


Tutorial letter 201/1/2018

Business Management 1A **BSM1501**

Semester 1

Department of Business Management

BAR CODE



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Dear Student

This tutorial letter contains the memorandums for assignments 01 and 02 of Semester 01, as well as guidelines for the examination. It is therefore essential that you read it through carefully so that you will know exactly what is expected of you in the examination. The examination department will send your final timetable/admission letter to you, which contains information on the venue, date and time of the examination.

We hope that your studies are progressing according to plan and that you are already busy with your preparation for the examination. We want to use this opportunity to wish you the best of luck in your preparation for the examination as well as in writing of the paper. Please do not hesitate to ask for help when you are studying for the examination. If you have any doubts, contact your tutor (the information is available at your nearest regional office) or contact us at the telephone numbers or e-mail addresses listed below. We really want to help you to be fully prepared for the examination so that you can give your best.

Kind regards

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1. CALCULATION OF YOUR YEAR MARK AND FINAL MARK

Assignment 01 counts 20% of your year mark and assignment 02 counts 80%. The year mark contributes 20% towards your final mark, and the examination mark contributes 80%.

Please note that **you do NOT have to receive a year mark of 40% to gain admission to the examination**, as your active participation in the learning process automatically gives you admission to the examination.

You need to achieve a final mark of 50% in order to pass this subject/module, and a final mark of 45% to qualify for the supplementary examination.

Please note: If you obtain an examination mark of less than 40% your year mark will not be considered for your final mark. This means that you will not qualify for the supplementary examination if you obtain less than 40% in the examination.

Calculation of your year mark

Example

Assignment 01: 70%

Assignment 02: 50%

$$\begin{aligned}\text{Year mark: } & (70 \times 20\%) + (50 \times 80\%) \\ & = 14 \quad + \quad 40 \\ & = 54\%\end{aligned}$$

Calculation of your final mark

Example

Year mark: 54%

Examination mark: 60%

$$\begin{aligned}\text{Final mark: } & (54 \times 20\%) + (60 \times 80\%) \\ & = 10,8 \quad + \quad 48 \\ & = 58,8 \\ & = 59\%\end{aligned}$$

2. GENERAL EXAMINATION INFORMATION

2.1 Examination timetable

- The preliminary dates for all examinations can be found in the examination timetable on *myUnisa*. **Please check the final timetable on *myUnisa* approximately one month before the commencement of the examination period, as there might be changes.**
- Your **final timetable/admission letter** will be posted to you approximately one month before the commencement of the examination period. If you have not received your admission letter two weeks prior to your examination dates, please contact the **Examination Department, not the lecturers**. This document will also be available on *myUnisa*.
- **The final timetable/admission letter contains the following information:**
 - A list of study units for which you have gained admission to the examination and the final dates and times of the examinations
 - A list of study units for which you have not gained admission to the examinations
 - The address of your examination centre and examination venue details
 - General instructions
- Please read the general instructions on the timetable/admission letter carefully and remember that you have to bring this document to the examination venue.

2.2 Additional information

Please read the information in the **Study @ Unisa** brochure on the following topics:

- How and when to change your examination centre
- The most important examination rules
- Examination periods
- Examination results
- Supplementary examinations
- Aegrotat and special examinations

3. THE EXAMINATION PAPER

3.1 General information

- The examination paper will be in the same format as Assignment 02. You will be given a case study on which all the questions will be based.
- The question paper will consist of **70 multiple-choice questions** and you have to **answer all the questions**.
- The total mark allocation will be **70 marks** (one mark per multiple-choice question).
- Please note that you will only be **allowed 2 hours to complete the paper**.

Very important!

You have to answer all the questions on a mark-reading sheet. Please make sure that you bring the following items to the examination venue:

- **HB pencil**
- **Eraser**
- **Pencil sharpener**

3.2 Preparation for the examination

The examination paper covers **all the chapters** in the textbook. **You have to study everything**. All the chapters are equally important and they all form part of the whole syllabus of Business Management 1A.

- Study the chapters in the textbook.
- Work through the information in the study guide.
- Work through your assignments again and, with the aid of the memorandums, establish where you have made mistakes.

3.3 Allocation of marks per chapter

CHAPTER	MARKS PER CHAPTER
1	8
2	12
3	7
4	18
5	13
6	12
TOTAL	70

3.4 Completing the mark-reading sheet

- You will receive instructions in the examination paper on how to complete your details on the mark-reading sheet and how to indicate your answers. Please follow these instructions carefully. If you do not follow the instructions, the system will reject your mark-reading sheet and **your answers will not be marked**.
- You will find the **unique number** for the examination paper **on the cover page of the paper** (next to the subject code).
- For complete examples on the above-mentioned topics, please refer to the Examination slides on *myUnisa*. You will find them under Additional resources: Podcast slides.

3.5 Answering the paper

- On receiving the examination paper, check that you have received a complete copy.
- Read through the instructions on the examination paper carefully and do only what you are instructed to do.
- Read the case study before you answer the questions.
- Read each question carefully – make sure that you understand what the question is about.

3.6 Previous examination papers

Please note that, although there are examples of previous examination papers available on *myUnisa*, we **do not repeat examination papers**. We compile new examination papers for each examination period.

4. FEEDBACK ON ASSIGNMENTS

Please note that you do not receive your mark-reading sheets back.

4.1 Memorandum: Assignment 01 for Semester 01

Chapter 1

1. 4

Textbook: Paragraph 1.5.1

Expertise is based on knowledge you acquire, through studying or experience. Therefore, option 4 is the correct answer.

2. 5

Textbook: Paragraph 1.5.1

Each person is also born with **aptitudes** and talents.

3. 2

Textbook: Paragraph 1.5.2

Perseverance is a characteristic that entrepreneurs have confidence in themselves and their business and carry on in spite of setbacks, difficult situations and problems.

4. 1

Textbook: Paragraph 1.5.2

Entrepreneurs are **committed to the business** if they dedicate their skills, expertise and resources to establish and build the business.

5. 3

Textbook: Paragraph 1.5.3

Customer service is the maintenance of good human relations, for example, after-sales service, attention to detail, personal presentability and attractive premises.

6. 3

Textbook: Paragraph 1.3.1

A small business is a business with **11 to 50** employees and a turnover of between R3 million and R32 million.

7. 2

Textbook: Paragraph 1.5.3

Planning is part of the **general management** function and is part of drawing up the business plan.

8. 3

Textbook: Paragraph 1.5.3

Successful entrepreneurs **are market-oriented**, as they should know who or what their target market is; its demands and needs; and how to meet those needs profitably.

9. 1

Textbook: Paragraph 1.5.3

Accounting for your own purposes is part of the **administrative** and **financial** function.

10.2

Textbook: Paragraph 1.6

An entrepreneur must know to adapt to fluctuating interest rates or declining levels of customer spending power. This refers to the external factor, **economic conditions**, an entrepreneur should be aware of.

Chapter 2

11.5

Textbook: Paragraph 2.2.2

A **branch of industry** refers to all the enterprises that provide the same services.

12.3

Textbook: Paragraph 2.2.1

An **establishment** is a place where inputs are converted to outputs- this is the place where physical production takes place.

13.4

Textbook: Paragraph 2.2

An **enterprise** is an independent body that is established by an entrepreneur to provide products and services that will meet the needs of consumers, with the main aim or motive of making a profit.

14.2

Textbook: Paragraph 2.2.2

The **industrial column** is the course that a product takes from its unprocessed, natural resource state to the final form in which it is supplied to the customer.

15.1

Study guide: Paragraph 2.6

The **production branch** refers to all the enterprises that perform the same activities.

16.1

Textbook: Paragraph 2.3.1

As the manager of your own business, you will exert a direct influence on the **mission statement** and **objectives** of the business.

17.3

Textbook: Paragraph 2.3.1

The **logistics management** function deals with procuring the resources and organisation needs to meet its objectives.

18.2

Textbook: Paragraph 2.3.2

In the **industrial market**, goods and services are purchased and used for manufacturing products or providing services to end-consumers.

19.3

Prescribed textbook: Paragraph 2.3.2

The business must be geared towards listening to and responding to the customers' complaints and requests refer to the consumers' right to **be heard**.

20.2

Prescribed textbook: Paragraph 2.3.2

Suppose a person is cold and can decide either to buy a heater, a hot water bottle, or a new jacket. This refers to **competition between mechanisms for satisfying needs**.

TOTAL: 20

4.2 Memorandum: Assignment 02 for Semester 01

Chapter 1

1. 2

Prescribed textbook: Paragraph 1.1

Option 2 is the correct answer. According to the case study, Lerato Molefe identified an opportunity and started her own business. Therefore, Lerato Molefe could be classified as an **entrepreneur**.

2. 1

Study guide: Paragraph 1.3.1

The correct answer is option 1. An intrapreneur is an employee with entrepreneurial abilities who identifies an opportunity in an existing enterprise. According to the case study, Thabo is an employee, who identified an opportunity within the enterprise, therefore, Thabo, who suggested that they should include videography as a service, could be classified as an **intrapreneur**.

3. 4

Study guide: Paragraph 1.4.3

Only option 4 can be the correct answer. Options 1, 2 and 3 are all based on an informal enterprise. Therefore, a disadvantage of a formal enterprise is that Lerato **has to pay tax**.

4. 4

Prescribed textbook: Paragraph 1.5.2

Only option 4 can be correct. Option 1 refers to her willingness to take risks, option 2 refers to her involvement in the enterprise, and option 3 refers to her positive attitude and approach. Therefore, Lerato proved her commitment to *Flash Me Photography* by **working long hours in order to succeed**.

5. 2

Prescribed textbook: Paragraph 1.5.2

Option 2 is the correct answer. Lerato is contributing R30 000 of her own savings to buy a new lens for her camera. This is regarded as an example of her **commitment** to the enterprise.

6. 1

Prescribed textbook: Paragraph 1.5.2

The correct answer is option 1. Creativity involves generating new ideas or exploiting an opportunity and innovation refers to creating something concrete from the creative ability. Therefore, including the videography in her service packages could be regarded as an example of Lerato and Thabo's **creativity and innovative ability**.

Chapter 2

7. 4

Prescribed textbook: Paragraph 2.2.1

The correct answer is option 4. An establishment is a place where inputs are processed to produce a product or service. Therefore, the studio where Lerato and Thabo develop their photographs could be regarded as the **establishment** of *Flash Me Photography*.

8. 2

Prescribed textbook: Paragraph 2.2.2

Option 2 is the correct answer. A production branch refers to all enterprises that use more or less the same production processes. Therefore, *Flash Me Photography* could be classified under the **service** production branch, because they provide photography services.

9. 3

Study Guide: Paragraph 2.3

The correct answer is option 3. *Flash Me Photography* could be classified under the **tertiary** sector. The tertiary sector includes all enterprises that sell final products to customers, as well as enterprises that provide services.

10. 2

Study Guide: Paragraph 2.6.1.3

Option 2 is the correct answer. Capital can be distinguished between three types of capital, namely: financial capital, which includes own or borrowed money; physical capital, which includes building, machinery, equipment and vehicles; and human capital, which includes technical knowledge and skills. Therefore, Lerato's camera and lenses could be regarded as examples of her **capital**.

11. 2

Study Guide: Paragraph 2.6.1.3

There are three types of capital, namely: financial capital, which includes own or borrowed money; physical capital, which includes building, machinery, equipment and vehicles; and human capital, which includes technical knowledge and skills. Therefore, option 2 is the correct answer. Lerato's R30 000 contribution from her savings to buy a new camera lens, can be regarded as **capital**.

12. 3

Study Guide: Paragraph 2.6.3

Lerato upgrades the photo editor programme on a regular basis. This refers to the **technological** environment because the technological environment includes aspects such as new products, new machinery or equipment and more advanced production processes.

Chapter 3

13. 1

Study Guide: Paragraph 3.1

Option 1 is the correct answer. During the idea stage, the entrepreneur cultivates a creative attitude, identifies opportunities, generates and develops business ideas, chooses a suitable idea and tests the feasibility of the idea. Therefore, Lerato identified the need for a wedding photographer service in her area, during the **idea** stage.

14. 2

Study Guide: Paragraph 3.2.2

Option 2 is the correct answer. If Lerato is right-brain dominant, it means that she sees things in a **perpetual** manner, which refers to **divergent** thinking.

15. 1

Study Guide: Paragraph 3.3

Lerato is a qualified photographer and has experience in the industry, therefore she used her **expertise** as a method to generate her business ideas. Option 1 is the correct answer as expertise is based on knowledge you acquire. Expertise and knowledge are obtained by formal studies and or experience.

16. 4

Study Guide: Paragraph 3.3

Option 4 is the correct answer. According to the case study, Thabo used **existing problems** as a method to generate the idea of adding videography to the services of *Flash Me Photography*. "After numerous complaints from clients that they could not find an affordable videographer for their weddings".

17. 4

Study Guide: Paragraph 3.1

Option 4 is the correct answer. During the **implementation** stage in the creation of *Flash Me Photography*, Lerato decided that she would work from home. This stage entails all the actions that the entrepreneur has to take to start the enterprise.

18. 3

Study Guide: Paragraph 3.4.1.1

Option 3 is the correct answer. To develop her ideas, Lerato would use a **bow-tie diagram**. A bow-tie diagram can be used to illustrate the possible business activities and consumers of an enterprise, and to help the entrepreneur to develop his or her business idea.

Chapter 4

19. 3

Study Guide: Paragraph 4.1

Option 3 is the correct answer. Lerato's **planning stage** consisted of two parts, namely the **viability study** and the **business plan**.

20. 4

Study Guide: Paragraph 4.2.1

Lerato's market research should provide answers to the following questions:

- **Is there a need for an engagement and wedding photographer? (need analysis)**
- **Who is going to buy the photography service? (Customer profile)**
- **How many photo shoots can be sold? (Market share)**
- **What price can be charged for the photo shoots? (Price analysis)**

Therefore, option 4 is the correct answer.

21. 2

Study Guide: Paragraph 4.2.2

Option 2 is the correct answer. During **Step 2** of determining her market potential, Lerato found out who her consumers are, what their needs are, what products her consumers want and how her consumers make their buying decisions.

22. 1

Study Guide: Paragraph 4.2.4.1

The division of the total potential heterogeneous consumer market into smaller homogeneous groups that have similarities or characteristics in common, is known as **market segmentation**. Therefore only option 1 can be correct.

23. 2

Study Guide: Paragraph 4.2.2

Option 2 is the correct answer. Listing the features of a product is one of four steps to be taken when deciding whether there is a need for a product or service. Therefore, by listing the features of her product, Lerato could establish **whether there is a need for her product**.

24. 2

Study Guide: Paragraph 4.2.4.1

Option 2 is the correct answer. Lerato's clients are all **engaged to be married couples**. This relates to the **demographic** segment of Lerato's total potential market. The demographic segment includes demographic features such as age, race, gender and social class, and answers the question: "Who are the customers?"

25. 4

Study Guide: Paragraph 4.2.4.3

Option 4 is the correct answer. It is extremely important that Lerato calculate the market share as accurately as possible, as it has a direct influence on the calculation of her **income**.

26. 4

Study Guide: Paragraph 4.4

To be viable, *Flash Me Photography* must be able to **generate sustainable profits over the long term** and **generate enough cash to meet its daily expenses**. Therefore, option 4 is the correct answer.

Chapter 5

27. 2

Study Guide: Paragraph 5.1.1

The **business plan** is a detailed plan of action that sets out the **nature** and **strategy** of *Flash Me Photography*. Therefore, option 2 is the correct answer.

28. 1

Study Guide: Paragraph 5.1.4

The entrepreneur is the main user of his or her business plan. Therefore, option 1 is the correct answer. The main user of *Flash Me Photography*'s business plan is **Lerato**.

29. 3

Study Guide: Paragraph 5.4.1.4

Lerato's executive summary should be written after the business plan is completed and inserted on a separate page, after the **table of contents** and before the **description of the enterprise**. Therefore, option 3 is the correct answer.

30. 1

Study Guide: Paragraph 5.4.2.2

Option 1 is the correct answer. According to the case study, Lerato offered **property (her house)** as a form of security (collateral) to be able to take out the loan of R50 000.

31. 3

Study Guide: Paragraph 5.4.2.3

Lerato should know the difference between capital employed and employment of capital. Capital employed includes own capital, long-term liabilities such as long-term loans and mortgage bonds and current liabilities such as creditors, short-term loans and bank overdrafts. Therefore, option 3 is the correct answer. Capital employed includes **Lerato's R30 000 contribution from her savings and Lerato's R15 000 loan.**

32. 2

Study Guide: Paragraph 5.4.2.4

Option 2 is the correct answer. Lerato used the following formula to calculate the **break-even point in units**.

$$\frac{\text{Fixed costs}}{\text{Price per unit} - \text{Variable cost per unit}}$$

33. 1

Study Guide: Paragraph 5.4.2.3

A balance sheet reflects the capital employed and the employment of capital. Therefore, the main entries on *Flash Me Photography's* balance sheet are **own capital, long-term liabilities** and **current assets**. Option 1 is the correct answer.

Chapter 6

34. 2

Study Guide: Paragraph 6.1.3.3

Lerato registered *Flash Me Photography* as a sole proprietorship. Option 2 is the correct answer. If an enterprise does not have legal personality, the owners have unlimited liability for the debts of the enterprise. This means they can lose their private assets if the enterprise becomes bankrupt. Therefore, **Lerato is personally liable for losses.**

35. 4

Prescribed textbook: Table 6.1

Option 4 is the correct answer. The name of the enterprise *Flash Me Photography* **has no restrictions as long as it is legal** because the enterprise is registered as a sole proprietorship.

36. 1

Study Guide: Paragraph 6.5.1.2

The product represents what you are going to offer and includes the colour, size, packaging, quality, guarantees and after-sales service. Therefore, the **quality** of the photographs represents the product element of the marketing strategy. Hence, option 1 is the correct answer.

37. 2

Study Guide: Paragraph 6.5.6

Option 2 is the correct answer. The purchasing function is responsible for ensuring that production means of the right quality are supplied to the enterprise in the right quantities, at the right time, to the right place, from the right supplier, at the right price. Therefore, exercising quality control on the photobooks received from Lerato's supplier is the responsibility of the **purchasing** function.

38. 3

Study Guide: Paragraph 6.5.2

Option 3 is the correct answer. To ensure positive support from all the interest groups of the enterprise, the image of *Flash Me Photography* is promoted by the **public relations** function.

39. 2

Study Guide: Paragraph 6.5.4.2

Option 2 is the correct answer. The financial function is responsible to obtain the right finance for the different capital requirements. Therefore, to convert her single garage into a studio, Lerato had to apply for a **short-term** loan of R15 000. This must be managed by the **financial** function.

40. 4

Study Guide: Paragraph 6.5.8

Option 4 is the correct answer. Lerato must ensure that Thabo carries out her instructions according to the plan so that the objectives of *Flash Me Photography* can be achieved. This refers to the element of **control** of the general management function.

TOTAL: 40

Please feel free to contact us if you have any other academic questions concerning the examination paper or your assignments.

We wish you success in your studies!