UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
JULY 2024 SEMESTER

COURSE CODE	**: EAB41603**
COURSE NAME	**: GLOBAL ENTREPRENEURSHIP**
PROGRAMME NAME	**: BACHELOR IN ACCOUNTING (HONS)**
DATE	**: 24 SEPTEMBER 2024**
TIME	**: 9.00 AM – 12.00 PM**
DURATION	**: 3 HOURS**

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **TWO (2) Sections; Sections A and Section B**.
4. Answer **ALL** questions in **Sections A** and **Section B.**
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE FOUR (4) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

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SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

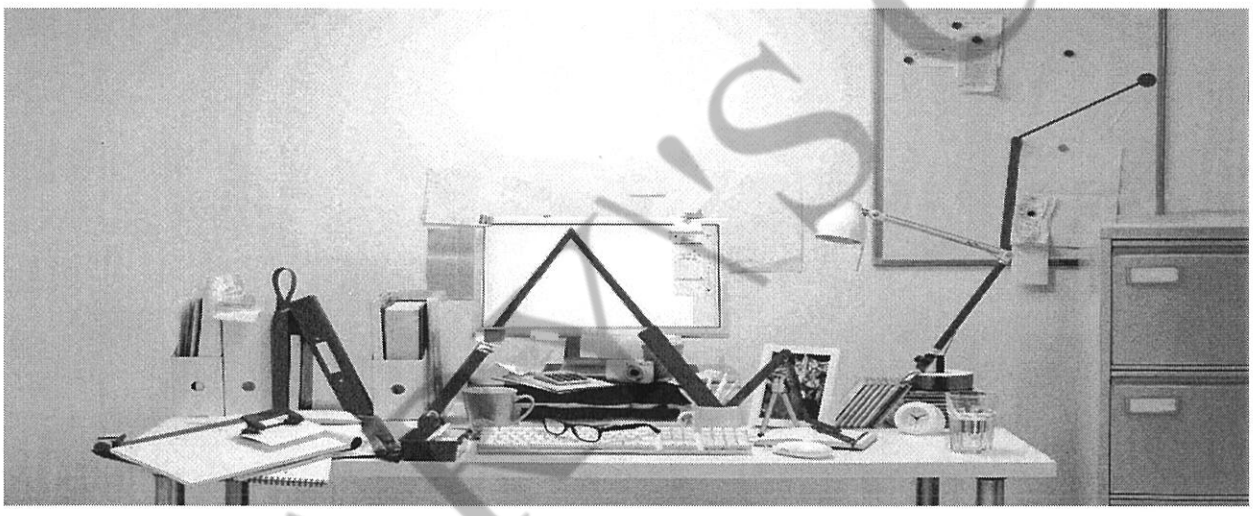
Please use the answer booklet provided.

ARTICLE

Harvard Business Review - Entrepreneurs and Founders

What the Lean Startup method Gets Right and Wrong
by Ethan Mollick

October 21, 2019



Summary. The Lean Startup approach was an instant hit in Silicon Valley, as startups embraced this new experimental ethos. Indeed, the evidence strongly suggests that startups should engage in experimentation along the lines pioneered by the Lean Startup.

When someone finds out that I am an entrepreneurship professor, they tend to either ask me to listen to their startup pitch, or else they look at me quizzically and say: "But I thought entrepreneurship was all about improvisation. How can you teach entrepreneurship?" As a result, I have heard a lot of startup pitches (last year was blockchain; this year was CBD) but I also have thought about how to answer the bigger question: what can we teach founders to make their startups more successful?

Fortunately, the last decade has given me a lot of valuable lessons I can share, and these lessons come from two different sources.

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The first was the rise of the Lean Startup Method, pioneered by Steve Blank and Eric Ries, and covered very ably by Blank in HBR six years ago. In short, the Lean Startup Method proposed that the key to a successful startup was to be biased towards action. Founders should start by understanding the assumptions behind their business using a Business Model Canvas, which requires founders to fill in nine boxes covering topics like "Value Propositions" and "Customer Segments." Founders turn the key questions they have about their business into testable hypotheses and then build fast and cheap Minimal Viable Products to test these hypotheses. If the tests show they are correct, great! But if not, they should pivot and change direction, modifying the product they are selling, or the market they are approaching, based on the feedback from their MVPs. They continue to explore combinations of product and market until they achieve product market fit with a demonstrated demand for their product.

The Lean Startup approach was an instant hit in Silicon Valley, as startups embraced this new experimental ethos. The method also proved to be relatively easy to teach, so it became a mainstay of startup accelerators and entrepreneurship classes everywhere. But Lean Startups were not the only big change in startup strategy of the last ten years, as another, quieter revolution was taking place. Academics, with access to better data, more sophisticated analysis techniques, and new approaches, have begun to crack the code of startup success. What was once conventional wisdom is now being tested. (Should startups always have cofounders? Are young people better founders?) And we have begun to learn some valuable things about the Lean Startup Method.

First, the good news! The evidence strongly suggests that startups should engage in experimentation along the lines pioneered by the Lean Startup Method. A group of Italian academics conducted a gold-standard randomized controlled experiment on 116 startups. Half of them were taught how to do rigorous experiments on their startup ideas, generating hypotheses and testing them systematically. The others were taught to do experiments but were not shown how to use the scientific method of hypothesis generation. The groups that acted like scientists did much better — pivoting more, avoiding problems, and ultimately generating higher revenues than the control group. Rigorous experimentation is clearly important to startup success.

However, other work has shown that there are aspects of the Lean Startup Method that may actually be harmful. In a new paper, a group of prominent entrepreneurship scholars identified two major issues with the approach:

1. Lean Startups push you to "get out of the office" and talk to customers as quickly as possible. But, in the words of Steve Jobs: "It isn't the customer's job to know what they want."

   The focus on getting fast feedback from customers to Minimal Viable Products makes startups prone to aim for incremental improvements, focusing on what customers want today, rather than trying to see ahead into the future. Additionally, a lot of research, such as that done by Clay Christensen on disruptive innovation, shows that novelty is often initially disliked by customers. Seeking external validation from early customers can thus be even harder if you have a breakthrough idea than if you have an incremental, but easily explained, product.

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2. This problem is compounded by the Business Model Canvas. While the questions the Canvas asks are useful —you should know who your customers are! — it doesn't ask the most important one: what is your hypothesis about the world based on your unique knowledge and beliefs? Filling out the nine boxes of the Canvas instead focuses you on what your startup looks like at the end of the process —when you have elaborate channel and supplier relationships, and so forth — but there is no roadmap to get to that end-state in the Lean Startup Method. Further, the detailed business elements of the Canvas obscure the actual insights that make your idea special. Take a look, for example, at the many examples of completed Canvases for LinkedIn, and you can see how none of them show the special insights into networking and resumes that made the company a hit. To generate your theory about why your startup is special, you should return to the scientific method. Begin by observing the world and use your observations to generate the theory about how you can change the world with your startup idea.

So, how do we keep the good aspects of Lean Startups without holding onto the bad? Another HBR article, from last year, offers one path. Joshua Gans, Erin L. Scott, and Scott Stern draw from the research on corporate strategy, and suggest a new, more effective approach to startup experimentation. They offer an approach that starts with a strategy — a theory about why your company is going to win — and, based on the choices founders make, suggests the right experiments to conduct. By returning power to the founders, rather than the customers, to develop key breakthrough insights, this approach has the potential to be the next step in the evolution of Lean.

With these new tools and evidence in hand, we really can teach people to launch more successful evidence-based startups.

Startups are not just based on gathering evidence, as in the Lean Startup Method, but also on the latest academic evidence on how to make entrepreneurs more successful.

Ethan Mollick is an associate professor of management at The Wharton School of the University of Pennsylvania.

QUESTION 1

Read the article **"What the lean startup method gets right and wrong"**, discuss and give examples of the key principles of Lean Startup methodology versus the traditional business planning as propose by Eric Ries.

Suggestion:

- Expected length: 800 to 1,000 words.
- Advisable to use graphical/diagram/chart, if applicable
- It is an essay/report and advisable that you have headings and sub-headings to clearly state your points and arguments.

(40 marks)

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SECTION B (Total: 60 marks)

INSTRUCTION: Answer ALL Questions.
Please use the answer booklet provided.

QUESTION 2

What types of information should entrepreneurs seek out before deciding on which foreign market to enter?

(15 Marks)

QUESTION 3

What factors should an entrepreneur consider when deciding on an entry strategy?

(15 Marks)

QUESTION 4

What are the three types of innovation? Give an example of each?

(15 Marks)

QUESTION 5

Explain "brainstorming" and list at least five of the guidelines for a successful brainstorming session

(15 Marks)

END OF EXAMINATION PAPER

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