



CARIBBEAN EXAMINATIONS COUNCIL

**Caribbean Advanced Proficiency Examination®
CAPE®**

ENTREPRENEURSHIP SYLLABUS

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Contents

INTRODUCTION	i
RATIONALE	1
AIMS	2
SKILLS AND ABILITIES TO BE ASSESSED	2
PREREQUISITES OF THE SYLLABUS	3
STRUCTURE OF THE SYLLABUS	3
APPROACHES TO TEACHING THE SYLLABUS	4
UNIT 1: Entrepreneurship Theory	
MODULE 1: The Entrepreneurial Mindset	5
MODULE 2: The Entrepreneurial Process	11
MODULE 3: Creativity and Innovation	15
UNIT 2: Entrepreneurship Practice	
MODULE 1: Essentials of Business Ownership	20
MODULE 2: New Venture Planning and Creation	23
MODULE 3: Managing and Growing the Venture	29
OUTLINE OF ASSESSMENT	35
REGULATIONS FOR PRIVATE CANDIDATES	51
REGULATIONS FOR RESIT CANDIDATES	51
ASSESSMENT GRID	53
GLOSSARY	54

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Please check the website, www.cxc.org for updates on CXC's syllabuses.



Introduction

The Caribbean Advanced Proficiency Examination (CAPE) is designed to provide certification of the academic, vocational and technical achievement of students in the Caribbean who, having completed a minimum of five years of secondary education, wish to further their studies. The examinations address the skills and knowledge acquired by students under a flexible and articulated system where subjects are organised in 1-Unit or 2-Unit courses with each Unit containing three Modules. Subjects examined under CAPE may be studied concurrently or singly.

The Caribbean Examinations Council offers three types of certification. The first is the award of a certificate showing each CAPE Unit completed. The second is the CAPE Diploma, awarded to candidates who have satisfactorily completed at least six Units, including Caribbean Studies. The third is the CXC Associate Degree, awarded for the satisfactory completion of a prescribed cluster of seven CAPE Units including Caribbean Studies and Communication Studies. For the CAPE Diploma and the CXC Associate Degree, candidates must complete the cluster of required Units within a maximum period of five years.

Recognised educational institutions presenting candidates for the CXC Associate Degree in one of the nine categories must, on registering these candidates at the start of the qualifying year, have them confirm, in the required form, the Associate Degree they wish to be awarded. Candidates will not be awarded any possible alternatives for which they did not apply.



Entrepreneurship Syllabus

◆ RATIONALE

Entrepreneurship seeks to empower students by providing the knowledge, skills and attitudes to achieve entrepreneurial success in a variety of settings. It places emphasis on the individual's acumen to realize opportunity, assess risk, and apply the skills necessary to transform innovative ideas into viable, sustainable ventures. The CAPE Entrepreneurship syllabus provides students with the mindset that supports creativity and innovation needed to transform ideas into ventures that create value and wealth.

In developing this syllabus consideration was given to the relatively high rate of unemployment, constraints on job creation, the imperatives of globalisation in the Region, and the need to inculcate the spirit of entrepreneurship. Recent research has shown that one of the main obstacles to individuals starting their own business ventures is the lack of knowledge of how to transform an idea into a successful venture. Most aspiring entrepreneurs lack the ability to analyse opportunities, assess risk, develop and implement a business plan in order to get their ventures started. The CAPE Entrepreneurship syllabus seeks to fill that void in the continuum from idea generation to venture creation.

Several governments, as well as many non-governmental organisations in the region have implemented entrepreneurial initiatives which offer training, tax incentives, funding and start-up support to individuals to assist them in actualising entrepreneurial ambitions. The syllabus appraises students of ways to access these training, technical support, funding and legislative incentives.

The syllabus addresses fundamentals of entrepreneurial behaviour and thinking and engages students in practical experiences through idea generation and opportunity identification to implementing, managing and harvesting a venture. The syllabus also acquaints students with the essentials of business ownership, legal and regulatory frameworks, the importance of market research, feasibility analysis and the development of a business model in order to successfully compete in the global marketplace. It contributes to the development of the Ideal Caribbean person, as agreed by CARICOM Heads of Government, essentially supporting "the creative imagination in its various manifestations and nurtures its development in the economic and entrepreneurial spheres in other areas of life". In keeping with UNESCO pillars of learning, students will learn to know, to do and transform oneself and society in a sustainable way. The syllabus provides a good foundation for further studies in Entrepreneurship, starting and operating a venture and/or becoming an entrepreneurial employee (intrapreneur).

◆ AIMS

This syllabus aims to:

1. develop an entrepreneurial mind-set within individuals to deal with high uncertainty in regional and global market environments;
2. increase understanding of the diverse character traits of entrepreneurs, which inform their behaviour;
3. enhance the students' understanding of the entrepreneurial process from idea generation, to concept development and creation of the venture;
4. develop critical thinking and problem solving skills through creativity, innovation and logical applications;
5. apprise students of existing opportunities and support services for venture creation and sustainability within and outside the region to support economic and social gains;
6. broaden the students' understanding of the status of the ethical and legislative framework which supports entrepreneurship development in the region;
7. enable students to appreciate the increasing impact of disruptive innovations which lead to rapid transformation of current knowledge, technology and industries;
8. introduce students to the appropriate tools used to assess the viability of a venture;
9. expose students to the various stages of managing and growing a venture over its life cycle;
10. encourage students to utilise ICT tools in the practice of entrepreneurship.

◆ SKILLS AND ABILITIES TO BE ASSESSED

The skills and abilities that students are expected to develop on completion of this syllabus have been grouped under three headings:

- (a) Knowledge and Comprehension.
- (b) Application.
- (c) Communication and Networking.

Knowledge and Comprehension

The examinations will test candidates' skills and ability to:

- (a) identify and recall basic facts, concepts, and principles of Entrepreneurship theory;

- (b) understand the diverse Entrepreneurship concepts;
- (c) discuss the impact of entrepreneurial behaviour on venture creation.

Application

The examinations will test candidates' skills and ability to:

- (a) select and use facts, theories and concepts appropriately in formulating solutions to entrepreneurial problems;
- (b) draw conclusions based on a body of information;
- (c) critically analyse complex situations and determine innovative solutions.

Communication and Networking

The examinations will test candidates' skills and ability to:

- (a) distinguish relationships among various components of business and its environment;
- (b) communicate information effectively to peers and stakeholders;
- (c) develop professional networks to harness resources.

◆ **PREREQUISITES OF THE SYLLABUS**

Entrepreneurship is directed to students pursuing any field of study regardless of their career aspirations. However, a minimum knowledge of the areas of business would be helpful. Successful participation in the course of study will also depend on good verbal and written communication skills.

◆ **STRUCTURE OF THE SYLLABUS**

The syllabus is divided into two (2) Units. Each Unit comprises three Modules, each requiring 50 hours. The total time for each Unit is therefore expected to be 150 hours. Each Unit can independently offer students a comprehensive programme of study with appropriate balance between depth and coverage and provide a basis for further study in this field.

Unit 1: Entrepreneurship Theory

- Module 1 - The Entrepreneurial Mindset
- Module 2 - The Entrepreneurial Process
- Module 3 - Creativity and Innovation

Unit 2: Entrepreneurship Practice

Module 1	-	Essentials of Business Ownership
Module 2	-	New Venture Planning and Creation
Module 3	-	Managing and Growing the Venture

◆ APPROACHES TO TEACHING THE SYLLABUS

Teachers are encouraged to use the following approaches when teaching these Modules:

- (a) Experiential learning – ‘learning by doing’
- (b) Classroom discussion, peer tutoring and scaffolding of knowledge.
- (c) Guest lecturers/presentations by stakeholders from the business community, Non-Governmental Organisations (NGOs), Government, private sector organisations.
- (d) First-hand interaction with local and regional entrepreneurs.
- (e) Research, discussion on the experiences of notable entrepreneurs in the Caribbean region.
- (f) Use of cases, scenarios, simulations, role play.
- (g) Use of portfolios.
- (h) Group work on projects.
- (i) Group work and group presentation of School-Based Assessment.
- (j) ICT tools and internet sources (including audio-visual materials on reputable sites).

◆ UNIT 1: ENTREPRENEURSHIP THEORY

MODULE 1: THE ENTREPRENEURIAL MINDSET

GENERAL OBJECTIVES

On completion of this Module, students should:

1. develop an understanding of the entrepreneurial mindset;
2. develop an awareness of the diverse characteristics of an entrepreneur;
3. understand the best practices of entrepreneurship development.

SPECIFIC OBJECTIVES

Students should be able to:

1. explain the nature and growth of entrepreneurship;
2. distinguish between entrepreneurship and intrapreneurship;
3. differentiate between entrepreneurship and small business management;
4. identify types of entrepreneur;
5. discuss the characteristics of an entrepreneur;
6. discuss the work of at least three (3) noted entrepreneurs within and outside the region;
7. examine the impact of cultural diversity on entrepreneurship development;
8. identify potential mistakes/pitfalls of entrepreneurship;
9. assess successes and failures of entrepreneurship;
10. discuss the myths of entrepreneurship.

CONTENT

1. The nature and growth of entrepreneurship

- (a) Introduction to the origins and concept of entrepreneurship:
 - (i) evolution: Schumpeter, Drucker, Cantillon;
 - (ii) culture, tradition;
 - (iii) poverty;
 - (iv) desire for wealth.

UNIT 1

MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

- (b) Emerging drivers of contemporary entrepreneurship – Information and Communication Technology (ICT), Globalisation, Changing demands, unemployment, changing demographics, institutional support, ease of entry in the informal sector.
- (c) Role of entrepreneurship in national and regional development – impact on job creation, growth in GDP, social development (social entrepreneurship).
- (d) Emerging areas for enterprise development - including the creative and cultural industries, renewable energy; agro-preneurship, ICT.

2. Entrepreneurship and Intrapreneurship

- (a) Entrepreneurship vs Intrapreneurship.
- (b) Types of entrepreneurship:
 - (i) Survival;
 - (ii) Lifestyle;
 - (iii) Dynamic growth;
 - (iv) Speculative.
- (c) Role of the entrepreneur and the intrapreneur in enterprise development:
 - (i) Factors that contribute to enterprises becoming more entrepreneurial.
 - (ii) Openness and flexibility, innovation, proactivity.
 - (iii) Environment of change, chaos, complexity, competition, uncertainty and contradiction.

3. Entrepreneurship and Small Business Management

- (a) Innovation as the main difference between entrepreneurship and small business management.
- (b) Nature and characteristics of small business.

UNIT 1

MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

4. Types of Entrepreneur

- (a) Nascent.
- (b) Novice.
- (c) Habitual.
- (d) Serial.
- (e) Portfolio.

5. Characteristics of an Entrepreneur

Including, but not limited to:

- (a) innovative;
- (b) creative;
- (c) calculated risk takers;
- (d) systematic planner;
- (e) visionary;
- (f) achievement oriented;
- (g) persistent;
- (h) dynamic;
- (i) hard-working;
- (j) self-confident;
- (k) aggressive;
- (l) egotistic;
- (m) emotional intelligence.

UNIT 1

MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

6. Noted regional entrepreneurs

Including but not limited to:

Chris Blackwell, Marley Family, Eddie Grant, Arthur Lok Jack, Thalia Lyn, Vincent Hosang, Audrey Marks, Joan Duncan, Aleem Mohammed, Anthony Sabga, Richard Branson, Bill Gates, Mark Zuckerberg, Reno Gajadhar, Jay Z, Oprah Winfrey, Steve Jobs, Hubert and Helen Bhagwansingh, James Husbands, Allen Chastanet, Adrian Augier, Ronald Ramjattan, Edward Beharry, Sir Charles Williams and Yesu Persaud.

7. Cultural diversity of Entrepreneurship

- (a) Gender and entrepreneurship.
- (b) Youth and entrepreneurship.
- (c) Ethnicity and entrepreneurship.
- (d) Family and entrepreneurship.
- (e) Religion and entrepreneurship.

8. Mistakes of Entrepreneurs

Including but not limited to:

- (a) Human Resource HR/Management failures: lack of leadership, judgement and knowledge, lack of experience.
- (b) Operation failures: poor inventory management; poor planning.
- (c) Marketing failures: weak marketing strategy; uncontrolled growth; poor location; incorrect pricing.
- (d) Financial Failures: poor financial control; inadequate record keeping.
- (e) Failure as a natural part of the entrepreneurial process.

9. Factors that Contribute to the Success of Entrepreneurs

Including but not limited to:

- (a) Know your business in depth.
- (b) Develop a solid business plan.

UNIT 1

MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

- (c) Manage financial resources.
- (d) Understand financial statements.
- (e) Manage people effectively.
- (f) Know your strengths and weaknesses.

10. Myths of Entrepreneurship

Including but not limited to:

- (a) Entrepreneurship ventures and small businesses are the same thing.
- (b) All entrepreneurs are rich.
- (c) Entrepreneurs are born not made.
- (d) Entrepreneurship is easy.
- (e) All you need is money to start.
- (f) Successful entrepreneurship needs only a great idea.
- (g) Entrepreneurs always generate new ideas.
- (h) All you need is luck.
- (i) Entrepreneurs are extreme risk takers.

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are encouraged to engage students in the following teaching and learning activities.

1. Review of media/local environment (for example, trade shows) to identify potential areas of entrepreneurial opportunities and how this will aid in national development.
2. Role-play of the entrepreneur and the intrapreneur.
3. Debate on the essential characteristics of an entrepreneur.
4. Group presentations and discussions on cultural diversity of entrepreneurship.
5. Invite entrepreneurs to share their experience; and/or use audio visual presentations of successful and/or unsuccessful entrepreneurs.

UNIT 1

MODULE 1: THE ENTREPRENEURIAL MINDSET (cont'd)

RESOURCES

Texts

- Barreira, J., and B. Urban. The Entrepreneurial Mindset: Cognition, Motivation and Behaviours. South Africa: Pearson Education, 2011.
- Kuratko, Donald F. Entrepreneurship: Theory, Process, Practice 9th Edition. Mason, Ohio: South-Western Cengage Learning, 2011.

Electronic Sources and Websites

- Babson College - <http://www.babson.edu/faculty/teaching-learning/research-publications/Pages/home.aspx>
- Oklahoma State University (Experiential Class room): <HTTP://Enterpreneurship.OKSTATE.EDU>
- Skolls Foundation - http://www.skollfoundation.org/?gclid=CLXQ4f_2-7ECFYg7OgodADQAFQ

Academic Journals:

- Journal of Entrepreneurship Theory and Practice
- Journal of Small Business and Entrepreneurship
- International Journal of Entrepreneurship and Innovation
- Ebscohost - <http://search.ebscohost.com/>

UNIT 1
MODULE 2: THE ENTREPRENEURIAL PROCESS

GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the entrepreneurial process;
2. appreciate the key stages in the process;
3. understand the process through which business ideas are evaluated.

SPECIFIC OBJECTIVES

Students should be able to:

1. identify the steps in the entrepreneurial process;
2. discuss some of the methods of generating ideas;
3. identify sources of entrepreneurial opportunities;
4. distinguish between an idea and an opportunity;
5. evaluate an opportunity from given information;
6. describe a business concept;
7. identify sources of business concepts;
8. develop a business concept from an idea;
9. determine the required resources for a venture;
10. identify sources of required resources for a venture;
11. evaluate the required resources for a venture;
12. explain the activities involved in implementing and managing a venture;
13. assess the various options of harvesting a venture.

UNIT 1

MODULE 2: THE ENTREPRENEURIAL PROCESS (cont'd)

CONTENT

Steps in the Entrepreneurial Process:

Idea generation, opportunity identification, business concepts, resources, implementing and managing, harvesting.

1. Generating Ideas

- (a) Methods of generating ideas: brainstorming, focus group, check list methods, problem inventory analysis, scenario thinking, the note book method, reverse brainstorming, Delphi methodology, Gordon method, free association.
- (b) Screening ideas and selecting among competing ideas.
- (c) How ideas are linked to opportunity.

2. Opportunity Identification

- (a) Changing demographics.
- (b) Emerging markets.
- (c) New technologies.
- (d) Regulatory changes.
- (e) Social changes.
- (f) Opportunity evaluation: market issues, economic issues, competitive advantage issues and management issues.

3. Business concepts

- (a) Definition/ description of a business concept.
- (b) Sources of business concept: New products, new services, new processes, new markets, new organisational structures/forms, new sales or distribution channels, new development paradigms.
- (c) Steps in developing a business concept from an idea.

UNIT 1

MODULE 2: THE ENTREPRENEURIAL PROCESS (cont'd)

4. Resources (Financial, Physical and Human)

- (a) Determine the required resources: including skilled employees, general management expertise, marketing and sales expertise, technical expertise, financing, distribution channels, sources of supply, production facilities, licences, patents and legal protection.
- (b) Acquiring the required resources: including internal sources (equity, family and friends) and external (debt, leveraging, outsourcing, leasing, contract labour, angel funding, venture capitalist, temporary staff, supplier financing, joint ventures, partnerships, barter and gifts).
- (c) Business and entrepreneurial development organisations: including Caribbean Group of Youth Business Trusts (Jamaica, Barbados, Guyana, Trinidad and Tobago, St. Lucia, St. Vincent and the Grenadines, Dominica, Belize, and Antigua and Barbuda), Jamaica Business Development Corporation, HEART Trust/NTA (Jamaica), Institute of Private Enterprise Development (IPED); National Entrepreneurship Development Company Limited (NEDCO), Micro, Small and Medium Sized Enterprises (MSME) Alliance (Jamaica); Caribbean Association of Small and Medium Enterprises (CASME); DFLSA Incorporated (Guyana and Suriname).

5. Implementing and managing the venture

- (a) Implementation of concept.
- (b) Monitoring of performance.
- (c) Payback of resource providers.
- (d) Reinvestment in the business.
- (e) Expansion of the business.
- (f) Achievement of performance goals.

6. Harvesting the venture

Harvesting strategies:

- (a) absorption of new concept into mainstream operations;
- (b) licensing of rights;
- (c) family succession;
- (d) go public (IPO);

UNIT 1

MODULE 2: THE ENTREPRENEURIAL PROCESS (cont'd)

- (e) employee share ownership plan (ESOP);
- (f) liquidate (Shut down) venture;
- (g) selling the venture;
- (h) management buy-out (MBO);
- (i) mergers and acquisitions.

Exit Strategies: Note that exit strategies (including selling the venture, liquidation, mergers, acquisitions and management buyout) can be part of a harvesting plan.

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are encouraged to engage students in the following teaching and learning activities.

1. Use any of the methods of idea generation to develop an idea for a venture.
2. Evaluate the environment to determine whether opportunity exist for pursuing a chosen venture.
3. Present a simulated activity which incorporates the entrepreneurial process.
4. Invite entrepreneurs and resource persons from the business environment as guest lecturers.

RESOURCES

Texts:

- Bessant, J. , and J. Tidd Innovation and Entrepreneurship, 2nd Edition. New Jersey: John Wiley and Sons, 2011.
- Kuratko, Donald F. Entrepreneurship: Theory, Process, Practice 9th Edition. Mason, Ohio: South-Western Cengage Learning, 2011.

Websites

Oklahoma State University (Experiential Class room): [HTTP://Entrepreneurship.OKSTATE.EDU](http://Entrepreneurship.OKSTATE.EDU)
Indiana State University - <http://www.entrepreneur.com/colleges/school/1022665.html>

Academic Journals:

Journal of Entrepreneurship Theory and Practice
Journal of Small Business and Entrepreneurship
International Journal of Entrepreneurship and Innovation

UNIT 1
MODULE 3: CREATIVITY AND INNOVATION

GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the nature of creativity and innovation;
2. appreciate the process of nurturing and managing innovation;
3. appreciate the value of creativity and innovation;
4. understand the importance of protecting creations and innovations.

SPECIFIC OBJECTIVES

Students should be able to:

1. define creativity;
2. explain the role and process of creativity in entrepreneurship;
3. define innovation;
4. explain the role and process of innovation in entrepreneurship;
5. discuss the types of innovation in relation to the 4Ps (product, process, position, paradigm);
6. list the core innovation concepts;
7. identify the sources of innovation;
8. explain disruptive and incremental innovations;
9. discuss open innovations;
10. identify micro factors that would nurture innovation;
11. identify macro factors that would nurture innovation;
12. discuss the various methods of protecting innovations and creativity.

UNIT 1
MODULE 3: CREATIVITY AND INNOVATION (cont'd)

CONTENT

1. Principles of creativity

- (a) What is creativity?
- (b) Process of creativity.
- (c) Roles of creativity.
- (d) Importance of creativity.

2. Principles of Innovation

- (a) The meaning of innovation.
- (b) The importance of innovation.
- (c) Types of Innovation – the 4Ps, product, process, position and paradigm.
- (d) Core innovation concepts:
 - (i) incremental;
 - (ii) modular;
 - (iii) discontinuous;
 - (iv) architectural.
- (e) Sources of innovation:
 - (i) new markets;
 - (ii) new technologies;
 - (iii) new political rules;
 - (iv) running out of roads (limited options);
 - (v) change in sentiments or behaviours;
 - (vi) deregulations;
 - (vii) changes in the business models.

UNIT 1

MODULE 3: CREATIVITY AND INNOVATION (cont'd)

3. Disruptive, Incremental and Open innovations

- (a) Concept of disruptive and incremental innovations.
- (b) Effect of disruptive and incremental innovations on the entrepreneurial process.
- (c) The concept of open innovation.
- (d) Dynamics of open innovation.
- (e) Impact of open source innovation.

4. Nurturing and Managing Innovation

Conditions for effective innovation:

- (a) Micro/Organisational level
 - (i) incentives for innovating;
 - (ii) internal policy;
 - (iii) organisational culture:
 - inspiration;
 - observation;
 - listening to consumer;
 - organisational structure.

- (b) Macro/National level

Policy development:

- (i) social (for example, changing demographics);
- (ii) political (for example, internal governance, stability);
- (iii) economic (for example, entrepreneurship policies, incentives);
- (iv) environmental (regulations, environmental responsibility);
- (v) cultural (respect for indigenous customs and practices);
- (vi) ethical (adherence to sound principles and business practices).

UNIT 1
MODULE 3: CREATIVITY AND INNOVATION (cont'd)

5. Methods of protecting Innovation and creativity

Including but not limited to:

- (a) Intellectual property rights.
- (b) Branding.
- (c) Trademarks.
- (d) Patents.
- (e) Copyrights.
- (f) Registered design protection.
- (g) Trade secrets (processes, techniques, confidential disclosure agreements).

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are encouraged to engage students in the following teaching and learning activities.

1. Provide a simple scenario which allows students to apply the knowledge on how to protect an innovation.
2. Students present an item in class and discuss ways of adding value through innovation.
3. Students visit intellectual property rights office in their locale to learn the processes involved in the registration of intellectual property.

RESOURCES

Texts:

- | | |
|--------------------------------------|---|
| Mariotti, S., T. Towle, and N. Patel | Entrepreneurship: Owning your future, 11 th Edition. New Jersey: Prentice Hall, 2011. |
| Mariotti, S. and Toni Towle | Entrepreneurship: How to Start and Operate a Small Business, 10 th Edition. New Jersey: Prentice Hall, 2011. |
| Scarborough, N. M., | Essentials of Entrepreneurship and Small Business Management, 6 th Edition. New Jersey: Prentice Hall, 2011. |

UNIT 1

MODULE 3: CREATIVITY AND INNOVATION (cont'd)

Harvard Business School -

<http://cb.hbsp.harvard.edu/cb/search/entrepreneurship?Ntk=HEMainSearch&N=0>

Babson College - <http://www.babson.edu/faculty/teaching-learning/research-publications/Pages/home.aspx>

Academic Journals:

Journal of Entrepreneurship Theory and Practice

Journal of Small Business and Entrepreneurship

International Journal of Entrepreneurship and Innovation

◆ UNIT 2 – ENTREPRENEURSHIP PRACTICE

MODULE 1: ESSENTIALS OF BUSINESS OWNERSHIP

GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the various types of ventures;
2. conform to local, regional and international legal and regulatory frameworks;
3. understand the importance of ethics and social responsibility in operating venture.

SPECIFIC OBJECTIVES

Students should be able to:

1. describe the various types of ventures;
2. evaluate the risks and benefits associated with each form of venture;
3. discuss the importance of observing legal and regulatory practices in operating a venture;
4. explain the role of ethics and corporate social responsibility.

CONTENT

1. Types of ventures

- (a) Sole trader.
- (b) Partnership (Limited and General).
- (c) Franchise.
- (d) Limited Liability Company/Corporation (LLC).
- (e) Private Companies.
- (f) Non-Governmental Organisation (NGO), including (Community Based Organisations (CBOs), Social Enterprises, Charities and Endowments/Foundations) and Cooperative Societies.
- (g) State-owned enterprises (Statutory Organisations).

UNIT 2

MODULE 1: ESSENTIALS OF BUSINESS OWNERSHIP (cont'd)

2. Risk and Benefits

- (a) Advantages and disadvantages of each type of venture.

3. Legal and Regulatory Framework

- (a) Registration of a venture.
- (b) Labour laws.
- (c) Tax obligations.
- (d) International Standards and Regulations (ISO Standards); Duty of Care (Occupational Safety and Health Administration (OSHA) and Hazard Analysis and Critical Control Points (HACCP).
- (e) Environmental stewardship.
- (f) Intellectual property.
- (g) Open innovation.

4. Ethics and Social Responsibility

- (a) Importance of business ethics and integrity.
- (b) Code of ethics.
- (c) Business Etiquette (Contextualised professional business practices).
- (d) Corporate Social Responsibility (CSR).
- (e) Good corporate governance.
- (f) Social entrepreneurship (Social Enterprises, Philanthropic Organisations and Individuals).
- (g) Social Sector Actors/Non-Governmental Organisations (NGOs).

UNIT 2

MODULE 1: ESSENTIALS OF BUSINESS OWNERSHIP (cont'd)

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are encouraged to engage students in the following teaching and learning activities.

1. Students conduct research on legal and regulatory framework for venture creation and operation within your country or region.
2. Students should organise a formal business meeting/dinner to help them develop acceptable etiquette.

RESOURCES

Texts:

- | | |
|--|--|
| Verstraete, T. and Jouisson-Laffitte, E. | A Business Model for Entrepreneurship. Cheltenham: Edward Elgar Publishing Ltd, 2012. |
| Spinelli, S., and R. Adams | New Venture Creation, Entrepreneurship for the 21st Century, 9 th Edition. New York: McGraw Hill/Irwin, 2011. |
| Barringer, B.R., and D. Ireland | Entrepreneurship: Successfully Launching New Ventures, 4 th Edition. New Jersey: Pearson Education, 2011, |

Electronic Sources and Websites

Harvard Business School -
<http://cb.hbsp.harvard.edu/cb/search/entrepreneurship?Ntk=HEMainSearch&N=0>

Kauffman Foundation - <http://www.kauffman.org/>
Oklahoma State University (Experiential Class room): [HTTP://Entrepreneurship.OKSTATE.EDU](http://Entrepreneurship.OKSTATE.EDU)

Academic Journals:

Journal of Entrepreneurship Theory and Practice
Journal of Small Business and Entrepreneurship
International Journal of Entrepreneurship and Innovation

UNIT 2

MODULE 2: NEW VENTURE PLANNING AND CREATION

GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the importance of a market research and feasibility analysis;
2. appreciate the process of determining the viability of a venture;
3. be aware of the components of a business model and a business plan;
4. understand the importance of start-up capital and financial statements in venture creation;
5. understand the importance of a business model and a business plan.

SPECIFIC OBJECTIVES

Students should be able to:

1. explain market research;
2. conduct a market research for a venture;
3. explain feasibility analysis;
4. conduct a feasibility analysis for a venture;
5. distinguish between market research and feasibility analysis;
6. identify sources of funding;
7. discuss the elements of various financial statements;
8. prepare a Cash Flow Statement (projected inflows and outflows of cash);
9. identify various savings and investment options;
10. explain the components of a business model;
11. develop a business model for a business plan;
12. identify the components of a business plan.

UNIT 2

MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

CONTENT

1. Market Research (venture opportunity screening)

- (a) Purpose of market research.
- (b) Benefits of conducting market research.
- (c) Key elements of market research:
 - (i) product characteristics;
 - (ii) definition of market;
 - (iii) expected sales trends;
 - (iv) customer analysis;
 - (v) promotional strategy;
 - (vi) nature and level of competition.
- (d) Cost-benefit analysis approach to market research.

2. Feasibility Analysis

- (a) Purpose of a feasibility analysis.
- (b) Benefits of a feasibility analysis.
- (c) Key elements of a feasibility analysis:
 - (i) personality feasibility (individual's SWOT profile);
 - (ii) management feasibility;
 - (iii) operational feasibility;
 - (iv) financial feasibility;
 - (v) marketing feasibility;
 - (vi) time feasibility;
 - (vii) industry feasibility;

UNIT 2

MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

- (viii) cultural feasibility.
- (d) Distinguishing features of market research and feasibility analysis.

3. Start-up capital and Financial Statements

- (a) Sources of funding: equity financing, debt financing (loans, venture funding, angel funding), grants, gifts, bequests.
- (b) Simple review of accounting cycle (including accounting concepts).
- (c) Simple Statement Cash Flow (should be used to support the business model).
- (d) Statement of Comprehensive Income (Income statement), Statement of Financial Position (Balance Sheet).
- (e) Break-even analysis; (appreciate significance of break-even value).
- (f) Savings and investments options (including stocks and bonds, fixed deposits, treasury bills).

4. Developing the Business Model

- (a) Description of a business model.
- (b) Components of a business model:
 - (i) Value proposition (how do you create value?):
 - product offering: good, service or combination of both;
 - standardised or customised;
 - direct or indirect distribution;
 - internal manufacturing or outsourcing;
 - (ii) Beneficiary (for whom do you create value?):
 - business to business, business to consumer or both;
 - local, regional or international; general or niche market.

UNIT 2

MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

- (iii) Operations (what is your internal source of advantage?):
 - Internal capabilities of a business, including unique skills, technologies, resources;

- (iv) Product differentiation (how do you differentiate your product?):
 - operational excellence;
 - product quality;
 - innovative leadership;
 - cost;
 - networks.

- (v) Income generation (how do you intend to make money?):
 - operating leverage (fixed and variable costs);
 - volumes (high, medium, low), margins (high, low);
 - pricing (fixed, flexible);
 - revenue sources.

- (vi) Growth (what are the time scope and ambitions of the venture?):
 - subsistence model;
 - income model;
 - growth model;
 - speculative model.

5. Introduction to the Business Plan (students are not required to produce a business plan)

- (a) Purpose of a business plan.
- (b) Benefits of a business plan.

UNIT 2

MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

- (c) Key Sections of a business plan:
 - (i) executive summary:
(Concise summary of various components)
 - (ii) business description (business concept/value proposition);
(What does the business do?)
 - (iii) management;
(Who comprise the team that can make this happen?)
 - (iv) marketing;
(How is revenue potential determined? What/who is my competition? How am I better or different? What will my ideal customer pay? Location?)
 - (v) operations;
(What are resource requirements?)
 - (vi) financials.
(Is the company viable for me or for my investors?)

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in this Module, teachers are advised to engage students in the following teaching and learning activities.

1. Students develop a survey instrument to gather data for a needs assessment of their venture idea.
2. Students do a SWOT analysis of their personal profile.
3. Students do a SWOT analysis of an existing venture.
4. Students identify funding needs and sources for a venture.
5. Prepare a simple statement of cash flow.

UNIT 2

MODULE 2: NEW VENTURE PLANNING AND CREATION (cont'd)

RESOURCES

Texts:

Kuratko, Donald F. Entrepreneurship: Theory, Process, Practice 9th Edition. Mason, Ohio: South-Western Cengage Learning, 2011.

Mariotti, S. ,and T. Towle Entrepreneurship: How to Start and Operate a Small Business, 10th Edition. New Jersey: Prentice Hall, 2011

Electronic Sources and Websites

Harvard Business School -

<http://cb.hbsp.harvard.edu/cb/search/entrepreneurship?Ntk=HEMainSearch&N=0>

Babson College - <http://www.babson.edu/faculty/teaching-learning/research-publications/Pages/home.aspx>

Oklahoma State University (Experiential Class room): <HTTP://Enterpreneurship.OKSTATE.EDU>

Indiana State University - <http://www.entrepreneur.com/colleges/school/1022665.html>

Academic Journals:

Journal of Entrepreneurship Theory and Practice

Journal of Small Business and Entrepreneurship

International Journal of Entrepreneurship and Innovation

UNIT 2

MODULE 3: MANAGING AND GROWING THE VENTURE

GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the stages in the venture life cycle;
2. be aware of various venture models;
3. understand how E-Commerce can aid in the operations and growth of the venture.

SPECIFIC OBJECTIVES

Students should be able to:

1. identify the stages of a venture life cycle;
2. explain the stages of a venture life cycle;
3. distinguish among the venture models;
4. explain the importance of valuation of ventures;
5. discuss methods used in venture valuation;
6. explain how the internet impacts venture development;
7. identify approaches to E-Commerce;
8. identify the elements to consider before launching into E-Commerce;
9. assess the online potential of a venture;
10. discuss the benefits of selling via the internet;
11. outline some of the Myths about E-Commerce;
12. identify strategies for E-Commerce success.

UNIT 2

MODULE 3: MANAGING AND GROWING THE VENTURE (cont'd)

CONTENT

1. Venture Life Cycle

Stages of the venture life cycle:

- (a) new venture development;
- (b) start-up activities;
- (c) venture growth;
- (d) business stabilization;
- (e) innovation or decline.

2. Venture Models

Knowledge of how a venture can grow from one model to another over time:

- (a) promising start-ups;
- (b) venture-backed start-ups;
- (c) corporate-supported start-ups.

3. Importance of venture valuation

- (a) Know the real value of venture (to track increase or decrease in business value).
- (b) Buying or selling a business/ major asset.
- (c) Raising growth capital (IPO, sale of stocks).
- (d) Establishing an employee stock option (ESOP) plan.
- (e) Tax management (obligations).
- (f) Structuring a buy, sell or joint venture agreement with stockholders (example, mergers and acquisitions).
- (g) Attempting to buy-out a partner or shareholder.

UNIT 2

MODULE 3: MANAGING AND GROWING THE VENTURE (cont'd)

4. Venture Valuation Methods

Including but not limited to:

- (i) book value (balance sheet value);
- (ii) price earnings (multiple earnings value);
- (iii) discounted future earnings (discounted cash flow).

5. E-Commerce and Growing the Venture

(a) The Internet and its impact on venture development:

- (i) speed and flexibility;
- (ii) less emphasis on size/space;
- (iii) high volume;
- (iv) low margin.

(b) Approaches to E-Commerce:

- (i) on-line shopping malls;
- (ii) vertical Communities - store-front services;
- (iii) internet service providers (partnership with existing online payment facilities (pay pal);
- (iv) private initiative:
 - hiring a professional to customise a website for the venture;
 - building a site in-house.

(c) Elements to consider before launching into E-Commerce:

- (i) networking potential;
- (ii) integration of web into overall strategy;
- (iii) importance of lasting relationship with customers;

UNIT 2

MODULE 3: MANAGING AND GROWING THE VENTURE (cont'd)

- (iv) on-going investment of resources;
 - (v) data mining.
- (d) Assessing the online potential of the venture:
- (i) appeal to customers;
 - (ii) target market;
 - (iii) distribution cost;
 - (iv) costs and benefits.
- (e) The benefits of a website in selling through the Internet:
- (i) capacity to enhance customer service;
 - (ii) interactive communication;
 - (iii) lower cost of doing business; ability to grow faster;
 - (iv) track sales results;
 - (v) ability to spot new business opportunities.
- (f) Myths about E-Commerce:
- (i) setting up the site is easy and inexpensive;
 - (ii) customers will flock to my site;
 - (iii) making money is easy;
 - (iv) privacy is not an important issue;
 - (v) technology is the most important element;
 - (vi) do not need a strategy only a site;
 - (vii) customer service is not as important as in traditional retail store.

UNIT 2

MODULE 3: MANAGING AND GROWING THE VENTURE (cont'd)

Electronic Sources and Websites

Harvard Business School -

<http://cb.hbsp.harvard.edu/cb/search/entrepreneurship?Ntk=HEMainSearch&N=0>

Babson College - <http://www.babson.edu/faculty/teaching-learning/research-publications/Pages/home.aspx>

Oklahoma State University (Experiential Class room): <HTTP://Enterpreneurship.OKSTATE.EDU>

Indiana State University - <http://www.entrepreneur.com/colleges/school/1022665.html>

Academic Journals:

Journal of Entrepreneurship Theory and Practice

Journal of Small Business and Entrepreneurship

International Journal of Entrepreneurship and Innovation

Ebscohost - <http://search.ebscohost.com/>

◆ OUTLINE OF ASSESSMENT

Each Unit of the syllabus will be assessed separately. The same scheme of assessment will be applied to each Module in each Unit. Grades will be awarded independently for each Unit.

The Assessment will be comprised of two components, one external component and one internal.

EXTERNAL ASSESSMENT FOR EACH UNIT

(40 per cent)

Paper 01 This paper consists of forty-five (45) multiple-choice items. There are fifteen (15) items on each Module. (20 per cent)
(1 hour 30 minutes)

Paper 02 This paper consists of three sections, each corresponding to a Module in the Unit. Each section will contain two mini-case study scenarios. Each scenario will present candidates with the kind of situations that entrepreneurs come face to face with on a daily basis. It will require candidates to draw on their knowledge of all areas of the syllabus in general, to critically analyse the issues involved and prescribe real and defensible solutions to problems. (20 per cent)

Paper 03/1

(60 per cent)

SCHOOL-BASED ASSESSMENT

Students should create a portfolio with evidence of their entrepreneurial experience in completing their SBA. While it will not be submitted for external moderation, it is considered critical for students 'to appreciate the concepts and reinforce them for life-long learning'.

Unit 1

Candidates must interview an entrepreneur and produce a written Case Study report and make an oral presentation. The Case Study report should not exceed 1,500 words and must be presented as outlined on pages 41-43. The presentation will be made to the teacher and peers in the classroom setting. The School-Based Assessment requires that candidates undertake a project which must demonstrate their skills in research, analysis, evaluation and presentation of information.

Unit 2

Candidates are required to undertake ONE project that includes conducting a Market Research on a product or service and then develop a Business Model. Candidates must identify an original business idea, translate the idea into a well-conceptualised business concept, and then build a Business Model around it. This Business Model must demonstrate the basic market and economic feasibility of the proposed business.

Candidates must complete the School-Based Assessment for each unit that they write.

Paper 03/2

Private candidates are required to write an Alternative Paper – Paper 03/2. It comprises a single case encompassing issues under all three modules.

MODERATION OF SCHOOL-BASED ASSESSMENT

School-Based Assessment Record Sheets are available online via the CXC's website www.cxc.org.

All School-Based Assessment Record of Marks must be submitted online using the SBA data capture module of the Online Registration System (ORS). A sample of assignments will be requested by CXC for moderation purposes. These assignments will be reassessed by CXC Examiners who moderate the School-Based Assessment. Teachers' marks may be adjusted as a result of moderation. The Examiners' comments will be sent to schools.

Copies of the students' assignment that are not submitted must be retained by the school until three months after publication by CXC of the examination results.

◆ ASSESSMENT DETAILS

External Assessment by Written Papers

(40 per cent of Total Assessment)

Paper 01 (1 hour 30 minutes – 20 per cent of Total Assessment)

1. Numbers of Questions

All questions are compulsory. This paper will consist of 45 multiple-choice questions. There will be 15 questions from each Module.

2. Syllabus Coverage

- (a) Knowledge of the entire syllabus is required.
- (b) The intention of this paper is to test candidates' knowledge across the breadth of the syllabus.

3. Mark Allocation

- (a) One mark will be assigned for each question.
- (b) The total number of marks available for this paper is 45.
- (c) This paper contributes 20 per cent towards the final assessment.

4. Use of Calculators

Candidates may use silent non-programmable calculators.

Paper 02 (2 hours 45 minutes – 20 per cent of Total Assessment)

This paper will be divided into three sections, each section corresponding to a Module of the Unit.

1. Composition of Paper

- (a) This paper will consist of six mini-case study scenarios, each with extended response questions.
- (b) There will be two mini-case study scenarios in each section.
- (c) Candidates are required to attempt six questions, two from each section.
- (d) The total number of marks available for the paper is 45.
- (e) This paper contributes 20 per cent towards the final assessment.

2. Syllabus Coverage

- (a) Each question requires a greater depth of understanding than those questions in Paper 01.
- (b) The purpose of this paper is to test candidates' in-depth knowledge of the syllabus.

3. Question Type

Questions require an extended response involving reasoning, analysis and synthesis.

4. Mark Allocation

Each question is worth 15 marks.

5. Award of Marks

Marks will be awarded for:

- (a) clear logical reasoning;
- (b) evidence of ability to analyse a problem step by step and to apply principles and practices, skills and knowledge to reach a logical conclusion;
- (c) evidence of problem solving ability;
- (d) evidence of the ability to synthesise information.

Full marks will be awarded when candidate meets all criteria.

SCHOOL-BASED ASSESSMENT

School-Based Assessment is an integral part of the students' assessment of the course of study covered by this syllabus. It is intended to assist the students in acquiring certain knowledge, skills and attitudes that are associated with the subject. The activities for the School-Based Assessment are linked to the syllabus and should form part of the learning activities to enable the students to achieve the objectives of the syllabus.

During the course of study for the subject, students obtain marks for the competence they develop and demonstrate in undertaking their School-Based Assessment assignments. These marks contribute to the final marks and grades that are awarded to the students for their performance in the examination.

The guidelines provided in this syllabus for selecting appropriate tasks are intended to assist teachers and students in selecting assignments that are valid for the purpose of School-Based Assessment. The guidelines provided for the assessment of these assignments are also intended to assist teachers in awarding marks that are reliable estimates of the achievements of students in the

School-Based Assessment component of the course. In order to ensure that the scores awarded are in line with the CXC standards, the Council undertakes the moderation of a sample of the School-Based Assessments marked by each teacher.

School-Based Assessment provides an opportunity to individualise a part of the curriculum to meet the needs of the student. It facilitates feedback to the student at various stages of the experience. This helps to build the self-confidence of the students as they proceed with their studies. School-Based Assessment also facilitates the development of the critical skills and abilities emphasised by this CAPE subject and enhance the validity of the examination on which the students' performance is reported. School-Based Assessment, therefore, makes a significant and unique contribution to both the development of the relevant skills and the testing and rewarding of the student.

REQUIREMENTS OF THE SCHOOL-BASED ASSESSMENT

UNIT 1

The Project – Paper 03/1

Candidates are required to conduct an intensive interview with an entrepreneur in their locality/community and write a comprehensive report.

The interview will cover all three modules in the Unit – The Entrepreneurial Mindset, The Entrepreneurial Process, and Creativity and Innovation as they relate to the particular entrepreneur in a given industry. Two industries will be identified and prescribed per year (see Page 51). Candidates must conduct their interviews in the prescribed industries.

The purpose of this project is to enable the candidate to develop, appreciate and embrace the entrepreneurial mindset.

Secondly, the candidate should explore with the interviewee the entire entrepreneurial process, from generating venture ideas right through to exiting the venture as it relates to the particular entrepreneur.

Finally, the interview should draw out from the entrepreneur how he/she handles the joint issues of creativity and innovation especially how these two issues were nurtured, managed and protected. The interview may be conducted and submitted in pairs (or groups of two). The group may present the findings of the interview but each candidate is required to play a role in the CLASS PRESENTATION FOR WHICH A TOTAL OF 10 MARKS MUST BE ALLOCATED.

PRESENTATION OF PROJECT

1. The aims of the project are to:
 - (a) promote self-learning;
 - (b) allow teachers the opportunity to engage in the formative assessment of their students;
 - (c) allow students to enhance their understanding of the nature of entrepreneurship;
 - (d) allow students to display evidence of careful observation and some degree of originality in their work;

- (e) allow students to analyse business information gathered and make practical decisions;
- (f) explore more fully, some areas of the Unit which may not be assessed adequately in an external examination.

Essentially the group mark will be out of a total of 50. Candidates would individually be assigned up to 10 marks for their presentations.

Skills to be assessed

- | | |
|---------------------------------------|---|
| 1. Knowledge and Understanding: | candidate's ability to demonstrate knowledge and understanding of the objectives being assessed in the Module. |
| 2. Application: | candidate's ability to collect, classify and communicate information. |
| 3. Analysis: | candidate's ability to distinguish relationships among components of the business environment. |
| 4. Evaluation and Reasoned Judgement: | candidate's ability to interpret, make judgement and recommendations appropriate to the business under investigation. |
| 5. Presentation: | candidate's ability to present the report using, where necessary, relevant charts, tables and graphs. |

Managing the research project

The research project is worth 60% of the candidate's total mark. Teachers should ensure that sufficient time is allowed for teaching the research skills contained in the Module, explaining the requirements of the School-Based Assessment, discussing the assessment criteria and monitoring and evaluating the project work.

Planning

It is important to start planning for the research project work early. Agreed deadlines should be established. Dates for completion and submission of specific activities should be set by the teacher.

Length of the report

The length of the report should not exceed 1,500 words, not including bibliography, charts, graphs, tables, pictures, references and appendices.

FORMAT OF THE RESEARCH REPORT

Field Interview of an Entrepreneur

Candidates must interview an entrepreneur and produce a written report and an oral presentation (PowerPoint® presentation may be used to augment the report). The Case Study report should not exceed 1,500 words and must be presented as outlined on pages 42-43. The presentation will be made to the teacher and peers in the class setting.

Interview Report:

Students will interview an entrepreneur based on the following guidelines.

Selected entrepreneurs must have ventures at least five years old preferably with employees. This assignment is designed to provide the opportunity to explore the type of business or industry you think you would like to be a part of, to begin to develop an entrepreneurial mindset and to develop a professional network in the field. This will also show your assimilation of your coursework. You are encouraged to seek permission to record the interview using relevant technology (audio visuals, still pictures). You may need more than one face to face meeting with the entrepreneur to capture sufficient information, so plan ahead!

Content of the Interview Report

1. Name and description of the venture.
2. Background of the entrepreneur prior to starting the venture.
3. Characteristics of the entrepreneur.
4. Origin of the venture (why was it started?).
5. Industry and market description.
6. Key historical events in the start and existence of the venture.
7. Present state of the venture.
8. Major present and future challenges and emerging opportunities.
9. Analytical questions for the reader to use as they conduct the interview.
10. How findings impact student's attitudes, behaviour and inspiration towards venture creation.
11. Conclude with a presentation reflecting on what you learned from the experience of interviewing the entrepreneur and researching and writing the interview report.

MARK SCHEME FOR SCHOOL-BASED ASSESSMENT UNIT 1

Allocation of Marks for Interview Report (60 Marks)		MARKS
1.	AIMS AND OBJECTIVES	(4)
•	Aim and at least two objectives of the interview report clearly stated and relevant to the topic chosen.	4
•	Aim and one objective of the interview report clearly stated and relevant to the topic.	3
•	Aim and at least two objectives of the interview report bearing relevance to the topic but not clearly stated.	2
•	Aim and one objective of the interview report bearing relevance to the topic but not clearly stated.	1
2.	DATA COLLECTION	(8)
•	The method(s) of investigation clearly stated.	1-2
•	Adequate justification for the method(s) used.	1-3
•	A statement or explanation of limitations.	1-3
3.	REVIEW OF INDUSTRY	(6)
•	Thorough treatment of literature related to venture.	5-6
•	Fair treatment of literature related to venture.	3-4
•	Inadequate treatment of literature related to the venture.	1-2
4.	PRESENTATION OF INTERVIEW REPORT	(12)
•	Candidate adequately captured the mindset, characteristics, creativity and innovation of the entrepreneur, and the processes, practices and challenges of venture creation.	9-12
•	Candidate moderately captured the mindset, characteristics, creativity and innovation of the entrepreneur, and the processes, practices and challenges of venture creation.	6-8
•	Candidate minimally captured the mindset, characteristics, creativity and innovation of the entrepreneur, and the processes, practices and challenges of venture creation.	3-5

5.	IMPACT ON SELF	(8)
	<ul style="list-style-type: none"> • Candidate adequately reflects on how findings impact their own attitudes, behaviour and inspiration towards venture creation. 6-8 • Candidate moderately reflects on how findings impact their own attitudes, behaviour and inspiration towards venture creation. 3-5 • Candidate minimally reflects on how findings impact their own attitudes, behaviour and inspiration towards venture creation. 1-2 	
6.	PRESENTATION ON IMPACT ON SELF	(10)
	<ul style="list-style-type: none"> • Appearance 1 • Preparedness/ Knowledge 3 • Impact on attitudes towards venture creation 2 • Response to questions 2 • Presentation style 2 	
7.	CONCLUSION	(4)
	<ul style="list-style-type: none"> • Conclusion based on findings and related to the purposes of the project. 3-4 • Conclusion related to the purpose of the project but not clearly based on findings. 1-2 	
8.	PRESENTATION OF PROJECT	(8)
	<ul style="list-style-type: none"> • Information communicated using correct grammar. 1-2 • Use of media other than text to present information (graph, tables, charts, diagrams). 1-2 • Bibliography presented in an acceptable manner. 1-2 • Information in Project report presented logically and coherently. 1-2 	
	Total Marks	(60)

MARK SCHEME FOR SCHOOL-BASED ASSESSMENT UNIT 2

The SBA consists of a Market Research and a Business Model.

A. MARKET RESEARCH

As a group of entrepreneurs, you are required to conduct a market research on a proposed product/service. Your research should consist of both primary and secondary data relevant to the product or service. You should analyse the findings and then make appropriate recommendations.

The market research will enable students to:

1. understand the importance of research in determining the feasibility of a product or service;
2. distinguish between primary and secondary data relevant to research;
3. select appropriate research instruments and procedures required to conduct research;
4. apply research findings in decision-making.

METHODOLOGY

The assignment should be carried out using the following methods:

1. review of available published materials;
2. conduct a survey in a selected market segment.

The assignment should be submitted using the following guidelines:

1. introduction (2 marks);
2. the Research Objectives (approximately 5) (10 marks);
3. target Population and Selection of sample (4 marks);
4. methodology (4 marks);
5. the Questionnaire (10 marks);
6. findings/Results (15 marks);
7. analysis of Results: Product characteristics, Definition of Market (place, local, regional and/or international), Expected Sales trends, Customer analysis, Promotional Strategy, Pricing Strategy, The Nature and Level of Competition (35 marks) Research objectives must be centred on the above headings);
8. conclusions and Recommendations (5 marks)
9. appendices, copy of survey instrument, secondary data sources, exhibit of product design (5 marks).

FORMAT OF THE ASSIGNMENT

The group should select a business name, slogan, logo, relevant to their role as an entrepreneur.

GUIDELINES FOR THE MARKET RESEARCH

Introduction

An outline of the proposal: business idea, the business name, type of business, location among others.

Objectives

A list of the objectives within the specified categories that the business would like to meet by means of the questionnaire.

Population and Sample

To whom the business will administer the questionnaire: population size, demographic. How sample was chosen, for example, random, non-random, stratified, stratified-random.

Methodology

An explanation of how the questionnaires were administered, for example, face to face interviews, telephone interviews, by mail and social media sources.

The Questionnaire

A copy of the questionnaire containing a minimum of ten questions designed to meet the stated objectives above. Take into consideration:

1. the form of questions, a mix of open-ended and close-ended;
2. the wording of questions, sequencing of questions (lead questions first, difficult and personal questions last).

Findings

This should include:

1. a summary of completed Questionnaires;
2. a frequency of responses and a narration of the frequency;
3. use of simple statistical tools (example excel) to illustrate findings (graphs, tables and charts).

Analysis of Results

- Product Characteristics (5 marks).

Describe the physical features of the product that will be offered, the added services and benefits, the quality and uniqueness.

- Market Analysis (5 marks).

Market size, market share; potential or opportunities for growth; threats that might pose a risk.

- Sales Analysis (5 marks).

Potential yearly sales (Number of potential customers times average amount to be spent). Sales trend/seasonality. Potential for increase in annual sales.

- Customer Analysis (5 marks).

Who are your customers? (industry, other businesses, consumers); demographic (age, income group, gender, marital status); psychographics (life-style, interests, activities, opinions, buying habits? How best can you satisfy their needs?

- Promotion and Advertising (5 marks).

What is the most effective way to inform customers?
Including radio, television, press; sales promotion and freebies, fliers, telemarketing, Internet.

- Pricing Strategy (5 marks).

What is your suggested retail price, what level of discounts will you give for wholesale and volume purchases? Will you adjust your prices based on seasonality of demand? What will be your policy on bundling, price flexibility and price discrimination?

- Competition (5 marks).

Who are the competitors? Is the market fragmented/ (many small sellers) or concentrated? (few large sellers), or is there a combination?

Who are the main competitors? What share of the market do they have? What is their competitive advantage? (evaluate the strengths and weaknesses of their product, price, promotion and place). How do you propose to compete? What will your competitive edge be?

Conclusions and Recommendations

A report on actions to be taken based on your analysis above.

ALLOCATION OF MARKS FOR MARKET RESEARCH (30 MARKS)

	MARKS
1. RESEARCH OBJECTIVES	(2)
• At least TWO objectives clearly stated and relevant to the topic chosen.	2
• ONE objective clearly stated and relevant to the topic.	1
2. TARGET/SAMPLE	(4)
• Population / Sample selection process adequately described.	3-4
• Population / Sample selection process moderately described.	2
• Population / Sample selection process inadequately described.	1
3. METHODOLOGY	(4)
• Thorough description of methodology used.	4
• Fair description of methodology used.	2-3
• Inadequate description of methodology used.	1
4. QUESTIONNAIRE	(6)
• Questionnaire well constructed.	5-6
• Questionnaire fairly constructed.	3-4
• Questionnaire inadequately constructed.	1-2
5. FINDINGS AND ANALYSIS	(10)
• Comprehensive analysis of findings.	8-10
• Moderate analysis of findings.	4-7
• Inadequate analysis of findings.	1-3
6. CONCLUSION	(4)
• Conclusion related to findings and analysis.	4
• Conclusion fairly well related to findings and analysis.	2-3
• Conclusion not closely related to findings and analysis.	1
TOTAL MARKS	(30)

B. BUSINESS MODEL

Student will develop an innovative venture idea, translate the idea into a well-conceptualised business concept, and then build a business model around it. This business model must demonstrate the basic market and economic feasibility of the proposed venture idea.

NB. You are not asked to develop a full business plan.

The Business Model should be developed using the following guidelines (Refer to UNIT 2, MODULE 2, developing the business model):

1. Why do you want to start this business/history?
2. Mission/vision statement- why this business?
3. Objectives.
4. Value Proposition (how do you create value?).
5. Beneficiary (for whom do you create value?).
6. Operations (what is your internal source of advantage?).
7. Product differentiation (how do you differentiate your product?).
8. Income generation (how do you intend to make money?).
9. Growth (what are the time scope and ambitions of the venture?).
10. Financial request-start-up funds needed and likely source(s).
11. One page cash flow- summary financials for start-up year.

ALLOCATION OF MARKS FOR BUSINESS MODEL (30 Marks)

	MARKS
1. History of the Venture	(2)
• Comprehensive description of concept and venture	2
• Weak description of concept and venture	1
2. MISSION/VISION STATEMENT	(2)
• Mission and vision statements clearly stated	2
• Mission and vision statements not clearly stated	1
3. Value Proposition	(3)
• Comprehensive description of value proposition	3
• Moderate description of value proposition	2
• Inadequate description of value proposition	1
4. Beneficiaries	(2)
• Comprehensive description of beneficiaries	2
• Inadequate description of beneficiaries	1
5. Operations	(2)
• Comprehensive description of Operations	2
• Inadequate description of Operations	1
6. Product differentiation	(3)
• Comprehensive description of product innovation	3
• Moderate description of product innovation	2
• Inadequate description of product innovation	1
7. Income Generation	(4)
• Comprehensive description of income generation	4
• Moderate description of income generation	2-3
• Inadequate description of income generation	1
8. Growth	(2)
• Comprehensive description of venture growth model	2
• Moderate description of venture growth model	1
9. Summary of Financial Analysis	(3)
• Comprehensive treatment of financial request and cash flow statement	3
• Moderate treatment of financial request and cash flow statement	2
• Inadequate treatment of financial request and cash flow statement	1
10. Presentation of Project	(7)
• Table of contents presented in an acceptable format	1
• Information communicated using correct grammar	1-2
• References presented in appropriate format	1-2
• Information in Project report presented logically and coherently	1-2
TOTAL	(30)

Overall Presentation

- (a) Cover Page.
- (b) Acknowledgements.
- (c) Table of Contents.
- (d) Bibliography.
- (e) Appendices

Writing Skills

- (a) Organisation of ideas.
- (b) Vocabulary, use of language.
- (c) Grammar and Spelling.

◆ REGULATIONS FOR PRIVATE CANDIDATES

Private candidates will be required to write Papers 01 and 02. Detailed information on Papers 01 and 02 is given on pages 35 - 38 of this syllabus.

Private candidates are required to write, Paper 03/2, an Alternative Paper to the School-Based Assessment. This paper is worth 60% of the total mark for the Unit.

UNIT 1

Paper 03/2 - (60 per cent of Total Assessment)

Composition of the Paper

This paper comprises one compulsory question incorporating all three Modules of the Unit being examined.

Private candidates are expected to undertake an investigation on a specific topic in order to address the scenarios presented in the examination.

The Industries for the examination years 2015 - 2019 are listed below. The following identifies the examination year and the industries to be investigated.

1. Industries for 2015 - Tourism; Automotive Industry.
2. Industries for 2016 - Manufacturing; Creative and Cultural industries; Environmental.
3. Industries for 2017 - Food and Beverage Industry; Agro-Industry.
4. Industries for 2018 - ICT and Telecommunications Technology; Electrical/Electronic industry.
5. Industries for 2019 - Fashion and Beauty Industry; Health and Wellness Industry.

1. Question Type

Questions in this paper may be short answer and extended essay type, based on the case.

2. Mark Allocation

The total number of marks available for this paper is 60, which will be weighted to 135 by CXC.

◆ REGULATIONS FOR RESIT CANDIDATES

Resit candidates must complete Papers 01 and 02 of the examination for the year for which they re-register. Resit candidates may elect not to repeat the School-Based Assessment component, provided they re-write the examination no later than two years following their first attempt.

Resit candidates may opt to complete a School-Based Assessment for each Unit written or may opt

to reuse another SBA score which satisfies any of the conditions listed at (i) or (ii) below.

1. A candidate who re-writes the examination in the same Unit within two years may reuse the moderated SBA score earned in the previous sitting within the preceding two years. Candidates re-using SBA scores in this way must register as 'Resit candidates' and *must* provide the previous candidate number.
2. Candidates who enter for Unit 1 or Unit 2, in different sittings, may reuse a moderated SBA score obtained in a previous sitting of either Unit within the preceding two years. The SBA score may be reused in either Unit, or in both Units, irrespective of the Unit in which it was obtained. Candidates reusing SBA scores in this way must register as 'Transfer' candidates.

Resit candidates may be entered through schools, recognised educational institutions, or the Local Registrar's Office.

◆ ASSESSMENT GRID

The Assessment Grid for the TWO Units showing marks assigned to Papers and Modules and percentage contributions of each paper to the total scores.

Papers	Module 1	Module 2	Module 3	Total	Percentage (%)
External Assessment Paper 01 1 hr 30 minutes	15	15	15	45	20
Paper 02 2 hours 45 minutes 6 mini cases, 2 per module	30 (15)	30 (15)	30 (15)	90 (45)	20
Internal Assessment Paper 031 Unit 1 SBA - Interview Report Unit 2 - Market Research and Business Model	20 (45)	20 (45)	20 (45)	60 (135)	60
Paper 032 2 hours 1 case covering all three Modules of the Unit					
Total	75	75	75	225	Percentage (100)

For the **internal assessment**, the total mark earned by the candidate for the entire project must be divided equally among the three modules. Any remainder should be added to any module according to the candidate's strength based on the teacher's judgement BUT SHOULD NOT EXCEED 20 MARKS.

WEIGHTED SCORES IN BRACKETS

◆ GLOSSARY OF BEHAVIOURAL VERBS USED IN THE ENTREPRENEURSHIP EXAMINATION

WORD	DEFINITION
Analyse	Examine methodically and in detail the elements of a process, a situation or a theory, and then draw (a) conclusion(s).
Apply	Use knowledge and/or principles, approaches or theories to solve problems.
Assess	Present reasons for the importance of particular structures, relationships, processes or approaches.
Comment	State opinion or view with supporting reasons.
Compare and contrast	State, describe and elaborate on the similarities and differences.
Define	Provide a precise statement giving the nature or the scope or the meaning of a term; or use the term in one or more sentences so that the meaning is clear and precise.
Describe	Provide a detailed account, including significant characteristics or elements of an issue or situation.
Develop	Elaborate on or expand an idea or argument with supporting reasons.
Differentiate or Distinguish	State or explain briefly those differences between or among items or situations which can be used to define them or place them into separate categories.
Discuss	Write an extended answer defining key concepts, stating what is, exploring related concepts and issues, present reasoned arguments for and against, using detailed examples but not necessarily drawing a conclusion.
Evaluate	Weigh evidence and make judgements based on given criteria. The use of logical supporting reasons for a particular point is more important than the view held; usually both sides of an argument should be considered.
Examine	Write an extended answer defining key concepts, stating what is and exploring related concepts and issues.
Explain	Provide statements on what happened, how it happened and why it happened. Provide elaboration of particular terms, concepts,

WORD	DEFINITION
	approaches.
Formulate	Develop a hypothesis.
Give/State	Provide short, concise statements.
Identify	Name specific components or features. Point out, indicate without explanation or recognise and select.
Interpret	Explain the meaning of.
Investigate	Use appropriate procedures to observe, research, record data, analyse and draw logical conclusions.
Justify	Explain the correctness of/give reasons for the selection of.
List	Use headings only.
Name	Provide actual names (but no other details).
Outline	Provide main points, or features only without details.
Plan	Prepare to conduct an investigation.
Suggest	Offer an explanation deduced from information provided or previous knowledge and consistent with subject knowledge.

Western Zone Office
6 March 2013

CARIBBEAN EXAMINATIONS COUNCIL

Caribbean Advanced Proficiency Examination®

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ENTREPRENEURSHIP

Specimen Papers and Mark Schemes/Keys

Specimen Papers:

- Unit 1, Paper 01
- Unit 1, Paper 02
- Unit 1, Paper 03/2
- Unit 2, Paper 01
- Unit 2, Paper 02
- Unit 2, Paper 03/2

Mark Schemes and Keys:

- Unit 1, Paper 01
- Unit 1, Paper 02
- Unit 1, Paper 03/2
- Unit 2, Paper 01
- Unit 2, Paper 02
- Unit 2, Paper 03/2



TEST CODE **02124010**

SPEC 2013/02124010

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

ENTREPRENEURSHIP

SPECIMEN PAPER

Unit 1 Paper 01

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This test consists of 45 items. You will have 1 hour 30 minutes to answer them.
2. Each item in this test has four suggested answers lettered (A), (B), (C), (D). Read each item you are about to answer and decide which choice is best.
3. Look at the sample item below.

Sample Item

The process of creating an idea and turning it into a product or service is termed

- (A) innovation
- (B) commerce
- (C) production
- (D) manufacturing

Sample Answer



The best answer to this item is “innovation”, so answer space (A) has been shaded.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

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1. Which of the following BEST describes an entrepreneur?
 - (A) Has a strong desire to achieve and is innovative
 - (B) Recognizes opportunities but sacrifices them
 - (C) Has the urge to keep a product in the existing market
 - (D) Has a strong desire for money but does not go after it

2. Which of the following statements is NOT a myth associated with entrepreneurs?
 - (A) Entrepreneurs are bold.
 - (B) All entrepreneurs are rich.
 - (C) Entrepreneurs generate ideas.
 - (D) Entrepreneurs are born, not made.

3. “Creative destruction is the process whereby products, processes, ideas and businesses are replaced with better ones.”

Which of the following theorists made this proposition?
 - (A) Peter Drucker
 - (B) Jean Baptiste Say
 - (C) Richard Cantillon
 - (D) Joseph Schumpeter

4. Which of the following is central to the concept of entrepreneurship?
 - (A) Financing
 - (B) Stabilization
 - (C) Manufacturing
 - (D) Innovation

5. Entrepreneurship involves the management of
 - (A) processes, people and growth
 - (B) global economies, people and growth
 - (C) global economies, processes and growth
 - (D) people, processes and regional economies

6. Which of the following is a driving force behind contemporary entrepreneurship?
 - (A) Globalization
 - (B) Demographic stability
 - (C) Stagnation in innovation
 - (D) Decreasing consumption

7. Which of the following does NOT encourage entrepreneurship?
 - (A) Information revolution
 - (B) Changing demographics
 - (C) Technological advances
 - (D) Government bureaucracy

8. Which of the following is a KEY characteristic for a successful entrepreneur?
 - (A) Ability to work hard
 - (B) Technical skills
 - (C) Access to personal money
 - (D) Eye for an opportunity

GO ON TO THE NEXT PAGE

9. An individual who is in the process of starting a new venture for the first time is described as a

- (A) novice entrepreneur
- (B) serial entrepreneur
- (C) nascent entrepreneur
- (D) habitual entrepreneur

10. Which of the following factors distinguishes an entrepreneur from a traditional small business owner?

- (A) Wealth
- (B) Ability to innovate
- (C) Number of start-ups
- (D) Employment status

Items 11 - 12 refer to the following types of entrepreneurs.

- (A) Serial entrepreneur
- (B) Novice entrepreneur
- (C) Habitual entrepreneur
- (D) Portfolio entrepreneur

In answering items 11–12, match each item with one of the options above. Each option may be used once, more than once or not at all.

11. An individual who has NO prior experience in starting up a business, inheriting a business or purchasing a business

12. An entrepreneur who creates, starts and sells ventures

13. Which of the following BEST describes an entrepreneur when starting or expanding a business?

- (A) Opportunist
- (B) Angel funder
- (C) Venture capitalist
- (D) Calculated risk taker

14. Gender can constitute a barrier to the development of entrepreneurship when

- (A) venture financing availability is based on one's gender
- (B) venture capitalists invest in multiple ventures
- (C) both men and women are free to access venture capital
- (D) both men and women are given the same level of entrepreneurial training

15. Jenny started her business one year ago. The business failed. As a typical entrepreneur, what will Jenny MOST likely do?

- (A) Go to work for a major corporation
- (B) Try to learn from her failed venture
- (C) Give up becoming a successful entrepreneur
- (D) Spend the rest of her life wondering what happened to her business

16. Which of the following is NOT a method of generating a venture idea?
- (A) Training
 - (B) Checklist
 - (C) Notebook
 - (D) Brainstorming
17. Which of the following organizations will MOST likely give financial assistance and technical support to implement a business idea?
- (A) Central banks
 - (B) Angel investors
 - (C) Commercial banks
 - (D) Business development agencies and programmes
18. An entrepreneur creates new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying
- (A) threats
 - (B) people
 - (C) products
 - (D) opportunities
19. Every business venture starts with
- (A) capital
 - (B) an idea
 - (C) a market
 - (D) an opportunity
20. What is the LAST step to be taken by an entrepreneur in selecting a business opportunity?
- (A) Preparing a business plan
 - (B) Screening of business opportunity
 - (C) Evaluating self and the community
 - (D) Identifying the needs and wants of customers
21. Which of the following strategies can be described as both harvesting and exit?
- (A) Licensing
 - (B) Shut down
 - (C) Management buyout
 - (D) Family succession
22. Which of the following is a characteristic of a business idea?
- (A) Always abstract
 - (B) May look bad at first
 - (C) Always structured and systematic
 - (D) Requires more than one person to generate
23. The first step in the entrepreneurial process ESSENTIALLY involves
- (A) idea generation
 - (B) resource mobilization
 - (C) opportunity identification
 - (D) business concept utilization

GO ON TO THE NEXT PAGE

24. Planning for unexpected growth in an entrepreneurial venture involves
- (A) determining future goals and objectives
 - (B) assigning tasks and allocating resources
 - (C) motivating persons towards achieving goals
 - (D) ensuring that performance is in accordance with goals
25. Demographic segmentation strategies separate potential customers into
- (A) age, gender and income
 - (B) region, city and population
 - (C) loyalty, product use and culture
 - (D) lifestyle, social class and education
26. Which of the following factors should an entrepreneur consider MOST when hiring employees?
- (A) Skills and education
 - (B) Wages, motivation and benefits
 - (C) Skills, experience and education
 - (D) Performance appraisal, skills and education
27. Which of the following is NOT a source of a business concept?
- (A) New markets
 - (B) New products
 - (C) Existing markets
 - (D) New organizational structures
28. Financial funding (backing) offered to an entrepreneur in return for an equity position in his/her venture is known as
- (A) leasing
 - (B) outsourcing
 - (C) angel funding
 - (D) supplier financing
29. What type of financing is venture capital funding?
- (A) Equity
 - (B) Long-term debt
 - (C) Preferred stock
 - (D) Short-term debt
30. The process by which a small group of people interact to produce a large quantity of imaginative ideas is called
- (A) idealization
 - (B) brainstorming
 - (C) mind mapping
 - (D) group thinking
31. Authors or publishers of software are protected under
- (A) patent
 - (B) copyright
 - (C) trademark
 - (D) trade security

32. Which of the following innovative concepts describes managing continuity in an entrepreneurial venture?
- (A) Radical
 - (B) Modular
 - (C) Incremental
 - (D) Architectural
33. Which of the following core innovative concepts provides customers with products which they never knew they needed?
- (A) Modular
 - (B) Incremental
 - (C) Discontinuous
 - (D) Architectural
34. Sources of innovation include
- I change in behaviour
 - II new technology
 - III deregulation
- (A) I and II only
 - (B) I and III only
 - (C) II and III only
 - (D) I, II and III
35. Which of the following methods of protecting innovation and creativity can be used for creation of the G-pan steel pan in Trinidad and Tobago?
- (A) Patent
 - (B) Branding
 - (C) Copyright
 - (D) Registered design protection
36. Which of the following is NOT a source of innovation?
- (A) Deregulation
 - (B) New technology
 - (C) Existing markets
 - (D) Changing demographics
37. The creative and innovative secret herbs and spices used by a popular multinational company through franchised outlets for the preparation of fast food is protected under
- (A) copyright
 - (B) trademarks
 - (C) trade secrets
 - (D) intellectual property
38. Which of the following may be used to protect a specific way of doing business and the underlying computer codes, programs and technology?
- (A) Patent
 - (B) Copyright
 - (C) Trademark
 - (D) Trade secret
39. Which of the following may be regarded as a micro-level condition for nurturing innovation?
- (A) Social or changing demography
 - (B) Organizational culture that inspires innovation
 - (C) Ethics or adherence to sound principles by regulators
 - (D) Entrepreneurship policies developed and implemented by government

GO ON TO THE NEXT PAGE

40. What type of innovation can be described by the term 'supply chain'?
- (A) Process
 - (B) Position
 - (C) Product
 - (D) Paradigm
41. One special type of mobile phone has gone through a series of small improvements over the years which has helped to keep its competitive position. This type of innovation can be described as
- (A) modular
 - (B) incremental
 - (C) product
 - (D) service
42. Which type of innovation leaves the existing components and the core design concepts essentially untouched, but changes the ways in which the components are linked?
- (A) Modular
 - (B) Incremental
 - (C) Architectural
 - (D) Discontinuous
43. Which of the following are forms of protection for intellectual property rights?
- (i) Patent
 - (ii) Trademark
 - (iii) Copyright
- (A) I and II only
 - (B) I and III only
 - (C) II and III only
 - (D) I, II and III
44. Which of the following is NOT one of the four Ps of innovation type?
- (A) Price
 - (B) Process
 - (C) Position
 - (D) Paradigm
45. An entrepreneur's failure to adhere to sound business practices can be considered as
- (A) behaving unethically
 - (B) ignoring indigenous customs
 - (C) not observing local regulations
 - (D) ignoring entrepreneurial decisions

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

Paper 01 Unit 1

Item	Specific Objective	Key	Item	Specific Objective	Key
1	1.1.5	A	26	1.2.11	A
2	1.1.10	C	27	1.2.7	C
3	1.1.6	D	28	1.2.10	C
4	1.1.1	D	29	1.2.10	A
5	1.1.1	A	30	1.2.2	B
6	1.1.1	A	31	1.3.12	B
7	1.1.1	D	32	1.3.2	C
8	1.1.5	D	33	1.3.2	C
9	1.1.4	C	34	1.3.7	D
10	1.1.3	B	35	1.3.12	A
11	1.1.4	B	36	1.3.7	C
12	1.1.4	A	37	1.3.7	C
13	1.1.5	D	38	1.3.7	A
14	1.1.7	A	39	1.3.10	B
15	1.1.9	B	40	1.3.5	A
16	1.2.2	A	41	1.3.5	B
17	1.2.10	D	42	1.3.5	C
18	1.2.4	D	43	1.3.12	D
19	1.2.8	B	44	1.3.5	C
20	1.2.5	B	45	1.3.11	A
21	1.2.13	C			
22	1.2.8	B			
23	1.2.1	A			
24	1.2.12	B			
25	1.2.12	A			

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C A R I B B E A N E X A M I N A T I O N S C O U N C I L

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

ENTREPRENEURSHIP

ENTREPRENEURIAL THEORY

SPECIMEN PAPER

Unit 1 – Paper 02

3 hours

INSTRUCTIONS TO CANDIDATES

1. This paper consists of SIX mini-case scenarios, TWO from EACH module.
2. Candidates MUST answer the SIX questions.
3. Each question is worth 15 marks.

INSTRUCTIONS: Read the mini-cases and answer the questions that follow them.

Module 1 - Entrepreneurial Mindset

Case 1 – The Great Entrepreneur

John Harold Johnson, while at a presentation at his US high school, approached the guest speaker who was the president of a large black-owned insurance company with a request for support to go to college, as he did not have the money to do so. The speaker invited him to meet with him in the fall, resulting in John getting a part-time job in the black-owned insurance company to support his future studies. Shortly thereafter, John became editor of the company's in-house magazine, which focused on successful, contemporary African-Americans. This inspired John to create a black American magazine called the Niagra Digest, given that there were no other national black consumer magazines at the time. To finance his idea, he borrowed \$5 000 from his local bank using his mother's prestige furniture as collateral. To break into the market, John recruited his friends and gave them money to go around to various shops seeking to purchase the new black magazine although John knew that his magazine was not being carried by many shops at the time. This strategy was successful as the newsstands started to carry his magazine. He expanded his business to include other magazines, an insurance company, radio stations and real-estate holding. John overcame the obstacles of poverty, negativism and racism to reach great heights in the publishing world and became the first black man to be named to the Forbes 400 List of Richest Men.

1. (a) Identify FIVE characteristics of an entrepreneur that were demonstrated by John. **[5 marks]**

- (b) Outline how social and economic conditions presented entrepreneurial opportunities for John. **[4 marks]**

- (c) Explain the impact of cultural diversity on John's publishing business. **[6 marks]**

Total 15 marks

GO ON TO THE NEXT PAGE

Case 2 – Doubt Bars the Way

Annita and Andrea are recent graduates of the University of the West Indies; Annita studied law while Andrea pursued business. Both were considered creative and innovative by their lecturers, traits which could help them as employees or persons capable of establishing their own ventures. Both graduates contemplated how to make money to take care of their personal and family needs in Jamaica. Their first thought was to seek employment overseas, as it is difficult to get employment locally. The other option was to start a venture; they thought that the latter option was too risky for them, basing their thinking on some ideas they have long held about who is an entrepreneur.

John, a brother of Annita, encouraged them to be more entrepreneurial with their knowledge and their network. He argued that at a time when there is a global recession, persons with entrepreneurial drive and thinking could successfully start and sustain a venture. However, Annita and Andrea argue that they are neither intrapreneurs nor entrepreneurs (terms they consider alien to them), they have never operated a business, they do not have money and worse yet, they are not lucky. Both of them have decided that they would rather invest their time in trying to get a visa to go to Canada as there is a Canadian programme which they have heard about that enables Caribbean nationals to become citizens and guarantees them jobs.

2. (a) Outline the differences between an entrepreneur and an intrapreneur, for the benefit of Annita and Andrea. **[6 marks]**
- (b) In assisting Annita and Andrea to make a decision, identify FIVE myths of entrepreneurship. **[5 marks]**
- (c) For FOUR of the myths identified in (b) above, state ONE reason why EACH is so considered. **[4 marks]**

Total 15 marks

GO ON TO THE NEXT PAGE

Module 2 – Entrepreneurial Process**Case 3 – The Business Idea to Make Money**

Jack and Jill are children of the Bing family, earning \$50 per week from chores at their home. They want to buy a video game system that costs \$1 000. Their parents have told them that they must generate money to buy the system themselves. However, the children do not have enough money to purchase it from their earnings. With summer approaching, they have thought of selling soft drinks and candies at events held during the holidays. There are usually large crowds of hot, thirsty people around during such periods. Their idea is to fill a large cooler with ice, cans of soft drinks and candy bars and sell these to the customers at these events.

The parents like their entrepreneurial spirit and have offered them a loan to buy the initial products (soft drinks, candy bars) for the venture and their large picnic cooler so that they could begin making ice and storing it in the freezer in the basement. This would save on overhead costs. The parents believe that this idea is feasible, as they know that the opportunity exists for the children to sell at their local sports park and club where cold soft drinks are always in great demand.

3. (a) The case presents the need for idea generation. List FIVE methods of generating new venture ideas.

[5 marks]

- (b) Outline FIVE resources that are available to Jack and Jill in support of their business idea.

[10 marks]

Total 15 marks

GO ON TO THE NEXT PAGE

Case 4 – Look Before You Leap

Ingrid and Phillip are cousins who live in Montserrat. Because of the regular volcanic eruptions, many of their friends have left the island to live in England. Being very patriotic, both decided that they would not leave. Moreover, they think that the large population of Montserratians in England presents an opportunity for them to sell Montserratian products to their Montserratian friends who have migrated. They think that this will work because Montserratians in general are patriotic and would prefer to support their homeland businesses.

Both cousins inherited a substantial amount of money from their deceased grandmother and decided that it was best to invest in a business. After brainstorming ideas, they decided that they would pre-cook and package 'goat head soup', the Montserratian National Dish, and sell this to their target market in England. They believed that this venture would be successful as it was grounded in the culture of Montserrat. They took 80 per cent of the inherited money and invested it in the venture, hoping that within one year they would recover their expenditure and start to reap substantial profits by the first quarter of the second year.

4. (a) Identify the SIX steps in the entrepreneurship process. **[6 marks]**
- (b) Based on the case, explain the business concept of Ingrid and Phillip. **[5 marks]**
- (c) List TWO activities that would be required to implement Ingrid and Phillip's venture idea. **[4 marks]**

Total 15 marks

GO ON TO THE NEXT PAGE

Module 3 – Creativity and Innovation**Case 5 – Entrepreneur: Ken Kutaragi**

While employed as a sounds lab specialist at Sony, Ken Kutaragi bought his daughter a Nintendo (a game console made by a competitor of Sony). He found the sound effects primitive and thought he could make improvements to it using a digital sound clip. Consequently, Ken developed the SPC7000 for the next generation of Nintendo machines. On discovery of this innovation, the then CEO of Sony, Norio Ohga, realized its value and did not chastise Ken. Instead, he encouraged Ken to develop a gaming system for Sony, which became the PlayStation. This made Sony a major player in the games market, with PlayStation 2 becoming the best-selling game console of all time.

Ken was persistent and he went on to develop other PlayStation products earning him the name The Father of the PlayStation. He was soon rewarded for his significant achievement. He was promoted to the position of Chairman and Chief Executive Officer of Sony Computer Entertainment (SCEI), the video game division of Sony Corporation, and made it into a major profit centre for the Sony Corporation.

5. (a) Distinguish between creativity and innovation. **[6 marks]**
- (b) Name FIVE things which the management of Sony Computer Entertainment Inc did (in relation to Ken) to promote a culture of creativity. **[5 marks]**
- (c) With reference to the case, identify TWO sources of innovation that was utilized by Kutaragi. **[4 marks]**

Total 15 marks

GO ON TO THE NEXT PAGE

Case 6 – Double Blank

Assata is a citizen of The Bahamas who is living in Jamaica and pursuing her studies at the University of the West Indies, Mona. As a non-Jamaican, she has found that there are additional expenses and costs that she has incurred which were neither anticipated nor planned for. She has thus found herself in a situation where she needs to find a sustained source of income. Given her artistic talent, she is considered to be very creative and innovative. She is deemed to be a good choreographer and visual artist and has many admirers. However, Assata has come to realize that being innovative and creative in the artistic sense is different from being innovative and creative in the business sense. She has come to this conclusion partly because she is finding it difficult to come up with a way to make some money using her raw talent. Her hope is to come up with a novel idea regarding a good or service, which she would develop, implement and protect, with the hope of expanding her venture to The Bahamas and the rest of the Caribbean.

- (a) Explain THREE methods of protecting innovation and creativity. **[9 marks]**
- (b) Identify the TWO Ps of innovation in the case. **[2 marks]**
- (c) Explain how being innovative could be applied to these TWO Ps to generate a business idea for Assata. **[4 marks]**

Total 15 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

C A R I B B E A N A D V A N C E D P R O F I C I E N C Y E X A M I N A T I O N S[®]

ENTREPRENEURSHIP

UNIT 1 - PAPER 02

KEY AND MARK SCHEME

SPECIMEN

**ENTREPRENEURSHIP
UNIT 1 - PAPER 02
KEY AND MARK SCHEMES**

SR	Question	Suggested Response
1.5	(a)	<p><u>Question 1</u></p> <p>The five (5) characteristics of an entrepreneur that were demonstrated by John:</p> <ul style="list-style-type: none"> • Vision • Self-control • Courage • Determination • Inspiration • Innovativeness • Creativity <p style="text-align: center;">One mark for each of FIVE correct answers [5 marks]</p>
1.1	(b)	<p>How social and economic conditions presented entrepreneurial opportunities for John:</p> <p><u>The US market is segmented among different ethnic groups including African-Americans, each having peculiar needs and demands for goods and services. While there were magazines that specifically targeted other ethnic groups, there was no substantial black consumer magazine, hence a market was there. Additionally John was able to access debt financing (loan of \$5 000) using his mother's assets (prestige furniture) as collateral. The segmented market along ethnic lines, the unmet demand for African-American magazines and the access to capital enabled John to implement his idea of the African-American magazine as well as many other businesses which targeted this specific market.</u></p> <p style="text-align: center;">Four marks for adequate response (containing all points underlined) Two to three marks for less adequate response (containing less than all points underlined but more than one) One mark for weak response (containing only ONE of the points underlined) [4 marks]</p>
1.1	(c)	<p>The impact of cultural diversity on Johnson's publishing business.</p> <p><u>Cultural diversity allowed John the opportunity to get a part-time job working in an African-American insurance company. Note that different groups of people have different needs and consumption habits based on their cultural practices. It was obvious from his experience that there was a large segment of African-American demands that were not being satisfied adequately, including the need for a national black consumer magazine.</u></p>

**ENTREPRENEURSHIP
UNIT 1 - PAPER 02
KEY AND MARK SCHEMES**

SR	Question	Suggested Response
		<p><u>Additionally John drew upon his cultural network to get support from his friends to go to the newsstands to request and purchase his magazines, as these were not traditionally being carried by the established newsstands. Based on cultural diversity John was able to identify, target and capture a niche market (African Americans) for his magazines and other services.</u></p> <p style="text-align: right;">Six marks for adequate response (to include all underlined points) Two to five marks for less adequate response (according to number of points present) One mark for weak response (containing only one of the points underlined) [6 marks]</p> <p><u>Question 2</u></p>
1.2	(a)	<p>Differences between the entrepreneur and the intrapreneur.</p> <p>An entrepreneur is <u>innovative and creative</u>, a <u>calculated risk taker</u> who seeks to <u>create value</u> by bringing together a <u>unique set of resources</u> in order to <u>exploit an opportunity</u>. He/she is <u>usually the owner</u> of a new or existing venture.</p> <p>An intrapreneur is an employee who applies innovation and creativity to create value <u>within an organization</u>.</p> <p style="text-align: center;">OR</p> <p>While both the entrepreneur and the intrapreneur are innovative and calculative, the entrepreneur is the owner/risk taker of the venture, while the intrapreneur is the employee within the venture.</p> <p style="text-align: right;">Adequate response (six marks - to include underlined key terms) Less than adequate (two to five marks) (depending on the number of underlined words present) Weak (one mark - containing only one of the points underlined) [6 marks]</p>
1.10	(b)	<p>Not an exhaustive list but presents some of the more accepted elements (one mark for each of THREE characteristics)</p> <p>Five myths of entrepreneurship:</p> <ul style="list-style-type: none"> • Entrepreneurship ventures and small businesses are the same thing • All entrepreneurs are rich • Entrepreneurs are born not made • Entrepreneurship is easy • All you need is money to start a business • Successful entrepreneurship needs only a great idea • Entrepreneurs always generate new ideas • All you need is luck • Extreme risk takers. <p style="text-align: right;">One mark each for any FIVE responses [5 marks]</p>

**ENTREPRENEURSHIP
UNIT 1 - PAPER 02
KEY AND MARK SCHEMES**

SR	Question	Suggested Response
1.10	(c)	<p>Why FOUR of these are considered to be myths.</p> <ul style="list-style-type: none"> • An entrepreneurship venture can be a business or a company; can be large, medium or small. • Some entrepreneurs are rich; others are not. • While some persons are born that way, others can learn how to become an entrepreneur • Entrepreneurship can be hard or easy; it depends upon a number of factors relating to the entrepreneurship process • There are other resources required, not just money including human, marketing and operational resources • A great idea is necessary but there are other steps in the process, including opportunity recognition, developing the business concept, identifying and accessing resources, implementation and harvesting • Entrepreneurs can generate a new idea, but may also innovate upon an existing idea • While luck can help, systematic planning is key • Entrepreneurs are not extreme risk takers, they are calculated risk takers <p style="text-align: center;">One mark each for any FOUR responses [4 marks]</p>
2.1	(a)	<p><u>Question 3</u></p> <p>Five methods of generating new venture ideas:</p> <ul style="list-style-type: none"> • Brainstorming • Use of focus group • Scenario planning • Check list method • Problem inventory analysis method • Note book method • Reverse brain storming method • Delphi methodology • Gordon method • Free association method <p style="text-align: center;">One mark each for any FIVE correct responses [5 marks]</p>

**ENTREPRENEURSHIP
UNIT 1 - PAPER 02
KEY AND MARK SCHEMES**

SR	Question	Suggested Response
2.1	(b)	<p>Five resources that are available to Jack and Jill in support of their business idea</p> <ul style="list-style-type: none"> • Financial support • Picnic cooler – operational resource • Place for storage • Supply source – reasonable • Parents' expertise • Access to loan capital • Marketing facilities – location • Human resource to sell the products <p style="text-align: right;">Two marks EACH for FIVE adequate responses OR One mark EACH for FIVE less adequate responses [10 marks]</p>
2.1	(a)	<p><u>Question 4</u></p> <p>Six steps in the entrepreneurship process:</p> <ul style="list-style-type: none"> • Idea generation • Opportunity recognition • Develop business concept • Identifying and accessing resources • Implementing and managing the venture • Harvesting the venture <p style="text-align: right;">One mark for each response [6 marks]</p>
2.3	(b)	<p>The business concept of John and Phillip</p> <p>John and Phillip's business concept surrounds developing <u>a culture-based pre-cooked package product for a niche export market</u>. "In brainstorming they decided that they would precook and package 'goat head soup' the Montserratian National Dish, and sell this to their target market in England."</p> <p style="text-align: right;">Adequate response – five marks (all underlined terms included) Less adequate response – two to four marks (more than ONE but less than all) Weak response – one mark (only one of the underlined terms included) [5 marks]</p>

ENTREPRENEURSHIP
UNIT 1 - PAPER 02
KEY AND MARK SCHEMES

SR	Question	Suggested Response
2.5	(c)	<p>TWO activities that would be required to implement the venture idea.</p> <ul style="list-style-type: none"> • Implementation of concept • Monitoring of performance • Payback of resource providers • Reinvestment in the business • Expansion of the business • Achievement of performance goals <p style="text-align: right;">Two marks each for any TWO responses [4 marks]</p> <p><u>Question 5</u></p>
3.2	(a)	<p>Distinction between creativity and innovation:</p> <p>Creativity has been defined as "the process by which <u>individuals or teams produce novel and useful ideas</u>". (Three marks)</p> <p>Innovation is the process by which <u>entrepreneurs convert opportunities into marketable ideas</u>. (Three marks for full answers including underlined words)</p> <p style="text-align: right;">[6 marks]</p>
3.1	(b)	<p>What the management of Sony Computer Entertainment Inc did (in relation to Ken) to promote a culture of creativity</p> <ul style="list-style-type: none"> • Valued Kutaragi's efforts • Did not chastise him for innovating on Nintendo (another company's game console), but encouraged him • Encouraged him to develop a gaming system for Sony - PlayStation • Promoted him to Chairman and CEO of Sony Computer and Entertainment' • Ken has been referred to as 'The father of the PlayStation' acknowledging the benefits of his innovation, recognizing him as an expert innovator <p style="text-align: right;">One mark for each of FIVE correct response [5 marks]</p>
3.2(e)	(c)	<p>Two sources of innovation that was utilized by Kutaragi in the case:</p> <ul style="list-style-type: none"> • New markets • Business model innovation • Change in sentiment or behaviour • New technology <p style="text-align: right;">Two marks each for any TWO responses well discussed [4 marks]</p>

ENTREPRENEURSHIP
UNIT 1 - PAPER 02
KEY AND MARK SCHEMES

SR	Question	Suggested Response
3.5	(a)	<p><u>Question 6</u></p> <p>Three methods of protecting innovation and creativity</p> <ul style="list-style-type: none"> • Intellectual property rights • Branding • Trademarks • Patents • Copyright • Registered design protection • Trade secrets (processes, techniques, confidential disclosure agreements). <p style="text-align: right;">Three marks each for any THREE well explained (one mark for heading, two marks for explanation) [9 marks]</p>
3.2c	(b)	<p>The 2Ps of innovation in the case:</p> <ul style="list-style-type: none"> • product • process <p style="text-align: right;">One mark each [2 marks]</p>
	(c)	<p>How Assata's innovativeness could be applied to these two Ps to generate her idea</p> <ul style="list-style-type: none"> • Assata is a choreographer and visual artist. Being innovative could be applied to developing goods and/or services relating to visual arts and choreography. • Being innovative as a choreographer and visual artist could be used to develop a new way/process of developing and delivering the product. Note that choreography is a process as well. <p style="text-align: right;">Two marks each for adequate responses One mark for weak response [4 marks]</p>

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ENTREPRENEURSHIP

ENTREPRENEURIAL THEORY

SPECIMEN PAPER

Unit 1 – Paper 032

2 hours

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and THREE questions, ONE from EACH module.
2. Candidates MUST answer the THREE questions.
3. Each question is worth 20 marks.

INSTRUCTION: Read the case below and answer the questions that follow.

CASE STUDY

Go for Gold

Phillip and Nieema, two old school mates, met each other in Saint Lucia at the recently concluded Australian tour to the Caribbean. Phillip, who is a general sports enthusiast, had always wanted an opportunity to convert his passion into enterprise.

In the discussion that followed, Nieema asked Phillip, “Will you be going to the 2014 FIFA world cup finals in Brazil? He disappointedly answered, “No, it costs too much and I cannot afford it.” Nieema, being very optimistic, said, “Man, you need to be there, there might be a way to generate some money, or better still, make some money while you are there to cover your costs and make a profit as well.” Phillip smiled, as he always wanted an idea regarding how to make money from products associated with sports.

Phillip then asked, “What could I do? You know I am not an entrepreneur like you. Moreover I do not have the money to start any business.” Nieema responded, “While you need money, that is not all, furthermore you already possess some characteristics of an entrepreneur. I think you are very creative and innovative. You are confident, hardworking, systematic in your planning and achievement oriented. These are major positives. With these kinds of attributes, you will not make the same mistakes that many persons who have money make. To further increase your chances of success, you should ensure that you know your business in depth, and have a clear business plan to map out your idea. Management is also critical and you are already a good manager of both people and your finances. Essentially, you should know your strengths and weaknesses so as to create an advantage. As you know, proper preparation prevents poor performance.”

Phillip replied, “No matter how much you prepare, there are always risks, I do not have the luck as others and I am not a born entrepreneur like you.” Nieema smiled and said, “Yes it is true that there are always risks, but once you think through the entrepreneurial process you will be less likely to fail.” Moreover some of the statements about luck and that entrepreneurs are born not made are myths, which discourage people from creating ventures.

1. Phillip was concerned that he was not ‘a born entrepreneur’ while Nieema sought to convince him that he might be.
 - (a) Outline FIVE characteristics of an entrepreneur that came out in the discussion. **[10 marks]**
 - (b) Give FOUR ways that Phillip with his limited experience, could safeguard his success as an entrepreneur. **[4 marks]**
 - (c) Identify THREE myths of entrepreneurship highlighted in the case. **[6 marks]**

Nieema continued, her tone as encouraging as always, “We could develop an idea and business together. We know that the opportunity exists and we can get support from JBDC to develop the business concept and access some of the needed resources including the funding. The key is to ensure proper management in the implementation of the idea so you can reap the benefits of your efforts.” Remember however that in order to effectively implement the idea, you need good a good management and marketing team, technical expertise and skilled employees. You must ensure that there are good distribution channels and consistent sources of supply. Additionally you must ensure that your operations and production facilities are up to standard with the national and international regulations. In doing so you will have a successful venture, which can be sustained and harvested whenever you so desire. You could pass the business on to your family, go public, liquidate it, sell the venture, sell shares to the employees under a share ownership plan, or engage in a management buyout with other entrepreneurs.

2. Nieema tried to convince Phillip that entrepreneurship was not about luck but more of a process.
 - (a) State (in order) SIX steps that should be considered when thinking through the entrepreneurial process. **[6 marks]**
 - (b) Outline FOUR ways in which Phillip could harvest the venture if he chooses to do so. **[12 marks]**
 - (c) Identify from the case, TWO resources that Phillip would require to translate his idea into a successful venture. **[2 marks]**

Phillip responded, “Nieema, you are always optimistic. I know that the idea has to be very innovative and creative.” Nieema, in response said, “Yes that is so, however there are sources of innovation, which we can use to differentiate our product from that of any one else. There are new markets emerging, new technologies, new generations with changing behaviors, markets are being deregulated the entire political landscape has changed since 2000. Man, we are Caribbean; we can find a way within all these changes.” For the second time, Phillip smiled, but being cautiously optimistic he asked, “Suppose someone tries to steal our ideas?”

Nieema assured him, “No worries, depending on what we come up with, we could register a brand or trademark; try to secure a patent; copyright, register the design or ensure that we protect our trade secret. We need to be in Brazil, Phillip, just as Bolt and Blake, Veronica and all our Caribbean brothers and sisters have all gone for the gold in London, so should we. Make sure you have a visa.”

Phillip smiled for the third time, with a golden glow in his eyes.

3. Nieema encouraged Phillip to join with her in developing and successfully implementing a profitable idea; however, Phillip was concerned that this idea could be stolen.
 - (a) List THREE sources of innovation that could help Phillip in generating an idea.
[3 marks]
 - (b) State FIVE ways in which Phillip could protect his idea.
[5 marks]
 - (c) Explain FOUR of the venture protection methods mentioned in (b) above.
[12 marks]

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

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ENTREPRENEURSHIP

UNIT 1 - PAPER 032

KEY AND MARK SCHEME

SPECIMEN

ENTREPRENEURSHIP
UNIT 1 - PAPER 032
KEY AND MARK SCHEMES

SR	Question	Suggested Response
		<p><u>Question 1</u></p> <p>Phillip was concerned that he was not a born entrepreneur while Nieceema sought to convince him that he might be</p>
1.5	(a)	<p>Five characteristics of an entrepreneur that came out in the discussion:</p> <ul style="list-style-type: none"> • Innovative • Creative • Calculated risk takers • Systematic planner • Visionary • Achievement oriented • Persistent • Dynamic • Hard working • Self-confident • Aggressiveness • Egotistic <p style="text-align: right;">Two marks each for any FIVE responses [10 marks]</p>
1.9	(b)	<p>Four ways that Phillip with his limited experience, could safeguard his success as an entrepreneur</p> <ul style="list-style-type: none"> • Know your business in depth • Develop a solid business plan • Manage financial resources • Understand financial statements • Manage people effectively • Know your strengths and weaknesses <p style="text-align: right;">One mark each for any FOUR responses [4 marks]</p>
1.10	(c)	<p>Three myths of entrepreneurship highlighted in the case:</p> <ul style="list-style-type: none"> • Entrepreneurship ventures and small businesses are the same thing • All entrepreneurs are rich • Entrepreneurs are born not made • Entrepreneurship is easy • All you need is money to start • Successful entrepreneurship needs only a great idea • Entrepreneurs always generate new ideas • All you need is luck • Extreme risk takers <p style="text-align: right;">Two marks for each of THREE adequate responses One to Two marks for each of TWO less adequate responses [6 marks]</p>
		Total = 20 marks

ENTREPRENEURSHIP
UNIT 1 - PAPER 032
KEY AND MARK SCHEMES

SR	Question	Suggested Response
2.1	(a)	<p><u>Question 2</u></p> <p>Six steps to be considered when thinking through the entrepreneurial process.</p> <ul style="list-style-type: none"> • Idea generation • Opportunity recognition • Developing business concept • Identifying and accessing resources • Implementing and managing the venture • Harvesting the venture <p style="text-align: right;">One mark each for SIX responses (deduct one mark if order is wrong) [6 marks]</p>
2.6	(b)	<p>Four ways in which Phillip could harvest the venture if he chooses to do so:</p> <ul style="list-style-type: none"> • Absorption of new concept into mainstream operations • Licensing of rights • Family succession • Going public (IPO) • Employee share ownership plan (ESOP) • Liquidating (Shutting down) venture • Selling the venture • Management buy-out (MBO) <p style="text-align: right;">Three marks each for an FOUR adequate responses (one mark for heading, two marks for explanation) One to two marks for each of FOUR less adequate responses [12 marks]</p>
2.4	(c)	<p>Two resources that Phillip would require to translate the idea into a successful venture.</p> <ul style="list-style-type: none"> • Skilled employees • General management expertise • Marketing and sales expertise • Technical expertise, financing • Distribution channels • Sources of supply • Production facilities • Licenses, patents and legal protection <p style="text-align: right;">One mark each for any TWO responses [2 marks]</p> <p style="text-align: right;">Total = 20 marks</p>

ENTREPRENEURSHIP
UNIT 1 - PAPER 032
KEY AND MARK SCHEMES

SR	Question	Suggested Response
3.2 (e)	(a)	<p><u>Question 3</u></p> <p>Three sources of innovation that could help Phillip in generating an idea:</p> <ul style="list-style-type: none"> • New markets • New technology • New political rules • Running out of road • Change in sentiment or behaviour • Deregulation • Business model innovation <p style="text-align: right;">One mark each for any THREE responses [3 marks]</p>
3.5	(b)	<p>Five ways that Phillip could protect his idea:</p> <ul style="list-style-type: none"> • Intellectual property rights • Branding • Trademarks • Patents • Copyright • Registered design protection • Trade secrets (processes, techniques, confidential disclosure agreements). <p style="text-align: right;">One mark each for any FIVE responses [5 marks]</p>
3.5	(c)	<p>Four ways to protect a venture as mentioned in (b) above:</p> <ul style="list-style-type: none"> • <u>Intellectual Property Rights</u> Creation of mind such as literary works or inventions and their legal protection quite different from the traditional systems of protection such as patents etc. • <u>Branding</u> Creating a unique identity that differentiates a person or company or institution from competition. • <u>Trademark</u> A distinct name, or service mark that may include words, symbols, or a combination, used to identify a company or inventor.

**ENTREPRENEURSHIP
UNIT 1 - PAPER 032
KEY AND MARK SCHEMES**

SR	Question	Suggested Response
		<ul style="list-style-type: none">• <u>Patent</u> Consists of a set of special rights granted by law for a fixed period to an inventor of an idea, product or service.• <u>Copyright</u> Legal protection that gives the creator of an original work, special rights to it for a limited time.• <u>Registered Design Protection</u> Where a designer specifically applies for his/her designs to be registered and given legal protection.• <u>Trade Secrets</u> Processes, techniques and other confidential disclosure agreements. <p style="text-align: center;">Three marks each for any FOUR adequate responses One to two marks for each of FOUR less adequate responses [12 marks]</p> <p style="text-align: right;">Total = 20 marks</p>



TEST CODE **02224010**

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ENTREPRENEURSHIP

SPECIMEN PAPER

Unit 2 Paper 01

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This specimen paper consists of 45 items. You will have 1 hour 30 minutes to answer them.
2. Each item in this test has four suggested answers lettered (A), (B), (C), (D). Read each item you are about to answer and decide which choice is best.
3. Look at the sample item below.

Sample Item

One of the major challenges online retailers have is

- (A) tracking sales results
- (B) managing communication
- (C) the capacity to enhance customer service
- (D) the ability to maintain sufficient stock levels

Sample Answer



The best answer to this item is “the ability to maintain sufficient stock levels,” so answer space (D) has been shaded.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

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1. Which of the following may be considered an activity that falls under the corporate social responsibility of a lumber company?

- (A) Cash donations towards reforestation
- (B) Supporting company fun-day celebrations
- (C) Increasing workers' salaries and wages
- (D) Spearheading the growth of the company

2. When an existing company grants a licence to another company to operate using the former's name and design to provide the same service, the arrangement is called

- (A) a franchise
- (B) a partnership
- (C) an undertaking
- (D) limited liability

3. Which of the following contains guidelines for regulating process and service standards irrespective of the type of business?

- (A) COSHH
- (B) ISO standards
- (C) Employee Handbook
- (D) Economic Partnership Agreement

4. Which of the following organizations would MOST likely provide financial and technical assistance to implement a business idea?

- (A) IPO
- (B) Banks
- (C) Angel investors
- (D) Business development agencies

5. Timothy is seeking direction in deciding the BEST way to organize his entrepreneurial venture. His first decision is to determine the form of legal ownership.

Which of the following aspects of the venture has direct bearing on legal ownership?

- (A) Growth
- (B) Liability
- (C) Taxation
- (D) Profitability

6. Hawa is the owner of a female hair-styling salon. Pasha is an entrepreneur managing his own barber shop. Due to individual challenges they are facing, the two have decided to merge their businesses to take advantage of their individual expertise.

Which of the following forms of business would be MOST suitable for the new venture?

- (A) Franchise
- (B) Partnership
- (C) Corporation
- (D) Non-governmental organization

7. Max is a professional accountant who has decided to go into the preparation of fast food for sale. His business adviser has told him to purchase yellow cones to be placed on wet floors in the restaurant.

Which of the following regulations covers this advice?

- (A) Tax and profits
- (B) Employment law
- (C) Registration of business
- (D) Occupational health and safety

GO ON TO THE NEXT PAGE

8. Which of the following types of business has unlimited life and allows for the easy transferability of ownership interest?
- (A) Partnership
 - (B) Corporation
 - (C) Sole proprietorship
 - (D) Limited liability partnership
9. A Caribbean government recently asked an airline to obtain a licence before operating in that territory. This means the airline was being asked to satisfy
- (A) a social obligation
 - (B) a legal requirement
 - (C) an ethical obligation
 - (D) a corporate social responsibility
10. The Corporate Charter is BEST described as the
- (A) basic legal declaration contained in the bylaws
 - (B) legal document that establishes the corporation
 - (C) set of rules and procedures established to govern the daily operations of the corporation
 - (D) document that governs the relationship between the workers of the corporation and management
11. Which of the following courses of action is available to the regulatory agency in a country if a registered company fails to pay its taxes?
- (A) Prosecute the company
 - (B) Arrest the company's employees
 - (C) Cut the company's source of raw material supply
 - (D) Ask buyers to boycott the company's products
12. Which of the following may be considered unethical behaviour on the part of a dairy product venture owner?
- (A) Giving cows minimum medical attention
 - (B) Milking cows only when they are healthy
 - (C) Allowing cows to graze on clean, authorized grass
 - (D) Implementing medical advice given by veterinary officers
13. The legal protection of a word, name, phrase or a symbol granted to a venture is known as a
- (A) patent
 - (B) domain
 - (C) trademark
 - (D) copyright
14. Which of the following is a feature of a 'lifestyle' venture?
- (A) It is fast growing.
 - (B) It has great opportunity to serve customers.
 - (C) It exists primarily to support the owner's standard of living.
 - (D) It makes research and development a priority.
15. A company has decided to pay the college fees of 50 children of poor families living within its local community. This is an example of the company's
- (A) legal obligation
 - (B) mandatory duties
 - (C) ethical behaviour
 - (D) corporate social responsibility

GO ON TO THE NEXT PAGE

16. The primary purpose of a business plan is to
- (A) clarify the venture's vision
 - (B) clarify the venture's mission
 - (C) determine an exit strategy
 - (D) establish the venture's feasibility
17. Which of the following is a key component of a business model?
- (A) Cost
 - (B) Price
 - (C) Value position
 - (D) Business plan
18. In which of the following sections of a business plan would you find promotional resource?
- (A) Financial
 - (B) Marketing
 - (C) Operations
 - (D) Management
19. The process by which the strengths and opportunities for an existing venture are identified is known as
- (A) SWOT analysis
 - (B) PEST analysis
 - (C) benchmarking
 - (D) financial ratio analysis
20. The potential success of an entrepreneurial venture is determined through a
- (A) feasibility study
 - (B) vision statement
 - (C) mission statement
 - (D) profit and loss statement
21. The BEST reason for preparing a statement of cash flow for a new venture is
- (A) to determine unpaid debts
 - (B) to support the business model
 - (C) for the benefit of shareholders
 - (D) because it is one of the documents required to register the venture
22. The point at which a venture is neither making profits nor losses is described by the term
- (A) start-up
 - (B) buck-up
 - (C) cash strap
 - (D) break even
23. Which of the following is NOT a source of funding for a new venture?
- (A) Gift
 - (B) Loan
 - (C) Sales
 - (D) Grant
24. Which of the following is a KEY component of a business plan?
- (A) Venture logo
 - (B) SWOT analysis
 - (C) Executive summary
 - (D) Organizational chart
25. The business model for a new venture must
- (A) show the source of funding
 - (B) show the top managers of the venture
 - (C) include a contract between management and workers
 - (D) state what will be done differently to create value

GO ON TO THE NEXT PAGE

26. The financial statement that shows the value of an organization's assets, liabilities and owner's equity is the
- (A) cash budget
 - (B) balance sheet
 - (C) income statement
 - (D) cash flow statement
27. Which of the following is a saving and investment option?
- (A) Cash
 - (B) Inventory
 - (C) Raw materials
 - (D) Fixed deposits
28. To create a successful, new product a company MUST understand the customers, the market, competitors and
- (A) develop a great advertising campaign
 - (B) have a strong website to push the product
 - (C) adopt a push rather than pull promotional concept
 - (D) develop products that deliver superior value to customers
29. Patrick is a novice entrepreneur. He has to prepare a business model for his business plan. Which of the following components of the business model will determine for whom he has to create value?
- (A) Beneficiary
 - (B) Value proposition
 - (C) Income generation
 - (D) Product differentiation
30. Which of the following is NOT a key aspect of the feasibility analysis for a new venture?
- (A) Time
 - (B) Culture
 - (C) Finance
 - (D) Employment
31. The MOST appropriate form of financing during the rapid growth stage of a venture is
- (A) first-round financing
 - (B) start-up or seed financing
 - (C) public and seasoned financing
 - (D) second-round or mezzanine financing
32. During which stage of a venture's life cycle may first-round external financing be utilized?
- (A) Survival
 - (B) Maturity
 - (C) Start-up
 - (D) Rapid growth

Items 33 - 34 refer to the following financial valuation methods.

- (A) Income capitalization
- (B) Book value (balance sheet value)
- (C) Price earning (multiple earnings value)
- (D) Discounted future earnings (discounted cash flow)

In answering items 33-34, match each item with one of the options above. Each option may be used once, more than once or not at all.

- 33.** Which valuation method may become subjective if the shares for a company are NOT traded on the stock market?
- 34.** Which method is NOT an income valuation method?

Items 35–36 refer to the following information.

Hodge Company hired a financial analyst for the company. The financial analyst was provided with the following financial data.

Balance Sheet	2012	2011
Current Assets	\$2 680 112	\$1 926 802
Net Fixed Assets	\$817 040	\$939 790
Total Assets	\$3 497 152	\$2 866 592
Current Liabilities	\$1 144 800	\$1 650 568
Long-term Debt	\$400 000	\$723 432
Other Data		
No. of shares	250 000	100 000
EPS	\$1.014	-\$1.602
DPS	\$0.220	\$0.110
Stock Price	\$12.17	\$2.25

35. Using the book value approach, what is the value of Hodge Company in 2012?

- (A) \$492 592
- (B) \$1 952 352
- (C) \$2 866 592
- (D) \$3 497 152

36. What is the price earnings multiple of Hodge Company in 2012?

- (A) 2
- (B) 8
- (C) 10
- (D) 12

37. The process of buying and selling via the internet is called

- (A) E-commerce
- (B) E-marketing
- (C) E-banking
- (D) E-communication

38. Which of the following products are NOT suitable for online selling?

- (A) CDs
- (B) Books
- (C) Fresh vegetables
- (D) Financial services

39. Which of the following statements is NOT a feature of business ventures?

- (A) Ventures are sown.
- (B) Ventures can be grown.
- (C) Ventures are harvested.
- (D) Ventures can be exported.

GO ON TO THE NEXT PAGE

40. At which stage of the venture life cycle does the entrepreneur create the capacity to possess the product or service?
- (A) Start-up
 - (B) Innovation
 - (C) Venture growth
 - (D) New venture development
41. Which of the following is a factor to consider before launching into E-commerce?
- (A) Location
 - (B) Nationality
 - (C) Bandwidth
 - (D) Data mining
42. Which of the following venture valuation methods takes the time value of money into account?
- (A) Book value
 - (B) Price earnings
 - (C) Payback period
 - (D) Discounted future earnings
43. Which of the following strategies can promote success in E-commerce?
- (A) Focusing on market needs
 - (B) Minimizing the use of emails
 - (C) De-emphasizing strategic alliances
 - (D) Focusing on corporate social responsibility
44. The stage in the venture life cycle where the entrepreneur can consider entering other target markets is described as
- (A) growth
 - (B) decline
 - (C) start-up
 - (D) business stabilization
45. One reason for valuing a venture fairly accurately is to
- (A) promote goodwill
 - (B) avoid under-harvesting
 - (C) enhance accountability
 - (D) avoid customer complaints

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

Unit 2 Paper 01

Item	Specific Objective	Key	Item	Specific Objective	Key
1	2.1.4	A	26	2.2.8	B
2	2.1.1	A	27	2.2.8	D
3	2.1.3	B	28	2.2.4	D
4	2.1.1	D	29	2.2.10	A
5	2.1.1	B	30	2.2.3	D
6	2.1.1	B	31	2.3.1	B
7	2.1.3	D	32	2.3.1	A
8	2.1.1	B	33	2.3.5	C
9	2.1.4	B	34	2.3.5	B
10	2.1.3	B	35	2.3.5	B
11	2.1.3	A	36	2.3.5	A
12	2.1.4	A	37	2.3.6	A
13	2.1.3	C	38	2.3.9	C
14	2.1.1	C	39	2.3.2	D
15	2.1.4	D	40	2.3.2	A
16	2.2.12	D	41	2.3.8	D
17	2.2.10	C	42	2.3.4	D
18	2.2.12	B	43	2.3.11	A
19	2.2.12	A	44	2.3.1	A
20	2.2.3	A	45	2.3.4	B
21	2.2.7	B			
22	2.2.9	D			
23	2.2.3	C			
24	2.2.12	C			
25	2.2.10	D			

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ENTREPRENEURSHIP

ENTREPRENEURIAL PRACTICE

SPECIMEN PAPER

Unit 2 – Paper 02

3 hours

INSTRUCTIONS TO CANDIDATES

1. This paper consists of 6 mini-case scenarios, **TWO** from **EACH** module.
2. Candidates **MUST** answer the **SIX** questions.
3. Each question is worth **15 marks**.

INSTRUCTIONS: Read the mini-cases and answer the questions that follow them.

Module 1 – Essentials of Business Ownership

Case 1 – Jackson’s Big Decision

Jackson, a college student, worked two part-time jobs, one with a newspaper and the other with a pet shop. On graduating, he accepted a full-time position as a reporter with the newspaper company from which Mr Briggs, the owner, was retiring and selling the business for \$300 000. He was excited at the prospect of buying the venture, given his experience. At the pet shop, Jackson was responsible for cleaning the animals and their cages, feeding them, ensuring that they had adequate shelter, got their medication on time and were generally healthy. Most of all, he ensured that the animals were treated kindly.

To be able to buy the newspaper company, he estimated that he could save \$100 000 this year from his wages; he would also take a loan from his parents and then negotiate the selling price with Mr Briggs. Additionally, his friend Mark, who had experience in running a small business, was willing to invest in this business venture. Jackson agreed to work with Mark on this venture given their access to funds, competence and his love for this line of work.

1. (a) With Jackson and Mark deciding to form a partnership, what is the name of the document which will form the basis of their relationship? **[1 mark]**
- (b) Outline FIVE advantages of this type of venture. **[10 marks]**
- (c) Identify from the case, FOUR ethical obligations that Jackson and Mark should consider in managing an animal venture. **[4 marks]**

Case 2 – Crossroads

Kendra, a recent university graduate, has heard of a technology business incubator service offered by a local university. She is excited to learn of this service as she considers herself to be a potential entrepreneur given that her father once owned a business. As such, she has visited the incubator centre and gathered information pertaining to establishing her business. She however has a challenge because she has been informed that there are many forms of business and that not everyone is suited for all types; in some cases one might not be suited for any business at all. Additionally, there are legal, regulatory and ethical factors to consider when operationalizing the venture, which can be both costly and time consuming. On leaving the centre, Kendra has decided to choose between forming a sole proprietorship and a private company.

2. (a) Compare the features of these two ventures being considered by Kendra under the following headings:
 - Formation
 - Source of funding
 - Liability**[6 marks]**
- (b) Kendra has decided to go into private company business without further delay. Name THREE components of the legal and regulatory framework in which the business will operate. **[3 marks]**

- (c) Explain to Kendra **THREE** ways in which the business can demonstrate its corporate social responsibility (CSR). **[6 marks]**

Module 2 – New Venture Planning and Creation

Case 3 – The Village Café

Saheed inherited \$10 000 from his late father and is thinking of setting up an internet café to target students in his home village. There is a large population of students in Saheed's village who depend on the use of the internet to do their research. However, due to the absence of such facilities in Saheed's village, students are forced to travel to other villages to access the internet. In order to attract the students to his business, Saheed plans to offer his service at a reduced cost. Saheed believes that this marketing strategy would allow him to benefit from a high volume of business.

Unfortunately, Saheed's inheritance is inadequate to start up the venture. In an effort to establish the venture, Saheed has approached a local commercial bank for the additional funds. The bank has requested that Saheed prepare a business plan that should include a business model.

3. (a) Explain any **THREE** components of a business model. **[6 marks]**
- (b) Based on the case above, explain what Saheed's value proposition is. **[3 marks]**
- (c) Identify the **SIX** key components of the business plan for Saheed's benefit. **[6 marks]**

Case 4 – Not all that Glitters is Gold

Chappy, a youth from rural Jamaica, travelled to Guyana in the hope of finding windows of opportunity to earn a livelihood. On arrival, he met with an elder Guyanese who lived in the jungle where the 'black water' flows; the elder invited him to accompany him home, as he thought Chappy reminded him of his grandson, Pasha. While on their way, Chappy noticed a river and asked the elder if that was the 'Black Water' river. The elder confirmed that it was. Chappy asked that they should stop for a drink. Chappy noticed that the water had a rich golden colour, and remarked "but this is not black water it is golden water, we could make a fortune selling this". The elder smiled as he remembered that as a child there was a legend that the 'black water' possessed healing power; when one drank the water, the skin gave off a golden hue. Chappy became more excited and convinced that this was the golden opportunity that he was waiting for. However, the experienced elder asked, "Is this feasible? How would you market it? Is there a marketing plan? What would be your business model? Will you develop a business plan?" Chappy asked the elder, "How do you know about these things? I never thought that I would have to do so much." The elder replied, "Experience teaches wisdom." These were the same questions which the elder's grandson, Dr Pasha, a professor in entrepreneurship at the University of Guyana asked Chappy when he first came up with the idea of the 'Golden Water'.

4. (a) State **ONE** purpose of conducting a market research. **[2 marks]**
- (b) Identify **FOUR** key elements of a market research. **[4 marks]**

- (c) In helping Chappy to think through the idea before embarking on the development of a business plan, outline THREE reasons why a business model is important. **[3 marks]**
- (d) With reference to the black water product(Golden Water), explain any THREE questions in the business model that Chappy should prepare. **[6 marks]**

Module 3 – Managing the Venture

Case 5 – The Fruit Mart

The government of Caribbean territory launched the “Grow More Food” campaign in 2000 with the aim of encouraging the export of non-traditional agricultural crops. Under this initiative, the government offered numerous fiscal incentives as well as financial support to farmers. In an effort to take advantage of opportunities created by the initiative, Anthea established a company to produce and export a wide range of fruits to the United States and Canada.

Before he commenced operation, Anthea prepared a business plan and was able to source financing for the venture from a local commercial bank. During the first two years of operation, the revenue of the company merely covered its operational expenses. However, between the third and fifth years, the company posted robust profits due to the rapid growth in its sales revenue. From years six to nine the company’s revenue levelled off and declined thereafter mainly as a result of competition from other suppliers who penetrated the market for organic fruits in the United States and Canada. Given the lack of the anticipated growth in the business, Anthea has taken the decision to dispose of the venture to the disappointment of many top managers who hold stock options in the company

5. (a) Based on the case above, list the FIVE stages of the venture life cycle (VLC). **[5 marks]**
- (b) From the passage, explain the TWO effects that overseas competition had on Anthea’s business. **[4 marks]**
- (c) Identify the main elements of an employee stock option plan (ESOP) **[6 marks]**

Case 6 – Fools Rush In

Maurice, a native of Grenada has recently completed his master’s degree in food science at the University of Guyana. He learnt from Professor Sulaman, a lead researcher in biochemistry, that the nutraceutical industry is valued at over US\$175 billion and that Caribbean countries have an advantage in this industry. The Caribbean is known to have over 80 of the more popular medicinal plants in this industry. Maurice, having an idea to grow spices in Grenada and package them in tablet form, called his friend Bishop to share his idea. Bishop was an IT/Web specialist. Maurice’s idea was to develop tablet forms of the spices to sell overseas, through an online system. While he was aware that there were many successful e-commerce ventures, he also knew that there were many failures. He now seeks Bishop’s advice on how to proceed.

6. (a) State TWO elements that Maurice should consider before launching into E-commerce. **[2 marks]**
- (b) Explain why the TWO elements stated in (a) above are considered important in E-commerce. **[4 marks]**
- (c) In guiding Maurice, discuss THREE strategies that are required for E-commerce success. **[9 marks]**

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

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ENTREPRENEURSHIP

UNIT 2 - PAPER 02

KEY AND MARK SCHEME

SPECIMEN

**ENTREPRENEURSHIP
UNIT 2 - PAPER 02
KEY AND MARK SCHEMES**

SR	Question	Suggested Response
1.1	(a)	<p><u>Question 1</u></p> <p>The name of the document which forms the basis of partners' relationship</p> <p>Partnership agreement/deed</p> <p style="text-align: right;">One mark for correct response [1mark]</p>
1.2	(b)	<p>Five advantages of partnership.</p> <ul style="list-style-type: none"> • Sharing workload: In a partnership business, each member undertakes part of the activities involved in running the venture unlike say a one-man business. • Shared risks and responsibilities: operating a venture involves risks and responsibilities which can be shared among the partners • A range of experience, knowledge and competence available: Each partner brings to the venture his/her own unique experiences, knowledge and skills. This creates a pool of talent to draw upon. • Cost sharing: The cost of operating a venture could be beyond the resources available to a single person. Partnerships have a wider source of funds than sole trader. • Generating ideas: the continuous success of a venture depends upon constant injection of new ideas. In partnership, more than one person is available to contribute ideas. • Easy to form: the formalities required to form a partnership are less cumbersome than a limited liability company <p style="text-align: right;">Two marks each for any FIVE adequate responses One mark for each less adequate response [10 marks]</p>
1.4	(c)	<p>Four ethical obligations that Jackson and Mark should consider in managing an animal venture:</p> <ul style="list-style-type: none"> • No cruelty to animals • Animals must be fed • Animals must be kept clean and healthy • Animals must be provided with adequate shelter • Animals must be given shots/medication <p style="text-align: right;">One mark each for any FOUR correct responses [4 marks]</p>

**ENTREPRENEURSHIP
UNIT 2 - PAPER 02
KEY AND MARK SCHEMES**

SR	Question	Suggested Response												
1.1	(a)	<p><u>Question 2</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Heading</th> <th style="text-align: left;">Sole Trader</th> <th style="text-align: left;">Private company</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Formation</td> <td>Very easy to form. No special formalities are required.</td> <td>Formation requires special formalities including registration with relevant authorities and obtaining of a license to commence business</td> </tr> <tr> <td style="text-align: left;">Source of funding</td> <td>All funding is provided by the owner from personal resources (savings) or personal loans.</td> <td>Funding may come from shareholders' contributions or loans from banks.</td> </tr> <tr> <td style="text-align: left;">Liability</td> <td>A sole trader has no limited liability; the sole trader is personally liable for the debts of the business.</td> <td>The liability of the owners is limited only to the extent of their individual contributions.</td> </tr> </tbody> </table> <p style="text-align: right;">One mark for each response [6 marks]</p>	Heading	Sole Trader	Private company	Formation	Very easy to form. No special formalities are required.	Formation requires special formalities including registration with relevant authorities and obtaining of a license to commence business	Source of funding	All funding is provided by the owner from personal resources (savings) or personal loans.	Funding may come from shareholders' contributions or loans from banks.	Liability	A sole trader has no limited liability; the sole trader is personally liable for the debts of the business.	The liability of the owners is limited only to the extent of their individual contributions.
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1.3	(b)	<p>Three components of the legal and regulatory framework in which the business will operate:</p> <ul style="list-style-type: none"> • Registration of venture • Labour laws • Tax obligations • Occupational Safety and Health (OSHA); • International regulations (ISO Standards; Duty of Care, OSHA and ASAP) and environmental stewardship. <p style="text-align: right;">One mark each for any THREE responses [3 marks]</p>												

ENTREPRENEURSHIP
UNIT 2 - PAPER 02
KEY AND MARK SCHEMES

SR	Question	Suggested Response
1.3(d)	(c)	<p>Three ways the business can demonstrate its corporate social responsibility (CSR):</p> <ul style="list-style-type: none"> • Adopting communities and public institutions: this involves organizing special activities or events to promote the welfare and reputation of these bodies. • Adopting environmentally responsible production practices: this involves adopting good waste management practices, energy efficiency measures, establishing health and safety practices for employees and customers etc.) • Sponsoring events: this involves organising special events to raise funding to support the activities of these bodies • Developing public places: this involves bearing the cost of providing special facilities to enhance the utility of public facilities. • Being an ethical organization: this involves correct pricing and high product quality. • Collaborating with other stakeholders to create social value: this involves working with relevant partners to improve general welfare or compliance with social obligations <p style="text-align: right;">Two marks each for any THREE adequate responses One mark each for less adequate response [6 marks]</p>
2.4(2a)	(a)	<p><u>Question 3</u></p> <p>The components of a business model:</p> <ul style="list-style-type: none"> • Value proposition/creation (1 mark) <u>What type of goods or services are being offered for sale?</u> <u>Are they standardized or customized?</u> <u>Is there a large variety?</u> <u>Are the goods/services complimentary or substitutes?</u> 1 mark EACH for any TWO terms underlined plus 1 for heading 3 marks • For whom do you create value? (1 mark) <u>Are the goods or services offered meant for general consumers?</u> <u>Are they meant for resale?</u> <u>Are the goods to be used as inputs for further production?</u> <u>Are the goods meant for local or international customers?</u> <u>Are they goods/services targeted at a niche market?</u> 1 mark EACH for any TWO terms underlined plus 1 for heading 3 marks

ENTREPRENEURSHIP
UNIT 2 - PAPER 02
KEY AND MARK SCHEMES

SR	Question	Suggested Response
		<ul style="list-style-type: none"> • What are the internal sources of advantage? (1 mark) Are these in the areas of <u>production</u>? <u>selling or marketing</u>? <u>packaging</u>? <u>technology, R&D</u>? <u>networking</u>? <u>supply chain management</u>? <u>operating systems</u>? <p style="text-align: right;">1 mark EACH for any TWO terms underlined plus 1 for heading 3 marks</p> • How do you differentiate your products/services? (1 mark) Are your products or services differentiated using <u>product quality</u>? <u>low cost efficiency</u>? <u>intimate customer relationships</u>? <u>image of consistency or dependability</u>? <u>innovative leadership</u>? <p style="text-align: right;">1 mark EACH for any TWO terms underlined plus 1 for heading 3 marks</p> • How do you make money? (1 mark) Are <u>pricing and revenue sources fixed/mixed/flexible</u>? Is <u>operating leverage high or low</u> (i.e. the ability to increase or reduce supply?) What is the volume of the goods to be supplied – high, medium or low? <u>What is the pricing strategy – high or low margins</u>? <p style="text-align: right;">1 mark EACH for any TWO terms underlined plus 1 for heading 3 marks</p> • What are the time scope and ambition of the venture? (1 mark) Is this a <u>subsistence model – profit to support daily living</u>? <u>Income model – meant to attain a desired standard of living</u>? <u>Growth model – sacrifice present profits to grow the venture</u>? <u>Speculative model – growing the venture for resale</u>? <p style="text-align: right;">1 mark EACH for any TWO terms underlined plus 1 for heading 3 marks</p> <p>(b) Saheed's value proposition</p> <p>Internet café offering internet services at <u>reduced cost</u>, <u>standardized and/or customized for the patrons</u>, using a <u>direct distribution channel</u>.</p> <p style="text-align: right;">One mark for each of THREE phrases underlined [3 marks]</p>

ENTREPRENEURSHIP
UNIT 2 - PAPER 02
KEY AND MARK SCHEMES

SR	Question	Suggested Response
2.5(c)	(c)	<p>The key components of the business plan for Sajeed's benefit:</p> <ul style="list-style-type: none"> • Executive summary • Business description • Management • Marketing • Operations • Financials <p style="text-align: right;">One mark each x 6 [6 marks]</p>
2.1	(a)	<p><u>Question 4</u></p> <p>One purpose of conducting a market research.</p> <p>To ascertain information on market, sales, competitor and customers so as to develop a meaningful marketing strategy. The strategy highlights the 4Ps, price, place, product and promotion of the good or service being offered in the venture.</p> <p style="text-align: right;">Adequate response (2 marks) Less adequate response (1 mark) [2 marks]</p>
2.1 (c)	(b)	<p>Four key elements of a market research</p> <ul style="list-style-type: none"> • Market analysis - (market share, market size, potential or opportunities for growth; SWOT) • Sales analysis - (potential sales over a specified period of time; sales trends, potential for increase in annual sales. • Competitor analysis - who are the competitors, is the market fragmented, what share of the market do they have, what is their competitive advantage, how will you compete, what will be your competitive edge • Customer analysis - who are your customers (demography & psychographics), how best can you satisfy their needs? <p style="text-align: right;">One mark each x 4 [4 marks]</p>

ENTREPRENEURSHIP
UNIT 2 - PAPER 02
KEY AND MARK SCHEMES

SR	Question	Suggested Response
2.4(1)	(c)	<p>THREE reasons why a business model is important:</p> <ul style="list-style-type: none"> • Ensures a logical and internally consistent approach to design and operation of the venture • Identifies key variables that can be combined to form a platform for innovation • Demonstrates the attractiveness of the venture and thus used to attract investors • Guides management and operations of the venture • Provides a framework to adjust to changing conditions which affects the venture • Provides a guide to the entrepreneur as to whether his venture idea is viable • Establishes a robust foundation for the development of a business plan <p style="text-align: right;">One mark each for any THREE [3 marks]</p>
2.4	(d)	<p>Three questions in the business model that Chappy should consider:</p> <ul style="list-style-type: none"> • How does Chappy create value? Chappy must decide on the <u>type of product he will create out of the black water</u>; will he <u>add another product or service to enhance utility</u>? Will <u>the product be standardized for everyone</u> for example? • For whom will Chappy create value? Chappy must decide whether his black water product will be sold to <u>people to consume directly or for resale</u>; to be <u>sold locally or on the international market</u>? <u>Will he target a niche market</u>? • What is Chappy's source of internal advantage? Chappy must decide where his internal source of advantage will be. Will it be in <u>production, selling, packaging of black water products</u>? Will it be in <u>the area of supply chain management or networking or research</u>? • How will Chappy differentiate his product? Chappy could use several methods to differentiate his product. Will it be in the area of <u>the quantity of his blackwater product</u>? Will it be <u>how dependable he will make his business</u>? Will it be <u>how intimately he deals with his customers</u>? Will it be <u>selling his goods at low costs</u>? Will he provide <u>innovative leadership</u> in this business?

ENTREPRENEURSHIP
UNIT 2 - PAPER 02
KEY AND MARK SCHEMES

SR	Question	Suggested Response
3.1	(a)	<ul style="list-style-type: none"> • How will Chappy make his money? <u>What pricing policy will Chappy adopt for his business?</u> <u>What volume of goods will Chappy supply? High or low? What margins of profit will he impose on costs? Low or high?</u> • What will be the time scope and ambitions of Chappy's black water business? This will deal with the type of model Chappy would want to adopt for his black water business. Will Chappy want to run a black water business <u>that will give him income to support his daily life?</u> (subsistence model); Will he run a black water business that will <u>allow him to maintain a certain standard of living?</u> (income model). Will he run a black water business whose profits he will <u>re-invest in the venture</u> (growth model)? Or Chappy intends to just <u>develop the venture and sell it to another entrepreneur</u> (speculative model) <p style="text-align: right;">One mark for EACH for any phrase underlined in any group 2x3 = 6 marks [6 marks]</p> <p><u>Question 5</u></p> <p>Five stages of the venture life cycle (VLC):</p> <ul style="list-style-type: none"> • New Venture Development • Start-up activities • Venture growth • Business stabilization • Innovation or decline <p style="text-align: right;">One mark for each of FIVE correct responses [5 marks]</p>
3.1	(b)	<p>Two effects of overseas competition</p> <ul style="list-style-type: none"> • Levelling off of profits: Profits stagnated for about three years due to intense competition. • Decline: After year nine, profits began to decline forcing Anthea to decide to dispose of the venture. <p style="text-align: right;">Two marks each for TWO adequate responses One mark for less adequate response [4 marks]</p>
3.3(d)	(c)	<p>A Stock Option is</p> <ul style="list-style-type: none"> • a right (1 mark) granted by a company (1 mark) • to its employees (1 mark) • to buy a fixed number of the company's shares (1 mark) • at a fixed price (1 mark) • over a fixed period of time (1 mark) <p>[6 marks]</p>

ENTREPRENEURSHIP
UNIT 2 - PAPER 02
KEY AND MARK SCHEMES

SR	Question	Suggested Response
3.5(c)	(a)	<p>Question 6</p> <p>Two elements that Maurice should consider before launching into e-commerce.</p> <ul style="list-style-type: none"> • Networking potential • Integration of web into overall strategy • Importance of lasting relationship with customers • On-going investment of resources • Data mining <p style="text-align: right;">One mark each for any TWO responses [2 marks]</p>
	(b)	<p>Two elements considered important in e-commerce.</p> <ul style="list-style-type: none"> • Network potential - e-commerce amplifies the entrepreneur's potential to increase strategic networking. An entrepreneur's ability to exploit the interconnectivity and the opportunities it creates to transform and strengthen relationships with suppliers, customers and other stakeholders is crucial to the success of the venture. • Integration into overall strategy - e-commerce success requires an entrepreneur to develop a plan for integrating the web into the overall strategy of the venture. Integration of web into overall strategy provides the platform through which trade of goods or services can be done more efficiently and effectively. • Lasting relationships - It is important to establish lasting relationships with customers, as E-commerce is dependent upon repeat customers to ensure marketability, data mining and sustained profit. • Investment of resources - It is important to have on-going investment of resources in E-commerce to expand reliability and currency of site. Creating a sustained and meaningful presence on the web requires consistent and prudent investment of resources, which includes time, money, energy and talent. • Data mining - Measuring the success of a web-based sales effort is essential to remaining relevant to customers, as their tastes, needs and preferences are constantly changing. <p style="text-align: right;">Two marks each for any TWO adequate responses One mark for less adequate response [4 marks]</p>

ENTREPRENEURSHIP
UNIT 2 - PAPER 02
KEY AND MARK SCHEMES

SR	Question	Suggested Response
3.4 (g)	(c)	<p>Strategies for the success of E-commerce.</p> <ul style="list-style-type: none"> • Focus on market needs It is important to focus on the needs of the market only. These needs should be properly identified and addressed because of the competition in this method of doing business. Consumers make quick decisions on the net because of the time and energy spent in decision making has a cost to the consumer. • Develop a community Ability to develop and maintain a strong customer base is the success factor in any commercial venture. In E-commerce, this can be done at a very minimal by making use of the numerous social networking facilities available on the internet. • The Use of Freebies Customer base can be maintained by the intelligent use of freebies. Complimentary tokens, useful advice on product use and availability that can help to cut cost for the customer can be very helpful. • Credibility Pricing and repricing, delivery date, availability and stock outs, discounts and necessary facilities offered by the seller as part of marketing information should be upheld. Any variation can discourage the buyer. • Strategic alliances In E-commerce, it is beneficial for sellers to network and exchange volatile information about pricing and product type and quality among each other; this can be very cost-effective. • Promote site on and off line For customer satisfaction, it is important to ensure customer has online and offline access. In the absence of this, customers could quickly switch to computer sites and this could have devastating effects on sales and customer base. • Data mining Data mining entities should be on-going and strengthened so as to discover relationships and choices among customers and create rapid access to customer information. <p style="text-align: right;">One mark for identification Two marks for explanation [9 marks]</p>



TEST CODE **02224032**

SPEC 2013/02224032

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION[®]

ENTREPRENEURSHIP

SPECIMEN PAPER

Unit 2 – Paper 032

2 hours

INSTRUCTIONS TO CANDIDATES

1. This paper consists of a case study and THREE questions, ONE from EACH module.
2. Candidates MUST answer the THREE questions.
3. Each question is worth 20 marks.

INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Taste of Barbados Ltd

John Smith was until 1990, the sole proprietor of Taste of Barbados Ltd which was a family owned business that specialized in the production of hot pepper sauce. The business was started by John's grandmother who initially made the product for her neighbours using peppers grown by her husband on their farm. As word spread about the product, demand increased and the business expanded beyond the boundaries of the home to cover the whole of Barbados and over into Trinidad. That transition also included the handover of the management of the business to qualified and highly paid specialized managers, the investment in new equipment, the adoption of a more formal structure for the business, the registration of Taste of Barbados as a private company with the Ministry of Trade and sale of shares to private individuals to the tune of \$60 million. With this registration, Taste of Barbados Ltd acquired its own legal existence, with John Smith as Managing Director.

1. (a) Taste of Barbados Ltd was originally a sole proprietorship business. State FOUR benefits of this type of business. **[4 marks]**
- (b) Before registration, Taste of Barbados Ltd adopted a more formal structure. Discuss FOUR changes that may have been introduced as part of the formal structure. **[12 marks]**
- (c) Explain the significance of the legal existence status which Taste of Barbados acquired after its registration. **[4 marks]**

Over the last 20 years the production of hot pepper sauce has become a major component of the manufacture of condiments in Barbados. Hot pepper sauce is produced, branded and sold by numerous small and medium sized manufacturers. Although all Barbados hot pepper sauces are similar, each manufacturer uses her own "secret" recipe. Production in the industry (in Barbados and Trinidad) is estimated at \$50 million annually and there are 15 manufacturers. Taste of Barbados Ltd has annual sales of \$25 million and is currently producing at 75% of its full capacity and controlling 50 percent of the combined Barbados and Trinidad market.

Hot pepper sauce which is a household product for all Barbadians has become very popular with visitors to the island. Based on this observation, Invest Barbados (the national export development agency) sponsored a five day trade mission to - New York, USA in search of markets for the hot pepper sauce produced by the various producers from Barbados. Mr. John Smith attended this mission on behalf of Taste of Barbados Ltd. There, he met with some major American food distributors and conducted sampling and cooking demonstrations with pepper sauce as a condiment at selected locations in New York City. Impressed by the demonstration, a major US food company has decided to partner Taste of Barbados Ltd but is asking for a feasibility analysis of the company.

2. (a) Using information from the case, discuss FOUR key elements of the feasibility analysis that John Smith may submit. **[16 marks]**

- (b) John Smith has decided to prepare a business plan with a view to seeking more funding back in Barbados. Name FOUR sections of a business plan. **[4 marks]**

Taste of Barbados Ltd, like any other viable venture would go through a venture life cycle. It could also be subject to valuation at any time for various purposes including raising growth capital.

3. (a) List THREE stages in the venture cycle. **[3 marks]**
- (b) Outline THREE key features of EACH of the stages listed in (a) above. **[9 marks]**
- (c) Explain how EACH of any TWO methods of venture valuation could be used by John Smith to give an indication of the worth of the venture. **[8 marks]**

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

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ENTREPRENEURSHIP

UNIT 2 - PAPER 032

KEY AND MARK SCHEME

SPECIMEN

**ENTREPRENEURSHIP
UNIT 2 - PAPER 032
KEY AND MARK SCHEMES**

SR	Question	Suggested Response
1.1(b)	(a)	<p><u>Question 1</u></p> <p>Benefits of Sole Proprietorship</p> <ul style="list-style-type: none"> - Easy to form (no special legal restrictions) - Inexpensive to form - Easy to manage (flexible) - Subject to few government regulations - Does not pay corporate tax - High profit incentive (once owner pays all expenses) - Total decision making authority - Easy to discontinue (although personally liable for any outstanding debts) - Ownership transfer is simple <p style="text-align: right;">One mark each for any FOUR benefits [4 marks]</p>
1.1(a)	(b)	<ul style="list-style-type: none"> • Identifiable organization structure may have been designed (1 mark) <p>At the time Taste of Barbados Ltd was existing as a family business, it may not have had an identifiable -organization chart (1 mark) showing <u>who was responsible for what aspect of the business</u> (1 mark) and <u>the qualifications of the people occupying them</u> (1 mark); <u>no one could be held accountable for the success or failure of the business</u> (1 mark). With the creation of the formal structure, an-organization chart <u>may have been brought into existence where roles and accountability became clear-cut</u> (1 mark). <u>Employment contracts</u> (1 mark), <u>shares of ownership</u> (1 mark), <u>perks and any other agreements might be discussed</u> (1 mark).</p> <p style="text-align: right;">1 mark EACH for any THREE points underlined plus 1 for heading 4 marks</p> <ul style="list-style-type: none"> • Positions and linkages indicated (1 mark) <p>Before the creation of the formal structure, <u>positions</u> (1mark) and links <u>showing channels of communication may not have been clear-cut</u> (1mark); with the <u>formal structure, these linkages would have been clearly laid out and visible</u> (1 mark)</p> <p style="text-align: right;">1 mark EACH for any THREE points underlined plus 1 for heading 4 marks</p>

**ENTREPRENEURSHIP
UNIT 2 - PAPER 032
KEY AND MARK SCHEMES**

SR	Question	Suggested Response
1.1(a)	(c)	<ul style="list-style-type: none"> • Position holders and authority relationships indicated (1 mark) The creation of the formal structure may have come with the <u>names/titles</u> (1 mark) of the position holders. The case indicates that <u>experts were employed</u> (1 mark) and quite clearly, their <u>titles and positions may have been laid out in the formal structure</u> (1 mark) 1 mark EACH for any THREE points underlined plus 1 for heading 4 marks • Reporting systems indicated (1 mark) <u>A formal organization structure would have indicated clearly who reported to whom in the organization</u> (1 mark). This may have <u>helped to avoid chaos and promote accountability</u> (1 mark). <u>This may not have been the case when the venture was run as a family business</u> (1 mark) 1 mark EACH for any THREE points underlined plus 1 for heading 4 marks • Groupings or Departments indicated (1 mark) As Taste of Barbados Ltd had become a large business, there was the need for various activities to be <u>grouped for purposes of efficiency</u> (1mark). These could have been <u>Production department, Marketing Department, Accounts Department and HR</u> (1 mark). <u>This would not necessarily be the case in a family-run, home business.</u> (1 mark) 1 mark EACH for any THREE points underlined plus 1 for heading 4 marks 4x3 marks = 12 marks <p>The legal existence of Taste Barbados Ltd meant that: It began to exist as separate legal entity Its assets and liabilities had become separate from those of the owners It could own property It could sue and be sued In case of liquidation, its owners would be liable only to the extent of their contributions It had become capable of floating shares albeit privately It had become liable to paying corporate tax The ability to raise capital successfully had become moderate to high Continuity of the business had become more long term (approx. 30 years). Transferability of the business would now require consent 1 mark EACH for any FOUR 4 marks Total = 20 marks</p>

ENTREPRENEURSHIP
UNIT 2 - PAPER 032
KEY AND MARK SCHEMES

SR	Question	Suggested Response
2.2(c)	(a)	<p><u>Question 2</u></p> <p>Personality feasibility (1 mark) John Smith, the Managing Director <u>who had run this venture alone for several years</u> (1 mark), <u>would have acquired some personal strengths and competences in this line of business</u> (1 mark); John also would be the first to <u>spot his own weaknesses and also be able to identify opportunities when any came by</u> (1 mark)</p> <p>1 mark for EACH of THREE points underlined plus 1 for heading 4 marks</p> <p>Management feasibility (1 mark)</p> <p><u>John Smith had recently recruited skilled personnel to man the organization and would be in a position to produce profiles of all managerial staff</u> (1 mark). <u>The profiles would show the weaknesses and strengths of each manager</u> (1 mark) . <u>The aggregated profiles would indicate the management feasibility</u> (1 mark)</p> <p>1 mark for EACH of THREE points underlined plus 1 for heading 4 marks</p> <p>Operational /Product or Service feasibility (1 mark)</p> <p>John Smith knew the company <u>production levels and targets, sales levels and targets</u> (1 mark), <u>customer base and cost structure</u> as well as <u>revenue and expenditure trends</u> (1 mark) from year to year; the company is currently operating at <u>75% capacity</u> (1 mark). John knows the <u>degree to which his product appeals to potential customers and can identify the resources necessary to produce the product.</u></p> <p>1 mark for EACH of THREE points underlined plus 1 for heading 4 marks</p> <p>Financial feasibility (1 mark)</p> <p>The case states that Taste of Barbados is financed by external equity <u>capital of \$60 million</u> (1 mark) and currently has annual sales <u>revenue of \$25 million</u> (1 mark). This can be taken as an indicator of Taste of Barbados' <u>financial viability</u> (1 mark)</p> <p>1 mark for EACH of THREE points underlined plus 1 for heading 4 marks</p>

ENTREPRENEURSHIP
UNIT 2 - PAPER 032
KEY AND MARK SCHEMES

SR	Question	Suggested Response
2.5(c)	(b)	<p>Marketing feasibility (1 mark)</p> <p>The case indicates that the venture has about <u>50 per cent market share</u> in Barbados and Trinidad; <u>highly skilled marketing staff have been employed</u>; <u>the sauce has been exposed to the US market in New York through demonstrations</u>.</p> <p>1 mark for EACH of THREE points underlined plus 1 for heading 4 marks</p> <p>Industry feasibility (1 mark)</p> <p>The case indicates that the pepper sauce industry is <u>quite competitive</u> (1 mark) with about <u>15 manufacturers</u> (1 mark) with annual industrial <u>production amounting to \$50 million</u> (1 mark).</p> <p>1 mark for EACH of THREE points underlined plus 1 for heading 4 marks</p> <p>Cultural feasibility (1 mark)</p> <p>The case indicates that pepper -sauce is a <u>household condiment in Barbados</u> (1 mark) as well as <u>in Trinidad</u> (1 mark). <u>What this means is that, the product has a cultural pull; in recent times, tourists are also taking to it</u> (1 mark).</p> <p>1 mark for EACH of THREE points underlined plus 1 for heading 4 marks</p> <p>Executive Summary Vision/Mission Statement Company History Business /Industry profile (description) Business Strategy Description of the Company's Product/Service Management Team (description) Marketing Strategy Operations Strategy Financials</p> <p style="text-align: right;">1 mark EACH for any FOUR 4 marks Total 20 marks</p>
3.1(a)	(a)	<p><u>Question 3</u></p> <p>New venture development Start-up activities Venture Growth Business stabilization Innovation or decline</p> <p style="text-align: right;">1 mark EACH for any 3 3 marks</p>

ENTREPRENEURSHIP
UNIT 2 - PAPER 032
KEY AND MARK SCHEMES

SR	Question	Suggested Response
	(b)	<ul style="list-style-type: none"> <p>• New Venture Development</p> <p>A business opportunity is identified; commitment of the nascent entrepreneur is made manifest; a strategy is formulated to obtain required funding; essentially a product concept formulation phase; entrepreneur invests own time and funds to finance consultants; meet potential customers; formulate business plans;</p> <p style="text-align: right;">1 mark EACH for any THREE points 3 marks</p> <p>• Start- up phase</p> <p>Creating the capability of being in possession of the product; develop a unique product; creating the business; deciding what to produce; what quantity; what combination of factors of production will lead to optimum output; business plan is formalized; identifying core competences; develop working team;</p> <p style="text-align: right;">1 mark EACH for any THREE points 3 marks</p> <p>• Venture Growth stage</p> <p>Marketing of the business and the product; expansion of the product line; the venture develops a more complex structure to support the new products being created; external threat to the growth of the venture is low; collect more information on competitor activities</p> <p style="text-align: right;">1 mark EACH for any THREE points 3 marks</p> <p>• Business stabilization</p> <p>Product quality requires emphasis; action taken to ensure business stability and continuity; need for organizational flexibility and control; measures must be put in place to increase profitability; expenses need strong monitoring</p> <p style="text-align: right;">1 mark EACH for any THREE points 3 marks</p> <p>• Innovation and decline</p> <p>Need for diversification to bring in new products and services; revitalization of the venture is required; venture needs repositioning; explore new markets</p> <p style="text-align: right;">1 mark EACH for any THREE points 3 marks</p> <p style="text-align: right;">3 marks EACH for any THREE 9 marks</p>

ENTREPRENEURSHIP
UNIT 2 - PAPER 032
KEY AND MARK SCHEMES

SR	Question	Suggested Response
3.4	(c)	<p>Book Value (balance sheet value) (1 mark)</p> <p><u>The value of the venture can be determined by simply examining the assets, liabilities and ownership structure of the venture; this information is available on the venture balance sheet. (2 marks). John Smith can use this information together with other industrial indices and competitor position to determine the worth of Taste of Barbados (1 mark)</u></p> <p style="text-align: right;">4 marks</p> <p>Price earnings (multiple earnings value) (1 mark)</p> <p><u>The price-earnings ratio of a venture is simply the price of a company's share of common stock in the open market divided by its earnings per share (1 mark). By multiplying this ratio by the net income, the value for the business could be determined (2 marks). John Smith can use this method to get an indication of the worth of Taste of Barbados (1 mark).</u></p> <p style="text-align: right;">4 marks</p> <p><u>Discounted future earnings (discounted cash flow) (1 mark)</u> <u>This method simply uses the estimated cash outflows and inflows to determine the net inflows over time and discounts this to the present value signifying the venture's weighted average cost of capital(2 marks). John Smith can calculate these estimates over the estimated life span of Taste of Barbados to determine the worth of the venture (1 mark)</u></p> <p style="text-align: right;">4 marks</p> <p style="text-align: right;">4 marks EACH for any 2 8 marks Total = 20 marks</p>