

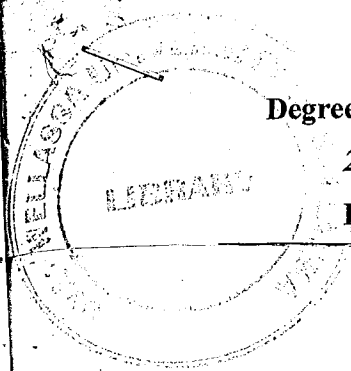
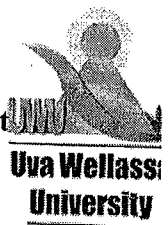
Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management in Entrepreneurship and Management

2nd YEAR 1st SEMESTER EXAMINATION – FEBRUARY/MARCH 2011

EMG 251 -3 / EMG 252 -3 Small and Medium Enterprises Management



Part C- Essay Questions

1.

Albert Jan Thomassen from the *The Family Business Consulting Group* of the Netherlands came to Sri Lanka to conduct a workshop for family owned businesses initiated by the Ceylon Chamber of Commerce and the Colombo Stock Exchange.

The following is a quote from the interview conducted by the Lanka Business Online (LBO) with Albert Jan Thomassen. Consider that some parts of the full interview has omitted.

Sri Lanka family firms going public could outperform index: expert

LBO: *People are also worried about losing control of companies to corporate raiders for example. While getting optimum shareholder value is the ultimate goal, sometimes family firms are able to take long-term decisions that bring good value as opposed to focusing on quarterly earnings.*

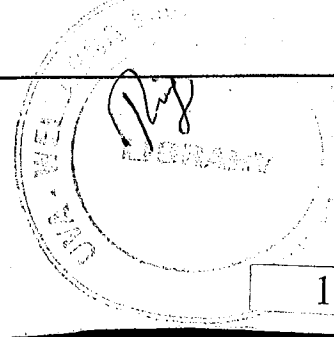
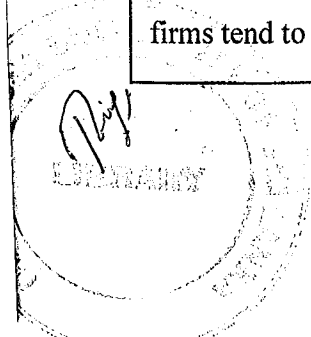
Albert: There are an increasing number of studies that show that publicly listed family firms perform better than their counterparts or the index.....

LBO: *If you separate the owners and companies how will a company going public affect a company as an entity on its own?*

Albert: Often you can see that the culture of the family business is the crucial aspect when family members become more owners and governors and are less present as managers and employees...

LBO: *In your experience how does the listed family companies' performance compare with say older public companies?*

Albert: In short: family firms perform better. But there is also the dynamics of an industry and economy. Companies and also family firms come and go, grow and die, eat and are eaten. But family firms tend to exist longer and perform better.



i) What kind of benefits and problems might be experienced by the owner managers of family businesses if they list up their firms in the stock exchange? (15 marks)

ii) Effective successor planning is essential for a success of a family firm. If you are an advisor to a family firm, what would be your advice on developing a successful "succession plan"? (08marks)

iii) Ensuring the right senior managers is a process that should be started from early. What are the steps to be followed in order to ensure right senior managers for a family business? (07 marks)

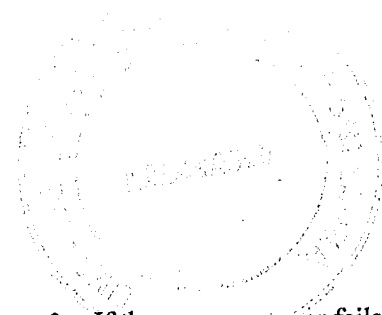
2. Identifying entrepreneurial opportunities is essential for a business.

i) Explain the concept "Competitive Advantage". (03 marks)

ii) Briefly explain what are meant by cost based strategies and differentiation based strategies in case of identifying entrepreneurial opportunities. (03 marks)

iii) Explain the process of identifying entrepreneurial opportunities. (04 marks)





3. If the owner manager fails to plan, he plans to fail. Accordingly a business plan plays a vital role in driving the business towards the success.

i) Is there a difference between a feasibility plan and a business plan? Explain your answer.
If there is a difference, what constitute in a business plan basically?
(03 marks)

ii) A business plan is useful only to the owner of the business plan. Do you agree with the statement? Explain your answer.
(04 marks)

iii) What are the main components of a business plan?
(03 marks)

4. i) In order to reap the full benefits out of a business, not only the start-up strategies but also the effective exit strategies are needed. Explain the importance of having an effective exit strategy
(04 marks)

ii) Explain the various exit options available to an owner manager.
(06 marks)

5. "Starting up a business from the scratch is more advantageous than buying out a business".
Critically evaluate the statement.
(10 marks)

6. "Owner managers experience different financial problems in different stages of the venture life cycle". Discuss.
(10 marks)