



# THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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**MAIN EXAMINATION**

**MAY – JULY 2018 TRIMESTER**

**FACULTY OF COMMERCE**

**MBA EVENING PROGRAMME**

**CEN 520: ENTREPRENEURSHIP AND BUSINESS GROWTH**

**Date: JULY 2018**

**Duration: 3 Hours**

**INSTRUCTIONS: Answer Question ONE and any other TWO Questions**

## **CREATIVITY-A NECESSITY FOR SURVIVAL**

In this fiercely competitive, fast-paced, global economy, creativity is not only an important source for building a competitive advantage, but also a necessity for survival. When developing creative solutions to modern problems, entrepreneurs must go beyond merely relying on what has worked in the past. Past experiences shape the ways in which we perceive the world around us (“we’ve always done it this way”). That’s why children are so creative and curious about new possibilities; society has not brainwashed them into an attitude of conformity, nor have they learned to accept traditional solutions as the only solutions. Retaining their relative “inner child”, entrepreneurs are able to throw off the shackles on creativity and see opportunities for creating viable businesses where most people see what they have always seen (or, worse yet, see nothing)

Many years ago, during an international chess competition, Frank Marshall made what has become known as one of the most beautiful –and one of the most creative-moves ever made on a chess board. In a crucial game in which he was evenly matched with a Russian master player, Marshall found his queen under serious attack. Marshall had several avenues of escape for his queen available. Knowing that the queen is one of the most offensive players on chessboard, spectators assumed that Marshall would make conventional move and push his queen to safety.

Using all the time available to him to consider his options, Marshall picked up his queen-and paused –and put it down on the most illogical square of all- a square from which the queen could easily be captured by any one of the three hostile pieces. Marshall had done the unthinkable! He had sacrificed his queen, a move typically made only under the most desperate of circumstances. All the spectators-even Marshall's opponent-groaned in dismay.

Then, the Russian, and finally the crowd, realized that Marshall's move was, in reality, a brilliant one. No matter how the Russian opponent took the queen, he would eventually be in a losing position. Seeing the inevitable outcome, the Russian conceded the game. Marshall had won the match in a rare and daring fashion: he had won by sacrificing his queen!

- Q1. a) What lessons does this story hold for entrepreneurs? **(5marks)**
- b) Explain the differences among creativity, innovation and entrepreneurship **(5marks)**
- c) In your own view why do you think innovation, is important for successful entrepreneurs? **(5marks)**
- d) What was Marshall's competitive advantage over his opponent? **(5marks)**
- Q2. Describe giving examples the seven steps in creative process **(20marks)**
- Q3. Discuss the nine steps strategic planning process for enterprises **(20marks)**
- Q4. a) Discuss the steps involved in subjecting a business idea to a feasibility analysis **(5marks)**
- b) Explain why every entrepreneur should create a business plan **(5marks)**
- c) Explain the "five cs of credit" and why they are important to potential to potential lenders and investors reading the business plan **(10marks)**

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