

KATHMANDU UNIVERSITY
End Semester Examination
July/August, 2019

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

Course : MGTS 402
Semester : II

Exam Roll No. :

Time: 30 mins.

F. M. : 10

Registration No.:

Date :

SECTION "A"

[20 Q × 0.5 = 10 marks]

Encircle the most appropriate answers from the given choices.

1. Entrepreneurship can be defined as...
 - a. The act of initiating, creating, building, expanding and sustaining a venture and gathering the necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain
 - b. The act of creating, building, expanding and sustaining a venture, building an entrepreneurial team and gathering the necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain
 - c. The act of initiating, creating, building, expanding and sustaining a venture, building an entrepreneurial team and gathering the necessary resources to exploit an opportunity in the market place for long-term wealth and capital gain
 - d. The act of initiating, creating, building an entrepreneurial team and gathering the necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain

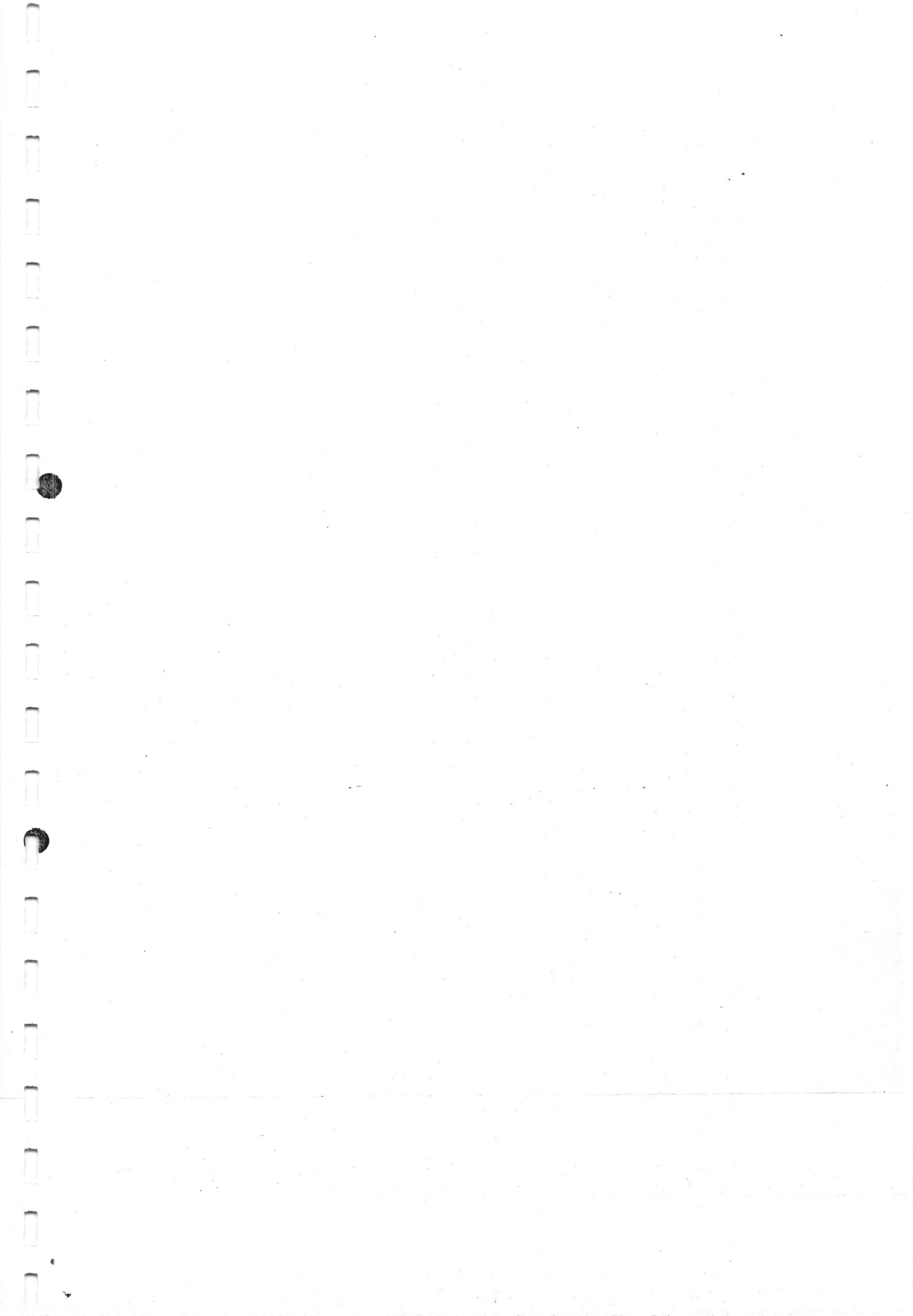
2. When the costs of supplies increase in an industry, the low-cost leader may?
 - a. Continue competing with rivals on the basis of product features
 - b. Lose customers as a result of price increases
 - c. Be the only firm able to pay the higher prices and continue to earn average or above- average returns
 - d. Make it difficult for new entrants to the industry to achieve above-average returns

3. 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

4. American Express offers not only its traditional green cards but also gold cards, corporate cards, and even a black card, called the Centurian, with a Rs. 1,00,000 annual fee aimed at a small group of "super-premium customers." Which of the following marketing efforts is American Express following with their credit card policies?
 - a. Macro marketing
 - b. Segment marketing
 - c. Niche marketing
 - d. Self-marketing

5. Any word, name, symbol, or device used to identify the source or origin of products or services and to distinguish those products or services from others is a kind of intellectual property. Which one of the followings is the best suited with this definition?
- a. Trade secret
 - b. Patent
 - c. Copy right
 - d. Trade marks
6. The 4 P's of a firm's marketing mix consists of:
- a. product, price, promotion, and place
 - b. passion, pride, principle, and premium
 - c. parity, passion, product, and pay
 - d. place, promotion, passion, and performance
7. The statement of cash flows is divided into activities.
- a. profitability, stability, and investing
 - b. stability, earning, and financing
 - c. pending, earning, and capital
 - d. operating, investing, and financing
8. Which of the following statements is true about business startup requirements?
- a. New business owners usually need to register for patent protection.
 - b. The financial needs to start a new business depend on the nature of the venture.
 - c. Purchasing a franchise is usually easy and inexpensive for startup business owners.
 - d. Equipment is the least expensive requirement for a startup business.
9. Which of the following are public relations activities?
- a. Writing press releases, distributing company newsletters, and sponsoring events
 - b. Holding press conferences, identifying trends, and hiring new staff members
 - c. Sponsoring events, developing new products, and distributing company newsletters
 - d. Identifying trends, writing press releases, and hiring new staff members
10. A financial statement is a(n):
- a. set of ratios which depict relationships between a firm's financial items
 - b. estimate of a firm's future income and expenses
 - c. hybrid statement of cash flows
 - d. written report that quantitatively describes a firm's financial health
11. If an entrepreneur has an internal locus of control, this means that he/she:
- a. Has a high need for achievement
 - b. Believes that success or failure depends on his/her own actions.
 - c. Feels comfortable in an unstructured situation
 - d. Believes fate is a powerful force
12. Before opening his own business, Tanya was writing a report that details the specifics of his ideas and future business operations. This document is known as:
- a. SWOT analysis.
 - b. A business portfolio.
 - c. A business plan.
 - d. A competitive analysis.

13. Steve Jacobi is an entrepreneur to the max. Steve has started three businesses, two of which he sold for a great deal of money. He is now involved in running his third business, with plans to sell it shortly and start yet another one. When commenting on his success as an entrepreneur, he says that once an idea comes to him, he just can't wait to start working on it and bring it to reality, and that is what he focuses on. Which of the traits of successful entrepreneurs does this suggest is characteristic of Steve?
- Action-oriented
 - Self nurturing
 - Self-directed
 - Tolerant of uncertainty
14. A business incubator is:
- A government agency that advises and assists small businesses
 - A program through which private investment companies licensed by government and lend money to small businesses.
 - An organization that combines low-cost, flexible, rental space with a multitude of support services for its small business residents
 - A specific geographic area to which governments try to attract private businesses by a variety of means.
15. Babbage, a licensed real estate broker, received notification that his application for a business loan was denied. The bank refused his request because he failed to provide a blueprint identifying the intended target market and competitive strategy. In order to secure a bank loan Babbage evidently needs a:
- Bankruptcy lawyer.
 - Business Plan
 - Venture capitalist.
 - Loan advocate.
16. The price of prescription medicine is high, partly because when someone is sick there is no real alternative to buying medicine. Which of Porter's Five Forces explains how this aspect of the prescription medicine industry helps keep its profitability high?
- Rivalry among existing firms
 - Threat of new entrants
 - Threat of substitutes
 - Bargaining power of buyers
17. Which of the following is not the source of equity financing?
- Angels
 - Public stock Sale
 - Personal Savings
 - Bond
18. A cash map showing the amount and the timing of cash receipts and cash disbursements on a daily weekly or monthly basis is called as:
- Cash receipts
 - Cash disbursement
 - Cash budget
 - Cash flow Statement
19. Oravel Stays Private Limited, trading as OYO, is India's largest hospitality company, consisting mainly of budget hotels. It was founded in 2013 and has since grown to over 500 cities in India, China, Malaysia, Nepal, the United Kingdom, the United Arab Emirates, Saudi Arabia, the Philippines, Indonesia and Japan, and operates 450,000 rooms globally as of January 2019. Who is the founder of OYO Company?
- Ritesh Agrawal
 - Sanjay Kumaran
 - Kavita Shukla
 - Akhilendra Sahu
20. Which of the product item is associated with the Brand Name "Swiffles"?
- Chocolate
 - Furniture
 - Biscuit
 - Mattress



KATHMANDU UNIVERSITY
End Semester Examination
July/August, 2019

Level : B.Sc./B.Tech.
Year : IV
Time : 2 hrs. 30 mins.

Course : MGTS 402
Semester: II
F.M. : 40

SECTION "B"

[6Q × 4 = 24 marks]

Attempt *ANY SIX* of the following questions.

1. Innovative ideas are always high in entrepreneurship". Briefly explain any three methods to generate new ideas for business?
2. How does a focus on a cost leadership strategy lead to a very different business model than on focus on a differentiation strategy?
3. Bikalpa has developed a new type of space heater that is quieter and safer than previous generations of space heaters and is particularly geared to people who live in small spaces, such as apartments or dorm rooms. Bikalpa doesn't know how to price this product. Describe to Bikalpa the appropriate methods of pricing the product in the said market segment.
4. Assume that you just invented a new type of computer printer that can be easily folded up and carried like a laptop computer. You have decided to start a company to produce a printer. In order to approach the market effectively you have a tedious task to segment the market at first and then determine the target market and position the produce with the suitable tag-line.
5. Shoriya lives in 28 Kilo, a residential colony near Kathmandu University (KU). Being close to KU this area is a hub for students who come from outside Karve to study here as they find good accommodation with Tiffin service readily available. Shoriya has a vacant residential building there. She found it to be an attractive economic idea to start a Paying Guest House. She knows that she has a good market because of the location of her building. State the other requirement she has to ensure before opting for this opportunity.
6. Elaborate the meaning the following statements.
 - a. Times interest earned (TIE) Ratio of the firm is 0.9 times
 - b. Current ratio of the company is 9 times
 - c. Net Profit margin of the company is 25 percent.
 - d. Debt Ratio of the firm is 50 percent.
7. How do a company's core competencies help shape their business model? Explain the statement with an example of a Nepalese start-up "Tootle".

SECTION "C"

[2Q × 8 = 16 marks]

Attempt *ANY TWO* questions.

8. Elaborate Porter's Five Forces Model with example. Select one large company and explain the forces of the model with respect to the chosen company.

9. Shobisha has a degree in Robotics and she cherishes to design products. She began her career in 'Robotech' which utilizes top of the line innovation in the entirety of their product. Her job profile included voyaging a great deal too. At whatever point she voyaged she noticed that disable individuals experience issues in maneuvering their Wheelchair starting with one place then onto the next in light of the fact that in a few places ramp isn't given and it is highly unlikely that it can walk up the stairs. She came up with an idea of a Wheelchair which can be used on stairs effectively. She chose to leave her place of employment and begin her own organization. She realized that her idea was in the primary stage in the process of innovation. Identify the concept and clarify the steps in its procedure.
10. Read the following case and answer the question carefully.

Mrs. Harikala Karki and her daughter Ms. Rachana Karki are about to launch a business that specializes in children's parties. Their target audience is upscale families who want to throw unique, memorable parties to celebrate special occasions for their children between the ages of 5 and 15 years. They have leased a large building and have renovated it to include many features designed to appeal to kids, including special gym equipment, a skating rink, a mockup of pirate ship, and even a moveable haunted house. They can offer simple birthday parties (Cake and Ice Cream) or special theme parties as elaborate as the customer wants. Their company will provide magicians, clowns, comedians, jugglers, tumblers, and a variety of other entertainers.

Mrs. Harikala & Ms. Rachana have each invested Rs. 2.5 million each to get the business ready to launch. Based on the quality of their business plan and their preparation, they have negotiated a Rs. 2 million bank loan. Because they both have families and own their own homes, they want to minimize their exposure to potential legal and financial problems. A significant proportion of their start-up costs went to purchase a liability insurance policy to cover the risk of the children being injured in the party. If their business plan is accurate they will make a small profit in their first year (about Rs. 0.15 million) and a more attractive profit of Rs. 0.50 million in their second year of operation. Within five years, they expect the company to generate as much as Rs. 5 million in profits. They have agreed to split the profits-and the workload-equally.

If the business is successful as they think, Karki's eventually want to franchise their company. That however is part of their long-range plan. For now, they want to perfect their business system and prove that it can be profitable before they try to duplicate it in the form of franchise.

Questions: *(The number in the brackets indicates the respective marks)*

- a. What Social Trends in Nepalese market have been identified by Karki's that had led them to opt for this business? List the trends and explain them briefly. [2]
- b. Develop a business model canvas for Karki's highlighting its various modes which can justify their claim of growth within 5 years of operations. [4]
- c. Which form(s) of ownership would you recommend for Karki's and what factors should the Karki's consider while evaluating the ownership? Please keep the discussion in Nepalese context. [2]