



UNIVERSITY OF RUHUNA

FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Degree Programme 2000 Level Semester II

End Examination (February/March 2021)

Academic Year 2019/2020

ENT 22223 - VENTURE CREATION

Duration: Three hours

The Question Paper contains Six (06) questions.

Answer for four (04) questions including QUESTION ONE.

1. Read the case titled on “**Success story of Sandra**” and answer the questions given below.

“Success story of Sandra”

This story is about a special woman who exploited the old and ancient art of weaving to become a giant in the Sri Lankan handloom industry. Founded in 1991, Sandra Wanduragala, (Attorney-at-Law) started a handloom enterprise in her home garage with 15 women in the village of Wanduragala in Kurunegala, Sri Lanka. It all began because she was uninterested of being a lawyer. More than three decades ago, Sandra felt she was missing out on life by just being a lawyer. Though she was an active practice, it wasn't interesting to her. She felt that she wasn't made only for that and expected more involvement with people. Previously, she had toyed with the idea of continuing the tradition of politicians in the family because her grandfather was a member of the Ceylon State Council under British rule and the first senator from Kurunegala. The pathway for the founder of Selyn was the integrity and honesty that she learnt from the saint, Mother Teresa. Though the work done to the society make her over-qualified to become a politician, this idea was soon shed by the thought of she could do something more meaningful through her own initiative.

Having quickly discarded her political ambitions, she was soon confronted with an opportunity when a Dutch treat landed on her stage. The government of Netherlands was looking for entrepreneurs who would help empower rural women during the regime of President Ranasinghe Premadasa. They came knocking on her door, almost by chance, because previously her husband had been involved in just buying and selling and exporting handloom. Though it was closed

down, it was registered at the Export Development Board as a handloom business. This affected to select Sandra for this development programme. This happened in 1989. A beginner to the industry, Sandra learned the finer points of the trade after visiting the Netherlands and Germany as part of the programme. She found that she had a talent for entrepreneurial work and initiated a small workshop at her home garage. However, she faced difficulties in managing the business while doing her profession (Attorney-at-Law) and looking after the two children (Selyna and son Ravinath). Then, her youngest brother Hillary Wanduragala was asked to join and help the business. He has been an immense support in the day-to-day running of it and plays a huge lead role. Presently he works as the Managing Director of the Selyn Pvt Ltd and Selyna (Attorney-at-Law), her daughter is also there to carry it as well as to continue for the next generations lives.”

Another milestone of her life story was the establishment of Royal International School (RIS), Kurunegala in 1991. It was a school where English was the medium of teaching for all students from 3-year-olds in the Montessori to 18-year-olds doing their A-Levels. Selyna was the first admission at the school and they wanted kids from Kurunegala and the surrounding areas to be able to learn in English at a reasonable cost and not having to leave their homes and migrate to Colombo or Kandy. Like Selyn which encourages women to work from home and empowers them, the school also had small beginnings before becoming a sturdy oak growing over the last 29 years with the slogan of “strive to be the best at providing students a great platform to excel as human beings”. It today has 2,800 students. The blueprint of RIS’s success is still being backed by its Chairman Mrs. Sandra and Managing Director, Mr. Ravinath Peiris (son of Mrs. Sandra).

Selyn’s vision is “*to craft premium products whilst empowering local artisan communities*”. Selyn now has around 1000 artisans within its networks. It is proud to be among the top handicraft retail brands in the country while exporting to fair trade and other customers all over the world. Its mission is “*to grow a sustainable social business based on the principles of fair trade in order to uplift the living standards of rural women and men*”. It reaches this by providing them with consistent income generation opportunities whilst keeping alive the local traditions of the handloom and crafts in Sri Lanka. Today nearly 1,000 women, many working from home, produce a fine range of handloom fabrics, homeware, fashionwear and soft toys. The nimble fingers of skilled artisans create 100 percent cotton handmade products for Selyn which has become a household Sri Lankan brand. Today, Selyn is Sri Lanka’s one of Fair-trade certified handicrafts companies and one of its largest social enterprises. The journey as a most reputed handloom company has lasted 29 years. Selyn Handlooms entered the accessories and home collection market by introducing exemplary handloom clothing products such as traditional

saris, handloom kurtas, handloom sarongs and handloom shirts with unique design for the entire family. Presently, Selyn has expanded its reach into Colombo, Negombo, Kandy and Dambulla and is frequented by many locals and foreigners. It also diversified itself, showcasing handloom accessories like costume jewelry made from recycled material, a home collection boasting of some exquisite handloom curtains, making it your one stop shop for unique products and handloom soft toys for children too.

Today the industry faces decline due to reasons ranging from an ageing labour force, lack of skilled experience, lack of innovation and technology, uncompetitive market prices and outdated designs. Selyn takes on this challenge to revive Sri Lankan heritage and extend its benefits to our rural artisans. It also provides its members have access to services such as health camps, child-care facilities, life skills programmes and leadership trainings to improve the loyalty with Selyn. Her life was devoted to uplifting women from Kurunegela to Trincomalee and Negombo to Batticaloa will not be discarded arbitrarily.

Sandra said that “I have a lot of satisfaction knowing that I have been able to make a difference in other people’s lives. Even I have chosen to live a life which is not normal, it has been a different life for me, working, thinking, planning, taking risks, and motivating people, getting them to work, creating products and lifting them. It hasn’t been easy as I have taken a lot of burden on my shoulders, but this has been my choice. I’m the decision-maker and I don’t have to depend on anyone else what to do. If I was a politician, I would have to be guided by someone else’s vision and beliefs. Sandra further expressed that “by being involved with Selyn, I have had an insight into the problems that rural women face and this is what motivates me”.

Questions:

- I. List out the push motives and pull motives which stimulated Mrs. Sandra to start the handloom business. (4 marks)
- II. What were the biggest challenges faced by Mrs. Sandra since the inception of the Selyn and discuss how she has faced successfully for these challenges? (5 marks)
- III. Which entrepreneurial characteristics have with Mrs. Sandra and discuss how these characteristics affect in achieving the business success? (6 marks)
- IV. Discuss the role model of Mrs. Sandra and explain the lessons which can be learnt from her for a beginner in entrepreneurial journey. (7 marks)

(Total 22 marks)

2. “Before you start the process of generating ideas for new ventures, reflect on the old German proverb “**Every beginning is hard**”. However, if you allow yourself to think creatively, you will be surprised at how many interesting ideas you can generate”.

i. Do you agree with this expression? Explain your answer with an example. (04 Marks)

ii. What is meant by the business idea generation technique of ‘Problem Inventory Analysis’? (02 marks)

iii. Diagnose a problem that the society faces today and imagine how could you intervene to solve this problem by introducing a new product. Mind mapping this process of generating new business idea and discuss how this new product would be benefited for the society to solve the problem.

(10 Marks)

(Total 16 Marks)

3. “Many prospective entrepreneurs choose buying a franchise over starting with a business of their own due to the various perks of buying a franchise”.

i. Define the term franchising. (02 marks)

ii. What benefits create by the franchise opportunity than other options of entering into Entrepreneurship? (04 marks)

iii. Discuss the three main types of franchise businesses with examples.

(10 Marks)

(Total 16 Marks)

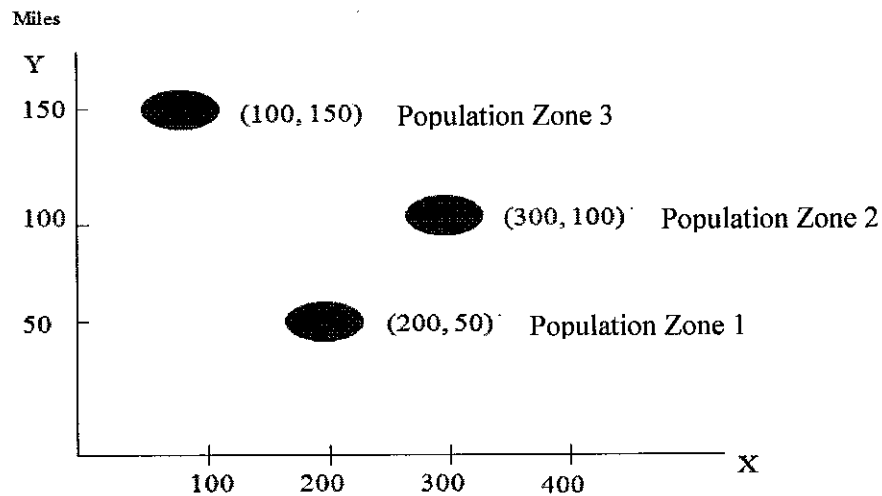
4. “Finding the best premises in an ideal location and at the best prices is a great victory of an entrepreneur”.

i. How do you determine the location as ideal for establishing a restaurant? Do you recommend the same key determinant factors also for establishing a tourist hotel and explain why? (06 Marks)

ii. Sankalpa is planning his retirement in 2022. By investing his savings and the gratuity which will receive after the retirement, he plans to establish a fresh dairy milk selling center in Ambalangoda, Galle, or Matara city areas. He identified three population zones where the demand for fresh milk is forecasted as high and the forecasted demand in liters as 2,500 liters, 1,300 liters, and 5,000 liters respectively for the population zones

1, 2, and 3. The distance related to each population zones are denoted by X and Y coordinates and depicted in the following figure.

Based on these information, you are required to determine the exact location where to establish the fresh dairy milk selling center by using the “Centre of gravity method” and position it on the area map with X and Y coordinates.



(10 Marks)

(Total 16 Marks)

5. “New ventures pass through the different stages of its business life cycle which denoted by varied characteristics”.

- i. Explain briefly the characteristics denoted at each stages of the business life cycle of an enterprise. (08 marks)
- ii. Discuss with practical examples the strategies that can be applied for extending the growth of a business. (08 marks)

(Total 16 Marks)

6. Compare and contrast the following terms.

- i. ‘Business idea’ and ‘Business Opportunity’
- ii. ‘Business Incubator’ and ‘Research & Technology Park’
- iii. ‘Creativity’ and ‘Innovation’
- iv. ‘Non-Executive Director’ and ‘Executive Director’

(4 Marks per each)

(Total 16 Marks)
