



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

ENTREPRENEURSHIP AND BUSINESS MANAGEMENT N6
(Second Paper)

(4090336)

26 November 2019 (X-Paper)
09:30–12:00

OPEN-BOOK EXAMINATION

FIVE reference works, including dictionaries, textbooks and student files containing class notes, are allowed.

Calculators may be used.

This question paper consists of 7 pages.

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(Second Paper)
TIME: 2½ HOURS
MARKS: 150

NOTE: If you answer more than the required number of questions, only the required number will be marked. Clearly cross out ALL work you do NOT want to be marked.

INSTRUCTIONS AND INFORMATION

1. Answer THREE questions only.
 2. Read ALL the questions carefully.
 3. Number the answers according to the numbering system used in the question paper.
 4. Marks will NOT be allocated for copying directly from the textbooks.
 5. Neatness and systematic presentation of facts are required.
 6. Write neatly and legibly.
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SECTION B**QUESTION 2**

2.1

MINIMED 670G/DEVELOPED BY MEDTRONIC

People suffering from diabetes they must continually check their blood sugar and adjust it using insulin or eating some snacks to stay healthy. Medtronic aims to render this tedious process obsolete with its MiniMed 670G, also known as the 'artificial pancreas'. This device has been developed for years, but it was only recently approved by the FDA. (It will be commercially available next year.) Once users have attached the iPod-size device to their body, it measures their blood-sugar levels every five minutes, providing more insulin or withholding it as needed. For the time being, however, they will still need to request a dose manually after they have eaten. Medtronic is working on a fully automated version, which Fran Kaufman, chief medical officer of the company's diabetes group, says will hopefully help the 1.25 million people living with Type 1 diabetes 'spend less time managing their disease and more time enjoying life'.



- 2.1.1 Write a short mission statement for Medtronic regarding its MiniMed 670G device.  (3 × 2) (6)
- 2.1.2 Give TWO long-term objectives of the MiniMed 670G. (2 × 2) (4)
- 2.1.3 Evaluate ONE of the objectives which you have given in QUESTION 2.1.2 above by using the criteria for good objectives.
- To which of these requirements does this objective adhere? (3 × 2) (6)
- 2.1.4 State TWO advantages of the MiniMed 670G.  (2 × 2) (4)
- 2.1.5 What driving force was behind the manufacturing of the MiniMed 670G? 
- Discuss this driving force in relation to the MiniMed 670G. (3 × 2) (6)
- 2.1.6 What offensive strategies can Medtronic use with the MiniMed 670G to achieve a competitive advantage? (4)

2.2


SOLAR ROOF/DEVELOPED BY TESLA AND SOLARCITY

Help the environment, save some money – and litter your roof with bulky metal boxes. That's the dilemma that home-solar-panel buyers have faced for years. Tesla's answer to this is the Solar Roof, a series of tiles designed to blend together while also harnessing the power of the sun. The product line, which will be available next year, is a collaboration between Tesla and SolarCity, a long-time provider of traditional solar panels. (The former is set to acquire the latter.) And although pricing information has not yet been released, SolarCity CEO Lyndon Rive is optimistic about the potential of Solar Roof. 'It's addressing a new segment,' he says, referring to the five million Americans who install new roofs each year, some of whom might want to turn to solar power.




2.2.1 In which entrepreneurial phase is Solar Roof now? Give ONE reason for your answer. (2)

2.2.2 State TWO Solar Roof key success factors. (2 × 2) (4)

2.2.3 Tesla is set to acquire SolarCity. 
Give the business term for this process. (2)

2.3 SolarCity is anticipating forces that may be urging change and it therefore plans ahead to deal with them.

2.3.1 Name TWO methods for reducing resistance to change that SolarCity can use.  (2)

2.3.2 Discuss possible reasons for the growth in entrepreneurship in South Africa. (3 × 2) (6)



2.3.3 Large enterprises had to adapt to a changing business environment due to the recession of 2008.

Explain why change gives businesses a competitive edge. (2 × 2) (4)

[50]**QUESTION 3**

A new takeaway shop, Flavour Nation, is opening across the road from an existing takeaway business, Food for Thought. These two businesses are clearly competing for market share. They intend strengthening their competition against each other by increasing their advertising budget and in so doing, gain the buying power of more than 500 000 people in Cape Town. Regular specials are advertised and various other marketing strategies are used to compete for the top spot. Flavour Nation intends adding new products to its menu and also going green.

3.1 What offensive competitive strategies are Flavour Nation and Food for Thought using to stay competitive? Motivate your answer.  (2 × 2) (4)

- 3.2 Flavour Nation has learnt that Food for Thought is planning an attack on its business. 
How can Flavour Nation retaliate to keep its competitive advantage? (3 × 2) (6)
- 3.3 As a consultant, explain to the management of Flavour Nation how they can use grand offensives to block competitors' attacks as a strategy in its business to stay competitive. Give TWO examples. (2 × 2) (4)
- 3.4 Describe the factors that need to be considered when evaluating a country's political environment for export purposes.  (4 × 2) (8)
- 3.5 Explain why the cultural environment of a target country is an important consideration when deciding on a target country for an export business. (4 × 2) (8)
- 3.6 You are a management consultant. Sam Ogle, the owner of Go-Ogle Food, asks you to analyse his business. He gives you the following information about the business:



Liquidity ratio: 1:1

Collection of debtors: 45 days

Operational ratios over three years were as follows:

	2015	2016	2017
Total expenses	28%	29%	30%
Salaries	17%	18%	20%
Rent	6%	8%	10%
Advertising	1%	1%	1%

Averages for similar businesses were as follows:

Total expenses	23%
Salaries	14%
Rent	5%
Advertising	3%



- 3.6.1 Identify the problems that you can derive from the information given above. (5 × 2) (10)
- 3.6.2 Give advice on how to solve these problems. (5 × 2) (10)
- [50]**

QUESTION 4

Read the scenario below and answer the questions.

Senzo Cele owns Senzo's Pub and Shisa Nyama in Khayelitsha. Keg, a well-known pub franchise, has recently opened in the KCT Mall which is located right next to Senzo's Pub and Shisa Nyama. Senzo has now decided to sell Senzo's Pub and Shisa Nyama. Senzo's has had a high staff turnover rate. The business also relied on passing trade which has dwindled because of the new shopping mall. The following information about her business is available:

Value of fixed assets: R580 000

Value of stock: R190 000 (Stock to the value of R30 000 is outdated and it cannot be used again.)

Liquidity ratio: 1:1

The average salary of an owner/manager is R200 000, and the current interest rate is 14%.

Profit for the past THREE years was as follows:





2017	R368 000
2016	R246 000
2015	R202 000

- 4.1 Calculate a fair price for Senzo's Pub and Shisa Nyama. (24)
- 4.2 What are the main problems that Senzo's Pub and Shisa Nyama face? (2 × 2) (4)
- 4.3 Give FOUR reasons for buying an existing business. (4 × 2) (8)
- 4.4 List the FOUR critical areas for analysis of an existing business that is for sale. (4 × 2) (8)
- 4.5 An incubator can be the perfect bridge to make the big step from idea to execution.
- Explain why you would join a business incubator. (3 × 2) (6)
- [50]**

QUESTION 5

- 5.1 One of the major challenges faced by business leaders is building organisations that are adaptive, that can roll with economic and social punches, and that can thrive.

How would you ensure that your business is scalable and that it can adapt to the changing economic climate? (3 × 2) (6)

- 5.2 A recent study found that franchise marketing can be a tricky venture. Any time a large group of people get together and they have to agree on how to handle money, there are risks. 
- List the risks related to buying a franchise. (4 × 2) (8)
- 5.3 Too many small-business owners aren't willing to ask for help when they need it.
- How would you go about selecting a consultant to help you improve your business?  (3 × 2) (6)
- 5.4 Distinguish between *depreciation value*, *book value* and *replacement value*. (3 × 2) (6)
- 5.5 Change affects your most important asset, your people. Losing employees is costly due to the associated recruitment costs and the time involved training new employees. Each time an employee walks out the door, essential intimate knowledge of your business leaves with them.
- How will you effectively manage change in your business? (5 × 2) (10)
- 5.6 The President established the Ministry of Small Business Development as part of government's commitment to place the economy and job creation at centre stage. 
- Give reasons for the huge interest in small businesses in South Africa. (3 × 2) (6)
- 5.7 Name and explain any FOUR dominant economic characteristics that could affect a business.  (4 × 2) (8)
- [50]**
- TOTAL SECTION B: 150**
GRAND TOTAL: 200