



GRADE 10 EXEMPLAR EXAMINATION
NOVEMBER 2006

BUSINESS STUDIES

MEMORANDUM

Time: 3 hours

300 marks

Section A: COMPULSORY

[40]

QUESTION 1:

Choose the correct alternative (9 x 2=18)

- 1.1 C Administrative function
- 1.2 B Develop a strategic, long term plan for the organization.
- 1.3 B Outsourcing
- 1.4 B Reporting on profits, the environmental impact of the business and social responsibility
- 1.5 B Human Resources department
- 1.6 C Risk taker
- 1.7 D Formal
- 1.8 A Gross profit less operating expenses
- 1.9 D 1 – 10 members

QUESTION 2:

Indicate whether the following statements are true or false. Correct the statement if it is false. If it is true it counts one mark, while the correction of an incorrect statement will be two marks. (17)

- 2.1 False. The financial department can't tell the purchasing department what to buy
- 2.2 True.
- 2.3 False. More job creation will lead to a better standard of living in general.
- 2.4 True.
- 2.5 True
- 2.6 False. The process of considering your personal goals and applying your time in the most productive manner is known as time management. (brain storming is sharing ideas).
- 2.7 True.
- 2.8 False. A balance sheet does not include expenses.
- 2.9 True.
- 2.10 True.
- 2.11 False. The retailer sells to the consumer while the wholesaler sells to the retailer.
- 2.12 True.

2.13 Link each of the following activities to a sector.

5

1	A man selling telephone calls on the street corner.	C – Tertiary sector
2	A man making components for a telephone	B – Secondary sector
3	A man selling telephones	C – Tertiary sector
4	The insurance agent selling insurance cover to Telkom	C – Tertiary sector
5	The mine providing the resources for manufacturing telephone lines.	A – Primary sector

SECTION B: COMPULSORY

[3 x 60 = 180]

QUESTION 3:

Data Response with reference to given Case Study.

Telkom Ltd firmly believes in balancing its vision of growth with the interest of its shareholders, employees, customers and the wider community.

- 3.1 JSE's Social Responsibility Investment Index ✓
 Telkom has created a social investment wing called The Telkom Foundation ✓
 which has invested R45 million during 2004 / 2005 in empowerment of women children
 and people with disabilities ✓
 as well as education and training ✓
Total = 3 (ANY 3 x 1)
- 3.2 Business has a social responsibility to help to develop communities ✓✓
 especially in a country such as SA where there is high unemployment. ✓✓
 Long-term it may also be to the advantage of private business to assist in the development of
 communities ✓✓ as this will lead to higher levels of skills, higher income and ultimately
 more spending power (ripple effect) ✓✓
 Private sector needs to enter onto partnerships with the government to develop
 infrastructure, e.g. built clinics for employees, schools because government does not have
 sufficient funds to do all this on its own. ✓✓(6)
Total 3 x 2 = 6 (ANY 3 x 2)
- 3.3 Use techniques such as brainstorming or mind mapping ✓✓ (8)
 Changing employees' perspectives on "limitations on products that can be
 offered" ✓✓
 Suggestion boxes ✓✓
 Training and education, e.g. playing association games in training ✓✓
 Exposure to different cultures to overcome old perceptions ✓✓
 Breaking old habits by "forcing" staff to do things in a new and creative manner to help
 them to consider new ideas ✓✓
 Encouraging and rewarding new and creative ideas to solve problems. ✓✓
 Any other valid suggestion ✓✓
Total 4 x 2 = 8 (ANY 4 x 2)
- 3.4 The South African market may have become saturated. ✓✓ (4)
 Limited competitors in other African markets. ✓✓
Total 2 x 2 = 4
- 3.5 The BoD is chosen by shareholders at the AGM (one vote per ordinary
 share). ✓✓
 The Directors on the Board may decide to delegate certain responsibilities to middle level
 managers ✓✓ but is ultimately responsible for the strategic management ✓✓ and
 LT vision of the business (responsibility cannot be delegated – only authority). ✓✓
 The BoD must report back to shareholders at the AGM on issues such as profits and
 suggested dividends. ✓✓ (6)
Total = 6 (ANY 3 x 2)

- 3.6 Landlines ✓ Mobile phones (through VODACOM), internet access ✓ (2)
Total = 2 (ANY 2 x 1)
- 3.7 Private sector. ✓ (1)
- 3.8 The case study states Telkom is a Public co managed by a BoD ✓✓
 Listed on JSE Profit orientation ✓✓
Total = 4 (ANY 2 x 2) (4)
- 3.9 Social responsibility, ✓✓ BEE ✓✓ (4)
Total = 4
- 3.9 Telkom had the opportunity to invest (become a shareholder) in related technology (cell phones). ✓✓ This has given customers an opportunity to benefit from Telkom's expertise in the tele-communication market. ✓✓ It also meant that there was a bigger barrier for MTN to enter the market as Vodacom had partial backing from Telkom. ✓✓ The fact that Vodacom already had mobile phone infrastructure in place allowed them the opportunity to negotiate a financial deal with Cell C to use this infrastructure at a cost while developing own infrastructure. ✓✓ (6)
Total = 6 (ANY 3 x 2)
- 3.11 Yes. ✓ Consider their position as the only landline operator (monopoly) and 50% of Vodacom it controls the market. ✓✓ Major employer. ✓✓
 Social investment wing (empowerment). ✓✓ Buying through black owned SMME's etc. ✓✓ (any 5)
- 3.12 To provide total communication solutions ✓ in a creative and innovative manner to ✓ meet or exceed customer expectations ✓ while emphasizing social responsibility ✓ with the view of empowering communities to become active and productive citizens of SA by 2015. ✓(5)
ANY OTHER VALID POINT !
Total = 5 (ANY 5 x 1)
- 3.13 BEE refers to Black Economic Empowerment ✓ but this concept has been replaced with BBBEE BROAD BASED Black Economic Empowerment. ✓ This was done because it was felt that co focus too much on sharing ownership with blacks ✓ and this unfortunately has often become window dressing (fronting). ✓ BBBEE now focuses on issues such as Balanced Scorecards ✓ and Industry Charters ✓ where points are allocated on issues such as training, procurement AND ownership of Blacks. ✓ This will hopefully then filter through to a more general Black empowerment ✓ rather than just the enriching of a few elites as critics have correctly pointed out has been the case thus far. ✓ (5)
ANY OTHER VALID POINT !
Total = 5 (ANY 5 x 1)
- 3.14 The Public co's shares may be traded on the JSE Ltd. ✓ (1)

AND

Question 4:

- 4.1 Explain the importance of the Administrative Department to Telkom as a major corporation. (8)
- **Collecting of data:** Different sources of data include: sales figures, advertising results, market surveys, questionnaires, minutes of meetings, company records, information recorded in trade journals and catalogues. ✓✓
 - **Processing of data:** Data should be recorded according to systems that works well for the business. Data is processed in three steps, namely input (recording of data), processing (analyzing, sorting and classification of data) and output (where the information is now presented in a suitable form). ✓✓
 - **Storing and updating information:** Most businesses use computers to record data and to process the data into meaningful information. Data should be updated on a regular basis to ensure correct information is given to management. The computer is a very handy tool to store the information. The information does not have to be retyped every time. ✓✓
 - **Presenting processed data / information:** Information should be presented in a form that makes it easy to understand and interpret. Information must always be correct and up to date to help management with good decision-making. In order to improve decision-making the information can be presented in a number of ways, e.g. charts, diagrams, tables. ✓✓
 - **Interpreting information:** The admin dept needs to look at information in order to help management identify trends (patterns). These trends can be used to base future decisions on.
Total = 8 (ANY 4 x 2)
- 4.2 Your personal assistant seems to never complete the tasks you have assigned to him. Write explanatory notes to advise him on more effective time management. (8)
- Prioritise your goals through a weekly plan and maybe a 'don't forget' list.
Focus on the important things that must be done.
Try to control stress levels as too much stress leads to less productivity. ✓✓
Try to control interruptions. ✓✓
Don't procrastinate. ✓✓✓
Develop a routine to eliminate delays while focussing on one task at a time. ✓✓
Monitor your progress towards your goals (deadlines) ✓✓
Learn to say "no" to others. ✓✓
Any other valid point!
Total = 8 (ANY 4 x 2)
- 4.3 In order to achieve success, Telkom's Board of Directors has to act as a team. (6)
- Discuss two principals you feel are important for effective teamwork. (6)
- Allow all members the opportunity to express new ideas to encourage creative problem solving ✓✓✓
Consult with all group members and allow group members to utilise individual strengths to the advantage of the group but also to learn from one another ✓✓✓
All must understand the goals and support each other to achieve these ✓✓✓
Trust one another and make sure resources are available and sufficient ✓✓✓
Total 2 x 3 = 6 (ANY OTHER x 3)

- 4.4 Turnover (and thus profit) increases as more goods can be sold to more customers. ✓✓
 The seller can often increase his selling price to compensate for the fact that he has to wait for his money and for the risk of bad debts. ✓✓
 Customers will come back again and again to buy on credit, i.e. gains goodwill and loyalty of customers. ✓✓
Total 3 x 2 = 6 (ANY OTHER x 2)
- 4.5 Give a definition of a *tender document*. (3)
 A tender is an offer ✓ to render a service or supply goods ✓ at a price offered by the person or business that submitted the tender. ✓
- 4.6 Micro environment (internal). (6)
 Vision and mission statement ✓
 LT Goals and ST Objectives ✓
 Resources (human resources, ✓, physical resources, ✓, financial resources, □ technological resources ✓)
 Management functions (marketing ✓, finance ✓, HR ✓, purchasing ✓, production ✓, admin ✓, PR ✓, and general management)
Total 6 x 1 = 6 (any 6)
- 4.7 Macro Environment (10)
 Technological environment (could be an advantage or threat and could include automation aspects, improved communication etc) ✓✓
 Economic environment (refer to impact of AIDS, inflation, unemployment etc)
 International environment (globalisation) ✓✓
 Social environment (social responsibility through education, job creation, health)
 Physical environment (conservation, pollution etc) ✓✓
 Institutional environment (Government operating on three levels) ✓✓
 Legal environment (BCE, BEE, UIF, LRA, OSHA etc) ✓✓
 Political environment (Still overcoming implications of Apartheid through BEE, issues surrounding who will be next president and economic implications this may have) ✓✓
Total 5 x 2 = 10 (any 5)
- 4.8 Name the 4 P's of marketing. (4)
 Product ✓
 Price ✓
 Place ✓
 Promotion ✓
Total 4 x 1 = 4
- 4.9 Give a definition for the term "contract". (3)
 An agreement ✓ between two or more parties ✓ that is binding by law. ✓
Total 3 x 1 = 3

- 4.10 Explain the difference between a lease and a hire purchase agreement. (6)
 Lease accounts: A business pays a monthly instalment for the use of a machine, but ownership is never transferred to the business. Leasing holds tax advantages for the business. ✓✓✓

Instalment sale transactions: Instalment sale contracts are usually used to buy machines/equipment or vehicles. A monthly instalment is made, which includes repayment of the capital amount and interest (finance charges). Should the account fall into arrears, the seller has the right to have the article (e.g. machine / vehicle) re-possessed. Ownership is only transferred on settlement of the account. The Credit Agreement Act stipulates the percentage deposit that has to be paid and the maximum repayment period. ✓✓✓

Total 2 x 3 = 6

AND

Question 5:

- 5.1 As the manager of the purchasing department, one of the team leaders in your department asks for your advice on how to handle the following situations:
 Suggest one way of handling each of the situations below.
- A A staff member complains that some of her duties are unpleasant. (2)
 Find out why the staff member finds the duties unpleasant – maybe because she does not know how to perform them (generally people don't like to do things they are not good at). If this is the case, we can provide her with training. If it is possible to accommodate her elsewhere, it may be considered. Alternatively point out that life is not always about doing the pleasant things, but rather what is expected.
- B A new member joins the team and does not communicate with other team members. (2)
 Provide induction to help the new member feel part of the team.
- C Team members feel they can't trust their team leader. (2)
 Find out what lead to this lack of trust. Honest communication and team building may be considered.
- D Most of the team members are part time employees and feel there is not enough job security. (2)
 Consider changing status to contractual workers and provide a six month / one year contract as this will provide some security.
- 5.2 Unemployment is a serious strain in the South African economy. Discuss any ONE entrepreneurial opportunity in your community that you have identified during the year that could be used to alleviate the problem. (8)

Teacher must refer to opportunities identified and discussed in the classroom or opportunities that the learner may be familiar with because it is part of the immediate environment.

5.3 Differentiate between fixed capital and working capital (use examples). (6)

Fixed capital: Fixed capital is tied up in fixed assets such as land & buildings, vehicles and equipment. ✓ Fixed assets remains permanently in the business with the purpose of earning income. ✓ A capital budget is used to plan fixed capital requirements. ✓ The capital budget is a long-term financial planning tool to determine capital expenditure over a period of time, e.g. land & buildings, vehicles and equipment to be purchased ✓

Total Any 1 x 3 =3

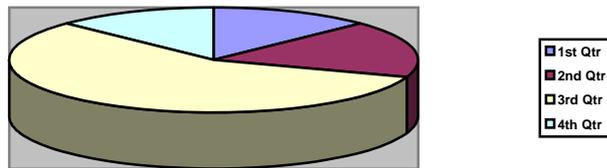
Working capital: Working capital is used to purchase stock, finance debtors debtor. ✓

The money can then be used to buy more stock. ✓ In short it can thus be said that working capital is used to cover the day-to day running of the business. ✓ A cash budget is a short-term financial planning tool ✓ used to determine when additional cash will be needed and when surplus cash will be invested. ✓

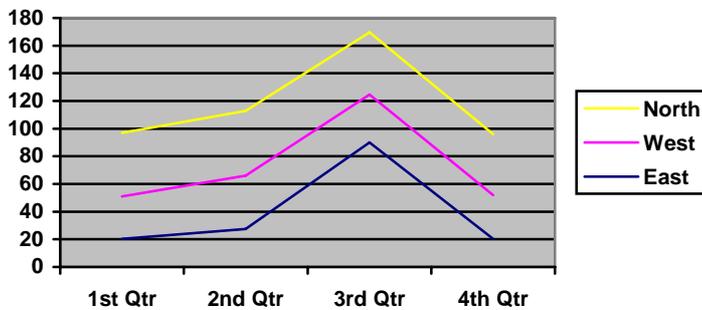
Total Any 1 x 3 =3

5.4 Name and illustrate two methods in which information can be presented to management to make the interpretation of the information easier. (8)

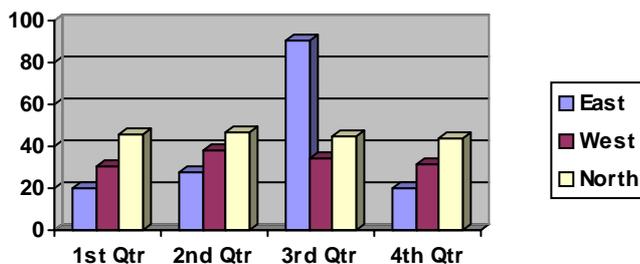
Pie charts



Line charts



Bar charts



Tables

Target market

	Male	Female
Under 18	53%	60%
Over 18	47%	40%

Total Any 2 x 4 = 8 (Two for naming and two for illustrations)

5.5 Name 4 external conditions (environments) that may affect the Market environment. (4)
 Consumers, ✓ Suppliers, ✓ Intermediaries in the distribution channel ✓ and competitors. ✓

5.6 Evaluate the advantages of cash trading (prepaid airtime) and credit trading (contract / account) for Telkom and the consumer. (12)
 Cash trading: The consumer cannot over commit himself. ✓ Telkom is also reducing it's risk of bad debt because payment is received upfront. ✓
 Contracts enable consumers to talk (phone) on credit and pay at the end of the month when they have money to pay, ✓ i.e. can talk during the month even if they don't have cash available to buy airtime. ✓ This enables Telkom to generate more income ✓ and will lead to customer loyalty. ✓
 Any other valid point!
Total Any 6 x 2 = 12

5.7 In order to succeed a business must be able to satisfy a customer's needs. Identify 2 levels of needs that Telkom satisfies and suggest why? (6)
 Safety need ✓ – can get in touch with help if one needs to. ✓✓
 Status needs ✓ – latest cell phone upgrade on the contract. ✓
Total 2 x (1 + 2) = 6

5.8 Explain FOUR requirements for a valid contract to be effected. (8)
 An offer must be made and another party must accept the offer (not necessarily in writing) ✓✓
 The offer must be discussed (negotiated) to ensure understanding of both parties. ✓✓
 The offer and acceptance of the offer must be regarding a legal issue, i.e. one cannot enter into a contract to break the law. ✓✓
 Both parties must have the legal capacity (legal persona) to enter into contracts. ✓✓
Total 4 x 2 = 8

SECTION C: LONGER TYPE QUESTION**CHOOSE 2 of 4 questions**

Answer either question 6 OR 7 AND either question 8 OR 9.

Question 6: LO 1/3 = 20 LO 2 = 14 LO 4 = 6

6.1 Prejudice:

Prejudice can lead to conflict if not overcome through management guidance. ✓✓

Be open and don't deny the problem exists. ✓✓

Educate staff members on how the virus is transferred. ✓✓

Provide condoms, Anti Retroviral Drugs, other medical care to help employees stay healthy as long as possible. ✓✓

Community involvement on a larger scale than just in the organisations to change perceptions ✓✓

Total 5 x 2 = 10 (ANY OTHER x 2)

Impact on labour:

People fall ill and this results in lower productivity if workers can't work to their full capacity or when they stay of work. ✓✓

Children often loose out on education (another unskilled generation) because they have to stay home to take care of family members. ✓✓

Medical aid costs also increases. ✓✓

Government has to spend large amount of money on Aids-drugs and to employ more doctors / nurses. ✓✓

A very important aspect of the Aids-crisis is that trained and experienced workers die from the disease and it costs a lot of money to re-train workers. ✓✓

Total 5 x 2 = 10 (ANY OTHER x 2)

6.2 The applicant submitted a complete business plan before the state would consider granting a licence for a new Landline operator. Explain the purpose of a business plan and discuss at least THREE points to be covered in a business plan. (14)

In order to start a business, the entrepreneur has to compile a business plan. The entrepreneur uses the business plan to organize his own thoughts on what he wants to achieve and how he plans to achieve it. ✓ The business plan is however also used to convince other people of the profitability of the business (e.g. to invest in the business or to get finance from the bank). ✓

Total 2 x 1 = 2

Introduction – This is used to get the attention of the reader and to get him interested enough to ensure he keeps reading:

- The name and contact details of the owner
- The name of the business
- Banking details
- The type of business (e.g. product or service to be offered)
- Form of Ownership (e.g. Sole trader, Partnership, CC, Private or Public company)
- Vision, mission and goals of the business. This will include the reasons why the entrepreneur believes his plan will be successful.

The Business Plan in detail:

- General details on the business (including the location of motivation for the location).
- Description of the business including a detailed description of the product / service.
- The business concept (What makes the product / services / idea special)
- Target market (Based on market segmentation, e.g. age, gender, income etc)
- Needs analysis survey (Tables and graphs showing the conclusions of research)
- Competitive advantage (position in the industry)
- Suppliers

The Financial Plan: (Profits and Profitability)

- Start up costs
- Total capital needed
- Sources of capital (Own or borrowed capital)
- Profit projection (Income statement, Cash flow projections)
- Balance sheet (if already existing business)

Production Plan:

- Input and output projections
- Quality and quantity forecasts
- Strategy to improve the efficiency of the business
- Production cost statement

The Marketing Plan:

- Target market
- Marketing mix (Product, price, distribution and marketing communication)
- SWOT-analysis

HR-Structure:

- Number of employees needed
- Skills needed
- Remuneration costs to business
- Vacant positions and recruitment procedures

Conclusion:

- Conclude on a positive note, e.g. restate the competitive advantage, the vision and mission.

Total THREE sections 3 x 4 = 12

- 6.3 Give an example of the different levels of management in Telkom and the type of decisions taken at each level. (6)

Top management: BoD, CEO ✓

Long term and strategic decisions, non-routine and futuristic. ✓

Middle level management: Functional managers ✓

Medium term, tactical decisions. Helps to implement strategy formulated by top management. ✓

Lower level management: Supervisors. ✓

Short term, routine (operational) , day-to-day decisions. ✓

Total 3 x 2 = 6

OR

Question 7: LO 3 = 10 LO 2 = 10 LO 1 = 10 LO 4 = 10

“Considering the fact that a second landline operator will soon enter the South African market, Telkom believes skilled and motivated staff members can provide them with a competitive advantage in the market place and ensure that they keep their market share.”

- 7.1 Assist the HR department of Telkom to devise strategies to get staff members involved in a program of self-management that will eventually lead to self-development. (10)
 Help staff to develop skills such as self-assessment, self reflection, self confidence, time management. ✓✓
 Self-management means staff take control of their lives ✓✓ use existing skills to promote themselves and career opportunities. ✓✓
 Do a personal SWOT analysis in order to identify weaknesses to gain training that will change these weaknesses into strengths. ✓✓
 Incentives for staff (performance and development bonuses) ✓✓
Total 5 x 2 = 10 (ANY OTHER x 2)
- 7.2 Draw up a simple SWOT analysis which will assist Telkom in planning for the entry of this new competition. (10)
 Strengths ✓. First movers are better remembered in the market ✓✓
 Weaknesses ✓. Perception that Telkom has been exploiting customers because of their monopoly ✓✓
 Opportunities □ Can negotiate with the Second Land line operator to allow the new operator the use of Telkom’s infrastructure ✓✓
 Threats ✓. Losing customers to the second operator ✓✓
 ANY OTHER VALID POINTS
Total = 10 (4 x 1) + ANY OTHER 6
- 7.3 More infrastructure is required, so more jobs created. ✓✓
 Skills development ✓✓ to enable the second operator to function – any skills development is beneficial to the economy as people leaving the employment later are in a better position to create own jobs. ✓✓
 Jobs are not just created in the second operator’s business, but it has a spill-over affect ✓✓. e.g. selling more telephone instruments at Game will increase the demand and therefore lead to secondary jobs being created. ✓✓. Same applies in terms of service support. ✓✓
Total 5 x 2 = 10
- 7.4 Purchasing and Marketing departments submit budgets for their departments to finance department explaining how much and for what they need money. ✓✓
 Finance department evaluate request and allocate a budget to each department. ✓✓
 Purchasing department has to buy the correct quality products ✓✓ to enable marketing department to sell to the target market at a reasonable price ✓✓
 If marketing department does not sell no money will be generated and their wont be a budget (or business) next time. ✓✓
Total 5 x 2 = 10 (ANY OTHER x 2)

AND

Question 8: LO 4 = 16 LO 2 = 24

8.1 A new principal has just been appointed at your school but he has not yet met all the staff. He has asked the vice principal to write a report to help him to understand the role of the different staff members at the school. Unfortunately the vice principal fell ill and you have been asked to complete the report to the new principal.

Mrs Xhaba was the previous principal but has retired at the age of 65. There are two vice principals that reported to her. Ms Jackson is the vice principal in charge of sport and cultural activities while Mr Naidoo is in charge of academic matters.

The school employs three soccer coaches. One of them, Sam McCarthy takes responsibility for all soccer related issues. Students from the local university coach the netball teams. Mary Wills is the netball manager.

There are 17 full time teachers at the school. Ten of them teach different languages and the HOD (Head of Department) of Language is Tracy Tromp. Greame Gugu is the HOD of all Commercial subjects such as Business Studies, Accounting and Economics and has four teachers reporting to him. As with all the other HOD's, the HOD for Math and Science, Pamela Plank reports directly to Mr Naidoo. Mrs Plank has two other teachers in her department.

Use the above scenario to differentiate between different management levels, the role of each and their decision making in your school. (16)

Top management: Headmaster / Principal ✓

Long term and strategic decisions, non-routine and futuristic. ✓✓

	Top management
Planning	To a large degree
Organising	Medium
Leading	To a lesser degree
Control	To a lesser degree

✓✓✓✓

Middle level management: Vice principal ✓

Medium term, tactical decisions. Helps to implement strategy formulated by top management. ✓✓

	Middle management
Planning	Medium
Organising	To a large degree
Leading	Medium
Control	Medium

✓✓✓✓

Lower level management: HOD's ✓

Short term, routine (operational) , day-to-day decisions. ✓✓

	Lower level management
Planning	To a lesser degree
Organising	Medium
Leading	To a large degree
Control	To a large degree

✓✓✓✓ (any 16)

8.2 “Your business studies class has been asked to submit a tender for the running of the school tuck shop. The tuck shop supplies snacks, sweets, cold drinks, chips and light meals such as toasted sandwiches, hotdogs, hamburgers etc. You would have to employ at least one person to do the preparation of food. The school would want to receive some profit share. The accounting teacher would act as the auditor. “

You have been tasked to draw up a simple business plan. Include at least FIVE important areas to be included in a business plan. Also refer to a suitable financial strategy. (24)

Rubric for business plan (BP)

Criteria	4	3	2	1	Weight	Mark
Learner identifies the areas to be included in the BP	5 main areas of BP are correctly identified	4 main areas of BP are identified	3 main areas of BP are identified	1 or 2 areas of BP are identified	X 1	
Learner displays understanding of information included in each area	A thorough understanding of the information (facts) for each area is displayed	A good understanding of information (facts) for each area of the BP is displayed	A basic understanding of information for each area of the BP is shown	Little or no information (facts) given for each area of the BP	X2	
Learner is able to relate the business plan to the tuck shop	An excellent link of facts (of the BP) with the tuck shop is made	A reasonably good link between the BP facts and the tuck shop is made	Some attempt is made to link the BP facts and the tuck shop	Very little attempt to link the BP facts and the tuck shop is made	X2	
Overall design – logic, insight, knowledge	Excellent factual knowledge and good indication of logical approach and insight	Good factual knowledge and reasonable indication of logical approach and insight	Mainly knowledge with limited insight and logic	Limited Knowledge only	X1	
				TOTAL	/24	
				DIVIDE TOTAL by 2 to give a MAX of 12		

The answer may include some of the following:

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- The type of business (e.g. product or service to be offered)
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The Business Plan in detail:

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- Competitive advantage (position in the industry)
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Production Plan:

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The Marketing Plan:

- Target market
- Marketing mix (Product, price, distribution and marketing communication)
- SWOT-analysis

HR-Structure:

- Number of employees needed
- Skills needed
- Remuneration costs to business
- Vacant positions and recruitment procedures

Conclusion:

- Conclude on a positive note, e.g. restate the competitive advantage, the vision and mission.

CHECK LIST FOR FINANCIAL STRATEGY:

ANY 5 CRITERIA	Mentioned – Yes (1 mark)	Explaining impact on the tuck shop (2/3 marks)	Motivating / justifying a choice of financing for the tuck shop (4/5 marks)	MARKS
Sources of financing e.g. own / borrowed				
Discussion on the management of the finances i.e control of money, payment for stock ,repayment of debt etc				
Cash vs Credit sales				
Pricing strategy i.e. how is price, mark up determined?				
Financial plan of BP.				
Auditing etc				
			TOTAL	
			DIVIDE TOTAL by 2 to give a MAX of 12	

* logical answer *

OR**Question 9:** LO 2 = 40

Using one of the business ideas you have discussed or investigated in business studies this year as a basis:

- Discuss the factors which would influence the location of your business and
- Do an in depth SWOT analysis for the business. (40)

Location Checklist:

(18)

	Mentioned – Yes (x1)	Illustrating how this aspect can impact on business location (x1)	Motivating / justifying a particular location in relation to the chosen business venture (x1)
Zone has to have business rights			
Cost aspects: Buy / Rent premises Rates & Taxes in area			
Safety & Security Staff Customers			
Location impacting on business image			
Customer foot traffic for retailing vs. not an issue for manufacturer			
Location in relation to your target market			

Location in relation to suppliers / source of raw material			
Location in relation to competitors			
Convenience factors e.g. parking available			
Any other valid points (add here)			
TOTAL (Max 6 x 3 each)			

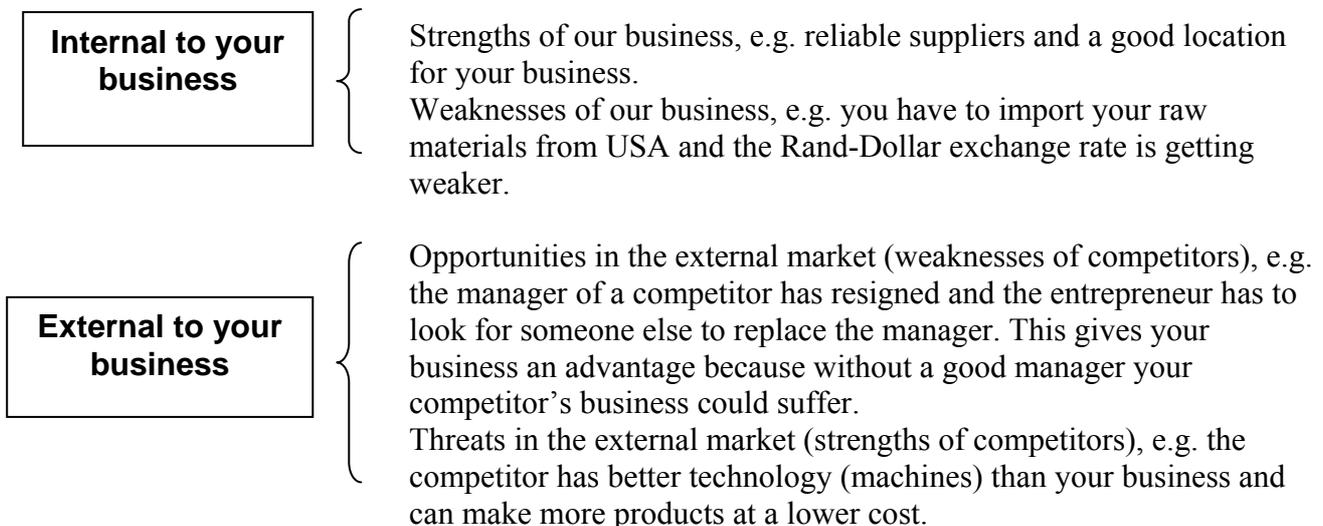
Points that may be considered include:

Location of the business:

- Make sure your business is in a zone that allows for businesses to trade from.
- How far will you be from the raw material / market? It will depend on the business which is more desirable to be closer to.
- If you need specialised skills, are they available in the area where you want to locate or what premium would you have to pay employees to relocate to this region?
- Where are you located in relation to your competitors?
- Cost refers to issues such as the rent in a particular area but also to factors such as rate and taxes in the area.
- Convenience - Is it easy to find and will there be parking close by?
- Safety for both customers and employees (which part of town). Safety issues will also impact on your insurance premiums.
- Is the location accessible to suppliers to deliver to the business?
- The part of town also impact on the image you would like to create for your business.
- If you start a retailer or restaurant high volumes of traffic may be desirable. But not if you start a spa where you want peace and quiet for your customers to relax.
- Is the area of the business heavily dependent on seasonal issues such as holiday makers?
- Any other valid issue.

SWOT-analysis: (use the given rubric)

A SWOT analysis can be undertaken to determine the Strengths, Weaknesses, Opportunities and Threats in the internal and external environment.



SWOT Rubric: (22)

LEVEL	Description	Marks
7	Learner has analysed the impact of changes in INTERNAL or EXTERNAL environment and recommended strategies to deal with changes through a SWOT analysis.	18 - 22
6	Learner is able to predict what the impact will be on the business when weaknesses are turned into strengths and / or when threats are eliminated.	16 - 17
5	Learner is able to analyse weaknesses and explain a strategy to overcome the weakness and analyse Threats and explain a strategy to eliminate these.	14 15
4	Learner can apply the theory of a SWOT analysis to illustrate how the business can use SWOT to construct an elementary business plan.	11 - 13
3	Learner has distinguished between the INTERNAL and EXTERNAL environments and can explain why the examples given fit into either INTERNAL or EXTERNAL environment.	9 - 10
2	Learner has stated SW falls in INTERNAL and OT in EXTERNAL environment with at least <u>THREE</u> correct examples of S, W, O or T.	8
	Learner has stated SW falls in INTERNAL and OT in EXTERNAL environment with at least <u>TWO</u> correct examples of S, W, O or T.	7
1	Learner has added the concepts INTERNAL and EXTERNAL environment but has confused the classification of SW in INTERNAL and OT in EXTERNAL environments. At least one example given of a S, W, O or T.	5- 6
	Learner has added the concepts INTERNAL and EXTERNAL environment but has confused the classification of SW in INTERNAL and OT in EXTERNAL environments.	4
	Learner has mentioned a SWOT analysis looks at Strengths, Weaknesses, Opportunities and Threats (or listed at least some of these concepts). No examples of what is classified as a S, W, O or T.	1 - 3

Possibly Strengths of our business, e.g. reliable suppliers and a good location for your business.

Possible Weaknesses of our business, e.g. you have to import your raw materials from USA and the Rand-Dollar exchange rate is getting weaker.

Possible Opportunities in the external market (weaknesses of competitors), e.g. the manager of a competitor has resigned and the entrepreneur has to look for someone else to replace the manager. This gives your business an advantage because without a good manager your competitor's business could suffer.

Possible Threats in the external market (strengths of competitors), e.g. the competitor has better technology (machines) than your business and can make more products at a lower cost.

The teacher has to mark this question with reference to business ideas investigated during the year.