



UNIVERSITY OF RUHUNA
FACULTY OF MANAGEMENT AND FINANCE

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ENT 3121 – Venture Creation

BACHELOR OF BUSINESS ADMINISTRATION DEGREE 3000 LEVEL
FIRST SEMESTER END EXAMINATION – DECEMBER 2015/ JANUARY 2016

Three
hours

Instructions:

- Answer the question number one and three other questions only.

1. Read the case titled “Story of Otara” and answer the given questions.

Story of Otara

Otara Gunewardene is a Sri Lankan entrepreneur, philanthropist and fashion icon. Founder of Sri Lanka’s premier fashion and lifestyle store ODEL, a brand that took Sri Lanka by storm offering designer and high street fashion for men, women and children; home ware, jewelry and accessories; luggage; perfumes and cosmetics; books and music; confectionery and food. From being a sole proprietor of one store in 1990, she pioneered a fashion retailing phenomenon and has piloted ODEL through two decades of explosive growth and expansion. Today over 20 ODEL stores are located throughout the island and offered an unparalleled shopping experience that keeps shoppers coming back for more. Otara has undoubtedly redefined the fashion retail and lifestyle arena in Sri Lanka and she has the distinction of being the first female entrepreneur to take a company public in Sri Lanka. Otara has achieved wide recognition in her home country and internationally. In 2008, Retail Leadership Award by Asia Retail Congress in India, and World Animal Day- Sri Lankan Ambassador, in 2009, as an outstanding innovator at the Bowling Green State University, Ohio USA, country’s new Goodwill Ambassador for Habitat for Humanity and Dior Brand Ambassador. In 2010, her entrepreneurship was globally recognized when she was named the best female entrepreneur at the seventh US Stevie Awards for Women in Business, and she heads the list of Sri Lanka’s Most Powerful Women compiled by Echelon magazine in 2013. She also is featured in the Sri Lanka Rich List.

Otara came from a dynamic family in Colombo, her father was one of the best known corporate leaders in the country, a past Chairman of corporate giant – Aitken Spence and her mother nurtured a School for differently-abled children, giving them a new lease of life which started with two

students and now second home to over 200; and Ruchi and Ajit – her brothers have etched their own prominent identity in the corporate world. A student of leading girls' school in Colombo, Otara was involved in extracurricular activities ranging from ballet to athletics. She also excelled in high jump, hurdles and swimming representing the island internationally. Otara had a remarkable love for animals from a young age and her home was shelter to countless number of squirrels, rabbits, dogs and more. During her teens Otara volunteered at the Dehiwela zoo to learn about as many species of animals as she possibly could. With a boundless love for animals as a child, after graduation Otara read for a biology degree at the University of Bowlinggreen, Ohio with ambitions to work with animals.

While on holiday back home, she experimented in modeling only to be drawn into it in a professional way – shooting for high profile brands and international apparel catalogues right after completing her graduation. It was the year 1989 that fate had other plans marking the juncture to redefine Sri Lanka's fashion retail and lifestyle industry. It was an unconventional beginning for her success story, the request made by an apparel manufacturer to help him dispose the collection of export surplus garments led her to set up shop in the boot of her blue station wagon. Her friends were the first regular clientele and she consolidated this early success by selling to other stores in Colombo as well. Within a year of selling export garments from the boot of her car, the fledgling business blossomed into what was soon to become Sri Lanka's leading fashion brand – ODEL launched in 1990, within 300 square feet in a building on Dickman's Road in Colombo. ODEL set new and high standards for the country's emerging lifestyle sector from merchandising and design to marketing. Otara's competent business skills coupled with a keen eye for detail skyrocketed ODEL's fortunes. A decade later, Otara's leadership and natural flair for fashion saw ODEL occupy a stunning 35,000 sq ft. colonial mansion of on Alexandra Place in Colombo. Launching stylish new collections, fashion accessories and revamping the brand's identity to appeal to the young and globally-travelled Sri Lankan, Otara kept the brand firmly at the forefront of the country's lifestyle revolution. It took just over another action-packed decade to see ODEL rise from a two-staffed single store to a 20-store lifestyle revolution employing staff of over 1000. Embracing opportunities and entering into a new phase of expansion, ODEL set up an outlet stores and branches in Colombo and sub-urban centers such as Kohuwela and Ja-Ela, Nugegoda, Mount Lavinia, Moratuwa , Panadura, Maharagama, Battaramulla, Wattala, Kiribathgoda. ODEL Kandy located within 'Kandy City Center' is the first location outside the Western Province. ODEL launched Luv SL - a concept store carrying stylish souvenirs and products catering to locals and tourists. The Luv SL brand offers a range of t-shirts for ladies, gents and children; ties and cufflinks; mugs, handloom bags, slippers, ayurvedic products, pens, pencils, notebooks and other

items of stationery; picture frames, toys, baby products, essential oils, lacquer ware, masks and an extensive collection of uniquely Sri Lankan souvenirs. 'Delight' is ODEL's very own sweet boutique, offering confectionary, collectors' recipe and coffee table books, ornaments and t-shirts apart from the famous delight chocolates, sweets, cupcakes, nuts, dried fruits, tea and spices was launched.

In 2007, Embark, the Corporate Social Responsibility (CSR) initiative were launched to improve the wellbeing of street dogs. Otara's passion for conserving the environment and her love for animals coupled with her deep sense of responsibility towards the community and having completed 8 successful years of work with street dogs and their surrounding communities with the vision of providing a better life for the street dogs of Sri Lanka and giving them the love, respect and home they deserve causes to the success of Embark. Embark's activities include: rabies, vaccinations, sterilization surgeries, puppy adoptions and caring for injured street dogs. Otara deeply involved in providing relief to the Tsunami victims by constructing quality houses to them. The tree planting, clearing of poisonous plant species at Bundala National park and the beach clean-up drives have witnessed a gathering of both young and old as they stood shoulder to shoulder with Otara and ODEL in achieving significant gains. Otara through ODEL has championed their causes through baby elephant adoption projects in 'Save the Elephant 2012' and save the leopard petitions/book promotions. The ODEL range of t-shirts featuring pictures of endangered animals has created strong awareness about animal conservation.

In July 2012, ODEL sold its 41.82 per cent stake in the company for Rs 1.424 billion to Parkson Retail Asia Limited, one of Southeast Asia's most prolific department store operators. Following the acquisition, Otara retained a 27.88 per cent stake in her company and continued to be the company's CEO. Otara has commended this as a "new chapter in the evolution of the company", strengthening her role in an infusion of foreign direct investment to Sri Lanka, while raising capital for the company's growth. In 2014, Otara disposed of all her shares in ODEL PLC to the Softlogic Group to allow her more time to further pursue her childhood passion; to ensure the welfare of animals and the development of the Embark brand which funds such programs. In her media statement Otara stated - 'I spent my childhood years surrounded by animals, dreaming of ways that I could help them and knowing the importance of animals and the environment plays in our world and our lives. I am fortunate that I have the ability to relive my childhood again, but with more knowledge and a greater will than ever before of making a change. My love for fashion has always been linked with my passion for animals and to helping our world both people and animals co-exist for our future'.

Questions:

- i. Discuss the motives which stimulated Mrs. Otara to start her career as an entrepreneur.
(05 marks)
 - ii. Discuss the entrepreneurial characteristics of Mrs. Otara and explain how these characteristics support for the success of ODEL.
(12 marks)
 - iii. ODEL's founder, Mrs. Otara was globally recognized and named as the best female entrepreneur. However, at present she had resign from entrepreneurship by selling the ODEL Company to Softlogic Group? Explain how you assess this decision.
(08 marks)
- (Total 25 marks)
2. "Generating a viable business idea is the foundation of any successful business".
- i. Discuss the characteristics of a most promising business idea with examples.
(06 marks)
 - ii. Explain how you apply the "mind mapping tool" for generating a viable business idea.
(09 marks)
- (Total 15 marks)
3. "As a mode of entering into entrepreneurship, buying a business firm that is already established may be quicker and easier than starting from scratch".
- i. Briefly discuss the advantages and disadvantages of buying an existing business firm rather than starting from scratch.
(06 marks)
 - ii. Explain the factors that should be evaluated to verify the value of a business when a potential entrepreneur is going to buy an existing business firm.
(09 marks)
- (Total 15 marks)

4. "An ideal location for a venture is a place where the cost of the product is kept to minimum, with a large market share, the least risk and the maximum social gain".

i. Explain how an ideal location will help for the growth of a new venture.
(06 marks)

ii. Discuss with examples the risks and rewards of selecting the residential home for establishing a new venture at its initial stage.
(09 marks)

(Total 15 marks)

5. "The goal of any growth oriented venture is to maximize growth in a given time period".

i. Discuss with examples the growth extending actions that can be applied for a business firm.
(06 marks)

ii. Explain the type of entry modes with advantages and disadvantages those can be applied by a business firm when entering into international markets.
(09 marks)

(Total 15 marks)
