



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

**ENTREPRENEURSHIP
NQF LEVEL 2**

NOVEMBER EXAMINATION

(3021042)

**25 November 2014 (X-Paper)
09:00–11:30**

Calculators may be used.

This question paper consists of 9 pages.

TIME: 2½ HOURS
MARKS: 100

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
 2. Read ALL the questions carefully.
 3. Number the answers according to the numbering system used in this question paper.
 4. Write neatly and legibly.
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SECTION A**QUESTION 1**

Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1–1.15) in the ANSWER BOOK.

- 1.1 A loaf of bread, bought from a bakery, is an example of a ...
- A durable product.
 - B non-durable product.
 - C semi-durable product.
 - D personal service.
- 1.2 Which one of the following is not part of the 4 Ps of the marketing mix?
- A Promotion
 - B Production
 - C Place
 - D Price
- 1.3 The challenges of the market environment include ...
- A poor quality products.
 - B political changes.
 - C consumer demand.
 - D strikes.
- 1.4 Regular daily, weekly and monthly activities are named and recorded on...
- A sample list
 - B goals for the week
 - C medium and long term planning
 - D Work schedule
- 1.5 An agreement to use an existing business idea for a fee.
- A Leasing
 - B Outsourcing
 - C Letting
 - D Franchising
- 1.6 A component of the financial plan is the ...
- A tax returns.
 - B sales forecast.
 - C remuneration policy.
 - D cash flow.

1.7 The SWOT analysis is useful in evaluating a potential ...

- A client.
- B business venture.
- C Patent.
- D Clothing.

1.8 The availability of water, electricity, transport and labour is known as ...

- A infrastructure.
- B capital layout.
- C investment.
- D assets.

1.9 An example of an external environmental force:

- A Technology
- B Departments
- C Purchasing manager
- D Staff

1.10 How artistic work such as paintings is protected.

- A Secrecy
- B Patent
- C Copyright
- D Trademark

1.11 The P in PESTEL analysis refers to ...

- A product.
- B price.
- C political.
- D promotion.

1.12 An example of a secondary need is ...

- A food.
- B housing.
- C self-actualisation.
- D clothing.

1.13 Total cost is R3 500, and the fixed cost amounts to R2 100. How much is the variable cost?

- A R5 600
- B R1 400
- C R1 000
- D R2 100

1.14 An example of a source document:

- A Debtor
- B Credit note
- C Cash flow
- D Asset

1.15 ... are also internal clients.

- A Customers
- B Staff members
- C Suppliers
- D Competitors

(15 x 1) [15]

QUESTION 2

Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–O) next to the question number (2.1–2.15) in the ANSWER BOOK.

COLUMN A		COLUMN B
2.1	A personal quality of the entrepreneur	A to make friends
2.2	Main reason why business fail	B innovation
2.3	Inflation	C primary data
2.4	Example of social needs	D education
2.5	Idea-generating technique	E variable cost
2.6	To develop new and unique products or service	F cash-flow budget
2.7	Purpose of a business plan	G poor financial control
2.8	An example of demographic segmentation	H entrepreneur
2.9	Data collected by the entrepreneur	I watching television
2.10	A promotional method	J observation
2.11	T-shirt fabric used in the production of T-shirts is an example of ...	K long-term liability
2.12	Loans over one year	L need to achieve
2.13	Determines the cash needs of the business	M advertisement in the local newspaper
2.14	Mark Shuttleworth is an example of a/an ...	N general increase in the prices of goods and services
2.15	An example of gathering primary data	O management tool

(15 x 1)

[15]**TOTAL SECTION A: 30**

SECTION B

Read the case study and answer the questions.

Starting a Gift-Basket business: Interview with Kathy Lindberg**How did you start your gift basket business?**

I began my business in 1997 when my children were young; I had been a Music Therapist for 10 years and was burning out quickly (getting tired and stressed). In addition, I wanted to spend more time at home with my young children. After some research into home-based businesses I became intrigued with starting a gift-basket company. After more research into this field I found that people wanted products like fresh fruit, nuts and chocolate placed in interesting baskets and gift wrapped in pretty coloured see-through plastic. Some gift baskets were for baby showers, birthdays, weddings and each basket had an assortment of gifts. I began my company. My business began, and continues to run, out of my home with plans to expand out of my house as my business grows.

For those thinking of starting a gift-basket business, would this be a good business for them to start from home? And why?

Yes. A gift-basket business is very easy to start and run from home. The overheads are low and you do not have to pay high rent. It allows me to be flexible to attend to my family.

Is a gift-basket business expensive to start and manage?

It takes many, many hours to promote and run this business. It takes adequate capital. There are ways to start small and with less money, but it takes time and hard work.

How are you marketing your business?

I market through my website, sales calls, networking functions, word of mouth, direct mail, and the yellow pages.

Has this business always been easy?

This business has never been easy. It takes a tremendous amount of work, long hours, and sacrifice, but the long hours are at home with my children.

Did you ever think about giving up?

Yes, in the early years of my business I thought about throwing in the towel (giving up), but my love for my business kept me going, as well as my determination to build a successful gift basket company.

QUESTION 3

- 3.1 Kathy mentioned that she wants to open another gift-basket business. Explain FOUR components of her business plan that will need to be adjusted. (4 x 2) (8)
- 3.2 Identify FOUR expenses which Kathy will include in her operating budget. (4)
- 3.3 The key element of a successful marketing plan is to know your customers. State FOUR factors that Kathy can use to describe her customers. (4)
- 3.4 Explain, with an example, how culture can have a negative effect on Kathy's business. (3)
- 3.5 Customer satisfaction is extremely important for the long-term success of a business. Advice Kathy on TWO methods she can use to find out whether her customers are satisfied with her gift baskets? (2)
- 3.6 List THREE promotional methods which Kathy is using for her business. (3)
- 3.7 Indicate TWO methods she can use to measure the success of her promotional methods. (2 x 2) (4)
- 3.8 Give FOUR reasons why stock control is important in Kathy's gift-basket business. (4)
- 3.9 Nanpak Packaging, one of Kathy's suppliers is constantly delivering her gift baskets late. She needs to find a new supplier. State THREE important factors she needs to consider when choosing a supplier. (3)
- [35]**

QUESTION 4

- 4.1 Kathy sells 25 gift baskets in a month. She has the following costs per month:
 Petrol R1 200,
 Telephone R500,
 Packing material R3 500,
 Baskets @ R2 per basket,
 Product R80 per basket.
 Kathy wants to make a profit of 70%.
- Use the information provided to calculate: (Show all calculations)
- 4.1.1 Total income (8)
- 4.1.2 Selling price per basket (3)
- 4.1.3 Kathy has a promotion on her gift baskets for November; she gives a 5% discount on all her products. Calculate the selling price. (4)

[15]

QUESTION 5

- 5.1 Give TWO reasons from the case study to prove that Kathy is an entrepreneur. (2)
- 5.2 Give FOUR reasons why entrepreneurs are important in South Africa. (4)
- 5.3 Kathy is struggling to get ideas for new gift baskets.
Explain how she can use flea markets as a method to generate new ideas and expand her business. (3 x 2) (6)
- 5.4 Explain what would Kathy use a schedule for (2)
- 5.5 Kathy is struggling to manage her time efficiently.
Explain the following types of diaries that Kathy can use in her business:
- 5.5.1 Desk diaries
- 5.5.2 Electronic diaries
- 5.5.3 Year planner (3 x 2) (6)
- TOTAL SECTION B: 70**
GRAND TOTAL: 100