



**ZCAS University**

**BBA 3302**

**SMALL BUSINESS DEVELOPMENT  
2023 END OF SEMESTER TWO TEST  
WEDNESDAY 25 OCTOBER 2023  
08:30-11:30**

**INSTRUCTIONS:**

**TIME ALLOWED: READING AND WRITING – THREE HOURS – 5 MINUTES**

1. Section A: This question is compulsory and must be attempted.
2. Sections B: Answer **THREE (3)** questions from this section.
3. This examination paper carries a total of **100 marks**.

## **SECTION A- COMPULSORY SECTION**

### **QUESTION ONE.**

Incorporated in 2003, Tesla declared in its mission statement that its goal is “to accelerate the world’s transition to sustainable transport,” and it has proven itself a leader in green technology in the automotive sector. In its initial business plan, by co-founder Martin Eberhard, the electric sports car company promised to provide the value of a high-end sports car at a lower cost to the customer and a lower environmental cost to the planet. Electric vehicles were seen as inferior to standard vehicles prior to Tesla’s innovations in creating powerful cars that piqued consumer desire. The generic automotive manufacturing business model relies on collaborative manufacturing with industry partners and a distribution model dependent on third parties. Standard cars are aimed at people and businesses with individual transportation needs. This model is commercially viable because of custom-equipped add-on features to the per-vehicle prices.

Required

Tesla’s business model is different. Identify at least three ways in which the Tesla model differs from the traditional automotive business model. ( 40 marks )

## **SECTION B- ANSWER ANY TWO QUESTIONS**

### **QUESTION TWO**

Growing your small business means you'll have to take calculated risks. You should look at your business plan and make realistic and accurate forecasts of how you think certain strategies can affect your business. Regularly monitoring your progress and making updates are key to having a successful business.

Required

1. What is small business? ( 5 Marks )
2. Clearly explain the criteria used to formulate your definition. ( 15 Marks )

Total marks 20

### **QUESTION THREE**

In 2008, Nokia, the global leader in mobile handset manufacturing faced difficulties in capturing a sizeable market share in the US. Nokia's profit margins reduced year after year in US since 2004. One often cited reason was its unwillingness to customise according to the preferences of the markets there. As the US telecommunication industry is one of the world's biggest telecommunication markets, Nokia had to establish itself in this market to retain its global No.1 position. The case study outlines the US telecommunication industry structure and the obstacles Nokia faced in finding a foothold in this marketplace. It has grabbed a 40% global market share; but in the US it has been able to rake it up to just 10%. What possible steps should Nokia take to capture a sizeable portion of US market share? What challenges does it face? What prevents it from having a formidable market position in the US? Should it, succumbing to the market pressures (realities!), decide to customise its business model? What are the consequences if it does? For a company, which adopted a standardised business model across the world, what would be the consequences of altering it?

Required

1. Describe the purpose of industry/target market feasibility analysis. ( 10 Marks)
2. Identify the two primary issues that should be considered. ( 5 Marks)
3. What is the difference between a firm's industry and its target market? ( 5 marks)

Total Marks 20



#### **QUESTION FOUR**

Business model innovation (BMI) consists in one of the greatest challenges of this business era. With globalization, the increased focus on the customer, high number of competitors, economic changes, interconnectivity between markets and technological changes, organizations are forced to rethink their traditional models and develop new business formats to gain competitive advantage.

Required

1. What is a business model? ( 5 Marks)
2. Why is it important for a firm to have a business model? ( 5 Marks)
3. Provide and discuss an example of a specific company's business model to illustrate your answer. ( 10 Marks )

Total Marks 20

#### **QUESTION FIVE**

Small and medium-sized enterprises (SMEs) are the backbone of the African economy. They make up more than 98% of all African businesses that provide two out of three private sector jobs in the region. Therefore, it is vitally important for Africa 's economic success to have fully functioning support measures for SMEs. However, SMEs face challenges from limited access to finance, lack of databases, low R&D expenditures, undeveloped sales channels, and low levels of financial inclusion, which are some of the reasons behind the slow growth of SMEs. This paper focuses on four major reasons that slowed the SME growth in Africa including i) lack of finance, ii) lack of comprehensive databases, iii) low level of R&D expenditures, and iv) insufficient use of information technology and provides remedies for mitigating remedies.

Required

Briefly describe the different sources of Finance for small businesses in Zambia ( 20 Marks)

END OF EXAMINATION