
ENTERPRISE

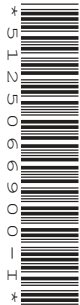
0454/01

Paper 1

October/November 2016

INSERT

1 hour 30 minutes



READ THESE INSTRUCTIONS FIRST

This Insert contains the case study for use when answering the questions.

Anything the candidate writes on this Insert will **not** be marked.

This document consists of **3** printed pages and **1** blank page.

Solving the lunch problem

Sadie is in her final year at school. She and her friends buy their lunch every day from the school canteen, which is run by a limited company. There has recently been a large increase in the population of students at the school. The catering staff are finding it difficult to serve all of the students quickly. The students increasingly have to wait in line for a long time before being served.

One day Sadie and her friends were waiting so long to be served that they did not have enough time to eat. The friends complained to their teacher. The teacher agreed that this was a problem for the school. He thought that this would provide a chance for the students to use their entrepreneurial skills, by researching and suggesting solutions to this problem.

The idea

After school that evening Sadie and her friend Megan went to eat at a restaurant. Although the restaurant was very busy the customers were served quickly.

Sadie suggested to Megan that the school could reorganise their menu and produce meals that students could order quickly. Megan thought that this could help the problem, but she thought that the catering staff could save even more time if the meals were pre-packed into boxes, with a drink. The students could quickly choose a box and then pay for it. The friends decided that they would use this idea as their solution to the problem.

The proposal

Sadie and Megan presented their idea to the class. The teacher was very impressed and thought that this would be a good solution to the school's problem. The teacher asked if Sadie and Megan would give a formal presentation to the Head Teacher about their food box idea.

The planning

The teacher suggested that they complete a business plan to help them to organise the information for their enterprise idea. The first stage would be to complete some research to support the idea.

Megan produced a questionnaire. The results from the questionnaire were positive. Students and parents said that they would be willing to buy food boxes.

Megan calculated that the catering staff could sell 100 food boxes per week at a price of US\$1.50. Sadie completed more research to help her to calculate the costs of producing the food boxes.

The cost per food box would be:

- US\$0.30 for the box
- US\$1.00 for the food

The only additional expense would be producing marketing materials at a cost of US\$5.00 per week. The friends decided to ask their teacher to help them to complete the financial section of their business plan so that it would be accurate. The teacher showed them the following layout for their Profit and Loss account.

Profit and Loss account for Week 1

	US\$
Revenue	
Cost of boxes	
Cost of food	
Gross Profit	
less expenditure on marketing	
Net Profit	

Fig. 1

Sadie and Megan gave the Head Teacher a copy of their business plan and explained how their idea would meet the needs and wants of everyone involved.

The Head Teacher was impressed and said that Sadie and Megan would need to persuade the catering staff that it would be a success. Sadie and Megan knew that they would need to prepare carefully for their negotiation with the catering staff. Megan explained to Sadie that it would be important for them to be clear about the potential risks and rewards of this idea.

Sadie and Megan were pleased that their enterprising idea might be used within the school by the catering staff. They even thought that they might be able to set up an enterprise as a business in the future.

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