



2012 Business Management

Standard Grade – General

Finalised Marking Instructions

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QUESTION 1		KU	DM
(a)	<p>Advantages</p> <ul style="list-style-type: none"> • Easy to set up/Less capital required. • Keep all the profit. • Make all the decisions/Decisions can be made quickly. <p>Disadvantages</p> <ul style="list-style-type: none"> • Unlimited liability. • Difficult to take time off/work long hours. • No one to help with decision making/Less ideas. • Difficulty in borrowing money from the bank. • Limited capital. • Stressful. • Business ends when Sole Trader dies. 	2	
(b)	(i) <p>Information from:</p> <ul style="list-style-type: none"> • Questionnaires/Surveys. • Interviews. • Consumer panels. • Focus groups. • Internet poll. • Observation. 	1	
	(ii) <p>Advantages</p> <ul style="list-style-type: none"> • Information is up-to-date. • Collected for specific purpose. • Exclusive to the company/first hand. • Information can be gained before competitors. • More accurate. <p>Disadvantages</p> <ul style="list-style-type: none"> • Expensive to collect the information. • Time consuming to collect. • Customers may not tell the truth (no flip). • Need to have a large sample to be reliable. • Can be a poor return rate (questionnaires/surveys). 	2	

		KU	DM
(c)	<ul style="list-style-type: none"> • Closeness to market. • Closeness to supplier. • Availability of premises/Size of premises. • Rent of premises. • Parking facilities available. • Availability of trained staff in the area. • Busy location/Success of businesses in the area. • Government incentives. • Location of competition (near to/away from – accept only one). • Infrastructure. 		2
(d)	<ul style="list-style-type: none"> • To present the aims of the business. • To identify the market for the product. • Monitor progress of the business. • To help plan finances. • To reduce risk of failure. • To obtain advice. • To obtain a grant. • Show to Stakeholders. 	1	
(e)	<p>Advantages</p> <ul style="list-style-type: none"> • Money received all at once/Get money quickly/Start up faster. • Monthly repayments – easy to budget. • No loss of control. • Quick and Easy <u>to apply for loan</u>. <p>Disadvantages</p> <ul style="list-style-type: none"> • Requires to be paid back. • Requires paying interest. • Loan can be removed if problems with repayment. • Difficult to obtain finances. <p>Obtaining the Finance can be either an Advantage or Disadvantages but not both.</p>	2	

QUESTION 2		KU	DM	
(a)	Primary: Oil Drilling Secondary: Oil Refinery Tertiary: Petrol Station		3	
(b)	<ul style="list-style-type: none"> • Reduction in costs. (not 'No' costs). • Increase in profits/sales (accept separately) 'don't lose profits'. • Control over supplies of raw materials/Control the quality. • Control over delivery to the market. • Reduced risk/Less chance of failure. • Better communication. • Have a competitive edge. • Can sell at a cheaper price. • Become more well-known. 	2		
(c)	(i)	<ul style="list-style-type: none"> • Product/logo which is recognised throughout the world. 	1	
	(ii)	<ul style="list-style-type: none"> • Increased sales. • Increased profits. • Reduced costs/economies of scale – use same packaging/ advertising throughout the world. • Easier to launch a new product. • Recognition throughout the world/brand awareness. • Customer loyalty. • Ability to charge higher prices. • Access to large market/Increase market share. 	1	
(d)	<ul style="list-style-type: none"> • Advertising (accept more than one method/accept 'Advertising'). • Increase number of outlets. • Use of sponsorship/charity events. • Use of celebrity endorsement/Product endorsement. • Sending e-mails. • Own website/Online (Do not accept 'internet' on its own). • Social media. • Merchandising. • Special Offers. • Press Release. 		2	
(e)	<ul style="list-style-type: none"> • Loss of production. • Bad publicity/Pressure groups. • Decrease in sales. • Loss of customer loyalty. • Customers move to competitors. • Increase in costs/Charges for cleaning up. • Reduction in profits. • Legal costs. • Penalties. • Loss of Business Contracts. • Cause an oil shortage. • Shareholders may sell their shares/Share price drops. 		2	

QUESTION 3		KU	DM
(a)	<ul style="list-style-type: none"> • Survival. • Make a profit/maximise profit. • Sell their goods/Maximise Sales. • Provide quality goods. • Good customer service. • Customer loyalty. • Value for money. • Social responsibility. • Expand/grow. • Break-even. • Reduce costs. 		2
(b)	<p>Advantages</p> <ul style="list-style-type: none"> • Labour can adapt to suit customer requirements/unique product. • Ability to do detailed work that a machine cannot do. • Quality of product will be better. • Can charge a higher price. • Gives the company a better image. • Process is more eco-friendly. • Creates jobs. <p>Disadvantages</p> <ul style="list-style-type: none"> • People need breaks/holidays/illness. • Skills shortage. • Training needed. • Can be less accurate than machinery. • Variety in quality of production. • Speed of production/Time consuming. • Need to pay wages/Expensive. • Product can be expensive (no 'flip'). 	2	

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(d)	<ul style="list-style-type: none"> More ideas. Specialisation can take place/Workload can be shared. Ability to work rotas – increased time off. Increased motivation/Job satisfaction. Improved staff morale. Discussion can take place. Better Communication. Job can be done quicker/Increased production. 	1																	
(e)	<ul style="list-style-type: none"> Manufacturer/Producer to customer. Manufacturer/Producer to wholesaler to customer. Manufacturer/Producer to Agent to customer. <p>Accept name of business as Manufacturer/Producer.</p> <p>A clear Channel of Distribution must be shown.</p>	1																	

QUESTION 4			KU	DM
(a)	(i)	Number of paintings sold at break-even point – 15 (accept 14 & 16).		2
	(ii)	Total costs at break-even point – £1,500 (accept £1,400 & £1,600).		
(b)	(i)	Fixed Costs Costs which stay the same regardless of output. Variable Costs Costs which change with output. Must mention output/sales.	2	
	(ii)	Fixed Cost <ul style="list-style-type: none"> • Rent. • Rates. • Insurance. • Loan repayments. • Labour. Variable Cost <ul style="list-style-type: none"> • Materials – paints/canvas/paint brushes/Stock. • Electricity/utility bills. • Labour. 		2
(c)	(i)	Total Revenue is the amount of money which the business brings in from sales. Accept 'makes' money. Do not accept any reference to Profit.	1	
	(ii)	<ul style="list-style-type: none"> • Increase sales/Have a sale/Reduce selling price. • Advertise more. • Celebrity endorsement. • Improve quality of product eg quality of canvas/paints etc. • Offer incentives to buy eg promotions. • Increase the number of paintings being done ie increase production. • Increased opening hours. • Increase selling price. • Open more shops/Ecommerce/Website. • Diversify. 		2

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(b)	(i)	<ul style="list-style-type: none"> • Job Title. • Responsibilities of post. • Who person will report to. • Location of the job. • Duties. • Hours of work. • Salary. • Type of contract. • Working conditions. 	2																			
	(ii)	<ul style="list-style-type: none"> • Educational Qualifications. • Skills – accept only one. • Qualities – accept only one. • Training. • Experience. • Personality. • Physical attributes. • Essential qualities. • Desirable qualities. 	2																			

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(c)	(i)	<ul style="list-style-type: none"> • Training given when a person starts a <u>new</u> job. • Training which introduces the <u>new</u> employee to the company. 	1	
	(ii)	<ul style="list-style-type: none"> • On-the-job training – training which takes place at the workplace. • Off-the-job training – training which takes place away from the workplace. • Accept <u>descriptions</u> of other methods eg Cascading/Shadowing/Inservice/Retraining/Apprenticeship). 	2	
(d)		<ul style="list-style-type: none"> • Good – freshly made pizzas, homeware, clothes, fruit and vegetables. • Services – insurance, home deliveries, dry cleaning. <p>Answers must be taken from the case study.</p>		2

QUESTION 6			KU	DM
(a)	(i)	<p>(Accept advantages to either Business or Customer)</p> <p>Advantages to Business</p> <ul style="list-style-type: none"> • World wide market. • Increased sales/profits. • Business can reduce costs – costs of retail premises/ reduction in staffing. • Available 24/7. • Secure payment will be received on ordering. • Can target promotions to customers with e-mail. • Direct distribution. • Eco friendly. • Reviews can be left. • Reduce the risk of stock theft. <p>Advantages to Customer</p> <ul style="list-style-type: none"> • Ordering can be done at a suitable time for customers. • Customers can save time by ordering online. • Goods will be delivered to customer's home. • Items can be reserved for collection. • Comparisons can be made easily. • Offers on website. 	2	
	(ii)	<p>(Accept disadvantages to either Business or Customer)</p> <p>Disadvantages to Business</p> <ul style="list-style-type: none"> • High cost of starting up the system eg equipment. • Maintenance of system. • Problems with system breaking down/virus problems. • Cost of distribution is high. • Loss of customers who have not got internet. <p>Disadvantages to Customer</p> <ul style="list-style-type: none"> • Cannot examine/inspect before buying/taste before buying. • Possible problems with security of payment. • Computer problems while ordering/viruses/difficulty in navigating. • Delivery charges. • Delay in receiving goods – cannot receive straight away. • Lack of personal touch/Interaction with people. • Product damage/loss/deterioration of quality. <p>Accept 'loss of customers with no access to internet/a computer/no IT skills'.</p>	2	

		KU	DM
(b)	<ul style="list-style-type: none"> • Business Task One – Spreadsheet or Excel/Number/Calc. • Business Task Two – Presentation or PowerPoint/Keynote. • Business Task Three – Word Processing or Word/Pages/Writer. <p>Accept names of packages.</p>		3

[END OF MARKING INSTRUCTIONS]