

1. (a) Outline THREE ways in which Barry can increase the volume of his production. [6 marks]

(b) Explain TWO ways in which Barry could benefit from using computer aided design (CAD) in the production of his sandals. [6 marks]

(c) Discuss TWO benefits of the 'job production' method used by Barry. [8 marks]

Total 20 marks

2. (a) Barry uses the 'product concept' of marketing. Outline THREE implications of this approach for Barry's business. [6 marks]

(b) Explain TWO ways in which Barry's business benefited from the 'word-of-mouth' advertising strategy. [6 marks]

(c) Discuss TWO ways in which the website can be improved in order to increase sales at Magical Sandals Enterprise. [8 marks]

Total 20 marks

3. (a) Outline TWO advantages and ONE disadvantage of the sole trader form of business like Magical Sandals Enterprise. [6 marks]

(b) Explain TWO ways in which Magical Sandals Enterprise can benefit from having a business plan. [6 marks]

(c) Discuss TWO reasons why it is important for Barry to have collateral in order to secure a loan for the bank. [8 marks]

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

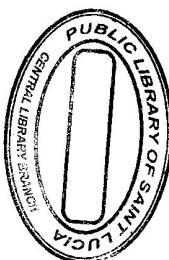
FORM TP 2015243

CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®
MANAGEMENT OF BUSINESS

UNIT 2 – Paper 032

1 hour 30 minutes

26 MAY 2015 (a.m.)



READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of a case study and THREE questions.
2. Candidates MUST answer the THREE questions.
3. Begin EACH answer on a separate page.
4. Each question is worth 20 marks.



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MAY/JUNE 2015

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.



INSTRUCTION: Read the case study and answer the questions that follow.

CASE STUDY

Magical Sandals Inc

Magical Sandals Enterprise manufactures a variety of creatively designed ladies sandals. Barry Black is the sole proprietor. He has one general worker who helps with cleaning and preparing the material.

Barry graduated from high school five years ago with a Grade 1 in Visual Arts. He was unable to find a job and his parents could not afford to send him to college so they encouraged him to become an entrepreneur.

When Barry started his sandals business, his main market was the people in his community. They liked the sandals and so used word-of-mouth to spread the good news. Soon Barry began to get customers from nearby Caribbean islands. His customers suggested that he named the business Magical Sandals Enterprise as they thought his product line was truly fashionable and magical. Some ladies even claimed that as a result of wearing sandals from Magical Sandals Enterprise they were able to grab the attention of men who later became their husbands.

The prices of Barry's sandals are lower than those of his competitors and the quality and aesthetics are far better than those of rival stores. Barry and his customers have a really good relationship. He knows most of them and they have both his business and cellphone numbers.

Barry does all the product designs manually. He shrings at suggestions to adopt computer aided design (CAD) methods. He utilizes the 'job production' method and does all the technical work himself. Six months ago Barry paid an IT expert to set up a website for Magical Sandals Enterprise. The website only shows samples of his line of fashionable sandals including the prices, the address of the business and opening hours.

Most days, Barry works until midnight and is usually on the job by 6 o'clock the next morning, making sandals to fill the orders from his large Caribbean clientele. He is often behind in filling the orders as he cannot make the sandals as quickly as they are sold.

Both customers and friends have encouraged Barry to expand the business so that he can improve his profits. Barry complains that he is not able to secure funding to pay for the expansion. All the banks have turned down his loan applications. They said that he needs to have a business plan as well as collateral to qualify for funding. Barry does not know what is meant by 'business plan' so he has given up on seeking funding.