

FINAL
Alternative Assessment

(COVER PAGE)

Session : April 2020

Programme : Certificate in Business Studies (CBSI)

Course : **MGT1009: Small Business Management**

Date of Examination : 6 August 2020 (Thursday)

Time Start : 6 August 2020, 2:00pm

Time End : 6 August 2020, 11:59pm

Duration : 10 hours

Special Instructions :

This assessment consists of **THREE (3)** questions. Answer **ALL** questions.

Materials permitted : Nil

Materials provided : Nil

Examiner(s) : **Mr. Beh Yeow Hui**

Chief Moderator : Dr. Khor Wei Min

This paper consists of 3 printed pages, including the cover page.

CERTIFICATE IN BUSINESS STUDIES PROGRAMME (CBSI)
MGT1009: SMALL BUSINESS MANAGEMENT
FINAL ALTERNATIVE ASSESSMENT: APRIL 2020 SESSION

Instructions: This assessment consists of **THREE (3)** questions. Answer **ALL** questions.

Question 1 (30 marks)

- (a) There are various sources of start-up ideas when potential entrepreneurs wish to start a new venture. Explain any **THREE (3)** sources of ideas and justify which is a better source and will be more likely to be successful. (20 marks)
- (b) Briefly identify **FOUR (4)** reasons why we need a strong Business Plan. (10 marks)

Question 2 (30 marks)

- (a) According to Customer Relationship Management (CRM) experts, there are several ways to manage customer interactions and to get the most of your CRM system. Identify and explain with examples, any **THREE (3)** ways to enhance your CRM system. (15 marks)
- (b) Be it starting or expanding a new business, an entrepreneur needs money. Compare debt and equity financing by providing **TWO** advantages and **ONE** disadvantage for each. Give your reason as to which source of financing is more suitable for a small business. (15 marks)

Question 3 (40 marks)

Read the mini case study below and answer the following questions:

Awang's Dilemma

Awang was a real craftsman when it came to being a machinist. Awang had learned almost all that he knew from Daud, his first and only employer. Awang was married and had three young children. He was 33 years old and had worked for Daud ever since he finished his tour in the Army. In 12 years, Awang had polished his skills under the watchful and critical eye of Daud. Daud was quick to recognize Awang's talent for the trade. Awang had a positive attitude about learning and displayed a drive for perfection that Daud admired.

Daud's Machine Shop was a successful small business. Its success was based mostly on the reputation for quality that had been established over its 42 years in operation. Daud had come to this country with his new wife, Salmah, when he was in his late twenties. Now the business was a success, but Daud remembered the early years when he and Salmah had to struggle. Daud wanted the business to continue to produce the highest quality craftsman products possible. On a Friday evening, he called Awang into his office at closing time, poured him a cup of half-day-old coffee, and began to talk with him about the future.

"Awang, Salmah and I are getting old and I want to retire. It has been 42 years of fun but these old hands need a rest. In short, Salmah and I would like you to buy the business. We both feel that your heart is in this craft and that you would always retain the quality that we have stood for." Awang was taken back by the offer. He, of course, knew Daud was getting older, but had no idea Daud would retire. Awang and his wife, Timah, had only RM4,200 in the bank. Most of Awang's salary went for the normal costs of rearing three children. Daud knew Awang did not have the money to buy the business in cash, but he was willing to take a portion of the profits for the next 15 years and a modest initial investment from Awang.

Awang had, for the past four years, made most of the technical decisions in the shop. Awang knew the customers and was well respected by the employees. He had never been involved in the business side of the operation. He was a high school graduate but had never taken business courses. Awang was told by Daud that even after deducting the percentage of the profits he would owe under the sales agreement, he would be able to almost double his annual earnings. Awang would have to take on all the business functions himself because Timah had no business training either.

- (a) Identify and explain any **THREE** entrepreneurial characteristics that Awang has which may be important for his success. (15 marks)
- (b) On the other hand, what characteristics or external factors could lead to Awang's failure? (15 marks)
- (c) Suggest any **TWO (2)** ideas to help Anwar to succeed in the new venture. (10 marks)