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INSERT **1 hour 30 minutes**

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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. Blank pages are indicated.

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Seth's Computer Servicing and Repairs

The background

Seth really enjoyed his enterprise lessons at school. He especially enjoyed running an enterprise project with his friends and finding creative solutions to the problems they experienced. Seth knew that it might be difficult to find a job when he left school because of the high unemployment in his area. He thought about the possibility of setting up his own enterprise.

The idea

Seth spent some time at school helping the technicians in the computing department. He learnt how to service and repair many different types of computers. Seth's friends asked him to help when their computers needed repairing. He thought there might be an opportunity for a computer servicing and repair enterprise. With so many people using computers at work or school, he thought that this enterprise could be very successful in his local area. He decided to complete some market research to investigate whether local people would be willing to pay him to service and repair their computers.

The research

Seth produced a questionnaire that he gave to his friends and family. Fig. 1 shows some of the questions that were included in Seth's questionnaire.

Computer servicing and repair questionnaire		
1	Would you be interested in having your computer serviced?	Yes ☐ No ☐
2	How often would you want it serviced?	Please state .....
3	How much would you want to pay for your computer to be serviced?	Please state .....
4	Have you ever needed to have your computer repaired?	Yes ☐ No ☐
5	How much did you pay for the repair?	Please state .....

Fig. 1

The responses to the questionnaire suggested a strong demand for the computer servicing and repair enterprise that Seth wanted to start.

The next step

Seth knew that it was important to plan the finances for any enterprise. As a result of his experience in his enterprise project at school, he wanted to avoid the risk of debt.

Although his enterprise project had been profitable, it had almost failed due to a cash flow deficit. Seth's group had ordered a large quantity of stock at the start of their enterprise. However, they did not have enough funds to pay for this order and had been forced to ask their parents to help pay for the stock.

Seth planned to use his own personal savings to finance the computer servicing and repair enterprise. However, he was concerned that his funds were limited and that he may not be able to pay for everything he needed.

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The questionnaire responses had given Seth an idea of the prices he would be able to charge. He thought that computer servicing, rather than repairs, would be his regular work and so he based his revenue and break-even calculations on the price for this. He prepared a financial plan for the new enterprise using this information.

The computer servicing and repair enterprise would have very low costs. Seth already owned most of the equipment he would need and raw materials would not be too expensive. However, he would need to make sure that people in the local area knew that his enterprise existed. It was possible that his largest cost would be marketing.

The start

Seth thought that a sole trader would be the most appropriate form of business organisation for his enterprise in the short term. If the enterprise was successful he might need to consider changing the business organisation in the long term.

Seth knew many enterprises failed in their first year and as a sole trader he might not have all of the enterprise skills needed to deal with problems. Before starting the enterprise, he decided to seek some advice.

As a new entrepreneur, Seth needed help and support but he did not know who to ask. He telephoned Tari, a computer technician at his school, to ask if she could help. Although Tari could give him some useful information about computer servicing and repairs, she had never run an enterprise. There were many areas of enterprise that Seth would need help with that Tari did not understand, especially the legal obligations. She suggested that he needed to seek further advice from experienced entrepreneurs. Seth realised he had more research to do.

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