

NAME:

## Worksheet 1.1

### Introduction to business

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- 1 Rearrange the words below to provide a correct definition for the word *business*.

business that satisfy wants is the goods and by community an attempts services  
needs and the of to organisation a providing

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- 2 Cross through the incorrect options in each sentence to provide correct meanings of the terms *inputs* and *outputs*.

a Inputs are the resources used by businesses/consumers to produce/sell a good or service.

b Outputs are the finished/uncompleted goods and services that businesses/consumers produce/sell to other businesses/consumers.

- 3 Think of a specific output. Suggestions are a motor vehicle, burger or piece of jewellery. In the space below, draw and label the inputs needed to create the output you have chosen. You should consider whether human labour or technology is involved in this process. Also draw the output.

**INPUTS**

**OUTPUT**

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- 4 Explain why the purpose of some businesses is to assist the community rather than make a profit. How important are these businesses to the community?

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## **ANSWER**

- 1** A business is an organisation that attempts to satisfy the needs and wants of the community by providing goods and services.

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## Worksheet 1.2

### Stakeholders

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1 What is meant by the term *stakeholder*?

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2 Provide a brief summary of how each of the following stakeholders are affected by the operations of a business:

- a management
- b employees
- c creditors
- d environment
- e suppliers.

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3 Read the information below and then complete the tasks that follow.

**Yanso Electronics released a new television model four years ago. The model has established the company as one of the world's leading electronic goods manufacturers. A number of concerns have since been expressed by consumers over the heat generated by the television causing its plastic casing to become very hot and potentially result in a fire. Yanso executives have estimated the cost of repairing the fault to be more than \$3 million. Based on advice by its legal department, it would cost less if the business were sued in the event that an injury occurred.**

**a** List the stakeholders of this business.

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**b** Identify the issue that is causing conflict among these stakeholders.

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**c** Explain how this issue can cause conflict between two of the stakeholders.

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## Worksheet 2.1

### Functions of management

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1 Rearrange the words below to provide a correct meaning for each of the four functions of management.

a concerned determining goals the is planning with a the business of

---

b process operations business arranging organising the of the is of a

---

c way managers their staff concerned with interact is with leading the

---

d process whether business checking is the has achieved goals its of the  
controlling

---

2 Listed below are seven statements related to the functions of management. For each statement, identify the role of management to which it specifically relates.

a Determining what needs to be achieved over a period of time.

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b Comparing actual results with what was planned.

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**c** Communicating with and motivating employees.

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**d** Deciding what tasks need to be done and how these tasks will be performed.

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**e** Resolving conflict within the workplace.

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**f** Looking at the long-term direction of the business.

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**g** Considering whether the business has the necessary resources to achieve its objectives.

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**3** For each of the cases listed below identify the role that the manager is completing.

**a** Cynthia has developed a program to motivate her employees.

---

**b** Archie and his supervisors have set production goals for the business over the next 12 months.

---

**c** A review by management has found that the business lacks the necessary resources to implement the new plans.

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**d** Senior management of New Tel believes the business needs to change its core products and services to remain competitive over the next five years.

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**e** Monique is reviewing the sales figures of her staff.

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**f** Jim has been asked to resolve conflict among two of his staff.

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## **ANSWER**

- 1 a** Planning is concerned with determining the goals of a business.
- b** Organising the process of arranging the operations of a business.
- c** Leading is concerned with the way managers interact with their staff.
- d** Controlling is the process of checking whether the business has achieved its goals.

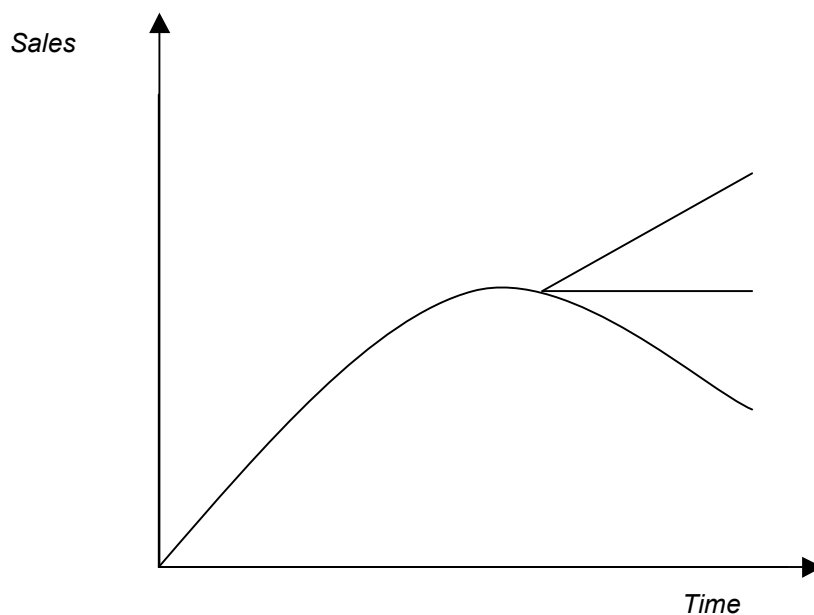
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## Worksheet 3.1

### The business life cycle

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Use the following template to draw a diagram of the business life cycle. Using the terms listed below, label the diagram. Use an arrow to connect each term to the corresponding part of the diagram.



Growth  
Financial difficulty  
Greater competition  
Falling sales  
Repackaging of product  
Established customer base  
Increased consumer interest

Decline  
Maintains market share  
Increased marketing  
Increased profitability  
Maturity  
Establishment

Low sales  
Renewal  
Steady state  
Strong consumer loyalty  
Low consumer awareness  
Post-maturity

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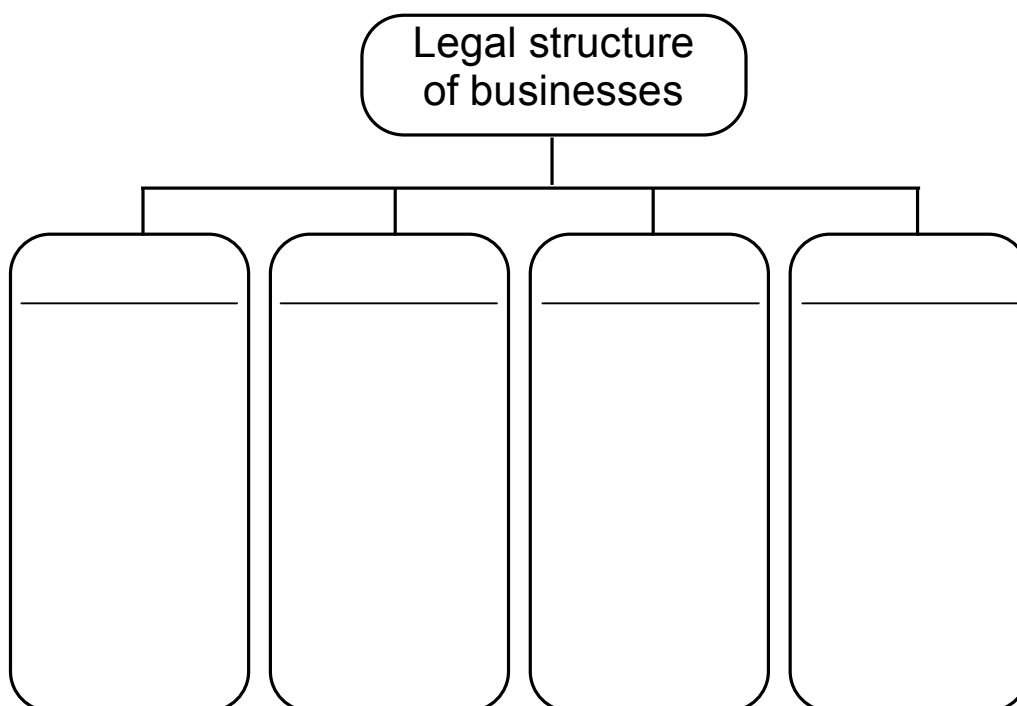
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## Worksheet 4.1

### Legal structure and industry classification

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- 1 Complete the diagram below so it shows the four main types of legal structure for businesses. Listed below are characteristics for the types of legal structure. Determine which characteristics correspond with each of the four legal structures. Add these characteristics to your diagram.



Limited liability

One owner

Decision-making is shared among owners

Unlimited liability

Decision-making is sole responsibility of owner

Board of directors is responsible for ensuring financial performance is reported to relevant government organisations

Unlimited liability

Ownership is limited

Limited liability

Public purchase shares through the ASX

Must report financial data to government organisations

Profits are returned to shareholders as dividends

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**2** Unscramble the letters below to reveal five of the different types of legal structure a business may have.

**a** CMAYONP

---

**b** PRHPSRNATIE

---

**c** PCUOMBPLAINCY

---

**d** CEMTPAVANPYIOR

---

**e** OTAERDESRL

---

**3** Classify the businesses listed below based on their industry type.

**a** Ben has established a home-cleaning business.

---

**b** Lucille is employed as a waitress at Harbour View Cafe.

---

**c** El Gourmet is a maker of fine European-style breads.

---

**d** Tony and Antoinette have purchased an apple orchard in country New South Wales.

---

**e** Tel World Communications now offers customers news, sport and weather services through its mobile phones.

---

**f** Nursery Plus is recognised as one of Australia's leading garden stores.

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## **ANSWER**

- 2 a** Company  
**b** Partnership  
**c** Public company  
**d** Private company  
**e** Sole trader

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**2** Find the following terms in the word puzzle below.

BUSINESS  
PARTNER  
TRUST  
INDUSTRY  
TERTIARY  
SIZE  
MICRO

LEGAL STRUCTURE  
PUBLIC COMPANY  
INTERNATIONAL  
PRIMARY  
QUINARY  
SMALL  
GOVERNMENT

SOLE TRADER  
PRIVATE COMPANY  
TRANSNATIONAL  
SECONDARY  
QUATERNARY  
LARGE

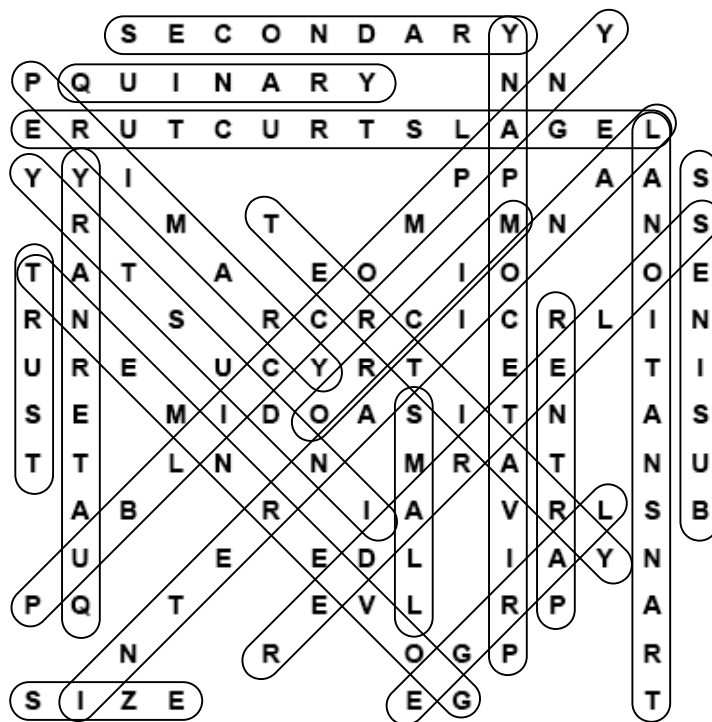
Q J S E C O N D A R Y D Y L H  
P Q U I N A R Y O J N N P T O  
E R U T C U R T S L A G E L Q  
Y Y I G P U Q E Z P P H A A S  
N R X M Z T D W M K M N G N S  
T A T O A E E O A I O C Y O E  
R N H S Z R C R C I C R L I N  
U R E R U C Y R T I E E J T I  
S E Q M I D O A S I T N H A S  
T T U L N W N K M R A T J N U  
T A B Y S R B I A S V R L S B  
X U J U E Y E D L F I A Y N U  
P Q N T L F E V L K R P G A P  
G X N A T R N W O G P X Y R Z  
S I Z E C X Z Q E G X K D T T

**ANSWERS**

**1**

a	I	N	T	E	R	N	A	T	I	O	N	A	L							
b	T	R	A	N	S	N	A	T	I	O	N	A	L							
c	L	A	R	G	E															
d	S	M	A	L	L															
e	L	A	R	G	E															
f	S	M	A	L	L															
g	P	U	B	L	I	C	S	E	C	T	O	R	B	U	S	I	N	E	S	S
h	P	R	O	F	I	T														
i	C	O	M	M	U	N	I	T	Y											

**2**



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## Worksheet 5.1

### Small business

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1 Complete the following cloze passage using the words listed below.

lower	large	financial
closure	slow	adversely
stakeholders	economic	down
discounting	skills	unemployed
stronger	entrepreneurs	supply
cash flow	suppliers	spend
business		

The closure of any \_\_\_\_\_ places considerable strain on its owners. Other \_\_\_\_\_—including employees, customers and \_\_\_\_\_—are also \_\_\_\_\_ affected. According to the latest data available from the Australian Bureau of Statistics, each year more than 4600 businesses close down. This is a disturbing figure, particularly when we examine the effects this could have on the self-esteem of the \_\_\_\_\_ workers and on their families.

A number of factors contribute to this result:

- \_\_\_\_\_ conditions—When an economy starts to \_\_\_\_\_, consumers will \_\_\_\_\_ less. As a result, businesses experience a slow \_\_\_\_\_ in sales and profit. This places pressure on businesses to meet their financial obligations. \_\_\_\_\_ may unfortunately be an owner's only viable option.
- Lack of \_\_\_\_\_—The idea of running a business may appear to be exciting, but many first-time \_\_\_\_\_ lack vital skills in \_\_\_\_\_ management. Issues such as having an adequate \_\_\_\_\_ to fund employee entitlements and supply costs will often cause problems.
- Competition—Increasingly, small businesses are facing \_\_\_\_\_ competition from their \_\_\_\_\_ business counterparts. Grocery stores such as Woolworths and Coles now \_\_\_\_\_ fruit and vegetables, breads and fuel in an attempt to increase their market strength. Strong \_\_\_\_\_ and their ability to obtain \_\_\_\_\_ prices by buying in bulk have seen these two industry heavyweights place considerable pressure on smaller businesses.

2 How does the Australian Bureau of Statistic define a small business?

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- 3** List two benefits that small business offers to the Australian economy.

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## ANSWER

1 The closure of any **business** places considerable strain on its owners. Other **stakeholders**—including employees, customers and **suppliers**—are also **adversely** affected. According to the latest data available from the Australian Bureau of Statistics, each year more than 4600 businesses close down. This is a disturbing figure, particularly when we examine the effects this could have on the self-esteem of the **unemployed** workers and on their families.

A number of factors contribute to this result:

- **Economic** conditions—When an economy starts to **slow**, consumers will **spend** less. As a result, businesses experience a **slowdown** in sales and profit. This places pressure on businesses to meet their financial obligations. **Closure** may unfortunately be an owner's only viable option.
- Lack of **skills**—The idea of running a business may appear to be exciting, but many first-time **entrepreneurs** lack vital skills in **financial** management. Issues such as having an adequate **cash flow** to fund employee entitlements and supply costs will often cause problems.
- Competition—Increasingly, small businesses are facing **stronger** competition from their **large** business counterparts. Grocery stores such as Woolworths and Coles now **supply** fruit and vegetables, breads and fuel in an attempt to increase their market strength. Strong **discounting** and their ability to obtain **lower** prices by buying in bulk have seen these two industry heavyweights place considerable pressure on smaller businesses.

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## Worksheet 6.1

### Economic factors

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1 What is meant by the term *economic cycle*?

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2 Identify how each of the scenarios listed below would impact on business activity.

**a** increased consumer spending

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**b** low unemployment

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**c** increased prices

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## Worksheet 6.2

### Government and other organisations in the business environment

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1 Rearrange the words listed below to reveal the titles of nine government and non-government organisations that impact on the business environment.

Taxation  
Stock  
Employer  
Australian  
NSW  
Competition  
Government  
Australian  
Department  
Associations  
Commission

Associations  
Australian  
Investments  
Exchange  
Securities  
Trading  
Trade  
and  
of  
Australian  
Office

Office  
and  
Commission  
Consumer  
Fair  
Local  
Workplace  
Trade  
Unions  
Consumer

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**2** The roles of the organisations identified in activity 1 are listed below. Match each organisation with its role.

**a** Responsible for administering and enforcing government policy matters related to taxation

---

**b** Regulate the financial conduct of companies and monitor the operations of financial institutions in Australia

---

**c** Responsible for promoting fair and ethical behaviour by businesses and ensuring that businesses do not engage in anti-competitive behaviour

---

**d** Protects the rights of consumers in the business environment. Deals in such areas as product safety, refunds, warranties and exchanges

---

**e** This area of government deals with zoning, building and health inspectors and the use of outdoor facilities for business operations

---

**f** Organisations that aim to protect and promote the interests and working conditions of employees

---

**g** Organisations that aim to promote the interests of employers

---

**h** This organisation is responsible for acting as a market where investors are able to buy and sell shares in public companies

---

**i** Independent associations developed to provide informative opinions and advice to consumers on a wide range of issues

---

## **ANSWER**

- 2**
- a** Australian Taxation Office
  - b** Australian Securities and Investments Commission
  - c** Australian Competition and Consumer Commission
  - d** NSW Office of Fair Trading
  - e** Local government
  - f** Trade unions
  - g** Employer associations
  - h** Australian Stock Exchange
  - i** Consumer associations

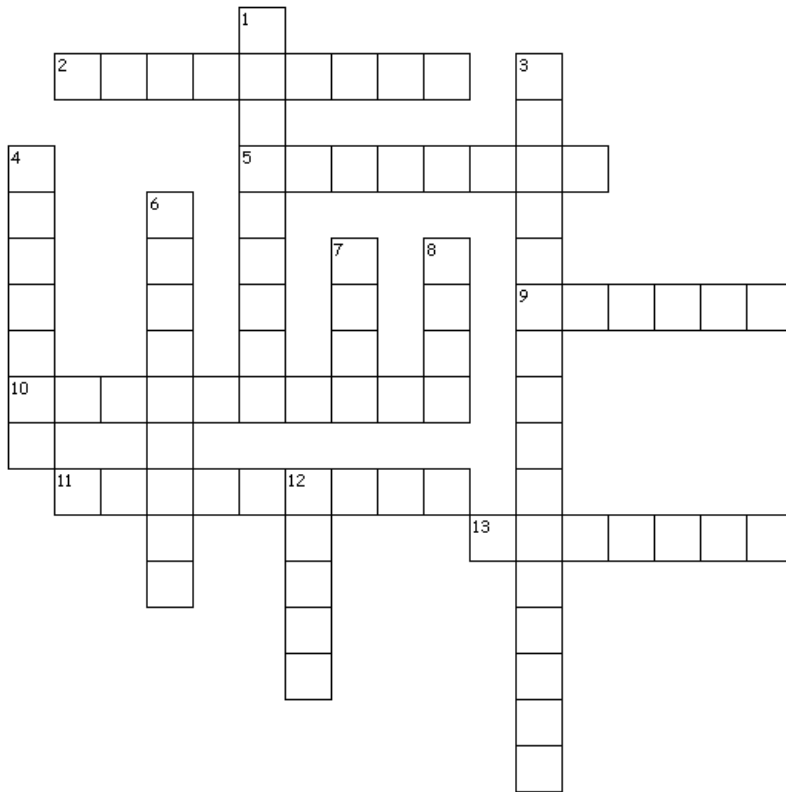
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## Worksheet 6.3

### Influences on business activity

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#### ACROSS

- 2 If a business experiences difficulty in accessing these it may restrict the business's ability to enter a market (9)
- 5 A business environment where there is only one firm in the marketplace (8)
- 9 A competitive business industry benefits consumers by providing greater \_\_\_\_\_ (6)
- 10 This stakeholder is the most common operator of monopoly style businesses (10)
- 11 A situation where there is a limited number of suppliers in the market (9)
- 13 Cultural diversity in Australia is often reflected through \_\_\_\_\_ diversity (7)

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**DOWN**

- 1 The process of creating and maintaining consumer awareness of and interest in a particular product (9)
- 3 An aspect of Australian society that is reflected in the types of goods produced and the composition of the workforce (16)
- 4 These organisations have provided Australian consumers with greater product choice and lower prices (7)
- 6 The process of developing a product and implementing a range of promotional and pricing strategies designed to encourage consumers to purchase that product (9)
- 7 How easy or difficult it is for a business to establish itself in a particular market is referred to as \_\_\_\_\_ of entry (4)
- 8 This factor often restricts the number of participants in a particular industry (4)
- 12 This aspect of a product is seen as a disadvantage to consumers who purchase goods from an oligopoly (5)

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## **ANSWERS**

### **Across**

- 2** MATERIALS
- 5** MONOPOLY
- 9** CHOICE
- 10** GOVERNMENT
- 11** OLIGOPOLY
- 13** PRODUCT

### **Down**

- 1** PROMOTION
- 3** MULTICULTURALISM
- 4** FOREIGN
- 6** MARKETING
- 7** EASE
- 8** COST
- 12** PRICE

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## Worksheet 7.1

### Ethical and legal responsibilities of business

Read the information below and then complete the tasks that follow.

***Helasa Automotives has discovered a defect in one of its new model family cars. More than 10 000 clients have purchased this car. The defect, if not repaired, could cause air bags to be released unexpectedly with the possibility of serious injury to the driver and front passenger. The cost of repairing this would be \$40 per car with a total cost of \$400 000. A solicitor has calculated that if the car company chooses not to repair the fault the total damages in court will not exceed \$150 000.***

1 List two stakeholders affected by the fault.

---

2 Describe the ethical responsibility of the business to each of the following stakeholders of the business.

a its customers

---

b society

---

c its shareholders

---

3 From your answers to task 2 identify the ethical issues that may cause conflict between these three stakeholders.

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- 4 In your opinion, what should the business do? What are the ethical implications of your decision?

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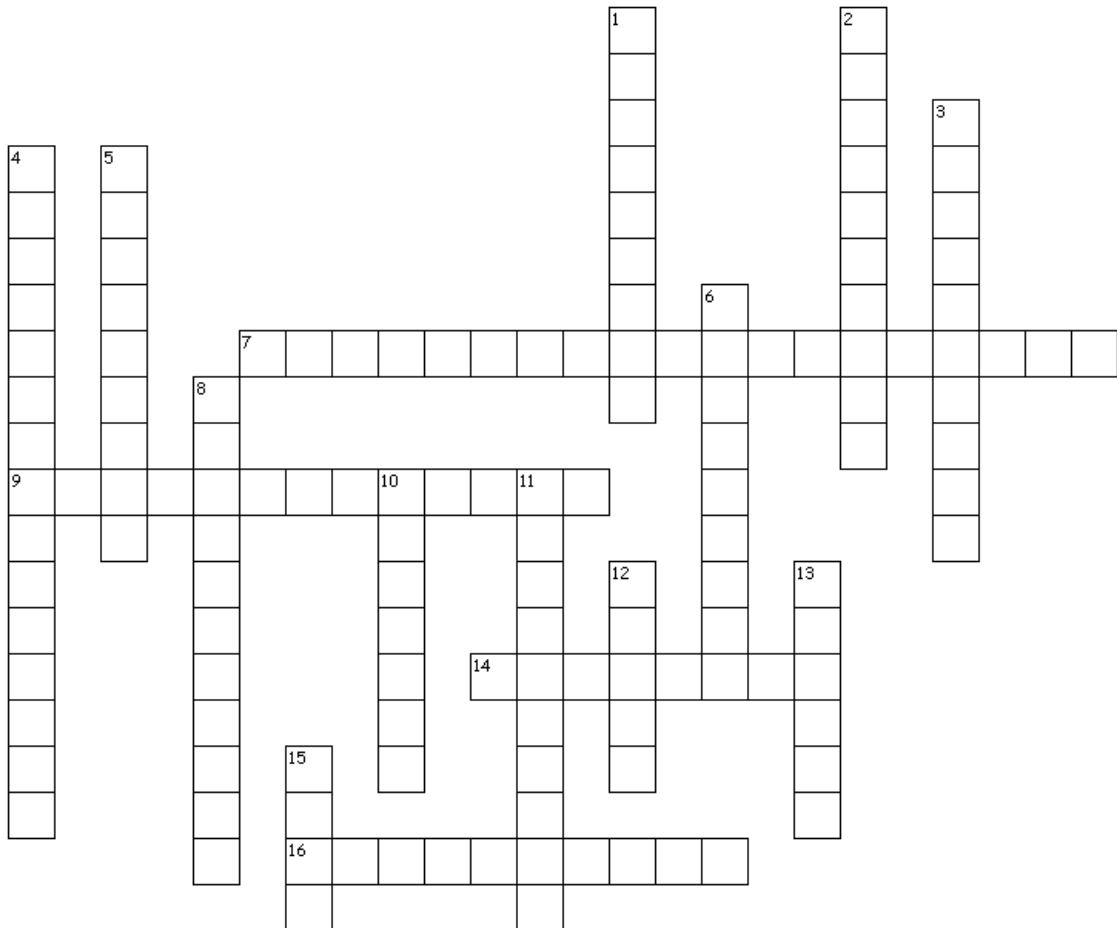
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## Worksheet 8.1

### Key business functions

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#### ACROSS

- 7 Dealing with employees (10, 9)
- 9 The core task of the business (5, 8)
- 14 Whose job it is to coordinate the business functions (8)
- 16 Recording of financial transactions (10)

#### DOWN

- 1 This business function involves finding out what the customer wants (9)
- 2 The process of adding value to a product (5, 5)
- 3 Trend to reduce labour costs (10)

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- 4 Reliance on others (15)
- 5 The long-term, overall plan of a business is its \_\_\_\_\_ goal (9)
- 6 To make a decision before it becomes necessary to do so is to be \_\_\_\_\_ (9)
- 8 Planning for the day-to-day running of the business (11)
- 10 A review of the work completed (7)
- 11 Business process of production (10)
- 12 What a business aims to achieve in the short term or long term (5)
- 13 Ability to construct a mental image of the business in the future (6)
- 15 \_\_\_\_\_ of control describes the number of people a supervisor is directly responsible for (4)

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## **ANSWERS**

### **Across**

**7** EMPLOYMENT RELATIONS

**9** PRIME FUNCTION

**14** MANAGERS

**16** ACCOUNTING

### **Down**

**1** MARKETING

**2** VALUE CHAIN

**3** DOWNSIZING

**4** INTERDEPENDENCE

**5** STRATEGIC

**6** PROACTIVE

**8** OPERATIONAL

**10** CONTROL

**11** OPERATIONS

**12** GOALS

**13** VISION

**15** SPAN

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## Worksheet 8.2

### Interdependence of business functions

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Complete the word puzzle below using your answers to the following clues.

1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												

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**CLUES**

- 1 This has flattened over time
- 2 What a business hopes to achieve
- 3 When management tries to choose an alternative ahead of time, it is being \_\_\_\_\_
- 4 Each step adds value in producing and distributing the final product (2 words)
- 5 A core activity of a business (2 words)
- 6 Something that is delegated to a lower-level manager
- 7 Planning undertaken by middle levels of management
- 8 Planning usually occurs at \_\_\_\_\_ main levels
- 9 The accounting and finance function provides this type of information needed for decision-making
- 10 The business function that links what the consumer wants to the business's product
- 11 Operational planning may be completed by line managers or \_\_\_\_\_
- 12 Planning for the long-term overall plan of action
- 13 Business functions are dependent on each other; that is, they are \_\_\_\_\_
- 14 What the 'O' in POLC stands for
- 15 A business uses these to monitor its activities
- 16 Complex jobs, broken into a series of small steps and allocated to workers is called \_\_\_\_\_ of labour
- 17 What the 'L' in POLC stands for
- 18 The \_\_\_\_\_ of command establishes the flow of authority
- 19 The business function that refers to the physical production of a good

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**ANSWER**

1	S	T	R	U	C	T	U	R	E										
2	G	O	A	L	S														
3	P	R	O	A	C	T	I	V	E										
4	V	A	L	U	E	C	H	A	I	N									
5	P	R	I	M	E	F	U	N	C	T	I	O	N						
6	A	U	T	H	O	R	I	T	Y										
7	T	A	C	T	I	C	A	L											
8	T	H	R	E	E														
9	F	I	N	A	N	C	I	A	L										
10	M	A	R	K	E	T	I	N	G										
11	S	U	P	E	R	V	I	S	O	R	S								
12	S	T	R	A	T	E	G	I	C										
13	I	N	T	E	R	R	E	L	A	T	E	D							
14	O	R	G	A	N	I	S	I	N	G									
15	C	O	N	T	R	O	L	S											
16	D	I	V	I	S	I	O	N											
17	L	E	A	D	I	N	G												
18	C	H	A	I	N														
19	O	P	E	R	A	T	I	O	N	S									

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## Worksheet 8.3

### Steps in the value chain

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Read through the following steps, which describe the process followed at a commercial distillery for eucalyptus oil. Then complete the tasks that follow.

- 1 The eucalyptus bush is cut to the ground using a chainsaw.
- 2 The leaves and branches are gathered by hand and loaded into a trailer.
- 3 The leaves and branches are transported to the still site.  
*(Steps 1, 2 and 3 take about two hours.)*
- 4 The large cooking pot is filled one-quarter full with water and the rest is filled with the leaves and branches collected that day. (This is approximately 1 tonne of leaves and branches.)
- 5 The leaves and branches are packed in by standing on them. When the pot is full, a lid is clamped on top.
- 6 A fire is lit under the cooking pot.
- 7 The water boils and steam rises through the leaves, releasing the oils. The old boiled leaves are removed and dried. They are used to start the fire, as mulch for new growth and as a weed mat for young eucalyptus plants.
- 8 The oil and the steam vapour are transported through a series of pipes and cooled by water, causing it to condense and turn back into a liquid. It is drained from the bottom of the tank as a combination of oil and water and held in a receiving tank.
- 9 The oil floats to the top. A separator drains the dark oil off the top. The remaining water is recycled and pumped back into the cooking pot for the next batch.
- 10 The oil is further processed to purify it through additional boiling. The clearer oil is retained.  
*(Steps 4 to 10 take approximately eight hours.)*
- 11 The purified oil is bottled.
- 12 The bottles are labelled.
- 13 The bottles are packaged in boxes.
- 14 The bottles of oil are dispatched all over Australia.

The large batteries used for power are solar powered. There is no waste from the process. This method is the same as it was 100 years ago. The value chain requires that each step taken adds value to the finished product.

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**a** Rearrange the following steps so they appear in the order described in the procedure on the previous page.

Cooking  
Harvesting  
Purification

Separation  
Labelling  
Packaging

Dispatch  
Vapourisation  
Bottling

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**b** Identify as many inputs into the described process as you can.

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**c** Suggest ways that the process could be performed more efficiently.

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**NAME:**

- d** Identify the limiting factors affecting production of this product, such as available finance.

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- e** What is the main output of the process?

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- f** Is there any wastage in the process? If so, what is it?

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- g** Can you suggest any part of the process that could be eliminated?

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- h** Can you suggest any part of the process that could be improved?

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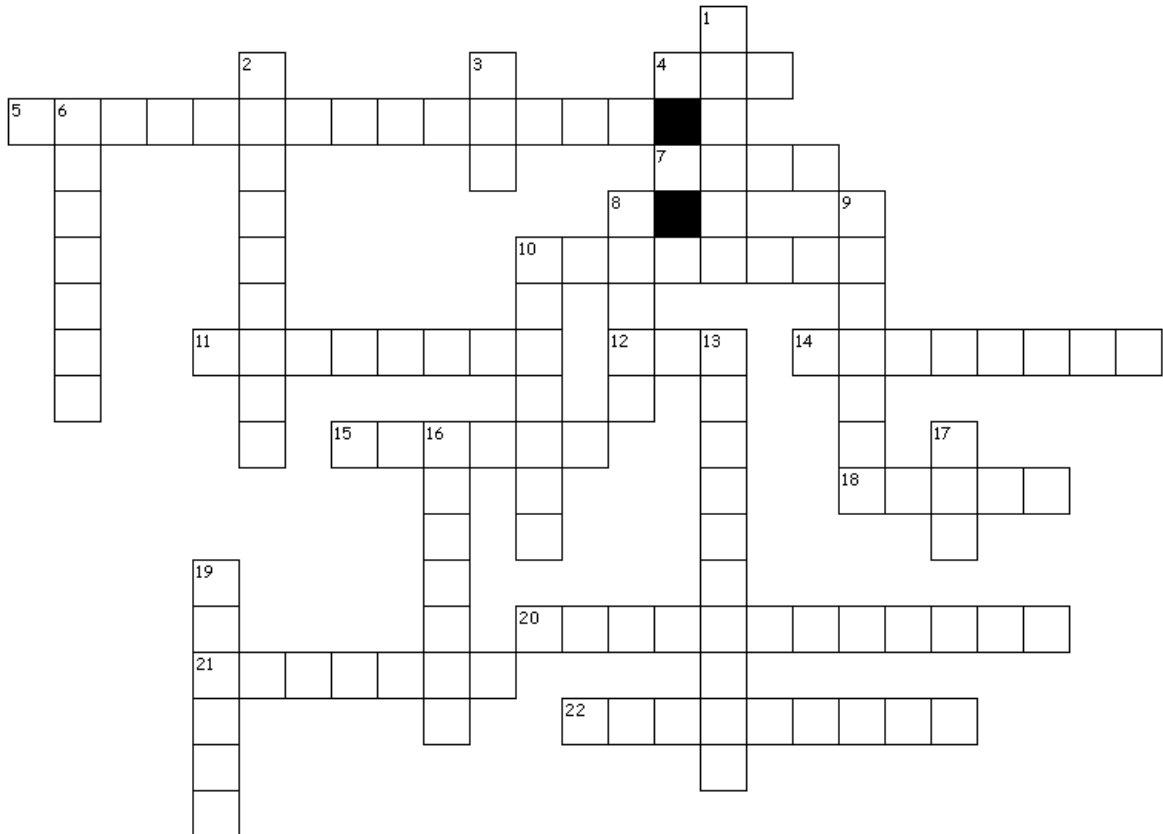
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## Worksheet 9.1

### Operations: manufacturing and services

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#### ACROSS

- 4 Computer-aided manufacturing (3)
- 5 Money needed for the day-to-day requirements of a business (7, 7)
- 7 An item produced by the primary or secondary sector (4)
- 10 The time taken for a supplier to provide its customers with ordered goods (4, 4)
- 11 Site (8)
- 12 Total quality management (3)
- 14 Prediction of the future (8)
- 15 Allocation of staff to a task (6)
- 18 A business's employees (5)

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**NAME:**

**20** A good used by another firm as an input for further processing (12)

**21** Outcome of production—either goods or services (7)

**22** To change (9)

**DOWN**

**1** Floor plan (6)

**2** Stock (9)

**3** Management information systems (3)

**6** The goods and services produced from inputs (7)

**8** A type of scheduling technique is a \_\_\_\_\_ chart (5)

**9** Management of \_\_\_\_\_ focuses on collection, storage and retrieval of information (7)

**10** The critical path is the \_\_\_\_\_ path taken (7)

**13** Checking (10)

**16** Something done for you by another (7)

**17** Computer-aided design (3)

**19** Raw materials used in production (6)

## **ANSWERS**

### **Across**

- 4 CAM
- 5 WORKING CAPITAL
- 7 GOOD
- 10 LEAD TIME
- 11 LOCATION
- 12 TQM
- 14 FORECAST
- 15 ROSTER
- 18 STAFF
- 20 INTERMEDIATE
- 21 PRODUCT
- 22 TRANSFORM

### **Down**

- 1 LAYOUT
- 2 INVENTORY
- 3 MIS
- 6 OUTPUTS
- 8 GANTT
- 9 RECORDS
- 10 LONGEST
- 13 MONITORING
- 16 SERVICE
- 17 CAD
- 19 INPUTS

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## Worksheet 9.2

### Food recalls

---

Read the information below and then complete the tasks that follow.

A food recall is any action taken to remove from sale, distribution and consumption those foods that may present an unacceptable safety risk to consumers.

Most recalls are precautionary. They are often initiated by food companies as part of the food safety strategy that tries to ensure any potentially dangerous or unsafe foods do not end up in supplies of food available to the public.

Within Australia, Food Standards Australia New Zealand (FSANZ) coordinates and monitors food recalls.

Recalls of any kind can be expensive. Coca-Cola had a product recall that cost the company US\$103 million, while a Perrier recall cost US\$263 million.

In Australia, between 1 May 1995 and 31 December 2003 there were 462 food recalls. Of these, 135 recalls were for imported food products.

The following trends were evident during the period between 1997 and 2003:

- The percentage of recalls that arose from company testing remained steady.
- Government testing has resulted in increased recalls since 1998.
- Recalls due to customer complaints have decreased since 1998.

A new FSANZ Code introduced in December 2002 requires all food manufacturers and importers to declare particular food allergens (such as nuts) on the food product's label. As a direct result of this new code, a number of tests by companies and government agencies resulted in 31 allergen-related recalls in 2003.

#### Number and causes of food recalls, 1990 to 2003

Year	Micro-bio-logical	Foreign matter	Chemical	Labelling	Proces-sing	Product deter-ioration	Other	Total
1990	5	1	4	0	5	2	2	19
1991	5	3	2	0	1	2	2	15
1992	6	5	2	0	2	1	1	
1993	13	12	3	1	4	1	7	
1994	6	9	2	0	7	0	1	
1995	28	10	3	1	1	2	0	
1996	14	16	3	4	3	2	1	
1997	12	25	6	4	5	3	7	
1998	4	5	1	4	3	1	3	
1999	26	13	6	8	5	1	3	
2000	15	11	5	3	3	2	0	
2001	21	12	17	8	3	1	3	
2002	24	6	7	9	5	1	6	
2003	26	10	3	42	2	0	3	
<b>Total</b>	<b>205</b>	<b>138</b>	<b>64</b>	<b>84</b>	<b>49</b>	<b>19</b>	<b>39</b>	

(Source of information and table above: FSANZ website: <http://www.foodstandards.gov.au/>)

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**NAME:**

- 1 What were the two main reasons for recalls notified to FSANZ between 1 January 1990 and 31 December 2003?

---

---

- 2 Complete the total column for each year included in the table. (The first two have been done for you.)

- 3 Calculate the total number of recalls for the study period 1990 to 2003. (Add up all the answers from the total column.)

---

- 4 How would you know if a product contained ingredients you are allergic to?

---

---

- 5 How has ingredient information been improved for consumers since 2002?

---

---

---

- 6 List the ways that product safety has been improved, such as use of pop-up tops.

---

---

---

---

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**NAME:**

**7** For the study period, how many recalls were due to each of the following reasons?

**a** microbiological

---

**b** foreign matter

---

**c** chemical

---

**d** labelling

---

**8** How could the information provided by FSANZ be of use to a business?

---

---

---

NAME:

## Worksheet 9.3

### Supply chain management

---

Read the extract below and then complete the tasks that follow.

#### Food Standards Australia New Zealand

Date notified to FSANZ:	13 December 2004
Food product:	Pre-mixed Gordon's Gin and Tonic
Name of product:	Pre-mixed Gordon's Gin and Tonic
Package description and size:	375 ml aluminium can
Use by date or lot code:	Best before date: Feb064292 (located underside of can)
Australian distribution:	National
Overseas distribution:	Nil
Reason for recall:	Precautionary measure due to a packaging issue—faulty can lining
Comments:	<p>Diageo Australia is conducting a voluntary recall of the above product as a precautionary measure following the reported discovery of food grade lining particles in the drink.</p> <p>The recall is a precaution, because Diageo Australia places such a high priority on the quality of its products.</p> <p>The issue relates to a fault in the production of the can by a supplier company, which is being investigated.</p> <p>Other Gordon's Gin and Tonic products—including Gordon's Gin and Tonic in 250 ml and 750 ml bottles—are not affected by the recall.</p> <p>The recall applies only to the product with the nominated size and best before date.</p> <p>Customers should not consume the product.</p> <p>Customers are asked to return the product to the point of purchase for an immediate full cash refund.</p> <p>Diageo Australia is working with the relevant authorities to resolve the issue.</p> <p>For further information please call toll free on 1800 789 344.</p> <p>Diageo Australia Level 8, 55 Grafton Street BONDI JUNCTION NSW 2022</p>

(Source: FSANZ website: <http://www.foodstandards.gov.au/>)

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**NAME:**

**1** Name the company recalling this product.

---

**2** What do the letters FSANZ stand for?

---

**3** Identify the problem causing the recall.

---

---

**4** How does this recall relate to supply chain management?

---

---

---

**5** How could you identify a product included in this recall?

---

---

**6** What advice does the firm give to consumers?

---

---

**7** Where is the product sold?

---

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**NAME:**

**8** Does the firm have overseas sales of this product?

---

**9** What reasons can you suggest would prompt this firm to recall this product?

---

---

---

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NAME:

## Worksheet 9.4

### Scheduling

---

Study the chart on page 3 of this worksheet and then complete the following tasks.

1 What is the name given to this type of presentation?

---

2 Calculate the planned cost of the project.

---

3 Calculate the actual cost of the project.

---

4 Identify the tasks that have taken longer than planned.

---

---

5 a How long did the whole project actually take to complete?

---

b How does this compare with the amount of time allowed in the plan?

---

6 Identify two tasks that were not as expensive as originally expected.

---

---

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**NAME:**

7 Identify tasks in the plan that took place at the same time.

---

---

8 On what date can the business move into these premises?

---

9 Explain how this graph has been used as a planning tool as well as a control method.

---

---

---

NAME:

**Construction of a commercial office building**

TASKS	Start date	End date	MONTHS						Duration (days)	Cost (\$)
			March	April	May	June	July	August		
Organising contracts	01/03	30/03							29	50 000
	01/03	08/04							38	54 901
Signing contracts	04/04	04/04							1	400
	09/04	09/04							1	400
Obtaining finance	04/04	10/04							6	3 500
	09/04	04/05							25	6 234
Building permits	04/04	17/04							13	1 200
	09/04	01/05							22	1 200
Site work	10/04	28/06							79	1 500 000
	01/05	07/06							37	1 200 000
Plumbing	28/06	20/07							22	43 000
	07/06	03/07							26	43 000
Electricity	28/06	20/07							22	36 000
	07/06	20/07							43	51 050
Roofing	20/07	10/08							21	23 000
	20/07	05/08							16	22 548
Final inspection	10/08	10/08							1	1 000
	05/08	05/08							1	1 000

**LEGEND**

Planned duration

Planned milestone

Actual duration

Actual milestone

**Planned moving in date: 24 August**

(Source: Adapted from the Residential Construction example from the SmartDraw website <http://www.smartdraw.com/examples/gantt/constructionfull.htm>)

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NAME:

## Worksheet 10.1

### Recruitment

---

Read the article below and then complete the tasks that follow.

#### **How to improve the chance of hiring the right person**

In the competitive market of recruitment, agencies are continuously inventing buzz terms to find the appropriate candidate. The latest spin on reducing the risk of hiring errors is 'motivational fit'.

Previously organisations made recruitment decisions primarily based on the technical skills of candidates, such as specialisations and software knowledge, but the landscape is beginning to change.

Of course, technical skills still remain a basic, necessary aspect of selection criteria, but Australian employers are also starting to ask, 'How will the candidate fit into the organisation or team or management style?' Businesses are looking for a match between their values and that of their potential employees.

The best recruitment consultants are being trained to classify the culture of the employer and identify candidates who are likely to thrive in such a culture. They examine a candidate's behavioural fit with the specific role, too.

By employing the services of recruitment consultants, a company can achieve cost savings by improving productivity through the selection of a suitable person. At the same time, the candidate can feel assured that he or she has been appropriately chosen. Each party is then confident that the right decision has been made.

- 1 In the past, what was the basis for making recruitment decisions?  

---
- 2 In the past, what skills of candidates were seen as very important?  

---
- 3 What does a recruitment consultant need to be able to identify in a candidate and a client?  

---
- 4 Identify the benefits that a recruitment agency can provide for a business.  

---
- 5 Identify a benefit that a recruitment consultant can provide for a candidate.  

---

---

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## Worksheet 10.2

### Recruitment and selection

---

Cut out each of the boxes below and place them in the correct order to create a flow diagram that shows the flow of steps in recruitment and selection procedures.

**A decision is made to recruit**

**Future training and development occurs**

**Applicants are analysed and a decision is made**

**A shortlist of applicants is determined**

**An employment contract is offered and accepted**

**Psychological tests are performed**

**Applications and résumés are received**

**References/referees are checked**

**Human resource planning occurs**

**Interviews are conducted**

**Background investigations are carried out**

**Orientation is provided for the new employee**

**Recruitment methods—internal and external—are used**

**Job analysis is carried out**

**The job is advertised**

**Job specifications—job description and job evaluation—are finalised**

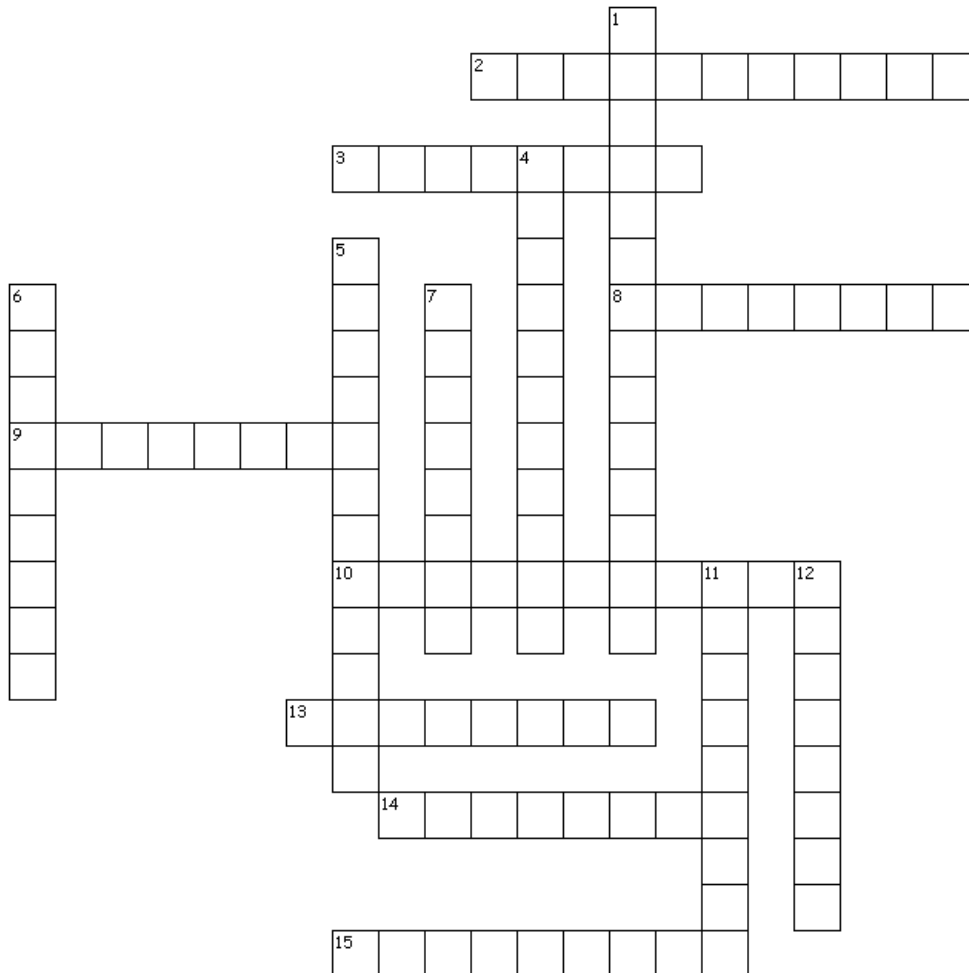
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NAME:

## Worksheet 10.3

### Employment relations

---



#### ACROSS

- 2 Identifying staffing needs, recruiting and selecting (11)
- 3 From within the business (8)
- 8 From outside the business (8)
- 9 To keep staff (8)
- 10 Days away from work (11)
- 13 An agreement between two parties that is enforceable by law (8)

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**NAME:**

**14** Predict (8)

**15** Identification of the best possible candidate for the job (9)

**DOWN**

**1** Employees (5, 9)

**4** To attract job candidates needed by the business (11)

**5** Reward or pay (12)

**6** To be fired from a job with or without notice (9)

**7** Information on the computer (8)

**11** A formal introduction to a new job (9)

**12** Related to pay levels (8)

## **ANSWERS**

### **Across**

**2** ACQUISITION

**3** INTERNAL

**8** EXTERNAL

**9** MAINTAIN

**10** ABSENTEEISM

**13** CONTRACT

**14** FORECAST

**15** SELECTION

### **Down**

**1** HUMAN RESOURCES

**4** RECRUITMENT

**5** REMUNERATION

**6** DISMISSAL

**7** DATABASE

**11** INDUCTION

**12** MONETARY

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NAME:

## Worksheet 11.1

### Marketing mix

---

Read the article below and then complete the tasks that follow.

#### **Beer drinkers' tastes are changing**

Australians' taste in beer is apparently changing. In comparison with their parents, younger drinkers are more interested in experimenting with flavours. As a result there has been a big change in the consumer environment in recent years.

As younger people move from pubs to up-market European beer cafes and sophisticated bars, premium beers have become more popular. The diversification undertaken by Australian drinkers will lead to the emergence of many more beer styles and labels in the near future.

Brewers are realising that drinkers are looking past large-scale commodity products and pushing demand towards well-crafted, boutique beers. This is also a reflection of changing beer markets around the world. Companies need to be quick to recognise and respond to these trends.

- 1
  - a Highlight all the points made in the article that refer in some way to the four Ps of the marketing mix; that is price, product, promotion and place.
  - b Divide a page into four columns.
  - c Place one heading for each element of the marketing mix above each column.
  - d Place each of your highlighted points in the above article into the appropriate column of your table.
- 2 Explain how the writer of this article feels that the market for beer is changing.

---

---

---

- 3 Try to apply the information provided to the product life cycle of:

- a beer in general

---

- b premium beer.

---

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**NAME:**

- 4 Relate the elements of price and place to premium beer.

---

---

- 5 Explain why it may be important for business to take part in ongoing research of the marketplace.

---

---

---

- 6 If the article provides a realistic presentation of the main changes occurring in the demand for beer, how would this affect decision-making by management of a brewery?

---

---

---

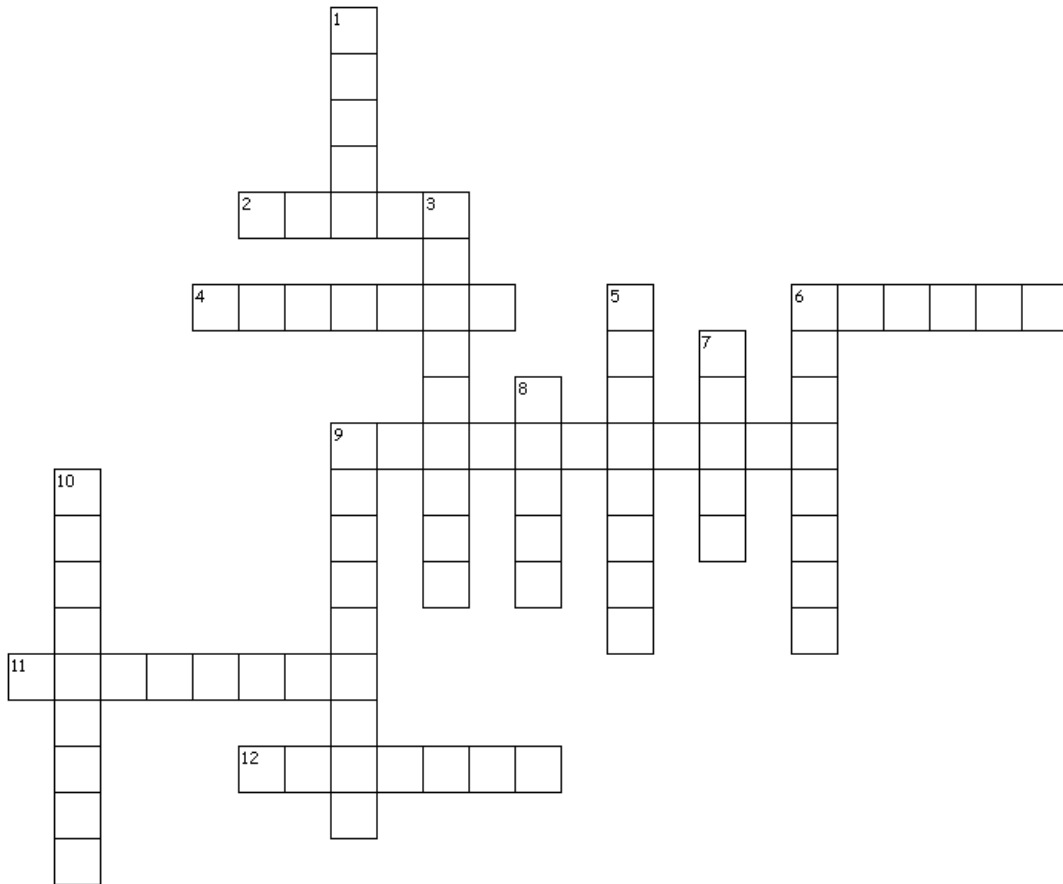
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NAME:

## Worksheet 11.2

### Marketing

---



#### ACROSS

- 2 Distribution channels (5)
- 4 All aspects or qualities of the good or service offered by a business (7)
- 6 The part of the market on which a business focuses (6)
- 9 Related to the 'image' of the product (11)
- 11 A reduced price may be offered if paying by cash (8)
- 12 Part of 'place'; to warehouse goods (7)

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**NAME:**

**DOWN**

- 1 TV, radio, newspapers, magazines (5)
- 3 This form of distribution limits the supply of a product to a particular store (9)
- 5 To give new life to a product by redesigning (8)
- 6 Physical goods are this (8)
- 7 An important factor in deciding whether a product is bought (5)
- 8 Inventory (5)
- 9 Methods used to inform and persuade a consumer to buy (9)
- 10 Free advertising (9)

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## **ANSWERS**

### **Across**

**2** PLACE

**4** PRODUCT

**6** TARGET

**9** POSITIONING

**11** DISCOUNT

**12** STORAGE

### **Down**

**1** MEDIA

**3** EXCLUSIVE

**5** INNOVATE

**6** TANGIBLE

**7** PRICE

**8** STOCK

**9** PROMOTION

**10** PUBLICITY

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## Worksheet 12.1

### Accounting and finance

---

Non-current	Accounting	Dividends
Debt finance	Equity finance	Bottom line
Overdraft	Expenses	Undistributed profits
Gross profit	Owners' equity	Assets
Current	Profit and loss statement	Revenue
Cost of goods sold	Trade credit	Net profit
Balance sheet	Profit	Liabilities

Match each term listed above with the correct meaning below.

1 All resources owned by and under the direct control of a business

---

2 Money or debts that a business owes and needs to repay

---

3 Represents the net worth of a business. Money owed to the owner

---

4 Within a period of 12 months

---

5 Longer than a period of 12 months

---

6 A summary statement of a business's assets, liabilities and owners' equity.  
A financial picture of the business at a particular date

---

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**NAME:**

7 A summary of all revenues generated by a business and its expenses over a specific period of time

---

8 Process of collecting and analysing the financial information of a business and then communicating results to relevant stakeholders

---

9 Net profit made from business operations after all costs have been paid

---

10 The difference between the revenue earned and the total expenses for a period

---

11 All funds flowing into a business

---

12 Portion of the profits paid to each shareholder

---

13 Equals sales revenue less cost of goods sold

---

14 Equals gross profit less expenses

---

15 Equals opening stock plus purchases less closing stock

---

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**NAME:**

**16** Funds obtained from the owners

---

**17** Borrowed funds

---

**18** Another name for retained earnings

---

**19** A form of short-term finance provided through a cheque account

---

**20** Purchasing supplies on credit

---

**21** All costs that have been incurred in earning revenue by a business

---

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## Worksheet 12.2

### Profit and loss

---

Examine the following financial data provided by Jamberoo Recreational Park for the last three years of operation and then complete the tasks that follow.

<b>Jamberoo Recreation Park</b>			
<b>Profit and loss report</b>			
<b>As at 30 June</b>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Admission revenue	2 517 612	2 801 635	2 964 091
In park and other revenue	909 280	1 017 021	961 859
<b>Total revenue</b>	<b>3 426 892</b>	<b>3 818 656</b>	<b>3 925 950</b>
<i>Cost of goods sold (COGS)</i>			
Food and beverage	338 218	396 990	338 780
Retail	18 272	17 148	26 445
<b>Total COGS</b>	<b>356 490</b>	<b>414 138</b>	<b>365 225</b>
<b>Gross profit</b>	<b>3 070 402</b>	<hr/>	<b>3 560 725</b>
<i>Less Expenses</i>			
Advertising	345 704	335 580	377 555
Accounting and legal	4 480	5 220	6 220
Bank charges	16 660	21 580	27 845
Chemicals	28 803	26 476	28 872
Cleaning	45 720	31 647	28 734
Electricity and gas	51 920	66 177	76 422
Insurance	258 401	178 500	188 500
Leasing	65 275	133 781	91 474
Motor vehicles	39 117	39 114	30 639
Petrol and oils	23 674	27 443	26 369
Telephone and fax	22 116	19 784	19 080
Printing	1 650	5 625	3 445
Rates and taxes	21 660	22 665	20 050
Repairs and maintenance	161 606	187 224	164 605
Salaries and wages	823 863	918 612	795 233
Staff training	13 930	16 495	18 779
Superannuation	74 383	81 219	89 004
Other	386 024	444 741	355 880
<b>Total operating costs</b>	<b>2 384 986</b>	<b>2 561 903</b>	<b>2 348 706</b>
<b>Net profit (NPBIT)</b>	<b>685 416</b>	<hr/>	<b>1 212 019</b>

(Source: provided with permission of Jamberoo Recreation Park)

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**NAME:**

- 1 Calculate the gross profit for 2003.

---

- 2 Calculate the net profit for 2003.

---

- 3 Use the following formula to calculate the gross profit ratio for 2003 and 2004.

$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$$

(Note: Sales in this case would be the total revenue.)

- 4 Use the following formula to calculate the net profit ratio for 2003 and 2004.

$$\text{Net profit ratio} = \frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$$

- 5 Can you suggest possible reasons why 2004 was more profitable than 2003?

---

---

---

---

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## ANSWERS

1 \$3 404 518

2 \$842 615

$$\begin{aligned} 3 \quad 2003 &= \frac{3404518}{3818656} \times \frac{100}{1} \\ &= 89.15\% \end{aligned}$$

$$\begin{aligned} 2004 &= \frac{3560725}{3925950} \times \frac{100}{1} \\ &= 90.7\% \end{aligned}$$

$$\begin{aligned} 4 \quad 2003 &= \frac{842615}{3818656} \times \frac{100}{1} \\ &= 22.065\% \end{aligned}$$

$$\begin{aligned} 2004 &= \frac{1212019}{3925950} \times \frac{100}{1} \\ &= 30.87\% \end{aligned}$$

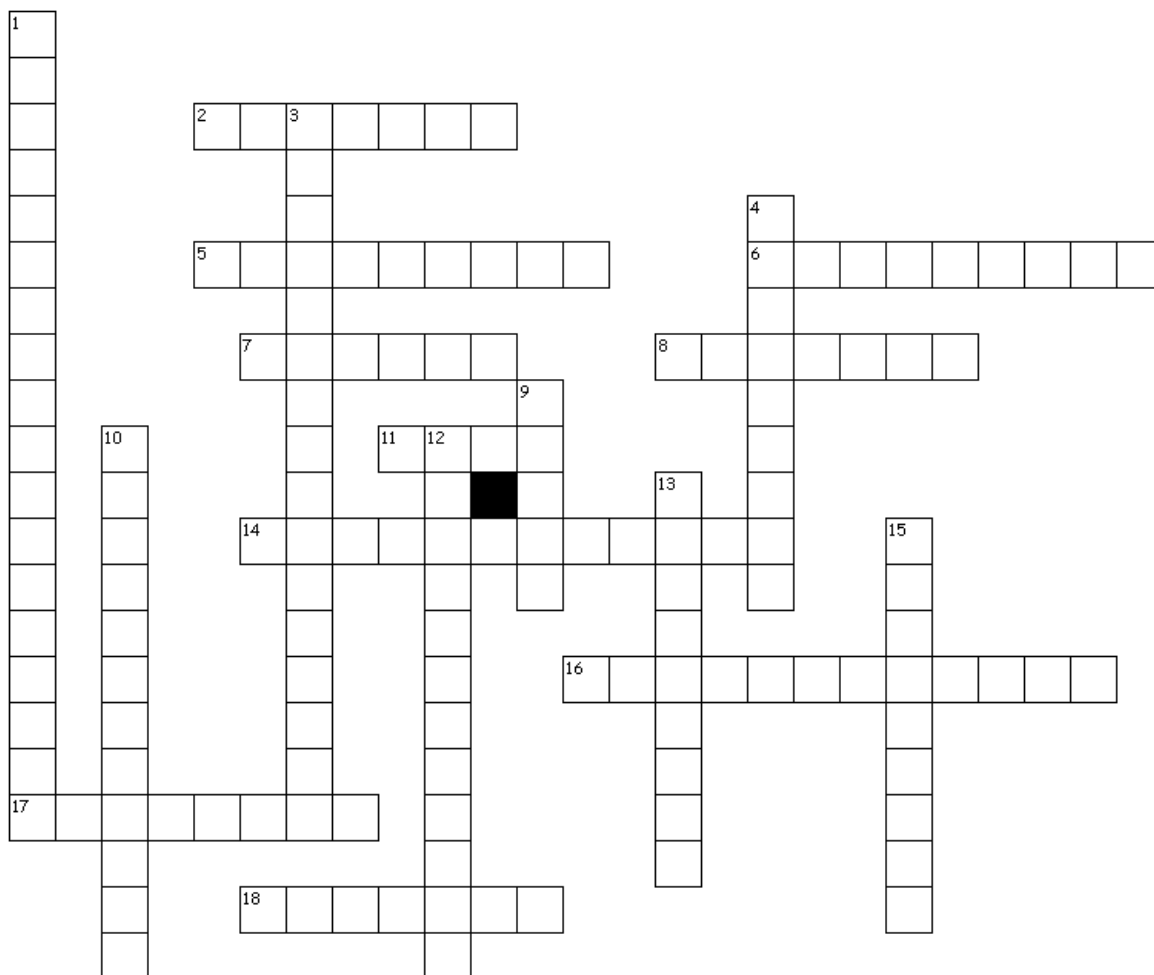
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## Worksheet 12.3

### Financial statements

---



#### ACROSS

- 2 Within 12 months (7)
- 5 Accounts payable (9)
- 6 Unable to pay all debts as they fall due (9)
- 7 Financial plan for the future (6)
- 8 Accounts receivable (7)
- 11 Cost of goods sold (4)
- 14 Shows the financial position at a particular point in time (7, 5)

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**NAME:**

**16** A measure of liquidity (7, 5)

**17** Total owned less total owed (3, 5)

**18** Money that the owners put into the business (7)

**DOWN**

**1**  $A = L + OE$  (10, 8)

**3** Also called a profit and loss statement (7, 9)

**4** Something that is owed (9)

**9** Something that is owned (5)

**10** Fall in the money value of an asset over time (12)

**12** The amount of money that the business owes to its owners (6, 6)

**13** Equals gross profit less general expenses (3, 6)

**15** An example of short-term debt finance (9)

## **ANSWERS**

### **Across**

**2** CURRENT

**5** CREDITORS

**6** INSOLVENT

**7** BUDGET

**8** DEBTORS

**11** COGS

**14** BALANCE SHEET

**16** CURRENT RATIO

**17** NET WORTH

**18** CAPITAL

### **Down**

**1** ACCOUNTING EQUATION

**3** REVENUE STATEMENT

**4** LIABILITY

**9** ASSET

**10** DEPRECIATION

**12** OWNERS' EQUITY

**13** NET PROFIT

**15** OVERDRAFT

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NAME:

## Worksheet 13.1

### Entrepreneurship

---

- 1 Entrepreneurs have many unique personal qualities that contribute to their success in running a business. The table below lists adjectives that have been used to describe the qualities of entrepreneurs.

Diligent	Persistent	Steadfast
Determined	Self-disciplined	Tenacious
Visionary	Creative thinker	Optimistic
Inspirational	Shrewd	Prudent

For each of the qualities, complete the following tasks:

- Write a definition that is appropriate for Business Studies.
- Identify the antonym of the quality; that is, a word that has the opposite meaning
- Write a Business Studies sentence using the adjective.

Write your answers on one or more separate pages.

- 2 Complete the following comprehension tasks:

- Identify three skills entrepreneurs can learn to improve their chances of success.

---

---

---

- Explain why it is important for entrepreneurs to have effective leadership qualities.

---

---

---

---

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**NAME:**

**c** Describe two important 'people skills' that entrepreneurs should possess.

---

---

---

**d** Explain why is it important for entrepreneurs to be able to handle stress.

---

---

---

---

---

---

NAME:

## Worksheet 14.1

### Case studies of successful entrepreneurs

---

1 Access the home page of Boost Juice at [www.boostjuice.com.au](http://www.boostjuice.com.au) and complete the following tasks:

a Who founded the business Boost Juice and where was the first outlet opened in Australia?

---

b What was the source of the original business idea?

---

---

c How many outlets does the business currently have?

---

d According to the website, what gives the business its advantage in the marketplace?

---

---

e Evaluate the website as an effective marketing tool for the business.

---

---

---

---

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**NAME:**

**2** Access the home page of Oporto at [www.oporto.com.au](http://www.oporto.com.au) and complete the following tasks:

**a** Who founded the business Oporto and when was the first outlet opened in Australia?

---

**b** What was the source of the original business idea?

---

**c** How many outlets does the business currently have? What method has the business used to expand?

---

**d** According to the website, what gives the business its advantage in the marketplace?

---

**e** Evaluate the website as an effective marketing tool for the business.

---

---

---

---

---

---

NAME:

## Worksheet 14.2

### Identifying business opportunities

---

1 Join the terms on the left with the definition on the right that is the best match.

Competitive advantage	Individuals who may choose to purchase the goods and services of a business
Intermediary market	The group of customers to which a business directs its marketing strategies
Niche market	Where the needs of the customers direct the marketing strategies of a business
Target market	These individuals purchase goods that have been completely finished and ready to be consumed
Demographics	The features of a population used to identify a group of customers or target market
Market-orientated approach	Made up of businesses that purchase inputs or semi-finished goods to turn into finished products
Potential customers	All consumers in society
Final consumers	Specialist businesses cater for these consumers by providing products to meet their precise wants
Mass market	This market is still developing and may be an opportunity for future sales
Potential markets	A feature of a business that gives it an edge over its rivals

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**NAME:**

**2** Complete the following cloze passage using the words listed below.

characteristics	demographic	developing
final	intermediate	markets
mass	niche	opportunity
orientated	population	potential
precise	research	satisfy
strategies	target	wants

Business may operate in many different \_\_\_\_\_. There are mass, niche, final and potential markets. When a business adopts a market-\_\_\_\_\_ approach it aims to satisfy the needs of consumers. Consumers can be individuals or other businesses. Individual consumers are the purchasers of \_\_\_\_\_ goods. Businesses are the purchasers of \_\_\_\_\_, semi-processed goods and raw materials that they will resell to final consumers. Businesses use market \_\_\_\_\_ to identify what the needs and \_\_\_\_\_ of its customers are and supply goods that \_\_\_\_\_ these needs and wants.

Market research is also used to identify the \_\_\_\_\_ market. This is the group of customers to which a business aims its marketing \_\_\_\_\_. A target market will have specific demographic \_\_\_\_\_; for example, a target market of females aged between 24 and 40 years who earn more than \$70 000 a year and live in a city. \_\_\_\_\_ features are the physical characteristics of a \_\_\_\_\_.

Market research may also reveal \_\_\_\_\_ markets. These markets are still \_\_\_\_\_. Entrepreneurs believe that these present an enormous \_\_\_\_\_ in the future for sales.

A business may sell its goods in a \_\_\_\_\_ market, which consists of all consumers, or it may choose a smaller \_\_\_\_\_ market. Specialist businesses cater for these consumers by providing products to meet their \_\_\_\_\_ wants.

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## ANSWER

- 2 Business may operate in many different **markets**. There are mass, niche, final and potential markets. When a business adopts a market-**orientated** approach it aims to satisfy the needs of consumers. Consumers can be individuals or other businesses. Individual consumers are the purchasers of **final** goods. Businesses are the purchasers of **intermediate**, semi-processed goods and raw materials that they will resell to final consumers. Businesses use market **research** to identify what the needs and **wants** of its customers are and supply goods that **satisfy** these needs and wants.

Market research is also used to identify the **target** market. This is the group of customers to which a business aims its marketing **strategies**. A target market will have specific demographic **characteristics**; for example, a target market of females aged between 24 and 40 years who earn more than \$70 000 a year and live in a city. **Demographic** features are the physical characteristics of a **population**.

Market research may also reveal **potential** markets. These markets are still **developing**. Entrepreneurs believe that these present an enormous **opportunity** in the future for sales.

A business may sell its goods in a **mass** market, which consists of all consumers, or it may choose a smaller **niche** market. Specialist businesses cater for these consumers by providing products to meet their **precise** wants.

NAME:

## Worksheet 15.1

### Types of markets

---

- 1 a Classify the following magazines and newspapers as being sold in the mass, potential, niche or micro market.

<b>Magazine/newspaper</b>	<b>Market</b>
---------------------------	---------------

*Mobile Phone Gamer*

*Waves*

*Fast Fours and Rotaries*

*Digital Photography*

*Daily Telegraph (Sydney)*

*Plastic Surgery World*

*Cosmopolitan*

*Retiree's Wealth Investor*

*Sydney Morning Herald*

*Model Railway Builder*

*Australian Mountain Biker*

*Australian Bride*

*Needlecraft and Sewing*

*Modern Funeral Directors' Monthly*

*TV Guide*

- b Select one of the magazines or newspapers you classified as being sold in the niche market in activity 1a. Justify why you classified this particular magazine or newspaper as niche market.
- 
- 

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**NAME:**

**2** Identify the market where there are generally very few competitors.

---

**3** Explain why potential markets represent a business opportunity.

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**4** Explain why mass markets are the easiest to penetrate.

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NAME:

## Worksheet 15.2

### Establishing a business

---

1 Find the following terms in the word puzzle below.

VALUE  
ADVISER  
DEMOGRAPHY  
FRANCHISE  
PRICE

CAPITAL  
MARKETING  
NICHE  
ENTREPRENEUR  
MASS MARKET\*

DEREGULATION  
FINANCE  
PATENT  
TARGET

\*Each of the words in this term appears separately in the puzzle below.

D S V N B L M C Y H S Q A J  
E U L A V A U L K F Z S E N  
R N A W D C T J H I C U A N  
E E T D W J P L M N B B X M  
G Q I R D Y R T D A T M A T  
U W P P E S I H C N A R F I  
L E A L M P T W V C K M O F  
A H C X O E R E J E Z C W O  
T B B I G T N E T A P W N Y  
I V S R R O H I N P U J C Q  
O C A D A P N B C E S E M P  
N T B B P G O X Z H U L H J  
A R F T H A D V I S E R K W  
V B R E Y L F M K B W E N I

**NAME:**

**2** Unscramble the following terms and explain their meaning in a Business Studies sense.

**a** coetpitivem vangaetad

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---

---

**b** ppotrnrityou

---

---

---

**c** enich

---

---

---

**d** itfseneb

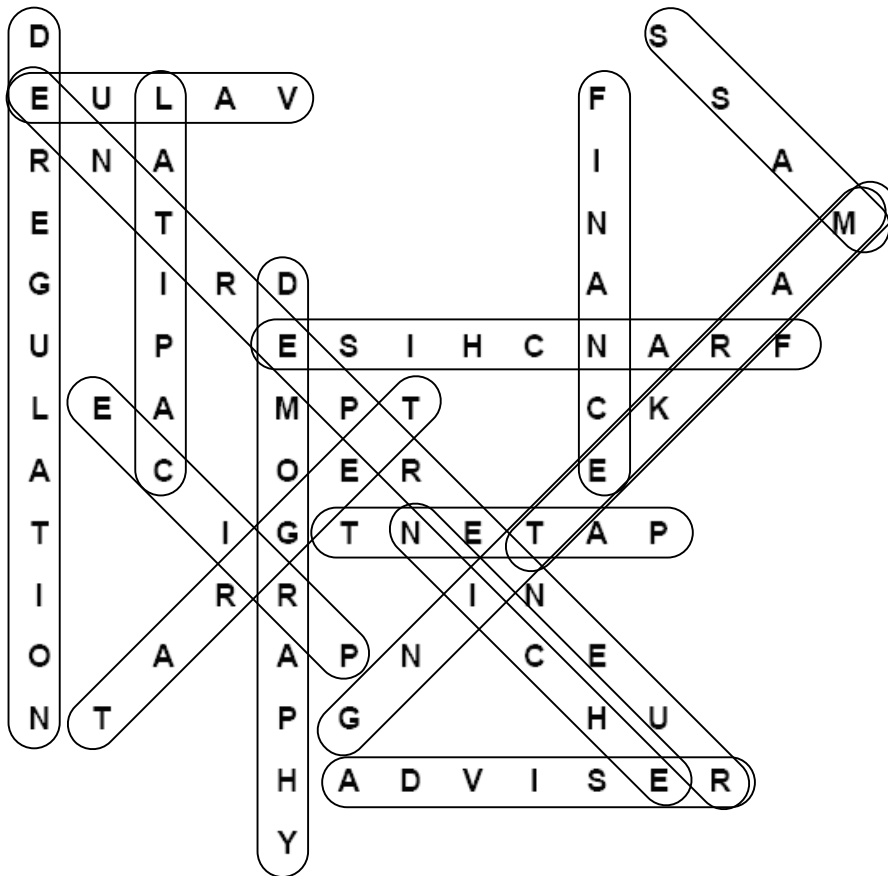
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**ANSWERS**

**1**



- 2**
- a** Competitive advantage
  - b** Opportunity
  - c** Niche
  - d** Benefits

**NAME:**

## **Worksheet 16.1**

### **Interview with a local retailer**

---

#### **YOUR TASK**

Investigate the key considerations of entrepreneurs/business owners when they established their business. Present your findings in an oral presentation.

#### **STEP 1**

Write 10 questions that cover the following areas:

- the establishment option chosen and the reason for the choice
- important features of location
- the source of capital used—debt, equity or both
- legal considerations
- suppliers—how they were found
- hiring staff
- outsourcing
- taxation.

#### **STEP 2**

Arrange a brief interview with the owner of a local shop, such as a takeaway or clothing retailer. Organise a time that is convenient to the owner—not during the owner's busiest hour of the day. Explain that you are a Business Studies student from the local high school and that you are interested in finding out how businesspeople make decisions in the real world. Entrepreneurs usually enjoy talking to young people about their business if they feel the young people will learn something from the experience.

#### **STEP 3**

Take a photo of the outside of the business and/or include the owner's business card as evidence of your visit. Collect any visual aids that may help in your oral presentation.

#### **STEP 4**

Summarise your findings in one page of notes to submit with your oral presentation. Use these as the basis of your presentation. Prepare any visual aids that you intend to present.

#### **STEP 5**

Present your findings to the class in a brief (3–5 minutes) oral presentation. Include any information that is unique to the business you investigated to add interest to your presentation.

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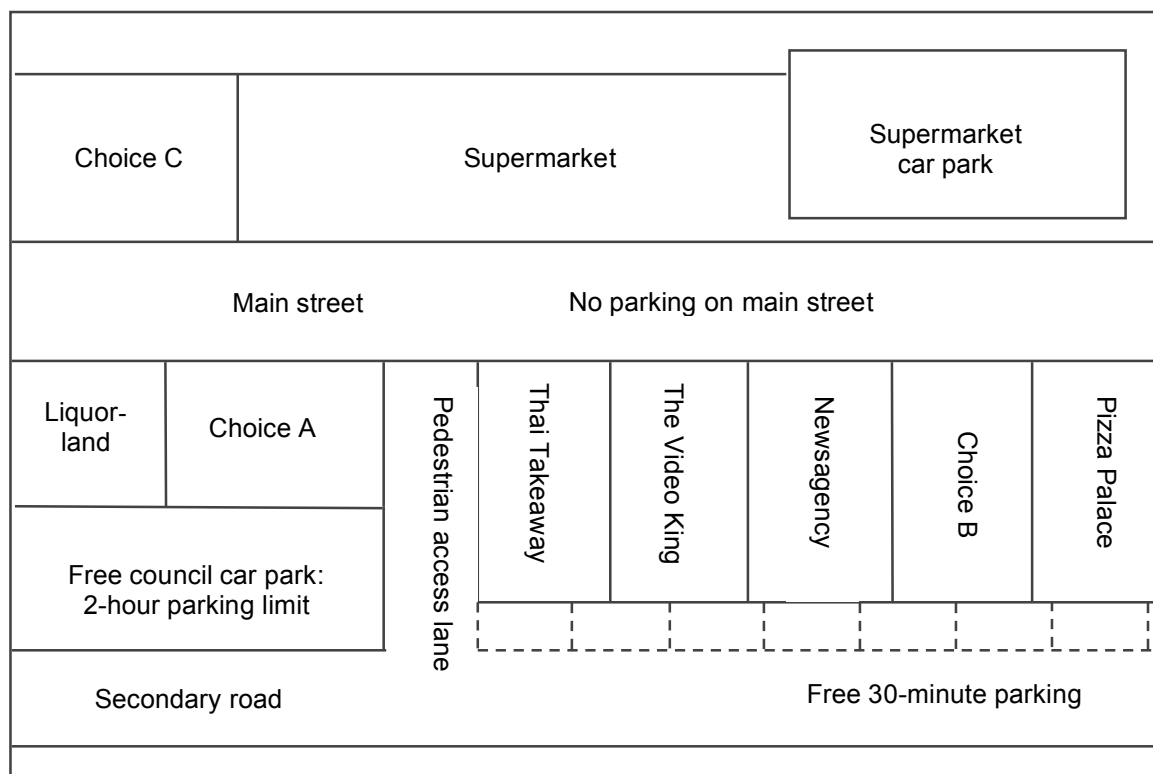
NAME:

## Worksheet 16.2

### Location

---

- Briefly describe the ideal physical location for each of the following types of business:
  - surfboard factory
  - motor mechanics
  - fast-food restaurant
  - furniture manufacturer
  - furniture retailer
  - newsagency
  - doctor's surgery
  - cafe
  - exclusive designer fashion store
  - supermarket
  - solicitor's office.
- The diagram below illustrates three choices (A, B or C) for the owners of DVD World to locate their new store. Identify the most ideal location for DVD World and justify your choice.



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**NAME:**

3 Read the information below and then complete the task that follows.

**Camp For Less Ltd, a retailer of low-cost camping and outdoor recreation gear, has decided to open its retail outlet in the same street as Extreme Low-Cost Equipment, Mountain Designs, Outdoor Gear, The Sydney Camping and Outdoor Store and Adventure Sports. All these retailers sell outdoor clothing and equipment for bushwalking, camping and mountain climbing and are within walking distance of each other.**

Explain the advantages for Camp For Less Ltd of locating next to its competitors.

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---

---

NAME:

## Worksheet 17.1

### Receivership

---

Complete the following cloze passage using the words listed below.

financial  
sell  
asset  
bank  
independent

paid  
person  
insolvent  
propose  
company

appointed  
powers  
unsecured  
debts  
liquidator

If a \_\_\_\_\_ is in serious \_\_\_\_\_ difficulty an independent person may be appointed by a secured creditor or the court. A secured creditor has lent money to the business with an \_\_\_\_\_, such as land or buildings, as security for the loan. The secured creditor can be a \_\_\_\_\_ or financial institution. If the secured creditor has reason to believe that it will not be \_\_\_\_\_ back it can appoint an \_\_\_\_\_ person to take control of the company. This will ensure that the secured loan is repaid. This \_\_\_\_\_ may be one of the following:

- a receiver
- an administrator
- a liquidator.

A receiver will look after a company's assets and \_\_\_\_\_ enough assets to repay the secured creditor. \_\_\_\_\_ creditors who are not paid may apply to the court to have a liquidator appointed.

An administrator has all the \_\_\_\_\_ of the company directors. The administrator's role is to run the business for 28 days and investigate its financial situation. Following this the administrator will \_\_\_\_\_ to the creditors that they:

- end the period of the administration and allow the directors to resume control
- approve a deed of company arrangement during which the business repays some or all of its \_\_\_\_\_  
or
- appoint a liquidator and wind up the business.

A liquidator may also be \_\_\_\_\_ by the company's shareholders if the business is \_\_\_\_\_; that is, it cannot pay its debts. The responsibility of the \_\_\_\_\_ is to sell all the company's assets in order to repay all the company's creditors.

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## ANSWER

If a **company** is in serious **financial** difficulty an independent person may be appointed by a secured creditor or the court. A secured creditor has lent money to the business with an **asset**, such as land or buildings, as security for the loan. The secured creditor can be a **bank** or financial institution. If the secured creditor has reason to believe that it will not be **paid** back it can appoint an **independent** person to take control of the company. This will ensure that the secured loan is repaid. This **person** may be one of the following:

- a receiver
- an administrator
- a liquidator.

A receiver will look after a company's assets and **sell** enough assets to repay the secured creditor. **Unsecured** creditors who are not paid may apply to the court to have a liquidator appointed.

An administrator has all the **powers** of the company directors. The administrator's role is to run the business for 28 days and investigate its financial situation. Following this the administrator will **propose** to the creditors that they:

- end the period of the administration and allow the directors to resume control
- approve a deed of company arrangement during which the business repays some or all of its **debts**  
or
- appoint a liquidator and wind up the business.

A liquidator may also be **appointed** by the company's shareholders if the business is **insolvent**; that is, it cannot pay its debts. The responsibility of the **liquidator** is to sell all the company's assets in order to repay all the company's creditors.

NAME:

## Worksheet 18.1

### The role of the business plan

---

- 1 Indicate which of the following statements about business plans are true and which are false.
- a A formal business plan is a written document. \_\_\_\_\_
  - b A business plan gives the firm a clear direction for the future. \_\_\_\_\_
  - c It allows the firm to identify its strengths. \_\_\_\_\_
  - d It allows the firm to overcome its strengths. \_\_\_\_\_
  - e It does not provide a basis for decision-making. \_\_\_\_\_
  - f It is a rigid and inflexible approach to growth. \_\_\_\_\_
  - g It can only set one target for the firm to achieve. \_\_\_\_\_
  - h It will present a threat to employees. \_\_\_\_\_
  - i For the employees it provides a sense of a common purpose. \_\_\_\_\_
  - j It may allow financial institutions to evaluate the risk for providing funds to the firm. \_\_\_\_\_
  - k It is only used for internal communication. \_\_\_\_\_
  - l The actual content of the plan will depend on the firm's stage in its business life cycle. \_\_\_\_\_
  - m The strategic plan is the long-term plan for the firm. \_\_\_\_\_
  - n All strategic plans cover at least 20 years into the future. \_\_\_\_\_
  - o Tactical plans need to fit in with the strategic plan. \_\_\_\_\_
  - p Tactical plans are made up by the most senior level of management. \_\_\_\_\_
  - q Tactical plans are short-term plans for departments of the business. \_\_\_\_\_
  - r Departments operate independently. \_\_\_\_\_
  - s Operational plans cover the day-to-day running of the business. \_\_\_\_\_
- 2 Select the false statements in task 1. On a separate page, change the false statements to make them true.
- 3 On a separate page, make up a summary of the role of business plans using the true statements from task 1 and your amended statements from task 2.

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## Worksheet 19.1

### Break-even analysis

---

The table below shows some of the monthly (based on four weeks) expenses for John's Fumigation Services Pty Ltd.

<b>Expense</b>	<b>Cost</b>
Rent	\$500
Electricity	\$200
Wages	\$2000
Phone	\$300
Vehicle	\$1000

Additionally, for each 100 units of fumigating John, the owner, incurs the expenses shown in the table below.

<b>Expense</b>	<b>Cost</b>
Fumigation spray	\$120
Ant/spider powder	\$40
Disposable face mask	\$20
Petrol and minor expenses	\$20

John charges \$400 for the average home. Each house takes John almost three hours to complete. He uses 100 units of fumigation products for each house. John is confident that he can complete two houses per day if the weather is fine and access to both internal and outside areas of the house is easy. At the present time John is the only person working in the business.

- 1 Calculate the total fixed cost for each month for this business.  

---
- 2 Calculate the variable cost for each 100 units of fumigation completed.  

---
- 3 Complete the table on the following page.
- 4 Once you have completed the table (see task 3), on a separate page draw a graphical presentation of the completed table. Follow the instructions below.
  - a Put the number of houses along the horizontal base line and dollars along the vertical axis.
  - b Plot the data. Label each line clearly.

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**NAME:**

- c Using shading, show the area representing a loss in one colour and the area representing a profit in another colour.
- d Mark in the break-even point.

**Break-even analysis for John's Fumigation Services Pty Ltd**

Number of houses	1	10	20	30	40
------------------	---	----	----	----	----

Total fixed cost

Total variable cost

Total cost  
(TFC+TVC)

Total revenue  
(price x no.  
of houses)

---

**Profit (or loss)**

---

5 How many houses need to be fumigated in one month for this firm to break even?

---

6 What level of profit is made if the firm can fumigate 30 houses in one month?

---

7 If everything went according to plan and the weather remained fine for fumigating, what is the maximum number of houses this firm could fumigate if monthly calculations are based on four weeks and John works five days a week?

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8 Can you suggest ways that this firm could improve its profitability?

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**ANSWERS**

1 Fixed cost = \$500 + \$200 + \$2000 + \$300 + \$1000 = \$4000

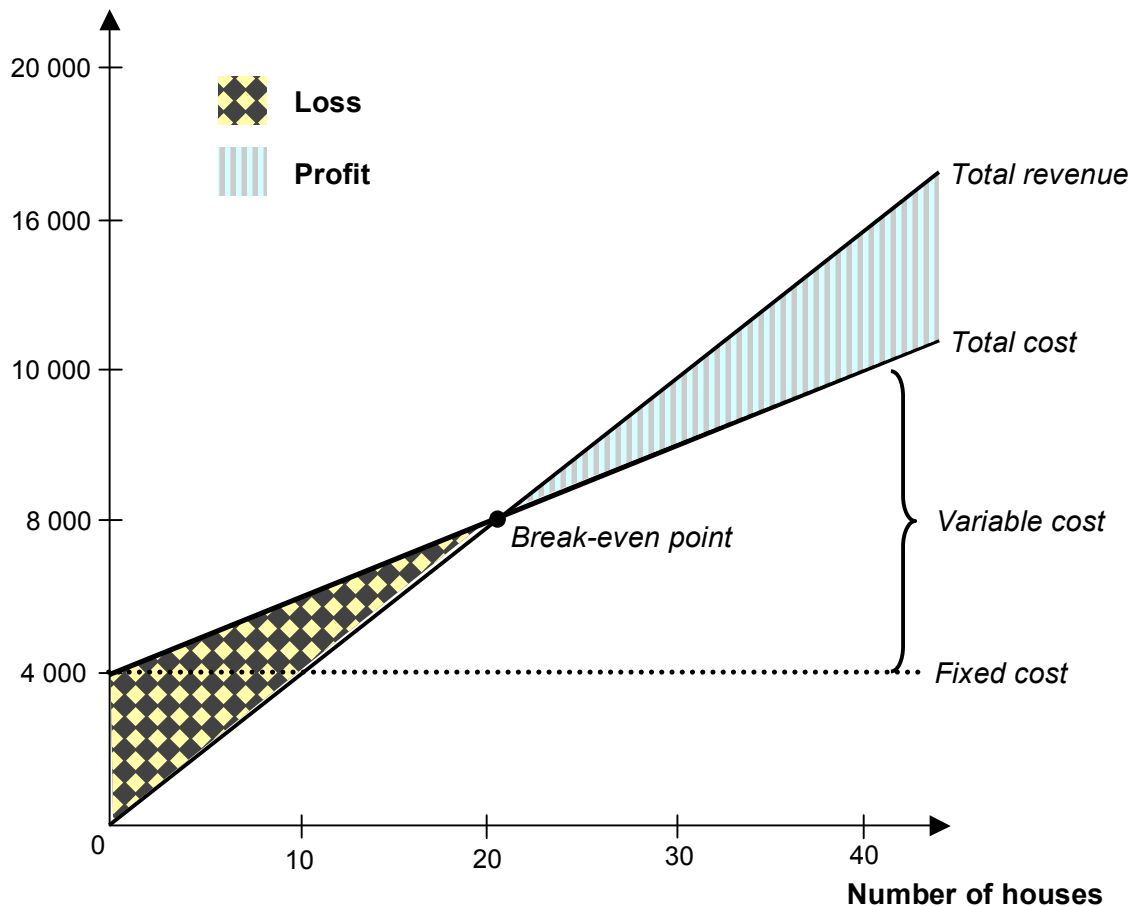
2 Variable cost = \$120 + \$40 + \$20 + \$20 = \$200

3

**Break-even analysis for John's Fumigation Services Pty Ltd**

Number of houses	1	10	20	30	40
Total fixed cost	\$4000	\$4000	\$4000	\$4000	\$4000
Total variable cost	\$200	\$2000	\$4000	\$6000	\$8000
Total cost (TFC+TVC)	\$4200	\$6000	\$8000	\$10 000	\$12 000
Total revenue (price x no. of houses)	\$400	\$4000	\$8000	\$12 000	\$16 000
<b>Profit (or loss)</b>	<b>Loss \$3800</b>	<b>Loss \$2000</b>	<b>-</b>	<b>\$2000</b>	<b>\$4000</b>

4



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## Worksheet 19.2

### The business planning process

---

Read the November 2004 media release below.

#### **Australians raise a smile and more than \$900 000 for sick kids on McHappy Day**

Yesterday, thousands of McDonald's customers across Australia bit into Big Macs with a smile, having contributed to a total donation of more than \$900 000 for seriously ill children on McHappy Day.

\$1 from every Big Mac sold yesterday will go directly to Ronald McDonald House Charities (RMHC), which supports a number of programs throughout Australia that help seriously ill children live happier, healthier lives.

'Since 1991, more than \$11 million has been raised for RMHC, with this year's donation results indicating that Australians are still as committed as ever to supporting seriously ill children,' said Guy Russo, Managing Director of McDonald's Australia.

'I'd like to thank all staff, customers, volunteers, celebrities and VIPs for making McHappy Day a success once again,' he said.

Further contributions were made by the community in the lead up to and on McHappy Day via donation buckets on the counter, donation envelopes in drive-thru or by phoning RMHC on 1300 307642.

Celebrities, who worked behind the counters, serving Big Macs and encouraging donations, included Cosima de Vito, Stuart MacGill, John Coates, Australian Idol finalists and Susie Maroney.

In the past 12 years, money raised on McHappy Day has gone towards such programs as building and maintaining 11 Ronald McDonald Houses across the country which provide a home-away-from-home for the families of seriously ill children; the establishment of the Ronald MacDonal Learning Program which helps children get back to school quicker after a long period of illness; the establishment of the RMHC Cord Blood Bank program; and the establishment of 3 Ronald McDonald Beach Houses to name but a few.

All costs associated with McHappy Day are funded by McDonald's restaurants, so every dollar raised goes directly towards RMHC and its priority programs.

After reading the above media release and using some of your knowledge, complete the following tasks:

- 1 Name the company involved in this event.
- 

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**NAME:**

**2** Explain what happens on McHappy Day.

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**3** List the stakeholders that this firm directly acknowledges for its assistance in this fundraiser.

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**4** Explain why the firm would enlist the aid of celebrities.

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**5** How are the costs of this fundraiser paid for?

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**6** The money raised is directed to where?

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**NAME:**

7 How can this firm relate this event to its goals?

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8 How would the firm hope to gain benefits for itself from this activity?

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9 Complete further research on the Ronald McDonald House Charities website ([www.rmhc.org.au](http://www.rmhc.org.au)). Investigate the firm's activities with:

- a Ronald McDonald Houses
- b Ronald McDonald Learning Program
- c RMHC Chord Blood Bank program
- d Ronald McDonald Beach House.

Using the results of this research, explain the relationship between the researched activities and the firm's responsibilities to some of its stakeholders.

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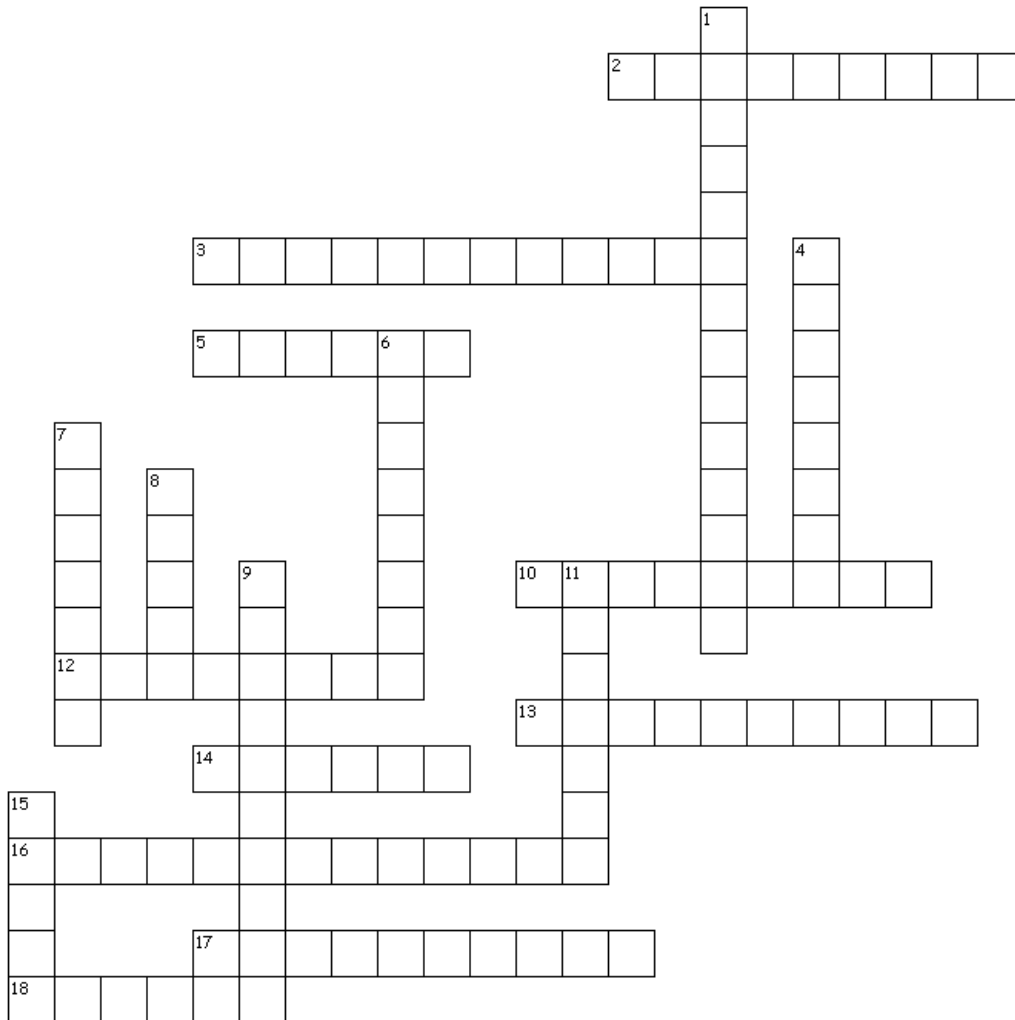
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NAME:

## Worksheet 19.3

### Business plan

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#### ACROSS

- 2 Finding out what the customers want and satisfying them (9)
- 3 Diagram showing major alternatives and probabilities of outcomes (8, 4)
- 5 Forecast of revenue and expenditure (6)
- 10 Good features of the business (9)
- 12 Inside the business (8)

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**NAME:**

**13** What the business does poorly (10)

**14** A summary of results (6)

**16** External factors that the business should take advantage of (13)

**17** Regular checking (10)

**18** A review of the business's competitive position (4)

**DOWN**

**1** Total cost = total revenue (9, 5)

**4** Prediction (8)

**6** Outside factors over which the business has very little or no control (8)

**7** Often changing (7)

**8** A full examination of a business's finances (5)

**9** The repair of an error (10)

**11** External factors that could damage the business (7)

**15** What it is hoped will ultimately be achieved (5)

## **ANSWERS**

### **Across**

- 2** MARKETING
- 3** DECISION TREE
- 5** BUDGET
- 10** STRENGTHS
- 12** INTERNAL
- 13** WEAKNESSES
- 14** REPORT
- 16** OPPORTUNITIES
- 17** MONITORING
- 18** SWOT

### **Down**

- 1** BREAKEVEN POINT
- 4** FORECAST
- 6** EXTERNAL
- 7** DYNAMIC
- 8** AUDIT
- 9** CORRECTION
- 11** THREATS
- 15** GOALS

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NAME:

## Worksheet 20.1

### Elements of the business plan

---

Cut out each of the following boxes and place them in a logical order to set out a business plan. Use the guide on the next page to assist with your layout.

MARKETING

Financial  
requirements

EXECUTIVE  
SUMMARY

FINANCE

Business  
description

Personnel  
requirements/skills

Description of  
product/service

Situational  
analysis

Market  
analysis

Financial  
records

Financial  
controls

Goals and  
strategies

Marketing  
strategies

OPERATIONS

Financial  
forecasts

Sales  
forecasting

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NAME:

## Worksheet 20.2

### Satellite Engineering: elements of the business plan

---

Throughout Chapter 20 in *Cambridge Preliminary Business Studies* there are references to a fictitious firm called Satellite Engineering. Complete the following tasks using information provided throughout Chapter 20.

- 1 Identify the legal structure used by Satellite Engineering.

---

- 2 What is Satellite Engineering's prime function?

---

- 3 What is Satellite Engineering's main purpose for preparing a business plan?

---

---

- 4 In which industry sector does Satellite Engineering operate?

---

- 5 To what industry sector does Satellite Engineering market?

---

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**NAME:**

**6** Research the meanings of the following terms and, on a separate page, provide a definition for each:

- a** whitegoods
- b** navigation
- c** sealed units
- d** reject rate
- e** bottlenecks

- f** audit
- g** redeploy staff
- h** anonymous
- i** warranty
- j** telemarketing.

**7** On a separate page, make up a SWOT analysis for Satellite Engineering by listing key points under each of the SWOT headings.

**8** Identify the strategic goals that Satellite Engineering has set for its future progress. (These are the goals set for the firm as a whole to achieve over the next few years.)

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**9** Identify the tactical objectives on which Satellite Engineering will focus. (These are the objectives set for the individual departments of the business, such as production.)

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## Worksheet 20.3

### Satellite Engineering: marketing

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Throughout Chapter 20 in *Cambridge Preliminary Business Studies* there are references to a fictitious firm called Satellite Engineering. Complete the following tasks using information provided throughout Chapter 20.

- 1 Identify Satellite Engineering's target market.

---

- 2 Is its target market changing? If so, how?

---

---

- 3 Explain how Satellite Engineering hopes to expand its market area.

---

---

- 4 Locate Table 20.6 in *Cambridge Preliminary Business Studies* and complete the following tasks:

- a Calculate the net profit as a percentage of sales for each of the five time periods presented.

- b Will this firm become more profitable if its progress goes according to the business plan?

---

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**NAME:**

- c** How would you describe Satellite Engineering's achievements if the average percentage return for other firms in this industry was 15 per cent?
- 
- 

- 5** Identify the market area to which Satellite Engineering hopes to sell its navigation equipment.
- 

- 6** On a separate page, under each of the four Ps—the elements of the marketing mix—create a point-form summary of each of the main strategies that Satellite Engineering will use.