

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N6**EXAMINATION PAPER 1****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 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