Cambridge Assessment International Education

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ENTERPRISE **0454/11**

Paper 1 **October/November 2021**

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. Any blank pages are indicated.

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The Swap Shop

Background

Jack, although still at school, knows that he wants to be an entrepreneur. Jack is convinced that he has enterprise capability and he wants to make as much money as possible.

When his teacher announced that the class would be entering an enterprise competition, Jack was confident that he would win. The teacher gave each student the rules of the competition and asked them to think of an enterprise idea for homework.

At the next enterprise lesson, the students in the class discussed who they would work with and their ideas for the competition. Jack did not know what his enterprise idea would be, but he knew that he wanted to work alone.

Jack's enterprise idea

Jack used secondary research to identify possible enterprise ideas. He liked two ideas:

- helping people to set up and operate their home electronic devices
- selling pre-owned (second-hand) books through online marketplaces.

Jack often helped members of his family with their new smartphones and computers, so he knew the first enterprise idea could be possible. However, since the enterprise competition would only be for a month, Jack decided that selling pre-owned books through online marketplaces would be the better idea.

Jack was keen to begin his enterprise. He thought that if he started before his classmates, he would be more likely to win.

Jack needed to find some pre-owned books to sell. He asked everyone in his family to contribute books and his parents and grandparents each gave him some. He believed he was ready to start his enterprise.

The next school lesson

The teacher asked the students to outline their enterprise ideas and to start their planning. She gave each student a template for a business plan and an action plan. Jack told the teacher that he did not need to plan, as his enterprise was ready to start.

The teacher was impressed by Jack's resourcefulness. She was also pleased that he had taken the initiative to start early. She asked Jack some questions about his proposed enterprise:

- How did you identify the right items to sell online?
- Which methods will you use to market your items?
- How will the buyers make payments for the items?

Jack struggled to provide answers to some of these questions. He had thought that customers would pay electronically directly into his bank account. Jack had not thought about marketing methods or about future items to sell.

The teacher said that financial regulations would be a problem for this enterprise idea. There are strict regulations about the methods of payment Jack could accept, as he is not yet an adult. Although the teacher believed that this would be a low-risk enterprise, she was unsure if it would be successful.

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The teacher suggested that Jack should work with a classmate, Enrique, who had a similar idea. Jack reluctantly agreed to talk to Enrique.

Enrique's enterprise idea

Enrique was planning to organise an event at school. He intended to name this event 'The Swap Shop' where students would bring items they no longer used to the event to swap (exchange) for other items. Enrique wanted his competition entry to be a social enterprise where no revenue would be earned.

Jack could see how he and Enrique could combine both ideas. They could organise The Swap Shop event, charging people to enter, and therefore making a profit. There could also be a stall at the event selling items that people had donated, earning more profit.

Enrique was willing to work with Jack and agreed that charging an entrance fee might be a good idea. He would prefer to give the profit they earned to a local charity, and thought he would be able to persuade Jack to agree to this.

Enrique knew that there would be many tasks to do. This would include completing market research, preparing marketing communications and keeping accurate financial records. With the competition starting in two weeks, Enrique suggests that they complete an action plan.

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