higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N6
(Second Paper)

10 JUNE 2016

This marking guideline consists of 7 pages.

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SECTION B

QUESTION 1

1.1
- Botswana is a neighbouring country.
- Transportation between Pietermaritzburg and Gaberone is possible.
- Communication between these two countries is easy.
- Problems which may arise can be dealt with quickly because of the distance between the two countries.
- Personal supervision of deliveries is possible.
- Countries are part of the same continent (Any 3 × 2) (6)

1.2
- Main language spoken is English.
- 83% of adults are literate.
- Has a high level of economic freedom.
- Is one of the fastest-growing economies in the world.
- Severe droughts increase the need to import necessity products.
- Botswana and South Africa are big trading partners.
- There are many similarities e.g. Christianity, food. (Any 4 × 2) (8)

1.3
- Export of sugar can lead to growth of John's business.
- Export of sugar can lead to job creation.
- Foreign currency (money) comes into South Africa.
- New technology used in John's business can make the business more competitive.
- Will build a good relationship between Botswana and South Africa.
- Taxes raised on John's expanded business can assist the government with social upliftment. (Any 4 × 2) (8)

1.4
- DTI will assist with whom to contact in Botswana re sugar.
- DTI will assist with market research, e.g. income, target market.
- DTI will assist with the storage of the sugar.
- DTI will assist with trade exhibitions and promotions of the sugar/products.
- DTI will bear the cost to participate in trade exhibitions from the Export Marketing and Investment Fund.
- DTI will give advice on how to export.
- DTI will provide a self-help questionnaire to test John Morara's export readiness. (Any 4 × 2) (8)

1.5
- Negative
- John Morara will get fewer Rands for the same product. (2 × 2) (4)

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1.6 1.6.1
- The women of Botswana possess the skill of crafting baskets.
- The women of Botswana are involved in the art of pottery.(2 × 2) (4)

1.6.2
- The official language of Botswana is English.
- A large percentage of the population speaks Setswana. (2 × 2) (4)

1.6.3
- The adult literacy rate of Botswana is 83%.
- A very large percentage of adults in Botswana can read and write. (2 × 2) (4)

1.6.4 The religion practised in Botswana is Christianity. (2)

1.7 International trade is the exchange of goods and services between the two countries/trade that takes place between countries. (2)
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QUESTION 2

2.1	Value of tangible net worth✓✓	R150 000	✓✓
	Interest on income (R150 000 × 10%)✓✓	R150 000	✓✓
	Add reasonable salary for the owner/manager	R120 000 + R15 000 R135 000	✓✓
	Average net earnings of business (R100 000 + R200 000 + R300 000) ÷ 3✓✓	R200 000	✓✓
	Extra earning power of business (R200 000 – R135 000)✓✓	R65 000	✓✓
	Goodwill (R65 000 × 5)✓✓	R325 000	✓✓
	Final price (R150 000 + R325 000)✓✓	R475 000	✓✓

(26)

2.2 2.2.1 Differentiation strategy:

- Give customers a choice from a variety of imported coffees.
- Give customers magazines and newspapers to read whilst drinking their coffee.
- Give customers a complementary (free) biscuit with cup of coffee.
- Sell imported coffee, coffee beans, coffee mugs.
- Allow customers to grind their own coffee beans. (Any 2 × 2) (4)

2.2.2 Low-cost strategy:

- Give customers a limited choice of coffees to save on unnecessary stock expenses.
- Use cheaper brands of coffee.
- Buy coffee in bulk for the shop.
- Ask staff to use electricity, water, telephone etcetera responsibly to be able to pass cost saving on to customer. (Any 2 × 2) (4)

2.2.3 Focus strategy:

- Focus on friends who want to meet for a conversation (chat).
- Focus on young working people with very busy schedules who visit the coffee shop for a quick cup of coffee.
- Focus on elderly people who want to relax in a safe, quiet environment.
- Focus on mothers with babies who meet other mothers with babies at the coffee shop. (Any 2 × 2) (4)

2.3

- Going public – AB Johnson can establish a public company and invite members of the public to buy shares in his coffee shop.
- Becoming franchisors – AB Johnson can decide to franchise his coffee shop and allow his business idea to be used by others for a specific fee.
- Acquiring another company – AB Johnson can buy another business, for example another coffee shop and acquire its equipment, staff etcetera.
- Merging with another business – AB Johnson can combine his coffee shop with another coffee shop that is the same size as AB's Coffee Shop.

(Any 3 × 2) (6)

2.4

- He creates jobs for his staff and therefore assists with employment.
- He supports other businesses from whom he buys coffee, milk, stock etcetera.
- He provides for his family therefore they are not dependent on the government.
- His business pays taxes which can be used by the government for infrastructure.
- He is a role model in the community. (Any 3 × 2) (6)

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QUESTION 3

3.1 Flame-grilled burgers (2)

3.2 3.2.1 George Halamandaris

3.2.2 Fast-food industry

(2 × 2) (4)

3.3
- Food preparation procedures
- Presentation procedures
- Financial management
- Business management
- Marketing management
- Customer relations (6)

3.4
- South Africans are familiar with burgers.
- There is brand recognition because Steers is already an established business in South Africa.
- The franchisor of Steers, George Halamandaris, has experience of running and managing a successful franchise.
- George Halamandaris is one of the first entrepreneurs to have introduced the franchise concept in South Africa.
- Burgers are reasonably inexpensive and affordable for the customer.
- Burgers are sufficient to satisfy the need for something to eat when hungry.
- South Africans are keen on fast foods for which need Steers is catering.
- Franchisees attend a one-month training programme provided by Famous Brands. (Any 5 × 2) (10)

3.5

Strength	People are familiar with burgers Burgers are inexpensive A burger is enough for a meal Experienced business option Training programme (Any 1 × 1)
Weakness	Franchise expensive to buy
Opportunity	Expand e.g. more franchises Franchises in other countries Increased market share (more customers) (Any 1 × 1)
Threat	Competitors e.g. Spur Customer's cash flow problems Customer's change in taste (Any 1 × 1)

(4 × 2) (8)

3.6
- Service/trademark holder – retailer
- Service/trade-name franchise system (Any 1 × 2) (2)

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3.7 3.7.1 Focus strategy (2)

3.7.2
-Steers identified children (5–8)✓✓ and catered for them with a Brat Pack plus gift (toy).✓✓ (4)
-Steers identified teens/young adults (14–18)✓✓ and catered for them with catchy tunes and phrases, referring to them as the 'Hoohah' group.✓✓ (4)

3.8
- Steers cater for vegetarians, people who do not eat any form of meat.
- Steers also cater for the Muslim community by introducing halal food on their menu. (2 × 2) (4)

3.9 Steers succeeded in reaching their target of double-digit✓✓ system-wide sales growth in 2012.✓✓ (2 × 2) (4)

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QUESTION 4

4.1
- Carrol Boyes is a woman entrepreneur, which may be the bank's reason for not granting her the overdraft.
- Carrol Boyes is an inexperienced business woman.
- Carrol Boyes does not have collateral (assets). (Any 2 × 2) (4)

4.2 4.2.1 When you tell someone about something, e.g. something that you bought or saw in a shop. (2)

4.2.2
- Customers of Peter Visser's shop saw Carrol Boyes' products and told friends and family about the products.
- Customers at Peter Visser's shop bought Carrol Boyes products and informed their friends and family about their purchase.

(2 × 2) (4)

4.3
- She had to find and move to a bigger premises/building/shop.
- She had to employ more workers/staff. (2 × 2) (4)

4.4
- She built a factory for manufacturing on her father and brothers' farm.
- She used her family members to assist in managing the production/manufacturing of her products.
- She no longer had to oversee (manage) the production/manufacture of the products.
- She could use her time to focus on new designs for her products.
- Family members can be trusted to take good care of her business.

(Any 2 × 2) (4)

4.5
- Carrol Boyes does not have competitors, but only imitators (people that copy her products).
- Carrol Boyes does not have competitors because her products are unique, e.g. she is an artist and her products resemble sculptural forms. (2 × 2) (4)

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4.6
- Carrol Boyes caters for people who enjoy fine living/enjoy a good lifestyle.
- Carrol Boyes' products, cutlery, have a unique style and design.
- Carrol Boyes personally designs her products and does not copy other designs or designers.
- Carrol Boyes' cutlery designs are original. (Any 3 × 2) (6)

4.7
- Carrol Boyes' products were on display and sold in Peter Visser's well-known shop in Cape Town.
- Carrol Boyes opened her own shops in Cape Town and Pretoria.
- Carrol Boyes' products were exported and sold in overseas stores. (3 × 2) (6)

4.8
- Carrol Boyes can explain the reason why she is using porcelain, e.g. cost implication.
- Carrol Boyes can consult the staff to get their opinion on the use of porcelain.
- Carrol Boyes can explain that it will not influence the working hours or remuneration of the staff.
- Carrol Boyes can assure staff that they will be trained to use the porcelain.
- Carrol Boyes can threaten staff with loss of job if they do not want to be trained to use the porcelain. (Any 4 × 2) (8)

4.9
- Carrol Boyes has experience of starting a business.
- Carrol Boyes has experience of running and managing a business.
- Carrol Boyes has negotiating skills, working with staff and suppliers.
- Carrol Boyes is creative and innovative.
- Carrol Boyes has conceptual skills, e.g. employed more staff and moved to new premises when her business experienced growth.
- Carrol Boyes has experience of export.
- Carrol Boyes has business skills, e.g. she understands the economy of the country. (Any 4 × 2) (8)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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