Citrus Business Management Programme

Module 4

Launch and Grow your Business

Summative PoE Guide

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Contents

Learner Orientation

Background Information

The main theme of this module is to guide entrepreneurs when obtaining finance for their business and to assist them in understanding the art and discipline of contract negotiation

The module will cover aspects such as:

- Financing a new business.
- Step-by-step through negotiating deals and contracts.
- Critical reading and comprehensions skills required for understanding financial and contractual documents.

This module contributes to the exit level outcome and associated criteria:

3. Demonstrate an understanding of basic economics within a market economy.
    - 3.1 An understanding is demonstrated of new venture financing sources and opportunities.
    - 3.2 An understanding is demonstrated of the principles of micro and macro-economics.
    - 3.3 Potential threats and opportunities within the economic environment are identified for future business decision making.
    - 3.4 An understanding is demonstrated of business competitiveness.

Range: Business competitiveness includes but is not limited to factors such as inflation, exchange rates, interest rates, economic indicators and competition.

This module comprises of 3 unit standards and attracts 15 credits.

This module is aligned to unit standards:

Finance a new business	114584	Finance a new venture	C	4	5
Negotiation	13948	Negotiate an agreement or deal in an authentic work situation	C	4	5
Critical reading and comprehension	119457	Interpret and use information from texts	C	4	5

Unit Standard Information

Finance a new venture

SAQA US ID	**UNIT STANDARD TITLE**			
114584	Finance a new venture			
ORIGINATOR				
SGB Generic Management				
PRIMARY OR DELEGATED QUALITY ASSURANCE FUNCTIONARY				
-				
FIELD			**SUBFIELD**	
Field 03 - Business, Commerce and Management Studies			Generic Management	
ABET BAND	**UNIT STANDARD TYPE**	**PRE-2009 NQF LEVEL**	**NQF LEVEL**	**CREDITS**
Undefined	Regular-Fundamental	Level 4	NQF Level 04	5
REGISTRATION STATUS		**REGISTRATION START DATE**	**REGISTRATION END DATE**	**SAQA DECISION NUMBER**
Reregistered		2015-07-01	2018-06-30	SAQA 10105/14
LAST DATE FOR ENROLMENT		**LAST DATE FOR ACHIEVEMENT**		
2019-06-30		2022-06-30		

In all of the tables in this document, both the pre-2009 NQF Level and the NQF Level is shown. In the text (purpose statements, qualification rules, etc), any references to NQF Levels are to the pre-2009 levels unless specifically stated otherwise.

This unit standard does not replace any other unit standard and is not replaced by any other unit standard.

PURPOSE OF THE UNIT STANDARD

This Unit standard is intended for learners who need to make decisions and recommendations about financing options for a new venture.

The qualifying learner will be able to:

- Determine the capital requirements of the new venture.
- Identify and compare all short term and long term funding options and services offered by the finance industry for new ventures.
- Compile personal income and expenditure and assets and liabilities statements.
- Identify the requirements and processes to access the selected financing option for the new venture.
- Identify alternative sources to secure finance for a new venture.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

Learners accessing this qualification should be competent in Computer Literacy, mathematical Literacy and Communication at NQF Level 4 or equivalent.

UNIT STANDARD RANGE

- Funding requirements and capital structure include working, fixed, debt and equity capital.
- Banking and financial institutions may include but are not limited to registered banks, merchant banks, and micro-finance institutions.
- Alternative funding options.

Negotiate an agreement or deal in an authentic work situation

SAQA US ID	**UNIT STANDARD TITLE**			
13948	Negotiate an agreement or deal in an authentic work situation			
ORIGINATOR				
SGB Generic Management				
PRIMARY OR DELEGATED QUALITY ASSURANCE FUNCTIONARY				
-				
FIELD			**SUBFIELD**	
Field 03 - Business, Commerce and Management Studies			Generic Management	
ABET BAND	**UNIT STANDARD TYPE**	**PRE-2009 NQF LEVEL**	**NQF LEVEL**	**CREDITS**
Undefined	Regular-Fundamental	Level 4	NQF Level 04	5
REGISTRATION STATUS		**REGISTRATION START DATE**	**REGISTRATION END DATE**	**SAQA DECISION NUMBER**
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This unit standard does not replace any other unit standard and is not replaced by any other unit standard.

PURPOSE OF THE UNIT STANDARD

This unit standard is intended as part of a qualification for managers of small businesses and junior managers of business units in larger organisations. The term business unit in this unit standard implies a small business, cost centre, section or department. The unit standard could be useful for any employee who is involved in situations where negotiation skills are required.

Junior managers include, but are not limited to team leaders, supervisors, first line managers and section heads. The position or term is used to describe the first level of management in an organisation at which an employee has other employees reporting to him/her.

The qualifying learner is capable of:

- Explaining the need for negotiation skills in business.
- Explaining the steps in the negotiation process.
- Applying the steps in the negotiation process to an authentic situation.
- Explaining strategies that could be used in negotiation.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

There is open access to this unit standard.

Learners should be competent in Communication and Mathematical Literacy at NQF Level 3.

UNIT STANDARD RANGE

- For the purpose of this unit standard the term business unit is used to mean a cost centre, department or small business.
- Steps in the negotiation process include preparation, presentation, probing, bargaining and closing.

- Different types of closure include but are not limited to, concession close, summary close, adjournment close, or-else close and either-or close.

Interpret and use information from texts

SAQA US ID	**UNIT STANDARD TITLE**			
119457	Interpret and use information from texts			
ORIGINATOR				
SGB GET/FET Language and Communication				
PRIMARY OR DELEGATED QUALITY ASSURANCE FUNCTIONARY				
-				
FIELD			**SUBFIELD**	
Field 04 - Communication Studies and Language			Language	
ABET BAND	**UNIT STANDARD TYPE**	**PRE-2009 NQF LEVEL**	**NQF LEVEL**	**CREDITS**
Undefined	Regular-Fundamental	Level 3	NQF Level 03	5
REGISTRATION STATUS		**REGISTRATION START DATE**	**REGISTRATION END DATE**	**SAQA DECISION NUMBER**
Reregistered		2015-07-01	2018-06-30	SAQA 10105/14
LAST DATE FOR ENROLMENT		**LAST DATE FOR ACHIEVEMENT**		
2019-06-30		2022-06-30		

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This unit standard replaces:

US ID	**Unit Standard Title**	**Pre-2009 NQF Level**	**NQF Level**	**Credits**	**Replacement Status**
8969	Interpret and use information from texts	Level 3	NQF Level 03	5	Complete

PURPOSE OF THE UNIT STANDARD

Learners at this level read and view a range of texts. People credited with this unit standard are able to read and view a variety of text types with understanding and to justify their views and responses by reference to detailed evidence from texts. They are also able to evaluate the effectiveness of different texts for different audiences and purposes by using a set of criteria for analysis.

Learners credited with this unit standard are able to:
- Use a range of reading and viewing strategies to understand the literal meaning of specific texts
- Use strategies for extracting implicit messages in texts
- Respond to selected texts in a manner appropriate to the context
- Explore and explain how language structures and features may influence a reader/viewer

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

The credit calculation is based on the assumption that learners are already competent in terms of the following outcomes or areas of learning when starting to learn towards this unit standard: Level 2 unit standards entitled Access and use information from texts.

UNIT STANDARD RANGE

A variety of written and/or signed/visual texts used in socio-cultural, learning and workplace contexts.

Specific range statements are provided in the body of the unit standard where they apply to particular specific outcomes or assessment criteria.

information

Unit Standard References

The SAQA registered unit standards associated with this learning program are included in this guide for your information.

Please do not hesitate to ask the facilitator or assessor to explain anything that you do not understand or need help with.

Associated Qualification

This unit standard forms part of the learner support materials for the following qualification:

Further Education and Training Certificate: New Venture Creation

SAQA QUAL ID	**QUALIFICATION TITLE**			
66249	Further Education and Training Certificate: New Venture Creation			
ORIGINATOR				
Task Team - New Venture Creation				
PRIMARY OR DELEGATED QUALITY ASSURANCE FUNCTIONARY			**NQF SUB-FRAMEWORK**	
SERVICES - Services Sector Education and Training Authority			OQSF - Occupational Qualifications Sub-framework	
QUALIFICATION TYPE	**FIELD**		**SUBFIELD**	
Further Ed and Training Cert	Field 03 - Business, Commerce and Management Studies		Generic Management	
ABET BAND	**MINIMUM CREDITS**	**PRE-2009 NQF LEVEL**	**NQF LEVEL**	**QUAL CLASS**
Undefined	149	Level 4	NQF Level 04	Regular-Unit Stds Based
REGISTRATION STATUS		**SAQA DECISION NUMBER**	**REGISTRATION START DATE**	**REGISTRATION END DATE**
Reregistered		SAQA 10105/14	2015-07-01	2018-06-30
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This qualification replaces:

Qual ID	Qualification Title	Pre-2009 NQF Level	NQF Level	Min Credits	Replacement Status
23953	Further Education and Training Certificate: New Venture Creation (SMME)	Level 4	NQF Level 04	162	Complete

Learner Details

First name:	
Surname:	
ID number:	
Mobile phone contact number:	
E-mail address:	
Postal address:	
Dates on which you completed this summative PoE guide:	
Declaration:	I hereby confirm that: • I received the assessment plan and schedule. • I understand my rights in terms of special needs, re-assessment, feedback and appeals against assessment decisions. • I completed the summative assessment independently without assistance from anyone else.
Date:	
Place:	
Signature:	
Signature of Assessor:	

information

Important

Please remember that this document is seen as legal evidence of your competence. It is very important that you sign and date each section where requested. Your signature confirms that this work is your own and that you have not committed fraud in any way.

Section 1: Summative Assessment Activities

S114584.1 – Research Questionnaire

- ✓ Work individually to complete this analysis questionnaire.
- ✓ Analyse the questions and statements carefully and do research by referring to your learner guide and subject matter experts to answer the questions.
- ✓ Do not discuss your answers with other learners as it is important that the answers reflect your OWN understanding.
- ✓ Time to spend on this assessment activity: 1 hour.

Questions:

1. Explain how you would go about determining the capital requirements of a citrus farm? (2)

2. Give examples of at least three items that should be included when considering the funding requirements for a typical agricultural business venture.(3)

3. Define the term "capital".

4. Explain the steps you would take to determine the capital structure and requirements of a new business. (3)

5. Give examples of at least three types of fixed assets that would be required by a citrus production unit or a citrus packhouse. (3)

6. Explain what you think the term "pre-operating" costs means, and give two examples of these types of costs in terms of starting an agricultural venture .(3)

7. Explain how you would ensure that you calculate the correct value of pre-operating costs accurately. (2)

8. Explain what you think the term "monthly operating" costs means, and give two examples of these types of costs in terms of starting an agricultural venture .(3)

9. How would you ensure that you calculate the correct value of operating costs accurately? (2)

10. How would you determine the break-even point of a business? (2)

11. If the business break-even point is unrealistic, how would that influence your decision to continue with the start-up of the business? (1)

S114584.2 – Research Questionnaire and Work Sample

- ✓ Work individually to complete this analysis questionnaire.
- ✓ Analyse the questions and statements carefully and do research by referring to your learner guide and subject matter experts, as well as information listed on the internet and from your local commercial banking institutions, to answer the questions.
- ✓ Do not discuss your answers with other learners as it is important that the answers reflect your OWN understanding.
- ✓ Time to spend on this assessment activity: 1 hour.

Research Questions:

1. List at least four possible sources for business financing in the primary agricultural sector. (4)

2. Visit a commercial bank and ask them to give you information on at least two different financing options available to entrepreneurs in the primary and secondary agricultural sector. Attach the information leaflets below. (2)

Attach 2 examples here:

2.1. Write a brief summary of your understanding of what each product entails.

2.1.1. Financing Product 1 (3)

2.1.2. Financing Product 2 (3)

3. How does the cost of the two different funding options compare? Which do you think would be more suitable for an entrepreneur in the primary agricultural sector and why? (4)

4. List two short-term, and two long-term advantages and disadvantages of the two different financing options that you presented above.

   4.1. Option 1 (8)

Advantages	**Disadvantages**

   4.2. Option 2 (8)

Advantages	**Disadvantages**

S114584.3 – Work Sample Presentation and Reflective Questionnaire

- ✓ Work individually to complete this analysis questionnaire.
- ✓ Analyse the questions and statements carefully and do research by referring to your learner study guide and subject matter experts, as well as information listed on the internet and from your local commercial banking institutions, to answer the questions.
- ✓ Do not discuss your answers with other learners as it is important that the answers reflect your OWN understanding.
- ✓ Time to spend on this assessment activity: 1 hour.

As an entrepreneur seeking finance for a new business, you will be required to submit personal financial statements. This will include a personal income statement and an assets and liabilities statement.

Questions:

1. Refer to the frameworks you prepared in class and then produce samples of each of the following documents considered personal financial statements:

   1.1. Personal income and expenditure statement. (6)

1.2. Personal assets and liabilities statement. (4)

2. List at least two examples of situations when you may be asked to present your own personal assets and liabilities statement. (2)

3. Explain the concepts of interest and repayments in terms of business finance. (2)

S114584.4 – Knowledge Questionnaire

- ✓ Work individually to complete this analysis questionnaire.
- ✓ Analyse the questions and statements carefully and answer from your own experience.
- ✓ Do not discuss your answers with other learners as it is important that the answers reflect your OWN understanding.
- ✓ Time to spend on this assessment activity: 1 ½ hours.

Questions:

1. There are different sources and alternatives available to entrepreneurs in terms of financing options, but each option requires a structured application process and key elements and considerations in order to obtain the finance needed.

Draft a simple flow diagram explaining the requirements and processes required by commercial banks when applying for finance. (4)

2. Explain what collateral is. (2)

3. What kind of collateral would you think suitable to put up against financing a new citrus production unit? (1)

4. Would the collateral requirements be different if you were seeking finance to start a transport and logistics business and needed to buy a large truck? Explain your answer. (2)

5. List at least three possible documents that are normally required to back up financing applications. (3)

6. What is the role of a business plan in terms of seeking financing and how will you use it to make decisions on the best possible financing option to use? (1)

7. Give two examples of laws, regulations, rules and procedures covering the provision and use of financial services in South Africa. (2)

8. If your first attempt at applying for finance through a commercial bank was unsuccessful, what alternative options may be available to you? (1)

9. Explain what the difference is between a loan and equity. (2)

10. Give an example of an alternative source of equity that you may use to help establish a new business. (1)

11. Give examples of at least two problems in raising finance or equity you may face as an entrepreneur. (2)

12. List two examples of government schemes, and one example of an NGO scheme, where you may be able to source finance or equity investment. (3)

13. What is the difference between interest repayments on loans and using equity as an option to finance your business? (2)

14. Explain what it means to "lease" an asset. How could this help an entrepreneur in terms of lessening the financing or capital burden of a start-up business? (2)

Section 2: Summative Assessment Activities

S13948.1 – Knowledge Questionnaire

- ✓ Work individually to complete this questionnaire.
- ✓ Analyse the questions and statements carefully and answer from your own experience.
- ✓ Do not discuss your answers with other learners as it is important that the answers reflect your OWN understanding.
- ✓ Time to spend on this assessment activity: 1 ½ hours.

Questions:

1. Define the concept of negotiation. (1)

2. In your opinion, is it important to have good negotiation skills? Motivate your answer. (2)

3. List at least three examples of situations where an entrepreneur would be required to negotiate (3).

4. Give an example of a situation where a lower level manager may need to negotiate in the workplace. (1)

5. How may the negotiation process and skills level of an entrepreneur vs. a lower level manager differ? (2)

S13948.2 – Work Sample Schematic and Knowledge Questionnaire

- ✓ Work individually to complete this work sample and questionnaire.
- ✓ Analyse the questions and statements carefully and answer from your own experience.
- ✓ Do not discuss your answers with other learners as it is important that the answers reflect your OWN understanding.
- ✓ Time to spend on this assessment activity: 1 hour.

Instructions:

1. Draw a simple schematic explaining the six steps in the negotiation process, with detailed key notes at each step explaining the skills and characteristics that a successful negotiator may need at each point. (12)

2. Give three examples of reasons that negotiations fail. (3)

3. It can be said that there are five major rules for successful negotiation. List and explain these rules.(10)

S13948.3 – Reflective Diary

- ✓ Work individually to complete this work sample and questionnaire.
- ✓ Consider the simulation of a negotiation process you observed in class.
- ✓ Now record a reflective diary of the events and key points around the simulation, in the worksheet below.
- ✓ Do not discuss your answers with other learners as it is important that the answers reflect your OWN understanding.
- ✓ Time to spend on this assessment activity: 1 hour.

Observed simulation:

Teams simulated the negotiation process, where teams played the following roles:

- ❖ Team A – Management of citrus packhouse
- ❖ Team B – Workers in a citrus packhouse

Scenario for the role-play and simulation:

It is harvest time and the management of the packhouse needs the workers to work full steam ahead at optimal productivity. There is a public holiday coming up the following Wednesday.

The management wants the workers to work on the Wednesday and take the day off at a later stage. They do not want to pay the workers double pay for working on a public holiday.

The workers all want the day off or the double pay. They may be prepared to negotiate having a long weekend the following weekend in lieu of taking working the Wednesday, but by a long weekend, they mean having both Friday and Monday off.

A simulated negotiation process took place. Write down your observations and conclusions on the following elements of the simulated negotiation process.

1. Give an example of each of the following from the simulation:

   1.1. A “favoured outcome” (1)

   1.2. A “settlement point” (1)

1.3. "Point beyond which you cannot go" (1)

2. Give an example of a point where each of the parties to the negotiation are at a disadvantage. (2)

3. Possible points that each of the parties to the negotiation may have raised, but did not. (2)

4. An example of a proposal presented during the negotiation process. (1)

5. A point-by-point analysis and description of the elements of the proposal presented. (3)

6. How to ensure that the parties have a mutual understanding of the content and intent of the proposal. (2)

7. One example of each of the following during the simulated negotiation:

   7.1. Shared interests (1)

7.2. Opportunities for cooperation (1)

7.3. Common principles (1)

8. An example of how the position of one of the parties was amended without compromising fundamental principles. (1)

9. An example of a question that one of the parties asked for clarification purposes. (1)

10. An example of a question that one of the parties asked for purpose of summarising their understanding of a position. (1)

11. An example of demands made by one of the parties. (1)

12. An example of a concession made by one of the parties. (1)

13. A summary of the conclusion to the negotiation. (1)

S13948.4 – Knowledge Questionnaire

- ✓ Work individually to complete this questionnaire.
- ✓ Analyse the questions and statements carefully and answer from your own experience.
- ✓ Do not discuss your answers with other learners as it is important that the answers reflect your OWN understanding.
- ✓ Time to spend on this assessment activity: 1 ½ hours.

Instructions:

1. Give examples of two negotiation strategies and tactics that you could use during a negotiation. (2)

2. Explain your understanding of each of the following elements of negotiation strategy:

   2.1. Tactics to delay negotiations (2)

2.2. Methods to break a deadlock in negotiations (2)

2.3. Examples of different types of negotiation closure and when each may be appropriate. (2)

Section 3: Summative Assessment Activities

S119457.1 – Reflective Questionnaire

- ✓ Work individually to complete this questionnaire.
- ✓ Analyse the questions and statements carefully and answer from your own experience.
- ✓ Do not discuss your answers with other learners as it is important that the answers reflect your OWN understanding.
- ✓ Time to spend on this assessment activity: 1 hour.

Instructions:

Select any article from the SA Fruit Journal or similar resource, concerning the citrus industry.

1. Make a list of unfamiliar words in the article. For each word listed write down what you think the meaning of that word is, by looking at clues from the words and sentences around it, as well as from the main message of the article.(2)

2. Explain the meaning of each of the following words or concepts:

   2.1. Borrowed words / signs (1)

   2.2. Complex terms (1)

2.3. Acronyms (1)

2.4. Neologisms (1)

2.5. Colloquialisms (1)

2.6. Slang (1)

2.7. Jargon (1)

2.8. Dialect (1)

2.9. Now find at least two examples in the article, of any of the types of words listed in 2.1 - 2.8 above. (2)

3. Explain what the word "ambiguity" means. (1)

4. In your opinion, what is the main idea of the article? (1)

4.1. Explain what it means if you are asked to "paraphrase" something. (1)

4.2. Write down the steps you would follow in order to summarise this article. (3)

5. Give an example of any graphic information you may find in the article. (1)

5.1. Why do you think the author/s added it? In other words, what is the purpose of this graphic information? (1)

6. What do you think we refer to when talking about the "visual features" of the article? (1)

6.1. Give one example of a "visual" feature that was used, and explain what the impact on you as reader was. (1)

S119457.2 – Work Sample

- ✓ Work in pairs to complete this activity.
- ✓ Make sure to attach copies of teamwork and key notes on the different presentations.
- ✓ Time to spend on this activity: 1 hour.

Instructions:

Refer to the latest Citrus Academy Annual Report (available at www.crw.org.za or www.citrusacademy.org.za), in order to answer these questions.

1. What do you think the main purpose / message of an annual report is?

2. Who do you think the intended audience of this management report is?

3. What is the source of this document?

3.1. How do you know that the source is reliable?

3.2. In some cases, information in texts or articles may be biased. Explain with an example, what you understand "bias" to mean.

4. Refer to the management report written by Jacomien de Klerk. In your opinion, what kind of attitudes, beliefs and intentions are expressed and implied in this management report?

4.1. Find an example where the author expresses her point of view directly.

5. The main audience for this document would be business people and stakeholders of the Citrus Academy. Refer to the whole annual report, and find examples of each of the following, that shows that it is appropriate for the intended audience:

5.1. Sentence length

5.2. Punctuation / non-manual features (NMFs)

5.3. Diction / choice of words

5.4. Use of figurative language

5.5. Use of jargon

5.6. Use of technical terms

5.7. Use of irony, humour, satire or sarcasm

5.8. Use of legalisms

5.9. Choice of visuals
