

FORM TP 2018199



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MAY/JUNE 2018

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

ENTREPRENEURSHIP

ENTREPRENEURIAL THEORY

UNIT 1 – Paper 02

*2 hours and 45 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of SIX mini-case scenarios, TWO from EACH module.
2. Answer ALL questions.
3. Write your answers in the spaces provided in this booklet.
4. Do NOT write in the margins.
5. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
6. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

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

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02160020/CAPE 2018



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**INSTRUCTION: Read EACH mini-case and answer the questions that follow.**

**MODULE 1: ENTREPRENEURIAL MINDSET**

**Case 1: Live Your Dream**

Mark always desired to have his own business upon graduating from university. He learnt that he would need to develop a good strategy and business plan, be able to read financial statements and know the business in depth. One friend told him that he does not have enough luck or money. His father told him that it is not easy, and that 'we are not born in our family to be entrepreneurs'. Despite this, Mark knew that he had to persevere and remain optimistic, as with proper planning and an understanding of the market gained through market research, he could be successful. He was aware that this would require understanding of how to network and work with people of different backgrounds and cultures. No matter the obstacles, he decided he would maintain his vision and decide on the risks he would be willing to take to fulfil his dreams.

1. (a) List FOUR characteristics of an entrepreneur that are implied in the case.

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[4 marks]

- (b) List FIVE myths of entrepreneurship.

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[5 marks]



(c) Explain why Mark should learn to do the following:

(i) Develop a business plan

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(ii) Manage finances

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[6 marks]

**Total 15 marks**

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**Case 2: Innovative Entry**

Mrs Williams has owned and operated a small fitness gym informally for less than a year. She wants to formalize and upgrade her offerings to include online bookings for customers, a fully air conditioned complex, computerized equipment and personalized nutrition plans for all customers. She knows there are risks when innovating and that the innovation must focus on satisfying the needs of customers. Therefore, keeping information on their likes and dislikes of customers is crucial. She decides that data mining would be useful in tracking the changing demands of her customers.

2. (a) Using evidence from the case, explain the TWO types of entrepreneurs that Mrs Williams can be classified as.

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[6 marks]



- (b) Outline THREE pieces of evidence from the case that revealed that Mrs Williams was thinking innovatively.

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[6 marks]

- (c) Given that Mrs Williams is focusing on customer satisfaction, list THREE elements relating to cultural diversity that she MUST take into consideration when doing business.

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[3 marks]

Total 15 marks

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**MODULE 2: THE ENTREPRENEURIAL PROCESS**

**Case 3: Processes for Success**

Daniel always wanted to establish his enterprise, but was struggling to generate a solid business idea. He decided to consult experts, including his uncle, who owned several business ventures. Additionally, he sought to discuss his idea with a selected group of his friends who are businessmen. He learnt that he would need a business location, marketing and sales expertise, as well as reliable and consistent distribution channels to move the finished products to the customers. He was beginning to understand that this was a process that require consistent monitoring from idea to harvesting.

3. (a) Name TWO methods which Daniel intended to use to generate his ideas.

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**[2 marks]**

- (b) List FOUR steps in the entrepreneurial process.

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**[4 marks]**



(c) Explain why it is important for Daniel to secure EACH of the following types of expertise.

(i) Management expertise

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(ii) Sales expertise

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(iii) Marketing expertise

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[9 marks]

**Total 15 marks**

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**Case 4: Change is the Only Constant**

Naemah had inherited some money from her grandfather who was a successful entrepreneur. She thought that she could follow in her grandfather's footsteps and use the inheritance for financing a venture. However, she struggled with developing a viable business concept. The idea of a courier service business was good as the opportunity existed and she had access to some capital. She recognized that she would need more capital and would have to access it from either internal or external sources. She was told by her friend Pryah that she should not worry about a concept, as society and consumer demands are always changing. Change is the only constant and therein lies the source of concept development.

4. (a) Identify THREE sources of business concepts that could guide Naemah's product/service offering.

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[3 marks]

- (b) Using an example describe EACH of the following steps in the entrepreneurial process.

- (i) Identifying resources

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- (ii) Implementing and managing resources

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[6 marks]





- (c) (i) List FOUR external sources that Naemah could seek out for additional funding.

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[4 marks]

- (ii) Outline ONE disadvantage of accessing capital from an external source.

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**MODULE 3: CREATIVITY AND INNOVATION**

**Case 5: Branded**

Errol grew up in a community where playing the steel pan was almost genetic. He wanted to create a new kind of pan but found it difficult to do so. He decided that he would focus on the aesthetics of the pan. He would use the pan for decorative art and as an educational tool. He recognized that as a decorative art, some process innovation would be needed to prevent the decoration from fading. He thought that once this was done the product would be a success. He knew that this generation of youths wanted more colour and statements, but the same sound. To encourage innovation, the government had built a new cultural centre, provided incentives for innovation, relaxed ineffective regulations and developed good policies that support innovation.

5. (a) Explain why branding rather than patenting would be the BEST approach for Errol to use.

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**[5 marks]**



(b) Outline THREE sources of innovation implied in the case.

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[6 marks]

(c) Outline how EACH of the following measures supports innovation:

(i) Incentives

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(ii) Good policy

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[4 marks]

**Total 15 marks**

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**Case 6: Process in May**

Maria wanted to find an efficient and innovative way of converting waste to energy. In recent times, some organizations had developed several products and improved their processes of managing waste, while others had repositioned existing products or tried to change the way in which persons thought about waste management. Maria however, was interested in developing a concept of zero waste for energy processes. She thought that the innovation would need to be protected once the concept was developed.

6. (a) List the FOUR types of innovation relating to the 4 P's that are implied in the case.

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[4 marks]



