

SECTION A(50 MARKS)
ANSWER ALL QUESTIONS

Question 1

a) For each question, there are four alternatives: A, B, C and D. Choose the correct alternative and circle it. Do not circle more than ONE alternative. If there is more than one choice circled, NO score will be awarded. [20]

i. The main objective of pitching a business idea is to

- A **attract investors.**
- B create a customer base.
- C generate a business idea.
- D prepare a business model.

Reason: Pitching a business idea is primarily about convincing potential investors to fund your venture. The pitch aims to communicate the value proposition, business model, market opportunity, and growth potential in a way that persuades investors to provide the necessary capital. While creating a customer base, generating ideas, and preparing a business model are important steps in business development, the specific purpose of a pitch is to secure investment.

ii. Himalayan Water Bottles Venture segregates the market based on age, sex education and income. Identify the type of market segmentation used by the firm.

- A geographic
- B behavioral
- C **demographic**
- D psychographic

Reason: Demographic segmentation involves dividing the market based on variables such as age, sex, education, income, and other demographic factors. Since the company is segmenting the market based on age, sex, education, and income, it is employing demographic segmentation.

iii. 'Exit strategy is a means of how the investors liquidate or leave the current investment after achieving a pre-determined goal of the business or to mitigate failure.' Which one of the following is **NOT** the exit strategy for liquidation of a business?

- A filing for bankruptcy
- B **persevere with the business**
- C selling of shares to the public
- D winding up the business and selling of assets

Reason: An exit strategy involves steps taken to leave or liquidate a business, typically by selling assets, transferring ownership, or shutting down operations. "Persevere with the business" means continuing to run and grow the business rather than exiting it, which is contrary to the concept of an exit strategy.

iv. A business center that offers working space and specialized support for a new venture is called

- A isolator.
- B injector
- C integrator.
- D **incubator.**

Reason: A business incubator is a facility or program that provides support to new and startup businesses by offering services such as office space, mentorship, access to funding, and networking opportunities. The goal of an incubator is to help new ventures grow and succeed during their early stages. The other terms—isolator, injector, and integrator—do not describe this type of business support environment.

v. Study ‘demand analysis’ information given in the table.

Target Market	Name of product	No. of buyers	Usage Rate (In a year)		Total Quantity Demanded	
			Volume	Value (Nu.)	Volume	Value (Nu.)
Potential customers	Poultry products	8500	36	850??

The total quantity of volume and value demanded can be computed as

- A Nu 300,600 & 7,022,500.
- B Nu360, 000 & 7,020,250.
- C Nu 306,600 & 7,020,200.
- D **Nu 306,000 & 7,225,000.**

Total Quantity Demanded

Volume = 8500*36 =306,000

Value = 8500*850 = 7,225,000

vi. The expenses incurred for the acquisition and maintenance of assets like property, plant and equipment is

- A current expenditure.
- B **capital expenditure.**
- C operating expenditure.
- D pre-operating expenditure.

Reason: Capital expenditure refers to the funds used by a business to acquire, upgrade, and maintain physical assets such as property, plant, and equipment (PP&E). These expenditures are typically long-term investments that provide benefits over a period of time, unlike current or operating expenditures, which are for day-to-day operations, and pre-operating expenditures, which are incurred before the business starts operating.

- vii. Generating ideas, conveying interactions, documenting design and learning users' interaction are the four categories of
- A ideation.
 - B **prototyping.**
 - C design thinking.
 - D interaction design.

Reason: Prototyping involves creating early versions of a product to explore ideas, demonstrate functionality, and gather feedback. The four categories mentioned—generating ideas, conveying interactions, documenting design, and learning from users' interactions—are integral to the prototyping process. This approach allows designers and developers to test and refine concepts before final production. While ideation, design thinking, and interaction design are related, the specific focus on creating and testing tangible models aligns with prototyping.

- viii. Sunshine electronics decided to launch a new model laptop that is cost efficient using recyclable materials. Identify the two PESTLE analysis factors applied by the company.
- A Economic, Legal
 - B Economic, Political
 - C Technological, Legal
 - D **Economic, Ecological**

Reason:

Economic: The decision to launch a cost-efficient laptop is related to the economic factor, as it concerns pricing, affordability, and market demand.

Ecological: Using recyclable materials addresses the ecological factor, focusing on environmental sustainability and the company's impact on the planet.

- ix. Study the following revenue model of two firms.

The Bhutanese Private firm	Bhutan Telecom Ltd
Earns revenue from customers in advance at regular intervals.	Earns revenue from customer by using their services.

The type of revenue model adopted by the two firms is

- A leasing and licensing respectively.
- B licensing and leasing respectively.
- C **subscription fees and usage fees respectively.**
- D usage fees and subscription fees respectively.

Reason:

The Bhutanese Private firm earns revenue from customers in advance at regular intervals, which corresponds to a **subscription fee** model. This model involves customers paying a recurring fee, typically on a monthly or yearly basis, for ongoing access to a product or service.

Bhutan Telecom Ltd earns revenue from customers by charging them based on the services they use, which corresponds to a **usage fee** model. This model charges customers based on the amount or type of service they consume.

- x. Study the information in the table below:

Particulars	Amount in Nu.
<u>Capital Expenditure</u>	
Property, Plant & Equipment	625,000
<u>Pre-operating expenses</u>	
Training cost	50,000
<u>Working capital</u>	
Direct material and labour cost	450,850
Factory overhead (without depreciation)	250,500

What is the 'total project cost'?

- A Nu. 1,125,850
- B **Nu. 1,376,350**
- C Nu. 1,367,300
- D Nu. 1,115,800

Reason: Total project cost = Capital Expenditure + Pre-operating Expenses + Working Capital

- xi. According to Deepak, compost making is a lucrative business in Bhutan. His firm sold 8MT of vermicompost to date this year. "I'd be interested to train youth who want to start their compost business. There is a future in the compost-making business because the demand grows each year," he said.

(source: Kuensel)

Which method of production would help him retain his business?

- A job method
- B batch method
- C lean method
- D **flow or mass method**

Reason:

The flow or mass production method is designed for high-volume, consistent production. If Deepak's business grows significantly and the demand for compost increases, this method allows for continuous production, ensuring a steady supply and potentially reducing costs per unit.

The flow method is efficient for large quantities and can be more cost-effective in a high-demand scenario, as it minimizes downtime between production runs.

xii. Which of the following non-current intangible asset is **NOT** required for operating purposes?

- A patent
- B **goodwill**
- C copyright
- D trade mark

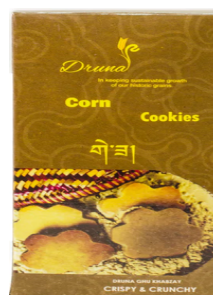
Reason: Goodwill arises from the acquisition of a business and represents the value of a company's reputation, customer base, and other intangible factors that contribute to its overall value. Unlike patents, copyrights, and trademarks, which are directly related to the operational activities and protection of intellectual property, goodwill is more about the overall value of the business itself and is not directly used for operational purposes.

xiii. Why net present value method of financial analysis is very important to entrepreneur and investors?

- A to make income decisions
- B **to make investment decisions**
- C to measure the profitability of the firm
- D to know the duration of an investment to reach the breakeven point

Reason: NPV helps in evaluating the profitability and potential return on an investment by discounting future cash flows to their present value. This allows entrepreneurs and investors to compare the value of an investment today versus the expected future cash flows, helping them make informed decisions about whether to proceed with a particular investment. The NPV method assesses whether the investment is expected to generate a positive return, thereby guiding investment decisions.

xiv. Study the images given below.



Identify the intellectual property in the images.

- A patent
- B **trade mark**
- C utility model
- D industrial design

xv. An organization uses several strategies for the professional development of its personnel so as to gain competitive advantage. Which of the following is the best strategy?

- A **training strategy**
- B selection strategy
- C recruitment strategy
- D compensation strategy

Reason: A training strategy focuses on enhancing the skills, knowledge, and abilities of employees, which directly contributes to their professional development and improves their performance. This strategy helps in keeping the workforce updated with the latest industry trends, technologies, and practices, leading to increased productivity and a competitive edge. While selection, recruitment, and compensation strategies are important for acquiring and retaining talent, training specifically targets the ongoing development of employees' capabilities.

xvi. All the expenses categorized in the given table are correct **EXCEPT**

	Pre-operating expenses	Overhead expenses
A	Business plan preparation	Rent for production facilities
B	Payment of legal fees	Renewal of permits and licenses
C	Business registration fees	Electricity and water charges
D	Depreciation of noncurrent	Processing of loan

Reason: Depreciation of non-current asset is part of overhead expenses

xvii. Samphel Woodcraft is engaged in the production of furniture. Tshering, the production manager is responsible for maintaining right number of quantities to meet the demand. The production manager is an example of

- A direct labour.
- B **indirect labour.**
- C direct expenses.
- D indirect expenses.

Reason: Indirect labour refers to employees who do not directly produce the goods or services but support the production process. The production manager oversees and manages the production process but is not directly involved in the physical crafting of the furniture. Therefore, Tshering's role falls under indirect labour, as their work supports the production process rather than directly contributing to the manufacturing of the product.

- xviii. The long-term sustainability of the business is not just to determine how much profit is made but also how the business
- A works towards achieving its plan.
 - B answers to the need and taste of its customers.
 - C **fulfills its social and environmental responsibilities.**
 - D collaborates with its stakeholders and plans for the future.

Reason: Sustainable business practices are concerned with the long-term impact on society and the environment, beyond just financial performance. A business that fulfills its social and environmental responsibilities is more likely to achieve long-term sustainability by addressing broader issues such as ethical practices, resource management, and social impact. While achieving plans, meeting customer needs, and collaborating with stakeholders are important, social and environmental responsibility is crucial for long-term sustainability and maintaining a positive reputation.

- xix. Following are the stakeholders involved in a manufacturing business.
- I. entrepreneurs
 - II. potential partners
 - III. venture capitalist
 - IV. managers and employees

Which stakeholders are considered as internal stakeholders?

- A I only
- B I and II
- C I and III
- D **I and IV**

Reason:

Entrepreneurs: Entrepreneurs are internal stakeholders as they are directly involved in the operations and management of the business.

Managers and employees: These are also internal stakeholders because they work within the organization and are directly engaged in its day-to-day operations.

Potential partners and venture capitalists are external stakeholders because they are not part of the internal management or operations but have an interest or investment in the business.

- xx. All of the following leads to outflow of cash in a firm **EXCEPT**
- A taxes.
 - B dividend.
 - C **depreciation.**
 - D interest payment.

Reason: Depreciation is a non-cash accounting expense that reflects the reduction in value of assets over time. While it reduces reported profit and affects tax calculations, it does not involve an actual cash outflow.

b) Fill in the blanks with appropriate word(s).

[5]

- i. Payback period is a capital budgeting technique used to estimate the amount of time taken by an investment to reach its **Break-even point**.
- ii. Systematic arrangement of office equipment and furniture providing adequate space for performing regular office activities is known as **Office layout**.
- iii. Individuals who provide capital for a business or business start-up, usually in exchange for convertible debt or ownership equity is referred as **Angel investor**.
- iv. A service-oriented business generally determines **7 Ps** of the marketing mix.
- v. Inventories of the manufacturing firm includes stock of raw materials, **work in progress**, and finished goods.

c) Match each item under column A with the most appropriate item in column B. Write the correct alphabet in the space provided under the ‘answer’ column.

[5]

Answer	Column A	Column B
f	i. Aims to shorten product development cycles and knows the viability of the proposed business idea.	a) Business Plan
a	ii. A roadmap that guides the actions and activities to detect the shortcoming of original business idea.	b) Projection of statement of comprehensive income
d	iii. It helps in identifying the source and defining terms of procuring the non-current assets.	c) Effectuation
g	iv. Well defined lines of reporting, less prone to mistakes and misunderstandings.	d) Operation Plan
b	v. Helps in estimating the future operating results of the business.	e) Projection of statement of financial position
		f) Lean startup
		g) Organization structure

d) State TRUE or FALSE for the following statements in the space provided. [5]

- i. The concept of Business Model Canvas (BMC) was propounded by Eric Ries. **(False)**

Business Model Canvas (BMC) was actually developed by Alexander Osterwalder and Yves Pigneur.

- ii. World Intellectual Property Organization (WIPO) is a national platform providing global intellectual property services, information and cooperation. **(False)**

World Intellectual Property Organization (WIPO) is not a national platform; it is an **international organization**. WIPO is a specialized agency of the United Nations that provides a global forum for intellectual property services, information, and cooperation among member states.

- iii. According to 'Porter's Five Forces', if there are large number of suppliers dealing with varieties of inputs, their bargaining power will normally be high. **(False)**

If there are a large number of suppliers, the bargaining power of each individual supplier is generally **lower**. This is because the availability of multiple suppliers gives companies more options and reduces the dependence on any single supplier.

- iv. Debt and equity are the two main source of finance for the business. **(TRUE)**
v. Design Thinking methodology is based on human centric approach. **(TRUE)**

e) Answer the following questions. [15]

- i. It has been observed that the services provided in the school canteen are not up to the satisfaction for most of the users, due to congested space, delayed services, high price and lack of item varieties. Ideate on how you could help in addressing the problem of congested space and delayed services? **[2]**

Answer [2]

Students can come up with their own solutions to address the above-mentioned problems.

Possible Answers:

- ✓ Expand the canteen space.
- ✓ Construct new and spacious canteen to fit majority after discussing with the school management.
- ✓ Hire additional labour. (Server, cook etc.)
- ✓ Include varieties of food items.

[Explanation 1*2=2 marks].

- ii. In comparison to brain storming, problem inventory analysis is the better strategy to generate new ideas and satisfy the targeted customers. Why? Justify your stand with **TWO** reasons. [2]

Answer: YES

- The customers are provided with a list (inventory) of problems in a general product category. They are then asked to identify and discuss about the problems they have in the given product category.
- The key element, in this technique, becomes the list of problems based on which ideas are invited from the customers to improvise or create a new product. Thus, a proper compilation and analysis of the listed problems are often helpful in developing new products or improving the existing ones.

NO

- It is a group method for obtaining new ideas and solutions through spontaneous discussion and ideation.
- No criticisms are made, freewheeling is encouraged, preference is given to the quantity of ideas over quality and compliments must be encouraged in a brainstorming exercise.

[Explanation 1*2=2 marks].

- iii. Tsho Private Limited purchased a table set of rubber wood for Nu.100, 000 with a useful life of 5 years. Calculate the annual depreciation for the first year. [1]

Answer:

Annual Depreciation = $100,000 / 5 = 20,000$ (1 mark)

- iv. “Sustainability of business isn’t just important for the society at large but also for the business itself.” Give **TWO** justifications. [2]

Answer:

- ✓ Helps in reducing business cost.
- ✓ Improves business reputation
- ✓ Provides competitive advantage
- ✓ Increases bottom line.

[Explanation 1*2=2 marks].

- v. Calculate the projected profit or loss and cost per unit from the following information: [2]
- ✓ Total cost = Nu 85,000 (excluding cost of production Nu 20,000)
 - ✓ Sales = Nu 212,000
 - ✓ Total units of goods produced = 1000 units

Answer:

Projected profit = Nu 212,000 - 105,000
= **Nu 107,000 (1 mark)**

Cost per unit = 105,000/1000 = **Nu 105 (1 mark)**

- vi. For the past two years, Tashi has been making a sizable profit from her salon in Mongar town. But this year, she has seen a sharp decline in her customers and is struggling to cover the shop's rent. What might be the reason? Give any **TWO**. [2]

Answer:

- ✓ Increase in number of competitors/rivals.
- ✓ High threat of new entrants due to ease of entry.
- ✓ Availability of substitutes.
- ✓ Affordable/cheaper price offered by competitors.
- ✓ Better facilities and services offered by rivals.

[**Explanations 1*2=2**]

- vii. A company is planning for expansion that requires additional 200 employees. To recruit highly trained and motivated work force, you are instructed to create an applicable recruitment strategy. State **FOUR** strategies. [2]

Answer:

- Identify and prepare the number and types of personnel required for the different department.
- Preparing job descriptions for individual positions and qualification level.
- Identifying sources of recruiting candidates.
- Identifying the types of media to advertise the post vacant.
- Previous Work Experience: relevancy and quality; organizational skills
- Developing salary structure of the employees.
- Requirements of document for the post
 1. Application.
 2. Resume
 3. Certificate of qualification.
 4. Experience letter etc.

[0.5 for each point-0.5*4=2]

viii. "Communication is the most important skill for success in business plan pitching". Do you agree? Give **TWO** valid justifications. [2]

Answer:

Yes

- With strong communication skills entrepreneur can interact better with their stakeholders to impart correct information with precision and clarity.
- It minimizes chances of misinterpretation amongst stakeholder.
- Able to convince stakeholder.
- Facilitates stakeholders' in decision making or prompt in decision making.
- Promote Innovation and Creativity

NO

- Comprehensive business plan is important to explain and convince the stakeholders.
- Should have detail knowledge about all the components of business plan pitching on business idea.
- Should have viability business idea.

[Explanation-1*2=2]

SECTION B (50 MARKS)
ANSWER ANY FIVE QUESTIONS

Question 2

a) What is 'Criterion Analysis Method'? List down the **TWO** approaches used under this method? [3]

Answer

Criterion Analysis Method is the method used to filter/screen out and choose the most promising business ideas for further selection. **(1 mark)**

TWO Approaches/Methods

- ✓ The Idea Evaluation Matrix by BCITSA. **(1 mark)**
- ✓ CEFE's Criterion Analysis. **(1 mark)**

- b) Group the following overhead costs of operation as 'indirect material', and 'indirect expenses: [3]

Depreciation, Maintenance Personnel, Cost of Insurance, Cleaning materials, Tea and Snacks, Plant Manager, Health & Safety Products, Electricity

Answer

Indirect Material	Indirect Expenses
i. Tea and snacks	i. Cost of Insurance
ii. Health & Safety Products	ii. Depreciation
iii. Cleaning materials	iii. Electricity

[0.5*6= 3]

- c) 'Financial plan is an indispensable component of the business plan.' Why? Support the statement with **FOUR** benefits. [4]

Answer:

- ✓ Set clear business goal
- ✓ Set clear cash flow management
- ✓ Necessary cost reduction
- ✓ Smooth fund raising
- ✓ Risk mitigation
- ✓ Transparency with staff and investors
- ✓ Smart budget allocation
- ✓ A growth road map

(Explanation: 1*4=4)

Question 3

- a) Why marketing strategy is important to an entrepreneur while developing business plan? Explain **FOUR** points. [4]

Answer:

- Helps to understand your customer.
- Able to sale the produce product.
- Able to identify competitors
- Able to capture market
- Helps to promote the products and services.
- Helps in attracting and retaining more customers
- Able to grab opportunities for better planning.

[Explanation-1*4=4]

- b) “Well written and precise executive summary is an important component in a business plan to seek fund and support from different stakeholder”. Do you agree? Explain **TWO** valid points. [2]

Answer:

YES

- Executive summary explains overview of business plan and captures the reader's attention towards plan.
- Persuade decision makers to read the detail plan.
- Helps in decisions making to invest.

NO

- Detail business plan is required to convince stakeholder.
- Investor will get only gist of the business.
-

[YES and NO -no marks]

[Explanation -1*2=2]

- c) Explain **TWO** differences between business advices services and technical services. [2]

Answer

Business advices services	Technical services.
i. Business advice	i. Technical advice
ii. Example - Coaching, mentoring, counseling and training in the areas related to the business being incubated are rendered.	ii. Example - product design, production method, procurement of equipment, etc.

[1*2=2]

[2 difference -2 marks]

d) Who would be your target stakeholder when you develop a business plan? Why?

[2]

Answer:

- Investors: Seeking fund for initial setup.
- Bankers: Seeking fund for expansion and growth.
- Potential partners: The potential partner can also assess the market, operational, organisational and financial prospects of the business by using the business plan.
- Managers and employees: The managers and employees of the business use business plan as a reference point for reminding them of the vision, mission and objectives of the business. They also use it to implement strategies, plans and activities of the business.
- Suppliers: Suppliers will check the capacity of the business to pay their bills on time and their orders made. Suppliers use business plan for understanding the cash flow status, operating results and growth prospects of the business.
- Customers: Customers who looks at your business plan for long term relationship with the business; it may be used for gaining better insights about the business.
- Advisors and consultants: The business advisors and consultants use business plan to gain better understanding of the business and accordingly provide their expert opinions and advises to the business.

[identified stakeholder-1]

1 reason -1]

Question 4

a) Unlike copyright, patent prevents the invention right for a limited period, generally 20 years. What could be reasons for a government setting the expiration dates for patents? Explain any **THREE**.

[3]

Answer:

- ✓ The expiration dates are set for patents so as to provide others the opportunity from using and working on it.
- ✓ It provides both for recognition of the emerging talents and rewarding the existing one.
- ✓ The expiration date also accounts for avoiding a monopoly.

b) Study the financial statement given below.

Items	2021	2022
1. ASSETS		
CURRENT ASSETS		
Cash	Nu.50,000	Nu.60,000
Inventories	Nu.70,000	Nu.80,000
TOTAL CURRENT ASSETS	Nu.120,000	Nu.140,000
NON-CURRENT ASSETS		
Land	Nu.2,000,000	Nu.2,000,000
Building	Nu.1,500,000	Nu.1.510,000
Book value of noncurrent assets	Nu.3,500,000	Nu.3,510,000
TOTAL ASSETS	Nu.3,620,000	Nu.365,000
-----A-----		
-----B-----		
Account payable	30,000	20,000
-----C-----		
BOBL loan	Nu. 70,000	Nu.50,000
3.EQUITY		
Owner's equity	Nu.3,500,000	Nu.3,500,000
Retained earning	Nu.20,000	Nu.80,000
TOTAL EQUITY	Nu.3,520,000	Nu.3,580,000
-----D-----		
	_____?	_____?

i. Identify the type of projected financial statement template.

[0.5]

Answer:

Projection of statement of financial position

[0.5 for corrected answer]

ii. What are A, B, C and D? Calculate the value of D for 2021 and 2022. [2.5]

Answer:

A-Liabilities

B-Current Liabilities

C-Noncurrent Liabilities

D- Total Liabilities & Equity

2020- Nu. 3,620,000

2021-Nu. 3,650,000

[0.5 for correct each answer -0.5*5=2.5]

iii. Write any **ONE** difference between the identified items B and C. [1]

Answer

	Current liabilities	Noncurrent liabilities
i.	Current liabilities are those liabilities which are to be settled within one financial year.	i. Noncurrent liabilities are those liabilities which are not likely to be settled within one financial year.
ii.	Current liabilities have credit period less than 12 months.	ii. Noncurrent liabilities have longer repayment terms in excess of 12 months.

[1 mark for 1 difference]

c) Centre for Bhutan Studies and GNH have invited interested companies to register for GNH business certificate year 2022. Develop any **SIX** unique initiatives to be infused in the proposed business plan to qualify for the certificate. [3]

Answer:

- Safe environment with good opportunities to advance and develop personnel skill like job satisfaction, professional or personal success based on relationship on trust. No discrimination and harassment in work place.
- Business also be a school for workers with programmes to provide training to update and acquire skill. (paid long and short-term studies)
- Effective written policies and procedure.
- Product or services involved in endorsing or fostering the preservation and promotion of both tangible and intangible of cultural tradition and heritages.
- Contribution to the local community like economic benefits and considerable social, environmental and cultural damage)
- Encourage business to develop systematic eco-friendly operation for its daily conducts. (reducing energy, stop greenhouse emission, develop effective waste management)

[0.5 for each point-0.5*6=3]

Question 5

a) Study the schedule below.

[4]

Sl. No	Expenses	Year 1	Year 2	Year 3
1	Salaries to staff	180,000	?	?
2	Utility bill	100,000	?	?
3	Depreciation	6,750	?	?
4	Pre operating expenses	10,200	?	?
Total		296,950	?	?

Compute the total projected 'estimation of organization and management overhead costs' for the 2nd and 3rd year considering the following assumptions:

- ✓ 2 % annual increase in remuneration is assumed from the 2nd year.
- ✓ Utility bill to remain constant in 2nd year and an increase by 5% in 3rd year.
- ✓ Straight line method for depreciation is used.
- ✓ Pre-operating is not amortized over the years.

Answer**Estimation of Organisation and Management Expenses**

Sl. No	Expenses	Year 1 (Nu)	Year 2 (Nu)	Year 3 (Nu)
1	Salaries to staff	180,000	183,600	187,272
2	Utility bill	100,000	100,000	105,000
3	Depreciation	6,750	6,750	6,750
4	Pre operating expenses	10,200	0	0
Total		296,950	290,350	299,022

[0.5*8 = 4] for all entries except Pre-operating expenses,

Workings

180000*2/100	1836000*2/100
=3600	= 3672
<u>Salary for 2nd year</u>	<u>Salary for 3rd year</u>
180000+3600= 183,600	183600+3672= 187,272

- b) “A market analysis can help you identify how to better position your business to be competitive and serve your customers.” Explain any **THREE** benefits of carrying out market analysis? [3]

Answer:

- **Risk reduction:** Knowing your market can reduce risks in your business, since you’ll have an understanding of major market trends, the main players in your industry, and what it takes to be successful, all of which will inform your business decisions.
- **Targeted products or services:** You are in a much better position to serve your customers when you have a firm grasp on what they are looking for from you. When you know who your customers are, you can use that information to tailor your business’s offerings to your customers’ needs.
- **Emerging trends:** Staying ahead in business is often about being the first to spot a new opportunity or trend, and using a marketing analysis to stay on top of industry trends is a great way to position yourself to take advantage of this information.
- **Revenue projections:** A market forecast is a key component of most marketing analyses, as it projects the future numbers, characteristics and trends in your target market. This gives you an idea of the profits you can expect, allowing you to adjust your business plan and budget accordingly.
- **Evaluation benchmarks:** It can be difficult to gauge your business’s success outside of pure numbers. A market analysis provides benchmarks against which you can judge your company and how well you are doing compared to others in your industry.
- **Context for past mistakes:** Marketing analytics can explain your businesses past mistakes or industry anomalies. For example, in-depth analytics can explain what impacted the sale of a specific product, or why a certain metric performed the way it did. This can help you avoid making those mistakes again or experiencing similar anomalies, because you’ll be able to analyze and describe what went wrong and why.

[Explanation: 1*3=3 marks]

- c) Who introduced the concept of ‘invention cycle’? Explain ‘invention cycle’ with an appropriate example. [3]

Answer

Tina Seelig, a professor at Stanford University introduced the concept of invention cycle.

(1 mark)

- ✓ Invention cycle refers to the relationship amongst imagination, creativity, innovation and entrepreneurship. **(1 mark)**

Example

- ✓ After imagining to build a solar car, the design, functionalities and features of the car is experimented and developed. **(1 mark)**

Question 6

- a) Sonam has taken a personal loan of Nu 500,000 for five year at the annual interest rate of 8%. The loan will be amortized over 5 years with monthly payment. What is his monthly payment? [2]

Answer:

Given

Principal =Nu 500,000

Year (n) =5 years

1year =12 months

5 years =5×12=60 months

Interest rate =8% =8/100=0.08/12=0.007

Monthly payment=?

$$P = \frac{R(1 - (1 + i)^{-n})}{i}$$

$$500,000 = \frac{R(1 - (1 + 0.007)^{-60})}{0.007}$$

$$500,000 = \frac{R(1 - (1.007)^{-60})}{0.007}$$

$$500,000 = \frac{R(1 - 0.658)}{0.007}$$

$$500,000 = \frac{R(0.342)}{0.007}$$

$$500,000 = R48.856$$

$$R = \frac{500,000}{48.866}$$

$$R = 10,232.06$$

Therefore, Sonam needs to pay **Nu. 10,232.06** Per month.

Given-**0.5 marks**

Formula-**0.5 marks**

Process-**0.5 marks**

Answer-**0.5 marks**

- d) The purpose of the pitch is to persuade the jury. Therefore, a detailed business plan is not necessary. Would you agree with the statement? Support with **FOUR** points. [4]

Answer:

YES

- Will spark the curiosity of the client and encourage them to ask more questions.
- Easy for jury to understand the concept (idea).
- Able to grab attention of juries
- Able to engage them in a conversation about the business which positively results in an investment.
- Investor can understand the business potential.
- Increase clarity in the mind of potential investors.

NO

- Will divert the main idea and distort the information
- Feel restless and premature evaluation
- Difficult to gain attention of juries
- Wastage of time and resources

Question 7

- a) 'Effectuation helps in advancing ideas towards sellable products and services with proven customers.' In line with the statement, examine and explain any **THREE** uses of effectuation method. [3]

Answer:

- ✓ Helps them to take an inward look of the resources available at their disposal.
- ✓ Facilitates to interact with the stakeholders to garner commitment for co-creating the business.
- ✓ Helps to pool in new means/resources.
- ✓ Based on the available resources, entrepreneur determines the goals to be achieved.

(Explanations: 1*3=3)

b) Write **FOUR** differences between ‘manufacturing process’ and ‘service process’?

[4]

Answer:

Manufacturing Process	Service Process
i. Physical and durable output.	i. Intangible and perishable output.
ii. Output can be inventoried.	ii. Output cannot be inventoried.
iii. Low customer contact.	iii. High customer contact.
iv. Long response time.	iv. Short response time.
v. Capital intensive.	v. Labour intensive.
vi. Quality can be easily measured.	vi. Quality cannot be easily measured.

[Explanation: 1*4=4 marks]

c) Which tool is used for the assessment of business model? Explain any **TWO** needs for the assessment of business model.

[3]

Answer:

- ✓ SWOT analysis is the popular method/tool used for the assessment of business model. (1 mark)

Need for assessing business model

- ✓ Helps in knowing\ understanding strengths of the business model.
- ✓ Recognize the threats associated with the business.
- ✓ Identify opportunities the business model has.

[Explanation: 1*2=2]