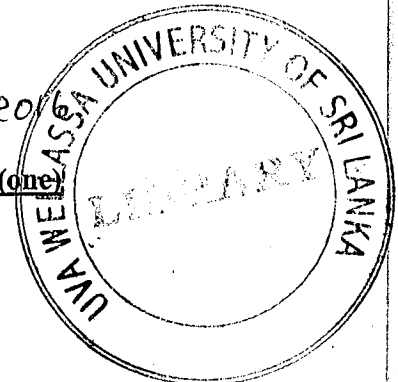


Part C - Essay Questions - 20

Answer only 03 (three) questions including question number 01 (one)



- (1) Read the following case study and answer questions.

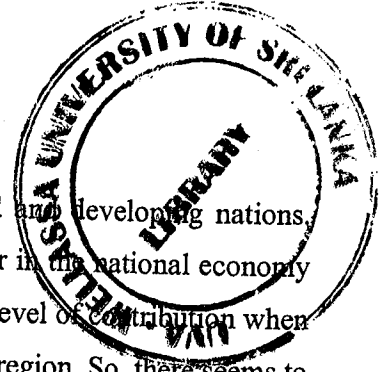
Aquascape Designs Inc.

Wittstock's company, based in Batavia, Illinois, designs and sells pond-building supplies both to do-it-yourselfers, who can install small backyard ponds for as little as \$500 to \$1,000 to \$250,000 to build ponds for owners of exotic Koi fish. Wittstock is willing to help contractors figure out how to deal with the challenges they face, from overcoming construction hurdles and employee management problems to finding ways to make money in the business, knowing that successful contractors will buy more supplies from Aquascape Designs. And the approach is working. Sales have grown dramatically, from \$800,000 in 1995 to a projected \$43 million or more in 2003.

But there have been a few serious clashes in the road long away. Wittstock started his business in the summer of 1991. In September of that year Greg's father Gray left his own engineering consulting firm to work with his son. But conflicts between father and son soon arose. Being polar opposites didn't help, nor did Greg's strong personality. Gary's attention to detail seriously cramped Greg's more creative entrepreneurial style and soon the two were at each other's throats battling for control of the company. Gray and his wife Lauri (Greg's mother) divorced as a result of conflict. As she described it "we really had a picture perfect family, and it all came apart."

Distraught over the divorce, Gray withdraw from the day-to-day operations of the business and eventually sold his share of the company to Greg. In 1997, Gray started a new company called pond supplies of America, located only 20 miles from Aquascape Designs. The rivalry continues; father and son are now direct competitors in the market place. Both are successful, but at what cost.

- i. Discuss the challenges for the family business system by giving reference to the case above. (10 Marks)
- ii. Advice managers of Aquascape Designs Inc by explaining appropriate strategies to grow the business and overcome conflicts. (10 Marks)



- (2) "SMEs sector is considered as the backbone of all developed and developing nations. However, when analyzing the present contribution of this sector in the national economy of Sri Lanka, it is clear that the sector has not achieved desired level of contribution when compared with other developed and developing countries in the region. So, there seems to be a vast opportunity for Sri Lanka to harness the opportunity by developing this vital sector."

(Gamage S.A, 2003)

Discuss major issues of SME sector in Sri Lanka, and rationalize suggestions to enhance the capacities of SMEs for a sustainable development in Sri Lanka.

(15 Marks)

- (3) Evaluate different types of financing sources available throughout different stages of business life cycle by elaborating advantages and disadvantages of each source.

(15 Marks)

- (4) An exit strategy is a process used by entrepreneurs and investors to reap the value of the business. It is important to reduce the risk of the business, to create future opportunities and to attract funds from the venture capitalists.

Discuss different exit strategy options available for business organizations.

(15 Marks)

