



**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)

13 NOVEMBER 2013

This marking guideline consists of 8 pages.

SECTION B**QUESTION 1**

- | | | | | |
|-----|-------|---|--|--------------|
| 1.1 | 1.1.1 | Pre-emptive strikes | | (2) |
| | 1.1.2 | A business which is first with a new skill/asset
Goes into an uncharted area with brand-new ideas | | (2 x 2) (4) |
| 1.2 | | <ul style="list-style-type: none"> • Supply systems • Product opportunities • Operation systems • Customer opportunities • Distribution and service systems | | (5 x 2) (10) |
| 1.3 | | <ol style="list-style-type: none"> 1. Product innovations 2. Marketing innovation 3. Entry or exit of major businesses in the industry 4. Buying preferences for a differentiated instead of a commodity product 5. Changes in who buys the product and how they use it | | (5 x 2) (10) |
| 1.4 | | <ol style="list-style-type: none"> 1. Service trademark holder – retailer 2. Manufacturer – wholesaler 3. Wholesaler – retailer 4. Manufacturer – retailer 5. Manufacturer – retailer | | (5 x 2) (10) |
| 1.5 | | <ol style="list-style-type: none"> 1. Contract ✓ <ul style="list-style-type: none"> * Based on agreement between franchisor and franchisee * States rights and duties of both parties 2. Purpose ✓ <ul style="list-style-type: none"> * Both parties agree on distribution of the product * Efficient service within a specific area 3. Resources ✓ <ul style="list-style-type: none"> * Both parties contribute towards business * Franchisor provides idea, trademark, training, marketing * Franchisee provides money and runs the business 4. Business entity ✓ <ul style="list-style-type: none"> * Franchise is set up as separate business with own identity | | |

5. Common public identity ✓
 * Both parties support common public identity using common trademarks, uniforms and advertising
6. Financial arrangement ✓
 * Franchisee is independent business person expecting to make a profit
 * Franchisee is not employed by the franchisor BUT agrees to compensate the franchisor in return for franchise rights

One mark for headings = 6

One mark for each fact in discussion to max of 8 marks

If no heading is given, NO marks are given for discussion.

(14)

[50]

QUESTION 2

- 2.1
- Provides easy banking services
 - Provides affordable banking services
 - Offers lowest transaction fee
 - Savings accounts with highly competitive interest rates
 - Easy access to the best-priced credit
 - Saves customers money
 - Low price fee structures
 - Stays open for longer
 - Removes endless paperwork – uses fingerprints, photo identification
 - Is innovative with banking activities
 - Has innovative technology in bank
 - Conveniently located branches
- Only 6 - Note that others are not competitive advantages, other banks also have them.
- (Any 6 x 2)
- 2.2
- Demographic factor – Capitec Bank shifts focus from lower income consumers to all income groups
 - Technological factor - Incorporating innovative technology uses in their banking system
- OR**
- paperless banking system, through the use of fingerprint biometrics, for example, which streamlines banking
 - Social factor - customers are strapped for time, offers a range of banking options
 - Economical - innovative money management solutions, lowest transaction fees, eg best-priced credit
 - International - trade anywhere there is a MasterCard sign
 - Independent lifestyle - banking available to any person

(12)

ONE mark for headings (6)
 TWO marks for discussion (12)
ONE fact to be marked under technology

- 2.3
- ABSA
 - Standard Bank
 - First National Bank
 - Nedbank
- (4)

- 2.4
- New competitors enter the market
 - Economic recession
 - Rising interest rates
 - New products on the market that Capitec Bank does not have
 - Governmental laws to keep to certain banking hours
 - In-store points detracts from Capitec Bank services
- (Any 4 x 1) (4)

- 2.5
- 2.5.1 Specific
- Shifting focus to providing easy and affordable banking services, developed a Global One banking facility
 - Incorporating innovative technology uses in their banking system.
 - Offers the lowest transaction fees
 - customers are strapped for time, so Capitec Bank also offers a range of banking options via Internet banking, cellphone banking and in-store point-of-sale terminals at Boxer, Pep, Pick 'n Pay, Shoprite and Checkers tills across the country
 - Becoming a major competitor for the four major banks in South Africa.
- (Any 3 x 2) (6)

- 2.5.2 Measureable
- To ensure that banking is available to everyone, Capitec Bank has more than 400 branches that are conveniently located across South Africa.
 - Consumers can also access funds at ATMs throughout the country and the partnership with MasterCard allows consumers to use their cards anywhere the Maestro sign is displayed.
 - Also offers a range of banking options via Internet banking, cellphone banking and in-store point-of-sale terminals at Boxer, Pep, Pick 'n Pay, Shoprite and Checkers tills across the country.
- (3 x 2) (6)
[50]

QUESTION 3

- 3.1
- Is a professional who provides expert advice in a particular area - (has skills & knowledge)
 - Has influence over an individual, group, or organisation - (leads clients to solutions)
 - Has no direct authority to implement changes – (will not tell the client what to do)
 - Acts on behalf of, or in place of, a manager – (helps to run the business)
 - Never makes decisions for the individual or group, whereas a manager does make decisions – (decision making becomes easier)
 - An internal consultant is someone who operates within an organisation and is available to be consulted on areas of specialism by other departments or individuals (acting as clients).
 - An external consultant is someone who is specifically employed. The overall impact of a consultant is that clients have access to deeper levels of expertise than would be feasible for them to retain in-house, and may purchase as much service from the outside consultant as desired.

FACTS IN BRACKETS HAVE THE SAME MEANING AS PREVIOUS STATEMENTS

(Any 5 x 2)

(10)

- 3.2
- **Economic growth:** ✓ to strengthen and expand operations in the country, and will be well-placed to contribute to the economic growth of the country and its businesses by bringing in global best practices and world-class technology solutions ✓
 - **Stick to your core business:** ✓ already has extensive operations in South Africa. Localisation of service and skills ✓
 - **Additional skills, talents and abilities** ✓ - contribution to the South African economy by investing in the skills of its IT professionals.
 - **New skills:** ✓ by providing world-class training, and also bringing global best practices to help increase the competitiveness of South African businesses ✓
 - **Cost avoidance** ✓: to have a direct presence in the countries in which it operates ✓
 - **More productive:** ✓ to ensure a high level of social governance and localisation of services and skills ✓
 - **Intelligent advice:** ✓ has already created a near-shore delivery capability in Johannesburg, from where we are providing support services for our financial services products implemented in South Africa ✓
 - **Outsider perspective:** operations will emerge as a hub to serve customers in the southern and central parts of Africa

(Any 7 x 2)

(14)

- 3.3 Local subsidiary – Wholly owned subsidiary (2)
- 3.4
- To strengthen and expand its operations in the country
 - South Africa is a key strategic market for TCS
 - Well-placed to contribute to the economic growth of the country and its businesses
 - Bringing in global best practices increases the competitiveness of South African businesses
 - World-class technology solutions
 - The company makes a greater contribution to the South African economy by investing in the skills of its IT professionals by providing world-class training (6 x 2) (12)
- 3.5
- To have a direct presence in the countries in which it operates.
 - To have equity participation from local black economic empowerment groups
 - To ensure a high level of social governance
 - To ensure localisation of services and skills
 - To help its customers in South Africa
 - Has already created a near-shore delivery capability in Johannesburg, from where it provides support services for its financial services products implemented in South Africa (6 x 2) (12)
- [50]

QUESTION 4

- 4.1
- 4.1.1 A
- 4.1.2 D
- 4.1.3 A
- 4.1.4 C
- 4.1.5 A
- 4.1.6 B
- 4.1.7 C
- 4.1.8 D
- 4.1.9 D
- 4.1.10 D

(10 x 2) (20)

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4.2	4.2.1	B		
	4.2.2	A		
	4.2.3	D		
	4.2.4	F		
	4.2.5	I		
	4.2.6	G		
	4.2.7	H		
	4.2.8	J		
	4.2.9	E		
	4.2.10	C	(10 x 1)	(10)
4.3	4.3.1	To develop three critical questions to ask when evaluating the potential of a business.		(2)
	4.3.2	<ul style="list-style-type: none"> • Does the target company produce positive cash flow? • Does the company cover its costs? • Can it be diversified? 		(3)
	4.3.3	<ul style="list-style-type: none"> • In the case of the salon, we failed to realise that the company's positive cash flow statements were <u>driven by the credit it had been given by its vendors</u>. • In the case of that salon we bought, we got burned because we <u>built it too big</u>. We were paying for 5,600 square feet when we really could only afford 2,600 square feet. • We could not <u>generate the volume to absorb the rent</u>. The salon was borrowing money and ploughing it right into rent, something that clearly was unsustainable. • Our salon did not have the <u>ability to add the kinds of new products and services</u> – diversify • Could not <u>produce enough revenue</u> to overcome the problems in the core business 		(5)

- 4.3.4
- SRC has acquired or invested in more than 60 different ventures.
 - Growth also in the careers of our associates.
 - Practicing open-book management helps us cultivate leaders throughout the organisation.
 - We create opportunities for those leaders either by acquiring outside companies or investing in companies that our associates start.
 - Because we have been successful with acquisitions and joint ventures, we see a lot of opportunities.

(5 x 2)

(10)

[50]**TOTAL: 150**