



**General Certificate of Secondary Education
(Short Course)
June 2011**

**Business Studies
Business Start Up
Unit 13**

413013

Mark Scheme

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

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1

Total for this question: 16 marks

1 (a) State **two** benefits to Jane of offering very good customer service. (2 marks)

One mark for each valid benefit.

Possible answers include:

- customer loyalty
- customer satisfaction
- word of mouth promotion
- ability to charge a premium price
- acts as a unique selling point
- may increase frequency of usage.

1 (b) Jane's market research shows that she can groom 120 dogs in the first month. Her total costs for that month would be £2000.

Calculate Jane's profit for the first month if she charges £20 per dog. Show your workings. (4 marks)

One mark for showing understanding of profit – probably with correct formula (profit = total revenue – total costs), but would accept definition.

£400 4 marks.

Revenue = 120 x £20 1 mark (may be implied in correctly calculating Revenue).

= £2400 1 mark.

Minus costs = £2000 1 mark.

Equals profit of £400 1 mark.

1 (c) Jane has to decide on the legal structure for her business.

She can:

- start up as a sole trader
- or**
- set up in a partnership with her sister Debbie.

Which of these two options would be better for Jane? Give reasons for your choice.

(10 marks)

Possible responses may include:

Benefits of starting as a sole trader:

- keep all profits
- lack of legal formalities (no need for a partnership agreement)
- cheaper to start up
- may start up faster
- will be her own boss
- avoids possible arguments with her sister
- does not like being told what to do by other people.

Benefits of starting as a partnership

- sister may put in the missing £2000 of finance
- her sister will bring expertise to running a business
- can share workload with her sister
- sister has dog-grooming expertise.

Level	Descriptor	Marks	Assessment Objective
3	Candidate analyses relevant points in context.	5–4	AO3
2	Candidate describes relevant points in context.	3–2	AO2
1	Candidate states relevant points.	1	AO1
0	No valid response.	0	

In addition and separately, award marks for evaluation using the grid below.

Note: AO3 also assesses candidates' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the candidate order and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgement plus clear justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO3 and Quality of written communication
E1	Offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

2**Total for this question: 24 marks****2 (a)** *Jenny's employees are protected by laws.*State **two** ways in which laws help to protect employees.*(2 marks)***Responses could include:**

- equal pay laws
- minimum wage laws
- employment rights
- health and safety
- gender, age, race, discrimination (each acceptable as a separate point).

Note: will not accept consumer protection. No need to state specific acts of parliament.

1 mark per valid point.

2 (b) *Jenny is planning to use job production when making the sandwiches.*Explain **one** benefit to Jenny of using job production instead of batch production.*(2 marks)***Possible benefits may include:**

- can tailor sandwich to match customer requirements
- may be more interesting for staff
- less likelihood of unsold stock.

Level	Descriptor	Marks	Assessment Objective
2	Candidate describes benefit in context of cakes/sandwiches.	2	AO2
1	Candidate identifies possible benefit.	1	AO1
0	No valid response.	0	

2 (c) Identify **one** market research method **and** explain how Jenny could use it to find out whether there is enough demand to start the sandwich delivery service.
(4 marks)

Possible responses may include:

- survey among workers on industrial estate nearby
- survey in other shops on the same 'small row of shops'
- feedback from current customers
- internet research into other similar services started up.

Level	Descriptor	Marks	Assessment Objective
3	Candidate explains how use of market research method could identify demand for sandwich delivery service.	4–3	AO2
2	Candidate describes market research method.	2	AO1
1	Candidate identifies market research method.	1	
0	No valid response.	0	

2 (d) Identify **two** elements of the marketing mix **and** explain how Jenny could use them when launching the sandwich delivery business.
(6 marks)

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains use of element in context.	3–2	AO2
1	Candidate identifies element of the marketing mix.	1	AO1
0	No valid response.	0	

Apply twice.

4 marks can be awarded for one element very well described.

Possible elements are Product, Price, Promotion, Place.

Routes to application could include reference to job production leading to 'made to order', delivery allowing a higher price, or formatting part of the place element, possibility of online ordering for place or promotion targeting the industrial estate. Other contextualised developments should be credited.

2 (e) *Jenny is considering different ways to motivate her shop assistants. These include:*

- *giving them a pay increase*
- *giving them greater responsibility.*

*What would be the most effective way for her to motivate her shop assistants?
Give reasons for your choice.* (10 marks)

Possible responses could include:

Pay rise

For

- they are currently paid just the minimum wage
- part-timers may be especially interested in financial rewards.

However

- could Jenny afford to increase staff costs given the business's current position?

Greater Responsibility

For

- Could put assistants in charge of the new service
- They may be provided with training which helps motivate
- If the service does well, staff feel a sense of achievement
- Staff would feel trusted/valued.

However

- would the responsibility be meaningful enough?
- would responsibilities be shared or would they have one each?

Note: better judgement will recognise the circumstances of the staff and/or business.

Level	Descriptor	Marks	Assessment Objective
3	Candidate analyses method of motivation in context.	5–4	AO3
2	Candidate describes method of motivation in context.	3–2	AO2
1	Candidate identifies relevant point(s).	1	AO1
0	No valid response.	0	

In addition and separately, award marks for evaluation using the grid below.

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