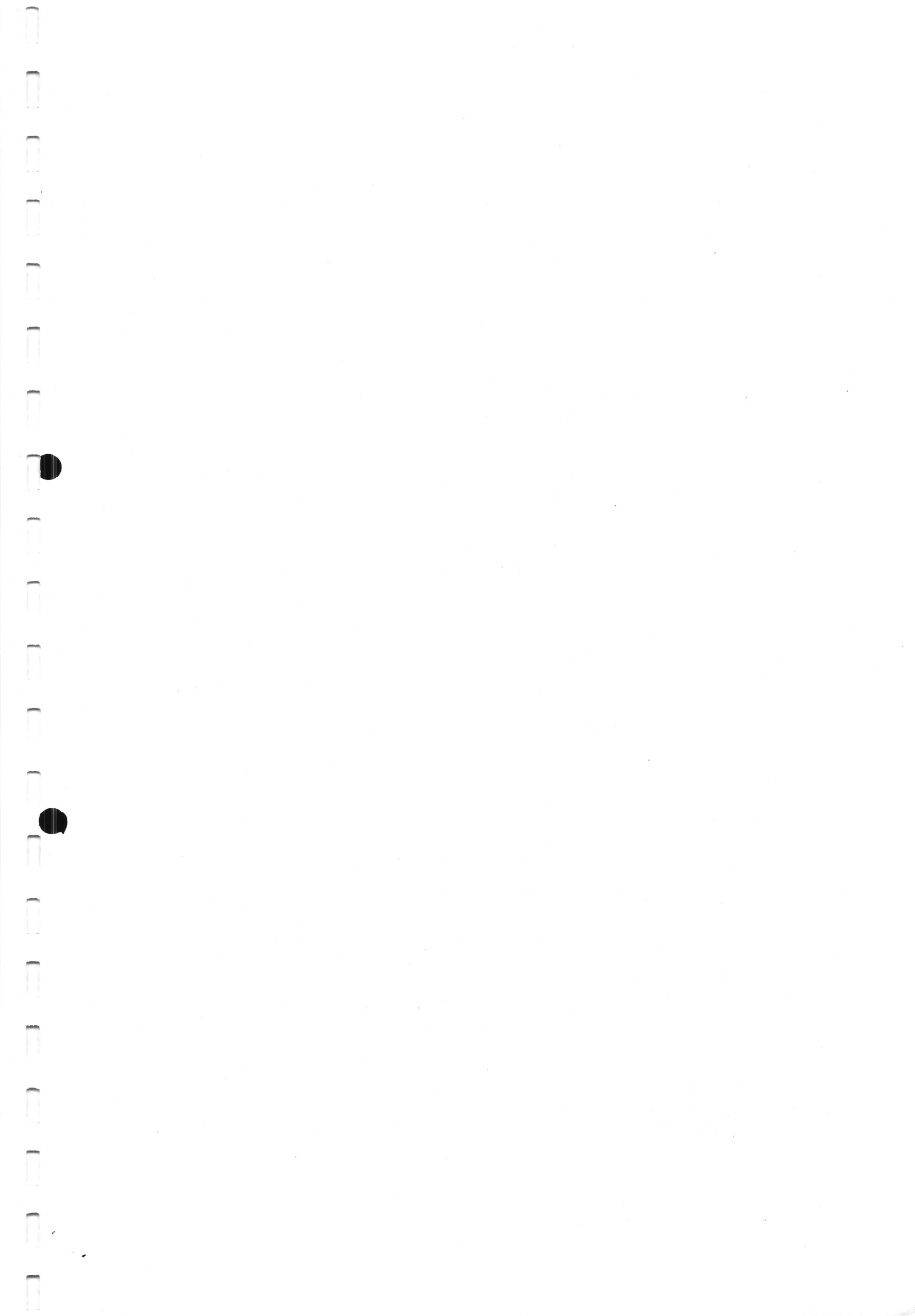
9. Why is market research so important for an entrepreneur?
 - a. It tests the entrepreneur's ability to stick to his idea, regardless of information that tells the entrepreneur not to move forward
 - b. It helps the entrepreneur to determine how to improve the current level of satisfaction and find ways to attract new customers
 - c. It gives the entrepreneur a head start on developing relationships later in the business's development
 - d. It gives the entrepreneur information on how much it will cost to start the business

10. What types of marketing tactics work well for smaller businesses?
 - a. Competing based upon price
 - b. Dressing in crazy outfits and standing in traffic
 - c. Spending large amounts on television advertising
 - d. Focusing on the individualized needs of their customers

11. The correct price of a company's product or service is:
 - a. a measure of the entrepreneur's costs and sales taxes on a good or service
 - b. less important to the customer than reductions in fixed or variable cost levels
 - c. a measure of what the customer must give up to obtain a good or service
 - d. similar across all target customers

12. What is the difference between absorption costing and variable costing?
 - a. Absorption costing does not include fixed costs in the costing of each manufactured item
 - b. Variable costing allows the entrepreneur to determine how costs would increase if product levels decline
 - c. Absorption costing allows the entrepreneur to determine the direct effects of increases or decreases in volume on the cost of the product
 - d. In a variable costing structure, the fixed or overhead costs of the period are not included in the costs of finished items

13. The firm's contribution margin for a product or service is the amount remaining
- after variable costs have been taken from total revenues that is left to cover profit and fixed costs
 - after variable and fixed costs have been taken from total revenues to serve as profit
 - after variable costs, taxes, and interest have been taken out of total revenues
 - after fixed costs have been taken from total revenue, that may be allocated among the total number of units sold
14. What information does the break-even point provide?
- The amount of sales volume that must be sold to recoup start-up expenses
 - The minimum sales volume required to stay in business for the long term
 - The minimum sales volume that allows the firm to surpass its competitors in revenue
 - The minimum sales volume that is required to cover fixed expenses
15. What is a company's cash flow cycle?
- The amount of cash that the company goes through in an average month
 - The period between the receipt of cash from a customer and the outflow of that cash to support the development of another unit
 - The time between the payment for merchandise and materials from suppliers and the receipt of payment from customers
 - The period between the receipt of cash and its deposit into the bank
16. What is the primary cause of cash flow problems cited by entrepreneurs?
- Generating those first sales
 - Having to pay employee salaries
 - Collecting accounts receivable promptly
 - Exercruciatingly high utility bills
17. Which of the following is NOT an advantage to taking the venture public?
- More control over decision making
 - Ability to raise a great deal of capital
 - Improved access to future financing
 - Ability to attract and retain employees
18. What is the most important criterion, from a lender's perspective, of a firm that applies for a loan?
- The profitability of the business
 - The ability of the business to produce cash through its business model
 - The industry that the business operates within
 - The management team at the helm of the business
19. For retailers, merchandise purchased through impulse buying should be located
- near the back of the store
 - in areas that will be frequented by women shoppers
 - in the front of the store
 - near items that are not impulsively bought
20. What is one of the drawbacks to doing business in a central business district?
- The foot traffic is not prevalent around the business
 - High rental rates for retail space
 - The city will impose an extra sales tax on the business because of its central location
 - It will be difficult to find employees that want to work at the business



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SECTION "B"

[6Q × 4 = 24 marks]

Attempt *ANY SIX* questions:

1. Define entrepreneurship. How can one differentiate an entrepreneurial firm from any other type of firm?
2. Explain how a company can gain a competitive advantage using differentiation strategy. Give example.
3. What is a business plan? Explain three essential functions of a business plan.
4. Describe the important issues entrepreneurs should consider when evaluating the various forms of business ownership.
5. Explain four major objectives a guerrilla marketing plan should accomplish.
6. Discuss the importance of cash management to a small company's success.
7. Describe the three basic layout patterns for a retail store.

SECTION "C"

[2Q × 8 = 16 marks]

Attempt *ANY TWO* questions:

8. Identify the five forces that determine an industry's attractiveness. Discuss how each of these forces affect the setting in which companies compete and hence the attractiveness of the industry.
9. Describe the strategies a small business could use in setting the price of a new product. Also explain the following pricing techniques: price lining, leader pricing, optional-product pricing, and captive-product pricing.
10. What is capital? List and describe the three types of capital a small business needs for its operations. Explain the differences between equity capital and debt capital.

