Cambridge IGCSE

Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ENTERPRISE **0454/12**

Paper 1 **October/November 2019**

CASE STUDY

9451886740

READ THESE INSTRUCTIONS FIRST

You should read and discuss the case study thoroughly and carefully in advance of the examination. The examination questions will be based upon the case study and your own enterprise experience and knowledge.

You will be given one copy of this case study for use during your preparation for the examination, which you may annotate as you wish, but which you will **not** be allowed to take into the examination.

You will be provided with a clean copy of the case study, along with the Question Paper, for use in the examination.

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

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

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Dillon's ice cream cart

Background

Dillon is studying at college to become an accountant. While he is studying, he needs to find a way to earn money. He does not think that he would enjoy working for someone else and so he wants to set up his own enterprise. Dillon knows that he is enterprising and he is confident that he has the skills and attributes needed to succeed in whatever he chooses to do. Dillon has very little money and therefore the new enterprise will need to be one that he can start with limited finance. Renting business premises will be too expensive.

The idea

One sunny day during the college break time, Dillon and his friend wanted to eat ice cream but the college restaurant did not serve it. The friends decided to walk to a local shop to buy their ice cream. A number of other students asked if Dillon and his friend would bring them an ice cream too. With the local shop being a long walk away from the college, Dillon knew that the ice creams would melt long before he could bring them back to the college. This is when he had his enterprise idea, an ice cream delivery service.

The research

Dillon was keen to start his new enterprise as soon as possible but he understood the importance of research and planning. He decided to complete some market research. He quickly produced a basic questionnaire, shown in Fig. 1, which he gave to ten of his friends.

Ice cream delivery questionnaire

1	Would you be interested in buying ice cream?	Yes No (circle which applies)
2	How many ice creams would you buy per week?	Please state .....
3	What flavour of ice cream would you like to buy?	Please state .....

Fig. 1

The results of the market research were positive. Dillon could see that his friends liked to buy ice cream.

Next he used the internet to research the equipment that he would need. Dillon found that he could buy an ice cream cart, like the one shown in Fig. 2, already equipped with everything he would need for $100.

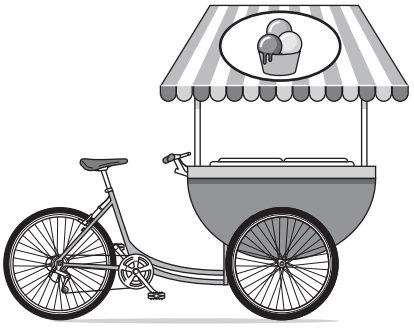


Fig. 2

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The cost of enough ice cream to serve 100 people would be $40. Paper cups for serving the ice cream would cost $5 for 100.

Dillon thought he had completed all of the research that he would need. He was impatient to begin but first he needed to arrange the finance. He decided to negotiate with his parents for a loan to cover the costs. He arranged to meet with his parents.

The negotiation

At the meeting, Dillon was careful to appear professional. He dressed smartly and printed out his business plan.

Dillon's parents were impressed with the way that he approached the negotiation. They were less impressed with the quality of his questionnaire and the finance section of the business plan. They asked him the following questions:

- What price would he charge for the ice creams?
- How would he advertise the ice creams?
- Who would be his competitors?
- Would he need a licence to sell the ice creams?

Dillon struggled to provide detailed answers to any of these questions. His parents were not confident that he had the skills and attributes necessary to run this enterprise. Dillon had not thoroughly prepared for the negotiation and was disappointed that his parents would not give him the loan.

His parents said that they would be willing to consider a loan but only if he produced a detailed business plan. Dillon agreed to rewrite the business plan and present it to his parents in a week's time.

The next step

First he completed more research into the ice cream market and his potential competitors. Using the new research, Dillon estimated that he would sell 100 ice creams per week at a price of $1.50 each.

His parents' questions had suggested that they thought advertising would be important for his enterprise. Dillon, however, thought that choosing the best location for the ice cream cart would be the most important part of marketing for his enterprise. To keep costs low, he decided not to advertise.

Dillon was ready to try again to persuade his parents to lend him the money to start his enterprise. He was confident that this time he would succeed.

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