

EXAMINER: S SINGH	MODERATOR: R GOVENDER	DURATION: 2 HOUR
NAME/SURNAME:	GRADE/DIV:	MARKS: 150

INSTRUCTIONS AND INFORMATION:

1. This paper consists of 7 printed pages
2. This question paper consists of **THREE** sections:
 - Section A: **COMPULSORY**
 - Section B: Consists of **THREE** questions. ANSWER any **TWO** questions
 - Section C: **ESSAY** question. Consists of **TWO** questions. ANSWER any **ONE** question.
3. Use the special answer sheet for section A
4. Start each question on a new page
5. Tick (✓) the question that you have completed on the special answer sheet.
6. Use the table below as a guide for mark and time allocation when answering each question.

SECTION A	QUESTION	MARKS	TIME
A COMPULSORY	1	30	20 MINS
	2	40	30 MINS
B ANSWER ANY TWO	3	40	30 MINS
	4	40	30 MINS
	5	40	40 MINS
C ANSWER ANY ONE	6	40	40 MINS

SECTION A: COMPLUSORY

QUESTION ONE

1.1. CHOOSE THE CORRECT ANSWER FROM THE OPTIONS PROVIDED. WRITE ONLY THE CORRECT ALPHABET NEXT TO THE NUMBER, FOR EXAMPLE: 1.1.6. B

1.1.1. When people use past decisions to guide them in their decision making.

- A) Abstract thinking
- B) Routine thinking
- C) Casual thinking
- D) Unique thinking

1.1.2. This is often done by one person or a member of senior management.

- A) Dictating
- B) Decision making
- C) Problem solving
- D) Delegating

1.1.3. The right granted to an individual or group to market a business's goods/services within a certain area:

- A) Franchise
- B) Patent
- C) Trademark
- D) Logo

1.1.4. The amount of money that is essential to start a business:

- A) Deposits
- B) Investments
- C) Start-up
- D) Inheritance

1.1.5. An emergency or a dangerous social situation involving change:

- A) Anxiety
- B) Flexible
- C) Fear
- D) Crisis

(5×2=10)

1.2. SELECT THE CORRECT OPTION FROM THE WORDS WITHIN BRACKETS.

1.2.1. The **(Scamper Technique/ mind map)** requires a person to ask directed questions regarding a problem in order to come up with new ideas.

1.2.2. **(Stress/ change)** is the way the body reacts to situations that a person finds difficult to control.

1.2.3. A **(prospectus/ dividends)** is a share of profits paid to shareholders of a company.

1.2.4. **(Ethical behaviour/ professional behaviour)** refers to what is right/wrong/acceptable in a business.

1.2.5. **(Unlimited liability/ limited liability)** is where there is maximum amount of money/ specific assets that are at risk if a business fails to meet its financial obligation.

(5×2=10)

1.3. MATCH COLUMN A WITH THE TERMS IN COLUMN B. WRITE ONLY THE CORRECT ALPHABET FROM COLUMN B NEXT TO THE NUMBER, FOR EXAMPLE: 1.1.6. B

COLUMN A	COLUMN B
1.3.1. A regulator that enables companies to be registered.	A) Franchise
1.3.2. This is when tax does not need to be paid on assets/ income.	B) Personal liability company
1.3.3. The achievement of desired goals and status.	C) Tax exemption
1.3.4. This is also known as the "Parent company"	D) Balanced lifestyle
1.3.5. The name of this business must end in INC.	E) Success
	F) CIPC

(5×2=10)

P.T.O/ SECTION B

SECTION B

ANSWER ANY TWO QUESTIONS FROM THIS SECTION

QUESTION TWO: BUSINESS VENTURES

2.1. Identify the avenue of acquiring a business, (Franchise, Outsourcing, and Leasing), illustrated in each statement below: (6)

2.1.1. James hires a financial accountant from Unilever to audit his financial records every year.

2.1.2. Karen invest R 2 000 000 to open up McDonalds in the Eastern Cape.

2.1.3. Mason enters into an agreement to use a printing machine for five years for a fee.

2.2. Read the scenario below and answer the questions that follow:

Teddy wants to start a garden service business. He is in need of a lawnmower. He decided, instead of buying a new one that he is going to lease one from Jimmy. Jimmy decided to allow Teddy to use the lawnmower for a period of 5 years.

2.2.1. **“The two parties to a lease agreement are the Lessor and Lessee.”**
Define who is the LESSOR and LESSEE in a lease agreement. (4)

2.2.2. Discuss the advantages of a lease for the lessee. (6)

2.2.3. Explain the contractual implications of a lease agreement/leasing. (6)

2.3. Read the scenario below and answer the questions that follow

Five years ago Daisy opened up a beauty salon called “DAISY BEAUTY SALON”. The success of her business has led to an increase in her customer base. Due to this, Daisy has been feeling very stressed and pressurised. She has decided to change her current form of ownership, as she realised that she requires more capital in order to expand her business.
Her business is now called “DAISY’S BEAUTY SALON LTD”.

2.3.1. Identify the form of ownership that Daisy changed her business to? Motivate your answer by quoting from the scenario. (3)

2.3.2. List FIVE (5) characteristics of a sole trader. (5)

2.3.3. Discuss the details that a prospectus should include. (4)

2.3.4. Copy and complete the table below: (6)

CHARACTERISTIC	SOLE TRADER	PUBLIC COMPANY
Name restriction		
Liability		
Number of owners		

(40 MARKS)

QUESTION THREE: BUSINESS ROLES

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3.1. Identify the problem solving technique described in each of the following: (10)

- 3.1.1. Daisy and Sean list the pro's and con's about their idea and then rate each one before making a decision.
- 3.1.2. Mary uses a diagram to represent her ideas, which are linked to and arranged around a central key word or idea.
- 3.1.3. Brady engaged in role-play conversation with an imaginary person in the other chair to clarify the advantages and disadvantages of a proposed solution to a problem.
- 3.1.4. The management of Kwezi's Bed and Breakfast has requested a group of experts to complete questionnaires to help solve business problems.
- 3.1.5. All members first generate ideas on their own and then share their ideas with other group members where they are voted.

3.2. Read the scenario below and answer the following questions

ABBY'S BUILDING CONSTRUCTION FIRM (ABC)

ABC has recently been experiencing low productivity. After investigation it was found that the company is not keeping up to date with global trends. In order to save the company, one of their strategies is to retrench unnecessary workers.

- 3.2.1. Identify TWO changes that ABC is experiencing. Motivate your answer by quoting from the scenario (6)
- 3.2.2. Recommend ways that a business can adapt to the changes identified in question 3.2.1. (4)
- 3.2.3. Outline any one step in crisis management. (1)
- 3.2.4. Discuss how a business should deal with a crisis. (6)

3.3. Read the scenario below and answer the questions that follow:

Mbaso has been working for 10 years in his store. Recently his supervisor requested an urgent meeting with him regarding incomplete reports.

At the meeting Mbaso was given a written warning since he was guilty of typing his personal documents instead of completing his business reports.

- 3.3.1. The unethical business practice in the scenario is "ABUSE OF WORK TIME".
Quote from the scenario, a statement that refers to "ABUSE OF WORK TIME". (1)
- 3.3.2. Explain how "ABUSE OF WORK TIME" will affect the business. (6)
- 3.3.3. Recommend ways a business can overcome the unethical practice of "ABUSING WORK TIME". (6)

(40 MARKS)

QUESTION FOUR: MISCELLANEOUS

BUSINESS VENTURES

4.1. Identify the form of ownership illustrated in each statement below: (10)

- 4.1.1. Steve is a successful baker who earns all of the profits.
- 4.1.2. Abe and Tim are running a sweetshop and they share all of their profits equally.
- 4.1.3. The Photo Studio Pty (LTD) does not allow the public to buy shares.
- 4.1.4. Mali NPC is involved in charitable work for the orphanage.
- 4.1.5. The government is the major shareholder in Transportation (SOC) ltd.

4.2. Discuss the disadvantages of outsourcing for a business. (6)

4.3. List FOUR details that must be included in a franchise agreement. (4)

BUSINESS ROLES

4.4. Identify the unethical business practice from the statements below: (8)

- 4.4.1. An advert placed by CELL C states that their prices are much more reasonable and lower than Vodacom's.
- 4.4.2. George's grocery store charging three times the price for his goods because he is the only store in the rural area.
- 4.4.3. A senior management who promises to promote a worker in return for sexual favours.
- 4.4.4. A manager using company money to pay a home loan.

4.5. List FOUR steps to the problem solving cycle. (4)

4.6. Discuss the importance of stress management. (4)

4.7. "Tax evasion results in the government having less money to spend on the basic needs of the country. Honest tax payers suffer as taxes increase to recover the money from those that do not pay."

4.7.1. Recommend ways a business can conduct regular payment of taxes in an ethical/professional manner. (4)

(40 MARKS)

P.T.O/SECTION C

ANSWER ANY ONE QUESTION FROM THIS SECTION

QUESTION FIVE: BUSINESS VENTURES

Joanne and Linda are qualified accountants who completed their studies last year. They wish to start their own business practice. They are considering either a partnership or a private company as possible forms of ownership.

Write a detailed report on the following:

- Outline the characteristics of a private company and a partnership
- Identify and explain the steps in setting up a company.
- Discuss the differences between a private company and a partnership.
- Explain the challenges of establishing a company.

(40 MARKS)

QUESTION SIX: BUSINESS ROLES

FURNITURE KING

The management of Furniture King wants to improve the quality of their timber because of various complaints from their customers. They have requested employees to generate new, creative ideas on how to improve their products to satisfy customer's needs.

In your response include the following:

- Distinguish between decision making and problem solving.
- Explain how Furniture King can apply Delphi and Nominal group techniques steps to solve business problems.
- Discuss the advantages of creative thinking in the workplace.
- Recommend ways in which Furniture King may create an environment that stimulate creative thinking.

(40 MARKS)

ALL THE BEST!!!

QUESTION ONE

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1.1. CHOOSE THE CORRECT ANSWER FROM THE OPTIONS PROVIDED. WRITE ONLY THE CORRECT ALPHABETH NEXT TO THE NUMBER, FOR EXAMPLE: 1.1.6. B

1.1.1. B //

1.1.2. B //

1.1.3. A //

1.1.4. C //

(10)

1.1.5. D //

1.2. SELECT THE CORRECT ANSWER WITHIN BRACKETS.

1.2.1. Scamper technique //

1.2.2. Stress //

1.2.3. Dividends //

1.2.4. Professional behaviour //

(10)

1.2.5. Limited liability //

1.3. MATCH COLUMN A AND B. WRITE ONLY THE CORRECT ALPHABETH FROM COLUMN B NEXT TO THE NUMBER, FOR EXAMPLE: 1.1.6. B

1.3.1. F //

1.3.2. C //

1.3.3. E //

1.3.4. A //

1.3.5. B //

(10)

(30 MARKS)



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SECTION B

ANSWER ANY TWO QUESTIONS FROM THIS SECTION

QUESTION TWO: BUSINESS VENTURES

2.1.1. Outsourcing //

2.1.2. Franchise //

2.1.3. Lease agreement //

(6)

2.2.1.

LESSEE	LESSOR
The person or business that pays to use the asset for a period of time. //	The person or business that allows the lessee to pay to use the asset for a period of time, and receives the money. //

2.2.2. Discuss the advantages of a lease for the lessee.

max (6)

- The lessee can obtain the use of an expensive asset without a large financial outlay. ✓
- The asset can be returned when not needed. ✓
- The leasing company bears the risk of obsolescence and repairs. ✓
- Most of the money is kept in the company instead of being spent on equipment. ✓
- Leasing payments are regarded as an operating expense and are therefore tax deductible. ✓
- The administration of leasing is simple and quick. ✓

2.2.3. Explain the contractual implications of a lease agreement/leasing.

max (6)

- The contract is between the lessee and the owner of the asset ✓
- The lessee rents the asset for a period of time. ✓
- The lessee pays leasing charges to the lessor in regular instalments, usually monthly instalments. ✓

2.3.1. Identify the form of ownership that Daisy changed her business to? Motivate your answer by quoting from the scenario.

(3)

- Private Company. Her business is now called "DAISY'S BEAUTY SALON LTD". ✓

2.3.2. List FIVE (5) characteristics of a sole trader.

max (5)

- No name restriction ✓
- Only one owner ✓
- No document required ✓
- Registration with the local authority for tax purposes ✓
- Requires a small amount of start-up capital ✓
- The owner has a personal interest in the business ✓
- The owner does not need to share the profits with anyone ✓
- Owner is motivated to earn more ✓
- Will be restricted in growth as only one person is providing capital ✓
- The owner pays tax in personal capacity. This may lead to long-term cash flow issues ✓

2.3.3. Discuss the details that a prospectus should include.

max (4)

- A summary of the company, including the vision and mission ✓
- A description of what the company does, and the goods or services ✓
- A description of the management of the company. ✓
- The marketing strategy and the target market ✓
- The financial information of the company. ✓
- An explanation of the potential for, and the risk of, investment. ✓

2.3.4. Copy and complete the table below:

(6)

CHARACTERISTIC	SOLE TRADER	PUBLIC COMPANY
Name restriction	None/ No restriction ✓	Must end in Ltd ✓
Liability	Unlimited liability ✓	Limited liability ✓
Number of owners	Only one ✓	1- Unlimited shareholders ✓

(40 MARKS)

QUESTION THREE: BUSINESS ROLES

3.1. Identify the problem solving technique described in each of the following:

(10)

3.1.1. Force-field analysis technique //

3.1.2. Mind mapping //

3.1.3. Empty chair technique //

3.1.4. Delphi- technique //

3.1.5. Nominal group technique //

3.2.1. Identify TWO changes that ABC is experiencing. Motivate your answer by quoting from the scenario

(6)

- Globalisation- "After investigation it was found that the company is not keeping up to date with global trends." //
- Retrenchment - "In order to save the company, one of their strategies is to retrench unnecessary workers." //

3.2.2. Recommend ways that a business can adapt to the changes identified in question 3.2.1.

CHANGE	ADAPTATION
1. Globalisation	<ul style="list-style-type: none">• Keep up with new trends. //• Local businesses need to be creative in making their products desirable and unique, even if they cannot be cheaper than the imported items. //• Businesses need to find ways to make their products more efficiently so that their prices become more competitive. // Mex 2
2. Retrenchment	<ul style="list-style-type: none">• Companies have to guard against long term financial pressure so that they don't have to retrench large number of employees. //• Employees should constantly develop their skills and be willing to adapt to new situations to make themselves indispensable. // Mex 2

3.2.3. Outline any one step in crisis management

max(1)

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Step 1	PREVENT ✓
Step 2	ASSESS ✓
Step 3	PLAN ✓
Step 4	INFORM ✓
Step 5	SUPPORT ✓
Step 6	RESOLVE ✓
Step 7	BE SENSITIVE ✓
Step 8	RETAIN CONTROL ✓

3.2.4. Discuss how a business should deal with a crisis.

max (6)

- Prioritise: make sure you identify what is really important to do each day and try not to get distracted by small details. ✓
- Break-it-down: break down the whole task into smaller deadlines so you can tick things off and feel that you are making progress. ✓
- If the deadline is impossible, negotiate a later one. You don't want to compromise on quality, because then your reputation suffers. ✓
- Still make time to sleep, exercise and relax in between and your mind will be more alert and your work better. ✓

3.3.1. The unethical business practice in the scenario is "ABUSE OF WORK TIME".

Quote from the scenario, a statement that refers to "ABUSE OF WORK TIME".

(1)

- "At the meeting Mbaso was given a written warning since he was guilty of typing his personal documents instead of completing his business reports." ✓

3.3.2. Explain how "ABUSE OF WORK TIME" will affect the business.

max (6)

- Some workers getting away with wasting time creates a bad atmosphere in the workplace and other workers may take advantage. ✓
- Productivity is low and the cost of production increases. ✓
- Customers are not provided with the products on time. ✓

3.3.3. Recommend ways a business can overcome the unethical practice of "ABUSING WORK TIME". (6)

- Businesses must explain to workers which actions constitute wasting time in the company code of conduct. ✓
- Monitoring of employee achievements ✓
- Creating a culture of responsibility towards the company. ✓
- Point out the problem to those who appear to be wasting time. ✓
- Create a feeling of teamwork so that all employees feel responsible for what has to be achieved. ✓

(40 MARKS)

QUESTION FOUR: MISCELLANEOUS

BUSINESS VENTURES

4.1. Identify the form of ownership illustrated in each statement below:

(10)

4.1.1. Sole trader //

4.1.2. Partnership //

4.1.3. Private company //

4.1.4. Non-profit company //

4.1.5. Personal liability company //

4.2. Discuss the disadvantages of outsourcing for a business.

max (6)

- The business has less control over activities, and this could have undesirable results.
- Sometimes the business has to face monopoly pricing and has to bear the cost.
- The business is dependent on the vendor for its production process. Therefore communication problems could cause frustration, and the vendor's problems could cause job losses in the company.

4.3. List FOUR details that must be included in a franchise agreement.

max (4)

- Trading name
- Background information
- Location
- Hours
- Management
- Marketing plan
- Production plan
- Funding

BUSINESS ROLES

4.4. Identify the unethical business practice from the statements below:

(8)

4.4.1. Unfair/ false advertising //

4.4.2. High pricing in rural areas //

4.4.3. Sexual harassment //

4.4.4. Unauthorised use of funds //

4.5. List FOUR steps to the problem solving cycle.

max (4)

- Identify the problem
- Define the problem
- Identify alternative solutions
- Evaluate alternative solutions
- Choose the best solution
- Formulate/develop an action plan/strategy
- Implement the action plan/strategy
- Evaluate the action plan /strategy/final solution

4.6. Discuss the importance of stress management.

max (4)

- Downloaded from Stanmorephysics.com
- Stress management assist in minimising high levels of absenteeism in the workplace ✓
 - Assist in minimising complaints/grievances from unsatisfied workers ✓
 - Crisis and change can be managed effectively when stress levels are low ✓
 - Less stressful working conditions motivates workers and promotes productivity ✓

4.7.1. Recommend ways a business can conduct regular payment of taxes in an ethical/professional manner.

max (4)

- Businesses should complete tax returns in detail and on time. ✓
- Businesses should not evade tax and honestly declare all income earned. ✓
- Businesses should pay tax to avoid government penalties and fines. ✓

(40 MARKS)

SECTION C

ANSWER ANY TWO QUESTIONS FROM THIS SECTION

QUESTION FIVE: BUSINESS VENTURES

INTRODUCTION

Starting a new business venture requires a lot of planning and organisation. New entrepreneurs should also evaluate the advantages and disadvantages of a form of ownership. max 2

BODY

1. Outline the characteristics of a private company and a partnership

PRIVATE COMPANY	PARTNERSHIP
<ul style="list-style-type: none">• The name of a private company must end in "proprietary limited "or (Pty) Ltd ✓• Minimum of one director and shareholder ✓• Can have between 1- unlimited members ✓• Needs to be registered with the CIPC ✓• Memorandum of incorporation and notice of incorporation needed ✓• Fee payable to CIPC ✓• Limited liability ✓• Managed by directors ✓• The company has separate legal identity ✓• Good opportunities for long term growth ✓• There are opportunities to reduce the tax that must be paid ✓• Start-up capital is contributed by the shareholders. ✓• The profits are distributed between the shareholders. ✓ <p style="text-align: right; margin-right: 50px;">sub max 5</p>	<ul style="list-style-type: none">• No name restriction ✓• Two or more partners ✓• To be registered with the local authority ✓• Requires a partnership agreement ✓• The capital is limited to the amount that partners can contribute ✓• Limited capital could restrict long-term growth ✓• More partners can be brought in to gain capital ✓• The business does not have a separate legal identity, which implies that the partners might be more cautious and less prepared to take risks ✓• The business will have limited growth ✓• Unlimited liability ✓• Partners pay tax in their personal capacity on profits earned from the partnership ✓• The high tax rates may lead to financial hardship, and the partners personal lives may suffer as a result of their failure to meet the businesses tax obligation ✓

	<ul style="list-style-type: none"> • The unlimited liability regarding tax may contribute to the failure of the business ✓ • Partners have personal interest in the business ✓ • Therefore they ensure that the business is well managed ✓ • However, partners are not specialist in management and entrepreneurship, which could lead to the underperformance of the business ✓ • Partners share the profits ✓ • All partners may not contribute equally. ✓
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sub max 5
max 10.

2. Identify and explain the steps in setting up a company.

1. Decide who the people involved are // (2)	The details of the individual people are needed for the registration process ✓ (2)
2. Contact CIPC to reserve a name for the company // (2)	You may need to offer more than one possible name in case the preferred name is already taken ✓ (2)
3. Complete a memorandum of incorporation // (2)	This is the initial set of documents that state all of the details of the company and its purpose, shareholders and directors. It can also be referred to as the company's charter ✓ (2)
4. File a notice of incorporation // (2)	This is a request to incorporate the company and it is submitted to CIPC ✓ (2)
5. Receive a registration number // (2)	This is a unique number provided to each business once the notice of incorporation has been accepted ✓ (2)
6. Establish a banking account and register for tax // (2)	Every business requires a bank account and needs to be registered with SARS ✓ (2)

max 24

3. Discuss the differences between a private company and a partnership.

PRIVATE COMPANY	PARTNERSHIP
<ul style="list-style-type: none"> The Name of the business must end in (PTY) Ltd 	There is no name restriction for this form of ownership.
<ul style="list-style-type: none"> The business must have between 1- unlimited shareholders who control and manage the business operations. 	The business must have between 2- unlimited partners who each contribute capital, skills or equipment towards the starting of the partnership.
<ul style="list-style-type: none"> The business has Limited liability, which means that their personal assets will not be sold if the business goes into debt. 	The business has unlimited liability, which means they are jointly and severally held liable for any debts that the business incurs.
<ul style="list-style-type: none"> The business has continuity, should any shareholder die, retire or resign the business will still continue to operate. 	A partnership Lacks continuity, in the event of any partner resigning, death or retiring, then the partnership agreement dissolves and a new agreement must be redrawn.
<ul style="list-style-type: none"> MOI and NOI are establishing documents for a private company and these must be submitted to the Registrar of Companies before it can start its operations 	The Partnership agreement is establishing document which must be signed by every partner before the partnership can commence.

Submax 3

Submax 3
max 6

4. Explain the challenges of establishing a company.

- Companies pay a higher tax than other forms of ownership
- It has to meet the requirement of publicly disclosing much financial information
- It has to submit audited annual financial statements
- It has to comply with stricter regulations in the new companies act on the running of the company, publishing of information, holding of meetings, auditing of accounts and appointing of an audit committee to increase accountability and transparency.

max 6

Conclusion

When choosing a form of ownership, it is important to weigh up the options carefully as the wrong form of ownership could lead to the failure of the business.

max 2

MARK ALLOCATION

Introduction	10
1. Characteristics	10
2. Steps in setting up a business	24
3. Differences	6
4. Challenges of establishing a company	6
Conclusion	2
Analysis	2
Layout	2
Synthesis	2
Originality	2
TOTAL	40

QUESTION SIX: BUSINESS ROLES

Introduction

An entrepreneur that encourages employees to be creative thinkers will always generate unique solutions to their problems. Creative thinking can also be used to maintain your competitive advantage. max 2

Body

1. Distinguish between decision making and problem solving.

<u>Problem solving</u>	<u>Decision making</u>
<ul style="list-style-type: none">• Problem can be solved by a group/ team or an individual team member. ✓• Alternative solutions are generated/ identified and critically evaluated. ✓• Process of analysing a situation to identify strategies to bring about change. ✓ <p style="text-align: right;">Sub max 4</p>	<ul style="list-style-type: none">• It is often done by one person/ a member of a senior management who makes it authoritarian. ✓• Various alternatives are considered before deciding on the best one. ✓• It is part of the problem solving cycle as decisions need to be taken in each step. ✓ <p style="text-align: right;">Sub max 4</p>

max 5

2. Explain how Furniture King can apply Delphi and nominal group techniques to solve business problems.

• Delphi-technique

Steps:

1. Carefully select a panel of experts to answer a questionnaire ✓
2. Experts should answer the questionnaire anonymously ✓
3. The answers are processed ✓
4. From the answers of the first questionnaire, a second questionnaire is developed. ✓
5. This process continues until the answers provided by the experts show that they agree with one another. ✓

Submax 10

• Nominal group technique

STEPS

1. Think of ideas- each participant must write down his/her solution to the problem ✓
2. Report ideas- participants share their ideas with the group. Each idea is written up, using the participant's exact words. ✓
3. Clarify ideas – participants discuss ideas openly and clarify ideas if necessary. ✓
4. Rank ideas – participants rank ideas in order of importance. This is done individually. ✓
5. Announce solutions – the most popular idea is chosen as the solution. ✓

Submax 10

(Max. 20)

3. Discuss the advantages of creative thinking in the workplace.

- Better/unique/unconventional ideas/solutions are generated.
- May give the business a competitive advantage if unusual/unique solutions/ideas are implemented.
- Complex business problems may be solved.
- Productivity increases as management/employees may quickly generate multiple ideas which utilises time and money more effectively.
- Managers/employees have more confidence as they can live up to their full potential.
- Managers will be better leaders as they will be able to handle/manage changes positively and creatively.
- Managers/employees can develop a completely new outlook, which may be applied to any task they may do.
- Leads to more positive attitudes as managers/ employees feel that they have contributed towards problem solving.
- Improves motivation amongst staff.
- Creativity may lead to new inventions which improves the general standard of living.
- Increases productivity.
- Improves a product to maintain a demand.
- Find better ways to serve consumers.
- Increases profitability.

max 10.

4. Recommend ways in which Furniture King may create an environment that stimulate creative thinking

- provide a working environment that is free from distractions.
- Reward creativity by introducing reward schemes for teams/individuals who come up with creative ideas.
- Respond enthusiastically to all ideas and never let anyone feel less important.
- Encourage alternative ways of doing things.
- Encourage job swops within the organisation/studying how other businesses are doing things.
- Train staff in innovative techniques /creative problem solving skills/mind mapping/lateral thinking.
- Place suggestion boxes around the workplace and keep communication channels open for new ideas.
- Encourage staff to come up with new ideas/opinions/solutions.
- Emphasize the importance of creative thinking to ensure that all staff knows that you want to hear their ideas.

max 10

Conclusion

Creative thinking has many benefits for a business if it is used effectively.

max 2 .

MARK ALLOCATION

Introduction	2
1. Difference between problem solving and decision making	8
2. Application of Delphi and nominal group	20
3. Advantages of creative thinking	10
4. Ways to stimulate creative thinking	10
Conclusion	2
Analysis	2
Layout	2
Synthesis	2
Originality	2
TOTAL	40