

# ENTERPRISE

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Paper 0454/02  
Coursework

## Key Messages

- Candidates must provide relevant evidence of all activities for each task
- Activities requiring demonstration of practical enterprising skills were done well
- Activities which required candidates to show analysis and evaluation skills (AO3) needed to contain more detailed explanation and supporting evidence
- Whilst candidates can undertake group projects, **all** the reports and documents submitted must be each candidate's own work and not produced collaboratively.
- Assessors are advised to add notes linked to the assessment criteria to the work as this helps with marking and moderating

## General comments

There was evidence of an increased awareness by Centres of the requirements for this component. Guidance on the task descriptors is available from the relevant section of the syllabus that is available from the Teacher Support Site. There is a checklist in the Teachers' Handbook that clearly highlights all the evidence that candidates need to submit. Candidates need to ensure they provide all the required materials to be able to access the full range of marks.

While this task can be undertaken as a group project, all documents produced **must** be the individual candidate's own work and not a collaborative effort. This includes the Action Plan, examples of marketing communication and the Income and Expenditure Budget. Any work produced jointly by candidates cannot be credited.

It may be helpful if candidates produce their work as Word documents so that word counts can be easily checked. Teachers can then monitor this situation and advise candidates accordingly.

On the whole administration was good. If more than one teacher is marking this component within a centre, internal moderation must be carried out. This is not intended to be a remarking exercise, and any marks changed should be clearly indicated on the ICRC. The total marks for each candidate also need to be the same on all documentation – the ICRC, CASF and the MS1. The marks submitted to Cambridge are those on the MS1, so if changes are made during internal moderation, it is essential that these are transferred to the MS1. Overall the level of annotation on the work was limited. It would assist the external moderation process if the centres identify where candidates have demonstrated the relevant assessment criteria. For example writing 'AO1', 'AO2' and 'AO3' or comments such as 'good' or 'excellent analysis' at appropriate points in the work would be helpful. This helps both the centre and the moderator see how and why a particular mark has been awarded.

Candidates were well advised in their choice of suitable projects. There were many interesting projects that showed true entrepreneurial spirit. Choices for this session ranged from making herbal soap to running art classes, and from photography to hosting a comedy show. Such creativity should be encouraged.

Overall, many centres awarded analysis and evaluation generously. A simple list of advantages and disadvantages or a table, without any accompanying explanation, is not sufficient to be considered analysis. Points need to be developed to explain how or why these points need to be considered. For candidates to access the higher mark bands they must also show depth to their analysis (and evaluation) and this should be seen consistently in all parts of the relevant task.

### Comments on specific tasks

For **Task 1**, candidates were required to submit a formal report. All candidates used the correct format. Most candidates did attempt to identify entrepreneurial skills. There was limited evidence of evaluation of skills in terms of what might be useful for the projects. The second part of the task involved identifying a suitable project. The better reports explored the advantages and disadvantages of two or three possible options, before deciding which option was to be carried out. Observations must be supported with evidence gathered. Evidence might include market research, news articles or costings. Better reports included an outline of the process and the outcome of investigations into which project should be chosen. Many candidates presented their data in a meaningful way and were able to draw valid conclusions from the data they had obtained. Others needed to explore points listed for the different options, and use evidence gathered to say why they had chosen one option over other possible alternatives, for example by quoting the results of market research. Some candidates included a wall chart or leaflet which is not required as part of the current syllabus.

For **Task 2**, candidates were required to present evidence of business planning. Many centres were generous in their marking. All candidates are required to produce an Action Plan, and evidence of either financial planning or marketing communication. Some projects omitted evidence for at least one element of this task. Typical omissions were the witness statement and examples of marketing communication.

Most candidates did submit an Action Plan. The majority of candidates tended to describe what the stage involved rather than state how they would check to know if the action had been completed.

For the second part, there was an equal mix of candidates selecting finance or marketing communication. Written evidence of the candidate's choice was usually included. Better reports developed detailed explanations in order to access the higher mark bands. For example, rather than outline general advantages and disadvantages of different options, they should focus on explaining why these methods might be appropriate for their particular business. Many reports relied on the visual materials as the medium for this, which limited the depth of analysis and therefore limited access to the higher mark bands.

It should be noted that the presentation must relate to the proposals for finance or marketing communications. Some reports combined this with the negotiation, which forms part of **Task 3**. Also, candidates should be encouraged to carry out an individual presentation wherever possible, so they have the maximum opportunity to demonstrate their own enterprise skills. The witness statement should provide detailed evidence of specific skills, rather than simply state skills used.

A number of candidates included additional documents including a risk assessment and business plan, which are unnecessary. Whilst both documents can provide some additional detail they should not replace the documents required by the task.

For **Task 3**, candidates were required to provide evidence of preparation for negotiation and a written record of how they had implemented their action plan. The marking was generally in line with the required standard. However to access the top mark band, candidates must clearly identify, and not just describe the specific enterprise skills used when carrying out the different activities. For example if they used their initiative when sourcing ingredients, they should state that they used this skill as well as explain how they demonstrated it. A number of candidates did not provide evidence for both parts of the tasks.

For **Task 4**, candidates were required to produce a formal report. Most reports used an appropriate layout. In terms of content, candidates do not need to comment on all four areas. If marketing communications is selected, they should focus on this aspect alone rather than discuss general marketing issues such as market research or pricing. If candidates cover all areas they will not be able to discuss and validate their findings in sufficient detail to gain the higher level marks. As candidates are only required to submit a 1000 word report, having a clear focus is essential. Candidates are being rewarded for the depth of their analysis and evaluation. To do this, candidates would be expected to use words like 'because', 'due to', 'therefore', 'as such' to develop their points. Many candidates focused on what they did, rather than analyse and make judgements about the effectiveness of their chosen areas. Reports should cover both successes and failures. A review of what was done does not show the analytical or evaluative skills required by this task. Better reports demonstrated a consideration of the implications of points identified. The majority of candidates were able to make simple conclusions and recommendations about the success of their project. Fewer candidates were able to use evidence collected to support their conclusions, which they need to do to merit a high mark.

# ENTERPRISE

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Paper 0454/11  
Case Study

## Key messages

Candidates should be reminded to take careful note of the command words in each question. A question that states 'What is the difference between...?' cannot be successfully answered by stating definitions of the terms identified.

Within **Section B** questions candidates must focus their answers upon application to the enterprise stated in the question. **Questions 6(a) and (b)** required answers that focus application on the enterprise stated in the case study. **Questions 7(a) and (b)** required application to the candidates' own enterprise experience. No credit can be given for application to the wrong enterprise.

## General comments

There were a number of candidates who had clearly made good use of their examination preparation time to apply the concepts raised in the case study material to their own enterprise experiences. Such candidates scored very highly, especially in **Section B**.

There was some evidence that candidates were not fully confident in their knowledge of some aspects of the syllabus, especially Topic 4.3, legal rights and responsibilities and Topic 8.3, customer retention. A very small number of candidates did not attempt some questions, notably **Question 3(a)(iii)**.

There are some considerations that might be helpful in enabling candidates to achieve the best marks in future exam sessions:

- Candidates need to be aware of all aspects of the syllabus.
- Use the case study material to identify key concepts that candidates will be expected to apply during the examination.
- Pay careful attention to the wording of questions, particularly the focus required for any application.
- Within longer mark questions, candidates would benefit from guidance and further practice in structuring answers to illustrate AO2 and AO3 skills.

## Comments on specific questions

### **Section A**

#### **Question 1**

- (a) Candidates had a good knowledge of this concept and many obtained both of the marks available. A small number of responses included vague points such as survival, which were not credit worthy.
- (b) This question was well answered by many candidates who were clearly familiar with **section 4.1** of the syllabus. A small number of candidates gave unusual but valid answers showing practical examples from their own enterprise experience, such as 'selling hot drinks because the weather was cold'. Unfortunately such answers tended to be different variations of needs for the product and therefore could only score limited credit.
- (c) This question required candidates to apply their knowledge to select relevant examples from the case study material. The strongest answers identified a clear opportunity outlined in the case study and then explained how the owners of Saba sauces had used this opportunity. The most frequent correct answers identified the rising demand for sauces and the willingness of people in other cities

to purchase them. A number of candidates incorrectly suggested that becoming an LTD was an opportunity rather than a reaction to the need for extra finance.

### Question 2

- (a) Candidates clearly understood this term with the vast majority gaining full marks.
- (b) The negotiation process was understood by a large number of candidates.
- (c) Generally this question was not well answered. The strongest candidates described how their planning before and clear communication during the negotiation led to success. Practical examples of the research and communication style used were required in order to achieve full marks. The weakest responses often included a description of a negotiation the candidate had been involved in rather than the factors that contributed to the success, or not, of that negotiation.

### Question 3

- (a) (i) A number of candidates did not explain the difference between these terms. A common error was to describe each type of finance with no attempt at comparison. Candidates often gained one mark for an awareness that mortgages are used for the purchase of property/land and therefore by implication overdrafts are not. A simple understanding of the different lengths of time for each gained a number of candidates two marks.
  - (ii) As with part (i), candidates frequently struggled to identify a clear difference between these two concepts. The most successful answers identified that losses relate to costs being too high whilst a cash flow deficit shows less money flowing into than out of the enterprise.
  - (iii) These terms were better understood and many candidates provided a succinct explanation of the difference. A number of candidates did not attempt this part of the question.
- (b) Candidates were less able to demonstrate their understanding of this question. Strong answers focused upon the benefit of a lack of interest and the cost of losing emergency funds that may be required later on. Very few candidates were able to offer detailed answers and gain all of the marks available.

### Question 4

- (a) The vast majority of candidates gained both marks available for this question. A very small minority stated overall types of communication such as “written” rather than the specified methods required. Such answers could not be credited.
- (b) Strong answers to this question showed a clear understanding of the methods used by enterprises to retain customers often including a relevant example from their own research. A number of candidates were unsure of this aspect of the syllabus. Such candidates often incorrectly identified two aspects of the marketing mix that would be used to attract new customers such as promotional pricing.
- (c) Although there were a small number of strong responses to this question, a number of candidates struggled to apply their knowledge of this concept to the example in the case study. Such candidates were generally aware that word-of-mouth advertising was a benefit of customer retention. The best responses then developed the answer to show why this was important to this enterprise.

### Question 5

- (a) The majority of candidates were able to identify two appropriate examples and gain both marks.
- (b) Candidates were very comfortable with this question and many gained both of the marks available. A small number of candidates provided examples of non-financial information, which could not be credited.
- (c) (i) A large variety of decisions were identified in this part of the question. Almost all candidates scored both of the marks available.
- (ii) Candidates were less successful in this part of the question. The most successful answers included a practical example of their decision-making, for example purchasing a piece of equipment. They then explained how that decision had an impact on the enterprise, usually this was in terms of increasing costs or productivity and therefore profit. A large number of candidates simply stated that the impact was an increase in profit or sales with no justification. Such answers gained no credit. The weakest answers merely repeated the information given in part (c)(i).

### Section B

#### Question 6

- (a) There were a range of answers to this question but the majority scored lower level marks. The best answers focused upon how the production of a business plan would assist Saburo and Barak in identifying the risks associated with their proposed expansion and its role in securing finance. Such answers then often considered the cost in terms of time wasted in preparing the plan whilst expanding. The weakest answers showed understanding of the content of a plan and that banks would use it to approve loans but did not relate this knowledge to the information in the case study to show why the loan would be required.
- (b) Candidates clearly had very strong knowledge of this topic area and many provided detailed answers highlighting the benefits and costs of each type of business organisation. Limited liability was often cited as a benefit of becoming a limited company and unlimited liability a cost of remaining a partnership. The better answers then applied this information to the case study. The strongest answers recognised that expansion of Saburo and Barak's enterprise was a risk and major risk would be spending a lot of money. Candidates who appreciated this point were then able to explain how limited liability and the opportunity to sell shares would be beneficial to these two entrepreneurs. Candidates who then went on to discuss the disadvantages of changing the business organisation were able to make a justified decision and scored highly.

#### Question 7

- (a) The most successful candidates used detailed practical examples to show how legislation or regulation had impacted their enterprise experience. Frequently this impact was in terms of increased costs or time spent researching ways to meet the regulations. The strongest responses considered how meeting these regulations had assisted their enterprise to satisfy consumers or increase sales. A small number of candidates simply stated that their enterprise would not be affected in any way by legislation because it did not deal with food, without considering any other effects or potential effects.
- (b) Strong answers showed awareness of the different methods of market research listed. This knowledge was then followed by explanations showing how the research could be used to assist the operation of their own enterprise experience, usually by explaining the information that could be collected or the ease of use in their situation. Very few candidates offered a fully supported conclusion evaluating the most suitable methods for their enterprise experience, as they often did not consider the disadvantages of the methods chosen. Weaker responses listed the advantages and disadvantages of each method with no reference to how they could be used in their enterprise.

# ENTERPRISE

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Paper 0454/12  
Case Study

## Key messages

Candidates should be reminded to take careful note of the skills required in the answers to each question, as signaled by the command words.

Within **Section B** questions candidates must focus their answers upon application to the enterprise stated in the question. **Questions 6(a) and (b)** required answers that focus application on the enterprise stated in the case study. Whilst **Questions 7(a) and (b)** required application to the candidates' own enterprise experience. No credit can be given for application to the wrong enterprise.

A notable trend this session was for candidates to write an introductory paragraph for each of the essays in **Section B** outlining the case study information. The subsequent paragraphs in these essays then contained no further application. Invariably candidates who took this approach gained marks within Level 1 or 2 but no higher. Candidates should be encouraged to apply each point they make throughout their answers to the enterprise specified within the case study.

## General comments

Many candidates had clearly made good use of their examination preparation time to apply the concepts raised in the case study material to their own enterprise experiences. Such candidates scored very highly, especially in **Section B**.

There was some evidence that candidates were not fully confident in their knowledge of some aspects of the syllabus, especially Topic 4.2, why entrepreneurs take and accept risk.

To achieve the best marks in this examination:

- Candidates need to be aware of all aspects of the syllabus.
- Use the case study material to identify key concepts and terminology that candidates may be expected to apply during the examination.
- Pay careful attention to the wording of questions, particularly the focus required for any application.
- Within longer mark questions, candidates would benefit from guidance and further practice in structuring answers to illustrate AO2 and AO3 skills.

## Comments on specific questions

### **Section A**

#### **Question 1**

- (a) Answers that included vague points that could be considered a problem for any type of organisation, such as competition, rather than those specific to sole traders did not achieve full marks on this question.
- (b) This question was well answered by many candidates who clearly understood **section 3.1** of the syllabus. A number of candidates gave practical examples of attributes such as being responsible; these examples were not always clear and so could not be rewarded.



- (c) This question required candidates to apply their knowledge to select relevant examples from the case study material to illustrate Rakesh's use of entrepreneurial attributes. The strongest answers identified evidence from the case study to illustrate that Rakesh was innovative or determined to succeed. Such answers then explained how these traits had improved the enterprise and led to successful teaching. A small number of candidates simply restated their answer to **Question 1(b)** with no attempt being made to use the case study material.

### Question 2

- (a) A number of candidates clearly understood this term and gained both of the marks available. The weakest answers simply stated that failure or loss of profit was a risk. Such answers were considered too vague to be rewarded, as they did not identify the risk aspect.
- (b) The reason for undertaking risks was understood by a large number of candidates. The strongest answers identified that the potential reward was considered to be worth the risk.
- (c) Generally this question was not well answered. A number of candidates confused approaches to risk with methods to reduce risk such as through research.
- (d) A large number of candidates were able to correctly identify that Rakesh completed research and gathered information. The best answers included evidence that Rakesh was a risk reducer or sought to minimise risk.

### Question 3

- (a) (i) A large number of candidates were able to correctly identify the difference between these two terms and gained both marks available.
- (ii) These terms were well understood by candidates. A common error made was to offer an example of each type of research. These examples did not provide an adequate answer to the question set and could not be rewarded.
- (b) The largest number of candidates simply stated that satisfaction meant customers were happy; such answers gained one of the two marks available. The strongest answers provided a clear definition of the term such as those stated in the mark scheme. A small number of candidates simply rephrased the question in the answer and stated that this meant customers were satisfied, which was not rewarded.
- (c) Candidates were less able to demonstrate their understanding of this aspect of the syllabus as other areas. A number of candidates had not considered the satisfaction of their customers when operating their enterprise experience. This lack of practical experience meant that such candidates struggled to answer this question. The strongest candidates gave an example to show how they had used a technique, such as customer surveys, to gather information about their customers' level of satisfaction. They then explained the results gained from this technique. The most common techniques explained were measuring the number of returning customers or a questionnaire posted on the internet.

#### Question 4

- (a) The majority of candidates gained both marks available for this question. A very small minority stated sources of finance such as shares. Such answers could not be credited, as the cash inflow was not clear.
- (b) This question was generally not well answered by candidates. A common mistake was to state that cash flow budgets are drawn in order to persuade investors to invest. Of the correct responses the most frequent answer was to identify cash shortfalls in advance and therefore avoid the extra costs associated with arranging last minute finance.
- (c) Although there were a small number of strong responses to this question, some responses did not apply knowledge of this concept to the example in the case study. Such candidates were generally aware of a problem caused by poor financial record keeping but they did not relate this to Rakesh's enterprise. The strongest answers showed recognition that Rakesh required detailed information on his current financial situation in order to make suitable decisions about the future of his enterprise. Very few candidates gained all of the marks available for this question as candidates frequently did not fully develop their answers to show why lack of correct information would be a problem.

#### Question 5

- (a) This part of the syllabus was well understood by many candidates who gained both of the marks.
- (b) Candidates did not appear to be confident with this question and many struggled to provide a suitable reason. A common mistake was to give reasons why a business plan would be needed rather than the need to update the plan. A frequent incorrect answer was to state that this would be required in order to gain finance rather than that entrepreneurs update their plan in order to gain new sources of finance.
- (c) (i) A number of candidates did not attempt this part of the question. Those that did provide an answer were frequently not able to give a precise and complete definition of the term. A common error was to describe a computer network or merged businesses.
- (ii) Candidates were successful in this part of the question. The most successful candidates gave two practical examples of support offered by two distinctly different individuals or groups. Common answers were advice offered on the correct completion of documents and assistance with finance. The weakest answers stated two different types of financial support used within their enterprise experience. Such answers could only gain one mark for explanation of the support given.

#### Section B

#### Question 6

- (a) A range of answers were provided to this question but the majority scored marks within Level 1 or 2 of the mark scheme. The best answers used the evidence in the case study to explain the problems associated with the different methods. Strong answers frequently used the statement in the case study that Rakesh failed to take notes during the presentation to highlight a major problem with oral communication, that it cannot be referred to later. Such answers then explained that in contrast the leaflet he received could be referred back to. This analysis allowed the candidate to gain marks within Level 4. Level 1 answers were typically lists of the advantages and disadvantages of methods of communication with no reference to the questionnaire, leaflet, presentation or meeting outlined in the case study.
- (b) Candidates clearly had very strong knowledge of this type of business organisation. Many candidates gave very detailed explanations of the characteristics of a franchise and its operation. Relatively small numbers of candidates were able to explain how these characteristics would impact on Rakesh's enterprise specifically. The strongest answers used the evidence provided in Fig. 2 to show how taking a franchise could assist Rakesh in growing his enterprise. The best answers provided a detailed justification of their decision based on an analysis of both the benefits and costs to Rakesh of joining this franchise. The majority of these came to the conclusion that the evidence suggested Rakesh would be able to survive and prosper as a sole trader. Either decision was valid.



**Question 7**

- (a) The most successful candidates used detailed practical examples to show how team working had benefited their enterprise experience. Frequently this impact was in terms of reduced workload or increased skills. A very small number of candidates were able to provide equally detailed examples showing the disadvantages of teamwork, many simply stated that arguments would occur. A small but significant number of candidates confused team working with partnerships. The answers provided by such candidates focused upon unlimited liability and the lack of continuity, points that could not be credited.
- (b) A number of candidates did not read this question carefully and explained the methods that Rakesh could use. Such answers often displayed strong knowledge of the concept and were therefore awarded a mark at the top of Level 1. The strongest answers gave a clear practical example of an activity that the candidate had used within their own enterprise experience to increase sales. Such answers often provided numerical evidence to illustrate the level of success. A weak area in many answers was the level of evaluation. Only the strongest responses identified any problems with the methods used and therefore reached a reasonable evaluation.

# ENTERPRISE

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**Paper 0454/13**  
**Case Study**

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to purchase them. A number of candidates incorrectly suggested that becoming an LTD was an opportunity rather than a reaction to the need for extra finance.

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- (iii) These terms were better understood and many candidates provided a succinct explanation of the difference. A number of candidates did not attempt this part of the question.
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- (b) Strong answers to this question showed a clear understanding of the methods used by enterprises to retain customers often including a relevant example from their own research. A number of candidates were unsure of this aspect of the syllabus. Such candidates often incorrectly identified two aspects of the marketing mix that would be used to attract new customers such as promotional pricing.
- (c) Although there were a small number of strong responses to this question, a number of candidates struggled to apply their knowledge of this concept to the example in the case study. Such candidates were generally aware that word-of-mouth advertising was a benefit of customer retention. The best responses then developed the answer to show why this was important to this enterprise.

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- (a) The majority of candidates were able to identify two appropriate examples and gain both marks.
- (b) Candidates were very comfortable with this question and many gained both of the marks available. A small number of candidates provided examples of non-financial information, which could not be credited.
- (c) (i) A large variety of decisions were identified in this part of the question. Almost all candidates scored both of the marks available.
- (ii) Candidates were less successful in this part of the question. The most successful answers included a practical example of their decision-making, for example purchasing a piece of equipment. They then explained how that decision had an impact on the enterprise, usually this was in terms of increasing costs or productivity and therefore profit. A large number of candidates simply stated that the impact was an increase in profit or sales with no justification. Such answers gained no credit. The weakest answers merely repeated the information given in part (c)(i).

### Section B

#### Question 6

- (a) There were a range of answers to this question but the majority scored lower level marks. The best answers focused upon how the production of a business plan would assist Saburo and Barak in identifying the risks associated with their proposed expansion and its role in securing finance. Such answers then often considered the cost in terms of time wasted in preparing the plan whilst expanding. The weakest answers showed understanding of the content of a plan and that banks would use it to approve loans but did not relate this knowledge to the information in the case study to show why the loan would be required.
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#### Question 7

- (a) The most successful candidates used detailed practical examples to show how legislation or regulation had impacted their enterprise experience. Frequently this impact was in terms of increased costs or time spent researching ways to meet the regulations. The strongest responses considered how meeting these regulations had assisted their enterprise to satisfy consumers or increase sales. A small number of candidates simply stated that their enterprise would not be affected in any way by legislation because it did not deal with food, without considering any other effects or potential effects.
- (b) Strong answers showed awareness of the different methods of market research listed. This knowledge was then followed by explanations showing how the research could be used to assist the operation of their own enterprise experience, usually by explaining the information that could be collected or the ease of use in their situation. Very few candidates offered a fully supported conclusion evaluating the most suitable methods for their enterprise experience, as they often did not consider the disadvantages of the methods chosen. Weaker responses listed the advantages and disadvantages of each method with no reference to how they could be used in their enterprise.