



UNIVERSITY OF COLOMBO, SRI LANKA

FACULTY OF MANAGEMENT AND FINANCE

Postgraduate & Mid-career Development Unit

Master of Business Administration 2014/2016 Weekend Programme (Semester III, Second Half)

Examination – July/August 2016

MBAGM 614 – Entrepreneurship and Small Business Management

Three (03) Hours

Answer **Five (05)** Questions in all including, **Question No. 1** and **at least selecting two questions** from Part I and Part II

Answers for Part I and Part II need to be submitted separately

This is an open book examination

The paper consists of seven (07) questions on four (04) printed pages

Part I

1. Read the following case and answer the questions given below.

Case Study

David Hall and HFL

Based on a new market at the heart of the UK's best-known horse-racing and breeding area, HFL started its life in 1963 owned by the UK Horserace Betting Levy Board (HBLB, a quasi-governmental body). It enjoyed a steady stream of guaranteed income from the monitoring of race horses and greyhounds to ensure that their performance was not artificially influenced by illegal substances. As a public sector organization, it had a bureaucratic, government-style organization structure and was not driven by profitability.

This seems an unlikely organization to look as an exercise in change management and corporate entrepreneurship. But change it did, and by 2007 it had diversified into drug testing on humans and had been sold for £20.25 million to Quotient Bio Research Ltd which is owned by a consortium of investors, including a minority holding by HFL's Chief Executive, David Hall and other senior

managers. HFL is now the UK's pre-eminent drug surveillance company, and a major competitor within the contract research market (testing for pharmaceuticals and biotechnology companies). It is the only laboratory in the world engaged in both sport drug surveillance and contract research. It has undertaken funded research for the World Anti-doping Agency as well as extensively for British Horse racing. HFL has pioneered sports doping control research and surveillance in the UK, testing athletes and racing animals as part of forensic doping control processes and providing research and bio-analysis testing services to pharmaceutical, food, consumer products and health care clients. Quotient Bioresearch at the new market site now has a turnover approaching £20 million, employs some 200 people and enjoys a far more entrepreneurial culture.

The change catalyst was the appointment of David Hall as the Chief Executive in 2001. His brief was to broaden the business base away from race horses and greyhounds, and he effectively paved the way for the 'privatization' of the company. David is a scientist – Chartered Engineer with a PhD – but he also has an MBA, which is the source of his theoretical knowledge of how to change the culture of an organization. The challenge was to put it into practice at HFL. David would say that his passion for creativity and innovation and the pursuit of a perfect culture provided a common thread throughout his career before joining HFL. For example, he set up a technology transfer organization in London – Thames Gateway Technology. The challenge, as David sees it, is to get the very best from your staff and to truly differentiate your company on the basis of its people. The HFL culture demands involvement across all levels and functions. It is a culture where knowledge is shared and communication is a vital element in this process. David wants it to run downwards, upwards and sideways through all feasible routes, so there is no excuse for 'not knowing'.

David's preferred leadership style is to 'animate and facilitate' rather than 'command and control'. Because of this his preferred communication style involves limiting group size to 20, which he sees as far more conducive to participation. He gives 'state of the union' addresses to these groups every six months. He also instituted informal 'coffee and cakes' sessions on Monday mornings to help communication and get people to mix across boundaries and functions. There are also more formal mechanisms like team briefs and a mythical 'Uncle Bernard' who will answer e-mailed questions from staff. The elected Staff Association also conducts regular surveys and plays an important part in promoting and monitoring change, even chasing the introduction of new ideas. HFL also uses cross-functional teams for project work and senior managers have had spells of doing other people's jobs. Staffs work closely together in a culture that encourages team working.

HFL's scientific work depends critically on new ideas, which is why David is keen to encourage creativity. To do this he set up a Creativity Club and an Innovation Club. Each provides an environment for the free exchange of ideas, to push boundaries, and to harness the creative energies of staff. David drives the Creativity Club, which initially met monthly but now more simply as key problems are identified and creative ideas then generated. Creativity Club meetings are limited to one hour and operate under the terms of the 'Creativity Charter'. The ideas or problems brought to the Club use a wide range of creativity techniques to take the ideas forward or seek solutions to the problems. Every idea is posted on the company's intranet and staffs are invited to comment. The best ideas might be taken forward by project teams. The senior managers also use the Club as a forum to

take forward strategic issues that require a 'different way of thinking'. The Innovation Club focuses more on issues of strategic importance and on implementation – corporate innovation. All staff are automatically members and the Club meets quarterly at lunch time. The company also has a book club that encourages the reading of business books, which also can lead to the introduction of new ideas. There is also the Business Intelligence Group, established to trawl the outside world for new ideas and to establish benchmarks for its activities. Everyone who sees or hears things outside the company are debriefed and the ideas are passed on or project teams are set up to take the idea further.

David is a great believer in the power of positive thinking – another attitude he likes to encourage in staff. He believes it can raise the proportion of time people spend working at maximum output. He has arranged in-house training sessions on the topic which resulted in individuals producing 'affirmations' to complete challenging personal tasks. David participated in the training and his 'affirmation' led to him cycling coast-to-coast and back to raise money for charity.

HFL has performance reviews and a bonus scheme based upon four performance classifications: outstanding, achieving, aspiring and unacceptable. Staff are not paid bonuses if their performance is unacceptable. HFL has 'Investors in People' status and in 2005 was voted by its staff into the list of The Times '100 Best Companies to Work For'. But David will also admit that there have been casualties along the way, with less willing staff being replaced. And new managers have had a crucial part to play in changing the culture. David recruited Anne Stringer from a Cambridge wine business, nominally as finance director, but also with responsibility for HR and IT, to head up 'Central Services'. HFL uses what it calls a 'strategy map' divided into four interconnecting areas: customer, reputation, people and finance. The aim in the 'customer' area is to become, or remain, 'first choice for analytical chemistry by improving loyalty, building relationships and innovating'. HFL aims to be the best customer choice, but not necessarily the cheapest. To achieve this it has to remain at the leading edge of its science and at the forefront of innovation. But innovation need not always be scientific. Staff involvement and enthusiasm at HFL is no accident. It is carefully nurtured with formal and informal techniques.

Source: Paul Burns (3rd Edition), Entrepreneurship and Small Business Management, Palgrave Macmillan.

Questions

i. Do you believe HFL is an entrepreneurial organization? Explain your answer with suitable examples from the above case study. (18 Marks)

ii. Critically evaluate the entrepreneurial leadership qualities of David Hall of HFL.

(10 Marks)

(Total 28 Marks)

2. i. "Most of the real entrepreneurs define aims for success in relation to all the venture's stake holders and work with a keen sense of social responsibility." Do you agree with this statement? Justify your answer by using experience which was shared by the invited guest entrepreneur at the class room.

(10 Marks)

ii. "Failure has many degrees and it is an integral part of the business. Good entrepreneurs learn from the failures." Critically evaluate this statement highlighting the real examples of an entrepreneur who had delivered guest lecture for you in the classroom.

(08 Marks)

(Total 18 Marks)

3. Many associate social entrepreneurship exclusively with not-for-profit organizations starting for-profit or earned-income ventures. However, researchers have made significant contribution to understanding the complex phenomenon of directing organizational activity toward the achievement of social purposes.

Describe how social entrepreneurship could act as a strategic tool for both not-for profit organization and commercial organization for their survival.

(18 Marks)

4. Small and Medium enterprises are playing an important role in the development of an economy. However, most of the entrepreneurs in the small and medium sector are incapable in planning. Briefly discuss the advantages of best business plan for the new entrepreneur.

(18 Marks)

Part II

5. "Research on entrepreneurship suggests that the entrepreneurs are self-made as against the thesis on that they are born." Explain your thoughts on the subject with specific research done in the said area.

(18 Marks)

6. Define Business Development Services (BDSs) and describe how BDSs could impact positively on the growth of SMEs in a developing country like Sri Lanka.

(18 Marks)

7. What cultures are deterrent for emergence of entrepreneurship? Describe with relevant examples.

(18 Marks)