education

Department:
Education
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE (VOCATIONAL)

SUBJECT GUIDELINES

NEW VENTURE CREATION

NQF Level 4

September 2007

NEW VENTURE CREATION – LEVEL 4

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INTRODUCTION

A. What is New Venture Creation?

New Venture Creation develops students' entrepreneurial knowledge and skills. It will provide information to students about what to focus on when starting a new venture. Students will work in a small to medium enterprise (SME) environment where the acquisition of competence will add value and marketability to the student's qualification when seeking a job. A student declared competent in this subject can also use his or her knowledge to opt for self-employment as a possible employment option.

B. Why is New Venture Creation important in a vocational programme?

New Venture Creation promotes students' understanding of the effective functioning and management of a business venture. Students can use this knowledge should they want to start a new business venture. The subject covers a wide range of topics (finances, marketing, insurance, pricing, etc.) to further a student's knowledge of business to prepare the student for efficient entry into the world of business and to develop potential entrepreneurship.

New Venture Creation links with subjects such as Financial Management and Economic Environment and in the process, builds progressively on the topics of these two subjects.

C. The link between the New Venture Creation Learning Outcomes and the Critical and Developmental Outcomes

Students will be able to collect, analyse, organise and critically evaluate information when identifying business activities, when calculating the cost and pricing of products or services, when determining the risks involved in starting a new venture, when differentiating marketing of products and services and when determining the start-up costs of a new venture. In the process, students will learn to organise and manage themselves and their activities.

Students will be able to identify and solve problems during the decision-making process to determine the liability of a new venture.

Students will effectively use science and technology when searching the Internet for information on professional bodies and associations, new venture options and best financial options when determining funding and start-up costs.

Students will be able to demonstrate a better understanding of the world and to contribute to the community as responsible citizens by analysing all aspects in relation to a new venture creation.

D. Factors that contribute to achieving the New Venture Creation Learning Outcomes

Students interested in business ventures will enjoy the subject, as it covers all functions of a business and especially a new business venture. Students with a zest for life and creative flair will do well in this learning situation. Analysing and problem-solving skills are crucial for a student participating in New Venture Creation. It would be to the students' advantage if they have financial and/or accounting skills and backgrounds.

1 DURATION AND TUITION TIME

This is a one year instructional programme comprising 200 teaching and learning hours. The subject may be offered on a part-time basis provided the candidate meets all the assessment requirements.

Course preparation should consider students with special education needs.

2 SUBJECT LEVEL FOCUS

Apply financial principles to plan a new business venture.

3 ASSESSMENT REQUIREMENTS

3.1 Internal assessment (50 percent)

3.1.1 Theoretical Component

The theoretical component will form 60 percent of internal assessment.

Internal assessment of the theoretical component of New Venture Creation NQF Level 4 will take the form of observation, class questions, group work (informal group competitions with rewards), group and individual discussions with students, class tests, topic tests, semester tests, internal examinations. Daily observation can be done of the previous day's lesson by making use of class questions, group or individual discussions and class tests

Assignments, case studies and tests can be done at the end of a topic. Tests and internal examinations must form part of internal assessment.

3.1.2 Practical Component

Practical components include applications. The practical component will form 40 percent of internal assessment.

All practical components must be indicated in a Portfolio of Evidence (PoE).

Internal assessment of the practical component of New Venture Creation NQF Level 4 will take the form of assignments, practical exercises, case studies, practical examination in a simulated business environment.

Students can complete practical exercises done and assessed on a daily basis. Assignments, research and case studies can be done at the end of a topic. A practical examination can form part of internal practical assessment.

- **Some examples of practical assessments include, but are not limited to:**
  - A Presentations (lectures, demonstrations, group discussions and activities, practical work, observation, role play, independent activity, synthesis and evaluation)
  - B Exhibitions by students
  - C Visits undertaken by students based on a structured assignment tasks
  - D Research
  - E Task performance in a simulated/structured environment

- **Definition of the term "Structured Eenvironment"**

"Structured environment" for the purposes of assessment refers to an actual or simulated workplace, or workshop environment. A practicum room would be advisable on each campus for students to do practical assessment

- **Evidence in practical/application assessments**

All evidence pertaining to evaluation of practical work must be reflected in the students' Portfolio of Evidence. The tools and instruments constructed and used for the purpose of conducting such assessments must be clear from evidence contained in the PoE.

3.1.3 Processing of internal assessment mark for the year

A year mark out of 100 is calculated by adding the marks of the theoretical component and the practical component of the internal continuous assessment.

3.1.4 Moderation of internal assessment mark

Internal assessment is subjected to both internal and external moderation procedures as contained in the *National Examinations Policy for FET College Programmes*.

3.2 External assessment (50 percent)

A national examination is conducted annually in October or November by means of a paper set, marked and moderated externally

Details in respect of external assessment are contained in the *Assessment Guidelines: New Venture Creation* (Level 4).

4 WEIGHTED VALUES OF TOPICS

TOPICS	WEIGHTED VALUE
1. Investigate the possibilities of establishing and running a small business enterprise (SME)	15
2. Finance a new venture	25
3. Comply with organisational ethics	17
4. South African law and the regulation of risk management	18
5. Apply the principles of costing and pricing to a business venture	25
TOTAL	**100**

5 CALCULATION OF FINAL MARK

Internal assessment:	Student's mark/100 x 50 = a mark out of 50	(a)
Examination mark:	Student's mark/100 x 50 = a mark out of 50	(b)
Final mark:	**(a) + (b) = a mark out of 100**	

All marks are systematically processed and accurately recorded to be available as hard copy evidence for, amongst others, purposes of moderation and verification, as well as purposes of reporting.

6 PASS REQUIREMENTS

The student must obtain at least fifty (50) percent in ICASS and fifty percent (50) in the examination.

7 SUBJECT AND LEARNING OUTCOMES

On completion of New Venture Creation Level 4 the student should have covered the following topics:

Topic 1: Investigate the possibilities of establishing and running a small business enterprise (SME)
Topic 2: Finance a new venture
Topic 3: Comply with organisational ethics
Topic 4: South African law and the regulation of risk management
Topic 5: Apply the principles of costing and pricing to a business venture

7.1 Topic 1: Investigate the possibilities of establishing and running a small business enterprise (SME)

7.1.1 Subject Outcome 1: Identify and research the potential for a SME as an own business.

Learning Outcomes

The student should be able to:

- Analyse personal strengths, weaknesses, abilities and passions to compile a personal profile.
- Match personal traits, abilities and profile to a business opportunity, type of work, product or service that has potential as SME.
- Identify training required to ensure the success of a SME.
- Decide when and where to access training.
- Research the need for the identified product or service and possible competition.
- Decide which possible distribution channels to select.
- Explain and demonstrate how to select a suitable location for a selected SME.
- Investigate municipal by-laws and other constraints on trade for a selected SME in a specific location.
- Explain the importance of networking for a SME, with examples.

7.1.2 Subject Outcome 2: Identify the risk associated with a SME.

Learning Outcomes

The student should be able to:

- Describe and provide examples of the following risks in a specific SME:
  - Financial risks.
  - Being an employer.
  - Growth risks for three different scenarios.
  - Risks associated with stock and other business assets.
  - Risks associated with marketing and advertisements.
- Determine the possible measures to reduce mentioned risks.
- Explain the needs for advertising, marketing and insurance for a specific SME.

7.1.3 Subject Outcome 3: Explain the financial aspects involved in running a SME.

Learning Outcomes

The student should be able to:

- Explain the concepts of start-up and working capital, with reference to a specific SME.
- Explain the relationship between cash flow and profit for three case studies.
- Explain financial controls required to ensure that a business is viable, with examples.
- Name the types of contracts which a SME can enter into.
- Interpret and explain contract wording in plain language.
- Explain the tax responsibilities of a SME.
- Explain when a business is liable for each form of tax.

7.1.4 Subject Outcome 4: Make and support a decision on whether to establish an SME.

Learning Outcomes

The student should be able to:

- Explain the concept of an entrepreneur, with reference to risk.
- Survey three selected SMEs to establish the service level required for success, quality of produce and potential productivity required for success.
- Decide whether to establish or not establish a SME, supported by findings of an investigation.

7.2 Topic 2: Finance a new venture

7.2.1 Subject Outcome 1: Determine the capital requirements of the new venture.

Learning Outcomes

The student should be able to:

- Identify and analyse the funding requirements and capital structure.

- Determine realistic fixed asset requirements.
- Identify and calculate pre-operating costs to an exact value.
- Compile monthly operating costs, including cash flow statement.
- Assess the financial viability of the proposed new venture.
- Estimate the break-even point for the new venture.

7.2.2 Subject Outcome 2: Identify and compare funding options and services offered by the finance industry for new ventures.

Learning Outcomes

The student should be able to:

- Compile an extensive list of financial institutions offering funding for new ventures, to select the best suited for the particular new venture.
- Investigate and compare various funding packages appropriate for a new venture in terms of own venture needs.
- Compare cost of various funding options to determine suitability for own venture's business structure.
- Discuss and consider long-term and short-term advantages and disadvantages of various funding options in context of own business.
- Decide which funding is most suitable.

7.2.3 Subject Outcome 3: Compile personal income and expenditure and assets and liabilities statements

Learning Outcomes

The student should be able to:

- Prepare personal income and expenditure statements for oneself based on financial situation over past year.
- List situations when assets and liabilities statement is required.
- List advantages of compiling assets and liabilities statement.

7.2.4 Subject Outcome 4: Identify the requirements and processes to obtain the selected financing option for the new venture.

Learning Outcomes

The student should be able to:

- Determine collateral requirements for accessing funding and if they can be met.
- Assess new venture proposals in terms of available collateral.
- Collect information and back-up documentation to process application for funding and complete the application.
- Choose a financing option which is consistent with the business plan in terms of profit objectives and return on capital.
- Observe laws, regulations, rules and procedures covering the provision and use of financial services to ensure compliance.

7.2.5 Subject Outcome 5: Identify alternative sources to secure finance for a new venture.

Learning Outcomes

The student should be able to:

- Explain the difference between debt (loans) and equity (owner's capital) with reference to the new venture.
- Identify problems faced in obtaining finance for the new venture, with a view of overcoming them.
- Investigate alternative sources of equity for the new venture.
- Investigate and analyse government and non-governmental schemes for new venture creation.
- Explain advantages and disadvantages of government and non-governmental schemes for new venture creation.
- Consider option of leasing as a method to reducing start-up capital for new venture.
- Consider and compare repayments and interest rates of alternative options with financial institutions to make informed decisions.

7.3 Topic 3: Comply with organisational ethics

7.3.1 Subject Outcome 1: Describe the code of conduct and ethical issues.

Learning Outcomes

The student should be able to:
- Explain the purpose of the code of conduct.
- Identify and explain the principles of the code of conduct.
- Explain the relationship between the code of conduct and successful marketing.
- Explain the implications that the code of conduct and ethics has on an organisation.

7.3.2 and 7.3.3 Subject Outcome 2 and 3: Adhere to code of conduct and ethical issues.

Learning Outcomes

The student should be able to:
- Obtain, read, study, apply and implement the code of conduct and ethical issues in an organisation.
- Identify deviations from code of conduct and ethical issues and take remedial action.

7.4 Topic 4: South African law and the regulation of risk management

7.4.1 Subject Outcome 1: Identify legislation that potentially impacts on the management of risk.

Learning Outcomes

The student should be able to:
- Identify legislation that regulates risk management in general, financial aspects of risk management and people management.
- Provide examples of how each of the acts applies to a specific sector.

7.4.2 Subject Outcome 2: Explain the risks associated with non-compliance.

Learning Outcomes

The student should be able to:
- Analyse the compliance aspects of five different acts
- Indicate the legal consequences of non-compliance for a specific sector
- Analyse business risks and reputational risks associated with non-compliance for five different pieces of legislation appropriate to a sector.

7.4.3 Subject Outcome 3: Use common law terminology in the correct context.

Learning Outcomes

The student should be able to
- Explain with examples the following concepts:
  - Legal liability.
  - Contractual liability.
  - Vicarious liability.
  - Negligence / delict
  - Personal liability.
  - Public liability.
  - Professional indemnity.

7.4.4 Subject Outcome 4: Apply legislation that regulates risk management to a specific organisation.

Learning Outcomes

The student should be able to:
- Summarise legislation that impacts on risk management in a specific organisation in a table.
- Categorize the risks regulated in the legislation according to type.
- Evaluate policies, practices and systems in an organisation for compliance and make recommendations to reduce risk.

7.5 Topic 5: Apply the principles of costing and pricing to a business venture

7.5.1 Subject Outcome 1: Identify and apply the criteria of a price setting policy for a new venture.

Learning Outcomes

The student should be able to:

- Explain and illustrate the flow of the trading cycle for a new venture.
- Distinguish accurately between the concepts capital, costs, revenue, profits, costing, pricing and tendering.
- Demonstrate and explain the difference between fixed costs, variable costs and total costs in context of a new venture.

7.5.2 Subject Outcome 2: Identify and analyse internal and external factors that impact upon pricing decisions.

Learning Outcomes

The student should be able to:

- Identify and discuss the internal and external factors impacting upon pricing decisions in relation to the profitability of own venture.
- Identify business activity levels and specify limitations.
- Calculate variations in pricing decisions in terms of the impact on the break-even point.

7.5.3 Subject Outcome 3: Demonstrate an understanding of the relationship between costs, revenue and profits.

Learning Outcomes

The student should be able to:

- Review available costing methods in relation to own business.
- Calculate product/service costs and prices accurately.
- Determine break-even point for business venture.
- Calculate and analyse profit mark-up for own business.
- Distinguish between types of profit in relation to own business venture.
- Review costing and pricing methods to ensure correct application.
- Classify and categorise revenues and expenses for the new venture.
- Investigate and compare competitive markets to inform effective costing and forecasting of operating expenses.
- Assess suppliers and new products in terms of potential contribution to profit and market share.
- Investigate competing products/services to identify opportunities for development/improvement.

8 RESOURCE NEEDS FOR THE TEACHING OF NEW VENTURE CREATION LEVEL 4

8.1 Physical resources

The following teaching aids should be made available, if possible:

- **Practicum room:**
  - A simulated office environment, provided with the basic office furniture and equipment.
  - Necessary electronic equipment, e.g. adding machine, cash register, calculators, filing cabinet, computer, printer
  - The latest developments in electronic equipment must be available
  - The computer must have internet connection to enable the facilitator to demonstrate website browsing for research purposes.

- **Technology and Research Centre:**
  - Availability of computers and printers for students to complete assignments/case studies and do research
  - Access to internet for students
  - Research software, e.g. Encarta, etc.

- Subject related magazines (e.g. Finance and Technique, etc.), daily newspapers and subject related reference books for research by students
- Subject related DVDs/videos
- List of stakeholders prepared to be involved in the learning process through presentations or acting as guest speakers or providing the opportunity for students to gain practical experience.
- Applicable legislation / acts for use by lecturers during lessons and students for research purposes
- Stock room to store video/DVD machines, televisions, etc.
- Security for stockroom, media centre and practicum room.

- **Class room:**
  - Computer and data projector or latest technology to electronically project data for students, must be available for facilitator
  - Flash disk for facilitator to store information
  - Computer presentation program to be used by facilitator to provide students with visual information on Learning Outcomes.
  - White board, black board and pull down screen
  - Desks big enough for students to work with many resources e.g. newspapers, documents, etc.

8.2 Human resources

- **Lecturer / facilitator:**
  - Applicable subject related qualification on NQF Level 5
  - Declared competence as assessors and/or moderators
  - Training in Outcomes Based Education (OBE)
- Full time **technology and research centre manager** (with knowledge of computers, website browsing, research and reference books)

8.3 Other resources

- Text Books
- Answer books, with exercises which students must complete for practical assignments
- Calculator for each student.
- Lever arch file for each student to serve as portfolio of evidence
- Lever arch file for Practical Assessment Portfolio.
- Subscription fees for internet, subject related magazines, newspapers