



## ASSIGNMENT MEMORANDUM

**SUBJECT : BUSINESS MANAGEMENT (BM)  
BUSINESS MANAGEMENT 1 (BM101)**

**ASSIGNMENT : 2<sup>nd</sup> SEMESTER 2011**

The prescribed textbook is: Nieuwenhuizen, C, and Rossouw, R. 2008. *Business Management: A Contemporary Approach*. 1<sup>st</sup> edn. Juta.

### QUESTION 1 [20]

(See Nieuwenhuizen & Rossouw 2008: Chapter 3, pp.103-104)

**Income statement for Talk of the Town Ltd for the year ended 28 February 2011**  
**(10)**

Sales / Turnover	R4 000 000,00
Cost of sales	<u>R 465 000,00</u>
Gross profit	R3 535 000,00
Operating expenses:	
Marketing expenditure	R540 000,00
Salaries paid	R985 000,00
Depreciation	<u>R300 000,00</u>
Total operating expenses	<u>R1825 000,00</u>
Operating income / profit	R1710 000,00
Interest	<u>R 210 000,00</u>
Earnings / profit before tax	R1500 000,00
Tax (30%)	<u>R 450 000,00</u>
<b>Net income / profit</b>	<b><u>R1 050 000,00</u></b>

**Calculations:** **(5)**

Depreciation (2):

- Vehicles  $25\% \times R800\,000,00 = R200\,000,00$

- Computers

$$50\% \times R200\,000,00 = R100\,000,00$$

Interest on bank loan **(1)**:

$$14\% \times R1\,500\,000,00 = R210\,000,00$$

Tax **(1)**:

$$30\% \times R1\,500\,000,00 = R450\,000,00$$

Sales / Turnover **(1)**:

$$R10,00 \times 400\,000 \text{ units} = R\,4\,000\,000,00$$

**(5 marks for calculations and 10 marks for the income statement = 15)**

1.2 **(See Nieuwenhuizen & Rossouw 2008: Chapter 3, pp. 108-109)**

- Variability in demand
- Variability in sales price
- Fluctuating raw material costs
- Shortage on skills to produce innovative products quickly
- Degree of fixed costs.

**(1 mark for each factor listed – 5)**

## QUESTION 2

**[15]**

**(See Nieuwenhuizen & Rossouw 2008: Chapter 1, pp. 15-20)**

No	Market sub-environment (1 mark)	Description (any relevant description for 3 marks)	Example relevant to question scenario (1 mark)
1	Market/consumer	<ul style="list-style-type: none"> <li>▪ 'Market' refers in an abstract sense to the market, which concerns the consumer and his or her needs, rather than the physical market-place.</li> <li>▪ Market consists of individuals as well as businesses and government.</li> <li>▪ Types of markets include: consumer, industrial, government, resale and international.</li> <li>▪ Customers must have money before they become an active market.</li> <li>▪ Consumers have various rights.</li> </ul>	Young trendy workers buying clothes
2	Competition	<ul style="list-style-type: none"> <li>▪ Business tries to convince</li> </ul>	One clothing retailer

		<p>consumers to buy its products/ service and that it is the best.</p> <ul style="list-style-type: none"> <li>▪ Competition exists between the needs of consumers.</li> <li>▪ Competition exists between the ways that a need can be satisfied.</li> <li>▪ Competition exists between product forms.</li> <li>▪ Competition exists between different trade marks.</li> </ul>	competing against another
3	Suppliers	<ul style="list-style-type: none"> <li>▪ A supplier is an institution in the external environment that assists another business to commence and continue its activities.</li> <li>▪ A business might not have the raw materials to produce goods itself and acquires them then from another business in various formats.</li> <li>▪ Suppliers provide different resources varying from raw materials to finished goods to services; even capital and human resources can be supplied.</li> </ul>	Suppliers of clothes, shoes, handbags, jewelry, etc.

(1 mark for each of the three sub-environments identified = 3; 3 marks for each briefly explained = 9 and 1 mark for an example of each = 3 = (3+9+3=15))

### QUESTION 3

[20]

(See Nieuwenhuizen & Rossouw 2008: Chapter 2, p. 63)

#### 3.1

- **Legitimate power:**  
This refers to the authority granted to a particular position. A manager has the right to insist on the execution of certain duties by staff and the right to dismiss them if they fail to comply.
- **Reward power:**  
This concerns the power to give or withhold rewards in terms of salary, bonuses, recognition or interesting assignments.
- **Coercive power:**  
This is the power to enforce compliance through fear, whether

psychological, emotional or physical.

- **Referent power:**

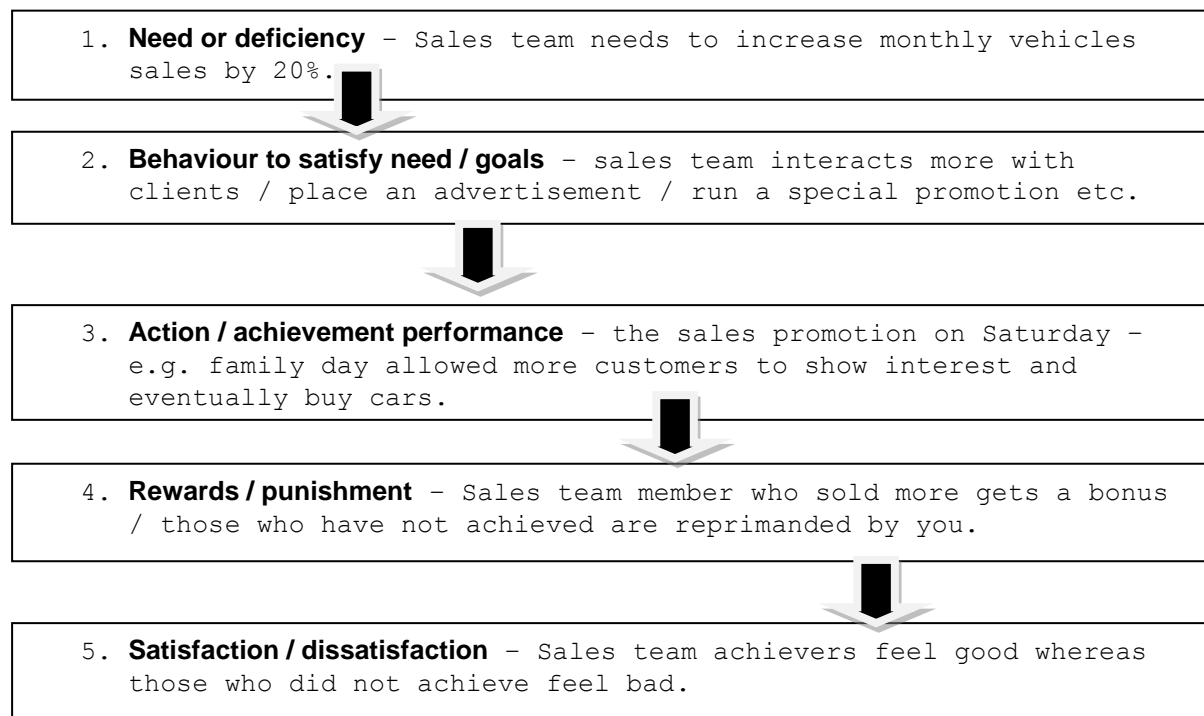
This refers to personal power and is based on identification or charisma. The staff members obey a leader simply because they like, respect or identify with him/her.

- **Expert power:**

This is derived from expertise, knowledge or professional ability. The more important the information and the fewer the people who possess it, the greater the power of the person who commands it.

**(1 mark to identify and 1 mark to briefly explain the 5 leadership powers = 10)**

### 3.2



**(1 mark to identify each step in correct sequence and 1 mark for an example in each step = 10)**

## QUESTION 4

**[20]**

### 4.1 (See Nieuwenhuizen & Rossouw 2008: Chapter 5, pp. 157-161)

#### **Step 1: Describe the research problem and objectives**

Is there a market for choc-chip biltong and chilli cookies and what is the size of this market?

#### **Step 2: Decide on a suitable research design**

E.g. questionnaire, tastings, etc.

**Step 3: Prepare the research design**

E.g. compile a set of questions about the taste, texture and experience

**Step 4: Fieldwork**

E.g. do tasting in shopping centre and have questionnaire completed

**Step 5: Processing, tabulation and analysis**

E.g. work through all the answers of questionnaire

**Step 6: Report results**

E.g. based on results decide whether product is viable or not.

**(12 marks – one mark to mention each step in correct sequence and one mark to explain considering the scenario)**

4.2 **(8 marks – one mark to name each criteria and one mark to explain considering the scenario)**

- **Purchase occasions**
  - Regular use or use for special occasions like a tea with guests
- **Benefits sought**
  - Economy (affordable cookies vs. expensive luxury cookies), speed (not to bake own cookies) etc.
- **User status**
  - Non-users, ex-users, potential users, regular users
- **Usage rate**
  - Frequency of eating/buying cookies
- **Loyalty status**
  - Brand loyalty or not
- **Buyer readiness stage**
  - Readiness to try and buy a new taste/type of cookie.

**QUESTION 5****[15]**

**(See Nieuwenhuizen & Rossouw 2008: Chapter 6, pp. 216-218)**

Discuss these two:

<b>Recruiting method</b>	<b>Classification</b>	<b>Description/example</b>
Job posting	INTERNAL recruitment	Publish vacancies on company newsletters, bulletin boards, intranet
Employee referrals	INTERNAL recruitment	Current employees refer other employees

Discuss any three of possible six:

<b>Recruiting method</b>	<b>Classification</b>	<b>Description/example</b>
Direct applications	EXTERNAL recruitment	Walk-ins, drop-off/mailing CVs
University campus recruiting	EXTERNAL recruitment	Exhibitions or recruitment days on campus
Advertising	EXTERNAL recruitment	Ads in newspapers, magazine, journals radio tv etc.
Recruitment/employment agencies	EXTERNAL recruitment	e.g. telegirl, Apso, etc.
Executive search firms	EXTERNAL recruitment	Head-hunting and search for only senior appointments through specialised recruitment agencies
Online recruiting	EXTERNAL recruitment	Internet websites

**(1 mark for each method, classification and description/example = 3 x 5 = 15)**

## **PRESENTATION**

**[10]**