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ENTERPRISE

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Paper 1

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INSERT

1 hour 30 minutes

INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.



This document has 4 pages. Any blank pages are indicated.

Zac's leaflet enterprise

The background

Zac is about to leave school. He cannot decide whether to go to college or search and apply for a job. His friend, Jala, is the owner of a local electrical repair shop. Jala is thinking of using leaflets to attract new customers. She knows that Zac has good IT skills. As Jala does not have the time to produce leaflets, she asks Zac to design and print a leaflet for her. Zac agrees.

The idea

Zac enjoyed designing the marketing leaflet and was pleased to be paid and receive positive feedback. Jala then asked Zac to deliver copies of the leaflet. Jala was willing to pay him for his time.

As Zac was delivering the leaflets, he talked to the shop owners. Some of the owners asked if he would be interested in delivering their marketing leaflets. Zac explained that he didn't just deliver the leaflets, he also designed them. The shop owners asked Zac for more information on the prices charged for design and delivery.

At that moment, Zac wondered if he could set up a leaflet enterprise. He decided to complete some research to help him in his decision making.

The research

Zac completed some secondary research. He used the internet to research prices charged for individually designed and delivered leaflets. Zac could not find a local enterprise offering this service. However, several websites offered leaflet templates. These could be adapted by changing fonts, adding photographs and inserting images.

The cheapest website charged \$14.99 to create and print 100 leaflets. Delivery to individual addresses could be arranged for an extra charge. Table 1 shows this information.

Table 1

Items	Price \$
Design and print 100 leaflets	14.99
Delivery of leaflets (<i>Minimum order 2000</i>)	0.05 for each leaflet

Zac thought that he had a unique selling point as his leaflets would be individually designed for each customer. However, he knew that to gain customers he would need:

- good designs
- competitive prices
- a quick delivery service.

Before deciding the prices to charge for his leaflets, Zac would need to estimate the costs. He would then be able to calculate if this would be a profitable enterprise.

The costs

Zac would require a printer to produce large quantities of coloured leaflets. He saw a new printer with a two-year guarantee costing \$400. However, a used printer was also available for \$200. He thought that buying a used printer would be a risk but the lower cost could make it worthwhile. The only other costs would be paper and ink for printing the leaflets. Table 2 shows the costs Zac estimated.

Table 2

Costs	\$
A used printer	200.00
Ink for printing 100 pages	12.50
Paper (100 pages)	1.00

The finance

After calculating costs, Zac realised that he would not be able to afford to buy the items required. He had limited savings and so would need additional funds.

As a school student, a bank loan would not be a possibility. Zac decided to negotiate with his parents to borrow the money required. He knew that they would expect him to provide evidence that he could repay the loan. Zac thought the research he had completed would persuade his parents to lend him the money during the negotiation.

Zac decided that a formal financial document may be more likely to persuade his parents. As he was trying to prepare this document, Zac realised that he had no evidence to prove potential revenue for the service he intended to offer.

The decision

After all this work, Zac was not sure that he had every skill needed to be an entrepreneur and persuade stakeholders to become involved. He had the creativity and practical skills to design and print the leaflets. However, he was not sure if he had the time management skills to succeed. Zac could not decide what to do. He wondered if completing a business plan would help.

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