higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

ENTREPRENEURSHIP AND BUSSINESS MANAGEMENT N6
(Second Paper)

21 NOVEMBER 2014

This marking guideline consists of 8 pages.

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QUESTION 1

1.1
- Image of the business – global family with a proud heritage
- Business identity – passionately committed
- Products – providing personal mobility
- Customer – for people around the world (4 × 2) (8)

1.2 1.2.1 Factors in the business that largely determine its success (2)

1.2.2
- Food quality – KFC food is generally of good quality
- Cost control – franchise has developed good control systems
- Site selection (location) – KFC is always located in high traffic areas
- Consistency – KFC products have the same quality and taste across SA
- Service – good, friendly service in all stores
- Trained staff and management – all staff and managers undergo thorough training
- Cleanliness – KFC outlets are always clean (Any 5 × 2) (10)

1.3 1.3.1 Competition between companies in the same industry✓✓ (2)

1.3.2
- Wimpy
- Mugg 'n Bean
- McDonalds
- Spur (Any coffee shop that offers breakfast 4 × 1) (4)

1.3.3
- Fewer people can afford to eat out
- Smaller market – increased competition for fewer customers
- Drop in turnover/profits
- Some outlets may be forced to close down (Any 3 × 2) (6)

1.4 1.4.1
- Changes in industry growth rate – with a decline in the economy, fewer people spend money on clothing
- Product innovation – if Passion is innovative and brings in new clothing trends, it will attract customers
- Marketing innovation – Passion uses modern relevant marketing techniques such as Facebook
- Government regulations – if government brings in trade restrictions or import tariffs to protect the local clothing industry it will negatively affect the cost of imported clothing.
- Changing lifestyles – young people prefer new trends (5 × 2) (10)

1.4.2
- Twitter
- E-mail (2 × 2) (4)

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1.4.3 Management or marketing consultant✓✓ – providing advice on how to manage and market the company.✓✓ (2 × 2) (4)
[50]

QUESTION 2

2.1 2.1.1
- It is physical and commonly found in a business
- It can be touched
- Example: Building, vehicles etc. (3 × 1) (3)

2.1.2 Goods that are acquired by business for reselling (1)

2.1.3
- It cannot be touched
- Example: Goodwill, image (2 × 1) (2)

2.1.4
- Intangible asset
- Good location
- Good profit history
- Efficient personnel
- Favourable contracts (Any other suitable 4 × 1) (4)

2.2 2.2.1 Low cost strategy/Cost leadership strategy (1)

2.2.2
- High profit
- Lower prices
- Availability of funds to expand the marker share
- Utilisation of new opportunities
- Development of new products
- Increased efficiency of the operations in business
- Cutting of cost producing activities (7 × 1) (7)

2.3 2.3.1

Net assets:	R300 000✓
Interest of 10%:	R30 000✓✓
Salary:	R3 000 x 12 = R36 000✓
Income:	R30 000 + R36 000 = R66 000✓
Average income:	R80 000 + R70 000 + R90 000 + R80 000 = R320 000
	R320 000/4✓
	R80 000✓✓
Extra earning power:	R80 000 – R66 000
	R14 000✓✓
Goodwill:	R14 000 x 5✓✓
	R70 000✓✓
Price:	R300 000 + R70 000
	R370 000✓✓✓

(10)

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2.3.2
- 5✓✓
- Well-known store✓✓
- Very busy shopping centre✓✓
- Staff from the community
- Stable profit (3 × 2) (6)

2.3.3 Yes✓
- Potential for growth✓
- Busy shopping centre (Any 1 + 1) (2)

2.4 2.4.1 Liquidation value
2.4.2 Book value
2.4.3 Replacement value
(3 × 2) (6)

2.5
- Consultants are specialised people and have gained this specialised knowledge over a long time.
- It will allow the business to concentrate its resources in other areas.
- This will also allow the business an objective view of what is wrong.
- The consultant can also come up with an action that can be implemented and monitored to help the business back to increased levels of productivity. (Any relevant 4 × 2) (8)

[50]

QUESTION 3

3.1 3.1.1 Yes✓✓– member of FASA✓✓ (2 + 2) (4)

3.1.2
- Code of ethics
- To protect the franchisee
- To regulate the industry (Any suitable 2 × 2) (4)

3.1.3 Upfront fee or initial fee (2)

3.1.4 Royalties✓✓and management fees ✓✓ (2 × 2) (4)

3.1.5 Service/Trademark holder/Retailer (2)

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3.1.6
- Areas are large and strong enough to enable the franchisee to expand
- This opportunity will suit anyone who would like to earn extra income as an add-on to an existing business
- Can be run as a stand-alone business
- Franchisee will operate independently
- Receives guidance and directions from franchisor
- No on-going royalties
- No management fees
- Exclusive area secured by a license
- Patented IQS equipment for treatments supplied and delivered delivery to address
- Full on-site training by an international accredited trainer
- Franchisee able to earn money from day one – even while training
- Expected return on investment within 8–10 month
- Very low overheads

(Advantages must be from the case study) (Any 10 × 2) (10)

3.17
- Good communication skills
- Diligent working habits
- Must like to work with and to help people
- Able to follow a simple success recipe
- Nonsmokers or anyone desperate to quit smoking (4 × 1) (4)

3.1.8
- Well-established internationally
- Proven concept
- Many people want to quit smoking (Any relevant 3 × 2) (6)

3.1.9
- Part-time entrepreneur
- Home-based entrepreneur (2 × 1) (2)

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3.2 3.2.1 Language represents communication between people✓
To communicate effectively you need to understand the different languages spoken.✓
The languages spoken also represent the different cultural groupings✓
Education: The most important aspect of it is the stage of development of the country and therefore the market.✓
The number of educational institutions also say something about the level of education in a country✓
Political Environment: This refers to the risks your company takes by exporting to a foreign country. Aspects that should be considered are:✓
host country political environment
home country political environment
home-host country environment✓
Currency: Currently the rand is weaker than most major currencies.✓
This fact makes South Africa an economical tourist destination for many people.✓ (4 × 2) (8)

3.2.2 Strength: My product, South Africa, is unique and offers a lot to the prospective tourist.
Weakness: Many people do not want to come to South Africa as it is perceived as a country with a high crime rate and safety issues.
Opportunities: My business has the potential to expand to other world markets.
Treat: My business concept can be easily copied by other tour operators. (Any applicable 4 × 1) (4)
[50]

QUESTION 4

4.1 Abbreviation of Fernando (2)

4.2
- Franchising
- Licensing (Any 2 × 1) (2)

4.3
- Exchange rate benefits
- Geographic diversification
- Deteriorating conditions at home
- Opportunities in other countries (Any relevant 4 × 1) (4)

4.4
- The rand is weaker against all major currencies
- Get more rands for the same currency from overseas (Any 1 × 2) (2)

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4.5
- Mixed-service model
- Individualised design
- Family feel
- Peri-peri sauce
- Friendly atmosphere
- Quick, friendly service
- Cleanliness
- Marketing campaign (Any relevant 8 × 1) (8)

4.6
- Worldwide art project
- Artwork of local artists
- Showcase both the artist and his work (Any 1 × 2) (2)

4.7
- Added something unique to their campaign
- Funny adverts
- Controversial
- Political satire
- People love adverts – attract them to store (Any 3 × 1) (3)

4.8 Differentiation✓
They use aspects such as art✓and funny adverts to attract customers✓
(1 + 2) (3)

4.9 4.9.1
- Workers are afraid that they might lose their job or be demoted
- Change may make your knowledge and skill obsolete.
- If a group perceives changes to be threatening, they might resist it.
- There will be resistance to change if it affects a person's power and influence. (Any applicable 4 × 1) (4)

4.9.2
- Provide the workforce with as much as possible information about the change.
- Co-opt people in the transitional process.
- Listen to the concerns of people.
- Try to go for a win-win outcome in the negotiation process with the affected staff members.
- Manipulation can be used as an option to get the cooperation of people.
- Threatening should only be considered as a last resort to get the cooperation of people. (Any applicable 4 × 1) (4)

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4.10 Planned growth✓
- In existence since 1987✓
- Local outlets country wide✓
- By 2001 there were 29 outlets in the UK. By 2012 there were 250 outlets.✓

Other characteristics of planned growth are:
- High return on investment
- Different stages in the growth plan are visible
- Good control measures are in place

(1 + any applicable 3 explanations) (4)

4.11 No✓
- Men are still seen as superior to women.✓
- Women from previously disadvantaged groups still struggle to get opportunities.✓
- Certain fields, like construction, are still dominated by men.✓
- Social responsibilities like keeping the family together still rest on women.✓
- Access to capital still remains a big challenge for women✓

(1 + Any applicable 5) (6)

4.12 4.12.1 Increase in taxes can lead to a decrease in profits.

4.12.2 Strikes by the workers can influence the ability of Nando's to deliver a quality service

4.12.3 Suppliers can increase their prices which will lead to higher prices for the consumer.

4.12.4 Competitors can copy your best practices and become more competive than you.

4.12.5 A change in the taste of customers can affect the profit of Nando's.

4.12.6 Technology changes rapidly; to remain competitive Nando's must stay informed about the latest technological developments.

(6 × 1) (6)
[50]

TOTAL: 150

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