



**UNIVERSITY OF RUHUNA**  
**FACULTY OF MANAGEMENT AND FINANCE**

No. of Pages : 04  
No. of Questions: 05  
Total Marks 70

**ENT 32233 – Venture Strategies**

Academic Year 2021/2022

BACHELOR OF BUSINESS ADMINISTRATION HONOURS DEGREE

3000 LEVEL SECOND SEMESTER END EXAMINATION – FEB / MARCH 2023

Three Hours

**Instructions**

- ➔ Answer FOUR (04) questions including question number ONE (01)



**QUESTION ONE**

Read the case titled on “Piyawi’s Business” and answer questions given below.

**Piyawi’s Business**

Piyawi is a recently graduated student from the University of Ruhuna with first-class honors specializing in Entrepreneurship. In contrast to other students who graduated from the university rushing to seek for jobs, Piyawi has her own business idea to start her own venture of producing soap. Once she mentioned that “I’m allergic to everything! I have a skin disease and have suffered from extremely sensitive skin due to allergies and environmental elements. Growing up I was allergic to commercial bar soap, body wash, bubble baths, and pretty much anything that smelled good. I never had the “luxury” of taking a bath or trying a new lotion or body butter without sending my skin into a complete freakout. I believe my personal experience of navigating life in an “allergic” state has put me in a unique position to understand and show compassion for other people’s sensitivities”.

During her life at the university, she was encouraged to do some experiments with the innovation club, and finally, she could develop a formula for producing soap with an ayurvedic quality that is sensitive to allergies and most importantly with a low cost. She got an opportunity to participate in several technical sessions organized by the Faculty of Technology relating to soap manufacturing and machinery operations. At the same time, she could finish drafting the business plan for the venture and present it for a government loan scheme and get the approval for a grant. After that, she started manufacturing soap at her home. At the beginning, she could sell around

100 soap bars per week. With that, she could create customer attraction in her home town and by the middle of the year, she could expand her production to 300 bars per week. She has used her father's motorbike to distribute soap within her area herself. She didn't spend money on advertising and let the customer's word of mouth create awareness of her product. Due to the low cost of production, she could price her product less than the market price of other competitors. She kept the price as her main weapon to present her product to the market. Additionally, the ayurvedic quality, shape, and fragrance also affected the attraction she got for her product.

At the beginning of the financial crisis in the country, she got many orders from all over the county for her soap due to its low price. At this point, she had already built her manufacturing plant in her village, and she had twenty five employees working in the plant. However, the main task of mixing the ingredients was done by herself. She could buy all the required machinery with the help of her uncle who lives in Japan for the production plant which expedites the manufacturing process. As per the orders she received during that time she has to work long hours in the plant with her staff. She had to get a bank overdraft and a personal loan to cover the cost of materials and the salaries of her employees. To complete the orders, she had to ask her employees to work more than ten hours per day. Some days, she spent the whole day in the factory and could not go to her office room to prepare the accounts and keep all the records of expenses.

Unfortunately, last month five employees left the company. She decided to quickly recruit other five employees who are her family relatives to continue the operations. With that recruitment, other employees were dissatisfied since newly recruited employees were out of control due to their close relationship with Piyawi. Sometimes, Piyawi also felt uncomfortable supervising and giving orders to those new employees due to her family bonds.

**Questions:**

- i. What is the entry strategy that Piyawi has used to enter the business?  
Discuss with the example from Piyawi's story.  
(05 marks)
- ii. What is the pricing strategy that Piyawi used when she enters into the business?  
Explain the advantages of such a pricing strategy.  
(05 marks)

iii. Discuss the warning signs from Piyawi's company when she is facing increasing demand.

(07 marks)

iv. By considering Piyawi's business and the problems she faced, give your suggestions to deal with the growing demand of the business.

(08 marks)

(Total marks 25)

## QUESTION TWO

i. What are the key contingencies of selecting a venture strategy?

(03 marks)

ii. "Strategy diamond is a tool to explain all the strategy-related decisions that a venture can implement to reach its full potential". Explain the strategy diamond model.

(05 marks)

iii. Briefly explain how an entry wedge affects the performance of a venture. Explain with three major or minor wedges.

(07 marks)

(Total marks 15)

## QUESTION THREE

i. What are the strategies applied for the introductory stage of the product life cycle?

(03 marks)

ii. Discuss how market modification and product modification are applicable in the maturity stage of the product life cycle.

(05 marks)

iii. Select a product you are familiar with and explain the stages of the product's life cycle with the evidence related to the selected product.

(07 marks)

(Total marks 15)



BACHELO

3000 LEV

HRM

Instruct



1. "I  
or  
er  
c

#### QUESTION FOUR

- i. What is the main focus of market entry assessment?  
(03 marks)
  - ii. Briefly explain the assessment which guides a venture in the decision of entering a certain market.  
(05 marks)
  - iii. Suppose that you are an intern student in manufacturing kids garments SME in Matara. The managing director of the venture is planning to expand his business to manufacture ladies' garments. He asks you to plan the market research for deciding whether he enters the new segment.  
(07 marks)
- (Total marks 15)

#### QUESTION FIVE

Write short notes on **THREE** of the following topics.

- i. Sources of competitive advantage
  - ii. Objectives of functional-level strategies
  - iii. Strategy creation approaches
  - iv. Strategy development framework
- (05 marks per each)  
(Total marks 15)

\*\*\*\*\*