

STANDARD GRADE BUSINESS MANAGEMENT PRACTICAL ABILITIES—2012

IMPORTANT INFORMATION

Guidelines for all levels of Practical Abilities Reports

- 1 **All candidates** must experience decision 11 ie “Running their business”. The decisions made prior to this are planning decisions which build up to running the business.
- 2 All candidates should have access to their written report **as they work through** the *business@work* **TO DO** list.
- 3 Please ensure that each pupil is being presented at the most appropriate level.
- 4 Candidates are asked to reflect on decisions taken during *business@work*. Candidates’ answers should relate to their original decisions. These may differ from one candidate to another.
- 5 In addition to information contained within *business@work* candidates can refer to other course notes.
- 6 Credit level candidates should not write their answers on the question paper. Answers should be written in ink or word processed on separate sheets of paper. Foundation and General level candidates should use the workbook provided by SQA to complete their reports.

Guidelines for assessing

- 1 Marks should be allocated according to the exemplar answers/marking guidelines provided. **No half marks must be awarded.**
- 2 Teachers are encouraged to analyse carefully all pupil answers, particularly at Credit level, to ensure marks awarded are warranted at this level.
- 3 Teachers should use their professional judgement to award marks based on the exemplar answers and guidelines for marking provided.
- 4 If candidates provide answers and justifications which are not included in the exemplar answers provided, but are nonetheless valid, teachers should award marks appropriately.
- 5 Exemplar answers/marking guidelines with all amendments clearly shown should be included with the candidate sample for verification.

SPECIFIC INFORMATION (FOUNDATION/GENERAL/CREDIT LEVEL REPORTS)

| Report | Printouts required | Specific information |
|---------------|---|--|
| F | Section 2—Question 7(a) requires a printout from the Business Works.com Internet site showing the page Site/Choosing a Location. | It is recommended that candidates have access to the Foundation Report issued by the SQA as they work through the TO DO list. |
| | Section 2—Question 9(a) requires a printout from the Player’s Workbook showing the Trading, Profit and Loss Account. | |
| G | Section 2—Question 6(a) requires a printout from the Player’s Workbook showing the amount of depreciation. | It is recommended that candidates have access to the General Report by the SQA as they work through the TO DO list. |
| | Section 2—Question 8(a) requires a printout from the Start-up File showing the 2 sources of finance used to purchase your stationery business. | |
| C | Section 2—Question 3(a) requires a printout from the Player’s Workbook showing the Trading, Profit and Loss Account and the Balance Sheet. | It is recommended that candidates have access to the Credit Report issued by the SQA as they work through the TO DO list. |
| | Section 2—Question 4 requires a printout from business@work showing expenses. | |

[END OF IMPORTANT INFORMATION]

NATIONAL
QUALIFICATIONS
2012

BUSINESS
MANAGEMENT
STANDARD GRADE
Credit Level
Practical Abilities Report

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***business@work*—Report**

It is now time to prepare a report to summarise your thoughts on your business.

Your report is split into the following 3 sections.

- Section 1—USING ***business@work***
- Section 2—THE BUSINESS PLAN
- Section 3—THE FUTURE

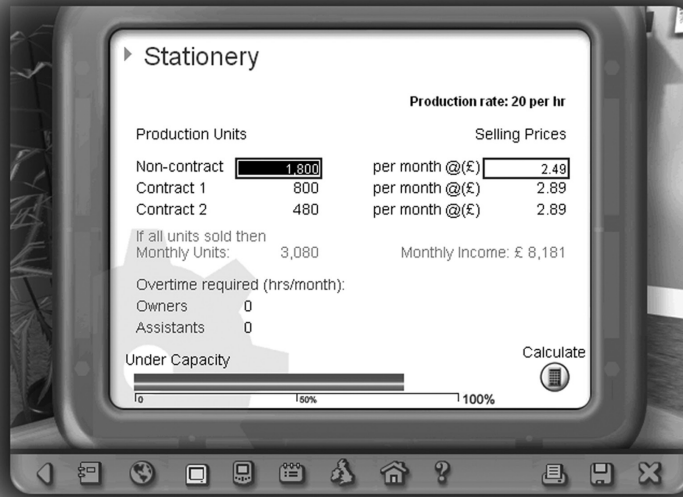
Complete your report using the information from the scenario and other course materials.

[Turn over

SECTION 1—USING *business@work*

Marks PA

During *business@work* you will have used the Production Planner.



1. The Production Planner enables you to calculate your monthly income which is required for your Business Plan.

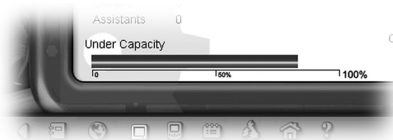
(a) Explain how you used the Production Planner to calculate this figure. 3

(b) The Production Planner has a maximum and minimum Selling Price for Non-contract units built-in to the software. Suggest reasons why you should not have:

(i) A price below £2.49

(ii) A price above £3.99 2

The capacity indicator shown below illustrates “Under Capacity”. This varies depending on the number of units produced.



(c) Describe how the capacity indicator can assist you with decision making. 3

(d) Suggest 3 limitations of using the Production Planner in *business@work*. 3

(e) The Production Planner has Contract and Non-contract Production Units. Explain the difference between these terms. 2

2. From the PC shown below, access the information that may be found on Market Research.



How could each of the 4 screens of information help with decision-making.

4

[Turn over

SECTION 2—THE BUSINESS PLAN

Your Business Plan is essential in obtaining a Bank Loan for your stationery business.



The Business Plan must be completed before attempting the following questions.

3. Your Bank Manager has now looked at the financial information in your Business Plan.
 - (a) Print out your Trading, Profit and Loss Account and your Balance Sheet. **1**
 - (b) Using your printouts calculate the Gross Profit % and the Current Ratio. **6**
 - (c) Suggest **2** ways that you could improve the Gross Profit %. **2**

4. Marie has given you information on monthly expenses. Print out the page from **business@work** which shows these expenses. Explain why the cost of some expenses change each month and why some stay the same. **3**

5. From the pages of your Business Plan, use the following headings to explain how each can be used to aid future decision making.
 - (a) Advertising and Market Research
 - (b) Sales and Purchases **2**

Use the Competitor Selling Prices shown below to help answer question 6.

| ▶ Competitor selling price (£) | | | |
|--------------------------------|-------------|----------------------|----------------|
| | Stop Press! | The Publishing House | Prestige Print |
| Month 1 | 2.89 | 2.89 | 2.89 |
| Month 2 | 2.99 | 2.89 | 2.99 |
| Month 3 | 2.99 | 2.99 | 2.99 |
| Month 4 | 2.99 | 2.99 | 2.89 |
| Month 5 | 3.09 | 2.99 | 3.09 |
| Month 6 | 3.09 | 2.99 | 2.99 |
| Month 7 | 3.09 | 2.99 | 2.99 |
| Month 8 | 3.09 | 2.99 | 2.99 |
| Month 9 | 2.99 | 2.99 | 2.99 |
| Month 10 | 2.99 | 2.99 | 3.09 |
| Month 11 | 3.09 | 3.09 | 3.09 |
| Month 12 | 3.19 | 3.09 | 3.09 |

6. (a) Using the information for Month 3, identify and justify which pricing strategy is being used by all competitors. 2
- (b) Look at the figures for Month 12. Identify, describe and justify the pricing strategy used by Stop Press! 3

[Turn over

SECTION 3—THE FUTURE

Marks PA



Fraser Doherty developed “SuperJam” at the age of 14, using his grandmother’s secret jam recipes. After cooking jam at home for several years; selling his produce at farmers’ markets and to delicatessens, he developed a unique method of producing jam entirely from fruit and fruit-juice, making it healthier and better tasting than regular jams. He experimented with combinations of ingredients to develop his “prototypes” until he had the perfect products for sale.

SuperJam™
100% Pure Fruit

After setting up his production, creating a brand and perfecting his recipes, Fraser became the youngest ever supplier to a major supermarket chain when Waitrose launched the range 5 years ago. SuperJam now supplies over 1,000 supermarkets in the UK and is working on expanding overseas. He will need to recruit more employees for this expansion and is considering offering flexible working practices to entice the best candidates.

Two years ago, Fraser launched the SuperJam Cookbook, sharing his jam-making secrets with the world. The book has since become a best-seller and is on sale at major bookshops and supermarkets.

SuperJam’s business objectives are not all about profit. Fraser has a charitable heart and the company also invests in running “SuperJam Tea Parties” for elderly people who live alone, in care homes or in sheltered housing. SuperJam has hosted over 125 events across the UK, with live music, dancing and, of course, scones and SuperJam.

Adapted from Fraser Doherty’s Biography on www.Superjam.co.uk

7. Fraser Doherty is an entrepreneur. He started his business and set up SuperJam.
- (a) Fraser took a risk as a new entrepreneur. Describe **3** potential risks that your stationery business may face. 3
- (b) Fraser’s company is a private limited company. You are a sole trader in your stationery company business. Compare **2** features of a sole trader with that of a private limited company. 2

Marks

PA

- | | |
|--|---|
| <p>8. Fraser developed his products by experimenting with different flavours. Over time he developed “prototype” jams which he would test on his family and friends.</p> | 4 |
| <p>(a) Describe 4 other possible stages that may have been involved in developing your stationery sets.</p> | |
| <p>(b) SuperJam is at the growth stage of the Product Life Cycle. Using your stationery sets as an example, describe 3 other stages of the Product Life Cycle.</p> | 3 |
| <p>(c) Fraser is always looking to improve the ingredients of his jams. Apart from changing the product, suggest and justify 2 other elements from the marketing mix that could be changed to prolong the life of your stationery sets.</p> | 4 |
| <p>9. Fraser is considering offering flexible working practices to his employees. Identify and describe 2 forms of flexible working practice that you can offer your employees.</p> | 4 |
| <p>10. In the future, Fraser wants to expand and become a multinational business. Describe 2 advantages and 2 disadvantages to your stationery business of becoming a multinational.</p> | 4 |

[END OF REPORT]

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business@work ***Report***

Pupil name _____

Business name _____



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FOR OFFICIAL USE

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| 4200 | ST |
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INTERNAL ASSESSMENT

Flyleaf

NATIONAL
QUALIFICATIONS
2012

**BUSINESS MANAGEMENT
STANDARD GRADE**
Practical Abilities

Fill in these particulars.

Full name of centre

Centre number

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
|--|--|--|--|--|--|--|--|

Forename(s)

Surname

Date of birth

Day Month Year

| | | | | | |
|--|--|--|--|--|--|
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Scottish candidate number

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Final Grade for
Practical Abilities

(See B3 inside)

A Determination of Mark

1 Enter the candidate's mark for each question in the Report.

Foundation Level **Total Mark Available** **60**

| Task | Candidate's Marks | Task | Candidate's Marks |
|------|-------------------|------|-------------------|
| 1 | | 8 | |
| 2 | | 9 | |
| 3 | | 10 | |
| 4 | | 11 | |
| 5 | | 12 | |
| 6 | | 13 | |
| 7 | | | |

Candidate's marks total

Percentage of available marks

General Level **Total Mark Available** **60**

| Task | Candidate's Marks | Task | Candidate's Marks |
|------|-------------------|------|-------------------|
| 1 | | 8 | |
| 2 | | 9 | |
| 3 | | 10 | |
| 4 | | 11 | |
| 5 | | 12 | |
| 6 | | 13 | |
| 7 | | 14 | |

Candidate's marks total

Percentage of available marks

Credit Level **Total Mark Available** **60**

| Task | Candidate's Marks | Task | Candidate's Marks |
|------|-------------------|------|-------------------|
| 1 | | 6 | |
| 2 | | 7 | |
| 3 | | 8 | |
| 4 | | 9 | |
| 5 | | 10 | |

Candidate's marks total

Percentage of available marks

B Determination of Provisional and Final Grades

1 Enter provisional **grade**

2 Enter the **Final Grade**
(where different from provisional grade
an explanation must appear in the
Teacher's Comments section below)

Teacher's Comments (where appropriate)

(This section must **ONLY** be completed where the final grade has been affected by assistance given by the teacher.
Information on the degree and instances must be provided.)

3 The **Final Grade** for Practical Abilities should be entered in the appropriate box on the front page.

Teacher responsible _____

Date _____

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NATIONAL
QUALIFICATIONS
2012

BUSINESS
MANAGEMENT
STANDARD GRADE
Credit Level
Practical Abilities Report
Exemplar answers/Marking guidelines

Notes for Teachers

Important Information

- Important Information has been provided as a separate document and issued to centres by SQA.
- This contains specific information which will assist teachers to support candidates through the project eg highlighting when printouts are required.
- Teachers should read this **before** candidates start *business@work* and their Practical Abilities reports.

Credit level candidates should not write their answers on the question paper. Answers should be word processed or written on separate sheets of paper. Candidates should be issued with the cover sheet provided (*business@work Report*) to preface their answers.

When candidates are asked to reflect on decisions taken during *business@work* their answers should relate to their original decisions. These may differ from one candidate to another.

Teachers should use their professional judgement to award marks based on the exemplar answers and guidelines for marking provided.

If candidates provide answers and justifications which are not included in the exemplar answers/marking guidelines provided, but are nonetheless valid, teachers should award marks appropriately.

Marks should be allocated according to the exemplar answers/marking guidelines provided—**half marks must not be awarded.**

Marking guidelines with all amendments clearly shown should be included with the candidate sample for verification.

Teachers should ensure that marks awarded are allocated to answers which are of Credit standard.

***business@work*—Report**

It is now time to prepare a report to summarise your thoughts on your business.

Your report is split into the following 3 sections.

- Section 1—USING ***business@work***
- Section 2—THE BUSINESS PLAN
- Section 3—THE FUTURE

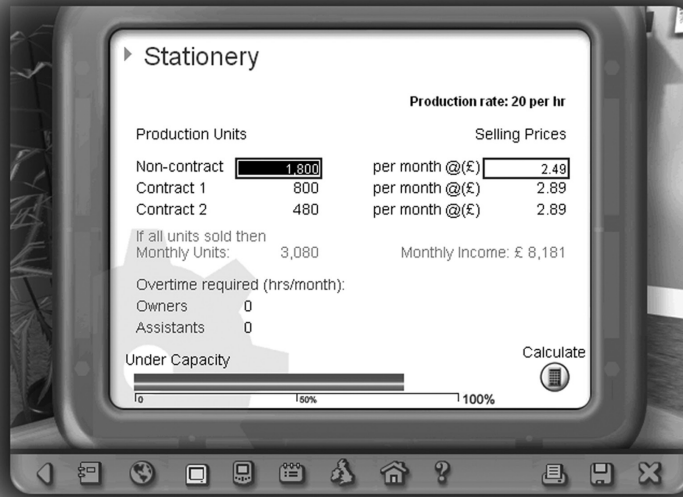
Complete your report using the information from the scenario and other course materials.

[Turn over

SECTION 1—USING business@work

Marks PA

During *business@work* you will have used the Production Planner.



1. The Production Planner enables you to calculate your monthly income which is required for your Business Plan.

(a) Explain how you used the Production Planner to calculate this figure.

- ***Enter the Non-contract Production Units***
- ***Enter the Selling Price***
- ***Click on the Calculate button***

1 mark per stage

3

1. (continued)

(b) The Production Planner has a maximum and minimum Selling Price for Non-contract units built-in to the software. Suggest reasons why you should not have:

(i) A price below £2.49

- *may make your product seem “cheap” and put customers off*
- *you may make a loss/not cover costs/break even*
- *your profit may be low*
- *you may make your competitors reduce their prices below yours*

1 mark per reason (max 1)

(ii) A price above £3.99

- *no-one will buy your product as it is too expensive*
- *customers may not think it is worth the price*
- *suppliers may increase their price to get more profit*

1 mark per reason (max 1)

2

The capacity indicator shown below illustrates “Under Capacity”. This varies depending on the number of units produced.



(c) Describe how the capacity indicator can assist you with decision making.

- *It helped me decide whether staff were required to work overtime*
- *It helped me decide how many units to produce*
- *It helped me decide whether I could afford to pay staff overtime rates*
- *It helped me set staffing levels (ie under capacity—perhaps employing too many staff or if constantly paying overtime then perhaps need to look at employing more workers)*
- *It helped me decide on my monthly income*

1 mark for a reasonable decision (max 1)

3

Marks

PA

1. (continued)

(d) Suggest **3** limitations of using the Production Planner in *business@work*.

- *Cannot print information*
- *Cannot copy and paste*
- *Cannot change contract units/price*
- *Cannot save information*
- *Cannot exceed minimum/maximum units/price*
- *Doesn't show production costs or profit per unit*

1 mark per limitation (max 3)

3

(e) The Production Planner has Contract and Non-contract Production Units. Explain the difference between these terms.

- *Contract Production Units represent the units which we have legally agreed to sell to our contract customers*
- *The number of units supplied and the price are fixed and are recorded in the contract*
- *Non-contract Units are those units which are produced every month but sold to the open market*
- *The price may vary for these units*

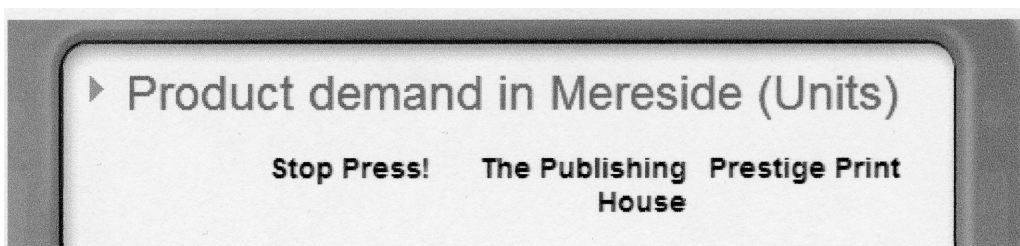
1 mark per item explained

2

2. From the PC shown below, access the information that may be found on Market Research.



How could each of the 4 screens of information help with decision-making.



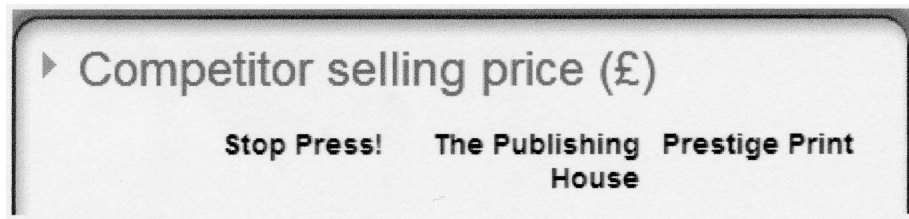
Knowing the demand for your competitors will help:

- *You can see future trends—when their demand goes up—you may wish to reduce your production if they will sell more than you that month*
- *You may wish to increase production as the total number of customers may increase that month (such as the start of the college term, near Christmas etc)*
- *You may be able to adjust your production on your Production Planner*
- *You may plan to increase production and may have to budget for extra overtime payments*

1 mark per decision made (max 1)

[Turn over

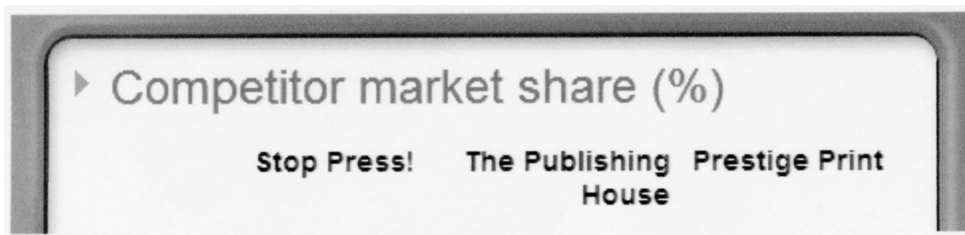
2. (continued)



Knowing your competitor's selling prices will help:

- *Award a mark if candidate mentions selecting an appropriate pricing strategy to compete*
- *or by mentioning a specific strategy*
- *To set your price on the Production Planner*

1 mark per decision made (max 1)

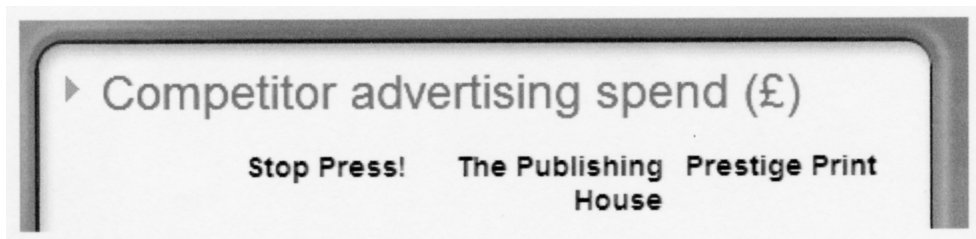


Knowing your competitors' market share will help:

- *To know who the smallest competitor is and therefore use promotions to target their customers as they are the least likely to use aggressive pricing/promotion tactics in return*
- *To see if any competitor's market share is falling and may be a potential business to integrate with in future*

1 mark per decision made (max 1)

2. (continued)



Knowing your competitors advertising spend will help by:

- *Setting your advertising spending at a similar level to competitors to stay competitive*
- *Increase your advertising spending when a competitor does not spend money to attract more customers*
- *Decrease your advertising spending in some low demand months in order to save up for a large advertising campaign later*
- *Compare advertising spending with market demand to see if there are any months which are the most likely to increase customers and target those months with high advertising spending*

1 mark per decision made (max 1)

4

[Turn over

SECTION 2—THE BUSINESS PLAN

Marks PA

Teacher's note: The questions in Section 2 must be completed BEFORE attempting the simulation as the Cash Budget is no longer the Projected Cash Budget that you would realistically use to obtain a loan from the Bank Manager.

Your Business Plan is essential in obtaining a Bank Loan for your stationery business.



The Business Plan must be completed before attempting the following questions.

3. Your Bank Manager has now looked at the financial information in your Business Plan.
- (a) Print out your Trading, Profit and Loss Account and your Balance Sheet.

***Ensure printout is the projected copy and not the final copy.
Candidate must have both printouts for 1 mark***

1

- (b) Using your printouts calculate the Gross Profit % and the Current Ratio.

Gross Profit %

1 mark for correct gross profit figure

1 mark for correct sales figure

1 mark for calculating the correct GP% ratio

Current Ratio

1 mark for the correct Current Assets figure

1 mark for the correct Current Liabilities figure

1 mark for calculating the correct Current Ratio

**** Figures must be from the printouts in 3(a)***

6

3. (continued)

(c) Suggest 2 ways that you could improve the Gross Profit %.

- *Find a cheaper supplier*
- *Obtain discounts from your present supplier*
- *Increase the selling price*
- *Hold less stock*
- *Reduce wastage/theft*

1 mark per correct suggestion (max 2)

2

4. Marie has given you information on monthly expenses. Print out the page from *business@work* which shows these expenses. Explain why the cost of some expenses change each month and why some stay the same.

1 mark for this printout

| Expenses (yearly) | Change each month | Stay the same each month |
|--------------------------|-------------------|--------------------------|
| Electricity (£816) | £60-£76 | |
| Insurance (£540) | | £70 |
| Office stationery (£456) | £30-£44 | |
| Telephone/fax (£660) | £47-£62 | |
| Postage (£624) | £42-£60 | |
| Repairs (£480) | £30-£65 | |
| Rates (£1,608) | | £134 |

Candidates must explain the concepts of FIXED (1 mark) and VARIABLE (1 mark) costs, each answer must mention whether the costs stay the same (Fixed) or vary/change with output. No marks for examples.

3

[Turn over

5. From the pages of your Business Plan, use the following headings to explain how each can be used to aid future decision making.

(a) Advertising and Market Research

- *Can identify your competitors' prices and can change your prices accordingly*
- *Can identify your competitors' spending on advertising and can decide how much you spend on advertising*

1 mark (max)

(b) Sales and Purchases

- *Indicates when demand rises or falls due to factors such as seasonal demand and can change production accordingly*
- *Can plan how much to spend on future purchases*
- *Can organise bulk-buying discounts*

1 mark (max)

NB: Marks are awarded for a decision—not for the information itself

2

Use the Competitor Selling Prices shown below to help answer question 6.

| Competitor selling price (£) | | | |
|------------------------------|-------------|----------------------|----------------|
| | Stop Press! | The Publishing House | Prestige Print |
| Month 1 | 2.89 | 2.89 | 2.89 |
| Month 2 | 2.99 | 2.89 | 2.99 |
| Month 3 | 2.99 | 2.99 | 2.99 |
| Month 4 | 2.99 | 2.99 | 2.89 |
| Month 5 | 3.09 | 2.99 | 3.09 |
| Month 6 | 3.09 | 2.99 | 2.99 |
| Month 7 | 3.09 | 2.99 | 2.99 |
| Month 8 | 3.09 | 2.99 | 2.99 |
| Month 9 | 2.99 | 2.99 | 2.99 |
| Month 10 | 2.99 | 2.99 | 3.09 |
| Month 11 | 3.09 | 3.09 | 3.09 |
| Month 12 | 3.19 | 3.09 | 3.09 |

6. (a) Using the information for Month 3, identify and justify which pricing strategy is being used by all competitors.

Identify:

- ***Competitive pricing/Market Pricing***

1 mark

Justification:

- ***Avoids a price war/avoids competitors dropping their price to beat a lower price***
- ***Shows customers that your product is of the same quality as the existing competitors***
- ***You should be guaranteed some customers who look for new products at a known price***
- ***The accepted price for the product/the price that the market dictates***

1 mark for a reasonable justification

2

[Turn over

6. (continued)

(b) Look at the figures for Month 12. Identify, describe and justify the pricing strategy used by Stop Press!

Identification:

- **Premium Pricing**
- **High Price**

NB: do not accept "Skimming" as this is only used to introduce a new, unique product and is not suitable for an existing product of this type

Description:

- **Setting a price higher than all competitors**
- **Setting the highest price in a market**

Justification:

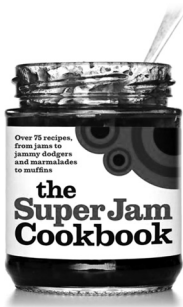
- **Creates an exclusive/high quality image**
- **High profits**
- **Brand loyalty**

NB: There are no Consequential marks if the candidate does not get the correct pricing strategy but the description and/or justification matches Premium/High price

3

SECTION 3—THE FUTURE

Marks PA



Fraser Doherty developed “SuperJam” at the age of 14, using his grandmother’s secret jam recipes. After cooking jam at home for several years; selling his produce at farmers’ markets and to delicatessens, he developed a unique method of producing jam entirely from fruit and fruit-juice, making it healthier and better tasting than regular jams. He experimented with combinations of ingredients to develop his “prototypes” until he had the perfect products for sale.

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After setting up his production, creating a brand and perfecting his recipes, Fraser became the youngest ever supplier to a major supermarket chain when Waitrose launched the range 5 years ago. SuperJam now supplies over 1,000 supermarkets in the UK and is working on expanding overseas. He will need to recruit more employees for this expansion and is considering offering flexible working practices to entice the best candidates.

Two years ago, Fraser launched the SuperJam Cookbook, sharing his jam-making secrets with the world. The book has since become a best-seller and is on sale at major bookshops and supermarkets.

SuperJam’s business objectives are not all about profit. Fraser has a charitable heart and the company also invests in running “SuperJam Tea Parties” for elderly people who live alone, in care homes or in sheltered housing. SuperJam has hosted over 125 events across the UK, with live music, dancing and, of course, scones and SuperJam.

Adapted from Fraser Doherty’s Biography on www.Superjam.co.uk

7. Fraser Doherty is an entrepreneur. He started his business and set up SuperJam.

(a) Fraser took a risk as a new entrepreneur. Describe 3 potential risks that your stationery business may face.

- ***Lack of customers/demand***
- ***Beaten by competition (prices/quality/customer service etc)***
- ***Making losses***
- ***Poor employee relations***
- ***Not getting a bank loan/raising funds***
- ***Production problems***
- ***Lose personal possessions due to unlimited liability***
- ***Poor/wrong location of business***
- ***Poor market research***
- ***Poor/no financial planning***

1 mark per potential risk (max 3)

3

7. (continued)

- (b) Fraser's company is a private limited company. You are a sole trader in your stationery company business. Compare **2** features of a sole trader with that of a private limited company.

Differences

| <i>Sole Trader</i> | <i>Private Limited Company (ltd)</i> |
|---|---|
| <i>Unlimited liability</i> | <i>Limited liability</i> |
| <i>Owned by one person</i> | <i>Owned by shareholders</i> |
| <i>Decisions made by owner</i> | <i>Decisions made by Board of Directors</i> |
| <i>Very easy to set up (paperwork)</i> | <i>More complicated legal process in setting up</i> |
| <i>Funded by owners capital/ bank loan/friends and family</i> | <i>Funded by selling shares</i> |
| <i>Profits are not shared</i> | <i>Profits shared among shareholders</i> |
| <i>Responsibility on one person</i> | <i>Responsibility shared</i> |

Similarities

| <i>Sole Trader</i> | <i>Private Limited Company (ltd)</i> |
|--|--------------------------------------|
| <i>Private Sector Businesses</i> | |
| <i>Similar objectives: maximise profits, survive, grow, maximise sales revenue</i> | |

Answer must directly compare (“whereas . . .”, “on the other hand . . .” etc) or directly show a difference OR must show a feature that they both have in common (“they both have . . .”, “each of them . . .” etc) to gain a mark. Candidates do not need to have a similarity and a difference—2 marks can be gained from one heading.

1 mark per answer (max 2)

2

8. Fraser developed his products by experimenting with different flavours. Over time he developed “prototype” jams which he would test on his family and friends.

(a) Describe **4** other possible stages that may have been involved in developing your stationery sets.

- *Market Research/Potential demand/Potential competitors*
- *Deciding on production method*
- *Deciding on supplier of materials*
- *Deciding on site/location for production*
- *Deciding on employees for production*
- *Deciding on supplier*
- *Deciding on price/pricing strategies*
- *Obtaining finance*
- *Testing*
- *Deciding on Promotion/Advertising strategies*
- *Deciding on channel of distribution*
- *Deciding on packaging of product*

No marks for any answers related to a prototype

1 mark per description (max 4)

4

(b) SuperJam is at the **growth** stage of the Product Life Cycle. Using your stationery sets as an example, describe **3** other stages of the Product Life Cycle.

1 mark per description of:

- *Introduction (The stationery sets are launched, brought to the market, customers see the product for the first time, possible unique product)*
- *Maturity (The stationery sets are well-known by customers, highest sales, repeat purchases)*
- *Decline (The stationery sets become out-of-date, beaten by competition, prices fall)*

Do not accept GROWTH as a stage

No marks for identifying each stage

Do not accept effects—high sales, high profits etc

Accept other relevant stages (eg saturation)

3

[Turn over

8. (continued)

- (c) Fraser is always looking to improve the ingredients of his jams. Apart from changing the product, suggest and justify **2** other elements from the marketing mix that could be changed to prolong the life of your stationery sets.

Place:

- *Change the Channel of Distribution/sell to other retail shops*
- *New outlet/website sales/mail-order/selling door-to-door*

Justification must relate to new market place—appeals to new/different customers

Price:

- *Increase price*
- *Decrease price*
- *Named Pricing Strategy*

Justification must relate to the change in price/pricing strategy—new market segment, indication of quality etc

Promotion:

- *New/different advertising*
- *Promotional offers—BOGOF, coupons, competitions etc*

Justification must relate to the promotional offer—appeals to customers who like value for money, appeals to different market segment etc

Max 2 per element (max 4)

Do not accept any answer that relates to Product (including packaging, re-sizing or rebranding)

4

9. Fraser is considering offering flexible working practices to his employees. Identify and describe 2 forms of flexible working practice that you can offer your employees.

| <i>Identification</i> | <i>Description</i> |
|--------------------------------------|--|
| <i>Flexi-time</i> | <ul style="list-style-type: none"> • <i>Workers can start early and finish early</i> • <i>Workers can start later and finish later</i> • <i>Core Time (usually 10 am until 3 pm) when workers have to work</i> • <i>Workers can “bank” hours and take days off in future</i> |
| <i>Part-time</i> | <ul style="list-style-type: none"> • <i>Workers do not work traditional 9–5, 5-day a week, hours</i> • <i>Workers may work mornings/afternoons only or 2–3 days a week</i> |
| <i>Job-share</i> | <ul style="list-style-type: none"> • <i>2 workers split a full-time job between them (mornings/afternoons or Mon–Wed morning/ Wed afternoon–Friday)</i> • <i>Workers are part-time</i> |
| <i>Tele-working/ Homeworking</i> | <ul style="list-style-type: none"> • <i>Workers can work from home</i> • <i>Workers do not have to be in an office but contact/phone customers wherever they are</i> |
| <i>Temporary/ temporary contract</i> | <ul style="list-style-type: none"> • <i>Workers do not have a fixed contract and can be used whenever they are needed</i> • <i>Workers do not have to be paid when there is low demand</i> |

1 mark per identification (max 2).

1 mark per relevant description (max 2)

NB: Do not accept advantages or disadvantages—must be descriptions

4

[Turn over for Question 10 on Page twenty

10. In the future, Fraser wants to expand and become a multinational business. Describe 2 advantages and 2 disadvantages to your stationery business of becoming a multinational.

NB: Answers can relate to selling to other countries as well as setting up production in other countries

Advantages:

- ***Increased sales/profits/customers***
- ***Increased reputation***
- ***Spreads risk***
- ***Economies of scale (must be described)***
- ***Possible cheaper labour/material costs***

Disadvantages:

- ***Language barriers***
- ***Cultural differences***
- ***Lack of expertise in other markets***
- ***Financial costs of expansion***
- ***Beaten by strong local competitors***
- ***Exchange rates may change***
- ***Political/military problems in foreign country***

4

[END OF EXEMPLAR ANSWERS/MARKING GUIDELINES]

National Qualifications 2012

Standard Grade Business Management—Practical Abilities

Notes to Teachers on Internal Assessment and Completion of Internal Assessment Flyleaf

1 General

Reference should be made to Section 6.7 *Internal Assessment of Practical Abilities* in the Arrangements in Business Management issued in 1998.

2 The Report

Every candidate should be issued with a set of tasks at the appropriate Level to enable them to complete a Report for Practical Abilities Assessment.

Candidates should be familiar with the *business@work* simulation (Stationery Scenario) issued on CD ROM 1.1 (or updated CD ROM 2.1) previously by the Scottish Qualifications Authority.

To complete the tasks candidates may access:

- the *business@work* simulation
- their own Player's Workbook (produced by *business@work* during the familiarisation process)
- other course materials.

Remind candidates that:

- all work submitted must be their own. (If it is established that the work of another candidate has been submitted as their own, SQA may cancel awards in all their subjects.)
- requests for teacher assistance, if excessive, may reduce the grade awarded for the work. (Teachers should distinguish between clarification and assistance—see paragraph 6.7.1 of the Arrangements.)

No work or material may be taken out of the centre.

3 Assessment

Assess each report and record the marks on **Internal Assessment Flyleaf** for each candidate concerned in accordance with paragraph 6 7 2 of the Arrangements.

The following table shows the relationship between marks and grades.

| Percentage of available marks | Foundation Level | | General Level | | Credit Level | |
|-------------------------------|------------------|---|---------------|----|--------------|----|
| | 45–60 | 5 | 45–60 | 3 | 45–60 | 1 |
| 75–100 | 45–60 | 5 | 45–60 | 3 | 45–60 | 1 |
| 50–74 | 30–44 | 6 | 30–44 | 4 | 30–44 | 2 |
| 40–49 | 24–29 | 7 | 24–29 | 5 | 24–29 | 3 |
| 0–39 | 0–23 | 7 | 0–23 | 7* | 0–23 | 7* |

*** Grades 6 and 4 are not available at General and Credit Levels respectively. Candidates who do not complete the TO DO list should be awarded a grade 7.**

Enter the final grade for each candidate in the appropriate box on the front page of **Internal Assessment Flyleaf**.

Teachers should note that:

- a the completed **Internal Assessment Flyleaf** for each candidate
- b the completed *business@work* Report for each candidate
- c a printout of a class list with passwords*
- d a printout of each candidate's TO DO list*
- e any other printouts required by the F, G and C Reports†
- f a copy of exemplar answers/marking guidelines with any additions made

will be required for central verification.

In early March 2012, Forms SGER 00 will be issued for the recording and submission of the final grades to SQA. Appropriate returns must be submitted by the due date.

If any candidate experiences technical difficulties as a result of using the CD ROM, this must be documented **at the time** in the event that SQA might request such information prior to Central Verification.

* Teachers should refer to the *business@work* User Guide issued to centres with the CD for further information on how to carry out printouts.

† Teachers should refer to the document *Important Information* for further information relating to the F, G and C Reports.