

**ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N6****EXAMINATION PAPER****TIME: 1½ hour MARKS: 50****FIRST PAPER****INSTRUCTIONS AND INFORMATION**

- Answer ALL the questions.
- Read ALL the questions carefully.
- Number the answers according to the numbering system used in the examination paper. Write neatly and legibly.

**SECTION A****QUESTION 1**

- 1.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.1.1-1.1.10) on the ANSWER SHEET.
- 1.1.1 A merger takes place when a large company buys out a smaller company.
- 1.1.2 A SWOT analysis refers to an analysis of a company's strengths, weaknesses, opportunities and threats.
- 1.1.3 Exchange rates refer to the rate at which the currency unit of one country may be exchanged for that of another country.
- 1.1.4 When identifying the primary economic features of a specific industry, the number of competitors and their relative size is not seen as a dominant economic characteristic.
- 1.1.5 A disadvantage of franchising is that the franchisee has access to and use of the franchisor's patents, trademarks, copyrights, trade secrets and any secret formulae or processes.
- 1.1.6 Intrapreneurs are employees who apply their entrepreneurial skills in an existing business.
- 1.1.7 A contractor takes responsibility for a specific job and has control over the contract
- 1.1.8 Developing a vision and a mission is part of the strategic planning of a business.
- 1.1.9 End-run offensives are a strategy used to protect competitive advantages.
- 1.1.10 An increase in sales is an indication that a business is ready for growth.

(10 × 1) [10]

### QUESTION 2

Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–F) next to the question number (2.1–2.6) on the attached ANSWER SHEET.

COLUMN A	COLUMN B
2.1 This strategy is followed when a company selects a specific market segment where buyers have a specific preference.	A. Block competitors' offensive
2.2 A company can broaden its product line to fill niches in the market.	B. Differentiation strategy
2.3 Use accounting techniques to obscure the real financial status of the business.	C. End-run offence
2.4 Companies will try to keep their costs lower than that of competitors in order to gain a cost advantage.	D. Focus strategy
2.5 The aim of this offensive is to get the advantage of being first in a new arena and to force competitors to try and catch up with you.	E. Hide true profitability
2.6 When using this strategy, the business has created value that can be reflected in a higher selling price for the product or service.	F. Low cost strategy

(6 × 2) [12]

### QUESTION 3

- 3.1 Name any FOUR competitive forces (Porter) identified in completing a competitive analysis. (4 × 1) [4]
- 3.2 Give FOUR reasons why strategic planning is important. (4 × 1) [4]
- 3.3 Name any FOUR techniques that can be used to generate ideas on how to solve a problem. (4 × 1) [4]
- 3.4 List FOUR advantages of consultancy. (4 × 1) [4]
- 3.5 Compare domestic marketing with international marketing by listing TWO characteristics of each. (4 × 1) [4]

[20]

### QUESTION 4

Define the following terms:

- 4.1 Mission statement
- 4.2 Franchising
- 4.3 Part-time entrepreneur
- 4.4 Driving forces (4 × 2) [8]

**TOTAL: [50]**

**ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N6**  
**EXAMINATION PAPER**  
**TIME: 1½ hour MARKS: 50**

**FIRST PAPER**

**MEMORANDUM**

**SECTION A**

**QUESTION 1**

- 1.1    1.1.1    False  
          1.1.2    True  
          1.1.3    True  
          1.1.4    True  
          1.1.5    False  
          1.1.6    True  
          1.1.7    True  
          1.1.8    True  
          1.1.9    False  
          1.1.10   True

(10 × 1) [10]

**QUESTION 2**

COLUMN A	COLUMN B
2.1 This strategy is followed when a company selects a specific market segment where buyers have a specific preference.	D. Focus strategy
2.2 A company can broaden its product line to fill niches in the market.	A. Block competitors' offensive
2.3 Use accounting techniques to obscure the real financial status of the business.	E. Hide true profitability
2.4 Companies will try to keep their costs lower than that of competitors in order to gain a cost advantage.	F. Low cost strategy
2.5 The aim of this offensive is to get the advantage of being first in a new arena and to force competitors to try and catch up with you.	C. End-run offence
2.6 When using this strategy, the business has created value that can be reflected in a higher selling price for the product or service.	B. Differentiation strategy

(6 × 2) [12]

**QUESTION 3**

- 3.1 Any four:
- Threat of new entrants
  - Substitute products
  - Power of suppliers
  - Power of buyers/customers
  - Rivalry among competing sellers

3.2 Any four:

- Providing better guidance to the whole company on what it is doing and trying to achieve.
- Making managers more aware of changing conditions and new opportunities and threats in the business world.
- Giving managers a tool to evaluate competing budget requests in the business.
- Helping to combine all the different strategy-related decisions across the company.
- Creating a more proactive management approach.

(4 × 1) [4]

3.3 Any four:

- Reverse method
- Generating of alternatives
- Brainstorming
- Challenging assumptions
- The 'why' technique
- Suspended judgement
- Fractionating/Fractioning

(4 × 1) [4]

3.4 Any four:

- challenging career
- varied work assignments
- you can employ your skills, talents and abilities to the fullest
- you don't have to follow an 8-to-5 routine
- the satisfaction of helping others and seeing the fruits of your labour can be very rewarding
- it can also be very rewarding financially
- exciting opportunities may open up for the consultant (e.g. top positions in the firms of clients).

(4 × 1) [4]

3.5 Any two characteristics of each:

Domestic marketing	International marketing
Marketing activities is one country	Marketing activities in multiple countries
Very familiar with the country and its people, characteristics, humor, languages, cultures and values	Unfamiliar market makes marketing activities very difficult
More control over marketing activities because of familiarity	Less control over marketing activities due to unfamiliar market
Domestic marketing	International marketing
One currency	Multiple currencies
Requires less capital outlay	Requires huge capital outlay
Lower risk factor	High risk factor
Market research required	In-depth market research required about the foreign market

(4 × 1) [4]  
[20]

#### QUESTION 4

- 4.1 **Mission statement** – A company's mission is the vision an owner has of what his or her business is trying to do or want to become in the future.
- 4.2 **Franchising** – Can be defined as the marketing system which revolves around a mutual agreement whereby one party is granted the privilege of conducting business as an individual business owner but is required to operate according to certain methods and terms specified by the other party.
- 4.3 **Part-time entrepreneur** – Is a person that starts a part-time business in their free time in the evenings and over weekends.
- 4.4 **Driving forces** – These are forces that bring about change in an industry, that requires a strategic response from companies (in order to adapt to changes). The driving forces have the biggest influence on the kind of changes that will take place in an industry and its environment.

(4 × 2) [8]

**TOTAL: [50]**

**ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N6**  
**EXAMINATION PAPER 2**  
**TIME: 1½ hours MARKS: 150**

**SECOND PAPER**

**INSTRUCTIONS AND INFORMATION**

- Answer any THREE of the four questions.
- Read ALL the questions carefully.
- Number the answers according to the numbering system used in this question paper.
- Start each question on a NEW page.
- Marks will not be allocated for copying directly from the textbook.
- A systematic presentation of facts is required.
- Write neatly and legibly

**SECTION A**

**QUESTION 1**

Read the following case study and then answer the questions.

**Meet the young fruit exporter cracking global markets**

**A chance encounter almost four years ago transformed the life of Ikarabele Legae (26) from Diepkloof in Soweto. Today his fruit export business is making inroads in markets across the globe.**

At the time, Legae had just moved from China to Cape Town. A scholarship which enabled him to pursue a degree in international business and trade at the ShanghaiJiao Tong University had fallen through, closing that path to him.

A disappointed Legae started thinking of business ideas and decided to start a tech company in 2016.

“I had a friend in china who used to translate content for a portal called Progress Report. He used to take English trade data and translate it into Chinese. So, what I realised from his work at the time was that South Africa didn’t necessarily have the right trade access into China. So, I created my tech company to connect Chinese suppliers of farming machinery with South African farmers.” He says.

Six months into his business it failed because, he says, he didn’t have a clear framework of where he wanted the business to go. In November of the same year, he had a meeting with his developer in a coffee shop in Cape Town to try and salvage his business.

Fortunately for him he encountered a South African vegetable exporter who helped change his future.

**Encounter with fruit exporter that changed his life.**

“I was in a meeting in a coffee shop with one of my developers. Seated at the table next to me was a white woman and a white guy. These guys were laughing and having a good time and the whole coffee shop was watching them. I too got distracted and started staring at them”.



Ikarabele Legae (26) from Diepkloof, Soweto, runs a fruit export business called Humble Fruit in Johannesburg.

I heard their conversation, and they were chatting about exporting tomatoes from South Africa into Zambia because there had been a tomato shortage in Zambia at the time. I was like, this is absolutely the coolest thing I've ever heard and remembering the stuff that I learned from the progress report I was like, this is what I want to do."

Legae approached the pair, greeted them and told the man, who introduced himself as Patrick Hughes, that he wants to do what they are doing. He proceeded to ask for his business card and Hughes said he was quite rude for listening in on their conversation but commended him for his bravery.

He gave Legae his business card. Legae then pestered him for weeks until he agreed to have a beer with him.

"He told me he had a company called Regent Produce South Africa based in Durbanville that exported fruit and vegetables to global markets. He also had a stake in a farm in Egypt where he was importing garlic into South Africa to service the bid retail companies.

"He told me what equipment I needed to buy to get my business off the ground and I left Cape Town to officially start my Humble Fruit business in Johannesburg in 2017."

### **Starting his own fruit business in Jozi**

Legae says he had no experience and over the next couple of months he would visit the Joburg market to buy fruit and he would take four taxis from Soweto each morning to sell his produce in town.

The following year he decided to scale up his fruit selling business and look into exporting to global markets.

**"At the time, there hadn't been any black exporter in South Africa at all and I thought, well, commercially there's a way to drive this story."**

"I could act as a middleman and connect South African fruit growers with retail companies abroad," he says.

Fortunately for him he had contacts and networks from China and his clientele grew from there.

"I would tell my clients that I have this particular fruit, it is not the best quality but it's getting there. I would ask them would you be able to pay us a premium for this fruit and will you be able to pay us earlier than you pay anyone else?"

Legae says his clients would agree because they are not just market oriented, they are willing to go the extra mile to market this fruit and to get South African fruit producers exposure into the EU market.

Once his clients agree he would go back to the growers and say "we have got these buyers who are willing to pay your earlier. They are willing to pay you a premium for your fruit, but you don't have to pressure of producing the highest quality fruit."

Legae has been running Humble Fruit for the past three years. He also became a member of the Fresh Produce Exporters Forum (FPEF) in 2019, aimed at developing black exporters and producers to be globally competitive by providing exposure to the technical aspects of fruit trade in 2019.

As a transformation representative at the forum, he has assisted in drafting the fruit SA strategy on the future of black producers and exporters in the SA fruit value chain.

**Source:** <https://www.foodformzansi.co.za/meet-the-young-fruit-exporter-cracking-global-markets>

- 1.1 Explain FOUR factors which may encourage Ikarabele Legae to export his fruit to countries in Europe. (4 × 2) (8)
  - 1.2 Explain any FOUR factors that may discourage Ikarabele Legae from exporting his fruit to countries in Europe. (4 × 2) (8)
  - 1.3 What kind of assistance can Ikarabele Legae expect from the South African Government (DTIC) if he exports his fruit to countries abroad? (4 × 2) (8)
  - 1.4 Ikarabele Legae plans to grow his business, Humble Fruit, internally. Discuss THREE ways in which he can achieve internal growth. (3 × 2) (6)
  - 1.5 Explain FOUR ways in which Ikarabele Legae can obtain a competitive advantage for his business, Humble Fruit. (4 × 2) (8)
  - 1.6 How can Ikarabele Legae use 'guerilla offensives' as a strategy to secure his competitive advantage? (2 × 2) (4)
  - 1.7 How can Ikarabele Legae use 'block competitors' offensives' as a strategy to protect his competitive advantage? (4 × 2) (8)
- [50]**

## QUESTION 2

### CASE STUDY

Chris Paul, owner of 'The Crown', a well-established restaurant in Khayelitsha, decides to emigrate to Rwanda. He wants to sell his restaurant. The staff has indicated that they would like to stay on and work for the new owner. The restaurant is very popular with the locals as well as tourists visiting the township. It is situated in the centre of Khayelitsha and provides live bands for entertainment over weekends and on Wednesdays. The Crown is open every day of the week from 12:00 until 24:00.

The assets of the restaurant amounts to R400 000. The liquidation value is R320 000. The net profit is as follows: R200 000 for Year 2019, R180 000 for Year 2020 and R220 000 for Year 2021. He gets 15% interest on investments. The salary of the owner-manager for a similar business is R100 000.

- 2.1 Calculate a fair price for 'The Crown'. (26)
  - 2.2 State any FOUR advantages for a potential buyer when buying an existing business, by referring to 'The Crown'. (4 × 2) (8)
  - 2.3 Explain how new management can manage resistance to change from staff if they decide to change the working hours to 8:00 until 24:00 every day of the week. (4 × 2) (8)
  - 2.4 Chris Paul is considering the option of becoming a consultant for small businesses once he has emigrated to Rwanda. Give reasons why you think that he would be able to perform the functions of a consultant. (4 × 2) (8)
- [50]**



**QUESTION 3**

KAUAI started a healthy food revolution 24 years ago and you have been part of this journey. But the Covid-19 pandemic has shown us that we still have work to do in getting more South Africans to join the healthy food revolution. We have some of the highest rates of obesity and type 2 diabetes in the world – and these underlying conditions, have contributed to South Africa ranking in the top 10 of Covid-19 cases globally.

One thing that has been highlighted for us in particular is simply that the ‘normal’ we knew, wasn’t normal at all. It was abnormal. From how we approach food and health, to the state of our planet and our failure to protect our women and children; many of our society’s abnormal ills have been allowed to become “normal”. Together we have the chance to rethink, to make a change, to say, “We’re not going back to that abnormal” and to create a new, healthier normal that we can all be proud of. One where we take care of ourselves and each other, where we respect the planet and build new, better habits that serve us all.

In 2019 Kauai decided to go global. Then, 23 years later, and with 150 stores in South Africa (and three across Namibia and Botswana) it was time to take the Kauai goodness way out of town.

So, packed with a plucky plan to plant Kauai freshness wherever good food fans needed it most, we went looking for the best partners in the best places. The bad news? We all need new passports and those queues are the worst. The good news: we’ve picked up a bit of Thai and Dutch... Since then Kauai is available in Thailand as well as the Netherlands.

- 3.1 Explain the benefits for the business, Kauai, when staff are promoted to the position of a manager. (2 × 2) (4)
- 3.2 Name the type of franchise that Kauai is. (2)
- 3.3 Name the industry of which Kuauui is part. (2)
- 3.4 Discuss the advantages for the franchisee/franchisor of buying a Kauai franchise. (4 × 2) (8)
- 3.5 ‘we went looking for the best partners in the best places’
  - 3.5.1 Give the name of the offensive strategy that Kauai used. (2)
  - 3.5.2 Motivate your answer in QUESTION 3.5.1. (2 × 2) (4)
- 3.6 Explain what is meant by “We’re not going back to that abnormal” as mentioned in the case study. (2 × 2) (4)

[50]

**QUESTION 4****Thulani Mguda: From Humble Beginnings To Co-Founding A Fine Dining Restaurant In Gugulethu**

*Orgasmic Gawulo* is a fine-dining restaurant in the heart of Gugulethu, founded by Thulani Mguda and Tumi Mayenge (a qualified chef) through love, sweat, and tears. Two years ago, they embarked on the journey of their lifetime, with a vision to bring money back into the township, and uplift their community.

*Orgasmic Gawulo* infuses fine-dining with Gugulethu street food to educate the community about food, and food lovers about Gugulethu.

Thulani's story is one of trials and tribulation with a thread of hope and vision running through every word he speaks. For Thulani, furthering his education was not an option, so his only way to break the cycle of poverty in his family was to start a business. His vigour to fight for the survival of *Orgasmic Gawulo* is what makes Thulani a genuine Heavy Chef Champion.

Fine-dining meets Gugulethu street food...

Chef Tumi then started teaching Thulani what he knew. They started off small by running a catering truck and doing functions around the city, until they decided to expand and started renting a small space from "H&M Gugs", a favorite lounging place in Gugulethu, which is now home to their outlet.

Orgasmic Gawulo has already made a name for itself within Gugs and surrounding neighbourhoods. Often hailed as the township version of Primi, it is easy to see why it has received so much traction. This unique restaurant is the first of its kind, not only in the immediate community, but in townships across Cape Town.

When deciding on the menu the two men opted for meals that would cater to everyone, appetizing food that would appeal most especially to the locals. They also made sure to do some research as to what people were interested in and what they would like to eat. Thulani highlighted that everyone loves their current dishes. "Our angle to food is a bit different to what has been done in the township before", he said.

One aspect they put a lot of emphasis on, is the presentation of their food, as we are taught presentation is everything and this also keeps customers intrigued with this place.

#### Sources:

- <https://heavychef.org/all-articles/2019/7/5/thulani-mguda-from-humble-beginnings-to-co-founding-a-fine-diningrestaurant-in-gugulethu>
- <https://www.food24.com/this-dynamic-duo-is-quickly-taking-over-the-cape-town-kasi-food-scene/>

- 4.1 State the THREE factors that contributed to the internal growth of Thulani's restaurant. (3 × 2) (4)
- 4.2 Thulani came from a modest background. Answer the following questions:
  - 4.2.1 State whether this statement is TRUE or FALSE. (2)
  - 4.2.2 Motivate your answer in QUESTION 4.2.1. (2 × 2) (4)
- 4.3 They started off small by running a catering truck and doing functions around the city, until they decided to expand and started renting a small space. Answer the following questions:
  - 4.3.1 Name the kind of entrepreneur Thulani is, by referring to the statement above. (2)
  - 4.3.2 Name the advantages for Thulani's business. (3 × 2) (6)

- 4.4 Explain the contribution that Thulani's restaurant is making towards the economy. (4 × 2) (8)
- 4.5 How can Thulani and his business partner grow their business externally?  
List at least three ways. (3 × 2) (6)
- 4.6 Who is Thulani's target market? (2 × 2) (4)
- 4.7 Complete a SWOT analysis for Orgasmic Gawulo. Give  
ONE example for each component. Give your answer in table form. (4 × 2) (8)
- 4.8 Discuss how technology can contribute to the success of Thulani's business by giving at  
least TWO of your own examples. (2 × 2) (4)

**TOTAL SECTION B: 150**  
**(FIRST PAPER AND SECOND PAPER) GRAND TOTAL: 200**

## ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N6

### EXAMINATION PAPER 2

TIME: 1½ hours MARKS: 150

#### SECOND PAPER

#### MEMORANDUM

#### SECTION A

##### QUESTION 1

- 1.1 Explain FOUR factors which may encourage Ikarabele Legae to export his fruit to countries in Europe. (4 × 2) (8)
- Any four:
- Direct contact with customers
  - Higher profit margins as Europe is made up of mostly wealthy countries
  - Independence from foreign partners
  - Ikarabele already has connections in China that can help him with connections in Europe.
  - English is one of the main language in most of Europe which allows for better communication.
- 1.2 Explain any FOUR factors that may discourage Ikarabele Legae from exporting his fruit to countries in Europe. (4 × 2) (8)
- Limited market coverage
  - Great financial risk
  - Lack of knowledge of the foreign market and its culture
  - Difficult to gain entry into European markets
- 1.3 What kind of assistance can Ikarabele Legae expect from the South African Government (DTIC) if he exports his fruit to countries abroad? (4 × 2) (8)
- Any four:
- The DTIC will:
- help him with contacting organisations in Europe regarding the exporting of fruit
  - assist with market research of European markets
  - assist with best storage solutions for his fruit
  - assist and help arrange for his business to be represented at trade exhibitions and promotions
  - contribute and cover certain cost for him to participate at the trade exhibitions provided by the Export Marketing and Investment Assistance Fund
  - advise him on best exporting methods
  - provide him with a self-help questionnaire to assess whether he is export ready.
- 1.4 Ikarabele Legae plans to grow his business, Humble Fruit, internally. Discuss THREE ways in which he can achieve internal growth. (4 × 2) (8)
- He can invite partners to join his business to contribute funds and skills.
  - He can use profits to buy more equipment and employ more people.
  - He can apply for a loan at a bank to enlarge his business operations, to buy new machinery/equipment.

- 1.5 Explain FOUR ways in which Ikarabele Legae can obtain a competitive advantage for his business, Humble Fruit. (4 × 2) (8)
- Any four:**
- Provide the best quality fruit
  - Charge a reasonable price
  - Provide excellent customer service e.g. incentivise customers
  - Deliver on time to customers
  - Make sure that products that can be ordered are in stock
- 1.6 How can Ikarabele Legae use 'guerilla offensives' as a strategy to secure his competitive advantage? (2 × 2) (4)
- He can have price-cuts on specific fruits or increase his advertising
  - He can concentrate on areas that his competitors have neglected, e.g. give customers a better quality product at a better price or better customer service.
- 1.7 How can Ikarabele Legae use 'block competitors' offensives' as a strategy to protect his competitive advantage? (4 × 2) (8)
- Any four:**
- Broaden his product line – offer more variety of fruits
  - Try to offer what competitors offer too – e.g. variety of fruits
  - Make sure product prices are the same as that of competitors (for the same type/grade of fruit)
  - Sign exclusive deals with international customers
  - Make sure delivery and customer service are better than that of the competition
  - Provide certain guarantees
  - Negotiate better prices with suppliers to get the fruit at a better price than the competition

[50]

## QUESTION 2

### CASE STUDY

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2.1 Calculate a fair price for 'The Crown'. (26)

Value of tangible net worth	R320 000
Interest income (R320 000 × 15%) ✓✓	R48 000
Add salary for owner-manager	R100 000
	<u>+ R48 000</u>
	R148 000
Average net earnings of business (R200 000 + R180 000 + R220 000)/3	R200 000
Extra earning power of business (R200 000 – R148 000)	R52 000
Goodwill (R52 000 × 5)	R260 000
FINAL PRICE (R320 000 + R260 000)	R580 000

2.2 State any FOUR advantages for a potential buyer when buying an existing business, by referring to 'The Crown'. (4 × 2) (8)

- Trained staff – staff indicated that they wanted to stay on
- Loyal customers – many locals visit regularly as well as tourists
- Good location – situated in very busy area, in the centre of Khayelitsha
- Well established business – very popular

2.3 Explain how new management can manage resistance to change from staff if they decide to change the working hours to 8:00 until 24:00 every day of the week. (4 × 2) (8)

- Inform staff about the change regarding working hours from 8:00 until 24:00 every day of the week
- Involve staff in the decision, give them an opportunity to give their opinion.
- Explain the benefits of a longer day's work, e.g. overtime remuneration.
- Negotiate the longer work day, e.g. staff can work shifts.
- If staff do not want to comply (work longer hours), management can maybe look at offering retrenchment packages.

2.4 Chris Paul is considering the option of becoming a consultant for small businesses once he has emigrated to Rwanda. Give reasons why you think that he would be able to perform the functions of a consultant. (4 × 2) (8)

Any four:

- Chris has the knowledge of the following aspects which will make him a great consultant:
- The characteristics, problems, abilities and shortcomings of the small business owner and the place of the small business in the economy
- The general business world (private sector, public sector, the consumer and the free market economy) as he has experience in running his own business
- All the aspects involved in the management of a small business as he successfully managed his own business
- Knowledge of the financial aspects of the business
- Administrative skills (systems, procedures and control)
- Purchasing (suppliers, negotiation, placing of orders)
- Marketing and sales (promotion, advertising, market research)
- Personnel management (staffing, staff relations, training, etc.)

[50]

### QUESTION 3

KAUAI started a healthy food revolution 24 years ago and you have been part of this journey. But the Covid-19 pandemic has shown us that we still have work to do in getting more South Africans to join the healthy food revolution. We have some of the highest rates of obesity and type 2 diabetes in the world – and these underlying conditions, have contributed to South Africa ranking in the top 10 of Covid-19 cases globally.

One thing that has been highlighted for us in particular is simply that the ‘normal’ we knew, wasn’t normal at all. It was abnormal. From how we approach food and health, to the state of our planet and our failure to protect our women and children; many of our society’s abnormal ills have been allowed to become “normal”. Together we have the chance to rethink, to make a change, to say, “We’re not going back to that abnormal” and to create a new, healthier normal that we can all be proud of. One where we take care of ourselves and each other, where we respect the planet and build new, better habits that serve us all.

In 2019 Kauai decided to go global. Then, 23 years later, and with 150 stores in South Africa (and three across Namibia and Botswana) it was time to take the Kauai goodness way out of town.

So, packed with a plucky plan to plant Kauai freshness wherever good food fans needed it most, we went looking for the best partners in the best places. The bad news? We all need new passports and those queues are the worst. The good news: we’ve picked up a bit of Thai and Dutch... Since then Kauai is available in Thailand as well as the Netherlands.

- 3.1 Explain the benefits for the business, Kauai, when staff are promoted to the position of a manager. (2 × 2) (4)  
**Any two:**
- Staff that are promoted are loyal workers.
  - Staff that are promoted work very hard.
  - Staff that are promoted help the business to make a profit.
  - Staff that are promoted are responsible and conscientious.
- 3.2 Name the type of franchise that Kauai is. (2)  
**Service trademark holder-retailer**
- 3.3 Name the industry of which Kauai is part. (2)  
**Restaurant industry/food industry**
- 3.4 Discuss the advantages for the franchisee/franchisor of buying a Kauai franchise. (4 × 2) (8)  
**Any four:**
- Many franchise systems have developed good training programmes to equip the franchisee to start the business.
  - Although the franchisee has the assistance of the franchisor in starting the business, they have the incentive of owning their own business.
  - The business will open with a well-established name in the eyes of the public.
  - The franchisee will need less capital to start up a franchise than when starting their own business from scratch, because of the assistance from the franchisor. Some of the top franchised businesses (such as McDonald’s), however, may require a larger investment than you would need to start your own business.

- The franchisee can get assistance in the following areas from the franchisor: – selection of the premises
  - plans for re-modelling of premises
  - obtaining finance for buying into the franchise
  - training of staff
  - purchasing of equipment
  - selection and purchasing of stock
  - starting the business and getting it running smoothly.
- The franchisee gets the benefits of the franchisor's advertising and promotional efforts on a national and/or regional scale.

3.5 'we went looking for the best partners in the best places'

3.5.1 Give the name of the offensive strategy that Kauai used.

(2)

**Attacking competitor weaknesses**

3.5.2 Motivate your answer in QUESTION 3.5.1.

(2 × 2) (4)

- Kauai have secured markets where competitors have low market share
- Kauai have geographic areas where the rival has a low market share
- Where quality and product performance is neglected by rivals – possible to win quality-conscious customers over,

3.6 Explain what is meant by "We're not going back to that abnormal" as mentioned in the case study.

(2 × 2) (4)

**Meaning: Pre-covid times were actually abnormal with the unhealthy lifestyles.**

**Kauai wanted to create a new, healthier normal that everyone can be proud of.**

**One where everyone can care of themselves and each other, as well as the planet and build new, better habits that serve us all.**

[50]

#### QUESTION 4

**Thulani Mguda: From Humble Beginnings To Co-Founding A Fine Dining Restaurant In Gugulethu**

Orgasmic Gawulo is a fine-dining restaurant in the heart of Gugulethu, founded by Thulani Mguda and Tumi Mayenge (a qualified chef) through love, sweat, and tears. Two years ago, they embarked on the journey of their lifetime, with a vision to bring money back into the township, and uplift their community.

Orgasmic Gawulo infuses fine-dining with Gugulethu street food to educate the community about food, and food lovers about Gugulethu.

Thulani's story is one of trials and tribulation with a thread of hope and vision running through every word he speaks. For Thulani, furthering his education was not an option, so his only way to break the cycle of poverty in his family was to start a business. His vigour to fight for the survival of Orgasmic Gawulo is what makes Thulani a genuine Heavy Chef Champion.

Fine-dining meets Gugulethu street food...

Chef Tumi then started teaching Thulani what he knew. They started off small by running a catering truck and doing functions around the city, until they decided to expand and started renting a small space from "H&M Gugs", a favorite lounging place in Gugulethu, which is now home to their outlet.



Orgasmic Gawulo has already made a name for itself within Gugs and surrounding neighbourhoods. Often hailed as the township version of Primi, it is easy to see why it has received so much traction. This unique restaurant is the first of its kind, not only in the immediate community, but in townships across Cape Town.

When deciding on the menu the two men opted for meals that would cater to everyone, appetizing food that would appeal most especially to the locals. They also made sure to do some research as to what people were interested in and what they would like to eat. Thulani highlighted that everyone loves their current dishes. “Our angle to food is a bit different to what has been done in the township before”, he said.

One aspect they put a lot of emphasis on, is the presentation of their food, as we are taught presentation is everything and this also keeps customers intrigued with this place.

**Sources:**

- <https://heavychef.org/all-articles/2019/7/5/thulani-mguda-from-humble-beginnings-to-co-founding-a-fine-diningrestaurant-in-gugulethu>
- <https://www.food24.com/this-dynamic-duo-is-quickly-taking-over-the-cape-town-kasi-food-scene/>

- 4.1 State the THREE factors that contributed to the internal growth of Thulani's restaurant. (3 × 2) (4)
- **Working long hours**
  - **A high level of service at all times, catering to everyone's needs and doing research about their target market (tastes, preferences, etc.)**
  - **Learning on the job, e.g. from his partner whom is a chef to dealing with customers (customer relations), staff relations, etc.**
- 4.2 Thulani came from a modest background. Answer the following questions:
- 4.2.1 State whether this statement is TRUE or FALSE. (2)  
**True.**
- 4.2.2 Motivate your answer in QUESTION 4.2.1. (2 × 2) (4)  
**The article states that he came from a humble beginning to where he is today. He did not have the opportunity to further his education.**
- 4.3 They started off small by running a catering truck and doing functions around the city, until they decided to expand and started renting a small space. Answer the following questions:
- 4.3.1 Name the kind of entrepreneur Thulani is, by referring to the statement above. (2)  
**He started off as a part-time entrepreneur, doing events and functions with their food truck in the city before expanding.**
- \* They were classified as part-time entrepreneurs, as their business was only operating at functions around the city and not on a full-time basis. It is unclear whether they had a second job at the time. A part-time entrepreneur does not necessarily have a full-time job.**

4.3.2 Name the advantages for Thulani's business. (3 × 2) (6)

As a part-time entrepreneur, is has the following advantages:

- Can be done in free-time and over weekends
- Provides extra income
- Security of a full-time job (if the person has a full-time job as well)
- While having the security of a full-time job, the entrepreneur has the chance to grow the part- time business

4.4 Explain the contribution that Thulani's restaurant is making towards the economy. (4 × 2) (8)

- They have created jobs for the people in the community working at his restaurant.
- Their restaurant attracts tourists to the area, which brings extra money to the area.
- Because more tourists are attracted to the area (because of their restaurant) it will encourage more people in the community to open their own business
- Their business supports suppliers, e.g. buying food supplies (vegetables, meat, etc.)
- His restaurant pays tax to the government which can be used to build schools, hospitals, expand road infrastructure, etc.

4.5 How can Thulani and his business partner grow their business externally?

List at least three ways.

(3 × 2) (6)

- They can become a franchise
- They can partner with other businesses to offer a greater variety of services (e.g. have a Vida e Cafe dispensing machine inside the restaurant)
- They can acquire an even bigger restaurant (buy) or merge with a successful restaurant group

4.6 Who is Thulani's target market?

(2 × 2) (4)

- The locals who likes to dine
- People who visit South Africa (tourists)

4.7 Complete a SWOT analysis for Orgasmic Gawulo. Give

ONE example for each component. Give your answer in table form.

(4 × 2) (8)

**Strength:**

- He is very hard working
- He is disciplined

**Weakness:**

- Need to learn more about the restaurant industry

**Opportunity:**

- Open more restaurants in the area
- Expand into other provinces and townships

**Threats:**

- Restaurants in the area offering less expensive food
- Political unrest in townships
- Load-shedding/shortage of power supply

4.8 Discuss how technology can contribute to the success of Thulani's business by giving at least TWO of your own examples. (2 × 2) (4)

- He can make use of social media (Instagram, Facebook, etc.) to engage with customers (marketing) and advertise their food menu items and specials.
- They can make use of an online platform that enables people to book a table online.

\* Students can give more examples of how they think technology can contribute.

TOTAL SECTION B: 150  
(FIRST PAPER AND SECOND PAPER) GRAND TOTAL: 200

