

	UNIVERSITY OF RUHUNA FACULTY OF MANAGEMENT AND FINANCE	No. of Pages : 04 No. of Questions: 05 Total Marks : 70
	BACHELOR OF BUSINESS ADMINISTRATION HONOURS DEGREE 2000 LEVEL FIRST SEMESTER END EXAMINATION – FEB/MAR 2023	<i>Three Hours</i>
ENT 22223 - VENTURE CREATION		Academic Year 2021/2022
Instructions <ul style="list-style-type: none"> ➤ The question paper contains five (05) questions. ➤ Answer only four (04) questions including question number one (01). 		

01. Read the case titled “**Mr. Djoko**” and answer the questions given below.

“Mr. Djoko”

Mr. A. Djoko used to work for the Central Java Regional Development Bank as the Director of Pension Funds. In his retirement preparation period, for three years, Mr. Djoko started looking for activities that would keep him busy after his planned retirement. Because of his hobby in sports, especially, cycling, Mr. Djoko had the idea to buy and then rent bikes. In his mind, he believed, even if nobody would be interested in renting them, he would just use them for himself and for his family.

In June 2019, Mr. Djoko bought a few bicycles without telling his wife and son. He just told his wife, after the bikes had been sent to the house. “If no one else will rent these bikes, the bikes will be shared out. At least cycling makes people healthier”, that is the way Mr. Djoko’s formulated his mission to help people around him to become healthier.

Mr. Djoko saw a good business opportunity in providing bikes for rent due to the facts that Tembalang area where Djoko lives is located nearby Diponegoro University and therefore many students live there. Furthermore, students generally do not have sufficient funds to own a bike, but have a strong desire for cycling due to lifestyle and health purposes and there is a “car free day” event that is routinely organized by the Semarang City Administration

Originally, the service was only intended to provide for the Tembalang campus area, but due to numerous requests from Mr. Djoko’s network, he decided to expand his business and soon received interest from a broader segment. Currently, customers of Mr. Djoko’s bike rental consist of two main groups. The first is the individual tenants and the second is corporate tenants. For corporate tenant groups, Mr. Djoko provides two kinds of bicycles, namely VIP bicycles for corporate executives and regular bicycles for the staff. VIP bikes are not rented to general

tenants. As rental requirement tenants are only asked to leave an identity card for security. Due to the high demand, Mr. Djoko has increased the number of bikes for his business.

For after-sales care, Mr. Djoko is collaborating with a bicycle workshop, but for day-to-day and in the field, Mr. Djoko relies on his two employees for customer service. Due to the fact that Mr. Djoko wants to focus on customer service, he has not installed his own bike workshop. However, next to his home, Mr. Djoko has built a garage. While this garage is not redesigned for the special purpose of a bike rental business, Mr. Djoko has purchased all bike maintenance tools, including a high pressure water pump that he needs for the regular bike maintenance.

Mr. Djoko engages in active marketing through networking and social media. Most of the marketing work is done directly by Mr. Djoko himself through his network which is growing continuously. Mr. Djoko's network was mostly built throughout his career in BPD supported by his friendly character, and his ability to serve people well. These days his bicycle rental service is mostly used by corporate customers, primarily for social activities that involve a lot of mass participants. His corporate clients include among others and PT Samudera Indonesia, PT PLN, PT Pharos, Samsat of Central Java Province. In fact there are some routine activities, for an instance. every three months Samsat organizes a leisurely bike activity (fun bike) which in every event involves fifty bike bicycle units. Mr. Djoko generally does not charge a high rate, even only a small amount of bikes are ordered, as long as the cost of transportation is cover on behalf of the hirer.

Mr. Djoko's marketing throughout the years has already carried succeeded and his service is known beyond the borders or Semarang. For instance, there was a customer from Jakarta, contacting Mr. Djoko via email, asking to meet at Semarang airport and rent one bike for sightseeing. Although it was only one unit, Mr. Djoko fulfilled the request and delivered the bike with the rental fee and delivery charges.

Mr. Djoko also offers a support service, accompanying cyclists, carrying spare bicycles, medical supplies, and room in the car for those tired or down for a break. If problems with bikes occur, replacement bikes are readily available so that participants can still continue the bike ride.

The rental services are based on hourly, daily, weekly, monthly rates or rates negotiated for special activities. Different rates are given based on time, location, and type of bike. Although there are published rates, Mr. Djoko is also open for negotiation. Mr. Djoko believes that if someone only has limited funds, one should not refuse them a bike for rent.

Mr. Dojoko come a crossed various challenges when he expanding the business. One challenge was how to raise the capital for his business in order to being able to meet the high demand. Mr. Djoko solved this problem by leasing the bikes and paying off the amount over an 18 months installment period. Another problem he had to cope with is the risk of fraud and theft. Throughout his business so far, Mr. Djoko has lost two of his bikes through theft by "customers" using a fake identity. This happened when his employees were in charge and he was not personally present. However, due to the rather small loss, and the fact that its main customers are corporate tenants, Mr. Djoko chooses not to insure his bikes.

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This rental business provides incentives for people to try and use the bikes in their everyday lives. Anyone can start cycling without having to invest in an own bike. By putting efforts in marketing around campus and promoting the service to students Mr. Djoko introduces cycling lifestyle already at an early age expecting that in the future. These student will become mature persons who will be using bikes regularly and educate their own children as well. This promotes the creation of a healthier and livable environment.

- I. What are the entrepreneurial characteristics have with Mr. Djoko?
(03 Marks)
 - II. What was the biggest motive of Mr. Djoko for starting his career as an entrepreneur? Justify your answer by using appropriate clues from the given case.
(03 Marks)
 - III. State the major challenges that Mr. Dojoko have faced throughout his successful entrepreneurial journey.
(04 Marks)
 - IV. As mentioned in the case, how did he identify this business idea as a suitable business opportunity to start this business?
(05 Marks)
 - V. "The key to a successful entrepreneur is not the capital but the character. The character will build trust that will attract and maintain customers. ." Do you agree with this statement? Discuss your answer by using examples from the case.
(10 Marks)
- (Total 25 Marks)

02.

- I. Why do a family business need succession planning?
(03 Marks)
 - II. Comparatively to buying an existing business, discuss the advantages of the franchise business option.
(05 Marks)
 - III. "A good location for a business is vital, but choosing the right location can be something of a balancing act." Discuss this statement by using relevant examples.
(07 Marks)
- (Total 15 Marks)

03.

- I. List out the main components required to be present in a business plan. (03 Marks)
 - II. Explain the disadvantages of not having a proper business plan for a new venture. (06 Marks)
 - III. "A business plan is a written document that describes in detail how a new business is going to achieve its goals." Do you agree with this statement? Explain. (06 Marks)
- (Total 15 Marks)

04.

- I. What are the characteristics that lead to make some people better at recognizing opportunities rather than others? (03 Marks)
 - II. "When launching a new venture, basic structure likely to occur and any other appropriate structure can be selected once the venture begins to grow." Briefly explain the advantages and disadvantages of having basic structure for a new venture. (05 Marks)
 - III. "New ventures pass through different transitional stages of the business lifecycle that present new challenges to their founders." Discuss this statement. (07 Marks)
- (Total 15 Marks)

05. Compare and Contrast the followings.

- I. "Strong- Tie Relationship" and "Weak-Tie Relationship"
 - II. "Ideas" and "Opportunities"
 - III. "Pull Motives" and Push Motives"
- (5 Marks per each)
(Total 15 Marks)
