2012 Business Management

Standard Grade – Foundation

Finalised Marking Instructions

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<table>
<tr><th colspan="2">QUESTION 1</th><th>KU</th><th>DM</th></tr>
<tr><td></td><td>
Andy Inglis sells bottled seawater for cooking.

Andy gave up a highly paid job to start his own business in the Western Isles. The business is called Acquamara.

</td><td></td><td></td></tr>
<tr><td>(a)</td><td>
Bottled seawater is an example of:
<table>
<tr><th></th><th>Tick (✓) the correct answer</th></tr>
<tr><td>a good</td><td>✓</td></tr>
<tr><td>a service</td><td></td></tr>
</table>
</td><td>1</td><td></td></tr>
<tr><td>(b)</td><td>
Give one reason for starting your own business.

• To be your own boss.
• To make more money/profit.
• To make a hobby into a business.
• Because you’re unemployed.
• You’ve come up with an idea.
• Help the community.
• Social Responsibility.

Accept any 1
</td><td>1</td><td></td></tr>
<tr><td>(c)</td><td>
Suggest 2 ways of measuring success for a business.

• Profit.
• Sales/number of customers.
• Reputation.
• Size.
• Customer loyalty.
• Customer feedback.

Accept any 2
</td><td>2</td><td></td></tr>
</table>

		KU	DM
(d)	**Give 3 places Andy Inglis could sell his bottled seawater.** • Supermarkets (accept different names of supermarkets) – one mark each. • Online/Internet website. • Cash ‘n Carry. • Mail order/catalogues. • Accept direct selling. • TV sales. • (Farmers’) markets. • (Specialist/Deli) shops. • Restaurants. • Events. • Sell to trade. • Vending Machines. • Schools. • Restaurants. • Events. • Sell to trade. • Vending Machines. • Schools. Accept any 3 Accept any 3 different types of shops.		3

		KU	DM
(e)	**Identify Acquamara's Factors of Production from the pictures and descriptions below.** Use the following word bank. **Land** **Labour** **Capital** **Enterprise**	4	

Acquamara	Factor of Production
 Factory Worker	**Labour**
 Andy Inglis	**Enterprise**
 Bottling Machinery	**Capital**
 Sea Water	**Land**

QUESTION 2		KU	DM
	  Graham's Dairy is the largest independent dairy in Scotland. **It plans to stay that way!**		
(a)	**Suggest 2 ways in which Graham's Dairy could compete with other dairies.** • (Change/lower) price. • Advertising – accept other forms of promotion as separate points. • Quality. • Sell in more places. • Alter products. • Increased range. • Lower costs. Accept any 2		2
(b)	**Suggest 2 different ways in which Graham's Dairy could carry out market research.** • Face-to-face interview. • Telephone interviews. • Reference/text books. • Online questionnaire. • Hall test. • Postal survey. • Focus group/consumer panel. • Competitor information. Accept questionnaire/survey on its own-only one mark. Accept desk and field as 2 separate suggestions. Accept primary and secondary as 2 separate suggestions. Accept any 2		2

		KU	DM
(c)	**Study the pictures below showing the input, process and output system for the production of butter.** **Picture A** / **Picture B** / **Picture C** **Finished Product** / **Raw Materials** / **Production** Complete the table to identify which picture shows **input, process** or **output.** **Picture A** — Output **Picture B** — Input **Picture C** — Process		3
(d)	**Name the Functional Area in business responsible for making a product.** • Production or Operation.	1	

<table>
<tr><td colspan="3"></td><td>KU</td><td>DM</td></tr>
<tr><td>(e)</td><td colspan="2">Graham’s Dairies bought over Angus Dairies Ltd.</td><td></td><td></td></tr>
<tr><td></td><td>(i)</td><td>When a large business buys a small business this is known as:

<table><tr><th></th><th>Tick (✓) the correct answer</th></tr><tr><td>a merger</td><td></td></tr><tr><td>a takeover</td><td>✓</td></tr></table></td><td>1</td><td></td></tr>
<tr><td></td><td>(ii)</td><td>Give one advantage of Graham’s Dairies buying Angus Dairies Ltd.

• Reduce competition.
• More assets.
• (Economies of scale).
• Increase profit.
• More customers/sales.
• More well known/improved reputation.

Do not accept ‘bigger company’.

Accept any 1</td><td>1</td><td></td></tr>
</table>

QUESTION 3		KU	DM
	Edinburgh businesses feel the effects of recession. **The 5-star Glass House hotel closes.**		
(a)	**In an economic recession:** **Tick (✓) the correct answer** sales fall: ✓ sales rise:	1	
(b)	**Describe one reason why businesses fail:** • Accept recession/lack of income. • Poor cash-flow. • Competition. • Poor management. • No demand/customers. • Price too high. Accept any 1	1	
(c)	**The Glass House Hotel is an example of a small business. Identify one feature of a small business.** • Few employees/less than 50. • Limited sales. • Few outlets. • Sole trader. • Unlimited liability. • Easier to manage/communicate. • Local. Accept any 1	1	

QUESTION 4		KU	DM
(a)	**Strathmore Woollen Company Ltd received a grant from Angus Council to promote their tartans.** **Strathmore Woollen Company Ltd is an example of a:** **Tick (✓) the correct answer** Sole trader Partnership Private Limited Company ✓	1	
(b)	**Other than a Council grant, identify 2 other places a business can get finance.** • Bank (loan). • Bank overdraft. • Redundancy money. • Partner. • Selling shares. • Debentures. • Venture capitalist. • EU. • Family (or friends). • PSYBT. • Retained profits/personal savings. **DO NOT** accept lottery. Accept loan on it's own. Accept any 2	2	

<table>
<tr><th colspan="2"></th><th>KU</th><th>DM</th></tr>
<tr><td>(c)</td><td>Suggest 3 different ways Strathmore Woollen Company Ltd could advertise tartans.

• TV.
• Radio.
• Newspaper.
• Internet websites (accept all forms separately).
• Billboards/posters.
• Magazines.
• Airports.
• Transport.
• Text/SMS.
• E-mail.
• Direct mail/junk mail.
• Product/celebrity endorsement.

Accept any 3</td><td></td><td>3</td></tr>
<tr><td>(d)</td><td>Strathmore Woollen Company Ltd advertise around the world. Name the Functional Area in business responsible for advertising.

• Marketing.</td><td>1</td><td></td></tr>
<tr><td>(e)</td><td>Strathmore Woollen Company Ltd employs 15 people in their Forfar business. Staff are offered flexible working.

Match the following types of flexible working with the definitions.

Full-time Temporary Part-time
Job sharing Flexitime

<table><tr><th>Definition</th><th>Flexible working</th></tr><tr><td>Working ‘nine-to-five’ 5 days a week.</td><td>Full-time</td></tr><tr><td>The employee chooses when to start and finish work provided they are in the workplace during core time.</td><td>Flexitime</td></tr><tr><td>Employment is for a short period.</td><td>Temporary</td></tr><tr><td>A job is shared with someone else.</td><td>Job sharing</td></tr><tr><td>Where an employee works fewer hours than a full-time worker.</td><td>Part-time</td></tr></table></td><td>5</td><td></td></tr>
</table>

QUESTION 5		KU	DM
(a)	 **Identify 2 reasons why London was chosen as a location for the Olympics.** **Tick (✓) the 2 correct answers** Bad roads: Good sports facilities: ✓ Shortage of workers: Government grants: ✓		2
(b)	**State whether the following methods of communication are written, oral or visual.** **The first one has been done for you.** **Written/Oral/Visual** Speech opening the London Games.: *Oral* Newspaper article on the Olympic Games.: Written Flying the national flag of the medal winners.: Visual Replay of race on a video screen.: Visual Loudspeaker announcing the next race.: Oral		4

			KU	DM
(c)	**The London Olympics needs volunteers to make the games a success.** **These vacancies, which included 10,000 volunteer drivers, were advertised on London's Olympic website.**			2
	(i)	**Suggest 2 pieces of information that could have been contained in the job advertisement.** • Hours. • Closing date. • Qualities and/or skills required. • Training. • How to apply/contact details. • Duties of job. • Location of post. • Length of contract. • Job description. • Person specification. **DO NOT** accept wages or salary. Accept any 2		
	(ii)	**Give one disadvantage of using a website to advertise vacancies.** • No access. • Viruses. • Crashing/technical problems. Accept any 1	1	
(d)	**Name 2 qualities or skills that would be looked for in a volunteer driver for the London Olympics.** • Driving licence/good driver. • Trustworthy. • (Could be specific eg language skills, like sport, fit, confident etc.) Accept any 2			2

		KU	DM
(e)	**Name the Functional Area in business responsible for recruitment and selection of staff.** • HRM/Human Resources/Personnel/Human Relations.	1	
(f)	**The Special Olympics is a charity set up for children and adults who are disabled.** **Describe one different aim of a charity.** • Raise awareness. • Help others. • Raise funds. • Change laws. Accept any 1	1	

QUESTION 6		KU	DM
	  Mackie's ice cream is sold in China for the first time.		
(a)	**Other than selling abroad, suggest 2 ways that a business can grow.** • Sell more. • Opening more outlets/larger premises/more factories. • Diversify. • Accept merger and takeover as 2 separate points. • Accept internal and external as 2 separate points. • E-commerce. • More employees. • Accept all methods of integration if given. **DO NOT** accept advertising.	2	
(b)	**Sometimes communicating with customers can be difficult.** **Suggest one problem Mackie's might have communicating with customers overseas.** • Language. • Time differences. • Cultural differences. • Technical problems. Accept any 1		1

		KU	DM
(c)	**Mackie's uses ICT to communicate.** **Match the following examples of ICT with the tasks in the table.** **Fax machine** **Mobile phone** **Internet website** **Video conferencing** **Use each example only once.** **Task** / **ICT** Contact Sales Representative overseas. / Mobile phone Inform customers worldwide about a new flavour of ice cream. / Internet website Have a meeting with Company Directors in other parts of the world without travelling. / Video conferencing Urgently send a copy of a sales report from Scotland to China. / Fax machine		4
(d)	**Describe one advantage of using ICT to communicate.** • Quicker than …… • Quicker to do …... • Quicker than post. • Can reach a wide audience. • Record is kept. • Saves paper/eco friendly. • Communicate with several people at once. • Reduces the need to travel.	1	

		KU	DM
(e)	**Mackie's uses wind-power to reduce electricity costs in their factory. This saves them money.** **Suggest 2 other ways of reducing costs.** • Redundancies/sack people. • Use machines rather than people. • Change suppliers/get a discount. • Make sure suggestion is not increasing revenue. • Turn off machinery/conserve energy. • Solar energy. • Recycle. • Less packaging. **DO NOT** accept reduce electricity on its own.		2
(f)	**Name the Functional Area in business responsible for recording money.** • Finance.	1	

[END OF MARKING INSTRUCTIONS]