



DIPLOMA UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DIPLOMA COMMON UNIT

DCU 108 : BUSINESS PLAN

DATE: 2ND APRIL 2026

DURATION: 2 HOURS

**MAXIMUM
MARKS: 70**

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **FOUR** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

NURTURING GROWTH: BUSINESS PLANNING FOR SMES IN KENYA

Small and Medium Enterprises (SMEs) play a critical role in Kenya's economy by creating employment, driving innovation, and contributing significantly to national output. Despite government support initiatives such as the Bottom-Up Economic Transformation Agenda (BETA) and alignment with Sustainable Development Goal 8, many SMEs continue to experience high failure rates within their first year of operation.

Common challenges include limited access to finance, regulatory compliance burdens, market competition, and slow adoption of technology. A well-developed business plan is increasingly viewed as a key tool for improving SME sustainability and long-term success.

Required:

a) Analyse five key challenges currently facing Small and Medium Enterprises (SMEs) in Kenya

(10 Marks)

b) Assess five ways through which Small and Medium Enterprises (SMEs) comply with legal and regulatory requirements when operating in Kenya **(10 Marks)**

c) Evaluate five ways in which Small and Medium Enterprises (SMEs) have incorporated technology to enhance business performance and sustainability

**(10
Marks)**

QUESTION TWO

An entrepreneur planning to start a retail business in Kenya is advised to analyse the business environment before investing capital.

a) Analyse five benefits of conducting a business environment analysis before starting a business

(6 Marks)

b) Assess four political risks that may affect business operations in Kenya

(4 Marks)

QUESTION THREE

Businesses operating in competitive markets must adopt appropriate pricing strategies to attract customers and maintain profitability.

a) Analyse five pricing strategies that businesses can use to gain competitive advantage

(6 Marks)

b) Apply the following terms within the context of a business plan:

i. Market

(1 Mark)

ii. Market share

(1

Mark)

iii. Promotion

(1

Mark)

iv. Target market

(1 Mark)

QUESTION FOUR

A newly registered business must comply with legal requirements while also motivating employees to improve productivity.

a) Justify five legal requirements necessary to operate a business in Kenya **(6 Marks)**

- b) Analyse four advantages of providing remuneration and employee benefits in a business

(4 Marks)

QUESTION FIVE

Efficient production and operational strategies are essential for businesses seeking to deliver quality products and services consistently.

- a) Evaluate five production and operations strategies that can enhance business efficiency

(6 Marks)

- b) Assess four regulations that may affect business operations in Kenya

(4 Marks)

QUESTION SIX

Business owners must monitor financial performance and identify potential risks to ensure long-term sustainability.

- a) Examine five types of profit ratios used to assess business performance

(6

Marks)

- b) Analyse four potential risks commonly faced by businesses

(4

Marks)