



# MNE3701

October/November 2016

## ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

Duration 2 Hours

70 Marks

**EXAMINERS .**

FIRST

MRS MJ PHILLIPS

SECOND

MS NM MMAKO

EXTERNAL

DR MN MOOS

Programmable pocket calculator is permissible

Closed book examination.

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This paper consists of 22 pages

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### INSTRUCTIONS:

This paper comprises two sections, namely **section A** and **section B**.

#### Section A

- This section is **compulsory**.
- The total for this section is **30 marks**
- The questions must be answered on the **examination paper**, in the spaces provided.

#### Section B

- Section B comprises **three** questions.
- You must answer **any two** of the three questions
- Each question is worth **20 marks**.
- The total for this section is **40 marks**.
- Indicate the numbers of the questions you have answered on the **cover** of this book

This is a **closed-book examination**. You may not consult notes of any kind, or any person, except the invigilator, during the examination session.

**[TURN OVER]**

**SECTION A**

- This section is compulsory.
- Read the following case study and answer **ALL** the questions in this section. Use the space provided below each question for your answer.
- The total for this section is **30 marks**.

**Charming business**

Finding the perfect piece of jewellery in Sharon Maack and Ashleigh Small's flagship, Store Limpelloula is easy – and won't break the bank. The tiny shop with its pastel coloured walls in Melrose Arch is different to the other jewellery shops in the area. It offers affordable, everyday pieces in particular, fashionable Pandora charm bracelets. For the two friends, the business offered a second chance and the name – Limpelloula, which means dragonfly and symbolises a transformation or rebirth. After working for a family-run jewellery store in Johannesburg for 15 years, Maack approached Small to partner the Limpelloula endeavour. "I had to go out and get a job but I didn't want to work for a boss – and I knew I needed a partner," says Maack. Small, a mother of two teenage daughters was looking for something to sink her teeth into and immediately felt Maack's experience and her belief in the store's concept was reasons to stick around.

Limpelloula stocks a majority of Thomas Sabo jewellery and in less than two years has become the brand's second biggest distributor in South Africa. Prices range from R299 for a charm to R15 000 for watches or larger pieces, and Limpelloula has been breaking even since its first month of trading. However, despite the shop's success during what has been a tough time for retailers, the women are quick to explain how easy the move into business ownership has been for them.

With blind faith, Maack says she signed the lease for the shop before she had a partner, or even suppliers, secured. At a time when banks were stingy with loans, the women also decided they didn't want shareholders sharing in the shop's success once the concept took off. "It was a huge thing to go to the family and say: 'I need R350 000' – asking them to have faith in me because I had faith in this idea," says Maack. Small was able to use her mortgage to secure a bank loan to be paid back within 5 years for her portion of the finance. "Everything about this store has just fallen into place," she says. Once the lease was signed the women approached distributors and had a meeting with the directors of wholesale distributors Sutherland & Goodman, who gave them exclusivity for their area. "It's been phenomenal. They believe in our shop as much as we do," says Small. "We feel like partners with them." Last year Limpelloula was the first store in SA to launch the Pandora brand.

Pandora charms are the new millennium's version of the charm bracelet. Its bulky, round charms represent personal meanings to their wearers. The brand is the number one seller globally, with a piece of Pandora jewellery being sold every second. "We kept our finger on the pulse and the day it was awarded to be sold in South Africa I phoned the agent, who was completely surprised I even knew (about the award)," says Maack.

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The Pandora brand now represents 30% of Limpelloula's sales. Both Maack and Small wear Thomas Sabo and Pandora jewellery. Pretoria-born Maack is mother of two boys aged 11 and 14 and moved to Johannesburg in 1985 to pursue a corporate career. When she met her husband, she worked evenings and weekends to expand his manufacturing workshop into a retail business and a few months later, in 1993, joined the jewellery business full-time for 15 years. Her exposure at the jewellery shop was broad: she worked on site and sold top-end products with gems as perfect as nature can make them.

The two women have been friends for 17 years, since meeting in Maack's family jewellery shop. Small had been a stay-at-home mother and wife and had some experience running a corporate catering business at the time she realised she wanted to go into partnership with Maack. It's easy to see both have known each other for a long time. They don't finish each other's sentences, but you do get the feeling the two have mastered the art of telepathy a few years into their friendship, because their thoughts are so in tune. "We're alike enough to enjoy each other's company every day but different enough to work together," said Small. Loyal following by way of example, Maack says she would never have stocked jewellery in the form of skulls, but Small insisted and now the shop has a loyal following of Goths with a taste for jewellery.

Securing space in Melrose Arch's new shopping area was a brilliant move by Maack. The centre combines shops, offices and restaurants and will be incredibly difficult for small retailers to enter into once disposable incomes begin recovering. Limpelloula aims to expand next year and they're looking at Pretoria, Durban and Cape Town where the brands they stock aren't dominant yet. Both are quick to heap praise on the management at Melrose Arch, but believe you can't sit back and rely solely on the shopping centre's management to drive shoppers into their store. They advertise in the national Jewish Report and raise funds for the Breast Health Foundation at an annual women's golf day. "People need to be drawn into the shop and find something they love. But it can't end there: the packaging has to be beautiful and the customer must leave with a feeling it was a personal experience," says Small. "When the lift doors open in the morning and I see our shop, I realise I really love coming here every day," says Small.



































**ROUGH WORK PAGE 1**

**ROUGH WORK PAGE 2**