higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N6

(Second Paper)

25 SEPTEMBER 2016

This marking guideline consists of 7 pages.

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SECTION B

Answer any THREE of the four questions in this section.

QUESTION 1

1.1
- Angola is a big trading partner of South Africa.
- Convenient means of transportation, seaports, airports, highways and railways.
- English is the main language which allows easy communication.
- Adequate and sufficient advertising media, e.g. television, newspapers and radio stations.
- Angola is described as an oil-rich and wealthy nation.
- Angola is the second largest producer of diamonds in Africa which also indicates their wealth.
- Communication is possible via cellular phones. (4 × 2) (8)

1.2
- Angola has an insufficient supply of water and electricity.
- Generators must assist with the supply of electricity and are very expensive.
- Difficult for visitors and business people to get visas to enter Angola to do business.
- Luanda, the capital of Angola, is a very expensive city, which makes the renting of premises, transport, taxes, etc., very costly.
- Television is state-controlled which influences advertising campaigns.
- A large percentage of the population is still very poor. (4 × 2) (8)

1.3
- DTI will help Peter with the people/organisations to contact in Angola regarding the export of the cardboard boxes.
- DTI will assist Peter with market research in Angola.
- DTI will assist with storage of Peter's cardboard boxes.
- DTI will arrange for Peter's cardboard boxes to be shown at trade exhibitions and promotions.
- DTI will carry certain costs for Peter to participate at the trade exhibitions provided by the Export Marketing and Investment Assistance Fund.
- DTI will provide Peter with advice on how to export.
- DTI will provide Peter with a self-help questionnaire to determine whether his business, CARDBOARDS, is ready to export. (4 × 2) (8)

1.4
- Peter can use the profits of the business to buy more equipment and to employ more staff.
- Peter can invite partners to join his business to contribute funds and skills.
- Peter can apply for a loan at a bank to enlarge his factory (business), to buy new machinery. (3 × 2) (6)

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1.5
- Peter must provide the best quality cardboard boxes on the market.
- Peter must charge a reasonable or low price for his cardboard boxes.
- Peter must provide good customer service, e.g. exchange products that are damaged.
- Peter must deliver his product, cardboard boxes, on time to customers.
- Peter must make sure that he always has enough stock, cardboard boxes, for his customers.
- His business, CARDBOARDS, must be easily accessible for his customers. (4 × 2) (8)

1.6
- Peter can concentrate on areas that his competitors have neglected, e.g. give customers a better quality cardboard box or better customer service.
- Peter can have price-cuts on specific cardboard boxes or increase his advertising for cardboard boxes. (2 × 2) (4)

1.7
- Peter must broaden his product line, e.g. include paper bags.
- Peter must make the same kind of cardboard boxes as his competitors, e.g. same size.
- Peter must make sure that the prices of his cardboard boxes as the same as the competitors' prices for the same size and kind.
- Peter must sign exclusive deals e.g. provide all pizza outlets with a cardboard box for packaging.
- Peter must make sure that he delivers the cardboard boxes faster than his competitors can.
- Peter must give warranties on his cardboard boxes.
- Peter must give his customers big discounts to ensure that they only buy from his business.
- Peter must not buy his raw materials from the same supplier which his competitors are using.
- Peter must stock up and buy as much of the raw materials (natural resource reserves) as possible so that there is little or nothing left for the competitor to buy. (4 × 2) (8)

[50]

QUESTION 2

2.1	Value of tangible net worth	R320 000✓✓	
	Interest income (R320 000 x 15%) ✓✓	R48 000✓✓	
	Add salary for owner-manager	R100 000	
		+R48 000✓✓	
		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 x 5)✓✓	R260 000✓✓	
	FINAL PRICE (R320 000 + R260 000) ✓✓	R580 000✓✓	(26)

2.2
- Well-established business – popular, well-established pub in Stellenbosch
- Trained staff – staff indicated that they wanted to stay on
- Loyal customers – students visit regularly
- Good location – situated in the centre of town (4 × 2) (8)

2.3
- 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 threaten with loss of jobs. (4 × 2) (8)

2.4
- Joe Stone is an experienced business owner who managed his own pub.
- Joe Stone knows how to work with and manage staff e.g. the staff in the pub.
- Joe Stone has a good relationship with his customers, e.g. loyal students that visit regularly.
- Joe Stone chose a good location for his pub (in the centre of the town).
- Joe Stone has expert knowledge of running and managing a pub. (4 × 2) (8)

[50]

QUESTION 3

3.1
- 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.

(Any relevant benefit)(2 × 2) (4)

3.2
- Service/trademark holder/retailer
- Service/trade-name franchise system (Any 1 x 2) (2)

3.3 Fast-food industry (2)

3.4
- The franchisor assists with finding the best location.
- Franchisor has a hands-on approach.
- The franchise, Wimpy, is a well-known business.
- The franchisor gives recommendations, e.g. suggest how to deal with suppliers.
- The franchisor writes reports which can assist the franchisee, e.g. about new products on the market or fashion trends.
- The franchise, Wimpy, is very systematised e.g. procedures, policies, rules, regulations, guidelines, etc. are in place and can be followed and used.
- The franchise, Wimpy, has good suppliers. (Any 4 × 2) (8)

3.5 3.5.1 Pre-emptive strikes (2)

3.5.2
- George Ngobeni was the first franchisee/franchisor to build his own Wimpy.
- George Ngobeni opened the first Wimpy in a black township.

(2 × 2) (4)

3.6
- When you buy an existing business you pay for the tangible assets, e.g. equipment, as well as for the intangible assets (goodwill), e.g. loyal customers.
- George Ngobeni builds his own Wimpy and does not have to pay for goodwill, e.g. loyal customers, a profit history. (2 × 2) (4)

3.7
- Price
- Quality
- Quantity
- Delivery (4 × 2) (8)

3.8
- George Ngobeni had the ability to identify an opportunity, e.g. he was looking for a brand and found a Wimpy that he could buy.
- He is hands-on and monitors his own books himself.
- He is energetic and willing to work long hours.
- He is willing to take a risk, e.g. first franchisee to build a Wimpy in a black township.
- He is willing to accept advice and recommendations from the franchisor.
- He has skills in organising, e.g. managing his businesses, staff, negotiating with suppliers (Any 4 × 2) (8)

3.9 George Ngobeni would like to own 20 Wimpy franchises by the end of 2017.

OR

George Ngobeni would like to own all the Wimpy franchises in Gauteng in two years' time.

(Any relevant long-term objective for Wimpy that includes the two requirements) (2 × 2) (4)

3.10
- The franchisee must use the products supplied by the franchisor.
- Use products that belong to the franchisor who is the owner. (Any 1 x 2) (2)

3.11 True (2)
[50]

QUESTION 4

4.1
- Working long hours (up to 18 hours a day)
- A high level of service at all times
- Learning on the job, e.g. customer relations, staff relations (3 × 2) (6)

4.2 4.2.1 True (2)

4.2.2
- Skahumzi saved his own money.
- Sakhumzi also received money from policies (that he had taken out years before) that paid out. (2 × 2) (4)

4.3 4.3.1 Home-based entrepreneur (2)

4.3.2
- Sakhumzi does not have to rent or buy a building/premises.
- Sakhumzi can use technology, e.g. a computer or fax machine to run his business from his home.
- Sakhumzi can decide to make changes at his house for the benefit of the restaurant.
- Sakhumzi will save on installation fees, e.g. telephone connection and electricity connection. (Any 3 × 2) (6)

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4.4
- Sakhumzi created jobs for the people in the community working at his restaurant.
- People in the community were encouraged to also open restaurants in the area.
- Sakhumzi's restaurant attracts tourists to the area.
- Sakhumzi's business encouraged people in the community to open other businesses, e.g. crafts shops.
- Sakhumzi supports suppliers, e.g. buying raw materials (vegetables) from the local grocer.
- Sakhumzi's restaurant pays tax to the government which can be used to build schools, hospitals, etc. (Any 4 × 2) (8)

4.5 4.5.1 Sakhumzi plans to open a number of restaurants (branches) around the country. (2)

4.5.2
- Sakhumzi can sell a Sakhumzi's restaurant as a franchise.
- Sakhumzi can combine (join) his restaurant with another restaurant in Soweto of the same size.
- Sakhumzi can buy one or more of the other restaurants in Soweto. (Any 2 × 2) (4)

4.6
- People living in Soweto (locals) who likes to dine
- People who visit South Africa (tourists) (2 × 2) (4)

4.7

Strength	Sakhumzi is very disciplined. Sakhumzi is very hard working.
Weakness	Sakhumzi does not send his staff for training courses.
Opportunity	Open more restaurants in Soweto. Expand his restaurants into the other provinces of South Africa.
Threat	Competitors, other restaurants with the same menu as Sakhumzi's Unrest and political problems in Soweto Shortage of power supply (load shedding)

(4 × 2) (8)

4.8
- Sakhumzi can choose to only cater for tourists and locals from Soweto.
- Sakhumzi can serve traditional food in his restaurant to his selected customers. (2 × 2) (4)

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TOTAL SECTION B: 150

(FIRST PAPER AND SECOND PAPER) GRAND TOTAL: 200

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