Citrus Business Management Programme

Module 8

Manage Your Business: Sales and Marketing

Summative PoE Guide

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Contents

Assessor Orientation

Background Information

The main theme of this module is marketing. It centres on understanding the concept of market forces and contractual agreements when making marketing decisions. Note that this module has been contextualised for agribusiness.

The module will cover aspects such as:

- The free market system in terms of perfect and imperfect competitive markets.
- The interaction of demand and supply in price determination, under perfectly competitive market conditions.
- The factors that influence economic activity.
- The development and significance of markets (with relevance to South Africa).
- Contract administration principles and techniques.
- Basic risk management techniques in managing performance.
- Handling contract changes and disputes.
- Compliance and administrative close-out of contract.

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

4. Manage a new venture by applying business principles and techniques.

4.1. A business plan for a new venture is developed using strategic planning principles and techniques.

4.2. Guidelines for the implementation and monitoring the strategic action plan are formulated in terms of milestones and timeframes.

4.3. Financial management planning principles and techniques are applied in order manage the business in an efficient and effective manner.

4.4. Production and / or operations management is applied in a chosen business opportunity.

4.5. Sound human resources management techniques are applied in order to set up a productive and motivated workforce for a business.

4.6. Administrative principles and procedures are applied for sound administration and record-keeping.

This module comprises of 2 unit standards and attracts 15 credits.

This module is aligned to unit standards:

Section 1	**Marketing and Market Forces**	263514	Demonstrate an understanding of the function of the market mechanisms in a new venture	C	4	5
Section 2	**Contractual Agreements**	119671	Administer contracts for a selected new venture	C	3	10

Unit Standard Information

Demonstrate an understanding of the function of the market mechanisms in a new venture

SAQA US ID	UNIT STANDARD TITLE			
263514	Demonstrate an understanding of the function of the market mechanisms in a new venture			
ORIGINATOR				
Task Team - New Venture Creation				
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	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 replaces:

US ID	Unit Standard Title	Pre-2009 NQF Level	NQF Level	Credits	Replacement Status
114595	Demonstrate an understanding of the function of the market mechanisms in a new venture	Level 4	NQF Level 04	5	Complete

PURPOSE OF THE UNIT STANDARD

This Unit Standard is intended for learners who wish to develop an understanding of the way market mechanisms operate in a new venture. It will also address the economic realities of South Africa and the role new ventures play in job creation.

Learners credited with this unit standard will be able to:

- Explain the free market system in terms of perfect and imperfect competitive markets.
- Analyse the interaction of demand and supply in price determination.
- Analyse the factors that influence economic activity.
- Describe the development and significance of markets.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

It is assumed that the learner has the following knowledge and skills:

- Communication at NQF Level 3.

UNIT STANDARD RANGE

N/A

Administer contracts for a selected new venture

SAQA US ID	UNIT STANDARD TITLE			
119671	Administer contracts for a selected 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 3	NQF Level 03	10
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

Learners working towards this standard will be learning towards the full qualification, or will be working within a SMME (Small, Medium, Micro Enterprise) environment, specialising in New Venture Ownership and Management, where the acquisition of competence against this standard will add value to one's job. This standard will also add value to entrepreneurs who are seeking to develop their entrepreneurial skills so that they can become more marketable for bigger contracts, including commercial and public sector contracts, for example the Department of Public Works programmes.

The qualifying learner is capable of:

- Obtaining contract and analyse performance requirements
- Applying basic risk management techniques in managing performance
- Demonstrating an understanding of contract changes and disputes
- Ensuring compliance and administrative close-out of contract

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

All learners accessing this qualification must be in possession of a GETC or equivalent qualification. The learner must be competent in communications and mathematical literacy at NQF level 2.

UNIT STANDARD RANGE

N/A

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
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 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

S263514.1 – Series of Research Summaries

- ✓ Work individually to complete this activity.
- ✓ Please complete this activity in pen (do not write in pencil).
- ✓ Time to spend on this activity: 90 minutes.

Instructions:

Do research in response to the statements, questions and concepts given below. Prepare research summaries discussing your research findings.

1. Research Summary 1: List and give an explanation of the characteristics of different economic systems. (4)

2. Research Summary 2: Explain the role of competition in a free market system and give examples from state-owned businesses and the private sector. (4)

3. Research Summary 3: Illustrate competition by listing prices for the same product or service and give a description of the interaction of role-players in the economic system. (8)

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4. Research Summary 4: Describe and give examples of reasons for imperfect competitiveness and explain the conditions for the existence of perfect and imperfect markets in the South African context. (8)

5. Research Summary 5: Explain and give examples of the advantages and disadvantages of competition. (4)

S263514.2 – Knowledge Questionnaire

- ✓ Work individually to complete this activity.
- ✓ Please complete this activity in pen (do not write in pencil).
- ✓ Time to spend on this activity: 90 minutes.

Questions:

1. Explain in your own words what you understand the laws of demand and supply to be. (2)

2. Draw a demand and supply graph and explain the relationship between variables of demand and supply curves. (graph = 3; explanation = 6)

3. Imagine you decide to start a new citrus production unit. List two things that you would consider in terms of the law of demand and supply? (2)

4. Give examples of two possible consequences if you failed to consider these laws of demand and supply when starting a new business? (2)

5. Discuss the relationship between demand, supply and price in terms of agricultural produce such as Valencia oranges by sharing an example from the domestic market. (3)

6. List three possible factors that lead to changes in demand and supply curves for agricultural produce such as Valencia oranges. (3)

7. Explain how factors of production contribute to the South African economy. (1)

8. Explain the role that money plays in terms of the economy. (1)

S263514.3 – Reflexive Knowledge Questionnaire

- ✓ Work individually to complete this activity.
- ✓ Please complete this activity in pen (do not write in pencil).
- ✓ Time to spend on this activity: 90 minutes.

Questions:

1. Economic activity plays an important role in the success or failure of business. We will often hear people make statements such as "the economy is so bad right now…" What does it mean when someone says the economy is "bad"? (1)

2. All economies go through cyclical movements (move in cycles). What are examples of the different stages of an economic cycle? (2)

3. How could the different economic cycles impact business in general? (2)

4. What is inflation? (2)

5. How could inflation impact on a typical agribusiness? (2)

6. The value of money fluctuates (changes over time). Give an example that would illustrate this monetary fluctuation. (2)

7. List three factors that may contribute to the devaluation of money? (3)

8. Foreign currency also has an impact on a country's economy. Give an example of such a fluctuation and how it may impact the economy. (2)

9. Currency exchange rates fluctuate daily (sometimes every hour). What causes this? (2)

10. How could fluctuations in currency exchange rates impact the economy of a country? (2)

11. How could fluctuations in currency exchange rates impact your business? (2)

12. What role does interest rates play in the economy, and in the failure or success of business? (2)

13. Explain what is meant by the term gross domestic product. (1)

14. Explain what is meant by the term balance of payments. (1)

S263514.4 – Reflexive Knowledge Questionnaire

- ✓ Work individually to complete this activity.
- ✓ Please complete this activity in pen (do not write in pencil).
- ✓ Time to spend on this activity: 90 minutes.

Questions:

1. What is the difference between domestic and international markets in terms of citrus production? (2)

2. Why would it be necessary for other countries in the world to import South African citrus fruit? (1)

3. Does South Africa import any products? Why? (2)

4. Why is it important for countries like South Africa to have export markets? (1)

5. What are the impacts on the economy of a country if it does not have any export products? (1)

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6. What are the impacts on the economy of a country if it imports more products than it exports? (1)

7. How would it impact the socio-economic circumstances of a typical South African if the country's infrastructure (electricity, telecommunications and roads) deteriorated to such a state that it was no longer viable for businesses like citrus producers to try and export their products? (2)

8. Explain what a growth sector is. (2)

9. Give an example of a current growth sector in South Africa that may offer good business opportunities for entrepreneurs. (1)

Section 2: Summative Assessment Activities

S119671.1 – Work Sample Analysis

- ✓ Work individually to complete this activity.
- ✓ Please complete this activity in pen (do not write in pencil).
- ✓ Time to spend on this activity: 2 hours.

Instructions:

1. Obtain a copy of any contract relevant to the workplace where you will be completing your practical learning. Preferably it should be one related to the core business activities of the organisation, such as supplying fruit, exporting and marketing fruit, transporting fruit or packing fruit. If you are unable to obtain an example from the workplace you may ask the assessor to supply you with a copy of the "strategic partnership agreement contract" document available for analysis. (1)

   Attach a copy of the contract document you will be analysing to this page and label it "Sample Workplace Contract".

2. Now analyse the contract document and draw up a basic contract administration plan to ensure effective contracts management by using the 6WH method (What, Who, Where, When, Why, What if, How). (7)

3. Make a list of possible risks that each party faces in case the other party does not comply with their side of the contract.

   3.1. Risks for Party A: (2)

   3.2. Risks for Party B: (2)

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S119671.2 – Workplace Research Summary, Work Samples and Reflective Diary

- ✓ Work individually to complete this activity.
- ✓ Please complete this activity in pen (do not write in pencil).
- ✓ Time to spend on this activity: 2 hours.

Instructions:

Refer to chapter 8 of CBM module 5.2 on Risk Management to guide your team in this activity. Do research by accessing a mentor in your workplace and asking them for assistance in obtaining a copy of a typical contractual agreement that is currently in use (or was used in the past) in the workplace. You may use the same contract example you used to complete activity S119671.1 if necessary. Attach the copy to this page and label it "Contract for Risk Management Plan".

1. If you were required to draft a risk management plan to avoid non-compliance to the risk elements of this contract, how would you go about it?

   1.1. Write key notes on the process you would follow. (3)

   1.2. Draft a one-page version of this risk management plan. (10)

2. How would you make sure that the risk management plan is implemented correctly and on time to ensure that you mitigate the risks identified? Write down at least three actions. (3)

3. Identify and list at least two risks for each of the parties to the contract. And reference exactly where these risks are addressed in your management plan. (4)

4. Discuss how you would monitor the implementation of the risk management plan, and how frequently you would require progress reports from the workplace. (3)

5. What sort of information would you expect to receive in a risk management progress report? Prepare a checklist that you could use to double-check the information required in the reports. (5)

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6. If you found that there was a problem in the execution of the deliverables of the contract and that risk areas were highlighted in the progress reports as danger signs, how would you respond? (2)

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S119671.3 – Reflective Report

- ✓ Work individually to complete this activity.
- ✓ Please complete this activity in pen (do not write in pencil).
- ✓ Time to spend on this activity: 2 hours.

Instructions:

Refer to the simulated negotiations for contract disputes and changes that were held in the classroom (activity F119671.3). The case is as follows:

The contract is well underway into its second delivery season. However, certain problems have resulted from it:

- ❖ The packaging agreed on is substandard and it compromises the quality of the fruit.
- ❖ The retailer is unhappy and says if you do not do something urgently the contract will become null and void.
- ❖ You need to change packaging.
- ❖ The new packaging specifications are different.
- ❖ The new packaging also costs more than the original agreed specified ones. But it will have a positive impact on maintaining the quality of the fruit. The growers thus want to negotiate sharing the cost increases 50:50 with Woolworths the retailer, by having them increase the price agreed.

1. Write a two-page report reflecting how the simulation went that took place between the parties. Use a proper reporting format with an introduction, body and conclusion.

   Make sure that you include the following information in your report:

   1.1. An overview of the reasons for the contractual changes and disputes.

   1.2. A referenced list of the exact contract clauses that need to be changed or are disputed.

   1.3. References to prior agreed dispute resolution processes.

   1.4. A list of possible positive outcomes for each of the parties and new terms they agreed to.

   1.5. Who they agreed to consult for mediation (to help resolve disputes and problems) if there were further problems of they failed to come to a new agreement.

   1.6. Conclude and make recommendations in terms of:

   1.6.1. Future negotiation processes

   1.6.2. How the stakeholders could improve their interpersonal communications skills to ensure more effective dispute resolution in the future.

S119671.4 – Workplace Subject Matter Interview Key Notes

- ✓ Work individually to complete this activity.
- ✓ Please complete this activity in pen (do not write in pencil).
- ✓ Time to spend on this activity: 2 hours.

Instructions:

Make an appointment with a subject matter expert in the workplace who has been involved in contractual agreements and in closing off contractual agreements. This is normally the operations manager and the financial manager or human resources manager.

Brief the person you are going to interview and say that you will be looking for information on contract close-out and termination procedures.

Supply them with a list of the questions you will be asking well in advance to the actual interview, in order to give them a chance to prepare.

Questions List:

1. Please can you give me a brief overview of a contract that this business has been party to, which has come to an end or been terminated?
2. Please give a brief description of the actual events of the contract period.
3. If you had to evaluate the work performance of the different parties to the contract, how would you go about it?
4. Did you conduct and audit to conclude whether parties have complied with their contractual obligations? If not, why not?
5. Were there agreements about contract termination or conclusions written into the contract from the beginning? Give examples of these points.
6. What actions and administrative procedures had to be followed in order to close out the contract?

Record key notes on the answers to each of the questions below:

1. Please, can you give me a brief overview of a contract that this business has been party to, which has come to an end or been terminated?

2. Please give a brief description of the actual events of the contract period.

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3. If you had to evaluate the work performance of the different parties to the contract, how would you go about it?

4. Did you conduct and audit to conclude whether parties have complied with their contractual obligations? If not, why not?

5. Were there agreements about contract termination or conclusions written into the contract from the beginning? Give examples of these points.

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6. What actions and administrative procedures had to be followed in order to close out the contract?

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