

ENTERPRISE

Paper 0454/11

Case Study

Key messages

Many Centres and candidates had clearly prepared well for the examination by working carefully through the case study material. There were a number of very good scripts where candidates illustrated their abilities to apply, analyse and evaluate information in order to justify the decisions made for the given enterprise.

The main issue, especially with **Section B** questions, is that many candidates answer the questions generically and do not apply their responses to the context as outlined in the question. Candidates who do not apply their answers to either the case study material or their own enterprise experience will not be able to access higher level marks. Candidates should be reminded that no credit is given for simply stating the name of the enterprise in the case study, as this is not effective application.

General comments

There were very few instances of candidates not completing the paper, illustrating good time management by the majority of candidates. A very small number of candidates did not attempt some questions, notably **Question 2(b)**. A number of candidates did not read questions carefully enough. Consequently the focus of the answer was often misplaced and application marks could not be awarded, as the candidate did not apply the information to the enterprise required. This problem was particularly evident within **Section B** questions where a number of candidates only discussed their own enterprise experience throughout their answers to **Questions 6(a)** and **6(b)** and only the fruit drinks enterprise within their answers to **Question 7(a)** and **7(b)**.

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

- Use the case study material prior to the examination to clarify terminology, identify issues and actions taken by the enterprise outlined. Attempts should be made to apply the issues identified to the candidates' own enterprise experience.
- Key definitions from the syllabus should be clearly defined.
- Pay careful attention to the wording of questions, particularly the focus required for any application and the need for an example.
- Within **Section B** questions, candidates would benefit from guidance and further practice in structuring answers to illustrate application and evaluation.

Comments on specific questions

Section A

Question 1

- (a) Candidates had a good knowledge of this concept and many obtained full marks.
- (b) This question was not well answered by many candidates. Candidates who named the skill then explained how they used the identified skill to complete a task at home or at school scored good marks. Many candidates simply discussed the different enterprises that they could set up without considering the ways of being enterprising or the skills used.

Question 2

- (a) Candidates clearly understood this acronym with over 90% gaining full marks.
- (b) This question was not generally well answered. Although some candidates were aware of the different reasons why governments set laws affecting enterprise, a large number struggled to develop their answers to gain full marks. The strongest answers identified a reason such as to protect consumers and then gave an example to illustrate that point.
- (c) Generally this question was not well answered. The weakest answers identified a risk and then explained a method that they used to reduce that risk rather than explain the likely impact of the risk on the enterprise. Such answers gained limited credit.

Question 3

- (a) Candidates had a good knowledge of this term and many obtained full marks.
- (b) Candidates provided a variety of relevant questions that should be considered.
- (c) Candidates did not appear to be as comfortable with the focus of this question. Strong answers focused upon the importance of not using slang or informal language because it would give the wrong impression. The strongest answers included examples from their own enterprise negotiations to support their answers. The weakest answers demonstrated knowledge of formal and informal language but needed to develop the explanation to show why formal language is important.

Question 4

- (a) (i) A number of candidates did not understand these terms, providing imprecise definitions. A common error was to state that fixed costs do not change but variable costs do or to provide examples of each cost without any attempt at a definition, which could not be credited.
- (ii) Many candidates included the key words of income/revenue and costs in their answers. The weakest answers confused profit with cash inflow.
- (b) Although there were a number of very strong responses to this question, a number of candidates gave very general answers with no reference to appropriate examples. The strongest answers identified a purpose of budgeting and used some information from the case study to explain why this document would be particularly useful for this small enterprise. The most successful focused upon the need to control spending as the entrepreneurs had little cash and had to purchase the fruit on credit. The weakest answers provided detailed descriptions of budgets but did not explain their use within an enterprise.

Question 5

- (a) A number of candidates were unable to answer question (a)(i) but candidates were more comfortable with the focus of question (a)(ii).
- (b) Candidates would benefit from further understanding of this question. The strongest answers identified an issue specific to this form of advertising, such as that it reaches a wider audience, and then explained why this might not be useful for a small local fruit drinks enterprise. A number of candidates explained general problems with internet advertising such as 'lots of competition'.

Section B

Question 6 required application to the enterprise outlined in the case study, the fruit drinks enterprise.

Question 7 was focused upon the candidate's own enterprise experience. The most successful answers in this section showed candidates were familiar with the case study material and had attempted to apply the concepts identified within it. Candidates generally scored better in the questions that were focused upon their own enterprise experience rather than the case study.

Question 6

- (a) There were a range of answers to this question but the majority of answers scored lower level marks. The best answers focused upon how allowing delayed payment would increase potential sales for Aiyana's family but might cause cash flow issues. Weaker answers provided generalised responses or focused upon the benefits and costs to the fruit drinks enterprise rather than the family. Such answers could not be rewarded, as they did not focus on the correct stakeholder and did not answer the question set.
- (b) Although candidates were aware of the different financial documents required by a successful enterprise, few candidates were able to explain the importance of such documents to this enterprise. Such candidates often showed very strong knowledge but could not gain higher level marks. The strongest answers outlined how various documents could be used by the fruit drinks enterprise and then concluded that they were not particularly important given the size and length of operation of this enterprise. Such explanations often explained the importance of cash flow forecasts and profit and loss statements. Very few candidates showed awareness of other financial documents such as bank statements or receipts.

Question 7

- (a) Candidates had a strong knowledge of the different forms of planning required in enterprise, often producing descriptions of a variety of planning tools. The weakest answers did not develop beyond these lists. The most successful answers used detailed examples to show how the planning they completed helped them within their enterprise experience, or how a lack of such planning hindered their achievement. The strongest answers provided some excellent evaluations of candidates' successes and failures and reached a conclusion as to whether this was due to their planning.
- (b) Strong answers showed awareness of the different methods of market research available. This knowledge was then followed by explanations showing how the research could be used to assist the operation of their own enterprise, usually by explaining the information that could be collected or the ease of use. Very few candidates offered a fully supported conclusion stating the most suitable methods for their enterprise experience. Weaker answers listed the advantages and disadvantages of each method with no reference to how they could be used in their enterprise. A small, but significant, number of candidates confused market research with marketing and explained a number of methods of advertising.

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Paper 0454/12

Case Study

Key messages

Many Centres and candidates had clearly prepared well for the examination by working carefully through the case study material. There were a number of very good scripts where candidates illustrated their abilities to apply, analyse and evaluate information in order to justify the decisions made for the given enterprise.

The main issue, especially with **Section B** questions, is that many candidates answer the questions generically and do not apply their responses to the context as outlined in the question. Candidates who do not apply their answers to either the case study material or their own enterprise experience will not be able to access higher level marks. Candidates should be reminded that no credit is given for simply stating the name of the enterprise in the case study, as this is not effective application.

General comments

There were very few instances of candidates not completing the paper, illustrating good time management by the majority of candidates. A small number of candidates did not attempt some questions, notably **Questions 2(d), 4(a)(ii), 4(b) and 6(a)**. There was some evidence that candidates did not understand aspects of the syllabus, particularly risk and the impact that objectives have upon the operation of an enterprise.

A number of candidates did not read questions carefully enough. Consequently the focus of the answer was often misplaced and application marks could not be awarded, as the candidate did not apply the information to the enterprise required. This problem was particularly evident within **Section B** questions where a number of candidates only discussed their own enterprise experience throughout their answers to **Questions 6(a) and 6(b)** and only Ollie's oils within their answers to **Question 7(a) and 7(b)**.

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

- Use the case study material prior to the examination to clarify terminology, identify issues and actions taken by the enterprise outlined. Attempts should be made to apply the issues identified to the candidates' own enterprise experience.
- Key definitions from the syllabus should be clearly defined.
- Pay careful attention to the wording of questions, particularly the focus required for any application and the need for an example.
- Within **Section B** questions, candidates would benefit from guidance and further practice in structuring answers to illustrate application and evaluation.

Comments on specific questions

Section A

Question 1

- (a) Candidates generally had good knowledge of this concept and many obtained at least some credit. Weaker answers focused explanations in more general terms e.g. helping others.
- (b) This question was generally well answered. A small number of candidates lost marks by stating NGOs and charities.

- (c) The strongest answers showed strong understanding of the benefits and costs of the chosen business organisation, focussing usually upon a partnership or sole trader. Many candidates struggled to explain how the points identified applied to their own enterprise experience. The weakest answers were a simple bullet point list of advantages or disadvantages with no attempt at development or application. A small number of candidates did not read the question carefully and offered only an advantage or a disadvantage.

Question 2

- (a) This question was not well answered by many candidates. Candidates who realised that being enterprising created opportunities to supply a product or service and linked this to an action taken at home or at school scored good marks. Many candidates simply discussed the action taken without considering how it helped to make them enterprising.
- (b) Candidates were generally confident in their understanding of these terms. A small number of candidates simply repeated the term 'risk avoider' as someone who 'avoids risk', which was not sufficient for credit.
- (c) A number of candidates were aware of the methods used to reduce risk such as carrying out market research or planning in some form. The weakest answers focused upon sources of finance but did not explain the risk this would avoid.
- (d) Generally this question was not well answered. Often candidates did not identify a risk that they encountered in their enterprise experience and therefore they struggled to analyse the effectiveness of the method to reduce the risk. A number of candidates repeated their answer to **Question 2(c)**.

Question 3

- (a) The majority of candidates knew two non-financial pieces of information included within a business plan, but only the most able could describe that information. The strongest answers focused upon elements of the marketing plan, such as market research or human resources. A very small number of candidates misread the question and identified two financial documents.
- (b) A number of very strong answers focused upon the use of the plan to assist in securing finance or identifying the possible profitability of the enterprise. The weakest answers demonstrated knowledge of the purpose of business plans but by not developing the explanation to show how this type of planning assists an enterprise, were not able to gain more credit.

Question 4

- (a) (i) Many candidates included the key words of income/revenue and costs in their answers. The weakest answers confused profit with cash inflow.
- (ii) A number of candidates did not attempt this part of the question. Candidates generally lacked precise knowledge of these terms.
- (iii) There were many vague and confused explanations of the term investment. A number of candidates did understand the meaning of the term saving.
- (b) Although there were a number of very strong responses to this question, a number of candidates gave very general answers with no reference to Ollie's Oils. The strongest answers identified a method of finance and used some information from the case study to explain why it was particularly suitable for this enterprise. The most successful focused upon loans from family and friends due to the lack of potential profit for this social enterprise. The weakest answers found difficulty in explaining their chosen method.

Question 5

- (a) The vast majority of candidates gained full marks on this question.
- (b) Although candidates were aware of the different methods of communication available to an enterprise, a large number struggled to develop their answers to gain all of the marks available.
- (c) Generally this question was not well answered. The strongest answers identified an issue specific to this form of communication, such as that it might be seen as junk mail, and then explained the problems this may cause for the enterprise using an example from the case study. A number of candidates explained general problems with communication such as 'misinterpreting the message', which could not be credited.

Section B

Question 6 required application to the enterprise outlined in the case study, Ollie's Oils. **Question 7** was focused upon the candidate's own enterprise experience. The most successful answers in this section were from candidates who were clearly familiar with the case study material and had attempted to apply the concepts identified within it. Candidates generally scored better in the questions that were focused upon their own enterprise experience rather than the case study.

Question 6

- (a) There were a range of answers to this question but the majority of answers scored marks within Level 1 or 2 of the mark scheme. The best answers focused upon how Ollie's desire to help the environment would limit the methods that he could use for transportation, or how the lack of profit would hinder growth in the future. Weaker answers provided generalised responses concerning the need to control pollution or costs. Such answers could not be rewarded, as they did not focus on the impact upon the operation of the enterprise.
- (b) Many candidates chose methods of marketing communication that were suitable for reaching candidates and their parents. The best answers evaluated the likely success of each method suggested in persuading these groups to be involved in the enterprise's activities, before choosing the most suitable method for Ollie's Oils. A number of weaker answers were generalised lists of the advantages and disadvantages of each of the methods of marketing communication with no reference made to parents, candidates or schools. Such candidates often showed excellent knowledge but could not gain marks in the higher marking bands.

Question 7

- (a) This was a topic area that would benefit from further understanding by many candidates. The most successful responses included specific examples of the needs and wants of the candidate's own customers and then analysed how successful they were in meeting those requirements. The strongest answers provided some excellent evaluations of candidates' successes and failures. The weakest answers simply explained the services or goods that candidates had provided and stated that these met customer needs.
- (b) Strong answers showed awareness of the different methods of formal and informal support available to their own enterprise experience. This knowledge was then followed by explanations showing how the support assisted, or did not assist, the operation of their enterprise. Very few candidates offered a fully supported conclusion. A number of candidates confused sources of support with sources of finance, and gained limited credit.

ENTERPRISE

Paper 0454/13

Case Study

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The main issue, especially with **Section B** questions, is that many candidates answer the questions generically and do not apply their responses to the context as outlined in the question. Candidates who do not apply their answers to either the case study material or their own enterprise experience will not be able to access higher level marks. Candidates should be reminded that no credit is given for simply stating the name of the enterprise in the case study, as this is not effective application.

General comments

There were very few instances of candidates not completing the paper, illustrating good time management by the majority of candidates. A very small number of candidates did not attempt some questions, notably **Question 2(b)**. A number of candidates did not read questions carefully enough. Consequently the focus of the answer was often misplaced and application marks could not be awarded, as the candidate did not apply the information to the enterprise required. This problem was particularly evident within **Section B** questions where a number of candidates only discussed their own enterprise experience throughout their answers to **Questions 6(a)** and **6(b)** and only the fruit drinks enterprise within their answers to **Question 7(a)** and **7(b)**.

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- Within **Section B** questions, candidates would benefit from guidance and further practice in structuring answers to illustrate application and evaluation.

Comments on specific questions

Section A

Question 1

- (a) Candidates had a good knowledge of this concept and many obtained full marks.
- (b) This question was not well answered by many candidates. Candidates who named the skill then explained how they used the identified skill to complete a task at home or at school scored good marks. Many candidates simply discussed the different enterprises that they could set up without considering the ways of being enterprising or the skills used.

Question 2

- (a) Candidates clearly understood this acronym with over 90% gaining full marks.

- (b) This question was not generally well answered. Although some candidates were aware of the different reasons why governments set laws affecting enterprise, a large number struggled to develop their answers to gain full marks. The strongest answers identified a reason such as to protect consumers and then gave an example to illustrate that point.
- (c) Generally this question was not well answered. The weakest answers identified a risk and then explained a method that they used to reduce that risk rather than explain the likely impact of the risk on the enterprise. Such answers gained limited credit.

Question 3

- (a) Candidates had a good knowledge of this term and many obtained full marks.
- (b) Candidates provided a variety of relevant questions that should be considered.
- (c) Candidates did not appear to be as comfortable with the focus of this question. Strong answers focused upon the importance of not using slang or informal language because it would give the wrong impression. The strongest answers included examples from their own enterprise negotiations to support their answers. The weakest answers demonstrated knowledge of formal and informal language but needed to develop the explanation to show why formal language is important.

Question 4

- (a) (i) A number of candidates did not understand these terms, providing imprecise definitions. A common error was to state that fixed costs do not change but variable costs do or to provide examples of each cost without any attempt at a definition, which could not be credited.
- (ii) Many candidates included the key words of income/revenue and costs in their answers. The weakest answers confused profit with cash inflow.
- (b) Although there were a number of very strong responses to this question, a number of candidates gave very general answers with no reference to appropriate examples. The strongest answers identified a purpose of budgeting and used some information from the case study to explain why this document would be particularly useful for this small enterprise. The most successful focused upon the need to control spending as the entrepreneurs had little cash and had to purchase the fruit on credit. The weakest answers provided detailed descriptions of budgets but did not explain their use within an enterprise.

Question 5

- (a) A number of candidates were unable to answer question (a)(i) but candidates were more comfortable with the focus of question (a)(ii).
- (b) Candidates would benefit from further understanding of this question. The strongest answers identified an issue specific to this form of advertising, such as that it reaches a wider audience, and then explained why this might not be useful for a small local fruit drinks enterprise. A number of candidates explained general problems with internet advertising such as 'lots of competition'.

Section B

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Question 6

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- (b) Although candidates were aware of the different financial documents required by a successful enterprise, few candidates were able to explain the importance of such documents to this enterprise. Such candidates often showed very strong knowledge but could not gain higher level marks. The strongest answers outlined how various documents could be used by the fruit drinks enterprise and then concluded that they were not particularly important given the size and length of operation of this enterprise. Such explanations often explained the importance of cash flow forecasts and profit and loss statements. Very few candidates showed awareness of other financial documents such as bank statements or receipts.

Question 7

- (a) Candidates had a strong knowledge of the different forms of planning required in enterprise, often producing descriptions of a variety of planning tools. The weakest answers did not develop beyond these lists. The most successful answers used detailed examples to show how the planning they completed helped them within their enterprise experience, or how a lack of such planning hindered their achievement. The strongest answers provided some excellent evaluations of candidates' successes and failures and reached a conclusion as to whether this was due to their planning.
- (b) Strong answers showed awareness of the different methods of market research available. This knowledge was then followed by explanations showing how the research could be used to assist the operation of their own enterprise, usually by explaining the information that could be collected or the ease of use. Very few candidates offered a fully supported conclusion stating the most suitable methods for their enterprise experience. Weaker answers listed the advantages and disadvantages of each method with no reference to how they could be used in their enterprise. A small, but significant, number of candidates confused market research with marketing and explained a number of methods of advertising.

ENTERPRISE

Paper 0454/02
Coursework

Key messages

- To score top marks, 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 explanation and supporting evidence
- While candidates can undertake group projects, all the reports and documents submitted must be each candidate's own work and not a collaborative effort.

General comments

In this component of the assessment, candidates carry out their own enterprise project either on their own or as a member of a group. Candidates are required to complete four tasks, each of which requires candidates to provide a range of material as evidence. Specific details of course requirements are clearly stated in the syllabus. Candidates need to ensure they provide evidence for all elements of each task, or this will limit the potential number of marks that they can score.

Candidates were well advised in their choice of suitable projects. Most candidates are able to use appropriate enterprising techniques to gather the evidence required for each task. It is important to highlight that whilst candidates can undertake group projects, all the reports, presentations and documents they produce must be each candidate's own work and not a collaborative effort. Any work produced jointly by candidates cannot be credited.

Overall, many Centres awarded analysis and evaluation generously. A simple bullet point list or table, without any accompanying explanation, is not sufficient to be considered analysis. 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.

For Task 1, candidates were required to submit a formal report. Most candidates did use the correct format. For the report, better reports communicated the process and outcome of their investigations when choosing their project. They were able to present their data in a meaningful way and were able to draw valid conclusions from the data they had obtained. There was good evidence of higher order skills of analysis and evaluation within the better reports. Other candidates needed to develop more detailed explanations, linked to their market research, to say why they had chosen one option over other possible alternatives, rather than just stating their choice. Some candidates included a wall chart which is not required as part of the current syllabus.

For Task 2, candidates were required to present evidence of business planning. All candidates were required to produce an action plan, and evidence of either financial planning or marketing communication. Some candidates omitted evidence for at least one element of this task. Others included evidence of both options, which was unnecessary. It should be noted that the presentation must relate to their chosen option. A number of candidates included a risk assessment and business plan, which are unnecessary. While both documents can provide some additional detail they should not replace the documents required by the task.

Many good responses identified and explained relevant issues that they had to address as part of their planning and the reasons behind their decisions. Others needed to develop more detailed explanations in order to achieve high marks. For example, candidates could explain why certain tasks in the Action Plan were given to a specific individual, how monitoring would be undertaken and reasons behind the choice of their marketing communications or financial options. All candidates need to provide detailed explanations for all parts of the task, in order to show a 'very good ability to analyse information'.

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. To access the top mark band, candidates must clearly identify the enterprise skills used as part of each activity. Not all candidates provided evidence of both elements. Better candidates were well prepared to carry out this practical task. 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 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. 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. 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.

A number of candidates focused too much on what they did, rather than analyse and make judgements about the effectiveness of their chosen areas. A review of what was done does not show the analytical skills required by this task. Better reports did attempt to consider the implications of points identified, which should be encouraged. 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.

Generally the level of annotation on the work was limited. It would assist the external moderation process if the Centres pinpoint where candidates have demonstrated the relevant assessment criteria. For example writing AO1, AO2 and AO3 or comments such as 'good analysis' at appropriate points in the work would be helpful.