



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N5
(Second Paper)

27 MAY 2019

This marking guideline consists of 11 pages.

SECTION B**QUESTION 2**

2.1 Diagnose and define the problem

- To sell the businesses or to stay behind and run the business

Gather information about the problem

- Ask people for information
- The positive and negative outcome of selling or not selling the business
- The long term impact of selling the business

Put the real problem in writing

- Losing the husband
- Starting a new life
- Going to a new environment

Establish decision-making criteria

- Consult others
- Ask for help and advice

Develop an alternative solution

- Generate more ideas through creative methods
- Plan B
- Employ someone to oversee the business
- Move the business with her to the village

Determine a possible solution

- Positive aspect of the best alternative
- Building a family
- Resting after a long period of hard work
- Open to new challenges as a result of the decision made

Decide/take action

- Make your decision
- Sell the business
- Rent the business out
- Move the business
- Employ someone to oversee the business

(ONE mark for naming the step and ONE mark for the explanation) (7 × 2) (14)

- 2.2 2.2.1 (a) Time
- To allow certain duties to be done when transport is not needed e.g. cleaning of the cars and maintenance could be done during the day shift
 - Night shift
 - Saturday/holiday drivers
- (b) Customer
- This is based on customers' needs
 - Transport for students
 - Transport for staff
 - Transport for weddings
 - Transport for special events
- (c) Products
- Available for events
 - Available for weddings
 - Available for daily transport
 - This could be a part of maintenance
 - Planning of different routes for specific occasions
 - Booking office
- (d) Process
- It is not common in the transport business
 - It involves booking and reservation
 - Payment
 - Confirmation
- (e) Functionality
- The transport business might be divided into an administrative department/personnel department
 - Marketing department
 - Financial department
- (Any 5 × 4) (20)
- 2.2.2 • Price –affordable and reasonable prices
- Reputability – good and outstanding reputation
 - Credit – offering credit facilities
 - Distance – close enough location
 - Quality – good, reliable and availability of good products/-services
 - Reliability – deliver on time
- (Any 4 × 2) (8)
- 2.2.3 True (2)
- 2.2.4 • Owner
- Transport manager
 - Event manager
- (6)
[50]

QUESTION 3

3.1 3.1.1

FIXED COST	VARIABLE COSTS
<ul style="list-style-type: none"> • Salary • Rent • Insurance premium 	<ul style="list-style-type: none"> • Water and electricity • Telephone • Repairs and maintenance • Stationery • Wages, etc.

(Any 2 × 2) (4)

3.1.2

- The full name and address of the employer
- The full name and address of the employee
- A brief description of the work required
- The place of work
- Normal working hours and days of work
- Length of the contract, including termination, if required
- Agreed rate of payment

(Any 5 × 1) (5)

3.1.3

Internal direct environment (negative)

Economic environment

- If the economy goes into recession, disposable income will decrease, customers have less money to spend.
- A higher interest rate will affect disposable income.
- Higher inflation will affect living standards.
- Jobs can be lost when businesses are forced to close down.

Political forces

- Strikes led by workers or trade unions
- Political tension in the country
- Environmental or lobby groups
- Changes in political parties
- Labour malpractices or unethical decisions
- Increases of salaries and wages

Cultural forces

- Customer boycott due to misunderstanding
- Wrong signs and interpretation
- Beliefs and challenges
- Some slogan

Environment

- Poor management of the environment may influence Mary's business negatively
- Lack of interest or care of her natural heritage may lead to pollution, which will have a negative effect on the business.
- Lack of proper environmental awareness may change Mary's customer patterns.
- Lack of environmental care by Mary may be exposed by environmental care groups, thereby imposing a fine or penalty on her business.

Technological forces

- Lack of quick response may destroy Mary's business.
- Introduction of new equipment means involving greater costs.
- Jobs may be lost.
- Training may be needed, which means involving greater costs.
- Exposed to new competitors.

International environment

- Any changes in the world market will affect her business.
- Increases in the oil market will mean an increase in petrol.
- Increase in raw material due to imports will reduce her profit.
- Poor international environment may lead to a lack of overseas customers. (Name ONE mark, explanation ONE mark)

External direct environmental factors

Customers

- Changes in customers' needs
- Changes in customers' income
- Poor customer service may decrease her profit
- Lack of customer care may affect her business negatively
- Fewer customers who buy in large quantities

Suppliers

Poor quality raw material may lead to the following:

- Waste
- Defects in finished goods
- Labour time increases to improve quality, but costs more
- Returns from customers
- Losing customers because of dissatisfaction
- Lack of excellent service – overhead cost
- High pricing

Competitors

- New competitors will attract your customers
- Lack of comparative prices may cut off your customers
- High overhead costs may affect your profit
- Lack of economic scale may affect your profit margin

Government

- Lack of government regulation may affect your business
- Introduction of new bylaws may impact negatively on your business.
- Lack of government intervention and financial support may lead to economic failure. (Name ONE mark, explanation ONE mark) (12)

3.2	3.2.1	<p>Fixed cost x 100%</p> <p>Average gross profit percentage✓</p> $\frac{8\,000 \checkmark}{25,5\% \checkmark} \times 100$ $R31\,372,55 \checkmark$	(4)
	3.2.2	<p><u>Fixed cost</u>✓</p> <p>Selling price – Cost price</p> <p>8 000✓</p> <p>80 – 35</p> $\frac{8\,000}{45 \checkmark}$ <p>177, 78 or 178 units✓</p>	(4)
	3.2.3	<p>Fixed cost + R5 000✓</p> <p>Average gross profit percentage</p> $\frac{8\,000 \checkmark + 5\,000 \checkmark}{25,5\% \checkmark}$ <p>R50 980, 39✓</p>	(5)

- 3.3 3.3.1 • Respect employees' rights to freedom of association
• Protection of employees and person seeking employment
• Protection of employer's rights
- 3.3.2 • Register employees with the fund
• Deduction of employees of 1% contribution to the fund
• Payment of employer and employee contribution to the fund
- 3.3.3 • Regulates the working time of each employee
• May not require an employee to work more than 12 hours a day
• May not require an employee to work overtime without prior agreement
• May not require or permit an employee to work more than the required hours
- 3.3.4 • Every employer must take steps to promote equal opportunities at the work place.
• No direct or indirect discrimination
• Medical testing of an employee is prohibited
- (Any 4 × 2 × 2) (16)
[50]

QUESTION 4

- 4.1 4.1.1 • Be creative and take initiative
• Take the risk of doing new things
• Blame no one for the past situation
• Remain positive towards the future
- 4.1.2 • Set personal realistic goals
• Develop positive objectives
• Develop a personal mission statement
- 4.1.3 • Reach out to others.
• Build friendly relationships.
• Create opportunities for others.
• Adopt good working attitudes towards all.
- 4.1.4 • Accept the opinions of other people.
• Listen to others.
• Be open to new ideas and views.
- 4.1.5 • First things first
• Give immediate attention to important and urgent matters.
- (Any 5 × 2) (10)

4.3 Job description of a marketing manager

Job title: Marketing Manager✓

Location: Any detailed address✓

Reporting to: Marketing Director (any senior management)✓

Job summary: The marketing manager will be responsible for the day-to-day marketing activities and long-term marketing strategies of the business or organisation.✓✓

Duties

- Managing all marketing activities in the marketing department✓
- Developing the marketing strategy for the business✓
- Coordinating marketing campaigns with sales activities✓
- Overseeing the marketing budget✓
- Maintaining effective internal communication
- Creating and publishing all marketing material
- Planning and implementing promotional campaigns
- Creating a wide range of different marketing materials

Requirements:

- Bachelor degree in marketing or equivalent✓
- Qualified marketer✓
- Confident and dynamic personality✓
- Strong creative outlook
- Strong managerial skills
- Work experience
- Ability to use initiative
- Good communication skills
- Good organisation skills
- Any appropriate requirement

Terms and conditions:

Length of the contract: Fixed term, permanent✓

Salary: Reasonable amount (above R350 000 per annum)✓

Hours: Normal working hours✓

Probationary period: Six months (any time frame from 1–12 months)✓

(TWO marks each for any FOUR duties, TWO marks for job summary and a maximum of SIX marks for other items)

(16)
[50]

QUESTION 5

- 5.1 5.1.1 Current assets
Current liabilities✓
- $$\frac{120\ 000✓}{70\ 000✓}$$
- 1,71:1✓✓** (5)
- 5.1.2 Net profit after tax × 100✓
Average capital
- $$\frac{80\ 500✓ \times 100✓}{289\ 500✓}$$
- 27,81%✓✓** (6)
- 5.1.3 Current assets - stock✓
Current liabilities
- $$\frac{120\ 000✓ - 15\ 000✓}{70\ 000✓}$$
- 1,5:1✓**
- AVERAGE DEBTORS COLLECTION PERIOD
- $$\frac{\text{Average debtors} \times 365 \text{ days}✓}{\text{Credit sales}}$$
- $$\frac{90\ 000✓ \times 365 \text{ days}}{80/100 \times 650\ 000}$$
- $$\frac{90\ 000 \times 365 \text{ days}✓}{520\ 000✓}$$
- 63,17 days✓✓** (12)
- 5.1.4 YES✓
- Based on current ratio of 1,7:1 (norm is 2:1, but 1,7:1 is not too bad)✓✓
- Based on return on investment of 27,81% (more than what most financial institutions offers)✓✓
- Based on acid test ratio of 1,5: 1 (norm is 1:1)✓✓ (3 × 2) (6)

- 5.2 Scheduling✓
- Prepare a plan or a programme of activities✓
 - Allocate resources to each activity and indicate time frame✓
- Planning of activities and control✓
- Plan and manage activities properly.✓
 - Decide on what materials should be purchased, how much should be purchased and when the ordering should be done.✓
- Quality control✓
- Quality checks must be done at certain stages of the transformation process.✓✓
- Maintenance✓
- Correct or prevent faults✓
 - Problems and breakdowns of machinery and equipment due to a lack of proper servicing, which include human errors and technical failures.✓
- Performance✓
- It focuses on day-to-day operations of the business.✓
 - Making decisions on the proper working methods and using evaluation methods to measure performance✓ (5 × 3) (15)
- 5.3 5.3.1
- Pricing should be reasonable.
 - Pricing should be affordable and competitive in comparison with her competitors.
 - Analysing overhead costs.
 - Gaining economies of scale.
- 5.3.2
- Quality service
 - Meet the needs of customers
 - See customers as valuable assets
 - Show appreciation to customers
 - Prompt services
 - Availability of stock and services
- 5.3.3
- Constant added value to existing products or services
 - Product differentiation
 - Provide substitute goods or services that satisfy the same basic needs of the customers.
- (Any 3 × 2) (6)
[50]
- TOTAL SECTION B: 150**
GRAND TOTAL: 200