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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
SECOND YEAR, FIRST SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR BUSINESS AND INFORMATION
TECHNOLOGY

Date: 6th December, 2022
Time: 11.30am –1.30pm

KBA 2205 - BUSINESS PLANNING AND MANAGEMENT

INSTRUCTIONS TO
CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS
QUESTION ONE (30 MARKS)

Read the case study below and answer the questions that follow

MKANGA LIMITED COMPANY

MKANGA Limited Company was registered and incorporated in 2009 with Mr. Mwausi as its CEO. The main objective of the company was to sell agricultural equipments in East African region with their head quarters in Kampala. The marketing management team embarked on market research to find out the prices of KIU and ZIZA who were their rival companies and doing very well with a large market share in the region. Mr. Mwansi appointed a committee comprising of all the heads of departments and charged them with the following tasks: to formulate primary objectives of MKANGA company limited, to conduct a customer analysis, competitor analysis and analysis of pricing strategies.

During the first year after launching her products the company was able to break even in regard to sales revenue. However the CEO embarked on series of activities such as planning, training programs for sales force, team building among others. Mr. Mwausi made a policy that every end month to meet sales force in order to get their feedback and address challenges that they faced on time. During the staff meetings Mr. Mwausi used to use both financial and non financial rewards. The CEO always involved his employees in making decisions and especially in regard to marketing strategies. In addition, he ensured the staff were adequately motivated by developing several motivational strategies such as creating conducive work environment, providing employee development and leadership opportunities. In the beginning of 2010, the sales force embarked on aggressive advertising campaigns which saw the company realize significant sales revenue of 15 million from 3 million in 3rd quarter of 2009. Most customers of KIU and ZIZA started switching to MKANGA Company limited.

By the end of year 2011 the financial statements of MKANGA revealed that the company had made a profit of Ksh25 million. However the CEO Mr. Mwausi saw green pastures in KIU one of the rival companies who promised to triple his salary package coupled with attractive fringe benefits as opposed to MKANGA. After careful evaluation of the benefits Mr. Mwausi decided to quit the company by the end of year 2016. The Board of Directors of MKANGA decided to replace Mr. Mwausi with Mrs. Mwamba who was previously the director of a law firm in Tanzania based in Arusha.

During the first quarter of year 2013, Mrs. Mwamba introduced several strategies such as price increase of the company's product, and decreased the allowance for sales force in order to decrease cost of operations. The new CEO viewed the monthly meetings with the sales force, staff allowances, non financial rewards, training programs, team building, workshops, employee development and leadership opportunities as expensive and waste of time. The new CEO embraced authoritarian style of leadership and no longer involved the employees in decision making. The new change saw significant decline of sales and high labour turnover of sales force. In addition many customers started switching to rival companies. By the end of year 2013 the financial statements revealed a net loss of Ksh 1 million. The Board of Directors have given the CEO an ultimatum to reverse the trend failure to which she will be fired.

- a) Explain any six primary objectives the committee appointed by Mr. Mwausi may have formulated for the company. (6 marks)
- b) Identify any six characteristics of customers which customer analysis may have revealed (6 marks)
- c) Explain any six reasons why Mr. Mwausi tasked the committee comprising of heads of departments to conduct competitors analysis. (6 marks)
- d) Explain the strategies used by Mr. Mwausi to motivate his employees. (6 marks)
- e) Advise Mrs. Mwamba any five pricing strategies which should reflect the value of company's brand. (6 marks)

QUESTION TWO (20 MARKS)

- a) Describe the importance of business plan. (7 marks)
- b) Examine the common mistakes found in many business plan (5 marks)
- c) Explain the guidelines for developing an effective business plan (8 marks)

QUESTION THREE (20 MARKS)

- a) Mr. Mutiso has just retired from public service and is contemplating to start a business. However, he had been advised to first identify a profitable business opportunity. Advise him on how he can go about to justify the existence of a business opportunity (7 marks)
- b) Evaluate the importance of SWOT analysis in order to assess where a company stands in a competitive market. (8 marks)
- c) State and explain the five basic functions of management (5 marks)

QUESTION FOUR (20 MARKS)

- a) Describe any five potential risks faced by a business organization (5 marks)
- b) Examine the factors to consider when choosing distribution strategy (8 marks)
- c) Explain the features of an operational plan (7 marks)

QUESTION FIVE (20 MARKS)

- a) Describe the merits of sole proprietorship. (8 marks)
- b) Explain the meaning of the following terms as used in business financial plan
 - i) Return on equity (2 marks)
 - ii) Breakeven analysis (2 marks)
 - iii) Working capital (2 marks)
- c) Discuss components of business plan (6 marks)