

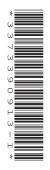
ENTERPRISE

Paper 1

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0454/12 May/June 2015

1 hour 30 minutes



READ THESE INSTRUCTIONS FIRST

This Insert contains the case study for use when answering the questions.

Anything the candidate writes on this Insert will **not** be marked.

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



CASE STUDY

KIRSTY'S DESIGNS

Background

Kirsty is a talented artist. From a young age, she had dreamed of selling her artwork to people all over the world. She had always wanted to have a job that allowed her to use her creativity. When she left school she started to work part-time in a local office, but in her spare time she continued to produce artwork.

The idea

As a present for her friend Nina's birthday, Kirsty drew a small picture of the local town. Nina, who was a local entrepreneur, was very pleased with the picture. She told Kirsty that some visitors to her house had been impressed by the picture and had asked where they could buy copies.



Fig. 1 – An example of Kirsty's artwork

Nina thought that Kirsty might be able to sell her artwork. The local town was very popular with tourists and Nina thought they might like to take home one of Kirsty's pictures as a reminder of their visit. Nina suggested that Kirsty start her own enterprise and rent a stall in the local market to sell her artwork.

Kirsty was encouraged by Nina's praise. She had never thought of setting up her own enterprise, because she did not think that she had the skills needed for this.

Kirsty knew that all enterprises involved rewards and challenges. To fill a stall with artwork that would be popular with tourists would be a major challenge for her.

She realised that starting her own enterprise would be a risk and she always tried to avoid risks. She decided to do some research into her local competition and potential customers to help her reduce the risks.

The results of the research

The results of the research showed that the stall might do very well. There was no local competition selling similar artwork. Kirsty had also observed a large number of tourists shopping in the town.

She had seen lots of tourists buying T-shirts. Kirsty thought she could be even more successful if she produced T-shirts printed with her own designs or pictures of the local area.



Fig. 2

The printing of T-shirts would mean a large investment for her. She would need to buy materials, a computer and a printer. Kirsty had only a small amount of personal savings and she would need to arrange an additional source of finance to fund this investment.

Planning

Kirsty knew that an important step would be to produce a business plan for her new enterprise, Kirsty's Designs. She wrote a plan with Nina's help. This business plan helped Kirsty to see the problems that might occur in the enterprise.

Although Nina had helped her a great deal, Kirsty thought that she would need a more formal source of help. She therefore arranged a meeting with a local bank manager.

The meeting with the bank manager

At this meeting Kirsty explained her enterprise idea for Kirsty's Designs. Kirsty wanted her enterprise to be profitable, but she also wanted it to be run in an ethical manner and she saw these as important business objectives. For example, she intended to buy the T-shirts from a Fair Trade supplier.

Kirsty had a major worry that she would break a law or regulation. The bank manager told her about the laws and regulations that could affect employment, marketing, production and selling. The bank manager also helped Kirsty to complete the financial forecasts for Kirsty's Designs. He suggested that to help her with her finances, she should arrange credit with her suppliers.

Starting Out

After the meeting with the bank manager Kirsty was sure that Kirsty's Designs would be a success. She bought the equipment and materials to start printing the designs onto the T-shirts and arranged to rent a stall in the local market. Now there was only one thing left to do, and that was to arrange the marketing.

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