FEEDBACK TUTORIAL LETTER

2 nd SEMESTER 2019

ASSIGNMENT 2

Innovation, Creativity and Entrepreneurship
ICE712S
Assignment 2

Question 1 [25 Marks]

1.1 Managing a business is complex due to the many aspects that have to be considered, and these aspects also keep changing with some necessitating immediate decision making. A business plan is a valuable instrument to guide the entrepreneur through this process. You are required to develop a business of your choice and draw a comprehensive strategic business plan for your business.

   a) A vision and mission statement
   b) Clearly stated objectives for achieving the mission
   c) Competitive analysis
   d) Statement of competitive advantage
   e) Strategy for reaching objective
   f) An action plan for implementing the strategy
   g) Controls to monitor performance
   h) Plan to implement corrective action, if necessary

NOTE: Those should be the major focus points of the required business plan

Question 2 [25 Marks]

Read the case below and answer the questions thereafter.

Case study: Going Partnership

Just recently, Thambo Sefike came up with the idea of starting an online service that would help investors who are looking for rental properties on the cheap to get connected with home-owners who really need to sell their houses fast. This opportunity holds special appeal for Thabo, whose parents have been involved in the real estate industry for decades.

Thabo doesn’t want to start this new business by himself, however, so he keeps prodding his friend Thandeka Moeng to partner with him.
Thandeka thinks this potential start up could very well turn out to be a smash hit, he just can't quite see himself in the real estate business. To him, it sounds a lot like sales, and that's more Thabo’s thing, with his upbeat style and his natural ability to read people and anticipate their reactions. Thandeka’s personality is very different, focusing on technology more than people and on ideas more than interactions. So far, he and Thabo have had a great friendship, but Thandeka is beginning to wonder if the good times will continue to roll once money is on the line and the pressure begins to mount. He knows that Thabo leans heavily on Thandeka’s computer skills, even as Thandeka’s looks to Thabo to make life interesting and keep him connected. Thandeka also fears that Thabo might begin to take over the business once it gets going. After all, he would bring a lot of industry insight to the new venture, given his family background, and it was his ideas in the first place. How could he not take on a sense of ownership? Thandeka knows that his programming skills and ease with technology will fill in important gaps in what Thabo brings to the table, but will that be enough to keep him in the game? He has to decide soon. Thabo wants to launch the new company before the end of the month.


Questions

2.1 Thandeka fears that Thabo might take over the full ownership of the business once it starts flourishing. His fears are justified since it is a well known that conflicts are likely to occur in partnerships. Advice these friends about how they can overcome Thandeka’s fears. (4)

*They should enter into a partnership agreement/contract where all things such as percentage of ownership and sharing of profits will be clearly stated.*

2.2 Based on the case, how will Thambo and Thandeka capitalize on each other’s strengths in managing their partnership successfully? (6)

*Thandeka will bring in the appropriate technical skills needed for their online service and Thabo will enrich the partnership with his marketing skills.*

*NOTE: The above should be the highlights of the answer.*

2.3 Describe how each of the following factors would be addressed within such a partnership

   a) Liability of the owner (3)

   *The business has no legal capacity. Owners are jointly held liable for any claim made against the business irrespective of who brought about such claims.*

   b) Degree of control of owner (3)
All owners are directly involved in the control of the business, unless they decide otherwise in the partnership agreement.

c) Potential for the business to acquire capital

Its high since there is no legal limit to the number of partners a business can has.

d) Change of ownership

The partnership has to be dissolved.

e) Legal personality

It got no legal personality. Thus, its liabilities are unlimited. Owners can thus lose their personal belongings in the event of business failure.